

# Monthly Investment Review

Equities were in the ascendency again during May as markets continued to rally following February and March's dramatic falls. The U.S. market has now regained over three-quarters of its losses. Other markets have not been quite as robust. A number of factors are playing a part but the underlying driver is the scale of liquidity that is being provided by central banks, with asset price reflation now in marked contrast to ailing economic activity. However, green shoots are starting to emerge. Purchasing manager's indicators appear to have bottomed, albeit still at depressed levels, and data has begun to surprise positively as economic lockdowns are relaxed. Further policy initiatives at both the monetary and fiscal levels are being deployed including the European Commission's €750bn recovery fund. Although further volatility in equity markets cannot be ruled out in the short-term, especially given the unpredictable nature of U.S.-China relationships, 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. Eurozone bonds face crosscurrents of the enormity of central bank buying against economic recovery. Nevertheless they offer little or no long-term value.

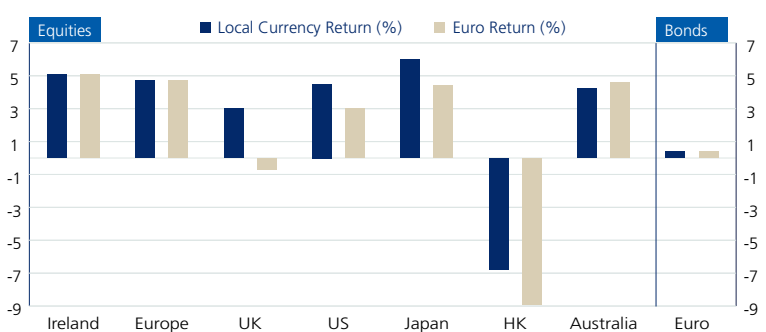


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## Activity

Equity positions of our multi-asset funds were maintained at the upper-end of ranges during May, 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, Japan and Europe. North America has been reduced to an underweight position following a particularly strong run in the U.S. 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 is below benchmark.

## Equity & Bond % Returns: May



This graph shows the performance of the major equity markets over the month of May. 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, June 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 3.2% in May giving a total return of minus 7.1% for the first five months of 2020. Local currency returns in May for the major markets ranged from plus 6.8% in Japan to minus 6.8% in Hong Kong, the latter affected by the Chinese crackdown in the territory. The influential U.S. market was up 4.5%. Regarding sectors in the U.S. during May, the strongest returns came from technology (+7.1%) and materials (+7.0%). Value sectors, such as consumer staples (+1.5%) and financials (+2.7%), underperformed. Year-to-date, technology has been the best performing sector, up 7.3%, and energy the worst, down 34%.

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 0.4% in May, giving a return of plus 1.6% for the first five months of the year. Despite the risk-on environment during May, quantitative easing gave some support to Eurozone bonds, especially in the periphery. The German ten-year bond yield rose in May moving from minus 0.59% to minus 0.45%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent U.S. rates were unchanged at 0.65%. 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.

### Commodities & Currencies

May saw overall commodity prices rise by 12.8% but they are still down 28.8% in the first five months of 2020, the main culprit being oil. Oil prices rose by over 40% in May but they are still down by around 44% so far this year due to concerns over slowing economic growth and geopolitical tensions. The gold price rose by 2.5% during the month finishing at \$1,737 per troy ounce. The copper price rose by 13%. The euro currency strengthened slightly during May against the U.S. dollar with the EUR/USD rate moving from 1.10 to 1.11. The rate began the year at 1.12.

