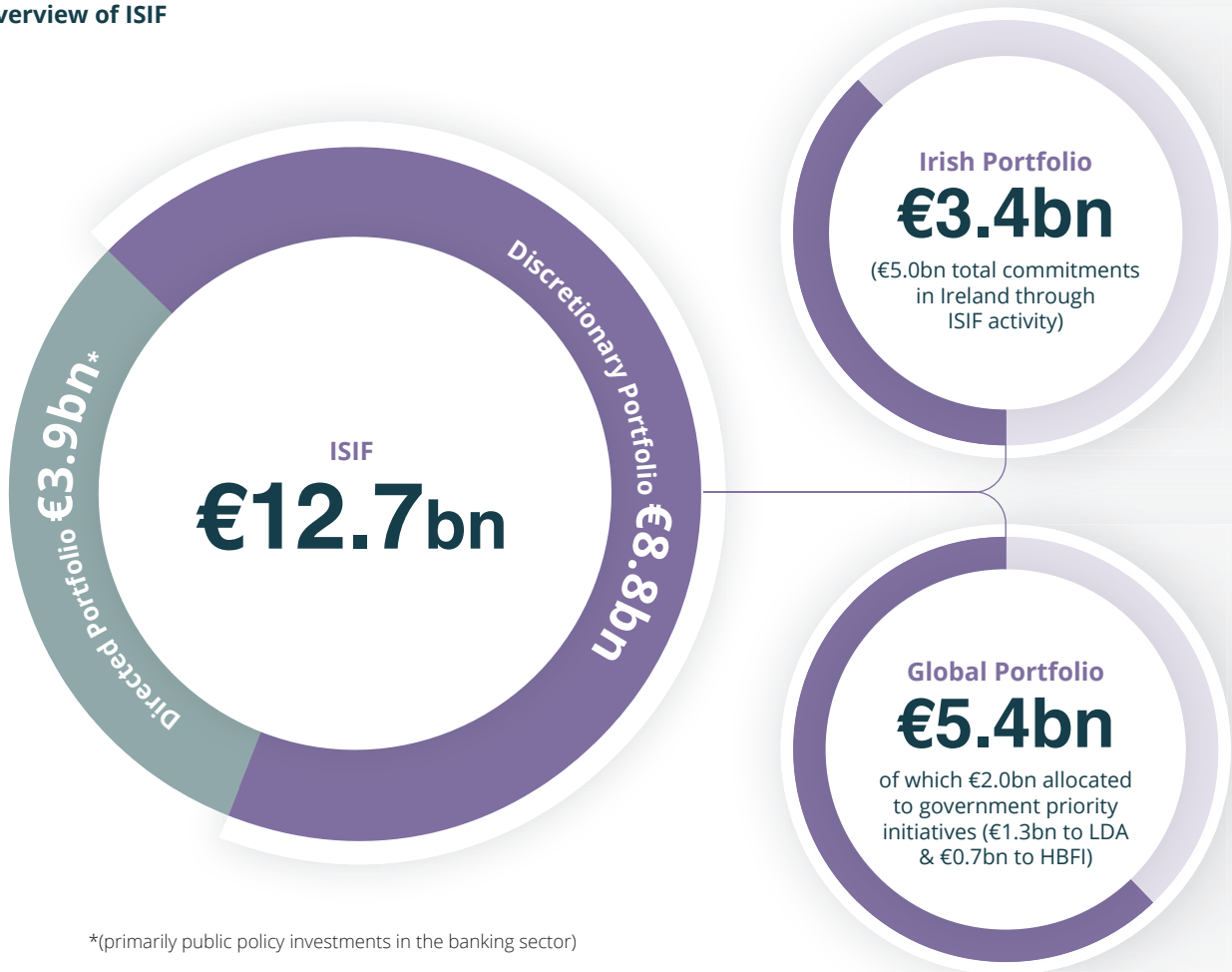


# Ireland Strategic Investment Fund

The NTMA controls and manages the Ireland Strategic Investment Fund (ISIF) which has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.



## Overview of ISIF



\*(primarily public policy investments in the banking sector)



**Economic Impact**

**29,566**

Jobs supported to end-June 2020.



**Investments**

**143**

Commitments across multiple sectors, including 20 during 2020.



**Financial Returns**

**+8.8%**

ISIF investment returns of +8.8% in 2020 with accumulated returns at end-2020 over €1.7bn since inception.

