

Zurich Life Monthly Investment Review

For August 2011



Investment Comment & Outlook

Overall: Equity markets remain vulnerable given the increasing level of risk, especially the slowing down in the pace of economic recovery (and the pressure this could put on profit growth) and debt concerns in both the US and Europe. Longer term, equities continue to be supported by reasonable valuation levels. Bond yields are expected to remain quite low.

Equity Markets

- Equity markets caved in during the first eight days of August following the S&P downgrade of the US's 70-year AAA debt rating and the contagion of Europe's debt crisis to Italy. Markets staged a partial, but unconvincing, recovery during the remainder of the month.
- World equities (in euro terms) fell by a staggering 7% during the month, leaving the total return for the first eight months of 2011 at -10.6%.
- Returns, in local currency terms, for the main markets in August ranged between -3% (Australia) and -12% (Europe).
- Defensive sectors, such as consumer staples and healthcare, outperformed cyclical stocks, while financial stocks were amongst the worst performing areas.

Commodities & Currencies

- Commodity prices were generally weaker in August on the back of a continued slow-down in economic activity.
- Brent oil (European) ended the month down 2% at \$115 per barrel, while West Texas (US) ended August down 7% at \$89 per barrel.
- Gold continued its seemingly inexorable move upwards, helped by its 'asset-of-last-resort' status. The metal finished up a massive 12% at \$1,829 per troy ounce.
- The €/£ rate ended the period unchanged at 1.44.

Bonds & Interest Rates

- Eurozone bonds were strong across the board in August with the Merrill Lynch Eurozone Index rising almost 4%.
- German 10-year bond yields fell to a multi-decade low of 2.1%, helped by weaker economic data, the turmoil in equities and a flight-to-quality.
- Short-term eurozone interest rates have been increased twice during 2011 from 1% to 1.5%. However, markets now anticipate a volte-face from the ECB, with at least one rate cut expected by Christmas.
- The current market prediction is that UK and US rates will not be increased until mid-2013.

Fund Allocations & Activity

Equities: On a tactical basis, the funds are closer to neutral.

Bonds: The funds are slightly overweight.

Activity: Equity positions were increased mid-month, mainly in the US.

Regionally, the funds are:

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

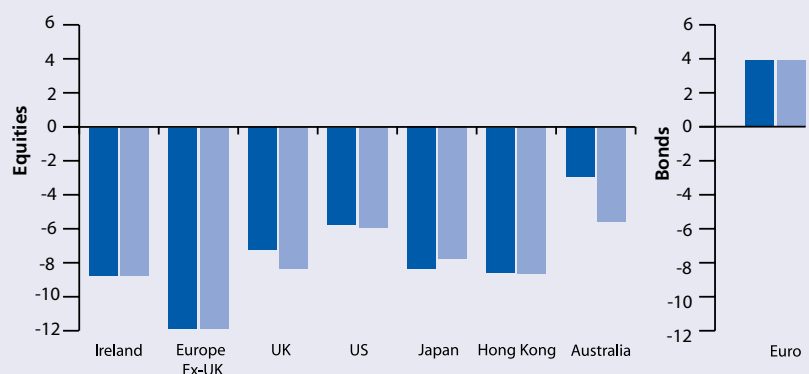
Sectorwise, the funds are:

- overweight technology;
- underweight financials;
- otherwise reasonably balanced.

Equity and 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 (%)



