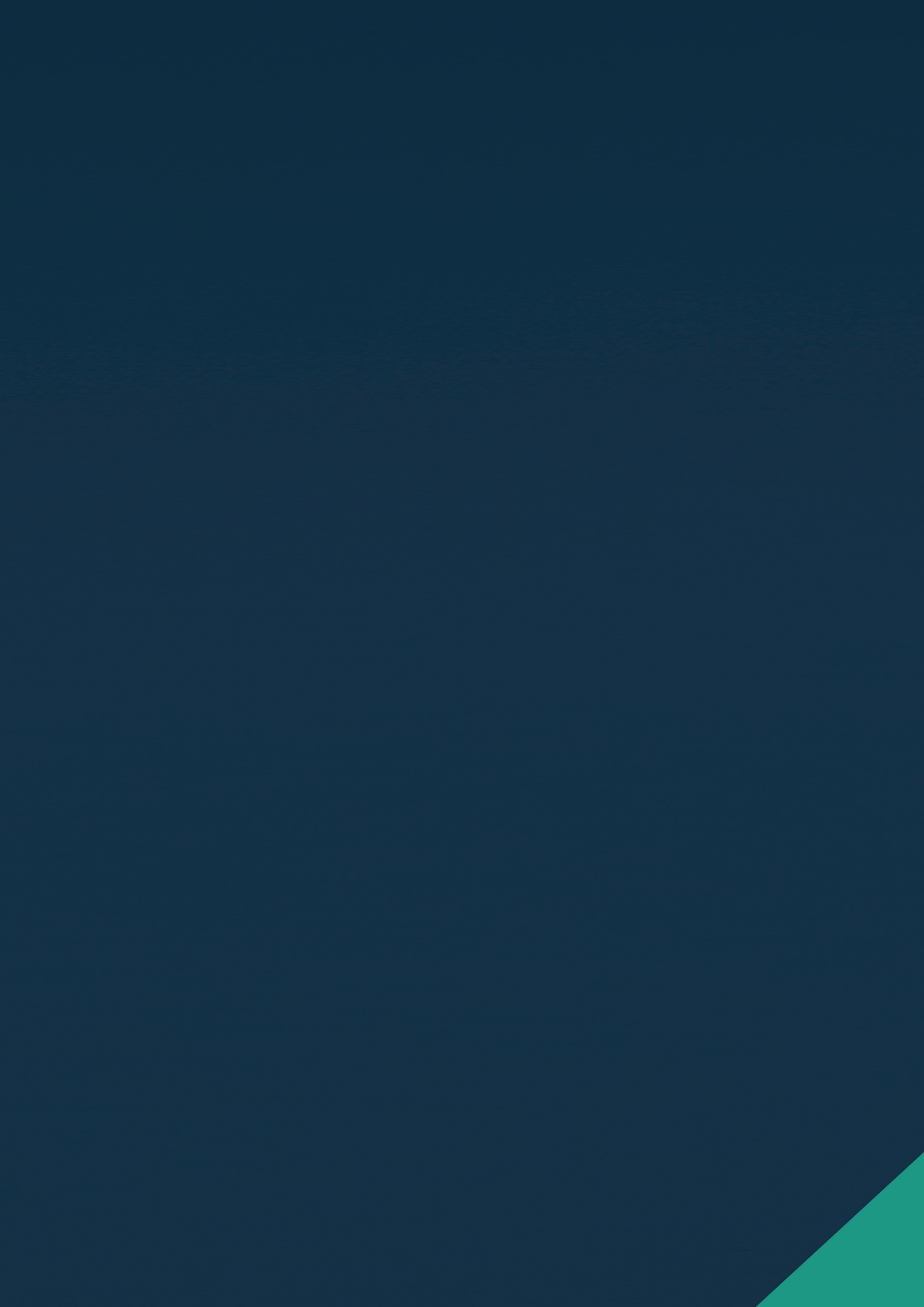


**National Treasury Management Agency**  
Annual Report and Accounts for the year ended  
**31 December 2014**







# NTMA

## Report & Accounts

For the year ended 31 December 2014

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# About the NTMA

The National Treasury Management Agency (NTMA) is a State body which operates with a commercial remit to provide asset and liability management services to Government. Businesses managed by the NTMA include borrowing for the Exchequer and management of the National Debt, the Ireland Strategic Investment Fund (ISIF), the National Development Finance Agency (NDFA), NewERA and the State Claims Agency (SCA).

## Funding and Debt Management

The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure liquidity for the Exchequer and to minimise the interest burden over the medium term.

## Ireland Strategic Investment Fund

The NTMA controls and manages the Ireland Strategic Investment Fund (ISIF), which was established in December 2014 with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State. The ISIF is the successor to the National Pensions Reserve Fund (NPRF) controlled by the NPRF Commission. The assets of the NPRF – which is being dissolved – become assets of the ISIF.

## National Development Finance Agency

Acting as the National Development Finance Agency, the NTMA is the statutory financial advisor to State authorities in respect of all public investment projects with a capital value over €20 million. It also has full responsibility for the procurement and delivery of Public Private Partnership (PPP) projects in sectors other than transport and the local authorities.

## NewERA

Acting as NewERA, the NTMA provides a dedicated centre of corporate finance expertise to Government, in particular in relation to commercial oversight of certain State bodies. It provides financial and commercial advisory services to Government ministers including in relation to financial performance, corporate strategy, capital and investment plans, proposed acquisitions or disposals, restructuring and board appointments. In addition, NewERA may, in consultation with the relevant Minister, develop proposals for investment in the energy, water, telecommunications and forestry sectors to support economic activity and employment.

## State Claims Agency

Acting as the State Claims Agency, the NTMA manages personal injury, property damage and clinical negligence claims brought against 129 State authorities, including the State itself, Government ministers, the Attorney General, the Health Service Executive, the voluntary healthcare sector, An Garda Síochána, the Irish Prison Service, the Defence Forces and community and comprehensive schools. It also has a risk management role, advising and assisting State authorities in minimising their claim exposures. In addition, it deals with third-party costs arising from certain Tribunals of Inquiry.

In addition to the above functions, the NTMA assigns staff to the National Asset Management Agency (NAMA) and the Strategic Banking Corporation of Ireland (SBCI) and also provides them with business and support services and systems. Both NAMA and the SBCI have their own separate boards.

Further information on the NTMA is available at [ntma.ie](http://ntma.ie).

## NTMA Governance Changes

There were significant changes in the NTMA's governance structure and statutory remit in 2014. Previously, the NTMA did not have a board structure and the Chief Executive reported directly to the Minister for Finance on the NTMA's funding and debt management, State Claims Agency and NewERA functions. The NTMA's governing legislation also provided for an Advisory Committee and a State Claims Agency Policy Committee. The NPRF Commission, NDFA and NAMA were established as statutory bodies under their own governing legislation. The SBCI was established in September 2014 as a private limited company in order to perform certain statutory functions. Each of these bodies had its own board. The NTMA acted as the executive in respect of the NPRF Commission and the NDFA. It assigns staff to NAMA and the SBCI and also provides them with business and support services and systems.

The *National Treasury Management Agency (Amendment) Act 2014* streamlined and simplified the NTMA's governance structures to enable a more integrated approach to the performance of its functions.

In December 2014 the NTMA was reconstituted as an Agency with a Chairperson and eight other members with over-arching responsibility for all of the NTMA's functions (excluding NAMA and the SBCI which will continue to have their own separate boards). The Advisory Committee and State Claims Agency Policy Committee were dissolved in December 2014 and the NDFA was dissolved in January 2015. The NPRF Commission was reduced to one commissioner pending the transfer of all of the NPRF's assets to the ISIF following which the NPRF Commission too will be dissolved. The Act also provided for:

- the putting of the NTMA's NewERA functions on a statutory basis;
- the establishment of the Ireland Strategic Investment Fund with a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland and the transfer of the NPRF's assets to the ISIF;
- the putting of the State Claims Agency's legal costs function on a statutory basis; and
- the transfer of the NDFA's functions to the NTMA.

# Key Facts and Figures

**2.8%**

The weighted average yield on €11.75bn of long-term bond funding raised by the NTMA in 2014 was 2.8 per cent.

**€1.5bn**

Between December 2014 and March 2015 Ireland made early repayments totalling just over €18 billion of its IMF loan facility generating interest savings in excess of €1.5 billion over the original lifetime of the IMF loans.

**€7.2bn**

The value of ISIF assets available for investment in Ireland at end-2014 was €7.2 billion. This includes €1.4 billion in assets committed to Irish investment by the ISIF's predecessor fund – the NPRF.

**€3.5bn**

The NDFA is currently advising on 20 infrastructure projects with a capital value in excess of €3.5 billion of which €650 million is being procured by the NDFA.

**€13.6bn**

The capital employed by State companies within NewERA's core remit is some €13.6 billion.

**€2.6bn**

During 2014 NewERA provided financial analysis and recommendations to Ministers on €2.6 billion in financing-related proposals and €0.6 billion in capital expenditure project proposals from State companies within its core remit.

**€9.9m**

At end-2014 the SCA had negotiated savings to the Exchequer totalling €9.9 million on €19.3 million of third-party legal cost claims from the Mahon, Moriarty and Smithwick Tribunals.

**NIMS  
launch**

The National Incident Management System (NIMS) - an end-to-end risk management tool - was launched by the SCA in 2014. Ireland will be one of the first countries worldwide to have a single ICT system to support the management of risk across its public service.

**€1.1  
trillion**

The total value of transactions processed by the NTMA in 2014 was in excess of €1.1 trillion.





# Chairperson's Statement



December 2014 saw a significant change for the NTMA with the putting in place of a new overarching board structure to govern the organisation. The rationale behind the new governance structure is to enable the NTMA to execute its mandates in a more integrated manner. Government has asked the

NTMA to carry out a range of new functions over the last few years and there is a common theme across these mandates of investment and economic development in Ireland.

I was very pleased when asked by the Minister for Finance to become Chairperson of the NTMA Advisory Committee in late 2013 to work with NTMA management in the transition to the new governance structure. I have long been an admirer of the way the NTMA has gone about its work and its business model. It has been very successful in the past and I and my fellow board members will do our utmost to ensure that this continues to be the case in the future.

Undoubtedly, the headline event for the NTMA in 2014 was Ireland's successful emergence from the EU/IMF programme and its return to normal participation in the sovereign bond markets. We have seen a remarkable improvement in our debt dynamics and our debt profile – themes the Chief Executive explores in more depth in his review – and our debt is now on a sustainable and declining trajectory.

A priority in early 2015 has been finalisation of the investment strategy for the Ireland Strategic Investment Fund (ISIF). With over €7 billion available to deploy, the ISIF differs from other pools of capital in a number of key respects. It has a long investment time horizon and therefore acts as a permanent source of long-term capital. It has flexibility up and down the capital structure and can therefore meet changing needs and gaps in the marketplace. Its commercial investment mandate allows it to connect public and private capital enabling it to act as a cornerstone investor in funds and projects. This co-investment model will enable us to leverage the ISIF's resources, attract international private sector capital and effectively put a multiple of the committed ISIF capital to work in the Irish economy.

During 2014 the Government established the Strategic Banking Corporation of Ireland (SBCI). Like NAMA, the SBCI has its own independent board. The NTMA assigns staff to both these bodies and also provides them with business and support systems and services. This approach has enabled use of the NTMA's proven business model to get these bodies up and running within a very short timescale and also to achieve economies through utilisation of the NTMA's existing IT, HR, and other shared services to provide corporate support to them.

The last year has seen not only change in the NTMA's governance but also in its management team. In January 2015 Conor O'Kelly joined us as Chief Executive on the retirement of John Corrigan. During his term as Chief Executive John did tremendous work in engaging with international investors to position Ireland for a return to the international debt markets. He played an invaluable and critical role throughout the crisis on behalf of the State. I and my fellow board members thank him and wish him well on his retirement.

Finally, I would like to thank my fellow members of the NTMA Advisory Committee as well as the members of the other boards and committees that were dissolved on the putting in place of the new governance structure. They have left us an organisation with a skilled and dedicated workforce and a strong record of achievement. Our job is to build on that reputation and to develop and position the organisation to deliver on the range of new and existing important mandates Government has entrusted to us.

**Willie Walsh**  
Chairperson

# Chief Executive's Review



I was greatly honoured to be appointed Chief Executive of the NTMA in January 2015. As Ireland emerges from the financial crisis and builds for recovery this is a very interesting time for an organisation that plays such a key role in Ireland's economic wellbeing.

2014 saw the NTMA make a full return to the sovereign bond markets with regular auctions and the issue of two new long-term benchmark bonds raising €11.75 billion in long-term bond funding. Due to the measures taken by the Government to improve the public finances, the return of economic growth and the measures taken at a European level to calm the wider euro crisis, we have seen a strong turnaround in Ireland's debt dynamics which are now back on a sustainable and improving path. While Ireland's debt level is still high at 110 per cent of GDP at end-2014, crucially it is on a downward trajectory and is forecast to decline to 100 per cent of GDP by end-2016 and to 85 per cent of GDP by 2020. I would note that these are gross figures and that our debt at end-2014, net of cash balances and other financial assets, was 90 per cent of GDP.

The picture has been further improved with the repayment of just over €18 billion of Ireland's IMF loan facility using cheaper, long-term market funding generating interest savings in excess of €1.5 billion over the original lifetime of the IMF loans. Strong investor demand also enabled the NTMA to issue Ireland's first ever 30 year bond in February 2015 in an amount of €4 billion at a yield of 2.1 per cent. The weighted average maturity of our long-term marketable and official debt has improved from 7.3 years at end-2012 to 13 years at end-May 2015.

The financial crisis has taught us that markets are impossible to predict and we must be prepared for the unexpected. There remain a number of risks to our own economic recovery and to the wider eurozone. For as long as our debt remains at elevated levels our vulnerability to domestic or external shocks should not be underestimated.

The improvement in the funding environment has also been reflected in the long-term debt market for PPPs, and the National Development Finance Agency (NDFA) has seen very substantial reductions in the funding costs available for projects.

There has also been a welcome increase in the number of international institutional investors participating in the Irish market. Overall the NDFA is currently advising on 20 projects with a capital value in excess of €3.5 billion of which €650 million is being procured by the NDFA.

The Ireland Strategic Investment Fund (ISIF) was formally established in December 2014. The double bottom line mandate of the ISIF – to invest in projects which generate commercial investment returns and have an economic impact - represents a new approach to investing. The ISIF's investment strategy is based on developing a broad based long-term portfolio across sectors and asset classes. It will target sectors with a high economic impact and will seek co-investors where possible to leverage the effectiveness of its resources.

Deployment of funds will necessarily take place on a phased basis as investments are sought which (i) achieve the ISIF's double bottom line of commercial return and economic impact and (ii) add to rather than displace other funding sources. The ISIF is a long-term investor and investment returns are likely to be mainly achieved in the later years of an investment rather than in the capital intensive early investment period.

NewERA provides a dedicated centre of corporate finance expertise to Government in respect of commercial State bodies. It brings a commercial focus to the oversight of these companies with an emphasis on shareholder return. The economic importance of the companies within NewERA's remit is underlined by the fact that, on a combined basis, they employ capital of some €13.6 billion.

NewERA has developed a Shareholder Expectations Framework intended to provide clarity and guidance for each of the companies within its remit in relation to the Government's strategic priorities, policy objectives, financial performance and reporting requirements. Shareholder Expectations letters based on this Framework have now been issued by the respective Ministers to the ESB, EirGrid, Bord na Móna and Coillte. One of the key areas addressed by the Framework is the development of a formal dividend policy for State companies.

Much of the work carried out by NewERA has replaced the requirement for external advisors with consequent savings and also enabling the building of a corporate memory. It is noteworthy that in 2014, as its experience and expertise has increased, NewERA was asked to perform a significant amount of work in respect of State bodies outside its core remit.

The State Claims Agency (SCA) carries out claims and risk management functions on behalf of the State. In April 2014 the SCA's remit was significantly extended with the delegation to it by Government of the management of personal injury and third-party property damage claims in respect of an additional 61 public bodies, doubling the total number within its remit from 56 to 117. Another delegation by Government in June 2015 has further increased the number of public bodies within the SCA's remit to 129.



In carrying out its role the SCA seeks to act in the best interest of taxpayers but also to act ethically and fairly in its dealings with people who have suffered injuries and take legal action against the State. In cases where the State is considered liable the SCA's approach is to settle expeditiously and on fair and reasonable terms. In cases where the State is not considered liable it acts vigorously in defence of such claims. The SCA seeks to resolve claims by negotiation or mediation – fewer than 3 per cent of clinical claims handled by the SCA result in a contested court hearing.

The SCA, in conjunction with key stakeholders, went live in 2014 with the National Incident Management System (NIMS), an end-to-end risk management tool. This tool will support client authorities to better manage their risks so as to reduce the incidence of claims. Ireland will be one of the first countries worldwide to have a single ICT system to support the management of risk across its public service, including the healthcare system. The development and use of this system is critical to the effective management of the SCA's risk universe. The size of this risk universe can be gauged from the fact that it includes over 200,000 State employees and 7 million user contacts with the public healthcare system annually.

In his remarks the Chairperson referred to how the mandates awarded to the NTMA have a common theme of investment and economic development in Ireland. In carrying out these mandates our aim is to work with other stakeholders to deliver long-term value for the State.

The new activities will require the NTMA to build networks and relationships with other State and private sector participants in the Irish economy. This will, for example, include ensuring that the ISIF co-ordinates effectively with IDA Ireland and Enterprise Ireland to align strategies and leverage State resources as well as building relationships with entrepreneurs, funding sources and co-investors.

In my short time as Chief Executive I have been struck by the expertise, dedication and ability of the NTMA's employees. The organisation has played a critical role in Ireland's successful emergence from the economic crisis. I am confident that, as the NTMA's focus switches from crisis management to economic growth and recovery, it will continue to deliver on its mandates to the high standards expected inside and outside the organisation.

**Conor O'Kelly**

Chief Executive

# Funding and Debt Management

In 2014 the NTMA made a full return to independent market funding following the State's exit from the EU/IMF Programme of Financial Support at the end of 2013. It was an active year, during which the NTMA raised €11.75 billion in long-term bond funding.

2014 commenced with the €3.75 billion syndicated sale<sup>1</sup> of a new 10-year benchmark bond in January, and concluded with a second €3.75 billion issuance of a new 15-year bond in November – the first 15-year benchmark bond issuance by the NTMA since 2009.

A regular schedule of bond auctions resumed in March, for the first time since 2010. Five auctions raised a total of €4.25 billion over the course of the year. This resumption of regular bond auctions marked the full normalisation of Ireland's market access.

Between December 2014 and March 2015, Ireland made early repayments totalling just over €18 billion or 81 per cent of the original €22.5 billion IMF loan facility granted under the EU/IMF Programme. These repayments discharge IMF principal repayment obligations that were originally to fall due from July 2015 to January 2021. Ireland has fully repaid the more expensive portion of the IMF facility generating interest savings in excess of €1.5 billion over the original life time of the loans and further improving debt sustainability.

## Market Review

Irish Government bonds continued their rally throughout the year, with bond yields posting record lows. Bond turnover levels were at their highest level in recent years, driven by increased investor demand as Ireland's underlying economic and fiscal position continued to improve.

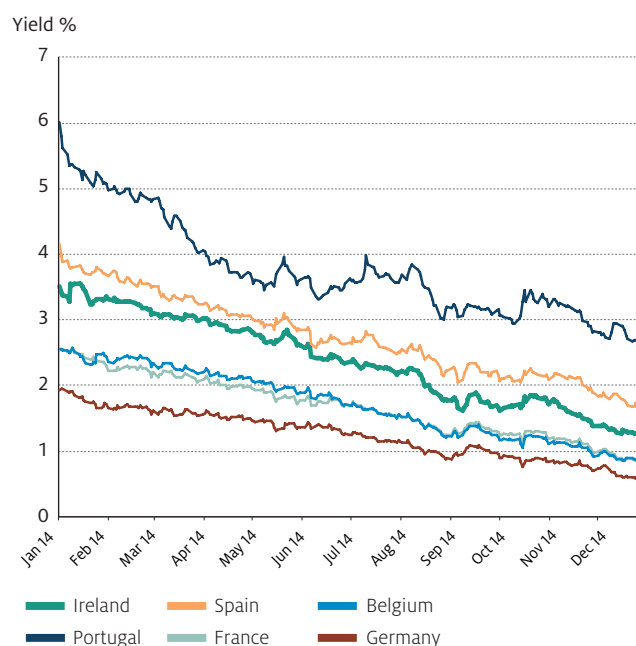
The main factors behind the rally in Irish bonds in 2014 included:

- The successful exit from the EU/IMF programme without the need for a precautionary credit line;
- The level of prefunding achieved by the NTMA;
- The improvement in Ireland's debt profile and underlying economic and fiscal position;
- A series of credit rating upgrades during 2014. This included the upgrade to investment grade status (Baa3, positive outlook) by Moody's in January 2014 followed by the further two-notch upgrade to Baa1 in May 2014. Upgrades by S&P to A and Fitch to A- also reflected the positive outlook for the Irish economy;
- The January syndication and a return to a regular bond auction schedule, thus improving liquidity and turnover in the Irish bond market;

- The general reduction in yields in the eurozone from summer onwards. This was driven by market expectations that the ECB would embark on a programme of sovereign bond purchases or Quantitative Easing (QE) in 2015; and
- The announcement that Ireland had agreed the early repayment of approximately €18 billion of its IMF loan.

The downward trend in European sovereign yields was the dominant theme in 2014, yet Ireland out-performed many of its European peers. Over the calendar year, 10-year Irish bond yields fell approximately 220 basis points to 1.24 per cent at year-end. The graph below shows the performance of 10-year Irish bond yields relative to other European sovereign 10-year yields during 2014.

**10-Year Government Bond Yields 1 January 2014 to 31 December 2014**



Source: Bloomberg

The table overleaf shows the change in Irish bond yields over 2014 across various tenors.

<sup>1</sup> A syndicated sale is the issuance of a new bond managed through a group of primary dealers.

Irish Government Bond Yields			
Maturity	Yield End-2013 (%)	Yield End-2014 (%)	Change (percentage points)
3-year	0.88	0.24	-0.64
5-year	2.06	0.39	-1.67
10-year	3.45	1.24	-2.21

Source: Bloomberg

The continued strong investor demand into 2015 offered the NTMA the opportunity to issue new 7-year and 30-year bonds in the first quarter. These issuances, particularly the 30-year syndication, opened new parts of the curve and locked in low interest rates over a longer period.

## Funding Activity

### Funding Strategy

During 2014 the NTMA launched new 10-year and 15-year benchmark bonds, held a series of bond and Treasury bill auctions and executed a liability management operation on the 4.6% Treasury Bond 2016 in the form of a bond buyback and switch.

The NTMA's intensive investor relations programme, which continued during 2014, helped to cement interest among institutional investors in Irish Government bonds and diversify the investor base. The NTMA conducted a series of investor presentations and meetings in the UK, US, Asia, and continental Europe. There were also a number of "reverse" roadshows during the year, as investors visited Dublin. The NTMA also spoke at investor conferences whenever a suitable opportunity arose.

The NTMA's market-based funding in 2014, together with a €7.4 billion rundown in cash and other short-term investment balances, were primarily applied to fund an Exchequer deficit of €8.2 billion, to refinance €2.7 billion of maturing long-term debt and to repay €9 billion of borrowings from the IMF.

The NTMA had Exchequer cash and other short-term investment balances of €11.1 billion at end-2014 (down from €18.5 billion at end-2013), sufficient to cover projected Exchequer requirements into the early part of 2016.

## Medium and Long-term Funding

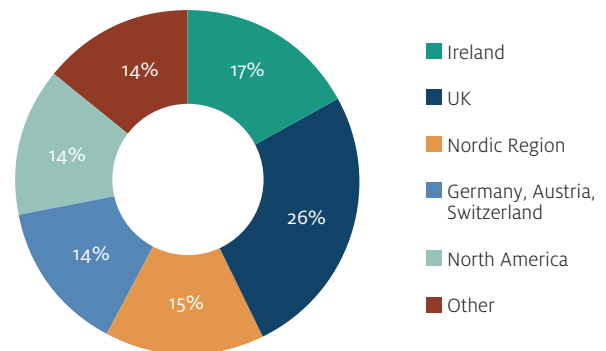
### 2024 Bond Syndication

In the first bond market transaction of the year in January, the NTMA raised €3.75 billion through the syndicated sale of a new 10-year benchmark Treasury Bond maturing in March 2024. The funds were raised at a yield of 3.54 per cent.

Seventeen per cent of the issuance was taken up by domestic investors and 83 per cent by international investors. The international investors were mainly from the UK (26 per cent), the Nordic region (15 per cent), Germany, Austria and Switzerland (14 per cent), and North America (14 per cent).

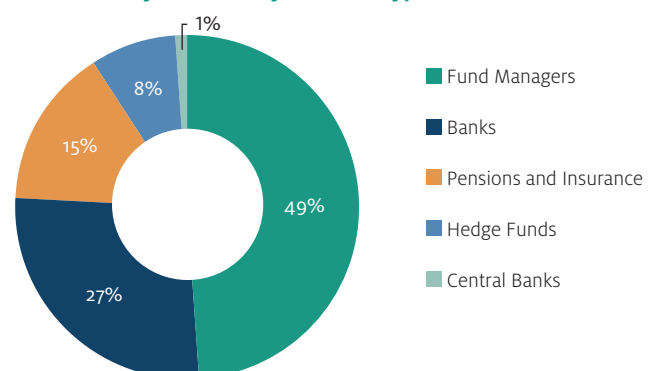
The order book reflected broad investor interest from some 400 fund managers, pension funds, insurance companies, banks and other investors, including some from the Middle East and Asia. Although the total order book amounted to some €14 billion, the NTMA decided to limit the initial issue of the new bond to €3.75 billion in order to leave capacity for a series of auctions over the remainder of the year.

### 2024 Bond Syndication by Geographic Area



Source: NTMA

### 2024 Bond Syndication by Investor Type



Source: NTMA

2016 Bond Switch and Buyback

In July the NTMA conducted a buyback and switch of the 4.6% Treasury Bond 2016 to assist in smoothing the outstanding bond maturity profile. This operation reduced the outstanding balance of the bond by just over €2 billion (20 per cent). €1,078 million nominal was bought back on an outright basis. The switch transaction, done on a 2-for-1 nominal basis, bought back an additional €959 million of the 2016 bond and sold €480 million of the 3.9% Treasury Bond 2023.

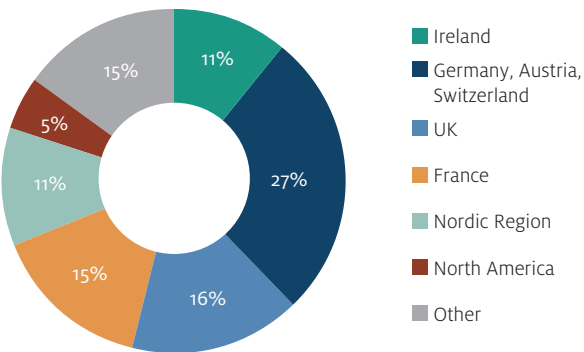
2030 Bond Syndication

In November the NTMA sold a new benchmark 15-year bond (2.4 per cent May 2030) by syndication. It issued €3.75 billion at a yield of 2.49 per cent. Eleven per cent of the issue was taken up by domestic investors and 89 per cent by overseas investors. The overseas investors were mainly from Germany, Austria and Switzerland (27 per cent), the UK (16 per cent), France (15 per cent), the Nordic region (11 per cent) and North America (5 per cent).

The total order book amounted to some €8.4 billion, with interest from over 250 accounts. This included a broad range of investor categories, including fund managers, pension funds, banks and insurance companies.

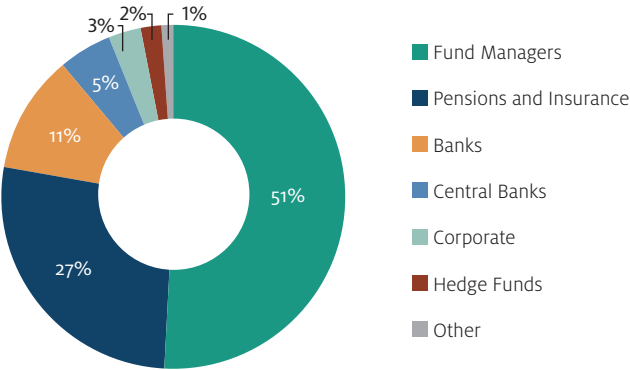
This 15-year bond sale represented funding in an area last accessed by Ireland for a new issue in 2009, as well as representing a historical low yield for 15-year issuance by Ireland.

2030 Bond Syndication by Geographic Area



Source: NTMA

2030 Bond Syndication by Investor Type



Source: NTMA

Bond Auction Programme

The NTMA resumed its bond auction programme during 2014 – for the first time since September 2010. There were five auctions over the course of the year, raising a total of €4.25 billion. The new 2024 Treasury Bond was offered in each case.

NTMA Bond Auctions 2014				
Auction Date	Bond	Amount €m*	Yield %	Bid/Cover Ratio
13 Mar. 2014	3.4% Treasury Bond 2024	1,000	2.97	2.9
10 Apr. 2014	3.4% Treasury Bond 2024	1,000	2.92	2.8
08 May 2014	3.4% Treasury Bond 2024	750	2.73	2.8
10 Jul. 2014	3.4% Treasury Bond 2024	500	2.32	2.7
09 Oct. 2014	3.4% Treasury Bond 2024	1,000	1.63	2.5

\*excludes proceeds of non-competitive auctions.  
Source: NTMA

## Short-term Funding

The NTMA's Treasury Bill programme continued throughout 2014.

NTMA Treasury Bill Auctions 2014				
Auction Date	Maturity	Amount €m	Yield % (annualised)	Bid/Cover Ratio
20 Mar. 2014	3 months	500	0.200	3.80
15 May 2014	3 months	500	0.220	3.50
19 Jun. 2014	3 months	500	0.105	4.20
18 Sep. 2014	3 months	500	0.000	4.98
20 Nov. 2014	6 months	500	0.044	3.75

Source: NTMA

The NTMA also maintained Ireland's Multi-Currency Euro Commercial Paper (ECP) programme in 2014. This programme is listed on the Irish Stock Exchange. Paper is sold on a reverse-enquiry basis and prices are quoted on Bloomberg. There was €2.3 billion outstanding at end-2014 compared with €0.5 billion at end-2013.

The NTMA also issued short-term debt in the form of Exchequer Notes and Central Treasury Notes, mainly to domestic institutional investors.



## Irish Government Bond Market

### Benchmark Bonds

At end-December 2014 Ireland had 12 benchmark bonds with maturities extending across the yield curve to 2030.

Irish Government Benchmark Bonds			
Bond	Maturity Date	Outstanding End-2013 €m	Outstanding End-2014 €m
4.0% Treasury Bond 2014	15 January 2014	2,746	0
4.5% Treasury Bond 2015	18 February 2015	3,630	2,230
4.6% Treasury Bond 2016	18 April 2016	10,169	8,132
5.5% Treasury Bond 2017	18 October 2017	6,389	6,389
4.5% Treasury Bond 2018	18 October 2018	9,256	9,256
4.4% Treasury Bond 2019	18 June 2019	7,700	7,700
5.9% Treasury Bond 2019	18 October 2019	6,767	6,767
4.5% Treasury Bond 2020	18 April 2020	11,809	11,709
5.0% Treasury Bond 2020	18 October 2020	9,052	9,052
3.9% Treasury Bond 2023	20 March 2023	5,000	5,480
3.4% Treasury Bond 2024	18 March 2024	0	8,137
5.4% Treasury Bond 2025	13 March 2025	11,745	11,745
2.4% Treasury Bond 2030	15 May 2030	0	3,850

Source: NTMA

The change in profile between end-2013 and end-2014 reflects the redemption of the January 2014 bond and the buyback and cancellation of €1.4 billion of the 2015 bond. The end-2014 profile also reflects the new issuance of the 2024 and 2030 bonds, along with the switch and buyback of the 2016/2023 bonds.

### Amortising Bonds

In addition to the benchmark bonds, Ireland had €1.2 billion outstanding in Irish Amortising Bonds at end-2014. These instruments, which make equal annual payments over their lifetime, were issued primarily in 2012 and 2013 to meet the needs of the Irish pensions industry.

### Floating Rate Bonds

On 8 February 2013 the NTMA issued €25 billion nominal Floating Rate Bonds which were exchanged for the Promissory Notes held by the Central Bank of Ireland. The outstanding balance of the Floating Rate Bonds at end-2014 is detailed in the table opposite.

Floating Rate Treasury Bond	
	Amount Outstanding End-2014 €m
Floating Rate Treasury Bond 2038	1,500
Floating Rate Treasury Bond 2041	2,000
Floating Rate Treasury Bond 2043	2,000
Floating Rate Treasury Bond 2045	3,000
Floating Rate Treasury Bond 2047	3,000
Floating Rate Treasury Bond 2049	3,000
Floating Rate Treasury Bond 2051	5,000
Floating Rate Treasury Bond 2053	5,034
<b>Total</b>	<b>24,534</b>

Source: NTMA

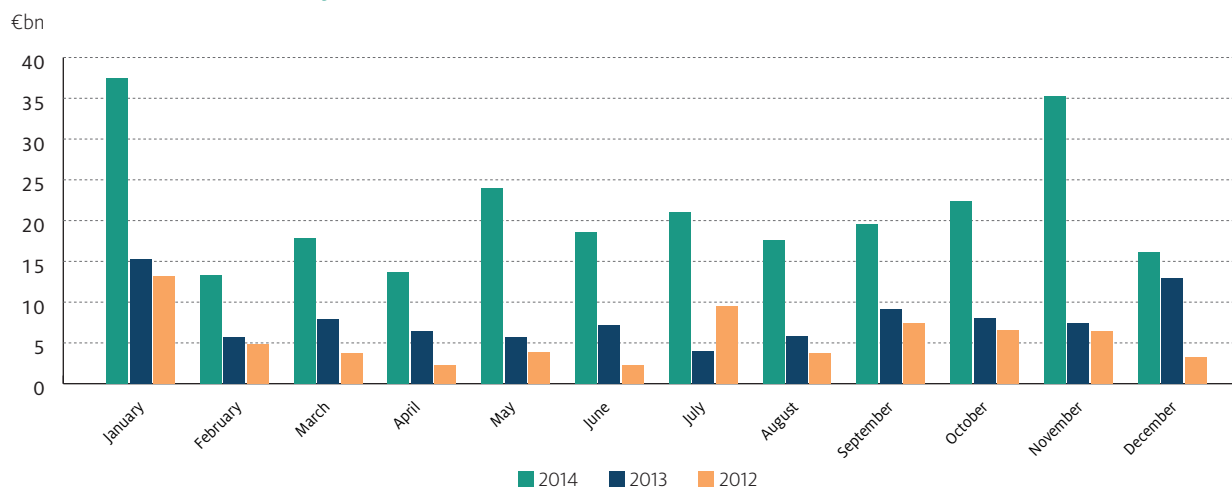
Following discussions with the Central Bank of Ireland, €500 million nominal of the 2038 bond was bought back and cancelled by the NTMA in December 2014.

## Government Bond Turnover

Turnover increased significantly during 2014, reflecting increased demand for Irish Government bonds and regular issuance. Total turnover by value, as reported by the Irish Stock Exchange, was €257 billion in 2014, compared to €96 billion in 2013 – an increase

of more than 100 per cent. January and November saw the largest monthly turnover in 2014, influenced by the bond syndications in these months.

### Irish Government Bond Turnover by Value



Source: Irish Stock Exchange

## Primary Dealer System

The Irish Government bond market has a strong primary dealer group, mainly international investment banks with a global reach. The 18 primary dealers recognised by the NTMA each make continuous two-way prices in designated benchmark bonds in specified minimum amounts at market levels. A number of stockbrokers also match client orders.

The primary dealers are:

- Barclays, London
- BNP Paribas, Paris
- Cantor Fitzgerald Ireland Limited, Dublin
- Crédit Agricole CIB, London
- Citigroup, London
- Davy, Dublin
- Danske Bank, Copenhagen
- Deutsche Bank, Frankfurt
- Goldman Sachs, London
- HSBC CCF, Paris
- ING Bank NV, Amsterdam
- JP Morgan, London
- Merrill Lynch International, London
- Morgan Stanley & Co International plc, London
- Nomura International plc, London
- Royal Bank of Scotland, London
- Société Générale, Paris
- UBS Limited, London

The primary dealers are members of the Irish Stock Exchange, on which Irish Government bonds are listed. They have exclusive access to the NTMA's bond auctions and may avail of repo facilities (short-term collateralised borrowing) which the NTMA provides in Irish Government bonds.

## Credit Rating

Ireland has investment grade status with all of the main rating agencies. The current ratings are listed in the table below.

During 2014 a series of credit rating upgrades had a significant impact on bond yields and investor sentiment towards Ireland. Moody's restored Ireland's rating to investment grade with a rating of Baa3 and a positive outlook in January 2014. This was followed in May by a further two-notch upgrade to Baa1. Fitch Ratings upgraded Ireland's rating to A- in August 2014. Standard & Poor's upgraded Ireland's sovereign credit rating to A- in July 2014, to A in December 2014 and to A+ in June 2015.

With the exception of Moody's, all of the short-term ratings are currently in the A rating category.

Ireland's Sovereign Credit Ratings*			
Rating Agency	Long-term rating	Short-term rating	Outlook
Standard & Poor's	A+	A-1	Stable
Moody's	Baa1	P-2	Stable
Fitch Ratings	A-	F1	Stable

\*As at 19 June 2015  
Source: NTMA

## State Savings

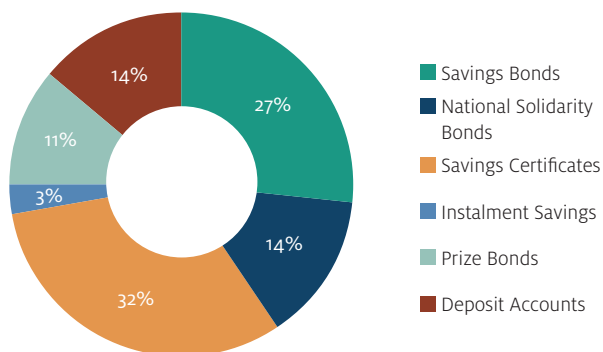
State Savings is the brand name applied by the NTMA to the range of Irish Government savings products offered to personal savers.

During 2014 there were net inflows of €0.9 billion into the State Savings products and at end-2014 the total amount outstanding was €19.1 billion.

NTMA State Savings Products		
	Total Outstanding at End-2014 €m	Net Inflow/ (Outflow) in 2014 €m
Savings Bonds	5,110	(232)
National Solidarity Bonds	2,576	824
Savings Certificates	6,041	39
Instalment Savings	481	3
Prize Bonds	2,176	244
Deposit Accounts	2,670	(15)
<b>Total</b>	<b>19,054</b>	<b>863</b>

Figures may not total due to rounding.  
Source: NTMA

## State Savings Amounts Outstanding End-2014



Figures may not total due to rounding.  
Source: NTMA

An Post acts as an agent of the NTMA in relation to the sale and administration of State Savings products (except Prize Bonds). The Prize Bond Company (a joint venture between An Post and the Irish financial services company Fexco) operates the Prize Bond Scheme on behalf of the NTMA.

In line with the fall in interest rates both nationally and internationally, in October 2014 the NTMA announced (i) new issues of each of the fixed-rate, fixed-term State Savings products and (ii) a reduction in the variable rate used to calculate the prize fund for Prize Bonds.

The current fixed interest rate offerings on issues are detailed below:

Product	Fixed Rate Total Return	AER <sup>2</sup>
3-year Savings Bond	2.5 per cent	0.83 per cent
4-year National Solidarity Bond	4 per cent	0.99 per cent
5 ½-year Savings Certificate	7 per cent	1.24 per cent
6-year Instalment Savings	7 per cent	1.24 per cent
10-year National Solidarity Bond	25 per cent	2.26 per cent

Source: NTMA

These new rates apply only to new purchases from 5 October 2014 onwards and have no effect on holders of the previous issues of the above products.

Changes were made to the variable rate of interest used to determine the value of the Prize Bonds' monthly prize fund. With effect from November 2014, the Prize Bonds prize fund rate is 1.25 per cent. A €1 million prize draw takes place every second month.

<sup>2</sup> Annual Equivalent Rate.

There were no changes to the variable rate on the Ordinary Deposit Account which continues to pay a rate of 0.25 per cent or the 30 day notice Deposit Account Plus which continues to pay a rate of 0.50 per cent.

## EU/IMF Programme of Financial Support for Ireland

The three-year EU/IMF Programme of Financial Support that Ireland entered into in November 2010 officially ended on 15 December 2013, with the final programme disbursement of €800 million received in March 2014.

Following agreement from EU member states and bilateral lenders, Ireland received approval in November 2014 to complete the early repayment of the portion of IMF loans subject to the higher rate of interest.

Between December 2014 and March 2015, Ireland made early repayments totalling just over €18 billion or 81 per cent of the original €22.5 billion IMF loan granted under the EU/IMF programme.

These repayments discharge the IMF principal repayment obligations that were originally to fall due from July 2015 to January 2021. Ireland has fully repaid the more expensive portion of the IMF facility, generating interest savings in excess of €1.5 billion over the original life time of the loans and further improving debt sustainability.

EU/IMF Programme Liabilities Outstanding		
Lender	Nominal Loan Amount €bn*	
	End-December 2014	End-March 2015
European Financial Stabilisation Mechanism (EFSM)	22.50	22.50
European Financial Stability Fund (EFSF)	18.41	18.41
UK	3.86	3.86
Denmark	0.40	0.40
Sweden	0.60	0.60
IMF**	13.55	4.33
<b>Total</b>	<b>59.32</b>	<b>50.11</b>

Figures may not total due to rounding.

\* Euro equivalents are translated at the reporting date exchange rates, taking account of the effect of currency hedging transactions.

\*\*IMF loans are denominated in Special Drawing Rights (SDRs), an international reserve asset created by the IMF. Its value is currently based on a basket of four key international currencies - the euro, Japanese yen, pound sterling and U.S. dollar.

Source: NTMA

## Debt Profile

General Government Debt (GGD) is a measure of the total gross consolidated debt of the State compiled by the Central Statistics Office (CSO) and is the measure used for comparative purposes across the European Union.

National Debt is the **net** debt incurred by the Exchequer after taking account of cash balances and other financial assets. Gross National Debt is the principal component of GGD but GGD also includes the debt of central and local government bodies.

Unlike National Debt, GGD is reported on a gross basis and does not net off outstanding cash balances and other financial assets.

While the figures in this section relate primarily to GGD, the NTMA's responsibilities relate to National Debt only.

Composition of Debt at End-2014	
	€bn
Government Bonds	116.3
EU/IMF Programme Funding*	58.8
Other Medium and Long-term (MLT) Debt	0.9
State Savings Schemes**	16.4
Short-Term Debt	4.6
<b>Gross National Debt at 31/12/14</b>	<b>197.1</b>
Less Cash and other Financial Assets***	14.8
<b>National Debt as at 31/12/14</b>	<b>182.3</b>
<b>Gross National Debt at 31/12/14</b>	
	<b>197.1</b>
General Government Debt Adjustments	6.3
<b>General Government Debt as at 31/12/14</b>	<b>203.3</b>

Figures may not total due to rounding.

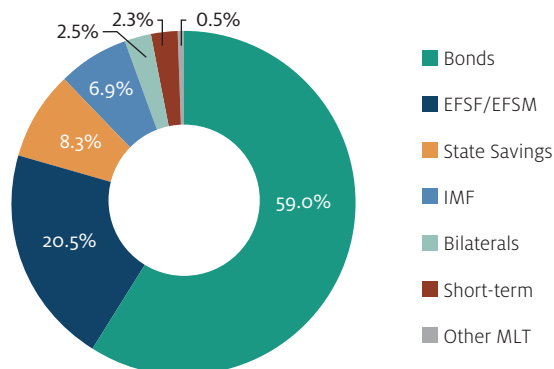
\* Net of a pre-paid margin of €0.53 billion on the first EFSF disbursement of February 2011.

\*\*State Savings Schemes also include moneys placed by depositors in the Post Office Savings Bank (POSB) which does not form part of the National Debt. These funds are mainly lent to the Exchequer as short-term advances and through the purchase of Irish Government Bonds. Taking into account the POSB Deposits, total State Savings outstanding were €19.1 billion at end-2014.

\*\*\*Of which, Exchequer cash and other short-term investments accounted for €11.1 billion at end-2014.

Source: NTMA and Central Statistics Office

### Composition of Gross National Debt End-2014



Source: NTMA

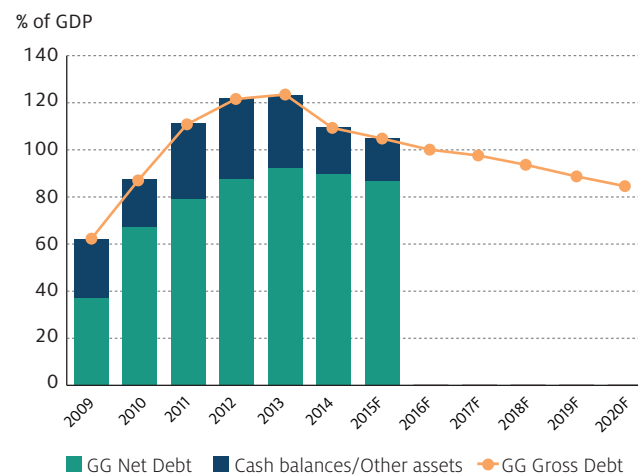
End-2014 GGD is estimated by the CSO at €203.3 billion or 109.7 per cent of Gross Domestic Product (GDP).

It is important to maintain investor confidence in Ireland by continuing to reduce the Government debt ratio. Based on the public finances being in balance by 2018 and with nominal GDP growth averaging just over 4 per cent per annum over the medium-term, the Stability Programme Update, April 2015 forecasts that the GGD/GDP ratio will decline to 85 per cent by 2020. This forecast does not reflect the potential sale of Government stakes in the banking sector. A primary budget surplus (the budget balance excluding debt interest payments) of 1.1 per cent of GDP is forecast for 2015, the first such surplus since 2007.

As noted previously, GGD is a gross measure that does not allow for the netting off of cash balances and other financial assets. However, the CSO produces an estimate of General Government Net Debt (net GGD), which is calculated by deducting from gross GGD the value of the financial assets corresponding to the categories of financial liabilities which comprise gross GGD. The CSO estimates that net GGD stood at €166.7 billion or 89.9 per cent of GDP at end-2014<sup>3</sup>.

<sup>3</sup> CSO, Government Finance Statistics, April 2015.

### General Government Debt 2009-2020



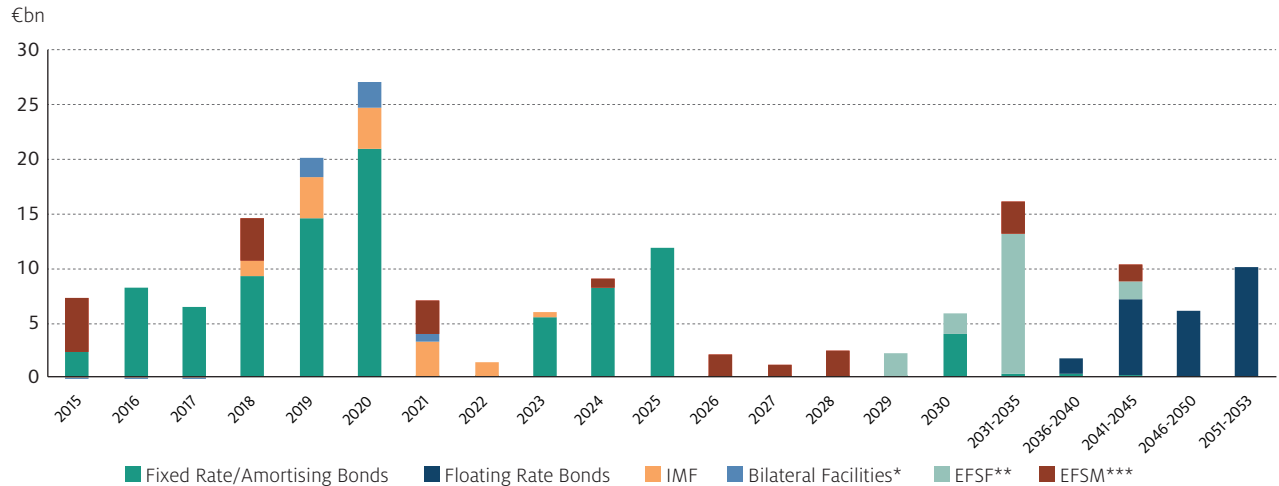
Source: CSO and Department of Finance

The weighted-average maturity of Ireland's long-term marketable and official debt at end-2014 is estimated at 12.4 years<sup>4</sup>. The chart opposite details the maturity profile of outstanding long-term marketable and official debt at end-2014.

<sup>4</sup> As the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates, the end-2014 weighted-average maturity of 12.4 years is an estimate.



### Maturity Profile of Ireland's Long-Term Marketable and Official Debt at End-2014



\*Bilateral loans were provided by the United Kingdom, Sweden and Denmark.

\*\*EFSF loans reflect the maturity extensions agreed in 2013.

\*\*\*EFSM loans are also subject to a seven year extension. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027. However, the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates. The original EFSM maturities are reflected in the chart above.

Source: NTMA

### Debt Service Outturn

The NTMA's primary debt management objectives are to ensure adequate liquidity for the Exchequer and to optimise debt service costs over the medium term.

The cash interest cost of the National Debt in 2014 was €7,470 million. The other debt service items were sinking funds<sup>5</sup> of €633 million – this is in effect a technical charge on the current budget which is also reflected as a receipt in the capital budget – and fees and administration expenses of €108 million.

Under the wider General Government measure, interest expenditure in 2014 is estimated at €7,502 million<sup>6</sup>.

Both the National Debt and General Government interest cost outturns in 2014 were just over 8 per cent lower than their respective Budget 2014 projections: the lower than projected costs primarily reflecting a more favourable interest rate environment.

### Other Functions

In addition to its core functions of borrowing for the Exchequer and debt management, the NTMA Funding and Debt Management Directorate perform a number of other functions.

### Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009

In December 2009 the Government introduced a new guarantee scheme to follow the Credit Institutions (Financial Support) Scheme 2008 to provide for the guarantee of bank liabilities beyond 29 September 2010 – the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (ELG Scheme). The Minister for Finance appointed the NTMA as the ELG Scheme Operator.

The ELG Scheme provided for an unconditional and irrevocable State guarantee for certain eligible liabilities (including deposits) of up to five years maturity issued by participating institutions to the extent that they are not covered by the Deposit Guarantee Scheme operated by the Central Bank of Ireland. These liabilities must have been incurred by participating institutions between the date of their joining the Scheme and the discontinuation of the Scheme. The ELG Scheme was discontinued effective from midnight on 28 March 2013.

Any liabilities guaranteed under the ELG Scheme up to 28 March 2013 remain guaranteed until their maturities. As of the date of the discontinuation of the ELG Scheme amounts guaranteed under the Scheme totalled €75 billion. Amounts guaranteed at end-December 2014 totalled €10 billion, as debt and deposits continued to mature following the end of the Scheme.

<sup>5</sup> The requirement to make an annual sinking fund payment was removed in the Finance Act 2014.

<sup>6</sup> CSO, Government Finance Statistics, April 2015.

Liabilities covered by ELG Scheme at End-2014	€m
Non-deposit Senior Unsecured Debt	5,707
Deposits	4,541
<b>Total</b>	<b>10,248</b>

Source: NTMA

The liquidation of Irish Bank Resolution Corporation Limited (IBRC) on 7 February 2013 triggered claims under the ELG Scheme. The ELG Scheme (unlike the Central Bank's Deposit Guarantee Scheme) is a claim-driven system and the NTMA as ELG Scheme Operator is managing claims submitted in respect of IBRC liabilities guaranteed under the Scheme. Further information is available on the NTMA website (ntma.ie).

The guaranteed liabilities of IBRC comprised both bonds and deposits, to the degree that they were not covered by the Deposit Guarantee Scheme. The two ELG-covered bonds were repaid in March 2013 and in total amounted to €934 million. Approximately €140 million has been paid out to date in relation to deposits. The NTMA continues to co-ordinate with the IBRC Special Liquidators on resolving outstanding claims.

### Central Treasury Service

The NTMA's Central Treasury Service (CTS) takes deposits from, and makes advances to, non-commercial State bodies, as well as local government authorities, the Health Service Executive and education and training boards. The objective is to provide these bodies with a competitive alternative to the banking sector for their treasury business and thus to make savings for the Exchequer. At end-2014 CTS loans to a total of 18 designated bodies amounted to €31.9 million. There were 175 deposits placed with the CTS in 2014, with an average balance outstanding of €163.3 million.

### Dormant Accounts Fund

Under the *Dormant Accounts Act, 2001* and the *Unclaimed Life Assurance Policies Act 2003*, balances on dormant accounts with banks, building societies and An Post and the net encashment value of certain life assurance policies are remitted to the State annually to be disbursed for charitable purposes or for purposes of community benefit. The period for determining dormancy is normally 15 years since the last customer-initiated transaction. In the case of life assurance policies with a specified term, it is five years after the end of that term. The legislation guarantees the right of account and policy holders to reclaim their moneys at any time from the financial institutions.

Pending disbursement, moneys in the Dormant Accounts Fund are managed by the NTMA. The NTMA had €215 million under management at end-2014. €49.3 million was transferred to the Fund in 2014, while €18.8 million of previously dormant funds was reclaimed. Disbursements from the Fund amounted to €2.0 million in 2014.

### Other Activities

The Funding and Debt Management Directorate also carries out the following functions:

- Provision of treasury execution services to NAMA, the SBCI and the IBRC Special Liquidator;
- Funding the Housing Finance Agency under its €5 billion short-term and medium-term Guaranteed Note Programme;
- Engaging in daily short-term cash management operations to regulate the level of Government cash balances at the Central Bank of Ireland. This is undertaken as part of the overall management of liquidity in the eurozone by the European Central Bank; and
- Management of Ireland's Carbon Fund.

# Ireland Strategic Investment Fund

## Legislative and Operating Framework

On 22 December 2014 the Ireland Strategic Investment Fund (ISIF) was established as the successor to the National Pensions Reserve Fund (NPRF) with a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.

The NPRF was controlled by the National Pensions Reserve Fund Commission (Commission) which performed its functions through the NTMA, the Manager of the Fund. The ISIF is controlled and managed by the NTMA.

The NPRF's legislative and operating framework changed significantly over the period since it was established in April 2001. Its original statutory objective was to meet as much as possible of the costs of social welfare and public service pensions from 2025 onwards. Under this objective, the Commission was required to invest the assets of the NPRF so as to secure the optimal total financial return, subject to an acceptable level of risk. This investment strategy was implemented through a globally diversified portfolio that included quoted equities, bonds, property, private equity, commodities and absolute return funds.

In 2009 and 2010 €10.7 billion of the NPRF's assets were invested in Allied Irish Banks (AIB) and Bank of Ireland at the direction of the Minister for Finance. A further €10 billion investment was made under direction in 2011 as part of the EU/IMF Programme of Financial Support. The remainder of the NPRF, the Discretionary Portfolio, continued to be managed by the Commission in line with its original statutory objective.

In September 2011 the Government announced its intention to redirect resources from the NPRF, following appropriate changes to its governing legislation, towards productive investment in the Irish economy. These legislative changes were made in the *National Treasury Management Agency (Amendment) Act 2014* which formally established the ISIF.

On 22 December 2014 all assets governed by Irish law transferred automatically by operation of law from the Commission to the NTMA (becoming assets of the ISIF) and the NPRF's investment mandate ended. From that date the Commission consists of a single commissioner (the Chief Executive of the NTMA) who is statutorily required to do everything reasonably practicable to give effect to the transfer of any remaining assets governed by foreign law. The transfer of these non-Irish assets, in particular illiquid assets and withholding tax recoverables, is more complex as it requires the cooperation of foreign counterparties. This process is currently underway and is expected to be substantially complete by mid-2015, though certain withholding tax recoverables may take longer.

The NPRF Commission's annual report and financial statements for 2014 are published separately.

