

# Monthly Investment Review

The latest news on the virus front needs to be monitored. Given the strong year-to-date gains in some equity markets, it could be used as a reason for profit taking by investors, resulting in churning equity markets for the rest of this year, especially with Federal Reserve Chairman Powell also recently indicating that the Fed may accelerate tapering. In addition, the markets are now expecting up to three interest rate rises during 2022.

However, despite the likelihood for near term volatility, the medium-term fundamentals for the global economy and risk assets are still positive.

As the medium-term growth dynamics are still positive, we expect government bond yields to gradually move higher, though probably only once concerns over the latest virus mutation have diminished.

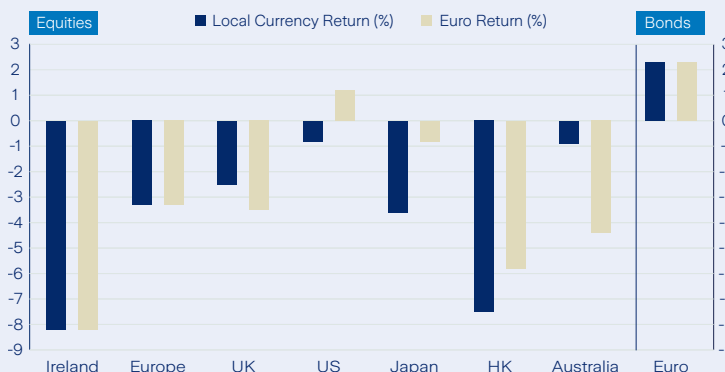


Richard Temperley  
Head of Investment Development

## Activity

Equity positions in our multi-asset funds remain above benchmark although some profits were taken towards the end of the month, on a tactical basis. With regards to geographic positions, the main bias is towards Europe and Japan. 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 20 months.

## Equity & Bond % Returns: November



This graph shows the performance of the major equity markets over the month of November. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, December 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 0.6% in November, giving a strong total return of 27.0% for the first eleven months of 2021. Significant euro currency weakness during 2021 has accentuated returns in a number of key markets, primarily the US and the UK. Year-to-date the strongest markets in local currency terms have been the US (+21.6%) and Europe (+14.8%).
- Regarding sectors in the US during the month, the strongest returns came from technology (+4.4%) and consumer discretionary stocks (+2.0%). The main underperforming sectors were financials and energy. So far this year, the best performing sectors have been energy (+49.8%) and financials (+30.6%).

### Bonds & Interest Rates

- The Over Five Year Euro Government Bond Index rose by 2.3% during November, giving a total return of minus 2.6% for the first eleven months of 2021. Medium-dated bond prices reacted to a flattening of the US yield curve with the expectations now of up to three 25bps rate rises in the US next year, due in turn to stronger economic growth and higher inflation.
- The German ten-year bond yield fell from minus 0.11% to minus 0.35%. Equivalent US rates fell from 1.56% to 1.45%.
- The Federal Reserve Chairman, Jerome Powell, was reappointed in November for a second term of four years.

### Commodities & Currencies

- Overall commodity prices fell by 7.8% during November in dollar terms led by energy prices. However, they are still up 31% year-to-date.
- Oil prices fell by 1.8% in November but are up 36% so far in 2021. The gold price fell by 0.6% in November to \$1,774 per troy ounce. The copper price fell by 2.1% during the month.
- The euro currency weakening again during November against the US dollar with the EUR/USD rate moving from 1.16 to 1.13. It began the year at 1.22.

