

	Segregated Assets		Unutilised Assets		Insured Assets		Total Assets	
	€m	%	€m	%	€m	%	€m	%
TOTAL MARKET VALUE OF ASSETS	26495.8	100.0	18328.6	100.0	6324.4	100.0	51148.8	100.0
ASSET DISTRIBUTION BY SECTOR								
IRISH								
Fixed Interest - Government	705.1	2.7	546.4	3.0	736.0	11.6	1987.5	3.9
Fixed Interest - Corporate	46.9	0.2	82.8	0.5	169.5	2.7	299.2	0.6
Index Linked	120.9	0.5	9.4	0.1	18.5	0.3	148.8	0.3
Equities - Quoted	4623.3	17.4	2328.0	12.7	1112.0	17.6	8063.3	15.8
Equities - Unquoted	20.9	0.1	56.9	0.3	17.8	0.3	95.6	0.2
Property	1630.5	6.2	2465.2	13.4	220.1	3.5	4315.8	8.4
Forestry	55.3	0.2	108.0	0.6	0.0	0.0	163.3	0.3
Cash and Cash Instruments	256.8	1.0	628.9	3.4	122.6	1.9	1008.4	2.0
Other	186.7	0.7	101.7	0.6	75.8	1.2	364.2	0.7
TOTAL IRISH ASSETS	7646.4	28.9	6327.2	34.5	2472.4	39.1	16446.1	32.2
NON IRISH - Eurozone ex Ireland								
Fixed Interest - Government	2995.7	11.3	2408.6	13.1	1595.6	25.2	6999.9	13.7
Fixed Interest - Corporate	196.3	0.7	191.3	1.0	310.1	4.9	697.7	1.4
Equities	4155.3	15.7	3009.1	16.4	667.4	10.6	7831.8	15.3
Property	28.4	0.1	0.0	0.0	0.0	0.0	28.4	0.1
Cash and Cash Instruments	238.8	0.9	223.7	1.2	18.2	0.3	480.7	0.9
Other	37.7	0.1	41.7	0.2	10.3	0.2	89.7	0.2
TOTAL NON IRISH - Eurozone ex Ireland	7652.3	28.9	5874.4	32.1	2601.6	41.1	16128.3	31.5
NON IRISH - World ex Eurozone								
Fixed Interest - Government	182.2	0.7	352.2	1.9	246.9	3.9	781.2	1.5
Fixed Interest - Corporate	49.5	0.2	67.1	0.4	75.0	1.2	191.7	0.4
Equities UK	2683.1	10.1	1376.2	7.5	216.4	3.4	4275.7	8.4
Equities US	5626.1	21.2	2290.8	12.5	392.3	6.2	8309.2	16.2
Equities Europe (ex Euro-zone ex UK)	909.0	3.4	582.9	3.2	142.4	2.3	1634.3	3.2
Equities Pacific Basin (ex Japan)	669.3	2.5	739.4	4.0	65.3	1.0	1474.0	2.9
Equities Japan	1015.3	3.8	363.5	2.0	61.3	1.0	1440.1	2.8
Equities Other Overseas	72.9	0.3	28.5	0.2	1.2	0.0	102.6	0.2
Property	56.0	0.2	78.6	0.4	38.6	0.6	173.3	0.3
Cash and Cash Instruments	-97.3	-0.4	13.7	0.1	5.8	0.1	-77.7	-0.2
Other	30.9	0.1	233.9	1.3	5.3	0.1	270.1	0.5
TOTAL NON IRISH - World ex Eurozone	11197.1	42.3	6127.0	33.4	1250.4	19.8	18574.4	36.3

