

Monthly Investment Review

A key feature during February was the increase in the US 10-year bond yield caused by expectations of US fiscal stimulus, stronger growth and higher inflation. While we expected yields and inflation to pick up, the recent rise has been quite sharp. Risk assets are being influenced by this increase with the technology sector particularly vulnerable. Despite the narrowing of the earnings yield gap with equities, on balance we believe that slightly higher yields are a positive for equities as they indicate stronger economic growth, the end of deflationary concerns and, most importantly, strong corporate earnings growth. We believe the risk rally is unlikely to be derailed with returns of stocks likely to outshine those of government and corporate bonds. Global economic growth should be robust in 2021 at above trend levels as both economic and monetary policy are supportive, while vaccinations hint at a return to normality. While a weak Q1 was expected, hard data and leading indicators are both encouraging so far. That said, significant slack remains in labour markets, which should keep policy supportive. Meanwhile, vaccinations are progressing at an uneven pace in different countries but should accelerate going forward. While hospitalisations and deaths have been declining, there is little room for complacency and a focus on rapid vaccination is still warranted.

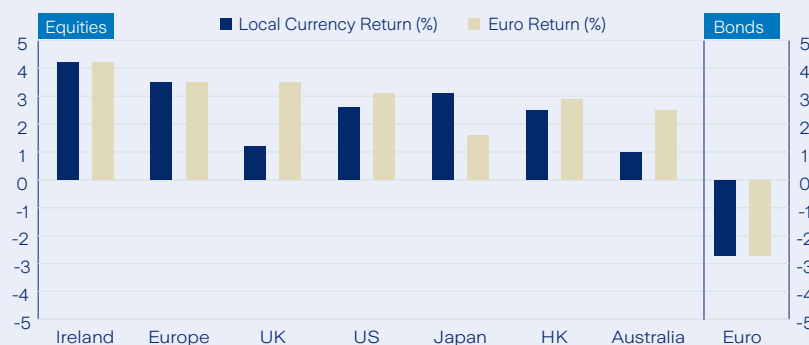


Richard Temperley
Head of Investment
Development

Activity

Equity positions in our multi-asset funds were unchanged during February and remain well above benchmark. With regards to geographic positions, the main bias is towards Asia, Japan, Europe and the UK. The US was moved from neutral to slightly underweight. Sector-wise, the funds are positively biased towards technology and consumer discretionary stocks and negatively biased towards consumer staples and 'bond proxy' areas. Within the technology sector there has been a tilt from secular into more cyclical stocks. Bond positions are well 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 12 months.

Equity & Bond % Returns: February



This graph shows the performance of the major equity markets over the month of February. 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, March 2021.

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 2.7% in February, giving a total return of 2.4% for the first two months of 2021. Local currency returns for the month for the major markets ranged from 3.5% in Europe to 1.0% in Australia. The influential US market rose by 2.6%. Currency fluctuations had marginal effects with the exception of sterling which was strong against the euro. Regarding sectors in the US during the month, the strongest returns came from energy (+21.5%) and financials (+11.4%), the former being the worst performing sector in 2020. Bond proxy sectors such as utilities (-6.5%) and healthcare (-2.2%) underperformed. There has been some rotation out of growth stocks into value stocks; however, the long term trend favouring growth remains in place.

Bonds & Interest Rates

The Over Five Year Euro Government Bond Index fell by a significant 2.7% in February, giving a total return of minus 3.5% for the first two months. The German ten-year bond yield moved upwards from minus 0.52% to minus 0.26% with Eurozone bonds continuing to offer no long term value. Equivalent US rates also rose sharply from 1.07% to 1.41%, and may increase further. The Federal Reserve and other central banks have introduced a wave of liquidity since the outbreak of COVID-19 which has included various forms of asset purchases, to support economies and businesses.

Commodities & Currencies

February saw overall commodity prices rise by a strong 9.3% in dollar terms, the main support again coming from oil. Oil prices rose a staggering 18% in February following an 8% rise in January. The gold price fell by 6.4% during the month, to \$1,729 per troy ounce. The copper price rose by 15.1% during February. The euro currency was little changed in February against the US dollar with the EUR/USD rate remaining around 1.21.

