



Monthly Investment Review

- The V-shaped recovery in global equity markets continued in February and has brought some markets, such as the US S&P500, back to previous levels of resistance. The continued recovery in risk appetite can be explained by the extremely oversold conditions late last year, and has been supported by a more pragmatic approach by policy makers, especially the US Federal Reserve.
- A more dovish Fed should also give space to emerging market central banks to cut rates, as India has recently done. This process should help support global growth in the medium term. Continued better news flow on the US-China trade dispute has also helped buoy sentiment. However, most manufacturing data has got worse, not better, over the last month with the slump in the European manufacturing sector continuing.
- As equity markets have climbed so much since Christmas Eve, the air is getting thinner and we have decided to take some profits.

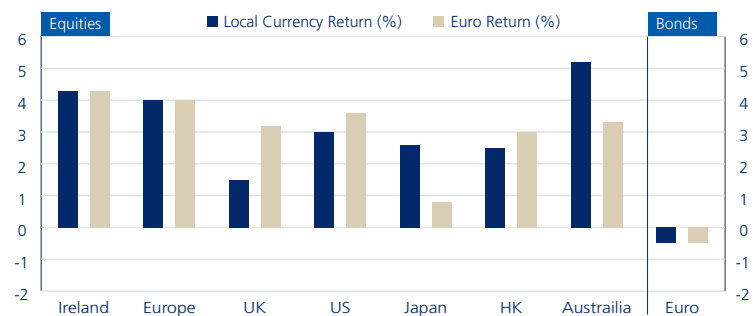


Richard Temperley
Head of Investment Development

Activity

Equity positions are now towards the middle of ranges in all of the multi-asset portfolios following the decision to take profits at the very start of March. Despite this tactical move, Zurich remains reasonably constructive on equities in general. With regards to geographic positions, the main bias is towards Asia-Pacific while underweight positions are held in Europe and the UK. Sector positions were broadly maintained during February. The funds are positively biased towards financial and technology 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. Zurich has recently been increasing its exposure to corporate bonds at the expense of sovereign debt.

Equity & Bond % Returns: February 2019



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 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 3.5% in February, following January's strong 7.4% rise, and have given a total return of 11.2% in the first two months of 2019. Local currency returns in February for the major markets ranged from plus 5.2% in Australia to plus 1.5% in the UK. The influential US market was up by 3.0%. Earnings results for Q4 2018 although not particularly strong were nevertheless taken well by the markets. In the US during February, economically sensitive cyclical stocks continued to outperform defensive areas, although all sectors were in positive territory.

Fixed Income & Currencies

The Over Five Year Euro Government Bond Index fell by 0.5% in February but is up by 1.1% so far in 2019. Italy has been the weakest eurozone bond market. Eurozone bond prices came off in reaction to stronger equity markets. The German ten-year bond yield rose marginally during February, moving from 0.15% to 0.18%. Equivalent US rates moved from 2.63% to 2.72%. Given the Federal Reserve's recent dovish tone, the markets now expect no further rate rises in 2019 given the prospect of slightly weaker US economic growth and well anchored inflation.

Alternatives

February saw commodity prices continue their impressive start to 2019 rising overall by 2.3% following January's 8.3% rise. Again, a sharp rise in energy prices led the way. After severe declines during much of 2018, the oil price jumped by over 6% in February (following January's 15% uplift) on the hopes that economic growth concerns in the US and China may have been somewhat exaggerated. The gold price fell marginally during the month finishing at \$1,316 per troy ounce while copper rose by 6%.

