

# Passive IRIS

## Individual Retirement Investment Strategy



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# Passive IRIS at a Glance

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<b>Aim</b>	To grow and safeguard a pension investor's retirement savings based on their expected year of retirement.
<b>Suitability</b>	Passive IRIS is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement. Additional Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum are also available.
<b>Style</b>	Passively managed*
<b>Managed by</b>	A range of investment managers appointed by New Ireland and advised by Investment Markets.
<b>Asset Mix</b>	Equities, property, bonds, cash and the New Ireland PRIME 3 Fund (PRIME 3). The mix varies depending on the investor's term to retirement.
<b>Risk Rating</b>	Lifestyle

\*Except for the management of property and cash

**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.**  
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# A Lifestyle Investment Strategy

## A recognised approach to retirement planning

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A Lifestyle Investment Strategy is an investment strategy that is specifically designed for pension investors.

This strategy recognises that your investment needs will be different depending on your term to retirement. It is designed to match your changing investment needs by automatically selecting an appropriate level of risk depending on your retirement year - a higher level of risk when you are far from retirement and want your fund to potentially grow, and a lower level of risk as you near retirement and want to safeguard your fund against strong short term market fluctuations.

Passive IRIS follows New Ireland's Lifestyle investment strategy. The chart on page 6 shows how Passive IRIS reduces risk as you move towards retirement.

It uses a unique **target date fund** approach which means that you can stay in the one fund throughout your retirement journey.

START

BUILD



EARLY CAREER

MID CAREER

## PENSION JOURNEY

## CAREER PATH

START	EARLY CAREER
BUILD	MID CAREER
CONSOLIDATE	LATE CAREER
RETIRE	RETIREMENT

CONSOLIDATE

RETIRE



LATE CAREER

RETIREMENT

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# Introducing Passive IRIS

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## A Straightforward Approach to Retirement Planning

Saving for retirement can be a complicated process. It can involve a lot of choices and decisions:

- How much should you invest in stock markets?
- Will your investment have time to recover if markets fall?
- Is now a good time to invest?
- Should you switch into a different fund as your retirement date approaches?

With Passive IRIS you invest in one fund which automatically manages these issues for you.

## Passive IRIS Follows Four Key Principles

### 1. You can stay in the same fund

Many investment strategies work by moving you from fund to fund over time, possibly as often as every month. Passive IRIS is different – you invest in just one fund based on your expected year of retirement. Any switching or movement in and out of different types of assets happens within this fund.

### 2. When you are far from retirement you can afford to take some investment risk

When you are investing for a very long time (15 years or more), you can focus on investing in riskier assets with greater potential growth. If the value of your investment falls due to short term market fluctuations, you will still have plenty of time for it to recover. When you are far from retirement Passive IRIS automatically invests more of your money in assets with greater growth potential to try to generate growth over the longer term.

### 3. When you are close to retirement you need to preserve the purchasing power of your savings

As you approach your expected retirement date, you may not be able to afford to take much risk with the value of your investment. If your fund falls in value, it may not have enough time to recover. Close to retirement, Passive IRIS automatically invests in assets with a lower level of risk.

### 4. You can easily move to another Passive IRIS option if your plans for your retirement fund change

Passive IRIS is ideal for pension savers who want to take the ARF and retirement lump sum option at retirement. If you decide to purchase an annuity or take your fund as a cash lump sum, you can easily move to our Passive IRIS Annuity Option or Passive IRIS Lump Sum Option (see page 9 for more information).

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Passive IRIS provides you with a straightforward way to save for your retirement

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You can invest in just one fund that aims to grow your money when you are far from retirement and safeguard it against short term market fluctuations as your retirement date approaches

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## Passive Fund Management

Investment funds can be managed on either an active or passive basis. Passive management means the fund manager invests a predetermined percentage of the fund into each asset type and tracks the overall performance of each, rather than trying to predict which specific stock or asset will perform best. Tracking an index is a popular method of passive management.

Passive IRIS is passively managed (except for the direct property element and cash, which are actively managed) and the equity element tracks the performance of a leading global equity index (with 75% currency hedging). See page 10 for more details. By tracking a leading global equity index, an investment portfolio typically gets good diversification and low transaction costs. Tracking an index also removes the perceived risk of choosing a single fund manager.

