

Investment



PRIME Funds Quarterly Update

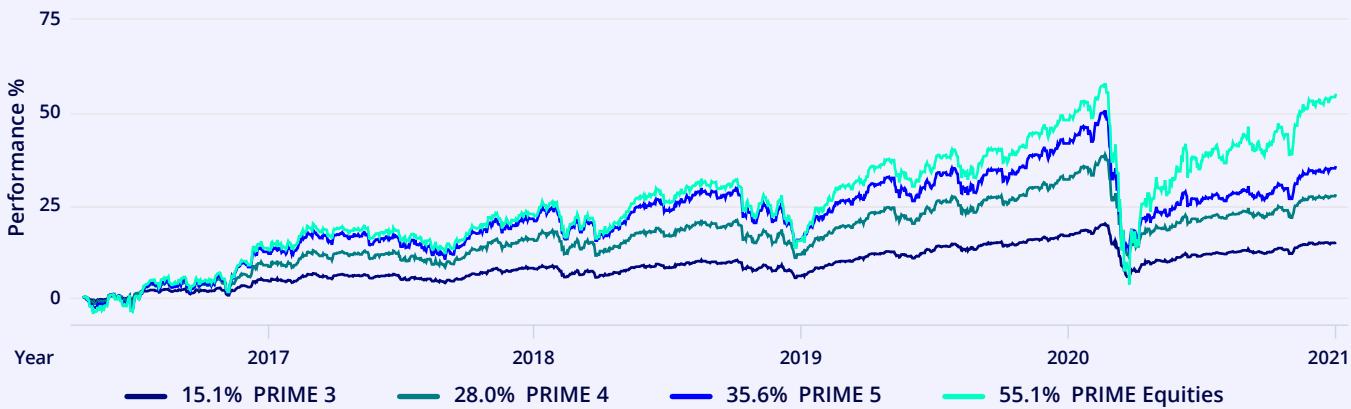
Q4 2020





Performance Chart

Gross Performance from 21.04.2016 to 01.01.2021



Source: Bank of Ireland Life. Inception date for each PRIME fund is close of business 20.04.2016
Performance to 01.01.21 is quoted gross of tax and charges.

Q4 2020 Market Commentary – provided by State Street Global Advisors (SSGA)

The final quarter of an extraordinary year proved exceptionally positive for stock markets, with double-digit returns relatively commonplace. Fuelled by the announcement of three effective vaccines, Joe Biden's US Presidential victory and late-December deals on a US stimulus package and post-Brexit UK-EU trade, global equities – as measured by the FTSE World Index – returned 10.1% in euro terms.

With Central Banks maintaining an accommodative bias to its policies, the optimism towards a post-Covid-19 economic upswing helped offset concerns around the sharp acceleration in infection cases and subsequent lockdowns.

- ▶ **Equities:** Among developed markets, the US S&P 500 ended the year at a new high, posting a local currency return of 12.1%, while the tech-heavy Nasdaq returned 15.7% for a stunning 45% gain in 2020. Germany's DAX rose a relatively modest 7.5%; the UK FTSE 100 returned 10.9%, while Japan's Nikkei rose 18.5%. Emerging Markets did well; the MSCI EM Index returned almost 15% in euro terms.
- ▶ **Bonds:** In the Euro area, peripheral government bonds outperformed amid the European Central Bank's bond purchase program expansion. Italy 10-year yields fell from 0.87% to 0.54%, with similar-dated Spanish yields down from 0.25% to 0.05%. German yields were 5bps lower at -0.57%. Ten-year US Treasury yields jumped to 0.91% from 0.68%, while UK 10-year gilt yields edged lower to 0.20% from 0.23%.
- ▶ **Alternatives:** Alternatives recorded a positive return in Q4. Among commodities, Brent crude oil prices surged more than 25%, while copper hit new records on sustained China demand. After a strong rise through 2020, gold was flat in Q4 as investors favoured more economically sensitive assets. High yield bonds were lifted by improving investor appetite for risk, interest rates anchored at ultra-low levels and vaccine-driven optimism.
- ▶ **Property:** Over the course of 2020, the capital value of the fund's assets fell by an average of -8% which was counteracted by positive income returns (i.e. rent roll). The retail sector has been the hardest hit with modest loss of value in office and industrial assets. Changes in the Sterling exchange rate had no impact on fund performance as 100% of the capital value of the Sterling currency exposure is hedged.

