Zurich Life
Monthly Investment Review

For December 2012

ZURICH

Investment Comment & Outlook

Overall: Strong liquidity conditions as well as reasonable valuations (especially relative to other assets) support equities, although debt overhang risks remain. Bond yields to remain low for some time.

Equity Markets

- Equity markets continued their upward momentum in the final month capping off a strong year. Markets were generally supported by optimism concerning the US fiscal cliff and improving Chinese macro-economic data.
- World equities (in euro terms) rose by another 1% in December, leaving the total return for 2012 at 15%, with this index around 3% off its all-time high.
- Returns, in local currency terms, for the main markets in December ranged from 0.5% in the UK to 10% in Japan. The Chinese market, which has been volatile, rose by close to 15%.
- Sectorwise, cyclicals, such as basic materials, clearly outperformed defensive stocks, such as consumer staples. Financials were the best performing sector, especially in the US.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by a further 1% in December, giving a rise of over 15% for 2012 (coincidentally the same as world equities).
- Peripheral and core markets performed in-line during the final month. 2012 was clearly a year of two halves with the core markets outperforming in H1 while peripheral markets significantly outperformed in H2 as yield spreads with Germany contracted.
- The sharp rally in peripheral debt has been on the back policy action by the ECB, specifically the introduction of the OMT programme, to support shorter - dated Spanish and Italian bond markets.
- One further cut in ECB rates to 0.5% which had been anticipated is now unlikely to occur.

Commodities & Currencies

- The CRB Index fell modestly in December and for the year as a whole.
- Brent oil (European) ended December unchanged, at $111 per barrel, while West Texas (US) rose 3% to $92 per barrel
- After a good run during the autumn, the gold price fell back again to $1,676 per troy ounce. Gold reached an all time high of €1,889 in August 2011.
- The euro showed further strength in December against most major currencies (especially against the Japanese yen). The €/$ rate moved from 1.30 to 1.32 at month end.

Fund Allocations & Activity

Equities: The funds are neutral.

Bonds: The funds are overweight.

Activity: European equities were increased slightly at the expense of the US.

Regionally, the funds are:

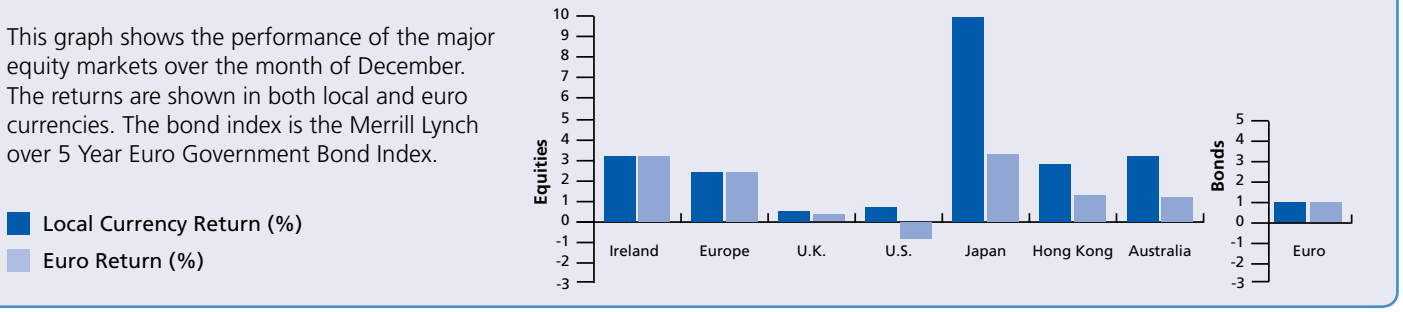
- underweight in Ireland, the US and the UK.
- neutral in Japan and Europe.
- overweight in the Pacific Basin.

Sectorwise, the funds are:

- underweight basic materials and energy.
- overweight technology.
- otherwise reasonably balanced.

