Zurich Investments

Managed Growth Fund

Fund Focus - February 2021

Investment Strategy

The Fund invests in a mix of Australian and international shares, fixed interest securities, listed property securities and cash. The Fund is designed to reduce investment risk by diversifying across asset classes.

Fund Facts

APIR Code	ZUR0059AU
Inception Date	2/04/1997
Total Est. Management Cost %^	0.99
Buy/Sell Spread%	0.12
Est. Transactional Op. Cost %	0.01
Distribution Frequency	Quarterly

Portfolio Characteristics

Funds Under Management	$73.84m
Latest distribution date	31 Dec 2020
Latest distribution amount	0.0113
Benchmark	CPI+2.5% pa over rolling five year periods before fees and taxes.

Strategic Investment Partners

Australian Shares
- Antares Capital Partners
- Celeste Funds Management Pty Limited
- DWS International
- Nikko Asset Management Limited
- Schroder Investment Management Australia

International Shares
- American Century Investment Management, Inc
- Epoch Investment Partners, Inc
- Lazard Asset Management Pacific Co
- Realindex Investments Pty Limited
- Wells Capital Management, Inc

Australian Property Securities
- Renaissance Property Securities Pty Ltd

Global Property Securities
- Presima Inc

Fixed Interest and Cash
- Schroder Investment Management Australia

Infrastructure
- Lazard Asset Management Pacific Co

Alternative Investments
- Insight Investment Management (Global)
- Robeco Hong Kong Ltd

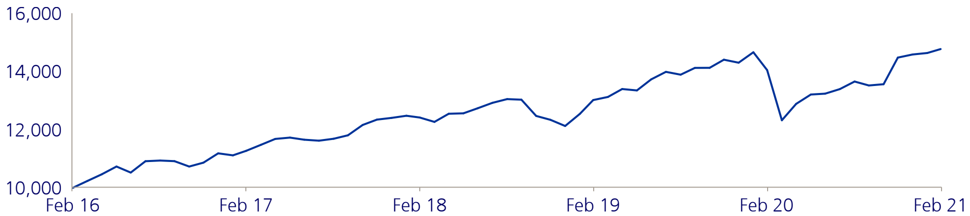
Absolute Return Bond
- AllianceBernstein Investment Management

Fund Performance After Fees*

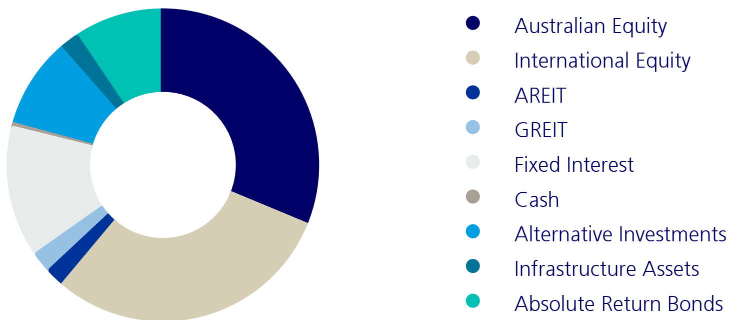
As at 28/02/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	0.92	1.12	-2.94	-6.03	-2.68	1.01
Distribution	0.00	0.91	8.10	12.00	10.81	6.42
Total	**0.92**	**2.03**	**5.16**	**5.97**	**8.13**	**7.43**

Investment Growth

28/02/2016 to 28/02/2021



Asset Allocation



Risk Statistics

Time Period: 28/02/2016 to 28/02/2021

Std Dev	8.83
Sharpe Ratio (arith)	0.78

Actual Asset Allocation

	Actual Asset Allocation%	Benchmark Weight%	Active Position%
Australian Equity	31.26	29.00	2.26
International Equity	29.84	28.00	1.84
AREIT	1.96	2.00	-0.04
GREIT	2.17	2.00	0.17
Fixed Interest	13.63	16.00	-2.37
Cash	0.37	4.00	-3.63
Alternative Investments	9.30	9.00	0.30
Infrastructure Assets	2.04	2.00	0.04
Absolute Return Bonds	9.43	8.00	1.43
Total	100.00	100.00	

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Market

The Zurich Investments Managed Growth Fund rose in February by 0.92%.

