

OVERALL

Most financial markets have performed strongly in 2014 although commodity prices have come off their highs. Equities continue to be supported by the expectation of reasonably strong earnings' growth and low interest rates. Valuations, however, have crept up with the 2014 price earnings multiple (P/E) now trading at 15.8X and the 2015 P/E at 14.1X; albeit equities remain better value relative to other asset classes. Government bond yields are expected to eventually rise from current low levels.

ZURICH LIFE FUND ALLOCATIONS & ACTIVITY

Equities: The funds are overweight.

Bonds: The funds are underweight.

Activity: Profits were taken in bonds with the underweight position being increased.

Regionally, the funds are:

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

Sectorwise, the funds are:

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

EQUITY MARKETS

- Equities (in euro terms) rose for a seventh straight month in August, although a weaker euro currency was, once again, a contributory factor; the global index hit a fresh all-time high on the last trading day of the month. The equity bull market is now five and-a-half years old. Markets were supported in August by increased investor and consumer confidence as well as reasonably good corporate earnings' growth in the US. Geo-political tensions in Ukraine and Syria at times weighed on markets.
- World equities (in euro terms) rose by 3.9% in August giving a total return of 12.5% for the first eight months of the year. With the exception of Japan, most of the major markets were flat to up in local currency terms during the month led by the bellwether US market (+3.8%) and Europe (1.6%).
- Sectorwise, August saw no clear distinction between cyclical and defensive stocks. The two weakest sectors in the US were telecoms (-1.1%) and energy (+1.8%). All other sectors were up by between 4% to 5%.
- The German 10-year bond yield fell further from 1.15% to an all-time low of 0.89% in August. Equivalent US rates fell from 2.56% to 2.34% during the month.
- The Federal Reserve is now expected to keep interest rates at record low levels until the second quarter of 2015 whilst there is a good chance that the Bank of England will begin to increase rates in the fourth quarter of 2014. ECB rates could be cut further in September from the current rate of 0.15% following Mario Draghi's comments concerning renewed stimulus measures. Rates are likely to remain at ultra low levels for an extended period of time.

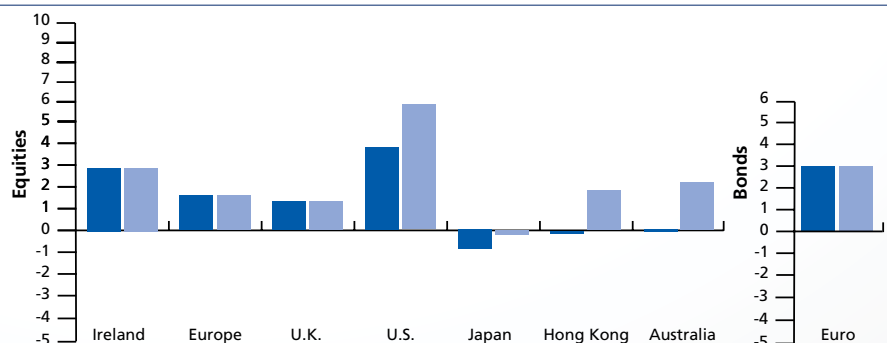
COMMODITIES & CURRENCIES

- Commodity prices overall were little changed (in dollar terms) in August. Although commodities are up 5% in the first eight months of 2014 they are well off their mid-June highs.
- Both Brent (European) and West Texas (US) oil prices were down over 2% on the month ending at \$103 and \$96 per barrel respectively.
- The gold price had performed strongly in the first half of 2014 (+10%) but fell 3% in July. It was unchanged in August at \$1,286 per troy ounce.
- The euro was weaker against most of the other major currencies during August (it was flat against sterling) due to weaker economic data in the eurozone. The €/£ rate moved from 1.34 to 1.31 during the month.