Equity & Bond % Returns

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



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/

Zurich Life

Annualised Performance to 2nd January 2013

	Annualised						Fund Size (€)
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic							
Zurich Life Dynamic	***13.1%***	***7.3%***	***-0.3%***	***6.8%***	***4.5%***	***9.7%***	***1,086,582,102***
Zurich Life Performance	***12.6%***	***7.0%***	***0.0%***	***6.5%***	***4.7%***	***9.4%***	***941,252,890***
Acorn Life Managed Growth	16.5%	8.9%	-1.4%	6.3%	4.4%	8.4%	218,200,000
Aviva IRL Focused Managed I	13.2%	7.2%	-2.4%	4.0%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	16.2%	7.0%	-0.5%	3.5%	3.5%	7.2%	Not Available
FinEx Sector Average	***12.2%***	***6.5%***	***-0.8%***	***4.3%***	***3.7%***	***6.9%***	
Managed Balanced							
Zurich Life Balanced	***13.1%***	***7.2%***	***0.9%***	***6.5%***	***5.0%***	***9.5%***	***1,302,539,778***
Acorn Life Managed	15.8%	8.4%	0.1%	5.9%	4.6%	8.3%	120,000,000
Ark AIB Pension Managed	12.0%	5.6%	-2.5%	3.3%	2.1%	6.0%	111,000,000
Aviva IRL Laser Managed A	12.5%	5.1%	-3.4%	3.3%	Not Started	Not Started	468,757,863
Canada Life Setanta Managed	13.7%	7.4%	1.4%	5.7%	4.4%	7.8%	Not Available
Friends First Active Managed	13.8%	6.1%	-1.9%	4.3%	3.2%	7.2%	521,422,000
Irish Life Ex Active Managed	16.0%	5.4%	-1.6%	4.7%	3.7%	6.8%	Not Available
New Ireland Managed	16.8%	7.8%	0.6%	4.7%	Not Started	Not Started	1,828,300,000
Stan Life Synergy Balanced Multi Manager	14.8%	7.5%	-1.2%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	***12.2%***	***6.1%***	***-1.1%***	***4.2%***	***3.6%***	***7.4%***	
Managed Cautious							
Zurich Life Cautiously Managed	***12.3%***	***7.0%***	***4.7%***	***Not Started***	***Not Started***	***Not Started***	***120,619,187***
Aviva IRL Cautiously Managed	8.3%	3.5%	-0.3%	2.9%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	15.1%	7.6%	4.3%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	***7.9%***	***4.6%***	***1.4%***	***3.8%***	***3.7%***	***4.5%***	Not Available
Bond							
Zurich Life Active Fixed Income	***12.8%***	***6.7%***	***7.3%***	***5.6%***	***6.7%***	***Not Started***	***259,599,811***
Zurich Life Long Bond	***14.6%***	***7.3%***	***7.3%***	***Not Started***	***Not Started***	***Not Started***	***63,451,790***
Aviva IRL Laser Gilt	15.1%	3.7%	4.8%	4.5%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	15.1%	2.9%	4.2%	Not Started	Not Started	Not Started	143,000,000
Friends First Fixed Interest	11.2%	5.1%	5.4%	4.2%	4.9%	7.2%	159,687,000
Irish Life Ex Fixed International	16.1%	6.6%	6.6%	5.0%	5.6%	7.2%	Not Available
New Ireland Gilt Edge	13.3%	6.0%	6.3%	4.8%	Not Started	Not Started	840,747
FinEx Sector Average	***11.5%***	***5.0%***	***4.7%***	***4.5%***	***5.2%***	***7.4%***	
Cash							
Zurich Life Secure	***0.1%***	***0.4%***	***1.2%***	***1.8%***	***2.7%***	***3.9%***	***453,047,434***
Acorn Life Deposit	0.3%	1.4%	2.2%	2.7%	3.1%	4.2%	8,300,000
Aviva IRL Cash	0.1%	0.9%	1.9%	2.1%	Not Started	Not Started	Not Available
Friends First Cash	-0.4%	0.4%	1.2%	1.7%	2.2%	3.2%	146,596,000
Irish Life Ex Cash	0.0%	0.7%	1.7%	1.9%	2.4%	3.2%	Not Available
New Ireland Personal Pension Money	-0.7%	-0.2%	0.7%	1.2%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.7%	Not Started	Not Started	Not Started	241,100,000
FinEx Sector Average	***0.2%***	***0.5%***	***1.4%***	***1.7%***	***2.4%***	***3.4%***	
International Equity							
Zurich Life International Equity	***13.5%***	***8.5%***	***0.6%***	***6.8%***	***6.0%***	***Not Started***	***248,046,176***
Aviva IRL International Equity	14.0%	7.9%	-1.2%	4.9%	Not Started	Not Started	Not Available
Friends First Inter Equity	16.3%	7.8%	-0.3%	5.3%	2.7%	6.2%	486,454,000
Irish Life Index Global Equity	18.5%	9.0%	-0.6%	5.8%	Not Started	Not Started	Not Available
New Ireland International	17.8%	7.9%	0.0%	3.7%	Not Started	Not Started	553,000,000
Stan Life Synergy Global Equity Multi Manager	12.6%	8.8%	-0.9%	Not Started	Not Started	Not Started	11,100,000
FinEx Sector Average	***14.5%***	***8.2%***	***-0.5%***	***4.9%***	***3.0%***	***6.9%***	

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.

