

Indexed European Equity Fund

Information is correct as at the 31st December 2011

Volatility/Risk

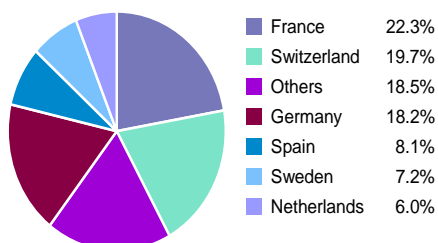


How the Fund Works

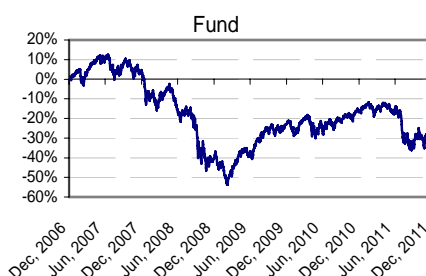
The aim of indexed European Equity funds is to consistently perform in line with the agreed benchmark index, in this case the FTSE Europe ex UK index. We achieve this by either investing in the same assets as those of the index or holding assets that will perform in line with the index. This will remove the risk of poor share choice. It is suitable for investors who will accept the ups and downs that come with investing completely in shares in order to improve potential return.

The return of this fund since launch (31st March 2003) is 5.86%p.a.

Country Distribution



Performance



Year	European Equity Fund	FT Europe Ex UK
1 Year	-13.7%	-12.5%
3 Year %p.a.	6.3%	7.8%
5 Year %p.a.	-6.4%	-5.1%

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

Market Commentary

The ECB cut interest rates by 0.25% to 1% in its last meeting of the year and remained active in using the SMP to purchase bonds. It also finished the year with a material liquidity programme where it lent €489bn to the banking system for three years to the LTRO after it relaxed the collateral requirements making it easier for the banking system to get this liquidity. This excess liquidity has somewhat helped in bringing the yields of Spain, France and Italy lower than the peaks that were seen in November, although the amount of cash that was put back on overnight deposit with the ECB shows there is not material risk appetite yet within the banks to hold sovereign debt.

The leading indicators have remained mixed in December although the headline Eurozone PMI data showed signs of stabilizing at the current levels. Data from Germany however showed signs of improving and surprised to the upside, particularly for the services industry. On the other hand, new orders slumped unexpectedly in November. The outlook for the peripheral regions remain poor, particularly as in the third quarter GDP in Belgium, Greece, Ireland, Italy and Portugal all contracted as the austerity programmes continued to hamper any recovery in the domestic economies. Elsewhere the new technocratic government in Italy approved the new fiscal package, which included both expenditure cuts to pension and public administration and increased taxation via a wealth tax on both real estate and financial assets.

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