

# Smart Funds

The smarter way  
to invest





# What are Smart Funds?

## A simple smart hassle free way of accessing global markets

Our Smart Funds product provides access to a range of investment funds, designed to cater for many types of investors. Through our Smart Funds product, you have the opportunity to invest in a range of funds which in turn invest in assets such as equities (company shares), property, government and corporate bonds; and even in the more specialised asset classes such as water, energy and ethical investment opportunities.

Each fund is made up of units, and when you invest in a fund from our range of Smart Funds you are buying units in the fund. You have the option to spread your investment through the purchase of units in a number of different funds in the range. You can divide your investment in the best way that suits your needs.

### Smart Funds Facts

- **Objective:** An investment solution that provides access to a range of funds that cater for many types of investors, from the cautious to the more adventurous
- **Investment Time Frame:** The recommended time frame can vary by fund, but typically it is recommended to invest in our range of Smart Funds for the medium to long term (at least 7 years)
- **Investment Amount:** Minimum initial investment amount of €5,000 is required, and additional lump sums of €2,500 upwards can be made
- **Regular Income Option:** You can select to take up to 6% p.a. from your investment as a regular income. Exit tax will be deducted from regular income payments where exit tax is payable
- **Age Limits:** 18 to 75 (on next birthday)
- **Risk Rating of Funds:** Wide range of Very Low to Very High Risk funds are available. Some funds available through this product may be complex. To check if a specific fund is complex, please refer to the relevant fund information sheet available from your advisor or on our website at <http://fundcentre.bankofireland.com/#KIDS>.



The above risk categories have been determined by Bank of Ireland Life. Separately European Union (EU) law requires that a risk indicator be applied to funds if certain products are held (excludes pensions), and it may differ from the Bank of Ireland Life risk category. The EU indicator is stated in the Fund Information Sheet and can be found on our website at <http://fundcentre.bankofireland.com/#KIDS>. Please see page 4 for further details.

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# Smart Funds Features

## Fund Switching

You can switch the funds you are invested in at any time subject to certain restrictions on some funds, which will be set out in the fund flyer for the relevant fund. The first six switches in every policy year are free of charge. There is a charge (currently €37.24) per switch thereafter. In certain circumstances Bank of Ireland Life may defer a request for a fund switch out of a particular fund for up to six months.

## How Returns Can Be Achieved

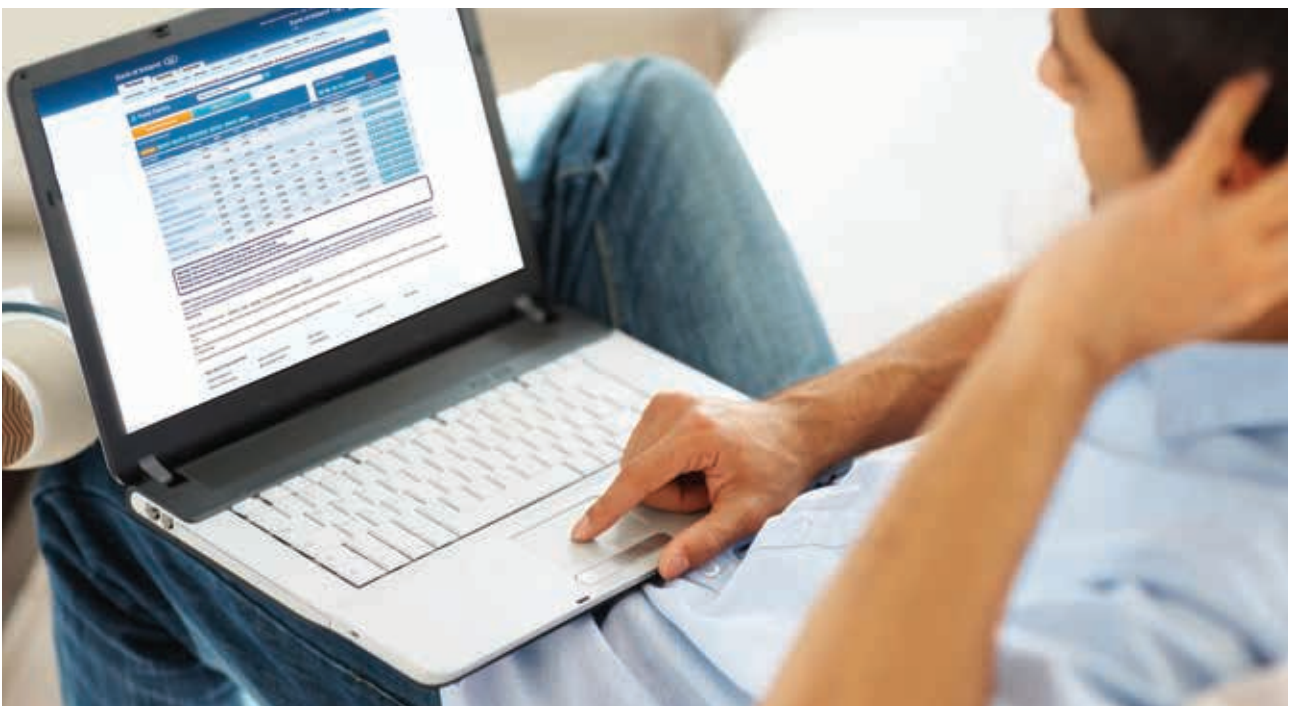
The value of your investment depends on a number of factors including the growth achieved (if any). It is important to understand that returns are not guaranteed. Price volatility and fluctuation in interest rates or exchange rates may affect the value of your investment and you may lose some or all of the amount you invest.

