

# Automatic investment strategy

Manage risk and maximise your savings



There are many events in the future which we may need to start saving for. Now, more than ever, providing for future years can be a source of concern. Not only do we need to review, and often revise, the amount we save, it's also important to ensure we are comfortable with the level of risk we are taking with our money.

## Automatic investment strategy

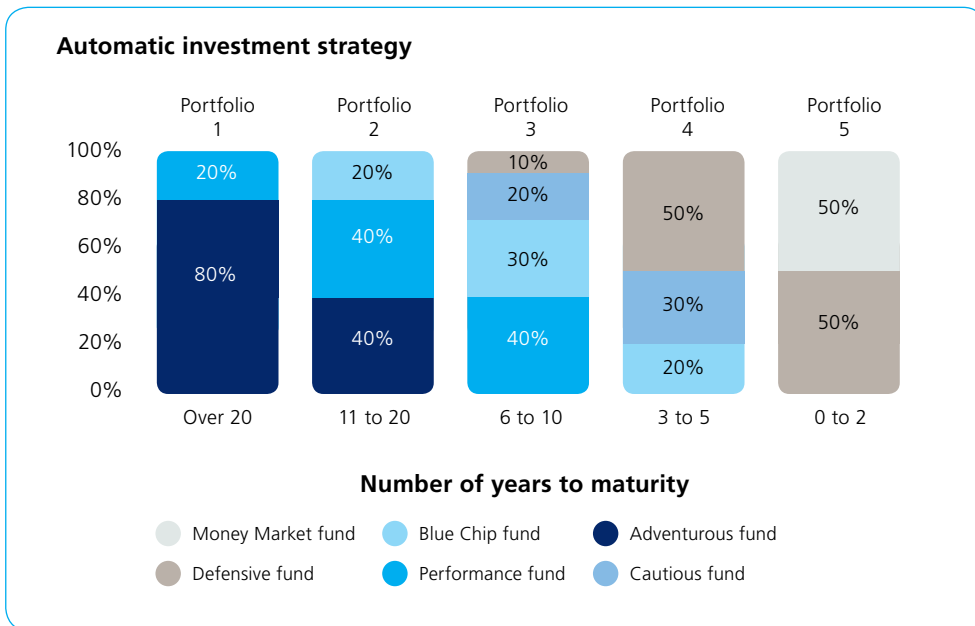
At Zurich International Life (Zurich) we understand the need for peace of mind when planning your investment portfolio. This is why we offer the automatic investment strategy (AIS) – a unique tool – as an investment option. The funds are managed by Threadneedle who offer a choice of US dollars, sterling and euros.

## Let us do the work for you

By choosing to invest in the automatic investment strategy, your savings are automatically switched from equity based funds to money market and bond based funds as you move closer to your policy maturity. This reduces your exposure to investment risk over time and helps to protect any gains made during the early years of your policy. The chart overleaf illustrates how this works. The AIS reduces investment risk by automatically switching your policy through up to five investment portfolios, depending on how long is left until your policy's maturity date, each portfolio offering less exposure to risk than the previous portfolio.

For example, if you start a policy with a ten year term and select the AIS, your monies will initially be invested in Portfolio 3 which contains the Performance, Blue Chip, Cautious and Defensive funds in the proportions shown below.

After five years, your investment will be adjusted by switching into Portfolio 4 which contains the Blue Chip, Cautious and Defensive funds, eventually ending up in Portfolio 5 which contains the Defensive and Money Market funds for the two years prior to your policy maturity date.



Source: Zurich International Life Limited.

For more information about these portfolios and the funds within them please refer to the 'Investments – your guide' brochure.

## What does the AIS invest in?

### AIS invests in a range of Zurich funds

The **Money Market funds** are invested in short-term deposits, and international short-term interest earning securities, such as certificates of deposit. The Money Market funds are available in US dollars, sterling and euros. Their objective is to provide a low risk environment that offers stability and a high degree of liquidity.

The **Managed fund** range offers funds of differing risk levels. The funds invest primarily in bonds and equities listed on the world's stock markets. The asset allocation within these funds is managed by our fund advisers Threadneedle. There are five levels of Managed funds, investing in a mixed portfolio of equities, fixed interest securities and cash:

- The Defensive funds carry the lowest risk and invest mainly in international government and corporate debt with a proportion invested in international equities.
- The Cautious funds invest primarily in fixed-interest securities but generally carry a higher proportion of equities than the Defensive funds.
- The Blue Chip funds invest in equities and a proportion of fixed-interest securities.
- The Performance funds carry an even higher concentration of equities and exposure to fixed-interest securities is lower than that of the Blue Chip funds.
- The Adventurous funds exposure to equities is generally higher than that of the other funds in the managed range with a lower exposure to money market instruments.

### Features of Zurich's AIS

- Can be switched into or out of at any time.
- Potential for growth in the early years.
- Offers a long-term strategy which can help to smooth the effect of short-term volatility associated with equity investment and provide the potential for a real return over cash and the rate of inflation.
- Portfolios with a reducing exposure to equities the closer maturity gets, which can help to maintain policy value in later years.
- Peace of mind – automatic switching throughout the policy term.

Please ensure that the information in this document is not read in isolation. Further information on the AIS, and the funds the portfolios invest in, can be found in the 'Investments – your guide' brochure, a copy of which is available on request.

**Please note** that the value of any investment and income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. It is recommended that you always seek advice from a relevant financial professional prior to making any decisions.

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