Consultation Draft — Proposed Ireland-Focused Long-Term Fund

To: Irish pensions industry stakeholders
Published by: IAPF Investment Committee
Status: Consultation Draft
Date: July 2026

1. Executive Summary

This paper sets out a proposed Ireland-focused long-term investment fund intended to mobilise pension and other long-duration capital into a diversified portfolio of productive assets. It is prepared primarily as a consultation document for Irish pensions industry stakeholders, while also providing a basis for engagement with relevant Irish government departments and European public sector stakeholders.

The proposal is informed in part by changes underway in Pillar 3 savings and investment in Ireland and Europe, including developments associated with Europe's Savings and Investment Union and the introduction of Personal Investment Accounts in Ireland. Over time, these changes may strengthen the case for channelling domestic and European long-term capital towards productive asset classes.

The proposed fund should be understood as a return-led investment proposition. Its primary objective would be to generate long-term real returns, with resilience to inflation as a core portfolio characteristic. Within that framework, Irish economic relevance is an important secondary objective, while broader European diversification would support investability, market capacity and risk management.

The investment proposition is therefore Ireland-focused, but not Ireland-only. Ireland would be the natural originating universe, but capital should be allocated on a commercially disciplined basis, with broader European exposure used where appropriate. Policy relevance may be a beneficial feature of the concept, but it should not override the fund's primary investment objective.

The current illustrative strategic asset allocation is intended to balance long-term real return, pension suitability, inflation resilience and exposure to productive long-term assets. It comprises 40% total equities, 35% real assets, 20% debt, and 5% liquidity and inflation-linked bonds. This is presented as a framework for consultation rather than a final specification.

The current preferred vehicle concept is an ELTIF capable of accommodating different investor channels and share classes. This reflects both the long-duration and partially illiquid nature of the intended portfolio and the benefit of a recognised European long-term investment framework. Evergreen-style contribution or access structures may sit above the core fund where appropriate. For pension and institutional investors, the structure could support regular, potentially daily, NAV calculation, but not daily liquidity.

The investment manager for any such vehicle remains to be determined. This paper does not assume any specific manager or sponsoring institution. Its purpose is to test whether such a fund could be developed in a way that is investable, scalable and relevant for Irish pension stakeholders and other long-term investors.

2. Purpose of this Consultation Draft

The purpose of this paper is to provide a basis for consultation with Irish pensions industry stakeholders on the potential design of an Ireland-focused long-term fund. It is intended to test the strategic logic of the concept, identify key implementation issues at an early stage, and support wider engagement with public sector and European stakeholders as the proposal develops.

The proposal should also be viewed in the context of ongoing changes in Pillar 3 savings and investment in Ireland and Europe, including Europe's Savings and Investment Union and the introduction of Personal Investment Accounts in Ireland. These developments may increase the relevance of considering how long-term domestic and European capital could be directed towards productive investment opportunities over time.

The paper proceeds from the view that any such fund must first be credible as an investment proposition for long-term savers and institutional investors. Irish relevance is an important feature of the concept, but it should sit within a return-led investment framework.

This is not a final product proposal, legal specification or implementation blueprint. It is a consultation draft intended to support informed discussion and refinement.

3. Investment Objective and Strategic Rationale

The proposed fund is intended to deliver long-term real returns through a diversified portfolio of productive assets, with resilience to inflation as a core investment characteristic. The fund should be understood as a return-led proposition: investment performance comes first, and the broader design of the strategy should follow from that principle.

Within that framework, Irish economic relevance is an important secondary objective. Ireland is intended to be the natural originating universe for the strategy, but only where investment opportunities meet the required commercial and risk-adjusted return thresholds. The fund is therefore not intended to operate as a policy allocation vehicle or to apply a rigid domestic investment quota.

European diversification is the next objective within the hierarchy. Broader European exposure may be required to support diversification, implementation depth, market capacity and overall portfolio resilience. In that sense, European assets should not be viewed as diluting the Irish focus, but as strengthening the investability and robustness of the overall strategy.

Proposed objective hierarchy

- Long-term real returns
- Inflation resilience
- Irish economic relevance
- European diversification

This hierarchy is intended to ensure that the concept remains anchored in commercial investment discipline. The core principle is that the strategy should be investable first, while maintaining meaningful Irish relevance and sufficient diversification to support long-term performance.

In practical terms:

- portfolio construction should be led by commercial investment discipline
- Irish assets should be preferred where expected risk-adjusted returns are superior to relevant alternatives
- there should be no rigid Ireland-only quota
- broader European exposure should be used where it strengthens diversification, implementation capacity or risk management

This approach is intended to align with:

- the needs of long-duration pension and institutional investors seeking robust long-term returns and inflation resilience
- Irish policy objectives around long-term capital formation and productive domestic investment
- wider European objectives relating to mobilisation of long-term private capital into productive sectors and resilience-enhancing assets

4. Fund Characteristics and Illustrative Asset Allocation

The current concept is built around a single flagship fund with a common underlying portfolio and multiple potential access routes. The intention is to combine scale, governance discipline and portfolio coherence with sufficient flexibility to accommodate different investor channels over time.

