

Quarterly Board Report

Zurich Target Date Funds

Zurich TDF 2025



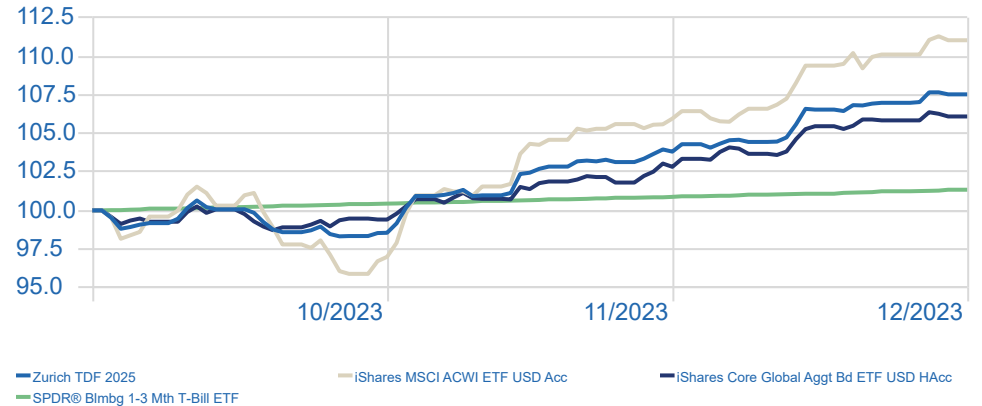
Market Commentary

Market Commentary:

Investors will likely be happy as they review their statements at the end of 2023. During the final quarter of 2023, markets showed strong performance across both equities and bonds, with a rising tide lifting most boats. The strength was largely driven by the expectation the Federal Reserve will cut interest rates as many as six times in 2024 (implied market expectations) as the worst of the inflation spike is now considered behind us. Other central banks in the developed world are expected to follow the same path by cutting interest rates.

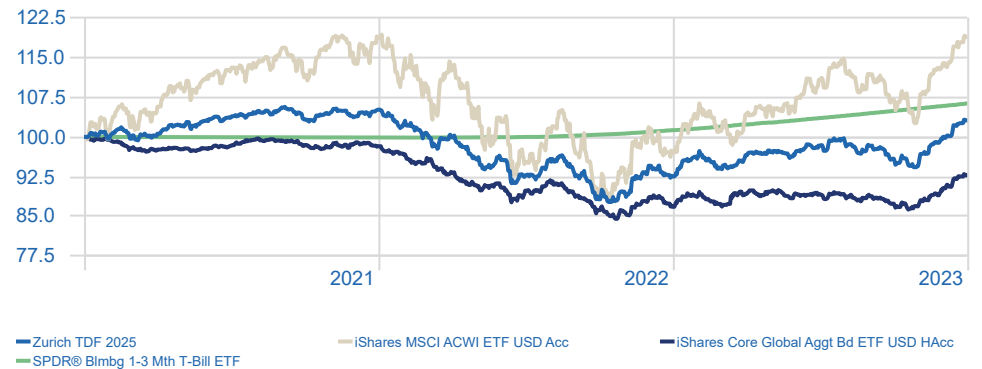
Several equity markets now sit at or near all-time highs—including Japan, France, Brazil, India, Mexico, and many others in local currency terms. Notably, small companies outperformed large companies by a large margin in the last quarter, reversing a long-term trend. At a sector level, 10 of the 11 major sectors delivered positive returns for the quarter, with energy the only sector to record a modestly negative number.

Market Performance (%): Quarter



Market Performance (%): 3 Year

Time Period: 01/01/2021 to 31/12/2023



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 Morningstar Global Market index, a barometer of global large-cap equities, posted an impressive gain of 11.2% for the quarter and an impressive 22.1% for the year, defying the earlier predictions of a difficult year due to an economic downturn. To that end, the global economy has been surprisingly resilient versus expectations, especially in the U.S. where unemployment has stayed low and recession probabilities are falling.

At a country level, U.S. stocks did particularly well, with large gains in the so-called “Magnificent Seven” driving the broad market higher, finishing just below all-time highs. Gains were also recorded in Europe, including the U.K., although not quite as strong. Japan had a great quarter in Japanese yen terms, as did several emerging markets including Brazil and India. At the other end, China saw losses, with poor investor sentiment and slower-than-expected economic activity.

