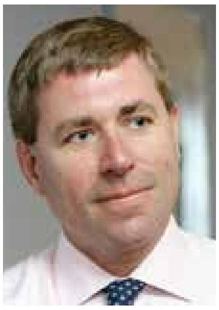
Monthly Investment Review

Equity markets have been subjected to increased volatility in 2016 due to a number of events. These include economic growth concerns in China, severe oscillation in the price of oil, negative interest rates in some regions and, more latterly, Brexit. Investors are also focussed on the US interest rate cycle and the likely timing of the next rate rise. Economic uncertainty has resulted in many equity markets struggling during the first half of the year although the US and UK markets have been notably resilient. Despite the uncertainly, equities remain attractively valued compared to bonds and cash. In addition, the influential US market, which has been in a trading range for the last 18 months, has recently broken out on the upside. Although bonds have been supported by the tailwind of aggressive ECB monetary policy action, they offer little long-term value.



Richard Temperley
Head of Investment Development

Zurich Life Fund Allocations & Activity

Equities & Bonds: Equities are overweight, bonds underweight.

Activity: The equity positions were increased during the month, mainly in the US and Asia Pacific (ex-Japan), as the influential US market broke out of its trading range on the upside. Bonds were cut back further given their lack of value and the ultra-low interest rate environment.

Regionally, the funds are:

- Overweight in Ireland and the US; slightly overweight in Asia-Pacific (ex-Japan).
- Neutral in the UK, Europe and Japan.

Sectorwise, the funds are:

- Overweight technology and industrials.
- Underweight utilities and consumer staples.
- 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 sharply in July supported by a number of features. These included stronger US economic data, a better-than-expected Q2 earnings' results season in the US and somewhat reduced concerns over Brexit.
- World equities (in euro terms) rose by 3.7% during July and have given a total return of 2.9% in the first seven months of the year. This is the first time that that the global equity index has been in positive territory in 2016. All of the major equity markets were up strongly in local currency terms in July ranging from 3.4% in the UK to 6.3% in Australia. Year-to-date, the strongest equity markets in local currency term have been the UK (+7.7%) and the US (+6.3%).
- There was huge sector rotation in the US again in July, this time from defensives into cyclical stocks, in reaction to a more 'risk-on' environment. For example, economically sensitive cyclical sectors like information technology and materials rose by 7.8% and 5.1% respectively in July, whereas defensive areas such as utilities and consumer staples fell by 0.7% and 0.9% respectively. Energy stocks were also weak (-2.0%) on the back of the declining oil price.

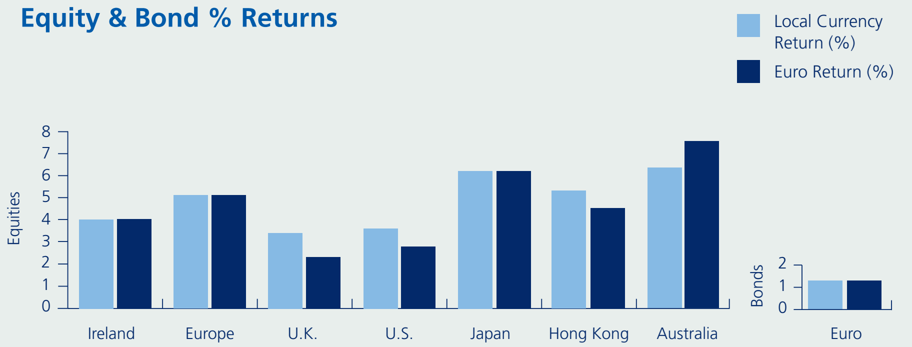
Bonds & Interest Rates

- The Merrill Lynch Euro over Five Year Index rose by 1.3% in July, giving a strong return of 10.2% year-to-date. Eurozone bonds have been supported in 2016 by economic growth concerns and increased quantitative easing. Peripheral eurozone markets, such as Spain (+2.3%), outperformed core markets, such as Germany (+0.3%), during the month in the more 'risk-on' backdrop.
- The German ten-year bond yield rose fractionally over the month from minus 0.13% to minus 0.12%. The yield hit an all-time low of minus 0.19% on 8th July. Equivalent US rates fell marginally from 1.47% to 1.45%.
- There has been another significant change in the markets' view as to the likelihood of a rate hike in the US, following stronger economic data. There is now a 50% chance that the Fed will raise rates by December 2016.

