

Oireachtas Select Committee on Budgetary Oversight

NTMA Presentation

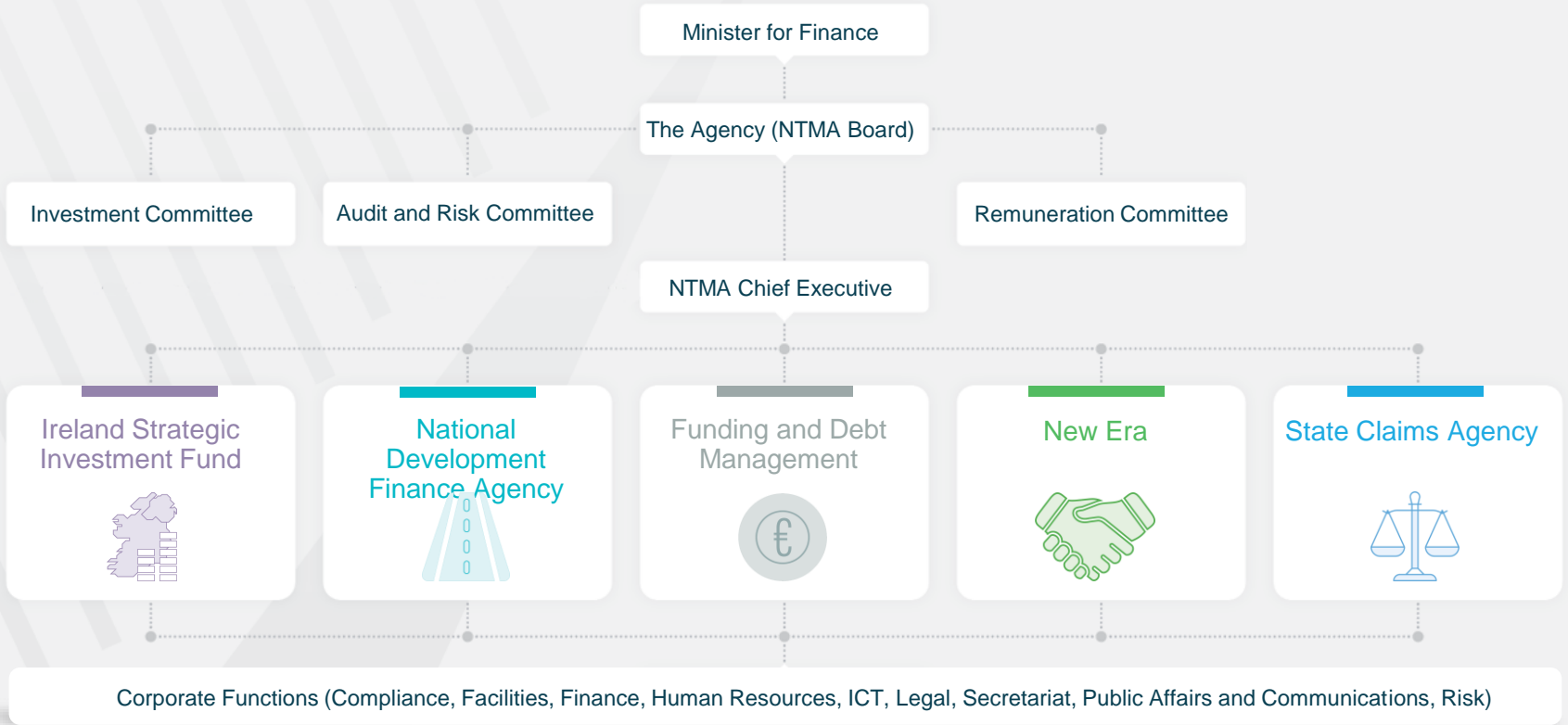
24th May 2023



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

NTMA ORGANISATIONAL STRUCTURE



NPRF – National Pensions Reserve Fund

Established in 2001 under the National Pensions Reserve Fund Act 2000

The NPRF was established for the purpose of meeting as much as possible of the cost to the Exchequer of social welfare pensions and public service pensions to be paid from 2025 until at least 2055 or later.

- Came into operation on 2nd April 2001.
- Given the long-term nature of the Fund, the broad asset allocation at the commencement of the Fund's operations was 80% equities and 20% bonds.
- In order to achieve further diversification and with the aim of exploiting potential sources of additional long-term return without substantially altering the Fund's risk profile, the Fund's investment strategy evolved over time to include small capitalisation equities, corporate bonds, commodities, absolute return funds, private equity, property and infrastructure.

