June 2025

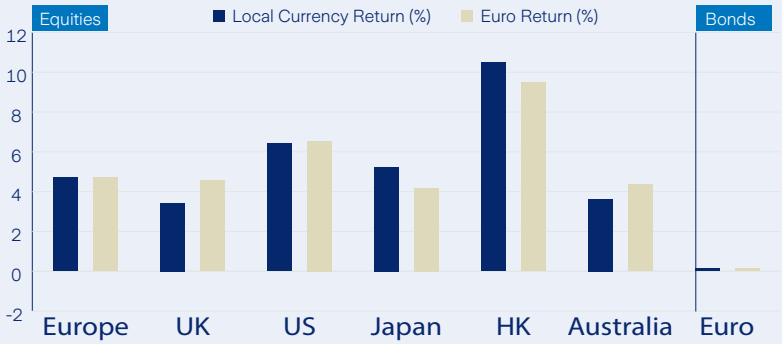
Monthly Investment Review

In May, markets continued their recovery from April's lows as consumer sentiment improved and trade tensions eased. Progress in US trade negotiations with the European Union and a temporary delay in planned tariff hikes helped mitigate recession fears and boosted market sentiment. The month saw a notable shift back into risk assets, with equities and high-yield credit rallying following the partial rollback of tariffs announced on 'Liberation Day'. In the US sovereign bond yields rose, indicating falling prices, amid growing concerns over debt sustainability. Commodities were the worst-performing asset class, as improving risk appetite reduced demand for defensive assets. Despite some positive developments, the outlook remains finely balanced due to elevated inflation and mounting fiscal vulnerabilities.

Activity

At the beginning of May, we allocated from short-term government bonds to short-term credit across multi-asset funds. Additionally, we reduced our Gold position in the AAA and Prisma funds following the recent strong positive price action and amidst the prevailing 'risk on' sentiment in May. We also decreased long and medium-dated exposures in the Active Asset Allocation fund (AAA) and Prisma funds, with the proceeds invested in short-dated instruments. Towards the end of the month, we reduced equity allocations in managed and multi-asset funds. For example, this brought the allocation in the AAA fund to 35%, compared to its 40% midpoint and 65% maximum. The proceeds were invested in cash for the managed funds and in short-term government bonds for the multi-asset funds.

Equity & Bond % Returns: May 2025



This graph shows the performance of the major equity markets over the month of May. The returns are shown in both local and euro currencies. The bond index is the ICE BofA 5+ Government Bond Index. Source: Bloomberg, June 2025

Current Zurich positioning and latest monthly change

	Region	Under	Neutral	Over
Equities	Overall Equity Position	↓		
	North America	↔		
	Europe			↔
	Japan		↔	
	Asia (Ex-Japan)			↔
Fixed Income	Overall Fixed Income Position			↑
	Sovereign Eurozone		↑	
	European Credit			↔
Alternatives	Overall Alternatives Position			↓
	Oil		↔	
	Gold			↔
	Copper			↔
	Global Property	↔		
	Soft Commodities		↔	
Currencies	USD		↔	
	GBP		↔	
	YEN		↔	
		-5%	0%	+5%

Legend: ↔ No change | ↑ Increase | ↓ Decrease

Market Performance

Equity Markets

In May, US equities showed strength, rebounding from April's downturn. The easing of tariff concerns and robust Q1 corporate earnings contributed to the positive performance. Out of the 11 sectors, 10 ended the month on a high note, with Technology and Communication Services leading gains at 10.3% and 8.8%, respectively. Health Care was the only sector to decline, recording a return of -3.8%. Although there was a temporary pause in tariffs between the US and China, tariffs continued to cause volatility globally. President Trump threatened to impose 50% tariffs on the EU starting June 1st. However, negotiations were extended to the original deadline of July 9th. Equities initially dropped due to the tariff threat but later recovered, with Eurozone equities ending positively in May.

Bonds & Interest Rates

Bond markets experienced volatility in May due to persistent inflation, slowing economic growth, and rising fiscal concerns. The yield on the US 10-Year Treasury reached as high as 4.6% after the downgrade of the US sovereign credit rating to Aa1. This downgrade triggered a sell-off in longer-dated Treasuries and raised concerns about the long-term sustainability of government borrowing. European bond markets had a relatively better month, with only modest yield increases in core markets like Germany. During its May policy meeting, the Federal Reserve kept interest rates steady at 4.25%–4.50%, maintaining a cautious approach in the face of persistent inflation and rising unemployment.

Commodities & Currencies

In May, Gold declined, showing a return of -0.15% in EUR terms, as demand for defensive assets decreased on the back of improved sentiment towards riskier assets. OPEC announced yet another increase in oil production, following two recent increases. However, oil prices rose 4.26% in May due to de-escalation between the US and China on tariffs and increased awareness that low prices pose a challenge to US shale output. The US dollar weakened against most major currencies, with the yen being a notable exception. By the end of the month, 1 EUR purchased 1.1347 USD.