## Fund Information

The key features of the funds available are displayed in our fund flyers, which are available:

- From your Advisor
- On the Bank of Ireland website - [www.bankofireland.com/investments](http://www.bankofireland.com/investments) or
- On Fund Centre, our online hub for performance information - <http://fundcentre.bankofireland.com>

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# Benefits & Risks

## Benefits of Smart Funds

- **Choice & Flexibility**

A Smart Funds policy provides access to a wide range of funds. The funds are managed by a range of local and international fund managers, each of which has been chosen for their expertise in a particular market or asset class. Most of the funds provide instant access to your money, although some may stipulate a minimum investment period. If this is the case, you will not have access to the amount invested in such a fund until the end of the minimum period. In certain circumstances depending on the fund(s) you are invested in there may be a delay before you can access your investment. Further details are contained in your policy document.

- **Diversification**

There is a wide selection of funds available to choose from. Each fund has been given a risk rating to help you choose the right mix of funds to suit your investment objectives. Some of the funds offer a diversified mix of asset classes with a global focus, whereas others offer a more specific regional and asset exposure.

- **Safety in Numbers**

One way of reducing investment risk is to spread your investment exposure across a range of asset classes. For a single investor the charges and costs of buying and selling different assets can be high. Smart Funds offers a way around this as your investment is pooled with other investors with a similar attitude to investment risk; allowing you to access a diverse range of assets. In most funds, a fund manager looks after the selection of appropriate assets within the fund, as well as the buying and selling of them. The large size of the fund allows transactions to be carried out more economically.

## Risks

There are risks associated with investing in such funds. The value of the fund can fall, and sometimes quite dramatically. In extreme circumstances, you could lose all or a significant part of your investment. The value of your investment can fluctuate which is especially true over the short term. Smart Funds is not an ideal choice if you need to encash your investment within the first five years. The level of fluctuation within the funds is generally associated with the type of assets it is invested in.

If you choose to invest in a fund that invests in shares or bonds, the assets in that fund may be used for the purpose of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within a fund it provides an opportunity to increase the investment return.

Further information on risks is contained over the following pages.

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# Understanding Risk

## Bank of Ireland Life's Risk Ratings

To help you understand the risk involved in investing in our funds we have devised a seven point rating scale varying from **(1) very low risk** to **(7) very high risk**. The fund characteristics in each of the 7 categories are set out on pages 6 to 10. As you move from 1 to 7, the potential for better returns increases but so too does the risk of losing your money.

