

## Investment Aim

To generate a return reflective of the risk profile of the fund and to incorporate environmental, social and governance goals.



## New Ireland's Risk Rating



**Medium Risk**

## Sustainable Finance Disclosure Classification: Article 8 Fund

Funds which promote environmental or social characteristics (although not exclusively) and which invest in companies that follow good governance practices ("Light Green or Article 8 funds"). Please read the separately available document 'How SSGA assesses the environmental, social and governance ("ESG") profile of issuers'. This is available [here](#) or from your Financial Broker or Advisor.

## Overview

PRIME 4 aims to generate returns reflective of the risk profile of the fund by predominantly investing in a range of passive funds.

### How PRIME 4 Aims To Achieve Returns:

- **Multi-asset approach\*** – PRIME 4 adopts a multi-asset approach and offers investors the potential returns that can come from investing in a range of asset classes. As the market value of these assets can rise and fall over time, the fund aims to deliver a more stable investment journey for investors by managing risk through diversification and use of a dynamic risk adjustment mechanism. By investing in a range of asset classes and reducing exposure to equities when equity market volatility is high, it is hoped to reduce the risk of investment losses that can arise when the market value of assets fall. Environmental, Social and Governance processes are built-in to PRIME 4's equity and bond exposures. The developed market, emerging market and multi-factor equity exposures along with the emerging market and short-dated corporate bond exposures of PRIME 4 incorporate ESG features. See page 2 for more information.
- **Passive investment approach** – this is an investment strategy the fund can adopt that tracks market weighted indices or portfolios rather than relying on a fund manager to make investment decisions. While PRIME 4 is in general a passively managed fund, it is important to note that any exposure in the fund to property and alternatives will predominantly be actively managed.

### A Risk Conscious Solution:

- PRIME 4 has been classified on New Ireland's 7 point risk scale as a medium risk fund.
- Asset class exposure is reflective of the risk profile of the fund.
- An adjustment process is in place to reduce risk during times of high market volatility. Through a dynamic risk adjustment mechanism, exposure to equities is reduced in order to deliver a more stable investment journey.

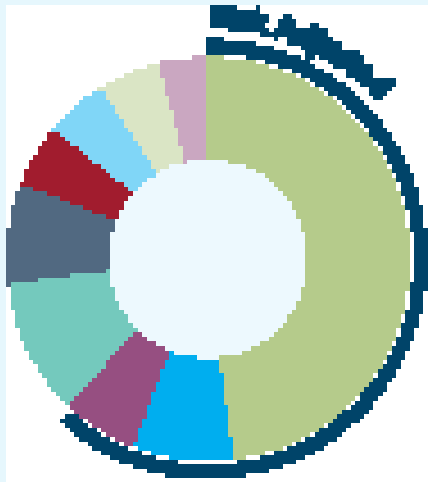
**Dynamic Risk Adjustment Mechanism** – historically, equities have offered the greatest potential for long-term returns. These returns are typically not generated in a straight line – they can go up and down and sometimes dramatically. This rise and fall is referred to as market volatility. Herein lies the risk that comes from investing – the value of assets, and so too the value of customers' investments, can change over time. It is important to understand that to generate return some risk is necessary.

PRIME 4 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 investors. This is achieved through a process that reduces equity exposure and increases the amount invested in cash in times of high equity market volatility.

## How does this work?

1. To achieve its risk goals, PRIME 4 can vary its exposure to equities.
2. If market volatility is high, indicating short and sharp movements and an increased risk of investors losing money, exposure to these equities is reduced.
3. If market volatility is low, indicating the market is steady, exposure to equities is increased.

\* The investment manager may use the equity or bond assets that PRIME 4 has exposure to for the purpose of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within a fund it provides an opportunity to increase the investment return.

**PRIME 4's Strategic Asset Class Exposure**
**PRIME 4**


- 62.0% Risk Adjusted Equity Portfolio
- 48.0% Developed Market Equities
- 8.0% Emerging Market Equities
- 6.0% Multi-Factor Equities
- 11.0% Euro Corporate Bonds
- 8.0% Property
- 5.0% Emerging Market Government Bonds
- 5.0% Inflation Linked Bonds
- 5.0% Diversified Alternatives
- 4.0% Global Small-Cap Equities

Source: New Ireland.

 The splits shown represent PRIME 4's strategic asset class allocations as at May 2022. From time to time, the actual splits will differ on the basis of cash flow and dynamic risk adjustments. Up to date information is available from your Financial Broker or Advisor or from [fundcentre.newireland.ie](http://fundcentre.newireland.ie).

