

# Passive IRIS Enhancements

Frequently Asked Questions  
April 2024



## What is Passive IRIS?

**Passive IRIS** is an investment strategy specifically designed for pension investors like you. It's designed around your planned year of retirement and how you can access your pension pot at retirement.

**Passive IRIS** recognises your investment needs change as you near retirement. It is designed to match your changing needs by:

- **allocating** your pension fund to assets with a higher level of risk (equities) when you are further from retirement and
- **re-allocating** your pension fund to assets with a lower level of risk (bonds and cash) as you get closer to retirement.

These changes take place automatically within **Passive IRIS**.



## What is happening to Passive IRIS?

In early 2024, there are a number of enhancements being made to **Passive IRIS** – these are:

### 1 When the move to a lower level of risk starts

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.

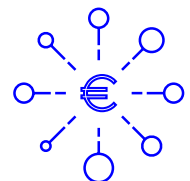
This means your investment will be exposed to higher risk assets for longer and the potential for higher returns that higher risk assets can deliver is greater.

at  
**10**  
years

### 2 The asset mix within the funds

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 corporate bonds and adding new exposures to high yield bonds and emerging market bonds.



## Why are we making these changes?

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. We believe these changes to the **Passive IRIS** investment strategy are in the best interests of our customers.



## When are these changes happening?

We're currently notifying customers of the changes. The changes will not be made until at least one month after the last of those notifications has been sent. Once started these will continue to be implemented over 2024.

2024

## How are you communicating these changes?

Starting in January 2024, we are writing in advance to all policyholders invested in **Passive IRIS** with more than 10 years to go to retirement to update them on these changes.



## What do I have to do?

You don't need to do anything, we will look after that. We're currently notifying customers of the changes. The changes will not be made until at least one month after the last of those notifications has been sent. Once started these will continue to be implemented over 2024.



You will find further information about these changes in our dedicated **Passive IRIS** online hub: [www.bankofireland.com/passiveirishub](http://www.bankofireland.com/passiveirishub). We recommend you take time to visit the hub and read through the information provided.

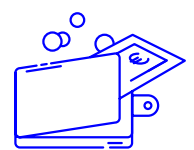
## How much is this going to cost me?

There are no changes to the **Passive IRIS** annual management charges as a result of these enhancements. This is part of our ongoing fund management process.



## Am I better off by this change?

We cannot offer any assurances but we believe being exposed to a greater range of assets and to higher risk assets for longer increases the potential for you to earn better returns. The changes are part of our ongoing commitment to manage and enhance your investment journey and to deliver the best outcomes for you.



## I am between 15-11 years out to retirement how will this affect me?

If you are currently between 15-11 years out to retirement, your pension fund will be impacted by these changes. Below we explain these changes in more detail:

### What's different?

Your pension fund will have **less exposure to bond assets** and **greater exposure to equities**.

Your pension fund will now also have **exposure to a range of new assets** – these include emerging market equities, listed infrastructure, emerging market bonds and high yield bonds.

Your current pension fund's **exposure to European government bonds** will be removed. **Exposure to European corporate bonds** will be reduced.

# I am between 15-11 years out to retirement how will this affect me? Cont'd





The tables below may be useful to understand the change:

**Table 1: How the move to lower risk assets currently moves within Passive IRIS**

Asset Type	Years to retirement				
	15	14	13	12	11
Government bonds*	8.0%	9.0%	10.0%	10.0%	11.0%
Corporate bonds*	17.0%	18.0%	19.0%	21.0%	22.0%
Equities	70.0%	68.0%	66.0%	64.0%	62.0%
Property	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



\*Government and corporate bond exposure is to European bonds only.

**Table 2: How the move to lower risk assets will be going forward**

Asset Type	Years to retirement					Change
	15	14	13	12	11	
Government bonds	0.0%	0.0%	0.0%	0.0%	0.0%	Removed
Corporate bonds*	9.0%	9.0%	9.0%	9.0%	9.0%	
Equities (includes emerging market equities and listed infrastructure)	77.0%	77.0%	77.0%	77.0%	77.0%	
Property	5.0%	5.0%	5.0%	5.0%	5.0%	No Change
Emerging market bonds	5.0%	5.0%	5.0%	5.0%	5.0%	
High yield bonds	4.0%	4.0%	4.0%	4.0%	4.0%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

\*Corporate bond exposure is to European corporate bonds only.

