

Quarterly Board Report

Zurich Target Date Funds

Zurich TDF 2025



Market Commentary

Market Commentary:

The second quarter of 2023 saw a wide range of outcomes—generally positive, with some assets remarkably strong—although this was not a synchronized experience.

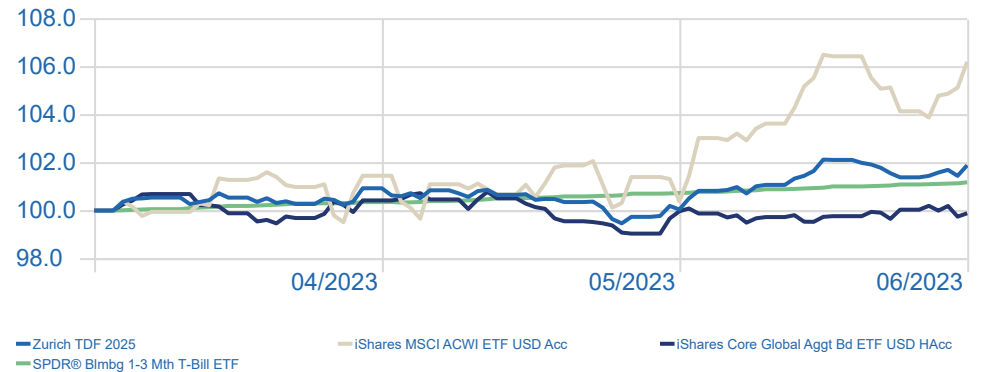
Once again, inflation and interest rates played a prominent role, with inflation retreating at different speeds across the world as interest rates near their expected peaks. Economic resilience was another major theme for the quarter, with stronger than expected growth.

So far, removing the punchbowl hasn't stopped the party. The unwinding of stimulus after a decade of near-zero rates is a complex undertaking, but inflation is coming down and jobs are holding up. Despite clear pressure building in parts of society—especially households and businesses with debt funding needs—a growing base of retirees are embracing higher interest rates.

This contrasts with the original consensus that higher interest rates would tip the economy into recession, knocking indebted companies with no profits out and taking the markets down with it. If anything, the prospect of peak interest rates has supported markets, coupled with a new wave of excitement regarding artificial intelligence.

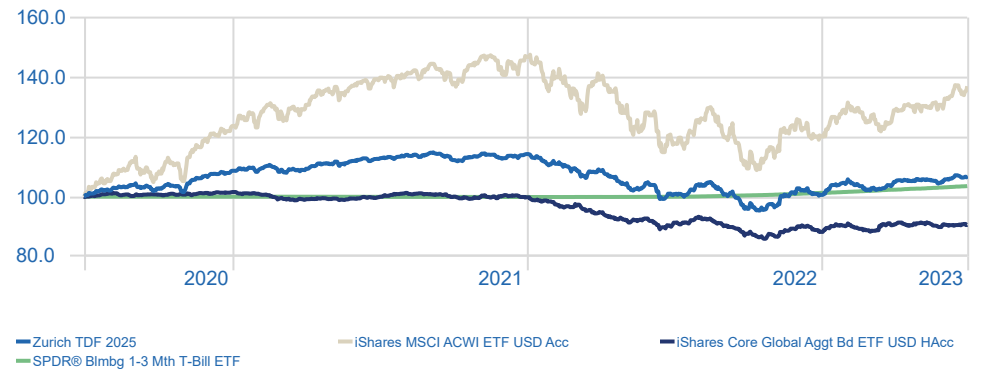
Market Performance (%): Quarter

Time Period: 01/04/2023 to 30/06/2023



Market Performance (%): 3 Year

Time Period: 01/07/2020 to 30/06/2023



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

The hype surrounding artificial intelligence has been extraordinary, specifically regarding natural language processing tools such as ChatGPT. This is driving stocks that may stand to benefit from the unlocking of growth and disruption, as investors wrestle to understand the winners and losers. In part due to this, we witnessed unusually high concentration in a small number of companies dominating the index returns. The “magnificent seven” was a new term coined to celebrate the dominance of a selected few winners.

