Irish Life

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EMPOWER Investment Update
June 2025

Financial markets have remained volatile over the past 12 months, mainly caused by changing inflation expectations and concerns over a potential trade war. But resilient economic data and policy easing by major central banks led to gains in asset prices. These gains were focused mainly within equity markets and are reflected in positive performance for the funds in which your retirement savings are invested over the year to the end of May. Recent concerns and uncertainty around the impact of US tariffs and heightened global trade tensions have weighed on stock markets, with the economic and market outlook set to remain in a state of flux in the near term. This is likely to keep market volatility elevated.

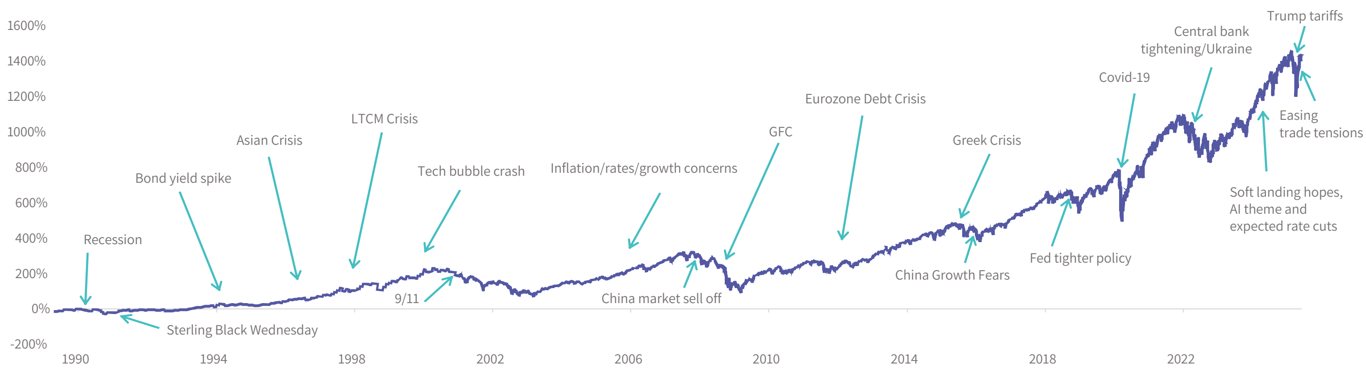
Global equity markets rose by 9.2% (in euro terms) in the year to 31 May, despite headwinds that caused volatility to remain a market feature. These headwinds were mainly centred around concerns over inflation persistence, economic growth and most recently US tariff policies. However, economic data has been resilient and inflation levels have fallen over the past 12 months.

The favourable economic backdrop has supported equity markets over the past year, as has optimism for US growth following Donald Trump's election victory and a Republican clean sweep in November. More recently, however, tariff policies from the Trump administration have led to concerns and uncertainty over the global growth outlook and this has weighed on global equities (-3.7% year-to-date in euro terms).

Over the past 12 months, inflation in major economies has come down significantly, and to levels not far from central-bank targets in some cases. This led investors to expect rate cuts, with both the European Central Bank and the US Federal Reserve starting to reduce their key rates in 2024. The focus for financial markets is likely to remain on tariff policies and whether a trade war ensues. This was exemplified on "Liberation Day" in April when Trump announced far-reaching tariffs on US trading partners, plans perceived as severe by investors, but the implementation of "reciprocal" tariffs was subsequently delayed by 90 days to allow for negotiations. The backdrop means that markets are likely to remain volatile as investors wait to see how trade tensions play out.

We can see from the period below that staying invested delivered very strong returns for longer-term investors despite the many temptations to sell. Equity markets will experience short-term ups and downs, but it is time in the market, rather than timing the market, that is important for long-term returns.

MSCI All Country World Index*



Source: FactSet, June 2025, 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

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

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 May 2025. 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	34.3%	54.0%	73.6%	85.2%
Long-Term Benchmarks	29.2%	42.7%	57.6%	65.5%

Annualised Performances	EMPOWER Stability fund	EMPOWER Cautious Growth fund	EMPOWER Growth fund	EMPOWER High Growth fund
EMPOWER Fund Performance	2.9%	4.3%	5.5%	6.2%
Long-Term Benchmarks	2.5%	3.5%	4.5%	5.0%

Source: Irish Life Investment Managers, performance is gross of fees, charges and tax. Period is 28 February 2015 to 31 May 2025.

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.