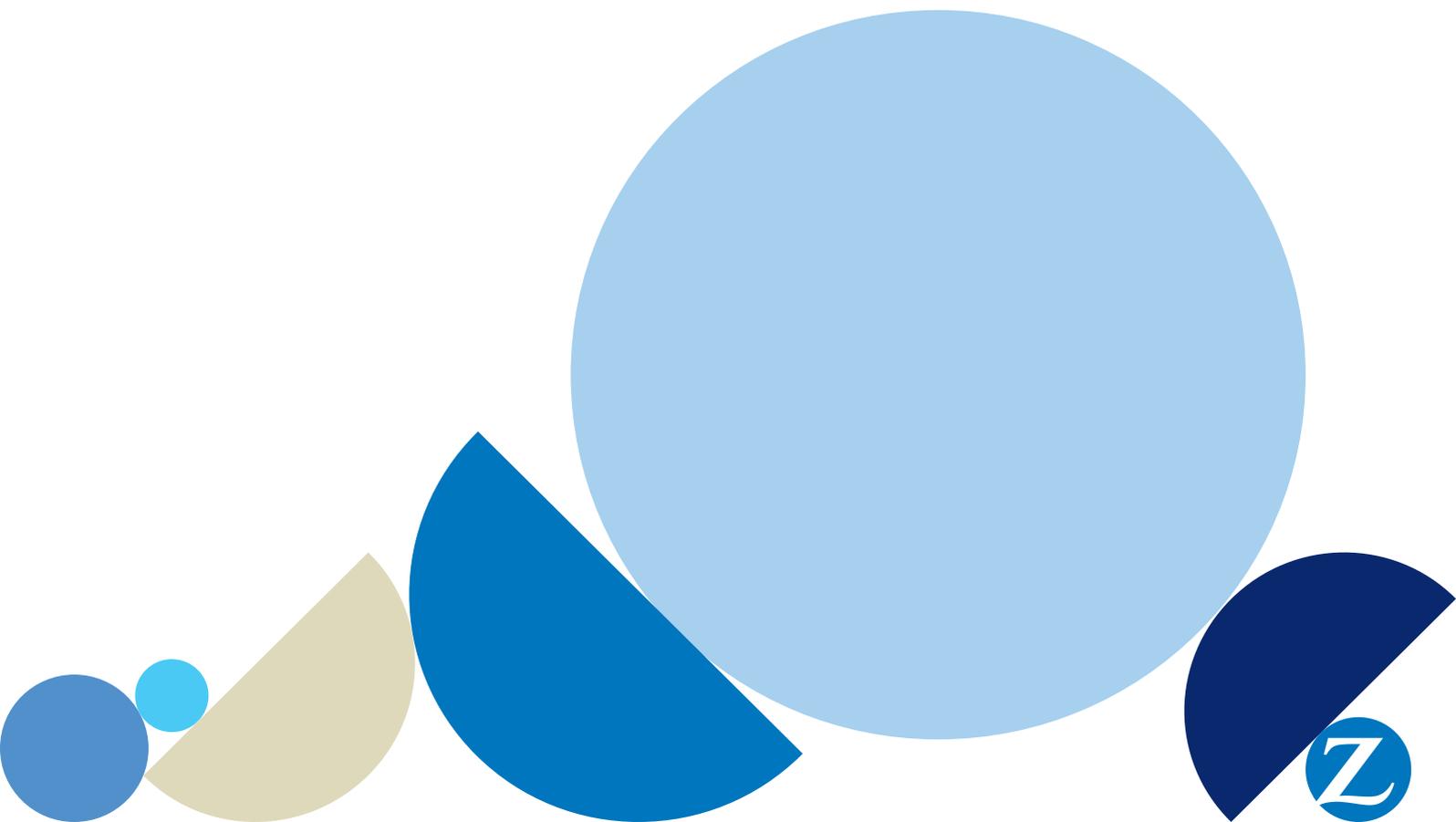


# Fund Centre

## Frequently asked questions



# Introduction

This document will help you answer some common questions that may come up when using the Fund Centre. To help you navigate your way through this document, we have categorised the questions into the different areas and functionality of the Fund Centre.

