

Fund Description

The **Managed Fund** ("the Fund"), managed by Setanta Asset Management Limited ("Setanta"), is a unit-linked offering of Irish Life Assurance Limited.

The Fund is an actively managed multi-asset portfolio, which holds a combination of equities, fixed income, property, commodities and cash. The Fund holds between 50-80% of its assets in equities. The asset exposures of the Fund are achieved primarily via:

- Equities: The Setanta Global Equity Fund; Global Equity UCITS Fund
- Fixed Income: The Setanta Fixed Income Fund; ILA Fixed Interest Fund
- Property: The Canada Life Property Fund
- Commodities: The ETFS All-Commodities DJ-UBS
- Cash: The Setanta Liquidity Fund
- Absolute Value: The Longhaul Value Fund; Income Opportunities Fund

The investment objective of the Fund is to outperform the median of the domestic Managed Fund peer group.

Fund Commentary

"Everybody has a plan until they get hit."

Mike Tyson was once asked if he remembered that quote, he replied "People were asking me before a fight, 'What's going to happen?,' They were talking about his style. 'He's going to give you a lot of lateral movement. He's going to move, he's going to dance. He's going to do this, do that.' "

I said, "Everybody has a plan until they get hit. Then, like a rat, they stop in fear and freeze."

(Fund Commentary continued on Page 3)

Portfolio Managers

Kieran Dempsey & David Ryan CFA, CAIA, FRM



Investment Principles

- We do not believe the market is efficient.
- We aim to make investments at a price below our assessment of intrinsic value.
- We make an investment in a business rather than trade securities.
- We believe risk is the possibility of permanent impairment of value.
- We make investments for the long term.
- We invest where we see value and are not afraid to be contrarian and swim against the tide.
- We don't make forecasts, we consider scenarios.
- We demand financial strength from the companies we invest in.
- We will act with integrity and communicate with our clients in a manner representative of our investment style.
- We have the humility to know we make mistakes and embrace the need to continue learning through both experience and study.



WINNER
Equities Manager of the Year



WINNER
Equities manager of the year

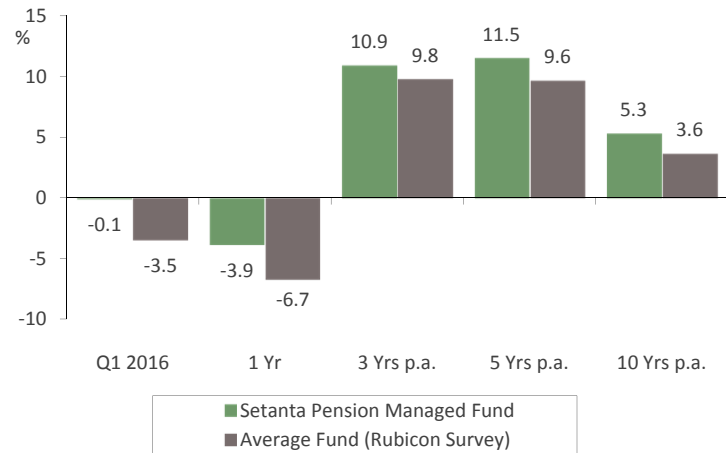


WINNER
Equities Manager of the Year



WINNER
Equities Manager of the Year

FUND PERFORMANCE – 31.03.16



Performance Source: Setanta Asset Management Limited. Benchmark: Rubicon Pension Managed Fund Survey. The actual Fund returns stated are based on the movements in the unit prices of an institutional series of the Fund and are net of management fees. Credit Rating Source: S&P

FIXED INTEREST PORTFOLIO

CREDIT RATING WEIGHTING		
CREDIT RATING TYPE	ASSET TYPE WEIGHTING	BENCHMARK WEIGHTING
AAA	20%	23%
AA	31%	37%
A	1%	2%
BBB	48%	38%
	100%	100%

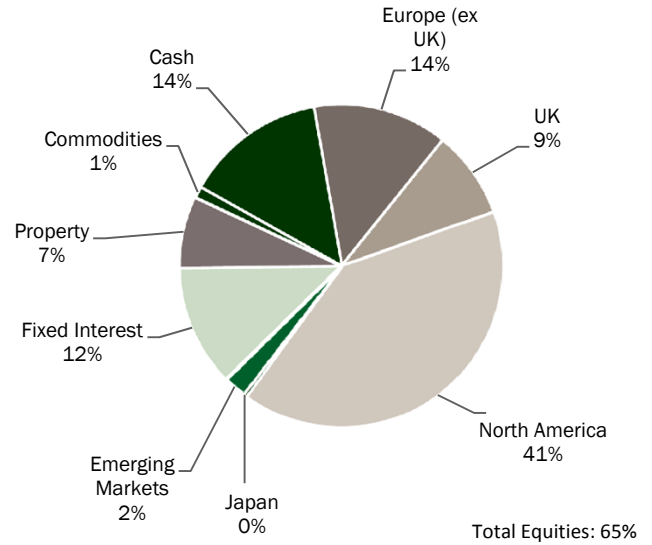
TOP 10 EQUITY HOLDINGS

COMPANY	SECTOR	% OF FUND
DCC	INDUSTRIALS & MATERIALS	2.1%
BERKSHIRE HATHAWAY	FINANCIALS	2.0%
FAIRFAX FINANCIAL	FINANCIALS	2.0%
CRH	INDUSTRIALS & MATERIALS	1.8%
OWENS-ILLINOIS	INDUSTRIALS & MATERIAL	1.7%
JOHNSON & JOHNSON	HEALTHCARE	1.6%
MCDONALD'S	CONSUMER DISCRETIONARY	1.5%
FEDERATED INVESTORS	FINANCIALS	1.5%
LEUCADIA NATIONAL	FINANCIALS	1.4%
MARKEL	FINANCIALS	1.4%

