

Monthly Investment Review

Global central bank policy of low interest rates remains a key support for financial markets. Although price earnings multiples have risen in some markets, equities remain reasonably valued compared to cash and bonds. Euro currency weakness has continued to reward investors in foreign assets in 2015. As it is likely that the US and the UK will begin to raise interest rates late in 2015 or early in 2016, volatility in markets may increase from current levels. Global growth concerns, especially in China and the emerging markets, have resulted in a recovery in bond markets recently. However, long-term eurozone bonds yields are not attractively valued.



Richard Temperley
Head of Investment Development

Zurich Life Fund Allocations & Activity

Equities: The funds are overweight.

Bonds: The funds are underweight and have a preference for Spanish over German and Italian bonds.

Activity: The bond positions were traded on a tactical basis. European equities (ex-Ireland) were increased slightly in advance of the Greek bailout.

Regionally, the funds are:

- Underweight in the UK and North America.
- Neutral in Asia Pacific (ex-Japan).
- Overweight in Ireland, Europe (ex-UK) and Japan.

Sectorwise, the funds are:

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

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.

Equity Markets

- Equities (in euro terms) rose in July, due partly to the latest Greek bailout as well as a good start to the Q2 earnings' results season. Markets have, however, been range-bound since the middle of March. On a technical basis, the global index (in euro terms) rose just above its 50-day moving average at month-end and remains 5% above the critical 200-day moving average.
- World equities (in euro terms) rose by 2.1% during the month and have given a total return of a 14.0% during the first seven months of 2015. With the exception of Hong Kong (-6.1%), all of the major markets were up in local currency terms during the period ranging from 1.8% in Japan to 4.6% in Europe.
- Sectorwise in the US, defensive sectors, such as consumer staples, outperformed economically sensitive sectors, such as materials and energy. The bond proxy utilities sector was the strongest performer in July (+6.0%) as bond markets strengthened due to global growth worries.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose sharply (+3.5%) following declines in each of the previous three months, giving a total return of plus 1.2% in the first seven months

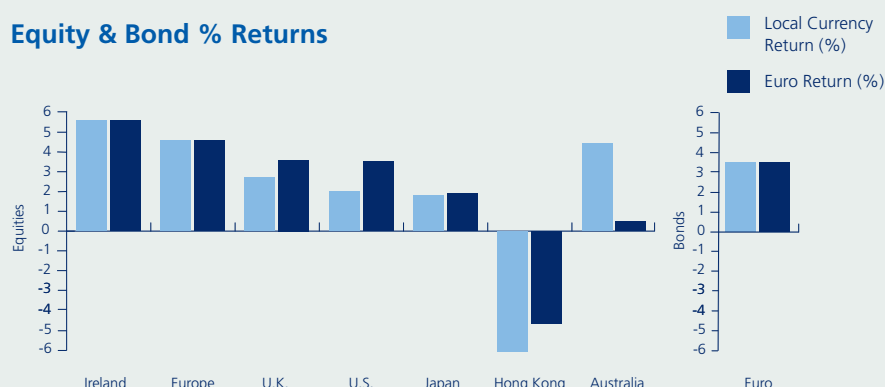
of 2015. Bond prices in general reacted positively to the Greek bailout and weak economic data in China.

- The German 10-year bond yield fell in July from 0.76% to 0.64%. The yield had hit an all-time low of 0.06% in mid-April. Equivalent US rates fell from 2.35% to 2.18%. Bonds are seeing a significant pick-up in volatility.
- The Federal Reserve is now fully expected to begin to increase rates from current record low levels in December 2015, with a 50% chance of lift-off in September. The Bank of England is not expected to move until February 2016. ECB rates are unlikely to change for the foreseeable future.

Commodities & Currencies

- Commodity prices overall fell heavily in July, down 11% in dollar terms, due to the Chinese economic news. Oil prices fell by 20%. Commodities are now down 12% so far this year with some significant volatility.
- The gold price was down 7% on the month, ending at \$1,095 per troy ounce.
- The euro currency was mixed against the major currencies during July - weaker against the US dollar and the British pound but stronger against the Swiss franc and the Aussie dollar. The €/£ rate moved from 1.12 to 1.10 over the month.

Equity & Bond % Returns



This graph shows the performance of the major equity markets over the month of July. The returns are shown in both local and euro currencies. The bond index is the Merrill Lynch over 5 Year Euro Government Bond Index.