Developed World Equities	Emerging Market Equities	Small Cap Equities	Euro Government Bonds	Euro Corporate Bonds	Aggregate Bonds	Diversified Alternatives	Property	Multi Factor Equities
9.2%	14.8%	18.8%	1.2%	2.0%	0.6%	4.7%	-1.3%	6.4%

Barry O'Leary, Relationship Manager, SSGA

Source: SSGA as at 01.01.21. Performance to 01.01.21 is quoted gross of taxes and charges.

WARNING: Past performance is not a reliable guide to future performance

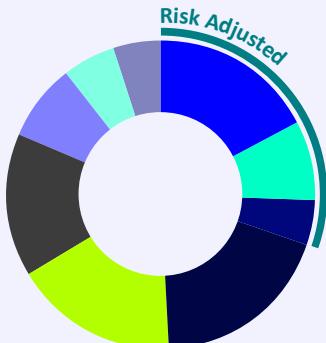


PRIME 3

Low to Medium Risk



Asset split as at
31 December 2020



- | | |
|--|--|
| <ul style="list-style-type: none"> ■ 30.3% Risk Adjusted Equity Portfolio ■ 17.4% Developed World Equities ■ 8.2% Cash ■ 4.7% Multi Factor Equities | <ul style="list-style-type: none"> ■ 19.1% Euro Government Bonds ■ 17.0% Cash ■ 15.1% Diversified Alternatives ■ 8.0% Euro Corporate Bonds ■ 5.5% Property ■ 5.0% Investment Grade Bonds |
|--|--|

Performance Q4 2020	Performance Since Inception	Volatility Q4 2020	Volatility Since Inception	Long-term Volatility Target
2.4%	15.1%	4.1%	5.0%	2% - 5%

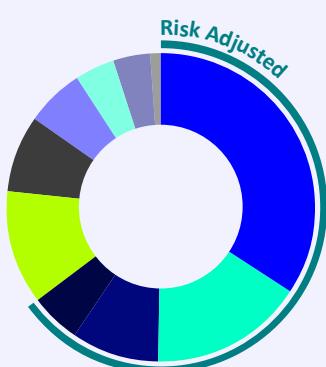
Source: Bank of Ireland Life. Inception date of PRIME 3 is close of business 20.04.16.
Performance to 01.01.21 is quoted gross of tax and charges.

PRIME 4

Medium Risk



Asset split as at
31 December 2020



- | | |
|--|--|
| <ul style="list-style-type: none"> ■ 64.9% Risk Adjusted Equity Portfolio ■ 34.4% Developed World Equities ■ 16.0% Cash ■ 9.3% Multi Factor Equities ■ 5.2% Emerging Market Equities | <ul style="list-style-type: none"> ■ 12.0% Diversified Alternatives ■ 8.0% Euro Corporate Bonds ■ 6.1% Property ■ 4.1% Euro Government Bonds ■ 4.0% Investment Grade Bonds ■ 0.9% Cash |
|--|--|

Performance Q4 2020	Performance Since Inception	Volatility Q4 2020	Volatility Since Inception	Long-term Volatility Target
4.4%	28.0%	7.1%	8.9%	5% - 10%

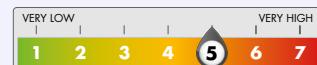
Source: Bank of Ireland Life. Inception date of PRIME 4 is close of business 20.04.16.
Performance to 01.01.21 is quoted gross of tax and charges.

