Irish Life

MAPS
MULTI-ASSET PORTFOLIOS

People only like one type of surprise

David Haslam explains how ILIM designed the next generation of investment strategies – so they'll do what you expect them to do

David Haslam
Head of Retail
- Irish Life Investment Managers

"Neither investors nor brokers can stomach another investment year like 2008. Discuss". It could be a Leaving Certificate essay title but was, in fact, the challenge put to Irish Life Investment Managers (ILIM), the investment arm of Irish Life Assurance, when they set about developing our next generation strategies – the Multi Asset Portfolios, or MAPS for short. We recognise it is not always palatable to your clients for a fund to 'just' do what it is supposed to do; it also has to do what you, and they, expect it to do. If 2008 taught us all one thing, it is that nobody likes negative surprises. On the back of extensive research and customer feedback, we devised a suite of funds that will help you advise your clients on where to invest their pension or savings funds and which directly address the issues your clients identified.

Range: a range of funds to suit all risk appetites that are rebalanced quarterly, so you can have confidence that your clients fund will always be appropriate to their risk rating and won't change or drift over time.

Risk: our funds aim to reduce risk exposure at times of extreme market stress, like 2008. In extreme down markets, the accepted solution is to move from risk assets into cash. We have the only, exclusively quantitative driven, process in Ireland that can do that for you.

Volatility: we have reduced volatility by diversifying across, and within, a broad range of asset classes, including real return and alternative strategies. A smoother investment journey helps keep clients invested.

Cost: our funds are competitively, and transparently, priced. As market leaders, we promote Total Expense Ratios (TER) so your clients can clearly see all the variable charges and incentive fees.

Returns: our funds benefit from exposure to real and absolute return strategies for performance even when markets fall. We also get inflation-beating returns by investing in growth assets like shares.

Irish Life's Multi-Asset Portfolios (MAPS)

There are 5 MAP funds available for your clients, with a different allocation of risk assets in each fund designed to match specific return and volatility profiles. ILIM will automatically rebalance each of our MAP funds back to its fundamental asset weights quarterly, to ensure your client stays within their chosen risk rating band.

Each fund uses ILIM's innovative Dynamic Share to Cash (DSC) model - this is the proprietary quantitative model that will move the funds out of shares and into cash when it identifies signs of extreme market events. The "Range" column represents the equity allocation that can be sold to become cash for each fund. Our process differentiates it from any other fund available in Ireland.

Asset Type	MAP 2		MAP 3		MAP 4		MAP 5		MAP 6	
	Allocation	Range	Allocation	Range	Allocation	Range	Allocation	Range	Allocation	Range
Indexed World Equities	5%	5-0%	13%	13-0%	30%	30-0%	50%	50-0%	40%	40-0%
Indexed Emerging Market Equities	0%		2%		5%		10%		50%	
Indexed Minimum Volatility Equities	10%		15%		25%		15%		0%	
Indexed EM Debt	2%		3.5%		3%		0%		0%	
Indexed Euro Gov Bonds	20%		19.25%		7.5%		0%		0.00%	
Indexed Euro Corporate Bonds	20%		12.25%		4.5%		0%		0.00%	
GMO	15%		15%		15%		15%		6%	
PIMCO	3.75%		3.75%		3.75%		3.75%		1.50%	
Amundi	3.75%		3.75%		3.75%		3.75%		1.50%	
Hermes	2.50%		2.50%		2.50%		2.50%		1.00%	
Cash	18%	18-23%	10%	10-23%	0%	0-30%	0%	0-50%	0%	0-40%
Total	100%		100%		100%		100%		100%	

As the table shows, diversification exists across, and within, asset classes (with allocations to government and corporate bonds and developed market, emerging market and minimum volatility shares). ILIM also recognise the need for alternative investment expertise and have four external global leaders in their sectors to provide further diversification – GMO in long/short Equity, Pimco in Bonds, Hermes in Commodities and Amundi in Volatility Trading.

The Dynamic Share to Cash (DSC) Model

ILIM's DSC model is both revolutionary and proprietary. As a purely quantitative-driven model, it is unique in not being dependent on subjective inputs or "calls" from fund managers or investment committees on markets, unlike any other Irish funds.

ILIM has spent two years developing a robust model based on analysis of key market economic factors over the last hundred years, whose movements over time have proven reliable indicators of potential market falls. Examples of these factors are shown in the table below.

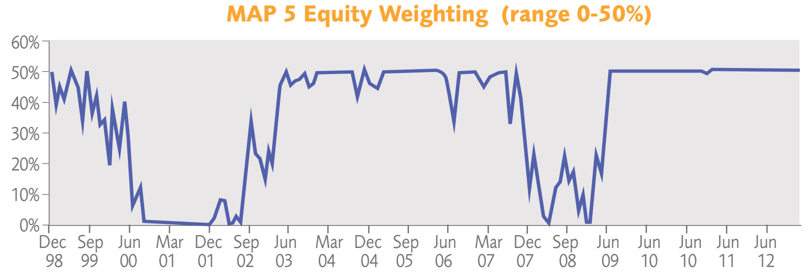
Factor Category	Objective	Individual Factor Examples
Momentum based factors	Takes account of equity market trends	• 12 month equity market momentum • 200 day moving average
Valuation based factors	Looks at the Long-Term Valuation of Equity Markets	• Earning Revision • Long Term Equity Values • Earning Quality • Earning Yield
Macroeconomic based factors	Looks at how the global economy will influence the performance of equities	• Real GDP Growth Rate • Bond Yield Curve Slope • Energy Price Levels

These factors are weighted and generate a signal which determines the split between Developed Market Shares and cash in each MAP fund. If the signal points towards a significant potential stock market falls, the DSC will reduce the amount invested in shares and increase the amount invested in cash. This will protect your client from the falls experienced in 2008.

How DSC would have worked

The DSC is a quantitative model, free from fund manager subjectivity, and so it is possible to show how the DSC would have worked historically.

The graph illustrates how the DSC would have performed on MAP 5, by way of example, where the default developed market share allocation is 50%. In times of market stress around the technology bubble bursting and again around the financial crisis, it clearly de-risks clients by reducing the equity weighting and increasing the cash weighting. This would have significantly protected clients' investments during these periods.



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

We are constantly innovating to best meet your needs and those of your clients in a fast changing market environment. The MAPS funds are specifically designed to address fundamental issues your clients have around investing. Our proprietary DSC will avoid the large falls experienced in 2008. Our internal and external expertise will deliver a smoother, less volatile investing journey for clients and rebalance their funds to ensure they are in the appropriate risk profile. With industry leading (TER) pricing on these funds, we think these funds will help you get clients invested and keep them invested. We hope you think so too.

The MAPS funds are available now on Irish Life's Complete Solutions Pensions and ARF products, Signature investment products and Pinnacle savings product.

For more information see www.bline.ie or talk to your Account Manager.

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

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

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

ILA 10496 (NPI 08-13)