



ifunds

investment funds



ifunds & ifunds Alpha

H2 2022 Update



**Bank of
Ireland
Life**

Investment

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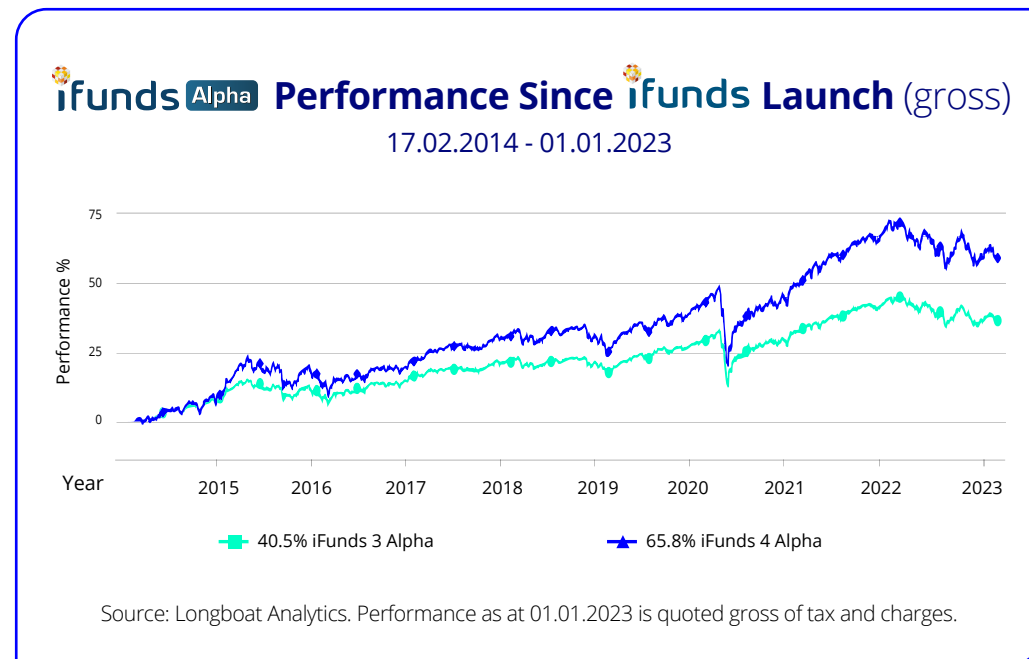
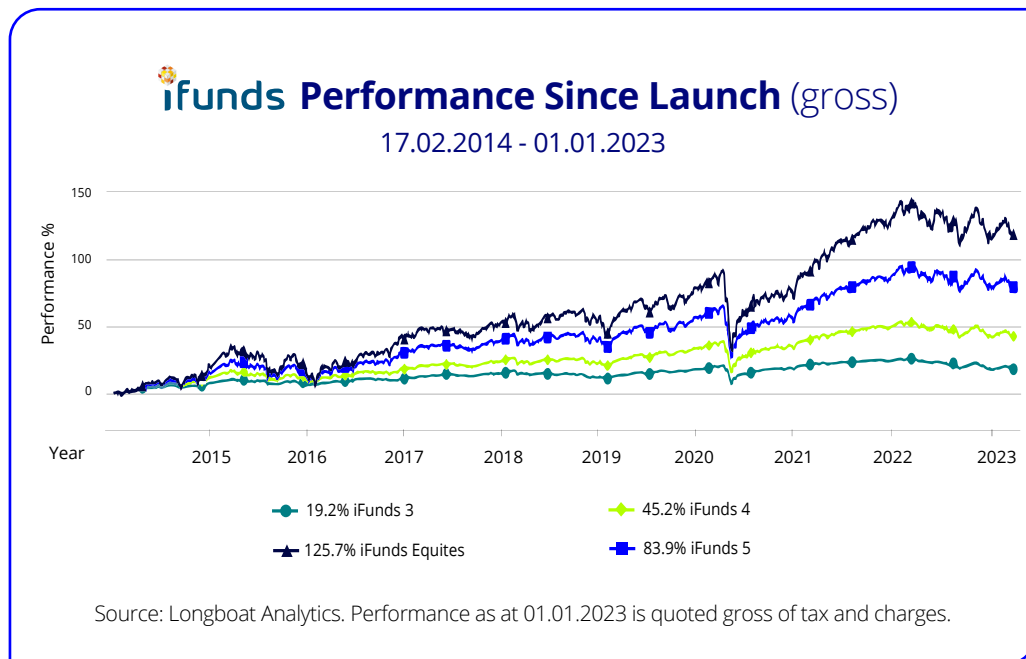
ifunds **4** Alpha

