



# Monthly Investment Review

The global economy continues to recover broadly in line with expectations of a V-shaped recovery. Further nationwide lockdowns are unlikely, with targeted measures being more probable. To secure an economic recovery it is crucial that stimulus continues to be provided, especially on the fiscal front, as labour markets are still fragile and consumer confidence vulnerable. Risk assets have been on a sharp upward trajectory since March. August saw the trend continue as global stocks hit new highs. A number of fundamentals are now notably improving and the hit from Covid-19 has been shallower than expected. Nevertheless stand-alone equity valuations appear somewhat stretched and concentration risk in the U.S. should also be noted. In the short-term, further volatility in equity markets cannot be ruled out. However, 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.

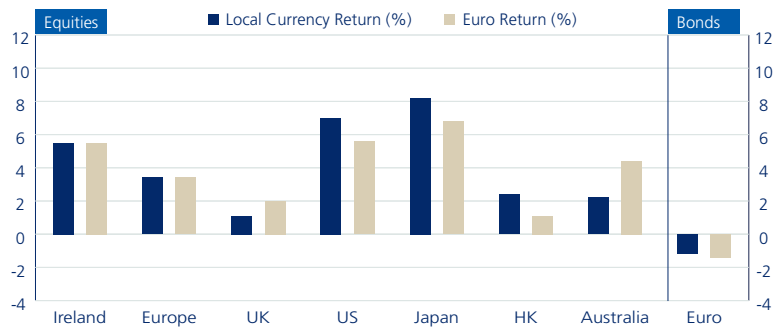


Richard Temperley  
Head of Investment Development

## Activity

Equity positions in our multi-asset funds were reduced again during August, 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 utilities. 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: August



This graph shows the performance of the major equity markets over the month of August. 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, September 2020.

CURRENT POSITIONING				
Asset Class	Region	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) rose by 5.5% in August giving a total return of minus -1.1% for the first eight months of 2020. Local currency returns in August for the major markets ranged from 7.0% in the U.S. to 1.1% in the U.K. Euro returns in overseas markets were once again adversely affected by slight strength of the euro currency. Regarding sectors in the U.S. during August, the strongest returns came from technology (+12.0%) and consumer discretionary stocks (+9.5%). Energy stocks (-1.0%) and utilities (-2.7%) were the clear underperformers. Year-to-date, technology (+36%) and consumer discretionary stocks (+28%) have been the best performing sectors; energy the worst, down 39%.

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index fell by 1.2% in August, giving a return of plus 3.4% for the first eight months of the year. Bond prices fell in the more risk-on environment. The German ten-year bond yield rose in August moving from minus -0.53% to minus -0.40%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent U.S. rates rose from 0.53% to 0.71% having 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

August saw overall commodity prices rise by 6.6% but they are still down 17.5% in the first eight months of 2020, the main culprit being oil. Oil prices rose by around 5% in August but they are still down by around 31% so far this year due to concerns over slowing economic growth and geopolitical tensions. The gold price rose marginally during the month finishing at \$1,970 per troy ounce. The copper price rose by 6.0%. The euro currency strengthened again during August against the U.S. dollar with the EUR/USD rate moving from 1.18 to 1.19, helped by the Eurozone Recovery Fund. The rate began the year at 1.12.

