

# Monthly Investment Review

Rising new coronavirus cases and renewed lockdowns, which pose a risk to the ongoing economic recovery, resulted in equities declining for the second month in-a-row in October. However, policy stimulus should remain on the frontline of defence for the global economy, and lockdown measures are being calibrated to minimise economic fallout. Additionally, the development of vaccines against COVID-19 seems to be making good progress and recent positive news in this regard has added optimism to markets. The US Q3 earnings season showed profits for tech firms that were above expectations, but their outlook was more downbeat than investors anticipated. While market volatility will remain high on the back of rising virus cases, there is a potential upside for equities. A step-up in fiscal and monetary stimulus in the face of a deteriorating economic outlook should support equity prices. The US election results removed some unknown factors with a split Congress, seen by many as beneficial, the most likely outcome.

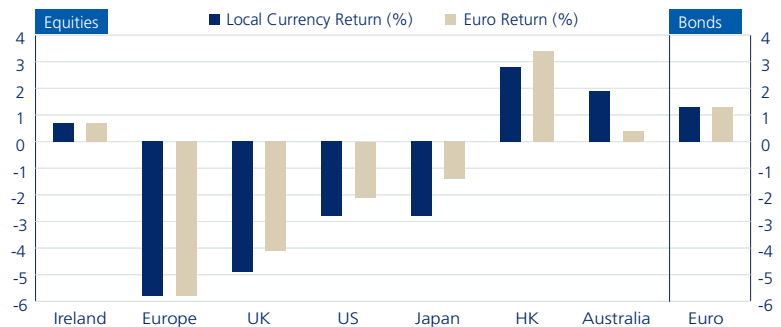


Richard Temperley  
Head of Investment  
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## Activity

Equity positions in our multi-asset funds were unchanged during October and remain well above benchmark. Our short-term strategy is to buy on dips. With regards to geographic positions, the main bias is towards Asia, Japan and Europe. The US is now a slightly underweight position following a particularly strong run. Sector-wise, the funds are positively biased towards technology and consumer discretionary stocks and negatively biased towards consumer staples, utilities and energy. Bond positions are 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 number of months.

## Equity & Bond % Returns: October



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 2020.

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) fell by 2.4% in October giving a total return of minus 5.0% for the first ten months of 2020. Local currency returns in October for the major markets ranged from plus 2.8% in Hong Kong, helped by stronger Chinese economic data, to minus 5.8% in Europe. The influential US market fell by 2.8%. Euro returns in overseas markets have been hindered in 2020 by the strength in the euro currency although there was a slight reversal of this trend during October. Regarding sectors in the US during October, the strongest returns came from utilities (+5.0%) and consumer services (+0.5). Technology (-5.2%) and energy stocks (-4.7%) were the clear underperformers. Year-to-date, technology (+21%) and consumer discretionary stocks (+19%) have been the best performing sectors; energy the worst, down 53%.

### Bonds & Interest Rates

The Over Five Year Euro Government Bond Index rose by 1.3% in October, in a more risk-off environment, giving an impressive return of plus 6.9% for the first ten months of the year. The German ten-year bond yield fell in October moving from minus 0.52% to minus 0.63%. This remains a most unusual situation and means that buying German bonds today guarantees a loss if held to maturity. Equivalent US rates rose from 0.68% to 0.87%. They had begun the year at 1.92%. The Federal Reserve and other central banks have introduced a wave of liquidity over the last number of months, which has included various forms of asset purchases, to support economies and businesses.

### Commodities & Currencies

October saw overall commodity prices fall by 2.5% and they are now down 22.1% so far this year, the main culprit being oil. Oil prices fell by around 9% in October and they are now down by around 42% so far this year due to concerns over slowing economic growth and geopolitical tensions. The gold price fell by 0.4% during the month, to \$1,880 per troy ounce, but is up by 23.4% in the first ten months of the year. The copper price was virtually unchanged on the month. The euro currency weakened slightly during October against the US dollar with the EUR/USD rate moving from 1.17 to 1.16. The rate began the year at 1.12.

