

# Monthly Investment Review

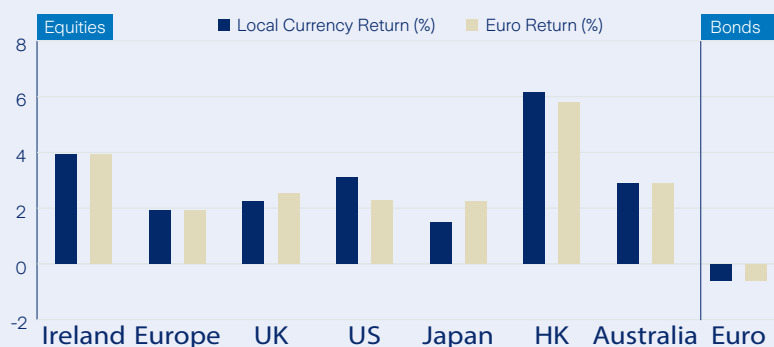
July saw global equities show positive returns as economic growth proved resilient in the US and inflation continued to moderate. The month saw interest rate rises from several global central banks such as the Federal Reserve and ECB. Despite hikes, general sentiment appeared to be less hawkish than has been observed throughout much of 2023. Inflation in the Eurozone fell more than expected to 5.3% in July, down from 5.5% the previous month and the lowest level of inflation since January 2022. Inflation moderating in the Eurozone has been a comforting sign for the ECB and leaves open the option for a pause in the rate hiking cycle. July also saw the beginning of the Q2 earnings season with large US banks in particular posting positive results. Towards the end of July, a surprise decision from the Bank of Japan saw changes made to their 'yield curve control' mechanism in what may potentially be a 'landmark' shift in policy trajectory.



## Activity

Throughout the month of July, we maintained our preference for risk assets and therefore retained an overweight position in equities. Equities were at their highest levels of 2023 in July and are performing strongly. During much of 2023 we saw a bifurcated market, though in July sector breadth across equity markets has widened. In fixed income, corporate credit markets remain strong with spread tightening being the dominant theme. Within our fixed income allocation, we maintain a preference for long duration bonds. Our EUR/USD hedge remains in place and has been beneficial for returns across our north American exposures throughout July.

## Equity & Bond % Returns: July 2023



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 ICE BofA 5+ Government Bond Index. Source: Bloomberg, August 2023.

## Current Positioning

Asset Class	Country	Positive	Neutral	Negative
Equities	US		✓	
	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		✓	

## Market Performance

### Equity Markets

Equities showed positive performance throughout July as general sentiment towards risk assets continued its upward trajectory. Globally, the best performing sector was energy, up 5.7% in euro terms. Year to date, the technology sector is the clear outperformer, returning 39.0% in euro terms. The recent Artificial Intelligence rally has seen asset prices soar in this space, leading some speculators to consider the possibility of a correction within this sector of the equity market. Geographically, the Asia Pacific region outperformed throughout July as strong semi-conductor demand saw flows into Asian markets.






### Bonds & Interest Rates

Throughout July, central banks delivered further rate increases in the Eurozone and US. Lower inflation numbers however saw some positive sentiment. Yields whipsawed throughout the month, initially rising, and then moderating somewhat as the month went on. Implied rate expectations have declined as the possibility of a pause in rate hiking cycles is priced into fixed income markets. In the Eurozone fixed income markets finished the month in negative territory as higher yields impacted investors. The benchmark US 10 Year Treasury yield finished the month at 3.96% and the BofA Euro Government index returned -0.15%.

### Commodities & Currencies

Commodities had a positive month globally, reversing much of the negative performance seen throughout the year in this asset class. Much of the outperformance can be attributed to higher oil prices. Early in the month members of OPEC+, an organisation of 23 oil-exporting countries, stated their intention to extend supply cuts on the production of oil, which has contributed to a rally in prices. Copper, often used as a barometer for global economic health, also saw an increase in prices as the economic outlook improved in many regions. At the end of July one euro purchased 1.0997 US dollars. The dollar declined against the euro throughout July as more positive sentiment in the US fuelled flows out of the currency.