World equity markets advanced in February, as investors mulled over the ramifications of an improving global economic outlook.

The month was marked by a spike in global government bond yields, with the yield on the benchmark 10-year US Treasury note recording its largest one-month rise since November 2016. The sharp rise in bond yields reflected investor optimism that an economic recovery was on track, as well as expectations of higher inflation because of it. The current ultra-low interest rate environment created by key central banks in response to the coronavirus pandemic drove bond rates to historic lows that offered scant rewards and steered investors chasing higher returns to stock markets. With the spike in yields, bonds now offered attractive, steady income, which slowed some of the momentum behind the upswing in global equity markets, as investors rotated out of low-performing or low-dividend-paying stocks.

Despite the change in market dynamics, stock markets in both the developed and developing world gained in February, although to varying degrees. In the US, improved deployment of coronavirus vaccines, expectations of additional fiscal relief measures, and surprisingly strong fourth-quarter corporate earnings led the S&P 500 Index—the bellwether of the US equity market—to outperform the broader market index.

Across the Atlantic, European stock markets also outpaced the index, as better-than-expected corporate results bolstered investor optimism about a quicker earnings recovery this year. In Asia, Japan's stock market climbed on solid corporate earnings and encouraging domestic data that suggested that the country's economy was on track to return to pre-pandemic levels by next year. Meanwhile, equity markets in the developing world came under pressure but eked out a modest gain, as risk appetites softened amid the sharp increase in US Treasury bond yields.

Emerging markets advanced in US dollar terms for a fifth consecutive month in February. Eight out of eleven sectors advanced including real estate, materials and energy. Health care, consumer staples and consumer discretionary all declined. At the country level, 17 out of 27 countries generated positive returns, including Argentina, Chile, Peru, Greece, India and Saudi Arabia. Brazil, Pakistan and Kuwait experienced declines.

The AREIT market fell in February on rising bond yields, underperforming the broader equity market which posted a positive return for the month.

Bond yields have risen strongly as many central banks around the globe confirmed a commitment to maintaining quantitative easing (QE) and zero interest rates until inflation and unemployment start to recover. News of a COVID-19 vaccine and significant upward revisions to global domestic product (GDP) forecasts also pushed yields higher as investors continued to sell bonds on expectations of higher inflation. The Reserve Bank of Australia and the US Federal Reserve have both announced there is no concern about short-term inflation and they are prepared to further calm markets with additional QE should it be required.

The AREIT reporting season commenced in February, highlights included:

- Malls specialty sales fell 4.8%. However, sales in the last two months of the year in were up 11-12%, occupancy was only marginally lower and specialty leasing spreads fell.
- International malls were weaker reflecting the state of COVID-19 in the northern hemisphere, with sales down 37%, occupancy down 3% and rental spreads turning negative 5%.
- Office occupancy fell 0.5% and spreads turned negative. Like-for-like income growth slowed to +1.5%.
- Industrial cap rates fell while office and retail cap rates were relatively stable.
- Residential land sales and settlements were up significantly.
- Fund managers (Goodman and Charter Hall) continued to see strong growth in funds under management.

The Small Ordinaries Accumulation Index had a volatile February, rallying at the beginning of the month only to sell-off towards month-end. The surge in bond yields in the back half of February caused a sell-off in technology, long-duration growth stocks, REITs and Infrastructure names. The continued rollout of the global COVID-19 vaccination program drove market enthusiasm towards recovery names like travel, airlines, cinema and entertainment.

The February reporting season highlighted ongoing strength in the domestic consumer, driving discretionary consumption and retail sales. The fiscal support, by way of business payments and JobKeeper, has maintained a solid spending cadence which has been directed towards upgrading everything from electronics and couches to cars and houses. Evident in the reporting was ongoing revenue and contract weakness in companies exposed to Europe and North America, driven by higher COVID-19 infection rates and rolling lockdown environments. This is expected to improve as the vaccine rollout leads to a slightly more normal environment.

* 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 0.99% includes a Management Fee of 0.87%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.12%

Past performance is not a reliable indicator of future performance.