



How the Fund Works

The Diversified Cautious Fund combines traditional assets such as equities, bonds, cash and Irish property with a mix of alternative assets which can include: Emerging Markets Equities, Forestry, Absolute Alpha Fund, Corporate Bonds, Commodities and European Property.

Investors get exposure to both traditional equity managed markets on an indexed basis, as well as a wide variety of other assets classes, which are managed on an active basis. This fund is suitable for members who wish to maintain a small exposure to equity markets while limiting volatility in comparison to a traditionally managed type fund.

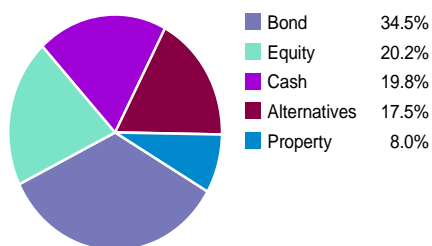
Investment Risk



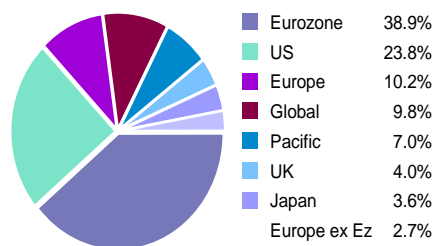
This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.

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

Asset Distribution



Equity Distribution



Performance

Period	Return	Benchmark
YTD	2.8%	3.0%
1 Year	0.7% p.a.	1.3% p.a.
3 Year	3.2% p.a.	4.0% p.a.

These returns are based on a standard annual management charge of 1.11%. Management charges may vary. **The return of this fund since launch (12th September 2007) is -2.3% 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

The positive sentiment and increased liquidity from central banks that have been driving asset prices since the start of the year waned in April. Many of the asset classes that had been outperforming gave back some gains, particularly European and Japanese equities, Spanish government bonds and commodities. Concerns about the risks associated with the Eurozone sovereign crisis re-emerged in April, while the fragility of the recoveries in some of the global economies became more evident. On the other hand the flight towards perceived safer asset classes was notable as AAA government bonds outperformed and German government bond yields fell to another record low level. Elsewhere US equities outperformed and have largely maintained the gains that were made since the start of the year, as the economic recovery there continued to gain momentum, while the first quarter earnings season also showed that the corporate sector has remained robust.

This fund may engage in securities lending to earn returns.



Irish Life