

# Monthly Investment Review

Equity markets suffered dramatic falls towards the end of the month as investors began to panic over the spread of the coronavirus (COVID-19) and the negative impact on the supply chain from China and the health of the overall global economy. The fact that equity valuations in the U.S. were above fair-value on an absolute basis did not help. Policy support began at the beginning of March with a surprise Fed rate cut of 0.5% and further monetary and fiscal action is expected globally to counter volatile markets. Bond markets reacted positively to the threat to economic growth and the deflationary nature of the potential pandemic. Despite the turmoil, Zurich believes that it makes sense to take a positive stance towards equities on a medium to long-term basis given the relative value argument against other asset classes, especially government bonds.

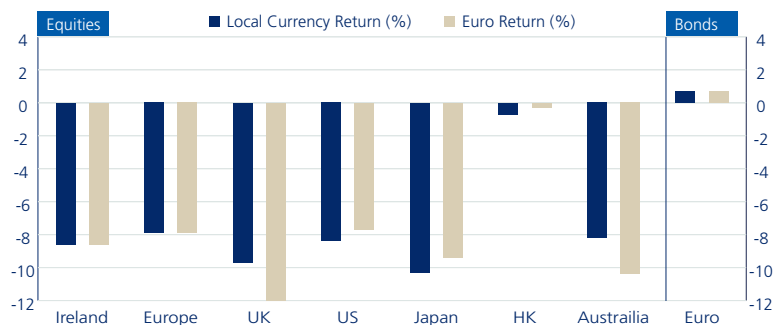


Richard Temperley  
Head of Investment Development

## Activity

Equity positions were increased in early March following the sharp falls. Some profits had been taken in late 2019. The equity content of our multi-asset portfolios is now closer to the top of ranges mainly due to their value relative to bonds. With regards to geographic positions, the main bias is towards Asia ex-Japan. Canada is underweight given its high resources concentration while other markets are close to neutral. Sector-wise, the funds are positively biased towards technology and healthcare stocks and negatively biased towards energy and real estate. Bond positions are below the middle of ranges whilst the duration of these bonds has been reduced. Within corporate debt, or credit, we increased our positions at the end of January. This move was funded out of Eurozone sovereign debt.

## Equity & Bond % Returns: February



This graph shows the performance of the major equity markets over the month of December. 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 2020.

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) fell by a hefty 7.6% in February giving a total return of minus 7.3% for the first two months of 2020. Local currency returns in February for the major markets ranged from minus 0.7% in Hong Kong to minus 10.3% in Japan. The influential U.S. market fell 8.4%. Euro currency changes had little overall effect – with the currency slightly weaker against the U.S. dollar and the Japanese yen and stronger against both the pound sterling and the Australian dollar. Regarding sectors in the U.S. during February, the smaller negative returns came from consumer services (-6.3%) and healthcare (-6.8%), Energy (-15.3%) and Financials (-11.3) were the worst performing sectors. Year-to-date, technology has been the best performing sector, down 3.8%.

#### Fixed Income

The Over Five Year Euro Government Bond Index rose by 0.7% in February, with the core outperforming the periphery, giving a return of 4.3% in the first two months of the year. Bonds have reacted positively to the coronavirus panic as well as the prospect of weaker Eurozone economic data and further expected global rate cuts. The German ten-year bond yield fell in February moving from minus 0.43% to minus 0.61%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent U.S. rates also fell sharply from plus 1.51% to plus 1.15%. The Federal Reserve announced on March 3rd the first emergency rate cut (0.50%) since the financial crisis over a decade ago. This was an attempt to give the U.S. economy a jolt in the face of concerns about the coronavirus. Eurozone rates are expected to remain at minus 0.50% with other monetary policies expected.

#### Commodities & Currencies

February saw overall commodity prices fall by 6.4% resulting in a fall of 14.2% year-to-date, wiping out all and more of 2019's gains. The main culprit was the oil price. The oil price fell by 13% in February, down 25% so far this year, due to concerns over slowing economic growth and Middle Eastern tensions. The gold price fell by 1.0% during the month finishing at \$1,567 per troy ounce. It was clearly not the safe-haven assets that many thought it would be. The copper price rose by 1.2% over the month. The euro currency weakened slightly during February against the U.S. dollar with the EUR/USD rate moving from 1.11 to 1.10. The rate began the year at 1.12.

