Zurich Investments

Concentrated Global Growth Fund

Fund Focus - May 2021

ZURICH®

Investment Strategy

The fund invests in a concentrated portfolio of securities with high growth potential that are primarily listed on international stock exchanges. The fund will be fully unhedged at all times, providing investors with exposure to foreign exchange fluctuations as well as underlying share movements.

Fund Facts

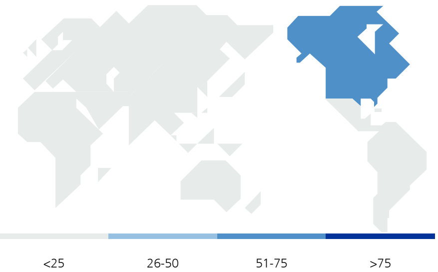
APIR Code	ZUR0617AU
Inception Date	19/10/2015
Total Est. Management Cost %^	1.11
Buy/Sell Spread%	0.02
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Semi-Annually
Underlying Fund Manager	American Century Investments

Portfolio Characteristics

Funds Under Management	$78.82m
Number Of Holdings	35
Turnover Ratio%	24.14
Latest distribution date	30 Jun 2020
Latest distribution amount	0.0667
Benchmark	MSCI World (ex-Australia) Accumulation Index in $A (net dividend reinvested)

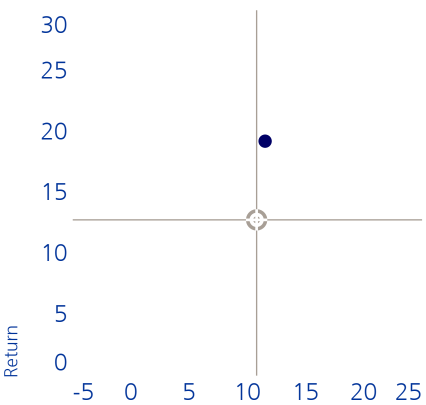
Market Exposure

Greater Europe	Greater Asia	Americas



Risk Reward

Time Period: 31/05/2016 to 31/05/2021



Risk Statistics

Time Period: 31/05/2016 to 31/05/2021

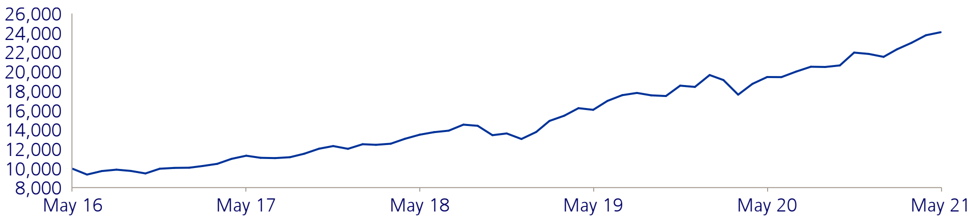
Std Dev	11.52
Alpha	6.27
Beta	0.95
Sharpe Ratio (arith)	1.48
Up Capture Ratio	114.21
Down Capture Ratio	75.65

Fund Performance After Fees*

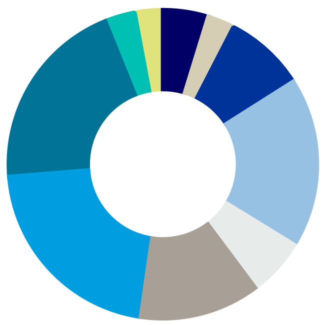
As at 31/05/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	1.32	7.92	18.60	14.78	15.27	12.17
Distribution	0.00	0.00	5.16	6.48	3.98	3.46
Total	**1.32**	**7.92**	**23.76**	**21.26**	**19.25**	**15.63**
Benchmark	1.19	9.73	20.41	13.63	12.79	10.77

Investment Growth

31/05/2016 to 31/05/2021



Portfolio Equity Sectors



	%
Energy	4.75
Materials	2.82
Industrials	8.44
Consumer Discretionary	17.75
Consumer Staples	6.03
Health Care	12.49
Financials	21.42
Information Technology	20.19
Communication Services	3.17
Real Estate	2.93

Top 10 Holdings

Portfolio Date: 31/05/2021	Portfolio Weighting%	Benchmark Weighting%
Amazon.com Inc	3.87	2.47
Stellantis NV	3.35	0.07
Charles Schwab Corp	3.33	0.19
AstraZeneca PLC	3.25	0.27
American Express Co	3.19	0.20
HDFC Bank Ltd ADR	3.09	0.00
Avantor Inc	3.09	0.00
Alphabet Inc	3.08	2.54
Cheniere Energy Inc	3.00	0.00
Hong Kong Exchanges and Clearing Ltd	2.99	0.14

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Market

Global markets advanced in May amid the widespread easing of coronavirus restrictions. Although US stocks gained marginally for the month, they underperformed non-US stocks. Emerging markets stocks also rose but underperformed developed markets equities.

After touching a record high in early May, US stocks pulled back on inflation worries and the potential for rising interest rates. Although economic activity increased, the recovery appeared uneven. Initial jobless claims fell to a pandemic-period low but remain elevated on a historic basis. New home sales fell in April, while retail sales were flat.

Stocks in Europe rose on positive economic and earnings news and improved vaccine availability. Optimism around vaccines also fuelled stock gains in the UK, where COVID-19 restrictions eased. Japan's equity market also advanced despite near-term economic uncertainty. Japan has lagged other developed markets in vaccine distribution.

Fund

The Fund produced a solid absolute return of in May which was ahead of the index return. For the 12 months to 31 May 2021, the Fund is comfortably ahead of the index return.

The key positive contributors to performance included Stellantis and Cheniere Energy.

- Stellantis – The car manufacturer recently reported strong first-quarter results, including a notable jump in revenue and total vehicle shipments. Stellantis has proven adept at navigating the global shortage of semiconductor chips used in automobiles.
- Cheniere Energy – A recovering economy and higher crude oil prices buoyed the energy sector, where this liquefied natural gas company was a standout performer. The investment team expects an acceleration in earnings growth for Cheniere Energy as new liquefaction facilities increase production volumes and capacity beyond consensus estimates.

Detractors from performance included ServiceNow, Teleflex and Booking Holdings.

- ServiceNow – The software company saw its stock decline as its outlook for second- and third-quarter billings was lower than expected. Management's acquisition and divestiture announcements did not help buoy investor sentiment.
- Teleflex – Shares of the medical products maker struggled, despite better-than-expected first-quarter earnings results. We believe revenue growth will accelerate due to the steady growth in Teleflex's core end markets, the contribution from recent acquisitions and the successful commercialisation of new products.
- Booking Holdings – Booking Holdings saw its stock fall as analysts questioned whether its revenues could support its climbing valuation in the face of post-COVID-19 economic recovery and increased travel planning.

Notable Trades

CRH was purchased in May as earnings are expected to be supported by volume growth and rising prices for cement. Demand across its core markets, including the US and Europe, is highly supportive of CRH's fundamental outlook.

Lonza Group was sold in May to cover the funding of investment into CRH. The improving trends at Lonza Group appear to have been fully priced in and valuation is less supportive of the investment thesis.

Positioning for the Future

The investment team 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 health 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.

* 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 1.11% includes a Management Fee of 1.1%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.01%

Past performance is not a reliable indicator of future performance.

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