The overall strength in equities painted a positive picture of global investor health. The surge in small-cap stocks could also be indicative of the market's renewed appetite for risk, often a harbinger of economic optimism.

On the fixed-income front, bonds also delivered a strong performance in the final quarter of 2023, benefiting from the anticipated interest rate cuts by the Federal Reserve. The correlation between falling interest rates and increasing bond prices played out, with longer-dated bonds doing especially well. That said, it was corporate bonds that stood tall among their peers. These bonds, which are typically more sensitive to economic conditions, outperformed government bonds. Contrastingly, inflation-linked bonds, which are designed to help protect investors from inflation, failed to keep up with their counterparts. Given the falling inflation prints around the developed world, these securities didn't see the same level of demand, leading to underperformance for the period.

Commodities and commercial real estate underperformed compared to other asset classes. Meanwhile, the U.S. dollar fell against major peers.

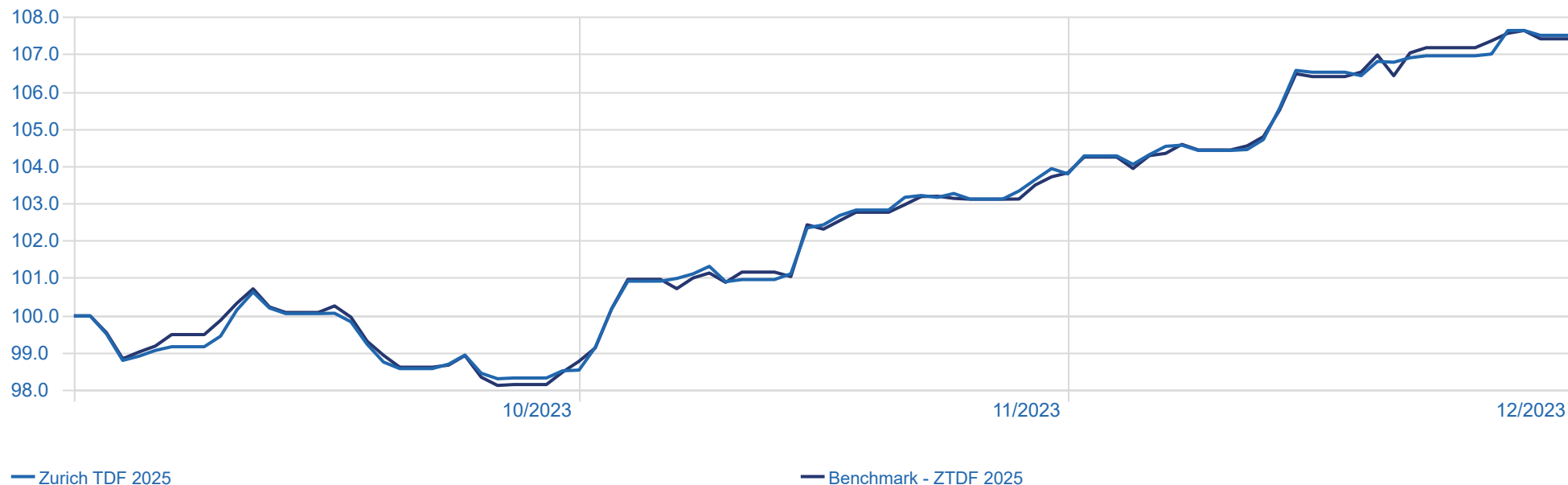
Attribution Commentary

Against a strong market backdrop, portfolio returns were pleasing over the quarter, with both equities and bonds notching up positive returns at the broad asset class level.

Within equities, performance was particularly strong from the allocation to US stocks, which benefitted from the outperformance of growth and information technology focused stocks. Allocations to the Eurozone, Emerging Markets, Japan and the UK also contributed positively to returns.

From a fixed Income perspective, return contribution was strong across the spectrum. Allocations to UK investment grade credit and European high yield bonds were key contributors to returns as they benefitted from the rally in corporate bonds. The allocations to US treasuries, was also a positive contributor to portfolio returns, as the asset class benefitted from the rally in rates over the quarter.

