



Monthly Investment Review

The latter half of 2015 marked an inflection point in markets as the Federal Reserve hiked interest rates for the first time in almost a decade; investors are now focusing on the US rate rise cycle. Economic weakness in China and the emerging markets as well as sharply lower oil prices have caused a significant pick-up in volatility levels, however this should provide opportunities for investors. Although a number of key indices technically hit bear market territory earlier in the year, the dominant US S&P 500 Index has remained resilient. Equities remain better value on a relative basis than either cash or bonds. However, concerns over global economic conditions as well as poor top-line growth in Q1 corporate results has resulted in a scaling back of earnings growth expectations in 2016. Eurozone bonds do not appear to offer much upside potential from here.



Richard Temperley
Head of Investment Development

Zurich Life Fund Allocations & Activity

Equities & Bonds: Equities are slightly overweight, bonds slightly underweight.

Activity: The equity positions were increased slightly from neutral, bonds reduced slightly from neutral; despite the lack of value, it is difficult to cut bond positions significantly given the tailwind of aggressive ECB policy action.

Regionally, the funds are:

- Overweight in Ireland.
- Neutral in Europe, North America, Asia-Pacific (ex-Japan) and Japan.
- Underweight in the UK.

Sectorwise, the funds are:

- Overweight healthcare and discretionary consumer services.
- Underweight financials, utilities and basic materials.
- Otherwise broadly balanced.

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.

Equity Markets

- Equities (in euro terms) had a mixed month in April. Equities were supported in the first half of the month by a dovish Federal Reserve and slightly better economic data from China and the US. Markets turned down again in the second half as US Q1 earnings results in the US, in general, showed poor top-line growth. On a technical basis, the global index (in euro terms) moved above its critical 200-day moving average during the month but ended just below it by month-end. The US S&P500 Index remained above both its 50-day and 200-day moving averages.
- World equities (in euro terms) rose by 1.0% during April and have given a total return of minus 3.3% in the first four months of the year. With the exception of Ireland (-2.3%) and Japan (-0.5%), all of the major equity markets were up in local currency terms in April ranging from 0.3% in the US to 3.3% in resource rich Australia.
- Sectorwise in the US, economically sensitive areas, such as energy (+9%) and materials (+5%), generally outperformed defensive stocks for the third month in-a-row, following a long period of underperformance. However, the information technology sector was down 5.5% in April.

economic growth concerns, low inflation and increased quantitative easing in the eurozone. However, they ran out of steam in April.

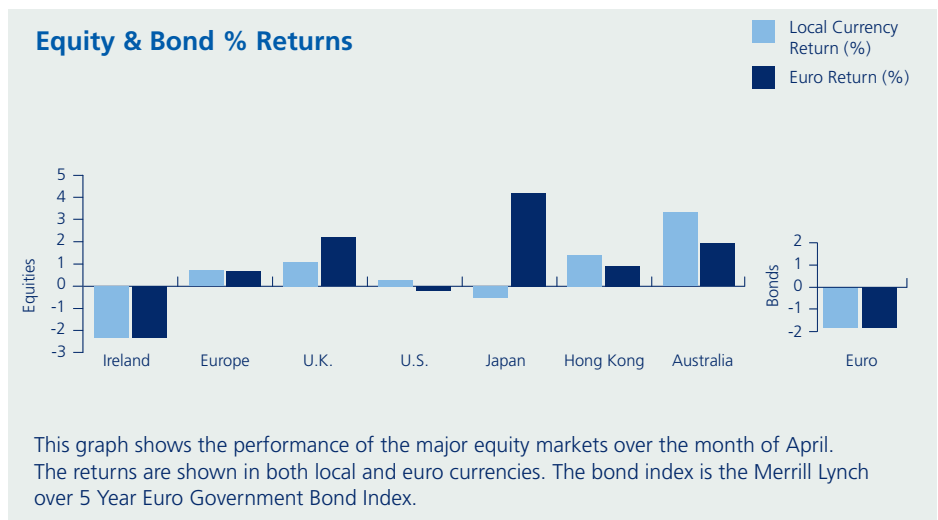
- The German 10-year bond yield rose in April moving from 0.15% to 0.27%. The yield had hit an all-time low of 0.05% in mid-April 2015. Equivalent US rates rose slightly from 1.77% to 1.88%.
- The markets currently believe that there is only a 50% chance of a second rate rise in the US by the end of Q1 2017. UK and eurozone rates are unlikely to start rising in the foreseeable future.