Portfolio	2020 (€m)	since Dec 2014 (€m)
Global	80	605
Irish	633	1,142

## Business Review

### Ireland Strategic Investment Fund (continued)

#### Overview

The Ireland Strategic Investment Fund (ISIF), controlled and managed by the National Treasury Management Agency (NTMA), is a €12.7bn fund. The ISIF is comprised of the Discretionary Portfolio (€8.8bn) and the Directed Portfolio (€3.9bn). The Discretionary Portfolio has a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In December 2014, following the transfer of assets to the ISIF from the National Pensions Reserve Fund (NPRF), ISIF commenced execution of an investment strategy aimed at meeting that mandate. The Fund has since evolved to focus on a number of priority themes such as Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit (ISIF’s 2019 Investment Strategy)<sup>3</sup>. During 2020, the COVID-19 pandemic created significant challenges for businesses in Ireland, and caused unemployment, global disruption and uncertainty. In response to this, in May 2020 the Minister for Finance announced the establishment within ISIF of a €2bn Pandemic Stabilisation and Recovery Fund (PSRF) to invest in medium and large-scale businesses in Ireland impacted by COVID-19.

The Directed Portfolio (primarily public policy investments in AIB and Bank of Ireland) continues to be held within the ISIF under direction from the Minister for Finance.

#### Discretionary Portfolio

The Discretionary Portfolio is comprised of the Irish Portfolio (€3.4bn) and the Global Portfolio (€5.4bn). The Discretionary Portfolio value has grown since inception from €7.1bn to €8.8bn, comprised of investment gains of over €1.7bn, cash injections of €1.5bn (AIB dividends €1.1bn, Bank of Ireland dividends €41m and the sale of the State’s shareholding in Aer Lingus €335m) less transfers to other Government initiatives, including to the National Surplus (Exceptional Contingencies) Reserve Fund (Rainy Day Fund), of €1.5bn.

In 2020, the ISIF investment return was +8.8%, made up of +21.3% on the Irish Portfolio and +1.5% on the Global Portfolio. The Irish Portfolio benefited from broad based gains across asset classes and the Global Portfolio, having been adversely impacted in March 2020, benefitted from strong recoveries across equity, credit and some alternative markets in 2020.

Since inception to end-2020, the ISIF has generated an annualised return of +3.5% per annum, comprising +8.7% per annum from the Irish Portfolio and +1.7% per annum from the Global Portfolio. ISIF’s investment target is to exceed the five-year rolling cost of Government debt (3.0% at end-2020) over the long term. As a long-term patient capital investor, the return on ISIF’s investments will be recognised over an extended period. Nonetheless, ISIF’s portfolio of investments is performing in line with expected financial targets at end-2020 and is expected to exceed the investment target over the long term.

The Irish Portfolio continues to invest in line with its “double bottom line” mandate, to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.

The Irish Portfolio return, comprising +8.7% per annum since inception, is encouraging and reflects investment in instruments right across the capital structure and risk spectrum, with some valuation gains, and some valuation reductions in the higher risk categories, as would be expected.

At the end of June 2020, ISIF investments supported the creation of 29,566 jobs and the generation of €1.4bn turnover from Irish based companies and projects. Further details can be found on page 25.

By design, the Global Portfolio takes a relatively low-risk multi-asset class and multi-strategy investment approach, investing across cash, fixed income, credit, equities, multi-strategy solutions and absolute return mandates through top quality external global asset managers.

The ISIF investment return on the Global Portfolio since inception is +1.7% per annum. This reflects the portfolio’s low risk appetite, defensive drawdown characteristics, as well as its requirement for ongoing liquidity to finance both Irish Portfolio requirements and other Government initiatives throughout a period of negative interest rates.

#### Irish Portfolio

##### Irish Portfolio Mandate

The ISIF’s “double bottom line” mandate makes it one of the few sovereign funds globally which invests to support economic activity and employment, in addition to delivering commercial returns. The ISIF seeks to generate a return over the long term in excess of the cost of Irish Government debt.

ISIF’s 2019 Investment Strategy focused on five Priority Themes of key importance to the Irish economy: Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit. In addition to the Priority Themes, the Connectivity Fund sub-portfolio in the ISIF includes projects that enhance Ireland’s global data, energy and physical connectivity.

During 2020, the COVID-19 pandemic created significant challenges for businesses in Ireland, and caused unemployment, 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.

<sup>3</sup> ISIF’s 2019 Investment Strategy was approved by the NTMA Board in November 2018 and published following consultation with the Minister for Finance and Public Expenditure and Reform on 1 February 2019.

### PSRF Investment Strategy

As a sub-fund of ISIF, the PSRF operates within the existing ISIF statutory “double bottom line” mandate, with a particular investment focus on businesses impacted by the pandemic and those critical to Ireland’s ability to respond to the pandemic. Initially, with the pandemic at its height and businesses in urgent need of capital and support, the investment approach focused on stabilisation – i.e., investing commercially to ensure that medium and large businesses of scale negatively impacted by the COVID-19 crisis, could return to viability and contribute to the recovery of the Irish economy. Investing commercially to support economic recovery and growth more widely is expected to take over as the investment approach as the economy enters an anticipated recovery phase. In this phase, ISIF will continue to invest in companies of scale and those that can contribute significantly to the growth of the Irish economy, with a particular focus on the Priority Themes of Regional Development, Indigenous Businesses, Housing, Climate Change and sectors adversely affected by Brexit.

