

Zurich Life Monthly Investment Review

For September 2013



Investment Comment & Outlook

Overall: Central banks will have to finesse the eventual tapering off of strong liquidity support against improving economic conditions in order to avoid adverse volatility. Equities appear to have regained their momentum. They remain reasonably valued against other asset classes.

Equity Markets

- Equities pushed ahead again during September, following the bumpy pattern seen over the summer. Markets reacted positively to stronger leading economic indicators, especially in Europe. This in turn has led to strong flows into equities - primarily in Europe (on valuation grounds) and Japan (on the back of the reform plans).
- World equities (in euro terms) rose by 2.5% in September, giving a total return of just under 13% for the first nine months of 2013. Apart from Ireland and the UK, all markets were strong during the month. The US and Japan have led the rally so far this year, but these markets are now being joined by Europe.
- Sectorwise, cyclical stocks (such as industrials and basic materials) clearly out-performed defensives, especially in the US. The defensive consumer staples sector has become quite expensive on a P/E valuation basis.

Commodities & Currencies

- Commodities retreated somewhat during the month as pressure came off energy prices. The CRB Index fell by 2%.
- Brent oil (European) fell by 5% to \$108 per barrel, West Texas (US) also fell by 5% to \$102 per barrel.
- The gold price lost its gains of the previous month falling by 5% to \$1,326 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 against a number of major currencies; stronger against the US\$ and the Japanese yen, weaker against sterling and the Aussie dollar. The €/£ rate moved from 1.32 to 1.35 at month end.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by close to 1% in September, giving a return of almost one percent for the first nine months. All Eurozone markets performed roughly in-line. Year-to-date, peripheral markets like Spain (+12%) have sharply outperformed core markets such as Germany (-3%).
- The German 10-year bond yield moved from 1.86% to 1.78%. The 2013 low was around 1.2%. Equivalent US rates moved from 2.8% to 2.6%.
- 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 about 12 months time and at least 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 financial stocks.

Regionally, the funds are:

- Underweight in the UK.
- Neutral in the US, Japan and Pacific Basin.
- Overweight in Ireland and Europe.

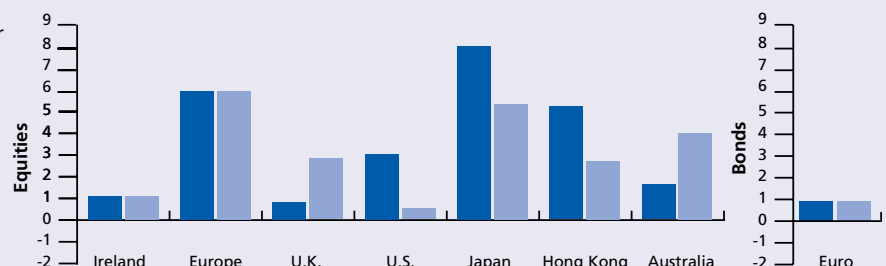
Sectorwise, the funds are:

- 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 September. 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/

