

Zurich Life Monthly Investment Review

For May 2012



Investment Comment & Outlook

Overall: Following a severe decline in May, equities are likely to remain volatile in the shorter term until the outcome of the eurozone crisis becomes clearer. Any meaningful policy response from European or global authorities, however, could support equity prices. Bond yields to remain low.

Equity Markets

- Equity markets fell heavily in May as the eurozone debt crisis came to a head. Some weaker economic data in the US did not help.
- World equities (in euro terms) fell by 2.3% in May, leaving the total return for the first five months of 2012 at just over 6%.
- Returns, in local currency terms, for the main markets in May ranged from minus 12% in Hong Kong to minus 6% in the US. Chinese markets held up much better, falling by only 1%. Significant euro weakness against most of major currencies limited the damage for eurozone investors.
- Defensive sectors, such as utilities and consumer staples, outperformed cyclical sectors during May, while financial stocks suffered sharply again, especially European banks. These fell 15% (after falling by a similar magnitude the previous month).

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by 2.5% in May, giving a rise of 7.4% for the first five months of the year.
- There was significant divergence again between the core and peripheral markets, with German, French and Dutch bonds up by between 5.5% and 6.5%; Spanish bonds fell by almost 5%.
- Yields in the core of Europe, as well as the US and the UK, tumbled to all-time lows in May as the eurozone debt crisis intensified. Manufacturing worldwide slowed and unemployment in the US unexpectedly rose.
- Markets now expect one more cut of 25bps in eurozone rates to 0.75%. US and UK short rates are likely to remain at emergency low levels for some time.

Commodities & Currencies

- Commodity prices were hit hard in May, reacting to the eurozone crisis and the knock-on effect on prospects for global economy growth. The CRB Index fell by almost 12%.
- Brent oil (European) ended May down 14%, at \$102 per barrel, while West Texas (US) fell 17% to \$87 per barrel.
- The gold price fell sharply from \$1,664 to \$1,562 per troy ounce. The metal had reached an all-time high of \$1,889 in August 2011.
- The euro was weaker again during the month against most of the major currencies as the eurozone debt crisis escalated. The €/£ rate moved from 1.32 to 1.24 during the period.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are overweight.

Activity: European equities were reduced significantly.

Regionally, the funds are:

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

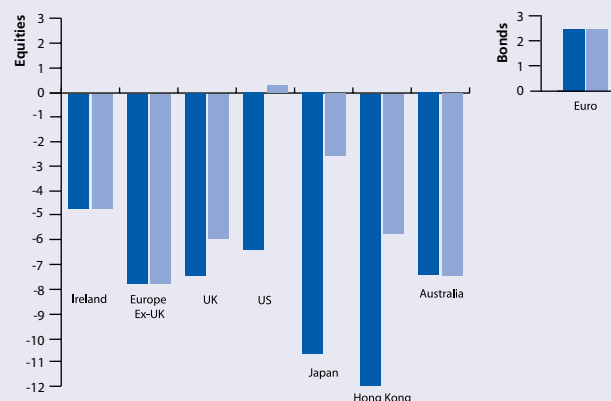
Sectorwise, the funds are:

- overweight technology.
- underweight industrials, basic materials, consumer stocks and financials.
- otherwise reasonably balanced.

Equity & Bond % Returns

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

- Local Currency Return (%)
- Euro Return (%)



