

# Monthly Investment Review

The unprecedented global central bank policy of low interest rates remains a key support for financial markets. Although price earnings multiples have crept up somewhat, equities remain attractively valued compared to cash and bonds. Euro currency weakness has continued to reward investors in foreign assets. As it is likely that the US and the UK will begin to raise interest rates towards the end of the year, volatility in markets may increase from current low levels. Despite being supported in the near term by quantitative easing (QE), long-term eurozone bonds yields are not attractively valued.



**Richard Temperley**  
Head of Investment Development

## Zurich Life Fund Allocations & Activity

**Equities:** The funds are overweight.

**Bonds:** The funds are neutral on a tactical basis.

**Activity:** There were no material changes during the month.

### Regionally, the funds are:

- Underweight in the UK and Asia Pacific.
- Neutral in the US.
- Overweight in Europe, Ireland and Japan.

### Sectorwise, the funds are:

- Underweight utilities and energy.
- Overweight consumer goods and industrials.
- Otherwise broadly balanced.

**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.

## Equity Markets

- Equities (in euro terms) continued their upward trajectory in March rising for the fourteenth straight month; they passed the sixth anniversary of the current bull market on 9th March. Markets, especially in the eurozone, were supported by the ECB's decision to begin QE during the month as well as some stronger than expected economic data.
- World equities (in euro terms) rose by 2.8% in March and have given a total return of a strong 15.3% during the first quarter of 2015. Euro currency weakness was once again a major contributory factor. There was a mixed bag of returns for the major markets in local currency terms during the period ranging from plus 2.9% in Europe to minus 2.5% in the UK.
- Sectorwise, there was no clear distinction between defensive stocks and economically-sensitive cyclical areas.

## Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index was up by 2.0% in March, giving a total return of 6.7% in the first three months of 2015. There was a slight divergence of returns in March with core markets, such as Germany (+2.6%), outperforming peripheral

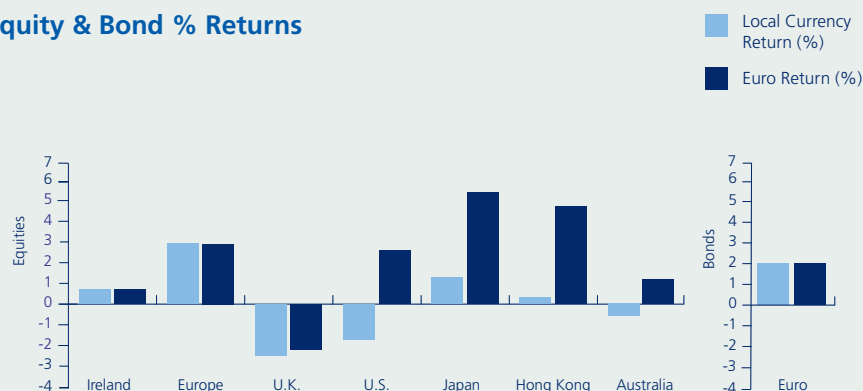
markets, such as Spain (+1.5%). Bond prices in general have been supported by deflationary concerns as well as the announcement and implementation of QE.

- The German 10-year bond yield fell again in March from 0.33% to a fresh all-time-low of 0.18%. Equivalent US rates fell marginally from 1.99% to 1.92%. The gap between the German and the US 10-year yield is close to its highest level since German re-unification.
- The Federal Reserve is now expected to keep interest rates at record low levels until December 2015, with a 40% chance of a rate rise in September. The Bank of England is not expected to move until closer to year-end or early 2016. Eurozone rates will stay at current ultra-low levels for the foreseeable future.

## Commodities & Currencies

- Commodity prices overall were down by 5.4% (in dollar terms) in March following a slight recovery in February; for the first quarter of 2015 they are down by 7.9%.
- The gold price fell by 2.5% in March, ending at \$1,183 per troy ounce. Gold had reached an all-time high of \$1,889 in August 2011.
- The euro currency continued its downward trend in March and was weaker against all major currencies. The €/£ rate moved from 1.12 to 1.07 over the month.

