

Pension



Passive IRIS

Individual Retirement
Investment Strategy



Bank of
Ireland
Life

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Exciting 2024 Passive IRIS Enhancements



Global investment markets are constantly changing and evolving. This is why we regularly review our investment strategies to make sure they continue to deliver the best outcomes for our customers. With this in mind, we are making a number of changes to the **Passive IRIS** investment strategy, which will come into effect from April 2024 onwards.

What are we changing?

1 When the move to a lower level of risk begins

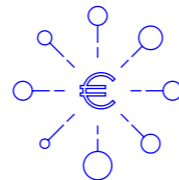
Currently, the **Passive IRIS** investment strategy starts to move from higher risk assets to lower risk assets 15 years from your planned retirement date. This move, which takes place gradually over time, will now start 10 years from your planned retirement date. This means your investment will be exposed to higher risk assets for longer, offering the potential for higher returns that higher risk assets can deliver.



2 The asset mix

We are adding a more diverse range of assets within **Passive IRIS**. After these changes are made, **Passive IRIS** will have:

- ▶ **Broader exposure to different types of equities** – for example, emerging market equities.
- ▶ **Exposure to new asset classes** – for example, infrastructure assets, including utilities, energy, transportation networks, communications and transportation infrastructure.
- ▶ **Exposure to bonds (lower risk assets) adjusted** – reducing exposure to European government and European corporate bonds and adding new exposures to high yields bonds and emerging market bonds.



3 Greater integration of Environmental, Social & Governance (ESG)

We are also committed to making **Passive IRIS'** investment strategy as sustainable as possible. We understand that many of our investors have a preference for investing in companies that strive to make the world a better place. Changes to **Passive IRIS** will be made with this in mind.



Why are we making these changes?

These changes are part of our ongoing commitment to manage and enhance your investment journey and to deliver the best outcomes for you.

For the most up to date information, please visit our dedicated **Passive IRIS customer hub**

[Passive IRIS Online Hub](#)

Passive IRIS At a Glance

At a glance

Aim	To grow and safeguard a pension investor's retirement savings based on their expected year of retirement.
Suitability	Passive IRIS is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement. Additional Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum are also available.
Style	Passively managed*
Managed by	A range of investment managers appointed by Bank of Ireland Life and advised by Bank of Ireland Investment Markets.
Asset Mix	Equities, property, bonds, cash and the Bank of Ireland Life fund PRIME 3 . The mix varies depending on the investor's term to retirement.
Risk Rating	Lifestyle

*Except for the management of property and cash.

Warning: The value of your investment may go down as well as up.
 Warning: If you invest in this fund you may lose some or all of the money you invest.
 Warning: This fund may be affected by changes in currency exchange rates.

A Lifestyle Investment Strategy

A recognised approach to retirement planning

A Lifestyle Investment Strategy is an investment strategy that is specifically designed for pension investors.

This strategy recognises that your investment needs will be different depending on your term to retirement. It is designed to match your changing investment needs by automatically selecting an appropriate level of risk depending on your retirement year - a higher level of risk when you are far from retirement and want your fund to potentially grow, and a lower level of risk as you near retirement and want to safeguard your fund against strong short term market fluctuations.

Passive IRIS follows Bank of Ireland Life's Lifestyle investment strategy. The chart on pages 6 and 7 shows how Passive IRIS reduces risk as you move towards retirement.

It uses a unique target date fund approach which means that you can stay in the one fund throughout your retirement journey.

PENSION JOURNEY

START

BUILD

CONSOLIDATE

RETIRE

CAREER PATH

EARLY CAREER

MID CAREER

LATE CAREER

RETIREMENT

START

BUILD

CONSOLIDATE

RETIRE



EARLY CAREER

MID CAREER

LATE CAREER

Retirement

Introducing Passive IRIS

A Straightforward Approach to Retirement Planning

Saving for retirement can be a complicated process. It can involve a lot of choices and decisions:

- ▶ How much should you invest in stock markets?
- ▶ Will your investment have time to recover if markets fall?
- ▶ Is now a good time to invest?
- ▶ Should you switch into a different fund as your retirement date approaches?

