

# IQEQ Defensive High Yield Fund<sup>†</sup>



High Risk



SFDR Classification:  
Article 8 Fund

## Fund Objective

Bank of Ireland Life's fund invests in the IQEQ Defensive Equity Income Fund (the underlying fund). The underlying fund aims to generate long-term capital growth for investors with a relatively high, yet sustainable flow of dividend income but with less risk than investing in global stock markets.

## Fund Facts

- ▶ **Asset Mix<sup>\*</sup>:** High yield global equities (Shares that typically pay an above average dividend yield).
- ▶ **Underlying Fund is Managed By:** IQ EQ Fund Management (Ireland) Limited (IQ-EQ) (previously known as Davy Global Fund Management Limited).
- ▶ **Sustainable Finance Disclosure Classification: Article 8 Fund**  
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 IQEQ assesses the environmental, social and governance ("ESG") profile of issuers' for more information. This is available [here](#) or from your Advisor.
- ▶ **Key Fund Risks:** Market risk, single asset class risk and currency risk.
- ▶ **Recommended Investment Time Frame:** Medium to long-term (at least 5-7 years).
- ▶ **Risk Rating:** Medium to High Risk



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 the fund 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 Sheets and can be found on our website at [fundcentre.bankofireland.com/#KIDS](http://fundcentre.bankofireland.com/#KIDS). Please see the Smart Funds or Target Saver brochure for further details.



## Investment Manager

- ▶ IQ EQ Fund Management (Ireland) Limited ('IQ-EQ')<sup>\*\*</sup> is an active asset management company with a distinctive quality-based approach to investing across equities and fixed income.
- ▶ IQ-EQ apply a sophisticated, proprietary definition of quality and integrate ESG continually through their investment process.
- ▶ Funds follow a quantamental approach that combines the freedom of judgement of fundamental investing with the bias-free objectivity of a quantitative model.
- ▶ It is part of the IQ EQ Group.
- ▶ **Signatory to UN Principles of Responsible Investing Since<sup>\*\*</sup>:** 27 June 2016.

<sup>\*\*</sup>previously known as Davy Global Fund Management Limited.

<sup>†</sup>Previously known as the Davy Defensive High Yield Fund.

<sup>\*\*</sup> 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.

\* The investment manager may use the equities in the underlying fund 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 the fund, it provides an opportunity to increase the investment return.

For more information about how we work with our investment managers to protect investors' future click [here](#).

**Warning: Past performance is not a reliable guide to future performance.**  
**Warning: The value of your investment may go down as well as up.**  
**Warning: This fund may be affected by changes in currency exchange rates.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**

## Fund Description

The **IQEQ Defensive High Yield Fund** provides investors with the opportunity to share in the potential returns that can come from investing in equities that pay high dividends (high yielding), but with the additional benefit of less risk than a typical equity fund.

## Why Invest in High Yield Equities?

The logic behind this investment strategy is that the type of companies that can achieve sustained higher dividends generally provide stable growth opportunities going forward. This can be very important in times of slowing global growth. For this very reason, high yield funds have been one of the most popular areas of investment for decades.

## Why Do Dividends Matter?

Essentially, the payment of dividends is a powerful message by companies to stock markets and investors about the company's future prospects and performance. It is one of the simplest ways a management team can signal their confidence about the company's future prospects.

## Risk Reduction

The value of shares can go up and down over time (volatility) and sometimes this can be dramatically. The **IQEQ Defensive High Yield Fund** specifically aims to reduce the volatility of returns experienced by investors of the fund. To achieve this, the fund employs a derivative strategy. The fund essentially exchanges some of the potential upside in share prices to generate additional income for the fund each quarter. The fund uses this income to buy some insurance that aims to partially protect against significant falls in share prices. The fund is in effect forgoing some of the potential upside in the portfolio to reduce the downside risk that can come from investing. Historically, this strategy has been successful in significantly reducing volatility within portfolios.

(Source: IQ EQ Fund Management (Ireland) Limited)

## Minimum Recommended Investment Period

Investing should always be considered over the medium to long-term (at least 5-7 years) to give the underlying assets time to grow in value. However, even long-term investing involves risk as values will fluctuate over time.