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Managed Dynamic								
Zurich Life Dynamic	12.4%	14.0%	9.9%	7.8%	7.4%	4.7%	8.4%	1,255,680,286
Zurich Life Performance	11.3%	13.0%	9.2%	7.6%	7.0%	4.8%	8.2%	1,039,536,335
Acorn Life Managed Growth	13.4%	15.6%	10.4%	7.7%	6.5%	4.9%	7.4%	233,500,000
Aviva IRL Focused Managed I	8.6%	8.8%	8.7%	5.7%	4.4%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	11.6%	13.6%	9.5%	7.1%	4.1%	3.9%	6.4%	Not Available
FinEx Sector Average	9.2%	10.3%	7.9%	6.3%	4.6%	4.0%	6.0%	
Managed Balanced								
Zurich Life Balanced	10.6%	12.2%	9.1%	7.5%	6.9%	5.0%	8.3%	1,396,309,688
Acorn Life Managed	10.9%	13.1%	9.3%	7.7%	6.1%	4.9%	7.5%	127,600,000
Ark AIB Pension Managed	9.9%	11.5%	7.6%	4.8%	3.9%	2.6%	5.2%	111,000,000
Aviva IRL Euro Managed	12.5%	15.8%	8.1%	5.9%	5.4%	Not Started	Not Started	Not Available
Canada Life Setanta Managed	13.1%	14.8%	10.2%	7.7%	6.2%	5.0%	7.1%	Not Available
Friends First Active Managed	11.1%	11.4%	7.9%	6.7%	4.5%	3.4%	6.3%	526,924,000
Irish Life Ex Active Managed	11.8%	14.7%	7.9%	6.5%	5.0%	4.4%	6.1%	Not Available
New Ireland Managed	11.2%	13.5%	9.9%	7.8%	5.1%	Not Started	Not Started	1,167,000,000
Standard Life Synergy Managed	13.7%	15.0%	10.9%	9.2%	Not Started	Not Started	Not Started	387,400,000
FinEx Sector Average	9.2%	10.5%	7.5%	5.9%	4.6%	3.7%	6.5%	
Managed Cautious								
Zurich Life Cautiously Managed	3.7%	6.3%	5.7%	6.7%	Not Started	Not Started	Not Started	178,770,898
Aviva IRL Cautiously Managed	4.2%	5.5%	4.2%	2.5%	2.9%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	5.9%	8.5%	6.7%	7.1%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	1.9%	3.1%	3.7%	4.3%	3.6%	3.5%	4.1%	
Bond								
Zurich Life Active Fixed Income	0.8%	4.1%	4.2%	6.7%	5.3%	5.7%	Not Started	299,869,101
Zurich Life Long Bond	0.0%	4.5%	3.7%	6.7%	5.5%	Not Started	Not Started	66,813,599
Aviva IRL Laser Gilt	0.7%	5.2%	3.8%	4.8%	4.0%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	1.4%	5.8%	2.8%	4.3%	Not Started	4.2%	5.5%	Not Available
Friends First Fixed Interest	-2.5%	0.2%	2.2%	4.7%	3.5%	4.0%	5.7%	159,687,000
Irish Life Ex Fixed International	0.5%	4.5%	4.0%	6.4%	4.6%	4.9%	6.1%	Not Available
New Ireland Gilt Edge	-2.8%	0.2%	2.5%	5.6%	4.1%	Not Started	Not Started	840,747
FinEx Sector Average	0.0%	2.9%	3.1%	5.1%	4.0%	4.5%	6.0%	
Cash								
Zurich Life Secure	0.0%	0.0%	0.3%	0.6%	1.6%	2.3%	3.4%	444,406,267
Acorn Life Deposit	0.1%	0.1%	0.9%	1.5%	2.6%	2.8%	3.7%	8,400,000
Aviva IRL Cash	0.0%	0.0%	0.3%	1.3%	1.9%	Not Started	Not Started	Not Available
Friends First Cash	-0.5%	-0.7%	-0.1%	0.6%	1.5%	1.9%	2.8%	157,246,000
Irish Life Ex Cash	0.0%	0.0%	0.2%	1.1%	1.7%	2.1%	2.9%	Not Available
New Ireland Personal Pension Money	-0.7%	-0.9%	-0.4%	0.1%	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%	0.8%	1.5%	2.1%	3.0%	
International Equity								
Zurich Life International Equity	13.2%	13.4%	11.1%	8.0%	7.3%	6.2%	Not Started	283,190,459
Aviva IRL International Equity	10.4%	9.7%	9.5%	7.1%	5.6%	Not Started	Not Started	Not Available
Friends First Inter Equity	13.9%	13.5%	9.8%	9.2%	6.1%	3.5%	5.5%	437,073,000
Irish Life Index Global Equity	13.1%	14.7%	11.2%	8.4%	6.3%	4.7%	Not Started	Not Available
New Ireland International	13.0%	15.0%	10.5%	7.8%	4.8%	Not Started	Not Started	623,000,000
Stan Life Synergy Global Selector	17.8%	19.0%	13.4%	10.2%	Not Started	Not Started	Not Started	51,800,000
