Introduction

This guide relates to funds available through the following investment bonds sold through Allied Dunbar:

- Zurich Investment Bond.
- Zurich Distribution Bond.
- Portfolio Investment Bond.
- Portfolio Investment Bond (Transfer option).
- Portfolio Investment Bond – Maximum Investment Plan (Transfer option).

These are medium to long-term investment contracts, typically of five to ten years.

These products are closed to new investors. The information in this guide, and associated funds charges sheets, is intended for existing customers only.

We will continually look to refresh this range of funds by adding new funds and closing or merging the existing funds.

If your circumstances have changed or if you are reading this without the help of an adviser, we recommend you take financial advice to help you decide on the appropriate investment approach for you.

By their very nature, investment returns cannot be guaranteed. You should not use past performance as a suggestion of future performance. It should not be the main or sole reason for making an investment decision.

Investments produce income, capital growth or a combination of the two. All income is re-invested.

The value of investments and any income from them can fall and you may not get back the amount you invested.
List of current investment funds by sector

**Managed funds**
- BlackRock Balanced Growth Portfolio AL
- Fidelity Managed AL
- Invesco Perpetual Managed AL
- Newton Managed AL
- Schroder Managed Balanced AL

**Columbia Threadneedle funds**
- Balanced Managed AL
- Cautious Managed AL
- Defensive AL
- Defensive Equity & Bond AL
- Equity & Bond AL
- Global Equity & Bond AL
- Global Equity AL
- Managed AL
- Managed Income AL

**Multimanaged funds**
- 7IM AAP Adventurous AL
- 7IM AAP Balanced AL
- 7IM AAP Moderately Adventurous AL
- 7IM AAP Moderately Cautious AL
- 7IM Adventurous AL
- 7IM Balanced AL
- 7IM Moderately Adventurous AL
- 7IM Moderately Cautious AL
- Multimanager Defensive Equity & Bond AL
- Multimanager Equity & Bond AL
- Multimanager Global Equity & Bond AL
- Multimanager Global Equity AL

**UK equity funds**
- BlackRock UK Equity Index AL 12
- HSBC UK Growth & Income AL 12
- Invesco Perpetual Income AL 12
- JPM UK Dynamic AL 12
- Kames/AEGON Ethical Equity AL 12
- M&G Recovery AL 12
- Schroder UK Alpha Plus AL 12
- Schroder UK Smaller Companies AL 12

**Columbia Threadneedle funds**
- High Income AL 13
- Overseas Earnings AL 13
- UK AL 13
- UK Equity Income AL 13
- UK Growth & Income AL 13
- UK Monthly Income AL 13
- UK Select AL 13
- UK Smaller Companies AL 13

**European equity funds**
- Henderson European Selected Opportunities AL 14

**Columbia Threadneedle funds**
- European AL 14
- European Growth AL 14
- European Select AL 14
- European Smaller Companies AL 14
North American equity funds
Fidelity American Special Situations AL

Columbia Threadneedle funds
American AL
American Equity AL
American Managed AL
American Select AL
American Smaller Companies AL

Japanese equity funds
Man GLG Japan CoreAlpha AL
Schroder Tokyo AL

Columbia Threadneedle funds
Japan AL

Other regional equity funds
Allianz BRIC Stars AL
First State Asia Pacific Leaders AL

Columbia Threadneedle funds
Asia AL
Far East AL
Far East & Japan AL
Latin America AL

Global equity funds
BlackRock Gold and General AL
Henderson Industries of the Future/Global Care Growth AL
JPM Global AL
JPM Natural Resources AL
M&G Global Basics AL

Columbia Threadneedle funds
Equity AL
Global Select AL

Property funds
Columbia Threadneedle funds
American Property AL
Property AL

Fixed-interest funds
15 BlackRock UK Corporate Bond AL
15 Henderson Preference & Bond AL
15 Henderson Strategic Bond AL
15 HSBC Gilt & Fixed Interest AL
15 Invesco Perpetual Corporate Bond AL
15 JPM Global (ex UK) Bond AL
15 JPM Sterling Corporate Bond AL
15 M&G Corporate Bond AL
15 M&G Gilt & Fixed Income AL
16 Schroder Gilt & Fixed Interest AL
16 Columbia Threadneedle funds
21 Gilt Edged AL
21 Global Bond AL
21 UK Corporate Bond AL

Money market funds
17 (Please see this section for the current fund used for the phased investment option on the Portfolio Investment Bond)
17 Deutsche Managed Sterling AL/
17 Henderson Liquid Assets Sterling AL
17 Columbia Threadneedle fund
22 Fixed Interest Deposit AL

Distribution funds
(Only available on the Distribution bond)
18 Distribution Capital AL
18 Distribution Cash AL

Protected Profits funds
18 Protected Profits AL

Distributor requested funds
18 Omnis Multi-Manager Adventurous AL
18 Omnis Multi-Manager Balanced AL
18 Omnis Multi-Manager Cautious AL
18 Omnis Multi-Manager Distribution AL
18 Omnis Managed Adventurous AL
18 Omnis Managed Balanced AL
18 Omnis Managed Cautious AL
Investment choice and flexibility

A key ingredient of any investment strategy is choosing investment funds that suit your objectives, with the flexibility to change them if your circumstances or objectives change. At Zurich, we offer a wide range of investment funds covering different areas of the world’s stock markets and economies. With the help of your adviser, you can put together and maintain a portfolio that suits your needs.

