



How the Fund Works

The Corporate Bond Fund aims to track the performance of the Merrill Lynch EMU Large Caps Corporate Bond Index. These securities are effectively loans to large companies.

The fund aims to achieve average corporate bond returns on a consistent basis by providing access to a diversified range of corporate bonds. The fund aims to provide long-term returns greater than can be achieved by investing in cash or government bonds.

The fund is suitable for investors who require a medium return with less volatility than equity investments.

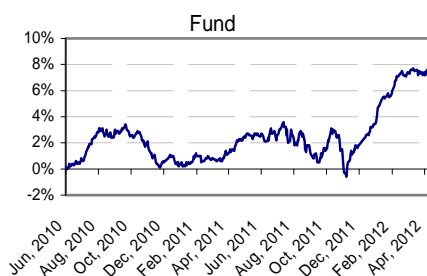
Investment Risk



This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.

Warning: The value of your investment may go down as well as up.

Performance



Year	Return	Benchmark
2012 YTD	5.3%	5.6%
1 Year	6.1%	6.9%

These returns are based on a standard annual management charge of 0.65%. Management charges may vary. **The return of this fund since launch (23rd June 2010) is 4.1%p.a.**

Warning: Past Performance is not a reliable guide to future performance.

Warning: This fund may be affected by changes in currency exchange rates.

Market Commentary

A month with a significant amount of political news led to a surprisingly quiet month in the bond markets. The slow grind of flight to quality continued with 10 year German yields tightening from 1.79% to 1.66%. The Netherlands got dragged into the spotlight with the collapse of its government and questions over its economic growth & austerity policies. The French presidential election continues with a second round vote featuring Hollande & Sarkozy. The incumbent is lagging significantly in the polls and there is significant risk to the outlook for France given the policies proposed by Hollande. Spain and Italy remain under pressure as the effects of the ECB's LTRO wear off on the markets. Wider economic data shows new jobs data in the US behind expectations and the leading indicators in Europe are still negative. The politics of austerity will continue to dominate the immediate outlook.

This fund may engage in securities lending to earn returns.



Irish Life