



National Treasury Management Agency

# ***IRELAND STRATEGIC INVESTMENT FUND (ISIF)***

***JULY 2015***

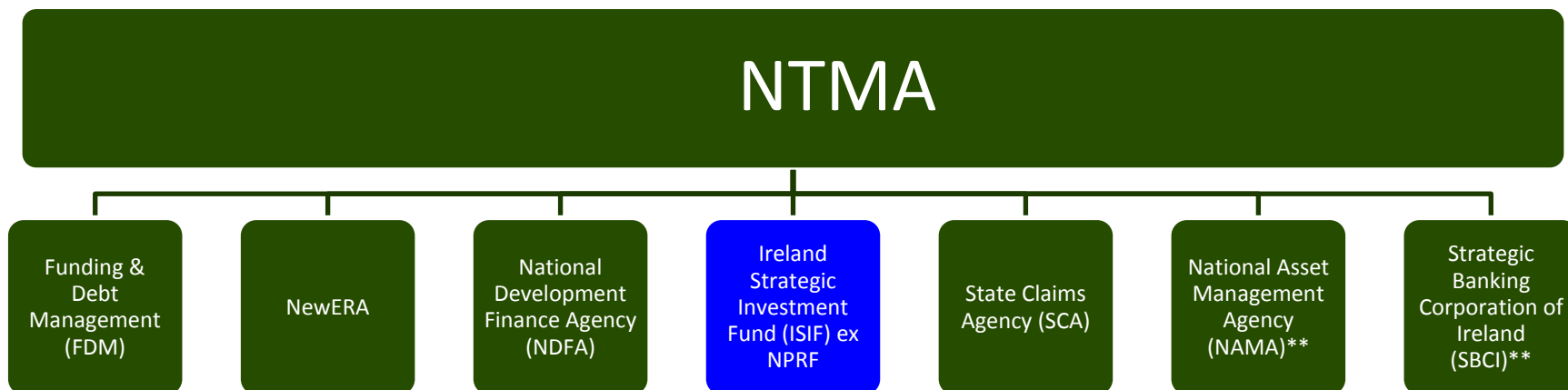
# Agenda

- Who We Are
- Mandate
- Relevance to Marine and Seafood Sector



# National Treasury Management Agency (NTMA)

- NTMA is a ***commercial organisation*** providing a range of specialist financial and risk management services to the Government of Ireland



- **Funding & Debt Management:** Manages State borrowings in sovereign bond markets
- **NewERA:** Co-ordinates State's ownership of certain commercial semi-state firms
- **NDFA:** Manages public private partnership projects, provision of financial advice on large capital expenditure by the State
- **Ireland Strategic Investment Fund (ex National Pensions Reserve Fund): State pension fund,**
  - **focus on strategic investment on commercial basis**
- **SCA:** Manages the State's personal injury and property damage claims
- **NAMA:** Manages large real estate assets and development loans acquired from Irish banks
- **Strategic Banking Corporation of Ireland (SBCI):** Sources low cost long term finance from multilateral finance providers and State resources and channels this to Irish SME borrowers