We offer a range of funds to choose from which are managed by a number of different fund managers. The fund managers are responsible for:

- managing the fund and taking all investment decisions about buying and selling securities within the fund
- making sure the fund is managed in line with its objectives and meets all regulatory and legal requirements
- setting the fund charges and any alterations to the charges within the limits set out in the fund documentation.

Through the investment funds available you can invest in a wide range of countries, economies and market sectors, spreading your investment across many different companies.

This provides exposure to many investment opportunities and helps to reduce the risk associated with investing in a single company.

The objective of the funds is to produce consistently good returns over the medium to longer-term, by investing in equities (shares in companies), property or fixed-interest investments. However, it must be borne in mind that the value of investments and any ‘income’ they produce can fall and you may not get back the amount you invested.

We provide a range of managed and multimanaged funds, some specifically tailored to suit different investors’ attitudes to risk – from cautious to adventurous.

Multimanaged funds add another level of management from managed funds. The fund manager splits the portfolio between fund managers, choosing different investment managers to run different parts of the portfolio. This enables the funds to combine differing skills across the market from the style of the manager to managing different investment types.

Alternatively, you may invest in specific UK, international or specialist funds reflecting your own preferences and objectives.

We don’t provide advice on the suitability of any particular fund. You must seek advice from your adviser before you decide which funds to invest in.

Each fund follows a particular investment policy and these are explained in more detail over the following pages.

We aim to maintain a broad fund choice and, over time, will look for opportunities to add to the choices available. At other times we might remove funds. You can get an up-to-date list of funds from our website www.zurich.co.uk/fundchoice, or by contacting your adviser.
Fund risks

All investment funds carry an element of risk. The funds have different levels of risk, from the more cautious to the more adventurous, and different levels of investment performance:

- Over time a fund that invests mostly in shares is likely to offer greater potential for higher returns than a fund investing in cash deposits, but with it come greater fluctuations in value. A fund classed as a ‘protected’ fund, or one with a high proportion of fixed-interest securities, is more likely to produce lower returns with more stability.
- Certain funds, typically investing in fixed-interest securities tend to be more suited for a shorter-term investment or as part of a personalised portfolio designed to achieve an overall balance of risk and potential return. Investing solely in these funds for the longer-term may result in a lower return than a bank or building society savings account.
- Some funds make use of derivatives to achieve an overall risk profile. A derivative is an asset issued by financial institutions and its value is usually linked to another asset or index. When the derivative matures, the financial institution pays out an agreed value. Ultimately, though, if the financial institution is not able to meet its obligations, the derivative may be worthless and the fund’s value will reduce as a result.
- The rate of income on fixed-interest securities such as corporate bonds and government bonds won’t increase in line with inflation unless they are index-linked. So, over time, the real value of the income they produce is likely to fall. The value of these investments is affected by interest rate changes and is likely to fall if long-term interest rates rise. They may also fall if a company or bank the fund invests in becomes insolvent or is unable to make the payments they have agreed to.
- Specific risks that may adversely affect the value of investments within a fund include exchange rate fluctuations and dealing in relatively less mature markets, such as Eastern Europe, Central and South America and some areas of the Far East.
- If you choose a fund that invests in overseas assets, changes in exchange rates between currencies may also cause the value of your investment to fall or rise.
- Funds that specialise or concentrate their investment in specific regions, sectors (such as smaller companies or emerging markets) or in a smaller number of shares can result in greater fluctuations in value.
- Property funds are normally valued by taking into account the views of an independent valuer, general market conditions for commercial property, and the value received for recent property sales. At times the value of your investments in these funds could fall quite sharply. In more uncertain market conditions we may need to delay your transaction in these funds by up to six months. We will do this if we (or the fund manager) believe it is necessary to sell properties before carrying out your transaction.
- High yield bond funds tend to invest in high yielding corporate bonds, which are generally higher risk investments than government bonds or lower yielding corporate bonds.
- Funds that specialise in gold-mining shares tend not to follow stock market movements.
- Funds investing in the shares of smaller companies, in a concentrated portfolio of shares, or in a less mature market (such as Eastern Europe, some areas of the Far East, Central and South America) carry more investment risk.
- In some less developed stock markets there are risks from political, economic and market factors that could cause a large increase in currency and fund price risk.
Managed funds

Managed funds give exposure to a wider range of investment opportunities and aim to reduce the risk to your capital because they are not tied to the fortunes of just one market area.

A managed fund allows you to invest in a range of countries and market sectors, spreading your investment across different types of assets. The fund manager is able to adjust the asset allocation of the fund in anticipation of changing market conditions. The funds benefit from two layers of investment management as the fund manager takes account of the opportunities in the world’s major economies and then selects what he considers to be the best investments within those markets. We offer a number of portfolios specifically tailored to suit different attitudes to risk.

**BlackRock Balanced Growth Portfolio AL**
The fund aims to produce long-term total returns from capital growth and/or income, achieved through a global portfolio of equities and fixed-interest securities, as well as collective investment schemes, cash deposits and money market instruments. Under normal market conditions there will be an emphasis on the UK, although investment may be made in any economic sector.

**Fidelity Managed AL**
The aim of the fund is to achieve long-term capital growth. It invests mainly in a range of worldwide funds managed by Fidelity. The fund may invest in derivatives for the purposes of the efficient management of the fund.

