



# PROTECTED CONSENSUS MARKETS FUND

FUND UPDATE: JUNE 2018

## Welcome to the latest edition of the Protected Consensus Markets Fund (PCMF) update.

In this update you will find a summary of how the fund works and the key drivers of performance within the fund. This fund is provided by Irish Life. The protected price pledge on the fund is provided by Deutsche Bank.

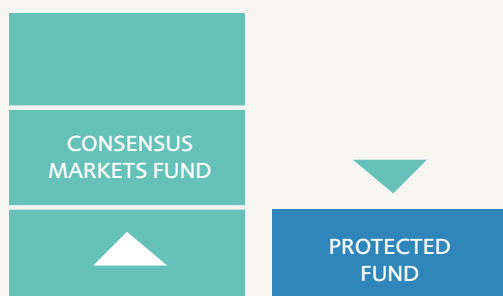
## HOW THE PROTECTED CONSENSUS FUND WORKS

The aim of the Protected Consensus Markets Fund is to provide growth when markets are performing well and deliver some protection when markets are falling. There is a protected price pledge to provide some protection. The protected price pledge is provided by Deutsche Bank. The aim of this pledge is that the unit price of the Protected Consensus Markets Fund will not fall below 80% of its highest value.

The return of the Protected Consensus Markets Fund is based on the performance of a mix of two funds the Consensus Markets Fund and the Protected Fund. The split between the two funds is determined using a formula developed by Deutsche Bank.

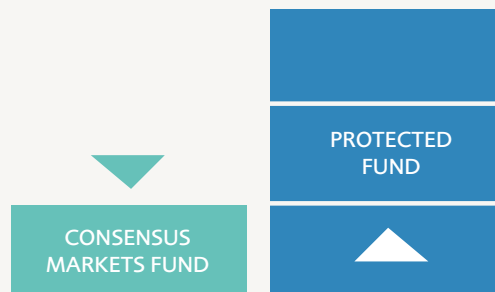
### CONSENSUS MARKETS FUND GROWS

When the Consensus Markets Fund is doing well, the amount of your money linked to the performance of the Consensus Markets Fund will generally be increased to take advantage of that growth, and the amount linked to the Protected Fund will be reduced.



### CONSENSUS MARKETS FUND FALLS

If the value of the Consensus Markets Fund falls, the amount of money linked to the performance of that fund will generally be reduced, and the amount linked to the Protected Fund will increase. The aim of this is to help protect the value of the fund.



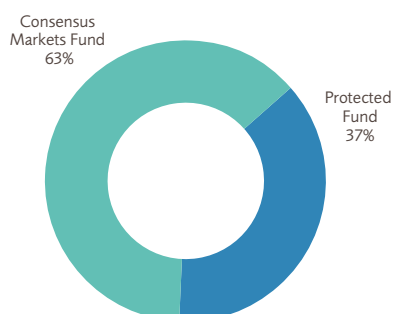
If investment markets perform well, up to 100% of the Protected Consensus Markets Fund could be linked to the Consensus Markets Fund. If markets perform poorly, more of the Protected Consensus Markets Fund could be linked to the performance of the Protected Fund than to the Consensus Markets Fund. If markets have very large falls, most and even 100% of your investment could be linked to the returns from the Protected Fund. This would substantially reduce the possibility for growth over the rest of your investment.