**Table 3: Summary of overall changes**

Asset Type	Years to retirement					Change
	15	14	13	12	11	
Bonds <sup>+</sup>	-7.0%	-9.0%	-11.0%	-13.0%	-15.0%	
Equities	+7.0%	+9.0%	+11.0%	+13.0%	+15.0%	

<sup>+</sup>Bonds are made up of corporate, emerging market and high yield bonds.

Source: Bank of Ireland Life and Bank of Ireland Investment Markets, January 2024.

# I am 15 years + out to retirement how will this affect me?

If you are currently 15 years + out to retirement, your pension fund will be impacted by these changes. Below we explain these changes for you in more detail:



## What's different?

Your pension fund will have **less exposure to bond assets.**

Your pension fund will now also have **exposure to a range of new assets** – these include emerging market equities, listed infrastructure, emerging market bonds and high yield bonds.

Your current pension fund's **exposure to European government bonds will be removed.** Exposure to European corporate bonds will be reduced.

The tables below may be useful to understand the change:

**Table 4: Current asset mix of Passive IRIS for 15+ years to retirement**

Asset Type	Years to retirement 15+
Government bonds*	8.0%
Corporate bonds*	17.0%
Equities	70.0%
Property	5.0%
<b>Total</b>	<b>100.0%</b>

\*Government and corporate bond exposure is to European bonds only.

**Table 5: NEW asset mix of Passive IRIS for 15+ years to retirement**

Asset Type	Years to retirement 15+	Change
Government bonds	0.0%	Removed
Corporate bonds*	9.0%	↓
Equities (includes emerging market equities and listed infrastructure)	77.0%	↑
Property	5.0%	↑
Emerging market bonds	5.0%	NEW
High yield bonds	4.0%	NEW
<b>Total</b>	<b>100.0%</b>	

Greater exposure to more diverse range of assets and exposure to higher risk assets for longer

\*Corporate bond exposure is to European corporate bonds only.


**Table 6: Summary of overall changes**

Asset Type	Years to retirement 15+	Change
Bonds <sup>+</sup>	-7.0%	↓
Equities	+7.0%	↑

<sup>+</sup>Bonds are made up of corporate, emerging market and high yield bonds.


Source: Bank of Ireland Life and Bank of Ireland Investment Markets, January 2024.

# Can you describe the new assets that my pension fund will have exposure to?




### Emerging Markets Equities

- ▶ These are equities from countries in the process of catching up with developed economies, with rapid growth and increasing industrialisation.
- ▶ Investments in emerging markets are generally considered to be riskier than those in developed markets.




### Listed Infrastructure

- ▶ Infrastructure provides essential services to society and often involves the production of public goods or production processes.
- ▶ Examples include transportation systems, communication networks, sewage, water, and school systems.
- ▶ Infrastructure investments, through debt or equities, provide investors with easier access to funds and diversification.



### Emerging Market Debt

- ▶ This is debt issued by countries in the process of catching up with developed economies, with rapid growth and increasing industrialisation.
- ▶ Investments in emerging markets are generally considered to be riskier than those in developed markets.
- ▶ Emerging market debt is primarily issued by country governments.

