



Quarterly Report Q1 2024

Irish Life Retirement Portfolio Funds

– Purpose Built for Retirement

The Irish Life Retirement Portfolio (REPS) funds are available on Approved Retirement Funds (ARF) plans provided by Irish Life Assurance and are managed by Irish Life Investment Managers (ILIM). REPS funds qualify as “Article 8” under the Sustainable Finance Disclosure Regulation (SFDR). For more on ILIM’s investment approach, please refer to www.ilim.com/responsible-investing

Our investment managers monitor, review and manage each of the four portfolio funds to specific risk levels meaning there should be a fund to suit your risk appetite. These range from lower risk, Retirement Portfolio fund 2 (REPS 2) to the higher risk Retirement Portfolio Fund 5 (REPS 5).

Helping people build
better futures

WHY ILIM?

ILIM manages over €114.8 bn of assets (31/03/2024) and is a six-time winner of Investment Manager of the Year at the Irish Pensions Awards between 2013 and 2023.

ILIM has extensive experience in designing and managing multi-asset portfolios for a range of clients, both domestically and internationally. Most importantly, ILIM is recognised for delivering innovative financial solutions to help investors achieve their financial goals leveraging their:

Multi-Asset Expertise

As a multi award winner, ILIM is recognised internationally for its multi-asset management and portfolio design.

Indexing Heritage

ILIM has an over 25-year track record in managing index funds, having introduced the first multi-asset index fund to Ireland in 1996.

Responsible Investing Approach

ILIM sets out to manage the assets entrusted to us by our clients responsibly, with the objective of delivering longer term sustainable returns. We consider responsible investment as the integration of ESG (Environmental, Social, Governance) factors (along with other financial and non-financial factors) into investment management processes and active ownership stewardship practices. This helps mitigate potential risks and identify investment opportunities.

30+ years'

Investment pedigree

€114 bn +

Assets under management



Award-winning expertise



ILIM works in partnership with domestic and international financial advisers and institutions.

If you feel the Irish Life REPS range might suit your needs, please contact your financial broker or adviser for more information.



WINNER
Investment Manager of the Year



WINNER
Investment Manager of the Year



WINNER
Risk Management Provider of the Year



WINNER
Investment Manager of the Year



WINNER
Property Manager of the Year



WINNER
Passive Manager of the Year



WINNER
Passive Manager of the Year



2019
PROPERTY INVESTMENT/



G R E S B
★★★★★ 2023

WELCOME

Our Retirement Portfolios Fund range (REPS) offers customers choice to help them meet the specific needs and objectives of the post retirement investor:



Longevity

REPS strategies are designed to focus on probability of fund depletion



Generating income

Focus on income-generating assets



Balancing risk & return

Risk management strategies with strong focus on reducing risk of poor returns early on



Inflation protection

REPS strategies can provide potential inflation hedging



In this update, we look at:

- > Why post retirement is different
- > The important role of managing Sequence Risk
- > Irish Life REPS strategies
- > Market Snapshot
- > Irish Life REPS asset split and fund performance

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Warning: If you invest in these funds you may lose some or all of the money you invest.

