Pensions, Investments
& Advisory Services

Investment Update April 2011

A fresh approach to retirement planning

Thinking, **Years Ahead**

Group Pension Managed Funds Update to 30th April 2011

Fund Performance

Irish pension managed funds made modest gains during April, with an average return of 0.8% for the month. Friends First/F&C took top spot with a return of 1.2% for the month, while Aviva Investors and Merrion Investment Managers propped up the league table with returns of 0.4%. The average managed fund lost 0.1% over the first four months of 2011; with returns ranging from a high of 1.4% (Irish Life Investment Managers) to a low of -1.7% (Merrion Investment Managers). Over the past twelve months the average fund returned 3.9%. Returns for the past year ranged from 8.3% (Standard Life Investments) to 1.6% (Merrion Investment Managers).

The average managed fund return has been a disappointing -1.5% per annum over the past three years. The five year returns to the end of April are mostly negative, with an average return of -1.7% per annum over this period. Irish group pension managed fund returns over the past ten years have been a disappointing 1.2% per annum on average, well below the Irish inflation rate of 2.4% per annum over the same time horizon. Indeed, only one of the managed funds surveyed (that of Eagle Star/Zurich Life) outperformed inflation over this period.

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Active Managed Fund Returns to 30th April 2011

	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	0.6	9	0.0	4	4.7	2	-3.9	10	-2.1	6	0.2	10
Aviva Investors	0.4	10=	-0.3	8=	3.4	7	-4.8	11	-3.4	11	0.4	9
Canada Life/Setanta	0.9	5	1.2	2	3.3	8=	0.9	2	-0.3	3	1.5	4=
Eagle Star/Zurich Life	0.8	6=	-0.8	10	3.9	5	0.3	3	0.2	1	2.8	1
Friends First/F&C	1.2	1	-0.2	5=	4.4	3=	-1.9	7=	-2.4	7	0.9	8
Irish Life Investment	1.1	2=	1.4	1	2.1	10	-1.9	7=	-1.9	5	1.5	4=
Kleinwort Benson Investors	0.8	6=	0.2	3	4.4	3=	-3.4	9	-3.3	10	-0.8	11
Merrion Investment	0.4	10=	-1.7	11	1.6	11	-0.1	4	-0.7	4	2.0	3
New Ireland	1.1	2=	-0.2	5=	3.5	6	-1.0	5	-2.5	8	1.2	6
Standard Life Investments	0.7	8	-0.2	5=	8.3	1	1.0	1	-0.1	2	2.1	2
State Street Global	1.0	4	-0.3	8=	3.3	8=	-1.5	6	-2.7	9	1.1	7
Average	***0.8***		***-0.1***		***3.9***		***-1.5***		***-1.7***		***1.2***	

Consensus Fund Returns to 30th April 2011

	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	1.0	2=	0.3	3=	4.5	4	-1.8	5	-1.7	5		
Aviva Investors	0.5	6	-0.5	6	3.7	6	-2.2	6	-2.2	6	0.6	4
Friends First/F&C	1.9	1	0.4	1=	7.4	1	-0.5	1	-0.7	1	1.6	1
Irish Life Investment	1.0	2=	0.3	3=	4.7	3	-1.3	4	-1.4	3	1.5	2
Standard Life Investments	0.7	5	-0.4	5	4.4	5	-1.1	2=	-1.6	4		
State Street Global	1.0	2=	0.4	1=	5.1	2	-1.1	2=	-1.2	2	1.4	3
Average	***1.0***		***0.1***		***5.0***		***-1.3***		***-1.5***		***1.3***	

Multi-Manager Fund Returns to 30th April 2011

	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	0.5	1	-1.3	3	3.7	2	-1.6	3	-2.0	1=		
Irish Life Investment	0.3	3	-0.1	2	3.6	3	-1.4	1	-2.0	1=	1.5	1
Standard Life Investments	0.4	2	0.1	1	5.2	1	-1.5	2	-2.5	3		
Average	***0.4***		***-0.4***		***4.2***		***-1.5***		***-2.2***		***1.5***	

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Market Review

Overall, April was a good month in most global equity markets, as positive economic news and a good start to the first quarter earnings season boosted investor sentiment. Eurozone bonds gained 0.9%, with core government bonds in demand due to their safe-haven status.

The Irish stock market returned 4.7% during April. Financials outperformed the rest of the market, returning 13.5%, as it was announced that three Irish banks would be included among 90 European banks to be stress tested under a new round of testing by the European Banking Authority. In economic news, both the Central Bank and the Government lowered their forecasts for economic growth during 2011. Meanwhile, tax collected by the Revenue during 2010 was down on the 2009 figure, but ahead of budget estimates.

UK equities returned 2.9% over the month in sterling terms (2.5% in euro terms). Yet again, the Bank of England's Monetary Policy Committee voted to maintain the official Bank interest rate at 0.5%, and also to maintain the asset purchase programme at £200 billion. Inflation fell back unexpectedly in March, due largely to a decline in the price of food and non-alcoholic drinks. This was seen to ease the pressure on the Bank of England to raise interest rates. Meanwhile, figures released by the Office for National Statistics surprisingly showed that retail sales rose by 0.2% in March.

US equities gained 2.6% in dollar terms during April, returning -1.6% for Irish investors as the dollar declined against the single currency. The first quarter earnings season got off to a positive start, with 77% of companies reporting by the end of April beating expectations. Ratings agency Standard & Poor's downgraded their outlook for US debt, from stable to negative, on the back of the country's record deficit. Meanwhile, President Obama announced plans to slash $4 trillion off the deficit over the next 12 years through a combination of spending cuts and tax increases.

The Eurozone region recorded a 3.7% return over the month, while the rest of Europe gained 3.8% (a 4.5% return in euro terms). The European Central Bank increased interest rates for the first time since July 2008, by 0.25%, in an effort to combat inflation (which rose to 2.8% in April, well ahead of the ECB's target of 2%). Portugal became the third Eurozone country to look to Europe and the IMF for a bailout. Meanwhile, speculation mounted that Greece might be allowed to default on their sovereign debt.

The Japanese stock market lost 1.7% over the month in yen terms (a -3.9% return in euro terms), while markets in the rest of the Pacific Basin returned 2.3% in local currency terms (1.1% for Irish investors). Japan was hit by another earthquake during April, leading to increased investor nervousness. The Japanese government proposed a special budget of $50 billion to provide funds for reconstruction following the earthquakes and tsunami that have devastated the country over the past two months. In China, the economy expanded by 9.7% in the twelve months to the end of

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March. Interest rates were increased once again in an effort to curb inflation, which rose to 5.4% in the year to March.

Index Returns to 30th April 2011

Asset Class	1 Month %		4 Months %	
	Local Ccy	*Euro*	*Local Ccy*	*Euro*
Equities				
- Ireland	4.7	4.7	5.3	5.3
- UK	2.9	2.5	4.2	0.4
- North America	2.6	-1.6	8.5	-1.5
- Eurozone	3.7	3.7	7.9	7.9
- Rest of Europe	3.8	4.5	4.3	2.9
- Japan	-1.7	-3.9	-4.2	-13.5
- Pacific Basin	2.3	1.1	3.8	-2.0
Euro Bonds (> 5 Yrs)	0.9	0.9	-0.5	-0.5