Commodities & Currencies

- Commodity prices overall have fallen heavily over the last year and a half. However, they rose strongly for the second month-in a row (+8.3%) in April, led by oil prices (+20%); and are now up by 4.8% year-to-date.
- The gold price was up strongly in April moving from \$1,234 to at \$1,290 per troy ounce. Gold is now up 23% from its five-year low of \$1,049 in mid-December 2015.
- The euro currency was flat against the US dollar during April, following the previous month's strong upward move - on the back of dovish comments from the Federal Reserve regarding interest rate rises. The EUR/ USD rate traded around 1.14 over the month.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index fell by 1.8% in April, giving a return of 3.5% year-to-date. Bonds had been supported in Q1 by



	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Pathway Multi-Asset Funds								
Pathway 2	0.0%	-0.7%	N/S	N/S	N/S	N/S	N/S	110,525,518
Pathway 3	-0.2%	-1.7%	N/S	N/S	N/S	N/S	N/S	333,007,087
Pathway 4	-0.7%	-3.6%	N/S	N/S	N/S	N/S	N/S	343,822,553
Pathway 5	-1.8%	-5.9%	N/S	N/S	N/S	N/S	N/S	106,447,629
Pathway 6	-4.1%	-11.6%	N/S	N/S	N/S	N/S	N/S	12,335,240
Managed Funds								
Cautiously Managed	-1.2%	-1.6%	8.1%	9.3%	N/S	N/S	N/S	338,735,325
FinEx Sector Average	0.6%	-2.8%	3.7%	4.5%	2.6%	3.1%	4.3%	
Balanced	-2.8%	-3.3%	9.8%	9.8%	5.0%	5.2%	7.6%	1,564,018,673
FinEx Sector Average	-0.8%	-4.9%	7.8%	7.7%	2.8%	3.1%	6.0%	
Performance	-4.2%	-4.6%	10.0%	9.9%	4.5%	5.0%	7.3%	1,222,444,743
Dynamic	-5.0%	-5.1%	10.3%	10.0%	4.6%	4.9%	7.3%	1,473,446,950
FinEx Sector Average	-0.6%	-5.0%	7.9%	7.7%	2.9%	3.2%	5.8%	
Protected Funds								
Protected 70	-4.8%	-7.5%	5.8%	5.3%	N/S	N/S	N/S	12,431,032
Protected 80	-3.5%	-6.2%	3.9%	3.3%	N/S	N/S	N/S	33,920,830
Protected 90	-2.0%	-4.4%	0.9%	0.5%	N/S	N/S	N/S	13,529,480
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.1%	1.1%	1.6%	2.6%	380,764,685
Cash Fund	-0.3%	-0.7%	-0.5%	-0.3%	0.7%	N/S	N/S	257,450,897
