

# Zurich Risk Profile Funds

Sophisticated investments in  
a simple package



# Investing made easy

With more demands on our time every day, do your plan members have the time, knowledge, or resources to create or look after a varied portfolio of investments?

The Zurich Risk Profile Funds are a low-cost, straightforward and diversified investment solution. Created with Vanguard, one of the world's largest and most well respected investment managers, these funds offer a range of risk and return profiles designed to align with plan members' individual objectives, age, income, risk profiles and investment timeframe.

They are designed as a range of five straightforward all-in-one investment portfolios based on Vanguard's index-tracking funds. Each fund has a different mix of investments to align with an individual member's preferred level of risk, from the Zurich 20% Equity Fund through to the Zurich 100% Equity Fund. The Funds are available in three currencies; US dollar, Sterling and Euro.

The Zurich Risk Profile Funds bring Vanguard's 40 years of indexing expertise to our award-winning International Pension Plan, our International Multi-Employer Savings Plan, our International Deferred Benefit Plan and our International Corporate Investment Plan. As globally respected experts in our fields, with a commitment to creating low-cost, transparent solutions that meet the needs of customers, Zurich and Vanguard make a powerful partnership.

# About Vanguard

Vanguard was founded in the United States in 1975 on a simple but revolutionary idea: that an investment company should manage the funds it offers in the sole interest of its clients.

In 1976, Vanguard pioneered the concept of indexing, introducing the first index fund for individual investors in the United States.

Their approach has earned the trust of millions of investors allowing them to expand their global presence and become one of the world's largest and most well-respected global asset management companies.

# Why use the Zurich Risk Profile Funds?

The funds apply a number of investment best practices, including:

- broad diversification
- automatic rebalancing and transparency, which together carefully balance risk, return and cost
- the cost advantages of passive indexing.

Together, these deliver excellent value for plan members.



# The Zurich Risk Profile Funds

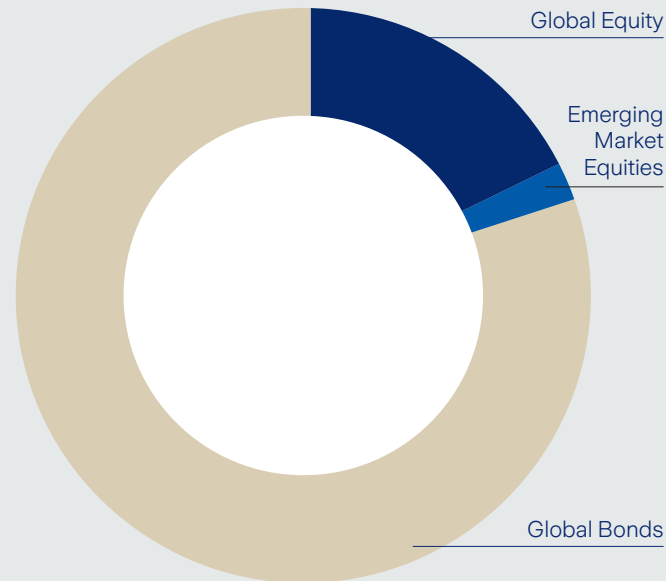
The Zurich Risk Profile Funds are a range of five straightforward, all-in-one investment portfolios. The funds provide exposure to a targeted mix of equities and bonds with a higher bias towards the base currency assets and are designed to deliver market driven returns over the long term, given a desired risk level.

The names refer to the percentage of equities the fund aims to hold, with the remainder exposed to bonds. Each is designed to meet a particular risk profile, providing plan members with a straightforward default portfolio, or a core investment around which to fine tune bespoke portfolios.

Plan members can use the Risk Profile Funds in a number of ways:

- 1 investing in just one of the five funds available (for example the 20% Equity Fund)
- 2 investing in any combination of the five funds (for example the 20% Equity Fund and the 60% Equity Fund)
- 3 investing in a combination of one or more of the Risk Profile Funds, together with one or more funds from Zurich's 'Self-select' range of funds, should you choose to make these available