New Ireland will work alongside Investment Markets as their appointed advisors to select the underlying investment managers within **Passive IRIS**. These investment managers are subject to change over time. Currently State Street Global Advisors (SSGA) is the main investment manager for **Passive IRIS**.

## About State Street Global Advisors (SSGA)

- SSGA is the investment management business of State Street Corporation and one of the world's largest investment managers.
- SSGA has over over 400 dedicated investment professionals.
- SSGA Ireland has over 50 years' experience managing investments. Dublin is one of SSGA's investment centres.

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Passive IRIS is passively managed by State Street Global Advisors (SSGA)

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**STATE STREET** GLOBAL ADVISORS

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SSGA is a global leader in asset management

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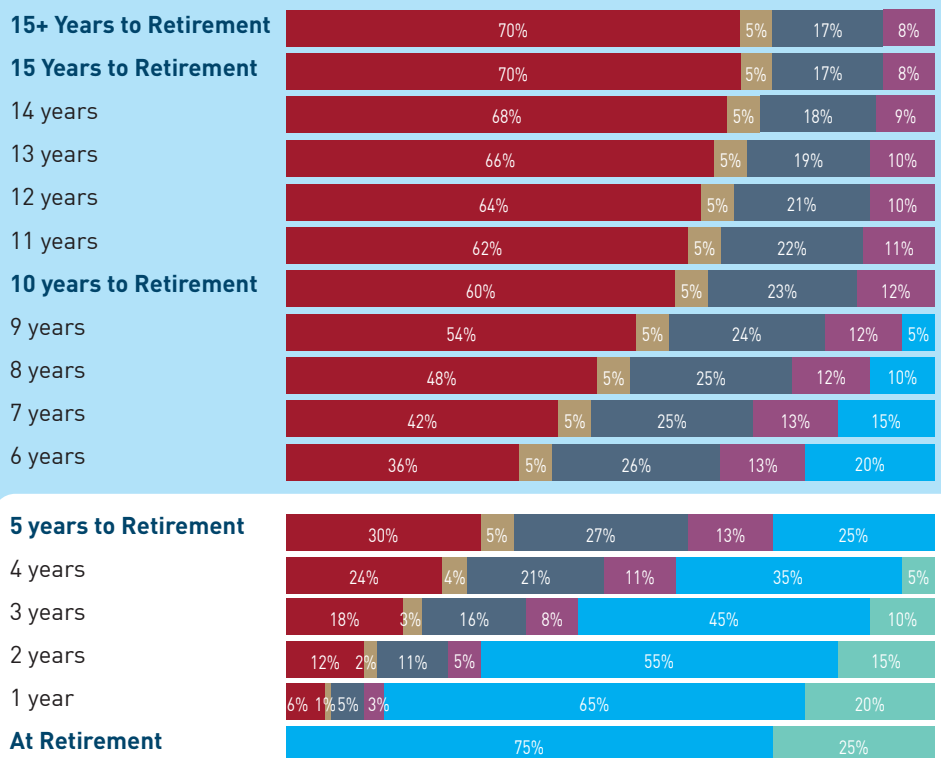
**Warning: The value of your investment may go down as well as up.**  
**Warning: If you invest in this fund you may lose some or all of the money you invest.**  
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# Passive IRIS In Action

Passive IRIS is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement.



The chart below illustrates how the asset mix of the fund automatically changes over the 15 years leading to retirement.



The allocation to each asset class shown above is approximate and may change in the future.



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With 15 years or more to retirement Passive IRIS aims to maximise growth, investing mainly in equities but also in property and bonds. From 15 years to retirement Passive IRIS starts to gradually reduce exposure to riskier assets, decreasing its weighting in equities and increasing its holding in bonds.

Between 10 and 5 years from retirement, equities are replaced by PRIME 3 and an increased holding in bonds.

From 5 years to retirement, the asset mix is tailored to suit pension investors who plan to take an ARF and retirement lump sum at retirement. If you plan to purchase an annuity or take your fund as a cash lump sum at retirement, you should switch to the Passive IRIS Annuity Option or Passive IRIS Lump Sum Option (see page 9)

At retirement Passive IRIS is invested in PRIME 3 and cash.

