ILIM

Life | Pensions | **Investments**

May 2025 in review
Performance Pulse

Irish Life MAPS® 10 YEARS

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OVERVIEW

> Global stock markets rallied in May as the Trump administration appeared to take a softer stance towards tariffs.
> Bond yields rose amid concerns around rising government debt and widening budget deficits.
> The US dollar was marginally stronger against the euro, with the former supported by progress in trade negotiations.

EQUITIES

Global stock markets made gains in May, helped by reduced trade tensions between the US and China. The MSCI All Country World index rose by 5.7% (6.0% in euros), and the MSCI USA rose by 6.5% (6.6% in euros). The US index benefited from the release of strong earnings reports from AI-linked firms, with Nvidia reporting a 69% year-on-year rise in revenue over the three months to April 2025. The tech giant said that intense demand for its AI-powering chips had led to gross profit margins of 71%, and that it expects to share similar figures for the current quarter.

European and emerging market (EM) stocks also climbed, but less rapidly than US equities. The MSCI Europe ex UK rose by 4.9% (5.0% in euros), and the MSCI EM index posted gains of 3.2% (4.4% in euros). The former benefited from a 6.7% rally in Germany's Dax, which hit new all-time highs during May amid optimism over reduced trade tensions and hopes for a trade agreement with the US.

Markets

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- Trade tensions between the US and its trading partners eased somewhat, with the Trump administration taking a softer stance towards tariffs. Global stock markets rallied in response.
- US economic data remained solid, helping to assuage global recession concerns.
- In Europe, inflation came in below the European Central Bank's targets, supporting the case for further rate cuts.

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- The economic environment remains highly uncertain, and rapid developments in the trade situation are keeping investors on the back foot.
- Stronger economic data could result in central banks keeping interest rates on hold, which would disadvantage rate-sensitive sectors.

Stocks

Up

- HD Hyundai Co. Ltd. **46.42%**
- PT Barito Pacific Tbk **72.57%**
- Hanjin KAL Corp. **83.36%**

Down

- UnitedHealth Group Incorporated **-26.52%**
- Raia Drogasil S.A. **-25.98%**
- CP Axtra Public Company Limited **-24.13%**

Performance (%) as at 31 May 2025

	1 month	6 months	YTD	1 year	3 years p.a.	5 years p.a.
MSCI ACWI (Global Equities)	5.40%	0.49%	2.23%	10.48%	10.65%	11.84%

Source: ILIM, Factset. Data is accurate as at 31 May 2025.

MSCI ACWI PERFORMANCE (GLOBAL EQUITIES)

One-year performance chart (in euros)

Source: ILIM, Factset.
Data is accurate as at 31 May 2025.

BONDS

Long-term US Treasury yields rose amid concerns over rising government debt and a widening budget deficit as a result of the Trump administration's "One Big Beautiful Bill Act", which includes a raft of major tax cuts. The 30-year yield moved above 5% for the first time since October 2023, and ending the month at 4.91% (for an overall rise of 22bps). The 10-year yield rose by 23bps to 4.39% over the month.

Eurozone government bond returns were marginally positive. Carry offset increased bond yields amid an improved growth outlook, as trade tensions eased and investors mulled the potential growth impacts of Germany's seismic new fiscal package.

The 10-year German Bund yield rose by 6bps in May to 2.51%. The ICE BofA 5+ Year Euro Government bond index returned 0.1%.

BOND YIELD

> Long-term yields climbed during May amid concerns around rising government debt issuance

BOND YIELD

> Some major central banks, such as the ECB, are still reducing rates, which results in falling regional yields

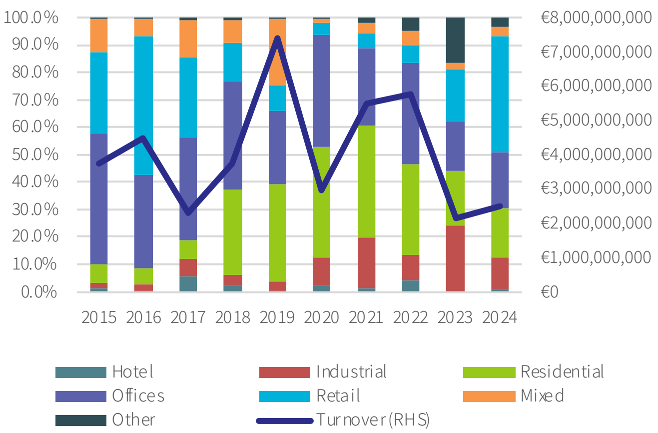
10-Year Bond Yields	2025	2024	2023	2022	2021	2020
US	4.4	4.6	3.9	3.9	1.5	0.9
Germany	2.5	2.4	2.0	2.5	-0.2	-0.6
UK	4.6	4.6	3.5	3.7	1.0	0.2
Japan	1.5	1.1	0.6	0.4	0.1	0.0

Source: ILIM, Factset. Data is accurate as at 31 May 2025.

