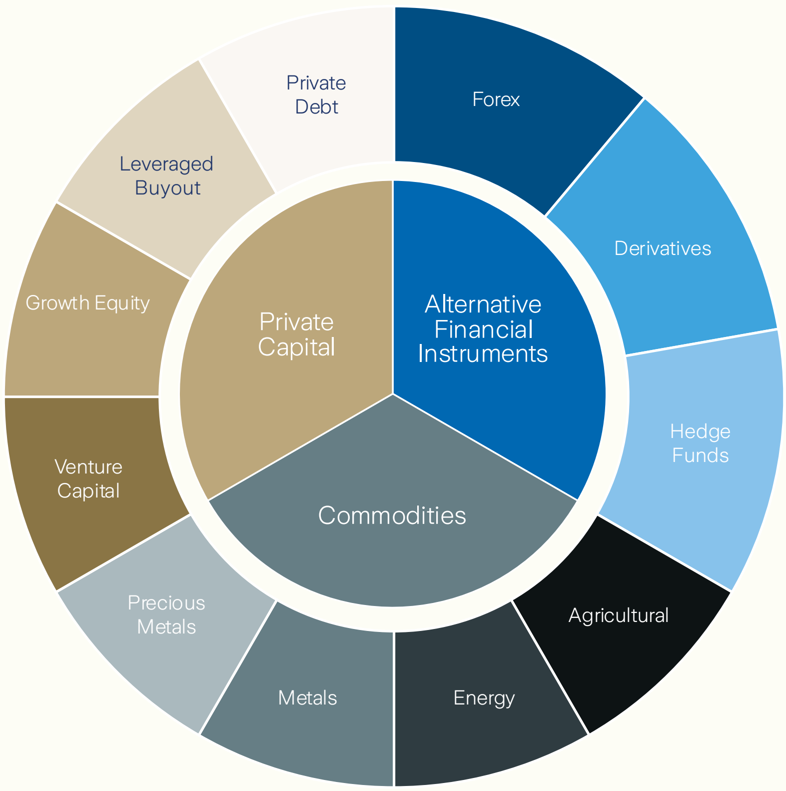
Alternative Investments

Diversify, Defend, Deliver

What are alternative investments?

In recent years, alternative investments have grown in popularity as investors continue to seek greater returns and diversification within their portfolios. An Alternative Investment is any investment outside of the four traditional asset classes.

Types of alternative assets



Commodities
Any physical good or raw material that is typically used in the production of goods. These can be split into hard commodities (natural resources that are extracted such as oil and gold) and soft commodities (resources that are grown such as wheat and sugar).

Alternative Financial Instruments
Investment managers can utilise a number of financial instruments to speculate on or hedge the risk of currency movements (Forex) and asset price movements (Derivatives).

Hedge Funds are a private fund that seeks profit regardless of the overall market direction by using complex and risky investment strategies.

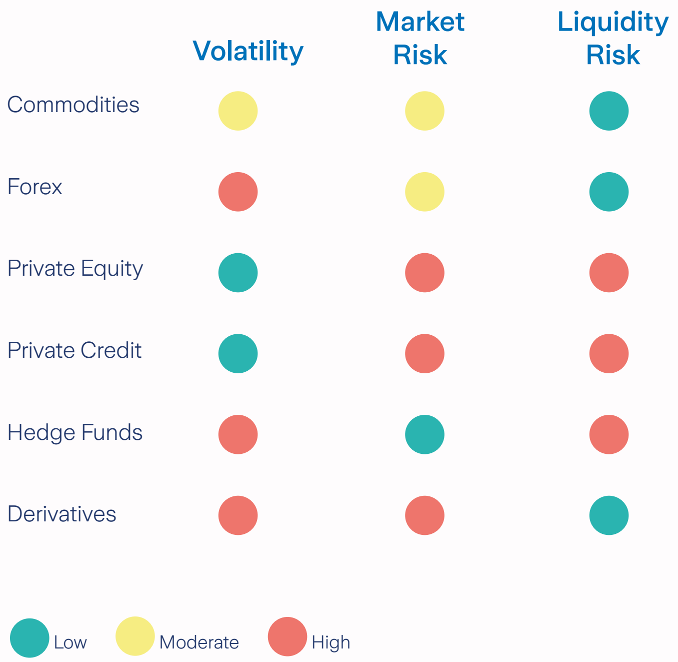
Private Capital
Private Equity involves investing in companies that are not publicly listed on a stock exchange. Private equity investing comes in three separate forms:

