

Zurich Life Monthly Investment Review

For August 2011



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 the pressure this could put on profit growth) 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 quite low.

Equity Markets

- Equity markets caved in during the first eight days of August following the S&P downgrade of the US's 70-year AAA debt rating and the contagion of Europe's debt crisis to Italy. Markets staged a partial, but unconvincing, recovery during the remainder of the month.
- World equities (in euro terms) fell by a staggering 7% during the month, leaving the total return for the first eight months of 2011 at -10.6%.
- Returns, in local currency terms, for the main markets in August ranged between -3% (Australia) and -12% (Europe).
- Defensive sectors, such as consumer staples and healthcare, outperformed cyclical stocks, while financial stocks were amongst the worst performing areas.

Commodities & Currencies

- Commodity prices were generally weaker in August on the back of a continued slow-down in economic activity.
- Brent oil (European) ended the month down 2% at \$115 per barrel, while West Texas (US) ended August down 7% at \$89 per barrel.
- Gold continued its seemingly inexorable move upwards, helped by its 'asset-of-last-resort' status. The metal finished up a massive 12% at \$1,829 per troy ounce.
- The €/£ rate ended the period unchanged at 1.44.

Bonds & Interest Rates

- Eurozone bonds were strong across the board in August with the Merrill Lynch Eurozone Index rising almost 4%.
- German 10-year bond yields fell to a multi-decade low of 2.1%, helped by weaker economic data, the turmoil in equities and a flight-to-quality.
- Short-term eurozone interest rates have been increased twice during 2011 from 1% to 1.5%. However, markets now anticipate a volte-face from the ECB, with at least one rate cut expected by Christmas.
- The current market prediction is that UK and US rates will not be increased until mid-2013.

Fund Allocations & Activity

Equities: On a tactical basis, the funds are closer to neutral.

Bonds: The funds are slightly overweight.

Activity: Equity positions were increased mid-month, mainly in the US.

Regionally, the funds are:

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

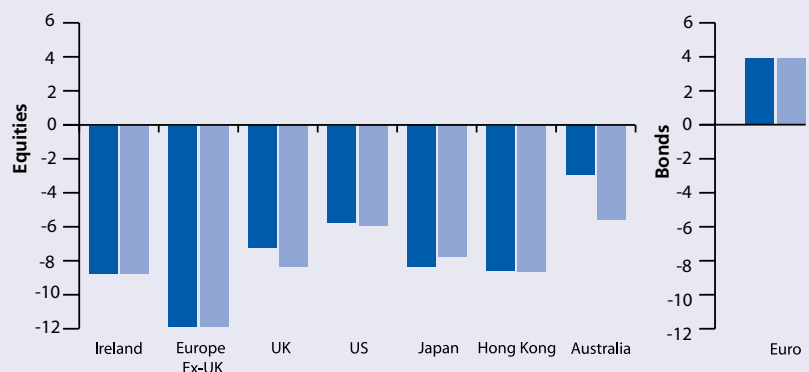
Sectorwise, the funds are:

