

Prisma Funds

Monthly report

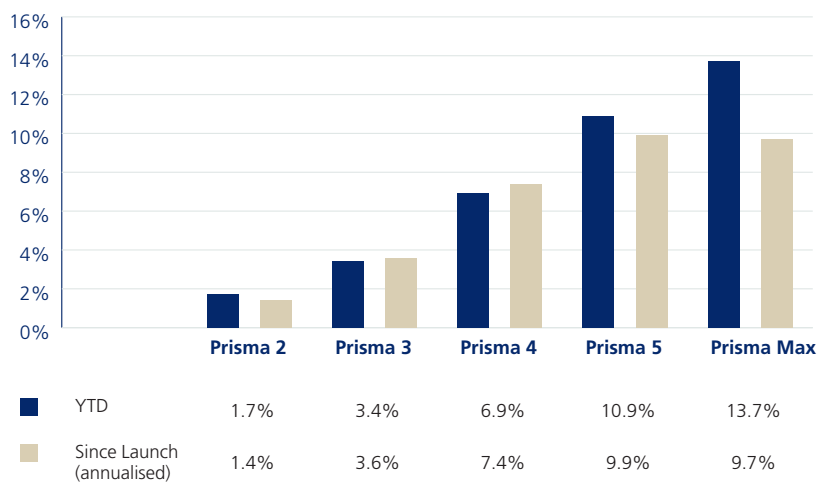
After an extraordinary roller-coaster 2020, equity markets enter the New Year on a reasonably strong footing, with investors embracing 'risk-on' assets of equities and credit. This was exemplified by the MSCI World Equity Index closing 2020 at a record level, supported by central bank action, the roll-out of COVID-19 vaccines and hopes of a brighter economic future. This does not, however, preclude some setbacks, given the high standalone P/E valuations of equities and the optimism of investors, the latter often being a good contrarian indicator. The tech heavy US NASDAQ stock index surged over 44% in total return terms, gold and copper were up 25%, while US credit markets had another stellar year. Even safe-haven US 10yr Treasuries returned an impressive 10% to investors. It was left to oil, which slipped by over 20%, and European stocks, particularly the banking sector, to fight for the bottom spots in the return league in what was a truly remarkable year.

Activity

Equity positions in our multi-asset funds were unchanged during December and remain well above benchmark. With regards to geographic positions, the main bias is towards Asia, Japan and Europe. The US is now a slightly underweight position following a particularly strong run. Sector-wise, the funds are positively biased towards technology and consumer discretionary stocks and negatively biased towards consumer staples, utilities and energy. Bond positions are well below the middle of ranges whilst the duration of these bonds is below benchmark. Corporate bonds have been increased at the expense of sovereign bonds over the last six months.

↑ Contributors to performance Sovereign Bonds, Corporate Bonds, Water, Soft Commodities, Copper, Oil, World Equities, Gold.

↓ Detractors from performance



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Source: Zurich Life, January 2021.

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

MARKET PERFORMANCE

Equity Markets

World equities (in euro terms) rose by 1.9% in December giving a total return of 7% for 2020. For the full year the US market was by far the strongest rising by 16.3%. Euro returns in overseas markets have been hindered in 2020 by the significant strength in the euro currency and this can be seen by the fact that the euro return for the US market was only 6.8%. Regarding sectors in the US during the month, the strongest returns came from financials (+6.2%) and technology (+5.7%). For the full year, there was a stark contrast between 'growth' and 'value' stocks. Growth areas massively outperformed with technology up 44% and consumer discretionary stocks up 33%; value sectors such as energy and financials underperformed down 34% and 2% respectively.

Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 0.2% in December giving an impressive return of 7.4% for the full year. The German ten-year bond yield was unchanged in December at minus 0.57%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent US rates rose from 0.84% to 0.92% They had begun the year at 1.92%. The Federal Reserve and other central banks have introduced a wave of liquidity since the outbreak of COVID-19 which has included various forms of asset purchases, to support economies and businesses.

Commodities & Currencies

December saw overall commodity prices rise by a strong 4.8% but they are still down 9.7% for 2020, the main culprit being oil. Oil prices rose in December by around 8% but are down by around 21% for the full year. The gold price rose by 6.7% during the month, to \$1,895 per troy ounce, and is up by strong 24.4% in dollar terms for 2020. The copper price had a good month and is up 26% for the full year. The euro currency strengthened again in December against the US dollar with the EUR/USD rate moving from 1.19 to 1.22.

