Active Managed Fund

Information is correct as at the 30th September 2010

Volatility/Risk

How the Fund Works

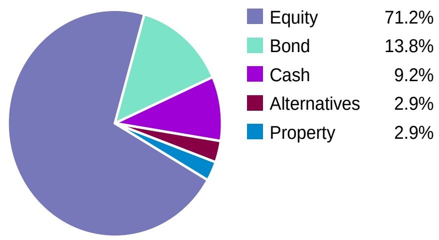
The Active Managed fund aims to deliver above-average performance by actively investing in assets and shares.

How the Fund Operates

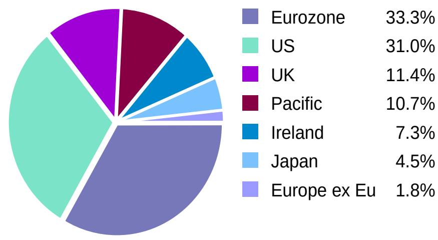
Based on ILIM's view of the markets and economies, a decision is taken firstly of how much to invest in equities, bonds, property and cash with a view to outperform the respective benchmarks. For the equity portion a view is taken as to what proportion we invest in each country. The next decision is 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 (26th February 2004) is 1.90%p.a.

Asset Distribution



Equity Distribution



Performance

Period	Return
YTD	3.66%
1 Year	5.89% p.a.
3 Year	-8.49% p.a.
5 Year	-1.87% 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. Despite this solid performance for equity markets, risk aversion was still evident. AAA government bond yields have remained close to historical low levels reached in August and gold, the ultimate safe haven, is now trading at record levels. Other commodity sectors such as energy, metals and agriculture also made strong gains. The Euro also regained some of the recent losses that it made against the Dollar.

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 €105bln in new capital. However news that Deutsche Bank was successful in raising €9bln eased some of these concerns. Elsewhere, the capital needs of the Irish banking system pushed the cost of borrowing for Ireland higher, as the ten year Irish government bond yield increased to 6.6% from 5.8% at the start of the month. Some of the stresses in Irish bond markets eased after the government provided clarity on the capital requirements on each of the banks.

Equity markets were boosted by a notable improvement from economic data especially in the US. Despite this, the Federal Reserve has retained its cautious tone, noting weakness in several key economic indicators such as household wealth, residential construction, employment and retail sales. Chairman Bernanke outlined that groundwork for further quantitative easing if economic conditions.

In Stock News

Oracle rose 22.9% as results beat expectations as database software revenues and server sales were strong, benefiting from the IT spending recovery. The company also guided sales forecasts for the current quarter higher.

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