**Details of the SSGA passive funds that PRIME 4 invests in are below:**

Asset Class	SSGA Passive Fund
Equity Exposure	<p><b>State Street World ESG Index Equity Fund</b> – aims to track the performance of the MSCI World ESG Universal Index as closely as reasonably possible over the long-term. The MSCI World ESG Universal Index adjusts a stock's weight in the MSCI World Index based on its ESG Rating and its ESG ratings trends, i.e whether it is improving or worsening from an ESG perspective. Additionally, SSGA screens out stocks based on an assessment of their adherence to international norms in relation to environmental protection, human rights, labour standards, anti corruption and controversial weapons.</p> <p><b>State Street Global Emerging Markets ESG Screened Index Equity Fund</b> – aims to provide investors with exposure to a diversified portfolio of emerging market equities, diversified across regions, industry sectors and stocks. The fund also applies ESG tilting and exclusions as explained on page 4.</p> <p><b>SPDR® MSCI World Small-cap UCITS ETF</b> – aims to track the performance of small sized companies in developed equity markets globally.</p> <p><b>State Street Multi-Factor Global ESG Equity Fund</b> – aims to deliver returns in excess of the MSCI World cap-weighted equity index. The fund invests in a diversified portfolio of six equity factors, including Low Valuation, High Quality, Low Volatility and Environmental, Social and Governance (ESG).</p>
Bond Exposure	<p><b>SPDR Bloomberg SASB 0-3 Year Euro Corporate ESG UCITS ETF</b> – this fund aims to track the performance of short-term (0-3 years) corporate bonds and applies exclusions and tilting. The fund also applies ESG tilting and exclusions as explained on page 4.</p> <p><b>State Street Emerging Markets ESG Local Currency Government Bond Index Fund</b> – The fund also applies ESG tilting and exclusions as explained on page 4.</p> <p><b>Inflation Linked Bonds</b> – the fund aims to track the performance of the Bloomberg Barclays Euro Govt Inflation Linked Bond HICP-Only A or better.</p>
Property Exposure	<p>PRIME 4 invests in the <b>New Ireland Property Fund</b>. This fund aims to generate long term returns from a combination of rental and income growth by investing in a portfolio of prime commercial properties. Properties will be primarily located in Ireland, the UK and Europe. The Property Fund also holds cash.</p>

Warning: The value of your investment may go down as well as up.  
 Warning: Past performance is not a reliable guide to future performance.  
 Warning: This fund may be affected by changes in currency exchange rates.  
 Warning: If you invest in this fund you may lose some or all of the money you invest.

Asset Class	SSGA Passive Fund	
Alternatives Exposure	PRIME 4 aims to capture the performance of alternatives through an alternatives fund. The fund invests in alternatives including emerging market bonds, infrastructure and commodities such as oil and gas.	<b>State Street IUT Diversified Alternatives Fund</b> – provides exposure to a broad range of alternative asset classes to support diversification and reduce the overall volatility of returns within funds.
Cash Exposure	PRIME 4 will aim to capture cash-like returns.	<b>State Street IUT Euro Ultra Short Bond Fund</b> – provides exposure to a range of top quality short-term securities. <b>State Street IUT Euro Liquidity Fund</b> – when exposure to developed and emerging market equities is reduced through the risk adjustment process, exposure to this cash fund rises. This fund aims to maintain a high level of liquidity, preserve capital and earn a return in line with money market rates. New Ireland's Cash Fund also invests in this fund.

The SSGA funds listed above are as at May 2022 but may change over time.

To find out more about how ESG is incorporated into PRIME 4's building blocks, click [here](#) (page 4) for more information. To find out more about our ESG commitment, click [here](#).

**Review of the Underlying Building Blocks** – reviews of all PRIME Funds and the underlying SSGA funds are undertaken regularly; funds and asset classes may be added/removed over time in line with the aim of each PRIME Fund.

### PRIME 4 Summary

- PRIME 4 has exposure to developed market, emerging markets, multi-factor and global small-cap equities, property, euro corporate, inflation linked and emerging market government bonds and cash.
- The exposure to equity markets (excludes global small-cap equities but includes cash) can change as a result of the dynamic risk adjustment mechanism. During times of high market volatility, the exposure to equities can be significantly different from the strategic allocation. For the most up to date information, please click on [Fund Centre](#).
- Exposure to property, alternatives, small-cap equities and bonds is set.

### SSGA – Our Passive Investment Partner

**UN Principles of Responsible Investing (PRI) Rating: A+**  
 (highest rating possible)<sup>†</sup>



SSGA has a proud heritage of passive investing. With over three decades experience, they have provided high quality passive funds that can help lower costs and allow investors to keep more of what their portfolios earn over time.

As one of the world's largest managers of passive assets, SSGA offer a huge selection of funds – covering a multitude of asset classes, markets, regions and underlying providers.

SSGA also manage the New Ireland Property Fund that PRIME 4 has exposure to.

