

Zurich Life Monthly Investment Review

For October 2013



Investment Comment & Outlook

Overall: Central banks will have to finesse the eventual tapering off of strong liquidity support against improving economic conditions; but for now the support continues. Equities have regained momentum and are being driven by reasonable earnings and inflows from other asset classes. However, valuations are no longer attractive based on price/earnings multiples.

Equity Markets

- Equities pushed ahead again strongly during October, as the four-and-a-half year bull market continued apace. Markets reacted positively to a good corporate earnings season in the US and optimism over Eurozone economic recovery, leading to strong flows into equities. Many strategists continue to favour European equities which are under-held by international investors.
- World equities (in euro terms) rose by a further 3.5% in October, giving a total return of almost 17% for the first ten months of 2013. Apart from Japan, all markets were strong during the month. The US and Japan have led the rally so far this year, but these markets have now been joined by Europe.
- Sectorwise, there was little difference between cyclical stocks (such as industrials and basic materials) and defensives (such as telecoms and healthcare). The defensive consumer staples sector, however, has become quite expensive on a P/E valuation basis.

Commodities & Currencies

- Commodities retreated again during the month with the CRB Index falling by a further 3%.
- Brent oil (European) was unchanged in October at \$108 per barrel, but West Texas (US) fell by 6% to \$96 per barrel.
- The gold price was flat in October, following a significant fall the previous month, to end at \$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 slightly stronger against most of the major currencies during October. The €/£ rate moved from 1.35 to 1.36 at month end.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by close to 2% in October, giving a return of almost 3% for the first ten months. All Eurozone markets were in positive territory although the periphery once again outperformed the core. Year-to-date, peripheral markets like Spain (+15%) have sharply outperformed core markets such as Germany (-2%).
- The German 10-year bond yield moved down again from 1.78% to 1.67%. The 2013 low was around 1.2%. Equivalent US rates were virtually unchanged in October ending at 2.55%.
- The ECB may cut short rates again at its November meeting, the rate currently stands at 0.5%. The Fed and the Bank of England both kept interest rates at record low levels. Rates in the US and the UK are not expected to start rising until at least 18 months time.

Fund Allocations & Activity

Equities: The funds are slightly overweight.

Bonds: The funds are slightly underweight.

Activity: There were no material changes during the month.

Regionally, the funds are:

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

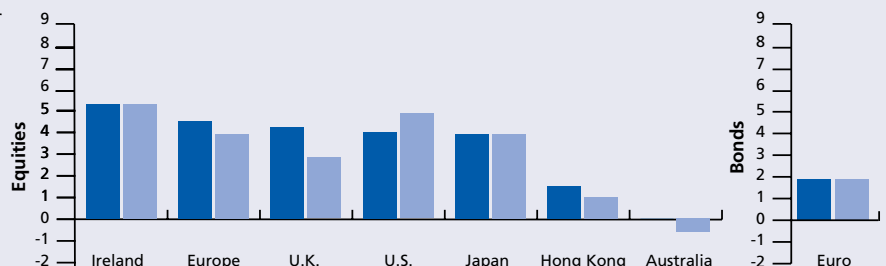
Sectorwise, the funds are:

