

Group Pension Managed Funds Update to 31st July 2008

Summary

Concerns over the ongoing financial crisis, rising inflation and slowing economic growth led markets further downwards during July. As a result, Irish pension managed funds declined by 2.5% on average. Setanta Asset Management was the best performing manager over the month with a return of -1.1%. Hibernian Investment Managers delivered the worst performance over the month, declining 3.3%. So far this year, pension funds are well in the red, by 16.8% on average. Irish pension funds have now lost 20.6% of their value over the past twelve months.

The average managed fund has shown a very disappointing return of -0.3% per annum over the past three years. The five year returns to the end of July are somewhat better, with the average managed fund delivering a return of 5.4% per annum over this period. As a result of two severe equity bear markets over the past ten years, Irish group pension managed fund returns over this period have been a disappointing 2.6% per annum on average, compared with an Irish inflation rate of 3.8% per annum over the same time horizon. When considering these returns it is important to remember that the investment horizon of most pension schemes is generally over 25 years, and that equities have historically provided significantly higher returns over the long-term than bonds, property or cash, although at the cost of greater volatility.

It is worth noting that members of defined benefit schemes and younger members of defined contribution schemes should not get overly worried about short or medium term declines in equity markets. However, older members of defined contribution schemes need to ensure that they adopt a lower risk investment strategy as they approach retirement age.

Tables

1. Group Pension Managed Fund Returns to 31st July 2008

	1 Month %	7 Months %	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.
AIB Investment Managers	-2.6	-17.2	-18.8	1.6	6.4	2.2
Bank of Ireland Asset Management	-1.8	-15.9	-22.1	-3.1	3.4	3.1
Canada Life/Setanta	-1.1	-14.2	-16.9	-0.6	5.5	2.4
Eagle Star	-1.7	-15.2	-17.5	1.9	7.3	3.2
Friends First/F&C	-2.6	-19.6	-23.3	-1.3	4.6	2.1
Hibernian Investment Managers	-3.3	-18.9	-21.9	-0.6	5.2	2.4
Irish Life Investment Managers	-3.2	-18.1	-22.6	-0.8	5.8	3.0
KBC Asset Management	-3.2	-18.6	-23.9	-1.6	4.0	1.3
Oppenheim Investment Managers	-2.5	-14.8	-17.6	0.8	6.0	4.7
Standard Life Investments	-2.7	-16.0	-21.0	0.4	6.1	2.1
Average	-2.5	-16.8	-20.6	-0.3	5.4	2.6

2. Equity Market Index Returns to 31st July 2008

Region	1 Month %		7 Months %	
	<i>Local Ccy</i>	<i>Euro</i>	<i>Local Ccy</i>	<i>Euro</i>
Ireland	-16.1	-16.1	-35.6	-35.6
UK	-3.6	-3.1	-14.3	-20.1
North America	-1.2	-0.3	-11.4	-17.2
Eurozone	-1.5	-1.5	-21.3	-21.3
Rest of Europe	0.5	-0.6	-14.5	-13.9
Japan	-1.5	-2.4	-11.2	-14.0
Pacific Basin	-3.7	-3.1	-18.1	-21.7

Contact Details

For more information, please contact Fiona Daly.

Phone: +353-1-6249706

Email: Fiona.Daly@RubiconIC.ie

Website: www.RubiconIC.ie