

# Monthly Investment Review

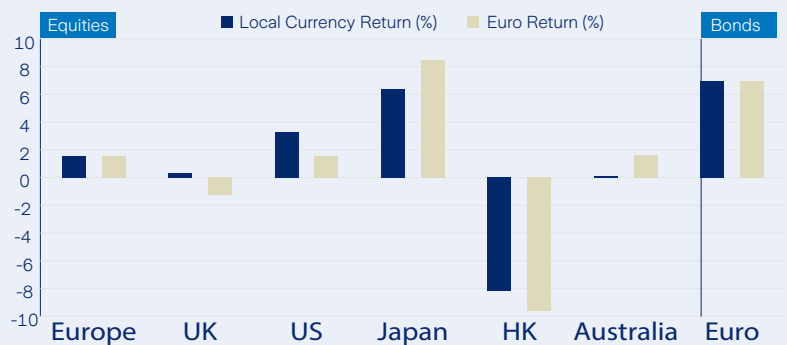
Following the 2023 Q4 rally, performance across asset classes was mixed in January. Macro data was encouraging with continued signs that inflation is taming towards a 2% target, and the labour market remained resilient. US stocks reached all-time highs in January with the S&P 500 breaking its previous highest points record. However, equity performance cooled as the Fed pushed back against interest rate cuts in March, stating that they need to see more good data - lowering the probability of a March rate cut in the US. In fixed income markets, bond yields were off their highs but remained elevated for the month.



## Activity

In January, we remained neutral towards equities following our steady equity reduction throughout the final quarter of 2023. We have added to short terms bonds and cash, funding this with a reduction in medium term bonds. We are slightly overweight in alternatives, namely due to our allocation to Gold. Our EUR/USD currency hedge remains in place although it was reduced in size towards the end of 2023. Slowing inflation, moderate economic growth, resilient labour markets, moderating wage pressure, and some monetary easing is seen as a generally supportive mix for both bond and equity markets, and our current positioning allows for flexibility within either equities or fixed income, as opportunities present themselves.

## Equity & Bond % Returns: January 2024



This graph shows the performance of the major equity markets over the month of January. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, February 2024

## Current Positioning

Asset Class	Country	Positive	Neutral	Negative
Equities	US	✓		
	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		✓	

## Market Performance

### Equity Markets

All major equity markets were propelled higher in early January as optimism around a 'soft landing' scenario continued. Globally the MSCI World returned 2.91% in Euro terms for the month, with the best performing equity sector in January being Communication Services, up 6.38%. Four of the MSCI sectors finished in negative territory with Real Estate being the poorest performing sector returning -2.83%. Several data releases including a robust jobs report pointed to the ongoing resilience of the US economy. Following a strong start which saw record highs, the S&P 500 Index closed the month on a weaker note. The Fed pushed back on dovish market pricing for rate cuts, and explicitly noted that a March cut seems unlikely.

### Bonds & Interest Rates

Following the positivity within the sector towards the end of 2023, bond yields steadied in January. The general consensus was that strong growth data meant that the magnitude of rate cuts priced into the markets was somewhat optimistic. Core government bonds reversed some of last year's gains, as markets scaled back the number of rate cuts priced for 2024. Inflation rose more than expected in January in the US, indicating the central bank has more work to do to bring down prices. The ECB, BoE and Federal Reserve kept rates on hold at their respective January meetings and re-iterated their commitment to remain data dependent. The ICE BofA 5+ Euro Government Bond Index returned -0.87%, down significantly from its 5.71% return in December.

### Commodities & Currencies

Oil prices were up in January with the benchmark WTI Crude Oil reaching its highest level since October 2014. Brent Oil was also up 8.02% in January on the concern over tightening supply chains. Tensions in Ukraine have been increasing for months after Russia massed troops near its borders, fuelling fears of supply disruption in Eastern Europe. In the Middle East, the United Arab Emirates intercepted and destroyed two Houthi ballistic missiles targeting the Gulf country. The overarching geopolitical backdrop led to both increased prices and volatility. Copper returned 2.49% in the month. At the end of January 1 Euro purchased 1.08 USD.

