



Prisma Multi-Asset Funds - Monthly Report

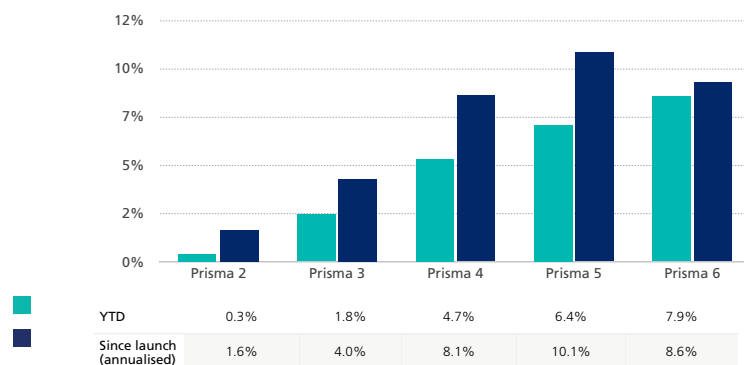
Equity markets overall paused for breath in November, following a particularly impressive run, although the influential US market was up strongly. Equities have been supported by good economic growth data and the expectation of continued strong corporate earnings. The predominant factor that has been affecting eurozone investors in 2017 has been the strength of the euro currency and the break-out on the upside of the euro dollar rate from its 30-month trading range (1.05 -1.15). It is now sitting at 1.18 having hit a 2017 high of 1.20 during September. This currency move has had the effect of significantly eroding local currency gains in international markets for eurozone investors. The euro's strength during 2017, a rise of c.12% against the US dollar, has been due to good eurozone economic data and plans by the ECB to taper 'quantitative easing' in 2018 – from €60bn to €30bn of purchases per month. Market participants continue to assess the pace of interest rate rises in the US – a fourth rate rise (of 0.25%) in the cycle is almost certain in mid-December. 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 continue to offer little long-term value.

Activity

Equity positions were maintained towards the upper end of ranges during November in all of the multi-asset portfolios given the stronger economic outlook and the expectation of continued good corporate earnings; as well as the relative value argument. With regards to geographic positions the main overweights are in Europe, Asia (ex-Japan) and Ireland. The UK has been underweight benchmark for some time. The US has more recently been reduced to slightly underweight. It should be noted that the US represents 52% of the global equity index in market capitalisation terms. Sector positions were also broadly maintained during the month. The funds are positively biased towards industrials and healthcare and negatively biased towards real estate and telecoms. Some profits were taken in technology stocks. Bond positions are towards the bottom of ranges whilst the duration of the remaining bonds is low.

Equity & Bond Markets

- World equities (in euro terms) fell by 0.3% in November and have given a total return of 8.0% in the first eleven months of the year. Local currency returns, in general, have been much stronger year-to-date as economic and corporate earnings data continues to be supportive, whilst global interest rates and inflation remain at relatively low levels. There was a mixed bag of returns from the major equity markets in local currency terms during the month ranging from minus 2.2% in the UK to plus 3.3% in Hong Kong. European equities saw some profit-taking after a strong run. So far this year, Hong Kong (+32.6%), the US (+18.3%) and Japan (+18.0%) have led the way. The US S&P 500 Index is now up for 13 consecutive months.
- The Merrill Lynch over Five Year Euro Government Bond Index rose by 0.6% in November, with little difference between core and peripheral markets; the Index is now up 1.5% year-to-date. Bond prices have been holding up reasonably well this year following sharp declines in H2 2016.
- The German ten-year bond yield was little changed over the month finishing at 0.37%. Equivalent US rates rose slightly from 2.38% to 2.41%.
- Commodity prices generally tend to rise as economic growth expands. In the first eleven months of the year a number of commodity prices have shown a positive return. The overall commodity index rose by 0.9% in November but is showing a negative 1.7% return year-to-date, held back by weakness in foodstuff commodities.



*Source: Zurich Life, 1st December 2017

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.

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			✓

Contributors to performance



- Oil
- Water
- Sovereign Bonds

Detractors from performance



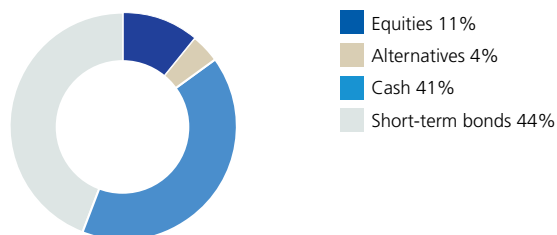
- Gold
- Soft Commodities
- Copper
- World Equities
- Corporate Bonds

Prisma 2

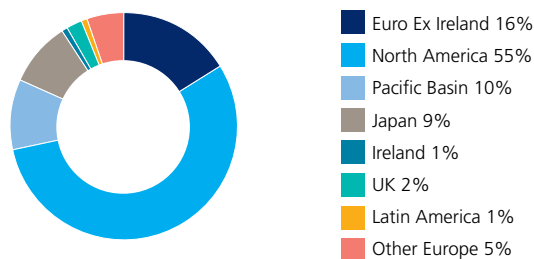
AUM[†]: €170m*

This fund is designed for the more risk averse, defensive investor that is looking for better returns than cash but who still require capital preservation. The fund has a volatility target of 0.5% - 2% over a rolling 5-year period.

