Monthly **Investment Review**





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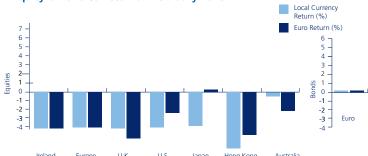
Following a generally strong start to 2018 on the back of good economic growth data and continued strong corporate earnings, equities ran into some severe volatility at the end of January, early February. The US market experienced a drawdown of close to 10% before recovering around half of these declines over the remainder of February. The brief correction was caused by a sharp rise

in US 10-year Treasury yields (from 2.4% to 2.9%) which were reacting to a pick-up in US wage inflation. This had the result of making US equities appear less attractively valued when compared to bonds. Market participants continue to assess the pace of interest rate rises in the US - there have already been five rate rises (of 0.25%) in the cycle, albeit from historically low levels of effectively zero percent. The Federal Reserve has forecast three further rate hikes in 2018 due to the strengthening of the labour market and economic activity, although recent comments from new Fed Chairman Powell have caused markets to believe that there may be four rises during 2018. The macro-economic fundamentals, in general, continue to support equities although we are likely to experience some further volatility during the remainder of 2018. Eurozone government bonds continue to offer little long-term value.

Equity Markets

- World equities (in euro terms) fell by 2.4% in February and have given a total return of minus 0.4% during the first two months of 2018. Local currency returns in February for the major markets ranged from minus 0.4% in Australia to minus 6.2% in Hong Kong; the influential US market was down 3.9%. Year-to-date, the best performing markets have been Hong Kong (+3.1%) and the US (+1.5%); the worst being the UK (-5.9%).
- Sectorwise, the best performing stocks in the US in February were in cyclical areas such as technology, financials and consumer discretionary. Bond proxy sectors such as real estate and telecoms underperformed. These trends, which were evident in January and throughout 2017, show that the markets have not changed tack and have continued to favour economically sensitive sectors over defensive ones. Year-to-date, technology is up 7.5%, while telecoms and real estate are down around 8%. These significant divergences are an advantage for good active





This graph shows the performance of the major equity markets over the month of February. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over Five Year Euro Government Bond Index. Source: Bloomberg, March 2018.

Bonds & Interest Rates

- The Over Five Year Euro Government Bond Index rose marginally in February, giving a return for the first two months of the year of minus 0.2%. There was little difference during the month between core markets (such as Germany and the Netherlands) and peripheral markets (such as Spain and Italy) but year-to-date the core has significantly underperformed the periphery.
- The German ten-year bond yield was virtually unchanged during February ending at 0.66%. This followed a sharp rise in yield in January. Equivalent US rates rose from 2.71% to 2.86%, having begun the year at 2.41%.
- The Federal Reserve has forecast three further rate rises (of 0.25%) in 2018 with more to come in 2019. Eurozone rates are likely to remain at current ultra-low levels for at least 12 months. The Bank of England increased rates, at the start of November 2017, for the first time in a decade by 0.25% to 0.5%, reversing emergency action following the Brexit vote. One or two further rate rises are currently expected during 2018.

Commodities & Currencies

- Commodity prices were mixed in February with energy prices falling 5.4% and non-energy prices rising 1.2%. Food, beverages and raw materials rose 2.2%, 1.2% and 0.6% respectively. Base metals fell 0.1% and precious metals 0.5%. The overall commodity index is down 1.5%
- Following five months in-a-row of sharply upward moves, the oil price fell by close to 5% in February on the back of stronger shale oil production and some profit-taking. The gold price fell by 1.6% during February to \$1,318 per troy ounce but remains in positive territory so far in 2018.
- The euro currency weakened slightly against the US dollar during the month with the EUR/USD rate moving from 1.24 to 1.22. The euro was a strong currency in 2017.

Activity

Equity positions were increased, following the weakness in early February, are are now close to the top of ranges in all of the multi-asset portfolios. With regards to geographic positions, the main bias is towards European and Asian equities. The UK has been underweight for some time. The US is slightly underweight while Japan is a neutral position. Sector positions were also broadly maintained during the month. The funds are positively biased towards industrials, materials and technology and negatively biased towards real estate, utilities and telecoms. Following some profit-taking in technology stocks towards the end of 2017, positions in European and Asian tech stocks were slightly increased in February. Bond positions are towards the bottom of ranges whilst the duration of the remaining bonds is low.

