



**National Pensions Reserve Fund
Commission**

'06

Annual Report and Financial Statements



**National Pensions Reserve Fund
Commission**

Treasury Building,
Grand Canal Street, Dublin 2, Ireland.

Telephone: (353 1) 664 0800

Fax: (353 1) 664 0890

8 May 2007

Mr. Brian Cowen, T.D.,
Minister for Finance,
Government Buildings,
Upper Merrion Street,
Dublin 2

Dear Minister,

I have the honour to submit to you the Report and Accounts of the National Pensions Reserve Fund Commission for the year ended 31 December 2006.

Yours sincerely,

Paul Carty,
Chairman

About the National Pensions Reserve Fund

The National Pensions Reserve Fund (NPRF) was established in April 2001 under the National Pensions Reserve Fund Act, 2000. Its objective is to meet as much as possible of the costs of social welfare and public service pensions from 2025 onwards when these costs are projected to increase dramatically due to the ageing of the population.

The Government is required to invest 1% of GNP in the Fund annually. No money can be taken from the Fund before 2025. From then on, drawdowns will continue until at least 2055 under rules to be made by the Minister for Finance. By spreading the Exchequer burden arising from Ireland's additional pension commitments over a lengthy period, these drawdowns will contribute to the long-term sustainability of the pension system.

The Fund is controlled and managed by the National Pensions Reserve Fund Commission. The Commission is required to operate the Fund on a commercial basis so as to secure the best possible financial return subject to prudent risk management.

The National Treasury Management Agency (NTMA) has been appointed the Manager of the Fund until April 2011 and the Commission is required to perform its functions through the Manager.

More information is available at the Fund's website: www.nprf.ie

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From the Chairman

2006 saw the National Pensions Reserve Fund deliver its fourth consecutive year of strong investment performance, against a favourable global economic backdrop marked by continued growth and low inflation.

The Fund's rapid growth over the last four years is mainly due to the robust investment returns delivered by equity markets worldwide, which were, in turn, well supported by sustained growth in corporate earnings. It is only by investing across global markets and harvesting the fruits of real economic growth that the Fund can achieve its statutory objective of meeting as much as possible of the increasing costs of social welfare and public service pensions. While the vagaries of the economic and business cycle will inevitably result in periods of poorer performance from time to time, the Fund's long-term investment horizon allows it to bear this volatility as a trade off for superior long-term return.

The key to maximising the performance of any investment fund while maintaining risk within prudent parameters is appropriate asset allocation. During 2006 the Commission spent some time reviewing its investment strategy to determine if any factors had materially changed since it last visited this issue in 2004.

While the Commission found that the broad assumptions underlying its target asset allocation remain valid, it did agree a number of minor adjustments in order to increase prospective return while leaving the Fund's risk profile unchanged. These adjustments include increased allocations to emerging markets and small cap equities as well as a specific allocation to infrastructure. They reflect the increasingly integrated global economy in which the Fund operates as well as the availability of new investment opportunities.

Within the context of the overall asset allocation, one of the principal themes of the Commission's work in 2006 was making the Fund's assets work harder. While broad market returns will continue to constitute the core element of performance, small amounts of incremental return each year across a wide range of investments can have a significant long-term impact on the Fund's contribution to meeting Ireland's future pension costs.

As detailed in the body of this Report, the Commission is taking a number of initiatives in this area including investment in currency funds and diversification of the fixed income portfolio. These types of opportunities offer an attractive means of enhancing Fund returns and are an area the Commission plans to explore further.

Last year the Commission was a founder signatory to the UN Principles for Responsible Investment. The Principles aim to integrate consideration of environmental, social and governance (ESG) issues into the investment mainstream in a manner consistent with the fiduciary responsibilities on institutional investors to seek a commercial return. As an asset owner, the Commission has taken the view that it can best implement the Principles by establishing a sound process for active engagement with the management of investee companies on ESG issues. It aims to have this process in place shortly.

With assets of €18.9 billion, the National Pensions Reserve Fund is now a large fund by international standards. The successful management of a large institutional fund requires an extremely high degree of clarity of purpose. In that regard, I believe we made substantial progress in 2006 in enhancing the Fund's asset allocation and incorporating both investment and governance best practice into its management. I would like to take this opportunity to thank my fellow commissioners, the members of our investment committees and the staff of the NTMA for their contribution and hard work over the last 12 months.

A handwritten signature in black ink that reads "Paul Carty". The signature is written in a cursive, flowing style.

Paul Carty
Chairman
8 May 2007

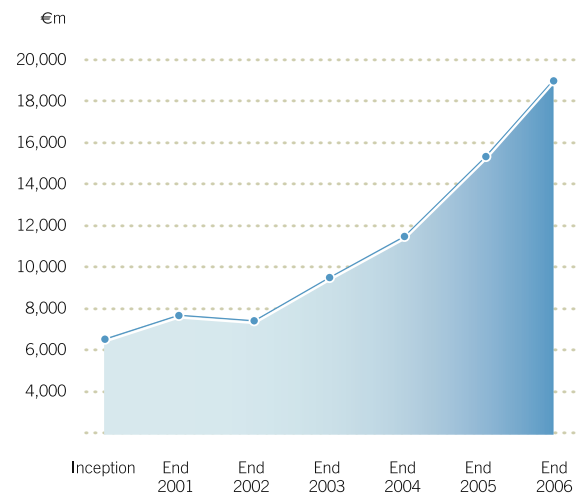
Key Figures 2006

- Fund assets grew from €15,419m to €18,900m.
- The investment return for the year was 12.4% or €2,035m.
- The Exchequer contribution was €1,446m.
- Since its inception in April 2001, the Fund's annualised return has been 6.5%.
- The Fund's value at end 2006 was equivalent to 12.6% of GNP.

NPRF Summary Asset Allocation 31 December 2006

	€m	%
Quoted Equities	14,457	76.5
Private Equity	122	0.6
Property	559	3.0
Commodities	239	1.3
Bonds	2,517	13.3
Currency Funds	122	0.6
Cash	884	4.7
Total	18,900	100.0

NPRF Value Inception to 31 December 2006

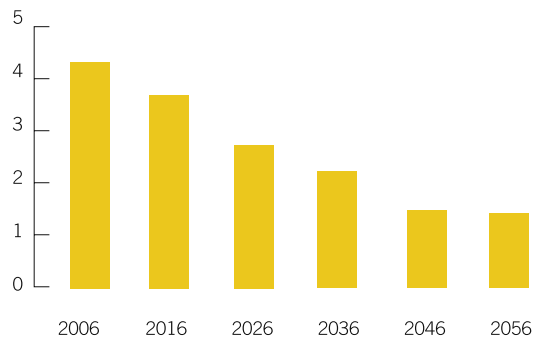


Fund Overview

The Pensions Issue

Ireland currently has a pay-as-you-go State pension system – in any one year the costs of social welfare and public service pensions are paid out of taxation, social insurance contributions and other Government receipts. This system works well when there are sufficient people in employment to meet the costs of pensions for those who have retired. At present this is the case in Ireland as there are over 4 people at work to each person over 65. However, this situation will change as the population ages due to increased life expectancy and lower birth rates. The National Pensions Review, published by the Pensions Board in January 2006, projects that the ratio of people at work to people over 65 will fall to less than 3 to 1 by 2026 and to less than 1.5 to 1 by mid-century.

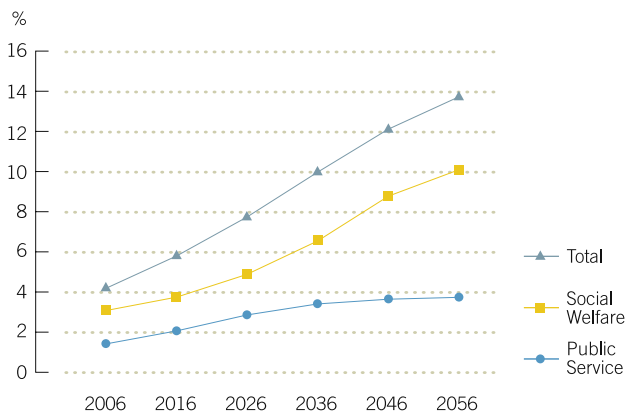
Projected Ratio of People at Work to People over 65 2006 to 2056



Source: *The National Pensions Review (2006)*

Population ageing will inevitably lead to significantly increased State pension costs, in particular in the social welfare area, as more pensioners have to be supported by proportionally fewer workers. Projections indicate that annual social welfare pension costs will rise from their current level of 3.0% of GNP to 10.1% of GNP by mid-century and public service pension costs will climb from 1.3% of GNP to 3.7% of GNP over the same period putting significant pressures on the public finances.

Projected State Pension Costs as % of GNP



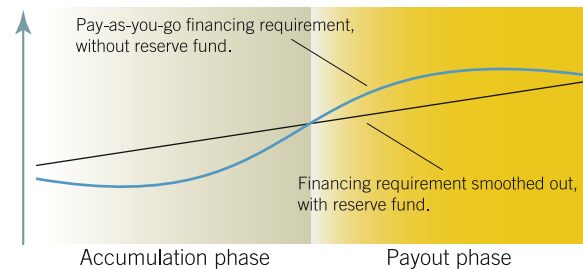
Source: *The National Pensions Review (2006)*

The National Pensions Reserve Fund

The National Pensions Reserve Fund was established in April 2001 with the objective of meeting as much as possible of the increased costs of social welfare and public service pensions from 2025 until at least 2055. The Fund is essentially a demographic equalisation mechanism involving the statutory investment by the Government of 1% of GNP annually in order to lessen the cost to future generations of the pensions for today's workforce. No money can be drawn down before 2025 and, from then on, drawdowns will continue until at least 2055 under rules to be made by the Minister for Finance.

Ireland's population is younger than that of other European countries and the issues posed by population ageing will, consequently, affect it later. The Fund entails setting aside some of the revenues generated while the bulk of the population is in the labour force and contributing to economic growth, investing them, and drawing them down in the future when growth rates are likely to be slower and the age dependency burden very much increased.

Life Cycle of the National Pensions Reserve Fund



Note: Diagram is not to scale

The Fund's life-cycle consists of (1) an accumulation phase during which funds are put aside to pre-finance a proportion of the additional pension costs associated with population ageing and (2) a payout phase which supports the pay as you go system. In this way the Fund smooths the Exchequer costs arising from Ireland's additional pension commitments over a lengthy period thus contributing to the long-term sustainability of the pension system.

Establishment of the Fund before the fiscal issues caused by population ageing begin to bite means that relatively modest contributions can have a significant effect. The National Pensions Review has projected, using conservative return assumptions, that the Fund's value will peak at 50% of GNP around the year 2040 and that payments from the Fund will reduce the impact of pension payments on the Exchequer by 3.5% of GNP annually by mid-century - a quarter of the total cost. These projections are based on the Fund being completely exhausted by 2070.

Investment Strategy

Asset Allocation Factors

As the main determinant of investment returns, asset allocation is the critical element of the Commission's work. In making asset allocation decisions, the Commission is guided by the Fund's objective as set out in the National Pensions Reserve Fund Act: to meet as much as possible of the cost to the Exchequer of social welfare pensions and public service pensions to be paid from the year 2025 until at least 2055.

In delivering on this goal the Commission's focus is on maximising the Fund's performance. However, superior performance is not possible without taking risk and the aim of strategic asset allocation is to strike the right balance between risk and return over the long-term.

The Commission's asset allocation strategy is founded on the premise that real assets, such as equities and property, whose performance is linked to the rate of economic growth will continue, over the long-term, to outperform financial assets such as bonds. While equities are inherently more volatile than bonds, with sharp performance swings over short time periods, the Fund's long-term investment horizon enables it to accept this volatility in a trade-off for the higher expected return.

This long-term investment horizon and the Fund's strong cash flow, due to the annual Exchequer contribution, also means the Fund is ideally positioned to exploit the additional return and diversification benefits available from holding less liquid assets such as private equity and property.

Target Strategic Asset Allocation (end 2009)

The Commission's initial investment strategy was focused on large cap equities and bonds although it was recognised that other real assets, such as property and private equity, were valid investment categories for the Fund and would be evaluated in due course. During 2004 the Commission reviewed its investment strategy with a view to improving the Fund's prospective long-term return without substantially altering its risk profile. Arising from the review the Commission announced a target strategic asset allocation including a substantial allocation to alternative assets (property, private equity, commodities), which it planned to achieve on a phased basis by end 2009. During 2006 the Commission reviewed the main assumptions underpinning this asset allocation to assess if anything had materially changed in the meantime which would cause it to adjust the allocation. While it was satisfied that the overall thrust of the allocation remained valid, it agreed a number of adjustments in order to further increase prospective return while maintaining the Fund's risk profile.

NPRF Target Strategic Asset Allocation (end 2009)

	Allocation 2004 Review	Adjusted Allocation 2006 Review
	%	%
Large Cap Equity	63	56
Small Cap Equity	4	5
Emerging Markets Equity	2	5
Total Quoted Equity	69	66
Private Equity	8	10*
Property	8	8
Commodities	2	2
Total Alternative Assets	18	20
Bonds	13	13
Currency Funds	-	1
Total Financial Assets	13	14

**including a 2% allocation to infrastructure.*

The increase in the emerging markets equity allocation from 2% to 5% is due to the fact that emerging markets, which include many countries with rapidly growing economies, offer opportunities to earn returns in excess of those available in developed markets.

Although the 2004 asset allocation exercise made provision for investment in public private partnerships in Ireland, no specific allocation was made to international infrastructure as few infrastructure funds existed at that stage. However, a number of funds have been established since then and the Commission has decided to make a 2% allocation to the asset class, within its overall private equity allocation.

The Commission hedges 50% of the foreign currency exposure arising from the Fund's non-euro denominated investments on the basis this provides the most efficient trade-off between risk and return¹. While the Fund's global investment profile exposes it to the risk of large swings in exchange rates, investment in non-euro denominated assets can also serve to reduce risk through the increased diversification it brings to the Fund. The 50% hedge is a passive hedge in that it is not varied in response to market conditions. It is possible to increase the return on the Fund's foreign currency exposure by tactically varying the level of the hedge in the light of short-term market conditions.

¹Emerging markets equities and commodities investments are excluded from the currency hedge. This is because a currency view is an integral part of the investment manager's decision to invest in a particular emerging markets country while commodities were incorporated into the Fund primarily for diversification purposes. Hedging the foreign currency exposure arising from commodity investments would reduce their diversification power.

To achieve this, the Commission has allocated 1% of the Fund to currency funds which seek to profit from short-term opportunities in the foreign exchange markets. The effect of the 1% allocation to currency funds will be to vary the level of the overall hedge between 40% and 60% of the Fund's foreign currency exposure.

The Commission also agreed that, while it would not invest in hedge funds as a specific asset class, it would consider investment in hedge funds on a case by case basis in pursuing specific investment strategies.

2006 Investments

Transition from a portfolio fully invested in quoted assets, such as equities and bonds, to a more diversified portfolio including substantially less liquid assets, such as property and private equity, will take time. Accordingly, the Commission is planning to achieve its target allocations on a phased basis by end 2009. By end 2006 it had committed €909m to property investment vehicles and €705m to private equity investment vehicles. It is a feature of such investments that there is a time delay between the making of commitments and when cash is drawn as the managers of the selected investment vehicles identify suitable investment opportunities.

NPRF Asset Allocation 31 December 2006

	Fund Allocation ²		Benchmark Portfolio
	€m	%	%
Large Cap Equity	13,315	70.5	70.2
Small Cap Equity	777	4.1	4.0
Emerging Markets Equity	365	1.9	2.0
Total Quoted Equity	14,457	76.5	76.2
Private Equity	122	0.6	0.6
Property	559	3.0	2.2
Commodities	239	1.3	1.5
Total Alternative Assets	920	4.9	4.3
Government Bonds	2,433	12.9	15.5
Corporate Bonds	84	0.4	2.0
Currency Funds	122	0.6	1.0
Cash	884	4.7	1.0
Total Financial Assets	3,523	18.6	19.5
Total	18,900	100.0	100.0

²Asset allocation is based on amounts allocated to each investment manager and includes cash and other net assets held.

The large cash holding – 4.7% of Fund value at end 2006 – is primarily due to the Commission's decision not to commit cash to the government and corporate bond mandates at the historically low yields of recent years. This is on the basis that the Fund's long-term investment objective of wealth maximisation would not be well served by investing in bonds for 10 years or more at such low yields. As yields increase, it is funding these mandates on a phased basis.

Benchmark Portfolio

Under the National Pensions Reserve Fund Act, the Commission is required to determine appropriate benchmarks against which the investment return of the Fund can be assessed. It measures Fund performance relative to a benchmark portfolio consistent with its strategic asset allocation. The performance of each asset class is measured against a defined benchmark (e.g. the Fund's eurozone equity investments are measured against the FTSE All World Eurobloc Index). The Fund's overall benchmark return is the weighted average of the returns to the benchmarks for each asset class as per the strategic asset allocation.

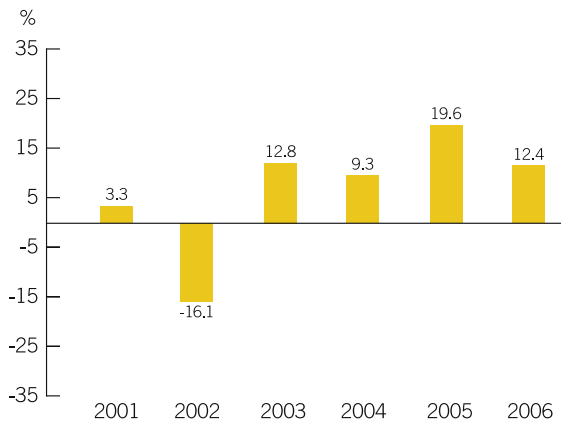
As the Commission is transitioning the Fund from a strategic allocation based solely on quoted investments to one that also includes non-quoted and illiquid asset classes, it has adopted a benchmark which moves in a reasonable and replicable way to the targeted investment strategy while also providing an objective standard against which overall Fund performance can be measured. In particular, the weightings of property and private equity in the benchmark are increased each quarter in line with projected investment in these areas. This approach recognises the fact that attractive investment opportunities in these asset classes arise in an irregular fashion and they are not suitable for benchmarking against a predetermined target weighting. As these weightings are increased, the large cap equity and government bond weightings are correspondingly reduced.

The benchmark's cash allocation reflects the fact that a certain degree of liquidity is required at all times to fund capital calls from the managers of property and private equity vehicles in which the Fund has invested.

Overall Performance

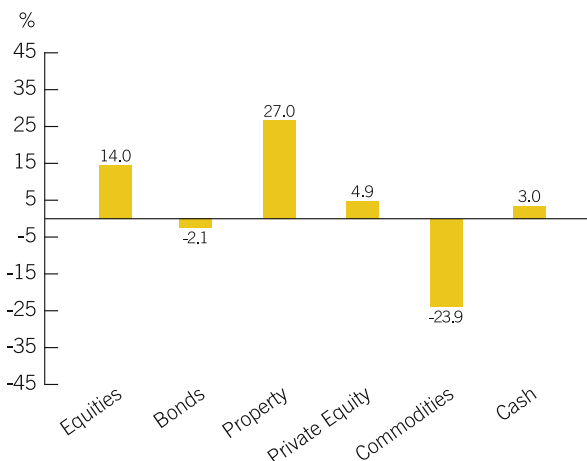
The Fund returned 12.4% in 2006, recording its fourth straight year of strong growth and bringing its annualised return since inception to 6.5%.

NPRF Annual Performance 2001 - 2006



As in the preceding three years, the Fund's 2006 performance was driven by its heavy equity weighting. The bond portfolio delivered a negative return in a rising interest rate environment. Property performed very strongly while private equity also did well, given the early stage of the investment programme. Commodities' performance reflects falling energy prices towards the end of the year. The Fund's unallocated cash is placed on deposit with the Central Bank.

NPRF Performance by Asset Class 2006 (in euro)



Performance was assisted by the Commission's policy of hedging 50% of its foreign currency exposure, which mitigated the impact of the euro's strength on investments denominated in other currencies, principally the U.S. dollar. The hedge contributed 1.7% to the Fund's overall performance in 2006. Gains and losses on the currency hedge do not represent absolute positions but serve to reduce the impact of currency fluctuation on the Fund's overall value.

In monetary terms, the Fund earned an investment return of €2,035m during 2006. Together with the Exchequer contribution of €1,446m, this lifted the Fund's year-end value to €18,900m.

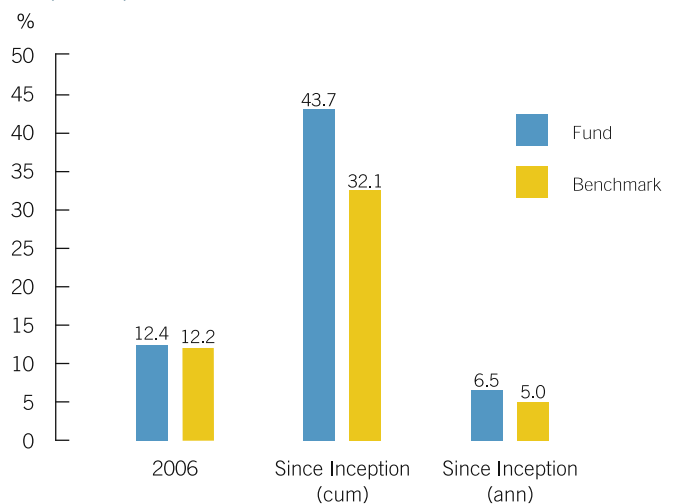
Change in NPRF 2006

	€m
Net Assets of Fund at 1 January 2006	15,419
Exchequer Contribution	1,446
Net Investment Return	
Investment Income	457
Change in Value of Investments	1,607
Management Fees and Fund Expenses	(29)
Net Assets of Fund at 31 December 2006	18,900

The Fund finished 0.2% ahead of its benchmark in 2006. It has outperformed its benchmark by a cumulative 11.6%, or 1.5% on an annualised basis, since it was established in April 2001.

NPRF Performance

Inception (April 2001) to 31 December 2006



As relative return benchmarks for property and private equity were not in place during 2006, an interim absolute return benchmark of 8% per annum was ascribed to each of these asset classes for overall performance measurement purposes.

Quoted Equities

Investment Approach

Quoted equities remain at the core of the Commission's investment strategy. The Commission's strategic preference for equities is on the basis that, over the long-term, they will generate a superior return although short-term market volatility can cause large performance swings. Indeed, as the Fund's core asset class, quoted equities provide the reference point against which the likely benefits and risks of other prospective asset classes are assessed.

While the Fund's equity investments are predominantly in large cap companies across developed global markets, the Commission has steadily increased the Fund's allocation to small cap and emerging markets equities to the extent that they now form 10% of the Fund's target strategic asset allocation and 15% of its target equity allocation. These allocations are principally for purposes of enhancing return.

NPRF Equity Benchmark Weightings

% of Total Fund 31 December 2006

	%
Large Cap Eurozone	35.1
Large Cap North America	22.3
Large Cap Europe (non-eurozone)	6.5
Large Cap Japan	4.4
Large Cap Pacific Basin	1.8
Total Large Cap Non-Eurozone	35.0
Small Cap	4.0
Emerging Markets	2.0
Total	76.1

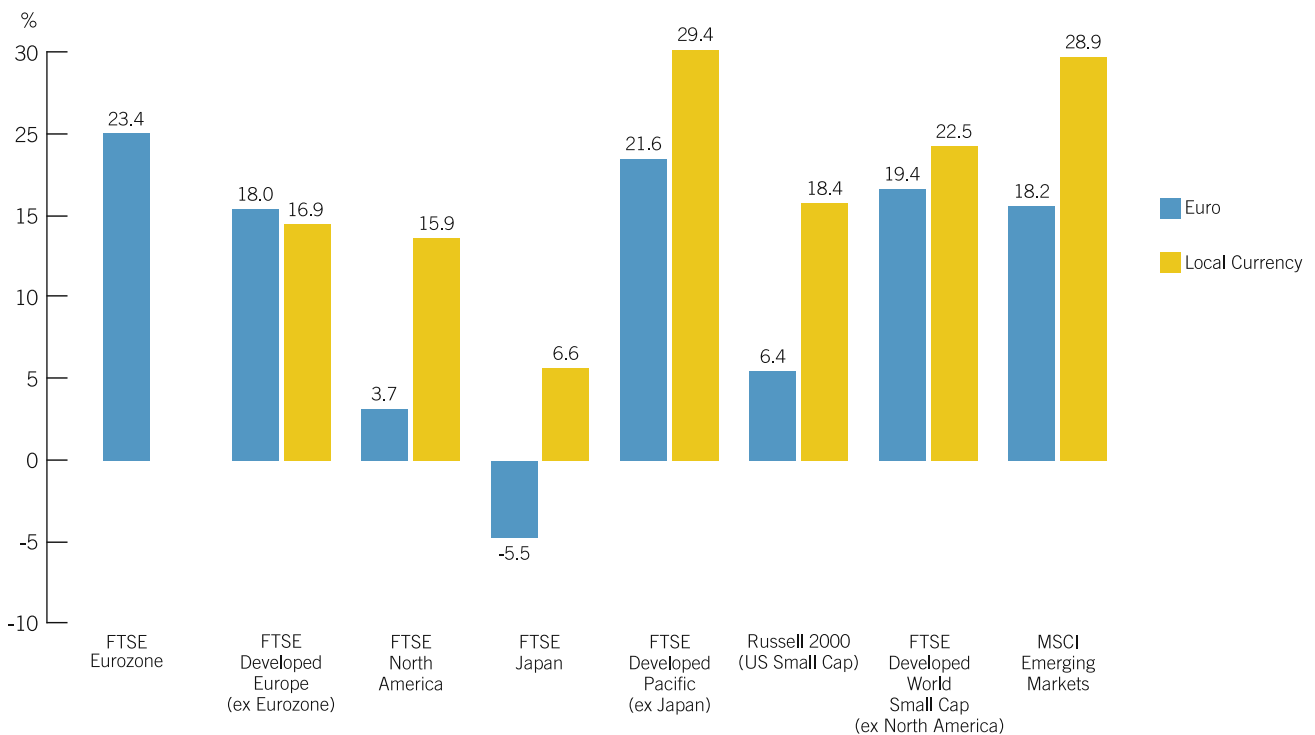
NPRF Equity Mandates and Managers 31 December 2006

Mandate	Manager	Assets under Management €m ³
Passive		
	Barclays Global Investors	4,427
	Bank of Ireland Asset Management/State Street Global Advisors	3,370
Large Cap Active		
Pan Europe	Oechsle International Advisors	813
Pan Europe	Putnam Investments	601
Global	Capital International	791
Global	RCM	690
North America	Invesco	838
North America	Goldman Sachs Asset Management International	476
North America	Lord, Abnett & Co	674
Japan	Daiwa SB Investments	337
Japan	JPMorgan Asset Management	300
Pacific Basin (ex Japan)	Schroder Investment Management	354
Small Cap Active		
Europe, Australasia, Far East	Acadian Asset Management	335
	AXA Rosenberg Investment Management	86
Emerging Markets Active⁴		
	Alliance Bernstein Institutional Investments	190
	Emerging Markets Management	175
Total		14,457

³Assets under management include cash and other net assets held.

