

# Monthly Investment Review

Economic conditions remain robust with improvements in the service sector. We expect strong re-openings in Europe and the US over the summer months. The rise in inflation, particularly in the US, negatively surprised investors, increasing volatility and fears that central banks may have to withdraw monetary stimulus early. However, the negative effect on the markets was short-lived as the Fed still sees no urgency to change policy rates. The equity market has gone through a period of consolidation and further sector rotation. Revenues and earnings have surprised to the upside, reaching multiyear highs, and underpinning high valuations. We believe the equity market remains well supported, and the upward trend will resume following the recent period of consolidation. Despite higher inflation, US Treasury yields have stabilised. In Europe, the reduction in the trend of new Covid cases and the acceleration in the vaccination rate have increased expectations of faster economic recovery and a reopening of the economy for summer. This has put some upward pressure on yields, though we suspect that further gains will be modest as the ECB continues to intervene to provide support and contain funding costs. However, eurozone bonds offer little or no long-term value. We continue to favour corporate bonds over government bonds.

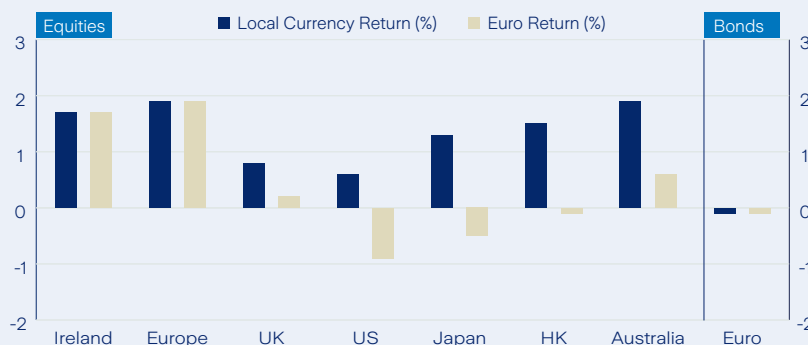


Richard Temperley  
Head of Investment  
Development

## Activity

Equity positions in our multi-asset funds were unchanged during May and remain well above benchmark. With regards to geographic positions, the main bias is towards Europe, the UK and Asia. The US position was further reduced during the month with the proceeds reinvested in Europe. Sector-wise, the funds are positively biased towards technology and consumer discretionary stocks and negatively biased towards 'bond proxy' areas such as healthcare and consumer staples. Within the technology sector there has been a tilt towards software stocks in the US and semiconductor stocks internationally. 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: 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 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) fell by 0.1% in May, giving a strong total return of 11.5% for the first five months of 2021. Euro currency strength during May resulted in reduced returns in most overseas markets, with the exception of the UK. Local currency returns for the month for the major markets ranged from 1.9% in Europe and Australia to 0.6% in the US. Year-to-date the strongest markets have been Europe (+12.8%) and the US (+11.9%). Regarding sectors in the US during the month, the strongest returns came from energy (+5.8%), materials stocks (+5.2%) and financials (+4.8%). Underperforming sectors were consumer discretionary (-3.8%) and utilities (-2.3%). There has been some rotation out of growth stocks into some cyclical or value stocks this year.






### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index fell by 0.1% during May, giving a total return of minus 4.9% for the first five months of 2021. The German ten-year bond yield rose marginally from minus 0.20% to minus 0.19%. After a notable rise in the last eight months, equivalent US rates fell back somewhat moving from 1.63% to 1.60%; they began the year at 0.92%. 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

May saw overall commodity prices rise by 3.0% in dollar terms, fueling talk about the possibility of slightly higher inflation. They are now up 22.6% year-to-date. Oil prices rose by 4% in May and are up 36% so far in 2021. The gold price rose by 76% during the month, to \$1,902 per troy ounce. The copper price rose by 4.4% during the month. The euro currency strengthened in May against the US dollar with the EUR/USD rate moving from 1.20 to 1.22.