Zurich Life Annualised Performance
to March 2021

Zurich Life Annualised Performance to March 2021		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Prisma Multi-Asset Funds								
Prisma 2	-0.1%	2.7%	1.1%	11%	Not Started	Not Started	Not Started	366,127,344
Prisma 3	0.2%	6.2%	3.1%	3.3%	Not Started	Not Started	Not Started	1,442,650,412
Prisma 4	0.8%	13.1%	6.6%	7.4%	Not Started	Not Started	Not Started	1,924,607,309
Prisma 5	1.3%	20.0%	10.2%	11.0%	Not Started	Not Started	Not Started	1,066,489,869
Prisma Max	1.2%	22.9%	11.6%	12.4%	Not Started	Not Started	Not Started	101,947,654
Managed Funds								
Cautiously Managed	0.4%	11.0%	5.4%	5.5%	7.2%	Not Started	Not Started	567,263,953
Sector Average	0.4%	3.3%	1.8%	3.0%	3.5%	2.6%	2.9%	
Balanced	0.4%	17.4%	9.2%	9.0%	9.1%	6.3%	6.1%	1,983,635,532
Sector Average	1.6%	8.0%	4.1%	5.4%	6.1%	3.5%	3.4%	
Performance	1.0%	21.5%	10.9%	10.9%	10.0%	6.6%	6.4%	1,650,206,635
Dynamic	1.2%	23.1%	11.8%	11.9%	10.5%	7.0%	6.6%	1,906,602,282
FinEx Sector Average	2.2%	9.4%	4.6%	6.4%	6.5%	3.8%	3.8%	
Protected Funds								
Protected 70	0.5%	10.1%	5.2%	5.3%	5.0%	Not Started	Not Started	18,434,992
Protected 80	0.1%	5.3%	2.2%	2.4%	2.6%	Not Started	Not Started	28,938,421
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	1.3%	148,348,781
Cash Fund	-0.1%	-0.9%	-0.9%	-0.9%	-0.6%	Not Started	Not Started	1,099,062,155
FinEx Sector Average	-0.1%	-0.7%	-0.7%	-0.5%	-0.1%	0.7%	1.0%	
Bond								
Medium Duration Corporate Bond	-0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	520,739,153
Short Duration Corporate Bond	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	880,438,322
Global Corporate Bond (JP Morgan)	-3.0%	1.2%	3.1%	2.8%	Not Started	Not Started	Not Started	14,008,029
Global Government Bond (JP Morgan)	-3.1%	-1.8%	2.00%	0.70%	Not Started	Not Started	Not Started	2,879,387
Indexed Eurozone Government Bond (BlackRock)*	-2.2%	-1.0%	3.20%	1.90%	Not Started	Not Started	Not Started	13,123,647
Active Fixed Income	-2.5%	-1.5%	2.10%	1.10%	5.20%	4.50%	5.20%	253,600,913
Inflation-Linked Bond	-1.1%	0.7%	1.70%	1.80%	1.60%	Not Started	Not Started	5,516,208
Long Bond	-4.5%	-1.5%	5.4%	2.8%	7.2%	5.5%	Not Started	92,106,145
FinEx Sector Average	-2.4%	-0.1%	3.3%	2.5%	4.2%	3.4%	4.1%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	-1.6%	-3.9%	-2.1%	-1.0%	Not Started	Not Started	Not Started	28,671,215
Dynamic Diversified Growth (BlackRock)	0.6%	11.7%	4.3%	3.7%	Not Started	Not Started	Not Started	12,480,317
Active Asset Allocation	1.1%	14.2%	7.2%	7.80%	6.7%	Not Started	Not Started	638,963,291
Commodity Funds								
Gold	-7.3%	-2.2%	9.0%	3.9%	2.6%	Not Started	Not Started	186,990,568
Indexed Global Energy and Metals	8.8%	7.1%	1.9%	4.2%	-2.9%	-4.3%	Not Started	13,049,078
Equity Funds (Global)								
5 Star 5	4.4%	33.0%	13.8%	13.7%	11.1%	6.6%	7.7%	290,988,980
International Equity	1.3%	24.9%	12.3%	13.0%	11.2%	7.7%	6.5%	3,498,777,200
Global Select (Threadneedle)	1.1%	18.4%	13.7%	13.8%	11.8%	8.2%	6.5%	13,189,638
Indexed Global Equity (BlackRock)*	5.0%	19.1%	12.0%	11.1%	Not Started	Not Started	Not Started	164,501,831
FinEx Sector Average	3.2%	13.9%	7.3%	8.8%	8.3%	5.1%	3.9%	
Equity Funds (European)								
5 Star 5 Europe	4.1%	18.6%	7.8%	10.4%	10.5%	6.6%	Not Started	117,870,333
European Select (Threadneedle)	0.3%	17.5%	10.7%	9.4%	10.7%	7.8%	6.6%	9,785,340
FinEx Sector Average	1.4%	12.4%	4.7%	7.1%	7.0%	4.6%	4.0%	
Equity Funds (Euro)								
Eurozone Equity	3.2%	19.0%	6.3%	9.7%	7.9%	6.3%	Not Started	95,914,092
Indexed Eurozone Equity (BlackRock)*	3.6%	12.4%	5.3%	7.7%	Not Started	Not Started	Not Started	5,717,165
FinEx Sector Average	2.8%	11.6%	3.2%	6.8%	6.1%	3.1%	3.0%	
Equity Funds (Irish)								
Irish Equity	-0.8%	17.7%	6.4%	5.8%	12.5%	3.0%	Not Started	21,231,334
FinEx Sector Average	-0.1%	13.4%	3.7%	3.5%	10.0%	0.8%	2.7%	