- 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 October. 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	16.1%	18.8%	10.6%	10.8%	7.1%	4.7%	8.3%	1,292,618,247
Zurich Life Performance	14.8%	17.5%	10.0%	10.4%	6.9%	4.9%	8.1%	1,063,052,440
Acorn Life Managed Growth	15.3%	18.8%	10.1%	11.1%	6.2%	5.1%	7.2%	233,500,000
Aviva IRL Focused Managed I	12.5%	13.6%	9.4%	8.7%	4.2%	Not Started	Not Started	Not Available
Lifetime/SSgA Pen Opportunity	15.3%	17.1%	10.3%	10.1%	4.0%	4.0%	6.2%	Not Available
FinEx Sector Average	11.6%	13.3%	8.2%	9.0%	4.4%	4.1%	5.8%	
Managed Balanced								
Zurich Life Balanced	13.9%	16.5%	9.8%	10.1%	6.8%	5.1%	8.2%	1,413,674,865
Acorn Life Managed	12.5%	15.6%	9.2%	10.4%	5.9%	5.0%	7.3%	127,600,000
Ark AIB Pension Managed	13.3%	15.7%	8.1%	7.4%	3.8%	2.4%	5.1%	111,000,000
Aviva IRL Euro Managed	16.0%	19.5%	8.6%	8.9%	5.3%	Not Started	Not Started	Not Available
Canada Life Setanta Managed	16.7%	18.9%	11.1%	10.1%	6.4%	5.0%	7.0%	Not Available
Friends First Active Managed	12.9%	14.3%	8.3%	9.0%	4.3%	3.5%	6.2%	526,924,000
Irish Life Ex Active Managed	15.2%	18.5%	8.5%	9.6%	4.9%	4.2%	6.3%	Not Available
New Ireland Managed	14.6%	16.5%	10.7%	10.4%	5.0%	Not Started	Not Started	1,187,000,000
Standard Life Synergy Managed	16.9%	18.7%	11.5%	12.0%	Not Started	Not Started	Not Started	387,400,000
FinEx Sector Average	11.5%	13.4%	8.0%	8.4%	4.4%	3.8%	6.3%	
Managed Cautious								
Zurich Life Cautiously Managed	6.0%	8.8%	6.8%	8.1%	Not Started	Not Started	Not Started	187,407,096
Aviva IRL Cautiously Managed	5.8%	7.0%	4.7%	3.1%	3.0%	Not Started	Not Started	478,993
Stan Life Synergy Cautious Managed	8.3%	10.5%	7.5%	8.2%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	3.2%	4.4%	3.9%	5.3%	3.5%	3.5%	4.2%	
Bond								
Zurich Life Active Fixed Income	2.9%	5.9%	5.4%	7.1%	5.7%	6.0%	Not Started	311,742,955
Zurich Life Long Bond	2.2%	6.4%	5.1%	7.3%	5.9%	Not Started	Not Started	68,579,231
Aviva IRL Laser Gilt	2.6%	5.8%	4.9%	5.4%	4.4%	Not Started	Not Started	Not Available
Canada Life Setanta Fixed Interest	3.3%	6.4%	3.6%	4.7%	4.6%	4.4%	5.6%	Not Available
Friends First Fixed Interest	-1.4%	1.0%	2.8%	4.8%	3.7%	4.1%	5.6%	159,687,000
Irish Life Ex Fixed International	2.4%	5.4%	4.9%	6.7%	5.0%	5.1%	6.1%	Not Available
New Ireland Gilt Edge	-1.6%	0.5%	3.2%	5.5%	4.3%	Not Started	Not Started	840,747
FinEx Sector Average	1.1%	3.5%	3.6%	5.5%	4.2%	4.6%	5.9%	
Cash								
Zurich Life Secure	0.0%	0.0%	0.3%	0.5%	1.6%	2.3%	3.4%	442,437,138
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%	1.2%	1.9%	Not Started	Not Started	Not Available
Friends First Cash	-0.6%	-0.7%	-0.1%	0.5%	1.5%	1.9%	2.7%	157,072,000
Irish Life Ex Cash	0.0%	0.0%	0.2%	1.0%	1.7%	2.1%	2.9%	Not Available
New Ireland Personal Pension Money	-0.7%	-0.9%	-0.5%	0.0%	1.0%	Not Started	Not Started	596,455
Stan Life Synergy Cash	0.0%	0.0%	0.0%	0.1%	Not Started	Not Started	Not Started	241,100,000
FinEx Sector Average	0.0%	0.0%	0.3%	0.7%	1.5%	2.0%	2.9%	
International Equity								
Zurich Life International Equity	17.2%	19.2%	11.7%	11.1%	7.0%	5.9%	Not Started	312,221,060
Aviva IRL International Equity	15.0%	15.9%	10.2%	10.6%	5.3%	Not Started	Not Started	Not Available
Friends First Inter Equity	15.8%	17.2%	10.0%	12.5%	5.8%	3.4%	5.3%	441,660,000
Irish Life Index Global Equity	17.0%	19.9%	11.8%	12.0%	5.9%	4.1%	Not Started	Not Available
New Ireland International	17.3%	18.9%	11.4%	11.6%	4.6%	Not Started	Not Started	622,000,000
Stan Life Synergy Global Selector	22.3%	24.2%	14.0%	14.5%	Not Started	Not Started	Not Started	51,800,000
FinEx Sector Average	16.8%	18.5%	10.9%	11.7%	5.5%	3.8%	5.9%	

