

## Investment Comment & Outlook

**Overall:** Investors have become nervous recently about the path for US Fed policy and the trajectory of Chinese growth. Equity markets are within historic valuation ranges and remain reasonably valued against other asset classes. The Q2 earnings' season will be studied with interest. Bond yields are likely to settle down shortly.

### Equity Markets

- Equities finally had a pull back in June reacting to the threat of 'tapering off' of US quantitative easing and concerns regarding Chinese economic growth.
- World equities (in euro terms) fell by 3% in June giving a total return of close to 9% for the first six months of 2013. The US and Japan have led the rally this year and these markets, although slightly negative, were the best performers in June.
- Returns, in local currency terms, for the main markets in June ranged from minus 1% in Japan to minus 7% in Hong Kong. Ireland fell by 1%.
- Sectorwise, reversing the previous month's trend, defensive stocks clearly outperformed cyclicals. Some defensive sectors in the US, such as telecoms and utilities, had been hammered in May.

### Commodities & Currencies

- Commodities were weak again in June, reacting to mixed economic data, with the CRB Index falling by another 2%.
- Brent oil (European) rose by 2% to \$102 per barrel. West Texas (US) rose by 5% to \$97 per barrel.
- The gold price fell sharply again, by over 12%, to \$1,224 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 almost flat against most of the major currencies, with the exception of a weak Australian dollar. The €/ \$ rate started and finished the month at 1.30.

### Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index fell by just over 2% in June, giving a return of almost 0% for the first six months. All markets were in negative territory in June with no meaningful core/peripheral differentiation. Year-to-date, however, peripheral markets like Spain (+8%) have sharply outperformed core markets such as Germany (-2%)
- The German 10-year bond yield moved from 1.5% to 1.7%. The 2013 low was around 1.2%.
- The ECB, the Fed and the Bank of England all keep rates at record low levels. Short rates in the US and the UK are not expected to rise for quite some time.

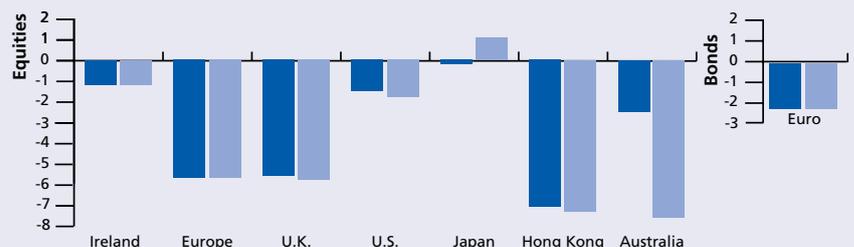
### Fund Allocations & Activity

- Equities:** The funds are close to neutral.
- Bonds:** The funds are close to neutral.
- Activity:** Further small reductions in basic materials stocks.
- 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 June. 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.

