



Irish Life



## Irish Life Strategic Asset Return Fund

*Invested in four funds managed by separate international asset managers and diversified across a range of traditional and alternative asset classes.*

# Reasons to choose the Irish Life Strategic Asset Return Fund

## 1. Access to four world class managers

One of the fund's main strengths and distinguishing features is that it gives access to four world class managers.

## 2. Greater stability and lower volatility rating

The fund will have a volatility rating of 3 in our 1 to 7 scale, which makes the fund a medium risk fund.

## 3. Underlying funds' return objectives

Based on each manager's guided return, a return of G7\* inflation+3% (on average per annum over a 3 to 5 year rolling period) is the guided return from the allocation to the four underlying funds.

The return profile of the Irish Life Strategic Asset Return Fund will be driven by the return objectives of the underlying funds / fund managers. Each underlying fund employs specific investment strategies and has its own benchmark and return objective.

The overall guided return is derived from the objectives of the underlying four funds and the proportion that the Strategic Asset Return Fund will invest in each of these underlying funds. The actual return achieved by the Strategic Asset Return Fund will depend on the actual

return achieved by each underlying fund. Irish Life will not alter the proportions invested in each of these four funds with a view to influencing the actual return. The proportions invested in each of the four underlying funds will change in line with the relative movements in the value of each underlying fund. These proportions will be rebalanced on a quarterly basis to move them back to within bands of + or – 15% of the original weights.

The guided return is after the underlying manager fees but before Irish Life fees are deducted..

## 4. Increased diversification and the ability to reduce portfolio risk

The fund provides diversification by manager, asset class and investment style.

## 5. Transparency and competitive pricing

All of the managers follow clearly defined strategies. The Strategic Asset Return Fund has the added benefit of a multi-manager approach at a very competitive fee (equivalent to many single manager funds currently available in the market place).

**Warning: If you invest in this fund you may lose some or all of the money you invest**

\* The seven countries that make up the G7 are the U.S.A., Canada, U.K., Germany, France, Italy and Japan. G7 inflation averaged 2.6% in 2011 according to the OECD.



# The Strategic Asset Return Fund

## fund splits and brief descriptions

The Strategic Asset Return Fund invests in four funds managed by world renowned investment companies which currently invests in the following way:

### Amundi Absolute Volatility World Equities Fund: 15% allocation

The Amundi fund is a market neutral\* fund that invests in the volatility\*\* of three global equity markets.

### GMO Global Real Return (UCITS) Fund: 60% allocation

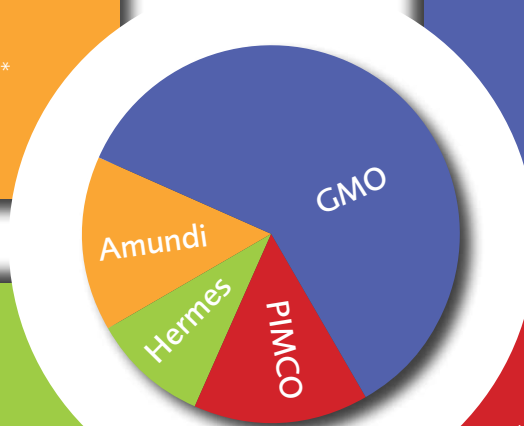
The GMO fund is an actively managed fund that invests in a wide range of asset classes.

### DB Platinum V Hermes Absolute Return Commodity Fund: 10% allocation

The Hermes fund is a market neutral\* commodity fund.

### PIMCO GIS Total Return Bond Fund: 15% allocation

The PIMCO fund is an actively managed fixed income fund.



**Warning: The value of your investment may go down as well as up.**

\* Market neutral means that funds aim to generate returns in a way that doesn't depend fully on the movement of the underlying markets that they invest in.

\*\* Volatility is the measure of the degree that markets move up and down over a period of time.



# The Strategic Asset Return Fund

## investment rationale

The Strategic Asset Return Fund currently invests in the following four funds:

- **GMO Global Real Return (UCITS) Fund: 60% allocation**

The GMO fund invests in a wide range of asset classes and will be relied upon to generate a significant portion of the overall returns.

- **PIMCO GIS Total Return Bond Fund: 15% allocation**

The PIMCO fund is used to generate returns but is also a significant diversifier. This fund will be used as an anchor and to help meet the target of an overall low level of volatility.

- **Amundi Funds Absolute Volatility World Equities Fund: 15% allocation**

The goal is to provide a market neutral\* performance by offering exposure to equity market volatility\*\* of the Euro area, U.S. and Japanese equity markets on a 3-year investment horizon and within a controlled level of risk.

- **Deutsche Bank Platinum V Hermes Absolute Return Commodity Fund: 10% allocation**

The Deutsche Bank Hermes fund aims to provide a strong return and diversification benefits. It is a market neutral fund\*, that is, it does not rely on the underlying direction of commodity markets to deliver on its return objective.

\* Market neutral means that funds aim to generate returns in a way that doesn't depend fully on the movement of the underlying markets that they invest in.

\*\* Volatility is the measure of the degree that markets move up and down over a period of time.