**Invesco Perpetual Managed AL**
This fund invests in shares and some fixed income securities and aims to produce long-term growth. It is designed to provide a balance of UK and international exposure by currently investing in the Invesco Perpetual High Income and International Equity funds.

**Newton Managed AL**
The objective of the fund is to achieve capital growth and income from a portfolio of UK, EC and international securities.

**Schroder Managed Balanced AL**
The fund’s investment objective is to give a balanced exposure to UK and overseas equities and fixed income securities through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes.

**Columbia Threadneedle funds**

**Balanced Managed AL**
The investment objective is to provide above average capital growth with some income. The fund will invest internationally and will invest primarily in funds that invest in equities. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.

**Cautious Managed AL**
The investment objective is to provide a return from capital growth and income. The fund may invest internationally and will invest primarily in funds that invest in equities, fixed interest securities, cash or near cash. The fund may also invest up to 20% of their assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.
Defensive AL
The investment objective is to provide a total return by way of income from a defensively managed investment. The fund may invest internationally and mainly in funds that invest in fixed interest securities, cash or near cash. The fund may also invest in equities but this will not normally represent more than 20% of the portfolio. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may invest directly in cash, near cash and/or money market instruments.

Defensive Equity & Bond AL
The investment objective is to provide a total return by way of income from a defensively managed investment. The fund may invest internationally and mainly in funds that invest in fixed interest securities, cash or near cash. The fund may also invest in equities but this will not normally represent more than 20% of the portfolio. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may invest directly in cash, near cash and/or money market instruments.

Equity & Bond AL
The investment objective is to provide a return from capital growth and income. The fund may invest internationally and will invest primarily in funds that invest in equities, fixed interest securities, cash or near cash. The fund may also invest up to 20% of their assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.

Global Equity & Bond AL
The investment objective is to provide above average capital growth. The fund will invest internationally and will invest primarily in funds that invest in equities, and/or fixed income securities. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.

Global Equity AL
The investment objective is to provide above average capital growth. The fund will invest internationally and will invest primarily in funds that invest in equities. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.

Managed AL
The fund invests in shares, fixed income securities and some commercial property and aims to produce long-term growth. The portfolio tends to focus on UK and overseas companies with some holdings in smaller companies for more aggressive growth potential. Investment in fixed income securities provides a degree of capital security.

Managed Income AL
The investment objective is to provide a growing income with capital growth prospects. The fund may invest internationally and will invest primarily in equities, fixed interest securities, cash or near cash. The fund may also invest up to 20% of its assets in funds that do not restrict the use of derivatives to effective portfolio management. The fund may also invest directly in cash, near cash and/or money market instruments.
Multimanaged funds

These add another level of management from managed funds. The fund manager chooses different investment managers to run different parts of the portfolio. This enables the funds to combine differing skills across the market from the style of the manager to managing different investment types. We offer a number of portfolios specifically tailored to suit different attitudes to risk.

7IM AAP Adventurous AL\(^1\)
The fund aims to provide capital growth by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities or instruments that track the returns of equity indices as well as investing in alternative asset classes, some of which may be actively managed. Assets with scope for capital growth in real terms are likely to represent a significant part of the fund’s composition. As a result, there is a risk of wide fluctuations in capital values.

7IM AAP Balanced AL\(^1\)
The fund aims to provide a balance of income and capital growth by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities and fixed-interest investments or instruments that track the returns of equity and fixed-interest as well as investing in alternative asset classes, some of which may be actively managed. The fund will comprise a mixture of income-generating assets and assets with scope for capital growth in real terms. As a result, there may be some risk to capital.

7IM AAP Moderately Adventurous AL\(^1\)
The fund aims to provide a total return, mainly through growth in capital, by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in equities or instruments that track the returns of equity indices as well as using alternative asset classes, some of which may be actively managed. Assets with scope for capital growth are likely to represent a significant part of the fund’s composition, although it may also include other assets held mainly for income generation. As a result, there is a risk of fluctuations in capital values.

7IM AAP Moderately Cautious AL\(^1\)
The fund aims to provide a total return, mostly from income but with some capital growth by applying active asset allocation techniques to a mainly passive investment strategy. The fund will invest mainly in fixed-interest and equity instruments using mainly passive strategies while also using alternative asset classes, some of which may be actively managed. While income-generating assets are likely to represent a significant part of the fund’s composition, it may also include assets with scope for capital growth. As a result, there is a moderate risk to capital.

\(^1\) For investments into 7IM AAP funds before January 2013, 7IM may make additional payments, based on the value of the holdings in these funds, to certain financial adviser firms. Any additional payments will be paid from 7IM’s management charge and are included in the fund charges disclosed to you. Your adviser will have informed you if this arrangement applies to your investment.
**7IM Adventurous AL**
This fund aims to provide capital growth. There is a risk of wide fluctuations in capital values. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. Assets with scope for capital growth in real terms are likely to represent a major part of the portfolio. The fund may use different asset classes, with the composition mainly in equities. The fund may also invest in money market instruments, deposits and warrants.

**7IM Balanced AL**
This fund aims to provide a balance of income and capital. There may be some risk to capital. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. The fund will comprise a mixture of income generating assets and assets with scope for capital growth in real terms. The fund may use different asset classes, with investment mainly in equities and fixed-interest with no long-term bias to either class. The fund may also invest in money market instruments, deposits and warrants.

