

Quarterly Board Report

Zurich TDF 2025

Zurich Target Date Funds



Market Commentary

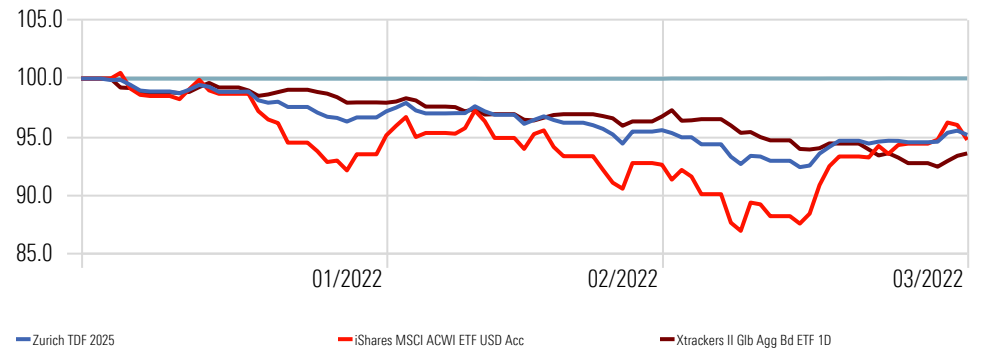
From the opening days of 2022, investors were taken on a wild ride during a first quarter that featured wide swings in stock, bond, and commodity markets around the world. Stocks took a dive as the market reassessed the potential of the Federal Reserve setting out a more aggressive path for interest-rate hikes to help curb inflation that hit a 40-year high. Bond prices slid, sending yields higher. In a knock-on effect of rising yields, some of the stock market's strongest performers in recent years saw share prices fall sharply.

Rising inflation and the invasion of Ukraine were the primary drivers of the pullbacks. For consumers, inflation is increasing faster than wages and is putting pressure on spending plans. Many businesses are facing higher costs for materials, and the war in Ukraine put additional pressure on supply chains that had only just started to untangle in the wake of the COVID crisis. Higher energy prices ranked among the most visible threats. The price for oil rose above \$100 per barrel of West Texas Intermediate crude, up around 70% from a year ago. The Consumer Price Index, a key measure of inflation, jumped in the developed world, with U.S. CPI hitting 7.9% in the 12-month period ending February 2022. In response, central banks announced what it anticipates will be several interest-rate hikes to come this year.

Stocks fell heavily, but made a late recovery to mitigate the pain, marking the first quarterly loss since the COVID-pandemic shook up markets in early 2020. Volatility showed itself in the number of big up or down days, where the quarter was over twice as volatile as the median quarter over the past three years.

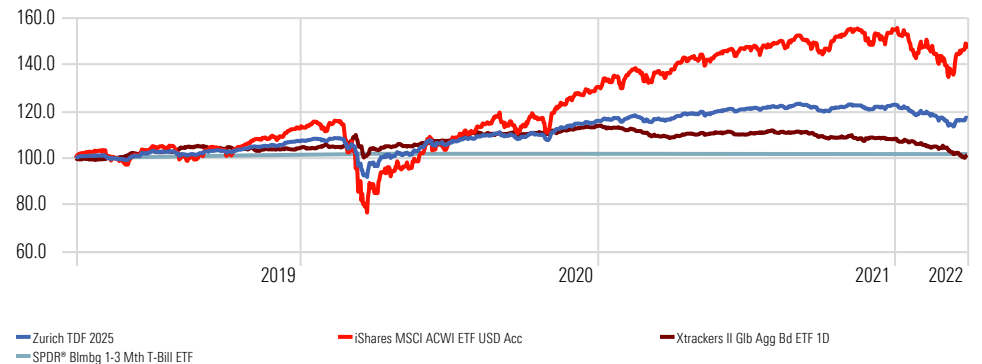
Market Performance (%): Quarter

Time Period: 01/01/2022 to 31/03/2022



Market Performance (%): 3 Year

Time Period: 01/04/2019 to 31/03/2022



Source: Morningstar Direct. The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost. The returns shown assume all dividends and capital gains distributions are reinvested and are net of the underlying holdings' fees and expenses. The Zurich TDF products launched on 03/07/2017.