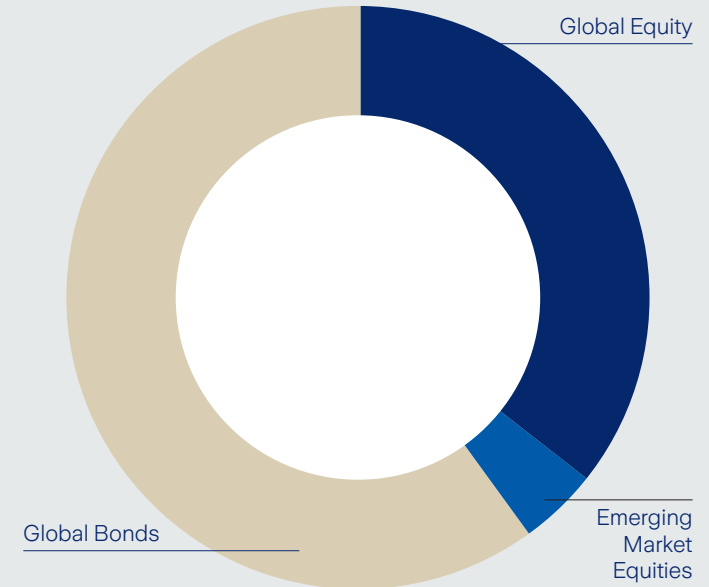
## Zurich 20% Equity Fund



### Typical investor profile

- Values capital preservation over higher returns
- Would suffer severe regret at losses
- Limited investment experience
- Needs to be made aware of shortfall risk

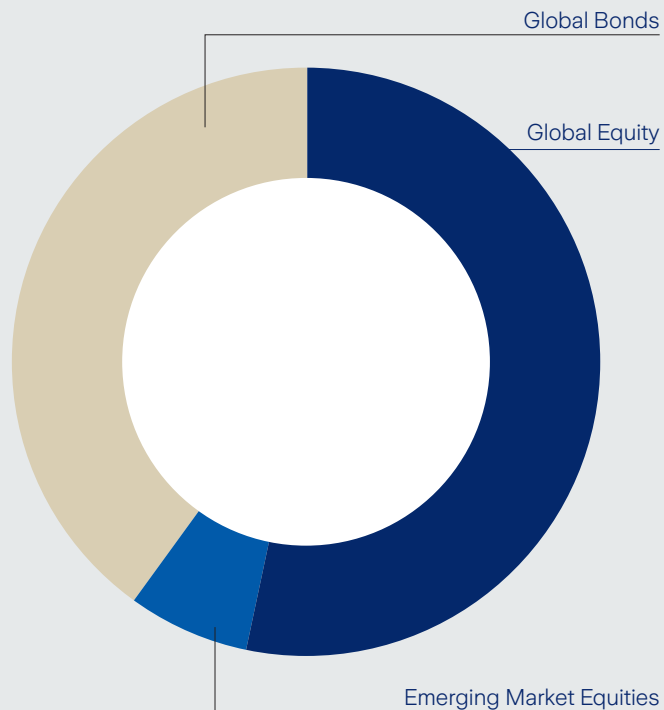
## Zurich 40% Equity Fund



### Typical investor profile

- Will take only limited risk to meet goals
- Recognises that some risk is necessary to get a better return
- Low-to-moderate levels of investment experience
- Often suffers from regret at losses

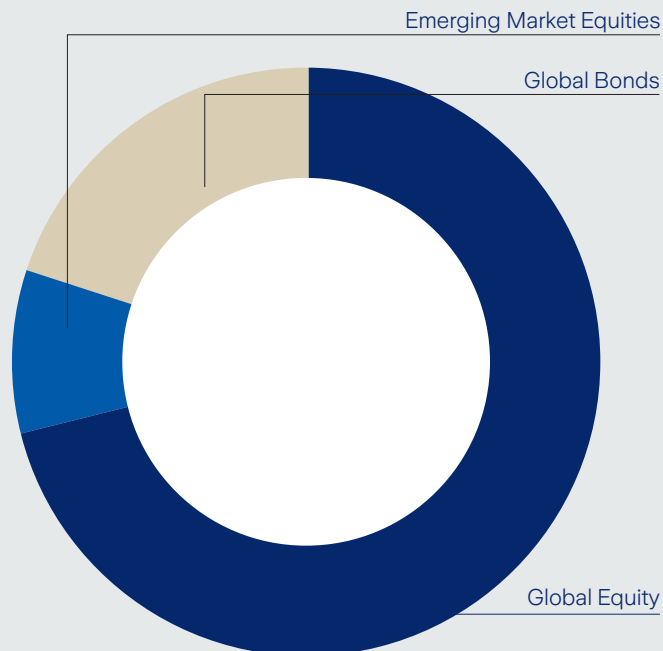
## Zurich 60% Equity Fund



### Typical investor profile

- Understands the need to take risk to meet goals
- Willing to risk only part of their available assets
- Moderate levels of investment experience
- Sometimes suffers regret at losses

