

Investment Comment & Outlook

Overall: Equity markets remain vulnerable given the increasing level of risk, especially the slowing down in the pace of economic recovery and debt concerns in both the US and Europe. Longer term equities continue to be supported by reasonable valuation levels. Bond yields are expected to remain low.

Equity Markets

- Equity markets struggled again in July due to concerns over debt levels in Spain and Italy, as well as the US.
- World equities (in euro terms) fell by 1% during the month, leaving the total return for the first seven months of 2011 at -3.5%.
- Returns, in local currency terms, for the main markets in July ranged between 0% (Hong Kong) and -4% (Europe). The Irish market fell 4.5% with heavyweights CRH and Ryanair underperforming. Technology was the best-performing sector in the US.
- Quarter 2 earnings' results in the US have been generally positive although analysts are not as upbeat for future profits.

Commodities & Currencies

- Commodity prices were stronger in July despite concerns over the slow-down in economic activity.
- Brent oil (European) ended the month up 4% at \$117 per barrel, while West Texas (US) ended July up marginally at \$96 per barrel.
- Gold continued its seemingly inexorable move upwards, helped by its 'asset-of-last-resort' status and the weakness of the US dollar against the Swiss franc and Japanese yen. The metal finished at \$1,628 per troy ounce.
- The euro and the US dollar both weakened against a number of major currencies. The €/£ rate ended the period at 1.44.

Bonds & Interest Rates

- Eurozone bond prices were flat for the month of July, although this masks the sharp divergence between the core and the periphery with the German market up 5% and the Italian market down 7%.
- German 10-year bond yields have now moved down to 2.5%, not far from their lows at the end of September 2010.
- The ECB has increased short-term interest rates twice during 2011 from 1% to 1.5%. However, given the ongoing contagion of European debt default concerns, markets now expect no further increases until the end of 2012.
- The current market prediction is that UK and US rates will not be increased until early 2013.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are neutral to slightly overweight.

Activity: Equity positions were reduced, mainly in Europe.

Regionally, the funds are:

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

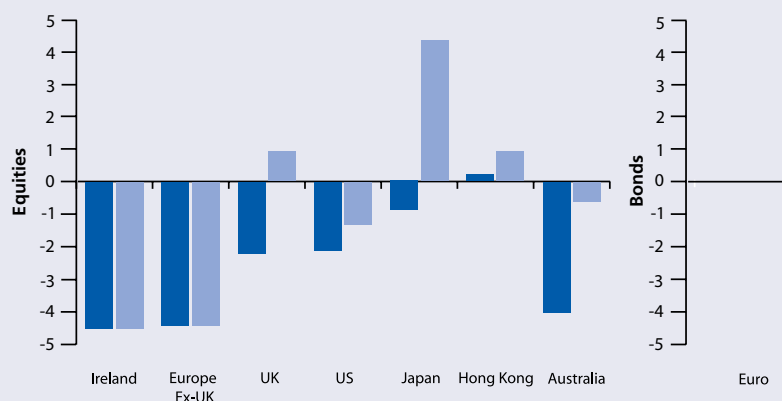
Sectorwise, the funds are:

- overweight technology;
- underweight industrials and financials;
- otherwise reasonably balanced.

