

FUND OBJECTIVE

To provide above average and growing income along with long term capital growth managed as a euro fund.

INVESTMENT COMMENTARY

Global Economy/Market outlook

The year 2024 demonstrated on-going resilience and renewed optimism in global financial markets, following the inflationary challenges of 2022/2023. Rate hikes by Central Banks have managed to dampen inflation in recent quarters back towards target levels, although services price inflation remains elevated in many regions. With economies proving more resilient than envisaged and a rate easing cycle having commenced in Europe, UK and the US, the International Monetary Fund (IMF) expects growth of 3.3% in both 2025 and 2026 after growing by a predicted 3.2% in 2024.

The US economy reaffirmed its position as a global growth engine in the year, posting robust real GDP growth of 3.1% in the third quarter of 2024. This resilience was fueled by strong consumer spending, a healthy labour market, and resilient corporate earnings.

In Europe the economic situation has been somewhat weaker with the manufacturing sector in particular struggling led by declines in Germany and France the two largest economies and also evident in declining business confidence over the period. Political instability following the collapse of both Governments and German snap elections due in February is also a headwind with possible increased volatility in the Eurozone.

We anticipate that the European Central Bank will bring interest rates down to 2.0% in 2025 (from 3.25% in October). Lower interest rates may create some opportunities in more indebted sectors like telecoms, and in areas that are sensitive to interest rates. We look for a wider breadth of returns across more sectors of the market and on a wider geographic basis in the year ahead but are cognisant of the impact that tariffs may have on global trade following the election of Trump as President and an associated increased risk for European stocks (albeit they trade at attractive relative valuations). Meanwhile just two rate cuts are now projected by the Federal Reserve in 2025 due to stickier inflation and additional stimulus in the form of Government spending.

Equity Markets

Developed market equities led the charge in 2024, with the MSCI All Country World Index delivering an impressive total return of 17.5% (USD), driven primarily by the robust performance of the United States and the dramatic rise of mega-cap technology stocks centered around artificial intelligence (AI). With the US Dollar strengthening significantly over the year these returns were even more impressive for Euro investors at 25.6%. This headline number masks the variation in returns and the concentration amongst Technology stocks. By way of example the "Magnificent Seven" collectively gained 67% in 2024 and now account for 35% of the S&P 500's market capitalisation.

Income and value stocks underperformed with the MSCI High Yield Index providing a still impressive but more modest 15.4% total return (in Euro). The portfolio is significantly underweight US equity and Technology stocks relative to the benchmark, primarily due to the income objective which tends to tilt the portfolio towards European equities where dividend yields are higher. While underperforming US stocks, European equities still delivered a respectable 9.6% (Stoxx 600), supported by sectoral trends such as the green energy transition, defence spending, and a resurgence in travel and technology. Alternatives also held up well giving a gain of +9.7% for the year under review as capital was returned to investors following some disposals of underlying investments.

The stronger than expected economic data and a tick up in US inflation has tapered rate cut expectations somewhat. This along with uncertainty of tariffs and potential inflationary stimulus led to a slight pullback in markets in the final weeks of the year but overall remained very strong.

Bond Markets

Whilst at a global level fixed-income markets struggled, with global investment-grade bonds returning -1.7% (USD) amid rising yields and a stronger US dollar, European Fixed income managed to outperform with the Fixed income benchmark (ML Euro Broad Market) returning 2.6% for 2024.

Central banks worldwide grappled with monetary policy normalisation, leading to divergent regional economic trajectories but on the whole peripheral European bonds outperformed core markets, benefiting from expectations of future rate cuts by the European Central Bank. The exposure of the portfolio to investment grade credit and high yield also helped offset some of the equity underperformance and the fixed income portfolio outperformed its benchmark by 280 basis points or 2.8%. The Fixed income manager reduced exposure to High Yield during the year and added to higher grade credit (including Sovereigns). A watchful eye is on tariff exposed sectors whilst seeking opportunities in sectors of the market that may benefit from deregulation or mergers & acquisitions.

Two legacy bond positions were exited at a premium to carrying value over the year improving the liquidity profile of the Fund. Proceeds were largely reinvested into real assets with external managers following approval by the investment Committee.