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For the most up to date performance and asset split information for our iFunds & iFunds Alpha Range, click on [Fund Centre](#) 



The ifunds & ifunds Alpha Range



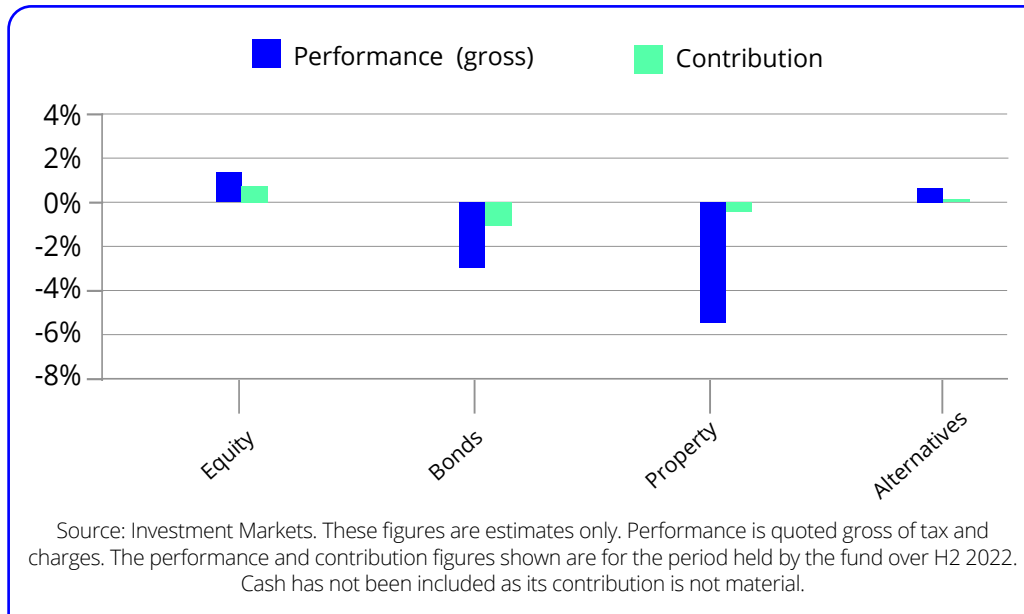
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Notes
 Performance is shown from the launch of the 4 main iFunds, which is close of business 14/02/2014. Performance quoted to 01 January 2023 is gross of tax and charges. Please refer to the final page of report for further information. Note: On 5 July 2019, the PBIS Conservative Fund was renamed iFunds 3 Alpha and the PBIS Balanced Fund was renamed iFunds 4 Alpha.



Asset Class Performance & Contribution to Performance for H2 2022



Performance Commentary

In the second half of 2022, **iFunds 3** declined by 1.0% (gross of tax and charges). There was a positive contribution from equities but this was more than offset by negative contributions from both bonds and property exposure.

Over the six months, there were a number of asset allocation changes, including:

- ▶ The **iFunds** team reduced the allocation to the Property Fund, from 9% to 7%.
- ▶ After equity markets rallied in July 2022, equity exposure was reduced by 1%, having already been somewhat cautiously positioned.
- ▶ Exposure to cash and short-dated bonds was increased.

