



Coimisiún an Chúlchiste Náisiunta Pinsean
National Pensions Reserve Fund Commission

2013

NATIONAL PENSIONS RESERVE
FUND COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS



Coimisiún an Chúlchiste Náisiunta Pinsean
National Pensions Reserve Fund Commission

30 June 2014

Mr. Michael Noonan, 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 2013.

Yours sincerely,

Paul Carty,
Chairman

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FROM THE CHAIRMAN



OVERVIEW

2013 saw the continuation of the transition for the National Pensions Reserve Fund (“NPRF” or the “Fund”) from a globally diversified fund to one that will be focused on investment in Ireland, under the Ireland Strategic Investment Fund (“ISIF”) initiative.

The Fund is sub-divided for management purposes into two portfolios – the Discretionary Portfolio (the investment of which is the NPRF Commission’s responsibility) and the Directed Portfolio (public policy investments in Irish financial institutions made under direction from the Minister for Finance).

The Commission has sought to develop and implement an investment strategy for the Discretionary Portfolio which combines adherence to the Fund’s statutory investment mandate with a recognition that the Government wishes to refocus the Fund to invest on a commercial basis to support economic activity and employment in Ireland. This twin-track strategy has incorporated a capital preservation element and a 20% limit on investments in Ireland.

At 31 December 2013, the NPRF was valued at €19.9 billion, comprising the Discretionary Portfolio of €6.8 billion and the Directed Portfolio of €13.1 billion. The total Fund return in 2013 was +35.4%, comprising a Discretionary Portfolio return of +6.4% and a Directed Portfolio return of +57.6%.

DISCRETIONARY PORTFOLIO

The movement in the value of the Fund’s Discretionary Portfolio in 2013 is summarised as follows:

Table 1
NPRF Discretionary Portfolio change in value in 2013

Discretionary Portfolio	Value €bn
Discretionary Portfolio at 31 December 2012	6.1
Investment gain	0.4
Transfer from Directed Portfolio	0.3
Contributions	0.0
Discretionary Portfolio as at 31 December 2013	6.8

The Discretionary Portfolio return in 2013 of +6.4% was a satisfactory result given the Fund is in a period of transition. While equity markets performed well in 2013, the Fund’s Capital Preservation Strategy meant that it was not as exposed to equity markets as it would have been under the NPRF’s previous long term strategic asset allocation. However, since the Capital Preservation Strategy was introduced in mid-2011, the Fund’s Discretionary Portfolio performance has significantly exceeded the cost of Government debt, which the Commission believes is now a more appropriate benchmark for assessing performance. Since the Fund’s inception in April 2001, the Discretionary Portfolio has generated an annualised return of +3.9% which compares with the average Irish managed pension fund performance of +3.2% p.a. and the Irish inflation rate over the period of +2.1% p.a.

DIRECTED PORTFOLIO

The Directed Portfolio return in 2013 of +57.6% was a result of the change in values of the holdings in Allied Irish Banks (“AIB”) and Bank of Ireland, and also proceeds from the Bank of Ireland preference share redemption and sale. The movement in the value of the Fund’s Directed Portfolio in 2013 is summarised as follows:

Table 2
NPRF Directed Portfolio change in value in 2013

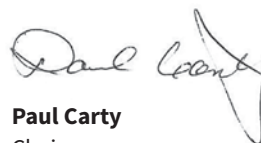
Directed Portfolio	Value €bn
Directed Portfolio at 31 December 2012	8.6
Investment gain - AIB	3.6
Investment gain - Bank of Ireland	1.2
Transfer to Discretionary Portfolio	-0.3
Sale & redemption of Bank of Ireland preference shares	-1.9
Total Directed Investments	11.2
Directed Cash	1.9
Directed Portfolio as at 31 December 2013	13.1

LEGISLATION CHANGE

In anticipation of the enactment of legislation to establish the ISIF the Commission has throughout the year maintained ongoing dialogue with the Minister for Finance and officials in his Department in relation to the strategy being pursued by the Fund. The new legislation which was published in May 2014 will provide for the dissolution of the NPRF Commission and for a new governance structure to be put in place within the National Treasury Management Agency (“NTMA”). The Commission is committed to ensuring an orderly transition from the NPRF to the ISIF, and from the Commission to the new NTMA governance arrangements, and will support the transition in every way possible.

I would like to thank my fellow Commissioners and the members of our advisory committees for their commitment and diligence over the past twelve months. I wish to note the completion of Brian Hillery’s second term as a member of the Commission on 30 June 2014; he has also been a member of the Audit Committee and the Private Equity Advisory Committee. I would like to acknowledge Brian’s valuable contribution and support over the past ten years.

I would also like to thank the staff of the NTMA for their hard work and professionalism through the course of the year.



Paul Carty
Chairman
27 June 2014

EXECUTIVE SUMMARY

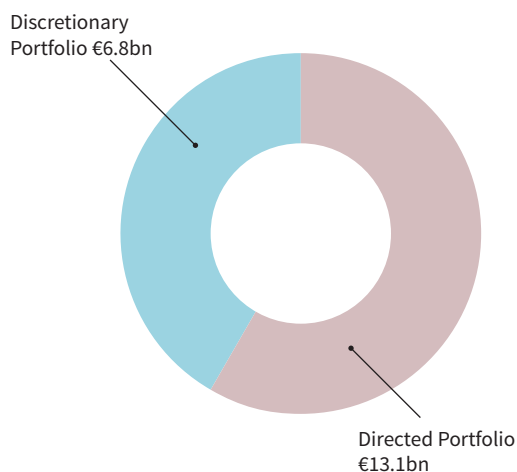
...2013 IN FIGURES...

NPRF VALUE

At 31 December 2013 the NPRF's total value was €19.9 billion.

- The Discretionary Portfolio, the investment of which is the Commission's responsibility, was valued at €6.8 billion (34% of the total Fund).
- The Directed Portfolio, investments made in Irish financial institutions for public policy reasons made under direction from the Minister for Finance, was valued at €13.1 billion (66% of the total Fund).

Chart 1
NPRF value at 31 December 2013



INVESTMENT STRATEGY - DISCRETIONARY PORTFOLIO

In anticipation of legislation being enacted to give effect to the transition of the NPRF to the ISIF, a significant capital preservation element continued to be included in the NPRF investment strategy during 2013. This has resulted in an increase in the Discretionary Portfolio's liquid investments.

- €4.7 billion is held in highly liquid¹ investments at 31 December 2013.

ASSET ALLOCATION - DISCRETIONARY PORTFOLIO

- Holdings of liquid and lower risk assets were increased in 2013.
- The portfolio's global equity weighting was reduced to 25%.
- Cash and cash equivalents accounted for 36% of portfolio weight at 31 December 2013.

Table 3
NPRF Discretionary Portfolio asset allocation at 31 December 2013

Note: Figures may not add due to rounding.

Asset Class	Value €m	Discretionary Portfolio %
Global equities	1,701	25%
Equity options	70	1%
Fixed income	1,213	18%
Cash & equivalents	2,438	36%
Private equity	134	2%
Property	347	5%
Commodities & forestry	336	5%
Infrastructure	341	5%
Absolute return funds	246	4%
Total Discretionary Portfolio	6,827	100%

¹ Investments which are expected to be saleable at low cost within seven days.

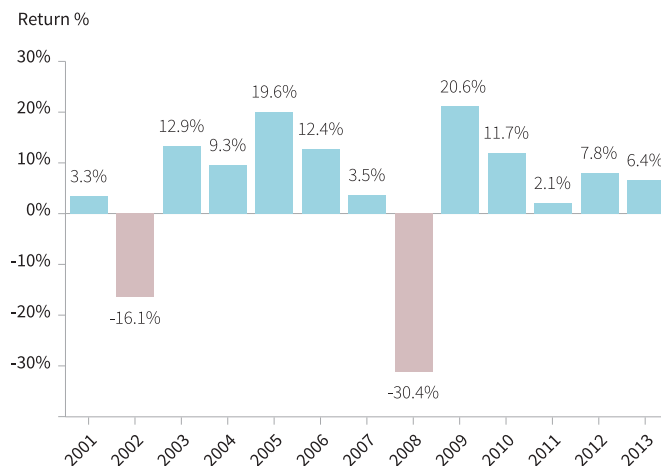
PERFORMANCE

The total NPRF return in 2013 was +35.4% comprising:

- Discretionary Portfolio +6.4%
- Directed Portfolio +57.6%.
- From the NPRF's inception in 2001 to 31 December 2013, the Discretionary Portfolio has delivered an annualised performance of +3.9%.
- The Directed Portfolio's return in 2013 reflects significant uplifts in valuations of both AIB and Bank of Ireland ordinary and preference shares and a cash dividend received. It also reflects the Bank of Ireland preference share redemption and sale in December 2013.

Chart 2

NPRF Discretionary Portfolio performance 2001 - 2013



STRATEGIC INVESTMENT FUND INITIATIVE

- €1.3 billion was committed to projects under the Strategic Investment Fund initiative at 31 December 2013.
- Total project/fund size of these commitments was 2.1x the NPRF investment, with the additional capital coming from third party co-investors.
- 19.6% of the Discretionary Portfolio at 31 December 2013 was invested in or committed to Irish projects, within the 20% limit on Irish investments agreed by the Commission.

Table 4

NPRF Commitments under the Strategic Investment Fund initiative at 31 December 2013

Note: Figures may not add due to rounding.

Sector	Investment Name	NPRF Committed Capital €m	Multiple of Total Project/Fund Size to NPRF Commitment
Small & Medium Enterprises ("SME")	Better Capital	50	2.0x
	Carlyle Cardinal	125	2.0x
	BlueBay	200	2.3x
	Silicon Valley Bank*	36	2.0x
Total SME		411	2.1x
Venture Capital	Innovation Fund Ireland	125	2.0x
	Local Venture Capital Funds	81	5.0x
	China Ireland Technology Fund*	72	1.0x
Total Venture Capital		278	2.6x
Infrastructure	Irish Water	250	1.0x
	Irish Infrastructure Fund	250	1.3x
	Irish Forestry	30	7.2x
	PPP Schools Bundle 3	14	8.6x
	PPP N11	18	9.1x
Total Infrastructure		562	1.9x
Total		1,252	2.1x

* In the case of both China Ireland Technology Fund and Silicon Valley Bank, the NPRF committed €36m (total €72m) to global funds as part of the wider third party relationship.

LEGISLATION & MANDATE

...EVOLVING MANDATE...

LEGISLATIVE AND OPERATING FRAMEWORK

The Fund is controlled by the NPRF Commission, which performs its functions through the NTMA the Manager of the Fund. The legislative and operating framework of the NPRF has changed significantly since its inception in 2001 when it was set up under the *National Pensions Reserve Fund Act, 2000*.

National Pensions Reserve Fund Act, 2000

This Act gave the Fund a statutory objective to meet as much as possible of the costs of social welfare and public service pensions from 2025 until at least 2055. It also stated that:

- in each year, commencing in 2001 and continuing until 2055, the Minister for Finance shall pay the equivalent of 1% of GNP into the Fund to support this objective;
- the Commission is required to invest the assets of the Fund so as to secure the optimal total financial return, having regard to the purpose of the Fund, provided the level of risk to the moneys held or invested is acceptable to the Commission.

Given the long-term horizon of the Fund specified in the above legislation, the Commission developed a long-term investment strategy which was reflected in its strategic asset allocation.

FINANCIAL CRISIS

In 2009 the Minister for Finance decided to utilise part of the assets of the Fund to assist in dealing with the financial crisis facing Ireland and the *Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009* was enacted.

Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009

This Act amended the *National Pensions Reserve Fund Act, 2000* to enable the Fund to be used for the purposes of bank recapitalisation.

It empowers the Minister for Finance to direct the Commission to invest in specified securities of credit institutions where, having consulted the Governor of the Central Bank and the Financial Regulator, he decides such a direction is necessary, in the public interest, for either or both of the following purposes:

- to remedy a serious disturbance in the economy of the State;
- to prevent potential serious damage to the financial system in the State and ensure the continued stability of that system.

The NPRF's directed investments were also removed from the Fund's statutory investment policy under the above amendment.

In late November 2010, the Government announced that the Fund would provide up to €10 billion of the State's €17.5 billion contribution to the €85 billion EU/IMF Programme of Financial Support for Ireland.

The *Credit Institutions Stabilisation Act, 2010* (the “CISA Act”), was enacted in December 2010 and significantly amended the legislation governing the Fund.

Credit Institutions Stabilisation Act, 2010

The CISA Act gave the Minister for Finance significant powers in relation to the Fund including the power to:

- reduce or suspend the annual Exchequer contribution to the NPRF in any of the years 2012 and 2013;
- direct the Commission to invest in Irish Government securities;
- direct the Commission to make payments directly to the Exchequer in the years 2011, 2012 or 2013, where it appears to him to be desirable to do so in the interests of funding capital expenditure by the Exchequer.

The Minister exercised these powers in relation to the suspension of the Exchequer contribution in both 2012 and 2013, and to the Fund making payments directly to the Exchequer in 2011.

STRATEGIC INVESTMENT FUND INITIATIVE

In September 2011, the Government announced its intention to establish the Strategic Investment Fund initiative to channel resources from the Fund, following appropriate changes to governing legislation, towards investment in sectors of strategic significance to the future of the Irish economy.

This was followed by legislative proposals to establish the ISIF which were announced by Government in June 2013 and which were published as part of the *NTMA (Amendment) Bill, 2014* in May 2014. The ISIF will be a new fund and will absorb the assets and contractual obligations of the NPRF. It will have a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.

The ISIF will be controlled and managed by the NTMA. Following the transfer of all NPRF assets and contractual obligations to the ISIF, the NPRF Commission will be dissolved. A new NTMA Board will set the ISIF’s investment strategy and a new Investment Committee of the NTMA will oversee its implementation. The ISIF will also include the NPRF’s directed investments in Bank of Ireland and AIB, which will remain under the control of the Minister for Finance.

INVESTMENT STRATEGY

...DE-RISKING TO PRESERVE CAPITAL...

As a result of the directed investments in the banks in 2009, the Commission decided to separate the Fund into two distinct portfolios:

- Discretionary Portfolio – the investment of which is the Commission’s responsibility; and
- Directed Portfolio – public policy investments in the banks made under direction from the Minister for Finance.

STRATEGIC ASSET ALLOCATION

The Discretionary Portfolio, in line with the Fund’s original investment strategy, was initially invested in accordance with the Commission’s strategic asset allocation. This investment strategy aimed to maximise return subject to prudent levels of risk over a long term horizon. The strategy had been implemented through a globally diversified portfolio including global equities, fixed income, property, private equity, commodities, forestry and absolute return funds.

DYNAMIC ASSET ALLOCATION

The Commission adopted a dynamic asset allocation policy and delegated its implementation to the NTMA in 2010. This allowed for market opportunities to be captured by deviating from the strategic asset allocation weights, within permitted ranges. These ranges were based on the premise that dynamic asset allocation movements should be large enough to have a material impact on portfolio risk and return while not being so large as to compromise the strategic asset allocation or the Commission’s fiduciary role with regard to the Fund’s Discretionary Portfolio.

SECONDARY OBJECTIVE

In January 2010 the Commission reviewed and updated the Fund’s strategic asset allocation to include a secondary investment objective: to outperform the average yield on Irish Government debt over a rolling five year period. This secondary objective was included in light of the financial difficulties facing the Exchequer and on the basis that it could reasonably be argued that the yield on Irish Government debt represents the opportunity cost against which the return generated by the Discretionary Portfolio should be compared.

CAPITAL PRESERVATION STRATEGY

In June 2011 and against the backdrop of (i) the significant changes made in respect of the Fund since 2009 relating to directed investment in Irish banks, (ii) the radical changes in the Discretionary Portfolio following the realisation of €10 billion from the Fund for the EU/IMF Programme of Financial Support for Ireland, (iii) the liquidity demands facing the Fund, (iv) the uncertainty over the Fund’s future purpose and mandate as referenced in the Programme for Government, and (v) the significant macroeconomic and market stresses at the time, the Fund purchased equity index put options.

