# Monthly Investment Review

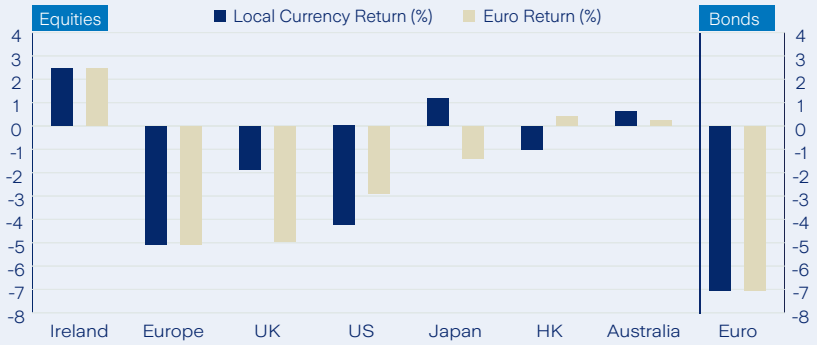
Equities and bonds both fell during the month of August as a more 'hawkish' tone from central banks weighed on sentiment. Equities did start the month in a positive fashion, following on from a very strong July, but swiftly changed course mid-month. The reversal was predicated on the comments from Fed Chair Powell at the Jackson Hole Symposium. Inflation remains a key focus with the annual rate of change still at elevated levels across the US, eurozone, and UK respectively.

As a result, the market expects interest rates to continue to climb, most notably in the eurozone and US with increases of 0.75% expected in September. This expectation has led to higher bond yields (which move inversely to price) on both sides of the Atlantic. Whilst leading indicators such as PMIs broadly held up in August, as did employment data, there is a growing consensus that the effects of higher interest rates will cause economic growth to slow further. In China, consensus growth projections have been trimmed further as authorities implement a series of both monetary and fiscal measures to support the economy.

## Activity

In the second week of August, Zurich implemented a modest reduction in equity content across our multi-asset funds, which has helped to insulate investors from some of the negative moves in equities since mid-August. However, we do remain above the mid-point of equity ranges across our main multi-asset funds. Relative valuations continue to favour equities over fixed income offerings, particularly sovereign bonds. Whilst inflation should fall, interest rates will rise further, there is still a significant gap between the two which represents an explicit risk to bondholders. Therefore, we remain under the midpoint of ranges in relation to allocations, whilst the holdings we do have are of a shorter duration in nature. Markets remain at a key inflection point, and we maintain an active and flexible approach to our asset allocation stance.

## Equity & Bond % Returns: August 2022




This graph shows the performance of the major equity markets over the month of August. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, September 2022.

## 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, returned -2.84% in August, down -7.02% so far in 2022. This month Ireland was the best performing market in Euro terms up 2.48%. The worst performer geographically this month was the wider eurozone market, slipping -5.07% in Euro terms on the back of high inflation and poor energy prospects with interest rates expected to rise further. On a US sector basis, only 2 of the 11 major sectors were positive this month, those being the energy and utilities sectors, which returned 4.29% and 1.94% in euro terms respectively. Year to date, on a global basis, energy remains the clear outperformer returning 53.77% in euro terms while communications services has taken last place returning -19.18%.

### Fixed Income

Eurozone bonds continued to decline further in August, with the Over Five Year Euro Government Bond returning -7.04%, as hawkish monetary policy became investors primary concern. Year-to-date the index is down -18.2%, as the ECB is expected to raise interest rates even higher than previously expected with expectations for the hike set to be 75bps as opposed to 50bps. The Federal Reserve also signalled their hawkish position this month at Jackson Hole, dispelling any market sentiment of a monetary policy pivot from the Fed. Bond yields rose significantly as a result with the 10 year treasury yield rising to 3.2% and the German ten year bund equivalent closing the month with a yield of 1.54%.

### Commodities & Currencies

Commodity prices stabilised somewhat this month with a broad basket of goods returning 0.85% in August. US crude's West Texas Intermediate (WTI) benchmark was the worst performer this month, down -5.16%. This comes as stockpiling and a downtrend in global growth prospects affects oil supply. WTI however, remains the clear outperformer within commodities YTD up 53.44% as a result of elevated energy prices. Copper, a barometer for world economic growth, was down -0.45% with industrial metals seeing a downtrend as energy prices weigh heavily on industry. On currency markets, the Euro began August slightly below parity with the Dollar as a recent flight to safety has strengthened the Dollar. In relation to Sterling the rate finished the month at 0.86.

