

Zurich Investments

Global Growth Fund

Fund Focus - August 2021



Investment Strategy

The Fund invests in securities with high growth potential that are primarily listed on international stock exchanges. In addition, the Fund employs an active currency management strategy whereby up to 40% of the Fund's exposure to international currency can be hedged back to Australian dollars.

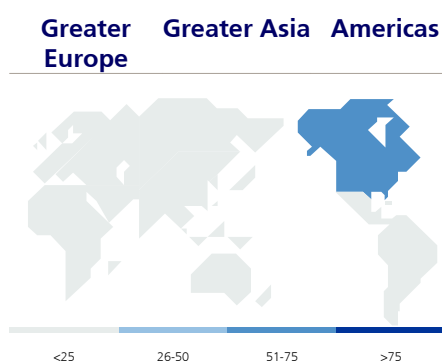
Fund Facts

APIR Code	ZUR0580AU
Inception Date	31/08/2009
Total Est. Management Cost % [^]	1
Buy/Sell Spread%	0.03
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Semi-Annually
Underlying Fund Manager	American Century Investments

Portfolio Characteristics

Funds Under Management	\$340.05m
Number Of Holdings	97
Turnover Ratio%	32.88
Latest distribution date	30 Jun 2021
Latest distribution amount	0.0433
Benchmark	MSCI World (ex-Australia) Accumulation Index in \$A (net dividends reinvested)

Market Exposure

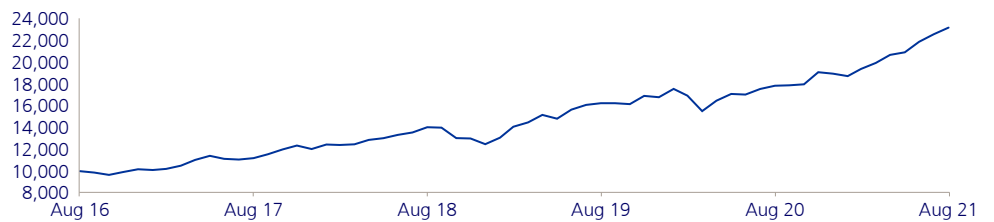


Fund Performance After Fees*

As at 31/08/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	2.68	8.85	27.56	14.63	5.15	7.92
Distribution	0.00	2.00	2.35	3.58	13.17	6.58
Total	2.68	10.85	29.91	18.21	18.32	14.50
Benchmark	3.10	12.31	31.37	14.68	15.59	12.86

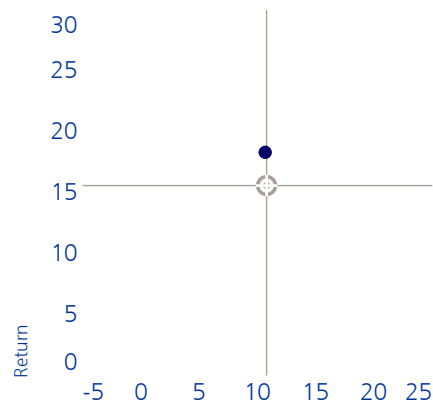
Investment Growth

31/08/2016 to 31/08/2021

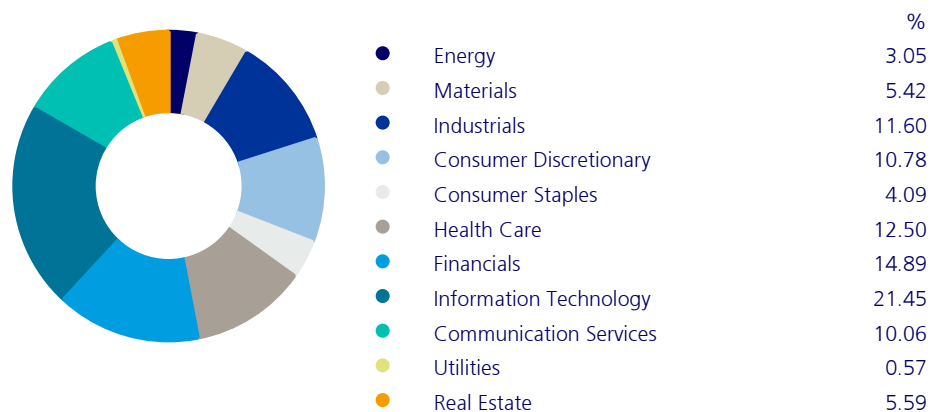


Risk Reward

Time Period: 31/08/2016 to 31/08/2021



Portfolio Equity Sectors



Risk Statistics

Time Period: 31/08/2016 to 31/08/2021

Std Dev	10.66
Alpha	3.43
Beta	0.92
Sharpe Ratio (arith)	1.53
Up Capture Ratio	102.72
Down Capture Ratio	81.95

Top 10 Holdings

Portfolio Date: 31/08/2021	Portfolio Weighting%	Benchmark Weighting%
Alphabet Inc	4.98	2.93
Amazon.com Inc	3.63	2.52
Microsoft Corp	2.26	3.66
Texas Instruments Inc	2.11	0.30
Charles Schwab Corp	2.01	0.18
NXP Semiconductors NV	2.01	0.10
Visa Inc Class A	1.99	0.66
Equinix Inc	1.96	0.13
American Express Co	1.94	0.19
IQVIA Holdings Inc	1.82	0.08

Currency Management

Hedging Level as at 31 Aug 2021	0%
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Market

Global stocks ended the month higher, supported by mostly positive economic and earnings news. COVID-19 remained a source of uncertainty, however, as the spread of the highly transmissible delta variant led to new restrictions in several countries. US stocks outperformed non-US equities, aided by news of improved job growth and strong corporate profits.

