



# Investment Conference

# 2025

May 2025

Investing today | Experience counts

# Welcome

**Jonathan Daly**

Head of Retail  
Distribution and  
Propositions

## Market Overview

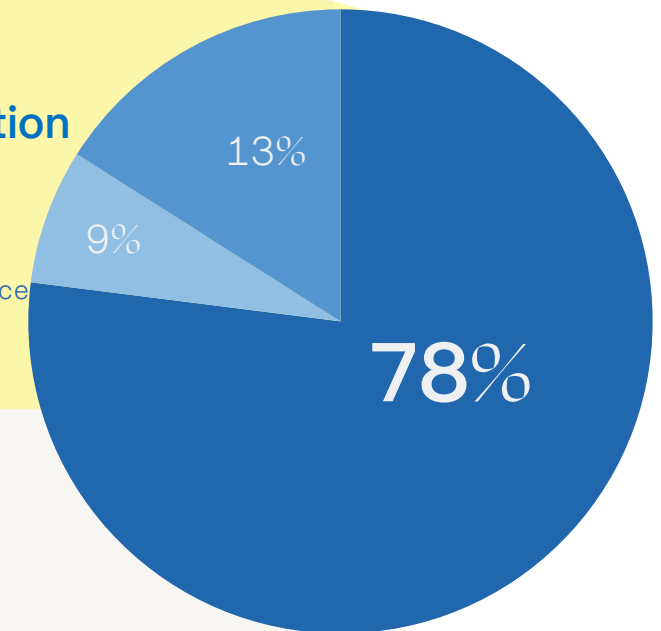
### 2024 Market highlights



- Overall Market up 15%
- Broker Market up 15%
- Life – Single up 39%
- Pension - Single up 26%

### Market Distribution Mix

- Broker
- Bancassurance
- Direct



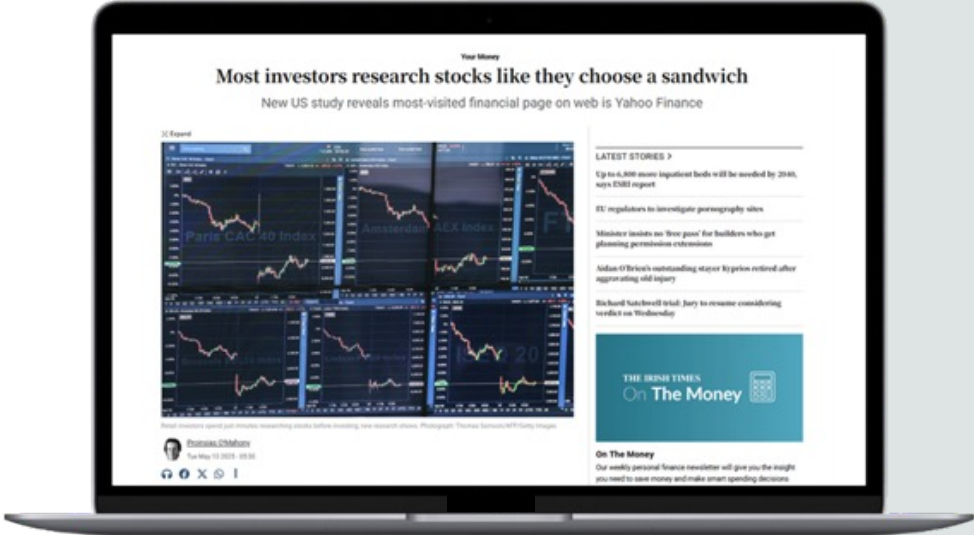
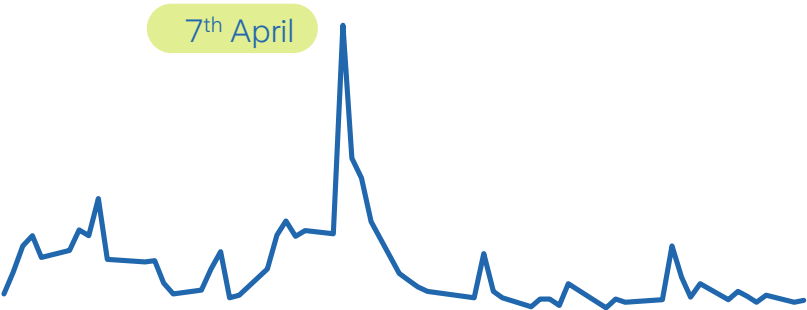
### Q1 2025 – growth continues

- Life – Single up 14%
- Savings – Regular up 59%
- Pensions – Single up 30%



# The value of advice

Number of customer switches



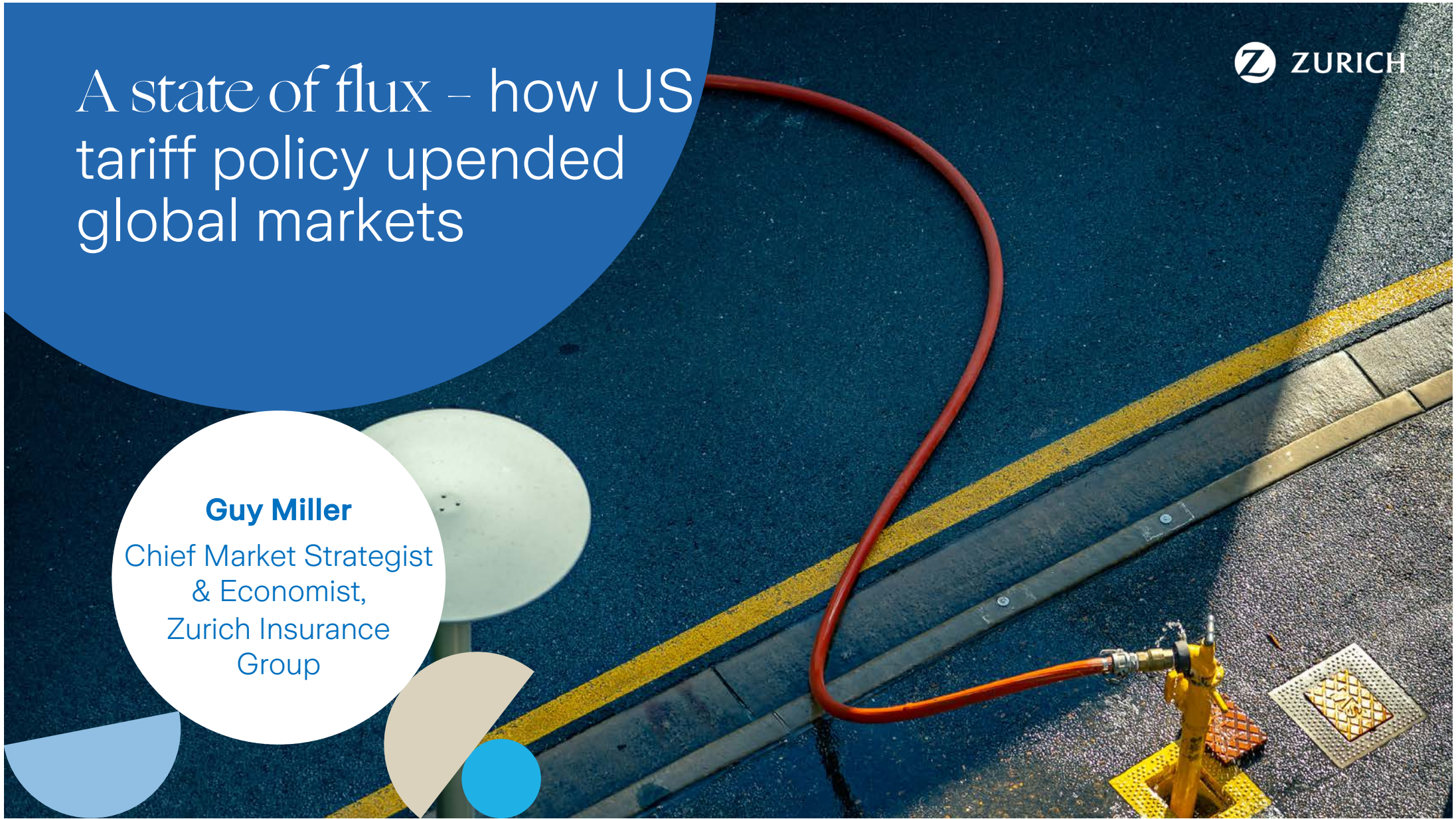


# A state of flux – how US tariff policy upended global markets

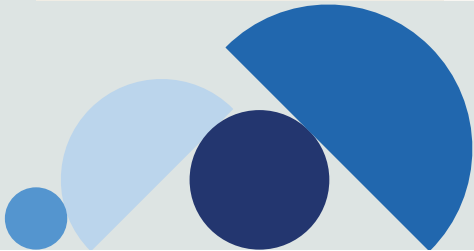


**Guy Miller**

Chief Market Strategist  
& Economist,  
Zurich Insurance  
Group



Erratic US policy	Markets matter	Collateral damage is	Central banks	US exceptionalism
still dominates the investment narrative, keeping markets volatile	and they will curb the most disruptive policy initiatives	done and global growth will be lower, albeit avoiding recession	including the Fed, will continue the rate cutting cycle	is not dead, but is being reset

