



PERSONAL RETIREMENT SAVINGS ACCOUNT INVESTMENT REPORT

FOR PERSONAL RETIREMENT SAVINGS ACCOUNT (PRSA) PRODUCTS WITH AN ANNUAL FUND MANAGEMENT CHARGE OF 1% - JULY 2018

Thank you for taking out a PRSA policy with Irish Life. This is your investment report, which lets you know how your PRSA funds have performed. We will send you one of these investment reports every six months.

Stock market returns always involve a certain level of risk and can show considerable variation in year to year returns. Our funds each have a risk indicator that helps show what levels of volatility could typically be expected for that fund. Volatility is the measure of the level of fluctuations in the price of the fund over time, and is based on each fund's past performance. It is important to note that you can change your investment choices at no cost at any stage.

Warning: If you invest in this product you will not have access to your money before you reach age 60 or until you retire. If you use your PRSA purely for Additional Voluntary Contributions you will not have access to your money until you retire.

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You should remember that the aim of your PRSA pension fund is to achieve long term returns as the investment time frame until retirement for most people is for the long term.



1. INVESTMENT MARKET INFORMATION (FOR THE SIX MONTH PERIOD TO END OF JUNE 2018)

IRELAND

10 year bond yields rose to 0.81% since the start of the year although they are lower than their February peak of 1.19%. Unemployment fell to a ten-year low of 5.1% by the end of June. Retail sales were growing 4.3% year on year (y/y). In terms of public finances, growth in tax receipts has accelerated as the year has gone on. Lower than expected spending has also helped the year to date general Government balance of approx. €2.4bn to come in €603m better than had been guided.

EUROZONE

German 10 year bond yields fell to 0.30% since the start of the year. At the start of the year yields were on an uptrend, but since then, the February stock market correction, the Italian election outcomes, and trade war fears have kept core yields lower. European economic data has softened in recent months but is still signalling growth. The Quarter 1 (Q1) Eurozone Gross Domestic Product (GDP) figure is coming in at 2.5% annualised, in line with expectations.

US

The US economy grew 2.0% annualised in the first quarter, which was better than expected and the fastest Q1 growth rate in 3 years. Against an already positive economic backdrop, the economy was given further impetus in Q1 by the signing of the US tax bill in which the corporate tax rate was reduced to 21%. Consumer confidence levels continue to run high and consumption remains supported by the strong labour market. The US unemployment rate is at an 18-year low of 3.8%. In response to the increasingly positive backdrop and inflation moving towards their target, the US Fed raised rates for the seventh time in the current cycle, hiking the target range for the policy rate to 1.75-2% at its June meeting.

UK

Brexit related uncertainty continued to weigh on UK growth throughout the first half of the year with the Q1 GDP figure coming in at 0.2% quarter on quarter annualised. This is the weakest GDP figure since Q2 2016. Inflation has been falling gradually this year, with the headline figure decreasing from 3% at the start of the year to 2.4% currently. Wage growth has risen to 2.5%, ending the real income squeeze experienced at the start of the year. The Bank of England left policy unchanged at their most recent meeting in June but were more hawkish than at their prior meeting. The Bank of England stated that the data released in the May Inflation Report provided greater reassurance that the slowdown in Q1 would prove temporary.

JAPAN

Japanese GDP contracted for the first time in 2 years during the first quarter, falling by -0.2%. Activity has picked up in the second quarter and more positive growth is expected. Industrial production was growing 4.2% y/y by mid-year while exports were up 8.1% y/y. Leading indicators such as the Purchasing Managers Index (PMI) fell in the first quarter but have since recovered to levels consistent with 1% growth.

CHINA

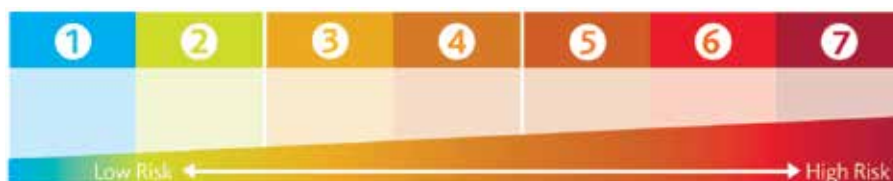
GDP growth is still tracking at 6.7-6.8% y/y in Q2 compared to a figure of 6.8% in Q1 despite softer data recently as well as trade tensions weighing on sentiment. Industrial production and service sector output in Q2 held up at similar levels to Q1.

