

# Zurich Life Monthly Investment Review

For August 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. Bond markets to remain under pressure in the medium term.

### Equity Markets

- Equities fell back somewhat in August, continuing the bumpy pattern seen over the summer. Markets reacted negatively to further concerns over the likely 'tapering off' of US quantitative, falling bond prices (especially in the US), as well as events in Syria.
- World equities (in euro terms) fell by just over 1% in August, giving a total return of just over 10% for the first eight months of 2013. The US and Japan have led the rally so far this year, but both markets were amongst the weakest in August.
- Returns, in local currency terms, for the main markets in August ranged from minus 3% in the US to close to 2% in Australia. Ireland also rose by 2%.
- Sectorwise, defensive stocks underperformed cyclical stocks, especially in the US. Some defensive areas, such as telecoms and utilities, are seen as bond proxies.

### Commodities & Currencies

- Commodities rebounded further in August with the CRB Index rising by 2.5%.
- Brent oil (European) rose by 6% to \$114 per barrel, West Texas (US) rose by 3% to \$108 per barrel, both reacting to tensions in the Middle East.
- The gold price rebounded sharply again (+6%) after significant weakness in the early part of the summer, finishing the month at \$1,396 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 slightly stronger against many of the major currencies, and was particularly strong against the pound sterling. The €/£ rate moved from 1.33 to 1.32 at month end.

### Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index fell by close to 1% in August, giving a return of almost zero percent for the first eight months. Peripheral Eurozone markets were in positive territory in August while the core fell quite sharply. Year-to-date, peripheral markets like Spain (+10%) have sharply outperformed core markets such as Germany (-4%).
- The German 10-year bond yield moved from 1.67% to 1.86%. The 2013 low was around 1.2%. Equivalent US rates moved from 2.6% to 2.8%.
- The ECB, the Fed and the Bank of England all kept interest rates at record low levels but rates in the US and the UK are now expected to start rising in 12 months time and 18 months time in the Eurozone.

### Fund Allocations & Activity

**Equities:** The funds are slightly overweight.

**Bonds:** The funds are underweight.

**Activity:** There was a slight increase in the US equity position at the expense of the UK.

#### Regionally, the funds are:

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

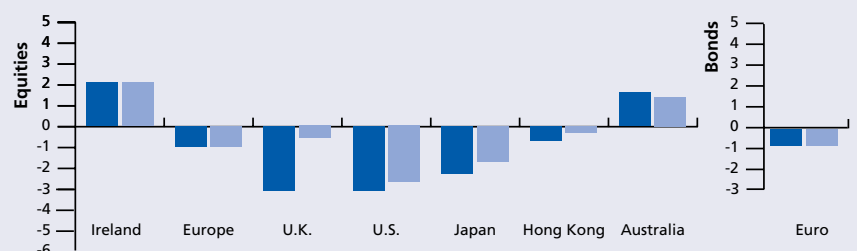
#### Sectorwise, the funds are:

- underweight utilities 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 August. 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: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Benefits may be affected by changes in currency exchange rates. If you invest in this fund you may lose some or all of the money you invest.**