asset allocation survey 2002



IAPF ASSET ALLOCATION SURVEY 2002

- Total assets of Irish pension funds amounted to €44.8 bn at the end of December 2002. This compared with €51.1 bn at end 2001, representing a decrease of 12.4%. This reflected another turbulent year in investment markets where returns by asset class varied hugely. The pattern of normal ongoing cashflows into schemes appears to have been rather different from previous years with some experiencing large outflows, which appear to have been taken mainly from segregated assets.
 - The mix between segregated, unutilised and insured assets changed during the year, with segregated assets representing less than 50% of total assets at the end of 2002 and the proportion in unutilised assets rising to represent almost 39%.
- The overall value of segregated assets fell by 19%, a result of weaker cash flow combined with falls in equity markets (which had a greater impact than was felt by unutilised or insured assets). By contrast, the amount held in unutilised assets decreased less sharply, by 5%, as a result of steadier cash flow and some of the assets frequently held in unutilised form (e.g. property) performing quite strongly.
- Insured assets decreased by about 7% as both the higher proportion of assets held in bonds and their strong relative returns partly compensated for weak returns from other asset classes and some apparent flows out of insured asset portfolios.
- While the vast majority of assets are still managed actively, the proportion of assets under passive management continued to increase steadily from 9.9 % at the end of 2001 to 12.6% at the end of 2002.
- The proportion of assets held in equities fell significantly from 65.0% to 58.0% at the end of 2002 (a similar level to the end of 1998). However, this fall would have been larger if the value of equity holdings had simply tracked market returns, which suggests, as in 2001, that there may have been some move from fixed interest to equities to support the equity proportion as markets fell.
- The fall in the proportion of equities held filtered down to all the major regional equity segments except for Non-Eurozone European equities. Over the course of the year, the exposure to Irish equities continued to fall to 13.2% at year end, as compared to 16.0% at the end of 2001.
- Holdings of Eurozone equities decreased slightly from 15.3% to 14.5%, while UK equities fell from 8.4% to 8.0%. The reduction in US equity holdings was more marked, from 16.2% to 14.0% by the end of 2002, and Japanese holdings continued to slip to reach just 2.1% at year end.
- The overall proportion held in fixed interest and index-linked stock grew substantially from 21.7% to 27.0%, mainly as a result of outperformance of fixed income relative to other asset classes.
- The other notable change was an increase in the proportion of fixed income invested in Eurozone Government Bonds. Corporate bonds and index-linked stock grew somewhat to 3.0% of total assets.
- Good relative performance again helped property holdings to increase to represent 9.7% of total assets at year end, while cash and other short term instruments increased to 4.4% at year end indicating that funds remain fairly fully invested.
 - In terms of Eurozone assets, Irish holdings accounted for 47.7% of equities and 18.1% of bonds at the end of 2002, compared with 50.8% and 24.0% respectively a year earlier. The move from Irish to other Eurozone assets continues, but at a slower pace than in the previous few years.

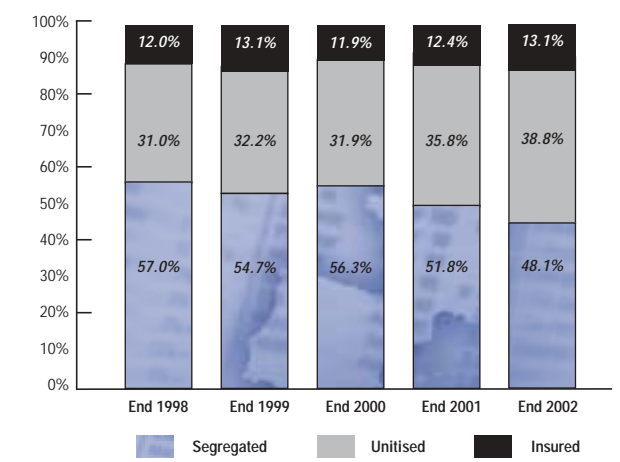
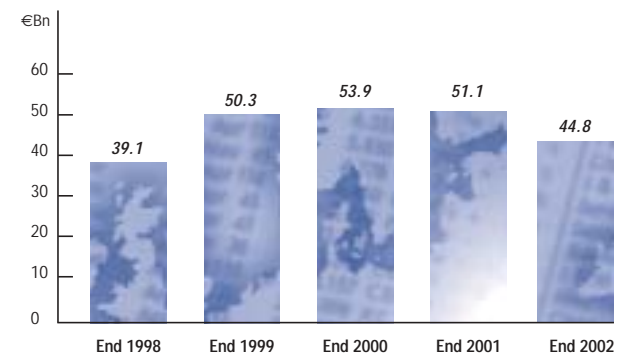


Figure 1: Total Value of Irish Pension Fund Assets (€Bn)