## Equity & Bond % Returns



This graph shows the performance of the major equity markets over the month of March. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over 5 Year Euro Government Bond Index.

# Zurich Life Annualised Performance to 1st April 2015

	Year to Date	Annualised						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Pathway Multi-Asset Funds								
Pathway <span>2</span>	2.2%	4.7%	N/S	N/S	N/S	N/S	N/S	43,874,529
Pathway <span>3</span>	5.3%	11.3%	N/S	N/S	N/S	N/S	N/S	156,577,655
Pathway <span>4</span>	10.3%	23.3%	N/S	N/S	N/S	N/S	N/S	216,273,405
Pathway <span>5</span>	13.9%	30.2%	N/S	N/S	N/S	N/S	N/S	74,465,440
Pathway <span>6</span>	18.0%	24.3%	N/S	N/S	N/S	N/S	N/S	8,188,544
Managed Funds								
Cautiously Managed	<span>8.5%</span>	<span>24.0%</span>	<span>13.8%</span>	<span>9.9%</span>	N/S	N/S	N/S	329,799,374
FinEx Sector Average	5.8%	13.0%	7.1%	5.5%	4.0%	3.3%	4.7%	
Balanced	<span>13.0%</span>	<span>27.6%</span>	<span>17.0%</span>	<span>12.1%</span>	<span>8.1%</span>	<span>5.0%</span>	<span>9.5%</span>	1,775,024,285
FinEx Sector Average	10.8%	22.7%	13.8%	9.8%	5.5%	3.2%	7.5%	
Performance	<span>13.7%</span>	<span>29.0%</span>	<span>17.8%</span>	<span>12.4%</span>	<span>8.2%</span>	<span>4.7%</span>	<span>9.4%</span>	1,360,904,029
Dynamic	<span>14.4%</span>	<span>30.2%</span>	<span>18.5%</span>	<span>13.0%</span>	<span>8.5%</span>	<span>4.6%</span>	<span>9.4%</span>	1,678,772,973
FinEx Sector Average	11.9%	23.5%	13.6%	10.0%	5.6%	3.2%	7.1%	
Protected Funds								
Protected 70	11.7%	22.3%	12.8%	N/S	N/S	N/S	N/S	13,601,853
Protected 80	9.0%	16.3%	9.0%	5.0%	N/S	N/S	N/S	29,555,661
Protected 90	4.7%	7.6%	3.2%	N/S	N/S	N/S	N/S	8,401,361
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.2%	1.3%	<span>2.0%</span>	<span>3.0%</span>	477,409,393
Cash Fund	-0.2%	-0.5%	N/S	N/S	N/S	N/S	N/S	
FinEx Sector Average	0.1%	0.6%	0.2%	0.4%	1.4%	1.8%	2.6%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	2.2%	7.3%	N/S	N/S	N/S	N/S	N/S	4,004,300,000
Global Government Bond (JP Morgan)*	2.0%	8.2%	N/S	N/S	N/S	N/S	N/S	454,200,000
