

# Monthly Investment Review

The beginning of 2025 was marked by volatility for investors, although both equities and bonds showed positive returns throughout January. The return of President Trump to the White House, accompanied by his ‘America First’ policy agenda, provided a boost for US equities. However, the emergence of Chinese AI company DeepSeek raised concerns about the technology sector’s ability to meet high expectations and January certainly highlighted the risks associated with the significant concentration in the US stock market. Stocks also came under pressure following Trump’s announced tariffs on Mexico, Canada and China. In their search for safety, investors turned to government bonds and commodities, whilst many currencies saw volatile swings against the US dollar.

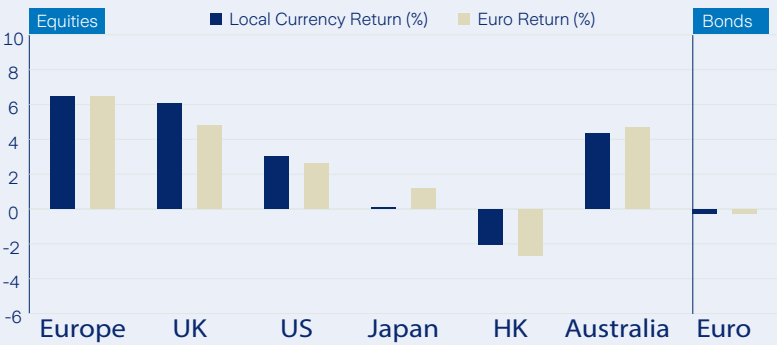


### Activity

In January, we made several active asset allocation decisions. Within our multi-asset funds, we added to Gold, Active Fixed income, and Medium Term Corporate bonds - a move was funded by cash. This was followed later in the month by a positive asset allocation decision towards equities in our Active Asset Allocation (AAA) fund. We again added to Gold, taken from Short Bonds and Cash.

We are now slightly overweight equities in the AAA/ Prisma funds and overweight in alternatives, following the addition to gold. Our EUR/USD hedge remains in place.

### Equity & Bond % Returns: January 2025



This graph shows the performance of the major equity markets over the month of January. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, February 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 equity markets kicked off 2025 with a 3.1% increase in Euro terms during January. The US equity market experienced a month of volatility, supported by mixed results in corporate earnings. Concerns arose around Chinese start-up DeepSeek that its AI program could operate with less advanced computer chips and reduced power consumption. This news caused a sharp decline in AI-related tech stocks, with NVIDIA experiencing an almost \$600 billion drop in market capitalization in one day. Despite this setback, 10 out of the 11 sectors finished the month in positive territory. The Information Technology sector was the one to end negative, returning -1.6%, while Communication Services and Financials were top performers, with returns of 8.7% and 6.5%.

#### Bonds & Interest Rates





Bond markets also experienced increased volatility in January. Trump’s proposed policies, including tax cuts, immigration restrictions, and tariffs, led to expectations of higher US inflation, causing yields to rise globally. Labour market data triggered a sharp move higher in US bond yields that spilled into global bond markets. The US 10-year Treasury yield surged early in the month, reaching 4.79% before declining to end the month at 4.54%. The Federal Reserve maintained the fed funds target range at 4.25% - 4.50%, as economic data continued to indicate a resilient labour market. As anticipated, the European Central Bank reduced its policy rates by 25 basis points, bringing the deposit rate to 2.75%.

#### Commodities & Currencies

Commodities emerged as one of the standout performers of the month. Gold increased by more than 6.5% in Euro terms, and other metal prices also rose as investors sought safety amid a volatile stock market. Oil began January on a strong note, lifted by cold winter weather and US sanctions against Russia. However, prices started to decline after Trump declared a “national energy emergency,” ending the month with a modest gain of 1.1% in Euro terms. By the end of the month, 1 Euro purchased 1.036 USD, with the EUR/USD pair trading in the range of 1.024 to 1.050 throughout the month.