PERFORMANCE

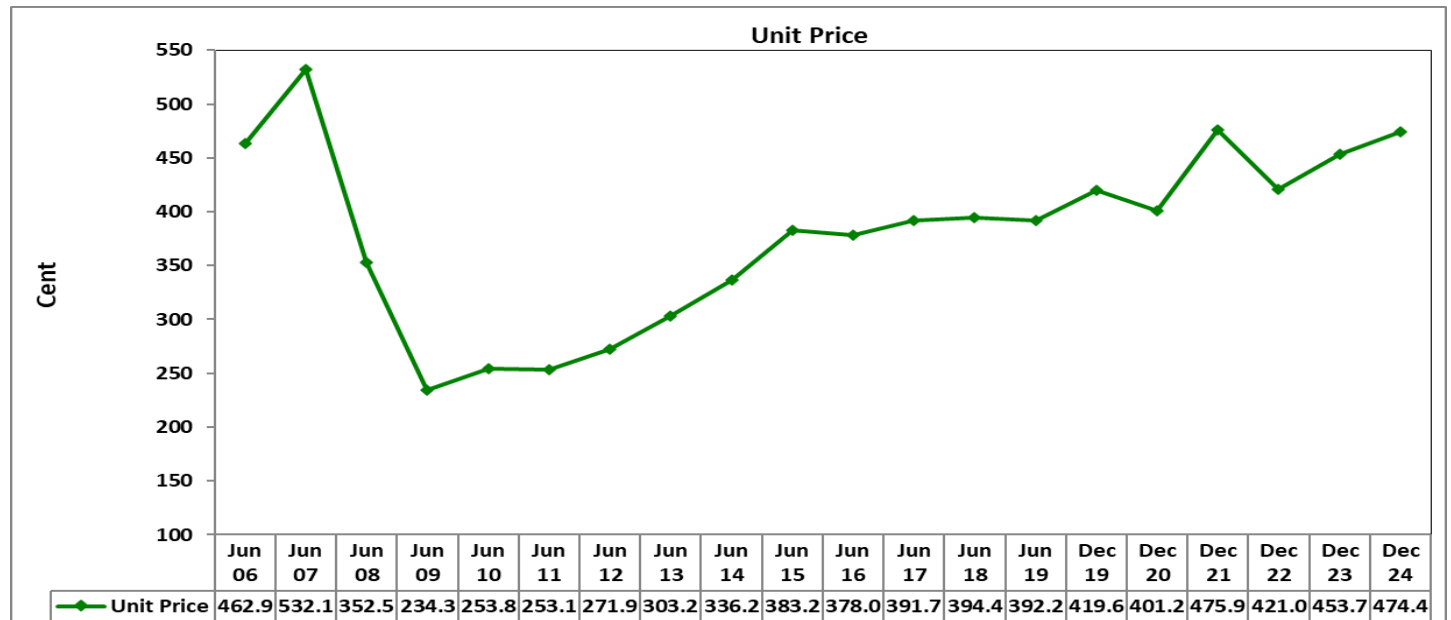
Annualised total returns (capital plus income) %			
Fund	1 year	3 years	5 years
<i>RB General Unit Trust (RI)</i>	8.1	3.7	6.0
RCB Benchmark*	9.2	3.2	5.8
RB General Unit Trust (RI) Capital	4.5	-0.1	2.5
ROI Inflation (CPI)	1.4	4.7	3.7

** Benchmark from 1 January 2022: Equities 70%, Bonds 30% (40% Stoxx Europe 600, 30% MSCI World High Dvd Yield € net, 30% ML Euro broad market).*

In 2024, the Fund had a total return (capital and income) of 8.1% slightly behind the benchmark at 9.2%. Outperformance on the Fixed Income side helped as did an underweight position in energy. The Investment Committee, as part of its oversight and supervisory duties, monitors the various Fund managers' performance against the fund's objectives and Benchmarks.

