Investment

PRIME funds

ARTICLE 8 FUND CLASSIFIED

PRIME Funds Quarterly Update

Q3 2023

Bank of Ireland Life

Content

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Dynamic Risk Adjustment Mechanism
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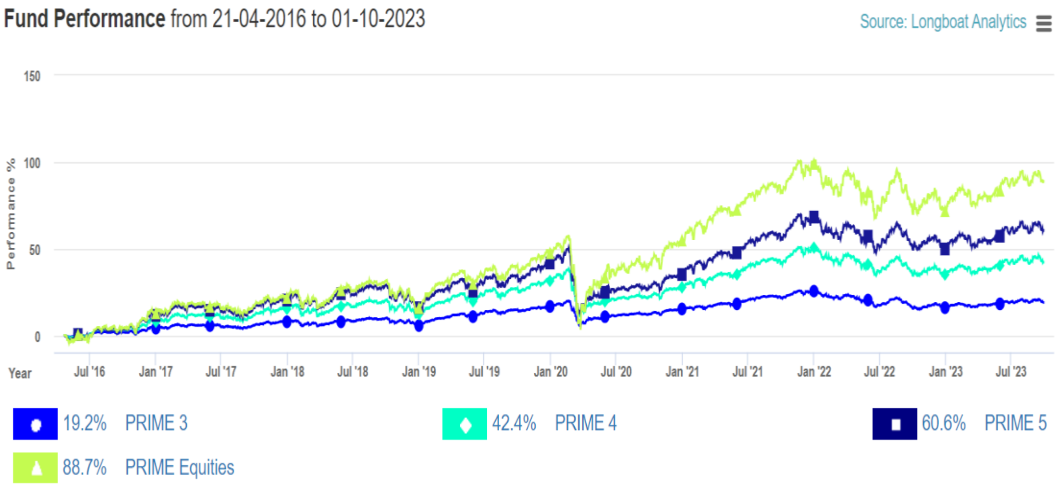
Q3 2023 performance



Source: Longboat Analytics. Inception date for each PRIME fund is close of business 20.04.16.
Performance to 01.10.23 is quoted gross of tax and charges.

Asset	Q3 2023 Performance %
Developed World Equities	**-0.53%**
Emerging Market Equities	**-0.7%**
Global Small-Cap Equities	**-1.30%**
Inflation Linked Bonds	**-2.93%**
Emerging Market Debt	**-0.55%**
Euro Corporate Bonds	**0.93%**
Global Aggregate Bonds (Hedged)	**-2.34%**
Diversified Alternatives	**-0.29%**
Property	**-2.2%**
Multi-Factor Equities	**0.36%**

Source: SSGA as at 01.10.23. Performance is only shown if **PRIME** had exposure to an asset class over the full quarter.

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

Q3 2023 update

provided by State Street Global Advisors (SSGA)

All 4 PRIME Funds are now classified as Article 8 Funds in accordance with the Sustainable Finance Disclosure Regulation. Click here for more

To begin the quarter, global equity markets hit 2023 highs in July as inflation showed signs of easing in many regions. In August, Chinese real estate worries dampened investor sentiments, and by September, investors were further spooked by the prospects of the high interest rates regime persisting. Against this background, all 4 **PRIME Funds** ended down for the quarter. Developed market (DM) equities were the primary detractors from the funds' total performance. Emerging market (EM) stocks performed better than DM equities but had a modest negative impact on performance.

Q3 2023 update by asset class

- **Equities** –The optimism that carried equity markets into Q3 2023 dissipated over the quarter as instead, markets had to digest mounting evidence that interest rates would remain in "higher for longer" mode. This was driven by inflation remaining "stickier" over the quarter. A volatile September, in part driven by a bond market sell-off and surging oil prices, capped a generally negative quarter for equity markets. By region, eurozone equities tended to fare slightly better than the US, although that varied by country in local terms. The funds' equity exposure fell as a result over the quarter.

- **Bonds** – Global government bonds sold off over the quarter as markets questioned when central banks would begin to unwind interest rate hikes. As a result, we saw a fall in bond prices and yields rising over the quarter. As a result, overall, bond exposure within **PRIME Funds** had a negative contribution to fund performance. Global aggregate bonds, euro inflation-linked bonds and EM bonds contributed negatively, while short-term euro corporate bonds aided performance.

Q3 2023 update (Cont'd)

provided by State Street Global Advisors (SSGA)

Q3 2023 update by asset class (Cont'd)

- **Alternatives** – **PRIME Funds'** alternative exposure also posted modest negative returns in Q3, although commodities aided performance, driven by a jump in oil prices. Extension of production cuts from the Organisation of the Petroleum Exporting Countries (OPEC+) and additional cuts from Russia, along with falling inventories and improvements in the supply and demand outlook, caused oil prices to spike.

- **Property** – Property exposure had a modest negative impact on overall performance. Real estate markets continue to experience a slowdown in both investment market transactions and occupier activity. The former is principally driven by increases to the risk-free rate, interest rates and a tightening credit environment, while the latter, particularly for offices, is a function of both increased economic uncertainty and growth in hybrid and remote working. Reductions in capital values were partly offset by positive income returns.

