

Investments

Innovation in Lifestyle Funds



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Investment Diversification

2000 Years On!



Equity Bull Market

A record breaking run...

3rd

Longest bull
market on
record!



Bull Market's End

The warning signs...

Very tight monetary policy



Sustained acceleration in inflation



A big rise in short-term interest rates



An overheating economy



Severe overvaluation of equities compared with interest rates



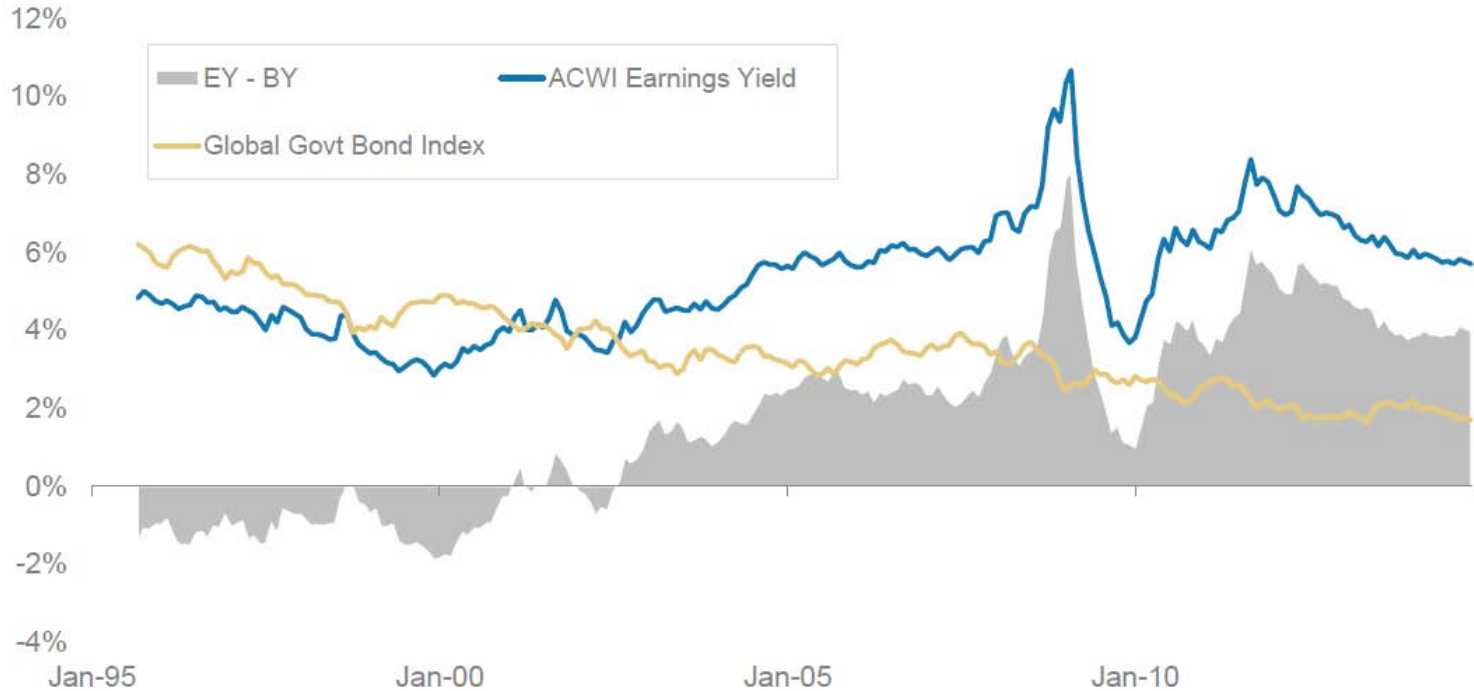
Bond Markets

Bubble, bubble,
toil & trouble!



Equities are reasonably valued...

Compared to cash and fixed income



Diversification Has Value



Different Measures of Risk



Volatility	Maximum drawdown
Sharpe ratio	Calmar ratio
Sortino ratio	MAR ratio
Treynor ratio	Var (value at risk)

Risk & Reward Profile



ESMA Risk Rating

Risk Rating	Volatility Ranges	
	Equal to or above	Less than
1	0%	0.5%
2	0.5%	2%
3	2%	5%
4	5%	10%
5	10%	15%
6	15%	25%
7	25%+	

Risk Rating of Funds



- European Securities & Markets Authority (ESMA) – formerly CESR
- Introduced the Synthetic Risk & Reward Indicator (SRRI) in 2009
- Part of disclosure requirements for key investor information document (KIID) specified by the UCITS IV directive