Investment Growth (%)



Trailing Returns (%)

Data Point: Return

	Since Inception (03/07/2017)	5 Years	3 Years	Quarter	YTD	01/01/2023 - 31/12/2023	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Zurich TDF 2025	27.83	4.74	3.12	7.53	11.42	11.42	-11.98	5.15	8.01	13.16
Benchmark - ZTDF 2025	31.82	5.26	2.31	7.43	11.79	11.79	-13.64	5.97	9.67	15.17

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 Positioning & Outlook

Recent Changes

The portfolio allocations were reviewed over the quarter, with the key changes being some profit taking from the investment grade credit allocations on the back of strong performance and tighter credit spreads. We also added to US treasuries and cash which reflect the continued focus on diversification and portfolio robustness.

Positioning Update and Outlook

As we enter 2024, it's essential we remind investors that the presence of uncertainty does not imply a scarcity of opportunities. Our approach to the year will be a blend of caution and optimism.

To that end, we see positives in this environment, with opportunities to add value in fixed income and select equity markets, among other ideas. A short list of our convictions include:

- Defensive equities, like healthcare and consumer staples
- U.S. banks
- Chinese tech stocks
- Emerging-markets debt
- Government bonds and inflation-protected securities

Of course, the path of interest rates and inflation will continue to act as key talking points among investors. Let's not forget that investors went into 2023 worried about inflation and expecting a recession by the second half of the year. This never transpired. Now in 2024, investors are expecting low inflation, no recession, and significant interest rate cuts. This is a goldilocks-like scenario, if it plays out, but it's worth bearing in mind that it is far from guaranteed.
















Most investors have long-term goals (such as retirement) and should therefore focus on long-term value creation. Similarly, it is worth noting that risk management is a critical pillar of successful investing. An effective risk management strategy balances investment opportunities with future uncertainty, equipping investors to navigate through market volatility.

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 - Holdings

Portfolio Date: 31/12/2023

	Portfolio Weighting %	Morningstar Medalist 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	23.00	 Silver	5.51	4.05	4.05
Stt Strt Gbl Trs Bd Idx I USD Acc Hdg	13.70	 Bronze	5.38	6.33	6.33
PIMCO GIS GInGd Crdt Instl USD Acc	11.20	 Bronze	7.51	9.30	9.30
iShares US Index (IE) Instl Acc USD	9.10	 Silver	11.93	25.85	25.85
Vanguard U.S. 500 Stk Idx \$ Acc	8.40	 Gold	11.52	25.56	25.56
iShares EmergMkts Idx (IE) Instl Acc USD	5.20	 Bronze	8.53	8.95	8.95
PIMCO GIS Glb Lw Dur RI Rt Ins USD Acc	4.60	 Bronze	2.99	5.25	5.25
Colchester Lcl Mkts Bd \$ Unhgd Accl	3.60	 Bronze	9.64	18.74	18.74
Fundsmith Equity I Acc	3.30	 Gold	10.18	19.21	19.21
Vanguard €z Stk Idx € Acc	3.00	 Bronze	12.47	23.54	23.54
Vanguard Global S/T Bd Idx USD H Acc	2.60	 Gold	3.48	5.81	5.81
Vanguard Jpn Stk Idx \$ Acc	2.60	 Silver	8.16	20.21	20.21
iShares US Corp Bd Idx (IE) Instl AccUSD	2.50	 Silver	7.91	7.84	7.84
HSBC GIF Euro High Yield Bond ICHUSD	2.00		7.15	10.17	10.17
iShares UK Index (IE) Instl Acc GBP	2.00	 Silver	6.69	12.79	12.79
Vanguard UK Invem Grd Bd Idx £ Acc	2.00	 Bronze	12.18	15.04	15.04
ILF USD Liquidity 4	1.20		1.32	4.99	4.99

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The Morningstar Medalist Rating™ is a forward-looking analysis of a fund. The Morningstar Medalist Rating™ does not express a view on a given asset class or peer group; rather, it seeks to evaluate each fund within the context of its objective, an appropriate benchmark, and peer group. Morningstar's manager research analysts are employed by various wholly owned subsidiaries of Morningstar, Inc. including Morningstar UK Ltd