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	9.6%	12.0%	9.7%	5.4%	6.7%	4.6%	8.2%	1,228,569,869
Zurich Life Performance	8.7%	11.2%	8.9%	5.3%	6.5%	4.7%	8.0%	1,013,974,285
Acorn Life Managed Growth	10.5%	14.5%	10.5%	4.9%	6.0%	4.5%	7.1%	233,500,000
Aviva IRL Focused Managed I	6.9%	7.6%	8.6%	3.2%	3.8%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	9.8%	13.6%	9.4%	5.1%	3.6%	3.4%	6.2%	Not Available
FinEx Sector Average	7.2%	9.5%	8.0%	4.0%	4.1%	3.6%	5.8%	
Managed Balanced								
Zurich Life Balanced	8.1%	10.5%	8.8%	5.6%	6.4%	4.9%	8.2%	1,360,219,897
Acorn Life Managed	8.4%	12.1%	9.3%	5.3%	5.6%	4.6%	7.2%	127,600,000
Ark AIB Pension Managed	7.7%	10.6%	7.3%	2.6%	3.3%	2.3%	5.0%	111,000,000
Aviva IRL Euro Managed	9.6%	14.9%	8.2%	3.5%	4.8%	Not Started	Not Started	Not Available
Canada Life Setanta Managed	11.7%	14.4%	10.6%	6.1%	6.1%	4.4%	7.0%	Not Available
Friends First Active Managed	8.8%	10.3%	7.9%	3.8%	4.1%	3.2%	6.1%	526,924,000
Irish Life Ex Active Managed	9.5%	13.5%	7.6%	4.0%	4.5%	4.1%	6.2%	Not Available
New Ireland Managed	9.0%	13.2%	9.7%	5.6%	4.6%	Not Started	Not Started	1,183,000,000
Standard Life Synergy Managed	10.4%	12.8%	10.8%	6.4%	Not Started	Not Started	Not Started	387,400,000
FinEx Sector Average	6.7%	9.2%	7.3%	3.5%	4.1%	3.4%	6.3%	
Managed Cautious								
Zurich Life Cautiously Managed	2.5%	5.7%	5.2%	6.0%	Not Started	Not Started	Not Started	172,952,975
Aviva IRL Cautiously Managed	3.3%	5.2%	3.9%	1.3%	2.8%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	3.9%	7.5%	6.0%	6.1%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	0.6%	2.2%	3.2%	3.0%	3.4%	3.4%	4.1%	
Bond								
Zurich Life Active Fixed Income	0.0%	4.0%	3.4%	6.6%	5.3%	5.9%	Not Started	297,082,231
Zurich Life Long Bond	-0.9%	4.1%	2.7%	6.5%	5.5%	Not Started	Not Started	66,742,560
Aviva IRL Laser Gilt	0.0%	6.3%	2.6%	4.4%	4.1%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	0.4%	6.5%	1.7%	4.1%	Not Started	4.2%	5.4%	Not Available
Friends First Fixed Interest	-3.3%	-1.4%	1.2%	4.3%	3.5%	4.1%	5.7%	159,687,000
Irish Life Ex Fixed International	-0.4%	4.8%	3.2%	6.2%	4.7%	5.0%	6.1%	Not Available
New Ireland Gilt Edge	-3.7%	0.8%	1.6%	5.4%	4.1%	Not Started	Not Started	840,747
FinEx Sector Average	-0.7%	2.9%	2.5%	4.6%	4.1%	4.5%	5.9%	
Cash								
Zurich Life Secure	0.0%	0.0%	0.3%	0.7%	1.6%	2.3%	3.5%	439,425,943
Acorn Life Deposit	0.1%	0.1%	0.9%	1.6%	2.6%	2.9%	3.7%	8,400,000
Aviva IRL Cash	0.0%	0.0%	0.4%	1.3%	1.9%	Not Started	Not Started	Not Available
Friends First Cash	-0.5%	-0.7%	-0.1%	0.6%	1.5%	2.0%	2.8%	160,839,000
Irish Life Ex Cash	0.0%	0.0%	0.3%	1.2%	1.7%	2.2%	3.0%	Not Available
New Ireland Personal Pension Money	-0.6%	-0.9%	-0.4%	0.2%	1.0%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.0%	0.2%	Not Started	Not Started	Not Started	241,100,000
FinEx Sector Average	0.0%	0.0%	0.3%	0.9%	1.6%	2.1%	3.0%	
International Equity								
Zurich Life International Equity	10.2%	11.5%	10.8%	6.1%	6.5%	5.7%	Not Started	269,936,676
Aviva IRL International Equity	8.4%	8.2%	9.7%	4.5%	4.9%	Not Started	Not Started	Not Available
Friends First Inter Equity	11.0%	12.2%	10.0%	6.0%	5.4%	3.0%	5.2%	444,207,000
Irish Life Index Global Equity	10.1%	13.0%	11.2%	5.5%	5.6%	4.1%	Not Started	Not Available
New Ireland International	11.0%	14.8%	10.6%	5.7%	4.2%	Not Started	Not Started	605,000,000
Stan Life Synergy Global Selector	12.7%	15.4%	13.0%	6.5%	Not Started	Not Started	Not Started	51,800,000
FinEx Sector Average	9.8%	11.1%	10.1%	5.2%	4.9%	3.2%	5.6%	