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

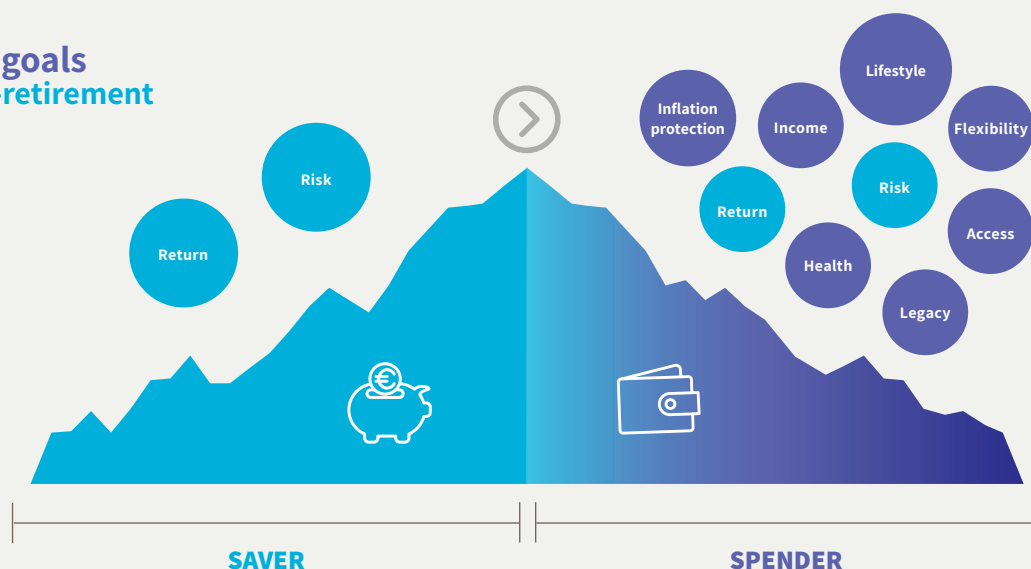
WHY POST RETIREMENT IS DIFFERENT



In the years building up to retirement, we are usually adding to our pension pot, or at least letting it sit and accumulate value. To this extent, the timing of market performance doesn't have any real effect. As long as there are more up years than down years then we can safely assume that our retirement nest egg will grow over time.

When we retire, however, things are a little different ...

Investment goals Pre- and post-retirement



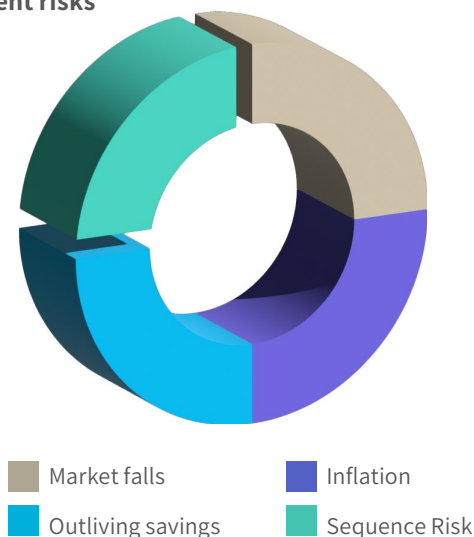
*Source: Irish Life Research, February 2020

Sequence Risk

We are all aware of the usual risks facing us when investing in post-retirement. Markets can fall, inflation can eat into our returns, we might even worry about outliving our savings. But there's one big retirement risk that gets very little attention: sequence risk.

What is sequence risk? It is the risk that comes from the order in which your investment returns occur. To put it another way, if you are making regular withdrawals from your retirement pot, it's not just the returns that matter, it's when you get them.

Retirement risks





When taking withdrawals from your retirement savings every year, weak performance early in retirement reduces the life of your savings considerably versus stronger performance – despite identical average returns.

The table opposite shows how the order in which returns occur can affect the value over time when regular withdrawals are made.

In this example, the returns overall are identical but they occur in reverse order. The fund which encountered negative returns in the early years is worth 35% less after a 10 year period.

With a fixed withdrawal	
Scenario 1	Scenario 2
10%	-10%
5%	-8%
10%	5%
6%	6%
8%	8%
8%	8%
6%	6%
5%	10%
-8%	5%
-10%	10%
€366,866	€236,629

This is a hypothetical example and is not intended to project the performance of any specific investment. If this were an actual product, the returns would be reduced by fees and expenses. Withdrawals are subject to tax. In this example an investment of €500,000 is made at the outset and an annual fixed withdrawal of €35,500 is taken out at each year end.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.

IRISH LIFE REPS STRATEGIES

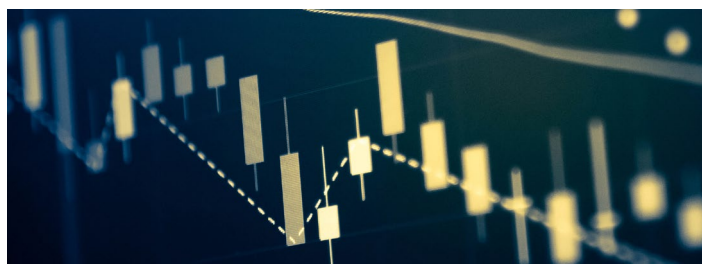
Irish Life REPs funds are specifically designed to help cushion post retirement funds against this risk by employing a number of strategies to focus on generating income for the fund while minimising the impact of any market falls.