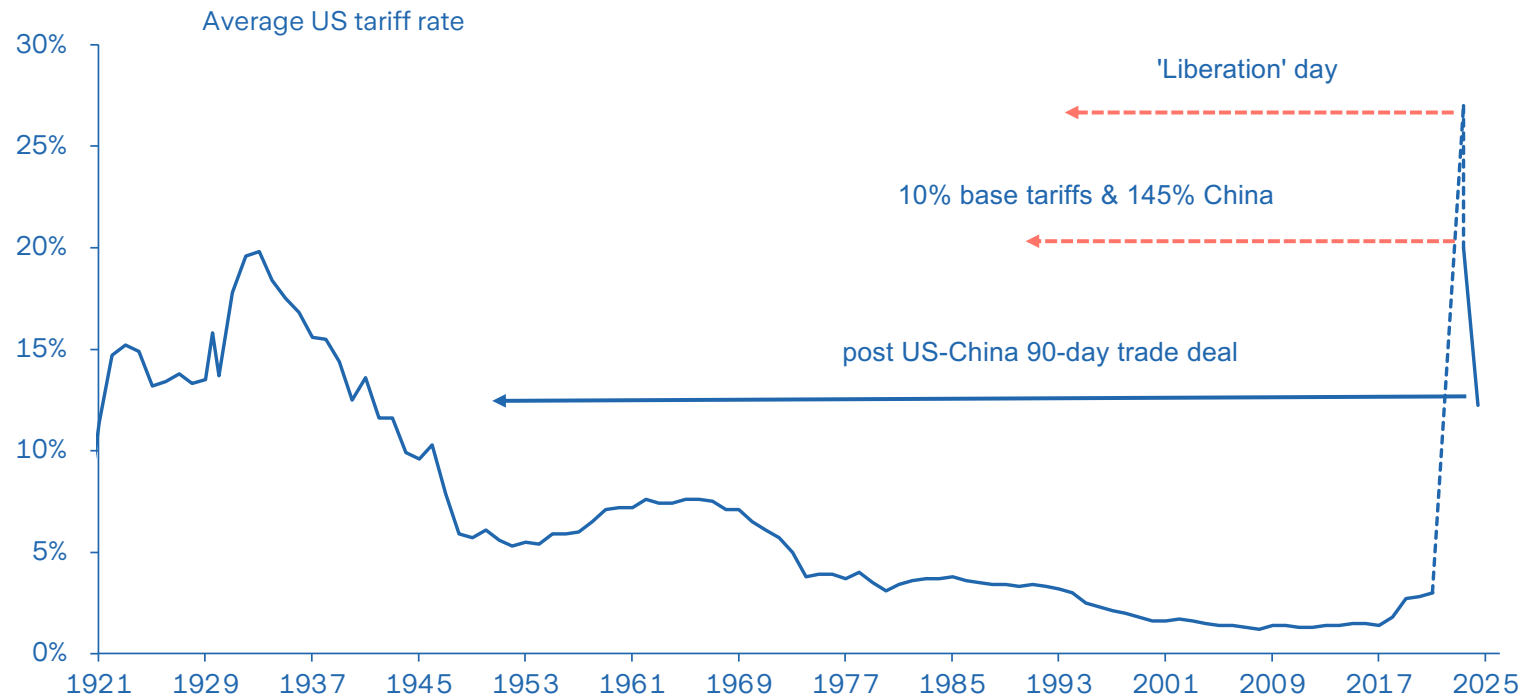


# US-China temporary trade truce marks a significant development

Disruptions should be manageable, as long as renewed escalation is avoided



## US backs off

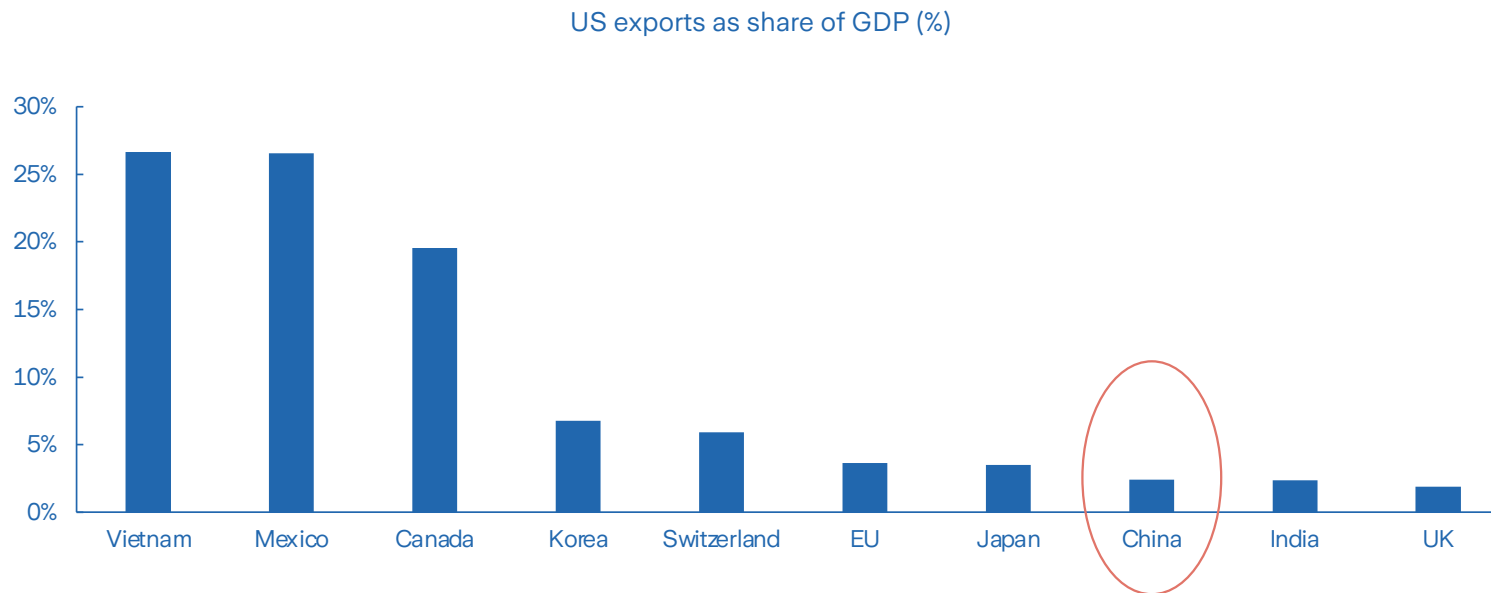


Source: Bloomberg

China has relatively limited exposure to the US giving it a high pain point 

China has diversified exports allowing it to play hardball with the US

### Limited dependency on the US



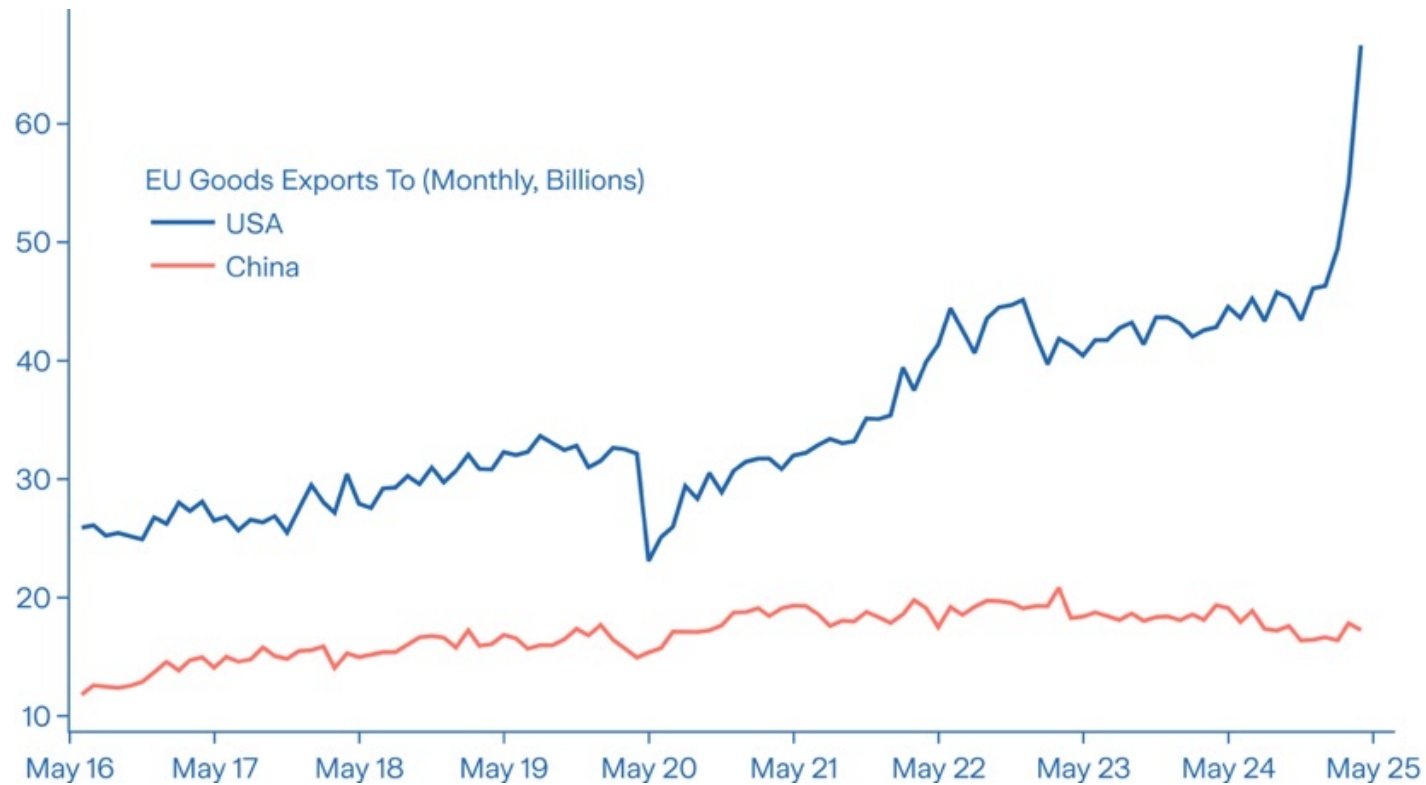
Source: Bloomberg



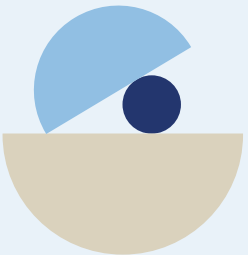
## EU next in line for tariff tiff... and will suffer

