



# Monthly Investment Review

A global pandemic and self-imposed lockdowns have led to the sharpest contraction in global growth since the Great Depression. Yet a profound policy response has prevented a health and economic crisis becoming a financial crisis. However, the recovery will leave a large hole in global output and a greater dependency on support mechanisms. With economies re-opening and some financial markets hitting new highs, hopes are rising like a phoenix from the flames. In the medium-term, we suspect liquidity injections by global central banks will continue supporting asset prices. In the short-term, further volatility in equity markets cannot be ruled out especially given the potential of a second-wave of coronavirus infections and the unpredictable nature of U.S.-China relationships. However, Zurich believes that it makes sense to take a positive stance towards equities on a medium to long-term basis. Eurozone bonds face crosscurrents of the enormity of central bank buying against economic recovery. Nevertheless they offer little or no long-term value.

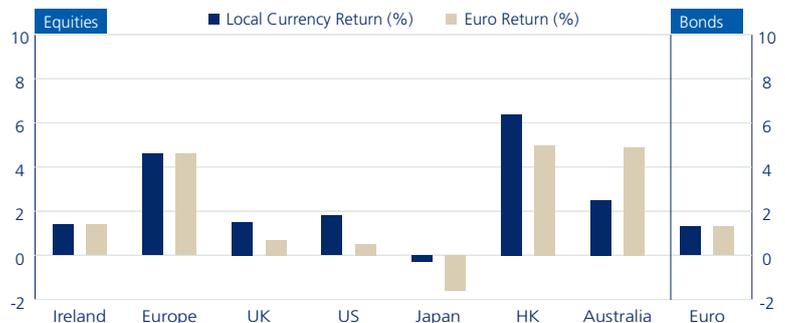


Richard Temperley  
Head of Investment Development

## Activity

Equity positions of our multi-asset funds were maintained at the upper-end of ranges during June, 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 consumer discretionary stocks and negatively biased towards consumer staples and energy. Bond positions are below the middle of ranges whilst the duration of these bonds is below benchmark. Corporate bonds have been increased at the expense of sovereign bonds over the last few months.

## Equity & Bond % Returns: June



This graph shows the performance of the major equity markets over the month of June. 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, July 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 1.7% in June giving a total return of minus 5.5% for the first six months of 2020. Local currency returns in June for the major markets ranged from plus 6.4% in Hong Kong to minus 0.3% in Japan. The influential U.S. market was up 1.8%. Regarding sectors in the U.S. during June, the strongest returns came from technology (+5.5%) and consumer discretionary stocks (+3.5%). Value sectors, such as consumer staples (-2.0%) and utilities (-6.2%), underperformed. Year-to-date, technology has been the best performing sector, up 14.1%, and energy the worst, down 37%.

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 1.3% in June, giving a return of plus 3.0% for the first half of the year. Despite the risk-on environment during June, quantitative easing gave some support to Eurozone bonds, especially in the periphery. The German ten-year bond yield was virtually unchanged in June at minus 0.46%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent US rates were also unchanged at plus 0.66%. 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

June saw overall commodity prices rise by 4.3% but they are still down 25.7% in the first six months of 2020, the main culprit being oil. Oil prices rose by over 11% in June but they are still down by around 37% so far this year due to concerns over slowing economic growth and geopolitical tensions. The gold price rose by 3.7% during the month finishing at \$1,800 per troy ounce. The copper price rose by 12%. The euro currency strengthened slightly during June against the U.S. dollar with the EUR/USD rate moving from 1.11 to 1.12. The rate began the year at 1.12.

