



Prisma Funds

Monthly report

Strong momentum in many developed and emerging equity markets in Quarter 1 has carried over into April, with the US S&P500 Index marking a fresh all-time high. Dovish central banks - led by the Federal Reserve, China's stimuli, hopes of resolution in the US-China trade dispute, and a strong US earnings season are all reasons why monies continue to be deployed into risk assets. Some sentiment surveys, however, suggest that investors are now overly optimistic following extreme pessimism at the end of last year. Most equity markets are turning a blind eye to still dismal economic conditions in manufacturing industries and are focusing instead on the favourable earnings season. Global manufacturing PMI has fallen from a cycle high of 54.4 in early 2018 to 50.6 now, only slightly above the 'boom and bust' line of 50 that distinguishes between growth and contraction. Conditions in the eurozone continue to be particularly grim. The contrary to this is that global conditions in service industries remain solid. Given the current market environment, Zurich believes it makes sense to take a neutral stance on equities on a tactical basis.

Activity

Equity positions are towards the middle of ranges in all of the multi-asset portfolios following the decision to take profits during March. Despite this tactical move, Zurich remains reasonably constructive on equities in general. With regards to geographic positions, the main bias is towards Asia-Pacific at the expense of the US. Sector positions were broadly maintained during April. The funds are positively biased towards technology and financial stocks and negatively biased towards utilities and real estate. Bond positions are towards the middle of ranges on a tactical basis whilst the duration of the bonds is low. Zurich has recently been increasing its exposure to corporate bonds at the expense of sovereign debt.



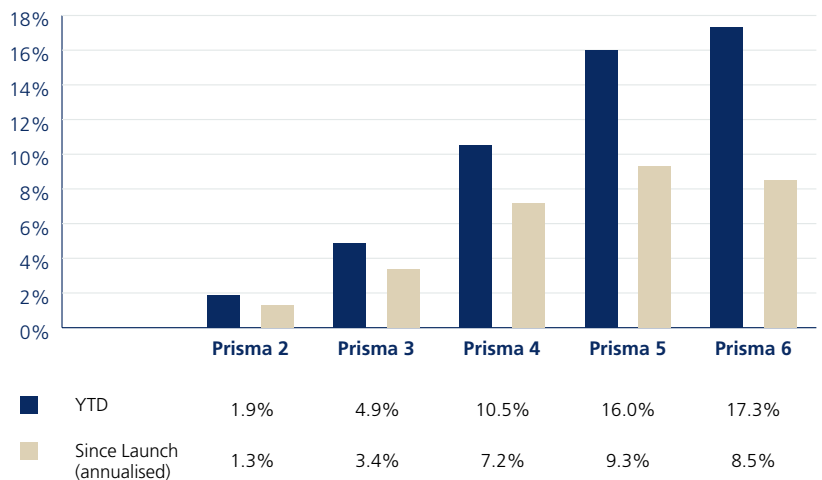
Contributors to performance

World Equities, Oil, Copper.



Detractors from performance

Soft Commodities, Gold, Sovereign Bonds, Corporate bonds.



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Source: Zurich Life, 1 May 2019.

CURRENT POSITIONING				
Asset Class	Country	Positive	Neutral	Negative
Equities	North America			✓
	Europe	✓		
	Japan		✓	
	UK		✓	
	Asia-Ex Japan	✓		
Fixed Income	Eurozone			✓
	US		✓	
	UK		✓	
Currencies	USD	✓		
	GBP		✓	
	YEN		✓	
Alternatives	Oil		✓	
	Gold	✓		
	Copper		✓	
	Global Property		✓	
	Soft Commodities	✓		
	Water		✓	

MARKET PERFORMANCE

Equities

World equities (in euro terms) rose by 3.7% in April and have given a strong total return of 18.4% in the first four months of 2019. Local currency returns in April for the major markets ranged from 1.7% in Japan to 4.5% in Europe. The influential US market was up by 3.9%. Euro currency weakness has bolstered returns for eurozone investors so far in 2019. Regarding sectors in the US during April, economically sensitive cyclical stocks clearly outperformed defensive areas. The best performing sectors were technology (+6.4%) and financials (+8.8%); the worst, healthcare (-2.7%) and real estate (-0.6%). Year-to-date, the stand-out sector has been technology (+27.0%).