	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic								
Zurich Life (Ind) Dynamic	4.3%	0.8%	10.8%	-3.4%	3.6%	4.9%	9.3%	1,022,495,048
Zurich Life (Ind) Performance	4.6%	2.0%	10.5%	-3.0%	3.8%	5.1%	9.1%	899,595,482
Acorn Life (Ind) Pension Managed Growth	4.1%	-3.1%	11.1%	-5.1%	2.0%	4.2%	7.2%	--
Aviva L&P Pension Focused Managed I	9.1%	6.5%	10.9%	-4.8%	1.4%	Not Started	Not Started	6,904,196
Lifetime/SSgA (Ind) Pen Opportunity	4.5%	-1.2%	9.0%	-5.4%	0.4%	3.4%	6.4%	6,002,000
MoneyMate Sector Average	5.2%	1.2%	8.8%	-4.3%	1.8%	4.1%	7.2%	
Managed Balanced								
Zurich Life (Ind) Balanced +	5.3%	3.1%	10.1%	-1.6%	4.1%	5.5%	9.2%	1,280,404,277
Acorn Life (Ind) Pension Managed	4.6%	-0.9%	10.5%	-3.1%	2.6%	4.5%	7.3%	--
Ark Life (Ind) Pension Managed *	3.6%	-0.6%	6.7%	-5.6%	0.5%	2.4%	5.6%	--
Canada Life (Ind) Setanta Pension Managed *	5.3%	4.1%	9.9%	-1.2%	3.3%	4.6%	7.1%	1,027,369,604
Friends (Ind) Managed	4.9%	-0.7%	8.6%	-5.1%	1.7%	3.7%	6.5%	691,070,000
Aviva L&P Pen Laser Pension Managed Fund	4.0%	-2.0%	6.7%	-6.2%	0.6%	3.3%	5.7%	376,832,448
Irish Life (Ind) Exempt Managed 1	2.9%	-4.1%	7.2%	-5.5%	1.7%	3.9%	6.2%	1,266,373,498
Lifetime/SSgA (Ind) Pen Growth	4.9%	0.0%	8.5%	-5.0%	1.0%	3.9%	6.7%	--
New Irl (Ind) Pension Managed 3	5.0%	0.2%	8.8%	-4.7%	1.3%	4.5%	7.1%	1,961,900,000
SL Synergy Balanced MultiManager	5.9%	1.5%	9.8%	-5.2%	Not Started	Not Started	Not Started	--
MoneyMate Sector Average	4.4%	0.6%	8.0%	-3.6%	1.6%	3.5%	6.2%	
Managed Defensive								
Zurich Life (Ind) Cautiously Managed	6.7%	9.8%	9.1%	Not Started	Not Started	Not Started	Not Started	107,495,861
Aviva L&P GMP Pension Cautiously Managed Fund *	4.7%	4.0%	4.0%	-0.8%	2.3%	Not Started	Not Started	483,217
SL Synergy Cautious Managed	7.1%	5.9%	8.8%	2.3%	Not Started	Not Started	Not Started	--
MoneyMate Sector Average	4.3%	4.9%	5.2%	0.4%	2.9%	3.3%	3.5%	
Bond								
Zurich Life (Ind) Active Fixed Income	7.8%	13.3%	7.2%	6.9%	6.2%	7.5%	Not Started	254,827,688
Zurich Life (Ind) Long Bond Fund	9.4%	15.1%	8.1%	6.7%	Not Started	Not Started	Not Started	63,851,878
Canada Life (Ind) Setanta Pen Fixed Interest *	6.7%	4.5%	2.4%	3.2%	3.7%	4.8%	6.1%	221,836,220
Friends (Ind) Fixed Interest	8.1%	11.7%	6.4%	4.7%	4.8%	5.6%	7.1%	70,420,000
Aviva L&P Pen Laser Pension Bond *	6.2%	9.9%	4.4%	3.7%	4.6%	5.5%	6.5%	54,949,651
Irish Life (Ind) Exempt Fixed Interest 2	7.4%	8.8%	6.2%	5.7%	5.3%	5.9%	7.0%	1,044,835
New Irl (Ind) Pension Gilt Edge 2 *	7.0%	9.9%	5.6%	5.1%	4.9%	5.8%	6.9%	675,093,000
MoneyMate Sector Average	6.0%	8.4%	5.3%	4.5%	4.6%	5.9%	6.9%	
Money Market								
Zurich Life (Ind) Secure	0.1%	0.6%	0.5%	1.6%	2.1%	3.1%	4.2%	459,578,310
Acorn Life (Ind) Pension Deposit	0.1%	1.2%	1.7%	2.6%	2.4%	3.0%	4.3%	--
Friends (Ind) Cash	0.0%	0.1%	0.7%	1.7%	1.9%	2.5%	3.6%	83,260,000
Aviva L&P Pension Cash	0.1%	0.3%	1.3%	2.0%	2.0%	Not Started	Not Started	172,843,642
Irish Life (Ind) Exempt Cash 1	0.0%	0.2%	1.1%	2.1%	2.0%	2.7%	3.7%	905,875
Lifetime/SSgA (Ind) Pen Security	-0.2%	-0.1%	0.0%	1.1%	1.4%	2.0%	3.0%	1,839,000
New Irl (Ind) Pension Cash 2 *	-0.1%	0.2%	0.3%	1.4%	1.6%	2.3%	3.5%	693,817,000
SL Synergy Cash Fund	0.0%	0.0%	0.0%	1.1%	Not Started	Not Started	Not Started	239,600,000
MoneyMate Sector Average	0.0%	0.3%	0.6%	1.6%	1.8%	2.6%	3.8%	
Flexible Equity								
Zurich Life (Ind) International Equity	5.8%	2.9%	12.5%	-1.8%	3.0%	6.3%	Not Started	227,463,940
Canada Life (Ind) Passive Equity 2	5.4%	2.2%	11.7%	-4.2%	-0.5%	Not Started	Not Started	5,564,211
Friends (Ind) International	5.0%	-2.2%	11.8%	-3.2%	1.3%	2.8%	5.5%	178,100,000
Aviva L&P Pen Laser Pension International Eq	10.1%	6.1%	12.6%	-2.6%	1.1%	3.1%	5.4%	40,207,818
Irish Life (Ind) Indexed Global Equity P	4.8%	-0.9%	12.2%	-5.3%	Not Started	Not Started	Not Started	195,167,952
New Irl (Ind) Pension International 2 *	4.4%	-2.4%	10.6%	-4.4%	-0.5%	2.8%	5.6%	651,516,000
SL Synergy Global Equity Tracker	7.5%	4.3%	13.8%	-4.3%	Not Started	Not Started	Not Started	7,800,000
MoneyMate Sector Average	5.6%	0.2%	11.4%	-3.6%	1.4%	3.2%	6.3%	

