

Zurich Life Monthly Investment Review

For July 2012



Investment Comment & Outlook

Overall: Peripheral debt-induced stress remains in the eurozone. This, along with disappointing data in other regions, such as the US and China, has added risks to investors' otherwise more positive growth expectations. Meaningful policy response in the eurozone, however, could add further support to equities. Bond yields are likely to remain low.

Equity Markets

- Most equity markets rose in July, helped by expectations of further policy response from the ECB and the belief that the authorities may succeed in introducing a funding backstop for Spain and Italy.
- World equities (in euro terms) rose by 4.5% in July, leaving the total return for the first seven months of 2012 at 13.5%, resulting in this index approaching an all-time high (albeit flattered by significant euro weakness).
- Returns, in local currency terms, for the main markets in July ranged from minus 4% in Japan (with exporters hurt by yen strength) to plus 4% in Europe and Australia. Chinese markets fell another 5% on concerns over economic growth.

Commodities & Currencies

- The CRB Index rose for a second month in July (+5%), following May's collapse, helped by more positive expectations concerning the eurozone crisis.
- Brent oil (European) ended July up 7%, at \$104 per barrel, while West Texas (US) rose 4% to \$88 per barrel.
- The gold price increased marginally to \$1,610 per troy ounce. Corn prices rose massively again in July (+27%) due to drought in the Midwest of the United States.
- Continuing its medium term trend, the euro was weaker against most major currencies. The €/£ rate moved from 1.27 to 1.23 during the period.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by 2.6% in July, giving a rise of close to 8% for the first seven months of the year.
- There was some divergence again between core and peripheral markets, with countries such as Germany and France up by between 3% and 6% (Germany had performed poorly in June), while Italy and Spain recorded negative returns.
- Yields in the core of Europe are back again at near record lows.
- Eurozone rates were cut by 0.25% at the beginning of the month, to 0.75%, with another cut likely in the autumn.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are overweight.

Activity: European equities were cut back slightly in the first half of July.

Regionally, the funds are:

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

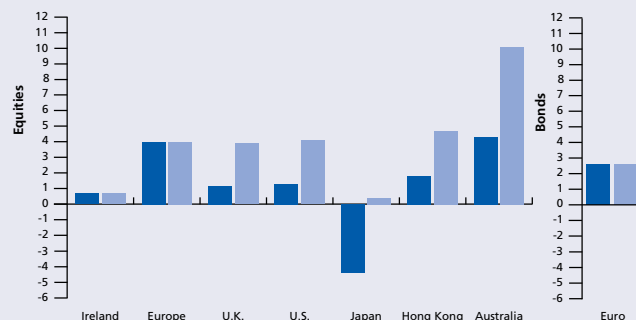
Sectorwise, the funds are:

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

Equity & Bond % Returns

This graph shows the performance of the major equity markets over the month of July. 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 (%)



Warning: 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.

