

## OVERALL

Despite a relatively poor start to 2014, equities remain supported by the expectation of reasonably strong earnings' growth and low interest rates. International money flows continue to favour European equities. Valuations, however, are now at fair (or normal) levels while markets will have to deal with on-going tapering of QE. Eurozone government bonds have outperformed so far this year, on the back of deflationary concerns, although yields are expected to eventually rise.

### ZURICH LIFE FUND ALLOCATIONS & ACTIVITY

**Equities:** The funds are overweight.

**Bonds:** The funds are close to neutral.

**Activity:** The equity position in Europe was increased.

#### Regionally, the funds are:

- Underweight in the UK and Asia Pacific.
- Neutral in Japan.
- Overweight in Europe and Ireland, slightly overweight in the US.

#### Sectorwise, the funds are:

- Underweight technology and energy.
- Overweight consumer goods and industrials.
- Otherwise broadly balanced.

## EQUITY MARKETS

- Equities rose for a third month in-a-row in April, following sharp falls at the beginning of the year. During the month, the markets shrugged off rising geo-political tensions between Russia and Ukraine. In the first half of the month stocks started to roll over as sell-offs in aggressive-growth sectors spilled into the broad market. However, they recovered in the second half helped by better-than-expected earnings' and economic data as well as Fed Chair Yellen's comments on keeping interest rates low for longer.
- World equities (in euro terms) rose by 0.5% in April giving a total return of 1.8% for the first four months of the year. There was a mixed bag of returns from the major markets, in local currency terms, during the month ranging from plus 2.8% in the UK to minus 3.4% in Japan. Ireland fell back again (-2%) following an excellent run at the beginning of the year which had been based on the recovery story.
- Sectorwise, April saw no clear distinction between cyclical and defensive stocks. The two strongest sectors in the US were energy (+5%) and utilities (+4%). Year-to-date, however, defensive stocks have in general outperformed, a reversal of the trend in 2013.

## BONDS & INTEREST RATES

- The Merrill Lynch Euro over 5 Year Index rose by a further 1.4% in April giving an impressive return of over 7% for the first four months

of the year. Bonds have risen in Europe, to the surprise of many commentators, on deflationary concerns as well as speculation that the ECB may introduce some form of quantitative easing (QE).

- The German 10-year bond yield fell further from 1.55% to 1.47% in April, its 2013 low was around 1.2%. Equivalent US rates fell from 2.72% to 2.65% during the month.
- As expected the ECB kept short rates at the current rate of 0.25% at its meeting in early April. However, it is now expected that the rate will be cut at the next meeting to perhaps 0.1%, driving some deposit rates into negative territory. The Fed and the Bank of England are both expected to keep interest rates at record low levels until H1 of 2015.

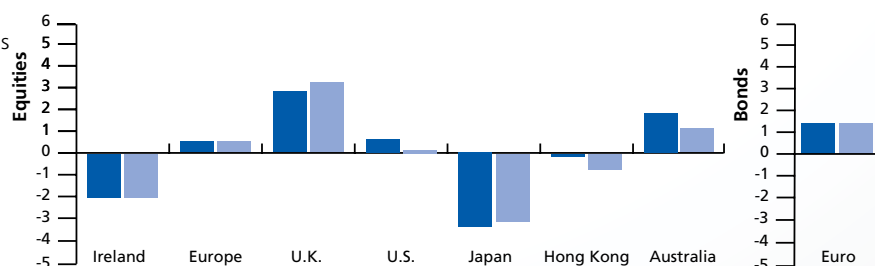
## COMMODITIES & CURRENCIES

- Commodity prices rose overall by 1.6% in April and are up a strong 10.5% in the first four months of 2014, led by soft commodities, livestock and grains. Industrial metals have under-performed.
- Both Brent (European) and West Texas (US) oil prices were little changed on the month, and year-to-date, ending April at \$108 and \$100 per barrel respectively.
- The gold price, which had fallen by 28% in 2013, has somewhat reversed the trend this year. It rose by 1% in April and has risen by almost 8% year-to-date to \$1,296 per troy ounce. The major currencies were relatively quiet during March. The €/£ rate moved from 1.38 to 1.39 during the month.

