



Irish Life MAPS



QUARTER 1 (Q1) 2015: JANUARY TO MARCH 2015

IRISH LIFE MAPS AND IRISH LIFE INVESTMENT MANAGERS

Irish Life Multi Asset Portfolios (MAPS) have been designed and are managed by Irish Life Investment Managers (ILIM).

ILIM are internationally recognised for their expertise, innovation and track record and are multi award winners:

- 2014 European Pension Award Winners –Best Equity and Best Passive Manager Awards. They were the only Irish investment manager to win an award and the only manager in Europe to win two awards.
- 2014 Irish Pension Awards -Investment Manager of the Year.
- They take care of over € 50 billion of assets for thousands of people across Ireland. ILIM know the investment needs of people in Ireland.
- There is over €4 billion of assets already using ILIM's multi asset portfolio strategies. This is the amount they now look after for retail and institutional clients using these strategies – showing how appealing these strategies are to investors.

All of which means you can be confident you are in good hands when you choose Irish Life MAPS.

ILIM have developed the range of Irish Life MAPS funds, from lower risk MAP2 through to higher risk MAP6 so that there should be an Irish Life MAPS fund to suit all types of investors.

The Irish Life MAPS funds will be managed to their appropriate risk rating throughout. For example, MAP3 will be managed to a risk rating of 3 and you don't have to worry about switching funds, if your attitude to risk doesn't change.

ILIM do this through:

- Continually monitoring and assessing the assets within each MAPS fund
- Rebalancing each MAPS fund every three months
- Their innovative Dynamic Share to Cash (DSC) model
- An annual review of each MAPS fund.

For more information on Irish Life MAPS and the DSC, read on. For more information on rebalancing please see the Product Booklet or Fund Guide.

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

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

Warning: These funds may be affected by changes in the currency exchange rates.



ECONOMIC LOOK-BACK Q1 2015

POSITIVITY CONTINUES AS GREEK “TRAGEDY” LOOKS TO BE AVERTED

It was generally a positive start to 2015 for investment markets with both shares and bonds rising over the period although share markets proved to be slightly more volatile. The weaker Euro boosted returns from overseas assets in Euro terms, most notably from the US.

Some of that share volatility was driven by the Greek general election in late December as the anti-bailout party, Syriza, took power. That gave rise to renewed fears of a Greek exit from the Euro and contributed to early weakness in share markets. Ultimately, Greece committed to sign up to a reform agenda but it remains to be seen whether a new workable programme will be agreed before the summer.



QE “SAILS” INTO TOWN

The announcement of a Quantitative Easing (QE) programme by the European Central Bank (ECB) in late January (which exceeded market expectations) helped share markets recover any early losses and contributed to further gains in bond markets. The ECB announced it would buy €60 billion of assets each month until September 2016, mostly in government bonds. QE is likely to remain until inflation returns sustainably to its 2% target. Stock markets reacted positively to the news and share and bond prices rallied. These moves were further supported by global central banks continuing to cut interest rates, facilitated by ongoing low levels of inflation and low oil prices.

Expectations around the timing of the first interest rate increases in both the US and UK fluctuated depending on news flow and commentary from the relevant central banks. This also contributed to additional volatility in markets. By March, however, it became clear that expectations for a rate rise in the US had pushed out to September 2015 and, in the case of the UK, out to the second half of 2016. This was more good news for both bonds and shares.

VARIED SHARE PERFORMANCE

Regional share market performance was quite varied as global economic data was mixed with relatively weaker data in the US, with the notable exception of labour market data. Interestingly, investors also ignored the ongoing downward revisions to global growth rate forecasts, which were concentrated in the energy and materials sectors due to the declines in oil and commodity prices. Instead, they chose to focus on the benefits to the global economy from the lower oil price backdrop and the looser monetary policy environment (low interest rates and QE) that this facilitated.

