

Monthly Investment Review

Equity markets were mixed in July although the U.S. market moved higher with the S&P 500 climbing back into positive territory for the year. The key feature in July was the strength of the euro currency which reduced returns in overseas markets for Eurozone investors. With the U.S. Q2 corporate earnings season in full swing investors are focusing on the profit impact of the worst economic downturn in decades. On average, reported earnings have been more than 20% higher than consensus estimates, although this still leaves profits roughly a third lower than in the same quarter a year ago. The five largest companies in the S&P 500 (Apple, Microsoft, Amazon, Facebook and Google) now make up roughly 23% of the index's total market capitalisation. So far, this concentration risk has benefitted investors as these stocks helped to lift the overall market. In the short-term, further volatility in equity markets cannot be ruled out. 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.

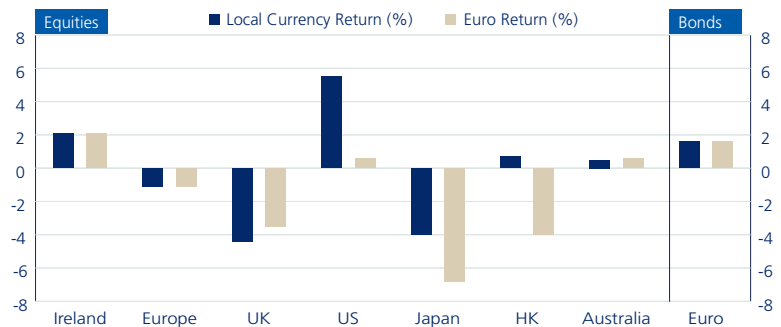


Richard Temperley
Head of Investment
Development

Activity

Equity positions in our multi-asset funds were materially reduced during July, taking advantage of the strong recovery since mid-March, but they are still well above benchmark. 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: July



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 2020.

CURRENT POSITIONING				
Asset Class	Country	Positive	Neutral	Negative
Equities	North America			✓
	Europe	✓		
	Japan	✓		
	UK	✓		
	Asia-Ex Japan	✓		
Fixed Income	Sovereign Eurozone			✓
	Sovereign US		✓	
	Sovereign UK	✓		
	Credit	✓		
Currencies	USD			✓
	GBP		✓	
	YEN		✓	
Alternatives	Oil		✓	
	Gold	✓		
	Copper		✓	
	Global Property		✓	
	Soft Commodities		✓	
	Water	✓		

MARKET PERFORMANCE

Equity Markets

World equities (in euro terms) fell by 0.5% in July giving a total return of minus 6.2% for the first seven months of 2020. Local currency returns in July for the major markets ranged from plus 5.5% in the U.S. to minus 4.4% in the U.K. Euro returns in overseas markets were adversely affected by the strength of the euro currency. Regarding sectors in the U.S. during July, the strongest returns came from consumer discretionary stocks (+3.9%) and utilities (+2.7%). Energy stocks (-9.7%) were the clear underperformers. Year-to-date, technology (+14.8%) and consumer discretionary stocks (+10.6%) have been the best performing sectors; energy the worst, down 43%.

Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 1.6% in July, giving a return of plus 4.6% for the first seven months of the year. Bonds have been supported in recent months by quantitative easing as well as economic weakness. The German ten-year bond yield fell in July moving from minus 0.46% to minus 0.53%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent U.S. rates fell from 0.66% to 0.53%. 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

July saw overall commodity prices rise by 4.1% but they are still down 22.7% in the first seven months of 2020, the main culprit being oil. Oil prices rose by over 3% in July but they are still down by around 34% so far this year due to concerns over slowing economic growth and geopolitical tensions. The gold price rose by a strong 9.0% during the month finishing at \$1,963 per troy ounce. The copper price rose by 5.7%. The euro currency strengthened during July against the US dollar with the EUR/USD rate moving from 1.12 to 1.18, helped by the Eurozone Recovery Fund and flows into European equities. The rate began the year at 1.12.