Zurich Life Annualised Performance  
to 01/12/2021

	Annualised							Fund Size (Euros)
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Multi-Asset Funds</b>								
Prisma <b>2</b>	2.4%	2.7%	2.1%	1.3%	Not Started	Not Started	Not Started	451,859,875
Prisma <b>3</b>	6.6%	7.4%	5.2%	3.7%	Not Started	Not Started	Not Started	1,873,972,782
Prisma <b>4</b>	14.6%	16.3%	11.1%	8.2%	Not Started	Not Started	Not Started	2,653,481,269
Prisma <b>5</b>	20.4%	23.0%	16.4%	11.8%	Not Started	Not Started	Not Started	1,581,271,051
Prisma <b>Max</b>	21.7%	24.4%	17.9%	13.4%	Not Started	Not Started	Not Started	155,703,962
Active Asset Allocation	16.2%	18.0%	12.0%	8.8%	8.6%	Not Started	Not Started	843,595,874
<b>Managed Funds</b>								
Cautiously Managed	10.2%	11.3%	8.4%	6.3%	8.3%	Not Started	Not Started	717,938,694
Sector Average	5.9%	6.8%	4.2%	3.2%	4.3%	2.7%	3.2%	
Balanced	15.9%	17.8%	13.8%	10.4%	11.4%	7.0%	7.1%	2,373,704,044
Sector Average	11.2%	12.7%	7.7%	5.8%	7.9%	3.8%	4.2%	
Performance	20.1%	22.4%	16.5%	12.6%	12.7%	7.5%	7.7%	1,931,556,863
Dynamic	21.3%	23.8%	17.6%	13.4%	13.4%	7.9%	8.0%	2,275,638,868
FinEx Sector Average	15.0%	17.0%	9.0%	7.1%	8.7%	4.3%	4.7%	
<b>Protected Funds</b>								
Protected 70	15.6%	17.3%	10.1%	7.3%	7.5%	Not Started	Not Started	20,434,634
Protected 80	10.8%	11.8%	6.0%	4.0%	4.4%	Not Started	Not Started	29,782,011
<b>Cash</b>								
Cash Fund	-0.8%	-0.9%	-0.9%	-0.9%	-0.7%	Not Started	Not Started	1,261,537,899
FinEx Sector Average	-0.7%	-0.7%	-0.7%	-0.6%	-0.2%	0.5%	0.9%	
<b>Bond</b>								
Medium Duration Corporate Bond	-1.5%	-1.5%	Not Started	Not Started	Not Started	Not Started	Not Started	613,819,472
Short Duration Corporate Bond	-0.7%	-0.7%	Not Started	Not Started	Not Started	Not Started	Not Started	1,073,173,457
Global Corporate Bond (JP Morgan)	-1.8%	-1.3%	4.9%	2.6%	Not Started	Not Started	Not Started	15,768,231
Global Government Bond (JP Morgan)	-2.6%	-2.6%	2.50%	1.10%	Not Started	Not Started	Not Started	1,790,437
Indexed Eurozone Government Bond (BlackRock)*	-2.2%	-1.6%	3.10%	1.90%	4.00%	Not Started	Not Started	17,148,809
Active Fixed Income	-2.3%	-2.2%	2.30%	1.30%	5.00%	4.40%	4.90%	266,315,549
Inflation-Linked Bond	5.6%	6.2%	4.60%	2.90%	3.10%	Not Started	Not Started	7,489,428
Long Bond	-4.1%	-3.8%	5.5%	3.1%	7.2%	5.4%	Not Started	47,350,797
FinEx Sector Average	-1.1%	-0.8%	4.0%	2.4%	4.5%	3.4%	4.0%	
<b>Absolute Return/Diversified Assets Funds</b>								
Global Targeted Returns Fund (Invesco)	-3.8%	-3.9%	-1.0%	-1.4%	Not Started	Not Started	Not Started	20,985,943
Dynamic Diversified Growth (BlackRock)	2.8%	4.5%	5.4%	4.6%	3.4%	Not Started	Not Started	13,458,263
<b>Commodity Funds</b>								
Gold	2.0%	5.1%	12.8%	6.6%	1.3%	Not Started	Not Started	251,859,738
Indexed Global Energy and Metals	33.9%	33.0%	8.9%	4.5%	-0.4%	-2.0%	Not Started	16,381,328
<b>Equity Funds (Global)</b>								
5 Star 5	25.1%	28.9%	20.7%	15.5%	14.3%	7.9%	8.6%	373,144,776
International Equity	22.4%	25.1%	18.7%	14.1%	14.3%	8.9%	7.9%	4,447,252,871
Global Select (Threadneedle)	20.0%	23.0%	17.7%	15.1%	14.8%	9.3%	7.9%	15,404,295
Indexed Global Equity (BlackRock)*	27.0%	28.5%	17.2%	13.1%	13.8%	Not Started	Not Started	208,381,622
FinEx Sector Average	22.1%	24.5%	12.5%	10.0%	11.1%	6.1%	5.3%	
<b>Equity Funds (European)</b>								
5 Star 5 Europe	18.2%	22.2%	14.5%	11.7%	13.4%	7.0%	Not Started	138,160,027
European Select (Threadneedle)	21.6%	24.1%	18.8%	13.9%	13.4%	8.7%	8.5%	12,494,007
FinEx Sector Average	17.9%	20.7%	12.8%	9.4%	10.7%	5.1%	5.6%	
<b>Equity Funds (Euro)</b>								
Eurozone Equity	17.4%	20.2%	13.5%	10.8%	11.5%	6.6%	Not Started	124,336,453
Indexed Eurozone Equity (BlackRock)*	17.1%	19.1%	11.1%	9.4%	9.9%	Not Started	Not Started	6,259,338
FinEx Sector Average	16.5%	18.3%	10.5%	8.3%	9.1%	3.5%	4.2%	
<b>Equity Funds (Irish)</b>								
Irish Equity	8.5%	11.7%	13.6%	7.6%	13.9%	2.6%	Not Started	27,126,291
FinEx Sector Average	7.9%	10.9%	11.4%	5.3%	11.4%	0.6%	3.5%	

