May 2019

Monthly Investment Review

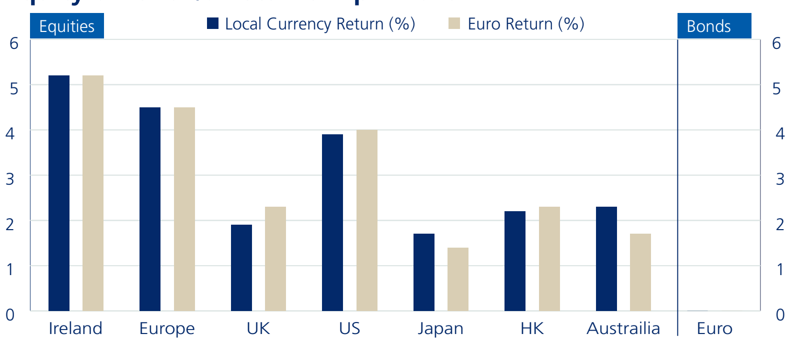
- Strong momentum in many developed and emerging equity markets in Quarter 1 has carried over into April, with the US S&P500 Index marking a fresh all-time high. Dovish central banks - led by the Federal Reserve, China's stimuli, hopes of resolution in the US-China trade dispute, and a strong US earnings 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

	Year to Date	Annualised 1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Prisma Multi-Asset Funds								
Prisma 2	1.9%	0.7%	0.8%	1.2%	Not Started	Not Started	Not Started	214,775,631
Prisma 3	4.9%	2.6%	2.9%	3.3%	Not Started	Not Started	Not Started	976,923,821
Prisma 4	10.5%	5.8%	6.8%	7.1%	Not Started	Not Started	Not Started	1,192,725,679
Prisma 5	16.0%	9.4%	9.9%	9.6%	Not Started	Not Started	Not Started	555,405,151
Prisma 6	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%**	

	Year to Date	Annualised 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.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this fund you may lose some or all of the money you invest.

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