



National Pensions Reserve Fund Reports -12% Return in First Half

24th July 2008 -- The National Pensions Reserve Fund (NPRF) today reported a return of -12% for the first six months of the year (to 30 June 2008) and -1.7% for the second quarter. (The comparable figures for the average Irish managed pension fund are -14.7% and -3.8% respectively). The Fund's value at the end of June was €19,462m.

These figures reflect the challenging conditions which have marked 2008, particularly the first quarter, as global equity markets felt the combined impact of the ongoing credit crunch and the rising price of commodities. Equity markets rallied in April and early May before yielding to mounting concern about global inflation and of slowing economic activity.

Notwithstanding the disappointing performance to date in 2008 and similar market conditions during 2002, the Fund is showing a positive return of 3.8% on an annualised basis from its inception in April 2001 to end June 2008. (The comparable figure for the average Irish managed pension fund is 1.64%). During that time the NPRF has earned €3,433m in excess of the contributions received from the Exchequer.

The purpose of the NPRF is to meet as much as possible of the costs to the Exchequer of social welfare and public service pensions from 2025 until at least 2055. In seeking to meet this objective the Fund's investment strategy is primarily focused on building up a diversified portfolio of equities and other real assets. In implementing the strategy it is important to pay due attention to current investment conditions. In that regard, and in light of the uncertain market environment that has existed since the onset of the credit crisis, a cautious approach is being taken to investing the quarterly Exchequer contributions.

The NPRF Annual Report for 2007 was also published today. The Fund earned a return of 3.3% in 2007 (compared with -3.7% for the average Irish managed pension fund) with its equity investments delivering a positive performance despite the extreme volatility which marked the second half of the year arising from the subprime crisis and the resulting credit crunch.