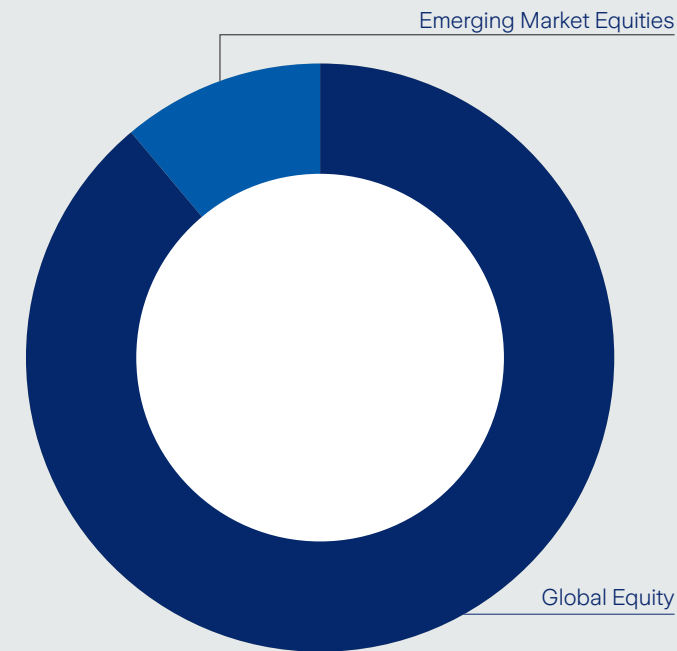
## Zurich 80% Equity Fund



### Typical investor profile

- Comfortable taking investment risk to achieve goals
- Willing to risk most of their available assets
- Moderate to high levels of investment experience
- Accepts that occasional poor outcomes are a necessary part of investing

## Zurich 100% Equity Fund



### Typical investor profile

- Wants the highest possible return on their capital
- Willing to risk all of their available assets
- High levels of investment experience
- Does not suffer much, if any, regret, and accepts occasional poor outcomes to achieve their goals

# Zurich Lifeprofile

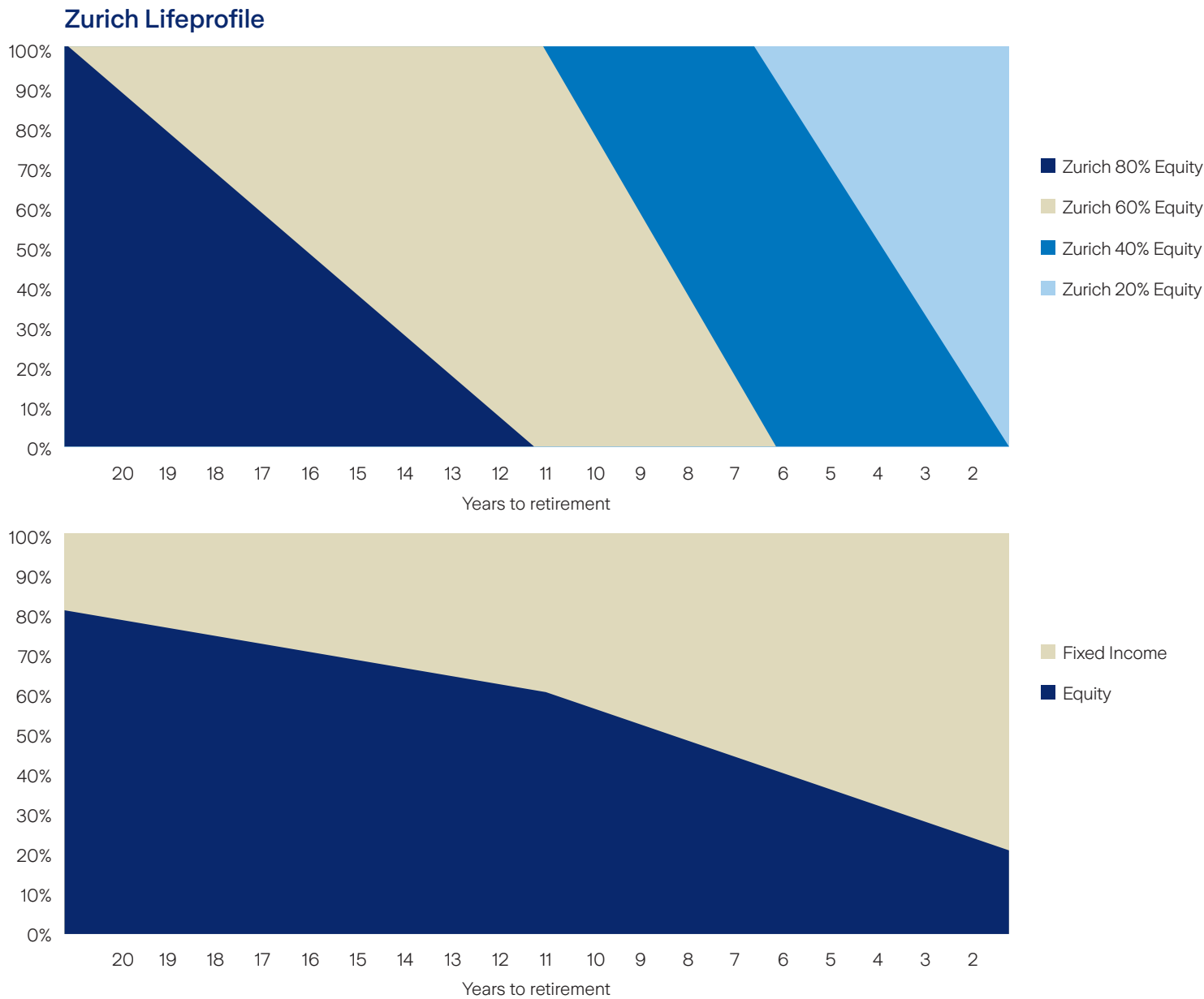
Plan members can also choose a ‘lifestyling’ investment option that allows them to invest in growth assets such as equities during the early years of their plan, and moves them gradually into more secure assets such as fixed interest as they approach retirement.

