

Zurich Life Monthly Investment Review

For July 2013



Investment Comment & Outlook

Overall: Central banks will have to finesse the eventual easing off of strong liquidity support against somewhat improving economic conditions in order to avoid adverse volatility. Equities are within normal valuation ranges and remain reasonably valued against other asset classes. Historically low long-term interest rates could persist in many countries for some time.

Equity Markets

- Equities performed strongly again in July following a 3% pull back the previous month. Markets reacted positively to better economic data (particularly in Europe), share buy-backs in the US and a reasonable Q2 results season. Previous concerns about sharp 'tapering off' of US quantitative easing eased somewhat although tapering is still expected to proceed.
- World equities (in euro terms) rose by close to 3% in July, giving a total return of close to 12% for the first seven months of 2013. The US and Japan have led the rally this year, although most markets were strong during the month.
- Returns, in local currency terms, for the main markets in July ranged from zero % in Japan to close to 7% in the UK.
- Sectorwise, there was little difference between defensives and cyclicals. The main under-performing sector in the US was telecoms which reacted to some weaker earnings' results as well as the sector's bond proxy status.

Commodities & Currencies

- Commodities rebounded in July, reacting to improved economic data, with the CRB Index rising by 3%.
- Brent oil (European) rose by 5% to \$108 per barrel. West Texas (US) rose by 8% to \$105 per barrel.
- The gold price rebounded sharply (+7%) after heavy falls in previous months, finishing the month at \$1,312 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 stronger against all of the major currencies on the back of better European economic data. The €/£ rate moved from 1.30 to 1.33 at month end.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by close to 1% in June, giving a return of almost 1% for the first seven months. All Eurozone markets were in positive territory in July with no meaningful core/peripheral differentiation. Year-to-date, however, peripheral markets like Spain (+9%) have sharply outperformed core markets such as Germany (-2%).
- The German 10-year bond yield moved from 1.73% to 1.67%. The 2013 low was around 1.2%. Equivalent US rates moved from 2.5% to 2.6%.
- The ECB, the Fed and the Bank of England all kept rates at record low levels and this policy is unlikely to change anytime soon.

Fund Allocations & Activity

Equities: The funds are slightly overweight.

Bonds: The funds are close to neutral.

Activity: There was an increase in the European equity position.

Regionally, the funds are:

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

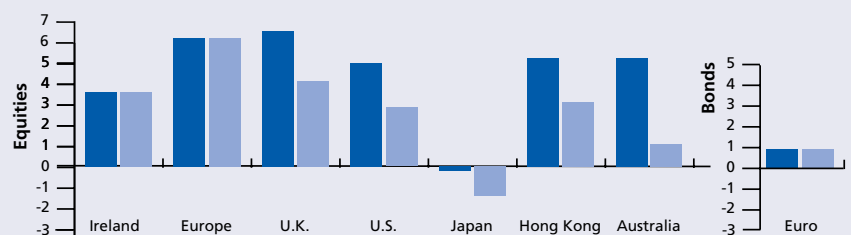
Sectorwise, the funds are:

- 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 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	10.6%	13.3%	9.8%	6.0%	7.2%	3.7%	8.5%	1,238,395,402
Zurich Life Performance	9.6%	12.4%	9.2%	5.9%	6.9%	4.0%	8.3%	1,021,684,195
Acorn Life Managed Growth	10.2%	14.1%	9.6%	5.2%	6.5%	3.5%	7.3%	237,800,000
Aviva IRL Focused Managed I	7.8%	8.8%	8.0%	3.8%	4.2%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	10.3%	14.9%	9.1%	5.7%	4.0%	2.9%	6.5%	Not Available
FinEx Sector Average	7.9%	10.5%	7.8%	4.5%	4.6%	3.2%	6.1%	Not Available
Managed Balanced								
Zurich Life Balanced	9.0%	11.6%	9.2%	6.1%	6.8%	4.2%	8.5%	1,367,133,537
Acorn Life Managed	8.2%	12.0%	8.8%	5.5%	6.1%	3.8%	7.4%	129,400,000
Ark AIB Pension Managed	8.7%	11.7%	7.0%	3.3%	3.8%	1.6%	5.3%	111,000,000
Aviva IRL Euro Managed	11.2%	17.8%	7.6%	4.1%	5.2%	Not Started	Not Started	Not Available
Canada Life Setanta Managed	13.2%	17.2%	10.6%	7.0%	6.5%	4.2%	7.3%	Not Available
Friends First Active Managed	9.6%	11.1%	7.8%	4.2%	4.5%	2.6%	6.4%	526,924,000
Irish Life Ex Active Managed	10.4%	15.3%	6.9%	4.4%	5.1%	3.3%	6.1%	Not Available
New Ireland Managed	9.7%	14.5%	9.6%	6.2%	5.0%	Not Started	Not Started	1,192,000,000
Standard Life Synergy Managed	11.5%	14.0%	11.1%	6.9%	Not Started	Not Started	Not Started	387,400,000
FinEx Sector Average	7.8%	10.6%	7.4%	4.1%	4.5%	2.9%	6.6%	
Managed Cautious								
Zurich Life Cautiously Managed	3.6%	7.1%	6.5%	6.7%	Not Started	Not Started	Not Started	175,510,531
Aviva IRL Cautiously Managed	3.7%	6.0%	3.8%	1.6%	2.9%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	4.6%	8.3%	7.0%	6.7%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	1.5%	3.6%	3.7%	3.5%	3.6%	3.4%	4.2%	
Bond								
Zurich Life Active Fixed Income	0.9%	5.3%	5.2%	7.1%	5.5%	6.1%	Not Started	326,759,950
Zurich Life Long Bond	0.4%	6.1%	5.4%	7.1%	5.8%	Not Started	Not Started	69,924,091
Aviva IRL Laser Gilt	0.7%	8.5%	3.5%	4.9%	4.2%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	1.0%	8.1%	2.8%	4.6%	Not Started	4.4%	5.6%	Not Available
Friends First Fixed Interest	-2.0%	0.9%	3.1%	4.9%	3.6%	4.3%	6.0%	159,687,000
Irish Life Ex Fixed International	0.5%	6.6%	4.5%	6.7%	4.8%	5.2%	6.2%	Not Available
New Ireland Gilt Edge	-2.0%	3.2%	3.6%	6.0%	4.3%	Not Started	Not Started	840,747
FinEx Sector Average	0.1%	4.9%	3.7%	5.1%	4.2%	4.7%	6.1%	
Cash								
Zurich Life Secure	0.0%	0.0%	0.3%	0.7%	1.6%	2.4%	3.5%	434,683,277
Acorn Life Deposit	0.1%	0.1%	1.0%	1.7%	2.6%	2.9%	3.7%	8,000,000
Aviva IRL Cash	0.0%	0.1%	0.4%	1.4%	2.0%	Not Started	Not Started	Not Available
Friends First Cash	-0.4%	-0.6%	0.0%	0.7%	1.6%	2.0%	2.8%	160,839,000
Irish Life Ex Cash	0.0%	0.0%	0.3%	1.3%	1.8%	2.2%	3.0%	Not Available
New Ireland Personal Pension Money	-0.5%	-0.9%	-0.4%	0.2%	1.0%	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
FinEx Sector Average	0.0%	0.0%	0.4%	0.9%	1.6%	2.1%	3.0%	
International Equity								
Zurich Life International Equity	11.8%	12.9%	10.9%	7.1%	7.1%	4.8%	Not Started	271,459,702
Aviva IRL International Equity	9.5%	9.3%	8.9%	5.2%	5.3%	Not Started	Not Started	Not Available
Friends First Inter Equity	12.1%	13.2%	9.7%	6.7%	6.1%	2.1%	5.5%	444,207,000
Irish Life Index Global Equity	11.1%	14.4%	10.3%	6.3%	6.3%	3.0%	Not Started	Not Available
New Ireland International	11.7%	16.2%	10.3%	6.4%	4.7%	Not Started	Not Started	551,000,000
Stan Life Synergy Global Selector	14.5%	17.0%	12.7%	7.5%	Not Started	Not Started	Not Started	51,800,000
FinEx Sector Average	11.5%	12.9%	10.2%	6.1%	5.5%	2.5%	6.0%	

