

Zurich Life Monthly Investment Review

For May 2013



Investment Comment & Outlook

Overall: Strong liquidity conditions as well as reasonable valuations against other asset classes continue to support equity markets. However, equities are now in 'fairly-valued' territory on a price/earnings multiple basis. Concerns remain over the strength of future GDP and corporate earnings growth. Bond yields are likely to stay low for some time yet.

Equity Markets

- Equities continued their strong uptrend in May as the bull market moved into its fifth year. 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 1.7% giving a total return of exactly 12% for the first five months of 2013. The US and Japanese markets have led the rally this year on the back of the printing of vast amounts of money by central banks in order to engineer economic growth. The BRIC markets have performed poorly during 2013.
- Returns, in local currency terms, for the main markets in May ranged from 2.5% in Europe to -5% in Australia. Ireland rose by 4%. Japan had a sharp correction in the last two weeks of May.
- Sectorwise, cyclical stocks clearly outperformed defensives in May. Some defensive sectors in the US were hammered, e.g. telecoms -7% and utilities -10%.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index fell by 2% in May, giving a return of 2% for the first five months. All markets were in negative territory in May with no meaningful core/peripheral differentiation. Year-to-date, however, peripheral markets like Spain (+9%) have sharply outperformed core markets such as Germany (-1%).
- The German 10-year bond yield moved from 1.2% to 1.5%.
- The ECB cut Eurozone short rates by 0.25% to 0.5% in early May. Short rates in the US and the UK are not expected to rise until early 2015 and early 2016 respectively.

Commodities & Currencies

- Commodities were weak again in May, reacting to poorer economic data, with the CRB Index falling by 2%.
- Brent oil (European) fell by 2% to \$100 per barrel. West Texas (US) also fell by 2% to \$92 per barrel.
- The gold price fell sharply again, by over 5%, to \$1,393 per troy ounce. Gold had reached an all time high of €1,889 in August 2011. Its 2013 high has been just under €1,700.
- The euro was mixed in May against the major currencies. It was weaker against the US dollar, but stronger over sterling, the yen and the Australian dollar. The €/£ rate moved from 1.32 to 1.30 at the end of the month.

Fund Allocations & Activity

Equities: The funds are close to neutral.

Bonds: The funds are close to neutral.

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

Regionally, the funds are:

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

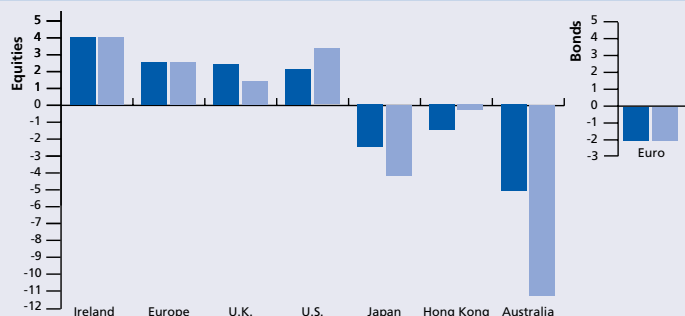
Sectorwise, the funds are:

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



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	10.8%	20.1%	9.9%	3.7%	7.8%	4.0%	9.0%	1,245,057,197
Zurich Life Performance	9.8%	18.3%	9.3%	3.7%	7.3%	4.2%	8.8%	1,060,454,569
Acorn Life Managed Growth	10.9%	20.7%	10.0%	2.6%	7.5%	3.7%	7.8%	237,800,000
Aviva IRL Focused Managed I	7.8%	12.4%	8.5%	0.9%	4.8%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	9.8%	22.0%	9.3%	3.2%	4.4%	3.0%	6.7%	Not Available
FinEx Sector Average	8.7%	15.6%	8.2%	2.3%	5.1%	3.3%	6.4%	
Managed Balanced								
Zurich Life Balanced	9.2%	17.3%	9.2%	4.3%	7.2%	4.5%	8.9%	1,386,779,218
Acorn Life Managed	9.0%	18.0%	9.1%	3.4%	6.8%	4.0%	7.8%	129,400,000
Ark AIB Pension Managed	8.9%	17.7%	7.9%	0.9%	4.2%	1.7%	5.6%	111,000,000
Aviva IRL Laser Managed A	9.6%	18.8%	7.7%	0.1%	4.1%	Not Started	Not Started	468,757,863
Canada Life Setanta Managed	13.1%	22.1%	10.7%	5.2%	6.8%	4.3%	7.5%	Not Available
Friends First Active Managed	10.6%	18.4%	8.4%	2.2%	5.1%	2.8%	6.7%	526,924,000
Irish Life Ex Active Managed	10.4%	22.3%	7.7%	2.1%	5.5%	3.3%	6.5%	Not Available
New Ireland Managed	9.3%	21.2%	9.7%	4.0%	5.4%	Not Started	Not Started	1,192,000,000
Stan Life Synergy Balanced Multi Manager	11.9%	21.3%	10.1%	2.9%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	8.8%	16.8%	8.0%	2.2%	5.1%	3.0%	6.9%	
Managed Cautious								
Zurich Life Cautiously Managed	4.4%	9.9%	6.7%	6.3%	Not Started	Not Started	Not Started	171,440,098
Aviva IRL Cautiously Managed	3.8%	7.4%	4.0%	0.8%	3.1%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	5.2%	13.0%	7.2%	6.2%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	3.2%	7.0%	4.4%	2.8%	3.9%	3.5%	4.3%	
Bond								
Zurich Life Active Fixed Income	2.0%	6.7%	5.8%	7.6%	5.2%	6.4%	Not Started	322,418,544
Zurich Life Long Bond	2.0%	6.9%	6.2%	7.9%	5.4%	Not Started	Not Started	68,238,055
Aviva IRL Laser Gilt	1.9%	9.6%	3.1%	5.2%	4.1%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	2.5%	10.8%	3.7%	5.0%	3.8%	4.6%	5.8%	Not Available
Friends First Fixed Interest	-0.5%	3.2%	3.8%	5.3%	3.6%	4.6%	6.3%	159,687,000
Irish Life Ex Fixed International	2.0%	9.5%	5.5%	7.3%	4.7%	5.4%	6.5%	Not Available
New Ireland Gilt Edge	-0.7%	5.0%	4.1%	6.5%	4.2%	Not Started	Not Started	840,747
FinEx Sector Average	1.7%	7.5%	4.4%	5.3%	4.2%	4.9%	6.5%	
Cash								
Zurich Life Secure	0.0%	0.0%	0.4%	0.9%	1.7%	2.5%	3.6%	399,833,842
Acorn Life Deposit	0.0%	0.2%	1.1%	1.9%	2.6%	3.0%	3.8%	8,000,000
Aviva IRL Cash	0.0%	0.1%	0.5%	1.6%	2.0%	Not Started	Not Started	Not Available
Friends First Cash	-0.3%	-0.6%	0.1%	0.9%	1.6%	2.1%	2.9%	148,809,000
Irish Life Ex Cash	0.0%	0.0%	0.4%	1.4%	1.8%	2.3%	3.0%	Not Available
New Ireland Personal Pension Money	-0.4%	-0.9%	-0.3%	0.4%	1.1%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.0%	0.4%	Not Started	Not Started	Not Started	241,100,000
FinEx Sector Average	0.0%	0.0%	0.4%	1.1%	1.6%	2.2%	3.1%	
International Equity								
Zurich Life International Equity	12.0%	20.2%	10.3%	5.0%	7.9%	5.4%	Not Started	275,512,122
Aviva IRL International Equity	9.8%	14.3%	9.9%	2.6%	6.2%	Not Started	Not Started	Not Available
Friends First Inter Equity	13.2%	23.2%	10.5%	4.6%	7.0%	2.4%	6.0%	473,692,000
Irish Life Index Global Equity	11.6%	23.3%	11.2%	3.5%	7.1%	3.0%	Not Started	Not Available
New Ireland International	11.1%	25.3%	10.5%	4.1%	5.2%	Not Started	Not Started	551,000,000
Stan Life Synergy Global Equity Multi Manager	33.0%	39.4%	16.5%	7.3%	Not Started	Not Started	Not Started	11,100,000
FinEx Sector Average	12.2%	20.2%	10.4%	3.8%	6.4%	2.7%	6.5%	