Zurich Life Annualised Performance to end May 2025

		Annualised						
	Year to Date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€m)
Multi-Asset Funds								
Prisma Low	0.7%	4.1%	2.6%	Not Started	Not Started	Not Started	Not Started	42
Prisma 2	0.3%	3.8%	2.8%	2.1%	1.2%	Not Started	Not Started	588
Prisma 3	-0.5%	4.4%	4.2%	4.2%	2.8%	Not Started	Not Started	2,666
Prisma 4	-2.3%	4.9%	6.1%	7.6%	5.4%	Not Started	Not Started	4,960
Prisma 5	-3.7%	5.7%	8.9%	10.8%	7.8%	Not Started	Not Started	3,957
Prisma Max	-4.9%	5.4%	10.5%	11.4%	8.3%	Not Started	Not Started	420
Active Asset Allocation	-2.3%	4.6%	5.7%	8.1%	5.8%	Not Started	Not Started	1,298
Managed Funds								
Cautiously Managed	-2.1%	4.2%	5.4%	5.4%	4.2%	6.0%	Not Started	986
Sector Average	-0.2%	4.8%	3.0%	3.2%	2.0%	3.1%	2.9%	
Balanced	-3.8%	4.5%	7.6%	8.0%	6.4%	8.4%	7.1%	2,887
Sector Average	-0.7%	5.9%	4.7%	6.0%	3.6%	5.8%	4.4%	
Performance	-4.8%	4.6%	9.3%	10.1%	7.9%	9.5%	7.9%	2,163
Dynamic	-5.6%	4.4%	10.2%	11.0%	8.5%	10.2%	8.4%	2,880
FinEx Sector Average	-1.5%	6.7%	5.8%	7.7%	4.6%	6.6%	5.0%	
Protected Funds								
Protected 70	-6.2%	1.0%	4.9%	5.7%	3.4%	5.0%	Not Started	18
Protected 80	-4.9%	0.8%	3.4%	3.6%	1.6%	2.9%	Not Started	31
Cash								
Cash Fund	1.0%	2.8%	2.1%	0.9%	0.0%	-0.1%	Not Started	2,907
FinEx Sector Average	0.7%	2.2%	1.8%	0.8%	0.2%	0.2%	0.8%	
Bond								
Medium Duration Corporate Bond	1.5%	6.8%	2.5%	Not Started	Not Started	Not Started	Not Started	979
Short Duration Corporate Bond	1.6%	5.2%	2.6%	Not Started	Not Started	Not Started	Not Started	1,477
Global Corporate Bond (JP Morgan)	0.9%	3.9%	0.8%	-1.1%	0.4%	Not Started	Not Started	5
Global Government Bond (JP Morgan)	0.5%	2.1%	-1.3%	-3.0%	-0.6%	Not Started	Not Started	1
Indexed Eurozone Government Bond (BlackRock)*	1.1%	3.3%	0.0%	-2.4%	-0.1%	Not Started	Not Started	20
Active Fixed Income	-0.6%	3.5%	-0.3%	-2.1%	-0.1%	2.4%	2.9%	993
Inflation-Linked Bond	0.7%	1.9%	-0.7%	1.4%	0.8%	1.0%	Not Started	9
Long Bond	-2.0%	2.1%	-2.9%	-5.3%	-0.9%	2.4%	2.7%	309
FinEx Sector Average	0.0%	3.8%	-0.2%	-1.7%	0.1%	1.8%	2.1%	
Absolute Return/Diversified Assets Funds								
Dynamic Diversified Growth (BlackRock)	2.6%	5.6%	3.2%	2.7%	1.7%	Not Started	Not Started	11
Commodity Funds								
Gold	15.6%	34.3%	18.4%	12.6%	9.7%	6.8%	Not Started	799
Indexed Global Energy and Metals	-5.3%	-1.8%	-6.4%	10.5%	2.5%	1.5%	Not Started	19
Indexed Commodities	-6.0%	-3.4%	-7.6%	Not Started	Not Started	Not Started	Not Started	
Equity Funds (Global)								
5 Star 5	-6.8%	6.0%	11.4%	14.1%	9.8%	10.7%	8.6%	540
International Equity	-5.7%	5.3%	11.6%	12.0%	9.3%	11.0%	9.1%	7,221
Global Select (Threadneedle)	-5.9%	4.1%	10.3%	10.3%	9.4%	11.2%	9.2%	13
Indexed Global Equity (BlackRock)*	-5.4%	7.6%	10.6%	12.9%	9.5%	Not Started	Not Started	311
FinEx Sector Average	-2.9%	6.9%	7.6%	10.9%	6.6%	8.8%	6.7%	
Equity Funds (European)								
5 Star 5 Europe	6.5%	4.4%	10.6%	13.2%	8.2%	10.9%	8.8%	199
European Select (Threadneedle)	4.7%	2.0%	10.1%	9.3%	6.6%	10.6%	8.7%	9
FinEx Sector Average	7.9%	7.4%	8.1%	9.6%	4.9%	7.8%	6.3%	
Equity Funds (Euro)								
Eurozone Equity	13.2%	12.9%	13.8%	14.5%	7.9%	9.8%	8.6%	134
Indexed Eurozone Equity (BlackRock)*	15.1%	11.7%	13.2%	12.2%	6.8%	Not Started	Not Started	10
FinEx Sector Average	13.5%	10.5%	11.3%	12.0%	5.6%	7.7%	5.5%	