## Zurich Life Annualised Performance to September 2022

| | | Annualised | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Year to Date | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years | Fund Size (Euros) |
| **Multi-Asset Funds** | | | | | | | | |
| Prisma Low | -4.4% | -4.5% | Not Started | Not Started | Not Started | Not Started | Not Started | 29,031,543 |
| Prisma 2 | -4.2% | -4.1% | 0.2% | 0.5% | Not Started | Not Started | Not Started | 494,339,673 |
| Prisma 3 | -6.4% | -5.3% | 2.2% | 2.4% | Not Started | Not Started | Not Started | 1,983,730,448 |
| Prisma 4 | -9.6% | -6.9% | 6.0% | 5.9% | Not Started | Not Started | Not Started | 2,723,136,276 |
| Prisma 5 | -12.0% | -8.2% | 9.3% | 8.9% | Not Started | Not Started | Not Started | 1,632,875,013 |
| Prisma Max | -14.8% | -10.7% | 9.6% | 9.4% | Not Started | Not Started | Not Started | 166,246,312 |
| Active Asset Allocation | -8.3% | -5.0% | 7.3% | 6.9% | 6.8% | Not Started | Not Started | 854,796,215 |
| **Managed Funds** | | | | | | | | |
| Cautiously Managed | -9.4% | -7.5% | 3.9% | 4.0% | 6.0% | Not Started | Not Started | 709,015,412 |
| **Sector Average** | -6.7% | -5.7% | 0.8% | 1.4% | 2.8% | 2.1% | 3.1% | |
| Balanced | -13.2% | -10.3% | 6.5% | 6.7% | 8.5% | 5.6% | 7.0% | 2,099,420,010 |
| **Sector Average** | -7.7% | -5.8% | 3.6% | 3.8% | 5.9% | 3.1% | 4.6% | |
| Performance | -14.1% | -10.4% | 8.8% | 8.6% | 9.8% | 6.1% | 7.6% | 1,669,109,860 |
| Dynamic | -14.6% | -10.6% | 9.6% | 9.3% | 10.5% | 6.4% | 8.0% | 1,998,289,110 |
| **FinEx Sector Average** | -8.2% | -5.1% | 5.0% | 4.9% | 6.6% | 3.7% | 5.0% | |
| **Protected Funds** | | | | | | | | |
| Protected 70 | -13.2% | -10.6% | 4.2% | 4.2% | 5.3% | Not Started | Not Started | 17,409,250 |
| Protected 80 | -10.2% | -8.5% | 2.1% | 1.8% | 3.0% | Not Started | Not Started | 27,344,601 |
| **Cash** | | | | | | | | |
| Cash Fund | -0.8% | -1.2% | -1.0% | -0.9% | -0.7% | Not Started | Not Started | 1,451,044,346 |
| **FinEx Sector Average** | -0.5% | -0.7% | -0.7% | -0.7% | -0.3% | 0.3% | 0.7% | |
| **Bond** | | | | | | | | |
| Medium Duration Corporate Bond | -13.1% | -14.4% | Not Started | Not Started | Not Started | Not Started | Not Started | 597,926,926 |
| Short Duration Corporate Bond | -4.0% | -4.4% | Not Started | Not Started | Not Started | Not Started | Not Started | 1,146,351,564 |
| Global Corporate Bond (JP Morgan) | -13.5% | -15.7% | -3.7% | -1.3% | Not Started | Not Started | Not Started | 7,469,036 |
