



## OVERALL

Increased volatility is more likely in financial markets in coming months in anticipation of the Federal Reserve and the Bank of England beginning to tighten liquidity conditions. Conversely, the ECB may be forced to engage in some form of quantitative easing given the anemic economic growth outlook for the eurozone area. Equities continue to be supported by the expectation of reasonably strong earnings' growth and low interest rates; in addition, equities remain better value relative to other asset classes. Government bond yields are expected to eventually rise from current ultra-low levels.

## ZURICH LIFE FUND ALLOCATIONS & ACTIVITY

**Equities:** The funds are overweight.

**Bonds:** The funds are underweight.

**Activity:** European equities were further reduced, due to poor earnings' expectations, with the proceeds invested in US equities.

### Regionally, the funds are:

- Underweight in the UK and Europe.
- Neutral in Asia Pacific.
- Overweight in the US and Japan and slightly overweight in Ireland.

### Sectorwise, the funds are:

- Underweight utilities and energy.
- Overweight consumer goods and industrials.
- Otherwise broadly balanced.

## EQUITY MARKETS

- Equities (in euro terms) rose for a ninth straight month in October, although this fact hides some severe volatility with the index down 7% mid-month before recovering sharply. Markets were rattled in the first half of October as investors struggled as to how to best gauge global economic health amidst the myriad of weaker economic data, particularly in the eurozone. The recovery in the second half was on the back of a good US Q3 earnings season as well as increased monetary expansion (QE) in Japan.
- World equities (in euro terms) rose by 1.5% in October giving a total return of 15.3% for the first ten months of the year. There was a mixed bag of returns amongst the major markets in local currency terms during the month ranging from plus 4.6% in Hong Kong to minus 2.7% in Europe. The bellwether US market was in positive territory (+2.3%).
- Sectorwise, with the exception of industrial stocks (+3.7%), October saw clear out-performance of defensive sectors, such as healthcare (+5.3%) and consumer staples (+3.4%), over economically sensitive cyclical sectors. By far the weakest sector in the US was, once again, energy (-3.0%).

## BONDS & INTEREST RATES

- The Merrill Lynch Euro over 5 Year Index was up 0.6% in October and has given an impressive return of 16.0% for the first ten months of the year. Peripheral markets, such as Spain and Italy, have been the strongest

year-to-date. Bond prices have risen in Europe in 2014 on deflationary concerns as well as speculation about the introduction of some form of QE.

- The German 10-year bond yield ended October lower at 0.84%, and not far off its all-time low of 0.76% on 15 inst. Equivalent US rates fell from 2.49% to 2.32% during the month.
- The Federal Reserve and the Bank of England are now expected to keep interest rates at record low levels until at least the second quarter of 2015. The ECB engaged in outright purchases of covered bonds during October and are expected to begin purchasing asset-backed securities during November.

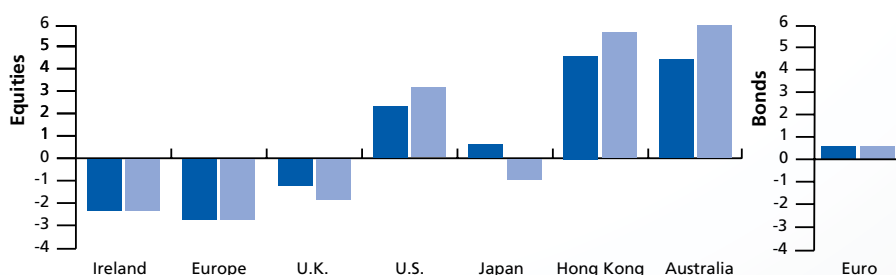
## COMMODITIES & CURRENCIES

- Commodity prices overall were down by 2.4% (in dollar terms) in October and have now lost all and more of the strong gains of the first half of the year.
- Oil prices were off sharply as OPEC producers kept supply at high levels. The Brent (European) oil price was down 9% at \$86 per barrel while West Texas (US) was down 12% at \$81 per barrel.
- The gold price fell sharply again in October, down over 3% at \$1,172 per troy ounce. Gold had reached an all-time high of \$1,889 in August 2011.
- The euro currency was flat to slightly weaker against a number of other major currencies during October. The €/£ rate moved from 1.26 to 1.25 during the month.

