November 2019

Monthly Investment Review

- Global stock markets continued to gain momentum with investor sentiment switching gears from overly bearish to neutral. Constructive news around U.S.-China trade talks and U.S. Quarter 3 earnings beating pessimistic expectations were viewed positively by the markets. The U.S. S&P500 Index hit a fresh all-time high towards the end of October. Bond yields rose slightly for the second month in-a-row from their recent cycle lows. Global economic conditions continue to be fragile although recent monetary policy action may help. On a positive note, global manufacturing purchasing managers' indices (PMIs) show tentative signs of stabilisation. Worryingly, however, weakness in manufacturing appears to be spilling over into the services sector.
- With many bond markets remaining in flat or negative yield territory and offering little or no long-term value, equities remain the asset class of choice. They are also reasonably valued on a stand-alone basis.
- Given the current market environment, Zurich believes it makes sense to take a positive stance on equities.

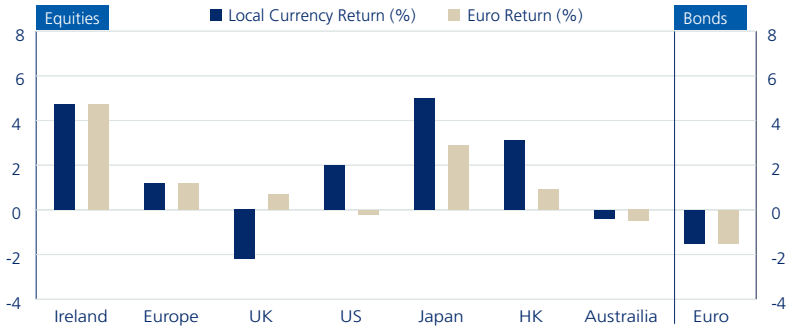


Richard Temperley
Head of Investment Development

Activity

Equity positions were maintained at the upper end of ranges across all of our multi-asset portfolios. With regards to geographic positions, the main bias is towards Europe and Asia-Pacific at the expense of the U.S. The funds are positively biased towards financials and technology stocks and negatively biased towards bond proxies such as utilities and real estate. Bond positions are below the middle of ranges whilst the duration of these bonds has been reduced.

Equity & Bond % Returns: October 2019



This graph shows the performance of the major equity markets over the month of October. 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, November 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 0.4% in October, following a strong September, and have given an impressive total return of 23.4% in the first ten months of 2019. Local currency returns in October for the major markets ranged from plus 5.0% in Japan to minus 2.2% in the U.K. The influential U.S. market was up 2.0% and remains the strongest so far this year (+21.2%). Euro currency strength in October reduced gains for Eurozone investors in a number of overseas markets. Regarding sectors in the U.S. during October, the main winners were healthcare (+5.0%) and technology (+3.8%), the latter on the back of good earnings' results. Energy stocks underperformed. Year-to-date, the best performing sector has been technology (+34.8%).

Bonds & Interest Rates

The Over Five Year Euro Government Bond Index fell by 1.5% in October but is up by a strong 13.4% so far in 2019. European bond prices have reacted positively in 2019 to weaker Eurozone economic data, benign inflation and an increasingly dovish ECB. The German ten-year bond yield rose in October moving from minus 0.57% to minus 0.41%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent U.S. yields also rose from plus 1.66% to plus 1.69%. The markets now expect one more rate cut (of 0.25%) in the U.S. during the cycle following a third rate cut at the end of October. Rates had already been cut in July (the first in a decade) and September. ECB rates were unchanged at minus 0.50%.

Commodities & Currencies

October saw overall commodity prices rise by 1.7% and they are now up 4.2% year-to-date. The West Texas oil price was flat during October but is up close to 20% so far this year. The gold price rose by 3.3% finishing at $1,515 per troy ounce. The copper price rose by 2%. The euro currency strengthened against the U.S. dollar during October, partly reversing the trend for much of 2019, with the EUR/USD rate moving from 1.09 to 1.11. The rate began the year at 1.15. The British pound was particularly strong during the month.

