






Trilogy II

AT A GLANCE

Aim		To generate long term capital growth with a sustainable flow of income for the fund by investing in three distinct asset classes (equities, bonds and property), and using borrowings to increase exposure to property
Style		Actively managed
Asset Mix		High yield equities, corporate bonds & geared property
Managed by		Bloxham
Risk		High risk

FUND DESCRIPTION

Trilogy II is an investment fund that is similar in many ways to a traditional managed fund - an investment fund that allows many investors to pool their money and buy a mix of assets including equities, an element of property combined with bonds and cash. But with Trilogy II investors get something a little more sophisticated – High Yield equities, Corporate Bonds and Geared Property.

The Asset Mix

High Yield Equities managed by Bloxham

For its equity component, Trilogy II invests only in equities that pay higher than average dividends on a sustained basis¹ (known as high yielding equities). The logic behind this investment strategy is that the types of companies that can achieve sustained higher dividends generally provide stable growth opportunities going forward. This has the potential to generate a higher level of income into the fund, with the further prospect of capital growth for investors over time.

For this reason, high yield funds have been one of the most popular areas of investment for decades.

Why do dividends matter?

Essentially, the payment of dividends is a powerful message by companies to stock markets and investors about the company's future prospects and performance. It is one of the simplest ways that a company can announce its financial well-being.

Dividends can also be a very important contributor to overall return - for example, over the last 20 years, 33% of the growth in the S&P500 index has come from dividends.

Source: Bloxham. Performance of S&P500 index from 30/06/1989 to 30/06/2009. Performance is quoted gross of tax and charges.

¹ From time to time, there will also be an element of cash held by the Fund

Stock selection

Before a stock is added to the Fund, Bloxham carry out a number of financial tests and ensure specific criteria are met that indicate a stock is:

- Financially strong - with high cash and earnings cover on company dividends
- Trading on low multiples
- Have low levels of debt

Typically it is large companies that usually display such criteria.

These financial tests aim to reduce the volatility and risk experienced by the fund when compared to the broader equity market.

Corporate Bonds managed by Bloxham

Corporate Bonds are similar in structure to Government bonds - where companies borrow money from investors, generally for a fixed period of time and offer an annual interest payment known as a "coupon".

Corporate bonds are chosen over government bonds to generate potentially higher returns than those offered by government bonds (greater returns for taking on potentially greater risks). Typically the extra income which can be generated can be approx 1-1.5% p.a. in excess of the equivalent rated government bonds.

The corporate bond element of Trilogy II invests in a well-diversified basket of high quality corporate bonds. Diversification is assured by investing across geographical regions and sectors i.e. automobile, industrial and financial industries.

High quality corporate bonds

When making the investment decision, only those companies, which are financially sound with credit ratings of BBB or better, are chosen. Credit ratings are assigned by rating agencies e.g. Standard & Poor's, in recognition of the financial strength of a company. Companies rated from AAA to BBB are seen as low risk and unlikely to default on any payment obligations.

Geared Property managed by Bank of Ireland Asset Management (BIAM)

The geared property element of Trilogy II invests in an established portfolio of high quality commercial, retail and industrial properties, diversified across markets i.e. Ireland, UK and mainland Europe.

Properties held tend to be mature, high profile, quality properties in prime locations. The fund does not have any exposure to residential property.

Gearing

Investor capital within the geared property element of Trilogy II is increased by borrowings. Borrowing increases investors' exposure to the performance of the underlying properties. The advantage of this is that returns to investors from positive property growth can be increased. But the downside is that any losses incurred can be magnified.

Borrowings could be up to half of the total value of the properties in the fund, but the level of borrowing may vary, depending on cashflow, asset performance and the availability of property, and at times could be significantly less.

It is important for investors to note that the high yield equity and corporate bond assets of Trilogy II are ring fenced and not exposed to any losses of the geared property element of the fund. Also the borrowing is on a non-recourse basis which means that investors are only at risk for the amount originally invested, with no individual liability for the borrowed funds.

Important information about Trilogy II

Investors should be aware of the following special characteristics of the Fund:

- The company reserves the right to delay encashment or a switch out of the fund in the event of outflows from the fund.
- If the company has to sell properties to meet significant cash outflows, unit prices may be marked down to reflect the costs of disposal.

Bloxham

Bloxham are our principal investment partner for Trilogy II. Bloxham is an independent financial services provider that has been operating in Ireland for over 100 years. Bloxham's Wealth Management division was set up in 2000, and aims to add value for investors through active management using objective analysis and innovative strategic decision making processes.

Another of our investment partners – Bank of Ireland Asset Management (BIAM), manages the geared property element of Trilogy II. Since its foundation in 1966, BIAM has been a major force in Irish fund management and continues to be one of the largest fund managers in Ireland.

BIAM has a highly experienced property team, led by Ian Johnston, managing a portfolio of Irish and UK properties for charities, pensions funds and private investors.

BIAM's property team:

- An experienced stable team with proven capability
- In-depth knowledge of target markets
- Asset management expertise
- Access to local market intelligence
- Broad range of international and local relationships
- Well established due diligence/risk management process
- Depth of experience across all investment cycles

Risk Rating – High Risk

Bank of Ireland Life has rated Trilogy II as a high risk investment fund. The potential return from high risk investments is much higher than deposits and inflation. High risk funds focus on maximising the potential return to investors, rather than minimising risks. Some high risk funds may consist almost entirely of one asset class based for example in one geographic region or in one sector. Investors' capital is not secure and may fluctuate significantly and investors may get back less than they originally invested.

Product Availability

Trilogy II is available to investors through the following:

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

Charges

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

Up to date Information

For up to date price & performance information on the Trilogy II and other market information, please click on to www.bankofirelandlife.ie to see the most up to date Trilogy II factsheet. Factsheets are updated online for performance each day.

**For more information, talk to the Insurance & Investments Manager
in your Bank of Ireland branch
or call 1890 309 309 today**

**WARNING: PAST PERFORMANCE IS NOT A RELIABLE GUIDE TO FUTURE PERFORMANCE.
WARNING: THE VALUE OF YOUR INVESTMENT CAN GO DOWN AS WELL AS UP.
WARNING: THIS FUND MAY BE AFFECTED BY CHANGES IN CURRENCY EXCHANGE RATES.**

Lines are open from 8.00am to 6.00pm, Monday to Friday. For quality and training purposes incoming and outgoing calls may be recorded. Call charges may vary depending on your service provider.

Terms and conditions apply. Where relevant life assurance tax applies. Investing in a fund that contains an element of gearing may lead to potentially increased returns when asset growth is positive, however it should be noted that any losses are magnified. In the event that the investment does not perform as intended an investor may not receive back all of their original capital and in extreme circumstances may lose their entire capital.

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Bloxham is a member of the Irish Stock Exchange and the London Stock Exchange. Bloxham is regulated by the Financial Regulator under the Stock Exchange Act, 1995.