Zurich Life Annualised Performance to July 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>	-0.6%	0.6%	0.6%	0.5%	Not Started	Not Started	Not Started	306,886,868
Prisma <b>3</b>	-1.4%	1.9%	2.1%	1.9%	Not Started	Not Started	Not Started	1,192,618,937
Prisma <b>4</b>	-2.4%	4.3%	4.8%	4.4%	Not Started	Not Started	Not Started	1,517,166,396
Prisma <b>5</b>	-2.1%	7.6%	7.4%	6.2%	Not Started	Not Started	Not Started	793,818,340
Prisma <b>Max</b> **	-0.5%	10.0%	8.5%	6.8%	Not Started	Not Started	Not Started	70,262,310
<b>Managed Funds</b>								
Cautiously Managed	0.1%	4.9%	3.8%	3.6%	6.6%	Not Started	Not Started	477,152,651
<b>Sector Average</b>	<b>-4.4%</b>	<b>-1.7%</b>	<b>0.7%</b>	<b>1.4%</b>	<b>3.3%</b>	<b>2.7%</b>	<b>2.8%</b>	
Balanced	1.0%	8.6%	6.5%	5.9%	8.9%	6.7%	5.4%	1,797,349,748
<b>Sector Average</b>	<b>-6.9%</b>	<b>-1.5%</b>	<b>1.7%</b>	<b>2.1%</b>	<b>5.9%</b>	<b>3.7%</b>	<b>2.9%</b>	
Performance	0.9%	10.1%	7.8%	6.9%	9.7%	7.0%	5.5%	1,458,642,874
Dynamic	0.5%	10.7%	8.3%	7.4%	10.3%	7.4%	5.5%	1,650,926,595
<b>FinEx Sector Average</b>	<b>-8.5%</b>	<b>-2.7%</b>	<b>1.7%</b>	<b>2.5%</b>	<b>6.3%</b>	<b>4.0%</b>	<b>3.2%</b>	
<b>Protected Funds</b>								
Protected 70	-3.7%	3.3%	3.0%	2.0%	5.0%	Not Started	Not Started	18,923,549
Protected 80	-3.5%	1.0%	0.9%	0.2%	2.7%	Not Started	Not Started	29,624,968
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.4%	165,945,372
Cash Fund	-0.5%	-1.0%	-0.9%	-0.8%	-0.5%	Not Started	Not Started	1,061,184,024
<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>0.7%</b>	<b>1.2%</b>	
<b>Bond</b>								
Global Corporate Bond (JP Morgan)	2.5%	4.6%	2.5%	2.8%	Not Started	Not Started	Not Started	14,748,389
Global Government Bond (JP Morgan)	4.5%	4.5%	2.7%	2.3%	Not Started	Not Started	Not Started	1,546,443
Indexed Eurozone Government Bond (BlackRock)*	1.2%	1.8%	3.2%	2.9%	Not Started	Not Started	Not Started	9,645,002
Active Fixed Income	0.9%	1.6%	2.3%	2.9%	4.9%	4.5%	5.7%	227,584,429
Inflation-Linked Bond	-2.1%	0.1%	1.4%	1.2%	1.3%	Not Started	Not Started	5,324,453
Long Bond	3.4%	5.0%	5.8%	5.1%	6.7%	5.5%	Not Started	69,626,762
<b>FinEx Sector Average</b>	<b>0.8%</b>	<b>2.3%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>4.3%</b>	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	-1.7%	-0.9%	-2.2%	-0.3%	Not Started	Not Started	Not Started	36,062,077
Dynamic Diversified Growth (BlackRock)	-0.5%	1.5%	2.2%	1.2%	Not Started	Not Started	Not Started	10,958,372
Active Asset Allocation	-2.2%	4.7%	5.2%	4.6%	Not Started	Not Started	Not Started	545,578,780
<b>Commodity Funds</b>								
Gold	17.1%	27.2%	12.5%	7.8%	3.8%	Not Started	Not Started	176,084,675
Indexed Global Energy and Metals	-13.8%	-8.9%	0.4%	-4.1%	-2.5%	Not Started	Not Started	10,596,932
<b>Equity Funds (Global)</b>								
5 Star 5	0.5%	11.1%	9.4%	7.1%	9.9%	6.8%	Not Started	214,610,788
International Equity	0.4%	11.3%	8.9%	8.0%	11.0%	8.0%	4.9%	2,891,541,640
Global Select (Threadneedle)	-1.4%	9.8%	11.1%	9.2%	11.9%	8.7%	Not Started	10,833,333
Indexed Global Equity (BlackRock)*	-5.6%	3.5%	7.0%	6.5%	Not Started	Not Started	Not Started	119,331,217
<b>FinEx Sector Average</b>	<b>-10.1%</b>	<b>-2.1%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>7.9%</b>	<b>5.2%</b>	<b>2.6%</b>	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	-8.2%	2.8%	4.0%	5.3%	10.3%	7.5%	Not Started	99,906,301
European Select (Threadneedle)	-2.4%	5.6%	6.2%	5.2%	11.2%	8.5%	Not Started	9,170,450
<b>FinEx Sector Average</b>	<b>-9.6%</b>	<b>-1.3%</b>	<b>0.9%</b>	<b>1.8%</b>	<b>7.2%</b>	<b>5.2%</b>	<b>2.7%</b>	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	-8.4%	-0.8%	2.0%	3.7%	8.2%	6.8%	Not Started	76,066,963
Indexed Eurozone Equity (BlackRock)*	-11.0%	-4.3%	0.6%	2.5%	Not Started	Not Started	Not Started	7,809,091
<b>Sector Average</b>	<b>-11.8%</b>	<b>-5.2%</b>	<b>-0.9%</b>	<b>1.2%</b>	<b>6.1%</b>	<b>3.4%</b>	<b>2.2%</b>	
<b>Equity Funds (Irish)</b>								
Irish Equity	-15.7%	0.7%	-1.1%	3.0%	11.0%	2.8%	Not Started	15,148,730
<b>FinEx Sector Average</b>	<b>-15.5%</b>	<b>-1.4%</b>	<b>-3.3%</b>	<b>-0.2%</b>	<b>8.3%</b>	<b>0.8%</b>	<b>2.6%</b>	