Source: Irish Life Investment Managers.

2. PRSA FUND DESCRIPTIONS AND RISK RATINGS

Your contributions are invested in one (or more) of the following funds. Your fund choice is listed in your PRSA communication statement. Funds are categorised by the level of risk involved. We have a risk ratings system from 1 to 7, with 1 being the lowest risk and 7 the highest risk level.

For the latest PRSA fund prices and fund descriptions visit our website www.irishlifecorporatebusiness.ie



Risk Rating	Fund Risk	Fund Name
1	<p>low risk</p> <p>This is a very low risk fund. While there will be a very low level of volatility in fund returns, there is also only a very low potential for gains. It is suitable for investors who are very close to retirement or have a very low appetite for risk.</p>	PRSA Cash Fund
2	<p>low risk</p> <p>This is a low risk fund. While there will be a low level of volatility in fund returns, there is also only a low potential for gains. It is suitable for investors who are very close to retirement or have a low appetite for risk.</p>	PRSA Stability Fund
3	<p>medium risk</p> <p>This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.</p>	PRSA Flexible ARF Fund PRSA Consensus Cautious Fund PRSA Flexible Fund PRSA Cautious Fund PRSA Fixed Interest Fund
4	<p>This is a medium to high risk fund with expected volatility in the medium to high range. Therefore it may not be suitable for investors who have less than 7 years to retirement.</p>	PRSA Pension Protection Fund PRSA Pension for Life Fund* PRSA Active Managed Fund PRSA Growth Fund
5	<p>This is a high risk fund which can have a high level of volatility. Therefore it may not be suitable for investors who have less than 10 years to retirement. The fund is most suitable for long term investment.</p>	PRSA Consensus Fund
6	<p>This is a very high risk fund which can have a very high level of volatility. Therefore it may not be suitable for investors who have less than 13 years to retirement. The fund is most suitable for long term investment.</p>	PRSA Equity Fund PRSA Indexed North American Equity Fund PRSA Indexed 50/50 Equity Fund PRSA Indexed European Equity Fund PRSA Indexed Global Equity Fund PRSA Indexed Japanese Equity Fund PRSA Indexed UK Equity Fund PRSA Indexed World Equity Fund PRSA Indexed Pacific Equity Fund

1 PRSA CASH FUND

Is a low risk fund which invests in bank deposits. It will be used for your likely lump sum benefit.

2 PRSA STABILITY FUND

This fund is a mix of assets such as bonds, shares, property and cash. This is a low risk fund for careful investors, which aims to have a small allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a low level of exposure to such asset classes. In addition, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. The DSC Model aims to reduce the amount invested in shares and increase the amount in cash when it identifies greater potential for stock market falls. When the DSC model identifies greater potential for stock market recovery, it will move back out of cash and into shares.

3 PRSA FLEXIBLE FUND

Is mainly invested in bonds, with some investment in cash, equities and alternative assets such as emerging markets equity and corporate bonds.

3 PRSA FLEXIBLE ARF FUND

This fund is a mix of assets such as bonds, shares, property and cash. This is a low to medium risk fund for conservative investors, which aims to have a significant proportion invested in cash and bonds and a lower allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a medium level of exposure to such asset classes. In addition, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. It will be used for the part of the fund that may be transferred to an Approved Retirement Fund (ARF).

3 PRSA CONSENSUS CAUTIOUS FUND

Is split between the PRSA Consensus Fund (65%) and European fixed interest securities. The PRSA Consensus Fund invests in the same assets as the main Irish pension investment managers, i.e. it mirrors their choice of shares, property, bonds and cash. The European fixed interest securities are Eurozone bonds that typically have less than five years to maturity. The aim of the PRSA Consensus Cautious Fund is to provide low to mid range managed fund returns with lower levels of volatility.

3 PRSA CAUTIOUS FUND

This fund invests in a mix of assets such as bonds, shares, property and cash. This is a medium risk fund for conservative investors, which aims to have a significant proportion invested in cash and bonds and a lower allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a medium level of exposure to such asset classes. In addition, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund.

3 PRSA FIXED INTEREST FUND

Mainly invests in government securities.