Commodities & Currencies

- Commodity prices overall fell by 6.0% in July breaking a four month upward trend, and are now up by 2.8% year-to-date. The oil price was the main culprit, falling by 14% in July to $42 per barrel. Despite this fall, the oil price has risen significantly from its low point of $28 per barrel on 20th January.
- Following June's sharp rally, the gold price rose by a further 2.2% in July. Gold is now up nearly 29% from its five year low of $1,049 in mid-December 2015.
- The euro currency was slightly stronger against the US dollar during July with the EUR/ USD rate moving from 1.11 to 1.12. Sterling, which fell by over 9% against the euro in June on the back of Brexit concerns, was weaker again (-1%) in July as markets began to discount a potential rate cut by the Bank of England in early August from 0.5% to 0.25%.

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 2016

	Year to Date	Annualised						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Fund Size (€)
Pathway Multi-Asset Funds								
Pathway 2	0.7%	0.1%	N/S	N/S	N/S	N/S	N/S	117,497,930
Pathway 3	1.4%	-0.1%	N/S	N/S	N/S	N/S	N/S	354,624,470
Pathway 4	2.5%	-0.5%	N/S	N/S	N/S	N/S	N/S	377,982,850
Pathway 5	3.3%	-1.7%	N/S	N/S	N/S	N/S	N/S	117,783,379
Pathway 6	1.3%	-3.4%	N/S	N/S	N/S	N/S	N/S	13,702,902
Managed Funds								
Cautiously Managed	1.1%	0.2%	9.5%	9.5%	N/S	N/S	N/S	350,399,226
FinEx Sector Average	2.5%	0.6%	5.0%	5.0%	2.8%	3.1%	4.4%	
Balanced	0.7%	-1.7%	10.8%	10.9%	5.7%	5.6%	7.9%	1,581,434,633
FinEx Sector Average	1.3%	-1.8%	8.3%	8.6%	3.3%	3.3%	6.2%	
Performance	-0.4%	-3.0%	11.1%	11.1%	5.4%	5.5%	7.8%	1,253,966,012
Dynamic	-0.8%	-3.6%	11.4%	11.4%	5.5%	5.5%	7.7%	1,499,327,658
FinEx Sector Average	1.5%	-2.0%	8.4%	8.5%	3.5%	3.4%	6.0%	
Protected Funds								
Protected 70	-3.0%	-7.1%	6.3%	6.1%	N/S	N/S	N/S	12,769,697
Protected 80	-2.7%	-6.2%	4.1%	3.8%	N/S	N/S	N/S	33,842,684
Protected 90	-2.1%	-4.6%	1.0%	0.6%	N/S	N/S	N/S	13,778,898
Cash Fund								
Secure	0.0%	0.0%	0.0%	0.1%	1.1%	1.5%	2.5%	393,972,861