**7IM Moderately Adventurous AL**
This fund aims to provide a return by way of capital growth. There is a risk of fluctuations in capital values. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. While assets with scope for capital growth in real terms are likely to represent a significant part of the portfolio, the portfolio may also include other assets held mainly for income generation. The fund may use different asset classes, with a substantial proportion in equities. The fund may also invest in money market instruments, deposits and warrants.

**7IM Moderately Cautious AL**
This fund aims to provide a return, by way of income but with some capital growth. There may be a moderate risk to capital. The fund invests mainly in a range of collective investment vehicles and securities managed by selected fund managers. While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The fund may use different asset classes, with a substantial proportion in fixed-interest. The fund may also invest in money market instruments and deposits.

**Multimanager Defensive Equity & Bond AL**
The portfolio invests in a selection of funds offered by a range of fund managers. It aims to achieve a return by way of capital growth and income. This is achieved mainly through a range of fixed-interest securities, with the balance spread across UK equities, property and money market funds.

**Multimanager Equity & Bond AL**
The portfolio invests in a selection of funds offered by a range of fund managers. It aims to provide long-term capital growth from a balanced investment portfolio spread across a wide range of UK equities, property, fixed-interest securities and money market funds.

**Multimanager Global Equity & Bond AL**
The portfolio invests in a selection of funds offered by a range of fund managers. It aims to provide capital growth by investing mainly in a wide range of UK and overseas equities, with the balance invested in property, fixed-interest securities and money market funds.

**Multimanager Global Equity AL**
The portfolio invests in a selection of funds offered by a range of fund managers. It aims to provide excellent medium to long-term capital growth by investing mainly in equities, both in the UK and overseas.

**Other funds in this sector**
The following multimanager funds are also available. Their objectives are detailed in the ‘Distributor requested funds’ section.

- Omnis Multi-Manager Adventurous AL
- Omnis Multi-Manager Balanced AL
- Omnis Multi-Manager Cautious AL
- Omnis Multi-Manager Distribution AL
- Omnis Managed Adventurous AL
- Omnis Managed Balanced AL
- Omnis Managed Cautious AL

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1 Zurich Assurance Ltd, taking into account advice from 7IM, decides which funds this fund invests in. The cost of this advice is included in the fund charges disclosed to you and is not an additional charge.
The UK has always been a popular home for investments, with UK investors traditionally seeing good returns from a mature and stable economy. In addition, it offers an opportunity for many investors to take a stake in the success of their home country’s economy and industry.

**BlackRock UK Equity Index AL**
The fund aims to provide a total return that reflects the UK equity market.

**HSBC UK Growth & Income AL**
The fund aims to provide long-term capital and income growth by investing mainly in the UK.

**Invesco Perpetual Income AL**
The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest mainly in companies listed in the UK, with the balance invested internationally.

**JPM UK Dynamic AL**
The fund aims to maximise long-term capital growth by investing mainly in UK equities.

**Kames/AEGON Ethical Equity AL**
The main objective of the fund is to produce a total return by investment in equities and equity type securities in companies based in the UK, mainly conducting business in the UK or listed on the UK stock market which meet the fund’s predefined ethical criteria. AEGON changed its name to Kames on 1 September 2011

**M&G Recovery AL**
The Fund’s sole aim is capital growth. The Fund predominantly invests in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. There is no particular income yield target.

**Schroder UK Alpha Plus AL**
The fund’s investment objective is to provide capital growth through investment in UK and other companies. In order to achieve the objective the manager will invest in a focused portfolio of securities. The emphasis of the fund will be investment in UK companies. The fund may also invest in companies headquartered or quoted outside the UK where those companies have material or critical operations within, or derive significant business from the UK. Fixed-interest securities may be included in the portfolio. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

**Schroder UK Smaller Companies AL**
This fund invests in UK smaller companies with the aim of long-term capital growth.
Columbia Threadneedle funds

**High Income AL**
The fund objective is to invest in a wide spread of UK based companies which have a good record of paying above average and rising dividends.

**Overseas Earnings AL**
The investment objective is to achieve capital growth by investing mainly in the shares of UK companies deriving more than half their earnings from overseas activities and/or exports.

**UK AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in the UK or which have significant UK operations. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

**UK Equity Income AL**
The investment objective is to achieve an above-average rate of income combined with sound prospects for capital growth. The investment policy is to invest mainly in UK equities. It may however, invest in other securities such as convertibles and gilts.

**UK Growth & Income AL**
The investment objective is to achieve a high level of income. The investment policy is to invest in ‘blue chip’ large capitalised UK companies, but including, when deemed appropriate, small and medium sized companies, mainly from the UK.

**UK Monthly Income AL**
The investment objective is to achieve an above-average income combined with sound prospects for capital growth. The investment policy is to invest mainly in UK equities. It may however, invest in other securities such as convertibles and gilts.

**UK Select AL**
The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund for growth, through a concentrated, actively managed portfolio. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. The portfolio will consist mainly of equities of companies based in the UK, or which have significant UK operations. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

**UK Smaller Companies AL**
The investment objective is to achieve capital growth. The investment policy is to invest mainly in the equities of smaller companies in the UK.
European equity funds

Europe has become a popular choice for UK investors. As the central economies forge closer ties and eastern European countries develop their industries, the potential for investors is considerable.

**Henderson European Selected Opportunities AL**
The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in:

- Companies having their registered office in Europe.
- Companies that do not have their registered office in Europe but either;
  - carry out a predominant proportion of their business activity in these markets, or
  - are holding companies which predominately own companies with registered offices in Europe.