## EQUITY & BOND % RETURNS

This graph shows the performance of the major equity markets over the month of October. 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 (%)



**Warning: Past performance is not a reliable guide to future performance.**  
**Warning: The value of your investment may go down as well as up.**  
**Warning: Benefits may be affected by changes in currency exchange rates.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**



## ZURICH LIFE ANNUALISED PERFORMANCE TO 1ST NOVEMBER 2014

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Pathway Multi-Asset Funds								
Pathway <span>2</span>	2.6%	2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	24,963,243
Pathway <span>3</span>	5.6%	5.6%	Not Started	Not Started	Not Started	Not Started	Not Started	76,831,896
Pathway <span>4</span>	11.1%	10.9%	Not Started	Not Started	Not Started	Not Started	Not Started	121,059,751
Pathway <span>5</span>	12.1%	12.1%	Not Started	Not Started	Not Started	Not Started	Not Started	39,694,915
Pathway <span>6</span>	7.0%	6.9%	Not Started	Not Started	Not Started	Not Started	Not Started	5,475,392
Managed Funds								
Cautiously Managed	<span>14.4%</span>	<span>15.1%</span>	<span>12.0%</span>	<span>9.1%</span>	Not Started	Not Started	Not Started	277,504,510
<i>FinEx Sector Average</i>	6.4%	6.5%	6.2%	5.1%	3.6%	3.5%	4.4%	
Balanced	<span>11.1%</span>	<span>13.3%</span>	<span>14.3%</span>	<span>11.0%</span>	<span>7.3%</span>	<span>5.1%</span>	<span>8.7%</span>	1,577,135,617
<i>FinEx Sector Average</i>	7.3%	8.8%	11.3%	8.8%	4.6%	3.3%	6.7%	
Performance	<span>11.7%</span>	<span>14.1%</span>	<span>14.6%</span>	<span>11.5%</span>	<span>7.4%</span>	<span>4.9%</span>	<span>8.5%</span>	1,165,889,118
Dynamic	<span>11.4%</span>	<span>14.1%</span>	<span>15.3%</span>	<span>12.1%</span>	<span>7.7%</span>	<span>4.7%</span>	<span>8.5%</span>	1,441,791,994
<i>FinEx Sector Average</i>	7.0%	8.2%	11.0%	9.0%	4.6%	3.4%	6.3%	
Protected Funds								
Protected 70	7.3%	9.2%	9.7%	Not Started	Not Started	Not Started	Not Started	8,991,287
Protected 80	4.9%	6.1%	6.3%	Not Started	Not Started	Not Started	Not Started	25,178,593
Protected 90	1.6%	2.0%	1.7%	Not Started	Not Started	Not Started	Not Started	7,938,118
Cash Fund								
Secure	0.0%	0.0%	0.1%	0.3%	<span>1.4%</span>	<span>2.1%</span>	<span>3.1%</span>	390,839,262
<i>FinEx Sector Average</i>	0.3%	0.3%	0.2%	0.4%	1.4%	1.9%	2.7%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	6.0%	5.8%	Not Started	Not Started	Not Started	Not Started	Not Started	2,977,800,000
Global Government Bond (JP Morgan)*	5.6%	4.8%	Not Started	Not Started	Not Started	Not Started	Not Started	284,900,000
Indexed Eurozone Government Bond (BlackRock)	<span>9.7%</span>	<span>9.6%</span>	7.6%	Not Started	Not Started	Not Started	Not Started	7,043,098
Active Fixed Income	<span>15.9%</span>	<span>15.4%</span>	<span>10.9%</span>	<span>7.5%</span>	<span>6.3%</span>	<span>7.0%</span>	Not Started	428,227,473
Inflation-Linked Bond	5.2%	3.7%	3.5%	Not Started	Not Started	Not Started	Not Started	5,869,646
Long Bond	<span>21.1%</span>	<span>20.3%</span>	<span>13.4%</span>	<span>8.7%</span>	<span>6.8%</span>	Not Started	Not Started	58,807,219
Global Real Return (PIMCO)*	7.8%	5.3%	Not Started	Not Started	Not Started	Not Started	Not Started	2,500,000,000
Emerging Local Currency Debt (Pictet)*	9.5%	4.0%	Not Started	Not Started	Not Started	Not Started	Not Started	7,037,599,960
<i>FinEx Sector Average</i>	9.7%	9.5%	7.6%	5.2%	4.5%	5.1%	6.7%	
Absolute Return/Diversified Assets Funds								
Income Opportunity (JP Morgan)*	0.1%	0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	9,477,500,000
Dyanmic Diversified Growth (BlackRock)	4.4%	5.7%	5.4%	Not Started	Not Started	Not Started	Not Started	17,563,160
Diversified Assets	11.3%	11.1%	10.0%	8.6%	Not Started	Not Started	Not Started	13,186,897
Active Asset Allocation	11.2%	11.2%	9.1%	Not Started	Not Started	Not Started	Not Started	119,667,250
Commodity Funds								
Gold	6.2%	-5.0%	-9.5%	4.9%	Not Started	Not Started	Not Started	34,805,389
Earth Resources	4.7%	0.8%	-1.3%	1.7%	Not Started	Not Started	Not Started	9,125,858
Global Commodities	-2.4%	-1.7%	-1.1%	1.8%	Not Started	Not Started	Not Started	16,139,251
CommoditiesPLUS Strategy (PIMCO)*	-6.6%	-5.7%	Not Started	Not Started	Not Started	Not Started	Not Started	350,500,000
Green Resources	6.4%	6.8%	8.4%	0.3%	Not Started	Not Started	Not Started	4,890,096

