April 2017

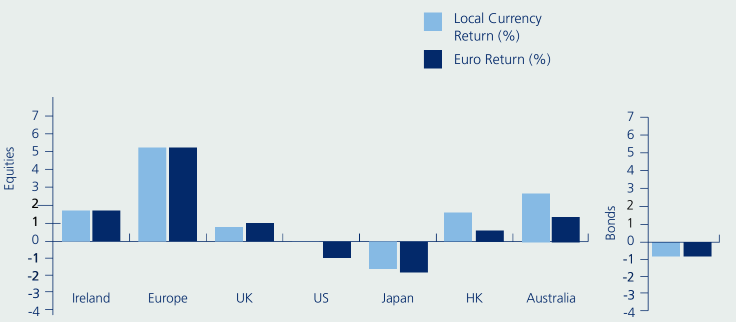
Monthly Investment Review

Equity markets overall were flat in March following a sharp rally during the previous month. The US market treaded water as investors closely watched the new US administration's attempts to push ahead with policy action, especially in relation to proposed corporation tax cuts. The failure to get healthcare reform through Congress did not help. Strategists have yet to revise up earnings per share (eps) estimates for the US market on the back of proposed tax cuts. European equities were up strongly as they played catch-up with the US. They were also supported by stronger economic data and the assumption that the French National Front Party may be losing election momentum. Equities remain well valued on a relative basis compared to bonds and cash, although they have become more expensive on an absolute (P/E ratio) basis. Eurozone government bonds offer little long term value and have come under some pressure in the last eight months.

Equity Markets

- Equities (in euro terms) were little changed in March as market participants continued to assess US policy action as well as the likely number of US rate rises during 2017. Given that markets are somewhat 'overbought', as well as the US administration's difficulties with healthcare reform, equities may struggle somewhat in the short term.
- World equities (in euro terms) rose 0.5% in March, and have given a total return of 5.4% in the first quarter of the year. There was a mixed bag of returns amongst the major equity markets in local currency terms in March ranging from + 5.2% in Europe to -1.5% in Japan. Year-to date, Hong Kong (+9.6%), Europe (+6.7%) and the US (+5.5%) have led the way.
- Sectorwise in the US, a number of economically sensitive areas, such as technology (+2.5%) and consumer discretionary (+1.9%), outperformed in March. Financials (-2.9%) underperformed on the back of some profit-taking. Year-to-date, the best performing sector has been technology (+12.2%), the worst energy (-7.3%).

Equity & Bond % Returns - March 2017



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. Source: Bloomberg, April 2017.

Bonds & Interest Rates

- The Merrill Lynch Euro over Five Year Index fell by 0.8% in February and is now down by 2.3% year-to-date. Bond prices have suffered materially in the last eight months. Eurozone bonds had been supported up to the middle of July of last year by economic growth concerns and increased quantitative easing. However, they are now facing an environment of higher US rates, the prospect of a reflationary US economic policy and concerns over upcoming general elections in some eurozone countries.
- The German ten-year bond yield rose over the month from 0.21% to 0.33%. The yield had hit an all-time low of minus 0.19% on 8th July 2016. Equivalent US rates remained at 2.39%. Yields in the US reached a 2016 low of 1.36%, also on 8th July, and have risen due to the expectation of further interest rate rises and the likely change in US economic policy by the new administration.
- The markets now expect at least one further US rate rise, of 0.25%, during 2017 following on from the move on 15th March. Eurozone rates are likely to remain at current ultra-low levels for at least 12 months.

Commodities & Currencies

- Commodity prices overall were down by 2.5% during March and are down 3.4% so far this year. After an almost 50% rally in 2016 and a relatively quiet January and February, the oil price fell by 6% in March.
- The gold price fell slightly during the month to $1,247 per troy ounce, following a 9% rally in the first two months of 2017. The price of copper, the world's most widely used metal after iron and aluminium, fell back by 1.9% during the month.