Resulting from the above, large U.S. growth stocks moved significantly higher, while smaller value stocks lagged. Financials, healthcare, and utilities have all struggled in this environment—but commercial real estate has been the real sore point, with vacancy rates rising and debt issues festering. Yet, for all the talk about stocks, it is defensive assets that have seen the biggest fundamental shift—and higher than usual volatility.

Bonds delivered mixed results in the second quarter, again heavily influenced by changes in rates and inflation. The banking turmoil didn’t roll over into other industries or markets—as feared—creating a tailwind for riskier bonds like corporate high yield. Shorter-dated bonds also held up better than longer-dated bonds.

Investors have clearly moved away from a TINA mentality (there is no alternative) to a TARA mindset (there are reasonable alternatives) with major shifts in the investing landscape.

Among currencies, the big story has been Japanese yen weakness, with relatively low interest rates and inflation persisting in the region. Other major currencies like the US dollar saw only modest movements for the quarter.

Attribution Commentary

Performance was positive over the quarter, with positive contributions from the Cash and Equity positioning.

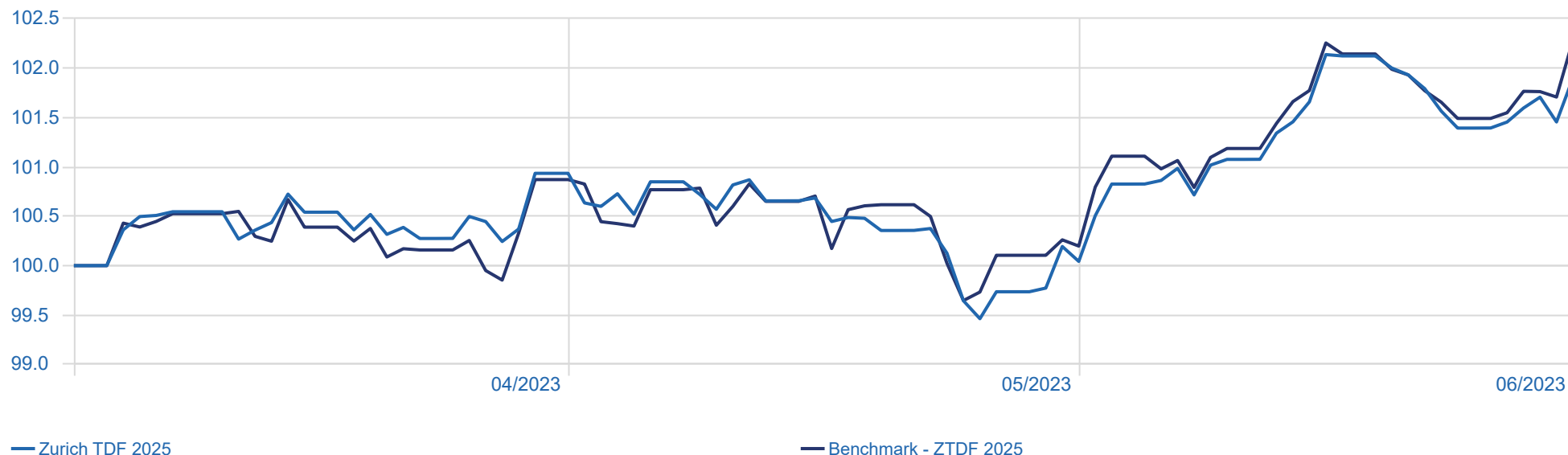
Within Equities, US Equities were amongst the biggest contributors to returns as they benefitted from the strong Growth performance over the quarter. Japan also contributed positively to portfolio returns on the back of strong performance and a relative overweight

position.

Within Fixed Income, the exposure to Emerging Market Local Currency Bonds contributed positively to returns on the back of strong Asset Class performance. On the hand, US government bonds came under pressure and slightly detracted from performance whilst Global Credits were broadly flat.

