

BLACKROCK[®]



Dynamic Diversified Growth Fund

with BlackRock Investment Management (UK) Limited

Customer Brochure





BLACKROCK®

BlackRock is a truly global firm that manages assets for clients in Europe, North and South America, Asia, Australia, the Middle East and Africa. The firm employs more than 9,300 talented professionals and maintains offices in 26 countries around the world.

As of 30th September 2011, BlackRock's assets under management totalled US \$3,345 billion across equity, fixed income, cash management, alternative investment, real estate and advisory strategies.

Providing capital growth, managing investment risk

The Dynamic Diversified Growth Fund seeks to deliver long-term capital growth with a low tolerance for capital loss.

To achieve this, the fund invests in the **BlackRock Strategic Funds Euro Dynamic Diversified Growth Fund** (BSF Euro DDG Fund) which is an actively managed fund with a transparent and well-diversified portfolio. This fund aims to outperform cash returns.

The fund invests globally in equities, bonds, alternative assets and cash.

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 30th September 2011 was 0.82%.

Key strengths of the fund

- **Investment Aim**
Seeks to deliver long-term capital growth with a low tolerance for capital loss.
- **Dynamic Asset Allocation**
Flexible structure means the portfolio can adapt to the changing investment horizon.
- **Diversified Multi-Asset Portfolio**
One-stop shop provides exposure to growth, defensive and diversification strategies.
- **Fund Manager**
Actively managed by BlackRock, one of the largest fund managers in the world.*

*Source: BlackRock. Based on assets under management as at 30/09/11.

Dynamic & diversified

Fund managers adopt various investment strategies and processes in order to deliver target performances and match investor expectations. Such strategies and processes are made up of many different components which, when working together, can produce a more consistent and less volatile performance experience for investors. The investment strategy which BlackRock's fund managers apply is both **dynamic** and **diversified** to achieve the performance target with lower tolerance for loss.

Dynamic approach to enhance returns

The team of fund managers takes a flexible approach to asset allocation. The fund offers access to equities, bonds, alternative assets and cash investment strategies within certain range limits.

This approach allows the fund to dynamically switch between:

- **defensive assets** which allow the fund managers to preserve capital in times of market stress (e.g. cash);
- **growth assets** which provide exposure to assets that benefit from an improving economy or an increased risk appetite (e.g. equities); and
- **diversifiers** which help the fund managers to achieve strong risk-adjusted returns and hedge against specific risks (e.g. alternatives such as commodities).

The risk management of these dynamic asset ranges involves the use of various protection strategies, (see page 7 for more information).

This dynamic approach allows the fund to adapt quickly to changing circumstances and the fund managers to move freely within the ranges for each asset class.

The euro version of the BSF Euro DDG Fund was launched at the end of January 2011. A sterling version of the fund, managed by the same investment team, has been successfully implementing this dynamic approach since June 2005 (the BIJF DDG Fund).

