Pensions, Investments
& Advisory Services

Investment Update April 2010

A fresh approach to retirement planning

Thinking, **Years Ahead**

Group Pension Managed Funds Update to 30th April 2010

Fund Performance

Irish pension funds consolidated the gains made in the first quarter of 2010 with another positive performance over the month of April, as the average managed fund returned 0.9%. Merrion Investment Managers took top spot with a return of 1.5% for the month, while Aviva Investors propped up the league table with a 0.4% return. Over the first four months of the year, the average managed fund has advanced 6.8%; with returns ranging from a high of 8.3% (Irish Life Investment Managers) to a low of 4.9% (Aviva Investors).

Over the past twelve months all of the managed funds surveyed delivered double-digit growth, with the average fund returning 26.3%. Returns for the past year ranged from 30.0% (Irish Life Investment Managers) to 22.4% (AIB Investment Managers).

The average managed fund return has been a very disappointing -7.1% per annum over the past three years. However, the five year returns to the end of April are positive, delivering an average return of 2.1% per annum over this period. Irish group pension managed fund returns over the past ten years have been a disappointing 0.5% per annum on average, well below the Irish inflation rate of 2.6% per annum over the same time horizon. Indeed, none of the managed funds surveyed outperformed inflation over this period, while four of the eleven funds failed to deliver positive returns over 10 years.

Investment Update to 30th April 2010

Active Managed Fund Returns to 30th April 2010

	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	0.9	5=	6.8	6	22.4	11	-8.7	9	1.9	6	-0.7	10
Aviva Investors	0.4	11	4.9	11	24.2	10	-9.8	10=	0.4	10=	-0.4	9
Bank of Ireland Asset	0.5	9=	6.7	7=	24.9	9	-7.9	7	0.4	10=	1.2	4=
Canada Life/Setanta	1.2	2=	7.3	2=	28.9	2	-3.8	1	3.2	4	1.0	6
Eagle Star/Zurich Life	0.6	8	5.9	10	25.3	7=	-4.4	2=	4.5	1	1.8	1
Friends First/F&C	0.9	5=	7.2	5	26.1	5	-8.3	8	1.5	7	-0.2	8
Irish Life Investment	1.2	2=	8.3	1	30.0	1	-6.9	5	2.6	5	1.5	2=
KBC Asset Management	1.2	2=	7.3	2=	25.3	7=	-9.8	10=	0.6	8	-1.6	11
Merrion Investment Managers	1.5	1	6.6	9	28.7	3	-4.4	2=	3.9	2	1.5	2=
New Ireland	0.5	9=	6.7	7=	26.0	6	-7.8	6	0.5	9	1.2	4=
Standard Life Investments	0.8	7	7.3	2=	27.5	4	-6.7	4	3.5	3	0.7	7
Average	***0.9***		***6.8***		***26.3***		***-7.1***		***2.1***		***0.5***	

Consensus Fund Returns to 30th April 2010

	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	1.2	2	7.4	3=	25.4	5	-7.9	5	1.9	4		
Aviva Investors	1.0	6	6.8	6	24.2	6	-8.0	6	1.3	5	0.1	4
Bank of Ireland Asset	1.1	3=	7.6	1	27.0	2	-7.2	2	2.4	1=	0.7	2
Friends First/F&C	1.1	3=	7.5	2	26.7	3	-7.0	1	2.3	3	0.6	3
Irish Life Investment Managers	1.1	3=	7.3	5	26.0	4	-7.3	3	2.4	1=	0.9	1
Standard Life Investments	1.3	1	7.4	3=	28.7	1	-7.4	4				
Average	***1.1***		***7.3***		***26.3***		***-7.5***		***2.1***		***0.6***	