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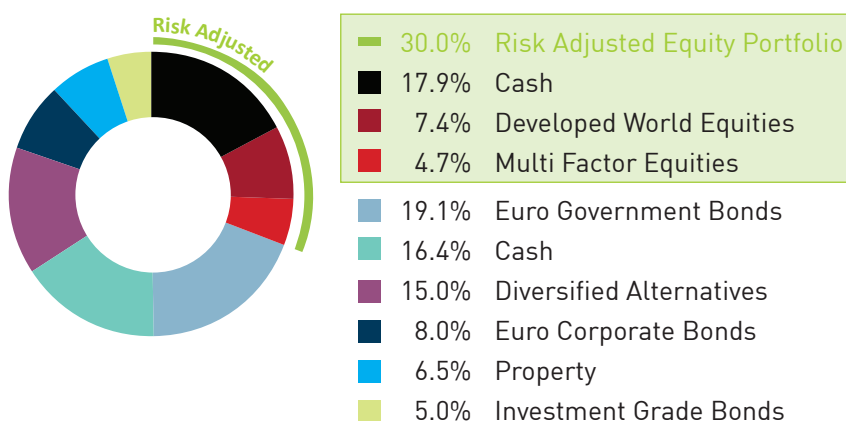
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## A closer look at the asset mix of the New Ireland PRIME 3 Fund

Passive IRIS increases its allocation to the PRIME 3 fund as retirement approaches. PRIME 3 is a diversified fund that invests in a range of predominantly passively managed funds with exposure to the returns of equities, bonds, property and a range of alternative assets. The fund has been designed to reduce the potential impact of equity market volatility on investment returns – smoothing fluctuations and aiming to enhance the potential return to pension investors. More information about PRIME 3 can be found on page 10.

### PRIME 3 Asset Split (as at 30 June 2020)



30 June 2020. Allocations can change over time.

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# Additional Passive IRIS Options

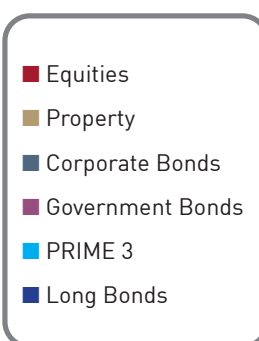
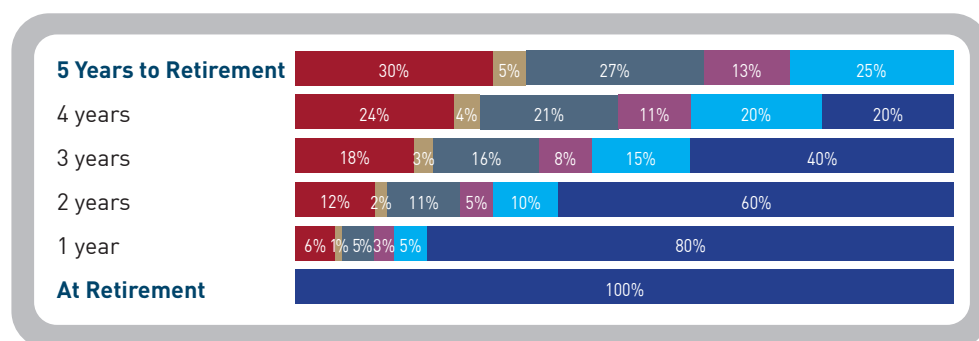
While Passive IRIS is aimed primarily at pension investors who want to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) at retirement, additional Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum at retirement are also available. The asset mix of these options will differ to the asset mix of the Passive IRIS default option **only in the five years before your retirement year**. Information on these options is included below.

## Passive IRIS Annuity Option

The Passive IRIS Annuity Option is aimed at pension investors who plan to use their retirement fund to purchase an annuity at retirement. Five years from your retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to purchase an annuity at retirement.