## Investment Strategy – Discretionary Portfolio

### Capital Preservation

As a result of the change in investment mandate first signalled in 2011, the Commission acknowledged the requirement to preserve capital to ensure that resources were available when appropriate commercial investment opportunities in Ireland were developed or sourced. Simultaneously, it was necessary to maintain the NPRF's capacity to participate in market gains in accordance with its statutory mandate.

In June 2011 the Commission developed a 'Capital Preservation Strategy' as a means of applying a 'prudent person' principle combining (i) adherence to the Fund's long term investment mandate and (ii) a common sense approach to reducing volatility, given the statements by and requirements of Government that the NPRF's mandate would be changed. This Capital Preservation Strategy continued throughout the period to end-2014.

Its impact has been to reduce the NPRF's downside equity exposure – via the purchase of options and a reduced exposure to equities – and its implementation has been adjusted over time to reflect market pricing and the expected timeframe for mandate change. In early 2015 the NTMA extended the Capital Preservation Strategy pending the finalisation of the ISIF Investment Strategy.

### Maintaining Liquidity

The liquidity profile of the NPRF has been managed to ensure that investments can be realised as required to fund Irish investments under the ISIF mandate, and to provide the ISIF with flexibility in implementing an appropriate investment strategy. This liquidity management process included substantial sales of the NPRF's global private equity investments, and the holding of a significant proportion of assets which are realisable at low transaction costs and within a short time frame.

### Investment in Ireland

Pending the statutory establishment of the ISIF, the Commission decided that up to 20 per cent of the NPRF may be allocated to investments in Ireland, allowing it to avail of attractive investment opportunities while ensuring that concentration risk resulting from an increased level of investment in Ireland was within acceptable limits.

On 31 December 2014 the total amount committed to investments that would support the ISIF mandate under this 20 per cent allocation was €1.4 billion. This included:

- €361 million to three long-term funds that will provide in excess of €800 million of equity and credit investment for Irish small and medium-sized businesses (SMEs) and mid-sized corporates, comprising the Carlyle Cardinal Equity Investment Fund (€292 million), the China Ireland Technology Fund (US\$100 million) and the BlueBay SME Credit Fund (€450 million);
- €270 million to venture capital funds including four new investments made during 2014;
- a bridging facility of €300 million to Irish Water to fund its start-up costs that will mature in September 2015;

- commitments to infrastructure investment including €250 million to the Irish Infrastructure Fund, a stand-by credit facility to enable a significant PPP project to be delivered and a €44 million commitment to the Covanta Waste to Energy project; and
- a €75 million commitment to a commercial real estate mezzanine finance fund to assist normalisation of the real estate finance market and completion of development projects.

In allocating funds to investment in Ireland, part of the objective is to act as a catalyst for third party capital investing in Ireland, thereby increasing the amount of investment that can be achieved from the finite resources of the NPRF/ISIF. As at 31 December 2014 the total project size was 2.5 times the NPRF/ISIF's commitment.

NPRF/ISIF Discretionary Investments in Ireland at 31 December 2014				
	NPRF Committed Capital (€m)	3rd Party Committed Capital in Ireland (€m)	Total Project Size in Ireland (€m)	Multiple of Total Project Size in Ireland to Total Commitment
SME Equity Fund - Carlyle Cardinal	125	167	292	2.3x
SME Credit Fund - BlueBay	200	250	450	2.3x
WestSummit "China Ireland" Funds	73*	36	73	1.0x
Polaris VII	40*	35	40	1.0x
Innovation Fund Ireland	114	125	239	2.1x
Local Venture Capital Funds	116	460	576	5.0x
Silicon Valley Bank	39*	78	78	2.0x
Irish Water	300	-	300	1.0x
Irish Infrastructure Fund	250	67	317	1.3x
Forestry	30	187	217	7.2x
PPP N11 (Standby Facility)	18	165	165	9.1x
Dublin Waste to Energy (Covanta)	44	456	500	11.4x
WLR Cardinal CRE Mezz	75	195	270	3.6x
<b>Committed</b>	<b>1,424</b>	<b>2,222</b>	<b>3,518</b>	<b>2.5x</b>

\*A number of investments have been made into global investment vehicles where capital is deployed outside of Ireland, but where provisions have been put in place to deploy certain amounts of capital within Ireland as part of the overall relationship.

Figures may not total due to rounding.

Source: NTMA

## ISIF Investment Strategy

The NTMA is required to determine, monitor and keep under review an investment strategy for the assets of the ISIF (other than directed investments) in accordance with the ISIF's statutory investment policy of investing on a commercial basis in a manner designed to support economic activity and employment in the State.

The "double bottom line" mandate of the ISIF – investment return and economic impact – represents a new approach to investing which will re-configure the ISIF from a sovereign wealth fund into a sovereign development fund. While investments may have differing expected returns, risk profiles or time frames, each must pass the commerciality test. The ISIF will have a long-term focus and will target the majority of its capital towards investments which build on the productive potential of the economy and the enterprise sector. It will seek to attract co-investment partners to invest alongside it, thereby increasing the economic impact of its resources.

In considering investments the ISIF will seek to promote economic additionality (benefits to GDP which arise as a result of the investment) while avoiding deadweight (where the economic impacts would have been achieved in any event in the absence of the investment) and displacement (where the investment will simply substitute for existing economic activity).

Following consultation with the Minister for Finance and Minister for Public Enterprise and Reform as required under the *National Treasury Management Agency (Amendment) Act 2014*, the NTMA, in May 2015, finalised the ISIF investment strategy based on the principles set out above. Further information on the investment strategy is available at [isif.ie](http://isif.ie). In summary the ISIF will:

- in accordance with its mandate, invest on a commercial basis in a manner designed to support economic activity and employment in Ireland;
- develop a broad based portfolio:
  - across sectors including but not limited to infrastructure, energy, water, real estate, housing, tourism, food & agriculture, technology, healthcare and finance;
  - by asset class including debt, mezzanine finance, equity and project investments; and
  - that seeks to achieve some transformative impact by investment in one or more "big ideas".

- utilise its key differentiating features of flexibility, long-term timeframe and being a sovereign investment partner to fill investment gaps and enable transactions which would not otherwise easily be completed;
- seek co-investors where possible to assure the commerciality of its investments and leverage the economic impact that can be obtained from ISIF resources;
- look to earn a portfolio return over the medium term in excess of the average cost of Government debt;
- seek to achieve individual transaction returns that are appropriate relative to the risk involved;
- target an 80 per cent allocation to "high economic impact" investment opportunities which will generate economic additionality over time and have low levels of displacement and deadweight;
- pursue economic additionality in many forms including output (turnover), profits (operating surplus), net exports, capital expenditure and employment - an increase in any of these would be expected to increase economic activity;
- report regularly on the economic impact (including employment, turnover, exports, profits etc.) and regional spread of its investments; and
- deploy its capital over a three to five year period, subject to commercial investment opportunities being available.

## Performance & Portfolio Update

*Unless otherwise stated, all performance figures refer to the combined NPRF and ISIF portfolios (the Fund) – the NPRF prior to 22 December 2014, and the ISIF from this date.*

Performance is reported on three levels; (i) the Discretionary Portfolio - the investment of which was the responsibility of the Commission prior to 22 December 2014 and which became the responsibility of the NTMA (as controller and manager of the ISIF) following the establishment of the ISIF on 22 December 2014, (ii) the Directed Portfolio - the public policy investments made at the direction of the Minister for Finance, and (iii) the Total Fund.

On 31 December 2014 the Discretionary Portfolio was valued at €7.2 billion and the Directed Portfolio was valued at €15.0 billion. The value of the Total Fund stood at €22.2 billion.



## Discretionary Portfolio

The Discretionary Portfolio earned a return of 5.0 per cent in 2014. Its value increased by €344 million during the year. This return was driven by continued strong performance of risk assets as investors renewed their search for yield in a very low interest rate environment.

The Capital Preservation Strategy in place since June 2011 has rendered the Fund's original long-term benchmark - which did not incorporate a capital preservation element - no longer suitable as a measure of performance.

The Fund's secondary benchmark - the average cost of five-year Irish Government debt - provides a more suitable measure. The Fund outperformed this benchmark by 4.0 per cent in 2014. From June 2011 to 31 December 2014 the Fund's performance was 6.2 per cent per annum. The average yield on five-year Irish Government debt over the same period was 3.7 per cent.

From the NPRF's inception on 2 April 2001 until 21 December 2014 the Discretionary Portfolio delivered an annualised return of 4.0 per cent per annum.

Discretionary Portfolio Asset Allocation as at 31/12/2014		
Asset Allocation	€m	Fund Weight (%)
Large Cap Equity	1,254	17.5
Small Cap Equity	253	3.5
Emerging Markets	264	3.7
<b>Total Quoted Equity</b>	<b>1,771</b>	<b>24.7</b>
<b>Equity Put Options</b>	<b>31</b>	<b>0.4</b>
Eurozone Inflation Linked Bonds	148	2.1
Eurozone Corporate Bonds	1,373	19.2
Cash & Cash Equivalents	2,406	33.6
<b>Total Financial Assets</b>	<b>3,927</b>	<b>54.8</b>
Private Equity	245	3.4
Property	248	3.5
Commodities & Forestry	308	4.3
Infrastructure	368	5.1
Absolute Return Funds	273	3.8
<b>Total Alternative Assets</b>	<b>1,442</b>	<b>20.1</b>
<b>Total Discretionary Portfolio</b>	<b>7,171</b>	<b>100.0</b>

Figures may not total due to rounding.

Source: NTMA

The ISIF's global custodian, BNY Mellon, provides custody and accounting functions to the NTMA. BNY Mellon is responsible for transaction settlement and the holding of the ISIF's directly owned public markets assets.

## Directed Portfolio

*The figures in this section relate to NPRF/ISIF investments only and do not include public policy investments in Irish financial institutions made by the Minister for Finance through the Exchequer.*

Since 2009 a total of €20.7 billion of the Fund's assets have been invested in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons.

At 31 December 2014 the Fund's shareholdings in AIB and Bank of Ireland were 99.8 per cent and 13.9 per cent respectively. The Fund's Directed Portfolio had a year-end valuation of €15.0 billion (up €1.9 billion from €13.1 billion at end-2013).

At end-2014 the Directed Portfolio comprised both ordinary and preference shares in AIB, valued in aggregate at €11.7 billion, and ordinary shares in Bank of Ireland, valued at €1.4 billion. It also included cash proceeds of €1.9 billion from the sale and redemption of the Fund's holding of Bank of Ireland preference shares in December 2013.

As the Fund's preference share investment in AIB is unlisted and its ordinary shareholding leaves a free float of only 0.2 per cent, the NTMA, as the Commission had in previous years, engaged an external corporate finance firm to provide an independent fair market valuation as of 31 December 2014 for the purposes of valuing these investments in line with generally accepted accounting principles. Following this exercise the AIB ordinary shares have been valued at €0.0137 (1.37 cents) per share and the AIB preference shares have been valued at €1.30 per share.

The Fund's ordinary shareholding in Bank of Ireland was valued at its market price of €0.313 (31.3 cents) per share at 31 December 2014.

The Directed Portfolio's return in 2014 was 15.0 per cent, which is reflective of the improved economic and market outlook, improved financial performance of the underlying investments and the increase in valuation of comparable peer group companies. The bank investments valuation of €13.1 billion combined with cash of €4.2 billion received in dividend income, sales and redemptions (some of which has been remitted under Ministerial Direction to the Exchequer or transferred to the Fund's Discretionary Portfolio), amounts to a total value of €17.3 billion at end-2014 (84 per cent of the total Fund investment of €20.7 billion).

Banking Investments				
	Original investment €bn	Cash received to date €bn	End-2014 value €bn	Total (income & value) €bn
Preference shares	1.8	3.2		3.2
Ordinary shares	2.9	1.0	1.4	2.4
<b>Bank of Ireland</b>	<b>4.7</b>	<b>4.2</b>	<b>1.4</b>	<b>5.6</b>
Preference shares	3.5	0.0	4.5	4.5
Ordinary shares	8.7	-	7.2	7.2
Capital contribution	3.8	-	-	-
<b>AIB</b>	<b>16.0</b>	<b>0.0</b>	<b>11.7</b>	<b>11.7</b>
<b>Total Bank Investments</b>	<b>20.7</b>	<b>4.2</b>	<b>13.1</b>	<b>17.3</b>
Cash			1.9	
<b>Total Directed Portfolio</b>			<b>15.0</b>	

Figures may not total due to rounding.  
Source: NTMA

During 2014 the Minister for Finance withdrew €10 million from the Directed Portfolio to fund Government's equity investment in the newly established Strategic Banking Corporation of Ireland (SBCI) and directed that a loan facility of €240 million be provided to the SBCI from the Directed Portfolio. This loan facility was not yet drawn down at end-2014.

## Total Fund

The Total Fund, comprising both the Discretionary and Directed Portfolios, recorded a return of 11.6 per cent in 2014.

# National Development Finance Agency

The National Development Finance Agency (NDFA) was established on 1 January 2003 to provide financial advice to State authorities undertaking major public investment projects with a capital value of more than €20 million. The NDFA mandate was subsequently extended to give it full responsibility for the procurement and delivery of all Public Private Partnership (PPP) projects in sectors other than transport and local authorities. Up to 27 January 2015 the NDFA discharged its functions through the NTMA.

On 27 January 2015 the NDFA was dissolved and its functions transferred to the NTMA which will continue to use the NDFA brand to fulfil the various statutory mandates transferred from the NDFA. A final annual report and accounts of the NDFA for the period 1 January 2014 to 26 January 2015 is being published separately.

## Infrastructure Delivery

Significant progress has been made on the PPP projects within the *Infrastructure Stimulus Programme*, announced in 2012 by the Minister for Public Expenditure and Reform, Brendan Howlin T.D. The NDFA is responsible for delivering three education PPP projects (DIT Campus at Grangegorman, Schools PPP Bundle 4 and Schools PPP Bundle 5), one health PPP project (Primary Care Centres PPP Programme) and one justice PPP project (Courts Bundle PPP Programme), the projects having an estimated total capital value of c. €650 million. The National Roads Authority (NRA) is responsible for procuring the various road PPP projects, amounting to c. €750 million. The NDFA is financial adviser across the entire PPP programme.

2014 saw the start of construction on the first two PPP projects from the *Stimulus Programme* – a 57-km stretch of motorway in Galway (the N17/N18 PPP road project) and a bundle of four schools in Clare, Cork, Louth and Tipperary (Schools PPP Bundle 4) providing 3,000 pupil places. The N17/N18 project was the first Irish PPP to include institutional investor debt funding since the start of the financial crisis and was voted European PPP Deal of the Year at the 2014 Project Finance International awards.

Key events on other PPP projects in 2014 include:

- Construction of **Schools PPP Bundle 3** – providing a total of 5,700 school places at eight schools in Donegal, Galway, Leitrim, Limerick, Westmeath, Waterford and Wexford – was completed on time and on budget in April 2014. (The NDFA was both procuring authority and financial adviser to this project); and
- The **N7 Newlands Cross PPP road project** opened to traffic in November 2014, three months ahead of schedule removing the last traffic light between Cork, Limerick, Waterford and the border with Northern Ireland. The N11 part of this project is on schedule for delivery in 2015. (The NDFA was financial adviser to this project).

Procurement is well advanced on the PPP projects where the NDFA is both procuring authority and financial adviser.

**DIT Campus at Grangegorman** – The Preferred Tenderer has been appointed and financial close is expected in 2016. In March 2015 legal proceedings were initiated against the NTMA and the Minister for Education and Skills in respect of the public procurement competition for this project. The NTMA and the Minister are defending the proceedings.

**Primary Care PPP Programme** – The Preferred Tenderer has been appointed and financial close is expected in Q4 2015;

**Courts Bundle PPP** – The Preferred Tenderer has been appointed and financial close is expected in Q4 2015; and

**Schools PPP Bundle 5** – The Invitation to Tender has been issued, and tenders are expected in Q3 2015.

The NDFA is providing financial advice to the NRA on the following projects which are currently in procurement:

**M11 Gorey / Enniscorthy** – The Preferred Tenderer has been appointed, financial close is expected in Q3 2015;

**N25 New Ross bypass** – The Preferred Tenderer has been appointed, financial close is expected in Q3 2015; and

**Motorway service areas** – Tenders were received in Q1 2015, financial close is expected in Q3 2015.

In addition the NDFA is providing advice to the Railway Procurement Agency (RPA) on the Luas Cross City (City Centre Link) project.

Separately, the NDFA is delivering 15 non-PPP school projects with a combined value of c. €80 million on behalf of the Department of Education & Skills. Three “Design & Build” contracts were awarded at the start of 2014; construction is progressing on all sites and is expected to be completed in 2015.

## Infrastructure Funding Solutions

During the latter half of 2014 there was a significant resurgence of the Irish infrastructure lending market with both international and domestic funders expressing an interest in lending to Irish projects. The NDFA has seen a number of new participants including international institutional investors in the market and also a welcome recovery of the long-term debt market. Consequently, there has been a substantial improvement in the funding costs available to Irish PPP projects.

The NDFA also continues to maintain engagement with multilateral funders such as the European Investment Bank (EIB) and Council of Europe Development Bank (CEB) in order to maximise the availability of cost effective funding for Irish infrastructure.

The EIB provided direct loans to the Exchequer of €150 million in March 2014 for the extension of Dublin's Luas light rail system and €100 million in October 2014 to finance a second tranche of water/wastewater projects (the EIB previously provided €100 million for water/wastewater projects in 2012). Overall, since July 2012, the EIB has provided €550 million in direct Exchequer loans.

In January 2014 a €41 million loan facility was signed between the CEB and Ireland to fund up to 50 per cent of the Cork Prison project and the National Children's Detention Facility. The EIB is currently involved as a potential funder for several of the PPP projects (DIT Campus at Grangegorman and Primary Care PPP Programme) being procured by the NDFA.

The N25 New Ross By-Pass PPP project is availing of the *EIB Project Bonds Credit Enhancement (PBCE)* initiative. This initiative enables the EIB to provide eligible infrastructure projects with PBCE in the form of a subordinated instrument – either a loan or contingent facility – to support senior project bonds issued by a project company. The core benefit of PBCE is the enhancement it brings to the credit rating of senior bonds. The objective of the initiative is to widen access to sources of finance and to minimise overall funding costs.

## Encouraging and Supporting Wider SME Participation

In 2014 and 2015 the NDFA and Enterprise Ireland continued their ongoing programme of "Meet the Buyer" events around the country. These events offered small and medium sized companies (SMEs) within the construction sector the opportunity to meet directly with representatives of the bidding consortia for the Schools PPP Bundles, DIT campus at Grangegorman, Primary Care PPP Programme and the Courts Bundle projects. Four events were held in Dublin, Athlone, Portlaoise and Kilkenny. Over 950 SMEs attended these events and many of these have successfully bid to join the supply chain of the various PPP bidding consortia.

## Miscellaneous

The NDFA provides contract administration services to the Department of Education and Skills on PPP projects which are already operational (23 schools in total). The NDFA also provides ad hoc financial advisory services to Government Departments and Agencies in relation to completed PPP projects (e.g. review of the indexation on unitary charge payments, review of loan refinancing and debt restructuring), and other projects that involve the long-term commitment of public funds.

# NewERA

## Background and Functions

NewERA provides financial and commercial advice to Government in respect of a number of major commercial State bodies: ESB, Eirvia (Irish Water & Gas Networks Ireland), Bord na Móna, Coillte and EirGrid plc. These bodies play a crucial role in the economy particularly through investment in enabling infrastructure, such as energy and water networks, which are critical to:

- attracting multinationals to locate and invest in Ireland;
- maintaining Ireland's competitive position globally; and
- ensuring a strong environment for job creation.

These companies play a substantial economic role in the State as demonstrated by their published annual reports for 2013/14<sup>7</sup> which show that, on a combined basis, they:

- generated c. €6.6bn in revenues;
- employed capital of c. €13.6bn; and
- undertook capital expenditure of c. €1.3bn.

NewERA takes a commercial approach to the oversight of State bodies providing financial and commercial advisory services to relevant Ministers including in relation to financial performance, corporate strategy, capital and investment plans, proposed acquisitions or disposals, restructuring and board appointments. The role also involves the provision of financial and commercial advisory services in respect of other State bodies or assets at the request of the relevant Minister.

In addition, NewERA may, in consultation with relevant Ministers, develop proposals for investment in the energy, water, telecommunications and forestry sectors to support economic activity and employment.

## Shareholder Expectations Framework

NewERA has developed a Shareholder Expectations Framework intended to provide clarity and guidance for each of the commercial State bodies within its core remit in relation to the Government's strategic priorities, policy objectives, financial performance and reporting requirements for each body. In 2014 using this framework, 'shareholder expectations' letters, prepared by NewERA, were sent by the relevant Ministers to the boards of EirGrid plc, Bord na Móna plc and Coillte. The first such letter was issued to ESB in 2013.

The Shareholder Expectation Framework is tailored to the body concerned but typically covers the following areas: financial performance measures (shareholder returns, credit metrics etc.), peer company review, relevant policy objectives and reporting. One of the key areas addressed as part of reviewing shareholder returns is dividend policy. By the end of 2014 the boards of ESB, EirGrid, Bord na Móna and Coillte had engaged with NewERA and the relevant Government Departments with a view to developing new formal dividend policies with a particular focus on striking an appropriate balance between the payment of dividends and re-investment in the business. A new dividend policy for ESB, as announced by ESB in October 2013, will see ESB increase its dividend payout to 40 per cent of normalised profits after tax by 2017, subject to ESB sustaining a minimum credit rating of BBB+. The board of EirGrid plc during 2014 recommended for the first time an ordinary dividend of €3 million.

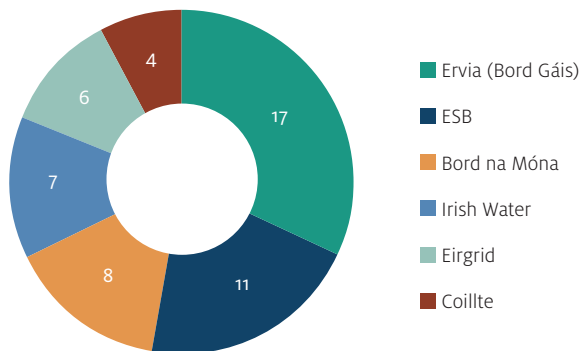
## Analysis of Submissions from the Relevant Commercial State Bodies

During 2014 NewERA also provided detailed financial analysis and recommendations (where appropriate) to relevant Ministers on a total of 53 submissions for Ministerial consideration and (where appropriate) consent, made by the relevant commercial State bodies. This included €2.6 billion in financing-related submissions (including company borrowings and revolving credit facilities) and €0.6 billion in capital expenditure project submissions. One such project is the ESB Fibre to the Building Project whereby ESB and Vodafone agreed to enter into a joint venture which will utilise ESB's existing electricity infrastructure to deliver a fibre-to-the-building broadband network offering speeds from 200 Mbps to 1,000 Mbps.

These submissions primarily stem from legislative obligations on commercial State bodies to seek Ministerial approval or arise under the *Code of Practice for the Governance of State Bodies*.

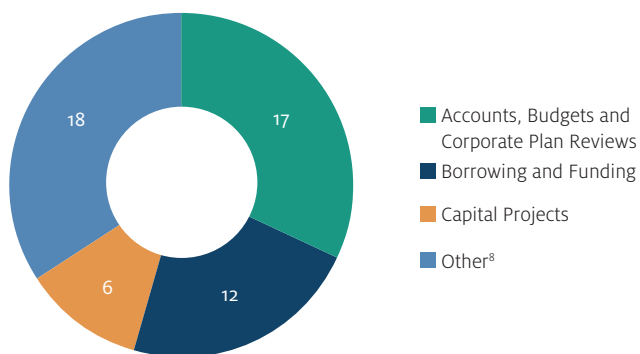
<sup>7</sup> Based on the following Annual Reports: EirGrid - year end 30 September 2013; ESB, Eirvia and Coillte - year end 31 December 2013; and Bord na Móna - year end 31 March 2014.

### Submissions by Company



Source: NTMA

### Submissions by Type



Source: NTMA

### Portfolio Financial Overview

NewERA prepared its second annual Portfolio Financial Overview, of the commercial State bodies within its core remit during 2014.<sup>9</sup> The main financial and operating performance measures covered by the report are summarised below:

- Turnover increased by 5 per cent from €6.3 billion to €6.6 billion in the latest reported financial year – this was the third consecutive year of turnover growth;
- There was a €141 million increase in adjusted operating profit (EBIT) to €1.0 billion in the latest reported financial year. Growth was mainly driven by ESB and Ervia but there were increases across all bodies;

- The level of adjusted operating profit generated was the highest level in five years;
- Combined net debt reduced marginally to €6.7 billion from €6.8 billion in the latest reported financial year but is higher than the level of net debt five years ago (€4.3 billion);
- There are continued high levels of investment. In the latest reported financial year the bodies spent an aggregate of €1.3 billion on capital investment, bringing the total gross spend over the past five years to €6.3 billion;
- There was an increase in ordinary dividends to €204 million paid in the latest financial year from €102 million in the previous financial year reflecting increased underlying net profitability, the revised dividend policy of ESB and the request for additional dividend income from commercial State bodies that arose from Budget 2013;
- The adjusted operating margin of 15.6 per cent is at its highest level for five years; and
- The Return on Capital Employed of 7.6 per cent<sup>10</sup> is 1 per cent higher than the previous year and at its highest level over the 5-year period.

### Appointment of Directors

As set out in the *National Treasury Management Agency (Amendment) Act 2014* NewERA has a statutory function to provide advice to the relevant Ministers on the appointment of directors and chairpersons to the boards of bodies within NewERA's remit.

In keeping with the new approach to appointments to State boards through the Public Appointments Service (PAS) as announced by the Minister of Public Expenditure and Reform in November 2014, NewERA is implementing this role in conjunction with the PAS. A protocol on the appointment process for bodies within NewERA's remit has been published as an Appendix to the *Guidelines on Appointments to State Boards*.

### RTÉ

In 2014 NewERA finalised its financial review of RTÉ (a redacted version of which was published by the Minister for Communications, Energy and Natural Resources on 21 April 2015). The review analysed RTÉ on a group and divisional basis and included a benchmarking exercise of its financial performance relative to selected peer broadcasting organisations.

<sup>8</sup> "Other" includes advice on such matters as pensions and establishment of subsidiaries.

<sup>9</sup> This was carried out by reference to the published annual financial statements for each entity available at the time: i.e. EirGrid – 30 Sep. 2013; Coillte, Ervia and ESB – 31 Dec. 2013; Bord na Móna – 27 Mar. 2014.

<sup>10</sup> NewERA calculation – excludes pension liabilities and employee liabilities (where applicable), if pension liabilities and employee liabilities are included then ROCE is 6.9 per cent (0.9 per cent higher than the previous year).

### **Ervia (formerly BGE): Disposal of Energy Business**

NewERA provided advice and project management services to Government in relation to the sale of the Ervia energy business. The sale to a consortium comprising Centrica plc, Brookfield Renewable Energy Partners LP and iCON Infrastructure was completed on 30 June 2014. Dividends to the State arising from the sale and planned subsequent re-gearing are expected to be up to €1 billion (with the first €150 million paid in 2014).

### **ESB: Disposal of Non-Strategic Power Generation Capacity**

ESB was asked by the Government to develop proposals for the sale of some non-strategic generation capacity, with the specific objective of delivering special dividends to the Government targeted at up to €400 million by end-2014. NewERA worked closely with ESB and the Government Steering Group established to oversee these disposals. Following on from the completion of the sale of ESB's shareholding in Marchwood Power Limited (MPL) and Bizkaia Energia SL (BES) special dividends totalling €197 million from proceeds of sales of ESB's shareholding in MPL and BES were paid to Government in 2014. The balance of the special dividend of €203 million was paid to Government in January 2015.

### **Bord na Móna/Coillte: Beneficial Merger**

NewERA prepared a report for Government on the financial costs and benefits of a merger between Bord na Móna and Coillte. In June 2014 the Government announced that it has decided to streamline and refocus the commercial operations of Bord na Móna and Coillte, via the establishment of a joint venture between the companies. It will focus on their common business activities in biomass, wind energy, shared services, and recreation and tourism. NewERA is overseeing the implementation process.

### **Aer Lingus Group plc**

Following the announcement by Aer Lingus on 18 December 2014 in relation to a potential offer for the company from International Consolidated Airlines Group S.A (IAG), NewERA provided financial and commercial advisory services to the relevant Ministers in relation to the offer from IAG to acquire the State's shareholding in Aer Lingus.

### **Irish Water**

During 2014 NewERA continued its work with the relevant Government Departments and Irish Water to progress the establishment of a regulated national water utility. NewERA has provided advice in relation to certain financial, funding, financial regulatory and corporate structure aspects of Irish Water. Irish Water has been successful in securing its first round of commercial debt facilities in 2014.

### **Telecommunications**

In April 2014 the Minister for Communications, Energy and Natural Resources announced details of the proposed State intervention under the National Broadband Plan (NBP). This proposed intervention will involve an end-to-end strategy for the delivery of quality and reliable high speed broadband that includes a major fibre build-out to rural areas and is to ensure that the solution delivered is capable of scaling up to meet future demand and will address current connectivity challenges in a meaningful and sustainable way.

Detailed planning work was undertaken in 2014 in order to progress delivery of the project with NewERA providing input from a financial and commercial perspective on specific aspects of NBP programme delivery including funding and ownership options that may be considered by the Minister.

### **BioEnergy**

During 2014 NewERA assisted the Department of Communications, Energy and Natural Resources with the National BioEnergy Strategy and related enabling measures. The draft BioEnergy plan was published by the Department in October 2014. NewERA is involved in a number of workstreams, including measures to stimulate demand and increase supply, the establishment of BioEnergy Ireland and identification of pilot projects.

### **Forestry**

NewERA is assisting with the establishment of market based mechanisms to fund afforestation in Ireland as part of the Department of Agriculture, Food and the Marine's Forestry Programme 2014-2020. This work involves NewERA exploring the development of sources of institutional, industry and private funding/investment for afforestation and engaging with the relevant stakeholders on the roll-out of the relevant sections of the Forestry Programme.



# State Claims Agency

The NTMA is designated as the State Claims Agency (SCA) when performing the claims management and risk management functions delegated to it under the *National Treasury Management Agency (Amendment) Act 2000*.

The SCA's principal objectives are:

- While acting in the best interest of taxpayers, to act fairly and ethically in its dealings with people who have suffered injuries and who take legal actions against the State or State bodies, and the families of these people; and
- To implement targeted personal injury and property damage risk work programmes to mitigate litigation risk in State authorities and healthcare enterprises, in order to reduce the costs of future litigation against the State.

The SCA's remit covers personal injury and third-party property damage risks and claims relating to certain State authorities including the State itself, Government ministers, the Attorney General, the Health Service Executive, the voluntary healthcare sector, An Garda Síochána, the Irish Prison Service, the Defence Forces and community and comprehensive schools. It also manages third-party costs arising from certain Tribunals of Inquiry.

In April 2014 the SCA's remit was further extended with the delegation to it by Government of the management of personal injury and third-party property damage claims in respect of an additional 61 public bodies, bringing the total number within the SCA's remit from 56 to 117. Another delegation by Government in June 2015 has further increased the number of public bodies within SCA's remit to 129.

## Claims Management

The SCA's claims management objective is that claims should be managed efficiently and conscientiously. This has the following practical implications:

- In cases where the State is considered liable or which involve an apportionment of liability, the SCA's approach is to settle such claims expeditiously, in so far as it is possible to do so, and on fair and reasonable terms; and
- In cases where liability is fully disputed by the State, all necessary resources are applied in the defence of such claims.

The SCA manages claims from their initial notification through to final resolution. Claims are investigated in a thorough and timely fashion, in order to facilitate early decision-making in relation to liability and strategy.

In 2014 the SCA resolved 1,939 claims at a settlement cost of €95 million and received 3,003 new claims.

All Claims at End-2014		
	Claims	Settlement Costs €m
Claims received	3,003	N/A
Claims resolved	1,939	95

Source: NTMA

At end-2014 the SCA had 7,221 claims under management, an increase of 16.7 per cent from a year earlier. The outstanding estimated liability against all active claims was €1.47 billion, broken down as follows:

Active Claims at End-2014		
	Claims	Estimated Outstanding Liability €m
Clinical claims	2,844	1,160
General claims	4,377	309
<b>Total</b>	<b>7,221</b>	<b>1,469</b>

Source: NTMA

During 2014 the SCA implemented a newly upgraded National Incident Management System (NIMS) – an end-to-end risk management tool - which is currently being rolled out across its client base.

As part of this upgrade, the data from the legacy STARSWeb system was mapped over to NIMS. This newly upgraded system now adopts the World Health Organisation (WHO) taxonomy for the entire healthcare sector thereby ensuring statistical comparisons can be made regionally, nationally and internationally. The impact of this is that some of the previous claim categorisations have changed to mirror internationally recognised classifications and the claims portfolios are now categorised by reference to clinical and general claims.

## Clinical Claims

The State has assumed responsibility for the indemnification and management of clinical negligence claims arising from the diagnosis, treatment and care of patients in public healthcare enterprises and also a small number of claims through other schemes.

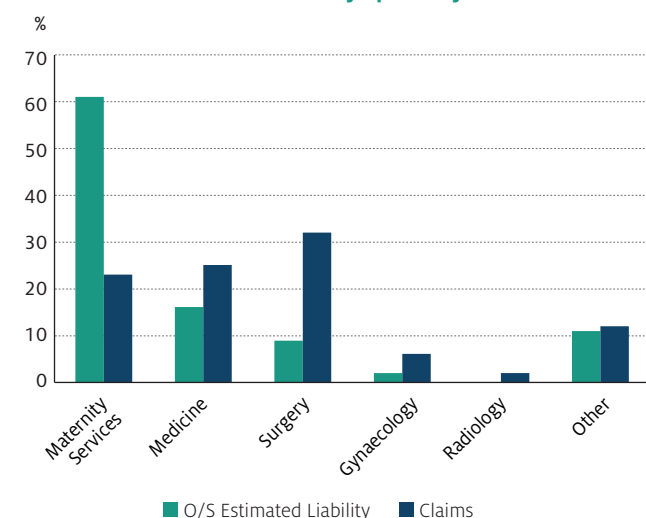
The SCA resolved 488 clinical claims during 2014 at a cost of €70 million. The SCA received 610 new clinical claims in 2014.

Clinical Claims at End-2014		
	Claims	Settlement Costs €m
Clinical claims received	610	N/A
Clinical claims resolved	488	70

Source: NTMA

Maternity services related claims accounted for 23 per cent of all new clinical claims and 61 per cent of the outstanding estimated liability of all new claims due to the high values associated with these types of claims.

#### Clinical Claims Received 2014 - by Speciality



Source: NTMA

Cost of Clinical Claims Resolved 2010-2014					
Cost Element	2010 €000	2011 €000	2012 €000	2013 €000	2014 €000
<b>Cost for all claims resolved</b>					
Awards/Settlements	33,786	33,512	35,357	37,478	44,455
Legal Fees - SCA	7,848	7,086	8,595	9,840	9,305
Legal Fees - Plaintiff	12,370	12,527	12,964	16,029	14,685
Other	897	848	961	1,300	1,222
<b>Total</b>	<b>54,902</b>	<b>53,973</b>	<b>57,877</b>	<b>64,647</b>	<b>69,667</b>
<b>Average cost per claim resolved</b>					
Awards/Settlements	99	104	101	106	91
Legal Fees - SCA	23	22	24	28	19
Legal Fees - Plaintiff	36	39	37	45	30
Other	3	3	3	4	3
<b>Overall Average</b>	<b>161</b>	<b>168</b>	<b>165</b>	<b>183</b>	<b>143</b>

Figures may not total due to rounding.

Source: NTMA

At end-2014 the SCA had 2,844 clinical claims under management, with an outstanding estimated liability of €1.16 billion, compared with 3,061 active claims at end-2013. This decrease relates to the re-categorisation of claims by reference to the WHO taxonomy.

Thus, some claims which were previously categorised as clinical, e.g. infection control, have now been re-categorised as general claims.

#### Cost of Clinical Claims Resolved

The average cost of clinical claims resolved in 2014 (including awards/settlements and related legal and other costs) was €143,000 compared with €183,000 in 2013. This decrease is mainly due to:

- DePuy orthopaedic hip replacement implant claims resolved in 2014 at no cost to the State. The SCA secured an indemnity for the State from DePuy in respect of approximately 200 such claims;
- 44 claims resolved under the terms of the Lourdes Hospital Payment Scheme<sup>11</sup>; and
- The effect of lower legal costs in 2014 when compared with previous years, reflecting earlier mitigating measures taken by the SCA.

<sup>11</sup> In July 2013 the Government approved the establishment of a Scheme to compensate former patients of Dr Neary (Consultant Obstetrician) who underwent unnecessary bilateral oophorectomies in Our Lady of Lourdes Hospital, Drogheda. The SCA was requested by the Minister for Health to draft and administer the Scheme.

## How Claims are Resolved

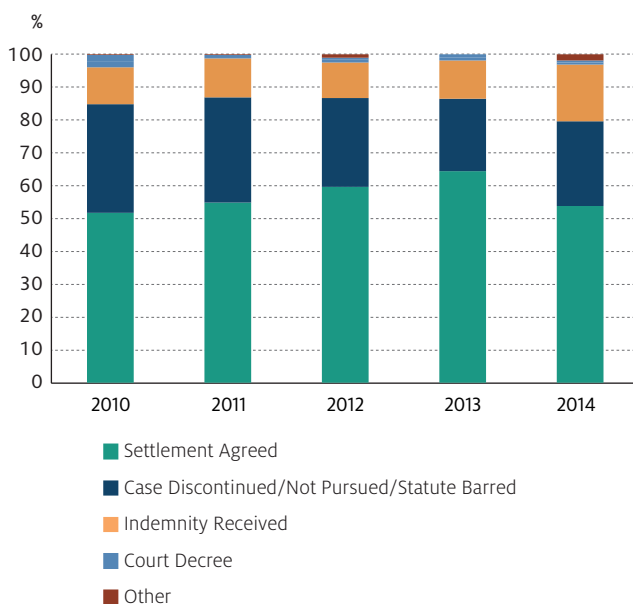
In cases where the SCA investigation concludes that the relevant State authority bears some or all liability, it seeks to settle claims expeditiously and on fair and reasonable terms. If it considers that the State is not liable, the SCA's policy is to apply all necessary resources to defend the claims.

The SCA resolves the majority of claims by negotiating a settlement, either directly with the plaintiff's legal team or through a process of mediation: fewer than three per cent of clinical negligence cases handled by the SCA result in a contested court hearing.

The SCA advocates mediation as a preferable alternative to the adversarial courts system for resolving clinical negligence cases. The SCA settled 13 clinical negligence cases by mediation in 2014 and offered mediation in many other cases. Unfortunately some plaintiffs' lawyers are implacably opposed to mediation as a means for resolving these cases.

As the portfolio of clinical claims matures year on year, the number of agreed settlements as a proportion of the total is expected to continue to rise as it has done between 2009 and 2013. There has been a decrease in the proportion of clinical claims resolved through agreement in 2014. This is largely to do with the diluting effect of the large number of DePuy hip replacement implant claims resolved in 2014. Excluding these types of mass actions, the proportion of claims resolved through agreed settlements for 2014 remains broadly the same as previous years.

## How Clinical Claims were Resolved 2010 to 2014



Figures may not total due to rounding.  
Source: NTMA

## General Claims

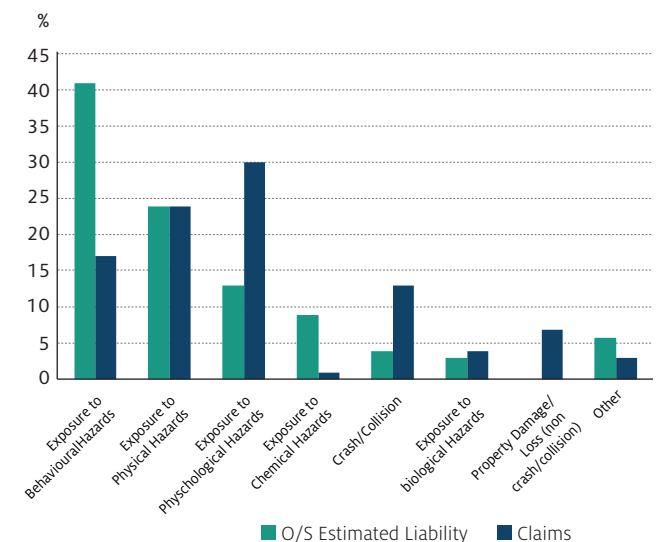
General claims consist of personal injury (non-clinical) and third-party property damage claims. The SCA resolved 1,451 general claims during 2014 at a cost of €25 million.

General Claims at End-2014		
	Claims	Settlement Costs €m
General claims received	2,393	N/A
General claims resolved	1,451	25

Source: NTMA

The SCA received 2,393 new general claims in 2014, the main incident hazard categories of which were exposure to behavioural hazards (e.g. violence/harassment/aggression), exposure to physical hazards (e.g. slips, trips and falls) and exposure to psychological hazards (e.g. a traumatic event). These categories together account for 71 per cent of new claims received and 78 per cent of the outstanding estimated liability of all new claims.

## General Claims Received in 2014 – by Hazard Category



Source: NTMA

Claims by members of the public constitute the largest "person" category in terms of outstanding estimated liability. Members of the public include recreational users and visitors to State facilities. Claims by prisoners constitute the largest volume of claims received from a single source. This is due to the receipt of approximately 666 in-cell sanitation claims from former and current prisoners who allege, inter alia, breach of their constitutional rights.

### General Claims Received in 2014 –by Who/What Involved



Source: NTMA

At end-2014 the SCA had 4,377 general claims under management, with an outstanding estimated liability of €309.1 million. The increase from the personal injury (non-clinical) and property damage claim portfolio at end-2013 (3,127 claims, outstanding estimated liability of €186.7 million) is due to a number of reasons such as the additional authorities within the SCA's remit, mass torts and re-categorisations of claims on NIMS to align with WHO taxonomy.

### Cost of General Claims Resolved

The average cost per claim in 2014 increased relative to previous years due to the effect of the maturing of HSE claims delegated to the SCA in 2010. A number of high value HSE claims were resolved in 2014 thereby raising the average cost per claim.

Cost of General Claims Resolved 2010-2014					
Cost Element	2010 €000	2011 €000	2012 €000	2013 €000	2014 €000
<b>Cost for all claims resolved</b>					
Awards/Settlements	7,783	8,051	8,317	11,289	16,121
Legal Fees - SCA	2,257	2,825	2,506	2,962	3,015
Legal Fees - Plaintiff	3,204	3,929	3,468	4,385	5,297
Other	565	641	571	834	867
<b>Total</b>	<b>13,810</b>	<b>15,447</b>	<b>14,861</b>	<b>19,471</b>	<b>25,300</b>
<b>Average cost per claim resolved</b>					
Awards/Settlements	6	6	5	8	11
Legal Fees - SCA	2	2	2	2	2
Legal Fees - Plaintiff	2	3	2	3	4
Other	0	1	0	1	1
<b>Overall Average</b>	<b>10</b>	<b>12</b>	<b>9</b>	<b>13</b>	<b>17</b>

Figures may not total due to rounding.

Source: NTMA

## Actuarial Savings 2014

Each year, the SCA's actuaries project the annual cash flows required to settle claims for the various indemnity schemes handled by the SCA. In the absence of Periodic Payment Order (PPO) legislation and the insistence, therefore, of some families to settle catastrophic injury-related clinical negligence cases by lump sums, the actuaries were required to revalue their assessment of the cash flows required to settle such cases. However, many plaintiffs' families accepted the SCA's offer to settle their cases on a PPO basis.

The revised actuarial assessment projected that €223.1 million would be required in 2014 to cover both the cost of resolving and managing ongoing active claims. The net cost, taking account of successful recoveries from third parties, was €128.8 million – a saving of €94.3 million, or 42 per cent.

## State Indemnity

The SCA's analysis has demonstrated that the cost of managing claims on a "pay as you go basis" is significantly lower than the premium cost of insuring the risk. In the last five years the SCA has been given authority to manage claims in this way in respect of the HSE, 17 voluntary hospitals and 44 other State authorities.

It is estimated that insurance premium payments, in the region of €135 million, would have been paid from 2010 to 2014 in respect of these bodies. The SCA has expended less than €35 million resolving claims in the same period resulting in cash savings of €100 million to date (approximately equivalent to 70 per cent of the premiums which would have been paid).

## Recoveries and Costs Saving Initiatives

The SCA vigorously pursues all available money recoveries in accordance with best claim practices and as permitted by law. One such example is the recovery of monies by means of third party/co-defendant contributions. Whether by adjudication of the court or agreement with the third party/co-defendant, a percentage contribution in relation to a particular claim may be paid by the third party/co-defendant to the SCA. Additionally, in some cases, an indemnity in full may be received from a third party/co-defendant.

Recoveries and Third Party Contributions by Year Transacted					
	2010	2011	2012	2013	2014
Total Recoveries	€6.1m	€15.1m	€3.8m	€1.8m	€2.8m

Source: NTMA

The level of legal costs paid to plaintiffs' legal representatives is carefully examined and, wherever possible and by means of negotiations, the SCA seeks to achieve the maximum possible reduction in legal costs. If the SCA cannot successfully agree the level of legal costs to be paid to plaintiffs' legal representatives, the matter is determined by a Taxing Master.

Negotiated Legal Cost Savings by Year Claim Finalised					
	2010	2011	2012	2013	2014
Total Negotiated Savings	€5.7m	€6.6m	€7.8m	€8.6m	€10m

Source: NTMA

The SCA, in an initiative designed to reduce barristers' fees, invited barristers to tender competitively for their services and barristers' panels were put in place in January 2014. During 2014 this initiative yielded legal costs savings of 22 per cent compared with projected costs for the year. A similar tendering initiative conducted in 2011 with regard to solicitors' panels yielded legal costs savings of 19 per cent in 2014 compared with projected costs for the year.

## Legal Costs Precedent Case of Significance

*Isabelle Sheehan (An Infant) Suing by her Mother and Next Friend Catherine Sheehan v David Corr*

This was a catastrophic injuries case involving an infant. The SCA agreed to make a PPO settlement of €1.9 million in April 2011, the PPO to cover a two-year period. Subsequent to the PPO settlement, the plaintiff's solicitors submitted a Bill of Costs in the sum of €1,046,000. The SCA, in view of the amounts claimed in the overall Bill, decided to proceed to tax the Bill through the Taxation of Costs System. The Taxing Master, on appeal by the plaintiff's solicitor, reduced the plaintiff's solicitor's professional fee from €485,000 to €276,000. Senior Counsel's brief fee of €125,000 was reduced to €65,000 and junior counsel's brief fee was reduced from €90,000 to €32,500.

The plaintiff's solicitor appealed the Taxing Master's decision to the High Court. The High Court Appeal was heard by the President of the High Court who dismissed the appeal and affirmed the Taxing Master's original decision. The President's judgment is particularly helpful in laying out certain principles and guidelines concerning the measurement of costs in catastrophic injury cases.

## Legal Costs Unit

In 2012 the Government decided to establish a Legal Costs Unit (LCU) within the SCA to deal with third-party costs arising from certain Tribunals of Inquiry (the Mahon, Moriarty and Smithwick Tribunals).

Legal Cost Unit Claims Negotiated at End-2014				
	Number of Cost Claims Negotiated	Value €m	Cost Claims Agreed €m	Legal Cost Saving %
Mahon Tribunal	103	8.7	4.5	48
Moriarty Tribunal	26	8.0	3.4	58
Smithwick Tribunal	2	2.6	1.5	42

Source: NTMA

Approximately 300 costs orders have been made in respect of the Mahon Tribunal. The LCU received 125 costs claims to end-2014 with a total value of €13 million.

One hundred and three of these claims amounting to €8.7 million have been negotiated and agreed at €4.5 million without the necessity for taxation, representing a saving of approximately 48 per cent.

A further 125 costs orders have been made in respect of the Moriarty Tribunal. The LCU received 33 costs claims to end-2014 with a total value of €9.2 million. Twenty-six of these claims amounting to €8.0 million have been negotiated and agreed at €3.4 million without the necessity for taxation, representing a saving of approximately 58 per cent.

A further 10 costs orders have been made in respect of the Smithwick Tribunal. The LCU received 8 costs claims to end-2014 with a total value of €11.8 million. Two of these claims amounting to €2.6 million have been negotiated and agreed at €1.5 million without the necessity for taxation, representing a saving of approximately 42 per cent.

The LCU continues its robust approach to the management and resolution of bills of costs by way of negotiation and, where necessary, through the taxation of costs system, in an effort to deliver significant savings to the Exchequer.

## Risk Management

The “risk universe” indemnified by the State and managed by the SCA is extensive. For example, it includes over 200,000 State employees and all public healthcare service users (public healthcare has approximately 7 million contacts with members of the public per annum). It also includes public services that, by their nature, constitute higher risk activities such as the provision of clinical care in hospitals, Defence Forces personnel on operations overseas, members of An Garda Síochána on operational duty, customs inspections, emergency response services and custody of prisoners.

The SCA's risk management objective, and statutory duty, is to advise and assist State authorities and healthcare enterprises on

measures to be taken to prevent the occurrence, or to reduce the incidence, of acts or omissions that may give rise to personal injury, property damage or medical negligence adverse events that could subsequently result in claims. The SCA's clinical risk management programme focuses on collaboration with risk managers and other personnel in healthcare enterprises to support patient safety.

The personal injury and property damage risk management programme focuses on providing advice and support to State authorities and healthcare enterprises within its remit in relation to risk management structures, maintenance of buildings, fire safety, health and safety and environmental management.

Specifically, the SCA provides a range of practical risk management services and advice to include:

- The hosting of the National Incident Management System (NIMS), a web-based database which facilitates direct reporting of adverse events by State authorities and healthcare enterprises;
- The analysis of adverse events and claims data and the provision of this analysis to State authorities and healthcare enterprises in order to identify risk clusters;
- Publication of risk management guidance and the provision of practical risk management tools;
- The provision of information and training by means of seminars and publications, including the SCA website and newsletters;
- The provision of risk management solutions directly to State authorities and healthcare enterprises in respect of specific macro risk issues;
- Carrying out risk management reviews and assisting with the development and implementation of State authorities' risk management policies and procedures;
- Supporting the implementation of the SCA's recommendations issued to State authorities; and
- The provision of insurance, indemnity and liability advices to State authorities and healthcare enterprises.

Each year the SCA carries out litigation risk management work programmes in association with client State authorities and healthcare enterprises. Some significant risk management projects undertaken during 2014 are summarised below.

### **Health and Safety Risk Management Systems**

In 2014 the SCA continued to support State authorities to implement best practice health and safety risk management systems in their organisations.

The Defence Forces and Irish Prison Service have fully operational systems in place. These health and safety risk management systems significantly improve the management of risk in an organisation. Measurable outputs include increased incident reporting rates, ability to obtain key claims documentation quickly, improvement in staff communication and greater management oversight.

In 2014 the Department of Agriculture formally launched its system becoming the first Government Department to implement a complete health and safety risk management system across all of its operations. In addition, the Probation Service launched its system at a number of pilot sites. The SCA actively supported the development, roll out and training in connection with these new systems. A number of other agencies are working with the SCA on their health and safety risk management systems with proposed roll outs scheduled for 2015.

### **Critical Incident Stress Management (CISM) Work Positive Framework**

The SCA and CISM Network Ireland have worked collaboratively to produce a new and innovative psychosocial risk assessment tool with specific guidance for dealing with critical incidents and/or traumatic events. The psychosocial risk assessment has been developed in accordance with best practice and will become an accepted tool for stress management, supported by the Health and Safety Authority (HSA). The SCA, as project sponsor, has championed and maintained oversight of the CISM Work Positive Framework to date.

CISM is an internationally recognised approach for managing critical incidents and/or traumatic events. The implementation of CISM risk management strategies will protect workers' health from existing and emerging work related hazards, including psychosocial hazards. It will encourage workplace practices to promote good health, improve employee wellbeing and the wellbeing of others.

The primary goal of the CISM Work Positive Framework is for organisations to adopt the risk reduction methodology through interventions in order to reduce risk, foster wellbeing in the workplace and adhere to national policy and statutory obligations. It will have particular use in high risk occupations such as healthcare services, emergency or rescue services, security agencies etc. The SCA estimate that 70,000 employees in the State have the potential to be exposed to a critical incident.

### **National Incident Management System**

The SCA officially launched the new National Incident Management System (NIMS), the successor to the former STARSWeb system, in June 2014. NIMS is a confidential, highly secure web based system. It is an end-to-end risk management tool that allows enterprises to manage incidents throughout the incident lifecycle. This includes:

- Reporting of incidents (including Serious Reportable Events);
- Management of investigations;
- Recording of investigation conclusions;
- Recording of recommendations;
- Tracking recommendations to closure; and
- Analysis of incident, investigation and recommendations data and other functionality.

NIMS represents a considerable upgrade to the former system and will enable all designated State authorities to report incidents, in accordance with their statutory reporting obligation, to the SCA.

In 2014 NIMS was implemented in a large number of sites:

- The Rotunda Hospital, one of Ireland's largest maternity hospitals;
- All 20 locations in the Irish Prison Service; and
- All five brigades of the Defence Forces and General Headquarters.

In 2015 the SCA intend to roll out the system to a further 36 State Authorities including the healthcare sector which, in itself, comprises over 2,600 locations.



### Obstetrics (Maternity Services)

Obstetrics continues to provide the most significant challenge from a clinical risk management perspective. It accounted for 54 per cent of the spend on clinical claims in 2014. In 2015 the SCA will undertake a programme of site visits to each of the 19 maternity units, following pre-site assessments. The purpose of the pre-assessment is to identify those areas of maternity practice, in the 19 units, which require priority risk management measures.

### Pre and Post Graduate training

The SCA has agreed with the Head of the Medical School at University of Dublin, Trinity to provide a pilot undergraduate course on clinical risk management issues. The aim is to roll out this pilot course to all universities nationwide in 2015. Similarly, the SCA has reached agreement with the Royal College of Physicians to design and run a pilot course for medical postgraduates. It is hoped to roll out the pilot course to the remaining training bodies such as the Royal College of Surgeons in 2015.

### Open Disclosure

Open Disclosure, the open communication with a patient or his/her close relative following an adverse clinical event, has been pioneered nationally by the SCA. In collaboration with the HSE, 200 staff training sessions have been delivered to 47 acute hospitals. Early adopter sites have undergone independent external review and an official, external report is awaited in 2015. Open Disclosure has been identified as a priority project within the HSE Service Plan 2015. Further “train the trainer” programmes, which focus on building capacity and capability within the system, will continue throughout 2015. Evidence in the medical literature – the University of Michigan Health System Early Disclosure and Offer Study - is supportive of Open Disclosure as one of a combination of changes that has led to a reduction in litigation costs in the U.S. over the last 10 years. Legislation is currently being drafted pertaining to the “protection of the apology” which is critical to have in place to protect front line workers and ensure Open Disclosure is fully adopted. While an apology is an expression of regret that a patient safety incident has occurred, it is not an admission of liability. From an indemnifier, patient and front line healthcare worker viewpoint, the mandatory introduction of Open Disclosure nationally is a welcome step forward.

### The National Falls Prevention and Bone Health Implementation Project

The AFFINITY (Activating Falls and Fracture Prevention in Ireland Together) collaborative project between the SCA and the HSE aims to prevent harmful falls amongst persons aged 65 years and older, enhance the management of falls and improve health and wellbeing through a focus on bone health.

Falls account for approximately one-third of fatal injuries in persons aged more than 60 years. The annual financial cost currently of dealing directly with the effects of falls and fractures is €520 million, a figure predicted to quadruple to €2 billion by 2031.

The AFFINITY programme will implement the *National Strategy for the Prevention of Falls and Fractures in Ireland's Ageing Population* and is a priority commitment within the European Innovation Partnership on Active and Healthy Ageing. During 2015 four sites will adopt an education package and a “measure and monitor” framework will be developed, followed by site evaluation.

# Agency Members



## **Willie Walsh**

Chairperson (appointed for a five year term from 22 December 2014)

Member of the Remuneration Committee

Willie Walsh is Chief Executive of International Airlines Group (IAG), the parent company of British Airways, Iberia and Vueling. Previously he was Chief Executive at British Airways and Aer Lingus. He is president of the London Chamber of Commerce and Industry.