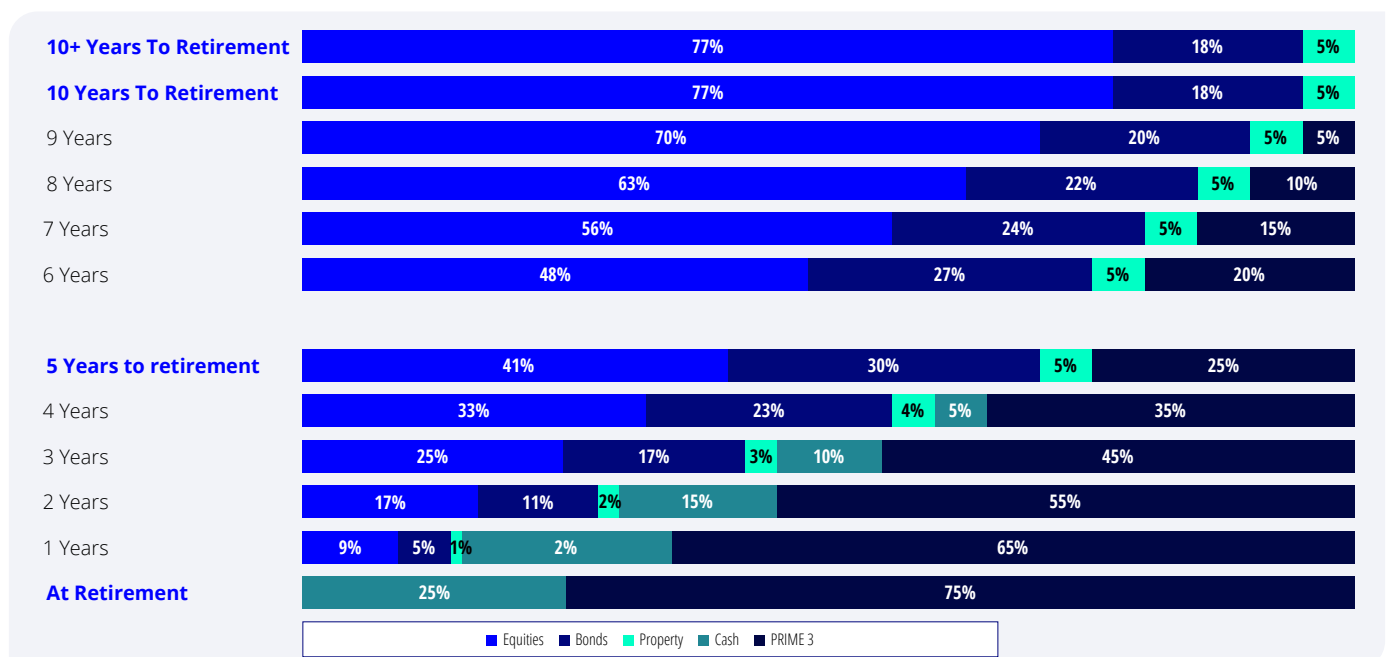


### High Yield Debt

- ▶ This is corporate debt issued that offers a higher rate of interest because of a higher risk of default.
- ▶ When companies with a greater estimated default risk issue bonds, they may be unable to obtain an investment-grade bond credit rating.

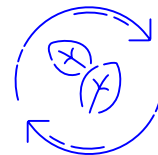
## Can you show how the overall Passive IRIS asset mix will automatically change over time and leading up to retirement after these changes are made?

The chart below shows how the asset mix of **Passive IRIS** will automatically change over time and leading up to retirement (known as the glidepath) after these changes have been made:



## How is ESG integrated into Passive IRIS?

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** are being made with this in mind.



- ▶ Today, **Passive IRIS** already integrates Environmental, Social and Governance (ESG) factors into its investment strategy and the underlying assets that it has exposure to.
- ▶ ESG tools currently applied within **Passive IRIS** are **exclusions** and **asset stewardship**:

- 1 Exclusions** are when a fund does not have exposure to certain sectors or stocks at all based on ESG reasons.
- 2 Asset stewardship** or active ownership, as it is often referred to, is a critical ESG tool. It is the use of influence by typically large investors to maximise the overall long-term value of the company.



As part of the 2024 enhancements, **tilting** is an additional ESG tool being added:

- NEW Tilting** is an ESG technique that is often used in addition to exclusions. It seeks to maintain the same characteristics as the index that the fund is tracking (such as country and sector exposures), but rewards higher performing ESG companies with more capital, and allocates less capital to companies with lower ESG scores.

## How is ESG incorporated into Passive IRIS' building blocks?

Below we explain how ESG is currently integrated into **Passive IRIS**. As part of the latest enhancements, we will be further embedding ESG into the investment process and building blocks.



Building block exposure	How ESG is embedded
 <p><b>Developed World Equities</b></p>	<ul style="list-style-type: none"> <li>▶ This exposure aims to track the performance of a leading global index.</li> <li>▶ This index incorporates ESG characteristics.</li> <li>▶ The underlying index currently avoids:                             <ul style="list-style-type: none"> <li>• exposure to companies with more than 1% of revenue generated from thermal coal extraction,</li> <li>• arctic drilling or oil tar sand mining and</li> <li>• exposure to companies involved in the manufacture, distribution or sales of controversial weapons and companies manufacturing tobacco products or generating more than 50% of their revenue from tobacco distribution or sales.</li> </ul> </li> </ul>
 <p><b>Corporate Bond Exposure</b></p>	<ul style="list-style-type: none"> <li>▶ This exposure aims to track as closely as reasonably possible the performance of the Bloomberg Barclays Euro Aggregate Corporate Total Return Index.</li> <li>▶ The primary investment technique applied to achieve the fund's ESG characteristics is exclusion. The index tracked excludes investment in companies:                             <ul style="list-style-type: none"> <li>• involved in the manufacture, distribution or sales of controversial weapons such as landmines, cluster munitions, chemical and biological weapons, nuclear weapons and (semi) automatic civilian firearms; or</li> <li>• which manufacture tobacco products or generate more than 50% of their revenue from tobacco distribution or sales; or</li> <li>• which generate more than 1% of their revenue from thermal coal extraction, arctic drilling or oil tar sand mining.</li> </ul> </li> </ul>