Fixed Income & Currencies

The Over Five Year Euro Government Bond Index was flat in April and remains up by 3.8% so far in 2019. European bond prices have reacted positively in 2019 to weaker eurozone economic data and benign inflation. The German ten-year bond yield was virtually unchanged in April finishing at 0.01%. Equivalent US rates moved from 2.41% to 2.50%. Given the Federal Reserve's recent dovish tone, the markets now expect no further rate rises in 2019. In fact, there is now a 60% chance of a cut in rates in December. This is a significant change from six months ago. Eurozone rates are likely to remain at current ultra-low levels for the foreseeable future. The Bank of England is not expected to increase rates again for some time mainly due to Brexit concerns. The euro currency was flat during April against the US dollar with the EUR/USD rate remaining at 1.12. The rate began the year at 1.15.

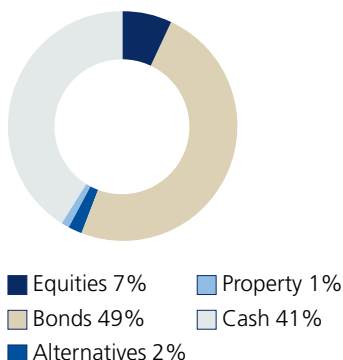
Alternatives

April saw commodity prices rise marginally following an impressive Q1. Overall, commodities are up by 8.5% in the first four months of the year. However, almost all of the gains have come from energy prices in general and the oil price in particular. After severe declines during much of 2018, the oil price jumped again in April (+6%) and is now up around 38% so far this year on hopes that economic growth concerns in the US and China may have been somewhat exaggerated, as well as supply discipline from OPEC. The gold price fell by 1% during the month finishing at \$1,286 per troy ounce while the copper price was also down 1%.

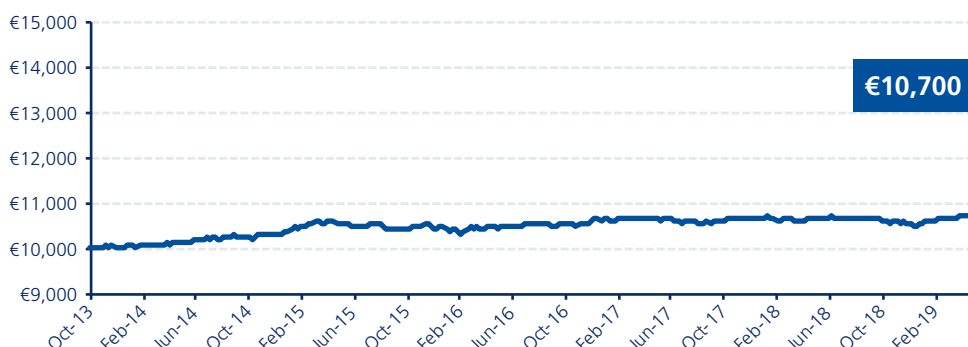
Prisma 2

This fund is designed for the more risk averse, defensive investor looking for better returns than cash but who still require capital preservation. The fund has a volatility target of 0.5% - 2% over a rolling 5-year period.

Asset splits*



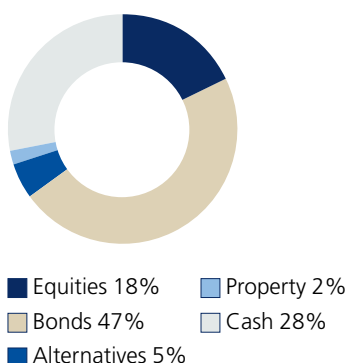
The growth of the invested €10,000 since launch



Prisma 3

This fund is designed for the cautious investor looking for a broadly balanced globally diversified portfolio that is designed to perform throughout differing market conditions. The fund has a volatility target of 2% - 5% over a rolling 5-year period.

