

Investment



PRIME Funds
Quarterly Update

Q2 2020

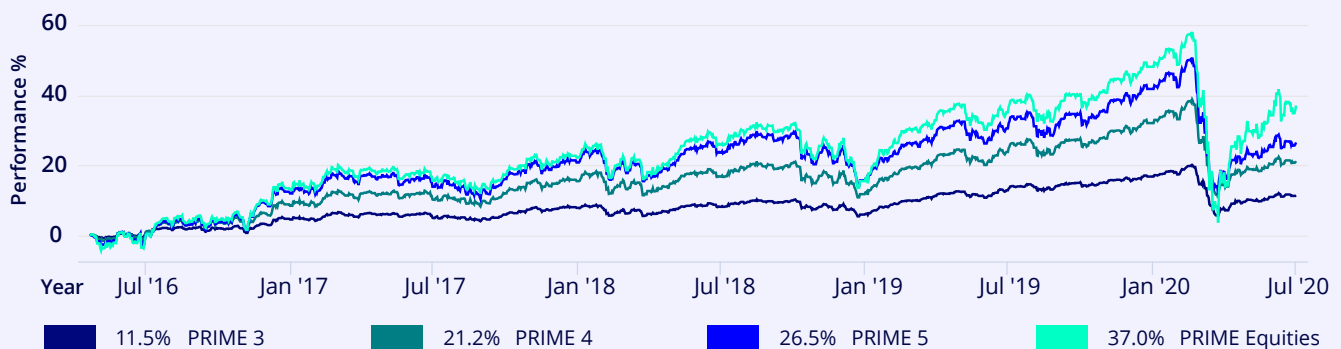


Bank of
Ireland
Life



Performance Chart

Gross Performance from 21.04.2016 to 01-07-2020



Source: Bank of Ireland Life. Inception date for each PRIME fund is close of business 20.04.2016
Performance to 01.07.20 is quoted gross of tax and charges.

Q2 2020 Market Commentary – provided by State Street Global Advisors (SSGA)

Following the deep lockdown-driven losses of Q1, global equities rebounded strongly in Q2. The MSCI World Index surged to a 16.6% gain in euro terms as investors were lifted by rapidly-deployed monetary and fiscal stimulus measures to support impacted workers and companies. Improvements in employment, spending and business activity have become evident as economies begin to reopen.

With Central Bank rates anchored at close to zero, with the potential to go lower, government bonds generally posted gains even as investor risk appetite recovered. Central Bank asset purchase programs boosted sentiment, while Germany and France led plans for a €750 billion recovery fund to help hardest-hit EU member states was welcomed.

- ▶ **Equities:** In developed markets, the US S&P 500 had its best quarter since 1998, recording a total local currency return of 20.5%. The S&P is down -3% for the year to date. The tech-heavy Nasdaq Index hit new record highs as it gained 31% in Q2. In Europe, Germany's DAX index climbed almost 24%. Emerging Markets equities rallied, with an 80% bounce in oil prices providing a tailwind for some.
- ▶ **Bonds:** Among Eurozone government bonds, peripheral debt fared best. Italian 10-year yields fell from 1.52% to 1.26%. Ten-year US Treasuries were also flat, rising just 1bp to 0.67%. UK gilts performed well, with the 10-year yield falling from 0.36% to 0.17% as the Bank of England shifted tack in saying negative rates were now under "active review".
- ▶ **Alternatives:** The alternatives component of **PRIME Funds** recorded a positive return in Q2. Among commodities, Brent crude oil prices surged 80%, although still down -37% for six months. Gold remained in favour, rising 14% against a low/negative yield backdrop. High yield bonds rebounded strongly as reopening economies and central bank stimulus boosted risk appetite.
- ▶ **Property:** In Q2 2020, the Property Fund produced a total return of -2.6%, offset by a positive income return (i.e. rent roll). The fund's UK assets were the hardest hit in Q2 falling by an average of -5.2%. The Irish and French assets had average declines in value of -2.8 and -3% respectively, while the Dutch assets saw a -1.7% decline.

Developed World Equities	Emerging Market Equities	Small Cap Equities	Euro Government Bonds	Euro Corporate Bonds	Aggregate Bonds	Diversified Alternatives	Property	Multi Factor Equities
16.7%	15.6%	21.4%	1.8%	5.5%	2.2%	7.0%	-2.6%	15.0%

Barry O'Leary, Relationship Manager, SSGA

Source: SSGA as at 01.07.20. Performance to 01.07.20 is quoted gross of taxes and charges. Past performance is not a guarantee of future results.

