



Ireland Strategic Investment Fund
Quarterly Performance and Portfolio Update
At 30 June 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 €8.0 billion as at 30 June 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 June 2016.

The Total Fund size at 30 June 2016 was €21.3 billion.

Fund at 30 June 2016	€bn	% Fund
Discretionary Portfolio	8.0	37.5%
Directed Portfolio	13.3	62.5%
Total Fund	21.3	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 +1.5% and has generated an annualised return of +2.0% since inception on 22 December 2014.

Performance	31 December 2015 to 30 June 2016	22 December 2014 to 30 June 2016 *
Discretionary Portfolio	+1.5%	+2.0% p.a.
Directed Portfolio	-2.9%	+9.0% 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 30 June 2016 is set out below:

30/06/2016		
Asset Allocation	Value €m	Fund Weight
Quoted Equities	974	12%
Fixed Income	3,059	38%
Cash & Cash Equivalents	1,977	25%
Total Financial Assets	5,036	63%
Private Equity	396	5%
Property	237	3%
Commodities & Forestry	103	1%
Infrastructure	149	2%
Absolute Return	1,081	14%
Total Alternative Assets	1,966	25%
Discretionary Portfolio	7,976	100%

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

30/06/2016	Total ISIF Commitment (€m)
Water	450
Infrastructure	339
Energy	79
SME	355
Food & Agriculture	75
Real Estate	475
Venture Funds	447
Direct Equity	86
Big Idea/Innovation	0
Other	92
Total	2,398

The ISIF's €2.4bn has unlocked third party capital of €3.4bn generating a total investment commitment to date of €5.8bn in Ireland.

(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 June 2016 the Directed Portfolio comprised;

- (i) ordinary shares in Allied Irish Banks valued at €4.51 per share
- (ii) ordinary shares in Bank of Ireland valued at the market price of €0.185 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 June 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 June 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 on 31st December 2015.