Zurich Life Annualised Performance  
to June 2021

Zurich Life Annualised Performance to June 2021		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Prisma Multi-Asset Funds								
Prisma 	1.0%	3.9%	1.5%	1.2%	Not Started	Not Started	Not Started	385,946,765
Prisma 	3.0%	9.4%	3.7%	3.5%	Not Started	Not Started	Not Started	1,595,270,017
Prisma 	6.5%	19.3%	7.8%	7.8%	Not Started	Not Started	Not Started	2,180,034,317
Prisma 	9.0%	26.5%	11.7%	11.3%	Not Started	Not Started	Not Started	1,231,338,478
Prisma 	9.1%	27.7%	13.4%	12.7%	Not Started	Not Started	Not Started	120,111,123
Managed Funds								
Cautiously Managed	4.2%	13.0%	6.4%	5.8%	7.5%	Not Started	Not Started	621,222,269
Sector Average	3.2%	9.0%	2.7%	3.0%	3.7%	2.9%	3.0%	
Balanced	5.9%	20.2%	10.3%	9.4%	9.8%	6.9%	6.3%	2,122,574,344
Sector Average	6.8%	17.1%	5.6%	5.5%	6.7%	4.0%	3.6%	
Performance	7.9%	24.5%	12.3%	11.4%	10.8%	7.3%	6.6%	1,756,815,233
Dynamic	8.6%	26.4%	13.2%	12.3%	11.4%	7.7%	6.8%	2,046,407,055
FinEx Sector Average	8.7%	20.8%	6.2%	6.5%	7.2%	4.5%	3.9%	
Protected Funds								
Protected 70	6.2%	16.1%	6.4%	6.0%	5.8%	Not Started	Not Started	19,735,717
Protected 80	4.1%	9.9%	3.2%	2.9%	3.2%	Not Started	Not Started	29,958,963
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%	1.2%	136,798,534
Cash Fund	-0.4%	-1.0%	-0.9%	-0.9%	-0.6%	Not Started	Not Started	1,078,169,420
FinEx Sector Average	-0.3%	-0.7%	-0.7%	-0.6%	-0.2%	0.6%	1.0%	
Bond								
Medium Duration Corporate Bond	-0.8%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	554,361,328
Short Duration Corporate Bond	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	943,212,164
Global Corporate Bond (JP Morgan)	-2.6%	3.5%	3.7%	2.3%	Not Started	Not Started	Not Started	13,399,590
Global Government Bond (JP Morgan)	-3.2%	-2.4%	1.90%	0.60%	Not Started	Not Started	Not Started	2,823,939
Indexed Eurozone Government Bond (BlackRock)*	-3.5%	0.8%	2.60%	1.40%	3.90%	Not Started	Not Started	14,335,287
Active Fixed Income	-3.5%	-0.4%	1.80%	0.70%	4.90%	4.70%	5.20%	253,505,895
Inflation-Linked Bond	1.1%	8.0%	2.50%	1.90%	1.60%	Not Started	Not Started	5,647,154
Long Bond	-6.6%	-0.7%	4.4%	2.3%	6.7%	5.7%	Not Started	46,688,932
FinEx Sector Average	-2.6%	2.4%	3.3%	2.1%	4.0%	3.6%	4.2%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	-3.2%	-4.8%	-2.2%	-1.6%	Not Started	Not Started	Not Started	24,826,720
Dynamic Diversified Growth (BlackRock)	2.3%	11.9%	4.7%	3.9%	Not Started	Not Started	Not Started	13,090,327
Active Asset Allocation	7.2%	20.4%	8.3%	8.20%	7.6%	Not Started	Not Started	706,777,451
Commodity Funds								
Gold	1.2%	-0.6%	11.1%	6.7%	3.1%	Not Started	Not Started	217,072,237
Indexed Global Energy and Metals	18.1%	24.6%	1.8%	4.0%	-1.8%	-3.8%	Not Started	14,049,223
Equity Funds (Global)								
5 Star 5	11.4%	36.5%	15.3%	14.1%	12.1%	7.3%	7.7%	320,731,244
International Equity	9.2%	28.5%	14.1%	13.3%	12.3%	8.5%	6.7%	3,939,304,038
Global Select (Threadneedle)	8.0%	23.1%	13.8%	13.7%	12.7%	9.0%	6.5%	14,085,034
Indexed Global Equity (BlackRock)*	12.5%	25.0%	12.0%	12.0%	12.2%	Not Started	Not Started	174,147,245
FinEx Sector Average	12.2%	28.2%	8.9%	9.0%	9.3%	6.0%	4.1%	
Equity Funds (European)								
5 Star 5 Europe	15.0%	37.0%	11.0%	11.0%	11.6%	7.0%	Not Started	132,819,875
European Select (Threadneedle)	11.3%	29.0%	12.5%	10.7%	11.2%	8.9%	7.1%	11,148,171
FinEx Sector Average	12.4%	30.2%	7.5%	7.8%	8.1%	5.5%	4.5%	
Equity Funds (Euro)								
Eurozone Equity	15.6%	40.0%	10.1%	10.8%	9.2%	7.3%	Not Started	116,830,979
Indexed Eurozone Equity (BlackRock)*	15.2%	28.4%	7.3%	9.2%	7.5%	Not Started	Not Started	6,302,827
FinEx Sector Average	13.8%	33.0%	6.5%	7.3%	7.1%	4.0%	3.4%	
Equity Funds (Irish)								
Irish Equity	12.3%	41.3%	7.9%	7.3%	13.7%	4.0%	Not Started	26,766,620
FinEx Sector Average	11.9%	38.6%	5.9%	4.8%	10.9%	1.8%	3.1%	