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

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic								
Zurich Life Dynamic	10.5%	9.8%	10.1%	-1.6%	5.7%	4.5%	10.0%	1,082,532,886
Zurich Life Performance	9.8%	9.7%	9.5%	-1.3%	5.5%	4.7%	9.6%	939,232,260
Acorn Life Managed Growth	11.7%	5.5%	11.6%	-3.6%	4.9%	4.2%	8.2%	Not Available
Aviva IRL Focused Managed I	12.2%	11.8%	10.5%	-3.4%	3.1%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	11.6%	9.5%	9.0%	-3.0%	2.4%	3.3%	7.1%	Not Available
FinEx Sector Average	9.5%	7.0%	8.9%	-2.2%	3.4%	3.6%	6.9%	
Managed Balanced								
Zurich Life Balanced	10.5%	10.8%	9.4%	-0.1%	5.6%	5.1%	9.6%	1,305,348,413
Acorn Life Managed	11.3%	6.7%	10.7%	-1.8%	4.9%	4.6%	8.1%	Not Available
Ark AIB Pension Managed	9.0%	8.1%	7.3%	-3.8%	2.5%	2.2%	6.2%	Not Available
Aviva IRL Laser Managed A	9.3%	5.8%	7.0%	-4.4%	2.4%	Not Started	Not Started	Not Available
Canada Life Setanta Managed	9.8%	12.5%	9.2%	-0.1%	5.0%	4.4%	7.6%	Not Available
Friends First Active Managed	12.2%	7.8%	8.6%	-3.0%	3.7%	3.5%	7.2%	Not Available
Irish Life Ex Active Managed	11.0%	5.4%	7.0%	-3.4%	3.8%	3.7%	7.0%	Not Available
New Ireland Personal Pension Managed	11.2%	9.8%	8.5%	-2.8%	2.7%	Not Started	Not Started	Not Available
Stan Life Synergy Balanced Multi Manager	12.2%	10.2%	10.3%	-2.9%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	9.3%	7.4%	8.2%	-2.4%	3.4%	3.7%	7.4%	
Managed Cautious								
Zurich Life Cautiously Managed	8.6%	12.2%	7.7%	Not Started	Not Started	Not Started	Not Started	116,869,353
Aviva IRL Cautiously Managed	5.9%	5.9%	3.6%	-0.6%	2.7%	Not Started	Not Started	Not Available
Stan Life Synergy Cautious Managed	11.2%	11.1%	8.7%	3.0%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	5.7%	6.3%	5.8%	0.7%	3.5%	3.8%	4.5%	
Bond								
Zurich Life Active Fixed Income	8.1%	12.8%	5.6%	6.7%	5.8%	7.2%	Not Started	254,604,588
Zurich Life Long Bond	8.4%	14.4%	5.7%	6.3%	Not Started	Not Started	Not Started	63,179,347
Aviva IRL Laser Gilt	6.9%	11.9%	2.2%	3.6%	4.3%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	7.6%	6.8%	0.8%	2.9%	Not Started	Not Started	Not Started	Not Available
Friends First Fixed Interest	8.1%	13.0%	5.0%	4.7%	4.4%	5.3%	7.1%	Not Available
Irish Life Ex Fixed International	9.5%	11.6%	5.0%	5.8%	5.0%	5.8%	7.2%	Not Available
New Ireland Gilt Edge	7.6%	11.1%	4.5%	5.4%	5.0%	Not Started	Not Started	Not Available
FinEx Sector Average	6.4%	8.7%	4.4%	3.9%	4.5%	5.4%	7.2%	
Cash								
Zurich Life Secure	0.1%	0.4%	0.5%	1.5%	1.9%	2.9%	4.2%	455,977,603
Acorn Life Deposit	0.2%	1.1%	1.6%	2.5%	2.8%	3.3%	4.4%	Not Available
Aviva IRL Cash	0.1%	0.4%	1.4%	2.1%	2.2%	Not Started	Not Started	Not Available
Friends First Cash	-0.1%	0.0%	0.6%	1.6%	1.8%	2.4%	3.5%	Not Available
Irish Life Ex Cash	0.0%	0.1%	1.0%	2.0%	2.0%	2.6%	3.5%	Not Available
New Ireland Personal Pension Money	-0.3%	-0.3%	0.0%	1.0%	1.3%	Not Started	Not Started	Not Available
Stan Life Synergy Cash	0.0%	0.0%	0.0%	1.0%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	0.1%	0.4%	0.7%	1.6%	1.8%	2.5%	3.7%	
International Equity								
Zurich Life International Equity	12.4%	12.9%	12.0%	0.0%	5.5%	6.0%	Not Started	246,301,128
Aviva IRL International Equity	14.2%	12.6%	12.1%	-1.1%	3.7%	Not Started	Not Started	Not Available
Friends First Inter Equity	15.1%	8.7%	11.8%	-0.8%	4.1%	2.6%	6.5%	Not Available
Irish Life Index Global Equity	15.1%	10.9%	12.2%	-2.4%	4.7%	Not Started	Not Started	Not Available
New Ireland International	13.2%	10.4%	10.9%	-1.8%	2.3%	Not Started	Not Started	Not Available
Stan Life Synergy Global Equity Multi Manager	14.0%	13.2%	14.0%	-2.1%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	13.0%	9.9%	11.9%	-1.5%	3.7%	3.0%	7.0%	