	Annualised							Fund Size (Euros)
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<b>Equity Fund (American)</b>								
5 Star 5 Americas	7.4%	21.0%	15.2%	11.7%	13.6%	10.1%	Not Started	79,010,025
American Select (Threadneedle)	1.6%	15.2%	12.9%	10.8%	14.6%	9.9%	Not Started	11,765,562
<b>FinEx Sector Average</b>	<b>-5.1%</b>	<b>5.7%</b>	<b>8.5%</b>	<b>8.0%</b>	<b>12.6%</b>	<b>7.9%</b>	<b>4.2%</b>	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	-9.3%	-3.3%	2.1%	5.1%	6.8%	5.8%	Not Started	66,920,230
Asia Pacific Equity	-11.0%	-6.4%	2.1%	4.1%	6.9%	Not Started	Not Started	8,975,764
<b>FinEx Sector Average</b>	<b>-10.1%</b>	<b>-4.6%</b>	<b>1.4%</b>	<b>2.1%</b>	<b>5.0%</b>	<b>5.6%</b>	<b>4.6%</b>	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	-23.2%	-13.3%	-3.5%	0.3%	7.6%	Not Started	Not Started	169,519,923
<b>FinEx Sector Average</b>	<b>-10.1%</b>	<b>-2.1%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>7.9%</b>	<b>5.2%</b>	<b>2.6%</b>	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-12.8%	-2.6%	4.5%	4.2%	Not Started	Not Started	Not Started	6,458,339
Indexed Emerging Market Equity Fund (BlackRock)	-10.1%	-2.7%	1.5%	2.1%	Not Started	Not Started	Not Started	2,470,340
<b>Sector Average</b>	<b>-12.1%</b>	<b>-6.7%</b>	<b>0.2%</b>	<b>0.9%</b>	<b>1.6%</b>	<b>6.0%</b>	<b>Not Started</b>	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	16.2%	34.3%	22.4%	18.4%	20.7%	14.4%	Not Started	94,855,267
<b>FinEx Sector Average</b>	<b>-2.9%</b>	<b>5.0%</b>	<b>4.9%</b>	<b>2.7%</b>	<b>4.0%</b>	<b>3.2%</b>	<b>0.5%</b>	
<b>Property Funds</b>								
Property Fund	-8.1%	-5.6%	Not Started	Not Started	Not Started	Not Started	Not Started	45,358,965
Indexed European (Ex-UK) Property	-18.7%	-6.9%	0.2%	4.1%	8.0%	Not Started	Not Started	100,381,743
Indexed Australasia Property	-19.8%	-18.9%	0.0%	0.9%	5.5%	Not Started	Not Started	82,656,257
<b>Sector Average</b>	<b>-10.7%</b>	<b>-8.0%</b>	<b>0.0%</b>	<b>1.8%</b>	<b>3.4%</b>	<b>0.3%</b>	<b>2.8%</b>	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.8%	-1.0%	Not Started	Not Started	Not Started	Not Started	Not Started	278,802
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-1.8%	-1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	6,771,129
World Equity (Dimensional)	-12.6%	-4.3%	Not Started	Not Started	Not Started	Not Started	Not Started	10,081,395
Global Short Fixed Income (Dimensional)	-0.2%	-0.7%	Not Started	Not Started	Not Started	Not Started	Not Started	3,245,798
World Allocation 20/80 (Dimensional)	-2.5%	-1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	11,573,222
World Allocation 40/60 (Dimensional)	-5.0%	-1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	24,419,975
World Allocation 60/40 (Dimensional)	-7.3%	-2.2%	Not Started	Not Started	Not Started	Not Started	Not Started	24,944,164
World Allocation 80/20 (Dimensional)	-10.8%	-4.0%	Not Started	Not Started	Not Started	Not Started	Not Started	7,578,012
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	-20.9%	-11.3%	-1.1%	3.4%	7.2%	3.7%	Not Started	14,369,042
Indexed India Equity	-18.2%	-17.9%	-3.2%	-1.4%	0.6%	Not Started	Not Started	6,411,769
Income Opportunity (JP Morgan)	-1.4%	-2.0%	-1.2%	-0.1%	Not Started	Not Started	Not Started	4,103,108
Diversified Assets	-8.3%	-2.7%	2.6%	2.1%	5.0%	Not Started	Not Started	9,849,669
Earth Resources	-13.0%	-3.4%	4.6%	-2.3%	-2.0%	Not Started	Not Started	3,727,693
Green Resources	11.9%	30.8%	20.7%	9.2%	4.6%	Not Started	Not Started	5,386,219

Source: Financial Express as at 01/07/2020

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.

\* 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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**Warning: If you invest in this fund you may lose some or all of the money you invest.**



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