The strongest performing component fund was the **Arrowstreet Global Equity Fund**, which gained 3.2% over the timeframe. The **Acadian Systematic Macro Fund**, an alternatives strategy, also performed well, gaining 2.3% in H2. Within bond component funds, the top performer was the **M&G Short Dated Corporate Bond Fund**, avoiding losses despite the rise in interest rates.

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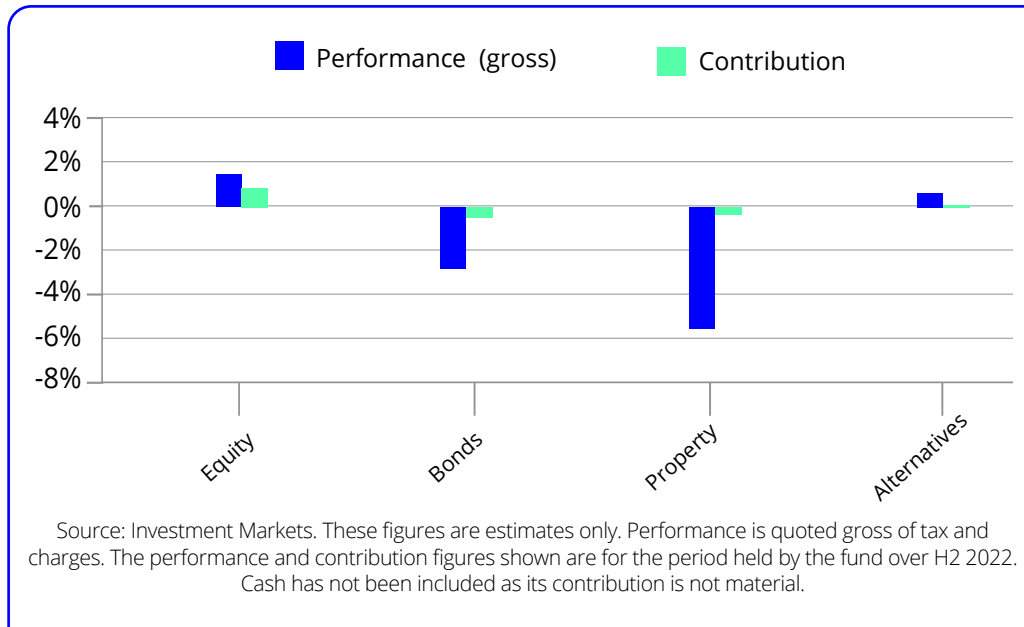
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Asset Class Performance & Contribution to Performance for H2 2022



Performance Commentary

In the second half of 2022, **iFunds 4** declined by 0.3% (gross of tax and charges). There was a positive contribution from equities but this was more than offset by negative contributions from both bonds and property exposure.

Over the six months, there were a number of asset allocation changes, including:

- ▶ The **iFunds** team reduced the allocation to the Property Fund, from 9% to 7%.
- ▶ After equity markets rallied in July 2022, equity exposure was reduced by 1%, having already been somewhat cautiously positioned.
- ▶ Exposure to cash and short-dated bonds was increased.

The strongest performing component fund was the **Arrowstreet Global Equity Fund**, which gained 3.2% over the timeframe. The **Acadian Systematic Macro Fund**, an alternatives strategy, also performed well, gaining 2.3% in H2. Within bond component funds, the top performer was the **M&G Short Dated Corporate Bond Fund**, avoiding losses despite the rise in interest rates.

