

# Hedged Global Thematic Share Fund

Fund Focus - June 2024



## Investment Strategy

The Fund generally invests in a broad selection of securities listed on foreign stock exchanges. The Fund aims to be fully hedged at all times providing investors with exposure to underlying share price movements but minimising the effect of foreign exchange movements.

## Portfolio Characteristics

Funds Under Managemem..	\$8.19m
Number of Holdings	103
Turnover Ratio %	16.36
Latest Distribution Date	31 December 2018
Latest Distribution Amount	0.0009
Benchmark	MSCI World (ex-Australia) Accumulation Index (fully hedged into\$A) (net dividends reinvested)

## Fund Facts

APIR Code	ZUR0517AU
Inception Date	14 October 2005
Total Est. Management Cost %	0.99
Est. Transactional Op. Cost %	0.11
Buy/Sell Spread %	0.04
Distribution Frequency	Semi Annually
Underlying Fund Manager	Lazard Asset Management Pacific Co

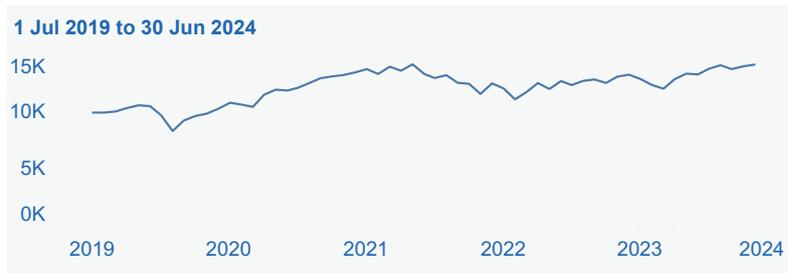
## Fund Performance After Fees\*

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.00	0.00	0.00	0.00	0.00	8.14
Growth	1.06	0.36	8.03	2.23	7.42	0.14
Total	1.06	0.36	8.03	2.23	7.42	8.28
Benchmark	2.29	2.95	20.23	7.02	11.00	8.51

## Market Exposure

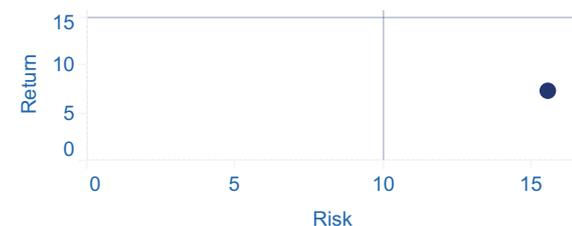


## Investment Growth (\$10,000)



## Risk Reward

1 Jul 2019 to 30 Jun 2024



## Portfolio Equity Sectors (%)



## Top 10 Holdings (%)

Company	Weight	Benchmark
Microsoft Corp Commo	2.82	4.86
Alphabet Inc Common	2.78	3.09
Taiwan Semiconductor	1.97	0.00
Amazon.Com Inc Commo	1.88	2.79
Applied Materials In	1.59	0.30
Spdr Gold Shares Etp	1.39	0.00
Iberdrola Sa Common	1.37	0.12
Bp Plc Common Stock	1.34	0.00
Totalenergies Se Com	1.31	0.22
Salesforce.Com Inc.	1.30	0.38

## Risk Statistics

1 Jul 2019 to 30 Jun 2024

Metric	Value
Std Dev	15.54
Alpha	-2.49
Beta	0.92
Sharpe Ratio (arith)	0.48
Up Capture Ratio	85.99
Down Capture Ratio	95.92
Currency Management %	100

# Hedged Global Thematic Share Fund

Fund Focus - June 2024

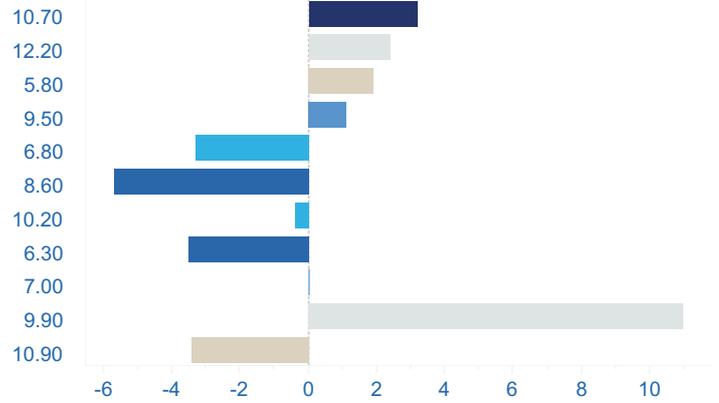


## Theme Weight %



● Bits of Chips	10.70
● Data and AI	12.20
● Digital Runway	5.80
● Empowered Consumer	9.50
● Enduring Brands	6.80
● Energy Transitions	8.60
● Future Health	10.20
● Scarce Commodities	6.30
● Smart Capex	7.00
● Software as a Solution	9.90
● Sustainable Solutions	10.90