Zurich Life Annualised Performance to August 2020

Zurich Life Annualised Performance to August 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 2	-0.3%	0.6%	0.7%	0.6%	Not Started	Not Started	Not Started	323,493,449	
Prisma 3	-1.1%	1.3%	2.2%	1.8%	Not Started	Not Started	Not Started	1,204,968,318	
Prisma 4	-2.0%	3.2%	4.9%	4.2%	Not Started	Not Started	Not Started	1,540,508,634	
Prisma 5	-1.7%	5.6%	7.5%	5.9%	Not Started	Not Started	Not Started	808,026,027	
Prisma Max	-0.3%	7.5%	8.7%	6.6%	Not Started	Not Started	Not Started	72,467,775	
Managed Funds									
Cautiously Managed	0.5%	4.0%	4.1%	3.4%	6.5%	Not Started	Not Started	481,595,079	
Sector Average	-3.8%	-2.0%	0.8%	1.3%	3.2%	2.7%	2.8%		
Balanced	1.5%	6.8%	6.9%	5.4%	8.9%	6.5%	5.4%	1,810,835,279	
Sector Average	-6.1%	-2.1%	2.0%	1.9%	5.8%	3.6%	2.9%		
Performance	1.3%	8.0%	8.1%	6.3%	9.6%	6.8%	5.5%	1,462,614,511	
Dynamic	0.9%	8.3%	8.7%	6.7%	10.1%	7.2%	5.5%	1,659,092,703	
FinEx Sector Average	-7.8%	-3.4%	2.1%	2.4%	6.2%	3.9%	3.2%		
Protected Funds									
Protected 70	-3.7%	1.3%	3.3%	1.6%	4.9%	Not Started	Not Started	19,291,984	
Protected 80	-3.6%	-0.3%	1.0%	-0.1%	2.6%	Not Started	Not Started	29,031,391	
Cash									
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.4%	163,452,500	
Cash Fund	-0.6%	-1.0%	-0.9%	-0.8%	-0.5%	Not Started	Not Started	1,121,300,852	
FinEx Sector Average	-0.4%	-0.7%	-0.6%	-0.4%	-0.1%	0.7%	1.2%		
Bond									
Global Corporate Bond (JP Morgan)	4.9%	6.5%	3.1%	3.0%	Not Started	Not Started	Not Started	16,673,090	
Global Government Bond (JP Morgan)	5.4%	4.8%	3.0%	2.1%	Not Started	Not Started	Not Started	2,446,665	
Indexed Eurozone Government Bond (BlackRock)*	2.3%	1.3%	3.3%	2.7%	Not Started	Not Started	Not Started	9,913,687	
Active Fixed Income	1.7%	1.0%	2.6%	2.3%	4.80%	4.60%	5.70%	233,519,828	
Inflation-Linked Bond	-0.4%	-1.1%	1.7%	1.2%	1.4%	Not Started	Not Started	5,418,919	
Long Bond	5.3%	3.9%	6.3%	4.4%	6.7%	5.7%	Not Started	72,356,926	
FinEx Sector Average	2.2%	2.1%	3.6%	2.8%	3.9%	3.5%	4.4%		
Absolute Return/Diversified Assets Funds									
Global Targeted Returns Fund (Invesco)	-2.5%	-0.8%	-2.1%	-0.5%	Not Started	Not Started	Not Started	35,392,270	
Dynamic Diversified Growth (BlackRock)	2.3%	4.1%	2.9%	1.6%	Not Started	Not Started	Not Started	10,949,558	
Active Asset Allocation	-1.7%	3.6%	5.4%	4.40%	Not Started	Not Started	Not Started	551,818,188	
Commodity Funds									
Gold	23.3%	29.4%	15.0%	10.3%	5.6%	Not Started	Not Started	185,495,324	
Indexed Global Energy and Metals	-12.2%	-9.9%	1.1%	-1.9%	-2.2%	Not Started	Not Started	10,803,320	
Equity Funds (Global)									
5 Star 5	1.7%	10.1%	10.2%	6.8%	10.1%	6.5%	Not Started	216,349,126	
International Equity	0.6%	8.7%	9.2%	7.3%	10.9%	7.8%	4.9%	2,748,074,787	
Global Select (Threadneedle)	-0.5%	7.9%	11.8%	9.0%	11.9%	8.5%	Not Started	10,931,794	
Indexed Global Equity (BlackRock)*	-5.6%	3.8%	7.7%	5.8%	Not Started	Not Started	Not Started	124,775,180	
FinEx Sector Average	-9.8%	-4.1%	3.3%	3.2%	7.8%	5.0%	2.6%		
Equity Funds (European)									
5 Star 5 Europe	-9.2%	1.3%	3.4%	4.2%	9.9%	6.7%	Not Started	98,639,771	
European Select (Threadneedle)	-0.7%	7.0%	7.1%	4.9%	11.1%	8.2%	Not Started	9,088,991	
FinEx Sector Average	-8.7%	-0.4%	1.2%	1.4%	6.9%	4.9%	2.8%		
Equity Funds (Euro)									
Eurozone Equity	-9.0%	-1.7%	1.6%	2.6%	7.5%	6.3%	Not Started	75,749,965	
Indexed Eurozone Equity (BlackRock)*	-11.9%	-2.4%	0.3%	1.1%	Not Started	Not Started	Not Started	8,073,746	
Sector Average	-12.2%	-5.4%	-1.1%	0.5%	5.5%	3.1%	2.1%		
Equity Funds (Irish)									
Irish Equity	-13.8%	2.8%	0.4%	2.2%	11.1%	2.7%	Not Started	15,368,650	
FinEx Sector Average	-13.7%	1.0%	-1.9%	-0.5%	8.4%	0.7%	2.7%		

