

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.

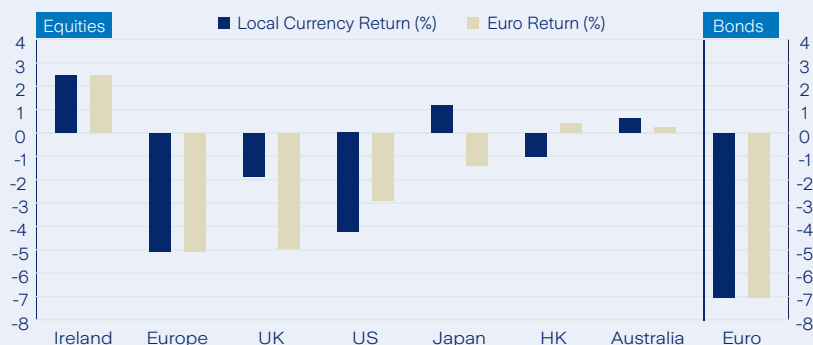
As a result, the market expects interest rates to continue to climb, most notably in the eurozone and US with increases of 0.75% expected in September. This expectation has led to higher bond yields (which move inversely to price) on both sides of the Atlantic. Whilst leading indicators such as PMIs 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 -702% 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 -704%, 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

Zurich Life Annualised Performance to September 2022		Annualised						Fund Size (Euros)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Multi-Asset Funds								
Prisma Low	-4.4%	-4.5%	Not Started	Not Started	Not Started	Not Started	Not Started	29,031,543
Prisma 	-4.2%	-4.1%	0.2%	0.5%	Not Started	Not Started	Not Started	494,339,673
Prisma 	-6.4%	-5.3%	2.2%	2.4%	Not Started	Not Started	Not Started	1,983,730,448
Prisma 	-9.6%	-6.9%	6.0%	5.9%	Not Started	Not Started	Not Started	2,723,136,276
Prisma 	-12.0%	-8.2%	9.3%	8.9%	Not Started	Not Started	Not Started	1,632,875,013
Prisma 	-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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