

Investment Comment & Outlook

Overall: Equity markets are vulnerable in the short term given the increasing level of risk, especially the slowing down in the pace of economic recovery and peripheral European debt default concerns. Longer term, equities continue to be supported by decent corporate earnings growth as well as reasonable valuations. Bond yields are expected to remain low.

Equity Markets

- Equity markets struggled in May as global economic data disappointed.
- World equities (in euro terms) rose by 1% during the month, leaving the total return for the first five months of 2011 at 0%.
- Returns, in local currency terms, for the main markets in May ranged between 0% (Hong Kong) and -2% (Europe). The mainland Chinese market fell heavily (-6%) due to ongoing monetary tightening and mooted increases in bank capital requirements.
- Returns for the eurozone investor were supported by the weakness of the euro against all major currencies.

Commodities & Currencies

- Commodity prices weakened in May reacting to disappointing economic data, with the oil price declining sharply.
- Brent oil (European) ended the month down 7% at \$117 per barrel, while West Texas (US) ended April down 10% at \$103 per barrel.
- Gold came off the boil slightly, ending the month down 1% at \$1,536 per troy ounce.
- The main news in the FX markets was the decline in the value of the euro against all major currencies, especially the Swiss franc and the US\$. Greek concerns and the reduction in the number of rate hikes expected by the ECB were the reasons behind the fall. The €/ \$ rate ended the period at 1.44.

Bonds & Interest Rates

- Eurozone bonds rose by over 1% in May as bond markets continued their rally. There was ongoing flight-to-quality from peripheral to core European bonds, due to the Greek debacle, while bonds also benefited from equity weakness.
- Bonds have now regained over one third of the losses made during Q4 2010 and early 2011.
- The ECB is now not expected to increase rates again until July.
- The current market prediction is that UK and US rates will not be increased until the second and third quarters of 2012 respectively.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are overweight.

Activity: There was little change to positions during the month.

Regionally, the funds are:

- underweight in Ireland, the UK and Europe;
- neutral in the US and Japan;
- overweight in the Pacific Basin.

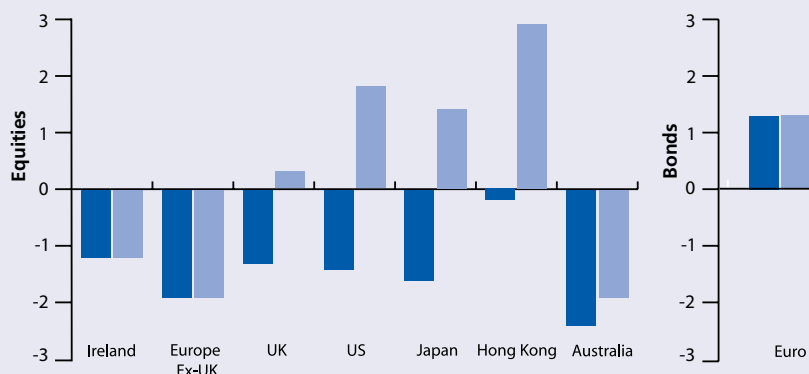
Sectorwise, the funds are:

- overweight technology;
- underweight consumer goods and financials;
- otherwise reasonably balanced.

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of May. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over 5 Year Euro Government Bond Index.

- Local Currency Return (%)
- Euro Return (%)



