Zurich Life
Monthly Investment Review

For October 2011

ZURICH

Investment Comment & Outlook

Overall: Despite a sharp rally in October, equity markets remain vulnerable given the likelihood of disappointing policy action from the European authorities. Longer term, equities continue to be supported by reasonable valuations. Bond yields are expected to remain quite low.

Equity Markets

- Following two months of hefty declines, equity markets rallied strongly in October as investors reacted to hopes of a major resolution to Greece's debt crisis. Better economic data and good earnings' reports in the US also helped.
- World equities (in euro terms) rose by 6.5% during the month, leaving the total return for the first ten months of 2011 at -7%.
- Returns, in local currency terms, for the main markets in October ranged between 0% (Japan) and +13% (Hong Kong). Hong Kong had fallen 14% the previous month.
- In a mirror image of the previous month, cyclical sectors, such as materials, energy and industrials, outperformed defensive stocks. Financial stocks were mixed, performing well in the US, while European banks continued to underperform.

Bonds & Interest Rates

- After strong gains in recent months, eurozone bonds fell back by 3% in October. With the exception of France, which fell over 4%, the core once again outperformed the periphery.
- German 10-year bond yields rose from a multi-decade low of 1.6% to 2.0% at month end.
- Short-term eurozone interest rates have been increased twice during 2011 from 1% to 1.5%. However, markets now anticipate a volte-face from the ECB, with at least one rate cut expected by Christmas.
- The current market prediction is that UK and US rates will not be increased until the end of 2013.

Commodities & Currencies

- Commodity prices rebounded sharply in October, after the collapse the previous month, aided by stronger economic data in the US and hopes that a resolution to the debt crisis in the eurozone would avoid a double-dip recession.
- Brent oil (European) ended the month up over 6% at $110 per barrel, while West Texas (US) ended October up more than 17% at $93 per barrel.
- The gold price regained exactly half of its September losses finishing the month up almost 7% at $1,725 per troy ounce.
- The €/$ rate moved higher during the period, from 1.34 to 1.39, reversing part of September's move. The euro strengthened on the back of debt resolution hopes.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are close to neutral.

Activity: Equity positions were decreased towards the end of the period mainly in the US.

Regionally, the funds are:

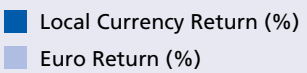
- underweight in Ireland, Europe, the UK and Japan;
- neutral in the US and the Pacific Basin;
- overweight in no market.

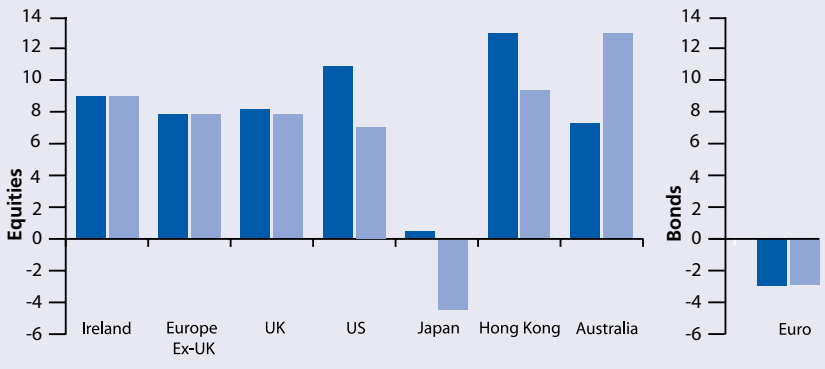
Sectorwise, the funds are:

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

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of October. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over 5 Year Euro Government Bond Index.





To view the latest Zurich Life Global Outlook see our Weekly Investment News at www.zurichlife.ie/funds/