Zurich Life Annualised Performance to 1st August 2015

	Year to Date	Annualised						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Pathway Multi-Asset Funds								
Pathway 2	1.6%	2.9%	N/S	N/S	N/S	N/S	N/S	78,598,062
Pathway 3	4.2%	7.6%	N/S	N/S	N/S	N/S	N/S	239,036,922
Pathway 4	8.0%	15.2%	N/S	N/S	N/S	N/S	N/S	264,359,575
Pathway 5	11.5%	20.8%	N/S	N/S	N/S	N/S	N/S	89,784,371
Pathway 6	13.2%	13.8%	N/S	N/S	N/S	N/S	N/S	10,631,491
Managed Funds								
Cautiously Managed	7.3%	16.2%	12.0%	9.6%	N/S	N/S	N/S	327,478,622
FinEx Sector Average	4.2%	7.2%	6.0%	5.1%	3.3%	3.4%	4.5%	
Balanced	12.7%	22.5%	15.6%	12.5%	7.1%	5.4%	8.9%	1,719,060,348
FinEx Sector Average	9.7%	15.7%	12.7%	9.9%	4.5%	3.3%	7.0%	
Performance	13.8%	24.1%	16.6%	13.0%	7.0%	5.2%	8.8%	1,340,251,470
Dynamic	15.1%	25.9%	17.6%	13.7%	7.4%	5.1%	8.8%	1,673,198,398
FinEx Sector Average	11.0%	16.3%	12.8%	10.2%	4.6%	3.5%	6.6%	
Protected Funds								
Protected 70	11.2%	18.4%	12.0%	8.3%	N/S	N/S	N/S	14,103,549
Protected 80	8.1%	13.0%	8.3%	5.4%	N/S	N/S	N/S	32,556,415
Protected 90	3.9%	6.0%	3.0%	1.7%	N/S	N/S	N/S	11,866,024
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.2%	1.3%	1.9%	2.9%	417,278,387
Cash Fund	-0.4%	-0.5%	-0.4%	-0.2%	N/S	N/S	N/S	
FinEx Sector Average	0.2%	0.4%	0.2%	0.3%	1.3%	1.7%	2.5%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	-0.3%	2.1%	N/S	N/S	N/S	N/S	N/S	4,004,300,000
Global Government Bond (JP Morgan)*	0.1%	4.0%	N/S	N/S	N/S	N/S	N/S	454,200,000
Indexed Eurozone Government Bond (BlackRock)	-0.5%	4.7%	6.4%	N/S	N/S	N/S	N/S	7,510,471
Active Fixed Income	0.5%	7.9%	8.9%	7.4%	5.8%	6.8%	8.4%	247,166,879
Inflation-Linked Bond	1.2%	1.0%	1.1%	1.6%	N/S	N/S	N/S	5,431,765
Long Bond	1.8%	12.8%	11.9%	9.1%	6.3%	N/S	N/S	59,857,593
Global Real Return (PIMCO)*	0.2%	1.8%	N/S	N/S	N/S	N/S	N/S	2,900,000,000
Emerging Local Currency Debt (Pictet)*	1.2%	0.9%	N/S	N/S	N/S	N/S	N/S	5,515,679,412
FinEx Sector Average	0.5%	5.0%	6.2%	5.0%	3.9%	4.9%	6.4%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco) *	1.2%	N/S	N/S	N/S	N/S	N/S	N/S	1,710,000,000
Income Opportunity (JP Morgan)*	0.0%	-0.7%	N/S	N/S	N/S	N/S	N/S	6,785,000,000
Dynamic Diversified Growth (BlackRock)	1.0%	3.0%	5.3%	N/S	N/S	N/S	N/S	21,733,934
Diversified Assets	5.6%	8.9%	7.4%	7.8%	N/S	N/S	N/S	14,669,656
Active Asset Allocation	7.9%	14.9%	9.4%	N/S	N/S	N/S	N/S	164,073,449
Commodity Funds								
Gold	-0.6%	3.3%	-9.8%	1.0%	N/S	N/S	N/S	47,064,448
Earth Resources	-4.8%	-16.4%	-5.5%	-3.7%	N/S	N/S	N/S	6,765,659
Global Commodities	-4.7%	-17.0%	-9.5%	-2.5%	N/S	N/S	N/S	15,115,734
CommoditiesPLUS Strategy (PIMCO)*	-13.0%	-29.6%	N/S	N/S	N/S	N/S	N/S	344,100,000
Green Resources	4.6%	2.5%	13.8%	-1.8%	N/S	N/S	N/S	4,332,404
Equity Funds (Global)								
5 Star 5	16.7%	29.4%	15.8%	13.4%	6.4%	N/S	N/S	235,946,526
International Equity	14.5%	26.8%	17.9%	14.7%	8.0%	4.1%	N/S	689,506,491
Global Select (Threadneedle)	15.8%	29.4%	18.7%	14.8%	8.3%	N/S	N/S	9,725,775
Global Equity (MFS Meridian)*	16.2%	32.6%	N/S	N/S	N/S	N/S	N/S	5,265,300,000
Indexed Global Equity (BlackRock)	17.0%	29.7%	18.9%	N/S	N/S	N/S	N/S	87,340,383
FinEx Sector Average	13.3%	21.1%	15.4%	12.7%	6.0%	2.5%	7.0%	

Source: Financial Express as at 01/08/2015

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.