⁴Emerging markets investments are in pooled investment funds in which other investors also participate. Other quoted equity investments are in segregated accounts where other investors do not participate.

Returns to NPRF Equity Indices 2006



As the Fund moves towards its 2009 target allocation, its large cap equity allocation will drop progressively to 56%. The Commission regards the eurozone, where there is no currency risk, as its domestic market and 50% of its large cap allocation is to the eurozone. Allocations to other large cap markets are on the basis of market weighting and are adjusted quarterly in the light of market movements. The Commission plans to increase the Fund's emerging markets and small cap weightings to its target allocations during 2007 and 2008, subject to it being satisfied with the relative valuations of these markets compared with their large cap developed counterparts.

The Commission has adopted a "buy not make" approach to managing its equity investments with all equity management being outsourced to external investment management firms. This approach means that manager selection and review are crucial elements of the work done by the Commission and the NTMA. The NTMA has concentrated its resourcing efforts in building up its expertise in these areas.

Passive management, where the fund manager's task is to replicate the return to a specified market index, represents an extremely cost effective way of achieving market index returns and approximately 54% of the Fund's equity allocation is passively managed.

The Commission aims to achieve returns in excess of the market indices and, to this end, the remainder of the Fund's equity allocation is actively managed by a number of managers employing a range of different investing styles whose task is to outperform their specified market index. This multi-manager approach allows for diversification so that the Fund's performance is not overly dependent on the performance of any one manager or investment style.

Performance

The Fund's equity investments delivered a return of 14.0% in 2006 in a healthy global economic environment as corporate earnings continued to grow and inflationary pressures were contained. However, returns were affected by the strength of the euro which had a substantial impact on non-euro denominated investments.

Eurozone equities performed strongly as economic recovery was confirmed and became more broadly based while other European markets also did well. North American markets performed well in dollar terms despite some signs of economic slowdown. Japan lagged somewhat amid investor uncertainty about the strength of its economic recovery although this uncertainty dissipated towards the end of the year. Emerging markets and the smaller Pacific Rim economies benefited substantially from their high levels of economic expansion and strong foreign investment inflows.

The Fund's equity performance in 2006 was 0.2% below that of its benchmark reflecting relative underperformance by some investment managers. The Commission took a number of initiatives in 2006 with the aim of improving the risk/return profile of the manager portfolio. These include the following:

- Restructuring of the Fund's passive equity mandates to enable managers manage against one or more of a number of indices in order to increase flexibility in the operational management of the Fund. Previously, the passive managers were appointed to track eurozone and North American large cap indices only. The retendered mandates will enable the Commission, where necessary, to switch quickly between active and passive management and increase options in defining mandates for specialist active managers.
- Commitment of \$750m to two index plus products managed by the AIG Global Investment Group (\$250m) and Barclays Global Investors (\$500m) respectively⁵. Index plus products are funds where the investor is guaranteed the return on a specified market index and also obtains additional return which may be fixed or related to the return achieved by the fund's investment manager in excess of the index. Index plus products provide a very attractive means of enhancing Fund returns and the Commission remains interested in exploring further opportunities in this area.
- Updating of the Fund's tender process to make it as user friendly as possible while complying with EU public procurement procedures. This revised process was successfully tested in a small-cap equity mandate competition run early in the year. These revised arrangements were put in place as it has been found that some of the managers who performed strongly in the period following the award of the initial Fund mandates had not applied for these mandates due to the perceived complexity and long timeframe of competitions run under EU procurement procedures.

The Commission remains committed to streamlining and simplifying its tender procedures as much as possible. It also intends to become more proactive in seeking out the best performing managers as opposed to the more reactive approach of advertising for specific mandates and waiting for managers to apply.

⁵ Investment is subject to due diligence which had not been completed at end 2006.

Alternative Assets

Property

Investment Approach and Portfolio Construction

Property offers the prospect of attractive returns and significant diversification benefits. It can also act as an effective hedge against inflation.

The Commission's property strategy is focused on assembling a portfolio of indirect holdings i.e. it will invest in property vehicles rather than directly acquire assets. These vehicles are typically structured as limited partnerships, within which there is an element of leverage⁶, and which acquire property relevant to the stated strategy being pursued, e.g. a US office property fund will acquire office investments in the major US metropolitan areas. The advantages of this approach are that the investment universe and diversification opportunities available to the Fund are greatly expanded and the ability to access specialist managers, market sectors and strategies is increased.

The Fund's property investment programme comprises holdings across the investment style range: core (low risk and market return), value add (medium risk and above market return) and opportunistic (higher risk and higher return), on a global basis: Europe, North America and Asia. Achieving the Fund's 8% target investment exposure by end 2009 is likely to involve investments in the region of at least €2.0bn by that time.

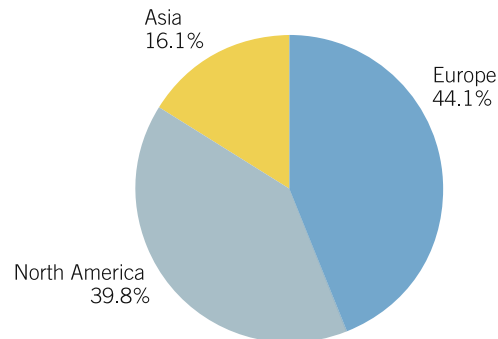
NPRF Property - Strategic Geographic Allocation

	Target Allocation
	%
Europe	50
North America	35
Asia	15

Property investments are generally undertaken on a commitment basis i.e. the Fund commits a certain amount of money that may be called over a defined period, generally three years. At the end of 2006 the Fund had commitments to 22 separate investment vehicles totalling €909m. The value of the invested portfolio was €559m. Details of these specific investments are set out on page 70 of the Portfolio of Investments appended to this Report.

NPRF Property Commitments 31 December 2006

% Geographic Allocation



On a commitment basis, the portfolio's geographic allocation is broadly in line with the target allocations with Europe somewhat underweight target and North America correspondingly overweight. As the portfolio builds towards its 8% investment target, these relative allocations will be adjusted toward the target allocations – subject to suitable investment opportunities.

Overall, the property portfolio is well diversified given the current early stage in the portfolio construction process, and the pace of capital drawdown by managers is in line with expectations.

Performance

The NPRF property portfolio performed extremely well in 2006 delivering a return of 27.0%. This performance was delivered against a background of strong global property markets in a favourable credit environment. European markets saw a marked acceleration in rental growth driven by constrained supply and strong demand. North American office markets benefited from strong jobs growth while Asian markets benefited from the region's strong economic performance.

The Commission is currently developing an appropriate property benchmark against which the relative performance of the property portfolio can be evaluated.

⁶The investment vehicle will use debt as well as capital provided by the limited partners to fund the acquisition of properties. The lender does not have recourse to the limited partners in respect of these borrowings.

Private Equity

Investment Approach and Portfolio Construction

Private equity ranges from buyouts (the purchase of established businesses or going concerns) to venture capital (the provision of finance to start-up and emerging companies). It offers the potential for additional return over that available from quoted equities, although it can be some years before companies are sold or floated on the stock market and these additional returns are realised. The fact that the Fund has no liquidity requirement until the year 2025 at the earliest makes private equity a natural asset class in which to invest.

As with property, achieving the Fund's 8% target investment exposure (excluding infrastructure) by end 2009 is likely to involve investments in the region of at least €2.0bn by that time. The Fund's private equity investment programme is targeting investments in Europe and the US on a broad 50/50 basis. While the main investment focus is in the buyout area, funds are also allocated to venture capital. Investment is mainly through private equity funds, typically structured as limited partnerships, which acquire companies relevant to the stated strategy being pursued.

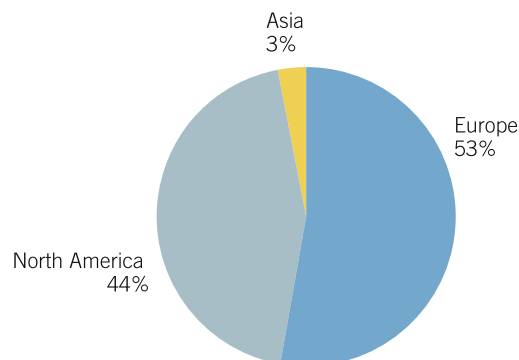
There can be significant differences between the performance of the top-tier and average private equity funds and investment in the better funds is essential if the additional return available from the asset class is to be obtained. There has historically been a strong correlation between past and future performance in this area with the better funds maintaining strong performance over a number of economic cycles. A key element of the Commission's strategy is to use the Fund's long-term investment horizon and strong cash flow to build long-term relationships with the higher calibre private equity funds.

As with property, private equity investments are generally undertaken on a commitment basis i.e. the Fund commits a certain amount of money that may be called over a defined period, generally three to five years. At the end of 2006 the Fund had commitments to 18 separate investment vehicles totalling €705m. The value of the invested portfolio was €122m. Details of these specific investments are set out on page 70 of the Portfolio of Investments appended to this Report.

Achieving a geographic allocation in line with any target portfolio is problematic with private equity funds due to the fact that many managers operate across geographical areas. However, the expected geographical allocation of committed funds is broadly in line with the 50/50 US/Europe target allocation.

NPRF Private Equity Commitments 31 December 2006

% Geographic Allocation



While Asia was not given a specific allocation in the Commission's private equity business entry plan, it was anticipated that Asia would comprise a small part of the portfolio.

Performance

The Fund's private equity portfolio delivered a return of 4.9% in 2006. This positive performance was aided by the first flotations of companies held by managers in the portfolio. These flotations mitigated the effect of what is known as the j-curve, an effect which depresses returns in the early years of a private equity investment programme. The j-curve arises from the fact that negative returns may be experienced in the early years of investment due to investment entry costs and management fees while the anticipated excess returns typically do not emerge until the programme has been underway for a number of years.

During 2006 the Commission agreed a private equity benchmark against which the relative performance of the private equity portfolio can be evaluated. This will consist of a composite of European and US quoted equity indices with an excess return target of 3% over the composite quoted index to account for the higher risk of private equity as an illiquid asset class. This benchmark reflects the Commission's reasons for investing in private equity – to take advantage of the Fund's long-term investment horizon to earn a return in excess of that available in the quoted markets. Performance will be measured against the benchmark on a rolling three year basis.

Infrastructure

Infrastructure can represent an ideal “matching” investment for pension funds. It can feature stable, predictable, low risk long-term cash flows, which may be insulated from the business cycle and, in many cases, are linked to inflation. Over the last number of years, a number of international infrastructure equity funds have either been or are about to be established aimed principally at large institutional investors. The Commission has made a 2% allocation to infrastructure, within its overall private equity programme, and plans to finalise details of how it will enter the asset class during 2007. It will also re-examine its approach to investment in Irish infrastructure in this context. Although the Commission announced in 2003 that it had earmarked €200m for investment in Ireland, it has not been successful in investing these funds in the market. However, the Commission remains keen to invest in Ireland as part of its overall infrastructural investment programme.

Commodities

Commodities offer attractive return prospects, a hedge against inflation and substantial risk diversification benefits. Diversification benefits can be achieved through relatively small allocations to the asset class. The Commission's 2% allocation to commodities is mainly for diversification purposes.

As the commodities programme is mainly for diversification purposes, the Commission is accessing the commodities market through the purchase from investment banks of certificates which reflect the return on the Goldman Sachs Commodity Index (GSCI) rather than seeking returns in excess of market indices. The GSCI includes 24 different commodities across five different categories (energy, industrial and precious metals, agriculture and livestock). This investment approach obviates the need to physically hold commodities or to put in place resources to trade in the various commodities futures contracts.

The Fund's commodity investment programme showed a negative return of -23.9% in 2006 (0.3% at overall Fund level), reversing positive returns of the same magnitude in 2005. While commodity prices were strong until the third quarter, very high US energy inventory levels, together with signs of a slowdown in economic activity and mild winter weather forecasts, prompted a sharp correction in oil and natural gas prices. The year finished with OPEC cutting output twice in an effort to sustain crude oil prices and US inventories close to record levels. The fall in commodity prices relieved global inflationary pressures and demonstrated the negative correlation between commodities and other assets, which makes commodities an extremely effective diversification tool.

The GSCI does not include forestry. However, forestry is an attractive investment for pension funds as mature trees can be left in place during economic downturns and harvested when business improves. A quarter of the Fund's overall commodity allocation is to forestry and the Commission anticipates that it will make its first forestry investments in 2007.

Fixed Income

Investment Approach

The Fund invests in both government and corporate bonds, all of which are denominated in euro. The Commission is prohibited under the National Pensions Reserve Fund Act from investing in Irish Government bonds.

The Fund's relatively low allocation to bonds reflects its long-term investment horizon and the fact that bonds have, historically, underperformed equities over long time periods. However, bonds do diversify risk and reduce overall volatility.

NPRF Fixed Income Benchmark Weightings

% of Total Fund 31 December 2006

Eurozone Government - Passive	11.0
Eurozone Government - Active	4.5
Eurozone Corporate - Active	2.0
Total	17.5

As the Fund moves towards its 2009 target allocation, the benchmark government bond allocation will drop progressively to 11%. The Commission can afford to let the Fund's bond allocation fall in this manner, while broadly maintaining its existing risk profile, due to the diversification effect of the new asset classes which reduces the Fund's dependence on the performance of any single asset class.

Given the high degree of efficiency in the government bond markets, most of the Fund's government bond investments are passively managed by the NTMA with some outsourced active management in seeking to enhance return. The purpose of the corporate bond allocation is also to enhance return and these investments are actively managed by an external investment management firm.

NPRF Fixed Income Mandates and Managers 31 December 2006

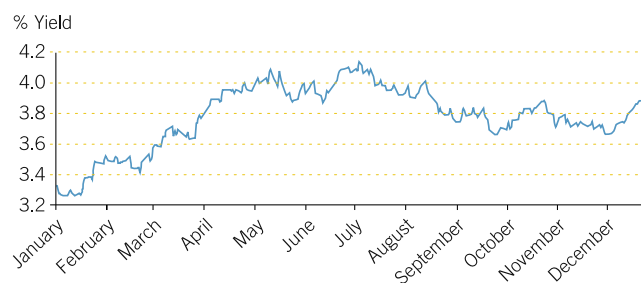
Mandate	Manager	Assets under Management €m ⁷
Eurozone Government - Passive	National Treasury Management Agency	1,757
Eurozone Government - Active	Irish Life Investment Managers	676
Eurozone Corporate - Active	Deutsche Asset Management	84
Total		2,517

There has been significant innovation in debt markets in recent years, particularly through the development of asset backed credit instruments. Such instruments include collateralised debt obligations (CDOs) – debt securities on which repayments of interest and principal come from the income stream on a portfolio of loans assembled by the issuer to act as collateral for the security. Investment in high quality, investment grade credit instruments offers the prospect of increased diversification and additional return. Accordingly, the Commission decided during 2006 that part of the fixed income portfolio should be invested in such instruments subject to market conditions. This diversification process will be implemented during 2007 and 2008.

Performance

The Fund's bond investments posted a negative return of -2.1% in 2006 as improved eurozone economic performance, particularly in Germany, allied to inflationary concerns prompted the European Central Bank (ECB) to raise interest rates to 3.5% by year-end, their highest level in five years.

German 10 Year Government Bond Yields 2006



Source: Bloomberg

Bond yields rose sharply during the first half of the year on the back of ECB rate rises only to fall back somewhat during the second half as inflation expectations moderated.

⁷Assets under management include cash and other net assets held.

Risk, Oversight And Controls

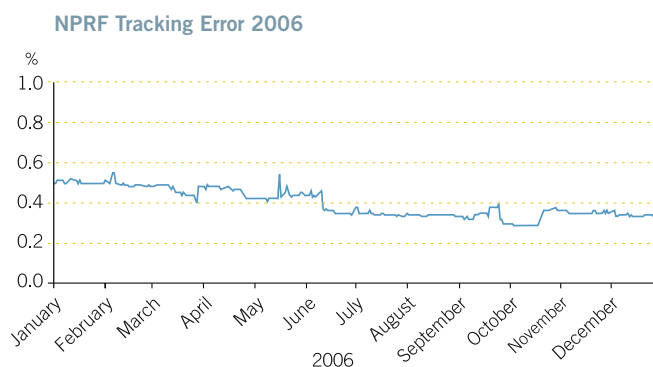
The Fund is exposed to a number of risks and one of the principal tasks of the Commission and the NTMA as Fund Manager is managing these risks. To this end, the NTMA has installed information technology systems and developed detailed control procedures in line with industry best practice.

Market Risk

The primary source of risk to the Fund is the amount of market risk (risk arising from conscious investment decisions) the Commission wishes to take so that the Fund will achieve its investment objective. Market risk includes fluctuations in equity, bond and property prices and foreign exchange movements. It is obviously necessary to take some market risk in order to generate return. The Commission has endeavoured to maximise potential return while keeping volatility within reasonable limits by diversifying the Fund's investments across a number of asset classes.

Relative market risk arises from the performance of the Fund's roster of managers and tactical asset allocation decisions. The Commission has chosen to take a limited degree of risk in these areas in pursuit of additional return. The resulting risk of deviation of the Fund's actual return from the benchmark return is measured by tracking error: the expected standard deviation of the performance difference between the actual Fund and the benchmark portfolio. Standard deviation is a statistical concept which reflects variation of return.

The Fund's overall tracking error limit is 1.25%. This means that annual Fund performance is expected to be within 1.25% of benchmark performance approximately two thirds of the time. The NTMA monitors the Fund's tracking error at both Fund level and individual manager portfolio level on a daily basis.



During 2006 the Fund remained well below its tracking error limit. Tracking error declined through the year due to falling market volatility, increasing Fund diversification and the fact that the Fund's investment managers did not, as a group, utilise all of their allotted tracking error⁸.

The Fund's private equity, property and pooled fund investments are, at present, excluded from the calculation of the tracking error limit. The NTMA is currently working on the extension of the risk budgeting framework to these areas. The Commission currently manages the market risk of its property and private equity portfolios by ensuring that, by investment region and investment type, they remain within defined limits of its preferred strategic portfolios.

Operational Risk

Operational risk is the risk arising from errors in the implementation of the Fund's investment strategy. The Commission's aim is to minimise operational risk and the NTMA has put in place a comprehensive range of controls to this end. These controls are formally reviewed on an annual basis to ensure that they address and remain appropriate to the risks to which the Fund is exposed. The implementation of the controls is monitored by the NTMA's Internal Control Unit. This work is supplemented by a firm of auditors, currently PricewaterhouseCoopers, which performs internal audit work. The Internal Control Unit and the external firm are required to draw attention to any deficiencies in controls or instances where they believe controls should be strengthened in line with best international practice and make appropriate recommendations for change.

The Commission's Audit Committee is actively involved in the controls process. The NTMA is required to make a series of standard written reports to each Audit Committee meeting setting out details of any breaches of controls and any other control issues which may have arisen. Each year, the Committee considers the NTMA's risk review as well as the results of the audits carried out by the NTMA Internal Control Unit, the external firm and the Fund's statutory external auditor, the Comptroller and Auditor General.

⁸The Fund's overall tracking error is allocated between individual investment managers through a risk budgeting process. The higher the tracking error allocated to a manager, the greater the flexibility accorded to the manager in departing from the benchmark portfolio. For example, the Fund's active equity managers typically have a risk budget of 6%: annual manager performance would be expected to be within 6% of benchmark performance two thirds of the time.

Global Custodian

The Fund's global custodian, ABN Amro Mellon, is responsible for transaction settlement (the delivery of cash or securities in respect of purchases/sales of the Fund's assets) and, in most cases, the holding of the Fund's assets independently of the investment managers. An essential part of the service is the maintenance of accurate records and the issuance of reports to the Fund and certificates to auditors confirming the details of assets in custody. Data supplied every day by the custodian is used to generate the Fund's valuations and risk and control reports.

The custodian's functions also include the collection of income and dividends on assets, tax reclaims due to the Fund and the provision of a comprehensive range of financial accounting reports.

The Fund's property and private equity investments and its investments in emerging markets and currency pooled investment funds are not held by the global custodian. The Fund's property and private equity investments are mainly structured as limited partnerships, in which the Fund is a limited partner. The Fund's holdings in pooled investment funds and certain property unit trusts are registered in the name of the Fund with the relevant transfer agent or trustee.

Principles For Responsible Investment

The Commission is a founder signatory to the UN Principles for Responsible Investment launched in April 2006. The aim of the Principles is to integrate consideration of environmental, social and governance (ESG) issues into investment decision-making and ownership practices and thereby improve long-term returns. Over 70 institutional investment funds across the world have so far signed the Principles. Signatories are committed to the following:

1. To incorporate ESG issues into investment analysis and decision-making processes.
2. To be active owners and incorporate ESG issues into ownership policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which they invest.
4. To promote acceptance and implementation of the Principles within the investment industry.
5. To work together to enhance their effectiveness in implementing the Principles.
6. To report on their activities and progress towards implementing the Principles.

The Principles reflect the fiduciary duty of investors to their stakeholders as their first responsibility and deliberately do not call for screening or avoiding stocks. Instead, they promote a policy of engagement with businesses where shareholders regard themselves as long-term owners of companies and of raising concerns directly with company management. Further information on the Principles is available at www.unpri.org.

As an asset owner, the Commission's initial focus in its implementation of the Principles is on the development and implementation of a comprehensive proxy voting policy and the development of an engagement capacity with investee companies on ESG issues. As implementing a comprehensive proxy voting and engagement policy has considerable resource implications, the Commission has decided to contract third party service providers to deliver these services within policy guidelines to be determined by the Commission. It is anticipated that the proxy voting and engagement services will be put in place during the second quarter of 2007.

The Fund is also a participant in the Carbon Disclosure Project (CDP), an initiative to support institutional investor collaboration on the business implications of climate change. The CDP acts as a standardised global mechanism by which companies report their greenhouse gas emissions to investors. The fifth information request from the CDP, signed by a group of 284 institutional investors including the NPRF, was sent to 2,400 of the world's largest companies on 1 February 2007. Further information on the CDP is available at www.cdproject.net.

NPRF Commission



Paul Carty – Chairman
Financial Consultant and Former
Managing Partner, Deloitte &
Touche, Ireland.



John A Canning Jr
Chairman and Chief Executive,
Madison Dearborn Partners LLC.



Dr Brian Hillery
Chairman of Independent News
& Media plc, Unicredito Italiano
Bank (Ireland) plc and Providence
Resources plc.



Brid Horan
Executive Director, Customer
Supply & Group Services,
Electricity Supply Board.



Maurice Keane
Former Group Chief Executive,
Bank of Ireland.



Donald C Roth
Managing Partner, EMP Global LLC.



Dr Michael J Somers
(ex-officio member)
Chief Executive, National Treasury
Management Agency.

Fund Governance

Overview

The Fund is controlled and managed by the National Pensions Reserve Fund Commission, a body corporate consisting of seven members appointed by the Minister for Finance. Under the National Pensions Reserve Fund Act, 2000, the Minister may only appoint persons to be commissioners who have acquired substantial expertise and experience at a senior level in any of a number of listed areas including investment or international business management, finance or economics, law, actuarial practice and accountancy and auditing.

The Commission's functions include the determination and implementation of the Fund's investment strategy in accordance with its statutory investment mandate. This mandate requires that the Fund operate on a commercial basis so as to secure the best possible financial return subject to prudent risk management.

The National Treasury Management Agency (NTMA) is the statutory Manager of the Fund for the period to April 2011⁹ and the Commission is required to perform its functions through the Manager.

The Commission

The Commission sets the Fund's asset allocation strategy and the parameters within which Fund assets may be invested and reviews Fund performance and strategy implementation. The Commission has established an Audit Committee, a Property Investment Committee and a Private Equity Investment Committee to assist it in carrying out its functions. Under Section 14 of the National Pensions Reserve Fund Act, Committees only have advisory functions and all decision making powers reside with the Commission. Without prejudice to its own responsibility for its functions, the Commission may also delegate to the Manager any of its functions as it considers appropriate.

The term of office of a commissioner, other than the chief executive of the Manager who serves on the Commission in an *ex-officio* capacity, is five years. A Commissioner, other than the chief executive officer of the Manager, shall not serve for more than two consecutive terms of office.

The Commission met four times during 2006, including a two-day meeting at which a detailed review of the Fund's investment strategy took place.