Portfolio & Performance Review

Portfolio & Attribution Commentary

PORTFOLIO COMMENTARY

Performance was negative in the first quarter of 2022 as Russia's invasion of Ukraine in late February caused a global shock. The grave human implications and the potential need for a faster pace of interest rate hikes to combat higher inflation, weighed on both equities and bonds.

Commodity prices soared given that Russia is a key producer of several important commodities such as oil, gas, and wheat. This contributed to a further surge in inflation as well as supply chain disruptions. Elsewhere, Chinese equities were negatively affected by renewed Covid-19 outbreaks, leading to new lockdowns in some major cities.

In fixed income markets investors focused on safe haven assets as the war began, but as the quarter continued, attention shifted back to the inflationary pressure that is high and still rising. This meant that our government and corporate bond positions fell over the quarter, detracting from overall returns.

ATTRIBUTION COMMENTARY

Top Contributors:

Our overweight exposure to UK equities benefited returns as FTSE 100 large cap equities rose over the quarter, driven by the oil, mining, healthcare and banking sectors. Strength in the banks reflected rising interest rate expectations.

Our underweight exposure to North American stocks benefited returns as US stocks declined. The Russian invasion amplified existing concerns over inflation pressures, particularly through food and energy, although US economic data otherwise remained stable.

Our preference for government bonds rather than corporate bonds benefited returns as investment grade bonds performed poorly as interest rate expectations rose, and credit spreads widened.

Exposure to inflation linked government bonds provided positive returns as inflation expectations rose over the quarter.

Top Detractors:

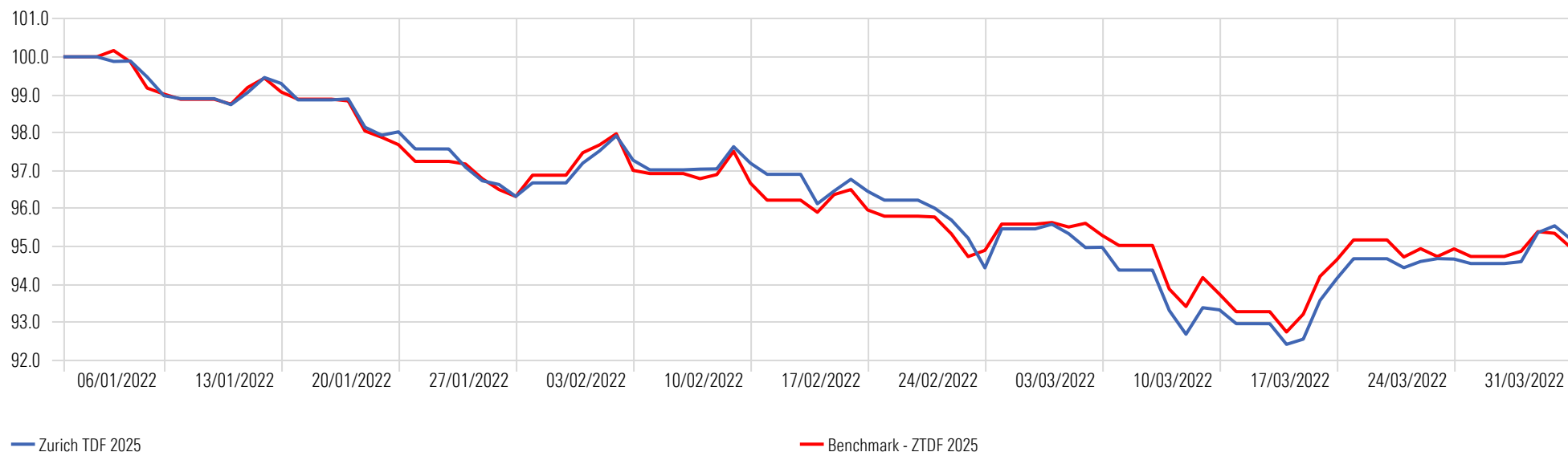
Our overweight position in Japanese equity also struggled over the period as the stock market declined and the yen weakened sharply against all major currencies in March.