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

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of August. 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	-9.1%	0.2%	-0.4%	-2.0%	2.4%	5.9%	9.2%	925,689,591
Zurich Life (Ind) Performance	-7.5%	-0.1%	0.1%	-1.7%	2.7%	6.1%	8.9%	814,559,021
Acorn Life (Ind) Pension Managed Growth	-9.5%	1.7%	-1.6%	-3.6%	0.6%	5.3%	6.6%	227,200,000
Aviva L&P Pension Focused Managed I	-9.3%	-1.2%	-3.4%	-5.4%	-0.4%	Not Started	Not Started	6,904,196
Lifetime/BIAM (Ind) Lifetime/SSGA (Ind) Pen Opportunity	-10.8%	-3.1%	-1.8%	-4.9%	-1.0%	4.3%	6.2%	6,002,000
MoneyMate Sector Average	-9.7%	-1.6%	-2.3%	-4.4%	0.3%	5.0%	7.1%	
Managed Balanced								
Zurich Life (Ind) Balanced	-7.3%	-0.2%	0.5%	-0.8%	2.9%	6.4%	9.0%	1,201,395,426
Acorn Life (Ind) Pension Managed	-7.6%	1.1%	-0.1%	-2.2%	1.3%	5.4%	7.0%	127,900,000
Ark Life (Ind) Pension Managed *	-9.0%	-2.5%	-3.6%	-4.8%	-1.0%	3.3%	5.4%	--
Canada Life (Ind) Setanta Pension Managed *	-5.8%	0.3%	-0.2%	-1.6%	1.7%	5.3%	6.5%	1,027,369,604
Friends (Ind) Managed	-9.6%	-2.3%	-2.3%	-4.3%	0.4%	4.6%	6.0%	691,070,000
Aviva L&P Pen Laser Pension Managed Fund	-8.5%	-2.1%	-4.5%	-5.4%	-0.3%	4.2%	5.5%	376,832,448
Irish Life (Ind) Exempt Managed 1	-10.7%	-4.7%	-2.3%	-4.2%	0.7%	4.8%	5.8%	1,266,373,498
Lifetime/BIAM (Ind) Pen Growth	-9.4%	-3.0%	-1.7%	-4.6%	-0.2%	4.8%	6.4%	--
New Irl (Ind) Pension Managed 3	-9.3%	-2.8%	-1.5%	-4.4%	0.5%	5.4%	6.6%	1,961,900,000
SL Synergy Balanced MultiManager	-8.0%	0.0%	-1.9%	-4.6%	Not Started	Not Started	Not Started	160,000,000
MoneyMate Sector Average	-8.1%	-2.0%	-1.8%	-3.2%	0.5%	4.9%	6.5%	
Managed Defensive								
Zurich Life (Ind) Cautiously Managed	0.8%	-1.5%	4.2%	Not Started	Not Started	Not Started	Not Started	85,345,501
Aviva L&P GMP Pension Cautiously Managed Fund *	-2.2%	-1.2%	-2.0%	-1.0%	1.9%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	-2.2%	-1.6%	3.6%	1.5%	Not Started	Not Started	Not Started	26,000,000
MoneyMate Sector Average	-0.8%	-1.7%	1.1%	0.8%	2.4%	2.6%	3.8%	
Bond								
Zurich Life (Ind) Active Fixed Income	5.8%	-2.6%	6.6%	4.6%	5.6%	7.8%	Not Started	218,830,442
Zurich Life (Ind) Long Bond Fund	4.8%	-5.9%	5.9%	3.7%	Not Started	Not Started	Not Started	57,647,686
Canada Life (Ind) Setanta Pen Fixed Interest *	0.8%	-6.8%	2.7%	1.8%	3.5%	5.2%	6.5%	221,836,220
Friends (Ind) Fixed Interest	1.4%	-6.1%	3.8%	2.1%	3.8%	5.7%	7.0%	70,420,000
Aviva L&P Pen Laser Pension Bond *	1.3%	-7.6%	2.0%	1.8%	4.1%	5.7%	6.6%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	2.2%	-3.9%	5.7%	3.7%	4.7%	6.2%	7.2%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	2.8%	-4.7%	5.4%	3.1%	4.4%	6.0%	7.0%	675,093,000
MoneyMate Sector Average	2.1%	-4.5%	3.9%	2.7%	4.3%	6.1%	6.9%	
Money Market								
Zurich Life (Ind) Secure	0.4%	0.6%	1.0%	2.0%	2.2%	3.3%	4.7%	458,854,769
Acorn Life (Ind) Pension Deposit	1.2%	1.8%	2.3%	2.9%	2.5%	3.2%	4.6%	3,400,000
Canada Life (Ind) Setanta Pension Money *	0.2%	0.3%	0.9%	1.9%	1.9%	2.6%	3.8%	362,588,114
Friends (Ind) Cash	0.2%	0.6%	1.3%	2.1%	2.1%	2.7%	4.0%	83,260,000
Aviva L&P Pension Cash	0.3%	0.6%	1.9%	2.4%	2.3%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.2%	0.7%	2.0%	2.5%	2.2%	2.9%	4.0%	905,875
Lifetime/BIAM (Ind) Pen Security	0.1%	0.1%	0.7%	1.6%	1.6%	2.3%	3.4%	1,839,000
New Irl (Ind) Pension Cash 2 *	0.2%	0.3%	0.9%	1.8%	1.8%	2.5%	3.9%	693,817,000
SL Synergy Cash Fund	0.0%	0.0%	0.4%	1.5%	Not Started	Not Started	Not Started	239,600,000
MoneyMate Sector Average	0.2%	0.4%	1.2%	2.0%	2.0%	2.9%	4.1%	
Flexible Equity								
Zurich Life (Ind) International Equity	-11.0%	0.6%	-0.2%	-1.2%	1.5%	Not Started	Not Started	206,921,684
Canada Life (Ind) Passive Equity 2	-11.5%	-0.8%	-2.4%	-4.5%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	-11.9%	-1.2%	-0.4%	-2.4%	-0.3%	3.7%	4.8%	178,100,000
Aviva L&P Pen Laser Pension International Eq	-11.8%	-2.0%	-2.7%	-3.9%	-1.2%	3.6%	4.8%	40,207,818
Irish Life (Ind) Indexed Global Equity P	-12.2%	0.0%	-1.8%	-4.4%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	-13.5%	-4.0%	-2.3%	-4.1%	-1.8%	3.7%	5.0%	651,516,000
SL Synergy Global Equity Tracker	-12.8%	-0.5%	-1.0%	-2.9%	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	-11.7%	-1.0%	-2.1%	-3.2%	-0.2%	3.9%	5.7%	

