

Group Pension Managed Funds Update – 30th April 2009

Fund Performance

Irish pension funds delivered another positive performance during April, having delivered the first positive month since August 2008 in March. As a result, pension funds are in the black for the first time this year.

Over the month, the average fund delivered a positive return of 8.7%. Irish Life Investment Managers was the best performing manager during April, with a return of 11.3%. AIB Investment Managers delivered the worst performance over the month, with a return of 7.0%. Over the first four months of 2009, returns are also positive with the average fund having returned 3.0% over this period. In the four months to the end of April, returns ranged from 7.3% (Merrion Investment Managers) to -0.8% (AIB Investment Managers). Over the past twelve months, the average fund returned -27.1%, with returns ranging from -22.6% (Eagle Star) to -32.7% (Aviva Investors).

The average managed fund return has been an extremely disappointing -11.3% per annum over the past three years. The five year returns to the end of April are also negative, with the average managed fund delivering a return of -1.1% per annum over this period. Irish group pension managed fund returns over the past ten years have been a very disappointing -0.4% per annum on average, well below the Irish inflation rate of 3.4% per annum over the same time horizon. Indeed, none of the managers surveyed outperformed inflation over this period, with less than half of the fund managers delivering positive returns.

Active Managed Fund Returns to 30th April 2009

	1 Month %	Rank	4 Months %	Rank	1 Year %	Rank	3 Years % p.a.	Rank	5 Years % p.a.	Rank	10 Years % p.a.	Rank
AIB Investment Managers	7.0	11	-0.8	11	-30.7	9	-11.1	5	-0.6	5	-1.6	10
Aviva Investors	7.5	9	1.5	9	-32.7	11	-13.1	10	-2.4	8	-1.1	8=
Bank of Ireland Asset Management	8.8	5	3.3	4=	-26.0	6	-12.2	7	-2.6	9=	0.1	3
Canada Life/Setanta	8.1	8	2.3	8	-22.7	2	-9.6	2=	-0.2	4	0.0	4=
Eagle Star	8.5	6	3.2	6	-22.6	1	-8.1	1	1.6	1	0.5	2
Friends First/F&C	9.1	3	3.0	7	-28.4	7	-12.4	9	-1.7	7	-1.1	8=
Irish Life Investment Managers	11.3	1	4.7	2	-28.9	8	-11.8	6	-1.0	6	-0.1	6
KBC Asset Management	7.2	10	0.8	10	-31.0	10	-13.6	11	-2.6	9=	-2.4	11
Merrion Investment Managers	10.6	2	7.3	1	-23.8	3	-9.6	2=	0.1	2	2.4	1
New Ireland	9.0	4	3.3	4=	-25.5	5	-12.3	8	-2.6	9=	0.0	4=
Standard Life Investments	8.4	7	4.6	3	-25.4	4	-10.3	4	-0.1	3	-0.6	7
Average	8.7		3.0		-27.1		-11.3		-1.1		-0.4	

Consensus Fund Returns to 30th April 2009

	1 Month %	Rank	4 Months %	Rank	1 Year %	Rank	3 Years % p.a.	Rank	5 Years % p.a.	Rank	10 Years % p.a.	Rank
AIB Investment Managers	8.6	6	2.8	4	-27.8	5	-11.2	4				
Aviva Investors	9.4	3	2.5	5	-27.3	2	-11.4	5	-1.7	4	-0.9	3
Bank of Ireland Asset Management	9.1	4	3.1	3	-27.5	3	-11.0	3	-0.8	2		
Friends First/F&C	10.7	1	4.0	1	-27.6	4	-10.8	1	-1.0	3	-0.7	2
Irish Life Investment Managers	9.0	5	3.3	2	-27.2	1	-10.9	2	-0.7	1	-0.3	1
Standard Life Investments	10.1	2	2.0	6	-27.9	6	-11.8	6				
Average	9.5		3.0		-27.6		-11.2		-1.1		-0.6	