**Warning: If you invest in this fund you may lose some or all of the money you invest.**

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

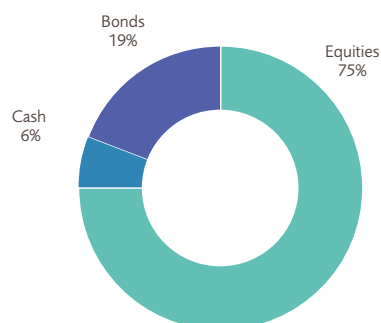
# SUMMARY OF YOUR FUND MIX - JUNE 2018

## FUND MIX

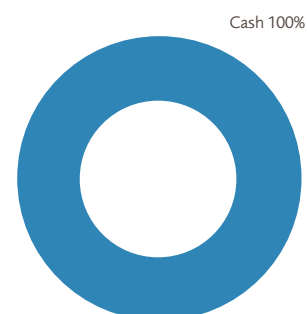


## ASSET ALLOCATION

### Consensus Markets Fund



### Protected Fund

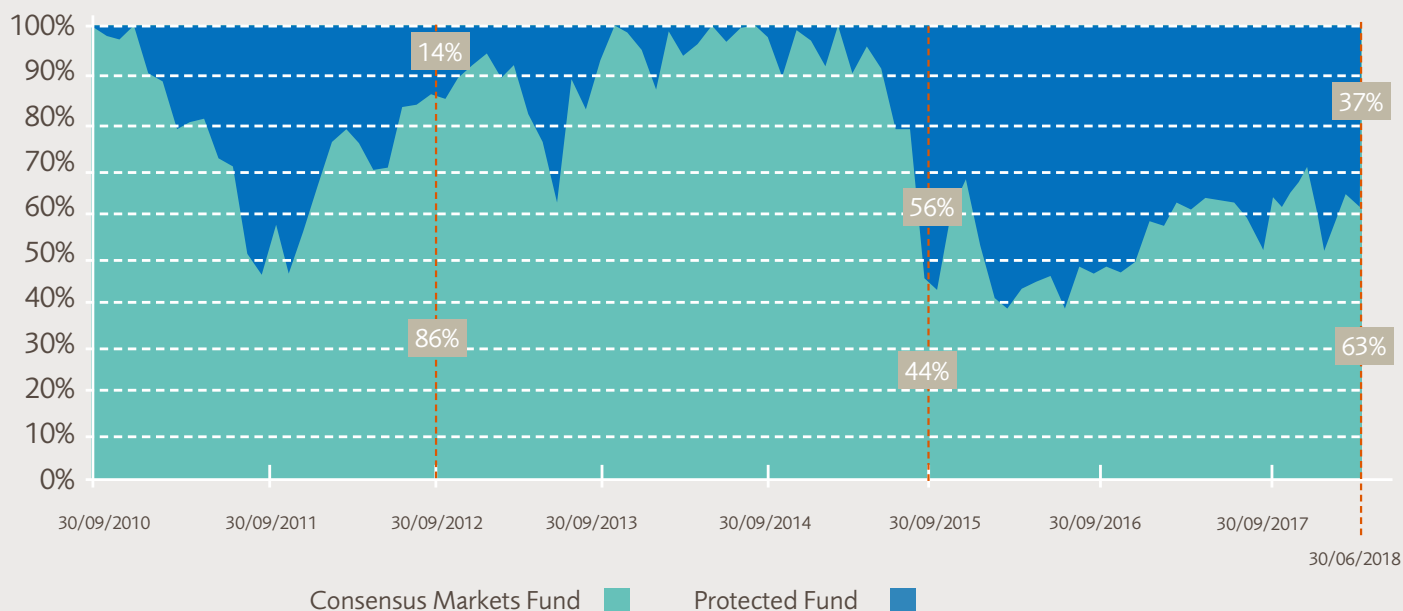


Information shown is at 30 June 2018

**Warning: This fund may be affected by changes in currency exchange rates.**

## SUMMARY OF HISTORICAL FUND MIX

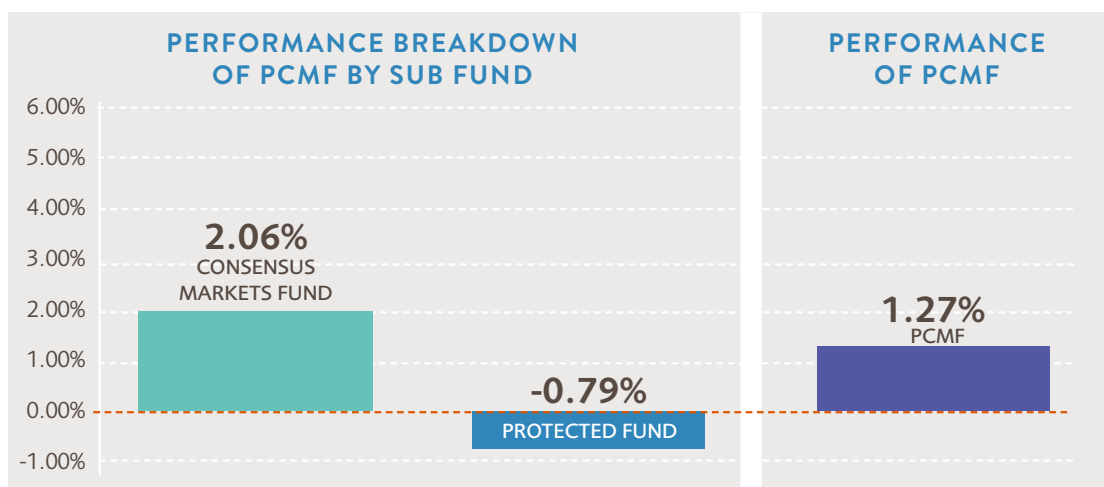
The current level of the protected price pledge means that the fund can have a significant portion invested in the Protected Fund. The graph below shows the mix of the Protected Consensus Markets Fund since September 2010.



**Warning: Past performance is not a reliable guide to future performance.**

Going forward the assets will continue to be rebalanced between the Protected Fund and the Consensus Markets Fund so the percentage invested in each of these funds will change.