Zurich Life Annualised  
Performance to February 2024

	Annualised							Fund Size (Euros)
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Multi-Asset Funds</b>								
Prisma Low	0.2%	4.6%	Not Started	Not Started	Not Started	Not Started	Not Started	19,295,431
Prisma <b>2</b>	0.3%	4.9%	1.0%	1.2%	1.2%	Not Started	Not Started	497,622,945
Prisma <b>3</b>	0.7%	7.3%	2.7%	3.3%	3.2%	Not Started	Not Started	2,275,486,272
Prisma <b>4</b>	1.3%	11.1%	5.6%	6.9%	6.7%	Not Started	Not Started	3,770,436,831
Prisma <b>5</b>	2.3%	15.5%	8.3%	10.4%	9.4%	Not Started	Not Started	2,778,822,967
Prisma <b>Max</b>	2.7%	18.5%	8.8%	11.5%	9.5%	Not Started	Not Started	287,289,925
Active Asset Allocation	1.2%	10.6%	6.3%	7.6%	7.1%	Not Started	Not Started	1,058,616,489
<b>Managed Funds</b>								
Cautiously Managed	0.7%	10.7%	4.0%	5.3%	5.8%	6.9%	Not Started	844,432,506
<b>Sector Average</b>	0.6%	4.7%	1.3%	2.1%	2.7%	3.7%	3.0%	
Balanced	1.9%	14.2%	5.7%	8.4%	8.2%	9.4%	7.3%	2,466,775,553
<b>Sector Average</b>	1.3%	6.9%	3.5%	4.6%	5.1%	6.8%	4.6%	
Performance	2.5%	16.7%	7.9%	10.5%	9.7%	10.7%	8.1%	1,930,892,210
Dynamic	2.8%	18.3%	8.8%	11.5%	10.4%	11.4%	8.5%	2,432,401,701
<b>FinEx Sector Average</b>	1.5%	7.8%	5.1%	5.7%	6.0%	7.6%	5.0%	
<b>Protected Funds</b>								
Protected 70	1.8%	9.8%	4.3%	5.6%	5.0%	Not Started	Not Started	16,797,175
Protected 80	1.3%	6.8%	2.7%	3.1%	2.7%	Not Started	Not Started	27,171,128
<b>Cash</b>								
Cash Fund	0.3%	2.9%	0.4%	-0.1%	-0.4%	Not Started	Not Started	2,367,935,625
<b>FinEx Sector Average</b>	0.3%	2.2%	0.4%	0.0%	-0.1%	0.1%	0.7%	
<b>Bond</b>								
Medium Duration Corporate Bond	0.0%	6.3%	-3.3%	Not Started	Not Started	Not Started	Not Started	752,284,255
Short Duration Corporate Bond	0.2%	4.0%	-0.3%	Not Started	Not Started	Not Started	Not Started	848,992,577
Global Corporate Bond (JP Morgan)	0.0%	2.6%	-4.5%	-0.2%	0.7%	Not Started	Not Started	8,804,353
Global Government Bond (JP Morgan)	-0.7%	0.6%	-5.2%	-1.7%	0.0%	Not Started	Not Started	1,428,822
Indexed Eurozone Government Bond (BlackRock)*	-1.0%	1.1%	-6.0%	-1.9%	0.6%	Not Started	Not Started	19,832,626
Active Fixed Income	-1.2%	3.6%	-4.5%	-1.4%	1.4%	3.1%	3.6%	973,090,645
Inflation-Linked Bond	-0.8%	2.4%	-0.5%	1.3%	1.3%	Not Started	Not Started	8,762,529
Long Bond	-1.7%	2.7%	-9.8%	-2.9%	1.5%	3.3%	3.8%	56,878,200
<b>FinEx Sector Average</b>	-0.8%	3.2%	-5.0%	-1.0%	1.1%	2.5%	2.6%	
<b>Absolute Return/Diversified Assets Funds</b>								
Dynamic Diversified Growth (BlackRock)	0.2%	2.0%	-1.2%	1.8%	1.6%	Not Started	Not Started	12,190,530
<b>Commodity Funds</b>								
Gold	1.1%	5.9%	6.7%	9.8%	6.8%	Not Started	Not Started	435,213,494
Indexed Global Energy and Metals	1.1%	-10.8%	12.4%	6.7%	1.1%	1.8%	Not Started	19,637,861
Indexed Commodities	1.8%	-7.6%	Not Started	Not Started	Not Started	Not Started	Not Started	313,321,742
<b>Equity Funds (Global)</b>								
5 Star 5	3.6%	20.9%	9.8%	13.7%	11.3%	11.2%	8.6%	427,814,248
International Equity	3.2%	20.3%	9.4%	12.3%	11.2%	12.2%	9.0%	5,807,253,094
Global Select (Threadneedle)	3.5%	20.5%	8.0%	11.7%	11.4%	12.4%	9.5%	13,592,885
Indexed Global Equity (BlackRock)*	5.2%	17.1%	11.2%	12.5%	11.6%	Not Started	Not Started	237,889,926
<b>FinEx Sector Average</b>	2.3%	10.7%	8.9%	9.0%	8.5%	10.3%	6.7%	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	2.0%	11.6%	10.5%	11.7%	9.7%	11.5%	9.7%	166,814,122
European Select (Threadneedle)	2.3%	14.3%	7.6%	11.2%	9.0%	12.2%	8.9%	9,774,363
<b>FinEx Sector Average</b>	1.8%	9.1%	6.3%	7.9%	6.3%	9.0%	6.4%	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	2.4%	12.3%	10.1%	10.5%	8.2%	10.4%	8.5%	114,855,592
Indexed Eurozone Equity (BlackRock)*	3.3%	8.3%	8.6%	8.7%	7.1%	Not Started	Not Started	8,089,640
<b>FinEx Sector Average</b>	2.3%	9.5%	8.1%	7.9%	6.2%	8.4%	5.4%	

