Irish Life

Coronavirus
COVID-19

CORONAVIRUS UPDATE

FOR IRISH LIFE WORKPLACE PENSION CUSTOMERS

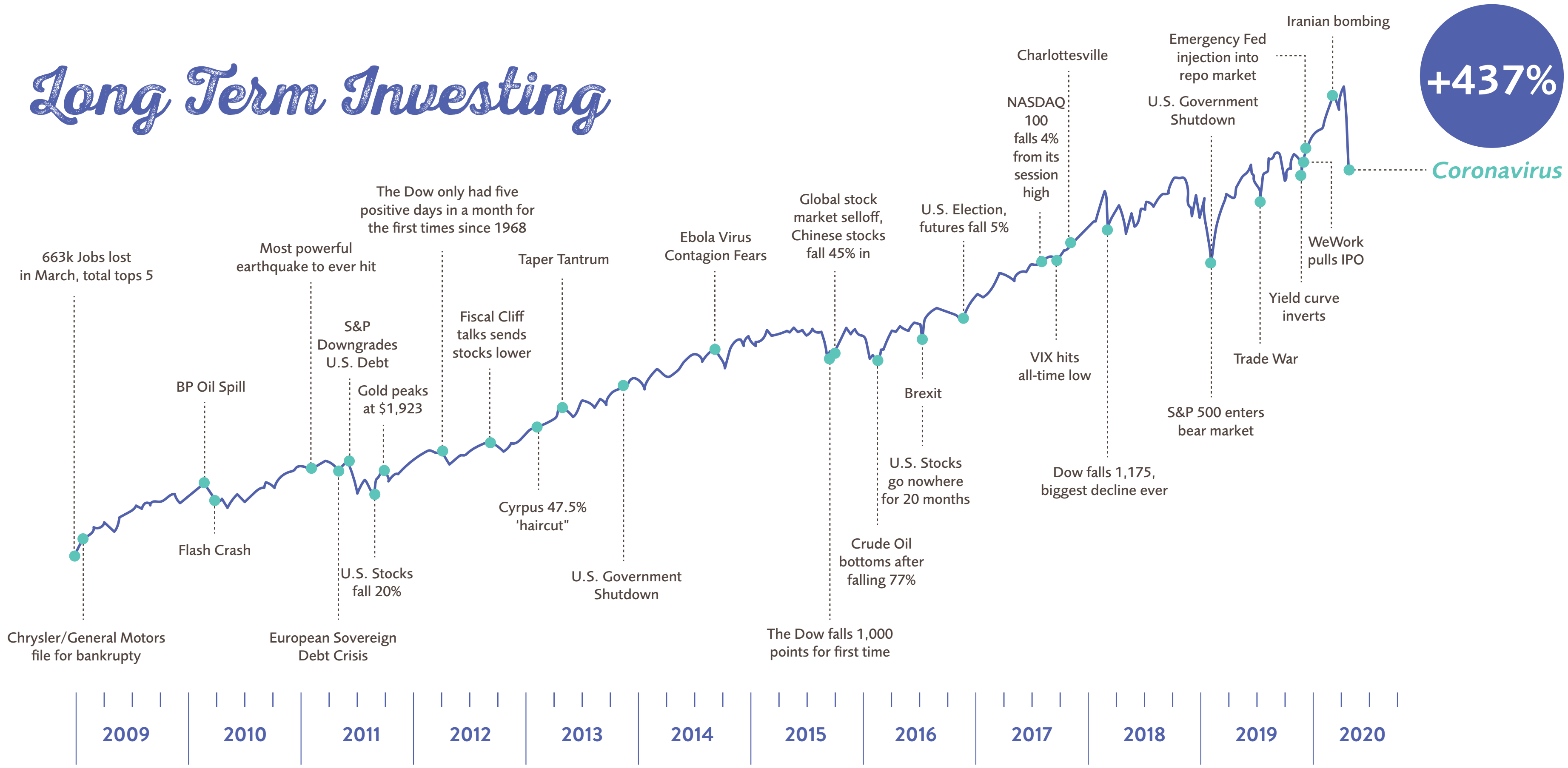
The relentless and uncertain path of Coronavirus continues to leave a trail of death and chaos in its wake. The epicentre of the outbreak may have moved away from Europe to the US and South America but the total daily number of people either catching the virus or dying from it is rising. While Ireland has contained the virus for now, global new case count is rising faster than ever. This is partly due to some countries coming out of lockdown seeing their case numbers rising again. Stock markets, however, remain confident that we are moving in the right direction and the worst is behind us with signs of economic activity rising and unemployment falling. This is largely driven by the fact that the countries now peaking in terms of case count and deaths will have a smaller impact on the global economy although the human story remains as tragic regardless of geography.

Global equity markets (MSCI ACWI) have stabilised rising 2.9% in June but remain down approximately .5% for the year to the end of June. Global economic supports from governments and central banks remain crucial to sustaining confidence and have resulted in more positive investor sentiment.

