Indexed European Equity Fund

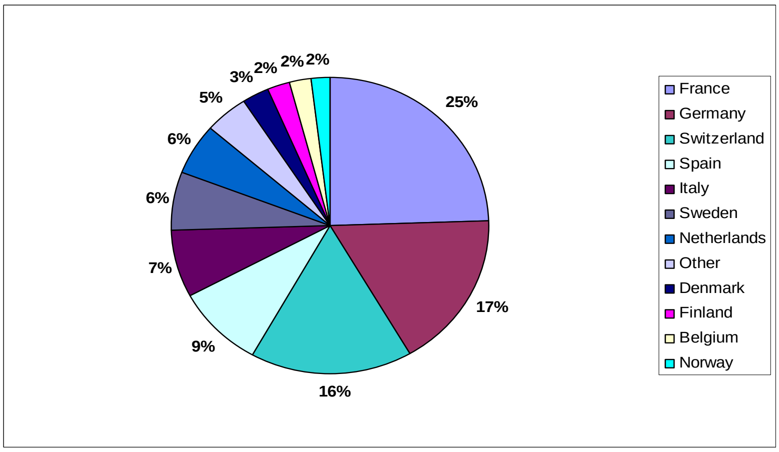
Information is correct as at the 30th April 2010

Volatility/Risk: high 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 Europe ex UK index. We achieve this by either investing in the same assets as those of 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.

Country Distribution



Performance

Year	Indexed European Fund
2010 YTD	1.5%
1 Year	29.9%
3 Year %p.a.	-10.2%
5 Year %p.a.	3.3%

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

Market Commentary

Although the Greek sovereign debt crisis dominated sentiment for the Eurozone economy, the data for the core region (France and Germany) continued to point to a robust recovery. The latest PMI survey's and the IFO business confidence have provided further evidence that the Euro recovery is gaining momentum. There are risks to the recovery in the core region from the turmoil in the peripheral countries but to date these economies have been benefiting through the lower Euro and lower government bond yields through the flight to quality. There has been a notably improvement in the German manufacturing sector, most recently with German industrial production grew by more than 2% in March. The German unemployment also unexpectedly fell by 68,000 in March and the unemployment rate fell to 7.8% from 8%.

Despite this, the crisis in Greece has highlighted that many countries in the region have no option but to commit to a severe fiscal adjustment in the coming years. The largest adjustments will undoubtedly have to be made in the peripheral countries such as Greece, Spain, Portugal and Ireland; however core countries such as France, Belgium and Italy will also have to cut their deficits. All in all these adjustments are likely to result in a slower growth outlook for the region over the medium term. The ECB has left interest rates unchanged, but has also relaxed its collateral rules and will now accept all marketable debt securities issued by the Greek government as collateral when lending to the banks and hence suspending its minimum credit threshold for countries.

In Stock News

Shares in **Daimler** gained 11%, boosted by strong first quarter results and news that management was raising its full year earnings guidance for 2010.

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