The PRSA Pension Protection Fund, the PRSA Pension for Life Fund and the PRSA Fixed Interest Fund should broadly follow the long term changes in annuity prices due to interest rates i.e. if long-term interest rates fall, the value of these funds will increase to roughly compensate for the rise in annuity prices. Long term interest rates are just one of the main factors that determine the cost of an annuity. However, there will be times when the funds will not track annuity prices closely and no guarantee can be given in relation to such movements.



4 PRSA PENSION FOR LIFE FUND

Invests in government bonds. It is designed for the portion of your fund that may be used to purchase an annuity.

4 PRSA PENSION PROTECTION FUND

Invests mainly in long-dated Euro-denominated government securities. The returns on these assets come from a combination of the interest paid and any capital gain or loss on the value of the securities.

4 PRSA ACTIVE MANAGED FUND

Is an actively managed fund investing in equity, bonds, property, alternatives and cash. The fund is targeting an annual return of Cash +4% over any economic cycle.

4 PRSA GROWTH FUND

Is predominantly invested in international equities with some holdings in bonds, cash and property. This is a medium risk fund for balanced investors, which aims to have a moderate allocation to higher risk assets such as shares and property. The fund objective is to achieve returns managed within a range of volatility.

5 PRSA CONSENSUS FUND

Aims to deliver performance that is consistently in line with the average of all managed funds in the marketplace by replicating the average asset allocation of the Irish fund managers. The PRSA Consensus Fund is considered a high risk fund for short term investors e.g. 10 years or less. However, generally the longer investments are held the less volatile they become, so the fund is considered medium risk for longer term pension investors.

6 PRSA EQUITY FUND

Is 100% invested in shares, and aims to deliver higher than average equity fund returns by investing in those shares that represent value in the marketplace. This fund is managed by Setanta Asset Management.

6 PRSA INDEXED NORTH AMERICAN EQUITY FUND

Is 100% invested in North American equities. The fund aims to track the FTSE North America Index. The stock selection within the fund is on an indexed basis. The fund is designed to achieve average North American equity fund returns on a consistent basis, eliminating manager selection risk.

6 PRSA INDEXED 50/50 EQUITY FUND

Is 100% invested in equities. The fund invests 50% in Eurozone assets and 50% in assets from the rest of the world. The stock selection within each market is on an indexed basis.

6 PRSA INDEXED EUROPEAN EQUITY FUND

Is 100% invested in European equities. The fund aims to track the FTSE Europe (excluding UK) and Eurobloc indices. The stock selection within the fund is on an indexed basis. The fund is designed to achieve average European equity fund returns on a consistent basis, eliminating manager selection risk.

6 PRSA INDEXED GLOBAL FUND

Aims to achieve consistent average global equity fund returns. It is 100% invested in shares, with the country allocation based on the composition of the average managed pension fund.

6 PRSA INDEXED JAPANESE EQUITY FUND

Is 100% invested in Japanese equities. The fund aims to track the FTSE Japanese Index. The stock selection within the fund is on an indexed basis. The fund is designed to achieve average Japanese equity fund returns on a consistent basis, eliminating manager selection risk.

6 PRSA INDEXED UK EQUITY FUND

Is 100% invested in UK equities. The fund aims to track the FT All World UK Index. The stock selection within the fund is on an indexed basis. The fund is designed to achieve average UK equity fund returns on a consistent basis, eliminating manager selection risk.