Investment Growth (%)

Time Period: 01/04/2023 to 30/06/2023



Trailing Returns (%)

Data Point: Return

	Since Inception (03/07/2017)	5 Years	3 Years	Quarter	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019
Zurich TDF 2025	21.95	3.16	6.92	1.90	6.30	6.40	-10.73	12.57	3.90	5.17
Benchmark - ZTDF 2025	25.74	3.66	6.40	2.28	6.63	5.89	-11.17	13.11	5.47	6.63

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Portfolio Positioning & Outlook

Recent Changes

There were no portfolio changes over the quarter.

Positioning Update and Outlook

Given the recent gains, it is healthy to question the likelihood of continued strength. Is it time to batten down the hatches or raise the sail? Markets go up and down, usually supported by the fundamentals of higher profits and economic prosperity beneath them.

Yet, we live in a world of continued uncertainty. Many market commentators are saying this rally marks the start of a new bull market and investors should jump into equities to ride this wave. But others argue it's a bear market rally and investors should get out of stocks while the getting is good.

In our view, the question for investors isn't whether to raise the sails and ride the tailwind of a new bull market, or to batten down the hatches in preparation for a near-term squall, but rather how to best position their portfolios based on today's valuations.

As an investor rather than an economist, and opting for true diversification, we still see merit in multi-asset investing today, with a few selected areas particularly interesting. These are expressed in the portfolios we manage, with sizing and access dependent on the mandate served.

From a positioning standpoint, our allocation remains balanced across the different regions from an Equity perspective. We continue to favour markets that offer better value and offer diversification benefits, such as Japan, the UK, or the Global Healthcare sector.

From a Fixed Income perspective, the portfolio has meaningful exposure to global bonds, with a preference for the US curve. 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, high yield, and Emerging Markets debt.

Zurich TDF 2025

Portfolio Holdings

Zurich TDF 2025 - Holdings

Portfolio Date: 30/06/2023

	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		-1.38	1.71	-2.18
Stt Strt Gbl Trs Bd Idx I USD Acc Hdg	13.70		-0.06	2.97	-0.20
PIMCO GIS GInGd Crdt Instl USD Acc	12.80		0.05	3.44	2.67
iShares US Index (IE) Instl Acc USD	9.10		8.69	16.42	19.19
Vanguard U.S. 500 Stk Idx \$ Acc	8.40		8.59	16.56	18.90
iShares US Corp Bd Idx (IE) Instl AccUSD	5.60		-0.49	2.55	1.29
iShares EmergMkts Idx (IE) Instl Acc USD	5.20		0.56	4.51	0.88
PIMCO GIS Gbl Lw Dur RI Rt Ins USD Acc	4.60		-0.58	1.27	0.67
Colchester Lcl Mkts Bd \$ Unhgd Accl	3.60		5.90	12.70	19.81
Vanguard European Stock Idx USD Acc	3.30		2.98	13.90	22.20
Fundsmith Equity I Acc	3.00		4.36	14.69	19.15
Vanguard Global S/T Bd Idx USD H Acc	2.60		-0.16	1.64	0.70
Vanguard Jpn Stk Idx \$ Acc	2.60		6.38	12.95	17.98
HSBC GIF Euro High Yield Bond ICHUSD	2.00		0.56	1.46	7.57
ILF USD Liquidity 4	2.00		1.21	2.30	3.67
iShares UK Index (IE) Instl Acc GBP	2.00		2.14	7.45	13.05

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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.

Zurich TDF 2025

Asset Class Attribution

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Total Portfolio Returns (%): Quarter