Indexed Eurozone Government Bond (BlackRock)	3.6%	13.4%	8.5%	N/S	N/S	N/S	N/S	8,151,912
Active Fixed Income	<span>6.4%</span>	<span>20.7%</span>	<span>12.4%</span>	<span>9.1%</span>	<span>6.9%</span>	<span>7.4%</span>	N/S	340,892,985
Inflation-Linked Bond	4.7%	8.2%	2.9%	N/S	N/S	N/S	N/S	6,114,405
Long Bond	<span>11.3%</span>	<span>32.6%</span>	<span>17.2%</span>	<span>11.5%</span>	<span>7.9%</span>	N/S	N/S	71,967,865
Global Real Return (PIMCO)*	2.5%	8.8%	N/S	N/S	N/S	N/S	N/S	2,900,000,000
Emerging Local Currency Debt (Pictet)*	<span>8.5%</span>	<span>13.5%</span>	N/S	N/S	N/S	N/S	N/S	5,515,679,412
FinEx Sector Average	5.2%	14.7%	8.8%	6.2%	4.9%	5.3%	6.9%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco) **	2.6%	8.3%	N/S	N/S	N/S	N/S	N/S	–
Income Opportunity (JP Morgan)*	0.5%	-0.6%	N/S	N/S	N/S	N/S	N/S	6,785,000,000
Dyanmic Diversified Growth (BlackRock)	2.3%	5.4%	5.3%	N/S	N/S	N/S	N/S	18,241,571
Diversified Assets	11.0%	21.1%	11.0%	8.9%	N/S	N/S	N/S	14,159,567
Active Asset Allocation	10.1%	23.0%	11.4%	N/S	N/S	N/S	N/S	151,446,189
Commodity Funds								
Gold	11.4%	17.4%	-4.7%	5.2%	N/S	N/S	N/S	45,196,526
Earth Resources	7.1%	-6.5%	-3.2%	-0.9%	N/S	N/S	N/S	8,319,636
Global Commodities	4.9%	-9.1%	-6.4%	-1.1%	N/S	N/S	N/S	15,080,191
CommoditiesPLUS Strategy (PIMCO)*	-3.3%	-25.4%	N/S	N/S	N/S	N/S	N/S	344,100,000
Green Resources	17.4%	8.1%	12.5%	-0.1%	N/S	N/S	N/S	5,047,335
Equity Funds (Global)								
5 Star 5	<span>14.5%</span>	<span>32.2%</span>	<span>16.8%</span>	11.7%	<span>7.4%</span>	N/S	N/S	243,685,399
International Equity	<span>14.4%</span>	<span>33.6%</span>	<span>19.3%</span>	<span>14.0%</span>	<span>9.2%</span>	<span>3.8%</span>	N/S	648,583,158
Global Select (Threadneedle)	<span>15.5%</span>	<span>35.8%</span>	<span>18.9%</span>	<span>14.3%</span>	<span>9.6%</span>	N/S	N/S	10,977,945
Global Equity (MFS Meridian)*	<span>14.6%</span>	<span>34.7%</span>	N/S	N/S	N/S	N/S	N/S	5,265,300,000
Indexed Global Equity (BlackRock)	<span>15.2%</span>	<span>33.2%</span>	<span>19.8%</span>	N/S	N/S	N/S	N/S	88,373,151
FinEx Sector Average	13.9%	29.2%	16.6%	12.4%	7.1%	2.2%	7.4%	