⁹Following this, and at five yearly intervals thereafter, the Commission, acting in consultation with the Minister for Finance and with his or her consent, may reappoint the NTMA for a further five year term or may appoint an alternative Manager.

NPRF Commission – Current Members

Paul Carty – Chairman	<i>(Appointed an ordinary commissioner from 1 August 2005 and appointed Chairman from 19 December 2005)</i>
John A Canning Jr	<i>(Appointed from 2 April 2005)</i>
Dr Brian Hillery	<i>(Appointed from 1 July 2004)</i>
Brid Horan	<i>(Re-appointed from 1 July 2004)</i>
Maurice Keane	<i>(Appointed from 5 February 2007)</i>
Donald C Roth	<i>(Re-appointed from 2 April 2005)</i>
Dr Michael J Somers	<i>(ex-officio member)</i>

Audit Committee

The Audit Committee reviews the financial reporting process, the NTMA's system of internal control, the audit process and the NTMA's process for monitoring the compliance of the Fund's custodian, investment managers and other key service providers with their contractual obligations to the Commission/NTMA.

The Committee comprises all commissioners except the Chairman and the Chief Executive of the Manager (NTMA) and is chaired by Donald Roth. The Committee meets on an ongoing basis with the senior managers within the NTMA responsible for the Fund, the NTMA's Head of Internal Control, and the Fund's internal and external auditors.

The Audit Committee met four times during 2006.

Property Investment Committee

The Commission has delegated property investment decisions to the NTMA. It established the Property Investment Committee to advise the NTMA in relation to property investment, to monitor the implementation of the property investment strategy and to report back to the Commission.

The Committee has four members, two commissioners and two external members. The two commissioners on the Committee are Paul Carty (Chairman) and Brid Horan. The two external members are:

Barden Gale
*Managing Director and Chief Investment Officer,
Real Estate, ABP Investments US Inc.*

John Mulcahy
*International Director and Managing Director,
Ireland, Jones Lang Lasalle.*

The Committee functions primarily through conference calls to discuss specific investment proposals from the NTMA. It also held one physical meeting during 2006 to facilitate more detailed discussion of strategic and operational issues.

Private Equity Investment Committee

The Commission has delegated private equity investment decisions to the NTMA. It established the Private Equity Investment Committee to advise the NTMA in relation to private equity investment, to monitor the implementation of the private equity investment strategy and to report back to the Commission.

The Committee has six members, four commissioners and two external members. The four commissioners on the Committee are Paul Carty (Chairman), John Canning, Brian Hillery, and Donald Roth. The two external members are:

Maurice O'Connell

Former Governor of the Central Bank of Ireland.

Walter O'Hara

Managing Director, Allen & Co.

The Committee functions in a similar manner to the Property Investment Committee. It meets primarily through conference calls to discuss specific investment proposals from the NTMA. The Committee also held two physical meetings during 2006 to facilitate more detailed discussion of strategic and operational issues.

Disclosure of Interests

Section 12 of the National Pensions Reserve Fund Act, 2000 provides, inter alia, that, where a commissioner or member of staff of the Manager or member of a committee established by the Commission has a pecuniary or other beneficial interest in any matter being considered by the Commission, the Manager or the committee, he or she must disclose that interest, not seek to influence a decision in relation to the matter and take no part in any consideration of the matter. Section 12(7) requires the Commission to issue and publish guidelines on what constitutes an interest for the purpose of the section.

The Ethics in Public Office Acts, 1995 and 2001, have also been applied to the Commission and the NTMA with effect from 1 January 2005.

Two commissioners made disclosures of interests during 2006, both in the context of their membership of the Private Equity Investment Committee:

- John Canning disclosed his interest in relation to the proposed investment by the Fund in Madison Dearborn Capital Partners V (he is Chairman and Chief Executive of Madison Dearborn);
- Brian Hillery disclosed his interest in relation to the proposed investment by the Fund in Providence Equity Partners VI (in order to avoid any potential conflict of interest that might arise from his position as Chairman of Independent News and Media plc and that company's past and potential future relationship with Providence Equity Partners).

In both cases, the commissioners concerned absented themselves from meetings and parts of meetings where these proposed investments were discussed and took no part in any consideration of these matters.

The National Treasury Management Agency

The NTMA is the asset and liability management arm of the Government. Its fundamental role is that of borrowing for the Government and managing the National Debt but its remit has been expanded greatly and, as well as Manager of the National Pensions Reserve Fund, it also acts as the State Claims Agency and operates the National Development Finance Agency. Further information on the NTMA's functions is available at www.ntma.ie. The core functions of the NTMA in its capacity as NPRF Manager include:

- provision of policy advice to the Commission;
- implementation of the Fund's investment strategy;
- selection and performance review of investment managers and specific investment vehicles;
- development and operation of Fund controls to ensure that the Fund is managed within the parameters set down by the Commission and the operational risks to the Fund are minimised; and
- preparation of the Fund's financial statements and monitoring of the Fund's global custodian.

These functions are primarily delivered through a dedicated NPRF Unit and through a specialist accounting team within the NTMA's Finance Directorate. Support is also provided by the NTMA's Finance, IT and Legal Units.

Audit Arrangements

The Fund's statutory external auditor is the Comptroller and Auditor General. The Commission has also appointed an external firm, currently PricewaterhouseCoopers, to supplement the role of the NTMA's Internal Control Unit in carrying out internal audit work.

Fees And Expenses

The accrued fees and expenses incurred in the operation of the Fund in 2006 totalled €28.9m reducing overall Fund performance by 0.2%.

Fund Expenses 2006

	€
Investment Manager Fees	24,252,811
Global Custodian Fees	1,435,453
Fees & Expenses of Commissioners	271,696
IT Systems/Risk Management	663,030
Legal & Tax Advisory Fees	1,412,506
Consultancy Fees	624,909
External & Internal Audit Fees	148,867
Other Fees & Expenses	48,957
Total	28,858,229

Investment manager fees reflect the costs of the Fund's segregated equity and bond mandates (where securities held in the name of the Fund are managed by an external investment manager). The Fund's size and position as a long-term investor enables it to negotiate competitive fees with its investment managers.

Legal and tax advisory fees reflect the costs of legal and tax due diligence.

In addition to the above expenses, the costs incurred by the NTMA in its role as Manager amounted to €5,748,400 in 2006. These costs are borne by the Exchequer.

The fees and expenses in managing the Fund are partially offset by revenue earned on the Fund's equity holdings through its securities lending programme. Securities lending involves the temporary transfer of a security from its owner to another investor or financial intermediary and represents a low risk means of enhancing portfolio performance. The securities lending programme is managed by the Fund's global custodian – ABN Amro Mellon. The Fund earned €10.0m from the programme in 2006.

National Pensions Reserve Fund
Financial Statements
For the Year Ended 31 December 2006

2006

Commission Members and Other Information

COMMISSION MEMBERS

Members of the Commission at the date of the report are:

Mr. Paul Carty – Chairman
 Mr. John A. Canning Jr.
 Dr. Brian Hillery
 Ms. Brid Horan
 Mr. Maurice Keane (appointed February 2007)
 Mr. Donald C. Roth
 Dr. Michael J. Somers

BANKERS & CUSTODIAN

Central Bank of Ireland
 ABN Amro Mellon

AUDITORS

Comptroller & Auditor General
 Dublin Castle
 Dublin 2

MANAGER

National Treasury Management Agency

INVESTMENT MANAGERS*

Acadian Asset Management Inc.
 AXA Rosenberg Investment Management Limited
 Barclays Global Investors Limited
 Bank of Ireland Asset Management Limited / State Street Global Advisors (UK) Limited
 Capital International Limited
 Daiwa SB Investments (UK) Limited
 Deutsche Asset Management International GmbH
 Goldman Sachs Asset Management International
 Invesco Institutional (N.A.) Inc.
 Irish Life Investment Managers Limited
 JPMorgan Asset Management (UK) Limited
 Lord, Abbett & Co
 Oechsle International Advisors LLC
 Putnam Investments Limited
 RCM (UK) Limited
 Schroder Investment Management (Singapore) Limited

* Managers of segregated investment mandates only

Investment Report

The Commission determines the investment strategy for the Fund, which was invested at 31 December 2006 as follows:


	€	% of Total Investment Assets
Equities		
Europe	8,428,585,548	44.76
North America	4,265,447,310	22.65
Japan	809,491,153	4.30
Asia Pacific	437,060,553	2.32
Emerging Markets	365,529,113	1.95
	<u>14,306,113,677</u>	<u>75.98</u>
Government Bonds		
Austria	92,452,199	0.49
Belgium	128,851,033	0.69
Finland	17,757,489	0.09
France	474,570,765	2.52
Germany	578,208,034	3.07
Greece	80,308,145	0.43
Italy	650,071,332	3.45
Netherlands	104,776,238	0.56
Portugal	47,345,920	0.25
Spain	200,209,526	1.06
	<u>2,374,550,681</u>	<u>12.61</u>
Corporate Bonds		
Australia	1,594,380	0.01
Belgium, Luxembourg & Switzerland	4,186,491	0.02
Denmark & Sweden	944,023	0.01
France	9,749,433	0.05
Germany	12,496,475	0.07
Italy & Greece	3,428,284	0.02
Japan	2,344,640	0.01
Netherlands	8,611,556	0.05
Spain	6,706,205	0.04
United Kingdom	5,742,718	0.03
United Arab Emirates	871,156	0.00
United States	15,889,625	0.09
	<u>72,564,986</u>	<u>0.40</u>

Investment Report (continued)

	€	% of Total Investment Assets
Property Investments		
Asia	33,401,929	0.18
Europe	301,960,740	1.60
International	56,457,341	0.30
North America	166,988,725	0.89
	<u>558,808,735</u>	<u>2.97</u>
Commodity Investments		
United States	<u>238,657,119</u>	<u>1.27</u>
Currency Investments		
International	<u>121,928,818</u>	<u>0.65</u>
Private Equity Investments		
Europe	40,280,192	0.21
North America	82,438,999	0.44
	<u>122,719,191</u>	<u>0.65</u>
Deposits		
Euro	971,640,639	5.16
US Dollar	57,188,760	0.30
Japanese Yen	10,103,914	0.05
Sterling	10,303,685	0.05
Other Currencies	2,037,655	0.01
	<u>1,051,274,653</u>	<u>5.57</u>
Unrealised gain/(loss) foreign exchange contracts	(17,898,043)	(0.10)
Unrealised gain/(loss) on futures contracts	<u>611,365</u>	<u>0.00</u>
Total Investment Assets	<u>18,829,331,182</u>	<u>100.00</u>



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

Statement of Commission's Responsibilities

The Commission is required by the National Pensions Reserve Fund Act, 2000 to prepare financial statements in respect of its operations for each financial year.

In preparing those statements, the Commission is required to:

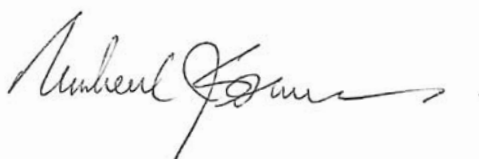
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate;
- disclose and explain any material departure from applicable accounting standards.

The Commission is responsible for keeping in such form as may be approved 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 National Pensions Reserve Fund and the administrative costs of the Commission.

The Commission is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

1 May 2007

Statement on the System of Internal Financial Control

Responsibility for system of Internal Financial Control

The Commission acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained in relation to the operations of the National Pensions Reserve Fund (“the Fund”).

The National Treasury Management Agency (“the Manager”) is the Manager of the Fund and acts as the Commission’s agent in the performance of its functions. The Manager implements the system of internal financial control on the Commission’s behalf.

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 period.

Key Control Procedures

The Manager has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures to the Commission and ensuring appropriate corrective action.

The Manager has established processes to identify and evaluate certain risks by:

- identifying the nature, extent and financial implication of risks facing the Fund and monitoring them against standards which the Commission regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the Fund’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 for the administration costs of the Fund, with an annual budget which is determined by the Commission ;
- regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;

Statement on the System of Internal Financial Control (continued)

Key Control Procedures (continued)

- setting targets to measure financial and other performance;
- clearly defined investment control guidelines;
- formal project management disciplines.

Under the governance of the Commission, the Manager has an internal audit function, which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies. The work of internal audit is informed by analysis of the operational risks to which the Fund is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are approved by the Commission and the Manager. At least annually, the Internal Auditor provides the Commission and the Manager with a report of internal audit activity. The report includes the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

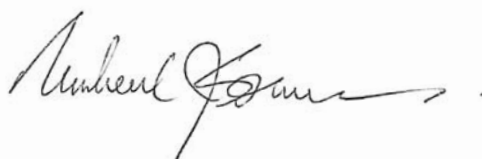
The Manager's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor (currently PricewaterhouseCoopers), the Manager's executives who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

For the year ended 31 December 2006, the Commission, having taken advice from the NPRF Audit Committee has conducted a review of the effectiveness of the system of internal financial control.



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

1 May 2007

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the National Pensions Reserve Fund for the year ended 31 December 2006 under the National Pensions Reserve Fund Act 2000.

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 Administration Account and the related notes.

Respective Responsibilities of the Commission and the Comptroller and Auditor General

The Commission is responsible for preparing the financial statements in accordance with the National Pensions Reserve Fund Act 2000, and for ensuring the regularity of transactions. The Commission prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Commission are set out in the Statement of Commission's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements properly present, in accordance with Generally Accepted Accounting Practice in Ireland, the results of the Fund's operations for the year and its balances at year-end. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements properly present, in accordance with Generally Accepted Accounting Practice in Ireland, the results of the Fund's operations for the year ended 31 December 2006 and its balances at that date.

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



John Purcell
Comptroller and Auditor General
4 May 2007

Accounting Policies

The National Pensions Reserve Fund was established under the National Pensions Reserve Fund Act, 2000. The significant accounting policies adopted in respect of the National Pensions Reserve Fund are as follows: -

Basis of preparation

The financial statements have been prepared in accordance with the National Pensions Reserve Fund Act, 2000 in a format approved by the Minister for Finance. The financial statements are prepared in accordance with Generally Accepted Accounting Practice in Ireland.

The financial statements summarise the transactions and net assets of the National Pensions Reserve Fund. They do not affect the Exchequer's liabilities to pay pensions and other benefits in the future.

Reporting Period

The reporting year is the year ended 31 December 2006.

Reporting Currency

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

Valuation of Investments

Investments are recorded on a trade date basis and are stated at fair market value, determined on the following basis:

Quoted Investments

For quoted investments fair market value is the closing market value on the primary exchange or market where the investment is quoted.

Investments in property and private equity funds

The estimated fair value for unquoted investments in property and private equity 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.

Valuation of Investments (continued)

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 and third party transactions, or other events which suggest material impairment or improvement in 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 property and private equity 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 for such investments.

The Commission relies on the external manager's valuation as being a representative estimate of the fair value of an investment. The Commission has in conjunction with the NTMA as Manager established procedures to periodically review the fund or partnership's valuation of individual property and private equity investments. Based on its judgement and relevant information available to it, the Commission may in certain circumstances determine that an adjustment to the external manager's valuation is appropriate in recording an investment's fair value.

Other Unquoted Investments

Other unquoted investments are valued at their estimated fair market value estimated by the NTMA, as Manager of the Fund and approved by the Commission.

Gains and losses on investments

Realised and unrealised capital gains and losses on investments are dealt with in the Fund Account in the year in which they arise.

Accounting Policies (continued)

Investment income

Income from investments is accounted for on an income receivable basis.

Expenses

Expenses are accounted for in the year in which they fall due.

Foreign Currencies

All transactions in foreign currencies are translated into euro at the rates of exchange prevailing at the dates of such transactions. Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the year end dates. 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 dealt with as part of investment income.

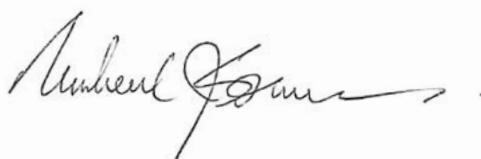
During the year, the Fund has entered into a number of forward foreign exchange contracts for the purpose of hedging foreign currency risk of its underlying portfolio of investments. Open forward exchange contracts are valued at the cost to close out the contracts on the balance sheet date and are included in investment assets. Gains and losses arising on foreign exchange contracts are included as part of the change in market value of investments.

Fund Account – for the Year ended 31 December 2006

	Notes	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Contributions	1	1,446,500,000	1,320,250,000
Investment return for the year			
- Investment income	2	456,597,859	347,048,433
- Change in value of investments		<u>1,606,931,986</u>	<u>2,086,148,779</u>
		3,510,029,845	3,753,447,212
Transfer to administration account	4	<u>(28,858,229)</u>	<u>(23,813,896)</u>
Increase / (Decrease) in Fund during the year		3,481,171,616	3,729,633,316
Net assets of Fund at start of year		<u>15,418,630,827</u>	<u>11,688,997,511</u>
Net assets of Fund at year end		<u>18,899,802,443</u>	<u>15,418,630,827</u>



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

1 May 2007

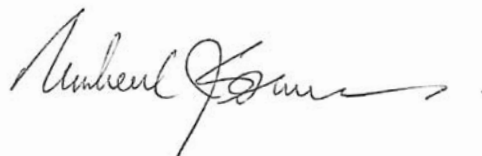
The statement of accounting policies and notes 1 to 14 form part of these accounts.

Net Assets Statement – 31 December 2006

	Notes	2006 €	2005 €
Investment assets	3	18,829,331,182	15,393,670,499
Current assets	6	98,862,738	64,877,329
Current liabilities	7	<u>(28,391,477)</u>	<u>(39,917,001)</u>
Net Assets of Fund at 31 December 2006		<u>18,899,802,443</u>	<u>15,418,630,827</u>



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

1 May 2007

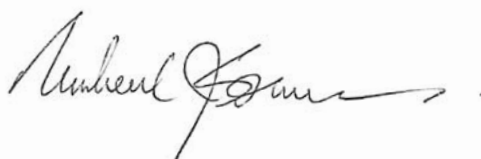
The statement of accounting policies and notes 1 to 14 form part of these accounts.

Administration Account – for the year ended 31 December 2006

	Notes	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Transfer from Fund Account	4	28,858,229	23,813,896
Expenses of Commission	5	(28,858,229)	(23,813,896)
Net income(expenditure)		<u>Nil</u>	<u>Nil</u>



Paul Carty
Chairman of Commission



Michael J. Somers
Chief Executive
National Treasury Management Agency (as Manager)

1 May 2007

The statement of accounting policies and notes 1 to 14 form part of these accounts.

Notes to the Accounts

1. Contributions

	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Paid in by the Minister for Finance – 1 per cent of GNP	1,446,500,000	1,320,250,000
	<u>1,446,500,000</u>	<u>1,320,250,000</u>

2. Investment income

	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Income from investments	<u>456,597,859</u>	<u>347,048,433</u>

Summary of Investment Income from	2006 €	2005 €
- Deposits	24,613,072	27,820,135
- Equities	312,402,856	240,200,254
- Bonds	100,166,361	69,794,085
- Property	7,988,349	1,293,373
- Private Equity	893,622	–
- Securities Lending	10,033,444	6,932,632
- Commission Recapture	500,155	1,007,954
	<u>456,597,859</u>	<u>347,048,433</u>

3. Investment assets

(a) Summary of Assets	2006 €	2005 €
- Equities	14,306,113,677	11,971,325,242
- Bonds	2,374,550,681	1,761,948,396
- Corporate Bonds	72,564,986	–
- Commodity Investments	238,657,119	200,449,352
- Property	558,808,735	131,015,740
- Private Equity	122,719,191	19,541,170
- Currency Funds	121,928,818	–
- Deposits and Cash	1,051,274,653	1,318,915,227
- Foreign Currency Contracts	(17,898,043)	(9,686,353)
- Futures Contracts	611,365	161,725
	<u>18,829,331,182</u>	<u>15,393,670,499</u>

Notes to the Accounts (continued)

3. Investment assets (continued)

(b) Analysis by geographical classification of Assets	2006	2005
	€	€
Europe	12,321,315,754	9,859,786,980
North America	4,851,530,720	3,966,120,825
Japan	820,441,194	894,680,039
Asia Pacific (excluding Japan)	470,514,401	355,626,466
Emerging Markets	365,529,113	317,456,189
	<u>18,829,331,182</u>	<u>15,393,670,499</u>

(c) The movement in the value of investments held by the Fund during the year was as follows;

	2006	2005
	€	€
Value of investments as at start of year	15,393,670,499	11,651,134,333
Transfer to Fund (Note 1)	1,446,500,000	1,320,250,000
Net Cash Income	433,028,377	339,636,441
Movement in pending settlements	(23,726,916)	18,061,399
Fund expenses paid	(27,072,764)	(21,560,453)
Change in value of investments	1,606,931,986	2,086,148,779
	<u>18,829,331,182</u>	<u>15,393,670,499</u>

Net Cash Income reconciled to Investment Income

	2006	2005
	€	€
Income received in Cash	433,028,377	339,636,441
Net Cash Income	<u>433,028,377</u>	<u>339,636,441</u>
Opening income accrual	(54,928,534)	(47,516,542)
Closing income accrual	78,498,016	54,928,534
Investment income (Note 2)	<u>456,597,859</u>	<u>347,048,433</u>

Net Cash Income

	2006	2005
	€	€
Transfer of funds to Investment Managers and Other Investments	(1,960,376,267)	(1,054,867,566)
Purchases at Cost	12,867,299,260	8,949,426,940
Proceeds of Sales	(10,473,894,616)	(7,554,922,933)
Net Cash Income	<u>433,028,377</u>	<u>339,636,441</u>

Notes to the Accounts (continued)

3. Investment assets (continued)

(d) The investment assets of the Fund at the year-end are held as follows:

	2006 €	2005 €
Investment Managers		
Acadian Asset Management Inc.	334,870,417	269,601,919
AXA Rosenberg	85,885,035	–
Barclays Global Investors Limited	4,426,438,589	3,358,579,272
Bank of Ireland Asset Management Limited /		
State Street Global Advisors (UK) Limited	3,368,226,433	2,655,944,538
Capital International Limited	789,166,892	704,929,633
Daiwa SB Investments (UK) Limited	336,605,112	356,449,873
Deutsche Asset Management	80,740,040	–
Goldman Sachs Asset Management International	476,721,731	481,476,542
Invesco Institutional (N.A.) Inc.	837,223,479	707,464,398
Irish Life Investment Managers Limited	659,659,424	451,453,088
JPMorgan Asset Management (UK) Limited	299,707,459	371,956,479
Lord, Abbett & Co	668,885,149	574,739,281
National Treasury Management Agency	2,601,393,324	2,455,464,449
Oechsle International Advisors LLC	812,213,232	674,962,750
Putnam Investments Limited	600,509,473	493,923,044
RCM (UK) Limited	689,542,648	613,820,465
Schroder Investment Management Limited	353,899,769	279,768,248
UBS AG	–	274,674,069
	<u>17,421,688,206</u>	<u>14,725,208,048</u>
Other Investments		
Emerging Markets Funds	365,529,113	317,456,189
Currency Funds	121,928,818	–
Commodity Certificates	238,657,119	200,449,352
Property Investments	558,808,735	131,015,740
Private Equity Investments	122,719,191	19,541,170
	<u>1,407,642,976</u>	<u>668,462,451</u>
Total Investment Assets	<u>18,829,331,182</u>	<u>15,393,670,499</u>

Notes to the Accounts (continued)

4. Transfer to Administration Account

This amount of €28,858,229 represents the amount required to cover the administration costs of the Commission.

5. Expenses of Commission

Under section 26 (1) of the National Pensions Reserve Fund Act, 2000, the Commission is required to include a separate account of the administration fees and expenses incurred by it in the operation of the Fund. These are detailed below on an accruals basis:

	Year Ended 31 December 2006 €	Year Ended 31 December 2005 €
Investment Managers' Fees	24,252,811	19,653,821
Global Custodian Fees	1,435,453	1,770,682
Fees & Expenses of Commissioners	271,696	270,899
IT Systems/Risk Management	663,030	712,037
Legal Fees & Tax Advisory Fees	1,412,506	900,053
Consultancy Fees	624,909	333,505
External & Internal Audit Fees	148,867	138,000
Other Fees and Expenses	48,957	34,899
	<u>28,858,229</u>	<u>23,813,896</u>

In addition to the above expenses, the costs incurred by the National Treasury Management Agency in its role as Manager amounted to €5,748,400. These costs are charged on the Central Fund and are excluded from the above.

Notes to the Accounts (continued)

6. Current Assets

	2006	2005
	€	€
Accrued interest on fixed income securities	60,561,453	38,795,896
Amounts receivable for securities sold	20,364,722	9,948,791
Accrued interest on deposits	7,551,619	7,389,658
Dividends Receivable	9,358,832	7,152,722
Tax Reclaims Recoverable	660,384	1,102,730
Income receivable on property investments	–	42,037
Commission Recapture Receivable	18,875	100,338
Securites Lending Income Receivable	346,853	345,157
	<u>98,862,738</u>	<u>64,877,329</u>

7. Current Liabilities

	2006	2005
	€	€
Amounts payable for securities purchased	18,560,902	18,357,524
Fund Manager fees payable	8,148,355	5,871,598
Amount payable for private equity capital call	–	13,532,362
Custodian fees payable	356,253	292,709
Legal and Tax fees payable	620,723	400,000
Consultancy fees payable	381,736	181,500
VAT payable	67,021	114,712
Accrued Expenses	256,487	1,166,596
	<u>28,391,477</u>	<u>39,917,001</u>

8. Taxation

The income and profits of the National Pensions Reserve Fund are exempt from corporation tax in accordance with section 30 of the National Pensions Reserve Fund Act, 2000.

