

# Indexed World Equity Hedged Fund S8

Information is correct as at the 31st December 2011

## How the Fund Works

The Indexed Euro Hedged Global Equity Fund invests in a diverse range of global equities. The Fund is managed on an indexed basis and this means that the country, sector and stock allocations within the fund are dictated by the FTSE® World Index. The non-Euro currency elements of the Fund are hedged back to Euro to eliminate all currency risk for a € investor.

### Investment Objective

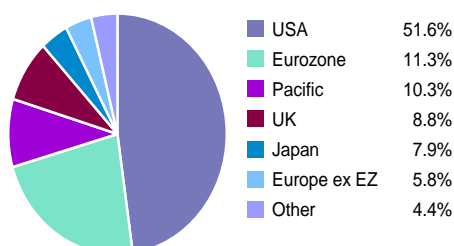
This Fund is designed to track the performance of the Euro Hedged FTSE® World Index. The non-Euro currency positions are hedged on a monthly basis for 1 month using currency forwards. The currency positions are based on the geographical weights and the resulting currency exposures within the index and at the end of the following month are adjusted to reflect the revised geographical and revised currency positions. The forward positions are then adjusted on a daily basis to account for subscriptions and redemptions on the fund as they occur. This process ensures that the fund delivers the performance of the FTSE® World Index having eliminated all fluctuations due to currency movements.

This fund is designed to achieve equity fund returns on a consistent basis but to eliminate the manager selection risk and the stock selection risk i.e. the risk of being with an investment manager who under performs. The benchmark for this Fund is a customised benchmark which FTSE® will provide to ILIM.

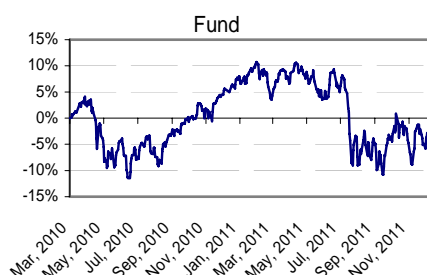
### How the Fund Operates

The assets of this fund are fully invested in equities. As this is an indexed fund it adopts the country, sector and stock allocations of the benchmark index. This means that we replicate the weighting that each stock represents within the relevant market index. Efficient trading minimises the transaction costs, adding value, which is reflected in the performance.

## Country Distribution



## Performance



Period	Return	Benchmark
Last Mth	0.41%	0.51%
Qtr to date	7.00%	7.31%
1 Year	-6.86%	-6.20%

Returns are quoted net of fees. The annual management charge is 0.4%. 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.

**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

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The above refers to references to FSTE benchmarks throughout this document.

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