	Annualised						Fund Size (€)
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Eurozone Equity							
Zurich Life Eurozone Equity	***24.0%***	***5.2%***	***-1.4%***	***Not Started***	***Not Started***	***Not Started***	***80,879,948***
Ark AIB Pension EuroZone	27.8%	7.6%	-3.2%	4.5%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	15.6%	0.8%	-5.3%	4.7%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	24.8%	1.9%	-3.8%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	***16.7%***	***2.6%***	***-4.9%***	***4.7%***	***3.1%***	***7.4%***	
Irish Equity							
Zurich Life Irish Equity	***19.6%***	***8.5%***	***-10.1%***	***Not Started***	***Not Started***	***Not Started***	***7,666,377***
Ark AIB Pension Irish	17.8%	5.6%	-10.3%	-0.5%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	17.7%	4.9%	-11.4%	0.1%	Not Started	Not Started	Not Available
Friends First Irish Equity	23.3%	6.6%	-9.8%	0.8%	1.3%	7.6%	41,335,000
New Ireland Irish Equity	25.6%	9.1%	-9.4%	0.7%	Not Started	Not Started	62,000,000
Irish Life Irish Equity Indexed	23.6%	6.5%	-12.1%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	16.2%	9.3%	-10.8%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	***19.1%***	***6.2%***	***-10.5%***	***0.5%***	***0.9%***	***7.3%***	
Specialist Funds [1]							
Zurich Life Dividend Growth	***19.0%***	***12.3%***	***1.8%***	***Not Started***	***Not Started***	***Not Started***	***136,320,636***
Bloxham High Yield 2	15.0%	8.5%	0.4%	5.6%	Not Started	Not Started	202,000,000
Canada Life Setanta Equity Dividend Distributing	14.0%	7.7%	1.1%	Not Started	Not Started	Not Started	Not Available
Average of selected funds	***16.0%***	***9.5%***	***1.1%***	***5.6%***	***N/A***	***N/A***	
Concentrated Funds [1]							
Zurich Life 5 Star 5 Global	***16.2%***	***6.9%***	***-1.5%***	***7.1%***	***Not Started***	***Not Started***	***209,623,960***
Zurich Life 5 star 5 Europe	***28.8%***	***8.0%***	***-1.9%***	***Not Started***	***Not Started***	***Not Started***	***77,420,270***
Zurich Life 5 star 5 Americas	***10.2%***	***7.8%***	***1.4%***	***Not Started***	***Not Started***	***Not Started***	***50,918,095***
Zurich Life 5 star 5 Asia Pacific	***16.7%***	***4.5%***	***-3.3%***	***Not Started***	***Not Started***	***Not Started***	***91,270,599***
Aviva IRL Target 20	16.8%	11.7%	-1.5%	2.8%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	7.9%	11.2%	4.7%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	***16.1%***	***8.4%***	***-0.3%***	***5.0%***	***N/A***	***N/A***	
Multi Asset Funds							
Zurich Life Active Asset Allocation	*10.5%*	*Not Started*	*Not Started*	*Not Started*	*Not Started*	*Not Started*	*37,648,483*
Zurich Life Diversified Assets	*12.3%*	*7.9%*	*1.9%*	*Not Started*	*Not Started*	*Not Started*	*9,966,185*
Zurich Life INDEX TRACKER / ETF FUNDS							
Property Equity Funds							
Australasia Property Fund	34.5%	13.7%	0.6%	Not Started	Not Started	Not Started	8,088,558
European Ex UK Property Fund	24.6%	9.3%	2.8%	Not Started	Not Started	Not Started	8,831,667
Eurozone Property*	29.5%	6.8%	-0.7%	Not Started	Not Started	Not Started	24,165,484
Geographic Fund							
India Equity	20.9%	-0.5%	-7.0%	Not Started	Not Started	Not Started	20,508,367
Sector Fund							
TopTech 100	15.6%	16.1%	7.2%	7.8%	Not Started	Not Started	17,058,918
Commodity Fund							
Global Commodities	-2.9%	4.3%	-7.3%	Not Started	Not Started	Not Started	19,232,166
Strategy Funds							
Green Resources	-10.6%	-16.8%	Not Started	Not Started	Not Started	Not Started	2,904,623
Earth Resources	-9.1%	-1.5%	-7.7%	Not Started	Not Started	Not Started	13,734,354

Source: Financial Express as on 02/01/2013

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.