Acknowledging that the proposed establishment of the Strategic Investment Fund required capital to be preserved in order to ensure the availability of assets of the Fund’s Discretionary Portfolio when appropriate commercial investment opportunities in Ireland were developed or sourced, the Commission developed a “Capital Preservation Strategy” as a means of applying a “prudent person” principle combining (i) adherence to the Fund’s long-term investment strategy, consistent with the Fund’s statutory mandate with an asset allocation broadly in line with the Fund’s strategic asset allocation and with upside capacity when markets perform, and (ii) a common sense approach to reducing volatility, given the statements by and requirements of Government that the Fund’s mandate would be changed.

A combination of equity options and the sale of some of the Fund’s equity positions have been used to implement the Capital Preservation Strategy. The strategy is monitored on a constant basis to ensure it is being implemented as cost efficiently as possible and changes have been made to the Capital Preservation Strategy in 2012 and 2013 to reflect this.

In implementing the Capital Preservation Strategy, the Commission, has taken an approach which considers a timeframe beyond the expected delivery of the legislation establishing the ISIF. The alternative would involve setting the investment strategy on the basis of investment time horizon until the ISIF is expected to be established, which would result in all assets being converted to cash or cash-like investments. The advantages of the approach taken include (i) an expected return greater than the extremely low cash yields available in recent years, and (ii) a resulting portfolio broadly consistent with the proposed return objectives of the ISIF.

REDUCING COMPLEXITY AND INCREASING LIQUIDITY

The announcement of legislative proposals to establish the ISIF in June 2013 resulted in greater clarity and certainty with respect to the timing of mandate change. As a result further steps were taken to increase the liquidity of the Fund's Discretionary Portfolio and to reduce management fees through the simplification of the portfolio.

In light of favourable secondary market conditions, the disposal programme for the Fund's global private equity portfolio was accelerated and in December 2013, following a competitive sale process, a large portfolio of global private equity interests was sold. Opportunities were also taken to accelerate the redemption and sale of the Fund's property portfolio to improve liquidity and increase the flexibility of the new governance of the ISIF to set its investment strategy.

The Fund's listed equity investments were also significantly restructured. All active equity accounts, managed on a segregated basis, were terminated in January 2014 and a significant portion of the equity allocation was invested into two low volatility equity funds. All passive equity mandates were consolidated with a single manager in March 2014 which lowered management fees and reduced monitoring and oversight costs.

In December 2013 the Commission decided to further reduce the equity risk of the Fund's Discretionary Portfolio to reflect (i) cheap option pricing, (ii) prudence in managing stakeholder expectations in relation to the size of the ISIF, and (iii) bullish sentiment towards stocks which often lead to sharp, if temporary, pullbacks in prices. This decision was implemented by the purchase of equity put options.

STRATEGIC INVESTMENT FUND INITIATIVE

In September 2011, the Government outlined its proposal regarding the establishment of the Strategic Investment Fund. In considering investment in Ireland, the Commission believes there have been and currently are attractive investment opportunities, caused by the economic downturn and the scarcity of capital, to help drive a recovery. One of the core investment beliefs of the Commission is to seek to invest when prices represent good value, and Ireland may offer significant possibility in this regard. Cognisant of its statutory responsibilities, the Commission formed a view that up to 20% of the Fund's Discretionary Portfolio may be committed to commercial investments in Ireland to avail of these opportunities.

The Commission has made a number of investments and investment commitments in Ireland, and at 31 December 2013 Irish investments represented 19.6% of the Fund's Discretionary Portfolio.

Throughout 2013 the Commission has kept the Minister apprised of its investment strategy, in particular the Capital Preservation Strategy and the 20% limit on Irish Investments.

MARKETS REVIEW

...STRONG YEAR
FOR RISK ASSETS...

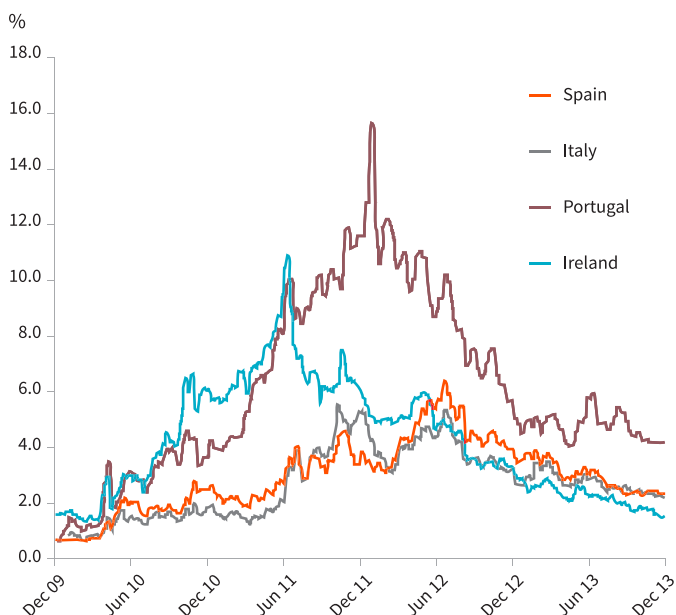
2013 proved to be another strong year for developed market equities. However, in a year where derisking was central to the Fund's investment strategy, the full rewards of these solid equity markets were not obtainable.

Continued loose monetary policy in the US, UK and Japan and improving growth expectations saw global equities rise 21%, following a 14% rise in 2012, with substantial rallies in every major developed equity market. However, unlike 2012 which saw significant gains across most asset classes, performance in 2013 was mixed with investment grade credit, emerging market equities and many sovereign bonds losing ground.

EUROPE

In Europe, 2013 saw fears of a eurozone break up continue to ease following the commitment in July 2012 by Mario Draghi, President of the European Central Bank ("ECB"), to do 'whatever it takes' to ensure the euro's survival. Despite a temporary rise in systemic fears early in the year following the bail-in of the Cypriot banking sector, investor confidence increased throughout 2013 with spreads over German bunds falling significantly.

Chart 3
10 year yield spreads over Germany



2013 was a particularly positive year for Ireland which saw a successful return to the bond markets and an exit from the EU/IMF Programme of Financial Support. Yields on 10 year Irish Government bonds fell 126bps during 2013, from +4.8% to +3.5%, while the Irish stock market rallied +35.7%. European equity markets also delivered strong performances with the FTSE Developed Europe index returning +20.8%.

Eurozone economic data was mixed. Strong manufacturing data suggested a rebound in activity, but a slowdown in GDP growth in Q3 and weaker than expected inflation data saw the ECB cut interest rates to +0.25% at its November meeting. GDP growth for the eurozone was -0.4% in 2013.

JAPAN

Early in 2013 a programme of aggressive monetary and fiscal stimulus was enacted in Japan as the newly elected Prime Minister Shinzo Abe pledged to lift the economy out of deflation and to generate inflation, wage growth and rising bond yields. Initially, this policy saw significant falls in the value of the Yen and a resultant spike in equity prices (the Nikkei rose 59.3% in 2013). However, the impact of the expansionary policy appeared to be fading towards the end of the year.

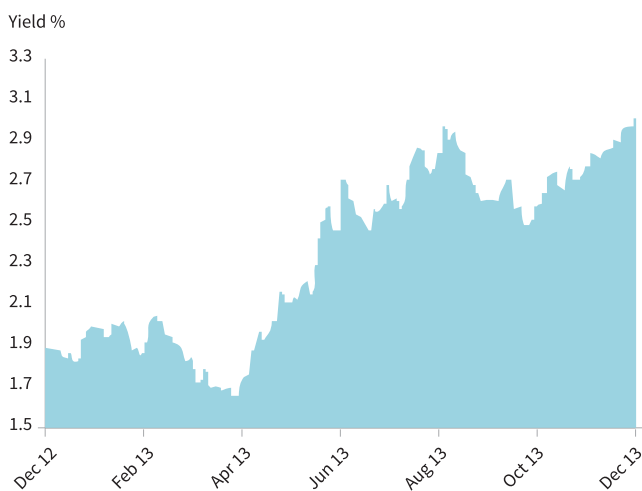
UNITED STATES

Economic data in the US continued to improve in 2013, with the pace of growth picking up notably in the third quarter (Q3 GDP +4.1%). Late in 2012 the Federal Reserve had, for the first time, tied its policy to the level of unemployment by pledging to maintain an ultra-accommodative monetary policy stance until the rate of unemployment fell below 6.5%. The unemployment rate fell steadily during 2013, finishing the year at 6.7%, marginally above the 6.5% threshold.

As the pace of growth and employment accelerated, expectations of a normalisation of US monetary policy began to increase. Markets reacted negatively to remarks by Ben Bernanke, then Chairman of the Federal Reserve, in May 2013 regarding a potential tapering of its bond purchasing programme if economic and labour market data continued to improve. Yields on 10 year US Treasuries rose 100bps in the two months that followed as markets began to price in the effects of a potential reduction in bond purchases.

In December, somewhat later than the market had anticipated following Mr. Bernanke's remarks, the Federal Reserve confirmed that it would reduce its asset purchases by \$10 billion a month (from \$85 billion) from January 2014 onwards. While the formal unemployment threshold of 6.5% for raising short term rates was left unchanged, it was noted that interest rates would remain unchanged until unemployment was "well past" the 6.5% threshold, and that this was appropriate especially if inflation continued to run below the 2% longer-term goal.

Chart 4
US 10 year treasury yield



EMERGING MARKETS

2013 was a difficult year for emerging market assets which had benefited in previous years from a surge in capital flows as a result of the low interest rate environment in developed markets. As the Federal Reserve signalled its intention to taper its asset purchases and expectations of a normalisation in monetary policy increased, these capital flows began to decline resulting in balance of payments issues in some countries, notably India, Indonesia, Brazil and Turkey. The MSCI Emerging Markets Index fell 6.8% over the year.

2014 DEVELOPMENTS

Equity markets have experienced steady gains in the first half of 2014 as loose monetary policy, high margins and moderate growth continued to support corporate earnings. These factors overcame macroeconomic and political headwinds which had weighed on investor sentiment in early part of the year most notably the shadow banking sector in China, the threat of European deflation and political instability in Eastern Europe. None of the latter had a material impact however and market volatility in the first half of 2014 has been low.

FUND PERFORMANCE

...CONSISTENTLY
POSITIVE
PERFORMANCE...

Performance of the NPRF is reported on three levels - the Discretionary Portfolio, the Directed Portfolio, and total Fund. At 31 December 2013, the total Fund value was €19.9 billion, comprising the Discretionary Portfolio €6.8 billion and the Directed Portfolio €13.1 billion.

Discretionary Portfolio - 2013 Performance

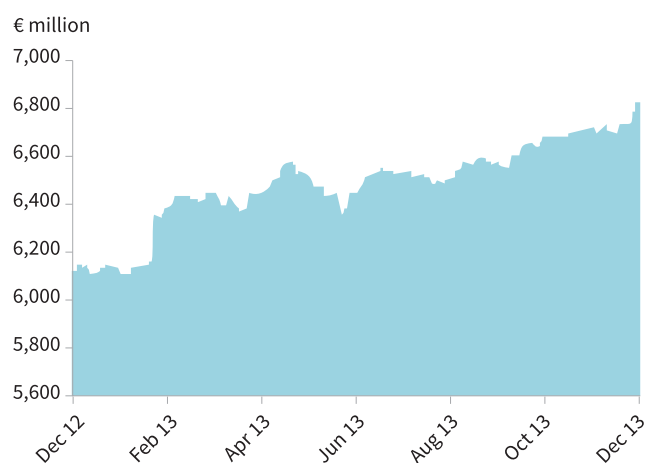
(i) Overview

The Discretionary Portfolio generated a return of +6.4% in 2013. This return comprised approximately +2.3% income yield and +4.1% capital gain.

The value of the Discretionary Portfolio increased by €742 million during the year, comprising the +6.4% investment return of €401 million, a €340 million injection arising from dividend income of the Directed Portfolio and €1 million received in respect of assets contributed in prior years from 16 university and State Sponsored pension schemes. The dividend income of the Directed Portfolio was in part received in February 2013 as a result of holding Bank of Ireland preference shares. Accrued dividend income from the sale and redemption of these shares was received in December 2013.

The average daily movement in performance in 2013 was €11 million (+0.18%) and is reflective of the impact of the Capital Preservation Strategy. Chart 5 illustrates the relatively steady appreciation in the Fund's Discretionary Portfolio value over the course of 2013 and also illustrates that the Capital Preservation Strategy achieved its twin objectives of limited participation in equity market performance while controlling volatility.

Chart 5
NPRF Discretionary Portfolio value 2013



(ii) Absolute performance

Contributors to the Discretionary Portfolio's return in 2013 of +6.4% are set out below:

Table 5
NPRF Discretionary Portfolio asset class return 2013

Note: Figures may not add due to rounding.

Asset Class	Asset Class Return	Contribution to Discretionary Portfolio Return*
Global equities	16.9%	3.6%
Infrastructure	11.0%	0.6%
Private equity	5.5%	0.6%
Fixed income	2.3%	0.3%
Absolute return funds	1.1%	0.0%
Property	0.7%	0.1%
Commodities & forestry	-0.3%	0.0%
Currency hedge		1.1%
Cash & sundry		0.0%
Total		6.4%

* Contribution to Discretionary Portfolio return is calculated by multiplying and compounding each day the percentage weight within the Discretionary Portfolio and the return of each asset class.

- **Global equities**
 - Developed market equities had a very strong year with the FTSE Developed World Index rising 21.3%, mainly attributable to continued provision of liquidity by central banks and improving growth expectations.
 - Emerging market equities however had a poor year due to reductions in capital flows from developed economies after expectations of normalisation in monetary policy increased. The MSCI Emerging Markets Index returned -6.8%.
- Infrastructure performed well in 2013, generating a return of +11.0%.
- Private equity generated a return of +5.5%.
- Nominal bond yields remained at very low levels and nominal bonds generated positive returns. The Fund's inflation linked sovereign bond benchmark generated a negative return of 5.2%.
- Absolute return funds and property delivered performances of +1.1% and +0.7% respectively while commodities and forestry together had a negative return of 0.3%.

(iii) Benchmark

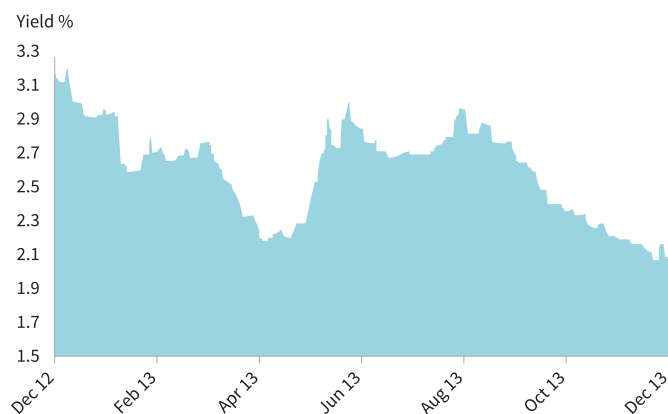
Up to and including 2012 the Fund's performance was measured relative to a benchmark portfolio consistent with its strategic asset allocation, subject to adjustments for liquidity constraints in the Fund's illiquid asset classes. This Long Term Strategic Benchmark ("LTSB") is the sum of the returns to the benchmarks for each asset class weighted according to their relative percentage share in the Discretionary Portfolio's strategic asset allocation.

Following the Government's announcement in relation to the ISIF, and the significant capital preservation element that has been incorporated into the Fund's investment strategy, the asset allocation of the Fund's Discretionary Portfolio has changed materially. The effect of this capital preservation element has been to reduce expected volatility and lower long term expected return. Therefore the LTSB is no longer relevant as a basis for assessing Fund performance.

Under the *National Pensions Reserve Fund Act, 2000*, the Commission is required to determine appropriate benchmarks against which the investment return of the Fund can be assessed. As the LTSB has become increasingly less relevant for assessing performance, the Fund's secondary benchmark, the average rolling yield on five year Government debt has been used to assess performance for 2013. This has been deemed a more suitable measure of the Fund's performance by the Commission as it is reflective of (i) the draft legislation establishing the ISIF indicating that the portfolio design of the ISIF should take account of the cost of long term Government debt, and (ii) continued mandate uncertainty giving rise to the continuation of the Capital Preservation Strategy in the Fund's investment strategy throughout 2013.

