

# Zurich Life Monthly Investment Review

For February 2013



## Investment Comment & Outlook

**Overall:** Strong liquidity conditions as well as reasonable valuations (especially against other asset classes) continue to support equities, although a short-term reversal is possible. Debt overhang risks remain. Bond yields likely to stay low for some time yet.

### Equity Markets

- Equity markets continued their uptrend as the bull market approached its fourth anniversary. Investors continue to be generally optimistic about the outlook for equities although the strength of earnings growth is being watched carefully.
- World equities (in euro terms) rose by 4% in February giving a total return of close to 6% for the first two months of 2013. This index reached a new all-time high in February.
- Returns, in local currency terms, for the main markets in February ranged from minus 3% in Hong Kong to 5% in Australia. The Irish market rose by 6%. Returns to eurozone investors were positively impacted by the recent weakness of the euro currency.
- Sectorwise, defensive stocks outperformed cyclicals, with financials performing in-line with the overall market. Sector returns in Europe were heavily affected by the weakness of the Italian market (-9%).

### Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index was effectively unchanged in February following some weakness in January. February's flat performance masks the fact that almost all markets were reasonably strong with the index being held back by a sharp decline (-3%) in the large Italian bond market.
- With the exception of Italy, there was no clear pattern in between core and peripheral markets. Peripheral markets had been in the ascendancy since last summer.
- The German 10 years bond yield now stands at around 1.5%.
- A further cut in ECB rates, which had previously been expected, is now unlikely to occur. However, short rates in the US, the UK and the eurozone are unlikely to rise until 2015/16.

### Commodities & Currencies

- The CRB Index fell by 3.6% in February cancelling January's rise. Commodities reacted negatively to US dollar strength.
- Brent oil (European) fell by 4% to \$111 per barrel, while West Texas (US) fell by 6% to \$92 per barrel.
- The gold price slipped back again by 5% to \$1,578 per troy ounce. Gold reached an all time high of €1,889 in August 2011.
- The euro was weak in February against most major currencies (with the exception of the British pound) reacting to the Italian political situation. The €/£ rate moved from 1.36 to 1.31 at month end.

### Fund Allocations & Activity

**Equities:** The funds are neutral.

**Bonds:** The funds are marginally overweight.

**Activity:** There were no significant changes during the month.

**Regionally, the funds are:**

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

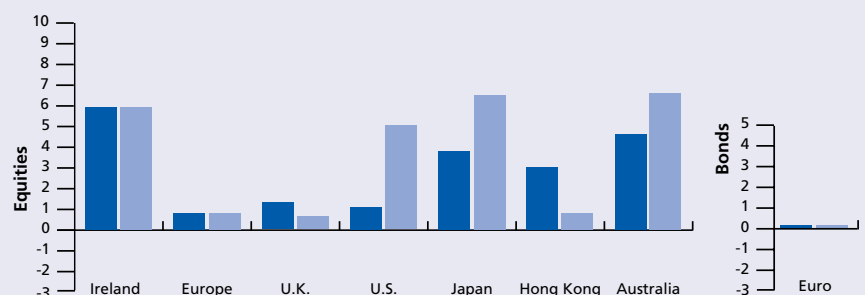
**Sectorwise, the funds are:**

- underweight basic materials and energy.
- overweight (slightly) consumer services.
- otherwise broadly balanced.