## How do we determine which risk category applies to our funds?

We assess each fund at the outset and we review the fund from time to time to ensure it remains within the relevant risk category. While it does not often arise, it is possible that the risk category of a fund could change over time.

To determine the appropriate risk category, we take various factors into account which include:

- **Past performance**

We start by looking at the past performance of a fund and how the fund prices have varied over time (typically over a 5 year period). This measures the fund's volatility.

Where prices have not varied to a great extent over the period the fund has low volatility. Highly volatile funds experience lots of price changes, both up and down, over time.

If past performance was the only factor taken into account, the lower the volatility, the lower the fund would be on the 7 point scale.

- **Future looking**

While past performance is our starting point, if we believe the past may not be reflective of the future, we adjust the volatility to take into account what we expect to happen in the future.

- **Key Risks**

We also consider what are the key risks associated with investing in the fund which depends on its investment strategy. Examples of such risks include currency risk (e.g. if other than euro assets are held), single manager risk (e.g. if we rely on one investment manager to make the investment choices), single asset class risk (e.g. if only one asset class is held), concentration risk (e.g. if only a few assets are held) and geographic risk (e.g. if the fund focuses on a particular geographic region). For further information on these risks, please see our "Investing & Risk" document.

If key risks are identified they will also be taken into account in determining the appropriate risk category.

## European Risk Ratings

European Union (EU) law also requires us to indicate a level of risk for each fund using a prescribed approach, which also involves a risk rating scale of 1-7. This is to help investors compare and contrast similar products and funds offered by different providers.

The prescribed approach looks at performance in the previous 5 years (market risk) and takes into account the ability of the product provider to pay investors (credit risk).

These two factors are combined to produce a measure of volatility which then determines the risk category the fund falls into.

## EU risk indicators may differ from the Bank of Ireland Life risk categories – why?

As can be seen above, Bank of Ireland Life's approach to determining the level of risk and the EU approach differ in certain respects. In determining volatility and the appropriate risk rating, different factors are taken into account. The EU volatility ranges are also wider than Bank of Ireland Life's ranges. As a result of these differences, a fund could be deemed to have a different rating on each scale.

EU indicators are included in Key Information Documents (KIDs) and fund information sheets which can be found on our website at <http://fundcentre.bankofireland.com/#KIDS>. A KID is available for all products and a fund information sheet for each fund. The relevant KIDs and fund information sheets will be provided to you prior to investing.

## What is a Key Information Document (KID)?

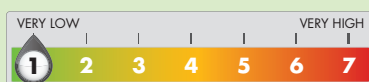
A Key Information Document (KID) is a short document which will provide you with key features, risks and costs associated with the relevant product.

A KID is prepared for the Smart Funds product and a fund information sheet with similar information is available for each fund within the Smart Funds range. The fund information sheet includes information on the investment objectives; the type of investor the fund is suitable for, costs and the EU risk indicator.

# Investment Choices

Smart Funds offers access to a range of investment funds. At Bank of Ireland Life we risk rate all of our funds so that investors can understand the risks involved in their choice. This risk rating is based on a scale of Very Low to Very High Risk combined with a number rating of 1 to 7 ('1' being Very Low Risk and '7' being Very High Risk). Please talk to your Advisor for more information.

## Very Low Risk Smart Funds



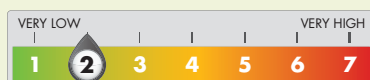
Funds categorised as Very Low Risk have the following characteristics:

- They focus on preservation of capital above all else
- They involve very little risk to investors' capital
- They are only designed as short-term holdings
- Over the medium to long term, the return on these funds may be less than inflation and may not be enough to cover product charges

## Very Low Risk Smart Funds Available

- Cash Fund

## Low Risk Smart Funds



Funds categorised as Low Risk have the following characteristics:

- They aim to provide a return in line with, or slightly better than, deposits
- They involve very little risk to investors' capital, provided certain conditions are met such as remaining invested for a specific period of time
- Typically investments in this category will promise a specified return at some point in the future, e.g. a minimum of 100% capital back in 5 years' time.