	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	9.1%	18.7%	16.6%	11.3%	14.0%	10.1%	Not Started	78,262,005
American Select (Threadneedle)	1.6%	11.2%	13.4%	10.4%	14.7%	9.8%	Not Started	11,762,126
FinEx Sector Average	-4.1%	2.6%	9.0%	7.5%	12.8%	7.7%	4.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-10.0%	-4.8%	1.6%	5.3%	6.7%	5.4%	Not Started	66,349,881
Asia Pacific Equity	-11.8%	-7.7%	1.3%	4.5%	6.5%	Not Started	Not Started	8,918,178
FinEx Sector Average	-8.4%	-3.7%	1.8%	2.9%	5.0%	5.4%	4.7%	
Equity Funds (High Yield)								
Dividend Growth	-25.2%	-16.9%	-3.8%	-0.4%	7.2%	4.7%	Not Started	162,933,397
FinEx Sector Average	-9.8%	-4.1%	3.3%	3.2%	7.8%	5.0%	2.6%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	-10.4%	-1.2%	4.1%	6.7%	Not Started	Not Started	Not Started	6,711,326
Indexed Emerging Market Equity Fund (BlackRock)	-7.1%	-0.4%	2.2%	4.3%	Not Started	Not Started	Not Started	2,487,777
Sector Average	-9.2%	-3.9%	0.6%	2.4%	1.9%	5.8%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	18.5%	31.0%	22.9%	17.6%	20.9%	14.0%	Not Started	98,505,395
FinEx Sector Average	-1.6%	4.0%	5.3%	3.0%	3.9%	2.9%	0.6%	
Property Funds								
Property Fund	-8.1%	-6.3%	Not Started	Not Started	Not Started	Not Started	Not Started	45,238,761
Indexed European (Ex-UK) Property	-18.3%	-8.8%	0.5%	2.8%	7.2%	Not Started	Not Started	99,860,360
Indexed Australasia Property	-24.7%	-24.7%	-2.2%	-0.1%	4.7%	Not Started	Not Started	77,120,786
Sector Average	-10.7%	-8.5%	0.0%	1.5%	3.0%	0.2%	2.7%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.3%	-0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	293,088
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-0.3%	-2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	6,927,702
World Equity (Dimensional)	-13.1%	-7.0%	Not Started	Not Started	Not Started	Not Started	Not Started	10,181,564
Global Short Fixed Income (Dimensional)	-0.1%	-0.8%	Not Started	Not Started	Not Started	Not Started	Not Started	3,904,836
World Allocation 20/80 (Dimensional)	-2.6%	-1.8%	Not Started	Not Started	Not Started	Not Started	Not Started	12,187,550
World Allocation 40/60 (Dimensional)	-5.1%	-2.7%	Not Started	Not Started	Not Started	Not Started	Not Started	24,458,530
World Allocation 60/40 (Dimensional)	-7.5%	-4.0%	Not Started	Not Started	Not Started	Not Started	Not Started	22,873,856
World Allocation 80/20 (Dimensional)	-11.0%	-6.3%	Not Started	Not Started	Not Started	Not Started	Not Started	7,593,785
Funds Closed to New Business								
Indexed Eurozone Property	-20.7%	-13.1%	-1.0%	2.4%	6.4%	3.5%	Not Started	14,003,661
Indexed India Equity	-14.9%	-11.3%	-3.1%	-1.0%	1.5%	Not Started	Not Started	6,672,823
Income Opportunity (JP Morgan)	-0.7%	-1.3%	-1.1%	0.1%	Not Started	Not Started	Not Started	4,027,282
Diversified Assets	-8.2%	-4.5%	2.7%	2.0%	4.9%	Not Started	Not Started	9,809,395
Earth Resources	-10.1%	-2.5%	5.6%	0.6%	-1.6%	Not Started	Not Started	3,854,081
Green Resources	19.9%	34.3%	23.2%	12.1%	4.9%	Not Started	Not Started	5,794,212

Source: Financial Express as at 01/08/2020

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.

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

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