The Discretionary Portfolio performance of +6.4% for 2013 compares favourably to the average yield on five year Irish Government debt in 2013 of +2.6%, outperforming this benchmark by +3.8%.

Chart 6
5 year Irish Government debt yield 2013



Discretionary Portfolio - Performance since inception of the Capital Preservation Strategy

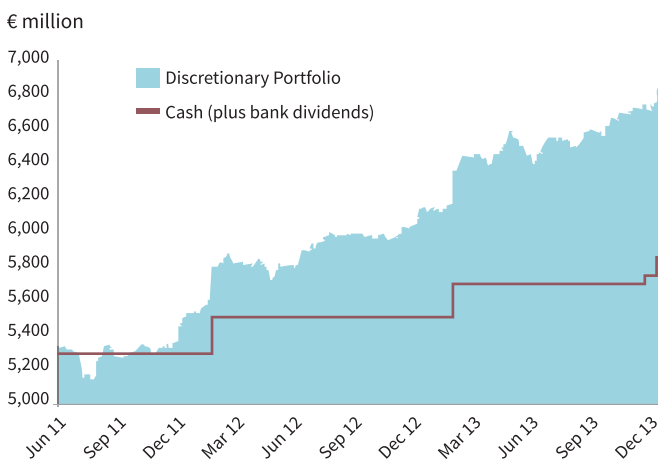
(i) Overview

The application of the capital preservation element within the Fund's investment strategy since June 2011 has allowed the Fund's Discretionary Portfolio to significantly reduce its volatility while maintaining risk exposure during a particularly strong environment for risk assets.

The Fund's Discretionary Portfolio was valued at €5,275 million in June 2011. Under the current investment strategy and including dividends from the Directed Portfolio it has grown to €6,827 million in December 2013 while experiencing low volatility throughout. Had the Commission adopted a different approach at the time of the announcement of the ISIF and applied a short term investment horizon in the setting of its investment strategy, all assets would have been converted to cash or cash-like investments. The NTMA has modelled the impact on the portfolio if such an approach had been taken and found that assets would have grown to just €5,845 million. This demonstrates that the Capital Preservation Strategy has had an investment value added of nearly €1 billion.

Chart 7 compares (i) the actual performance of the Fund's Discretionary Portfolio to (ii) the performance of a 'model' strategy invested in cash only, since June 2011.

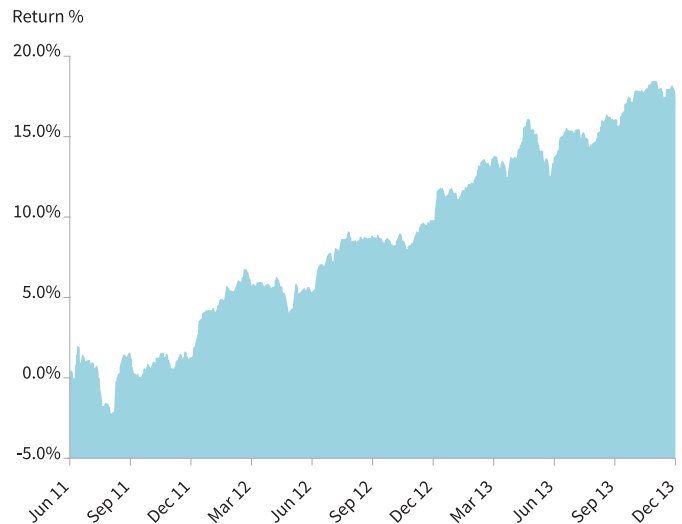
Chart 7
Performance of NPRF Discretionary Portfolio investment strategy



To end-December 2013 the Fund's Discretionary Portfolio performance since the Capital Preservation Strategy was implemented in June 2011 was +6.7% per annum. The Sharpe Ratio² is an industry standard measure of risk adjusted return and the Fund's Sharpe Ratio over this period was +2.3, which is significantly higher than the Sharpe Ratio of the LTSB which was +1.3 over the same period.

The Fund's Sharpe Ratio has significantly exceeded that of the LTSB, thereby indicating that the objective of the Capital Preservation Strategy of participating in positive market performance while controlling downside risk has been achieved in a risk efficient manner.

Chart 8
NPRF Discretionary Portfolio cumulative return since June 2011



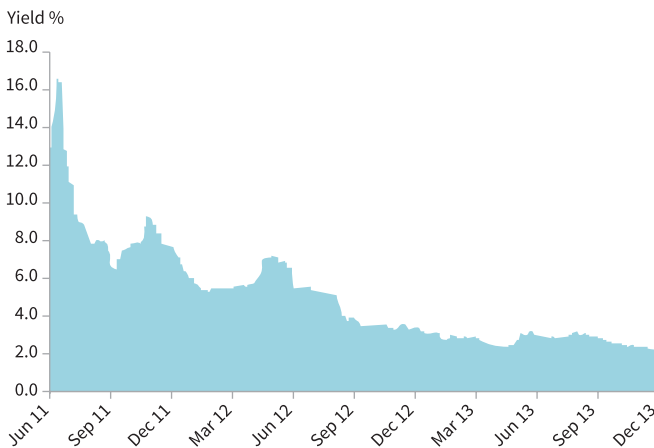
Put options have played a significant part of the Capital Preservation Strategy to date but the effect of holding options should be noted. When markets decline the put options will preserve portfolio value. However, the option premium costs, which are generally significant, and the reduced participation in rising equity markets will reduce the positive impact on performance that would otherwise be enjoyed if markets rise.

(ii) Relative Performance

The annualised Discretionary Portfolio performance from 30 June 2011 to 31 December 2013 of +6.7% compares favourably to the average yield on five year Irish Government debt of +4.8% over the same period. The Fund outperformed this benchmark by +1.9% per annum. Chart 9 plots the yield on five year Irish Government debt since the Capital Preservation Strategy was introduced June 2011.

² The Sharpe Ratio measures, in respect of a portfolio, the ratio of excess returns over the risk-free rate to the volatility of returns. It therefore seeks to measure the level of return obtained relative to the level of risk taken.

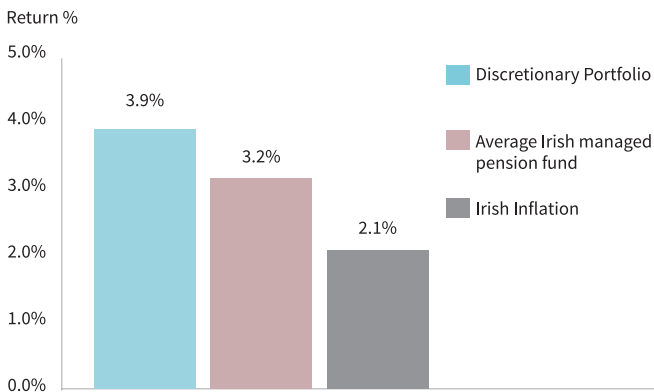
Chart 9
5 year Irish Government debt yield since June 2011



Discretionary Portfolio - Performance since inception

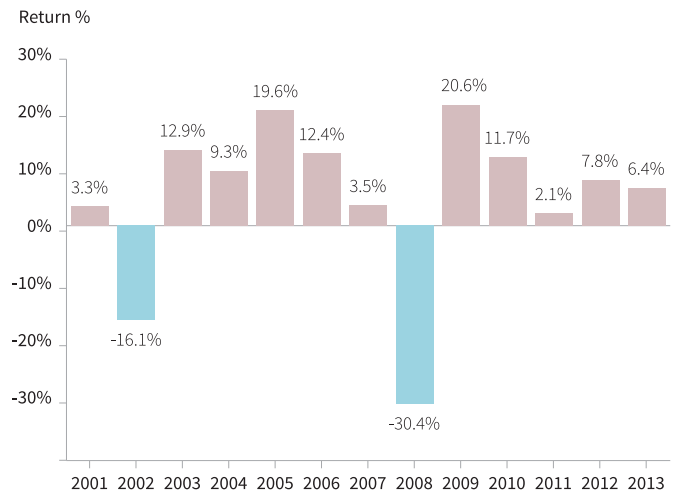
From inception in 2001 to 31 December 2013, the Fund has delivered an annualised performance of +3.9%. This compares with an annualised return for the average Irish managed pension fund of +3.2% and the Irish inflation rate of +2.1% per annum over the same period. This result includes the period from July 2011 to December 2013 during which the Commission implemented the Capital Preservation Strategy, a key element of which was a reduction in the proportion of equities held.

Chart 10
Comparison of NPRF Discretionary Portfolio annualised return since inception



Since inception, the NPRF has experienced a number of periods of severe market distress and more recently sustained periods of low economic growth.

Chart 11
NPRF Discretionary Portfolio performance 2001 - 2013



Directed Portfolio - 2013 Performance

The Directed Portfolio returned +57.6% in 2013. This return incorporates the uplift in valuations for the investments in AIB and Bank of Ireland and a cash dividend of €188 million on the 2009 preference shares issued by Bank of Ireland. It also includes the proceeds from the Bank of Ireland preference share redemption and sale transaction in December 2013.

Total Fund - 2013 Performance

The total Fund, comprising the Discretionary and Directed Portfolios, recorded a total return of +35.4% in 2013.

DISCRETIONARY PORTFOLIO

GLOBAL ASSETS

...REDUCED VOLATILITY &
INCREASED LIQUIDITY...

STRATEGIC ASSET ALLOCATION

To implement its original statutory investment objectives in line with the *National Pensions Reserve Fund Act, 2000*, the Commission set the following long term strategic asset allocation in 2010, which was based on long-term risk and return objectives as well as investor expectations regarding asset class returns, volatility and correlations.

Table 6
NPRF strategic asset allocation

Asset Class	Weight %
Global equities	49%
Fixed income	17%
Private equity	10%
Property	8%
Commodities & forestry	5%
Infrastructure	5%
Absolute return funds	5%
Cash	1%
Total	100%

The Commission also set a dynamic asset allocation policy implemented by the NTMA which allowed for market opportunities to be captured by deviating from the strategic asset allocation weights, within permitted ranges.

IMPLEMENTATION OF CAPITAL PRESERVATION STRATEGY

In light of the legislative changes and expected transition of the Fund to the ISIF, the Fund's Capital Preservation Strategy, implemented since June 2011 has resulted in a significant change in the Fund's asset allocation. The Capital Preservation Strategy was implemented in order to achieve an appropriate balance between (i) continuing to maximise return subject to prudent risk in line with the Fund's current investment policy, and (ii) recognising that the Fund's stakeholders wish to refocus the Fund on Ireland. The implementation of the Capital Preservation Strategy led to an optimal asset allocation that differed from the long term strategic asset allocation set out above.

A combination of equity options and the sale of some of the Fund's equity positions have been used to implement the Capital Preservation Strategy. The strategy is monitored on a constant basis to ensure it is implemented as efficiently as possible and changes were made to the strategy in 2012 and 2013 to reflect this. On 31 December 2013 the Fund's equity weighting had been reduced to 25%. The Fund also held put options with a notional value of €1.5 billion.

FUND LIQUIDITY

In addition to preserving capital the Commission has placed increased emphasis on the liquidity of the Discretionary Portfolio and, other than in respect of investments in or related to Ireland, has not entered into any investments which would have the effect of reducing the Fund's liquidity since 2011.

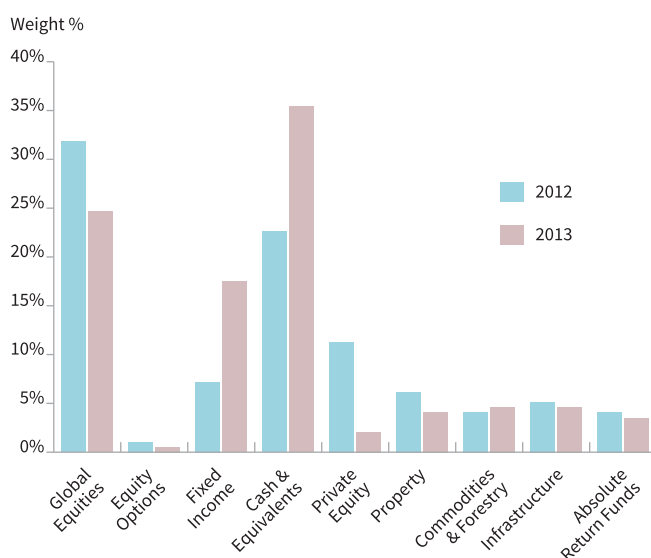
Further steps were taken in 2013 to increase the portfolio's liquidity in advance of the Fund's transition to the ISIF. A disposal programme for the global private equity portfolio was accelerated and the opportunistic sale and redemption of assets in the property portfolio was continued.

At 31 December 2013 the Discretionary Portfolio held an estimated €4.7 billion (2012: €4.2 billion) of assets which are realisable at low transaction costs and within a short time frame. This represented 69% of the Discretionary Portfolio at 31 December 2013.

CHANGING ASSET ALLOCATION

Chart 12 shows the change in Discretionary Portfolio's asset allocation from end-December 2012 to end-December 2013. The increase in the cash and fixed income portfolios, together with the reduction in the equity and private equity portfolios over the year, are significant and reflect the continued focus of the Commission on increasing liquidity, reducing volatility and simplifying the Discretionary Portfolio prior to the transition of the Fund to the ISIF.

Chart 12
NPRF Discretionary Portfolio asset allocation end-December 2012 and end-December 2013



The Fund had one dynamic asset allocation position at 31 December 2013 - a significant underweight in nominal and inflation-linked eurozone Government bonds.

Table 7
Discretionary Portfolio asset allocation breakdown at 31 December 2013

Note: Figures may not add due to rounding.

	Value €m	Discretionary Portfolio %
<i>Eurozone</i>	360	5.3%
<i>North America</i>	465	6.8%
<i>Europe Ex Eurozone</i>	106	1.5%
<i>Japan</i>	56	0.8%
<i>Pacific Basin</i>	52	0.8%
Global Large Cap Equities	1,039	15.2%
<i>EAFE</i>	165	2.4%
<i>US</i>	165	2.4%
Global Small Cap Equities	330	4.8%
Global Emerging Markets Equities	332	4.9%
Total Quoted Equities	1,701	24.9%
Put Options	70	1.0%
Total Equity Options	70	1.0%
Eurozone Government Bonds	-	0.0%
Eurozone Inflation Linked Bonds	130	1.9%
Corporate Bonds	546	8.0%
Other Debt	194	2.8%
Long Term Receivables	343	5.0%
Total Fixed Income	1,213	17.8%
Cash & Cash Equivalents	1,315	19.3%
Treasury Bills & Structured Note	850	12.5%
Short Term Receivables	273	4.0%
Total Cash & Equivalents	2,438	35.7%
Private Equity	134	2.0%
Property	347	5.1%
Commodities & Forestry	336	4.9%
Infrastructure	341	5.0%
Absolute Return Funds	246	3.6%
Total Alternative Assets	1,405	20.6%
Total Discretionary Portfolio	6,827	100.0%

EQUITIES

At 31 December 2013 equity investments represented 24.9% of the Discretionary Portfolio and were valued at €1,701 million. Equities returned +16.9% in 2013 comprising large cap equities +22.6%, small cap equities +31.7% and emerging market equities -7.4%.

A significant restructuring of the listed equity investments within the Discretionary Portfolio began prior to the end of 2013. The objectives of this restructuring were to reduce the volatility and downside risks associated with the Fund's equity exposures and to simplify and reduce costs through an increased allocation to low-cost passive equity strategies.

In December 2013 €600 million was invested in two low volatility global active equity funds, the objective of which is to retain equity markets exposure but with lower associated levels of volatility and an emphasis on minimizing valuation reductions in periods of declining equity markets.

In light of the low volatility investments made in December 2013, all of the Fund's active equity accounts that were managed on a segregated basis were terminated in January 2014. Short equity index future contracts were entered into over the transition period to maintain the required overall equity exposure of the Fund. A further restructuring of the Fund's equity exposures took place in March 2014 when the Fund's passive equity mandates were consolidated with a single manager. This had the effect of reducing management fees and of further simplifying the Fund.

FIXED INCOME

At 31 December 2013 the Fund's fixed income investments represented 17.8% of the Discretionary Portfolio and returned +2.3% in 2013.