Gartmore Investment Limited merged with Henderson Global Investors on 12 August 2011

**Columbia Threadneedle funds**

**European AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in Continental Europe or which have significant Continental European operations with growth prospects. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

**European Growth AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies domiciled in Continental Europe or which have significant Continental European operations with growth prospects. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

**European Select AL**
The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund mainly in a relatively concentrated portfolio of equities of companies based in Continental Europe or which have significant Continental European operations. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions that may lead to increased levels of volatility. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

**European Smaller Companies AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in the equities of smaller companies based in Continental Europe or with significant Continental European operations.

If the Authorised Corporate Director considers it desirable it may further invest in other securities (including fixed-interest securities, other equities and money market securities).
North American equity funds

North America boasts the world’s largest equity market and economy. It’s economic diversity is unmatched. It draws on huge natural resources and has a reputation for ambition and entrepreneurial spirit.

Fidelity American Special Situations AL
This fund aims to outperform its benchmark index by investing mainly in smaller and medium-sized US companies.

Columbia Threadneedle funds
American AL
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund in companies based in North America or which have significant North American operations. If the Authorised Corporate Directors consider it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).

American Equity AL
The investment objective is to achieve long-term capital growth by investing in a wide spread of good quality North American equities. Investment may also include Canada and Latin America although these should be regarded as minorities. The fund generally invests in shares in leading companies operating in the United States but may invest through collective investment funds if warranted by circumstances.

American Managed AL
The Investment objective is to achieve long-term capital growth by investing in a wide spread of investments, specifically in North America.

American Select AL
The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund in companies based in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management, recovery situations and exploration companies. There will be no particular specialisation. The select investment approach means that the Authorised Corporate Director has the flexibility to take significant stock and sector positions that may lead to increased levels of volatility.

American Smaller Companies AL
The investment objective is to achieve capital growth. The investment policy is to invest mainly in smaller US based companies, which offer potential for capital growth.
Japanese equity funds

Japan is the largest single market outside the US and European Union and is a gateway to the increasingly affluent markets of the Pacific Rim countries.

**Man GLG Japan CoreAlpha AL**
The fund aims to achieve capital growth by investing in the quoted securities of companies operating in Japan. The fund is mainly invested in securities of companies listed on Japan’s stock markets.

**Schroder Tokyo AL**
This fund aims to achieve capital growth by investing in Japanese equities.

**Columbia Threadneedle funds**

**Japan AL**
The investment objective is to achieve capital growth. The investment policy is to invest in a diversified portfolio of Japanese companies, concentrating on value and growth prospects. While mainly equity-based, the fund may invest in warrants, convertible bonds and other approved instruments deemed appropriate.
Other regional equity funds

These funds invest in specific regions of the globe, many of which are emerging as investment opportunities.

**Allianz BRIC Stars AL**
The fund aims to achieve capital growth in the long-term by investing mainly in the equity markets of Brazil, Russia, India and China.

**First State Asia Pacific Leaders AL**
The fund aims to achieve long-term capital growth. The fund invests in large and mid-capitalisation equities in the Asia Pacific region (excluding Japan, including Australasia).

**Columbia Threadneedle funds**

**Asia AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in the equity of companies based in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. It may further invest in other securities including fixed-interest securities, other equities and money market securities.

**Far East AL**
The investment objective is to achieve long-term capital growth through investing in the stock markets of the Pacific region and the Far East, including Japan.

**Far East & Japan AL**
The fund invests mainly in shares and aims to produce long-term capital growth. The portfolio focuses on companies in the Far East, including Japan, Asia and Australasia. Other investments may be used when suitable opportunities arise.

**Latin America AL**
The investment objective is to achieve capital growth. The investment policy is to invest the assets of the fund mainly in equities of companies based in Latin America or which have significant Latin American operations and it may further invest in fixed income securities such as sovereign and corporate Latin American debt, other equities and money market securities.
Global equity funds

The international funds allow you to pursue a truly global investment strategy and cover the world’s major investment markets.

BlackRock Gold and General AL
This is a specialised unit trust which aims to achieve long-term capital growth by investing in gold, mining and precious metal related shares. It tends to be volatile and is particularly suitable for diversification in a larger portfolio. Funds which specialise in gold mining shares tend not to follow stockmarket movements. In some less developed stockmarkets there are risks from political, economic and market factors which could cause a large increase in currency and fund price risk.

Henderson Industries of the Future/Global Care Growth AL
The fund aims to provide long-term capital growth by investing in a worldwide spread of equities, convertibles and fixed-interest stock. The fund will only invest in companies whose products and practices are considered by the Authorised Corporate Director to enhance the environment and the life of the community. The fund name was changed to Henderson Global Care Growth AL on 23 July 2012.

JPM Global AL
The fund aims to provide capital growth over the long-term by investing throughout the world in any economic sector.

JPM Natural Resources AL
The aim of the fund is to invest mainly in the shares of companies throughout the world engaged in the production and marketing of commodities. The fund aims to provide capital growth over the long term.

M&G Global Basics AL
The fund’s sole aim is long-term capital growth through investing wholly or mainly in companies operating in basic industries (‘primary’ and ‘secondary’ industries) and also in companies that service these industries. The fund may also invest in other global equities.

Columbia Threadneedle funds

Equity AL
The investment objective is to obtain the benefit of investment in a widely spread portfolio of shares, seeking the best balance between capital growth and dividend income. This is achieved by investing in equities, collective investment schemes operated by Marketing Group Associates, deposit accounts and other fixed-interest investments.