For investors, looking through the short term 'noise' and focussing on the longer term, and staying invested, will be the key to benefitting from the continued market recovery.

We know that when it comes to investing, uncertainty is uncomfortable for most people. Equity market highs and lows can often prompt short term emotional decision making and actions to buy or sell when perhaps the right thing to do is nothing. That is why we have specifically designed our investment solutions to make the journey smoother.

Long Term Investing



Data Source: StockCharts.com. S&P 500 Total Return

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

There are two ways we do this:

1 Diversification

This means spreading investments so the performance of your fund is not over exposed to any one company, asset class, sector, geography, currency, manager or strategy. In practice it means that if equities are falling, for example, your fund can still benefit from other assets, like bonds, going up. This reduces the overall impact of any fall.

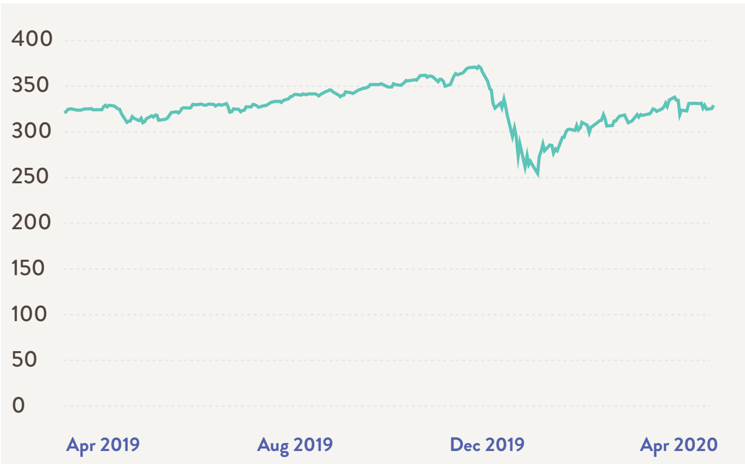
2 Risk Management

Growing retirement savings over time means investing in some higher growth but higher risk assets like equities. Our core competence is managing the risks associated with these assets in a variety of ways to reduce the peaks and troughs you might otherwise experience. These include specialist investment strategies like the Equity Option Strategy or science based risk management like the Dynamic Share to Cash strategy with a large number of our key funds and strategies.

The chart below shows the sharp fall and subsequent recovery in stock markets before, during and after the outbreak of Coronavirus. The vast majority of the fall has been recovered in a relatively short period of time although stock markets remain down for the year to date by approximately .5% to the end of June. However, they are up approximately 2.6% on where they were at the same time last year. It is a reminder that short term events may cause uncertainty but it is important to stay invested to benefit from any recovery.

MSCI ACWI Perfomance (Global Equities)

One-year performance chart



Source: ILIM, Factset, Date is accurate as at 30 June 2020

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: If you invest in this product you will not have any access to your money until you retire.

Lifestyle Strategy

Our retirement savings plans offer lifestyle strategies which most people avail of because they manage the level of risk you are exposed to approaching retirement. It means you invest in more growth style funds when a long way from retirement and gradually switch to lower risk funds closer to retirement. Growth funds are better for returns but more likely to experience short term falls from which your fund needs time to recover. Following a lifestyle strategy means you don't have to worry about how and when to switch your savings to lower risk funds – we do it for you.

Self-Select funds

However, you don't have to participate in the Lifestyle Strategy and can instead select the fund or mix of funds that suit you best. We typically see people make selections based on how long they have to retirement or when they will need the money. When that time frame is 10 years or more, it may be more appropriate to consider funds with higher long term expected growth although these funds also carry higher short term risks. It is prudent to consider moving to lower risk funds as you get closer to needing the money.

When self-selecting funds, it is particularly important to understand and consider your appetite for risk and tolerance for loss i.e. how much negative performance will you or can you endure. It is also crucial to be aware of the impact that volatile stock markets can have on your decision making. Market highs and lows can often prompt investors to act when it is ultimately detrimental to their long term interests, whether over confidence when markets are strong or no confidence when they are weak.

Switching when equity markets are performing negatively

In times of uncertainty or equity market volatility, it can be tempting to switch some or all of your retirement savings to lower risk funds or even cash. While this is provided as a free option, it is worth remembering that even professional investors find it difficult, if not impossible, to consistently time when markets will rise or fall. More often, people are driven by sentiment and may exit funds when they have already fallen only to buy them back later at a higher price when stock markets have recovered. This simply erodes the value of your savings over time. Getting invested and staying invested has been shown to be the most effective strategy over time.

Benefits of Monthly Contributions

Buying when prices are lower makes sense. With monthly contributions you continue to buy units during periods of equity market weakness when unit prices fall which means you get more units for your contribution. The benefit is that your fund value will increase faster as equity markets recover.

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