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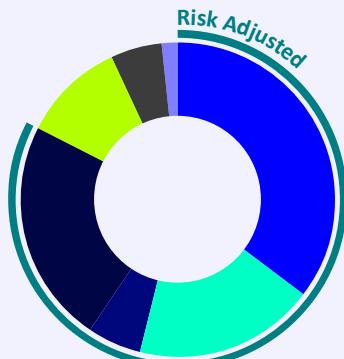


PRIME 5

Medium to High Risk



Asset split as at
31 December 2020



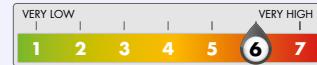
82.6%	Risk Adjusted Equity Portfolio
35.4%	Developed World Equities
23.0%	Cash
18.6%	Multi Factor Equities
5.6%	Emerging Market Equities
10.5%	Small-cap Global Equities
5.4%	Property
1.5%	Cash

Performance Q4 2020	Performance Since Inception	Volatility Q4 2020	Volatility Since Inception	Long-term Volatility Target
5.9%	35.6%	9.2%	12.3%	10% - 15%

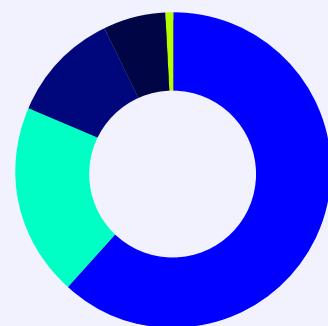
Source: Bank of Ireland Life. Inception date of PRIME 5 is close of business 20.04.16.
Performance to 01.01.21 is quoted gross of tax and charges.

PRIME Equities

High Risk



Asset split as at
31 December 2020



61.8%	Developed World Equities
19.8%	Multi Factor Equities
11.2%	Small-cap Global Equities
6.4%	Emerging Market Equities
0.8%	Cash

Performance Q4 2020	Performance Since Inception	Volatility Q4 2020	Volatility Since Inception
12.3%	55.1%	15.7%	15.9%

Source: Bank of Ireland Life. Inception date of PRIME Equities is close of business 20.04.16.
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Dynamic Risk Adjustment Mechanism