Richard Temperley
Head of Investment Development

Activity

Equity positions were reduced towards the end of March with the proceeds invested in short-dated bonds. The fund managers are taking some risk off the table given the strong move over the last six months. Profits were taken in the US and Japan. Despite this reduction, the multi-assets funds remain overweight in equities based on the relative valuation argument. Country positions were broadly maintained during the month with the exception of Japan which moved from overweight to neutral. Sector positions had been altered somewhat in February with the fund managers becoming slightly more defensive. The funds are overweight technology and industrials and underweight consumer staples and telecoms.

Asset Class		Positive	Neutral	Negative
Equities	North America	✓		
	Europe	✓		
	Japan		✓	
	UK			✓
	Asia-Ex Japan	✓		
Fixed Income	Eurozone			✓
	US			✓
	UK		✓	
Currencies	USD	✓		
	GBP		✓	
	YEN		✓	
Alternatives	Oil	✓		
	Gold		✓	
	Copper	✓		
	Global Property			✓

Zurich Life Annualised Performance to 1st April 2017

	Year to Date	Annualised						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Prisma Multi-Asset Funds+								
Prisma 2	0.3%	2.0%	1.8%	Not Started	Not Started	Not Started	Not Started	139,384,227
Prisma 3	1.3%	6.1%	4.6%	Not Started	Not Started	Not Started	Not Started	496,454,171
Prisma 4	3.1%	13.7%	9.5%	Not Started	Not Started	Not Started	Not Started	527,568,730
Prisma 5	4.3%	20.0%	12.1%	Not Started	Not Started	Not Started	Not Started	182,302,489
Prisma 6	5.0%	21.3%	9.4%	Not Started	Not Started	Not Started	Not Started	19,508,489
Managed Funds								
Cautiously Managed	2.2%	9.0%	9.3%	9.2%	Not Started	Not Started	Not Started	396,936,640
FinEx Sector Average	1.8%	6.2%	5.0%	4.7%	2.6%	3.4%	4.3%	
Balanced	3.7%	13.9%	11.2%	11.5%	5.4%	6.3%	7.6%	1,674,680,897
FinEx Sector Average	2.6%	10.0%	8.2%	8.8%	2.9%	3.9%	5.7%	
Performance	4.5%	17.2%	12.0%	12.2%	5.1%	6.4%	7.5%	1,378,213,305
Dynamic	5.1%	19.5%	12.9%	12.9%	5.3%	6.5%	7.5%	1,597,689,338
FinEx Sector Average	3.5%	13.0%	9.4%	9.2%	3.3%	4.1%	5.7%	
Protected Funds								
Protected 70	3.3%	10.2%	6.9%	7.5%	Not Started	Not Started	Not Started	15,019,878
Protected 80	2.0%	5.5%	4.2%	4.7%	Not Started	Not Started	Not Started	33,914,876
Protected 90	0.2%	0.1%	0.7%	0.9%	Not Started	Not Started	Not Started	13,044,942
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.0%	0.9%	1.4%	2.3%	313,816,001
Cash Fund	-0.3%	-0.8%	-0.6%	-0.5%	0.4%	Not Started	Not Started	366,241,890