Asset Class		Positive	Neutral	Negative
	North America	,		✓
Equities	Europe Japan			
	UK	·		✓
	Asia-Ex Japan	1		
Fixed Income	Eurozone			✓
	US		1	
	UK		✓	
Currencies	USD		1	
	GBP		1	
	YEN		1	
Alternatives	Oil	✓		
	Gold	√		
	Copper	√		
	Global Property			√
	Soft Commodities	✓		

	Year to			Ann	ualised			
	Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Prisma Multi-Asset Funds+								
Prisma 2 2	-0.1%	-0.2%	0.4%	N/S	N/S	N/S	N/S	175,631,468
Prisma 3 3	-0.1%	0.7%	1.5%	N/S	N/S	N/S	N/S	718,475,044
Prisma 4 4	-0.1%	2.1%	3.6%	N/S	N/S	N/S	N/S	820,847,095
Prisma 5 5	-0.3%	3.1%	4.6%	N/S	N/S	N/S	N/S	315,062,029
Prisma 6 6	0.3%	4.4%	4.4%	N/S	N/S	N/S	N/S	29,855,030
	0.5 70	1.170	1.170	103	14/3	14/5	14/3	
Managed Funds	_	_		_				
Cautiously Managed	0.1%	1.9%	2.9%	7.9%	6.6%	N/S	N/S	436,321,237
Sector Average	-0.4%	1.8%	1.7%	4.1%	3.1%	4.0%	3.7%	
Balanced	0.0%	3.2%	4.2%	9.9%	6.6%	8.2%	5.6%	1,674,767,04
Sector Average	-1.9%	1.2%	2.1%	7.3%	4.0%	5.9%	3.9%	
Performance 	0.0%	4.5%	5.0%	10.8%	6.8%	8.6%	5.6%	1,340,169,12
Dynamic	0.0%	4.5%	5.5%	11.4%	7.0%	9.0%	5.6%	1,614,238,55
Sector Average	-2.0%	1.6%	3.1%	7.9%	4.5%	6.1%	4.3%	
Protected Funds								
Protected 70	-0.6%	1.2%	0.9%	6.2%	N/S	N/S	N/S	17,933,081
Protected 80	-0.6%	-0.1%	-0.5%	3.7%	N/S	N/S	N/S	34,508,271
Protected 90	-0.6%	-1.9%	-2.1%	0.4%	N/S	N/S	N/S	10,434,880
Cash				'	'		,	
Secure	0.0%	0.0%	0.0%	0.0%	0.5%	1.2%	1.9%	252,794,669
Cash Fund	-0.2%	-0.8%	-0.7%	-0.6%	0.0%	N/S	N/S	525,529,188
Sector Average	-0.1%	-0.4%	-0.1%	0.0%	0.6%	1.1%	1.7%	
Bond								
Global Corporate Bond (JP Morgan)	-1.8%	0.5%	0.7%	2.1%	N/S	N/S	N/S	8,942,440
Global Government Bond (JP Morgan)	-1.0%	-0.9%	0.0%	1.5%	N/S	N/S	N/S	1,125,989
Indexed Eurozone Government Bond (BlackRock)	-0.1%	0.9%	0.2%	3.6%	N/S	N/S	N/S	6,138,808
Active Fixed Income	0.0%	-0.3%	0.1%	5.4%	5.9%	5.3%	6.1%	165,978,087
Inflation-Linked Bond	-0.4%	1.8%	0.2%	1.0%	N/S	N/S	N/S	6,893,994
Long Bond	-0.1%	0.5%	-0.4%	7.0%	6.7%	N/S	N/S	52,110,346
Sector Average	-0.6%	0.7%	0.2%	3.7%	4.1%	4.1%	4.6%	
Absolute Return/Diversified Assets Funds				1			1	
Global Targeted Returns Fund (Invesco)	0.2%	-0.4%	0.4%	N/S	N/S	N/S	N/S	97,567,899
Dynamic Diversified Growth (BlackRock)	0.3%	5.3%	0.1%	2.4%	N/S	N/S	N/S	15,720,017
Active Asset Allocation	-0.1%	2.3%	3.6%	7.1%	N/S	N/S	N/S	312,788,127
	-0.176	2.5 /0	3.0 /6	7.170				312,766,127
Commodity Funds					N/S	N/S	N/S	
Gold	-0.5%	-9.8%	-0.9%	-3.0%	N/S	N/S	N/S	78,655,930
Indexed Global Energy and Metals	-1.9%	-5.6%	-4.9%	-5.9%	-7.2%	N/S	N/S	13,510,587
Equity Funds (Global)								
5 Star 5	1.2%	8.9%	6.4%	11.4%	6.0%	8.9%	N/S	210,074,554
nternational Equity	0.4%	4.9%	6.3%	12.4%	8.2%	9.5%	7.2%	1,577,738,5
Global Select (Threadneedle)	-1.7%	8.0%	7.1%	12.6%	8.6%	9.9%	N/S	5,681,249
ndexed Global Equity (BlackRock)	-0.8%	0.8%	5.0%	11.9%	N/S	N/S	N/S	94,718,994
Sector Average	-1.6%	2.3%	4.0%	9.7%	6.0%	7.4%	4.3%	
Equity Funds (European)								
5 Star 5 Europe	-1.1%	12.7%	6.7%	12.7%	7.2%	N/S	N/S	119,065,994
European Select (Threadneedle)	-3.9%	6.0%	2.5%	9.0%	9.0%	10.7%	N/S	10,367,155
Sector Average	-1.5%	8.3%	3.7%	9.4%	5.1%	8.6%	5.6%	