6 PRSA INDEXED WORLD EQUITY FUND

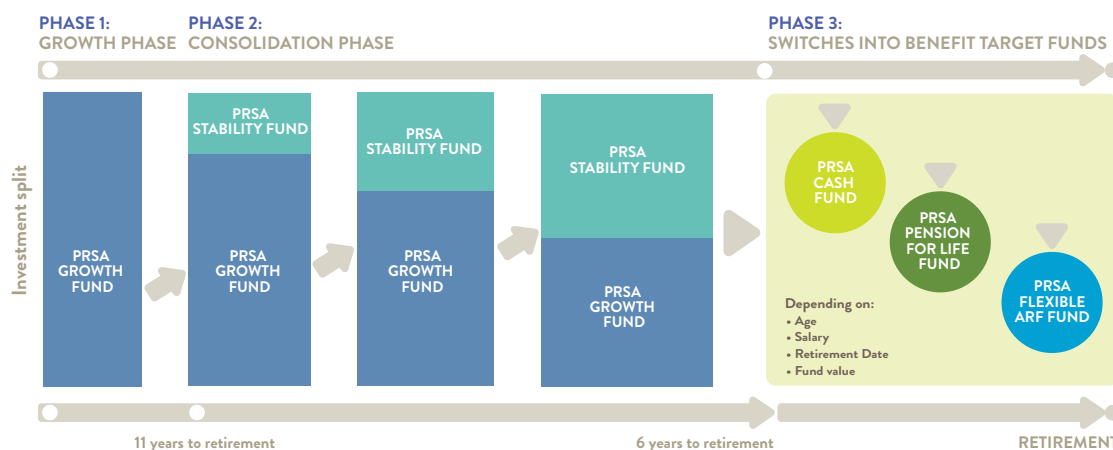
Is 100% invested in global equities, with a country allocation based on the composition of the FTSE World Index. The stock selection within each market is on an indexed basis.

6 PRSA INDEXED PACIFIC EQUITY FUND

Is 100% invested in Pacific equities. The fund aims to track the FTSE Asia Pacific basin excluding Japanese index. The stock selection within the fund is on an indexed basis. The fund is designed to achieve average Pacific equity fund returns on a consistent basis, eliminating manager selection risk.

3. PERSONAL LIFESTYLE STRATEGY - HOW DOES IT WORK?

PLS consists of two phases which span the years of your pension savings. It starts from the moment you join the strategy up to your retirement date.



<p>PHASE 1</p> <p>GROWTH PHASE</p> <p>Phase 1 puts you in funds suitable to achieve investment growth while at the same time balancing investment risk. Initially you will be completely invested in the PRSA Growth Fund.</p>	<p>PHASE 2</p> <p>CONSOLIDATION PHASE</p> <p>Phase 2 with 11 years to retirement we start to gradually move your fund into the PRSA Stability Fund. This helps to protect your pension fund against volatile markets.</p>	<p>PHASE 3</p> <p>SWITCHES INTO BENEFIT TARGET FUNDS</p> <p>Phase 3 moves your pension fund into funds that will be most suitable for how you are most likely to use your PRSA savings upon reaching retirement. You might for example take a lump sum benefit, purchase a pension for life or keep part of your fund for a post retirement investment. Depending on your individual circumstances we will switch your savings into investment funds that target the benefits most suitable to you.</p>
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WHICH INVESTMENT FUNDS ARE USED IN PLS?

<p>Risk Rating</p> <p>1</p> <p>●●●●●●</p>	<p>Risk Rating</p> <p>2</p> <p>●●●●●●</p>	<p>Risk Rating</p> <p>3</p> <p>●●●●●●</p>	<p>Risk Rating</p> <p>4</p> <p>●●●●●●</p>	<p>Risk Rating</p> <p>4</p> <p>●●●●●●</p>
<p>The PRSA Cash Fund is a low risk fund which invests in bank deposits. It will be used for your likely lump sum benefit.</p>	<p>The PRSA Stability Fund is invested in bonds, shares, property and cash. This is a low risk fund which aims to have a small allocation to higher risk assets such as shares and property. It aims to help protect your pension fund against market movements.</p>	<p>The PRSA Flexible ARF Fund is a mix of assets such as as bonds, shares, property and cash. This is a low to medium risk fund which aims to have a significant proportion invested in cash and bonds and a lower allocation to higher risk assets such as shares and property. It will be used for the part of the fund that may be transferred to an Approved Retirement Fund (ARF).</p>	<p>The PRSA Pension for Life Fund invests in government bonds. It is designed for the portion of your fund that may be used to purchase an annuity.</p>	<p>The PRSA Growth Fund is mainly invested in international equities with some holdings in bonds, cash and property. This is a medium risk fund for balanced investors, which aims to have a moderate allocation to higher risk assets such as shares and property. The fund objective is to achieve returns managed within a range of volatility.</p>

Details of these funds are available on www.irishlifecorporatebusiness.ie

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Warning: The value of your investment may go down as well as up.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: If you invest in this product you may lose some or all of the money you invest.

Securities Lending: The assets in these funds (except the PRSA Cash Fund) may be used for the purposes of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within the fund it also provides an opportunity to increase the investment return.

