Diversified Growth Fund

Information is correct as at the 31st December 2011

How the Fund Works

The Irish Life Diversified Growth Fund is a fund which combines developed world equities with alternative asset classes to produce a fund with a high level of expected return but lower volatility levels relative to an all equity based fund.

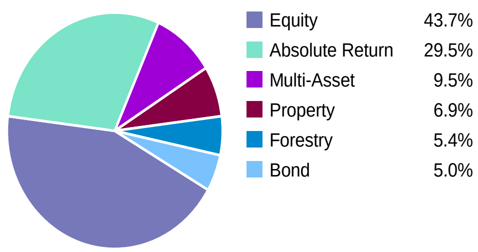
Investment Objective

The fund is designed to generate strong returns similar to an all-equity fund but with lower volatility levels.
The fund is suitable for members with a number of years to retirement who wish to pursue an aggressive growth strategy.

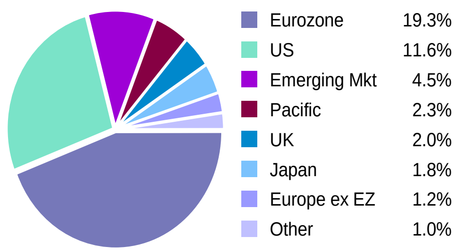
How the Fund Operates

The fund invests in developed Global Equities, Corporate Bonds and a range of alternative asset classes to include; Absolute Return, Emerging Market Equities, Small Cap Equities, Commodities, Forestry, UK and European Property.
The Equity portion invests 50% in the FTSE Eurobloc index and 50% FTSE World ex Eurobloc index and the Emerging Markets Index tracks the MSCI Emerging Markets Index.
The Commodity Fund tracks the Goldman Sachs Commodity Index and Non Energy Index.
The Property allocation is split equally between the Henderson European Property Fund and Indexed UK Property Fund.
The Forestry Fund invests in the Irish Pension Forestry Unit Trust. The Absolute Return element of the fund invests in the Irish Life Absolute Alpha Fund.
The Corporate BondFund track the Merrill Lynch EMU Corporate Large Cap Index.

Asset Distribution



Equity Distribution



Performance

Period	Return	Benchmark
1 Year	-5.22%	-4.89%
3 Year p.a	6.35%	7.06%
5 Year p.a	-4.39%	-3.76%

Returns are quoted net of fees. The annual management charge is 0.65%.There is no Bid/Offer Spread.

Market Commentary

The fourth quarter of 2011 saw two critical EU Summits, the appointment of two technocratic governments in Italy and Greece, and the change of the leader in both the ECB and the Spanish government. Nevertheless the crisis continues to linger and the immediate problem of what the impact of Italy refinancing over €350bln of debt at a yield of close to 7% will have on its debt dynamics continues to weigh on sentiment. Risk appetite swung during the quarter with expectations as to whether EU leaders would deal with the crisis. Equity markets traded higher in October and December but gave back some of these gains in November. The EU summit at the end of October resulted in increased confidence that a final resolution to the crisis was agreed. However the optimism about this resolution soon waned particularly after markets soon digested that the 50% haircut that Greek private bondholders were asked to take put a credit risk on Eurozone government bonds. The ECB announced a number of unconventional methods of supporting the banking system, however markets were somewhat disappointed by President Draghi refraining from announcing a bond purchasing programme. EU leaders did little to address the immediate funding needs of Eurozone countries in 2012. As a result it is likely that more leaders' summits will be necessary and investors' appetite for holding risky assets will swing accordingly.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. The performance of contributions in any given year will depend on both the frequency and the duration of the contributions. This fund may be affected by changes in currency exchange rates. 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. If you invest in this fund you may lose some or all of the money you invest.

Irish Life
Investment Managers