



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.

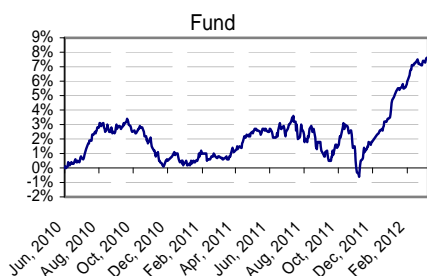
Investment Risk



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	5.2%	5.4%
1 Year	7.0%	7.6%

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 4.22% 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 stresses in the Eurozone have continued to ease, particularly after the EU/IMF and Greek officials managed to enforce a 53% haircut on Greek private sector government bond holders. Nevertheless the economic outlook, particularly for the peripheral countries in the region, has remained challenging. The new Spanish government revealed their fiscal deficit significantly slipped from target last year (8.5% against 6.0% of GDP). As a result a new austerity budget for 2012 to bring government spending back on track has been adopted. Bond markets have also remained cautious on the outlook for Portugal as bond yields remained elevated and the rating agencies downgraded its banking sector. Despite this the liquidity provided by the ECB has eased the major concerns for the Eurozone. AAA government bond markets were volatile in March, as the 10 year German government bond yield traded from a low of 1.75% to a high of 2.04%, while the US 10 year yield trading range was 1.95% to 2.36%.

This fund may engage in securities lending to earn returns.



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