Zurich Investments

Managed Growth Fund

Fund Focus - January 2023

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	$58.84m
Latest Distribution Date	31 December 2022
Latest Distribution Amount	0.1503
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 %	0.94
Est. Transactional Op. Cost %	0
Buy/Sell Spread %	0.12
Distribution Frequency	Quarterly

Fund Performance After Fees

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.00	0.14	9.83	8.46	10.70	6.62
Growth	3.44	4.20	-11.30	-5.92	-5.86	0.50
Total	3.44	4.34	-1.46	2.54	4.84	7.12
Benchmark	3.45	3.97	0.86	4.12	6.45	7.30

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
- Allspring Global Investors

Australian Property Securities
Renaissance Property Securities Pty Ltd

Global Property Securities
Quay Global Investors

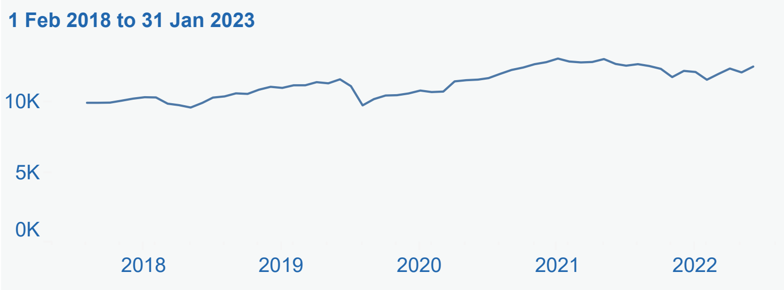
Alternative Investments
Insight Investment Management (Global) Limited

Fixed Interest & Cash
Schroder Investment Management Australia

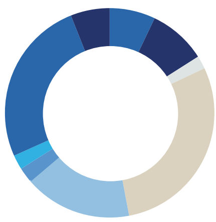
Absolute Return Bond
AllianceBernstein Investment Management

Convertible Bonds
Lazard Asset Management Pacific Co

Investment Growth ($10,000)



Portfolio Equity Sectors (%)



Absolute Return Bonds	7.05
Alternatives	8.92
Australian Property	2.04
Australian Shares	29.03
Diversified Fixed Interest	16.77
Global Property	2.24
Infrastructure	2.25
International Shares	25.68
Liquidity	6.02

Actual Asset Allocation

	Actual Asset Allocation %	Benchmark Weight %	Active Position %
Absolute Return Bonds	7.1	8.0	-0.9
Alternatives	8.9	9.0	-0.1
Australian Property	2.0	2.0	0.0
Australian Shares	29.0	29.0	0.0
Diversified Fixed Interest	16.8	16.0	0.8
Global Property	2.2	2.0	0.2
Infrastructure	2.2	2.0	0.2
International Shares	25.7	28.0	-2.3
Liquidity	6.0	4.0	2.0

Risk Statistics

1 Feb 2018 to 31 Jan 2023

Std Dev	9.67
Sharpe Ratio (arith)	0.50

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Market Commentary

The Zurich Investments Managed Growth Fund rose by 3.44% in January.

After suffering through a dismal 2022, world equity markets rallied strongly in January, as renewed optimism about the global economic outlook put investors in a buying mood. The month was a volatile one, as investors grappled with two competing sentiments. On the one hand, there was anxiety about softening company profits and a global economy straining under the weight of a monetary tightening cycle, and on the other, there was hope that a severe worldwide economic recession could be avoided, and that cooling inflation will induce major central banks to ease up on their aggressive interest rate increases. Against this backdrop, all eyes were on the US, where the most recent data indicated that price pressures eased for a sixth consecutive month in December while the economy continued to grow. These positive developments stoked optimism that the Federal Reserve would be able to engineer a “soft landing” for the US economy, thus paving the way for the world’s most influential central bank to possibly end its rate-hiking campaign in the near term.

The buoyant investor mood was also found across the Atlantic, where the latest data indicated that inflation in the eurozone had cooled for a third consecutive month in January, thanks to a drop in energy prices, and the common currency bloc’s economy unexpectedly grew in the fourth quarter, compared with the previous quarter. While investors were confident that the eurozone could avoid a deep and painful economic recession, they nevertheless expected the European Central Bank to maintain its hawkish stance. The mood was more sombre in the UK, where inflation slowed for a second consecutive month in December but was still running in the double-digits and the economy was on the cusp of a recession.

Health care stocks declined and trailed the broader market for the month. Pharmaceuticals and health care providers and services dragged down the sector. In general, investors sold shares that held up better and bought those of last year’s losers. Health care continues to outperform the broader market over longer time periods.

The AREIT market surged during January with the strong performance driven by decelerating global inflation and the expectation that interest rate rises may be are nearing an end. The main outperformers in December included the fund managers which benefited from optimism around interest rates potentially falling. The main underperformers included the Long WALE and defensive stocks which had benefited previously from defensive buying in the face of potential recession and rising interest rates.

The local market enjoyed a strong start to the year with some of 2022’s worst performing stocks seeing a sharp reversal in January. The Small Ordinaries Accumulation Index was up 6.6%, in line with the ASX 200 Accumulation Index up 6.2%. Commodities had another strong month as iron ore, gold and copper all rallied. As such the small resources outperformed, up 7.3% against the small industrials, up only 6.3%. Australian 4Q22 inflation rose to 7.8% which was above consensus but still below the Reserve Bank of Australia’s 8% forecast. Expectations are for rates to be lifted a further 25 basis points in early February before pausing for several months. Despite this, consumer confidence is resilient, supported by 3.5% unemployment as of December. Housing continues to be a risk with prices having fallen 9% from their peak. Although household leverage is high, there have been no clear signs of financial distress yet. The upcoming February reporting period will be looked to as a bellwether for the remainder of the year.

* 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 0.94% includes an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.07%.

Past performance is not a reliable indicator of future performance.
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