







# Protected Assets Fund



The **Protected Assets Fund** is an investment solution that gives risk conscious investors access to stock market returns but with explicit protection for times of market falls.

## At a glance

	<b>Aim</b>	To deliver long term capital growth for investors while explicitly managing market risk
	<b>Security</b>	In any calendar year, the value of an investment in the Fund (before charges are deducted) will <b>never fall below 90% of its highest value</b> in that year. Please see page 3 for further detail.
	<b>Investment Style</b>	Dynamic investment strategy: <ul style="list-style-type: none"> <li>• In times of high volatility, exposure to equity indices falls</li> <li>• In times of low volatility, exposure to equity indices rises</li> <li>• Explicit downside protection</li> </ul>
	<b>Diversification</b>	High Stock Market Diversification: <ul style="list-style-type: none"> <li>• 5 mainstream global market indices</li> <li>• Exposure across continents, countries, currencies, industries and companies</li> </ul>
	<b>Access</b>	Easy to access - available across a wide range of Bank of Ireland Life investment & pension products (including switches)
	<b>Risk</b>	Medium Risk

The **Protected Assets Fund** provides risk conscious investors with much greater choice when it comes to investing their money. This Fund offers an investment strategy that has the potential to deliver the benefits of investing in stock markets but with significantly reduced risks.

## How?

The **Protected Assets Fund** explicitly protects the value of investors' money:

- ✓ Increases exposure to stock markets during times of stock market stability – to gain from potential positive market performance.
- ✓ Reduces exposure to stock markets during times of stock market uncertainty – to limit exposure from any market falls.
- ✓ Invests in a protection policy that explicitly limits downside risk so that in times of severe market falls the Fund is protected.

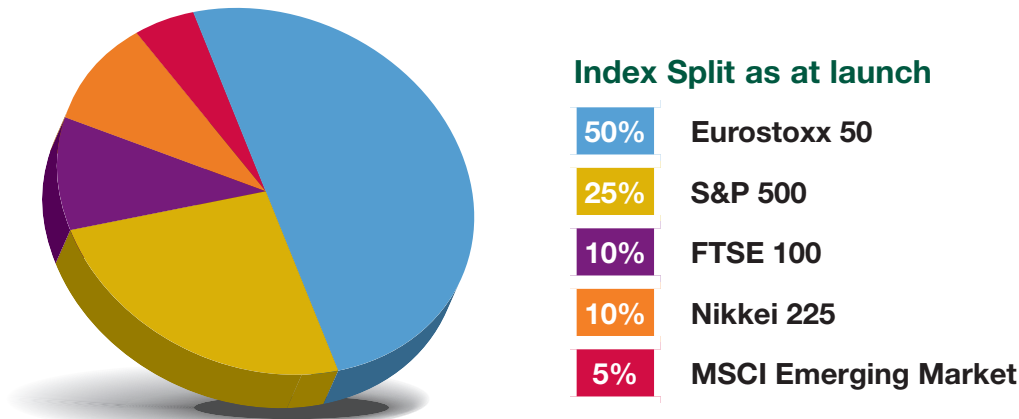
## Access the long term growth potential of global stock markets

Shares can offer the greatest potential return for investors with the potential to beat both inflation and deposits over the long term. Investors benefit from both the long term rise in share prices and income received through dividend payments.

The Protected Assets Fund aims to take advantage of both the growth and income opportunities offered by company shares by investing in stock market indices. Investment return is partly linked to the performance of five mainstream global stock market indices (see below for more detail).

### Exposure to global stock markets

The Protected Assets Fund will have different levels of exposure to the global stock market at different times. The below 5 mainstream indices provide this global exposure.



The indices and relative exposure to each index can be varied at any time. Exposure to the individual indices is automatically reset at the start of each calendar year.

As some of the above indices are non-Eurozone, the value of an investment in the Fund may be affected by changes in currency exchange rates.

### The benefit of dividends

Dividend payments are a significant contributor to investors' long term returns. They can provide a steady flow of income and their importance should never be underestimated. The Protected Assets Fund's returns from exposure to stock markets includes the benefits of dividends. This is through the use of total return indices and where one is not available returns are calculated to include the benefit of dividends.

# Protection

As the Fund is linked in part to the performance of global stock markets, it can experience the ups and downs (market volatility) that share prices experience over time. In particular, over short time frames, these movements can be dramatic.

The **Protected Assets Fund** is designed to limit the downside risk to investors' money from these types of movements.



## Dynamic investment management strategy

Typically, when many investors begin their investment, markets are doing well. Stock market based investments appeal. Investors are optimistic about the prospects for their money, enjoy market performance and are committed to the long term. But when an extreme market event happens (e.g. the recent financial and credit crisis) behaviours change.

