



# Monthly Investment Review

- Risk assets continued to rally in March, amid a dovish pivot by central banks. At its latest meeting, the Federal Reserve downgraded its growth and inflation forecasts while there is now talk that the next move in US rates may be downwards. US rates had been increased nine times since the cycle turned.
- The ECB also downgraded its growth forecasts. Weak eurozone data has pushed German 10-year bond yields back to negative levels for the first time since 2016.
- Equity markets are closely watching developments in the US-China trade negotiations, Chinese economic data as well as the Q1 earnings results season in the US. Whilst remaining constructive on equities in the longer term, it is possible that the excessive pessimism of late 2018 has given way to over-optimism today. In addition, equity valuations, which were attractive at the beginning of the year, have now normalised.

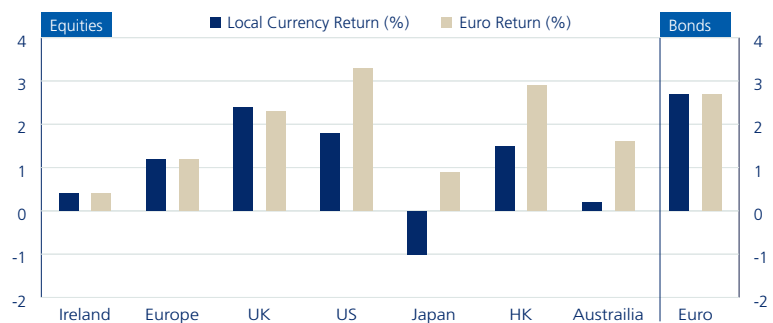


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Head of Investment Development

## Activity

Equity positions are 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 other areas are closer to neutral. Sector positions were broadly maintained during March. The funds are positively biased towards technology and financial 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: March 2019



This graph shows the performance of the major equity markets over the month of March. 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, April 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 2.6% in March and have given a strong total return of 14.1% in the first quarter 2019. Local currency returns in March for the major markets ranged from plus 2.4% in the UK to minus 1.0% in Japan. The influential US market was up by 1.8%. Euro currency weakness during the month bolstered returns for eurozone investors. Regarding sectors in the US during March, there was no clear distinction between economically sensitive cyclical stocks and defensive areas. The best performing sector was technology (+4.8%); the worst, financial stocks (-2.8%). Year-to-date, the best performing sectors have been technology (+19.4%), industrials (+16.6%) and energy (+15.2%); the poorest being healthcare (+6.1%) and financials (+7.9%).



### Fixed Income & Currencies

The Over Five Year Euro Government Bond Index rose by a strong 2.7% in March and is up by 3.8% so far in 2019. European bond prices have reacted positively to weaker eurozone economic data. US bonds also performed well last month. The German ten-year bond yield fell during March, moving from plus 0.18% to minus 0.07%. Equivalent US rates moved from 2.72% to 2.41%. Given the Federal Reserve's recent dovish tone, the markets now expect no further rate rises in 2019. In fact, there is now a 50% chance of a cut in rates in December. This is a significant change from six months ago. The euro currency weakened during March against the US dollar with the EUR/USD rate moving from at 1.14 to 1.12.



### Alternatives

March saw commodity prices continue their impressive start to 2019 rising by just over 1%, giving a Q1 return of over 8%. Energy prices rose by 3.3% in March whilst non-energy prices declined by 0.3%. After severe declines during much of 2018, the oil price jumped again in March (+5%) and is now up around 30% so far this year on hopes that economic growth concerns in the US and China may have been somewhat exaggerated. The gold price fell by 2% during the month finishing at \$1,293 per troy ounce while the copper price was flat.



