

# Monthly Investment Review

- Strong momentum in many developed and emerging equity markets in Quarter 1 has carried over into April, with the US S&P500 Index marking a fresh all-time high. Dovish central banks - led by the Federal Reserve, China's stimuli, hopes of resolution in the US-China trade dispute, and a strong US earnings season are all reasons why monies continue to be deployed into risk assets. Some sentiment surveys, however, suggest that investors are now overly optimistic following extreme pessimism at the end of last year.
- Most equity markets are turning a blind eye to still dismal economic conditions in manufacturing industries and are focusing instead on the favourable earnings season. Global manufacturing PMI has fallen from a cycle high of 54.4 in early 2018 to 50.6 now, only slightly above the 'boom and bust' line of 50 that distinguishes between growth and contraction. Conditions in the eurozone continue to be particularly grim. The contrary to this is that global conditions in service industries remain solid.
- Given the current market environment, Zurich believes it makes sense to take a neutral stance on equities on a tactical basis.

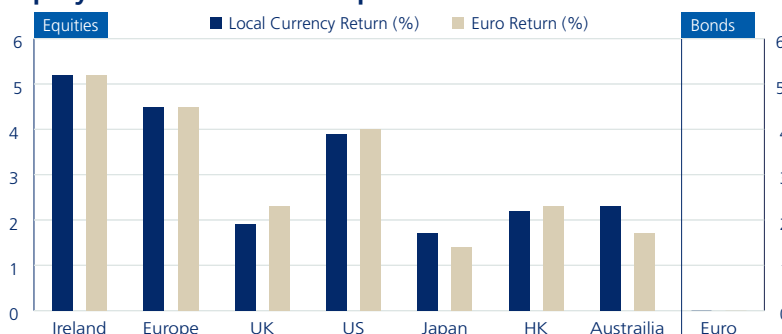


Richard Temperley  
Head of Investment  
Development

## Activity

Equity positions are towards the middle of ranges in all of the multi-asset portfolios following the decision to take profits during March. Despite this tactical move, Zurich remains reasonably constructive on equities in general. With regards to geographic positions, the main bias is towards Asia-Pacific at the expense of the US. Sector positions were broadly maintained during April. The funds are positively biased towards technology and financial stocks and negatively biased towards utilities and real estate. Bond positions are towards the middle of ranges on a tactical basis whilst the duration of the bonds is low. Zurich has recently been increasing its exposure to corporate bonds at the expense of sovereign debt.

## Equity & Bond % Returns: April 2019



This graph shows the performance of the major equity markets over the month of April. The returns are shown in both local and euro currencies. The bond index is the Over Five Year Euro Government Bond Index. Source: Bloomberg, May 2019.

| CURRENT POSITIONING |                  |          |         |          |
|---------------------|------------------|----------|---------|----------|
| Asset Class         | Country          | Positive | Neutral | Negative |
| Equities            | North America    |          |         | ✓        |
|                     | Europe           | ✓        |         |          |
|                     | Japan            |          | ✓       |          |
|                     | UK               |          | ✓       |          |
|                     | Asia-Ex Japan    | ✓        |         |          |
| Fixed Income        | Eurozone         |          |         | ✓        |
|                     | US               |          | ✓       |          |
|                     | UK               |          | ✓       |          |
| Currencies          | USD              | ✓        |         |          |
|                     | GBP              |          | ✓       |          |
|                     | YEN              |          | ✓       |          |
| Alternatives        | Oil              |          | ✓       |          |
|                     | Gold             | ✓        |         |          |
|                     | Copper           |          | ✓       |          |
|                     | Global Property  |          | ✓       |          |
|                     | Soft Commodities | ✓        |         |          |
|                     | Water            |          | ✓       |          |

## MARKET PERFORMANCE

### Equities

World equities (in euro terms) rose by 3.7% in April and have given a strong total return of 18.4% in the first four months of 2019. Local currency returns in April for the major markets ranged from 1.7% in Japan to 4.5% in Europe. The influential US market was up by 3.9%. Euro currency weakness has bolstered returns for eurozone investors so far in 2019. Regarding sectors in the US during April, economically sensitive cyclical stocks clearly outperformed defensive areas. The best performing sectors were technology (+6.4%) and financials (+8.8%); the worst, healthcare (-2.7%) and real estate (-0.6%). Year-to-date, the stand-out sector has been technology (+27.0%).