Zurich Life Annualised Performance  
to end January 2025

Zurich Life Annualised Performance to end January 2025		Annualised						Fund Size (€m)
		Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	
Multi-Asset Funds								
Prisma Low	0.4%	4.5%	1.6%	Not Started	Not Started	Not Started	Not Started	36
Prisma 	0.5%	5.2%	2.0%	1.8%	1.3%	Not Started	Not Started	571
Prisma 	1.1%	9.2%	3.6%	3.9%	3.2%	Not Started	Not Started	2,669
Prisma 	2.2%	15.7%	6.0%	7.5%	6.4%	Not Started	Not Started	5,063
Prisma 	3.4%	23.7%	9.3%	11.3%	9.4%	Not Started	Not Started	4,086
Prisma 	3.3%	26.1%	10.5%	12.5%	10.1%	Not Started	Not Started	434
Active Asset Allocation	2.5%	15.7%	6.2%	8.1%	6.8%	Not Started	Not Started	1,329
Managed Funds								
Cautiously Managed	1.3%	11.5%	4.7%	5.8%	5.0%	6.6%	Not Started	1,019
Sector Average	1.1%	8.0%	2.2%	2.4%	2.4%	3.5%	3.1%	
Balanced	2.1%	17.9%	6.8%	8.9%	7.8%	9.2%	7.6%	3,048
Sector Average	2.0%	12.6%	4.4%	4.9%	4.6%	6.3%	4.7%	
Performance	2.6%	22.1%	8.9%	11.3%	9.6%	10.5%	8.5%	2,360
Dynamic	2.9%	24.7%	10.2%	12.4%	10.5%	11.3%	9.1%	3,144
FinEx Sector Average	2.5%	15.9%	5.9%	6.5%	5.8%	7.2%	5.4%	
Protected Funds								
Protected 70	2.4%	17.8%	5.5%	6.4%	5.1%	Not Started	Not Started	20
Protected 80	1.8%	13.3%	3.9%	4.1%	2.9%	3.5%	Not Started	33
Cash								
Cash Fund	0.3%	3.2%	1.8%	0.7%	-0.1%	-0.1%	Not Started	2,120
FinEx Sector Average	0.2%	2.7%	1.5%	0.6%	0.1%	0.2%	0.8%	
Bond								
Medium Duration Corporate Bond	0.4%	4.9%	-0.7%	Not Started	Not Started	Not Started	Not Started	917
Short Duration Corporate Bond	0.3%	4.2%	1.4%	Not Started	Not Started	Not Started	Not Started	1,121
Global Corporate Bond (JP Morgan)	0.5%	2.7%	-2.4%	-1.4%	0.2%	Not Started	Not Started	5
Global Government Bond (JP Morgan)	0.4%	0.5%	-3.7%	-2.7%	-0.8%	Not Started	Not Started	1
Indexed Eurozone Government Bond (BlackRock)*	1.2%	3.0%	-3.6%	-2.8%	-0.4%	Not Started	Not Started	20
Active Fixed Income	-0.4%	1.0%	-2.9%	-2.4%	-0.3%	2.6%	3.0%	1,633
Inflation-Linked Bond	0.5%	1.0%	-1.7%	0.1%	0.8%	Not Started	Not Started	8
Long Bond	-0.9%	-0.2%	-7.6%	-5.4%	-1.1%	2.8%	3.0%	73
FinEx Sector Average	-0.1%	2.4%	-3.5%	-2.3%	0.0%	2.0%	2.3%	
Absolute Return/Diversified Assets Funds								
Dynamic Diversified Growth (BlackRock)	0.9%	6.8%	0.8%	2.2%	1.6%	Not Started	Not Started	11
Commodity Funds								
Gold	7.9%	42.1%	18.4%	12.9%	8.4%	8.0%	Not Started	893
Indexed Global Energy and Metals	2.9%	16.5%	4.6%	9.7%	4.3%	2.6%	Not Started	21
Indexed Commodities	4.2%	13.3%	Not Started	Not Started	Not Started	Not Started	Not Started	
Equity Funds (Global)								
5 Star 5	3.1%	31.7%	12.0%	15.6%	12.3%	12.0%	9.5%	598
International Equity	3.3%	28.0%	11.6%	13.5%	11.4%	12.3%	10.0%	8,255
Global Select (Threadneedle)	3.2%	25.9%	11.2%	11.6%	11.7%	12.5%	10.2%	15
Indexed Global Equity (BlackRock)*	1.7%	24.2%	11.7%	12.7%	11.0%	Not Started	Not Started	334
FinEx Sector Average	3.3%	20.3%	8.9%	9.8%	8.3%	9.7%	7.4%	
Equity Funds (European)								
5 Star 5 Europe	5.3%	14.4%	8.5%	9.9%	9.4%	10.7%	9.2%	188
European Select (Threadneedle)	6.4%	11.0%	6.7%	8.3%	7.8%	11.0%	9.1%	9
FinEx Sector Average	5.6%	11.8%	4.8%	6.5%	6.1%	7.8%	6.5%	
Equity Funds (Euro)								
Eurozone Equity	7.3%	16.2%	8.9%	10.4%	8.3%	9.4%	8.6%	121
Indexed Eurozone Equity (BlackRock)*	7.2%	14.7%	7.6%	8.0%	7.0%	Not Started	Not Started	9
FinEx Sector Average	6.8%	12.6%	7.0%	7.6%	6.2%	7.1%	5.4%	