## **Maeve Carton**

Agency member (appointed for a three year term from 22 December 2014)

Member of the Audit Committee

Maeve Carton is Finance Director of CRH. Since joining CRH in 1988, she has held a number of roles in the Group Finance area and was appointed Group Controller in 2001, Head of Group Finance in January 2009 and to the position of Finance Director in May 2010. She has broad-ranging experience of CRH's reporting, control, budgetary and capital expenditure processes and has been extensively involved in CRH's evaluation of acquisitions. Prior to joining CRH, she worked for a number of years as a chartered accountant in an international accountancy practice.



## **Brendan McDonagh**

Agency member (appointed for a three year term from 22 December 2014)

Chairperson of the Investment Committee

Chairperson of the Remuneration Committee

Brendan McDonagh is Chairman and Chief Executive Officer of the Bank of Butterfield & Son Limited, Hamilton, Bermuda.

He is a former CEO of HSBC Holdings North America Inc, a Group Managing Director of HSBC Holdings Inc and a member of the HSBC Group Management Board. He is a graduate of Trinity College Dublin and serves as a board member of the American Ireland Fund and the Trinity College Business School.



## **Derek Moran**

Agency member (ex officio)

Derek Moran is Secretary General of the Department of Finance having previously been the Assistant Secretary General with responsibility for Fiscal Policy Division. He is responsible for economic, budgetary and fiscal, banking and financial services policy matters and oversight of Ireland's investments in and support for covered banks. He has served on the National Economic and Social Council, National Statistics Board and the EU's Economic Policy and Tax Policy Committees.



## **Martin Murphy**

Agency member (appointed for a four year term from 22 December 2014)

Chairperson of the Audit Committee

Member of the Risk Committee

Member of the Remuneration Committee

Martin Murphy is Managing Director, HP Ireland. Previously he held a number of leadership positions within HP internationally. He was formerly president of the Dublin Chamber of Commerce and chair of the National Internship Scheme. He is chair of the Labour Market Council, an independent expert group that oversees the Government's Pathways to Work strategy. He serves as a board member of the UCD Smurfit Business School.



### **Conor O'Kelly**

#### **Agency member (ex officio)**

Conor O'Kelly was appointed Chief Executive of the NTMA in January 2015. He is the former Deputy Chairman of Investec Holdings (Ireland) Ltd. Prior to that he was Chief Executive of NCB Group and in 2003 successfully negotiated and led a management buyout of the firm, which was subsequently acquired by Investec plc. Before joining NCB as Head of Fixed Income he had spent 11 years with Barclays Capital where he held senior management positions and worked in London, Tokyo and New York. He is a former director of the Irish Stock Exchange and a former member of the Trinity College Foundation Board. He is a graduate of Trinity College Dublin and holds a master's degree from Senshu University in Japan.

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### **Mary Walsh**

#### **Agency member (appointed for a five year term from 22 December 2014)**

#### **Chairperson of the Risk Committee**

Mary Walsh is a Chartered Accountant. She is an independent member of the National Economic and Social Council and she serves on several private sector and not-for-profit boards. She has held a number of public sector positions in Ireland and in the EU and is a former international tax partner in PricewaterhouseCoopers in Dublin.

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### **Robert Watt**

#### **Agency member (ex officio)**

#### **Member of the Risk Committee**

#### **Member of the Remuneration Committee**

Robert Watt is Secretary General of the Department of Public Expenditure and Reform in Ireland, which has responsibility for public expenditure policy, capital spending and Public Private Partnerships and overall management and reform of the Irish public service.

He is a member of the Government's Economic Management Council and is a key advisor to the Government on budget, financial and economic matters. He is an economist and has experience in both the public and private sectors. He has worked in a range of roles within the Department of Finance as well as previously working as an economic consultant.

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### **Susan Webb**

#### **Agency member (appointed for a four year term from 22 December 2014)**

#### **Member of the Audit Committee**

#### **Member of the Investment Committee**

Susan Webb is a former Managing Director of Pfizer's international treasury centre based in Dublin and a former chair of Financial Services Ireland's Corporate Treasury group. She is a fellow of the Institute of Chartered Accountants in Ireland and an independent non-executive director of Wells Fargo Bank International.

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# Management Team



**Conor O'Kelly**

Chief Executive



**Deirdre Hannigan**

Chief Risk Officer



**Ian Black**

Chief Financial and Operating Officer



**Brian Murphy**

Director, National Development  
Finance Agency



**Ciarán Breen**

Director, State Claims Agency



**Eugene O'Callaghan**

Director, Ireland Strategic  
Investment Fund



**Sinéad Brennan**

Head of Human Resources



**Frank O'Connor**

Director, Funding and Debt Management



**Des Carville**

Head of Banking (on secondment to  
Department of Finance)



**Andrew O'Flanagan**

Chief Legal Officer



**Eileen Fitzpatrick**

Director, NewERA

# Agency and Committee Information

## Change in Governance Structure

The NTMA is a statutory body established under the *National Treasury Management Agency Act, 1990*.

There were significant changes in the NTMA's governance structure and statutory remit in 2014. Previously, the NTMA did not have a board structure and the Chief Executive reported directly to the Minister for Finance on the NTMA's funding and debt management, State Claims Agency and NewERA functions. The NTMA's governing legislation also provided for an Advisory Committee and a State Claims Agency Policy Committee. The National Pensions Reserve Fund Commission (NPRF Commission), National Development Finance Agency (NDFA) and National Asset Management Agency (NAMA) were established as statutory bodies under their own governing legislation. The Strategic Banking Corporation of Ireland (SBCI) was established in September 2014 as a private limited company in order to perform certain statutory functions. Each of these bodies had its own board. The NTMA acted as the executive in respect of the NPRF Commission and the NDFA. It assigns staff to NAMA and the SBCI and also provides them with business and support services and systems.

The *National Treasury Management Agency (Amendment) Act 2014* streamlined and simplified the NTMA's governance structures to enable a more integrated approach to the performance of its functions. On 22 December 2014 the NTMA was reconstituted as an Agency with a Chairperson and eight other members reporting to the Minister for Finance with over-arching responsibility for all of the NTMA's functions (excluding NAMA and the SBCI which will continue to have their own separate boards).

The Advisory Committee and State Claims Agency Policy Committee were dissolved on 22 December 2014. The NPRF Commission was reduced to one commissioner (the NTMA Chief Executive) on that date pending the transfer of all of the NPRF's assets to the Ireland Strategic Investment Fund (ISIF) following which the NPRF Commission too will be dissolved. The NDFA was dissolved on 27 January 2015. The Act also provided for:

- the putting of the NTMA's NewERA functions on a statutory basis;
- the establishment of the Ireland Strategic Investment Fund with a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland and the transfer of the NPRF's assets to the ISIF;
- the putting of the State Claims Agency's legal costs function on a statutory basis; and
- the transfer of the NDFA's functions to the NTMA.

## The Agency and its Committees

The Agency comprises nine members. Six members, including the Chairperson, are appointed by the Minister for Finance. The Chief Executive of the NTMA and the Secretaries General of the Departments of Finance and Public Expenditure and Reform are *ex-officio* members of the Agency. The Agency reports to the Minister for Finance.

The term of office of an appointed member is five years, other than the initial appointed members of whom two members are appointed for three years and two members are appointed for four years.

The Agency met on one occasion in 2014, the date of its reconstitution 22 December.

The Agency has established four committees:

- Investment Committee;
- Audit Committee;
- Risk Committee; and
- Remuneration Committee.

Each of the Agency Committees has formal terms of reference. These are published on the Agency's website [ntma.ie](http://ntma.ie).

### Investment Committee

The Investment Committee is a statutory committee provided for by the *National Treasury Management Agency Act, 1990 (as amended)*. It is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance.

The Investment Committee makes decisions about the acquisition and disposal of assets of the Ireland Strategic Investment Fund within such parameters as may be set by the Agency, advises the Agency on the investment strategy for the Fund and oversees the implementation of the investment strategy. The Committee comprises five members of which two are members of the Agency and three are external members. The members of the Committee are:

- Brendan McDonagh, *Chairperson (Agency member)*
- Susan Webb (*Agency member*)

- John Herlihy (*external member*)  
John Herlihy is former Vice President, Sales and Operations and Managing Director, Google Ireland. Prior to joining Google in 2005, he worked internationally in senior management positions at leading global technology companies including First Data, Adobe Systems and Oracle Corporation.
- Richard Leonard (*external member*)  
Richard Leonard is Partner in Charge, Grant Thornton Limerick. He was made a partner in the firm in 1983. He is Managing Director Grant Thornton Financial Counselling Ltd and also a member of the National Grant Thornton Management Team. He has considerable experience in Business Advisory Services and Personal Financial Planning.
- Julie Sinnamon (*external member*)  
Julie Sinnamon is Chief Executive Officer of Enterprise Ireland, a position she has held since November 2013. Prior to her appointment as CEO, she held a number of senior roles at Enterprise Ireland including that of Executive Director for Global Business Development. Prior to joining Enterprise Ireland, she spent 10 years with IDA Ireland. She previously worked in banking, with First National of Chicago and Trinity Bank. She is a business graduate of the University of Ulster, has a Masters in International Business (Fordham & IMI) and is a graduate of the Stanford Executive Programme, USA.

### Audit Committee

The Audit Committee comprises three members:

- Martin Murphy, *Chairperson*
- Maeve Carton
- Susan Webb

### Risk Committee

The Risk Committee comprises three members:

- Mary Walsh, *Chairperson*
- Martin Murphy
- Robert Watt

### Remuneration Committee

The Remuneration Committee comprises four members:

- Brendan McDonagh, *Chairperson*
- Martin Murphy
- Willie Walsh
- Robert Watt

Codes of business conduct are in place for Agency and committee members and employees. Committee members and employees are expected to ensure that all their activities are governed by the ethical standards reflected in the relevant code. A separate code has been prepared for employees assigned to NAMA reflecting specific requirements of the NAMA Act.

The Agency is currently putting in place policies and procedures to ensure compliance with corporate governance best practice including the *Code of Practice for the Governance of State Bodies*.

The NTMA is a prescribed public body for the purposes of the *Ethics in Public Office Acts, 1995 and 2001*. In addition there are specific disclosure of interest requirements under the NTMA Act. In cases where a material interest has been disclosed, Agency or committee members do not receive Agency or committee papers on the relevant matter nor do the members participate in or attend Agency or committee discussions relating to the matter. All disclosures are recorded in the relevant Agency or committee meeting minutes.

## Risk Management

The NTMA's risk management framework is predicated on the three-lines-of-defence model. Within this model, business unit staff and management (the first line) incur and own the risks, while the Risk Unit and other control functions (the second line) provide independent oversight and objective challenge to the first line of defence, as well as monitoring and control of risk. Internal Audit (the third line) provides assurance that control objectives are achieved by the first and second lines of defence.

## Auditors

In accordance with statutory requirements the NTMA is audited by the Comptroller and Auditor General. The NTMA has in place an internal audit function managed by the Head of Internal Audit and including an external firm, currently KPMG, appointed to carry out internal audit work reporting to the Head of Internal Audit.

## Advisory Committee and State Claims Agency Policy Committee

The Advisory Committee and State Claims Agency Policy Committee were dissolved on the reconstitution of the NTMA on 22 December 2014.

The Advisory Committee assisted and advised the NTMA in relation to such matters as were referred to it for that purpose by the NTMA. It also advised the Minister for Finance on the Chief Executive's terms and conditions (including terms and conditions relating to remuneration).



Members of the Advisory Committee over the period 1 January 2014 to 21 December 2014 were as follows:

- Willie Walsh, *Chairperson*
- Brendan McDonagh
- Derek Moran (from 3 September 2014)\*
- John Moran (to 14 August 2014)\*
- Tytti Noras  
Former Legal Counsellor, Financial Markets Department,  
Ministry of Finance, Finland and former member of the Board of  
Directors of the European Investment Bank
- Donald C Roth  
Former Managing Partner of EMP Global LLC

\*Derek Moran and John Moran were members in their capacity as Secretary General of the Department of Finance.

The Advisory Committee met on 6 occasions in 2014.

NTMA Advisory Committee – Meeting Attendance 2014	
Committee Member	Meetings Attended
Willie Walsh	6/6
Brendan McDonagh	6/6
Derek Moran	1/3(p)
John Moran	3/3(p)
Tytti Noras	6/6
Donald C Roth	6/6

(p) refers to the number of meetings it was possible to attend relative to the dates of appointment.  
Source: NTMA

The Advisory Committee had established an Audit Committee and a Remuneration Committee. The Audit Committee also acted as the NDFA Audit Committee. Membership of these committees over the period 1 January 2014 to 21 December 2014 was as follows:

#### Audit Committee

- Brendan McDonagh, *Chairperson*
- Gerry Murray, Member of the NDFA Board
- Michael O'Grady, External Member

#### Remuneration Committee

- Don Roth, *Chairperson* (Member over full period and Chairperson from 25 March 2014)
- Paul Carty, Chairperson of the NPRF Commission
- Frank Daly, Chairperson of the NAMA Board

- Brendan McDonagh
- Willie Walsh

In 2014 the Advisory Committee appointed a Nomination Committee to assist the Minister for Finance in the recruitment of a new Chief Executive: the then Chief Executive, John Corrigan, having given notice of his intention to retire on the expiry of his contract in December 2014. Willie Walsh, Brendan McDonagh and Don Roth were appointed members of the Nomination Committee.

The State Claims Agency Policy Committee advised the NTMA on policy and procedures relating to the performance of its State Claims Agency functions. The Committee consisted of 7 members appointed by the Minister for Finance. Members over the period 1 January 2014 to 21 December 2014 were as follows:

- Noel Whelan, *Chairperson*  
Vice President and Dean Emeritus, University of Limerick
- Tony Delany  
Former Director of Claims at Norwich Union/Hibernian Insurance
- Mary Jackson  
Principal Officer, Department of Health
- Christopher Moore  
Brigadier General (Retired)
- Niamh Moran  
Solicitor, Carmody Moran, Solicitors
- Fachtna Murphy  
Former Garda Commissioner
- Wendy Thompson  
Insurance & Litigation Manager, Railway Procurement Agency

The Committee met on 4 occasions in 2014.

State Claims Agency Policy Committee – Meeting Attendance 2014	
Committee Member	Meetings Attended
Noel Whelan	4/4
Tony Delany	4/4
Mary Jackson	4/4
Christopher Moore	4/4
Niamh Moran	4/4
Fachtna Murphy	3/4
Wendy Thompson	4/4

Source: NTMA



# Other Corporate Information

## National Asset Management Agency

The National Asset Management Agency (NAMA) was formally established in December 2009 as one of a number of initiatives taken by the Government to address the serious crisis in Irish banking which had developed as a result of excessive lending to the property sector, particularly during the years 2003 to 2007. It acquired certain loan assets (land and development and associated loans) in exchange for Government-guaranteed securities issued by it directly to five participating institutions, namely, Allied Irish Banks, Anglo Irish Bank, Bank of Ireland, Irish Nationwide Building Society and EBS Building Society.<sup>12</sup>

NAMA's commercial objective, under section 10 of the NAMA Act, is to obtain, in so far as possible, the best achievable financial return for the State having regard to the cost to the Exchequer of acquiring and dealing with bank assets, NAMA's cost of capital and other costs.

NAMA operates as an independent commercial entity with its own board appointed by the Minister for Finance and including, *ex officio*, the Chief Executive of the NTMA and the Chief Executive of NAMA. Under section 42 of the NAMA Act, NAMA's staff are employees of the NTMA and are assigned to NAMA by the NTMA.

NAMA is required to submit an annual report and accounts to the Minister for Finance. These are published separately.

The NTMA provides NAMA with business and support services, including HR, IT, compliance, market risk, transaction processing and treasury services. NAMA reimburses the NTMA the cost of these services (including staff costs).

## Strategic Banking Corporation of Ireland

The Strategic Banking Corporation of Ireland (SBCI) was established in September 2014 as a private limited company as provided for by the *Strategic Banking Corporation of Ireland Act 2014*.

The SBCI's goal is to avail of both national and international sources of funding to support access to flexible funding for Irish SMEs by facilitating the provision of longer-term lower cost loans for investment and working capital purposes. It is also set to drive competition in the market for SME finance by supporting non-bank lenders and new entrants to the market with finance that makes them competitive with existing banks. The benefits of the lower cost and longer-term funding must be passed on in the ultimate SME loans.

Credit is being provided to SMEs through on-lending institutions who, in turn, lend directly to SMEs. Funding has been sourced from KfW (the German State Development Bank), the European Investment Bank and the National Pensions Reserve Fund/Ireland Strategic Investment Fund (at the direction of the Minister for Finance).

During 2014 the NTMA worked closely with the Department of Finance on the SBCI's design, enabling legislation and establishment so that it was up and running with €800 million of funding in place in a timeframe of under a year.

The SBCI is an independent company with its own board. The NTMA Chief Executive is Chairperson of the SBCI. Under section 10 of the SBCI Act, the SBCI's staff are employees of the NTMA and are assigned to the SBCI by the NTMA.

The NTMA provides the SBCI with business and support services, including legal, HR, compliance, IT, risk, communications, company secretariat, transaction processing and treasury services. The SBCI reimburses the NTMA the cost of these services (including staff costs).

## Staffing & Remuneration

The NTMA had 759 staff at end-2014. This includes staff assigned to NAMA and the SBCI and also a number of staff seconded to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

Other than a small number of staff reassigned from other functions within the NTMA, staff assigned to NAMA are employed on the basis of specified purpose contracts - their employment lasts for as long as their role is required by NAMA – or fixed-term contracts.

Excluding NAMA, the SBCI and staff on secondment to the Department of Finance, the NTMA had 374 staff at end-2014.

<sup>12</sup> Anglo Irish Bank and Irish Nationwide Building Society were merged in July 2011 and renamed Irish Bank Resolution Corporation Limited (IBRC) in October 2011. Special Liquidators were appointed to IBRC in February 2013. EBS Building Society was acquired by Allied Irish Banks in July 2011.

NTMA Staffing at End-2014	
Funding and Debt Management	19
Ireland Strategic Investment Fund	33
National Development Finance Agency	63
NewERA	14
State Claims Agency	91
Finance, Technology and Operations	112
Legal, Compliance, HR and Internal Audit	22
Risk	14
Other	6
<b>Total</b>	<b>374</b>
Staff assigned to National Asset Management Agency	369
Staff assigned to Strategic Banking Corporation of Ireland	3
Staff on secondment to Department of Finance	13
<b>Overall</b>	<b>759</b>

The NTMA's business model is designed to support it in acting commercially to achieve its business objectives.

Under the NTMA business model there are no general pay grades and staff are employed on the basis of confidential, individually negotiated contracts. This business model is designed to enable the NTMA to compete with the private sector to attract and retain staff with specialist and highly marketable skills.

NTMA Salaries by Salary Band at End-2014			
	NTMA (ex NAMA)	NAMA	Total
up to €50,000	110	41	151
€50,001 to €75,000	124	112	236
€75,001 to €100,000	75	104	179
€100,001 to €125,000	32	54	86
€125,001 to €150,000	16	39	55
€150,001 to €175,000	12	9	21
€175,001 to €200,000	12	5	17
€200,001 to €225,000	1	1	2
€225,001 to €250,000	1	1	2
€250,001 to €275,000	3	2	5
€275,001 to €300,000	1	-	1
€300,001 to €325,000	1	-	1
€325,001 to €350,000	1	-	1
€350,001 to €375,000	-	1	1
€375,001 to €400,000	-	-	-
€400,001 to €425,000	1	-	1
<b>Total</b>	<b>390</b>	<b>369</b>	<b>759</b>

Note: The public service pension deduction is applied to NTMA employees. The figures above do not include employer pension contributions.

Reflecting remuneration structures in sectors the NTMA recruits from, a performance related pay provision is built into the contract terms of most employees. The NTMA made performance-related payments to 16 staff in respect of 2014. These payments, in aggregate, totalled €79,200. No performance related payments were made to any employee earning a salary of over €150,000.

## Energy Usage

The NTMA operates from Treasury Building on Grand Canal Street, Dublin 2. In 2014 the NTMA consumed 1,829,959kWh of electricity representing an average consumption of 2,581 kWh per employee. This compares with an average consumption of 2,631 kWh per employee in 2013 – a reduction of 1.9 per cent per employee.

Air conditioning in the building is provided by the landlord and is powered by natural gas.

## Actions undertaken in 2014

All light fittings in the landlord areas of the building were changed to energy saving fittings. It is estimated that this should reduce energy consumption by 32,000 kWh per annum.

The landlord carried out feasibility studies on upgrading the air handling units for all the floors in Treasury Building with a view to improving energy performance.

## Actions planned for 2015

The landlord is to carry out works on the existing air handling units which includes new energy efficient variable speed drives on the motors of the air handling units.





# Financial Statements

Prepared by the National Treasury Management Agency in accordance with section 12 of the National Treasury Management Agency Act, 1990

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## Statement of Responsibilities

The National Treasury Management Agency ("the Agency") is required by the National Treasury Management Agency Acts 1990 to 2014 to prepare financial statements in respect of its operations for each financial year.

In preparing those statements, the Agency:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- prepares the financial statements on a going concern basis unless it is inappropriate to do so;
- discloses and explains any material departure from applicable accounting standards.

The Agency is responsible for keeping in such form as may be approved by the Minister all proper and usual accounts of all moneys received or expended by it and for maintaining accounting records which disclose with reasonable accuracy at any time the financial position of the Agency, its funds and the National Debt.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps in order to prevent and detect fraud and other irregularities.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Statement on Internal Financial Control

## Responsibility for the System of Internal Financial Control

We acknowledge the responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner.

## Key Control Procedures

We have taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action;
- establishing an Audit Committee to advise us on discharging our responsibilities for the internal financial control system.

The National Treasury Management Agency ('the Agency') has established processes to identify and evaluate business risks by:

- identifying the nature, extent and financial implication of risks facing the organisation;
- assessing the likelihood of identified risks occurring;
- assessing the organisation's ability to manage and mitigate the risks that do occur;
- assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Chief Executive with the Minister for Finance;
- regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- formal project management disciplines;
- adoption of an Anti-Fraud policy and the Reporting of 'Relevant Wrongdoing' and Protected Disclosures Policy (formerly the Good Faith Reporting Policy).

The Agency has an Audit Committee which operates in accordance with the principles in the Code of Practice for the Governance of State Bodies. The Agency's internal audit function is overseen by this Audit Committee. The work of the internal audit function is informed by an analysis of the risks to which the Agency is exposed, and annual internal audit plans are based on this analysis. The internal audit plans are agreed with the Chief Executive and management of the Agency and approved by the Agency's Audit Committee. On a regular basis, the internal audit function provides the management of the Agency and the Agency's Audit Committee with reports of internal audit activity. These reports outline any findings and recommendations in relation to internal controls that have been reviewed. Progress against recommendations is monitored and reported to the Audit Committee.

The Agency has a Code of Practice on Confidentiality and Professional Conduct which sets out the agreed standards of principles and practice in relation to confidentiality, conflicts of interest, insider dealing, market manipulation and personal account transactions.

The Agency has put in place an appropriate framework to ensure that it complies with the Data Protection Acts. As part of this framework, the Agency has implemented systems and controls to restrict the access to confidential data. Under the framework, where the Agency becomes aware of breaches or alleged breaches of confidential data, these are fully investigated and where necessary reported to the appropriate authorities.



## Statement on Internal Financial Control (Continued)

The Agency's monitoring and review of the effectiveness of the system of internal financial control is informed by the management within the Agency who have responsibility for the development and maintenance of the financial control framework, the findings from the work of the internal audit function and comments made by the Comptroller and Auditor General in his management letter or other reports.

During 2014, expenditure of €0.3m was incurred in relation to a service provided to the State Claims Agency without recourse to a public procurement tender process following the expiry of a publicly procured contract governing the provision of such service. The total spend since the contract expired in 2010 was €0.8m. A Request for Tender has since been published in accordance with public procurement tender requirements for the provision of this service going forward.

### Annual Review of Controls

We confirm that, in respect of the year ended 31 December 2014, the Agency members, having taken advice from the Agency's Audit Committee, conducted a review of the effectiveness of the system of internal financial control.

On behalf of the Agency members



**Willie Walsh, Chairperson**  
National Treasury Management Agency



**Martin Murphy, Chairperson, Audit Committee**  
National Treasury Management Agency

# Financial Statements of the National Debt of Ireland

For the year ended 31 December 2014

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# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### National Debt of Ireland

I have audited the financial statements of the National Debt of Ireland for the year ended 31 December 2014 under the National Treasury Management Agency Act 1990. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the service of debt statement, the national debt statement, the national debt cash flow statement, the statement of movement in national debt and the related notes. The financial statements have been prepared in the form prescribed under section 12 of the Act and on the basis set out in paragraph (b) of the accounting policies.

### Responsibilities of the National Treasury Management Agency

The National Treasury Management Agency (the Agency) is responsible for the preparation of the financial statements, for ensuring that they properly present the balance outstanding on the national debt at year end and the debt service cost for the year, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

I read the information about the national debt in the annual report of the Agency to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 and on the basis set out in paragraph (b) of the accounting policies, properly present the balance outstanding on the national debt at 31 December 2014 and the debt service cost for 2014.

In my opinion, proper books of account have been kept by the Agency. The financial statements are in agreement with the books of account.

### Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information pertaining to the national debt in the Agency's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**

Comptroller and Auditor General

16 June 2015

# Accounting Policies

## (a) Background

Under the National Treasury Management Agency Act, 1990, The National Treasury Management Agency (“the Agency”) performs borrowing and National Debt Management functions on behalf of the Minister for Finance.

Pages 55 to 69 set out the financial statements of the National Debt of Ireland. The form of the statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990.

The financial statements of the National Debt include a full disclosure note in relation to the Capital Services Redemption Account (“CSRA”) in accordance with section 99(1) (f) of the Finance Act, 2014, which states the CSRA is to be reported as part of the National Debt for 2014 and each subsequent year. This account was presented separately prior to the 2014 financial statements.

The financial statements of the National Debt also include disclosure notes in relation to the National Loans Advance Interest Account, the National Loans (Winding Up) Account, the National Treasury Management Agency (Unclaimed Dividends) Account, the Deposit Monies Investment Account and the Account of Stock Accepted in Payment of Inheritance Tax and Death Duties. As they are operational accounts set up for specific purposes, their cash balances are not included with the Exchequer account balance reported under Cash and Other Financial Assets in the National Debt Statement.

## (b) Basis of Accounting

The measurement basis adopted is that of historical cost except where otherwise stated. Transactions are recognised using the cash basis of accounting.

The National Debt Statement is a Statement of the total amount of principal borrowed by Ireland not repaid at the end of the year, less cash and other financial assets available for redemption of those liabilities at the same date.

The Minister for Finance under various statutes also guarantees borrowings by the State and other agencies. These guarantees are not included in these financial statements.

## (c) Reporting Period

The reporting period is for the year ended 31 December 2014.

## (d) Reporting Currency

The reporting currency is the euro, which is denoted by the symbol €.

## (e) Receipts and Payments

Receipts and payments relating to the National Debt through the Exchequer Account, Foreign Currency Clearing Accounts and the CSRA are recorded at the time the money is received or payment made.

## (f) Liability Valuation

Debt balances are recorded at redeemable par value.

## (g) Derivatives

Swap agreements and other financial instruments are entered into for hedging purposes as part of the process of managing the National Debt. The results of those hedging activities that are linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net fund flows arising on hedging activities that are not linked with specific borrowing transactions are included in debt service costs at the time the funds are received or payment made. Where swaps are terminated or converted into other swap instruments the net fund flows affect debt service in accordance with the terms of the revised instrument.

## (h) Foreign Currencies

Receipts and payments in foreign currencies are translated into euro at the rates of exchange prevailing at the date of the transaction. Liabilities and assets in foreign currencies are translated into euro at the rates of exchange ruling at the year end date.

## (i) Maturity Profile

Medium/Long Term Debt is debt with an original maturity of more than one year and Short Term Debt is debt with an original maturity of not more than one year.

## Service of Debt Statement

Year Ended 31 December


	Note	2014 €000	2013 €000
Interest Paid			
Medium/Long Term Debt	1	7,180,087	7,075,211
Short Term Debt	2	14,534	25,245
State Savings Schemes	3	399,632	349,952
Other Movements	4	1	(993)
Sinking Fund Payments	5(i)	633,177	624,552
Fees and Expenses	6(a)	70,234	96,463
Expenses of the Agency	6(b)	37,905	37,938
Interest Received on Deposits, Treasury Bills and Other Financial Assets		<u>(123,837)</u>	<u>(125,204)</u>
<b>Total Debt Service Cost</b>		<b><u>8,211,733</u></b>	<b><u>8,083,164</u></b>

Notes 1 to 22 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# National Debt Statement

31 December

	Note	2014 € million	2013 € million
<b>Medium/Long Term Debt</b>	7(a)		
Irish Government Bonds listed on the Irish Stock Exchange	7(b)	116,339	111,007
EU/IMF Programme Funding	7(c)	58,793	66,942
Private Placements		602	602
European Investment Bank Loans		300	100
Council of Europe Development Bank Loan		20	-
Medium Term Notes		-	65
Other Medium/Long Term Loans		<u>5</u>	<u>5</u>
		176,059	178,721
<b>Short Term Debt</b>			
Short Term Paper	8	4,102	2,645
Borrowings from Funds under the Control of the Minister for Finance	15	<u>523</u>	<u>676</u>
		4,625	3,321
<b>State Savings Schemes</b>			
Savings Certificates		6,041	6,002
Savings Bonds		5,110	5,342
National Solidarity Bonds		2,576	1,752
Prize Bonds		2,176	1,932
Instalment Savings		479	476
Savings Stamps		<u>2</u>	<u>2</u>
	9	<u>16,384</u>	<u>15,506</u>
		197,068	197,548
Less: Cash and Other Financial Assets	10	<u>(14,759)</u>	<u>(23,601)</u>
<b>National Debt</b>	13	<u><b>182,309</b></u>	<u><b>173,947</b></u>

Notes 1 to 22 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency



# National Debt Cash Flow Statement

Year Ended 31 December

		2014 €000	2013 €000
<b>Movement in Exchequer Balances:</b>			
Opening Balance in Exchequer Account	10	4,432,115	15,279,782
Deposits, Treasury Bills and Other Financial Assets	16	8,498,545	(10,597,868)
Borrowing Activity (see below)		(653,060)	36,287,560
		12,277,600	40,969,474
Exchequer Deficit		(8,188,537)	(11,503,359)
IBRC Promissory Notes Liability Discharged by the Issue of Irish Government Bonds	22	-	(25,034,000)
<b>Closing Balance in Exchequer Account</b>	<b>10</b>	<b>4,089,063</b>	<b>4,432,115</b>
		2014 Net <sup>1</sup> €000	2013 Net <sup>1</sup> €000
<b>Borrowing/(Repayment) Activity</b>			
Irish Government Bonds listed on the Irish Stock Exchange		5,162,211	23,372,907 <sup>2</sup>
EU/IMF Programme Funding		(8,153,016)	11,046,885
European Investment Bank Loans		200,000	-
Council of Europe Development Bank Loan		20,000	-
Medium Term Notes		(69,049)	-
Other Medium/Long Term Loans		-	(126)
Short Term Paper		1,459,918	(45,025)
Borrowings from Ministerial Funds		(152,455)	(110,109)
Savings Certificates		38,987	1,210,847
Savings Bonds		(231,447)	(225,507)
National Solidarity Bonds		824,163	750,999
Prize Bonds		244,647	282,430
Instalment Savings		2,981	4,259
<b>Total Borrowing/(Repayment) Activity</b>		<b>(653,060)</b>	<b>36,287,560</b>

<sup>1</sup> The amounts represent the net borrowing activity, including rollover of debt and related hedging transactions.

<sup>2</sup> Borrowing activity includes €25.03 billion of floating rate Government bonds which were issued to the Central Bank of Ireland following the liquidation of IBRC in exchange for the Promissory Notes previously held by IBRC.

Notes 1 to 22 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Statement of Movement in National Debt

Year Ended 31 December

	Note	2014 €000	2013 €000
Opening National Debt		173,946,651	137,632,014
Increase in National Debt (nominal)		<u>8,362,755</u>	<u>36,314,637</u>
<b>Closing National Debt</b>		<b><u>182,309,406</u></b>	<b><u>173,946,651</u></b>

### Increase in National Debt (nominal) represented by:

Exchequer Deficit		8,188,537	11,503,359
Effect of Foreign Exchange Rate Movements		(2,661)	(3,433)
Net Premium/(Discount) on Medium/Long Term Loans		6,660	-
Net Premium/(Discount) on Bond Issuances and Cancellations		170,171	(219,150)
Movement in CSRA Current Balance	5(i)	48	(139)
Settlement of IBRC Promissory Notes Discharged through the issue of Irish Government Bonds	22	<u>-</u>	<u>25,034,000</u>
		<b><u>8,362,755</u></b>	<b><u>36,314,637</u></b>

Notes 1 to 22 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Notes to the Financial Statements

## 1. Interest Paid on Medium/Long Term Debt

	2014 €000	2013 €000
Irish Government Bonds listed on the Irish Stock Exchange	4,974,316	5,128,943
EU/IMF Programme Funding	2,166,321	1,904,968
Private Placements	34,693	34,693
European Investment Bank Loans	3,665	3,665
Council of Europe Development Bank Loan	277	-
Medium Term Notes	817	2,953
Other Medium/Long Term Debt	(2)	(11)
	<b>7,180,087</b>	<b>7,075,211</b>

## 2. Interest Paid on Short Term Debt

	2014 €000	2013 €000
Short Term Paper	<b>14,534</b>	<b>25,245</b>

## 3. Interest Paid on State Savings Schemes

	2014 €000	2013 €000
Savings Certificates	197,953	103,824
Savings Bonds	136,605	187,790
National Solidarity Bonds	16,657	9,718
Prizes in respect of Prize Bonds	32,873	35,160
Instalment Savings	15,544	13,460
	<b>399,632</b>	<b>349,952</b>

Payments for interest on State Savings Schemes include transfers to the Dormant Accounts Fund in respect of accumulated capitalised interest on certain accounts deemed dormant by An Post under the Dormant Accounts Act, 2001. The net interest amounts transferred were as follows:

	2014 €000	2013 €000
Savings Certificates	787	906
Savings Bonds	1,029	515
Instalment Savings	255	224
	<b>2,071</b>	<b>1,645</b>

## Notes to the Financial Statements (Continued)

### 4. Other Movements

The Agency, as part of its remit, engages in a range of debt management transactions including derivatives (note 12). This figure includes the effect of net cashflows associated with these activities.

The net fund flows arising on hedging activities that are not linked with specific borrowing transactions are included in debt service costs at the time the funds are received or payment made.

### 5. Capital Services Redemption Account

The CSRA was established under section 22 of the Finance Act, 1950, as amended and provided an annuity to be charged on the Central Fund to meet the principal and interest on borrowings for voted capital services. Successive Finance Acts specified the amount of the annuity where money was borrowed to fund capital services in that year. A fixed amount may be used for servicing (interest payments) of the public debt with the balance to be applied for principal repayments ("Sinking Fund").

The annuity charge will cease from 2015 in accordance with section 99 of the Finance Act, 2014.

The balance in the account is maintained by the Agency at a level subject to guidelines issued by the Minister for Finance under section 4(4) of the National Treasury Management Agency Act, 1990. Under ministerial guidelines, the balance in the CSRA at year-end 2014 was to be less than €1 million. To adhere to these guidelines, the Agency transfers excess funds from the CSRA to the Exchequer Account before year-end.

#### (i) Movement in the Account for the Period

	2014	2013
	€000	€000
Balance at 1 January	499	360
<b>Receipts</b>		
Interest Annuity	1,996,275	1,959,426
Sinking Fund Annuity	633,177	624,552
Derivative Transactions (note 5 (ii))	62,538,569	76,014,770
Interest on Cash and Other Financial Assets	115,356	114,163
Commitment and Other Fees	62	12,089
	65,283,439	78,725,000
<b>Payments</b>		
Sinking Fund Payments, Redemption of:		
Irish Government Bonds	(600,000)	(619,489)
Other Debt Instruments	(33,177)	(5,063)
Derivative Transactions (note 5 (ii))	(62,566,218)	(76,069,810)
Interest on National Debt	(1,997,608)	(1,960,440)
Expenses on National Debt	(1,134)	(389)
Transfer to Exchequer Account	(85,350)	(69,670)
	(65,283,487)	(78,724,861)
Balance at 31 December	451	499
Movement in the Year	(48)	139

## Notes to the Financial Statements (Continued)

### 5. Capital Services Redemption Account (continued)

#### (ii) Derivative Transactions

The Minister for Finance may enter into transactions of a normal banking nature in accordance with section 54(7) of the Finance Act, 1970.

Transactions of a normal banking nature include portfolio management activities such as forward exchange deals, swaps and interest on deposits which are related to debt servicing costs. Receipts from such transactions, other than those in a currency for which a foreign currency clearing account has been established under section 139 of the Finance Act, 1993, must be received into the CSRA. Such amounts may be used to make payments and repayments in respect of normal banking transactions or towards defraying interest and expenses on the public debt.

In addition transactions of a normal banking nature include derivative transactions entered into by the Agency with the National Asset Management Agency ("NAMA") (in accordance with sections 52 and 235 of the National Asset Management Agency Act, 2009 and Statutory Instrument No. 203/2010) and the Irish Bank Resolution Corporation Limited (in Special Liquidation) ("IBRC") (in accordance with section 17(4) of the Irish Bank Resolution Corporation Act, 2013 and Statutory Instrument No. 57/2013). Such transactions entered into with NAMA and IBRC are offset by matching transactions with market counterparties. As a result there is no net effect on the account.

Receipts and payments in respect of derivative transactions undertaken in respect of the National Debt, IBRC and NAMA in the period are outlined below:

	Receipts €000	Payments €000	Net 2014 €000	Net 2013 €000
NAMA Related Derivatives	14,808,469	(14,808,469)	-	-
IBRC Related Derivatives	47,729,459	(47,729,459)	-	-
National Debt Related Derivatives	641	(28,290)	(27,649)	(55,040)
	<b>62,538,569</b>	<b>(62,566,218)</b>	<b>(27,649)</b>	<b>(55,040)</b>

### 6(a). Fees and Expenses

	2014 €000	2013 €000
EU/IMF Programme Funding	20,346	60,793
Government Bonds and Other Expenses	15,730	13,677
Savings Certificates	9,186	9,207
National Solidarity Bonds	3,909	3,032
Prize Bonds	11,546	12,038
Savings Bonds	8,845	10,714
Instalment Savings	747	743
Fee Receipts	(75)	(13,741)
	<b>70,234</b>	<b>96,463</b>

### 6(b). Expenses of the Agency

Expenses incurred by the Agency in the performance of its functions are charged on and paid out of the Exchequer Account or the growing produce thereof. Further details can be found in the financial statements of the NTMA Administration Account (note 1).

## Notes to the Financial Statements (Continued)

### 7(a). Medium/Long Term Debt

The residual maturity profile at year end of the Medium/Long Term Debt, taking into account the treasury management transactions entered into by the Agency, is as follows:

	2014 € million	2013 € million
Debt Due for Repayment within 1 year	7,148	3,002
Debt Due for Repayment between 2 and 5 years	48,520	48,909
Debt Due for Repayment in more than 5 years	120,391	126,810
	<b>176,059</b>	<b>178,721</b>

### 7(b). Irish Government Bonds listed on the Irish Stock Exchange

	2014 € million	2013 € million
Fixed Rate Bonds	90,600	84,586
Floating Rate Bonds (note 22)	24,534	25,034
Amortising Bonds	1,205	1,387
	<b>116,339</b>	<b>111,007</b>

### 7(c). EU/IMF Programme Funding

Ireland's EU/IMF programme provided for €67.5 billion<sup>1</sup> in external support from the International Monetary Fund ("IMF"), the European Financial Stabilisation Mechanism ("EFSM"), the European Financial Stability Facility ("EFSF") and other bilateral loans. The final programme disbursement of €0.80 billion from the EFSM took place in March 2014.

The liabilities outstanding under the EU/IMF Programme at end 2014 included in 7(a) above, taking into account the effect of currency hedging transactions, are as follows:

	2014 € million	Weighted Average Term Years	2013 € million	Weighted Average Term Years
<b>Lender</b>				
International Monetary Fund	13,550	8.3 Years	22,528	7.3 Years
European Financial Stability Facility	17,881	20.7 Years	17,881	20.7 Years
European Financial Stabilisation Mechanism	22,500	12.2 Years	21,700	12.4 Years
United Kingdom Treasury	3,862	7.5 Years	3,833	7.5 Years
Kingdom of Denmark	400	7.5 Years	400	7.5 Years
Kingdom of Sweden	600	7.5 Years	600	7.5 Years
<b>Total</b>	<b>58,793</b>		<b>66,942</b>	

The maturity extensions to loans from the EFSF agreed in June 2013 are reflected above. While maturity extensions to loans from the EFSM were also agreed in 2013, the revised maturity dates will only be determined as they approach their original maturity dates. Accordingly the EFSM loan maturity extensions are not reflected above. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027.

The net loan provided by the EFSF of €17,881 million is net of certain prepaid margins deducted from the initial drawdown in 2011. The total nominal debt due to the EFSF is €18,411 million. €485 million of the prepaid margin of €530 million will be rebated to Ireland along with the related EFSF investment return; the remaining prepaid margin of €45 million is due to the Member State Guarantors, and will be reflected as a debt service cost in future periods.

<sup>1</sup>The net euro amount received by the Exchequer was €67.5 billion after adjustment for below par issuance, deduction of a prepaid margin, and the effect of foreign exchange transactions.

## Notes to the Financial Statements (Continued)

### 7(c). EU/IMF Programme Funding (continued)

In December 2014, the Agency completed the first tranche of early repayment of Ireland's IMF loan facility. The total repayment of €9 billion was made over two dates, December 10th and 17th. During Quarter 1 of 2015, the Agency made two further repayments of Ireland's IMF loan facility and at 31st March 2015, the outstanding loan balance was €4.8 billion. These repayments discharged all scheduled IMF principal repayment obligations that were originally to fall due from July 2015 to January 2021.

These repayments were made with the agreement of the IMF and no penalties or charges were incurred. The early repayment of the IMF loan facility is expected to generate significant savings in Government interest expenditure starting in 2015.

### 8. Short Term Paper

The Agency issues short-term paper of maturities of up to one year to raise short-term funds. The proceeds are used to fund the Exchequer deficit and as bridging finance in the replacement of longer term debt, and for other liquidity management purposes. Borrowings may be in a range of currencies, but all non-euro borrowings are immediately swapped back into euro using foreign exchange contracts. An increase of €1.8 billion in Euro Commercial Paper was the primary reason for the increase at end 2014.

### 9. State Savings Schemes

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds are net of €1.5 million (2013: €9.6 million) cash balances held by An Post, Permanent TSB and the Prize Bond Company. An Post and the Prize Bond Company act as registrars for the respective schemes.

As these financial statements are prepared on a cash basis, the liabilities do not include the sum of €599 million (2013: €604 million), being the estimate of the amount of accrued interest at 31 December 2014 in respect of Savings Bonds, Savings Certificates and Instalment Savings.

The Small Savings Reserve Fund ("the Fund") was set up under section 160 of the Finance Act, 1994. In any calendar year if interest payments on encashments of small savings exceed 11 per cent of the total interest accrued on such savings for the previous year, the resources of the Fund may be applied towards meeting those interest costs which exceed 11 percent of that accrued income. The initial amount paid into the Fund has been expended. No moneys were paid into the Fund in 2014 or were held in the Fund at year end. The Fund was dissolved under section 98 of the Finance Act, 2014.

### 10. Cash and Other Financial Assets

	Opening Balance at 1 January 2014 €000	Net Movements during 2014 €000	Closing Balance at 31 December 2014 €000
Exchequer Account	4,432,115	(343,052)	4,089,063
Capital Services Redemption Account (note 5(i))	499	(48)	451
Housing Finance Agency Guaranteed Notes	3,703,756	(559,241)	3,144,515
Deposits, Collateralised Deposits and Treasury Bills	14,108,725	(7,095,053)	7,013,672
CSA Collateral Funding (note 12)	1,355,640	(844,230)	511,410
	<b>23,600,735</b>	<b>(8,841,624)</b>	<b>14,759,111</b>

Deposits, Collateralised Deposits and Treasury Bills are made up of Deposits with commercial banks of €2.984 billion (2013: €3.679 billion), Collateralised Deposits of €2.556 billion (2013: €7.389 billion) and Treasury Bills of €1.474 billion (2013: €3.041 billion).

The Housing Finance Agency Guaranteed Notes may not be readily realisable dependent on market conditions.



## Notes to the Financial Statements (Continued)

### 10. Cash and Other Financial Assets (continued)

CSA Collateral Funding arises from the requirement to post cash collateral under Credit Support Annexes associated with certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives.

### 11. Risk Management

The Agency's responsibility for both the issuance of new debt and the repayment of maturing debt, together with the management of the interest rate and currency profile of the total debt portfolio, makes the management of risk a central and critical element of the Agency's business. The principal categories of risk arising from the Agency's activities are liquidity, market, counterparty credit and operational risk and the Agency has a range of policies and procedures to measure and control the risks involved.

A key objective of the Agency is to ensure that the Exchequer has sufficient cash to meet all obligations as they fall due. Ensuring that the Exchequer has sufficient liquidity is one of the Agency's most critical tasks. Liquidity risks related to the National Debt can arise either from domestic events or, given the high level of linkage between markets, from events outside Ireland. The Agency manages this risk primarily by maintaining appropriate cash buffers and by controlling the amount of liabilities maturing in any particular period of time and matching the timing and volume of funding. This is reinforced by the Agency's activities in maintaining a well informed and diversified international investor base, with a presence in all major capital markets and a broad range of debt instruments which can be issued.

Market risk is the risk that movements in market interest or exchange rates or other prices adversely impact on debt service costs or the total market value of the debt. The Agency must have regard both to the short term and long term implications of its transactions given its task of controlling not only the immediate fiscal debt service costs but also the present value of all future payments of principal and interest. The exposure to interest rate and currency risk is controlled by managing the interest rate and currency composition of the portfolio in accordance with Ministerial guidelines. Specific quantitative limits are in place to control market risk; exposures against these limits are reported regularly both to portfolio managers and to senior management. As conditions in financial markets change, the appropriate interest rate and currency profile of the portfolio is reassessed. The Agency seeks to achieve the best trade-off between cost and risk over time and has in place a hedging programme to manage interest rate and exchange rate risks and to protect the Exchequer from potential volatility in future years. More information on the use of derivatives is set out in Derivatives (note 12).

Counterparty credit risk arises from derivatives, deposits and foreign exchange transactions. The level of credit risk is managed by dealing only with counterparties of high credit standing. Procedures provide for the approval of risk limits for all counterparties and exposures are reported daily to management. A review of all limits is undertaken periodically to take account of changes in the credit standing of counterparties or economic and political events. In order to mitigate the Exchequer's exposure to market counterparties while at the same time ensuring that Ireland has efficient market access for its hedging activities, the Agency may enter into credit support arrangements with the market participants with which it wishes to trade – this involves the receipt and posting of collateral to offset the market value of exposures. More information on the use of credit support arrangements is set out in Derivatives (note 12).

Controls have been established to ensure that operational risks are managed in a prudent manner. These controls include the segregation of duties between dealing, processing, payments and reporting.

## Notes to the Financial Statements (Continued)

### 12. Derivatives

As part of its risk management strategy the Agency uses a combination of derivatives including interest rate swaps, currency swaps and foreign exchange contracts. The following table shows the nominal value, and present value, of the instruments related to the National Debt outstanding at year end. The present value of each instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value.

	31 December 2014		31 December 2013	
	Nominal € million	Present Value € million	Nominal € million	Present Value € million
Interest Rate Swaps	19,079	(1,321)	28,909	(923)
Currency Swaps and Foreign Exchange Contracts	15,402	878	18,225	(750)
	<u>34,481</u>	<u>(443)</u>	<u>47,134</u>	<u>(1,673)</u>

The Agency provides treasury services to the National Asset Management Agency ("NAMA") under section 52 of the National Asset Management Agency Act, 2009. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of interest rate swaps transacted with NAMA outstanding at end 2014 was €12.8 billion (2013: €23.5 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2014 was €3.0 billion (2013: €5.6 billion).

In order to mitigate the risks arising from derivative transactions, the Agency enters into credit support arrangements with its market counterparties. Derivative contracts are drawn up in accordance with Master Agreements of the International Swaps and Derivatives Association ("ISDA"). A Credit Support Annex ("CSA") is a legal document which may be attached to an ISDA Master Agreement to regulate credit support (in this case, cash collateral) for derivative transactions and it defines the circumstances under which counterparties are required to post collateral. Under the CSAs, the posting of cash constitutes an outright transfer of ownership. However, the transfer is subject to an obligation to return equivalent collateral in line with changes in market values or under certain circumstances such as a Termination Event or an Event of Default. The provider of collateral is entitled to deposit interest on cash balances posted.

The Agency established a Credit Support Account in the Central Bank of Ireland in 2010 to facilitate these transactions. Derivative contracts are valued daily. When collateral is required from a counterparty it is paid into the Credit Support Account. When the Agency is required to post collateral with a counterparty, it uses the funds in the Credit Support Account to fund the collateral payment. If there are insufficient funds in the Credit Support Account, the Account is funded from the Exchequer.

	2014 € million	2013 € million
<b>Credit Support Account</b>		
Balance at 1 January	-	-
Margin Transfers Received from Counterparties	4,194	5,702
Margin Transfers Paid to Counterparties	(3,350)	(6,535)
Net Exchequer Funding during the Year (note 10)	<u>(844)</u>	<u>833</u>
Balance at 31 December	<u>NIL</u>	<u>NIL</u>

<b>Note:</b>	2014 € million	2013 € million
Exchequer Funding at 31 December	511	1,356
Net Collateral Posted to Counterparties at 31 December (note 10)	(511)	(1,356)

## Notes to the Financial Statements (Continued)

### 12. Derivatives (continued)

The Agency has entered into a Collateral Posting Agreement with NAMA. At end 2014, NAMA had posted collateral of €0.69 billion (2013: €0.802 billion) to the Agency as part of this agreement.

The Agency has also entered into a Collateral Posting Agreement with IBRC. At end 2014, IBRC had posted collateral of €0.025 billion (2013: €0.102 billion) to the Agency as part of this agreement.

### 13. National Debt – Currency Composition

The Agency hedges the foreign currency risk of the National Debt through the use of forward foreign exchange contracts and currency swaps. The currency composition of the National Debt, and related currency hedges, are as follows:

Currency	As at 31 December	
	2014 € million	2013 € million
<b>Debt Instruments</b>		
Euro	167,871	155,722
US Dollar	8,312	9,323
Pound Sterling	6,023	6,462
Japanese Yen	978	1,697
Swiss Franc	-	24
	<u>183,184</u>	<u>173,228</u>
<b>Foreign Currency and Swap Contracts</b>		
Euro	14,460	18,225
US Dollar	(8,324)	(9,323)
Pound Sterling	(6,024)	(6,462)
Japanese Yen	(987)	(1,697)
Swiss Franc	-	(24)
	<u>(875)</u>	<u>719</u>
<b>National Debt<sup>1</sup></b>	<b><u>182,309</u></b>	<b><u>173,947</u></b>

<sup>1</sup> This figure is net of cash and other financial assets as at 31 December 2014 of €14,759 million (31 December 2013: €23,601 million) (note 10).

## Notes to the Financial Statements (Continued)

### 14. Foreign Currency Clearing Accounts

	Receipts €000	Payments €000	2014 Net €000
Balance at 1 January 2014			NIL
<b>Debt Service</b>			
MLT Loans Interest	542,503	(891,509)	(349,006)
Short Term Debt Interest	-	(1,185)	(1,185)
Other Movements	68,839,917	(69,756,584)	(916,667)
Fees and Expenses	-	(7,601)	(7,601)
Expenses of the Agency	-	(1,367)	(1,367)
<b>Borrowing Activity</b>			
EU/IMF Programme	8,341,039	(8,994,157)	(653,118)
Other MLT Loans	12,936	(81,985)	(69,049)
Short Term Debt	6,891,196	(4,893,203)	1,997,993
Balance at 31 December 2014	<u>84,627,591</u>	<u>(84,627,591)</u>	<u>NIL</u>

### 15. Borrowings from Funds under the Control of the Minister for Finance

These funds are short term borrowings of the Exchequer drawn down as a “ways and means” of funding Exchequer requirements from a number of funds under the control of the Minister for Finance.

	2014 € million	2013 € million
Post Office Savings Bank Fund	456	471
Deposit Monies Investment Account (note 20)	<u>67</u>	<u>205</u>
	<u>523</u>	<u>676</u>

### 16. Deposits, Treasury Bills and Other Financial Assets

The Agency places short-term investments in Deposits, Collateralised Deposits and Treasury Bills for maturities of up to one year for the purpose of liquidity management.

### 17. National Loans Advance Interest Account

The Agency can cancel or issue amounts of existing Irish Government Bonds. These transactions are effected by means of sales or purchases undertaken by the Post Office Savings Bank Fund (“POSBF”). The POSBF then settles with the Exchequer. The settlement amount for each bond transaction includes the accrued interest at that point in the coupon period. The interest paid is deposited in the National Loans Advance Interest Account until the full dividend is due on the coupon date. On the coupon date, the interest is then used to offset the related servicing costs of the Exchequer.

A full dividend is payable to the registered owner where a bond is held on an ex-dividend date. The purpose of this account is for the POSBF to compensate the Exchequer for the unearned element of the dividend arising on tranching bonds cum-dividend or on cancelling bonds ex-dividend.

## Notes to the Financial Statements (Continued)

### 17. National Loans Advance Interest Account (continued)

	2014 €000	2013 €000
<b>Account of Receipts and Payments</b>		
Balance at 1 January	5,344	12,179
Accrued Interest Received on National Loans		
- Tranches and Auctions	46,913	42,038
Accrued Interest Paid on National Loans	(3,447)	(48,873)
Balance at 31 December - Cash with Central Bank of Ireland	<u>48,810</u>	<u>5,344</u>

### 18. National Loans (Winding Up) Account

When a National Loan, Stock or Government Bond is due for redemption, the full amount outstanding is payable to the holder. Any amount not claimed by the holder at the redemption date is transferred into this account by a payment from the Exchequer. Any future claims which are made in relation to these loans are therefore met from this account. This account also includes balances which were held by the Central Bank and the Department of Finance as Paying Agents in respect of uncashed redemption payments, and were transferred to the Agency.

	2014 €000	2013 €000
<b>Account of Receipts and Payments</b>		
Balance at 1 January	3,089	3,455
Receipts from the Exchequer	75	198
Receipts from Central Bank Account	69	102
Payments to Central Bank Account	(102)	(70)
Payments for Redemption of National Loans	(56)	(596)
Balance at 31 December - Cash with Central Bank of Ireland	<u>3,075</u>	<u>3,089</u>

### 19. National Treasury Management Agency (Unclaimed Dividends) Account

When a dividend payment is due on a bond liability, the full amount due is paid by the Agency to the Paying Agent which then issues to the registered holders. The balance in the unclaimed dividends account represents dividends on matured loans, which have been returned to the Agency by the Paying Agent and have yet to be claimed by the registered holders. The Paying Agent maintains a cash float, on behalf of the Agency, which it uses to service claims as they arise during the year.

	2014 €000	2013 €000
<b>Account of Receipts and Payments</b>		
Balance at 1 January	2,528	2,556
Receipts/(Payments) of Unclaimed Dividends	21	(28)
Balance at 31 December - Cash with Central Bank of Ireland	<u>2,549</u>	<u>2,528</u>

## Notes to the Financial Statements (Continued)

### 20. Deposit Monies Investment Account

This account records the borrowings and repayments of surplus funds held in the Supply Account of the Paymaster General.

Account of Receipts and Payments	2014 €000	2013 €000
Balance at 1 January	204,975	162,082
Ways and Means Advances Paid to the Exchequer	4,978,316	6,763,310
Ways and Means Advances Repaid by the Exchequer	(5,116,066)	(6,720,417)
Balance at 31 December – Ways and Means Advances to the Exchequer (note 15)	<u>67,225</u>	<u>204,975</u>

### 21. Account of Stock Accepted in Payment of Inheritance Tax and Death Duties

No stock was accepted in payment of inheritance tax and death duties during 2014.