Dynamic approach in action

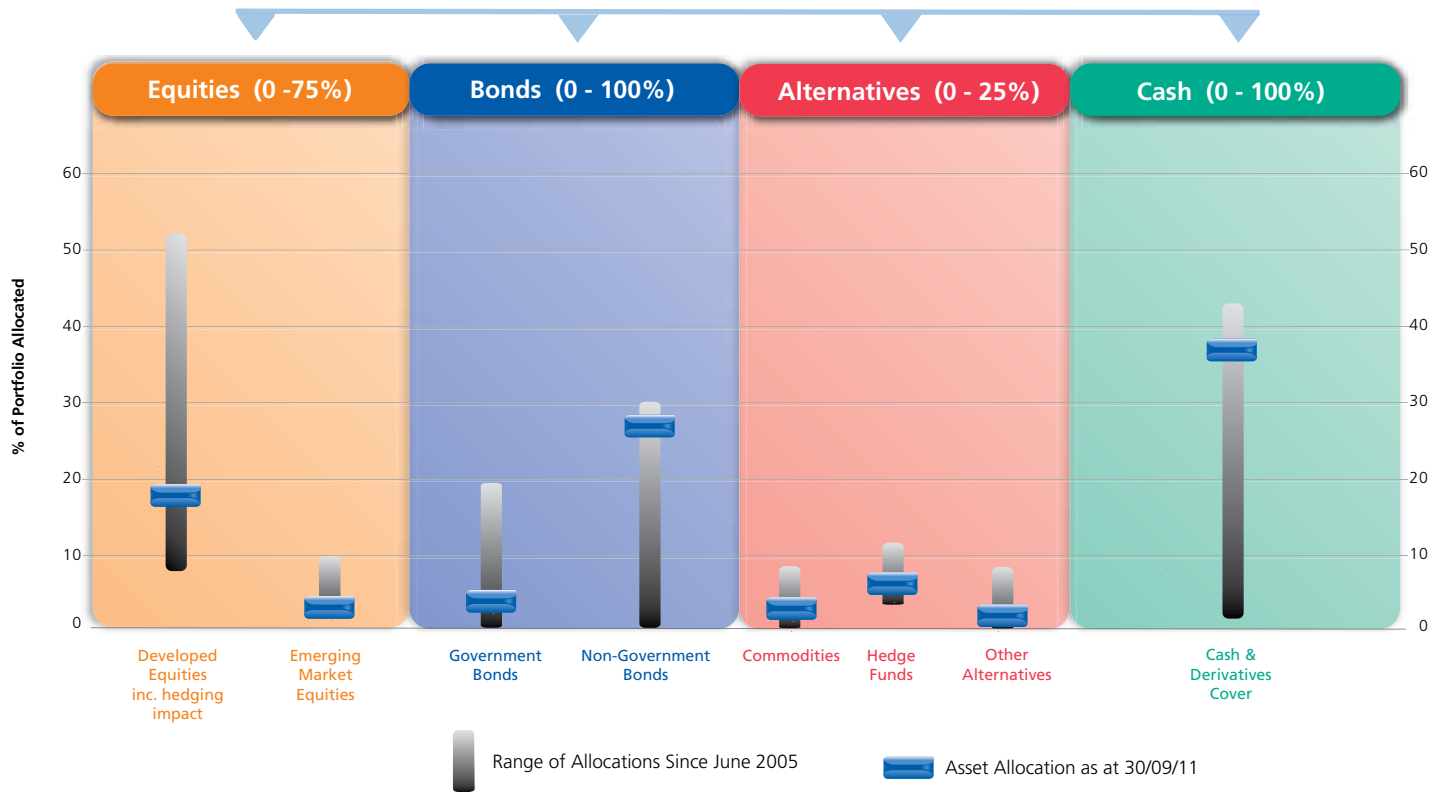
The illustration opposite shows the history of asset allocations from June 2005 to September 2011 and demonstrates how flexible the Dynamic Diversified Growth strategy is in relation to managing assets within the range limits the fund can hold. For example, over the six-year period the cash holdings varied from below 5% to over 40%. Similarly, developed equity holdings have varied from less than 10% to over 50%.

Asset Class	Range
Equities	0 - 75%
Bonds	0 - 100%
Alternatives	0 - 25%
Cash	0 - 100%



BlackRock Dynamic Diversified Growth Strategy

Management of multiple asset classes provides growth, diversification and protection strategies



