

Zurich Life Monthly Investment Review

For May 2011



Investment Comment & Outlook

Overall: Equity markets are vulnerable in the short term given the increasing level of risk, especially the slowing down in the pace of economic recovery and peripheral European debt default concerns. Longer term, equities continue to be supported by decent corporate earnings growth as well as reasonable valuations. Bond yields are expected to remain low.

Equity Markets

- Equity markets struggled in May as global economic data disappointed.
- World equities (in euro terms) rose by 1% during the month, leaving the total return for the first five months of 2011 at 0%.
- Returns, in local currency terms, for the main markets in May ranged between 0% (Hong Kong) and -2% (Europe). The mainland Chinese market fell heavily (-6%) due to ongoing monetary tightening and mooted increases in bank capital requirements.
- Returns for the eurozone investor were supported by the weakness of the euro against all major currencies.

Commodities & Currencies

- Commodity prices weakened in May reacting to disappointing economic data, with the oil price declining sharply.
- Brent oil (European) ended the month down 7% at \$117 per barrel, while West Texas (US) ended April down 10% at \$103 per barrel.
- Gold came off the boil slightly, ending the month down 1% at \$1,536 per troy ounce.
- The main news in the FX markets was the decline in the value of the euro against all major currencies, especially the Swiss franc and the US\$. Greek concerns and the reduction in the number of rate hikes expected by the ECB were the reasons behind the fall. The €/£ rate ended the period at 1.44.

Bonds & Interest Rates

- Eurozone bonds rose by over 1% in May as bond markets continued their rally. There was ongoing flight-to-quality from peripheral to core European bonds, due to the Greek debacle, while bonds also benefited from equity weakness.
- Bonds have now regained over one third of the losses made during Q4 2010 and early 2011.
- The ECB is now not expected to increase rates again until July.
- The current market prediction is that UK and US rates will not be increased until the second and third quarters of 2012 respectively.

Fund Allocations & Activity

Equities: The funds are underweight.

Bonds: The funds are overweight.

Activity: There was little change to positions during the month.

Regionally, the funds are:

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

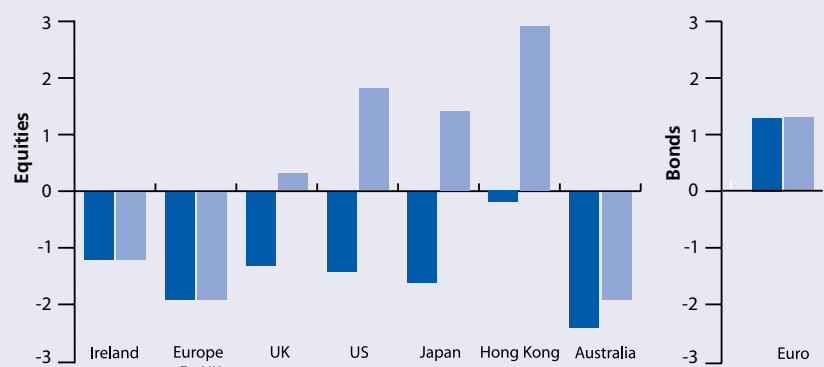
Sectorwise, the funds are:

- overweight technology;
- underweight consumer goods and financials;
- otherwise reasonably balanced.

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of May. 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 (%)



