

Investment Comment & Outlook

Overall: Although reasonable valuations offer support to equities, the downgrading of future corporate profits and the sovereign debt crisis is likely to result in volatile equity markets. Bond yields are expected to remain low.

Equity Markets

- After a relatively bright start to the month, most equity markets ran out of steam, finishing December slightly positive in local currency terms. However, a sharp decline in the euro versus most other major currencies boosted returns to the eurozone investor.
- World equities (in euro terms) rose 3.5% during the month, leaving the total return for 2011 as a whole at -3.4%.
- Returns, in local currency terms, for the main markets in December ranged from -1.5% in Australia to 2.5% in Hong Kong. The Irish market excelled, rising 5.6%.
- In the US, more defensive sectors such as utilities, consumer staples and telecoms outperformed, while materials and energy lagged.

Commodities & Currencies

- Commodity prices were mixed over the period with the overall index recovering from early losses.
- Brent oil (European) ended December at just over \$107 per barrel, a fall of about \$3 per barrel on the month. West Texas (US) also fell a little, finishing the month just shy of \$99 per barrel.
- The gold price fell 10% on the month, finishing the year at \$1,567 per troy ounce, not helped by the surging dollar and a year-end rush to liquidity.
- The €/€ rate finished the month at 1.296, the euro racking up its second consecutive month of sharp falls, as eurozone leaders continued to grapple with the region's economic difficulties.

Bonds & Interest Rates

- Bonds were sharply higher on the month, with the Merrill Lynch Euro Over 5 year index rising 5.3%. All eurozone bond markets rose, with Spain and Belgium leading the way, rising 9% or more.
- ECB policy was bond-positive, with a follow-up to November's surprise interest cut of 0.25% at the early December meeting. A further 0.25% was shaved off the official rate, leaving it at 1.0%.
- Predictions for the UK and US continue to suggest no movement in rates in either jurisdiction until late 2013.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are overweight.

Activity: Eurozone equities were reduced again towards the end of the month.

Regionally, the funds are:

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

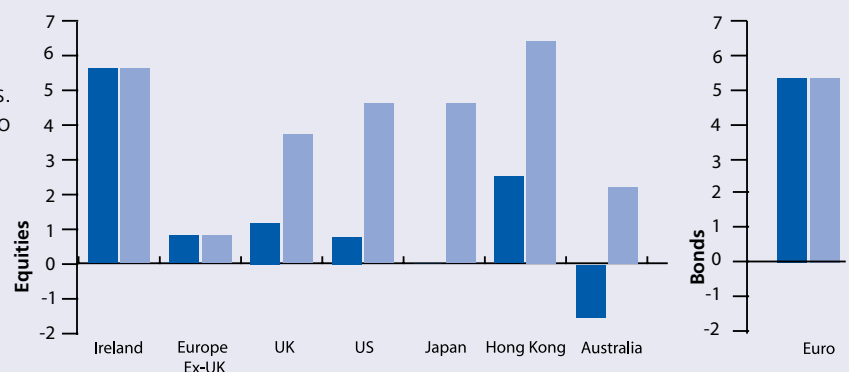
Sectorwise, the funds are:

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

Equity and Bond % Returns

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



	Annualised						Fund Size (€)
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic							
Zurich Life (Ind) Dynamic	-3.4%	11.8%	-2.7%	2.9%	5.9%	9.8%	985,368,094
Zurich Life (Ind) Performance	-2.3%	11.0%	-2.4%	3.1%	6.1%	9.4%	852,717,304
Acorn Life (Ind) Pension Managed Growth	-4.7%	12.6%	-4.5%	1.0%	5.3%	7.1%	--
Aviva L&P Pension Focused Managed I	-2.9%	10.2%	-5.6%	0.2%	Not Started	Not Started	6,904,196
Lifetime/SSgA (Ind) Pen Opportunity	-5.3%	9.4%	-5.3%	0.1%	4.1%	6.8%	6,002,000
MoneyMate Sector Average	-4.0%	9.1%	-4.2%	1.0%	5.0%	7.3%	
Managed Balanced							
Zurich Life (Ind) Balanced	-2.0%	10.0%	-1.4%	3.3%	6.3%	9.5%	1,240,582,500
Acorn Life (Ind) Pension Managed	-3.3%	11.7%	-2.9%	1.7%	5.3%	7.3%	--
Ark Life (Ind) Pension Managed *	-4.2%	7.3%	-5.1%	-0.4%	3.2%	5.6%	--
Canada Life (Ind) Setanta Pension Managed *	0.1%	9.3%	-1.3%	2.3%	5.2%	7.0%	1,027,369,604
Friends (Ind) Managed	-4.9%	8.8%	-4.9%	0.8%	4.4%	6.5%	691,070,000
Aviva L&P Pen Laser Pension Managed Fund	-4.9%	7.2%	-6.1%	-0.1%	4.0%	5.7%	376,832,448
Irish Life (Ind) Exempt Managed 1	-6.4%	9.2%	-4.9%	1.2%	4.7%	6.2%	1,266,373,498
Lifetime/SSgA (Ind) Pen Growth	-4.6%	8.5%	-5.0%	0.6%	4.5%	6.9%	--
New Irl (Ind) Pension Managed 3	-4.3%	8.8%	-4.7%	0.9%	5.3%	7.1%	1,961,900,000
SL Synergy Balanced MultiManager	-3.2%	9.7%	-5.2%	Not Started	Not Started	Not Started	--
MoneyMate Sector Average	-3.7%	8.2%	-3.7%	0.7%	4.1%	6.3%	
Managed Defensive							
Zurich Life (Ind) Cautiously Managed	3.6%	7.1%	Not Started	Not Started	Not Started	Not Started	92,400,207
Aviva L&P GMP Pension Cautiously Managed Fund *	-0.7%	2.2%	-1.3%	1.9%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	-0.9%	6.6%	1.2%	Not Started	Not Started	Not Started	--
MoneyMate Sector Average	0.8%	3.6%	0.1%	2.4%	2.5%	3.6%	
Bond							
Zurich Life (Ind) Active Fixed Income	6.5%	3.9%	4.8%	5.5%	7.2%	Not Started	229,166,267
Zurich Life (Ind) Long Bond Fund	6.3%	3.6%	4.0%	Not Started	Not Started	Not Started	60,016,056
Canada Life (Ind) Setanta Pen Fixed Interest *	-1.7%	-0.3%	1.3%	3.0%	4.6%	6.0%	221,836,220
Friends (Ind) Fixed Interest	4.0%	3.3%	2.6%	4.0%	5.3%	6.9%	70,420,000
Aviva L&P Pen Laser Pension Bond *	2.8%	1.5%	2.1%	4.1%	5.3%	6.4%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	1.8%	2.8%	3.7%	4.6%	5.7%	6.9%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	3.1%	2.7%	3.2%	4.2%	5.6%	6.8%	675,093,000
MoneyMate Sector Average	2.7%	2.7%	2.8%	4.0%	5.6%	6.7%	
Money Market							
Zurich Life (Ind) Secure	0.6%	0.7%	1.9%	2.2%	3.2%	4.4%	487,543,821
Acorn Life (Ind) Pension Deposit	1.9%	2.1%	2.9%	2.5%	3.1%	4.5%	--
Ark Life (Ind) Pension Assured *	0.5%	0.6%	1.7%	1.8%	2.5%	3.6%	3,618,289
Canada Life (Ind) Setanta Pension Money *	0.3%	0.5%	1.8%	1.8%	2.5%	3.7%	362,588,114
Friends (Ind) Cash	0.3%	0.9%	2.0%	2.0%	2.6%	3.8%	83,260,000
Aviva L&P Pension Cash	0.4%	1.5%	2.3%	2.1%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.3%	1.5%	2.4%	2.1%	2.8%	3.9%	905,875
Lifetime/SSgA (Ind) Pen Security	0.1%	0.3%	1.4%	1.5%	2.2%	3.3%	1,839,000
New Irl (Ind) Pension Cash 2 *	0.3%	0.6%	1.7%	1.7%	2.4%	3.7%	693,817,000
SL Synergy Cash Fund	0.0%	0.1%	1.3%	Not Started	Not Started	Not Started	239,600,000
MoneyMate Sector Average	0.4%	0.8%	1.8%	1.9%	2.7%	4.0%	
Flexible Equity							
Zurich Life (Ind) International Equity	-3.7%	12.4%	-1.2%	1.9%	8.3%	Not Started	224,578,408
Canada Life (Ind) Passive Equity 2	-4.0%	10.7%	-4.0%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	-6.5%	13.2%	-2.6%	0.0%	3.7%	5.6%	178,100,000
Aviva L&P Pen Laser Pension International Eq	-4.1%	12.4%	-3.4%	-0.6%	3.8%	5.5%	40,207,818
Irish Life (Ind) Indexed Global Equity P	-6.0%	13.4%	-4.8%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	-6.9%	11.8%	-3.8%	-1.4%	3.9%	5.8%	651,516,000
SL Synergy Global Equity Tracker	-3.4%	13.6%	-2.3%	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	-5.5%	12.4%	-3.2%	0.2%	4.3%	6.4%	

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.