ISIF has continued to support new indirect investment funds including, in particular, where the funds’ strategies are pandemic-related. As a long-term patient capital investor, ISIF has also continued to support its existing direct and indirect investments including, with additional finance as appropriate, in line with its mandate.

Some flexibility is maintained to take advantage of selective, compelling opportunities of national significance which are consistent with the PSRF strategy or the Priority Themes.

### Irish Portfolio Commitments

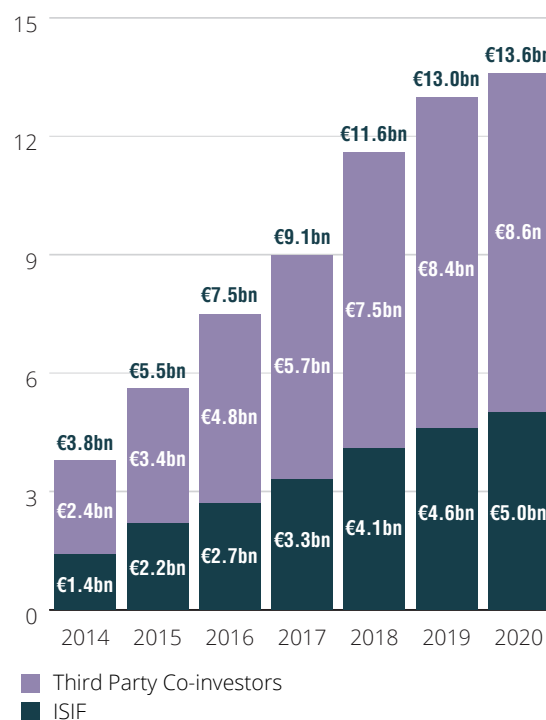
Including investments made by the NPRF, the ISIF committed €5bn at end-2020 to investments consistent with its “double bottom line” investment mandate. Including third-party co-investor commitments, a total of €13.6bn had been committed to investment in Ireland arising from ISIF investments.

The ISIF portfolio is diversified across the regions and many sectors of the economy, and includes investments in infrastructure, energy, housing, commercial real estate, SMEs, food and agriculture, forestry, technology, life sciences, education and international financial services.

ISIF set a co-investment target at inception to attract €1m in third-party capital alongside every €1m of capital invested by ISIF. As at 31 December 2020, ISIF exceeded this target with a co-investment rate of €1.7m alongside every €1m committed by ISIF.

### ISIF Commitments To Ireland 2014-2020

#### Total Investment Committed in Ireland €bn



\*Irish assets transferred in December 2014 from NPRF that were broadly consistent with ISIF mandate.

Figures may not total due to rounding.

## Business Review

### Ireland Strategic Investment Fund (continued)

#### Irish Portfolio: Capital Committed At End-2020

A total of €5.0bn has been committed to Ireland since the Fund's inception in December 2014. €407m was committed by ISIF to 20 separate investments during 2020 (average investment size of €20m).

#### ISIF Irish Investments During 2020

Investment	Description of Investment	Approximate amount €m
<b>Greystones Media Campus Ltd</b>	Equity investment to fund development of a state-of-the-art film and television studio campus in Co. Wicklow.	7
<b>Xant, Inc.</b>	Follow-on investment in Xant, a sales acceleration technology firm.	2
<b>Swrve Mobile, Inc.</b>	Follow-on investment in Swrve, a mobile marketing automation software platform.	2
<b>Frontline EMEA Expansion Fund L.P.</b>	Follow-on investment in Frontline EMEA, a fund focusing on highly rated North American software companies that target markets in Europe and the Middle East.	4
<b>Insight Partners (Cayman) XI, L.P.</b>	Specialist private equity firm that invests in growth-stage technology, software and internet businesses.	9
<b>Foundry Innovation &amp; Research 1 Limited (FIRE1)</b>	Equity investment to enable FIRE1 to broaden and expand its solution to help patients living with heart failure.	8
<b>Development Capital Fund II L.P.</b>	Private equity firm that provides development and growth capital to Irish SMEs which have significant growth opportunities, primarily in export markets.	20
<b>Urban Volt Limited</b>	Leading provider of Lighting-as-a-Service and energy efficiency solutions.	5
<b>Melior Equity Partners II SCSp</b>	Private equity firm focused on investing in high potential Irish businesses.	26
<b>Shamrock Renewable Products Limited</b>	Financing for manufacturer of sustainable heating fuel products.	11
<b>Irish Whiskey Growth Fund</b>	Fund established exclusively to provide capital to Irish whiskey distilleries by way of stock-finance or direct stock-purchasing, supporting the growth of the Irish whiskey sector.	15
<b>Finance Ireland</b>	Specialist lender providing capital to areas not well served by the traditional banking market.	17
<b>Harcourt Venture Fund L.P.</b>	Follow-on investment.	0.1
<b>DAA Finance plc</b>	Participation in DAA bond issuance.	40
<b>StayCity Investments Holdings Limited</b>	Investment to support ongoing operations and future growth of the leading Irish aparthotel company.	30
<b>Motive Capital Fund II-B, L.P.</b>	Specialist private equity firm focused on growth equity and buyout investments in financial technology (FinTech) businesses.	25
<b>MilkFlex II Accordion (follow-on)</b>	Increased commitment to MilkFlex II (Finance Ireland Agri Funding DAC), an agri-loan provider, to fund continued demand for loans from farmers.	16
<b>Aer Lingus Limited</b>	Debt facility to support the liquidity needs of the business.	150
<b>Frontline Ventures Fund III L.P.</b>	Venture capital fund targeted at high potential early-stage software businesses primarily in Ireland and the UK, and selectively in Western Europe.	15
<b>Renatus Capital Partners II L.P.</b>	Private equity firm that provides growth funding to ambitious Irish SMEs.	7
<b>Total</b>		<b>407</b>