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. 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	0.0%	-17.6%	5.2%	-5.9%	Not Started	Not Started	Not Started	68,283,485
AIB Inv Mgr Ltd Eurozone Equity Indexmaster B	-5.4%	-23.5%	-0.8%	-10.7%	-0.4%	Not Started	Not Started	67,630,936
Ark Life Eurozone 2 G	5.0%	-10.4%	5.3%	-8.5%	-1.1%	Not Started	Not Started	72,080,973
Aviva L&P Euro Equity Fund	-4.5%	-19.6%	0.1%	-9.8%	-1.0%	Not Started	Not Started	11,959,507
New Ireland Euroland Equity S9	-1.5%	-20.3%	1.5%	-10.6%	-2.6%	Not Started	Not Started	5,026,000
MoneyMate Sector Average	-0.5%	-15.2%	4.2%	-7.8%	0.3%	Not Started	Not Started	
Irish Equity								
Zurich Life (Ind) Irish Equity	6.6%	7.0%	8.3%	-17.2%	Not Started	Not Started	Not Started	7,506,585
Ark Life (Ind) Pension Irish	6.1%	4.6%	4.9%	-18.0%	-3.9%	Not Started	Not Started	3,178,494
Friends (Ind) Irish Equity	6.6%	5.9%	6.4%	-17.6%	-2.7%	2.0%	6.4%	32,270,000
Hib Life & Pen NU (Ind) Irish Equity *	5.8%	2.4%	4.3%	-18.6%	-3.3%	0.6%	Not Started	3,571,281
Irish Life (Ind) Irish Equity Indexed Fund P	6.6%	4.9%	6.1%	-20.0%	Not Started	Not Started	Not Started	62,489,161
New Irl (Ind) Pension Irish Equity 3 *	7.5%	3.3%	6.9%	-18.5%	-3.5%	2.5%	Not Started	81,096,000
SL Synergy Irish Equity Tracker	5.6%	7.3%	10.0%	-18.4%	Not Started	Not Started	Not Started	38,000,000
MoneyMate Sector Average	6.0%	4.8%	6.4%	-18.7%	-3.7%	1.5%	5.8%	
Specialist Funds ^{1 & 2}								
Zurich Life Dividend Growth G	5.1%	3.3%	15.0%	-5.1%	Not Started	Not Started	Not Started	127,864,851
Aviva L&P High Yield	5.8%	5.4%	13.1%	-1.4%	3.6%	Not Started	Not Started	5,897,305
Canada Life CL/Set Equity Div Non Dis G	-1.0%	-8.3%	9.2%	-4.7%	Not Started	Not Started	Not Started	304,347,164
Bloxham High Yield Fund 1 G *	-0.7%	-1.4%	10.2%	-5.5%	Not Started	Not Started	Not Started	224,439,921
Merrion SB Ltd Merrion High Yield Fund G	-9.2%	-19.8%	5.8%	-16.6%	Not Started	Not Started	Not Started	12,205,610
Average of selected funds	0.9%	-2.5%	10.7%	-6.7%	3.6%	N/A	N/A	
Concentrated Funds ^{1 & 2}								
Zurich Life 5 Star 5 Global G	9.0%	5.2%	10.1%	-3.5%	4.5%	Not Started	Not Started	201,746,194
Zurich Life 5 Star 5 Europe G	4.3%	-8.0%	8.2%	-6.1%	Not Started	Not Started	Not Started	70,321,468
Zurich Life 5 Star 5 Americas G	9.9%	9.6%	13.9%	0.7%	Not Started	Not Started	Not Started	51,036,518
Zurich Life 5 Star 5 Asia Pacific G	3.8%	-5.1%	4.4%	-4.6%	Not Started	Not Started	Not Started	89,013,916
BOI Life - Smart Funds Spotlight S9	4.6%	-3.0%	10.4%	-3.0%	Not Started	Not Started	Not Started	6,168,000
Canada Life /Setanta Focus 15 G	1.6%	2.2%	17.2%	1.1%	2.2%	Not Started	Not Started	120,878,771
Aviva L&P Target 20 Fund	15.4%	11.6%	17.2%	-2.8%	-1.1%	Not Started	Not Started	12,421,427
Average of selected funds	6.9%	1.8%	11.6%	-2.6%	1.9%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	5.4%	6.1%	Not Started	Not Started	Not Started	Not Started	Not Started	33,924,506
Zurich Life Diversified Assets	4.1%	0.7%	10.0%	Not Started	Not Started	Not Started	Not Started	9,277,873
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund G	11.0%	0.5%	13.0%	Not Started	Not Started	Not Started	Not Started	7,267,066
European Ex UK Property Fund G	5.3%	-16.2%	13.1%	Not Started	Not Started	Not Started	Not Started	8,189,798
Eurozone Property* G	5.4%	-18.9%	8.7%	-11.0%	Not Started	Not Started	Not Started	22,919,087
Geographic Funds								
India Equity (Ind)	4.1%	-19.4%	1.4%	-4.0%	Not Started	Not Started	Not Started	20,879,342
Sector Fund								
TopTech 100 G	16.7%	23.8%	26.4%	7.3%	4.3%	Not Started	Not Started	15,834,358
Commodity Funds								
Global Commodities (Ind)	-4.1%	-3.8%	5.4%	-4.3%	Not Started	Not Started	Not Started	18,535,212
Strategy Funds								
Green Resources (Ind)	-6.6%	-36.5%	-12.5%	Not Started	Not Started	Not Started	Not Started	3,633,798
Earth Resources (Ind)	-5.5%	-16.0%	1.6%	Not Started	Not Started	Not Started	Not Started	13,360,732

