

# Monthly Investment Review

Equity markets rallied sharply in April, following February and March's dramatic falls, with almost half of the losses being regained. This was mainly on the back of aggressive monetary policy action and massive fiscal spending by governments around the world. Flattening, and then declining, COVID-19 infection curves also helped and this should lead to the vital lifting of lockdowns. However, further volatility in equity markets cannot be ruled out in the near-term given the contraction of global GDP in Q1 and a collapse in Q2. While liquidity provisions should dominate, unclear short-term valuations and opaque prospects are likely to keep investors on edge. Despite the uncertainty, 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 sovereign bonds.

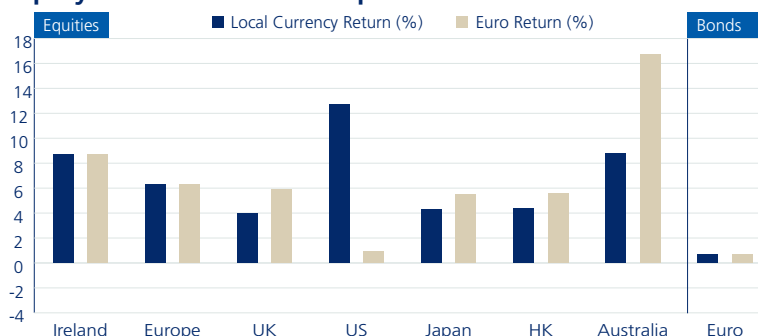


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## Activity

Equity positions of our multi-asset funds were maintained at the upper-end of ranges during April mainly due to their value relative to sovereign bonds. The equity content had been increased in early March following much of the sharp fall. 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 banks. Bond positions are below the middle of ranges whilst the duration of these bonds is below benchmark. Corporate bond positions were increased further.

## Equity & Bond % Returns: April



This graph shows the performance of the major equity markets over the month of April. 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, May 2020.

CURRENT POSITIONING				
Asset Class	Region	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

### Equity Markets

World equities (in euro terms) rose by a strong 11.2% in April giving a total return of minus 10.1% for the first four months of 2020. Local currency returns in April for the major markets ranged from plus 4.8% in the U.K. to plus 12.7% in the U.S. Regarding sectors in the U.S. during April, the strongest returns came from energy (+30%), consumer discretionary stocks (+21%) and technology (+14%). Defensive sectors, such as consumer staples (+7%) and utilities (+3%), were the worst performing sectors. Year-to-date, technology has been the best performing sector, up 0.2%, and energy the worst, down 36%.

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 0.7% in March giving a return of plus 1.2% for the first four months of the year. Despite the risk-on environment during April, quantitative easing gave some support to Eurozone bonds. The German ten-year bond yield fell in April moving from minus 0.47% to minus 0.59%. Equivalent U.S. rates fell slightly from plus 0.67% to plus 0.64%. They had begun the year at 1.92%. The Federal Reserve and other central banks have introduced a wave of liquidity over the last number of months, which has included various forms of asset purchases and interest rate cuts, to support economies and businesses. Huge fiscal packages were also announced globally with the U.S. stimulus programme amounting to a staggering \$2tn.

### Commodities & Currencies

April saw overall commodity prices fall by 4%, resulting in a staggering fall of 37% in the first four months of 2020. The main culprit, once again, was oil. The West Texas oil price fell by 8% in April, down 69% so far this year, due to concerns over slowing economic growth and geopolitical tensions. The gold price rose by 7% during the month finishing at \$1,694 per troy ounce. The copper price rose by 6%. The euro currency was virtually unchanged during March against the U.S. dollar with the EUR/USD rate remaining at 1.10. The rate began the year at 1.12.

