

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.

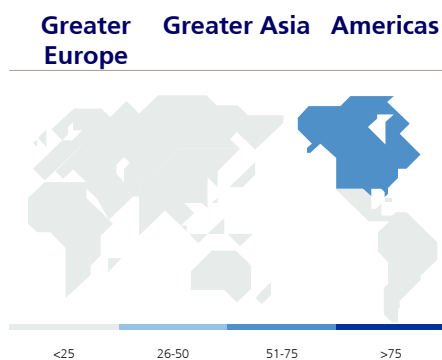
Fund Facts

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

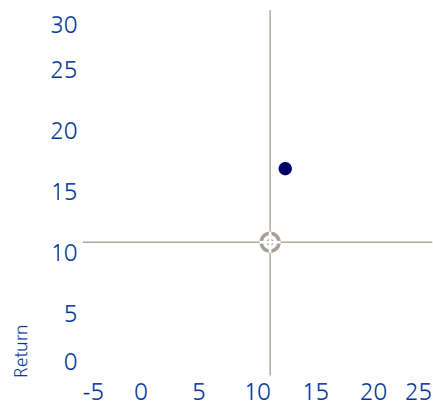
Funds Under Management	\$55.63m
Number Of Holdings	35
Turnover Ratio%	52.36
Latest distribution date	30 Jun 2020
Latest distribution amount	0.0667
Benchmark	MSCI World (ex-Australia) Accumulation Index in \$A (net dividend reinvested)

Market Exposure



Risk Reward

Time Period: 31/12/2015 to 31/12/2020



Risk Statistics

Time Period: 31/12/2015 to 31/12/2020

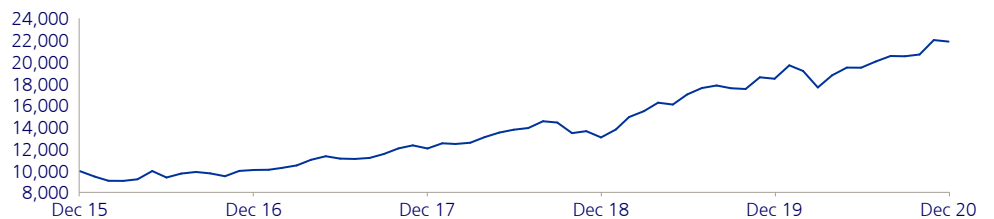
Std Dev	12.38
Alpha	5.44
Beta	1.01
Sharpe Ratio (arith)	1.22
Up Capture Ratio	115.56
Down Capture Ratio	82.34

Fund Performance After Fees*

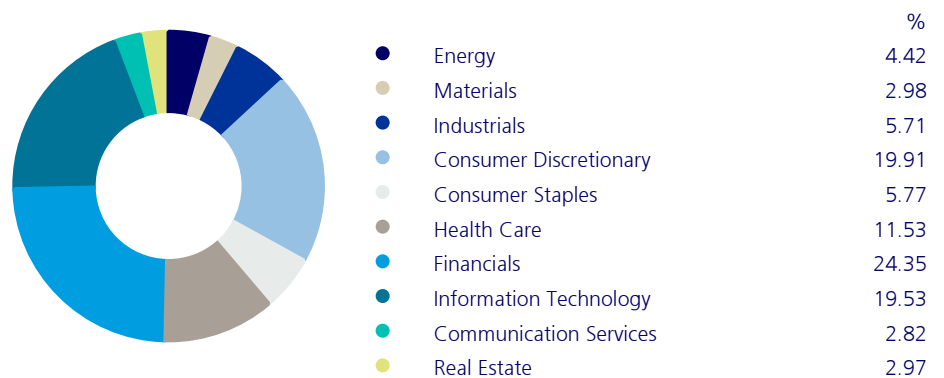
As at 31/12/2020	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	-0.64	6.56	13.52	15.41	13.07	11.09
Distribution	0.00	0.00	4.93	6.51	3.91	3.71
Total	-0.64	6.56	18.45	21.92	16.98	14.80
Benchmark	-0.50	5.68	5.73	11.16	10.94	9.45