Time Period: 01/04/2023 to 30/06/2023

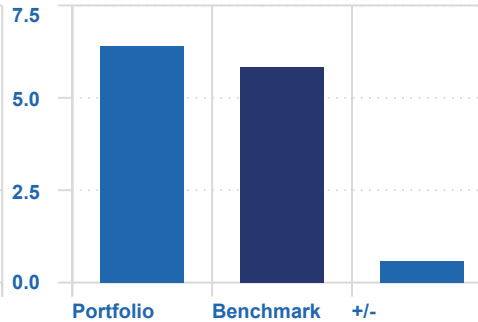
Net Return %



Total Portfolio Returns (%): 1 Year

Time Period: 01/07/2022 to 30/06/2023

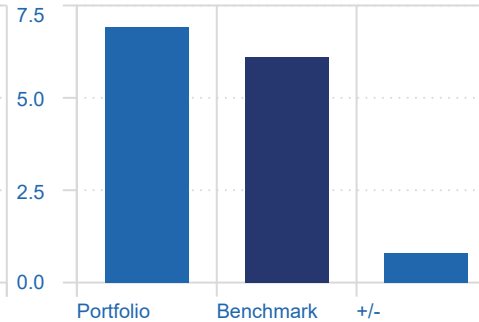
Net Return %



Total Portfolio Returns (%): 3 Year

Time Period: 01/07/2020 to 30/06/2023

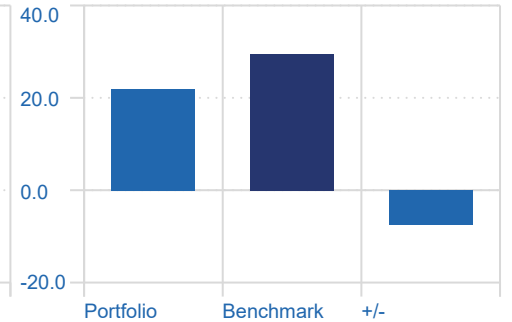
Net Return %



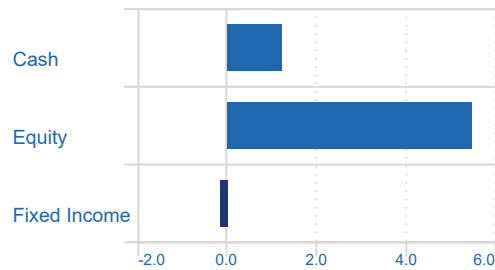
Total Portfolio Returns (%): Since Inception

Time Period: 03/07/2017 to 30/06/2023

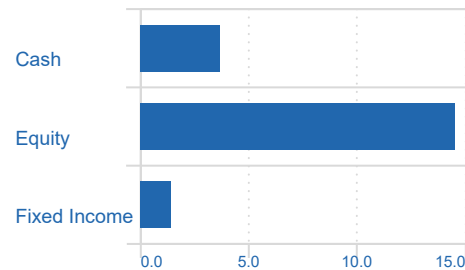
Net Return %



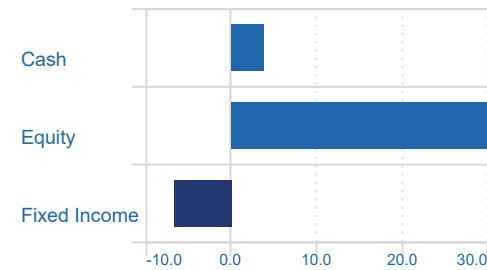
Asset Class Returns (%): Quarter



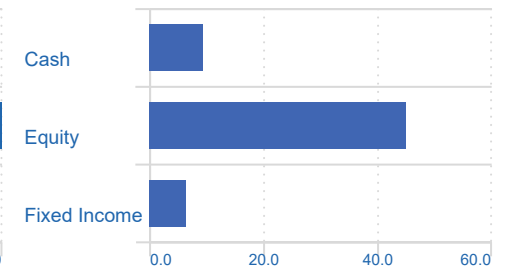
Asset Class Returns (%): 1 Year



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	2.00	6.50	1.21	1.18	0.02	0.04
Equity	36.35	34.37	5.46	6.23	1.97	-0.20
Fixed Income	61.65	59.13	-0.16	-0.11	-0.10	-0.09

Asset Class Attribution (%): 1 Year

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	2.60	6.41	3.67	3.56	0.09	0.08
Equity	39.25	34.87	14.47	16.50	5.38	-0.41
Fixed Income	58.15	58.72	1.39	-0.11	0.92	0.94