- Venture Capital – Investing in start-ups with large growth potential
- Leveraged Buyout – Borrowing a large amount of money to acquire a company
- Growth Equity – Investing in a mature private company with further growth potential

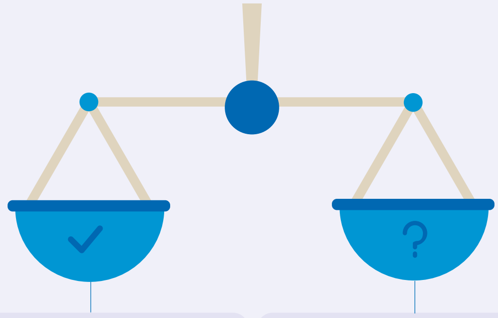
Private Credit involves lending money directly to companies that typically have credit ratings which are below investment grade.

15%
Today, alternative assets account for 15% of global assets under management
Source: caia.org, July 2025

Risk of alternative investments



Use of alternative investments



Benefits

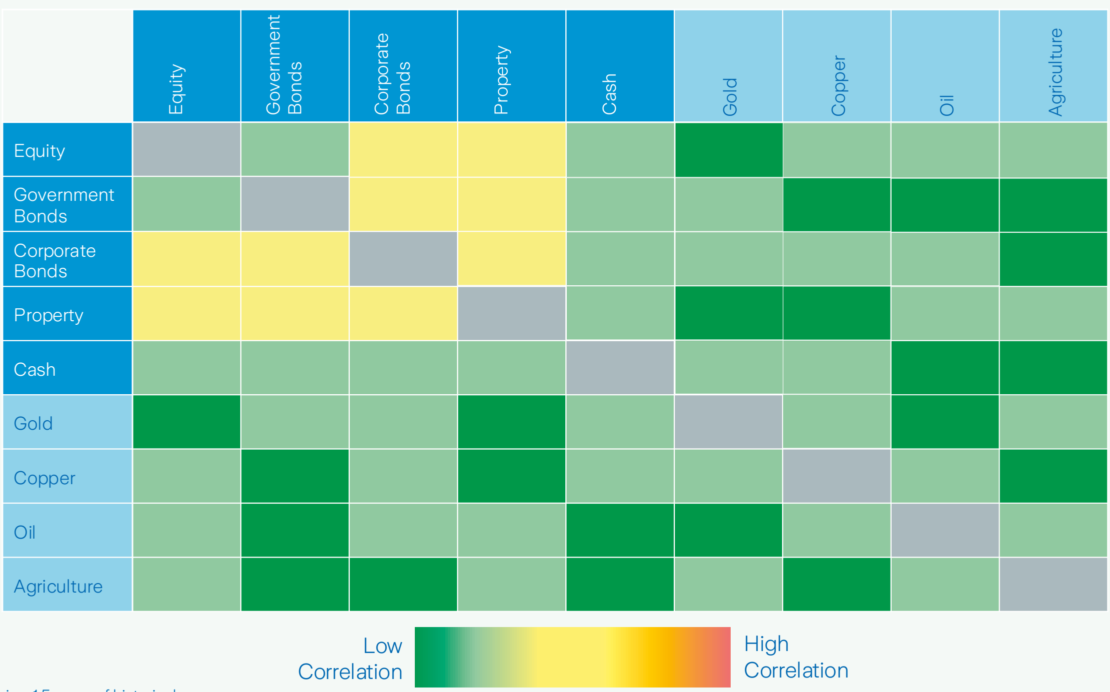
- Diversification
- Potentially higher returns
- Access to more investment opportunities

Considerations

- Liquidity issues
- Lack of transparency
- Requires specialised knowledge

Diversification benefits

Zurich's Prisma range provides exposure to alternative asset classes such as precious metals like gold, industrial metals like copper, and energy commodities like oil. These contribute to performance and help to mitigate risk in the Prisma funds due to the fact that they have low or even negative correlation with traditional asset classes:



Source: FE Analytics using 15 years of historical returns up to 03.06.2025

Traditional Investment Classes

The four traditional asset classes are Equities, Bonds, Property, and Cash. Historically, these asset classes have been the most popular among investors due to their performance, stability, and familiarity.

Equities

A share of ownership in a company that is publicly traded on a stock exchange. This is typically the asset class that everyone immediately thinks of when they hear the word “investing”.

Bonds

Fixed-income investments with pre-defined interest rates and maturities. Represent a loan made by an investor typically to a government or a publicly listed corporation

Property

Consists of both direct investment and indirect investment (through REITs) in commercial, industrial, and residential property. Offers the possibility for both long-term capital growth and regular income

Cash

Also known as cash equivalents or money market instruments, these are savings products that are low-risk and easily accessible while still providing a modest level of return.