| | Year to Date | Annualised | | | | | | Fund Size (€) |
|---|--------------|------------|---------|-------------|-------------|-------------|-------------|---------------|
| | | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years | |
| Managed Dynamic | | | | | | | | |
| Zurich Life (Ind) Dynamic | -9.1% | 0.2% | -0.4% | -2.0% | 2.4% | 5.9% | 9.2% | 925,689,591 |
| Zurich Life (Ind) Performance | -7.5% | -0.1% | 0.1% | -1.7% | 2.7% | 6.1% | 8.9% | 814,559,021 |
| Acorn Life (Ind) Pension Managed Growth | -9.5% | 1.7% | -1.6% | -3.6% | 0.6% | 5.3% | 6.6% | 227,200,000 |
| Aviva L&P Pension Focused Managed I | -9.3% | -1.2% | -3.4% | -5.4% | -0.4% | Not Started | Not Started | 6,904,196 |
| Lifetime/BIAM (Ind) Lifetime/SSGA (Ind) Pen Opportunity | -10.8% | -3.1% | -1.8% | -4.9% | -1.0% | 4.3% | 6.2% | 6,002,000 |
| MoneyMate Sector Average | -9.7% | -1.6% | -2.3% | -4.4% | 0.3% | 5.0% | 7.1% | |
| Managed Balanced | | | | | | | | |
| Zurich Life (Ind) Balanced | -7.3% | -0.2% | 0.5% | -0.8% | 2.9% | 6.4% | 9.0% | 1,201,395,426 |
| Acorn Life (Ind) Pension Managed | -7.6% | 1.1% | -0.1% | -2.2% | 1.3% | 5.4% | 7.0% | 127,900,000 |
| Ark Life (Ind) Pension Managed * | -9.0% | -2.5% | -3.6% | -4.8% | -1.0% | 3.3% | 5.4% | -- |
| Canada Life (Ind) Setanta Pension Managed * | -5.8% | 0.3% | -0.2% | -1.6% | 1.7% | 5.3% | 6.5% | 1,027,369,604 |
| Friends (Ind) Managed | -9.6% | -2.3% | -2.3% | -4.3% | 0.4% | 4.6% | 6.0% | 691,070,000 |
| Aviva L&P Pen Laser Pension Managed Fund | -8.5% | -2.1% | -4.5% | -5.4% | -0.3% | 4.2% | 5.5% | 376,832,448 |
| Irish Life (Ind) Exempt Managed 1 | -10.7% | -4.7% | -2.3% | -4.2% | 0.7% | 4.8% | 5.8% | 1,266,373,498 |
| Lifetime/BIAM (Ind) Pen Growth | -9.4% | -3.0% | -1.7% | -4.6% | -0.2% | 4.8% | 6.4% | -- |
| New Irl (Ind) Pension Managed 3 | -9.3% | -2.8% | -1.5% | -4.4% | 0.5% | 5.4% | 6.6% | 1,961,900,000 |
| SL Synergy Balanced MultiManager | -8.0% | 0.0% | -1.9% | -4.6% | Not Started | Not Started | Not Started | 160,000,000 |
| MoneyMate Sector Average | -8.1% | -2.0% | -1.8% | -3.2% | 0.5% | 4.9% | 6.5% | |
| Managed Defensive | | | | | | | | |
| Zurich Life (Ind) Cautiously Managed | 0.8% | -1.5% | 4.2% | Not Started | Not Started | Not Started | Not Started | 85,345,501 |
| Aviva L&P GMP Pension Cautiously Managed Fund * | -2.2% | -1.2% | -2.0% | -1.0% | 1.9% | Not Started | Not Started | 483,217 |
| SL Synergy Cautious Managed | -2.2% | -1.6% | 3.6% | 1.5% | Not Started | Not Started | Not Started | 26,000,000 |
| MoneyMate Sector Average | -0.8% | -1.7% | 1.1% | 0.8% | 2.4% | 2.6% | 3.8% | |
| Bond | | | | | | | | |
| Zurich Life (Ind) Active Fixed Income | 5.8% | -2.6% | 6.6% | 4.6% | 5.6% | 7.8% | Not Started | 218,830,442 |