### 22. Settlement of IBRC Promissory Notes

Following the liquidation of Irish Bank Resolution Corporation (“IBRC”) on 7th February 2013, and the agreement between the Irish Government and the Central Bank of Ireland (“CBI”) to replace the promissory notes provided to State-owned IBRC with long-term Government Bonds, the promissory notes were cancelled and replaced with eight new Floating Rate Treasury Bonds. A total amount of €25.03 billion was issued on 8th February 2013 to the CBI with maturities ranging from 25 to 40 years. The bonds will pay interest every six months (June and December) based on the 6-month Euribor interest rate plus a fixed margin which averages 2.63 percentage points across the eight issues.

In December 2014, the Agency bought and cancelled €0.5 billion of the Floating Rate Treasury Bond due to mature in June 2038. The bonds were purchased from the CBI, reducing the total nominal outstanding of the Floating Rate Bonds to €24.53 billion. The CBI intends to sell a minimum of these securities in accordance with the following schedule: 2015-2018 (€0.5 billion per annum), 2019-2023 (€1 billion per annum), and 2024 on (€2 billion per annum until all bonds are sold).





# Financial Statements of the National Treasury Management Agency – Administration Account

For the year ended 31 December 2014

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# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### National Treasury Management Agency - Administration Account

I have audited the administration account of the National Treasury Management Agency for the year ended 31 December 2014 under the National Treasury Management Agency Act 1990. The administration account, which has been prepared under the accounting policies set out therein, comprises the accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial statements have been prepared in the form prescribed under section 12 of the Act, and in accordance with generally accepted accounting practice in Ireland.

### Responsibilities of the Agency

The Agency is responsible for the preparation of the administration account, for ensuring that it gives a true and fair view of the state of the Agency's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the administration account and report on it in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the administration account

An audit involves obtaining evidence about the amounts and disclosures in the administration account, sufficient to give reasonable assurance that the administration account is free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Agency's circumstances, and have been consistently applied and adequately disclosed.
- the reasonableness of significant accounting estimates made in the preparation of the account, and
- the overall presentation of the account.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Agency's annual report to identify if there are any material inconsistencies with the audited administration account. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the administration account

In my opinion, the administration account, which has been properly prepared in accordance with generally accepted accounting practice in Ireland, gives a true and fair view of the state of the Agency's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Agency. The administration account is in agreement with the books of account.

### Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Agency's annual report is not consistent with the related administration account, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**

Comptroller and Auditor General

16 June 2015

# Accounting Policies

## (a) Background

The National Treasury Management Agency (the “Agency”) is a statutory body established under the National Treasury Management Agency Act, 1990. The Agency operates to provide asset and liability management services to Government. Businesses managed by the Agency include borrowing for the Exchequer and management of the National Debt, the Ireland Strategic Investment Fund (“ISIF”), the National Development Finance Agency (“NDFA”), NewERA and the State Claims Agency (“SCA”). The Agency also assigns staff to the National Asset Management Agency (“NAMA”) and to the Strategic Banking Corporation of Ireland (“SBCI”) and provides them with business support services and systems.

There were significant changes in the Agency's governance structure and statutory remit in 2014. Previously, the Agency did not have a board structure and the Chief Executive reported directly to the Minister for Finance on the Agency's funding and debt management, SCA and NewERA functions. The Agency's governing legislation also provided for an Advisory Committee and a State Claims Policy Committee. The National Pensions Reserve Fund (“NPRF”), NDFA and NAMA were established as statutory bodies under their own governing legislation. The SBCI was established in September 2014 as a private limited company in order to perform certain statutory functions. Each of these bodies had their own board. The Agency acted as the executive in respect of the NPRF and the NDFA. It assigns staff to NAMA and the SBCI and also provides them with business and support services and systems.

The National Treasury Management Agency (Amendment) Act 2014 (the “Act”) streamlined and simplified the Agency's governance structures to enable a more integrated approach to the performance of its functions. On 22 December 2014 the Agency was reconstituted as a body with a Chairperson and eight other members reporting to the Minister for Finance with over-arching responsibility for all of the Agency's functions (excluding NAMA and the SBCI which will continue to have their own separate boards).

The Advisory Committee and State Claims Policy Committee were dissolved on 22 December 2014. The NPRF Commission was reduced to one member (the NTMA Chief Executive) on that date pending the transfer of all of the NPRF's assets to the ISIF when it too will be dissolved. The NDFA was dissolved on 27 January 2015.

## (b) Reporting Currency

The reporting currency is the euro which is denoted by the symbol €.

## (c) Basis of Accounting

The financial statements have been prepared on an accruals basis under the historical cost convention. The form of the financial statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990 as amended.

## (d) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Fixed assets are depreciated by annual instalments over their estimated useful lives.

## (e) Leasing

Rentals under operating leases are charged to the Income and Expenditure Account on an accruals basis.

## (f) Pensions

The Agency operates a defined benefit pension scheme, and for staff who choose not to join the scheme it makes contributions to Personal Retirement Savings Accounts (“PRSA”). Contributions are funded out of the Agency's administration budget.

The defined benefit pension scheme costs are accounted for under FRS 17. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Central Fund.

The defined benefit pension charge in the Income and Expenditure Account comprises the current service cost and past service cost plus the difference between the expected return on scheme assets and the interest cost on the scheme liabilities. An amount corresponding to the pension charge is recognised as income recoverable from the Central Fund in future periods.

## Accounting Policies (Continued)

### (f) Pensions (continued)

Actuarial gains and losses arising from changes in actuarial assumptions and from experience are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Central Fund.

The cost of contributions by the Agency to PRSAs is recognised as a charge to the Administration Account in the financial year to which the employee service relates.

### (g) Software

Computer software costs are charged to the Income and Expenditure Account in the year in which they are incurred.

### (h) Capital Account

The capital account represents receipts from the Central Fund which have been allocated for the purchase of fixed assets. The receipts are amortised in line with depreciation on the related fixed assets.

## Income and Expenditure Account

Year ended 31 December

	Note	2014 €000	2013 €000
<b>Income</b>			
Central Fund Income	1(a)	43,262	41,915
Other Income	2	55,501	41,847
Net Deferred Pension Funding	4(a)	720	1,049
Transfer from Capital Account	9	<u>224</u>	<u>47</u>
		99,707	84,858
<b>Expenditure</b>			
Agency Costs	3(a)	<u>(99,707)</u>	<u>(84,858)</u>
<b>Net Income/(Expenditure)</b>		<u>-</u>	<u>-</u>

## Statement of Total Recognised Gains and Losses

Year ended 31 December

	Note	2014 €000	2013 €000
Actuarial (Loss) recognised on Pension Liabilities	5(f)	(21,268)	(1,630)
Movement in Deferred Pension Funding	4(b)	<u>21,268</u>	<u>1,630</u>
<b>Total Recognised (Loss)/gain</b>		<u>-</u>	<u>-</u>

Notes 1 to 14 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Balance Sheet

31 December

	Note	2014 €000	2013 €000
<b>Fixed Assets</b>			
Fixed Assets	6	<u>2,978</u>	<u>3,202</u>
<b>Current Assets</b>			
Debtors	7	5,636	9,130
Cash at Bank and in Hand		<u>1,009</u>	<u>3,180</u>
<b>Total Current Assets</b>		6,645	12,310
<b>Current Liabilities</b>			
Creditors	8	<u>(6,645)</u>	<u>(12,310)</u>
<b>Current Assets less Current Liabilities</b>		<u>-</u>	<u>-</u>
<b>Total Assets less Current Liabilities before Pensions</b>		2,978	3,202
Deferred Pension Funding	5(d)	25,537	3,549
Pension Liability	5(d)	<u>(25,537)</u>	<u>(3,549)</u>
<b>Total Assets less Current Liabilities</b>		<u>2,978</u>	<u>3,202</u>
<b>Representing:</b>			
Capital Account	9	<u>2,978</u>	<u>3,202</u>

Notes 1 to 14 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency



## Notes to the Financial Statements

### 1. Central Fund Income

(a) The Central Fund operates on a receipts and payments basis whereas these financial statements have been prepared on an accruals basis. The following table sets out the reconciling items:

	Note	2014 €000	2013 €000
Opening balance at 1 January		5,442	9,419
Received from Central Fund		37,905	37,938
Closing balance at 31 December	8	(85)	(5,442)
Central Fund receivable for year		<u>43,262</u>	<u>41,915</u>

(b) The total amount recognised as (payable to) / recoverable from the Central Fund is:

	Note	2014 €000	2013 €000
Payable to the Central Fund	8	(85)	(5,442)
Deferred pension funding	5(d)	<u>25,537</u>	<u>3,549</u>
		<u>25,452</u>	<u>(1,893)</u>

### 2. Other Income

	2014 €000	2013 €000
Recovery of expenses from NAMA	53,838	40,768
Recovery of expenses from SBCI	676	-
Recovery of expenses from ISIF	182	-
Other income	415	237
Asset Covered Securities income	390	811
Recovery of expenses from Covered Credit Institutions	-	31
	<u>55,501</u>	<u>41,847</u>

The Agency is required to provide business and support services and systems in addition to assigning staff to a number of functions under prescribed legislation as follows:

- To NAMA under sections 41 and 42 of the National Asset Management Agency Act 2009. The cost of these services for the year ended 31 December 2014 was €53.8m (2013: €40.8m).
- To the SBCI under section 10 of the Strategic Banking Corporation of Ireland Act 2014. The cost of these services for the year ended 31 December 2014 was €0.7m (2013: Nil).

In addition, under section 48 of the National Treasury Management Agency (Amendment) Act 2014, the expenses of the Agency with regard to the ISIF are defrayed from the ISIF.

Asset Covered Securities are issued under the Asset Covered Securities Act, 2001 as amended by the Asset Covered Securities (Amendment) Act 2007. The Act (as amended) provides that in the event of a default by a bank registered as a designated mortgage credit institution or as a designated public credit institution under the Act (as amended), the Agency must in the following order, (i) attempt to secure an alternative service provider to manage the relevant asset pools, (ii) secure an appropriate body corporate to become the parent entity of the relevant pools or, (iii) manage the pools itself. In return, the Agency receives asset covered securities income based on the nominal amount of each asset covered bond in issue.

No professional fees were recovered in 2014 (2013: €0.03m) relating to banking system functions.

Other income primarily comprises an annual service fee charged to the Housing Finance Agency for borrowing on its behalf under a Commercial Paper Programme. In 2014 it also includes the recovery of certain secondment, administrative and professional fees.

## Notes to the Financial Statements (Continued)

### 3. Agency Costs

#### (a) Agency Costs

	Note	2014 €000	2013 €000
Employment Costs		71,387	57,831
Operating Expenses		13,781	13,371
Defined Benefit Pension Annual Cost	5(e)	9,280	6,617
Professional Fees		3,829	5,803
Depreciation	6	1,384	1,088
PRSA Pension Costs	3(d)	46	148
<b>Total Expenses</b>		<b>99,707</b>	<b>84,858</b>

Employment costs include remuneration and other staff related costs. Operating expenses include technology costs, occupancy costs, business services costs and staff travel expenses.

Under the direction issued to the Agency under Statutory Instrument (S.I.) No. 115 of 2010, the Minister for Finance delegated a number of banking system functions to the Agency. This delegation was revoked with effect from 5 August 2011 under S.I. No. 395 of 2011 and since then Agency staff have been seconded to the Department of Finance. At the direction of the Minister, the staff costs where incurred and professional adviser costs continue to be met by the Agency. No professional adviser costs were incurred in this regard during 2014 (2013: €2.1m).

#### (b) Expenses of the Agency for Specified Functions

	2014 €m	2013 €m
National Asset Management Agency	53.8	40.8
State Claims Agency	13.5	11.5
National Development Finance Agency	8.4	7.1
National Pensions Reserve Fund	6.2	3.9
Ireland Strategic Investment Fund	0.2	0.0
Strategic Banking Corporation of Ireland	0.7	0.0

## Notes to the Financial Statements (Continued)

### 3. Agency Costs (continued)

#### (c) Remuneration and Expenses (continued)

##### Advisory Committee and Agency Member Fees

Remuneration of Advisory Committee and Agency members is determined by the Minister for Finance. The Advisory Committee was dissolved on 22 December 2014 and Agency members were appointed on this date. Remuneration of Advisory Committee and Agency members is set out below:

##### Advisory Committee

	2014 €	2013 €
Brendan McDonagh	21,889	22,500
Tytti Noras	21,889	22,500
Donald Roth	<u>21,889</u>	<u>22,500</u>
<b>Advisory Committee Fees</b>	<b><u>65,667</u></b>	<b><u>67,500</u></b>

The Chairperson of the Advisory Committee (Willie Walsh) waived his remuneration for 2013 and 2014.

John Moran (resigned 14 August 2014) and Derek Moran (from 3 September 2014 to 21 December 2014) each served on the Committee in an ex officio capacity as Secretary General of the Department of Finance. They received no remuneration in respect of their membership.

##### Agency Member Fees

	2014 €
Maeve Carton	815
Brendan McDonagh	815
Martin Murphy	815
Mary Walsh	815
Susan Webb	<u>815</u>
<b>Agency Fees</b>	<b><u>4,075</u></b>

Remuneration attached to the position of Chairperson is €45,000 per annum and €30,000 for an Ordinary Member. The Chairperson of the Agency (Willie Walsh) waived his remuneration for 2014.

Derek Moran and Robert Watt serve on the Agency in an ex officio capacity as Secretary General of the Department of Finance and the Department of Public Expenditure and Reform respectively. John Corrigan served in an ex officio capacity as Chief Executive of the Agency. They received no remuneration in respect of their membership.

## Notes to the Financial Statements (Continued)

### 3. Agency Costs (continued)

#### (c) Remuneration and Expenses (continued)

##### Advisory Committee and Agency Member Expenses

Expenses incurred in respect of Advisory Committee members are set out below:

Committee Member <sup>1</sup>	Travel €	Accommodation and Subsistence €	Total 2014 €	Total 2013 €
Brendan McDonagh	15,249	2,986	18,235	19,159
Tytti Noras	4,529	1,830	6,359	8,021
Donald Roth	34,112	3,636	37,748	21,398
	<u>53,890</u>	<u>8,452</u>	<u>62,342</u>	<u>48,578</u>

Advisory Committee members are reimbursed approved expenses on a vouched basis. The 2014 tax payable by the Agency to the Revenue Commissioners in relation to the reimbursed expenses is €59,839 (2013: €29,266).

Agency members incurred no expenses in respect of 2014.

<sup>1</sup>Brendan McDonagh lives in Bermuda, Tytti Noras lives in Finland and Donald Roth lives in the USA. Expenses relate to travel and accommodation costs to attend Advisory Committee meetings in the Agency's offices in Dublin.

##### Chief Executive Remuneration

	2014 €	2013 €
Salary	416,500	416,500
Taxable benefits	29,075	29,129

The Chief Executive's pension entitlements are within the standard entitlements in the model public sector defined benefit superannuation scheme.

In 2012, the Chief Executive agreed to waive 15 per cent of his salary following a request by the Minister for Finance. The pay reductions provided for in the Financial Emergency Measures in the Public Interest Act 2013, which came into effect from 1 July 2013, apply to the Agency's staff. Notwithstanding the reductions imposed by this Act, the Chief Executive continued to waive such amount that his annual base salary remained as it was under the original waiver arrangement.

The remuneration of the Chief Executive consisted of basic remuneration, taxable benefits (car and health insurance) and a performance related payment of up to 80 per cent of annual salary. The Chief Executive waived any consideration for performance related pay in respect of 2013 and 2014.

The remuneration details above relate to John Corrigan who retired as Chief Executive on 4 January 2015.

##### Gardening Leave

18 Agency staff (inclusive of staff assigned to NAMA) were placed on gardening leave during 2014 with an attributable 2014 cost of approximately €0.4m. This does not represent an incremental cost for the Agency but instead forms part of the overall Agency remuneration cost that would have been incurred regardless of the decision to place the relevant staff on gardening leave. The decision on whether or not to place staff on gardening leave is made on a case-by-case basis and would include consideration, inter alia, of the person's role within the Agency and the person's new employer. The average period of gardening leave for the 18 staff was for 8.8 weeks.

## Notes to the Financial Statements (Continued)

### 3. Agency Costs (continued)

#### (c) Superannuation

Superannuation entitlements of staff are conferred under a defined benefit superannuation scheme set up under section 8 of the National Treasury Management Agency Act, 1990. Contributions are transferred to an externally managed fund. The Agency contribution is determined on the advice of an independent actuary. Following an actuarial review at the end of 2013, the Agency contribution was set at a level of 14.2 per cent of salary in respect of members of the Scheme. Contributions to the defined benefit scheme by the Agency for the year ended 31 December 2014 amounted to €8.6m (2013: €5.6m).

Liabilities arising under the defined benefit scheme are provided for under the above arrangements, except for entitlements arising in respect of the service of certain members of the Agency's staff recruited from other areas of the public sector. On 7 April 1997 the Minister for Finance designated the Agency as an approved organisation for the purposes of the Public Sector (Transfer of Service) Scheme. This designation provides for, inter alia, contributions to be paid out of the Exchequer, as and when benefits fall due for payment in the normal course, in respect of prior service of former civil servants employed by the Agency. No provision has been made for funding the payment of such entitlements.

The Agency also contributed €46,416 (2013: €147,791) to PRSAs for a number of employees who are not members of the defined benefit scheme in 2014.

### 4. Net Deferred Pension Funding

#### (a) Net Deferred Pension Reserve Funding in respect of the Year

	Note	2014 €000	2013 €000
Funding Recoverable in Respect of Current Year Pension Costs	5(e)	9,280	6,617
Income Applied To Pay Contributions to Pension Fund	3(d)	(8,560)	(5,568)
Net Deferred Pension Funding		<u>720</u>	<u>1,049</u>

#### (b) Movement in the Deferred Pension Funding

	Note	2014 €000	2013 €000
Movement in amount recoverable in respect of current year actuarial loss	5(f)	<u>21,268</u>	<u>1,630</u>

### 5. Retirement Benefits

#### (a) Defined Benefit Pension Scheme

The valuation of the defined benefit scheme used for the purposes of FRS 17 disclosures has been based on data provided by the scheme administrator, Mercer (Ireland) Limited. The valuation has been determined by an independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities at the balance sheet date. Scheme assets are stated at their market value at the balance sheet date.

## Notes to the Financial Statements (Continued)

### 5. Retirement Benefits

#### (b) Change in the Present Value of Defined Benefit Obligations

	2014 €000	2013 €000
Benefit Obligations at Beginning of Year	79,490	63,254
Service Cost	10,651	7,616
Interest Cost	3,610	3,034
Actuarial Loss	29,263	6,060
Transfers received / (benefits paid)	458	(344)
Premiums Paid	(130)	(130)
Benefit Obligations at End of Year	<u>123,342</u>	<u>79,490</u>

#### (c) Change in the Fair Value of Scheme Assets

	2014 €000	2013 €000
Fair Value of Scheme Assets at Beginning of Year	75,941	62,384
Expected Return on Scheme Assets	3,639	2,921
Actuarial Gain	7,995	4,430
Employer Contributions	8,560	5,568
Member Contributions	1,342	1,112
Transfers received / (benefits paid)	458	(344)
Premiums Paid	(130)	(130)
Fair value of Scheme Assets at End of Year	<u>97,805</u>	<u>75,941</u>

#### Scheme assets

	%	%
The asset allocations at the year end were as follows:		
Equities	51.01	51.20
Debt securities	34.33	34.31
Property	4.30	4.19
Alternatives	9.87	9.93
Cash	0.49	0.37
	<u>100.00</u>	<u>100.00</u>

To develop the assumption for the expected long-term rate of return on assets, consideration was given to the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the assumption for the expected long-term rate of return on assets for the portfolio.

## Notes to the Financial Statements (Continued)

### 5. Retirement Benefits (continued)

#### (c) Change in the Fair Value of Scheme Assets (continued)

	2014 €000	2013 €000
Actual Return on Scheme Assets	<u>11,634</u>	<u>7,351</u>

#### (d) Scheme Surplus/(Deficit)

	2014 €000	2013 €000
Fair Value of Scheme Assets	97,805	75,941
Present Value of Funded Obligations	(123,342)	(79,490)
Deficit at year end	<u>(25,537)</u>	<u>(3,549)</u>

#### Amounts in the Balance Sheet

Deferred Pension Funding	25,537	3,549
Pension Liability	<u>(25,537)</u>	<u>(3,549)</u>

#### (e) Components of Pension Expense

The amount recognised in the Income and Expenditure Account is as follows:

	Note	2014 €000	2013 €000
Total Service Cost		10,651	7,616
Less Employee Contributions		<u>(1,342)</u>	<u>(1,112)</u>
Employer Current Service Cost		9,309	6,504
Interest Cost		3,610	3,034
Expected Return on Scheme Assets		<u>(3,639)</u>	<u>(2,921)</u>
Income and Expenditure Charge	3(a)	<u>9,280</u>	<u>6,617</u>

#### (f) Actuarial gain/(loss)

The actuarial gain/(loss) recognised in the Statement of Total Recognised Gains and Losses is as follows:

	2014 €000	2013 €000
Actuarial Loss on Scheme Obligations	(29,263)	(6,060)
Actuarial Gain on Scheme Assets	<u>7,995</u>	<u>4,430</u>
Actuarial Loss on Scheme Liabilities	<u>(21,268)</u>	<u>(1,630)</u>

## Notes to the Financial Statements (Continued)

### 5. Retirement Benefits (continued)

#### (g) Principal Actuarial Assumptions

The principal actuarial assumptions used were as follows:

	2014 %	2013 %
Weighted average assumptions used to determine benefit obligations:		
Discount rate	2.30	4.00
Rate of salary increase	2.50	3.00
Rate of price inflation	1.50	2.00
Rate of pension increase	1.50/2.50	2.00/3.00
Weighted average assumptions used to determine pension expense:		
Discount rate	4.00	4.30
Expected long-term return on scheme assets	4.49	4.46
Rate of salary increase	3.00	3.00
Rate of price inflation	2.00	2.00
Rate of pension increase	2.00/3.00	2.00/3.00
	Years	Years
Weighted average life expectancy at age 60 for mortality tables used to determine benefit obligations:		
<b>Future Pensioners</b>		
- Male (current age 45)	30.6	30.5
- Female (current age 45)	31.7	31.6
<b>Current Pensioners</b>		
- Male (current age 60)	28.7	28.6
- Female (current age 60)	30.1	30.0
Weighted average life expectancy at age 65 for mortality tables used to determine benefit obligations:		
<b>Future Pensioners</b>		
- Male (current age 45)	26.1	26.0
- Female (current age 45)	27.1	27.0
<b>Current Pensioners</b>		
- Male (current age 65)	23.7	23.5
- Female (current age 65)	25.0	24.9
Expected return on assets by asset allocation:		
	%	%
Equity securities	5.30	6.50
Debt securities	1.80	3.00
Property	4.30	5.50
Cash	0.00	1.00
Alternatives	5.30	6.50
Weighted average return based on asset allocation	<b>3.88</b>	<b>4.49</b>

The estimated pension expense for the year ended 31 December 2015 is €16.308m (2014: €8.871m).



## Notes to the Financial Statements (Continued)

### 5. Retirement Benefits (continued)

#### (h) History of Defined Benefit Obligations, Assets and Experience Gains and Losses

	2014 €000	2013 €000	2012 €000	2011 €000	2010 €000
Defined Benefit Obligation	123,342	79,490	63,254	52,560	42,829
Fair Value of Scheme Assets	<u>97,805</u>	<u>75,941</u>	<u>62,384</u>	<u>49,223</u>	<u>44,492</u>
Deficit/(Surplus)	<u>25,537</u>	<u>3,549</u>	<u>870</u>	<u>3,337</u>	<u>(1,663)</u>
Difference between Expected and Actual Return on Scheme Assets:					
Amount	<u>(7,995)</u>	<u>(4,430)</u>	<u>(5,626)</u>	<u>3,528</u>	<u>224</u>
Expressed as a % of Scheme Assets	<u>(8.17%)</u>	<u>(5.83%)</u>	<u>(9.02%)</u>	<u>7.17%</u>	<u>0.50%</u>
Experience (Gain)/Losses on Scheme Liabilities:					
Amount	<u>(1,791)</u>	<u>532</u>	<u>(1,128)</u>	<u>(821)</u>	<u>(1,814)</u>
Expressed as a % of Scheme Liabilities	<u>(1.45%)</u>	<u>0.67%</u>	<u>(1.78%)</u>	<u>(1.56%)</u>	<u>(4.24%)</u>

### 6. Fixed Assets

	Leasehold Improvements €000	Furniture, Equipment and Motor Vehicles €000	Total €000
<b>Cost:</b>			
Balance at 1 January 2014	2,818	7,966	10,784
Additions at cost	462	732	1,194
Disposals <sup>1</sup>	<u>-</u>	<u>(1,417)</u>	<u>(1,417)</u>
Balance at 31 December 2014	<u>3,280</u>	<u>7,281</u>	<u>10,561</u>
<b>Accumulated Depreciation:</b>			
Balance at 1 January 2014	1,464	6,118	7,582
Depreciation for the year	449	935	1,384
Disposals	<u>-</u>	<u>(1,383)</u>	<u>(1,383)</u>
Balance at 31 December 2014	<u>1,913</u>	<u>5,670</u>	<u>7,583</u>
Net Book Value at 31 December 2014	<u>1,367</u>	<u>1,611</u>	<u>2,978</u>
Net Book Value at 31 December 2013	<u>1,354</u>	<u>1,848</u>	<u>3,202</u>

<sup>1</sup> Disposals include €1.1m relating to the retirement of IT and Office Equipment which had a zero net book value.

## Notes to the Financial Statements (Continued)

### 6. Fixed Assets (continued)

The estimated useful life of fixed assets by reference to which depreciation is calculated is as follows:

Leasehold Improvements	10 years
Equipment & Motor Vehicles	3 to 5 years
Furniture	10 years

The estimated useful life of leasehold improvements was reduced from 20 years in 2013 to 10 years in 2014. This resulted in an additional depreciation charge of €0.3m in 2014.

The capitalised leasehold costs relate to the fit-out costs of the office space occupied by the Agency. The property is leased under long-term leases, as referred to in Note 10.

### 7. Debtors

	2014 €000	2013 €000
Amounts receivable from NAMA	1,344	5,351
Amounts receivable from ISIF	182	-
Amounts receivable from SBCI	676	-
Other debtors	2,107	2,315
Prepayments	<u>1,327</u>	<u>1,464</u>
	<b><u>5,636</u></b>	<b><u>9,130</u></b>

Other debtors primarily comprise reimbursements due from the State Claims Agency, Asset Covered Securities income and income due from the Housing Finance Agency.

### 8. Creditors

	2014 €000	2013 €000
Central Fund	85	5,442
Creditors	2,840	3,524
Deferred Income	1,094	1,563
Accruals	<u>2,626</u>	<u>1,781</u>
	<b><u>6,645</u></b>	<b><u>12,310</u></b>

Deferred Income relates to a reverse premium on rental payments that will be credited to the Income and Expenditure Account on an annual basis in the period to April 2017 (Note 10).

## Notes to the Financial Statements (Continued)

### 9. Capital Account

		2014 €000	2013 €000
Opening Balance		3,202	3,249
Transfer to Income and Expenditure Account			
Asset Funding			
- Fixed Assets	1,194		
Capital Funding			
- Amortisation in Line with Depreciation	(1,384)		
- Net amount Released on Asset Disposal	(34)	(1,418)	(224)
Closing Balance		<u>2,978</u>	<u>3,202</u>

### 10. Commitments

In 1991, 2007 and 2012, the Agency entered into lease agreements of varying duration until 2017, 2026 and 2027, in respect of office accommodation at Treasury Building, Grand Canal Street, Dublin 2.

The gross annual rental cost under these operating leases is €2.8m, excluding a reverse premium of €0.5m per annum relating to deferred income included in Note 8.

The nominal future minimum lease payments are set out in the following table:

#### Operating Leases

	Less than 1 year €000	1-5 years €000	More than 5 years €000	Total €000
31 December 2014	<u>2,828</u>	<u>8,457</u>	<u>12,104</u>	<u>23,389</u>
31 December 2013	<u>2,828</u>	<u>9,527</u>	<u>13,861</u>	<u>26,216</u>

### 11. Contingent Liabilities

The Agency had no contingent liabilities at 31 December 2014.

### 12. Related Parties

#### Minister for Finance

The Minister for Finance appoints six members of the Agency in accordance with section 3A of the National Treasury Management Agency Act, 1990, as amended.

#### National Asset Management Agency

In accordance with sections 41 and 42 of the National Asset Management Agency Act 2009, the Agency provides business and support services and systems in addition to assigning staff to NAMA.

The recovery of expenses from NAMA is detailed in note 2.

#### Strategic Banking Corporation of Ireland

In accordance with section 10 of the Strategic Banking Corporation of Ireland Act 2014, the Agency provides business and support services and systems in addition to assigning staff to the SBCI.

The recovery of expenses from the SBCI is detailed in note 2.

## Notes to the Financial Statements (Continued)

### 12. Related Parties (continued)

#### **Ireland Strategic Investment Fund**

In accordance with section 41 of the National Treasury Management Agency (Amendment) Act 2014, the ISIF is controlled and managed by the Agency. Under section 48 of the Act, the expenses of the Agency in the performance of its functions relating to the ISIF are defrayed from the ISIF. The recovery of expenses from the ISIF is detailed in note 2.

#### **National Pensions Reserve Fund**

In accordance with section 21 of the National Pensions Reserve Fund Act, 2000, the Agency is manager of the NPRF.

#### **National Development Finance Agency**

In accordance with section 11 of the National Development Finance Agency Act, 2002, the NDFA performed its functions through the Agency.

### 13. Events since the Balance Sheet Date

Under the provisions of the National Treasury Management Agency (Amendment) Act 2014, as commenced by S.I. 22 of 2015, the NDFA was dissolved on 27 January 2015. On this date the relevant statutory functions were given to the Agency and all property, rights and liabilities of the NDFA were transferred to the Agency.

### 14. Approval of Financial Statements

The financial statements were approved by the Agency on 26 May 2015.



# Financial Statements of the Post Office Savings Bank Fund

For the year ended 31 December 2014

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# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Post Office Savings Bank Fund

I have audited the financial statements of the Post Office Savings Bank Fund (the Fund) for the year ended 31 December 2014 under the National Treasury Management Agency Act 1990. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the income and expenditure account, the balance sheet and the related notes. The financial statements have been prepared in the form prescribed under section 12 of the Act, and in accordance with generally accepted accounting practice in Ireland.

### Responsibilities of the National Treasury Management Agency

The National Treasury Management Agency (the Agency) is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Fund's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Fund's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the information about the Fund in the Agency's annual report to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Fund's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Agency. The financial statements are in agreement with the books of account.

### Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information about the Fund in the Agency's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**

Comptroller and Auditor General

16 June 2015



# Accounting Policies

## a) Background

The Minister for Finance guarantees the repayment and servicing of moneys invested by depositors in the Post Office Savings Bank. An Post remits the net proceeds of this investment to the National Treasury Management Agency ("the Agency"). The Post Office Savings Bank Fund ("Fund") does not form part of the Exchequer.

The Minister for Finance may appropriate for the Exchequer any accumulated surplus in the Fund after making appropriate provision for depreciation in the value of the Fund's assets available to meet the liabilities to the depositors (Finance Act 1930, Sect 19(1)).

The Fund has the following main purposes:

- to invest the moneys made available by depositors, and
- to act as an intermediary through which the tranching, cancellation, sale and repurchase (repo) transactions and secondary market trading can be transacted by the Agency, and
- to provide moneys under Central Treasury Services to designated state bodies.

## b) Reporting Currency

The reporting currency is the euro, which is denoted by the symbol €.

## c) Basis of Accounting

The financial statements are prepared on an accruals basis under the historical cost convention.

## d) Investments

Investments are stated at cost.

## Income and Expenditure Account

Year Ended 31 December

	Note	2014 €000	2013 €000
Investment Income	1	<u>129,625</u>	<u>65,905</u>
Interest Paid and Payable	2	8,121	9,988
Other Expenses	3	<u>27,312</u>	<u>26,303</u>
		<u>35,433</u>	<u>36,291</u>
Surplus for the Year		94,192	29,614
Balance at 1 January		<u>96,218</u>	<u>66,604</u>
Balance at 31 December		<u>190,410</u>	<u>96,218</u>

Notes 1 to 8 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency  
15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Balance Sheet

31 December

	Note	2014 €000	2013 €000
<b>Assets</b>			
Advances	4	459,727	484,932
Investments	5	1,791,925	1,319,896
Debtors	6	57,812	44,902
Central Treasury Loans		31,918	37,384
Cash with Central Bank of Ireland		<u>521,965</u>	<u>864,379</u>
		<u>2,863,347</u>	<u>2,751,493</u>
<b>Liabilities</b>			
Post Office Savings Bank Deposits	7	2,670,290	2,650,450
Creditors	8	2,647	4,825
Accumulated Reserves		<u>190,410</u>	<u>96,218</u>
		<u>2,863,347</u>	<u>2,751,493</u>

Notes 1 to 8 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency  
15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Notes to the Financial Statements

## 1. Investment Income

	2014 €000	2013 €000
Net Interest Received and Receivable	66,255	64,017
Profit on Sale of Investments	<u>63,370</u>	<u>1,888</u>
	<u>129,625</u>	<u>65,905</u>

Sale and Repurchase agreements are transacted between the Fund and primary dealers in the bond market. The related income or interest cost arising from these transactions is reflected in Investment Income.

## 2. Interest Paid and Payable

	2014 €000	2013 €000
Interest Payable to Depositors of Post Office Savings Bank	<u>8,121</u>	<u>9,988</u>

## 3. Other Expenses

	2014 €000	2013 €000
Management Expenses	<u>27,312</u>	<u>26,303</u>

## 4. Advances

	2014 €000	2013 €000
Advances to Exchequer	455,927	470,632
Advances to the State Claims Agency	<u>3,800</u>	<u>14,300</u>
	<u>459,727</u>	<u>484,932</u>

Advances to the Exchequer represent Ways and Means funds, which have been loaned to the Exchequer. No financing costs were charged by the Fund to the State Claims Agency.

## 5. Investments

	2014 €000	2013 €000
<b>Bonds</b>		
At Cost	<u>1,791,925</u>	<u>1,319,896</u>
Valuation as at 31 December	<u>1,825,383</u>	<u>1,366,997</u>

## Notes to the Financial Statements (Continued)

### 5. Investments (Continued)

Schedule of Investment Holdings:		2014
Nominal	Stock	Cost
€000		€000
83	8.25% Treasury Bond 2015	98
453,787	4.5% Treasury Bond 2015	465,929
422,252	4.6% Treasury Bond 2016	452,262
328,331	5.5% Treasury Bond 2017	380,348
107,589	4.5% Treasury Bond 2018	124,694
225	5.9% Treasury Bond 2019	283
59,837	4.4% Treasury Bond 2019	70,272
33,400	5.0% Treasury Bond 2020	41,043
83,136	4.5% Treasury Bond 2020	99,608
277	3.9% Treasury Bond 2023	331
45,949	3.4% Treasury Bond 2024	53,101
55,725	5.4% Treasury Bond 2025	74,175
29,840	2.4% Treasury Bond 2030	29,781
<u>1,620,431</u>		<u>1,791,925</u>

### 6. Debtors

	2014	2013
	€000	€000
Dividends and Interest Receivable	44,181	40,549
Cash Balances held by An Post	1,499	4,353
Outstanding Bond Trade Settlements	<u>12,132</u>	<u>-</u>
	<u>57,812</u>	<u>44,902</u>

### 7. Post Office Savings Bank Deposits

	2014	2013
	€000	€000
Post Office Savings Bank Deposits	<u>2,670,290</u>	<u>2,650,450</u>

In April 2014 €2,226,367 (2013: €2,282,998) was transferred from the Fund to the Dormant Accounts Fund under the Dormant Accounts Act, 2001. At 31 December 2014, a liability of €38,933,835 (2013: €37,378,265) remained following account reactivations of €730,147 (2013: €1,190,604) and the capitalisation of interest (net of DIRT) of €59,350 (2013: €65,188). If reclaimed by POSB depositors this is payable from the Dormant Accounts Fund. The POSB deposits of €2,670,289,962 (2013: €2,650,449,890) do not include this liability.

### 8. Creditors

	2014	2013
	€000	€000
Net Funds payable due under Sale and Repurchase Agreements	1,824	4,164
DIRT to An Post	<u>823</u>	<u>661</u>
	<u>2,647</u>	<u>4,825</u>



# Financial Statements of the State Claims Agency

For the year ended 31 December 2014

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# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### State Claims Agency

I have audited the financial statements of the State Claims Agency (the Agency) for the year ended 31 December 2014 under the National Treasury Management Agency Act 1990. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the claims statement account, the balance sheet and the related notes. The financial statements have been prepared in the form prescribed under section 12 of the Act, and in accordance with generally accepted accounting practice in Ireland.

### Responsibilities of the National Treasury Management Agency

The National Treasury Management Agency is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Agency's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Agency's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the information about the Agency in the annual report of the National Treasury Management Agency to identify if there are material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Agency's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the National Treasury Management Agency. The financial statements are in agreement with the books of account.

### Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information about the Agency in the National Treasury Management Agency's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**  
Comptroller and Auditor General

16 June 2015



# Accounting Policies

## (a) Background

Under the National Treasury Management Agency (Amendment) Act, 2000, the management of personal injury and property damage claims against certain State Authorities ("Delegated State Authorities"), and of the underlying risks, was delegated to the National Treasury Management Agency ("NTMA"). When performing these functions, the NTMA is known as the State Claims Agency ("SCA"). The SCA incurs expenditure on awards, claim settlements and associated costs. The SCA recovers this expenditure from the Delegated State Authorities who are liable in respect of claims.

The SCA has three objectives as follows:

- A duty to act in the best interest of taxpayers. It also has a duty towards persons who have suffered injuries and who take legal actions against the State or Health Enterprises, and the families of such persons. It acts fairly and ethically in its dealings with injured persons and their families and in the management of all cases that fall within its remit;
- To provide risk advisory services to Delegated State Authorities with the aim of reducing over time the frequency and severity of claims;
- To deal with third-party costs arising from certain Tribunals of Inquiry.

In February 2003, the management of clinical negligence claims and associated risks under the Clinical Indemnity Scheme (the "CIS") was delegated to the SCA. The CIS was established in order to rationalise medical indemnity arrangements for the health service. Under the CIS, the State assumes full responsibility for the indemnification and management of clinical negligence claims.

The SCA's remit was further expanded in February 2011 with the delegation of the management of personal injury and property damage claims against 13 new authorities and several additional classes of claims (including personal injury related to bullying / harassment, members of the Defence Forces and An Garda Síochána while serving abroad and prisoner in-cell sanitation claims).

Claims alleging personal injury in respect of the medicinal products Thalidomide and Nimesulide were delegated to the SCA in April 2012. Following a Government decision in 2012, a State Legal Cost Unit was set up within the SCA in February 2013 to deal with third-party costs arising from certain Tribunals of Enquiry. In October 2013 the Government delegated to the SCA the management of personal injury claims concerning the ingestion of the medicinal products Celvepan and Pandemrix.

In April 2014 the claims management of a further 61 public bodies (including the Voluntary Hospitals' Group Delegations) was delegated to the SCA, bringing the total number within the SCA's remit from 56 to 117.

Under the National Treasury Management Agency (Amendment) Act 2014, as commenced by Statutory Instrument (S.I.) No. 586 of 2014, the State Claims Policy Committee was dissolved on 22 December 2014. On this date, the NTMA was reconstituted as a body with a Chairperson and eight other members reporting to the Minister for Finance with over-arching responsibility for all of the NTMA's functions (including the functions of the SCA).

## (b) Reporting Currency

The reporting currency is the euro which is denoted by the symbol €.

## (c) Basis of Accounting

The financial statements are prepared on an accruals basis under the historical cost convention. The functions of the SCA relate to the management of claims on behalf of Delegated State Authorities who are liable in respect of claims and from whom the SCA recovers the amounts of any awards and associated costs. The financial statements report only on the transactions of the SCA and therefore no amount is included for the value of outstanding claims.

## (d) Expenditure

Expenditure on awards, claim settlements and associated costs are recognised on receipt of a validated approval or the validated settlement of such expenditure.

## (e) Amounts receivable from Delegated State Authorities

The SCA recovers the amounts of any awards, claim settlements and associated costs from Delegated State Authorities who are liable in respect of claims. Amounts are accounted for on an accruals basis and are treated as receivable from Delegated State Authorities in line with the recognition of the related expenditure.

## Claims Statement Account

Year Ended 31 December

	Note	2014 €000	2013 €000
Received and receivable from Delegated State Authorities in respect of claims and expenses	1	141,400	139,592
Costs recovered on behalf of Delegated State Authorities	2	<u>2,789</u>	<u>1,738</u>
		<b><u>144,189</u></b>	<b><u>141,330</u></b>
 Paid and payable in respect of awards and claim settlements	3	86,852	92,521
Other expenses	4	54,548	47,071
Reimbursement of costs recovered on behalf of Delegated State Authorities	2	<u>2,789</u>	<u>1,738</u>
		<b><u>144,189</u></b>	<b><u>141,330</u></b>

Notes 1 to 13 form part of these financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Balance Sheet

31 December

	Note	2014 €000	2013 €000
<b>Assets</b>			
Investments	6	5,522	5,623
Debtors	7	11,834	15,096
Cash at Bank		<u>1,444</u>	<u>2,126</u>
		<b><u>18,800</u></b>	<b><u>22,845</u></b>
<b>Liabilities</b>			
Scheme Liabilities	6	5,522	5,623
Borrowings from Post Office Savings Bank Fund	8	3,800	14,300
Creditors	9	<u>9,478</u>	<u>2,922</u>
		<b><u>18,800</u></b>	<b><u>22,845</u></b>

Notes 1 to 13 form part of these financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Notes to the Financial Statements

## 1. Received and receivable from Delegated State Authorities

	2014	2013
	€000	€000
Amounts receivable at 1 January (Note 7)	(15,082)	(13,827)
Receivable from Delegated State Authorities	144,559	138,272
Receivable from Scheme funds (Note 6)	111	65
Amounts receivable at 31 December (Note 7)	<u>11,812</u>	<u>15,082</u>
	<b><u>141,400</u></b>	<b><u>139,592</u></b>

Amounts receivable from Delegated State Authorities comprise reimbursements of any awards, claim settlements and associated costs incurred by the SCA from the Delegated State Authorities who are liable in respect of claims.

## 2. Costs recovered on behalf of Delegated State Authorities

	2014	2013
	€000	€000
Costs recovered on behalf of Delegated State Authorities	<u>2,789</u>	<u>1,738</u>

In certain cases, whether by adjudication of the court or agreement with the third party / co-defendant, a specified percentage contribution in relation to a particular claim may be paid by a third party / co-defendant to the SCA. These amounts represent costs recovered by the SCA on behalf of the Delegated State Authorities.

## 3. Paid and payable in respect of awards and claim settlements

	2014	2013
	€000	€000
Paid and payable in respect of awards and claim settlements	<u>86,852</u>	<u>92,521</u>

Expenditure on awards are recognised on receipt of a validated approval or the validated settlement of such expenditure.

## 4. Other Expenses

	2014	2013
	€000	€000
<b>State Claims Agency Expenses</b>		
Legal Fees	20,520	18,759
Medical Fees	3,360	2,674
Engineers' Fees	350	265
Other Fees (including investigation and actuary fees)	<u>1,312</u>	<u>1,107</u>
	<b><u>25,542</u></b>	<b><u>22,805</u></b>
<b>Plaintiff Expenses</b>		
Legal Fees	28,913	24,233
Other Expert Fees	76	2
Travel Expenses	<u>10</u>	<u>12</u>
	<b><u>28,999</u></b>	<b><u>24,247</u></b>
<b>Witness Expenses</b>	<u>7</u>	<u>19</u>
	<b><u>54,548</u></b>	<b><u>47,071</u></b>

## Notes to the Financial Statements (Continued)

### 5. Remuneration and Expenses (included in the Administration Expenses of the NTMA)

The administrative costs incurred by the NTMA in the performance of the SCA's functions amounted to €13.5m (2013: €11.5m). These costs are included in the administration expenses of the NTMA and are charged on the Central Fund. The NTMA does not seek reimbursement of these costs from Delegated State Authorities.

#### State Claims Policy Committee

Remuneration of State Claims Policy Committee members is set by the NTMA with the consent of the Minister for Finance.

Remuneration in respect of 2013 and 2014 is set out below:

	2014 €	2013 €
Noel Whelan (Chair of Committee)	13,317	13,713
Anthony Delaney	8,877	9,142
Christopher Moore	8,877	9,142
Niamh Moran	8,877	9,142
Fachtna Murphy	8,877	9,142
Wendy Thompson	-	-
Mary Jackson	-	-
Charlie Hardy (Resigned 15 November 2013)	-	-
	<u>48,825</u>	<u>50,281</u>

Wendy Thompson waived her fees as a Committee member for 2013 and 2014. Mary Jackson, appointed in her capacity as a civil servant, did not receive any remuneration in respect of her Committee membership. Charlie Hardy, appointed in his capacity as a civil servant, did not receive any remuneration in respect of his Committee membership.

No Committee member related expenses were paid for 2014 (2013: Nil).

Under the National Treasury Management Agency (Amendment) Act 2014, as commenced by S.I. No. 586 of 2014, the State Claims Policy Committee was dissolved on 22 December 2014. On this date, the NTMA was reconstituted as a body with a Chairperson and eight other members reporting to the Minister for Finance with over-arching responsibility for all of the NTMA's functions (including the functions of the SCA).

### 6. Investments / Scheme Liabilities

In 2008, the Minister for Health established the Special Obstetrics Indemnity Scheme (the "SOIS"). Under the SOIS, the Minister agreed to indemnify the Bon Secours and Mount Carmel Hospitals<sup>1</sup> in respect of specified obstetric claims. The Government delegated managing claims under the SOIS to the NTMA under S.I. No. 628 of 2007, National Treasury Management Agency (Delegation of Functions) (Amendment) Order, 2007. The named participating hospitals made contributions to a fund which is managed by the NTMA on behalf of the Minister for Health under section 29(2) of the National Treasury Management Agency (Amendment) Act, 2000.

The Minister for Health authorised the SCA to draw down amounts from the fund to reimburse the SCA under section 16(2) of the National Treasury Management Agency (Amendment) Act, 2000 for any amounts paid by the SCA on behalf of the participating hospitals.

## Notes to the Financial Statements (Continued)

### 6. Investments / Scheme Liabilities (continued)

In 2008, the Government delegated the management of historical claims against consultant obstetricians which were previously managed by the Medical Protection Society ("MPS") to the NTMA under S.I. No. 628 of 2007, National Treasury Management Agency (Delegation of Functions) (Amendment) Order, 2007. The delegation of the management of the claims included the transfer of an existing fund to the SCA. Following draw down of the balance of the fund in 2013 (€13k), any remaining claim settlements and expenses are being met by the SCA under the Clinical Indemnity Scheme, and reimbursed to the SCA by the Health Service Executive (the "HSE").

#### Scheme Funds

Scheme funds are invested in Exchequer Notes on behalf of the Department of Health. Income earned on the Schemes' investments is paid into the fund and is not recognised as income of the SCA.

The movement on the Scheme funds is set out below:

	2014 €000	2013 €000
Balance at 1 January	5,623	5,327
Contributions to Fund	-	350
Claim settlements and expenses	(111)	(65)
Income earned	10	11
Balance at 31 December available for settlement of claims	<u>5,522</u>	<u>5,623</u>

The amounts remaining in the Scheme funds at 31 December 2014 relate to the SOIS.

<sup>1</sup>Mount Carmel went into liquidation in January 2014 and was subsequently purchased by the HSE in September 2014, to be utilised as a step down facility. It is expected there will be future claims in respect of its obstetric activities.

### 7. Debtors

	2014 €000	2013 €000
Receivable from Delegated State Authorities	11,812	15,082
Other	22	14
	<u>11,834</u>	<u>15,096</u>

### 8. Borrowings from the Post Office Savings Bank Fund

	2014 €000	2013 €000
Borrowings from the Post Office Savings Bank Fund	<u>3,800</u>	<u>14,300</u>

Under section 16 of the National Treasury Management Agency (Amendment) Act, 2000 the Minister for Finance may advance monies from the Post Office Savings Bank Fund (the "POSB") to the SCA for payment of the amount of any costs, charges and expenses in respect of the services of professional and other expert advisers, the amount of any award or settlement to be paid to a claimant in respect of a delegated claim, and the amount of interest, if any, payable thereon. Funds are drawn from the POSB Fund as required during the year to cover the above costs incurred by the SCA on behalf of the Delegated State Authorities. The SCA then receives reimbursements from the Delegated State Authorities and repays the POSB on a regular basis throughout the year. No financing costs are charged to the SCA by the POSB.

## Notes to the Financial Statements (Continued)

### 9. Creditors

	2014	2013
	€000	€000
Payable in respect of expenses	5,943	1,423
Payable in respect of awards	2,561	521
Professional Services Withholding Tax due	225	405
Amounts due to Delegated State Authorities	749	573
	<b>9,478</b>	<b>2,922</b>

### 10. Estimated Liabilities of Delegated State Authorities

During 2014, 3,003 (2013: 2,242) new claims were received and 1,939 (2013: 1,861) were resolved. At 31 December 2014, the SCA had a total of 7,221 (2013: 6,188) claims under management.

At 31 December 2014 the estimated liability of Delegated State Authorities in respect of claims under management by the SCA was €1.47bn (2013: €1.23bn), of which €1.16bn (2013: €1.04bn) was attributable to Clinical Claims and €309m (2013: €187m) to General Damage Claims. The liability is an estimate calculated by reference to the ultimate cost of resolving each claim including all foreseeable costs such as settlement amounts, plaintiff legal costs and defence costs.

The estimated liability calculation is based on actuarial assumptions including a real rate of return of 3%. There has been a recent High Court ruling that a real rate of return of 1% should apply to Court Awards, however the SCA has appealed that decision to the Court of Appeal. The SCA has not adjusted its estimated liability to take account of this reduction, pending the outcome of the Appeal.

A change in the real rate of return to 1% would, based on actuarial assumptions, result in an estimated increase in the yearly CIS budget of between €80m and €100m.

### 11. Contingent Liabilities

The State Claims Agency had no contingent liabilities at 31 December 2014.

### 12. Related Parties

#### Minister for Finance

The members of the State Claims Policy Committee, as set out in note 5, were appointed by the Minister for Finance under section 12 of the National Treasury Management Agency (Amendment) Act, 2000.

### 13. Approval of Financial Statements

The financial statements were approved by the Agency on 26 May 2015.

# Financial Statements of the Dormant Accounts Fund

For the year ended 31 December 2014

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## Statement Of Agency's Responsibilities

The National Treasury Management Agency ("the Agency") is required by the Dormant Accounts Act 2001 (as amended by the Unclaimed Life Assurance Policies Act 2003, the Dormant Accounts (Amendment) Act 2005 and the Dormant Accounts (Amendment) Act 2012) to prepare financial statements in respect of the operations of the Dormant Accounts Fund for each financial year.

In preparing those statements, the Agency:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- prepares the financial statements on a going concern basis unless it is inappropriate to do so;
- discloses and explains any material departure from applicable accounting standards.

The Agency shall, in relation to the Dormant Accounts Fund, keep in a form that may be specified by the Minister for Finance all proper and usual accounts of all moneys received or expended by it and for maintaining accounting records which disclose with reasonable accuracy at any time the financial position of the Fund.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps in order to prevent and detect fraud and other irregularities.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency



**Willie Walsh, Chairperson**  
National Treasury Management Agency

15 June 2015

# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Dormant Accounts Fund

I have audited the financial statements of the Dormant Accounts Fund for the year ended 31 December 2014 under the Dormant Accounts Act 2001. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the investment and disbursements account, the reserve account, the balance sheet and the related notes. The financial statements have been prepared in the form prescribed under section 46 of the Act, and in accordance with generally accepted accounting practice in Ireland.

### Responsibilities of the National Treasury Management Agency

The National Treasury Management Agency (the Agency) is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Fund's affairs at year end and of its transactions for the year, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Fund's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the information about the Fund in the annual report of the Agency to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Fund's affairs at 31 December 2014 and of its transactions for 2014.

In my opinion, proper books of account have been kept by the Agency. The financial statements are in agreement with the books of account.

## Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information about the Fund in the Agency's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Seamus McCarthy**  
Comptroller and Auditor General

16 June 2015

# Accounting Policies

## Background

The Dormant Accounts Act 2001 (as amended by the Unclaimed Life Assurance Policies Act 2003, the Dormant Accounts (Amendment) Act 2005 and the Dormant Accounts (Amendment) Act 2012), provides for a scheme to transfer dormant funds in banks, building societies and An Post and the transfer of moneys payable under unclaimed life assurance policies to the care of the State, while guaranteeing a right of reclaim to those funds. It further provides for the introduction of a scheme for the disbursement, for charitable purposes, or purposes of societal and community benefit, of funds which are not likely to be reclaimed.

The Dormant Accounts Fund consists of a Reserve Account from which reclaims and various expenses are paid and an Investment and Disbursements Account from which investments and disbursements are made.

The Agency is responsible, under sections 17 and 18 of the 2001 Act, for establishing, managing and controlling the Dormant Accounts Fund and has all powers (including the power to charge fees, payable from the Fund, in relation to the management and control of the Fund) that are necessary to the performance of its functions. These functions include:

- the making of disbursements in accordance with the directions of the Minister for Public Expenditure and Reform
- the maintenance of the Reserve Account
- the defraying of the specified fees, costs and expenses incurred
- the defraying of the remuneration, fees and expenses of the authorised inspectors
- the repayment of moneys transferred to the Fund
- the preparation of the annual investment plan, having regard to the disbursement plan and any direction from the Minister for the Environment, Community and Local Government.
- the investment of any moneys standing to the credit of the Fund that are not, for the time being, required for the purpose of meeting the liabilities of the Fund
- the keeping of proper accounts of all moneys received and expended by the Agency
- the submitting of annual accounts to the Comptroller and Auditor General and the presentation of a copy of accounts so audited to the Minister for Finance and the Minister for the Environment, Community and Local Government.

In accordance with the Dormant Accounts (Amendment) Act 2012, the Minister for Environment, Community and Local Government is responsible for the administration of the process by which the Government approves projects and programmes to which funds from the Dormant Accounts Fund can be disbursed. In accordance with this Act, a new Disbursement Scheme was approved by Government in December 2013 and a Dormant Accounts Action Plan for 2014 was published, which details projects and programmes to which funds from the Dormant Accounts Fund may be allocated.

The significant accounting policies adopted are as follows: -

## Reporting Currency

The reporting currency is the euro, which is denoted by the symbol €.

## Reporting Period

The reporting period is the year ended 31 December 2014.

## Basis of Accounting

The financial statements are prepared on an accruals basis under the historical cost convention.

## Investment And Disbursements Account

Year ended 31 December

	Note	2014 €000	2013 €000
Moneys transferred to the Fund in respect of dormant accounts and unclaimed assurance policies	1	49,344	44,561
Amount transferred to Reserve Account	2	(23,553)	(23,425)
Disbursements	3	(1,989)	(1,487)
Interest Earned	10	<u>835</u>	<u>1,509</u>
Movement for the year		24,637	21,158
Balance at 1 January		123,100	101,942
<b>Balance at 31 December</b>		<b><u>147,737</u></b>	<b><u>123,100</u></b>

Notes 1 – 10 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Reserve Account

Year ended 31 December

	Note	2014 €000	2013 €000
Repayment of moneys transferred to the Fund	1	(18,791)	(19,546)
Interest on repayment of moneys transferred to the Fund	1	(166)	(422)
Transfer from Investment and Disbursements Account	2	23,553	23,425
Other Expenses	4	(400)	(647)
Interest Earned	10	<u>451</u>	<u>210</u>
Movement for the year		4,647	3,020
Balance at 1 January		<u>62,408</u>	<u>59,388</u>
<b>Balance at 31 December</b>		<b><u>67,055</u></b>	<b><u>62,408</u></b>

Notes 1 – 10 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Balance Sheet

31 December

	Note	2014 €000	2013 €000
<b>Assets</b>			
<i>Financial Assets</i>			
- Investments at cost	5	60,151	49,052
<i>Current Assets</i>			
- Cash and Bank Deposits	6	152,386	134,378
- Debtors	7	2,484	2,137
<b>Liabilities</b>			
- Accrued Reclaims		<u>(229)</u>	<u>(59)</u>
<b>Net Assets</b>		<b><u>214,792</u></b>	<b><u>185,508</u></b>
<b>Represented by:</b>			
Investment and Disbursements Account		147,737	123,100
Reserve Account		<u>67,055</u>	<u>62,408</u>
		<b><u>214,792</u></b>	<b><u>185,508</u></b>

Notes 1 – 10 form part of these financial statements.