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of July. 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								
<i>Zurich Life (Ind) Dynamic</i>	-2.8%	6.4%	2.5%	-0.1%	2.7%	6.5%	9.8%	1,003,213,371
<i>Zurich Life (Ind) Performance</i>	-2.3%	5.5%	2.6%	0.0%	2.8%	6.7%	9.3%	863,875,401
Acorn Life (Ind) Pension Managed Growth	-0.7%	9.0%	2.1%	-1.1%	1.0%	6.2%	7.1%	227,200,000
Aviva L&P Pension Focused Managed I	-2.7%	3.3%	-0.4%	-3.3%	-0.3%	Not Started	Not Started	6,904,196
Lifetime/BIAM (Ind) Lifetime/SSGA (Ind) Pen Opportunity	-3.6%	3.3%	1.6%	-2.8%	-0.6%	5.2%	6.7%	6,002,000
<i>MoneyMate Sector Average</i>	-2.9%	3.9%	0.7%	-2.4%	0.6%	5.6%	7.5%	
Managed Balanced								
<i>Zurich Life (Ind) Balanced</i>	-2.2%	5.4%	2.9%	0.7%	3.1%	7.0%	9.3%	1,303,695,211
Acorn Life (Ind) Pension Managed	-0.4%	7.4%	3.0%	-0.2%	1.7%	6.2%	7.4%	127,900,000
Ark Life (Ind) Pension Managed *	-3.4%	1.5%	-0.9%	-3.0%	-0.8%	3.8%	5.7%	--
Canada Life (Ind) Setanta Pension Managed *	-2.3%	2.7%	2.1%	-0.4%	1.8%	5.8%	6.7%	1,027,369,604
Friends (Ind) Managed	-2.9%	3.9%	0.8%	-2.4%	0.7%	5.2%	6.4%	691,070,000
Aviva L&P Pen Laser Pension Managed	-3.1%	1.2%	-1.8%	-3.8%	-0.1%	4.7%	5.8%	376,832,448
Irish Life (Ind) Exempt Managed 1	-3.2%	1.8%	0.8%	-2.1%	1.1%	5.4%	6.3%	1,266,373,498
Lifetime/BIAM (Ind) Pen Growth	-3.3%	2.7%	1.0%	-2.8%	0.1%	5.5%	6.8%	--
New Irl (Ind) Pension Managed 3	-3.2%	2.9%	1.3%	-2.5%	0.7%	5.9%	6.9%	1,961,900,000
SL Synergy Balanced MultiManager	-1.2%	5.6%	1.2%	-2.7%	Not Started	Not Started	Not Started	137,100,000
<i>MoneyMate Sector Average</i>	-2.7%	2.8%	0.7%	-1.6%	0.6%	5.5%	6.9%	
Managed Defensive								
<i>Zurich Life (Ind) Cautiously Managed</i>	0.3%	0.6%	4.7%	<i>Not Started</i>	<i>Not Started</i>	<i>Not Started</i>	<i>Not Started</i>	84,833,652
Aviva L&P GMP Pension Cautiously Managed *	-1.5%	-1.1%	-1.5%	-0.6%	1.9%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	-0.8%	2.2%	4.8%	2.2%	Not Started	Not Started	Not Started	13,000,000
<i>MoneyMate Sector Average</i>	-0.6%	-0.3%	1.5%	1.0%	2.2%	2.6%	3.8%	
Bond								
<i>Zurich Life (Ind) Active Fixed Income</i>	2.1%	-1.8%	5.8%	4.3%	5.3%	7.6%	<i>Not Started</i>	211,713,401
<i>Zurich Life (Ind) Long Bond</i>	0.8%	-3.5%	5.1%	3.4%	<i>Not Started</i>	<i>Not Started</i>	<i>Not Started</i>	55,462,231
Canada Life (Ind) Setanta Pen Fixed Interest *	-1.1%	-6.2%	2.6%	1.8%	3.4%	5.1%	6.4%	221,836,220
Friends (Ind) Fixed Interest	-0.3%	-3.8%	3.7%	2.2%	3.8%	5.6%	7.1%	70,420,000
Aviva L&P Pen Laser Pension Bond *	-1.4%	-8.3%	1.6%	1.6%	4.0%	5.6%	6.5%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	-0.9%	-3.6%	5.1%	3.4%	4.5%	6.0%	7.1%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	-0.1%	-3.5%	4.9%	2.9%	4.1%	5.9%	7.0%	675,093,000
<i>MoneyMate Sector Average</i>	-0.2%	-3.8%	3.6%	2.6%	4.1%	6.0%	6.9%	
Money Market								
<i>Zurich Life (Ind) Secure</i>	0.3%	0.5%	1.0%	2.1%	2.3%	3.4%	4.7%	439,368,367
Acorn Life (Ind) Pension Deposit	1.0%	1.8%	2.4%	2.9%	2.5%	3.2%	4.6%	3,400,000
Canada Life (Ind) Setanta Pension Money *	0.1%	0.3%	1.0%	2.0%	1.9%	2.6%	3.9%	362,588,114
Friends (Ind) Cash	0.2%	0.7%	1.4%	2.1%	2.1%	2.8%	4.0%	83,260,000
Aviva L&P Pension Cash	0.2%	0.6%	2.0%	2.5%	2.3%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.2%	0.8%	2.1%	2.6%	2.3%	2.9%	4.1%	905,875
Lifetime/BIAM (Ind) Pen Security	0.0%	0.0%	0.8%	1.6%	1.6%	2.3%	3.4%	1,839,000
New Irl (Ind) Pension Cash 2 *	0.1%	0.2%	1.0%	1.8%	1.8%	2.6%	3.9%	693,817,000
SL Synergy Cash	0.0%	0.0%	0.5%	1.5%	Not Started	Not Started	Not Started	239,600,000
<i>MoneyMate Sector Average</i>	0.2%	0.4%	1.3%	2.0%	2.0%	2.9%	4.2%	
Flexible Equity								
<i>Zurich Life (Ind) International Equity</i>	-4.1%	7.0%	3.4%	0.7%	1.7%	<i>Not Started</i>	<i>Not Started</i>	222,823,695
Canada Life (Ind) Passive Equity 2	-4.9%	4.6%	1.4%	-2.7%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	-3.4%	6.5%	3.7%	-0.2%	-0.1%	4.5%	5.3%	178,100,000
Aviva L&P Pen Laser Pension International Eq	-3.0%	4.4%	1.2%	-1.6%	-0.9%	4.3%	5.2%	40,207,818
Irish Life (Ind) Indexed Global Equity P	-4.5%	7.1%	1.9%	-2.1%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	-4.5%	4.3%	1.9%	-1.7%	-1.5%	4.5%	5.5%	651,516,000
SL Synergy Global Equity Tracker	-4.8%	5.7%	3.2%	-0.9%	Not Started	Not Started	Not Started	200,000
<i>MoneyMate Sector Average</i>	-3.5%	6.4%	1.7%	-1.0%	0.1%	4.7%	6.2%	