Barry O'Leary, Relationship Manager, SSGA

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Q3 2023 performance
Click here

Dynamic risk adjustment mechanism

PRIME 3, 4 and 5 have been designed to reduce the impact of equity market volatility on investment returns.

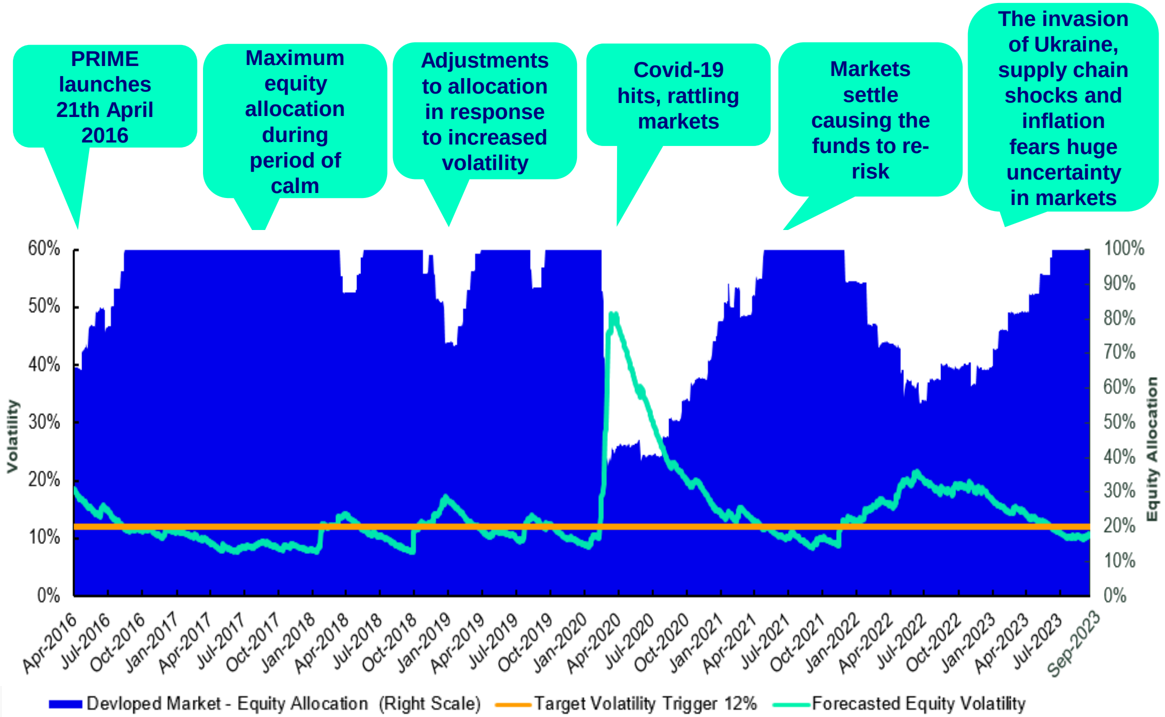
Developed market and emerging market equity exposures are reduced in times of high equity market volatility.

Target maximum equity exposure levels for developed market and emerging market equities are available in the fund brochure and flyers, please ask your Advisor. Actual equity exposure levels for **PRIME** 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**.

SSGA's commentary on risk adjustment in Q3 2023 (applies to PRIME 3, 4 and 5)

- Forecasted volatility for developed and emerging market equities remained well below their target level throughout the quarter. Investors' risk appetite remained strong during the first half of the quarter, driven by easing inflation, better-than-expected earnings results, and hopes of a soft landing. However, financial instability in China and continued caution from the US Federal Reserve pushed market volatility higher towards the end of the quarter.
- At the beginning of Q3, DM risk-adjusted equity exposure was approximately 100%. As forecasted volatility remained below the target volatility, **PRIME 3, 4** and **5's** DM equity exposure remained at 100% throughout the quarter.
- At the beginning of Q3, EM risk-adjusted equity exposure was approximately 100%. As forecasted EM volatility remained below the target volatility, **PRIME 3, 4** and **5's** EM equity exposure remained at 100% throughout the quarter.

Risk adjustment since launch (April 2016 – September 2023)



Source: SSGA. As of 01.10.2023. The information contained above is for illustrative purposes only. Past performance is not a guarantee of future results. The above forecasts are based on certain assumptions and analysis. There is no guarantee that the estimates will be achieved.

Warning: The value of your investment may go down as well as up.
Warning: These funds may be affected by changes in currency exchange rates.
Warning: If you invest in these funds you may lose some or all of the money you invest.
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Next steps

To find out more about the **PRIME Funds**:

Fund Centre

Talk to your advisor

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Performance figures in this document are quoted gross of tax and charges. Fund management charges vary per product type. For further details of charges, please refer to the product literature or talk to your advisor.

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