	Year to Date	Annualised						Fund Size (Euros)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Equity Fund (American)</b>								
5 Star 5 Americas	3.8%	26.5%	11.5%	15.6%	14.3%	13.4%	11.1%	152,578,759
American Select (Threadneedle)	3.1%	13.3%	9.9%	13.1%	12.9%	14.7%	10.2%	11,683,859
FinEx Sector Average	3.9%	20.1%	13.2%	14.0%	12.9%	14.3%	9.2%	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	-1.2%	-0.3%	4.6%	7.6%	8.6%	9.2%	7.8%	86,408,548
Asia Pacific Equity	-1.5%	-2.6%	4.3%	6.6%	7.8%	Not Started	Not Started	13,520,184
FinEx Sector Average	-1.7%	-7.8%	-1.0%	3.7%	5.2%	8.3%	6.2%	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	3.0%	11.5%	13.4%	7.9%	8.3%	10.8%	Not Started	284,187,028
FinEx Sector Average	2.3%	10.7%	8.9%	9.0%	8.5%	10.3%	6.7%	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-1.5%	-5.8%	-8.4%	0.3%	4.7%	Not Started	Not Started	6,494,683
Indexed Emerging Market Equity Fund (BlackRock)	-3.1%	-4.2%	-4.8%	1.4%	Not Started	Not Started	Not Started	16,194,335
Sector Average	-1.3%	-4.3%	-4.3%	1.0%	4.0%	5.9%	6.8%	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	4.6%	43.5%	14.1%	21.5%	20.1%	21.2%	13.9%	320,903,193
FinEx Sector Average	1.1%	6.0%	7.5%	9.1%	6.4%	7.0%	4.7%	
<b>Property Funds</b>								
Property Fund	-0.5%	-1.4%	-2.1%	-2.3%	Not Started	Not Started	Not Started	23,022,182
Indexed European (Ex-UK) Property	-3.5%	4.1%	-7.4%	-4.6%	3.1%	6.5%	Not Started	190,387,705
Indexed Australasia Property	-2.4%	-10.2%	-1.7%	-2.9%	3.8%	7.1%	Not Started	203,710,655
Sector Average	-0.9%	-5.0%	-0.4%	-1.4%	2.7%	2.1%	1.3%	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	0.2%	2.6%	-2.2%	-1.1%	Not Started	Not Started	Not Started	3,607,686
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-1.2%	2.3%	-0.3%	0.8%	Not Started	Not Started	Not Started	6,566,506
World Equity (Dimensional)	1.2%	8.4%	10.0%	9.5%	Not Started	Not Started	Not Started	23,729,831
Global Short Fixed Income (Dimensional)	0.3%	2.2%	-3.0%	-1.8%	Not Started	Not Started	Not Started	9,673,221
World Allocation 20/80 (Dimensional)	0.5%	3.8%	0.4%	1.0%	Not Started	Not Started	Not Started	6,885,471
World Allocation 40/60 (Dimensional)	0.6%	4.9%	2.6%	3.2%	Not Started	Not Started	Not Started	26,108,491
World Allocation 60/40 (Dimensional)	0.7%	6.0%	4.7%	5.2%	Not Started	Not Started	Not Started	32,411,428
World Allocation 80/20 (Dimensional)	1.0%	7.8%	7.1%	7.1%	Not Started	Not Started	Not Started	18,909,698
Global Small Companies (Dimensional)	-0.9%	3.1%	7.3%	Not Started	Not Started	Not Started	Not Started	11,390,445
Global Value (Dimensional)	1.9%	7.2%	13.9%	Not Started	Not Started	Not Started	Not Started	30,370,309
Global Sustainability Core Equity (Dimensional)	2.2%	12.9%	10.7%	Not Started	Not Started	Not Started	Not Started	5,327,813
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	-3.6%	-0.2%	-7.0%	-5.0%	3.1%	5.9%	Not Started	8,128,971
Diversified Assets	0.3%	3.1%	5.1%	4.5%	4.9%	6.5%	Not Started	8,633,575

Source: FE fund info as at 01/02/2024.

Annual management charges (AMC) apply. The fund returns shown are net of the AMC deducted by each provider in their unit prices. This will vary for each provider, and any difference will impact the relative performance of the funds shown. The fund returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds. These fund returns may be before the full AMC is applied to a policy. The actual returns on policies linked to the specified fund will be lower because of the effects of charges and in some cases a higher management charge.

\* Performance using most recent data available.

Figures highlighted in beige indicate where the Zurich Life fund has outperformed the sector average.

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