

# Experience counts for everything



By Michael Hayes, Retail Investment Sales Manager, Irish Life Investment Managers

It appears (at the time of writing) that most equity investors are set to be rewarded again with healthy returns in 2014. However, the recent bout of heightened volatility during markets' least favourite month of October, caused concern for many investors. The strong equity market performance that started in March 2009 is still with us but for how long is anybody's guess. What we do know is that with cash offering meagre returns only slightly above zero and interest rates set to remain at or close to historic lows in the medium term, investors need to look to real assets to generate reasonable real returns.

Hardly a week goes by now without media reports of some 'expert' calling the top of this market cycle but the reality is that nobody really knows. Irish Life is celebrating its 75th anniversary in 2014 and it's fair to say that there have been many different market cycles during that time. Those 75 years of experience give tremendous perspective and reinforce the importance of long term thinking when it comes to investing. It is hard to put a value on that kind of experience when tasked with looking after the pension and investment needs of clients. As we all know, while clients want the confidence to get invested in the first place, they also need the peace of mind to stay invested when markets wobble and volatility picks up, as inevitably it will.

Irish Life Investment Managers (ILIM) has a history of investment success led by innovative thinking. A great example was the introduction of passive management to the Irish market in 1996 and the launch of the very successful Consensus fund – to this day, the largest of its kind in Ireland. Today, that same innovative thinking is behind the strategies that underpin the Irish Life Multi-Asset Portfolio Funds (MAPS) that launched in May 2013. Diversification remains as critical as ever for investors but the significant fall in stock markets during 2002 and 2008 highlighted that investors cannot rely solely on asset diversification in times of extreme market volatility. This led us to undertake an extensive research project to see if we could better manage the higher risk equity exposure of a portfolio and reduce the impact of significant market falls. The outcome of this project led to the development of the unique Dynamic Share to Cash (DSC) model.

ILIM now have over €3 billion invested in multi asset strategies and were delighted recently when our expertise and dedication to providing innovative client solutions were recognised on the international stage. ILIM picked up two European Pension Awards, Equity Manager of the Year and Passive Manager of the Year and notably, were the only Irish asset manager shortlisted for an award. It was particularly pleasing that the innovative DSC model was key to winning one of them.

Irish Life MAPS have performed well since launch in May 2013 and as importantly, in line with expectations. Irish Life MAPS comprises five risk-rated funds designed to suit all investors, from careful to very adventurous, and have significant in-built tools to monitor and manage volatility and peak-to-trough falls (also called drawdown). Market returns are achieved using indexed

funds, absolute return strategies to manage volatility and the DSC model to manage drawdown. (See table below)

## Four key benefits of Irish Life MAPS

ILIM leveraged its expertise, global relationships and 75 years of Irish Life's experience to deliver the Irish Life MAPS range of risk rated funds available on our products. These funds are of benefit to you by:

**Giving choice through a range of funds** – There is one fund for each risk level from careful to adventurous - available on Irish Life's pension, savings and investment plans.

**Generating smoother long-term returns** – The most effective way to minimise risk and volatility is through diversification and Irish Life MAPS contain multiple layers of diversification. The funds are multi-asset, investing in shares, bonds, property, cash and alternative strategies and are also multi-manager bringing together ILIM and some world class alternative investment specialists chosen by ILIM.

**Managing risk to stay on track** – Rebalancing is an integral part of long-term planning and ILIM rebalance Irish Life MAPS on a quarterly basis in line with the long-term strategic asset allocation for each fund. In addition, all Irish Life MAPS use the Dynamic Share to Cash (DSC) model. It is important to note that the DSC looks at long-term movements and trends in the markets and is not designed to react to one-off or short-term jumps or shocks.

**Delivering peace of mind** – Irish Life MAPS aims to manage the uncertainty during your clients' investment journey and you can take comfort from the fact that Irish Life MAPS represents the very best of what Ireland's biggest investment manager has to offer (€35.9 bn. in assets under management, IAIM survey Dec 2013).

Fund	YTD to 06/11/14	1 year to 06/11/14
MAP 2	+4.5%	+4.0%
MAP 3	+6.5%	+6.1%
MAP 4	+10.0%	+9.6%
MAP 5	+11.4%	+11.6%
MAP 6	+12.9%	+11.6%

Fund Performance to 6/11/2014. Source MoneyMate. These performance numbers are net of 90bps.

Warning: Past Performance is not a reliable guide to future performance.

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

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

Warning: If you invest in these funds you may lose some or all of the money you invest.

ILIM is an appointed investment manager of Irish Life. Irish Life Assurance plc is regulated by the Central Bank of Ireland. Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.