



# Monthly Investment Review

- Most major stock markets continued their upward trajectory with the S&P500 Index hitting a fresh all-time high on 26th July. The pirouette by the US Federal Reserve in early June, with rate cuts rather than rate rises now expected during the remainder of 2019, propelled equities and bonds higher. Investor sentiment was lifted by the prospect that the stimulus provided by central banks in the US and elsewhere will be enough to reignite global growth momentum. The first US rate cut in a decade duly arrived on the last day of the month.
- In addition to the prospect for further monetary easing, a decent earnings reporting season in the US also supported equity markets. While the overall earnings figures did not disappoint, forward guidance was not particularly strong.
- Concerns that hurt equity markets in the early summer, namely stalling economic growth outside of the US, the US-China trade tariffs and weak manufacturing data, were once again put on the back-burner.
- Given the current market environment, Zurich believes it makes sense to take a positive stance on equities on a tactical basis. Upside potential appears to be greater for equities relative to bonds and equity valuations outside the US are at, or below, historical norms.

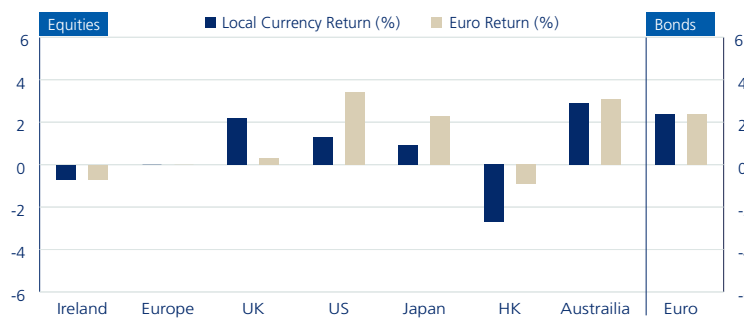


Richard Temperley  
Head of Investment Development

## Activity

Equity positions were increased in early June across our range of multi-asset portfolios and there is now a positive bias against the benchmark. Zurich remains reasonably constructive on equities in general, especially given their value relative to bonds. With regards to geographic positions, the main bias is towards Asia-Pacific at the expense of the US. Sector positions were broadly maintained during July. The funds are positively biased towards technology and healthcare stocks and negatively biased towards utilities and real estate. Bond positions are below the middle of ranges whilst the duration of these bonds is now close to neutral, on a tactical basis. Zurich has increased its exposure to corporate bonds at the expense of sovereign debt during 2019.

## Equity & Bond % Returns: July 2019



This graph shows the performance of the major equity markets over the month of July. 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, August 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 2.7% in July and have given a strong total return of 20.2% in the first seven months of 2019. Local currency returns in July for the major markets ranged from minus 2.7% in Hong Kong (on the back of political upheaval) to plus 2.9% in Australia. The influential US market was up 1.3%. Euro currency weakness in July lifted returns for eurozone investors. Regarding sectors in the US during July, there was a mixed picture between economically sensitive cyclical stocks and defensive areas. The best performing sectors were technology (+3.3%) and communications services (+3.0%); the worst, energy (-1.9%) and materials (-0.4%). Year-to-date, cyclical areas have clearly outperformed with the stand-out sector being technology (+30.2%).

#### Fixed Income & Currencies

The Over Five Year Euro Government Bond Index rose by 2.4% in July and is up by a strong 11.7% so far in 2019. European bond prices have reacted positively in 2019 to weaker eurozone economic data, benign inflation and an increasingly dovish ECB. The German ten-year bond yield fell again in July moving from minus 0.33% to minus 0.44%. Yes, you are paying for the privilege of lending money to the German government. Equivalent US rates were unchanged at 2.01%. The markets now expect one to two more rate cuts (of 0.25%) in the US during the remainder of 2019. Eurozone rates are expected to be cut by 0.1% from their current ultra low level of minus 0.40% at the end of Q3 or the start of Q4.