Q1 EU exports to the US surged as customers pre-buy

### Panic buying Champagne



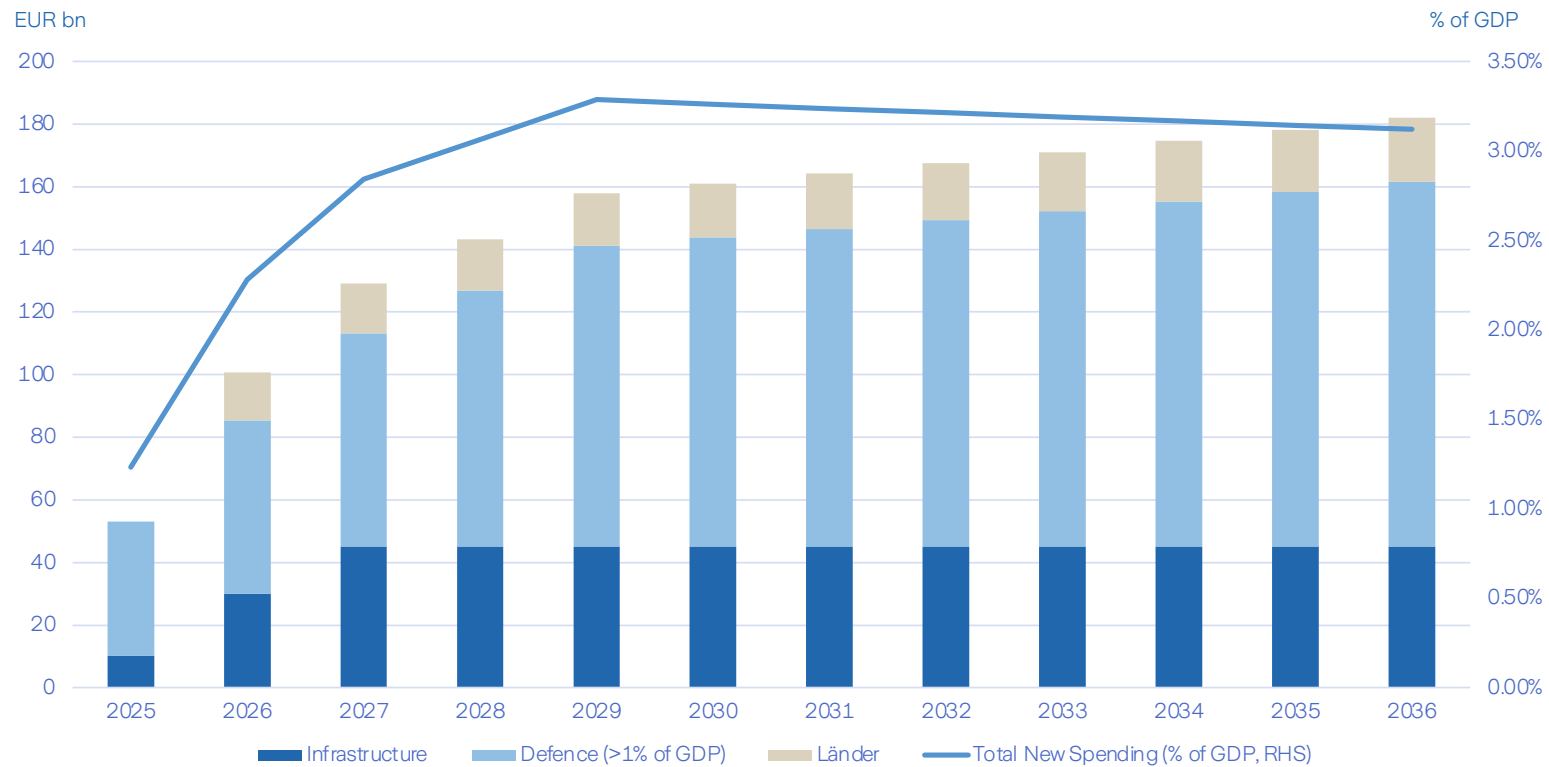
Source: Bloomberg



# Europe has been forced to change – which is a good thing

Existential threat forces the EU to enact reforms that have been muted for years

## Expected German fiscal spending



Source: ZIG

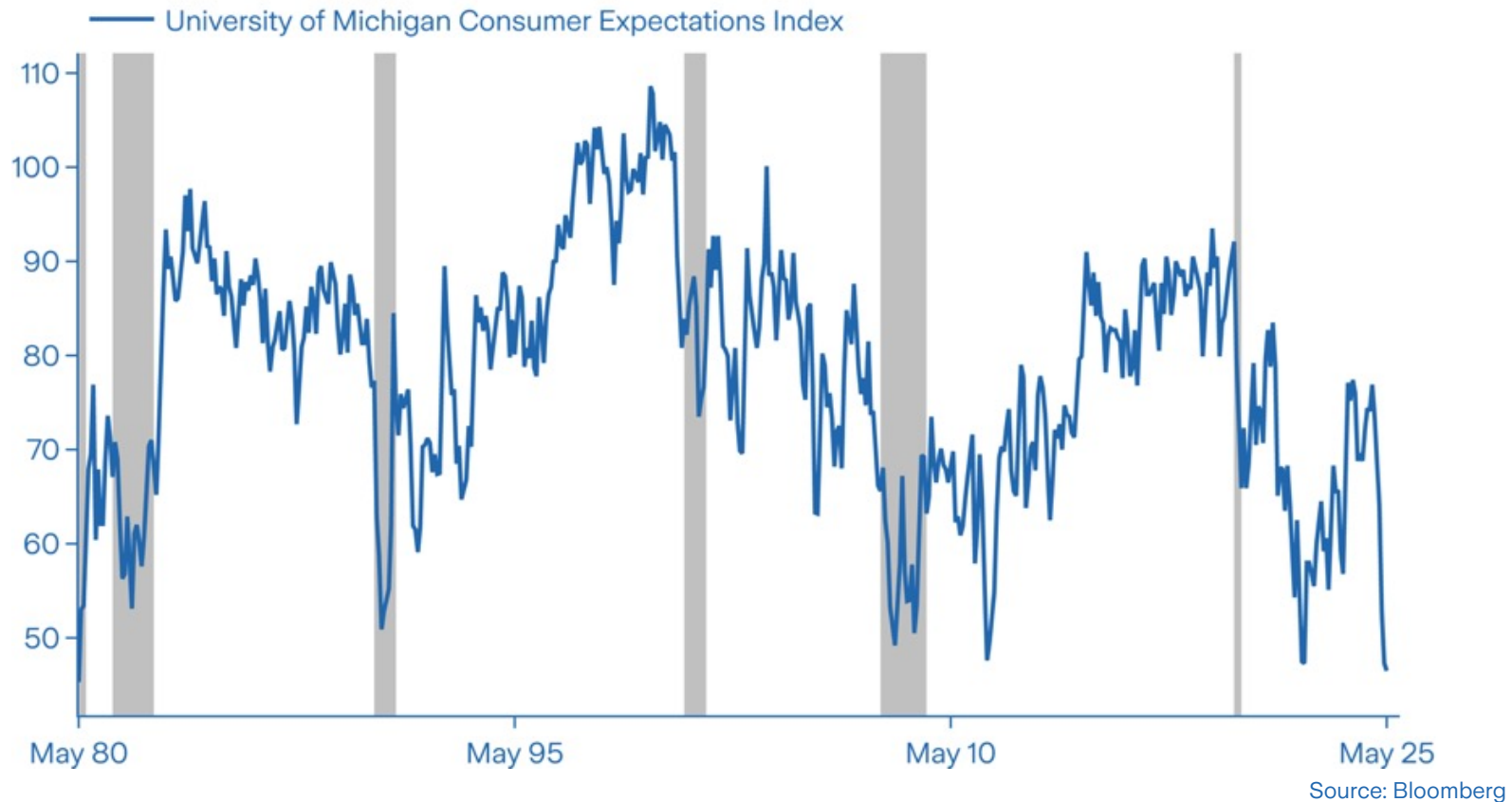
Note: Based on CDU/SPD plan as of 10<sup>th</sup> April 2025 – 500 EUR Billion Infrastructure package, Exemption of Defence spending >1% of GDP from debt-brake with a new 3% total target, and an additional allowance for annual Lander spending of 0.35% of GDP. GDP growth assumptions are based on recent history and at-target inflation