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. 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								
Zurich Life Eurozone Equity	9.2%	-4.2%	5.6%	-3.7%	Not Started	Not Started	Not Started	78,399,429
Ark AIB Pension EuroZone	14.6%	5.7%	8.0%	-5.5%	2.7%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	5.5%	-4.8%	1.9%	-6.9%	2.6%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	10.9%	-7.8%	3.3%	-6.5%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	4.5%	-6.2%	3.7%	-7.5%	2.4%	2.5%	6.7%	
Irish Equity								
Zurich Life Irish Equity	8.6%	16.3%	8.4%	-14.9%	Not Started	Not Started	Not Started	7,660,106
Ark AIB Pension Irish	8.7%	15.6%	4.5%	-15.3%	-1.8%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	8.4%	10.5%	4.6%	-16.0%	-1.4%	Not Started	Not Started	Not Available
Friends First Irish Equity	15.2%	16.0%	6.9%	-14.1%	-0.1%	1.7%	6.9%	Not Available
New Ireland Irish Equity	11.2%	13.8%	7.4%	-15.6%	-1.2%	Not Started	Not Started	Not Available
Irish Life Irish Equity Indexed	13.2%	14.1%	6.1%	-17.0%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	10.1%	19.7%	10.8%	-14.9%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	10.2%	12.6%	6.2%	-15.2%	-0.8%	1.2%	6.5%	
Specialist Funds ¹								
Zurich Life Dividend Growth	12.4%	14.5%	14.3%	-2.4%	Not Started	Not Started	Not Started	135,318,706
Bloxxham High Yield 2	11.6%	12.1%	11.7%	-2.1%	Not Started	Not Started	Not Started	Not Available
Canada Life Setanta Equity Dividend Distributing	6.8%	4.5%	10.2%	-1.3%	Not Started	Not Started	Not Started	Not Available
Average of selected funds	10.3%	10.4%	12.1%	-1.9%	N/A	N/A	N/A	
Concentrated Funds ¹								
Zurich Life 5 Star 5 Global	16.2%	15.0%	9.6%	-1.4%	6.8%	Not Started	Not Started	212,009,878
Zurich Life 5 Star 5 Europe	16.9%	8.3%	8.5%	-3.3%	Not Started	Not Started	Not Started	77,793,224
Zurich Life 5 Star 5 Americas	14.2%	19.5%	12.3%	2.5%	Not Started	Not Started	Not Started	51,983,890
Zurich Life 5 Star 5 Asia Pacific	13.8%	4.8%	4.8%	-4.0%	Not Started	Not Started	Not Started	95,663,200
Aviva IRL Target 20	17.1%	16.7%	16.3%	-1.7%	1.3%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	7.3%	12.9%	16.3%	4.2%	Not Started	Not Started	Not Started	Not Available
Average of selected funds	14.3%	12.9%	11.3%	-0.6%	4.0%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	8.4%	10.5%	Not Started	Not Started	Not Started	Not Started	Not Started	36,655,595
Zurich Life Diversified Assets	10.9%	10.0%	10.5%	Not Started	Not Started	Not Started	Not Started	9,819,147
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	27.3%	18.9%	14.7%	-0.6%	Not Started	Not Started	Not Started	8,249,171
European Ex UK Property Fund	16.4%	-2.6%	14.1%	0.3%	Not Started	Not Started	Not Started	9,051,332
Eurozone Property*	15.7%	-6.0%	9.8%	-6.0%	Not Started	Not Started	Not Started	24,299,612
Geographic Fund								
India Equity	12.0%	-13.2%	2.2%	-3.6%	Not Started	Not Started	Not Started	21,470,710
Sector Fund								
TopTech 100	22.3%	30.6%	23.9%	8.7%	7.8%	Not Started	Not Started	16,210,119
Commodity Fund								
Global Commodities	3.7%	7.6%	8.9%	-4.1%	Not Started	Not Started	Not Started	19,008,674
Strategy Funds								
Green Resources	-7.7%	-29.8%	-14.4%	Not Started	Not Started	Not Started	Not Started	2,870,518
Earth Resources	-2.1%	-8.3%	3.7%	Not Started	Not Started	Not Started	Not Started	13,694,627

Source: Financial Express as on 01/08/2012

The Financial Express sector averages shown are the average of all funds in each of the Financial Express 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.

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.

* Note that this fund is no longer open to new business.

¹ This is not a sector on Financial Express but has been created to compare the performance of the Zurich Life fund to that of its closest competitors in this sector. The average shown is the average of the selected funds above.

Figures highlighted in blue indicate where the Zurich Life fund has outperformed the average.

Targeting strong long-term growth with an asset mix that can deliver lower volatility

Active Asset Allocation Fund

Key features of the fund:

- Significant level of **diversification** which can lower volatility.
- **Active management** of a wide range of assets which can deliver stronger returns.
- A limited equity content and a range of alternative assets that can **dampen volatility**.
- Managed by an award-winning fund management team.
- Available for both pension and investment customers (excludes PRSAs).
- Part of the Matrix range of funds.

10.5%
over
1 year[†]

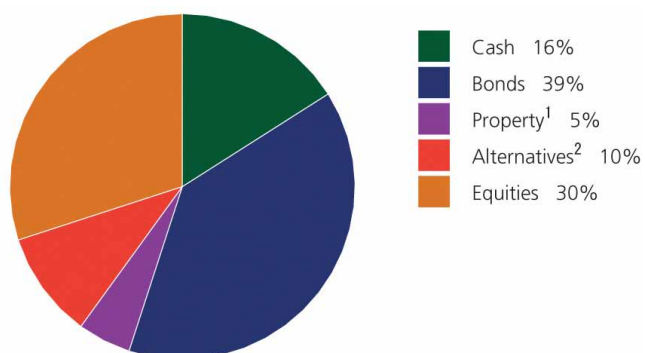
[†]Source: Financial Express as at 01/08/12. Fund performance from 02/08/2011 to 01/08/2012.

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 **Active Asset Allocation Fund**, launched in October 2010, is an actively managed, diversified unit-linked fund. It aims to target strong long-term growth with an asset mix that has historically delivered lower volatility. The fund seeks to achieve performance from a well-diversified portfolio of assets (see fund allocation below). This fund will appeal to many investors given the volatility of equity markets in recent years.

Fund Allocation

as at 30/06/12



Alternative Assets

Oil
Gold
Inflation-linked Government Bonds
Water
Soft Commodities (e.g. wheat)
Industrial Metals
Corporate Bonds

Source: Zurich Life

1. ETFs invested in quoted property companies.

2. The number and type of alternative assets may change over time. Alternative assets are generally in the form of ETFs.

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For more details contact your Financial Advisor or visit www.zurichlife.ie

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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