

Monthly Investment Review

The vigorous recovery in global activity amid a swift economic reopening in developed markets is reinforcing investor confidence in global equities. As equities trade at the higher end of normal valuation levels and central banks move towards policy normalisation, episodes of volatility should not be surprising. However, robust fundamentals and strong corporate earnings should continue to bolster equity performance. Despite the recent slip in global bond yields, the direction of travel for yields is likely to be higher. Solid growth and higher inflation should put pressure on bond prices.

Headline inflation in the US reached the highest level in decades mainly due to soaring oil prices, following extreme lows in 2020, and post-pandemic supply bottlenecks. Combating inflation remains embedded in central banks' DNA and they are well positioned to do so should it prove more persistent.

Overall, we favour equities over bonds, mainly based on the relative value argument.



Richard Temperley
Head of Investment Development

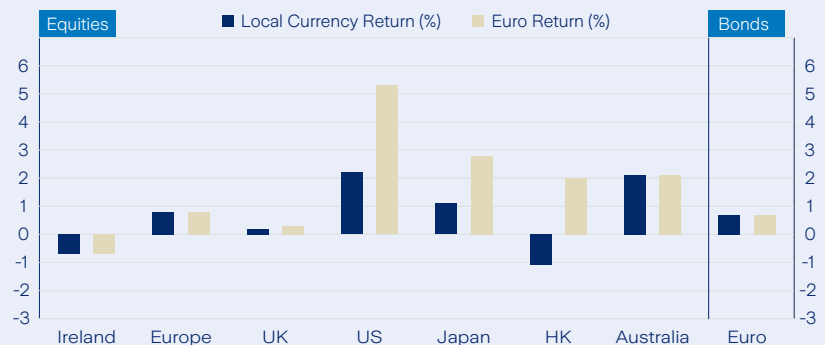
Activity

Equity positions in our multi-asset funds were unchanged during June and remain well above benchmark. With regards to geographic positions, the main bias is towards Europe, the UK and, to a lesser extent, Asia. The US position was increased but remains underweight.

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.

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 14 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 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 4.1% in June, giving a strong total return of 166% for the first half of 2021. Euro currency weakness during June was an influential factor resulting in enhanced returns in most overseas markets. Local currency returns for the month for the major markets ranged from plus 2.2% in the US to minus 1.1% in Hong Kong. Year-to-date the strongest markets in local currency terms have been the US (+14.4%) and Europe (+13.7%).
- Regarding sectors in the US during the month, the strongest returns came from technology (+70%) and energy (+4.6%). Underperforming sectors were financials (-3.0%) and materials (-3.3%). So far this year, the best performing sectors have been energy (+45.6%) and financials (+25.6%). Last year's standout sector, technology, is up 13.7%.

Bonds & Interest Rates

- The Over Five Year Euro Government Bond Index rose by 0.7% during June, giving a total return of minus 4.3% for the first six months of 2021.
- The German ten-year bond yield fell marginally from minus 0.19% to minus 0.21%. After a notable rise in the last eight months, equivalent US rates fell back moving from 1.60% to 1.47%; they had begun 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. The Fed is now keeping a weather eye on inflation.

Commodities & Currencies

- June saw overall commodity prices rise by 3.7% in dollar terms, fueling concerns over higher inflation. They are now up 27.2% year-to-date.
- Oil prices rose by 9% in June and are up 48% so far in 2021. The gold price fell by 6.9% during the month, to \$1,772 per troy ounce. The copper price fell by 8.1% during the month.
- The euro currency weakened in June against the US dollar with the EUR/USD rate moving from 1.22 to 1.19.