With **Passive IRIS** you invest in one fund which automatically manages these issues for you.

Passive IRIS Follows Four Key Principles

1. You can stay in the same fund

Many investment strategies work by moving you from fund to fund over time, possibly as often as every month. **Passive IRIS** is different – you invest in just one fund based on your expected year of retirement. Any switching or movement in and out of different types of assets happens within this fund.

2. When you are far from retirement you can afford to take some investment risk

When you are investing for a very long time (15 years or more), you can focus on investing in riskier assets with greater potential growth. If the value of your investment falls due to short term market fluctuations, you will still have plenty of time for it to recover. When you are far from retirement **Passive IRIS** automatically invests more of your money in assets with greater growth potential to try to generate growth over the longer term.

3. When you are close to retirement you need to preserve the purchasing power of your savings

As you approach your expected retirement date, you may not be able to afford to take much risk with the value of your investment. If your fund falls in value, it may not have enough time to recover. Close to retirement, **Passive IRIS** automatically invests in assets with a lower level of risk.

4. You can easily move to another **Passive IRIS** option if your plans for your retirement fund change

Passive IRIS is ideal for pension savers who want to take the ARF and retirement lump sum option at retirement. If you decide to purchase an annuity or take your fund as a cash lump sum, you can easily move to our **Passive IRIS** Annuity Option or **Passive IRIS** Lump Sum Option (see page 9 for more information).

You can invest in just one fund that aims to grow your money when you are far from retirement and safeguard it against short term market fluctuations as your retirement date approaches.

Passive Fund Management

Investment funds can be managed on either an active or passive basis. Passive management means the fund manager invests a predetermined percentage of the fund into each asset type and tracks the overall performance of each, rather than trying to predict which specific stock or asset will perform best. Tracking an index is a popular method of passive management.

Passive IRIS is passively managed (except for the direct property element and cash, which are actively managed) and the equity element tracks the performance of a leading global equity index (with 75% currency hedging). See page 10 for more details. By tracking a leading global equity index, an investment portfolio typically gets good diversification and low transaction costs. Tracking an index also removes the perceived risk of choosing a single fund manager.

Bank of Ireland Life will work alongside Bank of Ireland Investment Markets as their appointed advisors, to select the underlying investment managers within **Passive IRIS**. These investment managers are subject to change over time. Currently State Street Global Advisors is the main investment manager for **Passive IRIS**.

STATE STREET GLOBAL ADVISORS

About State Street Global Advisors (SSGA)

- ▶ State Street Global Advisors Europe Limited (SSGA) is the investment management business of State Street Corporation and one of the world's largest investment managers.
- ▶ For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors.
- ▶ Signatory to UN Principles of Responsible Investing (PRI) Since¹: 3 May 2012