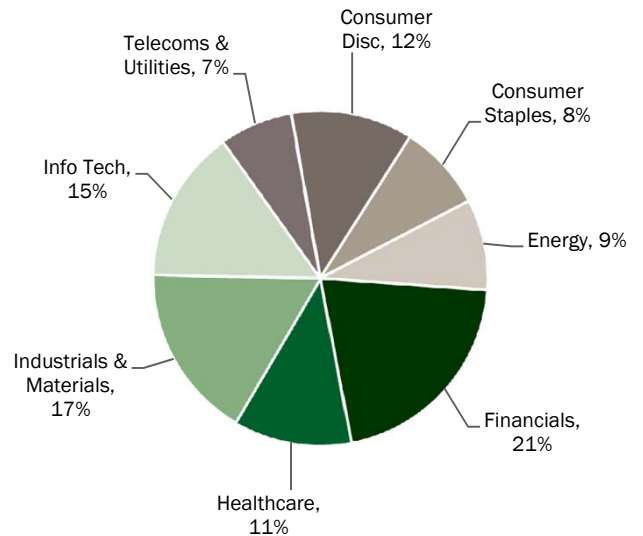
YEARLY PERFORMANCE

Year %	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fund	-8.4	-20.4	12.2	9.8	21.7	9.1	-1.8	-29.6	22.9	9.5	0.5	14.2	18.5	17.8	8.3
Benchmark	-5.6	-19.0	12.2	10.2	21.7	13.3	-3.9	-35.6	22.0	11.3	-3.6	14.3	16.6	15.6	9.5

GEOGRAPHIC DISTRIBUTION



SECTOR DISTRIBUTION



Boxing can be quite a good analogy for financial markets, with the start of this year proving bruising for many investors. January had one of the worst January outcomes since the S&P 500 Index's initiation in 1957, with many investors struggling to figure out what hit them.

Market weakness continued into February as investors fretted about a US recession, a Federal Reserve hiking cycle and a US dollar appreciation with the commensurate negative effect on those funding themselves in foreign greenbacks.

The Chinese currency continued to devalue, which didn't help concerns, continuing its November sell off, while the impact of falling commodity prices increased both global deflationary and corporate default risks.

Stocks then rallied from mid-February, as fears receded. A profits recession, not an economic one, was on going, all was well with the market talking heads.

The interest rate markets priced out some hikes by the Fed, post a dovish Yellen. The dollar weakened on this and coincident sluggish economic data. Commodities gained given dollar pricing, Oil moving higher, pushing out the impending default deluge, while giving banks time to adjust loan books to commodity players.

So, after all that, volatility what did the Managed Fund do over the quarter, zip, 0%.

Bonds proved their mettle, or more accurately their diversification attributes, with our longer dated European government bonds up 6% and corporate debt up 2%.

Equities were down 1%, with the energy sector continuing to struggle off 7%, while staples +6% helped undo some of the damage.

Noteworthy, was the recovery in emerging market equities, bonds and currencies, following a long period of underperformance. The bounce in oil and other commodities, coupled with local currency stabilisation proved a positive catalyst.

Stocks in Europe and Japan recovered, but couldn't make it into positive territory. Sluggish economic growth continues to hinder while negative interest rates proved less helpful than expected. The euro and yen strengthened versus the dollar, as they become the safe haven default in times of stress.

Over the quarter, ECB Chairman Mario Draghi announced more monetary easing measures, including the new corporate sector purchase program (CSPP). Euro-denominated investment grade bonds issued by euro area non-bank corporations will now be on the ECB buy list, with credit spreads already tightening in anticipation.

Longer dated sovereigns and corporates benefitted, with the stronger credits (Netherlands & Germany) leading in sovereign, up 4% versus the weaker (Portugal & Greece) down 1%. Within European credit, there was a strong showing from both materials and energy, catching a bid up 4% while financials and discretionary sectors lagged, only up 2%. Financials continue to be concerned with lower rates affecting net interest margins and bail in scenarios becoming more real post the Austrian move on Heta senior debt.

While longer-term, developed market government bonds look unattractive as interest rates have never been so low, the fact that bonds are rallying through to negative yields shows the distorted world we currently operate in, but also the benefit of having a balanced portfolio in times of stress. Who would have thought an environment of negative nominal yields would lead to positive absolute returns.

So, we finish quarter one where we started, a little bruised but with a view to the many rounds to go. Some cash was taken out of equities over the quarter, with a view to allocating to foreign property REITs over the medium term, looking to add some stable cash flows underpinned by undervalued real property assets, mindful that equities have run a long way since the lows of 2009 with valuations far from cheap.

The goal remains to try and put money to work in assets where they are priced for reasonable long term returns, taking the occasional hit to the chin in volatile markets, while remaining standing through investing in undervalued assets for the long term.

David Ryan – Portfolio Manager

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IMPORTANT INFORMATION

The fund has now transferred to Irish Life, investors should contact www.irishlife.ie for more details. For this life assurance product, investors should refer to the relevant policy conditions available now through Irish Life. The strategy is also available on a segregated basis or via the Setanta UCITS mutual fund via Setanta Asset Management Funds plc. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and 'IMPORTANT INFORMATION' below.

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