

Quarterly Board Report

Zurich Target Date Funds

Zurich TDF 2025



Market Commentary

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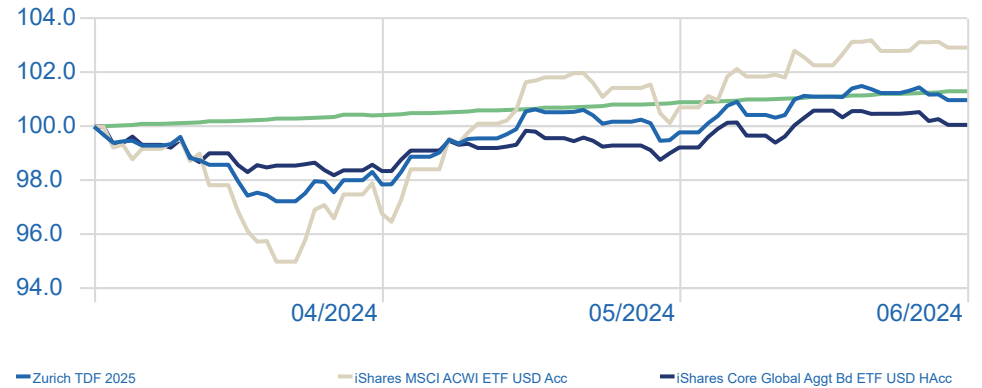
The second quarter of 2024 delivered positive outcomes for many asset classes, with generally low volatility. The major equity markets continued their climb, with stocks related to artificial intelligence (AI) leading the way. Bonds also broadly held their ground, finding some stability after an extended period of uncertainty. As a result, many multi-asset portfolios have added to their first-quarter gains and are sitting on positive returns for the year to date—with the prospect of interest rate cuts fuelling investor expectations.

For the quarter, a few dominant forces were driving market sentiment. Perhaps the most prominent driver is activity among central banks, with rate cuts commencing in Europe and Canada, although the shifting rhetoric is that rate cuts will be later and shallower than previously expected. Elsewhere, political instability continues, with elections taking place across much of the world, resulting in a changing of the guard.

Of course, there are other fundamental factors playing into proceedings. The global economy has been resilient and corporate profits remain robust in key markets, with record-high profit margins a feature of the U.S. market rally. That said, valuations are starting to stretch beyond fair value, given the all-time high prices, requiring some caution.

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Market Performance (%): Quarter



Market Performance (%): 3 Year

Time Period: 01/07/2021 to 30/06/2024



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

For equities, volatility was largely benign for the quarter, nearing record-low levels. That said, there is wide dispersion beneath, offering the opportunity to think and act selectively. Large-cap stocks are running well ahead of small-cap stocks, especially for AI-related companies. The same can be said for growth versus value stocks, with growth outpacing value by a healthy margin in the quarter. In fact, such is the influence of the mega caps such as NVIDIA, the U.S. market was actually negative in equal-weighted terms. Emerging markets have also been a mixed bag but contributed positively. China, the largest index component, enjoyed a bit of a rebound from its recent travails, while Taiwan's chip-led market was boosted by its connection to the AI story. India contributed a strong return as well.

For fixed-income investors, it has been a muted period. Government bonds and corporate bonds were practically neck and neck for the quarter, broadly trading water. Looking within though, short-dated bonds outperformed longer-dated bonds by a reasonable margin. Credit-sensitive bonds continued to benefit from strong equity market sentiment, but that left credit spreads even narrower than they already were, making their valuations look unusually rich by some metrics.

