

Diversified Assets Fund

Information is correct as at the 31st December 2011

Volatility/Risk



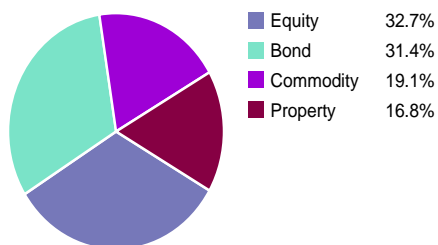
How the Fund Works

The Diversified Assets Fund aims over the long-term to give around three quarters of the return potential of a typical managed fund but with about half the level of potential risk. The fund could appeal to investors who are not comfortable with the higher equity content of many managed funds. By combining a balanced mix of commercial property, shares, bonds and commodities, the fund aims to give steady returns through different market conditions.

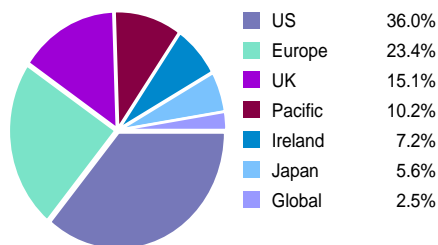
The fund invests in a combination of commercial property, shares, bonds and commodities. We will actively manage the mix of assets on an ongoing basis to take account of market conditions and the changing relative value of assets.

The return of this fund since launch (8th September 2006) is -2.57%p.a.

Asset Distribution



Equity Distribution



Performance

Period	Return
1 Year	-3.01% p.a.
3 Year	5.35% p.a.
5 Year	-3.15% p.a.

The figures quoted are before tax and after management charges. Source: Irish Life.

Market Commentary

Overall global equity markets held their own in December, trading broadly unchanged into year end despite the volatility around the Eurozone debt crisis.

Commodity markets made modest declines in dollar terms in December, although these declines were offset by the weakening of the Euro. The precious metal sector led the underperformance and traded over 11% lower as both Gold and Silver also traded lower. Concerns about the growth outlook in China, continued to weigh on the base metal sector, while agricultural commodities outperformed.

Eurozone Government bonds had another volatile month. Eurozone Governments reaffirmed the €440bn EFSF fund and declared that €200bn would be made available for the IMF. EU bond markets were also supported by the new 3 year ECB tender for banks, giving the bond market a welcome boost. The Merrill Lynch Eurozone >5 year index recovered 5.29% in December which helped the full year return to a respectable 3.9%.

The Irish commercial property market has seen no significant investment liquidity this year. Values have declined marginally over recent months due to weaker rental values and weaker investment sentiment reflecting wider economic and financial uncertainty. The budget did however bring some positives with confirmation that the proposed legislation to outlaw upward only rent review in existing leases is not possible, a reduction in stamp duty and a new CGT exemption, likely to encourage investment activity however risks around the domestic economy and wider Eurozone issues persist. Capital growth in the UK and core European property markets has halted. Investor demand for prime secure property is supporting prime property values but values from non prime property are down. Rental growth prospects have been scaled back reflecting the weaker outlook for these economies.

Warning: The value of your investment may go down as well as up. This fund may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.



Irish Life
Investment Managers