# SUMMARY OF YOUR FUND PERFORMANCE OVER THE TWELVE MONTHS TO THE END OF JUNE 2018



Note - the fund performance figures above are net of a fund management charge of 1.57%. You should read your Product Booklet, Fund Guide and Terms and Conditions for details of the charge that applies to your policy.

Consensus Markets Fund growth - over the past 12 months the growth on this fund was 2.06%. This fund has benefitted from a positive return on the investments in equities and bonds over the period.

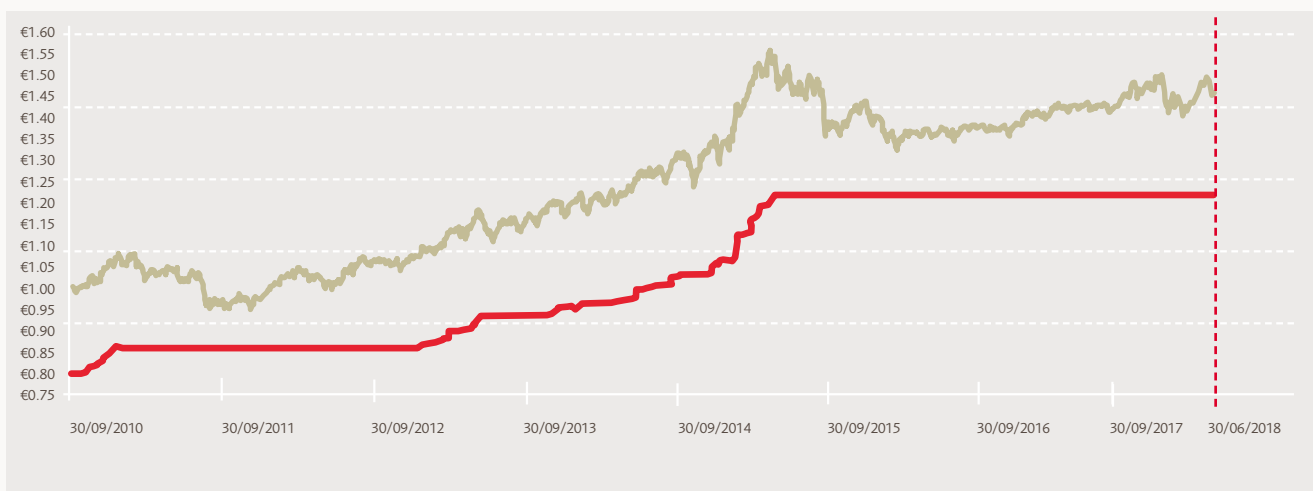
Protected Fund growth - over the past 12 months the growth on this fund was -0.79%. The Protected Fund has invested in cash deposits over the period. In the current low interest rate environment, negative deposit rates means that it costs money to keep cash on deposit therefore, even before charges, the protected fund has fallen in value. This is not expected to change in the foreseeable future.

