

Manage risk and maximise your savings

Automatic investment strategy

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

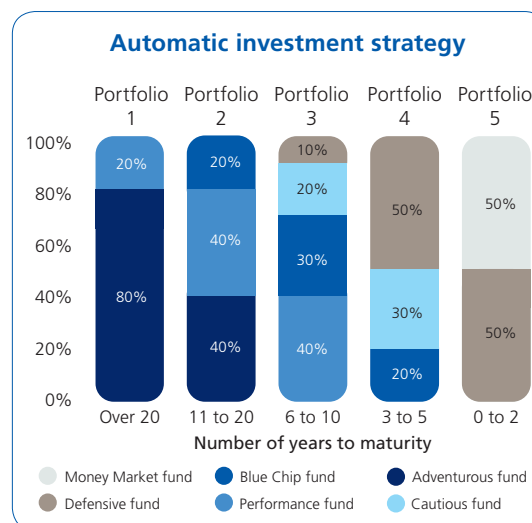
At Zurich International Life (Zurich) we understand the need for peace of mind when planning your investment portfolio. This is why we offer the automatic investment strategy (AIS) – a unique tool – as an investment option. There are two automatic investment strategies available, both with the same split across funds. However, the funds are managed by two separate advisers: one is advised upon by Threadneedle offering a choice of US dollars, sterling and euros, and one is advised upon by BlackRock, available in US dollars only (automatic investment strategy – Series B).

Let us do the work for you

By choosing to invest in one of the automatic investment strategies, 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 (opposite) 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 the Performance, Blue Chip, Cautious and Defensive funds in the proportions shown below.

After five years, they will be adjusted by switching into the Blue Chip, Cautious and Defensive funds, eventually ending up in the Defensive and Money Market funds for two years prior to your policy end.



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 international, short-term interest-earning securities, such as certificates of deposit. The Money Market funds are available in EUR, GBP and USD. Their objective is to provide a steady income flow, and offer the benefit of 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 stockmarkets. The asset allocation within these funds is managed by our fund advisers Threadneedle and BlackRock. 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 fixed-interest securities such as corporate and government bonds
- The Cautious funds have less exposure to fixed interest securities, with approximately 40% invested in equities
- The Blue Chip funds also invest in fixed interest securities but contain a higher proportion of international equities
- The Performance funds carry an even higher concentration of international equities
- The Adventurous funds invest almost entirely in equities and hold the greatest exposure to emerging markets. They also have the scope to invest in smaller companies

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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