

Unhedged Global Thematic Share Fund



Fund Focus - December 2020

Investment Strategy

The Fund generally invests in a broad selection of securities listed on foreign stock exchanges. The Fund will be fully unhedged at all times, providing investors with exposure to foreign exchange fluctuations as well as underlying share price movements.

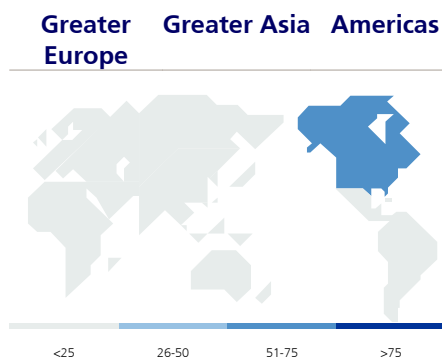
Fund Facts

APIR Code	ZUR0518AU
Inception Date	14/10/2005
Total Est. Management Cost % [^]	1.03
Buy/Sell Spread%	0.04
Est. Transactional Op. Cost %	0
Distribution Frequency	Semi-Annually
Underlying Fund Manager	Lazard Asset Management Pacific Co

Portfolio Characteristics

Funds Under Management	\$4.12m
Number Of Holdings	101
Turnover Ratio%	33.17
Latest distribution date	31 Dec 2020
Latest distribution amount	0.0000
Benchmark	MSCI World (ex-Australia) Accumulation Index in \$A (net dividends reinvested)

Market Exposure

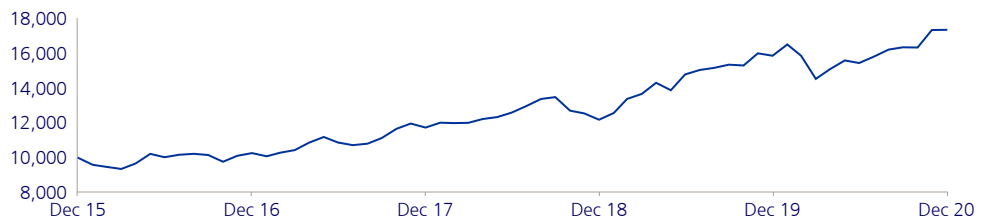


Fund Performance After Fees*

As at 31/12/2020	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	0.07	6.14	4.32	-1.85	-11.79	-1.36
Distribution	0.01	0.00	5.06	15.76	23.43	9.35
Total	0.08	6.14	9.38	13.91	11.64	7.99
Benchmark	-0.50	5.68	5.73	11.16	10.94	7.38