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.
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 SEPTEMBER 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	2.4%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	18,035,110
Pathway 3	5.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	57,933,357
Pathway 4	10.0%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	101,041,703
Pathway 5	10.6%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	33,114,523
Pathway 6	8.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	5,058,016
Managed Funds								
Cautiously Managed	12.9%	17.6%	11.6%	8.9%	Not Started	Not Started	Not Started	260,636,692
<i>FinEx Sector Average</i>	6.6%	9.5%	7.0%	5.4%	3.8%	3.4%	4.4%	
Balanced	9.0%	17.0%	14.8%	10.6%	7.3%	5.0%	8.4%	1,558,683,723
<i>FinEx Sector Average</i>	8.5%	15.0%	13.2%	9.1%	4.8%	3.2%	6.6%	
Performance	9.6%	18.2%	15.2%	11.0%	7.5%	4.8%	8.2%	1,145,571,021
Dynamic	9.2%	18.4%	16.0%	11.6%	7.7%	4.6%	8.2%	1,415,482,847
<i>FinEx Sector Average</i>	8.4%	14.1%	13.1%	9.4%	4.8%	3.4%	6.2%	
Protected Funds								
Protected 70	6.2%	12.8%	9.9%	Not Started	Not Started	Not Started	Not Started	8,345,057
Protected 80	4.3%	8.9%	6.5%	Not Started	Not Started	Not Started	Not Started	25,325,210
Protected 90	1.4%	3.2%	1.7%	Not Started	Not Started	Not Started	Not Started	9,083,150
Cash Fund								
Secure	0.0%	0.0%	0.1%	0.3%	1.4%	2.1%	3.1%	391,740,938
<i>FinEx Sector Average</i>	0.2%	0.2%	0.2%	0.4%	1.4%	1.9%	2.7%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	6.3%	8.7%	Not Started	Not Started	Not Started	Not Started	Not Started	3,098,200,000
Global Government Bond (JP Morgan)*	5.4%	6.0%	Not Started	Not Started	Not Started	Not Started	Not Started	277,300,000
Indexed Eurozone Government Bond (BlackRock)	9.6%	11.9%	7.3%	Not Started	Not Started	Not Started	Not Started	6,499,069
Active Fixed Income	15.3%	18.0%	10.3%	7.5%	6.4%	6.9%	Not Started	410,044,810
Inflation-Linked Bond	5.9%	5.9%	2.7%	Not Started	Not Started	Not Started	Not Started	5,908,041
Long Bond	20.8%	23.7%	12.8%	8.7%	7.0%	Not Started	Not Started	57,592,862
Global Real Return (PIMCO)*	8.8%	8.1%	Not Started	Not Started	Not Started	Not Started	Not Started	2,800,000,000
Emerging Local Currency Debt (Pictet)*	8.6%	5.4%	Not Started	Not Started	Not Started	Not Started	Not Started	7,866,309,303
<i>FinEx Sector Average</i>	10.1%	11.9%	7.5%	5.5%	4.7%	5.0%	6.7%	
Absolute Return/Diversified Assets Funds								
Income Opportunity (JP Morgan)*	0.5%	1.4%	Not Started	Not Started	Not Started	Not Started	Not Started	10,052,100,000
Dyanmic Diversified Growth (BlackRock)	4.6%	9.3%	Not Started	Not Started	Not Started	Not Started	Not Started	17,912,198
Diversified Assets	11.3%	13.3%	9.8%	9.1%	Not Started	Not Started	Not Started	13,306,642
Active Asset Allocation	10.3%	13.1%	9.0%	Not Started	Not Started	Not Started	Not Started	112,989,792
Commodity Funds								
Gold	11.6%	-8.9%	-9.0%	7.1%	Not Started	Not Started	Not Started	33,560,295
Earth Resources	11.1%	3.6%	-1.3%	3.1%	Not Started	Not Started	Not Started	9,759,489
Global Commodities	0.7%	-7.0%	-0.6%	3.2%	Not Started	Not Started	Not Started	16,681,876
CommoditiesPLUS Strategy (PIMCO)*	1.0%	-2.6%	Not Started	Not Started	Not Started	Not Started	Not Started	341,700,000
Green Resources	11.7%	25.5%	7.1%	0.6%	Not Started	Not Started	Not Started	5,190,926