| Zurich Life (Ind) Long Bond Fund | 4.8% | -5.9% | 5.9% | 3.7% | Not Started | Not Started | Not Started | 57,647,686 |
| Canada Life (Ind) Setanta Pen Fixed Interest * | 0.8% | -6.8% | 2.7% | 1.8% | 3.5% | 5.2% | 6.5% | 221,836,220 |
| Friends (Ind) Fixed Interest | 1.4% | -6.1% | 3.8% | 2.1% | 3.8% | 5.7% | 7.0% | 70,420,000 |
| Aviva L&P Pen Laser Pension Bond * | 1.3% | -7.6% | 2.0% | 1.8% | 4.1% | 5.7% | 6.6% | 54,949,651 |
| Irish Life (Ind) Exempt Fixed Interest 2 | 2.2% | -3.9% | 5.7% | 3.7% | 4.7% | 6.2% | 7.2% | 1,044,835 |
| New Irl (Ind) Pension Gilt Edge 2 * | 2.8% | -4.7% | 5.4% | 3.1% | 4.4% | 6.0% | 7.0% | 675,093,000 |
| MoneyMate Sector Average | 2.1% | -4.5% | 3.9% | 2.7% | 4.3% | 6.1% | 6.9% | |
| Money Market | | | | | | | | |
| Zurich Life (Ind) Secure | 0.4% | 0.6% | 1.0% | 2.0% | 2.2% | 3.3% | 4.7% | 458,854,769 |
| Acorn Life (Ind) Pension Deposit | 1.2% | 1.8% | 2.3% | 2.9% | 2.5% | 3.2% | 4.6% | 3,400,000 |
| Canada Life (Ind) Setanta Pension Money * | 0.2% | 0.3% | 0.9% | 1.9% | 1.9% | 2.6% | 3.8% | 362,588,114 |
| Friends (Ind) Cash | 0.2% | 0.6% | 1.3% | 2.1% | 2.1% | 2.7% | 4.0% | 83,260,000 |
| Aviva L&P Pension Cash | 0.3% | 0.6% | 1.9% | 2.4% | 2.3% | Not Started | Not Started | 172,843,642 |
| Irish Life (Ind) Exempt Cash 1 | 0.2% | 0.7% | 2.0% | 2.5% | 2.2% | 2.9% | 4.0% | 905,875 |
| Lifetime/BIAM (Ind) Pen Security | 0.1% | 0.1% | 0.7% | 1.6% | 1.6% | 2.3% | 3.4% | 1,839,000 |
| New Irl (Ind) Pension Cash 2 * | 0.2% | 0.3% | 0.9% | 1.8% | 1.8% | 2.5% | 3.9% | 693,817,000 |
| SL Synergy Cash Fund | 0.0% | 0.0% | 0.4% | 1.5% | Not Started | Not Started | Not Started | 239,600,000 |
| MoneyMate Sector Average | 0.2% | 0.4% | 1.2% | 2.0% | 2.0% | 2.9% | 4.1% | |
| Flexible Equity | | | | | | | | |
| Zurich Life (Ind) International Equity | -11.0% | 0.6% | -0.2% | -1.2% | 1.5% | Not Started | Not Started | 206,921,684 |
| Canada Life (Ind) Passive Equity 2 | -11.5% | -0.8% | -2.4% | -4.5% | Not Started | Not Started | Not Started | 5,564,211 |
| Friends (Ind) International | -11.9% | -1.2% | -0.4% | -2.4% | -0.3% | 3.7% | 4.8% | 178,100,000 |
| Aviva L&P Pen Laser Pension International Eq | -11.8% | -2.0% | -2.7% | -3.9% | -1.2% | 3.6% | 4.8% | 40,207,818 |
| Irish Life (Ind) Indexed Global Equity P | -12.2% | 0.0% | -1.8% | -4.4% | Not Started | Not Started | Not Started | 195,167,952 |
| New Irl (Ind) Pension International 2 * | -13.5% | -4.0% | -2.3% | -4.1% | -1.8% | 3.7% | 5.0% | 651,516,000 |
| SL Synergy Global Equity Tracker | -12.8% | -0.5% | -1.0% | -2.9% | Not Started | Not Started | Not Started | 200,000 |
| MoneyMate Sector Average | -11.7% | -1.0% | -2.1% | -3.2% | -0.2% | 3.9% | 5.7% | |

