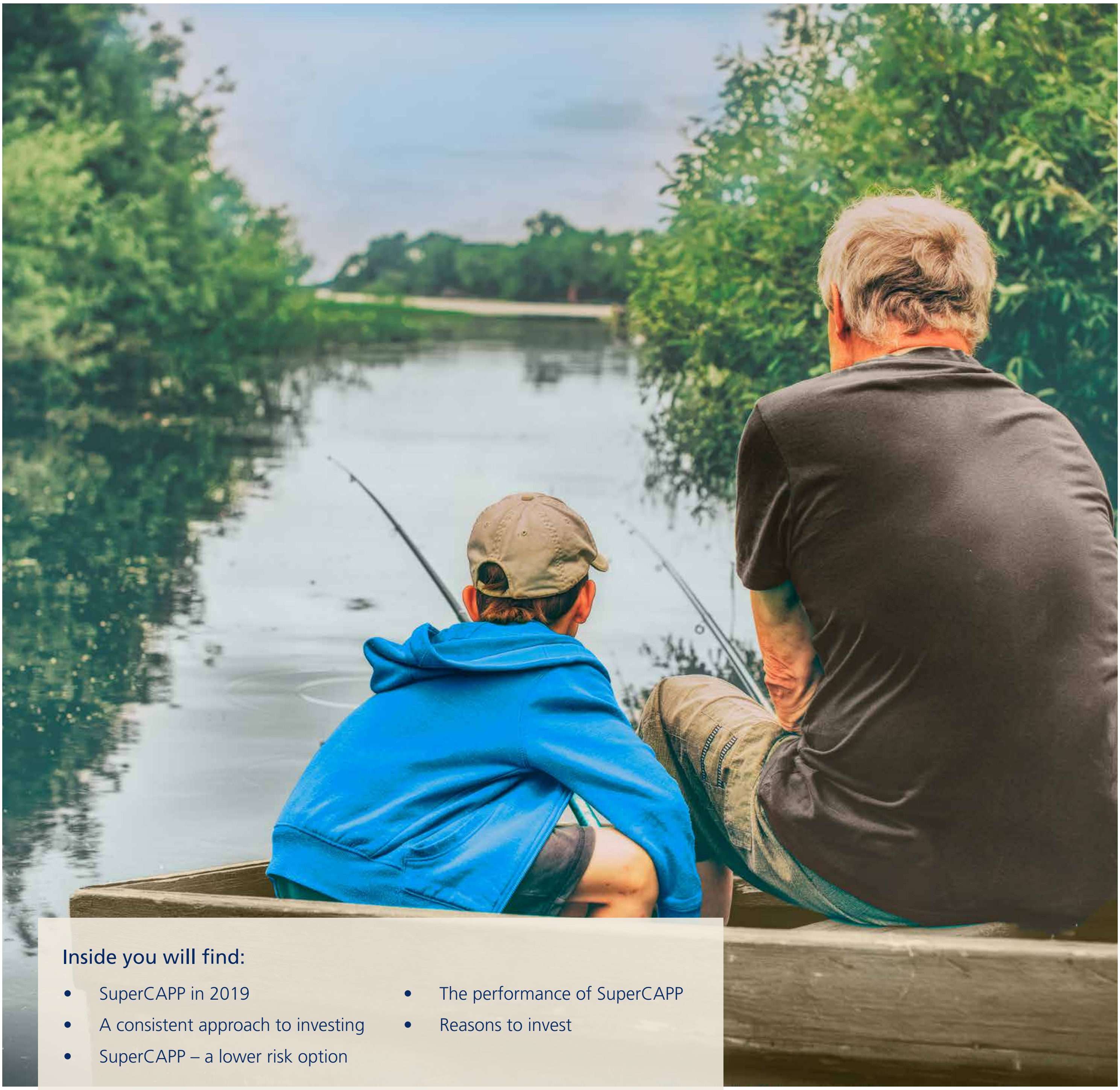
March 2019

SuperCAPP – Consistency Matters

SuperCAPP is unique amongst Irish investment funds – delivering consistent performance for customers for over 40 years.