## Risk Rating – Medium to High Risk



Bank of Ireland Life has rated its **IQEQ Defensive High Yield Fund** a medium to high risk investment. 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.

**Warning: Past performance is not a reliable guide to future performance.**

**Warning: The value of your investment may go down as well as up.**

**Warning: This fund may be affected by changes in currency exchange rates.**

**Warning: If you invest in this fund you may lose some or all of the money you invest.**

## Key Fund Risks

**Market risk** (value can fluctuate in line with market movements), **single asset class risk** (exposure to just one asset type) and **currency risk** (exposure to changes in currency exchange rates) are risks that arise from investing in this fund that investors should be aware of. This fund has exposure to non-euro assets and this brings additional risk of how changes in currency exchange rates can impact the value of the fund. For more information, please ask your Advisor for our Investing & Risk document.

## Product Availability

The **IQEQ Defensive High Yield Fund** is available to investors through the following Bank of Ireland Life products:

- ▶ Smart Funds
- ▶ Target Saver
- ▶ Personal Pensions
- ▶ Approved Retirement Fund (ARF)
- ▶ Personal Retirement Bond
- ▶ PRSA (non-standard)

## Charges

Charges vary per product type. For the **IQEQ Defensive High Yield**, a fund management charge of 0.25% p.a. applies in addition to the standard charge. For details of the charges that, apply talk to your Advisor.

## Next Steps

For more information on the **IQEQ Defensive High Yield Fund**, talk to the Advisor available in your local Bank of Ireland branch:



Fund Centre



Our Sustainable Investing Hub

**Warning: Past performance is not a reliable guide to future performance.**

**Warning: The value of your investment may go down as well as up.**

**Warning: This fund may be affected by changes in currency exchange rates.**

**Warning: If you invest in this fund you may lose some or all of the money you invest.**

Bank of Ireland Life reserves the right to review the risk categorisation of its funds at any time. 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.


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 this fund and its 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.

IQ EQ Fund Management (Ireland) Limited is regulated by the Central Bank of Ireland. In the UK, IQ EQ Fund Management (Ireland) Limited is deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. In Luxembourg, IQ EQ Fund Management (Ireland) Limited is authorised by the Central Bank of Ireland and is subject to limited regulation by the Commission de Surveillance du Secteur Financier. Details about the extent of our authorisation and regulation by the Central Bank of Ireland, the Financial Conduct Authority and Commission de Surveillance du Secteur Financier are available from us upon request.



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. Bank of Ireland Life may hold units in the fund mentioned on its own account and the fund may hold Bank of Ireland shares from time to time.

Advice on Bank of Ireland Life products is provided by Bank of Ireland. Bank of Ireland trading as Bank of Ireland Insurance & Investments, Insurance & Investments or Bank of Ireland Premier is regulated by the Central Bank of Ireland. Bank of Ireland is a tied agent of New Ireland Assurance Company plc for life assurance and pensions business. Member of Bank of Ireland Group.

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

<p><b>Sustainable investment</b> means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.</p>	<p><b>Product name:</b></p>	<p>IQEQ Defensive Equity Income Fund</p>	<p><b>Legal entity identifier:</b></p>	<p>549300YP7YW06QCNBF32</p>
<p><b>Environmental and/or social characteristics</b></p>				
<p><b>Does this financial product have a sustainable investment objective?</b></p>				
<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p>		<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p>		
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p>		<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p>		
<p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p>		<p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p>		
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>		<p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>		
				
<p><b>What environmental and/or social characteristics are promoted by this financial product?</b></p>				
<p>The Fund avoids investing in companies which violate humanitarian principles or labour rights by reference to the UN Global Compact ("UNGC") Principles. A third-party data provider is used to identify a violation, measured by the severity and number of human and labour rights controversial incidents recorded for a company. Additionally, the Fund excludes companies that: (i) manufacture cluster munitions or landmines; (ii) derive more than 10% of their revenue from the production of thermal coal; or (iii) derive revenues from the production of tobacco products. The Fund has not designated a reference benchmark for the purpose of attaining the above environmental and social characteristics.</p>				
<p><b>What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?</b></p>				
<p><b>Sustainability indicators</b> measure how the environmental or social characteristics promoted by the financial product are attained.</p>		<p>On an ongoing basis, the Investment Manager uses the following sustainability indicators to monitor investee companies:</p> <ul style="list-style-type: none"> <li>- The percentage of revenues derived from the manufacture or sale of cluster munitions or landmines. The Fund will not hold any companies with exposure to this indicator.</li> </ul>		