Zurich Life Annualised Performance  
to August 2023

Zurich Life Annualised Performance to August 2023		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Multi-Asset Funds								
Prisma Low	2.6%	-0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	22,584,093
Prisma 	3.1%	0.4%	0.6%	0.6%	Not Started	Not Started	Not Started	494,606,468
Prisma 	5.3%	0.7%	2.7%	2.3%	Not Started	Not Started	Not Started	2,186,118,933
Prisma 	9.3%	1.5%	6.5%	5.4%	Not Started	Not Started	Not Started	3,315,214,410
Prisma 	13.5%	3.5%	9.8%	8.4%	Not Started	Not Started	Not Started	2,293,012,724
Prisma 	15.8%	5.7%	10.3%	9.1%	Not Started	Not Started	Not Started	237,585,475
Active Asset Allocation	9.2%	1.3%	7.5%	6.1%	6.9%	Not Started	Not Started	972,990,987
Managed Funds								
Cautiously Managed	8.2%	2.0%	4.1%	3.9%	5.8%	6.1%	Not Started	777,851,828
Sector Average	4.0%	-0.7%	1.8%	1.1%	2.6%	2.9%	3.1%	
Balanced	12.1%	3.4%	6.7%	6.6%	8.1%	7.5%	7.4%	2,267,422,471
Sector Average	6.1%	0.5%	5.0%	3.2%	5.1%	4.8%	4.8%	
Performance	14.5%	5.4%	9.2%	8.4%	9.6%	8.3%	8.2%	1,805,248,276
Dynamic	15.9%	6.5%	10.1%	9.1%	10.2%	8.8%	8.7%	2,223,159,073
FinEx Sector Average	8.5%	2.2%	7.3%	4.3%	6.1%	5.5%	5.3%	
Protected Funds								
Protected 70	7.7%	2.0%	5.0%	3.7%	4.9%	Not Started	Not Started	17,342,178
Protected 80	4.9%	1.0%	2.9%	1.7%	2.7%	Not Started	Not Started	26,595,950
Cash								
Cash Fund	1.3%	1.0%	-0.3%	-0.6%	-0.6%	Not Started	Not Started	1,554,274,830
FinEx Sector Average	0.9%	0.9%	-0.2%	-0.4%	-0.2%	0.2%	0.7%	
Bond								
Medium Duration Corporate Bond	3.3%	-4.6%	Not Started	Not Started	Not Started	Not Started	Not Started	702,640,978
Short Duration Corporate Bond	1.6%	-0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	1,024,317,672
Global Corporate Bond (JP Morgan)	1.9%	-4.2%	-5.5%	-1.0%	0.6%	Not Started	Not Started	15,152,074
Global Government Bond (JP Morgan)	0.5%	-6.5%	-6.20%	-1.90%	-0.1%	Not Started	Not Started	1,420,658
Indexed Eurozone Government Bond (BlackRock)*	-0.6%	-9.4%	-6.9%	-2.2%	0.5%	Not Started	Not Started	18,554,715
Active Fixed Income	1.2%	-6.8%	-5.7%	-2.0%	1.4%	3.3%	3.4%	1,103,007,443
Inflation-Linked Bond	3.9%	-5.4%	0.5%	1.0%	1.2%	Not Started	Not Started	10,188,584
Long Bond	2.2%	-13.7%	-10.5%	-3.3%	1.6%	3.4%	3.7%	42,034,529
FinEx Sector Average	1.8%	-7.5%	-5.7%	-1.6%	1.0%	2.3%	2.6%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	2.0%	7.7%	-0.3%	-1.1%	Not Started	Not Started	Not Started	13,263,978
Dynamic Diversified Growth (BlackRock)	2.2%	-1.3%	-0.4%	1.0%	1.6%	Not Started	Not Started	12,737,215
Commodity Funds								
Gold	4.8%	2.7%	1.7%	10.7%	5.5%	Not Started	Not Started	362,659,961
Indexed Global Energy and Metals	-6.3%	-16.1%	16.3%	8.0%	1.5%	-2.7%	Not Started	22,410,413
Indexed Commodities	-5.5%	-16.6%	Not Started	Not Started	Not Started	Not Started	Not Started	226,834,573
Equity Funds (Global)								
5 Star 5	17.3%	7.1%	12.6%	10.9%	10.8%	8.3%	8.6%	383,212,466
International Equity	17.3%	7.1%	10.9%	9.7%	10.9%	9.6%	9.0%	5,944,560,507
Global Select (Threadneedle)	17.1%	3.3%	8.4%	8.8%	11.2%	9.9%	9.4%	11,734,091
Indexed Global Equity (BlackRock)*	11.9%	2.4%	12.9%	9.7%	10.7%	Not Started	Not Started	198,054,478
FinEx Sector Average	10.9%	3.4%	11.9%	7.1%	8.3%	7.6%	6.9%	
Equity Funds (European)								
5 Star 5 Europe	15.8%	14.5%	13.6%	8.6%	10.2%	8.3%	Not Started	151,514,408
European Select (Threadneedle)	18.7%	11.8%	8.8%	8.1%	8.8%	10.0%	9.4%	9,871,424
FinEx Sector Average	12.6%	8.7%	8.9%	4.8%	6.7%	6.1%	6.9%	
Equity Funds (Euro)								
Eurozone Equity	18.8%	19.3%	13.7%	7.5%	8.9%	7.6%	9.1%	107,261,679
Indexed Eurozone Equity (BlackRock)*	9.7%	14.5%	11.1%	5.7%	7.3%	Not Started	Not Started	7,834,940
FinEx Sector Average	13.5%	14.2%	11.0%	4.7%	6.7%	5.3%	5.8%	
Equity Funds (Irish)								
Irish Equity	28.4%	32.9%	15.3%	8.0%	10.5%	7.7%	Not Started	22,513,985
FinEx Sector Average	24.7%	31.2%	14.0%	6.4%	8.5%	5.8%	4.8%	