FinEx Sector Average	0.0%	0.1%	0.2%	0.2%	1.2%	1.5%	2.3%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	3.3%	1.3%	2.4%	N/S	N/S	N/S	N/S	4,493,613,184
Global Government Bond (JP Morgan)*	3.0%	2.6%	2.9%	N/S	N/S	N/S	N/S	628,781,737
Indexed Eurozone Government Bond (BlackRock)	2.4%	3.4%	5.0%	6.5%	N/S	N/S	N/S	7,694,241
Active Fixed Income	3.5%	0.8%	7.4%	9.2%	6.6%	6.6%	7.9%	188,685,836
Inflation-Linked Bond	0.9%	-2.4%	0.2%	1.4%	N/S	N/S	N/S	5,240,427
Long Bond	4.7%	-0.5%	9.8%	11.2%	7.2%	N/S	N/S	64,561,282
Global Real Return (PIMCO)*	2.7%	-1.6%	-0.8%	N/S	N/S	N/S	N/S	2,600,000,000
Emerging Local Currency Debt (Pictet)*	5.1%	-4.5%	-4.3%	N/S	N/S	N/S	N/S	4,605,069,395
FinEx Sector Average	2.8%	-1.1%	4.6%	6.1%	4.3%	4.8%	6.0%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)*	0.9%	-0.5%	N/S	N/S	N/S	N/S	N/S	3,398,000,000
Income Opportunity (JP Morgan)*	2.7%	-1.8%	-0.3%	N/S	N/S	N/S	N/S	4,546,707,107
Dynamic Diversified Growth (BlackRock)	-1.5%	-4.8%	1.6%	N/S	N/S	N/S	N/S	19,418,290
Diversified Assets	0.8%	-7.9%	3.8%	5.0%	N/S	N/S	N/S	13,328,443
Active Asset Allocation	-1.3%	-4.0%	5.8%	6.8%	N/S	N/S	N/S	178,181,896
Commodity Funds								
Gold	15.6%	6.6%	-0.3%	1.0%	N/S	N/S	N/S	43,687,422
Earth Resources	-0.5%	-21.3%	-6.8%	-8.8%	N/S	N/S	N/S	5,743,687
Global Commodities	4.2%	-21.9%	-10.3%	-8.3%	-8.1%	N/S	N/S	13,292,396
CommoditiesPLUS Strategy (PIMCO)*	7.6%	-20.9%	-15.1%	N/S	N/S	N/S	N/S	346,200,000
Green Resources	-13.1%	-23.0%	4.2%	-5.1%	N/S	N/S	N/S	3,780,180
Equity Funds (Global)								
5 Star 5	-8.1%	-6.9%	8.6%	9.5%	2.9%	5.5%	N/S	196,032,960
International Equity	-4.2%	-4.5%	11.1%	10.9%	5.2%	4.4%	N/S	201,036,780
Global Select (Threadneedle)	-4.1%	-4.1%	11.7%	10.6%	5.5%	4.1%	N/S	7,647,357
Global Equity (MFS Meridian)*	-0.8%	-4.8%	N/S	N/S	N/S	N/S	N/S	4,881,762,916
Indexed Global Equity (BlackRock)	-5.4%	-8.3%	10.2%	11.2%	N/S	N/S	N/S	89,083,982
FinEx Sector Average	-1.0%	-6.5%	9.4%	9.3%	3.7%	2.6%	5.9%	

Source: Financial Express as at 01/05/2016

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.

N/S = Not Started.

