December 2022

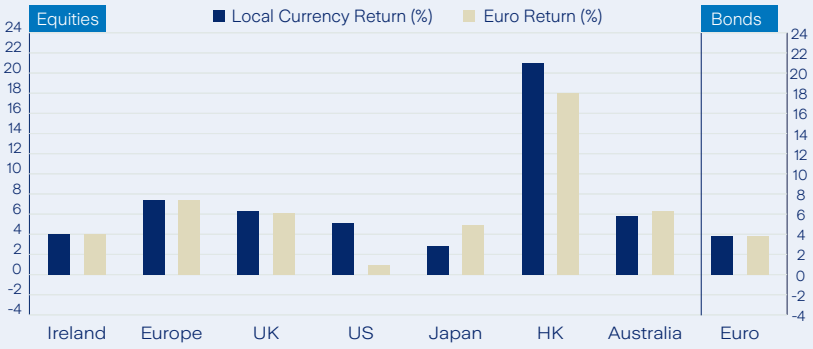
# Monthly Investment Review

Equities enjoyed a positive November, marking back to back monthly gains for the first time in 2022. Markets were buoyed by a growing consensus that inflation has peaked in the US, and this will subsequently lead to a more dovish approach from the Federal Reserve. The latest reading for headline inflation in the US saw a fall from 8.2% to 7.7% with the core figure also registering a drop. Remarks to the Brookings Institute by Fed Chair Powell on the last day of November helped to reinforce the dovish rhetoric. However, wider economic data throughout the month further illustrated the risks to the global economy and the continued probability of a recession in some developed markets. Flash leading indicators such as PMIs did stabilise in Europe throughout November, but higher interest rates are still forecast from both the Federal Reserve and the ECB in December. The key 2yr v 10yr US treasury yield curve also remains at its most inverted since the early 1980s. European energy prices have stabilised due to a combination of milder than expected weather and a coordinated policy response. The more dovish sentiment from the Fed, along with more positive sentiment generally has seen the US dollar weaken against the Euro, in a reversal of the general trend seen in 2022.

## Activity

Across our multi-asset funds, a bias towards equities is retained. Whilst much has been made of seasonal trends, inflation readings and central bank policy announcements are far more likely to dictate the direction of markets between now and year end. Within sovereign fixed income markets, we are currently more neutrally positioned than we have been for some time. The Fed and ECB must undertake a difficult balancing act in relation to the path of monetary policy, but, the move in yields this year does make the entry point into bond markets more attractive. Within corporate bonds portfolios we remain more defensively positioned and continue to look for more stable companies with strong balance sheets at this time, as credit risk remains a key focus. We maintain a partial currency hedge on US dollar denominated assets, which will help to reduce losses if the dollar weakens further versus the euro from the current level.

## Equity & Bond % Returns: November 2022




This graph shows the performance of the major equity markets over the month of November 2022. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, December 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 were up again this month, returning 2.7% for November in Euro terms. Year to date however, world equities remain down, losing -5.6%. The best performing market last month was Hong Kong which returned 18.1% in Euro terms. This came on the back of the prospective loosening of China's strict Zero-Covid Policy. Chinese officials appear to be making concessions in the face of rising Covid cases, a policy move that would stimulate growth in the region. More positive sentiment in November was present in US equities, largely driven by lower inflation data. On a sectoral basis only two US equity sectors made losses in Euro terms. Energy and Consumer discretionary lost -2.9% and -3.2% respectively. The best performer was Materials, gaining 7.1% in Euro terms.

### Fixed Income

November saw something of a recovery for fixed income markets as yields followed inflation expectations lower. Eurozone bonds made gains in November with the Over Five-Year Euro Government Bond returning 3.8%. This came as Eurozone inflation was recorded at 10% in November, a reduction for the first time in 17 months. The benchmark US 10 Year bond yield finished the month at 3.61%, a significant reduction from last month's figure of 4.05%. Dovish comments from Federal Reserve Chairman Jerome Powell, along with indications that the US economy appears to be slowing, lead to rising levels of optimism. Employment however remains tight in the US, with the November reading coming in higher than expectations. As a result, bond markets remain somewhat tentative as they await forthcoming Central Bank policy.