## Equity & Bond % Returns

This graph shows the performance of the major equity markets over the month of February. 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/](http://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	5.2%	12.2%	9.5%	2.8%	7.9%	3.7%	9.4%	1,086,582,102
Zurich Life Performance	4.5%	11.4%	9.0%	2.9%	7.5%	3.9%	9.2%	941,252,890
Acorn Life Managed Growth	4.0%	9.5%	9.7%	1.0%	7.7%	3.4%	8.2%	218,200,000
Aviva IRL Focused Managed I	4.5%	9.9%	8.9%	0.5%	5.1%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	4.2%	11.9%	8.5%	2.4%	4.5%	2.8%	6.9%	Not Available
FinEx Sector Average	3.6%	8.6%	7.7%	1.4%	5.2%	3.1%	6.7%	
Managed Balanced								
Zurich Life Balanced	4.3%	11.7%	8.9%	3.5%	7.3%	4.2%	9.2%	1,302,539,778
Acorn Life Managed	3.2%	9.2%	9.0%	1.9%	6.9%	3.8%	8.1%	120,000,000
Ark AIB Pension Managed	3.8%	8.9%	7.2%	0.0%	4.2%	1.5%	5.9%	111,000,000
Aviva IRL Laser Managed A	4.6%	10.2%	7.1%	-0.7%	4.2%	Not Started	Not Started	468,757,863
Canada Life Setanta Managed	6.1%	13.5%	9.3%	3.9%	6.7%	4.0%	7.6%	Not Available
Friends First Active Managed	3.9%	10.5%	7.6%	0.7%	5.2%	2.5%	7.0%	521,422,000
Irish Life Ex Active Managed	4.6%	11.5%	6.8%	1.1%	5.7%	3.0%	6.6%	Not Available
New Ireland Managed	4.0%	12.5%	9.1%	3.1%	5.5%	Not Started	Not Started	1,828,300,000
Stan Life Synergy Balanced Multi Manager	5.6%	12.8%	9.6%	1.7%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	3.3%	8.8%	7.3%	1.1%	5.1%	2.8%	7.2%	
Managed Cautious								
Zurich Life Cautiously Managed	0.7%	8.6%	6.8%	5.3%	Not Started	Not Started	Not Started	120,619,187
Aviva IRL Cautiously Managed	1.6%	6.3%	3.9%	0.2%	3.1%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	1.1%	10.0%	7.4%	4.8%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	1.0%	5.2%	4.6%	2.3%	4.0%	3.5%	4.4%	
Bond								
Zurich Life Active Fixed Income	-0.9%	7.7%	5.6%	6.4%	5.2%	6.3%	Not Started	259,599,811
Zurich Life Long Bond	-1.5%	9.3%	5.8%	6.4%	Not Started	Not Started	Not Started	63,451,790
Aviva IRL Laser Gilt	-1.1%	9.5%	2.4%	4.0%	4.1%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	-0.5%	9.0%	2.2%	3.5%	3.3%	Not Started	Not Started	143,000,000
Friends First Fixed Interest	-1.4%	8.0%	3.9%	4.7%	3.7%	4.6%	6.7%	159,687,000
Irish Life Ex Fixed International	-0.7%	9.6%	5.5%	5.9%	4.6%	5.3%	6.7%	Not Available
New Ireland Gilt Edge	-1.4%	7.3%	4.6%	5.4%	4.4%	Not Started	Not Started	840,747
FinEx Sector Average	-0.6%	6.8%	4.2%	4.4%	4.3%	4.9%	6.9%	
Cash								
Zurich Life Secure	0.0%	0.1%	0.4%	1.0%	1.7%	2.6%	3.7%	453,047,434
Acorn Life Deposit	0.0%	0.2%	1.3%	2.1%	2.7%	3.1%	3.9%	8,300,000
Aviva IRL Cash	0.0%	0.1%	0.8%	1.7%	2.1%	Not Started	Not Started	Not Available
Friends First Cash	-0.1%	-0.5%	0.3%	1.1%	1.7%	2.2%	3.0%	146,596,000
Irish Life Ex Cash	0.0%	0.0%	0.6%	1.6%	1.8%	2.4%	3.1%	Not Available
New Ireland Personal Pension Money	-0.1%	-0.8%	-0.3%	0.6%	1.1%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.0%	0.6%	Not Started	Not Started	Not Started	241,100,000
FinEx Sector Average	0.0%	0.1%	0.5%	1.2%	1.7%	2.3%	3.2%	
International Equity								
Zurich Life International Equity	5.7%	12.5%	10.4%	4.2%	8.1%	5.5%	Not Started	248,046,176
Aviva IRL International Equity	5.9%	10.7%	10.1%	2.6%	6.4%	Not Started	Not Started	Not Available
Friends First Inter Equity	5.0%	12.1%	9.7%	3.1%	6.8%	2.1%	6.0%	486,454,000
Irish Life Index Global Equity	5.6%	13.4%	11.0%	2.9%	7.2%	2.4%	Not Started	Not Available
New Ireland International	4.7%	13.1%	9.6%	3.6%	5.3%	Not Started	Not Started	553,000,000
Stan Life Synergy Global Equity Multi Manager	8.0%	12.6%	11.2%	3.2%	Not Started	Not Started	Not Started	11,100,000
FinEx Sector Average	5.2%	11.0%	9.9%	2.8%	6.3%	2.5%	6.7%	