Inside you will find:

- SuperCAPP in 2019
- A consistent approach to investing
- SuperCAPP – a lower risk option
- The performance of SuperCAPP
- Reasons to invest

SuperCAPP in 2019

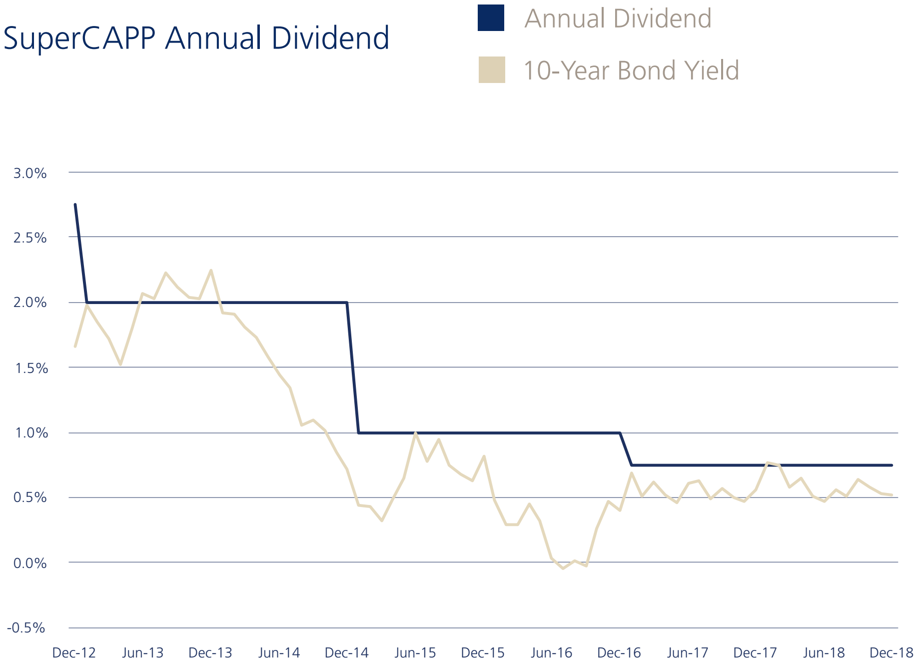
The Annual Dividend – in line with medium-term bond returns…

The annual dividend is forward looking; that is, we declare dividends that we believe the fund can afford. Therefore, we invest most of the fund in lower risk, Eurozone bonds, and we set the annual dividend in line with the yields on these bonds.

European Central Bank (ECB) bond buying (Quantitative Easing) has been the key feature of the Eurozone bond market since 2015, leading to rising bond prices. This in turn has also lowered the yield (or return) that has been available to investors. Eurozone Sovereign yields remain suppressed, but the ECB has indicated that they are phasing out their Eurozone Quantitative Easing programme.

SuperCAPP's bond portfolio looks to diversify across a range of core Eurozone bond issuers, to deliver a stable yield for its customers, investing in bonds from countries such as Austria, Belgium, Germany, Netherlands and France. For 2019, the annual dividend on the SuperCapp remains unchanged at 0.75% (before management charge).

SuperCAPP Annual Dividend



Source: ICE Data Indices & Zurich Life, January 2019.
The return is based on an investment in the fund and does not represent the return achieved by individual policies linked to the fund.
The graph above illustrates how the SuperCAPP Annual Dividend compares to the yield on Medium Term AA/AAA Eurozone Government bonds.

The Special Dividend

While the annual dividend is forward looking, the special dividend is backward looking. That is, we calculate it as the difference between what the fund has earned for each policyholder band and what we have already given to policyholders through annual dividends.

About 20% of the fund is invested in equities, with the focus of the equity portfolio on Eurozone stocks. We have an equity collar in place which is used to smooth out fluctuations (both positive and negative) in equity performance. This means that the return from equities in any year is always within certain bounds, making sure that the fund is protected from significant corrections, but also putting a ceiling on returns.

The special dividend varies depending on how long a policy has been in force. The table shows examples of the special dividends declared on single premium policies, in force since those dates for recent policyholder bands. The special dividend is applied upon withdrawal from the fund.

Policyholder Band	Current Special Dividend	
	Single Premium Policy	Regular Premium Policy
2014-2018	**1%**	**1%**
2009-2013	**13%**	**5%**
2004-2008	**18%**	**10%**
1999-2003	**30%**	**16%**

Source: Zurich Life, January 2019.

* Only policies that have been in force for a full five years are eligible for a special dividend.

† Source: Zurich Life, January 2019. Figures assume a 0.75% Annual Management Charge and are gross of tax. The value shown is calculated using actual Super-CAPP Annual Dividend and Special Dividend rates and current product charging structures. Special Dividends once declared are only payable on investments of 5 years or more.

In turbulent times, consistency matters to customers

Delivering stable, consistent performance – this is our aim. We manage the fund in a prudent manner and for over four decades, our mandate and investment ethos has never changed. In certain circumstances, such as a period of sustained market underperformance, it is still possible for encashment values to be reduced by the application of an MLA.

Our investment ethos is underpinned by:

A conservative approach to paying annual and special dividends – the fund does not look to over-promise investment returns in order to chase new investment monies.

A prudent investment strategy – SuperCAPP's investment mandate is to hold a large proportion of the fund in lower risk, high quality Eurozone government bonds. The fund has not suffered from over exposure to equities like other with-profit funds and therefore has never experienced significant investment falls.