### Commodities & Currencies

Commodities suffered a negative month in November as both oil and agriculture prices dropped. West Texas Intermediate Crude Oil lost -6.7% while Agriculture lost -4.2% in Euro terms. Metals performed better with Copper returning 6.7% and Gold 2.8%. Oil prices have been volatile over the past year and, amongst uncertainty surrounding supply and a global economic slowdown, gains made in previous months have been partially eroded. The broader advances in equities and bonds has resulted in a reversal of the trend of dollar strength seen this year. The Euro/USD exchange rate finished the month with 1 Euro buying 1.04 Dollars, the previous two months saw the Euro below parity with the Dollar.

## Zurich Life Annualised Performance to December 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 | -4.8% | -4.7% | Not Started | Not Started | Not Started | Not Started | Not Started | 28,675,665 |
| Prisma 2 | -4.6% | -4.4% | -0.1% | 0.3% | Not Started | Not Started | Not Started | 499,342,858 |
| Prisma 3 | -6.6% | -5.7% | 1.5% | 2.0% | Not Started | Not Started | Not Started | 2,026,919,126 |
| Prisma 4 | -9.6% | -7.9% | 4.5% | 5.1% | Not Started | Not Started | Not Started | 2,834,311,228 |
| Prisma 5 | -11.8% | -9.3% | 7.2% | 7.8% | Not Started | Not Started | Not Started | 1,722,280,523 |
| Prisma Max | -13.8% | -11.3% | 7.6% | 8.4% | Not Started | Not Started | Not Started | 181,157,585 |
| Active Asset Allocation | -8.5% | -6.6% | 5.6% | 5.9% | 6.6% | Not Started | Not Started | 875,012,014 |
| **Managed Funds** | | | | | | | | |
| Cautiously Managed | -9.1% | -7.9% | 3.0% | 3.5% | 5.8% | Not Started | Not Started | 719,273,417 |
| **Sector Average** | -7.2% | -6.2% | 0.1% | 0.8% | 2.6% | 2.1% | 3.1% | |
| Balanced | -12.3% | -10.8% | 5.4% | 6.1% | 8.5% | 5.8% | 7.1% | 2,135,935,350 |
| **Sector Average** | -8.0% | -6.3% | 2.2% | 3.0% | 5.7% | 3.3% | 4.6% | |
| Performance | -12.9% | -10.8% | 7.3% | 7.8% | 9.8% | 6.3% | 7.8% | 1,690,597,257 |
| Dynamic | -13.2% | -10.9% | 7.8% | 8.5% | 10.5% | 6.6% | 8.2% | 2,024,357,895 |
| **FinEx Sector Average** | -7.7% | -5.6% | 3.4% | 4.1% | 6.5% | 3.9% | 5.0% | |
| **Protected Funds** | | | | | | | | |
| Protected 70 | -13.0% | -11.3% | 2.6% | 3.4% | 5.3% | Not Started | Not Started | 17,369,411 |
| Protected 80 | -10.4% | -9.1% | 0.9% | 1.4% | 2.9% | Not Started | Not Started | 27,403,620 |
| **Cash** | | | | | | | | |
| Cash Fund | -1.0% | -1.1% | -1.0% | -0.9% | -0.8% | Not Started | Not Started | 1,496,645,936 |
| **FinEx Sector Average** | -0.5% | -0.6% | -0.7% | -0.6% | -0.3% | 0.3% | 0.7% | |
| **Bond** | | | | | | | | |
| Medium Duration Corporate Bond | -13.8% | -13.8% | Not Started | Not Started | Not Started | Not Started | Not Started | 608,093,043 |