# NTMA (Amendment) Act, 2014

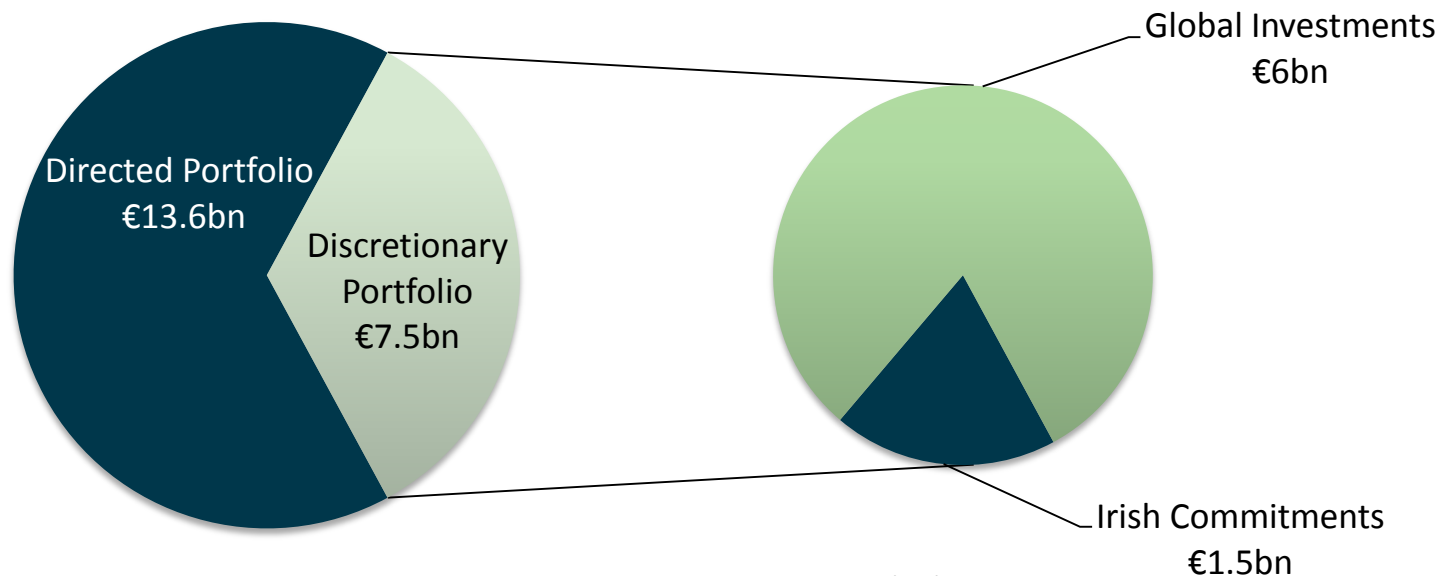
- **Enacted in Summer 2014**
- **Converts National Pensions Reserve Fund into Ireland Strategic Investment Fund**
  - ▶ Dissolution of the National Pensions Reserve Fund Commission
  - ▶ Oversight and Management of the Ireland Strategic Investment Fund passed to a new overarching NTMA Board and its Investment Committee
- **Appointment of NTMA Board completed**
  - ▶ First meeting Dec 22 2014
- **Investment Committee in place**



# ISIF Fund Size and Structure

## Total Fund Size

- €21.1bn as at 31 March 2015
- Directed Portfolio €13.6bn
  - ▶ Public policy investments in AIB and Bank of Ireland, fair valuation basis
- Discretionary Portfolio Size **≈ €7.5bn**



*Note: Figures are preliminary as at 31/03/2015*



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## ***MANDATE***

# ISIF Mandate or Purpose

***“Invest on a commercial basis  
to support economic activity and employment  
in Ireland”***

***Sovereign Wealth Fund***  
***NPRF***



***Sovereign Development Fund***  
***ISIF***



# Where do we think we can Invest..... with Impact?





# Commercial Investment Objectives (2)

## *Investment on a commercial basis subject to risks that are acceptable to the NTMA Board / Investment Committee*

- **Debt and or Equity**

- ▶ Ability to participate in all levels of the capital structure : Equity, Mezzanine Debt, Senior Debt;

- **Tenor**

- ▶ No restrictions on tenor, other than the inherent risk profile of the underlying economics

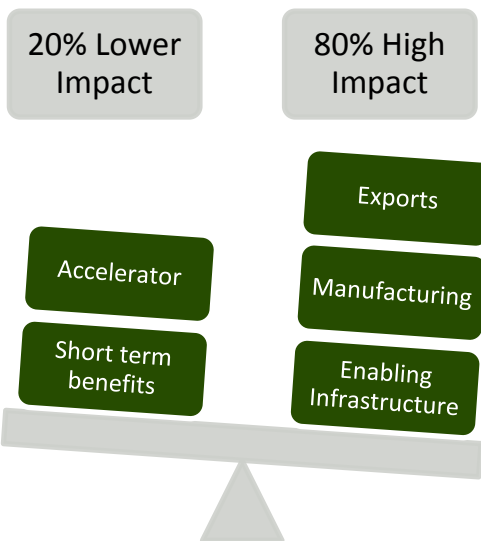
- **Flexibility**

- ▶ No set regulatory or return on capital requirements
- ▶ Ownership / Control not key driver (however, return needs to reflect position in structure)