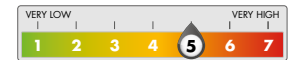
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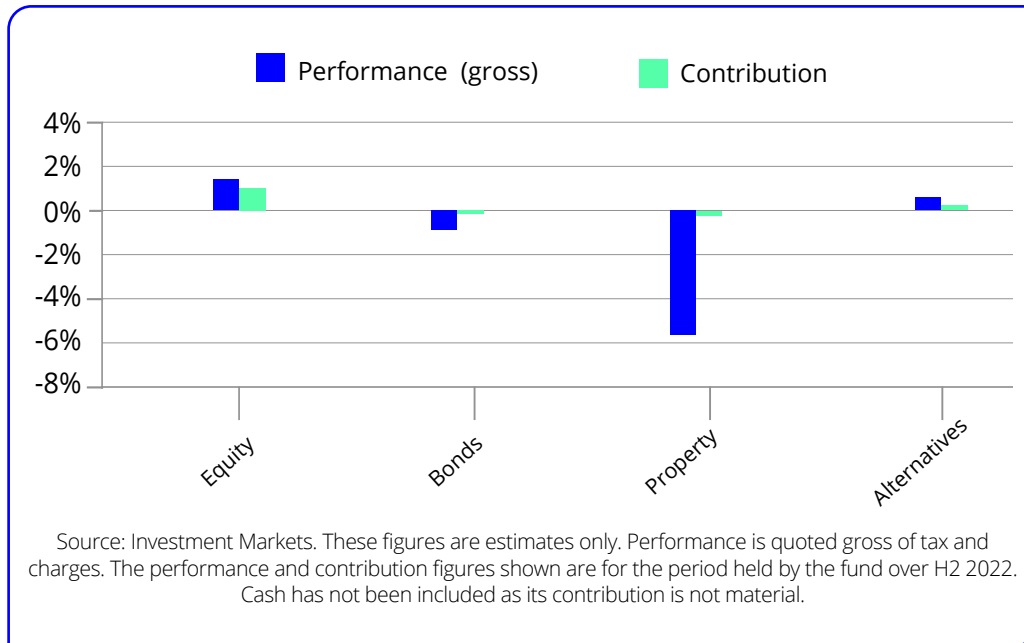
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Asset Class Performance & Contribution to Performance for H2 2022



Performance Commentary

In the second half of 2022, **iFunds 5** gained 0.3% (gross of tax and charges). There was a positive contribution from equities, this was offset however by negative contributions from bonds and property exposures.

Over the six months there were a number of asset allocation changes, including:

- ▶ The **iFunds** team reduced exposure to the Property Fund, from 10% to 8%.
- ▶ After a rally in equity markets in July 2022, equity exposure was reduced by 2%, having already been somewhat cautiously positioned.
- ▶ Exposure to cash was increased, and a small allocation was added to short dated bonds exposure.

The strongest performing component fund was the **Arrowstreet Global Equity Fund**, which gained 3.2% over the timeframe. The **Acadian Systematic Macro Fund**, an alternatives strategy, also performed well, gaining 2.3% in H2.

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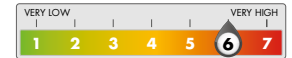
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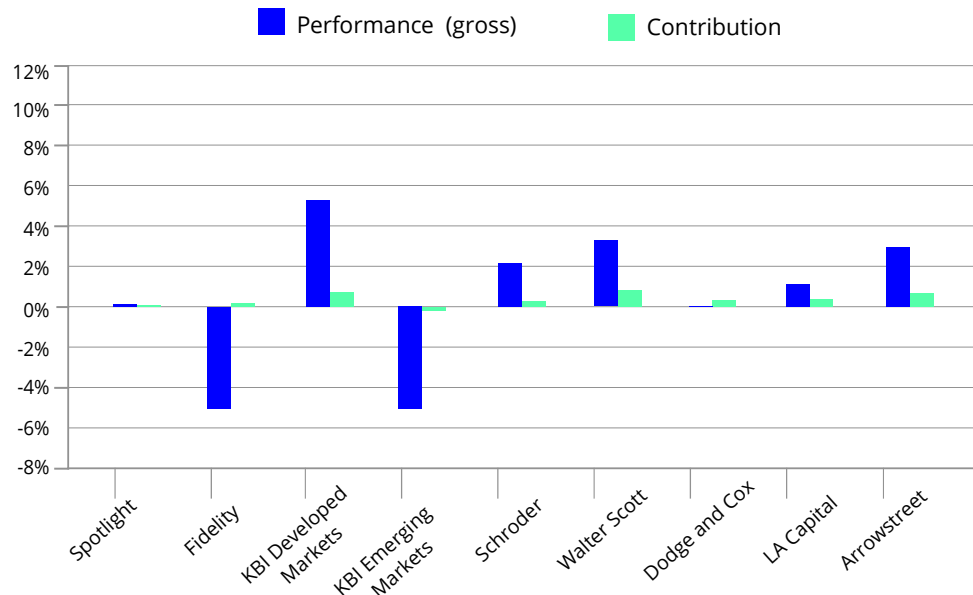