Zurich Life Annualised Performance  
to November 2020

Zurich Life Annualised Performance to November 2020		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Prisma Multi-Asset Funds								
Prisma <span>2</span>	0.1%	0.6%	0.6%	0.7%	Not Started	Not Started	Not Started	386,863,532
Prisma <span>3</span>	-0.3%	1.3%	1.8%	2.2%	Not Started	Not Started	Not Started	1,269,057,051
Prisma <span>4</span>	-0.6%	2.8%	3.9%	4.8%	Not Started	Not Started	Not Started	1,617,030,257
Prisma <span>5</span>	-0.1%	4.8%	6.2%	6.8%	Not Started	Not Started	Not Started	857,755,605
Prisma <span>Max</span>	1.6%	6.7%	7.3%	7.7%	Not Started	Not Started	Not Started	78,600,717
Managed Funds								
Cautiously Managed	1.7%	4.0%	3.5%	3.9%	6.4%	Not Started	Not Started	500,807,014
Sector Average	-3.7%	-2.4%	0.3%	1.5%	3.1%	2.7%	2.6%	
Balanced	3.3%	6.7%	6.1%	6.2%	8.8%	6.5%	5.2%	1,831,331,882
Sector Average	-6.1%	-3.5%	1.0%	2.4%	5.6%	3.6%	2.7%	
Performance	3.2%	7.7%	7.1%	7.2%	9.5%	6.8%	5.4%	1,479,665,600
Dynamic	2.9%	8.0%	7.5%	7.7%	10.0%	7.2%	5.4%	1,695,837,949
FinEx Sector Average	-7.9%	-4.9%	0.8%	2.9%	6.0%	3.9%	2.9%	
Protected Funds								
Protected 70	-3.3%	0.5%	2.1%	2.4%	4.8%	Not Started	Not Started	19,148,548
Protected 80	-3.5%	-1.0%	0.3%	0.5%	2.5%	Not Started	Not Started	28,870,359
Cash								
Secure	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	1.4%	159,170,703
Cash Fund	-0.8%	-1.0%	-0.9%	-0.8%	-0.5%	Not Started	Not Started	1,156,130,802
FinEx Sector Average	-0.6%	-0.7%	-0.6%	-0.5%	-0.1%	0.7%	1.1%	
Bond								
Global Corporate Bond (JP Morgan)	3.9%	4.1%	2.5%	2.8%	Not Started	Not Started	Not Started	17,448,993
Global Government Bond (JP Morgan)	4.9%	3.2%	2.70%	1.90%	Not Started	Not Started	Not Started	2,791,778
Indexed Eurozone Government Bond (BlackRock)*	3.9%	3.0%	3.60%	2.70%	Not Started	Not Started	Not Started	11,400,648
Active Fixed Income	3.1%	1.6%	2.80%	2.20%	4.80%	4.70%	5.60%	247,570,885
Inflation-Linked Bond	0.2%	-0.9%	1.30%	1.30%	1.30%	Not Started	Not Started	5,459,612
Long Bond	8.1%	4.7%	6.6%	4.6%	6.8%	5.9%	Not Started	77,009,322
FinEx Sector Average	3.2%	2.0%	3.4%	2.8%	3.8%	3.6%	4.3%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)	-3.4%	-2.4%	-2.3%	-0.9%	Not Started	Not Started	Not Started	32,259,386
Dynamic Diversified Growth (BlackRock)	2.0%	4.2%	2.1%	1.8%	Not Started	Not Started	Not Started	11,045,914
Active Asset Allocation	-0.3%	3.2%	4.3%	4.90%	6.3%	Not Started	Not Started	543,319,210
Commodity Funds								
Gold	19.0%	18.4%	13.2%	8.6%	4.5%	Not Started	Not Started	193,010,087
Indexed Global Energy and Metals	-11.0%	-8.8%	-1.2%	-0.4%	-2.0%	Not Started	Not Started	11,343,522
Equity Funds (Global)								
5 Star 5	5.0%	12.2%	8.2%	8.3%	10.0%	6.5%	Not Started	220,560,791
International Equity	2.7%	8.2%	7.9%	8.4%	10.9%	7.7%	4.9%	2,748,128,435
Global Select (Threadneedle)	1.3%	8.1%	9.7%	9.7%	11.8%	8.2%	5.1%	10,851,407
Indexed Global Equity (BlackRock)*	-3.5%	0.9%	6.5%	6.9%	Not Started	Not Started	Not Started	127,713,453
FinEx Sector Average	-9.6%	-5.4%	1.8%	4.0%	7.6%	5.1%	2.4%	
Equity Funds (European)								
5 Star 5 Europe	-14.0%	-7.6%	-0.4%	3.8%	8.9%	6.3%	Not Started	91,491,949
European Select (Threadneedle)	-3.2%	2.2%	3.9%	4.9%	10.1%	7.9%	5.3%	8,631,208
FinEx Sector Average	-12.0%	-7.1%	-1.4%	1.6%	6.0%	4.6%	2.6%	
Equity Funds (Euro)								
Eurozone Equity	-12.4%	-8.8%	-1.8%	2.6%	6.5%	6.0%	Not Started	71,466,798
Indexed Eurozone Equity (BlackRock)*	-14.4%	-12.0%	-2.7%	1.7%	Not Started	Not Started	Not Started	7,576,241
Sector Average	-16.0%	-12.8%	-4.2%	0.5%	4.6%	2.9%	1.6%	
Equity Funds (Irish)								
Irish Equity	-9.1%	0.6%	0.4%	3.0%	12.1%	3.2%	Not Started	15,549,482
FinEx Sector Average	-10.3%	-2.0%	-1.8%	0.4%	9.4%	1.2%	2.2%	