	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic								
Zurich Life (Ind) Dynamic	0.0%	9.6%	-0.3%	0.6%	2.4%	6.4%	9.9%	1,033,051,315
Acorn Life (Ind) Pension Managed Growth	2.5%	12.8%	-1.0%	-0.2%	0.4%	6.1%	7.4%	171,200,000
Aviva L&P Pension Focused Managed I	-0.5%	7.2%	-4.3%	-2.5%	-0.5%	Not Started	Not Started	6,904,196
Lifetime/BIAM (Ind) Lifetime/SSGA (Ind) Pen Opportunity	0.1%	8.2%	-1.0%	-2.1%	-0.4%	5.1%	6.9%	6,002,000
MoneyMate Sector Average	-0.1%	8.1%	-3.2%	-2.0%	0.1%	5.9%	8.2%	
Managed Balanced								
Zurich Life (Ind) Balanced	0.1%	7.6%	0.7%	1.4%	2.9%	7.0%	9.3%	1,333,721,802
Zurich Life (Ind) Performance	0.1%	8.1%	-0.1%	0.6%	2.6%	6.6%	9.5%	888,476,307
Acorn Life (Ind) Pension Managed	2.1%	10.3%	0.3%	0.5%	1.4%	6.1%	7.6%	107,300,000
Ark Life (Ind) Pension Managed *	-0.2%	6.9%	-3.7%	-2.3%	-1.1%	3.8%	Not Started	--
Canada Life (Ind) Setanta Pension Managed *	1.4%	6.8%	0.4%	0.6%	1.7%	5.8%	7.0%	1,027,369,604
Friends (Ind) Managed	0.4%	7.9%	-1.9%	-1.6%	0.6%	5.3%	6.6%	259,100,000
Aviva L&P Pen Laser Pension Managed	0.9%	7.4%	-4.7%	-2.8%	-0.1%	4.8%	6.0%	376,832,448
Irish Life (Ind) Exempt Managed 1	0.4%	6.7%	-2.0%	-1.2%	1.1%	5.5%	6.5%	1,266,373,498
Lifetime/BIAM (Ind) Pen Growth	0.1%	6.7%	-1.2%	-1.9%	0.4%	5.5%	7.1%	--
New Irl (Ind) Pension Managed 3	0.2%	7.0%	-0.9%	-1.7%	0.8%	6.1%	7.1%	1,837,486,000
SL Synergy Balanced MultiManager	1.0%	8.3%	-2.0%	-2.1%	Not Started	Not Started	Not Started	137,100,000
MoneyMate Sector Average	0.1%	6.4%	-1.7%	-1.0%	0.6%	5.5%	7.3%	
Managed Defensive								
Zurich Life (Ind) Cautiously Managed	0.6%	0.8%	4.0%	Not Started	Not Started	Not Started	Not Started	83,169,694
Aviva L&P GMP Pension Cautiously Managed *	-0.1%	0.7%	-2.3%	0.2%	2.0%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	0.2%	2.9%	4.0%	2.7%	Not Started	Not Started	Not Started	13,000,000
MoneyMate Sector Average	0.5%	1.5%	1.1%	1.6%	2.5%	N/A	N/A	
Bond								
Zurich Life (Ind) Active Fixed Income	1.3%	-2.0%	6.1%	4.3%	5.6%	7.7%	Not Started	207,573,750
Zurich Life (Ind) Long Bond	1.0%	-2.7%	5.9%	3.7%	Not Started	Not Started	Not Started	54,233,830
Canada Life (Ind) Setanta Pen Fixed Interest *	0.4%	-3.7%	3.3%	2.3%	3.8%	5.3%	6.4%	221,836,220
Friends (Ind) Fixed Interest	0.7%	-2.3%	4.2%	2.6%	4.2%	5.8%	7.0%	70,420,000
Aviva L&P Pen Laser Pension Bond *	-0.6%	-9.7%	2.0%	2.0%	4.3%	5.8%	6.5%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	0.5%	-1.3%	6.0%	3.9%	4.9%	6.2%	7.1%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	0.4%	-2.9%	5.5%	3.1%	4.4%	6.0%	6.9%	675,093,000
MoneyMate Sector Average	0.5%	-2.9%	4.0%	2.9%	4.5%	6.1%	6.8%	
Money Market								
Zurich Life (Ind) Secure	0.2%	0.5%	1.2%	2.1%	2.4%	3.4%	4.8%	428,018,052
Acorn Life (Ind) Pension Deposit	0.8%	1.9%	2.8%	2.9%	2.6%	3.3%	4.7%	3,400,000
Canada Life (Ind) Setanta Pension Money *	0.1%	0.2%	1.2%	2.0%	2.0%	2.7%	4.0%	362,588,114
Friends (Ind) Cash	0.2%	0.9%	1.6%	2.2%	2.2%	2.8%	4.1%	83,260,000
Aviva L&P Pension Cash	0.1%	0.9%	2.2%	2.5%	2.3%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.1%	1.1%	2.3%	2.6%	2.3%	3.0%	4.1%	905,875
Lifetime/BIAM (Ind) Pen Security	0.0%	0.0%	1.0%	1.6%	1.7%	2.3%	3.5%	1,839,000
New Irl (Ind) Pension Cash 2 *	0.1%	0.2%	1.2%	1.9%	1.8%	2.6%	4.0%	693,817,000
SL Synergy Cash	0.0%	0.0%	0.7%	1.6%	Not Started	Not Started	Not Started	239,600,000
MoneyMate Sector Average	0.1%	0.5%	1.5%	2.1%	2.1%	2.9%	4.3%	
Flexible Equity								
Zurich Life (Ind) International Equity	-1.0%	8.5%	1.0%	1.3%	1.3%	Not Started	Not Started	228,468,035
Canada Life (Ind) Passive Equity 2	-0.9%	7.2%	-1.2%	-1.7%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	0.3%	11.2%	1.2%	0.7%	-0.6%	4.4%	5.4%	178,100,000
Aviva L&P Pen Laser Pension International Eq	-0.5%	9.8%	-2.1%	-0.9%	-1.4%	4.2%	5.6%	40,207,818
Irish Life (Ind) Indexed Global Equity P	-0.6%	11.8%	-1.7%	-1.1%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	-0.4%	10.1%	-0.3%	-0.7%	-1.8%	4.5%	5.8%	651,516,000
SL Synergy Global Equity Tracker	-2.4%	7.6%	0.6%	0.1%	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	-0.4%	9.9%	-1.3%	-0.3%	-0.3%	4.8%	6.7%	