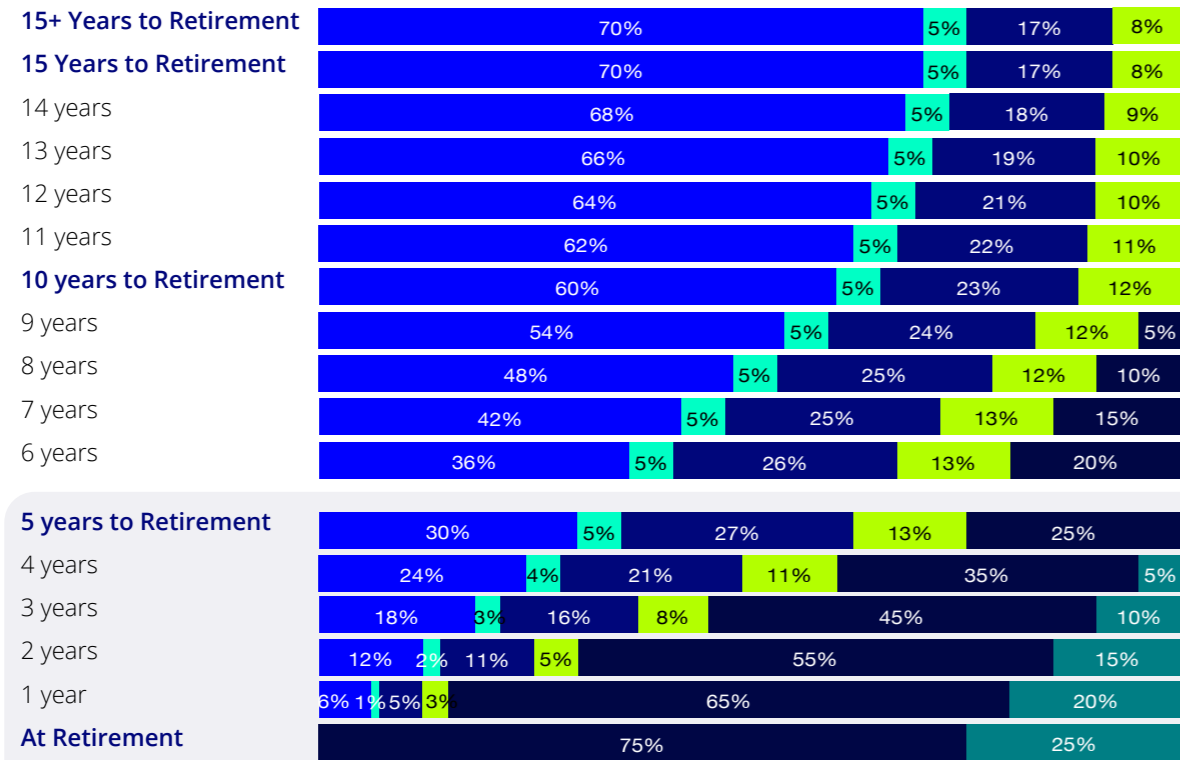
¹ In 2005, the United Nations established a body that developed the Principles for Responsible Investing ("PRI"). It provides an independent assessment of, and rating of fund managers against Environmental Social and Governance benchmarks.

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Passive IRIS In Action

Passive IRIS is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement.

The chart below illustrates how the asset mix of the fund currently automatically changes over the 15 years leading to retirement.



With 15 years or more to retirement **Passive IRIS** aims to maximise growth, investing mainly in equities but also in property and bonds. From 15 years to retirement **Passive IRIS** starts to gradually reduce exposure to riskier assets, decreasing its weighting in equities and increasing its holding in bonds.

Between 10 and 5 years from retirement, equities are replaced by **PRIME 3** and an increased holding in bonds.

From 5 years to retirement, the asset mix is tailored to suit pension investors who plan to take an ARF and retirement lump sum at retirement. If you plan to purchase an annuity or take your fund as a cash lump sum at retirement, you should switch to the **Passive IRIS** Annuity Option or **Passive IRIS** Lump Sum Option (see page 9)

At retirement **Passive IRIS** is invested in **PRIME 3** and cash.



The allocation to each asset class shown above is approximate and may change in the future.

For the most up to date fund performance and information, visit our Passive IRIS hub on [Fund Centre](#)

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PRIME 3

Passive IRIS increases its allocation to **PRIME 3** as retirement approaches (ARF option only). **PRIME 3** is a diversified fund that invests in a range of passively managed funds with exposure to the returns of equities, bonds, property and a range of alternative assets. The fund has been designed to reduce the potential impact of equity market volatility on investment returns – smoothing fluctuations and aiming to enhance the potential return to pension investors.

Investment Aim

To generate a return reflective of the risk profile of the fund and to incorporate environmental, social and governance characteristics.

Overview

PRIME 3 aims to generate returns reflective of the risk profile of the fund by predominantly investing in a range of passive funds.