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Notes to the Financial Statements

## 1. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies

### Banks – Dormant Accounts

<b>Institution</b>	<b>Opening Balance 1/1/14 €</b>	<b>Transferred €</b>	<b>Reclaimed €</b>	<b>Closing Balance 31/12/14 €</b>	<b>Interest Paid €</b>
ACC Bank plc	6,253,816	858,595	(707,745)	6,404,666	2,941
Allied Irish Banks plc	67,861,490	5,597,700	(972,945)	72,486,245	6,052
Barclays Bank Ireland plc	344,025	-	-	344,025	-
BNP Paribas SA	83,575	-	-	83,575	-
Bank of America National Association	154,778	-	-	154,778	-
Bank of Ireland (The Governor & Company)	69,123,039	6,870,716	(2,344,985)	73,648,770	7,283
Bank of Scotland plc	567,088	-	-	567,088	-
Citibank Europe plc	28,700	-	-	28,700	-
EBS Ltd	15,948,043	3,779,119	(1,615,927)	18,111,235	67,117
EAA Covered Bond Bank	122,119	-	-	122,119	-
KBC Bank Ireland plc	785,993	103	-	786,096	-
Irish Bank Resolution Corporation Ltd (in special liquidation)	629,363	-	-	629,363	-
Investec Bank plc	1,609,821	17,692	(8,575)	1,618,938	95
JP Morgan Bank (Ireland) plc	48,897	-	-	48,897	-
Danske Bank Plc	5,710,171	1,014,517	(702,693)	6,021,995	3,167
Permanent tsb plc	38,582,773	3,452,933	(1,118,356)	40,917,350	-
Pfizer International Bank	33,573	-	(954)	32,619	5,833
An Post	78,126,940	13,410,555	(8,029,272)	83,508,223	44,175
An Post – Post Office Savings Bank	36,044,871	2,226,367	(701,259)	37,569,979	29,150
RBS NV (formerly ABN AMRO)	34,992	463	-	35,455	-
The Royal Bank of Scotland plc	37,336	349,399	-	386,735	-
Scotiabank (Ireland) Ltd	92,953	-	-	92,953	-
Ulster Bank Ireland Ltd	23,850,966	2,768,263	(479,744)	26,139,485	402
<b>TOTAL (Banks)</b>	<b>346,075,322</b>	<b>40,346,422</b>	<b>(16,682,455)</b>	<b>369,739,289</b>	<b>166,215</b>



## Notes to the Financial Statements (Continued)

### 1. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies (continued)

#### Assurance Companies – Unclaimed Assurance Policies

<b>Institution</b>	<b>Opening Balance 1/1/14 €</b>	<b>Transferred €</b>	<b>Reclaimed €</b>	<b>Closing Balance 31/12/14 €</b>	<b>Interest Paid €</b>
<i>Specified Term Accounts:</i>					
Ark Life Assurance Co. Ltd	538,504	135,349	(52,002)	621,851	-
Aviva Life International Ltd	3,225,808	532,066	(315,166)	3,442,708	-
Caledonian Life	104,748	-	-	104,748	-
Equitable Life	7,131	257	-	7,388	-
Friends First Life Assurance Co. Ltd	2,069,786	247,287	(16,632)	2,300,441	-
Irish Life Assurance plc (including former Canada Life Ire)	5,902,361	1,193,921	(49,456)	7,046,826	-
New Ireland Assurance Co. Ltd	239,681	641,171	-	880,852	-
Phoenix Life Ltd	3,581,657	1,186,603	(133,480)	4,634,780	-
The Royal London Mutual Insurance Society Ltd	6,817,645	820,453	(63,643)	7,574,455	-
St. James Place International plc	10,649	-	-	10,649	-
Scottish Legal Life	598,319	4,047	-	602,366	-
Standard Life International Ltd	1,046,720	254,088	-	1,300,808	-
Sun Life	193,599	8,445	(15,117)	186,927	-
Zurich Life Assurance plc	1,042,057	228,870	(13,512)	1,257,415	-
<i>No Specified Term Accounts:</i>					
Acorn Life Ltd	14,846	17,958	-	32,804	-
Ark Life Assurance Co. Ltd	224,883	400,343	(35,428)	589,798	-
Aviva Life International Ltd	1,939,603	170,193	(99,479)	2,010,317	-
Caledonian Life	31,113	-	-	31,113	-
Friends First Life Assurance Co. Ltd	1,139,980	101,897	(16,315)	1,225,562	-
Irish Life Assurance plc (including former Canada Life Ire)	8,743,552	446,536	(368,511)	8,821,577	-
New Ireland Assurance Co. plc	10,775,570	641,171	-	11,416,741	-
Phoenix Life Ltd	324,881	172,051	(6,691)	490,241	-
The Royal London Mutual Insurance Society Ltd	9,605,117	1,005,468	(210,361)	10,400,224	-
Scottish Legal Life	502,824	35,860	-	538,684	-
Standard Life International Ltd	1,461,902	402,485	(383,670)	1,480,717	-
Sun Life	47,473	-	-	47,473	-
Zurich Life Assurance plc	2,218,193	291,962	(100,163)	2,409,992	-
<b>TOTAL (UNCLAIMED POLICIES)</b>	<b>62,408,602</b>	<b>8,938,481</b>	<b>(1,879,626)</b>	<b>69,467,457</b>	<b>-</b>
The Escheated Estate Fund	4,400,000	-	-	4,400,000	-
Accrued Reclaims	(58,975)	58,975	(228,581)	(228,581)	280
<b>GRAND TOTAL</b>	<b>412,824,949</b>	<b>49,343,878</b>	<b>(18,790,662)</b>	<b>443,378,165</b>	<b>166,495</b>

## Notes to the Financial Statements (Continued)

### 1. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies (continued)

The amounts transferred to the Fund included accounts denominated in currencies other than euro. The effect of revaluing these accounts at the year end exchange rates would be to increase the total amount transferred to the Fund and not yet reclaimed by €460,806 from €443,378,165 to €443,838,971.

### 2. Transfers to the Reserve Account

Under section 17 (4) of the Dormant Accounts Act 2001 as amended, the Agency pays into the Reserve Account, from time to time, an amount determined by the Agency, with the approval of the Minister for the Environment, Community and Local Government given with the consent of the Minister for Finance, for the purposes of making repayments from the Fund and of defraying various fees and expenses. A transfer is made periodically by the Agency to maintain the balance in the Reserve Account at a currently approved 15 per cent of the total dormant funds received by the Dormant Accounts Fund and not yet reclaimed. The balance in the Reserve account may deviate from 15 per cent in the intervening period between the periodic rebalancing dates.

### 3. Disbursements

The following disbursements were made from the Fund during the year:

	2014 €000	2013 €000
<b><u>On direction of the Minister for Public Expenditure and Reform:</u></b>		
Department of Children and Youth Affairs	-	800
Department of Education and Skills	(3)	8
Department of Environment, Community and Local Government	-	5
Department of Environment, Community and Local Government (administered by Pobal)	1,942	591
Department of Justice and Equality	50	-
Irish Prison Service (administered by Pobal)	-	83
	<u>1,989</u>	<u>1,487</u>

### 4.a) Other Expenses

	2014 €000	2013 €000
Board Fees and Expenses	-	1
Fees of service provider (Pobal)	400	645
Consultancy and Advisory fees	-	1
	<u>400</u>	<u>647</u>

The Dormant Accounts Board was dissolved on 26 September 2013 and its remaining functions transferred to the Minister for Environment, Community and Local Government

Pobal receives an annual service fee for its administration of certain projects in receipt of Dormant Accounts Fund disbursements. The fee is paid by the Department of the Environment, Community and Local Government (DECLG) and reimbursed from the Dormant Accounts Fund.

## Notes to the Financial Statements (Continued)

### 4.b) Expenses of the National Treasury Management Agency

Under section 45 (1)(c) of the Dormant Accounts Act 2001 as amended, the Agency is required to report certain specified information including a separate account of the administration fees and expenses incurred by the Agency in the operation of the Fund. These are detailed below:

	2014	2013
	€000	€000
General Administration	150	150

This is an estimate, included in the Notes to the accounts only, as the Agency has not charged these fees and expenses to the Dormant Accounts Fund.

### 5. Financial Asset

	2014	2013
	€000	€000
4.0% Bank of Ireland Bond 2015	60,151	-
4.0% Irish Treasury Bond 2014	-	49,052
	<u>60,151</u>	<u>49,052</u>

### 6. Cash and Bank Deposits

This figure represents the cash balance held at the Central Bank of Ireland, and Commercial Term Deposits held with Permanent tsb, Bank of Ireland and Allied Irish Banks plc.

### 7. Debtors

	2014	2013
	€000	€000
Bond Interest Receivable	2,219	1,885
Interest Receivable on Cash on Deposit	265	252
	<u>2,484</u>	<u>2,137</u>

### 8. Contingent Exchequer Liability

- a) As a result of cumulative disbursements to date the net assets of the Fund are less than the dormant funds transferred and not yet reclaimed. This difference represents a contingent exchequer liability that would have to be met by the Central Fund in the event that all moneys transferred to the Dormant Accounts Fund were reclaimed. Under section 17(7) of the Dormant Accounts Act 2001 as amended, whenever the moneys in the Investment and Disbursement Account are insufficient to meet the deficiency in the Reserve Account, a payment can be made out of the Central Fund into the Reserve Account of an amount not exceeding the deficiency. The moneys are repaid to the Central Fund, as soon as practicable, from surplus moneys remaining in the Fund after providing for any liabilities or contingent liabilities of the Fund.

## Notes to the Financial Statements (Continued)

### 8. Contingent Exchequer Liability (continued)

#### b) Analysis of Contingent Exchequer Liability:

	1 January 2014 €000	Movement during the year €000	31 December 2014 €000
Net Assets of Fund	185,508	29,284	214,792
Dormant Funds Transferred not reclaimed	(412,825)	(30,553)	(443,378)
Contingent liability	<u>(227,317)</u>	<u>(1,269)</u>	<u>(228,586)</u>

#### c) The movement in the Contingent Exchequer Liability is represented by:

	Note	€000
Interest Earned	10	1,286
Interest on repayments of moneys transferred to the Fund	1	(166)
Disbursements	3	(1,989)
Other expenses	4	<u>(400)</u>
Movement for the year		<u>(1,269)</u>

### 9. Investment Return

Under section 45 (1)(b) of the Dormant Accounts Act 2001 as amended, the Agency is required to report to the Minister for Environment, Community and Local Government the investment return achieved by the Fund. The annualised return on the Fund for the year was 0.61 per cent (2013 0.93%)<sup>1</sup>.

### 10. Interest Earned

	Investment & Disbursements Account €000	Reserve Account €000	Total 2014 €000	Total 2013 €000
Bond Holding	312	-	312	892
Commercial Deposits	512	436	948	776
Central Bank Deposits	<u>11</u>	<u>15</u>	<u>26</u>	<u>51</u>
	<u>835</u>	<u>451</u>	<u>1,286</u>	<u>1,719</u>

<sup>1</sup>Comparative 2013 return has been restated for the inclusion of premiums on acquisitions of bond investments.



# Financial Statements of the Ireland Strategic Investment Fund

For the period from 22 December 2014 to 31 December 2014

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## Other Information

### Bankers

Central Bank of Ireland  
Dame Street  
Dublin 2

Allied Irish Banks p.l.c.  
1-4 Lower Baggot Street  
Dublin 2

### Global Custodian

The Bank of New York Mellon (“BNYM”)  
One Canada Square  
London E14 5AL

### Auditor

Comptroller and Auditor General  
Dublin Castle  
Dublin 2

### Controller And Manager

National Treasury Management Agency  
Treasury Building  
Grand Canal Street  
Dublin 2

## Investment Report

Pursuant to section 38(1) of the National Treasury Management Agency (Amendment) Act 2014 (“NTMA Act 2014”), the Ireland Strategic Investment Fund (“the Fund”) was established on 22 December 2014. The assets and liabilities of the National Pensions Reserve Fund (“NPRF”) became assets and liabilities of the Fund on 22 December 2014, except for certain foreign assets and liabilities. The assets remaining in the NPRF as at 31 December 2014 have been derecognised by the NPRF Commission and are presented within the Fund’s financial statements for the period ending 31 December 2014. With the exception of the Directed Investments the Agency determines the investment strategy for the Fund.

A summary of the Investment assets of the Fund is listed below:

	2014 €m	% of Total Investment Assets
Quoted Investments	3,528	16.2%
Unquoted Investments	1,237	5.6%
Loans and Receivables	338	1.6%
Deposits, Cash and Other Investments	1,689	7.8%
Derivatives	(22)	(0.1%)
<b>Total Discretionary Investment Assets</b>	<b><u>6,770</u></b>	<b><u>31.1%</u></b>
Directed Investments	13,123	60.3%
Cash	1,109	5.1%
Repurchase Agreements	765	3.5%
<b>Total Directed Investments</b>	<b><u>14,997</u></b>	<b><u>68.9%</u></b>
<b>Total Investment Assets</b>	<b><u>21,767</u></b>	<b><u>100.0%</u></b>



**Conor O’Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency



# Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Ireland Strategic Investment Fund

I have audited the financial statements of the Ireland Strategic Investment Fund for the period ended 31 December 2014 under the National Treasury Management Agency Act 1990. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the fund account, the net assets statement, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under section 12 of the Act.

### Responsibilities of the National Treasury Management Agency

The National Treasury Management Agency (the Agency) is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the results of the Fund's operations for the period and of its balances at year end, and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Fund's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the information about the Fund in the Agency's annual report to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with the National Treasury Management Agency Act 1990 in the form approved by the Minister for Finance, give a true and fair view of the results of the Fund's operations for the period ended 31 December 2014 and of its balances at that date.

In my opinion, proper books of account have been kept by the Agency. The financial statements are in agreement with the books of account.

### Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where public money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information about the Fund in the Agency's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters on which reporting is by exception.



**Seamus McCarthy**

Comptroller and Auditor General

16 June 2015

## Accounting Policies

The Ireland Strategic Investment Fund (“the Fund”) was established on 22 December 2014 on the commencement of the National Treasury Management Agency (Amendment) Act 2014 (“NTMA Act 2014”). The National Treasury Management Agency (the “Agency” or the “Manager”) is the controller and manager of the Fund. The statutory mandate of the Fund is to invest on a commercial basis in a manner designed to support economic activity and employment in the State. In addition in accordance with section 42 and 43 of the NTMA Act 2014 the Minister may give directions in relation to certain investments. The significant accounting policies adopted in respect of the Fund are as follows:

### (a) Basis of Preparation

The financial statements have been prepared in accordance with section 12 of the National Treasury Management Agency Act, 1990 in a format approved by the Minister for Finance.

On the commencement of Part 6 of the NTMA Act 2014, the assets and liabilities of the NPRF became the assets and liabilities of the Fund (subject to the provisions of schedule 4 of the Act in the case of certain foreign assets and foreign liabilities). The legal transfer of foreign assets must be done in conjunction with the relevant counterparty. This process is ongoing, and certain foreign assets remained in the NPRF as at 31 December 2014. These assets (held by the NPRF Commission) have been derecognised, and are recognised and presented within the Fund’s financial statements for the period ending 31 December 2014, in line with Accounting Standards.

The financial statements summarise the transactions and net assets of the Fund.

Notwithstanding the Fund’s significant holdings in the equity of Bank of Ireland and Allied Irish Banks, (“the Directed Investments”) the Agency (as Manager and Controller of the Fund) does not have the ability to exercise control, dominant influence or significant influence, over the Directed Investments. Therefore, the Agency does not consolidate the results and the financial position of Bank of Ireland or Allied Irish Banks into the financial statements of the Fund.

### (b) Reporting Period

The reporting period is the period from establishment of the Fund on 22 December 2014 to 31 December 2014.

### (c) Reporting Currency

The reporting currency is the euro which is denoted by the symbol €. Monetary amounts are stated in €m unless otherwise indicated. Where used, ‘€000’ or ‘k’ denotes thousand, ‘m’ denotes million and ‘bn’ denotes billion.

### (d) Investments

The Fund holds two types of investments:

#### (i) Discretionary Investments

Investments made in accordance with Part 6 of the NTMA Act 2014, whereby the Agency shall hold or invest the assets of the Fund on a commercial basis in a manner designed to support economic activity and employment in the State.

#### (ii) Directed Investments

The Agency holds the Directed Investments subject to directions given by the Minister for Finance pursuant to section 43 of the NTMA Act 2014. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with any directions given by the Minister for Finance.

Any interest or other income received in respect of deposits and / or securities held in the Directed Portfolio are transferred to the Discretionary Portfolio and are held or invested by the Agency in line with Ministerial Direction.

### (e) Valuation of Discretionary Investments

Investments are recorded on a trade date basis and are stated at fair value. Fair value is determined as follows for quoted, unquoted, loans and receivables and derivative investments:

#### (i) Quoted Investments

Fair value is the closing market value on the primary exchange or market where the investment is quoted.

## Accounting Policies (Continued)

### (e) Valuation of Discretionary Investments (continued)

#### (ii) Unquoted Investments

Fair value is estimated by the National Treasury Management Agency as Manager and Controller of the Fund and approved by the Agency. The principal unquoted valuations are as follows:

##### **Investments in Property, Private Equity, Forestry and Infrastructure Funds**

The estimated fair value for unquoted investments in property, private equity, forestry and infrastructure funds for which there is not an active market is based on the latest audited valuation placed on the fund or partnership by the external manager of that fund or partnership. Where an audited valuation is not available, in circumstances such as where the fund or partnership's year end does not coincide with that of the Fund, the latest available unaudited valuation is used.

The valuations of these investments are determined by external managers using accepted industry valuation methods and guidelines published by relevant industry bodies. Such valuation methodologies used by external managers may include considerations such as earnings multiples of comparable publicly traded companies, discounted cash flows, third party transactions, or events which suggest material impairment or improvement in the fair value of the investment. In the first year of ownership cost is usually considered to be an appropriate estimate of the fair value for these investments unless there is an indication of a permanent impairment in value.

A range of possible values can exist for these investments and estimated fair values may differ from the values that would have been used had there been an active market value for such investments.

The Agency relies on the external managers' valuations as being a representative estimate of the fair value of an investment. The Agency has established procedures to periodically review the fund or partnership's valuation of these investments. Based on its judgement, and relevant information available to it, the Agency may in certain circumstances determine that an adjustment to the external manager's valuation is appropriate in recording an investment's fair value.

#### **Unquoted Bonds**

Unquoted bonds are valued at their fair value as estimated by the Manager using bond valuation models based on observable market data.

#### **Unquoted Investment Funds**

Unquoted investment funds are valued at the most recent Net Asset Value as published by the funds' administrators.

#### (iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

#### (iv) Derivatives

##### **Futures**

Futures contracts used by the Fund's investment managers are valued at their closing market value on the exchange on which they are traded and are recognised as investment assets.

##### **Foreign Exchange Contracts**

The market value of Foreign Exchange Contracts is the unrealised gain / loss on the contract at the Net Assets Statement date.

##### **Equity Options**

Equity options are valued at their closing market value on the exchange on which they are traded and are recognised as investment assets.

## Accounting Policies (Continued)

### (f) Valuation of Directed Investments

Directed Investments are valued as follows:

#### Ordinary Shares

The ordinary shares held as part of the Directed Investment portfolio are valued at fair value. Fair value is the closing market value on the primary exchange or market where the investment is quoted.

Where closing market prices are deemed not to be a reliable estimation of fair value, ordinary shares are valued using appropriate valuation methodologies. Valuation methodologies used include discounted cash flow analysis, total equity analysis, comparable company analysis or precedent transaction analysis.

#### Preference Shares

The preference shares held as part of the Directed Investment portfolio are valued at fair value. Fair value is determined using valuation methodologies which may include discounted cash flow analysis, an annuity valuation based on comparable company yields, comparable company analysis or precedent transaction analysis.

### (g) Gains and Losses on Investments

Realised and unrealised capital gains and losses on investments are dealt with in the Fund Account in the period in which they arise (Change in Value of Investments).

### (h) Long Term Receivables

Long term receivables are shown at their fair value. The fair value of these receivables is estimated by discounting the contractual future cash flows at the market rate that is currently available to the Fund for similar financial instruments.

### (i) Cash Collateral arising from Derivative Transactions

Cash received / posted as collateral arising from derivative transactions is recorded as an asset / liability on the Net Assets Statement and is valued at its fair value. The obligation to repay the collateral is recorded as a liability and the entitlement to receive the collateral is recorded as an asset in the Net Assets Statement.

### (j) Investment Income

Income from investments is recognised at fair value on an accruals basis. Dividends are credited to income on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes which are disclosed separately in the Fund Account as part of the taxation charge.

### (k) Expenses

Expenses are accounted for in the period in which they fall due.

### (l) Foreign Currencies

All transactions in foreign currencies are translated into euro at the rate of exchange prevailing at the dates of such transactions. Assets and liabilities in foreign currencies are translated into euro at the rate of exchange ruling at the period end date.

Exchange differences arising on the revaluation of investments and settlement of investments are dealt with in the change in market value of investments. Exchange differences arising on income items are accounted for as part of investment income.

### (m) Securities Lending

The Fund undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time. The Fund receives collateral of greater value than the securities loaned for the duration of the loan period and receives interest where the collateral assets are reinvested. Under the terms of the securities lending agreements, the Fund retains substantially all the risks and rewards of ownership of the loaned securities and also retains the rights to any cashflows relating to the securities. Therefore the loaned securities are not derecognised from the Fund's Net Assets and collateral assets held are not recognised in the Fund's Net Assets Statement.

## Fund Account

		22 December 2014 to 31 December 2014
	Note	€m
<b>Discretionary Portfolio</b>		
- Discretionary Investment Income	1	3
- Change in Value of Investments	6(e)	10
- Taxation	2	-
<b>Discretionary Investment Return</b>		<b>13</b>
<b>Directed Investments Portfolio</b>		
- Directed Investment Income	3	-
- Change in Value of Investments	9(b)	4
<b>Directed Investment Return</b>		<b>4</b>
<b>Total Investment Return after Tax</b>		<b>17</b>
Fund Expenses	5	(1)
<b>Total Investment Return after Tax and Expenses</b>		<b>16</b>
<b>Contributions</b>		
- Assets Transferred from NPRF	4(a)	22,153
<b>Total Contributions</b>		<b>22,153</b>
Increase in Fund during the Period		22,169
<b>Net Assets of Fund at Start of Period</b>		<b>-</b>
<b>Net Assets of Fund at Period End</b>		<b>22,169</b>

The accounting policies and notes 1 to 16 form part of these financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

## Net Assets Statement

	Note	Period Ended 31 December 2014 €m
<b>Discretionary Portfolio</b>		
Discretionary Investments	6	6,770
Non Current Assets	7(a)	356
Current Assets	7(b)	53
Current Liabilities	8(a)	<u>(7)</u>
<b>Net Assets - Discretionary Portfolio</b>		<b><u>7,172</u></b>
 <b>Directed Investments Portfolio</b>		
Directed Investments	9(a)	<u>14,997</u>
<b>Net Assets - Directed Investments Portfolio</b>		<b><u>14,997</u></b>
 <b>Net Assets of the Fund at Period End</b>		<b><u>22,169</u></b>

The accounting policies and notes 1 to 16 form part of these financial statements.

On behalf of the Agency



**Conor O'Kelly, Chief Executive**  
National Treasury Management Agency

15 June 2015



**Willie Walsh, Chairperson**  
National Treasury Management Agency

# Cashflow Statement

22 December 2014  
to 31 December 2014  
€m

## Discretionary Investments Cashflow

### Cashflows from Operating Activities

Purchase of Investments	(93)
Proceeds from Sale of Investments	<u>275</u>
<b>Net Cash from Operating Activities</b>	<b><u>182</u></b>

### Cashflows from Financing Activities

Transfer from NPRF	<u>55</u>
<b>Net Cash from Financing Activities</b>	<b><u>55</u></b>

<b>Net Increase in Cash</b>	<b><u>237</u></b>
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### Cash at Beginning of Period

Exchange Gain on Cash	2
Net Increase in Cash	<u>237</u>
<b>Cash at End of Period</b>	<b><u>239</u></b>

2014  
€m

## Directed Investments Cashflow

### Cashflows from Operating Activities

Net proceeds from Sale of Investments	<u>1,109</u>
<b>Net Cash from Operating Activities</b>	<b><u>1,109</u></b>

Net Increase in Cash	<u>1,109</u>
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<b>Cash at End of Period</b>	<b><u>1,109</u></b>
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# Notes to the Financial Statements

## 1. Discretionary Investment Income

	2014
	€000
<b>Income from Discretionary Investments</b>	
Equities	1,926
Bonds	921
Private Equity	13
Deposits	(1)
Other Income	78
	<u>2,937</u>

## 2. Taxation

The income and profits of the Fund are exempt from Irish Corporation Tax in accordance with section 230 (1A) of the Taxes Consolidation Act, 1997 which was inserted by the NTMA Act 2014. The Fund may, however, be liable for taxes in overseas jurisdictions where full tax exemptions are not available.

Dividends and interest may be subject to irrecoverable foreign withholding taxes imposed by the country from which the investment income is received. Distributions of income and gains received by the Fund from its property and private equity fund investments may also be subject to foreign withholding taxes. The Fund may also be subject to additional foreign taxes payable on certain property and private equity investments annually, based on their asset values at the reporting date.

The foreign taxes provided for are detailed below:

	2014
	€000
Withholding Tax Reclaim	-
Foreign Taxes on Income	(266)
<b>Net Tax Cost</b>	<u>(266)</u>

In 2014, the Fund received €Nil Withholding Tax Reclaims in relation to tax reclaims submitted for the period from 22 December to 31 December 2014.

## 3. Directed Investment Income

	2014
	€000
<b>Income from Discretionary Investments</b>	
Income Received - Cash Instruments	16
	<u>16</u>

The Income received from Cash Instruments is the interest received from Irish Exchequer notes that were held in 2014.

The holding of preference shares in Allied Irish Banks ("AIB") entitles the Fund to an annual dividend which is payable in May each year.

## Notes to the Financial Statements (Continued)

### 4. Contributions / Withdrawals

#### (a) Assets transferred to the Fund

The breakdown of the assets transferred from the NPRF to ISIF on 22 December 2014 is below:

	2014 €000
<b>Discretionary Portfolio</b>	
Currency and other Investment Funds	1,772
Cash Enhancement Investments	1,724
Equities	1,248
Bonds	868
Deposits, Cash and other Investments	361
Debt	321
Commodity Investments	288
Property Investments	242
Private Equity Investments	230
Infrastructure Investments	76
Equity Options	30
Forestry Investments	25
Unrealised gain / (loss) on futures contracts	(7)
Unrealised gain / (loss) on foreign currency contracts	(32)
	7,146
Current Assets	396
Current Liabilities	(395)
Other (see note 4(b))	13
<b>Total Discretionary Portfolio</b>	<b>7,160</b>
<b>Directed Portfolio</b>	
Directed Investments	13,119
Deposits, Cash and other Investments	1,874
<b>Total Directed Portfolio</b>	<b>14,993</b>
<b>Total Assets Transferred</b>	<b><u>22,153</u></b>

Pursuant to the NTMA Act 2014, all assets of the NPRF governed by Irish law transferred automatically by operation of law from the NPRF Commission to the NTMA on 22 December 2014 (becoming assets of the Fund). The value of the assets transferred to the Fund was €22,153m.

## Notes to the Financial Statements (Continued)

### 4. Contributions / Withdrawals (continued)

#### (b) Assets derecognised by the NPRF

From the 22 December 2014 the NPRF Commission consists of a single commissioner (the Chief Executive, NTMA) who is required by the NTMA Act 2014 to do everything that is reasonably practicable to give effect to the transfer of any remaining assets governed by foreign law. The legal transfer of foreign assets must be done in conjunction with the relevant counterparty. This process is ongoing, and some foreign assets remained in the NPRF as at 31 December 2014. The assets of the NPRF have been derecognised by the NPRF Commission, and are recognised and presented within the Fund's financial statements for the period ending 31 December 2014, in line with Accounting Standards.

A breakdown of the assets remaining in legal ownership of the NPRF as at 31 December 2014 reflected in the Financial Statements of the Fund is listed below:

	2014 €m
<b>Discretionary Portfolio</b>	
Equities	1,084
Currency and Other Investment Funds	273
Property Investments	242
Private Equity Investments	169
Deposits, Cash and other Investments	<u>2</u>
	<b><u>1,770</u></b>
Current Assets	37
Current Liabilities	<u>(7)</u>
<b>Total Assets derecognised by NPRF</b>	<b><u>1,800</u></b>

The €1,800m above is included in the €22,153m assets transferred from the NPRF to ISIF. The movement in the value of these assets in the period from the 22 December to 31 December 2014 was €13m. As at 30 April 2015 the market value of assets remaining to be transferred to the Fund was €240m.

### 5. Fund Expenses

€293k represents the amount required to cover the investment management and administration costs of the Fund.

	2014 €000
<b>(a) General Administration Fees and Expenses</b>	
Legal Fees	33
National Treasury Management Agency Recharge	<u>182</u>
	215
<b>(b) Directed Investment Fees and Expenses</b>	
Advisory Fees	<u>78</u>
<b>Total Expenses</b>	<b><u>293</u></b>

Under section 48 of the NTMA Act 2014, the expenses of the Agency in the performance of its functions to the Fund may be defrayed from the Fund. These amount to €182k in 2014.

## Notes to the Financial Statements (Continued)

### 6. Discretionary Investment Assets

Pursuant to section 38(1) of the NTMA Act 2014, the Fund was established on 22 December 2014. All assets and liabilities of the NPRF became assets and liabilities of the Fund on the commencement of the NTMA Act 2014.

#### (a) Summary of Assets

	2014 €m
<b>Quoted Investments</b>	
Global Low Volatility Equity Funds	1,360
Developed Markets Equities	1,076
Corporate Bonds	534
Commodity Investments	281
Emerging Markets Equities	196
Currency Investments	81
<b>Total Quoted Investments</b>	<b>3,528</b>
<b>Unquoted Investments</b>	
Other Investment Funds	338
Corporate Bonds	247
Property Investments	246
Private Equity Investments	240
Infrastructure Investments	76
Other Bonds	63
Forestry Investments	27
<b>Total Unquoted Investments</b>	<b>1,237</b>
<b>Loans and Receivables</b>	
Other Debt	321
Other Bonds	17
<b>Total Loans and Receivables</b>	<b>338</b>
<b>Derivatives</b>	
Equity Options	31
Unrealised Loss on Futures Contracts	(6)
Unrealised Loss on Foreign Exchange Contracts	(47)
<b>Total Derivatives</b>	<b>(22)</b>
<b>Deposits, Cash and other Investments</b>	
Cash Enhancement Investments	1,450
Deposits and Cash	239
<b>Total Deposits, Cash and Other Investments</b>	<b>1,689</b>
<b>Total Discretionary Investment Assets</b>	<b>6,770</b>

## Notes to the Financial Statements (Continued)

### 6. Discretionary Investment Assets (continued)

#### (b) Analysis by Geographical Classification

	2014
	€m
Europe	4,980
North America	1,482
Emerging Markets	210
Asia Pacific	98
	<u>6,770</u>

#### (c) The Investment Assets of the Fund at the period end are held as follows:

	2014
	€m
<b>Investment Managers</b>	
BlackRock Advisors (UK) Limited	1,273
Deutsche Asset Management International GmbH	556
National Treasury Management Agency	137
Citigroup Global Markets Limited	51
	<u>2,017</u>
<b>Other Investments</b>	
Cash Enhancement Investments	1,450
Global Low Volatility Equity Funds	1,360
Other Investment Funds	338
Other Debt	321
Commodity Investments	281
Unquoted Property Investments	248
Unquoted Corporate Bonds	247
Unquoted Private Equity Investments	244
Currency Funds	81
Other Bonds	80
Unquoted Irish Infrastructure Fund	76
Forestry Investments	27
	<u>4,753</u>
<b>Total Investment Assets</b>	<u>6,770</u>

## Notes to the Financial Statements (Continued)

### 6. Discretionary Investment Assets (continued)

#### (d) Valuation of Investments

The investment assets of the Fund are valued at their fair value as described in the accounting policy on the valuation of investments.

The following table analyses the investment assets between those whose fair value is based on:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques involving only the use of model inputs observable in the market.
- Level 3 - Valuation techniques which do not involve the use of model inputs observable in the market.

	2014 Level 1 €m	2014 Level 2 €m	2014 Level 3 €m	2014 Total €m
<b>(i) Listed Equities and Manged Funds</b>				
Listed Equity Securities	2,632	-	-	2,632
Commodity Investments	281	-	-	281
Other Investment Funds	-	338	-	338
Currency Funds	81	-	-	81
Forestry Investments	-	-	27	27
<b>(ii) Debt Securities</b>				
Unlisted Debt Securities	-	631	17	648
Listed Debt Securities	534	-	-	534
<b>(iii) Limited Partnerships/Trusts</b>				
Property	-	-	246	246
Private Equity	-	-	240	240
Infrastructure	-	-	76	76
<b>(iv) Derivatives Financial Assets</b>				
Cash and Cash Equivalents	1,689	-	-	1,689
Equity Options	31	-	-	31
Futures Contracts	(6)	-	-	(6)
Foreign Exchange Contracts	(47)	-	-	(47)
	<b>5,195</b>	<b>969</b>	<b>606</b>	<b>6,770</b>

Investment assets included in Level 3 include Property, Private Equity, Forestry, Infrastructure and Unlisted Debt Securities, for which there is currently no active market. In valuing these investments the Fund relies on valuations received from external managers as outlined in the accounting policy.

## Notes to the Financial Statements (Continued)

### 6. Discretionary Investment Assets (continued)

#### (d) Valuation of Investments (continued)

The following table shows a reconciliation of all movements in the fair value of investment assets categorised within Level 3 between the beginning and the end of the period:

#### Investment Assets included in Level 3

	2014
	€m
<b>Opening Valuation</b>	-
Transfers from NPRF	588
Total Net Level 3 Gains and Losses in the Fund Account	21
Net Transfer out of Level 3	(3)
<b>Closing Valuation</b>	<b>606</b>

#### (e) The Movement in the Value of Discretionary Investments Held by the Fund during the Period was as Follows:

	2014
	€m
Value of Investments as at Start of Period	-
Assets Transferred from NPRF	7,160
Realised Loss on Investments	0
Unrealised Gain on Investments	10
Movement in Pending Settlements	(8)
Transfer to Long Term Receivable	(356)
Movement in Cash Collateral	(35)
Fund Expenses Paid	(1)
Net Cash Movement	-
<b>Total Investments</b>	<b>6,770</b>

### 7(a) Non Current Assets

	2014
	€m
Long Term Receivables	<b>356</b>

Long term receivables represent the present value of the contractual cash flows receivable in the period to 2017 arising from the sale of private equity investments by the Fund.

### 7(b) Current Assets

	2014
	€m
Cash Collateral arising from Derivative Transactions (7c)	35
Accrued Interest on Fixed Income Securities	11
Amounts Receivable for Securities Sold	3
Dividends Receivable	2
Tax Reclaims Recoverable	2
	<b>53</b>

## Notes to the Financial Statements (Continued)

### 7(c) Cash Collateral Arising From Derivative Transactions

	2014
	€m
Opening Balance	-
Collateral Transferred from NPRF	35
Net Cash Collateral held	<u>35</u>

Cash collateral arising from derivative transactions under Credit Support Annexes (CSA), represents cash deposits with / from derivative counterparties. These balances can change on a daily basis and are dependent on the market value of the underlying derivatives. At 31 December 2014 the cash collateral was held with Royal Bank of Scotland.

### 8. Current Liabilities

	2014
	€m
VAT Payable and Other Accrued Expenses	4
Amounts Payable for Securities Purchased	<u>3</u>
	<u>7</u>

### 9. Directed Investments

The Agency holds the Directed Investments subject to directions given by the Minister for Finance pursuant to section 43 of the NTMA Act 2014. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with any directions given by the Minister for Finance. Pursuant to the NTMA Act 2014, all assets of the NPRF governed by Irish law, including the Directed Investments, automatically transferred by operation of law from the NPRF Commission to the NTMA on 22 December 2014 (becoming assets of the ISIF).



## Notes to the Financial Statements (Continued)

### 9. Directed Investments (continued)

#### (a) Directed Investments Valuation

	2014 Units Millions	Valuation (€) Per Unit	2014 €m
<b>Bank of Ireland (BoI)</b>			
Ordinary Shares <sup>1</sup>	4,512	0.313000	1,412
<b>Allied Irish Banks (AIB)</b>			
Ordinary Shares <sup>2</sup>	522,556	0.013699	7,159
Preference Shares <sup>2</sup>	3,500	1.300667	4,552
			<u>11,711</u>
<b>Total Directed Investments Assets</b>			<u>13,123</u>
Directed Investments Cash			1,109
Repurchase Agreements <sup>3</sup>			765
<b>Total Directed Investments</b>			<u>14,997</u>

<sup>1</sup> The valuation of BoI Ordinary shares is based on quoted prices.

<sup>2</sup> Given the Fund's ordinary share holding in AIB (99.8%) and as the preference share investments in AIB are unlisted and not traded, the Agency engaged EY to provide an independent fair value of the investments as at 31 December 2014.

<sup>3</sup> The reverse repurchase agreement is an agreement to purchase Irish bonds and to sell them back to the original seller at a higher price at a fixed date in the future.

Pursuant to a direction dated 4 December 2013, the Minister for Finance directed the Fund to invest the cash proceeds from the sale of BoI preference shares in securities guaranteed by the Minister at prevailing market rates. These securities valued at €1,874m were transferred from the NPRF to the Fund on 22 December 2014.

#### (b) Summary of Directed Investment valuation movement

	2014 €m
<b>Bank of Ireland (BoI)</b>	
Transferred from NPRF	1,421
Investment Loss during the Period	(9)
<b>Closing Valuation</b>	<u>1,412</u>
<b>Allied Irish Banks (AIB)</b>	
Transferred from NPRF	11,698
Investment Gain during the Period	13
<b>Closing Valuation</b>	<u>11,711</u>

In determining the Fund's valuation of AIB, EY considered a number of valuation methodologies including an annuity valuation based on comparable company yields, comparable company analysis and precedent transaction analysis.

For the purposes of valuing the AIB Ordinary shares, a comparable company analysis was deemed the most appropriate methodology. This analysis used comparable, publicly available, market multiples such as tangible book value relative to return on equity to allocate value to the ordinary shares. EY also had consideration to other multiples such as price to earnings and price to book. The Preference Shares were valued by reference to the 25% step-up in May 2014 (Note 9(c)).

## Notes to the Financial Statements (Continued)

### 9. Directed Investments (continued)

#### (b) Summary of Directed Investment valuation movement (continued)

The increase in value of the investment between 31 December 2013 and 31 December 2014 is based primarily on two factors;

1. Increase in net book value of AIB over the period;
2. Increase in selected market multiple, based on improving trading performance of the company and a better outlook across the sector.

It should be noted that there are a number of sensitivities which may impact the AIB valuation including:

- Changes in sentiment and perceptions of investors regarding banks and the outlook for the banking industry and the broader domestic and European economy.
- AIB is heavily exposed to the domestic Irish economy. A change in economic conditions may impact on the implied valuations.

All other things remaining constant, a 1% movement in the valuation of the comparable peer group would have impacted the AIB Ordinary Share valuation by approximately €72m as at 31 December 2014.

#### (c) Directed Investment Summary

At 31 December 2014, the Fund's percentage ownership of AIB and Bol was 99.8% and 13.95% respectively.

The AIB preference shares pay an annual non-cumulative fixed dividend of 8%. If the dividend is not paid in cash, the fund will receive the dividend in the form of ordinary shares. The preference shares can be repurchased by AIB at €1 per share within the first five years after issue and thereafter at €1.25 per share. The step-up to €1.25 per share became effective from May 2014. This will have no impact on the dividend income.

#### (d) Directed Investment Transactions during 2014

The Directed Investments were transferred to the Fund on 22 December 2014 on the commencement of the relevant sections of the NTMA Act 2014. No new directed investment transactions occurred in the period from 22 December to 31 December 2014.

#### (e) Developments since the year end

On 13 May 2015 AIB paid the Fund the preference share dividend of €280m in cash.

#### (f) Ministerial Directions during 2014

Pursuant to a direction dated 15 May 2014, the Minister for Finance directed the NPRF Commission (under section 19B(1) of the NPRF Act) to execute a Letter of Consent to the Capital Reduction of AIB, substantially in the form of the letter attached to the direction. The AIB shares held by the NPRF Commission transferred to the NTMA by operation of law on 22 December 2014.

Pursuant to a direction on 10 September 2014 under section 19B(c) of the NPRF Act, the Commission provided funds of €10 million to the Strategic Banking Corporation of Ireland ("SBCI") for the purpose of funding the Minister for Finance's subscription for shares in the SBCI in September 2014.

Pursuant to a direction dated 30 October 2014, the Minister for Finance directed the NPRF Commission to provide a loan facility of €240 million to the Strategic Banking Corporation of Ireland. To facilitate drawdowns pursuant to such loan facility, the NPRF Commission was also directed to dispose of certain securities and to hold the proceeds of such disposal in short term securities and / or on deposit. This loan facility transferred from the NPRF Commission to the NTMA by operation of law on 22 December 2014.

## Notes to the Financial Statements (Continued)

### 10. Commitments

#### (a) Foreign Currency and Futures Commitments

The notional principal and unrealised gain / (loss) of currency derivative contracts entered into by the Manager and investment managers on behalf of the Fund was:

	2014 Notional Principal €m	2014 Unrealised loss €m
<b>NTMA</b>		
Forward Foreign Exchange Contracts	1,546	(47)
<b>Investment Managers</b>		
Financial Futures	33	(6)
		<u>(53)</u>

#### Foreign Exchange Contracts

The Fund follows a policy of hedging its foreign currency risk, using forward foreign exchange contracts.

The Fund's investment managers are not required to hedge currency exposure. They are permitted to carry out spot and foreign exchange contracts in order to satisfy the settlement of securities transactions, and to manage their portfolios solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund.

The notional value represents the total contracted foreign exchange contracts outstanding at the period end. A negative notional position represents a short position.

#### Financial Futures

The Fund's investment managers are permitted to execute futures contracts solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund.

#### (b) Uncalled Investment Commitments

The Fund has entered into commitments in respect of certain types of investments as outlined below.

	2014 €m
<b>Unquoted Investments</b>	
Private Equity Investments	222
Infrastructure Investments	183
SME Credit Investments	120
SME Equity Investments	111
SIF Real Estate	75
Property Investments	<u>39</u>
<b>Total Unquoted Investments</b>	<b>750</b>
<b>Loans and Receivables</b>	
Covanta	44
Public Private Partnership	<u>26</u>
<b>Total Loans and Receivables</b>	<b><u>70</u></b>
<b>Total Uncalled Commitments</b>	<b><u>820</u></b>

## Notes to the Financial Statements (Continued)

### 11. Contingent liabilities

In the opinion of the Agency the Fund has no material contingent liabilities at 31 December 2014.

### 12. Securities Lending

Through a programme managed by its Global Custodian, some of the securities in the Fund are loaned from time to time.

The Fund receives income through the Global Custodian for securities loaned. During the period to 31 December 2014 the Fund earned €77k through securities lending.

Loans are made to approved counterparties who meet minimum credit criteria. The loans are secured by collateral in the form of government bonds; bonds of specified supranational issuers; specified equity index baskets and cash. The value of the collateral maintained by the Global Custodian must be at least 102% of the market value of securities loaned where the collateral is in the same currency as the loaned securities and 105% where the collateral is not in the same currency as the loaned securities. Where the value of collateral falls below the required limits additional collateral is called by the Global Custodian from the counterparty, restoring collateral requirements the following day.

The market value of securities loaned at 31 December 2014 amounted to €148.4m. The Fund held collateral of 111.6% of the market value of securities loaned.

### 13. Related Parties

#### (a) Minister for Finance

Ownership of the Fund vests in the Minister for Finance pursuant to section 38(3) of the NTMA Act 2014.

Under section 46(2) of the NTMA Act 2014 the Minister for Finance may make payments into the Fund from the Central Fund. Where the Minister proposes to make a payment into the Fund, the Minister must seek approval from the Houses of the Oireachtas before processing the payment.

#### (b) National Treasury Management Agency

The Fund is controlled and managed by the Agency pursuant to section 41(1) of the NTMA Act 2014.

The Agency provides business and support services and systems in addition to assigning staff to the Fund. Under section 48 of the NTMA Act 2014, the expenses of the Agency are defrayed from the Fund. The cost of these business and support services and systems and staffing for the period from 22 December 2014 to 31 December 2014 was €182k.

### 14. Financial Risk Management

In the ordinary course of its activities, the Fund actively manages a variety of financial risks including market risk, credit risk and liquidity risk. The Fund identifies, measures and monitors risk through various control mechanisms as detailed in the following sections. The base currency of the Fund is euro. The measured returns and monitored portfolio risks are aggregated in euro.

The Agency is responsible for the risk in the Discretionary Portfolio whereas the risks associated with Directed Investments are the responsibility of the Minister for Finance. This note refers solely to financial risk in the Discretionary Portfolio.

#### (a) Market Risk - Price, Currency and Interest Rate Risks

Market risk is the risk of potential loss the Fund may incur as a result of adverse changes to the fair value of the Fund's financial instruments due to fluctuations in risk factors such as interest rates, foreign exchange rates and market prices. Market risk includes fluctuations in equity, bond and other investment prices, currency rates and interest rates. The Agency has endeavoured to maximise potential return while keeping volatility within acceptable limits by diversifying the Fund's investments across multiple asset classes.

The Fund has a Capital Preservation Strategy which provides some downside protection against equity market declines while providing some upside participation if markets perform well.

## Notes to the Financial Statements (Continued)

### 14. Financial Risk Management (continued)

#### (a) Market Risk - Price, Currency and Interest Rate Risks (continued)

The Agency monitors the Fund's absolute market risk (an ex-ante measure) and the Fund's performance (an ex-post measure) on a daily basis. This is the critical control in overseeing the total risk arising within the Fund. The risk management procedures further described in this note principally reflect more detailed analysis of components of the Fund's market risk. Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

#### (i) Price Risk

Price risk is the risk that the value of an asset will fluctuate in its local currency due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

#### Price Risk Exposure

The maximum asset value exposed to price risk at 31 December 2014 is the value of investment assets as detailed in the following table:

	2014 €m
<b>Exposed to Price Risk</b>	
Quoted Investments <sup>1</sup>	3,559
Cash Enhancement Investments	1,450
Unquoted Investments	986
Property	246
Private Equity	240
Infrastructure	76
Forestry	27
Derivative Instruments (Net)	(53)
<b>Total</b>	<b><u>6,531</u></b>
<b>Not Exposed to Price Risk</b>	
Cash	<u>239</u>
<b>Total Discretionary Fund Investment Assets</b>	<b><u>6,770</u></b>

<sup>1</sup>The Fund's exposure to quoted investments was reduced by €132m in 2014 through the usage of futures contracts (not included in the above table). The Fund held equity index put options with a notional value of €1,520m on 31 December 2014.

#### Price Risk Management

A geographical analysis of the Fund's investment portfolio is shown in Note 6(b). This shows that there is a level of diversification by market. The Agency monitors the price risk inherent in the investment portfolio by ensuring full and timely access to relevant information from the Fund's Investment Managers. The Agency meets the Investment Managers regularly and at each meeting reviews investment performance.

#### (ii) Currency Risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to currency exchange rates. The base currency of the Fund is euro. The Fund has investment assets denominated in currencies other than euro and is therefore impacted by fluctuations in currency exchange rates.

The Fund has no significant financial liabilities denominated in currencies other than euro. The Fund has outstanding commitments in respect of property and private equity investments of USD 234m and JPY 16m as at 31 December 2014.

## Notes to the Financial Statements (Continued)

### 14. Financial Risk Management (continued)

#### (a) Market Risk - Price, Currency and Interest Rate Risks (continued)

##### (ii) Currency Risk (continued)

##### Currency Risk Management

The Fund follows a policy designed to reduce its foreign currency risk, using forward foreign exchange contracts (See Note 10(a)). In respect of quoted developed equities the Fund used forward foreign exchange contracts to maintain a currency exposure of 50% of the foreign currency exposure of the Fund's underlying holdings. In respect of its property and private equity investments, the Fund hedged 50% of its non-euro private equity investments and 100% of its non-euro property investments. The loss on these forward foreign exchange contracts offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

##### Currency Risk Exposure

The following table details the asset values exposed to currency risk as at 31 December 2014 both before and after the impact of the currency hedge:

##### Currency of Investments Assets: 2014

	Local Currency €m	Base Currency €m	Hedge €m	Net Exposure €
US Dollar	2,603	2,144	(1,320)	824
Other*	Various	146	(6)	140
British Pound	59	76	(56)	20
Hong Kong Dollar	610	65	(10)	55
Canadian Dollar	70	50	(34)	16
Australian Dollar	29	19	(10)	9
Japanese Yen	1,349	9	(36)	(27)
Swiss Franc	8	7	(10)	(3)
Swedish Krona	53	6	(4)	2
Norwegian Krona	23	3	(5)	(2)
Danish Krone	19	3	(5)	(2)
Singapore Dollar	5	3	(5)	(2)
<b>Total</b>		<b><u>2,531</u></b>	<b><u>(1,501)</u></b>	<b><u>1,030</u></b>

\* Other is made up of several currencies including South African Rand, Taiwanese Dollar, Mexican Peso and Brazilian Real.

##### (iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument, and the value of a financial instrument, will fluctuate due to changes in the market interest rates. The Fund's fixed income investments are susceptible to value changes due to fluctuations in market interest rates.

## Notes to the Financial Statements (Continued)

### 14. Financial Risk Management (continued)

#### (a) Market Risk - Price, Currency and Interest Rate Risks (continued)

##### (iii) Interest Rate Risk (continued)

##### Interest Rate Exposure

The following table details the value of fixed interest-bearing securities exposed to interest rate risk as at 31 December 2014:

Fixed Interest Bearing Investments	2014 €m
Maturing within one year	452
Maturing between one and five years	309
Maturing after five years	294
<b>Total Fixed Interest Bearing Investments</b>	<b>1,055</b>

This table reflects the portion of financial assets exposed to changes in interest rate risk. For disclosure purposes fixed-interest bearing assets are included in exposures to both price and interest rate risk.

In addition to the interest-bearing securities detailed in the table above, the Fund holds investment cash of €0.2bn. These assets are interest-bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

##### Interest Rate Risk Management

The Agency has regard to the possible effects of a change in interest rates on the fair value of interest-bearing financial assets when making investment decisions.

#### (b) Credit Risk

Credit risk is the risk that the Fund would incur a financial loss if a counterparty failed to discharge its obligations to the Fund.

##### Credit Risk Exposure

The main credit risk to which the Fund is exposed arises from the Fund's investments in cash and debt securities. The Fund's assets are valued at fair value which reflects the market assessment of the likelihood and estimated impact of default. Credit risk is therefore primarily managed by reference to market price risk. The Fund is also subject to counterparty credit risk on trading derivative products, cash and cash equivalents.

The maximum exposure to credit risk at 31 December 2014 is the carrying value of the financial assets as set out below.

	2014 €m
Cash and Cash Equivalents	1,689
Corporate Debt Securities	1,183
Long Term Receivables	360
Accrued Income from Investments	13
Derivatives	6
<b>Total</b>	<b>3,251</b>

##### Credit Risk Management

The objective of managing credit risk is to minimise the impact of counterparty default on the Fund's financial assets. The Fund, aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties including setting appropriate exposure limits. Counterparties are selected based on their financial ratings, regulatory environment and specific circumstances.

## Notes to the Financial Statements (Continued)

### 14. Financial Risk Management (continued)

#### (b) Credit Risk (continued)

The following details the risk management policies applied to the financial assets exposed to credit risk:

For interest-bearing securities the credit rating of the issuer is taken into account when credit limits are set, to control the exposure to the Fund in the event of default. Investments are made across a variety of industry sectors and issuers to reduce credit risk concentrations.

Derivative financial instruments generating credit risk arise from the Fund's forward foreign exchange contracts and cross currency swap contracts. The Fund's forward foreign exchange contracts were entered into only with approved counterparties within defined limits. In order to mitigate the credit risks arising from derivative transactions, the Fund in some cases, enters into Credit Support Annexes (CSA) with its market counterparties. CSAs require the posting of collateral by counterparties in specified circumstances.

Forward foreign exchange contracts are settled through Continuous Linked Settlement (CLS) where trades are pre-matched ahead of settlement date limiting the risk of settlement failure. The Fund's Global Custodian, Bank of New York Mellon, holds the Fund's securities in segregated accounts, where possible, minimising the risk of value loss of the securities held by the Global Custodian. In the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired. The Fund's Global Custodian is a member of a major securities exchange and at 31 December 2014 held a Moody's credit rating of A1. The Global Custodian's credit rating is reviewed regularly by the Agency.

At 31 December 2014 cash was held at the Central Bank of Ireland (€176m) and with the Global Custodian (€63m).

#### (c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in raising cash to meet its obligations as they fall due. The primary source of this risk for the Fund arises from the value of the Fund's commitments to unquoted investments and loans and receivables (Note 10(b)) and ongoing operational expenses.

#### Liquidity Risk Management

The Agency monitors the Fund's exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The Fund held highly liquid assets amounting to €0.2bn as at 31 December 2014, comprising cash and cash equivalent assets.

The Fund also mitigates its exposure to liquidity risk through investment in assets that are readily realisable at low transaction costs and within a short time frame. At 31 December 2014, the Fund held €5.0bn of readily realisable assets.

### 15. Subsequent Events

On 19 March 2015 €1.6bn was transferred to the Exchequer from the Directed Portfolio as directed by the Minister of Finance. Apart from the ongoing formal transfer of assets as outlined in Note 4(b) there were no other significant subsequent events impacting the Fund as at 31 December 2014.

### 16. Approval of Financial Statements

The financial statements were approved by the Agency on 26 May 2015.





