

# Monthly Investment Review

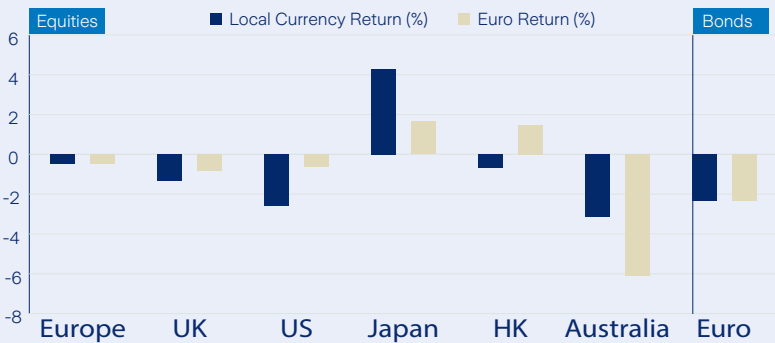
December wrapped up a strong year for global markets, with equities, bonds and gold posting positive returns for the year despite a pullback in the final month. Easing monetary policies and strong corporate earning supported performance throughout the year. In the US, equity markets fell in December after record highs earlier in the year, as the Federal Reserve concluded a year of rate cuts aimed at balancing inflation and labour market stability. China eased monetary policy for the first time in 14 years, sparking a rally in Chinese equities. In Europe, equities delivered mixed results, reflecting slower growth and geopolitical concerns despite support from the European Central Bank (ECB). Fixed income markets showed a varied performance in December, with gains in corporate bonds and narrowing credit spreads partially offset by rising Treasury yields.



### Activity

We did not make any material active asset allocation decisions in December. Our current positioning is broadly neutral equities. We are overweight short-dated over long-dated Government bonds. We are slightly underweight in North American equities matched by slight overweight in Asia and Europe. We are overweight Gold in AAA/Prisma funds. Our EUR/USD hedge remains in place. This is hedging approximately 15% of our USD holdings.

### Equity & Bond % Returns: December 2024



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 2025

### Current Positioning

Asset Class	Country	Positive	Neutral	Negative
Equities	North America			✓
	Europe	✓		
	Japan			✓
	Asia-Ex Japan	✓		
Fixed Income	Sovereign Eurozone	✓		
	European Credit		✓	
Currencies	USD			✓
	GBP		✓	
	YEN		✓	
Alternatives	Oil		✓	
	Gold	✓		
	Copper	✓		
	Global Property			✓
	Soft Commodities		✓	

### Market Performance

#### Equity Markets

Global equities declined in December as the Federal Reserve adopted a more hawkish outlook for 2025, cutting its rate reduction projections from four to two for 2025. In the US, markets pulled back following the Trump-related rally in November, though mega-cap tech stocks continued to outperform. European equities also ended the month lower, weighed down by monetary policy and political concerns. 8 out of the 11 sectors ended the month negatively, with worst performing sectors, Materials and Real Estate, declining -6.2% and -5.9% respectively in Euro terms. Consumer Discretionary was the best performing sector with a gain of 4.5% for the month. Despite December's weakness, global equities rose over 26% in euro terms in 2024, marking a second consecutive year of double-digit returns.






#### Bonds & Interest Rates

In December, major central banks largely maintained an easing stance on policy rates but kept a hawkish tone. The Fed lowered its target rate by 0.25% to the 4.25-4.50% range and revised its 2025 projection from four to two rate cuts. The ECB also reduced its deposit rate to 3%. In fixed income markets, government bonds struggled under the shifting interest rate environment, with 10-year yields rising across the US and Europe. The US 10-year Treasury yield climbed from 4.17% at the end of November to 4.57%, driven in part by concerns over potential inflationary pressures under the new administration.

#### Commodities & Currencies

Gold had an outstanding year in 2024, outperforming all major asset classes and demonstrating its value as a portfolio diversifier. In euro terms, gold gained over 35% in 2024, driven by its effectiveness as a hedge against the increased geopolitical uncertainty and market volatility seen in 2024. Oil saw a strong December, returning 7.7% over the month while copper, often seen as a gauge for economic activity, saw a decline of -0.6% in euro terms. By the end of the month, 1 Euro purchased 1.035 USD, down from 1.058 the previous month.

