

**Change of income targets:
Zurich Investments Equity Income Fund
Zurich Investments Global Equity Income Fund**

Zurich and Denning Pryce have made the decision to reduce the income objective for the Zurich Investments Equity Income Fund and Zurich Investments Global Equity Income Fund. We have taken this decision in the interests of unit holders and believe this change to the income objective will allow the funds to continue to pay a sustainable level of income and provide scope for unit price growth in a changed operating environment.

Effective 1 July 2015, the income objective for each fund will change to the following;

- Zurich Investments Equity Income Fund: 7% to 9% grossed up yield per annum
- Zurich Investments Global Equity Income Fund: 6% to 8% yield per annum

The reason we have come to this decision is that over the past few years, the premium available from selling options has diminished. With falling global interest rates and Quantitative Easing leading to a sustained reduction in equity market volatility, Zurich and Denning Pryce have adjusted the Income targets on both funds to bring them into line with prevailing market conditions.

The distribution ranges will allow more flexibility in the investment process by reducing the need to sell options at lower premiums. We believe the change should provide more opportunity for unit price growth, while still providing attractive distributions relative to benchmark interest rates and dividend yield.

Changing Market Conditions (Australia)

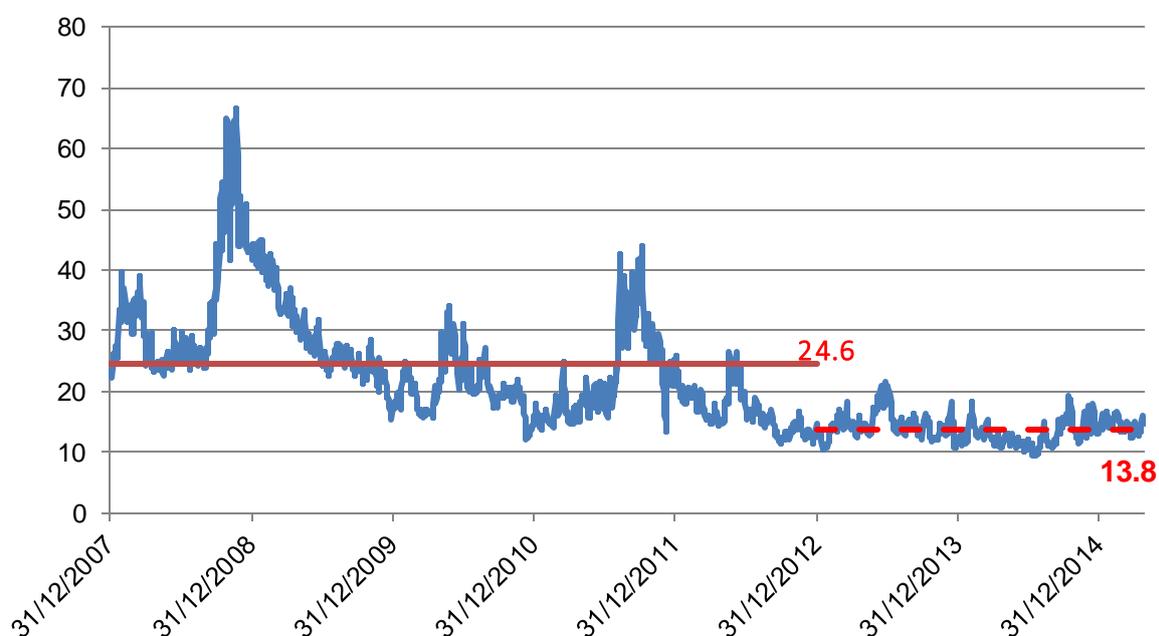
Accommodative central bank settings around the world have arguably played a part in suppressing equity market volatility since 2008/09.

By way of illustration, the chart below shows the compression of volatility in the Australian sharemarket dating back to 2007 as measured by the ASX200 A-VIX.

Chart 1 shows the history of implied volatility of the "A-VIX" from 31 December 2007 to 27 April 2015.

What is most notable in Chart 1 is the steady decline in the market's implied volatility over this period. The top red line is the average of the "A-VIX" from 31 December 2007 to 31 December 2012. The dotted red line shows the step down in the average volatility from 31 December 2012 to 27 April 2015.

Chart 1. Historical Volatility of the ASX 200



Source Bloomberg

When the fund was launched back in 2006 interest rates were still rising to a peak of 7.25% and implied volatility was tracking consistently above 24.

Today, rates are sitting at 2.00% and volatility is persistently below 20, requiring a reassessment of the current income objective.

Is the buy/write strategy adding value?

The income the strategy generates is conservatively estimated to be in excess of 40% of the year's total distributable income.

Finally, the downside protection that remains a cornerstone of the fund's mandate should remain appealing for conservative, income seeking investors and remains a differentiating feature of the Zurich funds.

How will you determine income targets for both EIF and GEIF?

The targets will be assessed with both volatility/ option premium and general market conditions (return) as key considerations.

Ideally, the intention is to provide attractive levels of income and to get the unit price growing by having a less onerous income objective. When the unit price appreciates, income paid increases as function of running yield.

Under current market conditions, the income objectives will target the middle of the new ranges for the 2016 financial year:

- **Equity Income Fund 8%** grossed up (6% income plus assumed franking of 2%)
- **Global Equity Income Fund 7%**

This will result in a small reduction in the monthly CPU distribution paid.

The information contained in this material is general information provided by Denning Pryce Pty Ltd ABN 67 116 639 251 AFSL 298851 and Zurich Investment Management Limited ABN 56 063 278 400 AFSL 232511. It is intended for the use of professional advisers, researchers and trustees. It does not take into account the objectives, financial situation or needs of any person. These factors should be considered before acting on this information.

Zurich and its related entities receive remuneration such as fees, charges and premiums for the financial products which they issue. Details of these payments including how they are calculated and when and how they are payable can be found in the relevant Product Disclosure Statement (PDS) or other disclosure document available from Zurich.

The information in this publication is dated April 2015 and is given in good faith and is derived from sources believed to be accurate as at this date, and may be subject to change. It should not be considered to be a comprehensive statement on, or study of, any matter and should not be relied on as such. Neither Zurich Investment Management Limited nor any of its related entities or any of their employees or directors (Zurich) or Denning Pryce Pty Ltd, give any warranty of reliability or accuracy nor accept any responsibility arising in any way by including by reason of negligence for errors or omissions.

The Funds' investment objectives do not represent a guarantee of performance, return or income. There are risks specific to this type of investment that should be considered these are contained in the PDS for the Zurich Investments Equity Income Fund and the Zurich Investments Global Equity Income Fund

Past Performance is not a reliable indicator of future performance.

Zurich Investment Management Limited ABN 56 063 278 400 AFSL 232511. GIIN: FVHHKJ.00012.ME.036.

5 Blue Street North Sydney NSW 2060. Phone 131551.

PNOE-010225 -2015