

OVERALL

Increased volatility is more likely in coming months in anticipation of the Federal Reserve and the Bank of England beginning to tighten liquidity conditions. Conversely, the ECB is likely to engage in quantitative easing (QE) given the risk of deflation and the anemic economic outlook. Equities continue to be supported by the expectation of reasonably strong earnings' growth and low interest rates; in addition, equities remain better value relative to other asset classes. Government bond yields are expected to eventually rise from current ultra-low levels.

ZURICH LIFE FUND ALLOCATIONS & ACTIVITY

Equities: The funds are overweight.

Bonds: The funds are underweight.

Activity: The underweight European equity position was decreased slightly with a concurrent reduction of UK equities.

Regionally, the funds are:

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

Sectorwise, the funds are:

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

EQUITY MARKETS

- Equities (in euro terms) rose for a tenth straight month in November as the equity bull market nears its sixth anniversary. Markets reacted positively to a number of factors including a good US Q3 earnings season, increased monetary expansion (QE) in Japan and a cut in Chinese interest rates. Dovish comments from ECB President Mario Draghi, in which he strengthened his stimulus pledge, also helped European equities.
- World equities (in euro terms) rose by 2.3% in November giving a total return of 18.0% for the eleven months of the year. Euro currency weakness has been a major contributory factor to 2014 returns. With the exception of commodity-exposed Australia, all of the major markets were flat to positive in local currency terms during the month led by Japan (+5.8%) and Europe (+4.6%). The bellwether US market was up 2.5%.
- Sectorwise, the key feature was the huge underperformance of energy stocks (-9%) due to the collapse of oil prices. All other sectors were in positive territory in the US led by consumer stocks (+5%), technology (+5%) and healthcare (+3%).

BONDS & INTEREST RATES

- The Merrill Lynch Euro over 5 Year Index was up 2.2% in November and is up an impressive 18.5% for the first eleven months of the year. All of the eurozone markets were up on the month headed by Italy (+2.9%). Bond prices have risen in Europe in 2014 on deflationary concerns as well as speculation

about the introduction of some form of QE.

- The German 10-year bond yield fell further in November from 0.84% to 0.70%, a fresh all-time low. Equivalent US rates fell from 2.34% to 2.16% during the month.
- The Federal Reserve and the Bank of England are now expected to keep interest rates at record low levels until third quarter of 2015, with a 25% chance of the latter moving in the second quarter. The ECB is likely to begin QE in the first quarter of 2015 with President Mario Draghi indirectly saying that the ECB Council was willing to outvote the German Bundesbank on the matter.

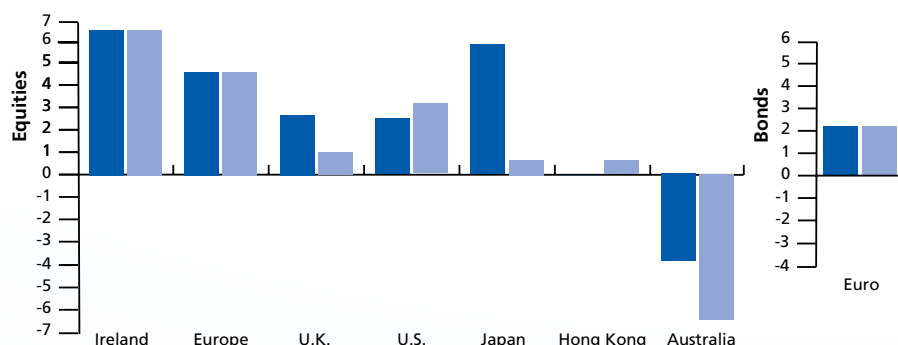
COMMODITIES & CURRENCIES

- Commodity prices overall were down heavily, by 6% (in dollar terms), in November and are now down 19% since 20th June, following a strong start to the year.
- Oil prices were off sharply as Saudi Arabia attempted to muscle out US shale oil producers by keeping supplies at high levels. OPEC appears to be breaking up with Venezuela storming out of the latest meeting. The Brent (European) oil price was down 18% at \$70 per barrel while West Texas (US) was also down 18% at \$66 per barrel.
- The gold price was marginally up in November, ending at \$1,175 per troy ounce. Gold had reached an all-time high of \$1,889 in August 2011.
- After a long period of weakness, the euro currency was flat to stronger against a number of other major currencies during November. The €/£ rate was unchanged at 1.25 at month end.

