Confidently CAREful in 2026

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Company earnings are looking strong for 2026

- Analysts expect more profits for the technology-based Magnificent 7* and sectors linked to artificial intelligence (AI) capital expenditure in 2026, based on ongoing enthusiasm for an automated world driven by AI[+].
- Magnificent 7 valuations remain high, reflecting strong earnings and strong expectations[+]. We need to be mindful if growth falls short of expectations, this could bring choppy markets.

Actions by the US Fed will be key for the US economy, consumer & global markets

- The US Federal Reserve (Fed) is expected to continue to cut interest rates in 2026. This should boost market growth.
- US inflation is still above target[+]. Lower interest rates can support the US economy and US employment. However, the risk with lower rates is higher inflation.
- If US unemployment rises, it could hurt the US consumer and their ability to spend. The Fed will need to find the right balance of policy intervention.

Resilience for possible market volatility and diverging paths

- We believe investors will need to remain resilient in 2026.
- 2026 is expected to present lots of tests for investors' resilience including:
  - Rising global tensions across US-China, Russia and the Middle East.
  - Growing global economic inequality is becoming more apparent. Many factors are contributing to this including wage stagnation, globalisation, wealth concentration and technology & automation.
- A key factor in managing the resilience storm in 2026 will be for investors to continue to diversify across multiple sources of potential return.

Evolving markets will bring challenges and opportunities

- The world in 2026 will need to be more agile and socially conscious. Investors will need to balance short-term efficiency with long-term resilience.
- AI-driven productivity is a challenge and an opportunity for both developed and emerging markets. Less developed economies, with younger populations and the natural resources required for AI production, may be the shining stars in 2026.
- Healthcare and renewable energy, as well as technology, stand out as the key attractive areas for 2026.

*Apple, Microsoft, Amazon, Alphabet, Meta, NVIDIA, and Tesla. [+]Source: Bloomberg, 02.01.26.

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.

Confidently C A R E ful in 2026

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Confidently C A R E ful in 2026 wrap up

C ompany earnings are expected to remain strong in 2026, led by technology.

A ctions by the US Fed will be key for the US economy, consumer and markets.

R esilience will be key for investors as we expect many tests again in 2026.

E volving world is likely to broaden investment opportunities for investors.

2025 - how markets learned to T R A D E through uncertainty

T ariffs & political tensions

- President Trump's tariff announcements between February and April 2025 drove early-year market volatility, impacting equities, currencies and commodities, causing concern amongst investors.
- Global markets fell heavily in the immediate aftermath of the tariff announcements on 2nd April 2025. However, they began to recover from mid-April and ended 2025 up 7.9%[+].
- Ongoing conflicts in Ukraine and the Middle East created persistent uncertainty.

R ate cuts & global reserves

- Global Central Banks cut interest rates in 2025 to support market uncertainty. This boosted both global equity and bond markets[+].
- The price of gold surged over 64% in 2025[+] as demand for the safe-haven and reserve[++] asset rose amid geopolitical risk and economic uncertainty.

A I & accelerating company earnings

- AI investment and investor enthusiasm fuelled the ongoing rally in technology stocks in 2025, marking another strong year for the sector[+].
- US Company earnings delivered four consecutive quarters of double-digit growth[~]. This reinforced market performance and investors' resilience in 2025.

D ollar weakness & diversification

- The US dollar fell sharply in 2025[+], driven by falling interest rates and uncertainty. This boosted emerging markets and prompted investors to diversify away from US assets.
- The fall also reduced returns from US dollar denominated assets for euro-based investors (by approximately 12% in 2025[+]).

E SG

- Environmental, Social and Governance (ESG) paths across continents diverged in 2025. Europe continues to promote ESG, the US has pulled back, where the focus for this ends up in 2026 is yet to be determined.

[+]Source: Bloomberg, 02.01.26. [++]An asset that is highly liquid that Central Banks hold to finance balance of payments need. [~]Source: Factset, 31.12.25.

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Performance Snapshot of Our Core Risk Managed Funds

2025 Fund Performance Highlights

- **iFunds** delivered strong results, supported by all asset classes, funds, managers, and active management.
- **PruFunds** provided a smoother journey, with April volatility highlighting the value of the funds' smoothing mechanism.
- **Sentinel & PRIME Funds** - a year of two halves for these funds: muted H1 returns, stronger H2 growth as equity exposure increased.

Gross Performance as at 02 January 2026

(Figures as at 02.01.26 are quoted gross of tax & charges)

Bank of Ireland Life Risk Rating

VERY LOW 1 2 3 4 5 6 7 VERY HIGH

Risk Rating	Asset Class	ifunds	1 Mth	3 Mth	1 Yr	3 Yrs p.a.*	5 Yrs p.a.	10 Yrs p.a.	Investment Manager/ Advisor
3	Multi–Asset	ifunds 3	0.3%	1.7%	5.8%	6.7%	3.4%	2.9%	Bank of Ireland Investment Markets
4	Multi–Asset	ifunds 3 Alpha	0.3%	1.9%	5.5%	7.3%	4.8%	4.4%	
4	Multi–Asset	ifunds 4	0.6%	2.5%	7.3%	9.4%	5.9%	5.3%	
4	Multi–Asset	ifunds 4 Alpha	0.6%	2.6%	6.9%	9.8%	6.9%	6.3%	
5	Multi–Asset	ifunds 5	0.8%	3.2%	8.4%	12.6%	9.1%	8.3%	
6	Equities	ifunds Equities	1.0%	3.6%	9.1%	16.5%	12.6%	11.2%	

Risk Rating	Asset Class	PRIME funds	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	Investment Manager/ Advisor
3	Multi–Asset	PRIME 3	0.2%	1.5%	3.0%	6.0%	3.7%	-	STATE STREET INVESTMENT MANAGEMENT
4	Multi–Asset	PRIME 4	0.5%	2.6%	3.0%	9.7%	6.9%	-	
5	Multi–Asset	PRIME 5	0.6%	3.0%	4.2%	12.1%	9.3%	-	
6	Equities	PRIME Equities	0.7%	3.2%	7.9%	15.7%	11.5%	-	

Risk Rating	Asset Class	PruFunds	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	Investment Manager/ Advisor
3	Multi–Asset	PruFund Cautious	0.4%	1.3%	5.3%	5.9%	-	-	M&G Investments
4	Multi–Asset	PruFund Growth	0.5%	1.6%	3.2%	6.7%	-	-	

Risk Rating	Asset Class	Sentinel Fund	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	Investment Manager/ Advisor
3	Multi–Asset	Sentinel II Fund	0.5%	2.0%	2.9%	6.1%	2.7%	-	Bank of Ireland Investment Markets

Note: Performance is based on the price calculated on 02.01.26, which is calculated using close of market prices from the previous working day.
Source: Bank of Ireland Life. Performance is quoted gross of taxation and fund management charges.
* P.A. - per annum

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Fund Centre   mynewireland

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