# US exceptionalism is undermined as economic headwinds build

Lower growth and higher inflation in the medium term



## US households are very worried about their future

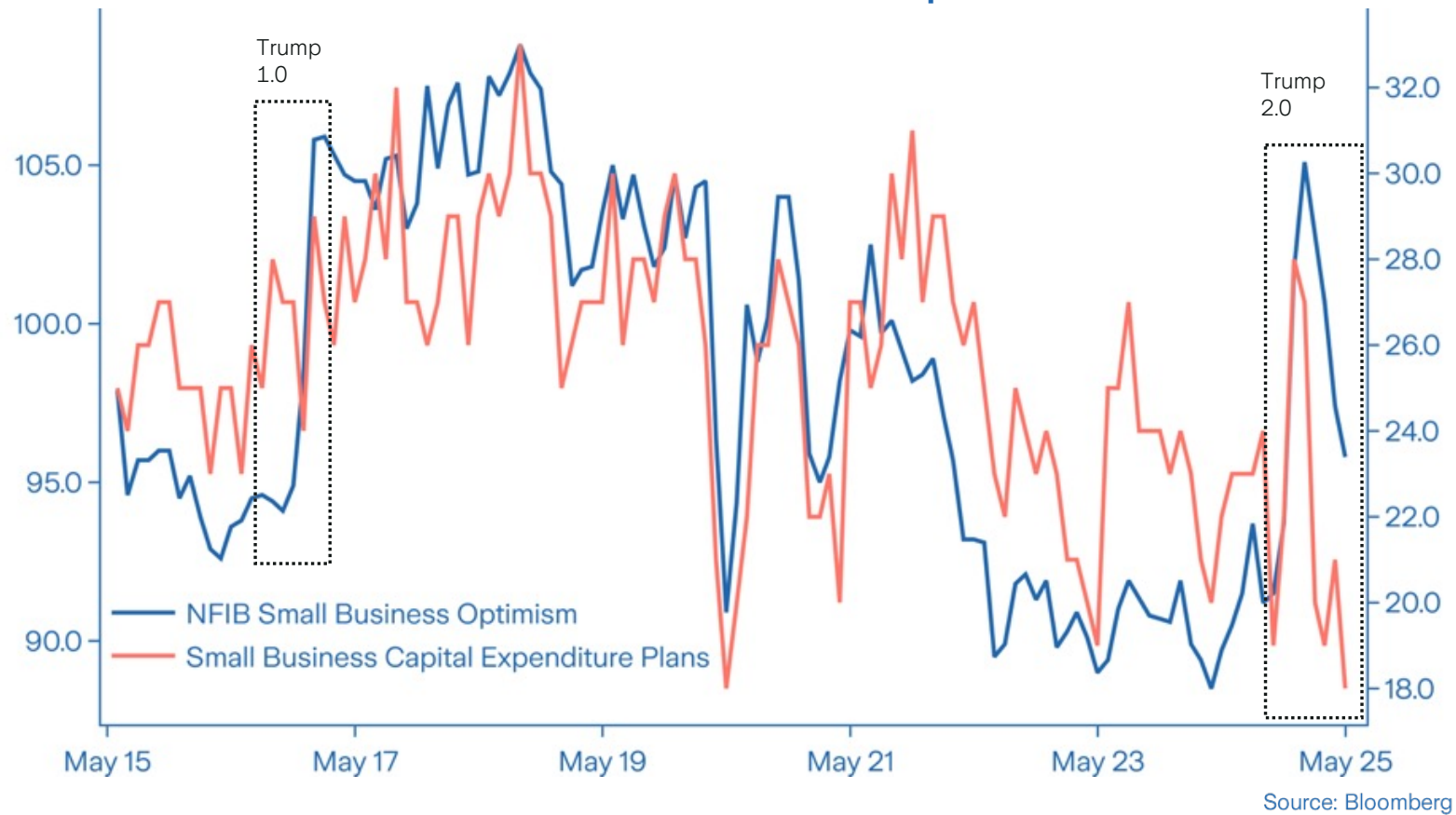


# US small businesses become more reluctant to invest

The trade war and policy uncertainty weigh on the growth outlook



## Small businesses are less upbeat

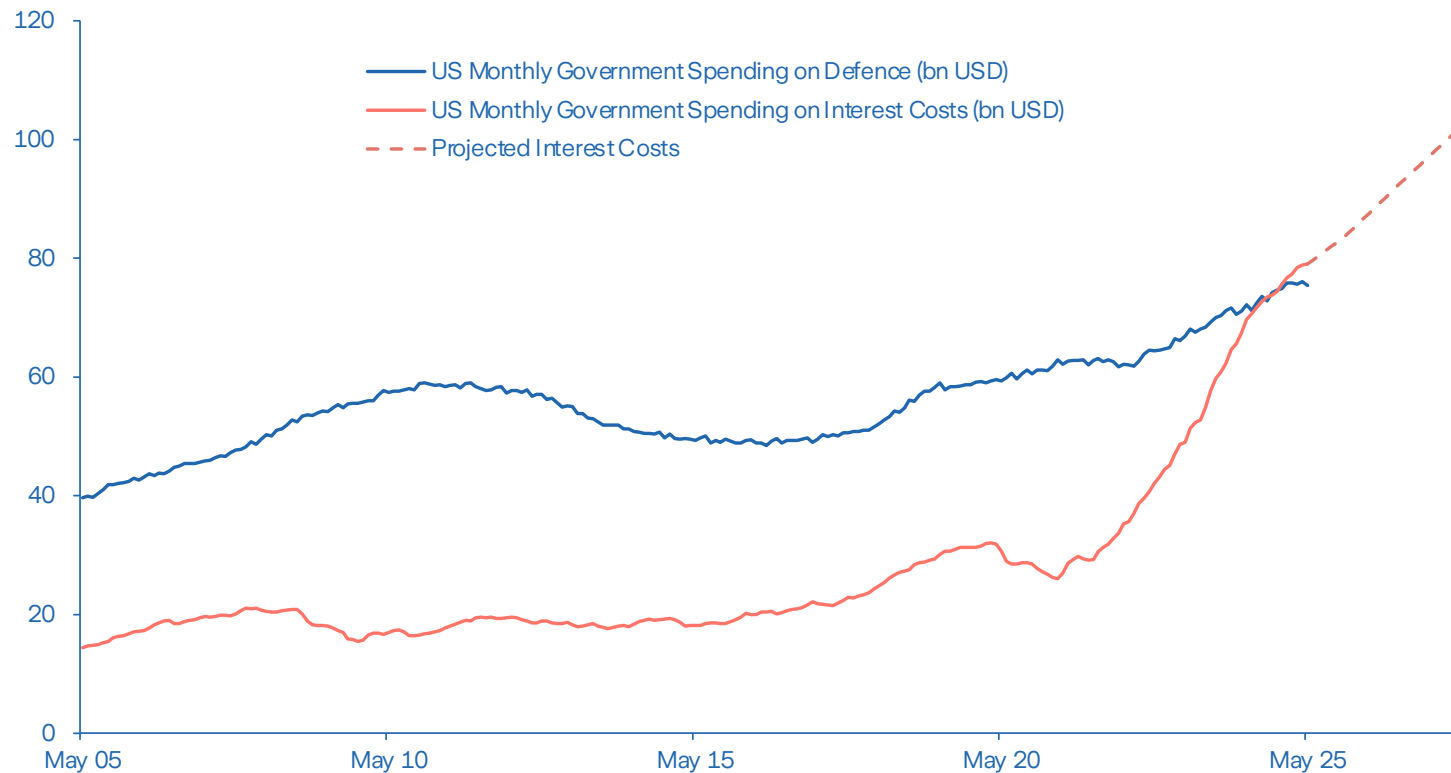




# The US now spends more to service its debt than on defence

Maturing low-yield debt, and fiscal largesse, will make the situation worse

## US debt service costs have soared



Source: Bloomberg

# Long bond vigilantes awaken to fiscal risks

Moody's downgrade is simply a reminder of a need for fiscal prudence

## Long bonds approach critical level



# US stocks expensive at a time when uncertainty is high

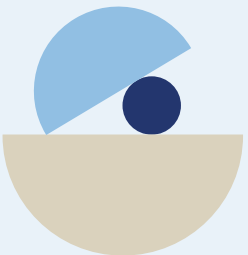
Risk reward trade-off between stocks and bonds now favours 'risk free' assets



