February 2019

Monthly Investment Review

- After suffering a torrid December, stock markets in the US and most other regions rebounded strongly in January as investors' pessimism receded and some near-term risks dissipated, at least for now.
- The Federal Reserve struck a more dovish note, taking into account recent market volatility, while market sentiment improved on indications that the US and China are making progress with regard to their trade talks.
- While these developments are a necessary condition for markets to climb higher going forward, the economic outlook and expected earnings growth are crucial for further upside potential. It is interesting to note that the US stock market is up almost 15% from its low point on Christmas Eve.



Richard Temperley
Head of Investment Development

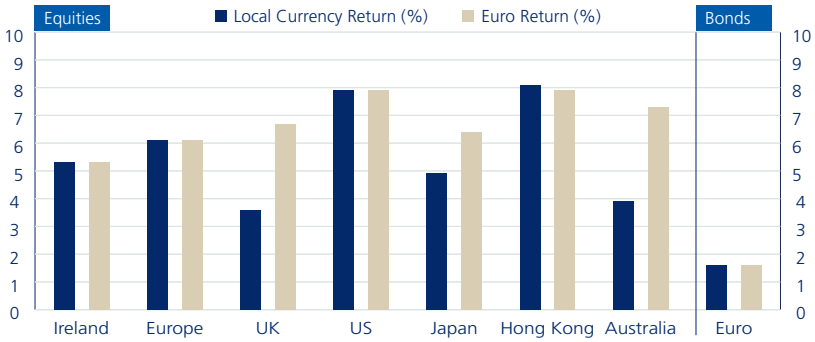
Activity

Equity positions are towards the upper end of ranges in all of the multi-asset portfolios. Zurich remains reasonably constructive on equities in general although some profits may be taken in coming months if markets continue to rally.

With regards to geographic positions, the main bias is towards Asia-Pacific while underweight positions are held in Europe and the UK. The US was moved from slightly underweight to neutral at the beginning of January. Sector positions were broadly maintained during the month.

The funds are positively biased towards financial, technology and materials stocks and negatively biased towards utilities and real estate. Bond positions are towards the bottom of ranges whilst the duration of the remaining bonds is low.

Equity & Bond % Returns: January 2019



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 Merrill Lynch Over Five Year Euro Government Bond Index.
Source: Bloomberg, February 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 a strong 7.4% in January, almost reversing December's hefty 8.0% decline. Local currency returns in January for the major markets ranged from plus 8.1% in Hong Kong to plus 3.6% in the UK. The influential US market was up by 7.9%. Earnings results for Q4 2018 although not particularly strong were nevertheless taken well by the markets. Regarding sectors in the US during January, economically sensitive cyclical stocks outperformed defensive areas in the more risk-on environment.

Fixed Income & Currencies

The Over Five Year Euro Government Bond Index rose by 1.6% in January with most markets giving similar returns. Eurozone bond prices reacted positively to benign inflation and weaker economic data, with Germany posting its slowest annual growth rate since 2013. The German ten-year bond yield fell during January, moving from 0.24% to 0.15%. Equivalent US rates moved from 2.68% to 2.63%. With the exception of a stronger pound sterling, most currencies were little changed against the euro during the month.

Alternatives

Commodity prices rose by close to 6% in January, led by a sharp rise in energy prices - a reversal of conditions in December. After nine months of severe declines, the oil price jumped by over 15% in January on the hopes that economic growth concerns in the US and China may have been somewhat exaggerated. The gold price rose by 3% during the month finishing at $1,320 per troy ounce while copper rose by 5%.