Over the quarter, the FTSE World Equity benchmark rose 5.0% (15.5% in Euro terms). European shares rose 14.9% (18.6% in Euro terms) while Japanese shares rose 10.8% (24.8% in Euro terms). The US lagged behind, rising only 1.3% (14.1% in Euro terms) as did the UK, rising 4.4% (12.0% in Euro terms) as uncertainty ahead of the UK's May general election held the market back.

HISTORICALLY LOW BOND YIELDS

Eurozone bonds with terms longer than 5 years rose 6.7% over the quarter, with German 10-year bond yields falling to all time historic lows of 0.17%. This was driven by the launch of the ECB's QE and its indication that it would buy bonds down to negative yields of -0.2%.

CURRENCIES AND COMMODITIES

The Euro fell significantly to just \$1.074 against the US dollar (the lowest level since 2003) as monetary policy paths between the US Federal Reserve (Fed) and ECB continued to diverge – the Fed ending its QE a quarter before the ECB commenced its program. Commodities fell -8.2% (+3.4% in Euro terms), while Brent oil fell -3.9% having rebounded 18.3% from its January lows. US oil production levels continued to rise and US oil inventory levels were at record highs, exacerbating the global excess supply of oil.

IRISH LIFE MAPS ASSET SPLIT

There are five Irish Life MAPS funds to suit different attitudes to risk. The table below shows the strategic asset mix for each of the funds. As you can see the lower risk fund Multi Asset Portfolio 2 (MAP2) has a very high percentage in bonds in cash, which are traditionally less volatile assets. The higher risk fund MAP6 is predominantly invested in shares, which are traditionally more volatile than bonds or cash but have, in the past, given better long-term returns.

FUND NAME	MAP2	MAP3	MAP4	MAP5	MAP6
Bonds	42%	30%	15%	0%	0%
External Managers / Alternatives	20%	20%	20%	15%	5%
Property	3%	5%	5%	7.5%	5%
Emerging Market Shares	0%	2.5%	5%	12.5%	35%
Low Volatility Shares	10%	15%	20%	15%	5%
Developed Market Shares	7%	17.5%	35%	50%	50%
Cash	18%	10%	0%	0%	0%

The table shows the strategic asset mix and ILIM rebalance back to this mix on a quarterly basis. For the latest Irish Life MAPS fund mixes, see the factsheet at www.irishlife.ie.

ILIM will continue to monitor and review these assets and may change them over time.

DYNAMIC SHARE TO CASH MODEL



Each Irish Life MAPS fund uses our innovative Dynamic Share to Cash (DSC) model. The DSC is a quantitative model that has been developed by ILIM and it uses a number of factors across three broad categories.

The DSC aims to reduce the amount invested in shares and increase the amount in cash when it identifies greater potential for stock market falls.

The factors include:

FACTOR CATEGORY	OBJECTIVE	INDIVIDUAL FACTORS
1 MARKET MOMENTUM	Take account of trends in shares	<ul style="list-style-type: none"> • 12 month share market momentum • 200 day moving average
2 VALUATIONS	Take account of the long-term valuation of shares	<ul style="list-style-type: none"> • Long-term share values • Earnings quality • Earnings yield • Earnings Revisions
3 GLOBAL MACROECONOMICS	Take account of the influence of global economics on shares	<ul style="list-style-type: none"> • Real GDP growth rate • Bond yield curve slope • Energy price levels

Based on how these factors move over time, the DSC will decide how much of each Irish Life MAPS fund to invest in Developed Market Shares and how much to invest in cash. ILIM will regularly monitor and review these factors.

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

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

Warning: These funds may be affected by changes in the currency exchange rates.