#### Commodities & Currencies

July saw overall commodity prices decline by 1.4%; however, they are up by 5% so far this year. The major gains have come from energy prices in general and the oil price in particular. The oil price was flat in July but is up just under 30% year-to-date. The gold price rose by 1% during the month finishing at \$1,426 per troy ounce while the copper price fell by 2%. The euro currency weakened during July against the US dollar with the EUR/USD rate moving from 1.14 to 1.11. The rate began the year at 1.15.

Zurich Life Annualised Performance  
to August 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="background-color: #0070C0; color: white; padding: 2px;">2</span>	2.3%	0.8%	0.7%	1.0%	Not Started	Not Started	Not Started	222,409,971
Prisma <span style="background-color: #0070C0; color: white; padding: 2px;">3</span>	5.7%	2.1%	2.7%	3.1%	Not Started	Not Started	Not Started	1,036,731,372
Prisma <span style="background-color: #0070C0; color: white; padding: 2px;">4</span>	11.9%	4.4%	6.1%	6.5%	Not Started	Not Started	Not Started	1,304,749,799
Prisma <span style="background-color: #0070C0; color: white; padding: 2px;">5</span>	17.8%	7.3%	8.7%	8.8%	Not Started	Not Started	Not Started	603,965,623
Prisma <span style="background-color: #0070C0; color: white; padding: 2px;">6</span>	18.8%	7.3%	9.8%	7.8%	Not Started	Not Started	Not Started	54,909,624
<b>Managed Funds</b>								
Cautiously Managed	8.2%	3.2%	4.4%	5.8%	7.2%	Not Started	Not Started	464,390,966
<b>Sector Average</b>	<b>7.0%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>3.2%</b>	<b>4.4%</b>	<b>3.5%</b>	<b>3.3%</b>	
Balanced	13.8%	5.9%	7.4%	8.3%	9.4%	7.5%	5.7%	1,789,462,147
<b>Sector Average</b>	<b>10.9%</b>	<b>3.4%</b>	<b>4.6%</b>	<b>5.4%</b>	<b>7.4%</b>	<b>4.9%</b>	<b>3.7%</b>	
Performance	16.4%	6.5%	9.0%	9.3%	10.1%	7.9%	5.7%	1,422,470,113
Dynamic	18.1%	6.9%	9.8%	9.9%	10.7%	8.2%	5.8%	1,602,836,857
<b>FinEx Sector Average</b>	<b>12.7%</b>	<b>3.5%</b>	<b>5.9%</b>	<b>6.2%</b>	<b>8.0%</b>	<b>5.2%</b>	<b>4.1%</b>	
<b>Protected Funds</b>								
Protected 70	11.8%	2.5%	4.7%	4.8%	Not Started	Not Started	Not Started	22,438,553
Protected 80	6.8%	0.3%	2.0%	2.4%	Not Started	Not Started	Not Started	32,422,968
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	1.0%	1.6%	193,735,354
Cash Fund	-0.4%	-0.8%	-0.8%	-0.7%	-0.5%	Not Started	Not Started	635,082,085
<b>FinEx Sector Average</b>	<b>-0.4%</b>	<b>-0.6%</b>	<b>-0.5%</b>	<b>-0.2%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>1.4%</b>	
<b>Bond</b>								