Zurich Life Annualised Performance to 1 February 2019

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Prisma Multi-Asset Funds								
Prisma 2	1.0%	-0.4%	0.6%	1.1%	Not Started	Not Started	Not Started	204,354,101
Prisma 3	2.3%	-0.4%	2.4%	3.1%	Not Started	Not Started	Not Started	904,928,976
Prisma 4	5.1%	-0.4%	5.6%	6.6%	Not Started	Not Started	Not Started	1,072,093,676
Prisma 5	6.9%	-0.5%	8.0%	8.3%	Not Started	Not Started	Not Started	474,360,377
Prisma 6	6.9%	-0.5%	8.8%	7.5%	Not Started	Not Started	Not Started	43,940,379
Managed Funds								
Cautiously Managed	3.1%	-0.4%	3.7%	6.4%	7.7%	Not Started	Not Started	436,634,405
Sector Average	**2.7%**	**-2.4%**	**3.0%**	**3.4%**	**4.6%**	**3.4%**	**3.3%**	
Balanced	4.8%	0.1%	5.8%	7.9%	10.0%	7.0%	5.1%	1,667,962,059
Sector Average	**4.5%**	**-2.8%**	**4.7%**	**5.6%**	**8.0%**	**4.6%**	**3.6%**	
Performance	6.0%	0.1%	7.1%	8.8%	10.8%	7.3%	5.2%	1,325,845,509
Dynamic	6.7%	0.1%	7.7%	9.3%	11.4%	7.6%	5.1%	1,526,659,139
FinEx Sector Average	**5.4%**	**-2.8%**	**6.0%**	**6.4%**	**8.6%**	**4.8%**	**4.1%**	
Protected Funds								
Protected 70	4.3%	-3.2%	2.6%	4.4%	Not Started	Not Started	Not Started	19,242,608
Protected 80	2.4%	-3.4%	0.6%	2.3%	Not Started	Not Started	Not Started	32,511,734
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.2%	1.0%	1.6%	211,288,224
Cash Fund	-0.1%	-0.9%	-0.8%	-0.7%	-0.4%	Not Started	Not Started	692,322,985
FinEx Sector Average	**-0.1%**	**-0.6%**	**-0.4%**	**-0.1%**	**0.2%**	**1.0%**	**1.4%**	
Bond								
Global Corporate Bond (JP Morgan)	1.8%	-2.8%	1.2%	1.6%	Not Started	Not Started	Not Started	9,868,925
Global Government Bond (JP Morgan)	0.30%	0.30%	-0.10%	1.60%	Not Started	Not Started	Not Started	1,003,907
Indexed Eurozone Government Bond (BlackRock)*	0.60%	1.80%	0.70%	3.00%	Not Started	Not Started	Not Started	6,605,178
Active Fixed Income	0.80%	1.10%	0.60%	4.30%	5.40%	5.30%	5.30%	170,117,742
Inflation-Linked Bond	0.60%	-1.00%	0.60%	1.20%	Not Started	Not Started	Not Started	6,887,889
Long Bond	1.7%	3.1%	1.1%	6.2%	6.6%	6.1%	Not Started	55,997,390
FinEx Sector Average	**1.5%**	**0.7%**	**1.5%**	**3.3%**	**4.3%**	**3.9%**	**4.0%**	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	0.5%	-5.5%	-1.0%	Not Started	Not Started	Not Started	Not Started	74,611,097
Dynamic Diversified Growth (BlackRock)	3.2%	-2.2%	1.6%	1.4%	Not Started	Not Started	Not Started	13,699,639
Active Asset Allocation	5.7%	-0.1%	5.8%	6.6%	Not Started	Not Started	Not Started	385,711,729
Commodity Funds								
Gold	2.8%	6.3%	3.1%	3.8%	Not Started	Not Started	Not Started	85,344,472
Indexed Global Energy and Metals	5.0%	2.2%	5.7%	-4.1%	-0.5%	Not Started	Not Started	12,768,266
Equity Funds (Global)								
5 Star 5	6.1%	-2.9%	6.8%	8.9%	10.0%	6.9%	Not Started	193,254,724
International Equity	7.0%	-0.7%	8.8%	10.1%	12.1%	7.9%	6.0%	1,880,969,176
Global Select (Threadneedle)	10.7%	-0.4%	10.5%	11.1%	12.8%	8.8%	Not Started	6,949,309
Indexed Global Equity (BlackRock)*	9.6%	3.8%	10.0%	10.8%	Not Started	Not Started	Not Started	99,312,482
FinEx Sector Average	**7.1%**	**-2.1%**	**8.1%**	**7.9%**	**10.9%**	**5.9%**	**3.9%**	
Equity Funds (European)								
5 Star 5 Europe	5.3%	-9.8%	5.8%	7.7%	11.3%	9.1%	Not Started	99,225,412
European Select (Threadneedle)	5.7%	-8.4%	3.0%	6.8%	12.7%	8.2%	Not Started	9,387,580
FinEx Sector Average	**6.5%**	**-10.4%**	**3.8%**	**4.8%**	**9.5%**	**5.9%**	**5.1%**	
Equity Funds (Euro)								
Eurozone Equity	6.2%	-9.8%	6.1%	5.9%	10.3%	7.9%	Not Started	78,071,217
Indexed Eurozone Equity (BlackRock)*	8.0%	-7.5%	6.7%	5.6%	Not Started	Not Started	Not Started	7,747,332
Sector Average	**6.2%**	**-11.0%**	**4.6%**	**4.5%**	**8.7%**	**4.5%**	**3.2%**	