Notes to the Accounts (continued)

9. Commitments

The notional principle and unrealised gain / (loss) of derivative contracts entered into by the Manager and investment managers (excluding active currency fund managers) on behalf of the National Pensions Reserve Fund were:

	2006 Notional Principal €	2006 Unrealised gain / (loss) €	2005 Notional Principal €	2005 Unrealised gain / (loss) €
Forward Foreign Exchange Contracts	3,906,809,071	(17,899,255)	3,207,575,225	(9,687,087)
Spot Foreign Exchange Contracts	1,093,935	1,212	3,266,439	734
Financial Futures	33,478,199	611,365	57,790,629	161,725
	<u>3,941,381,205</u>	<u>(17,286,678)</u>	<u>3,268,632,293</u>	<u>(9,524,628)</u>

Foreign Exchange Contracts

The Fund follows a policy of hedging 50% of the foreign currency risk of its non-euro equity and property investments through the use of forward foreign currency contracts. The gain / (loss) on these forward foreign currency contracts offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

The Fund's investment managers can also execute spot foreign exchange contracts to manage their portfolios.

The notional value represents the total contracted foreign exchange contracts outstanding at the year end. The market value represents the unrealised gain / (loss) on these contracts at the year end.

Financial Futures

The Fund's investment managers are permitted to execute futures contracts. The market value represents the unrealised gain / (loss) on the contracts held at the year end.

Property and Private Equity Investments

The fund has entered into commitments in respect of certain investments in Private Equity and Property investments.

At 31 December 2006, the uncalled capital commitments in respect of these investments amounts to:

	€ 2006	€ 2005
Property Investments	414,488,340	279,333,004
Private Equity Investments	573,751,924	159,908,326
	<u>988,240,264</u>	<u>439,241,330</u>

Notes to the Accounts (continued)

10. Contingent liabilities

In the opinion of the Commissioners the National Pensions Reserve Fund had no contingent liabilities at 31 December 2006.

11. Securities Lending

Through a programme managed by its Global Custodian, some of the securities in the National Pensions Reserve Fund are lent from time to time.

The Fund receives a Fee from the Global Custodian for securities lent. During 2006 the Fund earned €10,033,444 through securities lending (2005: €6,932,632).

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 and specified equity index baskets. The value of the collateral maintained by the Global Custodian must be at least 102% of the market value of securities lent, 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.

The market value of securities loaned at 31 December 2006 amounted to €2,820,255,899 (2005: €1,475,937,161). The National Pensions Reserve Fund held collateral of 104.44% (2005: 104.88%) of the market value of securities lent.

12. Commission Recapture

The National Pensions Reserve Fund participates in a Commission Recapture programme administered by Frank Russell Securities Inc to reduce the Fund's commission costs.

Under the programme, the Investment Managers are requested, subject to best execution, to execute a portion of their investment trades through the programme's network of participating brokers. The Investment Manager pays the broker the normal negotiated commission for the investment trade at the time of settlement. The participating broker then rebates a portion of the negotiated commission by way of a cash payment to Frank Russell Securities Inc which administers the scheme on behalf of the Fund.

During 2006 the Fund earned €500,155 (2005: €1,007,954) from Frank Russell Securities Inc in respect of Commission Recapture. The reduction in revenue reflects greater efficiency in brokerage commissions and the unbundling of charges for other brokerage firm services from these commissions.

13. Related parties

(a) Minister for Finance

As set out in note 1, contributions to the National Pensions Reserve Fund are to be made by the Minister for Finance by an annual charge on the Central Fund equivalent to 1 per cent of Gross National Product (GNP) under section 18(2) of the Act. The Minister for Finance may make such additional payments to the National Pensions Reserve Fund as are approved by Dáil Éireann under section 18(5) of the Act.

The commissioners of the National Pensions Reserve Fund, as given on page 25, were appointed by the Minister for Finance under section 7 of the Act.

(b) National Treasury Management Agency

Under section 21 of the National Pensions Reserve Fund Act, 2000, the National Treasury Management Agency was appointed as Manager of the Fund by the Commission for 10 years.

14. Approval of Financial Statements

The financial statements were approved by the Commission on 27 February 2007.

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
EUROPE				Denmark (continued)			
Austria				23,458	Jyske Bank	1,261,622	0.01%
128	Agrana Beteiligung	9,446	0.00%	76,213	Keops	208,523	0.00%
10,800	Andritz	1,774,440	0.01%	7,300	Lundbeck	152,491	0.00%
13,800	Bohler Uddeholm	732,780	0.01%	160,056	Novo-Nordisk	10,100,099	0.05%
3,987	Conwert Immobilien	65,387	0.00%	6,350	Novozymes	413,908	0.00%
411,659	Erste Bank Der Osterreichischen	23,917,388	0.13%	1,960	Ringkjobinc Landbobank	283,906	0.00%
18,644	EVN	1,658,384	0.01%	60,620	Sydbank	2,195,198	0.01%
408,131	Immoeast Immobilie	4,346,595	0.02%	19,825	Topdanmark	2,483,443	0.01%
711,928	Immofinanz	7,688,822	0.04%	49,590	Torm	2,460,877	0.01%
216	Mayr-Melnhof Karton	30,672	0.00%	126	United International Enterprise	7,943	0.00%
65,675	Oesterreichische Elektrizitatwirtschafts	2,654,584	0.01%	21,600	Vestas Wind System	691,658	0.00%
6,155	Oesterreichische Post	222,196	0.00%	2,900	William Demant	178,138	0.00%
222,127	OMV	9,549,240	0.05%			32,680,108	0.17%
68,371	Raiffeisen International Bank	7,897,534	0.04%				
815,481	Telekom Austria	16,554,264	0.09%	Finland			
261,687	Voestalpine	11,192,353	0.06%	17,389	Cargotec	732,077	0.00%
46,482	Wiener Stadtische Allgemeine	2,472,842	0.01%	1,072,112	Fortum	23,114,735	0.12%
143,876	Wienerberger	6,474,420	0.04%	36,856	Kemira	627,658	0.00%
23,316	Zumtobel	563,781	0.00%	120,404	Kone Corporation	5,170,148	0.03%
		97,805,128	0.52%	208,270	Metso	7,964,245	0.04%
				319,345	Neste Oil	7,354,515	0.04%
Belgium				7,309,774	Nokia	113,155,301	0.60%
209,338	AGFA Gevaert	4,052,784	0.02%	857	Orion	14,098	0.00%
16,977	Almancora	1,833,516	0.01%	223,298	Outokumpu	6,623,019	0.04%
249,945	Belgacom	8,340,665	0.05%	27,927	Perlos	98,024	0.00%
11,801	CMB	384,831	0.00%	180,000	Raisio	322,200	0.00%
3,224	Cofinimmo	490,693	0.00%	3,844	Ramirent	172,211	0.00%
20,440	Colruyt	3,307,192	0.02%	22,986	Rapala	142,283	0.00%
832	Dieteren	224,390	0.00%	393,323	Rautaruukki	11,858,688	0.06%
279,579	Delhaize Group	17,655,414	0.10%	625,226	Sampo	12,679,583	0.07%
1,264,053	Dexia	26,229,100	0.14%	74,070	SanomaWSOY	1,581,394	0.01%
14,364	Euronav	325,201	0.00%	58,986	Scanfl	139,797	0.00%
4,634	EVS Broadcast Equipment	202,969	0.00%	37,537	Sponda	450,444	0.00%
2,575,624	Fortis Group	83,227,779	0.45%	979,167	Stora Enso	11,750,004	0.06%
8	GIMV	379	0.00%	111,713	Tietoenator	2,730,266	0.02%
6,922	Groupe Bruxelles (Strip)	138	0.00%	941,989	UPM-Kymmene	18,010,830	0.10%
103,297	Groupe Bruxelles	9,405,192	0.05%	5,124	Vaisala	169,451	0.00%
3,311	IBA	60,790	0.00%			224,860,971	1.19%
810,249	Inbev	40,463,835	0.21%	France			
269,363	KBC Groupe	25,023,823	0.13%	318,432	Accor	18,691,958	0.10%
124,991	Mobistar	8,080,668	0.04%	43,677	ADP Promesses	2,576,943	0.01%
52,392	Nationale A Portefeuille	2,559,873	0.01%	198,367	Air France KLM	6,325,924	0.03%
62,034	Solvay	7,208,351	0.04%	177,340	Air Liquide	31,903,466	0.17%
139,732	Suez (Strip)	1,397	0.00%	4,095,604	Alcatel	44,642,084	0.24%
239,965	UCB	12,466,182	0.07%	202,033	Alstom	20,748,789	0.11%
76,384	Umicore	9,853,536	0.05%	90,264	Arkema	3,513,977	0.02%
		261,398,698	1.39%	83,685	Assurances Generales de France	9,883,198	0.05%
				155,144	Atos Origin	6,970,620	0.04%
Denmark				32,900	Autoroutes Paris	1,990,450	0.01%
256	AP Moller Maersk	1,790,558	0.02%	11,881	Avenir Telecom	32,673	0.00%
12,645	Carlsberg	951,428	0.01%	4,085,891	AXA	125,314,277	0.67%
3,883	Coloplast	266,123	0.00%	4,391	Beneteau	362,257	0.00%
5,800	Danisco	374,168	0.00%	54,606	BIC	2,880,467	0.02%
222,348	Danske Bank	7,485,159	0.04%	1,695,100	BNP Paribas	140,100,015	0.74%
2,175	DFDS	198,364	0.00%	1,240	Bongrain	92,938	0.00%
8,500	DSV	1,176,502	0.01%	616,226	Bouygues	29,967,070	0.16%
				53	Burelle	9,381	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
France (continued)				France (continued)			
192,928	Cap Gemini	9,173,726	0.05%	2,303,165	Sanofi-Aventis	155,907,327	0.83%
1,300,720	Carrefour	59,755,077	0.32%	539,048	Schneider Electric	45,333,937	0.24%
112,932	Casino G. Perrachon	7,950,413	0.04%	953,813	Societe Generale	122,660,352	0.65%
11,066	Chargeurs	231,279	0.00%	175,464	Sodexo Alliance	8,339,804	0.05%
176,620	Christian Dior	14,262,065	0.08%	500	Suciere de Pithiviers le Vieil	369,750	0.00%
628,268	Cie de St-Gobain	39,989,258	0.21%	2,459,913	Suez Lyonnaise Des Eaux-Remote	96,519,284	0.51%
3,862	Cie des Alpes	268,409	0.00%	223,479	Technip	11,620,908	0.06%
16,621	Ciments Francais	2,418,356	0.01%	408,889	TF1-TV Francaise	11,493,870	0.06%
86	CNIM	9,804	0.00%	175,653	Thales	6,636,170	0.04%
61,257	CNP Assurances	5,182,342	0.03%	401,826	Thomson	5,951,043	0.03%
129	Compagnie Generale De Geophysique	21,182	0.00%	4,626,065	Total	252,814,452	1.34%
859,707	Credit Agricole	27,390,265	0.15%	83,202	Ubisoft Entertainment	2,127,475	0.01%
115	Caisse Regionale de Credit d'Ille-et-Vilaine	9,539	0.00%	67,534	Unibail	12,500,543	0.07%
164,365	Dassault Systemes	6,607,473	0.04%	235,373	Valeo	7,421,311	0.04%
377,168	EDF	20,819,674	0.11%	124,254	Vallourec	27,373,156	0.15%
98,544	Eiffage	7,100,095	0.04%	866,095	Veolia Environment	50,579,948	0.27%
151,783	Essilor International	12,362,725	0.07%	502,205	Vinci	48,613,444	0.26%
457	Esso	75,908	0.00%	2,247,402	Vivendi	66,545,573	0.35%
19,583	Euler Hermes	2,146,297	0.01%	349	Vranken Pommery Monopole	17,450	0.00%
38,269	Eurazeon	4,140,706	0.02%	40,221	Wendel Investissement	4,528,885	0.02%
1,781	Fonciere Des Regio	263,588	0.00%			2,056,943,247	10.92%
2,506	Fonciere Financiere	471,629	0.00%				
3,611,245	France Telecom	75,655,583	0.40%	Germany			
288,604	Gaz De France	10,057,849	0.05%	523,428	Adidas	19,748,938	0.10%
17,708	Gecina	2,567,660	0.01%	973,666	Allianz	150,695,834	0.80%
3,962	Geodis (Ex-Calber)	616,091	0.00%	212,219	Altana	9,974,293	0.05%
7,547	GFI Informatique	47,244	0.00%	950,119	BASF	70,166,288	0.37%
424,694	Groupe Danone	48,754,871	0.26%	1,309,435	Bayer	53,241,627	0.28%
1,900	Guyenne & Gascogne	192,280	0.00%	73,937	Bayerische Hypo-Und Vereinbank	2,442,139	0.01%
119,531	Hermes	11,325,562	0.06%	633,588	Bayerische Motoren Werke	27,567,414	0.15%
46,179	Imerys	3,112,465	0.02%	34,900	Bayerische Motoren Werke (Preferred Stock)	1,518,150	0.01%
206,287	JC Decaux	4,472,302	0.02%	2,198	Bechtle	42,641	0.00%
14,113	Kaufman & Broad	668,109	0.00%	66,612	Beiersdorf	3,271,981	0.02%
34,393	Klepierre	4,918,199	0.03%	238	Biotest	7,021	0.00%
257,327	Lafarge	29,000,753	0.15%	99,136	Celesio	4,028,887	0.02%
208,191	Lagardere	12,699,651	0.07%	2,717	Combots	26,409	0.00%
3,087	Latecoere	73,471	0.00%	1,000,321	Commerzbank	28,859,261	0.15%
600	Laurent-Perrier	43,680	0.00%	339,398	Continental	29,900,964	0.16%
158,360	Legrand	3,515,592	0.02%	1,648,152	Daimlerchrysler	77,133,514	0.41%
447,858	L'Oreal	33,992,422	0.18%	786,920	Depfa Bank	10,662,766	0.06%
538,738	LVMH Moet Hennessy	43,072,103	0.23%	1,064,802	Deutsche Bank	107,907,035	0.57%
228,941	Michelin	16,598,223	0.09%	150,224	Deutsche Boerse	20,944,230	0.11%
536,359	Natixis	11,413,720	0.06%	338,536	Deutsche Lufthansa	7,058,476	0.04%
12,341	Neopost	1,174,246	0.01%	1,311,466	Deutsche Post	29,953,883	0.16%
40,291	Nexans	3,908,227	0.02%	226,817	Deutsche Postbank	14,509,484	0.08%
103,451	Nexity	5,679,460	0.03%	4,862,549	Deutsche Telekom	67,297,678	0.36%
433,755	Pagesjaunes Groupe	6,536,688	0.03%	73,497	Deutz	739,380	0.00%
157,520	Pernod-Ricard	27,408,480	0.15%	21,461	Douglas Holdings	840,627	0.00%
287,960	Peugeot	14,455,592	0.08%	1,121,985	E.On	115,373,718	0.61%
5,085	Pierre & Vacances	472,905	0.00%	152,381	Epcos	2,308,572	0.01%
13,410	Plastic Omnium	456,611	0.00%	277	Eurokai Kga	9,360	0.00%
202,961	PPR	22,975,185	0.12%	52,812	Fraport	2,852,904	0.02%
2,605	Provimi	84,663	0.00%	129,119	Fresenius (Preferred Stock)	21,021,864	0.11%
216,146	Publicis Groupe	6,905,865	0.04%	17,455	Fresenius	2,648,098	0.01%
81	Radiall	7,954	0.00%	106,429	Fresenius Medical Care	10,746,136	0.06%
398,524	Renault	36,265,684	0.19%	53,804	GEA Group	914,130	0.00%
1,621,200	Rhodia	4,279,968	0.02%	8,174	Gildemeister	78,144	0.00%
541,690	Safran	9,522,910	0.05%	9,438	Grammer	243,312	0.00%