Zurich Life

Annualised Performance to 1st November 2011

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic								
Zurich Life (Ind) Dynamic	***-5.6%***	***0.6%***	***7.6%***	***-2.3%***	***3.4%***	***5.9%***	***9.5%***	***953,139,339***
Zurich Life (Ind) Performance	***-4.5%***	***0.6%***	***7.5%***	***-2.1%***	***3.5%***	***6.1%***	***9.1%***	830,267,737
Acorn Life (Ind) Pension Managed Growth	-6.8%	-0.6%	7.3%	-4.1%	1.6%	5.3%	6.8%	227,200,000
Aviva L&P Pension Focused Managed I	-6.3%	-0.9%	4.8%	-5.6%	0.6%	Not Started	Not Started	6,904,196
Lifetime/SSgA (Ind) Pen Opportunity	-7.0%	-1.6%	5.9%	-4.9%	0.5%	4.2%	6.5%	6,002,000
MoneyMate Sector Average	***-6.4%***	***-1.7%***	***5.5%***	***-4.2%***	***1.3%***	***5.0%***	***7.0%***	
Managed Balanced								
Zurich Life (Ind) Balanced	***-4.2%***	***0.5%***	***7.1%***	***-1.1%***	***3.6%***	***6.4%***	***9.1%***	***1,219,372,864***
Acorn Life (Ind) Pension Managed	-5.5%	-0.6%	7.3%	-2.7%	2.0%	5.3%	7.1%	127,900,000
Ark Life (Ind) Pension Managed *	-7.2%	-3.5%	3.0%	-5.1%	-0.4%	3.2%	5.2%	--
Canada Life (Ind) Setanta Pension Managed *	-2.9%	0.2%	5.7%	-1.5%	2.6%	5.2%	6.7%	1,027,369,604
Friends (Ind) Managed	-7.3%	-2.5%	5.2%	-4.7%	1.1%	4.4%	6.2%	691,070,000
Aviva L&P Pen Laser Pension Managed Fund	-7.1%	-3.2%	2.4%	-5.9%	0.2%	4.0%	5.5%	376,832,448
Irish Life (Ind) Exempt Managed 1	-8.5%	-4.9%	5.6%	-4.6%	1.4%	4.6%	6.0%	1,266,373,498
Lifetime/SSgA (Ind) Pen Growth	-6.1%	-1.5%	5.4%	-4.7%	1.0%	4.6%	6.7%	--
New Irl (Ind) Pension Managed 3	-5.9%	-1.2%	5.7%	-4.4%	1.1%	5.3%	6.8%	1,961,900,000
SL Synergy Balanced MultiManager	-4.9%	-0.1%	6.8%	-4.9%	Not Started	Not Started	Not Started	160,000,000
MoneyMate Sector Average	***-5.7%***	***-1.8%***	***5.0%***	***-3.4%***	***1.0%***	***4.4%***	***6.7%***	
Managed Defensive								
Zurich Life (Ind) Cautiously Managed	***0.8%***	***-0.5%***	***6.6%***	***Not Started***	***Not Started***	***Not Started***	***Not Started***	***87,773,822***
Aviva L&P GMP Pension Cautiously Managed Fund *	-1.5%	-0.6%	0.4%	-1.2%	1.9%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	-1.8%	-1.1%	5.8%	1.1%	Not Started	Not Started	Not Started	26,000,000
MoneyMate Sector Average	***-0.6%***	***-1.1%***	***3.0%***	***0.3%***	***2.6%***	***2.6%***	***3.7%***	
Bond								
Zurich Life (Ind) Active Fixed Income	***3.9%***	***-1.5%***	***5.9%***	***3.9%***	***4.9%***	***7.3%***	***Not Started***	***221,877,536***