Figures may not total due to rounding.

## Irish Portfolio Economic Impact

The ISIF seeks to maximise the economic impact from investments while also ensuring that all investments satisfy its commercial return objectives.

The economic impact and employment supported by ISIF investment differs from traditional Government expenditure. With Government expenditure, public financial resources are depleted as a result of the spending; whereas, with commercial investment, public resources are expected to be returned with a gain at the end of the investment period. Returned investment capital can then be recycled into additional beneficial projects.

In line with the ISIFs "double bottom line" mandate, a key part of the ISIFs due diligence in advance of investment is a comprehensive assessment of the economic impact potential of each transaction.

Typically, economic impact is assessed across the dimensions of additionality, displacement and deadweight.

**Additionality** refers to the additional economic benefits to Gross Value Added (GVA) which are likely to arise as a result of the investment under consideration, over and above what would have taken place anyway.

**Displacement** refers to instances whereby the additionality created from an investment is reduced or made smaller at the overall economy level due to a reduction in such benefits elsewhere in the economy.

**Deadweight** refers to instances whereby the economic benefits created from an investment would have been achieved in any event in the absence of intervention.

Through its investments, the ISIF seeks to deliver positive economic impact through creating additionality, minimising displacement, and avoiding deadweight by complementing (rather than competing with) private sector sources of capital.

As a result of conditions generated during the COVID-19 pandemic, the ISIF (via the PSRF) has sought to deliver positive economic impact in Ireland by investing commercially to enable businesses of scale to sustain themselves in the near-term – irrespective of sector – and to deliver additionality through enabling them to persist and support employment over the medium and longer term.

Post-investment, the ISIF completes a semi-annual survey of all investees to collect economic impact and employment data to enable it to monitor the economic impact progress of all investments. The results of the H1 2020 survey are outlined here.