### Fixed Income & Currencies

The Over Five Year Euro Government Bond Index was flat in April and remains up by 3.8% so far in 2019. European bond prices have reacted positively in 2019 to weaker eurozone economic data and benign inflation. The German ten-year bond yield was virtually unchanged in April finishing at 0.01%. Equivalent US rates moved from 2.41% to 2.50%. Given the Federal Reserve's recent dovish tone, the markets now expect no further rate rises in 2019. In fact, there is now a 60% chance of a cut in rates in December. This is a significant change from six months ago. Eurozone rates are likely to remain at current ultra-low levels for the foreseeable future. The Bank of England is not expected to increase rates again for some time mainly due to Brexit concerns. The euro currency was flat during April against the US dollar with the EUR/USD rate remaining at 1.12. The rate began the year at 1.15.

### Alternatives

April saw commodity prices rise marginally following an impressive Q1. Overall, commodities are up by 8.5% in the first four months of the year. However, almost all of the gains have come from energy prices in general and the oil price in particular. After severe declines during much of 2018, the oil price jumped again in April (+6%) and is now up around 38% so far this year on hopes that economic growth concerns in the US and China may have been somewhat exaggerated, as well as supply discipline from OPEC. The gold price fell by 1% during the month finishing at \$1,286 per troy ounce while the copper price was also down 1%.