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 | -12.9% | -1.9% | -2.5% | -1.3% | Not Started | Not Started | Not Started | 71,299,559 |
| AIB Inv Mgr Ltd Eurozone Equity Indexmaster B | -17.8% | -8.4% | -8.2% | -6.1% | Not Started | Not Started | Not Started | 67,630,936 |
| Ark Life Eurozone 2 G | -9.8% | 1.3% | -6.7% | -6.4% | -2.8% | Not Started | Not Started | 72,080,973 |
| Aviva L&P Euro Equity Fund | -12.1% | -6.0% | -6.1% | -5.7% | -1.2% | Not Started | Not Started | 11,959,507 |
| New Ireland Euroland Equity S9 | -13.4% | -6.4% | -8.3% | -7.0% | -3.3% | Not Started | Not Started | 5,026,000 |
| MoneyMate Sector Average | -14.0% | -4.3% | -4.6% | -4.5% | -0.6% | -0.4% | -0.3% | |
| Irish Equity | | | | | | | | |
| Zurich Life (Ind) Irish Equity | -10.5% | -2.5% | -14.2% | -17.1% | Not Started | Not Started | Not Started | 7,042,537 |
| Ark Life (Ind) Pension Irish | -7.3% | -1.0% | -13.4% | -18.0% | Not Started | Not Started | Not Started | 3,178,494 |
| Friends (Ind) Irish Equity | -9.0% | -1.4% | -12.6% | -17.2% | -4.4% | 2.6% | 5.1% | 32,270,000 |
| Hib Life & Pen NU (Ind) Irish Equity * | -8.6% | -1.0% | -14.5% | -18.3% | -4.6% | Not Started | Not Started | 3,571,281 |
| Irish Life (Ind) Irish Equity Indexed Fund P | -9.6% | -1.7% | -16.0% | -19.7% | Not Started | Not Started | Not Started | 62,489,161 |
| New Irl (Ind) Pension Irish Equity 3 * | -5.9% | 2.3% | -12.3% | -18.1% | -3.6% | 3.2% | Not Started | 81,096,000 |
| SL Synergy Irish Equity Tracker | -10.5% | -1.8% | -16.0% | -19.3% | Not Started | Not Started | Not Started | 11,800,000 |
| MoneyMate Sector Average | -8.6% | -0.7% | -14.6% | -18.4% | -5.6% | 2.1% | 4.6% | |
| Specialist Funds ^{1 & 2} | | | | | | | | |
| Zurich Life Dividend Growth G | -6.6% | 0.3% | 0.3% | -4.0% | Not Started | Not Started | Not Started | 126,372,501 |
| Aviva L&P High Yield | -8.5% | 1.3% | 0.2% | -0.8% | 1.9% | Not Started | Not Started | 5,897,305 |
| Canada Life CL/Set Equity Div Non Dis G | -5.7% | 5.3% | 1.8% | -2.4% | Not Started | Not Started | Not Started | 304,347,164 |
| Bloxxams High Yield Fund 1 G * | -12.1% | -1.7% | -0.5% | -4.4% | Not Started | Not Started | Not Started | 224,439,921 |
| Merrion SB Ltd Merrion High Yield Fund G | -11.2% | -5.6% | -7.8% | -13.0% | Not Started | Not Started | Not Started | 12,205,610 |
| Average of selected funds | -8.8% | -0.1% | -1.2% | -4.9% | 1.9% | N/A | N/A | |
| Concentrated Funds ^{1 & 2} | | | | | | | | |
| Zurich Life 5 Star 5 Global G | -14.3% | -3.6% | -6.0% | -4.0% | 3.2% | Not Started | Not Started | 180,768,434 |
| Zurich Life 5 Star 5 Europe G | -13.0% | -5.1% | -6.2% | -4.8% | Not Started | Not Started | Not Started | 71,612,620 |
| Zurich Life 5 Star 5 Americas G | -10.5% | 1.4% | -1.1% | -0.1% | Not Started | Not Started | Not Started | 44,271,649 |
| Zurich Life 5 Star 5 Asia Pacific G | -9.9% | 2.1% | -1.2% | 0.3% | Not Started | Not Started | Not Started | 93,297,988 |
| BOI Life - Smart Funds Spotlight S9 | -15.7% | -4.1% | 0.5% | Not Started | Not Started | Not Started | Not Started | 6,168,000 |
| Canada Life /Setanta Focus 15 G | -10.1% | 2.9% | 7.3% | 1.5% | -0.2% | Not Started | Not Started | 120,878,771 |
| Aviva L&P Target 20 Fund | -9.1% | 4.8% | -6.3% | -5.4% | -4.9% | Not Started | Not Started | 12,421,427 |
| Average of selected funds | -11.8% | -0.2% | -1.9% | -2.1% | -0.6% | N/A | N/A | |
| Zurich Life INDEX TRACKER / ETF FUNDS | | | | | | | | |
| Property Equity Funds | | | | | | | | |
| Australasia Property Fund (Ind) | -15.0% | -6.5% | 3.1% | Not Started | Not Started | Not Started | Not Started | 6,895,249 |
| European Ex UK Property Fund (Ind) | -4.3% | 7.7% | 4.2% | Not Started | Not Started | Not Started | Not Started | 9,478,089 |
| Eurozone Property* (Ind) | -7.4% | 2.8% | -1.6% | -5.4% | Not Started | Not Started | Not Started | 28,803,226 |
| Geographic Funds | | | | | | | | |
| India Equity (Ind) | -27.5% | -19.6% | 2.1% | Not Started | Not Started | Not Started | Not Started | 27,679,036 |
| Sector Fund | | | | | | | | |
| TopTech 100 (Ind) | -6.2% | 11.8% | 6.9% | 4.7% | -0.7% | Not Started | Not Started | 10,208,274 |
| Commodity Funds | | | | | | | | |
| Global Commodities (Ind) | -5.9% | 8.5% | -17.1% | -8.3% | Not Started | Not Started | Not Started | 4,649,000 |
| Strategy Funds | | | | | | | | |
| Green Resources (Ind) | -29.5% | -18.3% | -21.6% | Not Started | Not Started | Not Started | Not Started | 4,068,873 |
| Earth Resources (Ind) | -11.6% | 3.5% | -8.3% | Not Started | Not Started | Not Started | Not Started | 17,730,550 |
| Diversified Assets (Ind) | -5.8% | 1.9% | -0.5% | Not Started | Not Started | Not Started | Not Started | 9,401,847 |

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 08/09/2011.

- 1 The average shown is the average of the relevant MoneyMate Irish Domestic Funds (Gross) sector. This 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.

How is 2021 looking for you?

**Over time you will be surprised
how much you can save!**

Now more than ever, it is important
that you plan for your financial future.
Vision2021 from Zurich Life can help you
start planning for 2021, today.

**For more information contact
your Financial Advisor.**

This Monthly Investment Review does not constitute an offer and should not be taken as a recommendation from Zurich Life.
Advice should always be sought from an appropriately qualified professional.

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