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Total Portfolio Returns (%): Quarter

Time Period: 01/10/2023 to 31/12/2023

Net Return %



Total Portfolio Returns (%): 1 Year

Time Period: 01/01/2023 to 31/12/2023

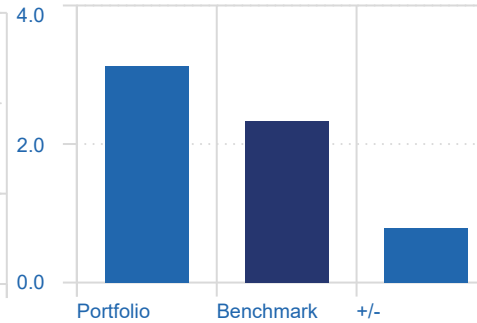
Net Return %



Total Portfolio Returns (%): 3 Year

Time Period: 01/01/2021 to 31/12/2023

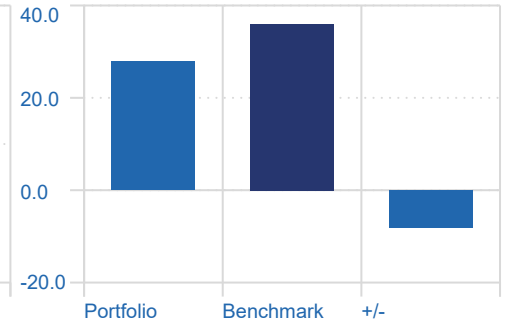
Net Return %



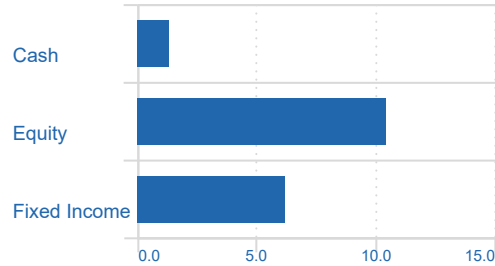
Total Portfolio Returns (%): Since Inception

Time Period: 03/07/2017 to 31/12/2023

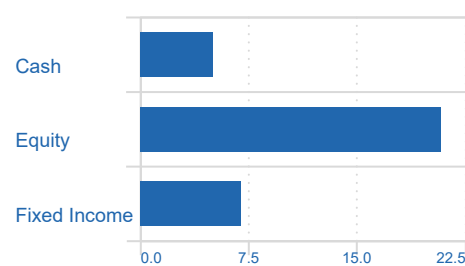
Net Return %



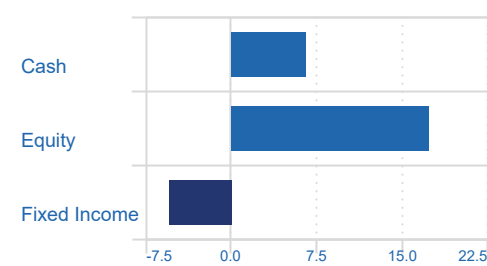
Asset Class Returns (%): Quarter



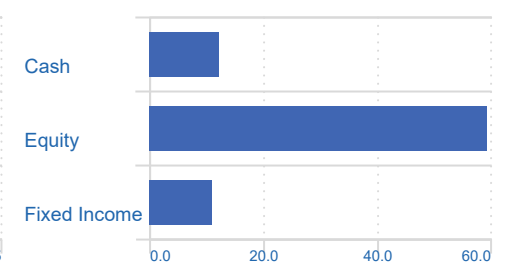
Asset Class Returns (%): 1 Year



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	1.20	6.44	1.32	1.34	0.02	0.33
Equity	33.54	34.55	10.40	11.16	3.46	-0.28
Fixed Income	65.26	59.02	6.18	6.09	4.05	-0.03

Asset Class Attribution (%): 1 Year

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	1.77	6.46	4.99	4.96	0.09	0.31
Equity	33.74	34.59	20.68	22.22	6.76	-0.56
Fixed Income	64.49	58.96	6.94	6.82	4.57	-0.19