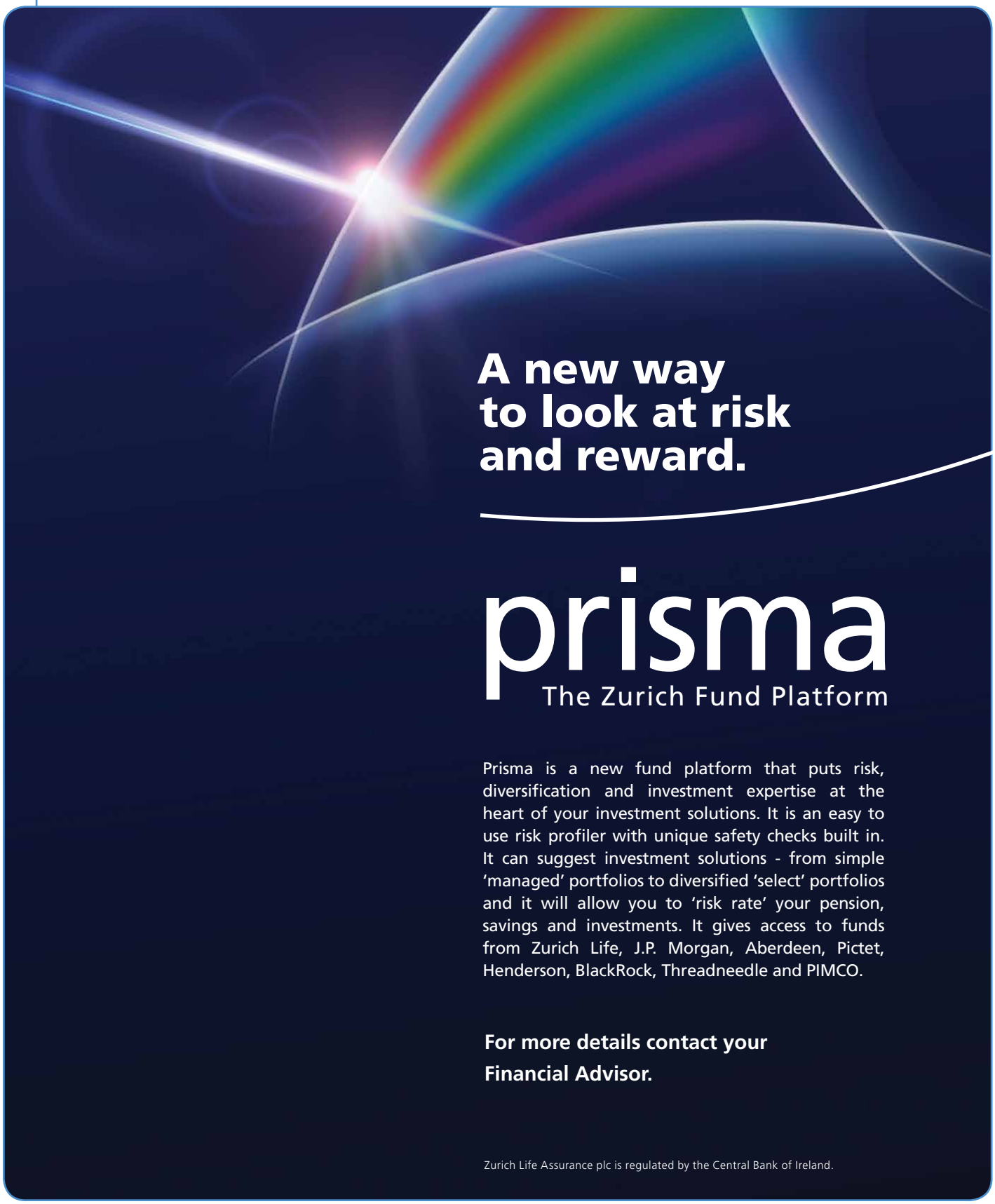
The returns shown are net of the annual management charge deducted by each provider in their unit prices. This will vary for each provider, and any difference will impact the relative performance of the funds shown. Returns are based on an investment in the funds and do not represent the returns achieved 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.

Prisma - The Zurich Fund Platform.



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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Print Ref: ZURL ISA 76 0113