



Evelyn Ryder

Irish Equities – Over Exposed?

8th January 2008

Hewitt
Consulting

Hewitt

Irish Equities – the History for pension fund investment

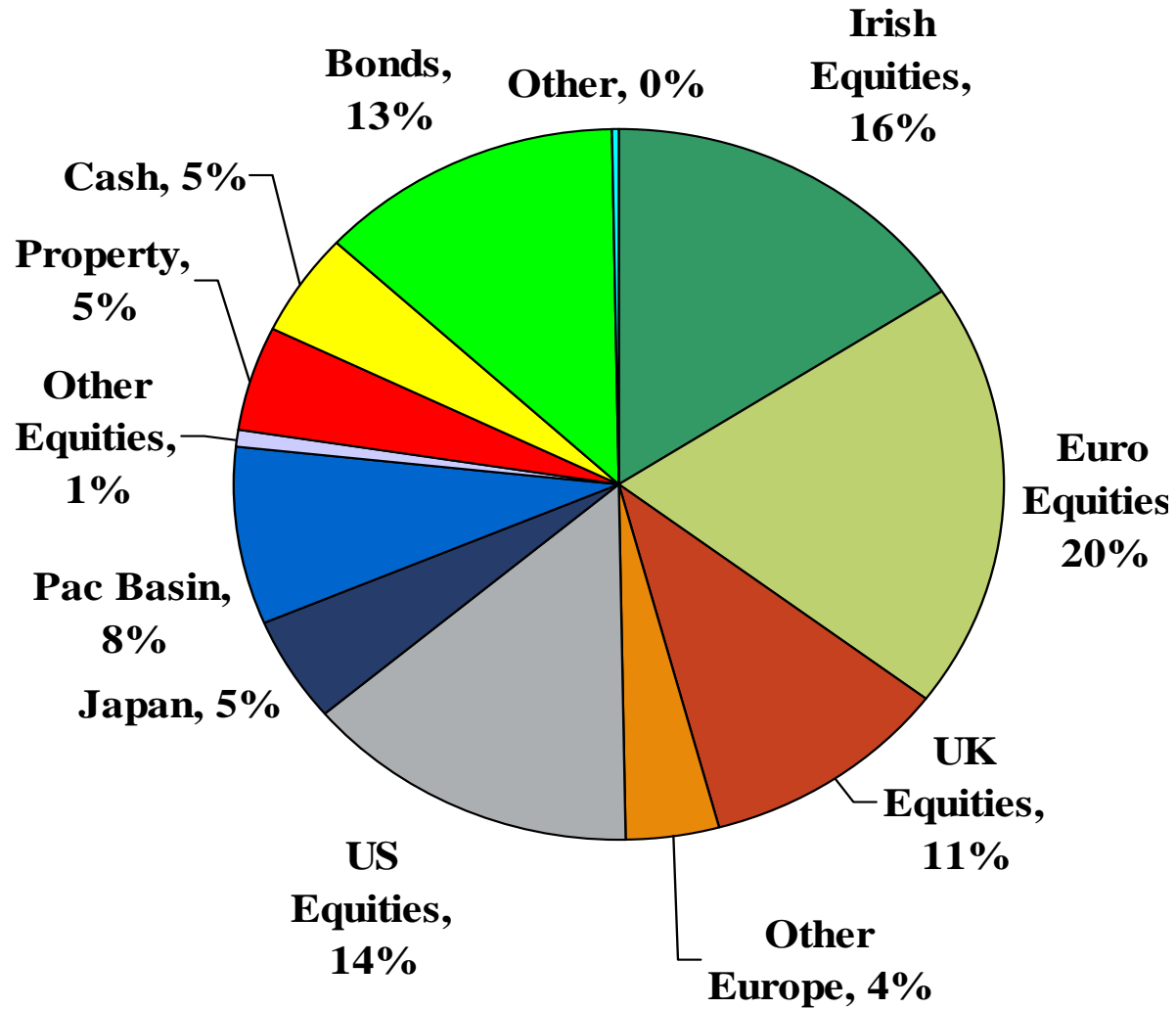
