Zurich Investments

Concentrated Global Growth Fund

Fund Focus - August 2021

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

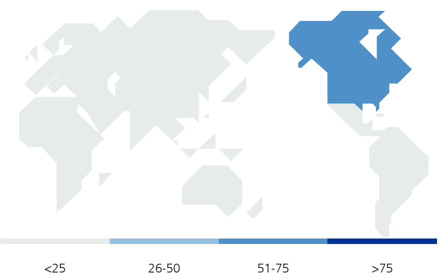
APIR Code	ZUR0617AU
Inception Date	19/10/2015
Total Est. Management Cost %^	1.11
Buy/Sell Spread%	0.02
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Semi-Annually
Underlying Fund Manager	American Century Investments

Portfolio Characteristics

Funds Under Management	$111.05m
Number Of Holdings	34
Turnover Ratio%	36.26
Latest distribution date	30 Jun 2021
Latest distribution amount	0.0226
Benchmark	MSCI World (ex-Australia) Accumulation Index in $A (net dividend reinvested)

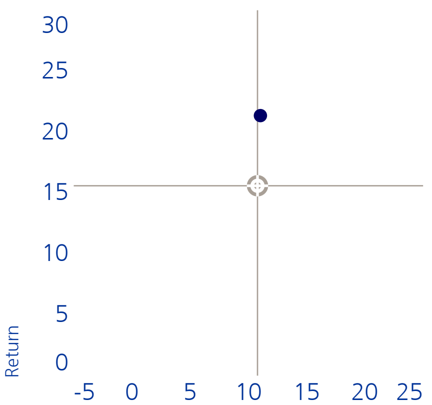
Market Exposure

Greater Europe	Greater Asia	Americas



Risk Reward

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



Risk Statistics

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

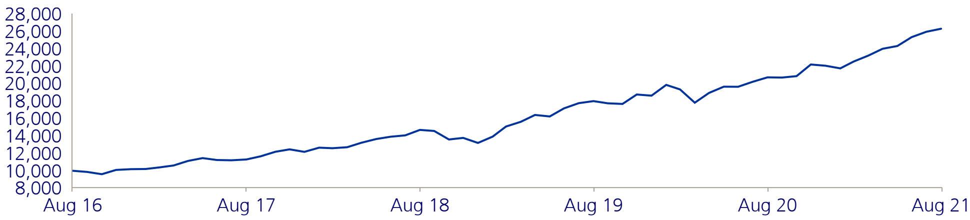
Std Dev	11.03
Alpha	6.31
Beta	0.90
Sharpe Ratio (arith)	1.71
Up Capture Ratio	108.30
Down Capture Ratio	68.88

Fund Performance After Fees*

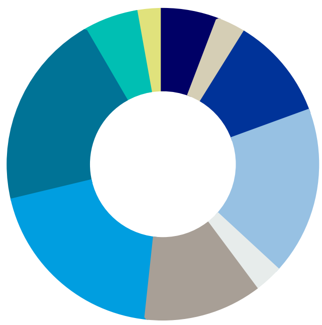
As at 31/08/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	1.34	6.92	25.48	14.50	17.10	12.92
Distribution	0.00	1.24	1.45	6.93	4.25	3.56
Total	**1.34**	**8.16**	**26.93**	**21.43**	**21.35**	**16.48**
Benchmark	3.10	12.31	31.37	14.68	15.59	12.68

Investment Growth

31/08/2016 to 31/08/2021



Portfolio Equity Sectors



	%
Energy	5.80
Materials	3.07
Industrials	10.56
Consumer Discretionary	17.43
Consumer Staples	2.95
Health Care	11.89
Financials	19.54
Information Technology	20.35
Communication Services	5.57
Real Estate	2.83

Top 10 Holdings

Portfolio Date: 31/08/2021	Portfolio Weighting%	Benchmark Weighting%
Alphabet Inc	5.44	2.93
Amazon.com Inc	5.17	2.52
HDFC Bank Ltd ADR	3.12	0.00
Booking Holdings Inc	3.08	0.16
Lowe's Companies Inc	3.01	0.25
CRH PLC	3.00	0.07
PayPal Holdings Inc	2.98	0.54
Charles Schwab Corp	2.97	0.18
Stellantis NV	2.97	0.07
ServiceNow Inc	2.97	0.21

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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 rose in August but was unable to outperform the strong index return.

The key positive contributors to performance included HDFC Bank, ServiceNow and The Charles Schwab Corp.

- HDFC Bank – Contributing to gains for the digital lender was the Reserve Bank of India's decision to partially lift the digital ban on HDFC Bank, which will allow it to issue new credit cards. Investors are optimistic the bank will recoup lost market share with high credit card issuances after a nine-month ban.
- ServiceNow – Helping to support stock gains for the digital workflow company were better-than-expected second-quarter earnings. ServiceNow reported a substantial year-over-year increase in revenue growth from subscriptions and raised its full-year guidance.
- The Charles Schwab Corp. – The financial services company reported monthly key performance indicators that affirmed the investment thesis. Net new money grew at an annualised rate of 7%, while average interest earnings assets grew at a healthy pace.

Detractors from performance included Fidelity National Information Services, Aptiv and Ping An Insurance Group Co of China.

- Fidelity National Information Services – Although second-quarter earnings surpassed consensus estimates, the financial technology firm's stock fell after management provided third-quarter guidance below expectations.
- Aptiv – The automotive parts maker detracted as supply chain interruptions caused automobile plants to close.
- Ping An Insurance Group of China – The insurer reported a worse-than-expected decline in profit for the first half of 2021. Management attributed the decline to weak sales of motor and life insurance policies and substantial provisions for impairment losses.

Notable purchases included PayPal Holdings and Schneider Electric while notable sales included Shiseido and Fidelity National Information Services.

PayPal Holdings - The core driver of sustainability at the firm is the continued proliferation of digital payments. Transaction volume on PayPal's platform is well positioned to sustain growth given the company's strong position in the online digital payments space.

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.

Shiseido – The stock was sold as channel checks suggest that demand for the cosmetics maker's products in China, a key market, is slowing. While Shiseido has divested unprofitable business lines, the position was liquidated due to increasing uncertainty around Chinese demand, which is a large risk to the investment thesis.

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.

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. Though the outbreak of COVID-19 has been disruptive, the portfolio's major themes highlighted below are structurally unchanged.

Maintaining our 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.

* 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.