Warning: The income you get from this investment may go down as well as up. The value of your investment may go down as well as up. Returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds. Benefits may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Eurozone Equity ¹								
Zurich Life Eurozone Equity G	5.6%	20.5%	0.3%	3.6%	Not Started	Not Started	Not Started	86,737,993
ALB Inv Mgr Ltd Eurozone Equity Indexmaster B	3.6%	17.0%	-4.7%	-0.5%	Not Started	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	5.6%	19.8%	-5.6%	-2.6%	-2.5%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity	4.9%	12.7%	-4.9%	-1.4%	-0.8%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	7.9%	16.5%	-5.1%	-1.8%	-2.2%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	2.9%	16.6%	-2.1%	0.1%	0.0%	N/A	N/A	
Irish Equity								
Zurich Life (Ind) Irish Equity	5.2%	8.2%	-17.9%	-13.1%	Not Started	Not Started	Not Started	8,127,737
Ark Life (Ind) Pension Irish	5.4%	2.8%	-17.8%	-14.7%	Not Started	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	4.0%	3.4%	-17.2%	-14.0%	-3.9%	3.5%	6.0%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	5.1%	4.2%	-18.4%	-14.9%	-3.9%	Not Started	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed P	3.5%	2.9%	-20.8%	-16.4%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	7.1%	7.4%	-16.8%	-15.0%	-2.8%	4.2%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	4.3%	2.6%	-20.1%	-15.9%	Not Started	Not Started	Not Started	11,800,000
MoneyMate Sector Average	5.2%	4.8%	-18.8%	-15.0%	-5.0%	3.1%	5.4%	
Specialist Funds ^{1 & 2}								
Zurich Life Dividend Growth G	1.8%	10.9%	0.5%	-1.3%	Not Started	Not Started	Not Started	143,049,232
Aviva L&P High Yield	0.7%	11.1%	0.5%	2.4%	2.1%	Not Started	Not Started	5,897,305
Canada Life CL/Set Equity Div Non Dis G	4.7%	19.7%	2.1%	0.3%	Not Started	Not Started	Not Started	304,347,164
Bloxhams High Yield 1 G *	-1.7%	8.4%	0.2%	-1.2%	Not Started	Not Started	Not Started	224,439,921
Merrion SB Ltd Merrion High Yield G	3.8%	16.3%	-10.1%	-8.7%	Not Started	Not Started	Not Started	12,205,610
Average of Selected Funds	1.8%	13.3%	-1.4%	-1.7%	2.1%	N/A	N/A	
Concentrated Funds ^{1 & 2}								
Zurich Life 5 Star 5 Global G	-3.0%	3.2%	-4.0%	-1.7%	3.5%	Not Started	Not Started	208,216,754
Zurich Life 5 Star 5 Europe G	4.3%	15.3%	-3.5%	-1.5%	Not Started	Not Started	Not Started	87,388,550
Zurich Life 5 Star 5 Americas G	-0.6%	1.7%	1.4%	2.5%	Not Started	Not Started	Not Started	50,933,210
Zurich Life 5 Star 5 Asia Pacific G	0.2%	12.0%	-2.9%	2.6%	Not Started	Not Started	Not Started	105,304,328
BOI Life - Smart Funds Spotlight S9	-1.4%	4.0%	4.4%	Not Started	Not Started	Not Started	Not Started	6,168,000
Canada Life /Setanta Focus 15 G	-0.8%	12.2%	9.3%	4.2%	-1.0%	Not Started	Not Started	120,878,771
Aviva L&P Target 20	2.9%	16.1%	-4.5%	-3.1%	-5.0%	Not Started	Not Started	12,421,427
Average of Selected Funds	0.2%	9.2%	0.0%	0.5%	-0.8%	N/A	N/A	
ZURICH LIFE INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property (Ind)	-5.9%	11.4%	1.3%	Not Started	Not Started	Not Started	Not Started	8,481,511
European Ex UK Property (Ind)	9.0%	38.3%	4.5%	Not Started	Not Started	Not Started	Not Started	10,901,443
Eurozone Property* (Ind)	8.1%	32.8%	-1.4%	-0.8%	Not Started	Not Started	Not Started	34,943,072
Geographic Fund								
India Equity (Ind)	-16.7%	-7.4%	2.7%	Not Started	Not Started	Not Started	Not Started	32,798,979
Sector Fund								
TopTech 100 (Ind)	0.0%	9.5%	8.0%	6.1%	Not Started	Not Started	Not Started	11,347,003
Commodity Fund								
Global Commodities (Ind)	0.2%	12.8%	-16.5%	-7.8%	Not Started	Not Started	Not Started	22,400,004
Strategy Funds								
Green Resources (Ind)	-11.3%	-1.9%	Not Started	Not Started	Not Started	Not Started	Not Started	5,167,697
Earth Resources (Ind)	-5.1%	11.3%	-7.7%	Not Started	Not Started	Not Started	Not Started	19,604,252
Diversified Assets (Ind)	0.4%	11.2%	0.1%	Not Started	Not Started	Not Started	Not Started	12,841,613