1750 BC

The first derivatives date back to ancient Mesopotamia, where farmers used a form of futures contracts to hedge against falling crop prices

Source: Researchgate.net, July 2025

Metals are shining

$7.5 trillion
The average amount of money traded in the Forex market each day, making it the largest market in the world
Source: Bestbrokers.com, July 2025

Metals have been on a rally in recent years. This is partly due to their reputation as “safe haven” assets. Typically, when risk appetite decreases, capital shifts from equities to assets like gold and silver. This trend was evident in 2025, with gold setting all-time highs amid broader market turbulence.

15.6%
Silver’s 5 year annualised return

11.6%
Global equities’ 5 year annualised return

11.5%
Copper’s 5 year annualised return

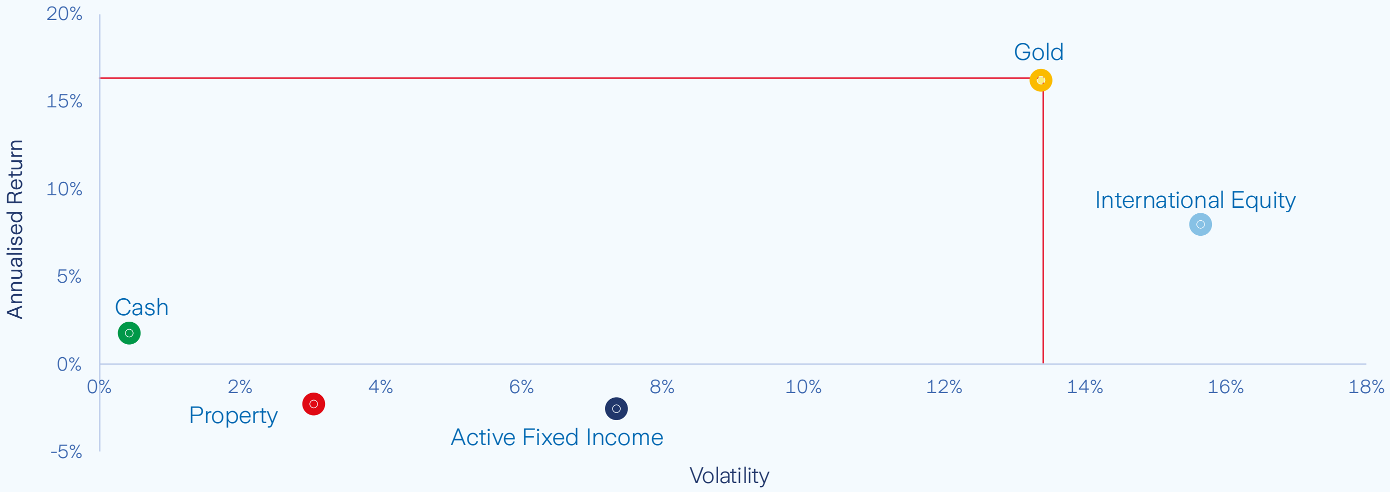
14.5%
Gold’s 5 year annualised return

Source: Bloomberg, 5-year annualized returns in USD from 05.06.2020 – 06.06.2025

Golden insights

“Dr. Copper”
Due to its widespread use in sectors such as construction and electronics, the price of copper is seen as a leading indicator of economic health

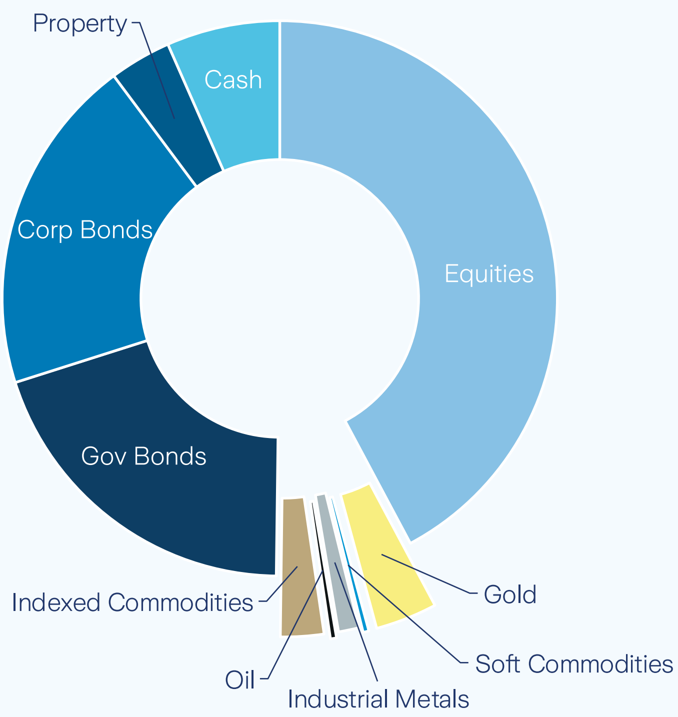
Gold has been on a historic rally in recent years. In this short period, Zurich’s Gold Fund has produced higher returns than our International Equity Fund, whilst also being less volatile. While equities still offer better long-term growth prospects, gold has demonstrated strong diversification benefits within multi-asset portfolios. Exposure to alternative assets such as gold during this period has contributed to the outperformance of Zurich’s multi-asset funds.