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Equity Fund (American)								
5 Star 5 Americas	0.9%	32.3%	18.4%	16.7%	14.1%	9.7%	Not Started	94,412,634
American Select (Threadneedle)	2.4%	23.0%	16.2%	15.9%	14.6%	9.9%	6.4%	12,820,120
FinEx Sector Average	3.0%	19.4%	12.2%	13.0%	12.9%	8.2%	5.4%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	7.4%	26.4%	7.5%	13.2%	8.6%	6.2%	Not Started	89,459,940
Asia Pacific Equity	7.0%	22.3%	7.0%	12.9%	8.0%	Not Started	Not Started	12,298,150
FinEx Sector Average	6.1%	21.4%	7.0%	11.2%	6.3%	5.8%	6.3%	
Equity Funds (High Yield)								
Dividend Growth	6.3%	1.2%	1.2%	5.6%	8.1%	4.6%	Not Started	189,148,996
FinEx Sector Average	3.2%	13.9%	7.3%	8.8%	8.3%	5.1%	3.9%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	4.3%	25.2%	8.5%	15.5%	Not Started	Not Started	Not Started	9,863,923
Indexed Emerging Market Equity Fund (BlackRock)	4.9%	24.4%	7.0%	11.7%	Not Started	Not Started	Not Started	5,762,813
Sector Average	5.6%	19.7%	4.6%	11.0%	3.9%	5.1%	6.5%	
Equity Funds (Specialist)								
Indexed Top Tech 100	2.2%	39.6%	23.9%	22.9%	20.6%	14.7%	Not Started	133,401,665
FinEx Sector Average	2.9%	17.3%	8.9%	8.3%	4.2%	3.1%	1.9%	
Property Funds								
Property Fund	-0.2%	-4.9%	Not Started	Not Started	Not Started	Not Started	Not Started	38,328,489
Indexed European (Ex-UK) Property	-6.3%	-11.9%	1.4%	3.8%	6.2%	Not Started	Not Started	126,900,159
Indexed Australasia Property	5.6%	-5.9%	2.6%	3.8%	5.4%	Not Started	Not Started	115,100,883
Sector Average	0.4%	-5.2%	-0.3%	1.5%	3.3%	-0.5%	2.2%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.3%	-0.1%	0.1%	Not Started	Not Started	Not Started	Not Started	618,980
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-1.2%	-1.6%	1.5%	Not Started	Not Started	Not Started	Not Started	6,922,472
World Equity (Dimensional)	5.8%	19.0%	7.1%	Not Started	Not Started	Not Started	Not Started	12,796,124
Global Short Fixed Income (Dimensional)	-0.3%	-0.8%	0.0%	Not Started	Not Started	Not Started	Not Started	4,231,663
World Allocation 20/80 (Dimensional)	1.0%	3.5%	1.4%	Not Started	Not Started	Not Started	Not Started	13,189,491
World Allocation 40/60 (Dimensional)	2.2%	7.5%	3.2%	Not Started	Not Started	Not Started	Not Started	26,373,571
World Allocation 60/40 (Dimensional)	3.3%	11.7%	4.7%	Not Started	Not Started	Not Started	Not Started	27,475,772
World Allocation 80/20 (Dimensional)	4.5%	15.8%	5.6%	Not Started	Not Started	Not Started	Not Started	9,451,211
Global Small Companies (Dimensional)	9.2%	23.8%	Not Started	Not Started	Not Started	Not Started	Not Started	1,291,988
Global Value (Dimensional)	7.8%	10.1%	Not Started	Not Started	Not Started	Not Started	Not Started	1,707,161
Global Sustainability Core Equity (Dimensional)	3.8%	20.6%	Not Started	Not Started	Not Started	Not Started	Not Started	107,190
Funds Closed to New Business								
Indexed Eurozone Property	-4.2%	-11.2%	0.4%	3.9%	5.8%	3.0%	Not Started	14,245,941
Indexed India Equity	3.2%	15.7%	4.9%	8.5%	4.5%	Not Started	Not Started	7,931,737
Income Opportunity (JP Morgan)	0.2%	0.4%	-0.5%	1.2%	Not Started	Not Started	Not Started	3,706,859
Diversified Assets	2.3%	5.7%	4.5%	5.4%	4.8%	Not Started	Not Started	10,144,397
Earth Resources	11.6%	32.5%	17.1%	11.7%	0.2%	Not Started	Not Started	5,515,157
Green Resources	5.1%	118.4%	52.0%	31.9%	11.1%	Not Started	Not Started	10,760,612

Source: Financial Express as at 01/03/2021

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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