Zurich Life Annualised Performance  
to June 2020

	Annualised							
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Prisma Multi-Asset Funds								
Prisma <span>2</span>	-1.2%	0.6%	0.3%	0.3%	Not Started	Not Started	Not Started	297,337,815
Prisma <span>3</span>	-2.7%	1.7%	1.5%	1.4%	Not Started	Not Started	Not Started	1,169,829,557
Prisma <span>4</span>	-4.5%	4.1%	3.7%	3.3%	Not Started	Not Started	Not Started	1,474,670,815
Prisma <span>5</span>	-4.5%	8.6%	6.1%	4.8%	Not Started	Not Started	Not Started	768,762,208
Prisma <span>Max</span> **	-2.9%	11.7%	7.2%	5.3%	Not Started	Not Started	Not Started	67,630,276
Managed Funds								
Cautiously Managed	-1.2%	5.2%	3.2%	3.1%	6.3%	Not Started	Not Started	466,025,948
<b>Sector Average</b>	<b>-5.0%</b>	<b>-0.5%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>2.8%</b>	
Balanced	-1.1%	9.6%	5.4%	4.8%	8.6%	6.7%	5.3%	1,760,371,396
<b>Sector Average</b>	<b>-7.6%</b>	<b>0.3%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>5.7%</b>	<b>3.9%</b>	<b>2.9%</b>	
Performance	-1.3%	11.2%	6.7%	5.7%	9.3%	7.1%	5.4%	1,432,907,729
Dynamic	-1.7%	12.1%	7.1%	6.1%	9.8%	7.5%	5.5%	1,621,192,916
<b>FinEx Sector Average</b>	<b>-9.3%</b>	<b>-0.7%</b>	<b>1.1%</b>	<b>1.6%</b>	<b>6.1%</b>	<b>4.1%</b>	<b>3.1%</b>	
Protected Funds								
Protected 70	-4.8%	4.9%	2.3%	1.2%	4.7%	Not Started	Not Started	18,777,290
Protected 80	-4.1%	2.1%	0.4%	-0.4%	2.5%	Not Started	Not Started	29,501,254
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.4%	167,786,266
Cash Fund	-0.4%	-0.8%	-0.8%	-0.8%	-0.5%	Not Started	Not Started	1,056,241,849
<b>FinEx Sector Average</b>	<b>-0.3%</b>	<b>-0.7%</b>	<b>-0.6%</b>	<b>-0.4%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.2%</b>	
Bond								
Global Corporate Bond (JP Morgan)	0.6%	4.5%	1.8%	2.0%	Not Started	Not Started	Not Started	9,480,177
Global Government Bond (JP Morgan)	4.1%	5.2%	2.3%	2.0%	Not Started	Not Started	Not Started	1,423,518
Indexed Eurozone Government Bond (BlackRock)*	-0.4%	2.5%	2.5%	2.3%	Not Started	Not Started	Not Started	9,875,653
Active Fixed Income	0.0%	2.7%	1.90%	1.90%	4.70%	4.60%	5.70%	222,565,200
Inflation-Linked Bond	-4.2%	-0.1%	0.50%	0.30%	0.80%	Not Started	Not Started	5,603,149
Long Bond	2.1%	7.8%	5.1%	3.6%	6.5%	5.5%	Not Started	68,298,245
<b>FinEx Sector Average</b>	<b>-0.5%</b>	<b>3.6%</b>	<b>2.4%</b>	<b>2.0%</b>	<b>3.6%</b>	<b>3.5%</b>	<b>4.3%</b>	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	-0.4%	0.4%	-1.8%	-0.3%	Not Started	Not Started	Not Started	37,888,494
Dynamic Diversified Growth (BlackRock)	-1.7%	2.6%	1.7%	0.7%	Not Started	Not Started	Not Started	11,152,649
Active Asset Allocation	-4.3%	4.6%	4.1%	3.50%	Not Started	Not Started	Not Started	535,638,671
Commodity Funds								
Gold	15.2%	32.9%	10.6%	6.8%	4.0%	Not Started	Not Started	167,978,017
Indexed Global Energy and Metals	-16.0%	-9.9%	-1.2%	-4.9%	-2.8%	Not Started	Not Started	10,338,504
Equity Funds (Global)								
5 Star 5	-3.3%	11.6%	7.5%	5.8%	9.0%	6.8%	Not Started	207,830,764
International Equity	-2.0%	13.3%	7.8%	6.7%	10.5%	8.1%	4.8%	2,831,330,087
Global Select (Threadneedle)	-2.6%	13.8%	10.5%	8.4%	11.7%	8.9%	Not Started	10,499,756
Indexed Global Equity (BlackRock)*	-5.8%	7.9%	6.6%	6.2%	Not Started	Not Started	Not Started	119,149,980
<b>FinEx Sector Average</b>	<b>-11.1%</b>	<b>0.2%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>7.7%</b>	<b>5.4%</b>	<b>2.6%</b>	
Equity Funds (European)								
5 Star 5 Europe	-13.5%	2.4%	1.3%	3.3%	9.7%	7.4%	Not Started	95,440,597
European Select (Threadneedle)	-5.7%	8.1%	4.1%	3.9%	11.3%	8.5%	Not Started	8,969,049
<b>FinEx Sector Average</b>	<b>-11.9%</b>	<b>0.2%</b>	<b>-0.7%</b>	<b>0.4%</b>	<b>7.0%</b>	<b>5.2%</b>	<b>2.7%</b>	
Equity Funds (Euro)								
Eurozone Equity	-13.3%	-1.1%	-0.6%	1.7%	7.6%	6.7%	Not Started	71,912,653
Indexed Eurozone Equity (BlackRock)*	-11.7%	-0.9%	-0.6%	1.6%	Not Started	Not Started	Not Started	7,513,771
<b>Sector Average</b>	<b>-14.9%</b>	<b>-4.7%</b>	<b>-2.7%</b>	<b>-0.4%</b>	<b>5.5%</b>	<b>3.4%</b>	<b>2.0%</b>	
Equity Funds (Irish)								
Irish Equity	-16.6%	1.4%	-1.9%	2.4%	10.8%	3.0%	Not Started	14,167,971
<b>FinEx Sector Average</b>	<b>-16.6%</b>	<b>-2.0%</b>	<b>-4.4%</b>	<b>-0.9%</b>	<b>7.9%</b>	<b>1.0%</b>	<b>2.5%</b>	