Our exposure to global Investment Grade Corporate bonds saw negative returns and wider spreads, underperforming government bonds.

Returns from our exposure to emerging market debt local currency bonds were negative. Local currency bonds were slightly more resilient than hard currency. Among EM currencies, Latin America performed well, the Brazilian real notably, but Asia and central and eastern Europe fell.

Investment Growth (%)

Time Period: 01/01/2022 to 31/03/2022



Trailing Returns (%)

Data Point: Return

	Since Inception (03/07/2017)	3 Years	Quarter	YTD	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
Zurich TDF 2025	25.46	16.94	-4.82	-4.82	0.38	18.68	-1.85	1.72	
Benchmark - ZTDF 2025	30.16	19.24	-5.04	-5.04	-0.01	19.38	-0.10	3.38	8.37

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Portfolio Positioning & Outlook

RECENT CHANGES

No changes were made over the quarter.

POSITIONING UPDATE AND OUTLOOK

For all the attention on stocks, bond performance is perhaps the bigger story. The asset class saw its worst quarter in over 20 years. As stubbornly high inflation had central banks embarking on a path of more aggressive rate increases than was expected at the start of the year, bond investors are facing some of their worst losses in years. Hardest hit were longer-term bonds, which have the greatest sensitivity to interest-rate changes.

Higher yields are good for bond investors buying new bonds, but they hurt the price of bonds that had been trading at lower yields. Another aspect of the bond market's first-quarter selloff was a shrinking gap between long- and short-term government bond yields. The difference between the two began to level out in a trend known as a "flattening yield curve." On the final day of the quarter, the yield on the U.S. Treasury two-year note closed in line with the 10-year, on its way to moving over the 10-year in what is known as an "inverted yield curve." Historically, inverted yield curves have preceded recessions. Another cause for concern.

However, as we look ahead, it is important to remember that the future holds a wide range of possible outcomes and is typified by unyielding complexity that continually defeats those who seek to make confident forecasts. Fortunately, our role as investors is not to forecast the future, but rather to construct portfolios that empower people to reach their goals whatever the economic and market conditions. In every situation, the right approach is to view the future probabilistically and think long term.

As advocates of great investing, we must collectively resist impulsive actions and understand that the road won't be straight. Accepting some volatility is a pre-requisite for good returns in any market, but today's market arguably requires greater care than usual. In our view, this necessitates us to target the best assets for wealth creation and preservation, with careful sizing and smart diversification.

Within equity markets, our allocation is balanced across the different regions. We continue to see the US market as being the least attractive from a relative perspective. We favour markets that offer better value and offer interesting diversification benefits, such as Japan, the UK, or the Global Healthcare sector.

The portfolio holds significant exposure to global bonds, with a preference for US bonds. The fixed income allocation is broadly diversified with significant exposure to more defensive assets such as governments bonds combined with exposures to both investment grade and Emerging Markets debt.

