



Investment

PRIME Funds  
Quarterly Update

Q3 2021



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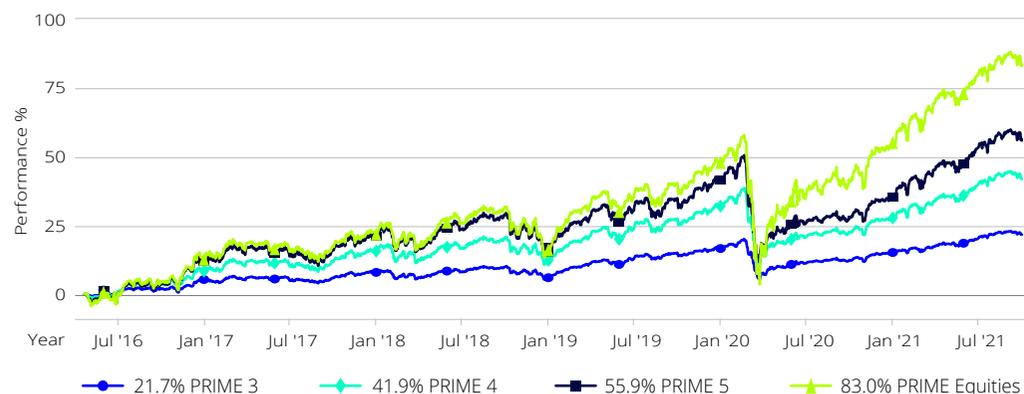
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For the most up to date fund performance and fund information, please click on [Fund Centre](#) 



# Performance chart

Gross Performance from 21.04.2016 to 01.10.2021



Source: Longboat Analytics. Inception date for each PRIME fund is close of business 20.04.2016  
Performance to 01.10.2021 is quoted gross of tax and charges.

Asset	Performance %
Developed World Equities	2.4%
Emerging Market Equities	-5.7%
Small Cap Equities	0.9%
Euro Government Bonds	0.0%
Euro Corporate Bonds	0.0%
Aggregate Bonds	-0.1%
Diversified Alternatives	1.8%
Property	0.4%
Multi-Factor Equities	2.2%
Environmental, Social & Governance (ESG) Equities	2.4%

Source: SSGA as at 01.10.2021.

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

## Q3 2021 update

provided by State Street Global Advisors (SSGA)

Over Q3, PRIME Funds performed in line with fund risk profiles, with PRIME Equities delivering the strongest absolute return. Market returns over Q3 were more moderate compared to Q2 as declines in September trimmed prior advances. Exposure to Developed Markets drove the funds' performance while Emerging Market equity exposure detracted due to a sell-off in the Chinese equity market. Exposure to Alternatives (where applicable) had a positive contribution led by commodities amid higher energy prices. Within fixed income, both government and corporate bonds delivered flat returns.

### Q3 2021 update by asset class

- ▶ **Equities:** US and European markets were among the better performers over Q3, reflecting high vaccination levels that facilitated a wider reopening of economies. Emerging Markets struggled most, particularly in Asia and Latin America.
- ▶ **Bonds:** Overall, global bonds had a relatively flat quarter in terms of returns, although yields moved quite a bit in the period. US Treasuries sold off in September as the US Federal Reserve indicated its intention to end its bond purchase programme around mid-2022, with interest rate hikes also now expected next year. German 10-year bond yields also ended Q3 where they started, having fallen to almost -0.50% during August as the European Central Bank support policy looked set to remain on hold for some time.
- ▶ **Alternatives:** The Alternatives component recorded a positive return in Q3. Among commodities, the energy sector posted strong gains. Emerging Market bonds were moderately weaker. High-yield bonds generally outperformed higher quality corporate and government bonds. Emerging Market bonds were moderately weaker amid worries about China and a rise in US bond yields (as prices fell) and the US dollar.
- ▶ **Property:** In Q3 2021 the Property Fund produced a total return of +0.4%. Over the course of Q3 the overall capital value of the fund's assets was broadly flat, with positive returns delivered from rental income. During the course of the quarter there were two acquisitions:
  - ▶ **Block B Liffey Valley Office Campus, Dublin 22** - a suburban Dublin location, fully let to a strong tenant line-up.
  - ▶ **Logic Park, Leeds, United Kingdom** - a modern logistics facility located on the edge of Leeds City Centre, fully let to a strong tenant line up.

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 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 Q3 2021 (applies to PRIME 3, 4 and 5)

- ▶ Forecasted market volatility for Developed Markets remained calm during Q3 as increasing Covid-19 vaccine rates, continued Central Bank support, solid economic activity and better corporate earnings boosted investor sentiment.
- ▶ The Developed Market (DM) equity strategy entered the period targeting 100% of its strategic exposure to equities. With forecasted market volatility remaining below the target volatility level, the strategy remained fully exposed to DM equities over the quarter.
- ▶ Emerging Markets (EM) forecasted market volatility increased over the quarter as these equities suffered with a decline in the Chinese equity markets. However, the exposure to EM equities remained at the target level as forecasted market volatility remained below the target volatility of 16%.

**For more up to date fund performance and fund information, please click on [Fund Centre](#) **

**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.**

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

### Next Steps

To find out more about PRIME Funds, talk to the Advisor in your local Bank of Ireland branch or:

[Fund Centre](#) 



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