

# Monthly Investment Review

Business activity is expected to keep expanding in the coming months providing solid support for corporate earnings. Accelerating inflation rates, particularly in the US, as well as a potential resurgence in new Covid cases globally could provide some headwinds in the second half of the year. Supported by a strong earnings outlook and continuing generous monetary policy, equities still present an attractive alternative to other asset classes. Bond yields have slipped despite a solid growth outlook and rising inflation rates, likely reflecting longer-term growth worries, technical factors and the risk of the Fed tightening policy too quickly as it has often done in the past. While economic growth is likely to have peaked for this cycle, the expansion is expected to continue at a brisk pace fuelled by large piles of consumer savings being spent and firms ramping up their capital expenditures. Earnings estimates for 2021 for the S&P 500 are now 21% higher than they were at the beginning of the year. Rising earnings estimates help to support rich valuations.

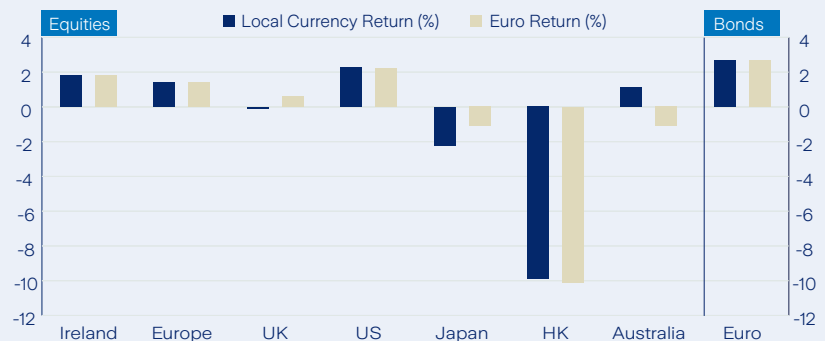


Richard Temperley  
Head of Investment Development

## Activity

Equity positions in our multi-asset funds were unchanged during July and remain well above benchmark. With regards to geographic positions, the main bias is towards Europe and, to a lesser extent, Asia. The US position was increased slightly at the expense of 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. 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 15 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 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 1.8% in July, giving a strong total return of 18.7% for the first seven months of 2021. Euro currency weakness during 2021 has accentuated returns in a number of key markets, primarily the US and the UK. Local currency returns for the month for the major markets ranged from plus 2.9% in the US to minus 9.9% in Hong Kong. The strongest returns came from healthcare (+4.9%) and real estate (+4.6%). Technology (+3.9%) also beat the market. Underperforming sectors were energy (-8.3%) and financials (-0.4%).

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 2.7% during July, giving a total return of minus 1.7% for the first seven months of 2021. The German ten-year bond yield fell from minus 0.21% to minus 0.46%. After a notable rise at the end of 2020 and the first five months of 2021, equivalent US rates fell back moving from 1.47% to 1.22%; this despite concerns over rising inflation. 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

July saw overall commodity prices rise by 2.0% in dollar terms. They are now up 30.0% year-to-date fueling concerns over higher inflation. Oil prices rose by 1% in July and are up 49% so far in 2021. The gold price rose by 2.3% during the month, to \$1,812 per troy ounce. The copper price rose by 4.3% during the month. The euro currency was virtually unchanged in July against the US dollar with the EUR/USD rate stable at 1.19.