## Low Risk Smart Funds Available

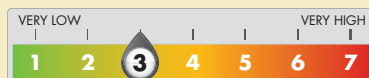
- None currently available

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# Investment Choices

## Low to Medium Risk Smart Funds



Funds categorised as Low to Medium Risk have the following characteristics:

- They offer the potential for returns in excess of deposits, but do not promise a minimum return at any time
- They tend to invest in a range of assets, normally focusing on lower risk assets such as government bonds and investment grade corporate bonds
- However, they also typically invest in higher risk assets such as equities, property and alternatives (e.g. commodities). At times these investments may be a significant proportion of the fund
- Investors' capital is less exposed to market fluctuations than higher risk investments, but investors may get back less than they originally invested.

## Low to Medium Risk Smart Funds Available

- BNY Mellon Absolute Return Bond Fund
- Elements
- iFunds 3
- iFunds 3 Alpha
- PRIME 3
- Sentinel Fund

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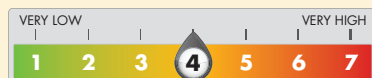
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**Warning: If you invest in the Sentinel Fund you could lose up to 15% of the money you invest before fees and charges are deducted.**

# Investment Choices

## Medium Risk Smart Funds



Funds categorised as Medium Risk have the following characteristics:

- They offer the potential for returns in excess of deposits, but do not promise a minimum return at any time
- They tend to invest in a range of assets, including lower risk assets such as government bonds and investment grade corporate bonds, but are more focused on higher risk assets such as equities, property and alternatives (e.g. commodities)
- Investors' capital is less exposed to market fluctuations than higher risk investments, but investors may get back less than they originally invested.

## Medium Risk Smart Funds Available

- BNY Mellon Global Real Return Fund
- Gilt Fund
- iFunds 4
- iFunds 4 Alpha
- Income & Growth Fund
- Insight Broad Opportunities Fund
- PRIME 4

## Medium to High Risk Smart Funds



Funds categorised as Medium to High Risk have the following characteristics:

- They aim to generate a return higher than deposits and inflation
- They typically invest significant proportions in assets such as equities, property and alternatives (e.g. commodities). They usually hold smaller amounts in lower risk assets such as government bonds and investment grade corporate bonds
- Within these asset classes, risk can be reduced by investing across sectors and geographic regions
- Investors' capital is not secure and can fluctuate, sometimes significantly, and investors may get back less than they originally invested.

## Medium to High Risk Smart Funds Available

- Balanced Managed Fund
- Davy Defensive High Yield Fund
- Ethical Managed Fund
- Evergreen Fund
- iFunds 5
- PRIME 5
- Trilogy II

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# Investment Choices

## High Risk Smart Funds



Funds categorised as High Risk have the following characteristics:

- The potential return from high risk investments is much higher than deposits or inflation
- The focus is on maximising the potential return to investors, rather than minimising risks
- Some high risk funds may consist almost entirely of one asset class or be concentrated in one geographic region or sector
- Investors' capital is not secure and may fluctuate significantly. Investors may get back substantially less than they originally invested.

## High Risk Smart Funds Available

- Alternative Energy Fund
- Asia Pacific Equity Fund
- Davy High Yield Fund
- Discovery
- Ethical Equity Fund
- Euroland Equity Fund
- European Equity Fund
- Eurozone Equity Indexed Fund
- Global Emerging Markets Fund
- Global Equity Fund
- High Yield Equity Fund
- iFunds Equities
- Indexed All Equity Fund
- Innovator
- North American Equity Fund
- North American Equity Indexed Fund
- PRIME Equities
- Property Fund
- Spotlight
- Technology Indexed Fund
- UK Equity Indexed Fund
- Water Fund
- World Index Fund (Hedged)
- World Index Fund (Unhedged)

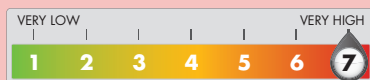
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# Investment Choices

Very High Risk Smart Funds



Funds categorised as Very High Risk have the following characteristics:

- They aim to generate exceptional returns for investors, but involve a significant level of risk
- Very high risk funds may borrow to finance the purchase of assets, and while this offers the potential for higher returns, any losses incurred by the fund will be magnified as a result of borrowings
- In a worst case scenario, investors in a very high risk fund could lose all of their original investment.