Zurich TDF 2025 - Holdings

Portfolio Date: 31/03/2022

	Portfolio Weighting %	Morningstar Analyst Rating	3 Mth Rtn to Qtr End (%)	YTD Rtn to Qtr End (%)	1 Yr Rtn to Qtr End (%)
Vanguard U.S. Govt Bd Idx \$ Acc	19.50	 Silver	-5.46	-5.46	-3.77
Stt Strt Glbl Trs Bd Idx I USD Acc Hdg	14.10				
iShares US Index (IE) Instl Acc USD	8.90		-4.85	-4.85	15.06
ILF USD Liquidity 4	6.50		-0.01	-0.01	-0.01
PIMCO GIS GllnGd Crdt Instl USD Acc	5.85	 Bronze	-8.17	-8.17	-6.77
iShares US Corp Bd Idx (IE) Instl AccUSD	5.55		-7.09	-7.09	-4.19
Vanguard U.S. 500 Stk Idx \$ Acc	5.00	 Gold	-4.71	-4.71	15.08
GAM Multibond Local Emerging Bond USD C	4.60	Neutral	-2.22	-2.22	-4.51
iShares EmergMkts Idx (IE) Instl Acc USD	4.40		-6.51	-6.51	-11.74
Vanguard Jpn Stk Idx \$ Acc	4.10		-6.63	-6.63	-6.64
PIMCO GIS Glb Lw Dur RI Rt Ins USD Acc	4.00		0.42	0.42	3.81
Fundsmith Equity I Acc	3.50	 Gold	-12.24	-12.24	4.34
Vanguard Global S/T Bd Idx USD H Acc	3.20		-2.87	-2.87	-3.22
iShares UK Index (IE) Instl Acc GBP	2.70		1.53	1.53	13.42
BSF Fixed Income Strategies A2 USD H	2.10	 Bronze	-1.29	-1.29	-1.97
Amundi MSCI EMU ESG Ldrs Sel IHU-C	2.00		-8.67	-8.67	2.09
BGF World Healthscience A2	2.00	Neutral	-3.25	-3.25	10.00
Vanguard European Stock Idx USD Acc	2.00		-7.33	-7.33	3.83

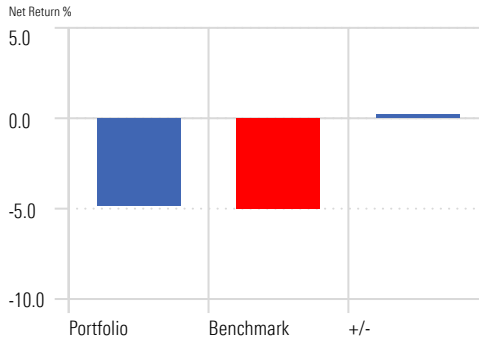
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Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees nor should they be viewed as an assessment of a fund's or the fund's underlying securities' creditworthiness.

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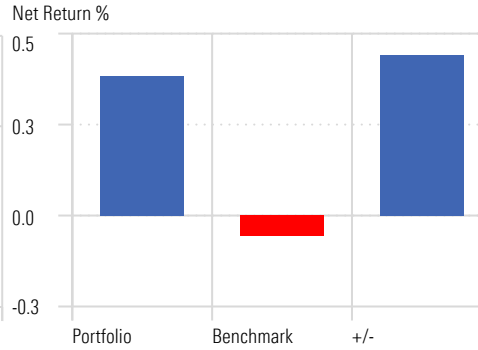
Total Portfolio Returns (%): Quarter