**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	9.6%	19.8%	10.0%	4.7%	9.0%	Not Started	Not Started	71,091,976
Ark AIB Pension EuroZone	11.5%	22.0%	13.3%	3.4%	4.8%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	12.7%	20.6%	7.3%	1.8%	4.9%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	11.3%	20.1%	7.4%	2.4%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	11.8%	22.4%	8.7%	2.5%	4.6%	3.0%	6.3%	
Irish Equity								
Zurich Life Irish Equity	25.8%	36.5%	20.1%	2.3%	Not Started	Not Started	Not Started	11,997,543
Ark AIB Pension Irish	23.8%	33.7%	17.4%	1.2%	0.1%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	24.1%	34.5%	17.2%	0.3%	0.9%	Not Started	Not Started	Not Available
Friends First Irish Equity	25.0%	36.3%	19.0%	2.3%	1.7%	2.2%	6.9%	40,296,000
New Ireland Irish Equity	29.9%	42.2%	22.3%	3.9%	1.8%	Not Started	Not Started	63,000,000
Irish Life Irish Equity Indexed	25.0%	36.6%	18.4%	0.0%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	15.1%	21.7%	17.5%	-1.5%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	22.8%	32.8%	17.8%	1.0%	1.2%	1.8%	6.4%	
Specialist Funds <sup>1</sup>								
Zurich Life Dividend Growth	10.6%	15.8%	12.2%	7.3%	Not Started	Not Started	Not Started	170,721,643
Davy High Yield 2	8.6%	12.4%	9.9%	6.0%	5.6%	Not Started	Not Started	200,200,000
Canada Life Setanta Equity Dividend Distributing	13.0%	17.9%	12.1%	7.7%	6.6%	Not Started	Not Started	Not Available
Average of selected funds	10.7%	15.4%	11.4%	7.0%	6.1%	N/A	N/A	
Concentrated Funds <sup>1</sup>								
Zurich Life 5 Star 5 Global	8.2%	9.5%	9.8%	2.6%	5.8%	Not Started	Not Started	211,595,542
Zurich Life 5 star 5 Europe	8.3%	18.2%	11.9%	4.0%	Not Started	Not Started	Not Started	87,870,856
Zurich Life 5 star 5 Americas	13.1%	10.1%	11.9%	5.9%	Not Started	Not Started	Not Started	55,030,447
Zurich Life 5 star 5 Asia Pacific	-1.7%	3.8%	6.0%	2.4%	Not Started	Not Started	Not Started	85,657,211
Aviva IRL Target 20	9.5%	10.3%	13.8%	3.1%	3.3%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	13.4%	13.8%	12.1%	11.3%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	8.5%	10.9%	10.9%	4.9%	4.6%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	1.4%	3.0%	Not Started	Not Started	Not Started	Not Started	Not Started	82,443,004
Zurich Life Diversified Assets	1.9%	2.5%	6.3%	3.0%	Not Started	Not Started	Not Started	11,501,372
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	-8.5%	-1.7%	4.8%	6.2%	Not Started	Not Started	Not Started	8,865,391
European Ex UK Property Fund	-1.9%	5.7%	6.1%	4.6%	Not Started	Not Started	Not Started	10,900,032
Eurozone Property*	-3.4%	7.8%	4.9%	1.4%	Not Started	Not Started	Not Started	22,195,515
Geographic Fund								
India Equity	-23.1%	-16.4%	-12.7%	-2.5%	Not Started	Not Started	Not Started	14,200,466
Sector Fund								
TopTech 100	16.0%	6.7%	19.2%	13.1%	6.6%	Not Started	Not Started	18,231,901
Commodity Fund								
Global Commodities	2.5%	-7.0%	4.9%	-9.5%	Not Started	Not Started	Not Started	18,070,693
Strategy Funds								
Green Resources	28.2%	23.4%	-7.1%	-13.9%	Not Started	Not Started	Not Started	4,192,856
Earth Resources	7.2%	-2.5%	-1.3%	-6.4%	Not Started	Not Started		10,807,804

Source: Financial Express as on 02/09/2013

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

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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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