

## Overview

- \* Global equity markets continued to remain sensitive to the state of the US economy, with recessionary fears and the state of credit markets remaining at the fore. The Federal Reserve cut interest rates again, by 0.25%, bringing the base rate to 2.0%, while the Bank of England cut rates by 0.25%, to 5.0%. The European Central Bank, once again, held interest rates at 4.0%. Inflation continued to rise across the globe, sending consumer confidence crashing and creating fears that interest rates may be increased. One of the main drivers of this was the oil price. By the end of June, oil had reached a record high of just under \$144 per barrel, due to the weakening dollar, geopolitical tensions and negative comments from OPEC. Concerns that banks may have to write off further credit-related losses caused considerable declines in financial stocks.
- \* Eurozone bonds declined over the quarter in response to concerns over the outlook for inflation and interest rates, which offers some good news in respect of pension schemes as the cost of annuities moves in line with bond prices.
- \* The Irish stock market was the worst performing of the major bourses in which Irish pension funds invest, with a decline of 14.8% over the quarter. At the start of the second quarter, Irish equities represented 14.0% of

the assets (and 19.2% of the equity weighting) of the funds included in this update. Given the small number of companies and sectors dominating the Irish market, this remains a source of concern, particularly as the Irish market makes up just 0.25% of the world stock market.

- \* UK equities posted a 0.9% decrease over the quarter in sterling terms whilst US equities declined 1.5% in dollar terms during the second quarter.
- \* In Europe, the Eurozone region returned -4.8% over the quarter, while the rest of Europe outperformed slightly with a -2.0% return.
- \* Japanese equities were the star performer over the second quarter, and the only major bourse to end the period in positive territory, rising 9.1% in yen terms.
- \* Markets in the Pacific Basin fell back 3.5%, as inflation in the region closed in on levels not seen since the currency crisis of the late 1990's. In China, markets fell to their lowest level since February 2007 as the bank reserve requirement was increased yet again, to 17.5%.

## Fund Returns

### Quick Reference

Average return for Q2 **-3.8%**

Best performer for Q2 **-2.2%**

*Standard Life Investments*

Average return for 12 months **-21.3%**

Best over 3 years **3.5%**

*Eagle Star*

Best over 5 years **8.1%**

*Eagle Star*

Best over 10 years **4.8%**

*Oppenheim*

## Annualised Managed Fund Returns to 30<sup>th</sup> June 2008

| Manager                        | Q 2 %       | Rank | 1 yr %       | Rank | 3 yrs %    | Rank | 5 yrs %    | Rank | 10 yrs %   | Rank |
|--------------------------------|-------------|------|--------------|------|------------|------|------------|------|------------|------|
| AIBIM Managed                  | -3.5        | 4    | -18.8        | 4    | 3.4        | 2    | 7.5        | 2    | 2.3        | 8=   |
| AIBIM Multimanager             | -3.9        | 5=   | -22.1        | 7    | 1.0        | 7    | --         | --   | --         | --   |
| BIAM Pensions Managed          | -4.1        | 8=   | -23.2        | 10   | -1.8       | 12   | 4.2        | 11   | 3.1        | 5    |
| Canada Life/Setanta (Series D) | -4.1        | 8=   | -17.7        | 1    | 0.5        | 9=   | 6.0        | 8    | 2.4        | 7    |
| Eagle Star (Balanced)          | -2.8        | 2    | -17.9        | 2    | 3.5        | 1    | 8.1        | 1    | 3.4        | 2=   |
| Friends First / F&C            | -4.0        | 7    | -23.4        | 11   | 0.5        | 9=   | 5.8        | 9    | 2.2        | 10   |
| Hibernian Life                 | -5.0        | 13   | -21.5        | 6    | 1.3        | 5    | 6.4        | 6    | 2.7        | 6    |
| Irish Life                     | -4.8        | 12   | -22.5        | 9    | 1.2        | 6    | 6.9        | 5    | 3.2        | 4    |
| Irish Life Global Access       | -4.5        | 11   | -22.2        | 8    | 0.8        | 8    | 6.3        | 7    | --         | --   |
| KBCAM                          | -4.1        | 8=   | -23.5        | 12   | 0.5        | 11   | 5.3        | 10   | 1.5        | 11   |
| New Ireland                    | -3.9        | 5=   | -24.3        | 13   | -2.0       | 13   | 4.1        | 12   | 3.4        | 2=   |
| Oppenheim                      | -2.9        | 3    | -18.3        | 3    | 2.6        | 3    | 7.1        | 4    | 4.8        | 1    |
| Standard Life Investments      | -2.2        | 1    | -21.3        | 5    | 2.3        | 4    | 7.2        | 3    | 2.3        | 8=   |
| <b>Average</b>                 | <b>-3.8</b> |      | <b>-21.3</b> |      | <b>1.0</b> |      | <b>6.2</b> |      | <b>2.8</b> |      |