PROPERTY – Q4 2024

A total investment turnover of €2.5bn was recorded in Ireland for 2024, almost half of which completed in Q4. In contrast to recent years, the retail sector accounted for the largest proportion of investment at 42%, driven by two particularly large transactions: Blanchardstown Shopping Centre (€575m) and The Square (€130m), both sales triggered by debt refinancing issues. The buyers of these and other retail deals were yield-seeking investors attracted by stable income streams and relatively high yields compared to historic trends.

Investment turnover by sector and quantum



Source: Savills

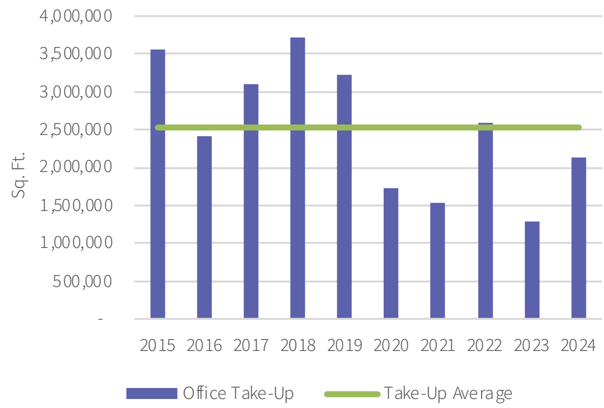
The main source of investment capital in 2024 came from indigenous private investors, opportunistic investors, private equity groups and a continuation of French SCPI funds. Core institutional investors remained relatively quiet. However, Deka Immobilien, a German investment manager, acquired 40 Molesworth Street, a prime office building, for a reported €37.5m in Q1.

Supply of quality stock remains low, due in part to the successful refinancing of many expiring loans in the recent past. Savills records a supply of €178m on the open market at the end of 2024, a historically low level.

The reversal of some interest-rate increases in recent years began in 2024, and helped contribute to greater valuation stability and limited capital declines. This resulted into a move back into positive return territory for some industry benchmarks, including the MSCI Ireland Quarterly Property Index, which returned +0.3% in Q3 due to income outstripping capital performance for the first time since Q2 2022. The index returned +0.4% in Q4, bringing the FY 2024 return to -0.9%.

Office-leasing take-up in Q4 totalled 490,000 sq. ft., which brought the total 2024 number to 2.2m sq. ft. While this continues to trail the 10-year average (of around 2.5m sq. ft.), this was a significant increase (+66%) on the 2023 number and shows positive momentum in the Dublin office market. Savills is currently tracking existing demand of close to 3m sq. ft., while the pipeline of new space has reduced in size over the course of 2024.

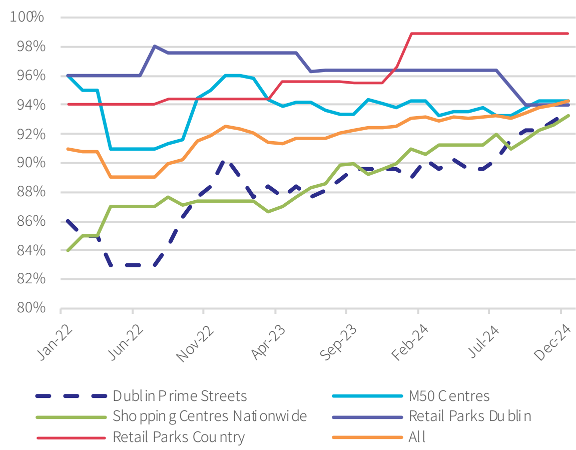
Office take-up (sq ft) 2015-2024



Source: Savills

The retail market accounted for a large proportion of the investment market in 2024, owing largely to the completion of the sales of the Blanchardstown and The Square shopping centres for €575m and €130m, respectively. This sector had been somewhat out of favour with professional investors in the preceding five-year period for several reasons, one of which was the uncertainty around rental income volatility. 2024 was a positive year for the retail occupational market, seeing occupancy rates rise to their highest point following the pandemic of 2020-2021, according to Bannon, a property consultancy.

Occupancy rates – retail types



Source: Bloomberg, MSCI

A relatively low level of take-up was recorded in the industrial and logistics sector in 2024 compared with recent years when activity was at its historic height. 1.3m sq. ft. of space was contracted in the year, compared with a 10-year average of approximately 2.8m sq. ft., as tracked by Savills.

The low level of vacancy of 1.8% and persistent rental growth off relatively high levels underlines the health of the market, despite the fall in take-up. The limited supply of space and active demand is encouraging some developers to commence speculative developments, a situation unique to this sector.