National Pensions Reserve Fund

Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Italy (continued)				Netherlands (continued)			
160,087	Italcementi (Savings Share)	2,121,153	0.01%	20,325	Hunter Douglas	1,237,793	0.01%
88,872	Lottomatica	2,801,245	0.01%	5,090,601	ING Groep	170,993,288	0.91%
203,059	Luxtottica Group	4,727,214	0.03%	530,655	James Hardie Industries	3,055,296	0.02%
1,687,767	Mediaset	15,173,025	0.08%	7,498	Macintosh Retail Group	191,199	0.00%
591,054	Mediobanca	10,573,956	0.06%	167	Nedschroef	7,385	0.00%
879,728	Mediolanum	5,432,320	0.03%	12,100	Nieuwe Steen	270,556	0.00%
68,696	Meliiorbanca	258,984	0.00%	465,548	Numico	18,971,081	0.10%
838,981	Milano Assicurazio	5,180,708	0.03%	73,521	Nutreco	3,631,202	0.02%
6,468	Navigaz Montanari	24,578	0.00%	3,838	OPG Group	341,582	0.00%
2,409,251	Parmalat	7,854,158	0.04%	27,995	Ordina	469,196	0.00%
941,138	Piaggio	2,959,879	0.02%	2,165,952	Philips Electronic	61,881,249	0.33%
6,570,928	Pirelli	4,957,765	0.03%	127,527	Randstad	6,682,415	0.04%
132,747	Premuda	209,607	0.00%	1,771,117	Reed Elsevier	22,882,832	0.12%
830,085	RCS Mediagroup	3,160,549	0.02%	98,622	Rodamco Europe	9,941,098	0.05%
693,521	Saipem	13,690,105	0.07%	20,800	Royal Dutch Shell (ADR)	1,118,020	0.01%
2,121,079	San Paolo-IMI	37,330,990	0.20%	1,573,663	Royal Dutch Shell 'A'	41,988,360	0.23%
563,056	Saras Raffinerie	2,277,562	0.01%	683,082	Royal Dutch Shell 'B'	18,208,741	0.10%
5,875,363	Seat Pagine Gialle	2,652,726	0.01%	738	SMIT International	30,147	0.00%
3,506,090	Snam Rete Gas	15,067,422	0.08%	137,217	SNS Reaal Group	2,254,475	0.01%
2,220,304	T. E. R. N. A.	5,700,631	0.03%	998,302	Stmicroelectronics	14,046,109	0.07%
19,597,942	Telecom Italia	44,879,287	0.24%	380,900	Tele Atlas	6,074,607	0.03%
8,855,085	Telecom Italia (Savings Share)	17,019,473	0.09%	676,826	TNT	22,050,991	0.12%
310,824	Telecom Italia Media	112,052	0.00%	2,512,348	Unilever	52,005,604	0.28%
15,820,271	Unicredito Italian	105,048,394	0.56%	248	Univar	10,525	0.00%
1,000,023	Unipol	2,730,063	0.02%	31,031	Van Der Moolen	138,088	0.00%
1,303,262	Unipol (Preferred Stock)	3,199,508	0.02%	52,390	Wessanen	536,998	0.00%
24,893	Valentino Fashion	769,692	0.00%	753,425	Wolters Kluwers	16,417,131	0.09%
3,709	Vittoria Assicuraz	45,213	0.00%			877,295,471	4.66%
		797,372,940	4.23%				
Luxembourg				Norway			
107,900	Espirito Santo Financial Group	2,708,290	0.02%	113,500	ACTA	454,661	0.00%
21,135	RTL Group	1,790,134	0.01%	3,208	Aker Kvaerner	302,965	0.00%
867,235	SES	11,566,625	0.06%	10,578	Aker Yards	620,196	0.00%
		16,065,049	0.09%	45,400	Cermaq	501,505	0.00%
Netherlands				1,265,600	DNB NOR	13,596,213	0.07%
7,047,413	KPN	75,900,638	0.40%	21,800	Kongsberg Gruppen	463,098	0.00%
14,977	Aalberts	980,994	0.01%	108,071	Norsk Hydro	2,538,448	0.02%
3,400,244	ABN Amro	82,795,941	0.44%	22,200	Norske Skogsindustrier	289,694	0.00%
3,233,086	Aegon	46,685,762	0.25%	24,300	Orkla	1,041,260	0.01%
3,345,837	Ahold	26,967,446	0.14%	11,524	Renewable Energy	159,473	0.00%
686,598	Akzo Nobel	31,727,694	0.17%	188,350	Schibsted	5,098,574	0.03%
1,007,115	Arcelor Mittal	32,207,125	0.17%	9,000	Sparebank Rogaland	206,482	0.00%
13,500	ASM	215,730	0.00%	43,710	Sparebanken Midt-Norge	435,084	0.00%
1,126,255	ASML	21,218,644	0.11%	1,443,155	Statoil	28,948,941	0.16%
4,373	BAM Group	64,239	0.00%	212,600	Storebrand	2,046,514	0.01%
32,443	Buhrmann	365,308	0.00%	161,600	Tandberg	1,843,943	0.01%
98,876	Corio	6,120,424	0.03%	147,700	Telenor	2,102,188	0.01%
25,200	CSM	735,084	0.00%	33,600	TGS-Nopec Geophysical	526,147	0.00%
6,500	Draka	167,700	0.00%	99,600	Yara	1,713,802	0.01%
295,980	DSM	11,078,531	0.06%			62,889,188	0.33%
746,672	EADS	19,488,139	0.10%	Portugal			
20,418	Endemol	353,231	0.00%	816,028	Banco BPI	4,822,726	0.03%
166,382	Euronext	14,891,189	0.08%	7,759,518	Banco Comercial Portugues	21,726,650	0.12%
54,000	Getronics	331,560	0.00%	181,049	Banco Espirito Santo	2,465,887	0.01%
8,700	Heijmans	362,442	0.00%	596,441	Brisa Auto-Estradas De Portugal	5,636,368	0.03%
854,820	Heineken	29,201,682	0.16%	303,954	Cimpor Cimentos De Portugal	1,911,871	0.01%
				3,826	Corticeira Amorim-Sociedade	7,499	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Portugal (continued)				Sweden			
5,191,524	EDP Energias Portugal	19,935,452	0.10%	40,200	Assa Abloy	662,559	0.01%
2,383,945	Portugal Telecom	23,458,019	0.12%	561,400	Atlas Copco 'A'	14,282,775	0.08%
164,283	PT Multimedia	1,603,402	0.01%	24,400	Atlas Copco 'B'	599,177	0.01%
60,561	Teixeira Duarte Engineering & Construction	120,516	0.00%	17,000	Bergman & Beving 'B'	358,225	0.00%
		81,688,390	0.43%	54,500	Boliden	1,061,015	0.01%
Spain				145,154	Bure Forvaltning	53,628	0.00%
417,297	Abertis Infraestructuras	9,389,183	0.05%	134,200	D. Carnegie & Co	2,189,560	0.01%
37,618	Acciona	5,307,900	0.03%	53,700	Eniro	537,570	0.00%
383,384	Acerinox	8,837,001	0.05%	10,850,757	Ericsson	33,186,963	0.18%
383,407	Acs Actividades	16,375,313	0.09%	450	Haldex	8,138	0.00%
2,824	Adolfo Dominguez	132,530	0.00%	234,806	Hennes & Mauritz	8,986,646	0.05%
375,769	Altadis	14,899,241	0.08%	7,200	Holmen	237,335	0.00%
20,144	Amper	219,570	0.00%	24,000	Home Properties (Redemption Shares)	131,410	0.00%
131,405	Antena 3	2,344,265	0.01%	24,000	Home Properties	220,344	0.00%
116,850	Avanzit	802,760	0.00%	34,915	Husqvarna	413,246	0.00%
7,675,730	Banco Bilbao Vizcaya	140,005,315	0.74%	28,076	IBS	81,367	0.00%
448,912	Banco De Sabadell	15,222,606	0.08%	15,600	Industrivarden	469,360	0.01%
126,419	Banco Espanol De Credito	2,118,782	0.01%	6,800	Industrivarden C'	192,182	0.00%
1,993,162	Banco Popular	27,366,114	0.15%	109,300	Investor 'B'	2,031,149	0.01%
9,423,071	Banco Santander Central	133,242,224	0.71%	36,400	Investor 'A'	668,377	0.00%
86,294	Bankinter	5,143,122	0.03%	320,924	JM	5,892,812	0.03%
4,394	Cementos Portland Valderrivas	435,006	0.00%	142,785	Lindab International	2,057,182	0.01%
32,479	Cia Esp Petroleos	1,929,253	0.01%	127,400	Lindex	1,236,599	0.01%
2,394	Cie Automotive	17,356	0.00%	150	Ljungberggruppen	5,600	0.00%
298,743	Cintra	3,794,036	0.02%	15,500	Nobia	451,777	0.00%
2,093	Construccion Y Auxiliar	284,648	0.00%	1,309,095	Nordea Bank	15,276,926	0.08%
76,994	Corporacion Financiera Alba	4,354,011	0.02%	27,000	Saab	627,185	0.00%
263,245	Enagas	4,638,377	0.02%	138,334	Sandvik	1,522,525	0.01%
1,552,307	Endesa	55,619,160	0.30%	48,000	SAS	618,557	0.00%
77,591	Fomento De Construcciones	5,990,025	0.03%	3,500	Scania 'A'	189,897	0.00%
265,454	Gamesa	5,534,716	0.03%	11,700	Scania 'B'	622,506	0.00%
612,995	Gas Natural SDG	18,383,720	0.10%	40,600	Securitas Direct	97,454	0.00%
142,965	Gestevis Telecinco	3,085,185	0.02%	40,600	Securitas	477,164	0.00%
109,375	Grupo Ferrovial	8,088,281	0.04%	40,600	Securitas Systems	124,399	0.00%
1,551,176	Iberdrola	51,374,949	0.27%	303,600	Skandinaviska Enskilda Banken	7,304,212	0.04%
2,782,653	Iberia Lineas Aereas De Espana	7,680,122	0.04%	1,775	Skanditek Industriforvaltning	8,364	0.00%
433,607	Inditex	17,695,502	0.09%	46,000	Skanska	686,916	0.00%
864,945	Mapfre	2,958,112	0.02%	47,300	SKF	661,857	0.00%
22,455	Metrovacesa	2,885,467	0.02%	22,400	SSAB "A"	402,637	0.00%
40,500	NH Hoteles	607,905	0.00%	7,800	SSAB "B"	133,302	0.00%
66,675	Obrascon Huarte	1,560,195	0.01%	22,900	Svenska Cellulosa	905,574	0.01%
132,784	Promotora De Information	1,754,077	0.01%	102,900	Svenska Handelsbanken	2,356,123	0.01%
44,614	Prosegur Compania Seguridad	1,101,966	0.01%	395,370	Swedbank	10,867,820	0.06%
2,689,923	Repsol YPF	70,475,983	0.37%	35,000	Swedish Match	495,553	0.00%
169,099	Sacyr Vallermosto	7,609,455	0.04%	109,193	Tele2	1,207,834	0.01%
78,554	Sogecable	2,120,958	0.01%	72,000	Teleca	222,202	0.00%
38,706	Sol Melia	580,977	0.00%	1,192,263	Teliasonera	7,418,343	0.04%
9,023,797	Telefonica	145,463,608	0.77%	124,862	Trelleborg	2,265,095	0.01%
224,585	Union Fenosa	8,421,937	0.05%	15,300	Volvo "A"	822,508	0.01%
9,355	Unipapel	201,132	0.00%	31,800	Volvo "B"	1,658,522	0.01%
22,242	Viscofan	317,838	0.00%	1,553	Wallenstam	24,222	0.00%
157,141	Zar-doya-Otis	3,611,100	0.02%			133,012,693	0.71%
		819,980,983	4.35%	Switzerland			
				665,383	ABB	9,047,622	0.05%
				28,427	Actelion	4,741,079	0.03%
				62,835	Adecco	3,255,346	0.02%
				13,195	Alcon	1,119,822	0.01%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Switzerland (continued)				United Kingdom			
33,011	Ascom	315,340	0.00%	54,421	3i Group	818,137	0.01%
105,333	Baloise	7,984,047	0.05%	135,611	Admiral Group	2,219,457	0.01%
945	Barry Callebaut	361,675	0.00%	131,531	Aegis Group	274,227	0.00%
9,258	Bobst	345,684	0.00%	144,924	Aggreko	939,902	0.01%
2,040	BQE Cant Vaudoise	745,212	0.01%	52,529	Alliance & Leicester	890,216	0.01%
1,180	Bucher Industries	97,152	0.00%	112,990	Alliance Boots	1,409,220	0.01%
8,950	CIBA Spezialitätenchemie	451,427	0.00%	78,352	Alliance Trust	427,348	0.00%
26,839	Clariant	304,818	0.00%	28,042	Amdocs	825,078	0.01%
104,327	Compagnie Financière Richemont	4,609,633	0.03%	109,336	AMEC	686,301	0.01%
200,465	Converium	2,039,706	0.01%	45,728	Amstrad	106,574	0.00%
644,254	Credit Suisse Group	34,179,274	0.18%	95,441	Amvescap	847,101	0.01%
1,200	Energiedienst	415,956	0.00%	175,412	Anglo American	6,507,094	0.03%
6,182	Fischer(Georg)	3,037,333	0.02%	343,000	Anite Group	416,299	0.00%
4,075	Geberit	4,762,495	0.03%	80,465	Antofagasta	609,928	0.00%
843	Givaudan	591,763	0.00%	266,700	ARM Holdings	499,442	0.00%
2,660	Helvetia Holding	664,628	0.00%	1,376,062	Ashtead Group	3,242,917	0.02%
21,937	Holcim	1,524,901	0.01%	46,178	Associated British Foods	567,683	0.00%
440	Huber & Suhner	54,572	0.00%	362,114	Astrazeneca	14,796,099	0.08%
1,579	Inficon	188,666	0.00%	156,100	Astrazeneca (ADR)	6,347,118	0.04%
2,279	Internshop	435,760	0.00%	366,610	Aviva	4,487,766	0.02%
13,017	Julius Baer	1,087,113	0.01%	182,388	Babcock International	1,088,489	0.01%
72,998	Kudelski	2,085,139	0.01%	2,293,836	BAE Systems	14,543,571	0.08%
6,997	Kuehne & Nagel	386,013	0.00%	2,480,397	Barclays	26,964,856	0.14%
381	Kuoni Reisen	154,591	0.00%	935,742	Barratt Developments	17,209,852	0.09%
5,883	Lonza Group	385,513	0.00%	47,531	BBA Aviation	193,592	0.00%
597	Merck Serono	406,446	0.00%	216,730	Berkeley	5,522,339	0.03%
141,288	Nestle	38,071,895	0.20%	868,563	BG Group	8,963,727	0.05%
61,399	Nobel Biocare	13,765,013	0.07%	1,464,191	BHP Billiton	20,376,570	0.11%
949,478	Novartis	41,509,027	0.22%	40,335	Biffa	184,406	0.00%
318,130	Novartis (ADR)	13,875,009	0.07%	186,512	Bodycote International	633,974	0.01%
4,476	Pargesa	386,626	0.00%	4,879,076	BP	41,234,193	0.22%
2,331	Partners	213,241	0.00%	73,981	Bradford & Bingley	518,087	0.00%
85,401	Petroplus	3,932,838	0.02%	104,333	Brit Insurance	490,590	0.00%
2,270	Rieter	900,570	0.01%	65,937	British Airways	517,971	0.00%
3,732	Roche	574,815	0.00%	181,434	British American Tobacco	3,861,046	0.02%
402,495	Roche Genusscheine	54,729,724	0.29%	1,142,519	British Energy	9,238,837	0.05%
5,830	Schindler	276,706	0.00%	60,422	British Land	1,542,268	0.01%
3,400	Schweizerhall	304,686	0.00%	7,257	British Polythene	48,659	0.00%
995	Schweizerische National	491,030	0.00%	155,092	British Sky Broadcasting	1,205,630	0.01%
656	SGS	554,390	0.00%	85,580	Brixton	734,089	0.00%
3,000	Siegfried	341,652	0.00%	972,129	BT Group	4,364,809	0.02%
903	Straumann	165,776	0.00%	424,901	Bunzl	3,976,922	0.02%
7,564	Sulzer	6,528,889	0.04%	51,681	Burberry Group	496,800	0.00%
14,253	Swatch Group	987,107	0.00%	238,233	Burren Energy	3,139,780	0.02%
10,821	Swiss Life	2,055,580	0.01%	17,533	C.I. Traders	21,476	0.00%
158,578	Swiss Reinsurance	10,223,839	0.05%	1,315,169	Cable & Wireless	3,089,619	0.02%
15,801	Swisscom	4,535,574	0.03%	1,473,815	Cadbury Schweppes	11,994,639	0.06%
11,563	Syngenta	1,631,298	0.01%	18,534	Cairn Energy	496,540	0.00%
24,340	Synthes	2,151,902	0.01%	72,534	Capita Group	655,669	0.00%
566,643	UBS	26,112,347	0.14%	152,435	Carnival	5,874,934	0.03%
1,052	Vaudoise Versicherung	117,842	0.00%	164,977	Carphone Warehouse	771,449	0.01%
88	Verwalt & Private Bank	17,798	0.00%	423,099	Centrica	2,233,635	0.01%
92	WMH Walter Meier	7,557	0.00%	350,479	Charter	4,723,508	0.03%
82,192	Xstrata	3,121,216	0.02%	37,000	Chemring Group	870,588	0.00%
140	Zehnder Group	190,018	0.00%	68,180	Chesnara	178,446	0.00%
109,616	Zurich Financial Services	22,374,798	0.12%	55,600	Clarkson	679,372	0.00%
		335,927,489	1.78%	364,688	Cobham	1,052,246	0.01%
				121,380	Colt Telecom Group	242,218	0.00%
				246,810	Compass Group	1,065,896	0.01%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United Kingdom (continued)				United Kingdom (continued)			
107,312	Corus Group	847,789	0.00%	21,805	Kazakhmys	360,440	0.00%
117,884	Countrywide	949,743	0.01%	370,019	Kelda Group	5,102,571	0.03%
203,793	CSR	1,972,680	0.01%	52,082	Keller Group	697,658	0.00%
97,923	Daily Mail & General Trust	1,045,582	0.01%	17,961	Kensington Group	211,306	0.00%
136,919	Dairy Crest Group	1,384,483	0.01%	390,482	Kesa Electricals	1,972,763	0.01%
350,135	Dana Petroleum	6,533,421	0.04%	41,100	Kier Group	1,328,176	0.01%
41,958	Delta	99,662	0.00%	1,711,340	Kingfisher	6,078,252	0.03%
35,938	Development Securities	371,957	0.00%	65,240	Kingston Communications	69,952	0.00%
321,169	Diageo	4,794,817	0.03%	893,238	Ladbrokes	5,563,616	0.03%
164,841	Diageo (ADR)	9,926,758	0.05%	102,000	Laird Group	627,342	0.00%
40,100	Domino Printing Sciences	193,633	0.00%	439,381	Land Securities	15,200,033	0.08%
43,003	Drax Group	522,568	0.00%	756,100	Legal & General Group	1,773,429	0.01%
180,421	DS Smith	526,620	0.00%	42,300	Liberty International	879,387	0.00%
213,025	DSG International	607,510	0.01%	2,233,226	Lloyds TSB Group	19,006,535	0.10%
17,252	E2V Technologies	100,198	0.00%	664,187	Logicacmg	1,839,744	0.01%
38,050	Easyjet	347,352	0.00%	108,500	London Scottish Bank	184,200	0.00%
50,609	Electrocomponents	221,014	0.00%	16,655	Lonmin	746,561	0.00%
222,865	Elementis	276,300	0.00%	74,000	Luminar	803,366	0.00%
24,935	Emap	299,851	0.00%	221,385	MAN Group	1,723,440	0.01%
233,889	EMI Group	923,017	0.01%	264,984	Marks & Spencer	2,829,390	0.02%
36,328	Enterprise Inns	731,970	0.00%	279,384	McBride	818,597	0.01%
26,800	Enterprise	217,114	0.00%	154,000	Meggitt	710,946	0.00%
500,073	Experian Group	4,464,539	0.02%	949,244	Michael Page International	6,393,085	0.03%
74,483	F & C Asset Management	234,042	0.00%	77,833	Millennium & Copthorne Hotels	707,626	0.00%
14,146	Fiberweb	43,818	0.00%	58,240	MISYS	187,556	0.00%
89,011	Foreign & Colonial Investment Trust	377,120	0.00%	47,439	Mitchells & Butlers	501,942	0.00%
432,547	Friends Provident	1,397,807	0.01%	25,240	Morgan Sindall	499,162	0.00%
75,700	Gallaher Group	1,292,480	0.01%	2,225,698	Morrison (Wm)	8,435,446	0.04%
169,270	Galliford Try	413,407	0.00%	161,345	Morse	259,498	0.00%
230,370	GKN	953,729	0.01%	1,112,441	National Grid	12,209,518	0.06%
1,608,752	Glaxosmithkline	32,199,002	0.17%	220,531	Neteller	497,550	0.00%
145,550	Greene King	2,464,488	0.01%	26,503	Next Group	710,430	0.00%
147,403	Group 4 Securicor	412,685	0.00%	49,116	Northern Rock	861,633	0.00%
193,100	Halfords Group	1,057,521	0.01%	95,355	Northgate Information Solution	122,123	0.00%
33,206	Hammerson	779,834	0.00%	133,230	Northgate	2,392,783	0.01%
83,094	Hanson	953,447	0.01%	383,222	Northumbrian Water	1,746,328	0.01%
170,405	Hays	404,125	0.00%	1,250	Ocean Wilson	10,331	0.00%
536,608	HBOS	9,046,022	0.05%	638,919	Old Mutual	1,657,955	0.01%
2,387	Hill & Smith	9,633	0.00%	25,687	Pace Micro Technology	24,386	0.00%
106,060	Hill (William)	998,212	0.01%	139,933	Partygaming	66,163	0.00%
261,165	Hiscox	1,089,970	0.01%	93,815	Pearson	1,077,860	0.01%
102,111	Home Retail Group	623,463	0.00%	452,916	Pennon Group	3,851,304	0.02%
1,600,300	HSBC	22,187,335	0.12%	227,050	Persimmon	5,159,767	0.03%
154,527	Hunting	1,380,733	0.01%	91,245	Provident Financial	953,215	0.01%
56,308	ICAP	401,242	0.00%	1,336,117	Prudential	13,918,302	0.07%
719,252	IMI	5,430,541	0.03%	24,166	Psion	40,667	0.00%
3,386,459	Imperial Chemical Industries	22,794,932	0.12%	458,910	Punch Taverns	8,740,819	0.05%
80,636	Imperial Tobacco	2,413,677	0.01%	67,736	Rank Group	235,790	0.00%
558,204	Inchcape	4,206,273	0.02%	702,879	Reckitt Benckiser	24,430,675	0.13%
554,925	Intercontinental Hotels	10,429,121	0.06%	117,500	Redrow	1,250,242	0.01%
25,200	Intermediate Cap Group	636,098	0.00%	1,059,931	Reed Elsevier	8,847,229	0.05%
771,138	International Power	4,383,946	0.02%	211,079	Rentokil	521,018	0.00%
120,300	Intertek Group	1,493,225	0.01%	93,866	Restaurant Group	432,287	0.00%
144,007	Invensys	590,289	0.00%	289,492	Reuters Group	1,919,528	0.01%
1,654,747	ITV	2,624,432	0.01%	64,386	Rexam	503,870	0.01%
35,253	Jessops	79,011	0.00%	214,820	Rio Tinto	8,695,173	0.05%
75,000	JKX Oil & Gas	329,486	0.00%	96,000	RM	277,707	0.00%
25,602	Johnson Matthey	537,204	0.00%	8,492	Robert Wiseman Dairies	71,388	0.00%
33,521	Johnston Press	195,934	0.00%	47,947,264	Rolls Royce Group 'B'	71,403	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United Kingdom (continued)				NORTH AMERICA			
1,231,965	Rolls Royce Group	8,214,630	0.04%	Canada			
41,682	Rotork	518,309	0.00%	551,400	Abitibi-Consolidated	1,078,912	0.01%
345,254	Royal & Sun Alliance Insurance	784,084	0.00%	19,388	Agrium	463,607	0.00%
1,219,014	Royal Bank Of Scotland	36,180,123	0.19%	64,561	Alcan	2,398,909	0.01%
162,769	SABMiller	2,848,155	0.02%	102,447	Bank Montreal Quebec	4,619,423	0.02%
382,864	Sage Group	1,545,140	0.01%	200,058	Bank Nova Scotia	6,816,452	0.04%
2,140,443	Sainsbury (J)	13,045,070	0.07%	643,669	Barrick Gold	15,022,908	0.08%
19,287	Schroders	320,541	0.00%	39,342	BCE	808,415	0.01%
8,419	Schroders (Non Voting)	131,143	0.00%	22,507	Biovail	362,327	0.00%
109,198	Scottish & Newcastle	909,848	0.00%	199,772	Bombardier “B”	516,392	0.00%
481,926	Scottish & Southern Energy	11,152,839	0.06%	6,346	Bombardier “A”	16,570	0.00%
33,158	Scottish Mortgage Investment Trust	259,240	0.00%	54,927	Brookfield Asset Management	2,025,839	0.01%
1,153,713	Scottish Power	12,851,488	0.07%	24,638	Brookfield Properties	740,865	0.00%
454,912	Senior	433,572	0.00%	49,819	Cameco	1,538,810	0.01%
26,890	Severn Trent	588,657	0.00%	70,547	Canadian Imperial Bank	4,530,812	0.02%
47,856	Shanks Group	162,846	0.00%	195,946	Canadian National Railway	6,408,973	0.03%
58,169	Shire	917,364	0.00%	246,792	Canadian Natural Resources	10,037,378	0.05%
371,433	SIG	5,697,335	0.03%	22,320	Canadian Pacific Railway	896,831	0.00%
809,307	Signet Group	1,428,189	0.01%	11,121	Canadian Tire	515,841	0.00%
54,695	Slough Estates	639,805	0.01%	9,811	Canadian Utilities	306,445	0.00%
158,039	Smith & Nephew	1,254,427	0.01%	33,067	Celestica	196,485	0.00%
627,463	Smiths Group	9,264,775	0.05%	49,119	CGI Group	261,329	0.00%
19,400	Speedy Hire	348,131	0.00%	13,666	Cognos	443,132	0.00%
311,062	Sportingbet	199,191	0.00%	66,049	Enbridge	1,736,743	0.01%
448,186	Standard Chartered	10,021,551	0.05%	386,406	Encana	13,507,724	0.07%
47,619	Sthree	274,084	0.00%	12,970	Finning International	405,625	0.00%
24,470	Stolt-Nielson	567,343	0.00%	100,420	Goldcorp	2,175,842	0.01%
105,362	Tate & Lyle	1,205,818	0.01%	24,508	Great West Lifeco	542,092	0.00%
2,401,290	Tesco	14,464,958	0.08%	17,708	Husky Energy	904,346	0.01%
81,539	Thus Group	214,321	0.00%	14,628	IGM Financial	470,018	0.00%
99,543	Tomkins	364,299	0.00%	107,847	Imperial Oil	3,023,017	0.02%
247,393	Travis Perkins	7,309,423	0.04%	66,300	Inmet Mining	2,707,795	0.02%
334,737	Trinity Mirror	2,340,418	0.02%	17,100	Ipsco	1,218,813	0.01%
278,100	TT Electronics	1,076,783	0.01%	15,186	Loblaw Companies	484,867	0.00%
51,385	Tullett Prebon	497,398	0.01%	15,367	Magna International	943,983	0.01%
88,648	Ultra Electronic	1,435,002	0.01%	388,624	Manulife Financial	9,986,717	0.05%
5,884	Umeco	41,709	0.00%	21,498	MDS	299,236	0.00%
221,149	Unilever	4,702,916	0.02%	23,170	National Bank of Canada	998,307	0.01%
10,007	Uniq	33,866	0.00%	36,980	Nexen	1,553,639	0.01%
33,164	United Business Media	342,258	0.00%	60,692	Nortel Networks	1,242,357	0.01%
101,866	United Utilities	1,183,254	0.01%	12,800	Nova Chemicals	272,233	0.00%
16,675	Vedanta Resources	303,204	0.00%	72,706	Petro-Canada	2,271,913	0.01%
43,000	Vitec Group	338,429	0.00%	21,116	Potash Corp Of Saskatchewan	2,307,683	0.01%
21,819,316	Vodafone Group	45,978,163	0.24%	57,105	Power Corp Canada	1,318,785	0.01%
94,000	VT Group	665,279	0.01%	39,437	Power Financial	972,698	0.01%
19,499	Warner Estate	251,179	0.00%	143,058	Research In Motion	13,892,766	0.08%
414,679	Wetherspoon	4,295,001	0.02%	87,417	Rogers Communications	2,201,505	0.01%
325,059	Whitbread	8,108,323	0.05%	269,666	Royal Bank of Canada	9,782,355	0.05%
16,506	Willis Group	497,687	0.01%	8,598	Saputo	207,959	0.00%
30,465	Witan Investment Trust	206,200	0.00%	29,255	Shaw Communications	706,630	0.00%
76,504	Wolseley	1,404,757	0.01%	34,658	Shell Canada	986,826	0.01%
27,200	Wolverhampton & Dudley	733,165	0.01%	53,377	Shoppers Drug Mart	1,749,658	0.01%
4,063,275	Woolworths Group	2,072,482	0.01%	126,328	Sun Life Financial	4,072,131	0.02%
2,201	Workspace Group	16,307	0.00%	359,291	Suncor Energy	21,537,411	0.12%
144,187	WPP Group	1,482,668	0.01%	156,670	Talisman Energy	2,030,014	0.01%
213,347	Yell Group	1,810,987	0.01%	98,423	Teck Cominco	5,661,526	0.03%
		830,885,658	4.42%	2,709	Telus Corp	94,880	0.00%
	Total European Equities	8,428,585,548	44.76%				