THE RB GENERAL UNIT TRUST (REPUBLIC OF IRELAND)
INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

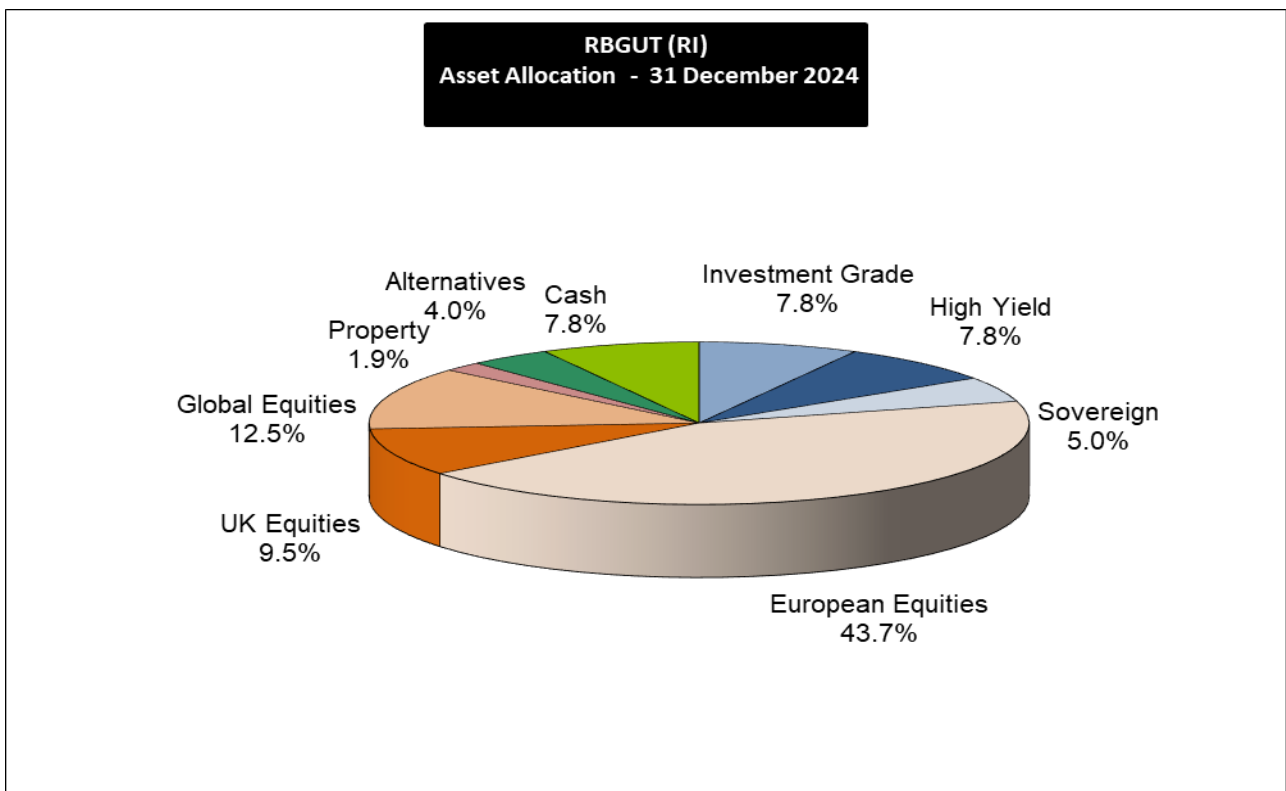
The historic price of a unit is detailed in the below chart:



TRUST ASSET COMPOSITION

The market value of the investments, including the value of the capital deposit account was €288.21m.

The investment profile in terms of distribution of the assets (by value) at 31 December 2024 is displayed in the following chart:



INCOME DISTRIBUTION TO UNIT HOLDERS

The June distribution was increased to 7.8 cent (from 7.3 cent per unit in 2023) with the December distribution was unchanged at 5.2 cent, resulting in a total distribution for the year of 13.0 cent per unit.

The Trust has a dividend reserve policy that targets a level of 2% of Fund value. The Dividend Equalisation Reserve (DER) will not be allowed to exceed 4% of Fund value and at least 80% of net income in any individual year will be distributed to unit holders. A healthy reserve aids the management of a stable and sustainable distribution going forward.

Based on the value of a unit at 31 December 2024 of €4.74, and a full year distribution of 13.0 cent, the distribution yield was 2.74%. (The comparative figures for 31 December 2023 showed a yield of 2.75% based on a unit value then of €4.53 and a full year distribution of 12.5 cent). During the year there was a transfer of €0.71m to the Dividend Equalisation Reserve resulting in a DER of €7.65m or 2.7% of the net asset value of the fund.