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Please circulate to:

## Overall Asset Distribution as at 30<sup>th</sup> June 2008

| Manager        | EQUITIES    |            |                    |               |            |            |             | Fixed Interest | Property   | Cash       | Alternative Assets | Total        |
|----------------|-------------|------------|--------------------|---------------|------------|------------|-------------|----------------|------------|------------|--------------------|--------------|
|                | Irish       | UK         | Europe Ex ROI & UK | North America | Japan      | Other      | Total       |                |            |            |                    |              |
| AIBIM          | 12.4        | 9.0        | 25.3               | 15.6          | 4.5        | 7.1        | 73.9        | 10.4           | 9.1        | 6.6        | 0.0                | 100.0        |
| BIAM           | 11.8        | 10.3       | 22.3               | 14.4          | 4.2        | 8.6        | 71.6        | 15.9           | 8.3        | 1.6        | 2.6                | 100.0        |
| Eagle Star     | 9.0         | 10.0       | 20.0               | 15.0          | 4.0        | 7.0        | 65.0        | 26.0           | 0.0        | 9.0        | 0.0                | 100.0        |
| Friends First  | 12.5        | 10.4       | 22.0               | 13.9          | 5.2        | 9.6        | 73.6        | 14.1           | 8.5        | 3.8        | 0.0                | 100.0        |
| Hibernian      | 12.4        | 11.0       | 24.0               | 15.5          | 2.9        | 8.4        | 74.2        | 12.3           | 8.6        | 4.9        | 0.0                | 100.0        |
| Irish Life     | 13.4        | 12.2       | 16.2               | 16.7          | 4.2        | 7.3        | 70.0        | 15.5           | 7.5        | 3.6        | 3.4                | 100.0        |
| KBCAM          | 14.6        | 7.2        | 26.0               | 11.1          | 4.2        | 10.8       | 73.9        | 10.7           | 8.5        | 5.1        | 1.8                | 100.0        |
| New Ireland    | 12.2        | 9.7        | 22.9               | 14.2          | 4.2        | 8.7        | 71.9        | 15.0           | 6.2        | 5.0        | 1.9                | 100.0        |
| Oppenheim      | 11.5        | 8.8        | 20.0               | 17.9          | 5.2        | 7.3        | 70.7        | 12.6           | 2.0        | 14.7       | 0.0                | 100.0        |
| Setanta        | 9.6         | 10.4       | 22.6               | 23.8          | 1.1        | 5.5        | 73.0        | 17.9           | 3.5        | 5.6        | 0.0                | 100.0        |
| Standard       | 12.4        | 9.9        | 24.6               | 13.5          | 4.4        | 7.7        | 72.5        | 16.1           | 4.2        | 7.2        | 0.0                | 100.0        |
| <b>Average</b> | <b>12.0</b> | <b>9.9</b> | <b>22.4</b>        | <b>15.6</b>   | <b>4.0</b> | <b>8.0</b> | <b>71.9</b> | <b>15.1</b>    | <b>6.0</b> | <b>6.1</b> | <b>0.9</b>         | <b>100.0</b> |