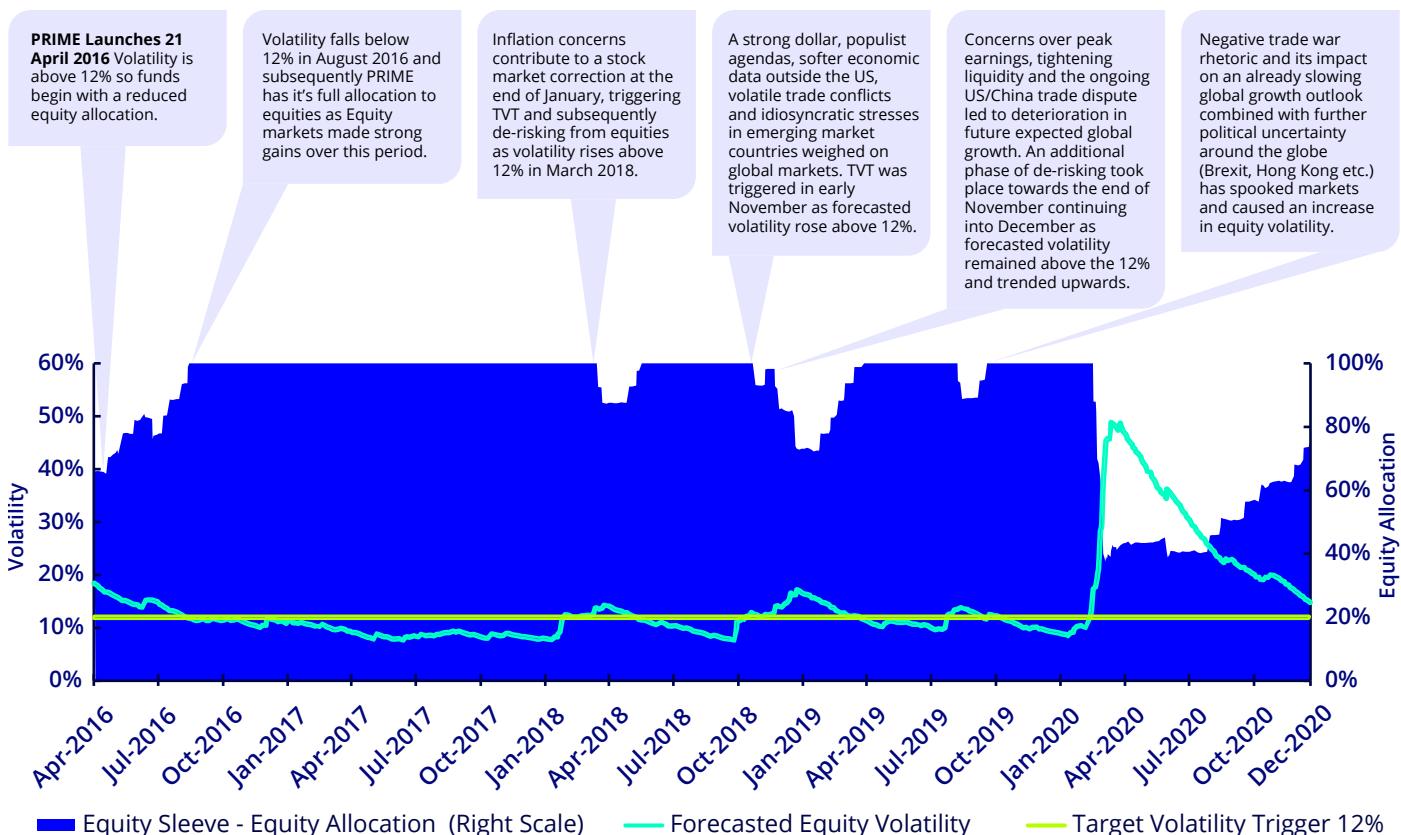
- **PRIME 3, 4 and 5** have been designed to reduce the impact of equity market volatility on investment returns.
- Developed Market and Emerging Market equity exposures are reduced in times of high equity market volatility.
- Target maximum equity exposure levels for Developed Market and Emerging Market equities were set at launch (full details in fund brochure). Actual equity exposure levels for **PRIME Funds** will be at these target maximums, allowing for market movements, while the volatility level of equities is below these levels. But as volatility increases above this level, exposure to equities is reduced proportionately across **PRIME 3, 4 and 5**.

Note: that PRIME 3 does not have Emerging Market equity exposure.

SSGA's Commentary on Risk Adjustment in Q4 2020 (Applies to PRIME 3, 4 and 5)

- Over Q4, market volatility continued to grind lower as positive news on the Covid-19 vaccine rollout, the US pandemic relief bill and the UK-EU post-Brexit trade deal outweighed the surge in Covid-19 cases and boosted investors' optimism.
- At the beginning of the quarter, the Developed Market (DM) strategy was targeting an exposure of 55% to equities. As market sentiment improved, with forecasted volatility trending lower, the team gradually re-risked the DM portfolio, moving the target equity exposure to 62% in October, and further increasing it to 79% by the end of December.
- The Emerging Markets (EM) strategy entered the reporting period with a 73% exposure to equities. The forecasted volatility for EM followed a similar pattern to DM and dropped below the target volatility level of 14% by the end of December. As such, the team gradually added to equity allocation throughout the period, increasing the target exposure to 88% in October, and fully re-risking the portfolio.

Risk Adjustment since launch (Apr 2016 – December 2020)



Source: SSGA. As of 01 January 2021. The information contained above is for illustrative purposes only.

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[†]To improve our service to you calls may be recorded for service, verification, analysis and training purposes.

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