

Monthly Investment Review

The latter half of 2015 marked an inflection point in markets as the Federal Reserve hiked interest rates for the first time in almost a decade; investors are now focusing on the US rate rise cycle. Economic weakness in China and the emerging markets as well as sharply lower oil prices have caused a significant pick-up in volatility levels although this should provide opportunities for investors. Although a number of key indices technically hit bear market territory in early February, the dominant US S&P 500 Index remained resilient. Equities remain better value on a relative basis than either cash or bonds. However, concerns over global economic growth and the impact of negative interest rates on financial stocks has resulted in a scaling back of earnings growth expectations in 2016. Eurozone bonds do not appear to offer much upside potential from here.



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Head of Investment Development

Zurich Life Fund Allocations & Activity

Equities & Bonds: The funds are neutral.

Activity: The equity positions were little changed although the US position was increased marginally. Bonds were maintained at neutral; despite the lack of value, it is difficult to cut positions given the tailwind of aggressive ECB policy action.

Regionally, the funds are:

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

Sectorwise, the funds are:

- Overweight energy, healthcare and technology.
- Underweight financials, industrials and basic materials.
- 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) had a positive month in March, with most of the gains coming in the first few trading days. Markets had corrected sharply in the first six weeks of the year but have rebounded somewhat from oversold levels since. Equities were supported by better than expected US economic data, easing China concerns and a more dovish Federal Reserve. On a technical basis, the global index (in euro terms) moved well above its 50-day moving average but is still below the critical 200-day moving average.
- World equities (in euro terms) rose by 2.4% during March and have given a total return of minus 4.3% in the first quarter of the year. With the exception of Ireland (-0.5%), all of the major equity markets were up in local currency terms in March ranging from 1.3% in the UK to 8.7% in Hong Kong. The influential US market was up 6.6%.
- Sectorwise in the US, economically sensitive areas, such as energy (+9%) and information technology (+9%), generally outperformed defensive stocks for the second month-in-a-row, following a long period of underperformance. However, all sectors were in positive territory during the month.

Bonds & Interest Rates

- The Merrill Lynch Euro over 5 Year Index rose by 0.8% in March, giving a strong return of 5.4% year-to-date. Bonds have been supported by economic growth concerns,

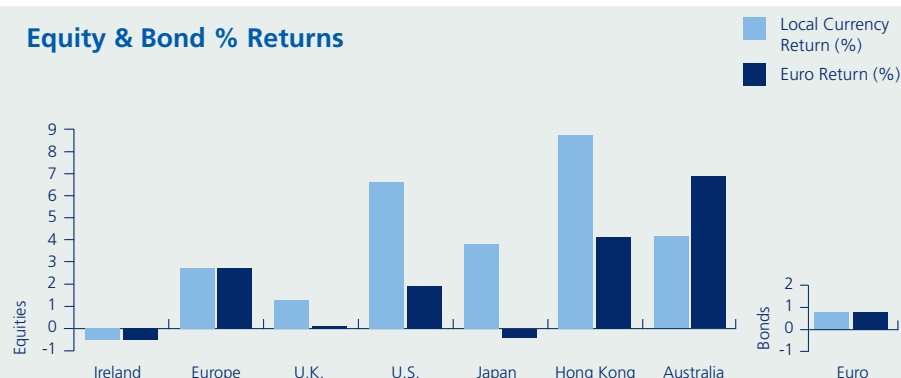
low inflation and increased quantitative easing in the eurozone. Core eurozone bond markets, such as Germany, have outperformed peripheral markets, such as Spain, so far in 2016.

- The German 10-year bond yield was little changed in March ending at around 0.15%. The yield had hit an all-time low of 0.05% in mid-April 2015. Equivalent US rates rose slightly from 1.73% to 1.77%.
- The markets currently believe that there is only a 50% chance of a second rate rise in the US by year end. UK and eurozone rates are unlikely to start rising in the foreseeable future.

Commodities & Currencies

- Commodity prices overall have fallen heavily over the last 20 months. However, they rose by 4.5% in March from oversold levels, led by oil prices (+11%); but remain down 3.2% year-to-date.
- The gold price was flat in March at \$1,234 per troy ounce. Gold had hit a five-year low of \$1,049 in mid-December 2015.
- The euro currency was up strongly against the US dollar during March, partly due to the more dovish comments from the Federal Reserve regarding interest rate rises. The EUR/USD rate moved from 1.09 to 1.14 over the month.

