

Irish Life (Retail) Cash Fund

Information is correct as at the 31st December 2011

Volatility/Risk



How the Fund Works

The Cash fund is an actively managed fund that invests in bank deposits with a range of different financial institutions.

Investment Objective

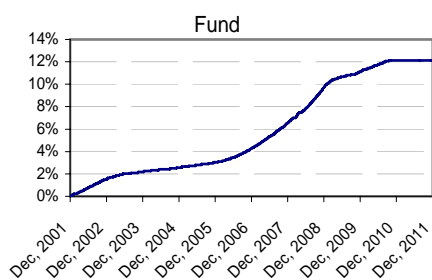
The objective of the Cash fund is to provide a low risk investment income. Its aim is to achieve a high rate of interest together with a high degree of security.

How the Fund Operates

This fund invests in bank deposits and short-term investments on international money markets. It is intended to be a low risk investment, but you should be aware that this fund could fall in value.

The return of this fund since launch (22nd June 2001) is 1.21%p.a.

Performance



Year	(Retail) Cash Fund
1 Year	0.0%
3 Year %p.a.	0.7%
5 Year %p.a.	1.5%
10 Year %p.a.	1.2%

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 minutes of the Federal Reserve meeting in December showed that the committee continued to acknowledge the moderate growth in the economy and the easing of some of the inflation pressures but remained concerned about some of the downside risks from the pressures in the global financial markets and the elevated unemployment rate. However the Central bank has left its policy stance unchanged.

As a result of deteriorating economic conditions the Bank of England may need to keep monetary policy accommodative for much longer to offset the fiscal austerity.

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