| | Year to Date | Annualised | | | | | | Fund Size (€) |
|---|--------------|------------|---------|-------------|-------------|-------------|-------------|---------------|
| | | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years | |
| Managed Dynamic | | | | | | | | |
| Zurich Life (Ind) Dynamic | 0.0% | 9.6% | -0.3% | 0.6% | 2.4% | 6.4% | 9.9% | 1,033,051,315 |
| Acorn Life (Ind) Pension Managed Growth | 2.5% | 12.8% | -1.0% | -0.2% | 0.4% | 6.1% | 7.4% | 171,200,000 |
| Aviva L&P Pension Focused Managed I | -0.5% | 7.2% | -4.3% | -2.5% | -0.5% | Not Started | Not Started | 6,904,196 |
| Lifetime/BIAM (Ind) Lifetime/SSGA (Ind) Pen Opportunity | 0.1% | 8.2% | -1.0% | -2.1% | -0.4% | 5.1% | 6.9% | 6,002,000 |
| MoneyMate Sector Average | -0.1% | 8.1% | -3.2% | -2.0% | 0.1% | 5.9% | 8.2% | |
| Managed Balanced | | | | | | | | |
| Zurich Life (Ind) Balanced | 0.1% | 7.6% | 0.7% | 1.4% | 2.9% | 7.0% | 9.3% | 1,333,721,802 |
| Zurich Life (Ind) Performance | 0.1% | 8.1% | -0.1% | 0.6% | 2.6% | 6.6% | 9.5% | 888,476,307 |
| Acorn Life (Ind) Pension Managed | 2.1% | 10.3% | 0.3% | 0.5% | 1.4% | 6.1% | 7.6% | 107,300,000 |
| Ark Life (Ind) Pension Managed * | -0.2% | 6.9% | -3.7% | -2.3% | -1.1% | 3.8% | Not Started | -- |
| Canada Life (Ind) Setanta Pension Managed * | 1.4% | 6.8% | 0.4% | 0.6% | 1.7% | 5.8% | 7.0% | 1,027,369,604 |
| Friends (Ind) Managed | 0.4% | 7.9% | -1.9% | -1.6% | 0.6% | 5.3% | 6.6% | 259,100,000 |
| Aviva L&P Pen Laser Pension Managed | 0.9% | 7.4% | -4.7% | -2.8% | -0.1% | 4.8% | 6.0% | 376,832,448 |
| Irish Life (Ind) Exempt Managed 1 | 0.4% | 6.7% | -2.0% | -1.2% | 1.1% | 5.5% | 6.5% | 1,266,373,498 |
| Lifetime/BIAM (Ind) Pen Growth | 0.1% | 6.7% | -1.2% | -1.9% | 0.4% | 5.5% | 7.1% | -- |
| New Irl (Ind) Pension Managed 3 | 0.2% | 7.0% | -0.9% | -1.7% | 0.8% | 6.1% | 7.1% | 1,837,486,000 |
| SL Synergy Balanced MultiManager | 1.0% | 8.3% | -2.0% | -2.1% | Not Started | Not Started | Not Started | 137,100,000 |
| MoneyMate Sector Average | 0.1% | 6.4% | -1.7% | -1.0% | 0.6% | 5.5% | 7.3% | |
| Managed Defensive | | | | | | | | |
| Zurich Life (Ind) Cautiously Managed | 0.6% | 0.8% | 4.0% | Not Started | Not Started | Not Started | Not Started | 83,169,694 |
| Aviva L&P GMP Pension Cautiously Managed * | -0.1% | 0.7% | -2.3% | 0.2% | 2.0% | Not Started | Not Started | 483,217 |
| SL Synergy Cautious Managed | 0.2% | 2.9% | 4.0% | 2.7% | Not Started | Not Started | Not Started | 13,000,000 |
| MoneyMate Sector Average | 0.5% | 1.5% | 1.1% | 1.6% | 2.5% | N/A | N/A | |
| Bond | | | | | | | | |
| Zurich Life (Ind) Active Fixed Income | 1.3% | -2.0% | 6.1% | 4.3% | 5.6% | 7.7% | Not Started | 207,573,750 |