## Investors accepting lowest risk premium in 20 years



Source: Bloomberg



# US exceptionalism likely to be under question for some time

Portfolio diversification is ongoing, with further to run



## US stocks no longer the only game in town



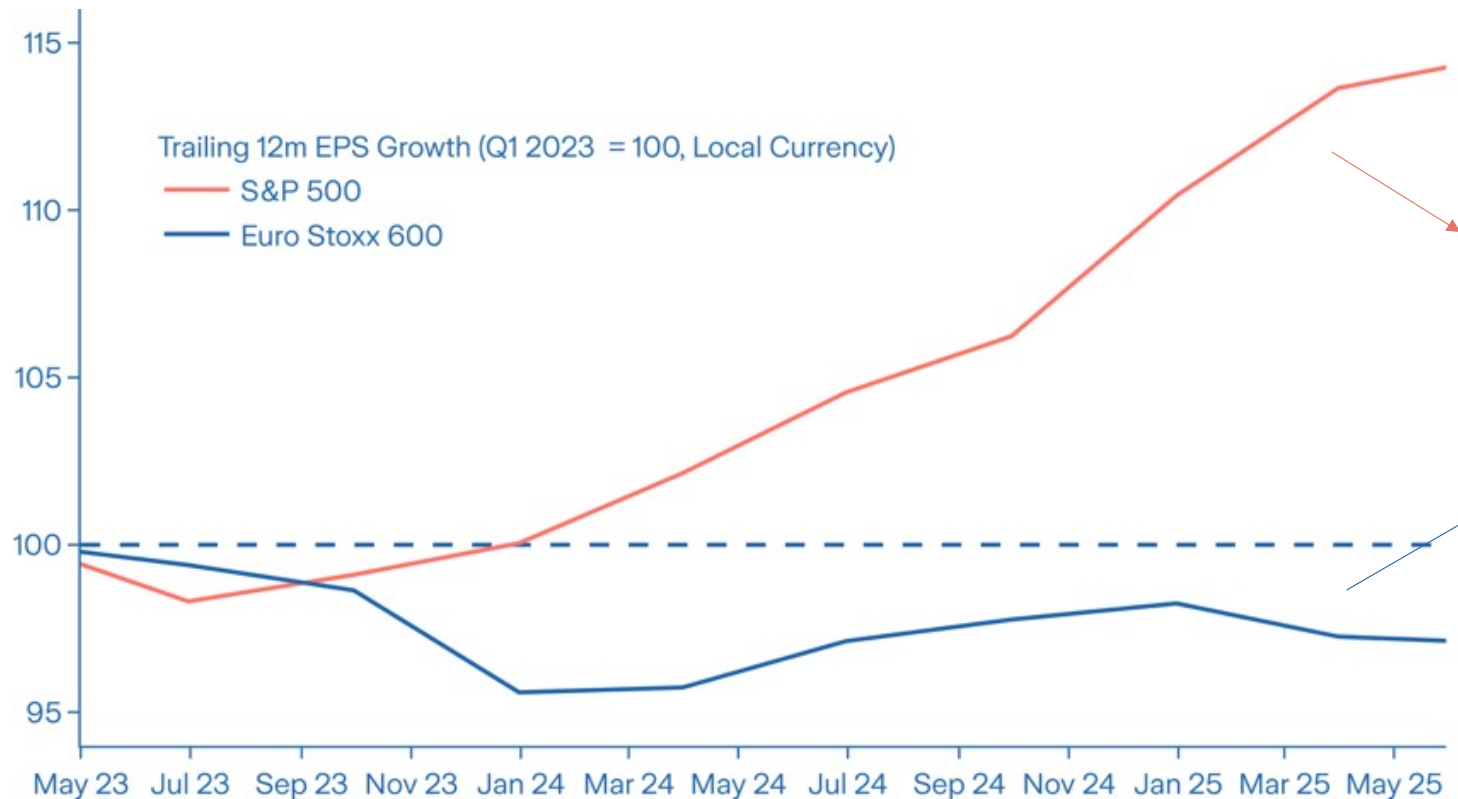
Source: Bloomberg



# EU earnings growth has been lacking

European earnings have stagnated, while stocks have rallied

## EU earnings still a 'next year' story



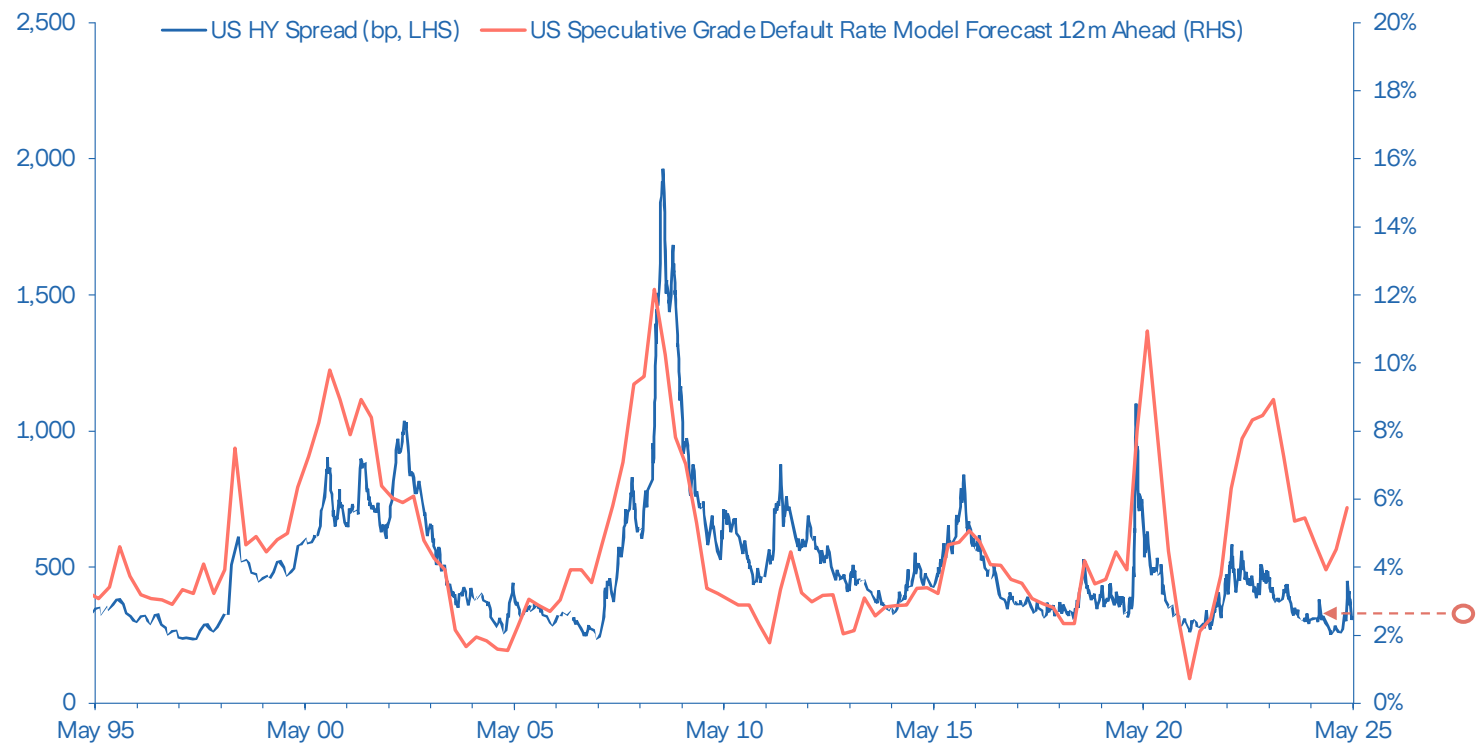
Source: Bloomberg, ZIG Calculations

# Risk premiums in credit are low but not extreme

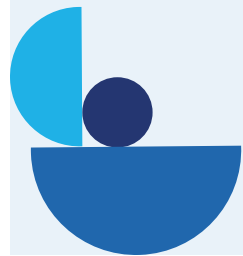
Defaults are expected to be higher than expected in 2024



## Spreads are off their lows but fundamentals to worsen



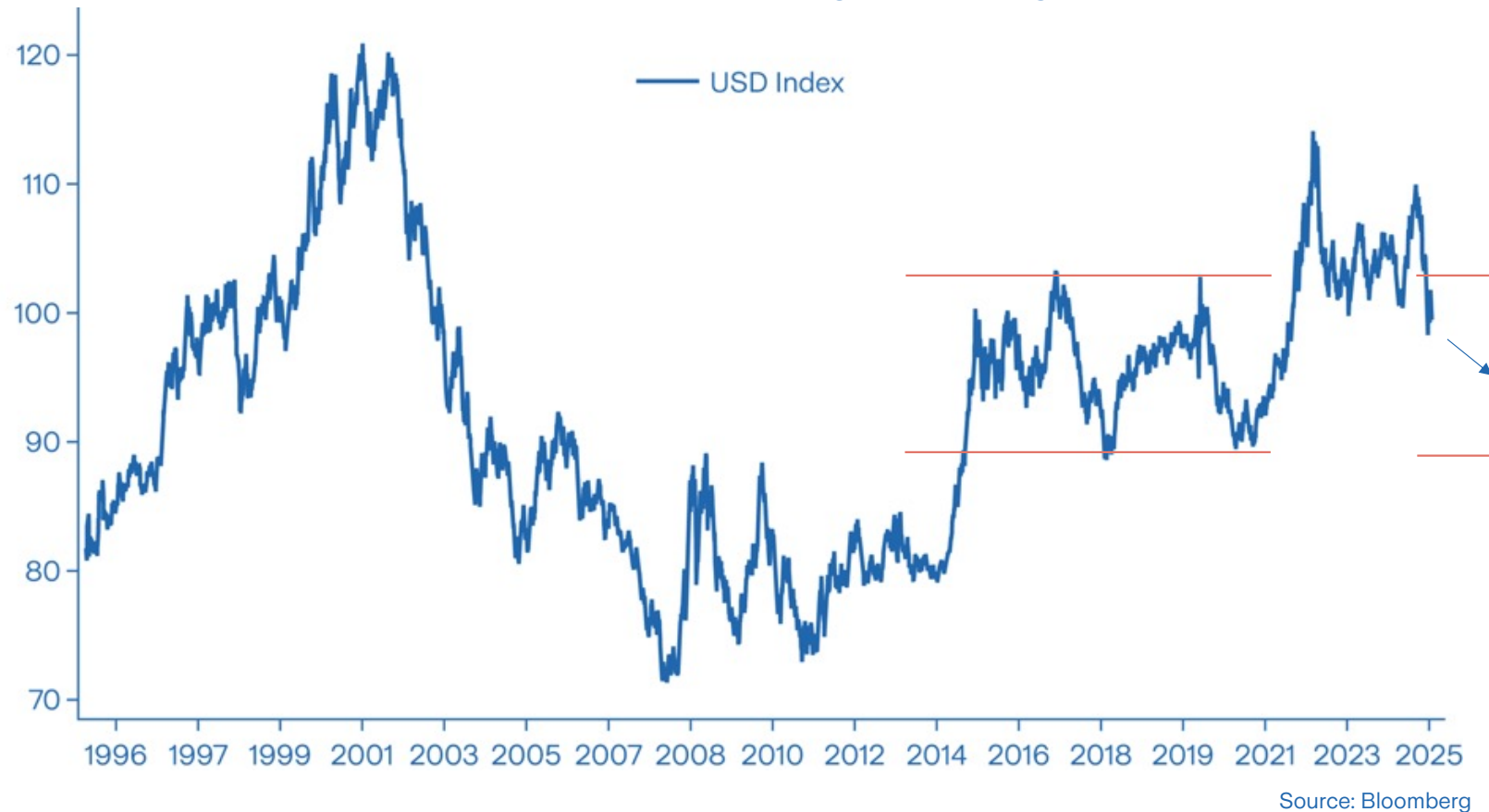
Source: Bloomberg, ZIG



# USD not at extreme levels despite the rhetoric

USD expected to weaken within its pre Covid trading range

## USD in middle of long-term range



## Conclusions



**Global growth**  
to be below trend  
this year, rising  
towards trend  
next

**Monetary  
policy** to ease  
further over the  
remainder of the  
year

**US policy**  
to remain  
erratic, but  
expectations  
have adjusted

**Bond yields** to  
determine  
financial market  
outcomes, with  
choppy but lower  
yields ahead

**Credit spreads**  
are low and  
vulnerable to  
refinancing  
pressures &  
higher default  
rates

**Equities to**  
remain bifurcated  
& choppy, with  
portfolio  
diversification a  
continuing theme

**Volatility will**  
continue to  
dominate the  
year requiring  
investor agility



# Thank you

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# More on what matters- Debt



**David Warren**

Chief Investment  
Officer,  
Zurich



# Last year we covered those things that matter to our investment approach



This year we focus some more on bonds and US debt levels

Outcomes Matter | Being right in 'the end' is not enough

Earnings Matter | Earnings are driven by firm-level, structural & macroeconomic factors