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	-0.7%	7.6%	2.1%	2.0%	Not Started	Not Started	Not Started	81,624,796
ALB Inv Mgr Ltd Eurozone Equity Indexmaster B	-0.3%	3.9%	-1.7%	-1.5%	Not Started	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	-2.1%	3.7%	-3.5%	-4.0%	-2.5%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity	-4.2%	-3.9%	-3.1%	-3.5%	-1.0%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	0.9%	4.5%	-3.3%	-3.4%	-2.4%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	-3.1%	4.2%	-0.1%	-1.4%	0.1%	N/A	N/A	
Irish Equity								
Zurich Life (Ind) Irish Equity	-1.4%	1.1%	-11.1%	-14.3%	Not Started	Not Started	Not Started	7,529,460
Ark Life (Ind) Pension Irish	-2.2%	-5.1%	-10.7%	-15.8%	Not Started	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	-1.5%	-1.2%	-9.4%	-14.8%	-4.0%	3.3%	5.6%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	-2.3%	-3.5%	-11.4%	-16.0%	-4.2%	Not Started	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed P	-2.0%	-1.9%	-12.8%	-17.1%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	0.8%	1.8%	-9.3%	-15.8%	-3.2%	4.0%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	-2.0%	-3.2%	-12.4%	-16.8%	Not Started	Not Started	Not Started	11,800,000
MoneyMate Sector Average	-1.4%	-1.5%	-11.5%	-16.0%	-5.3%	2.9%	5.0%	
Specialist Funds ^{1 & 2}								
Zurich Life Dividend Growth G	1.8%	10.9%	0.5%	-1.3%	Not Started	Not Started	Not Started	135,340,587
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	199,137,970
Zurich Life 5 Star 5 Europe G	4.3%	15.3%	-3.5%	-1.5%	Not Started	Not Started	Not Started	80,898,231
Zurich Life 5 Star 5 Americas G	-0.6%	1.7%	1.4%	2.5%	Not Started	Not Started	Not Started	47,373,564
Zurich Life 5 Star 5 Asia Pacific G	0.2%	12.0%	-2.9%	2.6%	Not Started	Not Started	Not Started	102,865,188
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)	-8.8%	4.1%	5.2%	Not Started	Not Started	Not Started	Not Started	7,468,191
European Ex UK Property (Ind)	3.7%	17.1%	8.9%	Not Started	Not Started	Not Started	Not Started	10,569,826
Eurozone Property* (Ind)	2.4%	13.9%	2.2%	-3.3%	Not Started	Not Started	Not Started	32,525,912
Geographic Fund								
India Equity (Ind)	-16.7%	-6.8%	8.6%	Not Started	Not Started	Not Started	Not Started	32,068,673
Sector Fund								
TopTech 100 (Ind)	-0.7%	15.0%	11.4%	6.8%	Not Started	Not Started	Not Started	11,212,385
Commodity Fund								
Global Commodities (Ind)	-3.2%	10.8%	-16.3%	-8.9%	Not Started	Not Started	Not Started	21,274,926
Strategy Funds								
Green Resources (Ind)	-20.6%	-11.6%	-16.0%	Not Started	Not Started	Not Started	Not Started	4,603,800
Earth Resources (Ind)	-10.0%	7.1%	-7.9%	Not Started	Not Started	Not Started	Not Started	18,547,619
Diversified Assets (Ind)	-2.0%	6.9%	1.4%	Not Started	Not Started	Not Started	Not Started	10,508,837