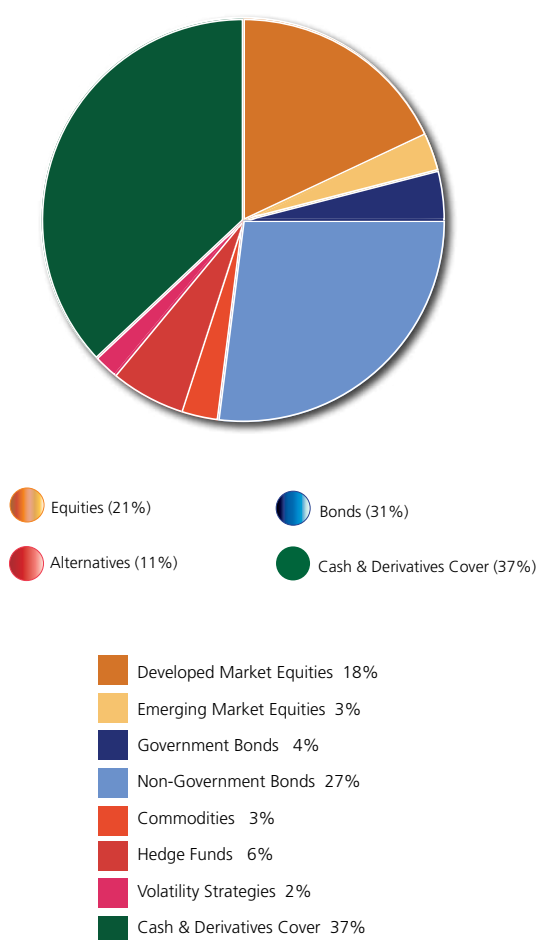
Source: BlackRock. Allocation ranges are representative of the Dynamic Diversified Growth strategy. The asset allocations at 30/09/11 are for the BSF Euro DDG Fund.

Diversity aims to lower volatility

The BSF Euro DDG Fund provides access to a wide diversity of assets providing exposure to growth, defensive and diversification strategies. This wide range of assets and strategies helps to reduce investment risk and gives investors access to a transparent and well-diversified portfolio.

The fund invests in collective investment vehicles, exchange traded funds (ETFs) and derivatives to build its portfolio. The fund makes full use of the skills of specialist equity, bond, alternatives and cash portfolio managers within BlackRock. In addition, skilled managers outside BlackRock can be accessed when opportunities arise to add value for clients. An indicative range of portfolio assets is shown in the table below.