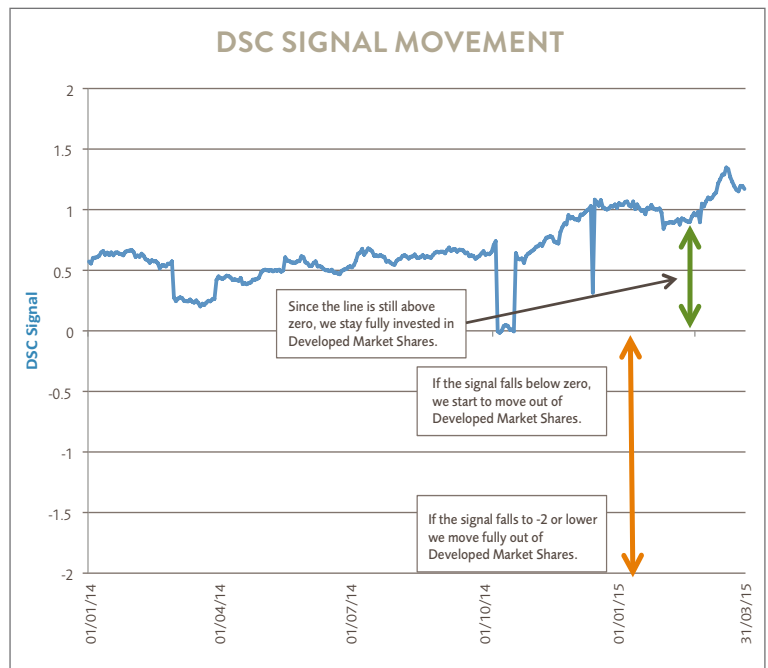
DSC SIGNAL EXPLAINED

As mentioned we monitor 3 broad categories of market indicators (Momentum in markets, Valuations and Global Macroeconomics) which have 9 underlying inputs that generate a 'signal'. These signals are represented by a number in the graph.

When the signal number is above zero Irish Life MAPS funds are fully invested in Developed Market Shares but in stressed markets that can reduce.

In stressed markets, if the signal number falls below zero this triggers a switch from Developed Market Shares to Cash in the Irish Life MAPS funds. The more markets fall, the more negative the signal number becomes and the more we move out of Developed Market Shares.

If the signal number reaches -2, the allocation to Developed Market Shares is zero.



The graph shows how the DSC Signal has moved since January 2014 until the end of quarter 1, 2015. The signal has risen steadily over the last quarter and finished March at 1.2. Since this is comfortably above 0, this means that each of the Irish Life MAPS funds continues to hold their maximum allocation in Developed Market Shares. To see this allocation, see the latest fund factsheets on www.irishlife.ie.

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

UPDATE FOR QUARTER 1 2015

+

The overall signal remains strongly positive and so we remain fully invested in Developed Market Shares.

+

1. MARKET MOMENTUM

Momentum is still positive with no change at the end of the quarter as global share markets remained strong in 2015.

+

2. VALUATIONS

Valuations is still the major contributor of the three categories. It remained very much in positive territory with improvements in earnings yields, earnings quality and earnings revision forecasts.

+

3. GLOBAL MACROECONOMICS

The macroeconomic category is also positive, ending the quarter slightly higher as energy prices and bond yields remained at relatively low levels.

Q1-15

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

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

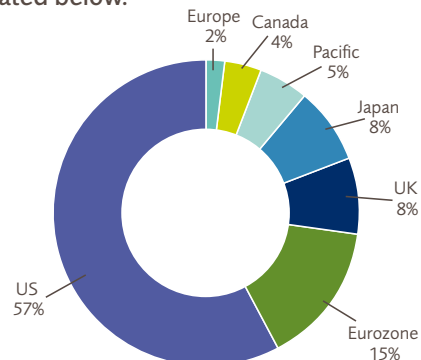
Warning: These funds may be affected by changes in the currency exchange rates.