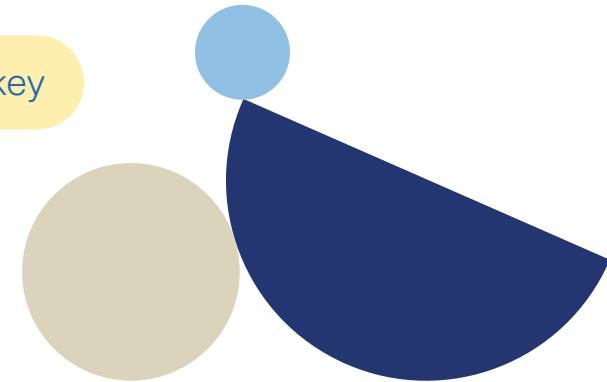
Bonds Matter | Top-down government & central bank policies drive long-term interest rates

Valuations Matter | And are inherently volatile

Risks Matter | Our key risk is valuation not volatility

Judgement Matters | And more so than perfect knowledge; context is key

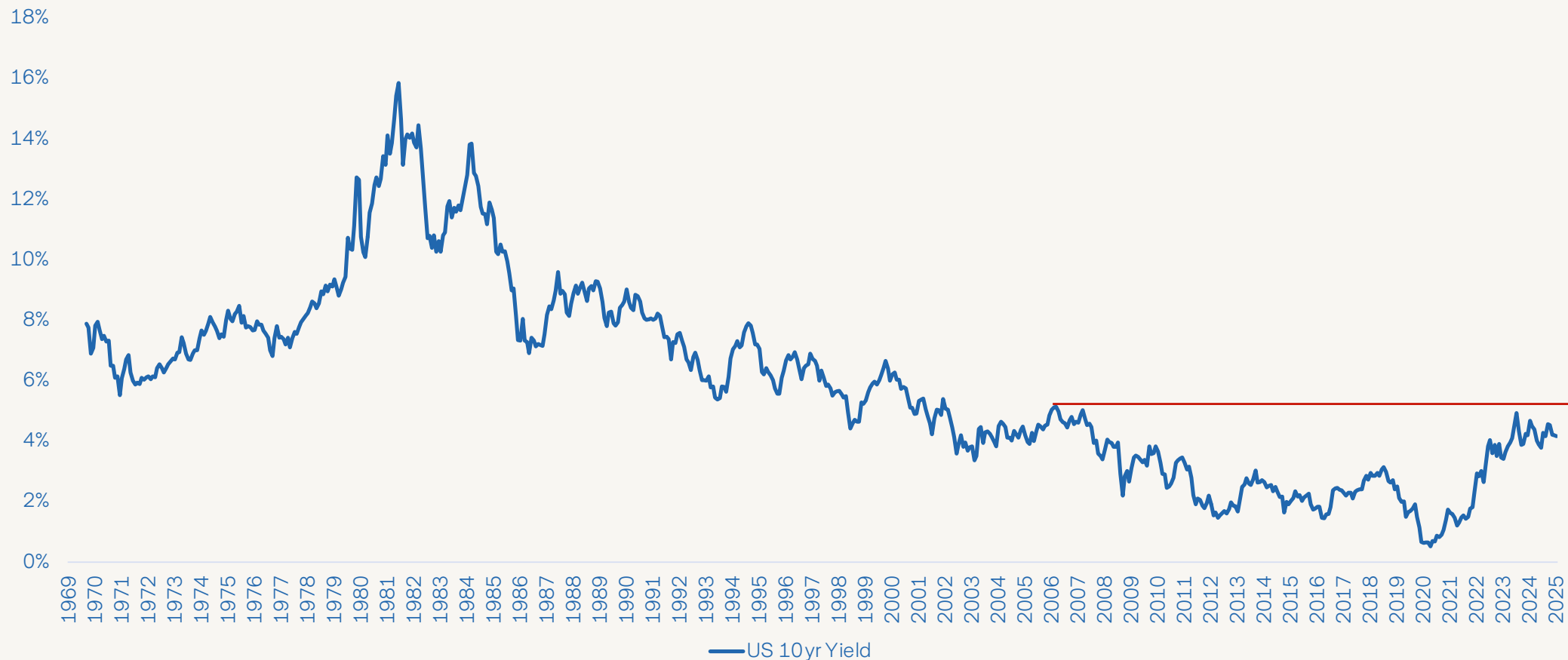
Market concentration Matters | Not inherently good or bad



# US 10yr Government bond yield



US bond yields re-approach the pre-GFC level from which they previously declined to close to zero



Source: Bloomberg, Data as at 30/04/2025



# US Debt and deficit levels have risen

Posing risks to bond yields and risk assets



Bonds are competing assets for equities

Bond yields are the discount rate for future earnings, hence yields impact equity valuations

A multi-decade fall in bond yields accompanied a booming equity market

Inflation expectations impact bond yields; they're also key for medium to long-term views on risk assets

Debt levels also impact bond yields; a tipping point may lie ahead?

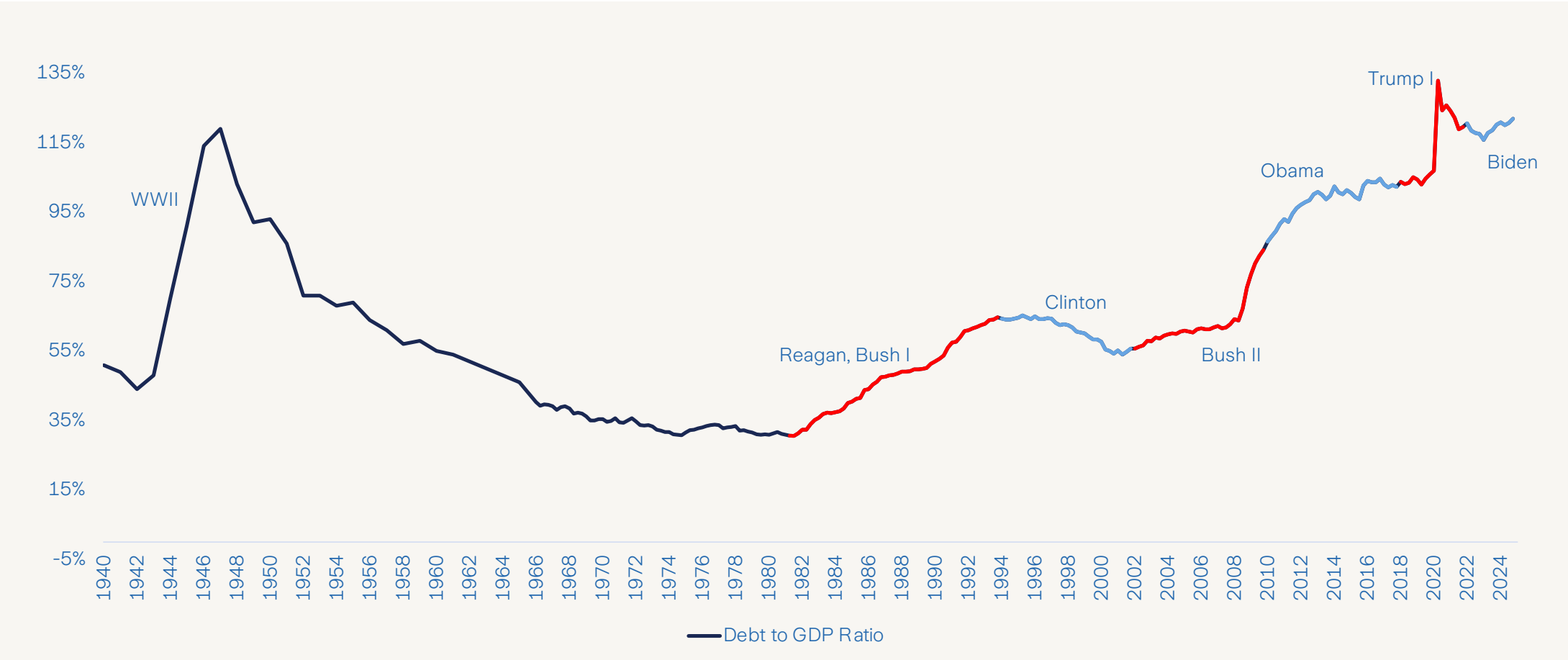
Plenty of focus in past years on Eurozone debt; US is more in focus more recently