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Canada (continued)				United States (continued)			
13,418	Telus Corp (Non Voting)	456,867	0.00%	13,159	Apartment Investment & Management	559,732	0.01%
41,615	Thomson	1,314,774	0.01%	23,669	Apollo Group	700,365	0.01%
151,912	Toronto Dominion Bank	6,924,018	0.04%	225,988	Apple	14,557,951	0.08%
27,414	Transalta	477,919	0.00%	231,489	Applera Corp-Applied Biosystem	6,448,999	0.04%
113,967	Transcanada	3,027,026	0.02%	721,696	Applied Materials	10,110,320	0.06%
21,697	Ultra Pete	786,660	0.01%	94,153	Archer Daniels Midland	2,284,837	0.02%
7,297	Weston (George)	361,006	0.00%	113,875	Archstone Smith	5,033,154	0.03%
		185,623,019	0.99%	16,941	Arrow Electronics	405,838	0.01%
United States				10,211	Ashland	536,368	0.01%
105,490	3M Co	6,242,091	0.04%	18,812	Associated Banc Corp	498,225	0.01%
361,146	Abbott Labs	13,357,192	0.08%	18,084	Assurant	758,649	0.01%
12,478	Abercrombie & Fitch	659,714	0.01%	15,142	Astoria Financial	346,748	0.01%
159,830	Accenture	4,481,793	0.03%	2,027,403	AT&T	55,033,908	0.30%
171,391	ACE	7,882,424	0.05%	34,320	Autodesk	1,054,356	0.01%
82,506	Adobe Systems	2,576,042	0.02%	11,886	Autoliv	544,211	0.01%
114,696	Advanced Micro Devices	1,772,258	0.01%	257,590	Automatic Data Processing	9,632,732	0.06%
94,840	AES	1,587,148	0.01%	24,579	Autonation	397,892	0.01%
124,529	Aetna	4,082,887	0.03%	7,815	Autozone	685,726	0.01%
49,195	Affiliated Computer Services	1,824,361	0.01%	72,259	Avalonbay Communities	7,135,371	0.04%
85,036	Aflac	2,970,126	0.02%	64,316	Avaya	682,717	0.01%
27,533	Agere Systems	400,765	0.01%	15,232	Avery Dennison	785,657	0.01%
108,983	Agilent Technologies	2,883,871	0.02%	21,404	Avnet	414,916	0.01%
32,269	Air Products & Chemicals	1,721,993	0.01%	62,472	Avon Products	1,567,255	0.01%
21,558	Akamai Technologies	869,522	0.01%	21,552	Axis Capital	546,082	0.01%
16,212	Alberto Culver	264,045	0.01%	397,175	Baker Hughes	22,515,631	0.12%
122,846	Alcoa	2,799,247	0.02%	14,777	Ball	489,201	0.01%
97,700	Allergan	8,882,762	0.05%	184,500	Banco Itau Holding Financeira	5,064,294	0.03%
8,956	Alliance Data Systems	424,815	0.01%	351,915	Bank New York	10,520,041	0.06%
16,357	Alliant Energy	469,099	0.01%	1,654,559	Bank of America	67,074,339	0.36%
5,522	Alliant Techsystems	327,840	0.01%	14,278	Bard CR	899,503	0.01%
20,065	Allied Capital	497,892	0.01%	11,239	Barr Pharmaceuticals	427,714	0.01%
277,523	Allstate	13,720,215	0.08%	7,968	Bausch & Lomb	314,969	0.01%
75,463	Alltel	3,465,453	0.02%	397,453	Baxter International	13,999,882	0.08%
119,325	Altera	1,783,080	0.01%	77,238	BB&T	2,576,359	0.02%
512,008	Altria Group	33,364,105	0.18%	828,034	BEA Systems	7,909,391	0.05%
46,066	Amazon.Com	1,380,231	0.01%	17,181	Bear Stearns	2,123,556	0.02%
13,925	AMB Properties	619,700	0.01%	58,000	Beazer Homes USA	2,070,296	0.02%
15,785	Ambac Financial Group	1,067,555	0.01%	8,979	Beckman Coulter	407,703	0.01%
120,450	Ameren	4,914,031	0.03%	164,424	Becton Dickinson & Co	8,758,044	0.05%
353,124	American Eagle Outfitters	8,368,261	0.05%	40,278	Bed Bath & Beyond	1,165,218	0.01%
95,825	American Electric Power	3,098,123	0.02%	576,572	Bellsouth	20,624,379	0.11%
364,394	American Express	16,786,472	0.09%	15,405	Bemis	397,465	0.01%
861,599	American International Group	46,880,930	0.25%	27,900	Berkley W R	731,077	0.01%
27,756	American Power Conversion	644,689	0.01%	3,377	Berkshire Hathaway "B"	9,400,214	0.05%
42,050	American Standard	1,463,927	0.01%	122	Berkshire Hathaway "A"	10,188,899	0.06%
330,266	American Tower	9,348,760	0.05%	68,094	Best Buy	2,543,313	0.02%
49,417	Americredit	944,439	0.01%	271,300	Big Lots	4,721,485	0.03%
36,288	Ameriprise Financial	1,501,667	0.01%	180,493	Biogen Idec	6,741,420	0.04%
168,273	Amerisourcebergen	5,744,536	0.04%	36,762	Biomet	1,151,988	0.01%
522,707	Amgen	27,111,705	0.15%	41,622	BJ Services	926,619	0.01%
12,737	Amphenol	600,389	0.01%	10,359	Black & Decker	629,012	0.01%
138,500	AMR	3,179,085	0.02%	45,284	Block H&R	792,212	0.01%
65,899	Anadarko Petroleum	2,177,619	0.02%	378,742	BMC Software	9,260,055	0.05%
103,719	Analog Devices	2,588,644	0.02%	279,760	Boeing	18,871,586	0.11%
270,571	Anheuser Busch	10,107,892	0.06%	25,046	Boston Properties	2,127,674	0.02%
43,539	AON	1,168,313	0.01%	923,650	Boston Scientific	12,048,828	0.06%
46,874	Apache	2,367,190	0.02%	18,885	Brinker International	432,477	0.00%
				588,817	Bristol Myers Squibb	11,767,398	0.06%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States (continued)				United States (continued)			
67,922	Broadcom	1,666,332	0.01%	592,067	Comcast "A"	19,029,762	0.10%
19,281	Brown & Brown	412,997	0.00%	533,513	Comcast "A" Special	16,965,470	0.09%
2,013	Brown Forman "A"	103,065	0.00%	72,193	Comerica	3,216,618	0.02%
7,616	Brown Forman "B"	383,055	0.00%	25,288	Commerce Bancorp	677,227	0.00%
13,842	Brunswick	335,277	0.00%	10,095	Commerce Bancshares	371,070	0.00%
16,913	Bunge Limited	931,178	0.00%	13,835	Community Health Systems	383,640	0.00%
52,029	Burlington North Santa Fe	2,915,915	0.02%	17,856	Compass Bancshares	808,740	0.00%
8,808	CDW	470,295	0.00%	90,852	Computer Sciences	3,681,679	0.02%
24,577	CH Robinson Worldwide	763,063	0.00%	57,976	Compuware	366,697	0.00%
59,275	CA	1,019,422	0.01%	27,076	Comverse Technology	433,997	0.00%
32,130	Cablevision	694,808	0.00%	75,379	Conagra Foods	1,545,355	0.01%
10,099	Cabot	334,103	0.00%	344,567	Conocophillips	18,824,294	0.10%
97,746	Cadence Design Systems	1,329,257	0.01%	25,900	Consol Energy	631,866	0.00%
16,300	Camden Properties	914,013	0.00%	132,247	Consolidated Edison	4,826,965	0.03%
16,381	Cameron International	659,842	0.00%	31,413	Constellation Brands	692,183	0.00%
330,541	Campbell Soup	9,760,622	0.05%	26,256	Constellation Energy	1,373,007	0.01%
183,590	Capital One Financial	10,708,720	0.06%	33,570	Convergys	606,146	0.00%
58,142	Cardinal Health	2,844,411	0.02%	92,054	Cooper Industries	6,320,762	0.03%
14,298	Career Ed	269,024	0.00%	248,073	Corning	3,524,257	0.02%
62,068	Caremark RX	2,691,498	0.01%	65,700	Costco Wholesale	2,637,478	0.01%
67,871	Carnival	2,527,770	0.01%	129,369	Countrywide Financial	4,169,866	0.02%
115,353	Caterpillar	5,371,754	0.03%	21,944	Coventry Health Care	833,939	0.00%
62,005	Catlin Group	474,618	0.00%	378,449	Crown Castle International	9,281,627	0.05%
167,289	CBS	3,960,570	0.02%	62,810	CSX	1,642,026	0.01%
351,000	Celgene	15,332,597	0.08%	35,306	Cummins	3,168,157	0.02%
116,903	Centerpoint Energy	1,471,717	0.01%	312,897	CVS	7,343,695	0.04%
16,979	Centex	725,443	0.00%	47,189	DR Horton	949,155	0.01%
23,946	Centurytel	793,836	0.00%	61,382	Danaher	3,376,243	0.02%
8,387	Cephalon	448,389	0.00%	100,733	Darden Restaurants	3,072,471	0.02%
20,852	Ceridian	443,006	0.00%	14,625	Davita	631,640	0.00%
27,644	Checkpoint Software Technologies	460,104	0.00%	19,436	Dean Foods Co	623,959	0.00%
21,000	Cheesecake Factory	392,255	0.00%	33,643	Deere & Co	2,428,580	0.01%
52,000	Chen Hsong Holdings	24,373	0.00%	32,481	Del Monte Foods Co	272,031	0.00%
166,241	Chesapeake Energy	3,666,895	0.02%	693,064	Dell	13,203,474	0.07%
827,589	Chevron Corporation	46,205,482	0.25%	22,584	Dentsply International	511,870	0.00%
1,563	Chicago Mercantile Exchange	604,965	0.00%	15,444	Developers Diversified Realty	738,193	0.00%
24,991	Chicos FAS	392,607	0.00%	1,516,000	Devon Energy Convertible 4.950% 15/08/2008	1,594,275	0.01%
12,696	Choicepoint	379,627	0.00%	177,198	Devon Energy	9,025,392	0.05%
59,773	Chubb	2,401,359	0.01%	9,257	Diamond Offshore Drilling	561,887	0.00%
94,033	Cigna	9,394,018	0.05%	10,322	Diebold	365,228	0.00%
23,879	Cincinnati Financial	821,532	0.00%	151,200	Dillard's	4,014,779	0.02%
17,411	Cintas	524,974	0.00%	132,939	Directtv Group	2,517,463	0.01%
24,652	Circuit City Group	355,273	0.00%	38,009	Discovery	464,362	0.00%
2,794,818	Cisco Systems	57,997,248	0.31%	953,082	Disney Walt	24,800,395	0.13%
294,924	CIT Group	12,488,923	0.07%	34,428	DNP Select Income Fund	282,848	0.00%
1,971,078	Citigroup	83,362,980	0.44%	35,079	Dollar General	427,767	0.00%
46,465	Citizens Communications	506,987	0.00%	15,896	Dollar Tree Stores	363,303	0.00%
25,132	Citrix Systems	516,189	0.00%	130,835	Dominion Resources	8,328,934	0.04%
7,004	City National	378,652	0.00%	29,825	Donnelley RR & Sons	804,845	0.00%
108,536	Clear Channel Communications	2,928,906	0.02%	30,448	Dover	1,133,304	0.01%
166,322	Clorox Co	8,101,410	0.04%	269,367	Dow Chem Co	8,168,958	0.04%
2,719	CAN Financial	83,242	0.00%	6,456	Dow Jones & Co	186,278	0.00%
52,228	Coach	1,703,656	0.01%	9,518	DST Systems	452,629	0.00%
922,667	Coca Cola Co	33,803,100	0.18%	26,862	DTE Energy Co	987,388	0.01%
273,639	Coca Cola Enterprises	4,242,755	0.02%	169,785	Du Pont E I De Nemours & Co	6,279,596	0.03%
19,961	Cognizant Tech Solutions	1,169,469	0.01%	306,179	Duke Energy	7,720,732	0.04%
74,131	Colgate Palmolive	3,672,214	0.02%	18,760	Duke Realty	582,600	0.00%
21,377	Colonial Bancgroup	417,801	0.00%	9,455	Dun & Bradstreet	594,366	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States (continued)				United States (continued)			
58,838	E Trade Financial	1,001,631	0.01%	37,493	Freeport McMoran Copper	1,586,549	0.01%
11,246	Eastman Chemical	506,454	0.00%	25,002	Fulton Financial	317,034	0.00%
80,377	Eastman Kodak Co	1,574,584	0.01%	66,000	Furniture Brands International	813,349	0.00%
78,206	Eaton	4,461,958	0.02%	14,476	Gallagher Arthur J & Co	324,803	0.00%
234,391	Ebay	5,351,661	0.03%	91,996	Gannett	4,223,294	0.02%
69,140	Echostar Communications	1,996,503	0.01%	89,209	GAP	1,320,862	0.01%
35,248	Ecolab	1,209,726	0.01%	22,776	Garmin	962,576	0.01%
47,306	Edison International	1,633,620	0.01%	166,603	Genentech	10,263,099	0.05%
10,745	Edwards A G	516,364	0.00%	225,191	General Dynamics	12,712,947	0.07%
298,741	El Paso	3,466,031	0.02%	2,956,580	General Electric	83,534,048	0.44%
307,371	Electronic Arts	11,753,382	0.06%	34,167	General Growth Properties	1,355,006	0.01%
184,743	Electronic Data Systems	3,864,594	0.02%	121,083	General Mills	5,295,657	0.03%
21,769	Embarq	868,776	0.00%	605,807	General Motors	14,130,897	0.08%
975,443	EMC	9,776,650	0.05%	182,200	General Motors Convertible	3,143,192	0.02%
42,193	Emdeon	396,941	0.00%	18,036	Gentex	213,090	0.00%
342,424	Emerson Electric Co	11,458,334	0.06%	23,669	Genuine Parts Co	852,407	0.00%
19,400	Endo Pharmaceuticals	406,266	0.00%	66,730	Genworth Financial	1,733,359	0.01%
13,966	Energizer	752,807	0.00%	38,068	Genzyme	1,779,975	0.01%
20,945	Energy East	394,409	0.00%	51,000	Georgia Gulf	747,768	0.00%
21,431	Ensco International	814,606	0.00%	45,189	Getty Images	1,469,243	0.01%
29,810	Entergy	2,089,643	0.01%	65,931	Gilead Sciences	3,250,493	0.02%
35,123	EOG Resources	1,665,476	0.01%	33,611	Globalsantafe Corporation	1,500,117	0.01%
51,532	Equifax	1,588,610	0.01%	170,886	Goldman Sachs Group	25,866,457	0.14%
16,972	Equitable Resources	538,027	0.00%	16,698	Goodrich	577,520	0.00%
51,454	Equity Office Properties	1,881,958	0.01%	81,864	Google	28,623,185	0.15%
42,726	Equity Residential	1,646,427	0.01%	12,342	Grainger WW	655,429	0.00%
2,966	Erie Indemnity Co	130,576	0.00%	145,505	Halliburton	3,430,471	0.02%
13,732	Estee Lauder	425,619	0.00%	7,625	Hanesbrands	136,752	0.00%
55,984	Everest Re Group	4,170,532	0.02%	85,459	Harley Davidson	4,572,738	0.02%
243,282	Exelon	11,432,591	0.06%	9,228	Harman International	700,053	0.00%
45,679	Expedia	727,673	0.00%	89,943	Harrahs Entertainment	5,649,267	0.03%
29,914	Expeditors International Washington	919,907	0.00%	18,899	Harris	658,093	0.00%
19,165	Express Scripts	1,041,924	0.01%	111,632	Hartford Financial Services Group	7,909,174	0.04%
2,151,043	Exxon Mobil	125,159,017	0.66%	79,460	Hasbro	1,644,104	0.01%
10,011	Fair Isaac	308,996	0.00%	28,214	Health Care Property Investments	788,792	0.00%
21,097	Family Dollar Stores	469,837	0.00%	33,346	Health Management Associates	534,498	0.00%
599,640	Fannie Mae	27,040,713	0.14%	16,326	Health Net	603,207	0.00%
21,678	Fastenal	590,590	0.00%	48,569	Heinz HJ	1,659,902	0.01%
175,446	Federated Department Stores	5,079,541	0.03%	43,600	Hercules	639,268	0.00%
12,232	Federated Investors	313,741	0.00%	24,524	Hershey Company	927,331	0.00%
48,736	Fedex	4,019,517	0.02%	121,200	Hertz Global	1,600,355	0.01%
27,145	Fidelity National Information Services	826,305	0.00%	29,421	Hess	1,107,364	0.01%
166,472	Fifth Third Bancorp	5,173,651	0.03%	1,403,142	Hewlett Packard	43,884,145	0.23%
13,514	First American	417,426	0.00%	9,098	Hillenbrand	393,280	0.00%
650,281	First Data	12,600,737	0.07%	56,542	Hilton Hotels	1,498,342	0.01%
17,086	First Horizon National	542,030	0.00%	296,834	Home Depot	9,051,521	0.05%
6,675	First Marblehead	276,985	0.00%	369,774	Honeywell International	12,702,032	0.07%
45,551	Firstenergy	2,085,592	0.01%	14,765	Hormel Foods	418,622	0.00%
24,201	Fiserv	963,262	0.01%	21,863	Hospira	557,448	0.00%
83,140	Fluor	5,154,427	0.03%	10,520	Hospitality Properties	379,663	0.00%
22,024	Foot Locker	366,732	0.00%	73,239	Host Hotels & Resorts	1,365,237	0.01%
263,858	Ford Motor Co	1,504,612	0.01%	82,293	Hudson City Bancorp	867,294	0.00%
10,647	Forest City Enterprises	472,122	0.00%	1	Hugoton Royalty Trust	19	0.00%
245,800	Forest Labs	9,443,797	0.05%	44,490	Humana	1,868,445	0.01%
172,304	Fortune Brands	11,171,631	0.06%	17,309	Hunt J B Trans Services	272,975	0.00%
250,908	FPL Group	10,367,816	0.06%	33,964	Huntington Bancshares	612,487	0.00%
26,885	Franklin Resources	2,248,990	0.01%	237,800	Huntsman	3,425,259	0.02%
832,197	Freddie Mac	42,905,221	0.23%	658,518	IAC/Interactivecorp	18,580,508	0.10%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States (continued)				United States (continued)			
566,976	IBM	41,823,628	0.22%	202,324	Lilly Eli & Co	8,003,858	0.04%
28,278	Idearc	615,159	0.00%	54,723	Limited Brands	1,202,493	0.01%
167,668	Illinois Tool Works	5,880,475	0.03%	13,790	Lincare Holdings	417,155	0.00%
27,603	Imclone Systems	560,863	0.00%	92,982	Lincoln National	4,687,931	0.02%
27,499	IMS Health	573,783	0.00%	375,771	Linear Technology	8,651,007	0.05%
45,229	Ingersoll-Rand	1,343,820	0.01%	15,035	Liz Claiborne	496,144	0.00%
1,174,073	Intel	18,052,375	0.10%	244,952	Lockheed Martin	17,124,321	0.09%
48,826	International Game Technology	1,712,803	0.01%	165,569	Loews	5,213,475	0.03%
422,678	International Paper	10,944,055	0.06%	16,406	Louisiana Pacific	268,201	0.00%
60,730	Interpublic Group Cos	564,415	0.00%	735,383	Lowe's Cos	17,393,455	0.09%
20,740	International Flavors & Fragrances	774,167	0.00%	56,158	LSI Logic	383,768	0.00%
79,288	Intuit	1,836,809	0.01%	214,907	Lyondell Chemical	4,172,492	0.02%
9,636	Investors Financial Services	312,201	0.00%	15,528	M&T Bank	1,440,319	0.01%
7,412	Invitrogen	318,485	0.00%	10,172	Macerich	668,633	0.00%
18,592	Iron Mountain	583,594	0.00%	11,213	Manor Care	399,479	0.00%
6,008,943	iShares Russell 2000 Index Fund	356,019,607	1.89%	12,048	Manpower	685,464	0.00%
17,398	Istar Financial	631,718	0.00%	165,596	Marathon Oil	11,630,699	0.06%
27,634	ITT	1,192,228	0.01%	1,416	Markel Holdings	516,190	0.00%
130,286	Jabil Circuit	2,428,642	0.01%	260,215	Marriott International	9,428,595	0.05%
8,435	Jacobs Engineering Group	522,240	0.00%	145,993	Marsh & McLennan Cos	3,398,744	0.01%
30,437	Janus Capital Group	498,963	0.00%	145,445	Marshall & Ilsley	5,313,105	0.03%
344,564	JC Penney Co	20,239,538	0.11%	62,082	Marvell Technology Group	904,596	0.00%
31,107	JDS Uniphase	393,502	0.00%	59,209	Masco	1,342,880	0.01%
832,611	Johnson & Johnson	41,738,024	0.22%	117,255	Mattel	2,017,463	0.01%
28,049	Johnson Controls	1,829,894	0.01%	44,473	Maxim Integrated Products	1,033,989	0.01%
16,091	Jones Apparel Group	408,445	0.00%	78,948	MBIA	4,379,606	0.02%
1,200,319	JPMorgan Chase	44,020,811	0.23%	42,149	McAfee	908,268	0.00%
83,229	Juniper Networks	1,196,930	0.01%	7,820	McClatchy Co	257,104	0.00%
13,417	KB Home	522,417	0.00%	16,721	McCormick & Co	489,569	0.00%
110,300	Kellogg	4,192,573	0.02%	580,994	McDonalds	19,556,161	0.10%
152,753	Keycorp	4,410,931	0.02%	445,068	McGraw Hill	22,986,731	0.12%
24,305	Keyspan	759,970	0.00%	178,443	McKesson	6,869,446	0.04%
322,816	Kimberly Clark	16,655,541	0.09%	24,954	MDU Resources Group I	485,817	0.00%
46,595	Kimco Realty	1,590,315	0.01%	24,794	Meadwestvaco	565,913	0.00%
14,000	Kinder Morgan	1,124,146	0.01%	76,759	Medco Health Solutions	3,114,655	0.02%
8,286	Kinetic Concepts	248,832	0.00%	511,353	Medimmune	12,568,335	0.07%
459,327	King Pharmaceuticals	5,552,381	0.03%	483,812	Medtronic	19,657,388	0.10%
135,337	KLA Tencor	5,112,389	0.03%	200,830	Mellon Financial	6,427,475	0.03%
46,942	Kohls	2,439,059	0.01%	136,522	MEMC Electronics Materials	4,057,305	0.02%
637,424	Kraft Foods	17,278,692	0.09%	16,885	Mercantile Bankshares	599,885	0.00%
861,035	Kroger	15,082,823	0.08%	927,144	Merck & Co	30,693,605	0.16%
18,089	L-3 Communications Holdings	1,123,249	0.01%	4,582	Mercury General	183,454	0.00%
25,424	Laboratory Corporation of America	1,418,300	0.01%	251,257	Merrill Lynch & Co	17,761,600	0.09%
205,872	Lam Resh	7,912,863	0.04%	167,438	Metlife	7,502,290	0.04%
126,977	Lamar Advertising Co	6,304,500	0.03%	19,809	MGIC Investment	940,664	0.00%
15,133	Las Vegas Sands	1,028,171	0.01%	19,470	MGM Mirage	847,839	0.00%
153,907	Legg Mason	11,107,715	0.06%	30,052	Microchip Technology	746,166	0.00%
25,310	Leggett & Platt	459,308	0.00%	109,272	Micron Technology	1,158,267	0.01%
194,324	Lehman Bros Holdings	11,526,645	0.06%	3,186,558	Microsoft	72,248,004	0.38%
35,627	Lennar	1,419,129	0.01%	4,140,000	Midland Holdings	1,608,960	0.01%
22,176	Leucadia National	474,839	0.00%	45,861	Millennium Pharmaceuticals	379,563	0.00%
162,959	Level 3 Communications	692,916	0.00%	7,513	Millipore	379,928	0.00%
63,954	Lexmark International	3,554,619	0.02%	9,598	Mohawk Industries	545,563	0.00%
30,208	Liberty Global "C"	642,235	0.00%	10,290	Molex "A"	216,426	0.00%
28,246	Liberty Global "A"	625,187	0.00%	9,974	Molex	239,543	0.00%
90,454	Liberty Media Interactive	1,481,468	0.01%	8,912	Molson Coors Brewing	517,261	0.00%
23,127	Liberty Media Capital	1,720,565	0.01%	12,634	Moneygram International	300,837	0.00%
12,443	Liberty Property Trust	464,274	0.00%	263,606	Monsanto	10,514,217	0.06%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States (continued)				United States (continued)			
16,999	Monster Worldwide	602,000	0.00%	10,902	Peoples Bank	369,360	0.00%
41,140	Moodys	2,157,273	0.01%	26,097	Pepco	515,401	0.00%
296,335	Morgan Stanley	18,322,368	0.10%	55,005	Pepsi Bottling Group	1,290,968	0.01%
23,676	Mosaic Co	383,993	0.00%	15,570	PepsiAmericas	248,032	0.00%
551,237	Motorola	8,605,492	0.05%	784,279	Pepsico	37,248,786	0.20%
27,912	Murphy Oil	1,077,696	0.01%	20,297	Petsmart	444,777	0.00%
29,784	Mylan Labs	451,396	0.00%	2,344,893	Pfizer	46,114,449	0.24%
43,177	Nabors Industries	976,318	0.01%	363,542	PG&E	13,064,877	0.07%
155,891	National City	4,327,544	0.02%	29,116	Phelps Dodge	2,646,748	0.01%
25,825	National Oilwell Varco	1,199,676	0.01%	13,790	Pinnacle West Cap	530,763	0.00%
47,028	National Semiconductor	810,581	0.00%	17,762	Pioneer Natural Resources	535,288	0.00%
13,064	Navteq	346,885	0.00%	31,277	Pitney Bowes	1,096,951	0.01%
24,709	NCR	802,245	0.00%	24,602	Plum Creek Timber Co	744,411	0.00%
82,150	Network Appliance	2,450,153	0.01%	10,829	PMI Group	387,854	0.00%
41,766	New York Community Bancorp	510,579	0.00%	42,643	PNC Financial Services Group	2,397,333	0.01%
20,795	New York Times	384,636	0.00%	9,057	Pogo Producing Co	333,122	0.00%
38,314	Newell Rubbermaid	842,210	0.00%	40,695	Popular	554,651	0.00%
18,209	Newfield Exploration Co	635,310	0.00%	32,322	PPG	1,575,851	0.01%
249,766	Newmont Mining	8,562,593	0.05%	246,437	PPL	6,706,380	0.04%
71,889	News Corp CDI “B”	1,225,356	0.01%	128,023	Praxair	5,767,353	0.03%
154,492	News Corp CDI “A”	2,534,294	0.01%	19,230	Precision Castparts	1,142,995	0.01%
234,740	News Corporation “A”	3,828,561	0.02%	38,867	Price T Rowe Group	1,291,730	0.01%
275,951	News Corporation “B”	4,664,138	0.02%	24,349	Pride International	554,832	0.00%
21,491	NII	1,051,541	0.01%	38,296	Principal Financial Group	1,706,891	0.01%
20,034	Nike	1,506,429	0.01%	1,308,073	Procter & Gamble	63,834,360	0.34%
37,279	Nisource	682,175	0.00%	37,009	Progress Energy	1,379,196	0.01%
92,764	Noble	5,363,689	0.03%	107,891	Progressive Corp	1,984,146	0.01%
25,186	Noble Energy	938,403	0.00%	86,184	Prologis	3,976,767	0.02%
46,020	Nordstrom	1,724,090	0.01%	10,160	Protective Life	366,439	0.00%
56,871	Norfolk Southern	2,171,634	0.01%	178,659	Prudential Financial	11,647,427	0.06%
21,584	Northeast Utilities	461,508	0.00%	18,553	Public Storage	1,373,514	0.01%
32,470	Northern Trust	1,496,283	0.01%	36,318	Public Service Enterprise Group	1,830,515	0.01%
49,598	Northrop Grumman	2,549,571	0.01%	17,720	Puget Energy	341,214	0.00%
220,043	Novellus Systems	5,750,858	0.03%	35,024	Pulte Homes	880,786	0.00%
15,637	NStar	407,963	0.00%	293,008	Qlogic	4,876,792	0.03%
45,899	NTL	879,644	0.00%	769,924	Qualcomm Inc	22,092,200	0.12%
226,518	Nucor	9,401,271	0.05%	20,407	Quest Diagnostics	821,238	0.00%
208,408	Nvidia	5,856,629	0.03%	12,644	Questar	797,330	0.00%
801	NVR	392,289	0.00%	1,740,567	Qwest Communications International	11,061,918	0.06%
8,591	NYSE Group	634,051	0.00%	9,847	R H Donnelley	469,022	0.00%
373,162	Occidental Petroleum	13,835,612	0.07%	67,938	Radian Group	2,780,970	0.01%
149,970	Office Depot	4,346,511	0.02%	18,491	Radio Shack	235,595	0.00%
86,882	Officemax	3,275,392	0.02%	309,107	Raytheon Co	12,392,445	0.07%
32,526	Old Republic International	574,947	0.00%	29,638	Realogy	682,327	0.00%
17,128	Omnicare	502,395	0.00%	9,434	Regency Ctrs	559,951	0.00%
58,675	Omnicom Group	4,657,467	0.02%	223,187	Regions Financial	6,338,036	0.03%
809,521	Oracle Corporation	10,535,452	0.06%	8,676	Reliant Energy	93,611	0.00%
11,233	OSI Restaurant Partners	334,346	0.00%	10,234	Renaissance Re Holdings	466,241	0.00%
35,070	Paccar	1,728,203	0.01%	86,714	Republic Services	2,677,797	0.01%
87,296	Pactiv	2,365,675	0.01%	32,461	Reynolds Amern	1,613,684	0.01%
17,598	Pall	461,664	0.00%	23,639	Robert Half International	666,272	0.00%
16,487	Parker Hannifin	962,430	0.01%	24,395	Rockwell Automation	1,131,394	0.01%
39,450	Partnerre Holdings	2,127,664	0.01%	80,979	Rockwell Collins	3,891,542	0.02%
18,880	Patterson	509,058	0.00%	44,126	Rohm & Haas Co	1,712,772	0.01%
24,522	Patterson UTI Energy	432,533	0.00%	20,691	Ross Stores	460,324	0.00%
54,828	Paychex	1,646,089	0.01%	15,295	Rowan Cos	385,569	0.00%
37,482	Peabody Energy	1,150,074	0.01%	22,426	Royal Caribbean Cruises	704,623	0.00%
14,655	Pentair	349,405	0.00%	9,186	Ryder Systems	356,141	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States (continued)				United States (continued)			
22,708	Sabre Group	549,854	0.00%	43,427	TD Ameritrade	533,522	0.00%
15,091	SafeCo	716,737	0.00%	16,999	TD Banknorth	416,650	0.00%
99,687	Safeway	2,615,932	0.01%	30,289	Teco Energy	396,264	0.00%
9,921	Sally Beauty	58,758	0.00%	7,858	Teekay Shipping	260,263	0.00%
197,728	Sandisk	6,460,316	0.03%	12,707	Tektronix	281,445	0.00%
81,520	Sanmina-Sci	213,549	0.00%	8,274	Telephone & Data Systems	341,326	0.00%
172,250	Sara Lee	2,227,348	0.01%	8,331	Telephone & Data Systems “Special”	313,757	0.00%
15,784	Scana	486,823	0.00%	60,159	Tellabs	468,665	0.00%
12,211	Schein Henry	454,134	0.00%	15,365	Temple Inland	537,017	0.00%
444,871	Schering Plough	7,985,384	0.04%	66,670	Tenet Healthcare	352,840	0.00%
1,112,261	Schlumberger	53,341,234	0.28%	141,978	Teradyne	1,612,749	0.01%
984,415	Schwab Charles	14,456,026	0.08%	194,100	Teva Pharmaceutical (ADR)	4,580,583	0.02%
13,026	Scripps Co	493,940	0.00%	402,230	Texas Instruments	8,795,918	0.05%
106,359	Seadrill	1,358,860	0.01%	18,109	Textron	1,289,355	0.01%
303,955	Seagate Technology	6,116,027	0.03%	319,304	Thermo Fisher Scientific	10,980,469	0.06%
11,363	Sealed Air	560,126	0.00%	19,679	Tiffany & Co	586,336	0.00%
16,463	Sears	2,099,189	0.01%	937,596	Time Warner	15,505,574	0.08%
10,739	SEI Investment Co	485,660	0.00%	273,106	TJX Cos	5,914,186	0.03%
37,434	Sempra Energy	1,592,864	0.01%	16,953	Toll Bros	414,879	0.00%
28,197	Sepracor	1,318,429	0.01%	13,948	Torchmark	675,265	0.00%
42,447	Service Master	422,536	0.00%	4,461	Total Systems Services	89,389	0.00%
35,228	Sherwin Williams	1,700,680	0.01%	3,749	Transatlantic Holdings	176,775	0.00%
9,242	Sigma Aldrich	545,397	0.00%	108,523	Transocean	6,665,471	0.04%
31,902	Simon Property Group	2,453,571	0.01%	14,079	Tri Continental	239,247	0.00%
188,759	Sirius Satellite Radio	507,370	0.00%	12,361	Triad Hospitals	392,605	0.00%
161,250	SLM	5,971,270	0.03%	25,427	Tribune Co	594,262	0.00%
29,821	Smith International	929,953	0.00%	187,469	TXU	7,716,549	0.04%
16,314	Smithfield Foods	317,857	0.00%	494,586	Tyco International	11,416,412	0.06%
30,157	Smurfit-Stone Container	241,806	0.00%	35,271	Tyson Foods	440,553	0.00%
133,379	Solectron	326,105	0.00%	38,079	Union Pacific	2,660,615	0.01%
342,030	Southern Co	9,572,685	0.05%	8,161	Unionbanca	379,545	0.00%
12,095	Southern Copper	494,912	0.00%	53,763	Unisys	320,047	0.00%
219,028	Southwest Airlines	2,547,843	0.01%	269,807	United Health Group	11,007,388	0.06%
70,520	Sovereign Bancorp	1,359,531	0.01%	120,140	United Parcel Service	6,839,861	0.04%
1,082,903	Sprint Nextel	15,532,299	0.08%	17,276	United States Steel	959,428	0.01%
8,626	SPX	400,582	0.00%	289,422	United Technologies	13,739,304	0.07%
10,864	St Joe Company	441,902	0.00%	8,054	Unitrin	306,443	0.00%
525,685	St Jude Medical	14,593,048	0.08%	7,937	Universal Health Services	334,053	0.00%
100,443	St Paul Companies	4,094,749	0.02%	27,508	Univision Communications	739,813	0.00%
11,625	Stanley Works	443,904	0.00%	47,178	Unumprovident	744,388	0.00%
106,368	Staples	2,156,435	0.01%	19,432	Urban Outfitters	339,802	0.00%
108,896	Starbucks	2,928,699	0.02%	811,977	US Bancorp	22,312,413	0.12%
45,316	Starwood Hotels & Resorts	2,150,531	0.01%	22,431	UST	991,256	0.01%
47,862	State Street	2,450,883	0.01%	15,623	VF	973,679	0.01%
6,060	Station Casinos	375,794	0.00%	87,692	Valero Energy	3,406,471	0.02%
221,024	Stryker	9,248,772	0.05%	17,257	Valley National Bancorp	347,368	0.00%
512	Student Loan	80,590	0.00%	18,078	Varian Medical Systems	652,977	0.00%
2,028,561	Sun Microsystems	8,348,368	0.04%	34,405	Verisign	628,277	0.00%
18,606	Sunoco	880,995	0.00%	1,003,046	Verizon Communications	28,362,516	0.15%
250,259	Suntrust Banks	16,047,360	0.09%	313,631	Viacom	9,770,903	0.05%
30,952	Supervalu	840,193	0.00%	25,691	Vornado Realty Trust	2,370,126	0.01%
132,687	Symantec	2,100,626	0.01%	13,910	Vulcan Materials	949,196	0.01%
37,351	Symbol Technologies	423,708	0.00%	301,263	Wachovia	13,027,280	0.07%
94,548	Synopsys	1,918,958	0.01%	893,454	Wal Mart Stores	31,328,554	0.17%
44,415	Synovus Financial	1,039,722	0.01%	146,014	Walgreen Co	5,087,762	0.03%
129,506	Sysco	3,614,761	0.02%	240,669	Washington Mutual	8,312,857	0.04%
384,747	Target	16,666,527	0.09%	317	Washington Post Co	179,465	0.00%
19,115	TCF Financial	397,975	0.00%	554,986	Waste Management	15,494,939	0.08%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Japan (continued)				Japan (continued)			
4,072	East Japan Railway	20,628,561	0.11%	215,900	Izumi	5,833,276	0.03%
22,000	Ebara	63,927	0.00%	14,000	Izumiya	75,919	0.00%
41,200	Eizo Nanao	850,621	0.00%	38,800	Japan Airport Terminal	345,894	0.00%
5,300	Espec	51,200	0.00%	1,000	Japan Aviation Electronics	10,750	0.00%
16,200	Excel	247,238	0.00%	6,300	Japan Digital Laboratory	74,269	0.00%
55,100	Fanuc	4,115,032	0.02%	24,000	Japan Pulp & Paper	69,126	0.00%
52,500	Fast Retailing	3,800,421	0.02%	2,287	Japan Tobacco	8,379,692	0.04%
37	Fields	61,301	0.00%	16,000	Japan Wool Textile	94,819	0.00%
39,000	Foster Electric	336,494	0.00%	110,000	JFE	4,296,820	0.02%
5,000	Fuji Electric	20,551	0.00%	260,000	JFE Shojj	955,968	0.01%
16,000	Fuji Fire & Marine Insurance	45,269	0.00%	39,000	JGC	508,220	0.00%
22,600	Fuji Machine Manufacturing	330,510	0.00%	37	JSAT	67,196	0.00%
10,200	Fuji Oil	66,947	0.00%	188,000	Jtekt	3,024,916	0.02%
3,800	Fuji Soft	68,285	0.00%	61,000	Juki	280,259	0.00%
118,800	Fujifilm	3,701,854	0.02%	16,000	Kagawa Bank	75,957	0.00%
266,000	Fujikura	1,774,689	0.01%	13,000	Kagoshima Bank	71,325	0.00%
71,200	Fujimi	1,547,136	0.01%	19,000	Kaken Pharmaceutical	112,477	0.00%
18,000	Fuji-Tecnologies	104,607	0.00%	8,000	Kamei	40,986	0.00%
4,700	Fujitsu Business Systems	53,670	0.00%	1,000	Kanaden	4,888	0.00%
5,000	Fujitsu Devices	53,208	0.00%	930,000	Kansai Urban Banking	2,939,400	0.02%
143,000	Fujitsu General	238,743	0.00%	10,100	Kanto Auto Works	99,179	0.00%
1,050,000	Fujitsu	6,249,283	0.03%	27,000	KAO	552,284	0.00%
9,000	Fukuyama Transporting	25,865	0.00%	12,000	Kasumi	51,386	0.00%
4,300	Furuno Electric	34,059	0.00%	53,600	Kato Sangyo	502,425	0.00%
4,200	Futaba	74,536	0.00%	1,300	Kawasho Gecoss	5,906	0.00%
8,300	Futaba Industrial	153,645	0.00%	1,444	KDDI	7,425,655	0.04%
44,200	Fuyo General Lease	1,008,322	0.01%	9,000	Keihanshin Real Estate	43,586	0.00%
110	Geo Co	152,807	0.00%	127,400	Keihin	2,431,422	0.01%
9,600	Glory Kogyo	128,159	0.00%	12,000	Keisei Electric Railway	51,768	0.00%
28,000	Godo Steel	119,544	0.00%	2,000	Keiyo Gas	7,532	0.00%
5,000	H.I.S.	92,717	0.00%	678	Kennedix Realty Investment	2,968,113	0.02%
4,900	Hakuto	50,989	0.00%	657,000	Kenwood	887,555	0.00%
120,000	Hamamatsu Photonics	2,729,880	0.01%	17,200	Keyence	3,232,193	0.02%
2,700	Harashin	24,707	0.00%	15,000	Kioritz	33,072	0.00%
1,756,500	Haseko	4,768,171	0.03%	1,700	Kita Nippon Bank	58,172	0.00%
5,700	Heiwa	54,701	0.00%	400	Kitagawa Industries	6,028	0.00%
7,400	Heiwado	93,225	0.00%	167,000	Kitz	1,062,040	0.01%
10,000	Higo Bank	50,914	0.00%	400	Kojima	2,516	0.00%
4,900	Hi-Lex	64,009	0.00%	330,000	Komatsu	5,078,379	0.03%
14,000	Hitachi Cable	59,593	0.00%	9,000	Komori	127,605	0.00%
260,300	Hitachi Capital	3,765,252	0.02%	15,000	Kumamoto Family Bank	17,779	0.00%
200,000	Hitachi High Technologies	4,511,566	0.02%	158,000	Kurabo	311,107	0.00%
100	Hitachi Maxell	1,131	0.00%	32,000	Kureha	111,540	0.00%
7,000	Hitachi Medical	54,910	0.00%	50,000	Kyocera	3,574,842	0.02%
16,000	Hodogaya Chemical	38,438	0.00%	274,454	Kyoei Tanker	587,629	0.00%
14,000	Hokkan	32,830	0.00%	3,900	Kyokuto Kaihatsu	22,789	0.00%
20,000	Hokkoku Bank	60,282	0.00%	13,000	Kyorin	115,395	0.00%
8,000	Hokuetsu Bank	14,886	0.00%	730,000	Maeda	2,102,594	0.01%
540,400	Honda Motor	16,184,796	0.09%	18,000	Maeda Road Construction	98,987	0.00%
94,761	Honda Motor (ADR)	2,844,989	0.02%	3,700	Maezawa Kaisei Industries	41,968	0.00%
54,000	Hosiden	441,139	0.00%	800	Maezawa Kyuso Industries	9,941	0.00%
14,000	Hyakugo Bank	66,820	0.00%	135,000	Makita	3,139,935	0.02%
16,500	IBI Leasing	309,119	0.00%	19,000	Maruzen Showa Unyu	49,035	0.00%
41,600	Ichiyoshi Securities	455,153	0.00%	9,100	Matsui Securities	52,363	0.00%
97,400	Iino Kaiun Kaisha	715,620	0.00%	500	Matsumoto Yushi Seiyaku	8,857	0.00%
12,200	Inabata & Co	71,911	0.00%	525,000	Matsushita Electric Industrial	7,945,422	0.04%
1,422	Inpex	8,862,015	0.05%	3,600	Matsuya Foods	36,590	0.00%
2,800	Iwate (Bank Of)	118,652	0.00%	8,000	MAX	87,988	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Japan (continued)				Japan (continued)			
1,300	Maxvalu Nishinihon	12,840	0.00%	159,000	Nippon Beet Sugar	326,247	0.00%
62,000	Meiji Dairies	370,191	0.00%	446	Nippon Building	4,490,410	0.02%
4,000	Meiko Trans Co	32,116	0.00%	74,000	Nippon Chemical Industrial	161,741	0.00%
4,700	Meiwa Estate	54,808	0.00%	26,000	Nippon Electric Glass	414,197	0.00%
5,000	Mercian	11,088	0.00%	13,000	Nippon Flour Mills	40,757	0.00%
3,200	Micronics Japan	89,722	0.00%	21,000	Nippon Koei	42,955	0.00%
20,000	MIE Bank	77,614	0.00%	55,000	Nippon Konpo	507,137	0.00%
10,400	Mikuni Coca Cola	76,279	0.00%	39,000	Nippon Light Metal	75,798	0.00%
100,000	Millea Holdings	2,676,353	0.01%	250,000	Nippon Oil	1,268,081	0.01%
95,000	Mimasu Semiconductor Industry	1,398,394	0.01%	1,000	Nippon Paper Group	2,861,148	0.02%
2,400	Mirai Industry	21,028	0.00%	21,000	Nippon Road	29,038	0.00%
29,200	Miraial	2,415,192	0.01%	12,000	Nippon Shinyaku	77,002	0.00%
5,000	Mitani	41,260	0.00%	7,000	Nippon Shokuba	56,426	0.00%
15,000	Mito Securities	48,461	0.00%	1,766,000	Nippon Steel	7,697,343	0.04%
9,000	Mitsuba	53,795	0.00%	4,693	Nippon Telegraph & Telephone	17,524,361	0.09%
190,800	Mitsubishi	2,723,456	0.01%	14,000	Nippon Thompson	97,598	0.00%
450,000	Mitsubishi Electric	3,114,127	0.02%	650,000	Nippon Yusen	3,603,518	0.02%
27,000	Mitsubishi Estate	529,918	0.00%	6,000	Nipro	83,349	0.00%
2,438,000	Mitsubishi Heavy	8,404,754	0.04%	27,000	Nishimatsu Construction	67,616	0.00%
34,000	Mitsubishi Plastics	73,447	0.00%	593,000	Nissan Diesel Motor	1,503,944	0.01%
2,848	Mitsubishi UFJ Financial Group	26,677,882	0.14%	2,120,700	Nissan Motor	19,365,087	0.10%
79,000	Mitsui & Co	896,068	0.00%	5,000	Nissan Shatai	19,340	0.00%
30,000	Mitsui Engineering & Shipping	73,982	0.00%	250,000	Nissay Dowa General Insurance Co	1,139,043	0.01%
872,828	Mitsui Fudosan	16,157,302	0.09%	6,000	Nissei	53,145	0.00%
406,000	Mitsui Sumitomo Insurance	3,368,457	0.02%	4,200	Nisshin Fudosan	44,053	0.00%
893,000	Mitsui Trust	7,773,135	0.04%	8,000	Nisshinbo Industries	62,856	0.00%
155,400	Mitsumi Electric	2,594,456	0.01%	103,800	Nissin Kogyo	2,024,011	0.01%
12,000	Mitsuuroko	64,921	0.00%	4,800	Nittan Value	36,521	0.00%
107,800	Miura Kogyo	2,074,530	0.01%	264,000	Nittetsu Mining	1,522,462	0.01%
27,000	Miyazaki Bank	100,822	0.00%	7,200	Nitto Denko	273,447	0.00%
3,792	Mizuho Financial	20,539,094	0.11%	4,400	Nitto Kohki Co	72,618	0.00%
6,000	Mochida Pharmaceutical	38,884	0.00%	2,000	Nohmi Bosai	9,724	0.00%
105,800	Mori Seiki	1,796,706	0.01%	608,700	Nomura Holding	8,707,905	0.05%
49,000	Morinaga Confectionary	89,301	0.00%	47,000	Nomura Research Institute	5,169,311	0.03%
43,000	Morinaga Milk Industry	130,154	0.00%	8,000	Noritake	30,536	0.00%
15,600	Moshimoshi Hotline	490,078	0.00%	5,100	Noritsu Koiki	71,659	0.00%
114,800	Murata Manufacturing	5,888,868	0.03%	5,500	Noritz	74,826	0.00%
235,000	N.G.K. Spark Plug	3,354,362	0.02%	450,000	NSK	3,363,602	0.02%
1,000	Nagase & Company	9,036	0.00%	7,626	NTT Docomo	9,135,844	0.05%
25,000	Nakayama Steel Works	71,051	0.00%	5,000	Ohmoto Gumi	22,303	0.00%
260,000	Namco Bandai	2,891,098	0.02%	200	Ohsho Food Service	2,052	0.00%
29,000	Nankai Electric Railway	75,766	0.00%	4,800	Oiles	89,925	0.00%
15,000	Nanto Bank	58,020	0.00%	23,000	Oita Bank	120,621	0.00%
4,000	NE Chemcat	94,819	0.00%	1,000	Okabe	3,154	0.00%
51,000	NEC	184,917	0.00%	4,000	Okasan Holdings	19,423	0.00%
8,400	NEC Networks & Systems Integration	75,848	0.00%	1,000	Okaya & Co	10,928	0.00%
426	New City Residence	1,493,022	0.01%	29,865	Okinawa Electric Power	1,396,859	0.01%
273,000	NGK Insulators	3,197,438	0.02%	8,000	Okuwa	80,138	0.00%
818,000	NHK Spring	6,520,857	0.03%	18,500	Omron	398,458	0.00%
9,000	Nichia Steel Works	25,464	0.00%	91,000	ONO Pharmaceutical	3,641,624	0.02%
457,000	Nichimo	267,916	0.00%	4,500	Onoken	38,167	0.00%
78,600	Nidec	4,607,914	0.02%	7,000	Onward Kashiyama	67,756	0.00%
26,000	Nihon Yamamura Glass	53,514	0.00%	6,000	Orient	8,526	0.00%
36,000	Nikken Chemicals	155,076	0.00%	38,340	ORIX	8,416,574	0.04%
356,000	Nikko Cordial	3,096,540	0.02%	3,700	Osaka Securities Finance	10,610	0.00%
72,000	Nikon	1,197,477	0.01%	658	Osaka Securities	2,499,000	0.01%
30,100	Nintendo	5,926,783	0.03%	5,700	Osaka Steel	83,540	0.00%
18,000	Nippo	100,937	0.00%	143,900	OSG	1,788,090	0.01%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Equities			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Japan (continued)				Japan (continued)			
12,000	Pacific Industrial	58,268	0.00%	54,000	Sumco	3,461,671	0.02%
597,000	Pacific Metals	4,439,553	0.02%	25,900	Sumco Techxiv	1,019,958	0.01%
14,000	Panahome	74,224	0.00%	553,000	Sumikin Bussan	1,853,553	0.01%
4,900	Paramount Bed Co	62,760	0.00%	9,000	Sumitomo Bakelite	47,142	0.00%
2,600	Piolax	39,846	0.00%	172,000	Sumitomo Chemical	1,011,636	0.01%
36,500	Pioneer	380,048	0.00%	1,696,000	Sumitomo	19,247,920	0.10%
75,000	Press Kogyo	281,495	0.00%	590,000	Sumitomo Electric	6,992,927	0.04%
3,800	QP	24,917	0.00%	430,000	Sumitomo Forestry	3,534,697	0.02%
31,400	Ricoh Leasing	618,276	0.00%	2,417,000	Sumitomo Metal Industries	7,962,716	0.04%
14,000	Riken Vinyl Industry	36,934	0.00%	1,791	Sumitomo Mitsui	13,923,533	0.07%
3,900	Riso Kagaky	58,278	0.00%	30,000	Sumitomo Osaka Cement	74,364	0.00%
5,000	Roland	85,388	0.00%	11,000	Sumitomo Precision	43,599	0.00%
7,100	Royal	70,896	0.00%	46,000	Sumitomo Realty & Development	1,119,735	0.01%
10,000	Ryoden Trading	57,096	0.00%	10,000	Sumitomo Seika	43,077	0.00%
7,600	Ryohin Keikaku	441,190	0.00%	1,322,000	Sumitomo Trust & Banking	10,513,325	0.06%
6,800	Ryosan	128,911	0.00%	8,000	Suncall	38,743	0.00%
21,000	Sakai Chemical	84,305	0.00%	48,000	SWCC Showa Holdings	48,939	0.00%
28,000	Sanden	95,278	0.00%	102,000	Taihei Kogyo	400,382	0.00%
2,500	Sanei International	55,598	0.00%	17,000	Taiko Bank	34,665	0.00%
6,400	Sangetsu	118,065	0.00%	65,000	Taiyo Yuden	869,815	0.00%
9,000	San-In Godo Bank	63,430	0.00%	3,200	Takachiho Electric	31,668	0.00%
729,000	Sankyu	3,261,059	0.02%	10,000	Takagi Securities	31,288	0.00%
8,000	Sanshin Electronics	77,130	0.00%	2,800	Takara Leben	32,170	0.00%
41,200	Santen Pharmaceutical	879,500	0.00%	1,815	Take & Give Needs	1,084,860	0.01%
25,000	Sanyo Electric	24,055	0.00%	255,200	Takeda Pharmaceutical	13,286,077	0.07%
134,900	Sanyo Electric Credit	1,526,683	0.01%	17,000	Tamura Seisakushu	55,898	0.00%
25,000	Sanyo Spec Steel	128,879	0.00%	80,000	TDK	4,822,532	0.03%
2,800	Sazaby	53,527	0.00%	1,430,000	Teijin	6,679,348	0.04%
1,316	SBI Holdings	336,275	0.00%	12,000	Teikoku Tsushin Kogyo	43,586	0.00%
2,100	Secom Joshinetsu	36,733	0.00%	100,000	Terumo	2,982,221	0.02%
108	Secured Capital	226,419	0.00%	4,900	TKC	63,697	0.00%
70,000	Seiko	332,760	0.00%	34,000	Toho Bank	107,462	0.00%
8,000	Seino Holdings	56,994	0.00%	140,000	Tohoku Electric Power	2,654,050	0.01%
242,000	Sekisui House	2,672,440	0.01%	600	Tohoku Pioneer	6,366	0.00%
11,000	Sekisui Jyshi	60,282	0.00%	17,700	Tokai Rika Denki	341,751	0.00%
9,000	Senshukai	69,509	0.00%	1,600	Tokai Rubber	20,646	0.00%
250,000	Seven & I	5,894,348	0.03%	87,520	Token Corporation	4,684,688	0.02%
52	Shidax	38,438	0.00%	22,000	Toko	44,300	0.00%
10,000	Shiga Bank	47,091	0.00%	33,000	Tokyo Dome	106,614	0.00%
9,000	Shimadzu	60,161	0.00%	320,000	Tokyo Electric Power	7,850,634	0.04%
37,320	Shimajima	345,067	0.00%	2,583,000	Tokyo Gas	10,418,907	0.06%
23,000	Shin Maywa Industries	87,058	0.00%	40,700	Tokyo Leasing	464,498	0.00%
17,000	Shindengen Electric Manufacturing Co	59,472	0.00%	6,200	Tokyo Ohka Kogyo	131,167	0.00%
200,500	Shin-Etsu Chemicals	10,182,789	0.05%	5,400	Tokyo Steel	64,210	0.00%
4,000	Shinkawa	64,615	0.00%	9,000	Tokyo Style	73,810	0.00%
10,200	Shinki	25,544	0.00%	676,000	Tokyo Tatemono	5,711,948	0.03%
48,000	Shinko Plantech	336,456	0.00%	43,000	Tokyo Tekko	283,598	0.00%
248,000	Shinwa Kaiun	747,493	0.00%	2,600	Tokyu Community	56,497	0.00%
454,000	Shionogi & Co	6,769,643	0.04%	74,000	Tokyu	359,319	0.00%
25,000	Shiseido	411,011	0.00%	61,200	Tokyu Livable	3,400,650	0.02%
4,100	Shobunsha Pubn	36,080	0.00%	1,000	Tomato Bank	1,574	0.00%
346,400	Showa	4,280,059	0.02%	8,900	Topre	66,751	0.00%
987,000	Showa Denko	2,867,979	0.02%	40,000	Topy Industries	126,681	0.00%
14,000	Sinanen	57,096	0.00%	4,800	Torii Pharmaceuticals	56,586	0.00%
41,500	Smc	4,463,901	0.02%	132,000	Toshiba	651,883	0.00%
88,000	Softbank	1,298,158	0.01%	111,000	Toshiba Tec	433,588	0.00%
82,700	Sojitz	190,769	0.00%	185,000	Towa Real Estate	686,102	0.00%
47,600	Sony	1,546,932	0.01%	37,000	Toyo Ink Manufacturing	113,407	0.00%