Prisma 2

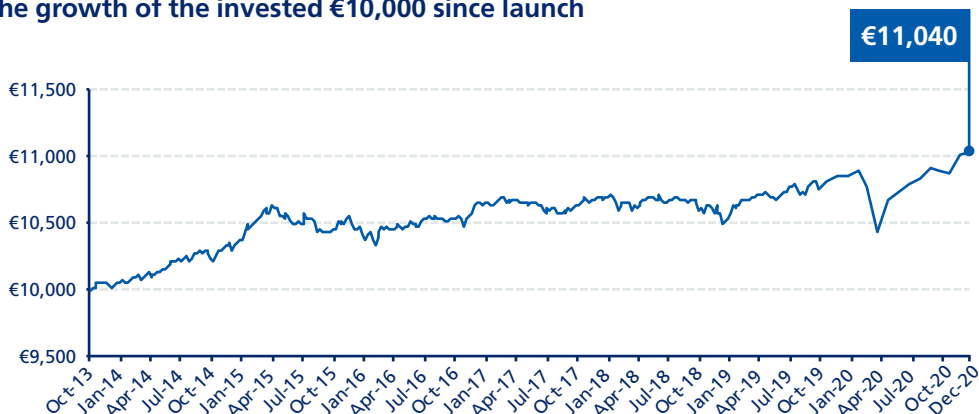
This fund is designed for the more risk averse, defensive investor looking for better returns than cash but who still require capital preservation. The fund has a volatility target of 0.5% - 2% over a rolling 5-year period.

Asset splits*



Equities 14% Corp Bonds 38%
Gov Bonds 14% Cash 33%

The growth of the invested €10,000 since launch

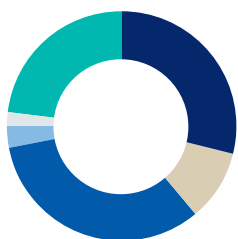


€11,040

Prisma 3

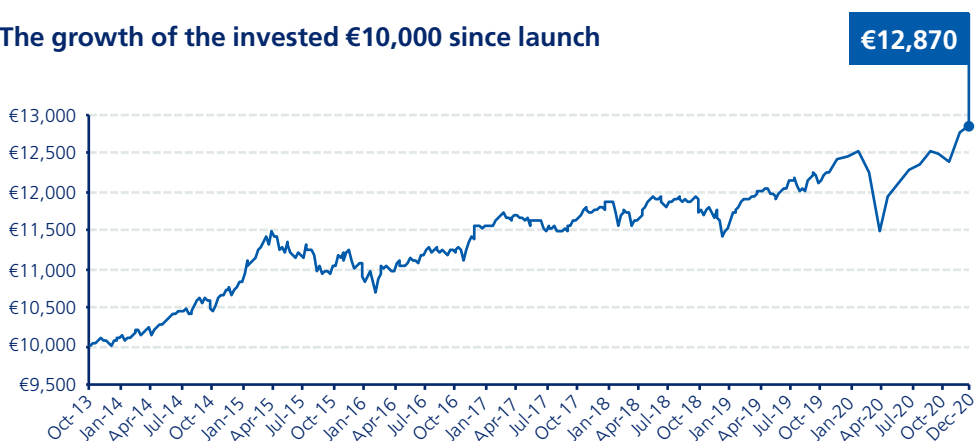
This fund is designed for the cautious investor looking for a broadly balanced globally diversified portfolio that is designed to perform throughout differing market conditions. The fund has a volatility target of 2% - 5% over a rolling 5-year period.

Asset splits*



Equities 29% Alternatives 3%
Gov Bonds 10% Property 2%
Corp Bonds 33% Cash 23%

The growth of the invested €10,000 since launch



€12,870

Prisma 4

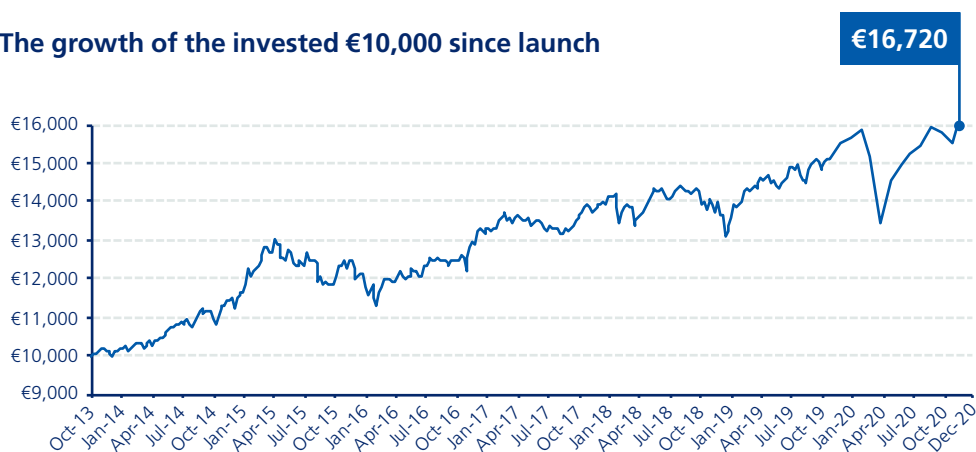
This fund is designed for the growth investor looking for a globally diversified portfolio with an emphasis on long-term capital growth. The fund has a volatility target of 5% - 10% over a rolling 5-year period.