Zurich Life Annualised Performance to September 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>	0.5%	1.3%	1.0%	0.9%	Not Started	Not Started	Not Started	336,609,807
Prisma <b>3</b>	0.8%	3.4%	2.9%	2.6%	Not Started	Not Started	Not Started	1,247,462,732
Prisma <b>4</b>	1.9%	7.4%	6.3%	5.8%	Not Started	Not Started	Not Started	1,613,361,327
Prisma <b>5</b>	3.7%	12.1%	9.5%	8.6%	Not Started	Not Started	Not Started	858,050,142
Prisma <b>Max</b>	5.9%	14.8%	11.0%	10.0%	Not Started	Not Started	Not Started	78,322,313
<b>Managed Funds</b>								
Cautiously Managed	3.4%	7.1%	5.1%	4.6%	6.5%	Not Started	Not Started	497,528,165
<b>Sector Average</b>	<b>-2.8%</b>	<b>-0.6%</b>	<b>1.3%</b>	<b>2.1%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.7%</b>	
Balanced	6.1%	11.6%	8.5%	7.5%	9.3%	6.8%	5.3%	1,891,683,535
<b>Sector Average</b>	<b>-3.9%</b>	<b>1.0%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>6.2%</b>	<b>3.8%</b>	<b>2.9%</b>	
Performance	6.9%	14.4%	10.2%	8.9%	10.2%	7.2%	5.5%	1,540,080,432
Dynamic	7.0%	15.6%	11.0%	9.5%	10.9%	7.6%	5.5%	1,763,582,415
<b>FinEx Sector Average</b>	<b>-5.7%</b>	<b>0.3%</b>	<b>3.3%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>4.0%</b>	<b>3.1%</b>	
<b>Protected Funds</b>								
Protected 70	0.1%	6.2%	4.8%	3.7%	5.4%	Not Started	Not Started	20,053,392
Protected 80	-1.1%	2.9%	2.0%	1.4%	2.9%	Not Started	Not Started	29,526,285
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	1.4%	162,208,051
Cash Fund	-0.6%	-0.9%	-0.9%	-0.8%	-0.5%	Not Started	Not Started	1,108,190,114
<b>FinEx Sector Average</b>	<b>-0.5%</b>	<b>-0.7%</b>	<b>-0.6%</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>0.7%</b>	<b>1.2%</b>	
<b>Bond</b>								
Global Corporate Bond (JP Morgan)	4.0%	3.4%	2.7%	3.0%	Not Started	Not Started	Not Started	16,540,418
Global Government Bond (JP Morgan)	4.4%	0.9%	2.40%	2.00%	Not Started	Not Started	Not Started	3,188,856
Indexed Eurozone Government Bond (BlackRock)*	2.1%	-1.2%	3.20%	2.80%	Not Started	Not Started	Not Started	10,250,069
Active Fixed Income	1.1%	-1.7%	2.20%	2.50%	4.30%	4.50%	5.60%	237,067,542
Inflation-Linked Bond	-0.7%	-2.5%	1.30%	1.60%	1.10%	Not Started	Not Started	5,402,858
Long Bond	3.9%	-1.6%	5.4%	4.7%	5.9%	5.5%	Not Started	72,472,269
<b>FinEx Sector Average</b>	<b>1.5%</b>	<b>-1.0%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>3.5%</b>	<b>3.4%</b>	<b>4.3%</b>	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	-2.1%	-1.2%	-2.1%	-0.4%	Not Started	Not Started	Not Started	34,885,934
Dynamic Diversified Growth (BlackRock)	3.5%	6.3%	3.3%	2.5%	Not Started	Not Started	Not Started	10,956,190
Active Asset Allocation	2.2%	8.0%	6.8%	6.10%	Not Started	Not Started	Not Started	575,415,072
<b>Commodity Funds</b>								
Gold	21.5%	17.8%	13.3%	9.5%	4.5%	Not Started	Not Started	185,134,841
Indexed Global Energy and Metals	-8.6%	-6.4%	1.1%	-0.1%	-1.7%	Not Started	Not Started	11,641,409
<b>Equity Funds (Global)</b>								
5 Star 5	8.6%	19.1%	12.3%	10.0%	10.9%	7.0%	Not Started	229,474,509
International Equity	7.2%	16.6%	11.7%	10.5%	11.8%	8.2%	4.9%	2,814,056,110
Global Select (Threadneedle)	4.0%	12.5%	13.5%	12.4%	12.4%	8.8%	Not Started	11,144,992
Indexed Global Equity (BlackRock)*	-1.7%	7.8%	9.6%	9.3%	Not Started	Not Started	Not Started	132,243,797
<b>FinEx Sector Average</b>	<b>-6.6%</b>	<b>1.4%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>8.3%</b>	<b>5.3%</b>	<b>2.5%</b>	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	-6.7%	5.2%	4.5%	6.2%	10.4%	6.7%	Not Started	100,958,208
European Select (Threadneedle)	1.2%	9.9%	7.6%	7.5%	11.2%	8.3%	Not Started	9,254,605
<b>FinEx Sector Average</b>	<b>-6.2%</b>	<b>3.5%</b>	<b>2.5%</b>	<b>3.4%</b>	<b>7.5%</b>	<b>5.1%</b>	<b>2.7%</b>	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	-5.5%	3.4%	3.0%	5.1%	8.4%	6.7%	Not Started	78,088,338
Indexed Eurozone Equity (BlackRock)*	-9.8%	-0.8%	1.4%	4.3%	Not Started	Not Started	Not Started	8,246,106
<b>Sector Average</b>	<b>-9.3%</b>	<b>-0.7%</b>	<b>0.4%</b>	<b>2.6%</b>	<b>6.3%</b>	<b>3.4%</b>	<b>2.1%</b>	