BSF Euro DDG Fund Asset Allocation as at 30/09/11



Source: BlackRock

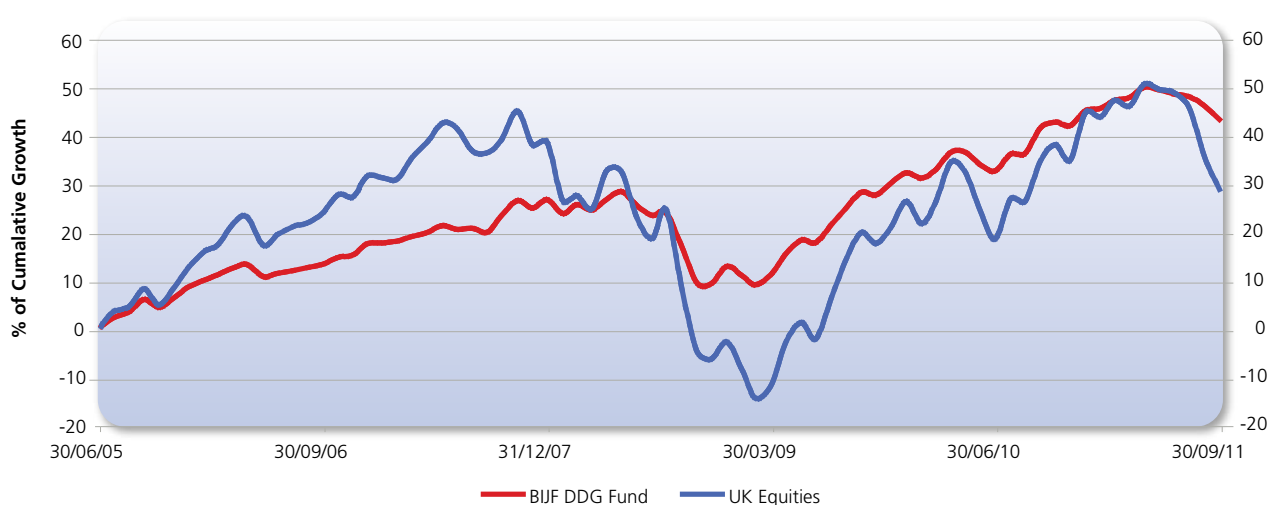
Fund Portfolio as at 30/09/11

Sector	Stock	Holding
Equities (21%)	BGF Global Equity Income Fund USD	10.7%
	BGF Global Equity Fund USD	8.7%
	BGF World Gold Fund EUR	1.7%
	BGF Asian Dragon Fund USD	1.7%
	BGF World Energy Fund EUR	0.8%
	Euro Stoxx 50 Dividend Futures	2.5%
	Scottish Mortgage Investment Trust GBP	2.0%
	FTSE 100 Dividend Futures	1.0%
	Energy Select Sector ETF	0.9%
	Market Vectors - Coal ETF	0.8%
	Taiwan Equity Basket	0.8%
	iShares FTSE / XINHUA A50 China ETF	0.5%
	Market Vectors - Agribusiness ETF	0.3%
	Euro Stoxx / FTSE Options	0.3%
Market Vectors - Gold Miners ETF Options	0.0%	
S&P / Euro Stoxx / FTSE Futures	-12.1%	
Bonds (31%)	BGF Global Corporate Bond Fund USD (EUR H/edged)	19.2%
	BGF USD High Yield Bond Fund USD	3.6%
	BGF Short Duration Emerging Market Debt Fund USD	3.4%
	Goldman Sachs Global High Yield Portfolio EUR	2.6%
	Neuberger Berman Global Floating Rate Income Fund USD	2.0%
Alternatives (11%)	Volatility Strategies	2.2%
	Source Physical Markets Gold ETF	1.8%
	China Related Commodities Basket Note	1.3%
	ETF Physical Platinum	0.4%
	SPDR Gold Trust ETF Options	-0.1%
	Brevan Howard Macro Hedge Fund EUR	2.2%
	Bluecrest AllBlue GBP	2.2%
	Dexion Absolute GBP	1.5%
Cash & Derivatives Cover (37%)	Physical Cash	26.9%
	Derivatives Cover	10.2%
Total		100%

Source: BlackRock. BGF refers to BlackRock Global Funds. Derivatives Strategies, ETFs & Structured Notes in green. External funds in purple.

Delivering performance, reducing volatility

The BSF Euro DDG Fund was launched at the end of January 2011. The sterling version of the fund, managed by the same investment team, has been in force since June 2005 (the BIJF DDG Fund). The graph below illustrates how the dynamic and diversified investment approach for the sterling version smoothed out the fund's performance from June 2005 to September 2011.



Source: BlackRock. Performance shown is gross of fees. UK equities are represented by the FTSE All Share Total Return Index. The return is based on an investment in the fund and does not represent the return achieved by individual policies linked to the fund.

When the BIJF DDG Fund is compared to a direct equity-based investment, it is clear that the fund has reduced volatility and, in less favourable investment conditions, provided more stability.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Benefits may be affected by changes in currency exchange rates.

Further information about the fund

Two stage switch fund

The Dynamic Diversified Growth Fund is a 'two stage switch' fund. This means that a unit fund switch will occur in two stages. Further details are available in the policy document or from Zurich Life.

Charges

In addition to Zurich Life's normal product charges, this fund is subject to an extra management charge of 0.7% p.a.

BlackRock investment process

The BSF Euro DDG Fund is managed by BlackRock, a truly global firm. As at 30th September 2011, BlackRock's assets under management totalled US \$3,345 billion across equity, fixed income, cash management, alternative investment, real estate and advisory strategies.

The BSF Euro DDG Fund Managers are...