Each of the above contributed to a fund growth of 1.27% (2.06% - 0.79%) on the Protected Consensus Markets Fund over the period.

## SUMMARY OF THE PROTECTED PRICE PLEDGE

The level of the protected price pledge was 87% of the fund price at the end of June 2018. The protected price has not changed since August 2015.

The graph below shows how the unit price and the protected price pledge has changed since September 2010.



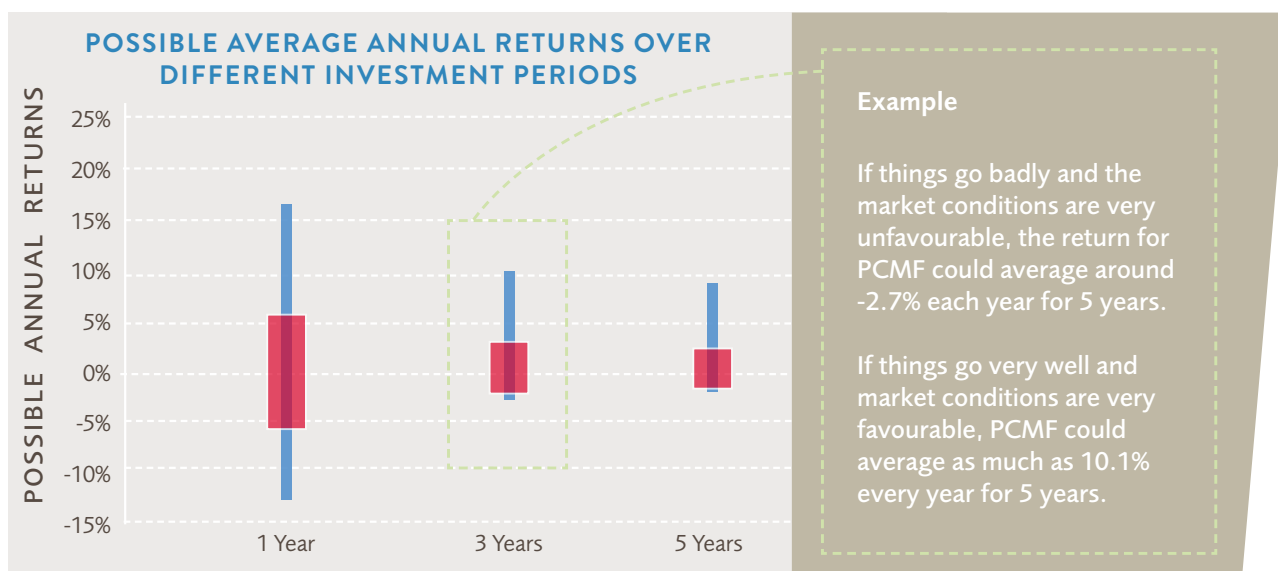
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# RANGE OF RETURNS

This graph shows the range of possible returns you may expect over different periods for the Protected Consensus Markets Fund. These figures are point in time estimates of future performance produced to give an indication of the level of return potential and risk in the fund. The return you achieve could be more or less than the range shown.

50% of the time, the average yearly return over the period shown is expected to be within the range of the red bars shown. This means that 50% of the time the average yearly return could be higher or lower than the red bars shown. 95% of the time, the average yearly return over the period is expected to be within the range of the blue bars shown. This means that 5% of the time the average yearly return could be higher or lower than the blue bars shown.



While these examples show possible returns if things go badly or very well, it is more likely that your investment will see a return each year closer to the middle of the red bars.

