

### Fund objective

The Irish Equity Fund invests primarily in stocks which are listed on the Irish Stock Exchange. As an equity fund, this Fund has a potentially high return but also a high risk profile given the risks inherent in investing in equities. The Fund can be volatile and have negative outcomes over short to medium term periods. The underlying benchmark is the ISEQ Index and the Fund's net return is also compared to the average return achieved in the Pooled Fund Survey in the Irish Equity category.

### Performance (%) period to 31 March 2012

	3 months	1 year	3 years	5 years
Irish Equity Fund (Net)	13.7	16.5	16.6	-15.6
Irish Equity Survey Managed Average (Net)	14.2	15.3	17.9	-15.4
ISEQ (Gross)	13.2	15.5	16.7	-16.9
<b>Fund size as at 31 March 2012</b>				<b>€43.6m</b>

### Market commentary

#### Market review

Irish equities enjoyed a good start to the first quarter before making more muted gains towards the end of the period. Confidence continued to build on an encouraging fourth quarter. Sentiment was boosted primarily by the success of the European Central Bank's offer of €1 trillion of cheap funding to banks through its Long-Term Refinancing Operation (LTRO). This came, despite Ireland only having a very small financial sector which drove the rally in markets. The food producers also performed well as strong results from Glanbia and Kerry led to big rises in the share prices. The rising oil price continued to impact all airlines, most notably Ryanair and Elan with both seeing less interest from investors after periods of impressive performance.

#### Activity

We remained focused on companies with quality business models, a low reliance on external funding and the ability to grow dividends. Purchases included the cheaply valued oil and gas company, Providence Resources. The company has huge potential as it embarks on a wide-ranging drilling campaign in multiple Irish offshore basins. We also added Kingspan to the Fund. The insulation manufacturer has a high quality business with excellent growth prospects driven by the growing need for energy efficient buildings. We sold our position in Bank of Ireland, taking profits after a strong start to the year.

#### Performance

The Fund outperformed the ISEQ in the first quarter thanks in the main to effective sector strategy. The key drivers were the overweight positions in banks and financial services where Bank of Ireland rallied following the introduction of the LTRO. IFG group was also a strong performer following the sale of its international corporate trustee services division. Our position in Providence Resources also added value following better than expected drilling results. This was partially offset by the underweight position in Dragon Oil which was a strong performer after a good set of results and the strong oil price. Furthermore, not holding Grafton Group proved negative as cyclical stocks rallied on the more positive outlook.

### Fund data

Currency:	Euro
Launch date:	January 1981
Management fee:	0.55%
Bid offer spread:	1.50%
Fund benchmark:	Industry Manager Average Return
F&C web address:	www.fandc.com
Friends First web address:	www.friendsfirst.ie
Useful links:	www.friendsfirst.ie/funds.shtml For monthly updates on fund prices and performance
Contact us:	Graham Brooks Client Services Director 00353 (0) 1 4364009 graham.brooks@fandc.com

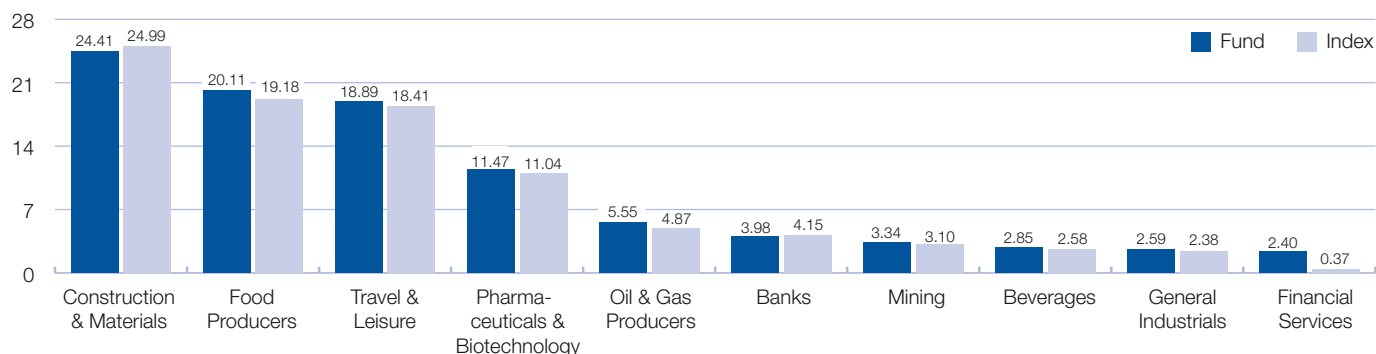
### Asset allocation

	As at 31/12/2011	As at 31/03/2012
<b>Allocation</b>	<b>%</b>	<b>%</b>
Financials	4.9	5.4
Industrials	38.9	36.8
Consumer	19.0	20.7
Pharmaceutical	13.9	12.6
Food	21.8	22.4
Tech/Telcom	0.0	0.0
Others	1.6	1.8
Cash	-0.1	0.3
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>