Global Select AL
The investment objective is to achieve above-average capital growth. The investment policy is to invest the assets of the fund mainly in equities issued by companies worldwide. The portfolio may be concentrated geographically or with respect to stock and sector positions, which may lead to increased levels of volatility. If the Authorised Corporate Director considers it desirable, it may further invest in other securities (including fixed-interest securities, other equities and money market securities).
Property funds

Investing in commercial property allows diversity away from the traditional asset classes of equity and fixed-interest. As well as looking for capital growth on the properties, rental income can be received.

Property funds are normally valued by taking into account the views of an independent valuer, general market conditions for commercial property, and the value received for recent property sales. At times the value of your investments in these funds could fall quite sharply. In more uncertain market conditions we may need to delay your transaction in these funds by up to six months. We will do this if we (or the fund manager) believe it is necessary to sell properties before carrying out your transaction.

**Columbia Threadneedle funds**

**American Property AL**
The investment objective is to achieve long-term capital growth by investing in a wide spread of business properties in North America. The fund may invest in both properties and real estate investment trusts.

**Property AL**
This fund mainly invests in the UK property market. Properties are generally let on long-term leases to good quality tenants with regular rent reviews. Other properties are acquired with the intention of carrying out development. The investment aim is to combine the prospects for good capital growth with a secure and rising rental income.
Fixed-interest funds

Many governments and companies borrow money from investors as a way to raise funds. In turn they issue securities known as ‘bonds’ or ‘gilts’ if they are loans to a government. In return for the loan, an agreed rate of interest is paid until a set date. These securities can be traded (bought or sold) before the set date. Often referred to as fixed-interest investments, these types of funds are expected to produce lower but more stable returns than equity funds.

Fixed-interest funds tend to be more suited for shorter-term investment or as part of a personalised portfolio invested to achieve an overall balance of risk and potential return. Investing solely in the funds for the longer term may result in a lower return than a building society account.

The rate of income on fixed-interest securities such as corporate bonds and government bonds won’t increase in line with inflation unless they are index-linked. So over time the real value of the income they produce is likely to fall. The value of these investments is affected by interest rate changes and is likely to fall if long-term interest rates rise. They may also fall if a company or bank the fund invests in becomes insolvent or is unable to make the payments they have agreed to. High yield bond funds tend to invest in high yielding corporate bonds, which are generally higher risk investments than government bonds or lower yielding corporate bonds.

These funds can invest in the UK or be more internationally orientated.

**BlackRock UK Corporate Bond AL**
The fund aims to closely track the returns of BlackRock Sterling Non-Gilt Index, an index designed to reflect the performance of the UK non-government bond market.

**Henderson Preference & Bond AL**
The fund aims to provide a return by investing mainly in sterling denominated preference shares, government securities, corporate bonds, Eurobonds and other bonds. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

**Henderson Strategic Bond AL**
The fund aims to provide a return by investing in higher yielding assets including high yield bonds, investment grade bonds, government bonds, preference shares and other bonds. The fund may also invest in equities. The fund will take strategic asset allocation decisions between countries, asset classes, sectors and credit ratings. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.
HSBC Gilt & Fixed Interest AL
This fund aims to provide a high quarterly income. The fund invests in British government bonds but also invests in other fixed-interest securities.

Invesco Perpetual Corporate Bond AL
The fund aims to achieve a high level of overall return, with relative security of capital. It intends to invest mainly in fixed-interest securities. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions, although the fund will not invest in any instrument which gives rise to a stamp duty liability.

JPM Global (ex UK) Bond AL
The fund aims to provide income with the prospect of capital growth from investment anywhere in the world, in non-sterling denominated interest-bearing securities in any economic sector. The fund is hedged back into sterling.

JPM Sterling Corporate Bond AL
To achieve a high income with capital growth prospects through a managed portfolio. Investment will be predominantly in UK corporate bonds and UK government and other public securities and other fixed-income securities anywhere in the world. The fund may invest up to 100% in government and other public securities.

M&G Corporate Bond AL
The fund aims to achieve a higher return than would be achieved through investing UK government bonds, by investing in sterling denominated fixed and variable rate securities such as corporate bonds.

M&G Gilt & Fixed Income AL
The fund aims to provide a high and secure income (with relative security of capital) by mainly investing in government bonds.

Schroder Gilt & Fixed Interest AL
The fund’s investment objective is to achieve a high level of income with the potential for capital growth, from investment in a diversified portfolio of sterling denominated fixed interest securities.

Columbia Threadneedle funds
Gilt Edged AL
The investment objective of the fund is to achieve long-term capital growth by investing mainly in government securities (gilt-edged stocks) which offer a guaranteed income and a guaranteed capital value on maturity but fluctuate from time to time as economic conditions change.

Global Bond AL
The investment objective is to achieve a total return comprising mainly income with some capital growth. The investment policy is to invest the assets of the fund in a managed portfolio of fixed income securities quoted on markets worldwide.

UK Corporate Bond AL
The investment objective is to achieve a high level of income. The investment policy is to invest mainly in fixed-interest investments in the UK and Continental Europe.

1 Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.
Money market funds

Money market funds tend to be more suited for the shorter-term investment or as part of a personalised portfolio invested to achieve an overall balance of risk and potential return. Investing solely in these funds for the longer term may result in a lower return than a bank or building society account, or a return lower than inflation. In the longer-term the returns of money market funds are generally expected to be lower than those from equity funds.

