



Ireland Strategic Investment Fund
Quarterly Performance and Portfolio Update
At 31 December 2014

1. Fund Overview

The Ireland Strategic Investment Fund (ISIF) was established on 22 December 2014 with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.

The assets of the National Pensions Reserve Fund (NPRF) became assets of the ISIF on the ISIF's establishment (except for assets governed by foreign law which remain NPRF assets until their transfer).

For the purposes of this report, the performance and asset analysis are based on a combination of both funds.

The Discretionary Portfolio (the Fund excluding the public policy investments in Allied Irish Banks and Bank of Ireland) was valued at €7.2 billion as at 31 December 2014.¹

The Directed Portfolio (public policy investments in Allied Irish Banks and Bank of Ireland made at the direction of the Minister for Finance) was valued at €15.0 billion at 31 December 2014.

The Total Fund size at 31 December 2014 was €22.2 billion.

Fund at 31 December 2014	€bn	% Fund
Discretionary Portfolio	7.2	32.3%
Directed Portfolio	15.0	67.7%
Total Fund	22.2	100.0%

¹ Figures in this statement have been updated since the NTMA press release at 8 January 2015 and are preliminary and unaudited.

2. Fund Performance

The combined Discretionary Portfolio of the NPRF up to 21 December 2014 and the ISIF from 22 December 2014 onwards earned a preliminary return of +0.5 per cent in the fourth quarter of 2014 and +4.8 per cent year to date. From the NPRF's inception in April 2001 to the 21 December 2014, the Discretionary Portfolio delivered an annualised return of +4.0 per cent per annum.

Performance	30 Sep 2014 to 31 Dec 2014	31 Dec 2013 to 31 Dec 2014
Discretionary Portfolio	+0.5%	+4.8%
Directed Portfolio	+12.5%	+15.0%
Total Fund	+8.3%	+11.5%

3. Sub Portfolios

(a) Discretionary Portfolio

The Discretionary Portfolio Asset Allocation as at 31 December 2014 is set out below:

Asset Class	Value (€m)	% of Discretionary Portfolio
Large Cap Equities	1,281	17.9%
Small Cap Equities	239	3.3%
Emerging Markets Equities	255	3.6%
Total Quoted Equities	1,775	24.8%
Value of Equity Put Options	31	0.4%
Inflation Linked Bonds	148	2.1%
Corporate Bonds	1,378	19.2%
Cash & Cash Equivalents	2,403	33.6%
Total Financial Assets	3,929	54.9%
Private Equity	234	3.3%
Property	244	3.4%
Commodities	307	4.3%
Infrastructure	369	5.2%
Absolute Return Funds	274	3.8%
Total Alternative Assets	1,428	19.9%
TOTAL DISCRETIONARY PORTFOLIO	7,162	100.0%

The ISIF and 3rd party commitments as at 31 December 2014 to investments aligned with the ISIF mandate are set out below:

31/12/2014	ISIF Committed Capital (€m)	3rd Party Capital (€m)	Total Project Size (€m)	Multiple of Total Project Size to ISIF Commitment
SME Equity Fund - Carlyle Cardinal	125	167	292	2.3x
SME Credit Fund - BlueBay	200	250	450	2.3x
West Summit "China Ireland" Funds ¹	72	36	72	1.0x
Innovation Fund Ireland	125	125	250	2.0x
Local Venture Capital Funds	116	460	576	5.0x
Silicon Valley Bank ²	36	72	72	2.0x
Irish Water	300	-	300	1.0x
Irish Infrastructure Fund	250	67	317	1.3x
Forestry	30	187	217	7.2x
PPP N11	18	165	165	9.1x
PPP School Bundle 3	14	121	121	8.6x
Covanta project	44	456	500	11.4x
WLR Cardinal CRE Mezz	75	195	270	3.6x
Committed to Date	1,406	2,301	3,602	2.6x

Notes:

1. €36m was committed to the China Ireland Fund and €36m to the WestSummit Global Technology fund
2. ISIF's €36m commitment to a global fund secured a €72m SVB investment in Ireland

(b) Directed Portfolio

The Directed Portfolio consists of public policy investments in Allied Irish Banks and Bank of Ireland that were undertaken on foot of directions from the Minister for Finance. At 31 December 2014 the Directed Portfolio comprised ordinary shares in Allied Irish Banks valued at €0.0137 (1.37 cents) per share and in Bank of Ireland valued at market price and preference shares in Allied Irish Banks (valued at €1.30 per share). It also includes the cash proceeds from the sale and redemption of the Fund's holding of Bank of Ireland preference shares in December 2013.

Since 2009 the Fund has invested €20.7 billion in preference shares and ordinary shares in the two banks, comprising Bank of Ireland €4.7 billion (where the Fund's shareholding is 13.9 per cent) and Allied Irish Banks €16.0 billion (where the Fund's shareholding is 99.8 per cent).

The Fund to date has received a total of €4.2 billion in cash from its Bank of Ireland investment – comprising preference share dividends, the redemption of preference shares and repurchase of warrants by the Bank and the sale of ordinary and preference shares to private investors.

At 31 December 2014 the Directed Portfolio was valued at €15.0 billion.