Better match for liabilities

Local market more familiar

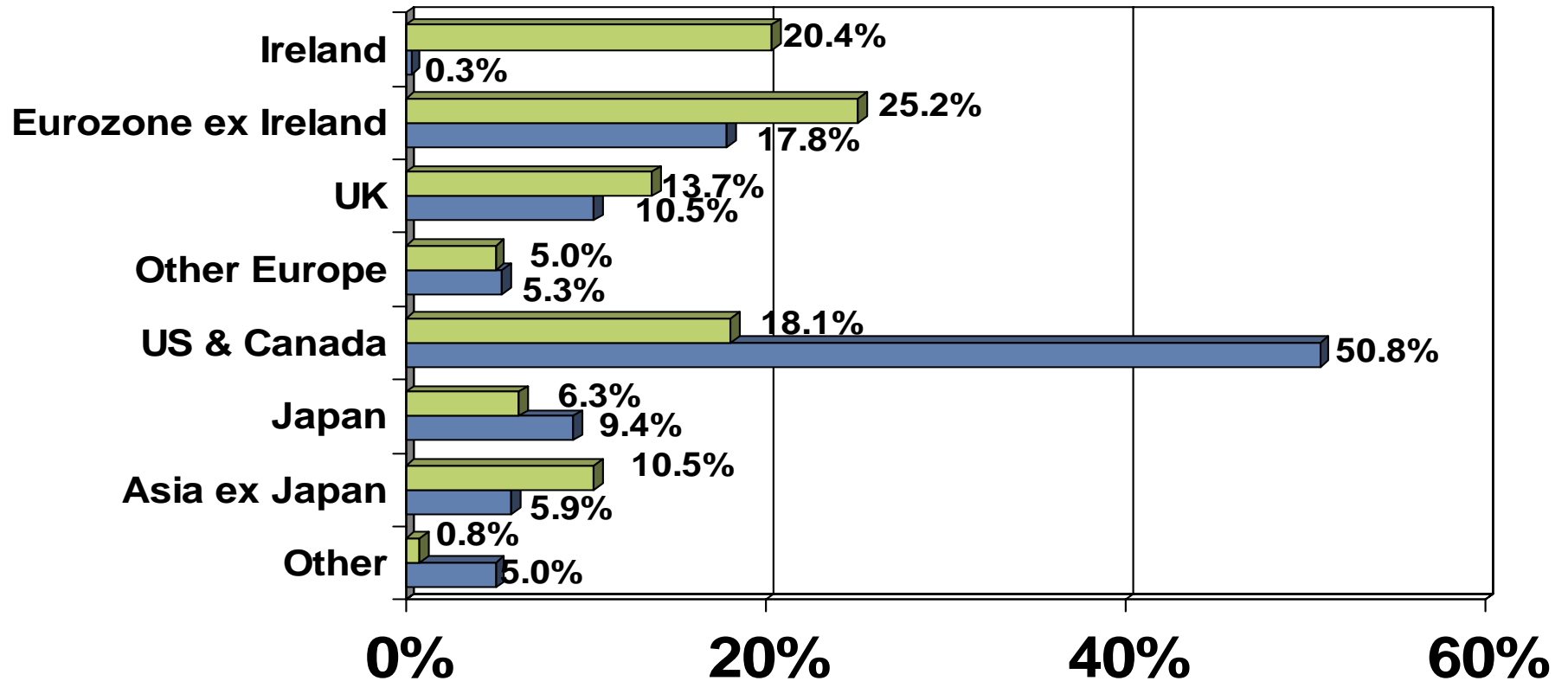
Tax penalties on overseas investing

Currency Risk on overseas investing