	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%	7.4%	-3.5%	Not Started	Not Started	Not Started	69,963,921
ALB Inv Mgr Ltd Eurozone Equity Indexmaster B	-17.7%	3.3%	-8.1%	-1.1%	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	-9.9%	6.0%	-7.5%	-2.7%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity Fund	-11.7%	4.4%	-7.4%	-1.1%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	-12.6%	3.1%	-8.3%	-3.0%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	-12.6%	6.7%	-5.7%	-0.2%	-0.4%	-0.3%	
Irish Equity							
Zurich Life (Ind) Irish Equity	5.6%	10.7%	-17.5%	Not Started	Not Started	Not Started	7,829,043
Ark Life (Ind) Pension Irish	4.0%	8.2%	-18.2%	-4.9%	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	3.3%	9.7%	-17.9%	-3.2%	2.9%	6.1%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	1.7%	7.0%	-19.2%	-3.4%	Not Started	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed Fund P	1.9%	8.7%	-20.4%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	3.0%	8.5%	-19.2%	-2.8%	3.3%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	1.8%	8.6%	-19.8%	Not Started	Not Started	Not Started	11,800,000
MoneyMate Sector Average	4.0%	8.5%	-18.9%	-4.3%	2.4%	5.8%	
Specialist Funds ^{1 & 2}							
Zurich Life Dividend Growth G	0.0%	15.1%	-4.5%	Not Started	Not Started	Not Started	125,580,251
Aviva L&P High Yield	0.2%	14.2%	-0.6%	3.2%	Not Started	Not Started	5,897,305
Canada Life CL/Set Equity Div Non Dis G	-3.1%	10.3%	-3.4%	Not Started	Not Started	Not Started	304,347,164
Bloxhams High Yield Fund 1 G *	-3.7%	11.0%	-4.3%	Not Started	Not Started	Not Started	224,439,921
Merrion SB Ltd Merrion High Yield Fund G	-8.3%	8.6%	-14.6%	Not Started	Not Started	Not Started	12,205,610
Average of selected funds	-2.8%	11.9%	-5.5%	3.2%	N/A	N/A	
Concentrated Funds ^{1 & 2}							
Zurich Life 5 Star 5 Global G	-6.4%	7.4%	-3.8%	3.4%	Not Started	Not Started	189,070,146
Zurich Life 5 Star 5 Europe G	-8.0%	8.0%	-5.9%	Not Started	Not Started	Not Started	71,956,681
Zurich Life 5 Star 5 Americas G	-0.8%	8.1%	0.6%	Not Started	Not Started	Not Started	47,735,793
Zurich Life 5 Star 5 Asia Pacific G	-8.5%	12.9%	-2.7%	Not Started	Not Started	Not Started	90,480,247
BOI Life - Smart Funds Spotlight S9	-8.7%	12.5%	Not Started	Not Started	Not Started	Not Started	6,168,000
Canada Life / Setanta Focus 15 G	-0.2%	21.5%	1.7%	0.6%	Not Started	Not Started	120,878,771
Aviva L&P Target 20 Fund	-0.4%	11.2%	-4.9%	-4.0%	Not Started	Not Started	12,421,427
Average of selected funds	-4.7%	11.7%	-2.5%	0.0%	N/A	N/A	
Multi Asset Funds							
Zurich Life Active Asset Allocation	-1.8%	Not Started	Not Started	Not Started	Not Started	Not Started	24,102,442
Zurich Life Diversified Assets (Ind)	-2.8%	11.7%	Not Started	Not Started	Not Started	Not Started	8,756,940
Zurich Life INDEX TRACKER / ETF FUNDS							
Property Equity Funds							
Australasia Property Fund (Ind)	-14.9%	22.4%	Not Started	Not Started	Not Started	Not Started	6,500,194
European Ex UK Property Fund (Ind)	-13.2%	12.7%	Not Started	Not Started	Not Started	Not Started	7,643,576
Eurozone Property* (Ind)	-16.8%	10.4%	-11.2%	Not Started	Not Started	Not Started	23,526,135
Geographic Funds							
India Equity (Ind)	-35.5%	15.2%	Not Started	Not Started	Not Started	Not Started	21,799,740
Sector Fund							
TopTech 100 (Ind)	6.1%	26.4%	5.6%	-0.4%	Not Started	Not Started	11,962,688
Commodity Funds							
Global Commodities (Ind)	0.5%	11.3%	-3.4%	Not Started	Not Started	Not Started	19,548,477
Strategy Funds							
Green Resources (Ind)	-39.6%	-7.0%	Not Started	Not Started	Not Started	Not Started	3,209,318
Earth Resources (Ind)	-15.6%	8.3%	Not Started	Not Started	Not Started	Not Started	15,288,152

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 06/01/2012.

