

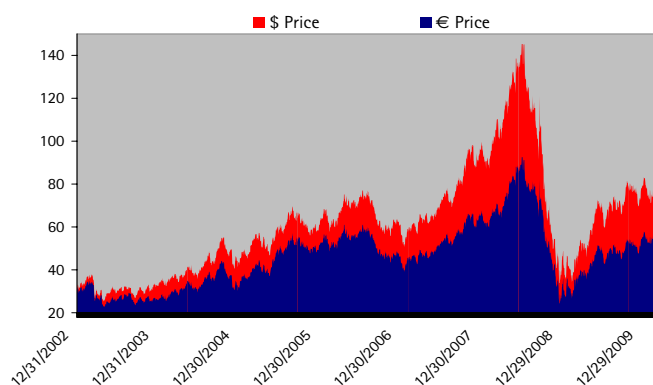
Market Themes

April – 2010

- Equity markets rallied strongly over the month, aided by an improvement in economic data and an easing of sovereign debt tensions. The global equity market rose by 7.4% for the month and 9.4% for the quarter in euro terms.
- At a sector level Basic Materials led the way higher, rising by 9.7% (+9.8% year-to-date), followed by Industrials (+8.8% on the month, +13.2% year-to-date) and Financials (+8.2% on the month, +9.5% year-to-date). Defensive sectors such as Healthcare (+3.0% on the month, +8.2% year-to-date), Utilities (+3.2% on the month, +2.4% year-to-date) and Telecoms (+4.7% on the month, +2.6% year-to-date) lagged.
- At a regional level, Ireland (+10.6% on the month, +6.8% year-to-date), Emerging Markets (+8.7% on the month, +7.5% year-to-date), Australia (+8.5% on the month, +8.4% year-to-date) and Canada (+8.0% on the month, +11.8% year-to-date) led the way, while the Hong Kong market lagged (+3.5% on the month, +2.7% year to date).

Energy and Industrial commodities rallied strongly over the month.

OIL PRICES



Bond yields in Europe continued to drift lower, despite stronger economic data and a significant rise in US Treasury yields.

Strategy Changes

- Within our equity portfolios, we increased our exposure to the Healthcare, Industrial and Consumer Staples sectors.
- We reduced our overweight in Energy and increased our exposure to Financials (although we remain underweight).
- We remain overweight Energy, Healthcare and Technology, and underweight Financials, Telecoms and Utilities.
- We are underweight bonds in our balanced portfolios. Within our bond funds, we remain underweight the peripheral European markets and overweight countries with stronger credit profiles. We remain overweight inflation linked bonds.

Market Outlook

- From a valuation perspective, equities remain fair value while bonds are expensive. Cost reductions during the recession has left companies with significant operational leverage to the economic recovery now underway and this has been reflected in upward revisions to their earnings estimates, a trend we expect to continue.
- The economic recovery we are seeing in the US continues to surprise commentators by its strength. We do not believe that strength is fully priced by bond markets in particular.
- The risks to equity markets therefore do not lie in valuation, earnings or economic data. Interest rate markets however remain extraordinarily sanguine about the prospects for interest rate hikes, which will inevitably happen as the recovery gains traction. This remains a potentially disruptive influence for equity markets.
- Technical indicators continue to suggest that equity markets remain vulnerable to a set-back and concerns around sovereigns such as Greece may provide a catalyst for such a set-back.