Zurich Life Annualised Performance  
to end December 2024

Zurich Life Annualised Performance to end December 2024		Annualised						Fund Size (€m)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Multi-Asset Funds								
Prisma Low	4.3%	4.3%	1.2%	Not Started	Not Started	Not Started	Not Started	35
Prisma 	5.0%	5.0%	1.5%	1.8%	1.4%	Not Started	Not Started	560
Prisma 	8.7%	8.7%	2.6%	3.7%	3.3%	Not Started	Not Started	2,624
Prisma 	14.6%	14.6%	4.1%	7.1%	6.7%	Not Started	Not Started	4,904
Prisma 	22.4%	22.4%	6.4%	10.6%	9.6%	Not Started	Not Started	3,912
Prisma 	25.4%	25.4%	7.2%	11.9%	10.6%	Not Started	Not Started	414
Active Asset Allocation	14.3%	14.3%	4.2%	7.6%	7.0%	Not Started	Not Started	1,286
Managed Funds								
Cautiously Managed	10.9%	10.9%	3.2%	5.6%	5.2%	6.5%	Not Started	1,000
Sector Average	7.5%	7.5%	1.2%	2.2%	2.6%	3.4%	3.1%	
Balanced	17.7%	17.7%	4.5%	8.6%	8.1%	8.9%	7.6%	2,972
Sector Average	11.9%	11.9%	2.8%	4.5%	4.8%	6.1%	4.7%	
Performance	21.9%	21.9%	6.1%	10.9%	9.8%	10.1%	8.5%	2,298
Dynamic	24.5%	24.5%	7.1%	11.9%	10.7%	10.9%	9.1%	3,049
FinEx Sector Average	14.8%	14.8%	3.9%	5.9%	6.1%	7.0%	5.3%	
Protected Funds								
Protected 70	17.2%	17.2%	2.9%	6.0%	5.3%	Not Started	Not Started	20
Protected 80	12.7%	12.7%	1.9%	3.8%	3.0%	Not Started	Not Started	33
Cash								
Cash Fund	3.2%	3.2%	1.6%	0.6%	-0.1%	-0.1%	Not Started	2,674
FinEx Sector Average	2.8%	2.8%	1.4%	0.6%	0.1%	0.2%	0.8%	
Bond								
Medium Duration Corporate Bond	4.4%	4.4%	-1.4%	Not Started	Not Started	Not Started	Not Started	900
Short Duration Corporate Bond	4.2%	4.2%	1.2%	Not Started	Not Started	Not Started	Not Started	1,095
Global Corporate Bond (JP Morgan)	2.2%	2.2%	-3.2%	-1.2%	0.4%	Not Started	Not Started	5
Global Government Bond (JP Morgan)	-0.6%	-0.6%	-4.1%	-2.4%	-0.7%	Not Started	Not Started	1
Indexed Eurozone Government Bond (BlackRock)*	0.8%	0.8%	-4.3%	-2.7%	-0.3%	Not Started	Not Started	21
Active Fixed Income	0.2%	0.2%	-3.0%	-2.0%	0.0%	2.7%	3.2%	1,336
Inflation-Linked Bond	-0.3%	-0.3%	-2.1%	0.4%	0.9%	Not Started	Not Started	9
Long Bond	-1.0%	-1.0%	-7.8%	-4.5%	-0.5%	2.9%	3.2%	73
FinEx Sector Average	1.6%	1.6%	-3.9%	-1.8%	0.3%	2.1%	2.4%	
Absolute Return/Diversified Assets Funds								
Dynamic Diversified Growth (BlackRock)	6.0%	6.0%	-0.5%	1.8%	1.6%	Not Started	Not Started	11
Commodity Funds								
Gold	33.1%	33.1%	15.5%	12.5%	9.0%	7.4%	Not Started	687
Indexed Global Energy and Metals	14.4%	14.4%	5.9%	7.9%	3.7%	2.1%	Not Started	20
Indexed Commodities	10.7%	10.7%	Not Started	Not Started	Not Started	Not Started	Not Started	
Equity Funds (Global)								
5 Star 5	32.3%	32.3%	9.4%	14.9%	12.3%	11.6%	9.5%	577
International Equity	27.9%	27.9%	8.0%	12.9%	11.5%	11.9%	10.0%	7,593
Global Select (Threadneedle)	26.2%	26.2%	7.5%	11.1%	11.7%	12.1%	10.2%	14
Indexed Global Equity (BlackRock)*	28.5%	28.5%	10.1%	12.8%	11.6%	Not Started	Not Started	319
FinEx Sector Average	19.0%	19.0%	6.3%	9.0%	8.5%	9.4%	7.3%	
Equity Funds (European)								
5 Star 5 Europe	10.9%	10.9%	5.8%	8.7%	9.6%	10.1%	9.3%	179
European Select (Threadneedle)	6.8%	6.8%	0.6%	7.1%	8.1%	10.5%	8.9%	9
FinEx Sector Average	7.8%	7.8%	0.9%	5.2%	6.3%	7.2%	6.3%	
Equity Funds (Euro)								
Eurozone Equity	11.0%	11.0%	5.1%	8.6%	8.4%	8.5%	8.4%	113
Indexed Eurozone Equity (BlackRock)*	10.6%	10.6%	3.7%	6.4%	7.0%	Not Started	Not Started	8
FinEx Sector Average	7.8%	7.8%	3.2%	5.7%	6.2%	6.3%	5.2%	