| Short Duration Corporate Bond | -4.5% | -4.5% | Not Started | Not Started | Not Started | Not Started | Not Started | 1,170,597,759 |
| Global Corporate Bond (JP Morgan) | -15.9% | -16.7% | -4.3% | -1.9% | 0.3% | Not Started | Not Started | 10,658,433 |
| Global Government Bond (JP Morgan) | -12.6% | -13.9% | -4.50% | -1.90% | -0.10% | Not Started | Not Started | 1,061,733 |
| Indexed Eurozone Government Bond (BlackRock)* | -14.0% | -15.8% | -5.10% | -1.80% | 1.00% | Not Started | Not Started | 17,350,872 |
| Active Fixed Income | -11.4% | -12.7% | -4.40% | -1.60% | 1.90% | 3.60% | 3.80% | 504,301,563 |
| Inflation-Linked Bond | -5.7% | -5.3% | 0.70% | 1.00% | 1.10% | Not Started | Not Started | 10,212,269 |
| Long Bond | -21.1% | -23.1% | -7.7% | -2.3% | 2.4% | 3.9% | Not Started | 40,597,744 |
| **FinEx Sector Average** | -15.0% | -15.5% | -4.6% | -1.3% | 1.3% | 2.3% | 2.9% | |
| **Absolute Return/Diversified Assets Funds** | | | | | | | | |
| Global Targeted Returns Fund (Invesco) | -3.2% | -0.4% | -2.1% | -1.9% | Not Started | Not Started | Not Started | 15,435,865 |
| Dynamic Diversified Growth (BlackRock) | -9.1% | -8.4% | 1.0% | 1.2% | 2.0% | Not Started | Not Started | 15,110,982 |
| **Commodity Funds** | | | | | | | | |
| Gold | 5.8% | 7.4% | 8.0% | 9.0% | 1.9% | Not Started | Not Started | 322,431,078 |
| Indexed Global Energy and Metals | 31.8% | 36.5% | 18.8% | 12.5% | 2.7% | -0.3% | Not Started | 29,982,660 |
| **Equity Funds (Global)** | | | | | | | | |
| 5 Star 5 | -13.9% | -11.1% | 10.5% | 9.7% | 11.0% | 6.5% | 8.6% | 335,845,762 |
| International Equity | -14.1% | -11.5% | 8.2% | 8.9% | 11.2% | 7.5% | 8.6% | 4,587,031,231 |
| Global Select (Threadneedle) | -13.5% | -11.8% | 6.3% | 8.8% | 11.7% | 7.8% | 8.6% | 11,454,253 |
| Indexed Global Equity (BlackRock)* | -6.4% | -3.7% | 9.9% | 9.9% | 11.8% | Not Started | Not Started | 196,841,434 |
| **FinEx Sector Average** | -6.2% | -3.0% | 6.8% | 7.1% | 9.0% | 5.7% | 6.4% | |
| **Equity Funds (European)** | | | | | | | | |
| 5 Star 5 Europe | -7.3% | -2.6% | 7.0% | 6.6% | 10.4% | 6.1% | Not Started | 127,360,474 |
| European Select (Threadneedle) | -18.4% | -15.3% | 4.7% | 6.1% | 8.7% | 7.0% | 8.5% | 8,419,652 |
| **FinEx Sector Average** | -14.4% | -10.5% | 3.2% | 3.5% | 7.2% | 3.8% | 6.2% | |
| **Equity Funds (Euro)** | | | | | | | | |
| Eurozone Equity | -9.8% | -5.1% | 5.8% | 5.2% | 8.8% | 5.1% | Not Started | 108,816,881 |
| Indexed Eurozone Equity (BlackRock)* | -10.1% | -4.6% | 4.7% | 3.9% | 7.6% | Not Started | Not Started | 6,222,394 |
| **FinEx Sector Average** | -9.9% | -6.7% | 3.1% | 2.8% | 6.8% | 2.6% | 5.1% | |
| **Equity Funds (Irish)** | | | | | | | | |
| Irish Equity | -14.1% | -7.6% | 2.7% | 3.7% | 10.8% | 2.8% | Not Started | 17,844,812 |
| **FinEx Sector Average** | -12.4% | -6.3% | 2.4% | 2.0% | 8.5% | 1.5% | 3.8% | |

