Zurich Investments

Emerging Markets Equity Fund

Fund Focus - February 2021

ZURICH®

Investment Strategy

This Fund is suitable for investors seeking long term capital growth from shares listed in global emerging markets.

Fund Facts

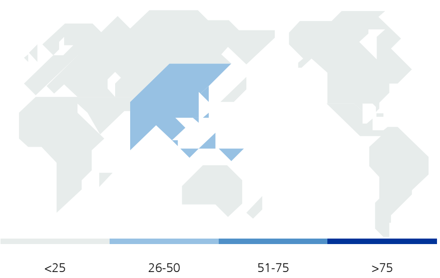
APIR Code	ZUR0614AU
Inception Date	23/06/2014
Total Est. Management Cost %^	1.58
Buy/Sell Spread%	0
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Annually
Underlying Fund Manager	Wells Capital Management, Inc

Portfolio Characteristics

Funds Under Management	$0.64m
Number Of Holdings	118
Turnover Ratio%	116.68
Latest distribution date	30 Jun 2020
Latest distribution amount	0.0654
Benchmark	MSCI Emerging Markets Index in $A (net dividends reinvested)

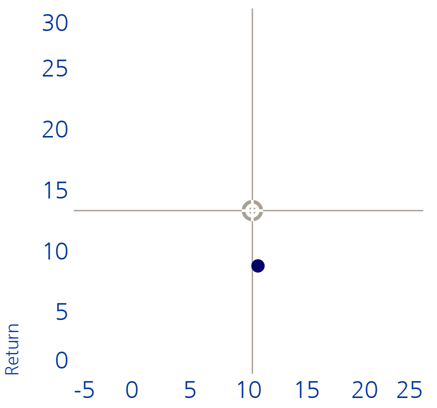
Market Exposure

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

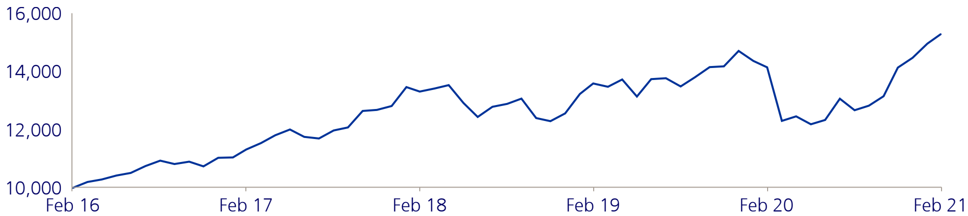
Std Dev	10.82
Alpha	-3.49
Beta	0.95
Sharpe Ratio (arith)	0.72
Up Capture Ratio	80.59
Down Capture Ratio	100.42

Fund Performance After Fees*

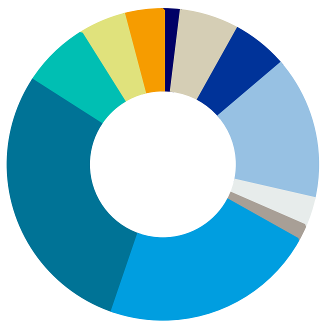
As at 28/02/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	2.17	8.12	1.30	-1.83	2.85	2.97
Distribution	0.00	0.00	6.75	6.55	6.01	4.88
Total	**2.17**	**8.12**	**8.05**	**4.72**	**8.86**	**7.85**
Benchmark	-0.14	6.11	13.30	6.58	13.40	9.51

Investment Growth

28/02/2016 to 28/02/2021



Portfolio Equity Sectors



	%
Energy	1.95
Materials	6.15
Industrials	5.70
Consumer Discretionary	14.78
Consumer Staples	2.96
Health Care	1.60
Financials	22.09
Information Technology	28.82
Communication Services	7.03
Utilities	4.80
Real Estate	4.12

Top 10 Holdings

Portfolio Date: 28/02/2021	Portfolio Weighting%	Benchmark Weighting%
Taiwan Semiconductor Manufacturing Co Ltd	7.47	6.61
Samsung Electronics Co Ltd	5.17	4.33
Ping An Insurance (Group) Co. of China Ltd Class H	2.35	0.90
Midea Group Co Ltd Class A	2.16	0.00
China Construction Bank Corp Class H	2.08	0.95
Samsung Electronics Co Ltd Participating Preferred	1.90	0.66
Baidu Inc ADR	1.59	0.95
Hon Hai Precision Industry Co Ltd	1.53	0.62
SK Hynix Inc	1.52	0.85
Lenovo Group Ltd	1.46	0.11

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Market

Emerging markets advanced in US dollar terms for a fifth consecutive month in February. Eight out of eleven sectors advanced including real estate, materials and energy. Health care, consumer staples and consumer discretionary all declined.