# How is ESG incorporated into Passive IRIS' building blocks? Cont'd

## SSGA & asset stewardship



State Street Global Advisors (SSGA) is the current investment manager of **Passive IRIS**. As one of the world's largest asset managers, SSGA engages with companies' board of directors and senior management team on key ESG issues they want them to address. This can range from gender and racial equality, their climate strategy or governance structures. This is a tool already used within **Passive IRIS**.

SSGA have seen tangible results over the last number of years using this approach.

- ▶ For instance, since 2017 over 1,027 companies have responded to SSGA's call to add a female director to their board (as at 31st December 2022).
- ▶ More recently, SSGA have worked together with a number of other large shareholders to appoint experts in renewable energy to the board of EXXON who they felt were lagging other energy companies in their climate transition strategy.

SSGA would not have been able to play a part in these outcomes had they simply divested.

To find out more about our commitment to Sustainable Investing, [click here](#)

## How can I keep up to date with performance of my Passive IRIS fund?

As always, you can keep up to date with the latest fund performance and information on our [Fund Centre](#)



## Are further changes expected while I am invested in Passive IRIS?

**Passive IRIS** has evolved over time to meet the changing needs of investors and market conditions. These latest changes are part of our ongoing commitment to make sure that we continue to deliver the best outcomes for you.



Any future changes will also be communicated to you, just like these upcoming ones.

## Is the risk rating of Passive IRIS going to change?

No, there will be no change to the risk rating of **Passive IRIS** as a result of these changes.



## Are there any changes to the terms & conditions of policies?

No, there will be no changes to policy conditions. All terms and conditions remain the same.



## Do these changes apply to other funds?

No, these changes apply to **Passive IRIS** only.



## If I am not happy with the changes being made, what are my options?

These changes will be applied to all policyholders invested in **Passive IRIS**. We're currently notifying customers of the changes. The changes will not be made until at least one month after the last of those notifications has been sent. Once started these will continue to be implemented over 2024. The changes are part of our ongoing commitment to you to manage and enhance your pension investment journey and to deliver the best potential investment outcomes to you at your retirement.



If you would like to discuss any additional concerns, we encourage you to contact your Advisor or to contact us directly.



## Where can I go to find out more about these enhancements?

Please visit our dedicated **Passive IRIS** customer support hub at [www.bankofireland.com/passiveirishub](http://www.bankofireland.com/passiveirishub), where you will find more information on **Passive IRIS** and these enhancements. We will be continuously updating the content here to reflect any queries from customers.

## Who to contact

- ▶ Our Customer Service team is here to help. Our phone lines are currently open from **9am to 5pm Monday to Friday, excluding public holidays**. You can also email us at any time at the email addresses provided below, and we will be in touch as quickly as possible. When emailing, please include your full name, contact details and policy number with your query.



For information on:

- ▶ **Personal Retirement Savings Account (PRSA)**

Phone (01) 5239705 or email [IndividualPRSA@bankofirelandlife.ie](mailto:IndividualPRSA@bankofirelandlife.ie)

- ▶ **Pensions before retirement**

Phone (01) 511 9202 or email [pension@bankofirelandlife.ie](mailto:pension@bankofirelandlife.ie)

- ▶ **Pensions at Work**

Phone (01) 5239705 or email [bilgroup pensions@bankofirelandlife.ie](mailto:bilgroup pensions@bankofirelandlife.ie)

- ▶ **Contact your Advisor**

For the latest **Passive IRIS** performance and information, visit [Fund Centre](#)

**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: Past performance is not a reliable guide to future performance.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**

Please note that **Passive IRIS** may use Exchange Traded Funds (ETFs) and other exchange traded products. The use of these investments may incur additional costs however, these fees are rebated to customers.

Terms and conditions apply.

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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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