# The Strategic Asset Return Fund - *at a glance*

Objectives	Based on the objectives of the four underlying managers, the aim of the fund is to generate a real return (that is, a return in excess of inflation) with lower volatility than equities and the average managed fund over the longer term.
Underlying funds' return objectives	<p>The return profile of the Irish Life Strategic Asset Return Fund will be driven by the return objectives of the underlying funds / fund managers. Each underlying fund employs specific investment strategies and has its own benchmark and return objective.</p> <p>Based on each manager's guided return, a return of G7 inflation+3% (on average per annum over a 3 to 5 year rolling period) is the guided return when you allow for the amounts invested in the four underlying funds.</p>
Strategy	Multi-asset/multi-strategy fund
Composition	<p>Four award winning global investment managers:</p> <ul style="list-style-type: none"><li>• 60% GMO (Multi-asset)</li><li>• 15% PIMCO (Global fixed income)</li><li>• 15% Amundi (World equity volatility)</li><li>• 10% DB Hermes (Commodity)</li></ul>
Multi-asset	<p>The fund is invested across the four funds noted above who in turn invest in a range of traditional and alternative asset classes that include:</p> <ul style="list-style-type: none"><li>• Global equities</li><li>• Government bonds</li><li>• Corporate bonds</li><li>• Inflation linked bonds</li><li>• Interest rates swaps</li><li>• Volatility</li><li>• Currencies</li><li>• Commodities</li><li>• REITS (property based equities)</li><li>• Cash</li></ul>
Products	Signature/ Pinnacle/Complete Solutions Pensions range/ Complete Solutions ARF
Volatility/Risk	Risk rated 3 on our 1 to 7 scale, which is a medium risk fund
Annual Management Charge	0.5% over standard Irish Life fund charge on your chosen product.

**Warning: The fund may be affected by changes in currency exchange rates.**

**Warning: The value of your investment may go down as well as up.**



# Investment Managers

## GMO

- GMO, founded in 1977, is a global investment management firm servicing a wide range of clients. As of December 31, 2011, GMO managed \$97 billion in client assets.
- GMO is globally recognised as one of the world's leading value orientated managers and they apply this value discipline across asset classes.
- The fund is managed by GMO's asset allocation team led by Ben Inker. GMO's asset allocation team includes Jeremy Grantham, James Montier and Edward Chancellor amongst others.

## PIMCO

- PIMCO, founded in 1971, is one of the world's leading investment managers with 40 years experience and currently has over US\$1.3 trillion in assets under management as of December 31, 2011.
- Bill Gross, PIMCO's Co-Chief Investment Officer and one of its founders, is the lead portfolio manager for the PIMCO GIS Total Return Fund and has been since its inception in 1998. Morningstar named him and his investment team Fixed Income Manager of the Decade for 2000-2009 and Fixed Income Manager of the Year for 1998, 2000, and 2007 (he is the first three-time recipient of Manager of the Year).

## Amundi

- Amundi was formed by the combination of the asset management expertise of two major banking groups: Crédit Agricole and Société Générale. With €691.9 billion (\$1,000 billion) in assets under management, as of December 31, 2011, Amundi is one of the world market leaders in asset management.
- It is the second biggest manager of absolute return strategies in Europe according to Lipper Research (May 2011). Amundi has a strong track record in managing volatility funds and has over \$5bn under management in this area as of December 31, 2011.

## Deutsche Bank and Hermes Investment Management Limited

- Deutsche Bank and Hermes Investment Management Limited have teamed to combine Deutsche Bank's fund structuring and commodity index expertise with Hermes' proven track record in generating active commodity returns. Hermes is owned by the BT Pension Scheme, the largest pension scheme in the U.K. Hermes has over £24 billion under management across various asset classes as of December 31, 2011.
- Hermes is the fifth largest manager of commodity pension assets in the world and has managed commodities since 2005. Currently, Hermes manages about \$2bn in commodity investments as of December 31, 2011.

**Warning: Past performance is not a reliable guide to future performance.**



# Management & Risks

## Management of the fund

Irish Life has chosen four fund managers into which the Strategic Asset Return Fund will invest. Each of the four funds use specific investment strategies and these will drive the return and risk characteristics of the overall fund. The amount of the Strategic Asset Return Fund allocated to each manager will not be varied by Irish Life in order to increase the return or reduce the risk of the fund. The allocation to each of the managers in the fund while not fixed will operate within narrow bands of approximately + or - 15%.

## Main risks

### Investment performance

The fund is not capital guaranteed. Past performance is not a guide to future performance and the value of the investment can fall as well as rise. The guided risk and return characteristics might not be achieved. The fund may be affected by changes in currency exchange rates.

### Derivatives

In order to achieve their objectives some of the underlying funds use derivatives. Derivatives are financial instruments which derive their value from an underlying asset, such as a share or bond. Used appropriately, derivatives can help in the efficient management of the underlying funds but can add to the overall volatility of the funds. The use of derivatives may involve counter-party risks and there is a risk that the counterparty may wholly or partially fail to honour their contractual obligations under the arrangement.

### Short positions

A number of the underlying funds will establish both 'long' (that is, to buy) and 'short' (that is, to sell) positions in various asset classes and markets using derivatives. If investments are made on a 'short' basis the value of the derivative will rise and fall in the opposite direction to the underlying market value of the asset from which it is derived. This can help on the efficient management of the underlying funds but can add to the overall volatility of the funds.

Please read our Fund Guide for further information on the risks that may be associated with this fund.

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This document is a summary guide to some of the features of the Strategic Asset Return Fund. You should read our Fund Guide for more information in relation to this and other funds, including the fund charges applying. Details are also available about the use of external managers, their key features and associated risks. Irish Life's views expressed in this leaflet have not been prepared based on the financial needs or objectives of any particular person and should not be taken as a personal recommendation for any person. Whilst every care has been taken to ensure that the information is accurate Irish Life does not accept any responsibility for errors contained in this document. Correct as of September 2012.

Irish Life Assurance plc is regulated by the Central Bank of Ireland.



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