At the start of the downturn, investors tend to stick to their long-term investment values planning to ride out the storm. But as falls continue many investors begin to lose their confidence and for peace of mind, move into cash or secure investments. They now know there can't be further falls. Then markets invariably recover and the investor loses out. Inevitably, confidence to invest again is not restored until the recovery is well underway but at this point many investors have usually missed out on a substantial recovery. **The Protected Assets Fund offers investors an alternative.**

### The Protected Assets Fund reacts to market conditions

- During times of market uncertainty, a greater share of the Fund is quickly moved to cash, to protect the value of the Fund
- When markets are stable, the Fund quickly increases its exposure to the basket of indices, to increase the potential for money to grow.

### How this happens

The Fund has a specific investment strategy in place to manage market risk. Each day the indices trade, the actual market volatility experienced by the 5 indices combined is calculated. This is then compared to a target volatility rate that has been set for the Fund (this rate can change over time).

If the Fund is experiencing a higher actual volatility than the target, monies are moved quickly into cash to stabilise the Fund; if the results show that markets are more stable, the opportunity is taken to increase exposure to the market based indices and reduce cash.

Investors in this Fund can rest assured that their money is being managed just as they want it to be.

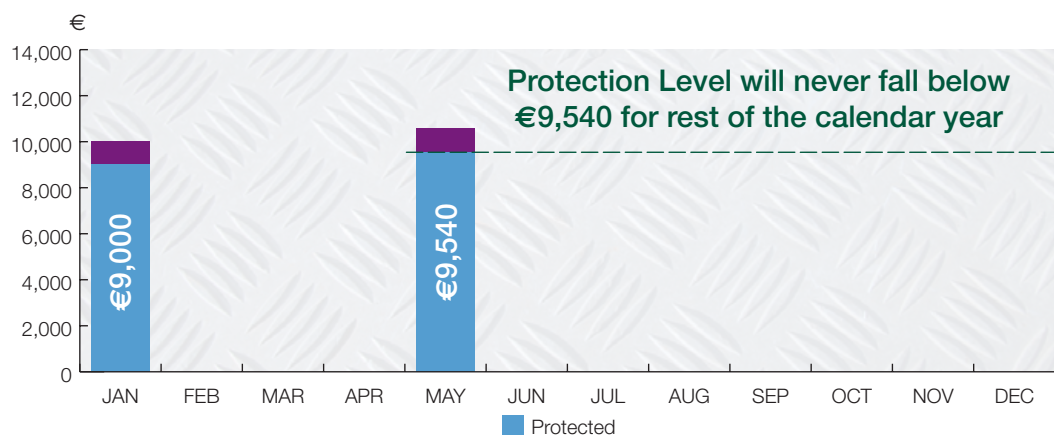


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### Downside protection

The **Protected Assets Fund** provides an explicit promise that in any calendar year, the value of an investment in the Fund (before charges are deducted) will **never fall below 90% of its highest value** in that year.

For example, if at the start of the calendar year, the value of an investment was €10,000 (the starting protection would be €9,000 (90% X €10,000)) and the value grew to €10,600 in May - the protection provided promises that the value of the investment will never fall below €9,540 for the remainder of that calendar year i.e. 90% X €10,600. Charges must be deducted to arrive at the value of a customer's investment after charges.



### 2010 & 2011

For those who choose to invest in the Fund at any stage from 1st January 2011 to 31st December 2011, the value of an investment in the Fund (before charges are deducted) will never fall below 90% of its highest value over the period during that 13 month period. For subsequent calendar years, the protection promise will be for the 12 month calendar period i.e. 90% of the highest value of an investment in the Fund over the calendar year (1st January to 31st December).

#### \*A note on the protection

For the Protected Assets Fund, the Governor and Company of the Bank of Ireland is the current provider of the protection and the return to Bank of Ireland Life. Bank of Ireland Life will pass on the full value of the amounts it receives from Bank of Ireland to investors. If for any reason Bank of Ireland cannot meet its obligations, investors could lose some or all of their investment in this Fund.

The equity exposure of the Fund may be reduced at times to protect the Fund from the risk of poor stock market liquidity. The Fund may also hold cash for liquidity.

