January 2024

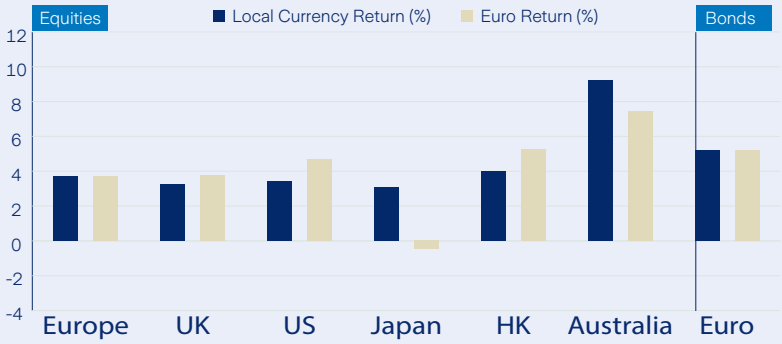
Monthly Investment Review

December saw most major markets end the year in positive territory. Global stocks rallied considerably on a change in sentiment towards interest rates, with major central banks such as the Federal Reserve and the European Central Bank (ECB) engaging in more dovish rhetoric. Also of significance was the decline in bond yields witnessed across the month. The yield on the benchmark US 10 Year Treasury fell to 3.88%, down from 4.33% at the end of November, its lowest level since July. The positive moves are all largely attributed to lower inflation numbers, although several commentators remain cautious as inflation continues to be above target in the US and Europe.

Activity

As we enter 2024, we have a broadly balanced asset allocation stance, namely a neutral weighting in equities and a much-increased weighting in bonds. This follows a steady reduction in equity exposure throughout the last quarter of 2023. Our partial Euro/US Dollar currency hedge remains in place, however, it was partially unwound throughout December. Market returns have broadened in recent weeks and our current positioning allows for flexibility in our outlook. We may act upon buying opportunities within either equities or fixed income, as they present themselves.

Equity & Bond % Returns: December 2023



This graph shows the performance of the major equity markets over the month of December. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, January 2024

Current Positioning

Asset Class	Country	Positive	Neutral	Negative
Equities	US	✓		
	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		✓	

Market Performance

Equity Markets

All major markets were in positive territory as they closed out the year. Globally the MSCI World returned 3.6% in Euro terms, with the best performing equity sector in December being real estate, up 7.2%. For the entire year, information technology was the clear outperformer, returning 48.6% in Euro terms in 2023. The end of 2023 saw equities rally significantly as lower inflation data led markets to lower future interest rate expectations. Equity performance was broadly positive in December with only the energy sector showing negative performance. Throughout much of the year, equity performance was more concentrated in a few major outperformers.

Bonds & Interest Rates

The drop in yields throughout December saw a positive month for bonds. Headline inflation figures released in December saw inflation edge lower in the US whilst the Federal Reserve elected to hold rates steady in the 5.25-5.50% range for the third meeting in a row. In Europe, the European Central Bank (ECB) and Bank of England both left their respective policy rates at 4.0% and 5.25%. The ICE BofA 5+ Euro Government Bond Index returned 5.71%, its best monthly return in 2023. The associated drop in corporate bond yields was taken positively by companies who have faced elevated borrowing costs in recent months.

Commodities & Currencies

Oil and Energy prices slumped in December dragging overall commodity performance downwards. The benchmark West Texas Intermediate (WTI) Crude Oil was down -6.34% in Euro terms. Global Trade was disrupted in December as major shipping companies were forced to avoid routes through the Suez Canal and Red Sea, a major artery of international trade, due to Yemen's Houthi militant group targeting shipping vessels. Despite disruptions, record oil production in the US, Brazil, and Guyana saw oil stocks remain elevated. At the end of the month 1 Euro purchased 1.104 US Dollars.