Attribution Commentary

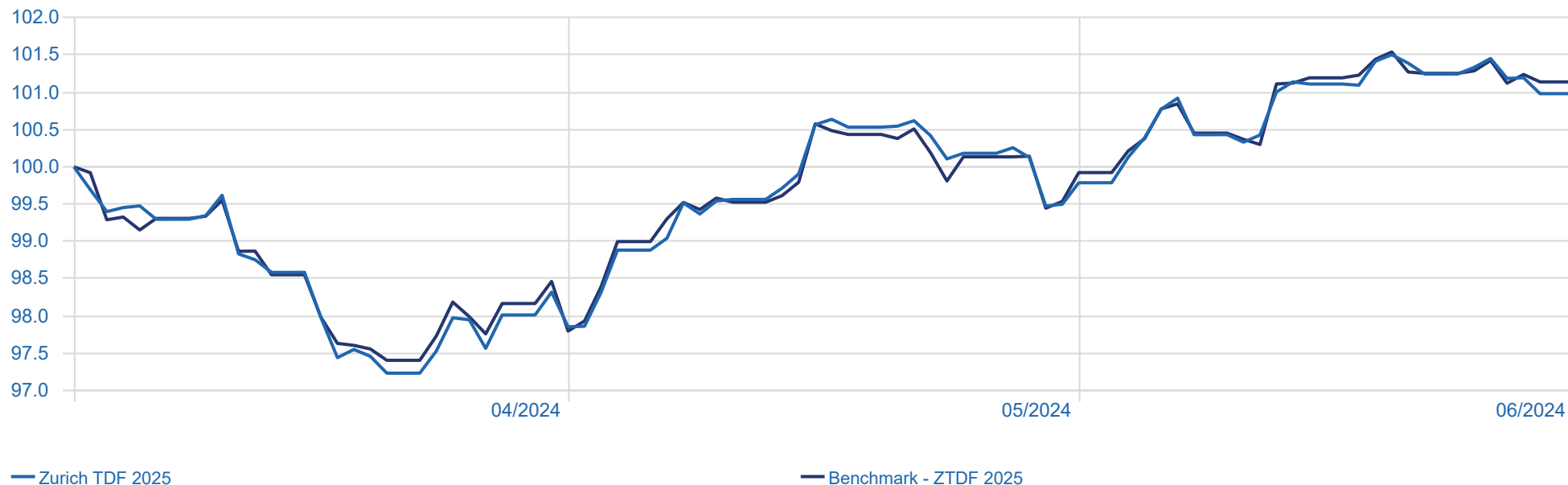
Portfolio returns were reasonable over the quarter. Equities were the key contributor to returns whilst bonds detracted at the broad asset class level.

Equities continued their upward ascent in Q2 which aided portfolio returns. Within equities, the portfolios have been overweight Emerging Market Equities for a long period of time and the position was amongst the key contributors to returns over the quarter with the region performing strongly on the back of a rebound in the Chinese stock market as

investors started to take advantage of the attractive valuations there, one of the key pillars to our long term investment thesis for the asset class. Elsewhere in the equity sleeve, an overweight allocation to Japan hurt returns due to yen weakness even in spite of more hawkish Bank of Japan actions whilst an underweight to European Equities aided returns as European shares fell on the back of uncertainty around the French election and reduce expectations for interest cuts.

Fixed Income had a tougher time in Q2 as expected interest rate cuts for the year were tapered back further which pushed yields up this quarter. Spread assets such as High Yield and Global Investment Grade Credit contributed positively to returns as the current environment remains relatively benign and their higher yielding nature more than offset the yield increase over the quarter. Longer duration assets such as Treasuries contributed negatively to performance as the market pushed back further interest rate cuts. This was somewhat offset by the position in inflation linked bonds which is a direct hedge to upside inflation risk within portfolios. EM Local Debt also struggled as the divergent central bank policy of Emerging Market central banks relative to Developed Market central banks saw EM currencies continue to weaken.

Investment Growth (%)



Trailing Returns (%)

Data Point: Return

	Since Inception (03/07/2017)	5 Years	3 Years	Quarter	YTD	01/07/2023 - 30/06/2024	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020
Zurich TDF 2025	32.38	3.82	3.10	0.98	3.56	8.55	6.40	-10.73	12.57	3.90
Benchmark - ZTDF 2025	37.23	4.14	2.66	1.14	4.10	9.14	5.89	-11.17	13.11	5.47

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

Positioning Update and Outlook















Looking ahead, we face an interesting period that requires careful longer-term positioning. The positive returns are always welcome, although risk management is playing an important role. With technology and AI-related sentiment continuing to run hot, inflationary pressures still vexing, elections in full swing, and a still-combustible atmosphere in the Middle East, it remains pivotal to balance the risk and return drivers in portfolios.

