COUNTRY REPORT IRELAND 2008

1. Economic and Financial Background

Table 1: Key Economic and Financial Indicators		
	2006	**2007**
Population (million)	4.24	4.34
GDP (EUR billion)	170.760	179.747
Real GDP growth (%)	5.7	5.3
Inflation rate (%)	4.9	4.7
Unemployment rate (%)	4.4	4.6
Stock market capitalisation (EUR billion)	151.92	124.80
Stock market capitalisation (% of GDP)	92.0	69.4
Bond market capitalisation (EUR billion)	32.4*	31.2*
Bond market capitalisation (% of GDP)	19.6*	17.4*
Household gross savings ratio (%)	7.8	7.6
Household financial wealth (EUR billion)		
Average per capita financial wealth (EUR)		

* Includes Government bonds only

2. Data on Funds Under Management and Portfolios

Table 3: Number of Funds						
	2003	**2004**	**2005**	**2006**	**2007**	May 2008
Home-domiciled UCITS*	-	-	-	-	-	-
➢ **Funds**	1,978	2,088	2,127	2,339	2,898	2,955
➢ **Units**	-	-	-	-	-	-
➢ **Classes**	-	-	-	-	-	-
Home-domiciled non-UCITS*	1,529	1,624	1,671	1,748	1,882	1,923
Foreign funds registered for sales	-	-	-	-	-	-
Fund launches	161	102	121	107	138	-
Fund liquidations**	83	89	144	124	98	-

* Including Subfunds

**This figure represents total annual fund revocations, which may include the closure of inactive funds as well as fund liquidations.

3. Key trends in flows and assets under management

Table 2: Net Assets of the Fund Industry in Ireland (EUR billion)						
	2003	**2004**	**2005**	**2006**	**2007**	**May 2008**
Home-domiciled UCITS	285.372	343.308	462.955	582.747	646.392	664.832
Home-domiciled non-UCITS	76.38	91.28	121.55	146.806	159.597	160.303
Funds domiciled abroad and promoted by national providers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total AuM	361.760	434.589	584.509	729.553	805.990	825.135

Despite the challenging market conditions arising from the global credit crunch, Irish domiciled funds managed to achieve robust growth of 10% for 2007, double the European average of 4.9%. The net assets of UCITS funds grew by 11% to EUR 646 billion, while non-UCITS funds experienced slightly weaker growth of 9%, amounting to EUR 160 billion or 20% of all Irish collective investment schemes. In 2007 Ireland became the fourth largest European investment funds centre in terms of domiciled assets.

The value of non-domiciled assets serviced in Ireland has continued to increase dramatically, growing by 31% between June 2006 and June 2007 (source: Lipper Ireland Fund Encyclopaedia). According to a recent industry survey, over US $1 trillion or EUR 681 billion worth of non-domiciled assets were serviced by the international funds industry at year-end 2007. The survey also revealed that the industry is now servicing in excess of US $2 trillion or EUR 1.5 trillion in assets, which is split equally between long only and alternative investment funds.

4. Regulatory and Self-Regulatory Developments:

- The Irish Financial Services Regulatory Authority (IFSRA) published revised UCITS Notices and related Guidance Notes in April of 2008. The Notices and Guidance Notes were amended to include, in the main, the European Commission’s amending Directive concerning eligible assets for UCITS and the Committee of European Securities Regulators (CESR) guidelines concerning eligible assets for investment by UCITS and CESR's additional guidelines on the classification of hedge fund indices as financial indices. Revisions were also made to both UCITS and Non-UCITS Notices with regard to techniques and instruments, including repurchase/reverse repurchase agreements and stock lending, for the purposes of efficient portfolio management. In addition, there was included in consultation a new Guidance Note regarding the valuation of Money Market Funds, which includes a requirement for a triple-A rating to use the title Money Market Fund and the amortised cost method of valuation. There is continuing engagement between IFSRA and Industry regarding this Guidance Note.

- In October 2007, IFSRA published a policy document allowing covered physical short sales of securities in a long/short strategy (so called 130/30 funds) within the UCITS structure. To engage in physical short selling under this policy, a short position must be covered through a stock borrowing arrangement, which is similar in substance to reverse repurchase agreements, and leverage generated, as measured by global exposure, falls within permitted limits. The Commission are currently considering this interpretation regarding physical short selling.

5. Corporate Governance – major developments

6. Fund Governance

7. Product Developments

- The IFIA have been actively working with IFSRA in improving the regulatory regime and product offering for the Qualifying Investor Fund (QIF) in Ireland. IFSRA recently announced several changes including: the removal of the requirement to provide half-yearly financial statements, the ability for QIFs to create separate share classes, a method by which a Professional Investor Fund can convert to a QIF, and a fast-track approval process for QIF promoters.

8. Other Developments

- The IFIA is currently working with IFSRA in an effort to implement a proposal which could provide the option for unlisted funds to apply the UK Investment Funds Statement of Recommended Practice (UK SORP) in the preparation of their financial statements instead of FRS 26 et al. The Association has also been working with the UK's Investment Management Association to provide references to Irish law and standards into the upcoming revised UK SORP.