Asset Class Attribution (%): 3 Year

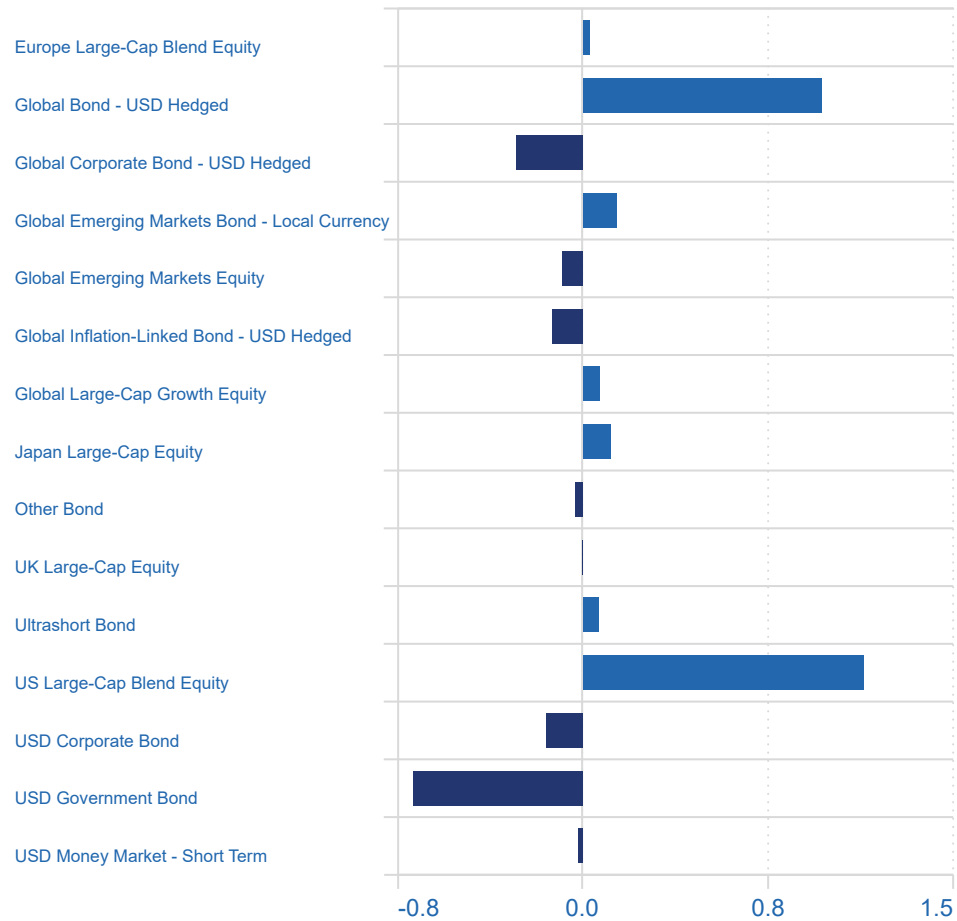
	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	6.06	6.13	3.81	3.55	0.10	-0.63
Equity	39.56	36.11	29.98	36.94	11.12	-1.74
Fixed Income	54.39	57.76	-6.72	-9.81	-4.30	2.75

Asset Class Attribution (%): Since Inception

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	10.70	6.83	9.37	8.39	0.98	-1.62
Equity	38.04	38.19	45.05	64.59	18.83	-5.36
Fixed Income	51.26	54.97	6.45	3.00	2.14	3.02