## Where do I go if I need help?

A user guide is available. This guide provides step-by-step instructions and includes screen shots to make it as clear as possible.

## Where is the user guide found?

Please refer to the library section of Zurich International online (ZIO).

## How is the Fund Centre maintained?

Zurich International Life Limited (Zurich) is responsible for ensuring the Fund Centre shows the most up-to-date funds as well as those available to specific plans. The dedicated team will also regularly review the available range by adding new funds or by closing funds.

## Fund Centre home page

When I 'Select currency' on the Fund Centre home page, does this currency calculation feed through to the performance data on the fund factsheets?

No. The performance data on the fund factsheets is calculated in the fund currency. The product scan tool will calculate performance data based on the currency selected on the short list home page. The currency used to calculate performance data is stated in the source of the relevant performance table or chart.

When selecting performance in different currency options, how does the Fund Centre calculate currency conversions?

FE, the data provider for the Fund Centre, calculate currency conversions based on exchange rates they receive from Morningstar, providers of real time data feeds.

## What is the FE Crown rating?

The FE Crown rating is a quantitative based ratings system founded on historical performance, volatility and consistency. Funds are ranked against a relative benchmark chosen by FE with the lowest rated funds carrying a single crown, and the highest awarded five crowns. Funds without a three year track record are not rated. However, in some cases a rating is applied to funds whose underlying fund carries a three year track record. FE Crown ratings are produced solely by FE and its accuracy or completeness cannot be guaranteed.

Crown ratings are calculated at a fund level basis and apply to all share classes or series of a fund. The driver or primary unit of the fund is used to calculate the rating.

## What does alpha, beta and sharpe ratio mean in the risk and ratings section?

**Alpha** – measures how much, if any, of this extra risk helped the fund outperform its corresponding benchmark, taking into account the fund's exposure to market risk (as measured by beta). It establishes if the fund's returns outperformed the markets, given the same amount of risk. For example, if a fund has an alpha of one, it means that the fund outperformed the benchmark by 1%. A fund with a negative alpha indicates that the fund underperformed for the amount of extra, fund specific risk that was taken.

**Beta** – determines the volatility (risk) of a fund in comparison to that of its index or benchmark. It is a measure of a fund's sensitivity to market movements and the beta of a market is one by definition.

So any stock with a high beta is more volatile than the market and conversely a fund with a lower beta is expected to rise and fall more slowly than the market. A conservative investor whose main objective is to preserve their investments would look for funds with a low beta, whereas investors who are more aggressive and willing to take on more risk would look for high beta funds.

**Sharpe ratio** – the principal of this ratio is to see how much additional return is being received for the additional volatility of holding the risky asset versus a risk free asset. In simple terms, it tells us if a fund's returns are due to smart investment decisions by the fund manager or a result of excess risk. Even though one fund may outperform other funds in its sector, it only becomes a good investment if the higher returns generated don't come with too much additional risk. The higher the Sharpe ratio, the better its risk adjusted performance has been. Please note that these measures are based on total return and are annualised over three years, to last month end.

## Can I download all the fund prices and performance into an excel spreadsheet?

Yes, you can download a selection of funds or the entire range. You can also download up to 25 funds to a pdf document. Simply click on the Excel or pdf button at the top of the screen. You will then be given the option to download all or a selection of data from the Fund Centre.

Why would there be missing performance data for some of the funds?

Performance data will not show if the fund has been launched later than the performance period chosen. Some funds have only a short performance track record. The 'Launch date' column within the performance tabs on the home page will show you when the fund launched.

How will I know what the latest prices are?

The Fund Centre home page automatically opens with the 'Prices' information tab showing. Prices displayed are fund 'valuation date' prices utilised for unit transactions on the following working day.