# Zurich Life Annualised Performance to May 2019

| Zurich Life Annualised Performance to May 2019                                           |       | Annualised   |        |             |             |             |             | Fund Size (Euros) |
|------------------------------------------------------------------------------------------|-------|--------------|--------|-------------|-------------|-------------|-------------|-------------------|
|                                                                                          |       | Year to Date | 1 Year | 3 Years     | 5 Years     | 10 Years    | 15 Years    |                   |
| Prisma Multi-Asset Funds                                                                 |       |              |        |             |             |             |             |                   |
| Prisma  | 1.9%  | 0.7%         | 0.8%   | 1.2%        | Not Started | Not Started | Not Started | 214,775,631       |
| Prisma  | 4.9%  | 2.6%         | 2.9%   | 3.3%        | Not Started | Not Started | Not Started | 976,923,821       |
| Prisma  | 10.5% | 5.8%         | 6.8%   | 7.1%        | Not Started | Not Started | Not Started | 1,192,725,679     |
| Prisma  | 16.0% | 9.4%         | 9.9%   | 9.6%        | Not Started | Not Started | Not Started | 555,405,151       |
| Prisma  | 17.3% | 11.5%        | 11.4%  | 8.3%        | Not Started | Not Started | Not Started | 51,095,333        |
| Managed Funds                                                                            |       |              |        |             |             |             |             |                   |
| Cautiously Managed                                                                       | 7.2%  | 4.6%         | 4.9%   | 6.5%        | 7.6%        | Not Started | Not Started | 451,775,620       |
| Sector Average                                                                           | 6.0%  | 2.3%         | 3.0%   | 3.6%        | 4.7%        | 3.5%        | 3.2%        |                   |
| Balanced                                                                                 | 11.8% | 8.3%         | 8.0%   | 8.7%        | 10.1%       | 7.3%        | 5.3%        | 1,770,110,598     |
| Sector Average                                                                           | 9.9%  | 4.8%         | 5.0%   | 6.1%        | 8.2%        | 4.8%        | 3.5%        |                   |
| Performance                                                                              | 14.9% | 10.6%        | 10.0%  | 9.8%        | 11.0%       | 7.7%        | 5.4%        | 1,418,042,938     |
| Dynamic                                                                                  | 16.8% | 11.8%        | 11.0%  | 10.6%       | 11.7%       | 8.1%        | 5.4%        | 1,599,325,068     |
| FinEx Sector Average                                                                     | 12.2% | 5.6%         | 6.4%   | 7.2%        | 8.9%        | 5.1%        | 4.0%        |                   |
| Protected Funds                                                                          |       |              |        |             |             |             |             |                   |
| Protected 70                                                                             | 11.5% | 6.4%         | 5.3%   | 5.3%        | Not Started | Not Started | Not Started | 20,554,261        |
| Protected 80                                                                             | 6.9%  | 2.9%         | 2.3%   | 2.9%        | Not Started | Not Started | Not Started | 33,804,004        |
| Cash                                                                                     |       |              |        |             |             |             |             |                   |
| Secure                                                                                   | 0.0%  | 0.0%         | 0.0%   | 0.0%        | 0.2%        | 1.0%        | 1.6%        | 203,323,739       |
| Cash Fund                                                                                | -0.3% | -0.9%        | -0.8%  | -0.7%       | -0.4%       | Not Started | Not Started | 746,391,210       |
| FinEx Sector Average                                                                     | -0.2% | -0.6%        | -0.4%  | -0.1%       | 0.2%        | 0.9%        | 1.4%        |                   |
| Bond                                                                                     |       |              |        |             |             |             |             |                   |
| Global Corporate Bond (JP Morgan)                                                        | 4.5%  | 2.1%         | 0.8%   | 1.7%        | Not Started | Not Started | Not Started | 9,881,273         |
| Global Government Bond (JP Morgan)                                                       | 1.20% | 1.20%        | -0.30% | 1.60%       | Not Started | Not Started | Not Started | 1,027,522         |