Zurich Life Annualised Performance
to 1 March 2019

	Annualised							Fund Size (Euros)
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Prisma Multi-Asset Funds								
Prisma 2	1.3%	0.1%	0.7%	1.1%	Not Started	Not Started	Not Started	206,630,845
Prisma 3	3.5%	1.1%	2.8%	3.1%	Not Started	Not Started	Not Started	926,033,768
Prisma 4	7.5%	2.7%	6.5%	6.7%	Not Started	Not Started	Not Started	1,112,088,127
Prisma 5	10.2%	3.7%	9.3%	8.5%	Not Started	Not Started	Not Started	505,734,140
Prisma 6	10.7%	4.4%	10.5%	7.4%	Not Started	Not Started	Not Started	45,634,288
Managed Funds								
Cautiously Managed	4.8%	1.9%	4.4%	6.4%	8.1%	Not Started	Not Started	439,952,424
Sector Average	3.9%	-0.1%	3.1%	3.3%	4.9%	3.4%	3.3%	
Balanced	7.4%	3.6%	7.0%	7.9%	10.9%	7.0%	5.3%	1,705,872,315
Sector Average	6.7%	1.0%	5.2%	5.6%	8.8%	4.6%	3.6%	
Performance	9.3%	4.6%	8.7%	8.8%	11.9%	7.4%	5.3%	1,360,172,881
Dynamic	10.5%	5.1%	9.6%	9.4%	12.6%	7.7%	5.3%	1,514,542,710
FinEx Sector Average	8.2%	1.9%	6.6%	6.4%	9.6%	4.9%	4.1%	
Protected Funds								
Protected 70	6.8%	0.8%	4.0%	4.4%	Not Started	Not Started	Not Started	19,655,979
Protected 80	4.0%	-0.7%	1.5%	2.2%	Not Started	Not Started	Not Started	33,101,710
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.2%	1.0%	1.6%	208,047,662
Cash Fund	-0.2%	-0.9%	-0.9%	-0.7%	-0.4%	Not Started	Not Started	708,402,166
FinEx Sector Average	-0.1%	-0.6%	-0.4%	-0.1%	0.2%	0.9%	1.4%	
Bond								
Global Corporate Bond (JP Morgan)	2.1%	-1.4%	1.1%	1.5%	Not Started	Not Started	Not Started	9,886,892
Global Government Bond (JP Morgan)	0.10%	0.50%	-0.50%	1.50%	Not Started	Not Started	Not Started	1,000,551
Indexed Eurozone Government Bond (BlackRock)*	0.60%	1.50%	0.50%	2.80%	Not Started	Not Started	Not Started	6,612,700
Active Fixed Income	0.30%	0.80%	0.00%	4.00%	5.30%	5.20%	5.50%	171,471,581
Inflation-Linked Bond	-0.20%	-2.00%	0.70%	1.10%	Not Started	Not Started	Not Started	6,830,857
Long Bond	0.8%	2.3%	0.1%	5.7%	6.4%	5.9%	Not Started	55,712,316
FinEx Sector Average	1.8%	1.2%	1.2%	3.0%	4.4%	3.8%	4.1%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	1.0%	-4.4%	-1.0%	Not Started	Not Started	Not Started	Not Started	73,850,133
Dynamic Diversified Growth (BlackRock)	4.1%	0.2%	1.8%	1.2%	Not Started	Not Started	Not Started	13,749,057
Active Asset Allocation	8.2%	3.1%	6.8%	6.7%	Not Started	Not Started	Not Started	398,106,606
Commodity Funds								
Gold	2.9%	6.4%	-0.2%	3.0%	Not Started	Not Started	Not Started	89,831,768
Indexed Global Energy and Metals	8.3%	5.9%	7.1%	-3.8%	0.6%	Not Started	Not Started	13,608,449
Equity Funds (Global)								
5 Star 5	10.7%	2.5%	9.8%	9.3%	11.5%	6.9%	Not Started	201,133,555
International Equity	10.9%	4.4%	10.7%	10.3%	13.5%	8.0%	6.3%	1,732,057,774
Global Select (Threadneedle)	15.1%	8.3%	12.1%	11.9%	14.4%	8.8%	Not Started	7,453,571
Indexed Global Equity (BlackRock)*	13.8%	10.0%	9.9%	10.5%	Not Started	Not Started	Not Started	104,843,323
FinEx Sector Average	11.3%	4.9%	9.0%	8.2%	12.2%	6.1%	4.0%	
Equity Funds (European)								
5 Star 5 Europe	11.6%	-0.9%	9.1%	8.3%	12.6%	-9.3%	Not Started	104,049,342
European Select (Threadneedle)	11.1%	2.9%	5.9%	7.4%	14.0%	8.5%	Not Started	9,867,492
FinEx Sector Average	10.9%	-3.6%	5.8%	4.8%	10.9%	6.1%	5.2%	
Equity Funds (Euro)								
Eurozone Equity	10.5%	-2.8%	8.7%	5.7%	11.8%	8.0%	Not Started	80,975,339
Indexed Eurozone Equity (BlackRock)*	13.0%	0.7%	7.6%	5.9%	Not Started	Not Started	Not Started	8,065,008
Sector Average	10.1%	-4.5%	6.5%	4.3%	10.1%	4.7%	3.4%	