Time Period: 01/01/2022 to 31/03/2022



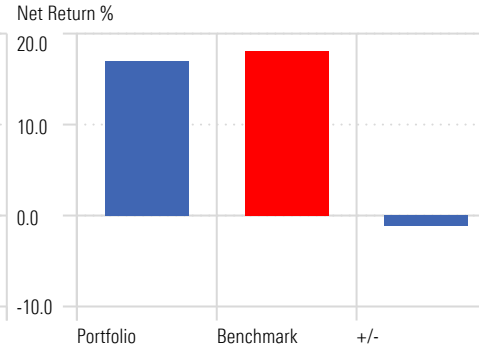
Total Portfolio Returns (%): 1 Year

Time Period: 01/04/2021 to 31/03/2022



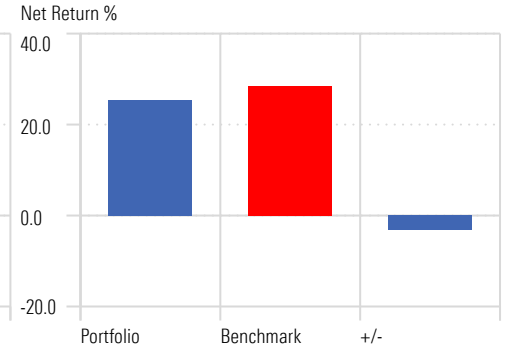
Total Portfolio Returns (%): 3 Year

Time Period: 01/04/2019 to 31/03/2022

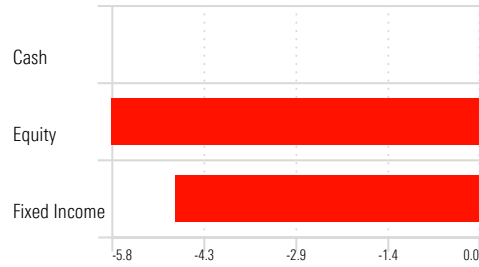


Total Portfolio Returns (%): Since Inception

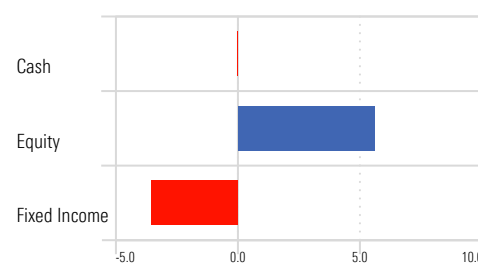
Time Period: 03/07/2017 to 31/03/2022



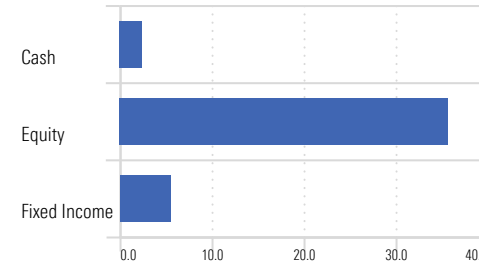
Asset Class Returns (%): Quarter



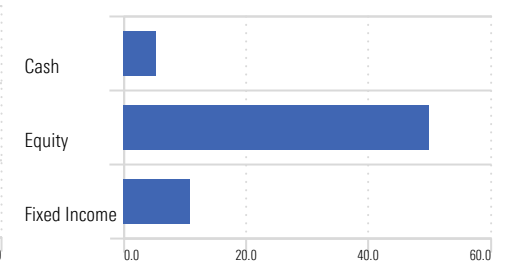
Asset Class Returns (%): 1 Year



Asset Class Returns (%): 3 Year



Asset Class Returns (%): Since Inception



Asset Class Attribution (%): Quarter

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	7.39	6.14	-0.01	0.01	0.00	0.08
Equity	37.62	35.13	-5.78	-5.65	-2.33	-0.08
Fixed Income	50.14	58.73	-4.78	-5.19	-2.49	0.22

Asset Class Attribution (%): 1 Year

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	6.53	5.99	-0.01	-0.07	0.00	0.07
Equity	38.23	36.27	5.58	6.80	2.31	-0.25
Fixed Income	50.57	57.74	-3.53	-4.29	-1.92	0.58