Bank of Ireland Life Risk Rating

High Risk



Asset Class Performance & Contribution to Performance for H2 2022



Source: Investment Markets. These figures are estimates only. Performance is quoted gross of tax and charges. The performance and contribution figures shown are for the period held by the fund over H2 2022. Cash has not been included as its contribution is not material.

Performance Commentary

In the second half of 2022, **iFunds Equities** gained 1.6% (gross of tax and charges).

Performance was driven by positive results across most component funds. The best performing fund was the **KBI Developed World Equities Fund**, with a return of +5.1%. After a difficult start to 2022, component funds with a 'growth' style, for example component funds managed by **Walter Scott and Schroders**, made gains. Growth style investing focus on companies whose earnings are expected to increase at an above-average rate. Emerging markets equities however had negative returns.

Both of the 'core' style managers' funds, **Arrowstreet** and **Los Angeles Capital**, outperformed broader equity markets, with **Arrowstreet** performing particularly well.

During the second half of 2022, the **iFunds** team trimmed exposure to 'value' style managers (**Spotlight (managed by State Street Global Advisors)**, **KBIGI** and **Dodge & Cox**), and increased the allocation to the **Arrowstreet** fund from 12% to 16%. Value style managers focus on buying stocks which trade at a significant discount to their intrinsic value.

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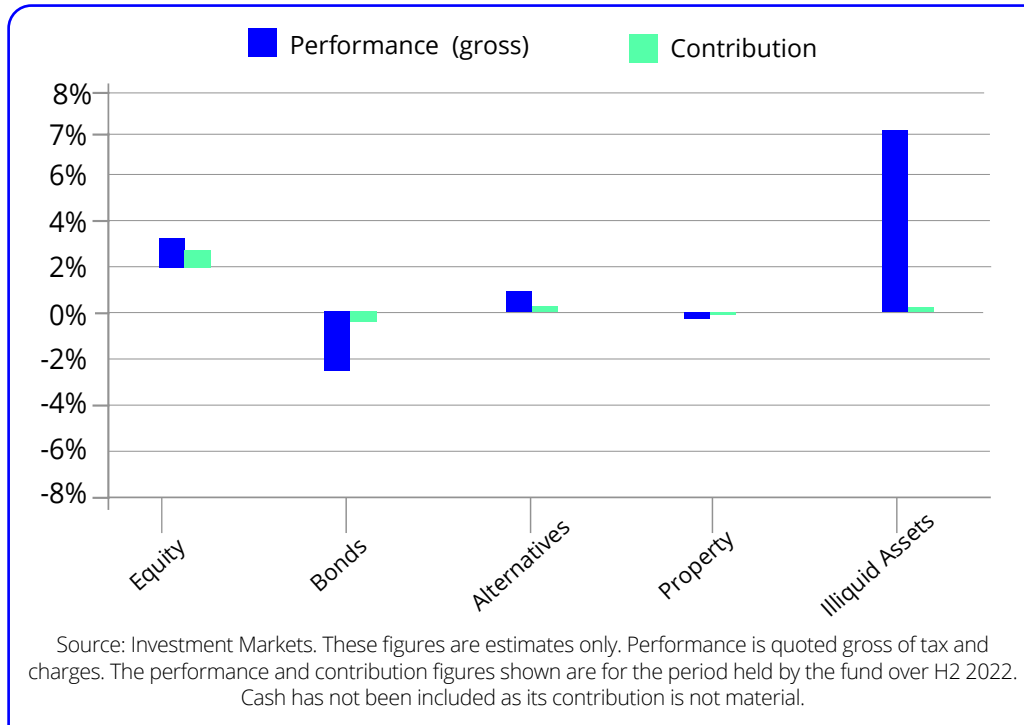
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Low to Medium Risk



