

# Diversified Growth Fund

Information is correct as at the 31st July 2010

Volatility/Risk

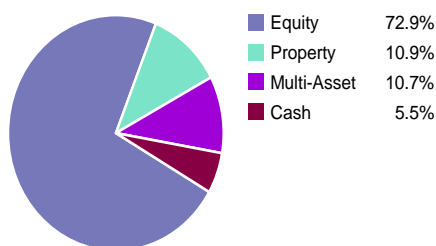


## How the Fund Works

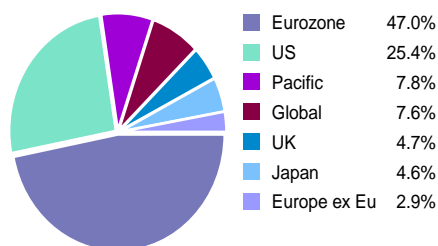
The Diversified Growth Fund currently invests 60% of your investment in shares with the remaining 40% of your investment spread across a variety of asset classes including property, commodities and hedge funds. This combination is designed to create a high level of expected return with fewer ups and downs than a pure equity based fund. This fund is suitable for investors with a number of years to retirement who wish to pursue an aggressive growth strategy.

**The return of this fund since launch (27th April 2009) is 18.25%p.a.**

## Asset Distribution



## Equity Distribution



## Performance

Period	Return
Last Mth	2.4%
Qtr to date	2.4%
YTD	3.35%
1 Year	13.1% 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.

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

**International Power** rose 20% during the month following an announcement that it is in preliminary discussions with GDF Suez on combining its assets.

**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