# US gross national debt as % of GDP



GFC and Covid periods have turbo-charged US debt levels

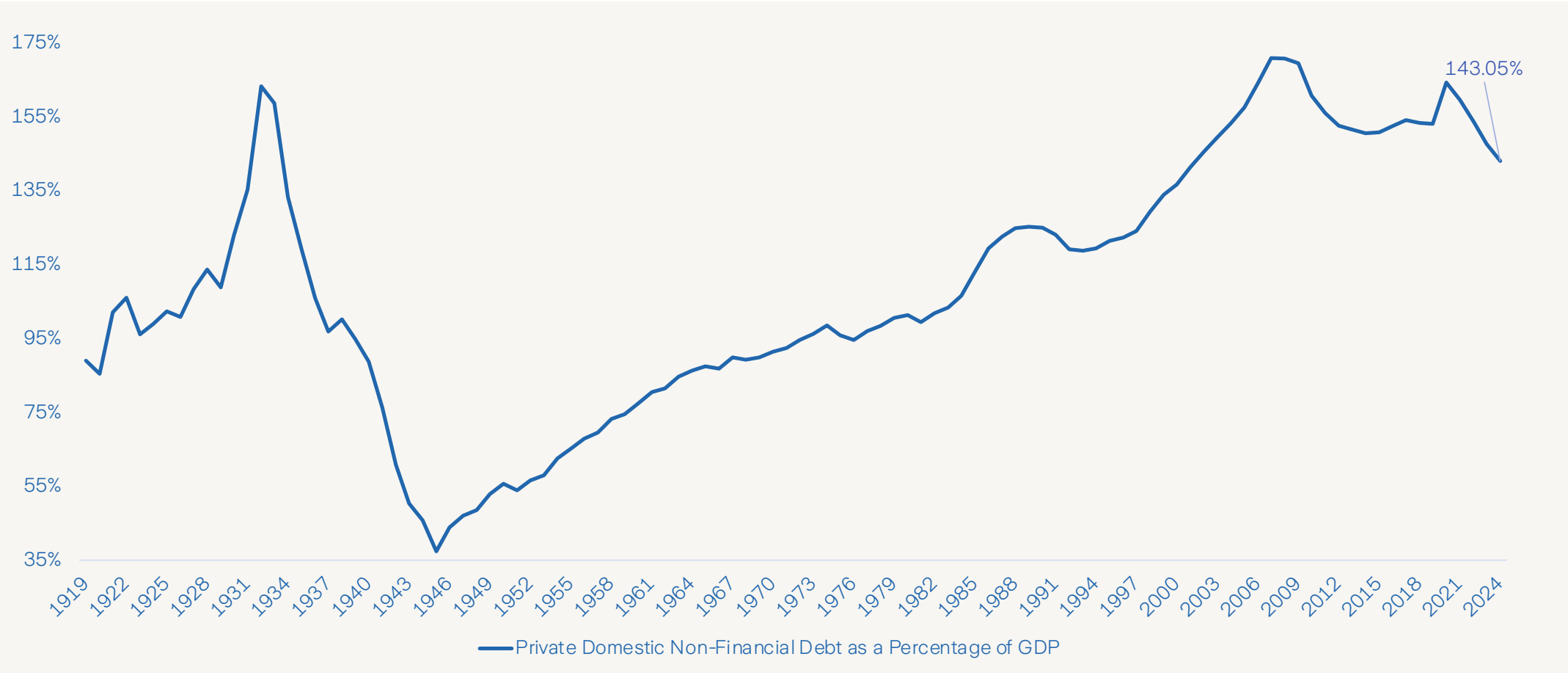


Source: Bloomberg, US National Debt, May 2025

# US private domestic non-financial debt as a % of GDP



Private Debt moderation has mitigated any Government ‘crowding out’

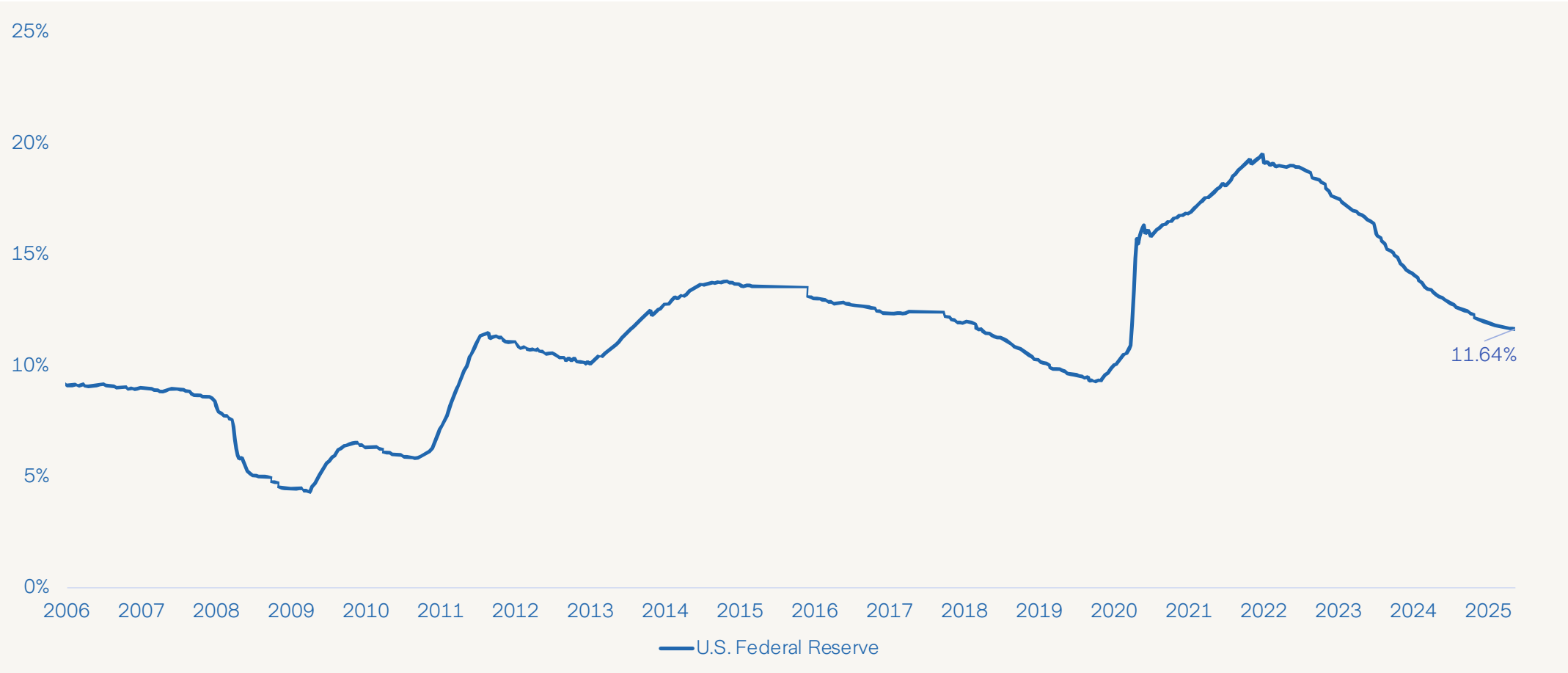


Source: Department of Commerce Federal Reserve Board, May 2025

# Government bond holdings as a % of Government Debt



Another factor that helped mitigate potential Government ‘crowding out’

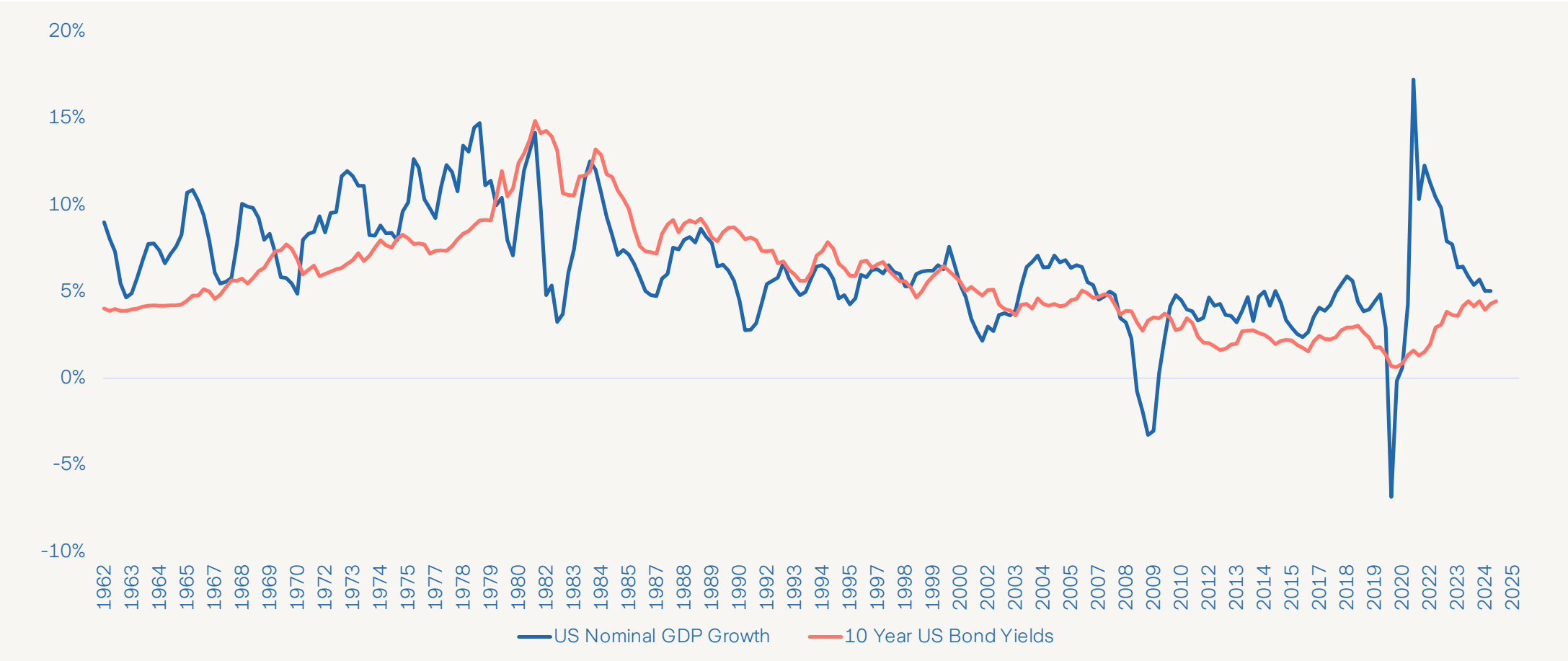


Source: Public Sources. Central Bank Domestic Government Bond Holdings as a % of Gross Government Debt