Source: Financial Express as at 01/04/2015

The Financial Express sector averages shown are the average of all funds in each of the Financial Express sectors in the individual pensions category.

**Annual management charges (AMC) apply. The fund returns shown are net of the AMC deducted by Zurich Life in our unit prices. 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.**

\* External fund size: Where external funds have been on the Zurich platform for less than two years, we have used the fund size of the underlying external fund.

N/S = Not Started.

Figures highlighted in blue indicate where the Zurich Life fund has outperformed the sector average.

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Equity Funds (European)								
Euro Markets Fund (BlackRock)*	21.8%	12.5%	N/S	N/S	N/S	N/S	N/S	3,188,420,000
5 Star 5 Europe	19.2%	28.4%	23.1%	14.4%	9.7%	N/S	N/S	120,913,981
European Select (Threadneedle)	21.7%	31.7%	21.7%	18.4%	11.3%	N/S	N/S	22,876,472
Small Cap Europe (Pictet)*	19.3%	15.9%	N/S	N/S	N/S	N/S	N/S	325,160,760
FinEx Sector Average	18.7%	21.5%	18.8%	11.8%	7.7%	2.9%	8.2%	
Equity Funds (Eurozone)								
Eurozone Equity	19.1%	20.5%	20.3%	12.3%	9.8%	N/S	N/S	85,331,510
Europe ex-UK Index (BlackRock)	19.1%	22.0%	18.8%	11.0%	N/S	N/S	N/S	3,689,822
Indexed Eurozone Equity (BlackRock)	19.5%	20.1%	18.2%	N/S	N/S	N/S	N/S	1,609,563
FinEx Sector Average	17.1%	18.1%	17.1%	9.7%	5.4%	2.4%	7.7%	
Equity Funds (Irish)								
Irish Equity	17.5%	21.8%	25.0%	17.3%	3.3%	N/S	N/S	17,531,222
FinEx Sector Average	15.3%	21.9%	22.8%	14.8%	1.8%	2.6%	7.8%	
Equity Funds (American)								
5 Star 5 Americas	10.8%	38.2%	21.2%	15.8%	10.2%	N/S	N/S	71,685,545
American Select (Threadneedle)	13.7%	36.8%	21.0%	18.1%	10.7%	N/S	N/S	19,566,466
FinEx Sector Average	12.2%	39.1%	21.9%	17.5%	9.1%	2.9%	7.5%	
Equity Fund (UK)								
UK Growth (M&G)*	11.7%	21.1%	N/S	N/S	N/S	N/S	N/S	808,330,000
UK Index (BlackRock)	11.6%	20.5%	13.8%	11.2%	N/S	N/S	N/S	2,336,078
FinEx Sector Average	12.1%	17.3%	13.7%	11.4%	6.4%	1.9%	6.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	17.7%	28.4%	12.5%	7.8%	8.0%	N/S	N/S	94,142,095
Asia Pacific Equity	16.6%	28.1%	12.6%	N/S	N/S	N/S	N/S	8,104,879
FinEx Sector Average	16.0%	29.4%	11.5%	8.7%	9.2%	5.6%	6.3%	
Equity Funds (Japan)								
Japan Index (BlackRock)	23.2%	42.5%	16.8%	10.3%	N/S	N/S	N/S	5,646,786
FinEx Sector Average	22.7%	40.9%	16.3%	10.2%	4.1%	-0.3%	1.4%	
Equity Funds (High Yield)								
Dividend Growth	15.9%	34.8%	21.5%	16.6%	N/S	N/S	N/S	244,105,649
Global Dividend (M&G)*	11.0%	20.1%	N/S	N/S	N/S	N/S	N/S	8,759,450,000
FinEx Sector Average	13.9%	29.2%	16.6%	12.4%	7.1%	2.2%	7.4%	
Equity Funds (Emerging Market)								
India Equity	20.6%	52.4%	16.0%	5.7%	N/S	N/S	N/S	19,849,027
Emerging Markets Opportunities (JP Morgan)*	13.1%	28.3%	N/S	N/S	N/S	N/S	N/S	2,688,100,000
FinEx Sector Average	13.3%	29.7%	7.1%	3.3%	11.4%	N/S	N/S	
Equity Funds (Specialist)								
Top Tech 100	15.5%	55.3%	25.6%	23.1%	13.6%	N/S	N/S	33,205,280
FinEx Sector Average	9.8%	14.6%	7.7%	5.0%	4.5%	-0.3%	4.0%	
Property Funds								
European (Ex-UK) Property	19.9%	38.6%	19.6%	13.0%	N/S	N/S	N/S	33,850,908
Global Property Equities (Henderson Horizon)*	15.2%	42.8%	N/S	N/S	N/S	N/S	N/S	830,000,000
Australasia Property	14.5%	43.3%	17.2%	12.0%	N/S	N/S	N/S	20,940,967
FinEx Sector Average	5.1%	17.8%	8.8%	5.3%	0.3%	3.5%	7.4%	
Funds Closed to New Business								
Eurozone Property	19.5%	37.5%	19.5%	11.5%	N/S	N/S	N/S	26,755,342
Global Emerging Markets Equity (Aberdeen)*	16.0%	28.0%	N/S	N/S	N/S	N/S	N/S	7,992,787,649

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PIMCO



J.P.Morgan  
Asset Management



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