This option is useful because the level of risk plan members are comfortable with, the level of investment growth and the income they require are likely to change throughout the different stages of life.



# How does the Zurich Lifeprofile work?

The tailored strategy reduces investment risk by automatically switching the savings between the individual Risk Profile Funds, depending on how long is left until the retirement date, with each portfolio offering progressively less exposure to risk.





## Attitude to risk

Plan members can use our attitude to risk questionnaire to help them understand their own risk profile.

Understanding the level of risk involved in a particular investment versus its potential reward is fundamental to investing, and it's important that plan members make investment choices based on the level of risk they are comfortable with.

Our questionnaire is made up of 13 multiple-choice questions that can help plan members to choose the Zurich Risk Profile Fund that is most suitable for them.

To access the Zurich attitude to risk questionnaire visit [www.zurichinternational.com/riskquestionnaire](http://www.zurichinternational.com/riskquestionnaire)

The attitude to risk questionnaire is a guidance tool only. Plan members considering investing in these funds should seek professional guidance.

## Broad diversification can reduce risk

Diversifying a portfolio can help smooth out market ups and downs, as returns from better performing assets help to offset those that aren't performing so well.

The Zurich Risk Profile Funds are built using Vanguard's low-cost index funds, which hold all, or a broad sample of, the securities in the market index they track. This automatically ensures the risk of a single security is minimised within the portfolio.

### Ensuring a broad mix

The equity portion of each fund includes a diverse array of securities from across the globe, helping to offset any potential weakness in a single region or country. The bond portions include a careful mix of global bonds. Together these blends provide a high level of diversification that would be very difficult and costly to achieve for individual investors buying a single index fund.



# The benefits of automatic rebalancing

## Overcoming the problem of drift

Over time, various asset classes produce different returns. As a result, if left untouched the allocation weights will drift from the plan member's target allocation. This drift may subject the investor to more (or less) risk than originally intended. To ensure the portfolio continues to align with its target risk and return, it must be periodically rebalanced to its original asset allocation.

The Zurich Risk Profile Funds automatically rebalance to a set asset allocation. This helps keep plan members' portfolios aligned to their preferred target allocation and helps to guard against the tendency to chase returns by moving into and out of the best and worst performing sectors.



# Cost effective

The Zurich Risk Profile Funds provide plan members with exceptional value investments.

