Scope

GROSS FUND PERFORMANCE
31st December 2010

Markets During The Month

Equity markets continued to rally strongly into year end as policy makers' increased economic stimulus in both the Eurozone as well as the US. AAA government bond markets suffered amid concerns over the now inevitable increase in supply of these bonds. The credit rating agencies also highlighted that continued economic stimulus in the US is unsustainable. In Europe, peripheral government bond markets made gains as spreads narrowed once the ECB increased its bond purchasing programme and reassured markets that it will continue to provide liquidity to the banking system until the end of the first quarter of 2011.

The Euro also regained some ground against the dollar and sterling during December. Commodity markets performed strongly and added over 10% as sentiment towards the global economic outlook improved. Elsewhere Moody's and Fitch downgraded Ireland's credit rating, while Moody's put Greece and Portugal's rating on review for a possible downgrade.

The acceptance by the Obama Administration of a two year extension to the tax cuts has resulted in a 1% increase in US government bond yields. The package which is expected to cost close to $850bln as a result of the lower tax revenue has boosted equity markets as well as forecasts for US economic growth for 2011. Nevertheless the sharp decline in US government bond markets in December, despite the Federal Reserve continuing to buy government bonds as well as Moody's continuing to warn that the policies of the US government are unsustainable, is certainly a risk going into 2011.

Inflation in China increased to 5.1% YoY, reinforcing the need for a tighter policy stance by the policy makers. As a result the People's Bank of China increased interest rates. This tighter policy stance weighed on emerging market equities which traded 1.8% lower in local currency although returned 3.8% in Euros.

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Irish Life

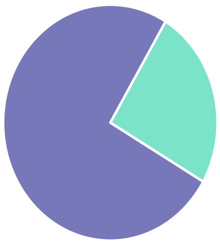
SecureScope

Information is correct as at the 31st December 2010 | Volatility/Risk

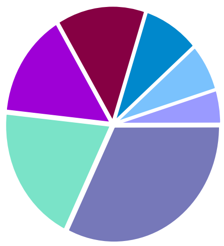
How the Fund Works

About three quarters of the fund is invested in fixed interest securities (bonds) with the remainder invested in shares. The fund provides a capital guarantee after five years.

Asset Distribution



Equity Distribution



Performance

Period	Return
1 Year	3.25% p.a.
3 Year	-0.02% p.a.
5 Year	0.86% p.a.
10 Year	2.25% p.a.

Returns are quoted net of fees. The annual management charge is 1.5%.   There is no Bid/Offer Spread.

Market Commentary

Traditionally a quiet month for Fixed Income markets, 2010 saw a change in pattern as turbulence in peripherals continued. Although Ireland received IMF/EU rescue package at the end of November totalling €85bn of which €17.5bn will come from Irelands own resources. The beginning of December saw some relief in yields as markets took account of the ECB purchasing program that was expected to be ramped up into the meeting on the 2nd of December. This saw Irish yields tighten in over 130bps from the peak of over 9.4%. Portugal who had been seen as the next to fall also recovered. The ECB did increase their buying bringing the size of the program to over €73bn. This positive effect waned into year end as ECB buying did little to stem the amount of selling pressure and liquidity in peripheral bonds remained light.

Rating agencies continued to put sovereigns under pressure with Moody's and Fitch downgrading Ireland to BBB. They cited economic uncertainty and decline in financial strength. Bank of Ireland had a buy back of their subordinated debt to improve their equity position in order to reach the target Tier 1 ratio of 12%. Despite this their rating was cut along with the other Irish banks as Irish financials continued to suffer. Portugal and Greece also suffered a downgrade and a review for a downgrade, respectively.

Bond auctions during the month included Spanish and Italian issues. As these countries are not considered core, rated less than AAA, markets demanded a premium. Spain paid 1.4% higher for the 15 year bond than it had in an earlier auction in October. Italy auctioned €8bn of bonds on the 30th of December putting pressure on the Italian spread which increased to nearly 200bps over Germany, close to its all time high.

