



# Monthly Investment Review

Equity markets overall were flat again in April with a stronger euro currency negating local gains in a number of markets. The US market treaded water as investors closely watched the new US administration's attempts to push ahead with policy action, especially in relation to proposed corporation tax cuts. Strategists have yet to revise up earnings per share (eps) estimates for the US market on the back the proposed cuts. European equities made good gains, especially France, supported by stronger economic data, a good earnings results season and the reduction of political risk following the first round of the French presidential election, with the French National Front Party losing momentum. Equities remain well valued on a relative basis compared to bonds and cash, although they have become more expensive on an absolute (P/E ratio) basis. Eurozone government bonds offer little long term value and have come under some pressure in the last nine months.

## Equity Markets

- Equities (in euro terms) were little changed in April as market participants continued to assess US policy action as well as the likely number of US rate rises during 2017. Given that markets were somewhat 'overbought', as well as the US administration's difficulties with healthcare reform, equities were unlikely to have made significant gains during the month.
- World equities (in euro terms) fell by 0.2% in April, and have given a total return of plus 5.2% in the first four months of the year. With the exception of the UK (-1.6%) all of the major equity markets were up in local currency terms in April ranging from 3.0% in Ireland to 0.9% in the US; returns in euro terms were held back by the stronger euro currency. Year-to date, Hong Kong (+11.9%), Europe (+8.9%) and the US (+6.5%) have led the way.
- Sectorwise in the US, a number of economically sensitive areas, such as technology (+2.4%) and consumer discretionary (+2.4%), outperformed in April, as they had done the previous month. Telecoms (-4.4%) underperformed on the back of their bond-proxy status. Year-to-date, the best performing sector has been technology (+14.9%), the worst energy (-10.0%).

## Bonds & Interest Rates

- The Merrill Lynch Euro over Five Year Index rose by 0.1% in April, helped by strength in French government bonds, and is now down by 1.6% year-to-date. Bond prices globally have suffered somewhat in the last nine months. Eurozone bonds had been supported up to the middle of July of last year by economic growth concerns and increased quantitative easing. However, they are now facing an environment of higher US rates, a pick-up in inflation and the prospect of a reflationary US economic policy.
- The German ten-year bond yield fell marginally over the month from 0.33% to 0.32%. The yield had hit an all-time low of minus 0.19% on 8th July 2016. Equivalent US rates fell from 2.39 to 2.28%. Yields in the US reached a 2016 low of 1.36%, also on 8th July, and have risen due to the expectation of further interest rate rises and the likely change in US economic policy by the new administration.
- The markets now expect two further US rate rise, of 0.25% each, during the rest of 2017 following on from the move on 15th March. A move in June is fully anticipated. Eurozone rates are likely to remain at current ultra-low levels for at least 12 months whilst a UK move is not expected until H1 2018.

## Commodities & Currencies

- Commodity prices overall were down by 2.2% during April and are down 5.6% so far this year. After an almost 50% rally in 2016 and a relatively quiet January and February, the oil price fell sharply in both March and April on the back of a build-up of inventories.
- The gold price rose by 2% during the month to \$1,268 per troy ounce and is now up 10% year-to-date. The price of copper, the world's most widely used metal after iron and aluminium, fell back by 2% during April but remains up over 25% since the recent rally began in mid-October 2016.

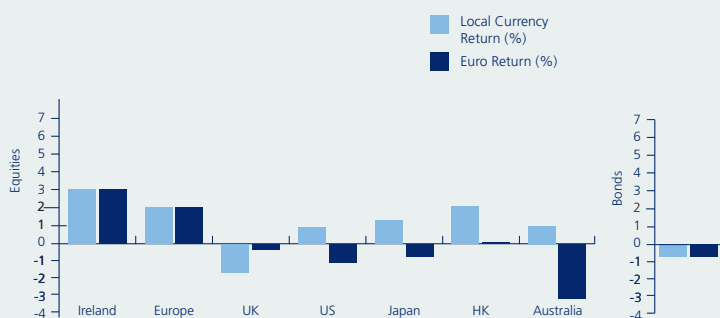


Richard Temperley  
Head of Investment Development

## Activity

Equity positions were increased towards the end of April from moderately overweight to well overweight given the stronger economic outlook, good corporate earnings and the reduction in political risk in Europe. The fund managers had taken some risk off the table during the previous month in order to lock-in some profits. Geographical positions were maintained during the month with the main overweight positions being in Europe, the US and Ireland. Sector positions were also broadly maintained. The funds are overweight technology, industrials and consumer discretionary stocks and underweight consumer staples and utilities.