Source: Financial Express as at 01/09/2014

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	6.2%	15.4%	15.9%	10.7%	6.7%	Not Started	Not Started	224,599,361
International Equity	10.3%	20.6%	17.7%	13.0%	8.2%	5.1%	Not Started	453,774,686
Global Select (Threadneedle)	8.6%	19.9%	16.8%	13.3%	8.3%	Not Started	Not Started	9,372,108
Global Equity (MFS Meridian)*	8.0%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	4,862,800,000
Indexed Global Equity (BlackRock)	11.1%	19.4%	19.3%	Not Started	Not Started	Not Started	Not Started	64,199,765
FinEx Sector Average	8.4%	15.9%	16.3%	11.7%	6.0%	2.6%	6.1%	
Equity Funds (European)								
Euro Markets Fund (BlackRock)*	-2.0%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	4,365,301,453
5 Star 5 Europe	3.4%	17.9%	19.2%	11.7%	9.9%	Not Started	Not Started	98,824,061
European Select (Threadneedle)	5.3%	11.0%	17.7%	16.5%	9.9%	Not Started	Not Started	20,781,550
Small Cap Europe (Pictet)*	1.2%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	371,557,811
FinEx Sector Average	3.3%	12.9%	16.5%	10.2%	7.1%	4.7%	Not Started	
Equity Funds (Eurozone)								
Eurozone Equity	3.5%	18.6%	17.2%	10.3%	9.6%	Not Started	Not Started	86,765,549
Europe ex-UK Index (BlackRock)	5.6%	17.4%	15.6%	9.0%	Not Started	Not Started	Not Started	3,508,246
Indexed Eurozone Equity (BlackRock)	5.1%	16.1%	15.0%	Not Started	Not Started	Not Started	Not Started	847,721
FinEx Sector Average	3.5%	12.9%	14.5%	7.9%	5.1%	2.9%	6.6%	
Equity Funds (Irish)								
Irish Equity	8.0%	14.8%	25.6%	12.7%	Not Started	Not Started	Not Started	14,542,940
FinEx Sector Average	5.7%	13.4%	23.3%	10.4%	0.7%	1.5%	6.5%	
Equity Funds (American)								
5 Star 5 Americas	15.5%	27.3%	20.4%	14.1%	9.5%	Not Started	Not Started	64,276,732
American Select (Threadneedle)	11.9%	25.4%	22.5%	17.3%	8.9%	Not Started	Not Started	20,006,809
FinEx Sector Average	13.9%	24.7%	22.9%	17.2%	7.1%	2.5%	5.9%	
Equity Fund (UK)								
UK Growth (M&G)*	7.0%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	2,052,172
UK Index (BlackRock)	8.7%	17.7%	15.8%	12.4%	Not Started	Not Started	Not Started	
FinEx Sector Average	5.9%	14.2%	15.7%	12.5%	6.2%	2.2%	5.2%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	11.9%	16.8%	10.0%	7.2%	8.3%	Not Started	Not Started	88,699,851
Asia Pacific Equity	13.5%	17.5%	11.6%	Not Started	Not Started	Not Started	Not Started	7,738,785
FinEx Sector Average	14.6%	18.4%	11.1%	10.8%	9.2%	6.0%	4.8%	
Equity Funds (Japan)								
Japan Index (BlackRock)	3.1%	9.1%	11.5%	6.6%	Not Started	Not Started	Not Started	4,122,837
FinEx Sector Average	2.5%	8.4%	11.7%	7.1%	1.6%	-0.5%	-0.4%	
Equity Funds (High Yield)								
Dividend Growth	10.3%	19.7%	19.0%	14.9%	Not Started	Not Started	Not Started	204,287,885
Global Dividend (M&G)*	8.7%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	
FinEx Sector Average	8.4%	15.9%	16.3%	11.7%	6.0%	2.6%	6.1%	
Equity Funds (Emerging Market)								
India Equity	30.7%	54.4%	8.0%	6.8%	Not Started	Not Started	Not Started	17,746,544
Emerging Markets Opportunities (JP Morgan)*	13.3%	Not Started	Not Started	Not Started	Not Started	Not Started	Not Started	3,002,700,000
FinEx Sector Average	16.5%	23.9%	6.5%	6.1%	11.3%	Not Started	Not Started	
Equity Funds (Specialist)								
Top Tech 100	19.2%	33.5%	26.4%	22.7%	10.7%	Not Started	Not Started	25,752,592
FinEx Sector Average	9.1%	13.4%	7.7%	6.0%	4.2%	2.4%	3.8%	
Property Funds								
European (Ex-UK) Property	16.1%	22.8%	10.0%	10.9%	Not Started	Not Started	Not Started	20,579,313
Global Property Equities (Henderson Horizon)*	14.7%	14.2%	Not Started	Not Started	Not Started	Not Started	Not Started	1,060,000,000
Australasia Property	20.7%	18.3%	12.7%	12.0%	Not Started	Not Started	Not Started	13,528,970
FinEx Sector Average	9.8%	14.2%	5.5%	4.0%	0.1%	3.6%	7.2%	
Funds Closed to New Business								
Eurozone Property	17.7%	24.3%	11.4%	9.2%	Not Started	Not Started	Not Started	24,561,835
Global Emerging Markets Equity (Aberdeen)*	17.8%	19.5%	Not Started	Not Started	Not Started	Not Started	Not Started	9,882,477,941

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