Asset Class Attribution (%): 3 Year

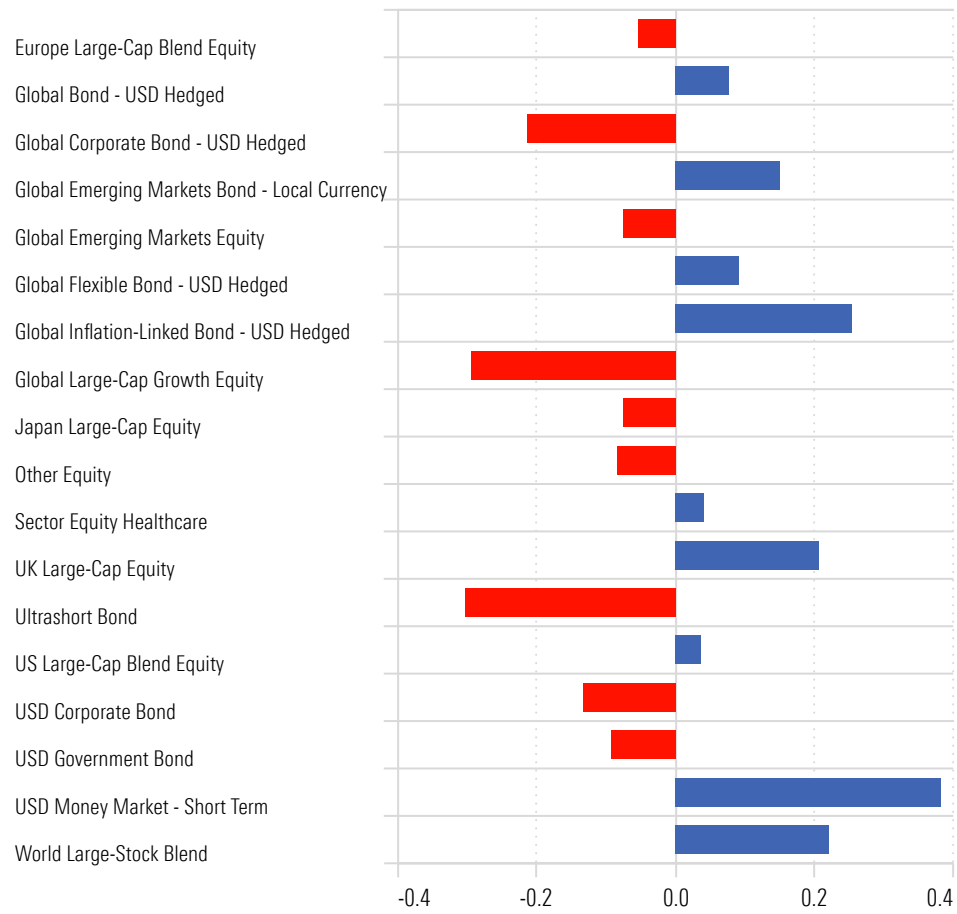
	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	11.50	5.70	2.40	1.81	0.40	-1.19
Equity	37.42	37.53	35.67	46.72	14.70	-3.14
Fixed Income	47.16	56.77	5.53	3.15	1.84	2.02

Asset Class Attribution (%): Since Inception

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	13.14	6.96	5.35	4.57	0.91	-1.86
Equity	37.46	39.03	49.77	66.76	20.23	-5.00
Fixed Income	46.80	54.01	10.82	8.68	4.32	2.11

