

intouch - keeping track of your investment

Summary

- Ways to Keep Track
- Brief Update on Markets
- Market Sector Updates
 - Equities
 - Property
 - Bonds
 - Commodities
- Need Advice or Information

Keep up to date on your investments as often as you want at: www.irishlife.ie. You can get 24 hour access to a range of services including:

- Your current value
- The performance of your funds
- Regular updates on what's happening in the markets. For example please see www.irishlife.ie/property/home.html for an update on property markets
- Switch funds on-line.

This is a summary of what's been happening in investment markets in recent times to help you understand how your fund has performed.

If you have any further questions in relation to your investment you should speak with your Financial Adviser. We recommend that you regularly review your mix of investments with your Financial Adviser to ensure that they meet your needs.

In brief

Overall Recent data is signalling that the global economy is stabilising. As a result fund values have started to recover from the sharp declines seen in 2008.

Equities Equity markets have rallied since March 2009 regaining some of the losses made in 2008.

Property Lack of availability of loans and oversupply has resulted in significant price falls.

Bonds Bond Markets have added to the strong gains made in 2008, despite the increase in appetite for risky assets such as equities and commodities.

Commodity Commodity markets have rebounded slightly from the recent lows on hopes that an economic recovery will increase demand.

Returns for the 12 months to August 2009

Equities

World	-12%
US	-11%
Europe	-19%
Ireland	-34%
UK	-17%
Asia	-4%
Japan	-8%

Bonds

12%

Commodities

-50%

Irish Property

-47%

Introduction:

As you are probably aware, the global economy has suffered in the past 18 months. We are in unprecedented times – most types of investments, right across the world, whether in equity markets, property or commodities have had significant falls. However, recently there have been tentative signs of a recovery in the global economy which has resulted in a rally in equity and commodity markets.

A review of Investment markets over the past 12 months

What started as a problem in the US housing market has developed into a financial crisis and world recession that is being compared to the Great Depression of the 1930s. This has resulted in a loss of investor confidence. As a result, equity markets experienced the largest declines since the 1930s. Irish and UK commercial property funds have also had very significant falls while less risky assets, most notably government bonds and cash have gained some ground. If you have an investment product then it will typically contain one or a mixture of the different types of investments described overleaf.



Irish Life

Equity Market Review (Company Stocks and Shares)

The size of the decline in equity markets has been unmatched in recent history. In fact, the S&P 500 (a leading stock Index of the top 500 U.S. companies) has declined by 56% since its peak in October 2007. The 1930s was the last time there was a fall of this magnitude. Central Banks around the world have responded to the crisis by cutting interest rates to all time low levels and injecting money back in to the banking system. Governments such as the US and China have announced economic stimulus packages aimed at kick-starting their economies. Markets have improved since the start of March on the back of improved investor's confidence. There have been tentative signs that the global economies have stemmed their declines, while company earnings have also improved through aggressive cost cutting programs. However the high levels of consumer debt remain a risk for investors.

Equity markets rallied since March but they still remain fragile.

Property Market Review (Office Blocks, Shopping Centres)

The Irish commercial property market entered 2008 following an extended period of exceptional returns. However, the effects of the global economic recession and the credit crunch took hold and the scale of what unfolded is unprecedented in the history of the Irish market. This has resulted in a fall in the capital value of the Irish commercial property market from its peak by -48.6% according to the IPD Index (the international index for property). It is likely that Irish property values will continue to see further downward price pressures in H2 2009 from falling rental values. The situation in Ireland is not unique. 2008-2009 also proved difficult for UK property investors, again on the back of low confidence and lack of access to loans and the UK market has seen a 43.6% fall in capital values since the peak. Similar themes are currently emerging in all European markets but to varying degrees. Increasing lending constraints and deteriorating economic conditions are continuing to place pressure on property prices in 2009. For more information on property please see www.irishlife.ie/property/home.html

A lack of availability of loans and weak investor confidence has seen the property market slump.

Bond Market Review (Government Secured Loans)

European government bond markets benefited from investors trying to move to safer types of investment. The decline in interest rates has meant a fall in returns on customer deposits and this has made the guaranteed returns on government bonds even more popular. All in all European government bonds performed in excess of 5% in the past 12 months, outperforming other asset classes.

Bond Markets continue to perform well

Commodity Market Review (Oil, Gold, Food etc.)

2008 was a year of two halves, as commodity markets surged higher with the expectations that the newly emerging markets (China, Brazil etc.) would continue to grow, despite the credit crisis and hence the demand for commodities would remain strong. However during the second half of 2008, it became more evident that the problems would be more widespread and the entire global economy would slow significantly and as a result commodity prices fell sharply. This continued into 2009, however in recent months signs of a recovery in the global economy have boosted commodity prices.

It was a tough year for commodities with a sharp slowdown in the second half of 2008 and into 2009.

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Customer Service Team 01 704 1010

Opening Hours:

8am -8pm	Monday to Thursday
10am – 6pm	Friday
9am – 1pm	Saturday



Your Financial Adviser

Your Financial Adviser is available to speak with you should you have any questions or concerns. We recommend you speak regularly with your Financial Adviser to review your investments.

This is intended as a general review of investment market conditions. It is not investment advice as it does not take account of your specific needs, circumstances or financial objectives.

We recommend that you seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up.

Irish Life Assurance plc is regulated by the Financial Regulator.