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	9.7%	36.1%	10.6%	2.5%	10.2%	Not Started	Not Started	81,895,973
Ark AIB Pension EuroZone	9.6%	33.1%	13.2%	0.6%	5.8%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	10.8%	34.6%	6.9%	-1.3%	5.8%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	11.0%	38.5%	8.1%	-0.1%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	10.6%	29.2%	8.2%	-0.9%	5.6%	2.0%	7.2%	
Irish Equity								
Zurich Life Irish Equity	19.4%	34.1%	15.8%	-4.5%	Not Started	Not Started	Not Started	10,782,483
Ark AIB Pension Irish	19.2%	32.3%	12.5%	-5.1%	0.6%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	19.5%	33.0%	12.4%	-5.9%	1.3%	Not Started	Not Started	Not Available
Friends First Irish Equity	20.6%	32.7%	13.7%	-4.2%	2.1%	0.9%	7.4%	42,615,000
New Ireland Irish Equity	21.4%	41.7%	16.4%	-3.2%	1.9%	Not Started	Not Started	69,000,000
Irish Life Irish Equity Indexed	19.5%	34.4%	13.2%	-6.4%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	14.5%	26.1%	14.4%	-7.0%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	19.1%	31.3%	13.0%	-5.1%	1.6%	0.4%	6.9%	
Specialist Funds ¹								
Zurich Life Dividend Growth	12.2%	26.9%	13.3%	5.9%	Not Started	Not Started	Not Started	171,498,046
Bloxham High Yield 2	12.3%	24.4%	10.6%	4.8%	6.9%	Not Started	Not Started	207,940,000
Canada Life Setanta Equity Dividend Distributing	13.2%	29.8%	13.1%	5.5%	7.5%	Not Started	Not Started	Not Available
Average of selected funds	12.5%	27.0%	12.3%	5.4%	7.2%	N/A	N/A	
Concentrated Funds ¹								
Zurich Life 5 Star 5 Global	10.7%	18.0%	8.6%	1.9%	7.3%	Not Started	Not Started	220,774,970
Zurich Life 5 star 5 Europe	9.9%	35.7%	12.9%	2.4%	Not Started	Not Started	Not Started	91,073,584
Zurich Life 5 star 5 Americas	15.4%	15.7%	8.9%	5.7%	Not Started	Not Started	Not Started	55,659,579
Zurich Life 5 star 5 Asia Pacific	4.2%	17.1%	7.6%	0.4%	Not Started	Not Started	Not Started	94,721,748
Aviva IRL Target 20	10.7%	13.4%	13.4%	1.9%	4.4%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	19.1%	26.1%	13.6%	11.5%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	11.7%	21.0%	10.8%	3.9%	5.8%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	3.4%	8.1%	Not Started	Not Started	Not Started	Not Started	Not Started	67,426,914
Zurich Life Diversified Assets	3.3%	11.5%	7.7%	2.4%	Not Started	Not Started	Not Started	12,255,903
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	0.3%	21.5%	10.8%	4.9%	Not Started	Not Started	Not Started	11,758,207
European Ex UK Property Fund	5.6%	25.0%	13.2%	3.6%	Not Started	Not Started	Not Started	9,856,471
Eurozone Property*	4.7%	28.6%	11.5%	0.0%	Not Started	Not Started	Not Started	25,103,819
Geographic Fund								
India Equity	-0.7%	15.3%	-4.9%	0.1%	Not Started	Not Started	Not Started	19,460,509
Sector Fund								
TopTech 100	14.3%	13.2%	15.4%	12.0%	8.4%	Not Started	Not Started	17,676,729
Commodity Fund								
Global Commodities	-3.8%	-2.5%	1.9%	-11.4%	Not Started	Not Started	Not Started	16,870,737
Strategy Funds								
Green Resources	29.9%	24.4%	-8.2%	Not Started	Not Started	Not Started	Not Started	3,710,917
Earth Resources	3.6%	-0.3%	-2.3%	-8.0%	Not Started	Not Started	Not Started	10,743,167

Source: Financial Express as on 01/06/2013

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.

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.

Active Asset Allocation Fund

8.1%
over
1 year[†]

Key features of the fund:

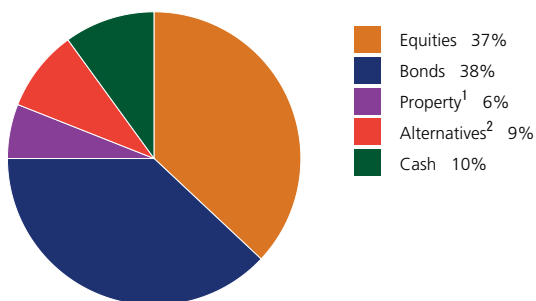
- Significant level of **diversification** which can lower volatility.
- **Active management** of a wide range of assets which can deliver stronger returns.
- A limited equity content and a range of alternative assets that can **dampen volatility**.
- Managed by an award-winning fund management team.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

[†]Source: Financial Express as at 01/06/13. Fund performance from 01/06/2012 to 01/06/2013.
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 31/03/13



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.

Asset Exposures

as at 31/03/13

Asset Class	Typical Exposure
Equities	15% - 65%
Bonds	10% - 60%
Property ¹	0% - 20%
Alternatives ²	10% - 40%
Cash	0% - 50%

Source: Zurich Life

Note: Annual management charges (AMC) apply. The fund performance shown is before the full AMC is applied on your policy.

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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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