| Global Government Bond (JP Morgan) | -10.2% | -12.3% | -4.4% | -1.5% | Not Started | Not Started | Not Started | 1,149,004 |
| Indexed Eurozone Government Bond (BlackRock)* | -13.2% | -15.0% | -5.8% | -1.4% | 1.5% | Not Started | Not Started | 17,630,810 |
| Active Fixed Income | -11.0% | -12.6% | -4.9% | -1.4% | 2.3% | 3.7% | 3.9% | 236,724,071 |
| Inflation-Linked Bond | -6.1% | -4.0% | 0.0% | 1.3% | 1.1% | Not Started | Not Started | 9,461,578 |
| Long Bond | -19.9% | -22.2% | -8.4% | -1.7% | 2.9% | 4.0% | Not Started | 39,354,521 |
| **FinEx Sector Average** | -13.8% | -14.8% | -4.7% | -0.9% | 1.7% | 2.5% | 3.0% | |
| **Absolute Return/Diversified Assets Funds** | | | | | | | | |
| Global Targeted Returns Fund (Invesco) | -7.5% | -7.9% | -3.3% | -3.0% | Not Started | Not Started | Not Started | 15,884,775 |
| Dynamic Diversified Growth (BlackRock) | -9.8% | -9.8% | 1.0% | 1.3% | 2.1% | Not Started | Not Started | 18,757,467 |
| **Commodity Funds** | | | | | | | | |
| Gold | 6.5% | 11.1% | 6.5% | 8.4% | 1.8% | Not Started | Not Started | 314,784,352 |
| Indexed Global Energy and Metals | 35.2% | 48.3% | 19.4% | 13.5% | 2.1% | 0.4% | Not Started | 29,769,294 |
| **Equity Funds (Global)** | | | | | | | | |
| 5 Star 5 | -14.0% | -8.8% | 13.0% | 11.4% | 10.9% | 6.6% | 8.6% | 333,627,603 |
| International Equity | -15.5% | -11.3% | 10.2% | 9.8% | 11.1% | 7.2% | 8.3% | 4,321,969,346 |
| Global Select (Threadneedle) | -12.7% | -10.5% | 8.7% | 10.8% | 11.9% | 7.8% | 8.6% | 11,902,482 |
| Indexed Global Equity (BlackRock)* | -7.1% | -1.2% | 11.6% | 11.2% | 11.6% | Not Started | Not Started | 208,205,244 |
| **FinEx Sector Average** | -7.0% | -1.9% | 9.0% | 8.1% | 9.0% | 5.5% | 6.3% | |
| **Equity Funds (European)** | | | | | | | | |
| 5 Star 5 Europe | -12.7% | -9.8% | 8.0% | 6.4% | 10.5% | 5.8% | Not Started | 120,670,614 |
| European Select (Threadneedle) | -23.4% | -21.4% | 4.7% | 5.4% | 8.6% | 6.4% | 8.3% | 8,124,073 |
| **FinEx Sector Average** | -18.4% | -16.1% | 4.3% | 3.4% | 7.3% | 3.5% | 5.8% | |
| **Equity Funds (Euro)** | | | | | | | | |
| Eurozone Equity | -17.6% | -15.8% | 5.3% | 4.3% | 8.5% | 4.6% | Not Started | 101,351,521 |
| Indexed Eurozone Equity (BlackRock)* | -17.9% | -15.4% | 3.3% | 3.0% | 7.2% | Not Started | Not Started | 5,723,093 |
| **FinEx Sector Average** | -15.6% | -14.5% | 3.5% | 2.5% | 6.9% | 2.1% | 4.7% | |
| **Equity Funds (Irish)** | | | | | | | | |
| Irish Equity | -17.7% | -19.8% | 7.0% | 3.3% | 10.9% | 1.7% | Not Started | 17,560,632 |
| **FinEx Sector Average** | -16.2% | -18.9% | 6.6% | 1.9% | 8.6% | 0.1% | 3.6% | |

