Appendix I

Irish Life Investment Manager’s Report

Capital Protection Fund

Returns

The return on the Capital Protection Fund for the year ending 31st December 2016 was 0.57%.

Objective

The Capital Protection Fund is an actively managed smoothed fund. The fund aims to give investors the benefits of some equity participation while at the same time ensuring that the value of the fund will not fall. The majority of the fund is invested in cash deposits and bonds. The funds objective is to provide low to mid-range returns on a smoothed basis. This fund is a low risk fund. While there will be a low level of volatility in fund returns, there is also only a low potential for gains. It is suitable for investors who are close to retirement or have a low appetite for risk.

Asset Allocation

The asset distribution of the Capital Protection Fund Series T for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Global	10.58
Total Equities		**10.58**
Cash		**13.11**
Fixed Interest		**58.42**
Multi-Asset	**Global**	**17.89**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Active Managed Fund

Returns

The return on the Exempt Active Managed Fund for the year ending 31st December 2016 was 8.98%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain his standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for pension investments a concentration in equities is suitable with holdings of other assets to minimise poor performance in bad years. The portfolio may engage in securities lending to earn returns.

This is the strategy followed for the Exempt Active Fund. In the short term there will be periods when this fund may give low returns but over the long term it will outperform less volatile investments by a considerable margin.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Exempt Active Managed Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	37.19
	Eurozone	6.56
	Japan	5.71
	Emerging Mkt	5.47
	UK	4.87
	Europe ex Eurozone	3.60
	Pacific	3.21
Total Equities		**66.61**
Alternatives		**1.85**
Cash		**1.72**
Fixed Interest		**20.60**
Property		**9.21**
Total		**99.99**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Cash Fund

Returns

The return on the Exempt Cash Fund for the year ending 31st December 2016 was -1.22%.

Objective

The investment strategy for the Exempt Cash Fund is to obtain the best money market rates available on short-term cash deposits.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Exempt Cash Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
Cash		100.00
Total		100.00

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Consensus Fund

Returns

The return on the Exempt Consensus Fund for the year ending 31st December 2016 was 6.71%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain their standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for pension investments a concentration on equities is suitable with holdings of other assets to minimise poor performance in an unfavourable year. The Consensus Fund uses the collective industry wisdom to determine asset allocation tracking the average distribution of Irish pension funds. In addition the fund uses index funds for its investment which provide market index returns at a lower cost.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Exempt Consensus Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	34.12
	Eurozone	14.47
	UK	5.79
	Japan	5.50
	Europe ex Eurozone	4.28
	Pacific	3.79
	Ireland	3.74
	Emerging Mkt	1.71
Total Equities		**73.40**
Alternatives		**0.15**
Cash		**6.66**
Fixed Interest		**13.80**
Property		**5.98**
Total		**99.99**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Equity Fund

Returns

The return on the Exempt Equity Fund for the year ending 31 st December 2016 was 14.86%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain his standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for long-term pension investments a concentration in equities is suitable. The objective of the Exempt Equity Fund is to give the pension investor a balanced and diversified exposure to the world equity market.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Exempt Equity Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	58.48
	Eurozone	22.05
	UK	10.10
	Europe ex Eurozone	2.95
	Other	2.55
	Emerging Mkt	2.36
	Pacific	0.89
	Japan	0.62
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt European Equity Indexed Fund

Returns

The return on the Exempt European Equity Indexed Fund for the year ending 31st December 2016 was 1.99%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain his standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for long-term pension investments a concentration in equities is suitable.

The objective of the Exempt European Equity Indexed Fund is to give the pension investor a balanced and diversified exposure to the European equity market.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Exempt European Equity Indexed Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Eurozone	67.25
	Europe ex Eurozone	32.75
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Fixed Interest Fund Series S

Returns

The return on the Exempt Fixed Interest Fund Series S for the year ending 31st December 2016 was 4.56%.

Objective

The Exempt Fixed Interest Fund Series S invests predominantly in very secure government gilts. The objective is to achieve a long-term return in excess of cash.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Exempt Fixed Interest Fund Series S for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
Cash		0.14
Fixed Interest		99.85
Total		99.99

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt North American Equity Fund

Returns

The return on the Exempt North American Equity Fund for the year ending 31st December 2016 was 14.39%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain his standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run. Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for long-term pension investments a concentration in equities is suitable.

The objective of the Exempt North American Equity Fund is to give the pension investor a balanced and diversified exposure to the North American equity market.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Exempt North American Equity Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	100.00
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt Property Fund

Returns

The return on the Exempt Property Fund for the year ending 31st December 2016 was 9.73%.

Objective

The Exempt Property Fund invests predominantly in the Irish property market, investing in high quality office, retail and some industrial property.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Exempt Property Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
Property		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Exempt UK Equity Fund

Returns

The return on the Exempt UK Equity Fund for the year ending 31st December 2016 was 1.64%.

Objective

The Exempt UK Equity Fund is a passively managed fund which aims to track the FT All World UK Index. The aim is to eliminate manager selection risk, which is the risk of being with an investment manager who under performs.

This fund is 100% invested in UK equities. The amount invested in each company is based on the weighting of that company within the market as a whole. If, for example, Vodafone is 10% of the market, this fund will be 10% invested in Vodafone.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Exempt UK Equity Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	UK	100.00
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Indexed Emerging Markets CB

Returns

The return on the Indexed Emerging Markets CB for the year ending 31st December 2016 was 13.53%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain his standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for long-term pension investments a concentration in equities is suitable.

The objective of the Indexed Emerging Markets CB Fund is to give the pension investor a balanced and diversified exposure to emerging market equities.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on www.irishlife.ie/corporatebusiness.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Indexed Emerging Markets CB for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Emerging Market	100.00
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Global Cash Fund

Returns

The return on the Global Cash Fund for the year ending 31st December 2016 was -1.22%.

Objective

The Global Cash Fund can be used to protect the value of member's funds against market movements. For members who are close to retirement it is particularly useful for that element of the fund that will be taken as a tax-free lump sum. The Global Cash Fund invests in bank deposits and short-term investments on international money markets. These funds are intended to be low risk investments but investors should be aware that the funds could fall in value. This could happen if, for example, a bank the fund has a deposit with cannot repay that deposit, or if the fund charges are greater than the growth rate of the assets in the fund.

This is a very low risk fund. While there will be a very low level of volatility in the fund returns, there is also only a very low potential of gains. You should be aware that it can also fall in value. It is suitable for investors who are very close to retirement or have a very low appetite for risk.

The Global Cash Fund was known as the Safe Deposit Fund up until 29th March 2013.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Global Cash Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
Cash		100.00
Total		100.00

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Indexed Global Equity Fund

Returns

The return on the Indexed Global Equity Fund for the year ending 31st December 2016 was 8.15%.