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Irish Life

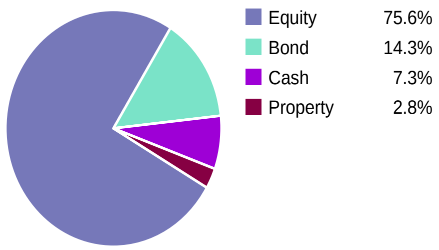
Wisdom Scope

Information is correct as at the 31st December 2010 Volatility/Risk

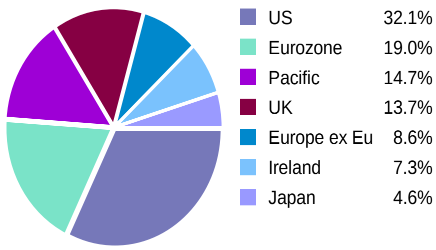
How the Fund Works

Approximately three quarters of Wisdomscope is invested in shares with the remainder invested in bonds, property and cash.

Asset Distribution



Equity Distribution



Performance

	Fund	Average Managed Fund
Last Month	3.46%	3.40%
1 Year	10.82%	11.40%
3 Years p.a.	-5.08%	-4.10%
5 Years p.a.	-1.59%	-0.80%
10 Years p.a.	0.38%	1.00%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Market Commentary

Equity markets continued to rally strongly into year end as policy makers' increased economic stimulus in both the Eurozone as well as the US. AAA government bond markets suffered amid concerns over the now inevitable increase in supply of these bonds. The credit rating agencies also highlighted that continued economic stimulus in the US is unsustainable. In Europe, peripheral government bond markets made gains as spreads narrowed once the ECB increased its bond purchasing programme and reassured markets that it will continue to provide liquidity to the banking system until the end of the first quarter of 2011. The Euro also regained some ground against the dollar and sterling during December. Commodity markets performed strongly and added over 10% as sentiment towards the global economic outlook improved. Elsewhere Moody's and Fitch downgraded Ireland's credit rating, while Moody's put Greece and Portugal's rating on review for a possible downgrade.

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In Stock News

Oracle, the IT software company was up 15.7% as it guided fourth quarter earnings above consensus forecasts as expansion into the hardware market was proving successful.

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Irish Life

Global Scope

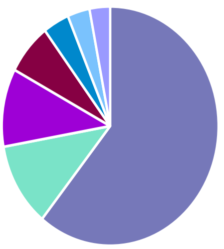
Information is correct as at the 31st December 2010

Volatility/Risk

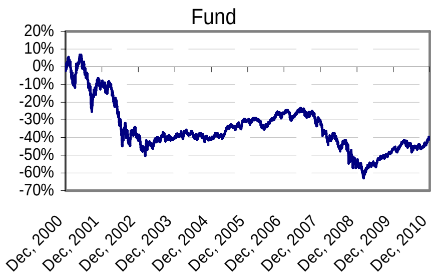
How the Fund Works

Globalscope aims to track the Dow Jones Gobal Titans shares. This represents 50 of the biggest companies in the world. These companies will give you the chance to benefit from a very broad range of shares which are truly worldwide.

Country Distribution



Performance



Year	Global Scope
2010	10.6%
3 Year %p.a.	-5.4%
5 Year %p.a.	-3.2%
10 Year %p.a.	-5.1%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Market Commentary

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In Stock News

Renewable Energy Corp was up 15% as both China and the United States passed measures in support of the solar industry.

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Irish Life

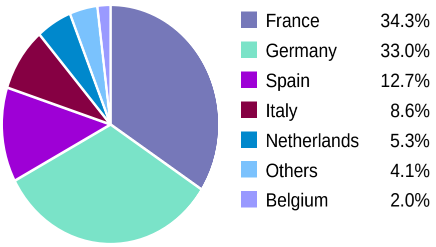
EuropaScope

Information is correct as at the 31st December 2010 Volatility/Risk high risk

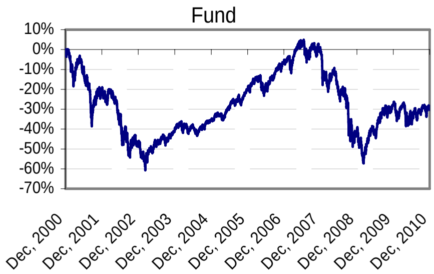
How the Fund Works

The Europascope fund is designed to track the **Euro Stoxx 50 index.** The Euro Stoxx 50 index has fallen by 2.81% in euro terms over the last year.