Benefits of ESMA's SRRI



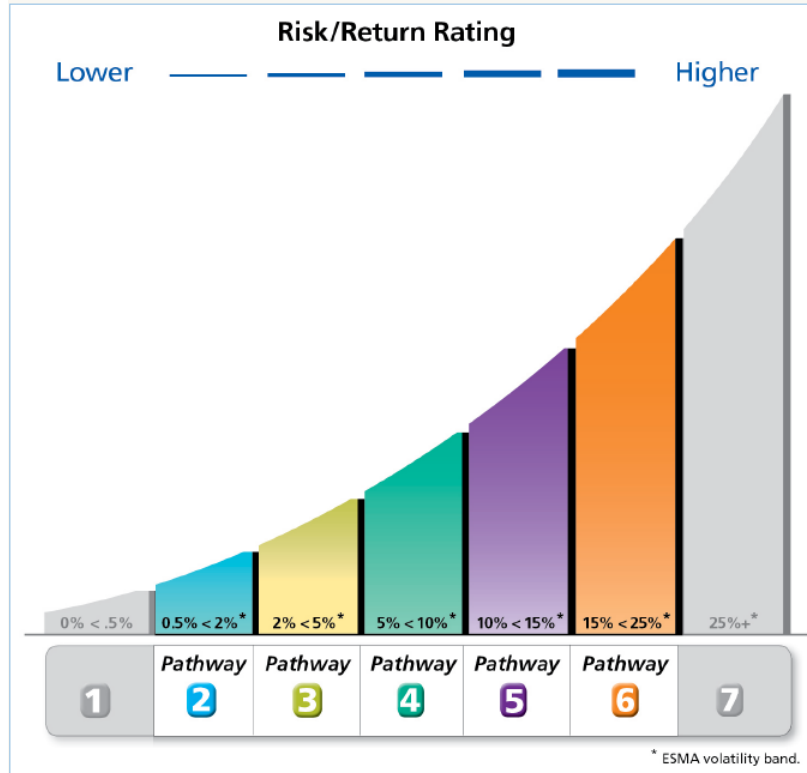
- The one-to-seven scale is an **easy-to-understand** way of comparing funds and assessing their level of risk
- **Consistency** of language
- From an industry perspective, ESMA is **objective**
- Provides a **straightforward methodology**
- Ties in **risk profiling** tools

Limitations of ESMA's SRRI



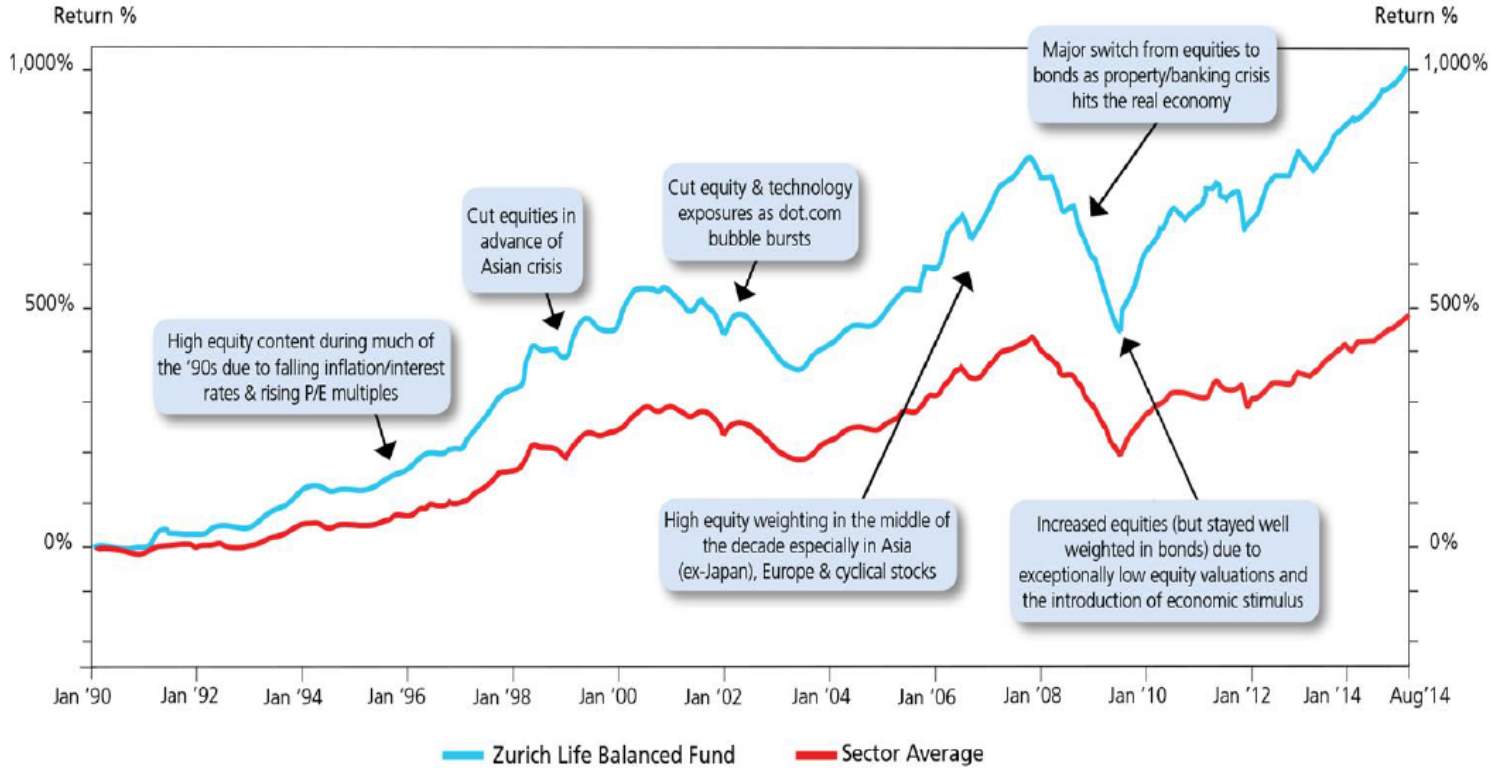
- The risk number is **backward looking** using only five years of historical data
- The SRRI is based on volatility (one SD from the mean) – hence, ratings only cover 67% of readings
- Ratings are **asymmetrical** – risk bands broaden in move from lower to higher risk/reward