# Zurich Life Annualised Performance to May 2020

Zurich Life Annualised Performance to May 2020		Annualised							Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Prisma Multi-Asset Funds									
Prisma <span>2</span>	-2.0%	-0.8%	-0.1%	0.2%	Not Started	Not Started	Not Started	287,467,493	
Prisma <span>3</span>	-4.3%	-1.2%	0.7%	1.2%	Not Started	Not Started	Not Started	1,128,349,843	
Prisma <span>4</span>	-7.7%	-1.6%	2.2%	2.9%	Not Started	Not Started	Not Started	1,411,620,147	
Prisma <span>5</span>	-8.6%	-0.2%	4.1%	4.5%	Not Started	Not Started	Not Started	725,630,226	
Prisma <span>Max</span> **	-7.2%	1.3%	5.3%	4.3%	Not Started	Not Started	Not Started	63,746,462	
Managed Funds									
Cautiously Managed	-3.6%	0.6%	2.2%	2.7%	6.0%	Not Started	Not Started	454,570,906	
Sector Average	-5.9%	-3.3%	0.0%	0.6%	3.0%	2.8%	2.6%		
Balanced	-4.5%	2.3%	4.1%	4.5%	7.9%	6.8%	4.9%	1,709,993,739	
Sector Average	-9.2%	-4.4%	0.5%	1.0%	5.2%	4.1%	2.7%		
Performance	-5.4%	2.2%	5.1%	5.3%	8.5%	7.2%	4.9%	1,374,366,115	
Dynamic	-6.1%	2.0%	5.4%	5.8%	9.0%	7.6%	4.9%	1,545,767,575	
FinEx Sector Average	-11.2%	-6.5%	0.3%	1.4%	5.5%	4.2%	2.8%		
Protected Funds									
Protected 70	-7.1%	-2.0%	1.3%	1.1%	Not Started	Not Started	Not Started	18,462,697	
Protected 80	-5.7%	-2.5%	-0.3%	-0.4%	2.0%	Not Started	Not Started	29,086,195	
Cash									
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.5%	168,620,700	
Cash Fund	-0.3%	-0.8%	-0.8%	-0.8%	-0.5%	Not Started	Not Started	1,029,931,179	
FinEx Sector Average	-0.2%	-0.7%	-0.6%	-0.4%	0.0%	0.8%	1.2%		
Bond									
Global Corporate Bond (JP Morgan)	0.8%	5.2%	2.1%	1.8%	Not Started	Not Started	Not Started	7,270,566	
Global Government Bond (JP Morgan)	4.1%	6.8%	2.5%	1.8%	Not Started	Not Started	Not Started	1,256,275	
Indexed Eurozone Government Bond (BlackRock)*	-0.3%	4.2%	2.7%	2.1%	Not Started	Not Started	Not Started	9,056,090	
Active Fixed Income	-0.2%	3.4%	1.8%	1.3%	4.9%	4.7%	5.7%	219,734,358	
Inflation-Linked Bond	-4.6%	-0.5%	0.5%	-0.1%	1.0%	Not Started	Not Started	5,775,806	
Long Bond	1.9%	9.5%	5.2%	2.7%	6.7%	5.7%	Not Started	67,907,973	
FinEx Sector Average	-1.1%	3.4%	2.4%	1.4%	3.7%	3.5%	4.3%		
Absolute Return/Diversified Assets Funds									
Global Targeted Returns Fund (Invesco)	-0.3%	0.6%	-1.7%	-0.4%	Not Started	Not Started	Not Started	39,064,692	
Dynamic Diversified Growth (BlackRock)	-3.7%	-1.0%	1.2%	0.3%	Not Started	Not Started	Not Started	11,111,784	
Active Asset Allocation	-7.6%	-1.4%	2.6%	3.10%	Not Started	Not Started	Not Started	489,041,418	
Commodity Funds									
Gold	15.0%	34.9%	9.3%	7.4%	5.0%	Not Started	Not Started	163,539,690	
Indexed Global Energy and Metals	-17.2%	-15.4%	-3.2%	-5.2%	-3.4%	Not Started	Not Started	10,356,470	
Equity Funds (Global)									
5 Star 5	-8.3%	-0.5%	5.5%	5.5%	8.2%	6.8%	Not Started	192,557,248	
International Equity	-6.6%	2.2%	5.8%	6.4%	9.6%	8.2%	4.4%	2,672,746,218	
Global Select (Threadneedle)	-5.8%	4.7%	9.2%	8.5%	10.8%	9.1%	Not Started	9,838,989	
Indexed Global Equity (BlackRock)*	-11.7%	-2.2%	4.2%	5.0%	Not Started	Not Started	Not Started	112,547,503	
FinEx Sector Average	-13.4%	-7.5%	1.0%	2.2%	7.0%	5.6%	2.2%		
Equity Funds (European)									
5 Star 5 Europe	-16.5%	-6.1%	1.1%	2.9%	8.7%	7.6%	Not Started	92,603,197	
European Select (Threadneedle)	-9.6%	0.8%	3.6%	3.2%	10.4%	8.5%	Not Started	8,670,863	
FinEx Sector Average	-15.6%	-8.8%	-1.5%	0.2%	5.9%	5.3%	2.3%		
Equity Funds (Euro)									
Eurozone Equity	-18.0%	-11.9%	-1.8%	0.7%	6.4%	6.8%	Not Started	68,356,454	
Indexed Eurozone Equity (BlackRock)*	-22.2%	-15.9%	-4.0%	-0.4%	Not Started	Not Started	Not Started	6,914,569	
Sector Average	-18.9%	-14.0%	-3.7%	-0.8%	4.4%	3.5%	1.6%		
Equity Funds (Irish)									
Irish Equity	-20.5%	-8.5%	-3.1%	2.2%	8.6%	3.1%	Not Started	12,758,983	
FinEx Sector Average	-20.4%	-11.4%	-5.3%	-1.0%	6.0%	1.1%	1.9%		