N/S = Not Started.

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 (European)								
Euro Markets Fund (BlackRock)*	26.0%	26.4%	N/S	N/S	N/S	N/S	N/S	3,188,420,000
5 Star 5 Europe	22.6%	32.5%	21.9%	15.9%	8.0%	N/S	N/S	119,666,994
European Select (Threadneedle)	20.9%	32.8%	19.6%	17.7%	9.9%	N/S	N/S	19,903,257
Small Cap Europe (Pictet)*	27.6%	32.2%	N/S	N/S	N/S	N/S	N/S	325,160,760
FinEx Sector Average	21.6%	24.3%	19.6%	12.7%	6.7%	3.2%	8.4%	
Equity Funds (Eurozone)								
Eurozone Equity	18.8%	21.3%	20.9%	12.7%	8.3%	N/S	N/S	84,717,637
Europe ex-UK Index (BlackRock)	19.3%	22.2%	19.1%	11.6%	N/S	N/S	N/S	3,813,487
Indexed Eurozone Equity (BlackRock)	20.6%	24.8%	20.2%	N/S	N/S	N/S	N/S	1,632,791
FinEx Sector Average	18.2%	20.0%	19.1%	10.7%	4.4%	2.7%	7.2%	
Equity Funds (Irish)								
Irish Equity	27.8%	41.6%	29.7%	20.7%	2.9%	N/S	N/S	18,990,485
FinEx Sector Average	23.3%	36.7%	26.6%	18.1%	1.3%	3.8%	7.5%	
Equity Funds (American)								
5 Star 5 Americas	13.0%	33.4%	20.5%	16.9%	9.5%	N/S	N/S	66,719,321
American Select (Threadneedle)	14.3%	32.0%	19.7%	19.2%	9.5%	N/S	N/S	16,189,808
FinEx Sector Average	12.0%	27.1%	19.8%	18.4%	7.8%	2.9%	7.2%	
Equity Fund (UK)								
UK Growth (M&G)*	21.1%	24.6%	N/S	N/S	N/S	N/S	N/S	808,330,000
UK Index (BlackRock)	13.8%	14.0%	12.8%	11.6%	N/S	N/S	N/S	2,713,219
FinEx Sector Average	16.6%	15.9%	13.5%	12.0%	6.0%	2.5%	6.0%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	9.2%	7.7%	7.9%	8.1%	5.5%	N/S	N/S	81,954,131
Asia Pacific Equity	6.5%	5.9%	7.3%	8.6%	N/S	N/S	N/S	6,955,267
FinEx Sector Average	7.0%	5.7%	7.1%	7.2%	6.6%	5.3%	5.5%	
Equity Funds (Japan)								
Japan Index (BlackRock)	24.0%	30.0%	17.9%	11.2%	N/S	N/S	N/S	5,456,451
FinEx Sector Average	23.3%	28.1%	17.1%	11.1%	3.6%	0.5%	1.3%	
Equity Funds (High Yield)								
Dividend Growth	12.4%	24.5%	19.0%	15.3%	7.4%	N/S	N/S	217,499,119
Global Dividend (M&G)*	9.0%	14.3%	N/S	N/S	N/S	N/S	N/S	8,759,450,000
FinEx Sector Average	13.3%	21.1%	15.4%	12.7%	6.0%	2.5%	7.0%	
Equity Funds (Emerging Market)								
India Equity	13.0%	24.6%	14.7%	4.1%	N/S	N/S	N/S	16,340,263
Emerging Markets Opportunities (JP Morgan)*	-0.4%	3.2%	N/S	N/S	N/S	N/S	N/S	2,688,100,000
FinEx Sector Average	4.7%	4.8%	5.3%	1.4%	7.6%	N/S	N/S	
Equity Funds (Specialist)								
Top Tech 100	19.0%	43.3%	25.3%	24.2%	12.3%	N/S	N/S	32,352,526
FinEx Sector Average	7.6%	6.5%	7.8%	4.9%	2.9%	-0.2%	3.8%	
Property Funds								
European (Ex-UK) Property	13.9%	20.2%	15.1%	11.7%	N/S	N/S	N/S	34,403,932
Global Property Equities (Henderson Horizon)*	10.1%	25.4%	N/S	N/S	N/S	N/S	N/S	830,000,000
Australasia Property	7.5%	15.8%	8.7%	9.7%	N/S	N/S	N/S	22,150,508
FinEx Sector Average	5.9%	12.1%	8.2%	4.5%	-0.5%	3.1%	7.4%	
Funds Closed to New Business								
Eurozone Property	12.3%	17.0%	15.6%	10.6%	4.0%	N/S	N/S	23,643,288
Global Emerging Markets Equity (Aberdeen)*	6.5%	7.6%	N/S	N/S	N/S	N/S	N/S	7,992,787,649

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PIMCO



J.P.Morgan
Asset Management



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