- Some of our high-conviction ideas currently include:
- Emerging Market Equities
- Defensive Equities
- UK Corporate Bonds
- Emerging Market Debt
- Inflation-Linked Bonds

We combine these positions with effective diversifiers that will place the portfolios in a better position to withstand more adverse scenarios, thereby aiming to achieve better risk-adjusted portfolios overall.

Zurich TDF 2025 - Holdings

Portfolio Date: 30/06/2024

	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	23.60	 Silver	0.15	-0.80	1.49
Stt Strt Gbl Trs Bd Idx I USD Acc Hdg	13.70	 Bronze	-0.18	-0.32	2.93
PIMCO GIS GInGd Crdt Instl USD Acc	11.20	 Bronze	0.49	0.88	6.60
iShares US Index (IE) Instl Acc USD	9.10	 Silver	4.11	14.47	23.74
Vanguard U.S. 500 Stk Idx \$ Acc	8.70	 Gold	4.15	15.00	23.88
iShares EmergMkts Idx (IE) Instl Acc USD	5.20	 Bronze	5.13	7.38	11.95
Vanguard Glb Bd Idx \$ H Acc	4.60	 Bronze	-0.13	-0.43	3.67
Colchester Lcl Mkts Bd \$ Unhgd Accl	3.60	 Bronze	-2.92	-5.40	-0.33
Fundsmith Equity I Acc	3.30	 Silver	-0.14	8.45	12.72
Vanguard €z Stk Idx € Acc	2.70	 Bronze	-2.12	5.56	10.17
PIMCO GIS Glb Lw Dur RI Rt Ins USD Acc	2.60	 Bronze	1.27	2.42	6.44
Vanguard Jpn Stk Idx \$ Acc	2.60	 Silver	-3.86	6.18	13.00
iShares US Corp Bd Idx (IE) Instl AccUSD	2.50	 Silver	0.14	-0.50	4.63
iShares UK Index (IE) Instl Acc GBP	2.00	 Silver	3.66	6.97	12.29
Vanguard UK Invm Grd Bd Idx £ Acc	2.00	 Bronze	-0.18	-1.06	8.96
HSBC GIF Euro High Yield Bond ICHUSD	1.40		1.45	4.23	13.17
ILF USD Liquidity 4	1.20		1.35	2.66	5.36

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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: 01/04/2024 to 30/06/2024