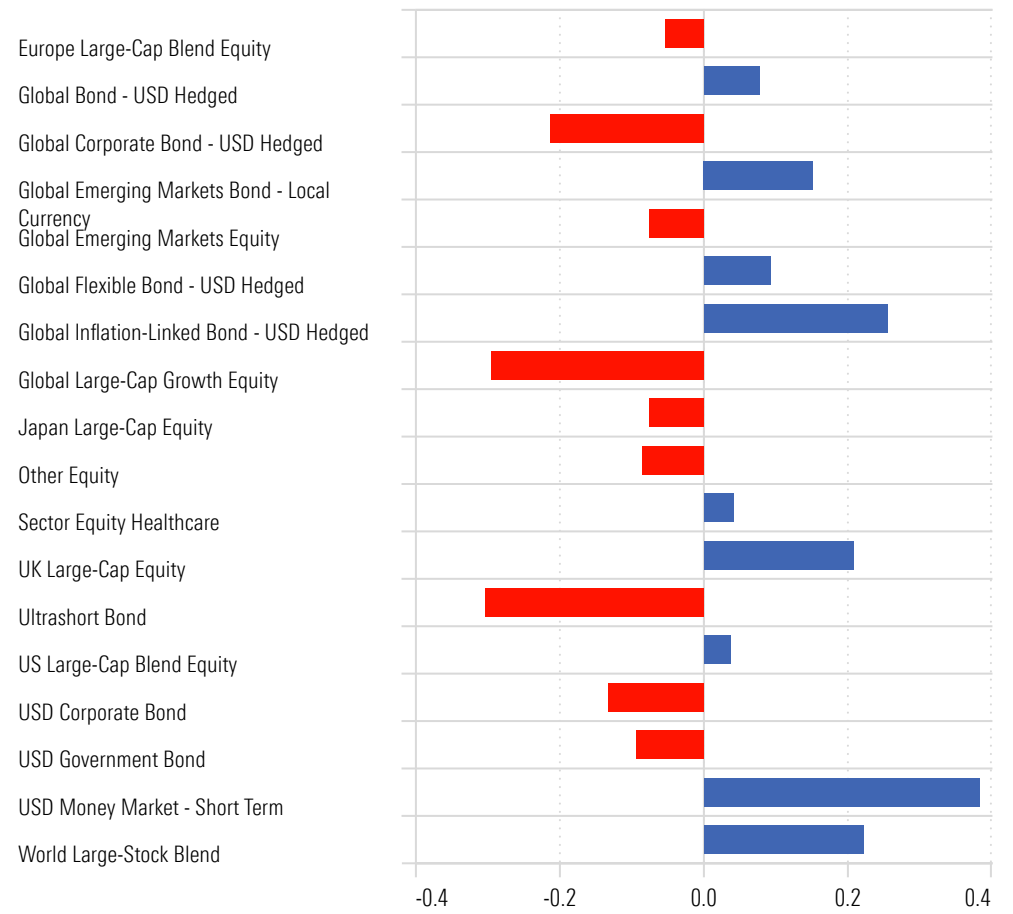
Allocation Effect: (%) : Quarter

Time Period: 01/01/2022 to 31/03/2022



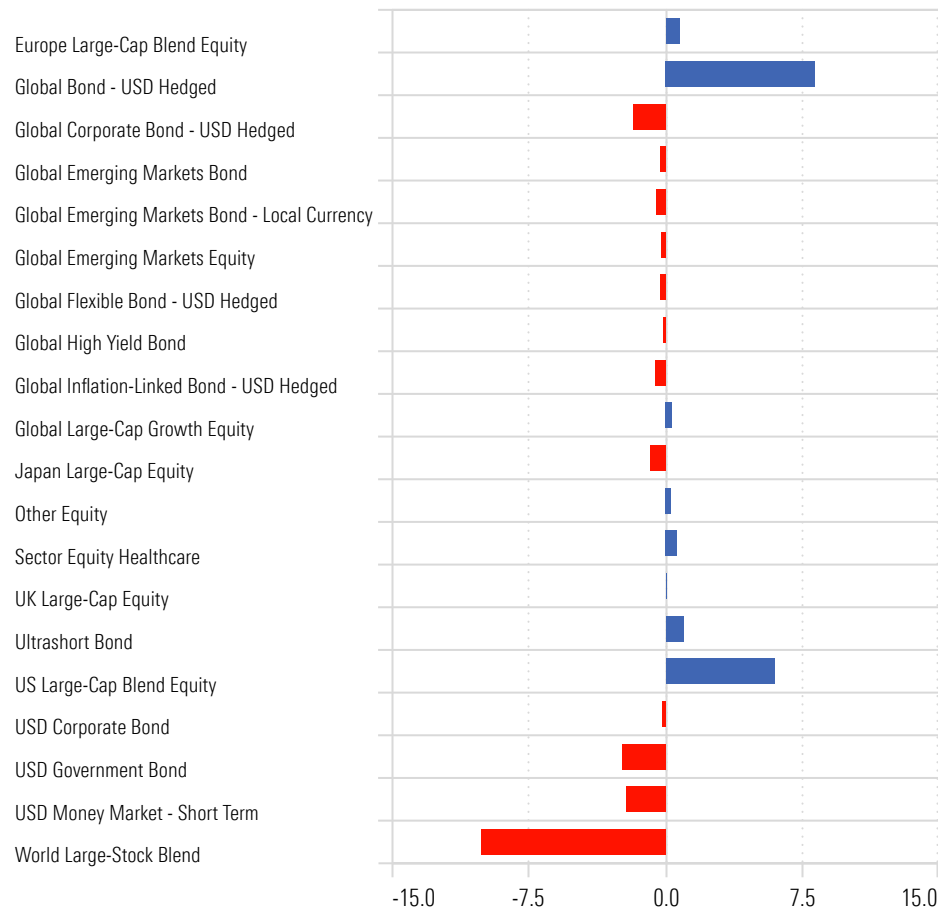
Allocation Effect: (%) : 1 Year

Time Period: 01/01/2022 to 31/03/2022