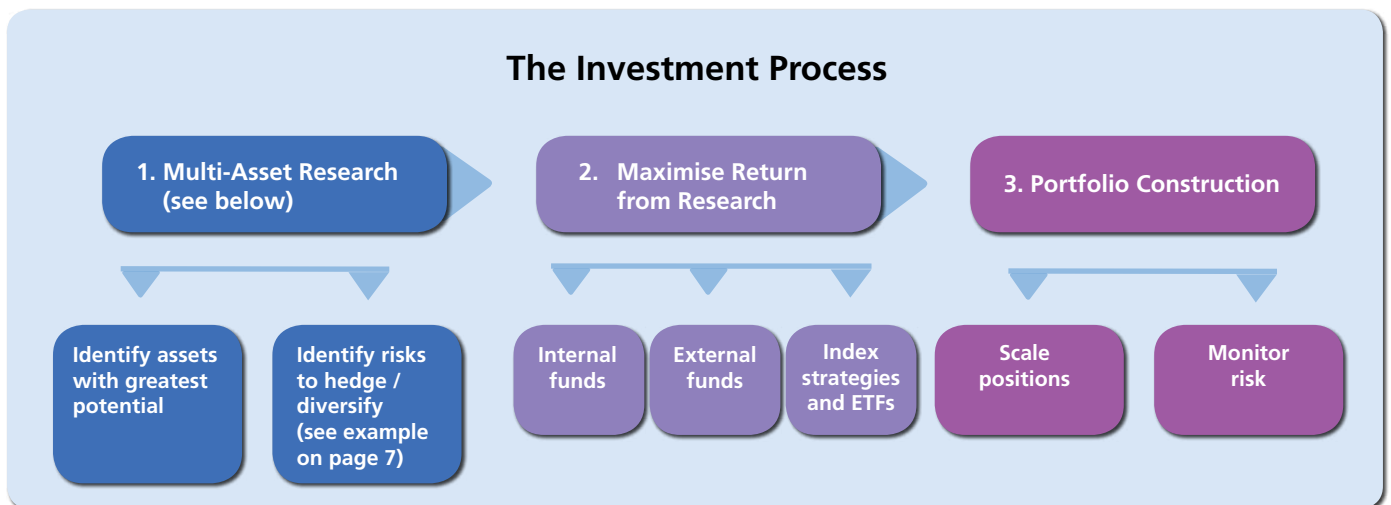
- ✓ multi-asset and dynamic asset allocation specialists.
- ✓ committed to being transparent and risk controlled.
- ✓ focused on capital preservation and capital growth.
- ✓ team-based in their approach.

The BSF Euro DDG Fund Managers are not...

- ✗ stock pickers.
- ✗ driven by black-box / quantitative models.
- ✗ managing a leveraged fund.
- ✗ exposed to keyman risk.

The BSF Euro DDG Fund Managers apply a thematic, robust, top-down investment process based on macro-economic trends. The investment team uses a variety of investment tools including a specialist manager-research team to assist with external manager due diligence selections and monitoring.

There are strong risk control processes in place and the portfolios are continually monitored and stress tested. A risk controlled process for portfolio construction is vital in helping avoid poor investment outcomes.



Multi-asset research

BlackRock's starting point for investment decisions is the establishment of a macro-economic road map. This helps to define an investment horizon for the prevailing market environment and identifies potential risks. Multi-asset research scans the investment universe and provides an appropriate asset allocation that captures tactical and longer-term investment opportunities, identifying positions that can effectively diversify and hedge risks.

BlackRock focuses its research in four key thematic groups when identifying potential sources of return:

- Macro-economics
- Fixed income and currencies
- Equity regions and sectors
- Alternatives and derivatives strategies

Growth & protection strategies

Growth strategies to deliver performance

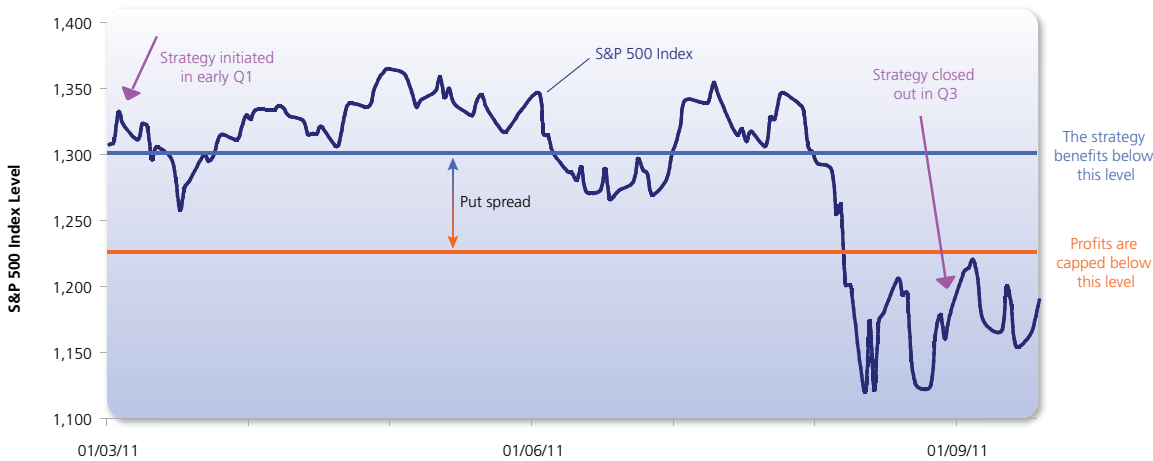
Where appropriate, the fund managers will invest in growth assets (e.g. equities) that benefit from growing economies and increased risk appetite. Exposure to growth assets is achieved mainly through investment in BlackRock's in-house funds managed by experienced portfolio managers. This allows the fund to fully utilise the resources of BlackRock's Active Allocation and Manager Research teams to enhance decision making and monitoring.