Objective

The investment strategy for the Indexed Global Equity Fund is designed to achieve average equity fund returns on a consistent basis.

This fund is completely invested in equities. The amount invested in each country is based on the average within all the managed funds. The stock selection within each market is index stock selection which means we replicate the weighting each stock represents within the index.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Indexed Global Equity Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	47.13
	Eurozone	20.06
	UK	7.86
	Japan	7.74
	Europe ex Eurozone	5.91
	Pacific	5.38
	Ireland	3.43
	Emerging Market	2.49
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Indexed Irish Equity Fund

Returns

The return on the Indexed Irish Equity Fund for the year ending 31st December 2016 was -3.60%.

Objective

The objective of the Indexed Irish Equity Fund is to give the pension investor exposure to the Irish equity market.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Indexed Irish Equity Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Ireland	100.00
Total Equities		**100.00**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

PRSA Pension Protection Fund Series S

Returns

The return on the Pension Protection Fund Series S for the year ending 31st December 2016 was 5.61%.

Objective

The objective of the Pension Protection Fund Series S is, in the event of an approaching liability, to protect the purchasing power of the part of the fund which will be used to purchase a pension annuity. It does this by investing only in very secure government gilts that provide the closest match to the pension annuity market.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

Asset Allocation

The asset distribution of the Pension Protection Fund Series S for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
Cash		**0.54**
Fixed Interest		**99.47**
Total		**100.01**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Pension Stability Fund

Returns

The return on the Pension Stability Fund for the year ending 31 st December 2016 was 2.39%.

Objective

The Pension Stability Fund is mainly invested in short and medium term bonds, with some investment in cash, equities and alternative assets such as emerging market equity and corporate bonds.

The Pension Stability Fund Fund is suitable for those who will accept some volatility in the investment performance and who are also looking for some potential for growth.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Pension Stability Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Global	13.17
	Emerging Market	2.46
Total Equities		**15.63**
Cash		**24.74**
Fixed Interest		**59.63**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Public Sector Adventurous Fund

Returns

The return on the Public Sector Adventurous Fund for the year ending 31st December 2016 was 6.79%.

Objective

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Public Sector Adventurous Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Global	58.28
	Emerging Market	7.45
Total Equities		**65.74**
Alternatives		**7.53**
Cash		**0.99**
Fixed Interest		**12.80**
Property		**12.94**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Public Sector Balanced Fund

Returns

The return on the Public Sector Balanced Fund for the year ending 31st December 2016 was 5.16%.

Objective

The Public Sector Balanced Fund is a mixed asset fund investing in a diverse range of assets where the allocation to the assets is actively managed. It targets reasonable returns over the long term but the performance can experience material fluctuations as it is a medium to high risk fund. The fund invests in indexed equities spread across Global equities, Emerging Market equities and Minimum Volatility equities. The fund also invests in indexed bonds both Eurozone Government bonds and Euro Corporate bonds. In addition the fund invests in a diversified, actively managed, property portfolio which includes forestry. The cash portion is actively managed and typically invests in cash deposits and can invest in money market instruments. To help manage volatility the fund invests in Absolute Return strategies which are actively managed by a range of investment companies.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on www.irishlife.ie/corporatebusiness.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Public Sector Balanced Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Global	41.29
	Emerging Market	5.46
Total Equities		**46.75**
Alternatives		**7.52**
Cash		**8.97**
Fixed Interest		**21.78**
Property		**14.98**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Public Sector Cautious Fund

Returns

The return on the Public Sector Cautious Fund for the year ending 31st December 2016 was 2.85%.

Objective

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on www.irishlife.ie/corporatebusiness.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Public Sector Cautious Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	Global	23.37
	Emerging Market	1.49
Total Equities		**24.86**
Alternatives		**7.51**
Cash		**23.92**
Fixed Interest		**29.76**
Property		**13.95**
Total		**100.00**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Secured Performance Fund

Returns

The return on the Secured Performance Fund for the year ending 31st December 2016 was 5.11%.

Objective

The objective of pension investments is to achieve a long term return well in excess of inflation to ensure that a retired individual can maintain their standard of living. Simply putting monies on deposit does not achieve this objective as returns from deposits are usually in line with inflation in the long run.

Equities in particular are assets which best outperform inflation over the long term but over shorter time periods can be quite volatile. Nevertheless for pension investments a concentration on equities is suitable with holdings of other assets to minimise poor performance in unfavourable years. The Secured Performance Fund follows this strategy. However, it smooths the return from markets over time. A guaranteed return is declared annually at the start of each year and this is applied proportionately throughout the year. The return can never be negative and is payable on all demographic exits.

Market conditions may sometimes require us to impose certain restrictions to switches or exits from your pension funds. These restrictions may include a delay in switching funds and/or applying a market value adjustment to the fund. The details of any such restrictions can be seen on website www.irishlifecorporatebusiness.ie.

This fund may engage in securities lending to earn returns. Securities lending is a low-risk, revenue gathering activity for Client portfolios that own large volumes of listed securities. The portfolios lend to highly-rated borrowers and obtain collateral to secure the loans. The majority of revenue earned from lending activity is paid to the portfolios that provide the loaned securities. The remainder is shared between Irish Life and its Agents.

Asset Allocation

The asset distribution of the Secured Performance Fund for the year ending 31st December 2016 was as follows:

Asset Type	Region	% Weight
	US	34.12
	Eurozone	14.47
	UK	5.79
	Japan	5.50
	Europe ex Eurozone	4.28
	Pacific	3.79
	Ireland	3.74
	Emerging Mkt	1.71
Total Equities		**73.40**
Alternatives		**0.15**
Cash		**6.66**
Fixed Interest		**13.80**
Property		**5.98**
Total		**99.99**

Custody

Citibank NA, London (Citibank) is custodian for securities. In addition to the records maintained by the custodians, Irish Life maintains its own records of securities held on behalf of clients. Both sets of records are reconciled regularly.

Citibank have produced reports on their internal controls in accordance with SOC 1.

Appendix II

Friends First Investment Manager's Report

Scheme Details

Name: ITs AVC Plan
Date: April 2017

Investment Details

Contributions to this scheme are invested in an exempt approved unit-linked contract designed to provide pensions for individual employees. This contract is underwritten by Friends First Life Assurance Company dac, and the assets can be managed by various fund managers.

Contributions were invested to purchase units in the funds listed below, as instructed by the trustees. This list includes any funds that the scheme may have been invested in for only a portion of the renewal year.