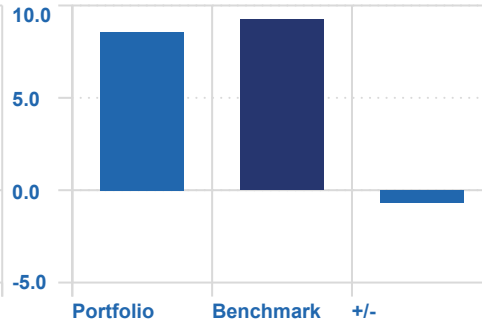
Net Return %



Total Portfolio Returns (%): 1 Year

Time Period: 01/07/2023 to 30/06/2024

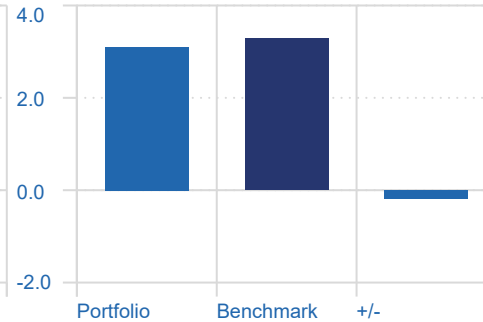
Net Return %



Total Portfolio Returns (%): 3 Year

Time Period: 01/07/2021 to 30/06/2024

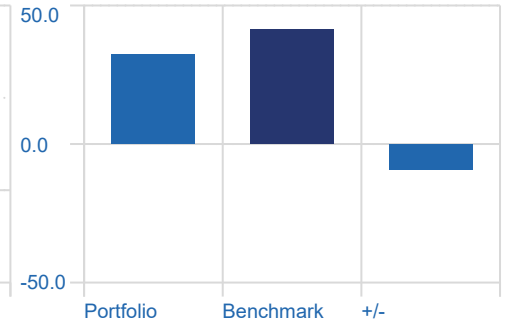
Net Return %



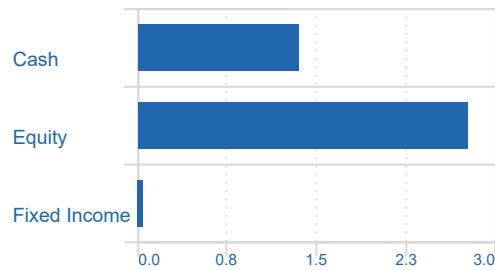
Total Portfolio Returns (%): Since Inception

Time Period: 03/07/2017 to 30/06/2024

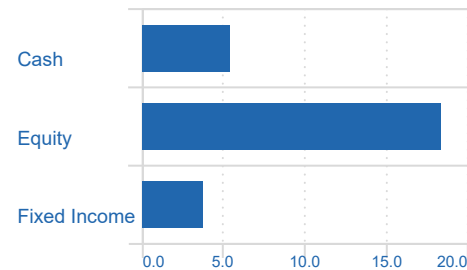
Net Return %



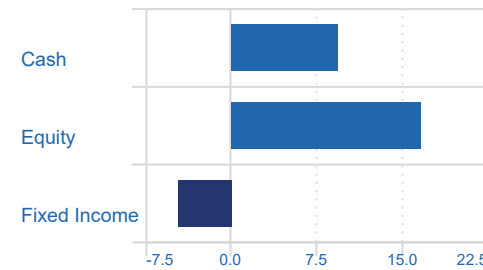
Asset Class Returns (%): Quarter



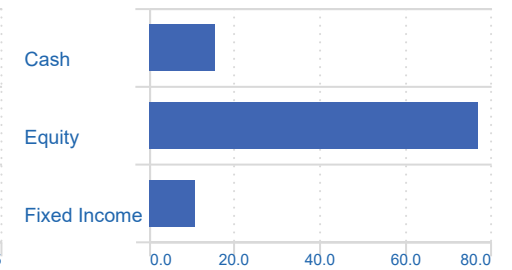
Asset Class Returns (%): 1 Year



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	1.21	6.60	1.35	1.31	0.02	-0.01
Equity	33.74	34.11	2.76	2.85	0.94	-0.04
Fixed Income	65.05	59.29	0.05	0.06	0.03	-0.07

Asset Class Attribution (%): 1 Year

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	1.25	6.51	5.36	5.34	0.07	0.19
Equity	33.76	34.49	18.31	19.21	6.07	-0.34
Fixed Income	64.99	59.00	3.72	4.03	2.42	-0.52