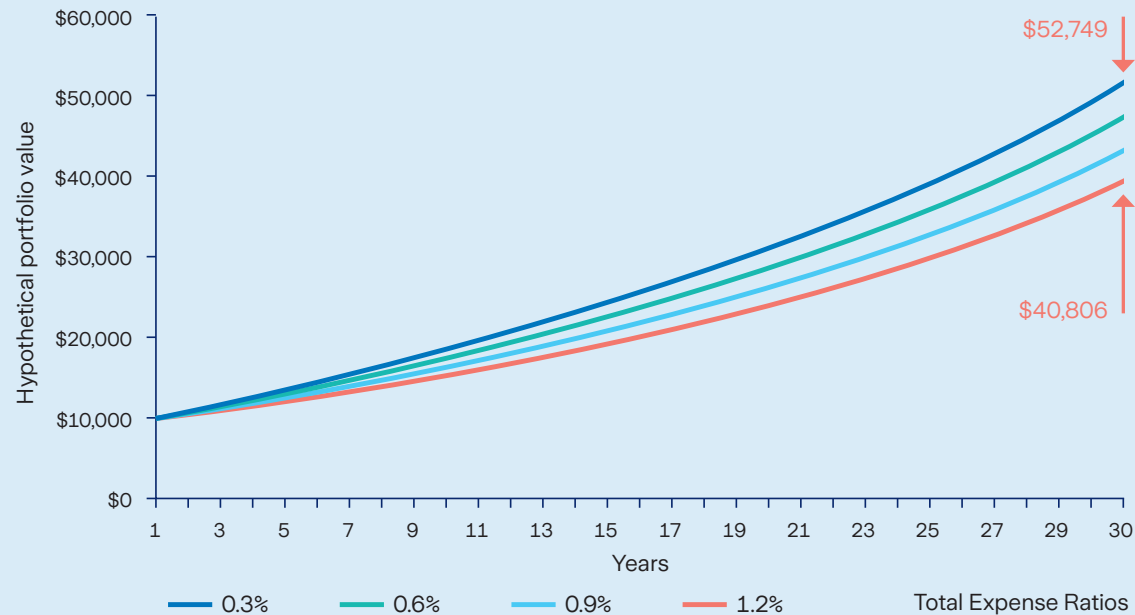
## The importance of costs

Costs matter in investing because every penny paid in charges comes out of the investment. The lower the charges the more of the investment return you keep. Low costs mean you either end up with more, or get to your goal faster, than you would with higher costs.

Using a hypothetical example (which does not represent any particular investment), the graph illustrates the potential

impact of costs on an initial investment of \$10,000 over a 30-year period. This graph assumes 6% average growth per annum which is compounded year on year. As it shows, an Annual Management Charge (AMC) of 0.3% compared to an AMC of 1.2% could potentially lead to additional growth of \$11,943 over a 30-year period.

**Growth of \$10,000 initial investment over a 30 year period, assuming 6% growth per annum**



This hypothetical example assumes an investment of \$10,000 over 30 years. Annual compounding is used for both the assumption of 6% average growth p.a. and the investment costs. Costs are applied to average annual growth of 6% for each year. As it is a hypothetical, this example does not represent any particular investment.

Source: Vanguard



# A fair and transparent approach to costs

The Zurich Risk Profile Funds provide plan members with a straightforward, low-cost, transparent investment solution.

The total expense ratios (TER) for these funds represent a weighted composite average of the underlying funds, plus a small amount to cover the cost of administering the individual Risk Profile Fund.

Zurich Risk Profile Fund	TER
Zurich 20% Equity Fund	0.24%
Zurich 40% Equity Fund	0.24%
Zurich 60% Equity Fund	0.24%
Zurich 80% Equity Fund	0.24%
Zurich 100% Equity Fund	0.24%
Zurich Lifeprofile	0.24%





# Why use the Zurich Risk Profile Funds?

The funds apply a number of investment best practices, including:



Global strategic asset allocation



Broad diversification



The cost advantages of passive indexing



Automatic rebalancing and transparency, which together carefully balances risk, return and cost

Together, these deliver excellent value for plan members.



This information is only a summary and may be subject to change without notice. It was obtained from what we believe to be reliable sources. However, its accuracy and completeness cannot be guaranteed. Neither Zurich, any associated companies nor representatives, can accept responsibility for any errors or omissions.

Zurich International Life will not give advice on the funds in this guide. You or your plan members should ensure that they understand the risks involved with investing in these funds before making your decision.

Nothing contained in this guide should be construed as guidance to the suitability of the markets or asset classes mentioned, neither is it intended as an offer to invest.

Anyone considering investing in these funds should seek professional guidance.

Any investment decisions are ultimately made by the plan member and their advisers and our categorisation is only intended to make planning an investment strategy and constructing a portfolio easier.

Past performance is not a guide to future performance, the value of any investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you or your plan members may not get back the amount originally invested.

Data relating to Vanguard and to the breakdowns of the Zurich Risk Profile Funds is sourced from Vanguard as at September 2021.

The Zurich Risk Profile Funds are managed by Zurich International Life Limited based on asset allocation input from Vanguard. All investments in the Funds are made with Zurich International Life Limited.

## Important information

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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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