# US nominal GDP growth versus 10yr US bond yield



When interest rates exceed nominal GDP growth, debt to GDP ratio rises

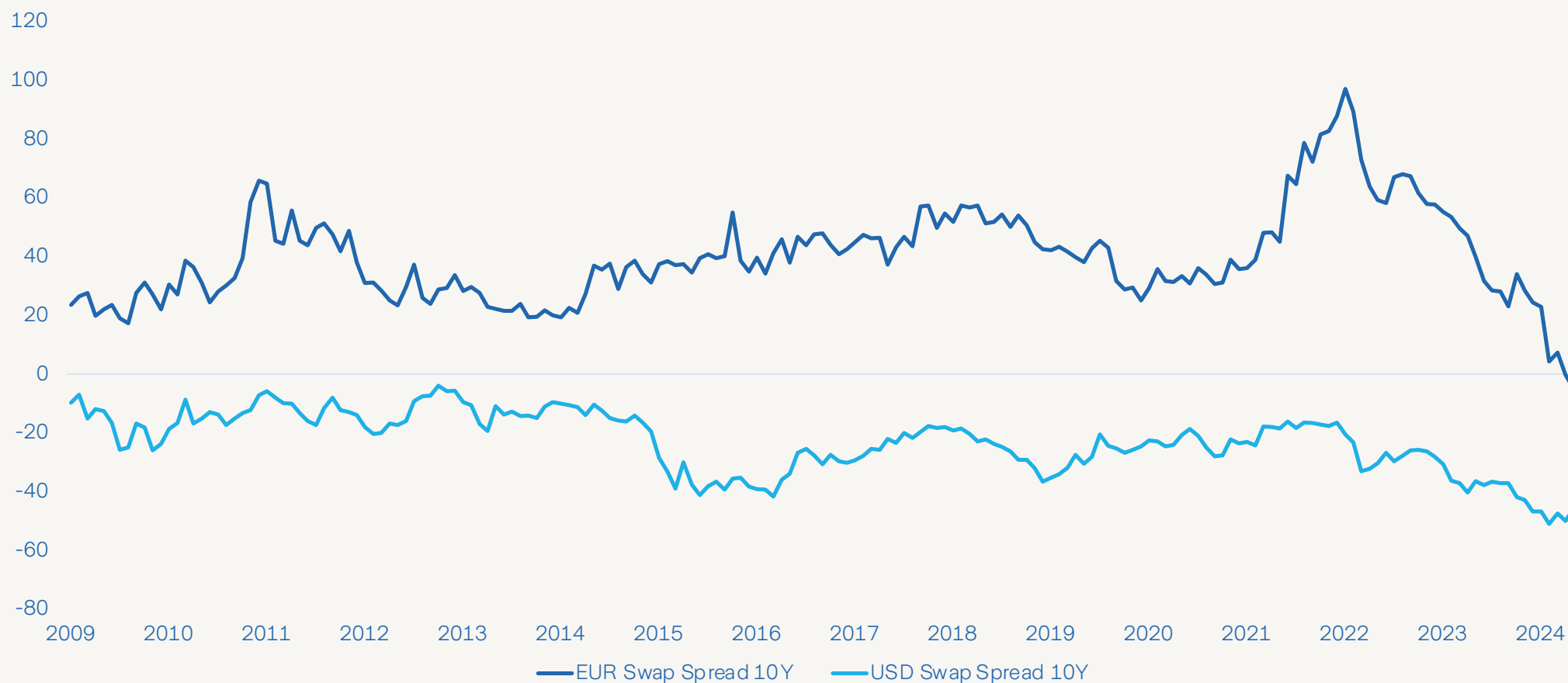


Source: Federal Reserve Bank of St Louis, 2025

## A measure of corporate versus government risk bears watching



Corporates less risky than governments? Sign of nervousness about Government debt levels?



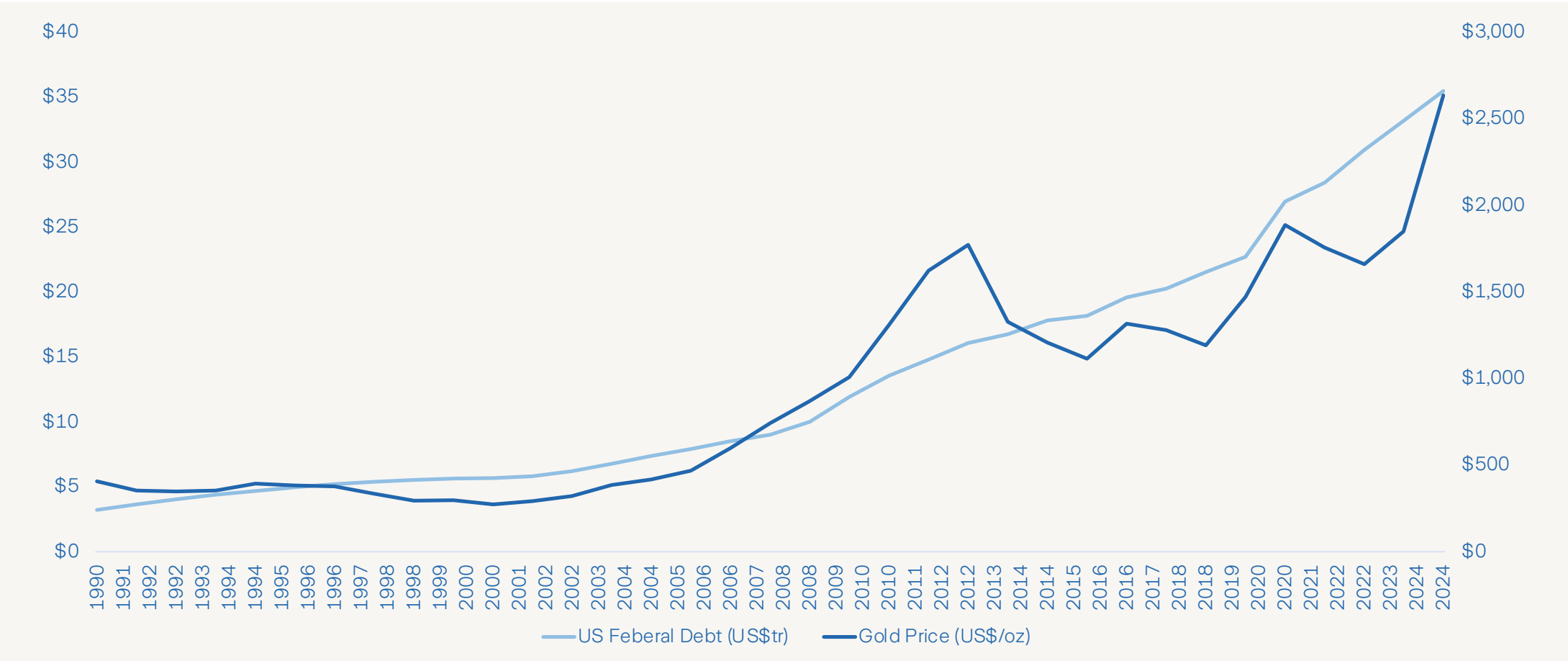
Source: Bloomberg, May 2025



# Gold price and outstanding US Government Debt



Interesting pattern over 25 years



Source: US Treasury Fiscal Data, Bloomberg, May 2025

## Conclusions

Government Debt: higher but not dominant risk; issue is fixable

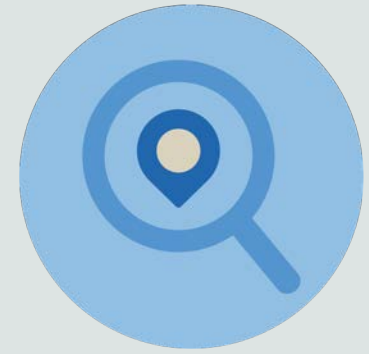
Risks  
associated  
with US debt  
levels are  
rising

So-called  
bond vigilantes  
were cited as  
catalyst for policy  
pause/reversal  
in recent  
weeks

Preference  
for a smooth  
transition to more  
sustainable debt  
dynamics is  
understandable  
but difficult

This factor has  
a higher but  
by no means  
dominant  
weight in our  
thinking

The issue is  
fixable  
nonetheless;  
one to keep  
watching  
carefully



# The Fund Manager viewpoint

## Experience counts



### **Panel discussion:**

Philip Duggan  
Damien Meade  
Michael Kelly

Hosted by  
Kristen Foran



# Panel Discussion



Philip Duggan

Deputy CIO & Credit  
Specialist



Michael Kelly

Head of European Equities



Damien Meade

Head of North American  
Equities

# The Funds Review 2030



**Michael J McGrath**

Assistant Secretary  
Financial Services  
Division, Department  
of Finance





# The Pensions future is bright



**Rose Leonard**

Head of Corporate  
Distribution & CRM



## Zurich's Group Pensions



Business since  
2023



Existing  
employers  
on AE



Optimistic  
future

## New employers to Zurich

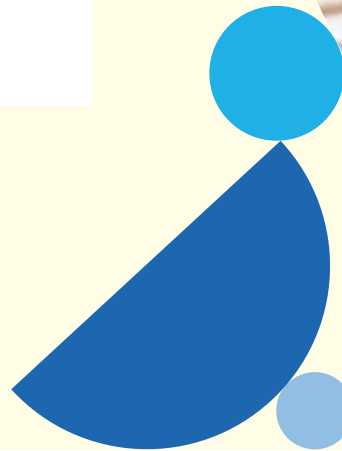


### 2024 – 145 new employers to Zurich in 2024

- 100 offering employee pension benefits for the first time
- 45 transitioned from other providers

### 2025 YTD

- Exact same trend



## Why Zurich?



- 1 | Robust administration
- 2 | Supported with extensive employer and employee engagement
- 3 | Investment performance.

Stability  
and  
consistency



## Existing employers on AE

What they are saying...



“One pension arrangement preferable”  
*Our response: new entrant online facility*

“Changing the eligibility rules”  
*Our response: revised benefit annex*

“Sectoral differences”



## Optimistic future for Zurich and Financial Advisers



- 1 | Government engagement with employers
- 2 | Employers need impartial advice
- 3 | Employees need financial advice
- 4 | Fundamentals of the Irish economy are strong







# Closing Thoughts

**David Warren**

Chief Investment Officer, Zurich





## Closing Thoughts



Good  
Advice

Good  
Products

Good  
Performance

Great Customer Outcomes



A close-up photograph of two hands reaching towards each other. The hand on the left is dark-skinned and has a tattoo on the forearm. The hand on the right is light-skinned and is holding a blue baton. The background is a blurred outdoor scene with a blue sky and some structures.

# Thank you

Please join us for some refreshments



# Thank you

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