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. Returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds.

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 01/06/2012.

- 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.
- 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.

[†] The Zurich Life Balanced Fund is shown against funds with similar equity contents. MoneyMate currently includes the Zurich Balanced Fund in the Managed Dynamic category.

* 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.

Dynamic Diversified Growth Fund

with BlackRock Investment Management (UK) Limited

The **Dynamic Diversified Growth Fund** seeks to deliver long-term capital growth with a low tolerance for capital loss. The fund aims to outperform cash returns. To achieve this, the fund invests in the BlackRock Strategic Funds ('BSF') Euro Dynamic Diversified Growth Fund which is an actively managed fund with a transparent and a well-diversified portfolio.

Key features of the fund:

- ✓ Actively managed multi-asset **BlackRock** fund.
- ✓ Part of the **Matrix** range of funds.
- ✓ Seeks long-term **capital growth** with low tolerance for capital loss.
- ✓ **Target** to outperform cash returns.
- ✓ **Diversified portfolio** of equities, bonds, alternatives and cash.
- ✓ Dynamic investment process allowing **wide ranges of asset splits**.
- ✓ **Protection strategies** (e.g. options) to control risk.

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 31st May 2012 was 0.69%.

Warning: The value of your investment may go down as well as up. Benefits may be affected by changes in currency exchange rates.



For more details
contact your
Financial Advisor or
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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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