Multi-Manager Fund Returns to 30th April 2009

	1 Month %	Rank	4 Months %	Rank	1 Year %	Rank	3 Years % p.a.	Rank	5 Years % p.a.	Rank
AIB Investment Managers	9.8	1	4.5	1	-27.3	2	-11.7	1=	-1.2	1=
Irish Life Investment Managers	8.3	3	2.1	4	-27.1	1	-11.7	1=	-1.2	1=
KBC Asset Management	8.2	4	2.6	3	-29.1	3	-12.3	3		
Standard Life Investments	9.1	2	3.1	2	-29.2	4	-13.2	4		
Average	8.9		3.1		-28.2		-12.2		-1.2	

Market Review

Following on from the gains experienced by equity markets during March, all bourses made strong gains during April. Better than expected corporate earnings, a commitment to economic recovery by the G20, and some positive economic data, all boosted investor sentiment. Eurozone bonds rose 0.8% over the month, as the ECB hinted that they would cut interest rates further at their May meeting.

Irish equities were the best performing during March, with a return of 19.6%. Financial stocks soared on the news, announced in the supplementary budget on April 7th, that the government intended to set up the National Asset Management Agency (NAMA), which would take up to €90 billion of toxic property loans off the balance sheets of the leading banks, in an attempt to strengthen the banks' balance sheets and stimulate lending.

UK equities posted a 9.0% gain over the month in sterling terms (12.9% in euro terms). The Bank of England kept interest rates at the historically low level of 0.5%, having cut interest rates by 4.5% between October 2008 and March 2009. Fourth quarter GDP was confirmed as having declined 1.9% (revised downwards from the 1.5% decline previously estimated). The Treasury announced that they are expecting the economy to contract by 3.5% during 2009, and the budget deficit to rise to 12.4% of GDP by the end of the year. Industrial production declined 12.5% in the 12 months to February, the largest yearly decline on record.

US equities returned 9.6% in dollar terms (10.3% for Irish investors) during April. Investors reacted positively to a better than expected start to the quarter one earnings results season. The news that all of the US banks that had been subject to the new government stress tests will pass the assessment was also welcomed. Federal Reserve Chairman, Ben Bernanke, stated that there were signs that the "sharp decline" in the economy was slowing and that he was "fundamentally optimistic" about the economy. Consumer confidence rose in April, indicating that the recession may be easing; consumer confidence is considered an advance indicator of consumer spending.

The Eurozone region returned 16.4% over the month, while the rest of Europe recorded a 12.2% rise. The European Central Bank cut interest rates by 0.25% at their April meeting to 1.25%, a new historic low; later in the month ECB president, Jean-Claude Trichet, ruled out the possibility of interest rates being reduced to zero. It was confirmed that the Eurozone economy declined by 1.6% during the final quarter of 2008, while the Organisation for Economic Co-operation and Development (OECD) predicted that the economy would decline 4.1% in 2009. The car industry received a boost as the German government extended their very popular car scrappage scheme and announced an increase in the subsidies to buyers of low emission cars.

The Japanese stock market ended the month with a return of 9.0% in yen terms (9.6% in euro terms). The announcement of a third economic stimulus package, worth \$154 billion, was welcomed by investors. The package included more loans for small-businesses, support for the unemployed, environmental protection measures and tax cuts.

Markets in the Pacific Basin delivered a return of 10.7% in local currency terms (15.4% for Irish investors). The Chinese government's \$858 billion stimulus package appears to be achieving results already, as the economy expanded by 6.1% in the first quarter of 2009. Most markets in the region delivered strong returns, on the back of hopes of a recovery in the global economy.

Index Returns to 30th April 2009

Asset Class	1 Month %		4 Months%	
	Local Ccy	Euro	Local Ccy	Euro
Equities				
▪ Ireland	19.6	19.6	13.6	13.6
▪ UK	9.0	12.9	-2.2	5.7
▪ North America	9.6	10.3	-1.3	3.8
▪ Eurozone	16.4	16.4	0.4	0.4
▪ Rest of Europe	12.2	13.3	4.0	3.9
▪ Japan	9.0	9.6	-0.7	-4.0
▪ Pacific Basin	10.7	15.4	13.6	20.4
Euro Bonds (> 5 Yrs)	0.8	0.8	0.7	0.7