Asset splits*



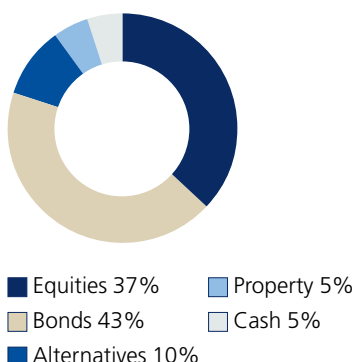
The growth of the invested €10,000 since launch



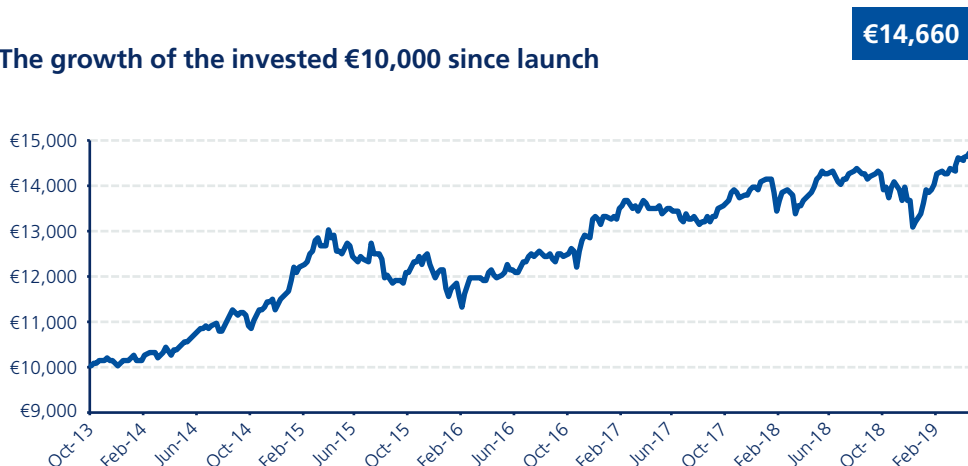
Prisma 4

This fund is designed for the growth investor looking for a globally diversified portfolio with an emphasis on long-term capital growth. The fund has a volatility target of 5% - 10% over a rolling 5-year period.

Asset splits*



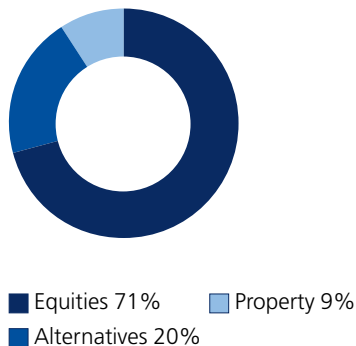
The growth of the invested €10,000 since launch



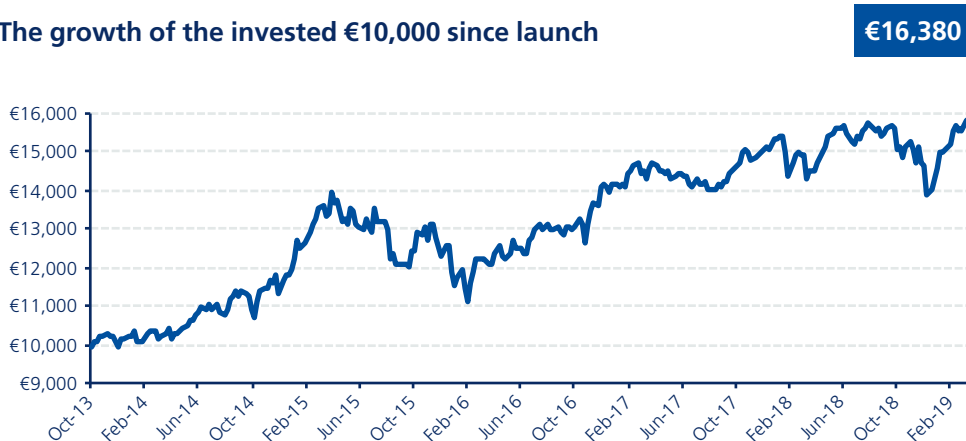
Prisma 5

This fund is designed for the investor that is comfortable with a higher level of risk for the potential of higher long-term investment returns. The fund has a volatility target of 10% - 15% over a rolling 5-year period.