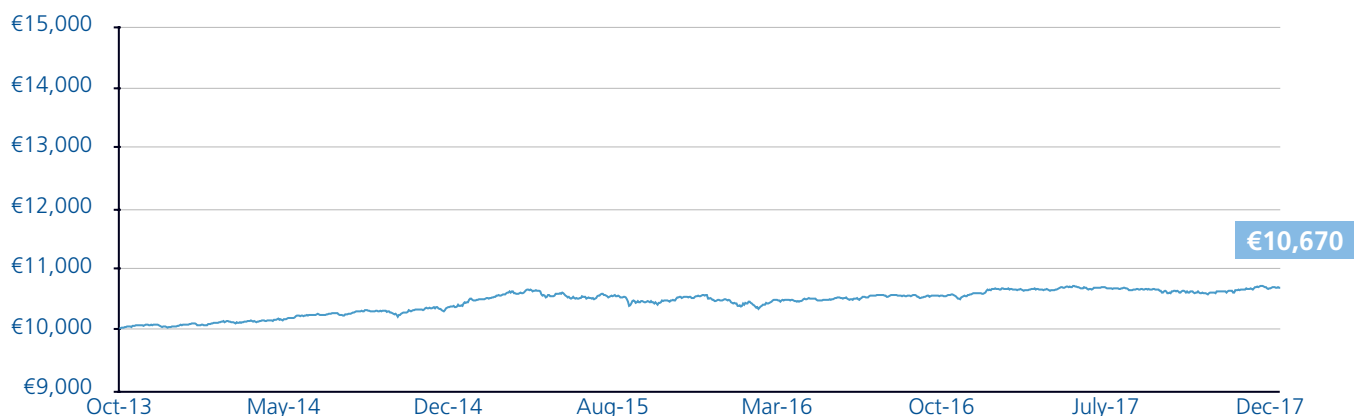
Asset Splits*



Equities*



The growth of the invested €10,000 since launch

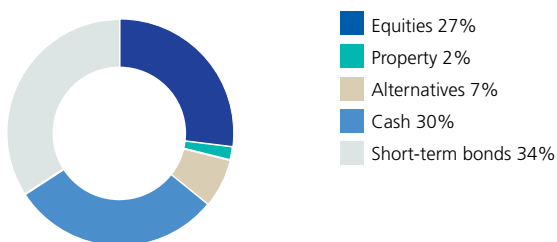


Prisma 3

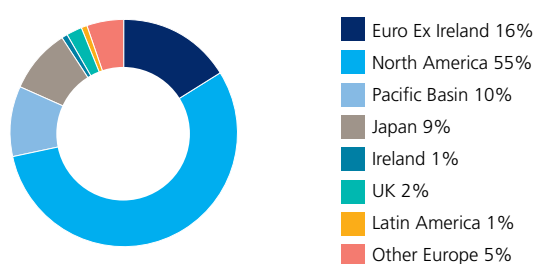
AUM: €679m*

This fund is designed for the cautious investor that is looking for a broadly balanced globally diversified portfolio that is designed to perform throughout differing market conditions. The fund has a volatility target of 2-5% over a rolling 5-year period.

Asset Splits*



Equities*



The growth of the invested €10,000 since launch

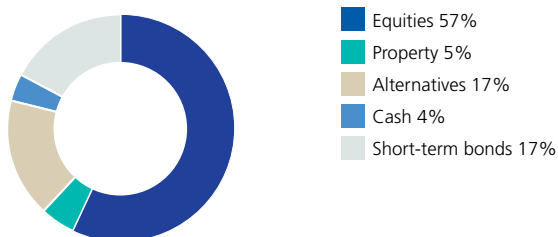


Prisma 4

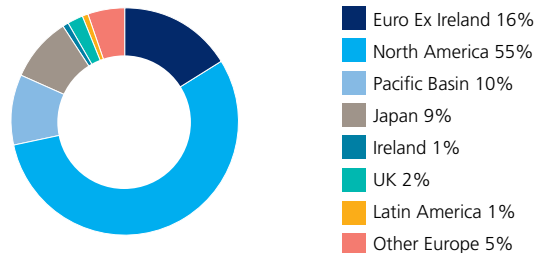
AUM: €753m*

This fund is designed for the growth investor that is looking for a globally diversified portfolio with an emphasis on long-term capital growth. The fund has a volatility target of 5% - 10% over a rolling 5-year period.