	<ul style="list-style-type: none"> <li>- The percentage of revenues derived from the production of thermal coal. The Fund will not hold any companies that derive more than 10% of their revenue from this indicator.</li> <li>- The percentage of revenues derived from the production of tobacco products. The Fund will not hold any companies that derive revenue from this indicator.</li> <li>- Violations of UNGC Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. A third-party data provider is used to identify a violation, measured by the severity and number of human and labour rights controversial incidents recorded for a company (denoted by a 'red flag'). This Fund will not invest in any companies with such violations.</li> </ul>
	<p>● <b>What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?</b></p>
	<p>Not applicable, the Fund does not intend to make sustainable investments.</p> <p>The environmental objective set out in Article 9 of the EU Taxonomy Regulation to which the investments of the Fund with environmental characteristics will contribute is climate change mitigation.</p>
	<p>● <b>How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?</b></p>
<p><b>Principal adverse impacts</b> are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.</p>	<p><i>Not applicable</i></p>
	<p>--- <i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p><i>Not applicable</i></p>
	<p>--- <i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</i></p>
	<p><i>Not applicable</i></p>
	<p><i>The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.</i></p> <p>The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.</p> <p><i>Any other sustainable investments must also not significantly harm any environmental or social objectives.</i></p>

	<p><b>Does this financial product consider principal adverse impacts on sustainability factors?</b></p>
	<p><input checked="" type="checkbox"/> Yes,</p>
	<p>The Investment Manager in the management of the Fund considers principal adverse impacts on sustainability factors for the Fund, by assessing and monitoring the mandatory principal adverse impact indicators ("PAI") referenced in Annex 1 of the delegated regulation (EU) 2022/1288.</p> <p>Investee companies identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators, are identified based on data acquired from third-party providers and / or internal analysis. These companies are subject to further analysis by the Investment Manager which may lead to engagement with company management. If sufficient understanding and resolution on the issue is not achieved, the ESG risk profile of the company is raised, which may ultimately lead to a decision to liquidate the position.</p> <p>The PAIs identified are subject to a formal monthly review.</p> <p>Further detail on principal adverse impacts on sustainability factors will be available in the periodic reports.</p>
	<p><input type="checkbox"/> No</p>
	<p><b>What investment strategy does this financial product follow?</b></p>
<p><b>The investment strategy</b> guides investment decisions based on factors such as investment objectives and risk tolerance</p>	<p>The Fund invests in (i) equity securities (ii) UCITS or open-ended alternative investment funds and ETFs (iii) money market instruments such as cash or cash equivalents (iv) FDIs in the form of call and put options and futures on equity indices and/or equity securities.</p> <p>The investment approach for direct equity securities utilises a combination of both quantitative and fundamental analysis (for example, dividend yield, P/E Ratios, balance sheet) and quantitative screens including consideration of sustainability indicators such as minimum safeguards. This screening process, which utilises third-party data coupled with internal research, narrows the universe to a sub-set of potential investments which comply with the exclusion criteria applied for the Fund.</p>