CASH

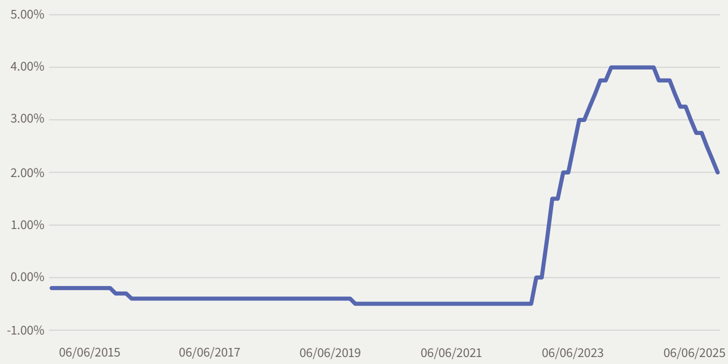
The deposit rate is 2.00% as of 5 June. The next ECB meeting will be held on 24 July and expectations are for a 'hold' at current 2.00% level.

Central bank rates

	End 2023	End 2024	31 May 2025
ECB deposit rate	4.00	3.00	2.25
Bank of England*	5.25	4.75	4.25
US Federal Reserve**	5.50	4.50	4.50

* Official Bank Rate **Federal Funds Target Rate
Source: ILIM, Factset and Bloomberg. Data is accurate as at 31 May 2025.

ECB Deposit Rate



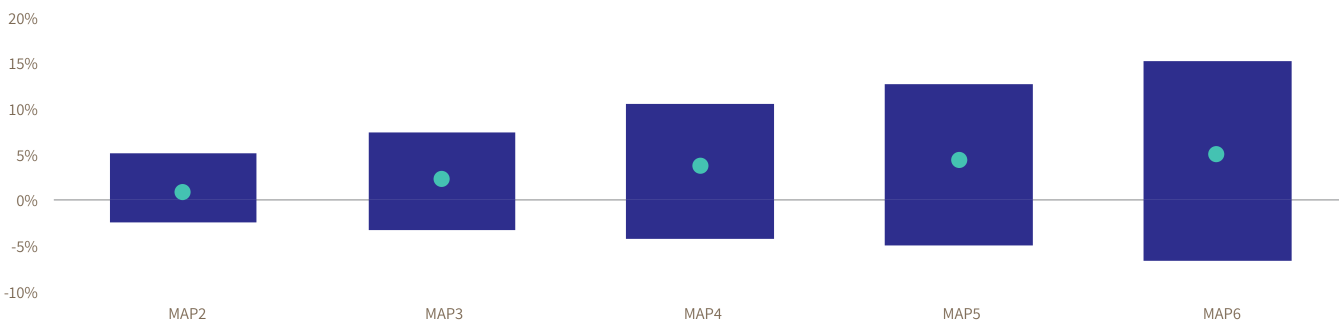
Source: ILIM, Factset. Data is accurate as at 6 June 2025.

Irish Life strategic MAPS asset allocation*

Asset class	MAP2	MAP3	MAP4	MAP5	MAP6
EQUITIES	**20.0%**	**40.0%**	**60.0%**	**80.0%**	**95.0%**
Developed Market (DM)	2.25%	6.2%	16.8%	29.0%	50.5%
Low Volatility (DM)	4.5%	9.0%	13.5%	10.0%	5.5%
Dynamic Shares to Cash (DM)	11.0%	20.0%	20.0%	20.0%	12.0%
Emerging Market (EM)	0.25%	0.8%	2.2%	12.0%	16.0%
Low Volatility (EM)	0.5%	1.0%	1.5%	1.0%	1.0%
EAFE (Europe, Australasia, Far East)	1.0%	2.0%	4.0%	5.0%	6.0%
Small Cap	0.5%	1.0%	2.0%	3.0%	4.0%
BONDS	**48.5%**	**31.2%**	**17.6%**	**5.6%**	**0.4%**
Government	8.5%	0.0%	0.0%	0.0%	0.0%
Corporate	29.0%	15.2%	4.6%	0.6%	0.4%
Global Aggregate	4.0%	3.0%	0.0%	0.0%	0.0%
Global High Yield	4.0%	5.0%	5.0%	2.0%	0.0%
Emerging Market (50% Hard 50% Local Currency)	3.0%	8.0%	8.0%	3.0%	0.0%
Alternatives	**15.0%**	**15.0%**	**15.0%**	**7.0%**	**0.0%**
Property	**5.5%**	**6.8%**	**6.8%**	**6.8%**	**4.2%**
Cash	**11.0%**	**7.0%**	**0.6%**	**0.6%**	**0.4%**
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: ILIM, 31 May 2025. *DSC Global Shares use the Dynamic Share to Cash model. The table above shows the strategic asset mix before any Dynamic Share to Cash (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**. ILIM will continue to monitor and review these assets and may change them over time.

Irish Life MAPS Performance v Expected Range of Returns



Source: ILIM – Data is accurate as at 31 May 2025. 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.

- The 7-year range of expected returns (95% of the time) back in May 2018.
- The actual annualised performance of MAPS funds since May 2018.