Some money market funds invest mainly in cash deposits or near cash assets. By near cash, we mean short-term (normally less than one year) debt investments like certificates of deposit. A debt investment is where a loan of cash is made in return for interest paid on that cash for a specified period and the repayment of the loan by a specified date. In some circumstances there can be a fall in value. For example, when interest rates are low the returns on Money Market funds may be less than the charges. If a company or bank the fund invests in becomes insolvent or is unable to make payments they have agreed to, the value of the fund could also fall.

Other money market funds invest in a much broader range of money market instruments and seek to obtain a higher return, although this carries an increased risk of the fund value falling. Money market instruments include commercial paper and floating rate notes. Commercial paper is short-term unsecured notes issued by a company or bank. A floating rate note is an instrument whose interest payment varies with short-term interest rates.

These types of money market instruments are debt instruments that produce an income and can be traded (bought and sold). Their value when traded can fall and rise between the time of purchase and their maturity date. Their value will depend on comparable rates of interest achieved in the market place and the financial security and credit worthiness of the underlying institution the loan has been made to. This tends to mean the value of these instruments can fall and rise more than other near cash assets.

When an overseas money market instrument is used it will often be hedged to back into sterling currency to reduce risk of foreign exchange fluctuations affecting its value.

Deutsche Managed Sterling AL/ Henderson Liquid Assets Sterling AL
The main investment objective is to preserve capital values and achieve growth by investing in a diversified portfolio of overnight deposits, short-term deposits, certificates of deposit and other money market instruments.

In some circumstances, there can be a fall in value. For example, when interest rates are low the return from the assets may be less than the charges.

On 28 February 2011, this fund merged into and now invests in the Deutsche Managed Sterling Fund

This is the fund currently used for phased investments to the Portfolio Investment Bond.

Columbia Threadneedle funds
Fixed Interest Deposit AL
The investment objective is to provide capital security through interest bearing investments such as bank, local authority and building society deposits.

In some circumstances, the unit price will not increase.

1 Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.
Distribution fund

The Distribution fund is only available on the Distribution Bond. It is designed to provide an income with some prospects for capital growth and is invested in two separate component funds.

Investments are used to buy units in the Distribution Capital AL fund. This fund then makes half-yearly distribution payments to Distribution Cash AL fund, from which regular cash withdrawals are taken.

The Distribution Capital AL fund invests in some property assets. Property funds are normally valued by taking into account the views of an independent valuer, general market conditions for commercial property, and the value received for recent property sales. At times the value of investments in these funds could fall quite sharply. In exceptional circumstances there may be a delay in cashing in all or part of a bond if property is not readily saleable.

The value of units in both funds will vary as a result of changes in the value of assets within these funds and the reinvestment of income, produced by the assets.

**Distribution Capital AL**
The aim of the fund is to provide a good level of income by investing in a cautious portfolio of equities, commercial property, gilts, convertibles and other investments. The asset mix will naturally change as market conditions change.

**Distribution Cash AL**
The aim of the fund is to provide capital security and invests in interest bearing investments such as bank and local authority deposits.

In some circumstances, the unit price will not increase.
Protected Profits funds

A protected profits fund aims to achieve medium to long-term growth while protecting the unit price from falling below 80% of its highest-ever level. The funds tend to produce more stable, but lower, returns compared to investing in equities and, therefore, often appeal to those inclined to a relatively more cautious outlook when investing in the stockmarket.

The protection is not guaranteed and ultimately depends on another financial company meeting the promises it has made to the fund. This is explained in the risks highlighted for each fund (see below) which you should consider before deciding to invest. Your financial adviser will be able to help you decide.

There may be future, unforeseen, changes to taxation or regulation that adversely affect the funds and the protection they offer. If this happens we will write to you to explain what choices you then have.

In some circumstances, investment conditions may be such that we consider the funds can no longer achieve their aim of medium to long-term growth. If this happens we can close the fund and switch your investment to another fund. We will then write to you and you will have the opportunity to switch to another fund of your own choice.

Each fund is linked to a different range of assets and this is explained in the fund descriptions below. If we consider it is appropriate, we can change the assets the funds are linked to. We can also change the financial company that provides the protection to the fund. If we do, we will tell you.
**Investing in the Protected Profits AL fund Aims**

The fund aims to achieve medium to long-term growth while protecting the unit price from falling below 80% of the highest-ever unit price.

Under certain circumstances, the protection is provided by Barclays Bank plc.

**Risk factors**

The protection is not guaranteed and the unit price could fall below 80% of the highest-ever unit price if:

- Barclays Bank plc does not make the payments it has agreed to, or becomes insolvent. If this happens, it is unlikely you will be able to claim under the Financial Services Compensation Scheme.
- The fund’s equity content is at, or close to, zero and the interest earned on the fund’s other assets is less than its charges and expenses.

You may get back less than you invest as unit prices can fall as well as rise.

**In more detail**

**How the fund works**

The fund invests in a range of equity funds from Columbia Threadneedle and the BlackRock Sterling Liquidity First fund.

The equity funds are spread across the UK (60%), Europe (20%) and North America (20%). This split is set every three months and so may vary in between times.

The BlackRock Sterling Liquidity First fund aims to achieve a return in line with wholesale money market short-term interest rates.

As the fund increases in value, more of the fund is invested in the equity funds up to a maximum of 70%. As the fund falls in value, less of the fund is invested in the equity funds. At any particular time the proportion held in the equity funds could be between zero and 70%.