### ESG at SSGA

SSGA's mission is to invest responsibly to enable economic prosperity and social progress. SSGA believe that identifying and systematically incorporating material ESG issues is integral to their role as fiduciaries of investors' capital. As one of the world's largest asset managers, SSGA offer global expertise in ESG research, investment strategy and data analytics.

<sup>†</sup>In 2005, the United Nations established a body that developed the Principles for Responsible Investing ("PRI"). It provides an independent assessment of, and rating of fund managers against Environmental, Social and Governance benchmarks. Rating shown is awarded for Responsible Investment Strategy.

## How PRIME 4 incorporates ESG

The core of PRIME 4's equity and bond building blocks use exclusions, tilting and asset stewardship to promote environmental and social objectives as well as promote good governance.

**Exclusions** are when a fund does not have exposure to certain sectors at all based on environmental or social reasons.

- For instance, the emerging and developed market equity funds that do not invest in controversial weapons or companies that have violated the UN Global Compact; an internationally accepted minimum set of standards relating to the areas of human rights, labour, environment and anti-corruption.
- These exclusions can also be applied to the short duration corporate bond fund that PRIME 4 has exposure to. In addition to the above stated exclusions civilian fire arms, thermal coal extraction and power generation, oil sands extraction, arctic oil and gas exploration and tobacco companies are also excluded.

**Tilting** is an ESG technique that is often used in addition to exclusions. It seeks to maintain the broad characteristics of the underlying index that the fund is tracking (such as country and sector exposures), but rewards higher performing ESG companies with more capital, and allocates less capital to companies with lower ESG scores.

- This approach is applied in the State Street World ESG Index Equity Fund, the State Street Multi-Factor Global ESG Equity Fund, the SPDR Bloomberg SASB 0-3 Year Euro Corporate Bond ESG UCITS ETF and the State Street Emerging Markets ESG Local Currency Government Bond Index Fund.

**Asset stewardship**, or active ownership, as it is often referred to, is a critical ESG tool. As one of the world's largest asset managers SSGA engage, alternatives and companies' board of directors and senior management team on key ESG issues SSGA want them to address. This can range from gender and racial equality, their climate strategy or governance structures.

## Minimum Recommended Investment Period

Investing should be considered over the medium to long-term (at least 5-7 years) so as to reduce the risk of short-term market volatility. However, even long-term investing involves risk as values will fluctuate over time.

## Risk Rating – Medium Risk



At New Ireland we classify our wide range of funds into seven different risk categories to help you better understand the risks to your original investment.

Separately European Union (EU) law requires that a risk indicator be applied to funds if certain products are held (excludes pensions), and it may differ from the New Ireland risk category. The EU indicator is stated in the Fund Information Sheets and can be found on our website at [fundcentre.newireland.ie/#KIDS](http://fundcentre.newireland.ie/#KIDS). Please see the Smart Funds or FutureSave brochure for further details.

New Ireland has rated PRIME 4 a medium risk investment fund. Medium risk funds have the following characteristics:

- They offer the potential for returns in excess of deposits, but do not promise a minimum return at any time.
- They tend to invest in a range of assets, including lower risk assets such as government bonds and investment grade corporate bonds, but are more focused on higher risk assets such as equities, property and alternatives (e.g. commodities).
- Investors' capital is less exposed to market fluctuations than higher risk investments but investors may get back less than they originally invested.

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## Key Fund Risks

**Market risk** (value can fluctuate in line with market movements), **interest rate risk** (returns are sensitive to movements in interest rates) and **currency risk** (exposure to changes in currency exchange rates) are risks that arise from investing in this fund that investors should be aware of.

As the fund has exposure to non-euro assets and this brings additional risk of how changes in currency exchange rates can impact the value of the fund. The investment manager may, from time to time, use derivatives to reduce the foreign currency risk of this fund. For more information on these and other types of risks that may apply, please see our "Investing & Risk" available on our website [here](#) or from your Financial Broker or Advisor.

## Product Availability

PRIME 4 is available to investors through the following New Ireland products:

- Smart Funds
- FutureSave
- Personal Retirement Plan
- Executive Retirement Plan
- Trustee Investment Plan
- Personal Retirement Bond
- Group Pensions
- Approved Retirement Fund (ARF)
- PRSA

## Charges

Charges vary per product type. For details of charges that apply, please refer to the product brochure and talk to your Financial Broker or Advisor.

## Next Steps

To find out more about PRIME 4:



**Fund Centre** 



**Talk to your Financial Broker or Advisor**



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New Ireland reserves the right to review the risk categorisation of its funds at any time.

Terms and conditions apply. Exit tax (up to 41% currently) applies to gains on life assurance investment policies. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy.

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PRIME Funds have been developed solely by New Ireland Assurance, there is no trade connection with the MSCI World Index. MSCI® does not sponsor, advise, recommend, endorse or promote PRIME Funds and has no liability whatsoever to any person arising out of their investment in the PRIME Funds.

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