Source: FE Analytics 31/05/2021 – 31/05/2025

Inside Prisma 4’s alternative asset allocation

The Prisma 4 Fund is an actively managed fund which aims to achieve growth through capital gains and income from investing across a diversified range of asset classes. The strategic and tactical asset allocation strategies employed by the fund managers aim to generate long-term capital growth.



Launch Date:	11/10/2013
Fund Size	€5,028m
Number of Holdings	440
SFDR Class	Article 8

Risk Rating

1 2 3 **4** 5 6 7

The Fund has a risk rating of 4. Please see the Fund Guide for more details.

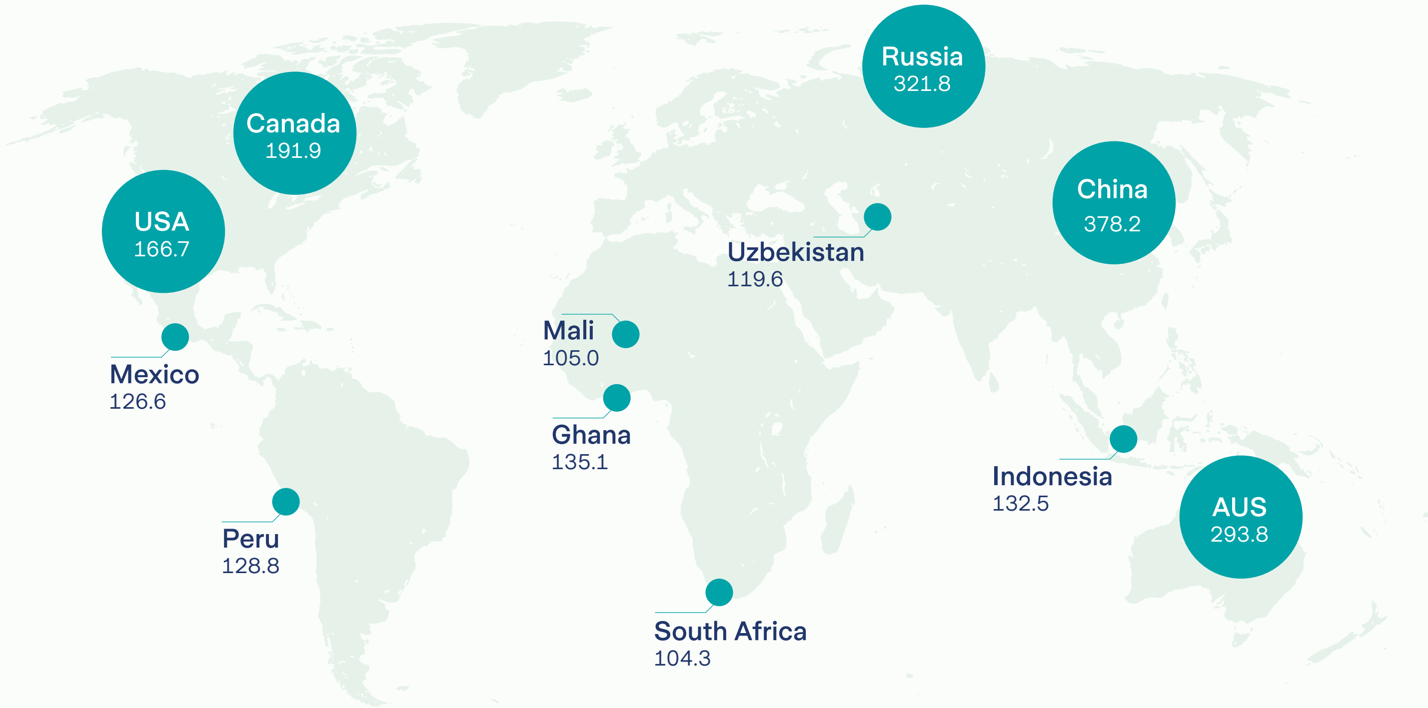
If you don’t have the time or desire to dive into the complex world of investments yourself, the Prisma Fund range may be the answer. It brings you five funds targeted to five attitudes to risk. The funds are designed to reflect a range of risk levels, so whatever your appetite for risk there is likely to be a fund to suit you.