Equity & Bond % Returns



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

	Year to Date	Annualised						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Pathway Multi-Asset Funds								
Pathway 2	-0.1%	-1.2%	N/S	N/S	N/S	N/S	N/S	108,210,099
Pathway 3	-0.6%	-3.1%	N/S	N/S	N/S	N/S	N/S	322,421,941
Pathway 4	-1.6%	-6.4%	N/S	N/S	N/S	N/S	N/S	331,354,470
Pathway 5	-3.3%	-9.9%	N/S	N/S	N/S	N/S	N/S	102,659,368
Pathway 6	-5.0%	-13.1%	N/S	N/S	N/S	N/S	N/S	12,062,461
Managed Funds								
Cautiously Managed	-1.4%	-3.5%	9.0%	9.4%	N/S	N/S	N/S	336,590,554
FinEx Sector Average	-0.1%	-3.5%	3.8%	4.4%	2.5%	3.1%	4.3%	
Balanced	-2.9%	-5.5%	10.1%	10.0%	5.0%	5.5%	7.8%	1,567,139,853
FinEx Sector Average	-2.0%	-6.0%	7.6%	7.5%	2.7%	3.2%	6.1%	
Performance	-4.7%	-7.0%	10.2%	10.0%	4.5%	5.3%	7.5%	1,220,537,060
Dynamic	-5.6%	-7.7%	10.4%	10.1%	4.6%	5.3%	7.4%	1,483,449,036
FinEx Sector Average	-2.1%	-6.3%	7.5%	7.4%	2.8%	3.4%	5.8%	
Protected Funds								
Protected 70	-4.9%	-9.4%	5.9%	5.3%	N/S	N/S	N/S	12,412,689
Protected 80	-3.6%	-7.8%	3.9%	3.3%	N/S	N/S	N/S	33,400,854
Protected 90	-1.9%	-5.2%	0.9%	0.5%	N/S	N/S	N/S	13,517,502
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.2%	1.2%	1.7%	2.6%	375,674,172
Cash Fund	-0.3%	-0.6%	-0.5%	-0.3%	0.7%	N/S	N/S	241,535,725
FinEx Sector Average	0.0%	0.1%	0.2%	0.2%	1.2%	1.5%	2.3%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	2.5%	-0.4%	2.8%	N/S	N/S	N/S	N/S	4,493,613,184
Global Government Bond (JP Morgan)*	3.2%	1.6%	3.3%	N/S	N/S	N/S	N/S	628,781,737
Indexed Eurozone Government Bond (BlackRock)	3.1%	0.5%	6.2%	6.8%	N/S	N/S	N/S	7,555,025
Active Fixed Income	5.2%	-0.1%	9.3%	9.8%	6.6%	6.7%	8.2%	193,132,234
Inflation-Linked Bond	1.1%	-3.3%	0.7%	1.6%	N/S	N/S	N/S	5,449,597
Long Bond	7.7%	-1.4%	12.7%	12.2%	7.3%	N/S	N/S	66,558,188
Global Real Return (PIMCO)*	2.8%	-2.5%	-0.5%	N/S	N/S	N/S	N/S	2,600,000,000
Emerging Local Currency Debt (Pictet)*	5.1%	-7.6%	-4.2%	N/S	N/S	N/S	N/S	4,605,069,395
FinEx Sector Average	3.4%	-1.6%	5.5%	6.3%	4.2%	4.7%	6.2%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco)*	0.2%	-0.8%	N/S	N/S	N/S	N/S	N/S	2,482,000,000
Income Opportunity (JP Morgan)*	0.8%	-3.2%	-0.8%	N/S	N/S	N/S	N/S	4,546,707,107
Dynamic Diversified Growth (BlackRock)	-1.5%	-5.4%	1.8%	N/S	N/S	N/S	N/S	19,717,573
Diversified Assets	-0.7%	-10.6%	3.3%	4.7%	N/S	N/S	N/S	13,046,786
Active Asset Allocation	-2.2%	-6.8%	5.7%	6.6%	N/S	N/S	N/S	175,152,212
Commodity Funds								
Gold	11.1%	-2.6%	-5.2%	0.6%	N/S	N/S	N/S	42,236,706
Earth Resources	-6.3%	-25.1%	-9.5%	-10.1%	N/S	N/S	N/S	5,401,099
Global Commodities	-2.2%	-25.6%	-14.3%	-9.6%	-8.4%	N/S	N/S	12,265,547
CommoditiesPLUS Strategy (PIMCO)*	0.2%	-23.9%	-18.0%	N/S	N/S	N/S	N/S	346,200,000
Green Resources	-14.4%	-24.8%	5.3%	-6.5%	N/S	N/S	N/S	3,697,331
Equity Funds (Global)								
5 Star 5	-7.6%	-8.5%	8.5%	9.6%	3.1%	6.2%	N/S	197,590,746
International Equity	-5.0%	-8.2%	10.9%	10.7%	5.2%	4.7%	N/S	199,433,197
Global Select (Threadneedle)	-4.2%	-7.0%	11.6%	10.8%	5.3%	4.6%	N/S	7,580,847
Global Equity (MFS Meridian)*	-1.5%	-7.8%	N/S	N/S	N/S	N/S	N/S	4,881,762,916
Indexed Global Equity (BlackRock)	-4.8%	-8.9%	10.9%	10.8%	N/S	N/S	N/S	86,879,088
FinEx Sector Average	-3.2%	-8.4%	8.7%	8.8%	3.5%	2.8%	5.9%	