**The fund’s protection**

By varying the proportions held in the respective funds on a daily basis the fund expects to achieve its aims.

If stockmarkets fall quickly and dramatically, varying the proportions may not be sufficient to achieve the protection aim. Barclays Bank plc would then pay into the fund to protect the unit price from falling below 80% of the highest-ever unit price.

If Barclays Bank plc were to fail, this protection would not exist.

Credit ratings can be a useful guide to the risk associated with Barclays Bank plc. Ratings are given by independent agencies such as Standard & Poor’s and Moody’s. Companies are rated from most secure (AAA) to most risky (D). As at November 2015, Barclays Bank plc has been rated A- by Standard and Poor’s and A2 by Moody’s.

Barclays Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. You do not have a contract with Barclays Bank plc. They have agreed to protect the unit price from falling below 80% of its highest-ever level due to stockmarket falls. They do not offer any protection against the insolvency of Zurich Assurance Ltd.

**The cost of protection**

Only a proportion of the fund is invested in the equity funds. If equity values rise, you will not get back as much as you would by investing in a fund that directly invests in equities.

There is a cost to provide the protection. This is included in the total yearly expenses shown in our charges summary document and fund factsheets.

The protection is on the fund’s unit price, not on your original investment. Any charges taken directly from your investment bond will reduce what you get back and may result in you getting back less than 80% of your original investment.

Please note this fund was closed to new customers from January 2007.
Distributor requested funds

Distributor requested funds are a range of funds provided by fund managers together with a fund sponsor (normally the organisation your adviser works for). The investment objectives and risk profiles of the funds are set in conjunction with the fund sponsor. These funds tend to be a mix of risk-rated funds and multimanaged funds. Generally, the fund sponsor also receives payments out of the fund charges in addition to any commission your adviser received from us. The amount of any payments to fund sponsors are taken from the fund charges disclosed to you and are not an additional charge.

Omnis funds
The Omnis Multi-Manager and Omnis Managed funds are managed by Octopus Investments Limited, and Columbia Threadneedle Asset Management Limited respectively, in accordance with the investment objectives of the funds. The investment objectives and risk profiles of the funds have been set in conjunction with the fund sponsor, Omnis Investment Ltd. As sponsor, Omnis Investments Ltd receives payment out of the fund charges. Omnis Investment Ltd is part of the Openwork Group (which is part of the Zurich group). The Openwork Group includes Openwork Limited, a network of financial advisers. Therefore, both Openwork and Zurich may benefit financially from these payments. The amount of these payments is included in the fund charges disclosed to you and is not an additional charge.

Omnis Multi-Manager Adventurous AL
The objective of the fund is to achieve capital growth over the medium to longer term significantly in excess of cash deposit rates. The fund will mainly invest in collective investment schemes across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged1 back into £-sterling.

Omnis Multi-Manager Balanced AL
The objective of the fund is to achieve capital growth over the medium to longer term well in excess of cash deposit rates. The fund will mainly invest in collective investment schemes across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged1 back into £-sterling.

Omnis Multi-Manager Cautious AL
The objective of the fund is to achieve capital growth over the medium to longer term in excess of cash deposit rates. The fund will mainly invest in collective investment schemes, and individual stocks and bonds, across a range of global geographical areas and asset classes, managed by multiple different investment managers, but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged1 back into £-sterling.

1 Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.
Omnis Multi-Manager Distribution AL
The objective of the fund is to provide, over the medium to long-term, a growing income without reducing the purchasing power of capital. This will be achieved through mainly investing in collective investment schemes across a range of global geographical areas and asset classes, but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged\(^1\) back into £-sterling.

Omnis Managed Adventurous AL
The objective of the fund is to achieve capital growth over the medium to longer term well in excess of cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Columbia Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged\(^1\) back into £-sterling.

Omnis Managed Balanced AL
The objective of the fund is to achieve capital growth over the medium to longer term, in excess of cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Columbia Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged\(^1\) back into £-sterling.

Omnis Managed Cautious AL
The objective of the fund is to achieve capital growth over the medium to longer term that is above cash deposit rates. The fund will mainly invest in collective investment schemes (almost exclusively from the Columbia Threadneedle Group) across a range of global geographical areas and asset classes but with a core holding in UK equities and bonds. The fund may invest in other asset classes where appropriate. Foreign currency exposure through non-UK investments may be hedged\(^1\) back into £-sterling.

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\(^1\) Currency hedging intends to reduce the risk of loss from exchange rate fluctuations in the market. It would be like taking out an insurance policy against this happening so that any unfavourable change in a currency (for example, the dollar against the euro) would not seriously reduce the value of your investment.
## Availability of funds by product

To find out which funds are available under your product you will need your plan number.

<table>
<thead>
<tr>
<th>External fund name</th>
<th>Zurich Investment Bond (Plan numbers suffixed DJ)</th>
<th>Zurich Distribution Bond (Plan numbers suffixed DJ)</th>
<th>Zurich Investment Bond (Plan numbers suffixed AF, AG, AH, AJ)</th>
<th>Zurich Portfolio Investment Bonds</th>
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* These funds are only available on Zurich Investment Bonds that started before 26 August 1997.
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1 AEGON asset management changed its name to Kames Capital on 1 September 2011
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* This is the current choice for the phased investment option (Zurich Portfolio Investment Bonds only).
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