September 2025

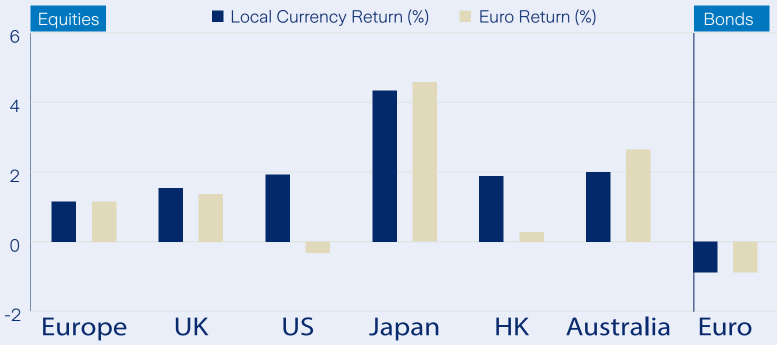
Monthly Investment Review

August brought solid returns across major asset classes. The second-quarter earnings season continued, with Nvidia standing out for exceeding sales and earnings expectations. At the Federal Reserve's annual Jackson Hole meeting, Chair Jerome Powell noted a shift in economic risks, suggesting the potential for policy adjustments. President Trump dismissed the head of the Bureau of Labor Statistics, and later sought to remove Fed Governor Lisa Cook, putting central bank independence in the spotlight. Despite these developments, markets responded calmly: long-term Treasury yields edged up, while the dollar weakened slightly. Overall, the month reflected steady market performance amid notable corporate results and ongoing discussions about monetary policy and central bank independence.

Activity

We made several active asset allocation decisions through August. We reduced our property holdings in the AAA and Prisma funds, reallocating the proceeds to cash. Later in the month, we increased our alternatives exposure in these funds by allocating more to gold, which was funded by trimming our short- and medium-term bond positions. Within our multi-asset funds, we now maintain a modest underweight in equities in the the Active Asset Allocation fund relative to the midpoint. Regionally, we are underweight US equities, overweight Asia Pacific, and hold a neutral stance on Europe and Japan. From a sector perspective, we favour Consumer Discretionary, IT, Materials, Financials, and Industrials, while remaining underweight in Staples, Energy, and Utilities. We also have an overweight position in gold and a slightly short bond duration.

Equity & Bond % Returns: August 2025



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

Current Zurich positioning and latest monthly change

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

Legend: ↔ No change | ↑ Increase | ↓ Decrease

Market Performance

Equity Markets

US equities reached fresh highs in August, with technology stocks remaining central as several mega-cap firms delivered strong Q2 earnings. Contrary to August's reputation as a weaker month, eight of eleven sectors posted gains. Materials and Health Care led with returns of 4.7% and 2.7%, respectively. Utilities lagged, declining by -2.9% in euro terms. In Europe, equities advanced, though less than global counterparts. Germany's Q2 GDP contracted by a sharper-than-expected 0.3%, fuelling recession concerns. In France, Prime Minister Bayrou's call for a confidence vote on 8th September raised fresh worries over the country's debt and political stability.

Bonds & Interest Rates

US Treasury yields dropped at the beginning of August, with the 10-year yield reaching as low as 4.19%. This decline followed official data showing fewer new jobs created in July and downward revisions to previous months' figures. In response, the US President promptly dismissed the head of the reporting office, leading markets to more seriously consider the likelihood of an imminent Fed rate cut. Political pressure from the Trump Administration intensified throughout the month. Fed Chair Jerome Powell, at Jackson Hole, signalled a growing openness to earlier rate cuts, emphasizing concerns about labour market weakness over inflation.

Commodities & Currencies

August was marked by volatility in gold prices, but the metal recovered late in the month, posting a 4.8% gain. A major catalyst was Federal Reserve Chair Jerome Powell's remarks at the Jackson Hole symposium, which fuelled speculation about a possible interest rate cut in September, a development that could boost gold in the short term. Meanwhile, global oil prices edged down, with WTI finishing at $64.01 per barrel, reflecting ongoing OPEC+ production cuts, rising non-OPEC+ output, and persistent economic challenges, including US tariffs. The US dollar weakened, as the euro climbed from 1.1415 to 1.1686 USD by month-end.