Despite a new wave of COVID-19 infections, US stocks advanced. Healthy corporate profits and a pickup in job growth helped reassure investors. US Federal Reserve policymakers signalled they would likely begin scaling back their asset purchases before year-end, earlier than expected.

European stocks rose amid strong corporate profits growth and encouraging economic data. The UK equity market was flat, despite positive earnings news and some stabilisation in infection rates. While Japanese stocks gained in US-dollar terms, Japan continued to face pandemic-related headwinds. Japan's economy returned to modest growth in the second quarter.

Fund

The Fund produced a solid absolute return in August but was unable to keep pace with the strong index return.

The key contributors to performance included Sea, Alphabet and Recruit Holdings.

- Sea – Stock gains in August were fuelled by better-than-expected second-quarter results driven by Sea's gaming, e-commerce and financial technology businesses. The Singapore-based company announced expansion of its e-commerce applications in India, a market in which it's already found success through the online game "Free Fire."
- Alphabet – Google parent Alphabet benefited from the economic reopening and a subsequent recovery in advertising spending. The stock received an additional bump following its introduction of the new Google smartphone, the Pixel 5a.
- Recruit Holdings – The stock of the Japan-based staffing services firm gained on news of a 40% jump in revenue for the first half of 2021 compared to the same period a year ago. A surge in hiring that led to robust demand for sponsored job advertising drove results in the company's human resources technology segment.

Detractors from performance included Visa, Aptiv and FMC.

- Visa – The stock fell early in the month on concerns around the impact of the delta variant on cross-border travel spending. Although the impact of COVID-19 remains a transitory risk for Visa, the investment team remains constructive on the stock.
- Aptiv – The automotive parts maker detracted as supply chain interruptions caused automobile plants to close.
- FMC – The agricultural sciences company's stock fell after management reported a steeper-than-expected decline in year-over-year earnings, citing headwinds from escalating raw materials, freight and packaging, as well as the lingering impact of supply chain disruptions.

Portfolio Transactions

Notable purchases included Schneider Electric and GXO Logistics while notable sales included Fidelity National Information Services and Samsung Electronics.

Schneider Electric – A position was initiated in this global supplier of electrical and cooling components as it is a strong beneficiary of secular trends. These trends include the continued expansion of data centres, the proliferation of e-commerce and rising investments in electrification infrastructure.

GXO Logistics - The contract logistics provider's new business pipeline accelerated during the first half of 2021. The firm is a beneficiary of three large secular tailwinds: the growth of e-commerce, the demand for logistics automation and a continued trend to outsource logistics needs.

Fidelity National Information Services - The financial technology firm was removed from the Fund on evidence that it has been losing market share to competitors like Square and Adyen.

Samsung Electronics – Samsung eliminated as supply/demand fundamentals in the dynamic random-access memory (DRAM) market are likely to deteriorate, leading to pressure on forward earnings expectations.

Portfolio Positioning

The portfolio continues to invest in companies where business fundamentals are improving and there is high conviction that improvement is sustainable. Though the outbreak of COVID-19 has been disruptive, the portfolio's major themes highlighted below are structurally unchanged.

Maintaining fundamental investment process. The Fund remains balanced across economic reopening beneficiaries and secular growers. Opportunities are being sought in stocks where fundamentals are in the early stages of inflecting higher, helped by economic normalisation. Top-line growth for many of these companies is expected to reaccelerate and potentially revert to pre-COVID-19 levels. In certain cases, earnings will also be boosted given that many of these companies have also improved their cost structures during the pandemic. The Fund's exposure has been increased in certain businesses levered to travel, leisure activity and cyclical economic expansion.

Secular growers remain well represented. The COVID-19 crisis reinforced the sustainability of many secular trends, such as digitisation, cloud computing, 5G network rollout and data centre expansion. Other opportunities, such as the trend toward vehicle electrification and autonomous driving, continue to gain momentum. Many of these investment opportunities remain highly attractive.

Impact of rising rates and inflation expectations potentially positive. The Fund has exposure to businesses within the financials sector that would benefit

from higher interest rates. The impact of higher rates on other aspects of the Fund, such as REITs and housing, should be able to offset inflationary headwinds via sustained revenue and earnings growth.

Tougher comparisons for some. The impact of the COVID-19 health crisis provided an unanticipated boost for many businesses. In some cases, COVID-19 beneficiaries saw growth trends accelerate past a more natural progression. As the tailwind from COVID-19 fades, growth comparisons will become tougher for some of these businesses over the next few quarters. The investment team will look to trim those exposures to reflect potential slowing trends and negative earnings revisions.

Critical time to be selective. The Fund's bottom-up process, which is focused on identifying inflection points and investing in sustainable growers with reasonable risk/reward trade-off, should help dampen portfolio volatility at this critical point in the market cycle.

* 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% includes a Management Fee of 0.98%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.02%

Past performance is not a reliable indicator of future performance.

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