ZURICH

Zurich risk ratings update

Fund risk ratings are a key part of the advice process, and Zurich's risk profiler, portfolio builder, and other online tools are there to assist financial advisors with their client conversations. A 1-7 risk rating scale features across Zurich's tools, literature, and website including on fund pages, factsheets, and individual client dashboards.

For over ten years Zurich have used a risk rating methodology produced by ESMA (European Securities and Markets Authority). In the Irish market today, various other risk rating methodologies are being utilised and the original ESMA scale is not as widely used as it once was.

From January 2025 Zurich is introducing its own in-house risk rating methodology.
There are two key changes:

1. Zurich will now use 12 years of fund unit price information rather than 5 years.
2. Risk ratings will now be defined relative to global equity volatility rather than fixed volatility ranges.

We are doing this because we feel this is more understandable to both customers and financial advisors, and less likely to change from quarter to quarter. It also covers a longer period in the markets and is less prone to abrupt changes. The new risk ratings and ranges are illustrated in the below table:

	% of developed world equity volatility	
Zurich Risk Rating	**Lower**	**Upper**
1	0	5%
2	5%	17.5%
3	17.5%	40%
4	40%	80%
5	80%	120%
6	120%	160%
7	160%	n/a

For example, a risk rating 4 will be 40% to 80% of global equity volatility rather than 10% to 15% annualised volatility. A developed world global equity index will be at the mid-point of the 5 risk level which ranges from 80% to 120% of developed world equity volatility.

As a result of this change, some funds will see their risk rating alter, and therefore some customers will see their client centre risk rating change. However, there won't be significant changes, and we don't foresee many changes in the future on a quarterly basis.

It is important to note that there is no change to the management of Zurich's fund range and the risk associated with any fund is unchanged. Our funds will still invest in the same asset classes, with the same asset ranges as they did before. With the above in mind, we are not writing to customers regarding this change but have published a short explanatory document to provide further information. A link to this note will also be added to all our fund factsheets and will be available in The Fund Guide.

Create tailored portfolios for your clients



Zurich has a range of tools and supports to help you during the advice process with your clients.

Our Risk Profiler tool is designed to assist you in understanding your attitude to risk. This is an important step before making an investment decision.



Zurich's Portfolio Builder helps you work with your financial broker to create an investment portfolio that is tailored to your individual risk profile and financial needs.



Keep track of your investments and pensions with the secure dashboard.



Visit **zurichbroker.ie** to access our full range of advisor tools.

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