Asset splits*



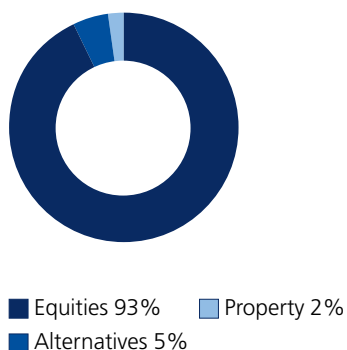
The growth of the invested €10,000 since launch



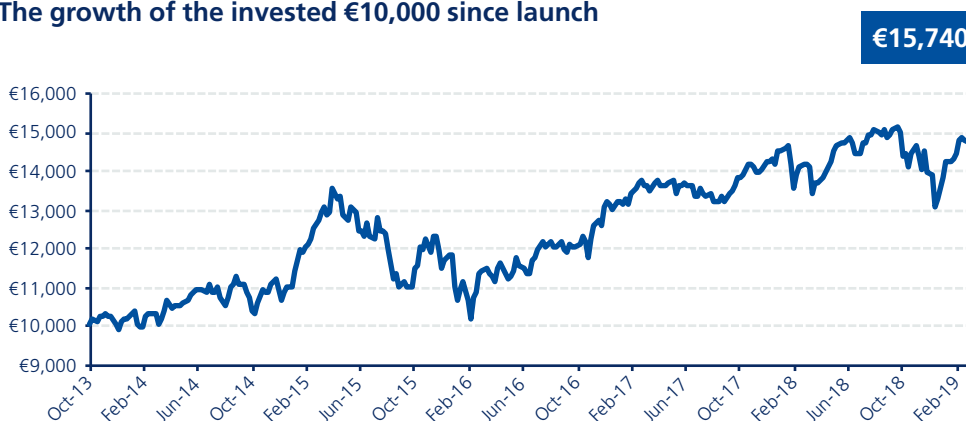
Prisma 6

This fund is designed for the investor that is comfortable with considerable investment risk for the potential of very high long-term investment returns. The fund has a volatility target of 15% - 25% over a rolling 5-year period.

Asset splits*



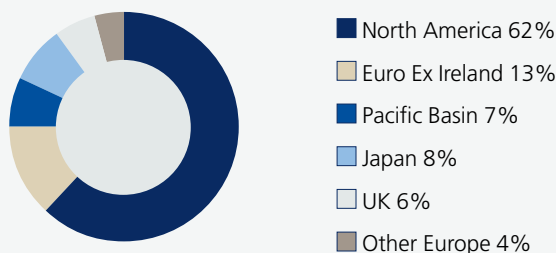
The growth of the invested €10,000 since launch



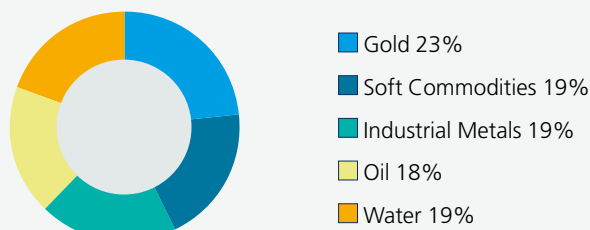
Equity and Alternatives splits

The following charts denote our positions within the specific equity and alternative asset classes. These positions are consistent across each of the funds but the weighting is adjusted in accordance with the relevant asset class split across each fund.

Equities*



Alternatives*



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

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