Figure 2: Structural Split of Pension Fund Assets

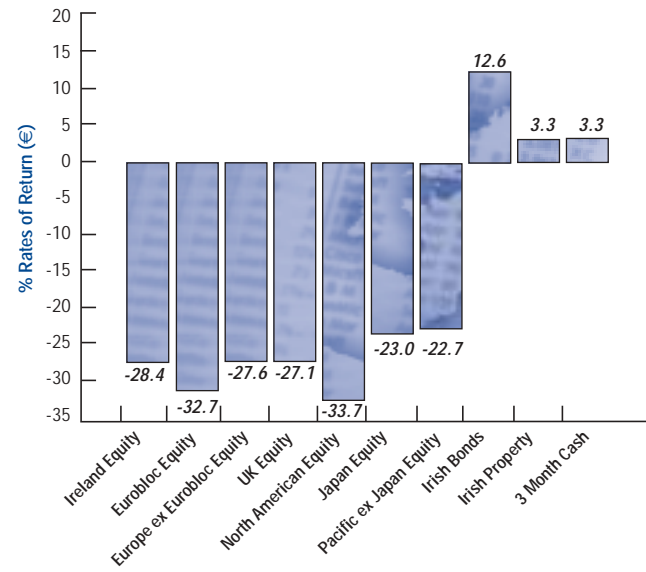


Figure 3: 2002 Asset Class Returns

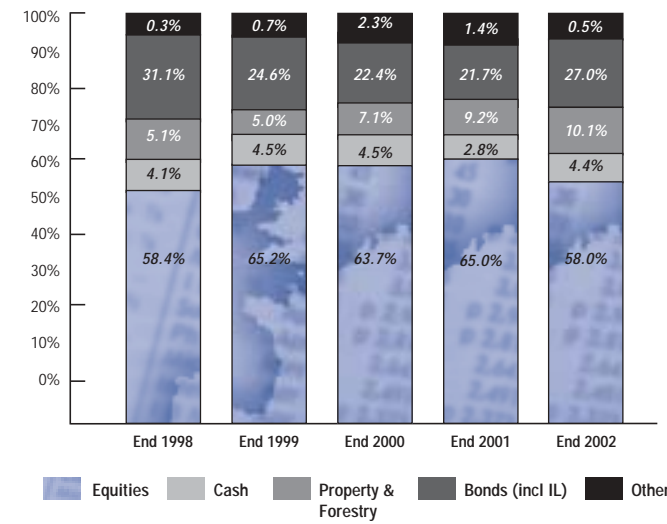


Figure 4: Asset Class Weights

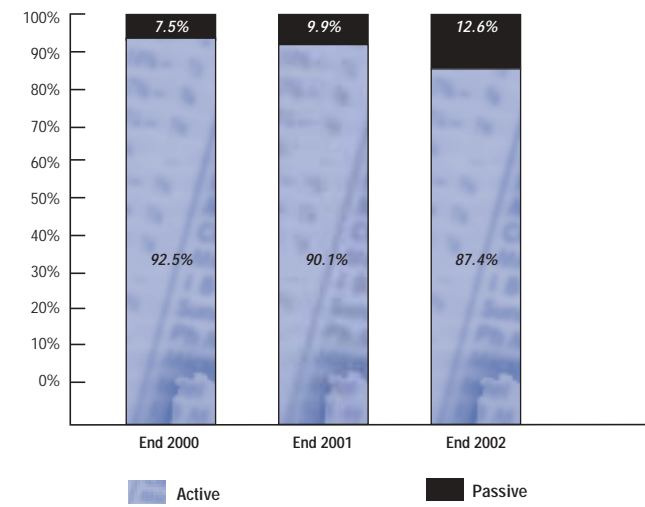


Figure 5: Split between Active and Passive Assets

Survey Methodology

As in previous years, the survey was conducted by circulating a Questionnaire to financial institutions involved in pension fund asset management. Complementing this source, the largest Irish pension funds were asked on a similar basis to return information on any assets where management was not delegated to one of the financial institutions already contacted. The response to the Questionnaire was excellent and is certainly sufficient to permit a reliable estimate to be made of the overall structure of the Irish pension fund asset base.

Examination of the data indicated that some adjustments were necessary to responses received last year in respect of 2001 in order to enable reliable year-on-year comparisons to be made. The year-end 2001 data has been adjusted from that shown in last year's survey to allow for this.