Zurich Life Annualised Performance to November 2019

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Prisma Multi-Asset Funds								
Prisma 2	2.7%	1.9%	0.9%	1.0%	Not Started	Not Started	Not Started	245,815,788
Prisma 3	6.5%	4.3%	2.8%	2.9%	Not Started	Not Started	Not Started	1,096,405,495
Prisma 4	13.9%	8.6%	6.5%	6.1%	Not Started	Not Started	Not Started	1,389,134,071
Prisma 5	20.7%	13.1%	9.1%	8.3%	Not Started	Not Started	Not Started	648,983,714
Prisma 6	21.9%	13.6%	10.2%	8.3%	Not Started	Not Started	Not Started	58,536,106
Managed Funds								
Cautiously Managed	9.4%	6.1%	4.6%	5.1%	7.1%	Not Started	Not Started	471,973,859
Sector Average	**7.6%**	**5.3%**	**2.9%**	**3.1%**	**4.1%**	**3.5%**	**3.4%**	
Balanced	16.0%	10.4%	7.8%	7.7%	9.3%	7.4%	5.8%	1,795,426,311
Sector Average	**12.6%**	**8.4%**	**5.1%**	**5.6%**	**7.2%**	**4.9%**	**3.8%**	
Performance	18.9%	11.7%	9.4%	8.7%	10.1%	7.8%	5.8%	1,424,855,079
Dynamic	20.9%	12.8%	10.3%	9.3%	10.7%	8.2%	5.8%	1,605,547,019
FinEx Sector Average	**14.3%**	**9.1%**	**6.2%**	**6.5%**	**7.7%**	**5.2%**	**4.1%**	
Protected Funds								
Protected 70	13.3%	7.2%	5.1%	4.3%	Not Started	Not Started	Not Started	22,161,487
Protected 80	7.6%	3.6%	2.3%	2.0%	Not Started	Not Started	Not Started	32,387,728
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	1.6%	184,589,939
Cash Fund	-0.6%	-0.7%	-0.8%	-0.7%	-0.5%	Not Started	Not Started	691,033,350
FinEx Sector Average	**-0.6%**	**-0.7%**	**-0.5%**	**-0.3%**	**0.1%**	**0.8%**	**1.3%**	
Bond								
Global Corporate Bond (JP Morgan)	9.2%	8.8%	1.8%	2.1%	Not Started	Not Started	Not Started	8,177,122
Global Government Bond (JP Morgan)	5.60%	7.60%	1.00%	1.80%	Not Started	Not Started	Not Started	1,266,915
Indexed Eurozone Government Bond (BlackRock)*	7.80%	9.50%	2.30%	2.90%	Not Started	Not Started	Not Started	8,869,465
Active Fixed Income	6.90%	8.00%	1.70%	3.10%	5.30%	5.20%	6.00%	209,073,277
Inflation-Linked Bond	7.10%	6.90%	2.00%	1.60%	Not Started	Not Started	Not Started	6,779,199
Long Bond	15.1%	17.2%	3.9%	5.6%	7.1%	6.4%	Not Started	66,009,931
FinEx Sector Average	**9.7%**	**10.1%**	**2.7%**	**3.3%**	**4.2%**	**4.1%**	**4.6%**	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	1.8%	1.5%	-1.0%	Not Started	Not Started	Not Started	Not Started	49,991,860
Dynamic Diversified Growth (BlackRock)	6.4%	4.4%	2.6%	1.0%	Not Started	Not Started	Not Started	11,689,853
Active Asset Allocation	14.9%	9.1%	6.8%	6.2%	Not Started	Not Started	Not Started	485,492,489
Commodity Funds								
Gold	20.3%	25.5%	4.6%	7.1%	6.0%	Not Started	Not Started	124,107,481
Indexed Global Energy and Metals	9.7%	2.5%	2.5%	-2.9%	-0.6%	Not Started	Not Started	12,987,973
Equity Funds (Global)								
5 Star 5	20.5%	10.9%	11.3%	9.1%	10.2%	7.7%	Not Started	203,700,237
International Equity	22.4%	13.6%	10.6%	9.8%	11.7%	9.0%	6.2%	2,464,724,165
Global Select (Threadneedle)	30.2%	19.9%	13.3%	11.9%	12.9%	9.7%	Not Started	9,108,641
Indexed Global Equity (BlackRock)*	26.5%	15.1%	12.4%	10.3%	Not Started	Not Started	Not Started	118,644,378
FinEx Sector Average	**19.2%**	**11.1%**	**8.4%**	**8.0%**	**9.8%**	**6.6%**	**3.9%**	
Equity Funds (European)								
5 Star 5 Europe	22.5%	13.8%	9.9%	9.9%	11.2%	9.6%	Not Started	107,003,445
European Select (Threadneedle)	26.7%	18.8%	10.5%	9.1%	12.6%	9.5%	Not Started	9,649,140
FinEx Sector Average	**20.8%**	**11.4%**	**7.1%**	**7.2%**	**8.2%**	**6.7%**	**4.9%**	
Equity Funds (Euro)								
Eurozone Equity	21.0%	13.2%	8.9%	7.9%	8.9%	8.5%	Not Started	82,986,628
Indexed Eurozone Equity (BlackRock)*	25.2%	14.3%	10.2%	7.8%	Not Started	Not Started	Not Started	8,240,071
Sector Average	**19.3%**	**11.7%**	**7.0%**	**6.7%**	**6.8%**	**5.1%**	**3.7%**	
Equity Funds (Irish)								
Irish Equity	23.8%	10.6%	6.4%	10.4%	12.0%	Not Started	Not Started	15,134,925
FinEx Sector Average	**21.8%**	**8.1%**	**3.5%**	**7.3%**	**9.1%**	**2.4%**	**3.1%**	