Within the charges information tab, what are the 'discounted initial charge' column and the 'ZIL management charge' column?

Zurich's discounted initial charge is the level at which customers investing through Zurich's corporate savings plans are charged on their initial investment. The charge is discounted due to the strength of our buying power with fund houses as a large financial organisation.

The Zurich management charge is a charge assigned to Zurich's mirror fund range which is not currently available on the IPP.

The fund annual management charge (AMC) is the annual management charge linked to each fund and is reflective of the institutional share class offered.

## Charting tool

Can I measure performance against an index or benchmark?

Yes. The chart function allows you to plot up to ten 'instruments' (i.e. individual funds, sectors, indices) against your chosen fund. And within the product scan you can choose your own index or benchmark to measure against the performance of your portfolio.

## Factsheets

On the factsheets and product scan, why do discrete performance period end dates differ to the end dates for the cumulative performance information?

This is because discrete performance tables are only updated at quarterly intervals whereas cumulative performance is updated monthly.

Why do some factsheets show benchmark information while other funds do not?

In all cases where a benchmark is available the Fund Centre will show benchmark information. In some cases benchmarks are not provided by the fund manager and therefore cannot be shown and in some cases FE do not own the specific benchmark index. For example the Zurich managed funds have composite benchmarks and one of the indices that makes up these benchmarks is not owned by FE.

## Product scan

How many funds can be built into the product scan?

A maximum of 20 funds can be passed through to the product scan function. A warning message will let you know if you exceed this limit.

Will the product scan show individual fund performance as well as the portfolio's performance?

No. The product scan only shows the combined performance of the portfolio against an index or benchmark. Performance is shown in chart form as well as tabular form (cumulative and discrete performance). It also shows the top ten holdings of the portfolio and splits it down into the percentage each of the funds held in the portfolio contributes to that holding. Pie charts display asset allocation, sector and geographical representation of the portfolio where data is available.

In the stock overlap section within the product scan report why would there be only one fund listed under a stock holding?

The stocks listed in the stock overlap holdings section of the product scan report refer to the top ten holdings listed on the first page of the report. This section will show where a top ten stock is held within the portfolio, be it in one fund or in numerous funds. If a stock is held within more than one fund, each fund will be listed beneath it. This suggests that there may be some overexposure to that particular holding within the portfolio. Where just one fund is listed under a particular stock no overlap occurs.

In the product scan, why does 'unknown' sometimes appear?

In some cases top ten holdings, asset allocation and regional and sector splits are not provided to FE by the fund managers. If this is the case with a particular fund that has been included in a portfolio it will filter through to the product scan and 'Unknown' will appear in that particular field. FE strive to provide complete data information where possible and employs a factsheets team who focus solely on obtaining this data where possible.

