



# PERFORMANCE PULSE

## EQUITIES



- Renewed/extended commitment of monetary supports
- Q2 corporate earnings significantly exceeding expectation



- US consumer confidence at lowest level since 2014
- Global new daily cases of Covid-19 remains relatively high



- Tesla Inc: **+74.2%**
- NIO Inc. Sponsored ADR Class A: **+59.4%**
- Xiaomi Corp. Class B: **+58.6%**



- CanSino Biologics, Inc. Class H: **-39.5%**
- BioMarin Pharmaceutical Inc.: **-34.9%**
- Cogna Educacao S.A.: **-34.7%**

### MSCI ACWI Performance (Global Equities)

One-year performance chart



Source: ILIM, Factset. Data is accurate as at 31 August 2020

Global equities continued their rally during August, thereby recovering all the losses experienced through February and March as they reached new all-time highs – global equities ended the month 5.8% higher in local-currency terms and 5% in euro terms. Markets were supported by renewed indications from the US Federal Reserve (Fed) that monetary policy will remain accommodative for longer than previous cycles, positive economic news flow, a strong Q2 earnings reporting season and increasing hopes for a Covid-19 vaccine before year end. Global retail sales have recovered to almost pre-Covid levels. Activity suggests the global economy is operating only 5% below normal levels, having been 35/40% below at the low point in April.

EQUITY NEWS

### Performance as at 31 August 2020

	1 month	6 months	YTD	1 year	3 years	5 years
MSCI ACWI (Global Equities)	5.0%	6.1%	-1.3%	7.0%	30.8%	56.5%

Source: ILIM, Factset. Data is accurate as at 31 August 2020



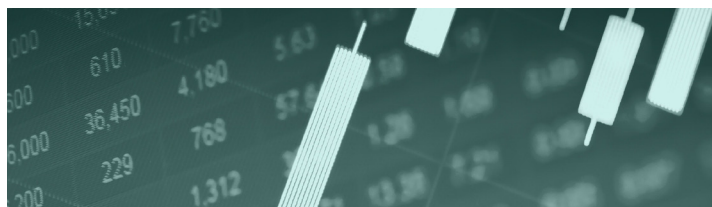
## BONDS



- The US Federal Reserve plans to target inflation above 2% for a period of time
- Continued increase in supply of bonds



- The US Federal Reserve likely to keep interest rates 'lower for longer'
- Bank of England (BoE) still reviewing policy option of negative interest rates



The US Federal Reserve announced a new inflation target, whereby it will now aim for an average inflation rate of 2% over time. As a result, policy will remain accommodative for longer than previous cycles, so the next US Federal Reserve rate rise is probably unlikely to occur for a number of years. The Bank of England indicated it is still reviewing whether it should include negative interest rates as a policy tool. The European Central Bank (ECB) indicated it is in 'wait and see' mode, given the current level of economic uncertainty, but Philip Lane, the ECB's chief economist, hinted that additional stimulus might be required to meet the ECB's inflation objectives.

### BOND NEWS

10-Year Bond Yields	2020 ytd (%)	2019 (%)	2018 (%)
US	0.7	1.9	2.7
German	-0.4	-0.3	0.2
UK	0.3	0.8	1.3
Japan	0.0	0.0	0.0

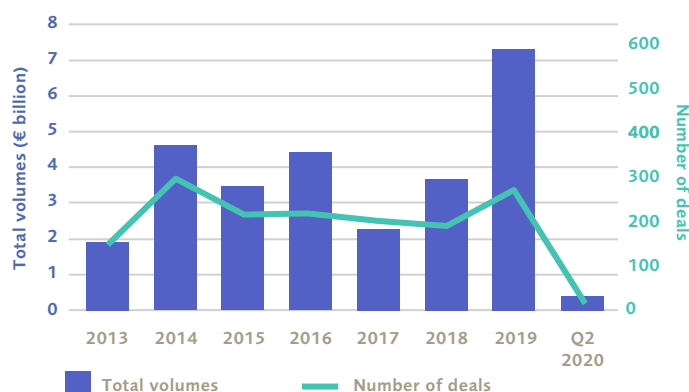
Source: ILIM, Factset. Data is accurate as at 31 August 2020.

## PROPERTY – Q2 2020 (UPDATED QUARTERLY)

Ireland's commercial property market was dominated by the Covid-19 pandemic throughout Q2. Movement restrictions and general uncertainty have curtailed investment and leasing activity across the market. This contrasts with the good levels of investment and leasing activity seen in early quarter one (Q1). The retail sector in particular has experienced major operational difficulties, accelerating the evolving structural change spearheaded by online shopping. Investment activity has continued, but at reduced levels to prior quarters, with €430m of investment across 17 deals nationwide; some of the larger ones are shown below. This volume of investment is approximately one-third of the Q2 2019 figure (€1.2 billion across 53 deals) illustrating the current, more limited investment risk appetite.