## EQUITY & BOND % RETURNS

This graph shows the performance of the major equity markets over the month of April. 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.**  
**Warning: The value of your investment may go down as well as up.**  
**Warning: Benefits may be affected by changes in currency exchange rates.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**



## ZURICH LIFE ANNUALISED PERFORMANCE TO 1ST MAY 2014

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Pathway Multi-Asset Funds								
Pathway 2	0.9%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	13,170,206
Pathway 3	1.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	28,729,182
Pathway 4	2.8%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	42,664,646
Pathway 5	1.7%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	20,717,416
Pathway 6	2.9%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	3,738,365
Managed Funds								
Cautiously Managed	4.7%	6.0%	9.4%	8.8%	Not Started	Not Started	Not Started	227,130,482
FinEx Sector Average	2.0%	2.1%	4.4%	5.8%	3.4%	3.0%	4.2%	
Balanced	2.4%	10.1%	9.9%	11.6%	6.6%	4.2%	8.2%	1,467,955,362
FinEx Sector Average	1.9%	7.5%	7.6%	10.2%	4.1%	2.7%	6.3%	
Performance	2.5%	10.8%	10.0%	12.3%	6.7%	3.9%	8.0%	1,088,739,801
Dynamic	1.8%	11.1%	10.1%	12.9%	6.8%	3.7%	8.0%	1,333,972,292
FinEx Sector Average	1.5%	6.8%	7.2%	10.6%	4.1%	2.9%	5.8%	
Protected Funds								
Protected 70	0.6%	6.6%	5.2%	Not Started	Not Started	Not Started	Not Started	7,119,268
Protected 80	0.2%	4.4%	3.0%	Not Started	Not Started	Not Started	Not Started	24,316,461
Protected 90	-0.3%	0.7%	0.1%	Not Started	Not Started	Not Started	Not Started	7,822,236
Cash Fund								
Secure	0.0%	0.0%	0.2%	0.3%	1.5%	2.1%	3.2%	397,685,104
FinEx Sector Average	0.0%	-0.1%	0.2%	0.5%	1.5%	1.9%	2.8%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	3.6%	1.1%	Not Started	Not Started	Not Started	Not Started	Not Started	3,023,900,000
Global Government Bond (JP Morgan)*	2.5%	-0.3%	Not Started	Not Started	Not Started	Not Started	Not Started	124,900,000
Indexed Eurozone Government Bond (BlackRock)	4.5%	3.9%	6.6%	Not Started	Not Started	Not Started	Not Started	6,111,886
Active Fixed Income	7.6%	5.8%	9.9%	6.6%	6.0%	6.0%	Not Started	372,101,657
Inflation-Linked Bond	2.2%	-2.5%	1.3%	Not Started	Not Started	Not Started	Not Started	6,280,028
Long Bond	9.8%	6.3%	11.0%	7.3%	6.4%	Not Started	Not Started	50,667,968
Global Real Return (PIMCO)*	4.4%	-6.2%	Not Started	Not Started	Not Started	Not Started	Not Started	3,500,000,000
Emerging Local Currency Debt (Pictet)*	1.6%	-16.1%	Not Started	Not Started	Not Started	Not Started	Not Started	7,535,557,210
FinEx Sector Average	4.4%	2.8%	6.5%	5.4%	4.3%	4.3%	6.2%	
Absolute Return/Diversified Assets Funds								
Income Opportunity (JP Morgan)*	0.5%	1.0%	Not Started	Not Started	Not Started	Not Started	Not Started	10,227,100,000
Dyanmic Diversified Growth (BlackRock)	1.9%	5.0%	Not Started	Not Started	Not Started	Not Started	Not Started	15,371,841
Diversified Assets	3.9%	3.1%	5.5%	10.3%	Not Started	Not Started	Not Started	12,056,303
Active Asset Allocation	3.0%	2.7%	6.5%	Not Started	Not Started	Not Started	Not Started	100,984,876
Commodity Funds								
Gold	6.8%	-16.9%	-4.2%	Not Started	Not Started	Not Started	Not Started	25,434,373
Earth Resources	7.2%	7.0%	-5.9%	3.1%	Not Started	Not Started	Not Started	9,534,411
Global Commodities	1.7%	0.5%	-3.2%	5.0%	Not Started	Not Started	Not Started	15,948,024
CommoditiesPLUS Strategy (PIMCO)*	8.5%	2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	383,500,000
Green Resources	2.9%	28.8%	-4.3%	-0.4%	Not Started	Not Started	Not Started	4,883,778

Source: Financial Express as at 30/04/2014

The Financial Express sector averages shown are the average of all funds in each of the Financial Express sectors in the individual pensions category.

**Annual management charges (AMC) apply. The fund returns shown are net of the AMC deducted by Zurich Life in our unit prices. 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.**

\* External fund size: Where external funds have been on the Zurich platform for less than two years, we have used the fund size of the underlying external fund.

Figures highlighted in blue indicate where the Zurich Life fund has outperformed the sector average.