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
<b>Managed Dynamic</b>								
<i>Zurich Life Dynamic</i>	<b>7.4%</b>	<b>14.4%</b>	<b>9.3%</b>	<b>4.8%</b>	<b>7.2%</b>	<b>3.6%</b>	<b>8.6%</b>	<b>1,191,948,787</b>
<i>Zurich Life Performance</i>	<b>6.6%</b>	<b>13.5%</b>	<b>8.7%</b>	<b>4.8%</b>	<b>6.8%</b>	<b>3.8%</b>	<b>8.4%</b>	<b>1,022,940,262</b>
Acorn Life Managed Growth	6.2%	15.9%	8.4%	4.3%	6.4%	3.2%	7.3%	237,800,000
Aviva IRL Focused Managed I	5.9%	10.1%	8.6%	2.7%	4.3%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	6.6%	15.5%	9.0%	4.5%	3.9%	2.7%	6.5%	Not Available
<i>FinEx Sector Average</i>	<b>5.4%</b>	<b>12.2%</b>	<b>7.6%</b>	<b>3.4%</b>	<b>4.5%</b>	<b>3.0%</b>	<b>6.1%</b>	
<b>Managed Balanced</b>								
<i>Zurich Life Balanced</i>	<b>6.2%</b>	<b>13.0%</b>	<b>8.7%</b>	<b>5.2%</b>	<b>6.7%</b>	<b>4.1%</b>	<b>8.5%</b>	<b>1,331,267,644</b>
Acorn Life Managed	5.0%	13.9%	7.8%	3.4%	5.9%	3.6%	7.3%	129,400,000
Ark AIB Pension Managed	6.4%	12.8%	7.6%	2.2%	3.9%	1.3%	5.3%	111,000,000
Aviva IRL Laser Managed A	7.0%	13.9%	7.4%	1.6%	3.7%	Not Started	Not Started	468,757,863
Canada Life Setanta Managed	10.5%	18.0%	10.9%	6.2%	6.3%	4.0%	7.3%	Not Available
Friends First Active Managed	6.6%	14.1%	7.4%	3.2%	4.4%	2.4%	6.4%	526,924,000
Irish Life Ex Active Managed	7.0%	17.2%	7.2%	3.1%	5.0%	2.9%	6.2%	Not Available
New Ireland Managed	6.3%	15.4%	9.4%	5.1%	4.9%	Not Started	Not Started	1,192,000,000
Stan Life Synergy Balanced Multi Manager	11.9%	20.5%	10.7%	4.8%	Not Started	Not Started	Not Started	Not Available
<i>FinEx Sector Average</i>	<b>5.2%</b>	<b>12.4%</b>	<b>7.1%</b>	<b>3.1%</b>	<b>4.4%</b>	<b>2.7%</b>	<b>6.6%</b>	
<b>Managed Cautious</b>								
<i>Zurich Life Cautiously Managed</i>	<b>2.1%</b>	<b>8.8%</b>	<b>6.4%</b>	<b>6.7%</b>	<i>Not Started</i>	<i>Not Started</i>	<i>Not Started</i>	<b>171,252,206</b>
Aviva IRL Cautiously Managed	2.8%	6.7%	3.9%	1.0%	2.9%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	2.6%	10.8%	6.5%	6.5%	Not Started	Not Started	Not Started	Not Available
<i>FinEx Sector Average</i>	<b>0.6%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>3.6%</b>	<b>3.3%</b>	<b>4.2%</b>	
<b>Bond</b>								
<i>Zurich Life Active Fixed Income</i>	<b>-0.1%</b>	<b>7.2%</b>	<b>5.3%</b>	<b>7.5%</b>	<b>5.0%</b>	<b>6.2%</b>	<i>Not Started</i>	<b>320,995,704</b>
