Zurich Investments

Managed Growth Fund

Fund Focus - June 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	$76.98m
Latest distribution date	30 Jun 2021
Latest distribution amount	0.0687
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
- Schroder Investment Management Australia
- Tyndall Asset Management

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

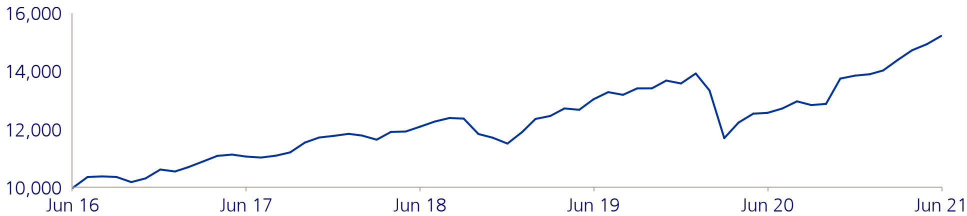
Absolute Return Bond
- AllianceBernstein Investment Management

Fund Performance After Fees*

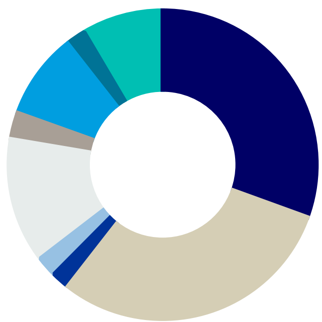
As at 30/06/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	-3.21	0.42	13.40	-0.98	-2.33	1.12
Distribution	5.10	5.29	7.65	8.94	11.11	6.57
Total	**1.89**	**5.71**	**21.05**	**7.96**	**8.78**	**7.69**

Investment Growth

30/06/2016 to 30/06/2021



Asset Allocation



- Australian Equity
- International Equity
- AREIT
- GREIT
- Fixed Interest
- Cash
- Alternative Investments
- Infrastructure Assets
- Absolute Return Bonds

Risk Statistics

Time Period: 30/06/2016 to 30/06/2021

Std Dev	8.75
Sharpe Ratio (arith)	0.87

Actual Asset Allocation

	Actual Asset Allocation%	Benchmark Weight%	Active Position%
Australian Equity	30.53	29.00	1.53
International Equity	30.02	28.00	2.02
AREIT	1.90	2.00	-0.10
GREIT	2.15	2.00	0.15
Fixed Interest	13.06	16.00	-2.94
Cash	2.80	4.00	-1.20
Alternative Investments	8.95	9.00	-0.05
Infrastructure Assets	2.08	2.00	0.08
Absolute Return Bonds	8.51	8.00	0.51
Total	100.00	100.00	

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Market

The Zurich Investments Managed Growth Fund rose in the June quarter by 5.71%.

World equity markets rose sharply in the second quarter on investor confidence that the global economic recovery will continue uninterrupted despite the emergence of inflation risk.

While coronavirus risk remained a concern as intensifying outbreaks emerged in many parts of the world, the spectre of inflation was front and centre in the minds of investors during the period amid supply-chain bottlenecks, a surge in commodity prices, and sharp increases in China's factory-gate prices in April and May. Investors were increasingly worried that pandemic-driven stimulus measures would result in a significant rise in global inflation, which, in turn, could force key central banks to retreat from their ultra-accommodative monetary policy stances before an economic recovery is fully realised. The current low interest rate environment has also propped up stock markets by driving investors chasing higher returns toward risk assets. Thus, a shift toward interest rate normalisation could potentially be highly disruptive to market behaviour.

Against this backdrop, investors paid especially close attention to the monetary policy path of the US Federal Reserve, the world's de facto central bank, amid mixed domestic inflation data released during the period. Markets reacted negatively in mid-June when the US Federal Reserve announced that if the recent high inflation persists, it could start raising interest rates by late 2023, which would be earlier than expected. However, markets recovered shortly thereafter, as investors bought into the US Federal Reserve's assertion that the spike in inflation was transitory in nature and a consequence of an economy that is strengthening in the wake of last year's pandemic-induced coma.

The AREIT market surged in the June quarter, rising by 10.74%. The key driver for the performance was falling global bond yields and increasing risk aversion as the Delta strain of COVID-19 saw an acceleration in daily cases, particularly in the UK.

The Australian economy continued to power along, reflected by the slightly less dovish comments from the Governor of the Reserve Bank of Australia. Employment surged 85,000 (75,000 was full time workers) and unemployment fell back to pre-COVID-19 levels. NAB business confidence softened but business conditions surged. Consumer confidence similarly fell but is still up strongly year-over-year, the fall being driven by recent COVID-19 outbreaks and lockdowns. Australian house prices continued to rise with Sydney up 2.6% for the month of June.

Acquisition activity has been accelerating, driven by a mixture of rising values, which is helping supply, and increasing confidence in AREIT managers around the general outlook. Recent acquisitions of note include:

- National Storage REIT raised $326m to deleverage their balance sheet ahead of further acquisitions.
- Dexus established a relationship with Australian Unity Healthcare and invested $180m in their unlisted trust.
- Shopping Centres Australasia purchased a Newcastle asset for $150m
- Charter Hall Retail acquired a Perth asset for $50m
- Centuria Industrial bought three assets for $86m
- Centuria Group acquired a suburban Melbourne office asset for $225m
- Dexus Healthcare acquired two healthcare assets for $130m
- Growthpoint purchased an office building in Sydney Olympic Park for $52m

The majority of AREITs have also announced June revaluations, with significant lifts seen in some sub-sectors including Industrials and Long WALE assets. Even office saw an increase, despite worsening fundamentals, driven by transactional activity.

The Australian Small Companies Index surged in the June quarter. During the quarter, the Federal Government released their FY22 Budget which included $96bn in additional stimulus. The Budget outlined increased business capex incentives, as well as significant spending on infrastructure and aged care. Households can expect FY22 tax cuts aimed at low-to-middle-income workers, and access to the HomeBuilder construction grant has seen the construction commencement deadline move from 6 months to 18 months.

* 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.

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