

Ethical Fund

QUARTER 1, 2012

The MET Ethical Fund returned +6.1% during the first quarter of 2012. The pooled charity fund average returned +7.0% over the same period.

There is no bid/offer spread on the Ethical Fund and the management fee is 0.75% p.a.

PERFORMANCE UPDATE AT 31.03.2012		
	Merrion	Average*
1 Month	+0.9%	+1.2%
3 Months	+6.1%	+7.0%
1 Year	+2.5%	+5.3%
3 Years p.a.	+10.9%	+12.7%
5 Years p.a.	-1.0%	-1.1%
7 Years p.a.	+2.6%	+2.5%

*Pooled Ethical Managed Fund Average 31.03.2012

SECTORAL DISTRIBUTION OF ASSETS (%) 31.03.2012		
	Merrion	World €
Consumer Discretionary	9.7%	10.8%
Consumer Staples	6.6%	12.0%
Energy	15.4%	10.2%
Financials	22.5%	20.1%
Healthcare	7.8%	8.5%
Industrials & Materials	19.9%	19.4%
Information Technology	11.5%	11.3%
Telecom SVC	4.3%	4.0%
Utilities	2.3%	3.7%
Total	100.0%	100.0%

TOP TEN STOCKS	
BP	2.7%
Royal Dutch Shell	2.0%
Vodafone	1.2%
3 I Group	1.2%
Intesa Sanpaolo	1.1%
Mitsubishi Estate	1.1%
DCC	1.0%
Rio Tinto-Zinc	1.0%
Aer Lingus	1.0%
Sara Lee	1.0%

Portfolio Review

Equity markets continued the trend from Q4 2011 when recording positive gains in the first quarter of 2012. As a result the MET Ethical Fund delivered a positive return of +6.1% for the first quarter of 2012. The FTSE World index gained over 9% for euro investors, while the pooled ethical managed fund average return for the quarter was +7.0%.

At a broad sector level, technology (+4.3% on the month, +17.1% ytd), Healthcare (+2.9% on the month, +4% ytd) and Consumer Staples (+2.1% on the month, +8.4% ytd) were the better performers. Basic Materials (-4.9% on the month, +6.1% ytd) and Energy (-4.9% on the month, +2.3% ytd) under-performed.

At a regional level, the S&P was the best performer, rising by 3.3% on the month (+8.9% ytd), followed by the ISEQ, which rose by 1.4% on the month (+12.2% ytd). Hong Kong (-5.1% on the month, +8.4% ytd) and Canada (-3% on the month, +2.6% ytd) were the worst performers. The Japanese market returned +0.4% in euro terms (+6.2% ytd), the weakness in the yen (which fell by 10.9% against the euro) disguising a much more impressive local currency return of 17.3% ytd.

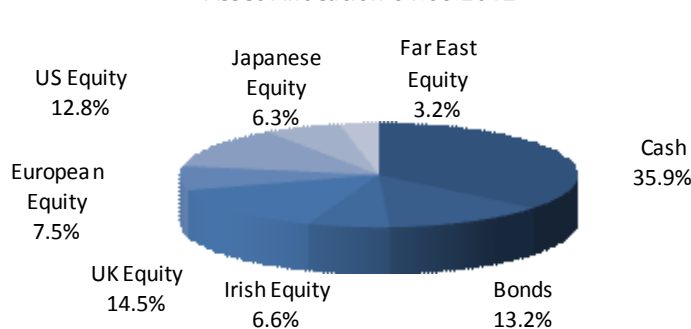
During the quarter the main strategic changes saw us increase exposure to the Financial and Healthcare sectors while reducing exposure to Energy and emerging markets. Early in the quarter we had increased our exposure to Japanese equities, while hedging our Japanese yen exposure.

Stocks that performed strongly over the quarter included Microsoft (+21.6%), Rio Tinto Zinc (+12.5%) and Hitachi (+20.1%).

MET Ethical Fund v Average 31.03.2012



Asset Allocation 31.03.2012



Merrion Investment Managers pay trade commissions ranging between 0.10% and 0.20% on trading client securities, depending on the size, nature, execution venue and other considerations relating to the execution of the trade order. An element of this trade commission may be allocated for the purposes of receiving investment research. The purpose of this research is to enhance the quality of the service to the client provided by MIM to its clients. Further details are available on request from Merrion Investment Managers.

Ethical Criteria

The criteria used to determine which stocks to invest in may be broken into two groups. Firstly, the fund will aim to have a bias towards stocks which make a positive contribution to society. Secondly, the fund will aim to avoid stocks which are known to have a negative social or environmental effect.

The managers will aim to invest in companies with the following positive qualities:

- Conservation of natural resources
- Concern for environment
- Employee welfare
- Community involvement
- Equal opportunities
- Corporate governance

The managers will aim to avoid companies with significant involvement in the following areas:

- Armaments - Any company which derives more than 10% of turnover from military sales.
- Gambling - Any company which derives more than 10% of turnover from operating any gambling activities.
- Anti-Life Products - Any company involved in the manufacture of anti-life products such as contraceptives, the morning after pill or abortifacients.
- Tobacco - Tobacco companies or cigarette manufacturers or any company which derives 10% or more of their turnover from tobacco sales.
- Pornography - Any company which derives over 10% of turnover from pornography.
- Damaging the Environment - Any company which has an inadequate environmental policy or has received a pollution conviction within three years.
- Nuclear Power - Any company which derives over 10% of turnover from supply of products or services to nuclear power plants.
- Stem Cell Research - Any company involved in embryonic research.
- Animal Testing for cosmetics - Any company which derives over 10% of turnover from cosmetic products and who are engaged in the testing of cosmetic finished products and ingredients on animals.
- Human Rights - Any company with an inadequate human rights policy in place or which is actively engaged with oppressive regimes.

Ethical Screening

There are three stages to our ethical screening process:

The first stage is a simple exclusion process whereby the portfolio manager excludes companies which are very obviously involved in activities that breach the fund's ethical guidelines.

Having excluded stocks that obviously breach ethical guidelines, the second stage of screening is designed to identify unsuitable companies that may not obviously be engaged in unethical activities.

To do this we run a query on every company in our proposed portfolio with EIRIS, an independent ethical investment research service that we subscribe to. This query will verify whether the stock will breach the portfolio's specific ethical criteria.

The final stage of our screening process is a quarterly review of all holdings and transactions in the fund by our ethical investment policy committee. This committee comprises members of Merrion Investment Managers investment team and independent representatives who have an interest in ethical investment.

After having invested in a company, if we become aware that it is in breach of any of the ethical guidelines, we will disinvest as expeditiously and efficiently as possible.

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