Source: Zurich, May 2025

Where does the world's gold come from?

Commodity prices depend heavily on supply and demand. The main miners of gold play an essential role in this relationship, and any disruption to their production can have a material impact on gold's price.

Gold Mine Production (tonnes) 2023



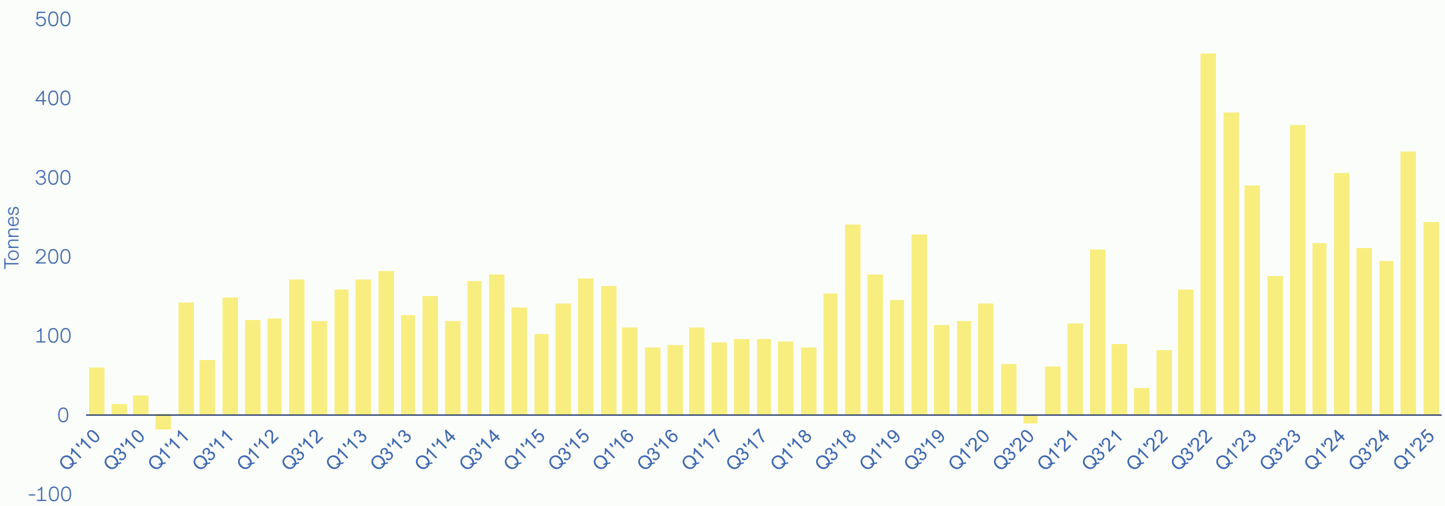
Source: Metals Focus 2024

5 billion
The number of barrels of oil traded every day on average, making it the world's most traded commodity
Source: eia.gov, July 2025

Central Banks' Gold Demand

Gold has been in high demand recently. Central banks are buying it to diversify their reserves and protect against inflation and foreign currency risks.

This trend started after Russia invaded Ukraine. It picked up even more in 2023 because of conflicts in the Middle East.



Source: World Gold Council, May 2025

Utilise alternatives in multi-asset portfolios

At Zurich, we include alternative asset classes in our ready-made, multi-asset Prisma fund range, helping you diversify your portfolio and build greater resilience.

By combining traditional assets with alternatives, our Prisma multi-asset funds aim to reduce volatility and provide smoother performance, even when markets are uncertain.

In addition to being an important part of our multi-asset offering, alternative investments are also available as standalone fund options. This gives you the flexibility to build a portfolio that matches your own preferences and investment goals.

For more information on Zurich's range of funds, visit zurich.ie/funds.

For personalised advice and to find out which approach is right for you, speak to your Financial Broker or Advisor.

Warning: Past performance is not a reliable guide to future performance.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in these funds you may lose some or all of the money you invest.

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

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