

Indexed Ireland Fund

Information is correct as at the 30th September 2010

Volatility/Risk

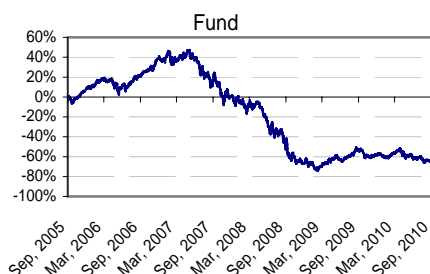


How the Fund Works

The aim of indexed funds is to consistently perform in line with the agreed benchmark index, in this case the **FTSE Ireland All-Share index**. We achieve this by either investing in the same asset allocation as those in the index or holding assets that will perform in line with the index. This will remove the risk of poor share choice. It is suitable for investors who will accept the ups and downs that come with investing completely in shares in order to improve potential return.

The return of this fund since launch (18th May 2001) is -10.72%p.a.

Performance



Year	Indexed Ireland Fund
2010 YTD	-14.8%
1 Year	-25.3%
3 Year %p.a.	-32.6%
5 Year %p.a.	-18.8%

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

Stock List

Largest Stocks	Weight %	Country
CRH	29.79	Ireland
KERRY GROUP	11.85	Ireland
RYANAIR	9.98	Ireland
ELAN	8.61	Ireland
BANK OF IRELAND	7.30	Ireland
Total Stocks Listed	67.53	

Market Commentary

Headline second quarter GDP growth in Ireland disappointed expectations and contracted by 1.2% in the quarter. GNP, which is a better indication of the health of the domestic activity stabilised but contracted by 0.3%. There was notable increase in imports as a result of a one off royalty payments, which has a negative contribution to the net trade component of GDP. However the other components were more in line with the economy stabilising, albeit at a low level. For example investment, which includes the construction sector, had positive impact on quarterly growth, although this is likely to be volatile in the coming quarters given the severe contraction that has occurred over the past three years. The government spending and consumer spending continued to weaken and fell by 0.8% and 0.2% respectively. Exports, on the other hand, remained robust and confirmed the view that any recovery in the economy will be export led.

Elsewhere, the weaker outlook for the domestic economy was reinforced by the labour statistics which showed that employment continued to decline in the second quarter, albeit at a slower pace than seen in previous quarters and represents the smallest decline seen since the fourth quarter of 2008. These figure confirmed the trends that had been observed in the live register data, but there are concerns that there may be a larger fall off in the third quarter on the back of the live register figures from July and August. In September, however there was an improvement as there was a seasonally adjusted decrease of 5,400 in the live register.

In Stock News

Aer Lingus rose 15.47% in September on rumours of stepping up talks with Oneworld airline alliance leader British Airways Plc and carriers from the rival Star and Skyteam groups as it seeks to decide which of the three global blocs to join next year.

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