

Zurich Investments
Global Growth Fund
 Fund Focus - December 2020



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.

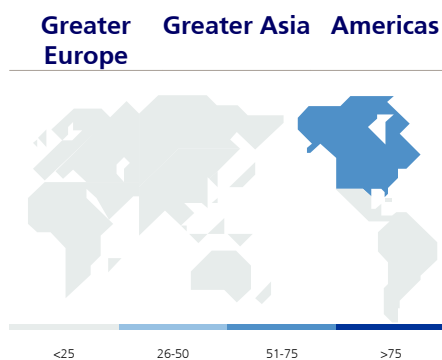
Fund Facts

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	\$231.40m
Number Of Holdings	103
Turnover Ratio%	41.73
Latest distribution date	30 Jun 2020
Latest distribution amount	0.0671
Benchmark	MSCI World (ex-Australia) Accumulation Index in \$A (net dividends reinvested)

Market Exposure

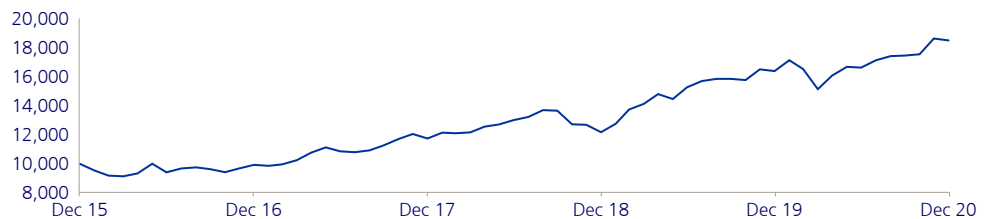


Fund Performance After Fees*

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	-0.70	5.98	8.96	3.71	0.79	6.66
Distribution	0.00	0.00	3.92	12.64	12.31	6.72
Total	-0.70	5.98	12.88	16.35	13.10	13.38
Benchmark	-0.50	5.68	5.73	11.16	10.94	11.47

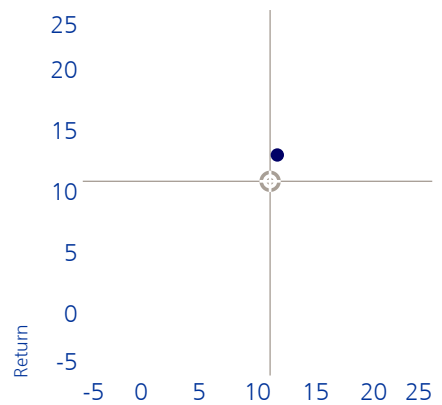
Investment Growth

31/12/2015 to 31/12/2020

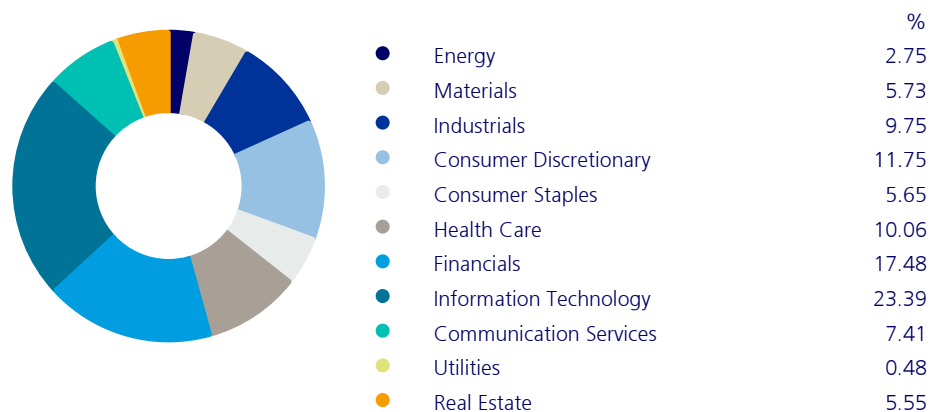


Risk Reward

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	11.70
Alpha	2.08
Beta	0.99
Sharpe Ratio (arith)	0.99
Up Capture Ratio	105.19
Down Capture Ratio	92.71