**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	2.6%	15.2%	8.4%	2.0%	Not Started	Not Started	Not Started	80,879,948
Ark AIB Pension EuroZone	2.6%	17.2%	10.0%	0.0%	6.3%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	4.4%	13.1%	4.6%	-1.7%	6.2%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	3.6%	13.9%	5.3%	-0.4%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	3.6%	10.1%	5.8%	-2.0%	6.1%	2.1%	6.8%	
Irish Equity								
Zurich Life Irish Equity	10.8%	23.5%	13.9%	-6.7%	Not Started	Not Started	Not Started	7,666,377
Ark AIB Pension Irish	9.6%	17.8%	10.7%	-7.1%	1.0%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	10.8%	19.6%	10.9%	-8.0%	1.7%	Not Started	Not Started	Not Available
Friends First Irish Equity	10.2%	20.2%	12.1%	-6.9%	2.4%	0.5%	7.7%	41,335,000
New Ireland Irish Equity	12.0%	26.1%	15.1%	-5.5%	2.3%	Not Started	Not Started	62,000,000
Irish Life Irish Equity Indexed	10.8%	20.3%	11.7%	-8.6%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	8.7%	16.2%	13.0%	-8.2%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	10.5%	19.0%	11.3%	-7.4%	2.1%	0.1%	7.4%	
Specialist Funds <sup>1</sup>								
Zurich Life Dividend Growth	6.5%	18.4%	14.2%	5.6%	Not Started	Not Started	Not Started	136,320,636
Bloxham High Yield 2	4.9%	15.3%	9.6%	3.6%	7.0%	Not Started	Not Started	202,000,000
Canada Life Setanta Equity Dividend Distributing	6.6%	13.6%	10.7%	4.2%	Not Started	Not Started	Not Started	Not Available
Average of selected funds	6.0%	15.8%	11.5%	4.5%	7.0%	N/A	N/A	
Concentrated Funds <sup>1</sup>								
Zurich Life 5 Star 5 Global	4.2%	12.1%	8.5%	1.0%	7.7%	Not Started	Not Started	209,623,960
Zurich Life 5 star 5 Europe	4.7%	22.9%	11.9%	1.9%	Not Started	Not Started	Not Started	77,420,270
Zurich Life 5 star 5 Americas	6.8%	11.4%	9.5%	4.7%	Not Started	Not Started	Not Started	50,918,095
Zurich Life 5 star 5 Asia Pacific	5.8%	12.9%	7.6%	0.9%	Not Started	Not Started	Not Started	91,270,599
Aviva IRL Target 20	5.3%	9.5%	13.8%	1.7%	4.0%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	9.1%	10.6%	12.5%	9.7%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	6.0%	13.2%	10.6%	3.3%	5.9%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	1.3%	7.0%	Not Started	Not Started	Not Started	Not Started	Not Started	37,648,483
Zurich Life Diversified Assets	2.3%	8.9%	8.3%	2.7%	Not Started	Not Started	Not Started	9,966,185
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	6.5%	25.5%	15.2%	5.7%	Not Started	Not Started	Not Started	8,088,558
European Ex UK Property Fund	0.1%	19.9%	9.5%	1.8%	Not Started	Not Started	Not Started	8,831,667
Eurozone Property*	-1.6%	20.8%	7.0%	-1.7%	Not Started	Not Started	Not Started	24,165,484
Geographic Fund								
India Equity	-1.2%	-1.6%	-1.1%	-2.8%	Not Started	Not Started	Not Started	20,508,367
Sector Fund								
TopTech 100	3.8%	7.2%	16.5%	12.7%	8.2%	Not Started	Not Started	17,058,918
Commodity Fund								
Global Commodities	1.0%	-5.4%	4.1%	-8.4%	Not Started	Not Started	Not Started	19,232,166
Strategy Funds								
Green Resources	8.6%	-10.8%	-12.2%	Not Started	Not Started	Not Started	Not Started	2,904,623
Earth Resources	1.1%	-12.4%	-1.1%	-8.5%	Not Started	Not Started	Not Started	13,734,354

Source: Financial Express as on 01/03/2013


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.

**Annual management charges (AMC) apply. The fund returns shown are net of the AMC 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 fund returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds. These fund returns may be before the full AMC is applied to a policy. The actual returns on policies linked to the specified fund will be lower because of the effects of charges and in some cases a higher management charge.**

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

<sup>1</sup> 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.



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The Zurich Fund Platform

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Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: [www.zurichlife.ie](http://www.zurichlife.ie)

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