

Overview

- * The high level of stock specific risk inherent in the Irish market was highlighted again this quarter, as the market declined 31.2%. The financial sector, which is dominated by four major banks and makes up approximately one-third of the index, declined 33.5% over the quarter. Initially, this decline came on the back of concerns over the state of the global financial system. Later, however, attention turned to the domestic financial situation.
- * UK equities declined 11.7% in sterling terms over the quarter. The Bank of England held interest rates at 5%, despite inflation rising to 4.7% in August compared with the Bank's inflation target of 2%. However, as elsewhere, the market was dominated by problems in the financial sector.
- * US equities fell back 8.8% in dollar terms during the third quarter, while a strengthening of the dollar against the euro over the month brought this up considerably, to 1.9%, for Irish investors. Government-backed mortgage companies, Freddie Mac and Fannie Mae, ran into trouble early in the quarter as their share prices fell sharply amid fears of a collapse following credit-market related losses. The unemployment rate jumped to a five-year high of 6.1% in August, while mortgage delinquencies rose to 6.4% - the highest level on record. Meanwhile, second quarter GDP growth came in at 3.3%.
- * Eurozone equities fell 11.4% over the quarter, while the rest of Europe returned -9.0%. The European Central Bank increased interest rates by 0.25% to 4.25% in July, in an effort to control inflation. ECB President, Jean-Claude Trichet commented that economic growth would be "particularly weak" in the third quarter of the year. If the third quarter delivers a further decline in GDP, then the economy will officially be in recession. Furthermore, the ECB revised its growth forecasts for the region downwards for 2008 and 2009.
- * Japanese equities lost 17.3% over the quarter (falling 7.3% in euro terms). Having expanded in the first quarter, the Japanese economy contracted by 3.0% in the second. Slowing demand from overseas led to a weakening in export levels, while domestic spending was hit by higher fuel and food prices.
- * Markets in the Pacific Basin fell back 16.3% during the third quarter. Interest rates were increased in Thailand, Korea and Indonesia as inflation in the region continued to accelerate. The Chinese government took action to support the stock market, abolishing stamp duty on share purchases and announcing that the Chinese sovereign wealth fund would buy shares in state-owned banks.

Fund Returns

Quick Reference

Average return for Q3	-8.9%
Best performer for Q3 <i>Canada Life/Setanta</i>	-5.0%
Average return for 12 months	-25.6%
Best over 3 years <i>Eagle Star</i>	-1.1%
Best over 5 years <i>Eagle Star</i>	6.1%
Best over 10 years <i>Merrion*</i>	5.2%

Annualised Managed Fund Returns to 30th September 2008

Manager	Q3 %	Rank	1 yr %	Rank	3 yrs %	Rank	5 yrs %	Rank	10 yrs %	Rank
ALBIM Managed	-8.6	5	-24.5	4	-1.7	2	5.0	2	2.7	8
ALBIM Multimanager	-10.6	12	-27.3	9	-4.6	9	--	--	--	--
BIAM Pensions Managed	-7.5	3	-25.0	5	-5.4	12	2.1	11	3.6	4=
Canada Life/Setanta (Series D)	-5.0	1	-20.4	1	-3.1	4	4.6	3	3.7	3
Eagle Star (Balanced)	-6.7	2	-21.8	2	-1.1	1	6.1	1	3.6	4=
Friends First / F&C	-9.9	8=	-28.5	13	-4.8	10	3.0	9	2.4	10
Hibernian Life	-10.3	11	-27.6	10	-4.0	6	3.6	8	2.8	7
Irish Life	-10.7	13	-27.7	11	-4.5	8	4.0	6	3.4	6
Irish Life Global Access	-8.9	6	-26.2	7	-4.1	7	3.7	7	--	--
KBCAM	-10.2	10	-28.3	12	-4.9	11	2.5	10	1.6	11
Merrion*	-9.1	7	-22.7	3	-2.8	3	4.4	4	5.2	1
New Ireland	-7.8	4	-26.1	6	-5.8	13	1.9	12	3.8	2
Standard Life Investments	-9.9	8=	-26.5	8	-3.3	5	4.3	5	2.5	9
Average	-8.9		-25.6		-3.9		3.8		3.2	

(*Please note that with effect from 1 October 2008, Oppenheim Investment Managers has been renamed Merrion Investment Managers)

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Please circulate to:

Overall Asset Distribution as at 30th September 2008

Manager	EQUITIES							Fixed Interest	Property	Cash	Alternative Assets	Total
	Irish	UK	Europe Ex ROI & UK	North America	Japan	Other	Total					
AIBIM	8.2	7.1	25.1	20.2	4.1	6.4	71.1	15.9	6.1	6.9	0.0	100.0
BIAM	8.3	9.8	21.2	17.2	4.2	7.9	68.6	17.4	8.3	2.3	3.4	100.0
Eagle Star	5.0	11.0	24.0	21.0	2.0	7.0	70.0	27.0	0.0	3.0	0.0	100.0
Friends First	9.1	9.4	22.4	16.2	5.0	8.5	70.6	17.8	8.7	2.9	0.0	100.0
Hibernian	10.0	10.8	24.0	17.1	4.0	7.3	73.2	15.6	7.3	3.9	0.0	100.0
Irish Life	9.4	12.3	17.3	20.3	3.9	5.5	68.7	17.8	7.4	2.6	3.5	100.0
KBCAM	11.4	7.0	23.4	14.3	4.3	10.1	70.5	12.3	8.8	6.8	1.6	100.0
Merrion	8.6	11.1	19.5	20.4	4.9	4.7	69.2	16.2	1.9	12.7	0.0	100.0
New Ireland	8.1	9.0	22.5	15.8	4.4	8.2	68.0	19.0	5.8	7.2	0.0	100.0
Setanta	8.3	8.4	21.7	27.7	1.0	3.3	70.4	18.7	3.4	7.5	0.0	100.0
Standard	9.5	9.5	22.6	15.4	4.3	7.1	68.4	19.2	4.2	8.2	0.0	100.0
Average	8.7	9.6	22.2	18.7	3.8	6.9	69.9	17.9	5.6	5.8	0.8	100.0