How PRIME 3 Aims To Achieve Returns:


- ▶ **Multi-asset approach*** – **PRIME 3** adopts a multi-asset approach and offers investors the potential returns that can come from investing in a range of asset classes. As the market value of these assets can rise and fall over time, the fund aims to deliver a more stable investment journey for investors by managing risk through diversification and use of a dynamic risk adjustment mechanism. By investing in a range of asset classes and reducing exposure to equities when equity market volatility is high, it is hoped to reduce the risk of investment losses that can arise when the market value of assets fall. Environmental, Social and Governance processes are built-in to **PRIME 3's** equity and bond exposures. **PRIME 3's** developed market and emerging market equity exposures, along with the emerging market government bond, euro corporate and euro short corporate bond exposures incorporate ESG features.
- ▶ **Passive investment approach** – this is an investment strategy the fund can adopt that tracks market weighted indices or portfolios rather than relying on a fund manager to select what assets to invest in. While **PRIME 3** is, in general, a passively managed fund, it is important to note that any exposure in the fund to property will be actively managed. **PRIME 3's** exposure to cash is also actively managed.

A Risk Conscious Solution:

- ▶ **PRIME 3** has been classified on Bank of Ireland Life's 7 point risk scale as a low to medium risk fund.
- ▶ Asset class exposure is reflective of the risk profile of the fund.
- ▶ An adjustment process is in place to reduce risk during times of high market volatility. Through a dynamic risk adjustment mechanism, exposure to equities is reduced in order to deliver a more stable investment journey.

Article 8 Fund

PRIME 3 is categorised as Article 8 under the Sustainable Financial Disclosure Regulation. Article 8 Funds are funds which promote environmental or social characteristics (although not exclusively) and which invest in companies that follow good governance practices ("Light Green or Article 8 funds"). Please read the separately available document 'How SSGA assesses the environmental, social and governance ("ESG") profile of issuers'. This is available [here](#) or from your Advisor.

For the most up to date performance and information about **PRIME 3**, please visit [Fund Centre](#) 

To find out more about our commitment to ESG, visit our [Sustainable Investing Hub](#).

*The investment manager may use the equity or bond assets that PRIME 3 has exposure to 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.

Additional Passive IRIS Options

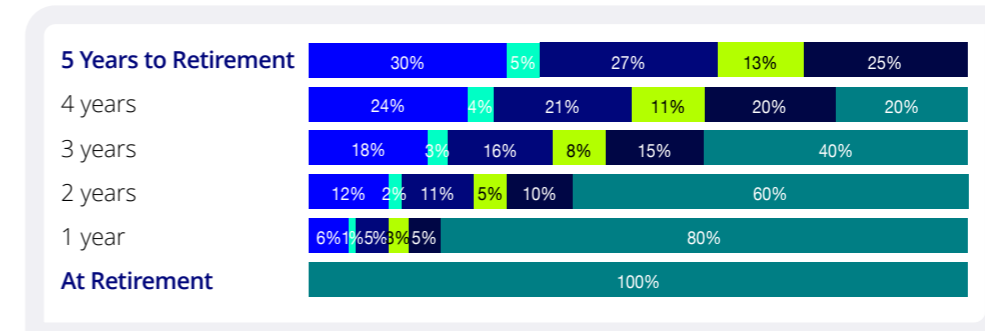
While **Passive IRIS** is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement, additional **Passive IRIS** options aimed at individuals who want to purchase an annuity or take a cash lump sum at retirement are also available. The asset mix of these options will differ to the asset mix of the **Passive IRIS** default option only in the five years before your retirement year. Information on these options is included below.

Passive IRIS Annuity Option

The **Passive IRIS** Annuity Option is aimed at pension investors who plan to use their retirement fund to purchase an annuity at retirement. Five years from your retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to purchase an annuity at retirement.