# **Portfolio of Investments Ireland Strategic Investment Fund**

31 December 2014



## Quoted Securities – Equities

EUROPE		
Austria		
Holding	Security Description	Market Value €
627	AMAG Austria Metall	17,243
6,170	AMS	186,013
9,849	Andritz	450,001
2,486	Austria Technologie & Systemte	22,255
4,747	Buwog	77,756
6,900	CA Immobilien Anlagen	106,950
1,901	CAT Oil	28,040
5,911	Conwert Immobilien Invest	57,680
391	DO & Co	24,391
38,666	Erste Group Bank	743,741
3,317	EVN	33,170
1,211	Facc	8,666
731	Flughafen Wien	56,155
564,273	Immoeast	0
127,150	Immofinaz	265,998
491,815	Immofinaz NPV	0
46,574	Immofinaz ANSPR	0
476	Kapsch Trafficcom	8,370
730	Lenzing	38,500
828	Mayr Menlhof Karton	71,208
3,110	Oesterreichische Post	125,582
19,114	OMV	420,699
1,151	Palfinger	24,159
15,663	Raiffeisen Bank International	196,336
2,013	RHI	37,854
5,035	S Immo	31,066
1,028	Schoeller-Bleckmann Oilfield	61,680
944	Semperit Holding	37,930
2,094	Strabag	38,058
11,029	Uniqa Insurance Group	85,773
9,131	Verbund	139,659
5,218	Vienna Insurance Group	193,483
15,235	Voestalpine	499,632
10,815	Wienerberger	123,778
2,590	Zumtobel Group	48,446
		<b>4,260,270</b>
<b>% of Total Investments</b>		<b>0.02%</b>

Belgium		
Holding	Security Description	Market Value €
4,009	Ablinx	36,241
2,163	Ackermans & Van Haaren	220,842
28,424	Ageas	838,650
15,713	Agfa-Gevaert	32,840
106,647	Anheuser-Busch	10,009,887
232,744	Anheuser-Busch VVPR	0
989	Barco	57,599
1,754	Befimmo	105,608
18,907	Belgacom	569,101
5,525	Bpost	114,837
662	CIE D'Entreprises CFE	56,283
1,123	CIE Maritime Belge	17,199
1,573	Cofinimmo	150,961
9,185	Colruyt	353,347
13,314	Delhaize Group	804,565
2,111	D'leteren	61,842

Belgium (continued)		
Holding	Security Description	Market Value €
5,695	Econocom Group	37,354
16,129	Elia System Operator	621,128
7,058	Euronav	73,191
1,128	EVS Broadcast Equipment	33,710
2,173	Exmar	22,393
2,798	Fagron	97,147
2,173	Galapagos	33,660
1,700	Gimv	64,660
10,354	Groupe Bruxelles Lambert	732,546
663	Intervest Offices & Warehouses	14,918
1,620	ION Beam Applications	23,231
2,925	KBC Ancora	78,068
36,618	KBC Groupe	1,702,554
1,475	Kinepolis Group	49,354
1,868	Melexis	70,050
2,744	Mobistar	53,796
3,568	NV Bekaert	93,999
26,446	Nyrstar	77,487
3,063	Ontex Group	72,639
6,911	Rezidor Hotel Group	20,675
6,618	RHJ International	30,509
7,537	Solvay	847,159
6,373	Telenet Group	295,930
2,897	Tessenderlo Chemie	60,649
2,984	Thrombogenics	19,575
16,136	UCB	1,019,795
14,720	Umicore	490,250
1,090	Warehouses De Pauw	68,321
		<b>20,234,550</b>
<b>% of Total Investments</b>		<b>0.09%</b>

Denmark		
Holding	Security Description	Market Value €
549	ALK-Abello	48,003
7,140	ALM Brand	31,359
2,220	AMBU	44,428
1,319	Auriga Industries	54,476
3,230	Bang & Olufsen	15,661
2,269	Bavarian Nordic	60,189
9,158	CHR Hansen Holding	337,399
2,367	D/S Norden	41,775
680	DFDS	53,978
4,324	Flsmidth & Co	158,143
3,658	Genmab	177,021
14,184	GN Store Nord	256,807
691	IC Group	13,179
6,473	Jyske Bank	271,951
2,996	Matas	56,739
2,194	NKT Holding	97,687
171	Per Aarsleff	26,596
643	Rockwool International	60,066
806	Royal Unibrew	117,675
1,046	Schouw & Co	40,742
3,406	Simcorp	74,339
541	Solar	21,036
8,401	Spar Nord Bank	65,445
6,466	Sydbank	165,183

Denmark (continued)		
Holding	Security Description	Market Value €
7,789	Topdanmark	209,442
1,217	Zealand Pharma	13,567
		<b>2,512,886</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Finland		
Holding	Security Description	Market Value €
10,947	Amer Sports	175,809
914	ATRIA	6,051
3,270	Cargotec	83,549
8,560	Caverion	56,924
22,834	Citycon	58,912
3,114	Cramo	37,617
5,318	Elektrobit	17,868
59,106	Fortum	1,062,135
7,969	F-Secure	17,930
3,122	HKScan	10,209
7,908	Huhtamaki	172,711
9,268	Kemira	91,614
14,889	Kesko	449,350
50,861	Kone	1,923,563
4,354	Konecranes	103,712
13,066	Metsa Board	58,405
17,978	Metso	446,933
17,158	Neste Oil	344,189
499,813	Nokia	3,278,773
18,007	Nokian Renkaat	365,362
9,397	Oriola-KD	32,608
13,276	Orion	342,123
17,118	Outokumpu	81,687
13,985	Outotec	61,338
1,954	PKC Group	34,351
5,979	Ramirent	38,565
63,281	Sampo	2,456,568
5,354	Sanitec	55,147
7,465	Sanoma	34,354
19,143	Sponda	69,298
3,043	Stockmann	19,353
77,635	Stora Enso	577,216
8,304	Technopolis	30,725
4,896	Tieto	105,313
72,199	UPM-Kymmene	983,350
5,042	Uponor	57,933
11,745	Valmet	120,034
21,071	Wartsila ABP	781,523
8,653	Yit	36,948
		<b>14,680,050</b>
<b>% of Total Investments</b>		<b>0.07%</b>

## Quoted Securities – Equities (continued)

France		
Holding	Security Description	Market Value €
1,479	AB Science	17,023
2,473	ABC Arbitrage	11,574
23,262	Accor	868,603
18,320	Aéroports De Paris	1,836,580
33,179	Air France - KLM	264,238
45,783	Air Liquide	4,708,782
74,312	Airbus Group	3,072,801
683	AKKA Technologies	19,780
1,595	Albioma	26,302
364,892	Alcatel - Lucent	1,083,729
29,152	Alstom	783,023
2,104	Alten	74,376
12,835	Altran Technologies	100,780
494	ANF Immobilier	9,979
8,898	Arkema	490,013
171	Assystem	2,993
10,208	Atos	676,790
253,272	AXA	4,864,089
652	Axway Software	10,758
2,181	Belvedere	23,642
3,423	Beneteau	39,741
1,848	Biomerieux	158,448
130,793	BNP Paribas	6,442,863
622	Boiron	43,372
71,000	Bolloré	267,658
1,143	Bonduelle	22,929
1,500	Bourbon	28,800
25,151	Bouygues	754,027
29,500	Bureau Veritas	540,145
19,709	Cap Gemini	1,172,291
112	Carmat	7,325
78,224	Carrefour	1,979,067
7,711	Casino Guichard Perrachon	589,583
494	Cegedim	14,415
494	Cegid Group	14,924
14,205	CGG	70,741
6,973	Christian Dior	996,442
60,553	Cie De Saint-Gobain	2,133,282
967	Cie Des Alpes	14,698
25,150	Cie Generale Des Etablissement	1,893,041
1,698	Club Mediterranee	42,620
22,056	CNP Assurances	324,775
8,493	Coface	93,253
137,552	Credit Agricole	1,480,060
74,151	Danone	4,037,522
16,822	Dassault Systemes	850,184
831	DBV Technologies	36,547
7,684	Derichebourg	19,594
27,350	Edenred	627,819
8,937	Eiffage	376,426
34,242	Electricite de France	781,574
6,652	Elior Participations	81,820
480	Eramet	36,720
26,284	Essilor International	2,436,001
285	Esso SA Francaise	9,103
8,331	Etablissements Maurel ET Prom	64,640
2,895	Euler Hermes Group	247,928

France (continued)		
Holding	Security Description	Market Value €
5,119	Eurazeo	297,977
84,197	Eutelsat Communications	2,256,059
597	Faiveley Transport	28,596
5,383	Faurecia	166,415
568	FFP	28,394
4,526	Fonciere des Regions	347,597
6,480	Gameloft	21,643
1,502	Gaztransport ET Technigaz	73,448
190,302	GDF Suez	3,697,568
4,620	Gecina	478,170
1,683	Genfit	63,415
820	GL Events	12,858
251	Groupe Crit	9,375
282,750	Groupe Eurotunnel	3,025,425
912	Groupe Fnac	37,848
448	Guerbet	15,277
1,134	Haulotte Group	14,186
23,228	Havas	156,952
3,118	Hermes	919,076
4,662	Icade	309,557
3,144	Iliad	624,713
4,369	Imerys	266,553
4,026	Ingenico	351,389
3,061	Innate Pharma	24,182
802	Interparfums	18,005
7,397	Ipsen	318,071
3,119	Ipsos	73,967
1,073	Jacquet Metal Service	16,685
8,992	JC Decaux	256,856
9,876	Kering	1,575,222
12,822	Klepierre	458,130
3,300	Korian-Medica	99,660
24,473	Lafarge	1,421,392
15,103	Lagardere	326,225
35,607	Legrand	1,550,507
1,490	Lisi	32,035
31,686	L'Oreal	4,413,860
33,548	LVMH Moët Hennessy	4,436,723
381	Maisons France Confort	11,140
896	Manitou BF	10,931
4,256	Mercialys	78,459
1,139	Mersen	22,917
5,204	Metropole Television	81,052
690	MGI Coutier	8,032
594	Montupet	39,471
7,267	MPI	22,237
123,053	Natixis	674,946
525	Naturex	26,250
3,013	Neopost	142,048
2,698	Nexans	68,543
2,443	Nexity	76,674
370	Nextradiotv	9,846
266	Norbert Dentressangle	32,452
12,167	Numericable	498,117
240,440	Orange	3,402,226
3,218	Orpea	166,950
631	Parrot	13,421
26,318	Pernod Ricard	2,428,099

France (continued)		
Holding	Security Description	Market Value €
49,859	Peugeot	509,559
433	Pierre & Vacances	9,686
5,531	Plastic Omnium	125,084
26,271	Publicis Groupe	1,566,802
2,009	Rallye	58,462
3,169	Remy Cointreau	175,436
24,934	Renault	1,509,255
36,096	Rexel	536,026
3,028	Rubis	143,149
35,190	Safran	1,803,488
2,355	Saft Groupe	59,228
153,117	Sanofi	11,584,832
392	Sartorius Stedim Biotech	63,230
73,425	Schneider Electric	4,450,289
19,486	SCOR	490,950
5,671	SEB	349,163
355	Sechie Environnement	7,065
3,586	Societe BIC	393,922
95,689	Societe Generale	3,348,198
25,207	Societe Television Francaise	320,633
12,084	Sodexo	982,067
16,445	Soitec	16,609
72,201	Solocal Group	42,021
1,211	Sopra Steria Group	76,899
309	Stallergenes	15,286
34,413	Suez Environnement	496,752
490	Synergie	9,139
1,706	Tarkett	30,537
24,660	Technicolor	114,398
14,506	Technip	716,814
5,231	Teleperformance	295,185
13,738	Thales	618,141
271,645	Total	11,550,345
1,160	Transgene	8,120
842	Trigano	18,777
8,605	Ubisoft Entertainment	130,495
13,004	Unibail-Rodamco	2,767,901
10,364	Valeo	1,073,710
15,573	Vallourec	354,286
2,931	Valneva	12,427
57,926	Veolia Environnement	854,698
1,626	Vicat	96,910
432	Vilmorin & CIE	36,534
63,193	Vinci	2,875,913
388	Virbac	67,628
170,775	Vivendi	3,533,335
4,174	Wendel	387,932
26,062	Zodiac Aerospace	727,390
		<b>139,128,721</b>
<b>% of Total Investments</b>		<b>0.64%</b>

Georgia		
Holding	Security Description	Market Value €
2,668	Bank of Georgia Holdings	71,110
		<b>71,110</b>
<b>% of Total Investments</b>		<b>0.00%</b>

## Quoted Securities – Equities (continued)

Germany		
Holding	Security Description	Market Value €
4,418	Aareal Bank	147,075
28,039	Adidas	1,615,607
9,591	Aixtron	89,868
60,886	Allianz	8,362,692
6,854	Alstria Office Reit	70,596
451	Amadeus Fire	28,142
1,751	Aurelius	55,130
3,081	Aurubis	143,405
5,438	Axel Springer	272,335
123,407	BASF	8,623,681
856	Bauer	11,428
110,573	Bayer	12,494,749
43,569	Bayerische Motoren Werke (BMW)	3,911,189
1,205	BayWa AG	36,891
1,352	Bechtle	89,205
13,412	Beiersdorf	904,237
374	Bertrandt	43,010
367	Bijou Brigitte	18,592
9,178	Bilfinger	425,446
719	Biotest	67,050
6,451	Borussia Dortmund	24,940
20,789	Brenntag	966,896
1,073	Cancom	38,070
2,989	Carl Zeiss Meditec	63,068
5,989	Celesio	160,026
787	Centrotec Sustainable	11,234
399	Cewe Stiftung & Co	20,552
2,072	Comdirect Bank	17,220
125,854	Commerzbank	1,381,877
2,137	Compugroup Medical	42,526
14,480	Continental	2,541,964
2,059	Cropenergies	6,012
3,972	CTS Eventim & Co KGAA	97,314
127,794	Daimler	8,813,952
486	Delticom	9,195
184,721	Deutsche Bank	4,615,254
863	Deutsche Beteiligungs	21,929
24,650	Deutsche Boerse	1,459,773
3,926	Deutsche Euroshop	142,102
30,028	Deutsche Lufthansa	415,287
126,712	Deutsche Post	3,426,926
415,060	Deutsche Telekom	5,499,545
38,217	Deutsche Wohnen	748,289
7,773	Deutz	31,092
6,533	Dialog Semiconductor	191,580
2,860	Dic Asset	21,181
5,798	DMG Mori Seiki	136,253
4,930	Do Deutsche Office	14,430
862	Draegerwerk & Co	66,746
3,672	Drillisch	108,618
2,229	Duerr	163,297
247,701	E.On	3,516,116
2,912	Elringklinger	83,851
9,810	Evonik Industries	266,096
8,386	Evotec	30,819
3,410	Fielmann	192,836
19,586	Fraport Frankfurt Airport	940,911

Germany (continued)		
Holding	Security Description	Market Value €
11,427	Freenet	270,763
28,028	Fresenius Medical Care	1,733,532
52,708	Fresenius & Co	2,274,877
14,272	Fuchs Petrolub	467,940
23,919	GEA Group	875,435
2,881	Gerresheimer	129,501
2,317	Gerry Weber International	79,126
266	Gesco	18,641
1,005	Grammer	33,210
1,306	H&R	9,851
3,962	Hamborner Reit	32,164
11,818	Hamburger Hafen Und Logistik	203,861
7,838	Hannover Rueck	587,615
18,943	Heidelbergerment	1,114,038
20,453	Heidelberger Druckmaschinen	42,358
38,752	Henkel	3,325,089
3,452	Hochtief	202,011
646	Homag Group	19,380
5,632	Hugo Boss	572,774
2,182	Indus Holding	83,156
149,207	Infineon Technologies	1,319,736
497	Init Innovaton in Traffic Sys	10,193
3,946	Jenoptik	40,900
1,470	Jungheinrich	77,807
25,252	K+S	578,650
2,808	Kabel Deutschland	315,619
4,451	Kion Group	141,252
9,102	Kloekner & Co	81,581
4,343	Kontron	21,737
1,306	Krones	105,473
2,366	Kuka	139,547
212	KWS ASST	57,134
11,831	Lanxess	454,961
4,938	Leg Immobilien	306,107
3,005	Leoni	148,432
24,772	Linde	3,819,842
2,050	Lpkf Laser & electroniccs	22,202
4,706	MAN	433,705
242	MANZ	13,547
17,292	Merck KGAA	1,356,039
17,693	Metro	447,810
4,413	MLP	16,372
1,984	Morphosys	152,034
11,232	MTU Aero Engines	810,501
20,459	Muenchener Rueckversicherungs	3,391,079
440	Nemetschek	36,788
5,949	Nordex	89,265
2,930	Norma Group	116,145
427	OHB	8,412
11,277	Osram Licht	369,435
3,197	Patrizia Immobilien	38,971
859	Pfeiffer Vacuum Technology	58,927
20,533	Porsche Automobil	1,378,996
28,443	Prosiebensat 1 Media	990,670
440	Puma	75,922
8,538	QSC	14,873
310	R Stahl	12,248

Germany (continued)		
Holding	Security Description	Market Value €
314	Rational	81,562
3,428	Rheinmetall	124,334
4,993	Rhoen-Klinikum	115,813
1,727	Rib Software	18,893
64,723	RWE	1,660,145
3,951	SAF-Holland	43,856
3,571	Salzgitter	83,597
119,661	SAP	6,971,450
818	Sartorius	82,823
3,192	SGL Carbon	43,794
105,843	Siemens	9,922,781
2,703	Sixt	77,188
974	SLM Solutions Group	18,798
957	SMA Solar Technology	14,642
12,980	Software	262,196
5,481	Stada Arzneimittel	138,395
232	STO & Co	29,000
531	Stratec Biomedical	24,291
2,017	Stroeer Media	49,860
18,668	Suedzucker	223,363
15,727	Symrise	788,395
9,479	Tag Immobilien	91,188
2,927	Takkt	39,836
4,631	Talanx	117,025
67,910	Telefonica Deutschland Holding	299,755
56,891	Thyssenkrupp	1,209,503
1,667	Tom Tailor Holding	19,937
15,097	United Internet	565,911
1,128	Villeroy & Boch	13,592
24,450	Volkswagen	4,496,806
832	Vossloh	44,512
953	VTG	17,488
3,329	Wacker Chemie	303,105
2,247	Wacker Neuson	38,098
2,737	Wincor Nixdorf	110,055
25,848	Wirecard	942,289
179	Xing	16,613
248	Zooplus	16,356
		<b>132,343,584</b>
<b>% of Total Investments</b>		<b>0.61%</b>

Greece		
Holding	Security Description	Market Value €
789,851	Alpha Bank	369,650
498,028	Eurobank Ergasias	93,131
1,862	FF Group	49,157
52,561	Hellenic Telecom Organization	478,305
6,298	Jumbo	53,344
300,638	National Bank of Greece	441,938
45,584	OPAP	405,698
422,780	Piraeus Bank	384,730
7,168	Public Power	38,707
3,095	Titan Cement	59,331
		<b>2,373,991</b>
<b>% of Total Investments</b>		<b>0.01%</b>



## Quoted Securities – Equities (continued)

Ireland		
Holding	Security Description	Market Value €
5,856	Accenture	430,771
2,423	Actavis	513,718
21,914	Aer Lingus Group	48,342
899	Allegion	41,066
3,022,929	Allied Irish Banks	41,441
3,677,374	Bank of Ireland	1,151,018
45,731	Beazley	169,091
31,671	C&C Group	114,649
4,170	Covidien	351,295
7,668	DCC	349,781
4,351	Eaton	243,550
1,125	Endo International	66,827
2,019	FBD Holdings	23,077
15,828	Glanbia	201,016
20,267	Grafton Group	166,008
36,903	Greencore Group	135,597
53,438	Hibernia REIT	57,980
2,661	Ingersoll-Rand Public	138,935
772,932	Irish Bank Resolution Corporation	0
12,580	Irish Continental Group	40,885
449	Jazz Pharmaceuticals	60,551
19,576	Kerry Group	1,117,202
13,296	Kingspan Group	190,798
92,941	National Toll Road	190,529
2,818	Origin Enterprises	23,812
4,064	Paddy Power	280,050
1,840	Pentair	100,661
1,142	Perrigo	157,233
94,096	Ryanair	922,611
2,886	Seagate Technology	158,075
51,033	Smurfit Kappa Group	954,317
4,263	Tyco International	154,003
22,139	UDG Healthcare	108,805
3,050	Unidare Units	153
793,776	Waterford Wedgewood UTS	794
7,103	Weatherford International	66,987
1,658	Willis Group Holdings	61,193
2,611	XL Group	73,915
		<b>8,906,737</b>
% of Total Investments		<b>0.04%</b>

Israel		
Holding	Security Description	Market Value €
11,196	Africa Israel Investments	8,463
1,163	Africa Israel Properties	12,665
3,011	Airport City	21,932
6,546	Alony Hetz Properties & Investments	35,587
428	Al-Rov Israel	9,013
527	Alrov Properties and Lodgings	8,038
5,850	Amot Investments	14,402
662	B Communications	9,836
63	Bayside Land Corp	13,708
5,001	Cellcom Israel	35,982
1,392	Check Point Software Technology	90,083
1,758	Clal Insurance Enterprises Holding	20,761

Israel (continued)		
Holding	Security Description	Market Value €
2,935	Delek Automotive Systems	21,639
423	Delta-Galil Industries	9,491
2,323	Discount Investment Corp	3,716
2,125	Elbit Systems	107,150
143	Electra	13,134
2,631	Ezchip Semiconductor	42,029
1,796	First International Bank of Israel	18,987
3,441	Frutarom Industries	87,848
8,269	Gazit-Globe	80,903
9,671	Harel Insurance Investments	36,307
325	IDI Insurance	9,261
84,631	Israel Discount Bank	112,064
1,430	Ituran Location and Control	26,034
1,865	Jerusalem Economy	4,418
790	Jerusalem Oil Exploration	20,152
3,104	Matrix IT	11,555
1,103	Malison	25,238
2,282	Menorah Mivtachim Holdings	16,424
32,278	Migdal Insurance & Financial	31,861
2,939	Naphtha Israel Petroleum Corp	12,061
2,334	Nitsba Holdings 1995	25,639
762	Norstar Holdings	14,754
102,224	Oil Refineries	22,437
4,724	Ormat Industries SHK1	26,873
2,945	Osem Investments	43,239
7,843	Partner Communications Co	33,715
411	Paz Oil Co	43,939
5,055	Phoenix Industries	11,074
285	Plasson Industries	7,765
4,100	PLUS500	31,583
550	Rami Levy Chain Stores Hashikma	16,756
18,427	Shikun & Binui	32,169
6,683	Shufersal	11,779
3,397	Strauss Group	42,175
3,417	Tower Semiconductor	37,355
		<b>1,371,993</b>
% of Total Investments		<b>0.01%</b>

Italy		
Holding	Security Description	Market Value €
115,398	A2A	96,646
4,904	Acea	43,842
8,070	Amplifon	39,575
17,541	Anima Holding	73,041
10,988	Ansaldo STS	91,530
3,441	Ascopiave	6,283
169,182	Assicurazioni Generali	2,876,094
4,459	Astaldi	21,314
3,199	ASTM	30,582
215,134	Atlantia	4,158,540
10,506	Autogrill	65,663
9,260	Azimut Holding	166,958
503,646	Banca Carige	27,449
5,266	Banca Generali	121,381
1,959	Banca IFIS	26,819

Italy (continued)		
Holding	Security Description	Market Value €
587,736	Banca Monte dei Paschi di Siena	276,236
43,551	Banca Popolare Dell'Emilia Roma	238,006
372,315	Banca Popolare Di Milano Scarl	201,981
41,553	Banca Popolare Di Sondrio Scar	128,648
18,080	Banca Profilo	5,587
47,724	Banco Popolare	480,103
98,982	Beni Stabili Spa	57,459
2,446	Brembo	67,754
1,868	Brunello Cucinelli	34,614
20,794	Buzzi Unicem	201,970
2,133	Cairo Communication	10,354
4,357	Cementir Holding	21,850
7,899	Cerved Information Solutions	34,519
36,152	Cir-Compagnie Industriali Run	31,271
29,169	COFIDE	12,601
413	Cosmo Pharmaceuticals	50,423
7,611	Credito Emiliano	47,417
99,176	Credito Valtellinese	78,647
4,502	Danieli & C'Officine	70,416
2,164	Datalogic	19,260
64,090	Davide Campari-Milano	330,704
4,669	De'Longhi	69,895
9,564	Dea Capital	15,503
2,047	Diasorin	68,227
1,513	Ei Towers	62,593
208,621	Enel Green Power	361,749
870,137	Enel	3,216,026
395	Engineering	14,813
329,350	Eni	4,778,869
4,785	ERG	44,285
2,633	Esprinet	15,087
13,199	Exor	449,294
9,137	Falck Renewables	8,493
45,709	Fincantieri	35,127
19,100	Finecobank Banca Fineco	89,159
51,841	Finmeccanica	400,990
7,096	Geox	19,159
11,222	Gruppo Editoriale L'Espresso	10,700
15,350	GTECH	283,822
15,350	Gtech RTS	0
52,303	Hera	101,729
26,970	Immobiliare Grande	17,396
837	Industria Macchine Automatiche	30,383
6,083	Interpump Group	70,867
1,578,218	Intesa Sanpaolo	3,822,444
43,504	Iren	39,393
16,625	Italcementi	82,128
2,103	Italmobiliare	33,249
53,741	Juventus Football Club	11,823
23,677	Luxottica	1,077,304
9,791	Maire Tecnimont	17,683
3,030	Marr	44,602
153,672	Mediaset	528,632

## Quoted Securities – Equities (continued)

Italy (continued)		
Holding	Security Description	Market Value €
73,406	Mediobanca	496,959
53,095	Mediolanum	280,873
10,542	Moleskine	10,516
8,923	Moncler	99,224
45,278	Parmalat	108,214
13,072	Piaggio & C	31,504
43,815	Pirelli & C	491,166
28,284	Prysmian	428,503
13,270	RCS Mediagroup	12,401
8,620	Recordati	110,767
381	Reply	23,203
3,120	Safilo	33,634
33,799	Saipem	296,248
17,721	Salini Impregilo	53,447
10,804	Salvatore Ferragamo	220,510
20,807	Saras	17,353
1,006	Save	13,269
1,109,797	Snam	4,550,168
12,059	Societa Cattolica Di Assicuraz	69,038
33,653	Societa Iniziative Austostradali	268,719
3,712	Sogefi	7,691
31,243	Sorin	60,174
5,463	Tamburi Investment Partners	14,335
2,204,442	Telecom Italia	1,792,675
752,920	Terna Rete Elettrica Nazionale	2,830,979
1,124	Tod's	80,928
7,385	Trevi Finanziaria Industriale	20,900
599,160	Unicredit	3,196,519
116,457	Unione Di Banche Italiane	694,084
42,368	Unipol Gruppo	173,440
160,065	Unipolsai	357,686
2,106	Vittoria Accisurazioni	18,112
11,774	World Duty Free	93,780
4,498	Yoox	82,763
2,677	Zignago Vetro	13,572
		<b>43,120,308</b>
% of Total Investments		<b>0.20%</b>

Luxembourg		
Holding	Security Description	Market Value €
11,268	Altice	735,350
4,266	Aperam	104,880
133,882	Arcelormittal	1,216,720
1,940	Braas Monier Building Group	31,069
798	Eurofins Scientific	169,216
19,628	Gagfah	363,118
6,753	Grand City Properties	82,184
3,849	Oriflame Cosmetics	44,460
60,844	Regus	162,792
5,177	PLT Group	409,604
220,981	Ses	6,566,450
63,054	Tenaris	785,653
		<b>10,671,496</b>
% of Total Investments		<b>0.05%</b>

Malta		
Holding	Security Description	Market Value €
20,000	Brait	112,145
2,254	Unibet Group	118,183
		<b>230,328</b>
% of Total Investments		<b>0.00%</b>

Netherlands		
Holding	Security Description	Market Value €
9,079	Aalberts Industries	222,753
1,842	Accell Group	25,051
254,436	Aegon	1,592,515
630	Aercap Holdings	20,144
32,658	Akzo Nobel	1,882,734
1,253	Amsterdam Commodities	23,820
5,505	Arcadis	137,240
4,651	ASM International	163,250
44,671	ASML	3,998,055
2,206	Be Semiconductor Industries	40,877
4,778	BincBank	33,680
10,340	Boskalis Westminster	469,953
1,790	Brunel International	24,344
990	Chicago Bridge & Iron Co	34,231
4,956	Corbion	68,467
415	Core Laboratories	41,134
8,962	Corio	364,126
3,626	Eurocommercial Properties	127,526
5,356	Euronext	143,514
1,208	Exact Holding	38,294
9,407	First Britannia Mezzanine	604
16,990	Fugro	293,247
10,457	Gemalto	710,344
5,511	Grontmij	19,459
13,070	Heineken Holding	678,725
29,095	Heineken	1,715,150
2,700	IMCD Group	76,140
517,294	ING	5,602,294
856	Kendrion	18,507
110,989	Koninklijke Ahold	1,637,643
22,288	Koninklijke BAM Groep	57,414
23,381	Koninklijke DSM	1,184,014
409,212	Koninklijke KPN	1,075,409
123,549	Koninklijke Philips	2,983,708
2,379	Koninklijke Ten Cate	44,464
35,753	Koninklijke Vopak	1,540,418
4,020	Lyondellbasell Industries	262,868
2,728	Nielsen N.V	100,505
12,537	NSI	46,161
6,330	Nutreco	281,590
2,493	NXP Semiconductors	156,878
10,752	Oci	310,625
40,481	Postnl	125,491
31,533	Qiagen	610,479
14,563	Randstad	583,394
8,137	Royal Imtech	31,327
41,303	SBM Offshore	403,985
71,429	SNS Reaal Groep	60,069
3,007	TKH Group	79,265
63,316	TNT Express	350,834
9,178	TomTom	50,745

Netherlands (continued)		
Holding	Security Description	Market Value €
6,000	USG People	55,998
1,670	Vastned Retail	62,542
3,089	Wereldhave	176,073
6,812	Wessanen	35,777
39,728	Wolters Kluwers	1,007,105
2,123	Yandex	31,405
		<b>31,912,363</b>
% of Total Investments		<b>0.15%</b>

Norway		
Holding	Security Description	Market Value €
13,711	Akastor	32,754
2,341	Aker	42,590
13,468	Aker Solutions	61,888
3,516	American Shipping	14,582
6,598	Atea	56,187
8,403	Austevoll Seafood	43,214
1,906	Avance Gas Holding	21,501
3,423	Bakkafrost	63,410
7,352	Borregaard	45,127
31,542	BW Offshore	26,198
9,300	Det Norske Oljeselskap	41,008
55,366	DNO	97,849
3,068	Fred Olsen Energy	23,124
5,947	Hexagon Composites	14,996
34,480	Kongsberg Automotive	21,965
14,711	Kvaerner	14,464
1,760	Leroy Seafood Group	53,139
27,463	Marine Harvest	312,535
9,830	Nordic Semiconductor	51,313
2,721	Norwegian Air Shuttle	83,117
45,661	Norwegian Property	51,004
3,656	Ocean Yield	17,791
11,019	Opera Software	115,771
20,027	Petroleum Geo-Services	93,778
170,457	Rec Silicon	33,631
4,549	Salmar	64,145
6,760	Schibsted	354,149
5,000	Selvaag Bolig	11,115
8,062	Sparebank 1 Nord	35,576
10,809	Sparebanken 1	69,932
40,329	Storebrand	130,237
9,518	TGS Nopec Geophysical	170,212
27,257	Thin Film Electronics	15,072
49,000	Vard	18,309
6,090	Wilh Wilhelmsen	30,982
		<b>2,332,663</b>
% of Total Investments		<b>0.01%</b>

Portugal		
Holding	Security Description	Market Value €
6,732	Altri	16,716
33,712	Banco BPI	34,589
5,002,911	Banco Comercial Portugues	328,691
3,491,304	Banif Banco Internacional	19,900
13,506	CTT Correios de Portugal	108,278
340,443	EDP Energias Portugal	1,095,546
49,335	GALP Energia	415,943

## Quoted Securities – Equities (continued)

Portugal (continued)		
Holding	Security Description	Market Value €
33,589	Jeronimo Martins	279,964
6,418	Mota Engil	17,078
15,941	NOS	83,467
13,828	Portucel	42,659
124,497	Portugal Telecom	107,565
15,859	REN - Redes Energeticas Nacion	38,157
5,391	Semapa Sociedade de Investimento	54,045
68,883	Sonae	70,536
		<b>2,713,134</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Spain		
Holding	Security Description	Market Value €
38,173	Abengoa	70,384
209,100	Abertis Infraestructuras	3,435,513
5,791	Acciona	325,454
27,487	Acerinox	343,725
23,358	ACS Actividades	676,681
5,567	Almirall	76,546
56,903	Amadeus IT Holding	1,882,636
7,607	Applus Services	69,604
6,136	Atramedia Corp De Medios	71,423
3,250	Axia Real Estate	35,149
793,840	Banco Bilbao Vizcaya	6,234,819
793,840	Banco Bilbao Vizcaya Argentaria	62,713
464,321	Banco de Sabadell	1,023,828
204,519	Banco Popular Espanol	850,799
1,686,007	Banco Santander	11,795,305
605,063	Bankia	749,068
90,119	Bankinter S A	603,887
6,540	Bolsas y Mercados Espanoles	210,196
261,955	Caixabank	1,142,386
4,760	Carbures Europe	25,323
15,982	Cemex Latam Holdings	88,922
3,585	Cia De Distribucion Integral	64,960
3,569	Cie Automotive	40,205
158	Construcciones y Auxiliar	47,771
3,852	Corporacion Financiera Alba	156,391
47,663	Deoleo	17,874
75,704	Distribuidora Internacional	425,986
6,576	Duro Felguera	22,030
7,077	Ebro Foods	97,026
27,381	EDP Renovaveis	147,967
113,262	Enagas	2,965,765
11,374	ENCE Energia y Celulosa	23,544
42,583	Endesa	704,749
21,597	Faes Farma	37,039
21,597	Faes Farma SA	1,339
222,917	Ferrovial	3,661,412
5,679	Fomento De Construcciones y	66,728
5,679	Fomento De Construcciones RTS	20,444
21,601	Gamesa Corp Tecnologica	163,282
40,656	Gas Natural	846,051
22,170	Grifols	734,270
3,875	Grupo Catalana Occidente	92,961

Spain (continued)		
Holding	Security Description	Market Value €
4,710	Hispania Activos Inmobiliarios	51,056
700,607	Iberdrola	3,921,297
141,582	Inditex	3,356,201
9,066	Indra Sistemas	73,163
183,441	Inmobiliaria Colonial	100,342
1,365	Laboratorios Farmaceuticos	14,060
3,613	Lar Espana Real Estate	33,153
2,662	Let's Gowex	21,083
129,026	Liberbank	87,222
132,302	Mapfre	372,166
47,771	Mediaset Espana Comunicacion	498,968
4,254	Melia Hotels International	37,690
11,663	Merlin Properties Socimi	116,980
673	Miquel y Costas & Miquel	21,536
14,444	NH Hotel Group	57,415
19,304	Obrascon Huarte Lain	358,089
3,283	Papeles y Cartones De Europa	12,574
96,272	Promotora De Informaciones	24,838
24,779	Prosegur Cia De Seguridad	116,957
6,536	Realia Business	3,333
57,685	Red Electrica	4,223,119
137,087	Repsol	2,131,017
137,087	Repsol SA	62,649
28,167	Sacyr	80,642
2,819	Tecnicas Reunidas	102,302
546,946	Telefonica	6,519,596
7,775	Tubacex	24,103
7,629	Tubos Reunidos	13,046
4,070	Viscofan	179,345
23,240	Zardoya Otis	213,808
15,316	Zeltia	40,894
		<b>62,980,799</b>
<b>% of Total Investments</b>		<b>0.29%</b>

Sweden		
Holding	Security Description	Market Value €
2,444	AAK	108,631
4,951	Active Biotech	9,883
5,416	AF	72,652
1,266	Arcam	19,543
1,725	Avanza Bank Holding	47,381
1,691	Axfood	83,983
3,836	Axis Communications	81,514
2,253	B&B Tools	36,579
3,136	Betsson	91,813
1,733	Bilia	43,819
15,792	Billerudkorsnas	189,141
1,211	Biogaia	23,142
5,066	Bure Equity	19,362
3,880	Bygghem Group	21,790
13,672	Castellum	177,723
3,416	Cdon Group	6,401
3,573	Clas Ohlson	51,258
19,898	Cloetta	47,876
10,274	Com Hem Holding	68,909
3,667	Dios Fastigheter	22,545
3,173	Duni	39,185

Sweden (continued)		
Holding	Security Description	Market Value €
12,238	Fabege	131,070
7,026	Fastighets Balder	82,467
4,555	Fingerprint Cards	16,876
3,797	Gunnebo	15,240
3,241	Haldex	35,108
5,620	Hemfosa Fastigheter	98,722
2,287	Hexpol	179,322
4,536	HIQ International	19,848
4,390	Holmen	124,367
10,377	Hufvudstaden	112,244
1,518	Industrial & Financial Systems	38,625
2,855	Indutrade	94,832
6,893	Intrum Justitia	170,252
1,202	Investment Oresund	21,243
6,803	JM	180,341
5,145	KappAhl	22,951
42,498	Kloven	34,632
13,659	Kungsliden	82,160
3,494	L E Lundbergforetagen	125,803
5,404	Lindab International	37,741
4,989	Loomis	120,038
22,629	Meda	271,028
2,525	Medivir	26,411
2,137	Mekonomen	46,412
5,171	Modern Times Group MTG	136,968
7,862	NCC	206,504
2,495	Net Entertainment NE	69,859
3,699	New Wave Group	15,122
7,648	Nibe Industrier	163,577
10,472	Nobia	77,762
1,733	Nolato	32,841
7,217	Nordnet	21,667
15,704	Opus Group	15,214
1,352	Orexo	19,503
15,021	Peab	87,874
6,833	Qliro Group	12,730
17,646	Ratos	88,427
1,398	Recipharm	20,018
5,910	Saab	127,286
12,072	SAS	19,535
3,786	Scandi Standard	19,428
2,015	Skistar	18,717
36,821	Ssab	168,794
13,222	Swedish Orphan Biovitrum	111,697
2,737	Tethys Oil	17,775
21,659	Trelleborg	304,374
7,801	Wallenstam	107,717
6,047	Wihlborgs Fastigheter	91,899
		<b>5,306,153</b>
<b>% of Total Investments</b>		<b>0.02%</b>

Switzerland		
Holding	Security Description	Market Value €
3,123	Ace	295,503
1,418	AFG	29,070
1,250	Allreal Holding	142,527
3,301	Ascom Holding	41,866
279	Autoneum Holding	39,330



## Quoted Securities – Equities (continued)

Switzerland (continued)		
Holding	Security Description	Market Value €
277	Banque Cantonale Vaudoise	124,171
826	Basilea Pharmaceutica	63,303
1,197	BKW	29,318
516	Bossard Holding	46,905
605	Bucher Industries	125,237
265	Burckhardt Compression Holding	83,914
321	Burkhalter Holding	23,053
1,874	Cembra Money Bank	85,720
26,717	Clariant	371,514
65	Comet	34,922
635	Daetwyler	67,440
2,634	Dufry	326,402
4,716	EFG International	45,497
195	Emmi	56,924
19,723	Evolva Holding	21,652
13,357	Ferrexpo	9,089
1,896	Flughafen Zurich	1,050,968
115	Forbo Holdings	95,116
403	Galenica	265,449
14,139	Gam Holding	211,662
1,012	Garmin	44,036
2,331	Gategroup Holding	55,057
373	Georg Fischer	195,124
591	Helvetia	232,979
1,196	Huber & Suhner	47,148
1,319	Implenia	63,350
147	Inficon Holding	37,685
96	Intershop Holding	28,423
279	Kaba Holding	116,598
283	Komax	34,010
3,593	Kudelski	36,157
291	Kuoni Reisen Holding	72,907
363	Leonteq	72,455
13,786	Logitech International	154,210
8,227	Meyer Burger Technology	44,132
2,541	Mobilezone Holding	22,295
572	Mobimo Holding	94,763
5,245	Myriad Group	18,626
16,152	OC Oerlikon	167,914
1,045	Orascom Development Holding	15,687
1,191	Panalpina Welttransport Holding	132,234
3,741	PSP Swiss Property	266,948
300	Rieter Holding	41,292
335	Santhera Pharmaceuticals Holding	23,696
53,006	Schmolz - Bickenbach	47,610
79	Schweiter Technologies	51,248
1,013	SFS Group	66,640
321	Siegfried Holding	43,249
230	ST Galler Kantonalbank	69,054
84,858	Stmicroelectronics	526,120
909	Straumann Holding	189,564
870	Swissquote Group Holding	22,575
3,822	TE Connectivity	199,112
945	Tecan Group	88,810
5,496	Temenos Group	162,266

Switzerland (continued)		
Holding	Security Description	Market Value €
502	U Blox Holding	57,364
1,448	Valiant Holding	99,412
251	Valora	47,678
20	Vetropack	26,364
8,098	Von Roll Holding	9,159
2,393	Vontobel Holding	74,632
255	Walter Meier	8,674
887	Zehnder Group	30,467
		<b>7,524,274</b>
% of Total Investments		<b>0.03%</b>

United Kingdom		
Holding	Security Description	Market Value €
233,659	3i Infrastructure	458,978
12,845	888 Holdings	22,840
15,546	Abcam	92,959
14,386	Acacia Mining	47,171
38,328	Advanced Computer Software	68,276
18,839	Advanced Medical Solutions	30,294
93,473	Afren	56,739
22,783	African Minerals	2,925
18,190	Alent	74,965
8,642	Allied Minds	40,719
77,462	Amerisur Resources	44,255
46,031	Amlin	282,604
8,802	Anglo Pacific Group	11,301
27,543	Anite	28,112
15,028	AO World	54,061
2,776	Aon	216,826
14,008	Arrow Global Group	40,914
32,547	Ashmore Group	117,000
4,881	Asos	161,426
8,194	Avanti Communications Group	27,326
5,899	Aveva Group	99,516
1,340	Awilco Drilling	11,559
63,085	Balfour Beatty	171,704
88,158	Barratt Developments	533,090
39,749	BBA Aviation	183,716
11,139	Bellway	277,295
15,830	Berendsen	223,559
11,491	Berkeley	365,871
7,032	Betfair Group	141,922
11,732	Big Yellow Group	91,579
17,641	Bodycote	146,650
60,678	BooHoo.com	30,771
132,120	Booker Group	277,505
12,319	Bovis Homes Group	139,892
25,077	Brewin Dolphin Holdings	95,942
10,817	Brit plc	37,566
369	British Land Co	3,681
22,840	Britvic	197,786
33,092	BTG	337,760
69,800	Bwin.Party Digital Entertainment	105,565
249,128	Cable & Wireless Communication	158,772
52,437	Cairn Energy	120,170
67,436	Capital & Counties Properties	315,665

United Kingdom (continued)		
Holding	Security Description	Market Value €
12,271	Card Factory	44,600
39,650	Carillion	170,939
102,995	Centamin	77,884
17,700	Chemring	54,311
10,514	Chesnara	45,794
17,125	Cineworld Group	91,264
3,801	Clinigen Group	25,815
13,617	Close Brothers Group	261,186
123,825	CNH Industrial N.V.	829,628
32,805	Colt Group	56,437
3,429	Concentric	33,951
6,898	Costain Group	24,775
20,840	Crest Nicholson Holdings	103,919
14,523	CSR	159,606
24,901	Daily Mail & General Trust	263,588
12,503	Dairy Crest	80,100
8,632	Dart	32,249
9,180	De La Rue	61,345
102,823	Debenhams	99,338
2,840	Delphi Automotive	170,105
8,795	Derwent London plc	340,779
15,222	Devro	59,606
2,809	Dialight	29,212
4,462	Dignity	109,359
9,105	Diploma	82,879
10,289	Domino Printing Sciences	87,184
14,756	Domino's Pizza Group	133,086
37,150	Drax Group	219,685
85,611	DS Smith	353,919
8,397	Dunelm Group	100,475
17,892	DX Group	20,100
40,354	Electrocomponents	111,389
42,113	Elementis	141,548
65,914	Enquest	30,042
2,158	Ensco	53,235
44,172	Enterprise Inns	64,991
22,589	Essentra	212,288
24,902	Esure Group	65,284
34,703	Evraz	68,836
14,363	Faroe Petroleum	11,156
17,810	Fenner	49,447
113,233	Fiat Chrysler Automobiles	1,087,037
3,438	Fidessa Group	105,493
104,787	Firstgroup	143,546
18,365	Flybe Group	26,172
20,142	Foxtons Group	41,440
7,515	Galliford Try	124,269
7,654	Game Digital	35,376
8,615	Gem Diamonds	19,328
5,562	Genus	89,332
21,866	Globo	11,229
3,558	Go-Ahead Group	112,327
38,263	Grainger	92,354
31,463	Great Portland Estates	298,109
20,119	Greene King	192,434
9,271	Greggs	87,128
18,087	GW Pharmaceuticals	83,132
3,126	GVC Holdings	19,304

## Quoted Securities – Equities (continued)

United Kingdom (continued)		
Holding	Security Description	Market Value €
18,300	Halfords Group	110,331
33,394	Halma	294,754
58,949	Hansteen Holdings	81,434
2,655	Hargreaves Services	21,986
130,124	Hays	243,241
9,245	Helical Bar	45,430
19,388	Hellermannntyton Group	78,408
96,031	Henderson Group	263,842
500,949	HICL Infrastructure	980,803
13,289	Hikma Pharmaceuticals	337,642
75,141	Home Retail Group	200,177
27,308	Homeserve	118,011
59,172	Howden Joinery Group	306,154
11,493	Hunting	78,425
32,900	IG Group Holdings	303,699
10,960	Igas Energy	4,960
19,537	Imagination Technologies Group	57,440
39,327	Inchcape	366,056
9,369	Infinis Energy	26,463
58,432	Informa	353,188
105,842	Innovation Group	40,766
35,333	Intermediate Capital Group	208,714
21,085	International Personal Finance	121,708
12,835	Interserve	91,867
21,774	ITE Group	44,728
8,683	J D Wetherspoon	91,412
19,926	Jazztel	250,071
3,909	John Menzies	17,841
33,602	John Wood Group	257,332
32,672	Jupiter Fund Management	153,062
17,877	Just Eat	71,081
15,641	Just Retirement Group	29,720
24,505	Kaz Minerals	81,107
47,340	Kcom	54,548
328,176	Kelda	0
5,867	Keller	66,285
4,972	Kier	95,176
83,625	Landbrokes	118,636
24,598	Laird	98,215
16,712	Lancashire Holdings	120,153
8,014	Liberty Global	321,999
52,177	Londonmetric Property	102,224
26,702	Lookers	44,566
5,963	Majestic Wine	31,388
149,332	Man Group	307,713
52,375	Marstons	96,560
25,047	Michael Page International	132,454
11,811	Micro Focus International	163,768
18,897	Mitchells & Butlers	93,163
33,850	Mitie Group	120,772
39,134	Moneysupermarket.com	117,518
153,156	Monitise	49,649
26,113	Morgan Advanced Materials	106,276
13,156	Mothercare	29,558
14,316	N Brown Group	70,468
13,496	Nanoco Group	25,254
40,030	National Express Group	127,660

United Kingdom (continued)		
Holding	Security Description	Market Value €
1,548,241	National Grid	18,249,327
8,867	Newriver Retail	33,583
2,332	Noble Corporation	31,827
12,253	Northgate	95,488
41,067	Ocado Group	210,897
7,661	Onesavings Bank	21,098
47,544	Ophir Energy	86,372
14,001	Optimal Payments	61,611
4,974	Oxford Instruments	81,421
25,980	Pace	115,774
28,055	Paragon Group	149,910
14,706	Partnership Assurance Group	26,338
189,660	Pennon	2,238,957
34,616	Petra Diamonds	86,218
22,503	Pets at Home Group	58,417
17,051	Phoenix Group	181,696
17,022	Playtech	150,573
14,627	Poundland Group	61,633
9,265	Primary Health Properties	44,011
34,122	Premier Farnell	77,102
60,254	Premier Foods	24,755
45,641	Premier Oil	97,974
12,872	Provident Financial	406,867
56,967	Qinetiq Group	137,426
35,744	Quadrise Fuels International	11,473
33,122	Quindell	16,797
43,218	Quintain Estates & Development	52,850
76,489	Redefine International	53,520
20,400	Redrow	77,394
84,358	Reed Elsevier	1,673,663
3,012	Renishaw	75,793
166,810	Rentokil Initial	259,777
18,441	Restaurant Group	156,260
8,521	Rightmove	245,926
24,680	Rockhopper Exploration	20,833
7,957	Rotork	237,617
1,151	Rowan	22,108
5,530	RPC Group RTS	12,460
16,592	RPC Group	105,870
20,239	RPS	54,333
16,618	Safestore Holdings	49,498
23,567	Salamander Energy	19,667
11,132	Savills	97,185
42,456	Schroder Real Estate Investments	32,432
7,359	SDL	39,209
38,239	Senior plc	148,852
50,361	Serco Group	103,903
95,724	Severn Trent	2,465,302
24,631	Shaftesbury	246,974
36,429	Shanks Group	46,770
51,516	SIG	115,281
18,177	SOCO International	70,804
10,914	Spectris	294,534
47,452	Speedy Hire	48,128
6,942	Spirax-Sarco Engineering	256,325
16,246	Spire Healthcare Group	79,259
59,014	Spirent Communications	57,393

United Kingdom (continued)		
Holding	Security Description	Market Value €
60,569	Spirit Pub Co	81,106
23,516	SSP Group	89,064
46,455	St James's Place	485,782
17,273	St Modwen Properties	85,556
39,748	Stagecoach Group	189,121
27,088	Stobart Group	37,994
17,846	Stock Spirits Group	50,406
2,636	Stolt-Nielsen	36,441
3,728	Supergroup	42,598
16,489	SVG Capital	93,612
5,344	Synergy Health	142,708
24,971	Synthomer	75,981
46,712	Talktalk Telecom Group	182,374
290,822	Taylor Wimpey	514,511
2,556	Ted Baker	72,883
18,635	Telecity Group	192,475
5,868	Telecom Plus	95,075
7,673	Telit Communications	23,741
128,604	Thomas Cook Group	211,175
23,677	Trinity Mirror	49,473
22,503	TSB Banking Group	80,432
13,728	TT Electronics	18,242
20,024	Tullett Prebon	72,985
7,584	Tungsten Corp	27,628
40,568	UBM	251,616
6,375	Ultra Electronics Holdings	147,323
207,471	Unilever	6,771,853
17,842	UNITE Group	106,516
273,905	United Utilities Group	3,221,171
36,320	Vectura Group	60,036
19,079	Vesuvius	109,296
7,450	Victrix	199,139
10,017,800	Vodafone	0
10,568	WH Smith	183,302
651,558	Whitbread	0
10,050	Workspace Group	98,707
9,241	WS Atkins	162,183
6,790	XAAR	33,606
22,148	Xchanging	44,216
534	Zeal Network	20,960
18,817	Zoopla Property Group	47,471
		66,158,649
<b>% of Total Investments</b>		<b>0.30%</b>
<b>Total European Equities</b>		<b>558,834,060</b>
<b>% of Total Investments</b>		<b>2.57%</b>

## Quoted Securities – Equities (continued)

NORTH AMERICA		
Canada		
Holding	Security Description	Market Value €
2,150	Agnico-Eagle Mines	44,214
1,350	Agrium	105,596
3,636	Alimentation Couche-Tard	125,888
2,886	ARC Resources	51,633
6,043	Bank of Montreal	353,135
11,345	Bank of Nova Scotia	534,940
10,809	Barrick Gold	96,230
2,403	BCE	91,042
4,632	BlackBerry	41,962
13,282	Bombardier	39,195
5,278	Brookfield Asset Management	218,506
3,650	Cameco	49,444
3,718	Canadian Imperial Bank of Commerce	263,959
7,025	Canadian National Railway	399,730
10,178	Canadian Natural Resources	259,968
4,492	Canadian Oil Sands	33,284
1,475	Canadian Pacific Railway	234,680
723	Canadian Tire	63,102
1,724	Canadian Utilities	50,152
6,973	Cenovus Energy	118,853
2,437	CGI Group	76,751
1,872	CI Financial	42,983
4,018	Crescent Point Energy	76,886
6,608	Eldorado Gold	33,268
349,020	Enbridge	14,826,457
6,893	Encana	79,257
17,971	Entertainment One	74,385
200	Fairfax Financial	86,579
1,591	Finning International	28,544
5,488	First Quantum Minerals	64,429
112,731	Fortis	3,123,088
1,358	Franco-Nevada	55,245
7,501	Goldcorp	114,731
2,792	Great West Lifeco	66,688
2,741	Husky Energy	53,600
921	IGM Financial	30,329
2,450	Imperial Oil	87,195
1,244	Intact Financial	74,173
132,863	Inter Pipeline	3,395,502
34,170	Keyera	1,969,822
10,496	Kinross Gold	24,331
2,157	Loblaw Companies	95,357
2,039	Magna International	182,528
17,006	Manulife Financial	268,217
1,374	MEG Energy	19,101
854	Metro	56,658
3,014	National Bank of Canada	105,960
134,491	Pembina Pipeline	4,049,169
4,482	Penn West Petroleum	7,745
8,028	Potash Corporation of Saskatchewan	234,452
3,234	Power Canada	73,037
2,166	Power Financial	55,725
982	Restaurant Brands International	31,565
1,124	Restaurant Brands International Inc	36,352

Canada (continued)		
Holding	Security Description	Market Value €
3,373	Rogers Communications	108,340
13,336	Royal Bank of Canada	760,919
2,370	Saputo	58,850
3,611	Shaw Communications	80,498
3,282	Silver Wheaton	55,147
1,404	SNC-Lavalin Group	44,238
5,602	Sun Life Financial	166,988
13,988	Suncor Energy	367,032
9,554	Talisman Energy	61,823
4,374	Teck Resources	49,391
87	Telus	2,592
1,844	Telus Corporation	54,862
17,128	Toronto-Dominion Bank	676,083
1,443	Tourmaline	39,710
2,480	Transalta	18,552
291,739	TransCanada	11,845,474
7,407	Turquoise Hill Resources	18,909
1,361	Ultra Petroleum	14,752
2,876	Valeant Pharmaceuticals International	340,159
111,165	Veresen	1,451,318
479	Weston (George)	34,180
24,457	Westshore Terminals Investment	550,078
9,246	Yamana Gold	30,835
2,505	Riocan Reit	47,079
		<b>49,653,431</b>
	<b>% of Total Investments</b>	<b>0.23%</b>

United States		
Holding	Security Description	Market Value €
865	3D Systems	23,419
6,098	3M	825,322
14,294	Abbott Laboratories	530,035
14,806	AbbVie	798,044
6,528	Activision Blizzard	108,343
4,629	Adobe Systems	277,183
1,860	ADT	55,504
678	Advance Auto Parts	88,948
6,147	AES	69,718
3,391	Aetna	248,104
495	Affiliated Managers Group	86,532
4,159	Aflac	209,269
3,045	Agilent Technologies	102,679
47,993	AGL Resources	2,154,764
1,913	Air Products & Chemicals	227,256
511	Airgas	48,478
1,575	Akamai Technologies	81,675
11,058	Alcoa	143,815
1,791	Alexion Pharmaceuticals	272,950
163	Alleghany	62,228
992	Allegheny Technologies	28,409
2,811	Allergan	492,209
521	Alliance Data Systems	122,751
1,030	Alliant Energy	56,348
4,193	Allstate	242,614
2,953	Altera	89,847
18,928	Altria	768,127

United States (continued)		
Holding	Security Description	Market Value €
3,455	Amazon.com	883,172
1,516	Amdocs	58,256
2,233	Ameren	84,843
1,472	American Airlines	65,022
3,569	American Capital Agency	64,172
4,490	American Electric Power	224,555
8,640	American Express	662,108
13,582	American International	626,578
7,744	American Realty Capital	57,724
15,549	American States Water	482,312
163,253	American Tower	13,291,787
74,182	American Water Works	3,256,652
1,797	Ameriprise Financial	195,744
2,127	Amerisourcebergen	157,953
2,258	Ametek	97,882
7,120	Amgen	934,144
2,970	Amphenol	131,633
4,616	Anadarko Petroleum	313,664
2,824	Analog Devices	129,140
8,794	Annaly Capital Management	78,299
815	ANSYS	55,045
515	Antero Resources	17,213
2,561	Anthem	265,086
3,680	Apache	189,956
55,011	Apple	5,001,330
11,053	Applied Materials	226,868
71,171	Aqua America	1,565,164
1,145	Arch Capital	55,736
23,827	Archer	10,646
6,054	Archer-Daniels-Midland	259,293
935	Arrow Electronics	44,582
1,629	Arthur J Gallagher & Co	63,169
725	Ashland	71,515
675	Assurant	38,045
48,707	AT&T	1,347,556
40,310	Atmos Energy	1,850,654
2,068	Autodesk	102,301
889	Autoliv	77,704
4,436	Automatic Data Processing	304,612
318	Autozone	162,159
1,198	AvalonBay Communities	161,223
894	Avery Dennison	38,202
1,280	Avnet	45,355
3,984	Avon Products	30,813
1,003	Axis Capital	42,207
961	B/E Aerospace	45,925
1,036	Babcock & Wilcox Co	25,855
4,077	Baker Hughes	188,285
1,343	Ball Corp	75,408
98,522	Bank of America	1,451,741
10,579	Bank of New York Mellon	353,505
4,987	Baxter International	301,044
6,488	BB&T	207,823
1,793	Becton Dickinson & Co	205,513
1,983	Bed Bath & Beyond	124,409
958	Bemis	35,673
9,795	Berkshire Hathaway	2,141,478
2,512	Best Buy	80,650