Zurich Life Annualised Performance
to July 2021

	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	1.6%	4.0%	1.7%	1.3%	Not Started	Not Started	Not Started	397,147,318
Prisma 3	4.4%	9.4%	4.3%	3.8%	Not Started	Not Started	Not Started	1,643,369,006
Prisma 4	9.3%	19.8%	9.1%	8.3%	Not Started	Not Started	Not Started	2,284,279,291
Prisma 5	13.0%	28.0%	13.7%	12.0%	Not Started	Not Started	Not Started	1,309,488,083
Prisma Max	13.7%	29.9%	15.3%	13.7%	Not Started	Not Started	Not Started	129,041,022
Managed Funds								
Cautiously Managed	6.4%	13.8%	7.1%	6.3%	7.8%	Not Started	Not Started	640,848,429
Sector Average	4.5%	9.7%	3.3%	3.3%	4.0%	2.9%	3.1%	
Balanced	9.3%	21.6%	11.6%	10.4%	10.3%	7.1%	6.5%	2,194,865,241
Sector Average	8.7%	18.4%	6.5%	6.1%	7.1%	4.2%	3.7%	
Performance	12.1%	26.6%	13.9%	12.6%	11.5%	7.6%	6.9%	1,821,427,818
Dynamic	13.1%	28.7%	15.0%	13.7%	12.1%	8.0%	7.1%	2,134,253,393
FinEx Sector Average	11.1%	22.4%	7.3%	7.4%	7.7%	4.7%	4.1%	
Protected Funds								
Protected 70	9.9%	18.9%	7.9%	7.1%	6.3%	Not Started	Not Started	19,760,070
Protected 80	6.9%	12.2%	4.3%	3.7%	3.6%	Not Started	Not Started	31,115,043
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%	1.2%	131,012,229
Cash Fund	-0.5%	-0.9%	-0.9%	-0.9%	-0.6%	Not Started	Not Started	1,079,369,627
FinEx Sector Average	-0.4%	-0.7%	-0.7%	-0.6%	-0.2%	0.6%	1.0%	
Bond								
Medium Duration Corporate Bond	-0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	566,856,724
Short Duration Corporate Bond	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	962,321,010
Global Corporate Bond (JP Morgan)	-1.3%	2.9%	4.4%	2.2%	Not Started	Not Started	Not Started	14,694,193
Global Government Bond (JP Morgan)	-2.9%	-2.6%	1.90%	0.10%	Not Started	Not Started	Not Started	2,166,794
Indexed Eurozone Government Bond (BlackRock)*	-2.9%	-0.3%	2.60%	1.10%	4.00%	Not Started	Not Started	14,947,820
Active Fixed Income	-3.1%	-0.8%	1.80%	0.30%	5.00%	4.80%	5.20%	256,613,422
Inflation-Linked Bond	1.2%	5.7%	2.30%	1.60%	1.70%	Not Started	Not Started	5,657,821
Long Bond	-5.8%	-1.2%	4.4%	1.4%	7.0%	5.8%	Not Started	45,488,085
FinEx Sector Average	-2.0%	1.7%	3.4%	1.8%	4.2%	3.7%	4.2%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	-1.5%	-1.9%	-1.6%	-1.0%	Not Started	Not Started	Not Started	24,799,842
Dynamic Diversified Growth (BlackRock)	2.4%	10.6%	5.1%	4.1%	Not Started	Not Started	Not Started	13,119,107
Active Asset Allocation	10.1%	20.9%	9.7%	8.80%	8.1%	Not Started	Not Started	738,495,359
Commodity Funds								
Gold	-3.4%	-6.7%	10.8%	3.9%	2.9%	Not Started	Not Started	212,412,168
Indexed Global Energy and Metals	23.1%	26.5%	3.7%	3.9%	-0.8%	-3.7%	Not Started	15,006,860
Equity Funds (Global)								
5 Star 5	14.8%	35.2%	17.0%	15.6%	12.9%	7.9%	7.9%	333,459,328
International Equity	14.0%	31.0%	16.1%	14.5%	13.1%	8.9%	7.0%	4,188,609,230
Global Select (Threadneedle)	14.5%	29.0%	16.3%	15.6%	13.5%	9.3%	7.0%	15,115,007
Indexed Global Equity (BlackRock)*	18.3%	31.1%	14.5%	13.4%	12.6%	Not Started	Not Started	183,540,988
FinEx Sector Average	15.5%	30.5%	10.2%	10.3%	9.9%	6.3%	4.4%	
Equity Funds (European)								
5 Star 5 Europe	15.4%	29.7%	11.6%	12.7%	11.9%	7.4%	Not Started	133,879,367
European Select (Threadneedle)	15.4%	29.3%	14.3%	12.0%	11.9%	9.0%	7.5%	11,561,447
FinEx Sector Average	14.2%	28.9%	8.5%	9.7%	8.5%	5.6%	4.8%	
Equity Funds (Euro)								
Eurozone Equity	16.2%	33.3%	10.6%	12.2%	9.3%	7.3%	Not Started	118,851,130
Indexed Eurozone Equity (BlackRock)*	15.9%	28.2%	8.3%	10.6%	7.5%	Not Started	Not Started	6,441,681
FinEx Sector Average	15.2%	29.9%	7.4%	9.3%	7.4%	4.1%	3.6%	
Equity Funds (Irish)								
Irish Equity	11.1%	38.4%	8.3%	10.3%	13.8%	3.9%	Not Started	26,585,372
FinEx Sector Average	11.5%	36.2%	6.5%	7.7%	11.0%	1.9%	2.9%	