		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	3.0%	36.0%	13.3%	17.6%	14.7%	15.2%	12.2%	233
American Select (Threadneedle)	2.6%	26.7%	9.6%	13.2%	13.1%	14.6%	11.3%	14
FinEx Sector Average	2.7%	27.0%	13.1%	14.7%	12.5%	14.5%	10.5%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	1.4%	17.3%	8.7%	9.0%	7.9%	7.8%	7.6%	101
Asia Pacific Equity	1.6%	16.1%	7.7%	7.8%	7.0%	Not Started	Not Started	16
FinEx Sector Average	0.8%	18.3%	3.4%	5.4%	4.7%	6.3%	6.6%	
Equity Funds (High Yield)								
Dividend Growth	3.5%	15.9%	9.4%	8.5%	7.3%	10.2%	Not Started	339
FinEx Sector Average	3.3%	20.3%	8.9%	9.8%	8.3%	9.7%	7.4%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	1.2%	14.2%	-2.7%	0.9%	3.7%	Not Started	Not Started	7
Indexed Emerging Market Equity Fund (BlackRock)	1.7%	20.1%	1.6%	3.8%	4.1%	Not Started	Not Started	21
Sector Average	0.8%	15.4%	-0.5%	2.4%	2.7%	3.6%	6.6%	
Equity Funds (Specialist)								
Indexed Top Tech 100	2.7%	32.2%	17.1%	21.0%	19.3%	21.0%	15.7%	507
FinEx Sector Average	2.3%	16.9%	7.7%	9.9%	7.0%	6.4%	5.5%	
Property Funds								
Property Fund	-0.6%	-1.8%	-4.0%	-2.6%	Not Started	Not Started	Not Started	15
Indexed European (Ex-UK) Property	4.0%	6.5%	-8.4%	-6.4%	0.3%	4.5%	Not Started	308
Indexed Australasia Property	3.4%	0.9%	-4.0%	-4.1%	0.2%	4.6%	Not Started	178
Sector Average	0.4%	-0.3%	-3.6%	-1.8%	1.0%	2.4%	0.6%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	0.2%	3.3%	-0.1%	-0.7%	Not Started	Not Started	Not Started	
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	0.7%	-1.2%	-2.2%	-0.5%	Not Started	Not Started	Not Started	
World Equity (Dimensional)	3.0%	20.9%	8.9%	10.9%	Not Started	Not Started	Not Started	
Global Short Fixed Income (Dimensional)	0.3%	3.2%	-0.7%	-1.3%	Not Started	Not Started	Not Started	
World Allocation 20/80 (Dimensional)	0.8%	6.6%	1.7%	1.7%	Not Started	Not Started	Not Started	
World Allocation 40/60 (Dimensional)	1.4%	10.3%	3.5%	4.0%	Not Started	Not Started	Not Started	
World Allocation 60/40 (Dimensional)	2.0%	13.6%	5.1%	6.1%	Not Started	Not Started	Not Started	
World Allocation 80/20 (Dimensional)	2.6%	17.0%	7.1%	8.3%	Not Started	Not Started	Not Started	
Global Small Companies (Dimensional)	3.0%	19.1%	7.1%	9.2%	Not Started	Not Started	Not Started	
Global Value (Dimensional)	4.3%	20.4%	10.4%	10.5%	Not Started	Not Started	Not Started	
Global Sustainability Core Equity (Dimensional)	3.4%	25.0%	10.7%	12.6%	Not Started	Not Started	Not Started	
Funds Closed to New Business								
Indexed Eurozone Property	3.4%	4.9%	-8.1%	-6.5%	0.3%	3.8%	Not Started	
Diversified Assets	2.6%	13.4%	3.7%	5.3%	4.5%	6.1%	Not Started	

Source: FE fundinfo as at 01/02/2025

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.**

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