| | | 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 | -15.9% | -10.6% | 14.9% | 15.3% | 14.5% | 10.2% | Not Started | 111,080,539 |
| American Select (Threadneedle) | -8.8% | -4.6% | 15.0% | 14.4% | 14.3% | 10.7% | 9.4% | 11,501,999 |
| FinEx Sector Average | -5.0% | 2.5% | 14.7% | 13.6% | 13.6% | 9.8% | 8.5% | |
| Equity Funds (Far East Asia) | | | | | | | | |
| 5 Star 5 Asia Pacific | -0.6% | 2.1% | 9.2% | 6.7% | 8.2% | 3.9% | Not Started | 87,231,458 |
| Asia Pacific Equity | 0.4% | 0.8% | 8.4% | 6.7% | 7.6% | Not Started | Not Started | 13,967,540 |
| FinEx Sector Average | -1.6% | -1.7% | 7.6% | 5.7% | 6.1% | 4.3% | 7.2% | |
| Equity Funds (High Yield) | | | | | | | | |
| Dividend Growth | -2.5% | 3.8% | 8.3% | 6.0% | 9.2% | 5.3% | Not Started | 240,594,577 |
| FinEx Sector Average | -7.0% | -1.9% | 9.0% | 8.1% | 9.0% | 5.5% | 6.3% | |
| Equity Funds (Emerging Market) | | | | | | | | |
| Emerging Markets Opportunities (JP Morgan) | -14.0% | -14.9% | 2.7% | 2.9% | Not Started | Not Started | Not Started | 7,928,754 |
| Indexed Emerging Market Equity Fund (BlackRock) | -6.7% | -7.7% | 5.6% | 3.4% | Not Started | Not Started | Not Started | 12,235,732 |
| Sector Average | -9.0% | -9.7% | 4.5% | 2.7% | 4.4% | 2.7% | 6.4% | |
| Equity Funds (Specialist) | | | | | | | | |
| Indexed Top Tech 100 | -16.1% | -7.1% | 20.6% | 19.5% | 19.1% | 15.5% | 13.6% | 189,862,798 |
| FinEx Sector Average | 0.0% | 4.8% | 12.0% | 9.4% | 6.8% | 3.5% | 5.1% | |
| Property Funds | | | | | | | | |
| Property Fund | -2.8% | -2.3% | -3.2% | Not Started | Not Started | Not Started | Not Started | 38,799,890 |
| Indexed European (Ex-UK) Property | -29.7% | -33.3% | -9.2% | -3.4% | 4.1% | 2.4% | Not Started | 168,298,841 |
| Indexed Australasia Property | -1.0% | -0.2% | -2.0% | 2.8% | 4.9% | 3.1% | Not Started | 201,448,679 |
| Sector Average | -1.3% | 0.6% | 0.1% | 2.0% | 4.2% | -1.1% | 2.6% | |
| Dimensional Funds | | | | | | | | |
| Global Short-term Investment Grade Fixed Income (Dimensional) | -6.6% | -8.0% | -3.0% | -2.0% | Not Started | Not Started | Not Started | 2,658,208 |
| Euro Inflation Linked Int Duration Fixed Income (Dimensional) | -4.0% | -2.4% | -0.2% | 1.3% | Not Started | Not Started | Not Started | 7,465,827 |
| World Equity (Dimensional) | -4.4% | 0.9% | 11.1% | 8.8% | Not Started | Not Started | Not Started | 14,592,133 |
| Global Short Fixed Income (Dimensional) | -7.7% | -9.7% | -3.8% | -2.5% | Not Started | Not Started | Not Started | 11,290,149 |
| World Allocation 20/80 (Dimensional) | -5.7% | -5.7% | -0.1% | 0.2% | Not Started | Not Started | Not Started | 8,588,553 |
| World Allocation 40/60 (Dimensional) | -5.7% | -4.6% | 2.6% | 2.4% | Not Started | Not Started | Not Started | 26,653,682 |
| World Allocation 60/40 (Dimensional) | -5.9% | -3.1% | 5.3% | 4.5% | Not Started | Not Started | Not Started | 27,851,404 |
| World Allocation 80/20 (Dimensional) | -5.6% | -1.4% | 7.9% | 6.3% | Not Started | Not Started | Not Started | 13,086,705 |
| Global Small Companies (Dimensional) | -5.8% | -1.2% | Not Started | Not Started | Not Started | Not Started | Not Started | 7,103,827 |
| Global Value (Dimensional) | 1.7% | 8.7% | Not Started | Not Started | Not Started | Not Started | Not Started | 20,955,782 |
| Global Sustainability Core Equity (Dimensional) | -8.4% | -2.7% | Not Started | Not Started | Not Started | Not Started | Not Started | 1,638,698 |
| Funds Closed to New Business | | | | | | | | |
| Indexed Eurozone Property | -23.7% | -29.6% | -8.2% | -2.9% | 4.6% | 1.0% | Not Started | 10,362,262 |
| Indexed India Equity | 5.6% | 10.1% | 16.0% | 9.7% | 9.5% | 5.0% | Not Started | 8,859,060 |
| Income Opportunity (JP Morgan) | -1.5% | -2.0% | -0.7% | -0.9% | Not Started | Not Started | Not Started | 1,583,048 |
| Diversified Assets | -0.5% | 2.7% | 6.3% | 6.2% | 5.5% | Not Started | Not Started | 10,105,682 |
| Earth Resources | 17.8% | 22.5% | 21.3% | 17.2% | 4.4% | Not Started | Not Started | 6,249,481 |
| Green Resources | -7.4% | -11.7% | 27.9% | 24.2% | 14.7% | Not Started | Not Started | 7,643,764 |

Source: Financial Express as at 01/09/2022

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: If you invest in this fund you may lose some or all of the money you invest.**

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

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