

Indexed UK Fund

Information is correct as at the 30th September 2010

Volatility/Risk



How the Fund Works

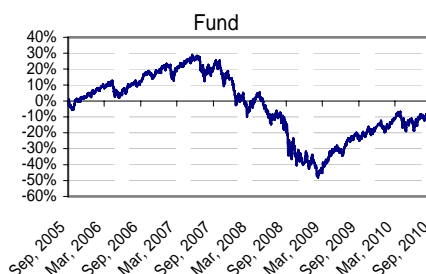
The idea behind indexed fund management is to consistently perform in line with the agreed benchmark index, in this case the **FTSE UK**. We achieve this by either investing in the same assets as that of the index or holding assets that will perform in line with the index. This strategy allows investors to remove the risk of poor share choice.

The return of this fund since launch (18th May 2001) is -1.90%p.a.

Stock List

Performance

Largest Stocks	% Weight	Country
HSBC	7.84	UK
Vodafone	5.71	UK
BP	5.56	UK
Glaxosmithkline	4.54	UK
Shell	3.98	UK



Year	Indexed UK Fund	FT UK
2010 YTD	6.5%	7.8%
1 Year	15.8%	17.6%
3 Year %p.a.	-9.2%	-8.0%
5 Year %p.a.	-2.1%	-0.7%

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

Market Commentary

In the minutes from the September, Bank of England Meeting, concerns were raised about insufficient private sector growth and some members noted that “the probability that further action would become necessary to stimulate the economy and keep inflation on track to hit the target in the medium term had increased”. The inflation data has remained stubbornly high again in August. CPI was unchanged at 3.1% YoY despite market expectations of a decline, while core inflation actually increased to 2.8% from 2.6% YoY. It is expected that inflation will ease over the coming year as the high base effect and the impact of spare capacity in the economy takes effect. The VAT hike that has been announced and is due to take effect at the end of 2010 could delay inflation moving back closer to the Bank of England’s targets.

The statement from the Bank of England comes as the economic data in the UK had been mixed. Apprehension remains over the housing market and sluggish retail sales. Employment increased at the fastest pace on record and growth in the manufacturing sector remains encouraging. The reports from the labour market are mixed as the Household survey showed that employment rose by 286,000 in the three months to July, although the August claimant count showed an increase, reversing some of the 20,000 fall that had been evident during the first half of the year.

In Stock News

Invensys rose 30%, after the company announced an agreement with CSR, a Chinese manufacturer of rail rolling stock, that it will supply it train controls and rail signalling equipment in China and partner with CSR on emerging market rail contracts outside China. This agreement improves the geographic balance of Invensys rail offering.

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 Management