Protection strategies (e.g. options) to control risk

Given the fund's low tolerance for capital loss and in order to protect the fund from unexpected market falls, the fund managers may implement risk control or protection strategies on a number of levels.

Below is an example of one such strategy adopted recently.

S&P 500 Put Spread Strategy: March to September 2011



Source: BlackRock

The fund managers held a position in US equities. However, in the short term they were concerned about downside risk given developments in the global debt crisis. To combat this and to avoid the cost of buying put options outright, they put in place a *put spread* – a cost effective short-term hedging strategy that involves buying and selling put options.

Buying a put option provides the buyer with the right, but not the obligation, to sell the index at a certain price within a specified timeframe. **Selling a put option** means the seller has the obligation to buy the index at a predetermined price if the buyer of the put option wants to sell it.

This strategy involved buying a put option on the S&P 500 Index (effectively reducing exposure to US equities and protecting a portion of the fund's equity exposure in the event of the S&P 500 falling below 1,300), and simultaneously selling a put option centred around 1,225 on the index. The latter contract limits the cost of buying protection as the proceeds of the sale are used to fund the purchase of the put option; however, it does limit the extent of the protection provided by the strategy.

The S&P 500 Index did fall below 1,300 (see chart) and the fund managers closed out the strategy at a profit on 26th August 2011.

Use of derivatives

The put options used in the example on page 7 are a type of derivative. The fund adopts a transparent, risk controlled approach to the use of derivatives in order to enhance returns and manage volatility.

Derivatives are **used** by the fund to:

- ✓ achieve cost effective and quick changes to asset allocation
 - gain exposure (e.g. buy a future)
 - reduce exposure (e.g. sell a future)
- ✓ access a wide range of markets
 - e.g. US treasuries, UK equities, European dividends
- ✓ put in place capital efficient protection strategies
 - e.g. put option strategies on equity indices

Derivatives are **not used** by the fund to:

- ✗ gear the portfolio (leverage)*
- ✗ profit from falling markets (shorting)

* The strategy does not borrow money to invest (long positions will not be greater than 100%). Underlying funds such as alternative investments may use leverage within their investment strategy.

Risk controlled use of derivatives to enhance returns and manage volatility.

Dedicated investment team

As one of the first providers of diversified growth funds within Europe, BlackRock's experience in delivering solutions to clients has evolved over the past ten years. BlackRock's teamwork, experience and scale underpins its investment edge.

The team that manages the BSF Euro DDG Fund makes full use of the skills of specialist professionals within BlackRock.



Dynamic Diversified Growth Fund

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This fund could be **right for you** if:

- ✓ you are looking for a fund focused on capital preservation and growth.
- ✓ you want access to multi-asset and dynamic asset allocation specialists.
- ✓ you want a fund that uses financial derivatives to:
 - manage volatility and enhance returns,
 - access a wide range of markets,
 - utilise capital efficient protection strategies.
- ✓ you want to invest with a financially stable and secure provider.

This fund **may not be right for you** if:

- ✗ you do not want to take any risk with your money.
- ✗ you want a leveraged fund.
- ✗ you want a fund that uses no financial derivatives.



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