Selected Investment Funds for year ending 31 December 2016

Over the year to 31 December 2016, this scheme held units in the following funds:

Cash Fund

Fund Summary
This fund invests mainly in a range of Euro cash deposits with a diverse range of strongly rated banks rated A or higher and with a maturity of 6 months or less. With a focus on low volatility and liquidity this makes the fund a good temporary position whilst switching between funds in order to maximise returns from market opportunities, or if markets are unsettled. Investors should note that by investing in cash for an extended period of time, inflation may erode the real value of your returns. Therefore this fund should be considered as a short / medium term investment. Returns provided by this fund will be dependent on interest rates available in money markets.

This fund is managed by BMO Global Asset Management.

Market Commentary
In the current low interest rate environment the higher rated banks are offering very low or in some cases negative deposit rates. Until sustained consumer and economic confidence returns among the main economies, driving inflation and then interest rates upwards, thus forcing higher rated banks to pay more to hold onto deposits, the fund is likely to continue to yield a slightly negative performance over a full year. (31 Dec 2016).

During the year to 31 December 2016, the fund returned -1.12%.

Deposit Fund

Fund Summary
The objective of this fund is to maximise interest rate returns on cash deposits, whilst safeguarding the funds invested. The fund will hold deposits with a minimum of two banks all of whom must hold a credit rating of B (S&P) or higher.This fund invests in Deposit Accounts of 6 months duration or less. The deposit rates on offer are reviewed on a regular basis and other banks may be selected at the discretion of Friends First. Friends First will pass on the full value of the amounts it receives from the banks, less the fund management charge.

Market Commentary
The fund is daily priced. Friends First pass on the full value of the interest which it receives from the deposit holding banks, less the fund management charge.

The fund holds deposits with four Banks currently - Permanent TSB, AIB Bank and also Close Brothers. (31 Dec 2016)

During the year to 31st December 2016, the fund returned -0.06%.

***Scheme* Details**

Name: ITs AVC Plan
Date: April 2017

With Profit Funds

Fund Summary
The Friends First With-Profit Fund aims to provide a high level of return over the medium to long term. The fund invests through the Participating Fund of Friends First, which in turn invests in a wide range of assets including shares, property, corporate and government bonds. In light of the severe economic conditions experienced in 2008, the investment strategy in future will be heavily weighted towards government bonds. The fund will share in the profits we make in the form of bonuses. Annual bonuses are added over the life of the investment, in the form of daily increases in the unit price. Once added, these bonuses cannot be taken away so long as the units are held for the full life of the plan. This guarantee applies no matter what happens to investment conditions. In some circumstances you may also receive a 'Terminal bonus' depending on investment earnings for the period of continuous investment in the With Profit fund. Bonuses are only guaranteed at the end of the investment term. If you wish to withdraw early then the value you will receive will be based on the value of the underlying investments (unless the company decides otherwise). This is sometimes described as a Market Value Adjustment.

This fund is managed by BMO Global Asset Management.

During the year to 31st December 2016, the funds:

With Profit 2:	2.48%
With Profit 5:	0.00%

Portfolio Funds

Fund Summary
<u>Compass Cautious</u> is a low to medium risk fund of funds. It aims for steady long term growth in excess of cash returns with a strong emphasis on minimising significant short term fluctuations in value. It mainly invests in defensive assets such as Government and Corporate bonds but will have some exposure to equity markets and other growth assets. There is strong emphasis on diversification within the fund. The fund will fluctuate in response to market events but effective diversification reduces over-exposure to any one asset class and the aim is that any losses will be recovered in a short period of time. The underlying assets of the fund may change.

<u>Magnet Cautious</u> is a low to medium risk fund of funds. It aims for steady long term growth in excess of cash returns with a strong emphasis on minimising significant short term fluctuations in value. It mainly invests in defensive assets such as Government and corporate bonds but will have some exposure to equity markets and other growth assets. There is strong emphasis on diversification within the fund. The underlying assets of the fund may change.

<u>Magnet Stable</u> could be described as a medium risk fund. It invests across a broad range of growth and defensive assets such as Government and corporate bonds, equities, commercial property, commodities as well as absolute return strategies. The fund has a significantly lower level of risk than that associated with equity investments. The underlying assets of the fund may change.

<u>Magnet Portfolio</u> is a medium risk fund of funds which invests across the range of Friends First investments. It has a high weighting in the traditional growth assets such as equities and property, but uses the low correlation of Absolute Return funds and Commodities, in addition to a small exposure to bonds, to help reduce overall volatility. The underlying assets of the fund may change.

Market Commentary
The outcome of the US Presidential election in favour of Donald Trump dominated the final quarter of 2016. On the whole, equity markets were net winners and bond markets were net losers. As expected, the Federal Reserve hiked official rates by a quarter percentage point at its December meeting and

the market is now pricing in up to three hikes in 2017. The US dollar strengthened, inflation expectations were revised upwards and additional US federal borrowing was factored in to fund more expansionary fiscal policy.

There was considerable divergence between Developed and Emerging Stock Markets, the latter struggling in the face of the rising dollar, increasing Treasury yields and the protectionist rhetoric emanating from the Trump camp. The MSCI World Index advanced 8.5% in euro terms during the final quarter, whereas the MSCI Emerging Market Index generated a positive total return of 2.1%. Eurozone equity markets rose 8.0% as the European Central Bank's decision to extend quantitative easing for an additional nine months boosted investor sentiment in Equities but of note was that European Central Bank monthly asset purchases are to be reduced from €80bn to €60bn. Government and long bonds fell back with Corporates being the least affected.

The Irish Property component continues to perform well as a result of successful active management strategies and redevelopment projects and remains at the top of its peer group. During Q4, 2 acquisitions were made on behalf of the Fund - 35 Henry Street, Dublin 1, a prime retail asset on a long lease to the mobile provider "3". In addition, we acquired the Madrid Portfolio, a collection of 9 mixed-use properties in a prime area, near Grafton Street, Dublin 2. The UK Select Fund returned 1.55% over Q4, the negative of -0.7% on valuations, being partially offset by positive rental cashflows.

In a more difficult environment for the Currency Fund the challenges were perhaps best illustrated by November's sharp reversal of a long-term trend in the Japanese Yen. Commodities reacted well to the election of Donal Trump and performance in this sector was chiefly driven by stronger Light Crude and Heating Oil.

Quarter 4 2016 was very positive for our Portfolio fund range. All the Magnet and Compass funds in the Portfolio funds range finished in positive territory, and all delivered positive returns for the full year 2016. (31 Dec 2016)

During the year to 31 December 2016, the fund returns were:

Compass Cautious	5.39%
Magnet Cautious	5.76%
Magnet Stable	6.49%
Magnet Portfolio	7.26%

Fixed Interest Fund

Fund Summary
The Fixed Interest fund invests in primarily in AAA-AA rated Eurozone Government Bonds. This fund is suitable for the risk averse investor and will perform well if interest rates are falling. In a rising interest rate environment, this fund can produce negative results. The benchmark is 100% Barclay's Euro Aggregate Treasury AAA-AA 5+ years. This fund is managed by BMO Global Asset Management.

