

Quarterly Investment Update

EMPOWER Master Trust Q4 2025



Q4 Investment Insight



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Global equity markets rose over 2025. This was despite volatility arising from concerns about the impact of US tariffs on growth and inflation.

Most investment markets generated positive returns in 2025, despite volatility associated with US tariffs and their potential impact on growth. The US and global economies proved resilient, showing stronger-than-expected growth, supported by monetary and fiscal easing. Uncertainty over US tariffs and heightened global trade tensions weighed on markets early in 2025, but these worries faded after trade deals resulted in lower tariffs than threatened on April's 'Liberation Day'. This helped avoid the recession many had feared and supported a recovery in markets.

Global equity markets rose over 2025. This was despite volatility arising from concerns about the impact of US tariffs on growth and inflation. Economies proved unexpectedly resilient, with recession avoided and inflation falling in most regions outside the US. In the US, tariffs' impact on inflation has been less than expected and is expected to fade through 2026. Growth has also been supported by the US Federal Reserve's resumption of interest-rate cuts to protect against perceived labour-market risks. US corporate earnings have surprised positively, and 2026 forecasts have been revised higher, highlighting companies' and market analysts' growing confidence. The artificial intelligence (AI) theme has supported both the overall equity market and certain large-cap stocks in particular.

Fixed-income markets were more mixed, with Eurozone 5 year+ government bonds down slightly as German bond yields rose following the announcement of a large fiscal stimulus programme to boost growth. Corporate bonds performed better, with higher grade European corporate bonds rising due to their higher yields and an improving growth backdrop. Other fixed-income categories, such as high-yield corporate bonds and emerging-market debt, also performed well, partly because of their attractive income streams.

Although equities appear fully valued, the 12-month outlook is positive. The economic and earnings-growth backdrops are expected to remain strong. Additional interest rate cuts could also contribute to further gains. Furthermore, the AI theme should remain supportive over the short and medium term. Any short-term volatility in markets is likely to be offset by these factors, with positive returns expected on a 12-month time-frame. Should growth disappoint, central banks could cut interest rates more aggressively to support growth. This would be positive for bonds and, in a diversified portfolio, would help offset any weakness in equities.

The table below outlines the returns achieved by each of the standard funds available to the Irish Life EMPOWER Master Trust members to 31 December 2025. The returns are quoted before the application of fund management fees which are specific to each participating employer. Each fund's risk and return expectations are also outlined.

Fund Type	Fund Name	Long Term Return Objective	Risk Rating★	10 Year p.a.	5 Year p.a.	3 Year p.a.	1 Year	Year to Date	3 Month
Multi Asset	EMPOWER High Growth Fund	4.5% p.a. over the return from cash	5	7.5%	8.2%	12.6%	8.6%	8.6%	3.1%
Multi Asset	EMPOWER Growth Fund	4.0% p.a. over the return from cash	4	6.4%	7.0%	10.8%	7.0%	7.0%	2.6%
Multi Asset	EMPOWER Cautious Growth Fund	3.0% p.a. over the return from cash	3	4.9%	4.8%	8.4%	5.4%	5.4%	1.9%
Multi Asset	EMPOWER Stability Fund	2.0% p.a. over the return from cash	2	3.3%	2.7%	6.2%	4.1%	4.1%	1.2%
Equity Only	New World Indexed Emerging Market Equity Fund*	Emerging equity market returns	7	-	-	11.0%	15.2%	15.2%	4.2%
Equity Only	New World Indexed All Country Equity Fund*	Global equity market returns	6	-	-	16.9%	7.9%	7.9%	3.5%
Equity Only	Indexed World Equity Fund	Developed equity market returns	6	11.4%	13.0%	17.6%	6.9%	6.9%	3.2%
Fixed Income	EMPOWER Annuity Objective Fund	Protect 'Annuity Purchasing Power'	4	-1.0%	-8.3%	0.4%	-6.8%	-6.8%	-1.9%
Fixed Income	New World Indexed Euro Corporate Bond Fund**	Euro corporate bond market returns	3	-	-	5.3%	3.1%	3.1%	0.3%
Cash	EMPOWER Cash Fund	Institutional cash return	1	0.7%	1.7%	3.1%	2.3%	2.3%	0.5%

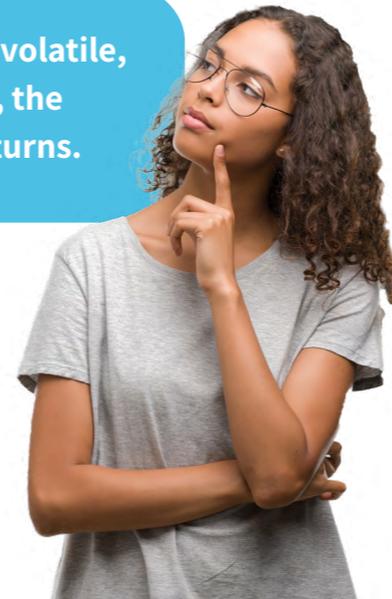
Source: Irish Life Investment Managers 31 December 2025. *Fund launched in June 2021. **Fund launched in March 2021. ★Funds are rated from a risk or volatility viewpoint from 1 (lowest risk) to 7 (highest risk). Further information on all of the available funds can be found at www.irishlifeemployersolutions.ie

What to expect from the Funds into the future

The long term return objectives for each of the funds are called out in the table overleaf. Each multi asset fund's strategic asset allocation is formally reviewed on an annual basis to ensure they remain positioned to achieve these goals over time. This process determines how much each fund is invested in various equities, fixed income, cash, property and alternative assets. While in the short term, investment markets and, in turn, funds' returns can be volatile and perform quite differently to their long term expectations, the longer an investment time horizon, the more certain we can be from an expected returns viewpoint.



Fund returns in the short term may be volatile, but the longer the investment horizon, the more certain we can be of expected returns.



In addition to the four multi asset funds, three equity funds are provided to members who wish to manage their own investment journeys. They are positioned as the funds with the strongest long term return potential within the Master Trust range, but they come with the caveats that they are also expected to have the highest levels of short term risk and volatility. Two of the equity funds are managed to a formal Environmental, Social and Governance (ESG) overlay, while the other gives a general world equity market exposure.

Two fixed income funds are also provided. The EMPOWER Annuity Objective Fund is provided for members coming close to retirement and wishing to 'lock in' their annuity purchasing power for an element of their retirement savings. The New World Indexed Euro Corporate Bond Fund is offered as a relatively defensive, growth investment option for members.

The EMPOWER Cash Fund is the lowest risk fund provided within the Master Trust fund range, and seeks to place Euro-based deposits with highly-rated banks with a core focus on security. The fund will generate an ongoing return in line with the deposit rates paid by these banks to institutional investors.



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Securities Lending: The assets in these funds (except the Cash Fund) may be used for the purposes of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within the fund it also provides an opportunity to increase the investment.

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Source: Irish Life Investment Managers 31 December 2025.

Irish Life's current Solvency and Financial Condition Report is available on our website at www.irishlife.ie/solvency-and-financial-condition-reports/

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