## FE Sector Definitions

Sector name	Definition
Asia Pacific including Japan	Funds which invest at least 80% of their assets in Asia Pacific equities and which include Japanese equities. Asia Pacific includes all countries in the FTSE World Asia Pacific index. Not to include funds which would otherwise qualify for the Japan equity sector.
Balanced Managed	Funds in this sector are required to have a range of different investments. However, there is scope for funds to have a high proportion in company shares (equities). The fund must have between 40% and 85% invested in company shares. Maximum 85% equity exposure (including convertibles). Minimum 40% equity exposure. No minimum fixed income or cash requirement. Minimum 50% investment in established market currencies (USD, GBP & EUR) of which 25% must be sterling. Sterling requirement includes assets hedged back to sterling.
Cautious Managed	Funds in this sector are required to have a range of different investments. The fund must have between 20% and 60% invested in company shares (equities). At least 30% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or 'cash' investments. 'Cash' can include investments such as current account cash, short-term fixed income investments and certificates of deposit. Maximum 60% equity exposure (including convertibles). Minimum 20% equity exposure. Minimum 30% fixed income and cash. Minimum 60% investment in established market currencies (USD, GBP & EUR) of which 30% must be sterling. Sterling requirement includes assets hedged back to sterling.
Commodity & Energy	Funds that invest at least 80% of their assets in commodity and/or energy related securities.
Currency funds	Funds which invest at least 95% of their assets in money market instruments.
Defensive Managed	Funds in this sector are required to have a range of different investments. Up to 35% of the fund can be invested in company shares (equities). At least 45% of the fund must be in fixed income investments (for example, corporate and government bonds) and/or 'cash' investments. 'Cash' can include investments such as current account cash, short-term fixed income investments and certificates of deposit. Maximum 35% equity exposure (including convertibles). No minimum equity requirement. Minimum 45% investment grade fixed income and cash. Minimum 80% investment in established market currencies (USD, GBP & EUR) of which 40% must be sterling. Sterling requirement includes assets hedged back to sterling.
Distribution	Funds in this sector return a yield on the underlying portfolio of at least 110% of the FTSE All Share yield (net of tax). Maximum of 60% total equity (including preference shares, permanent interest bearing shares and convertibles). Minimum of 20% total equity. Minimum of 50% sterling based assets (including fixed interest hedged back to sterling). Fixed interest defined as government sovereign bonds and corporate bonds.
Europe excluding UK	Funds which invest at least 80% of their assets in equities quoted on European stock markets, but which normally hold no equities quoted on the UK stock market. Europe includes all countries in the FTSE World Europe/MSCI Europe indices.
Europe including UK	Funds which invest at least 80% of their assets in equities quoted on UK and European stock markets. Not to include funds which would otherwise qualify for a UK equity sector. Europe includes all countries in the FTSE World Europe/MSCI Europe indices.
Flexible Managed	The funds in this sector are expected to have a range of different investments. However, the fund manager has significant flexibility over what to invest in. There is no minimum or maximum requirement for investment in company shares (equities) and there is scope for funds to have a high proportion of shares. The manager is accorded a significant degree of discretion over asset allocation and is allowed to invest up to 100% in equities at their discretion. No minimum equity requirement. No minimum fixed income or cash requirement. No minimum currency requirement.
Global Emerging Markets	Funds which invest at least 80% of their assets in equities from emerging markets, as defined by the FTSE All World Index Indices, without geographical restriction.
Global Equities	Funds which invest at least 80% of their assets in equities. Funds must be invested in more than one equity region. Not to include funds which would otherwise qualify for the global emerging markets equity sector.

Sector name	Definition
Global Fixed Interest	Funds which invest at least 80% of their assets in non-UK broad investment grade fixed interest securities. Fixed interest defined as government sovereign bonds and corporate bonds. Preference shares, permanent interest bearing shares (PIBs) and convertibles are not treated as fixed interest investments.
Global High Yield	Funds which invest at least 80% of their assets in non-UK fixed interest securities. Funds which invest at least 50% of their assets in sub investment grade and/or emerging market fixed interest securities, without geographical restriction. Fixed interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds, convertibles, preference shares and permanent interest bearing shares.
Global Property	Funds that invest at least 80% of their assets in direct property and property securities. Minimum 50% non-UK assets.
Japan	Funds which invest at least 80% of their assets in equities quoted on the Japanese stock market.
Money Market	Funds which invest at least 95% of their assets in sterling (or hedged back to sterling) money market instruments. Money market instruments are defined as cash and near cash, such as bank deposits, certificates of deposit, and fixed interest securities or floating rate notes.
North America	Funds which invest at least 80% of their assets in equities quoted on United States and Canadian stock markets.
Not Yet Assigned	A sector has not currently been assigned due to lack of information.
Property	Funds which invest in property on a global basis, whether physical property, property shares or a mixture of the two.
Protected/Guaranteed	Funds, other than money market funds, which principally aim to provide a return of a set amount of capital back to the investor (either explicitly guaranteed or via an investment strategy highly likely to achieve this objective) plus some market upside.
Specialist	Funds that have an investment universe that is not accommodated by any of the other ABI sectors. As funds in this sector do not meet any pre-set parameters, these should not be compared on a like-for-like basis.
Sterling Corporate Bond	Funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) broad investment grade corporate bond securities. This excludes preference shares, PIBs and convertible securities.
Sterling High Yield	Funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) fixed interest securities. Funds which invest at least 50% of their assets in sub-investment grade fixed interest securities, convertibles, preference shares and PIBs. Fixed interest securities defined as government sovereign bonds, local authority bonds, supranational bonds and corporate bonds.
Sterling Other Fixed Interest	Funds with investment policy permitting significant changes in asset allocation between broad investment grade fixed interest securities and sub-investment grade fixed interest securities, convertibles, preference shares and PIBs. Funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) fixed interest securities, convertibles, preference shares and PIBs. Fixed interest securities defined as government sovereign bonds, local authority bonds, supranational bonds and corporate bonds.
UK All Companies	Funds which invest at least 80% of their assets in equities quoted on the UK stock market. Funds have the primary objective of achieving capital growth or total return.
UK Direct Property	Funds that normally invest at least 80% of their assets in UK property. Managers may occasionally use property index certificates or other property instruments for up to 20% property investment. UK property defined as real estate located within the UK.
UK Equity Income	Funds which invest at least 80% of their assets in equities quoted on the UK stock market. Net of tax yield on the underlying portfolio of at least 110% of the FTSE All Share yield.