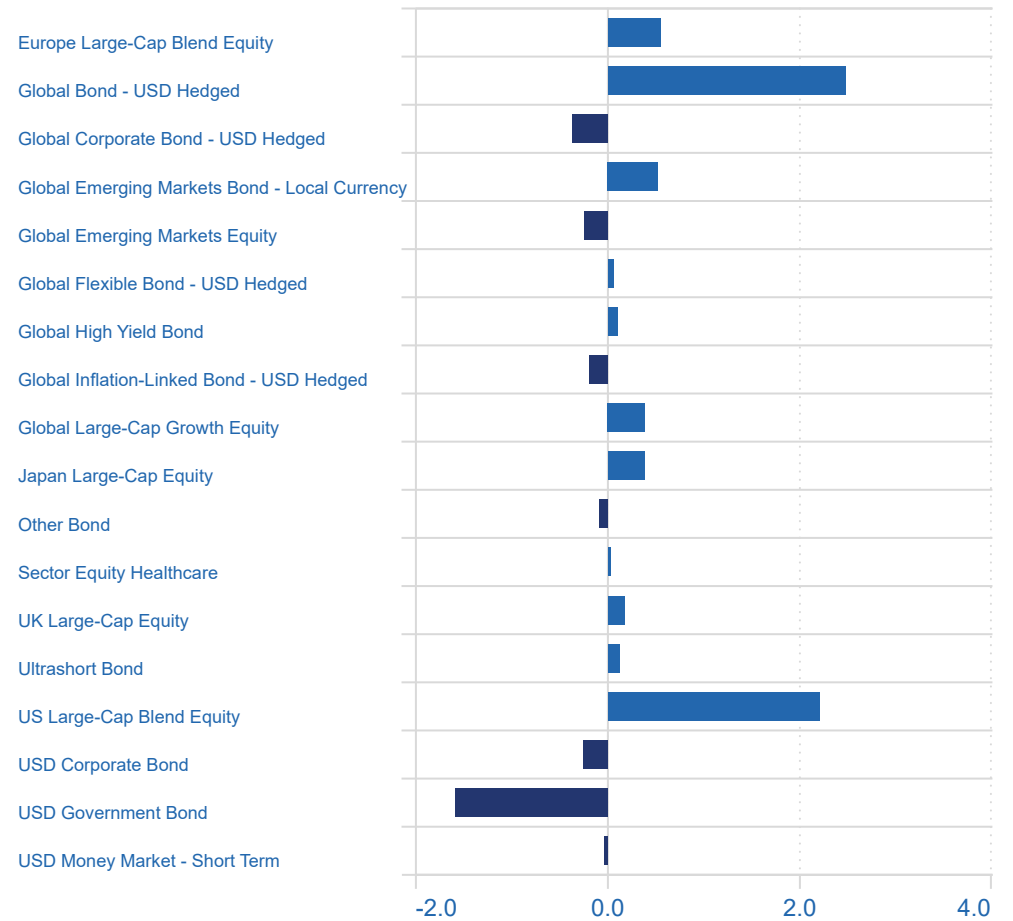
Allocation Effect: (%) : Quarter

Time Period: 01/04/2023 to 30/06/2023



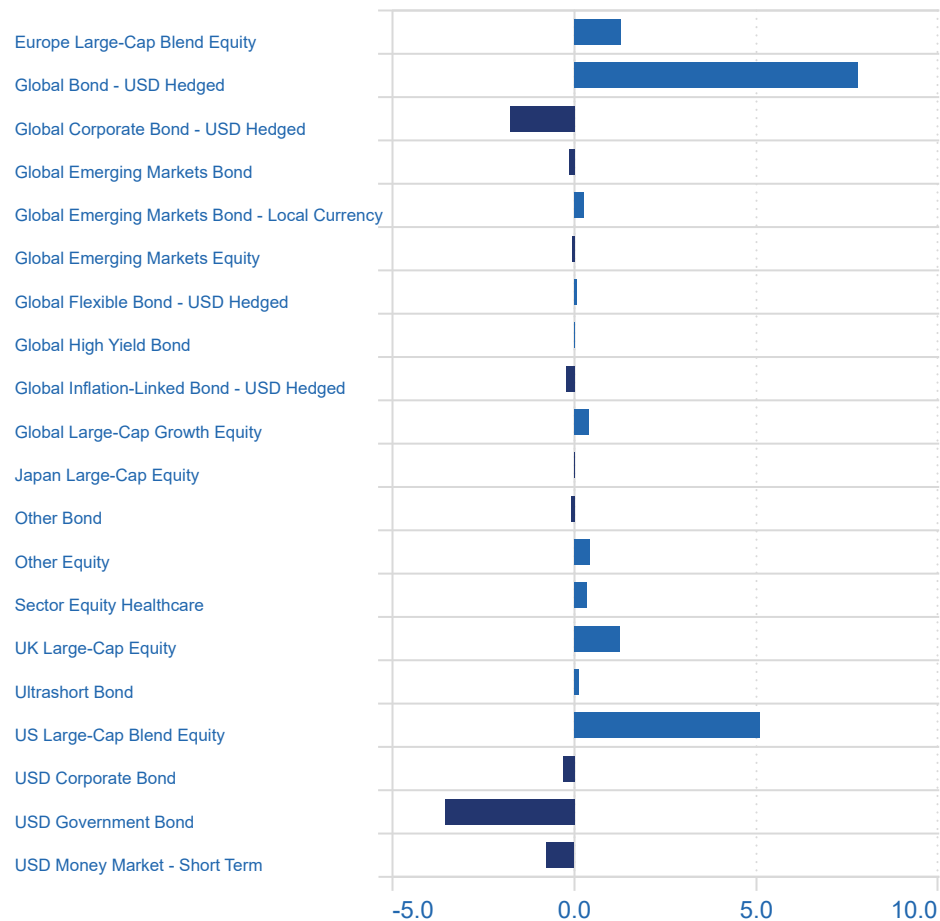
Allocation Effect: (%) : 1 Year

Time Period: 01/07/2022 to 30/06/2023



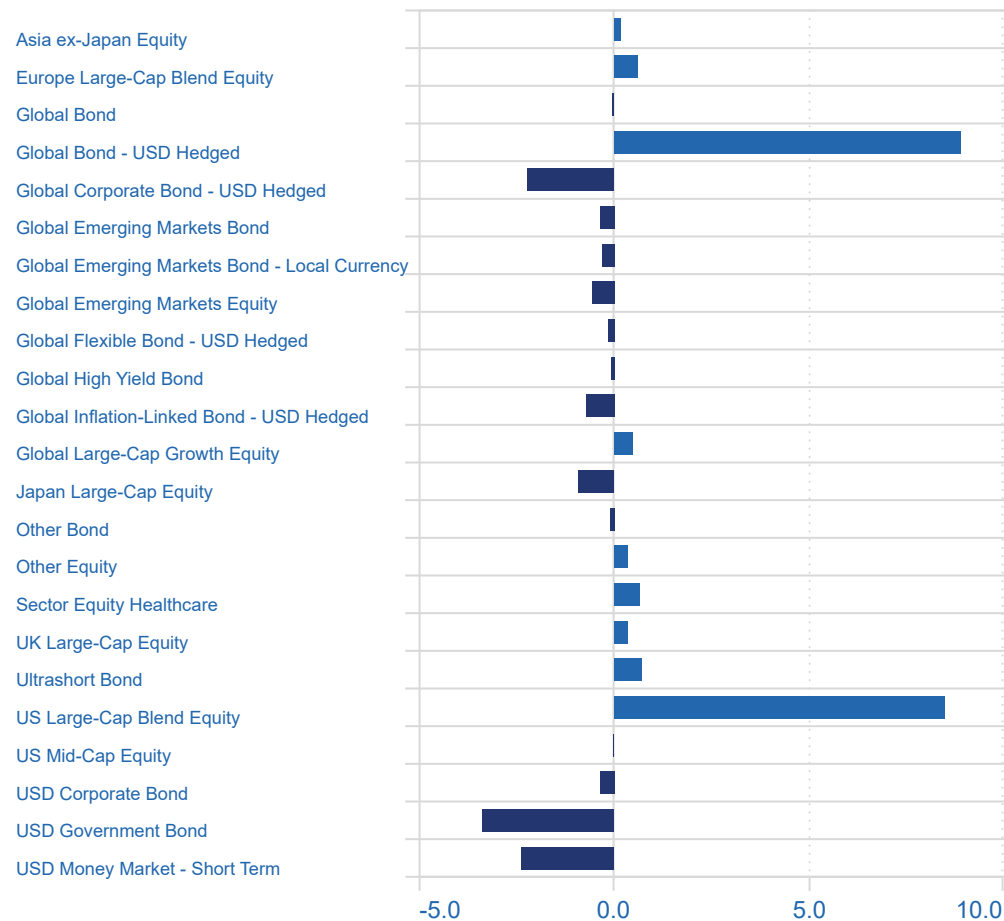
Allocation Effect: (%) : 3 Year

Time Period: 01/07/2020 to 30/06/2023



Allocation Effect: (%) : Since Inception

Time Period: 03/07/2017 to 30/06/2023



Zurich TDF 2025

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Reference to specific securities is not an indication to buy or sell those securities'

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