## ISIF Economic Impact As At June 2020



**2,607**

**Irish based companies/projects** generated combined revenues of €1.4bn, 29% through exports.



**€419m**

**Wages & Salaries** earned in the 6 months to June 2020.



**29,566**

**Jobs** are supported, directly and indirectly, by ISIF investments.



**€616m**

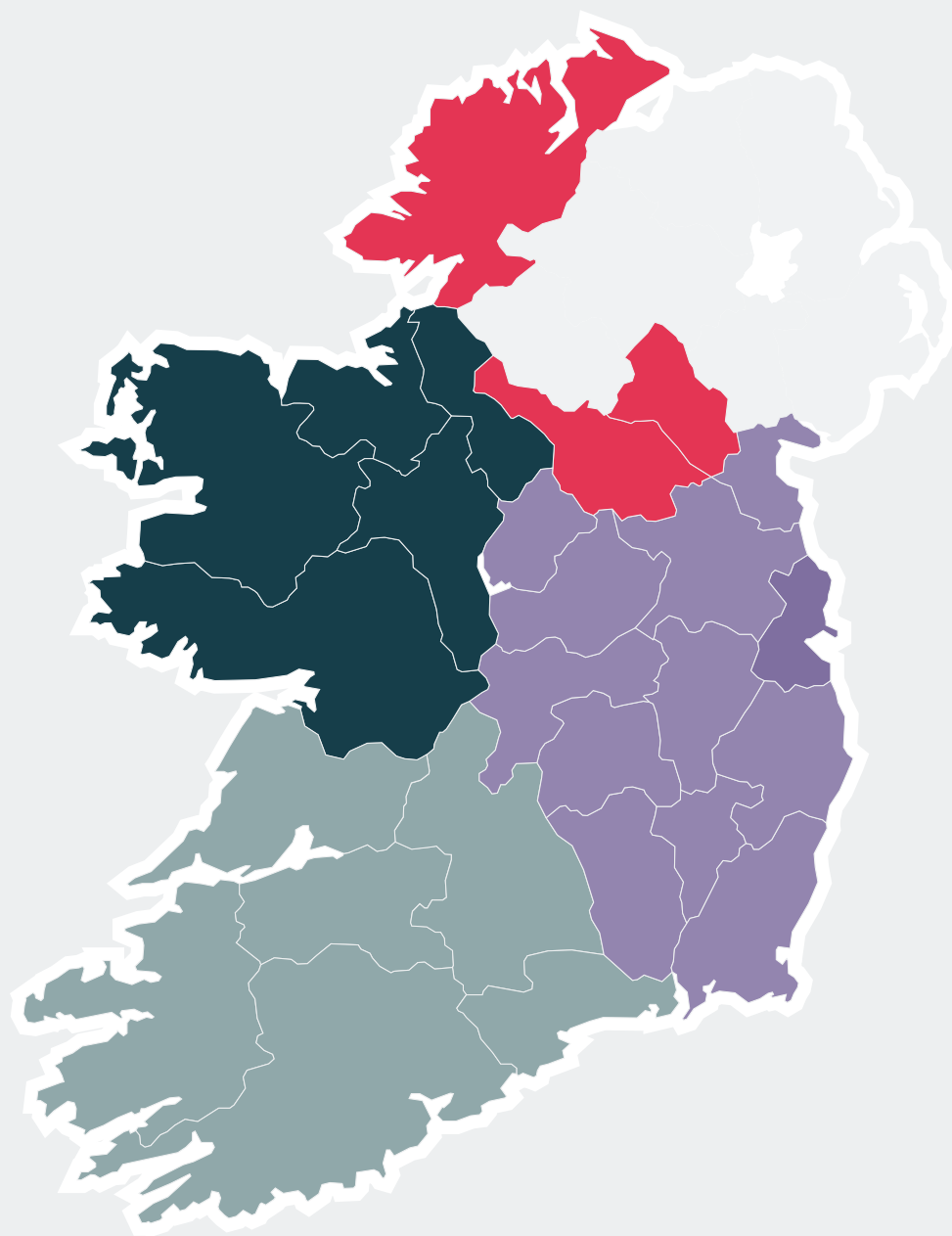
**Gross Value Added (GVA)** to the Irish economy for the 6 months to June 2020.

Reflects detailed survey data for H1 2020. Given the quantum of surveys of investees and underlying investees of indirect investments and the comprehensive analysis completed, finalisation and publication of this economic impact data lags six months.

## Business Review

### Ireland Strategic Investment Fund (continued)

ISIF Regional Economic Impact H1 2020

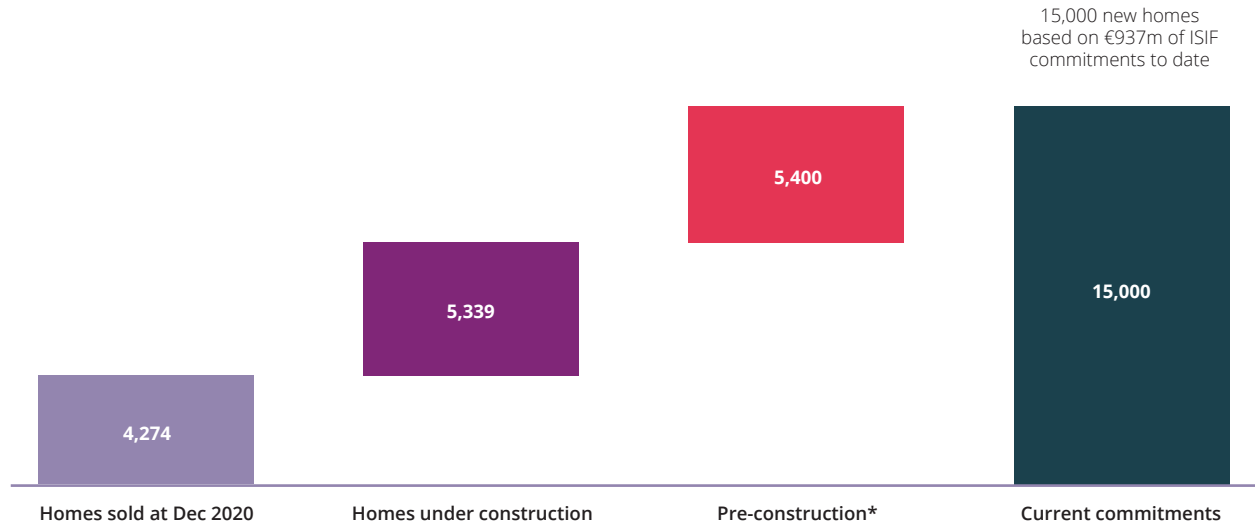


	Ulster	Munster	Connacht	Leinster (Ex Dublin)	Dublin
Jobs	5%	18%	5%	28%	44%
ISIF Capital	2%	21%	7%	12%	58%
GVA	6%	20%	6%	21%	47%
<b>*CSO Regional Split of GVA (2016)</b>	<b>5%</b>	<b>24%</b>	<b>7%</b>	<b>19%</b>	<b>45%</b>