1 Shares

DEVELOPED MARKET SHARES

- ILIM track the performance of the MSCI World Index created by Morgan Stanley Capital International to provide exposure to Developed Market Shares.
- The index consists of 1,615 individual companies which operate in 10 different sectors.
- We use the DSC model (explained on page 3) on the Developed Market Shares to reduce exposure to risk assets when there is a potential for the stock markets to experience a significant fall.
- For the percentage of Developed Market Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

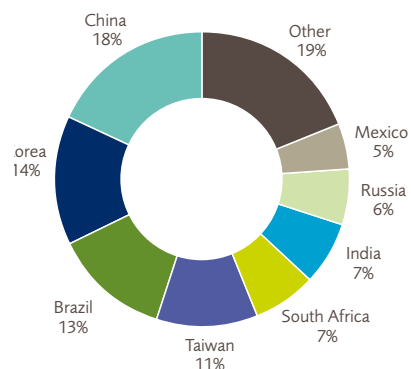
The geographic split of the index is illustrated below.



EMERGING MARKET SHARES

- ILIM track the performance of the MSCI Emerging Markets Index created by Morgan Stanley Capital International to provide exposure to Emerging Market Shares.
- The index consists of 2,700 individual companies which operate in 21 different markets.
- For the percentage of Emerging Market Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

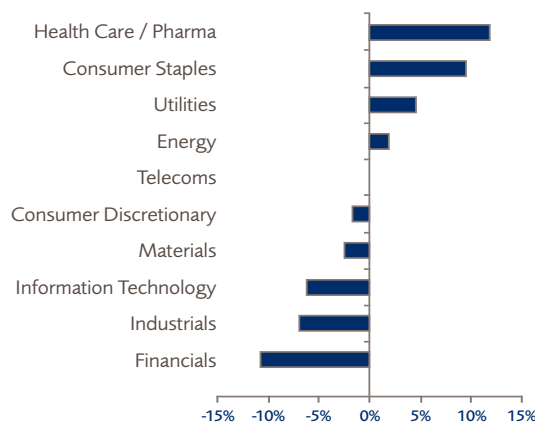
The geographic split of the index is illustrated below.



LOW VOLATILITY SHARES

- Using a detailed, quantitative strategy, ILIM choose stocks from the MSCI World Index which not only have shown lower volatility in the past but which are also screened for other indicators such as value, for example.
- ILIM choose around 150 stocks to make up their Low Volatility Shares fund.
- For the percentage of Low Volatility Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

Low Volatility Shares weight compared to MSCI World Index



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

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

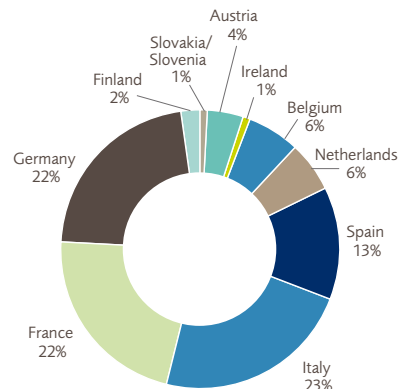
Warning: These funds may be affected by changes in the currency exchange rates.

2 Bonds

GOVERNMENT BONDS

- ILIM currently track the performance of the Merrill Lynch 1-5yr Eurozone Index to provide exposure to government bonds.
- Although the allocation to government bonds is fixed in each Irish Life MAPS fund, the duration of the bonds chosen is at the discretion of ILIM.

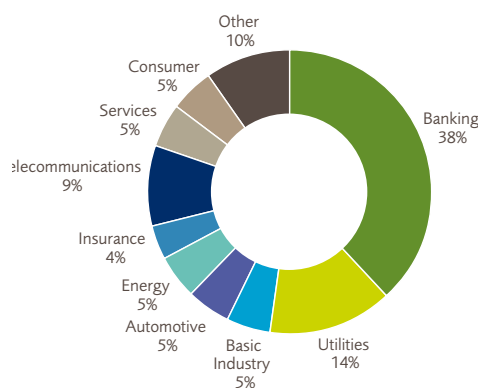
The geographic split of the Merrill Lynch 1-5yr Index is illustrated below.