Zurich Life (Ind) Long Bond Fund	***1.8%***	-5.0%	***5.2%***	***2.6%***	***Not Started***	***Not Started***	***Not Started***	***58,520,887***
Canada Life (Ind) Setanta Pen Fixed Interest *	-1.5%	-6.5%	1.8%	1.1%	2.8%	4.7%	6.2%	221,836,220
Friends (Ind) Fixed Interest	2.0%	-2.9%	4.8%	2.0%	3.5%	5.3%	7.0%	70,420,000
Aviva L&P Pen Laser Pension Bond *	1.5%	-3.5%	2.8%	1.6%	3.7%	5.4%	6.5%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	0.2%	-3.7%	4.9%	3.1%	4.1%	5.8%	7.0%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	0.9%	-3.9%	4.4%	2.5%	3.8%	5.6%	6.8%	675,093,000
MoneyMate Sector Average	***1.2%***	***-3.0%***	***4.1%***	***2.3%***	***3.8%***	***5.7%***	***6.8%***	
Money Market								
Zurich Life (Ind) Secure	***0.5%***	***0.6%***	***0.8%***	***2.0%***	***2.2%***	***3.2%***	***4.5%***	***476,342,251***
Acorn Life (Ind) Pension Deposit	1.8%	2.1%	2.3%	2.9%	2.5%	3.2%	4.6%	3,400,000
Canada Life (Ind) Setanta Pension Money *	0.3%	0.3%	0.7%	1.9%	1.8%	2.6%	3.8%	362,588,114
Friends (Ind) Cash	0.3%	0.5%	1.1%	2.0%	2.0%	2.7%	3.9%	83,260,000
Aviva L&P Pension Cash	0.3%	0.4%	1.6%	2.3%	2.2%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.3%	0.5%	1.7%	2.5%	2.2%	2.9%	3.9%	905,875
Lifetime/SSgA (Ind) Pen Security	0.1%	0.1%	0.5%	1.5%	1.5%	2.2%	3.3%	1,839,000
New Irl (Ind) Pension Cash 2 *	0.3%	0.3%	0.8%	1.8%	1.8%	2.5%	3.8%	693,817,000
SL Synergy Cash Fund	0.0%	0.0%	0.2%	1.4%	Not Started	Not Started	Not Started	239,600,000
MoneyMate Sector Average	***0.3%***	***0.4%***	***1.0%***	***1.9%***	***1.9%***	***2.8%***	***4.0%***	
Flexible Equity								
Zurich Life (Ind) International Equity	***-6.5%***	***1.6%***	***7.3%***	***-1.2%***	***2.5%***	***Not Started***	***Not Started***	***215,135,312***
Canada Life (Ind) Passive Equity 2	-8.6%	-0.5%	4.6%	-4.8%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	-9.0%	-2.2%	9.0%	-2.6%	0.6%	3.7%	5.1%	178,100,000
Aviva L&P Pen Laser Pension International Eq	-7.9%	-2.2%	6.5%	-3.8%	-0.3%	3.6%	5.0%	40,207,818
Irish Life (Ind) Indexed Global Equity P	-9.2%	-0.8%	7.5%	-4.8%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	-8.7%	-2.1%	6.9%	-3.9%	-0.8%	3.8%	5.3%	651,516,000
SL Synergy Global Equity Tracker	-6.4%	2.3%	8.6%	-2.6%	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	***-8.1%***	***-0.9%***	***7.1%***	***-3.3%***	***0.8%***	***3.9%***	***6.0%***	