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 (European)								
Euro Markets Fund (BlackRock)*	-5.2%	-7.0%	N/S	N/S	N/S	N/S	N/S	3,746,880,000
5 Star 5 Europe	-4.0%	-5.7%	12.4%	11.7%	4.1%	N/S	N/S	104,466,238
European Select (Threadneedle)	-3.9%	-8.2%	9.2%	11.3%	6.9%	5.7%	N/S	14,258,245
Small Cap Europe (Pictet)*	-6.7%	-2.3%	N/S	N/S	N/S	N/S	N/S	267,324,921
FinEx Sector Average	-4.7%	-7.7%	9.3%	7.7%	3.5%	3.4%	7.8%	
Equity Funds (Eurozone)								
Eurozone Equity	-5.8%	-10.4%	9.2%	6.7%	4.7%	N/S	N/S	69,444,530
Europe ex-UK Index (BlackRock)	-6.2%	-11.4%	7.8%	6.1%	2.9%	N/S	N/S	2,897,880
Indexed Eurozone Equity (BlackRock)	-5.4%	-12.1%	7.2%	4.3%	N/S	N/S	N/S	2,450,644
FinEx Sector Average	-2.7%	-6.8%	9.1%	6.3%	1.7%	2.1%	6.0%	
Equity Funds (Irish)								
Irish Equity	-7.0%	9.1%	20.4%	18.8%	1.3%	N/S	N/S	19,418,559
FinEx Sector Average	-6.2%	4.9%	17.6%	16.4%	-0.4%	2.6%	6.5%	
Equity Funds (American)								
5 Star 5 Americas	-9.2%	-4.2%	14.0%	12.4%	6.5%	N/S	N/S	54,793,573
American Select (Threadneedle)	-4.3%	-4.9%	14.2%	14.1%	7.5%	3.5%	N/S	11,714,462
FinEx Sector Average	-1.2%	-3.5%	14.6%	14.7%	6.8%	3.2%	6.3%	
Equity Fund (UK)								
UK Growth (M&G)*	-10.2%	-16.6%	N/S	N/S	N/S	N/S	N/S	662,040,000
UK Index (BlackRock)	-4.7%	-14.1%	4.7%	6.4%	2.5%	N/S	N/S	2,379,733
FinEx Sector Average	-4.3%	-11.7%	5.2%	6.7%	2.8%	2.0%	5.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-2.4%	-12.4%	2.9%	4.4%	2.8%	N/S	N/S	64,756,355
Asia Pacific Equity	-3.1%	-16.3%	1.2%	3.7%	N/S	N/S	N/S	6,282,551
FinEx Sector Average	-2.5%	-19.9%	0.2%	2.5%	3.5%	5.3%	4.5%	
Equity Funds (Japan)								
Japan Index (BlackRock)	-8.5%	-10.4%	6.2%	9.5%	-0.2%	N/S	N/S	3,845,611
FinEx Sector Average	-6.4%	-11.8%	5.6%	9.6%	-0.9%	-0.3%	0.3%	
Equity Funds (High Yield)								
Dividend Growth	-0.6%	-7.8%	10.0%	12.3%	4.4%	N/S	N/S	198,183,591
Global Dividend (M&G)*	1.3%	-12.0%	N/S	N/S	N/S	N/S	N/S	5,699,250,000
FinEx Sector Average	-1.0%	-6.5%	9.4%	9.3%	3.7%	2.6%	5.9%	
Equity Funds (Emerging Market)								
India Equity	-6.3%	-11.2%	5.0%	1.7%	N/S	N/S	N/S	12,705,933
Emerging Markets Opportunities (JP Morgan)*	-2.8%	-26.0%	N/S	N/S	N/S	N/S	N/S	1,808,633,863
FinEx Sector Average	1.0%	-20.3%	0.2%	-0.8%	3.2%	5.0%	N/S	
Equity Funds (Specialist)								
Top Tech 100	-10.2%	-3.3%	20.6%	19.0%	11.1%	N/S	N/S	28,464,009
FinEx Sector Average	0.1%	-9.7%	4.5%	1.4%	1.2%	0.1%	3.2%	
Property Funds								
Fund of REITs	-8.9%	-3.2%	N/S	N/S	N/S	N/S	N/S	16,449,126
European (Ex-UK) Property	1.5%	1.3%	11.9%	8.7%	N/S	N/S	N/S	38,662,123
Global Property Equities (Henderson Horizon)*	-0.1%	1.1%	6.2%	N/S	N/S	N/S	N/S	379,446,126
Australasia Property	5.1%	-5.7%	3.1%	8.6%	N/S	N/S	N/S	26,493,530
FinEx Sector Average	1.6%	5.1%	9.0%	5.9%	-1.5%	2.5%	7.1%	
Funds Closed to New Business								
Eurozone Property	0.7%	1.6%	12.0%	8.1%	2.9%	N/S	N/S	22,265,126
Global Emerging Markets Equity (Aberdeen)*	4.2%	-15.7%	-2.1%	N/S	N/S	N/S	N/S	5,046,722,700

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