Zurich Life Annualised Performance  
to August 2021

	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>	2.0%	4.0%	1.8%	1.3%	Not Started	Not Started	Not Started	404,849,722
Prisma <b>3</b>	5.2%	10.0%	4.4%	3.8%	Not Started	Not Started	Not Started	1,686,787,279
Prisma <b>4</b>	11.1%	21.2%	9.3%	8.4%	Not Started	Not Started	Not Started	2,372,806,952
Prisma <b>5</b>	15.3%	30.2%	13.8%	12.0%	Not Started	Not Started	Not Started	1,358,284,488
Prisma <b>Max</b>	15.9%	32.2%	15.1%	13.5%	Not Started	Not Started	Not Started	135,234,650
Active Asset Allocation	12.2%	22.6%	9.9%	8.9%	8.2%	Not Started	Not Started	766,933,430
<b>Managed Funds</b>								
Cautiously Managed	7.5%	14.6%	7.1%	6.3%	7.9%	Not Started	Not Started	656,505,929
Sector Average	5.3%	9.8%	3.3%	3.1%	4.0%	2.9%	3.1%	
Balanced	11.2%	23.1%	11.7%	10.2%	10.6%	7.2%	6.8%	2,244,204,899
Sector Average	9.8%	18.5%	6.3%	5.8%	7.2%	4.2%	3.9%	
Performance	14.2%	28.4%	13.9%	12.4%	11.7%	7.7%	7.2%	1,855,689,633
Dynamic	15.2%	30.7%	14.8%	13.4%	12.4%	8.1%	7.4%	2,178,052,833
FinEx Sector Average	12.1%	22.5%	7.0%	7.0%	7.8%	4.7%	4.3%	
<b>Protected Funds</b>								
Protected 70	11.4%	20.6%	7.8%	7.0%	6.6%	Not Started	Not Started	20,229,865
Protected 80	8.0%	13.4%	4.3%	3.7%	3.8%	Not Started	Not Started	31,229,057
<b>Cash</b>								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%	1.2%	121,094,158
Cash Fund	-0.5%	-0.8%	-0.9%	-0.8%	-0.6%	Not Started	Not Started	1,081,488,797
FinEx Sector Average	-0.4%	-0.7%	-0.7%	-0.6%	-0.2%	0.6%	0.9%	
<b>Bond</b>								
Medium Duration Corporate Bond	0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	583,409,637
Short Duration Corporate Bond	0.0%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	981,518,879
Global Corporate Bond (JP Morgan)	-0.2%	1.7%	4.5%	2.3%	Not Started	Not Started	Not Started	15,335,885
Global Government Bond (JP Morgan)	-1.7%	-2.2%	2.50%	0.50%	Not Started	Not Started	Not Started	2,145,539
Indexed Eurozone Government Bond (BlackRock)*	-1.2%	0.4%	3.60%	1.40%	4.20%	Not Started	Not Started	15,885,609
Active Fixed Income	-1.4%	0.0%	2.40%	0.40%	5.00%	4.80%	5.20%	264,004,559
Inflation-Linked Bond	4.0%	6.9%	3.40%	2.00%	2.10%	Not Started	Not Started	5,809,519
Long Bond	-3.0%	0.0%	5.6%	1.7%	7.1%	5.9%	Not Started	47,316,552
FinEx Sector Average	-0.2%	2.1%	4.0%	1.9%	4.3%	3.7%	4.2%	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	-1.8%	-1.4%	-2.0%	-1.2%	Not Started	Not Started	Not Started	23,758,352
Dynamic Diversified Growth (BlackRock)	2.6%	7.8%	4.6%	3.9%	Not Started	Not Started	Not Started	13,102,477
<b>Commodity Funds</b>								
Gold	-0.2%	-8.5%	13.0%	4.3%	2.4%	Not Started	Not Started	223,195,226
Indexed Global Energy and Metals	27.8%	29.0%	6.3%	5.8%	-0.7%	-3.5%	Not Started	16,633,145
<b>Equity Funds (Global)</b>								
5 Star 5	17.5%	36.7%	17.1%	15.6%	13.0%	7.9%	8.3%	344,965,821
International Equity	16.1%	33.1%	15.8%	14.1%	13.4%	9.0%	7.4%	4,338,576,015
Global Select (Threadneedle)	16.3%	29.8%	15.8%	15.1%	13.6%	9.5%	7.5%	15,349,641
Indexed Global Equity (BlackRock)*	19.9%	32.9%	13.7%	13.0%	13.3%	Not Started	Not Started	189,674,219
FinEx Sector Average	17.2%	32.1%	9.9%	9.9%	10.0%	6.3%	4.7%	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	17.4%	33.3%	11.1%	12.3%	12.4%	7.4%	Not Started	137,225,027
European Select (Threadneedle)	19.8%	31.8%	14.7%	12.4%	12.4%	9.2%	7.9%	11,994,618
FinEx Sector Average	17.1%	31.0%	8.6%	9.3%	9.1%	5.7%	5.1%	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	17.8%	36.0%	9.8%	11.4%	10.1%	7.3%	Not Started	122,842,483
Indexed Eurozone Equity (BlackRock)*	18.3%	32.1%	8.3%	10.5%	8.9%	Not Started	Not Started	6,547,436
FinEx Sector Average	16.9%	32.2%	6.8%	8.6%	7.9%	4.1%	3.8%	
<b>Equity Funds (Irish)</b>								
Irish Equity	13.4%	38.2%	9.7%	9.8%	14.6%	4.0%	Not Started	26,838,398
FinEx Sector Average	13.9%	36.2%	7.8%	7.5%	11.7%	2.0%	3.2%	