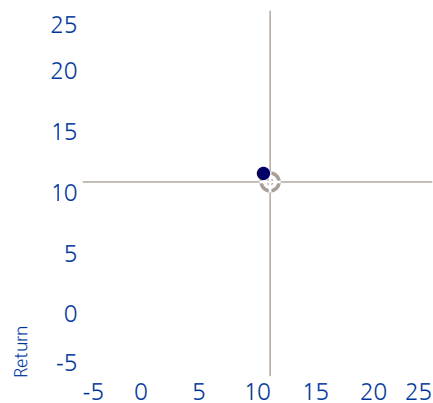
Investment Growth

31/12/2015 to 31/12/2020

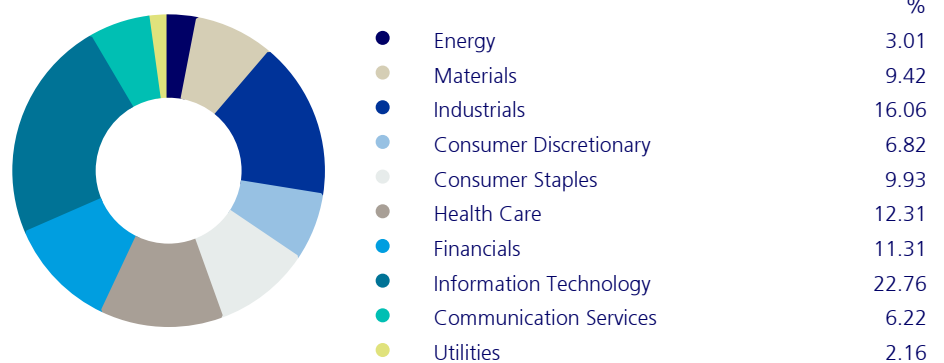


Risk Reward

Time Period: 31/12/2015 to 31/12/2020



Portfolio Equity Sectors



Risk Statistics

Time Period: 31/12/2015 to 31/12/2020

Std Dev	10.51
Alpha	1.43
Beta	0.91
Sharpe Ratio (arith)	0.97
Up Capture Ratio	95.58
Down Capture Ratio	86.13

Top 10 Holdings

Portfolio Date: 31/12/2020	Portfolio Weighting%	Benchmark Weighting%
Alphabet Inc	1.71	2.10
Microsoft Corp	1.64	3.18
Siemens Gamesa Renewable Energy SA	1.61	0.00
Vestas Wind Systems A/S	1.55	0.09
Apple Inc	1.38	4.52
Systemex Corp	1.35	0.00
The Walt Disney Co	1.21	0.65
SPDR® Gold Shares	1.20	0.00
Schneider Electric SE	1.15	0.16
Applied Materials Inc	1.11	0.16

Zurich Investments

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Market

Global equity markets advanced in the fourth quarter, as risk sentiment was buoyed by investor confidence in a near-term global economic recovery despite the current challenging macroeconomic environment.

The period was marked by uncertainty. As it has for most of the year, coronavirus risk continued to drive market behaviour. Amid growing anxiety about the spike in cases across the US, Europe, and elsewhere, as well as the emergence of a new, more infectious strain of the virus, news of vaccine discovery progress was greeted enthusiastically by investors. With key central banks and fiscal policymakers supplying aggressive stimulus measures, investors have been betting that a successful, widespread deployment of the recently developed coronavirus vaccine will provide a pathway for the world economy to normalise in 2021.

Against this backdrop, global equity markets recorded their best fourth-quarter performance since 2003. In the US, positive momentum on coronavirus vaccine development, a market-friendly result from the country's November elections, and news that a US\$900 billion pandemic relief bill had finally been signed into law ignited a relief rally that drove stocks higher. Across the Atlantic, the combination of encouraging vaccine news, additional stimulus initiatives by the European Central Bank, and news that the UK and the European Union had agreed upon a free trade deal that resolved the last sticking point in the Brexit saga led to a surge in Europe's equity markets. Meanwhile, in emerging Asia, Korea's stock market was among the best performing in the developing world, as investors were bullish on the country's economic outlook and confident that its chipmakers are well positioned to benefit from an expected near-term semiconductor upcycle.

Fund

The Fund posted a solid return in the December quarter which was ahead of the index return. For the 12 months to 31 December 2020, the Fund has comfortably outperformed the index return.

Themes are discussed below in descending order of contribution. Nine themes rose in value while two declined (Enduring Brands and Extreme Risks).

Bits of Chips: All stocks rose, led by Applied Materials, Taiwan Semiconductor Manufacturing Company (TSMC), ASML, Infineon, and Aptiv on cyclical recovery vaccine-related optimism and on expectations of a more stable China policy from the incoming Biden Administration. Electric vehicle growth expectations also increased on signs of progress in battery technology and continued regulatory support.

Energy Transition: All stocks rose. Vestas and Siemens Gamesa were the top performers, thanks to continued strength in demand for wind turbines globally, renewal of US Protection Tax Credit and potential support from the Biden Administration. Oil holdings recovered on vaccine announcements and rising oil prices, led by Royal Dutch Shell, BP, and EOG.

Asset Efficiency: Aerospace-exposed companies Safran and Honeywell rose most on prospects for a return of travel. Fanuc rose as quarterly results which indicated a cyclical bottom in demand. Assa Abloy lagged on expectations of a slower recovery in demand for commercial locks.