Zurich Life Annualised Performance to December 2023

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (Euros)
Multi-Asset Funds								
Prisma Low	5.4%	5.4%	Not Started	Not Started	Not Started	Not Started	Not Started	20,854,060
Prisma 2	5.6%	5.6%	0.7%	1.4%	1.2%	Not Started	Not Started	498,140,866
Prisma 3	8.5%	8.5%	2.2%	3.6%	3.1%	Not Started	Not Started	2,260,720,474
Prisma 4	13.5%	13.5%	4.8%	7.7%	6.6%	Not Started	Not Started	3,683,163,135
Prisma 5	18.3%	18.3%	6.9%	11.4%	9.0%	Not Started	Not Started	2,697,526,314
Prisma Max	21.3%	21.3%	7.2%	12.4%	8.9%	Not Started	Not Started	277,326,878
Active Asset Allocation	12.9%	12.9%	5.5%	8.5%	7.0%	Not Started	Not Started	1,038,621,605
Managed Funds								
Cautiously Managed	13.0%	13.0%	3.4%	5.8%	5.9%	6.6%	Not Started	835,849,680
Sector Average	6.4%	6.4%	1.1%	2.5%	2.7%	3.7%	3.1%	
Balanced	16.8%	16.8%	4.6%	9.0%	7.9%	9.2%	7.4%	2,417,697,781
Sector Average	8.8%	8.8%	3.2%	5.2%	4.9%	6.7%	4.6%	
Performance	19.4%	19.4%	6.4%	11.3%	9.3%	10.4%	8.1%	1,882,136,216
Dynamic	21.0%	21.0%	7.1%	12.3%	9.9%	11.1%	8.5%	2,358,973,781
FinEx Sector Average	10.5%	10.5%	4.8%	6.5%	5.8%	7.5%	5.1%	
Protected Funds								
Protected 70	10.3%	10.3%	3.1%	6.1%	4.6%	Not Started	Not Started	17,253,166
Protected 80	6.9%	6.9%	1.8%	3.4%	2.5%	Not Started	Not Started	26,910,701
Cash								
Cash Fund	2.8%	2.8%	0.3%	-0.2%	-0.4%	Not Started	Not Started	1,936,239,272
FinEx Sector Average	2.1%	2.1%	0.3%	-0.1%	-0.1%	0.1%	0.7%	
Bond								
Medium Duration Corporate Bond	8.9%	8.9%	-3.3%	Not Started	Not Started	Not Started	Not Started	748,925,103
Short Duration Corporate Bond	4.4%	4.4%	-0.4%	Not Started	Not Started	Not Started	Not Started	848,958,155
Global Corporate Bond (JP Morgan)	6.0%	6.0%	-4.8%	0.2%	0.8%	Not Started	Not Started	16,067,722
Global Government Bond (JP Morgan)	3.1%	3.1%	-5.2%	-1.5%	0.2%	Not Started	Not Started	1,432,423
Indexed Eurozone Government Bond (BlackRock)*	4.3%	4.3%	-5.9%	-1.5%	0.9%	Not Started	Not Started	19,941,511
Active Fixed Income	7.1%	7.1%	-4.3%	-1.0%	1.9%	3.00%	3.70%	1,694,653,749
Inflation-Linked Bond	5.2%	5.2%	-0.1%	1.6%	1.4%	Not Started	Not Started	9,029,125
Long Bond	8.7%	8.7%	-9.6%	-2.2%	2.1%	3.2%	3.9%	55,351,482
FinEx Sector Average	6.6%	6.6%	-4.9%	-0.5%	1.4%	2.5%	2.7%	
Absolute Return/Diversified Assets Funds								
Dynamic Diversified Growth (BlackRock)	4.6%	4.6%	-1.3%	2.5%	1.5%	Not Started	Not Started	12,653,637
Commodity Funds								
Gold	9.4%	9.4%	6.2%	10.1%	7.2%	Not Started	Not Started	404,093,708
Indexed Global Energy and Metals	-13.3%	-13.3%	13.0%	7.5%	1.0%	2.3%	Not Started	19,961,233
Indexed Commodities	-11.1%	-11.1%	Not Started	Not Started	Not Started	Not Started	Not Started	280,701,673
Equity Funds (Global)								
5 Star 5	22.3%	22.3%	8.5%	14.3%	10.6%	10.8%	8.6%	409,770,590
International Equity	22.8%	22.8%	7.6%	13.1%	10.6%	11.8%	8.9%	5,575,704,437
Global Select (Threadneedle)	23.7%	23.7%	6.4%	13.2%	10.9%	12.2%	9.5%	12,657,621
Indexed Global Equity (BlackRock)*	17.0%	17.0%	10.7%	13.5%	10.6%	Not Started	Not Started	221,434,103
FinEx Sector Average	13.3%	13.3%	8.4%	10.0%	8.0%	10.2%	6.7%	
Equity Funds (European)								
5 Star 5 Europe	18.9%	18.9%	9.8%	12.4%	9.4%	11.2%	Not Started	156,955,970
European Select (Threadneedle)	22.0%	22.0%	6.4%	12.0%	8.7%	12.0%	9.0%	9,571,075
FinEx Sector Average	14.3%	14.3%	5.5%	8.8%	6.0%	8.6%	6.5%	
Equity Funds (Euro)								
Eurozone Equity	20.6%	20.6%	9.0%	11.3%	7.7%	9.8%	8.6%	106,235,071
Indexed Eurozone Equity (BlackRock)*	12.0%	12.0%	7.8%	9.7%	6.5%	Not Started	Not Started	7,890,677
FinEx Sector Average	15.6%	15.6%	7.2%	8.7%	5.9%	7.8%	5.4%	