4. PRSA FUND PERFORMANCE UPDATE

The following figures reflect the performance of Irish Life's funds up to 30 June 2018, taking into account the PRSA fund management charge of 1% p.a. The actual value of your contract is outlined in your PRSA communication statement.

For more information on the PRSA funds and monthly fund factsheets please visit the PRSA section of our online investment centre www.irishlifecorporatebusiness.ie/investment-centre or check out our Irish Life EMPOWER app on your smartphone. PRSA fund performance details are provided by Irish Life Investment Managers.

Fund Name	Date of Launch	3 mths	6 mths	1 year	3yrs p.a.♣	5yrs p.a.♣	10yrs p.a.♣	Since Launch p.a.♣	Risk Rating★
PRSA Cash Fund	11/02/2003	-0.3%	-0.6%	-1.3%	-1.2%	-1.0%	0.0%	0.7%	1
PRSA Stability Fund	21/11/2016	0.7%	-0.3%	2.1%	◆	◆	◆	3.0%	2
PRSA Cautious Fund	16/01/2017	1.2%	-0.1%	5.7%	◆	◆	◆	3.7%	3
PRSA Consensus Cautious Fund	17/08/2009	2.2%	0.6%	3.0%	2.9%	6.2%	◆	6.4%	3
PRSA Flexible ARF Fund	21/11/2016	1.2%	-0.1%	3.4%	◆	◆	◆	5.0%	3
PRSA Flexible Fund	03/10/2011	0.3%	-0.3%	1.3%	1.4%	3.2%	◆	3.9%	3
PRSA Fixed Interest Fund	11/02/2003	-1.8%	0.6%	2.1%	3.1%	5.8%	6.3%	4.9%	3
PRSA Active Managed Fund	24/02/2003	3.6%	1.4%	5.3%	5.2%	9.9%	6.4%	7.0%	4
PRSA Growth Fund	04/03/2013	1.9%	0.2%	4.8%	4.6%	9.1%	◆	8.7%	4
PRSA Pension for Life Fund	03/10/2011	1.0%	2.6%	4.2%	3.8%	6.2%	◆	6.1%	4
PRSA Pension Protection Fund	11/02/2003	-1.6%	1.5%	3.2%	3.6%	6.6%	7.2%	5.5%	4
PRSA Consensus Fund	11/02/2003	3.8%	1.3%	5.1%	4.6%	9.4%	6.5%	6.8%	5
PRSA Equity Managed Fund	24/02/2003	5.7%	1.2%	6.0%	7.2%	12.2%	7.9%	8.2%	6
PRSA Indexed 50/50 Equity Fund	12/08/2009	4.4%	1.0%	5.4%	5.1%	10.5%	◆	9.7%	6
PRSA Indexed European Equity Fund	12/08/2009	2.0%	-1.8%	0.4%	2.6%	8.5%	◆	7.9%	6
PRSA Indexed Global Equity Fund	12/02/2003	5.7%	1.8%	6.7%	5.5%	10.9%	7.5%	8.6%	6
PRSA Indexed Japanese Equity Fund	12/08/2009	2.1%	0.3%	7.3%	4.0%	9.2%	◆	8.2%	6
PRSA Indexed North American Equity Fund	12/08/2009	8.7%	4.8%	10.3%	8.3%	13.9%	◆	14.6%	6
PRSA Indexed UK Equity Fund	12/08/2009	8.3%	1.5%	6.7%	0.7%	6.5%	◆	8.1%	6
PRSA Indexed World Equity Fund	12/08/2009	5.9%	2.1%	7.2%	5.9%	11.1%	◆	11.5%	6
PRSA Indexed Pacific Equity Fund	12/08/2009	1.1%	-1.9%	3.3%	5.0%	7.7%	◆	9.2%	6

These returns are based on the standard annual management charge of 1.00% per year.

Source: Irish Life Investment Managers.

Annual fund management charges are calculated and deducted based on the offer price of the fund.

♣ Yearly figures have been annualised.

◆ Historic Information not available.

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PENSIONS
INVESTMENTS
LIFE INSURANCE



Irish Life

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Irish Life Assurance plc is regulated by the Central Bank of Ireland.

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For more up-to-date information, see www.irishlifecorporatebusiness.ie.