Country Distribution



Performance



Year	EuropaScope	Euro Stoxx 50
2010	-3.6%	-2.8%
3 Year %p.a.	-11.7%	-11.1%
5 Year %p.a.	-2.6%	-1.9%
10 Year %p.a.	-3.5%	-2.7%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Market Commentary

Although policy makers in Europe were busy in December dealing with the ongoing sovereign issues in the region, there has been little with regarding a solution to the problems. The European Council meeting delivered an agreement on the wording of the treaty change that will protect the EFSF and the permanent mechanism after 2013, the ESM, from a negative ruling by the German constitutional court. However there was very little detail about how the ESM will work after 2013. Elsewhere contrary to expectations, the ECB refrained from announcing a meaningful increase in purchases of government bonds but instead announced that it will continue to provide unlimited liquidity through its tender until the end of the first quarter 2011. Nevertheless the ECB was active in peripheral government bond markets during December, especially in the week ending the 10th of December where they purchased €2.67bln worth of government bonds in markets that are malfunctioning, representing the highest level of buying since the policy was first adopted in May 2010. Purchasing in the remaining weeks eased to €0.6bln and €1.1bln in the week ending the 17th and 24th respectively.

Business confidence as measured by the PMI indices showed an overall economic improvement in the Eurozone and remained above a fifteen month high. The strongest growth, unsurprisingly, came from Germany and is now nearing a record level of growth. However signs of improvement were also seen in other parts of the periphery, except from Greece which continued to experience declines.

In Stock News

Siemens rose 10% during December after the company announced the sale of its loss making IT division to Atos Origin. This coupled with strong underlying trends in its core operations continues to see Siemens stock-outperform.

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Irish Life

CelticScope

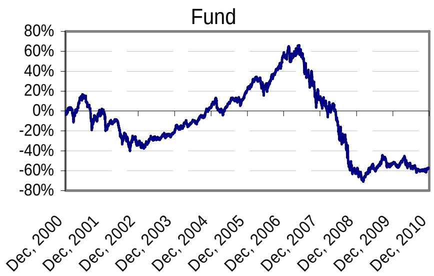
Information is correct as at the 31st December 2010

Volatility/Risk

How the Fund Works

The Celticscope fund is designed to track the **FTSE Ireland All-Share index** benchmark.

Performance



Year	CelticScope
2010	-8.9%
3 Year %p.a.	-27.9%
5 Year %p.a.	-18.9%
10 Year %p.a.	-8.2%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Stock List

Largest Stocks	Weight %	Country
CRH	35.87	Ireland
KERRY GROUP	10.76	Ireland
RYANAIR	8.97	Ireland
ELAN	8.17	Ireland
DCC	6.44	Ireland
Total Stocks Listed	**70.21**	

Market Commentary

International focus remained on Ireland in December as the government announced and for the most part passed its budget for 2011 without any hiccups. Although the coalition party in government the Greens did announced that the government will be brought down in the New Year once the budget has been passed. It is now expected that a general election will be held in March. The Budget was very much in line with what had been pre-announced in the four year plan and front loaded the €15bln required adjustment over the four years with €6bln cut for 2011.

Elsewhere December was a busy month for economic releases. The national accounts showed that the economy grew in the third quarter of 2010 as GDP was 0.5% higher and GNP was 1.1% higher. Consumption, investment and government spending all contracted during the quarter as the net export component drove the economic growth as export growth were greater than import growth during the quarter. On a positive note the breakdown of the export showed that the traditional sectors have started to rebound strongly, notably the agricultural and industrial sectors and have joined the multinational sector in driving growth. The quarterly national household survey failed to show any recovery however in the labour market. Employment fell by 7,300 people on an unadjusted basis and by 23,400 people on a seasonally adjusted basis during the third quarter. The unemployment rate increased to 13.6% from 13.2% but below what had been indicated by the live register.

In Stock News

Dragon Oil rose 22.83% in December. On the 06th of December Bank of America stated that Dragon Oil remains viable potential M&A candidate for companies looking to gain access to central Asia in a European Oil Note. Dragon Oil was also one of Goodbodys key picks for 2011.