Market Commentary
Market Core eurozone bond yields moved higher over the period, with yields on 10-year German bunds turning positive. The 10-year bund yield rose from -0.12% at the beginning of October to 0.21% by the end of December. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn. Firmer oil prices helped push up eurozone inflation to 0.6% year-on-year by November versus 0.5% for October and 0.4% in the earlier month. At the same time, European economic data showed improvement with the eurozone PMI composite gauge of business activity hitting a 2016-high for November. Eurozone unemployment eased to 9.8% in

October versus 9.9% in the prior month. Yields on 10-year Spanish and Italian debt increased from 0.88% to 1.39% and 1.19% to 1.82% respectively.

Activity: During the quarter, the overall level of risk in the fund was largely left unchanged. Exposure to government-related bonds was reduced to a near zero weighting, and reallocated into France, which had significantly underperformed following Donald Trump's surprise victory in the US presidential election. At the same time, we increased our short duration position as Trump's victory combined with improved global data enhanced the reflationary narrative, increasing the likelihood that bond yields will move higher over the next year. Meanwhile, we reduced exposure to inflation-linked securities as valuations moved in our favour. In terms of the peripheral exposure, we closed out of longs in Spain, switching some into Italy as Spain outperformed.

Performance: The fund performed in-line with its benchmark over the quarter (-4.6% vs -4.6%). Outperformance of positions in government-related bonds versus Belgium added to performance, as weakness in France on the back of rising support for presidential contender Le Pen also saw Belgium underperform. In addition, exposure to inflation-linked bonds contributed positively. Inflation exposure also added to performance as oil moved higher and global data improved. This was offset by a curve flattening exposure which steepened as yields increased.

Metrics: Modified Duration 10.56 years, Average Maturity 13.24 years.

During the year to 31 December 2016, the fund returned 5.83%.

European Corporate Bond Fund

Fund Summary
The European Corporate Bond Fund invests primarily in Euro denominated fixed interest securities issued by corporate entities with the aim of producing a better return outcome than government bonds. Corporate bond investments carry a higher degree of risk than Sovereign bonds. The index underlying this fund is the Barclays Euro Aggregate Credit Index.

Market Commentary
Global corporate bond yields rose over the quarter, moving higher in the aftermath of Trump's surprise win in the US presidential election. Capital markets priced in higher US interest rates on expectations of faster US economic growth, underpinned by tax cuts and increased infrastructure spending. The Federal Reserve also hiked interest rates at its December meeting, its only rate increase of 2016, but also forecast it would raise rates on three more occasions during 2017. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn. Notable deals during the quarter included $2.16bn of issuance from utility group EDF.

Activity within the fund was dominated by new issuance, as we participated in deals within the financial sector from Societe Generale, Credit Agrciole and Barclays. Corporate new issues included ASML, BP and Danone. Sales were limited, though we did reduce some of the Danone purchased earlier in the quarter, while we also sold the position in Italian government bonds. New money flows into the fund enabled us to add to existing holdings through the secondary market in names such as Abbvie, BNP Paribas and Expedia.

The fund marginally outperformed its comparative index (-1.3% vs -1.5%). Performance was positive driven in large part by the underweight in duration as yields rose during the period. We also continue to favour financials over non financials which also benefitted at the margin.

Metrics: Modified Duration 5.37 years. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 3.98%.

European Long Bond Fund

Fund Summary
The objective of this fund is to provide broad exposure to long dated (at least 15 years until Maturity) Euro denominated debt of countries of the European Monetary Union. The underlying benchmark for the fund is the 100% Barclays Euro Aggregate Treasury AAA-AA > 10 yrs.

Market Commentary
Market Core eurozone bond yields moved higher over the period, with yields on 10-year German bunds turning positive. The 10-year bund yield rose from -0.12% at the beginning of October to 0.21% by the end of December. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn. Firmer oil prices helped push up eurozone inflation to 0.6% year-on-year by November versus 0.5% for October and 0.4% in the earlier month. At the same time, European economic data showed improvement with the eurozone PMI composite gauge of business activity hitting a 2016-high for November. Eurozone unemployment eased to 9.8% in October versus 9.9% in the prior month. Yields on 10-year Spanish and Italian debt increased from 0.88% to 1.39% and 1.19% to 1.82% respectively.

ActivityDuring the quarter, the overall level of risk in the fund was largely left unchanged. Exposure to government-related bonds was reduced to a near zero weighting, and reallocated into France and Belgium, which had significantly underperformed following Donald Trump's surprise victory in the US presidential election. At the same time, we increased our short duration position as Trump's victory combined with improved global data enhanced the reflationary narrative, increasing the likelihood that bond yields will move higher over the next year. Meanwhile, we reduced exposure to inflation-linked securities as valuations moved in our favour. In terms of the peripheral exposure, we closed out of longs in Spain, switching some into Italy as Spain outperformed.

PerformanceThe fund outperformed its benchmark over the quarter (-1.3% vs -1.5%). Outperformance of positions in government-related bonds versus Belgium and France added to performance, mainly reflecting weakness in France on the back of rising support for presidential contender Le Pen. Exposure to inflation-linked bonds also contributed positively. Inflation exposure also added to performance. Metrics: Average Duration 14.79 years. Average Maturity 14.78 years. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 8.91%.

Indexed Eurozone Corp Bonds

Fund Summary
The objective of this fund is to provide broad exposure to Euro Corporate Bonds. It does so by aiming to track as closely as reasonably possible the performance of underlying indices rather than by active management. The fund is currently aiming to track the Barclays Euro Corporate Bond Index Index through an SSgA managed fund, but may elect to track other appropriate indices.

Market Commentary
Global corporate bond yields rose over the quarter, moving higher in the aftermath of Trump's surprise win in the US presidential election. Capital markets priced in higher US interest rates on expectations of faster US economic growth, underpinned by tax cuts and increased infrastructure spending. The Federal Reserve also hiked interest rates at its December meeting, its only rate increase of 2016, but also forecast it would raise rates on three more occasions during 2017. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn. Notable deals during the quarter included $2.16bn of issuance from utility group EDF.

Metrics: Average Duration 5.34 years, Average Maturity 5.73 years.

During the year to 31 December 2016, the fund returned 4.42%.