Source: Financial Express as at 01/11/2014

The Financial Express sector averages shown are the average of all funds in each of the Financial Express sectors in the individual pensions category.

**Annual management charges (AMC) apply.** The fund returns shown are net of the AMC deducted by Zurich Life in our unit prices. The fund returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds. These fund returns may be before the full AMC is applied to a policy. The actual returns on policies linked to the specified fund will be lower because of the effects of charges and in some cases a higher management charge.

\* External fund size: Where external funds have been on the Zurich platform for less than two years, we have used the fund size of the underlying external fund.

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

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Equity Funds (Global)								
5 Star 5	9.4%	12.4%	15.8%	11.4%	7.0%	Not Started	Not Started	226,317,336
International Equity	13.3%	16.5%	16.9%	13.7%	8.5%	5.0%	Not Started	493,663,453
Global Select (Threadneedle)	12.2%	16.4%	16.7%	14.0%	8.6%	Not Started	Not Started	9,598,956
Global Equity (MFS Meridian)*	11.6%	18.0%	Not Started	Not Started	Not Started	Not Started	Not Started	4,802,900,000
Indexed Global Equity (BlackRock)	13.3%	16.1%	18.3%	Not Started	Not Started	Not Started	Not Started	68,465,125
FinEx Sector Average	8.6%	9.2%	14.2%	11.7%	6.0%	2.6%	6.4%	
Equity Funds (European)								
Euro Markets Fund (BlackRock)*	-4.5%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	3,000,000,000
5 Star 5 Europe	4.6%	8.6%	17.4%	12.5%	9.5%	Not Started	Not Started	97,991,594
European Select (Threadneedle)	6.9%	9.3%	16.7%	16.1%	9.7%	Not Started	Not Started	20,640,462
Small Cap Europe (Pictet)*	-1.8%	2.1%	Not Started	Not Started	Not Started	Not Started	Not Started	275,423,873
FinEx Sector Average	0.0%	1.6%	13.3%	9.2%	6.4%	4.2%	Not Started	
Equity Funds (Eurozone)								
Eurozone Equity	1.6%	4.3%	14.1%	9.8%	8.8%	Not Started	Not Started	83,827,490
Europe ex-UK Index (BlackRock)	4.6%	6.2%	13.5%	9.0%	Not Started	Not Started	Not Started	3,432,946
Indexed Eurozone Equity (BlackRock)	2.2%	3.5%	15.0%	Not Started	Not Started	Not Started	Not Started	917,333
FinEx Sector Average	0.5%	2.7%	11.6%	6.8%	4.3%	2.7%	6.7%	
Equity Funds (Irish)								
Irish Equity	5.6%	7.3%	21.5%	13.5%	Not Started	Not Started	Not Started	14,284,025
FinEx Sector Average	3.6%	7.1%	19.2%	11.0%	0.1%	1.8%	6.6%	