Equity and bond protection – Equity protection to reduce the volatility of equity investment and protect against the possibility of large market falls; bond protection to protect against drops in capital values.

These protections, combined with SuperCAPP's prudent investment strategy, give the security that investors need.

SuperCAPP – a risk rating 2 but that's not all the story!

Risk Rating	Types of Funds
1	Cash/Short-term Bonds
2	SuperCAPP
3	
4	Bonds/Absolute Returns
5	Managed Funds
6	Equity/Property Funds
7	

Source: Zurich Life, January 2019.

In addition to the fund's risk rating 2, there are a number of product guarantees applicable to a SuperCapp investor:

- A guarantee that no MLA can be applied on death.
- A guarantee that no MLA can be applied on pension products (including PRSAs, excluding ARFs) on the initially chosen retirement date.
- For other single premium investors, a guarantee exists once the policy has been invested in the SuperCAPP fund for at least 10 years. Once that condition is met, the value of the investment in SuperCAPP is guaranteed to be at least the initial premium paid into SuperCAPP (less charges and any encashments).

SuperCAPP
– positive performance since 1978

What's clear to see is that investors have made consistent positive returns. Not many investment funds can claim that.

SuperCAPP has delivered consistent performance for over 40 years. For example, the table below looks at an investment of €100,000 into a single premium policy and the returns generated.

Policy Start Date	Value including Special Dividend as at 1 Feb 2019	Annualised Return	Annualised Return (after inflation)
01/01/1978	3,355,549	8.9%	4.6%
01/01/1979	3,023,017	8.9%	4.7%
01/01/1980	2,675,237	8.8%	4.8%
01/01/1981	2,367,466	8.7%	5.0%
01/01/1982	2,095,103	8.5%	5.4%
01/01/1983	1,325,003	7.4%	4.6%
01/01/1984	1,167,404	7.3%	4.7%
01/01/1985	1,033,101	7.1%	4.7%
01/01/1986	922,411	6.9%	4.7%
01/01/1987	819,921	6.8%	4.6%
01/01/1988	659,384	6.3%	4.1%
01/01/1989	588,736	6.1%	3.9%
01/01/1990	525,657	5.9%	3.8%
01/01/1991	476,787	5.7%	3.7%
01/01/1992	432,459	5.6%	3.6%
01/01/1993	389,610	5.4%	3.4%
01/01/1994	356,623	5.2%	3.2%
01/01/1995	326,428	5.0%	3.1%
01/01/1996	298,790	4.9%	2.9%
01/01/1997	273,492	4.7%	2.7%
01/01/1998	250,336	4.4%	2.5%
01/01/1999	242,185	4.5%	2.6%
01/01/2000	225,289	4.3%	2.4%
01/01/2001	209,571	4.2%	2.5%
01/01/2002	194,950	4.0%	2.5%
01/01/2003	183,051	3.8%	2.5%
01/01/2004	158,999	3.1%	1.9%
01/01/2005	153,995	3.1%	2.0%
01/01/2006	149,147	3.1%	2.1%
01/01/2007	144,453	3.1%	2.3%
01/01/2008	139,906	3.1%	2.7%
01/01/2009	129,760	2.6%	2.6%
01/01/2010	125,676	2.5%	2.0%
01/01/2011	121,720	2.5%	1.8%
01/01/2012	118,751	2.5%	2.0%
01/01/2013	116,423	2.5%	2.3%
01/01/2014	102,774	0.5%	0.4%

Source: CSO & Zurich Life, January 2019. All figures assume an initial Single Premium investment of €100,000, a 0.75% Annual Management Charge and are gross of tax. The values shown are calculated using actual SuperCAPP Single Premium Annual Dividend and Special Dividend rates and current product charging structures. Special Dividends once declared are only payable on investments of 5 years or more, and apply at a policy level.

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 product you may lose some or all of the money you invest.

5 reasons to recommend **SuperCAPP**

1.

SuperCAPP is not a fund designed to deliver headline chasing returns – as SuperCAPP investors are looking for a **smoother investment journey without the rollercoaster rides** of other investments.

2.

SuperCAPP smoothes out stockmarket performance to **deliver consistent performance.**

3.

In 40 years, despite all the market volatility that other funds have experienced, **SuperCAPP investors have seen their investments protected.**

4.

The bond portfolio ensures that stable annual dividends can be declared **giving peace of mind to clients**, while the bond protection reduces capital risk.

5.

The equity portfolio gives clients exposure to the potential for higher growth that can help deliver the special dividend but with **equity protection to reduce the risk**.

For more information on how your customers could benefit from investing in the **SuperCAPP Fund**, just speak to your Zurich Broker Consultant.

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