Overview of the Fund

- Independent non executive governing Commission appointed by Minister for Finance
- Investment team established within the NTMA
- Strategic and dynamic asset allocation to efficiently manage changing market dynamics
- Investment Strategy developed and implemented
- High level of transparency to a wide set of stakeholders
- Highly flexible approach to changing mandates, markets regimes and implementation of the Investment Strategy



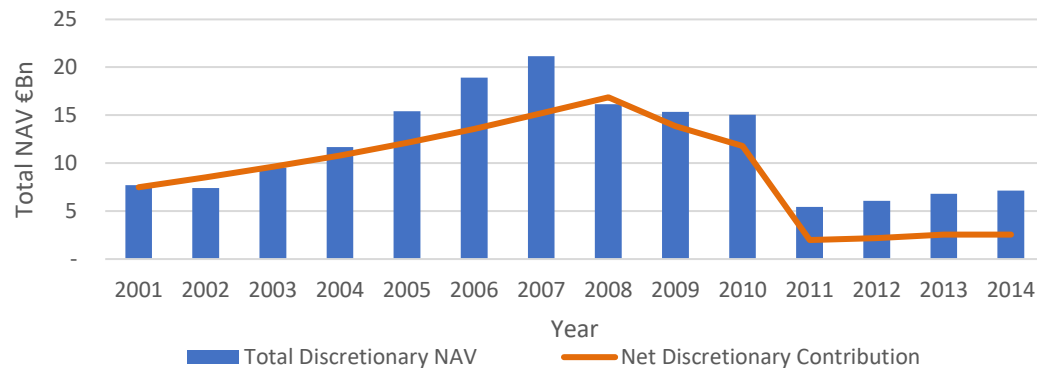
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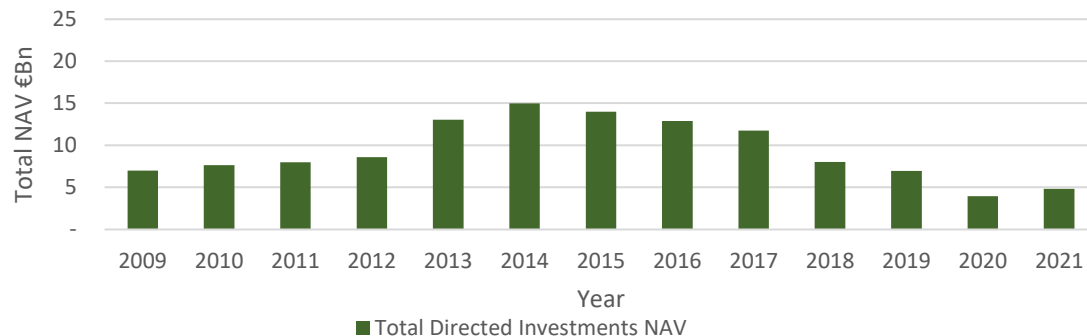
NPRF – National Pensions Reserve Fund

Evolution of NPRF and creation of the Directed Portfolio

NPRF Discretionary Portfolio 2001 - 2014



Directed Portfolio 2009 - 2021



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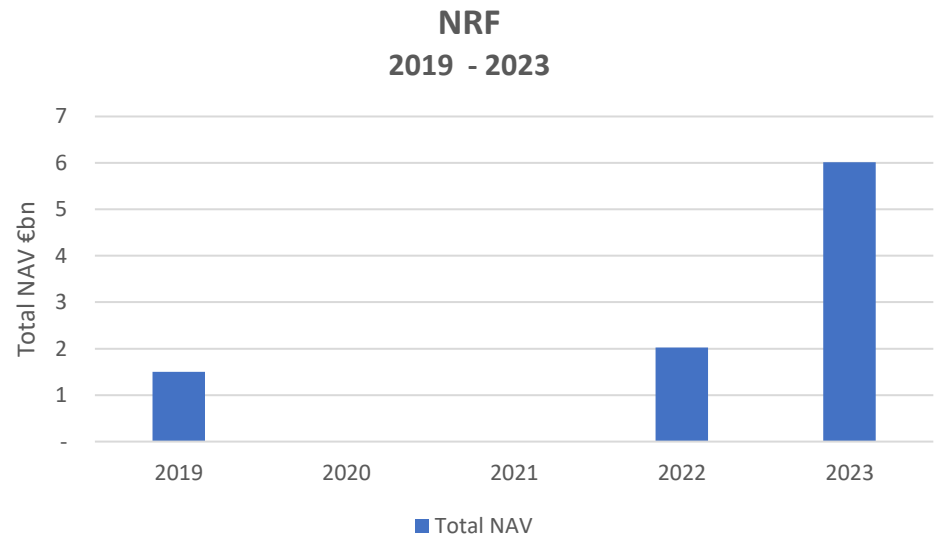
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National Surplus (Exceptional Contingencies) Reserve Fund – National Reserve Fund (NRF)

Established in 2019 under the National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019

The NRF was established as a fund of assets and sums available to be drawn in the event of certain exceptional contingencies.