The strategic asset allocation to bonds is diversified across Government bonds, inflation-linked bonds and corporate bonds. Throughout 2013 the Commission maintained a zero position in nominal and inflation linked Government bonds, reflecting a tactical view that yields in core Government bond markets, which were at record low levels, did not offer attractive risk adjusted expected returns.

The Discretionary Portfolio's corporate bond investments include two third party managed portfolios and a €55 million investment in an Irish corporate bond. The two managed portfolios consist of (i) a €339 million investment in a portfolio of euro denominated investment grade corporate bonds, and (ii) a €152 million investment in a portfolio of euro denominated ex-eurozone periphery investment grade credit, which was implemented in October 2013.

Other debt comprises a two year bridging loan facility to Irish Water (€162 million) and investment in the SME credit fund, managed by BlueBay Asset Management (€32 million). Long term receivables from the sale of private equity investments of €343 million are also included in fixed income.

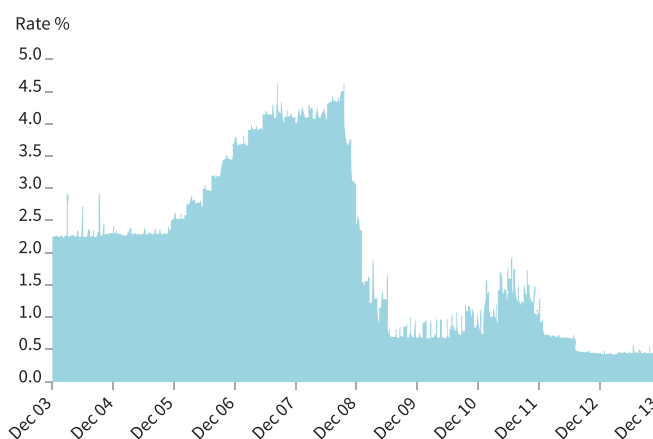
CASH

At 31 December 2013 total cash and cash equivalents amounted to €2,438 million, and represented 35.7% of the Discretionary Portfolio. This amount includes (i) a cash balance on deposit at the Central Bank of Ireland and cash exposures arising from derivatives contracts, (ii) investments in cash yield enhancement strategies, and (iii) a short term cash receivable arising from the sale of the Fund's global private equity portfolio.

The cash balance on deposit with the Central Bank at 31 December 2013 was €662 million. This large cash figure arose as a result of the Capital Preservation Strategy and of the tactical underweight position in Government bonds.

Overnight deposits at the Central Bank earn the EONIA rate and the Discretionary Portfolio's cash balances there returned +0.1% in 2013. The rate of return available for cash balances globally has fallen substantially as result of expansionary monetary policy by major central banks and can be seen in chart 13.

Chart 13
EONIA rate since 2004



Source: Bloomberg

In light of the extremely poor cash yield, in November and December 2013 the Commission decided to invest a portion of the Discretionary Portfolio's cash balances in cash yield enhancement strategies. Several investments totalling €700 million were made in European sovereign bills which offer an attractive source of yield pickup and a €150 million investment was also made in an A rated secured structured note.

A further €543 million cash exposure arose from the sale of equity market futures, the majority of which were put in place to reduce the equity exposure of the Discretionary Portfolio during the transition period spanning the end of the year.

COMMODITIES & FORESTRY

The commodity and forestry portfolios together returned -0.3% in 2013 and at 31 December 2013 represented 4.9% of the value of the Discretionary Portfolio.

The Discretionary Portfolio's commodity investments are made through a liquid enhanced index fund which provided a return based on a standard global commodities index. At 31 December 2013 the commodity investment, totalling €300 million, was managed passively against an index that has been modified to reduce some of the costs associated with rolling commodity futures.

The Discretionary Portfolio's forestry holdings comprise investments in two domestic forestry funds valued at €36 million at 31 December 2013 and which represent 0.5% of the Discretionary Portfolio. The forestry investment comprised investment in the "1st Forestry Fund" whereby approximately five million semi-mature trees (but not the underlying land) were purchased from Coillte, which will remain in charge of the day to day management of the trees, and an investment in the Irish Forestry Unit Trust valued at €12 million which was redeemed in March 2014.

ABSOLUTE RETURN INVESTMENTS

Absolute Return investments are strategies that aim to earn a positive return irrespective of market direction. The Discretionary Portfolio is invested in three absolute return strategies delivered through pooled funds. Two of these are global macro strategies which invest across a broad range of asset classes, whilst the third pooled fund invests only in currency markets. At 31 December 2013 these investments represented 3.6% of the Discretionary Portfolio and they returned +1.1% in 2013. The return on the 3 month Euro Libor was +0.1% over the same period.

INFRASTRUCTURE

The Discretionary Portfolio has two infrastructure investments: (i) a €255 million investment in listed equities that are passively managed against an infrastructure equity benchmark and, (ii) a €250 million commitment to the Irish Infrastructure Fund, which had an investment value of €86 million at end-December 2013. Together these investments returned +11.0% in 2013 and at 31 December 2013 represented 5.0% of the Discretionary Portfolio.

PROPERTY

Unlisted investment vehicles are the basis for the Discretionary Portfolio's long-term approach to investing in property, and at 31 December 2013 these investments were valued at €347 million, representing 5.1% of the Discretionary Portfolio. Property commitments are drawn down by managers on a phased basis as they identify suitable investment opportunities. At 31 December 2013 the remaining uncalled commitments were €55 million. The property portfolio returned +0.7% in 2013.

Due to the reduced size of the Discretionary Portfolio, the Commission in 2011 initiated a strategy of opportunistically reducing its real estate exposure. The Commission has sold or redeemed holdings in eleven property funds over the period to end-December 2013, receiving total proceeds of €120 million. In 2008, new property fund investing was ceased. Two further property fund redemptions have occurred in 2014 with proceeds totalling €25 million being received.

PRIVATE EQUITY

At 31 December 2013 private equity investments were valued at €134 million and represented 2.0% of the Discretionary Portfolio. With uncalled commitments of €379 million at 31 December 2013 the Fund's total exposure, defined as the sum of Net Asset Value ("NAV") and uncalled capital, was €513 million. Private equity commitments are drawn down by managers on a phased basis as they identify suitable investment opportunities. The Fund's private equity portfolio at 31 December 2013 is predominantly domestically focused and returned +5.5% over the year.

During 2013 a decision was taken to accelerate the disposal programme of the global private equity portfolio in advance of the Fund's transition to the ISIF. Following a competitive sale process that was initiated in September 2013, the sale of approximately €800 million of global private equity fund exposures was agreed with Lexington Partners, a leading global secondary private equity specialist. The exposures sold comprise investments in and commitments to 24 separate private equity funds. The sale was agreed in December 2013 and the process of transferring the interests to Lexington is now largely complete.

CURRENCY HEDGE

The Fund's currency policy is to (i) hedge 50% of non-euro exposures in quoted equities (other than emerging markets and pooled funds that incorporate currency management in their investment process, both of which are not hedged), (ii) hedge 50% of non-euro exposure in private equity, and (iii) hedge 100% of non-euro denominated exposure in property and absolute return funds.

In 2013 the Commission adjusted the currency hedge policy to hedge 100% of the Fund's Japanese Yen exposure. This was in light of the extreme monetary policy being pursued in Japan. The purpose of the hedging strategy is to reduce the effects of currency fluctuations on the Fund and its effect is to add value when currencies of the Fund's underlying assets depreciate and to reduce value when the currencies of the underlying assets appreciate. The effect of the currency hedge in 2013 was to increase the Discretionary Portfolio's performance by 1.1%.

DISCRETIONARY PORTFOLIO

IRISH ASSETS

...WIDE RANGE OF
INITIAL STRATEGIC
IRISH INVESTMENTS...

STRATEGIC INVESTMENT FUND INITIATIVE

In the context of reorienting the Fund towards commercial investment in Ireland, the Commission has committed to a number of projects that would come under the Strategic Investment Fund initiative. The value of total commitments made by the NPRF under the Strategic Investment Fund initiative at 31 December 2013 was €1,252 million with a further €1,517 million being sourced from third party co-investors. Therefore the total project/fund size of these investments was 2.1x the NPRF investment.

Table 8
Commitments under the Strategic Investment Fund initiative at 31 December 2013

Note: Figures may not add due to rounding.

Sector	Investment Name	NPRF Committed Capital €m	Multiple of Total Project/Fund Size to NPRF Commitment
Small & Medium Enterprises ("SME")	Better Capital	50	2.0x
	Carlyle Cardinal	125	2.0x
	BlueBay	200	2.3x
	Silicon Valley Bank*	36	2.0x
Total SME		411	2.1x
Venture Capital	Innovation Fund Ireland	125	2.0x
	Local Venture Capital Funds	81	5.0x
	China Ireland Technology Fund*	72	1.0x
	Total Venture Capital		278
Infrastructure	Irish Water	250	1.0x
	Irish Infrastructure Fund	250	1.3x
	Irish Forestry	30	7.2x
	PPP Schools Bundle 3	14	8.6x
	PPP N11	18	9.1x
Total Infrastructure		562	1.9x
Total		1,252	2.1x

* In the case of both China Ireland Technology Fund and Silicon Valley Bank, the NPRF committed €36m (total €72m) to global funds as part of the wider third party relationship.

20% LIMIT TO IRISH INVESTMENTS

As a result of the Irish portion of the above commitments, as well as two Irish corporate bonds invested into prior to the Strategic Investment Fund initiative, 19.6% of the Discretionary Portfolio at 31 December 2013 represented investments in Ireland, which is close to the 20% limit on Irish exposure determined by the Commission as being an appropriate maximum level of risk in the context of the Fund's current legislation. During 2013 the Commission agreed that Irish assets, which do not come under the Strategic Investment Fund initiative, will be sold as required to keep below the 20% limit in Irish investments.

An update on each of the projects under the Strategic Investment Fund initiative is as follows:

Long-Term Finance for SMEs

- **Carlyle Cardinal Ireland Fund**

The Carlyle Cardinal Ireland Fund (current fund size €275 million / NPRF commitment €125 million) is focused on making equity investments in healthy businesses seeking to grow, including those with overleveraged balance sheets. The fund is operational and is managed by Carlyle Cardinal Ireland in Dublin. Since the inception of the fund, Carlyle Cardinal has developed strong networks across Ireland and has generated a strong pipeline of attractive opportunities for the fund. In January 2014, Carlyle Cardinal announced that it had completed its first transaction with a significant investment in Lily O'Brien's, the Irish manufacturer of premium chocolates and desserts sold in 16 countries. Further investments are expected in 2014.

- **Better Capital SME Turnaround Fund**

The Better Capital SME Turnaround Fund (fund size €100 million / NPRF commitment €50 million) invests in underperforming businesses which are at or close to the point of insolvency but have the potential for financial and operational restructuring. Typically 40% of the capital invested by the fund will be used to buy the business and 60% will be used to finance the turnaround plan in order to place the business on a sustainable long-term footing. The fund is operational and is managed by Better Capital, which has established a Dublin office from which to source deal flow. The London Stock Exchange-listed investment fund, BECAP12 Fund, will co-invest not less than 51% of the investment into each transaction with the NPRF providing the remainder.

- **BlueBay SME Credit Fund**

The BlueBay SME Credit Fund (fund size €450 million / NPRF commitment €200 million), managed by BlueBay Asset Management, lends to larger SMEs and mid-size corporates. The SME Credit Fund also considers credit provision through acquiring and refinancing loans close to maturity where existing lenders are not willing to provide new lines of credit. Lending by the fund is at competitive market rates with loan sizes ranging from €5 million to €45 million with a projected average size of €15 million. At end-May 2014 five loans have been completed totalling approximately €100m, and a further two investments are undergoing due diligence. The pipeline remains strong as BlueBay consider opportunities across a number of industry sectors.

- **Silicon Valley Bank**

In June 2012, the NPRF announced a collaborative relationship with Silicon Valley Bank (“SVB”) aimed at supporting the technology innovation sector in Ireland. The NPRF has committed to invest \$50 million in technology funds managed by SVB Capital, while SVB has established a presence in Ireland and expects to lend US\$100 million over five years to fast growing Irish technology, life sciences and venture capital businesses. Since the NPRF announcement in June 2012, SVB has made significant progress in the Irish innovation sector and has gone on to complete a total of 9 transactions representing total financing of over \$40 million. SVB is ahead of its lending target and remains confident it can deliver at least \$100 million in new lending over the five year period.

Venture Capital

- **Innovation Fund Ireland**

The Innovation Fund Ireland (“IFI”) programme is a Government initiative - led by Enterprise Ireland and the NPRF – that was commenced in 2010 to attract leading international venture capital fund managers to Ireland and to increase the availability of capital to Irish early-stage and high-growth companies. The NPRF allocated €125 million to this initiative and has made 7 investment commitments as at end-May 2014, amounting to a total of €114 million.

In 2013 the NPRF completed its sixth commitment under the IFI initiative when it committed €10 million to Lightstone Ventures I, a pharmaceutical and medical device venture capital fund, alongside a further €20 million from Enterprise Ireland. The NPRF completed its seventh commitment under the scheme in early 2014.

- **Local Venture Capital Funds**

In the period between 2007 and 2010, the NPRF developed a portfolio of five domestic focused venture capital funds operating in the technology and healthcare sectors. The underlying portfolio of these funds comprises 77 companies at end-December 2013. The portfolio contains some very promising companies displaying very attractive growth trajectories, although overall portfolio performance to date has been mixed.

A recent highlight from across this portfolio is the successful initial public offering of medical device company Mainstay Medical, an investment by Fountain Healthcare. Mainstay Medical is developing a new treatment for chronic low back pain and the funds raised in the dual listing in Dublin and Paris will support the company in trialling its lead product.

- **China Ireland Technology Fund**

In January 2014, the NPRF announced the establishment of a new \$100 million China Ireland Technology Growth Capital Fund. The fund, which will have equal commitments from the NPRF and China Investment Corporation (“CIC”), is operational and is co-managed by Beijing-based WestSummit Capital, and Atlantic Bridge, which is based in Dublin. The fund’s strategy is to make minority equity investments in fast-growing technology companies in Ireland that have a substantial presence or strategic interest in China, and, in Chinese fast-growing technology companies that have a substantial presence or strategic interest in establishing a presence in Ireland as a gateway into the broader European market. It will focus on what it considers “core technology sectors”, such as internet, software, semiconductors and clean technology. It will also consider those in agriculture, food, medical and financial services. The Fund also committed \$50 million to a global venture capital fund managed by WestSummit and in which CIC is the cornerstone investor.

Infrastructure

• Irish Infrastructure Fund

In late 2011, the Commission announced a commitment of €250 million to a new infrastructure fund which will invest in infrastructure assets in Ireland, including assets designated for disposal by the Government and commercial State enterprises and new infrastructure projects. The Irish Infrastructure Fund (“IIF”) was established by Irish Life Investment Managers, with AMP Capital appointed as the fund’s discretionary investment manager and at end-May 2014 had €316 million of committed capital.

In September 2013, the IIF acquired Towercom, Ireland’s largest independent wireless telecoms infrastructure company. Towercom owns more than 400 communications masts in key strategic locations across Ireland and counts all of the major telecoms operators in Ireland among its customers. This is the second investment completed by the IIF, following its acquisition of a controlling stake in a portfolio of wind farms from Viridian Group in 2012.

The IIF continues to pro-actively source and assess a broad range of investment opportunities. Fundraising activities also continue apace, with the managers of the IIF engaged in an ongoing marketing programme with prospective domestic and international investors.

• Irish Water

Following the Government announcement in 2012 of the creation of a public water utility, Irish Water was incorporated in July 2013 as a subsidiary of Bord Gais Eireann and on 1 January 2014 assumed responsibility for providing public water and waste water services from 34 Local Authorities. Prior to Irish Water’s establishment, the Commission had agreed in 2010 to underwrite a long dated loan facility to the proposed water utility to fund metering installation, subject to certain pre-conditions. In the intervening period, circumstances and timeframes evolved and in July 2013 the NPRF negotiated a two-year bridging facility of €250 million on commercial terms with Irish Water to fund the initial portion of the metering programme and Irish Water’s start-up costs. As the regulatory environment in respect of water revenues had not at the time of the loan agreement been established the loan was made on the basis of a Government guarantee provided to the NPRF, for which a fee was charged by Government to Irish Water. This facility was drawn down by Irish Water in three tranches from September 2013 with the final funding drawn in January 2014 and will mature in September 2015.