Global Corporate Bond (JP Morgan)	7.7%	5.5%	1.1%	2.1%	Not Started	Not Started	Not Started	9,454,180
Global Government Bond (JP Morgan)	4.5%	5.0%	0.1%	2.0%	Not Started	Not Started	Not Started	1,107,687
Indexed Eurozone Government Bond (BlackRock)*	7.9%	9.2%	1.7%	3.4%	Not Started	Not Started	Not Started	7,329,547
Active Fixed Income	6.2%	6.5%	0.3%	3.7%	5.4%	5.4%	5.9%	196,256,034
Inflation-Linked Bond	6.7%	4.6%	1.4%	1.6%	Not Started	Not Started	Not Started	7,149,481
Long Bond	12.9%	13.4%	1.5%	6.2%	7.1%	6.6%	Not Started	65,306,745
<b>FinEx Sector Average</b>	<b>8.6%</b>	<b>7.8%</b>	<b>1.8%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>4.2%</b>	<b>4.5%</b>	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	1.0%	-3.8%	-1.3%	Not Started	Not Started	Not Started	Not Started	59,902,477
Dynamic Diversified Growth (BlackRock)	7.3%	1.9%	2.6%	1.4%	Not Started	Not Started	Not Started	12,965,284
Active Asset Allocation	12.9%	4.5%	6.5%	6.6%	Not Started	Not Started	Not Started	446,417,672
<b>Commodity Funds</b>								
Gold	14.0%	21.9%	1.4%	5.5%	5.9%	Not Started	Not Started	109,939,333
Indexed Global Energy and Metals	9.5%	3.4%	4.5%	-3.5%	-0.4%	Not Started	Not Started	13,377,651
<b>Equity Funds (Global)</b>								
5 Star 5	18.9%	6.6%	11.1%	10.3%	9.9%	7.6%	Not Started	210,410,538
International Equity	19.3%	7.3%	10.2%	10.7%	11.7%	8.8%	6.3%	2,305,092,313
Global Select (Threadneedle)	28.1%	10.9%	13.1%	13.1%	13.1%	9.7%	Not Started	9,023,356
Indexed Global Equity (BlackRock)*	20.3%	6.5%	10.2%	10.6%	Not Started	Not Started	Not Started	115,972,275
<b>FinEx Sector Average</b>	<b>17.4%</b>	<b>4.8%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>10.1%</b>	<b>6.6%</b>	<b>4.0%</b>	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	17.9%	1.6%	9.7%	9.9%	10.8%	9.8%	Not Started	105,524,586
European Select (Threadneedle)	24.1%	6.9%	8.4%	9.5%	12.9%	9.7%	Not Started	10,338,064
<b>FinEx Sector Average</b>	<b>16.9%</b>	<b>-1.9%</b>	<b>6.2%</b>	<b>5.9%</b>	<b>8.6%</b>	<b>6.7%</b>	<b>5.2%</b>	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	16.6%	-0.9%	8.7%	7.0%	9.2%	8.6%	Not Started	82,667,632
Indexed Eurozone Equity (BlackRock)*	16.1%	-1.5%	8.5%	6.2%	Not Started	Not Started	Not Started	8,041,326
<b>Sector Average</b>	<b>15.2%</b>	<b>-2.6%</b>	<b>6.5%</b>	<b>5.4%</b>	<b>7.4%</b>	<b>5.1%</b>	<b>3.7%</b>	
<b>Equity Funds (Irish)</b>								
Irish Equity	14.8%	-7.0%	4.0%	8.9%	11.7%	Not Started	Not Started	14,254,121
<b>FinEx Sector Average</b>	<b>13.8%</b>	<b>-8.9%</b>	<b>1.4%</b>	<b>5.7%</b>	<b>8.9%</b>	<b>2.4%</b>	<b>2.5%</b>	