Investment Growth

31/12/2015 to 31/12/2020



Portfolio Equity Sectors



Top 10 Holdings

Portfolio Date: 31/12/2020	Portfolio Weighting%	Benchmark Weighting%
Amazon.com Inc	4.68	2.76
Peugeot SA	3.42	0.00
Hong Kong Exchanges and Clearing Ltd	3.13	0.13
Charles Schwab Corp	3.09	0.16
Aptiv PLC	3.07	0.07
Visa Inc Class A	3.07	0.73
Booking Holdings Inc	3.04	0.18
HDFC Bank Ltd ADR	3.03	0.00
London Stock Exchange Group PLC	3.02	0.08
Lowe's Companies Inc	2.99	0.24

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 strong return of 6.56% in the quarter which was ahead of the index return. For the 12 months to December 2020, the Fund is substantially ahead of the index.

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

- Peugeot – The automobile manufacturer’s stock continues to climb in response to investor enthusiasm surrounding its planned merger with Fiat Chrysler Automobiles. Further supporting stock gains was the rollout of Peugeot’s electric car, which is viewed positively as European regulators add requirements for a green recovery.
- HDFC Bank – Improving economic conditions contributed to strong quarterly earnings growth for the India-based banking services holding company.
- The Charles Schwab Corp – The financial manager saw its stock climb steadily throughout the quarter, driven by its TD Ameritrade Holding acquisition and its resulting net asset growth. The investment team expects Schwab to realise cost synergies from the acquisition. The company should also benefit as interest rates continue to rise.

Detractors from performance included Alibaba Group Holding, Boston Scientific 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.
- Boston Scientific – Despite higher-than-expected earnings and revenues, the medical device maker saw its stock dip deeply during the quarter, as recalls and legal battles plague management. As a result, the investment team decided to sell the position in Boston Scientific and invest the proceeds in a higher-conviction opportunity.
- 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

Two new stocks were added to the fund in the December quarter, Ping An Insurance Group and Pernod Ricard.

Ping An Insurance Group – A position was initiated in this insurance company as it benefits from an extended secular trend of rising life and health insurance penetration in China, which has been strengthened by the pandemic. Earnings should increase on rising interest rates and recent initiatives. Finally, shares have derated and provide an attractive entry point.

Pernod Ricard – The alcoholic beverage company was purchased as the investment team believes profitability will inflect higher due to a combination of not only sequential top-line acceleration as demand firms on economic reopening, but also implementation of cost controls. The stock’s valuation relative to the market also remains attractive.

Other stocks liquidated in the December quarter included IHS Markit and Bio-Rad Laboratories.

IHS Markit – The position in IHS Markit was eliminated due to the risk/reward profile being less favourable compared to other alternatives.

Bio-Rad Laboratories – The stock was sold to reduce the Fund’s exposure to health care diagnostic companies, which have rerated as investors bid up COVID-19 beneficiaries. The investment team expect that gains from COVID-19 testing volumes will moderate in the second half of 2021 and into 2022, which will result in slower growth and impact risk/reward for Bio-Rad.

Top Holdings

The portfolio continues to invest in companies where business fundamentals are improving and there is high conviction that improvement is sustainable. Some of the portfolio’s key holdings are highlighted below.

Amazon – Margins are expected to be boosted by the growing impact of advertising on its bottom line, its cloud computing services, and rising sales derived from third-party sellers. Revenue growth remains sustainable, and the company remains a dominant global e-commerce player.

Peugeot – The proposed merger with Fiat Chrysler Automobiles will create a more diversified, faster-growing and more profitable automobile manufacturer as the combination will improve geographic balance and provide a platform for cost synergies.

Hong Kong Exchanges & Clearing – Trading volumes should be positively impacted by increasing North and South stock connect volumes, further inclusion of China A-shares in major stock indices and a shift of primary listings from American depository receipts to the Hong Kong exchange.

The Charles Schwab Corp – Earnings are expected to continue to benefit from strong asset flows. Shares have derated and offer favourable risk/reward. Schwab's acquisition of TD Ameritrade Holding provides an additional growth catalyst, which should lead to further market share gains for the company.

Aptiv – Aptiv, a global technology company serving the automotive industry, gained prominence in the portfolio as investors' rising enthusiasm for autonomous and electric vehicle technology pushed its shares higher. Aptiv should continue to be a key beneficiary of this trend.

* 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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