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 08/08/2011.

- 1 The average shown is the average of the relevant MoneyMate Irish Domestic Funds (Gross) sector. This 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 real returns

The Zurich Life **Guaranteed Tracker Bond Series 2** 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 22nd August 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.

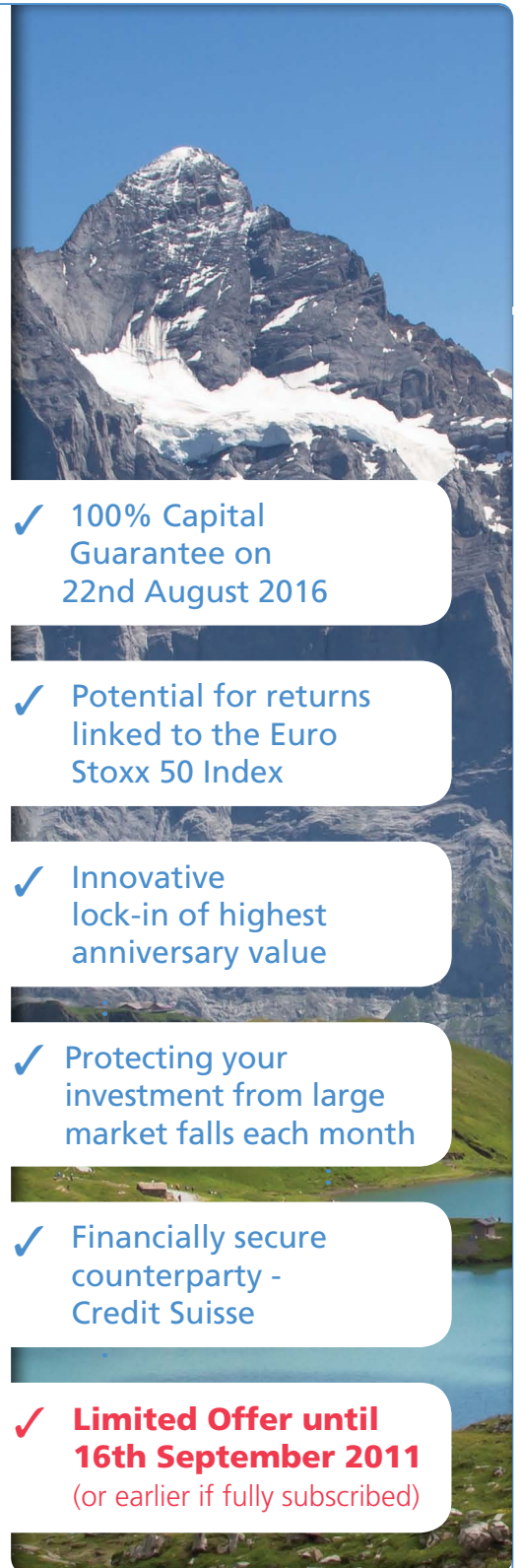
Zurich Life has chosen a partner with a financially strong rating to provide the return and guarantee on this product. Credit Suisse International, is rated A+ by Standard & Poor's (as at July 2011)**.

* Government insurance levy is currently 1% (as at July 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 22nd August 2016 you may lose some or all of the money you invested.

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✓ Innovative lock-in of highest anniversary value

✓ Protecting your investment from large market falls each month

✓ Financially secure counterparty - Credit Suisse

✓ **Limited Offer until 16th September 2011**
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This Monthly Investment Review does not constitute an offer and should not be taken as a recommendation from Zurich Life. Advice should always be sought from an appropriately qualified professional.