### Investment volumes and number of property transactions



Source: ILIM, Jones Lang LaSalle. Data is accurate as at end of Quarter 2 2020 (30 June 2020).

### Some of the top transactions in Q2 2020

Asset	Sector	Approx. price	Purchaser
Bishop's Square Building, Kevin Street, Dublin 2	Office	€183m	GLL Real Estate Partners
Clayton Hotel, Charlemont Street, Dublin 2	Hotel	€65m	Deka
Riverside 1 Building (minority interest), Sir John Rogerson's Quay, Dublin 2	Office	€37.5m	Iput
Blackthorn House, Sandyford Business Park, Sandyford, Dublin 18	Office	€17.5m	Corum

Source: ILIM, Jones Lang LaSalle. Data is accurate as at end of Quarter 2 2020 (30 June 2020).

## CASH

In Europe, the latest market expectation is that the ECB may not start increasing interest rates until August 2025, 5 years from now.

### Countdown in months to European rate rise



Source: ILIM, Bloomberg. Data is accurate as at 31 August 2020.

### Central bank rates

	2018	2019	2020
ECB	0.0	0.0	0.0
Bank of England	0.75	0.75	0.15
US Federal Reserve	2.5	1.75	0.25

Source: ILIM, Factset. Data is accurate as at 31 August 2020.

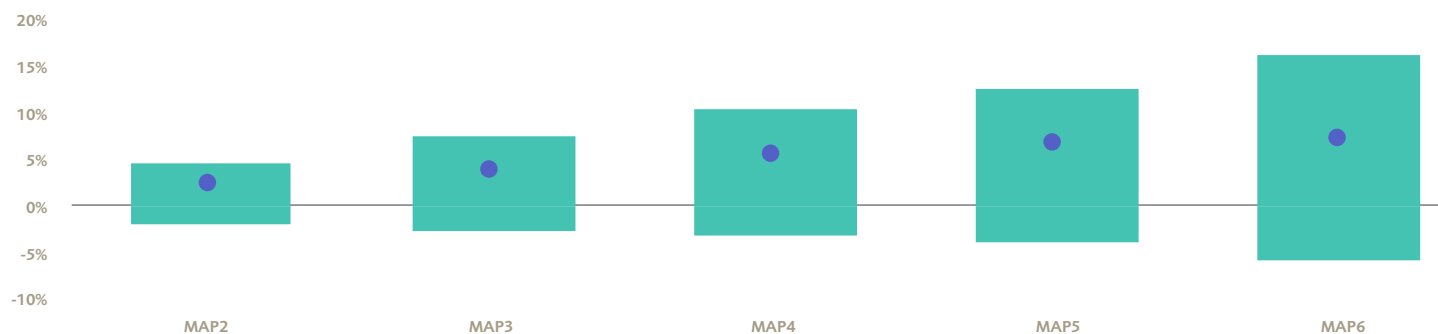


## IRISH LIFE STRATEGIC MAPS ASSET ALLOCATION

Fund name	MAP2	MAP3	MAP4	MAP5	MAP6
Bonds	45.0%	28.5%	13.5%	4.5%	0.0%
External Managers/Alternatives	18.0%	18.0%	18.0%	7.0%	3.5%
Property	7.0%	8.5%	8.5%	8.5%	6.5%
Emerging Market Shares	0.0%	0.0%	0.0%	10.0%	32.0%
Low Volatility Shares	5.0%	10.0%	15.0%	11.0%	6.5%
Global Shares*	11.0%	22.0%	33.0%	45.0%	45.0%
Infrastructure Shares	1.0%	2.0%	3.0%	2.0%	1.5%
Option Strategy	3.0%	6.0%	9.0%	12.0%	5.0%
Cash	10.0%	5.0%	0.0%	0.0%	0.0%

Source: ILIM, Data is accurate as at 31 August 2020. \*Global Shares use the DSC model. The table above shows the strategic asset mix **before any DSC or tactical movements (where applicable)**. ILIM rebalances the fund back to this mix on a quarterly basis. **For the latest actual Irish Life MAPS fund mixes, which allow for any tactical or DSC changes, for example, see the relevant MAPS fund factsheet at [www.irishlife.ie](http://www.irishlife.ie)**. ILIM will continue to monitor and review these assets and may change them over time.

## IRISH LIFE MAPS PERFORMANCE V EXPECTED RANGE OF RETURNS



- The 7-year range of expected returns (95% of the time) back in August 2013.
- The actual annualised performance of MAPS funds since August 2013.

Source: ILIM – Data is accurate as at 31 August 2020. The expected range of returns and the actual performance are both net of a 1.15% fund management charge for MAP 2 to MAP 5 Funds inclusive and a 1.05% fund management charge for MAP 6.



# Irish Life

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