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	10.8%	25.9%	9.0%	5.1%	9.3%	Not Started	Not Started	71,631,396
Ark AIB Pension EuroZone	12.3%	25.3%	11.4%	3.9%	5.4%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	13.9%	24.8%	5.4%	2.2%	5.3%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	12.4%	26.5%	5.8%	3.0%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	11.1%	24.1%	6.9%	2.7%	4.9%	1.8%	6.7%	
Irish Equity								
Zurich Life Irish Equity	24.3%	36.9%	17.2%	2.3%	Not Started	Not Started	Not Started	11,527,755
Ark AIB Pension Irish	20.8%	30.9%	12.8%	1.5%	0.3%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	21.1%	31.5%	12.7%	-1.4%	1.0%	Not Started	Not Started	Not Available
Friends First Irish Equity	21.1%	29.6%	14.3%	0.0%	1.7%	1.0%	7.1%	40,296,000
New Ireland Irish Equity	27.0%	43.4%	18.5%	4.1%	1.9%	Not Started	Not Started	63,000,000
Irish Life Irish Equity Indexed	22.0%	33.2%	13.7%	0.2%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	14.2%	20.6%	14.8%	-1.2%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	20.2%	29.9%	13.7%	0.8%	1.3%	0.6%	6.7%	
Specialist Funds ¹								
Zurich Life Dividend Growth	11.4%	17.9%	12.6%	8.6%	Not Started	Not Started	Not Started	172,679,671
Davy High Yield 2	10.7%	14.0%	10.4%	7.1%	6.1%	Not Started	Not Started	204,730,000
Canada Life Setanta Equity Dividend Distributing	13.9%	21.5%	11.5%	7.4%	7.1%	Not Started	Not Started	Not Available
Average of selected funds	12.0%	17.8%	11.5%	7.7%	6.6%	N/A	N/A	
Concentrated Funds ¹								
Zurich Life 5 Star 5 Global	10.1%	10.1%	10.0%	3.4%	6.5%	Not Started	Not Started	216,032,073
Zurich Life 5 star 5 Europe	11.7%	23.1%	12.4%	4.7%	Not Started	Not Started	Not Started	90,693,411
Zurich Life 5 star 5 Americas	15.7%	11.6%	11.6%	7.7%	Not Started	Not Started	Not Started	54,983,544
Zurich Life 5 star 5 Asia Pacific	-3.3%	-0.8%	5.2%	1.6%	Not Started	Not Started	Not Started	85,292,979
Aviva IRL Target 20	10.9%	10.7%	13.7%	4.0%	3.7%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	16.9%	17.5%	13.5%	12.9%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	10.3%	12.0%	11.1%	5.7%	5.1%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	1.6%	3.5%	Not Started	Not Started	Not Started	Not Started	Not Started	77,295,189
Zurich Life Diversified Assets	2.0%	3.3%	6.7%	3.4%	Not Started	Not Started	Not Started	11,915,806
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	-6.2%	-0.9%	7.0%	6.5%	Not Started	Not Started	Not Started	11,135,273
European Ex UK Property Fund	1.8%	8.9%	7.5%	6.5%	Not Started	Not Started	Not Started	9,294,357
Eurozone Property*	0.1%	12.0%	6.2%	2.4%	Not Started	Not Started	Not Started	23,362,863
Geographic Fund								
India Equity	-12.0%	-5.0%	-8.4%	1.1%	Not Started	Not Started	Not Started	16,455,514
Sector Fund								
TopTech 100	15.8%	9.4%	18.0%	14.6%	7.3%	Not Started	Not Started	17,792,060
Commodity Fund								
Global Commodities	-2.5%	-8.6%	2.9%	-10.4%	Not Started	Not Started	Not Started	16,928,886
Strategy Funds								
Green Resources	35.6%	31.4%	-6.5%	-11.4%	Not Started	Not Started	Not Started	4,185,845
Earth Resources	4.1%	-3.2%	-1.7%	-7.0%	Not Started	Not Started	Not Started	10,618,404

Source: Financial Express as on 01/08/2013

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 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

*Source: Zurich Life, May 2013

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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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