Equity & Bond % Returns - April 2017



This graph shows the performance of the major equity markets over the month of April. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over 5 Year Euro Government Bond Index. Source: Bloomberg, April 2017.

Asset Class		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			✓

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Prisma Multi-Asset Funds<sup>†</sup></b>								
Prisma 2	0.2%	1.8%	1.7%	Not Started	Not Started	Not Started	Not Started	143,299,356
Prisma 3	1.1%	5.4%	4.4%	Not Started	Not Started	Not Started	Not Started	525,054,228
Prisma 4	2.7%	12.3%	9.1%	Not Started	Not Started	Not Started	Not Started	542,514,710
Prisma 5	3.7%	17.5%	11.8%	Not Started	Not Started	Not Started	Not Started	220,808,080
Prisma 6	4.7%	19.8%	9.0%	Not Started	Not Started	Not Started	Not Started	19,838,415
<b>Managed Funds</b>								
Cautiously Managed	2.1%	8.7%	8.9%	9.1%	Not Started	Not Started	Not Started	397,892,548
FinEx Sector Average	2.1%	5.8%	4.9%	4.8%	2.5%	3.4%	4.2%	
Balanced	3.9%	14.1%	11.2%	11.6%	5.2%	6.5%	7.4%	1,678,168,577
FinEx Sector Average	2.9%	8.9%	8.2%	9.0%	2.8%	4.0%	5.6%	
Performance	4.8%	17.0%	12.0%	12.3%	4.9%	6.6%	7.3%	1,340,380,787
Dynamic	5.3%	19.0%	12.9%	13.0%	5.1%	6.7%	7.3%	1,600,248,042
FinEx Sector Average	4.0%	11.8%	9.5%	9.4%	3.1%	4.3%	5.6%	
<b>Protected Funds</b>								
Protected 70	3.4%	10.1%	7.0%	7.5%	Not Started	Not Started	Not Started	15,225,634
Protected 80	1.9%	5.3%	4.2%	4.7%	Not Started	Not Started	Not Started	34,509,774
Protected 90	0.0%	0.0%	0.7%	0.9%	Not Started	Not Started	Not Started	12,989,915
<b>Cash Fund</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.8%	1.4%	2.3%	304,636,716
Cash Fund	-0.3%	-0.7%	-0.6%	-0.5%	0.3%	Not Started	Not Started	372,682,370
FinEx Sector Average	-0.1%	-0.2%	0.2%	0.1%	0.9%	1.3%	2.0%	
<b>Bond Funds</b>								
Global Corporate Bond (JP Morgan)*	1.4%	1.3%	2.4%	Not Started	Not Started	Not Started	Not Started	5,630,987,795
Global Government Bond (JP Morgan)*	0.0%	-1.6%	2.4%	Not Started	Not Started	Not Started	Not Started	421,650,233