- **Innovative**

- ▶ Seek new ways to play a role in the market (with a long term horizon as required)
- ▶ Work with public and private sector parties to develop financing solutions

# The ISIF Mandate: Double Bottom Line Economic Impact



## Deadweight

- Benefits would have been achieved without ISIF investment

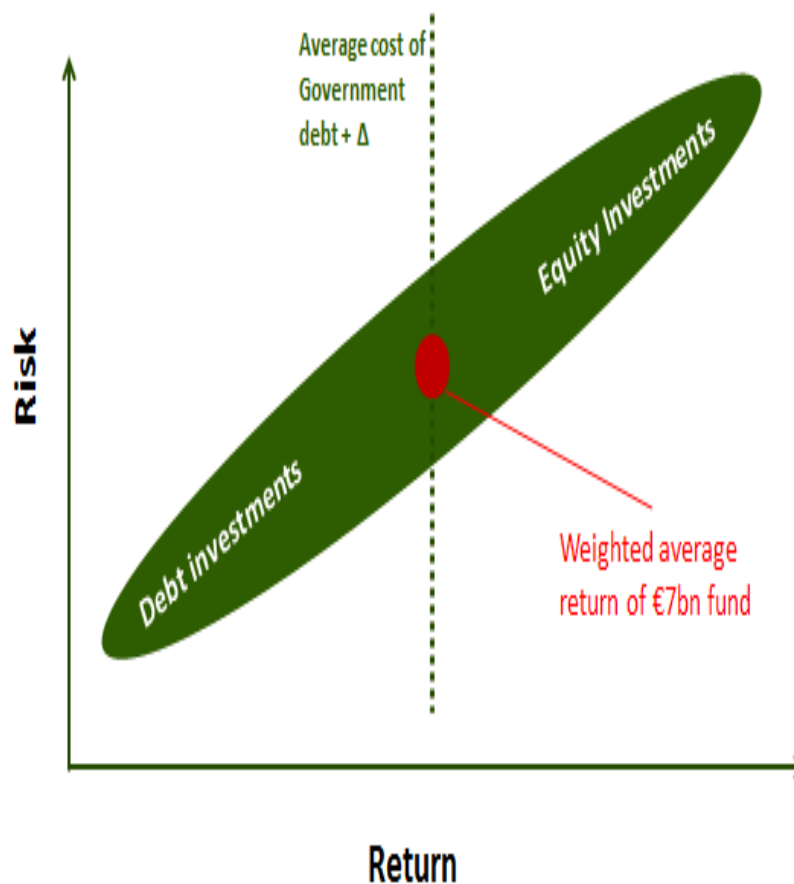
## Displacement

- Benefits achieved at expense of other domestic players

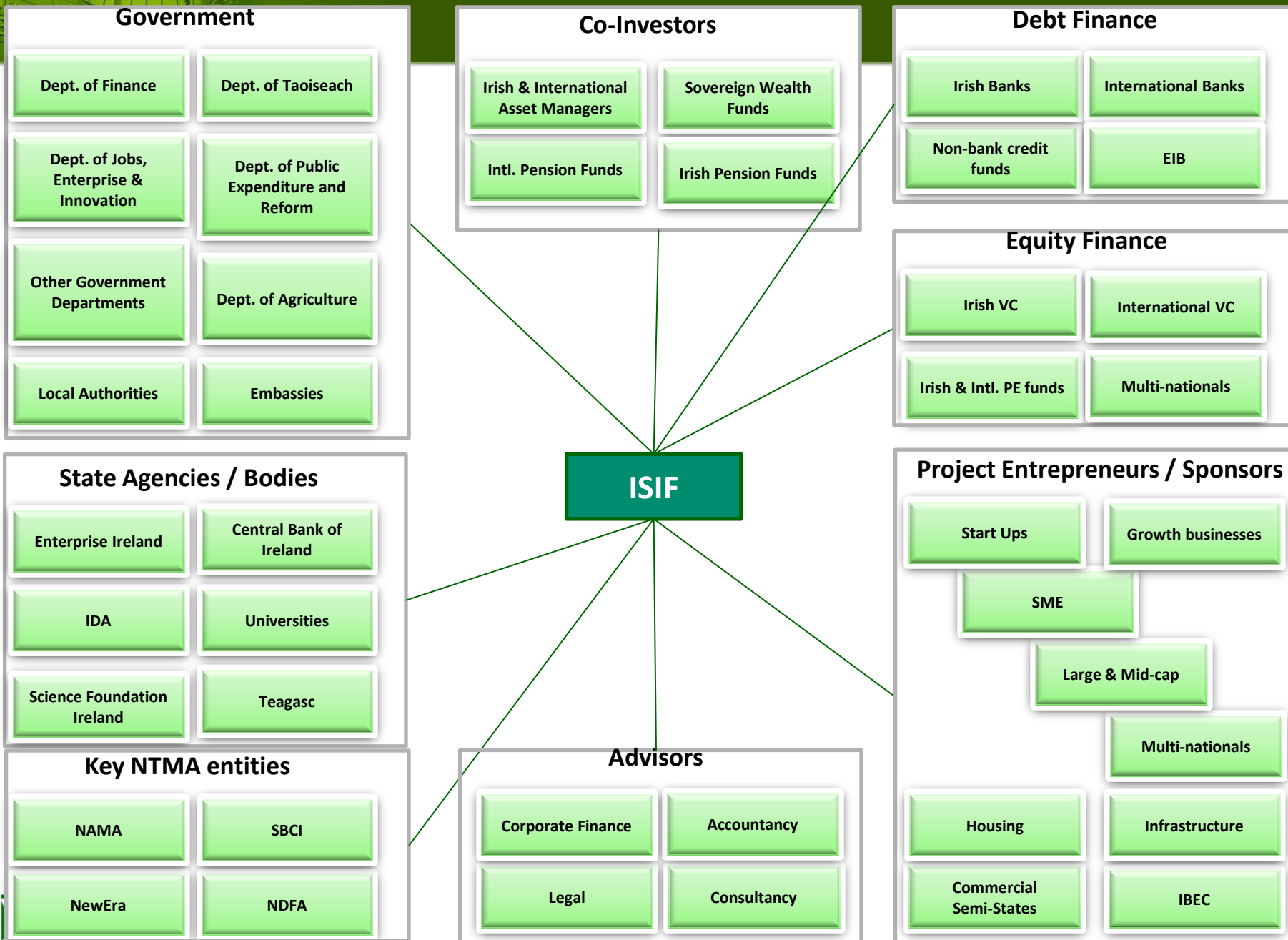
## Additionality

- Benefits would not have been achieved without the ISIF investment

Portfolio approach - combination of low risk & return investments  
AND higher risk & return investments



# ISIF sits at the centre of an extensive and powerful network



# Co-Investment Opportunities

- **Co-investment is a key element of ISIF strategy**
  - ▶ Co-Invest with Industry Partners
- **ISIF can be attractive partner for international investors**
  - ▶ Sovereign fund
  - ▶ Commercial investor
  - ▶ Cornerstone investor, lead role in structuring / implementation / monitoring
  - ▶ Link to key players in Irish business and financial system
    - *Govt Depts, IDA, Enterprise Ireland, SBCI, NewEra & commercial semi-states, NDFA and PPP projects, NAMA, pillar banks, private equity / venture capital community etc*
- **Very strong pipeline at present**



# Deal size and focus for investment

## Investment

- Across the capital structure – debt, mezz or equity

## Deal size

- c.€6bn to invest and recycle over a 4/5 year period
- Deal size not defined
  - Smaller deals may be difficult to execute due to limitation on team bandwidth
    - Smaller opportunities referred to ISIF “fund” investment managers
  - Top end of range – €700m = 10% of ISIF?

## Sector focus

- Sector agnostic
- Key criteria is economic impact

‘Open for business’

- **Commercially Viable projects**
  - ▶ Direct Funding for larger projects
    - Debt or Equity
  
- **Support the creation of funding Structures**
  - ▶ Cofinanced by European funds EIB / EIF etc
    - Leverage structural Funds
    - Creation of tailored financial instruments for sectors / subsectors
  - ▶ Currently developing infrastructure to deliver these programmes

# Contacts

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