

# Zurich Investments

## Managed Growth Fund

### Fund Focus - August 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 % <sup>^</sup> | 0.99      |
| Buy/Sell Spread%                          | 0.12      |
| Est. Transactional Op. Cost %             | 0.01      |
| Distribution Frequency                    | Quarterly |

#### Portfolio Characteristics

|                            |   |
|----------------------------|---|
| Funds Under Management     | \$77.99m  |
| 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

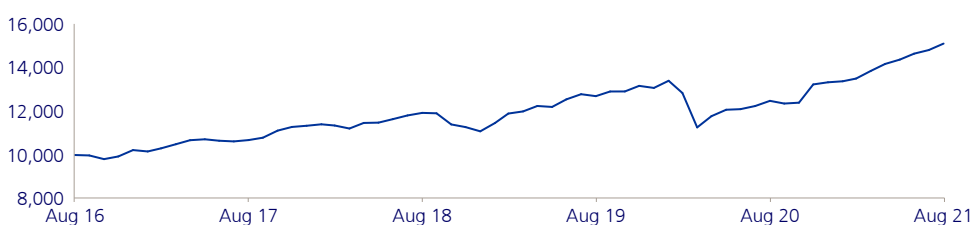
AllianceBernstein Investment Management

#### Fund Performance After Fees\*

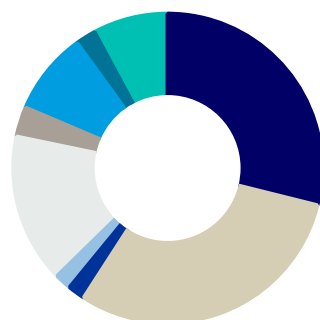
| As at 31/08/2021 | 1 Month %   | 3 Months %  | 1 Year % p.a | 3 Years % p.a | 5 Years % p.a | Since Inception % p.a |
|------------------|-------------|-------------|--------------|---------------|---------------|-----------------------|
| Growth           | 1.99        | -0.15       | 13.40        | -0.76         | -2.48         | 1.24                  |
| Distribution     | 0.00        | 5.26        | 7.65         | 8.96          | 11.10         | 6.53                  |
| <b>Total</b>     | <b>1.99</b> | <b>5.11</b> | <b>21.05</b> | <b>8.20</b>   | <b>8.62</b>   | <b>7.77</b>           |

#### Investment Growth

31/08/2016 to 31/08/2021



#### Asset Allocation



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

#### Risk Statistics

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

|                      |      |
|----------------------|------|
| Std Dev              | 8.66 |
| Sharpe Ratio (arith) | 0.86 |

#### Actual Asset Allocation

|                         | Actual Asset Allocation% | Benchmark Weight% | Active Position% |
|-------------------------|--------------------------|-------------------|------------------|
| Australian Equity       | 28.89                    | 29.00             | -0.11            |
| International Equity    | 30.24                    | 28.00             | 2.24             |
| AREIT                   | 1.81                     | 2.00              | -0.19            |
| GREIT                   | 1.73                     | 2.00              | -0.27            |
| Fixed Interest          | 15.59                    | 16.00             | -0.41            |
| Cash                    | 3.13                     | 4.00              | -0.87            |
| Alternative Investments | 8.63                     | 9.00              | -0.37            |
| Infrastructure Assets   | 2.12                     | 2.00              | 0.12             |
| Absolute Return Bonds   | 7.86                     | 8.00              | -0.14            |
| Total                   | 100.00                   | 100.00            |                  |

# Zurich Investments

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## Fund Focus - August 2021



### Market

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The Zurich Investments Managed Growth Fund rose in August by 1.99%.

Amid the customary summer slowdown, global equity markets advanced for a seventh consecutive month in August, as a benign environment was enough to sustain risk appetites.

All eyes were on the US Federal Reserve (Fed) during the month, as the world's de facto central bank updated its stimulus policy path in late August. While the Fed strongly hinted that it was prepared to slow its monthly purchase of government-backed bonds later this year, it also made clear that an interest rate hike was still far away. The Fed's ultra-low interest rate policy has been a boon for stock prices, so news that it would remain in place for the foreseeable future sparked a relief rally that drove world equity markets to all-time highs.

The exceptionally strong second-quarter earnings season continued to be a major contributor to the positive climate. In the US, 87% of the companies in the S&P 500 Index that reported results as of 31 August topped consensus estimates, the best percentage in almost 30 years. Moreover, the index is on track to post an earnings growth rate of 95%, which would be the fastest pace since the fourth quarter of 2009. Across the Atlantic over the same time period, 68% of the companies in the pan-European STOXX 600 index reported positive earnings surprises, well above the historical average of 51%. Notably, according to FactSet, the earnings growth rate for the STOXX 600 is expected to be a whopping 248%, more than twice that of the S&P 500.

Despite the solid performance of global equity markets, investors remained cautious amid potential risks on the horizon. Data released during the month suggested that the coronavirus Delta variant has slowed the progress of the global economic recovery. In China, disappointing data and the government's ongoing crackdown on domestic industries weighed on the world's second largest economy. As a result of these negative factors, China's stock market moved sideways in August. Inflation also remained a concern, as consumer prices in the eurozone for August was higher than expected, leading to speculation that the European Central Bank may pull back on its pandemic-era stimulus.

The AREIT market surged by 6.38% in August. The strong move was driven by continued rising COVID-19 cases combined with a slowing in global economic activity indicators which saw investors move into more defensive positioning, benefiting REIT stocks.

Australian economic data is beginning show signs of the impact on economic conditions due to the current COVID-19 outbreak and related lockdowns. July residential approvals fell heavily although they are still running high compared to last year. Employment rose slightly in July but was more resilient than expected and unemployment fell. However, business conditions, business confidence and consumer confidence all declined.

The main AREIT news for the month was reporting season and the progress of COVID-19 vaccinations. Positively, the vaccination rate in Australia is 39% fully vaccinated and 64% one dose. Current forecasts indicate the country will hit 70% fully vaccinated by mid-November and 80% by mid-December. The other news for August was predominantly focused on acquisitions.

The August reporting season saw a very strong move in the S&P/ASX Small Ordinaries Index, which rose by 4.98% for the month. Small Industrials were the standout performer rising by 6.1% and significantly outperforming Small Resources.

\* 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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