- 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.

Dynamic Diversified Growth Fund

with BlackRock Investment Management (UK) Limited

The **Dynamic Diversified Growth Fund** seeks to deliver long-term capital growth with a low tolerance for capital loss. The fund aims to outperform cash returns. To achieve this, the fund invests in the BlackRock Strategic Funds ('BSF') Euro Dynamic Diversified Growth Fund which is an actively managed fund with a transparent and a well-diversified portfolio.

Key features of the fund:

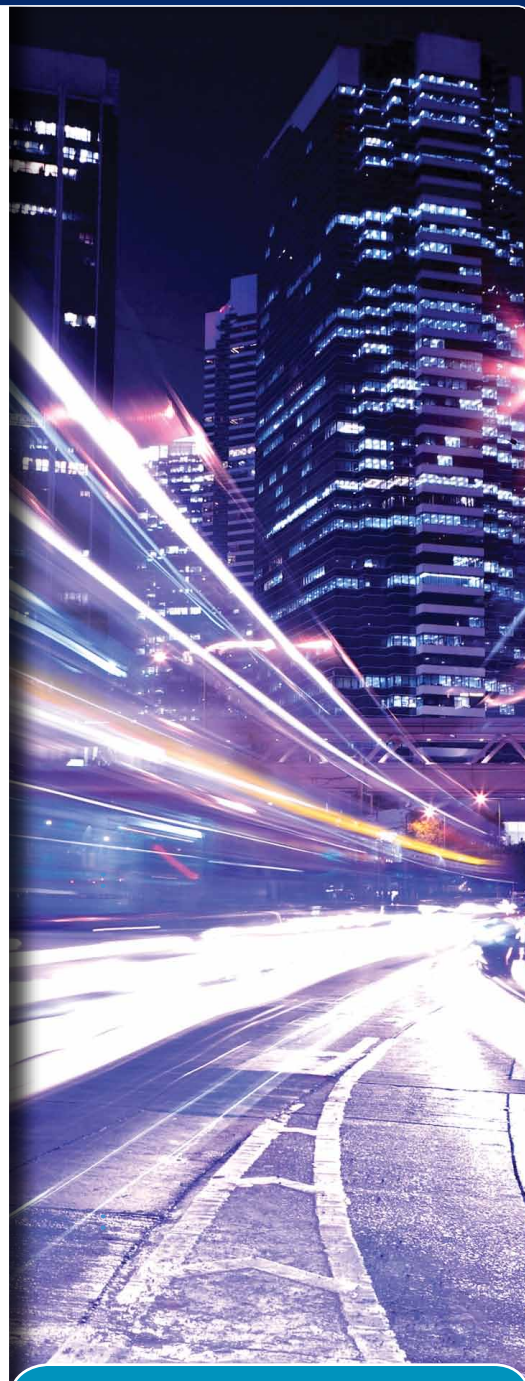
- ✓ Actively managed multi-asset **BlackRock** fund.
- ✓ Part of the **Matrix** range of funds.
- ✓ Seeks long-term **capital growth** with low tolerance for capital loss.
- ✓ **Target** to outperform cash returns.
- ✓ **Diversified portfolio** of equities, bonds, alternatives and cash.
- ✓ Dynamic investment process allowing **wide ranges of asset splits**.
- ✓ **Protection strategies** (e.g. options) to control risk.

Performance Target: Cash + 4% p.a. (gross of fees)*

* The performance target of the BSF Euro DDG Fund is based over a rolling three year period. Please note the primary objective of the fund is to deliver capital growth. The target reflects a long term goal for the investment manager and fund performance may deviate from this target significantly due to the strategy's exposure to assets that may go up or down in value.

Cash is measured as the Euro Overnight Index Average (EONIA) interest rate. EONIA is the weighted average of all overnight unsecured lending transactions in the interbank market. The EONIA average for the year ending 31st December 2011 was 0.87%.

Warning: The value of your investment may go down as well as up. Benefits may be affected by changes in currency exchange rates.



For more details
contact your
Financial Advisor or
visit www.zurichlife.ie

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