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

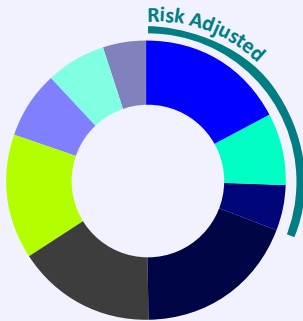


PRIME 3

Low to Medium Risk



Asset split as at 30 June 2020



30.0%	Risk Adjusted Equity Portfolio
17.9%	Cash
7.4%	Developed World Equities
4.7%	Multi Factor Equities
19.1%	Euro Government Bonds
16.4%	Cash
15.0%	Diversified Alternatives
8.0%	Euro Corporate Bonds
6.5%	Property
5.0%	Investment Grade Bonds

Performance Q2 2020	Performance Since Inception	Volatility Q2 2020	Volatility Since Inception	Long-term Volatility Target
3.6%	11.5%	4.7%	5.2%	2% - 5%

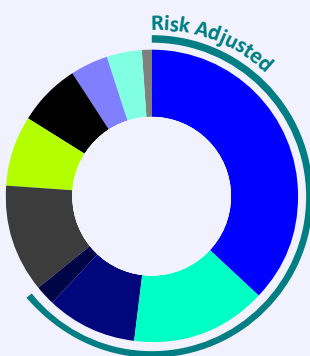
Source: Bank of Ireland Life. Inception date of PRIME 3 is close of business 20.04.16.
Performance to 01.07.20 is quoted gross of tax and charges.

PRIME 4

Medium Risk



Asset split as at 30 June 2020



64.3%	Risk Adjusted Equity Portfolio
37.9%	Cash
14.5%	Developed World Equities
9.4%	Multi Factor Equities
2.5%	Emerging Market Equities
12.0%	Diversified Alternatives
8.0%	Euro Corporate Bonds
6.4%	Property
4.1%	Euro Government Bonds
4.0%	Investment Grade Bonds
1.2%	Cash

Performance Q2 2020	Performance Since Inception	Volatility Q2 2020	Volatility Since Inception	Long-term Volatility Target
5.5%	21.2%	8.0%	9.3%	5% - 10%

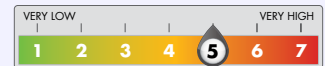
Source: Bank of Ireland Life. Inception date of PRIME 4 is close of business 20.04.16.
Performance to 01.07.20 is quoted gross of tax and charges.

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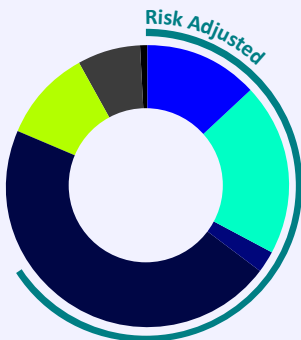


PRIME 5

Medium to High Risk



Asset split as at 30 June 2020



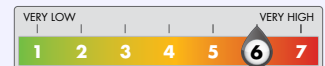
81.4%	Risk Adjusted Equity Portfolio
45.8%	Cash
13.3%	Developed World Equities
19.6%	Multi Factor Equities
2.7%	Emerging Market Equities
10.5%	Small-cap Global Equities
6.5%	Property
1.6%	Cash

Performance Q2 2020	Performance Since Inception	Volatility Q2 2020	Volatility Since Inception	Long-term Volatility Target
7.1%	26.5%	12.9%	12.7%	10% - 15%

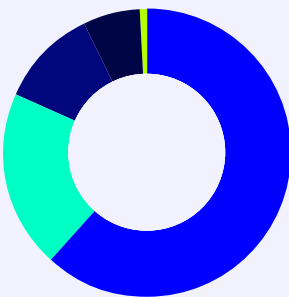
Source: Bank of Ireland Life. Inception date of PRIME 5 is close of business 20.04.16. Performance to 01.07.20 is quoted gross of tax and charges.

PRIME Equities

High Risk



Asset split as at 30 June 2020



61.9%	Developed World Equities
20.0%	Multi Factor Equities
11.3%	Small-cap Global Equities
6.5%	Emerging Market Equities
0.3%	Cash

Performance Q2 2020	Performance Since Inception	Volatility Q2 2020	Volatility Since Inception
16.4%	37.0%	25.4%	16.2%

Source: Bank of Ireland Life. Inception date of PRIME Equities is close of business 20.04.16. Performance to 01.07.20 is quoted gross of tax and charges.