Pathway Multi-Asset Funds

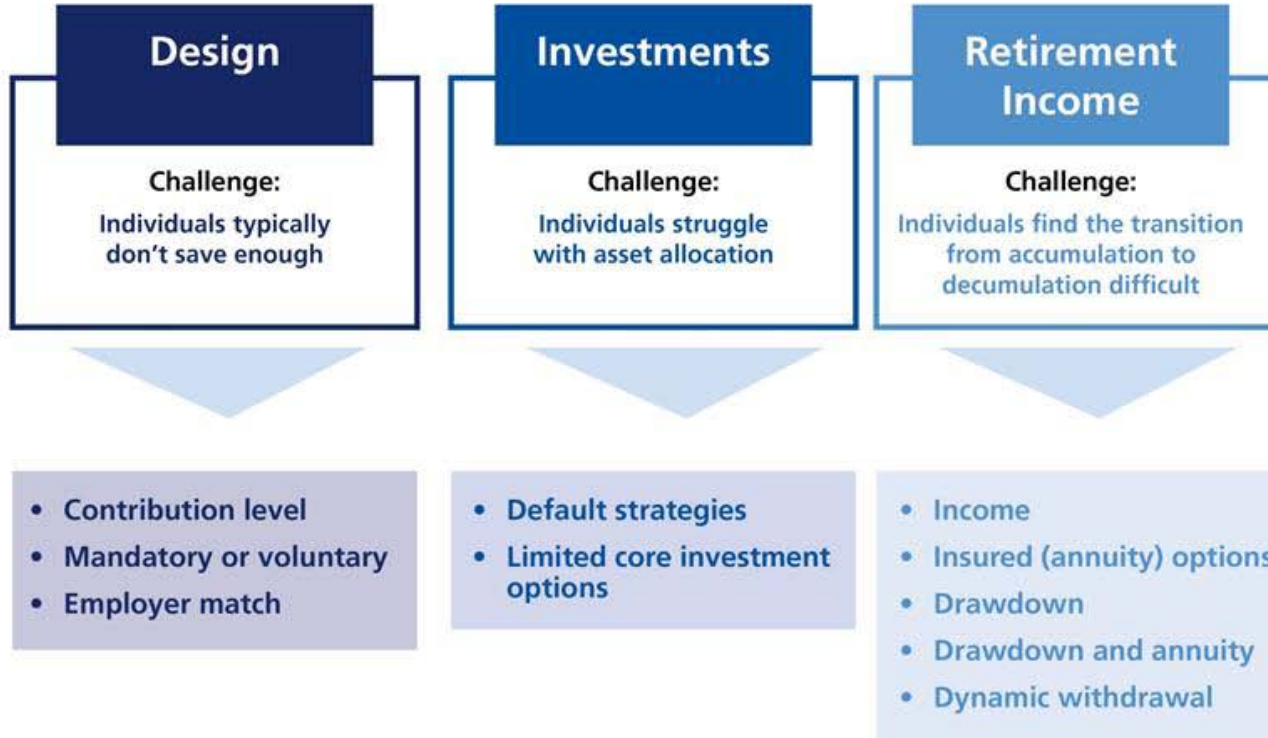


Active Management Adds Value

1990-2014



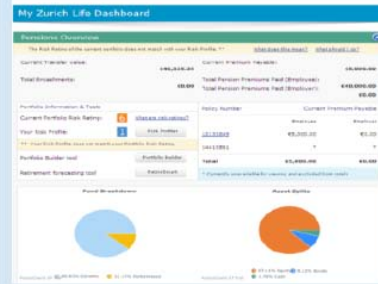
The Basics of DC



Member Engagement

1

Online



2

On the Move



3

Printed Materials

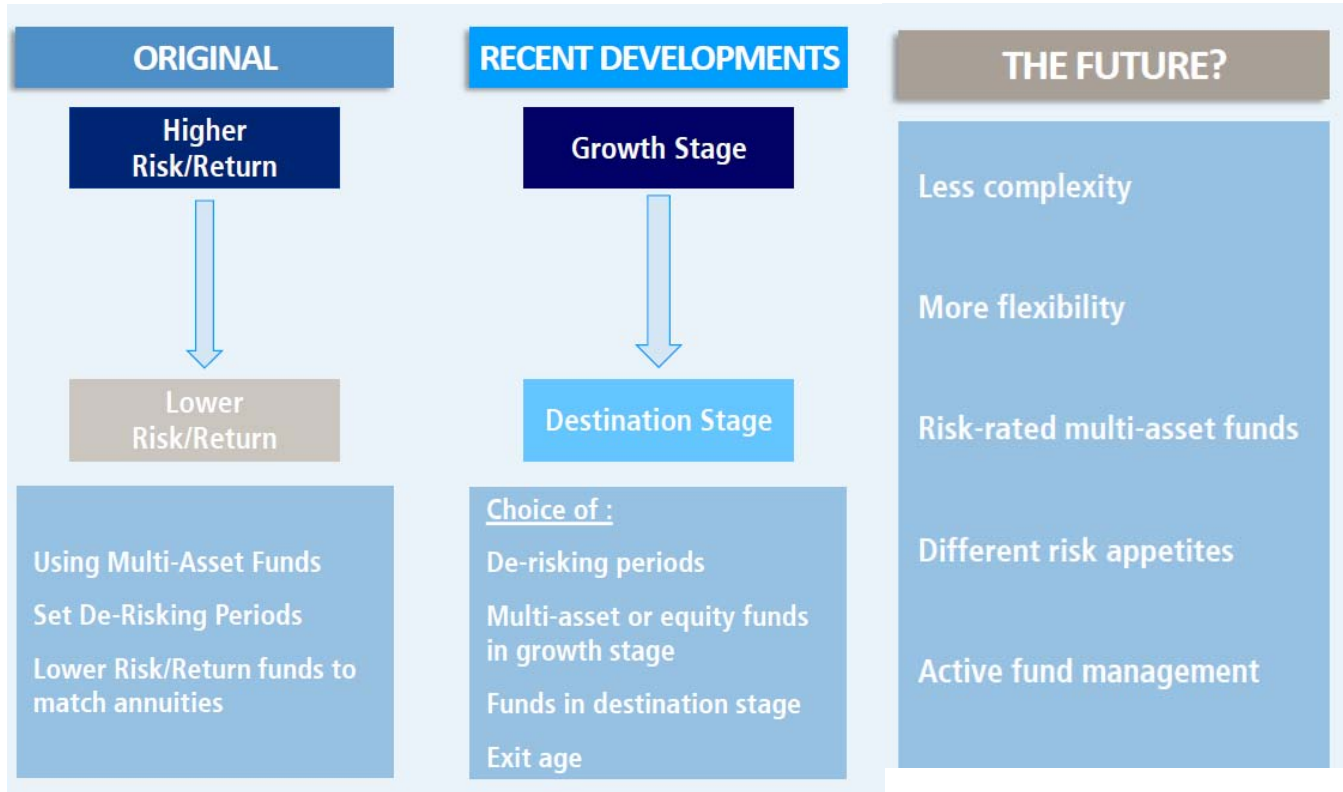


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Workplace



Lifestyling to Retirement



Thank You

Warning: Quoted returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds.

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: Benefits may be affected by changes in currency exchange rates.

Warning: The value of your investment may go down as well as up.

Warning: Past performance is not a reliable guide to future performance.



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