



**APT Group Pension Pooled Funds Survey**  
**Quarter 2 – 30/6/2010**

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**Market Commentary**

The escalation of the sovereign debt crisis in the periphery of Europe coupled with renewed fears of a growth slow-down, particularly in the US, pushed equity markets lower over the second quarter. The global equity market ended the quarter 3.3% lower in euro terms (+5.8% year-to-date).

The Euro fell by 9.4% versus the US dollar over the quarter, driven by sovereign debt fears in the periphery of Europe. The announcement of a EUR 750 billion stability fund was unable to stem the losses in the currency.

At a regional level, European markets fared worst, the DJ Euro-Stoxx index falling by 11.1% over the quarter (-10.3% year-to-date), followed by Australia (-10.1% on the quarter, -2.6% year-to-date) which suffered from a proposed mining tax announced by the Australian government. Hong Kong (+4.3% on the quarter, +7.1% year-to-date in euro terms) and Japan (+0.1% on the quarter, +13.1% year-to-date in euro terms) were the best performers.

At a sector level, only Consumer Staples (+1.3% on the quarter, +11.4% year-to-date) and Telecoms (+0.7% on the quarter, +3.4% year-to-date) posted positive returns over the quarter. Energy (-6.9% on the quarter, -2.6% year-to-date), Basic materials (-6.3% on the quarter, +2.9% year-to-date) and Financials (-5.8% on the quarter, +3.1% year-to-date) were the worst performers.

Bond yields in peripheral European bond markets moved sharply higher over the quarter, forcing the hand of European policy makers who announced a EUR 750bln stability fund, coupled with support for peripheral bond markets in the form of ECB purchases of these bonds. However, although yield spreads fell in the immediate aftermath of the announcement, subsequent statements from the ECB governing council members indicated that the decision to buy peripheral bonds was not unanimous and peripheral bond spreads widened again. Bond yields in the US and Germany fell over the quarter as the economic outlook deteriorated.

**Market Outlook**

Economic data over the quarter, while consistent with continued recovery indicated a slowdown in the pace of that recovery, particularly in the US.

**Market Outlook Continued**

Although fiscal retrenchment in the peripheral Eurozone economies will have a detrimental impact on domestic demand in these countries, the weakness of the euro and extremely easy monetary conditions in the stronger “core” economies means that the export-led recovery in Germany should gather further momentum.

Equity valuations are attractive for the long-term investor. However, the repricing of sovereign risk, which has so far made itself felt in the bond markets on the periphery of Europe and through foreign exchange movements will be disruptive for all asset markets, and suggests a tactically cautious for the time being is warranted.

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## APT Group Pension Pooled Funds Survey Quarter 2 – 30/6/2010

Active Managed Funds	Year to 30 <sup>th</sup> June 2010 % Rank	Calendar year ending 31/12									
		2009		2008		2007		2006		2005	
		%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
AIBIM	1.80 (6)	13.90 (11)	-35.70 (7)	1.30 (1)	14.70 (1)	21.95 (6)					
Aviva	0.40 (11)	19.90 (9)	-38.80 (11)	-2.10 (5)	13.60 (5)	19.92 (9)					
BIAM	1.40 (9)	21.00 (8)	-33.40 (3)	-7.60 (10)	10.50 (10)	17.98 (10)					
Canada life/Setanta	0.80 (10)	22.90 (4)	-29.60 (1)	-1.80 (4)	9.10 (11)	21.72 (7)					
F&C/ Friends First	2.50 (2)	21.20 (5)	-37.30 (9)	-3.30 (7)	13.50 (6)	22.32 (4)					
ILIM	2.40 (3)	25.60 (2)	-37.30 (9)	-2.90 (6)	12.80 (8)	23.00 (3)					
KBCAM	2.40 (3)	17.80 (10)	-37.10 (8)	-5.30 (9)	13.70 (4)	22.20 (5)					
Merrion	2.10 (5)	29.60 (1)	-34.40 (6)	-1.60 (3)	13.20 (7)	20.67 (8)					
New Ireland	1.50 (8)	22.00 (7)	-33.40 (3)	-8.10 (11)	11.20 (9)	17.92 (11)					
Standard Life	3.70 (1)	24.20 (3)	-33.80 (5)	-3.90 (8)	14.10 (3)	23.86 (1)					
Zurich	1.80 (6)	22.10 (6)	-30.50 (2)	0.60 (2)	14.20 (2)	23.30 (2)					
Average	1.90	21.80	-34.20	-3.20	12.80	20.70					
<b>Consensus Managed Funds</b>											
AIBIM	2.50 (3)	20.00 (5)	-35.10 (4)	-3.60 (4)	N/A	N/A					
Aviva	2.20 (6)	19.00 (6)	-34.64 (1)	-3.80 (5)	12.10 (5)	19.34 (5)					
BIAM	2.60 (2)	21.80 (2)	-35.00 (2)	-3.00 (2)	14.00 (1)	21.14 (2)					
Canada Life/Setanta	2.30 (5)	20.80 (4)	-35.90 (6)	-4.60 (6)	12.40 (4)	19.92 (3)					
F&C / Friends First	3.70 * (1)	22.50 (1)	-35.40 (5)	-2.60 (1)	13.80 (2)	19.73 (4)					
ILIM	2.40 (4)	21.30 (3)	-35.00 (2)	-3.00 (2)	13.70 (3)	22.25 (1)					
<b>Multi Manager Funds</b>											
AIBIM	4.20 (1)	21.90 (2)	-35.60 (2)	-4.90 (3)	14.00 (1)	21.48 (3)					
ILIM Global Access	2.90 (2)	20.30 (3)	-34.20 (1)	-4.80 (2)	13.20 (2)	22.80 (2)					
Standard Life	2.60 (3)	22.80 (1)	-37.40 (3)	-3.90 (1)	12.80 (3)	23.46 (1)					
<b>Absolute Return Funds</b>											
Merrion High Alpha	11.20	57.00	5.30	N/A	N/A	N/A					
Standard Life GARS	4.30	19.30	N/A	N/A	N/A	N/A					

\*F & C Consensus fund – The difference in performance relates to a Management Fee overcharge rebated to the fund as at close of business on 14<sup>th</sup> May 2010 – effectively a once off payment of 1.96%.

Over the past 3 months the average managed fund had a return of -3.5%, this reduced the average return of 5.90% achieved in the first quarter to an average of 1.90%. When comparing this to the return achieved by the Consensus funds the argument for active managed funds appears weak. Certainly diversification is important as is illustrated by the performance of the Absolute Return funds contained in our survey.

Active managed funds continue to be the “shop window” fund used to benchmark the performance and ability of managers. If we look at the performance of some specialist funds not in this or many other surveys it is interesting to see the returns that have been achieved over a comparable period. This demonstrates that there are markets and asset classes that have performed. Trustees and scheme members should be aware that such funds exist and that participation in these funds as part of a diversified investment strategy is worth examining.

Fund Name	Last Quarter	First Half Year	Last 12 months
Blackrock World Gold Fund	10.40%	6.80%	28.20%
Zurich India Equity Fund	6.70%	18.50%	48.20%
Zurich Australasian Property Fund	2.60%	10.30%	31.90%
Zurich Top Tec Fund	-2.00%	9.40%	34.60%
Setanta Focus 15	-4.40%	7.20%	33.70%

The funds illustrated above are for information purposes only and should not be considered as a recommendation. If you would like more information on the above or about our unique lifestyle investment process please contact Peter Griffin 01 2063010 or email [pgriffin@alliedpensions.com](mailto:pgriffin@alliedpensions.com)