

Managed Portfolio Fund 3 (Core)

Information is correct as at the 31st March 2011

Volatility/Risk



How the Fund Works

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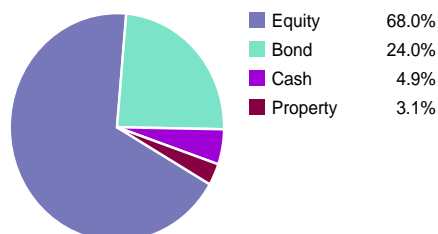
Managed Portfolio Fund 3 currently invests in a mix of cash, bonds and equities, and sometimes alternative assets such as property. The fund invests in one or more Irish Life Funds. Currently, the fund is invested 70% in the Consensus Fund and 30% in the Cautious Consensus Fund.

How the Fund Operates

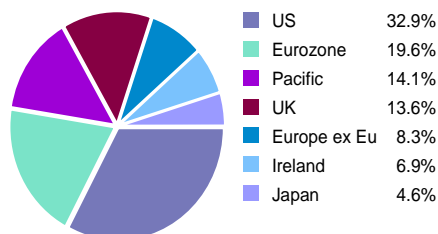
Based on ILIM's view of the markets and economies, a decision is taken firstly of how much to invest in equities, bonds, property and cash with a view to outperform the respective benchmarks. For the equity portion a view is taken as to what proportion we invest in each country. The next decision is 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 (19th March 2010) is 4.16%p.a.

Asset Distribution



Equity Distribution



Performance

Period	Return
Last Mth	-2.25%
Qtr to date	-0.86%
YTD	-0.86%
1 Year	3.47% p.a.

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

Market Commentary

March saw a sharp increase in equity market volatility as geopolitical pressures from the Middle East and North Africa combined with the earthquake and the resulting nuclear fall out in Japan. The majority of equity markets were down on the month as concerns for the impact on economic growth and disruption to supply chain. However, Emerging market equities were the best performing region in March reversing underperformance of recent months. Oil prices continued to rise reaching 2009 levels. The dollar continued to underperform, depreciating against all G10 currencies, apart from NZD. This resulted from monetary policy divergence between the Fed who continues to remain loose as other global Central banks hike or signal rate hikes. Eurozone bond markets continued to fall as yields rose in both core and peripheral countries.

The ECB signalled rate hikes in April at their March meeting as inflation risk over the medium term rose. With inflation printing above their target of "close to but below 2%" for the 4th month, markets are fully pricing in a rate hike in April and are expecting rates to reach 1.75% by the end of 2011. In a surprise move on the 11th of March, the euro area summit meeting released further details on the extension of the EFSF and future of the ESM. The EFSF lending capacity is to be increased from €225bn to €440bn. Additionally, it will be allowed to purchase sovereign bonds in the primary market under exceptional circumstances. Portugal's situation continued to worsen with the Prime minister tendering his resignation after the minority government failed to pass the austerity package with the interim government unable to request an EMU/IMF bailout.

In Stock News

Metro PCS jumped 13%, shares of MetroPCS rose during the month as it is seen as one of the beneficiaries of wireless market consolidation following AT&T's acquisition of T-Mobile

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