Equity Funds (American)								
5 Star 5 Americas	20.7%	27.2%	20.4%	15.4%	10.0%	Not Started	Not Started	65,342,572
American Select (Threadneedle)	15.2%	19.7%	21.2%	18.0%	9.2%	Not Started	Not Started	19,924,261
FinEx Sector Average	17.0%	21.1%	21.1%	17.8%	7.7%	2.9%	6.4%	
Equity Fund (UK)								
UK Growth (M&G)*	4.0%	8.6%	Not Started	Not Started	Not Started	Not Started	Not Started	726,630,000
UK Index (BlackRock)	5.7%	8.2%	12.2%	11.5%	Not Started	Not Started	Not Started	1,964,874
FinEx Sector Average	1.9%	3.8%	11.8%	11.0%	5.8%	2.0%	5.3%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	11.8%	8.2%	9.9%	6.9%	7.9%	Not Started	Not Started	87,047,541
Asia Pacific Equity	13.0%	9.0%	11.1%	Not Started	Not Started	Not Started	Not Started	7,777,823
FinEx Sector Average	12.9%	7.8%	9.7%	9.5%	8.9%	5.9%	5.1%	
Equity Funds (Japan)								
Japan Index (BlackRock)	6.2%	7.2%	11.2%	8.7%	Not Started	Not Started	Not Started	4,022,948
FinEx Sector Average	3.5%	3.3%	11.2%	9.2%	2.2%	-1.0%	0.0%	
Equity Funds (High Yield)								
Dividend Growth	12.8%	13.4%	17.9%	15.7%	Not Started	Not Started	Not Started	206,725,194
Global Dividend (M&G)*	9.0%	10.2%	Not Started	Not Started	Not Started	Not Started	Not Started	9,177,840,000
FinEx Sector Average	8.6%	9.2%	14.2%	11.7%	6.0%	2.6%	6.4%	
Equity Funds (Emerging Market)								
India Equity	40.3%	39.4%	10.0%	8.3%	Not Started	Not Started	Not Started	19,224,622
Emerging Markets Opportunities (JP Morgan)*	12.3%	6.8%	Not Started	Not Started	Not Started	Not Started	Not Started	2,769,100,000
FinEx Sector Average	14.8%	11.9%	5.2%	4.8%	11.2%	Not Started	Not Started	
Equity Funds (Specialist)								
Top Tech 100	27.5%	34.0%	25.5%	24.4%	11.1%	Not Started	Not Started	26,720,099
FinEx Sector Average	6.0%	6.2%	6.1%	5.1%	3.8%	2.1%	3.7%	
Property Funds								
European (Ex-UK) Property	13.5%	11.8%	10.6%	9.3%	Not Started	Not Started	Not Started	21,361,182
Global Property Equities (Henderson Horizon)*	20.5%	15.7%	Not Started	Not Started	Not Started	Not Started	Not Started	970,000,000
Australasia Property	23.6%	14.3%	14.7%	11.9%	Not Started	Not Started	Not Started	14,634,373
FinEx Sector Average	11.2%	11.5%	6.2%	4.2%	0.1%	3.5%	7.2%	
Funds Closed to New Business								
Eurozone Property	13.5%	9.8%	11.1%	6.9%	Not Started	Not Started	Not Started	22,932,258
Global Emerging Markets Equity (Aberdeen)*	15.1%	7.0%	Not Started	Not Started	Not Started	Not Started	Not Started	8,866,385,298

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