Investment

PRIME funds

ARTICLE 8 FUND · 8 · CLASSIFIED

PRIME Funds Quarterly Update

Q1 2023

Bank of Ireland Life

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For the most up to date fund performance and fund information, please click on Fund Centre

Dynamic Risk Adjustment Mechanism
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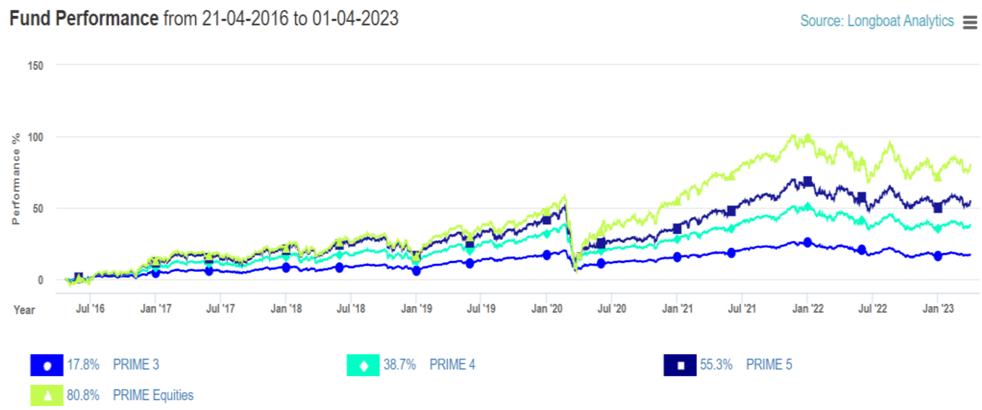
Q1 2023 performance



Source: Longboat Analytics. Inception date for each PRIME fund is close of business 20.04.16
Performance to 01.04.23 is quoted gross of tax and charges

Asset	Q1 2023 Performance %
Developed World Equities	5.91%
Emerging Market Equities	2.13%
Global Small-Cap Equities	2.64%
Inflation Linked Bonds	2.80%
Emerging Market Debt	3.77%
Euro Corporate Bonds	0.72%
Global Aggregate Bonds (Hedged)	2.10%
Diversified Alternatives	0.86%
Property	-1.0%
Multi-Factor Equities	3.69%

Source: SSGA as at 01.04.23. 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.

Q1 2023 update

provided by State Street Global Advisors (SSGA)

NEW

We are delighted to announce that all 4 PRIME Funds are now classified as Article 8 Funds in accordance with the Sustainable Finance Disclosure Regulation. Click here for more

All 4 **PRIME Funds** delivered a positive return in the first quarter of 2023. Markets started the year with a strong January rally driven by a decline in inflation and prospects of easier monetary policy (aka interest rate changes). February saw investors reassess their interest rate expectations (higher) and in March, the collapse of Silicon Valley Bank and broader concerns around the financial sector hit bank shares. While over Q1, the fund's risk management mechanism saw equity exposure increased (see overleaf), overall it impacted negatively on performance.

Q1 2023 update by asset class

- **Equities** - Developed market (DM) equities were the major contributors to the funds' overall Q1 performance. China's end to its Zero-Covid-19 policy also helped emerging market (EM) equities' performance. By region, Europe was a notable leader in terms of returns. Technology and consumer discretionary sectors were among the top performers in the quarter, aided in part by a decline in bond yields (a measure of return) that supported demand for growth stocks. The banking sector lagged in many regions, as did energy amid lower oil and gas prices.

- **Bonds** - Both government and corporate bonds delivered positive returns in Q1 as bond yields fell sharply (as prices rose). Although central banks continued to raise interest rates in the quarter, markets grew more comfortable that rates are close to their peak. Banking sector volatility in March also provided support for bonds as investors fretted about credit and adopted more defensive positions.

- **Alternatives** - **PRIME**'s alternatives component recorded a negative return in Q1 2023, led by energy sector declines. Many industrial metals prices were lower, the agricultural sector was largely flat, while gold benefited from investors adopting more defensive positions with the onset of banking sector volatility. Emerging market bonds had a positive quarter. Among eurozone corporate bonds, investment grade and high yield debt both delivered robust returns in the quarter.