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Equities				Quoted Securities – Government Bonds			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Singapore (continued)				Austria			
1,391,100	Mobileone	1,480,479	0.01%	33,056,000	Republic of Austria 5.000% 15/07/2012	34,742,847	0.18%
749,000	Neptune Orient Lines	774,879	0.00%	14,877,000	Republic of Austria 3.500% 15/07/2015	14,371,330	0.08%
47,000	Raffles Education	41,179	0.00%	9,357,000	Republic of Austria 3.500% 15/09/2021	8,767,135	0.05%
1,121,000	Sembcorp Industries	2,130,799	0.01%	26,842,000	Republic of Austria 6.250% 15/07/2027	34,570,887	0.18%
1,122,000	Singapore Exchange	3,165,726	0.02%			92,452,199	0.49%
78,000	Singapore Petrol	168,340	0.00%	Belgium			
4,515,658	Singapore Telecommunications	7,331,629	0.04%	11,276,000	Kingdom of Belgium 5.000% 28/09/2012	11,871,937	0.06%
207,000	Starhub	269,483	0.00%	61,733,000	Kingdom of Belgium 4.250% 28/09/2013	62,746,655	0.34%
1,855,000	Stats Chippac	1,074,324	0.01%	45,489,000	Kingdom of Belgium 5.500% 28/03/2028	54,232,441	0.29%
30,000	Straits Trading	51,975	0.00%			128,851,033	0.69%
5,436,000	Suntec Real Estate Investment	4,897,297	0.03%	Finland			
4,000	Total Access Communications	13,060	0.00%	6,187,000	Republic of Finland 5.375% 04/07/2013	6,684,126	0.03%
1,075,000	United Overseas Bank	10,323,228	0.05%	4,836,000	Republic of Finland 4.250% 04/07/2015	4,937,846	0.03%
110,000	Uob-Kay Hian Holdings	71,874	0.00%	6,201,000	Republic of Finland 3.875% 15/09/2017	6,135,517	0.03%
208,000	UOL Group	446,847	0.00%			17,757,489	0.09%
4,055,000	UTD Test & Assembly	1,465,276	0.01%	France			
9,000	WBL Corporation	19,958	0.00%	20,000,000	Caisse D'amortissement Dette Sociale 4.375% 25/10/2021	20,467,000	0.11%
494,000	Wing Tai Holdings	557,529	0.00%	115,358,000	Government of France 4.000% 25/10/2013	115,611,789	0.61%
		60,294,061	0.31%	15,000,000	Government of France 3.000% 25/10/2015	13,925,999	0.07%
	Total Asia Pacific Equities	437,060,553	2.32%	86,891,000	Government of France 3.250% 25/04/2016	81,959,933	0.44%
EMERGING MARKETS				79,735,000	Government of France 4.250% 25/04/2019	81,428,572	0.43%
6,598,871	ACM Emerging Markets Growth Portfolio Fund	190,049,493	1.01%	22,000,000	Government of France 3.750% 25/04/2021	21,240,559	0.11%
19,291,040	EMM Emerging Markets Global Fund	175,479,620	0.94%	10,435,000	Government of France 5.500% 25/04/2029	12,495,391	0.07%
	Total Emerging Markets Equity Funds	365,529,113	1.95%	51,960,000	Government of France 5.750% 25/10/2032	65,130,821	0.35%
	TOTAL EQUITIES	14,306,113,677	75.98%	13,500,000	Government of France 4.750% 25/04/2035	14,888,745	0.08%
				20,000,000	Government of France 4.000% 25/10/2038	19,589,999	0.10%
				28,230,000	Government of France 4.000% 25/04/2055	27,831,956	0.15%
						474,570,764	2.52%