CORPORATE BONDS

- ILIM currently track the performance of the Merrill Lynch EMU Large Cap Corporate Index to provide exposure to corporate bonds.
- Although the allocation to corporate bonds is fixed in each Irish Life MAPS fund, the particular index tracked is at the discretion of ILIM.

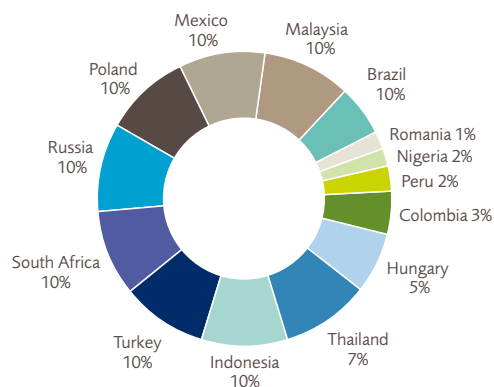
The sector split of the Merrill Lynch EMU Large Cap Corporate Index is illustrated below.



EMERGING MARKET DEBT

- ILIM currently track the performance of the JP Morgan Government Bond Index Emerging Markets (JP Morgan GBI EM) Global Diversified Bond Index to provide exposure to emerging market bonds.
- Although the allocation to emerging market bonds is fixed in each Irish Life MAPS fund, the particular index tracked is at the discretion of ILIM.

The geographic split of the JPM EM Global Diversified Bond Index is illustrated below.



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

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

Warning: These funds may be affected by changes in the currency exchange rates.

3 External Managers/Alternatives

ILIM recognise the need to incorporate alternative strategies within the Irish Life MAPS funds and have an active pipeline of external managers they monitor on an on-going basis. Irish Life MAPS currently have four leading global real and absolute return managers making up its exposure to alternative strategies. The percentage allocated to External Managers / Alternatives varies for each Irish Life MAPS fund and the latest factsheet on www.irishlife.ie will show this percentage.

Within this percentage, the target split across the four managers is shown below as well as details of the managers themselves and the fund we invest in.

ILIM actively look for managers that can bring diverse performance at the right price. They monitor this performance on an ongoing basis and may choose to change the allocation to external managers or the target allocation within the External Manager allocation. They may also choose to replace, add or remove External Managers as opportunities arise and market conditions change.

Manager	Assets Managed	Fund Type	Target Split
GMO <small>Source: www.gmo.com</small>	\$116 billion <ul style="list-style-type: none"> Morningstar award winning equity team 	Global Real Return Fund	60%
BLACKROCK <small>Source: www.blackrock.com</small>	€4.77 trillion <ul style="list-style-type: none"> World's largest asset manager 	Absolute Return Bond Fund	15%
PIMCO <small>Source: www.pimco.com</small>	\$1.59 trillion <ul style="list-style-type: none"> One of the world's largest bond funds 	Unconstrained Bond Fund	10%
AMUNDI ASSET MANAGEMENT <small>Source: www.amundi.com</small>	€866 billion <ul style="list-style-type: none"> Number 1 European Asset Manager 	Volatility Trading Fund	15%

Date: March 2015

4 Property

Each Irish Life MAPS fund now has an allocation to property. Currently this allocation consists of a mix of commercial, retail and industrial property in Ireland. For the percentage of each fund invested in property see the factsheet on www.irishlife.ie.

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

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

Warning: These funds may be affected by changes in the currency exchange rates.



Irish Life MAPS

- > Choice through a range of funds
- > Generating smoother, long-term returns
- > Managing risk to stay on track
- > Delivering peace of mind
- > Available across our pension, investment and savings plans.

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.

Warning: These funds may be affected by changes in the currency exchange rates.

**For more details please see www.irishlife.ie/investments
or contact your financial broker or financial adviser.**

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.
Irish Life Assurance plc is regulated by the Central Bank of Ireland.