FinEx Sector Average	-0.1%	-0.2%	0.2%	0.1%	1.0%	1.3%	2.0%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	0.7%	1.4%	2.7%	Not Started	Not Started	Not Started	Not Started	5,385,018,713
Global Government Bond (JP Morgan)*	-0.3%	-2.1%	2.5%	Not Started	Not Started	Not Started	Not Started	432,734,266
Indexed Eurozone Government Bond (BlackRock)	-0.6%	-1.8%	3.8%	4.7%	Not Started	Not Started	Not Started	8,076,225
Active Fixed Income	-1.5%	-2.0%	5.8%	6.8%	6.2%	6.3%	7.3%	179,095,702
Inflation-Linked Bond	-3.0%	-0.8%	1.2%	0.9%	Not Started	Not Started	Not Started	5,436,663
Long Bond	-3.4%	-4.8%	7.6%	8.6%	6.7%	Not Started	Not Started	53,985,272
Global Real Return (PIMCO)*	1.6%	6.9%	4.2%	Not Started	Not Started	Not Started	Not Started	2,430,842,408
Emerging Local Currency Debt (Pictet)*	2.6%	10.0%	4.9%	Not Started	Not Started	Not Started	Not Started	5,054,536,683
FinEx Sector Average	-0.9%	0.0%	4.1%	4.8%	4.0%	4.6%	5.5%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco) *	1.3%	3.3%	Not Started	Not Started	Not Started	Not Started	Not Started	5,860,000,000
Income Opportunity (JP Morgan)*	0.7%	6.4%	0.8%	Not Started	Not Started	Not Started	Not Started	3,715,445,557
Dynamic Diversified Growth (BlackRock)	2.4%	1.5%	0.4%	2.3%	Not Started	Not Started	Not Started	16,527,720
Diversified Assets	1.4%	11.7%	6.5%	6.4%	Not Started	Not Started	Not Started	14,538,273
Active Asset Allocation	3.2%	14.0%	9.3%	8.0%	Not Started	Not Started	Not Started	240,890,165
Commodity Funds								
Gold	5.8%	6.9%	6.9%	-2.1%	Not Started	Not Started	Not Started	38,433,894
Earth Resources	0.3%	10.3%	-8.2%	-5.6%	Not Started	Not Started	Not Started	5,768,898
Global Commodities	-4.1%	19.2%	-6.9%	-6.2%	-4.9%	Not Started	Not Started	14,932,124
CommoditiesPLUS Strategy (PIMCO)*	-1.2%	10.1%	-14.5%	Not Started	Not Started	Not Started	Not Started	431,802,103
Green Resources	7.2%	9.9%	-3.7%	3.3%	Not Started	Not Started	Not Started	3,962,323
Equity Funds (Global)								
5 Star 5	4.3%	18.0%	12.6%	11.4%	4.5%	6.6%	Not Started	213,662,689
International Equity	5.3%	22.0%	14.4%	13.7%	6.7%	6.1%	9.4%	1,071,994,171
Global Select (Threadneedle)	5.1%	19.7%	14.7%	13.3%	7.0%	6.0%	Not Started	6,688,452
Global Equity (MFS Meridian)*	4.8%	20.3%	14.3%	Not Started	Not Started	Not Started	Not Started	5,494,540,610
Indexed Global Equity (BlackRock)	2.8%	22.6%	14.2%	13.9%	Not Started	Not Started	Not Started	116,862,859
FinEx Sector Average	4.7%	17.8%	11.7%	11.3%	4.7%	4.1%	6.0%	