Cash Fund	-0.5%	-0.7%	-0.5%	-0.4%	0.7%	N/S	N/S	286,108,731
FinEx Sector Average	0.0%	0.1%	0.2%	0.2%	1.2%	1.4%	2.2%	
Bond Funds								
Global Corporate Bond (JP Morgan)*	5.7%	5.2%	4.5%	N/S	N/S	N/S	N/S	4,919,412,312
Global Government Bond (JP Morgan)*	5.2%	5.6%	4.7%	N/S	N/S	N/S	N/S	676,275,274
Indexed Eurozone Government Bond (BlackRock)	5.5%	7.1%	6.9%	7.0%	N/S	N/S	N/S	8,432,647
Active Fixed Income	9.3%	9.9%	10.5%	9.9%	7.0%	6.8%	8.1%	198,078,812
Inflation-Linked Bond	4.1%	2.9%	2.5%	2.2%	N/S	N/S	N/S	5,415,191
Long Bond	14.3%	14.3%	14.7%	12.9%	8.0%	N/S	N/S	67,742,327
Global Real Return (PIMCO)*	7.1%	3.9%	4.0%	N/S	N/S	N/S	N/S	2,500,000,000
Emerging Local Currency Debt (Pictet)*	9.1%	3.2%	2.0%	N/S	N/S	N/S	N/S	4,968,604,255
FinEx Sector Average	6.8%	6.5%	6.8%	6.8%	4.6%	4.9%	6.2%	
Absolute Return/Diversified Assets Funds								
Global Targeted Returns Fund (Invesco) *	1.5%	2.0%	N/S	N/S	N/S	N/S	N/S	3,860,000,000
Income Opportunity (JP Morgan)*	4.7%	1.0%	0.4%	N/S	N/S	N/S	N/S	4,388,852,447
Dynamic Diversified Growth (BlackRock)	-1.0%	-3.6%	1.8%	N/S	N/S	N/S	N/S	17,613,803
Diversified Assets	5.5%	-0.2%	6.2%	6.4%	N/S	N/S	N/S	14,000,911
Active Asset Allocation	1.9%	-0.9%	7.8%	7.5%	N/S	N/S	N/S	181,847,776
Commodity Funds								
Gold	23.3%	21.2%	6.2%	0.5%	N/S	N/S	N/S	49,748,984
Earth Resources	-0.7%	-10.7%	-8.0%	-7.1%	N/S	N/S	N/S	5,668,211
Global Commodities	5.4%	-11.6%	-10.5%	-6.8%	-7.8%	N/S	N/S	13,955,725
CommoditiesPLUS Strategy (PIMCO)*	6.9%	-9.8%	-13.3%	N/S	N/S	N/S	N/S	413,000,000
Green Resources	-12.4%	-13.7%	-1.1%	-2.2%	N/S	N/S	N/S	3,864,215
Equity Funds (Global)								
5 Star 5	-5.3%	-7.9%	9.1%	10.5%	4.3%	5.9%	N/S	197,768,660
International Equity	1.3%	-2.1%	12.5%	12.6%	6.5%	5.2%	N/S	202,530,621
Global Select (Threadneedle)	2.0%	-1.2%	13.3%	12.0%	6.8%	5.0%	N/S	6,871,343
Global Equity (MFS Meridian)*	4.1%	-3.9%	N/S	N/S	N/S	N/S	N/S	4,914,739,741
Indexed Global Equity (BlackRock)	1.3%	-4.5%	11.5%	13.5%	N/S	N/S	N/S	100,484,946
FinEx Sector Average	1.4%	-3.6%	9.5%	10.2%	4.6%	3.1%	6.2%	