Irish Managed Fund Asset Split

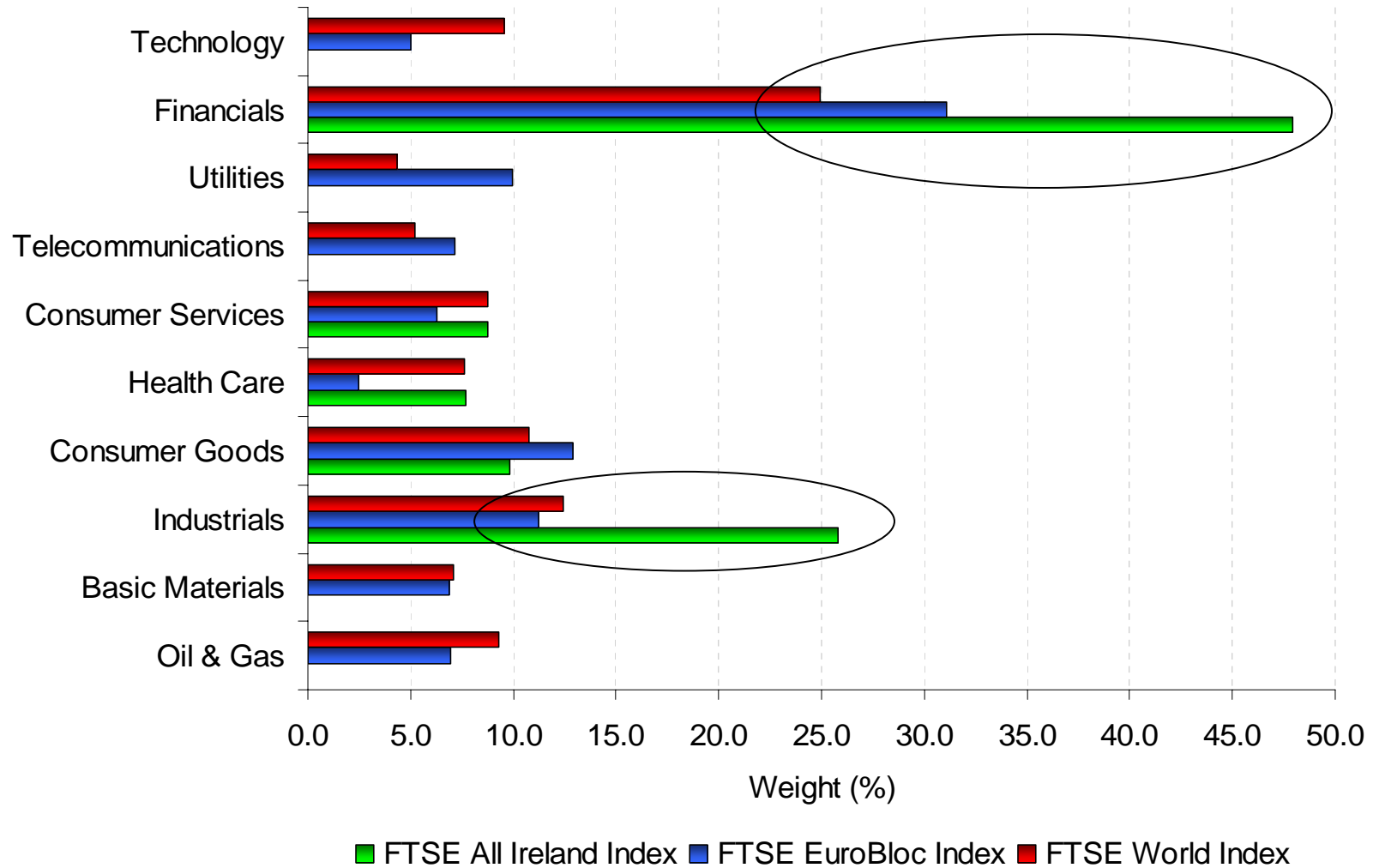


Equity Investment Irish Style



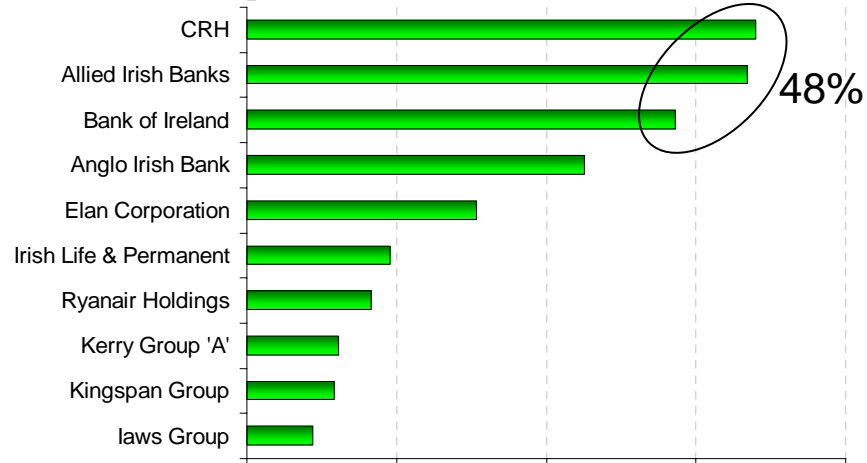
■ FTSE World ■ Average Irish Managed Fund