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
Merrion	-1.6	Standard Life Investments 14.1	Irish Life 25.0	Eagle Star 11.8	Merrion 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
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	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	Setanta 21.7	BIAM 10.1	Irish Life Global Access 12.0
Irish Life Global Access	-4.8	Merrion 13.2	AIBIM Multimanager 21.5	Friends First/F&C 10.1	AIBIM Managed 11.9
AIBIM Multimanager	-4.9	Irish Life 12.8	Merrion 20.6	New Ireland 10.1	Eagle Star 11.9
KBCAM	-5.3	New Ireland 11.2	Hibernian Life 19.5	Setanta 9.8	BIAM 11.7
BIAM	-7.6	BIAM 10.5	BIAM 18.0	Merrion 9.8	Standard Life Investments 11.4
New Ireland	-8.2	Setanta 9.1	New Ireland 17.9	KBCAM 7.1	
Average	-3.4	12.9	21.4	10.7	12.5

Fixed Interest

Manager	Q 3 %	Rank	1 yr %	Rank	3 yrs %	Rank	5 yrs %	Rank	7 yrs %	Rank	10 yrs %	Rank
AIBIM	4.4	5=	3.2	6	-0.2	8	2.8	7	4.3	7=	3.5	9=
BIAM	5.1	2	2.4	9	-1.3	10=	3.6	4	5.3	2	4.6	4
Canada Life/Setanta	4.1	7	3.6	4	0.1	5	3.0	6	4.4	6	4.1	7
Eagle Star	4.9	3	4.7	1	0.6	2=	3.8	2	5.0	3	5.1	1
Friends First	2.0	11	0.2	11	-1.3	10=	2.3	11	3.9	10	4.0	8
Hibernian	3.1	9	2.6	8	0.6	2=	3.7	3	5.4	1	4.8	2
Irish Life	4.4	5=	3.8	3	0.3	4	3.4	5	4.8	4	4.7	3
KBCAM	4.5	4	3.5	5	0.0	6=	2.5	10	4.0	9	3.5	9=
Merrion	3.0	10	3.1	7	0.0	6=	2.6	8=	3.8	11	--	--
New Ireland	3.7	8	1.0	10	-0.8	9	2.6	8=	4.5	7=	4.4	5=
Standard Life	6.1	1	4.3	2	1.4	1	4.2	1	4.7	5	4.4	5=
Average	4.1		2.9		-0.1		3.1		4.5		4.3	

Property

Manager	Q 3 %	Rank	1 yr %	Rank	3 yrs %	Rank	5 yrs %	Rank	7 yrs %	Rank	10 yrs %	Rank
AIBIM	-9.4	2	-15.1	1	7.6	1	10.7	1	9.1	1	13.1	1
BIAM	-12.5	3	-17.5	2	5.3	2	8.1	2	7.2	5	11.6	4
Canada Life/Setanta	-20.4	7	-35.2	8	-2.4	8	5.4	5=	5.8	6	8.3	8
Friends First	-13.7	4	-26.8	7	0.1	5	5.4	5=	7.8	3	11.9	3
Hibernian	-23.8	8	-25.7	4=	3.5	4	7.9	4	8.0	2	10.0	5=
Irish Life	-15.5	5	-25.7	4=	3.7	3	8.0	3	7.3	4	12.4	2
New Ireland	-16.9	6	-25.9	6	-0.9	7	4.0	8	4.6	8	9.2	7
Standard Life	-2.6	1	-21.3	3	-0.4	6	5.0	7	5.7	7	10.0	5=
Average	-14.4		-23.9		2.1		6.8		6.9		10.8	

Cash

Manager	Q 3 %	Rank	1 yr %	Rank	3 yrs %	Rank	5 yrs %	Rank	7 yrs %	Rank	10 yrs %	Rank
AIBIM	1.0	6=	4.0	6	3.1	7=	2.5	7=	2.5	7	2.8	7
Canada Life/Setanta	1.2	1=	4.5	1	3.4	2=	2.8	2	--	--	--	--
Eagle Star	0.9	8	3.8	8	3.1	7=	2.5	7=	2.7	3=	3.0	4
Friends First	1.1	4=	4.2	4=	3.3	4	2.7	3=	2.8	2	3.1	3
Hibernian	1.2	1=	4.2	4=	3.2	5=	2.7	3=	2.7	3=	3.2	1=
Irish Life	1.2	1=	4.4	2=	3.5	1	2.9	1	2.9	1	3.2	1=
New Ireland	1.0	6=	3.9	7	3.2	5=	2.6	6	2.6	6	2.9	5=
Standard Life	1.1	4=	4.4	2=	3.4	2=	2.7	3=	2.7	3=	2.9	5=
Average	1.1		4.2		3.3		2.7		2.7		3.0	

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* For further information contact: Gerry Winters (gwinters@invesco.ie) or Brian McGarry (bmcgarry@invesco.ie)

Dublin 2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, Ireland.
tel +353 1 294 7600 fax +353 1 294 7633

Cork 4 South Bank, Crosses Green, Cork, Ireland.
tel +353 21 480 8041 fax +353 21 431 0530 email info@invesco.ie web www.invesco.ie

web www.invesco.ie email info@invesco.ie

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