Asset Class Attribution (%): 3 Year

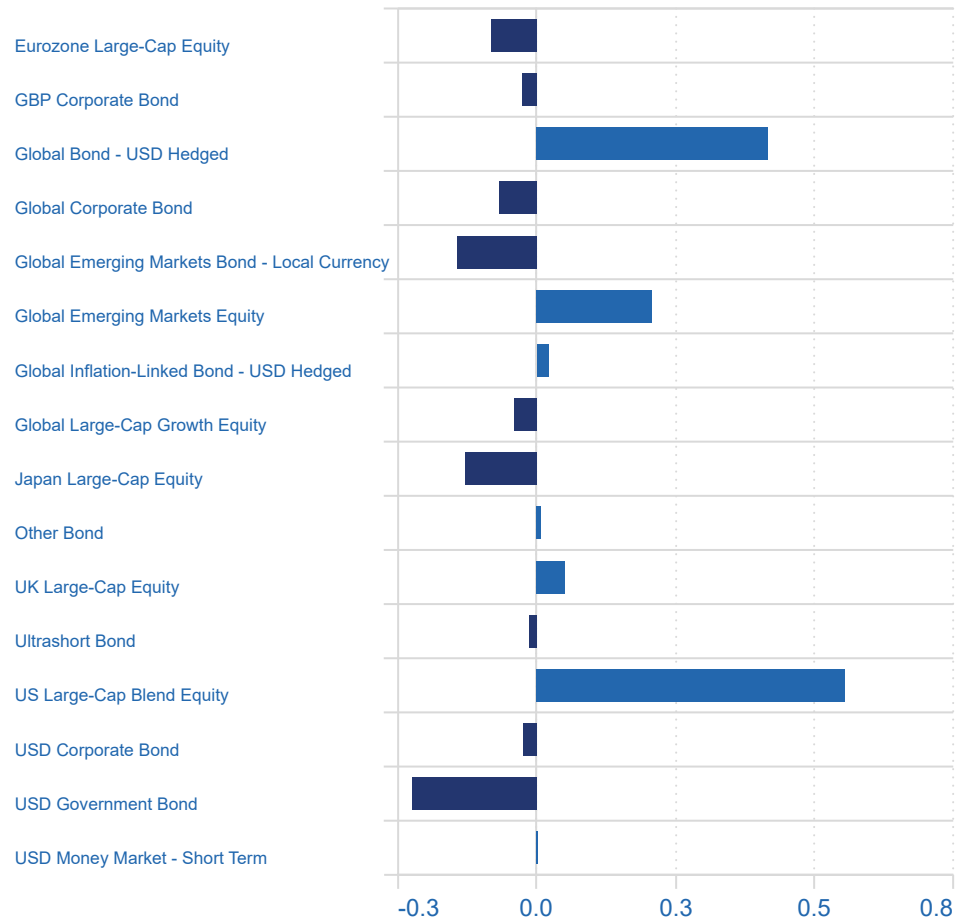
	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	3.21	6.31	9.37	9.15	0.15	0.18
Equity	34.14	35.04	16.61	17.24	5.52	-0.24
Fixed Income	62.65	58.65	-4.68	-6.06	-2.57	0.53

Asset Class Attribution (%): Since Inception

	Portfolio Weights	Benchmark Weights	Portfolio Return	Benchmark Return	Portfolio Contribution	Active Return
Cash	9.34	6.79	15.23	14.17	1.06	-1.54
Equity	35.34	37.66	76.85	96.21	26.45	-5.77
Fixed Income	55.32	55.55	10.69	7.15	4.87	2.16