		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Equity Fund (American)								
5 Star 5 Americas	8.9%	29.0%	19.8%	17.4%	15.4%	10.9%	Not Started	106,285,116
American Select (Threadneedle)	11.1%	27.8%	17.2%	15.9%	15.5%	11.2%	6.6%	14,449,381
FinEx Sector Average	13.0%	29.4%	14.4%	13.5%	14.1%	9.6%	5.5%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	10.0%	40.1%	7.7%	12.4%	8.4%	6.5%	Not Started	95,041,127
Asia Pacific Equity	12.2%	41.3%	7.7%	12.5%	8.1%	Not Started	Not Started	13,680,440
FinEx Sector Average	8.5%	35.9%	6.8%	10.4%	6.3%	6.3%	6.3%	
Equity Funds (High Yield)								
Dividend Growth	20.7%	33.5%	4.8%	6.7%	9.4%	5.7%	Not Started	216,942,862
FinEx Sector Average	12.2%	28.2%	8.9%	9.0%	9.3%	6.0%	4.1%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	5.1%	40.3%	10.0%	14.6%	Not Started	Not Started	Not Started	10,126,011
Indexed Emerging Market Equity Fund (BlackRock)	7.5%	37.6%	7.1%	11.2%	Not Started	Not Started	Not Started	8,463,428
Sector Average	8.6%	37.2%	6.3%	9.8%	4.2%	5.9%	5.4%	
Equity Funds (Specialist)								
Indexed Top Tech 100	6.8%	30.0%	23.3%	22.7%	21.4%	16.1%	Not Started	148,183,636
FinEx Sector Average	9.5%	25.1%	9.7%	8.5%	5.0%	4.0%	2.0%	
Property Funds								
Property Fund	1.2%	-2.5%	-0.8%	Not Started	Not Started	Not Started	Not Started	38,519,523
Indexed European (Ex-UK) Property	5.5%	19.8%	2.9%	4.6%	6.6%	Not Started	Not Started	179,995,980
Indexed Australasia Property	9.1%	16.3%	1.8%	3.7%	5.9%	Not Started	Not Started	153,944,060
Sector Average	4.6%	5.3%	0.3%	1.7%	3.7%	-0.5%	2.3%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.2%	1.7%	0.2%	Not Started	Not Started	Not Started	Not Started	1,154,964
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	1.5%	6.3%	1.4%	Not Started	Not Started	Not Started	Not Started	7,202,714
World Equity (Dimensional)	15.9%	36.7%	9.3%	Not Started	Not Started	Not Started	Not Started	13,048,454
Global Short Fixed Income (Dimensional)	-0.2%	-0.2%	0.0%	Not Started	Not Started	Not Started	Not Started	4,378,341
World Allocation 20/80 (Dimensional)	2.8%	6.4%	1.8%	Not Started	Not Started	Not Started	Not Started	11,867,419
World Allocation 40/60 (Dimensional)	6.1%	13.7%	4.1%	Not Started	Not Started	Not Started	Not Started	28,163,888
World Allocation 60/40 (Dimensional)	9.1%	21.2%	6.0%	Not Started	Not Started	Not Started	Not Started	29,539,958
World Allocation 80/20 (Dimensional)	12.1%	29.5%	7.2%	Not Started	Not Started	Not Started	Not Started	11,422,234
Global Small Companies (Dimensional)	18.4%	44.5%	Not Started	Not Started	Not Started	Not Started	Not Started	2,771,560
Global Value (Dimensional)	20.4%	36.2%	Not Started	Not Started	Not Started	Not Started	Not Started	4,086,471
Global Sustainability Core Equity (Dimensional)	13.6%	33.3%	Not Started	Not Started	Not Started	Not Started	Not Started	243,804
Funds Closed to New Business								
Indexed Eurozone Property	8.3%	24.4%	2.1%	4.8%	6.5%	4.0%	Not Started	15,552,775
Indexed India Equity	12.4%	49.9%	7.8%	7.8%	5.4%	Not Started	Not Started	8,396,639
Income Opportunity (JP Morgan)	0.1%	1.9%	-0.5%	0.4%	Not Started	Not Started	Not Started	1,996,537
Diversified Assets	8.5%	17.7%	5.0%	5.6%	5.4%	Not Started	Not Started	10,539,156
Earth Resources	11.6%	59.2%	14.3%	10.3%	0.8%	Not Started	Not Started	5,455,149
Green Resources	-11.9%	97.3%	39.0%	27.9%	10.4%	Not Started	Not Started	8,816,474

Source: Financial Express as at 01/06/2021

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.

**Warning: Past performance is not a reliable guide to future performance.**  
**Warning: The value of your investment may go down as well as up.**  
**Warning: Benefits may be affected by changes in currency exchange rates.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**





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

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