Zurich Investments

Unhedged Global Growth Fund

Fund Focus - February 2021

Investment Strategy

The Fund invests in securities with high growth potential that are primarily listed on international 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.

Fund Facts

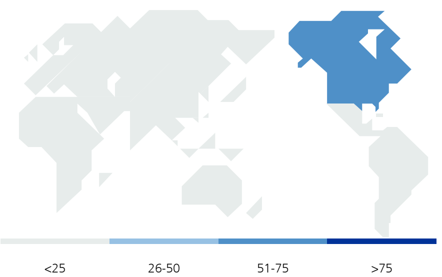
APIR Code	ZUR0581AU
Inception Date	31/08/2009
Total Est. Management Cost %^	0.99
Buy/Sell Spread%	0.03
Est. Transactional Op. Cost %	0.02
Distribution Frequency	Semi-Annually
Underlying Fund Manager	American Century Investments

Portfolio Characteristics

Funds Under Management	$426.93m
Number Of Holdings	104
Turnover Ratio%	45.26
Latest distribution date	30 Jun 2020
Latest distribution amount	0.0700
Benchmark	MSCI World (ex-Australia) Accumulation Index in $A (net dividends reinvested)

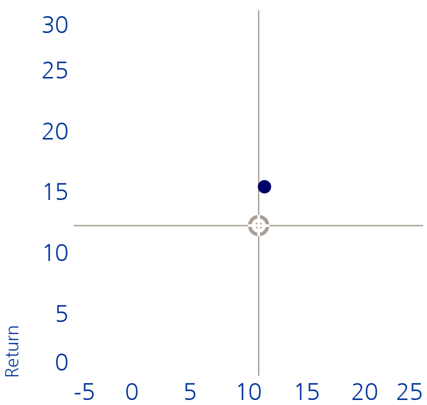
Market Exposure

Greater Europe	Greater Asia	Americas



Risk Reward

Time Period: 28/02/2016 to 28/02/2021



Risk Statistics

Time Period: 28/02/2016 to 28/02/2021

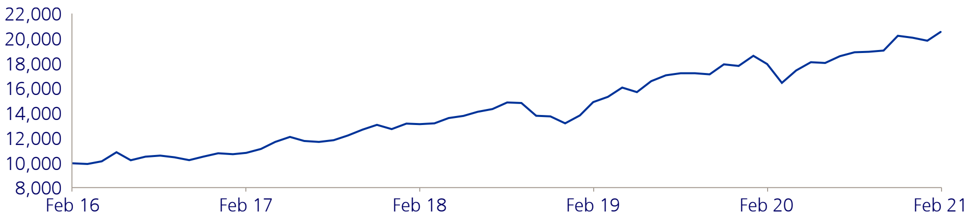
Std Dev	11.38
Alpha	3.06
Beta	0.98
Sharpe Ratio (arith)	1.21
Up Capture Ratio	107.37
Down Capture Ratio	88.36

Fund Performance After Fees*

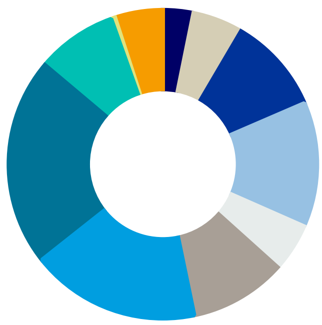
As at 28/02/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	3.56	1.53	11.22	8.42	9.03	9.42
Distribution	0.00	0.00	3.14	7.65	6.48	3.87
Total	**3.56**	**1.53**	**14.36**	**16.07**	**15.51**	**13.29**
Benchmark	1.64	0.68	7.79	11.11	12.32	11.41

Investment Growth

28/02/2016 to 28/02/2021



Portfolio Equity Sectors



	%
Energy	3.18
Materials	5.28
Industrials	10.06
Consumer Discretionary	12.76
Consumer Staples	5.42
Health Care	10.47
Financials	17.61
Information Technology	21.78
Communication Services	8.00
Utilities	0.42
Real Estate	5.02

Top 10 Holdings

Portfolio Date: 28/02/2021	Portfolio Weighting%	Benchmark Weighting%
Alphabet Inc	4.37	2.39
Amazon.com Inc	3.70	2.59
Visa Inc Class A	2.07	0.70
American Express Co	2.04	0.18
Charles Schwab Corp	2.00	0.19
Texas Instruments Inc	1.99	0.31
NXP Semiconductors NV	1.90	0.10
AIA Group Ltd	1.89	0.30
Aptiv PLC	1.80	0.08
Equinix Inc	1.68	0.11

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Market

Global stocks advanced in February as progress in distributing COVID-19 vaccines fuelled optimism about a return to normal activity and an acceleration in global economic growth.

