

Zurich Investments

Managed Growth Fund

Fund Focus - October 2018

Fund commentary

The Managed Growth strategy declined by 4.29% in October. The overweight to International Equities detracted from relative performance during the month. Other major detractors from relative performance included Alternatives and Diversified Fixed Interest.

The much expected, but perhaps not anticipated, market reversal defined October. The decline was steep and broad based. Technology stocks continued their market leadership by leading the market down. Results late in the month showing declining growth rates at both Amazon and Alphabet accentuated this. Only gold, utilities and some consumer discretionary stocks provided some relief.

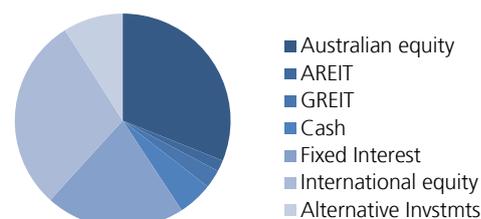
The Australian equities market had a difficult month, following global markets lower. Most major names struggled in the sell-off, with the banks and AMP remaining under pressure. Shorter dated index options (out to March 2019) have been aggressively bid following an increased demand for protection. Volatility sits at relatively elevated levels.

October was a volatile month with a notable derating of high price-to-earnings stocks. The Small Ordinaries Accumulation index was down -9.6% in October, underperforming the S&P/ASX 100. Equities sold off globally on risks including tightening US monetary policy, trade issues, weakness in emerging economies and higher crude oil prices.

The Australian Real Estate Investment Trust (AREIT) market fell in October as concerns about higher interest rates and global growth led to a sell-off in global markets. However, defensive sectors such as AREITs outperformed, falling less than the broader equities market.

Actual asset allocation 31 October 2018

Asset class as at 31 October 2018	Actual asset allocation (%)	Benchmark weight (%)	Active position (%)
Australian equity	31.1	32.0	-0.9
International equity	29.3	26.0	3.3
AREIT	1.7	2.0	-0.3
GREIT	2.8	3.0	-0.2
Fixed Interest	20.9	24.0	-3.1
Cash	5.2	4.0	1.2
Alternative Invstmnts	9.0	9.0	0.0
Total	100.0	100.0	



Income distributions for the quarter

Date	cents per unit
30 September 2018	0.4637
30 June 2018	21.6803
31 March 2018	0.5392
31 December 2017	1.0501
30 September 2017	0.4774

Fund performance after fees¹

As at 31 October 2018	1 month %	3 months %	1 year %	3 years %pa	5 years %pa	Since inception %pa
Growth	-4.3	-3.8	-12.9	-5.5	-1.6	1.3
Income	0.0	0.3	15.4	11.3	8.5	6.1
Total	-4.3	-3.5	2.5	5.8	6.9	7.4
Benchmark	n/a	1.1	4.4	4.2	4.3	n/a

Investment objective

To provide investors with capital growth over the medium to long term, through exposure across a range of asset classes.

The fund aims to achieve CPI+2.5% pa over rolling five year periods before fees and taxes.

Investment strategy

The Fund invests in a mix of Australian and international shares, fixed interest securities, property securities and cash. The Fund is designed to reduce investment risk by diversifying across asset classes.

Investment philosophy

In our view, successful investing comes from understanding the factors that drive and influence returns for different investments in different markets. We believe performance of our multi-sector funds can be enhanced by carefully constructing a long-term target asset allocation ('a benchmark') for each of the asset sectors within the Fund. To further enhance returns, the actual asset mix is actively managed within a range around this benchmark using a combination of:

- an overall assessment of general economic and market trends; and
- a careful assessment and selection of individual stocks.

Fund details

APIR	ZUR0059AU
ARSN	089 663 865
Minimum suggested timeframe	5 years
Inception date	2 April 1997
Funds Under Management	\$91.82m
Minimum initial investment	\$5,000
Minimum additional investment	\$1,000
Entry fee	Nil
Exit fee	Nil
Buy/sell spread	0.14%
Total Estimated Management Cost	1.07%
Distribution frequency	Quarterly
Distribution reinvestment plan	Yes
Distribution dates	March, June, September and December

Strategic Investment Partners

Asset class	Strategic Investment Partners
Australian shares	Antares Capital Partners Nikko Asset Management Limited Schroder Investment Management Australia Limited DWS International Sigma Funds Management Pty Ltd
International shares	Lazard Asset Management Pacific Co. American Century Global Investment Management, Inc Realindex Investments Wells Capital Management, Inc.
Property securities	Renaissance Property Securities Pty Ltd
Global Property	Presima Inc
Fixed interest and cash	Aberdeen Asset Management Limited
Alternative Investments	Lazard Asset Management Pacific Co. Denning Pryce Pty Ltd

¹ 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.

Past performance is not a reliable indicator of future performance.

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More information

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