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Irish Life

Banc Scope

Information is correct as at the 31st December 2010

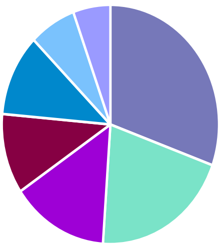
Volatility/Risk

high risk

How the Fund Works

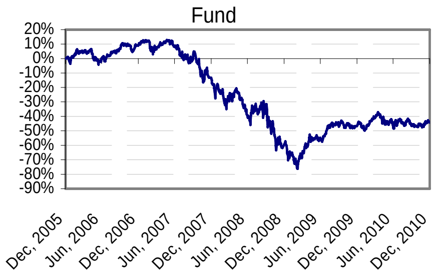
The fund was launched in June 2002 and invests in the 50 largest global banks providing Irish investors with the opportunity to invest in a truly diversified portfolio banking stocks that have a global presence.

Country Distribution



USA	30.6%
Others	20.6%
UK	14.4%
Canada	10.9%
Australia	10.9%
Japan	7.1%
Spain	5.5%

Performance



Year	Banc Scope
2010	4.7%
1 Year	4.7%
3 Year %p.a.	-13.6%
5 Year %p.a.	-11.0%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Market Commentary

Top 5 Holdings

Largest Stocks	% Weight	Country
HSBC	7.52%	UK
JP Morgan	7.01%	US
Wells Fargo & Co	6.74%	US
Bank of America	5.52%	US
Citigroup	4.86%	US

In Stock News

Bank of America rose 21.8%. It is the most exposed of the US banks to the risk of potential put back of mortgages within MBS assets and rallied on the announcement that it had begun potential settlement discussions with some of the largest mortgage investors.

Deutsche Bank gained 6.85% and **BNP Paribas** rose 4.41% in December as Regulators Dilute or Delay Basel Capital Rules.

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Irish Life

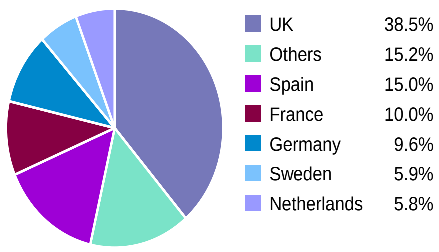
Tele Scope

Information is correct as at the 31st December 2010 Volatility/Risk

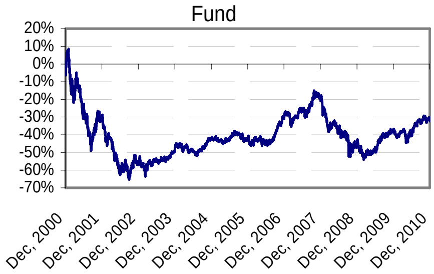
How the Fund Works

Telescope tracks the performance of the Dow Jones European Telecoms Index.

Country Distribution



Performance



Year	Tele Scope
2010	7.9%
3 Year %p.a.	-5.9%
5 Year %p.a.	3.4%
10 Year %p.a.	-3.8%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Market Commentary

Largest Stocks	% Weight	Country
Vodafone	30.39	UK
Telefonica	15.05	Spain
France Telecom	10.04	France
Deutsche Telekom	9.70	Germany
BT Group	5.80	Netherlands

In Stock News

Telefonica gained 3.51% in December. Lots of press commentary with Cinco Dias reporting co. plans to invest more than €450m to strengthen its Brazilian mobile business in the face of increased competition El Economista also reports that trade unions are worried co. may be preparing to cut jobs in Spain.

Vodafone rose 3.14% as the Sunday Observer has Vodafone as 'close to selling its 44% stake in SFR', to raise £7bn and fund a £5bn share buy-back in 2011. 'the company is thought to be finalising a deal after negotiations with Vivendi', while planning to retain their Verizon Wireless stake.