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	-12.9%	-1.9%	-2.5%	-1.3%	Not Started	Not Started	Not Started	71,299,559
AIB Inv Mgr Ltd Eurozone Equity Indexmaster B	-17.8%	-8.4%	-8.2%	-6.1%	Not Started	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	-9.8%	1.3%	-6.7%	-6.4%	-2.8%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity Fund	-12.1%	-6.0%	-6.1%	-5.7%	-1.2%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	-13.4%	-6.4%	-8.3%	-7.0%	-3.3%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	-14.0%	-4.3%	-4.6%	-4.5%	-0.6%	-0.4%	-0.3%	
Irish Equity								
Zurich Life (Ind) Irish Equity	-10.5%	-2.5%	-14.2%	-17.1%	Not Started	Not Started	Not Started	7,042,537
Ark Life (Ind) Pension Irish	-7.3%	-1.0%	-13.4%	-18.0%	Not Started	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	-9.0%	-1.4%	-12.6%	-17.2%	-4.4%	2.6%	5.1%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	-8.6%	-1.0%	-14.5%	-18.3%	-4.6%	Not Started	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed Fund P	-9.6%	-1.7%	-16.0%	-19.7%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	-5.9%	2.3%	-12.3%	-18.1%	-3.6%	3.2%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	-10.5%	-1.8%	-16.0%	-19.3%	Not Started	Not Started	Not Started	11,800,000
MoneyMate Sector Average	-8.6%	-0.7%	-14.6%	-18.4%	-5.6%	2.1%	4.6%	
Specialist Funds ^{1 & 2}								
Zurich Life Dividend Growth G	-6.6%	0.3%	0.3%	-4.0%	Not Started	Not Started	Not Started	126,372,501
Aviva L&P High Yield	-8.5%	1.3%	0.2%	-0.8%	1.9%	Not Started	Not Started	5,897,305
Canada Life CL/Set Equity Div Non Dis G	-5.7%	5.3%	1.8%	-2.4%	Not Started	Not Started	Not Started	304,347,164
Bloxxams High Yield Fund 1 G *	-12.1%	-1.7%	-0.5%	-4.4%	Not Started	Not Started	Not Started	224,439,921
Merrion SB Ltd Merrion High Yield Fund G	-11.2%	-5.6%	-7.8%	-13.0%	Not Started	Not Started	Not Started	12,205,610
Average of selected funds	-8.8%	-0.1%	-1.2%	-4.9%	1.9%	N/A	N/A	
Concentrated Funds ^{1 & 2}								
Zurich Life 5 Star 5 Global G	-14.3%	-3.6%	-6.0%	-4.0%	3.2%	Not Started	Not Started	180,768,434
Zurich Life 5 Star 5 Europe G	-13.0%	-5.1%	-6.2%	-4.8%	Not Started	Not Started	Not Started	71,612,620
Zurich Life 5 Star 5 Americas G	-10.5%	1.4%	-1.1%	-0.1%	Not Started	Not Started	Not Started	44,271,649
Zurich Life 5 Star 5 Asia Pacific G	-9.9%	2.1%	-1.2%	0.3%	Not Started	Not Started	Not Started	93,297,988
BOI Life - Smart Funds Spotlight S9	-15.7%	-4.1%	0.5%	Not Started	Not Started	Not Started	Not Started	6,168,000
Canada Life /Setanta Focus 15 G	-10.1%	2.9%	7.3%	1.5%	-0.2%	Not Started	Not Started	120,878,771
Aviva L&P Target 20 Fund	-9.1%	4.8%	-6.3%	-5.4%	-4.9%	Not Started	Not Started	12,421,427
Average of selected funds	-11.8%	-0.2%	-1.9%	-2.1%	-0.6%	N/A	N/A	
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund (Ind)	-15.0%	-6.5%	3.1%	Not Started	Not Started	Not Started	Not Started	6,895,249
European Ex UK Property Fund (Ind)	-4.3%	7.7%	4.2%	Not Started	Not Started	Not Started	Not Started	9,478,089
Eurozone Property* (Ind)	-7.4%	2.8%	-1.6%	-5.4%	Not Started	Not Started	Not Started	28,803,226
Geographic Funds								
India Equity (Ind)	-27.5%	-19.6%	2.1%	Not Started	Not Started	Not Started	Not Started	27,679,036
Sector Fund								
TopTech 100 (Ind)	-6.2%	11.8%	6.9%	4.7%	-0.7%	Not Started	Not Started	10,208,274
Commodity Funds								
Global Commodities (Ind)	-5.9%	8.5%	-17.1%	-8.3%	Not Started	Not Started	Not Started	4,649,000
Strategy Funds								
Green Resources (Ind)	-29.5%	-18.3%	-21.6%	Not Started	Not Started	Not Started	Not Started	4,068,873
Earth Resources (Ind)	-11.6%	3.5%	-8.3%	Not Started	Not Started	Not Started	Not Started	17,730,550
Diversified Assets (Ind)	-5.8%	1.9%	-0.5%	Not Started	Not Started	Not Started	Not Started	9,401,847

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 08/09/2011.

- 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.

How is 2021 looking for you?

**Over time you will be surprised
how much you can save!**

Now more than ever, it is important
that you plan for your financial future.
Vision2021 from Zurich Life can help you
start planning for 2021, today.

**For more information contact
your Financial Advisor.**

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.

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