Sector Concentration

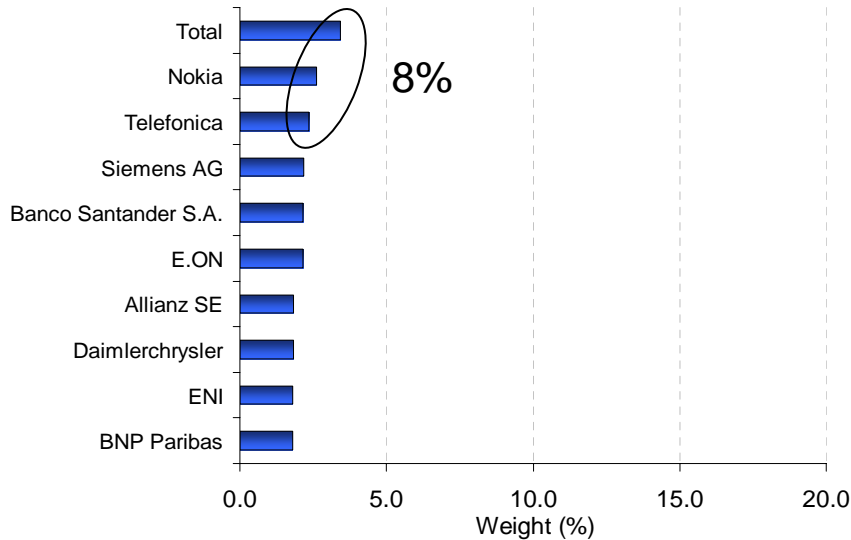


Source: FT indices as at 30 September 2007

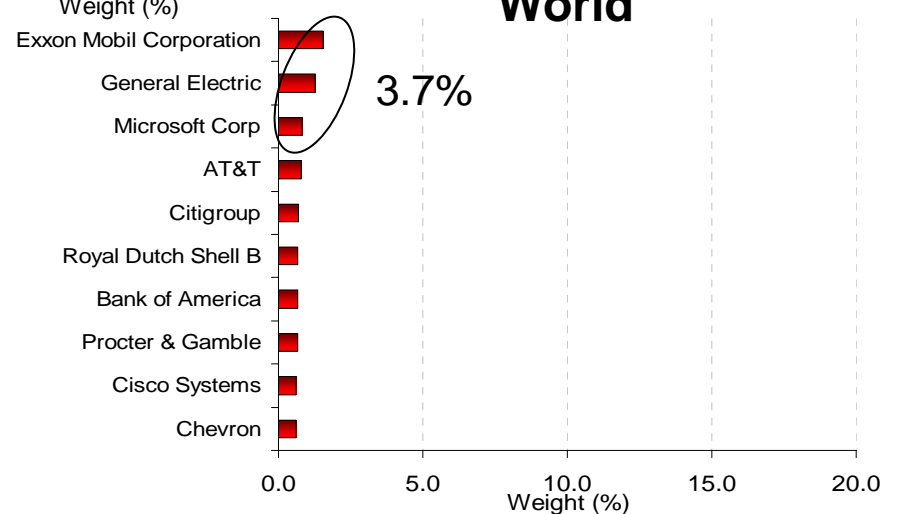
Stock Concentration – Top 10 Ireland



EuroBloc



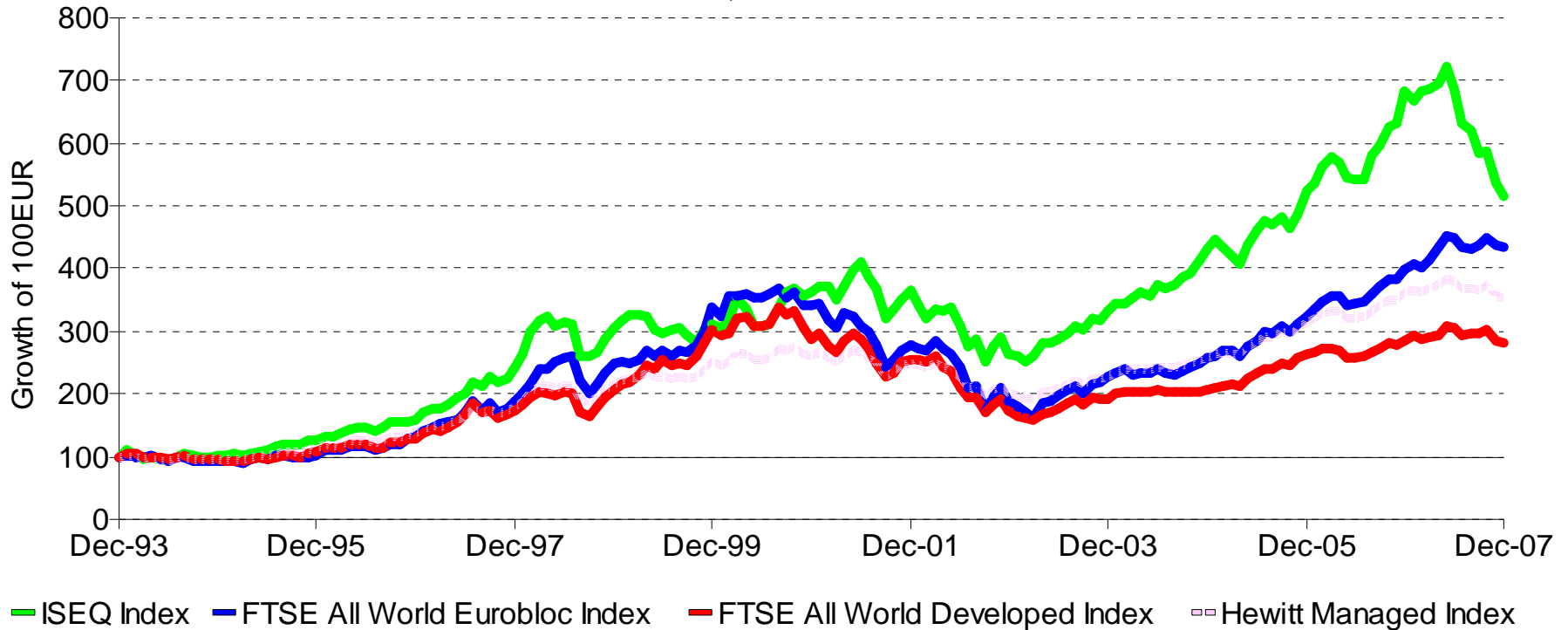