Below, we explain how some of these income and stability strategies combine to make Irish Life REPs particularly suited to reducing sequence risk for post-retirement investors.



Emerging Markets Low Volatility Shares

With this strategy, ILIM chooses shares which not only have shown lower volatility in the past, but which are also screened for other indicators, such as value and momentum. The circa 200 shares that make up the emerging markets low volatility shares fund give exposure to companies whose businesses tend to be less affected by market cycles.



Global Defensive Income Shares

This strategy invests in a portfolio of global companies which are managed in a way that focuses on creating value for shareholders through consistent and rational capital allocation policies. These companies typically favour price and income stability.



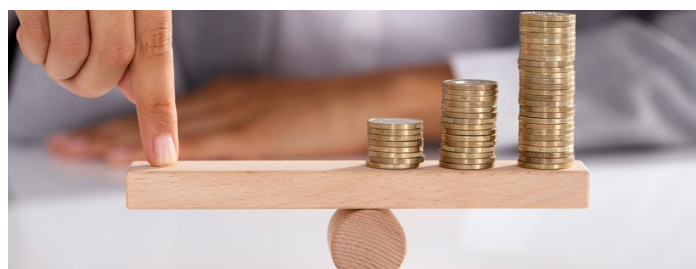
Setanta Global Equity Dividend Shares

The Setanta Global Equity Dividend strategy holds 30-50 global high yield stocks and is managed in accordance with the Setanta Asset Management investment philosophy. The philosophy seeks to own good businesses for the long term at prices below what the managers think they're worth, carefully considering each investment's risk profile. The Global Equity Dividend strategy further distils this philosophy by targeting stocks where management has both the willingness and ability to distribute meaningful dividends to shareholders.



Euro Inflation Linked Government Bonds

Inflation-linked bonds are designed to help protect investors from the negative impact of inflation by linking the bonds' principal and interest payments to a recognized inflation measure. As such, Inflation Linked Bonds can potentially provide protection from inflation's effects over time.



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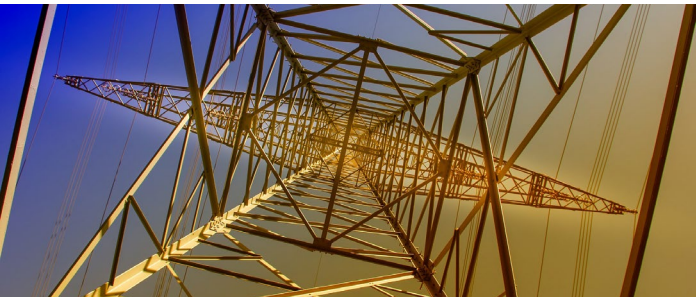
External Manager Alternatives

By selecting and including expert fund managers specialising in alternative investment areas such as renewables, private equity, value and momentum strategies, Irish Life REPs can add an extra layer of diversity which can aid stability during volatile times.



Infrastructure Shares

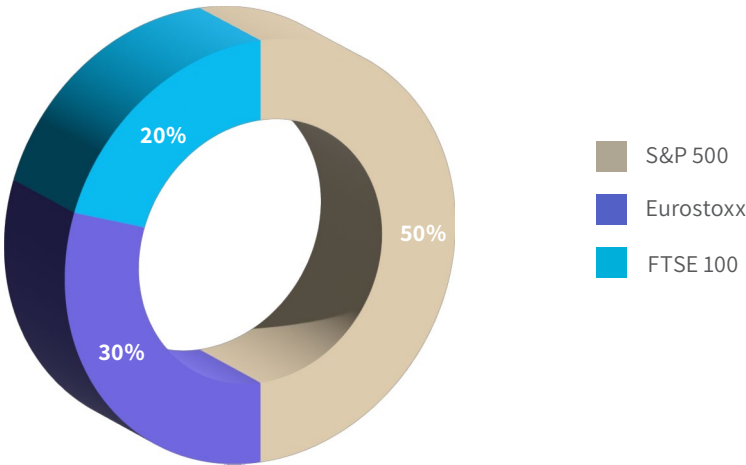
Infrastructure refers to the physical assets and systems that enable society to function. It can be a diverse group of assets, ranging from bridges and power plants to hospitals and satellite networks. It can be an attractive addition to a portfolio due to inflation-linked revenues and low cost margins. These combined characteristics provide an attractive asset class for investors seeking a ‘safe haven’ in an inflationary environment.