Asset Splits*



Equities*



The growth of the invested €10,000 since launch



Prisma 5

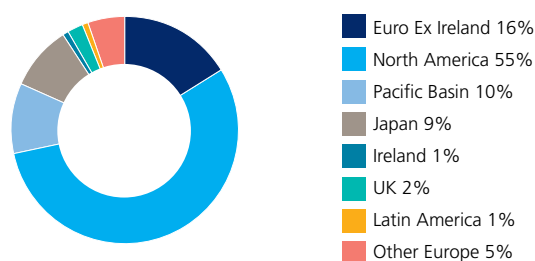
AUM: €287m*

This fund is designed for the investor that is comfortable with a higher level of risk for the potential of higher long-term investment returns. The fund has a volatility target of 10% - 15% over a rolling 5-year period.

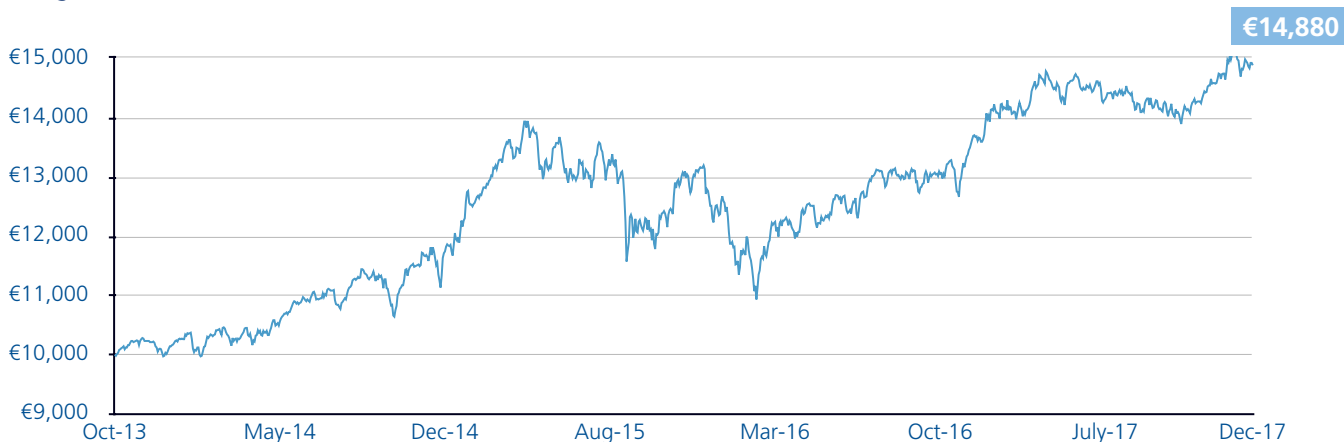
Asset Splits*



Equities*



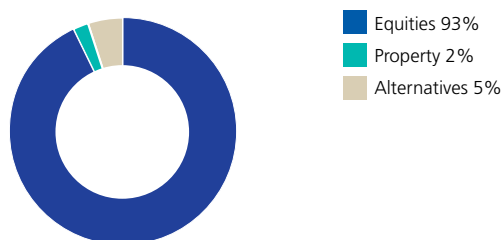
The growth of the invested €10,000 since launch



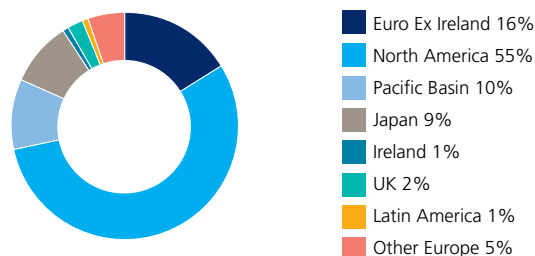
*Source: Zurich Life as at 01/12/2017 †AUM (Assets Under Management)

This fund is designed for the investor that is comfortable with considerable investment risk for the potential of very high long-term investment returns. The fund has a volatility target of 15% - 25% over a rolling 5-year period.

Asset Splits*



Equities*



The growth of the invested €10,000 since launch



*Source: Zurich Life as at 01/12/2017 †AUM (Assets Under Management)

Warning: The value of your investment may go down as well as up.
Warning: Past performance is not a reliable guide to future performance.
Warning: If you invest in this product you may lose some or all of the money you invest.
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