



FocusOn

Client Update Q1 2017

2016 Investment Review

2016 saw both equities and bonds reach new highs though markets were more volatile than seen in previous years. In November, the range of portfolios we use were repositioned to account for this increasing volatility and adapt to the new environment with historically low yields on fixed income assets.

Equities

2016 proved an eventful year for equities with global stock markets recording gains of 11.7% in euro currency terms over the year (MSCI All Country World Index Gross Total Return).

Politics took centre stage during the year with the UK's shock decision to leave the European Union (EU) and the US vote for Donald Trump causing volatility in the market.

Global equities initially fell 5% after the UK's vote to leave the EU but recovered within a couple of weeks. The pattern was repeated after the US election with immediate falls quickly recovered and the followed by further gains.

Bonds

Eurozone bond markets had a good year in 2016. However, the positive return masks a year that can be divided into two parts: resilience in the first eight months followed by negative returns in the final four months.

The first half of the year was dominated by poor economic growth and negative inflation which was positive for bonds but in the second half of the year inflation expectations and economic growth began to rise which saw fall in bond valuations.

Returns on cash were once again negative during the year as short term rates remain at historic lows.

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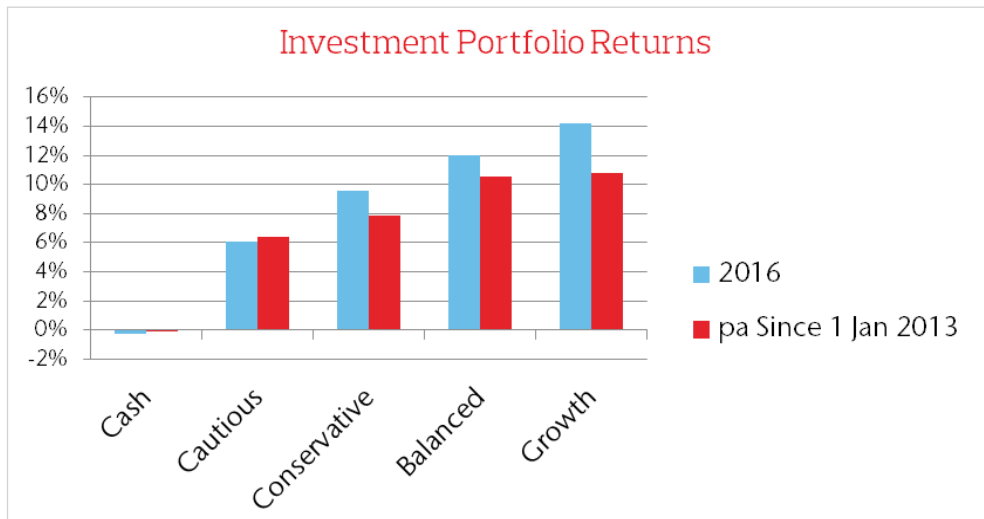
For more information or to discuss any changes in your personal circumstances, please contact us or alternatively contact your local Aon Consultant.

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The returns shown above are returns of underlying funds after deduction of fund management charges but not allowing for fees due to Aon as advisors or Irish Life as product administrators.