| Zurich Life (Ind) Long Bond | 1.0% | -2.7% | 5.9% | 3.7% | Not Started | Not Started | Not Started | 54,233,830 |
| Canada Life (Ind) Setanta Pen Fixed Interest * | 0.4% | -3.7% | 3.3% | 2.3% | 3.8% | 5.3% | 6.4% | 221,836,220 |
| Friends (Ind) Fixed Interest | 0.7% | -2.3% | 4.2% | 2.6% | 4.2% | 5.8% | 7.0% | 70,420,000 |
| Aviva L&P Pen Laser Pension Bond * | -0.6% | -9.7% | 2.0% | 2.0% | 4.3% | 5.8% | 6.5% | 54,949,651 |
| Irish Life (Ind) Exempt Fixed Interest 2 | 0.5% | -1.3% | 6.0% | 3.9% | 4.9% | 6.2% | 7.1% | 1,044,835 |
| New Irl (Ind) Pension Gilt Edge 2 * | 0.4% | -2.9% | 5.5% | 3.1% | 4.4% | 6.0% | 6.9% | 675,093,000 |
| MoneyMate Sector Average | 0.5% | -2.9% | 4.0% | 2.9% | 4.5% | 6.1% | 6.8% | |
| Money Market | | | | | | | | |
| Zurich Life (Ind) Secure | 0.2% | 0.5% | 1.2% | 2.1% | 2.4% | 3.4% | 4.8% | 428,018,052 |
| Acorn Life (Ind) Pension Deposit | 0.8% | 1.9% | 2.8% | 2.9% | 2.6% | 3.3% | 4.7% | 3,400,000 |
| Canada Life (Ind) Setanta Pension Money * | 0.1% | 0.2% | 1.2% | 2.0% | 2.0% | 2.7% | 4.0% | 362,588,114 |
| Friends (Ind) Cash | 0.2% | 0.9% | 1.6% | 2.2% | 2.2% | 2.8% | 4.1% | 83,260,000 |
| Aviva L&P Pension Cash | 0.1% | 0.9% | 2.2% | 2.5% | 2.3% | Not Started | Not Started | 172,843,642 |
| Irish Life (Ind) Exempt Cash 1 | 0.1% | 1.1% | 2.3% | 2.6% | 2.3% | 3.0% | 4.1% | 905,875 |
| Lifetime/BIAM (Ind) Pen Security | 0.0% | 0.0% | 1.0% | 1.6% | 1.7% | 2.3% | 3.5% | 1,839,000 |
| New Irl (Ind) Pension Cash 2 * | 0.1% | 0.2% | 1.2% | 1.9% | 1.8% | 2.6% | 4.0% | 693,817,000 |
| SL Synergy Cash | 0.0% | 0.0% | 0.7% | 1.6% | Not Started | Not Started | Not Started | 239,600,000 |
| MoneyMate Sector Average | 0.1% | 0.5% | 1.5% | 2.1% | 2.1% | 2.9% | 4.3% | |
| Flexible Equity | | | | | | | | |
| Zurich Life (Ind) International Equity | -1.0% | 8.5% | 1.0% | 1.3% | 1.3% | Not Started | Not Started | 228,468,035 |
| Canada Life (Ind) Passive Equity 2 | -0.9% | 7.2% | -1.2% | -1.7% | Not Started | Not Started | Not Started | 5,564,211 |
| Friends (Ind) International | 0.3% | 11.2% | 1.2% | 0.7% | -0.6% | 4.4% | 5.4% | 178,100,000 |
| Aviva L&P Pen Laser Pension International Eq | -0.5% | 9.8% | -2.1% | -0.9% | -1.4% | 4.2% | 5.6% | 40,207,818 |
| Irish Life (Ind) Indexed Global Equity P | -0.6% | 11.8% | -1.7% | -1.1% | Not Started | Not Started | Not Started | 195,167,952 |
| New Irl (Ind) Pension International 2 * | -0.4% | 10.1% | -0.3% | -0.7% | -1.8% | 4.5% | 5.8% | 651,516,000 |
| SL Synergy Global Equity Tracker | -2.4% | 7.6% | 0.6% | 0.1% | Not Started | Not Started | Not Started | 200,000 |
| MoneyMate Sector Average | -0.4% | 9.9% | -1.3% | -0.3% | -0.3% | 4.8% | 6.7% | |