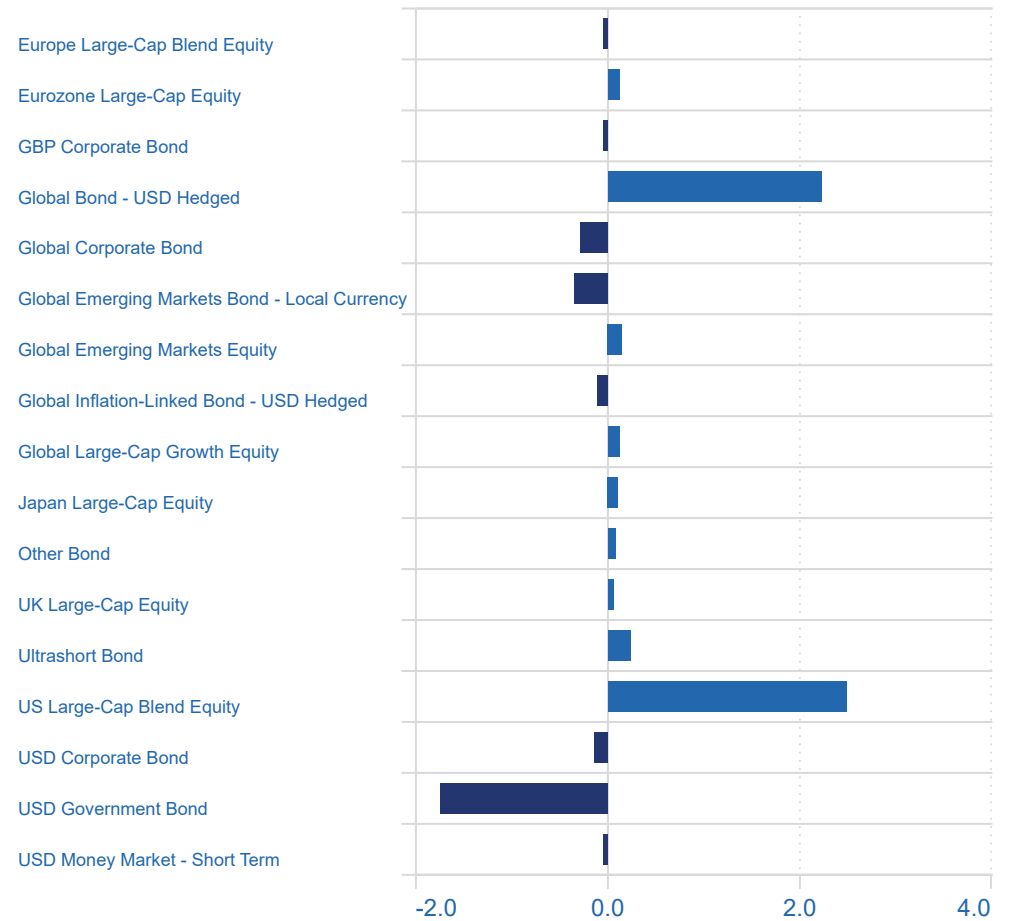
Allocation Effect: (%) : Quarter

Time Period: 01/04/2024 to 30/06/2024



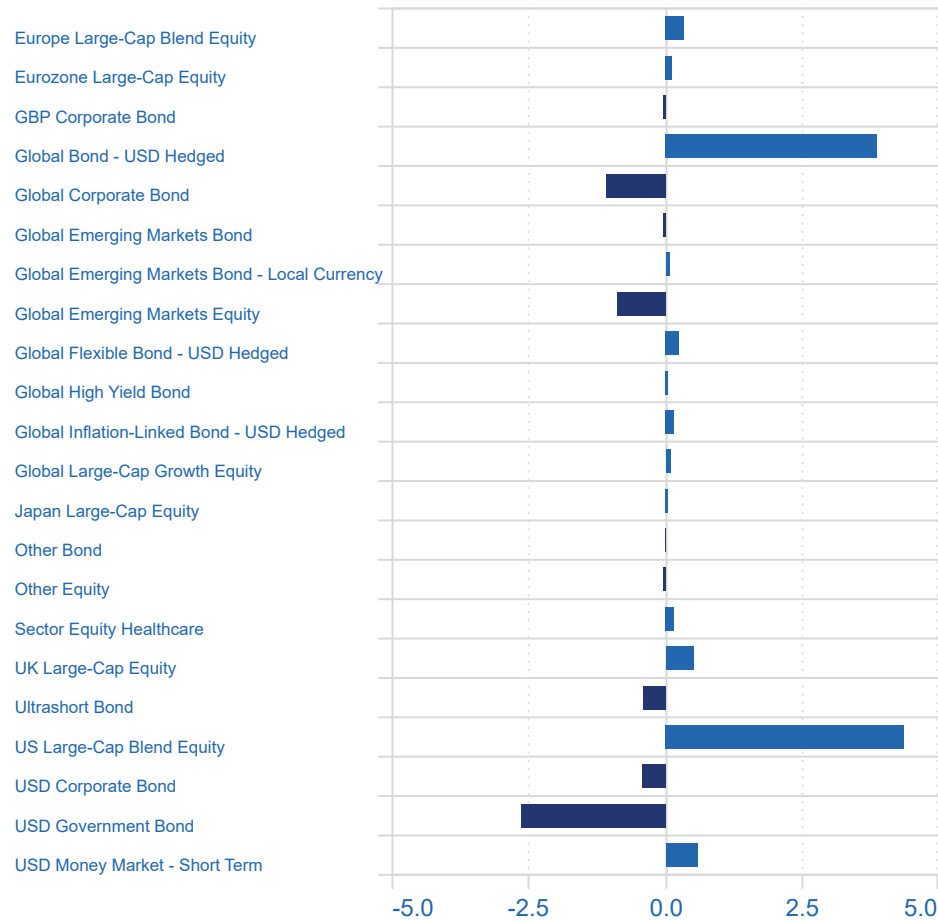
Allocation Effect: (%) : 1 Year

Time Period: 01/07/2023 to 30/06/2024