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€m)
Equity Fund (American)								
5 Star 5 Americas	37.0%	37.0%	9.6%	17.1%	14.5%	14.7%	12.2%	223
American Select (Threadneedle)	27.3%	27.3%	7.2%	13.2%	13.1%	14.4%	11.4%	14
FinEx Sector Average	28.5%	28.5%	10.4%	14.4%	12.7%	14.2%	10.4%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	14.3%	14.3%	7.0%	7.9%	8.7%	7.5%	7.9%	98
Asia Pacific Equity	12.6%	12.6%	6.1%	6.9%	7.7%	Not Started	Not Started	15
FinEx Sector Average	15.4%	15.4%	2.6%	4.6%	5.4%	6.1%	6.8%	
Equity Funds (High Yield)								
Dividend Growth	15.3%	15.3%	7.3%	7.0%	7.5%	9.9%	Not Started	325
FinEx Sector Average	19.0%	19.0%	6.3%	9.0%	8.5%	9.4%	7.3%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	11.1%	11.1%	-3.6%	-0.4%	4.2%	Not Started	Not Started	7
Indexed Emerging Market Equity Fund (BlackRock)	14.5%	14.5%	0.6%	2.7%	4.6%	Not Started	Not Started	20
Sector Average	13.1%	13.1%	-1.1%	1.8%	3.6%	3.2%	6.7%	
Equity Funds (Specialist)								
Indexed Top Tech 100	34.6%	34.6%	11.9%	21.4%	19.5%	20.4%	15.4%	488
FinEx Sector Average	15.6%	15.6%	5.9%	9.5%	7.1%	6.1%	5.3%	
Property Funds								
Property Fund	-1.7%	-1.7%	-3.7%	-3.9%	Not Started	Not Started	Not Started	16
Indexed European (Ex-UK) Property	-1.2%	-1.2%	-10.2%	-6.5%	1.3%	4.3%	Not Started	235
Indexed Australasia Property	-4.7%	-4.7%	-6.1%	-4.8%	1.0%	4.1%	Not Started	246
Sector Average	-1.5%	-1.5%	-3.9%	-2.4%	1.3%	2.4%	0.7%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	3.3%	3.3%	-0.6%	-0.7%	Not Started	Not Started	Not Started	
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-3.1%	-3.1%	-2.6%	-0.3%	Not Started	Not Started	Not Started	
World Equity (Dimensional)	18.9%	18.9%	6.9%	9.8%	Not Started	Not Started	Not Started	
Global Short Fixed Income (Dimensional)	3.2%	3.2%	-1.3%	-1.3%	Not Started	Not Started	Not Started	
World Allocation 20/80 (Dimensional)	6.2%	6.2%	1.0%	1.5%	Not Started	Not Started	Not Started	
World Allocation 40/60 (Dimensional)	9.3%	9.3%	2.4%	3.5%	Not Started	Not Started	Not Started	
World Allocation 60/40 (Dimensional)	12.3%	12.3%	3.6%	5.5%	Not Started	Not Started	Not Started	
World Allocation 80/20 (Dimensional)	15.2%	15.2%	5.0%	7.4%	Not Started	Not Started	Not Started	
Global Small Companies (Dimensional)	14.5%	14.5%	4.2%	8.0%	Not Started	Not Started	Not Started	
Global Value (Dimensional)	17.7%	17.7%	9.4%	8.7%	Not Started	Not Started	Not Started	
Global Sustainability Core Equity (Dimensional)	23.5%	23.5%	7.9%	11.8%	Not Started	Not Started	Not Started	
Funds Closed to New Business								
Indexed Eurozone Property	-2.2%	-2.2%	-9.1%	-6.6%	1.2%	3.6%	Not Started	
Diversified Assets	10.8%	10.8%	2.6%	4.6%	4.8%	5.8%	Not Started	

Source: FE fundinfo as at 01/01/2025

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: Past performance is not a reliable guide to future performance.**

**Warning: The value of your investment may go down as well as up.**

**Warning: Benefits may be affected by changes in currency exchange rates.**

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





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