



Coimisiún an Chúlchiste Náisiunta Pinsean National Pensions Reserve Fund Commission

National Pensions Reserve Fund Quarterly Performance and Portfolio Update At 30 September 2012

1. Fund Overview

The Discretionary Portfolio (the Fund excluding the public policy investments in Allied Irish Banks and Bank of Ireland) was valued at €6.0 billion at 30 September 2012.

The Directed Portfolio, public policy investments in Allied Irish Banks (“AIB”) and Bank of Ireland (“BoI”), made at the direction of the Minister for Finance was valued at €8.1 billion at 30 September 2012. The Directed Portfolio comprises ordinary shares in AIB valued at €0.0076 (0.76 cent) per share and in BoI valued at market price and preference shares in AIB valued at 63.5% of par and in BoI valued at 80.2% of par.*

The Total Fund size at 30 September 2012 was € 14.0 billion.

Fund at 30 September 2012	€bn	% Fund
Discretionary Portfolio	5.975	42.6%
Directed Portfolio	8.057	57.4%
Total Fund	14.032	100.0%

*BoI and AIB preference shares and AIB ordinary share valuations are unchanged from 31 December 2011. BoI ordinary shares are valued at market price.

2. Fund Performance

The NPRF's Discretionary Portfolio earned a preliminary return of +2.8 per cent in the third quarter of 2012 and a year-to-date return of +5.9 per cent. Since the Fund's inception in April 2001, the Discretionary Portfolio has delivered an annualised return of +3.6 per cent per annum compared with +2.0 per cent per annum for the average Irish managed pension fund.

Performance	30 June 2012 to 30 September 2012	1 January 2012 to 30 September 2012
Discretionary Portfolio	2.8%	5.9%
Directed Portfolio	-0.2%	3.5%
Total Fund	1.1%	4.6%

3. Sub Portfolios

(a) Discretionary Portfolio

The Discretionary Portfolio Asset Allocation as at 30 September 2012 is set out below:

NPRF Asset Allocation	€m	% of Discretionary Portfolio
Large Cap	1,474	24.7%
Small Cap	333	5.5%
Emerging Markets	633	10.6%
Total Quoted Equity	2,440	40.8%
Eurozone government bonds	-	0.0%
Eurozone inflation linked bonds	112	1.9%
Eurozone corporate bonds	394	6.6%
Cash	801	13.4%
Total Financial Assets	1,307	21.9%
Private Equity	769	12.8%
Property	474	7.9%
Commodities	280	4.7%
Infrastructure	368	6.2%
Absolute Return Funds	238	4.0%
Total Alternative Assets	2,129	35.6%
Equity Put Options	99	1.7%
TOTAL DISCRETIONARY PORTFOLIO	5,975	100.0%

In July 2012 the Fund's current option positions were closed out and a portion of the proceeds was rolled into a number of new option positions.

(b) Directed Portfolio

The Directed Portfolio consists of public policy investments in AIB and Bol that were undertaken on foot of directions from the Minister for Finance.

- Since 2009 the Fund has invested €20.7 billion in preference shares and ordinary shares in the two banks, comprising €4.7 billion in Bol (where the Fund's shareholding is 15.1 per cent) and €16.0 billion in AIB (where the Fund's shareholding is 99.8 per cent).

- At 30 September 2012 the Directed Portfolio was held at €8.1 billion (BoI €1.9 billion, AIB €6.2 billion).
- The Fund has received a total of €2.0 billion in cash from its BoI investment – comprising preference share dividends, the repurchase of warrants by the Bank and the sale of ordinary shares to a consortium of private investors. The net proceeds from the sale of BoI ordinary shares were remitted to the Exchequer as directed by the Minister.