- NRF to be placed on deposit in financial institutions or invested in fixed income financial instruments/products, which may include Irish sovereign debt. In investing the NRF, regard must be had to the need to conserve, to the extent possible, the full nominal value of the Fund and the rating of the proposed financial institution or issuer of the fixed income instruments/products.
- Under the current Annual Investment Plan the Fund is invested in Irish Exchequer Notes generating a positive return, highly liquid and very low risk.
- Following recent updated guidance regarding the maturity of the portfolio and requirements for liquidity, the NTMA is considering the Annual Investment Plan to potentially allow for a wider mix of assets to match the required duration and provide modest potential yield enhancement while remaining highly liquid and low risk.



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ISIF – Ireland Strategic Investment Fund

Established in 2014, under the NTMA (Amendment) Act 2014



- Statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State
- €9.0bn fund size
- €6.0bn commitments across 175 investments since inception - catalysed a further €9.5bn of co-investment commitments
- €2.1bn accumulated returns since inception







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ISIF – Ireland Strategic Investment Fund

ISIF's Investment Focus - Irish Portfolio (Discretionary)

 Indigenous businesses	 Climate	 Housing and enabling investments	 Food and agriculture
<ul style="list-style-type: none">■ Enhancing the funding environment to support scaling Irish businesses■ Focus on both innovative businesses that can become next Irish “unicorn” and the funding landscape for SMEs and start-ups generally	<ul style="list-style-type: none">■ Invest to position Ireland for a net zero carbon economy■ Multi-strand strategy from infrastructure to technology to assist Ireland in meeting its 2030 climate targets and becoming a net zero carbon economy by 2050■ €1bn commitment to transformational climate action investments	<ul style="list-style-type: none">■ Support the delivery of new homes across a range of dwelling types and tenure■ Enabling regional areas outside of Dublin to drive balanced growth■ €500m commitment in regional investments	<ul style="list-style-type: none">■ Support decarbonisation■ Develop new sectors that leverage Ireland’s natural advantages, IP and industry capability■ Scale Irish companies and sectors to be world leaders

- Across all four of the above areas targets a balanced regional development focus.
- ISIF maintains a Compelling and National theme for situations that require the Fund to adapt to new national priorities (e.g. Brexit and PSRF).



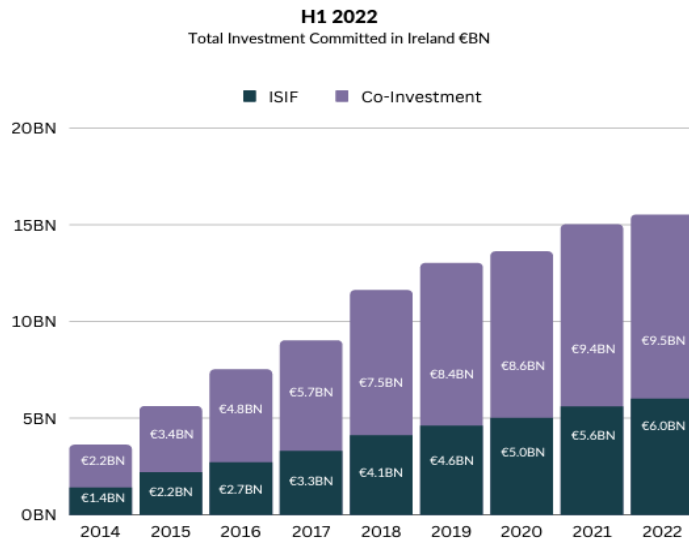
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ISIF – Ireland Strategic Investment Fund

Additional Features

ISIF Commitment to Ireland 2014 – H1 2022



- ISIF set a co-investment target at inception to attract €1m in third-party capital alongside every €1m of capital invested by ISIF.
- By H1 2022, ISIF exceeded this target with a co-investment rate of 1.6.

Pandemic Stabilisation and Recovery Fund (PSRF)

During 2020, the COVID-19 pandemic created significant changes for businesses in Ireland, impacted employment, and caused global disruption and uncertainty.

In response, the Minister for Finance announced the establishment within ISIF of a €2bn Pandemic Stabilisation and Recovery Fund (PSRF) to invest in, and support, medium and large-scale businesses in Ireland impacted by COVID-19.



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