At the country level, 17 out of 27 countries generated positive returns, including Argentina, Chile, Peru, Greece, India and Saudi Arabia. Brazil, Pakistan and Kuwait experienced declines.

Performance

The Fund produced a solid return of 2.17% which was comfortably ahead of the index return.

The Asian region outperformed the broader index in February. India unveiled a $480 billion budget, which exceeded expectations. The budget will be financed by increased borrowing and the continuation of plans to divest state assets, which were disrupted during the pandemic. Additionally, New Delhi and several states in India recorded zero COVID-19 related deaths in February, the first time in nine months. Taiwan advanced as it reported a significant year-over-year increase in January exports, the seventh consecutive and highest increase since July 2010. Korea reported year-over-year growth in exports, the fourth consecutive month of year-over-year gains, adding further credence to a rebound in the global economy. However, the unemployment rate reached a 21-year high in January as COVID-19 cases surged, resulting in a tightening of social distancing measures. Lastly, China/Hong Kong underperformed in February, primarily due to underperformance from technology stocks which are viewed as being vulnerable to higher interest rates.

Latin America underperformed the index in February. Brazil was the only country in the region that generated a negative return primarily due to a large decline in Petrobras, as the Brazilian Mines and Energy Ministry issued a statement that the current CEO will be replaced by the Brazilian Defense Minister (Joaquim Silva e Luna). Mexico advanced as it reduced its policy rate by 25 bps due to inflation consolidating below its 4% target inflation ceiling. Argentina, Chile, Peru and Colombia also advanced during the month.

The Emerging Europe, Middle East and Africa (EMEA) region was the best-performing region in February. Saudi Arabia, Kuwait and Qatar announced more restrictions to curb the spread of COVID-19 as cases in the UAE spiked post New Year's Eve celebrations. Kuwait transferred its performing assets to the Future Generations Fund, its sovereign wealth fund, for cash to plug its budget deficit. In South Africa, President Ramaphosa said the country had passed the peak of the second wave and secured millions of additional vaccines, enough to vaccinate two-thirds of its population and allowing for an easing of COVID-19 restrictions. Greece, the Czech Republic and Russia advanced whilst Hungary, Egypt and Poland declined.

Outlook

Emerging market equities had a strong start to February although gains nearly dissipated for the month on concerns of inflation and rising interest rates. The US 10-year Treasury yield reached a 12-month high towards month-end before settling back below 1.4%. The US Federal Reserve is maintaining a dovish stance with employment and inflation still far from goal, and the PBOC is committed to gradual withdrawal of liquidity. As such, the investment team does not expect a repeat of the taper tantrum. Volatility, however, is rising and valuations are very stretched in select areas and due for risk correction. Emerging markets are not immune, but emerging market equities are trading at lower forward earnings multiples and should hold up better than developed markets.

North Asia is expected to continue to demonstrate the best containment of the coronavirus and near normalisation of activity supporting economic growth, though equity market leadership will broaden out. Going forward, China will focus on domestic self-sufficiency, technological innovation, and environmental protection under the "dual circulation" framework and 14th Five Year Plan. The country will strive to achieve moderately developed status by 2035 and carbon neutrality by 2060. Neighbouring Taiwan and Korea are similarly expected to focus on advanced technology and high quality "digital and green" development. Southeast Asia will expand manufacturing as factory to the Asia Pacific region under RCEP (Regional Comprehensive Economic Partnership) and to the world. South Asia and India, in particular, are expected to attract foreign direct investment.

Mexico theoretically stands to replace Asia in key supply chain roles. Domestic and foreign investment confidence may turn around on improved trade relations and diplomacy plus US stimulus under Biden. The investment team are increasingly cautious on Brazil as Bolsonaro resorts to policies to protect his popularity, which will interrupt reform in the near term.

Smaller Andean countries should benefit from recovery in select commodity prices. The EMEA region is expected to benefit as well from rebounding oil prices, though prices could retreat if OPEC+ starts to relax production cuts and US production growth resumes on low inventory.

* 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 1.58% includes a Management Fee of 1.4%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.18%

Past performance is not a reliable indicator of future performance.

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