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Equity Fund (American)								
5 Star 5 Americas	25.0%	15.2%	13.3%	12.0%	13.7%	10.7%	Not Started	71,543,454
American Select (Threadneedle)	28.0%	18.9%	14.7%	12.8%	15.4%	10.4%	Not Started	12,254,893
FinEx Sector Average	**24.9%**	**14.6%**	**11.8%**	**11.2%**	**14.5%**	**8.8%**	**5.0%**	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	16.1%	13.0%	9.2%	7.9%	7.4%	7.9%	Not Started	76,701,122
Asia Pacific Equity	15.6%	13.5%	9.4%	7.1%	Not Started	Not Started	Not Started	11,089,227
FinEx Sector Average	14.4%	13.5%	7.2%	5.0%	7.2%	7.6%	5.6%	
Equity Funds (High Yield)								
Dividend Growth	21.2%	13.1%	6.5%	7.7%	11.7%	Not Started	Not Started	222,336,303
FinEx Sector Average	**19.2%**	**11.1%**	**8.4%**	**8.0%**	**9.8%**	**6.6%**	**3.9%**	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	16.7%	16.8%	11.1%	7.1%	Not Started	Not Started	Not Started	6,882,965
Indexed Emerging Market Equity Fund (BlackRock)	13.7%	13.4%	6.2%	Not Started	Not Started	Not Started	Not Started	1,879,283
Sector Average	11.9%	13.5%	5.3%	4.1%	4.4%	8.8%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	31.5%	18.2%	18.4%	17.4%	20.8%	13.1%	Not Started	72,234,485
FinEx Sector Average	**14.6%**	**10.0%**	**5.4%**	**4.1%**	**4.6%**	**3.9%**	**2.6%**	
Property Funds								
Property Fund	7.5%	6.7%	Not Started	Not Started	Not Started	Not Started	Not Started	45,012,612
European (Ex-UK) Property	19.7%	14.5%	9.2%	10.5%	9.9%	Not Started	Not Started	113,023,423
Australasia Property	19.1%	24.4%	7.6%	8.0%	9.9%	Not Started	Not Started	95,552,250
Sector Average	**6.6%**	**5.8%**	**5.2%**	**5.6%**	**4.9%**	**1.9%**	**4.0%**	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	1.5%	1.5%	Not Started	Not Started	Not Started	Not Started	Not Started	229,306
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	5.3%	3.5%	Not Started	Not Started	Not Started	Not Started	Not Started	6,097,905
World Equity (Dimensional)	19.6%	10.2%	Not Started	Not Started	Not Started	Not Started	Not Started	8,521,491
Global Short Fixed Income (Dimensional)	1.1%	1.5%	Not Started	Not Started	Not Started	Not Started	Not Started	1,251,457
World Allocation 20/80 (Dimensional)	4.3%	2.8%	Not Started	Not Started	Not Started	Not Started	Not Started	9,935,247
World Allocation 40/60 (Dimensional)	8.3%	4.9%	Not Started	Not Started	Not Started	Not Started	Not Started	21,135,516
World Allocation 60/40 (Dimensional)	12.1%	6.8%	Not Started	Not Started	Not Started	Not Started	Not Started	22,103,804
World Allocation 80/20 (Dimensional)	15.5%	8.1%	Not Started	Not Started	Not Started	Not Started	Not Started	6,730,014
Funds Closed to New Business								
Indexed Eurozone Property	19.2%	12.8%	9.4%	10.7%	8.8%	Not Started	Not Started	18,810,861
Indexed India Equity	7.4%	17.0%	5.2%	4.0%	6.1%	Not Started	Not Started	9,126,711
Income Opportunity (JP Morgan)	0.9%	-1.1%	-0.2%	0.1%	Not Started	Not Started	Not Started	4,965,962
Diversified Assets	13.6%	9.7%	5.6%	4.5%	6.5%	Not Started	Not Started	11,526,331
Earth Resources	20.5%	9.0%	5.1%	-1.9%	-0.1%	Not Started	Not Started	4,216,671
Green Resources	38.0%	27.5%	15.2%	5.0%	2.6%	Not Started	Not Started	4,253,751
Small Cap Europe (Pictet)	20.6%	10.4%	7.2%	8.9%	Not Started	Not Started	Not Started	1,772,799

Source: Financial Express as at 01/11/2019

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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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