	Year to Date	Annualised						Fund Size (€)
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Equity Funds (Global)								
5 Star 5	-3.7%	4.5%	8.8%	10.1%	5.7%	Not Started	Not Started	210,952,451
International Equity	0.6%	10.6%	10.6%	13.8%	7.0%	4.4%	Not Started	382,007,462
Global Select (Threadneedle)	-1.5%	9.0%	9.0%	13.8%	7.3%	Not Started	Not Started	9,015,277
Global Equity (MFS Meridian)*	0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	4,634,300,000
Indexed Global Equity (BlackRock)	1.3%	10.3%	11.9%	Not Started	Not Started	Not Started	Not Started	46,144,246
FinEx Sector Average	0.6%	8.1%	8.9%	13.5%	5.0%	2.2%	5.8%	
Equity Funds (European)								
Euro Markets Fund (Blackrock)*	2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	5,000,000,000
5 Star 5 Europe	1.1%	17.3%	12.7%	14.7%	9.9%	Not Started	Not Started	101,773,494
European Select (Threadneedle)	4.6%	10.2%	13.1%	19.3%	9.5%	Not Started	Not Started	21,692,726
Small Cap Europe (Pictet)*	4.8%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	394,391,899
FinEx Sector Average	2.4%	16.0%	8.8%	14.1%	6.9%	4.9%	Not Started	
Equity Funds (Eurozone)								
Eurozone Equity	3.9%	23.3%	9.4%	14.6%	9.6%	Not Started	Not Started	86,831,356
Europe ex-UK Index (BlackRock)	4.6%	17.8%	8.2%	12.9%	Not Started	Not Started	Not Started	3,612,924
Indexed Eurozone Equity (BlackRock)	5.1%	21.3%	6.6%	Not Started	Not Started	Not Started	Not Started	–
FinEx Sector Average	4.1%	18.7%	7.6%	12.3%	5.0%	2.9%	6.6%	
Equity Funds (Irish)								
Irish Equity	10.3%	29.0%	20.4%	16.5%	Not Started	Not Started	Not Started	17,630,948
FinEx Sector Average	7.5%	23.5%	17.6%	14.7%	1.2%	1.2%	6.8%	
Equity Funds (American)								
5 Star 5 Americas	1.3%	14.6%	11.6%	12.9%	7.9%	Not Started	Not Started	57,477,516
American Select (Threadneedle)	-2.0%	14.4%	14.1%	16.5%	7.2%	Not Started	Not Started	19,039,336
FinEx Sector Average	0.7%	13.4%	14.3%	16.7%	5.6%	1.8%	5.3%	
Equity Fund (UK)								
UK Growth (M&G)*	0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	713,420,000
UK Index (BlackRock)	2.9%	12.3%	10.0%	15.2%	Not Started	Not Started	Not Started	1,998,823
FinEx Sector Average	1.5%	10.9%	9.6%	15.6%	5.8%	1.8%	5.1%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	1.3%	-2.0%	3.8%	7.3%	7.5%	Not Started	Not Started	81,928,909
Asia Pacific Equity	1.6%	-2.3%	4.2%	Not Started	Not Started	Not Started	Not Started	6,781,297
FinEx Sector Average	0.8%	-4.7%	2.3%	12.3%	7.6%	5.8%	4.5%	
Equity Funds (Japan)								
Japan Index (BlackRock)	-8.7%	-8.5%	6.4%	6.3%	Not Started	Not Started	Not Started	3,945,545
FinEx Sector Average	-9.2%	-9.2%	6.8%	7.1%	-0.3%	-0.1%	-0.9%	
Equity Funds (High Yield)								
Dividend Growth	1.4%	8.6%	13.3%	16.4%	Not Started	Not Started	Not Started	187,217,971
Global Dividend (M&G)*	0.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	8,703,030,000
FinEx Sector Average	0.6%	8.1%	8.9%	13.5%	5.0%	2.2%	5.8%	
Equity Funds (Emerging Market)								
India Equity	5.9%	-5.7%	-4.0%	7.5%	Not Started	Not Started	Not Started	14,946,590
Emerging Markets Opportunities (JP Morgan)*	-2.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	2,356,000,000
FinEx Sector Average	-1.0%	-6.9%	-3.9%	7.1%	9.3%	Not Started	Not Started	
Equity Funds (Specialist)								
Top Tech 100	-0.9%	18.6%	17.2%	20.0%	8.3%	Not Started	Not Started	20,772,269
Property Funds								
European (Ex-UK) Property	8.3%	6.5%	4.9%	14.7%	Not Started	Not Started	Not Started	16,077,974
Global Property Equities (Henderson Horizon)*	3.9%	-11.0%	Not Started	Not Started	Not Started	Not Started	Not Started	1,070,000,000
Australasia Property	4.1%	-15.8%	5.2%	14.4%	Not Started	Not Started	Not Started	9,471,063
FinEx Sector Average	3.8%	6.0%	2.9%	3.1%	-0.1%	3.7%	7.1%	
Funds Closed to New Business								
Eurozone Property	7.7%	6.4%	3.8%	12.7%	Not Started	Not Started	Not Started	22,696,224
Global Emerging Markets Equity (Aberdeen)*	2.9%	-11.2%	Not Started	Not Started	Not Started	Not Started	Not Started	9,400,000,000

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