Very High Risk Smart Funds Available

- Irish Equity Fund

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# Our Investment Partners

In today's investment market, we understand that investors have many different needs, and these needs can change over time. To ensure we can meet this wide array of needs, we have chosen a range of Irish and international investment external partners. Combining their different strengths presents a robust investment proposition, offering a choice of investment styles, from active to passive, and investing across a broad range of asset classes, geographic regions and market sectors.

These partners include: State Street Global Advisors (SSGA), BNY Mellon, Newton Investment Management, Insight Investment Management, KBI Global Investors (KBIGI) and Davy Asset Management.



**BNY MELLON**  
INVESTMENT MANAGEMENT



➤ A BNY MELLON COMPANY<sup>SM</sup>



**KBIGI**



**DAVY** ASSET MANAGEMENT

# Other Information

## Fund Management Charge

Unless otherwise advised, the standard annual fund management charge on Bank of Ireland Life funds is 1.5% p.a. and is charged on a daily basis. An additional fee above the standard fee does however apply to certain funds.

### Funds involving a higher fund management charge are:

Additional Fund Management Charge of 0.1% p.a. above standard		
• Elements	• iFunds 3	• High Yield Fund

Additional Fund Management Charge of 0.15% p.a. above standard		
• iFunds 3 Alpha	• iFunds 4	• iFunds 5

Additional Fund Management Charge of 0.2% p.a. above standard	
• iFunds 4 Alpha	• iFunds Equities

Additional Fund Management Charge of 0.25% p.a. above standard		
• Alternative Energy	• Discovery	• Trilogy II
• Davy Defensive High Yield Fund	• Water Fund	• Spotlight
• Davy High Yield Fund	• Innovator	

Additional Fund Management Charge of 0.35% p.a. above standard	
• BNY Mellon Global Real Return Fund	• Insight Broad Opportunities Fund
• BNY Mellon Absolute Return Bond Fund	

## Encashment

An early encashment charge may apply on full or part encashments. The early encashment charge is applied to the lower of the relevant premium and the corresponding fund value. In certain circumstances the Company may defer a request for encashment (including a part encashment) for up to six months.

Year of Encashment*	% Charge
Year 1, 2 or 3	5%
Year 4	3%
Year 5	2%
Year 6+	0%

\*following the payment of the premium

## Partial Encashment

The minimum part encashment is €1,000. There is a fee in respect of any partial encashments (currently €37.24 per withdrawal). A minimum balance of €3,500 is required after any encashment.

Part encashments to pay a regular income of up to 6% per annum are not subject to this fee or charge. Instead each automatic income payment is subject to a withdrawal fee (currently €3.65 per payment).

## Other Charges

The first six fund switches in each year are free. After six switches have taken place, a switch fee (currently €37.24) applies per switch. Charges and fees quoted are as at September 2019.

# Other Information

## Death Benefit - What Benefit is Paid on Death?

The value of your Smart Funds investment on death is 100.1% of the encashment value on the next day that unit prices are calculated after Bank of Ireland Life has received written notification of the death at its office - 5-9 South Frederick Street, Dublin 2.

If the policy is held in joint names, the death benefit is payable on receipt of the written notification of the death of the last policyholder.

If notice of death is received before the 5th policy anniversary, the death benefit payable will be at least equal to the cumulative premiums paid adjusted for any encashments (including regular income) taken, provided the life insured or in the case of a joint life policy, at least one life insured, is aged under 75 at the policy commencement date.

## Tax Treatment

Under current legislation, for investors resident in the Republic of Ireland, any investment growth achieved is subject to exit tax:

- Every eight years, or
- when you encash part or all of your investment, or
- if you transfer ownership of all or part of your investment, or
- on death.