US stocks rose and outperformed non-US stocks, aided by the prospect of $1.9 trillion in additional fiscal aid. Corporate earnings reports also were better than expected. Stocks gave up some gains at month-end on concerns of rising Treasury yields. US economic data released were generally positive, with personal incomes jumping 10% (month over month), contributing to a surge in retail sales. January job growth was weaker than expected, but weekly unemployment insurance claims in February indicated an improving employment picture.

Improvement in manufacturing activity indicated economic resilience in Europe and the UK. Manufacturing activity in Japan also ticked higher. Emerging markets stocks gained but underperformed developed markets stocks, as rising global interest rate yields weighed on investor sentiment.

Fund

The Fund produced an impressive return of 3.53% which was comfortably ahead of the index return.

The key contributors to performance included The Charles Schwab Corp and American Express.

- The Charles Schwab Corp – The asset manager and financial services firm rose following the GameStop-Robinhood fiasco. While regulators may ban payment for order flow, investors believe Charles Schwab could internalise that flow and gain market share from its peers.
- American Express – The multinational financial services corporation saw its stock rise on hopes that new vaccine approvals across the globe will drive travel and leisure spending.

Detractors from performance included Equinix, Avantor and B3.

- Equinix – Despite strong quarterly earnings growth driven by higher interconnection revenues, Equinix followed other real estate stocks lower. Given its higher sensitivity to interest rates, Equinix declined as interest rates climbed. Nonetheless, the outlook for Equinix remains upbeat.
- Avantor – The specialty chemicals firm weighed on relative results in February despite beating estimates on earnings and revenue. The stock lost ground as investors reacted negatively to forward guidance, however, the investment team believes the investment thesis remains on track.
- B3 – The Brazilian stock exchange saw its stock dip as fears of inflation in more developed markets drove investor sell-offs, impacting world markets as well.

Portfolio Transactions

Two new stocks were added in February, Wells Fargo & Co and Wingstop.

Wells Fargo & Co was purchased because it is expected to benefit from accelerating revenue growth and improving profitability, driven by rising interest rates and falling credit costs. The removal of the Federal Reserve-imposed asset cap, which has restrained Wells Fargo in the recent past, should drive future growth and valuation upside.

Wingstop was purchased to take advantage of a correction in the share price of this chain restaurant operator. Higher advertising spending should drive increased market share as mom-and-pop restaurants are unable to survive the pandemic, both domestically and overseas.

Portfolio Positioning

The portfolio continues to invest in companies where business fundamentals are believed to be improving and there is high conviction that the improvement is sustainable.

Maintaining our fundamental investment process. The investment team remains focused on identifying companies with sustainable growth drivers and the financial strength to navigate the current environment. Opportunities are being sought in stocks where fundamentals are in the early stages of inflecting higher, helped by economic normalisation. In many instances, these opportunities are being made available at attractive risk/reward levels. The portfolio is balanced and not overly exposed to high-momentum COVID-19 beneficiaries.

The spring is uncoiling. The investment team is also focused on identifying companies where earnings are expected to positively inflect strongly as economies reopen. Some of these businesses, which currently sport low multiples, have the potential to generate higher returns as the economic cycle turns, demand recovers and earnings reaccelerate from a very low base. Exposure has been selectively added in certain businesses levered to travel, leisure activity and cyclical economic expansion.

Secular growers remain attractive. The recent health crisis reinforced the sustainability of secular trends such as digitisation, cloud computing, the 5G network rollout and data centre expansion. Meanwhile, other opportunities continue to gain momentum, including the trends toward vehicle electrification and autonomous driving. Many of these investment opportunities remain highly attractive.

Tougher comparisons for some. The impact of the COVID-19 health crisis provided an unanticipated boost for many businesses. In some cases, beneficiaries saw growth trends accelerate past a more natural progression. As the tailwind from the virus fades, growth comparisons will become tougher for some of these businesses over the next few quarters. The investment team will look to trim those exposures to reflect potential slowing trends and negative earnings revisions.

Critical time to be selective. The Investment Team believes that their bottom-up process, focused on identifying inflection points and investing in sustainable growers with reasonable risk/reward trade-off, will help dampen portfolio volatility at this critical point in the market cycle.

* 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 0.98%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.01%

Past performance is not a reliable indicator of future performance.

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