	Year to Date	Annualised						Fund Size (Euros)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Equity Fund (American)								
5 Star 5 Americas	4.1%	21.6%	13.6%	10.7%	12.7%	10.1%	Not Started	76,522,765
American Select (Threadneedle)	-0.1%	18.1%	11.5%	9.9%	13.7%	10.1%	Not Started	11,717,265
FinEx Sector Average	-5.4%	9.1%	7.7%	6.9%	12.0%	8.1%	4.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-14.4%	-3.6%	0.6%	2.7%	6.0%	5.7%	Not Started	63,560,668
Asia Pacific Equity	-16.0%	-7.0%	0.6%	1.8%	6.3%	Not Started	Not Started	8,229,140
FinEx Sector Average	-15.0%	-6.4%	-0.4%	-0.4%	4.5%	5.6%	4.6%	
Equity Funds (High Yield)								
Dividend Growth	-24.2%	-11.2%	-3.9%	-0.7%	7.4%	Not Started	Not Started	169,376,267
FinEx Sector Average	-11.1%	0.2%	2.1%	2.4%	7.7%	5.4%	2.6%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	-18.5%	-4.1%	2.7%	2.4%	Not Started	Not Started	Not Started	5,957,377
Indexed Emerging Market Equity Fund (BlackRock)	-16.1%	-5.1%	-0.8%	0.4%	Not Started	Not Started	Not Started	2,392,416
Sector Average	-16.9%	-9.0%	-2.2%	-1.5%	1.1%	6.3%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	10.6%	34.6%	18.8%	16.3%	19.4%	13.9%	Not Started	87,803,993
FinEx Sector Average	-4.6%	5.0%	3.6%	1.7%	3.7%	3.2%	0.6%	
Property Funds								
Property Fund	-8.1%	-4.5%	Not Started	Not Started	Not Started	Not Started	Not Started	45,390,865
Indexed European (Ex-UK) Property	-20.2%	-12.1%	-1.0%	2.7%	8.2%	Not Started	Not Started	98,923,722
Indexed Australasia Property	-21.8%	-18.8%	-2.1%	-0.6%	5.4%	Not Started	Not Started	80,167,667
Sector Average	-10.3%	-7.6%	0.2%	1.7%	3.6%	0.5%	2.9%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-1.6%	-1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	263,542
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-3.7%	-2.0%	Not Started	Not Started	Not Started	Not Started	Not Started	6,518,742
World Equity (Dimensional)	-13.9%	-1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	9,731,134
Global Short Fixed Income (Dimensional)	-0.3%	-0.5%	Not Started	Not Started	Not Started	Not Started	Not Started	3,100,936
World Allocation 20/80 (Dimensional)	-2.9%	-0.4%	Not Started	Not Started	Not Started	Not Started	Not Started	11,189,167
World Allocation 40/60 (Dimensional)	-5.7%	-0.5%	Not Started	Not Started	Not Started	Not Started	Not Started	23,838,023
World Allocation 60/40 (Dimensional)	-8.4%	-0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	24,542,892
World Allocation 80/20 (Dimensional)	-12.2%	-2.2%	Not Started	Not Started	Not Started	Not Started	Not Started	7,168,598
Funds Closed to New Business								
Indexed Eurozone Property	-22.5%	-16.4%	-1.9%	1.7%	7.2%	3.9%	Not Started	13,966,716
Indexed India Equity	-22.5%	-24.6%	-5.7%	-2.9%	0.5%	Not Started	Not Started	6,269,780
Income Opportunity (JP Morgan)	-1.7%	-2.1%	-1.4%	-0.3%	Not Started	Not Started	Not Started	4,242,526
Diversified Assets	-9.9%	-2.8%	1.5%	0.9%	4.9%	Not Started	Not Started	9,766,547
Earth Resources	-18.8%	-5.6%	1.8%	-4.2%	-2.7%	Not Started	Not Started	3,660,162
Green Resources	-0.2%	25.9%	17.1%	5.6%	3.0%	Not Started	Not Started	4,879,669

Source: Financial Express as at 01/06/2020.

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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: 5165 Print Ref: ZL ISA 76 0620