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. 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 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 ¹ | | | | | | | | |
| Zurich Life Eurozone Equity G | 5.6% | 20.5% | 0.3% | 3.6% | Not Started | Not Started | Not Started | 86,737,993 |
| AIB Inv Mgr Ltd Eurozone Equity Indexmaster B | 3.6% | 17.0% | -4.7% | -0.5% | Not Started | Not Started | Not Started | 67,630,936 |
| Ark Life Eurozone 2 G | 5.6% | 19.8% | -5.6% | -2.6% | -2.5% | Not Started | Not Started | 72,080,973 |
| Aviva L&P Euro Equity | 4.9% | 12.7% | -4.9% | -1.4% | -0.8% | Not Started | Not Started | 11,959,507 |
| New Ireland Euroland Equity S9 | 7.9% | 16.5% | -5.1% | -1.8% | -2.2% | Not Started | Not Started | 5,026,000 |
| MoneyMate Sector Average | 2.9% | 16.6% | -2.1% | 0.1% | 0.0% | N/A | N/A | |
| Irish Equity | | | | | | | | |
| Zurich Life (Ind) Irish Equity | 5.2% | 8.2% | -17.9% | -13.1% | Not Started | Not Started | Not Started | 8,127,737 |
| Ark Life (Ind) Pension Irish | 5.4% | 2.8% | -17.8% | -14.7% | Not Started | Not Started | Not Started | 3,178,494 |
| Friends (Ind) Irish Equity | 4.0% | 3.4% | -17.2% | -14.0% | -3.9% | 3.5% | 6.0% | 32,270,000 |
| Hib Life & Pen NU (Ind) Irish Equity * | 5.1% | 4.2% | -18.4% | -14.9% | -3.9% | Not Started | Not Started | 3,571,281 |
| Irish Life (Ind) Irish Equity Indexed P | 3.5% | 2.9% | -20.8% | -16.4% | Not Started | Not Started | Not Started | 62,489,161 |
| New Irl (Ind) Pension Irish Equity 3 * | 7.1% | 7.4% | -16.8% | -15.0% | -2.8% | 4.2% | Not Started | 81,096,000 |
| SL Synergy Irish Equity Tracker | 4.3% | 2.6% | -20.1% | -15.9% | Not Started | Not Started | Not Started | 11,800,000 |
| MoneyMate Sector Average | 5.2% | 4.8% | -18.8% | -15.0% | -5.0% | 3.1% | 5.4% | |
| Specialist Funds ^{1 & 2} | | | | | | | | |
| Zurich Life Dividend Growth G | 1.8% | 10.9% | 0.5% | -1.3% | Not Started | Not Started | Not Started | 143,049,232 |
| Aviva L&P High Yield | 0.7% | 11.1% | 0.5% | 2.4% | 2.1% | Not Started | Not Started | 5,897,305 |
| Canada Life CL/Set Equity Div Non Dis G | 4.7% | 19.7% | 2.1% | 0.3% | Not Started | Not Started | Not Started | 304,347,164 |
| Bloxhams High Yield 1 G * | -1.7% | 8.4% | 0.2% | -1.2% | Not Started | Not Started | Not Started | 224,439,921 |
| Merrion SB Ltd Merrion High Yield G | 3.8% | 16.3% | -10.1% | -8.7% | Not Started | Not Started | Not Started | 12,205,610 |
| Average of Selected Funds | 1.8% | 13.3% | -1.4% | -1.7% | 2.1% | N/A | N/A | |
| Concentrated Funds ^{1 & 2} | | | | | | | | |
| Zurich Life 5 Star 5 Global G | -3.0% | 3.2% | -4.0% | -1.7% | 3.5% | Not Started | Not Started | 208,216,754 |
| Zurich Life 5 Star 5 Europe G | 4.3% | 15.3% | -3.5% | -1.5% | Not Started | Not Started | Not Started | 87,388,550 |
| Zurich Life 5 Star 5 Americas G | -0.6% | 1.7% | 1.4% | 2.5% | Not Started | Not Started | Not Started | 50,933,210 |
| Zurich Life 5 Star 5 Asia Pacific G | 0.2% | 12.0% | -2.9% | 2.6% | Not Started | Not Started | Not Started | 105,304,328 |
| BOI Life - Smart Funds Spotlight S9 | -1.4% | 4.0% | 4.4% | Not Started | Not Started | Not Started | Not Started | 6,168,000 |
| Canada Life /Setanta Focus 15 G | -0.8% | 12.2% | 9.3% | 4.2% | -1.0% | Not Started | Not Started | 120,878,771 |
| Aviva L&P Target 20 | 2.9% | 16.1% | -4.5% | -3.1% | -5.0% | Not Started | Not Started | 12,421,427 |
| Average of Selected Funds | 0.2% | 9.2% | 0.0% | 0.5% | -0.8% | N/A | N/A | |
| ZURICH LIFE INDEX TRACKER / ETF FUNDS | | | | | | | | |
| Property Equity Funds | | | | | | | | |
| Australasia Property (Ind) | -5.9% | 11.4% | 1.3% | Not Started | Not Started | Not Started | Not Started | 8,481,511 |
| European Ex UK Property (Ind) | 9.0% | 38.3% | 4.5% | Not Started | Not Started | Not Started | Not Started | 10,901,443 |
| Eurozone Property* (Ind) | 8.1% | 32.8% | -1.4% | -0.8% | Not Started | Not Started | Not Started | 34,943,072 |
| Geographic Fund | | | | | | | | |
| India Equity (Ind) | -16.7% | -7.4% | 2.7% | Not Started | Not Started | Not Started | Not Started | 32,798,979 |
| Sector Fund | | | | | | | | |
| TopTech 100 (Ind) | 0.0% | 9.5% | 8.0% | 6.1% | Not Started | Not Started | Not Started | 11,347,003 |
| Commodity Fund | | | | | | | | |
| Global Commodities (Ind) | 0.2% | 12.8% | -16.5% | -7.8% | Not Started | Not Started | Not Started | 22,400,004 |
| Strategy Funds | | | | | | | | |
| Green Resources (Ind) | -11.3% | -1.9% | Not Started | Not Started | Not Started | Not Started | Not Started | 5,167,697 |
| Earth Resources (Ind) | -5.1% | 11.3% | -7.7% | Not Started | Not Started | Not Started | Not Started | 19,604,252 |
| Diversified Assets (Ind) | 0.4% | 11.2% | 0.1% | Not Started | Not Started | Not Started | Not Started | 12,841,613 |