## Quoted Securities – Equities (continued)

United States (continued)		
Holding	Security Description	Market Value €
2,183	Biogen Idec	610,345
1,284	Biomarin Pharmaceutical	95,605
1,176	Blackrock	346,339
6,227	Boeing	666,655
2,115	Borgwarner	95,725
1,398	Boston Properties	148,183
12,368	Boston Scientific	134,977
15,576	Bristol-Myers Squibb	757,311
5,091	Broadcom	181,693
1,112	Broadridge Financial Solutions	42,296
1,129	Brown & Brown	30,603
1,188	Brown-Forman	85,952
1,374	Bunge	102,883
3,140	CA	78,752
1,732	Cablevision Systems	29,444
3,855	Cabot Oil & Gas	94,017
33,293	Catlin Group	286,810
2,954	California Resources	13,406
19,202	California Water Service	389,228
3,432	Calpine	62,557
1,907	Cameron International	78,457
1,680	Campbell Soup	60,885
4,803	Capital One Financial	326,569
3,148	Cardinal Health	209,322
1,951	Carefusion	95,357
2,073	Carmax	113,681
1,899	Catamaran	81,183
5,862	Caterpillar	441,931
2,587	CBRE	72,980
4,445	CBS	202,608
1,478	CDK Global	49,620
1,485	Celanese	73,339
7,582	Celgene	698,561
177,860	Centerpoint Energy	3,432,386
5,447	Centurylink	177,574
2,719	Cerner	144,807
535	CF Industries	120,096
1,400	CH Robinson Worldwide	86,357
10,028	Charles Schwab	249,358
656	Charter Communications	90,028
91,349	Cheniere Energy	5,296,903
6,145	Chesapeake Energy	99,051
17,780	Chevron	1,642,830
292	Chipotle Mexican Grill	164,630
2,325	Chubb	198,145
1,296	Church & Dwight	84,126
2,550	Cigna	216,144
809	Cimarex Energy	70,632
1,313	Cincinnati Financial	56,052
942	Cintas	60,860
47,609	Cisco Systems	1,090,721
1,863	CIT	73,394
28,372	Citigroup	1,264,483
1,717	Citrix Systems	90,227
435	City National	28,953
1,202	Clorox	103,171
2,911	CME	212,553
2,448	CMS Energy	70,067

United States (continued)		
Holding	Security Description	Market Value €
2,596	Coach	80,311
3,074	Cobalt International Energy	22,509
38,940	Coca-Cola	1,354,128
2,396	Coca-Cola Enterprises	87,267
5,556	Cognizant Technology Solutions	240,984
854	Colfax	36,274
8,539	Colgate-Palmolive	486,627
23,874	Comcast	1,139,234
1,692	Comerica	65,277
888	Commerce Bancshares	31,820
1,367	Computer Sciences	70,990
3,894	Conagra Foods	116,361
1,106	Concho Resources	90,869
11,393	Conocophillips	648,053
2,113	Consol Energy	58,842
120,683	Consolidated Edison	6,561,473
1,453	Constellation Brands	117,487
836	Continental Resources	26,414
12,057	Corning	227,714
4,142	Costco Wholesale	483,592
200	Cousins Properties	1,881
724	CR Bard	99,360
4,660	Credicorp	614,808
1,032	Cree	27,387
137,584	Crown Castle International	8,918,426
9,381	CSX	279,939
1,733	Cummins	205,788
10,955	CVS Caremark	869,019
5,586	Danaher	394,346
1,203	Darden Restaurants	58,094
1,938	Davita Healthcare Partners	120,900
3,318	Deere & Co	241,779
1,910	Delta Air Lines	77,385
3,383	Denbury Resources	22,654
1,327	Dentsply International	58,224
3,730	Devon Energy	188,051
644	Diamond Offshore Drilling	19,472
1,199	Digital Realty Trust	65,475
6,155	Diligent Board Member Services	20,854
4,839	Directv	345,557
4,397	Discover Financial Services	237,179
4,204	Discovery Communications	117,569
1,913	Dish Network	114,849
2,777	Dollar General	161,711
1,917	Dollar Tree	111,126
5,317	Dominion Resources	336,774
1,585	Dover	93,630
11,129	Dow Chemical	418,082
3,211	Dr Horton	66,886
1,852	Dr Pepper Snapple	109,341
299	DST Systems	23,187
1,626	DTE Energy	115,672
6,500	Duke Energy	447,253
3,024	Duke Realty	50,313
357	Dun & Bradstreet	35,568
1,419	Eastman Chemical	88,663

United States (continued)		
Holding	Security Description	Market Value €
10,671	Ebay	493,251
2,498	Ecolab	215,049
3,008	Edison International	162,230
1,012	Edwards Lifesciences	106,176
8,455	Ei Du Pont De Nemours & Co	514,919
2,717	Electronic Arts	105,214
9,598	Eli Lilly & Co	545,397
18,925	EMC	463,578
6,483	Emerson Electric	329,623
24,145	Enbridge Energy Management	771,423
582	Energizer	61,627
18,325	Enlink Midstream	536,724
1,647	Entergy	118,672
5,014	EOG Resouces	380,231
1,380	EQT	86,044
1,123	Equifax	74,802
474	Equinix	88,518
3,279	Equity Residential	194,023
558	Essex Property Trust	94,953
2,118	Estee Lauders	132,931
450	Everest Reinsurance Group	63,121
7,869	Exelon	240,328
957	Expedia	67,284
1,908	Expeditors International of Washington	70,106
6,962	Express Scripts Holding	485,522
39,758	Exxon Mobil	3,027,450
728	F5 Networks	78,230
18,943	Facebook	1,217,307
888	Family Dollar Stores	57,935
2,506	Fastenal	98,168
617	Federal Realty Investment Trust	67,824
2,492	Fedex	356,446
2,710	Fidelity National Information	138,837
8,156	Fifth Third Bancorp	136,874
648	First Solar	23,802
3,858	Firstenergy	123,897
2,405	Fiserv	140,584
632	Fleetcor Technologies	77,411
1,303	Fluorserve	64,211
1,504	Fluor	75,107
1,234	FMC	57,965
2,194	FMC Technologies	84,645
2,540	FNF Group	72,072
1,384	Foot Locker	64,042
36,500	Ford Motor	465,983
1,539	Fortune Brands Home & Security	57,385
458	Fossil	41,775
3,826	Franklin Resources	174,488
9,543	Freeport-Mcmoran	183,613
9,117	Frontier Communications	50,087
1,089	Gamestop	30,317
2,115	Gannett	55,623
2,452	GAP	85,045
1,950,000	General Electric Capital Trust II	2,091,336

## Quoted Securities – Equities (continued)

United States (continued)		
Holding	Security Description	Market Value €
900,000	General Electric Capital Trust IV	928,782
93,597	General Electric	1,948,107
4,767	General Growth Properties	110,449
5,843	General Mills	256,657
12,013	General Motors	345,420
1,345	Gentex	40,025
1,441	Genuine Parts	126,487
4,553	Genworth Financial	31,876
14,237	Gilead Sciences	1,105,329
24,716	Golden Ocean	12,957
3,920	Goldman Sachs	625,825
5,293	Google	2,304,231
77,498	Gulf Keystone Petroleum	67,658
2,505	H&R Block	69,490
7,776	Halliburton	251,899
443	Halyard Health	16,591
845	Hanesbrands	77,686
2,043	Harley-Davidson	110,909
634	Harman International Industries	55,724
990	Harris	58,563
4,122	Hartford Financial Services	141,542
1,076	Hasbro	48,735
2,961	HCA	178,987
4,178	HCP	151,517
2,925	Healthcare Reit	182,304
941	Helmerich & Payne	52,255
802	Henry Schein	89,937
944	Herbalife	29,313
1,505	Hershey	128,832
4,175	Hertz Global Holdings	85,763
2,558	Hess	155,532
17,733	Hewlett-Packard	586,134
2,941	Hilton Worldwide Holdings	63,200
29,032	Hiscox	268,553
3,480	Hoegh Lng Holdings	31,656
1,861	Hollyfrontier	57,450
12,650	Home Depot	1,093,708
7,377	Honeywell International	607,124
1,269	Hormel Foods	54,456
1,525	Hospira	76,935
1,399	Hospitality Properties	35,721
6,825	Host Hotels & Resorts	133,622
4,029	Hudson City Bancorp	33,583
1,449	Humana	171,419
7,646	Huntington Bancshares	66,251
666	IAC	33,347
627	IHS	58,811
3,413	Illinois Tool Works	266,215
1,256	Illumina	190,950
1,178	Incyte	70,936
46,552	Intel	1,391,460
1,061	Intercontinental Exchange	191,637
9,303	International Business Machine	1,229,366
757	International Flavors & Fragrances	63,199
2,409	International Game Technology	34,227

United States (continued)		
Holding	Security Description	Market Value €
4,090	International Paper	180,498
4,005	Interpublic	68,515
2,424	Intuit	184,061
355	Intuitive Surgical	154,661
62,497	ITC Holdings	2,081,174
4,097	Invesco	133,361
1,666	Iron Mountain	53,050
1,101,704	iShares Russell 2000 Index Fund	108,591,482
1,721	Jabil Circuit	30,944
1,212	Jacobs Engineering	44,613
865	JB Hunt Transport Services	60,025
934	JM Smucker	77,683
25,599	Johnson & Johnson	2,204,833
6,231	Johnson Controls	248,090
980	Joy Global	37,550
35,372	JPMorgan Chase & Co	1,823,227
4,670	Juniper Networks	85,853
1,015	Kansas City Southern Railway	102,018
2,278	Kellogg	122,784
1,238	Keurig Green Mountain	135,001
8,251	Keycorp	94,464
1,522	Keysight Technologies	42,334
3,544	Kimberly-Clark	337,265
3,745	Kimco Realty	77,547
700,649	Kinder Morgan	24,416,802
1,536	KLA-Tencor	88,964
481	KLX	16,325
1,864	Kohl's	93,714
5,414	Kraft Foods	279,418
4,541	Kroger	240,159
1,990	L Brands	141,862
811	Laboratory Corporation of America	72,076
17,340	Laclede	759,812
1,502	LAM Research	98,154
3,825	Las Vegas Sands	183,232
1,005	Legg Mason	44,178
1,322	Leggett & Platt	46,397
1,496	Lennar	55,214
2,902	Leucadia National	53,589
2,544	Level 3 Communications	103,470
648	Liberty Broadband	26,638
131	Liberty Broadband RT	1,025
4,452	Liberty Interactive	107,881
2,592	Liberty Media	74,957
1,363	Liberty Property Trust	42,245
666	Liberty TripAdvisor	14,756
1,298	Liberty Ventures	40,327
2,445	Lincoln National	116,138
2,156	Linear Technology	80,977
1,010	LinkedIn	191,094
2,530	LKQ	58,598
2,837	Loews	98,189
3,399	Lorillard	176,207
9,314	Lowe's	527,801
976	Lululemon Athletica	44,849
1,059	M&T Bank	109,572

United States (continued)		
Holding	Security Description	Market Value €
1,302	Marcerich	89,449
3,490	Macy's	189,002
733	Manpower	41,157
6,419	Marathon Oil	149,570
2,773	Marathon Petroleum	206,154
125	Markel	70,303
2,158	Marriott International	138,694
5,070	Marsh & McLennan	239,030
3,789	Marvell Technology Group	45,252
3,323	Masco	68,973
9,605	Mastercard	681,630
3,123	Mattel	79,599
2,651	Maxim Integrated Products	69,588
1,108	McCormick & Co	67,807
9,242	McDonald's	713,265
2,503	McGraw Hills	183,442
2,191	McKesson	374,605
1,748	MDU Resources	33,834
1,889	Mead Johnson Nutrition	156,429
1,637	Meadwestvaco	59,852
9,184	Medtronic	546,153
27,231	Merck & Co	1,273,741
8,347	Metlife	371,872
3,409	MGM Resorts International	60,032
1880	Michael Kors Holdings	116,290
1,821	Microchip Technology	67,659
10,241	Micron Technology	295,311
69,356	Microsoft	2,653,477
567	Mohawk Industries	72,555
1,242	Molson Coors Brewing	76,232
16,135	Mondelez International	482,748
4,994	Monsanto	491,420
1,260	Monster Beverage	112,446
1,988	Moody's	156,882
12,914	Morgan Stanley	412,703
3,103	Mosaic	116,672
2,270	Motorola Solutions	125,419
1,626	Murphy Oil	67,660
3,519	Mylan	163,385
2,505	Nabors Industries	26,781
4,054	National Oilwell Varco	218,811
4,025	Navient	71,642
1,534	NCR	36,818
3,140	Netapp	107,201
522	Netflix	146,875
16,956	New Jersey Resources	854,713
3,930	New York Community Bancorp	51,791
2,665	Newell Rubbermaid	83,609
1,250	Newfield Exploration	27,922
4,521	Newmont Mining	70,379
3,516	News	45,438
4,014	Nextera Energy	351,411
5,392	Nike	427,017
129,896	Nisource	4,538,496
3,290	Noble Energy	128,527
1,387	Nordstrom	90,696
2,849	Norfolk Southern	257,210
130,194	Northeast Utilities	5,739,217

## Quoted Securities – Equities (continued)

United States (continued)		
Holding	Security Description	Market Value €
2,227	Northern Trust	123,631
10,918	Northwest Natural Gas	448,734
18,440	Northwestern	859,349
974	Now	20,642
2,989	NRG Energy	66,348
2,341	Nuance Communications	27,515
2,924	Nucor	118,130
5,029	Nvidia	83,050
44	NVR	46,219
7,386	Occidental Petroleum	490,392
942	Oceaneering International	45,630
5,354	Odyssey Drilling	7,875
2,238	Old Republic International	26,968
965	Omnicare	57,967
2,379	Omnicom	151,801
20,887	One Gas	709,136
86,015	Oneok	3,527,458
32,252	Oracle	1,194,607
993	O'Reilly Automotive	157,542
1,526	Owens-Illinois	33,924
3,252	Paccar	182,167
1,029	Pall	85,780
1,383	Parker Hannifin	146,889
501	Partnerre	47,096
791	Patterson	31,338
1,331	Patterson-UTI Energy	18,187
3,022	Paychex	114,921
2,479	Peabody Energy	15,804
2,932	People's United Financial	36,659
103,128	Pepco	2,287,486
14,181	Pepsico	1,104,485
951	Petsmart	63,678
59,487	Pfizer	1,526,250
194,424	PG&E	8,525,767
14,739	Philip Morris International	988,791
5,392	Phillips 66	318,430
31,468	Piedmont Natural Gas	1,021,459
1,013	Pinnacle West Capital	56,995
1,319	Pioneer Natural Resources	161,711
1,627	Plum Creek Timber	57,342
5,043	PNC Financial Services	378,942
559	Polaris Industries	69,634
1,320	PPG Industries	251,312
6,211	PPL	185,854
2,726	Praxair	290,899
1,342	Precision Castparts	266,256
480	Priceline Group	450,787
2,727	Principal Financial Group	116,663
25,306	Procter & Gamble	1,898,627
5,132	Progressive	114,087
4,596	Prologis	162,891
4,272	Prudential Financial	318,298
4,691	Public Service Enterprise	159,999
1,324	Public Storage	201,583
2,896	PulteGroup	51,189
714	PVH	75,375
1,658	QEP Resources	27,613
15,775	Qualcomm	965,782

United States (continued)		
Holding	Security Description	Market Value €
1,345	Quest Diagnostics	74,290
1,637	Questar	34,086
1,012	Rackspace	39,018
563	Ralph Lauren	85,862
1,509	Range Resources	66,433
1,177	Rayonier	27,086
1,911	Realty Income	75,096
1,754	Red Hat	99,886
857	Regency Centers	45,021
705	Regeneron Pharmaceuticals	238,223
12,680	Regions Financial	110,288
398	Renaissance	31,870
2,768	Republic Services	91,765
2,918	Reynolds American	154,468
1,222	Robert Half International	58,760
1,284	Rockwell Automation	117,602
1,250	Rockwell Collins	86,978
910	Roper Industries	117,188
2,001	Ross Stores	155,353
484	Ryder System	37,015
3290	Safecharge International Group	11,193
2,222	Safeway	64,275
5,311	Salesforce.com	259,448
2,081	Sandisk	167,940
53,097	SBA Communications	4,843,937
1,162	Scana	57,808
12,174	Schlumberger	856,422
780	Scripps Networks Interactive	48,357
1,794	Sealed Air	62,696
1,202	SEI Investments	39,641
17,129	Semigroup	964,873
95,374	Sempra Energy	8,747,919
771	Sherwin-Williams	167,040
1,116	Sigma-Aldrich	126,179
654	Signet Jewelers	70,873
2,943	Simon Property	441,438
16,426	Sims Metal Management	133,256
28,440	Sirius Xm	81,987
1,560	Skyworks Solutions	93,425
889	SL Green Realty	87,150
4,025	SLM	33,782
8,539	Southern	345,400
11,786	Southern Copper	273,754
1,574	Southwest Airlines	54,865
18,684	Southwest Gas	951,205
3,235	Southwestern Energy	72,715
276,416	Spectra Energy	8,264,476
7,661	Sprint	26,187
427	SPX	30,218
2,685	St Jude Medical	143,815
1,435	Stanley Black & Decker	113,561
6,020	Staples	89,846
6,657	Starbucks	449,886
1,768	Starwood Hotels & Resorts	118,056
4,048	State Street	261,731
761	Stericycle	82,161
2,614	Stryker	203,096
4,951	Suntrust Banks	170,865

United States (continued)		
Holding	Security Description	Market Value €
6,396	Symantec	135,153
1,243	Synchrony Financial	30,458
1,434	Synopsys	51,343
5,356	Sysco	175,092
2,288	T Rowe Price	161,805
11,854	Targa Resources	1,035,431
5,807	Target	363,075
1,995	TD Ameritrade	58,793
2,008	Teco Energy	33,888
1,512	Teradata	54,398
798	Tesla Motors	146,185
10,201	Texas Instruments	449,219
3,661	Thermo Fisher Scientific	377,800
3,452	Thomson Reuters	115,050
1,083	Tiffany & Co	95,321
2,603	Time Warner Cable	326,013
8,129	Time Warner	571,929
6,633	TJX	374,674
2,387	T-Mobile	52,966
1,493	Toll Brothers	42,142
1,194	Torchmark	53,273
1,489	Total System Services	41,649
652	Towers Watson	60,775
982	Tractor Supply	63,752
445	TransDigm Group	71,968
3,355	Travelers	292,502
2,378	Trimble Navigation	51,983
934	Tripadvisor	57,436
1,065	TRW Automotive Holdings	90,219
16,997	Twenty-First Century Fox	532,655
3,962	Twitter	117,055
2,857	Tyson Foods	94,339
22,714	UIL	814,568
1,479	Under Armour	82,715
8,423	Union Pacific	826,482
846	United Continental	46,610
6,589	United Parcel Service	603,327
716	United Rentals	60,159
1,327	United States Steel	29,227
8,528	United Technologies	807,775
9,256	Unitedhealth	770,685
849	Universal Health Services	77,802
2,437	UNUM	70,013
1,012	Urban Outfitters	29,282
17,014	US Bancorp	629,915
5,028	Valero Energy	204,996
997	Varian Medical Systems	71,041
2,717	Ventas	160,455
1,268	Verisign	59,531
1,303	Verisk Analytics	68,740
38,710	Verizon communications	1,491,519
2,151	Vertex Pharmaceuticals	210,476
3,190	VF	196,797
3,639	Viacom	225,545
4,667	Visa	1,007,897
688	VMware	46,762
1,550	Vornado Realty Trust	150,276
1,578	Voya Financial	55,082



## Quoted Securities – Equities (continued)

United States (continued)		
Holding	Security Description	Market Value €
6,203	Vostok Nafta Investment	25,095
1,195	Vulcan Materials	64,696
8,311	Walgreens Boots Alliance	521,619
15,167	Wal-Mart Stores	1,072,846
16,168	Walt Disney	1,254,315
4,296	Waste Management	181,592
756	Waters	70,189
1,016	Weingarten Realty Investors	29,222
48,964	Wells Fargo & Co	2,210,861
2,077	Western Digital	189,378
5,140	Western Union	75,824
370	Westlake Chemical	18,617
4,650	Weyerhaeuser	137,459
20,864	WGL	938,631
736	Whirlpool	117,447
989	Whiting Petroleum	26,882
3,123	Whole Foods Market	129,694
277,788	Williams	10,282,343
5,424	Windstream	36,812
2,104	Wisconsin Energy	91,397
764	Workday	51,355
1,836	WPX Energy	17,587
1,023	WR Berkeley	43,192
560	WW Grainger	117,567
1,206	Wyndham Worldwide	85,188
752	Wynn Resorts	92,140
4,586	Xcel Energy	135,680
11,278	Xerox	128,748
2,460	Xilinx	87,714
1,718	Xylem	53,871
8,347	Yahoo!	347,259
4,141	Yum! Brands	248,474
1,559	Zimmer	145,640
1,702	Zions Bancorporation	39,967
4,609	Zoetis	163,352
		<b>394,368,629</b>
<b>% of Total Investments</b>		<b>1.81%</b>
<b>Total North American Equities</b>		<b>444,022,060</b>
<b>% of Total Investments</b>		<b>2.04%</b>

JAPAN		
Japan		
Holding	Security Description	Market Value €
29,166	Japan Airport Terminal	960,954
206,000	Toho Gas	839,716
930,213	Tokyo Gas	4,176,767
<b>Total Japanese Equities</b>		<b>5,977,437</b>
<b>% of Total Investments</b>		<b>0.03%</b>

ASIA PACIFIC		
Australia		
Holding	Security Description	Market Value €
29,804	Abacus Property Group	59,692
41,051	Adelaide Brighton	98,828
10,331	Ainsworth Game Technology	16,442
17,853	Amcom Telecommunications	35,275
13,686	Ansell	207,842

Australia (continued)		
Holding	Security Description	Market Value €
447,614	Apa Group	2,248,786
61,936	APN News & Media	34,875
5,894	ARB	45,192
36,899	Ardent Leisure Group	72,658
47,798	Aristocrat Leisure	211,447
248,656	Arrium	36,052
38,024	Asaleo Care	42,565
5,441	Astro Japan Property Group	18,639
75,009	Atlas Iron	8,346
663,862	Ausnet Services	595,412
33,680	Australian Agricultural Co	33,614
19,344	Automotive Holdings Group	49,700
34,500	Aveo Group	50,253
44,986	Awe	38,982
10,660	BC Iron	3,810
116,034	Beach Energy	81,769
10,302	Bega Cheese	35,778
53,021	Billabong International	23,956
51,183	Bluescope Steel	193,632
15,522	Bradken	49,510
7,777	Breville Group	33,879
6,397	BT Investment Management	28,946
43,557	BWP Trust	81,950
10,392	Cabcharge Australia	32,026
13,945	Cardno	32,161
19,094	Carsales.com	134,169
23,102	Cash Converters International	15,657
4,934	Cedar Woods	19,964
51,279	Challenger	225,809
22,890	Charter Hall Group	69,771
28,389	Charter Hall Retail Reit	78,874
27,000	Civmec	11,602
3,534	Corporate Travel Management	23,236
25,517	Cover-More Group	32,780
3,543	Credit Corp Group	23,343
118,827	Cromwell Property Group	82,535
46,465	CSR	122,202
12,195	Cudoco	16,036
11,535	Decmil Group	11,396
15,828	Dick Smith Holdings	22,308
5,911	Domino's Pizza Enterprises	100,450
39,832	Downer Edi	126,783
35,142	Drillsearch Energy	19,196
681,663	Duet Group	1,107,835
34,626	Duluxgroup	135,431
69,989	Echo Entertainment Group	178,878
16,461	Energy Resources of Australia	14,431
63,490	Energy World	12,630
10,675	ERM Power	15,261
41,920	Evolution Mining	18,233
183,546	Fairfax Media	108,303
21,904	Flexigroup	44,313
27,856	G8 Education	78,333
20,478	Genworth Mortgage Insurance	50,266
45,579	GDI Property Group	26,433
161,312	Goodman Fielder	69,620
16,792	Graincorp	93,421
8,048	Greencross	43,363

Australia (continued)		
Holding	Security Description	Market Value €
6,443	GUD Holdings	31,457
19,635	GWA Group	39,458
19,201	Hills	15,279
94,058	Horizon Oil	10,149
12,894	Inet	68,431
10,631	IMF Bentham	15,127
22,128	Independence Group	66,105
9,533	Invocare	77,786
22,352	loof Holdings	134,151
12,383	Iress	89,434
13,506	Isentia Group	25,229
51,106	Investa Office Fund	125,447
2,423	Jacana Minerals	0
21,310	Japara Healthcare	29,603
9,189	JB Hi-Fi	97,845
19,484	Karoo Gas Australia	32,059
33,226	Liquefied Natural Gas	54,223
419,748	Lynas	19,248
13,086	M2 Group	71,744
13,023	MACA	7,465
187,833	Macquarie Atlas Roads	405,331
9,181	Magellan Financial Group	102,156
12,355	Mantra Group	24,162
41,220	Mayne Pharma Group	18,068
4,793	McMillan Shakespeare	34,003
14,463	Mesoblast	42,816
25,998	Metals X	13,763
13,477	Mineral Resources	68,889
31,429	MMA Offshore	26,281
7,516	Monadelphous Group	47,593
59,768	Mount Gibson Iron	9,875
365	Multiplex Sites Trust	21,783
53,672	Myer Holdings	50,672
3,442	Mysale Group	3,668
20,099	Navitas	68,854
16,172	Nextdc	20,503
41,950	Nine Entertainment Holdings	54,032
47,759	Northern Star Resources	47,988
15,613	Nufarm Australia	49,906
110,834	Orora	145,746
27,812	OZ Minerals	65,268
20,344	Ozforex Group	38,825
83,728	Pacific Brands	30,490
15,745	Pact Group Holdings	46,187
119,127	Paladin Energy	28,920
45,312	Panaust	43,237
3,981	Perpetual	124,297
18,634	Platinum Asset Management	90,977
7,793	Premier Investments	51,764
42,470	Primary Health Care	134,894
10,275	Programmed Maintenance	17,808
59,041	Qube Holdings	96,749
11,661	RCR Tomlinson	17,300
28,615	Recall Holdings	138,743
29,508	Regis Resources	38,405
11,994	Retail Food Group	46,588
19,190	Sai Global	51,763
8,446	Sandfire Resources	25,915

## Quoted Securities – Equities (continued)

Australia (continued)		
Holding	Security Description	Market Value €
83,306	Senex Energy	17,977
59,630	Seven West Media	54,286
7,082	SG Fleet Group	10,029
58,990	Shopping Centres Australasia	73,792
103,085	Sigma Pharmaceuticals	51,442
24,246	Sirius Resources	41,857
4,966	Sirtex Medical	95,007
14,979	Skilled Group	15,051
15,459	Slater & Gordon	66,719
48,499	Southern Cross Media Group	36,794
660,991	Spark Infrastructure Group	949,431
49,430	Spotless Group Holdings	63,667
45,929	Steadfast Group	48,007
31,279	STW Communications Group	20,566
39,714	Sundance Energy Australia	14,060
12,660	Super Retail Group	61,042
431,902	Sydney Airport	1,371,811
8,077	Syrah Resources	17,375
14,168	Tassal	37,357
19,457	Technology One	41,987
154,145	Ten Network Holdings	23,388
23,430	TFS	24,569
12,100	Thorn Group	25,377
11,464	Tox Free Solutions	18,399
42,301	Transfield Services	46,782
145,076	Transpacific Industries Group	84,136
764,030	Transurban Group	4,420,647
15,270	UGL	22,551
23,941	UXC	11,947
60,636	Veda Group	93,638
7,116	Village Roadshow	28,936
111,406	Virgin Australia Holdings	31,553
7,265	Virtus Health	38,459
12,492	Vocation	1,895
7,078	Vocus Communications	30,548
17,666	Western Areas	44,674
28,287	Western Desert Resources	2,766
65,844	Whitehaven Coal	62,163
		<b>19,090,026</b>
<b>% of Total Investments</b>		<b>0.09%</b>

Hong Kong		
Holding	Security Description	Market Value €
150,000	Alibaba Health Information	81,077
245,500	Beijing Enterprise H	1,585,048
2,108,000	Beijing Enterprises Water Group	1,184,169
297,000	Belle International	275,018
118,800	Bonjour Holdings	10,723
241,000	Brightoil Petroleum Holdings	50,416
190,000	Brilliance China Automated	251,396
32,000	Cafe De Coral Holdings	91,409
212,000	Century City International	12,607
172,000	Chaoda Modern Agriculture	20,091
206,000	Champion Reit	78,751
136,500	China Agri-Industries	46,384
210,963	China Everbright International	258,523
48,000	China Everbright	94,399

Hong Kong (continued)		
Holding	Security Description	Market Value €
290,000	China Financial International	24,636
1,082,000	China Gas Holdings	1,404,061
300,000	China LNG Group	47,786
814,634	China Merchants	2,257,826
428,269	China Mobile	4,115,785
276,000	China Overseas Land & Investment	675,565
776,000	China Public Procurement	14,091
130,720	China Resources Cement	69,684
93,149	China Resources Enterprise	160,639
401,953	China Resources Gas Group	860,078
142,000	China Resources Land	308,368
145,493	China Resources Power	309,001
164,139	China South City Holdings	61,702
153,100	China State Construction	177,210
92,272	China Taiping Insurance	217,526
355,332	China Unicom (Hong Kong)	392,424
27,000	Chow Sang Sang Holdings International	58,633
154,000	Citic Pacific	216,192
120,000	Citic Telecom International	37,082
258,000	CK Life Sciences International	21,644
108,980	Cosco Pacific	127,531
510,000	CSI Properties	16,789
38,528	DAH Sing Banking Group	50,896
13,560	DAH Sing Financial Holdings	65,158
28,000	Dickson Concepts International	11,418
85,000	Dorsett Hospitality International	12,005
45,000	Emperor Entertainment Hotel	8,936
98,000	Emperor International	17,587
300,000	Emperor Watch & Jewellery	12,265
169,200	Esprit Holdings	166,738
79,000	Far East Consortium International	25,251
148,000	Far East Horizon	120,229
250,000	Franshion Properties China	58,936
56,000	GCL New Energy	4,757
737,975	GCL-Poly Energy	141,059
108,000	Giordano International	39,452
528,000	Global Brands Group	85,225
23,000	Great Eagle	61,670
2,043,000	G-Resources Group	39,918
170,000	Guangdong Investment	182,330
78,000	Guotai Junan International	48,869
73,000	Haier Electronics	143,101
48,000	Haitong International Securities	25,180
689,100	Hanergy Thin Film Power Group	205,625
2,584,837	Hong Kong & China Gas	4,874,876
43,000	Hong Kong Television Network	17,397
50,500	Hopewell Holdings	152,031
53,400	Hsin Chong Construction Group Ltd	57
178,000	Hsin Chong Construction Group	18,713
132,000	Hutchison Telecommunications	45,976

Hong Kong (continued)		
Holding	Security Description	Market Value €
2,080,000	Hutchison Whampoa Europe	2,109,640
84,000	IRC	4,638
42,000	IT	9,990
32,750	Johnson Electric Holdings	99,290
99,156	K Wah International Holdings	43,276
53,000	Kerry Logistics Network	69,226
40,800	Kingboard Chemical	56,757
29,000	Kowloon Development	27,962
242,298	Kunlun Energy Company	188,600
874,000	Lai Sun Development	16,335
88,000	Langham Hospitality Investment	31,399
108,000	Lee & Man Paper	49,774
8,000	Liu Chong Hing Investment	8,325
29,000	Luk Fook Holdings International	89,769
248,000	Lung Cheong International Holdings	23,702
28,400	Man Wah Holdings	38,542
140,000	Mei Ah Entertainment Group	7,879
78,000	Melco International Development	141,637
60,000	Midland Holdings	25,104
149,311	New World China Land	72,935
90,000	Newocean Energy Holdings	28,480
91,000	Nine Dragons Paper	65,711
20,000	Orient Overseas International	96,315
159,000	Pacific Basin Shipping	52,848
47,000	Pacific Textiles	51,307
36,000	Paradise Entertainment	12,119
44,000	Playmates	8,177
125,000	Polytec Asset Holdings	14,601
97,000	Prosperity Reit	27,193
36,000	Regal Hotels	19,573
85,000	Regal Real Estate Investment	18,504
92,000	SA SA International Holdings	53,049
115,000	Samson Holding	13,189
49,000	Shanghai Industrial	120,978
90,000	Shimao Property	165,722
136,000	Shun Tak Holdings	51,847
130,000	Singamas Container	17,808
184,000	Sino Biopharmaceutical	137,360
107,000	Sitc International Holdings	48,177
28,000	Sitoy Group Holdings	18,673
33,000	Smartone Telecommunications	45,556
24,000	Socam Development	15,801
10,000	Soundwill Holdings	12,977
43,500	Stella International Holdings	94,696
56,000	Summit Ascent Holdings	22,419
51,000	Sun Hung Kai & Co	32,061
92,000	Sunlight Real Estate Investment	34,193
62,000	Sunevision	15,933
30,000	Television Broadcast	143,836
62,000	Texwinca Holdings	44,112
122,000	Tom Group	19,822
258,000	Town Health International	33,425
356,000	Towngas China	297,139
86,000	Trinity	13,333



## Quoted Securities – Equities (continued)

Hong Kong (continued)		
Holding	Security Description	Market Value €
130,000	Truly International Holdings	42,933
38,000	Tsui Wah Holdings	11,097
44,000	United Laboratories International	21,166
232,000	United Photovoltaics Group	25,375
72,000	Value Partners Group	49,850
66,000	VST	17,732
15,000	Vtech Holdings	177,126
178,000	Xinyi Glass Holdings	73,907
369,740	Yuexiu Property	58,502
24,000	Yunbo Digital Synergy Group	9,583
		<b>27,698,905</b>
<b>% of Total Investments</b>		<b>0.13%</b>

Macau		
Holding	Security Description	Market Value €
144,000	Macau Legend Development	44,498
		<b>44,498</b>
<b>% of Total Investments</b>		<b>0.00%</b>

New Zealand		
Holding	Security Description	Market Value €
35,070	A2 Milk	13,102
45,616	Air New Zealand	72,574
64,999	Argosy Property	45,217
365,958	Auckland International Airport	997,103
35,741	Chorus	61,237
50,314	Fisher & Paykel Healthcare	202,552
13,387	Freightways	50,013
45,006	Genesis Energy	62,907
45,772	Infratil	88,448
18,413	Kathmandu Holdings	25,618
10,605	Metlifecare	32,105
18,088	Nuplex Industries	34,720
35,158	Sky Network Television	136,782
53,332	Skycity Entertainment Group	133,287
19,748	Summerset Gorup Holdings	35,235
6,013	Synlait Milk	12,394
36,332	Trade Me Group	85,418
8,922	Warehouse Group	17,930
5,754	Xero	59,856
21,861	Z Energy	65,196
		<b>2,231,694</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Singapore		
Holding	Security Description	Market Value €
74,000	Accordia Golf Trust	34,562
49,000	Aims Amp Capital Industrial	43,178
43,000	ARA Asset Management	45,522
70,000	Ascendas Hospitality Trust	29,643
63,000	Ascendas India Trust	32,171
90,000	Ascott Residence Trust	71,179
131,000	Asian Pay Television Trust	70,158
2,285	Avago Technologies	189,316
80,000	Biosensors International Group	29,144
21,000	Boustead Singapore	23,409

Singapore (continued)		
Holding	Security Description	Market Value €
6,688	BW LPG	38,758
64,000	Cache Logistics Trust	46,232
106,000	Cambridge Industrial Trust	44,887
11,092	Cape Plc	34,249
47,000	Capitaland	47,269
58,000	CDL Hospitality Trusts	62,847
269,000	Charisma Energy Services	4,523
40,000	Chip Eng Seng	21,049
91,000	Cosco Corporation Singapore	31,735
18,000	CWT	17,935
30,000	Dyna-Mac Holdings	6,072
112,800	Ezion Holdings	78,675
65,520	Ezra Holdings	21,421
80,000	Far East Hospitality Trust	40,603
145,100	Fibra Uno Administracion SA DE	353,088
45,765	First Real Estate Investment	35,767
51,000	First Resources	59,391
5,686	Flextronics International	52,359
45,000	Frasers Centrepont Trust	53,104
45,673	Frasers Commercial Trust	40,246
17,000	Frasers Hospitality Trust	9,422
264,000	GMG Global	10,193
94,873	Goodman Property Trust	69,665
171,813	Growthpoint Properties	336,519
314,000	GSH Coporation	15,057
43,000	Gucooleisure	23,966
19,000	Ho Bee Land	23,073
30,000	Hong Fok	15,413
16,000	Hong Leong Asia	12,953
2,169,800	Hutchison Port Trust	1,233,146
47,000	Hyflux	24,732
49,000	IGG	14,361
38,000	Indofood Agri Resources	17,157
617,189	iShares MSCI India	15,296,283
23,000	Japfa	7,878
64,000	K1 Ventures	7,453
153,000	Keppel	116,241
79,030	Kiwi Property Group	63,122
21,000	Krisenergy	8,239
146,000	Lippo Malls Indonesia Retail	30,913
114,000	Mapletree Commercial Trust	100,100
171,000	Mapletree Greater China	101,165
98,000	Mapletree Industrial Trust	90,628
134,000	Mapletree Logistics Trust	98,885
34,000	M1 Singapore	76,435
87,000	Midas Holdings	13,545
81,000	Neptune Orient Lines	42,371
20,000	Osim International	24,661
23,000	OUE	29,219
70,000	Oue Hospitality Trust	39,451
24,000	Pacc Offshore Services Holdings	8,145
16,000	Pacific Radiance	7,871
33,000	Parkway Life Real Estate	48,910
51,000	Perennial China Retail Trust	16,356
82,127	Precinct Properties New Zealand	62,951
15,000	QAF	9,014
74,000	Raffles Education	15,438

Singapore (continued)		
Holding	Security Description	Market Value €
22,000	Raffles Medical Group	53,294
3,034	Rec Solar ASA	34,226
50,000	Religare Health Trust	31,137
64,000	Rex International Holdings	15,145
33,000	Rotary Engineering	11,919
78,000	Rowsley	9,423
53,000	Sabana Shari'ah Compliant	31,025
62,000	Sats	117,761
36,000	Sheng Siong Group	15,469
60,000	Silverlake Axis	46,893
133,000	Singapore Post	159,024
95,500	Singhaiyi Group	8,623
69,000	Smart Corporation	67,891
55,000	Soilbuild Business Space Reit	27,058
124,000	Starhill Global Reit	61,776
39,000	Stats Chippac	11,658
40,000	Super Group Singapore	28,522
24,000	Tat Hong Holdings	11,209
44,200	Tiger Airways Holding	1,349
52,000	Tiger Airways Holdings	8,581
31,000	Tuan Sing Holdings	7,625
37,000	United Engineers	67,281
41,000	United Envirotech	41,107
24,000	Venture Corporation	117,624
31,000	Wheelock Properties Singapore	33,977
36,000	Wing Tai Holdings	36,655
54,000	Yanlord Land Group	34,973
79,000	Ying Li International Real Estate	12,053
58,000	Yoma Strategic Holdings	23,839
		<b>20,906,541</b>
<b>% of Total Investments</b>		<b>0.10%</b>
<b>Total Asia Pacific Equities</b>		<b>69,971,663</b>
<b>% of Total Investments</b>		<b>0.32%</b>

EMERGING MARKETS		
Brazil		
Holding	Security Description	Market Value €
6,900	Aes Tiete (Preference)	38,820
337,272	Ambev	1,712,173
192,524	Banco Bradesco	2,086,203
59,323	Banco do Brasil	437,826
10,123	Banco do Estado do Rio Grande (Preference)	45,575
45,119	BB Seguridade Participacoes	450,532
126,219	BM&F Bovespa	386,021
27,040	BR Malls Participacoes	137,941
13,800	Bradespar (Preference)	61,272
8,700	Braskem (Preference)	47,272
47,687	BRF - Brasil Foods	939,319
60,300	CCR	288,516
35,300	Centrais Eletricas Brasileiras (Preference)	73,324
10,832	Cetip - Mercados	108,296
10,685	Cia Brasileira de Distribuicao	327,215
20,673	Cia de Saneamento Basico	109,184
137,279	Cia de Saneamento Basico ADR	711,214

## Quoted Securities – Equities (continued)

Brazil (continued)		
Holding	Security Description	Market Value €
47,673	Cia de Saneamento Minas Gerais	194,499
9,583	Cia Energetica de Sao Paulo	79,772
8,700	Cia Paranaense de Energia (Preference)	96,976
44,900	Cia Siderurgica Nacional	77,791
47,922	Cielo	620,023
6,842	Cosan Industria e Comercio	61,288
11,600	CPFL Energia	66,595
17,000	Cyrela Brazil Real	58,379
20,824	Duratex	51,919
11,147	Ecorodovias Infraestrutura e Logística	36,895
24,300	EDP - Energias Do Brasil	67,678
45,401	Embraer	344,522
16,500	Estacio Participacoes	122,032
15,901	Fibra Celulose	160,506
56,300	Gerdau	167,465
28,822	Hypermarcas	149,001
117	Hypermarcas WTS	0
197,261	Itau Unibanco	2,119,176
233,404	Itausa - Investimentos	680,493
50,519	JBS	175,680
27,000	Klabin (Preference)	121,474
99,208	Kroton Educacional	477,450
6,391	Localiza Rent A Car	70,861
46,742	Lojas Americanas (Preference)	226,756
7,100	Lojas Renner	168,577
3,264	M Dias Branco	92,223
16,000	Metalurgica Gerdau	56,137
4,578	Multiplan Empreendimentos Imobiliários	67,433
10,400	Natura Cosméticos	102,847
17,667	Odontoprev	54,087
19,111	OI (Preference)	51,090
515,380	Petroleo Brasileiro (Preference)	1,574,769
6,343	Porto Seguro	59,871
18,489	Qualicorp	159,591
10,714	Raia Drogasil	84,329
26,700	Souza Cruz	160,165
9,265	Sul America	37,138
28,974	Suzano Papel E Celulose	101,207
20,144	Telefonica Brasil (Preference)	293,025
64,711	Tim Participacoes	236,686
6,120	Totvs	66,507
13,539	Tractebel Energia	142,213
10,574	Transmissora Alianca De Energia	61,854
21,600	Ultrapar Participacoes	345,055
27,700	Usinas Siderurgicas de Minas (Preference)	43,433
229,530	Vale	1,448,722
23,172	Weg	220,158
		<b>19,815,051</b>
% of Total Investments		<b>0.09%</b>

Chile		
Holding	Security Description	Market Value €
172,449	Aes Gener	75,748
144,281	Aguas Andinas	69,026
1,126,678	Banco de Chile	107,893
1,815	Banco Credito Inversiones	74,012
4,638,723	Banco Santander	191,596
4,337	CAP	15,841
68,067	Cencosud	140,357
8,844	Cervecerias Unidas	69,140
390,881	Colbun	86,004
11,634,458	Corpbanca	115,470
16,158	Embotelladora Andina	37,781
250,901	Empresa Nacional De Electricidad	314,857
75,121	Empresas CMPC	155,353
34,307	Empresas Copec	319,977
1,496,398	Enerdis	405,034
5,884	Entel Chile	48,851
19,827	Latam Airlines Group	190,737
5,228	Latam Airlines Group ADR	51,587
92,078	Saci Falabella	510,523
6,422	Quimica y Minera	128,935
33,208	Vina Concha y Toro	53,666
		<b>3,162,388</b>
% of Total Investments		<b>0.01%</b>

China		
Holding	Security Description	Market Value €
45,500	AAA Technologies	200,757
1,580,694	Agricultural Bank of China	657,993
150,000	Air China	99,873
228,000	Aluminum Corporation of China 'H'	86,919
88,000	Anhui Conch Cement	271,466
59,700	Anta Sports Products	86,853
108,000	AviChina	54,935
5,518,342	Bank of China	2,560,811
659,174	Bank of Communications	506,788
59,500	BBMG Corporation	41,006
736,000	Beijing Capital International Airport	486,915
44,000	BYD 'H'	141,807
637,429	China Citic Bank Corporation	421,027
300,000	China Coal Energy	154,826
303,000	China Communications Construction H	300,201
146,400	China Communications Services	56,589
5,126,629	China Construction Bank	3,467,838
147,000	China Cosco Holdings	59,787
109,770	China Galaxy Securities	113,419
286,000	China Hongxing Sports	20,482
48,114	China International Marine Containers	87,982
534,446	China Life Insurance	1,728,138
168,002	China Longyuan Power Group	143,971
74,259	China Medical System Holdings	101,094
102,976	China Mengniu Dairy	349,924
311,110	China Merchants	642,901
262,000	China Milk Products Group	78,293

China (continued)		
Holding	Security Description	Market Value €
437,400	China Minsheng Banking Corporation	473,769
176,000	China National Building Materials	140,920
138,527	China Oilfield Services H	198,001
193,843	China Pacific Insurance	811,024
1,836,071	China Petroleum and Chemical	1,218,588
103,000	China Railway Construction	108,064
226,000	China Railway Group	153,115
226,000	China Shenhua Energy	550,780
231,000	China Shipping Container Lines	60,099
279,000	China Sky Chemical Fibre	17,722
936,000	China Telecom	451,252
134,400	Chongqing Rural Commercial	68,934
87,757	Citic Securities	272,115
1,276,754	Cnooc	1,415,452
402,875	Country Garden	132,623
107,500	CSR	119,178
214,000	Datang International Power	94,763
210,527	Dongfeng Motor Group	245,470
362,000	ENN Energy	1,691,409
534,467	Evergrande Real Estate Group	178,212
237,000	Fih Mobile	87,834
109,800	Fosun International	118,463
440,339	Geely Automobile Holdings	115,497
607,000	GOME Electrical	73,482
81,250	Great Wall Motor Company	380,495
126,000	Guangzhou Automobile Group	94,463
66,000	Guangzhou R&F Properties	66,512
35,953	Haitian International Holdings	62,461
110,000	Haitong Securities	228,013
50,500	Hengan International Group	434,642
62,000	Hilong Holdings	11,917
85,720	Huadin Power International	61,898
208,000	Huaneng Power International H	231,479
5,255,709	Industrial & Commercial Bank	3,158,895
56,600	Intime Retail Group	33,778
700,000	Jiangsu Expressway	688,330
81,000	Jiangxi Copper H	114,399
459,102	Lenovo Group	497,275
106,900	Longfor Properties	113,405
57,000	New China Life Insurance	236,970
402,316	People's Insurance	155,082
1,515,305	Petrochina	1,383,840
236,898	PICC Property & Casualty	379,359
164,948	Ping An Insurance	1,385,514
1,419,503	Semiconductor Manufacturing	107,024
96,000	Shandong Electric Group	63,817
192,000	Shanghai Electric Group	84,205
60,400	Shanghai Pharmaceuticals Holding	112,244
33,000	Shenzhou International Group	89,710
251,333	Shui On Land	48,841
349,468	Sihuan Pharmaceutical Holdings	192,603
278,511	Sino-Ocean Land Holdings	130,427
90,517	Sinopec Engineering Group	50,367

## Quoted Securities – Equities (continued)

China (continued)		
Holding	Security Description	Market Value €
240,000	Sinopec Shanghai Petrochemical	57,853
79,641	Sinopharm Group	232,149
124,580	Sinotrans	68,395
114,500	Soho China	66,631
62,000	SPT Energy Group	9,415
149,500	Sun Art Retail Group	122,400
362,825	Tencent	4,334,481
136,000	Tingyi Cayman	255,912
28,460	Tsingtao Brewery	158,967
81,600	Uni-President China	61,869
410,900	Want Want China	445,938
31,200	Weichai Power	108,340
118,000	Yanzhou Coal Mining	82,326
674,000	Zhejiang Expressway H	644,870
30,200	Zhuzhou CSR Times Electric	145,115
345,000	Zijin Mining Group	80,599
33,600	ZTE	60,085
		<b>39,252,671</b>
	<b>% of Total Investments</b>	<b>0.18%</b>

Colombia		
Holding	Security Description	Market Value €
16,241	Almacenes Exito	164,913
5,516	Banco Davivienda (Preference)	53,900
22,380	Bancolombia	222,890
34,980	Cementos Argos	124,073
4,866	Corporacion Financiera Colombiana	67,617
363,798	Ecopetrol	263,137
28,870	Grupo Argos (Preference)	203,849
96,454	Grupo Aval Acciones y Valores (Preference)	42,933
24,804	Grupo de Inversiones Suramericana	343,532
22,059	Interconexion Electrica	66,200
51,293	Isaen	52,886
3,000	Pacific Rubiales Energy	15,338
		<b>1,621,268</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Cyprus		
Holding	Security Description	Market Value €
9,253	Deep Sea Supply	5,413
21,691	Prosafte	55,175
28,333	Songa Offshore	4,638
		<b>65,226</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Czech Republic		
Holding	Security Description	Market Value €
10,587	CEZ	225,596
1,060	Komerční Banka	181,157
7,710	O2 Czech Republic	64,771
		<b>471,524</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Egypt		
Holding	Security Description	Market Value €
48,609	Commercial International Bank (Egypt)	276,364
145,820	Global Telecom	68,596
64,045	Talaat Moustafa Group	72,988
23,350	Telecom Egypt	32,170
		<b>450,118</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Hungary		
Holding	Security Description	Market Value €
2,534	Mol Hungarian Oil & Gas Plc	92,714
16,344	OTP Bank	197,398
8,644	Richter Gedeon	96,839
		<b>386,951</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

India		
Holding	Security Description	Market Value €
8,539	Vedanta Resources	62,982
553,980	Zee Entertainment Enterprises	6,282
		<b>69,264</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Indonesia		
Holding	Security Description	Market Value €
855,500	Adaro Energy	59,015
26,500	Astra Agro Lestari	42,625
1,476,593	Astra International	727,222
905,616	Bank Central Asia	788,412
187,770	Bank Danamon	56,358
624,978	Bank Mandiri	446,675
564,761	Bank Negara Indonesia Persero	228,510
824,771	Bank Rakyat Indonesia Persero	637,337
434,000	Bumi Serpong Damai	51,961
30,000	Bumitama Agri	19,523
491,500	Charoen Pokphand Indonesia	123,233
433,000	Global Mediacom	40,927
35,000	Gudang Garam	140,918
23,000	Indo Tambangraya Megah	23,456
89,000	Indocement Tunggal Prakarsa	147,584
116,318	Indofoods CBP Sukses Makmur	101,071
250,000	Indofoods Sukses	111,932
213,603	Jasa Marga Persero	99,886
1,520,000	Kalbe Farma	184,504
1,217,000	Lippo Karawaci	82,338
91,000	Matahari Department Store	90,540
260,500	Media Nusantara Citra	43,889
778,200	Perusahaan Gas Negara	309,708
179,500	Semen Indonesia Persero	192,881
454,699	Surya Citra Media	105,561
71,500	Tambang Batubara	59,282
3,377,500	Telekomunikasi Indonesia	641,845
110,500	Unilever Indonesia	236,742
117,545	United Tractors	135,274
206,100	XL Axiata	66,508
		<b>5,995,717</b>
	<b>% of Total Investments</b>	<b>0.03%</b>

Liberia		
Holding	Security Description	Market Value €
1,432	Royal Caribbean Cruises	97,224
		<b>97,224</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Malaysia		
Holding	Security Description	Market Value €
84,900	AirAsia	54,371
63,500	Alliance Financial Group	70,268
105,000	AMMB	163,162
121,300	Astro Malaysia	86,535
195,196	Axiata Group	324,002
48,324	Berjaya Sports Toto	39,935
7,200	British American Tobacco Malaysia	110,357
102,600	Bumi Armada	26,331
392,400	CIMB	513,678
327,870	Dialog Group	115,792
213,464	Digi.com	310,096
68,700	Felda Global Ventures	35,261
91,500	Gamuda	107,931
135,000	Genting	281,932
231,199	Genting Malaysia	221,548
15,500	Genting Plantations	36,494
38,880	Hong Leong Bank	127,974
14,400	Hong Leong Finance	56,009
197,849	IHH Healthcare	224,527
90,200	IJM	139,527
202,800	IOI	229,190
101,400	IOI Properties Group	57,775
8,101	iProperty Group	14,641
28,100	Kuala Lumpur Kepong	150,844
23,200	Lafarge Malaysia	53,312
317,844	Malayan Banking	686,231
35,100	Malaysia Airports	56,196
172,463	Maxis	278,146
67,600	MISC	114,913
213,177	Petronas Chemicals	273,542
17,000	Petronas Dagangan	68,524
40,800	Petronas Gas	212,871
32,900	PPB	110,769
190,799	Public Bank	822,080
30,122	RHB Capital	54,041
242,900	Sapura Kencana Petroleum	132,679
201,233	Sime Darby	435,413
74,629	Telekom Malaysia	120,888
206,721	Tenaga Nasional	671,662
96,500	UEM	32,036
38,800	UMW	100,122
404,881	YTL	151,569
154,875	YTL Power International	53,967
		<b>7,927,141</b>
	<b>% of Total Investments</b>	<b>0.04%</b>

Mexico		
Holding	Security Description	Market Value €
209,693	ALFA	386,575
2,533,270	America Movil	2,325,155
1,700,000	America Movil Var RT	1,838,550

## Quoted Securities – Equities (continued)

### Mexico (continued)

Holding	Security Description	Market Value €
30,574	Arca Continental	159,715
850,695	Cemex	716,058
25,600	Coca Cola Femsa	181,442
25,000	Controladora Comercial Mexicana	73,008
11,500	El Puerto de Liverpool	95,158
57,333	Empresas Ica	232,335
140,231	Fomento Economico Mexicano	1,027,174
49,000	Genomma Lab Internacional SAB	76,950
68,300	Gentera	113,337
26,500	Grupo Aeroportuario del Pacifico	137,514
13,746	Grupo Aeroportuario del Pacifico ADR	715,548
13,000	Grupo Aeroportuario del Sureste	141,904
8,124	Grupo Aeroportuario del Sureste ADR	882,191
110,300	Grupo Bimbo	251,244
37,307	Grupo Carso	151,563
33,732	Grupo Comercial Chedraui	79,856
180,673	Grupo Financiero Banorte	821,062
176,285	Grupo Financiero Inbursa	375,698
140,922	Grupo Financiero Santander	243,231
254,413	Grupo Mexico	609,695
171,700	Grupo Televisa	966,611
8,265	Industrias Penoles	133,454
90,600	Kimberly Clark de Mexico	162,714
65,359	Mexichem	163,911
37,330	Minera Frisco	44,897
37,100	Ohl Mexico	56,788
16,500	Promotora y Operadora	163,810
385,501	Wal-Mart de Mexico	684,361
		<b>14,011,509</b>
<b>% of Total Investments</b>		<b>0.06%</b>

### Panama

Holding	Security Description	Market Value €
3,827	Carnival	142,886
		<b>142,886</b>
<b>% of Total Investments</b>		<b>0.00%</b>

### Peru

Holding	Security Description	Market Value €
11,551	Cia de Minas Buenaventura	90,954
16,803	Hochschild Mining	18,984
		<b>109,938</b>
<b>% of Total Investments</b>		<b>0.00%</b>

### Philippines

Holding	Security Description	Market Value €
126,061	Aboitiz Equity Venture	122,041
122,332	Aboitiz Power	96,408
273,183	Alliance Global	113,165
11,088	Ayala	141,360

### Philippines (continued)

Holding	Security Description	Market Value €
489,400	Ayala Land	302,976
87,459	Bank of The Philippine Islands	151,024
99,938	BDO Unibank	201,580
513,000	Energy Development	77,276
2,260	Globe Telecom	71,824
45,270	International Container Terminal Services	95,636
126,800	JG Summit	153,737
28,300	Jollibee Foods	111,773
1,157,800	Metro Pacific Investments	97,837
56,320	Metropolitan Bank & Trust	85,873
6,682	Philippine Long Distance Telephone	356,710
12,937	SM Investments	193,689
398,750	SM Prime	124,820
58,500	Universal Robina	210,633
		<b>2,708,362</b>
<b>% of Total Investments</b>		<b>0.01%</b>