<i>Zurich Life Long Bond</i>	<b>-0.4%</b>	<b>9.4%</b>	<b>5.5%</b>	<b>7.7%</b>	<b>5.3%</b>	<i>Not Started</i>	<i>Not Started</i>	<b>70,194,585</b>
Aviva IRL Laser Gilt	0.0%	10.4%	3.1%	5.2%	3.9%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	0.1%	9.7%	3.0%	4.9%	3.6%	4.4%	5.6%	Not Available
Friends First Fixed Interest	-2.6%	3.6%	3.4%	5.0%	3.4%	4.3%	5.9%	159,687,000
Irish Life Ex Fixed International	-0.3%	9.7%	4.9%	7.1%	4.5%	5.2%	6.3%	Not Available
New Ireland Gilt Edge	-2.7%	5.1%	3.6%	6.4%	4.0%	Not Started	Not Started	840,747
<i>FinEx Sector Average</i>	<b>-0.5%</b>	<b>6.6%</b>	<b>3.8%</b>	<b>5.2%</b>	<b>3.9%</b>	<b>4.7%</b>	<b>6.2%</b>	
<b>Cash</b>								
<i>Zurich Life Secure</i>	<b>0.0%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>1.6%</b>	<b>2.4%</b>	<b>3.5%</b>	<b>413,993,922</b>
Acorn Life Deposit	0.1%	0.2%	1.0%	1.8%	2.6%	2.9%	3.8%	8,000,000
Aviva IRL Cash	0.0%	0.1%	0.5%	1.5%	2.0%	Not Started	Not Started	Not Available
Friends First Cash	-0.3%	-0.6%	0.1%	0.8%	1.6%	2.0%	2.9%	148,809,000
Irish Life Ex Cash	0.0%	0.0%	0.4%	1.3%	1.8%	2.2%	3.0%	Not Available
New Ireland Personal Pension Money	-0.5%	-0.9%	-0.4%	0.3%	1.1%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.0%	0.3%	Not Started	Not Started	Not Started	241,100,000
<i>FinEx Sector Average</i>	<b>0.0%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>1.0%</b>	<b>1.6%</b>	<b>2.2%</b>	<b>3.0%</b>	
<b>International Equity</b>								
<i>Zurich Life International Equity</i>	<b>8.6%</b>	<b>14.3%</b>	<b>10.2%</b>	<b>6.2%</b>	<b>7.3%</b>	<b>4.7%</b>	<i>Not Started</i>	<b>270,915,727</b>
Aviva IRL International Equity	7.4%	10.7%	9.9%	4.3%	5.6%	Not Started	Not Started	Not Available
Friends First Inter Equity	8.3%	16.7%	9.1%	5.8%	5.9%	1.9%	5.6%	473,692,000
Irish Life Index Global Equity	7.8%	17.2%	10.8%	4.9%	6.4%	2.5%	Not Started	Not Available
New Ireland International	7.4%	17.0%	10.2%	5.3%	4.5%	Not Started	Not Started	551,000,000
Stan Life Synergy Global Selector	9.8%	22.1%	11.6%	6.2%	Not Started	Not Started	Not Started	51,800,000
<i>FinEx Sector Average</i>	<b>8.2%</b>	<b>15.1%</b>	<b>9.6%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>2.3%</b>	<b>6.1%</b>	