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Dynamic Risk Adjustment Mechanism

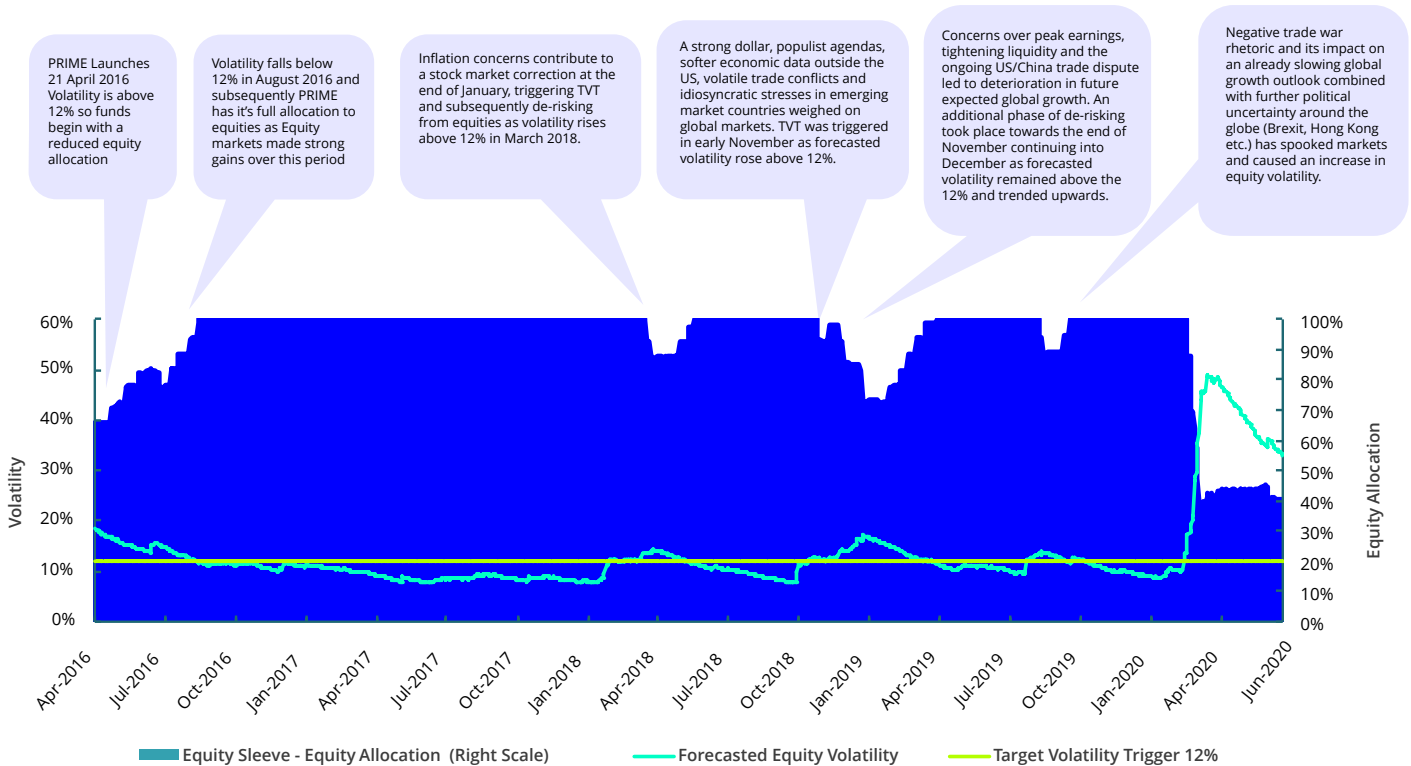
- ▶ PRIME 3, 4 and 5 have been designed to reduce the impact of equity market volatility on investment returns.
- ▶ Developed Market and Emerging Market equity exposures are reduced in times of high equity market volatility.
- ▶ Target maximum equity exposure levels for developed world and emerging market 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 Q2 2020 (Applies to PRIME 3, 4 and 5)

- ▶ The trend during Q2 was one of declining levels of volatility, as unprecedented fiscal and monetary support, easing lockdown restrictions and news regarding potential COVID-19 treatments all provided structural support.
- ▶ Entering the quarter, the Developed Market (DM) exposure was targeting 40% of the usual equity weight. Though forecasted volatility reduced significantly over the quarter, headlines regarding a potential second COVID-19 wave, and concerns regarding a re-escalation of tensions between China and the rest of the world, prevented forecasted volatility from returning to pre-virus levels. As a result, **PRIME 3, 4 and 5** continued to target 40% of its usual exposure to developed markets at the end of June.
- ▶ The Emerging Markets (EM) strategy followed a similar pattern, entering the quarter with 40% of the usual exposure to equities. However, unlike in Developed Markets, the forecasted volatility for emerging markets did move to levels low enough to trigger a re-risking of the portfolio. Late May saw the target exposure move to around 48%, and **PRIME 4 and 5** ended June targeting approximately 53% of their usual equity exposure.

Risk Adjustment since launch (Apr 2016 – June 2020)



Source: SSGA. As of 01 July 2020. The information contained above is for illustrative purposes only. Past performance is not a guarantee of future results.

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