	Annualised							Fund Size (Euros)
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Equity Funds (Irish)								
Irish Equity	11.7%	-5.8%	1.2%	6.2%	14.4%	Not Started	Not Started	14,686,453
FinEx Sector Average	10.9%	-9.8%	-1.3%	3.6%	11.9%	2.5%	2.1%	
Equity Fund (American)								
5 Star 5 Americas	12.0%	11.9%	13.4%	13.1%	14.0%	9.6%	Not Started	65,846,812
American Select (Threadneedle)	13.9%	11.7%	14.2%	13.1%	16.8%	9.4%	Not Started	12,001,445
FinEx Sector Average	13.0%	8.7%	12.3%	12.2%	15.8%	7.8%	4.8%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	10.5%	-3.6%	12.9%	9.6%	10.7%	7.9%	Not Started	76,673,962
Asia Pacific Equity	10.6%	-0.5%	14.1%	9.1%	Not Started	Not Started	Not Started	10,072,084
FinEx Sector Average	10.3%	0.0%	11.6%	7.1%	11.6%	7.0%	7.2%	
Equity Funds (High Yield)								
Dividend Growth	13.5%	2.6%	9.2%	9.0%	13.7%	Not Started	Not Started	213,710,988
FinEx Sector Average	11.3%	4.9%	9.0%	8.2%	12.2%	6.1%	4.0%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	11.4%	-1.6%	16.6%	9.7%	Not Started	Not Started	Not Started	6,870,638
FinEx Sector Average	8.8%	-4.8%	12.0%	7.2%	9.1%	8.9%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	12.8%	10.7%	17.6%	18.8%	22.0%	11.9%	Not Started	60,313,393
FinEx Sector Average	9.8%	5.7%	6.8%	3.7%	7.1%	3.4%	2.9%	
Property Funds								
Fund of REITs	7.0%	-6.3%	4.5%	Not Started	Not Started	Not Started	Not Started	16,390,730
Indexed European (Ex-UK) Property	5.7%	4.7%	6.6%	9.4%	12.9%	Not Started	Not Started	85,503,720
Indexed Australasia Property	9.6%	14.7%	8.6%	10.8%	14.2%	Not Started	Not Started	72,199,671
Sector Average	2.6%	4.7%	4.4%	6.7%	4.6%	2.1%	4.7%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	0.5%	-0.4%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	0.3%	0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Equity (Dimensional)	12.2%	1.8%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Global Short Fixed Income (Dimensional)	0.3%	0.0%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 20/80 (Dimensional)	2.4%	0.1%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 40/60 (Dimensional)	5.0%	1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 60/40 (Dimensional)	7.4%	1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	-
World Allocation 80/20 (Dimensional)	9.9%	1.3%	Not Started	Not Started	Not Started	Not Started	Not Started	-
Funds Closed to New Business								
Indexed Eurozone Property	6.7%	4.7%	7.7%	9.9%	12.5%	Not Started	Not Started	18,574,445
Indexed India Equity	-1.1%	-0.6%	8.9%	9.7%	11.2%	Not Started	Not Started	9,300,535
Income Opportunity (JP Morgan)	1.7%	-1.1%	2.3%	0.2%	Not Started	Not Started	Not Started	6,049,615
Diversified Assets	6.9%	4.6%	6.3%	5.0%	8.3%	Not Started	Not Started	11,424,570
Earth Resources	14.5%	7.7%	5.4%	-3.8%	0.3%	Not Started	Not Started	4,397,663
Green Resources	28.0%	19.8%	11.1%	2.3%	4.3%	Not Started	Not Started	4,139,420
Small Cap Europe (Pictet)	15.7%	-2.3%	6.9%	6.9%	Not Started	Not Started	Not Started	1,895,238

Source: Financial Express as at 01/03/2019

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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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