Indxd Global exEurozone Equity

Fund Summary
The objective of this fund is to provide broad exposure to international equity markets outside of the Eurozone. It does so by aiming to track the performance of an underlying index of international shares rather than by active management.The fund is currently aiming to track the FTSE All World Developed ex Eurobloc Index through a SSgA Ireland managed fund but may elect to track other appropriate international indices. The FTSE All World Developed ex Eurobloc Index comprises of large and mid cap stocks providing coverage of world developed markets outside of the Eurozone. As an equity fund, this fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The fund can be volatile over short to medium term periods.

Market Commentary
The final quarter of 2016 was dominated by the US presidential election and the surprise victory for Donald Trump, a result which confounded polls, commentators and markets alike. Volatility ensued as investors tried to glean policy cues and implications from a distinctly non-traditional campaign. On the whole, equity markets were net winners.

At a market level, one of the best performers (in local currency terms) was Japan's Nikkei 225 Index, which rallied 16% (+0.4% for the year). The former's gain came despite the prime minister losing a referendum on electoral reform, presaging his resignation, while latter's gain stemmed in part from the strong dollar, which typically boosts the fortunes of Japan's large export sector. Among the poorest developed stock markets was actually the United States, where the S&P 500 Index posted a relatively modest 3% gain; its overall 2016 return is more impressive, recording a gain of almost 10%.

At a sector level, banks outperformed as the sharp rise in bond yields saw this long out of favour group regain some lost ground. In contrast, investors shunned the relatively defensive industry groups of household & personal products, and food, beverage & tobacco.

A lot of the drama played out on international foreign exchange markets. The combination of Trump and higher interest rates boosted the US dollar against virtually all major counterparts.The Japanese yen was at the weak end of the spectrum, falling by 13.4%, while the euro and sterling posted more modest losses of -6.4% and -4.8% respectively. For euro-based investors this boosted the value of US assets in the quarter - the S&P 500 gain of 3% translated to 10% in euro terms. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 11.33%.

Consensus Fund

Fund Summary
The Consensus Fund is a passively managed multi asset fund which, although predominately invested in equities, also invests in other assets. Up until 08/06/2015 the asset allocation reflected the collective views of the average balanced fund manager. As the universe of traditional managed funds has reduced substantially over the last few years this strategy is therefore less insulated from the calls of individual active managers than previously. Since 08/06/2015, the funds benchmark moved to a fixed asset allocation which was guided by, but not limited to, the long term managed fund allocations over a 26 year period. The Fund now has an allocation of 70% equities, 15% bonds, 10% alternatives (including property) and 5% cash. The allocations will be rebalanced to these proportions monthly. The investment objective accordingly changes to one of seeking to generate capital growth over the long term. This fund is managed by BMO Global Asset Management.

Market Commentary
The final quarter of 2016 was dominated by the US presidential election and the surprise victory for Donald Trump, a result which confounded polls, commentators and markets alike. On the whole, equity markets were net winners and bond markets were net losers.

Equity markets performed strongly albeit with considerable divergence between Developed and Emerging Markets, with the latter struggling in the face of the rising dollar, increasing Treasury yields and the protectionist rhetoric emanating from the Trump camp. While the MSCI World Index advanced 8.5% in euro terms during the final quarter, the MSCI Emerging Market Index generated a positive total return of 2.1%.

Fixed income markets began the quarter with yields still close to record lows, but the surprise US presidential election outcome had a pronounced impact on global bond prices. With reflationary policies favoured by President-elect Trump, US monetary policy is now expected to tighten faster over the coming years, and bond market investors reacted accordingly. US 10-year Treasury yields rose 0.85%, to end the year at 2.44%, with 10-year breakeven inflation rising 0.38% to 1.97%. Elsewhere, the selloff was more moderate as accommodative monetary policy is expected to persist in Japan, the United Kingdom and the Eurozone. Japanese 10-year yields rose moderately from -0.09% to 0.05%, German 10-year yields increased 0.33% to 0.21% and 10-year gilt yields rose 0.49% to 1.24%.

A lot of the drama played out on international foreign exchange markets. The combination of Trump and higher interest rates boosted the US dollar against virtually all major counterparts. The Japanese yen was at the weak end of the spectrum, falling by 13.4%, while the euro and sterling posted more modest losses of -6.4% and -4.8% respectively. For euro-based investors this boosted the value of US assets in the quarter - the S&P 500 gain of 3% translated to 10% in euro terms. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 7.05%.

Managed Fund

Fund Summary
The Managed Fund invests in a range of international and domestic equities, bonds, property and cash. The predominant asset is equities as the fund aims to achieve strong returns over the longer term. However, this can lead to volatility in the fund's performance shorter term and it is therefore suitable for the medium to longer term investor. The benchmark is a hybrid benchmark consisting of 70% MSCI All Countries World Index Total Return in EUR, 24% Barclays Global Aggregate (hedged to EUR) Total Return in EUR, 6% Barclays Euro Aggregate Treasury AAA-AA 5+ years TR. This fund is managed by BMO Global Asset Management.

Market Commentary
Market: The MSCI ACWI NDR (EUR terms) rose by 7.8% as investors priced in higher US growth prospects in the aftermath of Trump's shock election victory. Cyclical sectors of the global equity markets outperformed the more defensive, high-yielding areas amid expectations that the incoming Trump administration would implement both tax cuts and increased infrastructure spending, resulting in higher US interest rates as well as faster US growth. The Federal Reserve hiked interest rates at its December meeting, but also forecast it would raise rates on three more occasions during 2017. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn.

Activity: In terms of positioning, at the asset class level we significantly increased our position in fixed income by using some of the fund's cash holdings. Despite this, our relative cash position remained overweight. We also maintained a small overweight in equities compared with the benchmark index.

Performance: The fund underperformed its benchmark over the quarter (4.2% vs 4.5%). An underweight position in Pacific ex-Japan was positive, but an underweight in the US and overweights in Europe and emerging markets proved to be negative for the fund. Stock selection was strong within the systematic US portfolio, but held back performance in emerging markets and the global fundamental strategy. The fund's overall overweight position in equities and underweight in bonds added value as equities outperformed fixed income over the quarter. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 6.07%.

New Ireland Managed Fund

Fund Summary
This fund has investments in a broad range of Irish and international company shares, government securities, top quality corporate debt and cash. The investment analysts research the major investment markets for stocks which meet this basic criteria. This fund is managed by State Street Global Advisors.

Market Commentary
The final quarter of 2016 was dominated by the US presidential election and the surprise victory for Donald Trump, a result which confounded polls, commentators and markets alike. On the whole, equity markets were net winners and bond markets were net losers.