Digital Runway: Vaccine optimism and broadly improving COVID-19 data, particularly in India, boosted bank holdings in this theme, led by HDFC, ICICI, DBS, and Bank Rakyat. Prudential and AIA also gained in anticipation of higher sales of car insurance. Credicorp declined on political risk stemming from the impeachment of Peru's president, Martin Vizcarra, and was sold.

Empowered Consumer: Physical-activity-exposed Disney and LVMH were the top performers, thanks to vaccine-driven optimism. Sony advanced on a strong launch of its PS5 console. Nexon rose on good results and news of its promotion to the Nikkei 225 Index. Alibaba declined on the cancellation of the initial public offering for its fintech affiliate, Ant Group, due to regulatory shifts.

Distribution Footprint: PPG and Kansai Paint gained on demand recovery and cost input relief. Nutrien rose on a positive investor day and with higher commodity prices. Rentokil declined on expectations of a slowdown in COVID-19-related hygiene spending.

First World Health: Sysmex rose most on anticipation of a major product refresh for its core hematology analyser in 2021. Stryker advanced in anticipation of a return to more normal hospital activity. Danaher, Thermo Fisher, and Zoetis lagged on rotation away from perceived COVID-19 beneficiaries. Boston Scientific declined on the discontinuation of its Lotus TAVR heart valve program.

Software as a Standard: PTC and Autodesk climbed most on robust results and in anticipation of a recovery in cyclical end markets. Accenture gained on good results as digital transformations accelerate. Salesforce declined on news of the company's acquisition of Slack. SAP declined on new guidance and a strategy update to accelerate the shift to cloud.

Data Networks and Profits: Alphabet rose on good quarterly results as advertising spending recovered. Wolters Kluwer declined on market rotation. Fidelity National Information Services retreated on news stories relating to a potential acquisition and new UK restrictions.

Extreme Risk: US Bank holdings rose on shifts in the yield curve, vaccine optimism, and regulation change enabling capital returns, led by PNC, US Bancorp, Bank of America, and M&T Bank. Gold mining holdings declined on market rotation.

Enduring Brands: Spirits companies Pernod Ricard and Diageo rose on strong consumption data and anticipation of increased travel. Unilever, Reckitt Benckiser, and Nestle declined on market rotation.

Portfolio Transactions

The following discusses the Fund's trade activity in the fourth quarter:

Buy – Bits of Chips: Keysight – The investment team continued the build out of the portfolio's Bits of Chips theme by adding Keysight, the market leader in the attractive electronic design and test/measurement industry. This industry benefits from multiple secular drivers across end markets (5G, connected vehicles, and the Internet of Things). The testing niche in which Keysight operates is particularly attractive given broadening demand for communications (5G) across new industries. Keysight is the industry leader, with potential for further market share gains due to significant expansion in both internal R&D and sales force in recent years. The company is also well positioned to potentially benefit from additional margin expansion optionality of attached Software and Services (Keysight Care). Keysight's higher mix of communications industry sales (5G) versus other holdings in the theme diversifies end market exposure.

Buy – Digital Runway: Bank Central Asia (BCA) – The leading digital bank in Indonesia was added to the Fund as it is backed by a high-quality deposit franchise and wide ecosystem of partnerships. Rapid growth in digital transaction banking provides BCA both a scale and data advantage versus its peers. The high degree of integration and partnerships across emerging fintech and e-commerce firms provide optionality from continued expansion of ecosystem (e.g. Welma for wealth management) with a 'super app' and SME portal pending. Digital transformation also provides more vanilla benefits from the ongoing cost efficiencies from automation. BCA is privately owned with a conservative track record in lending and strong commitment to sustainable lending practices. The brand is seen as high quality and their low-cost deposit franchise drives persistently high returns. The Indonesian regulatory regime is supportive while the economy benefits from low levels of starting debt and a long runway of banking penetration. The company also demonstrates strong commitment to sustainable lending practices.