Zurich Life Annualised Performance to end August 2025

	Year to Date	Annualised 1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€m)
Multi-Asset Funds								
Prisma Low	1.2%	2.9%	3.1%	Not Started	Not Started	Not Started	Not Started	42
Prisma 2	0.9%	2.7%	3.3%	1.9%	1.4%	Not Started	Not Started	592
Prisma 3	0.9%	3.8%	5.2%	3.7%	3.2%	Not Started	Not Started	2,739
Prisma 4	0.2%	4.7%	7.7%	6.7%	6.3%	Not Started	Not Started	5,190
Prisma 5	0.2%	6.6%	11.2%	9.9%	9.2%	Not Started	Not Started	4,251
Prisma Max	-0.1%	6.7%	13.0%	10.6%	10.3%	Not Started	Not Started	459
Active Asset Allocation	-0.1%	4.4%	7.2%	7.1%	6.6%	Not Started	Not Started	1,353
Managed Funds								
Cautiously Managed	-0.6%	3.0%	6.4%	4.8%	4.7%	5.9%	Not Started	1,006
Sector Average	1.5%	3.9%	4.1%	3.1%	2.6%	3.2%	2.8%	
Balanced	-0.6%	4.5%	9.4%	7.2%	7.4%	8.6%	6.9%	3,008
Sector Average	1.5%	5.2%	6.1%	5.7%	4.5%	6.0%	4.3%	
Performance	-0.7%	5.3%	11.4%	9.2%	9.1%	9.9%	7.7%	2,248
Dynamic	-1.0%	5.6%	12.5%	10.1%	9.8%	10.6%	8.2%	3,044
FinEx Sector Average	2.5%	7.5%	7.8%	7.7%	5.8%	6.9%	4.9%	
Protected Funds								
Protected 70	-3.3%	1.5%	6.6%	5.3%	4.5%	5.3%	Not Started	19
Protected 80	-2.8%	0.9%	4.6%	3.4%	2.4%	3.1%	Not Started	32
Cash								
Cash Fund	1.3%	2.2%	2.4%	1.0%	0.1%	0.0%	Not Started	2,987
FinEx Sector Average	1.0%	1.8%	2.0%	0.9%	0.2%	0.2%	0.8%	
Bond								
Medium Duration Corporate Bond	2.2%	4.4%	4.1%	Not Started	Not Started	Not Started	Not Started	1,018
Short Duration Corporate Bond	2.3%	4.0%	3.3%	Not Started	Not Started	Not Started	Not Started	1,514
Global Corporate Bond (JP Morgan)	2.9%	2.1%	2.6%	-1.4%	0.8%	Not Started	Not Started	5
Global Government Bond (JP Morgan)	1.0%	-0.5%	-0.2%	-3.0%	-0.5%	Not Started	Not Started	1
Indexed Eurozone Government Bond (BlackRock)*	-0.2%	0.2%	0.2%	-3.1%	-0.2%	Not Started	Not Started	20
Active Fixed Income	-2.1%	-0.8%	0.1%	-2.6%	-0.1%	2.0%	2.7%	891
Inflation-Linked Bond	-0.2%	0.5%	-0.1%	0.5%	1.1%	0.9%	Not Started	8
Long Bond	-4.9%	-4.1%	-2.4%	-6.2%	-0.9%	1.7%	2.4%	314
FinEx Sector Average	-0.2%	0.6%	0.9%	-2.1%	0.3%	1.6%	2.0%	
Absolute Return/Diversified Assets Funds								
Dynamic Diversified Growth (BlackRock)	6.1%	6.4%	5.0%	2.3%	2.4%	Not Started	Not Started	11
Commodity Funds								
Gold	17.3%	29.5%	19.3%	11.7%	10.6%	6.9%	Not Started	1,098
Indexed Global Energy and Metals	-2.2%	6.6%	-4.9%	9.4%	4.5%	1.8%	Not Started	19
Indexed Commodities	-5.7%	4.1%	-6.6%	Not Started	Not Started	Not Started	Not Started	
Equity Funds (Global)								
5 Star 5	-1.6%	8.0%	14.4%	12.7%	11.3%	11.5%	8.4%	581
International Equity	-0.4%	7.0%	14.1%	11.3%	10.9%	11.6%	9.0%	7,746
Global Select (Threadneedle)	-1.6%	5.4%	11.9%	9.9%	11.1%	11.6%	9.0%	13
Indexed Global Equity (BlackRock)*	-1.1%	11.6%	12.5%	12.4%	11.1%	Not Started	Not Started	338
FinEx Sector Average	1.2%	7.0%	9.3%	10.8%	8.0%	9.1%	6.7%	
Equity Funds (European)								
5 Star 5 Europe	7.1%	2.5%	13.2%	11.7%	8.9%	10.8%	8.0%	209
European Select (Threadneedle)	-0.1%	-3.8%	9.9%	6.8%	7.1%	9.7%	7.9%	8
FinEx Sector Average	7.0%	4.8%	10.4%	8.0%	5.7%	7.7%	5.8%	