National Pensions Reserve Fund

Portfolio of Investments 31 December 2006

Quoted Securities – Government Bonds				Quoted Securities – Government Bonds			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Germany				Netherlands			
2,400,000	Bundeslander-Schatzanweisungen 3.250% 22/05/2009	2,356,800	0.01%	31,760,000	Dutch Government 5.000% 15/07/2012	33,398,817	0.18%
56,911,000	Federal Republic of Germany 5.000% 04/01/2012	59,608,580	0.32%	18,183,000	Dutch Government 4.250% 15/07/2013	18,495,566	0.10%
110,042,000	Federal Republic of Germany 4.500% 04/01/2013	113,277,237	0.60%	1,500,000	Dutch Government 4.000% 15/07/2016	1,501,110	0.01%
79,536,000	Federal Republic of Germany 4.000% 04/07/2016	79,766,655	0.42%	10,000,000	Dutch Government 7.500% 15/01/2023	13,989,999	0.07%
40,000,000	Federal Republic of Germany 6.250% 04/01/2024	50,572,000	0.27%	24,641,000	Dutch Government 5.500% 15/01/2028	29,383,407	0.16%
10,000,000	Federal Republic of Germany 6.500% 04/07/2027	13,272,000	0.07%	8,143,000	Dutch Government 4.000% 15/01/2037	8,007,338	0.04%
19,385,000	Federal Republic of Germany 4.750% 04/07/2028	21,139,343	0.11%			104,776,237	0.56%
9,806,000	Federal Republic of Germany 5.625% 04/01/2028	11,871,143	0.06%	Portugal			
144,244,000	Federal Republic of Germany 5.500% 04/01/2031	174,203,474	0.93%	20,566,000	Republic of Portugal 5.450% 23/09/2013	22,256,526	0.12%
800,000	Federal Republic of Germany 4.750% 04/07/2034	884,400	0.01%	21,798,000	Republic of Portugal 3.850% 15/04/2021	21,083,026	0.11%
52,000,000	Federal Republic of Germany 4.000% 04/01/2037	51,256,400	0.27%	4,129,000	Republic of Portugal 4.100% 15/04/2037	4,006,369	0.02%
		578,208,032	3.07%			47,345,921	0.25%
Greece				Spain			
10,232,000	Republic of Greece 5.250% 18/05/2012	10,798,853	0.06%	7,894,000	Government of Spain 5.000% 30/07/2012	8,294,226	0.05%
17,667,000	Republic of Greece 6.500% 11/01/2014	20,182,781	0.11%	58,503,000	Government of Spain 4.750% 30/07/2014	61,603,661	0.33%
33,974,000	Republic of Greece 6.500% 22/10/2019	41,217,257	0.22%	21,934,000	Government of Spain 3.150% 31/01/2016	20,576,944	0.11%
8,085,000	Republic of Greece 4.500% 20/09/2037	8,109,255	0.04%	24,000,000	Government of Spain 5.500% 30/07/2017	27,017,040	0.14%
		80,308,146	0.43%	45,277,000	Government of Spain 6.000% 31/01/2029	57,372,749	0.30%
Italy				25,089,000	Government of Spain 4.200% 31/01/2037	25,344,907	0.13%
78,555,000	Republic of Italy 5.000% 01/02/2012	82,095,477	0.44%			200,209,527	1.06%
144,970,000	Republic of Italy 5.250% 01/08/2017	157,970,913	0.84%	Total Government Bonds			
62,264,000	Republic of Italy 4.250% 01/02/2019	62,384,792	0.33%			2,374,550,681	12.61%
8,136,000	Republic of Italy 9.000% 01/11/2023	12,646,842	0.07%				
13,089,000	Republic of Italy 7.250% 01/11/2026	18,066,747	0.09%				
19,114,000	Republic of Italy 6.500% 01/11/2027	24,544,288	0.13%				
50,000,000	Republic of Italy 5.250% 01/11/2029	55,950,001	0.30%				
101,341,000	Republic of Italy 6.000% 01/05/2031	125,176,400	0.66%				
87,574,000	Republic of Italy 5.750% 01/02/2033	105,649,273	0.56%				
6,000,000	Republic of Italy 4.000% 01/02/2037	5,586,600	0.03%				
		650,071,333	3.45%				

National Pensions Reserve Fund

Portfolio of Investments 31 December 2006

Quoted Securities – Corporate Bonds				Quoted Securities – Corporate Bonds			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Australia				Germany			
800,000	BHP Billiton 4.125% 05/05/2011	795,440	0.01%	800,000	Bayer 6.000% EMTN 10/04/2012	856,400	0.00%
400,000	National Australia Bank Variable 04/06/2015	395,440	0.00%	800,000	Bayerische Landesbank 5.250% 13/03/2009	820,400	0.00%
400,000	National Australia Bank Variable 23/06/2016	403,500	0.00%	1,050,000	Bertelsmann 4.750% 26/09/2016	1,044,015	0.01%
		1,594,380	0.01%	1,800,000	Commerzbank Variable 13/09/2016	1,775,790	0.01%
Belgium				400,000	Deutsche Bank Variable 16/01/2014	397,560	0.00%
650,000	Fortis Bank Variable 29/10/2049	642,942	0.00%	800,000	Deutsche Bank Variable 09/03/2017	774,560	0.01%
		642,942	0.00%	1,200,000	Deutsche Genossenschafts Hypobank 5.500% 01/04/2010	1,252,140	0.01%
Denmark				600,000	Deutsche Lufthansa 4.625% 06/05/2013	598,590	0.00%
400,000	Dansk Naturgas 3.500% 29/06/2012	383,200	0.00%	1,000,000	Landesbank Hessen-Thuringen Variable 08/12/2016	998,100	0.01%
		383,200	0.00%	800,000	Landesbank Baden-Wuerttember 3.750% 10/03/2011	792,760	0.00%
France				800,000	Metro Finance 5.125% 13/02/2008	808,000	0.01%
400,000	Aventis 4.250% 15/09/2010	400,400	0.00%	1,600,000	Nordrhein Westfalen 2.875% 17/02/2009	1,562,960	0.01%
400,000	Bouygues 4.250% 22/07/2020	373,300	0.00%	800,000	Thyssenkrupp 5.000% 29/03/2011	815,200	0.00%
1,200,000	Casino G. Perrachon 4.750% 21/07/2011	1,197,600	0.01%			12,496,475	0.07%
800,000	Cie De St-Gobain 4.250% 31/05/2011	794,240	0.01%	Greece			
800,000	Dexia Credit Variable 29/11/2049	771,560	0.00%	600,000	EFG Hellas Funding Variable 02/11/2049	566,627	0.00%
2,400,000	Dexia 3.250% EMTN 12/07/2008	2,373,360	0.01%			566,627	0.00%
210,000	France Telecom 8.125% 28/01/2033	285,054	0.00%	Italy			
400,000	France Telecom Step 14/03/2008	411,800	0.00%	800,000	Banca Intesa 3.500% MTN 24/02/2011	778,800	0.01%
970,000	La Poste 4.250% 08/11/2021	962,434	0.01%	400,000	Monte Paschi Siena Variable 24/09/2015	402,400	0.00%
150,000	RTE EDF Transport 4.125% 27/09/2016	148,688	0.00%	800,000	Telecom Italia 4.750% 19/05/2014	784,280	0.01%
160,000	Schneider Electric 3.125% 11/08/2010	153,512	0.00%	500,000	Unicredito Italiano Variable 20/09/2016	494,525	0.00%
400,000	TFI-TV Francaise 4.375% 12/11/2010	400,760	0.00%	400,000	Unicredito Italiano 4.375% 10/02/2014	401,652	0.00%
300,000	Vivendi Universal 3.875% 15/02/2012	288,285	0.00%			2,861,657	0.02%
800,000	Vivendi 4.500% 03/10/2013	790,840	0.01%	Japan			
400,000	Wendel Investissement 4.875% 26/05/2016	397,600	0.00%	800,000	Bank Of Tokyo-Mitsubishi UFJ Variable 16/12/2015	774,120	0.00%
		9,749,433	0.05%	800,000	Norinchukin Finance Bank Variable MTN 28/09/2016	793,720	0.01%
				800,000	Shinsei Bank Variable 23/02/2016	776,800	0.00%
						2,344,640	0.01%

National Pensions Reserve Fund

Portfolio of Investments 31 December 2006

Quoted Securities – Corporate Bonds				Quoted Securities – Corporate Bonds			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
Luxembourg				Spain (continued)			
280,000	Dexia Funding Variable 30/11/2049	279,216	0.00%	1,200,000	Telefonica Emisiones 3.750% 02/02/2011	1,167,660	0.01%
1,050,000	Gaz Capital 5.030% 25/02/2014	1,060,395	0.01%	400,000	Telefonica Emisiones 4.393% 14/04/2012	396,460	0.00%
800,000	Merck - Finanz 3.750% 07/12/2012	764,240	0.01%			6,706,205	0.04%
400,000	SES 4.000% 15/03/2011	393,060	0.00%	Sweden			
270,000	SES 4.375% 21/10/2013	265,958	0.00%	570,000	SKF 4.250% 13/12/2013	560,823	0.01%
		2,762,869	0.02%			560,823	0.01%
Netherlands				Switzerland			
450,000	ABN Amro Bank Variable 28/02/2049	427,635	0.00%	800,000	UBS Variable 29/04/2049	780,680	0.00%
400,000	Allianz Finance Variable 28/02/2040	378,580	0.00%			780,680	0.00%
400,000	Altadis Finance 4.250% 02/10/2008	399,800	0.00%	United Arab Emirates			
400,000	BAT 4.375% 15/06/2011	399,260	0.00%	880,000	Abu Dhabi National Energy 4.375% 28/10/2013	871,156	0.00%
400,000	BMW Finance 4.125% 24/01/2012	397,820	0.00%			871,156	0.00%
400,000	Deutsche Telekom 4.750% 31/05/2016	395,500	0.00%	United Kingdom			
800,000	Deutsche Telekom Step 11/07/2011	871,280	0.01%	800,000	BAT International Finance 3.625% EMTN 29/06/2012	766,480	0.00%
800,000	Electricidade De Portugal 4.250% 12/06/2012	796,800	0.01%	800,000	Bank of Scotland Step 05/12/2013	813,800	0.01%
600,000	ENBW International Finance 4.250% 19/10/2016	589,590	0.00%	400,000	Gallaher Group 5.875% 06/08/2008	410,000	0.00%
400,000	Iberdrola 4.375% 29/10/2010	401,580	0.00%	220,000	Gallaher Group 4.500% 02/04/2014	220,814	0.00%
770,000	KPN 4.750% 17/01/2017	755,447	0.01%	800,000	HBOS Step Open Maturity	856,160	0.01%
670,000	Leaseplan Variable 08/11/2016	666,784	0.01%	450,000	Imperial Tobacco Finance 4.375% 22/11/2013	442,733	0.00%
400,000	Olivetti Finance '7.750% 24/01/2033	475,080	0.00%	400,000	Lloyds TSB Variable 15/07/2009	412,216	0.00%
400,000	Olivetti Variable 30/07/2009	420,200	0.00%	650,000	OTC 4.625% 20/05/2016	636,675	0.00%
800,000	RWE Finance 5.375% 18/04/2008	812,400	0.01%	800,000	Vodafone Group 4.250% 27/05/2009	800,800	0.01%
400,000	Suedzucker 5.750% 27/02/2012	423,800	0.00%	400,000	Vodafone Group 3.625% 29/11/2012	383,040	0.00%
		8,611,556	0.05%			5,742,718	0.03%
Spain							
800,000	Banco Santander 4.125% 09/01/2017	790,800	0.01%				
500,000	BBVA Senior Finance 4.000% 22/04/2013	494,725	0.00%				
1,500,000	Caja De Madrid 4.250% 05/07/2016	1,500,000	0.01%				
1,600,000	Santander International Debt 3.375% 17/02/2010	1,564,240	0.01%				
800,000	Santander Issuances Variable 30/03/2018	792,320	0.00%				

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Quoted Securities – Corporate Bonds				Quoted Securities – Currency Funds			
Holding	Security Description	Market Value €	% of Total Investments	Holding	Security Description	Market Value €	% of Total Investments
United States				5,000,000	Goldman Sachs Blended Currency Fund	55,837,500	0.30%
530,000	Bristol-Myers Squibb 4.625% 15/11/2021	519,692	0.00%	66,000	Mellon Offshore Enhanced Currency Opportunity Fund	66,091,318	0.35%
400,000	Citigroup Variable MTN 30/11/2017	385,200	0.00%	Total Currency Fund Investments			
800,000	Credit Suisse Group Finance 3.125% 14/09/2012	755,960	0.01%			<u>121,928,818</u>	<u>0.65%</u>
800,000	Daimlerchrysler 3.375% 30/05/2008	789,600	0.01%				
610,000	Daimlerchrysler 4.125% 08/09/2009	605,121	0.00%				
600,000	Daimlerchrysler 4.125% 18/11/2009	594,750	0.00%				
2,000,000	Dresdner 5.790% 30/06/2011	2,061,900	0.01%				
1,350,000	IBM 4.000% 11/11/2011	1,336,916	0.01%				
1,600,000	Lehman Brothers 4.250% 26/09/2016	1,580,560	0.01%				
530,000	Merrill Lynch & Co 4.625% 14/09/2018	521,891	0.00%				
800,000	Morgan Stanley 4.375% 01/03/2010	804,800	0.00%				
400,000	Morgan Stanley 3.750% 01/03/2013	387,140	0.00%				
1,200,000	Pemex Master Trust 6.625% 04/04/2010	1,278,600	0.01%				
1,200,000	Procter & Gamble 3.375% 07/12/2012	1,148,520	0.01%				
600,000	San Paolo-IMI Capital Trust Floating Note Open Maturity	676,950	0.00%				
1,300,000	Standard Chartered Variable Open Maturity	1,442,025	0.01%				
1,000,000	Toyota Motor Credit 4.125% 16/01/2007	1,000,000	0.01%				
		<u>15,889,625</u>	<u>0.09%</u>				
Total Corporate Bonds		<u>72,564,986</u>	<u>0.40%</u>				

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Unquoted Investments - Property				Unquoted Investments - Private Equity			
Commitment €m	Security Description	Market Value €	% of Total Investments	Commitment €m	Security Description	Market Value €	% of Total Investments
Asia				Europe			
19.5	Asian Retail Mall II	8,149,439	0.04%	10.5	Abingworth Bioventures V	-	0.00%
19.0	Composition Capital Asia Fund	652,111	0.01%	65.0	Charterhouse Capital Partners VIII	9,420,498	0.05%
38.5	Forum Asian Realty Income II	20,945,702	0.11%	75.0	CVC European Equity Partners IV	25,878,149	0.14%
37.8	Macquarie Japan Core Plus Fund	3,654,677	0.02%	25.0	CVC European Equity Partners Tandem Fund	-	0.00%
114.8		33,401,929	0.18%	34.0	Palamon European Equity II	4,981,545	0.02%
Europe				209.5		40,280,192	0.21%
43.4	Airport Industrial Property Unit Trust	58,757,639	0.31%	North America			
36.9	CBRE Strategic Partners UK Fund II	24,739,735	0.13%	69.2	Clayton, Dubilier & Rice Fund VII	23,564,992	0.12%
50.0	Forum European Realty Income II	49,106,438	0.26%	22.8	Clayton, Dubilier & Rice Fund VII (Co-Investment)	-	0.00%
30.0	French Development Venture II	6,994,783	0.04%	15.4	Fortress Investment Fund IV	5,183,914	0.03%
44.0	The Mall Unit Trust	45,495,223	0.24%	15.4	Fortress Investment Fund IV (Co-Investment)	4,954,624	0.03%
50.0	Morgan Stanley Eurozone Office Fund	51,312,500	0.27%	30.2	Fortress IW Co-Investment Fund	26,465,582	0.14%
35.0	Rockspring German Retail Box Fund	25,934,242	0.14%	56.9	Hellman & Friedman Capital Partners VI	-	0.00%
75.0	Tishman Speyer European Real Estate Venture VI	39,620,180	0.21%	68.4	Madison Dearborn Capital Partners V	2,459,802	0.01%
364.3		301,960,740	1.60%	22.9	Montagu Newhall Global Partners III	2,626,133	0.01%
Global				15.3	New Enterprise Associates 12	1,762,055	0.01%
38.7	Lehman Brothers Offshore Real Estate Partners II	17,967,563	0.09%	15.2	Oak Investment Partners XII	1,672,499	0.01%
39.3	Morgan Stanley Real Estate Fund V International	29,560,648	0.16%	75.9	Providence Equity Partners VI	-	0.00%
38.2	Pramerica Real Estate Companies Account III	8,929,130	0.05%	60.9	Texas Pacific Group Partners V	6,988,714	0.04%
116.2		56,457,341	0.30%	26.8	Vestar Capital Partners V	6,760,684	0.04%
North America				495.3		82,438,999	0.44%
31.2	Berkshire Multifamily Value Fund	16,351,320	0.09%	704.8	Total Private Equity Investments	122,719,191	0.65%
31.9	Broadway Partners Real Estate Fund	37,346,241	0.20%				
57.7	Broadway Partners Real Estate Fund II	34,557,214	0.18%				
46.1	CBRE Strategic Partners US Fund IV	19,413,165	0.10%				
30.7	Capital Trust Large Loan 2006	8,543,084	0.05%				
76.5	Morgan Stanley Real Estate Fund V US	12,315,718	0.07%				
39.8	Tishman Speyer Real Estate Venture VI	38,461,983	0.20%				
313.9		166,988,725	0.89%				
909.2	Total Property Investments	558,808,735	2.97%				

National Pensions Reserve Fund Portfolio of Investments 31 December 2006

Unquoted Investments - Commodity Investments				Cash Deposits and Other Investments			
Holding	Security Description	Market Value €	% of Total Investments	Security Description	Market Value €	% of Total Investments	
7,104	Goldman Sachs International - Commodity Note	30,381,961	0.16%	Euro	971,640,639	5.16%	
120,000,000	Lehman Brothers Treasury B V - Commodity Note	114,700,800	0.61%	US Dollar	57,188,760	0.30%	
600	Merrill Lynch - Commodity Note	55,769,358	0.30%	Japanese Yen	10,103,914	0.05%	
50,000,000	Morgan Stanley - Commodity Note	37,805,000	0.20%	Sterling	10,303,685	0.05%	
				Other Currencies	2,037,655	0.01%	
					1,051,274,653	5.57%	
				Unrealised Gain/(Loss) Foreign Exchange Contracts	(17,898,043)	(0.10%)	
				Unrealised Gain/(Loss) Futures Contracts (Note 1)	611,365	0.00%	
					(17,286,678)	(0.10%)	
				Total Cash Deposits And Other Investments	1,033,987,975	5.47%	
				Total Investments	18,829,331,182	100.00%	
				Note 1 - Open Futures 31 December 2006			
				630 Dow Jones Euro Stoxx Contracts (Expiring March 2007)	25,500,150	561,120	
				14 Swiss SMI Contracts (Expiring March 2007)	749,219	11,700	
				31 OMX Contracts (Expiring January 2007)	393,722	2,551	
				29 FTSE 100 Contracts (Expiring March 2007)	2,654,943	12,911	
				80 S&P 500 Mini Contracts (Expiring March 2007)	4,180,165	23,083	
					33,478,199	611,365	

GLOSSARY

Active Management Investment management where the manager seeks to outperform a specified market index.

Alternative Assets Any assets in which a fund invests, other than quoted equity, quoted fixed income and cash.

Benchmark A measure against which a portfolio's investment performance is assessed. The NPRF's investment mandates are generally measured against the index return for the relevant market.

Buyout The purchase of an established business.

Commodities A generic term for traded raw materials such as oil, gas, industrial and precious metals and agricultural produce.

Corporate Bonds A bond issued by a company. Corporate bonds usually have a higher yield than government bonds due to the increased credit risk and lower liquidity.

Correlation A measure of how asset prices move against each other. Where assets are positively correlated, they are both likely to increase or decrease in value together. Where they are negatively correlated, an increase in the value of one is likely to be accompanied by a decrease in the value of the other.

Diversification The process of spreading investments across a number of different asset classes in order to reduce risk.

Efficient market A market in which the price of securities adjusts quickly in response to new information – the more efficient a market, the more difficult it is to outperform the market index.

Emerging Markets Equities Equities quoted on the stock exchanges of developing countries.

Financial Assets Assets, such as bonds or bank deposits, where the rate of return is contractual in nature and whose values do not rise with inflation.

Global Custodian The entity, typically a major bank, responsible for transaction settlement (the delivery of cash/securities in respect of purchases/sales of a fund's assets) and for the holding of a fund's assets.

Hedge Fund A generic term which covers investment funds following a wide range of investment strategies, usually on a leveraged basis. The common objective of such funds is that they seek an absolute return rather than to outperform a market index.

Investment Horizon The time period over which an investor expects to maintain an investment portfolio. The NPRF has a long-term investment horizon as no cash will be drawn down before 2025.

J-Curve An effect which depresses returns in the early years of a property or private equity investment programme. The j-curve arises from the fact that negative returns may be experienced in the early years of investment due to investment entry costs and management

fees while the anticipated returns typically do not emerge until the programme has been underway for a number of years.

Liquidity The ease with which investments can be traded in the market. Investors usually require a premium or additional return for holding less liquid assets.

Market Index A proxy for the value and rate of return to a particular market based on the values of a specified number of companies or other entities within that market.

Passive Management Investment management where the manager seeks to replicate the return to a specified market index.

Pay As You Go A method of financing the costs of pension benefits out of current cash flow, where no advance funding of benefits is made. For example, the State finances public pensions from taxation and social insurance contributions.

Private Equity Investment in unquoted firms, including buyouts and venture capital.

Quoted Equities Company shares which are listed on a stock exchange.

Real Assets Assets, such as equities, property and commodities, where the rate of return is, over the long-term, linked to the rate of growth in the economy and where asset values can be expected to rise with inflation.

Standard Deviation A statistical measure which reflects variation of return. An investment portfolio with an expected return of 10% and a standard deviation of 5% would be expected to deliver a return of between 5% and 15% approximately two thirds of the time.

Strategic Asset Allocation The long-term mix of assets chosen by an investor in order to meet his or her return objectives and/or liabilities while maintaining risk within acceptable levels.

Tracking Error The expected standard deviation of the performance difference between an investment portfolio and the relevant market index. The higher the tracking error, the greater the difference between the constituent securities of the investment portfolio and those in the market index.

Venture Capital The provision of finance to start-up and emerging companies.

Volatility The variability in the price of an asset through time. Real assets, such as equities, are likely to be more volatile than financial assets, such as bonds, over short time periods, but, over the long-term, the investor can expect to be rewarded for this increased volatility through additional return.

Yield The annualised rate of return (including both interest and capital) on a bond.

National Treasury Management Agency Corporate Information

Chief Executive
Dr Michael J Somers

NPRF Unit

Investment Director
John Corrigan

Director, Alternative Assets
Eileen Fitzpatrick

Head of Investment Manager Programme
Eugene O'Callaghan

Head of Risk & Asset Allocation
Ronan O'Connor

Senior Manager & Commission Secretary
Adrian O'Donovan

Head of Private Equity
Ronan Cunningham

Finance Unit

Director
Brendan McDonagh

Financial Controller
Stephen Judge

Legal Unit

Director
Anne Counihan
*On special leave as a Director of the European Bank for
Reconstruction and Development*

Senior Legal Adviser
Aideen O'Reilly

Contact Details

Address: Treasury Building, Grand Canal Street, Dublin 2

Tel: +353 1 6640800

Fax: +353 1 6766483

Email: info@nprf.ie

Web: www.nprf.ie



**National Pensions Reserve Fund
Commission
Treasury Building,
Grand Canal Street, Dublin 2**

Tel: +353 1 664 0800
Fax: +353 1 676 6483

Email: info@nprf.ie
Web: www.nprf.ie