EQUITY & BOND % RETURNS

This graph shows the performance of the major equity markets over the month of November. 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 DECEMBER 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	2.9%	2.7%	Not Started	Not Started	Not Started	Not Started	Not Started	28,592,927
Pathway 3	6.3%	6.2%	Not Started	Not Started	Not Started	Not Started	Not Started	91,779,941
Pathway 4	12.7%	12.5%	Not Started	Not Started	Not Started	Not Started	Not Started	140,377,774
Pathway 5	14.2%	14.0%	Not Started	Not Started	Not Started	Not Started	Not Started	44,268,149
Pathway 6	9.2%	8.6%	Not Started	Not Started	Not Started	Not Started	Not Started	5,853,045
Managed Funds								
Cautiously Managed	16.8%	16.6%	13.5%	9.3%	Not Started	Not Started	Not Started	290,757,764
<i>FinEx Sector Average</i>	8.1%	7.8%	7.4%	5.3%	3.7%	3.3%	4.4%	
Balanced	13.6%	14.3%	15.5%	11.1%	7.2%	4.9%	8.7%	1,613,216,710
<i>FinEx Sector Average</i>	11.7%	11.4%	13.8%	9.5%	4.8%	3.1%	6.9%	
Performance	14.6%	15.5%	16.0%	11.7%	7.4%	4.6%	8.6%	1,195,924,137
Dynamic	14.4%	15.4%	16.7%	12.2%	7.6%	4.5%	8.6%	1,481,739,248
<i>FinEx Sector Average</i>	11.3%	11.0%	13.4%	9.7%	4.8%	3.2%	6.5%	
Protected Funds								
Protected 70	9.7%	10.3%	10.7%	Not Started	Not Started	Not Started	Not Started	9,455,878
Protected 80	6.6%	7.0%	7.2%	Not Started	Not Started	Not Started	Not Started	26,146,764
Protected 90	2.6%	2.6%	2.2%	Not Started	Not Started	Not Started	Not Started	7,940,966
Cash Fund								
Secure	0.0%	0.0%	0.1%	0.3%	1.4%	2.1%	3.1%	390,833,086
<i>FinEx Sector Average</i>	0.4%	0.4%	0.2%	0.4%	1.4%	1.9%	2.7%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	6.9%	7.1%	Not Started	Not Started	Not Started	Not Started	Not Started	3,341,200,000
Global Government Bond (JP Morgan)*	7.2%	6.6%	Not Started	Not Started	Not Started	Not Started	Not Started	300,200,000
Indexed Eurozone Government Bond (BlackRock)	11.2%	10.9%	8.7%	Not Started	Not Started	Not Started	Not Started	7,425,951
Active Fixed Income	18.3%	17.4%	12.6%	7.7%	6.4%	7.0%	Not Started	448,375,576
Inflation-Linked Bond	5.2%	4.3%	5.3%	Not Started	Not Started	Not Started	Not Started	5,871,141
Long Bond	24.9%	23.8%	15.8%	9.1%	6.9%	Not Started	Not Started	60,749,539
Global Real Return (PIMCO)*	9.5%	8.1%	Not Started	Not Started	Not Started	Not Started	Not Started	2,400,000,000
Emerging Local Currency Debt (Pictet)*	8.4%	7.4%	Not Started	Not Started	Not Started	Not Started	Not Started	6,618,816,881
<i>FinEx Sector Average</i>	11.7%	11.1%	9.6%	5.4%	4.5%	5.1%	6.6%	
Absolute Return/Diversified Assets Funds								
Income Opportunity (JP Morgan)*	-0.3%	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	8,592,800,000
Dyanmic Diversified Growth (BlackRock)	5.6%	6.4%	6.0%	Not Started	Not Started	Not Started	Not Started	17,115,909
Diversified Assets	12.2%	11.8%	10.1%	8.8%	Not Started	Not Started	Not Started	13,157,467
Active Asset Allocation	13.0%	12.7%	9.9%	Not Started	Not Started	Not Started	Not Started	126,365,170
Commodity Funds								
Gold	8.0%	2.2%	-10.6%	3.1%	Not Started	Not Started	Not Started	33,179,777
Earth Resources	-0.6%	-1.5%	-3.6%	0.2%	Not Started	Not Started	Not Started	8,517,969
Global Commodities	-5.4%	-4.5%	-4.0%	1.6%	Not Started	Not Started	Not Started	15,257,392
CommoditiesPLUS Strategy (PIMCO)*	-8.9%	-7.9%	Not Started	Not Started	Not Started	Not Started	Not Started	347,300,000
Green Resources	0.5%	0.8%	8.1%	-1.1%	Not Started	Not Started	Not Started	4,610,200