ANNUITY OPTION

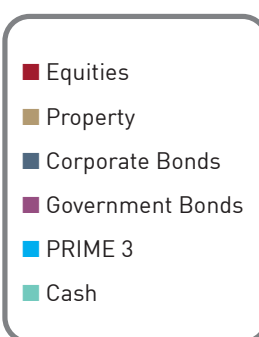
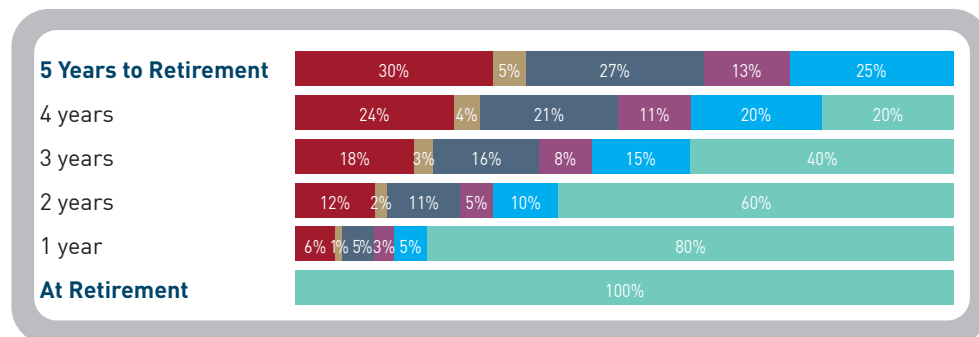


## Passive IRIS Lump Sum Option

The Passive IRIS Lump Sum Option is aimed at pension investors who plan to use their retirement fund to take a cash lump sum at retirement. Five years from your retirement year the asset mix starts to be tailored specifically to suit pension investors who plan to take a cash lump sum.



LUMP SUM OPTION



We will remind you of these options as you approach retirement. While the asset mix of the options above will differ to the Passive IRIS default option only in the last five years, you can switch to the Passive IRIS Annuity Option or the Passive IRIS Lump Sum Option at any time by sending a completed fund switch form or written instruction to New Ireland. Talk to your Financial Broker or Advisor for more information.



# Overview of Passive IRIS Asset Classes

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## Equities

Equities are shares in companies listed on stock markets. Passive IRIS aims to track the performance of a leading global index (with 75% currency hedging). Currency hedging provides substantial protection for investors against changes in currency exchange rates.

## Property

Property can include office, retail, industrial and other real estate assets.

Passive IRIS invests in a portfolio of prime commercial properties primarily in Ireland, the UK and mainland Europe.

As a long term investment, property can potentially provide a higher rate of return than lower risk assets and offers diversification from equities.

## Corporate Bonds

Corporate bonds are debts issued by companies and listed on stock exchanges. They typically have short terms and in general they offer less risk than stocks. Passive IRIS aims to track an index of high quality Euro-denominated corporate bonds.

## Government Bonds

Passive IRIS aims to track an index of German, French and Dutch government bonds. However, this bond portfolio may change in the future.

## Cash

Passive IRIS aims to have 25% of the fund in cash at retirement to pay out the retirement lump sum. The cash element of Passive IRIS invests in cash deposits and other money market instruments.

## PRIME 3

PRIME 3 is a diversified fund that invests in a range of passive funds and has some exposure to an actively managed property fund. The fund has exposure to developed world equities, bonds, diversified alternatives, property and cash. The fund has been designed to reduce the potential impact of equity market volatility on investment returns – smoothing fluctuations and aiming to enhance the potential return to pension investors.

**Warning: If you invest in this product you will not have access to your money until your retirement date.**

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# New Ireland Assurance

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Established in 1918, New Ireland Assurance is one of the country's leading life assurance companies and provides a range of innovative pension, investment and protection products. It is a wholly owned subsidiary of Bank of Ireland.

New Ireland is actively involved in the growth and development of the retirement planning market. We pride ourselves on providing exceptional service to our customers throughout their retirement journey.

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# Next Steps

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To find out more about Passive IRIS:



**Talk to your Financial Broker or Advisor**



**01 617 2000<sup>†</sup>**




**fundcentre.newireland.ie**



**www.newireland.ie**

## Up to date information

Price, performance and other fund information is available by clicking on the IRIS button  on our Fund Centre at **fundcentre.newireland.ie**

It is important to note that the lifestyle investment strategy may be reviewed in the future and may change.

<sup>†</sup> Calls may be recorded for service, training, verification and analysis purposes.



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Passive IRIS may hold some assets directly, may invest in other funds that provide exposure to the assets or may invest in other collective investment vehicles, such as MGI Funds plc. Such collective investment vehicles provide exposure to other funds and can enable cost reductions due to size. MGI Funds plc is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities (UCITS).

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July 2020



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