• Public Private Partnerships

Standby facilities were provided on a commercial basis by the NPRF in respect of senior debt tranches for two Public Private Partnership (“PPP”) projects, Schools Bundle 3 and the N11 roads project. The NPRF’s participation in these projects was required in order to secure European Investment Bank funding. The Schools Bundle 3 transaction closed in November 2012 with work commencing on the schools immediately after. The N11 roads transaction closed in April 2013 and on-site work commenced in May 2013.

TRANSITION MANAGEMENT

...CHALLENGES IMPLEMENTING PORTFOLIO CHANGE...

Transition management is a specialist service providing for the efficient and cost effective transfer of assets on behalf of asset owners. The service is typically utilised by asset owners when rebalancing assets between asset classes, when replacing an investment manager or when managing large cash contributions or withdrawals. The economic benefits from using such a service are significant in that it minimises the costs, implicit and explicit, associated with the sale or purchase of securities.

Due to the expiry of the prior panel the NTMA in 2013 issued a tender to appoint a new panel of three transition managers.

The Commission is committed to promoting greater transparency within the transition management industry and to the development of improved market standards and practices. In the tender competition the NTMA sought to address key control issues with the objectives of improving transparency, oversight and third party transaction validation. The Commission requires that the Fund's transition managers are required to act in a fiduciary capacity, which ensures that the transition manager acts in its client's best interests.

At the conclusion of the tender evaluation process, Blackrock, Citigroup and Russell Investments were appointed to the panel in August 2013 as the Fund's three transition managers and this panel arrangement will remain in place until 2017. A mini tender competition between the three transition managers takes place on each occasion that the Fund requires transition management services.

State Street Update

In December 2010 the NTMA was required to liquidate Fund assets of approximately €6.8 billion in order to provide €10 billion under the 2010 EU/IMF Programme of Financial Support for Ireland. State Street was one of two firms appointed from the Fund's transition manager panel in place at the time to manage the liquidation. After signing a contract to manage the transition on the basis of a fee calculated upon the value of assets, State Street disposed of assets to the value of €4.7 billion between February and May 2011. It subsequently emerged that State Street had applied approximately €2.65 million of commissions to NPRF transactions that had not been contractually agreed. The commissions were applied through the manipulation of reported prices in a manner that was not visible to the NTMA.

Furthermore State Street informed the NTMA that it had identified further unauthorised profits of \$787,000 that it had earned through the sale of an Exchange Traded Fund as part of the transition. Both amounts were repaid to the NTMA and were independently validated by PricewaterhouseCoopers.

The NTMA reported the incident to the Gardaí and is currently supporting the City of London Police with its investigation into the matter.

The NTMA also notified the relevant regulatory authority, the Financial Conduct Authority ("FCA") in the UK, of the overcharging by State Street. On 30 January 2014 the FCA announced that it had fined State Street UK³ £22.9 million for failings in its transition management business and stated, *inter alia*, that "State Street UK's significant failings in culture and controls allowed deliberate overcharging to take place and to continue undetected". The FCA reported that between June 2010 and September 2011 State Street UK's transition management business deliberately overcharged six clients (which included the NTMA), a total of US\$20.2 million.

³ The FCA has defined State Street UK as meaning State Street Bank Europe Limited (with which the NTMA contracted for transition management services) and State Street Global Markets International Limited.

NPRF MANAGERS

Table 9
NPRF managers at 31 December 2013

Note: Figures may not add due to rounding.

Investment Style/Description	Mandate	Manager	Value €m
Large Cap Equity			
Passive	Eurozone	State Street Global Advisors*	240
Active	Pan-European	Putnam Investments**	128
Active	Pan-European	Oechsle International Advisors**	74
Passive	North America	Blackrock Advisors (UK)	309
Active	North America	Goldman Sachs Asset Management International**	100
Active	Pacific Basin ex Japan	Schroder Investment Management**	39
Active	Global	Generation Investment Management	117
Total Large Cap			1,007
Low Volatility Equity			
Active	Global	Unigestion	307
Active	Global	Acadian Asset Management	306
Total Low Volatility Equity			614
Emerging Markets Equity			
Active	Global	Batterymarch Financial Management**	54
Active	Global	Principal Global Investors (Europe)**	102
Passive	Global	State Street Global Advisors*	173
Total Emerging Markets			328
Small Cap Equity			
Active	EAFE	Acadian Asset Management	149
Passive	North America	Blackrock Advisors (UK)	145
Total Small Cap			294
Sundry Equity			
Active	Ireland	National Treasury Management Agency	0
Futures			
Short Position	Global	Citigroup Global Markets Limited	-543
Total Equity			1,701
Equity Options			
Equity Options	Global	National Treasury Management Agency	70
Total Options			70
Fixed Income			
Active	Global	Deutsche Asset Management International GmbH	490
Active	Eurozone	National Treasury Management Agency	185
Long Term Receivables	Global	National Treasury Management Agency	343
Strategic	Ireland	National Treasury Management Agency	162
SME	Ireland	BlueBay Asset Management	32
Total Fixed Income			1,213
Cash			
Cash	Ireland	National Treasury Management Agency	681
Exposure from Equity Futures	Global	Citigroup Global Markets Limited	543
Short Term Receivable	Global	National Treasury Management Agency	273
Structured Note	Eurozone	Goldman Sachs Asset Management International	150
Sovereign Bills	Eurozone	National Treasury Management Agency	700
Currency Forwards	Global	National Treasury Management Agency	9
Margin for Futures	Global	Citigroup Global Markets Limited	69
Transition	Ireland	Citigroup Global Markets Limited	11
Transition	Global	Legacy Managers	2
Total Cash Assets			2,438

* Manager was terminated in February 2014. ** Manager was terminated in January 2014.

Note: Figures may not add due to rounding.

Investment Style/Description	Mandate	Manager	Value €m
Infrastructure			
Passive	Global	State Street Global Advisors*	255
Active	Ireland	Irish Life Investment Managers / AMP Capital	86
Total Infrastructure			341
Absolute Return			
Active	Currency	JP Morgan Asset Management	73
Active	Global Macro	Bridgewater Associates	173
Total Absolute Return			246
Commodity			
Active	Global	Fund Logic / Morgan Stanley	300
Forestry	Ireland	Irish Forestry Unit Trust***	12
Forestry	Ireland	Prescient Investment Managers	25
Total Commodity			336
Private Equity			
Other	US and Europe	Oaktree Capital Management	9
Other	US and Europe	Fortress Investment Group	0
Venture Capital	Ireland	Delta Partners	11
Venture Capital	Ireland	Fountain Healthcare Partners	7
Venture Capital	Ireland	Seroba Kernel Lifesciences	8
Venture Capital	Ireland	Investec Ventures	9
Venture Capital	Ireland	Atlantic Bridge	7
Venture Capital	Innovation Fund Ireland	Draper, Fisher, Jurvetson	9
Venture Capital	Innovation Fund Ireland	DFJ Esprit	21
Venture Capital	Innovation Fund Ireland	Highland Europe	4
Venture Capital	Innovation Fund Ireland	Polaris Ventures	15
Venture Capital	Innovation Fund Ireland	Sofinnova Venture Partners	3
Venture Capital	Innovation Fund Ireland	Lightstone Ventures	1
Venture Capital	Ireland/China	Summit Bridge Capital	-
Venture Capital	Global	WestSummit Capital	14
SME	Global	Silicon Valley Bank	7
SME	Ireland	BlueBay Asset Management	8
SME	Ireland	Better Capital Ireland	0
SME	Ireland	Carlyle Cardinal Ireland	-
Total Private Equity			134
Property			
Core	Europe	Grosvenor	27
Core	Ireland	Irish Life Investment Managers	3
Opportunistic	Asia	Composition Capital	10
Opportunistic	Asia	Blackrock	11
Opportunistic	Europe and Asia	Forum Partners	29
Opportunistic	Europe and US	Pramerica	16
Opportunistic	Global	Morgan Stanley	32
Opportunistic	Global	Silverpeak	17
Opportunistic	UK	Aviva	6
Opportunistic	US	Broadway Partners	12
Opportunistic	US	Capital Trust	2
Opportunistic	US and Europe	Tishman Speyer	48
Value Add	Europe	Rockspring PIM***	28
Value Add	Europe and US	CBRE Investors	15
Value Add	US	AREA	24
Value Add	US	Berkshire	27
Value Add	US	Madison Marquette	39
Other	Global	Various***	2
Total Property			347
Total Alternative Assets			1,405
Total Discretionary Portfolio			6,827

* Manager was terminated in February 2014.

*** Investment, or part of, was redeemed in March 2014.

Subsequent to the significant restructuring of the equity managers in late 2013 and early 2014, the Fund has four remaining external equity managers. The table below gives the value of assets managed by these four managers as at 31 March 2014 after all restructuring was completed.

Table 10
NPRF equity managers at 31 March 2014

Investment Style/Description	Mandate	Manager	Value €m
Equity			
Passive	Global	Blackrock Advisors (UK)	920
Active	Global	Generation Investment Management	120
Total Global Equity			1,040
Low Volatility Equity			
Active	Global	Unigestion	310
Active	Global	Acadian Asset Management	310
Total Low Volatility Equity			620
Total Equity			1,660

DIRECTED PORTFOLIO

...UPLIFT IN VALUATIONS...

Since 2009 a total of €20.7 billion of the Fund's assets have been invested in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons, via a combination of ordinary and preference shares and a capital contribution (AIB only). All investments and disposals in the Directed Portfolio are under direction from the Minister for Finance. The Commission's responsibilities are to implement directions from the Minister and to value the securities for the purposes of the NPRF's financial statements.

SUMMARY

Table 11
Directed investments since inception

Note: Figures may not add due to rounding.

Asset Class	Original investment €bn	Cash received to date €bn	End 2013 value €bn	Total (income & value) End 2013 €bn
Preference shares	1.8	3.2	--	3.2
Ordinary shares	2.9	1.0	1.1	2.2
Bank of Ireland	4.7	4.2	1.1	5.4
Preference shares	3.5	0.0	3.5	3.5
Ordinary shares	8.7	--	6.5	6.5
Capital contribution	3.8	--	-	-
AIB	16.0	0.0	10.0	10.1
Total Bank Investments	20.7	4.2	11.2	15.4
Cash			1.9	
Total Directed Portfolio			13.1	

The valuation of €11.2 billion combined with cash of €4.2 billion received since inception (some of which has been remitted under Ministerial Direction to the Exchequer or transferred to the Fund's Discretionary Portfolio), amounts to €15.4 billion at end-December 2013 (-26% on original investment of €20.7 billion). It should be noted that the figures set out above reflect the NPRF's investments in AIB and Bank of Ireland only and do not represent the totality of the State's financial position in Irish banks.

Since inception in 2009, a total of €2.3 billion of the €4.2 billion cash received has been transferred to the Discretionary Portfolio or remitted to the Exchequer. At 31 December 2013, the Directed Portfolio, which continues to hold the remaining €1.9 billion in cash, was valued at €13.1 billion.

2013 DEVELOPMENTS

In February 2013, the NPRF received a cash dividend of €188 million from the Bank of Ireland preference shares held by the Fund. This dividend income was transferred into the Discretionary Portfolio.

In May 2013 the NPRF received a dividend of 4,144 million ordinary shares in lieu of a cash dividend on its preference shares in AIB. These shares were retained in the Directed Portfolio.

In December 2013 following a direction from the Minister of Finance the NPRF's preference share holding in Bank of Ireland was sold and redeemed. €1.9 billion of the cash proceeds from this sale and redemption were retained in the Directed Portfolio and in January 2014 were invested in Irish Exchequer Notes under a direction from the Minister for Finance. As part of this transaction, income of €151 million was also received in respect of the dividend accrued on the preference shares and this amount was transferred to the Discretionary Portfolio.

At 31 December 2013, the NPRF's percentage ownership of AIB was 99.8% and its percentage ownership of Bank of Ireland was 14.1%. Furthermore, the Directed Portfolio held 3.5 billion AIB preference shares and €1.9 billion of cash.

VALUATION

The Fund's ordinary shareholding in Bank of Ireland was valued at its market price of €0.252 (25.2 cents) per share at 31 December 2013 (2012: €0.114 per share).

As the Fund's ordinary share holding of 99.8% in AIB leaves a free float of only 0.2%, and given that its preference share investment in AIB is unlisted, the Commission, as it has in previous years, engaged an external corporate finance firm to provide an independent fair market valuation as at 31 December 2013 for the purposes of valuing these investments in line with generally accepted accounting principles. Following this exercise the AIB ordinary shares have been valued at €0.01252 (1.252 cents) per

share (2012: €0.0079 per share) and the AIB preference shares have been valued at 100 per cent of cost. The increase in the AIB valuation reflects the improved economic and market outlook and the increase in the valuation of comparable companies. The valuation methodologies used are consistent with the methodologies employed in 2012.

PERFORMANCE

The Directed Portfolio returned +57.6% in 2013 (2012: +10.5%). In addition to the change in values of the holdings in AIB and Bank of Ireland, this return also includes dividend income and the proceeds from the Bank of Ireland preference share redemption and sale.

TRANSACTIONS IN PREVIOUS YEARS

In 2009, pursuant to his powers under the 2009 Act, the Minister for Finance directed the Commission to make investments totalling €7 billion in preference shares issued by AIB and Bank of Ireland, for the purpose of recapitalising these institutions.

In April 2010 the Fund participated, pursuant to a Ministerial Direction, in a share placement and rights issue by Bank of Ireland, which involved approximately half of the Fund's preference shares being converted into ordinary shares and the repurchase by Bank of Ireland of warrants held by the Fund. After this transaction, the Fund's ownership of Bank of Ireland represented 36.0% of the ordinary share capital of the bank.

In December 2010 a further investment of €3.7 billion in ordinary shares of AIB was made pursuant to a direction issued by the Minister for Finance. This increased the Fund's ownership of AIB to 92.8%.

In late November 2010, the Government announced that the Fund would provide up to €10 billion of the State's €17.5 billion contribution to the €85 billion EU/IMF Programme of Financial Support for Ireland.

Subsequently, on foot of directions from the Minister for Finance, €10 billion was realised from the Discretionary Portfolio through asset sales of €5.5 billion in February 2011 and €4.5 billion in April 2011.

In July 2011 the Minister for Finance directed that the €10 billion cash be invested in the following manner:

- €1.2 billion in Bank of Ireland ordinary shares;
- €5.0 billion in AIB ordinary shares; and
- €3.8 billion capital contribution to AIB.

Pursuant to a Ministerial Direction issued in July 2011, the Fund sold part of its shareholding in Bank of Ireland for a total consideration of €1.0 billion (net of fees). Following a further direction from the Minister, the net proceeds of these sales were remitted to the Exchequer.

2014 DEVELOPMENTS

In May 2014, the NPRF received a dividend of 2.2 billion ordinary shares in lieu of a cash dividend on its preference shares in AIB.

RESPONSIBLE INVESTMENT

...PRINCIPLES FOR RESPONSIBLE INVESTMENT...

The Commission recognises that the way in which companies manage environmental, social and governance (“ESG”) factors can affect their long-term performance and it has taken steps to integrate these factors into its ownership and investment decision making practices. It has adopted a formal Responsible Investment Policy and is a founder signatory to the UN sponsored Principles for Responsible Investment (“PRI”).

Principles for Responsible Investment

The PRI provide a best-practice framework for investors to integrate consideration of ESG factors into investment decision making and ownership practices.

Since its launch in April 2006, the number of signatories has increased to over 1000 signatories representing US \$31 trillion in assets under management.

As a PRI signatory, the NPRF commits to its six principles, which serve as a guide for activities and reporting related to responsible investing.

Signatory Commitments

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which they invest.
4. Promote acceptance and implementation of the PRI within the investment industry.
5. Work together to enhance the effectiveness of the PRI within the investment industry.
6. Report on activities related to and progress towards implementing the PRI.

Further details on the PRI are available at www.unpri.org.