The returns shown are net of the annual management charge deducted by each provider in their unit prices. This will vary for each provider, and any difference will impact the relative performance of the funds shown.

The MoneyMate sector averages shown are the average of all funds in each of the MoneyMate sectors in the individual pensions category except where otherwise stated. The funds highlighted have been chosen to show one of each competitors' funds, and to show the performance of competitors over short, medium and long terms.

Source: MoneyMate as on 02/06/2011.

- 1 The MoneyMate Irish Domestic Funds (Gross) sector has been chosen as it contains the most comprehensive selection of competitor funds.
- 2 This is not a sector on MoneyMate but has been created to compare the performance of the Zurich Life fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector. The average shown is the average of the selected funds above.

* Note that this fund is no longer open to new business. Other similar funds which are open to new business may be available from the relevant fund manager.

Figures highlighted in blue indicate where the Zurich Life fund has outperformed the average.

A secure investment with potential to earn returns

The Zurich Life **Guaranteed Tracker Bond Series 1** is an innovative new product that is available for once-off investments for a limited period only.

The bond is a secure investment which guarantees you will receive at least your original payment on 6th June 2016 (less the Government insurance levy)*.

The bond also provides a return linked to the performance of the Euro Stoxx 50 Index. This return is calculated as follows:

- The maximum loss that can be incurred in any one month will be 6% - limiting some of the risks normally associated with direct investment in the stock market.
- The maximum gain per month taken into account is 3%.

There is also an innovative annual lock-in feature which protects your investment gains at certain times.

Zurich Life has chosen a partner with a financially strong rating to provide the return and guarantee on this product. Credit Suisse International, is rated A+ by Standard & Poor's (as at May 2011)**.

* Government insurance levy is currently 1% (as at May 2011) and may change in the future.

** You should note that a credit rating is not a recommendation to invest nor a guarantee as to the future returns for this product and such rating may change from time to time.

Warning: The value of this investment can go down as well as up. If you cash in your investment before 6th June 2016 you may lose some or all of the money you invested.

Apply today!
Contact your **Financial Advisor**.



✓ **100% Capital Guarantee on 6th June 2016**

✓ **Potential for returns linked to the Euro Stoxx 50 Index**

✓ **Innovative lock-in of highest anniversary value**

✓ **Protecting your investment from large market falls each month**

✓ **Financially secure counterparty - Credit Suisse**

✓ **Limited Offer until 1st July 2011**
(or earlier if fully subscribed)