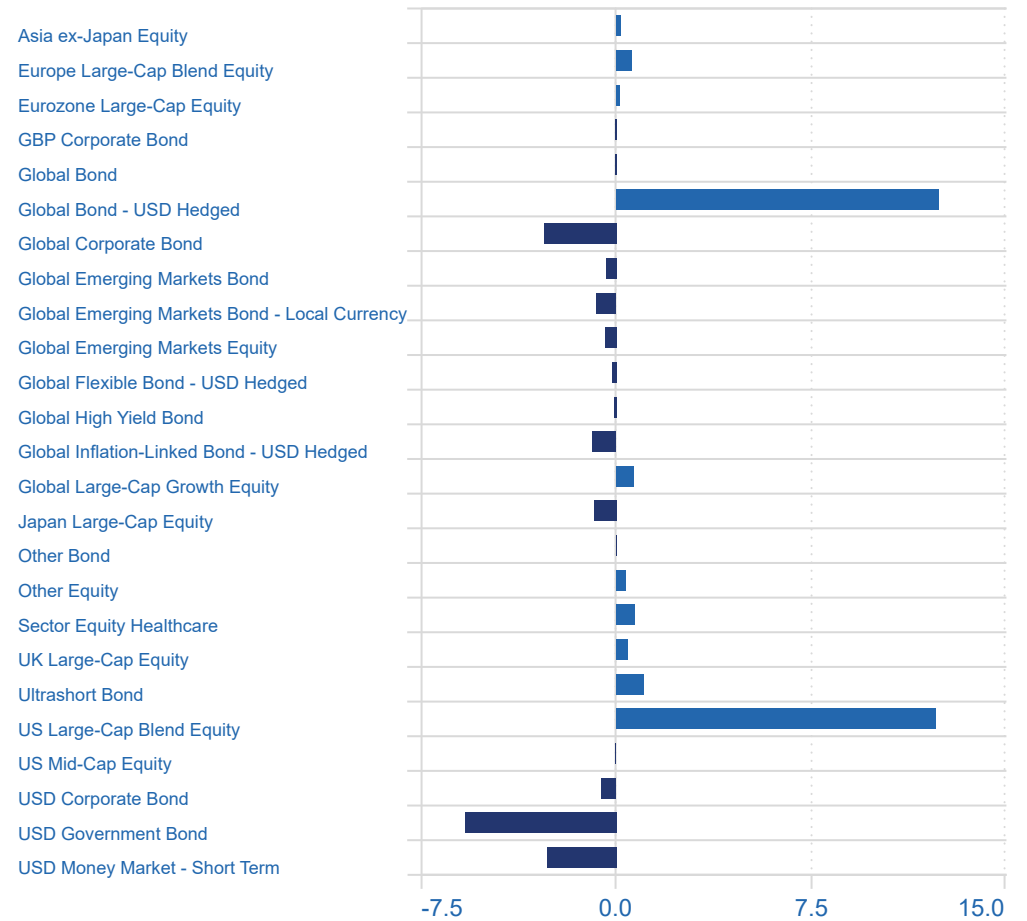
Allocation Effect: (%) : 3 Year

Time Period: 01/07/2021 to 30/06/2024



Allocation Effect: (%) : Since Inception

Time Period: 03/07/2017 to 30/06/2024



Zurich TDF 2025

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