Indexed Eurozone Government Bond (BlackRock)	-0.4%	-0.9%	3.4%	4.8%	Not Started	Not Started	Not Started	7,195,621
Active Fixed Income	-1.1%	0.1%	5.4%	6.9%	6.3%	6.2%	7.3%	179,416,020
Inflation-Linked Bond	-1.9%	0.5%	1.3%	1.3%	Not Started	Not Started	Not Started	5,805,400
Long Bond	-2.8%	-1.3%	7.1%	8.7%	6.8%	Not Started	Not Started	53,724,300
Global Real Return (PIMCO)*	1.7%	7.1%	3.6%	Not Started	Not Started	Not Started	Not Started	2,439,468,607
Emerging Local Currency Debt (Pictet)*	2.1%	9.5%	4.5%	Not Started	Not Started	Not Started	Not Started	5,141,442,855
FinEx Sector Average	-0.4%	1.1%	4.0%	5.0%	4.1%	4.6%	5.5%	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco) *	2.2%	3.4%	Not Started	Not Started	Not Started	Not Started	Not Started	6,210,000,000
Income Opportunity (JP Morgan)*	1.0%	4.7%	0.9%	Not Started	Not Started	Not Started	Not Started	3,681,911,485
Dynamic Diversified Growth (BlackRock)	3.6%	2.6%	0.8%	2.6%	Not Started	Not Started	Not Started	16,591,249
Diversified Assets	0.7%	9.3%	5.8%	6.2%	Not Started	Not Started	Not Started	14,246,949
Active Asset Allocation	2.7%	12.4%	9.0%	7.9%	Not Started	Not Started	Not Started	247,022,700
<b>Commodity Funds</b>								
Gold	5.6%	2.6%	7.0%	-2.2%	Not Started	Not Started	Not Started	39,182,082
Earth Resources	-1.0%	2.6%	-8.1%	-5.4%	Not Started	Not Started	Not Started	5,656,048
Global Commodities	-7.1%	8.3%	-8.1%	-6.7%	-4.9%	Not Started	Not Started	14,153,669
CommoditiesPLUS Strategy (PIMCO)*	-2.2%	1.4%	-15.4%	Not Started	Not Started	Not Started	Not Started	439,790,521
Green Resources	9.5%	10.7%	-0.9%	5.0%	Not Started	Not Started	Not Started	4,013,890
<b>Equity Funds (Global)</b>								
5 Star 5	5.0%	19.5%	13.5%	11.5%	4.4%	6.9%	Not Started	213,595,259
International Equity	5.2%	20.8%	14.4%	13.8%	6.4%	6.4%	8.7%	1,205,380,353
Global Select (Threadneedle)	6.0%	20.6%	15.5%	13.6%	6.8%	6.5%	Not Started	6,742,868
Global Equity (MFS Meridian)*	5.8%	20.7%	14.8%	Not Started	Not Started	Not Started	Not Started	5,704,745,408
Indexed Global Equity (BlackRock)	2.5%	22.9%	14.2%	13.9%	Not Started	Not Started	Not Started	108,028,989
FinEx Sector Average	5.2%	15.7%	11.8%	11.5%	4.5%	4.5%	5.8%	