Equity Funds (Irish)								
Irish Equity	5.5%	-14.0%	-1.3%	7.1%	12.6%	Not Started	Not Started	13,991,459
FinEx Sector Average	**6.2%**	**-16.6%**	**-2.6%**	**4.6%**	**10.0%**	**2.1%**	**2.0%**	
Equity Fund (American)								
5 Star 5 Americas	7.9%	7.3%	9.9%	13.1%	12.3%	9.6%	Not Started	63,739,821
American Select (Threadneedle)	10.9%	5.6%	13.0%	12.7%	15.5%	9.3%	Not Started	11,594,895
FinEx Sector Average	**8.6%**	**2.8%**	**11.9%**	**11.8%**	**14.4%**	**7.7%**	**4.6%**	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	7.1%	-7.1%	11.9%	9.6%	10.0%	7.9%	Not Started	74,541,575
Asia Pacific Equity	6.6%	-4.7%	12.5%	8.9%	Not Started	Not Started	Not Started	9,846,818
FinEx Sector Average	**6.7%**	**-5.1%**	**10.7%**	**6.8%**	**10.8%**	**7.0%**	**7.1%**	
Equity Funds (High Yield)								
Dividend Growth	10.0%	-2.1%	8.1%	8.7%	12.3%	Not Started	Not Started	207,728,256
FinEx Sector Average	**7.1%**	**-2.1%**	**8.1%**	**7.9%**	**10.9%**	**5.9%**	**3.9%**	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	9.1%	-6.1%	16.3%	9.2%	Not Started	Not Started	Not Started	6,717,741
FinEx Sector Average	**7.0%**	**-8.4%**	**11.7%**	**7.0%**	**8.5%**	**8.8%**	**Not Started**	
Equity Funds (Specialist)								
Indexed Top Tech 100	8.9%	8.0%	15.5%	18.6%	21.0%	11.5%	Not Started	58,233,152
FinEx Sector Average	**6.5%**	**1.1%**	**6.6%**	**3.8%**	**6.0%**	**3.2%**	**2.8%**	
Property Funds								
Fund of REITs	6.8%	-8.8%	1.7%	Not Started	Not Started	Not Started	Not Started	16,578,719
Indexed European (Ex-UK) Property	9.2%	2.8%	7.8%	11.5%	12.5%	Not Started	Not Started	84,945,970
Indexed Australasia Property	8.9%	11.0%	10.4%	11.1%	12.5%	Not Started	Not Started	67,974,911
Sector Average	**2.6%**	**4.0%**	**4.7%**	**7.0%**	**4.0%**	**2.2%**	**4.7%**	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	0.3%	-0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	0.8%	1.2%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Equity (Dimensional)	8.6%	-3.4%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Global Short Fixed Income (Dimensional)	0.4%	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 20/80 (Dimensional)	1.7%	-1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 40/60 (Dimensional)	3.6%	-1.2%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 60/40 (Dimensional)	5.2%	-1.9%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 80/20 (Dimensional)	7.0%	-3.0%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Funds Closed to New Business								
Indexed Eurozone Property	9.4%	1.5%	8.4%	11.9%	11.7%	Not Started	Not Started	19,086,804
Indexed India Equity	-1.6%	-6.1%	6.0%	10.0%	10.1%	Not Started	Not Started	9,265,058
Income Opportunity (JP Morgan)	1.2%	-1.9%	2.1%	0.2%	Not Started	Not Started	Not Started	6,044,984
Diversified Assets	5.6%	2.1%	5.9%	5.3%	7.5%	Not Started	Not Started	11,420,193
Earth Resources	10.1%	5.9%	4.6%	-3.3%	-0.8%	Not Started	Not Started	4,250,611
Green Resources	16.7%	10.7%	7.7%	2.0%	1.8%	Not Started	Not Started	3,834,527
Small Cap Europe (Pictet)	9.6%	-12.3%	4.5%	6.6%	Not Started	Not Started	Not Started	1,812,320

Source: Financial Express as at 01/02/2019

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* 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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