Zurich Life Annualised Performance to March 2020

	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 <b>2</b>	-1.1%	0.7%	0.2%	0.4%	Not Started	Not Started	Not Started	276,581,650
Prisma <b>3</b>	-2.4%	2.1%	1.3%	1.6%	Not Started	Not Started	Not Started	1,183,947,750
Prisma <b>4</b>	-4.7%	4.5%	3.1%	3.6%	Not Started	Not Started	Not Started	1,476,010,823
Prisma <b>5</b>	-6.4%	7.5%	4.7%	5.0%	Not Started	Not Started	Not Started	730,990,259
Prisma <b>Max</b> **	-6.3%	8.4%	5.7%	5.2%	Not Started	Not Started	Not Started	63,910,227
<b>Managed Funds</b>								
Cautiously Managed	-3.0%	3.5%	2.4%	2.8%	6.5%	Not Started	Not Started	471,586,386
<b>Sector Average</b>	<b>-2.4%</b>	<b>2.4%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>3.6%</b>	<b>3.1%</b>	<b>3.0%</b>	
Balanced	-4.0%	7.1%	4.6%	4.7%	8.6%	6.7%	5.0%	1,759,592,669
<b>Sector Average</b>	<b>-4.7%</b>	<b>3.4%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>6.4%</b>	<b>4.2%</b>	<b>3.1%</b>	
Performance	-5.3%	7.5%	5.5%	5.4%	9.3%	7.0%	5.0%	1,391,703,549
Dynamic	-6.0%	8.0%	5.9%	5.9%	9.8%	7.4%	5.0%	1,565,048,857
<b>FinEx Sector Average</b>	<b>-5.8%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>3.1%</b>	<b>6.9%</b>	<b>4.5%</b>	<b>3.4%</b>	
<b>Protected Funds</b>								
Protected 70	-4.9%	4.8%	2.3%	1.6%	Not Started	Not Started	Not Started	21,539,252
Protected 80	-3.7%	2.2%	0.5%	0.0%	2.7%	Not Started	Not Started	30,438,936
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.5%	173,005,730
Cash Fund	-0.2%	-0.8%	-0.8%	-0.8%	-0.5%	Not Started	Not Started	758,141,301
<b>FinEx Sector Average</b>	<b>-0.1%</b>	<b>-0.7%</b>	<b>-0.6%</b>	<b>-0.4%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.3%</b>	
<b>Bond</b>								
Global Corporate Bond (JP Morgan)	2.7%	9.7%	2.8%	2.0%	Not Started	Not Started	Not Started	7,685,273
Global Government Bond (JP Morgan)	3.5%	7.4%	2.30%	1.50%	Not Started	Not Started	Not Started	1,387,058
Indexed Eurozone Government Bond (BlackRock)*	2.8%	9.2%	3.80%	2.20%	Not Started	Not Started	Not Started	9,031,878
Active Fixed Income	2.1%	7.3%	2.50%	1.60%	5.20%	5.00%	6.00%	221,967,895
Inflation-Linked Bond	0.5%	6.7%	2.10%	1.00%	Not Started	Not Started	Not Started	6,305,738
Long Bond	5.2%	16.4%	6.2%	3.3%	7.1%	6.1%	Not Started	70,640,662
<b>FinEx Sector Average</b>	<b>2.1%</b>	<b>8.9%</b>	<b>3.5%</b>	<b>2.1%</b>	<b>4.1%</b>	<b>3.9%</b>	<b>4.6%</b>	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	0.2%	2.0%	-1.0%	-0.3%	Not Started	Not Started	Not Started	42,007,752
Dynamic Diversified Growth (BlackRock)	-3.3%	1.5%	2.0%	0.2%	Not Started	Not Started	Not Started	11,266,832
Active Asset Allocation	-4.9%	4.6%	3.3%	3.7%	Not Started	Not Started	Not Started	514,087,964
<b>Commodity Funds</b>								
Gold	7.1%	24.6%	6.2%	5.2%	5.1%	Not Started	Not Started	144,660,115
Indexed Global Energy and Metals	-10.0%	-6.7%	-2.3%	-3.2%	-1.9%	Not Started	Not Started	11,249,632
<b>Equity Funds (Global)</b>								
5 Star 5	-7.1%	8.0%	6.4%	5.9%	9.2%	6.7%	Not Started	200,170,005
International Equity	-6.4%	8.7%	6.0%	6.4%	10.6%	8.1%	4.2%	2,564,725,383
Global Select (Threadneedle)	-5.1%	14.5%	10.2%	8.8%	11.7%	9.0%	Not Started	9,797,643
Indexed Global Equity (BlackRock)*	-7.8%	7.3%	5.3%	6.0%	Not Started	Not Started	Not Started	123,113,135
<b>FinEx Sector Average</b>	<b>-7.9%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>8.6%</b>	<b>5.8%</b>	<b>2.7%</b>	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	-9.5%	6.6%	6.0%	5.1%	10.4%	7.9%	Not Started	102,200,569
European Select (Threadneedle)	-6.7%	12.3%	7.0%	4.5%	11.1%	8.6%	Not Started	8,869,730
<b>FinEx Sector Average</b>	<b>-7.8%</b>	<b>6.0%</b>	<b>3.7%</b>	<b>2.8%</b>	<b>7.6%</b>	<b>5.7%</b>	<b>2.7%</b>	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	-8.9%	3.9%	4.3%	3.2%	8.2%	7.3%	Not Started	76,157,758
Indexed Eurozone Equity (BlackRock)*	-9.3%	3.2%	3.3%	2.6%	Not Started	Not Started	Not Started	8,335,713
<b>Sector Average</b>	<b>-8.4%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>6.3%</b>	<b>4.1%</b>	<b>2.3%</b>	