Source: Financial Express as at 01/12/2014

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	11.4%	12.9%	16.6%	11.4%	6.9%	Not Started	Not Started	215,434,254
International Equity	16.0%	17.2%	18.0%	13.7%	8.5%	4.5%	Not Started	515,549,421
Global Select (Threadneedle)	14.1%	16.3%	17.4%	13.8%	8.6%	Not Started	Not Started	9,600,463
Global Equity (MFS Meridian)*	16.1%	17.4%	Not Started	Not Started	Not Started	Not Started	Not Started	4,977,000,000
Indexed Global Equity (BlackRock)	17.6%	20.3%	18.7%	Not Started	Not Started	Not Started	Not Started	71,115,052
FinEx Sector Average	12.9%	11.8%	16.0%	12.3%	6.2%	2.3%	6.6%	
Equity Funds (European)								
Euro Markets Fund (BlackRock)*	-1.2%	-0.2%	Not Started	Not Started	Not Started	Not Started	Not Started	3,000,000,000
5 Star 5 Europe	9.1%	11.2%	20.7%	12.8%	9.5%	Not Started	Not Started	101,749,088
European Select (Threadneedle)	13.3%	14.6%	19.8%	16.9%	10.1%	Not Started	Not Started	21,194,364
Small Cap Europe (Pictet)*	0.1%	2.7%	Not Started	Not Started	Not Started	Not Started	Not Started	278,887,914
FinEx Sector Average	5.5%	5.1%	17.6%	10.2%	6.7%	3.7%	Not Started	
Equity Funds (Eurozone)								
Eurozone Equity	6.4%	7.6%	18.2%	10.4%	9.0%	Not Started	Not Started	87,218,885
Europe ex-UK Index (BlackRock)	8.8%	9.2%	17.0%	9.5%	Not Started	Not Started	Not Started	3,217,869
Indexed Eurozone Equity (BlackRock)	7.5%	7.4%	16.2%	Not Started	Not Started	Not Started	Not Started	1,253,886
FinEx Sector Average	5.9%	6.1%	14.8%	7.8%	4.6%	2.5%	7.0%	
Equity Funds (Irish)								
Irish Equity	12.2%	12.6%	23.6%	15.4%	Not Started	Not Started	Not Started	14,561,523
FinEx Sector Average	11.0%	11.6%	22.3%	13.3%	0.3%	1.8%	7.0%	
Equity Funds (American)								
5 Star 5 Americas	24.4%	26.7%	21.1%	15.4%	9.9%	Not Started	Not Started	67,389,461
American Select (Threadneedle)	17.8%	19.9%	20.8%	18.2%	9.5%	Not Started	Not Started	19,753,328
FinEx Sector Average	22.5%	23.3%	22.3%	18.5%	8.1%	2.6%	6.7%	
Equity Fund (UK)								
UK Growth (M&G)*	6.2%	10.2%	Not Started	Not Started	Not Started	Not Started	Not Started	733,990,000
UK Index (BlackRock)	7.0%	8.6%	12.8%	11.6%	Not Started	Not Started	Not Started	2,017,893
FinEx Sector Average	4.9%	5.2%	13.3%	11.6%	5.9%	1.6%	5.4%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	11.4%	8.4%	11.1%	6.7%	7.4%	Not Started	Not Started	85,960,778
Asia Pacific Equity	11.3%	8.4%	11.6%	Not Started	Not Started	Not Started	Not Started	7,595,939
FinEx Sector Average	12.7%	9.1%	11.0%	9.4%	8.4%	5.2%	5.2%	
Equity Funds (Japan)								
Japan Index (BlackRock)	7.0%	6.5%	12.7%	9.5%	Not Started	Not Started	Not Started	4,246,533
FinEx Sector Average	5.1%	3.4%	12.4%	9.9%	2.4%	-1.5%	0.1%	
Equity Funds (High Yield)								
Dividend Growth	14.8%	14.5%	19.6%	15.8%	Not Started	Not Started	Not Started	210,935,664
Global Dividend (M&G)*	8.8%	9.5%	Not Started	Not Started	Not Started	Not Started	Not Started	9,233,950,000
FinEx Sector Average	12.9%	11.8%	16.0%	12.3%	6.2%	2.3%	6.6%	
Equity Funds (Emerging Market)								
India Equity	42.6%	45.2%	14.2%	6.6%	Not Started	Not Started	Not Started	19,795,847
Emerging Markets Opportunities (JP Morgan)*	12.3%	8.3%	Not Started	Not Started	Not Started	Not Started	Not Started	2,950,700,000
FinEx Sector Average	17.2%	15.0%	7.2%	4.2%	11.2%	Not Started	Not Started	
Equity Funds (Specialist)								
Top Tech 100	33.9%	36.1%	27.4%	24.6%	11.5%	Not Started	Not Started	29,128,683
FinEx Sector Average	9.1%	10.1%	7.8%	5.4%	3.9%	1.3%	3.7%	
Property Funds								
European (Ex-UK) Property	17.9%	16.2%	15.1%	10.6%	Not Started	Not Started	Not Started	23,129,972
Global Property Equities (Henderson Horizon)*	21.5%	21.0%	Not Started	Not Started	Not Started	Not Started	Not Started	970,000,000
Australasia Property	23.2%	18.4%	13.1%	11.7%	Not Started	Not Started	Not Started	15,594,263
FinEx Sector Average	12.6%	12.6%	7.2%	4.5%	0.1%	3.5%	7.3%	
Funds Closed to New Business								
Eurozone Property	17.8%	14.2%	15.6%	8.3%	Not Started	Not Started	Not Started	23,528,314
Global Emerging Markets Equity (Aberdeen)*	14.6%	9.8%	Not Started	Not Started	Not Started	Not Started	Not Started	8,866,385,298

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