

Zurich Investments

Global Growth Fund

Fund Focus - June 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.

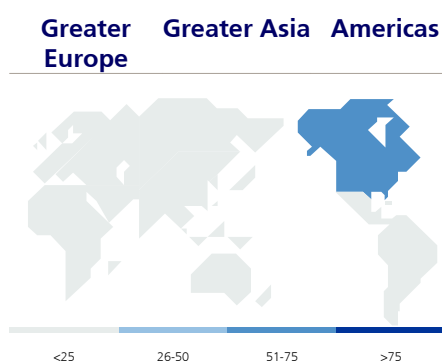
Fund Facts

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	\$307.64m
Number Of Holdings	104
Turnover Ratio%	31.59243979
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

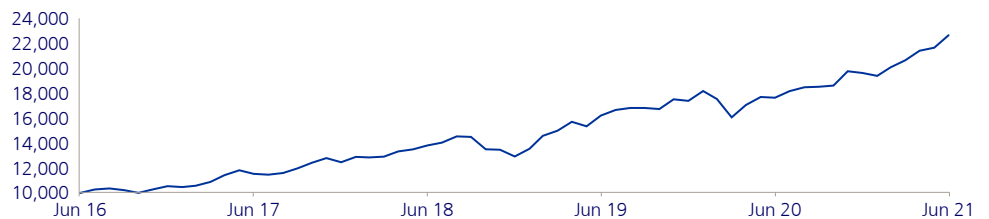


Fund Performance After Fees*

As at 30/06/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	2.73	7.76	26.13	14.39	4.68	7.51
Distribution	1.89	1.98	2.32	3.57	13.11	6.65
Total	4.62	9.74	28.45	17.96	17.79	14.16
Benchmark	4.71	9.33	27.50	14.50	14.73	12.39

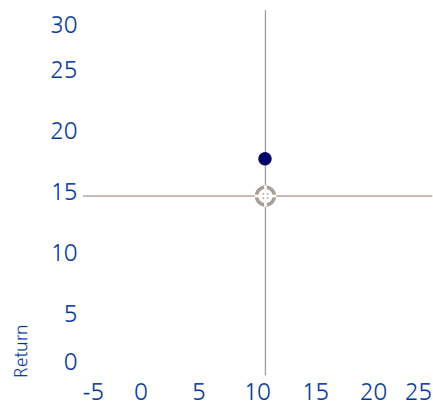
Investment Growth

30/06/2016 to 30/06/2021

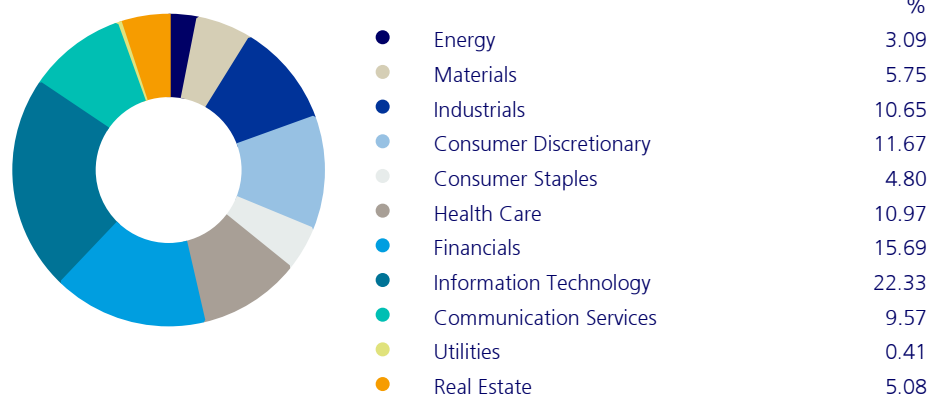


Risk Reward

Time Period: 30/06/2016 to 30/06/2021



Portfolio Equity Sectors



Risk Statistics

Time Period: 30/06/2016 to 30/06/2021

Std Dev	10.64
Alpha	3.59
Beta	0.93
Sharpe Ratio (arith)	1.48
Up Capture Ratio	104.14
Down Capture Ratio	81.95

Currency Management

Hedging Level as at 30 Jun 2021	0%
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Top 10 Holdings

Portfolio Date: 30/06/2021	Portfolio Weighting%	Benchmark Weighting%
Alphabet Inc	4.78	2.60
Amazon.com Inc	3.64	2.60
Texas Instruments Inc	2.21	0.31
Visa Inc Class A	2.12	0.70
Charles Schwab Corp	2.09	0.19
American Express Co	2.00	0.20
NXP Semiconductors NV	2.00	0.10
Equinix Inc	1.84	0.13
IQVIA Holdings Inc	1.76	0.08
AIA Group Ltd	1.67	0.27

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Market

Global equities rose in the June quarter although inflation expectations worried markets as the US Federal Reserve signalled that it may taper asset purchases and/or raise rates sooner than anticipated. The strong rally in cyclicals, commodities and rate-sensitive sectors moderated during the period with growth stocks outperforming value stocks, however, value continues to hold an edge on a year-to-date basis.

Fund

The Fund produced a solid absolute return in the June quarter, edging ahead of the index return. For the 12 months to 30 June 2021, the Fund is also ahead of the index return.

The key contributors to performance included IQVIA Holdings, Avantor and Vertiv Holdings.

- **IQVIA Holdings** – The life sciences analytics and technology firm beat quarterly revenue and earnings expectations and revised full-year estimates upward. Driving gains are a contract to manage a COVID-19 clinical trial and the move to full ownership of Q2 Solutions, previously co-owned with Quest Diagnostics.
- **Avantor** – Strong quarterly earnings growth lifted the stock of Avantor, a developer of scientific and technical instruments. Avantor has announced plans to purchase RIM Bio, a China-based maker of single-use bioprocess bags, allowing the company to build its presence in the single-use manufacturing network in the Americas and Europe.
- **Vertiv Holdings** – Stronger than expected first quarter revenue lifted shares of the electronic instrument and controls firm. Top-line growth is benefiting from strong demand for electrical and cooling systems at data centres. Management guidance continues to sound very supportive of its current growth trajectory.

Detractors from performance included HDFC Bank which fell as investors digested cautionary comments by management around asset quality. Despite the short-term uncertainties, HDFC Bank remains poised to benefit from expanding middle-class demand for banking services and mortgages. India's consumer credit market remains underpenetrated.

Portfolio Transactions

Notable purchases in the quarter included STERIS and LM Ericsson.

- **STERIS** makes sterilisation equipment for hospitals and drug manufacturers. The company's June acquisition of a competitor should help STERIS build scale in existing markets and expand into dental. The expected recovery in elective surgical procedure volumes as COVID-19 concerns subside should also support revenue growth.
- **LM Ericsson** supplies communication infrastructure, services and software to the telecommunications network operators. Revenue and earnings-per-share trends are expected to accelerate given market share gains and the improved spending backdrop for 5G network deployments.

Notable sales included Bio-Rad Laboratories and RenaissanceRe Holdings.

- **Bio-Rad Laboratories** was sold because business fundamentals are expected to decelerate in the second half of 2021 and into 2022, and the company's risk/reward profile has become less favourable.
- **RenaissanceRe Holdings** was sold to fund higher-conviction insurers. The more attractive pricing environment and accelerating top-line growth has not translated into better earnings growth for RenaissanceRe.

Portfolio Positioning

The portfolio continues to invest in companies where business fundamentals are improving and there is high conviction that improvement is sustainable.

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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