		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	-11.4%	4.5%	12.3%	13.3%	12.0%	12.9%	10.9%	193
American Select (Threadneedle)	-11.7%	-0.2%	6.9%	10.4%	10.1%	12.6%	10.1%	12
FinEx Sector Average	-8.4%	6.4%	9.8%	13.7%	10.3%	12.6%	9.5%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-2.6%	4.0%	5.9%	10.8%	6.7%	7.6%	7.0%	95
Asia Pacific Equity	-2.2%	4.1%	4.8%	10.2%	5.9%	7.6%	Not Started	14
FinEx Sector Average	-1.3%	7.7%	3.3%	7.8%	3.6%	5.6%	6.1%	
Equity Funds (High Yield)								
Dividend Growth	-2.6%	3.5%	7.0%	12.5%	5.7%	9.1%	Not Started	323
FinEx Sector Average	-2.9%	6.9%	7.6%	10.9%	6.6%	8.8%	6.7%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	-1.3%	4.3%	0.4%	3.5%	3.0%	Not Started	Not Started	7
Indexed Emerging Market Equity Fund (BlackRock)	-1.0%	7.7%	2.5%	6.2%	3.3%	Not Started	Not Started	22
Sector Average	-0.8%	5.7%	2.0%	5.5%	2.0%	2.6%	6.1%	
Equity Funds (Specialist)								
Indexed Top Tech 100	-7.9%	11.6%	17.1%	17.0%	16.6%	18.6%	14.7%	461
FinEx Sector Average	-1.9%	5.0%	5.5%	10.1%	5.8%	5.8%	4.9%	
Property Funds								
Property Fund	0.1%	1.3%	-3.5%	-2.2%	Not Started	Not Started	Not Started	15
Indexed European (Ex-UK) Property	11.2%	9.5%	-1.5%	-0.1%	1.3%	5.3%	Not Started	334
Indexed Australasia Property	4.8%	6.0%	-4.1%	0.9%	0.1%	3.9%	Not Started	183
Sector Average	1.5%	1.7%	-3.5%	0.0%	0.9%	2.4%	0.4%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	1.1%	3.1%	1.4%	-0.1%	Not Started	Not Started	Not Started	
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	1.3%	1.1%	-1.5%	0.7%	Not Started	Not Started	Not Started	
World Equity (Dimensional)	-4.6%	3.9%	6.7%	12.1%	Not Started	Not Started	Not Started	
Global Short Fixed Income (Dimensional)	0.9%	2.6%	1.0%	-1.1%	Not Started	Not Started	Not Started	
World Allocation 20/80 (Dimensional)	0.0%	3.4%	2.5%	2.1%	Not Started	Not Started	Not Started	
World Allocation 40/60 (Dimensional)	-1.0%	3.7%	3.7%	4.6%	Not Started	Not Started	Not Started	
World Allocation 60/40 (Dimensional)	-2.1%	4.0%	4.6%	6.9%	Not Started	Not Started	Not Started	
World Allocation 80/20 (Dimensional)	-3.5%	4.1%	5.6%	9.5%	Not Started	Not Started	Not Started	
Global Small Companies (Dimensional)	-7.6%	0.8%	3.8%	10.5%	Not Started	Not Started	Not Started	
Global Value (Dimensional)	-4.2%	1.3%	6.1%	13.1%	Not Started	Not Started	Not Started	
Global Sustainability Core Equity (Dimensional)	-5.6%	6.2%	9.1%	12.6%	Not Started	Not Started	Not Started	
Funds Closed to New Business								
Indexed Eurozone Property	12.0%	7.1%	-2.6%	0.5%	1.1%	4.9%	3.0%	
Diversified Assets	-0.9%	4.3%	1.5%	6.6%	3.8%	5.4%	Not Started	

Source: FE fundinfo as at 01/06/2025

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.

Warning: Annual management fees apply. The fund growth shown is before the full annual management charge is applied on your policy.
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