Figures may not tally due to rounding

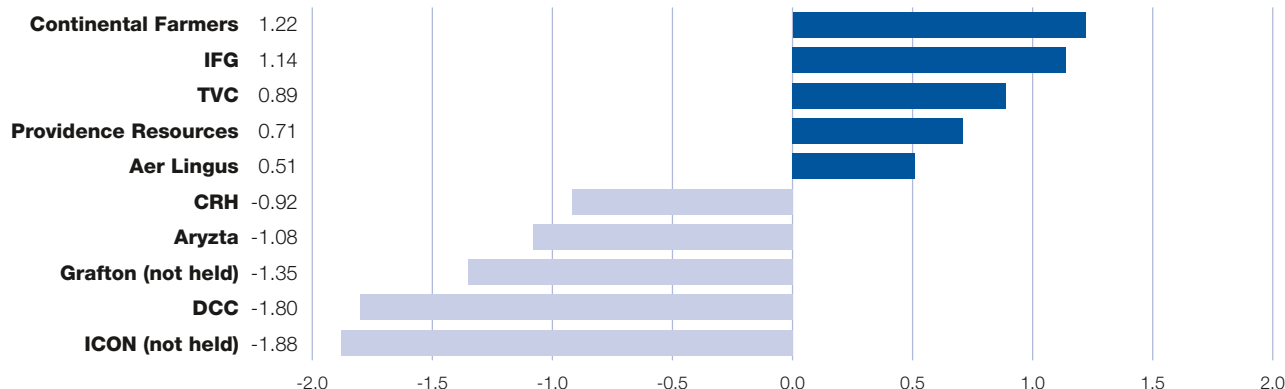
### Stock weighting

#### Top 10 Sector Holdings (%)



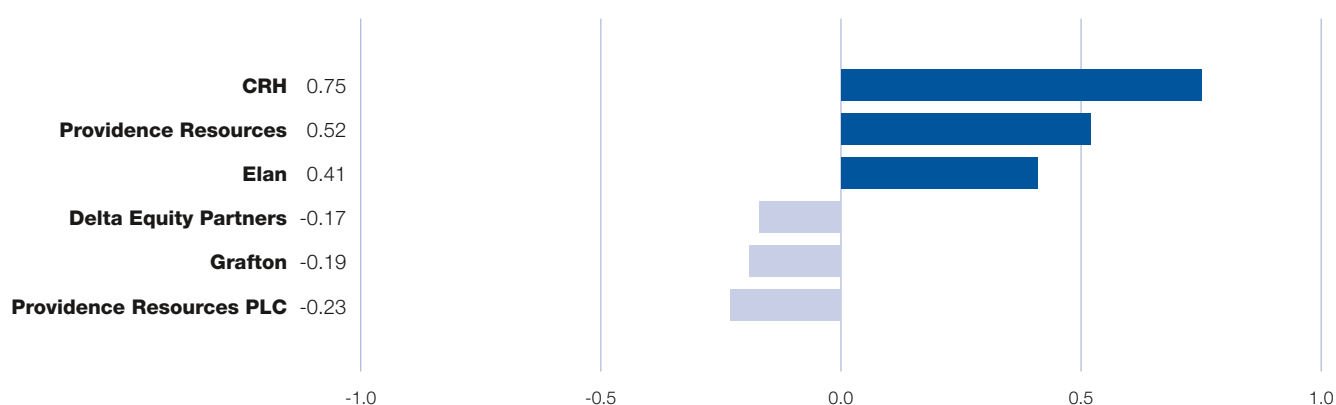
### Top 5 overweights and underweights

#### Relative to benchmark (%)



### Main contributors to performance

#### Relative to benchmark by Stock (%)



Source: F&C Management Limited to 31 March 2012. Calculations basis offer to offer, income re-invested at offer, net of fees.

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