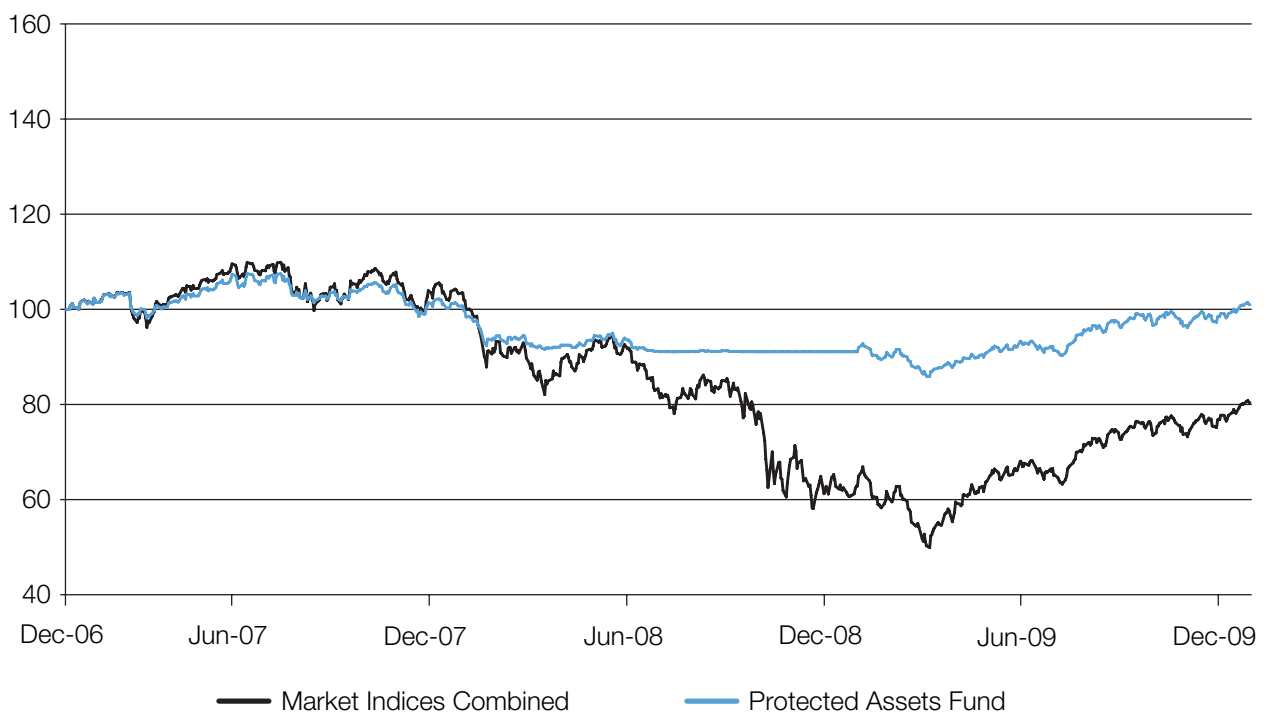
# How the Protected Assets Fund performs in different market conditions

To illustrate how the Fund behaves in different market conditions – falling and rising – we have put together the following scenarios:

## Falling market: 31st December 2006- 31st December 2009

The graph below illustrates how over this period, the market in general fell. For the **Protected Assets Fund**, we can see how losses would have been limited. In any calendar year, the value of the Fund (before charges are deducted) would never have fallen below 90% of its value at the start of the calendar year.

- Initially, the Fund's performance would have moved in line with the indices.
- As market volatility increased there would have been less and less exposure to the indices and a greater share of the Fund being moved in to cash.
- The protection policy would have been used over this period to limit losses.
- Investors would also have benefitted from the market recovery that followed.