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	22.3%	29.2%	10.4%	12.8%	9.8%	Not Started	Not Started	81,902,745
Ark AIB Pension EuroZone	18.4%	24.0%	12.4%	12.2%	5.3%	Not Started	Not Started	Not Available
Aviva IRL Euro Equity	23.7%	29.1%	8.0%	9.4%	5.7%	Not Started	Not Started	Not Available
Irish Life IP International Euro Equity	24.0%	30.6%	8.5%	12.0%	Not Started	Not Started	Not Started	Not Available
FinEx Sector Average	19.3%	23.4%	8.3%	9.8%	5.2%	3.5%	6.4%	
Irish Equity								
Zurich Life Irish Equity	31.4%	38.3%	20.8%	11.4%	Not Started	Not Started	Not Started	13,439,259
Ark AIB Pension Irish	29.4%	36.4%	18.7%	9.6%	0.3%	Not Started	Not Started	Not Available
Aviva IRL Irish Equity	29.9%	37.1%	18.5%	8.8%	1.0%	Not Started	Not Started	Not Available
Friends First Irish Equity	29.6%	35.6%	19.3%	12.3%	1.7%	2.6%	7.0%	41,513,000
New Ireland Irish Equity	36.8%	44.9%	23.6%	13.5%	1.9%	Not Started	Not Started	63,000,000
Irish Life Irish Equity Indexed	31.5%	39.4%	20.0%	9.3%	Not Started	Not Started	Not Started	Not Available
Stan Life Synergy Irish Equity	15.1%	19.4%	16.2%	7.6%	Not Started	Not Started	Not Started	9,400,000
FinEx Sector Average	27.5%	33.5%	18.1%	10.2%	1.1%	2.1%	6.6%	
Specialist Funds ¹								
Zurich Life Dividend Growth	19.4%	23.3%	14.4%	14.3%	Not Started	Not Started	Not Started	181,658,360
Davy High Yield 2	13.8%	17.1%	10.2%	9.9%	5.9%	Not Started	Not Started	200,200,000
Canada Life Setanta Equity Dividend Distributing	20.8%	23.5%	12.1%	9.1%	7.1%	Not Started	Not Started	Not Available
Average of selected funds	18.0%	21.3%	12.2%	11.1%	6.5%	N/A	N/A	
Concentrated Funds ¹								
Zurich Life 5 Star 5 Global	14.5%	17.6%	10.2%	7.0%	6.4%	Not Started	Not Started	221,343,955
Zurich Life 5 star 5 Europe	19.0%	25.5%	13.4%	10.9%	Not Started	Not Started	Not Started	95,838,427
Zurich Life 5 star 5 Americas	18.3%	17.5%	12.5%	7.8%	Not Started	Not Started	Not Started	55,699,146
Zurich Life 5 star 5 Asia Pacific	6.0%	10.4%	7.0%	10.1%	Not Started	Not Started	Not Started	90,613,135
Aviva IRL Target 20	15.8%	17.5%	13.7%	9.7%	3.7%	Not Started	Not Started	Not Available
Canada Life Focus 15 PRSA	18.3%	18.9%	12.3%	16.6%	Not Started	Not Started	Not Started	81,000,000
Average of selected funds	15.3%	17.7%	11.5%	10.4%	5.0%	N/A	N/A	
Multi Asset Funds								
Zurich Life Active Asset Allocation	4.0%	5.2%	5.7%	Not Started	Not Started	Not Started	Not Started	92,862,429
Zurich Life Diversified Assets	3.9%	5.5%	6.2%	7.7%	Not Started	Not Started	Not Started	11,931,225
Zurich Life INDEX TRACKER / ETF FUNDS								
Property Equity Funds								
Australasia Property Fund	-2.9%	0.1%	5.8%	15.1%	Not Started	Not Started	Not Started	9,524,992
European Ex UK Property Fund	5.3%	7.8%	4.1%	12.9%	Not Started	Not Started	Not Started	11,700,502
Eurozone Property*	5.4%	10.3%	3.7%	11.2%	Not Started	Not Started	Not Started	23,645,516
Geographic Fund								
India Equity	-8.6%	-6.0%	-9.6%	8.9%	Not Started	Not Started	Not Started	16,062,473
Sector Fund								
TopTech 100	23.6%	22.4%	18.0%	19.0%	7.3%	Not Started	Not Started	19,949,894
Commodity Fund								
Global Commodities	-6.1%	-7.6%	1.9%	-4.4%	Not Started	Not Started	Not Started	16,406,806
Strategy Funds								
Green Resources	43.5%	47.3%	-5.4%	-3.4%	Not Started	Not Started	Not Started	5,028,838
Earth Resources	3.9%	1.9%	-3.6%	-0.7%	Not Started	Not Started	Not Started	10,288,812

Source: Financial Express as on 01/11/2013

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.

Helping you to
help your clients.

prisma

The Zurich Platform

New Integrated Client Platform

New Pathway Multi-Asset Funds

New External Active and Passive Funds



Arrange a **demonstration** of the client platform with your Broker Consultant today.



For more **information** on our new funds, visit zurichlife.ie/funds or talk to your Broker Consultant.

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

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