Sell - Software as a Standard: Oracle – The stock was sold on less attractive risk/reward from increased competition and slow progress with elevated execution risk in cloud transition.

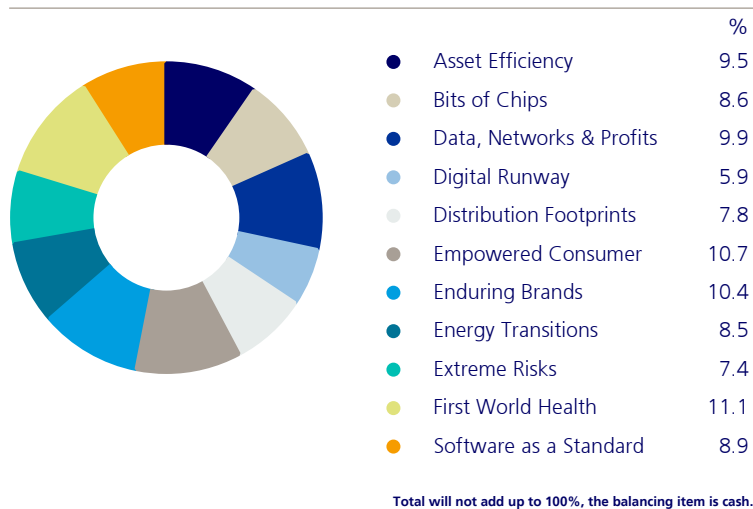
Sell - Digital Runway: Credicorp – Was sold on political risk in Peru after impeachment of their president.

Sell - Distribution Footprint: Compass – The stock was sold into the rally on vaccine-related optimism and longer-term concern about idiosyncratic long-term risk resulting from work at home and domestic food delivery.

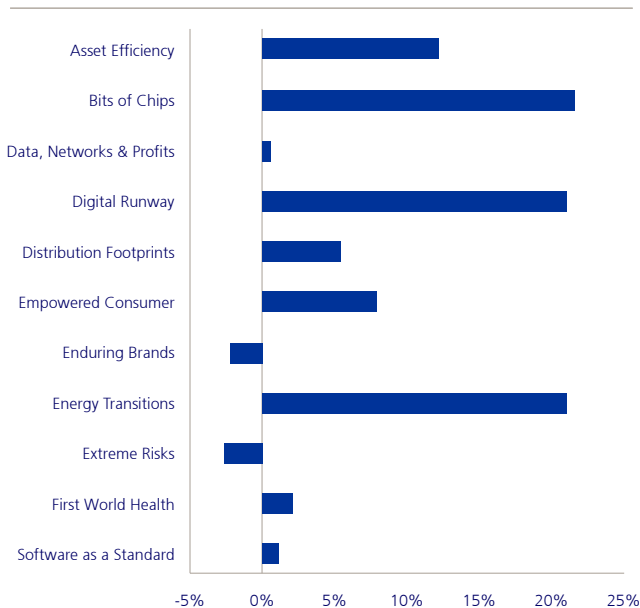
Sell - Extreme Risks: M&T Bank – The bank was sold into the rally based on vaccine-related optimism. The investment team is more cautious on idiosyncratic risk around location of the commercial real estate portfolio and the level of reserves taken.

Sell - Energy Transitions: EOG/Pioneer – The energy companies were sold into the rally based on vaccine-related optimism and on forthcoming political risk presented by the policies of the Biden Administration. The investment team is consolidating holdings within the Energy Transitions theme into names with a clear strategy for energy transition.

Themes



Contribution By Theme



* Performance returns quoted are compound rates of return calculated on exit prices and assume reinvestment of distributions. Returns are calculated net of all ongoing fees and any taxes payable by the fund. Total return includes both growth and distribution returns. Growth return is the change in exit price over the relevant period. The benchmark return shown is a gross return. Please note that figures shown are rounded to one decimal place, therefore some rounding errors may occur.

^ The Estimated Total Management Cost of 1.03% includes a Management Fee of 0.98%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.05%

Past performance is not a reliable indicator of future performance.

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