Equity markets performed strongly albeit with considerable divergence between Developed and Emerging Markets, with the latter struggling in the face of the rising dollar, increasing Treasury yields and the protectionist rhetoric emanating from the Trump camp. While the MSCI World Index advanced 8.5% in euro terms during the final quarter, the MSCI Emerging Market Index generated a positive total return of 2.1%.

Fixed income markets began the quarter with yields still close to record lows, but the surprise US presidential election outcome had a pronounced impact on global bond prices. With reflationary policies favoured by President-elect Trump, US monetary policy is now expected to tighten faster over the coming years, and bond market investors reacted accordingly. US 10-year Treasury yields rose 0.85%, to end the year at 2.44%, with 10-year breakeven inflation rising 0.38% to 1.97%. Elsewhere, the selloff was more moderate as accommodative monetary policy is expected to persist in Japan, the United Kingdom and the Eurozone. Japanese 10-year yields rose moderately from -0.09% to 0.05%, German 10-year yields increased 0.33% to 0.21% and 10-year gilt yields rose 0.49% to 1.24%.

A lot of the drama played out on international foreign exchange markets. The combination of Trump and higher interest rates boosted the US dollar against virtually all major counterparts. The Japanese yen was at the weak end of the spectrum, falling by 13.4%, while the euro and sterling posted more modest losses of -6.4% and -4.8% respectively. For euro-based investors this boosted the value of US assets in the quarter - the S&P 500 gain of 3% translated to 10% in euro terms. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 6.17%.

Property Fund

Fund Summary
The Property Fund invests in a range of Irish properties across the retail, office and industrial sectors. The Fund only invests in direct Irish property, and does not invest in the UK or in indirect investments such as REITs. The Fund is designed for longer term investment with returns generated through capital growth and rental income. Property assets can be illiquid and can generate negative returns if capital prices fall. The benchmark for this fund is the average return achieved in the IPD Quarterly Irish Property Index. This fund is managed by Friends First.

Market Commentary
The Market: The Irish commercial property market had a very strong trading year, with investment volumes totalling approximately €4.5bn for 2016, the 2nd highest ever achieved following €4.6bn in 2014. 2016 was buoyed by some significant transactions and as such, we expect 2017 to return to more normal levels. Investment has been from a combination of domestic and overseas buyers and has included some new international players which is a very positive sign for the Irish market. To date there has been no tangible impact on the investment market as a result of Brexit or the election of Trump, however the change in tax legislation for previously tax exempt investment funds may cause certain international investors to reconsider investing here. Rental levels continue to creep up slowly, notably in prime city centre locations. Yields remained relatively stable across all sectors over Q4, with prime high street retail yielding 3.5%, prime office at 4.5% and industrial at 5.7% (Lisney). The prime retail sector saw marginal yield compression, driven by a combination of consumer sentiment and the strength of demand from retailers in search of available space in the prime locations.

The Fund: The Fund continues to perform well due to successful active management strategies and redevelopment projects. The total return for 2016 was 11.18%, retaining its position at the top of its peer group. Friends First will progress significant asset management initiatives to deliver capital value improvements on existing assets over the coming 12-36 months. Investors should take a medium to long term view if investing in the Fund in order to experience the outcome of the larger redevelopment projects, Royal Hibernian Way and the Blackrock properties.

During Q4, 2 acquisitions were made on behalf of the Fund. In October we acquired 35 Henry Street, Dublin 1, a prime retail asset on a long lease to the mobile provider "3". In addition, we acquired the Madrid Portfolio in November, a collection of 9 mixed-use properties in Dublin 2. These properties are located in a prime area, near Grafton Street, and provide excellent value-add opportunities for the Fund, including some immediate letting improvements. Planning permission was granted for redevelopment of Enterprise House, Blackrock. However, as expected, this is now subject to an appeal by the anchor tenant (Musgrave) in the adjacent shopping centre, which is also owned for the Fund. We expect to resolve the issue with Musgrave, with whom we have a long-standing relationship, through ongoing discussions over the coming months. Also during the quarter, following the completion of refurbishment of 23 Shelbourne Rd, we signed 2 high-profile lettings, with further interest from additional tenants under review. The initial income yield of the property portfolio remains strong at 5.32%. The weighted average lease term (if all break options are exercised) is 8 years 4 months. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 11.18%.

UK Select Property Fund

Fund Summary
It is the intention of this fund to invest into direct real estate assets however the fund is also permitted to invest in indirect property investments such as Public Securities, Government Securities, Derivatives, Units/Shares in Collective Investment Schemes and joint venture arrangements geared towards a specific real estate investment plan. Leveraging shall not exceed 40% of the funds Gross Asset Value at the time of drawdown. The fund can only invest in properties located within Great Britain or indirect property investments where the core underlying investment is GB real estate related. The fund will not invest in speculative development. When a fund is leveraged it means that gains and losses will be multiplied.

Market Commentary
The Market: Despite concerns following the Brexit referendum, recent UK economic performance has been relatively strong, with the estimated GDP for 2016 at 2.1%. The market "shock" of the Brexit vote has shown itself mainly in exchange rates, with Sterling decreasing by 14% against the Euro over the course of 2016. Q4 2016 has shown a slight improvement, with the FX return up 1.3% in the quarter.

In light of the uncertainty, UK real estate investment fell in 2016 compared to a very strong 2015. Total investment in 2016 is expected to come in just short of £50bn, 30% below 2015 levels. While there are numerous international investors seeking to take advantage of the prevailing FX rates and the decrease in capital values over the course of 2016, there are few sellers willing to transact for these same reasons. Falls in capital values mean that total property returns will be supported mainly by income yields and potentially some rental growth in 2017.

Due to the level of uncertainty, Friends First temporarily closed the UK Select Fund to policyholder-led transactions from 6th July 2016. The Fund is closed to new business currently and a moratorium of up to six months exists, which means Friends First will defer processing instructions from policyholders to surrender or switch units in the Fund until further notice. This action has been taken to protect and safeguard the interests of all existing policyholders in the UK Select Fund.

The Fund: The value of the properties in the UK Select Property Fund declined marginally (-0.7%) during Q4. While the properties are valued monthly, there continues to be a lack of transactional evidence in the relevant markets since the Brexit vote which makes it more difficult to test these valuations.The Fund returned 1.55% over Q4, and -8.05% over the course of 2016. The negative return for 2016 is due to the FX loss which has been partially offset by positive rental cashflows. The initial yield is strong at 7.05% (on property value), and there is negligible vacancy. The weighted average lease term is circa 6 years, with 56% of income in place for 5 years or more (on a worst case basis, assuming all break options are exercised).