Equity Funds (Euro)								
Eurozone Equity	13.6%	13.1%	17.0%	12.6%	8.8%	9.8%	8.1%	143
Indexed Eurozone Equity (BlackRock)*	13.6%	13.0%	15.5%	11.4%	7.8%	Not Started	Not Started	12
FinEx Sector Average	13.8%	11.4%	14.2%	10.6%	6.5%	7.7%	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	-4.7%	7.5%	14.3%	12.0%	13.5%	14.2%	11.1%	209
American Select (Threadneedle)	-7.0%	2.9%	7.9%	9.7%	12.0%	13.7%	10.2%	12
FinEx Sector Average	-2.3%	9.5%	11.4%	13.5%	12.0%	13.7%	9.6%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	6.2%	9.3%	9.4%	10.5%	9.8%	8.3%	7.0%	104
Asia Pacific Equity	6.0%	9.3%	8.0%	9.8%	9.0%	7.9%	Not Started	16
FinEx Sector Average	4.2%	11.7%	4.6%	6.8%	6.3%	5.7%	6.0%	
Equity Funds (High Yield)								
Dividend Growth	0.4%	2.0%	8.4%	13.0%	7.2%	9.2%	6.7%	333
FinEx Sector Average	1.2%	7.0%	9.3%	10.8%	8.0%	9.1%	6.7%	
Equity Funds (Emerging Market)								
Emerging Markets Opportunities (JP Morgan)	4.2%	7.8%	2.7%	2.2%	6.1%	Not Started	Not Started	7
Indexed Emerging Market Equity Fund (BlackRock)	5.7%	11.2%	4.8%	5.1%	6.2%	Not Started	Not Started	25
Sector Average	3.6%	9.0%	3.3%	4.1%	4.5%	2.7%	5.4%	
Equity Funds (Specialist)								
Indexed Top Tech 100	-1.9%	14.2%	17.9%	14.7%	18.3%	19.7%	14.9%	506
FinEx Sector Average	2.4%	7.8%	6.8%	9.6%	7.2%	6.2%	4.8%	
Property Funds								
Property Fund	0.4%	-1.2%	-2.7%	-2.2%	Not Started	Not Started	Not Started	14
Indexed European (Ex-UK) Property	9.2%	2.8%	4.0%	-1.5%	1.2%	4.4%	Not Started	344
Indexed Australasia Property	13.3%	6.4%	-1.8%	2.5%	2.7%	3.9%	Not Started	182
Sector Average	2.1%	1.0%	-2.8%	0.2%	1.0%	2.2%	0.1%	
Dimensional Funds								
Global Short-term Investment Grade Fixed Income (Dimensional)	1.7%	2.8%	2.3%	-0.3%	Not Started	Not Started	Not Started	
Euro Inflation Linked Int Duration Fixed Income (Dimensional)	-0.1%	-0.7%	-1.3%	-0.1%	Not Started	Not Started	Not Started	
World Equity (Dimensional)	0.8%	6.8%	8.8%	12.0%	Not Started	Not Started	Not Started	
Global Short Fixed Income (Dimensional)	1.3%	2.3%	1.8%	-1.0%	Not Started	Not Started	Not Started	
World Allocation 20/80 (Dimensional)	1.5%	3.5%	3.5%	2.1%	Not Started	Not Started	Not Started	
World Allocation 40/60 (Dimensional)	1.5%	4.5%	5.0%	4.5%	Not Started	Not Started	Not Started	
World Allocation 60/40 (Dimensional)	1.4%	5.4%	6.2%	6.9%	Not Started	Not Started	Not Started	
World Allocation 80/20 (Dimensional)	1.2%	6.1%	7.5%	9.5%	Not Started	Not Started	Not Started	
Global Small Companies (Dimensional)	-1.3%	4.4%	5.9%	11.0%	Not Started	Not Started	Not Started	
Global Value (Dimensional)	1.9%	5.2%	9.5%	14.4%	Not Started	Not Started	Not Started	
Global Sustainability Core Equity (Dimensional)	-0.4%	6.9%	10.9%	12.3%	Not Started	Not Started	Not Started	
Funds Closed to New Business								
Indexed Eurozone Property	13.4%	6.6%	3.8%	-0.2%	1.5%	4.3%	2.6%	
Diversified Assets	2.2%	5.5%	3.5%	6.2%	5.0%	5.5%	Not Started	

Source: FE fundinfo as at 01/09/2025

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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GR: 9835 Print Ref: ZL ISA 76 0925