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.

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Eurozone Equity [1]								
Zurich Life Eurozone Equity G	***-7.9%***	***-6.0%***	***8.3%***	***-1.5%***	***Not Started***	***Not Started***	***Not Started***	***72,944,940***
AIB Inv Mgr Ltd Eurozone Equity Indexmaster B	-14.9%	-13.6%	2.4%	-6.5%	Not Started	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	-8.2%	-5.2%	5.4%	-6.7%	-1.7%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity Fund	-10.5%	-11.1%	3.2%	-6.3%	-0.1%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	-7.8%	-7.4%	3.1%	-6.6%	-1.9%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	***-11.4%***	***-8.6%***	***5.9%***	***-4.6%***	***0.6%***	***-0.3%***	***-0.3%***	
Irish Equity								
Zurich Life (Ind) Irish Equity	***-0.9%***	***5.4%***	***0.8%***	***-16.9%***	***Not Started***	***Not Started***	***Not Started***	***7,402,404***
Ark Life (Ind) Pension Irish	-2.3%	3.1%	-0.9%	-18.1%	-4.7%	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	-3.7%	2.7%	-0.1%	-17.6%	-3.0%	2.5%	5.5%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	-3.5%	3.3%	-1.9%	-18.6%	-3.0%	Not Started	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed Fund P	-4.6%	2.7%	-2.5%	-19.8%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	0.2%	6.7%	2.0%	-18.0%	-2.0%	3.2%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	-3.7%	3.3%	0.5%	-19.3%	Not Started	Not Started	Not Started	11,800,000
MoneyMate Sector Average	***-2.9%***	***3.6%***	***-0.6%***	***-18.5%***	***-4.1%***	***2.0%***	***5.3%***	
Specialist Funds [1&2]								
Zurich Life Dividend Growth G	***-1.9%***	***3.4%***	***10.5%***	***-4.1%***	***Not Started***	***Not Started***	***Not Started***	***125,851,935***
Aviva L&P High Yield	-3.3%	3.5%	7.9%	-0.7%	3.4%	Not Started	Not Started	5,897,305
Canada Life CL/Set Equity Div Non Dis G	-3.9%	0.7%	8.8%	-2.9%	Not Started	Not Started	Not Started	304,347,164
Bloxhams High Yield Fund 1 G *	-10.1%	-3.3%	5.0%	-5.0%	Not Started	Not Started	Not Started	224,439,921
Merrion SB Ltd Merrion High Yield Fund G	-8.1%	-7.7%	9.4%	-13.7%	Not Started	Not Started	Not Started	12,205,610
Average of selected funds	***-5.1%***	***-0.4%***	***8.3%***	***-5.3%***	***3.4%***	***N/A***	***N/A***	
Concentrated Funds [1&2]								
Zurich Life 5 Star 5 Global G	***-9.9%***	***-3.3%***	***0.5%***	***-4.1%***	***4.2%***	***Not Started***	***Not Started***	***181,272,083***
Zurich Life 5 Star 5 Europe G	***-6.1%***	***-3.0%***	***3.8%***	***-4.7%***	***Not Started***	***Not Started***	***Not Started***	***73,413,860***
Zurich Life 5 Star 5 Americas G	***-6.1%***	***3.5%***	***1.9%***	***-0.2%***	***Not Started***	***Not Started***	***Not Started***	***45,067,534***
Zurich Life 5 Star 5 Asia Pacific G	***-6.2%***	***1.7%***	***10.2%***	***-0.6%***	***Not Started***	***Not Started***	***Not Started***	***93,661,997***
BOI Life - Smart Funds Spotlight S9	-11.3%	-3.7%	8.3%	Not Started	Not Started	Not Started	Not Started	6,168,000
Canada Life / Setanta Focus 15 G	-6.5%	3.2%	15.9%	1.2%	0.9%	Not Started	Not Started	120,878,771
Aviva L&P Target 20 Fund	-6.1%	2.2%	3.3%	-5.7%	-3.7%	Not Started	Not Started	12,421,427
Average of selected funds	***-7.5%***	***0.1%***	***6.3%***	***-2.3%***	***0.5%***	***N/A***	***N/A***	
Multi Asset Funds								
Zurich Life Active Asset Allocation	***-3.4%***	***1.2%***	***Not Started***	***Not Started***	***Not Started***	***Not Started***	***Not Started***	***19,146,845***
Zurich Life Diversified Assets (Ind)	***-5.3%***	***0.0%***	***6.6%***	***Not Started***	***Not Started***	***Not Started***	***Not Started***	***8,742,194***
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund (Ind)	-15.0%	-9.4%	15.6%	Not Started	Not Started	Not Started	Not Started	6,409,066
European Ex UK Property Fund (Ind)	-6.3%	-7.0%	14.8%	Not Started	Not Started	Not Started	Not Started	8,609,236
Eurozone Property* (Ind)	-8.8%	-10.5%	11.0%	-7.6%	Not Started	Not Started	Not Started	26,541,744
Geographic Funds								
India Equity (Ind)	-23.9%	-21.2%	17.8%	Not Started	Not Started	Not Started	Not Started	26,666,310
Sector Fund								
TopTech 100 (Ind)	2.5%	11.1%	17.3%	4.6%	0.8%	Not Started	Not Started	10,983,624
Commodity Funds								
Global Commodities (Ind)	-6.6%	7.9%	-6.6%	-5.7%	Not Started	Not Started	Not Started	18,561,889
Strategy Funds								
Green Resources (Ind)	-34.3%	-28.1%	-10.7%	Not Started	Not Started	Not Started	Not Started	3,487,320
Earth Resources (Ind)	-16.0%	-5.6%	0.6%	Not Started	Not Started	Not Started	Not Started	15,377,916

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 07/11/2011.

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.

A secure investment with potential to earn real returns

The Zurich Life **Guaranteed Tracker Fund Series 3** is an innovative fund that is available for once-off investments for a limited period only.

The fund is a secure investment which guarantees you will receive at least your invested premium* on 12th December 2016.

The fund also provides a return linked to the performance of the Euro Stoxx 50 Index. This return is calculated as follows:

- The maximum loss that can be incurred in any one month will be 6% - limiting some of the risks normally associated with direct investment in the stock market.
- The maximum gain per month taken into account is 3%.