	Annualised							Fund Size (Euros)
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<b>Equity Fund (American)</b>								
5 Star 5 Americas	33.9%	36.3%	25.8%	18.4%	18.3%	12.0%	Not Started	133,287,705
American Select (Threadneedle)	28.4%	31.4%	21.8%	17.1%	17.3%	11.7%	8.3%	15,962,740
FinEx Sector Average	30.7%	32.6%	18.9%	14.7%	16.1%	10.2%	7.0%	
<b>Equity Funds (Far East Asia)</b>								
5 Star 5 Asia Pacific	6.6%	12.0%	10.1%	9.2%	9.4%	5.4%	Not Started	88,818,868
Asia Pacific Equity	7.4%	12.0%	9.0%	8.7%	8.9%	Not Started	Not Started	13,243,244
FinEx Sector Average	7.2%	11.3%	9.2%	7.7%	7.6%	5.5%	6.8%	
<b>Equity Funds (High Yield)</b>								
Dividend Growth	27.0%	26.7%	7.9%	5.2%	10.7%	5.3%	Not Started	225,265,046
FinEx Sector Average	22.1%	24.5%	12.5%	10.0%	11.1%	6.1%	5.3%	
<b>Equity Funds (Emerging Market)</b>								
Emerging Markets Opportunities (JP Morgan)	-1.8%	4.1%	9.6%	9.7%	Not Started	Not Started	Not Started	9,914,569
Indexed Emerging Market Equity Fund (BlackRock)	2.6%	7.4%	7.6%	7.4%	Not Started	Not Started	Not Started	10,358,453
Sector Average	7.0%	11.4%	8.4%	7.2%	5.7%	4.9%	5.9%	
<b>Equity Funds (Specialist)</b>								
Indexed Top Tech 100	36.9%	40.8%	32.8%	26.0%	24.1%	17.3%	10.9%	210,607,994
FinEx Sector Average	19.6%	22.2%	14.3%	9.6%	7.3%	4.1%	3.0%	
<b>Property Funds</b>								
Property Fund	3.5%	3.6%	-0.4%	Not Started	Not Started	Not Started	Not Started	39,924,723
Indexed European (Ex-UK) Property	8.0%	11.6%	4.9%	6.4%	9.4%	Not Started	Not Started	207,965,203
Indexed Australasia Property	9.6%	10.9%	2.0%	2.4%	6.7%	Not Started	Not Started	177,220,873
Sector Average	8.9%	9.2%	1.3%	2.8%	4.7%	-0.9%	2.7%	
<b>Dimensional Funds</b>								
Global Short-term Investment Grade Fixed Income (Dimensional)	-1.6%	-1.6%	0.1%	-0.5%	Not Started	Not Started	Not Started	1,799,433
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	6.1%	6.5%	3.4%	2.6%	Not Started	Not Started	Not Started	7,414,432
World Equity (Dimensional)	23.3%	27.1%	12.8%	9.4%	Not Started	Not Started	Not Started	14,477,310
Global Short Fixed Income (Dimensional)	-2.1%	-2.2%	-0.5%	-0.7%	Not Started	Not Started	Not Started	3,617,779
World Allocation 20/80 (Dimensional)	3.1%	3.6%	2.3%	1.4%	Not Started	Not Started	Not Started	10,731,587
World Allocation 40/60 (Dimensional)	7.8%	9.0%	5.1%	3.5%	Not Started	Not Started	Not Started	28,445,694
World Allocation 60/40 (Dimensional)	12.5%	14.4%	7.8%	5.5%	Not Started	Not Started	Not Started	30,695,832
World Allocation 80/20 (Dimensional)	17.3%	20.2%	10.0%	7.1%	Not Started	Not Started	Not Started	12,356,690
Global Small Companies (Dimensional)	23.6%	29.2%	Not Started	Not Started	Not Started	Not Started	Not Started	4,669,306
Global Value (Dimensional)	23.4%	25.8%	Not Started	Not Started	Not Started	Not Started	Not Started	5,124,314
Global Sustainability Core Equity (Dimensional)	25.0%	28.3%	Not Started	Not Started	Not Started	Not Started	Not Started	857,437
<b>Funds Closed to New Business</b>								
Indexed Eurozone Property	4.2%	7.9%	2.1%	5.2%	8.8%	2.3%	Not Started	14,376,921
Indexed India Equity	30.5%	40.9%	12.8%	10.7%	9.2%	Not Started	Not Started	9,363,906
Income Opportunity (JP Morgan)	-0.2%	-0.2%	-0.2%	-0.1%	Not Started	Not Started	Not Started	1,772,602
Diversified Assets	16.4%	17.6%	8.3%	6.1%	6.7%	Not Started	Not Started	10,363,945
Earth Resources	20.0%	25.6%	20.0%	11.9%	2.7%	Not Started	Not Started	5,665,229
Green Resources	0.0%	8.0%	46.3%	30.9%	15.9%	Not Started	Not Started	9,820,674

Source: Financial Express as at 01/12/2021

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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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