PROXY VOTING & ENGAGEMENT SERVICE

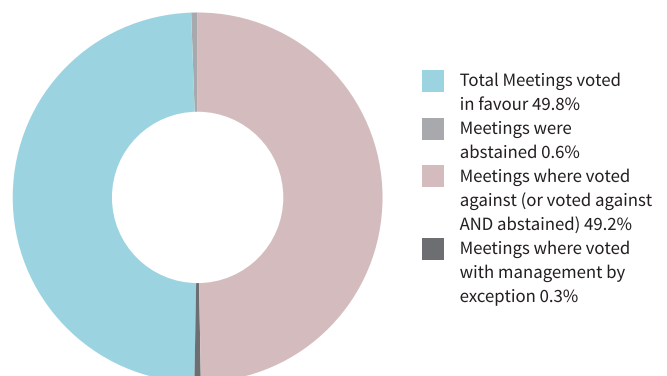
Hermes Equity Ownership Services (“Hermes”) executes proxy votes on the Fund’s behalf and to engage with companies on ESG issues across its global equity portfolio.

The Hermes approach is based on the premise that a company run in the long-term interest of shareholders needs to manage effectively its relationships with employees, suppliers and customers, behave ethically and have regard for the environment and society as a whole. The Hermes team includes former CEOs and other board members of public companies, as well as senior strategists, corporate governance experts, fund managers, financial analysts, lawyers and accountants. Hermes usually engages on a discreet basis thereby giving it greater access to boards and management.

VOTING

In 2013, Hermes voted at 3,875 meetings around the world on behalf of NPRF, analysing 40,338 resolutions. At 1,908 of those meetings Hermes opposed one or more resolutions and abstained at 25 meetings. Hermes voted with management by exception (where it is satisfied the company’s management will act subsequently to address concerns) at 11 meetings and supported management on all resolutions at the remaining 1,931 meetings.

Chart 14
Fund voting activity in 2013 - 3,875 Meetings



Hermes will generally support the recommendations of a company's board unless it has a good reason not to do so. The Commission reserves the right to override Hermes' voting recommendations.

In respect of any Discretionary Portfolio share holdings in Bank of Ireland and AIB, the Commission voted its shareholdings in line with the vote directed by the Minister for Finance in respect of the Directed Portfolio investments.

During 2013, the Commission continued to publish its proxy voting record quarterly in arrears on the Fund's website.

ENGAGEMENT

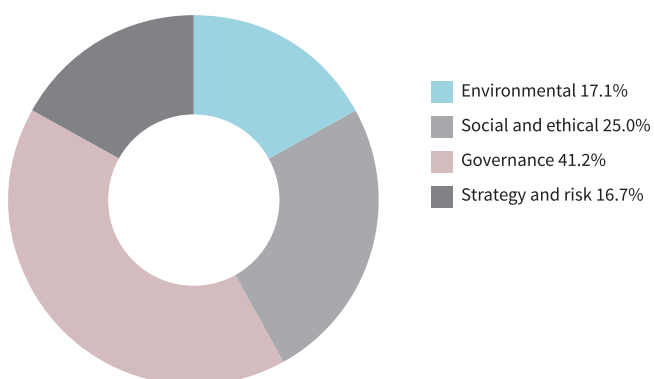
Engagement is the concept of shareholders raising concerns directly with company management and boards in a constructive manner in order to address issues and to effect change. In the majority of cases, engagement is a more appropriate strategy than the option of excluding stocks from portfolios as a first step, which generally eliminates any possibility of influencing these companies.

Engagement activities include:

- Meeting with a company's executive and non-executive directors;
- Participating in initiatives with other investors;
- Submitting shareholder resolutions at general meetings.

During 2013 Hermes engaged with 264 companies on a range of 665 issues across areas including environmental, social and governance. Hermes also engaged over the last year on additional issues such as business strategy, risk, remuneration and shareholder communications. A breakdown of the type of engagement within each of these areas is illustrated in chart 15 below.

Chart 15
Engagements in 2013 - 665 issues



Some engagements involve one or two meetings over a period of months while others are more complex and entail multiple meetings with different board members over several years. The NPRF publishes a summary of Hermes' engagements on its website every quarter.

CARBON DISCLOSURE PROJECT (CDP)

The NPRF has been a signatory to the Carbon Disclosure Project, now known as CDP, since 2007. CDP is an investor led initiative requesting disclosure by companies in relation to carbon emissions. Over 5,000 companies from all over the world, representing combined assets of \$87 trillion, were asked to report on climate change through CDP in 2013. Eighty-one percent of the world's 500 largest public companies listed on the Global 500 engage with CDP to enable effective measurement of their carbon footprint and climate change action.

The NPRF also supports additional CDP led initiatives such as the CDP Water Disclosure Project – an investor led programme aimed at encouraging meaningful and systematic reporting on issues including water usage and conservation and the Forestry Footprint Disclosure Project, an information request sent to companies on behalf of investors who wish to understand the exposure to deforestation within their portfolios.

CLUSTER MUNITIONS

The *Cluster Munitions and Anti-Personnel Mines Act, 2008* obliges the NPRF to avoid investment in manufacturers of cluster munitions or anti-personnel mines. Companies excluded from the Fund on this basis are shown below.

Table 12
NPRF prohibited securities list

Company	Country
Aryt Industries Ltd	Israel
Doosan Corporation	South Korea
Hanwha Corporation	South Korea
Poongsan Holdings Corporation & Poongsan Corporation	South Korea
Aerostar	Romania
Singapore Technologies Engineering	Singapore
Alliant Techsystems	United States
General Dynamics	United States
Lockheed Martin	United States
L-3 Communications	United States
Northrop Grumman	United States
Raytheon	United States
Textron	United States

RISK, OVERSIGHT AND CONTROLS

...COMPREHENSIVE APPROACH TO RISK MANAGEMENT...

The NPRF is exposed to a wide range of risks and one of the principal tasks of the Commission and the NTMA is to manage these risks. The NTMA has primary responsibility for managing the risks of the Fund on a daily basis. The Commission's Audit Committee is actively involved in the risk management process.

AUDIT COMMITTEE OVERSIGHT

- Each year, the Audit Committee considers the NTMA's annual risk review, which identifies a wide range of possible sources of risk for the NPRF and assesses each as to likelihood and impact, focusing in particular on those risks with a high combined assessment.
- In addition, the Audit Committee reviews the results of the audits carried out by the NTMA Control Unit, the NPRF's Internal Auditor (PricewaterhouseCoopers) and the NPRF's statutory external auditor (the Comptroller and Auditor General), and discusses their reports with each.
- Designated senior personnel within the NTMA are 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.

MARKET RISK

Market risk is the primary source of risk to the NPRF. It arises from the possibility that the assets of the Fund may fall in value due to reductions in asset prices.

- Market risk includes fluctuations in equity, fixed income, commodity and property prices and foreign exchange movements.
- It is necessary to take market risk in order to generate returns in excess of the risk free cash yield. In line with its statutory investment mandate, the Commission has traditionally endeavoured to maximise potential return while keeping risk at a reasonable level by diversifying the NPRF's investments and by taking into account the expected volatility of each asset class and the expected correlation of asset classes with other asset classes.
- The Commission is principally focused on managing market risk at overall Discretionary Portfolio level. While individual asset classes may rise or fall in value, the Fund's diverse

investment strategy may reduce the combined effect on the overall portfolio level.

- The Manager monitors the Fund's absolute market risk (an ex-ante measure) and the Fund's performance (an ex-post measure). The combination of these is critical in overseeing the total risk arising within the Fund.
- The NPRF's long-term strategic asset allocation is predicated on the NPRF being a long-term investor and thus able to absorb volatility in asset values provided the assets retain the capacity to recover in value over time. However, due to the expected changes in the Fund's legislation, the investment horizon of the Fund has been reduced. With this in mind, the Commission has implemented a Capital Preservation Strategy to protect against capital losses and volatility. The effect of the Fund's Capital Preservation Strategy has been to curb the Fund's market risk in 2013 at a level well below long-term norms.

CREDIT RISK

Credit risk is the risk that the Fund would incur a loss if a counterparty failed to discharge its obligations to the Fund. Credit risk is mitigated by setting appropriate exposure limits based on financial ratings and regulatory environments, by monitoring the size of credit exposures against these limits and by contractual agreements which regulate how assets are managed if a counterparty defaults.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will encounter difficulties raising cash to meet its obligations when they fall due. The NTMA regularly monitors the liquidity of the Fund's investment portfolio to ensure it holds appropriate levels of liquid assets.

OPERATIONAL RISK

Operational risk is the risk that inadequate or failed internal processes and controls, people, systems or external events may give rise to losses. The Commission's aim is to minimise operational risk.

To this end, the NTMA has installed information technology systems and developed detailed control procedures in line with industry best practice. These controls are regularly reviewed to ensure that they address and remain appropriate to the risks to which the NPRF is exposed. The implementation of the controls is monitored by the NTMA's Control Unit. This work is supplemented by an external firm, currently PricewaterhouseCoopers, which performs internal audit work. The 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.

GLOBAL CUSTODIAN – BNY MELLON

The NPRF's global custodian, BNY Mellon, provides custody and accounting functions to the NTMA. BNY Mellon is responsible for transaction settlement (the delivery of cash or securities in respect of purchases/sales of the NPRF's assets) and the holding of the NPRF's directly owned public markets assets.

An essential part of BNY Mellon's service is the maintenance of accurate records and the issuance of reports to the NTMA and certificates to auditors confirming the details of assets in custody. The custodian's functions also include the collection of income and dividends on assets, tax reclaims due to the NPRF and the provision of a comprehensive range of financial accounting reports.

Data supplied electronically every day by the custodian is used by the NTMA to generate the NPRF's valuations and its risk, performance and control reports. The NTMA obtains independently audited service organisational control reports on the control environment at BNY Mellon to ensure the controls are operating effectively and no control issues arise.

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

REGULATORY RISK

Regulatory risk is the risk that the NPRF fails to adhere to laws and regulations. The NTMA's compliance function has developed a programme to (i) advise commissioners and staff members on relevant laws and regulations, (ii) maintain ongoing compliance, and (iii) assist with the development of appropriate management procedures. The NTMA's legal function and the Fund's taxation advisors, currently KPMG, advise on proposed transactions to ensure compliance with relevant legislation and regulation.

FEES AND EXPENSES

...CONSISTENT WITH PREVIOUS YEARS...

The fees and expenses incurred by the Commission in the operation of the Fund as set out in the NPRF's financial statements for 2013 were €12.8 million. In addition, the costs incurred by the NTMA in 2013 in its role as Manager, which are borne by the Exchequer, amounted to €3.9 million.

The NPRF participates each year in a survey run by a Canadian firm CEM Benchmarking Inc. ("CEM"), which measures the total operating costs of pension funds relative to their peers, including costs incurred within pooled investment vehicles. The survey compares the NPRF's cost performance in respect of the Discretionary Portfolio against a cost benchmark comprising a customised peer group of similar international funds that CEM has identified as the most appropriate comparison for the NPRF. The survey takes account of differences in asset allocation within the peer group.

The most recent survey results, which were in respect of 2012, found that total Fund costs including the costs incurred by the NTMA as Manager and management fees charged within third-party investment vehicles, were 0.78% of average Fund assets (2011: 0.53% of average Fund assets).

The increase in costs as a percentage of average assets between 2011 and 2012 was due to the average value of the Discretionary Portfolio being substantially lower for 2012. This followed the sale of liquid assets to fund the directed investments in 2011. Therefore, the Fund's relative allocation to private equity, one of the more expensive asset classes, increased in 2012. Relative to its peer group the NPRF maintained a satisfactory cost position in 2012.

COMMISSIONERS



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



Dr. Brian Hillery
Chairman Providence Resources
plc and Former Director of the
Central Bank and Financial
Services Authority of Ireland



Maurice Keane
Company Director and Former Group
Chief Executive, Bank of Ireland



Knut N. Kjaer
Chairman of FSN Capital and Founder
of Trient Asset Management
Former President RiskMetrics Group
and Former Chief Executive of Norges
Bank Investment Management



Prof. Frances Ruane
Director of the Economic and
Social Research Institute



John C. Corrigan
Chief Executive, National
Treasury Management Agency

FUND GOVERNANCE

OVERVIEW

The NPRF is controlled by the NPRF 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 NPRF's investment strategy in accordance with its statutory investment policy. This policy requires that the NPRF be invested so as to secure the optimal total financial return provided the level of risk to the moneys held or invested is acceptable to the Commission. The NPRF's statutory investment policy does not apply to directed investments.

The NTMA is the Manager of the NPRF for the period to April 2016 and the Commission is required to perform its functions through the Manager.

THE COMMISSION

The Commission sets the NPRF'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 to assist it in carrying out its functions. A Property Advisory Committee and a Private Equity Advisory Committee were also established but in light of the Fund's amended investment strategy these two committees were dissolved with effect from 31 March 2014. 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 of the Manager, may not serve for more than two consecutive terms of office.

The members of the NPRF Commission as at 27 June 2014 are:

Mr. Paul Carty – Chairman

(Reappointed from 31 July 2010).

Financial Consultant and Former Managing Partner of Deloitte & Touche Ireland.

Dr. Brian Hillery

(Reappointed from 1 July 2009).

Chairman, Providence Resources plc and Former Director of the Central Bank and Financial Services Authority of Ireland.

Mr. Maurice A. Keane

(Reappointed from 5 February 2012).

Company Director and Former Group Chief Executive of Bank of Ireland.

Mr. Knut N. Kjaer

(Appointed from 2 April 2010).

Chairman of FSN Capital and Founder of Trient Asset Management. Former President RiskMetrics Group and Former Chief Executive of Norges Bank Investment Management.

Prof. Frances Ruane

(Appointed from 1 July 2009).

Director of the Economic and Social Research Institute ("ESRI").

Mr. John C. Corrigan

(Ex-officio member, appointed 4 December 2009).

Chief Executive, National Treasury Management Agency.

Mr. John Canning, Chairman of Madison Dearborn Partners LLC, resigned as a member of the Commission on 17 January 2013.

The Commission, which usually meets four times per year, met on six occasions in 2013. If absent, Commission members provided detailed inputs to the Chairman and to the NTMA in advance of the meeting.

Table 13
NPRF Commission attendance 2013

Commission Member	Meetings attended
Paul Carty	6/6
John Corrigan	6/6
Brian Hillery	6/6
Maurice Keane	6/6
Knut Kjaer	4/6
Frances Ruane	6/6

CORPORATE GOVERNANCE CODES

The Code of Practice for the Governance of State Bodies is modelled on a typical corporate structure consisting of a Board of Directors which has legal responsibility for the body, and an executive management team and staff, who carry out the functions delegated to them by the Board.

However, the Commission does not have its own executive and carries out its functions through the NTMA. The Commission is implementing the Code adapted to the NPRF's governance structure and the requirements of the NPRF Act.

A code of business conduct is in place for commissioners.

The Commission is a prescribed public body for the purposes of the *Ethics in Public Office Acts, 1995 and 2001*. In addition, there are specific disclosures of interest requirements under the *National Pensions Reserve Fund Act, 2000*.

AUDIT COMMITTEE

The Audit Committee reviews the financial reporting process, the NTMA's systems of internal control and risk management, the audit process and the NTMA's process for monitoring the compliance of the NPRF's custodian, investment managers and other key service providers with their contractual obligations to the Commission and the NTMA as manager.

The Committee comprises three members:

- Mr. Maurice A. Keane (Chairman)
- Dr. Brian Hillery
- Prof. Frances Ruane

The Committee meets on an ongoing basis with the senior managers within the NTMA responsible for the NPRF, the NTMA's Head of Legal, Head of Control and Head of Compliance and the NPRF's internal and external auditors. The Audit Committee met six times during 2013.

PROPERTY ADVISORY COMMITTEE

Given the changing mandate of the Fund the Property Advisory Committee was dissolved with effect from 31 March 2014. This committee had been established by the Commission 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 had four members, two Commissioners (Mr. Paul Carty and Mr. Maurice A. Keane) and two external members, Mr. Barden Gale (Former CEO, J.E. Roberts Companies) and Mr. John Mulcahy (Former Head of Asset Management, National Asset Management Agency).

PRIVATE EQUITY ADVISORY COMMITTEE

Similarly, given the changing mandate of the Fund, the Private Equity Advisory Committee was dissolved with effect from 31 March 2014. This committee had been established by the Commission to advise the NTMA in relation to private equity investment, to monitor the implementation of the Fund's global private equity investment strategy and to report back to the Commission.

