

# Irish Equity Fund

QUARTER 1, 2012

The MET Irish Equity Fund returned +14.8% during the first quarter of 2012. The benchmark ISEQ index returned +13.2% over the same period.

*There is no bid/offer spread on the Irish Equity Fund and the management fee is 0.60% p.a.*

PERFORMANCE UPDATE AT 31.03.2012		
	Merrion	ISEQ
1 Month	+3.2%	+2.3%
3 Months	+14.8%	+13.2%
1 Year	+17.1%	+15.5%
3 Years p.a.	+18.7%	+16.7%
5 Years p.a.	-14.2%	-16.9%
10 Years p.a.	+0.8%	-2.1%

Source: MIM & Irish Stock Exchange 31.03.2012

SECTORAL DISTRIBUTION OF ASSETS		
	Merrion	ISEQ
Consumer Discretionary	16.9%	18.8%
Consumer Staples	13.4%	21.8%
Energy	6.6%	7.4%
Financials	6.6%	4.9%
Healthcare	15.6%	14.0%
Industrials	8.6%	6.0%
Information Technology	1.7%	0.1%
Materials	30.5%	27.0%
Telecom Services	0.0%	0.0%
Utilities	0.1%	0.0%
Total	100.0%	100.0%

TOP TEN STOCKS	
CRH	23.5%
Ryanair	12.7%
Elan	10.0%
Kerry	6.0%
Dragon Oil	4.4%
Bank of Ireland	3.9%
Kenmare Resources Plc	3.3%
DCC	3.2%
C&C Group	3.2%
Icon Plc	2.3%

## Portfolio Review

The MET Irish Equity Fund returned +14.8% for the quarter, outperforming both the global equity and European equity markets.

The primary catalyst for the significant rally in equities in general over the quarter was the introduction of the 3 year LTRO program by the ECB. In effect this alleviated the major source of market concern namely bank liquidity, where banks would not lend to each other. Following the LTRO program banks can now access 3 year money at low rates from the ECB.

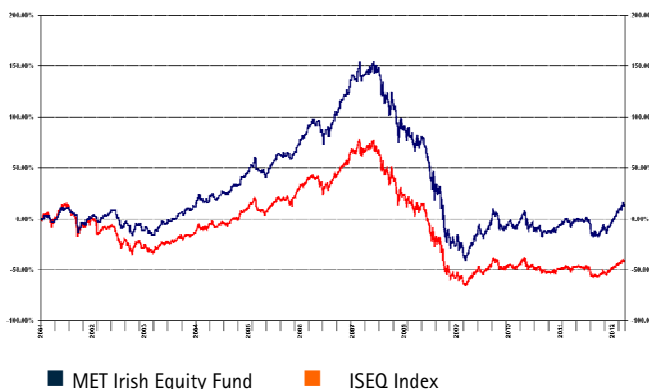
The apparent resolution (albeit temporary in our view) of the Greek crisis and the availability of cheap finance at 1% from the ECB Has allowed European banks in general and peripheral banks in particular to buy bonds yielding 4% plus with money financed at 1%. This has led to a significant reduction in bond yields and, as a consequence, an increase in investor risk appetite leading to a remarkable rebound over the quarter in all risk markets.

The general outlook for growth remains subdued with forecasts for change in GDP varying from +0.2% to -0.2% this year and a decline in the overall Euro zone GDP of -0.3% to -0.5% in 2012. Concerns remain that overall growth may be more subdued given the policies being implemented across Europe .

The Fund's main positional change has been to increase the exposure to financials by buying senior debt issued by Bank of Ireland. In addition, we increased our holding in United Drug at the expense of some our holding in Elan. We also reduced our holdings of CRH and Kingspan in the materials sector and Greencore and Kerry group in the food/ agri sector.

We still view Irish assets as being attractive in a European context and this view has been rewarded with Irish equities maintaining their outperformance relative to European equities consistently since October 2010 and cumulatively since December 2008.

## Performance since inception to 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.

*WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Merrion Capital Investment Managers Limited (trading as Merrion Investment Managers) is regulated by the Central Bank of Ireland.*