- **Property** – Property markets in Ireland and further afield have been tested by unprecedented challenges in recent years with the impact of higher borrowing costs and cost of construction for example. Despite these challenges, which have impacted certain sectors more significantly than others, the overall market has proved resilient. Against this environment, the returns from the property exposure were negative in Q1.

Barry O'Leary, Relationship Manager, SSGA

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**.

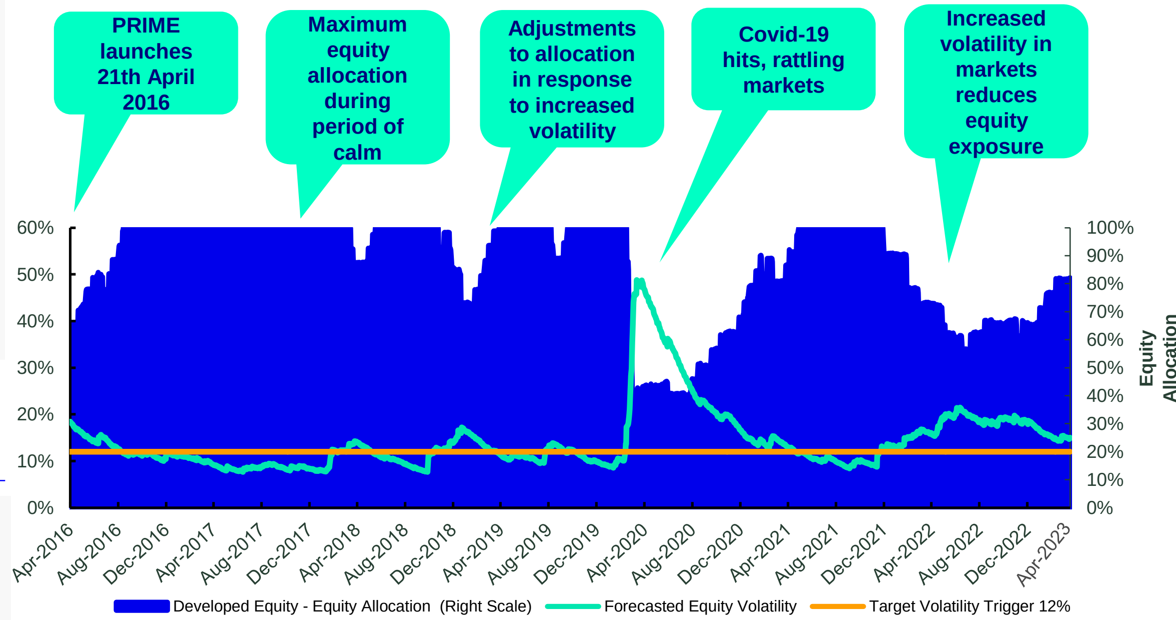
SSGA's commentary on risk adjustment in Q1 2023 (applies to PRIME 3, 4 and 5)

- Forecast volatility for developed and emerging markets trended lower during Q1 on the back of supportive risk environment, helped by moderated inflation and a perceived acceptance from central banks on slowing the pace of interest rate hikes.

- At the beginning of Q1, DM equity exposure was approximately 66% of target in **PRIME 3** and **PRIME 4**, and approximately 70% in **PRIME 5**. As market sentiment improved, DM equity exposure was increased with exposure in **PRIME 4** and **PRIME 5** at around 76% by the end of January, and to 72% in **PRIME 3**. The DM equity exposure in all three funds increased further in February, moving to around 82% by the end of the month. At the end of Q1, DM equity exposure of all three funds was approximately 82% of target.

- At the beginning of Q1, EM equity exposure was around 84% of target in **PRIME 3** and **PRIME 5**, and 82% in **PRIME 4**. As market sentiment improved, EM equity exposure was increased with exposure at approximately 93%-95% of target by the end of January. EM equity exposure in all three funds was increased further in February, moving to around 100% exposure by mid-month. At the end of Q1, EM equity exposure in all three funds was 100% of target.

Risk adjustment since launch (April 2016 – April 2023)



Source: SSGA. As of 01.04.2023. 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.

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Warning: These funds may be affected by changes in currency exchange rates.
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Warning: Past performance is not a reliable guide to future performance.

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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