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<b>Equity Fund (American)</b>								
5 Star 5 Americas	22.3%	38.2%	23.2%	19.2%	173%	11.7%	Not Started	119,816,130
American Select (Threadneedle)	22.2%	38.2%	19.0%	18.0%	16.9%	11.9%	7.7%	15,402,390
FinEx Sector Average	21.7%	37.5%	16.1%	14.5%	15.3%	10.1%	6.2%	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	7.2%	29.8%	7.6%	10.3%	8.2%	6.4%	Not Started	91,563,256
Asia Pacific Equity	10.0%	32.0%	7.6%	10.4%	8.1%	Not Started	Not Started	13,587,273
FinEx Sector Average	6.8%	24.1%	7.2%	8.6%	6.2%	6.2%	6.6%	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	25.1%	40.3%	5.9%	6.9%	10.2%	5.9%	Not Started	226,218,154
FinEx Sector Average	17.2%	32.1%	9.9%	9.9%	10.0%	6.3%	4.7%	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-1.5%	19.6%	8.1%	11.0%	Not Started	Not Started	Not Started	9,919,593
Indexed Emerging Market Equity Fund (BlackRock)	3.4%	19.6%	6.8%	8.4%	Not Started	Not Started	Not Started	8,930,067
Sector Average	6.5%	23.1%	6.2%	7.8%	4.2%	5.7%	5.4%	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	20.3%	36.7%	26.8%	24.6%	23.0%	17.3%	Not Started	175,089,417
FinEx Sector Average	14.4%	27.0%	11.7%	8.9%	5.9%	4.3%	2.8%	
<b>Property Funds</b>								
Property Fund	2.5%	-1.3%	-0.6%	Not Started	Not Started	Not Started	Not Started	39,179,614
Indexed European (Ex-UK) Property	12.2%	24.5%	4.0%	4.6%	7.8%	Not Started	Not Started	198,413,156
Indexed Australasia Property	13.1%	25.0%	3.2%	2.1%	6.6%	Not Started	Not Started	165,821,185
Sector Average	6.9%	8.1%	0.7%	2.2%	4.0%	-0.7%	2.4%	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.1%	0.4%	0.4%	Not Started	Not Started	Not Started	Not Started	1,329,748
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	4.4%	5.6%	2.3%	Not Started	Not Started	Not Started	Not Started	7,492,001
World Equity (Dimensional)	18.9%	38.8%	9.7%	Not Started	Not Started	Not Started	Not Started	13,594,115
Global Short Fixed Income (Dimensional)	0.1%	-0.1%	0.2%	Not Started	Not Started	Not Started	Not Started	3,759,868
World Allocation 20/80 (Dimensional)	3.5%	6.8%	2.0%	Not Started	Not Started	Not Started	Not Started	11,940,578
World Allocation 40/60 (Dimensional)	7.3%	14.2%	4.3%	Not Started	Not Started	Not Started	Not Started	28,735,370
World Allocation 60/40 (Dimensional)	11.0%	22.0%	6.3%	Not Started	Not Started	Not Started	Not Started	30,233,928
World Allocation 80/20 (Dimensional)	14.3%	30.2%	7.6%	Not Started	Not Started	Not Started	Not Started	12,023,665
Global Small Companies (Dimensional)	19.9%	46.8%	Not Started	Not Started	Not Started	Not Started	Not Started	3,579,828
Global Value (Dimensional)	20.0%	40.7%	Not Started	Not Started	Not Started	Not Started	Not Started	4,739,642
Global Sustainability Core Equity (Dimensional)	19.4%	38.5%	Not Started	Not Started	Not Started	Not Started	Not Started	386,564
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	13.2%	27.0%	2.9%	4.4%	7.5%	3.8%	Not Started	16,213,245
Indexed India Equity	16.4%	41.5%	7.2%	7.2%	5.8%	Not Started	Not Started	8,710,701
Income Opportunity (JP Morgan)	-0.1%	0.6%	-0.6%	0.0%	Not Started	Not Started	Not Started	1,878,083
Diversified Assets	14.1%	21.5%	6.9%	6.1%	6.2%	Not Started	Not Started	10,966,360
Earth Resources	16.8%	50.5%	17.5%	11.6%	1.8%	Not Started	Not Started	5,715,802
Green Resources	-7.0%	73.3%	42.7%	28.9%	12.2%	Not Started	Not Started	9,373,205

Source: Financial Express as at 01/08/2021

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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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