World



Source: FT indices as at 30 September 2007

Cumulative Performance

in EUR, Dec-93 - Dec-07

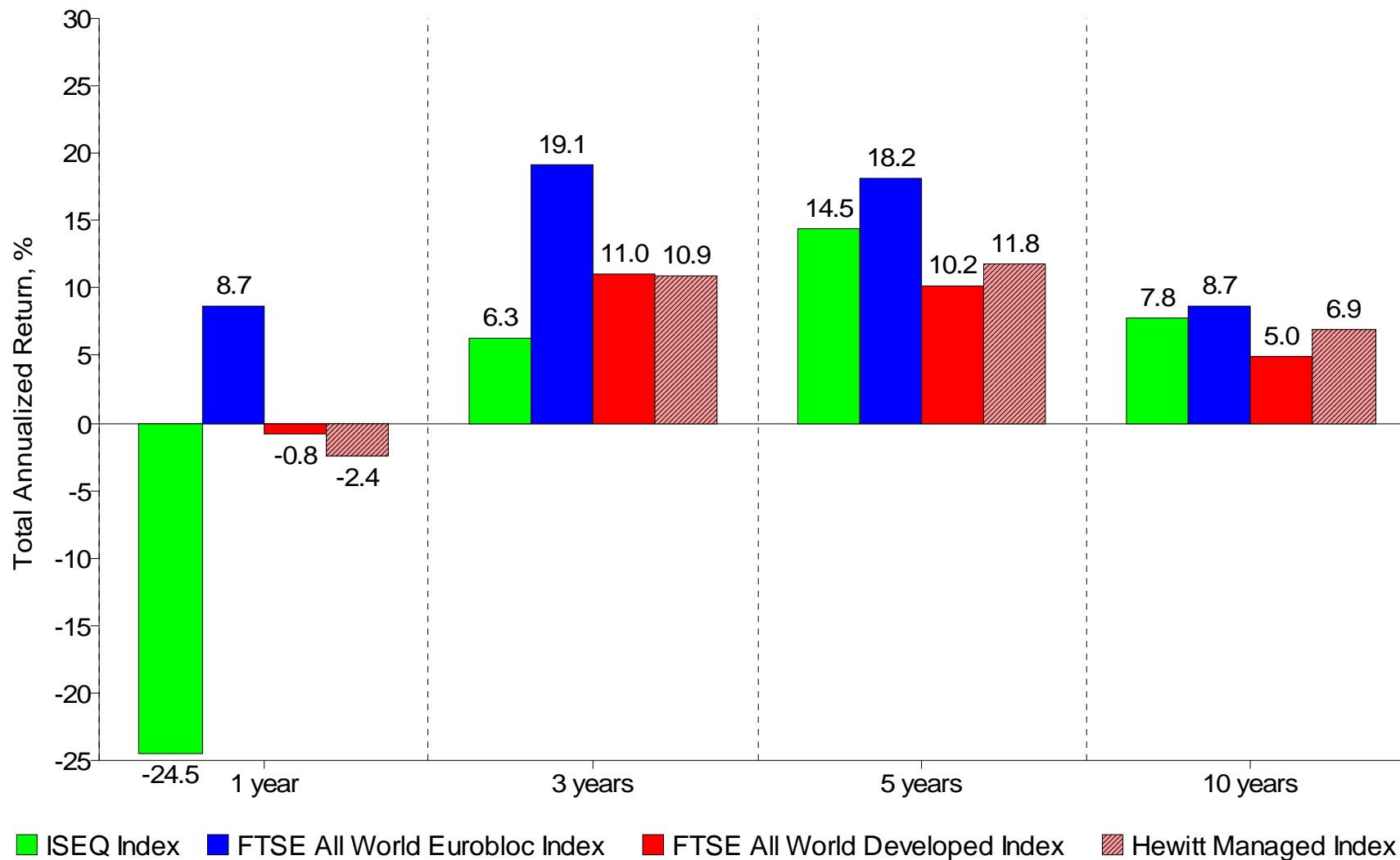


Annual Return, %

	Dec-07	YTD	1 Year	3 Years	5 Years	10 Years
ISEQ Index	-3.66	-24.53	-24.53	6.27	14.46	7.81
FTSE All World Eurobloc Index	-0.49	8.72	8.72	19.09	18.16	8.72
FTSE All World Developed Index	-0.98	-0.75	-0.75	10.99	10.22	4.97
Hewitt Managed Index	-1.37	-2.43	-2.43	10.93	11.84	6.94