Equity Option Strategy

This strategy has a low correlation with the performance of global shares and therefore provides a diversified source of share-market-derived returns. The option strategy manages a portfolio of equities overlaid with ‘put’ and ‘call’ options. It provides exposure to share markets and can also provide some downside protection (relative to direct global share market exposure) as well as potentially generating income.

Percentage split of the underlying indices on which the options are taken



Source: Irish Life, 31 March 2024.

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Market Overview

Helping people build
better futures

MARKET SNAPSHOT

Q1 2024

Global equity markets continued their rally in the first quarter of 2024, buoyed by the prospect of monetary policy easing later in the year and continued optimism around artificial intelligence (AI) and its potential to increase corporate profits. Global activity data was generally better, with growth forecasts being revised higher. Growth in the US has slowed compared to the robust pace seen in the second half of 2023, but remains strong, while data in the Eurozone showed tentative signs of improvement. Meanwhile, both the Federal Reserve (Fed) and the European Central Bank (ECB) suggested that interest rate cuts would likely begin in June.

Equities

In Q1, global equities – as represented by the MSCI All Country World Index (ACWI) – rallied by 9.6% (10.8% in euro terms) and a number of markets rose to new historical highs over the period.

Emerging market (EM) equities were up by 4.6% (4.8% in euros), and small-cap equities rose by 6.3% (6.9% in euros), supported by expectations of rate cuts in the first half of 2024.

Bonds

The ICE BofA 5+ Year Euro Government bond index fell by 0.9% as German 10-year yields rose from 2.02% at end-2023 to 2.30% amid a reduction in the magnitude of expected 2024 rate cuts.

European investment grade (IG) corporate bonds returned 0.4% in Q1, supported by income yield, which offset capital losses. Global high yield bonds returned 1.3%, with yields up slightly over the period.

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

MARKET SUMMARY AND IRISH LIFE REPS FUND PERFORMANCE

As at 31/03/2024

Asset class	REPS 2	REPS 3	REPS 4	REPS 5
New World EAFE Equities	1.0%	1.5%	2.0%	4.0%
ILIM Defensive Income	2.7%	5.4%	9.0%	14.0%
Setanta Dividend Equities	2.7%	5.4%	9.0%	14.0%
New World ACWI Equities (DSC)	3.50%	7.0%	10.0%	10.0%
New World DM Equity	3.7%	8.7%	12.3%	13.2%
New World EM Equity	0.5%	1.2%	1.7%	7.8%
EM Low Vol	0.9%	1.8%	3.0%	6.0%
EQUITIES	18.0%	35.0%	55.0%	77.0%
Global Aggregate	6.0%	4.0%	0%	0%
Euro Inflation-Linked	9.0%	7.0%	5.0%	0.0%
Euro IG Corporate	30.0%	10.5%	4.8%	0.8%
Global High Yield (EUR hedged)	4.5%	6.5%	5.5%	3.5%
EM Debt (local currency)	3.5%	5.8%	4.8%	2.3%
EM Debt (hard currency)	3.5%	5.7%	4.7%	2.2%
BONDS	56.5%	39.5%	25.0%	9.0%
Infrastructure	3.5%	3.5%	3.5%	2.5%
ALTERNATIVES	10.0%	15.0%	18.0%	14.0%
PROPERTY	5.0%	6.0%	6.0%	5.0%
CASH	10.0%	5.00%	0.5%	0.5%

The table above shows the strategic asset mix before any tactical movements (where applicable). ILIM rebalances the fund back to this mix on a quarterly basis. ILIM will continue to monitor and review these assets and may change them over time.

REPS Performance

Fund Name	Q1 2024	Year to Date	1 year	3 year p.a.
Irish Life Retirement Portfolio Fund 2	1.81%	1.81%	7.17%	0.56%
Irish Life Retirement Portfolio Fund 3	3.44%	3.44%	9.29%	2.27%
Irish Life Retirement Portfolio Fund 4	4.84%	4.84%	11.68%	3.96%
Irish Life Retirement Portfolio Fund 5	5.94%	5.94%	13.81%	5.10%

Source: MoneyMate. Data is accurate as at 31/03/2024.

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