

Consensus Fund

Information is correct as at the 31st August 2010

Volatility/Risk



How the Fund Works

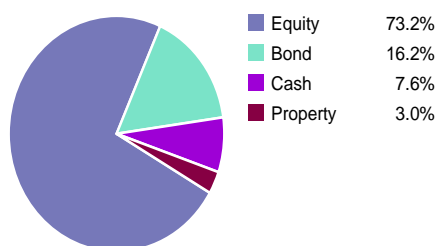
The Consensus Fund aims to provide performance that is consistently in line with the average of all funds in the market. This innovative fund is Ireland's most popular fund, currently managing over **€5.4 billion** in assets (**August 2010**). It is so successful because its approach is based on the combined wisdom of the main investment managers in Ireland.

How the Fund Operates

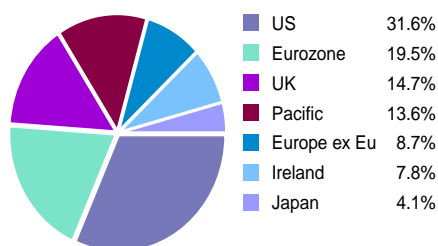
The fund matches the investments the investment managers make in shares, property, bonds and cash. By taking the average asset allocation of all of the active managers' positions, the Consensus Fund is able to avoid the risks associated with reliance on the decisions of just one fund manager.

The return of this fund since launch (31st December 1995) is 6.10%p.a.

Asset Distribution



Equity Distribution



Performance

	Fund	Average Managed Fund
1 Year %p.a.	9.4%	9.6%
3 Year %p.a.	-8.1%	-7.9%
5 Year %p.a.	-0.6%	-0.7%
10 Year %p.a.	0.2%	-0.2%

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

Market Commentary

Equity markets gave back some of the gains made in July shrugging off merger and acquisition activity. Investors moved money out of equities and invested in bonds as concerns continued to mount that the US economy is weakening. In fact, the yield of AAA government bonds fell to historically low levels during the month, as the German ten year yield finished the month at 2.12%, while in the US the ten year yield fell to 2.48%. Investors concerns were also evident in other asset classes, as the Euro gave back some gains against the dollar, while Gold also reversed the losses that were made in July. In other commodity sectors returns were more mixed, as the base metals traded slightly lower, even though copper, which is often seen as a leading indicator for global activity, traded higher.

The bond markets grabbed most of the headlines during the months especially as bond yields of AAA countries fell to historically low levels. Risk aversion is considered the primary reason that investors are pouring money into core bond markets. Peripheral bond markets, on the other hand suffered in August, most notably Ireland. The S&P downgraded Ireland's credit rating to AA- on the back of uncertainties around the backing system and implementing the fiscal austerity measures. As a result, Ireland's cost of borrowing increased as the spread of the Irish ten year government bond over the ten year German bond rose to a record high of 3.73%. At its August meeting the Federal Reserve said it will reinvest the proceeds from maturing Mortgage Backed Securities (MBS) to buy government bonds.

In Stock News

Glaxosmithkline, the UK pharmaceutical company, gained 9.9% as it benefited from a positive broker note highlighting the emergence from its generic cliff, improved legal risk profile, promising pipeline options and scope for upgrades from improved product level geographical disclosure.

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