The Committee had three members, two commissioners (Mr. Paul Carty and Dr. Brian Hillery) and one external member Mr. Walter O'Hara (Managing Director, Allen & Co., New York). Mr. Maurice O'Connell resigned as a member of the Committee on 1 August 2013.

REMUNERATION AND EXPENSES

Remuneration of Commission members is set by the Minister for Finance and all members have agreed to a voluntary reduction as requested by the Minister.

The current level of remuneration is:

- Chairperson: €51,424 per annum
- Other Members⁴: €34,283 per annum

Mr. Knut N. Kjaer received €760 in travel expenses in 2013. No further expenses were paid to Commissioners in 2013. The Chief Executive of the NTMA does not receive any remuneration in respect of his membership of the Commission.

Members of the Property Advisory Committee and Private Equity Advisory Committee received no remuneration.

DISCLOSURE OF INTERESTS

During the course of 2013, there were no disclosures of interest made pursuant to Section 12 of the NPRF Act.

⁴ Frances Ruane is employed by the ESRI and as such does not receive any fees in respect of her role as Commissioner. These fees are paid directly to the ESRI.

NATIONAL TREASURY MANAGEMENT AGENCY

The Commission maintains a formal list of functions delegated to the NTMA on an ongoing basis.

The core functions of the NTMA in its capacity as Manager of the NPRF include:

- provision of policy advice to the Commission;
- implementation of the NPRF's investment strategy;
- dynamic asset allocation decision making within agreed parameters;
- selection and performance review of investment managers and investment vehicles;
- implementation of directions issued by the Minister for Finance in respect of the NPRF's directed investments and execution, under direction and in accordance with the relevant legislation, of the Fund's ownership functions relating to these assets;
- development and operation of Fund controls to ensure that the NPRF is managed within the parameters set down by the Commission and the operational risks to the NPRF are minimised;
- opening and maintaining bank accounts for the Fund, including accounts in currencies other than the currency of the State; and
- preparation of the NPRF's financial statements and monitoring of the NPRF's global custodian.

These functions are primarily delivered through a dedicated NPRF Unit, and through a specialist accounting and operational team within the NTMA's Finance Directorate. Support for NPRF activities is also provided by the NTMA's IT, Legal, Risk, Control, Compliance, Corporate Development and HR Units.

A Management Agreement is in place which documents the relationship between the Commission and the NTMA as Manager, and sets out the NTMA's responsibilities.

FINANCIAL STATEMENTS

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NPRF COMMISSION MEMBERS AND OTHER INFORMATION

COMMISSION MEMBERS

Mr. Paul Carty – Chairman
Mr. John A. Canning Jr. (Resigned 17 January 2013)
Mr. John C. Corrigan (ex-officio)
Dr. Brian Hillery
Mr. Maurice A. Keane
Mr. Knut N. Kjaer
Prof. Frances Ruane

BANKERS

Central Bank of Ireland
Dame St.
Dublin 2

GLOBAL CUSTODIAN

The Bank of New York Mellon (BNYM)
One Canada Square
London E14 5AL

AUDITORS

Comptroller & Auditor General
Dublin Castle
Dublin 2

MANAGER

National Treasury Management Agency
Treasury Building
Grand Canal St.
Dublin 2

INVESTMENT REPORT

With the exception of the Directed Investments the Commission determines the investment strategy for the Fund. The investment assets of the Fund were invested at 31 December as follows:

	2013		2012	
	€m	% of Total Investment Assets	€m	% of Total Investment Assets
Equities				
Quoted Developed Markets Equities	1,439	7.5%	2,223	15.1%
Quoted Emerging Markets Equities	321	1.7%	506	3.5%
Equity Options	70	0.3%	87	0.6%
Global Equity Fund	117	0.6%	97	0.7%
Global Low Volatility Equity Funds	614	3.2%	–	0.0%
Total Equities	2,561	13.3%	2,913	19.9%
Bonds				
Quoted Corporate Bonds	476	2.4%	263	1.8%
Unquoted Corporate Bonds	185	1.0%	244	1.7%
Other Bonds	40	0.2%	–	0.0%
Other Debt	162	0.8%	–	0.0%
Total Bonds	863	4.4%	507	3.5%
Property Investments	347	1.8%	454	3.1%
Private Equity Investments	126	0.7%	736	5.0%
Commodity Investments	299	1.6%	235	1.6%
Infrastructure Investments	86	0.4%	46	0.3%
Forestry Investments	37	0.2%	35	0.2%
Currency & Other Investment Funds	246	1.3%	244	1.7%
Deposits, Cash and Other Investments				
Deposits and Cash	792	4.1%	870	5.9%
Cash Enhancement Investments	849	4.4%	–	0.0%
Unrealised Gain/(Loss) on Futures Contracts	(18)	(0.1%)	(4)	0.0%
Unrealised Gain/(Loss) on Foreign Exchange Contracts	34	0.2%	20	0.1%
Total Deposits, Cash and Other Investments	1,657	8.6%	886	6.0%
Total Discretionary Investment Assets	6,222	32.3%	6,056	41.3%
Directed Investments	11,169	57.9%	8,600	58.7%
Cash	1,885	9.8%	–	0.0%
Total Directed Investments	13,054	67.7%	8,600	58.7%
Total Investment Assets	19,276	100.0%	14,656	100.0%



Paul Carty
Chairman
National Pensions Reserve
Fund Commission



John C. Corrigan
Chief Executive
National Treasury Management
Agency (as Manager)

27 June 2014

STATEMENT OF COMMISSION'S RESPONSIBILITIES

The Commission is required by the *National Pensions Reserve Fund Act, 2000* to prepare annual accounts of the Fund.

In preparing those statements the Commission:

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

The Commission is responsible for keeping in such form as may be approved by the Minister for Finance all proper and usual accounts of all monies 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 in order to prevent and detect fraud and other irregularities.

In June 2013 the Government announced both its decision to establish the Ireland Strategic Investment Fund ("ISIF") and the main legislative provisions relating to the ISIF's mandate and governance arrangements, including that the ISIF would be managed by the NTMA and that the Commission would be dissolved. The proposed legislation to give effect to these changes was published in May 2014 and the Commission expects that this legislation will be enacted during 2014.



Paul Carty
Chairman
National Pensions Reserve
Fund Commission



John C. Corrigan
Chief Executive
National Treasury Management
Agency (as Manager)

27 June 2014

STATEMENT ON INTERNAL FINANCIAL CONTROL

RESPONSIBILITY FOR THE 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 NTMA” or “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 provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner.

KEY CONTROL PROCEDURES

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 operational 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 and 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
- setting targets to measure financial and other performance
- clearly defined investment control guidelines
- formal project management disciplines
- a comprehensive anti-fraud policy.

Under the anti-fraud policy, the Audit Committee is to be advised of all reports of fraud or suspected fraud. In the event that the Manager becomes aware of any instances of fraud or suspected fraud, the matter is investigated and appropriate action (including reporting the matter to the appropriate authorities) is taken where necessary.

Under the governance of the Commission, the Manager has an internal audit function which operates in accordance with the Code of Practice on the Governance of State Bodies and which reports to the Commission through the Audit Committee. The work of internal audit is informed by the 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 through the Audit Committee. At least annually the internal auditor (currently PricewaterhouseCoopers) provides the Commission, through the Audit Committee, 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, 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 2013, the Commission, having taken advice from the Fund’s Audit Committee, has conducted a review of the effectiveness of the system of internal financial control.



Paul Carty
Chairman
National Pensions Reserve
Fund Commission



John C. Corrigan
Chief Executive
National Treasury Management
Agency (as Manager)

27 June 2014

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

NATIONAL PENSIONS RESERVE FUND

I have audited the financial statements of the National Pensions Reserve Fund for the year ended 31 December 2013 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, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under section 26 of the Act.

RESPONSIBILITIES OF THE COMMISSION

The National Pensions Reserve Fund Commission is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the results of the Fund's operations for the year and of its balances at year end, and for ensuring the regularity of transactions.

RESPONSIBILITIES OF THE COMPTROLLER AND AUDITOR GENERAL

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

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

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

SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

In addition, I read the Commission's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

OPINION ON THE FINANCIAL STATEMENTS

In my opinion, the financial statements, which have been properly prepared in accordance with the *National Pensions Reserve Fund Act, 2000* in the form approved by the Minister for Finance, give a true and fair view of the results of the Fund's operations for the year ended 31 December 2013 and of 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.

MATTERS ON WHICH I REPORT BY EXCEPTION

I report by exception if

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

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



Seamus McCarthy
Comptroller and
Auditor General

28 June 2014

ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the *National Pensions Reserve Fund Act, 2000* in a format approved by the Minister for Finance.

The financial statements summarise the transactions and net assets of the Fund.

Notwithstanding the Fund's significant holdings in the equity of Bank of Ireland and Allied Irish Banks, the Commission does not have the ability to exercise control, dominant influence or significant influence, over the Directed Investments. Therefore, the Commission does not consolidate the results and financial position of Bank of Ireland or Allied Irish Banks into the financial statements of the Fund.

(B) REPORTING PERIOD

The reporting period is the year ended 31 December 2013 .

(C) REPORTING CURRENCY

The reporting currency is the euro which is denoted by the symbol €. Monetary amounts are stated in €m unless otherwise indicated. Where used, '€000' denotes thousands, 'm' denotes million and 'bn' denotes billion.

(D) INVESTMENTS

The Fund holds two types of investments:

(i) Discretionary Investments

Investments made in accordance with the *National Pensions Reserve Fund Act 2000*, whereby investments are controlled and managed by the Commission with the discretionary authority to determine and implement an investment strategy for the purpose of meeting the objectives of providing a fund of money to meet as much as possible of the future costs of social welfare and public service pensions.

(ii) Directed Investments

The Commission holds the Directed Investments subject to directions given by the Minister for Finance pursuant to section 19B of the *National Pensions Reserve Fund Act, 2000* (as amended). The holding and management of the Directed Investments, the exercise by the Commission of voting and other rights attaching to the Directed Investments and the disposal by the Commission of the Directed Investments must be conducted in accordance with such directions.

(E) VALUATION OF DISCRETIONARY INVESTMENTS

Investments are recorded on a trade date basis and are stated at fair value. Fair value is determined as follows for quoted, unquoted, loans and receivables and derivative investments:

(i) Quoted Investments

Fair value is the closing market value on the primary exchange or market where the investment is quoted.

(ii) Unquoted Investments

Fair value is estimated by the Manager of the Fund and approved by the Commission. The principal unquoted valuations are as follows:

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.

The valuations of these investments are determined by external managers using accepted industry valuation methods and guidelines published by relevant industry bodies. Such valuation methodologies used by external managers may include considerations such as earnings multiples of comparable publicly traded companies, discounted cash flows, third party transactions, or events which suggest material impairment or improvement in the fair value of the investment. In the first year of ownership cost is usually considered to be an appropriate estimate of the fair value for property and private equity investments unless there is an indication of a permanent impairment in value.

ACCOUNTING POLICIES (CONTINUED)

(E) VALUATION OF DISCRETIONARY INVESTMENTS (CONTINUED)

Investments in Property and Private Equity Funds (continued)

A range of possible values can exist for these investments and estimated fair values may differ from the values that would have been used had there been an active market value for such investments.

The Commission relies on the external managers' valuations as being a representative estimate of the fair value of an investment. The Commission has, via the Manager, established procedures to periodically review the fund or partnership's valuation of 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.

Unquoted Bonds

Unquoted bonds are valued at their fair value as estimated by the Manager using bond valuation models based on observable market data.

Currency Funds, Commodity Funds and other Unquoted Investments

Currency funds and other unquoted investments are valued at the most recent Net Asset Value as published by the funds' administrators.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

(iv) Derivatives

Futures

Futures contracts used by the Fund's investment managers are valued at their closing market value on the exchange on which they are traded and are recognised as investment assets.

Equity Options

Where pricing availability exists, closing market prices are used to represent fair value. Where closing market prices are unavailable, a Bloomberg model is used to value the equity options.

(F) VALUATION OF DIRECTED INVESTMENTS

Directed Investments are valued as follows:

Ordinary Shares

The ordinary shares held as part of the Directed Investment portfolio are valued at fair value. Fair value is the closing market value on the primary exchange or market where the investment is quoted.

Where closing market prices are deemed not to be a reliable estimation of fair value, ordinary shares are valued using appropriate valuation methodologies. Such valuation methodologies used may include discounted cash flow analysis, total equity analysis, comparable company analysis and precedent transaction analysis.

Preference Shares

The preference shares held as part of the Directed Investment portfolio are valued at fair value. Fair value is determined using valuation methodologies which may include discounted cash flow analysis, an annuity valuation based on comparable company yields, comparable company analysis and precedent transaction analysis.

(G) GAINS AND LOSSES ON INVESTMENTS

Realised and unrealised capital gains and losses on investments are dealt with in the Fund Account in the year in which they arise (Change in Value of Investments).

(H) LONG TERM RECEIVABLES

Long term receivables are shown at their fair value. The fair value of these receivables is estimated by discounting the contractual future cash flows at the market rate that is currently available to the Fund for similar financial instruments.

(I) CASH COLLATERAL ARISING FROM DERIVATIVE TRANSACTIONS

Cash received/posted as collateral arising from derivative transactions is recorded as an asset/liability on the Balance Sheet and is valued at its fair value. The obligation to repay the collateral is recorded as a liability and the entitlement to receive the collateral is recorded as an asset in the Fund account.

ACCOUNTING POLICIES (CONTINUED)

(J) INVESTMENT INCOME

Income from investments is recognised at fair value on an accruals basis. Dividends are credited to income on the dates on which the relevant securities are listed as “ex-dividend”. Income is shown gross of any non-recoverable withholding taxes which are disclosed separately in the Fund Account as part of the taxation charge.

(K) EXPENSES

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

(L) FOREIGN CURRENCIES

All transactions in foreign currencies are translated into euro at the rate of exchange prevailing at the dates of such transactions. Assets and liabilities in foreign currencies are translated into euro at the rate of exchange ruling at the year end date.

Exchange differences arising on the revaluation of investments and settlement of investments are dealt with in the change in market value of investments. Exchange differences arising on income items are accounted for as part of investment income.

(M) SECURITIES LENDING

The Fund undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time. The Fund receives collateral of greater value than the securities loaned for the duration of the loan period and receives interest where the collateral assets are reinvested. Under the terms of the securities lending agreements, the Fund retains substantially all the risks and rewards of ownership of the loaned securities and also retains the rights to any cashflows relating to the securities. Therefore the loaned securities are not derecognised from the Fund’s Net Assets and collateral assets held are not recognised in the Fund’s Net Assets Statement.

(N) DEFERRED TAX

Provision for deferred tax is made in respect of any additional foreign taxes that are expected to be payable on the realisation of unrealised gains on property and private equity investments. Deferred tax is calculated based on the average tax rates that are expected to apply when the gains are expected to be realised.

FUND ACCOUNT

	Notes	Year Ended	Year Ended
		31 December 2013	31 December 2012
		€m	€m
Discretionary Portfolio			
- Discretionary Investment Income	1	146	126
- Change in Value of Investments	6(e)	270	319
- Taxation	2	(4)	(3)
Discretionary Investment Return		412	442
Directed Investments Portfolio			
- Directed Investment Income	3	373	216
- Change in Value of Investments	9(b)	4,420	610
Directed Investment Return		4,793	826
Total Investment Return after Tax		5,205	1,268
Transfer to the Administration Account	5	(13)	(10)
Total Investment Return after Tax and Expenses		5,192	1,258
Contributions/(Withdrawals)			
- Assets Transferred to the Fund	4(b)	1	11
Total Contributions/(Withdrawals)		1	11
Increase in Fund during the Year		5,193	1,269
Net Assets of Fund at Start of Year		14,684	13,415
Net Assets of Fund at Year End		19,877	14,684

The accounting policies and notes 1 to 17 form part of these financial statements.



