

Indexed European Equity Fund

Information is correct as at the 30th September 2010

Volatility/Risk

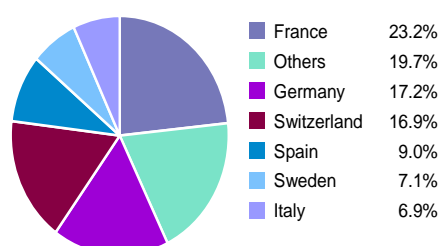


How the Fund Works

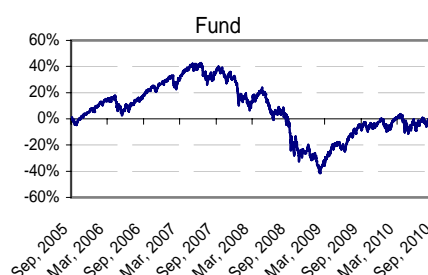
The aim of indexed European Equity funds is to consistently perform in line with the agreed benchmark index, in this case the FTSE Europe ex UK index. We achieve this by either investing in the same assets as those of the index or holding assets that will perform in line with the index. This will remove 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.

The return of this fund since launch (31st March 2003) is 8.23%p.a.

Country Distribution



Performance



Year	Indexed European Equity Fund
Last Month	4.5
2010 YTD	2.41
1 Year	5.57
3 Year %p.a.	-9.72

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

Market Commentary

The divergence in the Eurozone economy continued in September as the out-performance of the Germany economy offset the weaker performance of the peripheral economies. Recent data points to continued expansion for the core economy, most notably Germany in the third quarter as recent survey and production data has pointed to strong performance in both the services and industrial sectors. There was however more negative data for the Eurozone as manufacturing orders eased and the strength in German exports seen in May and June were reversed slightly in July, while the PMI data also pointed to some loss of momentum in the region. Nevertheless the IFO business confidence survey rose unexpectedly in September due to an improvement in the retail and construction sectors.

Fiscal austerity measures are dragging on the peripheral economies, although to date Spain, Ireland, Greece and Italy are on track to achieve the proposed savings. Portugal, on the other hand, announced another set of austerity measures in September aimed at making additional savings to meet its 2010 targets.

The ECB left interest rates unchanged at its September meeting while it pushed back from removing liquidity from the market, as President Trichet made it clear that any exit from this policy would be determined by market conditions. Elsewhere, the ECB remained active in peripheral government bond markets as it continued to buy these government bonds. In fact in the last week of September it announced that it purchased €1.3bn worth of bonds. On the other hand the ECB revised up its growth and inflation forecasts but sees downside risks to these forecasts given the outlook for the global economy.

In Stock News

Renault rose 17%, following early repayment of government loans and a less pessimistic outlook for the European car market post expiration of scrappage incentives.

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