	Year to Date	Annualised						Fund Size (Euros)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Equity Fund (American)								
5 Star 5 Americas	13.2%	21.0%	15.4%	12.1%	14.5%	9.8%	Not Started	82,316,187
American Select (Threadneedle)	2.1%	8.7%	10.8%	10.9%	14.6%	9.6%	4.1%	11,384,701
FinEx Sector Average	-2.1%	3.3%	7.9%	8.5%	12.9%	8.1%	3.7%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-5.3%	-0.7%	0.6%	7.3%	6.8%	5.6%	Not Started	68,534,024
Asia Pacific Equity	-7.8%	-3.9%	0.6%	6.5%	6.3%	Not Started	Not Started	9,261,883
FinEx Sector Average	-5.2%	-0.9%	1.1%	5.2%	4.9%	5.8%	4.9%	
Equity Funds (High Yield)								
Dividend Growth	-24.1%	-19.6%	-4.3%	0.7%	7.1%	4.5%	Not Started	160,783,616
FinEx Sector Average	-9.6%	-5.4%	1.8%	4.0%	7.6%	5.1%	2.4%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	-5.5%	3.3%	3.3%	8.7%	Not Started	Not Started	Not Started	7,204,558
Indexed Emerging Market Equity Fund (BlackRock)	-3.9%	2.4%	1.2%	6.1%	Not Started	Not Started	Not Started	2,736,296
Sector Average	-5.9%	-0.9%	-0.2%	4.6%	1.7%	5.6%	Not Started	
Equity Funds (Specialist)								
Indexed Top Tech 100	22.5%	31.4%	21.3%	18.1%	20.5%	14.3%	Not Started	106,510,918
FinEx Sector Average	-0.8%	3.5%	4.2%	4.1%	3.6%	3.1%	0.4%	
Property Funds								
Property Fund	-8.3%	-7.3%	Not Started	Not Started	Not Started	Not Started	Not Started	44,917,687
Indexed European (Ex-UK) Property	-22.2%	-19.5%	-2.3%	0.8%	5.3%	Not Started	Not Started	108,476,357
Indexed Australasia Property	-24.2%	-25.3%	-2.3%	1.0%	4.0%	Not Started	Not Started	90,933,938
Sector Average	-12.5%	-12.1%	-1.1%	0.6%	3.0%	-0.2%	2.3%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	-0.2%	-0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	508,509
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-0.9%	-1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	6,892,059
World Equity (Dimensional)	-9.0%	-4.1%	Not Started	Not Started	Not Started	Not Started	Not Started	10,589,052
Global Short Fixed Income (Dimensional)	-0.2%	-0.5%	Not Started	Not Started	Not Started	Not Started	Not Started	4,038,268
World Allocation 20/80 (Dimensional)	-1.6%	-0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	12,397,786
World Allocation 40/60 (Dimensional)	-3.3%	-1.3%	Not Started	Not Started	Not Started	Not Started	Not Started	24,568,078
World Allocation 60/40 (Dimensional)	-5.0%	-2.0%	Not Started	Not Started	Not Started	Not Started	Not Started	23,851,791
World Allocation 80/20 (Dimensional)	-7.9%	-3.9%	Not Started	Not Started	Not Started	Not Started	Not Started	7,704,879
Funds Closed to New Business								
Indexed Eurozone Property	-26.5%	-25.3%	-4.7%	-0.6%	4.2%	2.9%	Not Started	12,610,615
Indexed India Equity	-9.6%	-9.3%	-2.3%	1.8%	1.3%	Not Started	Not Started	6,892,614
Income Opportunity (JP Morgan)	-0.4%	-0.4%	-0.9%	0.4%	Not Started	Not Started	Not Started	3,884,653
Diversified Assets	-7.9%	-5.8%	1.5%	2.5%	4.6%	Not Started	Not Started	9,690,760
Earth Resources	-3.6%	5.1%	6.2%	2.7%	-1.5%	Not Started	Not Started	4,083,936
Green Resources	56.1%	79.5%	30.8%	19.8%	7.5%	Not Started	Not Started	7,394,008

Source: Financial Express as at 01/11/2020

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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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