

Group Pension Managed Funds Update to 30th September 2009

Summary

For the seventh month in a row, Irish pension funds delivered a positive performance during September, returning 2.6% on average. The best performing managed fund in September was that of Irish Life Investment Managers, which returned 3.1%. Friends First/F&C propped up the league table with a 2.1% return for the month. The third quarter of 2009 was the best quarter for Irish pension funds since the fourth quarter of 1999, and saw an average return of 11.8%. Irish Life Investment Managers were the best performing manager over the quarter, as their managed fund returned 14.7%, while Aviva Investors were the worst, delivering a managed fund return of 10.6% for the three months.

Returns are also positive for the year to date, with the average fund having gained 17.9% over this period. In the nine months to the end of September, returns ranged from 26.1% (Merrion Investment Managers) to 11.6% (AIB Investment Managers), representing a difference of 14.5% between the best and worst performing managers so far this year. Over the past twelve months the average fund delivered -1.1%, with returns ranging from 4.3% (Merrion Investment Managers) to -7.7% (AIB Investment Managers).

The average managed fund return has been a very disappointing -7.4% per annum over the past three years. However, the five year returns to the end of September are once again positive on average, delivering a mean return of 1.5% per annum over this period. Irish group pension managed fund returns over the past ten years have been a disappointing 1.4% per annum on average, well below the Irish inflation rate of 3.0% per annum over the same time horizon. Indeed, only Merrion Investment Managers outperformed inflation over this period with a return of 4.1% per annum, while all of the other fund managers, except KBC Asset Management, delivered positive returns over 10 years.

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 seven months, since the end of February, funds have gained an average of 27.5%. 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".

Performance Table

	1 Month	Quarter 3	9 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% p.a.	% p.a.	% p.a.
AIB Investment Managers	2.6	10.9	11.6	-7.7	-8.1	1.4	0.0
Aviva Investors	2.6	10.6	15.5	-6.1	-9.8	-0.2	0.6
Bank of Ireland Asset Management	2.5	11.6	17.3	-1.3	-8.5	-0.3	1.8
Canada Life/Setanta	2.3	10.7	17.4	0.3	-5.7	2.3	1.9
Eagle Star/Zurich Life	2.8	12.4	18.1	2.0	-4.2	4.1	2.7
Friends First/F&C	2.1	11.3	17.4	-1.0	-8.8	0.7	0.6
Irish Life Investment Managers	3.1	14.7	22.7	1.8	-7.3	1.8	2.0
KBC Asset Management	2.7	10.7	13.9	-5.2	-10.4	-0.2	-0.8
Merrion Investment Managers	2.6	13.3	26.1	4.3	-4.6	3.0	4.1
Standard Life Investments	2.6	11.5	19.4	1.6	-6.8	2.4	1.4
Average	2.6	11.8	17.9	-1.1	-7.4	1.5	1.4

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