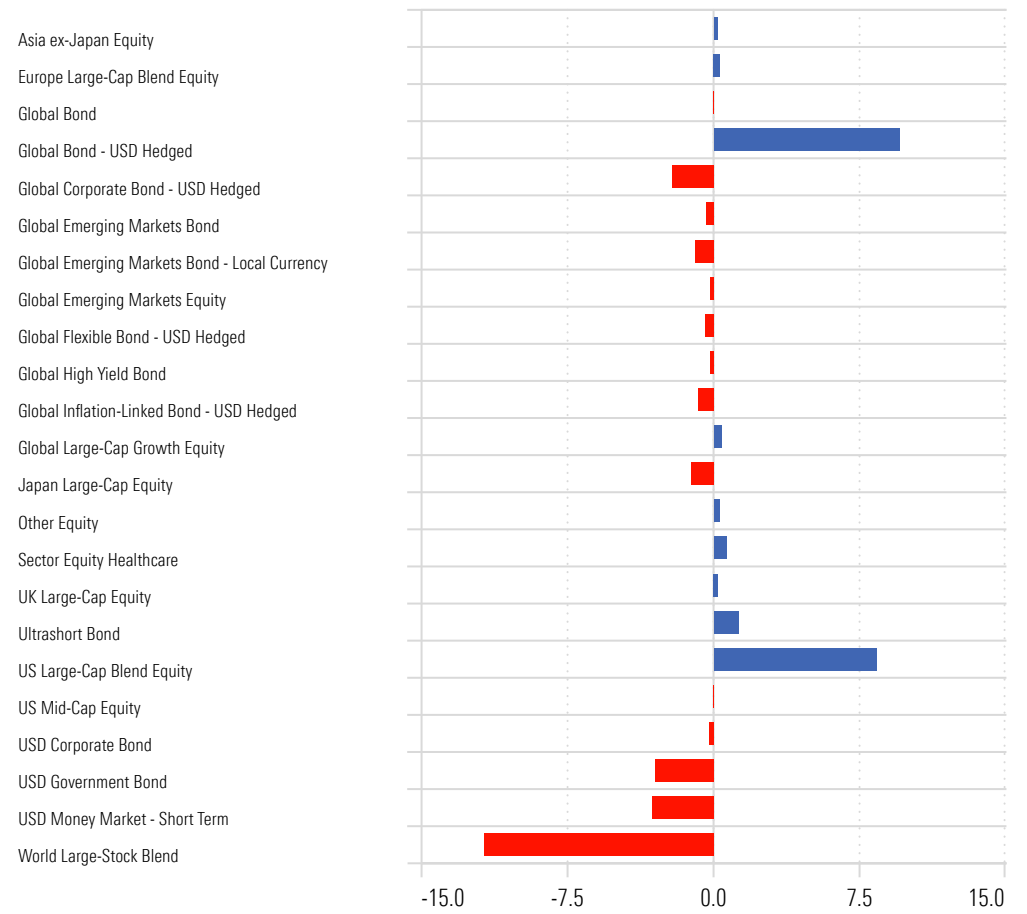
Allocation Effect: (%) : 3 Year

Time Period: 01/04/2019 to 31/03/2022



Allocation Effect: (%) : Since Inception

Time Period: 03/07/2017 to 31/03/2022



Zurich TDF 2025

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