

Active Managed Fund

Information is correct as at the 31st July 2010

Volatility/Risk



How the Fund Works

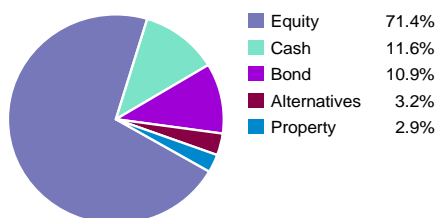
The Active Managed fund aims to deliver above-average performance by actively investing in assets and shares.

How the Fund Operates

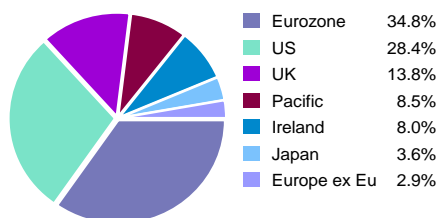
Based on ILIM's view of the markets and economies, a decision is taken firstly of how much to invest in equities, bonds, property and cash with a view to outperform the respective benchmarks. For the equity portion a view is taken as to what proportion we invest in each country. The next decision is which stocks (company shares) to hold within each country portfolio. The core principle of our approach is the calculation of fair value and the exploitation of market mis-pricings. We believe that this is the crucial decision, as picking the best undervalued stocks is a key driver in achieving consistent above average performance. Our stock selection process is a highly disciplined systematic approach combining rigorous quantitative screening with quality analytical work, based on independent research.

The return of this fund since launch (26th February 2004) is 1.98%p.a.

Asset Distribution



Equity Distribution



Performance

Period	Return
YTD	3.85%
1 Year	13.4% p.a.
3 Year	-8.88% p.a.
5 Year	-1.24% p.a.

The figures quoted are before tax and after management charges. Source: Irish Life.

Market Commentary

The sell off in risky assets in the second quarter was somewhat reversed in July as equities, corporate bonds, peripheral government bonds, and commodities all made gains. Likewise asset classes such as the US Dollar and AAA government bonds that had benefited from the recent flight to quality reversed some of their gains. The earnings season as well as a flurry of news from the banking sector helped risk appetite to recover. Despite this, economic data remained mixed and continued to reinforce views that the recovery will be lacklustre. The second quarter earning season in the US was stronger than expected as companies' earnings and revenues surprised to the upside. The results continued to indicate that the economic recovery is in place as much of the cyclical sectors such as the material, industrials and consumer discretionary outperformed. As a result, expectations for earnings growth for the second half of 2010 are increasing. However the guidance for 2011 earnings was more cautious and was revised modestly lower.

The markets also responded to the results of the European banks stress tests, whereby it was announced that seven of the ninety one banks that were tested did not pass and will therefore require additional capital. Both Bank of Ireland and AIB passed the stress tests. This improved transparency for the banking sector in the region helped peripheral bond markets to outperform. However strong demand for government bonds in the monthly auctions also helped most notably in Spain, Greece and Ireland as these countries confirmed that their austerity programmes are on track.

The economic picture remained mixed. The International Monetary Fund did raise its projection for global growth for 2010 and 2011 but also acknowledge the increased risks and uncertainties surrounding the sovereign and financial sectors in the Eurozone could spread widely and pose a threat to the economic outlook.

In Stock News

ING was up 20%. Its banking unit successfully passed the European stress test. It was also planning to sell its real estate asset management unit.

Warning: The value of your investment may go down as well as up. This fund may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.



Irish Life
Investment Managers