



How the Fund Works

The Pension Protection Fund is an actively managed fund, which invests predominantly in long-dated Euro-denominated government securities. These securities are effectively loans to governments with repayment dates of ten years or more. The fund's benchmark is against the Merrill Lynch Euro Zone >10 year index.

This fund should broadly follow the long-term changes in annuity prices due to interest rates, i.e. if long-term interest rates fall, the value of this fund will increase to roughly compensate for the rise in annuity prices. Long-term interest rates are just one of the main factors that determine the cost of an annuity. However, there will be times when the fund will not track annuity prices closely and no guarantee can be given in relation to such movements.

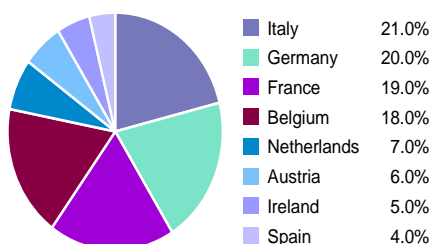
Investment Risk



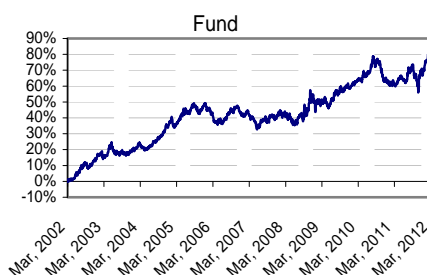
This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.

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

Country Distribution



Performance



Year	Return	Benchmark
2012 YTD	4.4%	5.0%
1 Year	11.1%	11.6%
3 Year %p.a.	5.7%	5.2%
5 Year %p.a.	4.7%	4.5%
10 Year %p.a.	6.0%	6.2%

These returns are based on a standard annual management charge of 0.65%. Management charges may vary. **The return of this fund since launch (1st April 1997) is 5.76% 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.



Irish Life