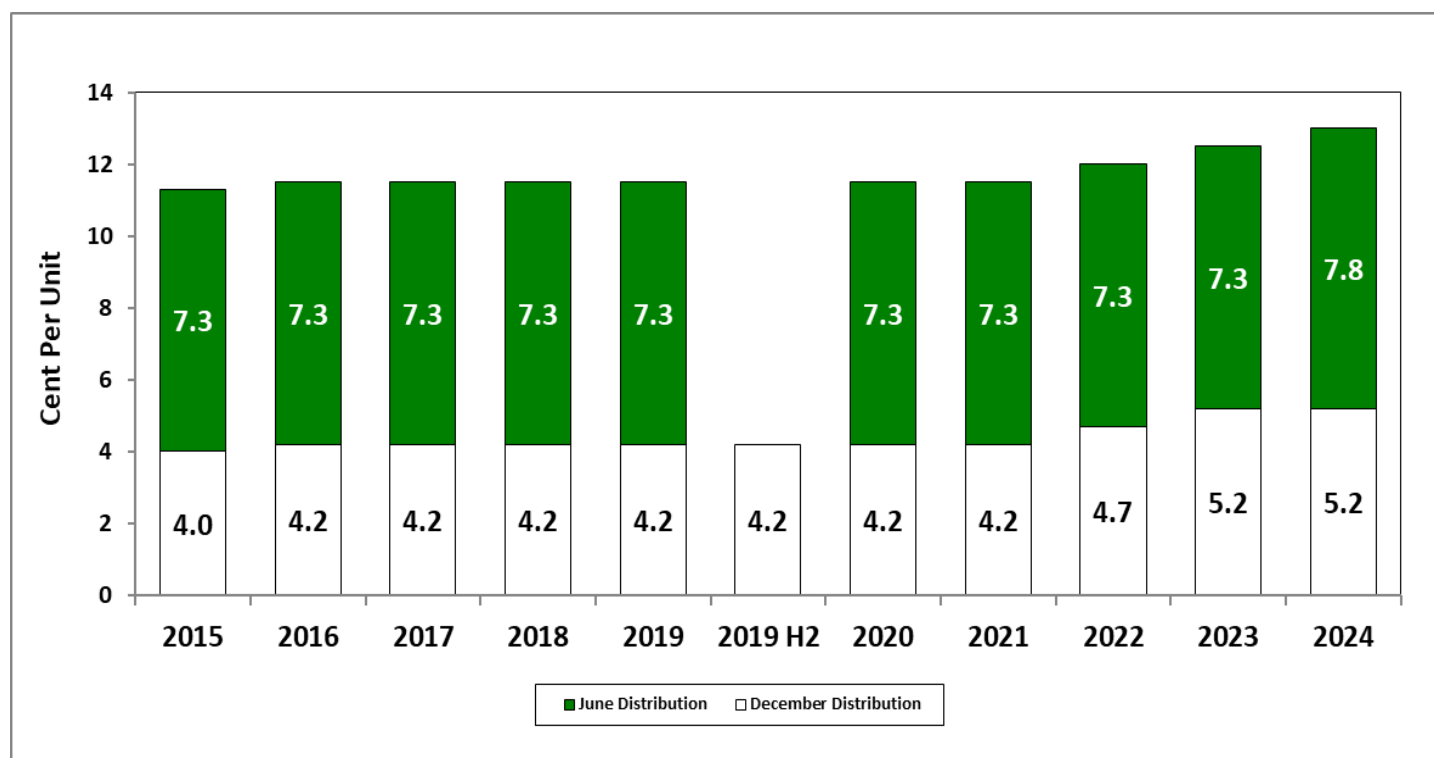
There were net inputs of €3.1m to the Fund for the year to 31 December 2024, reflecting new cash of €3.9m from unitholders less redemptions of €0.8m.

Environmental and Social Governance (ESG)

In the reporting period, the Investment Committee monitored and carried out an assessment of exposure to ESG risk. All Fund Managers are compliant with the RCB's ESG Investment policy and restrictions. A copy of the ESG investment policy can be found on our website [here](#).

Income Distributions (2015 – 2024) - Financial Year-End 31 December 2024

(Financial Year-End June 30th up to June 2019, six-month period to end December 2019, full year to 31st December thereafter)



OUTLOOK

The US is expected to sustain healthy growth in 2025, with real GDP forecasted at 2.5%. Inflationary pressures are easing, and the labour market remains stable. Analysts anticipate continued stock market gains, with corporate earnings looking reasonably stable.

Policy changes, including tariffs, tax policy, and the regulatory environment, should have almost as much impact on the rest of the world as they will for the US. As the year progresses, international opportunities are likely to present themselves: European stocks may face some tariff-related uncertainty amid a slowing economy but valuations are not overly demanding. In China, domestic stimulus measures should offset any slowdown brought on by changes to trade policies and alongside this the US should continue to hold up well as deregulation and tax cuts lend support to markets.

Whilst Artificial intelligence will remain a defining theme, transitioning from an initial surge to a foundational technology we expect there will be clearer differentiation between leaders and laggards within the sector. A broader market participation across sectors which began in late Q2 is expected to continue, potentially creating a healthier investment landscape and hopefully will see some rotation in favour of quality income stocks and growth at a reasonable price.

With two consecutive very strong years across equity markets and the US in particular, and a longer term extended bull market rally we remain slightly cautious. Diversification across and within asset classes remains important albeit the corporate earnings outlook remains relatively robust.

Ability to react quickly and to be selective in terms of stock-picking will be important to navigating markets in the coming year. The Investment Committee is confident that its appointed Fund Managers have the flexibility and expertise to navigate market volatility and seek out opportunities in the year ahead.

In-house Investment team
The Representative Church Body
February 2025