Top 10 Holdings

Portfolio Date: 31/12/2020	Portfolio Weighting%	Benchmark Weighting%
Amazon.com Inc	3.92	2.76
Alphabet Inc	3.85	2.10
Visa Inc Class A	2.16	0.73
Texas Instruments Inc	1.98	0.30
Equinix Inc	1.93	0.13
AIA Group Ltd	1.83	0.29
American Express Co	1.80	0.16
NXP Semiconductors NV	1.73	0.09
Aptiv PLC	1.64	0.07
Adobe Inc	1.62	0.48

Currency Management

Hedging Level as at 31 Dec 2020	0%
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Market

The December quarter saw global equity market leadership broaden as share prices of businesses that were directly impacted by the health crisis, such as travel, entertainment, and leisure, started to recover as investors looked forward to economic reopening. Through the latter half of 2020, investors bid up more cyclical businesses in anticipation of an inflection in global economic growth.

Global markets have quickly priced to accommodate economic recovery after positive vaccine news from three separate drug companies. Market leadership has shifted from defensive stay-at-home stocks, which have led year to date, to cyclically oriented names as the potential for normalised economic activity improves. Beneficiaries included banks, travel, energy, commodities and automobile stocks.

Fund

The Fund produced a solid return in the December quarter which was ahead of the index return. For the 12 months to December 2020, the Fund is comfortably ahead of the index.

The key contributors to performance included Roku, Aptiv and Samsung Electronics.

- Roku – The streaming provider continued its upward climb, as the pandemic kept consumers at home and watching more TV. Roku's deal with HBO to provide HBO Max content boosted the run late in the quarter.
- Aptiv – The electric vehicle company rallied during the period on strong earnings reporting. The electric automobile industry saw a boost from the US election as the Biden administration is considered pro green technologies.
- Samsung Electronics - The stock of the electronics manufacturer and distributor continued to appreciate on positive sentiment stemming from a deal with Qualcomm Technologies to manufacture Qualcomm's 5G chips and with Verizon Communications for indoor 5G network equipment.

Detractors from performance included Alibaba Group Holding and Equinix.

- Alibaba Group Holding – The e-commerce giant saw its stock price fall as Chinese regulators investigate its financial services arm, Ant Group. Ant Group's initial public offering cancellation last month followed founder Jack Ma's criticism of China's increasingly heavy financial regulations.
- Equinix – The data centre operator reported earnings in line with expectations and continues to expand worldwide. Although the stock price has dipped, the company's fundamentals remain strong and it should continue to lead the field.

Portfolio Transactions

New stocks added to the Fund in the December quarter included Safran and Sysco.

Safran – Shares of the aircraft engine manufacturer were purchased because revenue and profit is expected to reaccelerate should commercial air travel recover in 2021. Safran's focus on its aftermarket and narrow body businesses should allow it to be an early beneficiary of the pending travel recovery.

Sysco – A position was initiated in this restaurant supplier because earnings are expected to inflect higher as restaurants and bars gradually reopen on successful deployment of the COVID-19 vaccines. Sysco's earnings should also be supported by cost savings implemented during 2020 to address the impact of the COVID-19 crisis.

Two stocks were sold in the December quarter, Boston Scientific and Illumina.

Boston Scientific – The position in the medical device maker was liquidated as the stock price has been under pressure amid product recalls and legal battles.

Illumina – A combination of poor earnings and recent acquisitions continue to weigh on Illumina's stock which led the investment team to liquidate the position.

Portfolio Positioning

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

The investment team are focused on discovering companies with sustainable growth drivers and the financial strength to navigate the current environment. However, they have started to look for opportunities where fundamentals are in the early stages of inflecting higher, helped by economic normalisation.

In many instances, these opportunities are being made available at attractive risk/reward levels. Some of these businesses, which currently sport low multiples, have the potential to generate higher returns as the economic cycle turns, demand recovers and earnings reaccelerate from a very low base. The investment team has selectively increased the Fund's exposure in certain businesses levered to travel, leisure activity and cyclical economic expansion.

Secular growers remain attractive with the recent health crisis reinforcing the sustainability of many secular trends, such as digitisation, cloud computing, 5G network rollout and data centre expansion. While other opportunities continue to gain momentum, including the trend toward vehicle electrification and autonomous driving, many of these investment opportunities remain highly attractive.

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 the virus 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.

The investment team believes the portfolio is balanced and not overly exposed to high-momentum COVID-19 beneficiaries. The Fund's bottom-up process, focus 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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