

Quarterly Investment Update

EMPOWER Master Trust Q2 2025



Q2 Investment Insight



Andrew Young, CFA
Senior Investment Solutions Manager,
Irish Life

The reciprocal tariff pause, along with a softer stance on tariffs from the Trump administration, helped equity markets recover from the heavier losses observed over March and April.

US tariff policy newsflow and global trade tensions continue to be in focus for investors. The positive sentiment seen at the start of this year dissipated when these issues became more prominent, causing market uncertainty and volatility to rise, weighing on global equities. Some recent respite from tariffs has allowed equity markets to recover, however the economic and market outlook is set to remain in a state of flux in the near term. This backdrop is likely to keep market volatility elevated.

Equity markets began the year in a positive tone, carrying on from their strong finish in 2024. However, as Q1 progressed, concerns over US tariff policies and the potential impact on global growth started to weigh on global equities. Increased volatility and extended equity market weakness was observed in April when President Trump announced far-reaching tariffs on US trading partners, which were perceived as severe by investors. A subsequent 90 day pause in the implementation of certain “reciprocal” tariffs was introduced to allow for negotiations. The reciprocal tariff pause, along with a softer stance on tariffs from the Trump administration, helped equity markets recover from the heavier losses observed over March and April. Investor near term focus will likely remain on tariff policies, their pathway and how trade tensions may play out.

The US economy has been robust over the past 12 months, supported by a healthy labour market. However, concern exists around the impact tariffs could have on future growth. Eurozone economic activity has been improving, and the announcement of Germany’s sizeable, fiscal spending package improved medium term growth prospects. Short term headwinds for the region could exist however as a result of US tariff policies. China may introduce further stimulus measures over the coming months to support its economy and to try offset US tariff measures.

As always, short term bouts of volatility may well be experienced in both equity and bond markets depending on prevailing headlines. However, the assets in which we invest your retirement savings are well placed to continue to allow us to deliver on the long-term investment objectives we have set for each individual fund as per the table below.

The table below outlines the returns achieved by each of the standard funds available to the Irish Life EMPOWER Master Trust members to 30 June 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	6.4%	8.6%	9.0%	6.2%	-0.8%	2.8%
Multi Asset	EMPOWER Growth Fund	4.0% p.a. over the return from cash	4	5.8%	7.3%	8.2%	6.5%	-0.1%	1.8%
Multi Asset	EMPOWER Cautious Growth Fund	3.0% p.a. over the return from cash	3	4.5%	5.2%	6.5%	6.0%	0.4%	1.4%
Multi Asset	EMPOWER Stability Fund	2.0% p.a. over the return from cash	2	3.1%	3.1%	4.8%	5.4%	0.9%	1.3%
Equity Only	New World Indexed Emerging Market Equity Fund*	Emerging equity market returns	7	-	-	3.8%	2.9%	-0.4%	2.4%
Equity Only	New World Indexed All Country Equity Fund*	Global equity market returns	6	-	-	12.8%	5.6%	-3.2%	2.7%
Equity Only	Indexed World Equity Fund	Global equity market returns	6	10.1%	13.6%	14.0%	6.3%	-3.4%	2.6%
Fixed Income	EMPOWER Annuity Objective Fund	Protect ‘Annuity Purchasing Power’	4	-0.4%	-6.7%	-1.9%	-0.1%	-4.0%	1.6%
Fixed Income	New World Indexed Euro Corporate Bond Fund**	Euro corporate bond market returns	3	-	-	4.2%	6.0%	1.8%	1.6%
Cash	EMPOWER Cash Fund	Institutional cash return	1	0.6%	1.4%	2.8%	3.1%	1.3%	0.6%

Source: Irish Life Investment Managers 30 June 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 Pension for Life 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 30 June 2025.

Contact us

Phone 01 704 2000
Fax 01 704 1905
Email happytohelp@irishlife.ie
Website www.irishlifeemployersolutions.ie
Write to Irish Life, Irish Life Centre, Lower Abbey Street, Dublin 1.

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