| Indexed Eurozone Government Bond (BlackRock)*                                            | 2.30% | 2.20%        | 1.00%  | 2.80%       | Not Started | Not Started | Not Started | 6,753,970         |
| Active Fixed Income                                                                      | 1.80% | 1.10%        | 0.80%  | 3.60%       | 5.10%       | 5.20%       | 5.40%       | 180,557,280       |
| Inflation-Linked Bond                                                                    | 1.60% | -1.50%       | 0.80%  | 1.10%       | Not Started | Not Started | Not Started | 6,549,213         |
| Long Bond                                                                                | 3.7%  | 3.3%         | 1.6%   | 5.5%        | 6.4%        | 6.1%        | Not Started | 58,661,941        |
| FinEx Sector Average                                                                     | 3.8%  | 2.5%         | 1.6%   | 3.1%        | 4.3%        | 3.9%        | 4.0%        |                   |
| Absolute Return/Diversified Assets Funds                                                 |       |              |        |             |             |             |             |                   |
| Global Targeted Returns Fund (Invesco)                                                   | 1.9%  | -2.7%        | -0.8%  | Not Started | Not Started | Not Started | Not Started | 67,263,853        |
| Dynamic Diversified Growth (BlackRock)                                                   | 6.5%  | 2.4%         | 2.5%   | 1.4%        | Not Started | Not Started | Not Started | 13,627,967        |
| Active Asset Allocation                                                                  | 11.6% | 6.5%         | 7.1%   | 7.2%        | Not Started | Not Started | Not Started | 421,430,419       |
| Commodity Funds                                                                          |       |              |        |             |             |             |             |                   |
| Gold                                                                                     | 2.0%  | 4.7%         | -0.2%  | 3.5%        | Not Started | Not Started | Not Started | 95,877,201        |
| Indexed Global Energy and Metals                                                         | 9.9%  | 4.1%         | 5.0%   | -3.6%       | 0.6%        | Not Started | Not Started | 13,422,793        |
| Equity Funds (Global)                                                                    |       |              |        |             |             |             |             |                   |
| 5 Star 5                                                                                 | 18.5% | 10.4%        | 12.1%  | 11.6%       | 10.8%       | 7.6%        | Not Started | 213,871,039       |
| International Equity                                                                     | 17.8% | 12.0%        | 11.8%  | 11.6%       | 12.7%       | 8.5%        | 6.2%        | 1,645,704,620     |
| Global Select (Threadneedle)                                                             | 25.1% | 15.5%        | 14.5%  | 13.9%       | 13.8%       | 9.4%        | Not Started | 8,118,626         |
| Indexed Global Equity (BlackRock)*                                                       | 19.5% | 13.3%        | 12.5%  | 11.5%       | Not Started | Not Started | Not Started | 111,696,986       |
| FinEx Sector Average                                                                     | 16.9% | 9.2%         | 8.8%   | 9.3%        | 11.4%       | 6.4%        | 3.9%        |                   |
| Equity Funds (European)                                                                  |       |              |        |             |             |             |             |                   |
| 5 Star 5 Europe                                                                          | 16.9% | 3.2%         | 9.3%   | 9.6%        | 12.1%       | 9.8%        | Not Started | 107,157,001       |
| European Select (Threadneedle)                                                           | 19.9% | 8.9%         | 8.2%   | 8.4%        | 13.7%       | 9.2%        | Not Started | 10,356,732        |
| FinEx Sector Average                                                                     | 18.0% | 1.4%         | 6.2%   | 6.2%        | 10.0%       | 6.6%        | 5.2%        |                   |
| Equity Funds (Euro)                                                                      |       |              |        |             |             |             |             |                   |
| Eurozone Equity                                                                          | 17.4% | 0.9%         | 9.6%   | 6.8%        | 10.6%       | 8.6%        | Not Started | 84,750,911        |
| Indexed Eurozone Equity (BlackRock)*                                                     | 18.9% | 0.3%         | 9.8%   | 6.1%        | Not Started | Not Started | Not Started | 8,398,859         |
| Sector Average                                                                           | 16.9% | -0.1%        | 6.2%   | 5.5%        | 8.8%        | 5.2%        | 3.5%        |                   |