ANNUITY OPTION



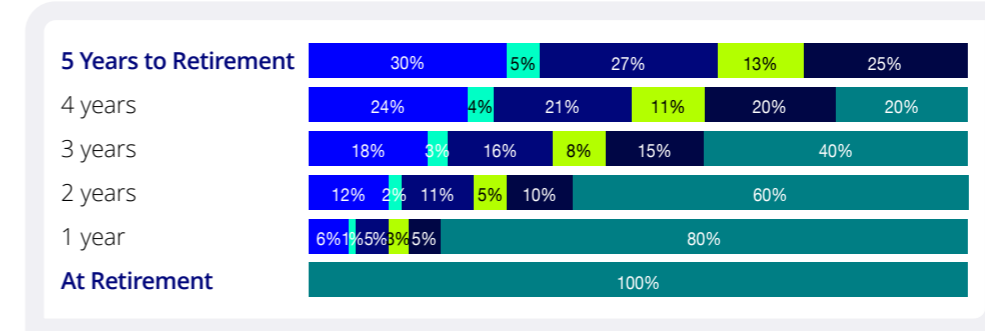
- Equities
- Property
- Corporate Bonds
- Government Bonds
- PRIME 3
- Long Bonds

Passive IRIS Lump Sum Option

The **Passive IRIS** Lump Sum Option is aimed at pension investors who plan to use their retirement fund to take a cash lump sum at retirement. Five years from your retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to take a cash lump sum.



LUMP SUM OPTION



- Equities
- Property
- Corporate Bonds
- Government Bonds
- PRIME 3
- Cash

We will remind you of these options as you approach retirement. While the asset mix of the options above will differ to the **Passive IRIS** default option only in the last five years, you can switch to the **Passive IRIS** Annuity Option or the **Passive IRIS** Lump Sum Option at any time by sending a completed fund switch form or written instruction to Bank of Ireland Life. Talk to your Advisor in your Bank of Ireland branch for more information.

Overview of Passive IRIS Asset Classes

Equities

Equities are shares in companies listed on stock markets. Passive IRIS aims to track the performance of a leading global index (with 75% currency hedging). The index also incorporates environmental, social and governance characteristics. Currency hedging provides substantial protection for investors against changes in currency exchange rates.

SFDR: Article 8 Fund*

Property

Property can include office, retail, industrial and other real estate assets. **Passive IRIS** invests in a portfolio of prime commercial properties primarily in Ireland, the UK and mainland Europe.

As a long-term investment, property can potentially provide a higher rate of return than lower risk assets and offers diversification from equities.

Corporate Bonds

Corporate bonds are debts issued by companies and listed on stock exchanges. They typically have short terms and in general they offer less risk than stocks. **Passive IRIS** aims to track an index of high quality Euro-denominated corporate bonds. The index also incorporates environmental, social and governance characteristics.

SFDR: Article 8 Fund*

Government Bonds

Passive IRIS aims to track an index of German, French and Dutch government bonds. However, this bond portfolio may change in the future.

Cash

Passive IRIS aims to have 25% of the fund in cash at retirement to pay out the retirement lump sum. The cash element of **Passive IRIS** invests in cash deposits and other money market instruments.

PRIME 3

PRIME 3 is a diversified fund that invests in a range of passively managed funds with exposure to the returns of equities, bonds, property and alternatives. The fund also incorporates environmental, social and governance characteristics. The fund has been designed to reduce the potential impact of equity market volatility on investment returns – smoothing fluctuations and aiming to enhance the potential return to pension investors.

SFDR: Article 8 Fund*

To find out more about our ESG commitment, visit our **Sustainable Investing Hub**.

*Classified as an Article 8 Fund in accordance with the Sustainable Finance Disclosure Regulation.

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Next Steps

Talk to your Advisor available at your local Bank of Ireland branch:

[Fund Centre](#)

[Passive IRIS Online Hub](#)

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Passive IRIS may hold some assets directly, may invest in other funds that provide exposure to the assets or may invest in other collective investment vehicles, such as MGI Funds plc. Such collective investment vehicles provide exposure to other funds and can enable cost reductions due to size. MGI Funds plc is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities (UCITS).

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