

Diversified Alternatives Fund

The aim of the Irish Life Diversified Alternatives Fund is to deliver a return expectation in line with the traditional growth asset mix of a typical defined benefit pension scheme, but with lower levels of volatility.

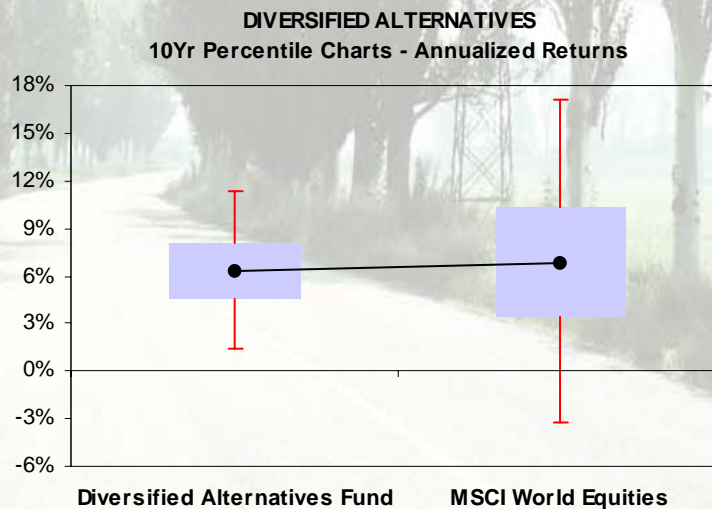
Within the Diversified Alternatives Fund, Irish Life aims to assemble a portfolio of alternative asset classes that are not highly correlated with each other or with developed world equity markets. This is achieved by analysing the broad long-term economic characteristics of each underlying asset class whilst particularly focussing on how each asset class interacts with each other and developed world equity markets. By taking a strategic asset allocation to a number of diversified asset classes the aim is to reduce the overall expected volatility of asset returns. The Fund has no exposure to developed world equity markets or commercial property, as most Irish defined benefit schemes have existing allocations.

It is this concept of risk reduction through diversification which helps mitigate the impact of volatility from investment markets and allows Trustees to better manage the volatility associated with their growth asset allocation.

Irish Life Investment Managers launched the Diversified Alternatives Fund in August 2007 which aims to provide the following:

1. Reduced volatility of Diversified Alternatives Fund vs. Global Equities
2. Minimal give-up in terms of expected returns
3. Increased Sharpe Ratios
4. Improved downside management – lower probability of negative returns in cases of extreme negative returns from investment markets
5. Adding ILIM's Diversified Alternatives Fund to a traditional asset mix helps to reduce volatility whilst only marginally impacting on the expected return

The analysis below illustrates how better risk-adjusted returns can be achieved by adopting an allocation to a diversified range of asset classes compared to traditional allocation to developed equity markets.



Diversified Alternatives: Summary Statistics - 10 Year Time Horizon		
	Diversified Alternatives	MSCI World Equities
Expected Annualized Return	6.3%	6.9%
Expected Annualized Return Over Cash	3.1%	3.7%
Annualized Volatility	8.0%	16.4%
Sharpe Ratio	0.39	0.23
Probability of a Return less than 0%	0.6%	9.2%



Diversified Alternatives Fund

The Irish Life Diversified Alternatives Fund invests in a diversified range of alternative asset classes. The Fund has been designed to provide clients with an efficient, cost effective, liquid exposure to a broad range of alternative asset classes with the aim of capturing both the return potential available from alternative asset classes and the diversification benefits inherent in a broad portfolio of alternative asset classes. Access to these alternative asset classes is through an indexed structure where possible.

Investment Objective

This Fund is designed to deliver equity-like returns by investing in a diverse range of alternative asset classes over the long term but with lower volatility levels than traditional equity funds. This is achieved by capturing the return potential available from a diversified portfolio of alternative asset classes and in doing so provide clients with access to the diversification benefits inherent in a disparate range of alternative asset classes to supplement a traditional investment strategy. Typically, clients invest in ILIM's Diversified Alternatives Fund to capture the return potential and diversification benefits of alternative asset classes alongside an existing exposure to traditional asset classes.

Key Fund Characteristics

Launch Date: August 2007	Fund Manager: -
Fund Structure: Life Fund	Indexation - Irish Life Investment Managers
Currency: Euro	Hedge Fund of Funds - Deutsche Bank
	Forestry - IFUT

Asset Allocation and benchmark

20% Emerging Equity Market (*benchmark: MSCI Emerging Markets Index*)
20% Commodities (*benchmark: 50% Goldman Sachs Energy/50% Goldman Sachs Non Energy Index*)
20% Corporate Bonds (*benchmark: Merrill Lynch EMU Corporate Large Cap Index*)
15% Hedge Fund of Funds (*benchmark: DBXE Hedge Fund universe*)
15% Irish Government Bonds (*benchmark: Irish Government Bond Fund maturing in April 2020*)
5% Best Ideas Fund (*benchmark: outperform cash by 3%*)
5% Forestry (*benchmark: Irish Pension Forestry Unit Trust*)

For further information please contact

Eunice Dreelan – Head of Sales & Marketing
DDI: 00 353 1 704 2414

Irish Life Investment Managers is regulated by the Financial Regulator

Warning: Past performance may not be a reliable guide to future performance. Investments may fall as well as rise in value. The performance of contributions in any given year will depend on both the frequency and the duration of the contributions. Income may fluctuate in accordance with the market conditions and taxation arrangements. Simulated performance may not be a reliable guide to future performance. Changes in currency exchange rates may have an adverse effect on the value, price or income of the product. Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund.



Irish Life
Investment Managers