Zurich Investments
Unhedged Global Thematic Share Fund
Fund Focus - July 2021

Investment Strategy
The Fund generally invests in a broad selection of securities listed on foreign stock exchanges. The Fund will be fully unhedged at all times, providing investors with exposure to foreign exchange fluctuations as well as underlying share price movements.

Market Exposure
Greater Europe Greater Asia Americas

Risk Reward
Time Period: 31/07/2016 to 31/07/2021

Risk Statistics
Time Period: 31/07/2016 to 31/07/2021
Std Dev 10.04
Alpha 1.02
Beta 0.90
Sharpe Ratio (arith) 1.31
Up Capture Ratio 92.91
Down Capture Ratio 85.85

Portfolio Characteristics
Funds Under Management $4.22m
Number Of Holdings 104
Turnover Ratio% 15.23
Latest distribution date 30 Jun 2021
Latest distribution amount 0.0682
Benchmark MSCI World (ex-Australia)
Accumulation Index in $A (net dividends reinvested)

Fund Facts
APIR Code ZUR0518AU
Inception Date 14/10/2005
Total Est. Management Cost % 1.03
Buy/Sell Spread% 0.04
Est. Transactional Op. Cost % 0
Distribution Frequency Semi-Annually
Underlying Fund Manager Lazard Asset Management Pacific Co

Fund Performance After Fees*
As at 31/07/2021 1 Month 3 Months 1 Year 3 Years 5 Years Since Inception
Growth 3.94 0.57 18.88 9.41 -3.56 -0.81
Distribution 0.00 8.12 9.61 6.72 18.38 9.57
Total 3.94 8.69 28.49 16.13 14.82 8.76
Benchmark 4.03 10.23 31.85 15.07 15.18 8.40

Investment Growth
31/07/2016 to 31/07/2021

Portfolio Equity Sectors

Top 10 Holdings
Portfolio Date: 31/07/2021
Portfolio Weighting% Benchmark Weighting%
Alphabet Inc 2.51 2.79
Microsoft Corp 1.99 3.54
Apple Inc 1.44 4.25
Danaher Corp 1.32 0.33
Laboratory Corp of America Holdings 1.30 0.05
Schneider Electric SE 1.26 0.16
Adobe Inc 1.24 0.52
Accenture PLC Class A 1.22 0.35
Intuit Inc 1.21 0.25
Thermo Fisher Scientific Inc 1.21 0.37
Global equity markets recorded their sixth consecutive month of gains in July, as investor enthusiasm about corporate earnings was enough to overcome worries about downside risks.

During the month, investors found themselves in the familiar position of having to navigate through crosscurrent market dynamics. The emergence of a rapidly spreading coronavirus variant led to anxiety that this highly transmissible, more dangerous strain could weaken economies around the world. Events in China were also a source of concern, as regulators there continued to crack down on the Chinese technology, property, and education sectors in an effort to rein in anti-competitive practices, data security issues, and fast-growing companies that do not necessarily align with the country’s development goals or pose potential financial risks. The imposition of tough measures, on top of data suggesting that China’s economy—the world’s second largest—was slowing led to a sharp sell-off in the Chinese stock market in July. Notably, although the spectre of higher inflation remained a top concern, the risk abated during the month, with the yield on the benchmark 10-year US Treasury note ending up lower for the month.

Despite these stiff headwinds, world equity markets found ample support from an exceptionally strong start to the second-quarter corporate earnings season, which saw 72% of global large and mid-cap companies reporting positive earnings surprises, according to Refinitiv data. In the US, 88% of the companies in the S&P 500 Index that reported results as of 31 July topped consensus estimates, which was above the five-year average of 75%. Across the Atlantic over the same period, 61% of the companies in the pan-European STOXX 600 index reported better-than-expected earnings, well above the average of 51%. Both the US and European equity markets outperformed the broader market global index in July.

The Fund produced a solid absolute return in July, slightly underperforming the strong index return. Ten themes rose in value in the month while one declined. Themes are discussed below in descending order of contribution.

First World Health: Life Sciences names Thermo Fisher and Danaher and lab testing company Labcorp rose on strong quarterly results and expectations for protracted coronavirus-related spending. Siemens Healthineers and Zoetis rose on market rotation. Boston Scientific advanced on strong quarterly results.

Data Network and Profits: Wolters Kluwer climbed on expectations for higher organic growth. Alphabet rose on broad strength in results, with YouTube advertising rising significantly. RELX traded higher after results showed organic growth picking up. AON gained on strong quarterly results and news that the company’s planned merger with Willis Towers Watson had been terminated.

Asset Efficiency: Hexagon, Schneider, Aveva and Assa Abloy climbed, thanks to robust quarterly results and a broad economic recovery. Safran declined on expectations for slower return to travel. Fanuc faltered on supply chain disruptions.

Software as a Standard: Microsoft rose on continued cloud growth. Autodesk gained with design software results. Accenture and Intuit rose with solid quarterly results. PTC declined on disappointing quarterly results due to coronavirus disruption.

Bits of Chips: ASML rose on strong demand. TE Connectivity advanced on strong quarterly results, as content growth in electric vehicles starts to drive the business model.

Distribution Footprints: Rentokil traded higher, thanks to strong quarterly results that showed higher margins.

Enduring Brands: Alcoholic beverage companies, Remy and Diageo, both advanced rising on strong spirits’ demand. Reckitt Benckiser faltered on margin pressure in quarterly results and weak hygiene demand.

Extreme Risks: Gold miners rose, thanks to gold and robust quarterly results and rising gold prices. US banks, which tie the interest rates they charge to government bond yields, declined as these yields fell, with Bank of America among the top detractors.

Empowered Consumer: Apple climbed on strong demand for the consumer electronics giant’s products, Sony rose on PlayStation sales. Activision declined on Chinese regulation and news that the regulatory authorities in California filed a lawsuit alleging a toxic work environment. Alibaba faltered on increased Chinese regulation.

Digital Runway: ICICI rose on strong results and improving conditions in India. Ping An declined on Chinese regulatory pressure impacting assets held.

Energy Transitions: NextEra Energy traded higher on good renewables execution. Linde advanced on results with a strong energy transitions backlog. BP and Equinor fell as part of a larger decline in oil producer stocks, as investors were worried about the future demand for oil amid the spread of the Delta variant and changes to import rules in China. Wind turbine maker Siemens Gamesa faltered on worries about the challenges of passing on rising input costs, particularly in Brazil.

Buy - Energy Transitions: Air Liquide – continuing to full position.

Sell - Energy Transitions: Chevron – completing exit.
Themes

- Asset Efficiency: 10.3%
- Bits of Chips: 9.1%
- Data, Networks & Profits: 10.6%
- Digital Runway: 5.5%
- Distribution Footprints: 8.5%
- Empowered Consumer: 9.6%
- Enduring Brands: 9.6%
- Energy Transitions: 6.7%
- Extreme Risks: 7.0%
- First World Health: 11.6%
- Software as a Standard: 9.4%

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

Contribution By Theme

- Asset Efficiency
- Bits of Chips
- Data, Networks & Profits
- Digital Runway
- Distribution Footprints
- Empowered Consumer
- Enduring Brands
- Energy Transitions
- Extreme Risks
- First World Health
- Software as a Standard

Past performance is not a reliable indicator of future performance.

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