FinEx Sector Average	13.3%	13.9%	10.2%	8.2%	5.7%	3.8%	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	15.9%	24.6%	10.0%	8.1%	10.0%	Not Started	Not Started	75,430,854
Ark AIB Pension EuroZone	14.7%	22.3%	12.4%	7.0%	5.9%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	18.1%	25.3%	7.2%	4.7%	6.0%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	17.7%	25.4%	7.7%	6.6%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	15.7%	22.0%	8.1%	5.8%	5.5%	3.7%	6.6%	
Irish Equity								
Zurich Life Irish Equity	27.7%	33.8%	20.3%	7.0%	Not Started	Not Started	Not Started	12,475,748
Ark AIB Pension Irish	24.7%	30.1%	17.4%	5.5%	0.5%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	25.0%	30.7%	17.2%	4.6%	1.2%	Not Started	Not Started	Not Available
Friends First Irish Equity	26.5%	31.6%	18.9%	8.5%	1.9%	2.4%	7.1%	41,346,000
New Ireland Irish Equity	32.6%	38.8%	22.6%	8.9%	2.0%	Not Started	Not Started	63,000,000
Irish Life Irish Equity Indexed	26.6%	32.6%	18.5%	4.9%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	15.1%	18.7%	16.6%	3.3%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	24.9%	29.7%	17.8%	6.2%	1.5%	2.0%	6.7%	
Specialist Funds ¹								
Zurich Life Dividend Growth	14.2%	17.9%	13.1%	9.9%	Not Started	Not Started	Not Started	175,855,115
Davy High Yield 2	10.3%	13.7%	9.9%	7.6%	6.0%	Not Started	Not Started	200,200,000
Canada Life Setanta Equity Dividend Distributing	15.1%	17.8%	11.1%	8.1%	7.1%	Not Started	Not Started	Not Available
Average of selected funds	13.2%	16.5%	11.4%	8.5%	6.5%	N/A	N/A	
Concentrated Funds ¹								
Zurich Life 5 Star 5 Global	11.2%	12.0%	9.6%	4.5%	6.7%	Not Started	Not Started	215,903,364
Zurich Life 5 star 5 Europe	13.4%	22.1%	12.2%	7.0%	Not Started	Not Started	Not Started	91,376,835
Zurich Life 5 star 5 Americas	15.0%	11.4%	12.3%	6.5%	Not Started	Not Started	Not Started	54,812,741
Zurich Life 5 star 5 Asia Pacific	1.4%	4.2%	6.0%	5.7%	Not Started	Not Started	Not Started	87,539,652
Aviva IRL Target 20	11.8%	12.4%	13.5%	6.0%	4.0%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	14.5%	14.9%	11.9%	13.5%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	11.2%	12.9%	10.9%	7.2%	5.4%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	1.9%	2.7%	Not Started	Not Started	Not Started	Not Started	Not Started	86,663,912
Zurich Life Diversified Assets	2.3%	3.2%	5.8%	4.6%	Not Started	Not Started	Not Started	11,560,841
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	-3.0%	1.3%	5.9%	10.8%	Not Started	Not Started	Not Started	9,595,375
European Ex UK Property Fund	1.8%	10.3%	3.9%	6.9%	Not Started	Not Started	Not Started	11,315,258
Eurozone Property*	1.0%	12.7%	3.6%	4.6%	Not Started	Not Started	Not Started	23,034,274
Geographic Fund								
India Equity	-16.4%	-18.4%	-12.7%	2.2%	Not Started	Not Started	Not Started	15,267,016
Sector Fund								
TopTech 100	18.4%	10.1%	17.9%	16.4%	7.8%	Not Started	Not Started	18,710,350
Commodity Fund								
Global Commodities	-4.3%	-10.0%	2.9%	-8.6%	Not Started	Not Started	Not Started	16,904,455
Strategy Funds								
Green Resources	42.1%	37.7%	-5.6%	-6.8%	Not Started	Not Started	Not Started	4,554,093
Earth Resources	5.5%	-1.7%	-1.9%	-4.1%	Not Started	Not Started		10,504,076

Source: Financial Express as on 01/10/2013

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.

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*Source: Zurich Life, October 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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