Source: Financial Express as at 01/04/2017

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.

+ The Prisma Multi-Asset Funds were previously known as the Pathway Multi-Asset Funds.

* 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)*	5.0%	16.3%	5.9%	Not Started	Not Started	Not Started	Not Started	3,027,165,266
5 Star 5 Europe	6.8%	18.6%	12.3%	15.6%	5.1%	Not Started	Not Started	108,864,875
European Select (Threadneedle)	6.8%	12.8%	9.6%	12.5%	6.7%	7.2%	Not Started	11,815,003
Small Cap Europe (Pictet)*	5.5%	15.3%	9.1%	Not Started	Not Started	Not Started	Not Started	216,707,939
FinEx Sector Average	5.8%	13.0%	7.7%	11.5%	3.6%	4.7%	7.4%	
Equity Funds (Eurozone)								
Eurozone Equity	7.2%	20.6%	8.3%	12.9%	5.1%	Not Started	Not Started	76,150,674
Europe ex-UK Index (BlackRock)	7.3%	18.7%	7.8%	11.5%	3.1%	Not Started	Not Started	3,547,150
Indexed Eurozone Equity (BlackRock)	5.6%	21.8%	7.3%	11.2%	Not Started	Not Started	Not Started	2,922,706
FinEx Sector Average	6.4%	15.1%	7.0%	10.7%	1.9%	3.4%	5.9%	
Equity Funds (Irish)								
Irish Equity	1.5%	6.0%	13.0%	18.3%	-0.1%	Not Started	Not Started	16,124,110
FinEx Sector Average	1.7%	1.8%	9.9%	15.0%	-2.0%	3.2%	5.6%	
Equity Funds (American)								
5 Star 5 Americas	0.9%	26.5%	17.1%	15.7%	9.0%	Not Started	Not Started	65,899,815
American Select (Threadneedle)	4.1%	27.3%	17.4%	15.9%	9.9%	5.9%	Not Started	12,902,055
FinEx Sector Average	4.5%	23.8%	17.1%	15.9%	8.6%	4.9%	6.8%	
Equity Fund (UK)								
UK Growth (M&G)*	3.9%	8.5%	4.4%	Not Started	Not Started	Not Started	Not Started	599,400,000
UK Index (BlackRock)	3.8%	14.0%	5.5%	7.5%	2.6%	Not Started	Not Started	2,238,655
FinEx Sector Average	3.9%	9.8%	4.4%	7.3%	2.3%	3.1%	4.3%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	12.8%	25.9%	12.8%	9.7%	3.5%	Not Started	Not Started	76,492,238
Asia Pacific Equity	11.7%	27.1%	11.2%	8.9%	Not Started	Not Started	Not Started	9,681,169
FinEx Sector Average	11.1%	24.0%	9.4%	7.0%	4.7%	6.3%	5.9%	
Equity Funds (Japan)								
Japan Index (BlackRock)	3.2%	21.6%	14.5%	10.9%	2.4%	Not Started	Not Started	3,252,985
FinEx Sector Average	3.7%	20.6%	14.0%	10.6%	1.8%	2.4%	2.9%	
Equity Funds (High Yield)								
Dividend Growth	4.2%	24.3%	14.7%	14.9%	5.5%	Not Started	Not Started	236,795,390
Global Dividend (M&G)*	2.4%	24.4%	9.8%	Not Started	Not Started	Not Started	Not Started	6,987,660,000
FinEx Sector Average	4.7%	17.8%	11.7%	11.3%	4.7%	4.1%	6.0%	
Equity Funds (Emerging Market)								
India Equity	16.5%	23.5%	14.6%	9.1%	Not Started	Not Started	Not Started	12,786,669
Emerging Markets Opportunities (JP Morgan)*	10.4%	31.0%	9.1%	Not Started	Not Started	Not Started	Not Started	1,955,258,775
FinEx Sector Average	10.9%	24.0%	9.5%	4.4%	3.9%	4.9%	Not Started	
Equity Funds (Specialist)								
Top Tech 100	10.3%	29.8%	25.5%	20.3%	14.6%	7.7%	Not Started	40,849,810
FinEx Sector Average	3.9%	13.2%	4.8%	4.6%	1.8%	1.6%	3.3%	
Property Funds								
Fund of REITs	0.0%	-1.9%	Not Started	Not Started	Not Started	Not Started	Not Started	15,000,499
European (Ex-UK) Property	1.2%	2.0%	12.4%	11.9%	Not Started	Not Started	Not Started	45,726,185
Global Property Equities (Henderson Horizon)*	-0.5%	7.9%	13.8%	Not Started	Not Started	Not Started	Not Started	418,042,456
Australasia Property	7.3%	15.4%	15.2%	11.4%	Not Started	Not Started	Not Started	37,105,891
FinEx Sector Average	0.5%	2.3%	8.1%	6.7%	-2.8%	2.8%	6.4%	
Funds Closed to New Business								
Eurozone Property	1.5%	1.8%	11.9%	11.7%	0.0%	Not Started	Not Started	20,283,213
Global Emerging Markets Equity (Aberdeen)*	9.3%	24.5%	10.2%	Not Started	Not Started	Not Started	Not Started	6,294,244,874

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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