Asset Class Attribution (%): 3 Year

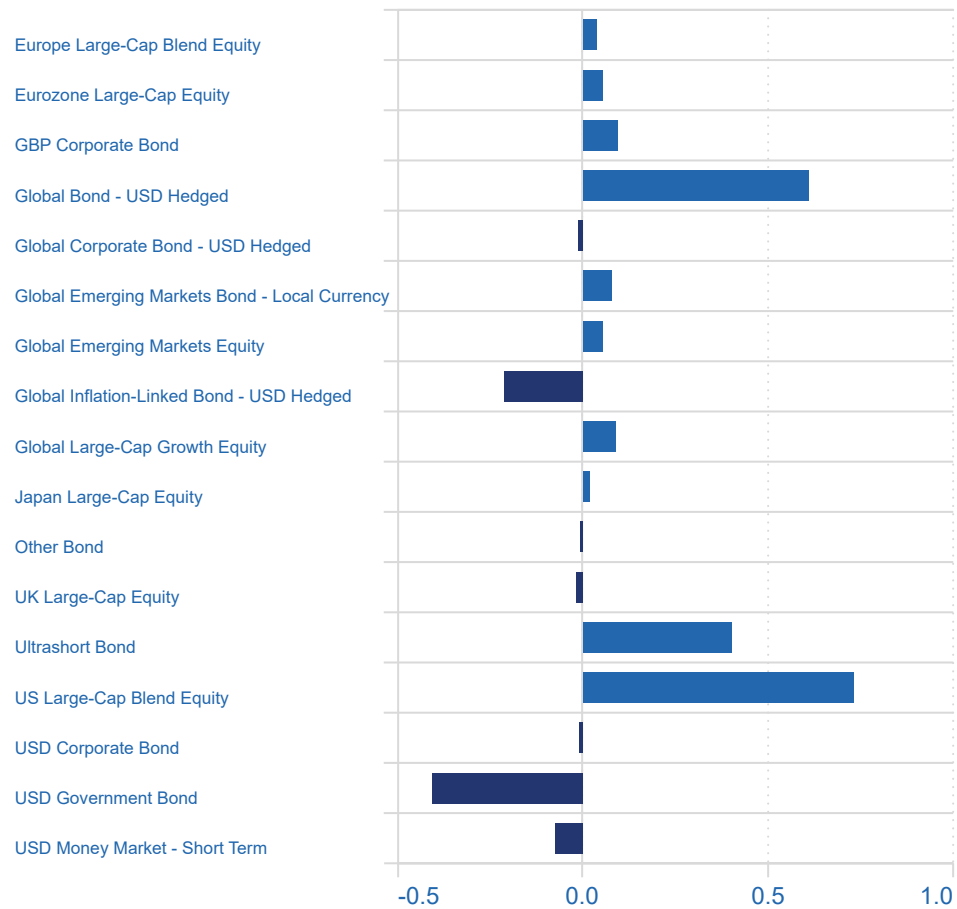
	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	4.14	6.22	6.54	6.31	0.12	0.12
Equity	34.55	35.56	17.32	18.26	6.02	-0.41
Fixed Income	61.31	58.22	-5.44	-7.62	-3.02	1.27

Asset Class Attribution (%): Since Inception

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	9.97	6.81	12.25	11.26	1.02	-1.57
Equity	35.45	37.91	59.09	76.31	21.72	-5.45
Fixed Income	54.58	55.28	10.99	7.11	5.09	2.63