The Fund holds 6 properties including a number of core and "core +" properties which are let on high quality, institutional-strength leases. These include the B&Q warehouse in Scotland that was purchased in 2015 (through debt and equity) and the Victoria House office property in Belfast which includes tenants such as Arthur Cox and AON. The performance of the Fund is anchored by this type of strong, income-generating property. In addition, the Fund invests in value-add properties, where we strive to unlock embedded capital value through active asset management. Friends First is currently exploring the redevelopment opportunity for the two Bromley assets, which are located on the High Street. (31 Dec 2016)

During the year to 31 December 2016, the fund returned -6.93%.

International Equity

Fund Summary
The International Equity Fund invests in a wide range of Continental European, US, UK and Asian equities. The fund is expected to achieve strong returns in the longer term based on the performance of equity markets. This fund is also expected to be more volatile than a mixed asset fund given the higher equity content and is suited to a longer term investment horizon. The underlying benchmark for the fund is the MSCI All Country World Index.

Market Commentary
Market: The MSCI ACWI NDR (EUR terms) rose by 7.8% as investors priced in higher US growth prospects in the aftermath of Trump's shock election victory. Cyclical sectors of the global equity markets outperformed the more defensive, high-yielding areas amid expectations that the incoming Trump administration would implement both tax cuts and increased infrastructure spending, resulting in higher US interest rates as well as faster US growth. The Federal Reserve hiked interest rates at its December meeting, but also forecast it would raise rates on three more occasions during 2017. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn.

Activity: In terms of geographical positioning, we moved from underweight to a more neutral position in the US and from a neutral to overweight position in Japan. We also reduced our emerging markets exposure - adopting a neutral position from overweight. At the same time, we maintained our neutral exposure to the UK and our underweight position in Asia Pacific ex-Japan, and increased Europe to an overweight position.

Performance: The fund underperformed its benchmark over the quarter (6.3% vs 7.8%). Weak asset allocation decisions held back performance over the quarter. An underweight position in Pacific ex-Japan was positive for the fund, but this was offset by an underweight in the US and overweight positions in Europe and emerging markets. Stock selection was strong within the systematic US portfolio, but cost performance in emerging markets and the global fundamental strategy. Overall, stock selection effects were negative. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 8.98%.

Stewardship Ethical

Fund Summary
The Stewardship Fund is an international equity fund which aims to achieve growth through investing only in companies which meet certain ethical criteria. As an equity fund this fund has a potentially high return but also a very high risk profile given the risks inherent in inverting in equities. The fund can be volatile over short to medium term periods.

Market Commentary
F&C Responsible Global Equity returned 5.0% during the fourth quarter of 2016, underperforming its benchmark the MSCI World NR (EUR) Index, which rose by 8.5%. The fund underperformed over one year, registering a return of 6.9 % compared to the benchmark return of 10.7%.

Attribution Summary: The fund was behind its benchmark over the fourth quarter, driven primarily by negative stock selection. On an individual basis, Nordex detracted the most, with the shares hit by the US election result and disappointing third-quarter earnings. Acuity Brands was among the chief laggards as unexpected supply chain issues led to disappointing fiscal fourth-quarter revenues. ComfortDelGro trailed on concerns over the profitability of its taxi business. Meanwhile, the strongest positive contributions came from SVB Financial, US Bancorp and Prudential, with these names all boosted by higher US interest rate expectations. Sector allocation was mildly negative, with the fund's overweight to healthcare and IT as well as the underweight to financials detracting from performance. These latter impacts were only partially offset by the beneficial underweight allocations to consumer staples, telecoms, real estate and utilities.

Key activity: During the quarter, we sold the position in Kansas City Southern on concerns around the impact of the incoming Trump administration on Mexico-US trade. We allocated the proceeds of this sale to infrastructure-related names such as Acuity Brands, Roper Technologies and Union Pacific. We also sold Novo Nordisk as we see pricing pressures throughout their product portfolio. We invested the proceeds of this latter sale in Kerry Group, Novartis and Prudential.

Positioning & outlook: Investors are still trying to understand the implications of new US policy proposals such as less financial regulation, higher infrastructure spending and repatriation of capital "trapped" overseas. This has introduced an unusually large level of uncertainty into global asset prices that will take time to subside as investors establish what to expect from Donald Trump's presidency. Prior to the US election, M&A activity had been elevated as companies sought to take advantage of the lower-for-longer interest rate environment. However, this trend could ease off as the backdrop for financing transactions has materially changed, with the recent steepening of the yield curve. We still believe that sustainable growth companies will outperform over the long-term, due to their robust cash flow, focus on growing franchise value and commitment to improving total shareholder returns. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 6.01%.

Eurozone Equity

Fund Summary
The Eurozone Equity Fund (formerly the European Equity Fund) invests in stocks listed in Eurozone markets. As an equity fund, this fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The fund can be volatile over short to medium term periods. The underlying benchmark is the Dow Jones Eurostoxx index.

Market Commentary
Market review: As represented by the Euro Stoxx NR Index in euros, European ex-UK equity markets made gains over the quarter, rising 8.0%. While the European Central Bank's decision to extend quantitative easing for an additional nine months boosted investor sentiment, European markets largely shrugged off the negative outcome to the Italian referendum on constitutional reform and

subsequent resignation of Prime Minister Matteo Renzi. Italian banks, meanwhile, staged a strong rally in December as the country's government drew up plans to offer up to €20bn of support for the ailing sector. At the country level, Italy (17.2%) and Austria (13.7%) were among the best-performing markets, while Belgium (-5.1%) and Denmark (-2.1%) were among the laggards. In terms of sectors, industrial metals & mining (25.8%) and banks (21.8%) were among the strongest, while beverages (-7.7) and gas, water & multiutilities (7.3%) trailed.

Activity: We made no changes to the composition of the fund during the quarter.

Performance: The fund generated a positive absolute return despite failing to outperform its benchmark (6.4% vs 8.0%). Weak sector allocation was the main reason behind the relative underperformance. The fund's underweight exposure to banks and its overweight position in the media sector both contributed to hamper overall performance. Stock selection was a positive contributor particularly in financial services and non-life insurers, technology companies and utilities. European banks ING Groep and Intesa Sanpaolo as well as insurers Axa and Allianz were among the top performers, boosted by better-than-expected quarterly results and the prospect of an improved business environment in the US following the presidential election. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 0.12%.

Irish Equity

Fund Summary
The Irish Equity Fund invests primarily in stocks which are listed on the Irish Stock Exchange. As an equity fund, this fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The fund can be volatile over short to medium term periods. The underlying benchmark is the ISEQ Index.