Irish Association of Pension Funds
September 2003

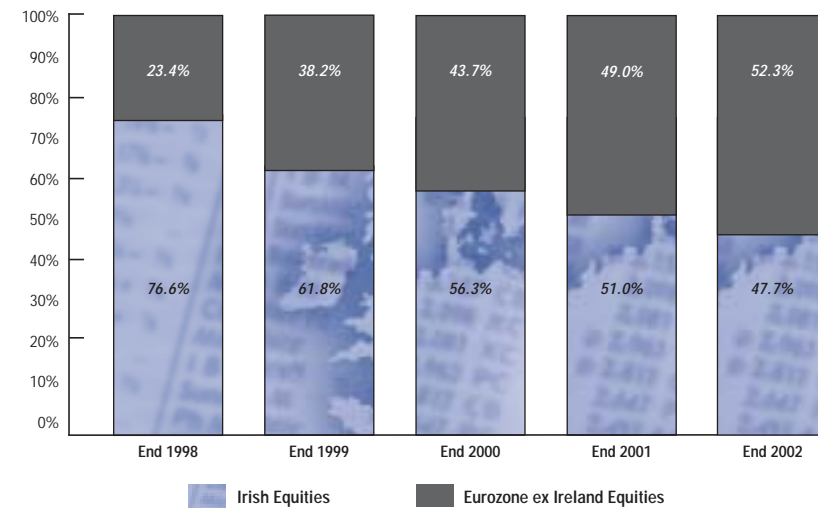


Figure 6: Domestic Equity - Split between Irish and Eurozone ex Ireland Equities

Appendix A: Irish Pension Fund Asset Analysis - End 2002

	Segregated Assets		Unutilised Assets		Insured Assets		Total Assets	
	€m	%	€m	%	€m	%	€m	%
TOTAL MARKET VALUE OF ASSETS	21535.6	100.0	17383.3	100.0	5891.3	100.0	44810.1	100.0
ASSET DISTRIBUTION BY SECTOR								
IRISH								
Fixed Interest - Government	642.9	3.0	491.4	2.8	581.9	9.9	1716.3	3.8
Fixed Interest - Corporate	29.0	0.1	2.9	0.0	153.0	2.6	184.9	0.4
Index Linked	127.5	0.6	16.9	0.1	12.4	0.2	156.7	0.3
Equities - Quoted	2951.1	13.7	2064.6	11.9	780.4	13.2	5796.2	12.9
Equities - Unquoted	50.0	0.2	53.0	0.3	19.8	0.3	122.8	0.3
Property	1650.3	7.7	2190.0	12.6	224.6	3.8	4064.9	9.1
Forestry	123.3	0.6	30.4	0.2	0.0	0.0	153.6	0.3
Cash and Cash Instruments	239.4	1.1	756.1	4.3	166.8	2.8	1162.4	2.6
Other	15.8	0.1	51.2	0.3	17.3	0.3	84.3	0.2
TOTAL IRISH ASSETS	5829.5	27.1	5656.4	32.5	1956.2	33.2	13442.1	30.0
NON IRISH - Eurozone ex Ireland								
Fixed Interest - Government	2988.8	13.9	3316.4	19.1	2194.6	37.3	8499.8	19.0
Fixed Interest - Corporate	192.6	0.9	253.2	1.5	365.8	6.2	811.6	1.8
Equities	3473.3	16.1	2561.8	14.7	451.5	7.7	6486.7	14.5
Property	41.7	0.2	23.2	0.1	0.0	0.0	64.9	0.1
Cash and Cash Instruments	217.4	1.0	496.4	2.9	24.5	0.4	738.3	1.6
Other	8.9	0.0	0.6	0.0	0.0	0.0	9.5	0.0
TOTAL NON IRISH - Eurozone ex Ireland	6922.6	32.1	6651.7	38.3	3036.4	51.5	16610.7	37.1
NON IRISH - World ex Eurozone								
Fixed Interest - Government	185.5	0.9	263.0	1.5	49.3	0.8	497.8	1.1
Fixed Interest - Corporate	56.2	0.3	56.8	0.3	120.7	2.0	233.7	0.5
Equities UK	2159.8	10.0	1256.6	7.2	187.7	3.2	3604.1	8.0
Equities US	4164.5	19.3	1837.2	10.6	269.9	4.6	6271.5	14.0
Equities Europe (ex Euro-zone ex UK)	845.0	3.9	443.1	2.5	117.7	2.0	1405.8	3.1
Equities Pacific Basin (ex Japan)	512.3	2.4	670.7	3.9	54.7	0.9	1237.7	2.8
Equities Japan	630.3	2.9	271.9	1.6	37.6	0.6	939.7	2.1
Equities Other Overseas	67.8	0.3	68.9	0.4	5.2	0.1	141.9	0.3
Property	96.5	0.4	90.7	0.5	38.6	0.7	225.9	0.5
Cash and Cash Instruments	50.4	0.2	30.6	0.2	6.6	0.1	87.5	0.2
Other	15.2	0.1	85.8	0.5	10.7	0.2	111.7	0.2
TOTAL NON IRISH - World ex Eurozone	8783.5	40.8	5075.2	29.2	898.7	15.3	14757.3	32.0