Zurich Life Annualised Performance to 1 April 2019

	Annualised							Fund Size (Euros)
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Prisma Multi-Asset Funds</b>								
Prisma <span style="color:blue">2</span>	1.6%	0.7%	0.8%	1.1%	Not Started	Not Started	Not Started	210,782,779
Prisma <span style="color:green">3</span>	4.2%	2.9%	2.9%	3.2%	Not Started	Not Started	Not Started	948,977,715
Prisma <span style="color:green">4</span>	9.0%	6.9%	6.6%	6.9%	Not Started	Not Started	Not Started	1,150,124,771
Prisma <span style="color:purple">5</span>	13.2%	10.0%	9.6%	9.1%	Not Started	Not Started	Not Started	533,184,671
Prisma <span style="color:orange">6</span>	13.5%	11.0%	10.5%	7.8%	Not Started	Not Started	Not Started	48,669,581
<b>Managed Funds</b>								
Cautiously Managed	5.8%	4.6%	4.5%	6.5%	8.0%	Not Started	Not Started	443,678,579
<b>Sector Average</b>	<b>4.7%</b>	<b>2.0%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>3.2%</b>	
Balanced	9.3%	8.0%	7.2%	8.2%	10.8%	7.1%	5.3%	1,732,977,096
<b>Sector Average</b>	<b>7.8%</b>	<b>4.5%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>8.8%</b>	<b>4.7%</b>	<b>3.6%</b>	
Performance	11.7%	10.2%	9.1%	9.3%	11.8%	7.5%	5.4%	1,384,062,476
Dynamic	13.1%	11.4%	10.0%	9.9%	12.6%	7.9%	5.4%	1,549,462,780
<b>FinEx Sector Average</b>	<b>9.2%</b>	<b>5.3%</b>	<b>6.0%</b>	<b>6.7%</b>	<b>9.4%</b>	<b>5.0%</b>	<b>4.0%</b>	
<b>Protected Funds</b>								
Protected 70	8.7%	5.8%	4.4%	4.8%	Not Started	Not Started	Not Started	19,936,607
Protected 80	5.1%	2.5%	1.8%	2.5%	Not Started	Not Started	Not Started	33,470,048
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.2%	1.0%	1.6%	206,048,106
Cash Fund	-0.2%	-0.9%	-0.8%	-0.7%	-0.4%	Not Started	Not Started	729,792,024
<b>FinEx Sector Average</b>	<b>-0.2%</b>	<b>-0.6%</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>0.2%</b>	<b>0.9%</b>	<b>1.4%</b>	
<b>Bond</b>								
Global Corporate Bond (JP Morgan)	4.1%	1.2%	1.0%	1.9%	Not Started	Not Started	Not Started	9,983,104
Global Government Bond (JP Morgan)	1.70%	1.00%	-0.20%	1.80%	Not Started	Not Started	Not Started	1,076,245
Indexed Eurozone Government Bond (BlackRock)*	2.10%	1.40%	0.60%	3.00%	Not Started	Not Started	Not Started	6,757,277
Active Fixed Income	1.80%	0.90%	0.20%	4.00%	5.30%	5.20%	5.50%	179,143,602
Inflation-Linked Bond	1.10%	-2.00%	0.60%	1.30%	Not Started	Not Started	Not Started	6,717,010
Long Bond	3.8%	2.8%	0.7%	5.9%	6.5%	6.0%	Not Started	58,130,103
<b>FinEx Sector Average</b>	<b>3.6%</b>	<b>2.1%</b>	<b>1.3%</b>	<b>3.3%</b>	<b>4.5%</b>	<b>3.9%</b>	<b>4.1%</b>	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	2.2%	-2.7%	-0.4%	Not Started	Not Started	Not Started	Not Started	71,941,101
Dynamic Diversified Growth (BlackRock)	5.6%	2.3%	2.2%	1.3%	Not Started	Not Started	Not Started	13,812,277
Active Asset Allocation	10.0%	7.7%	7.0%	7.0%	Not Started	Not Started	Not Started	408,757,397
<b>Commodity Funds</b>								
Gold	2.7%	6.5%	1.4%	3.6%	Not Started	Not Started	Not Started	94,412,227
Indexed Global Energy and Metals	9.7%	8.0%	7.2%	-3.6%	0.8%	Not Started	Not Started	13,397,724
<b>Equity Funds (Global)</b>								
5 Star 5	13.0%	8.8%	10.2%	10.1%	11.5%	7.2%	Not Started	204,346,093
International Equity	13.7%	11.1%	10.8%	10.8%	13.4%	8.2%	6.2%	1,554,659,166
Global Select (Threadneedle)	18.8%	14.3%	12.6%	12.5%	14.3%	9.1%	Not Started	7,687,494
Indexed Global Equity (BlackRock)*	17.6%	15.5%	11.7%	11.1%	Not Started	Not Started	Not Started	107,441,147
<b>FinEx Sector Average</b>	<b>12.8%</b>	<b>9.1%</b>	<b>8.3%</b>	<b>8.5%</b>	<b>12.2%</b>	<b>6.2%</b>	<b>3.9%</b>	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	11.4%	2.2%	8.2%	8.6%	12.6%	9.5%	Not Started	102,696,784
European Select (Threadneedle)	14.2%	4.3%	6.9%	7.4%	14.1%	8.9%	Not Started	9,897,496
<b>FinEx Sector Average</b>	<b>12.7%</b>	<b>0.5%</b>	<b>5.3%</b>	<b>5.2%</b>	<b>11.0%</b>	<b>6.4%</b>	<b>5.3%</b>	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	11.7%	0.9%	8.1%	5.9%	11.7%	8.3%	Not Started	81,633,943
Indexed Eurozone Equity (BlackRock)*	15.4%	3.6%	8.8%	5.5%	Not Started	Not Started	Not Started	8,327,852
<b>Sector Average</b>	<b>11.1%</b>	<b>-0.7%</b>	<b>5.4%</b>	<b>4.5%</b>	<b>10.0%</b>	<b>4.9%</b>	<b>3.4%</b>	