<b>Equity Funds (Irish)</b>								
Irish Equity	-11.5%	8.7%	2.4%	4.8%	11.7%	3.5%	Not Started	14,918,088
<b>FinEx Sector Average</b>	<b>-9.0%</b>	<b>8.6%</b>	<b>0.9%</b>	<b>2.4%</b>	<b>9.2%</b>	<b>1.4%</b>	<b>2.8%</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	-5.9%	12.2%	8.4%	9.1%	12.6%	9.9%	Not Started	69,675,496
American Select (Threadneedle)	-4.3%	14.4%	9.1%	9.9%	13.9%	10.2%	Not Started	11,752,400
<b>FinEx Sector Average</b>	<b>-6.6%</b>	<b>8.9%</b>	<b>6.2%</b>	<b>7.4%</b>	<b>12.8%</b>	<b>8.4%</b>	<b>4.5%</b>	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	-7.4%	2.1%	4.7%	5.3%	6.7%	6.7%	Not Started	71,772,131
Asia Pacific Equity	-7.5%	0.8%	4.5%	4.4%	Not Started	Not Started	Not Started	10,058,033
<b>FinEx Sector Average</b>	<b>-7.0%</b>	<b>0.8%</b>	<b>3.1%</b>	<b>2.3%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>4.7%</b>	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	-11.9%	-0.3%	0.0%	3.0%	9.9%	Not Started	Not Started	204,473,108
<b>FinEx Sector Average</b>	<b>-7.9%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>8.6%</b>	<b>5.8%</b>	<b>2.7%</b>	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-8.5%	3.7%	7.5%	4.8%	Not Started	Not Started	Not Started	7,028,976
Indexed Emerging Market Equity Fund (BlackRock)	-9.4%	-0.8%	2.2%	2.3%	Not Started	Not Started	Not Started	2,846,025
<b>Sector Average</b>	<b>-7.4%</b>	<b>0.0%</b>	<b>2.4%</b>	<b>1.5%</b>	<b>3.1%</b>	<b>7.3%</b>	<b>Not Started</b>	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	-1.5%	23.2%	15.4%	14.5%	19.5%	13.8%	Not Started	76,259,286
<b>FinEx Sector Average</b>	<b>-4.3%</b>	<b>4.3%</b>	<b>2.9%</b>	<b>2.3%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>0.4%</b>	
<b>Property Funds</b>								
Property Fund	-7.2%	-0.8%	Not Started	Not Started	Not Started	Not Started	Not Started	47,654,892
Indexed European (Ex-UK) Property	-3.6%	13.0%	8.4%	4.9%	9.8%	Not Started	Not Started	120,861,912
Indexed Australasia Property	-6.6%	0.0%	2.8%	3.4%	7.9%	Not Started	Not Started	95,273,880
<b>Sector Average</b>	<b>-4.3%</b>	<b>-0.2%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>4.4%</b>	<b>1.3%</b>	<b>3.5%</b>	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	0.0%	0.8%	Not Started	Not Started	Not Started	Not Started	Not Started	249,275
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	1.4%	5.6%	Not Started	Not Started	Not Started	Not Started	Not Started	6,653,388
World Equity (Dimensional)	-9.7%	1.5%	Not Started	Not Started	Not Started	Not Started	Not Started	9,767,986
Global Short Fixed Income (Dimensional)	0.2%	0.7%	Not Started	Not Started	Not Started	Not Started	Not Started	1,551,538
World Allocation 20/80 (Dimensional)	-1.9%	0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	11,600,464
World Allocation 40/60 (Dimensional)	-3.9%	1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	22,828,958
World Allocation 60/40 (Dimensional)	-5.9%	1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	24,293,409
World Allocation 80/20 (Dimensional)	-8.5%	0.4%	Not Started	Not Started	Not Started	Not Started	Not Started	6,832,255
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	-4.0%	9.1%	8.3%	5.1%	8.8%	Not Started	Not Started	17,944,496
Indexed India Equity	-7.8%	0.4%	0.9%	-0.9%	3.5%	Not Started	Not Started	7,718,502
Income Opportunity (JP Morgan)	-0.2%	-0.9%	-1.0%	0.1%	Not Started	Not Started	Not Started	4,672,910
Diversified Assets	-5.5%	2.7%	2.6%	1.8%	5.6%	Not Started	Not Started	10,599,044
Earth Resources	-2.4%	11.9%	5.3%	0.1%	-0.3%	Not Started	Not Started	4,472,300
Green Resources	7.5%	33.2%	19.9%	8.3%	4.1%	Not Started	Not Started	5,282,768
Small Cap Europe (Pictet)	-10.7%	2.4%	3.3%	4.4%	Not Started	Not Started	Not Started	1,654,219

Source: Financial Express as at 01/03/2020

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.

\*Prisma Max was previously called Prisma 6.

Figures highlighted in beige indicate where the Zurich Life fund has outperformed the sector average.

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