Multi-Manager Fund Returns to 30th April 2010

	1 Month %	Rank	4 Months %	Rank	1 Year %	Rank	3 Years % p.a.	Rank	5 Years % p.a.	Rank
AIB Investment Managers	1.9	1=	8.3	1	26.4	3	-7.7	2	2.1	1=
Irish Life Investment Managers	1.2	3	7.9	2	27.2	2	-7.6	1	2.1	1=
Standard Life Investments	1.9	1=	7.7	3	28.3	1	-9.0	3	1.3	3
Average	***1.7***		***8.0***		***27.3***		***-8.1***		***1.8***	

Investment Update to 30th April 2010

Market Review

April was a mixed month for equity markets across the globe, as concerns over Greece's fiscal difficulties weighed on investors, who were otherwise optimistic on the back of positive earnings and economic news. Eurozone bonds declined 0.8% over the month; however, this headline return camouflages a significant divergence between the performance of "safe" Eurozone bonds (such as German bonds) and "risky" Eurozone bonds, such as Greek bonds, with yields spiking as high as 26% at one point during the month, as the country's debt was downgraded to "junk" status by Standard & Poor's.

The Irish stock market was the best performing of the major bourses in which Irish pension funds invest, delivering a return of 7.0%, during April. The financial sector of the market outperformed slightly, in a month that saw the Financial Regulator successfully apply to the High Court to appoint an administrator to one of the country's largest general insurers, Quinn Insurance, over 'serious and persistent breaches' of solvency rules.

UK equities posted a 2.0% loss over the month in sterling terms (a 0.6% gain in euro terms). Although the Bank of England kept interest rates on hold at their April meeting, minutes from that meeting indicated that members of the Monetary Policy Committee were concerned about inflationary pressures. When inflation data to March was subsequently released showing that prices had risen by 3.4% over the previous twelve months, investors began to speculate that interest rates might soon be increased in an attempt to curb inflation. The value of shares in BP fell after one of the company's oil rigs exploded in the Gulf of Mexico, creating a huge oil spill that could end up costing the company billions.

US equities returned 1.5% in dollar terms during April, with the weakness of the euro increasing this to 3.3% for Irish investors. The Federal Reserve once again reiterated their intention to keep interest rates low for an extended period. The first quarter earnings reporting season got underway mid-month. By the end of April, it was on track to be one of the best seasons ever, with 78% of companies reporting earnings that beat analysts' expectations. Merger and acquisitions continued apace; one of the biggest stories was the proposed merger of United Airlines and Continental Airlines in a deal that would create the world's largest airline. However, not all corporate news was positive, as the Securities and Exchange Commission announced that it was charging Goldman Sachs with defrauding investors.

The Eurozone region lost 2.4% over the month, while the rest of Europe recorded a 1.0% rise. Once again, investor concerns during April were focused on the outlook for Greece as the country continued to struggle with massive budget deficits. There was some uncertainty regarding the level of support that the Greek government would receive from their Eurozone peers; despite agreeing a deal to bail out the beleaguered country, there was some opposition to implementing the bailout

Investment Update to 30th April 2010

when the Greek government formally requested that it be activated. In the meantime, Greek government debt was downgraded by S&P, Fitch and Moody's.

The Japanese stock market returned 0.5% over the month in yen terms (1.6% in euro terms), while markets in the rest of the Pacific Basin delivered a return of 0.3% in local currency terms (3.5% for Irish investors). Speculation that China would allow a revaluation of its currency boosted share prices early in the month. Subsequently, however, moves by the Chinese government to cool the property market weighed on share prices across the region.

Index Returns to 30th April 2010

Asset Class	1 Month %		4 Months %	
	Local Ccy	*Euro*	*Local Ccy*	*Euro*
Equities				
- Ireland	7.0	7.0	15.2	15.2
- UK	-2.0	0.6	3.9	6.2
- North America	1.5	3.3	6.9	15.7
- Eurozone	-2.4	-2.4	-1.5	-1.5
- Rest of Europe	1.0	0.9	8.0	12.2
- Japan	0.5	1.6	9.3	16.8
- Pacific Basin	0.3	3.5	0.9	12.0
Euro Bonds (> 5 Yrs)	-0.8	-0.8	2.3	2.3