Asset Class Performance & Contribution to Performance for H2 2022



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Performance Commentary

In the second half of 2022, **iFunds 3 Alpha** increased by +0.5% (gross of tax and charges) for risk category 3 investors. The return in the six months was driven by positive contributions from equities, alternatives and private equity but offset by negative contributions from bonds.

Over the six months there were number asset allocation changes:

- ▶ The **iFunds** team trimmed the equity exposure on a number of occasions with proceeds going into cash. At year end the equity exposure was 27% of the fund.
- ▶ When the Euro/US dollar exchange rate traded below parity in the year, the team hedged approximately 25% of the fund's US equity exposure. This was to protect some of the currency gains made from the strong dollar.
- ▶ The team increased the fund's bond exposure by 2% following the big sell-off in bonds in the first half of the year. At year end the allocation was 32%. The team believe bonds offer better value and should offer some protection to portfolios from the threat of recession.
- ▶ The team reduced the alternatives exposure to fund the increased bond allocations. Alternatives performed well in first half of the year generally giving better downside protection than equities or bonds. At year end the alternatives allocation was 21%.

continued overleaf



Bank of Ireland Life Risk Rating

Low to Medium Risk



Performance Commentary (cont'd)

- ▶ Two alternatives funds were exited over the period: **GMO Global Real Return Fund** and **UBS Currency Allocation Return Strategy**. Returns from alternatives managers were very diverse in 2022 and these two have disappointed by not delivering the defensive qualities expected.

The best performing component funds in the six months were in the alternatives sector with **Ramius Merger Arbitrage Fund (+7%)** and Jupiter **Merian Global Equity Absolute Return Fund (+6%)**. Other good performers were the **KKR Diversified Private Markets Fund** which rose +7% and the **Global Fundamentals Fund +4%**.

The main losses in the six months were from one of the bond funds: the **PIMCO Global Aggregate Bond Fund (-3%)**.