Sector name	Definition
UK Fixed Interest	Funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) broad investment grade fixed interest securities. Fixed interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds. Preference shares, PIBs and convertibles are not treated as broad investment grade fixed interest investments.
UK Gilt	Funds invest at least 95% of their assets in UK Government securities (Gilts), UK Government backed securities, sterling denominated (or hedged back to sterling) AAA rated, overseas government backed securities. At least 80% of the fund must be invested in UK Government securities (Gilts).
UK Index – Linked Gilts	Funds which invest at least 95% of their assets in UK Government Index Linked securities (Index Linked Gilts), UK Government backed Index Linked securities or sterling denominated (or hedged back to sterling) AAA rated, overseas government backed Index Linked securities. At least 80% of the fund must be invested in UK Index Linked Government securities (Index Linked Gilts).
UK Long Bonds	Funds (used in conjunction with pension plans) with a specific objective for the movement in the value of units in the fund to approximate to movements in annuity purchase prices. Funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) long duration (ten years or more) broad investment grade fixed interest securities.
UK Property Securities	Funds that invest at least 80% of their assets in property securities quoted on the UK stock market and direct property located in the UK. Property securities include real estate investment trusts, shares issued by companies that own, develop or manage direct property and property index certificates.
UK Smaller Companies	Funds which invest at least 80% of their assets in equities quoted on the UK stock market which form the bottom 10% by market capitalisation.
Unclassified	This sector is for funds that do not provide sufficient data to be monitored, and consequently cannot be compared on a like-for-like basis.
With Profits	Funds that conform to the with profits policy.
Deposit & Treasury	Funds in this sector are not 'no risk' funds but to satisfy the sector parameters they must have stability of capital as the principal and overriding objective. Funds must invest 100% of their assets in sterling denominated permitted instruments. Permitted instruments must not have a final maturity greater than 12 months. The investment quality of each of the permitted instruments must be closely matched with the fund's objective of stability of capital. The permitted instruments for this sector are Current Account Cash, Time Deposits (including call accounts), Certificates of Deposit, UK Treasury Bills, UK Short Gilts, Insured funds that track a recognised cash index, such as the Bank of England base interest rate, can be included.

## Important information

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For life assurance companies authorised in the Isle of Man, the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991, ensure that in the event of a life assurance company being unable to meet its liabilities to its planholders, up to 90% of the liability to the protected planholders will be met.

The protection only applies to the solvency of Zurich International Life Limited and does not extend to protecting the value of the assets held within any unit-linked funds linked to your plan.

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