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Irish Life

Tech Scope

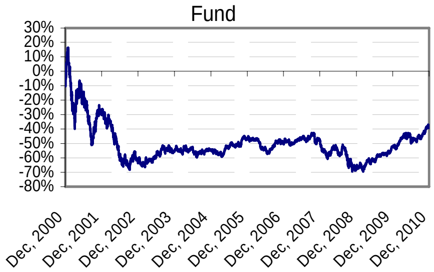
Information is correct as at the 31st December 2010

Volatility/Risk

How the Fund Works

Techscope tracks the performance of the Nasdaq 100 Index. The index gained 19.22% in local terms (27.50% in euro terms) over the last 12 months.

Performance



Year	Tech Scope
2010	27.1%
1 Year	27.1%
3 Year %p.a.	4.9%
5 Year %p.a.	2.9%
10 Year %p.a.	-4.9%

Returns are quoted net of fees. The annual management charge is 1.5%. There is no Bid/Offer Spread.

Stock List

Largest Stocks	Weight %	Country
Apple	20.06	US
Qualcomm	4.69	US
Google	4.36	US
Microsoft	3.99	US
Oracle	3.18	US

Market Commentary

The technology sector rose approx 4.2% in Euro terms.

Oracle, the IT software company was up 15.7% as it guided fourth quarter earnings above consensus forecast as expansion into the hardware market was proving successful.

Apple gained 3.67% in December on news from the New York Post that Apple will be making smaller iPad in 2011. Steve Jobs has previously dismissed the idea of a smaller iPad.

Infosys Technologies, the Indian software and consulting company, rose 15.0% due to optimism regarding future revenue growth. Expectations for large deal renewal pipeline are strong while the company is increasing its focus on emerging markets.

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Irish Life

Information is correct as at the 31st December 2010

Investment Outlook

Equity markets moved out of the trading range that had been maintained during the first three quarters of 2010. This rally occurred on the back of the improved economic data, particularly from the US but also from Germany which is driving the Eurozone recovery. The earnings news has also been supportive of these gains while equity markets also attached strong investor flows in the latter two months of the year. As a result the fundamentals have improved for equity markets, although ILIM's believes that tactically the market looks over bought and hence could experience a modest sell off in the first quarter of the New Year. The outlook for global growth has drifted higher through 2010 as the robust outlook for emerging economies was expected to offset the sub-trend recovery economic outlook in Europe and the US. The outlook for the US economy has improved in December, particularly after the government announced that it would be extending the tax cuts to households and business. This stimulus has resulted in forecast for the US economic growth for 2011 being increased by 0.5-1%. Elsewhere the recoveries in Germany and Japan have also been much stronger than expected, although expectations are that growth will ease in these regions in 2011 and 2012.

The economic recovery has also been evident in companies' earnings report as earnings for the S&P 500 are expected to grow by 43% in 2010, up from expectations of 25% at the start of the year. Furthermore earnings are expected to grow by a further 13% in 2011, but we would continue to see downside risk to this number. The earnings recovery in the US has continued to be driven by cost cutting as revenues grew by a mere 6% in 2010. The potential for companies to cut costs at this aggressive level is becoming saturated and as a result the earnings growth is likely to move back closer to the revenue growth number. Also the recent rise in input costs could lead to some margin pressure next year as the ability to pass these cost increases on the consumers may be limited, particularly in this benign inflationary environment. Valuations remain undemanding for investors as through 2010 a multiple contraction has been evident as earnings growth outpaced the price increases seen. This has bought PE multiple well below historically average levels. As a result investors are now buying equities at a much cheaper level than they have done over the past twenty years. Nevertheless valuations are rarely a catalyst to move markets higher, but are a better guide for investors with a longer term horizon. Also on the valuation front, the dividend yield offered by equities is now as attractive as the yield on ten year government bond markets, particularly in Triple A countries.

All in all, we currently have some concerns about the sustainability of the recent equity market rally, particularly as investor surveys are currently at extreme bullish levels, which tend to be a contrarian indicator, resulting in a near term correction. However we acknowledge that the robust fundamentals are in place for equity. We expect earnings to continue to grow, albeit by a more modest level than currently expected by analysts. Companies are also likely to benefit from their strong cash balance which will further facilitate merger and acquisition activity as well as increased dividends and furthermore valuations are also supportive. However investors can continue to expect volatility as the sovereign crisis will linger well into the year.

Irish Life