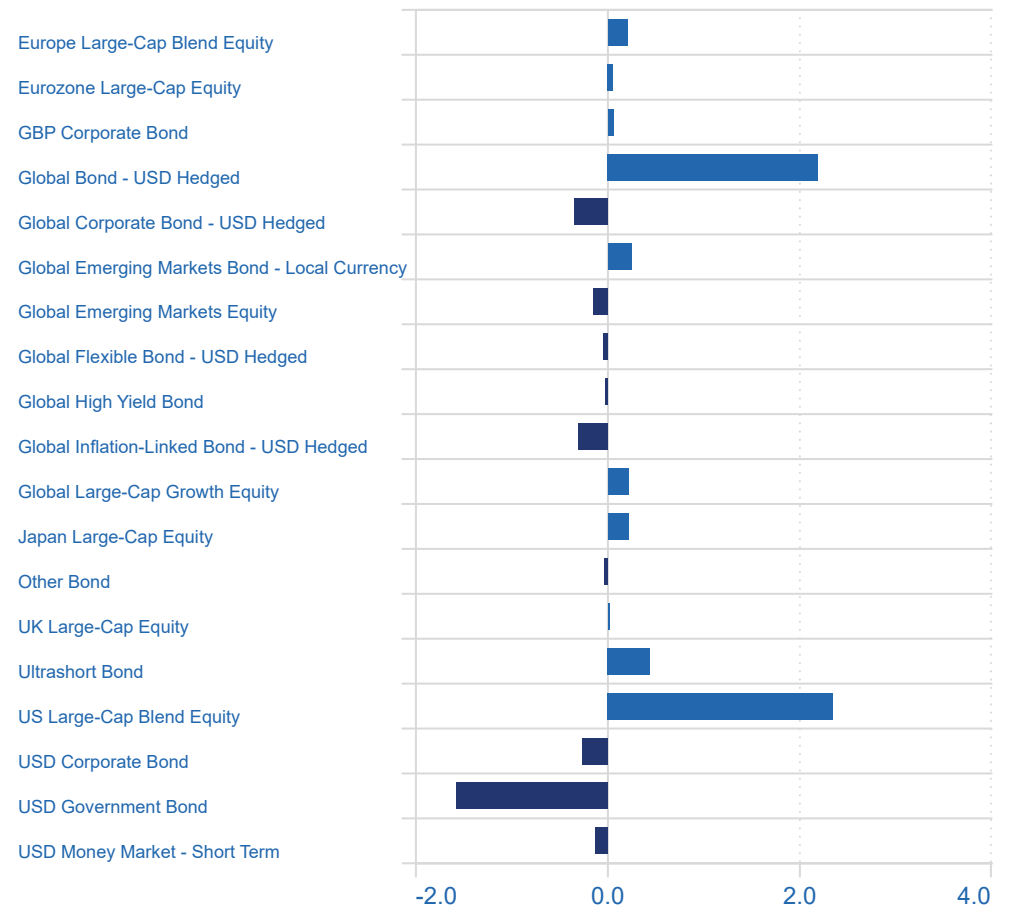
Allocation Effect: (%) : Quarter

Time Period: 01/10/2023 to 31/12/2023



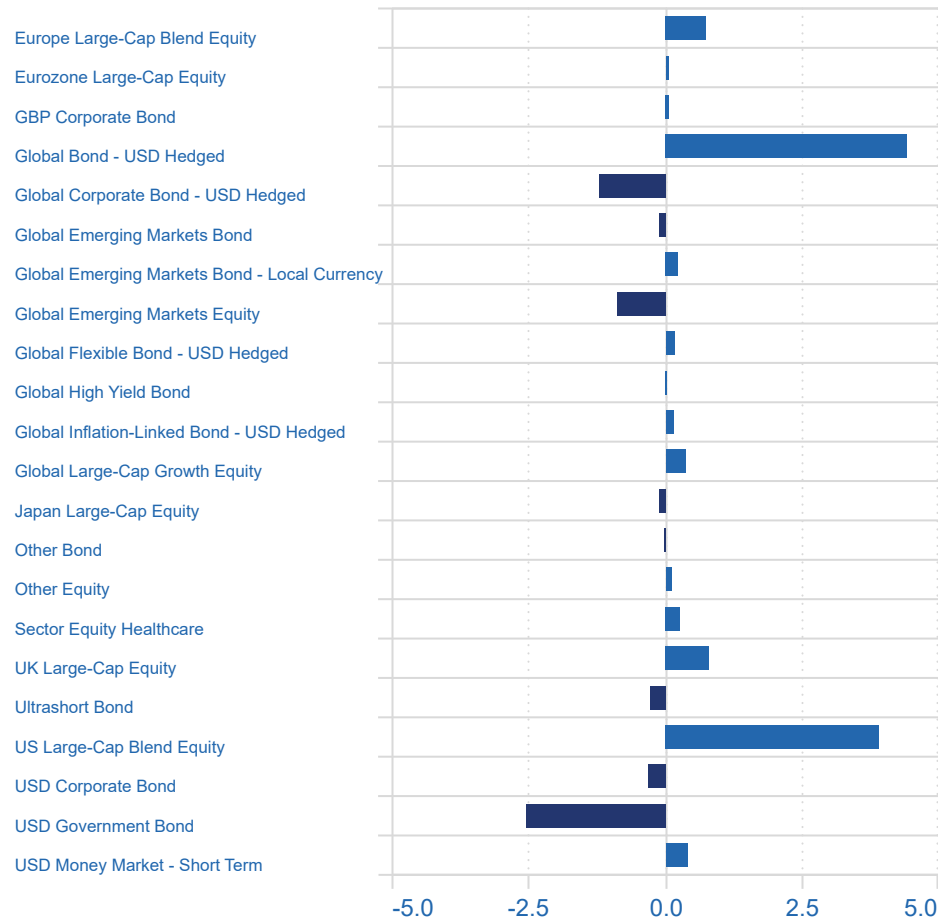
Allocation Effect: (%) : 1 Year

Time Period: 01/01/2023 to 31/12/2023



