



Ireland Strategic Investment Fund
Quarterly Performance and Portfolio Update
At 30 September 2016

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 Discretionary Portfolio was valued at €8.1 billion as at 30 September 2016.¹

The Directed Portfolio (public policy investments in Allied Irish Banks, Bank of Ireland and the Strategic Banking Corporation of Ireland made at the direction of the Minister for Finance) was valued at €13.3 billion at 30 September 2016.

The Total Fund size at 30 September 2016 was €21.4 billion.

Fund at 30 September 2016	€bn	% Fund
Discretionary Portfolio	8.1	38%
Directed Portfolio	13.3	62%
Total Fund	21.4	100.0%

¹ Figures in this statement are preliminary and unaudited.

2. Fund Performance

The Discretionary Portfolio earned a preliminary year to date return of +2.5% and has generated an annualised return of +2.2% since inception on 22 December 2014.

Performance	31 December 2015 to 30 September 2016	22 December 2014 to 30 September 2016 *
Discretionary Portfolio	+2.5%	+2.2% p.a.
Directed Portfolio	-5.0%	+7.6% p.a.

*Returns for periods greater than one year are calculated on an annualized basis

3. Asset Allocation

(a) Discretionary Portfolio

The Discretionary Portfolio Asset Allocation as at 30 September 2016 is set out below:

30/09/2016		
Asset Allocation	Value in €m	Fund Weight
Quoted Equity	760	9%
Bonds and Debt	3,514	44%
Cash and Cash Investments	857	11%
Total Financial Assets	4,371	54%
Private Equity	437	5%
Real Estate	209	3%
Commodities	33	0%
Infrastructure	194	2%
Absolute Return Funds	2,049	25%
Total Alternative Assets	2,921	36%
Discretionary Portfolio	8,052	100%

Irish Portfolio

The ISIF and 3rd party commitments as at 30 September 2016 to investments aligned with the ISIF mandate are set out below:

30/09/2016	Total ISIF Commitment (€m)
Water	450
Infrastructure	361
Energy	79
SME	355
Food & Agriculture	75
Real Estate	475
Venture Funds	449
Direct Equity	109
Big Idea/Innovation	0
Other	92
Total	2,445

The ISIF's €2.4bn has unlocked third party capital to generate a total investment commitment of €6.4bn in Ireland.

€1.3bn of the fund's Irish commitments have been drawn by investee entities as of 30 September 2016.

Global Portfolio

The breakdown of the Global Portfolio by manager is set out below:

Managers	Mandates	Market Value €m	Discretionary Portfolio %
Goldman Sachs Asset Management	Multi-Asset	1,539	19%
J.P. Morgan Asset Management	Multi-Asset	1,229	15%
Irish Life Investment Managers	Multi-Asset	812	10%
Amundi Asset Management	Fixed Income	710	9%
Deutsche Asset Management	Fixed Income	352	4%
BlackRock Investment Management (UK) Limited	Fixed Income	317	4%
Muzinich & Co.	Fixed Income	228	3%
Acadian Asset Management	Equity	239	3%
Generation Investment Management	Equity	163	2%
Blackstone Alternative Asset Management	Absolute Return	226	3%
AQR Capital Management	Absolute Return	200	2%
Bridgewater Associates	Absolute Return	196	2%
Global Real Estate Funds	Real Estate	150	2%
Cash	N/A	202	3%
Sundry	N/A	200	2%
Total		6,763	84%

(b) Directed Portfolio

The Directed Portfolio consists of public policy investments in Allied Irish Banks, Bank of Ireland and the Strategic Banking Corporation of Ireland (“SBCI”) that were undertaken on foot of directions from the Minister for Finance.

At 30 September 2016 the Directed Portfolio comprised;

- (i) ordinary shares in Allied Irish Banks valued at €4.51 per share, based on an external valuation as of 31 December 2015.
- (ii) ordinary shares in Bank of Ireland valued at the market price of €0.19 per share,
- (iii) a €25m loan to the SBCI, and
- (iv) €215m in cash, committed for lending to the SBCI.

Since 2009 the Fund has invested €20.7 billion in preference shares and ordinary shares in 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 99.9 per cent.

The Fund to date has received a total of €6.4 billion in cash from its directed investments comprising (i) in respect of Bank of Ireland - preference share dividends, redemption of preference shares and repurchase of warrants by the Bank and the sale of ordinary and preference shares to private investors, totalling €4.2 billion; and (ii) in respect of Allied Irish Banks - preference share dividends and redemption of preference shares totalling €2.2 billion.

At 30 September 2016 the Directed Portfolio was valued at €13.3 billion. This consisted of an investment value in Allied Irish Banks of €12.2 billion and in Bank of Ireland of €0.8 billion, a €25 million loan to the SBCI together with cash €0.2 billion.

Category	Investment value at 30 September 2016 (€bn)
Allied Irish Banks*	12.2
Bank of Ireland	0.8
SBCI	0.0
Cash and Equivalent	0.2
Total	13.3

*The Allied Irish Banks shares were independently valued as of 31st December 2015.