**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	
<b>Eurozone Equity</b>								
<i>Zurich Life Eurozone Equity</i>	4.2%	22.2%	8.8%	3.8%	9.3%	Not Started	Not Started	77,180,866
Ark AIB Pension EuroZone	6.3%	23.9%	12.1%	1.8%	5.4%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	8.4%	24.0%	6.5%	0.6%	5.2%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	5.3%	23.6%	6.2%	1.3%	Not Started	Not Started	Not Started	Not Available
<i>FinEx Sector Average</i>	6.8%	23.9%	7.3%	0.7%	4.8%	1.6%	6.8%	
<b>Irish Equity</b>								
<i>Zurich Life Irish Equity</i>	19.4%	31.6%	16.2%	-1.9%	Not Started	Not Started	Not Started	10,837,796
Ark AIB Pension Irish	17.6%	27.2%	12.9%	-2.2%	0.4%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	17.8%	27.9%	12.8%	-3.0%	1.0%	Not Started	Not Started	Not Available
Friends First Irish Equity	18.2%	31.6%	13.9%	-1.9%	1.8%	0.6%	7.1%	42,615,000
New Ireland Irish Equity	21.1%	38.1%	17.1%	-0.1%	1.8%	Not Started	Not Started	71,000,000
Irish Life Irish Equity Indexed	18.0%	32.7%	13.5%	-4.1%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	12.4%	19.6%	14.3%	-4.7%	Not Started	Not Started	Not Started	9,400,000
<i>FinEx Sector Average</i>	16.8%	28.0%	13.0%	-2.7%	1.3%	0.2%	6.7%	
<b>Specialist Funds <sup>1</sup></b>								
<i>Zurich Life Dividend Growth</i>	8.5%	19.6%	12.0%	8.1%	Not Started	Not Started	Not Started	166,690,159
Davy High Yield 2	8.9%	17.7%	10.5%	6.7%	6.1%	Not Started	Not Started	213,640,000
Canada Life Setanta Equity Dividend Distributing	9.9%	20.4%	12.1%	6.6%	6.9%	Not Started	Not Started	Not Available
<i>Average of selected funds</i>	9.1%	19.2%	11.5%	7.2%	6.5%	N/A	N/A	
<b>Concentrated Funds <sup>1</sup></b>								
<i>Zurich Life 5 Star 5 Global</i>	8.2%	13.5%	9.2%	2.8%	6.9%	Not Started	Not Started	212,462,725
<i>Zurich Life 5 star 5 Europe</i>	5.2%	22.8%	11.2%	3.5%	Not Started	Not Started	Not Started	85,832,138
<i>Zurich Life 5 star 5 Americas</i>	13.0%	12.5%	10.0%	6.9%	Not Started	Not Started	Not Started	53,009,756
<i>Zurich Life 5 star 5 Asia Pacific</i>	-2.5%	7.3%	5.7%	1.1%	Not Started	Not Started	Not Started	86,903,060
Aviva IRL Target 20	8.8%	10.1%	13.8%	2.9%	4.0%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	15.5%	20.1%	13.2%	12.9%	Not Started	Not Started	Not Started	81,000,000
<i>Average of selected funds</i>	8.0%	14.4%	10.5%	5.0%	5.5%	N/A	N/A	
<b>Multi Asset Funds</b>								
<i>Zurich Life Active Asset Allocation</i>	-0.3%	4.8%	Not Started	71,131,170				
<i>Zurich Life Diversified Assets</i>	0.6%	8.5%	6.7%	2.5%	Not Started	Not Started	Not Started	11,809,555
<b>Zurich Life INDEX TRACKER / ETF FUNDS</b>								
<b>Property Equity Funds</b>								
<i>Australasia Property Fund</i>	-3.2%	11.5%	8.8%	7.0%	Not Started	Not Started	Not Started	11,349,101
<i>European Ex UK Property Fund</i>	-1.9%	11.4%	9.0%	4.7%	Not Started	Not Started	Not Started	8,960,003
<i>Eurozone Property*</i>	-2.8%	14.5%	8.0%	1.3%	Not Started	Not Started	Not Started	22,901,280
<b>Geographic Fund</b>								
<i>India Equity</i>	-8.4%	0.3%	-8.7%	3.5%	Not Started	Not Started	Not Started	17,380,146
<b>Sector Fund</b>								
<i>TopTech 100</i>	11.2%	9.2%	16.7%	14.0%	7.8%	Not Started	Not Started	16,822,558
<b>Commodity Fund</b>								
<i>Global Commodities</i>	-3.9%	0.7%	1.8%	-12.7%	Not Started	Not Started	Not Started	16,836,158
<b>Strategy Funds</b>								
<i>Green Resources</i>	27.5%	18.8%	-7.4%	Not Started	Not Started	Not Started	Not Started	3,891,304
<i>Earth Resources</i>	0.8%	-1.8%	-2.9%	-8.9%	Not Started	Not Started	Not Started	10,341,434

Source: Financial Express as on 01/07/2013

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.

# Active Asset Allocation hits its target



Targeting good long-term growth with an asset mix that can deliver lower volatility - this was the goal of the **Active Asset Allocation Fund (AAA)** when launched in 2010. Since then the fund has returned almost 7% per annum with volatility of just 7.3%, which is much lower than a typical managed fund\*. The AAA Fund has done this by investing in a well diversified portfolio of global equities, government bonds, property shares, cash and alternative assets.

What's more, with an annual management charge from as low as 0.4% per annum, we think it should really appeal to your pension and investment customers.

For more information on the AAA Fund, talk to your Zurich Life Broker Consultant or visit [www.zurichlife.ie/brokercentre](http://www.zurichlife.ie/brokercentre)

\*Source: Zurich Life, May 2013

**Warning: The value of your investment may go down as well as up. Past performance is not a reliable guide to future performance. The returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds. Benefits may be affected by currency in exchange rates.**

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.

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)  
Zurich Life Assurance plc is regulated by the Central Bank of Ireland.  
Intended for distribution within the Republic of Ireland.

Print Ref: ZURL ISA 76 0713

  
**ZURICH**<sup>®</sup>