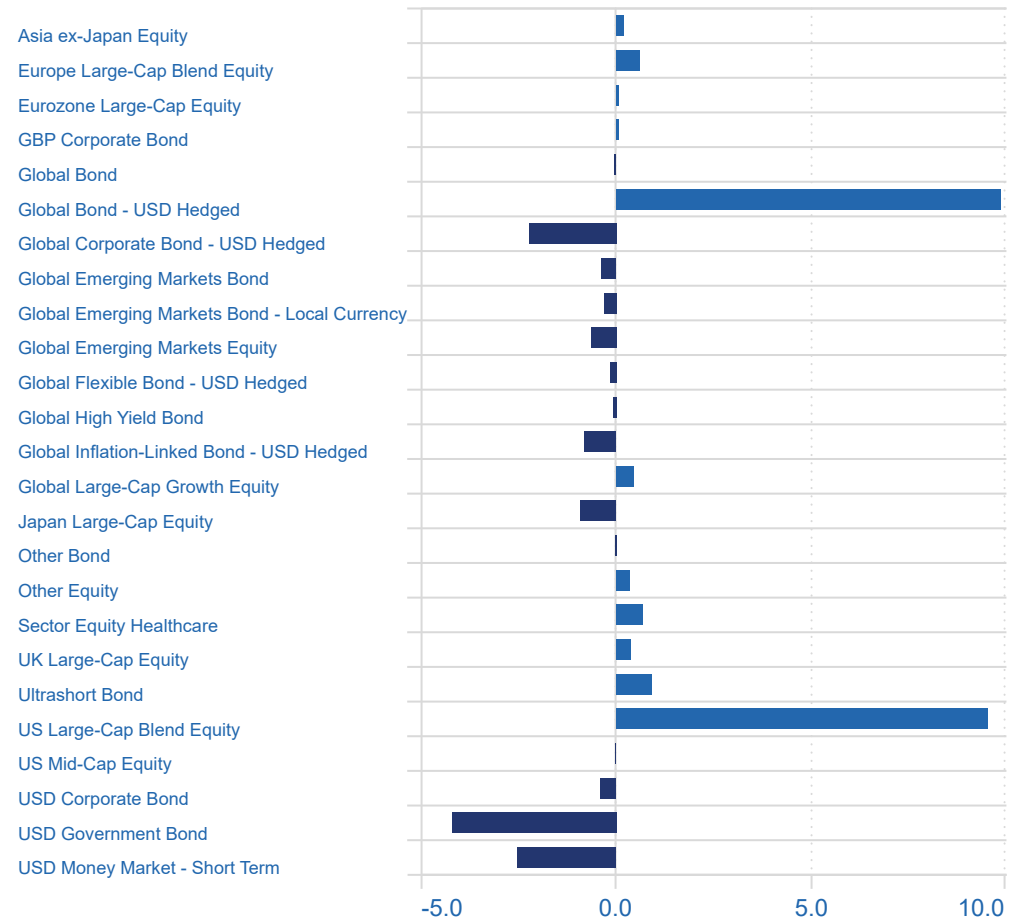
Allocation Effect: (%) : 3 Year

Time Period: 01/01/2021 to 31/12/2023



Allocation Effect: (%) : Since Inception

Time Period: 03/07/2017 to 31/12/2023



Zurich TDF 2025

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