## Yearly Performance Figures

|                           | 2007        | 2006                           | 2005                           | 2004                           | 2003                           |
|---------------------------|-------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| AIBIM Managed             | 1.3         | AIBIM Managed 14.7             | Standard Life Investments 23.9 | AIBIM Multimanager 12.8        | Irish Life 14.9                |
| Eagle Star                | 0.6         | Eagle Star 14.2                | Eagle Star 25.1                | Irish Life 12.4                | Friends First/F&C 13.7         |
| Oppenheim                 | -1.6        | Standard Life Investments 14.1 | Irish Life 25.0                | Eagle Star 11.8                | Oppenheim 13.0                 |
| Hibernian Life            | -1.7        | AIBIM Multimanager 14.0        | Irish Life Global Access 22.8  | Irish Life Global Access 11.7  | Hibernian Life 12.5            |
| Canada Life/Setanta       | -1.8        | Hibernian Life 14.0            | Friends First/F&C 22.3         | Standard Life Investments 11.4 | New Ireland 12.4               |
| Irish Life                | -2.9        | KBCAM 13.7                     | KBCAM 22.2                     | Hibernian Life 11.3            | Canada Life/Setanta 12.2       |
| Friends First/F&C         | -3.3        | Friends First/F&C 13.5         | AIBIM Managed 22.0             | AIBIM Managed 10.2             | KBCAM 12.2                     |
| Standard Life Investments | -3.9        | Irish Life Global Access 13.2  | Canada Life/Setanta 21.7       | BIAM 10.1                      | Irish Life Global Access 12.0  |
| Irish Life Global Access  | -4.8        | Oppenheim 13.2                 | AIBIM Multimanager 21.5        | Friends First/F&C 10.1         | AIBIM Managed 11.9             |
| AIBIM Multimanager        | -4.9        | Irish Life 12.8                | Oppenheim 20.6                 | New Ireland 10.1               | Eagle Star 11.9                |
| KBCAM                     | -5.3        | New Ireland 11.2               | Hibernian Life 19.5            | Canada Life/Setanta 9.8        | BIAM 11.7                      |
| BIAM                      | -7.6        | BIAM 10.5                      | BIAM 18.0                      | Oppenheim 9.8                  | Standard Life Investments 11.4 |
| New Ireland               | -8.2        | Canada Life/Setanta 9.1        | New Ireland 17.9               | KBCAM 7.1                      |                                |
| <b>Average</b>            | <b>-3.4</b> | <b>12.9</b>                    | <b>21.4</b>                    | <b>10.7</b>                    | <b>12.5</b>                    |

## Fixed Interest

| Manager             | Q 2 %       | Rank | 1 yr %     | Rank | 3 yrs %     | Rank | 5 yrs %    | Rank | 7 yrs %    | Rank | 10 yrs %   | Rank |
|---------------------|-------------|------|------------|------|-------------|------|------------|------|------------|------|------------|------|
| AIBIM               | -4.2        | 6=   | 1.2        | 7    | -1.4        | 8    | 1.9        | 8=   | 4.2        | 6=   | 3.4        | 10   |
| BIAM                | -4.8        | 10=  | -0.1       | 10   | -2.3        | 11   | 2.5        | 3=   | 5.1        | 2    | 4.7        | 4    |
| Canada Life/Setanta | -4.0        | 4    | 1.5        | 5    | -1.0        | 6    | 2.2        | 6    | 4.3        | 5    | 4.2        | 8    |
| Eagle Star          | -4.2        | 6=   | 2.7        | 1    | -0.8        | 3=   | 2.4        | 5    | 4.7        | 3    | 5.4        | 1    |
| Friends First/F&C   | -3.3        | 2=   | 0.0        | 9    | -1.5        | 9    | 1.9        | 8=   | 4.2        | 6=   | 4.3        | 7    |
| Hibernian           | -3.3        | 2=   | 2.3        | 2    | 0.3         | 1    | 3.1        | 1    | 5.3        | 1    | 5.3        | 2    |
| Irish Life          | -4.1        | 5    | 1.9        | 4    | -0.9        | 5    | 2.5        | 3=   | 4.6        | 4    | 4.9        | 3    |
| KBCAM               | -4.3        | 8    | 1.4        | 6    | -1.2        | 7    | 1.5        | 11   | 3.6        | 11   | 3.7        | 9    |
| New Ireland         | -4.6        | 9    | -0.3       | 11   | -1.7        | 10   | 1.7        | 10   | 4.0        | 9    | 4.6        | 5    |
| Oppenheim           | -3.2        | 1    | 2.0        | 3    | -0.8        | 3=   | 2.0        | 7    | 3.9        | 10   | --         | --   |
| Standard Life       | -4.8        | 10=  | 1.0        | 8    | -0.3        | 2    | 2.9        | 2    | 4.2        | 6=   | 4.4        | 6    |
| <b>Average</b>      | <b>-4.1</b> |      | <b>1.2</b> |      | <b>-1.1</b> |      | <b>2.2</b> |      | <b>4.4</b> |      | <b>4.5</b> |      |