<b>Equity Funds (Irish)</b>								
Irish Equity	-9.1%	10.4%	2.0%	3.4%	12.3%	3.2%	Not Started	16,244,433
<b>FinEx Sector Average</b>	<b>-9.2%</b>	<b>10.1%</b>	<b>-0.1%</b>	<b>0.9%</b>	<b>9.9%</b>	<b>1.2%</b>	<b>2.6%</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	19.0%	28.6%	20.0%	15.0%	15.4%	10.8%	Not Started	85,498,744
American Select (Threadneedle)	8.4%	20.1%	15.7%	14.4%	15.8%	10.4%	Not Started	12,291,907
<b>FinEx Sector Average</b>	<b>1.8%</b>	<b>10.9%</b>	<b>11.6%</b>	<b>10.5%</b>	<b>13.7%</b>	<b>8.3%</b>	<b>3.8%</b>	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	-5.6%	3.6%	3.2%	9.1%	7.2%	5.8%	Not Started	69,145,389
Asia Pacific Equity	-7.6%	0.5%	2.9%	8.1%	7.0%	Not Started	Not Started	9,333,900
<b>FinEx Sector Average</b>	<b>-6.2%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>5.8%</b>	<b>5.2%</b>	<b>5.7%</b>	<b>4.4%</b>	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	-23.6%	-12.2%	-2.5%	1.8%	7.3%	4.9%	Not Started	164,665,159
<b>FinEx Sector Average</b>	<b>-6.6%</b>	<b>1.4%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>8.3%</b>	<b>5.3%</b>	<b>2.5%</b>	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-8.2%	5.6%	3.9%	10.2%	Not Started	Not Started	Not Started	6,927,457
Indexed Emerging Market Equity Fund (BlackRock)	-5.9%	5.6%	2.0%	7.3%	Not Started	Not Started	Not Started	2,500,410
<b>Sector Average</b>	<b>-7.5%</b>	<b>2.5%</b>	<b>0.8%</b>	<b>4.9%</b>	<b>2.0%</b>	<b>5.9%</b>	<b>Not Started</b>	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	30.1%	44.9%	26.3%	21.9%	22.4%	15.0%	Not Started	110,236,960
<b>FinEx Sector Average</b>	<b>1.8%</b>	<b>8.1%</b>	<b>6.4%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>3.3%</b>	<b>0.2%</b>	
<b>Property Funds</b>								
Property Fund	-8.0%	-6.5%	Not Started	Not Started	Not Started	Not Started	Not Started	45,217,010
Indexed European (Ex-UK) Property	-16.1%	-9.3%	0.7%	3.9%	7.4%	Not Started	Not Started	103,462,607
Indexed Australasia Property	-21.7%	-21.1%	-1.2%	3.0%	4.7%	Not Started	Not Started	80,893,937
<b>Sector Average</b>	<b>-10.6%</b>	<b>-8.9%</b>	<b>0.0%</b>	<b>1.7%</b>	<b>3.3%</b>	<b>0.1%</b>	<b>2.6%</b>	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.2%	-0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	371,015
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-0.9%	-3.9%	Not Started	Not Started	Not Started	Not Started	Not Started	6,921,377
World Equity (Dimensional)	-9.0%	0.0%	Not Started	Not Started	Not Started	Not Started	Not Started	10,917,569
Global Short Fixed Income (Dimensional)	-0.2%	-1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	3,928,352
World Allocation 20/80 (Dimensional)	-1.6%	-0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	12,366,513
World Allocation 40/60 (Dimensional)	-3.3%	0.0%	Not Started	Not Started	Not Started	Not Started	Not Started	24,888,091
World Allocation 60/40 (Dimensional)	-5.0%	0.1%	Not Started	Not Started	Not Started	Not Started	Not Started	23,529,855
World Allocation 80/20 (Dimensional)	-7.9%	-0.7%	Not Started	Not Started	Not Started	Not Started	Not Started	8,098,198
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	-18.8%	-12.7%	-0.9%	3.1%	6.6%	3.5%	Not Started	14,167,261
Indexed India Equity	-12.7%	-6.9%	-1.8%	1.7%	1.6%	Not Started	Not Started	6,840,931
Income Opportunity (JP Morgan)	-0.4%	-0.5%	-0.9%	0.3%	Not Started	Not Started	Not Started	3,931,081
Diversified Assets	-5.1%	-1.4%	3.6%	3.8%	5.1%	Not Started	Not Started	10,140,750
Earth Resources	-2.5%	6.9%	9.7%	3.6%	-0.9%	Not Started	Not Started	4,157,978
Green Resources	39.3%	59.2%	31.0%	18.2%	6.9%	Not Started	Not Started	6,712,582

Source: Financial Express as at 01/09/2020

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\* 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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**Advice should always be sought from an appropriately qualified professional.**

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