	Annualised							Fund Size (Euros)
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<b>Equity Funds (Irish)</b>								
Irish Equity	12.9%	-3.9%	1.2%	7.1%	13.8%	Not Started	Not Started	14,636,592
<b>FinEx Sector Average</b>	<b>12.4%</b>	<b>-6.9%</b>	<b>-1.6%</b>	<b>4.4%</b>	<b>11.4%</b>	<b>2.6%</b>	<b>2.2%</b>	
<b>Equity Fund (American)</b>								
5 Star 5 Americas	15.2%	19.8%	14.4%	13.7%	14.1%	9.9%	Not Started	67,585,882
American Select (Threadneedle)	16.9%	20.1%	14.5%	13.8%	16.7%	9.7%	Not Started	12,016,976
<b>FinEx Sector Average</b>	<b>15.1%</b>	<b>15.9%</b>	<b>11.9%</b>	<b>12.7%</b>	<b>15.9%</b>	<b>8.0%</b>	<b>4.7%</b>	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	14.1%	2.3%	12.0%	9.9%	10.1%	8.0%	Not Started	77,985,038
Asia Pacific Equity	14.0%	5.4%	13.0%	9.4%	Not Started	Not Started	Not Started	10,473,808
<b>FinEx Sector Average</b>	<b>12.4%</b>	<b>5.3%</b>	<b>10.3%</b>	<b>7.2%</b>	<b>10.9%</b>	<b>7.2%</b>	<b>6.9%</b>	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	13.6%	5.8%	7.6%	8.6%	13.4%	Not Started	Not Started	213,541,259
<b>FinEx Sector Average</b>	<b>12.8%</b>	<b>9.1%</b>	<b>8.3%</b>	<b>8.5%</b>	<b>12.2%</b>	<b>6.2%</b>	<b>3.9%</b>	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	13.2%	4.7%	16.0%	9.1%	Not Started	Not Started	Not Started	7,080,451
<b>FinEx Sector Average</b>	<b>10.9%</b>	<b>0.9%</b>	<b>9.8%</b>	<b>7.0%</b>	<b>8.6%</b>	<b>8.7%</b>	<b>Not Started</b>	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	18.9%	23.1%	19.0%	20.7%	22.0%	12.3%	Not Started	62,999,850
<b>FinEx Sector Average</b>	<b>11.3%</b>	<b>10.5%</b>	<b>6.6%</b>	<b>4.2%</b>	<b>6.9%</b>	<b>3.6%</b>	<b>2.8%</b>	
<b>Property Funds</b>								
Fund of REITs	11.1%	-0.7%	4.2%	Not Started	Not Started	Not Started	Not Started	17,275,315
Indexed European (Ex-UK) Property	12.5%	8.5%	6.6%	11.0%	13.8%	Not Started	Not Started	95,705,964
Indexed Australasia Property	16.5%	23.9%	10.0%	12.0%	13.6%	Not Started	Not Started	81,806,614
<b>Sector Average</b>	<b>3.7%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>6.8%</b>	<b>5.0%</b>	<b>2.1%</b>	<b>4.5%</b>	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	1.0%	0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	243,242
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	2.2%	1.0%	Not Started	Not Started	Not Started	Not Started	Not Started	5,259,483
World Equity (Dimensional)	13.8%	6.2%	Not Started	Not Started	Not Started	Not Started	Not Started	6,230,077
Global Short Fixed Income (Dimensional)	0.9%	0.5%	Not Started	Not Started	Not Started	Not Started	Not Started	1,278,343
World Allocation 20/80 (Dimensional)	3.1%	1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	9,466,203
World Allocation 40/60 (Dimensional)	5.8%	2.9%	Not Started	Not Started	Not Started	Not Started	Not Started	16,994,620
World Allocation 60/40 (Dimensional)	8.4%	4.3%	Not Started	Not Started	Not Started	Not Started	Not Started	16,002,717
World Allocation 80/20 (Dimensional)	10.8%	4.8%	Not Started	Not Started	Not Started	Not Started	Not Started	5,247,388
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	11.9%	6.7%	7.1%	11.1%	13.2%	Not Started	Not Started	19,305,913
Indexed India Equity	8.8%	13.7%	9.6%	10.0%	11.1%	Not Started	Not Started	10,048,544
Income Opportunity (JP Morgan)	1.5%	-0.9%	1.6%	0.2%	Not Started	Not Started	Not Started	5,985,231
Diversified Assets	9.9%	9.1%	6.6%	5.5%	8.4%	Not Started	Not Started	11,744,463
Earth Resources	14.7%	9.2%	5.9%	-3.6%	0.3%	Not Started	Not Started	4,366,176
Green Resources	25.0%	18.1%	11.3%	2.3%	3.3%	Not Started	Not Started	4,013,128
Small Cap Europe (Pictet)	17.4%	-0.5%	7.2%	6.8%	Not Started	Not Started	Not Started	1,910,496

Source: Financial Express as at 01/04/2019

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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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