

EMPOWER Investment Update April 2026

Most investment markets have generated positive returns over the past twelve months, despite volatility associated with uncertainty over US tariff policies and the recent war in Iran and the potential impact from both on growth and inflation.

Over the last year, the US and global economies have been resilient and shown stronger than expected growth, supported by monetary and fiscal policy easing. Markets fell in March on stagflation fears linked to higher oil prices following the conflict in the Middle East, although losses were limited due to hopes that a resolution will be found which can bring a quick end to hostilities and allow oil flows through the Strait of Hormuz to resume.

Market gains in the last twelve months have been broad across asset classes, with equities performing well. This is reflected in positive performance for the funds in which your retirement savings are invested over the twelve months to the end of March.

Concerns and uncertainty around the impact of US tariffs weighed on markets early in 2025, but these worries faded as trade deals were agreed with lower levels of tariffs than threatened on 'Liberation Day', helping to avoid the recession which had been feared by many at that time. While the US Supreme Court has ruled that most of the tariffs imposed by the Trump administration were illegal, President Trump has indicated he will effectively replicate these tariffs under new authorities. Several geopolitical events in the early part of 2026 were largely ignored by markets as it was thought they would have minimal impact on the positive fundamental backdrop. However, the attacks on Iran by the US and Israel in late February led to the closure of the Strait of Hormuz, through which 20% of global oil and gas is transported, and resulted in a significant rise in energy prices, threatening higher inflation and slower growth. This resulted in equity and bond markets falling in March. However, the recent announcement of a ceasefire has given rise to hopes that the war will be short lived and allow the positive fundamental backdrop to reassert itself, which would be supportive of markets.

MSCI All Country World Index* Global equity markets rose by 13.0% (in euro terms) in the twelve months to 31st March, despite headwinds that contributed to heightened volatility during the period. These headwinds were mainly centred around concerns over the impact of US tariff policies and the Iran war on growth and inflation. However, economies proved to be more resilient than expected and avoided recession. Fiscal stimulus supported growth in many regions, including in the US with President Trump's One Big Beautiful Bill providing significant tax breaks. The resumption of interest-rate cuts by the US Federal Reserve late in 2025 to protect against perceived downside risks in the labour market also supported growth. Corporate earnings in the

US have surprised to the upside and forecasts have been revised higher for 2026, highlighting corporate and analyst confidence in the outlook. The artificial intelligence (AI) theme has also been supportive of the overall equity market and some individual large-cap stocks, although more recently investors have become more discerning between potential winners and losers from the AI theme. Market performance has begun to broaden out beyond the US and large-cap stocks as the global growth backdrop improved and the benefits of AI spread to those companies who are beginning to adopt it.

The Eurozone 5 year+ sovereign bond index rose by 1.2% over the period, despite German bond yields rising following the announcement of a large fiscal stimulus programme. The positive return was due to the income stream from attractive yield levels and the narrowing of peripheral spreads. Corporate bonds have performed slightly better, with European investment-grade corporate bonds rising 1.8% given their higher yields. Other fixed income categories such as global high-yield corporate bonds and emerging market debt have also performed well, generating mid-single-digit returns, partly due to the higher yield they offer investors.

Despite the recent uncertainty related to the Iran war, the outlook for equities on a twelve-month view remains constructive. Recent developments and the announcement of a ceasefire suggest all parties are seeking to end the conflict, which should allow oil prices to fall and recent fears around growth and inflation to fade. Equity valuations have fallen to more attractive levels and a resumption of the positive economic and earnings growth backdrops would support further gains in equity markets. Potential further US interest-rate cuts amidst a positive fundamental backdrop can also contribute to further gains. The AI theme is expected to remain supportive over the short and medium term. Any short-term volatility in markets is likely to be offset by the above factors with positive returns expected on a twelve-month timeframe.

Over the next year we believe government bond yields will fall as recent inflation concerns ease, leaving the door open to further interest-rate cuts in the US. Recent concerns about higher inflation linked to rising oil prices can fade if tensions in the Middle East deescalate quickly. In the event of growth disappointing, central banks would be able to cut rates more aggressively to support the economy; this would be positive for bonds and, within a diversified portfolio, would help offset any weakness in equities from a slower growth backdrop.

MSCI All Country World Index*



Source: FactSet, April 2026, reflects the price performance of the MSCI All Country World Index Gross Total Return relative to a 1/1/1990 starting point. *Gross Total Return

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 the desire 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. There are two ways we do this:



Diversification

This means spreading investments so the performance of your fund is not overexposed to any one company, asset class, sector, geography, currency, manager or strategy. In practice, this 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.



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.

So, whether you are choosing the lifestyle strategy where we do the thinking for you, or you are choosing your own funds, take comfort in knowing that we can support you with solutions to help you stay invested and get the pension you deserve.

The tables below shows both the total and annualised long-term performances of the EMPOWER Multi Asset funds against their longer-term benchmarks from February 2015, when they were established, to the end of March 2026. They show long-term performances remain positive for the funds used in the Personal Lifestyle Strategy.

Total Performances	EMPOWER Stability fund	EMPOWER Cautious Growth fund	EMPOWER Growth fund	EMPOWER High Growth fund
EMPOWER Fund Performance	38.6%	62.1%	86.2%	102.8%
Long-Term Benchmarks	33.5%	48.7%	65.4%	74.5%

Annualised Performances	EMPOWER Stability fund	EMPOWER Cautious Growth fund	EMPOWER Growth fund	EMPOWER High Growth fund
EMPOWER Fund Performance	3.0%	4.5%	5.8%	6.6%
Long-Term Benchmarks	2.6%	3.6%	4.6%	5.1%

Source: Irish Life Investment Managers, performance is gross of fees, charges and tax. Period is 28 February 2015 to 31 March 2026.

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

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

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

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

Lifestyle Strategy

Our retirement savings plans offer lifestyle strategies that manage the level of risk you are exposed to when approaching retirement. In the strategy, you invest in growth-style funds when you're a long way from retirement, and gradually move into funds with lower risk and return expectations as you approach your retirement date. Growth funds are better for returns but are more likely to experience short-term falls from which your fund needs time to recover. When closer to your retirement date, our Lifestyle strategies typically move your pension fund into investments that best match how you are most likely to draw down your pension benefits upon retirement. The investment strategy does all the work 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 until 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 you will, or you can, 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 due to over-confidence when markets are strong or no confidence when they are weak.



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.

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.

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