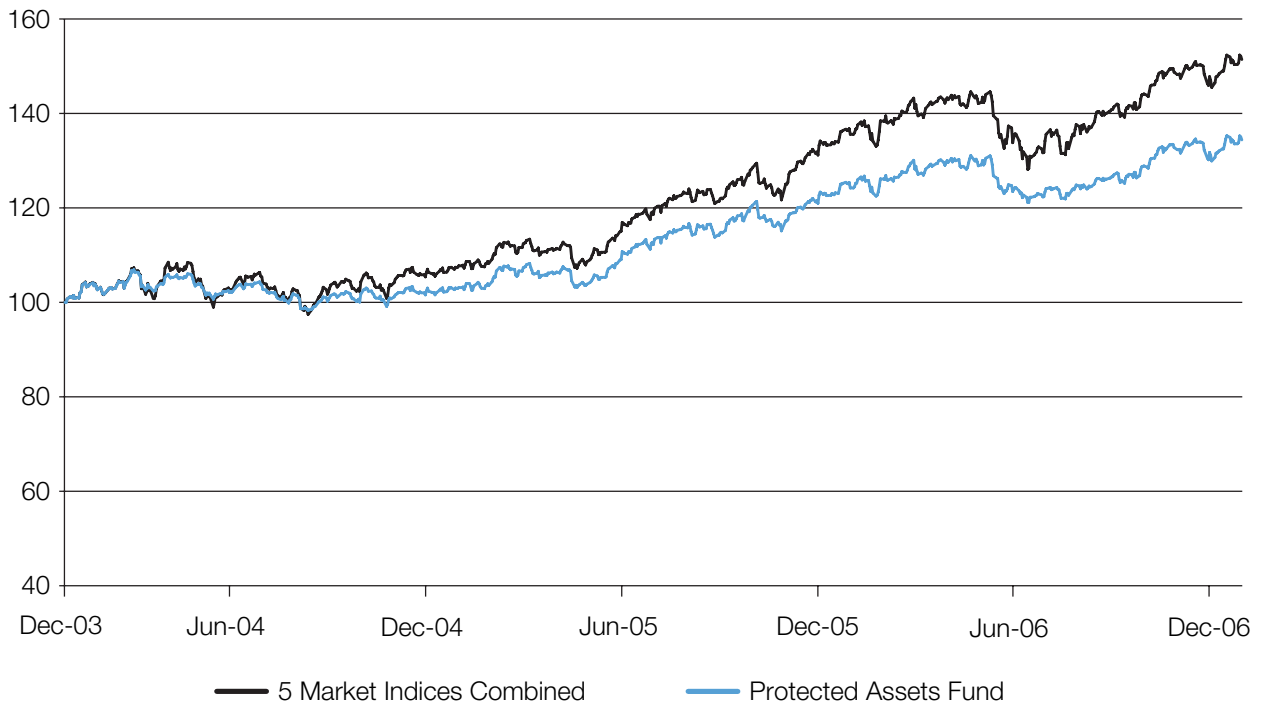
Source of backtesting: Bank of Ireland Global Markets. NB: indicative performance shown of the Protected Assets Fund above is gross of taxation and fund management charges.

**Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.**

## Rising market: 31st December 2003- 31st December 2006

The graph below illustrates that the market in general rose over this period and how the Protected Assets Fund also would have benefitted from these gains.

- Stability in the market would have led to increased exposure to the stock market indices and for the Fund to benefit from positive performance.
- The protection policy would not have been used.



Source of backtesting: Bank of Ireland Global Markets. NB: indicative performance shown of the Protected Assets Fund above is gross of taxation and fund management charges.

**Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.**

## Other important information you should know

- The Protected Assets Fund is an ideal solution whether looking for a single investment fund or for a fund to act as part of an overall portfolio. The Fund can act as the core part of any pension or investment portfolio, to which other funds from our wide range can be added to build the most suitable investment portfolio.
- In a falling market, in any calendar year the value of an investment in the Fund (before charges are deducted) will never fall below 90% of its highest value in that year - unlike higher risk investment funds, falls are explicitly limited.
- In a rising market, returns should be positive but these may be lower than those of a higher risk fund (in line with the aim of the Fund).

## Product availability

The **Protected Assets Fund** is available to investors through a range of Bank of Ireland Life products including:

- SmartFunds
- SmartChoice
- Special Bonus Investment Plan
- Personal Pensions
- Executive Pensions
- Approved Retirement Fund (ARF)
- Approved Minimum Retirement Fund (AMRF)
- Personal Retirement Bond
- PRSA (Non-standard)

## Charges

The normal product charges and allocation rates for these products apply, with the exception that the fund management charge for the **Protected Assets Fund** is 0.25% per annum higher than on other funds.

## Risk Rating – A Medium Risk Fund

At Bank of Ireland Life, we classify our wide range of funds into 5 different risk categories to help you better understand the risks to your original investment. We have rated the Protected Assets Fund as a Medium risk investment fund and this type of fund is explained in more detail below:

- Medium risk investments offer the potential for returns in excess of deposits but do not promise a minimum return at any time.
- Medium risk investments tend to invest in a range of assets, which would normally include lower risk assets such as government bonds and investment grade corporate bonds.
- However, they can also invest in other assets such as stocks, property and alternatives (e.g. commodities). At times these investments may be a significant portion of the fund.
- Investors' capital is less exposed to market fluctuations than most other investments but investors may get back less than they originally invested.

## Next Steps

To find out more about the **Protected Assets Fund** please call into your local Bank of Ireland branch and talk to an Insurance & Investments Manager.

Alternatively, phone

**1890 309 309**

**[www.bankofirelandlife.ie](http://www.bankofirelandlife.ie)**

**Warning: The value of your investment may go down as well as up.**  
**Warning: This fund may be affected by changes in currency exchange rates.**  
**Warning: Past Performance is not a reliable guide to future performance.**

Lines are open from 8.00am to 6.00pm, Monday to Friday. To ensure that the quality of the service that we provide is of a consistently high standard, all calls may be recorded and monitored. Call charges may vary depending on your service provider.

Terms and conditions apply. Where relevant life assurance tax applies. A Government levy (currently 1%) may also apply to amounts invested.

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