Zurich Investments

# Managed Growth Fund

Fund Focus - September 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.

## Portfolio Characteristics

| | |
|---|---|
| Funds Under Management | $75.46m |
| Latest Distribution Date | 30 September 2021 |
| Latest Distribution Amount | 2.2614 |
| Benchmark | CPI+2.5% pa over rolling five year periods before fees and taxes. |

## Fund Facts

| | |
|---|---|
| APIR Code | ZUR0059AU |
| Inception Date | 2 April 1997 |
| Total Est. Management Cost % | 0 96 |
| Est. Transactional Op. Cost % | 0 00 |
| Buy/Sell Spread % | 0.12 |
| Distribution Frequency | Quarterly |
| Underlying Fund Manager | Australian Shares Antares Capital Partners.. |

## Fund Performance After Fees

| | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---|---|---|---|---|---|
| Distribution | 1.68 | 1.73 | 9.04 | 9.35 | 11.25 | 6.56 |
| Growth | -3.28 | -0.22 | 11.26 | -1.70 | -2.97 | 1.10 |
| Total | -1.60 | 1.51 | 20.30 | 7.66 | 8.28 | 7.65 |

## 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

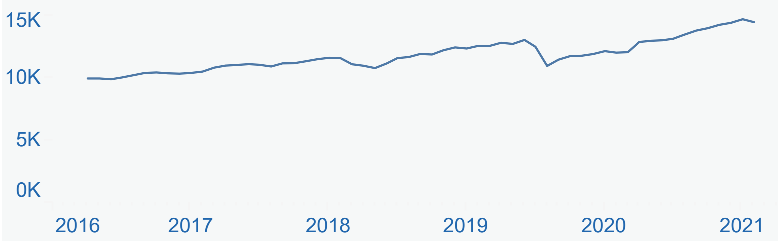
**Infrastructure**
Lazard Asset Management Pacific Co

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

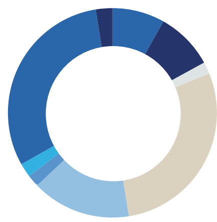
**Absolute Return Bond**
AllianceBernstein Investment Management

## Investment Growth ($10,000)

1 Oct 2016 to 30 Sep 2021




## Portfolio Equity Sectors (%)



| | |
|---|---|
| Absolute Return Bonds | 8.10 |
| Alternatives | 8.95 |
| Australian Property | 1.83 |
| Australian Shares | 28.63 |
| Diversified Fixed Interest | 15.52 |
| Global Property | 1.70 |
| Infrastructure | 2.14 |
| International Shares | 30.59 |
| Liquidity | 2.55 |

## Actual Asset Allocation

| | Actual Asset Allocation % | Benchmark Weight % | Active Position % |
|---|---|---|---|
| Absolute Return Bonds | 8.1 | 8.0 | 0.1 |
| Alternatives | 8.9 | 9.0 | -0.1 |
| Australian Property | 1.8 | 2.0 | -0.2 |
| Australian Shares | 28.6 | 29.0 | -0.4 |
| Diversified Fixed Interest | 15.5 | 16.0 | -0.5 |
| Global Property | 1.7 | 2.0 | -0.3 |
| Infrastructure | 2.1 | 2.0 | 0.1 |
| International Shares | 30.6 | 28.0 | 2.6 |
| Liquidity | 2.5 | 4.0 | -1.5 |

## Risk Statistics

1 Oct 2016 to 30 Sep 2021

| | |
|---|---|
| Std Dev | 8.64 |
| Sharpe Ratio (arith) | 0.96 |

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**Market Commentary**

The Zurich Investments Managed Growth Fund rose over the September quarter by 1.51%.

Traders maintained a cautious posture during the period as they worked through a handful of developments and coronavirus risk continued to hang over global financial markets. The US Federal Reserve's stimulus policy path was the focal point of much of the market's attention after announcing in August and again in September that it was prepared soon to slow the pace of its monthly purchase of government-backed bonds and may begin to raise interest rates sometime next year. Stock markets at first reacted positively to the news but wobbled as the policy grew closer to realisation. Other key central banks also made news in September: in Europe, the European Central Bank (ECB) and the Bank of England (BoE) both signalled they were prepared to tighten their monetary policies while in Asia, the Bank of Japan announced that it would hold its accommodative monetary policy steady.

Events in China were a major source of worry amid data indicating that the country's economy was slowing. Compounding this anxiety was the ongoing crackdown by Chinese regulators on certain domestic sectors, and news that the debt-laden private Chinese private real estate developer Evergrande could default on its debt obligations. The latter development was especially worrisome because traders feared that it could damage China's broader property development industry, which is heavily in debt and a significant driver of economic growth.

Concerns about persistent inflation waxed and waned during the quarter but became more acute in September amid data for August indicating factory gate inflation in the US and China, along with consumer prices in Europe and wholesale prices in Japan, had hit multi-year highs. With long-term US government bond yields spiking due to expectations of higher inflation, global equity markets found themselves under increasing pressure in the closing days of the quarter.

Emerging markets declined in September with the majority of sectors generating negative returns during the month including consumer discretionary, materials, and information technology. Only energy and utilities stocks posted gains. At the country level, 19 out of 27 countries generated negative returns including Brazil, Pakistan, and Turkey whereas Russia, the Czech Republic, and Indonesia advanced.

The Healthcare sector produced modest gains in local currency terms, though a weaker Australian Dollar (AUD) boosted reported gains in AUD. Returns were volatile and widely dispersed by industry with life sciences tools & services and healthcare equipment & supplies performing well, while healthcare technology stocks fell sharply. Merger & Acquisition (M&A) activity in the sector has surged in recent months, such that 2021 is on pace for a record number of deals. The record M&A activity supports a positive outlook for the sector and comes at a time of relative earnings strength, resulting in attractive valuations compared to the broader market. The quarter saw a broad slate of new drug approvals by the US Food and Drug Administration (FDA) and European regulators. The most notable full drug approval was Pfizer and BioNTech's COVID-19 vaccine, which had earlier been approved for emergency use. The FDA also approved a powerful new technology that has the potential to improve drugs' safety and efficacy across an entire range of applications.

The AREIT market surged ahead in the September quarter by 4.80%. Local economic news was mixed as lockdowns in Sydney, Melbourne and Canberra weighed on the economy. Positively, the Australian economy has been more resilient than expected and should see a strong recovery on reopening. Gross domestic product rose slightly in the second quarter although it has significantly risen year-over-year. Dwelling prices continued to be strong in September despite lockdowns, especially in Sydney. Building approvals bounced and the unemployment rate improved. Retail sales were weak due to lockdowns but lead indicators have been improving as businesses and consumers were given roadmaps out of lockdown.

* 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 0.96% includes a Management Fee of 0.87%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.09%

Past performance is not a reliable indicator of future performance.