



Reassuringly prepared

An adviser guide – differences between the Protected Profits funds

Zurich offers a range of protected profits funds with different structures, investment strategies and underlying counterparties. The table below highlights the differences between the funds.

This summary is for advisers only. For more detailed information on these funds, please refer to the Protected Profits funds leaflets. Customers should receive the relevant product Key features and Funds guide, not this document.

	Investment performance The investment return is based on:	Structure Investing in:	Counterparty The role of the counterparty is:	Risk mitigation The risk of the counterparty failing:
Threadneedle, Multimanager and Tracker Protected Profits	Sterling ISA and Investment Account Threadneedle Protected Profits Threadneedle equity funds spread across UK (60%), US (20%) and Europe (20%). BlackRock Institutional Sterling Liquidity fund.	The customer buys a Medium Term Note (MTN) issued by Barclays Bank plc. The MTNs are not invested in the underlying funds. The returns on the MTNs are calculated by Barclays with reference to the asset mix to which each MTN is linked.	The investment return on the MTN is paid by Barclays Bank plc, who also protect the unit price from falling below 80% of its highest-ever unit price. If Barclays fails to meet its agreed payments or becomes insolvent, the customer could lose some or all of their money. If this happens it's unlikely the customer could make a claim under the Financial Services Compensation Scheme.	Credit ratings can be useful when assessing the risk of the counterparty failing. Barclays Bank plc is rated AA- by Standard and Poor's and Aa3 by Moody's as at October 2011. AAA is the highest rating and D the lowest.
	Sterling Investment Bond and Zurich Retail Pensions Multimanager Protected Profits Equity funds from various managers spread across UK (60%), US (20%) and Europe (20%). BlackRock Institutional Sterling Liquidity fund.	The customer invests in the Sterling life fund or Zurich pension fund. The life and pension funds invest in the underlying equity and BlackRock funds.	Altering the investment mix of the life and pension funds would normally achieve the aim of protecting the unit price. However, if stockmarkets fall exceptionally quickly and dramatically, Barclays Bank plc would pay into the life and pension funds to protect the unit price from falling below 80% of the highest-ever unit price. If Barclays failed, this protection would not be available. If this happens it's unlikely the customer could make a claim under the Financial Services Compensation Scheme.	
	<ul style="list-style-type: none"> The mix between the equity funds and the BlackRock Institutional Sterling Liquidity fund changes in line with a set formula, which takes into account a number of factors e.g. the market volatility and difference between the unit price and protected price. The geographical allocation of the equity funds is rebalanced quarterly to the allocations shown above. In between times the allocation will vary due to actual performance. 		<ul style="list-style-type: none"> At any particular time, the equity content of the funds could be between zero and 70%. The charges on each of the protected profits funds are different. Please refer to the relevant fund factsheet for the current charges. 	
Global Protected Profits	Sterling ISA and Investment Account An Investment Portfolio based on the performance of a range of UK and international equity indices (60%), bonds (30%) and a commodity index (10%). A Cash Element that tracks overnight Sterling interest rates.	The customer invests in J.P. Morgan Structured Funds plc, an OEIC based in Dublin. The OEIC is not invested in the underlying assets. It buys a swap transaction from JPMorgan Chase Bank, N.A. In return the bank makes payments to the OEIC of an amount based on the value of the Investment Portfolio and Cash Element.	Under the terms of the swap transaction JPMorgan Chase Bank, N.A. agree to make payments to the OEIC. JPMorgan Chase Bank, N.A. also protect the unit price of the OEIC from falling below 80% of its highest-ever unit price. If JPMorgan Chase Bank, N.A. fails to make the payments the value of the OEIC could fall below 80% of its highest-ever unit price. If this happens it's unlikely the customer could make a claim under the Financial Services Compensation Scheme.	Under the terms of the swap transaction JPMorgan Chase Bank, N.A. is required to provide a separate holding of government bonds (Canada, France, Germany, Japan, UK and USA), which are held by the OEIC's independent custodian. If JPMorgan Chase Bank, N.A. do not make the payments to the OEIC it has agreed to make, the value of the governments bonds will be used to make good the shortfall. If any of the governments do not pay their debts, or there is an increased risk any of them might not, the value of the government bonds may be insufficient to make good the shortfall.