The contract between us and Deutsche Bank is up until September 2020. Therefore the protected price pledge applies up to this date or until it is triggered if this is earlier. We will negotiate with Deutsche Bank to try to extend this date but there is no guarantee that we will be successful. We will write to you on this. If we are successful in extending the protected price pledge beyond 2020, this may be a contract with Deutsche Bank or another counterparty. We will tell you if there is an extension or if the counterparty changes.

## How the range of Returns are calculated

The possible return numbers are produced by Irish Life Investment Managers (ILIM). The returns are calculated before taxes and product charges. They allow for a management charge of 1.57% on your investment unless the price pledge is triggered at which point your investment will switch to cash and our projections assume your return will be 0%. The actual fund management charge and product charge will depend on your plan. Please see the Product Booklet, Fund Guide and Terms and Conditions for details.

ILIM have produced these numbers using a combination of:

- Assumptions about future returns on the different assets within the funds and
- Past investment returns on the different assets over different time periods

As with any forward-looking numbers, these are only estimates and the actual returns achieved on the investment may differ from those shown in the graphs.

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

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**Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.**

# SECURITY OF THE PROTECTED PRICE PLEDGE

Deutsche Bank AG, acting through its London branch (Deutsche Bank), have a contract with Irish Life Assurance (Irish Life) to provide the protected price pledge. If the unit price of the fund falls below 80% of its highest value, Deutsche Bank are contracted to make a payment to Irish Life to make up the shortfall.

Extreme adverse economic conditions could result in the unit price falling below 80% of its highest value. In these circumstances, we will pass on the full amount we get back from Deutsche Bank in respect of your investment. If Deutsche Bank are unable to pay us, it means that the unit price of PCMF could fall below 80% of its highest value. This fund is not able to protect you from the risk that Deutsche Bank is unable to pay us under the terms of their contract. Irish Life will not use any of its assets to make up any shortfall should this occur.

Credit ratings can be a useful way to compare the risk of default associated with different companies. They are provided by independent companies known as rating agencies. The table below shows the credit rating scale of the three main rating agencies. The current credit rating assigned to Deutsche Bank is shown in the red circle on each of the scales.

Deutsche Bank's role is limited to providing the price pledge. Irish Life is the legal owner of the assets in the two underlying funds and these assets are not transferred to Deutsche Bank.

MOODY'S	FITCH	S&P		
Aaa	AAA	AAA	An obligor has EXTREMELY STRONG capacity to meet its financial commitments.	INVESTMENT GRADE
Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-	An obligor has VERY STRONG capacity to meet its financial commitments. It differs from the highest rated obligors only in a small degree	
A1 A2 <b>A3*</b>	A+ A <b>A-</b>	A+ A A-	An obligor has STRONG capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.	
Baa1 Baa2 Baa3	BBB+ BBB+ BBB-	<b>BBB*+</b> BBB BBB-	An obligor has ADEQUATE capacity to meet its financial commitments however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.	
Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	An obligor is LESS VULNERABLE in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.	'JUNK' OR SUB-INVESTMENT GRADE
B1 B2 B3	B+ B B-	B+ B B-	An obligor is MORE VULNERABLE than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.	
Caa	CCC	CCC	An obligor is CURRENTLY VULNERABLE, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.	
Ca	CC	CC	An obligor is CURRENTLY HIGHLY-VULNERABLE to non-payment.	
	C	C	An obligor is CURRENTLY HIGHLY-VULNERABLE to non-payment. May be used where a bankruptcy petition has been filed.	
C	D	D	An obligor has failed to pay one or more of its financial obligations (rated or unrated) when it became due).	

\*Deutsche Bank credit rating. Source: Deutsche Bank website 5 June 2018

These ratings can change from time to time. We will include the updated rating for Deutsche Bank in future Fund Updates. Fund Mix, Performance and Range of Returns figures shown in this document are based on a representative series of the Protected Consensus Markets Fund and a management charge of 1.57%. The actual series of the Protected Consensus Markets Fund in which you are invested is shown on your policy schedule and your annual benefit statement. You should read your Product Booklet, Fund Guide and Terms and Conditions for details of the charge that applies to your policy.



# Irish Life