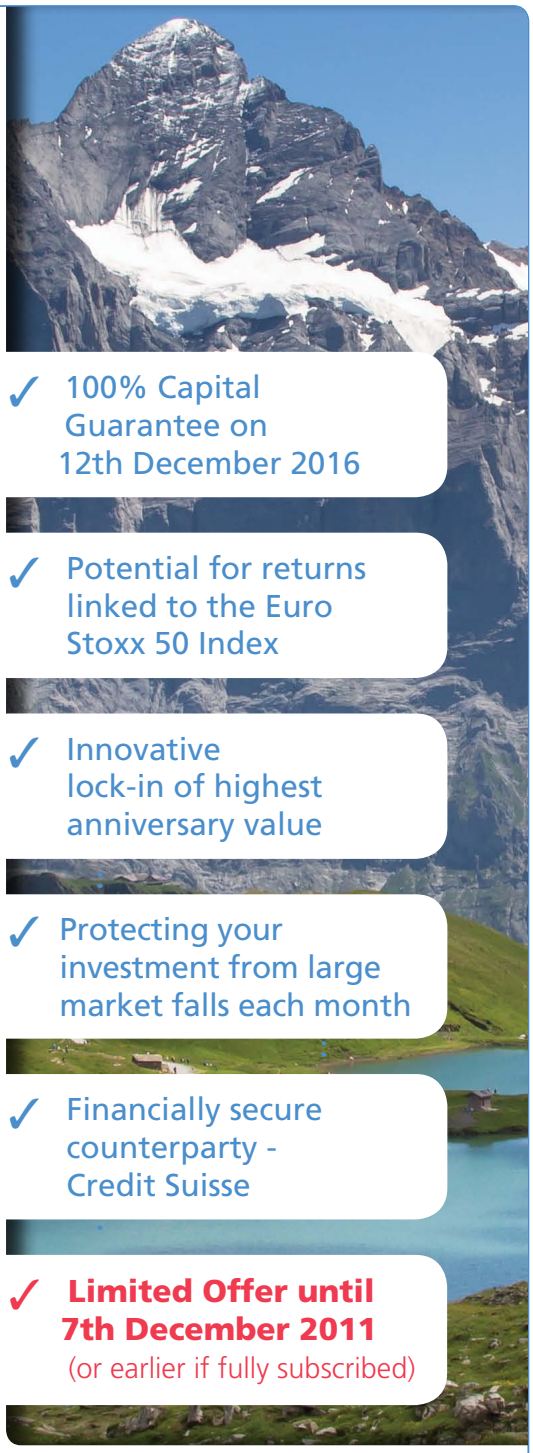
There is also an innovative annual lock-in feature which protects your investment gains at certain times.

Zurich Life has chosen a partner with a financially strong rating to provide the return and repayment of capital on this product. Credit Suisse International†, is rated A+ by Standard & Poor's (as at October 2011)**.

* For the Guaranteed Tracker Bond Series 3, invested premium refers to premium paid less the Government insurance levy. Government insurance levy is currently 1% (as at October 2011) and may change in the future.

** You should note that a credit rating is not a recommendation to invest nor a guarantee as to the future returns for this product and such rating may change from time to time.

† Zurich Life will invest in a deposit account with Credit Suisse International ('Credit Suisse'), a member of the Credit Suisse Group. The Guaranteed Tracker Fund Series 3 does not constitute a contract between the client and Credit Suisse and does not give the client recourse to Credit Suisse or the assets of the Zurich Life Guaranteed Tracker Fund Series 3. In the event that Credit Suisse does not meet its obligations to Zurich Life, or the return from Credit Suisse is otherwise insufficient, the value of the Guaranteed Tracker Fund Series 3 will be based solely on the value returned from the account with Credit Suisse. No other assets of Zurich Life shall be used to make up the difference.



- ✓ 100% Capital Guarantee on 12th December 2016
- ✓ Potential for returns linked to the Euro Stoxx 50 Index
- ✓ Innovative lock-in of highest anniversary value
- ✓ Protecting your investment from large market falls each month
- ✓ Financially secure counterparty - Credit Suisse
- ✓ **Limited Offer until 7th December 2011** (or earlier if fully subscribed)

Warning: The value of this investment can go down as well as up. If you cash in your investment before 12th December 2016 you may lose some or all of the money you invested.

Apply today!
Contact your **Financial Advisor.**

This Monthly Investment Review does not constitute an offer and should not be taken as a recommendation from Zurich Life. Advice should always be sought from an appropriately qualified professional.

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