



Ireland Strategic Investment Fund
Quarterly Performance and Portfolio Update
At 31 March 2017

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 31 March 2017.¹

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 €12.6 billion at 31 March 2017².

The Total Fund size at 31 March 2017 was €20.7 billion.

| Fund at 31 March 2017 | €bn | % Fund |
|------------------------------|-------------|---------------|
| Discretionary Portfolio | 8.1 | 39% |
| Directed Portfolio | 12.6 | 61% |
| Total Fund | 20.7 | 100% |

¹ Figures in this statement are preliminary and unaudited. Total may not add due to rounding.

² The Allied Irish Banks shares were independently and provisionally valued in January 2017 based on the estimated financial position of the bank, using publicly available information as at 31 December 2016. This provisional valuation is subject to revision and a final valuation as at 31 December 2016 will be included in the NTMA Annual Report for 2016, which is expected to be published during June 2017.

2. Fund Performance

The Discretionary Portfolio earned a preliminary year to date return of +0.6% and has generated an annualised return of +2.1% since inception on 22 December 2014.

| Performance | 31 December 2016 to 31 March 2017 | 22 December 2014 to 31 March 2017 * |
|-------------------------|--------------------------------------|--|
| Discretionary Portfolio | +0.6% | +2.1% p.a. |
| Directed Portfolio | 0.0% | +4.0% 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 31 March 2017 is set out below:

| 31/03/2017 | | |
|---------------------------------|----------------|---------------------------|
| Asset Allocation | Market Value€m | Discretionary Portfolio % |
| Quoted Equities | 820 | 10% |
| Fixed Income | 3,581 | 44% |
| Cash & Cash Equivalents | 578 | 7% |
| Total Financial Assets | 4,159 | 51% |
| Private Equity | 524 | 6% |
| Property | 270 | 3% |
| Forestry | 41 | 1% |
| Infrastructure | 322 | 4% |
| Absolute Return | 1,980 | 24% |
| Total Alternative Assets | 3,137 | 39% |
| TOTAL | 8,117 | |

Irish Portfolio

The ISIF and third party commitments as at 31 March 2017 to investments aligned with the ISIF mandate are set out below:

| 31/03/2017 | Total ISIF Commitment (€m) |
|----------------------|-----------------------------------|
| Water | 450 |
| Infrastructure | 361 |
| Energy | 155 |
| SME | 385 |
| Food & Agriculture | 120 |
| Real Estate | 502 |
| Venture Funds | 504 |
| Direct Equity | 133 |
| Big Idea/ Innovation | 12 |
| Other | 142 |
| Total | 2,764 |

The ISIF's €2.8bn has unlocked third party capital to generate an estimated total investment commitment of €8.1bn in Ireland. €1.5bn of the Fund's Irish commitments have been drawn by investee entities as at 31 March 2017.

Global Portfolio

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

| Managers | Mandates | Market Value €m |
|---|-----------------|------------------------|
| Goldman Sachs Asset Management | Multi-Asset | 1,550 |
| J.P. Morgan Asset Management | Multi-Asset | 1,205 |
| Irish Life Investment Managers | Multi-Asset | 823 |
| Amundi Asset Management | Fixed Income | 632 |
| Deutsche Asset Management | Fixed Income | 258 |
| BlackRock Investment Management | Fixed Income | 318 |
| Muzinich & Co. | Fixed Income | 231 |
| Acadian Asset Management | Equity | 264 |
| Generation Investment Management | Equity | 182 |
| Blackstone Alternative Asset Management | Absolute Return | 247 |
| AQR Capital Management | Absolute Return | 197 |
| Bridgewater Associates | Absolute Return | 231 |
| Global Property (21 legacy managers) | Property | 112 |
| Cash and Financial Asset | N/A | 252 |
| Total | | 6,503 |

(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 31 March 2017 the Directed Portfolio comprised;

- (i) ordinary shares in Allied Irish Banks valued at €4.17 per share*, based on a preliminary external valuation,
- (ii) ordinary shares in Bank of Ireland valued at market price of €0.24 per share and
- (iii) €215m in cash, committed for lending to 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 31 March 2017 the Directed Portfolio was valued at €12.6 billion. This consisted of an investment value in Allied Irish Banks of €11.3 billion and in Bank of Ireland of €1.1 billion, together with cash €0.2 billion.

| Category | Investment value at 31 March 2017 (€bn) |
|---------------------|--|
| Allied Irish Banks* | 11.3 |
| Bank of Ireland | 1.1 |
| Cash and Equivalent | 0.2 |
| Total | 12.6 |

** The Allied Irish Banks shares were independently and provisionally valued in January 2017 based on the estimated financial position of the bank, using publicly available information as at 31 December 2016. This provisional valuation is subject to revision and a final valuation as at 31 December 2016 will be included in the NTMA Annual Report for 2016, which is expected to be published during June 2017.*