



### 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.

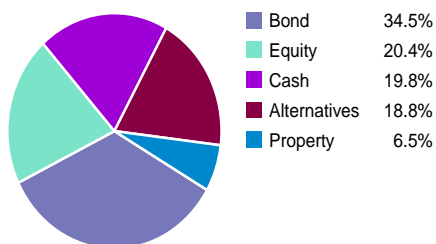
### Investment Risk



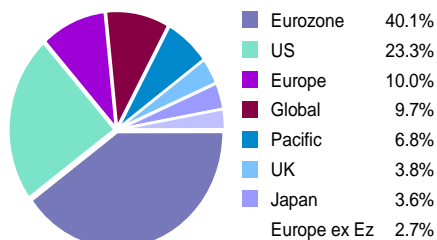
This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.

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

### Asset Distribution



### Equity Distribution



### Performance

Period	Return	Benchmark
YTD	3.3%	3.5%
1 Year	1.6% p.a.	2.1% p.a.
3 Year	4.8% p.a.	5.5% 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 -2.26% 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

Although equity markets continued to make gains in March, the pace of these gains and equity market momentum has slowed from the levels seen in January and February. Developed equity markets outperformed emerging markets as investors' appetite for risk began to wane, resulting in emerging market equities giving back some of the robust gains achieved since the start of the year. Volatility increased in the AAA government bond space. German, US and UK government bonds sold off as their yields moved out to 2.04%, 2.36% and 2.34% respectively by the middle of March, rallying back to the month start levels in the last week of March.

This fund may engage in securities lending to earn returns.



**Irish Life**