Source: Financial Express as at 01/03/2018

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.

N/S = Not Started.

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.

^{**} Performance using most recent data available.

	Year to			An	nualised			
	Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Equity Funds (Eurozone)								
Eurozone Equity	-0.2%	12.3%	5.0%	11.3%	6.6%	N/S	N/S	90,601,817
Indexed Eurozone Equity (BlackRock)	-0.5%	8.3%	3.9%	10.2%	N/S	N/S	N/S	8,680,213
Sector Average	-1.1%	9.9%	4.4%	9.5%	3.4%	7.2%	3.9%	
Equity Funds (Irish)						'		
Irish Equity	-4.2%	5.0%	7.3%	14.9%	3.6%	N/S	N/S	16,244,789
Sector Average	-3.5%	4.2%	4.5%	12.0%	1.7%	5.3%	3.0%	
Equity Fund (American)								
5 Star 5 Americas	1.6%	1.5%	7.1%	14.8%	9.6%	N/S	N/S	58,892,586
American Select (Threadneedle)	0.6%	1.6%	7.9%	14.6%	11.7%	9.8%	N/S	10,862,796
Sector Average	-0.1%	0.8%	6.3%	14.1%	10.2%	8.6%	4.6%	
Equity Funds (Far East Asia)			'					
5 Star 5 Asia Pacific	2.3%	16.5%	9.6%	9.4%	5.0%	N/S	N/S	85,069,845
Asia Pacific Equity	1.5%	13.7%	7.4%	8.1%	N/S	N/S	N/S	10,419,436
Sector Average	0.0%	8.3%	3.4%	5.6%	5.2%	9.3%	6.6%	
Equity Funds (High Yield)								
Dividend Growth	-1.3%	-2.3%	4.3%	11.0%	8.2%	N/S	N/S	220,919,645
Sector Average	-1.6%	2.3%	4.0%	9.7%	6.0%	7.4%	4.3%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	2.3%	21.8%	7.5%	N/S	N/S	N/S	N/S	6,770,773
Sector Average	1.3%	12.5%	4.1%	5.8%	3.0%	9.9%	N/S	
Equity Funds (Specialist)	'					,		
Indexed Top Tech 100	5.9%	12.7%	13.0%	22.5%	17.5%	12.7%	N/S	50,378,111
Sector Average	-1.0%	-1.0%	0.7%	4.5%	1.6%	4.7%	3.1%	
Property Funds								'
Fund of REITs	-0.6%	20.5%	5.3%	N/S	N/S	N/S	N/S	19,870,138
Indexed European (Ex-UK) Property	-5.7%	7.8%	2.5%	10.3%	6.0%	N/S	N/S	63,645,324
Indexed Australasia Property	-1.9%	-5.2%	0.9%	4.1%	4.9%	N/S	N/S	47,289,331
Sector Average	-1.1%	3.8%	3.9%	7.0%	-1.2%	2.8%	5.7%	
Funds Closed to New Business						·		
Indexed Eurozone Property	-5.0%	11.3%	3.9%	10.8%	4.4%	N/S	N/S	19,730,579
Indexed India Equity	-5.7%	2.9%	-1.4%	7.8%	2.4%	N/S	N/S	10,468,039
Income Opportunity (JP Morgan)	-0.1%	-0.7%	0.9%	0.8%	N/S	N/S	N/S	7,092,784
Diversified Assets	-1.4%	0.1%	0.5%	4.7%	3.7%	N/S	N/S	11,973,599
Earth Resources	-0.5%	-3.7%	-6.1%	-3.7%	-6.2%	N/S	N/S	4,876,712
Green Resources	-4.3%	7.3%	-2.4%	6.7%	N/S	N/S	N/S	3,709,422
Small Cap Europe (Pictet)	-1.4%	12.9%	8.4%	N/S	N/S	N/S	N/S	2,333,993

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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