		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	27.9%	27.9%	9.2%	16.5%	13.8%	13.1%	Not Started	145,519,933
American Select (Threadneedle)	18.9%	18.9%	8.2%	14.7%	12.6%	14.7%	10.2%	11,408,251
FinEx Sector Average	20.4%	20.4%	12.2%	15.0%	12.4%	14.3%	9.1%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	10.2%	10.2%	5.5%	9.3%	8.2%	9.3%	Not Started	87,633,566
Asia Pacific Equity	7.7%	7.7%	5.4%	8.3%	7.5%	Not Started	Not Started	13,748,993
FinEx Sector Average	0.1%	0.1%	0.7%	5.4%	5.0%	8.5%	6.6%	
Equity Funds (High Yield)								
Dividend Growth	12.3%	12.3%	13.1%	9.3%	7.7%	10.7%	Not Started	280,066,050
FinEx Sector Average	13.3%	13.3%	8.4%	10.0%	8.0%	10.2%	6.7%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	2.3%	2.3%	-6.7%	2.4%	4.3%	Not Started	Not Started	6,560,825
Indexed Emerging Market Equity Fund (BlackRock)	3.3%	3.3%	-2.4%	3.9%	Not Started	Not Started	Not Started	16,457,486
Sector Average	2.8%	2.8%	-2.7%	2.7%	3.6%	6.2%	7.2%	
Equity Funds (Specialist)								
Indexed Top Tech 100	49.8%	49.8%	13.3%	22.5%	19.5%	21.3%	13.9%	301,028,700
FinEx Sector Average	9.4%	9.4%	7.7%	10.3%	6.3%	7.0%	4.8%	
Property Funds								
Property Fund	-0.4%	-0.4%	-2.0%	-2.0%	Not Started	Not Started	Not Started	26,986,915
Indexed European (Ex-UK) Property	17.4%	17.4%	-7.3%	-2.2%	3.4%	6.5%	Not Started	203,925,098
Indexed Australasia Property	-5.9%	-5.9%	-0.6%	-0.8%	3.9%	8.2%	Not Started	209,586,871
Sector Average	-2.8%	-2.8%	-0.2%	-0.8%	2.8%	2.1%	1.4%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	3.3%	3.3%	-2.3%	-1.1%	Not Started	Not Started	Not Started	3,574,044
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	5.1%	5.1%	0.3%	1.2%	Not Started	Not Started	Not Started	6,776,762
World Equity (Dimensional)	13.5%	13.5%	9.7%	11.1%	Not Started	Not Started	Not Started	22,817,973
Global Short Fixed Income (Dimensional)	2.6%	2.6%	-3.1%	-1.7%	Not Started	Not Started	Not Started	18,128,375
World Allocation 20/80 (Dimensional)	4.9%	4.9%	0.2%	1.2%	Not Started	Not Started	Not Started	6,724,476
World Allocation 40/60 (Dimensional)	7.2%	7.2%	2.5%	3.8%	Not Started	Not Started	Not Started	25,841,063
World Allocation 60/40 (Dimensional)	9.4%	9.4%	4.6%	6.1%	Not Started	Not Started	Not Started	31,913,284
World Allocation 80/20 (Dimensional)	11.7%	11.7%	7.0%	8.4%	Not Started	Not Started	Not Started	18,570,555
Global Small Companies (Dimensional)	12.0%	12.0%	8.4%	Not Started	Not Started	Not Started	Not Started	11,185,768
Global Value (Dimensional)	11.2%	11.2%	13.2%	Not Started	Not Started	Not Started	Not Started	33,225,117
Global Sustainability Core Equity (Dimensional)	17.7%	17.7%	9.9%	Not Started	Not Started	Not Started	Not Started	4,974,435
Funds Closed to New Business								
Indexed Eurozone Property	14.8%	14.8%	-6.6%	-2.5%	3.3%	6.2%	Not Started	8,429,516
Diversified Assets	5.0%	5.0%	5.0%	5.6%	4.8%	6.6%	Not Started	8,628,994
Irish Equity	23.4%	23.4%	6.5%	11.7%	9.3%	11.7%	Not Started	19,353,552
Global Targeted Returns Fund (Invesco)	5.3%	5.3%	0.7%	0.5%	Not Started	Not Started	Not Started	10,950,884

Source: FE fund info as at 01/01/2024.

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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