Source: Financial Express as at 01/08/2016

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)*	-3.3%	-9.2%	N/S	N/S	N/S	N/S	N/S	3,687,390,000
5 Star 5 Europe	-4.5%	-8.5%	10.5%	12.4%	5.1%	N/S	N/S	100,457,221
European Select (Threadneedle)	-1.0%	-6.7%	9.8%	12.3%	7.7%	6.4%	N/S	13,235,422
Small Cap Europe (Pictet)*	-7.3%	-8.8%	N/S	N/S	N/S	N/S	N/S	258,314,466
FinEx Sector Average	-5.6%	-10.3%	7.6%	8.8%	3.9%	3.8%	7.9%	
Equity Funds (Eurozone)								
Eurozone Equity	-4.2%	-10.0%	8.1%	8.8%	5.3%	N/S	N/S	67,413,767
Europe ex-UK Index (BlackRock)	-4.6%	-10.9%	7.5%	7.8%	3.4%	N/S	N/S	2,975,610
Indexed Eurozone Equity (BlackRock)	-4.3%	-15.2%	5.7%	7.3%	N/S	N/S	N/S	2,447,801
FinEx Sector Average	-4.8%	-10.2%	6.9%	7.3%	2.0%	2.2%	6.1%	
Equity Funds (Irish)								
Irish Equity	-10.9%	-3.5%	15.4%	19.6%	1.2%	N/S	N/S	16,301,986
FinEx Sector Average	-12.5%	-7.6%	13.0%	16.1%	-0.6%	1.9%	6.2%	
Equity Funds (American)								
5 Star 5 Americas	-0.8%	-1.9%	15.5%	15.5%	8.2%	N/S	N/S	57,170,319
American Select (Threadneedle)	3.1%	-0.8%	14.9%	15.9%	9.0%	4.5%	N/S	11,798,895
FinEx Sector Average	4.1%	0.3%	14.6%	16.1%	8.0%	3.6%	7.0%	
Equity Fund (UK)								
UK Growth (M&G)*	-14.2%	-24.3%	N/S	N/S	N/S	N/S	N/S	660,070,000
UK Index (BlackRock)	-4.0%	-12.9%	4.8%	6.9%	2.6%	N/S	N/S	2,044,389
FinEx Sector Average	-7.6%	-15.4%	3.7%	6.4%	2.5%	2.2%	4.9%	
Equity Funds (Far East Asia)								
5 Star 5 Asia Pacific	6.4%	3.1%	9.3%	6.3%	4.6%	N/S	N/S	67,949,248
Asia Pacific Equity	6.0%	0.3%	7.5%	5.9%	N/S	N/S	N/S	6,565,855
FinEx Sector Average	3.6%	-5.1%	5.4%	3.9%	5.0%	5.9%	5.4%	
Equity Funds (Japan)								
Japan Index (BlackRock)	-2.4%	-5.7%	9.9%	9.4%	1.5%	N/S	N/S	3,948,796
FinEx Sector Average	-3.6%	-8.0%	7.5%	8.6%	0.6%	0.8%	0.9%	
Equity Funds (High Yield)								
Dividend Growth	4.4%	-1.5%	12.1%	13.7%	5.4%	N/S	N/S	204,901,956
Global Dividend (M&G)*	5.8%	-6.3%	N/S	N/S	N/S	N/S	N/S	5,564,260,000
FinEx Sector Average	1.4%	-3.6%	9.5%	10.2%	4.6%	3.1%	6.2%	
Equity Funds (Emerging Market)								
India Equity	5.0%	-5.3%	14.5%	4.4%	N/S	N/S	N/S	12,564,107
Emerging Markets Opportunities (JP Morgan)*	10.4%	-1.8%	N/S	N/S	N/S	N/S	N/S	1,773,930,412
FinEx Sector Average	7.3%	-4.4%	5.4%	0.9%	4.7%	4.6%	N/S	
Equity Funds (Specialist)								
Top Tech 100	0.4%	2.4%	22.6%	21.3%	13.8%	N/S	N/S	31,692,721
FinEx Sector Average	3.3%	-4.0%	5.0%	3.0%	2.1%	0.8%	3.3%	
Property Funds								
Fund of REITs	-5.7%	-0.5%	N/S	N/S	N/S	N/S	N/S	14,726,547
European (Ex-UK) Property	11.6%	14.3%	17.0%	11.1%	N/S	N/S	N/S	42,404,357
Global Property Equities (Henderson Horizon)*	11.3%	11.4%	14.3%	N/S	N/S	N/S	N/S	467,026,616
Australasia Property	17.4%	11.8%	13.2%	11.3%	N/S	N/S	N/S	30,996,654
FinEx Sector Average	1.9%	4.8%	9.6%	5.8%	-2.1%	2.4%	6.9%	
Funds Closed to New Business								
Eurozone Property	9.7%	14.8%	16.5%	10.7%	3.5%	N/S	N/S	23,645,161
Global Emerging Markets Equity (Aberdeen)*	16.8%	1.6%	5.7%	N/S	N/S	N/S	N/S	5,726,720,774

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.

Barclays Bank Plc is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

BlackRock Investment Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

Coöperatieve Centrale Raiffeisen-Boerenleenbank, B.A., trading as RaboDirect is licensed by the Dutch Central Bank in the Netherlands and is regulated by the Central Bank of Ireland for conduct of business rules.

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no.2606646), Optimum Investment Management Limited (reg. no. 1137353), (incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services.

Invesco Management S.A. is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

JP Morgan Asset Management Marketing Limited is authorised and regulated by the Financial Conduct Authority.

MFS International (UK) Ltd. is a private limited company registered in England and Wales with the company number 03062718, and is authorised and regulated by the Financial Conduct Authority.

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority.

Pictet North America S.A.'s representative office in the UK is an appointed representative of Pictet Investment Company Limited, authorised and regulated by the Financial Conduct Authority.

PIMCO Europe Ltd, PIMCO Europe Ltd Munich Branch, PIMCO Europe Ltd Amsterdam Branch and PIMCO Europe Ltd - Italy are authorised and regulated by the Financial Conduct Authority.

Threadneedle Investment Services Limited is authorised and regulated by the Financial Conduct Authority.

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.

Zurich Life Assurance plc
Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.
Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie
Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

Print Ref: ZURL ISA 76 0816