Gross Value Added (GVA) is the enterprise or sector level measure of goods or services produced which, when aggregated across all enterprises and adjusted for taxes and subsidies, equals Gross Domestic Product (GDP).

## Housing

ISIF committed €937m to residential housing, this investment programme is targeting the delivery of 15,000 new homes. By end-2020 4,274 homes sold with an additional 5,339 under construction.



\*Estimate based on 1) sites that have planning permission, but where construction has not commenced; and 2) sites without planning permission.

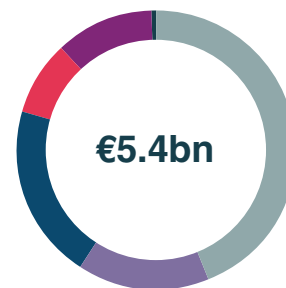
## Global Portfolio

Total value €5.4bn, of which €2.0bn allocated to other Government Priorities (€1.3bn to LDA & €0.7bn to HBFI).

The main objective of the Global Portfolio is to ensure that cash is available to fund existing and future Irish investment commitments and investments as they materialise, both Priority Themed investments and PSRF investments, as well as other directed or expected withdrawals (including in respect of Home Building Finance Ireland (HBFI) and the Land Development Agency (LDA)) and to earn an appropriate risk adjusted return that will assist ISIF's performance with a low risk appetite in the intervening period. The Global Portfolio, with total assets at end-2020 of €5.4bn, accounted for 61% of invested assets of the overall Discretionary Portfolio at December 2020.

By design, the Global Portfolio takes a relatively low-risk multi-asset class and multi-strategy investment approach, investing across cash, fixed income, credit, equities, multi-strategy solutions and absolute return mandates through top quality external global asset managers. The Global Portfolio has, by design, a low sensitivity to equity and credit markets and a high degree of liquidity at all times. The design and structure of the Global Portfolio performed as planned in 2020 with cash and the lower risk strategies helping to weather some of the volatility and drawdown experienced in global markets.

## Global Portfolio Assets At End-2020



Multi-Asset	€2,361m
Credit	€821m
Cash and Financial Assets	€1,096m
Absolute Return	€454m
Equity	€622m
Legacy Global Real Estate and Private Equity	€15m

Figures may not total due to rounding.



## Business Review

### Ireland Strategic Investment Fund (continued)

#### Global Portfolio Managers at End-2020

Manager	Mandate	Market Value €m	Global Portfolio %
Goldman Sachs Asset Management	Multi-Asset	1,672	31
Irish Life Investment Managers	Multi-Asset	690	13
J.P. Morgan Asset Management	Credit	192	4
Amundi Asset Management	Credit	204	4
BlackRock Investment Management	Credit	326	6
Mackay Shields European Investment Management	Credit	99	2
Acadian Asset Management	Equity	332	6
Generation Investment Management	Equity	290	5
Blackstone Alternative Asset Management	Absolute Return	225	4
Bridgewater Associates	Absolute Return	229	4
Global Real Estate Managers*	Real Estate	15	0
NTMA	Cash and Financial Assets	1,096	20
<b>Total</b>		<b>5,370</b>	<b>100</b>

\*Legacy NPRF investments.

Figures may not total due to rounding.

The ISIF's custodian, BNY Mellon, provides custody, accounting, pricing and transaction services to the NTMA. BNY Mellon is responsible for transaction settlement and the custody of the segregated holdings of the ISIF's directly-owned public markets assets.

#### Sustainability and Responsible Investment Strategy 2020

- The Sustainability and Responsible Investment Strategy (S&RIS) 2020 seeks to protect and enhance both the long-term value and reputation of the ISIF. Among other areas of focus, the S&RIS is focused on ensuring that the whole portfolio, Global and Irish, third-party managers, and investee companies consider potential climate risks and opportunities as appropriate and that such risks are appropriately considered as a part of ISIF's decision making and portfolio management.

#### Some of ISIF's S&RI Beliefs and Principles

- The NTMA has a responsibility to actively contribute to the sustainability of the Irish economy for future generations and to encourage others to do the same.
- Responsibly managed companies, those that actively manage Environmental, Social and Governance (ESG) factors, are best-placed to achieve a sustainable

competitive advantage and provide strong, long-term investment returns.