		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Equity Fund (American)								
5 Star 5 Americas	-2.4%	8.6%	10.6%	10.2%	11.9%	10.1%	Not Started	72,624,308
American Select (Threadneedle)	-4.6%	4.4%	9.5%	9.7%	12.8%	10.4%	Not Started	11,862,759
FinEx Sector Average	-7.9%	0.6%	6.3%	6.9%	11.5%	8.4%	3.6%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-14.2%	-9.3%	0.8%	2.7%	5.2%	6.1%	Not Started	64,867,169
Asia Pacific Equity	-15.6%	-11.9%	0.4%	1.7%	5.6%	Not Started	Not Started	8,374,049
FinEx Sector Average	-13.0%	-9.5%	0.2%	-0.3%	4.2%	6.1%	4.3%	
Equity Funds (High Yield)								
Dividend Growth	-24.5%	-17.5%	-4.9%	-0.6%	7.3%	Not Started	Not Started	169,223,299
FinEx Sector Average	-13.4%	-7.5%	1.0%	2.2%	7.0%	5.6%	2.2%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	-15.9%	-9.1%	3.8%	2.2%	Not Started	Not Started	Not Started	6,030,128
Indexed Emerging Market Equity Fund (BlackRock)	-16.0%	-12.4%	-0.6%	-0.8%	Not Started	Not Started	Not Started	2,708,764
Sector Average	-16.3%	-13.6%	-1.9%	-1.6%	1.0%	7.2%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	5.5%	18.4%	17.2%	16.2%	18.9%	14.5%	Not Started	81,992,744
FinEx Sector Average	-6.6%	-1.0%	2.5%	1.3%	3.1%	3.6%	0.4%	
Property Funds								
Property Fund	-8.2%	-4.5%	Not Started	Not Started	Not Started	Not Started	Not Started	45,534,621
Indexed European (Ex-UK) Property	-22.7%	-13.3%	-0.5%	1.2%	7.3%	Not Started	Not Started	94,768,535
Indexed Australasia Property	-20.2%	-17.7%	-2.0%	-0.2%	5.5%	Not Started	Not Started	81,588,491
Sector Average	-9.7%	-7.1%	0.6%	1.9%	3.6%	0.7%	2.9%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-2.1%	-1.8%	Not Started	Not Started	Not Started	Not Started	Not Started	259,754
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-3.8%	-1.7%	Not Started	Not Started	Not Started	Not Started	Not Started	6,350,295
World Equity (Dimensional)	-16.9%	-11.1%	Not Started	Not Started	Not Started	Not Started	Not Started	9,362,352
Global Short Fixed Income (Dimensional)	-0.4%	-0.4%	Not Started	Not Started	Not Started	Not Started	Not Started	3,094,136
World Allocation 20/80 (Dimensional)	-3.8%	-2.5%	Not Started	Not Started	Not Started	Not Started	Not Started	11,171,960
World Allocation 40/60 (Dimensional)	-7.2%	-4.5%	Not Started	Not Started	Not Started	Not Started	Not Started	22,628,472
World Allocation 60/40 (Dimensional)	-10.1%	-6.1%	Not Started	Not Started	Not Started	Not Started	Not Started	23,793,210
World Allocation 80/20 (Dimensional)	-14.2%	-9.4%	Not Started	Not Started	Not Started	Not Started	Not Started	6,684,437
Funds Closed to New Business								
Indexed Eurozone Property	-23.4%	-16.6%	-0.8%	0.9%	6.4%	4.4%	Not Started	13,875,994
Indexed India Equity	-20.5%	-21.5%	-5.5%	-1.4%	0.6%	Not Started	Not Started	6,426,398
Income Opportunity (JP Morgan)	-2.7%	-3.7%	-1.7%	-0.5%	Not Started	Not Started	Not Started	4,236,418
Diversified Assets	-11.7%	-7.0%	0.6%	0.5%	4.4%	Not Started	Not Started	9,648,299
Earth Resources	-27.3%	-18.9%	-3.2%	-6.1%	-3.9%	Not Started	Not Started	3,306,117
Green Resources	-5.7%	13.8%	13.7%	4.6%	1.9%	Not Started	Not Started	4,622,866
Small Cap Europe (Pictet)	-18.3%	-11.7%	-2.6%	2.3%	Not Started	Not Started	Not Started	1,398,802

Source: Financial Express as at 01/05/2020

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\* Performance using most recent data available.

\*\* 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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GR: 5051 Print Ref: ZL ISA 76 0520