Performance of the Major Indices

in EUR, January 1998 - December 2007



Equity Performance

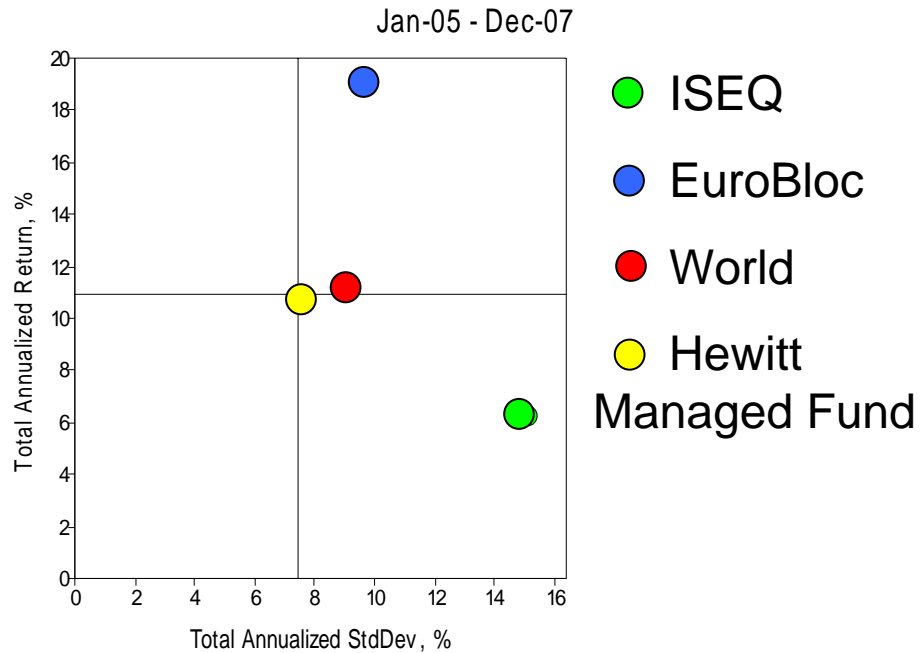
36 Month Rolling Performance

in EUR, Dec-96 - Dec-07

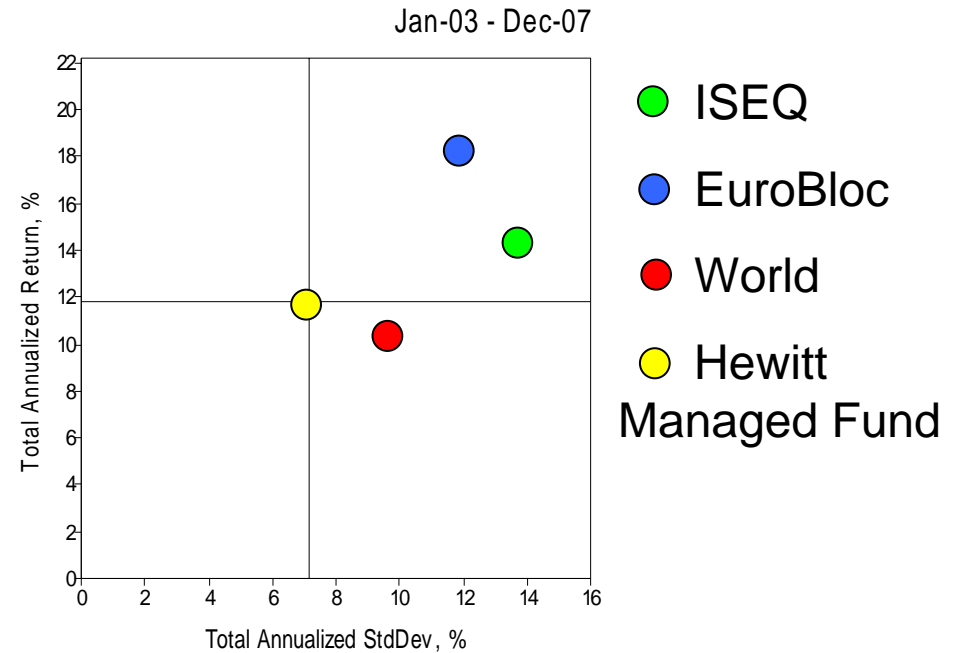


Increasing Return

Performance vs. Risk: 3 Years



Performance vs. Risk: 5 Years



Increasing Risk



In Summary.....

Concentrated Market

Small Cap Bias

Value Bias

Trustees are taking active investment decisions by choosing to invest in specific regional markets

Currency can be handled separately

Final Thoughts for Trustees

Is this a Prudent Investment?

Risk has been rewarded in the past but will it in the future?

Can Trustees/Sponsors afford the risk going forward?

Are Trustees/Members aware of the risk in the typical Default Fund/Standard PRSA?



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