Market Commentary
Market: Irish equities generated positive returns over the quarter, with the ISEQ index rising by 8.1% in euro terms. Investors priced in higher US growth prospects and interest rates in the aftermath of Donald Trump's shock election victory amid expectations that the incoming Trump administration would implement both tax cuts and increased infrastructure spending. The Federal Reserve hiked interest rates at its December meeting, but also forecast it would raise rates on three more occasions during 2017. While keeping interest rates on hold, the European Central Bank announced an extension to its quantitative easing programme to the end of 2017, albeit with monthly asset purchases to be reduced from €80bn to €60bn. Irish economic data was generally positive with strong survey data on business activity and third-quarter GDP significantly beating expectations with a rise of 4.0%.

Activity: During the period, we did not materially alter the positioning of the fund, choosing instead to stick with our existing stock holdings.

Performance: The fund ended the quarter in positive territory despite underperforming its benchmark (4.8% vs 8.1%). Weak stock selection was the main reason behind the fund's relative underperformance, notably with food ingredients maker Kerry Group, pharmaceuticals company Glanbia and financial services company IFG Group among the detractors. Meanwhile, our underweight position in the weak Irish real estate market was positive and the fund was also helped by positive stock selection in banks and travel companies. Irish financials Bank of Ireland and Permanent TSB were the best performers, benefiting from the recovering Irish economy and Permanent's long-running restructuring programme. Low-cost airline Ryanair was also among the main contributors to performance, as it continued to win market share from rivals.(31 Dec 2016)

During the year to 31 December 2016, the fund returned -4.59%.

KBI High Yield Equity Funds

Fund Summary
KBI Global High Yield Equity
This is a global equity fund which invests in companies that pay higher dividends than their industry peers. In addition it adopts a rigorous stock selection process to eliminate regional and industry sector bias. As an equity fund, this fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The fund can be volatile over short to medium term periods.

KBI Eurozone High Yield Equity
This is a Euro equity fund which invests in companies that pay higher dividends than their industry peers. In addition it adopts a quantitative stock selection process to eliminate industry sector bias. As an equity fund, this fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The fund can be volatile over short to medium term periods.

Market Commentary
Politics dominated financial markets in the fourth quarter. In particular, the run-up to and the aftermath of the political earthquake of the 8th November Presidential elections in the United States had a significant impact on markets across the globe. In Europe meanwhile, the continuing fall-out from the Brexit decision in June, and the loss of a key reform referendum in Italy in December, underlined the broad dominance of political events. The increased likelihood of substantial and growth-enhancing fiscal stimulus has been the key net conclusion of investors to date.

North American equities were notably strong for the period and outperformed their regional counterparts in Europe and Asia. Banks outperformed strongly as the sharp rise in bond yields saw this long out of favour group regain some lost ground. In contrast, investors shunned the relatively defensive industry groups of household & personal products, and food, beverage & tobacco. The KBI Developed Equity strategy registered an increase and outperformed the benchmark over the quarter.

Relative stock selection contributed positively to performance in software & services, and energy. In software & services, the portfolio benefited relatively from having no position in Facebook which declined over the quarter. In energy, Valero Energy gained on the quarter, as the release of better-than-expected third quarter results proved a catalyst to recovery. Most notably, the stronger than expected earnings and cash generation buttressed a management commitment to extend its minimum cash payout target of 75% to 2017. Still offering a well-covered dividend of over 3.5%, the stock price remains well underpinned notwithstanding the strong advance in the fourth quarter.

Relative stock selection detracted from performance in banks, and technology hardware & equipment. In banks, we have no position in Bank of America which was strong in the final quarter. It was a major beneficiary of the sharp change in the interest rate/bond yield environment, and of the prospect of the significantly more favourable regulatory environment, widely expected to result from the policies of the incoming Trump administration. (31st Dec 2016)

During the year to 31 December 2016, the funds returned:

KBI Global High Yield Equity	13.91%.
KBI Eurozone High Yield Equity	8.34%

Explorer (Emerging Markets)

Fund Summary
The objective of the Fund is to exploit opportunities for capital growth provided by investment in the world's less developed countries. The portfolio will comprise of ordinary shares of those countries and may include investment in funds and schemes which in turn invest in those countries or certificates representing securities in those countries. The Fund looks to provide access to our best investment ideas through a concentrated, aggressively managed portfolio of shares in emerging markets. As an

equity fund, this fund has a potentially high return but also a very high risk profile given the risks inherent in investing in emerging market equities. This fund is managed by LGM Investments.

Market Commentary
Market: The FTSE All-World Emerging generated positive returns (3.6%) in euro terms over the quarter, though lagged global equities against the backdrop of Donald Trump's win in the US presidential election, higher US interest rate expectations and the Federal Reserve's December rate hike. Russia (26.7%) led performance across emerging markets on expectations that Trump would attempt to repair relations with Moscow. Greece (22.8%) also stood out as notably strong, bolstered by the European Central Bank's move to lower the cap on liquidity available to Greek banks as well as improving economic data. Egypt (-17.4%) was by the far the weakest-performing market in euro terms given the government's decision to float the currency, which subsequently sold off sharply. Turkey (-7.4%) also lagged, though again due to currency weakness, with the Turkish lira pummelled by security concerns.

Activity: During the quarter, we did not materially alter the positioning of the fund. However, we initiated positions in three companies most notably pan-Asian life insurer AIA Group, Fomento Economico Mexicano, a Mexican beverage, as well as retail group and South African retailer Mr. Price. Mr Price is the newest addition to the portfolio, which we see as an opportunity to own a high-quality, high-return retailer given management's focus on running an efficient, cash-generative business, with the goal of returning cash to shareholders through dividends and share buybacks.

Performance: The fund delivered a negative absolute return in the quarter and trailed the benchmark significantly (-9.4% vs -3.6%). At a country level, our exposure to India was a key drag on performance, both in terms of asset allocation and stock selection, followed by Russia and Mexico. Emami, an Indian healthcare company, and Mahindra & Mahindra Financial Services, a provider of financing to farmers in rural India, were among the worst performers. Both companies were negatively impacted following the Indian government's decision in early November to scrap certain bank notes as legal tender. However, the fund's limited exposure in China/Hong Kong partly boosted performance relative to the index. In terms of asset allocation, our overweight positions in the consumer staples and financials sectors were negative factors for the fund. We remain committed to the goal of growing the value of our clients' capital over the long term. (31 Dec 2016)

During the year to 31 December 2016, the fund returned 9.91%.

Friends First funds are managed by various investment managers, and are constantly monitored to track market conditions. Where market conditions dictate, the investment manager will take whatever action they may deem appropriate to maximise investment returns. The variety of Friends First funds, details of which can be found on www.friendsfirst.ie/fund-centre/ allow trustees to select a risk profile appropriate to the assets and liabilities of the scheme.