### Poland

Holding	Security Description	Market Value €
2,374	Alior Bank	43,322
2,234	Bank Handlowy w Warszawie	55,913
29,039	Bank Millennium	56,404
9,780	Bank Pekao	408,988
2,054	Bank Zachodni WBK	180,251
1,038	CCC	32,428
18,334	Cyfrowy Polsat	100,826
15,232	Enea	54,181
5,153	Eurocash	45,824
6,321	Grupa Lotos	38,336
10,641	KGHM Polska Miedz	271,055
63	LPP	106,660
1,019	MBank	118,755
42,968	Orange Polska	83,660
58,180	PGE Polska Grupa Energetyczna	257,189
25,498	Polski Koncern Naftowy Orlen	291,904
122,148	Polskie Gornictwo Naftowe i Gazowe	127,202
64,259	Powszechna Kasa Oszczednosci Bank Polski	537,747
3,823	Powszechny Zaklad Ubezpieczen	434,798
48,520	Synthos	46,667
94,260	Tauron Polska Energia	111,395
		<b>3,403,505</b>
<b>% of Total Investments</b>		<b>0.02%</b>

### Russia

Holding	Security Description	Market Value €
418,165	Gazprom	1,600,385
36,567	Lukoil	1,192,815
20,688	Magnit	773,606
7,702	Megafon	87,417
45,262	MMC Norilsk Nickel	515,217
41,254	Mobile Telesystems	243,970

### Russia (continued)

Holding	Security Description	Market Value €
7,247	Novatek	467,972
74,526	Rosneft	216,124
13,519	Rostelecom	101,217
69,170	Rushydro	53,098
193,081	Sberbank of Russia	618,412
11,769	Severstal	88,212
10,360	Sistema	44,457
95,173	Surgutneftegas	346,141
15,841	Tatneft	319,664
16,532	Uralkali	152,162
156,685	VTB Bank	296,825
		<b>7,117,694</b>
<b>% of Total Investments</b>		<b>0.03%</b>

### South Africa

Holding	Security Description	Market Value €
77,602	African Bank Investments	6
6,203	African Rainbow Minerals	52,593
3,991	Anglo American Platinum	96,999
29,168	Anglogold Ashanti	211,352
25,583	Aspen Pharmacare	740,041
3,117	Assore	33,235
26,465	Barclays Africa Group	343,180
12,282	Barlworld	83,780
21,285	Bidvest	460,844
23,794	Discovery	188,856
7,598	Exxaro	56,030
206,480	Firststrand	743,959
11,656	Foschini	110,653
46,785	Gold Fields	174,369
36,221	Impala Platinum	195,566
12,584	Imperial	165,870
23,686	Investec	164,541
4,879	Kumba Iron	83,395
6,847	Liberty	59,853
69,268	Life Healthcare	211,032
41,664	Lonmin	95,107
7,789	Massmart	79,248
23,221	Mediclinic International	166,523
64,302	MMI	137,443
33,462	Mondi	451,086
5,572	Mota-Engil Africa	39,884
14,800	Mr Price	247,804
121,004	MTN	1,908,865
37,014	Nampak	115,035
28,169	Naspers	3,040,862
13,175	Nedbank	233,737
60,845	Netcare	164,519
14,785	Pick'N Pay Stores	55,431
29,333	PPC	57,473
46,827	Rand Merchant Insurance	136,324
241,036	Redefine Properties	183,757
35,468	Remgro	641,847
13,334	Resilient Property Income Fund	79,793
46,827	RMB	214,662
131,736	Sanlam	657,023
32,577	Sappi	97,949
39,482	Sasol	1,212,453

## Quoted Securities – Equities (continued)

South Africa		
Holding	Security Description	Market Value €
28,907	Shoprite	346,506
9,699	SPAR	111,507
88,082	Standard Bank	900,444
113,420	Steinhoff	480,015
11,746	Telcom	58,582
12,644	Tiger Brands	331,575
26,269	Truworths	144,640
24,355	Tsogo Sun Holdings	50,323
28,636	Vodacom	262,034
70,911	Woolworths	389,535
		<b>17,268,140</b>
<b>% of Total Investments</b>		<b>0.08%</b>

South Korea		
Holding	Security Description	Market Value €
195	Amorepacific Corporation	326,766
176	Amorepacific Group	132,585
15,181	BS Financial	166,157
4,438	Celltrion	130,145
6,450	Cheil Worldwide	83,741
846	CJ	99,620
550	CJ Cheiljedang	127,246
350	CJ Korea Express	51,781
4,184	Coway	265,922
1,620	Daelim Industrial	80,462
9,390	Daewoo Engineering	41,748
3,860	Daewoo International	91,634
10,993	Daewoo Securities	81,568
7,440	Daewoo Shipbuilding & Marine	104,737
1,519	Daum Kakao	141,718
1,460	DGB Financial RTS	1,918
6,990	DGB Financial	59,622
2,360	Dongbu Insurance	97,977
3,016	Doosan Heavy Industry	53,841
7,820	Doosan Infracore	57,375
1,572	E-Mart	240,879
3,227	Forhuman	27
2,791	GS Engineering & Construction	48,982
3,000	GS	90,580
3,700	Halla Visteon Climate Control	135,175
19,312	Hana Financial	466,473
4,899	Hankook Tire	194,880
5,100	Hanwha Chemical	45,426
11,880	Hanwha Life Insurance	74,340
3,220	Hite Jinro	56,510
1,036	Hotel Shilla	71,475
1,263	Hyosung	65,209
822	Hyundai Department Store	76,318
3,090	Hyundai Development Co-Engineering Construction	90,265
5,525	Hyundai Engineering & Construction	175,576
906	Hyundai Glovis	199,350
3,046	Hyundai Heavy Industries	264,410
3	Hyundai Hysco	165
4,390	Hyundai Marine & Fire Insurance	86,156

South Korea (continued)		
Holding	Security Description	Market Value €
3,221	Hyundai Merchant Marine	24,313
611	Hyundai Mipo Dock	32,146
4,871	Hyundai Mobis	867,721
15,467	Hyundai Motor	1,844,409
5,977	Hyundai Steel	286,488
969	Hyundai Wia	128,732
17,158	Industrial Bank of Korea	182,615
7,550	Kangwon Land	173,249
26,386	KB Financial Group	719,998
320	KCC	125,604
1,109	Kepco Plant Service & Engineering	66,717
19,003	Kia Motors	750,194
2,560	Korea Aerospace Industries	76,908
18,010	Korea Electric Power	580,485
1,854	Korea Gas	69,343
2,120	Korea Investment	77,612
514	Korea Zinc	156,551
559	Korean Reinsurance	4,557
50	KT Corporation	1,179
7,665	KT Corporation ADR	89,144
7,703	KT&G	442,481
868	Kumho Petrochemical	52,809
7,093	LG	327,666
3,862	LG Chemical	512,245
15,940	LG Display	404,877
7,849	LG Electronics	350,148
639	LG Household & Health Care	300,496
680	LG Innotek	57,745
15,850	LG Uplus	137,587
1,056	Lotte Chemical	127,536
49	Lotte Confectionery	65,836
843	Lotte Shopping Center	173,716
976	LS	40,004
1,030	LS Industrial Systems	46,493
1,659	Mirae Asset Securities	53,785
1,965	Naver	1,056,069
1,064	NCSOFT	146,172
6,384	NH Investment & Securities	49,393
1,302	Oci	77,247
209	Orion	160,126
4,674	Posco	971,986
1,170	S-1	62,880
9,221	Samsung C&T	428,058
2,416	Samsung Card	80,606
3,620	Samsung Electro Mechanics	149,467
9,116	Samsung Electronics	8,811,791
1,818	Samsung Engineering	52,010
2,601	Samsung Fire & Marine Insurance	554,637
11,330	Samsung Heavy Industries	170,617
4,474	Samsung Life Insurance	393,434
4,034	Samsung SDI	353,219
1,527	Samsung SDS	338,296
3,872	Samsung Securities	130,207
29,930	Shinhan Financial	1,004,218
447	Shinsegae	61,071
1,425	SK C&C	229,648

South Korea (continued)		
Holding	Security Description	Market Value €
1,959	SK Holdings	241,770
38,080	SK Hynix	1,372,524
3,985	SK Innovation	255,981
5,940	SK Networks	40,084
10	SK Telecom	2,023
8,752	SK Telecom ADR	194,705
2,660	S-Oil	97,180
21,160	Woori Finance	159,722
568	Yuhan	72,672
		<b>31,647,961</b>
<b>% of Total Investments</b>		<b>0.15%</b>

Thailand		
Holding	Security Description	Market Value €
60,900	Advanced Info Services	383,009
26,500	Airports of Thailand	187,246
48,500	Bangkok Bank	236,617
191,000	Bangkok Dusit Medical Services	82,315
106,000	Banpu	66,134
61,500	Bec World	78,589
354,700	BTS Group Holdings	85,764
81,800	Central Pattana	93,257
205,800	Charoen Pokphand Foods	140,517
267,000	CP All	284,327
23,800	Delta Electronics Thailand	42,042
47,600	Energy Absolute	29,817
30,000	Glow Energy	67,088
228,471	Home Product Center	47,228
95,178	Indorama Ventures	48,173
670,400	IRPC	51,401
115,700	Kasikornbank	663,876
239,125	Krung Thai Bank	136,009
96,300	Minor International Public	78,420
4,815	Minor International Public Company	586
89,564	PTT Exploration & Production	251,345
112,556	PTT Global Chemical	144,538
51,700	PTT	419,714
49,300	Siam Cement	555,089
131,679	Siam Commercial Bank	600,491
55,800	Thai Oil	58,722
31,400	Thai Union Frozen Products	71,203
439,923	True Corporation	122,354
		<b>5,025,871</b>
<b>% of Total Investments</b>		<b>0.02%</b>

Turkey		
Holding	Security Description	Market Value €
136,631	Akbank	417,805
12,283	Anadolufes	98,455
11,554	Arcelik	61,197
15,070	Bim Birlesik Magazalar	266,066
4,349	Coca Cola Icecek	77,551
177,862	Emlak Konut Gayrimenkul Yatirim	173,968
32,006	Enka Insaat	59,672
123,020	Eregli Demir Ve Celik	193,739
5,864	Ford Otomotiv Sanayi	67,399



## Quoted Securities – Equities (continued)

Turkey (continued)		
Holding	Security Description	Market Value €
66,054	Haci Omer Sabanci	236,740
38,452	KOC	168,363
27,332	Petkim Petrokimya	38,122
13,438	Tav Havalimanlari	90,631
14,676	Tofas Turk Otomobil Fabrikasi	82,656
7,334	Tupras Turkiye Petrol Rafinerileri	143,210
37,752	Turk Hava Yollari	128,373
29,975	Turk Telekomunikasyon	76,949
46,682	Turkcell Iletisim Hizmetleri A	235,718
154,061	Turkiye Garanti Bankasi	512,449
39,757	Turkiye Halk Bankasi	195,135
95,487	Turkiye Bankasi	227,254
47,458	Turkiye Sise Ve Cam Fabrikalar	60,998
41,819	Turkiye Vakiflar Bankasi	72,061
14,597	Ulker Biskuvi Sanayi	95,612
49,543	Yapi Ve Kredi Bankasi	85,546
		<b>3,865,669</b>
% of Total Investments		<b>0.02%</b>

Taiwan		
Holding	Security Description	Market Value €
155,000	Acer	86,539
372,359	Advanced Semiconductor Engineering	370,996
21,768	Advantech	133,488
112,582	Asia Cement	114,820
60,480	Asustek Computer	548,021
455,000	Au Optronics	192,756
54,000	Catcher Technology	348,091
610,612	Cathay Financial	749,692
50,820	Chailase	104,723
287,673	Chang Hwa Commercial Bank	136,539
133,241	Cheng Shin Rubber Industry	259,235
30,444	Chicony Electronics	70,457
154,842	China Airlines	58,714
1,123,507	China Development Financial	296,742
131,245	China Life Insurance	90,265
37,000	China Motor	27,044
882,327	China Steel	606,831
282,200	Chunghwa Telecom	693,692
25,933	Clevo	33,569
258,000	Compal Electronics	149,780
1,053,621	CTBC Financial	566,211
59,000	CTCI	77,762
138,000	Delta Electronic	680,2563
287,112	E.Sun Financial	147,535
10,400	Eclat Textile	87,301
59,000	Epistar	97,048
111,100	Eva Airways	64,353
16,363	Eva Airways Non Trade	2,204
92,399	Evergreen Marine	54,125
54,433	Far Eastern Department	40,141
184,327	Far Eastern New Century	151,356
96,000	Far Eastone Telecommunications	183,264
18,128	Farglory Land Development	17,896
606,421	First Financial Holding	295,757

Taiwan (continued)		
Holding	Security Description	Market Value €
245,730	Formosa Chemicals & Fibre	429,899
2,928	Formosa International Hotels	25,880
67,000	Formosa Petrochemical	120,369
308,240	Formosa Plastic	582,786
52,000	Formosa Tafeetta	42,699
48,620	Foxconn Technology	108,454
519,839	Fubon Group	689,222
20,000	Giant Manufacturing	146,967
2,000	Hermes Microvision	83,682
31,200	Highwealth Construction	52,136
10,324	Hiwin Technologies	71,544
905,943	Hon Hai Precision Industry	2,082,437
14,000	Hotai Motor	174,085
47,100	HTC	174,901
315,090	Hua Nan Financial Holdings	146,256
656,805	Innolux	264,508
194,000	Inotera Memories	254,676
136,620	Inventec	76,277
18,000	Kinsus Interconnect Technology	49,660
8,000	Largan Precision C	501,046
126,495	Lite-On Technology	120,408
102,341	Mediatek	1,236,442
721,211	Mega Financial	461,130
23,100	Merida Industry	129,575
313,100	Nan Ya Plastic	536,298
25,000	Novatek Microelectronics	116,370
124,000	Pegatron	236,715
8,000	Phison Electronics	45,816
120,000	Pou Chen	120,659
37,400	Powertech Technologies	53,009
39,000	President Chain Store	249,359
170,000	Quanta Computer	352,092
25,461	Radiant Opto-Electronics	67,581
26,787	Realtek Semiconductor	74,253
42,660	Ruentex Development	56,226
36,399	Ruentex Industries	63,489
333,224	Shin Kong Financial	78,513
175,000	Siliconware Precision Industries	219,436
13,310	Simplo Technology	54,820
447,298	Sinopac Financial	152,063
27,978	Standards Foods	51,215
93,000	Synnex Technology	112,116
576,388	Taishin Financial	196,701
193,953	Taiwan Business Bank	46,612
264,764	Taiwan Cement	300,491
307,771	Taiwan Cooperative Financial	131,189
41,000	Taiwan Fertilizer	59,827
65,521	Taiwan Glass	42,321
115,100	Taiwan Mobile	314,538
1,701,000	Taiwan Semiconductor Manufacturing	6,271,993
112,000	Teco Electric & Machinery	88,305
14,803	TPK	73,357
13,000	Transcend Information	33,554
39,385	TSRC	34,967
29,000	U-Ming Marine Transport	37,843

Taiwan (continued)		
Holding	Security Description	Market Value €
69,000	Unimicron Technology	43,576
356,898	Uni-President Enterprises	468,522
748,000	United Micro Electronics	288,520
92,000	Vanguard International Semiconductor	125,826
215,000	Walsin Lihwa	55,999
167,891	Wistron	126,006
107,400	WPG	103,496
96,800	Yang Ming Marine	42,654
694,644	Yuanta Financial	279,747
42,000	Yulon Motor	51,072
		<b>27,419,388</b>
% of Total Investments		<b>0.13%</b>

United Arab Emirates		
Holding	Security Description	Market Value €
3,225	Al Noor Hospitals Group	40,991
78,079	DP World	1,349,165
		<b>1,390,156</b>
% of Total Investments		<b>0.01%</b>
Total Emerging Markets Equities		<b>193,425,622</b>
% of Total Investments		<b>0.89%</b>

Global Low Volatiliy Equity Funds		
Holding	Security Description	Market Value €
32,077,925	Acadian Global Managed Volatility Fund	373,859,357
319,059	Unigestion Global Managed Volatility Fund	386,767,584
2,389,489	DWS Floating Rate Note	200,191,390
26,308	JP Morgan – Managed Reserves	199,958,588
873	Amundi Tresor 6 Mois	199,702,679
Total Global Low Volatiliy Equity Funds		<b>1,360,479,598</b>
% of Total Investments		<b>6.25%</b>

Equity Index Options		
Holding	Security Description	Market Value €
4,800	S&P 500 Index Put	12,928,095
25,400	DJ Euro Stoxx 50 Put	17,830,800
Total Equity Index Options		<b>30,758,895</b>
% of Total Investments		<b>0.14%</b>

Total Equities		<b>2,663,469,335</b>
% of Total Investments		<b>12.24%</b>

## Quoted Securities – Corporate Bonds

Australia		
Holding	Security Description	Market Value €
1,180,000	Amcor 4.625% 4/16/2019	1,369,779
1,580,000	Aurizon Network 2% 9/18/2024	1,609,407
2,490,000	Ausnet Services Holdings 2.375% 7/24/2020	2,683,100
2,850,000	National Australia Bank 2% 11/12/2020	3,079,351
2,670,000	Origin Energy Finance 2.875% 10/11/2019	2,838,627
1,640,000	Scentre Group Trust 3.25% 9/11/2023	1,889,810
1,070,000	Scentre Management Ltd 1.5% 7/16/2020	1,099,410
2,440,000	SGSP Australia Assets 2% 6/30/2022	2,547,990
980,000	Transurban Finance 2.5% 10/8/2020	1,004,818
		<b>18,122,292</b>
<b>% of Total Investments</b>		<b>0.08%</b>

Austria		
Holding	Security Description	Market Value €
500,000	Erste Group Bank 3.375% 3/28/2017	529,035
1,860,000	OMV 0.600% 11/19/2018	1,867,122
700,000	Verbund 4.750% 7/16/2019	825,075
1,200,000	Vienna Insurance Group Variable 10/9/2043	1,354,603
		<b>4,575,835</b>
<b>% of Total Investments</b>		<b>0.02%</b>

Belgium		
Holding	Security Description	Market Value €
2,800,000	Anheuser-Busch Inbev 2.25% 9/24/2020	3,046,411
1,800,000	Belgacom 2.375% 4/4/2024	1,994,094
400,000	Delhaize Group 3.125% 2/27/2020	441,560
800,000	KBC Groep Variable 11/25/2024	805,840
		<b>6,287,905</b>
<b>% of Total Investments</b>		<b>0.03%</b>

Brazil		
Holding	Security Description	Market Value €
117	Hypermarcas Debs Series 1 Variable 10/15/2015	36,829
117	Hypermarcas Series 2 11.3% 10/15/2018	30,761
1,900,000	Vale Sa 4.375% 03/24/2018	2,046,904
		<b>2,114,494</b>
<b>% of Total Investments</b>		<b>0.01%</b>

British Virgin Islands		
Holding	Security Description	Market Value €
1,750,000	Global Switch Holdings Ltd 5.5% 4/18/2018	2,014,584
		<b>2,014,584</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Canada		
Holding	Security Description	Market Value €
1,400,000	Total Capital Canada 2.125% 9/18/2029	1,471,931
		<b>1,471,931</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Cayman Islands		
Holding	Security Description	Market Value €
3,560,000	Hutchison Whampoa (Europe) 2.5% 6/6/2017	3,724,650
3,410,000	Hutchison Whampoa Finance 1.375% 10/31/2021	3,451,091
1,730,000	IPICT GMTN 2.375% 5/30/2018	1,812,175
700,000	IPICT GMTN 4.875% 5/14/2016	737,625
		<b>9,725,541</b>
<b>% of Total Investments</b>		<b>0.04%</b>

Czech Republic		
Holding	Security Description	Market Value €
289,000	CEZ 3.625% 5/27/2016	301,926
		<b>301,926</b>
<b>% of Total Investments</b>		<b>0.00%</b>

Denmark		
Holding	Security Description	Market Value €
1,500,000	Carlsberg Breweries 2.5% 5/28/2024	1,552,644
1,820,000	Danske Bank Variable 5/19/2026	1,878,386
1,270,000	Dong Energy 6.5% 5/7/2019	1,584,461
1,960,000	ISS Global 1.125% 1/9/2020	1,965,155
		<b>6,980,646</b>
<b>% of Total Investments</b>		<b>0.03%</b>

Finland		
Holding	Security Description	Market Value €
1,670,000	Teollisuuden Voima Oyj 2.5% 3/17/2021	1,754,769
		<b>1,754,769</b>
<b>% of Total Investments</b>		<b>0.01%</b>

France		
Holding	Security Description	Market Value €
900,000	Alstom 3% 7/8/2019	987,085
1,850,000	Autoroutes du Sud de La France 4.125% 4/13/2020	2,164,896
1,950,000	Axa Variable 4/16/2040	2,216,661
1,790,000	Axa Variable 5/20/2049	1,800,203
400,000	Axa Variable 7/4/2043	468,754

France (continued)		
Holding	Security Description	Market Value €
2,400,000	Banque Federale du Credit Mutuel 2.625% 3/18/2024	2,709,946
1,980,000	Banque Federale du Credit Mutuel 3% 5/21/2024	2,107,001
2,800,000	Banque Federative du Credit Mutuel 1.625% 1/11/2018	2,897,532
1,800,000	BNP Paribas Cardif Variable 11/29/2049	1,809,000
1,560,000	BNP Paribas 2.5% 8/23/2019	1,696,570
1,460,000	BNP Paribas 2.375% 5/20/2024	1,625,009
3,770,000	BNP Paribas 3% 2/24/2017	3,986,390
2,000,000	BNP Paribas Variable 3/20/2026	2,066,108
2,450,000	BNP Paribas Variable 10/14/2027	2,463,931
2,800,000	BPCE 2% 4/24/2018	2,938,090
4,200,000	BPCE 2.125% 3/17/2021	4,530,414
1,400,000	BPCE Varibale 7/8/2026	1,418,222
1,680,000	Carrefour 1.75% 7/15/2022	1,761,119
1,850,000	Carrefour 1.875% 12/19/2017	1,927,360
1,400,000	Casino Guichard Perrachon 2.798% 8/5/2026	1,464,694
1,800,000	Casino Guichard Perrachon 3.157% 8/6/2019	1,982,988
1,200,000	Casino Guichard Perrachon 3.248% 3/7/2024	1,331,880
1,180,000	Cie de St-Gobain 4.75% 4/11/2017	1,291,899
1,500,000	CNP Assurances Variable 9/14/2040	1,738,425
700,000	CNP Assurances Variable 11/29/2049	705,277
550,000	CNP Assurances Variable 12/29/2049	570,625
1,350,000	Credit Agricole 5.875% 6/11/2019	1,625,315
1,500,000	Credit Agricole London 2.375% 5/20/2024	1,666,650
2,300,000	Credit Agricole London 2.375% 11/27/2020	2,531,559
1,900,000	Credit Agricole London 3.875% 2/13/2019	2,160,144
1,400,000	Electricite de France 4.625% 4/26/2030	1,925,454
600,000	Electricite de France 2.75% 3/10/2023	683,101
2,800,000	Electricite de France 3.875% 1/18/2022	3,389,551
1,500,000	Electricite de France Variable 1/29/2049	1,611,405
1,400,000	Eutelsat SA 2.625% 1/13/2020	1,512,311
680,000	GDF Suez 1.5% 2/1/2016	689,543
3,200,000	GDF Suez Variable 6/29/2049	3,272,035
1,500,000	Holding D'Infrastructures 2.25% 3/24/202	1,560,987
2,300,000	HSBC France 1.625% 12/3/2018	2,403,031

## Quoted Securities – Corporate Bonds (continued)

France (continued)		
Holding	Security Description	Market Value €
700,000	Kering 2.5% 7/15/2020	762,307
1,740,000	Orange SA 4.75% 2/21/2017	1,901,677
2,600,000	Orange SA 1.875% 9/3/2018	2,727,356
1,600,000	Orange SA 3.125% 1/9/2024	1,851,258
1,810,000	Orange Variable 10/29/2049	1,882,349
1,300,000	Orange Variable 12/29/2049	1,425,125
1,800,000	Pernod Ricard 2% 6/22/2020	1,901,239
470,000	RCI Banque 1.75% 7/6/2016	478,475
2,100,000	Sanofi 1.75% 9/10/2026	2,189,548
1,500,000	Societe Des Autoroutes 1.875% 1/15/2025	1,534,290
1,400,000	Societe Generale 2.25% 1/23/2020	1,516,612
2,700,000	Societe Generale 3.75% 3/1/2017	2,897,008
300,000	Societe Generale 4% 6/7/2023	332,674
1,760,000	Sodexo 1.75% 1/24/2022	1,858,014
2,600,000	Sogecap Variable 12/29/2049	2,583,750
694,000	Veolia Environnement 5.125% 5/24/2022	889,578
1,300,000	Veolia Environnement 4.625% 3/30/2027	1,701,596
		<b>104,124,021</b>
<b>% of Total Investments</b>		<b>0.48%</b>

Germany		
Holding	Security Description	Market Value €
1,200,000	Allianz Variable 9/29/2049	1,202,244
2,720,000	Bayer Variable 7/1/2074	2,885,920
1,800,000	Bayer Variable 7/1/2075	1,852,110
1,900,000	Commerzbank 4% 9/16/2020	2,237,311
2,760,000	Daimler 2% 5/5/2017	2,869,172
3,600,000	Deutsche Bank 1.25% 9/8/2021	3,686,112
1,750,000	LBBW Variable 5/27/26	1,765,817
2,140,000	Merck KGaA Variable 12/12/2074	2,185,160
2,200,000	Munchener Ruckversicherungs Variable 6/29/2049	2,408,952
2,060,000	Volkswagen Leasing 1.125% 2/20/2023	2,115,867
		<b>23,208,665</b>
<b>% of Total Investments</b>		<b>0.11%</b>

Ireland		
Holding	Security Description	Market Value €
1,230,000	Cloverie for Zurich 1.75% 9/16/2024	1,286,306
600,000	Ervia 3.625% 12/4/2017	651,418
1,120,000	ESB Finance 4.375% 11/21/2019	1,309,483
1,000,000	ESB Finance 6.25% 9/11/2017	1,150,804
1,800,000	GE Capital European Funding 4.25% 3/1/2017	1,952,548
1,450,000	GE Capital European Funding 4.625% 2/22/2027	1,974,610
		<b>8,325,169</b>
<b>% of Total Investments</b>		<b>0.04%</b>

Italy		
Holding	Security Description	Market Value €
1,520,000	2i Rete 1.125% 1/2/2020	1,519,742
1,150,000	2i Rete 1.75% 7/16/2019	1,188,587
687,000	Acea 2.625% 7/15/2024	730,611
1,260,000	Assicurazioni Generali 2.875% 1/14/2020	1,378,929
1,700,000	Assicurazioni Generali Variable 12/12/2042	2,125,000
1,150,000	Atlantia 4.375% 3/16/2020	1,354,040
860,000	Atlantia 4.5% 2/8/2019	989,050
1,190,000	ENI 3.625% 1/29/2029	1,416,148
1,450,000	ENI 4% 6/29/2020	1,688,000
1,630,000	Hera 2.375% 7/4/2024	1,744,273
1,100,000	Hera 3.25% 10/4/2021	1,247,763
1,500,000	Intesa Sanpaolo 3.5% 1/17/2022	1,704,120
1,400,000	Intesa Sanpaolo 4.125% 1/14/2016	1,449,868
900,000	Intesa Sanpaolo 4.375% 10/15/2019	1,034,685
2,400,000	Intesa Sanpaolo 5% 2/28/2017	2,614,757
1,850,000	SNAM 2.375% 06/30/2017	1,931,494
1,410,000	SNAM 3.500% 02/13/2020	1,584,451
950,000	SNAM 3.875% 03/19/2018	1,044,236
1,430,000	Terna Rete Elettrica Nazionale 2.875% 2/16/2018	1,528,885
1,670,000	Terna Rete Elettrica Nazionale 4.125% 2/17/2017	1,798,152
1,200,000	Unicredit 3.25% 1/14/2021	1,312,205
1,800,000	Unicredit 3.625% 1/24/2019	1,974,499
1,500,000	Unicredit 4.875% 3/7/2017	1,628,229
920,000	Unione di Banche Italiane 2.875% 2/18/2019	979,633
		<b>35,967,357</b>
<b>% of Total Investments</b>		<b>0.17%</b>

Jersey Channel Islands		
Holding	Security Description	Market Value €
2,050,000	WPP 6.625% 5/12/2016	2,221,905
		<b>2,221,905</b>
<b>% of Total Investments</b>		<b>0.01%</b>

Luxembourg		
Holding	Security Description	Market Value €
2,770,000	Glencore Finance Europe 3.375% 9/30/2020	3,079,758
550,000	Glencore Finance Europe 7.125% 4/23/2015	560,155
1,720,000	Novartis Finance 1.625% 11/9/2026	1,784,448
1,200,000	Talanx Finanz Luxembourg Variable 6/15/2042	1,563,599
		<b>6,987,960</b>
<b>% of Total Investments</b>		<b>0.03%</b>

Mexico		
Holding	Security Description	Market Value €
1,600,000	America Movil 3.75% 6/28/2017	1,727,280
1,340,000	Petroleos Mexicanos 3.75% 4/16/2026	1,413,700
2,200,000	Petroleos Mexicanos 5.5% 1/9/2017	2,371,050
		<b>5,512,030</b>
<b>% of Total Investments</b>		<b>0.03%</b>

Netherlands		
Holding	Security Description	Market Value €
1,620,000	ABN Amro Bank 4.25% 4/11/2016	1,701,701
2,190,000	Achmea 2.5% 11/19/2020	2,376,680
1,320,000	Aegon Variable 4/25/2044	1,372,800
1,520,000	Airbus Group Finance 2.375% 4/2/2024	1,685,653
2,290,000	Alliander Variable 11/29/2049	2,407,363
2,000,000	Allianz Finance II 3.5% 2/14/2022	2,370,528
2,900,000	Allianz Finance II Variable 7/8/2041	3,458,294
1,540,000	ASML Holding 3.375% 9/19/2023	1,788,590
1,480,000	BAT Netherlands Finance 4% 7/7/2020	1,744,849
1,050,000	Bharti Airtel International 3.375% 5/20/2021	1,113,273
2,990,000	Bharti Airtel International 4% 12/10/2018	3,227,735
1,950,000	Cooperatieve Centrale Raiffeisen 4.125% 9/14/2022	2,252,102
1,860,000	Cooperatieve Centrale Raiffeisen Variable 5/26/2026	1,891,713
4,550,000	Cooperatieve Centrale Raiffeisen 4% 1/11/2022	5,548,953
1,880,000	Delta Lloyd 4.25% 11/17/2017	2,060,476
700,000	Deutsche Telekom 4.25% 3/16/2020	829,382
2,600,000	Deutsche Telekom 6% 1/20/2017	2,898,893
1,500,000	ELM for Swiss Life Insurance Variable 4/29/2049	1,596,750
1,860,000	Eneco Holding Variable BV 12/29/2049	1,860,000
1,970,000	Enel Finance 3.625% 4/17/2018	2,159,445
450,000	Enel Finance 4% 9/14/2016	476,879
1,480,000	Enel Finance 4.125% 7/12/2017	1,611,124
1,950,000	Enel Finance 5% 7/12/2021	2,428,175
1,000,000	Gas Natural Fenosa 3.875% 1/17/2023	1,197,224
1,100,000	Iberdrola International 4.5% 9/21/2017	1,218,230
3,800,000	ING Bank 3.25% 4/3/2019	4,236,962
2,735,000	ING Bank 4.25% 1/13/2017	2,949,744
1,620,000	ING Bank Variable 2/25/2026	1,746,878
1,550,000	ING Bank Variable 11/21/2023	1,636,800
1,250,000	ING Bank Variable 9/16/2020	1,266,560



## Quoted Securities – Corporate Bonds (continued)

Netherlands (continued)		
Holding	Security Description	Market Value €
500,000	Koninklijke KPN 3.25% 2/1/2021	563,199
2,550,000	Koninklijke KPN 7.5% 2/4/2019	3,246,553
750,000	Madrilena Red de Gas 3.779% 9/11/2018	827,020
1,505,000	Metro Finance 4.25% 2/22/2017	1,620,217
1,920,000	Petrobras Global Finance 2.75% 1/15/2018	1,756,800
2,750,000	Petrobras International Finance 4.875% 3/7/2018	2,701,875
800,000	Repsol International Finance 2.25% 12/10/2026	800,258
1,000,000	Repsol International Finance 4.25% 2/12/2016	1,041,499
1,200,000	Robert Bosch Investment 2.625% 5/24/2028	1,371,600
1,150,000	SABIC Capital I 2.75% 11/20/2020	1,243,265
2,460,000	Shell International 1.625% 1/20/2027	2,489,235
870,000	Tennet Holding 2.125% 11/1/2020	934,122
2,500,000	Volkswagen Variable 9/29/2049	2,755,250
2,330,000	Wolters Kluwer 2.875% 3/21/2023	2,640,799
		<b>87,105,447</b>
	<b>% of Total Investments</b>	<b>0.40%</b>

New Zealand		
Holding	Security Description	Market Value €
1,630,000	BNZ International Funding 1.25% 5/23/2018	1,664,455
		<b>1,664,455</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Norway		
Holding	Security Description	Market Value €
1,080,000	DNB Bank ASA Variable 9/26/2023	1,129,246
		<b>1,129,246</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Slovakia		
Holding	Security Description	Market Value €
1,340,000	SPP-Distribucia 2.625% 1/31/2022	1,410,243
		<b>1,410,243</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

South Korea		
Holding	Security Description	Market Value €
2,130,000	Korea Gas Corporation 2.375% 4/15/2019	2,273,136
		<b>2,273,136</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Spain		
Holding	Security Description	Market Value €
1,900,000	Banco Popular Espanol 2.125% 10/8/2019	2,020,492
1,000,000	BBVA Senior Finance 2.375% 1/22/2019	1,065,392
1,700,000	Caixabank 3.125% 5/14/2018	1,833,205
950,000	Gas Natural Capital 4.375% 11/2/2016	1,018,383
1,000,000	Gas Natural Capital 5.375% 5/24/2019	1,200,309
100,000	Iberdrola Finanzas 4.625% 4/7/2017	109,282
1,400,000	Santander International Debt 4% 3/27/2017	1,504,608
1,400,000	Santander International Debt 4.625% 3/21/2016	1,469,112
2,100,000	Telefonica Emisiones 2.242% 5/27/2022	2,248,029
1,900,000	Telefonica Emisiones 4.71% 1/20/2020	2,260,658
800,000	Telefonica Emisiones 5.811% 9/5/2017	910,931
		<b>15,640,402</b>
	<b>% of Total Investments</b>	<b>0.07%</b>

Sweden		
Holding	Security Description	Market Value €
1,200,000	Alfa Laval Treasury International 1.375% 9/12/2022	1,223,674
2,520,000	Energa Finance AB 3.25% 3/19/2020	2,755,950
500,000	Nordea Bank 4% 3/29/2021	574,532
1,990,000	Nordea Bank 4% 7/11/2019	2,302,727
2,380,000	PGE Sweden 1.625% 6/9/2019	2,440,174
1,920,000	Skandinaviska Enskilda Banken Variable 5/8/2026	1,974,478
1,100,000	SKF 3.875% 5/25/2018	1,219,324
650,000	Svenska Cellulosa 2.5% 6/9/2023	719,429
1,210,000	Svenska Handelsbanken Variable 1/15/2024	1,261,669
		<b>14,471,957</b>
	<b>% of Total Investments</b>	<b>0.07%</b>

Switzerland		
Holding	Security Description	Market Value €
1,700,000	Credit Suisse Variable 9/18/2025	1,920,998
2,790,000	Credit Suisse AG (London) 1.375% 1/31/2022	2,867,813
3,180,000	Credit Suisse AG (London) 1.375% 11/29/2019	3,286,180
1,700,000	UBS Variable 2/12/2026	1,820,275
2,560,000	UBS London 1.25% 9/3/2021	2,638,459
		<b>12,533,725</b>
	<b>% of Total Investments</b>	<b>0.06%</b>

United Arab Emirates		
Holding	Security Description	Market Value €
4,490,000	Glencore Finance Dubai Step 5/19/2016	4,562,469
1,600,000	Glencore Finance Dubai Step 11/19/2018	1,687,250
		<b>6,249,718</b>
	<b>% of Total Investments</b>	<b>0.03%</b>

United Kingdom		
Holding	Security Description	Market Value €
3,980,000	Anglo American Capital 1.75% 11/20/2017	4,083,209
2,710,000	Anglo American Capital 2.5% 9/18/2018	2,851,551
2,750,000	Aviva Variable 9/29/2049	2,814,900
2,470,000	Barclays Bank 2.125% 2/24/2021	2,668,460
1,580,000	Barclays Bank 6% 1/14/2021	1,936,916
2,090,000	BG Energy Capital 2.25% 11/21/2029	2,129,125
2,130,000	BG Energy Capital Variable 11/30/2072	2,332,350
3,030,000	BP Capital Markets 2.972% 2/27/2026	3,402,484
2,150,000	Brambles Finance 4.625% 4/20/2018	2,426,066
1,410,000	Compass Group 1.875% 1/27/2023	1,495,407
1,320,000	Compass Group 3.125% 2/13/2019	1,461,763
2,500,000	FCE Bank 1.875% 5/12/2016	2,547,425
2,220,000	FCE Bank 1.875% 6/24/2021	2,302,948
1,370,000	Glaxosmithkline Capital 0.625% 12/02/2019	1,379,756
1,790,000	HSBC Bank 3.125% 11/15/2017	1,932,638
1,400,000	HSBC Holdings 6% 6/10/2019	1,674,037
2,010,000	HSBC Holdings Variable 1/10/2024	2,136,923
1,130,000	Imperial Tobacco Finance 4.5% 7/5/2018	1,279,524
1,840,000	Imperial Tobacco Finance 5% 12/2/2019	2,201,072
1,290,000	Lloyds Bank 1% 11/19/2021	1,304,552
1,600,000	Lloyds Bank 1.875% 10/10/2018	1,681,203
2,900,000	Lloyds Bank 6.5% 3/24/2020	3,572,353
1,500,000	NGG Finance Variable 6/18/2076	1,625,222
1,020,000	Pearson Funding Five 1.875% 5/19/2021	1,070,082
1,680,000	Royal Bank of Scotland 1.5% 11/28/2016	1,708,024
1,850,000	Royal Bank of Scotland 4.75% 5/18/2016	1,958,151
1,010,000	Royal Bank of Scotland 5.5% 3/23/2020	1,251,729
1,060,000	Sky 1.5% 9/15/2021	1,078,306
2,000,000	Sky 1.875% 11/24/2023	2,061,536
1,780,000	SSE Variable 9/29/2049	1,929,128

## Quoted Securities – Corporate Bonds (continued)

United Kingdom (continued)		
Holding	Security Description	Market Value €
3,660,000	Standard Chartered 1.625% 6/13/2021	3,754,428
2,500,000	Tesco Corporate Treasury 1.25% 11/13/2017	2,454,663
2,330,000	Tesco Corporate Treasury 1.375% 7/1/2019	2,219,642
600,000	Tesco Corporate Treasury 2.125% 11/12/2020	580,213
		<b>71,305,786</b>
<b>% of Total Investments</b>		<b>0.33%</b>

United States		
Holding	Security Description	Market Value €
1,750,000	3M 1.5% 11/9/2026	1,787,548
3,190,000	American Honda Finance 1.875% 9/4/2019	3,390,396
810,000	Apple 1% 11/10/2022	820,097
1,200,000	Apple 1.625% 11/10/2026	1,225,030
2,020,000	AT&T 1.45% 6/1/2022	2,063,333
2,155,000	AT&T 2.4% 3/15/2024	2,324,292
1,720,000	Bank of America 1.375% 9/10/2021	1,751,940
2,400,000	Bank of America 4.625% 8/7/2017	2,653,884
1,800,000	Citigroup 1.75% 1/29/2018	1,866,679
2,130,000	Citigroup 2.125% 9/10/2026	2,219,528
1,995,000	Citigroup 2.375% 5/22/2024	2,156,447
600,000	Coca-Cola 1.875% 9/22/2026	631,529
1,170,000	Goldman Sachs 2.625% 8/19/2020	1,272,955
450,000	Goldman Sachs 3.25% 2/1/2023	512,383
2,550,000	Goldman Sachs 6.375% 5/2/2018	3,025,736
2,040,000	Illinois Tool Works 1.75% 5/20/2022	2,152,033
2,450,000	IBM 1.875% 11/6/2020	2,621,108
1,700,000	JPMorgan Chase 1.875% 11/21/2019	1,804,635
1,485,000	JPMorgan Chase 2.75% 2/1/2023	1,674,902
1,650,000	JPMorgan Chase 3% 2/19/2026	1,913,353
1,400,000	JPMorgan Chase Bank Variable 11/30/2021	1,469,373
1,600,000	Lehman Brothers 4.25% 9/26/2016	160
1,200,000	Lehman Brothers 4.625% 3/14/2019	120
1,950,000	Merck & Co 1.125% 10/15/2021	1,999,920
1,330,000	Merck & Co 2.5% 10/15/2034	1,465,253
2,250,000	Metropolitan Life Global Funding 4.625% 5/16/2017	2,470,014
2,940,000	Mondelez International 1.125% 1/26/2017	2,979,126
2,140,000	Morgan Stanley 1.875% 3/30/2023	2,215,170
2,500,000	Morgan Stanley 2.375% 3/31/2021	2,685,300

United States (continued)		
Holding	Security Description	Market Value €
1,400,000	Morgan Stanley 4.5% 2/23/2016	1,464,130
2,060,000	Oracle 2.25% 1/10/2021	2,245,276
1,370,000	PepsiCo 2.625% 4/28/2026	1,551,618
1,430,000	Philip Morris 2.125% 5/30/2019	1,528,850
1,730,000	Prologis 1.375% 10/7/2020	1,752,127
1,250,000	Prologis 3.375% 2/20/2024	1,425,003
470,000	SES Global Americas Holdings 1.875% 10/24/2018	492,969
1,720,000	Simon Property Group 2.375% 10/2/2020	1,862,530
2,480,000	Verizon Communications 1.625% 3/1/2024	2,513,257
1,720,000	Verizon Communications 2.625% 12/1/2031	1,768,934
1,500,000	Verizon Communications 3.25% 2/17/2026	1,733,850
1,690,000	Walgreens Boots Alliance 2.125% 11/20/2026	1,722,130
3,050,000	Wal-Mart Stores 2.55% 4/8/2026	3,424,418
2,210,000	Wells Fargo 2.25% 9/3/2020	2,399,096
1,750,000	Wells Fargo 2.625% 8/16/2022	1,964,232
		<b>81,000,664</b>
<b>% of Total Investments</b>		<b>0.37%</b>
<b>Total Quoted Corporate Bonds</b>		<b>534,481,810</b>
<b>% of Total Investments</b>		<b>2.46%</b>

## Unquoted Securities – Corporate Bonds

Ireland		
Holding	Security Description	Market Value €
100,000,000	Bank of Ireland Variable 6/12/2027	99,272,711
20,071,048	Housing Finance Agency 4% 4/3/2015	43,353,464
19,450,000	European Investment Bank 01/08/2027	21,447,515
12,500,000	European Investment Bank 01/08/2032	13,260,000
13,650,000	European Investment Bank 01/08/2037	13,921,635
47,000,000	DAA Finance 6.587% 7/9/2018	56,071,000
Total Unquoted Corporate Bonds		247,326,325
% of Total Investments		1.14%

## Unquoted Securities – Other Bonds

Ireland		
Commitment €m	Security Description	Market Value €
150	Bluebay Ireland Corporate Credit 1 Limited Super Senior Notes	60,000,000
8	Bluebay Ireland Corporate Credit 1 Limited Senior Notes	3,000,000
42	Bluebay Ireland Corporate Credit 1 Limited Subordinated Notes	16,900,000
Total Other Bonds		79,900,000
% of Total Investments		0.37%

## Unquoted Securities – Other Debt

Ireland		
Commitment €m	Security Description	Market Value €
300	Irish Water Loan	307,709,391
0	Loan to Irish Infrastructure	13,376,647
Total Other Debt		321,086,038
% of Total Investments		1.48%

## Unquoted Securities – Property

Commitment €m	Security Description	Market Value €
38	Apollo Domestic Emerging Markets Fund	27,229,617
0	Ardawn II Loan Notes	3,723
14	Asian Retail Mall II	40,088
30	Berkshire Multifamily Value Fund	3,514,383
31	Blackrock Japan Core Plus Fund	3,420,693
58	Broadway Partners Value Added Fund	357,884
37	CBRE Strategic Partners UK FD III LP	4,343,179
37	CBRE Strategic Partners UK II	0
44	CBRE Strategic Partners US IV Blocker LP	4,187,485
18	Composition Capital Asia Fund	7,730,377
0	Crystal UK Development Fund	55,570
30	CT Large Loan 2006	1,904,263
15	French Development Venture II	63,877
35	Forum Asian Realty Income II	8,925,294
44	Forum European Realty Income II GP	17,627,890
30	Grosvenor French Retail Feeder Investment	27,396,006
50	Madison Marquette Retail Enhancement Fund	36,341,774
45	Morgan Stanley Real Estate Fund V International	3,721,537
82	Morgan Stanley Real Estate Fund V US	10,348,227
80	Morgan Stanley Real Estate Fund VI International	20,531,849
37	PRECO III (UK) LP	14,873,605
0	Rockspring Pan European Fund	456,015
39	Silverpeak Real Estate Partners II	19,989,415
75	Tishman Speyer European Real Estate Venture VI	18,132,469
45	Tishman Speyer Real Estate VI Fund	14,979,238
<b>914</b>	<b>Total Unquoted Property Investments</b>	<b>246,174,458</b>
	<b>% of Total Investments</b>	<b>1.13%</b>

## Unquoted Securities – Private Equity

Commitment €m	Security Description	Market Value €
0	Act 2001 - BIAM Venture	207,501
0	Allianz Irish Life	360,091
23	Arch Venture Fund VIII	724,812
10	Atlantic Bridge II	10,621,700
20	Atlantic Bridge III	2,000
0	Bank of Ireland Unlisted Fund	20,218
0	Better Capital (Ireland)	0
0	Canford Healthcare	175,889
125	Carlyle Cardinal Ireland	7,144,410
41	China Ireland Growth Technology Fund	5,966,906
25	CVC European Equity Partners	12,592,899
1	Delta Equity Fund II	555,115
23	Delta Equity Fund III	12,459,668
0	Delta Equity Fund No.2	155,076
0	Delta I 9900777	100,224
20	DFJ Espirit Capital III	26,316,703
9	Draper Fisher Jurveston	12,605,349
30	Fortress IW Coinvestment Fund	0
15	Fountain Healthcare Partners Fund I	8,389,213
13	Fountain Healthcare Partners Fund II	1,397,732
10	Highland Europe Technology Growth	7,943,799
0	ICC Private Equity Fund	38,527
1	KBI Venture Capital Fund	85,577
10	Lightstone Ventures LP	1,507,913
37	OCM Opportunities Fund VIIb	5,934,084
41	Polaris Partners VII	6,809,991
39	Polaris Venture Partners VI	34,262,559
15	Seroba Kernel Life Sciences Fund II	12,604,041
10	Sofinnova Venture Partners VIII	8,305,754
20	Strategic Investors Fund V	15,108,048
20	Strategic Investors Fund VI	5,710,831
18	Ulster Bank Diageo Venture Fund	10,913,019
39	WestSummit Global Technology	31,712,878
	Provision	(1,436,752)
<b>615</b>	<b>Total Private Equity Investments</b>	<b>240,068,775</b>
	<b>% of Total Investments</b>	<b>1.10%</b>

## Unquoted Securities – Infrastructure Fund

Commitment €m	Security Description	Market Value €
250	Irish Infrastructure Trust	75,611,520
<b>250</b>	<b>Total Infrastructure Fund Investments</b>	<b>75,611,520</b>
	<b>% of Total Investments</b>	<b>0.35%</b>

## Other Investments

Commodity Investments		
Holding	Security Description	Market Value €
4,416,745	Fundlogic Global Solutions	280,771,247
		<b>280,771,247</b>
	<b>% of Total Investments</b>	<b>1.29%</b>
Other Investment Funds		
Holding	Security Description	Market Value €
61,612	Bridgewater Pure Alpha Euro	114,317,176
66,442	Bridgewater Pure Alpha Major Markets II	77,498,796
668,206	Generation IM Global Equity	145,751,806
		<b>337,567,778</b>
	<b>% of Total Investments</b>	<b>1.55%</b>
Currency Funds		
Holding	Security Description	Market Value €
800,000	J.P. Morgan Asset Management Europe	81,544,000
		<b>81,544,000</b>
	<b>% of Total Investments</b>	<b>0.37%</b>
Forestry Funds		
Holding	Security Description	Market Value €
20,000,000	ALBIM 1st Forestry Fund	26,808,737
16,210	ILIM- Irish Forestry Unit Trust	119,072
		<b>26,927,809</b>
	<b>% of Total Investments</b>	<b>0.12%</b>
<b>Total Other Investments</b>		<b>726,810,834</b>
	<b>% of Total Investments</b>	<b>3.34%</b>

## Cash Deposits and Other Cash Investments

Deposits and Cash		
Security Description		Market Value €
	Euro	211,393,916
	US Dollar	21,656,336
	Other Currencies	1,627,058
	Sterling	4,205,785
	Japanese Yen	58
		<b>238,883,153</b>
	<b>% of Total Investments</b>	<b>1.10%</b>
Cash Enhancement Investments		
Holding	Security Description	Market Value €
200	Belgian Treasury Bills	200,008,000
200	French Treasury Bills	200,004,500
450	Italian Treasury Bills	449,716,250
450	Spanish Treasury Bills	449,925,000
150	Goldman Sachs International Senior Secured Note	150,000,000
		<b>1,449,653,750</b>
	<b>% of Total Investments</b>	<b>6.66%</b>

## Cash Deposits and Other Cash Investments (continued)

Unrealised Gains/Losses	
Security Description	Market Value €
Unrealised Loss on Foreign Exchange Contracts	(47,424,301)
Unrealised Loss on Futures Contracts (Note 1)	(6,197,454)
	<b>(53,621,755)</b>
<b>% of Total Investments</b>	<b>-0.25%</b>
<b>Total Cash Deposits and Other Cash Investments</b>	<b>1,634,915,148</b>
<b>% of Total Investments</b>	<b>7.51%</b>

## Directed Investments

Directed Investments		
Holdings	Security Description	Market Value €
522,555,689,981	Allied Irish Banks	7,158,447,508
3,500,000,000	Allied Irish Banks Preference Shares	4,552,333,333
4,512,323,039	Bank of Ireland	1,412,357,111
		<b>13,123,137,952</b>
	<b>% of Total Investments</b>	<b>60.29%</b>

Cash		
Holdings	Security Description	Market Value €
	Euro	1,108,922,278
		<b>1,108,922,278</b>
	<b>% of Total Investments</b>	<b>5.09%</b>

Repurchase Agreements		
Holdings	Security Description	Market Value €
382,660,000	Ireland Government Repurchase Agreement 14-JAN-15	382,660,000
382,660,000	Ireland Government Repurchase Agreement 21-JAN-15	382,660,000
		<b>765,320,000</b>
	<b>% of Total Investments</b>	<b>3.52%</b>

<b>Total Directed Investments</b>	<b>14,997,380,230</b>
<b>% of Total Investments</b>	<b>68.90%</b>
<b>Total Investments</b>	<b>21,767,224,471.91</b>
<b>% of Total Investments</b>	<b>100.00%</b>

Note 1 : Open Futures 31 December 2014

Contracts	Security Description	Unrealised Profit & Loss
(80)	Euro-Bobl Contracts (Expiring March 2015)	(62,800)
(40)	Euro-Bund Contracts (Expiring March 2015)	(111,000)
(1,500)	DJ Euro Stoxx Index Contracts (Expiring March 2015)	(3,135,000)
(1,010)	S&P 500 Mini Contracts (Expiring March 2015)	(2,888,745)
<b>Total Futures</b>		<b>(6,197,545)</b>

# Investment Managers

Investment Type	Mandate	Manager	Value €
Equity			
Passive	Global	Blackrock Advisors (UK)	997
Active	Global	Generation Investment Management	146
Active low volatility	Global	Unigestion	387
Active low volatility	Global	Acadian Asset Management	374
<b>Total Equity</b>			<b>1,903</b>
Futures			
Short Position	Global	Citigroup Global Markets Limited	(132)
<b>Total Futures</b>			<b>(132)</b>
Options			
Equity Options	Global	National Treasury Management Agency	31
<b>Total Options</b>			<b>31</b>
Fixed Income			
Active	Corporate Bonds	Deutsche Asset Management International GmbH	565
Active	Eurozone Inflation linked Bonds	National Treasury Management Agency	204
Long term receivables	Global	National Treasury Management Agency	368
Strategic	Ireland	National Treasury Management Agency	309
SME	Ireland	Bluebay Asset Management	64
<b>Total Fixed Income</b>			<b>1,509</b>
Cash			
Cash	Ireland	National Treasury Management Agency	175
Exposure From Equity Futures	Global	Citigroup Global Markets Limited	132
Short Duration Fund	Global	Amundi Asset Management	200
Short Duration Fund	Global	JP Morgan Asset Management	200
Short Duration Fund	Global	Deutsche Asset Management	200
HFA Bond	Ireland	National Treasury Management Agency	43
Structured Note	Eurozone	Goldman Sachs Asset Management International	150
Sovereign Bills	Eurozone	National Treasury Management Agency	1,300
Currency Forwards	Global	National Treasury Management Agency	(12)
Margin for Futures	Global	Citigroup Global Markets Limited	20
Transition	Global	Legacy Managers	1
<b>Total Cash Assets</b>			<b>2,410</b>
Infrastructure			
Passive	Global	Listed:Blackrock	279
Strategic Irish	Irish	Dublin Waste to Energy (Covanta)	0
Strategic Irish	Irish	Irish Infrastructure Fund	89
<b>Total Infrastructure</b>			<b>368</b>
Commodity			
Forestry	Ireland	Davy Group	27
Active	Global	Fund Logic / Morgan Stanley	281
<b>Total Commodity</b>			<b>308</b>



Investment Type	Mandate	Manager	Value €
<b>Absolute Return</b>			
Active	Currency	JP Morgan Asset Management	82
Active	Global Macro	Bridgewater Associates	192
<b>Total Absolute Return</b>			<b>273</b>

<b>Private Equity</b>			
Buyout	Global	CVC Capital Partners	13
Venture Capital	Ireland	Atlantic Bridge	11
Other	US and Europe	Oaktree Capital Management	6
Venture Capital	Global	Silicon Valley Bank	21
Venture Capital	Ireland	Delta Partners	12
Venture Capital	Ireland	Fountain Healthcare Partners	10
Venture Capital	Ireland	Seroba Kernel Lifesciences	13
Venture Capital	Ireland	NCB	11
Venture Capital	Innovation Fund Ireland	Draper, Fisher, Jurvetson	13
Venture Capital	Innovation Fund Ireland	DFJ Esprit	26
Venture Capital	Innovation Fund Ireland	Highland Europe	8
Venture Capital	Innovation Fund Ireland	Polaris Ventures	41
Venture Capital	Innovation Fund Ireland	Sofinnova Venture Partners	8
Venture Capital	Innovation Fund Ireland	Lightstone Ventures	2
SME	Ireland	Bluebay Asset Management	17
SME	Ireland	Carlyle Cardinal Ireland	7
Venture Capital	Ireland/China	Summit Bridge Capital	6
Venture Capital	Global	WestSummit Capital	32
Venture Capital	IFI	Arch Venture Fund VIII Lp	1
<b>Total Private Equity</b>			<b>256</b>

<b>Property</b>			
Core	Europe	Grosvenor	27
Opportunistic	Asia	Composition Capital	8
Opportunistic	Europe and Asia	Forum Partners	27
Opportunistic	Global	Morgan Stanley	35
Opportunistic	Global	Silverpeak	20
Opportunistic	US	Broadway Partners	0
Opportunistic	US	Capital Trust	2
Opportunistic	US and Europe	Tishman Speyer	33
Value Add	Europe	Rockspring PIM	0
Value Add	Europe and US	CBRE Investors	9
Value Add	US	Berkshire	4
Value Add	US	Madison Marquette	36
Value Add	US	Apollo Domestic Emerging	27
Opportunistic	US & Europe	PRECO III (UK) L P	15
Other	Global	Various	4
<b>Total Property</b>			<b>246</b>

<b>Total Discretionary Portfolio</b>			<b>7,171</b>
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