|                                                               |              | Annualised |             |             |             |             |             |                   |
|---------------------------------------------------------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|-------------------|
|                                                               | Year to Date | 1 Year     | 3 Years     | 5 Years     | 10 Years    | 15 Years    | 20 Years    | Fund Size (Euros) |
| Equity Funds (Irish)                                          |              |            |             |             |             |             |             |                   |
| Irish Equity                                                  | 19.0%        | -2.5%      | 3.7%        | 8.6%        | 12.5%       | Not Started | Not Started | 15,983,762        |
| FinEx Sector Average                                          | 19.7%        | -3.8%      | 0.7%        | 6.1%        | 10.3%       | 2.8%        | 2.4%        |                   |
| Equity Fund (American)                                        |              |            |             |             |             |             |             |                   |
| 5 Star 5 Americas                                             | 20.0%        | 22.6%      | 16.1%       | 15.1%       | 14.0%       | 10.2%       | Not Started | 69,838,121        |
| American Select (Threadneedle)                                | 24.5%        | 22.0%      | 17.0%       | 15.9%       | 16.2%       | 10.1%       | Not Started | 13,121,730        |
| FinEx Sector Average                                          | 20.6%        | 17.8%      | 12.9%       | 13.8%       | 15.3%       | 8.2%        | 4.6%        |                   |
| Equity Funds (Far East Asia)                                  |              |            |             |             |             |             |             |                   |
| 5 Star 5 Asia Pacific                                         | 15.2%        | 0.8%       | 12.9%       | 9.8%        | 8.5%        | 8.2%        | Not Started | 79,073,619        |
| Asia Pacific Equity                                           | 15.5%        | 3.9%       | 13.9%       | 9.4%        | Not Started | Not Started | Not Started | 10,786,637        |
| FinEx Sector Average                                          | 15.0%        | 4.3%       | 10.7%       | 7.5%        | 9.8%        | 7.5%        | 6.2%        |                   |
| Equity Funds (High Yield)                                     |              |            |             |             |             |             |             |                   |
| Dividend Growth                                               | 17.5%        | 6.6%       | 8.5%        | 9.4%        | 12.8%       | Not Started | Not Started | 220,490,551       |
| FinEx Sector Average                                          | 16.9%        | 9.2%       | 8.8%        | 9.3%        | 11.4%       | 6.4%        | 3.9%        |                   |
| Equity Funds (Emerging Market)                                |              |            |             |             |             |             |             |                   |
| Emerging Markets Opportunities (JP Morgan)                    | 17.0%        | 6.7%       | 17.9%       | 9.9%        | Not Started | Not Started | Not Started | 7,329,737         |
| FinEx Sector Average                                          | 14.2%        | 2.1%       | 10.2%       | 7.7%        | 7.4%        | 8.7%        | Not Started |                   |
| Equity Funds (Specialist)                                     |              |            |             |             |             |             |             |                   |
| Indexed Top Tech 100                                          | 25.6%        | 27.1%      | 22.7%       | 22.3%       | 21.2%       | 12.8%       | Not Started | 66,650,086        |
| FinEx Sector Average                                          | 12.8%        | 8.3%       | 6.0%        | 4.5%        | 5.9%        | 3.6%        | 2.8%        |                   |
| Property Funds                                                |              |            |             |             |             |             |             |                   |
| Fund of REITs                                                 | 22.9%        | 8.5%       | 7.6%        | Not Started | Not Started | Not Started | Not Started | 18,619,961        |
| Indexed European (Ex-UK) Property                             | 10.3%        | 2.1%       | 6.5%        | 9.7%        | 12.2%       | Not Started | Not Started | 96,086,719        |
| Indexed Australasia Property                                  | 13.7%        | 16.4%      | 8.5%        | 10.7%       | 12.6%       | Not Started | Not Started | 81,907,928        |
| Sector Average                                                | 4.0%         | 4.7%       | 4.0%        | 6.6%        | 4.8%        | 2.1%        | 4.4%        |                   |
| Dimensional Funds                                             |              |            |             |             |             |             |             |                   |
| Global Short-term Investment Grade Fixed Income (Dimensional) | 1.1%         | 0.6%       | Not Started | Not Started | Not Started | Not Started | Not Started | 243,480           |
| Euro Inflation Linked Int Duration Fixed Income (Dimensional) | 2.2%         | 1.3%       | Not Started | Not Started | Not Started | Not Started | Not Started | 5,311,004         |
| World Equity (Dimensional)                                    | 17.7%        | 7.2%       | Not Started | Not Started | Not Started | Not Started | Not Started | 6,517,612         |
| Global Short Fixed Income (Dimensional)                       | 0.8%         | 0.6%       | Not Started | Not Started | Not Started | Not Started | Not Started | 1,276,062         |
| World Allocation 20/80 (Dimensional)                          | 3.7%         | 1.6%       | Not Started | Not Started | Not Started | Not Started | Not Started | 9,540,571         |
| World Allocation 40/60 (Dimensional)                          | 7.4%         | 3.7%       | Not Started | Not Started | Not Started | Not Started | Not Started | 17,575,590        |
| World Allocation 60/40 (Dimensional)                          | 10.7%        | 4.8%       | Not Started | Not Started | Not Started | Not Started | Not Started | 16,440,815        |
| World Allocation 80/20 (Dimensional)                          | 14.2%        | 5.3%       | Not Started | Not Started | Not Started | Not Started | Not Started | 5,554,451         |
| Funds Closed to New Business                                  |              |            |             |             |             |             |             |                   |
| Indexed Eurozone Property                                     | 11.2%        | 2.0%       | 7.3%        | 10.3%       | 11.5%       | Not Started | Not Started | 18,989,348        |
| Indexed India Equity                                          | 9.1%         | 8.1%       | 10.1%       | 10.4%       | 8.9%        | Not Started | Not Started | 9,862,505         |
| Income Opportunity (JP Morgan)                                | 1.9%         | -0.9%      | 1.1%        | 0.3%        | Not Started | Not Started | Not Started | 5,719,854         |
| Diversified Assets                                            | 10.4%        | 6.6%       | 6.2%        | 5.3%        | 7.8%        | Not Started | Not Started | 11,691,710        |
| Earth Resources                                               | 17.7%        | 8.4%       | 4.7%        | -2.8%       | 0.1%        | Not Started | Not Started | 4,481,289         |
| Green Resources                                               | 31.4%        | 23.2%      | 12.6%       | 4.6%        | 2.1%        | Not Started | Not Started | 4,230,333         |
| Small Cap Europe (Pictet)                                     | 22.8%        | 0.5%       | 8.7%        | 7.9%        | Not Started | Not Started | Not Started | 1,966,425         |

Source: Financial Express as at 01/05/2019

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

**Zurich Life Assurance plc**

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: [www.zurich.ie](http://www.zurich.ie)

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