- ISIF is a founding signatory to the Principles of Responsible Investment (PRI), supporter of CDP (formerly the Carbon Disclosure Project) and a recent endorser of the One Planet Sovereign Wealth Funds (OPSWF) initiative.
- ISIF also endorses the Santiago Principles, which sets out best practice standards for accountability and conduct for sovereign wealth funds.

#### Whole of Fund approach to Sustainability and Responsible Investment

The different characteristics of the Irish and Global Portfolios require varied ESG tools and approaches that take portfolio characteristics, time horizons, asset classes and liquidity profiles, together with the size, scale and maturity of investees into consideration.

Key ESG tools include integrated analysis and active ownership.

- Integration: ESG Framework tool to assist in the identification, monitoring and mitigation of material ESG risks across the Irish Portfolio. Throughout its investment decision making processes, the Fund aims to mitigate and manage ESG issues.

- The ISIF has a long history of active ownership and EOS at Federated Hermes provides Active Ownership services for the Global Portfolio. EOS, on ISIF's behalf, engaged with 593 companies on a range of ESG issues and objectives over 2020. EOS made voting recommendations for 18,459 resolutions.
- ISIF uses the services of ISS-ESG to conduct detailed portfolio analytics including carbon footprinting and impact analysis aligned with the UN Sustainable Development Goals (SDGs). Climate Risk assessment is conducted on both an aggregated basis across the Global Portfolio and as part of the monitoring of each of our individual Investment Managers.

### Fossil Fuel Divestment and other exclusions

The Fossil Fuel Divestment Act 2018 provides for the divestment by ISIF from fossil fuel undertakings (effectively, companies that derive more than 20% of their revenues from the exploration, extraction and/or refinement of fossil fuels) within a practicable timeframe.

By year end-2020, ISIF had developed a list of 242 fossil fuel companies in which it will not invest. ISIF continues to monitor any potential exposure within its portfolio. Exiting fossil fuel investments builds on ISIF's existing investment exclusionary strategy in respect of cluster munitions and anti-personnel

mines (which are prohibited investments under the Cluster Munitions and Anti-Personnel Mines Act 2008), coal production and processing, and tobacco manufacturing.

In early 2021, ISIF's exclusion policy was extended to also include direct investment in companies that have been verified to be involved in the manufacture and testing of nuclear weapons or critical component parts thereof.

### Climate Change Investment

Climate change is one of ISIF's five priority investment themes in ISIF's 2019 Investment Strategy. ISIF's Climate Strategy is to make investments that help position Ireland for the net zero carbon economy ("Net Zero") envisaged under the national Climate Action Plan and improve the resilience of the Irish economy as the global market increasingly pivots towards sustainable business practices. The Climate Strategy encompasses investments ranging from sustainable infrastructure to new technologies, and business models that will underpin the transition to Net Zero across each segment of the economy that is heavily reliant on energy and carbon: electricity, transport, buildings, agriculture, and wider enterprise. ISIF has, to date, committed over €300m to projects in Ireland in the renewable energy and forestry space. Investments include:

Investment Name	Description
<b>Gore Street</b>	€30m investment in Gore Street Energy Storage Fund plc, resulting in the world's first listed energy storage company investing in Ireland.
<b>Greencoat Renewables plc</b>	€76m cornerstone investment establishing Ireland's first listed renewable energy infrastructure company via a €270m IPO on the Dublin and London markets. In 2020, ISIF sold down 75% of its holding of Greencoat Renewables via a secondary sale process.
<b>Temporis Aurora L.P.</b>	€50m ISIF cornerstone investment enabling the establishment of Ireland's first dedicated renewable energy development equity fund.
<b>The Foraois Limited Partnership</b>	Investment alongside European Investment Bank in a Dasos-managed fund to support new investment in privately owned forests across Ireland. The investment will support crucial upgrades to Ireland's forestry infrastructure through the consolidation of its management.
<b>NTR Wind 1 L.P.</b>	€35m commitment to a €250m equity fund targeting the construction and operation of onshore wind energy projects.
<b>Urban Volt Limited</b>	€5m direct equity Series A investment in Urban Volt, an innovative business providing energy efficient lighting solutions for corporate enterprises.
<b>Shamrock Renewable Products Limited</b>	Approximately €11m loan to Shamrock Renewables, a manufacturer of carbon neutral fuel products for the domestic consumer.

## Business Review

### Ireland Strategic Investment Fund (continued)

#### Directions from the Minister for Finance

The ISIF has allocated €2.0bn for other Government initiatives; the Land Development Agency (LDA) (€1.25bn), and Home Building Finance Ireland (HBFI) (€730m).

