

Diversified Assets Fund

Information is correct as at the 30th September 2010

Volatility/Risk



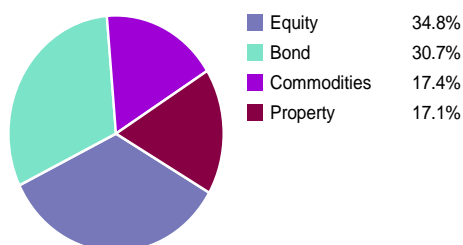
How the Fund Works

The Diversified Assets Fund aims over the long-term to give around three quarters of the return potential of a typical managed fund but with about half the level of potential risk. The fund could appeal to investors who are not comfortable with the higher equity content of many managed funds. By combining a balanced mix of commercial property, shares, bonds and commodities, the fund aims to give steady returns through different market conditions.

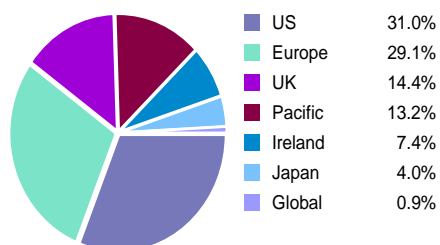
The fund invests in a combination of commercial property, shares, bonds and commodities. We will actively manage the mix of assets on an ongoing basis to take account of market conditions and the changing relative value of assets.

The return of this fund since launch (8th September 2006) is -3.59%p.a.

Asset Distribution



Equity Distribution



Performance

Period	Return
YTD	8.43%
1 Year	13.27% p.a.
3 Year	-6.57% p.a.

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

Market Commentary

September 2010 was one of the best months on record for **equity** investors. The FTSE world traded over 7% higher, while both corporate and government bonds in Europe traded slightly lower. Equity markets were also boosted by a notable improvement from economic data especially in the US.

European **bond** markets continued to dominate in September as the peripheral markets continued to sell off. The health of the Eurozone banking system contributed to volatility in the bond markets as concerns that German Banks will need to raise an additional €105bn in new capital. However news that Deutsche Bank was successful in raising €9bn eased some of these concerns.

The expectations of a second round of quantitative easing also helped **commodity** markets which made strong gains in September. The precious metal sectors were the key beneficiary as both gold and silver are trading at record high levels. The world's largest gold ETF, SPDR Gold Trust reported that investors' inflows into the ETF have continued to increase. Other more cyclical commodity sectors such as the base metals and energy traded 10% and 8.9% higher respectively. Better than expected news in China also helped sentiment for these sectors. The agricultural commodities added to their year to date gains and traded over 5% higher during the month.

There has been some improvement in sentiment and investor interest in the Irish **property** investment market since the beginning of 2010 however the market is still suffering from illiquidity and rental weakness. UK commercial property is seeing a slowdown in capital value growth over recent months, following a strong improvement in values over the last 12 months. The outlook for the European property markets has been clouded by the sovereign debt concerns with some markets more exposed than others. Prime centres such as Paris and Frankfurt are set to continue to see good investor interest for prime property.

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