The returns shown are net of the annual management charge 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 MoneyMate sector averages shown are the average of all funds in each of the MoneyMate 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.

Source: MoneyMate as on 02/06/2011.

- 1 The MoneyMate Irish Domestic Funds (Gross) sector has been chosen as it contains the most comprehensive selection of competitor funds.
- 2 This is not a sector on MoneyMate but has been created to compare the performance of the Zurich Life fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector. The average shown is the average of the selected funds above.

* Note that this fund is no longer open to new business. Other similar funds which are open to new business may be available from the relevant fund manager.

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

The Zurich Life **Guaranteed Tracker Bond Series 1** is an innovative new product that is available for once-off investments for a limited period only.

The bond is a secure investment which guarantees you will receive at least your original payment on 6th June 2016 (less the Government insurance levy)*.

The bond also provides a return linked to the performance of the Euro Stoxx 50 Index. This return is calculated as follows:

- The maximum loss that can be incurred in any one month will be 6% - limiting some of the risks normally associated with direct investment in the stock market.
- The maximum gain per month taken into account is 3%.

There is also an innovative annual lock-in feature which protects your investment gains at certain times.

Zurich Life has chosen a partner with a financially strong rating to provide the return and guarantee on this product. Credit Suisse International, is rated A+ by Standard & Poor's (as at May 2011)**.

* Government insurance levy is currently 1% (as at May 2011) and may change in the future.

** You should note that a credit rating is not a recommendation to invest nor a guarantee as to the future returns for this product and such rating may change from time to time.

Warning: The value of this investment can go down as well as up. If you cash in your investment before 6th June 2016 you may lose some or all of the money you invested.

Apply today!
Contact your **Financial Advisor**.

✓ **100% Capital Guarantee on 6th June 2016**

✓ **Potential for returns linked to the Euro Stoxx 50 Index**

✓ **Innovative lock-in of highest anniversary value**

✓ **Protecting your investment from large market falls each month**

✓ **Financially secure counterparty - Credit Suisse**

✓ **Limited Offer until 1st July 2011**
(or earlier if fully subscribed)