	Sterling Investment Bond and Zurich Retail Pensions An Investment Portfolio based on the performance of a range of UK and international equity indices (60%), bonds (30%) and a commodity index (10%). A Cash Element that tracks overnight Sterling interest rates. Deutsche Managed Sterling Fund.	The customer invests in the Sterling life fund or Zurich pension fund. The life and pension funds invest in J.P. Morgan Structured Funds plc, an OEIC based in Dublin and the Deutsche Managed Sterling Fund. The OEIC is not invested in the underlying assets. It buys a swap transaction from JPMorgan Chase Bank, N.A. In return the bank makes payments to the OEIC of an amount based on the value of the Investment Portfolio and Cash Element.	This risk is mitigated by a separate holding of government bonds (see opposite).	
	<ul style="list-style-type: none"> The mix between the Investment Portfolio and Cash Element (and the Deutsche Managed Sterling Fund for the life and pension funds) changes in line with set formula, which take into account a number of factors e.g. the market volatility and difference between the unit price and protected price. The Investment Portfolio is rebalanced quarterly to the asset allocations shown above. In between times the allocation will vary due to actual performance. 		<ul style="list-style-type: none"> At any particular time, the proportion linked to the Investment Portfolio could be between zero and 100%. The charges on each of the protected profits funds are different. Please refer to the relevant fund factsheet for the current charges. 	
Omnis J.P. Morgan Protector 80	Sterling ISA and Investment Account An Investment Portfolio based on the performance of a range of UK and international equity indices (up to 70%), bonds and cash (30% to 75%). It may also include a commodity index, emerging markets, and the US\$ to Japan ¥ exchange rate. A Cash Element that tracks overnight Sterling interest rates.	The customer invests in the IFDS Omnis Investments ICVC an OEIC based in the UK. The OEIC is not invested in the underlying assets. It buys a swap transaction from JPMorgan Chase Bank, N.A. In return the bank makes payments to the OEIC of an amount based on the value of the Investment Portfolio and Cash Element.	Under the terms of the swap transaction JPMorgan Chase Bank, N.A. agree to make payments to the OEIC. JPMorgan Chase Bank, N.A. also protect the unit price of the OEIC from falling below 80% of its highest-ever unit price. If JPMorgan Chase Bank, N.A. fails to make the payments the value of the OEIC could fall below 80% of its highest-ever unit price. If this happens it's unlikely the customer could make a claim under the Financial Services Compensation Scheme.	Under the terms of the swap transaction JPMorgan Chase Bank, N.A. is required to provide a separate holding of government bonds (Canada, France, Germany, Japan, UK and USA), which are held by the OEIC's independent custodian. If JPMorgan Chase Bank, N.A. do not make the payments to the OEIC it has agreed to make, the value of the governments bonds will be used to make good the shortfall. If any of the governments do not pay their debts, or there is an increased risk any of them might not, the value of the government bonds may be insufficient to make good the shortfall.
	Sterling Investment Bond An Investment Portfolio based on the performance of a range of UK and international equity indices (up to 70%), bonds and cash (30% to 75%). It may also include a commodity index, emerging markets, and the US\$ to Japan ¥ exchange rate. A Cash Element that tracks overnight Sterling interest rates. Deutsche Managed Sterling Fund.	The customer invests in the Sterling life fund. The life fund invests in the IFDS Omnis Investments ICVC, an OEIC based in the UK, and the Deutsche Managed Sterling Fund. The OEIC is not invested in the underlying assets. It buys a swap transaction from JPMorgan Chase Bank, N.A. In return the bank makes payments to the OEIC of an amount based on the value of the Investment Portfolio and Cash Element.	This risk is mitigated by a separate holding of government bonds (see opposite).	
	<ul style="list-style-type: none"> The mix between the Investment Portfolio and Cash Element (and the Deutsche Managed Sterling Fund for the life fund) changes in line with set formula, which take into account a number of factors e.g. the market volatility and difference between the unit price and protected price. 		<ul style="list-style-type: none"> The asset allocation of the Investment Portfolio is determined quarterly by a set of rules based on the performance and volatility of the assets over the past 6 months. In between times the allocation will vary due to actual performance. At any particular time, the proportion linked to the Investment Portfolio could be between zero and 100%. The charges on each of the protected profits funds are different. Please refer to the relevant fund factsheet for the current charges. 	

For more information
on the Protected Profits
funds and who they
are suitable for,
please contact your
Zurich consultant
on **0500 546 546**

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