	Annualised							Fund Size (Euros)
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Equity Fund (American)</b>								
5 Star 5 Americas	22.8%	14.0%	13.6%	13.9%	13.6%	10.4%	Not Started	71,351,573
American Select (Threadneedle)	24.5%	9.6%	14.2%	14.3%	15.5%	10.2%	Not Started	11,804,649
<b>FinEx Sector Average</b>	<b>23.3%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>12.2%</b>	<b>14.7%</b>	<b>8.6%</b>	<b>4.6%</b>	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	15.2%	0.8%	9.7%	7.9%	7.0%	8.3%	Not Started	78,681,893
Asia Pacific Equity	15.0%	2.2%	10.4%	7.4%	Not Started	Not Started	Not Started	11,226,869
<b>FinEx Sector Average</b>	<b>13.6%</b>	<b>2.9%</b>	<b>8.1%</b>	<b>4.8%</b>	<b>7.6%</b>	<b>7.9%</b>	<b>5.7%</b>	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	15.6%	1.8%	6.1%	8.0%	11.5%	Not Started	Not Started	216,582,823
<b>FinEx Sector Average</b>	<b>17.4%</b>	<b>4.8%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>10.1%</b>	<b>6.6%</b>	<b>4.0%</b>	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	15.7%	6.8%	12.6%	7.6%	Not Started	Not Started	Not Started	6,935,019
Indexed Emerging Market Equity Fund (BlackRock)	12.9%	2.3%	8.0%	Not Started	Not Started	Not Started	Not Started	1,356,026
<b>Sector Average</b>	<b>11.4%</b>	<b>1.4%</b>	<b>7.1%</b>	<b>4.2%</b>	<b>4.8%</b>	<b>8.7%</b>	<b>Not Started</b>	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	27.6%	14.0%	18.9%	19.8%	20.5%	12.9%	Not Started	69,050,888
<b>FinEx Sector Average</b>	<b>13.2%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>3.5%</b>	<b>4.7%</b>	<b>3.9%</b>	<b>2.7%</b>	
<b>Property Funds</b>								
Property Fund	6.5%	6.2%	Not Started	Not Started	Not Started	Not Started	Not Started	37,565,232
Fund of REITs	28.7%	14.6%	8.0%	9.2%	Not Started	Not Started	Not Started	19,099,851
Indexed European (Ex-UK) Property	10.9%	-0.9%	3.3%	8.7%	11.1%	Not Started	Not Started	101,226,899
Indexed Australasia Property	17.4%	16.7%	5.7%	8.9%	9.8%	Not Started	Not Started	89,839,268
<b>Sector Average</b>	<b>4.4%</b>	<b>3.3%</b>	<b>4.0%</b>	<b>5.7%</b>	<b>4.9%</b>	<b>1.9%</b>	<b>4.2%</b>	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	2.0%	1.7%	Not Started	Not Started	Not Started	Not Started	Not Started	248,448
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	6.9%	4.1%	Not Started	Not Started	Not Started	Not Started	Not Started	5,834,727
World Equity (Dimensional)	17.8%	2.3%	Not Started	Not Started	Not Started	Not Started	Not Started	7,854,457
Global Short Fixed Income (Dimensional)	1.6%	1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	1,294,356
World Allocation 20/80 (Dimensional)	4.2%	1.3%	Not Started	Not Started	Not Started	Not Started	Not Started	9,702,049
World Allocation 40/60 (Dimensional)	7.8%	2.1%	Not Started	Not Started	Not Started	Not Started	Not Started	19,812,077
World Allocation 60/40 (Dimensional)	11.4%	2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	18,756,594
World Allocation 80/20 (Dimensional)	14.5%	2.1%	Not Started	Not Started	Not Started	Not Started	Not Started	6,144,808
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	10.6%	-1.2%	4.0%	8.6%	10.2%	Not Started	Not Started	18,164,206
Indexed India Equity	3.3%	-1.8%	4.1%	5.9%	5.6%	Not Started	Not Started	8,963,869
Income Opportunity (JP Morgan)	1.5%	-1.3%	0.3%	0.2%	Not Started	Not Started	Not Started	5,353,156
Diversified Assets	11.6%	5.2%	4.9%	4.7%	6.8%	Not Started	Not Started	11,717,059
Earth Resources	21.0%	10.5%	5.7%	-2.5%	-0.1%	Not Started	Not Started	4,385,785
Green Resources	41.6%	24.8%	15.1%	6.2%	2.0%	Not Started	Not Started	4,486,199
Small Cap Europe (Pictet)	16.7%	-5.0%	7.2%	8.2%	Not Started	Not Started	Not Started	1,808,667

Source: Financial Express as at 01/08/2019

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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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