Source: Financial Express as at 01/04/2016

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)*	-6.4%	-9.2%	N/S	N/S	N/S	N/S	N/S	3,746,880,000
5 Star 5 Europe	-5.6%	-7.0%	12.2%	12.0%	4.2%	N/S	N/S	104,866,008
European Select (Threadneedle)	-5.2%	-11.3%	8.7%	12.0%	6.8%	6.0%	N/S	14,478,663
Small Cap Europe (Pictet)*	-6.8%	-3.0%	N/S	N/S	N/S	N/S	N/S	267,324,921
FinEx Sector Average	-6.7%	-9.2%	9.1%	7.8%	3.4%	3.6%	7.7%	
Equity Funds (Eurozone)								
Eurozone Equity	-6.7%	-12.5%	9.9%	7.3%	4.7%	N/S	N/S	68,546,597
Europe ex-UK Index (BlackRock)	-7.6%	-13.6%	8.0%	6.4%	2.8%	N/S	N/S	2,816,864
Indexed Eurozone Equity (BlackRock)	-5.7%	-15.6%	7.5%	4.6%	N/S	N/S	N/S	2,226,493
FinEx Sector Average	-5.3%	-9.9%	8.7%	6.3%	1.5%	2.3%	5.9%	
Equity Funds (Irish)								
Irish Equity	-5.0%	11.9%	20.2%	20.2%	1.4%	N/S	N/S	20,191,136
FinEx Sector Average	-5.3%	7.0%	17.4%	17.4%	-0.5%	3.1%	6.9%	
Equity Funds (American)								
5 Star 5 Americas	-8.9%	-8.1%	13.2%	12.1%	6.4%	N/S	N/S	55,082,342
American Select (Threadneedle)	-3.9%	-7.1%	13.7%	14.0%	7.0%	4.2%	N/S	11,859,921
FinEx Sector Average	-3.2%	-6.8%	13.5%	13.8%	6.3%	3.5%	6.2%	
Equity Fund (UK)								
UK Growth (M&G)*	-9.5%	-13.4%	N/S	N/S	N/S	N/S	N/S	662,040,000
UK Index (BlackRock)	-7.4%	-14.4%	3.8%	6.2%	2.3%	N/S	N/S	2,267,214
FinEx Sector Average	-7.2%	-11.7%	4.4%	6.5%	2.6%	2.2%	4.9%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	-1.1%	-11.2%	3.3%	5.1%	3.3%	N/S	N/S	66,210,129
Asia Pacific Equity	-2.1%	-15.5%	1.6%	4.2%	N/S	N/S	N/S	6,474,191
FinEx Sector Average	-3.5%	-18.5%	-0.2%	2.4%	3.8%	5.5%	4.5%	
Equity Funds (Japan)								
Japan Index (BlackRock)	-10.8%	-13.3%	7.3%	8.0%	-0.5%	N/S	N/S	4,016,088
FinEx Sector Average	-9.1%	-12.8%	6.7%	8.1%	-1.3%	0.1%	0.4%	
Equity Funds (High Yield)								
Dividend Growth	-1.6%	-10.0%	10.0%	12.1%	4.4%	N/S	N/S	196,236,343
Global Dividend (M&G)*	1.9%	-11.3%	N/S	N/S	N/S	N/S	N/S	5,699,250,000
FinEx Sector Average	-3.2%	-8.4%	8.7%	8.8%	3.5%	2.8%	5.9%	
Equity Funds (Emerging Market)								
India Equity	-5.2%	-19.9%	6.2%	0.7%	N/S	N/S	N/S	12,011,066
Emerging Markets Opportunities (JP Morgan)*	-1.3%	-22.7%	N/S	N/S	N/S	N/S	N/S	1,808,633,863
FinEx Sector Average	-0.8%	-18.4%	-0.8%	-1.8%	3.3%	5.5%	N/S	
Equity Funds (Specialist)								
Top Tech 100	-6.7%	-2.0%	22.1%	19.5%	11.0%	N/S	N/S	29,796,839
FinEx Sector Average	-2.7%	-11.4%	2.9%	0.7%	0.8%	0.3%	3.0%	
Property Funds								
Fund of REITs	-9.5%	-5.3%	N/S	N/S	N/S	N/S	N/S	16,166,269
European (Ex-UK) Property	3.1%	0.3%	14.4%	9.5%	N/S	N/S	N/S	39,227,740
Global Property Equities (Henderson Horizon)*	0.0%	-4.3%	7.3%	N/S	N/S	N/S	N/S	379,446,126
Australasia Property	3.2%	-7.7%	2.9%	8.0%	N/S	N/S	N/S	25,960,629
FinEx Sector Average	1.2%	4.8%	9.4%	5.7%	-1.4%	2.5%	7.1%	
Funds Closed to New Business								
Eurozone Property	1.9%	0.2%	14.6%	8.6%	2.7%	N/S	N/S	22,802,574
Global Emerging Markets Equity (Aberdeen)*	5.0%	-16.1%	-2.1%	N/S	N/S	N/S	N/S	5,046,722,700

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