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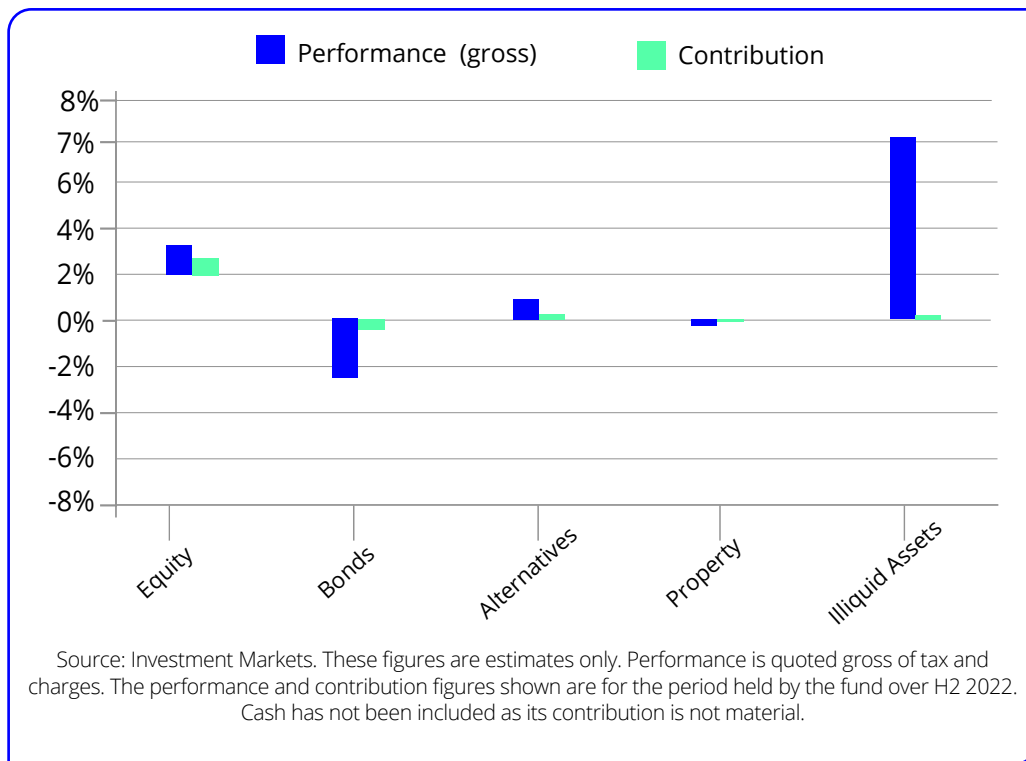
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Asset Class Performance & Contribution to Performance for H2 2022



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Performance Commentary

In the second half of 2022, **iFunds 4 Alpha** increased by +1.0% (gross of tax and charges) for risk category 4 investors. The return in the six months was driven by positive contributions from equities, alternatives and private equity but offset by negative contributions from bonds.

Over the six months there were a number of asset allocation changes:

- ▶ The **iFunds** team trimmed the equity exposure on a number of occasions with proceeds going into cash. At year end the fund's equity allocation was 47%.
- ▶ When the Euro/US dollar exchange rate traded below parity, the team hedged approximately 30% of the fund's US equity exposure. This was to protect some of the currency gains made from the strong dollar.
- ▶ The team increased the fund's bond exposure by 2% following the big sell-off in bonds in the first half of the year. At year end the allocation was 21%. The team believe bonds offer better value and should offer some protection to portfolios from the threat of recession.
- ▶ The team reduced the alternatives exposure to fund the increased bond allocations. Alternatives performed well in first half of the year generally giving better downside protection than equities or bonds. At year end, the alternatives allocation was 15%.
- ▶ The fund exited two alternatives funds in the period: **GMO Global Real Return Fund** and **UBS Currency Allocation Return Strategy**. Returns from alternatives managers were very diverse in 2022 and these two have disappointed by not delivering the defensive qualities expected.

continued overleaf



Bank of Ireland Life Risk Rating

Medium Risk



Performance Commentary (cont'd)

The best performing component funds in the six months were in the alternatives sector with **Ramius Merger Arbitrage Fund (+7%)** and Jupiter **Merian Global Equity Absolute Return Fund (+6%)**. Other good performers were the **KKR Diversified Private Markets Fund** which rose +7% and the **Global Fundamentals Fund +4%**.

The main losses in the six months were in one of the bond funds and two Asian equity funds: **PIMCO Global Aggregate Bond Fund (-3%)**, **Fidelity Sustainable Emerging Markets Fund (-5%)** and **Hermes Asia ex Japan Fund (-3%)**.

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To find out more about iFunds & iFunds **Alpha** :

Fund Centre

Performance figures in this document are quoted gross of tax and charges. 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.

Any references to an investment manager may refer to the investment manager of an underlying collective investment vehicle.

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The risk categories in this document 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 Sheet and can be found at fundcentre.bankofireland.com/#KIDS. Please see the Smart Funds or Target Saver brochure for further details.

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