

# PERFORMANCE PULSE

## EQUITIES



- Significant monetary supports from central banks
- Covid-19 vaccine anticipated



- Renewed restrictions aimed at curbing Covid-19 to impact growth
- US politics: election uncertainty and failure to pass further stimulus package



- Rolls Royce Holdings plc.: **+69.7%**
- Snap, Inc. Class A: **+51.9%**
- Xianjiang Goldwind: **+51.8%**



- mBank SA: **-31.8%**
- Sunrun Inc.: **-32.0%**
- Sasol Ltd.: **-33.0%**

### MSCI ACWI Performance (Global Equities)

One-year performance chart



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

Global equities fell for a second consecutive month due to increasing fears of a renewed growth slowdown as Covid-19 case numbers surged to new highs. This saw lockdowns being reintroduced across much of Europe. The failure on the part of US Congress to agree an additional fiscal package and uncertainty ahead of the November US Presidential election also caused equity markets to decline. Eurozone sovereign bonds rose as yields fell in the more 'risk off' environment. Suggestions by the European Central Bank (ECB) that it will announce additional stimulus measures at the December meeting also contributed to the lower yields.

**EQUITY NEWS**

### Performance as at 31 October 2020

	1 month	6 months	YTD	1 year	3 years	5 years
MSCI ACWI (Global Equities)	-2.5%	12.1%	-0.9%	4.8%	19.9%	50.8%

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

## BONDS



- ECB expected to announce additional stimulus at its December meeting
- Bank of England to increase asset purchases, combating lower growth purchases, combatting lower growth



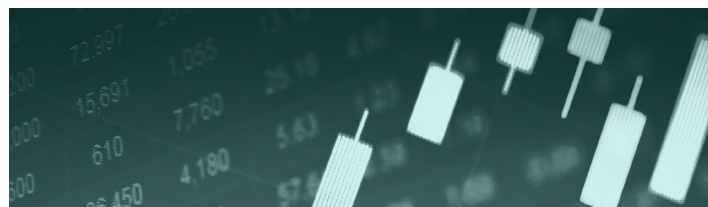
- US Federal Reserve may not tolerate inflation to extent perceived from last meeting
- Corporate earnings beat expectations

### BOND NEWS

European bonds rallied broadly as equity markets suffered a modest sell-off. Core bond yields in Europe fell marginally, with peripheral bonds flat. Concerns over a second wave of Covid-19 across Europe saw many countries increase restrictions. Coupled with US election uncertainty and US policymakers' failure to approve further fiscal stimulus, this fuelled the 'risk-off' environment. German 10-year bond yields pushed lower to -0.63%. The outlook for growth has deteriorated in the Eurozone, with risks tilted to the downside, and there are growing expectations of further monetary policy support around the world. This should be supportive of bond prices and investors' risk appetite as well.

10-Year Bond Yields	2020 ytd (%)	2019 (%)	2018 (%)
US	0.8	1.9	2.7
German	-0.6	-0.3	0.2
UK	0.2	0.8	1.3
Japan	0.4	0.0	0.0

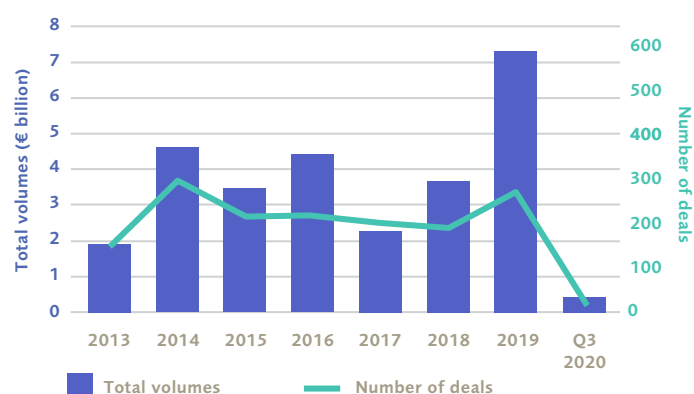
Source: ILIM, Factset. Data is accurate as at 31 October 2020.



## PROPERTY – Q3 2020 (UPDATED QUARTERLY)

The Irish investment market traded €1.7 billion in the first three quarters of 2020. While the third quarter demonstrated solid signs of recovery, a US election, Brexit negotiations, and the ongoing risk of Covid-19 will likely underline the benefits of prime real estate. Although year-end investment volumes will be lower than 2019's record levels, this can be attributed to the global pandemic disruption of the second quarter. Investor interest in Irish real estate assets remains high as the private rented sector (PRS), office and industrial sectors continue to transact. Sectors that experienced more of an impact from travel restrictions will likely rebound quickly when economic activity improves. Supply has increased, but the number of deals this quarter (15) was similar to quarter two (14), albeit with a doubling of the average deal size from 27m to 46.4m in quarter three. Year-to-date investment volumes totalled 1.7 billion, which is understandably lower than 2019's third quarter tally of three billion.

### Investment volumes and number of property transactions



Source: ILIM, Jones Lang LaSalle. Data is accurate as at end of Quarter 3 2020 (30 September 2020).

### Some of the top transactions in Q3 2020

Asset	Sector	Approx. price	Purchaser
Off-Market PRS 368 Apts., South Dublin	Residential	c. 195 m	DWS
The Prestige Portfolio, 4 PRS Schemes	Residential	c. €145 m	KGAL
2 Burlington Road, Dublin 2	Offices	c. 94 m	Confidential
Clay Farm Phase 1c, Dublin 2	Confidential	c. 75 m	Confidential

Source: ILIM, Jones Lang LaSalle. Data is accurate as at end of Quarter 3 2020 (30 September 2020).

## CASH

In Europe, the latest market expectation is that the European Central Bank will not increase interest rates for five years, i.e. November 2025.

### Countdown in months to European rate rise



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

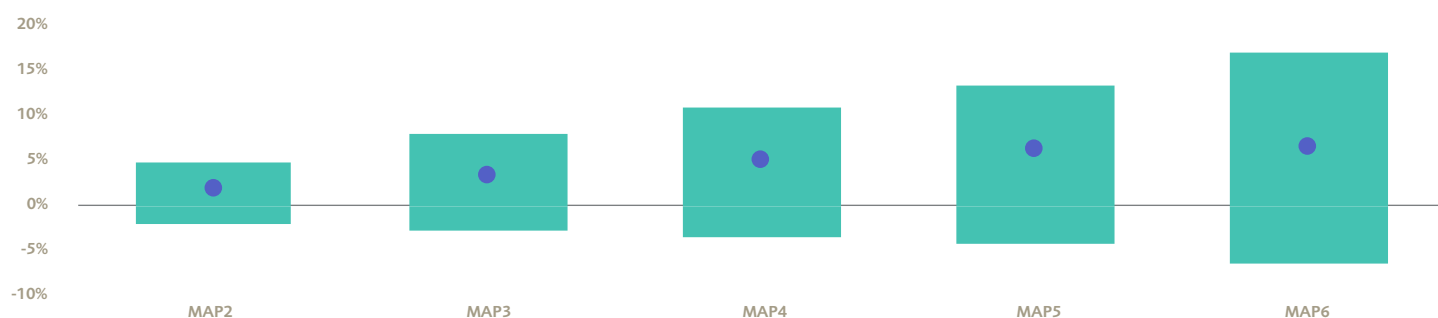


## IRISH LIFE STRATEGIC MAPS ASSET ALLOCATION

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 October 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 October 2013.
- The actual annualised performance of MAPS funds since October 2013.

Source: ILIM – Data is accurate as at 31 October 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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