## Contribution by Theme %



Note: Total will not add up to 100%, the balancing item is cash

## Market Commentary

Equity markets worldwide gained in the second quarter in local currency terms as investor sentiment shifted from pessimism to cautious optimism regarding the global interest-rate outlook. Concerns about inflation persisted, with a strong focus on the interest rate policies of key central banks. In the US, worse-than-expected early-year inflation data fuelled fears that the Federal Reserve's (Fed) efforts to slow price growth had stalled. Consequently, the Fed held interest rates steady in May and June, maintaining them at their highest level in nearly 23 years. Despite positive inflation data for April and May, the Fed indicated that an interest-rate hike was unlikely but acknowledged slower progress toward its 2% inflation target. This cautious stance led to a rally in global equity markets in the latter part of the quarter, driven by hopes of potential monetary easing by the Fed.

In Europe, the interest-rate outlook was more optimistic. The European Central Bank (ECB) lowered interest rates for the first time in nearly five years with a 25-basis point cut in June, citing improved inflation prospects but warning of persistent price pressures. The Bank of England (BOE) maintained its main interest rate at a 16-year high despite slowing inflation, signalling a hawkish stance until sustainable inflation targets were met. Political developments, such as the rise of far-right parties in the European Parliament elections, pressured European stocks, particularly in France.

## Fund Commentary

The Fund rose in the June quarter in absolute terms although it underperformed the index return. The top performing themes are discussed below in descending order of contribution.

**Bits of Chips** - Continued positive data on artificial intelligence (AI)-related demand and signs of bottoming in industrial end markets represented broad tailwinds for this theme with Taiwan Semiconductor Manufacturing Company, Applied Materials, Broadcom, and Analog Devices rising most. Keysight declined on disappointing orders with communications end markets yet to recover.

**Data and AI** - Alphabet gained on a combination of robust operating results and demonstration of additional capabilities of its Gemini AI models and a new advertising format with AI and generative search. Tencent advanced on strength in its advertising business with potential to monetise generative AI within the segment and better than expected operating results in its gaming division. Visa and Mastercard retreated on concerns for incremental weakness in consumer spending.

**Scarce Commodities** - Anglo American climbed in sympathy with the rise in the price of copper and corporate actions in response to an acquisition approach from BHP. Newmont advanced in sympathy with the rise in the price of gold and strong cost control. Nucor traded lower in sympathy with the decline in the prices of steel.

**Digital Runway** - Indian banks, HDFC and ICICI, advanced on favourable outcome in the country's election. Indonesian lenders Bank Rakyat and Bank Central Asia retreated on increased loan provisions and weak macroeconomic outlook in Indonesia.

**Apple (Empowered Consumer)** was added to the Fund in the quarter. Apple's vertically integrated ecosystem makes it a strong fit for the Empowered Consumer theme. Apple was once a constituent of this theme, but the position was sold in September 2021 after the stock significantly re-rated over the ownership period. Apple's extension into adjacencies is driving an increase in recurring platform revenues. Adoption of consumer AI apps and assistants brings with it a need for edge compute which has potential to drive a hardware replacement cycle. Apple's control of distribution channel and reputation for security and developer ecosystem around App Store offers optionality. While China market risks remain, the team believes this is increasingly reflected in the stock price.

**Novo Nordisk (Future Health)** was also purchased in the quarter. The company has best in class pharma assets related to "diabesity" and the unlocking of GLP-1 supply constraints is likely to drive growth with the diabesity market expected to grow to \$100-150 billion by 2030. Novo has a wide moat via clinical data, optimising existing treatments, next generation assets, and multi-billion capex. Furthermore, obesity-related co-morbidities offer further potential upside.

\* 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 1.0% includes an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.01%.

### Past performance is not a reliable indicator of future performance.

This report is issued by Zurich Investment Management Limited ABN: 56 063 278 400, AFSL: 232511, GIIN: FVHHKJ.00012.ME.036 : . The information in the report has been derived from sources reasonably believed to be reliable and accurate and is to be used for research purposes only. Subject to law, none of the companies of the Zurich Financial Services Australia Limited Group, nor their directors or employees, gives any representation or warranty as to the reliability, accuracy or completeness of the information, nor accepts any responsibility arising in any way (including by reason of negligence) from errors in or omissions from, the information provided. A Product Disclosure Statement (PDS) for the Fund is available and can be obtained by calling Zurich Investments on 131 551. The PDS should be considered in deciding whether to acquire, or to continue to hold, an investment in the fund. This information is of a general nature only and does not take into account the investment objectives, financial situation or particular needs of any investor and should not be taken as a securities or stock recommendation. These factors should be considered before any investment decision is made in relation to the fund. Furthermore, this product has been designed to meet certain objectives, financial situations and needs, which are described in our Target Market Determination available at [zurich.com.au/tmd](http://zurich.com.au/tmd) PIRD-022227-2024