- **Land Development Agency:** On 22 October 2018, the Minister for Finance informed the NTMA in writing of a proposal to allocate a reserve of up to €1.25bn to support the Land Development Agency. No direction has yet been issued to the NTMA in respect of this transfer.
- **Home Building Finance Ireland (HBFI):** On 8 April 2019, the Minister for Finance directed the NTMA to execute a loan facility agreement with Home Building Finance Ireland (Lending) DAC (HBFIL) and to make available a loan facility of up to €730m from the ISIF to HBFIL. Since the establishment of HBFI, €45m in total has been drawn down. Taking into account amounts repaid by HBFIL, the outstanding loan as at end-2020 amounted to €37m.

#### Directed Portfolio

The Directed Portfolio – primarily public policy investments in AIB, Bank of Ireland, Strategic Banking Corporation of Ireland (SBCI) and HBFI – continues to be held within the ISIF under direction from the Minister for Finance. During the financial crisis, a total of €20.7bn was invested by the NPRF in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons. These assets transferred to the ISIF on the establishment of the ISIF.

The figures in this section relate to investments held by the ISIF only and do not include public policy investments in Irish financial institutions made by the Minister for Finance through the Exchequer. At end-2020, the Directed Portfolio comprised:

- Ordinary shares in AIB valued at the market price of €1.68 per share;
- Ordinary shares in Bank of Ireland valued at the market price of €3.30 per share;
- €165m in cash, committed to lending to the Strategic Banking Corporation of Ireland (SBCI); and
- €37m loan to HBFI.

The Directed Portfolio had a valuation of €3.9bn at end-2020. Its return in 2020 was -45%. Arising from the €20.7bn invested in AIB and Bank of Ireland, cash returns on investments to date have amounted to €10.3bn while investment valuations at end-2020 were €3.7bn, bringing the total amount (income and value) to €14.0bn.

#### Directed Portfolio at End-2020

	Cash Invested €bn	Cash Received €bn	End-2019 Value €bn	End-2020 Value €bn	Total (Income & Value) €bn	Shareholding at End-2020 %
<b>Bank of Ireland</b>	4.7	4.2	0.7	0.5	4.7	14
<b>AIB</b>	16.0	6.1	6.0	3.2	9.3	71
<b>Total Bank Investments</b>	20.7	10.3	6.7	3.7	14.0	
<b>HBFI</b>			0.0	0.0		
Cash committed to SBCI			0.2	0.2		
<b>Total Directed Portfolio</b>			6.9	3.9		

Figures may not total due to rounding.

## NATIONAL SURPLUS (EXCEPTIONAL CONTINGENCIES) RESERVE FUND

### Overview

The National Surplus (Reserve Fund for Exceptional Contingencies) Act 2019 (the “Act”) was commenced by Order of the Minister for Finance on 31 October 2019. The National Surplus (Exceptional Contingencies) Reserve Fund (the “Rainy Day Fund”) was established on that date. The Minister for Finance has delegated to the NTMA certain functions of the Minister in relation to the investment of the Rainy Day Fund. On 7 November 2019, the Minister directed the NTMA to transfer assets of a value of €1.5bn from the ISIF to the Rainy Day Fund. This transfer was made on 15 November 2019, having been funded by the liquidation of various Global Portfolio assets which had been held in cash like instruments within the ISIF’s Global Portfolio. Pursuant to further directions issued by the Minister for Finance on 20 October 2020, €1.5bn was transferred from the Rainy Day Fund to the Exchequer’s Central Fund on 28 October 2020.

### Investment Strategy and Governance

On 7 November 2019, the Minister for Finance directed the NTMA to invest the Rainy Day Fund subject to and in accordance with Section 8 of the Act and in a manner consistent with the investment guidelines annexed to the Minister’s directions (the “Investment Guidelines”). The Investment Guidelines state that the investment objective of the Rainy Day Fund is to preserve capital to the greatest extent possible subject to prevailing market conditions while ensuring the Rainy Day Fund has adequate liquidity at all times. The NTMA is required to prepare an appropriate investment plan for the Rainy Day Fund each year.

A National Surplus (Exceptional Contingencies) Reserve Fund Oversight Committee within the NTMA oversees the management and investment of the Fund. This Committee, which is made up of representatives from various NTMA business units and corporate functions, reports to the Chief Executive who in turn reports to the NTMA Board. The Committee meets quarterly.

On 20 October 2020 the Minister for Finance directed the NTMA to convert the assets of the Rainy Day Fund into cash and to transfer the balance to the Exchequer. The Minister also directed (inter alia) that the NTMA preserve an account in respect of the Rainy Day Fund in order to allow the NTMA to manage any assets which may be transferred into the Rainy Day Fund in the future in accordance with the Act. On 28 October €1.5bn was transferred from the Rainy Day Fund to the Exchequer’s Central Fund pursuant to such directions.

	Cash Transferred €bn	End-2020 value €bn
October 2020	1.5	0