Asset splits*



Equities 57% Alternatives 7%
Gov Bonds 5% Property 5%
Corp Bonds 26%

The growth of the invested €10,000 since launch

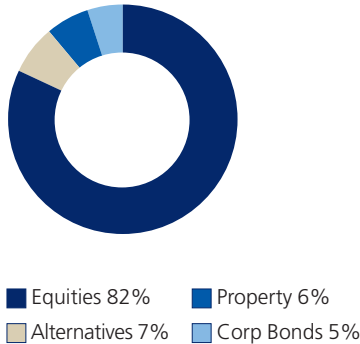


€16,720

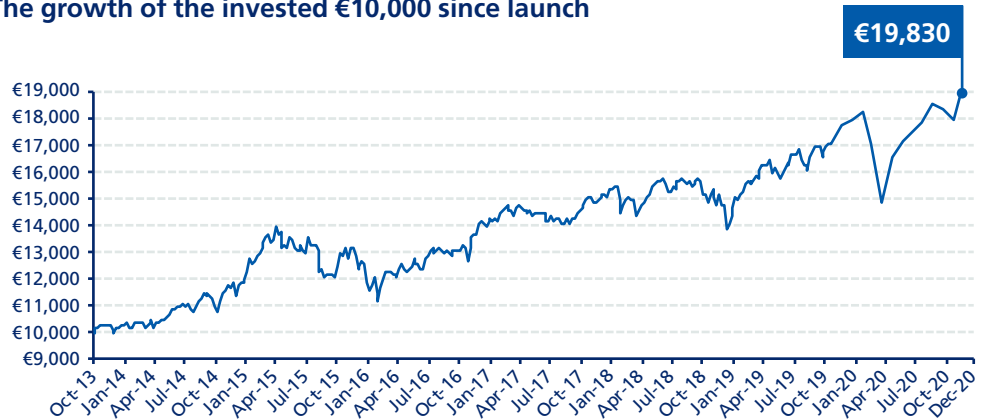
Prisma 5

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*



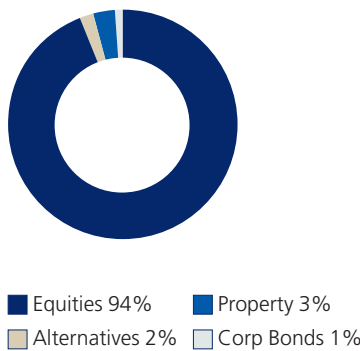
The growth of the invested €10,000 since launch



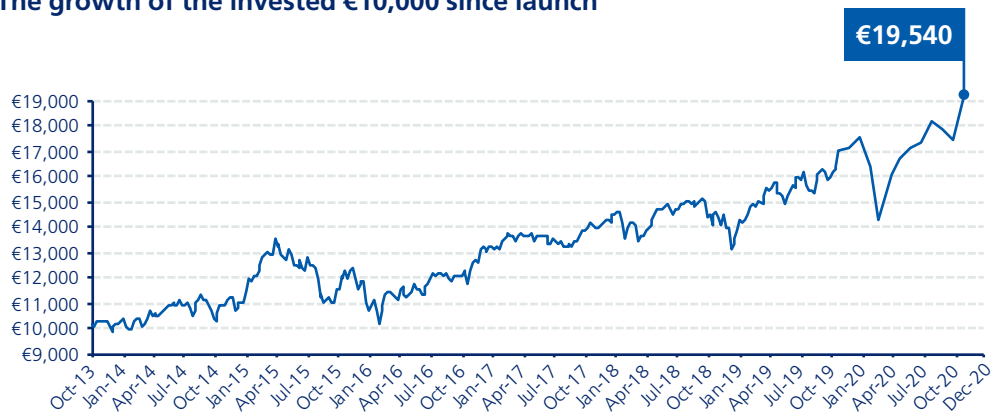
Prisma Max

This fund is designed for the investor that is comfortable with considerable investment risk for the potential of very high long-term investment returns.

Asset splits*



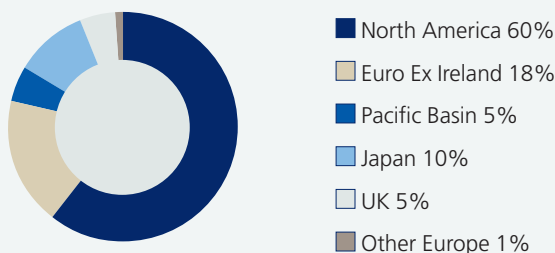
The growth of the invested €10,000 since launch



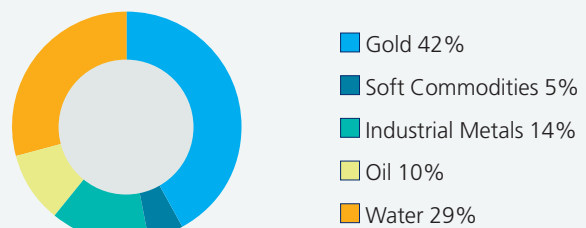
Equity and Alternatives splits

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*



*Source: Zurich Life as at 31/12/2020 †AUM (Assets Under Management). Due to rounding some totals might not equal 100%.

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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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Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

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