| | | 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 | -17.9% | -16.9% | 11.8% | 13.3% | 14.4% | 10.2% | Not Started | 110,975,729 |
| American Select (Threadneedle) | -8.7% | -6.9% | 11.7% | 13.0% | 14.5% | 10.9% | 9.4% | 11,723,721 |
| **FinEx Sector Average** | -6.5% | -3.6% | 11.3% | 11.9% | 13.6% | 10.0% | 8.4% | |
| **Equity Funds (Far East Asia)** | | | | | | | | |
| 5 Star 5 Asia Pacific | 2.7% | 5.6% | 8.0% | 6.3% | 8.2% | 4.0% | Not Started | 86,493,702 |
| Asia Pacific Equity | 3.9% | 6.7% | 7.4% | 6.4% | 7.6% | Not Started | Not Started | 13,957,347 |
| **FinEx Sector Average** | -3.8% | -2.2% | 4.7% | 4.3% | 5.5% | 4.0% | 7.1% | |
| **Equity Funds (High Yield)** | | | | | | | | |
| Dividend Growth | 2.1% | 8.7% | 5.6% | 5.9% | 9.4% | 6.4% | Not Started | 255,258,424 |
| **FinEx Sector Average** | -6.2% | -3.0% | 6.8% | 7.1% | 9.0% | 5.7% | 6.4% | |
| **Equity Funds (Emerging Market)** | | | | | | | | |
| Emerging Markets Opportunities (JP Morgan) | -18.1% | -15.9% | -1.2% | 1.1% | Not Started | Not Started | Not Started | 7,586,929 |
| Indexed Emerging Market Equity Fund (BlackRock) | -12.0% | -10.1% | 1.5% | 1.7% | Not Started | Not Started | Not Started | 12,524,480 |
| **Sector Average** | -12.9% | -12.3% | 0.9% | 1.0% | 3.4% | 1.7% | 6.1% | |
| **Equity Funds (Specialist)** | | | | | | | | |
| Indexed Top Tech 100 | -23.2% | -21.7% | 13.7% | 16.1% | 18.8% | 15.0% | 12.2% | 177,629,762 |
| **FinEx Sector Average** | -1.3% | 0.3% | 10.1% | 8.5% | 6.6% | 3.3% | 4.9% | |
| **Property Funds** | | | | | | | | |
| Property Fund | -7.3% | -7.1% | -5.1% | Not Started | Not Started | Not Started | Not Started | 34,618,695 |
| Indexed European (Ex-UK) Property | -37.2% | -36.9% | -14.4% | -5.9% | 2.2% | 2.1% | Not Started | 152,939,851 |
| Indexed Australasia Property | -6.1% | -2.9% | -4.4% | 1.5% | 3.6% | 2.3% | Not Started | 194,151,142 |
| **Sector Average** | -5.8% | -4.5% | -2.0% | 0.7% | 3.6% | -1.0% | 2.3% | |
| **Dimensional Funds** | | | | | | | | |
| Global Short-term Investment Grade Fixed Income (Dimensional) | -7.6% | -7.8% | -3.1% | -2.1% | Not Started | Not Started | Not Started | 2,819,891 |
| Euro Inflation Linked Int Duration Fixed Income (Dimensional) | -5.0% | -5.3% | 0.3% | 0.8% | Not Started | Not Started | Not Started | 7,334,214 |
| World Equity (Dimensional) | -2.9% | 1.3% | 8.9% | 7.8% | Not Started | Not Started | Not Started | 15,564,207 |
| Global Short Fixed Income (Dimensional) | -8.8% | -9.0% | -3.9% | -2.5% | Not Started | Not Started | Not Started | 13,391,454 |
| World Allocation 20/80 (Dimensional) | -6.0% | -5.4% | -0.6% | 0.0% | Not Started | Not Started | Not Started | 8,125,058 |
| World Allocation 40/60 (Dimensional) | -5.6% | -4.1% | 1.7% | 2.0% | Not Started | Not Started | Not Started | 26,077,710 |
| World Allocation 60/40 (Dimensional) | -5.5% | -2.8% | 3.9% | 3.9% | Not Started | Not Started | Not Started | 28,049,473 |
| World Allocation 80/20 (Dimensional) | -5.2% | -1.6% | 5.9% | 5.3% | Not Started | Not Started | Not Started | 14,299,517 |
| Global Small Companies (Dimensional) | -5.1% | -1.1% | 7.8% | Not Started | Not Started | Not Started | Not Started | 8,078,521 |
| Global Value (Dimensional) | 6.7% | 12.9% | 7.8% | Not Started | Not Started | Not Started | Not Started | 24,915,693 |
| Global Sustainability Core Equity (Dimensional) | -7.0% | -3.0% | 9.3% | Not Started | Not Started | Not Started | Not Started | 1,896,227 |
| **Funds Closed to New Business** | | | | | | | | |
| Indexed Eurozone Property | -32.0% | -30.8% | -13.6% | -5.7% | 2.5% | 1.0% | Not Started | 9,046,720 |
| Indexed India Equity | 4.5% | 7.3% | 13.0% | 9.0% | 8.3% | 3.4% | Not Started | 8,365,829 |
| Income Opportunity (JP Morgan) | -1.8% | -2.2% | -0.8% | -0.9% | 0.1% | Not Started | Not Started | 1,568,270 |
| Diversified Assets | -2.7% | -0.7% | 4.6% | 5.2% | 5.2% | 4.1% | Not Started | 9,760,365 |
| Earth Resources | 8.7% | 8.0% | 16.6% | 13.5% | 4.4% | 0.9% | Not Started | 5,746,292 |
| Green Resources | -20.7% | -29.7% | 19.0% | 17.7% | 13.8% | Not Started | Not Started | 6,469,611 |

Source: Financial Express as at 01/12/2022.

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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