Current structural features

- one flagship fund
- common underlying portfolio
- multiple access channels and/or share classes
- direct participation by Irish pension capital
- potential participation by broader institutional capital, including relevant European investors
- flexibility to support future wrapper or access structures where appropriate

Illustrative strategic asset allocation

Asset sleeve	Allocation
Liquidity and inflation-linked bonds	5%
Public equities	25%
European private equity	10%
European venture capital	5%
Private credit and securitised assets	20%
European infrastructure	20%
Property and forestry	15%
Total	100%

Rolled-up allocation

Asset category	Allocation
Total equities	40%
Real assets	35%
Debt	20%
Liquidity / inflation-linked bonds	5%

Role of the main sleeves

- Liquidity and inflation-linked bonds: liquidity support, inflation resilience and operational flexibility
- Public equities: scalable liquid growth exposure and a near-term deployment sleeve
- Private equity: long-term value creation, growth equity and co-investment potential
- Venture capital: innovation and scale-up exposure, including potential relevance for Irish enterprise development
- Private credit and securitised assets: income, diversification and strategic lending flexibility
- Infrastructure: long-duration productive assets with inflation sensitivity
- Property and forestry: long-term real asset diversification and inflation linkage

The allocation is illustrative only. Several private market sleeves would require phased implementation and should therefore be understood as long-run target exposures rather than immediate funded allocations from launch.

5. Proposed Vehicle Design

The current preferred model is an ELTIF with the ability to support different investor access channels and share classes.

Why ELTIF is currently preferred

ELTIF is currently the preferred core vehicle because it is specifically designed for long-term investment in partially illiquid assets and offers a recognised European framework for a structure that may involve Irish pension investors alongside other institutional participants. It is therefore a strong candidate for a portfolio with meaningful allocations to private equity, venture, infrastructure, property, forestry and less liquid credit.

ELTIF and evergreen contribution mechanics

A useful distinction should be made between:

- the core investment vehicle, which should be designed around long-duration assets
- the contribution or access experience, which may involve regular inflows over extended periods

On that basis, the current view is that evergreen-style contribution or access mechanics may sit above or around the ELTIF through wrappers or account structures where appropriate. The ELTIF would serve as the core investment vehicle, while any wrapper structure could support the operational features required by particular investor channels.

Illiquidity implications

The current strategic asset allocation is materially illiquid. Approximately 30% of the proposed portfolio would sit in liquid or near-liquid assets, while around 70% would be allocated to less liquid or illiquid exposures. This has clear implications for vehicle design.

The structure should therefore not be approached as a conventional daily-liquidity open-ended fund. Instead, it should explicitly recognise:

- the long-duration nature of the underlying assets
- the need for pacing and vintage diversification across private market sleeves
- the need to build illiquid allocations progressively over time
- the importance of valuation governance and liquidity management

Daily pricing versus daily liquidity

For pension and institutional share classes, it is important to distinguish between daily pricing and daily liquidity.

The vehicle could support regular, potentially daily, NAV calculation for reporting, subscriptions and pension administration through a combination of:

- daily market pricing for liquid sleeves
- governed fair-value treatment for illiquid sleeves

However, regular NAV calculation should not be taken to imply unrestricted daily redemption. Given the intended portfolio mix, investor liquidity terms would need to be more constrained than pricing frequency.

Pacing and ramp-up

Private market sleeves would require a defined pacing and ramp-up framework. In practice, the strategy would likely need to be described in terms of:

- a long-run target asset allocation
- an initial ramp-up portfolio
- a deployment and commitment pacing framework

This would more accurately reflect how private equity, venture, infrastructure and parts of the credit and real asset allocations would be implemented in practice.

6. Stakeholder Consultation Questions

The following questions are intended to help structure consultation with Irish pensions industry stakeholders and inform future engagement with relevant public bodies:

- Does the proposed objective hierarchy strike the right balance between return discipline, inflation resilience, Irish relevance and European diversification?
- Would Irish pension stakeholders view this concept as sufficiently investable and pension-compatible?
- Which asset sleeves are most likely to be attractive, and which are likely to present the greatest challenges from a pension allocation perspective?
- Is an ELTIF the right core vehicle for this concept?
- How should pricing frequency, valuation treatment and investor liquidity terms be calibrated for pension and institutional classes?
- What pacing and ramp-up assumptions would be realistic for the private market sleeves?
- What governance, transparency and reporting features would be necessary to support institutional participation?
- What forms of engagement with Irish and European public stakeholders would be most helpful in advancing the concept?

7. Conclusion

The proposed fund is intended as a return-led, Ireland-focused long-term investment platform capable of mobilising pension and other institutional capital into a diversified portfolio of productive assets. Its primary purpose would be to generate long-term real returns with resilience to inflation, while maintaining meaningful Irish economic relevance and broader European diversification where that strengthens investability and portfolio robustness.

At this stage, the concept remains a framework for consultation rather than a final specification. The purpose of this paper is to support industry discussion, surface implementation issues early, and assess whether the concept can be developed into a structure that is investable, scalable and institutionally robust.

The central question is not simply whether the idea is attractive in principle, but whether it can be made sufficiently practical, credible and well-structured for long-duration pension capital. That is the issue this consultation process is intended to explore.

Authored by: Thomas Donohoe, Noel Friel, Gerald Fitzgerald