The current rate of exit tax for personal investors is 41% (as at September 2019) and it only applies to gains. Different tax rates may apply for non-personal customers.

For full encashments, the taxable amount is the value of the encashment less the amount you originally invested.

For partial encashments a proportionate amount of tax is payable. Any tax already deducted on a periodic basis will be taken into account when calculating your final tax liability.

## Government Levy

A government levy was introduced on all premiums paid to a life assurance policy as part of the Finance Act 2009. This levy (currently 1% of the premium) will be collected by Bank of Ireland Life from the premiums and passed directly to the Revenue Commissioners.

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# Further Information

## Investments Online

Visit the investment's section on [www.bankofireland.com/investments](http://www.bankofireland.com/investments) for more details of all the funds mentioned. Up to date performance information is available on our Fund Centre <http://fundcentre.bankofireland.com>

### Next Steps

To find out more about **Smart Funds** please contact your Advisor.

Alternatively, phone

**1890 309 309<sup>†</sup>**

<sup>†</sup> To improve our service to you, calls may be recorded, for service, verification, analysis and training purposes.



Terms and conditions apply. Exit tax (up to 41% currently) applies to gains on life assurance investment policies. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy.

Investing in a geared fund or a fund that contains an element of gearing can lead to potentially increased returns when asset growth is positive, however it should be noted that any losses are magnified. In the event that the investment does not perform as intended an investor may not receive back all of their original capital and in extreme circumstances may lose their entire capital.

While great care has been taken in its preparation, this document is of a general nature and should not be relied on in relation to specific issues without appropriate financial, insurance, investment or other professional advice. The content of this document is for information purposes only and does not constitute an offer or recommendation to buy or sell any investment or to subscribe to any investment management or advisory service. While the information has been taken from sources we believe to be reliable, we do not guarantee their accuracy or completeness and any such information may be incomplete or condensed. All opinions and estimates constitute best judgement at the time of publication and are subject to change without notice. Please note that mention of specific stocks/shares or investments is not a recommendation to trade in those stocks/shares or investments. In the event of any changes in taxation or legislation, Bank of Ireland Life may amend the terms and conditions of the relevant contract to take account of any such changes. The details shown above relating to the funds and their composition are as at the date of this document unless otherwise stated and may change over time. If there is any conflict between this document and the policy conditions, the policy conditions will apply.

Davy Asset Management is regulated by the Central Bank of Ireland.

KBI Global Investors Ltd. (KBIGI) is regulated by the Central Bank of Ireland.

BNY Mellon Global Real Return Fund is a Sub-Fund of BNY Mellon Global Funds, plc. BNY Mellon Global Funds, plc is an open-ended umbrella type investment company with variable capital (ICVC) and segregated liability between sub-funds, incorporated with limited liability under the laws of Ireland. It qualifies and is authorised in Ireland by the Central Bank of Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended. The Manager of BNY Mellon Global Funds, plc is BNY Mellon Global Management Limited. BNY Mellon Global Management Limited, 33 Sir John Rogerson's Quay, Dublin 2, Ireland. The Manager is approved as a management company and regulated by the Central Bank of Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended. The Global (ex. US) Distributor of BNY Mellon Global Funds, plc is BNY Mellon Asset Management International Limited. BNY Mellon Asset Management International Limited, BNY Mellon Global Management Limited (BNY MGM), Newton and any other BNY Mellon entity mentioned are all ultimately owned by The Bank of New York Mellon Corporation.

State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Incorporated and registered in Ireland at 78 Sir John Rogerson's Quay, Dublin 2. Registered number 145221. Member of the Irish Association of Investment Managers.

Life assurance and pension products are provided by New Ireland Assurance Company plc trading as Bank of Ireland Life. New Ireland Assurance Company plc trading as Bank of Ireland Life is regulated by the Central Bank of Ireland. Member of Bank of Ireland Group. The Company may hold units in the funds mentioned on its own account.

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