		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Equity Fund (American)								
5 Star 5 Americas	19.9%	3.1%	11.3%	13.3%	14.0%	11.8%	Not Started	131,431,341
American Select (Threadneedle)	13.3%	-0.4%	11.0%	10.7%	13.1%	12.8%	9.9%	11,222,891
FinEx Sector Average	15.2%	4.2%	15.1%	11.7%	12.6%	11.9%	9.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	5.6%	3.3%	10.9%	5.5%	8.4%	6.1%	Not Started	86,016,083
Asia Pacific Equity	3.8%	1.1%	10.6%	5.0%	7.6%	Not Started	Not Started	13,657,969
FinEx Sector Average	3.5%	-0.9%	7.0%	4.0%	5.7%	5.9%	7.2%	
Equity Funds (High Yield)								
Dividend Growth	9.6%	3.9%	16.6%	6.0%	8.3%	8.4%	Not Started	270,766,967
FinEx Sector Average	10.9%	3.4%	11.9%	7.1%	8.3%	7.6%	6.9%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	5.5%	-1.3%	0.5%	1.4%	Not Started	Not Started	Not Started	7,522,295
Indexed Emerging Market Equity Fund (BlackRock)	5.5%	-0.6%	3.2%	2.3%	Not Started	Not Started	Not Started	15,114,120
Sector Average	6.8%	-1.0%	3.4%	1.5%	4.3%	3.4%	7.1%	
Equity Funds (Specialist)								
Indexed Top Tech 100	41.0%	14.2%	15.8%	18.3%	20.2%	18.3%	13.6%	255,841,681
FinEx Sector Average	8.4%	1.2%	11.2%	8.5%	6.7%	4.5%	5.0%	
Property Funds								
Property Fund	-1.3%	-8.5%	-3.5%	-2.2%	Not Started	Not Started	Not Started	28,739,706
Indexed European (Ex-UK) Property	-0.3%	-20.0%	-9.1%	-7.5%	1.9%	3.4%	Not Started	163,259,483
Indexed Australasia Property	-5.0%	-14.3%	3.2%	-0.7%	3.5%	4.5%	Not Started	197,876,058
Sector Average	-2.1%	-9.0%	0.5%	-0.8%	3.2%	-0.2%	1.7%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	1.0%	-2.0%	-2.8%	-1.6%	Not Started	Not Started	Not Started	3,451,860
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	3.3%	-6.7%	0.1%	0.3%	Not Started	Not Started	Not Started	6,831,378
World Equity (Dimensional)	10.8%	2.9%	14.6%	7.5%	Not Started	Not Started	Not Started	20,208,645
Global Short Fixed Income (Dimensional)	1.2%	-2.0%	-3.6%	-2.0%	Not Started	Not Started	Not Started	17,445,160
World Allocation 20/80 (Dimensional)	3.0%	-0.5%	0.7%	0.3%	Not Started	Not Started	Not Started	7,122,188
World Allocation 40/60 (Dimensional)	5.0%	0.3%	3.9%	2.2%	Not Started	Not Started	Not Started	26,190,756
World Allocation 60/40 (Dimensional)	6.9%	0.8%	7.1%	3.9%	Not Started	Not Started	Not Started	31,241,561
World Allocation 80/20 (Dimensional)	8.8%	1.8%	10.7%	5.4%	Not Started	Not Started	Not Started	17,388,143
Global Small Companies (Dimensional)	9.4%	0.3%	15.1%	Not Started	Not Started	Not Started	Not Started	9,859,859
Global Value (Dimensional)	9.0%	5.6%	18.6%	Not Started	Not Started	Not Started	Not Started	32,485,158
Global Sustainability Core Equity (Dimensional)	13.6%	3.8%	14.0%	Not Started	Not Started	Not Started	Not Started	3,708,692
Funds Closed to New Business								
Indexed Eurozone Property	0.0%	-20.3%	-7.3%	-7.3%	2.1%	2.2%	Not Started	8,132,243
Diversified Assets	2.3%	-7.0%	6.3%	3.8%	4.7%	4.3%	Not Started	9,020,890

Source: FE fundinfo as at 01/08/2023.

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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