	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	18.4%	36.0%	22.9%	19.3%	16.7%	11.5%	Not Started	116,811,029
American Select (Threadneedle)	19.9%	35.5%	20.0%	18.4%	16.7%	11.8%	7.3%	15,482,516
FinEx Sector Average	18.9%	35.6%	16.3%	15.0%	15.0%	9.9%	5.9%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	10.8%	33.0%	9.4%	12.1%	8.8%	6.7%	Not Started	95,254,077
Asia Pacific Equity	13.0%	34.3%	9.2%	12.1%	8.5%	Not Started	Not Started	14,007,014
FinEx Sector Average	11.0%	31.3%	9.0%	10.6%	6.9%	6.6%	6.4%	
Equity Funds (High Yield)								
Dividend Growth	23.1%	34.5%	5.9%	7.7%	9.9%	5.9%	Not Started	223,024,520
FinEx Sector Average	15.5%	30.5%	10.2%	10.3%	9.9%	6.3%	4.4%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	6.7%	33.2%	11.6%	14.1%	Not Started	Not Started	Not Started	10,527,199
Indexed Emerging Market Equity Fund (BlackRock)	10.7%	32.3%	10.3%	10.7%	Not Started	Not Started	Not Started	9,174,704
Sector Average	11.9%	33.7%	9.0%	10.0%	4.8%	6.7%	5.6%	
Equity Funds (Specialist)								
Indexed Top Tech 100	17.3%	35.9%	26.8%	25.5%	23.0%	16.8%	Not Started	166,782,677
FinEx Sector Average	12.8%	26.6%	11.4%	9.1%	5.7%	4.2%	2.4%	
Property Funds								
Property Fund	1.6%	-2.3%	-0.7%	Not Started	Not Started	Not Started	Not Started	38,568,287
Indexed European (Ex-UK) Property	6.5%	18.8%	3.0%	4.9%	7.0%	Not Started	Not Started	185,140,644
Indexed Australasia Property	13.0%	17.4%	3.7%	3.3%	6.6%	Not Started	Not Started	162,581,050
Sector Average	5.6%	6.9%	0.5%	2.1%	3.9%	-0.6%	2.3%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.3%	0.7%	0.3%	Not Started	Not Started	Not Started	Not Started	1,174,567
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	1.6%	4.4%	1.2%	Not Started	Not Started	Not Started	Not Started	7,267,194
World Equity (Dimensional)	18.8%	38.0%	10.6%	Not Started	Not Started	Not Started	Not Started	13,438,909
Global Short Fixed Income (Dimensional)	-0.5%	-0.6%	-0.1%	Not Started	Not Started	Not Started	Not Started	4,039,632
World Allocation 20/80 (Dimensional)	3.1%	6.3%	2.0%	Not Started	Not Started	Not Started	Not Started	11,910,101
World Allocation 40/60 (Dimensional)	6.9%	13.7%	4.4%	Not Started	Not Started	Not Started	Not Started	28,621,196
World Allocation 60/40 (Dimensional)	10.7%	21.5%	6.7%	Not Started	Not Started	Not Started	Not Started	30,069,716
World Allocation 80/20 (Dimensional)	14.2%	29.8%	8.2%	Not Started	Not Started	Not Started	Not Started	11,969,182
Global Small Companies (Dimensional)	20.3%	45.4%	Not Started	Not Started	Not Started	Not Started	Not Started	3,125,597
Global Value (Dimensional)	20.8%	36.9%	Not Started	Not Started	Not Started	Not Started	Not Started	4,578,870
Global Sustainability Core Equity (Dimensional)	17.4%	35.9%	Not Started	Not Started	Not Started	Not Started	Not Started	359,452
Funds Closed to New Business								
Indexed Eurozone Property	8.0%	21.4%	1.6%	4.8%	6.6%	3.8%	Not Started	15,458,286
Indexed India Equity	15.0%	45.3%	9.1%	8.1%	5.5%	Not Started	Not Started	8,598,478
Income Opportunity (JP Morgan)	0.0%	1.4%	-0.5%	0.3%	Not Started	Not Started	Not Started	1,941,128
Diversified Assets	11.6%	18.9%	6.2%	5.8%	6.0%	Not Started	Not Started	10,777,298
Earth Resources	19.4%	59.1%	17.3%	11.2%	2.2%	Not Started	Not Started	5,834,755
Green Resources	-0.8%	98.2%	46.6%	31.1%	12.3%	Not Started	Not Started	9,981,814

Source: Financial Express as at 01/07/2021

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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Warning: Benefits may be affected by changes in currency exchange rates.
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