

Market background

- ▶ At the start of 2020, markets looked on the Coronavirus (COVID-19) as a mostly Chinese or at worst Asian crisis.
- ▶ As the pandemic spread to western countries, its colossal impact was felt in every country.
- ▶ Markets quickly re-interpreted its impact and we've since seen the fastest sell off in financial history – with equity markets recording a drop of as much as 33% at one point in March.

Risk management

iFunds was built and launched in 2014 on the principals of diversification, and how by diversifying your investment exposure, you are in turn spreading your risk, and as the age old saying goes 'not putting all your eggs in one basket.

In the current investment environment, risk management is at the top of **iFunds** priorities. Below **Investment Markets**, the fund manager, provides an insight into what has been happening within the portfolio range and some of the key challenges and opportunities that lie ahead.

Activity in **iFunds** since the start of 2020

- ▶ In January, we decided to take precautionary steps to reduce equity exposure within **iFunds 3**, **iFunds 4** and **iFunds 5** with a particular emphasis on **iFunds 3**, the low to medium risk fund in the range and one of the most popular funds with investors.
- ▶ While the move (approximately 3.5%) does not appear significant, this pro-active move helped to shield the fund (and its investors) from the speed and scale of the subsequent downturn that followed shortly after.
- ▶ In 2019, as part of **iFunds** Evolution, we started to make a number of changes to the underlying component funds within **iFunds** as well as introducing new funds into the range. Since the start of this year, we have seen the benefit of the introduction of 5 new component funds across the range:
 - ▶ The addition of a traditional fixed income exposure to **iFunds 3**, **iFunds 4** and **iFunds 5** from two leading global fund managers in Q4 2019 – **PIMCO** and **State Street Global Advisors** – has proved to be two very strong additions to the range.
 - ▶ The addition of a new multi-asset component fund in Q4 2019 to **iFunds 3**, **iFunds 4** and **iFunds 5** – **Fulcrum Diversified Absolute Return Fund** – has been a very strong addition to the range. As at end of March 2020, the fund has been amongst the very few fund managers with positive performance year to date (Source: Investment Markets)

Challenges

- ▶ Performance of the multi asset component funds has been challenging over the recent period. With both the **BNY Mellon Global Real Return Fund** and the **M&G Dynamic Allocation Fund** experiencing more significant falls in performance than expected. We are hopeful, based on the asset mix of the funds, the underperformance will be reversed and the funds will contribute positively to performance.
- ▶ Equity component funds have experienced the heaviest losses as expected in line with market falls.

Looking for opportunities

- ▶ Having reduced equity risk earlier in the year, focus has now turned to identifying when will be the right time to begin to increase the funds' equity exposure once again. It is always exceptionally difficult to undertake this, and we are being both cautious and gradual in our approach.
- ▶ The first move back into markets took place on the week of 23rd March (the first when equities posted gains). To date, **Investment Markets** is happy that this decision has been positive for the funds. We will look to further increase the equity exposure slowly over the coming weeks and months.

Overall

The chart below shows the performance of all four **ifunds** from 1st February 2020 to 31 March 2020. A very short time frame in the long term nature of investing, but a very significant time frame for investors given all that has happened with COVID-19.

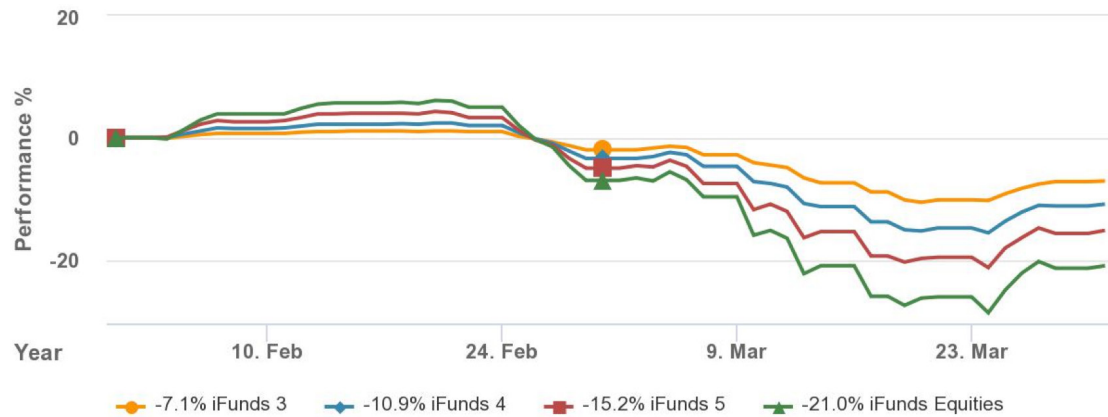
The purpose of the chart below is to demonstrate how **ifunds** has delivered a smoother investment journey over this most recent difficult period, particularly for lower risk investors (**ifunds** 3 and **ifunds** 4).

The chart shows that while all four **ifunds** have delivered negative performance, those with less equity exposure and greater diversification have been able to weather the storm better. The journey of **ifunds** 3 compared to **ifunds** Equities, a fund with 100% equity exposure and a representative of global stock markets, has been far smoother over this period – delivering what we promised we would do.

Fund Performance

Source: Longboat Analytics

from 01-02-2020 to 31-03-2020



Source: Bank of Ireland Life. Performance of each iFunds from 30.03.19 to 30.03.2 is shown gross of tax and charges.

ifunds is, and remains one of Bank of Ireland Life's flagship offerings. We believe the range is well positioned to weather out this period of volatility. **ifunds** is built on three levels of diversification – asset classes, funds and fund managers. Diversification is key in times of market uncertainty and we believe will be a key in benefiting from market recovery as the tables start to turn.

Where would I find more information on **ifunds**?

Latest performance information is found on our Fund Centre:

fundcentre.bankofireland.com

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

WARNING: The funds may be affected by changes in currency exchange rates.