## Property

| Manager             | Q 2 %       | Rank | 1 yr %      | Rank | 3 yrs %    | Rank | 5 yrs %     | Rank | 7 yrs %    | Rank | 10 yrs %    | Rank |
|---------------------|-------------|------|-------------|------|------------|------|-------------|------|------------|------|-------------|------|
| AIBIM               | -6.5        | 7    | -4.4        | 3    | 13.1       | 2    | 13.4        | 2    | 10.7       | 2    | 14.9        | 2    |
| BIAM                | -3.5        | 3    | -3.0        | 2    | 11.4       | 3    | 11.7        | 4    | 9.5        | 4    | 13.4        | 5    |
| Canada Life/Setanta | -5.9        | 6    | -14.3       | 6    | 6.6        | 7    | 10.9        | 5    | 8.0        | 6    | 11.4        | 7    |
| Friends First/F&C   | -3.9        | 4    | -14.6       | 7    | 7.0        | 5    | 10.6        | 6    | 9.1        | 5    | 14.4        | 3    |
| Hibernian           | 1.1         | 1    | 0.2         | 1    | 14.9       | 1    | 14.4        | 1    | 10.9       | 1    | 14.2        | 4    |
| Irish Life          | -8.1        | 8    | -7.8        | 4    | 11.2       | 4    | 12.4        | 3    | 10.2       | 3    | 15.2        | 1    |
| New Ireland         | -4.5        | 5    | -11.0       | 5    | 6.7        | 6    | 8.6         | 7    | 7.6        | 7    | 12.3        | 6    |
| Standard Life       | -1.8        | 2    | -19.2       | 8    | 2.3        | 8    | 5.8         | 8    | 6.4        | 8    | 11.2        | 8    |
| <b>Average</b>      | <b>-4.1</b> |      | <b>-9.3</b> |      | <b>9.2</b> |      | <b>11.0</b> |      | <b>9.1</b> |      | <b>13.4</b> |      |

## Cash

| Manager             | Q 2 %      | Rank | 1 yr %     | Rank | 3 yrs %    | Rank | 5 yrs %    | Rank | 7 yrs %    | Rank | 10 yrs %   | Rank |
|---------------------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|
| AIBIM               | 1.1        | 1=   | 3.9        | 5=   | 2.9        | 7=   | 2.4        | 7=   | 2.5        | 7    | 2.8        | 7    |
| Canada Life/Setanta | 1.1        | 1=   | 4.3        | 1=   | 3.2        | 2=   | 2.6        | 2=   | --         | --   | --         | --   |
| Eagle Star          | 0.9        | 8    | 3.8        | 7    | 2.9        | 7=   | 2.4        | 7=   | 2.7        | 3=   | 3.1        | 3=   |
| Friends First/F&C   | 1.0        | 5=   | 4.1        | 4    | 3.1        | 4    | 2.6        | 2=   | 2.8        | 2    | 3.1        | 3=   |
| Hibernian           | 1.0        | 5=   | 3.9        | 5=   | 3.0        | 5=   | 2.5        | 5=   | 2.7        | 3=   | 3.2        | 2    |
| Irish Life          | 1.1        | 1=   | 4.3        | 1=   | 3.3        | 1    | 2.8        | 1    | 2.9        | 1    | 3.3        | 1    |
| New Ireland         | 1.1        | 1=   | 3.7        | 8    | 3.0        | 5=   | 2.5        | 5=   | 2.6        | 6    | 3.0        | 5=   |
| Standard Life       | 1.0        | 5=   | 4.3        | 1=   | 3.2        | 2=   | 2.6        | 2=   | 2.7        | 3=   | 3.0        | 5=   |
| <b>Average</b>      | <b>1.0</b> |      | <b>4.0</b> |      | <b>3.1</b> |      | <b>2.6</b> |      | <b>2.7</b> |      | <b>3.1</b> |      |

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