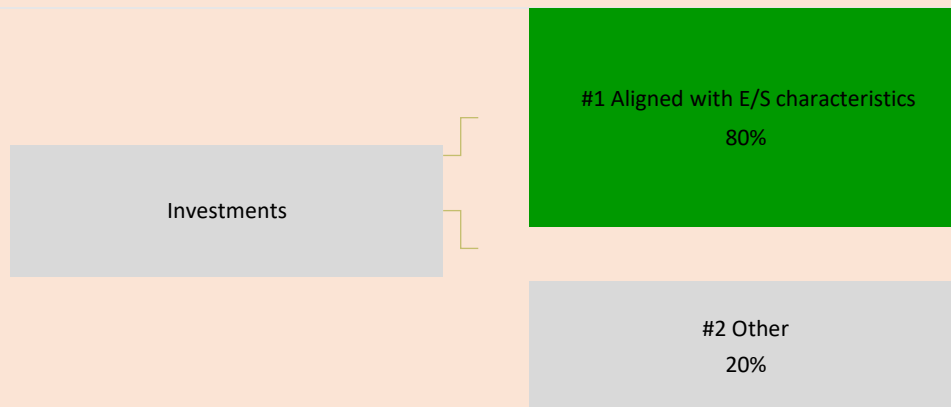
	<p>● <b>What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</b></p> <p>The Fund avoids investing in companies which violate humanitarian principles or labour rights by reference to the UN Global Compact ("UNGC") Principles. A third-party data provider is used to identify a violation, measured by the severity and number of human and labour rights controversial incidents recorded for a company. Additionally, the Fund excludes companies that: (i) manufacture cluster munitions or landmines; (ii) derive more than 10% of their revenue from the production of thermal coal; or (iii) derive revenues from the production of tobacco products.</p>
<p><b>Good governance</b> practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>	<p>● <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></p> <p>None.</p> <p>● <b>What is the policy to assess good governance practices of the investee companies?</b></p>
	<p>The investee companies are rated for good governance practices using a third-party ratings provider. This ESG data that is provided to the Investment Manager in this manner includes, but it not limited to, information in relation to a company's corporate governance, including board diversity, executive compensation, anticompetitive practices and ownership and control. The investment team (which includes an ESG specialist) then analyses and seeks to verify the ESG data and ratings in respect of such companies (the "ESG Information") by using data that they have compiled through their own proprietary in-house research function. By way of example, the in-house research function will specifically engage with such companies to seek clarification on, and/or further information in relation to, the ESG Information, if required. If sufficient understanding and resolution on the issue identified is not achieved, the ESG risk profile of the company is raised, which may ultimately lead to a decision to liquidate the position.</p>
<p> <b>Asset allocation</b> describes the share of investments in specific assets.</p>	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The Fund invests in (i) equity securities (ii) UCITS or open-ended alternative investment funds and ETFs (iii) money market instruments such as cash or cash equivalents (iv) FDIs in the form of call and put options and futures on equity indices and/or equity securities.</p> <p>The Fund will invest a minimum of 80% of its Net Asset Value invested in equity securities which align with the environmental and/or social characteristics of the Fund as described above.</p>

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivative use, if any, does not contribute to attaining the environmental or social characteristics promoted by the Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**





The Fund does not currently commit to investing more than 0% of its Net Asset Value in environmentally sustainable environmental activities within the meaning of the EU Taxonomy.






**What is the minimum share of investments in transitional and enabling activities?**

The Fund does not currently commit to investing more than 0% of its Net Asset Value in transitional and enabling activities.



	 <b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b>
	<p><i>Not applicable.</i></p>
	 <b>What is the minimum share of socially sustainable investments?</b>
	<p><i>Not applicable.</i></p>
 <p>are sustainable investments with an environmental objective that <b>do not take into account the criteria</b> for environmentally sustainable economic activities under the EU Taxonomy.</p>	 <b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b>
	<p>These investments comprise of (i) UCITS or open-ended alternative investment funds ETFs (ii) money market instruments such as cash or cash equivalents (iii) FDIs in the form of call and put options and futures on equity indices and/or equity securities. Minimum environmental and social safeguards are not applicable due to the nature of the investments.</p>
	<p><b>Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?</b></p>
	<p><i>No</i></p>
	<p><input type="radio"/> <b>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</b></p>
	<p><i>Not applicable</i></p>
	<p><input type="radio"/> <b>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</b></p>
	<p><i>Not applicable</i></p>

	<ul style="list-style-type: none"> <li>● <b>How does the designated index differ from a relevant broad market index?</b></li> </ul>
<p><b>Reference benchmarks</b> are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.</p>	<p><i>Not applicable</i></p>
	<ul style="list-style-type: none"> <li>● <b>Where can the methodology used for the calculation of the designated index be found?</b></li> </ul>
	<p><i>Not applicable</i></p>
	<p><b>Where can I find more product specific information online? More product-specific information can be found on the website:</b></p>
	<p>To find out more about the <b>IQEQ Defensive High Yield Fund</b>:</p> <p> <b>Fund Centre</b></p>

 **Our Sustainable Investing Hub**