

Indexed US Fund

Information is correct as at the 30th September 2010

Volatility/Risk



How the Fund Works

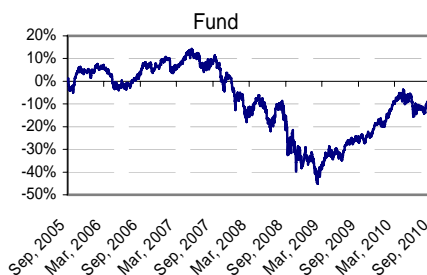
The idea behind indexed fund management is to consistently perform in line with the agreed benchmark index, in this case, the **FTSE North America**. We do this by either investing in the same assets as those of the index or holding assets that will perform in line with the index. This strategy allows investors to remove the risk of poor share choice.

The return of this fund since launch (18th May 2001) is -4.60%p.a.

Stock List

Performance

Largest Stock	% Weight	Country
Exxon Mobil	2.69	US
Apple	2.17	US
Microsoft	1.75	US
General Electric	1.50	US
Johnson & Johnson	1.45	US



Year	Indexed US Fund	FT North America
2010 YTD	7.9%	9.4%
1 Year	16.1%	18.0%
3 Year %p.a.	-6.8%	-5.2%
5 Year %p.a.	-2.7%	-1.1%

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

Market Commentary

Although the Federal Reserve has become more concerned about the outlook for the US economy since August, the high frequency data for the US is continuing to point to a modest slowdown in growth rather than a sharp contraction. The Federal Reserve opened the door to the possibility of a second round of quantitative easing at September meeting by saying it is "prepared to provide additional accommodation if needed to support the economic recovery and return to inflation over time to levels consistent with its mandate". However to date inflation has remained subdued and well below the preferred level of Federal Reserve of 2% as headline CPI is 1.2% YoY, while core remains at 1% YoY.

However the incoming data for the US economy were on balance better than expected in September. ISM Manufacturing came in at 56.3 in August ahead of expectations although it did ease off to 54.4 in September, although the ISM non manufacturing survey topped expectations in September. The labour market provided tentative signs of stabilisation in August as the non farm payrolls fell by 54,000 less than had been expected. This trend continued in September as the weekly initial jobless claims improved through the month. Retail sales growth was also broad based, despite some weakness in the autos sector. On the other hand, there were some concerns that business spending, which was a key driver of growth in the first half of 2010, may be slowing as capital goods orders fell by 7.2% in July.

In Stock News

Oracle rose 22.9% as results beat expectations as database software revenues and server sales were strong, benefiting from the IT spending recovery. The company also guided sales forecasts for the current quarter higher.

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