Source: Financial Express as at 01/05/2017

The Financial Express sector averages shown are the average of all funds in each of the Financial Express sectors in the individual pensions category.

**Annual management charges (AMC) apply. The fund returns shown are net of the AMC deducted by Zurich Life in our unit prices. 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.**

<sup>†</sup> The Prisma Multi-Asset Funds were previously known as the Pathway Multi-Asset Funds.

\* External fund size: Where external funds have been on the Zurich platform for less than two years, we have used the fund size of the underlying external fund.

N/S = Not Started.

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

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Equity Funds (European)</b>								
Euro Markets Fund (BlackRock)*	8.4%	18.6%	8.0%	Not Started	Not Started	Not Started	Not Started	3,097,164,508
5 Star 5 Europe	8.6%	18.5%	12.8%	15.9%	5.1%	Not Started	Not Started	110,264,258
European Select (Threadneedle)	10.2%	14.8%	10.7%	13.3%	6.5%	7.8%	Not Started	11,852,685
Small Cap Europe (Pictet)*	12.7%	23.0%	11.8%	Not Started	Not Started	Not Started	Not Started	237,963,277
FinEx Sector Average	9.1%	14.2%	8.8%	12.5%	3.4%	5.1%	7.4%	
<b>Equity Funds (Eurozone)</b>								
Eurozone Equity	9.8%	22.5%	8.9%	14.5%	4.8%	Not Started	Not Started	77,659,237
Europe ex-UK Index (BlackRock)	9.9%	19.6%	8.3%	12.8%	2.9%	Not Started	Not Started	3,630,899
Indexed Eurozone Equity (BlackRock)	9.5%	26.0%	8.6%	13.5%	Not Started	Not Started	Not Started	3,138,506
FinEx Sector Average	9.4%	15.2%	8.0%	12.0%	1.7%	3.9%	5.9%	
<b>Equity Funds (Irish)</b>								
Irish Equity	5.1%	12.2%	14.9%	19.3%	0.1%	Not Started	Not Started	16,636,785
FinEx Sector Average	5.5%	6.5%	11.9%	16.0%	-1.7%	3.5%	5.7%	
<b>Equity Funds (American)</b>								
5 Star 5 Americas	-0.2%	25.4%	17.4%	15.5%	8.6%	Not Started	Not Started	64,946,109
American Select (Threadneedle)	3.9%	27.5%	18.4%	16.1%	9.7%	6.4%	Not Started	12,871,290
FinEx Sector Average	3.9%	20.7%	17.0%	15.7%	8.3%	5.5%	6.5%	
<b>Equity Fund (UK)</b>								
UK Growth (M&G)*	8.0%	13.6%	5.1%	Not Started	Not Started	Not Started	Not Started	601,890,000
UK Index (BlackRock)	4.0%	11.0%	4.3%	7.2%	2.5%	Not Started	Not Started	2,244,355
FinEx Sector Average	5.4%	8.1%	4.3%	7.2%	2.3%	3.4%	4.1%	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	12.6%	27.4%	12.3%	9.1%	3.2%	Not Started	Not Started	75,338,127
Asia Pacific Equity	11.6%	28.4%	10.9%	8.5%	Not Started	Not Started	Not Started	9,370,254
FinEx Sector Average	10.5%	22.1%	8.8%	6.5%	4.4%	6.3%	5.7%	
<b>Equity Funds (Japan)</b>								
Japan Index (BlackRock)	2.3%	17.6%	15.5%	11.5%	2.8%	Not Started	Not Started	2,987,444
FinEx Sector Average	3.3%	16.8%	14.9%	11.1%	2.2%	2.3%	2.4%	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	3.8%	22.4%	14.5%	15.1%	5.1%	Not Started	Not Started	236,912,381
Global Dividend (M&G)*	2.2%	24.7%	9.9%	Not Started	Not Started	Not Started	Not Started	6,907,380,000
FinEx Sector Average	5.2%	15.7%	11.8%	11.5%	4.5%	4.5%	5.8%	
<b>Equity Funds (Emerging Market)</b>								
India Equity	16.0%	24.3%	15.2%	10.0%	Not Started	Not Started	Not Started	12,544,688
Emerging Markets Opportunities (JP Morgan)*	10.5%	33.2%	9.3%	Not Started	Not Started	Not Started	Not Started	2,036,520,771
FinEx Sector Average	11.4%	22.3%	9.8%	4.8%	3.7%	5.2%	Not Started	
<b>Equity Funds (Specialist)</b>								
Top Tech 100	11.2%	36.0%	26.3%	20.6%	14.4%	8.9%	Not Started	41,660,613
FinEx Sector Average	3.4%	9.5%	4.6%	5.0%	1.5%	2.2%	3.3%	
<b>Property Funds</b>								
Fund of REITs	1.0%	-1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	15,007,555
European (Ex-UK) Property	3.6%	6.1%	11.8%	12.9%	Not Started	Not Started	Not Started	48,152,409
Global Property Equities (Henderson Horizon)*	0.0%	8.5%	13.4%	Not Started	Not Started	Not Started	Not Started	396,953,133
Australasia Property	5.8%	11.9%	13.3%	10.1%	Not Started	Not Started	Not Started	38,188,725
FinEx Sector Average	1.2%	2.5%	7.8%	6.7%	-2.8%	2.8%	6.4%	
<b>Funds Closed to New Business</b>								
Eurozone Property	3.7%	5.3%	11.7%	13.0%	0.5%	Not Started	Not Started	20,538,205
Global Emerging Markets Equity (Aberdeen)*	9.4%	25.5%	9.8%	Not Started	Not Started	Not Started	Not Started	6,294,244,874

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



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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.zurichlife.ie](http://www.zurichlife.ie)

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