

Group Pension Managed Funds Update to 31st July 2009

Summary

For the fifth month in a row, Irish pension funds delivered a positive performance during July, returning 6.0% on average. The best performing managed fund in July was that of Irish Life Investment Managers, which returned 7.1%. KBC Asset Management propped up the league table with a 5.3% return for the month.

Returns are also positive for the year to date, with the average fund having gained 11.8% over this period. In the seven months to the end of July, returns ranged from 18.6% (Merrion Investment Managers) to 6.1% (AIB Investment Managers), representing a difference of 12.5% between the best and worst performing managers so far this year. Over the past twelve months the average fund delivered -12.4%, with returns ranging from -8.0% (Eagle Star) to -17.6% (AIB Investment Managers).

The average managed fund return has been an extremely disappointing -7.7% per annum over the past three years. The five year returns to the end of July are marginally positive, with the average managed fund delivering a return of 0.7% per annum over this period. Irish group pension managed fund returns over the past ten years have been a disappointing 0.8% per annum on average.

Equities have historically provided significantly higher returns over the long-term than bonds, property or cash, although at the cost of greater volatility; trying to "time" the markets may lead to losses being crystallized, rather than recouped when equities rebound. It is interesting to note that over the past five months, since the end of February, funds have gained an average of 20.8%. Investors who may have moved out of equities at the end of 2008, in an attempt to avoid stock market turbulence, will have missed out on this "bounce".

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.

Performance Table

	1 Month %	7 Months %	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.
AIB Investment Managers	5.4	6.1	-17.6	-8.2	0.7	-0.6
Aviva Investors	5.7	10.4	-16.7	-9.8	-0.8	0.0
Bank of Ireland Asset Management	5.9	11.3	-11.9	-8.8	-1.1	1.1
Canada Life/Setanta	5.4	11.7	-8.3	-6.1	1.4	1.3
Eagle Star	6.9	12.3	-8.0	-4.4	3.5	1.9
Friends First/F&C	5.9	11.7	-12.9	-8.8	-0.1	0.0
Irish Life Investment Managers	7.1	14.5	-12.3	-8.0	0.7	1.1
KBC Asset Management	5.3	8.3	-16.4	-10.3	-1.1	-1.3
Merrion Investment Managers	6.5	18.6	-8.6	-5.4	2.0	3.4
Standard Life Investments	5.5	13.0	-10.9	-7.0	1.7	0.6
Average	6.0	11.8	-12.4	-7.7	0.7	0.8

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