Paul Carty
Chairman
National Pensions Reserve
Fund Commission



John C. Corrigan
Chief Executive
National Treasury Management
Agency (as Manager)

27 June 2014

NET ASSETS STATEMENT

	Notes	Year Ended 31 December 2013 €m	Year Ended 31 December 2012 €m
Discretionary Portfolio			
Discretionary Investments	6	6,222	6,056
Non Current Assets	7 (a)	330	24
Current Assets	7 (b)	305	18
Current Liabilities	8 (a)	(34)	(14)
Net Assets – Discretionary Portfolio		6,823	6,084
Directed Investments Portfolio			
Directed Investments	9	13,054	8,600
Net Assets – Directed Investments Portfolio		13,054	8,600
Net Assets of the Fund at Year End		19,877	14,684

The accounting policies and notes 1 to 17 form part of these financial statements.



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27 June 2014

ADMINISTRATION ACCOUNT

		Year Ended 31 December 2013	Year Ended 31 December 2012
	Notes	€000	€000
Transfer from Fund Account	5	12,776	10,435
General Administration Fees and Expenses	5 (a)	(12,746)	(10,411)
Directed Investments Fees and Expenses	5 (b)	(30)	(24)
		-	-

The accounting policies and notes 1 to 17 form part of these financial statements.



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27 June 2014

CASHFLOW STATEMENT

	Year Ended 31 December 2013	Year Ended 31 December 2012
	€m	€m
Discretionary Investments Cashflow		
Cashflows from Operating Activities		
Purchase of Investments	(4,926)	(1,580)
Proceeds from Sale of Investments	4,286	1,460
Income Received	138	130
Interest & Tax Reclaims Received	2	8
Operating Expenses Paid	(13)	(10)
Net Cash Collateral Received	15	9
Net Cash from Operating Activities	(498)	17
Cashflows from Financing Activities		
Transfer from Directed Investments Portfolio	340	188
Net Cash from Financing Activities	340	188
Net (Decrease)/Increase in Cash	(158)	205
Cash at Beginning of Year	871	749
Exchange Gain on Cash	79	(83)
Net (Decrease)/Increase in Cash	(158)	205
Cash at End of Year	792	871

	2013	2012
	€m	€m
Directed Investments Cashflow		
Cashflows from Operating Activities		
Proceeds from Sale of Investments	1,885	-
Income Received	340	188
Net Cash from Operating Activities	2,225	188
Cashflows from Financing Activities		
Transfer to Discretionary Portfolio	(340)	(188)
Net Cash from Financing Activities	(340)	(188)
Cash at Start of Year	-	-
Net Increase in Cash	1,885	-
Cash at End of Year	1,885	-

NOTES TO THE FINANCIAL STATEMENTS

1. DISCRETIONARY INVESTMENT INCOME

	2013	2012
	€m	€m
Income from Discretionary Investments		
Equities	77	77
Bonds	21	19
Private Equity	22	17
Property	13	9
Deposits	1	2
Other Income	12	2
	146	126

2. TAXATION

The income and profits of the Fund are exempt from Irish Corporation Tax in accordance with section 30 of the *National Pensions Reserve Fund Act, 2000*. The Fund may, however, be liable for taxes in overseas jurisdictions where full tax exemptions are not available.

Dividends and interest may be subject to irrecoverable foreign withholding taxes imposed by the country from which the investment income is received. Distributions of income and gains received by the Fund from its property and private equity fund investments may also be subject to foreign withholding taxes. The Fund may also be subject to additional foreign taxes payable on certain property and private equity investments annually, based on their asset values at the reporting date.

Deferred tax may arise in respect of unrealised gains on property or private equity investments where it is expected that additional tax may be payable in respect of these gains on disposal.

The foreign taxes provided for are detailed below:

	2013	2012
	€m	€m
Withholding Tax Reclaim	1	2
Foreign Taxes on Income	(5)	(5)
Net Tax Cost	(4)	(3)

In 2013, the Fund received €0.9m of withholding tax reclaims in relation to tax reclaims submitted from 2007 to 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. DIRECTED INVESTMENT INCOME

	2013	2012
	€m	€m
Income from Directed Investments		
Income Received – Bank of Ireland	340	188
Income Received – Allied Irish Banks	33	28
	373	216

The holding of preference shares in Bank of Ireland (“BoI”) entitles the NPRF to an annual dividend. The BoI preference share dividend of €188.3m in 2013 (2012: €188.3m) was paid in cash in February 2013 and subsequently transferred to the Discretionary Portfolio. Dividend income of €151.4m was received in December 2013 following the sale and redemption of the Fund’s holding of BoI preference shares.

The holding of preference shares in Allied Irish Banks (“AIB”) entitles the NPRF to an annual dividend. In May 2013, AIB announced that it would opt to pay the preference share dividend of €280m by issuing 4,144m ordinary shares as consideration. In accordance with the Articles of Association of AIB, the ordinary shares issued are based on the quoted market price over a prescribed period of time. Subsequent to the capital injection provided to AIB in July 2011, the quoted market price has not been a reliable source in determining the enterprise value of AIB, due to relatively low volumes of trade in comparison to the shares in issue. As a consequence and due to the significant volume of AIB ordinary shares held by the Fund, the Commission, based on year end independent valuation advice which used comparative quoted company analysis, has attributed a fair value of €33m (2012: €28m) to the preference share dividend received in 2013, in the form of ordinary shares.

4. CONTRIBUTIONS/WITHDRAWALS

(a) Contributions to/Withdrawals by the Exchequer

Under the *National Pensions Reserve Fund Act, 2000* the Minister for Finance was required to make an annual contribution equivalent to 1% of Gross National Product (GNP) to the Fund.

The *National Pensions Reserve Fund Act, 2000* was amended in 2010 by the *Credit Institutions (Stabilisation) Act, 2010* to provide that the annual contribution to the Fund shall be less than 1% of GNP, or no sum shall be contributed to the Fund.

During 2009, €3.0bn was contributed to the Fund for the purposes of recapitalising BoI and AIB. Under the *Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009*, the pension fund assets of sixteen university and non-commercial state bodies totalling €2.1bn were transferred to the Fund in the period 2009 to 2012. As a result of these contributions, the annual contributions to the Fund by the Minister for Finance were pre-funded to early 2012. Under S.I. 584, *National Pensions Reserve Fund Act, 2000* (Suspension of Exchequer Contribution) Order 2012, the Minister directed that no further contribution would be made to the Fund in 2012 and 2013 (see also note 13). No withdrawals were made from the Fund in 2012 and 2013.

(b) Assets transferred to the Fund

	2013	2012
	€m	€m
Assets transferred	1	11

During 2013 a total of €1.4m (2012: €11.1m) in residual cash balances was transferred to the Fund from the universities’ accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. EXPENSES

€12.8m (2012: €10.4m) represents the amount required to cover the investment management and administration costs of the 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:

(a) General Administration Fees and Expenses

	2013	2012
	€000	€000
Investment Managers' Fees	7,897	7,342
Global Custodian Fees	975	1,126
Systems & Services	2,599	991
Legal Fees & Tax Advisory Fees	854	484
Commission Fees	190	223
Consultancy Fees	110	125
Internal Audit Fees	88	87
External Audit Fees	32	33
Commission Expenses	1	-
	12,746	10,411

(b) Directed Investment Fees and Expenses

	2013	2012
	€000	€000
Advisory Fees	30	24
Total Expenses	12,776	10,435

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. EXPENSES (CONTINUED)

(c) Remuneration and Expenses

Remuneration of Commission members is set by the Minister for Finance. Remuneration in respect of 2013 and 2012 is set out below:

	2013	2012
	€	€
Mr. Paul Carty – Chairman	51,424	51,424
Mr. John A. Canning Jr	1,714	34,283
Dr. Brian Hillery	34,283	34,283
Mr. Maurice A. Keane	34,283	34,283
Mr. Knut N. Kjaer	34,283	34,283
Prof. Frances Ruane ⁽¹⁾	34,283	34,283
Mr. John C. Corrigan (ex-officio)	–	–
	190,270	222,839

Expenses payable in respect of Commission members are set out below. These expenses were related to travel and accommodation costs incurred by overseas based members.

	Travel	Accommodation & Subsistence	Tax	Total 2013	Total 2012
	€	€	€	€	€
Commission Member⁽²⁾					
Mr. Knut N. Kjaer	552	208	701	1,461	–

(d) In addition to the above expenses, the costs incurred by the National Treasury Management Agency in its role as Manager amounted to €3.9m (2012: €3.9m). These costs are charged on the Central Fund and are not included in the above.

⁽¹⁾ Frances Ruane is employed by the ESRI and as such did not receive any fees in respect of her role as Commissioner. These fees were paid directly to the ESRI.

⁽²⁾ Commission members are reimbursed approved expenditure on a vouched basis. The Revenue Commissioners have clarified that tax is payable on these vouched expenses. The relevant taxes payable to the Revenue Commissioners for 2013 are identified separately above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. DISCRETIONARY INVESTMENT ASSETS

(a) Summary of Assets

	2013	2012
	€m	€m
Quoted Investments		
Quoted Equities	2,374	2,729
Cash Enhancement Investments	699	–
Quoted Corporate Bonds	476	263
Commodity Investments	299	235
Currency & Other Funds	73	76
Total Quoted Investments	3,921	3,303
Unquoted Investments		
Unquoted Property Investments	347	454
Unquoted Corporate Bonds	185	244
Currency & Other Funds	173	168
Cash Enhancement Investments	150	–
Unquoted Private Equity Investments	126	736
Unquoted Investments	117	97
Infrastructure Investments	70	31
Forestry Investments	37	35
Other Bonds	32	–
Total Unquoted Investments	1,237	1,765
Loans & Receivables		
Other Debt	162	–
Other Bonds	8	–
Infrastructure Investments	16	15
Total Loans & Receivables	186	15
Derivatives		
Equity Options	70	87
Equity Futures Contracts	(18)	(4)
Foreign Exchange Contracts	34	20
Total Derivatives	86	103
Cash		
Deposits and Cash	792	870
Total	6,222	6,056

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. DISCRETIONARY INVESTMENT ASSETS (CONTINUED)

(b) Analysis by Geographical Classification

	2013	2012
	€m	€m
Europe	4,215	2,904
North America	1,537	2,230
Emerging Markets	333	507
Asia Pacific	137	415
	6,222	6,056

(c) The Investment Assets of the Fund at the Year End are Held as follows:

	2013	2012
	€m	€m
Investment Managers		
BlackRock Advisors (UK) Limited	866	967
National Treasury Management Agency	721	954
Deutsche Asset Management International GmbH	481	263
State Street Global Advisors Limited	254	859
Acadian Asset Management Llc	148	105
Citigroup Global Markets Limited	148	–
Putnam Investments Limited	127	112
Principal Global Investors (Europe) Limited	102	175
Goldman Sachs Asset Management International	100	122
Oechsle International Advisors Llc	74	104
Batterymarch Financial Management, Inc	54	149
Schroder Investment Management (Singapore) Limited	39	155
	3,114	3,965
Other Investments		
Cash Enhancement Investments	849	–
Global Low Volatility Equity Funds	614	–
Unquoted Property Investments	347	454
Commodity Investments	299	235
Unquoted Currency & Other Funds	246	244
Unquoted Corporate Bonds	185	244
Other Debt	162	–
Unquoted Private Equity Investments	126	736
Generation Investment Managers	117	97
Unquoted Irish Infrastructure Fund	86	46
Other Bonds	40	–
Forestry Investments	37	35
	3,108	2,091
Total Investment Assets	6,222	6,056

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. DISCRETIONARY INVESTMENT ASSETS (CONTINUED)

(d) Valuation of Investments

The investment assets of the Fund are valued at their fair value as described in the accounting policy on the valuation of investments.

The following table analyses the investment assets between those whose fair value is based on:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques involving only the use of model inputs observable in the market.
- Level 3 – Valuation techniques which do not involve the use of model inputs observable in the market.

	2013 Level 1	2013 Level 2	2013 Level 3	2013 Total	2012 Total
	€m	€m	€m	€m	€m
(i) Listed Equities and Managed Funds					
Listed Equity Securities	2,374	-	-	2,374	2,729
Global Equity Fund	-	117	-	117	97
Commodity Investments	299	-	-	299	235
Currency & Other Funds	73	173	-	246	244
Forestry Investments	-	-	37	37	35
(ii) Debt Securities					
Listed Debt Securities	476	-	-	476	263
Unlisted Debt Securities	-	379	8	387	244
(iii) Limited Partnerships/Trusts					
Property	-	-	347	347	454
Private Equity	-	-	126	126	736
Infrastructure	-	16	70	86	46
(iv) Derivatives Financial Assets					
Futures Contracts	(18)	-	-	(18)	(4)
Equity Options	70	-	-	70	87
Foreign Exchange Contracts	34	-	-	34	20
Cash and Cash Equivalents	1,641	-	-	1,641	870
	4,949	685	588	6,222	6,056

Investment assets included in level 3 include property, private equity, forestry, infrastructure and unlisted debt securities, for which there is currently no active market. In valuing such investments the Fund relies on valuations received from external managers as outlined in the accounting policy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. DISCRETIONARY INVESTMENT ASSETS (CONTINUED)

(d) Valuation of Investments (Continued)

The following table shows a reconciliation of all movements in the fair value of investment assets categorised within level 3 between the beginning and the end of the year:

Investment Assets included in Level 3

	2013	2012
	€m	€m
Opening Valuation	1,271	1,279
Total Level 3 Gains and Losses in the Fund Account	16	55
Transfers in or out of Level 3	(699)	(63)
Closing Valuation	588	1,271

Transfers in or out of level 3 include total sales of €813m (2012: €286m) and total purchases of €120m (2012: €142m) in relation to property, private equity, and infrastructure investments. Some infrastructure investments were transferred out of level 3 during the year while some unlisted debt securities were transferred in during the year.

(e) The Movement in the Value of Discretionary Investments Held by the Fund during the Year was as Follows:

	2013	2012
	€m	€m
Value of Investments as at Start of Year	6,056	5,398
Change in Value of Investments	270	319
Transfer to Fund (Note 4)	1	11
Transfer from Directed Investments Portfolio	340	188
Movement in Pending Settlements	(281)	36
Transfer to Long Term Receivable	(306)	(24)
Movement in Cash Collateral	15	9
Fund Expenses Paid	(13)	(11)
Net Cash Movement	140	130
Total Investments	6,222	6,056

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7(A) NON CURRENT ASSETS

	2013	2012
	€m	€m
Long Term Receivables	330	24

Long term receivables represents the present value of the contractual cash flows receivable in the period to 2017 arising from the sale of private equity investments.

7(B) CURRENT ASSETS

	2013	2012
	€m	€m
Amounts Receivable for Securities Sold	283	6
Accrued Interest on Fixed Income Securities	10	6
Other Income Receivable	7	–
Dividends Receivable	2	4
Tax Reclaims Recoverable	3	2
	305	18

8(A) CURRENT LIABILITIES

	2013	2012
	€m	€m
Cash Collateral arising from Derivative Transactions (8b)	24	9
Amounts Payable for Securities Purchased	3	3
Fund Manager Fees Payable	3	2
Global Custodian Fees Payable	1	–
VAT Payable & Other Accrued Expenses	3	–
	34	14

8(B) CASH COLLATERAL ARISING FROM DERIVATIVE TRANSACTIONS

	2013	2012
	€m	€m
Opening Balance	9	–
Cash Collateral paid to Counterparties	(291)	(167)
Cash Collateral received from Counterparties	306	176
Net Cash Collateral held	24	9

Cash collateral arising from derivative transactions under Credit Support Annexes (“CSA”), represents cash deposits with/from derivative counterparties. These balances can change on a daily basis and are dependent on the market value of the underlying derivatives.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DIRECTED INVESTMENTS

The Investment of the *National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009*, empowered the Minister for Finance to direct the Commission to invest in financial institutions or to underwrite share issues by these institutions. Initial Directed Investments were made in 2009. Details of Directed Investment year end valuations, movements and transactions during 2013 are set out below:

(a) Directed Investments Valuation

	2013 Units	Valuation (€)	2013	2012
	Millions	Per Unit	€m	€m
Bank of Ireland (“BoI”)				
Ordinary Shares (1)	4,512	0.2520	1,137	514
Preference Shares	–	–	–	1,684
			1,137	2,198
Allied Irish Banks (“AIB”)				
Ordinary Shares (2)	520,379	0.01252	6,515	4,078
Preference Shares (2)	3,500	1.00490	3,517	2,324
			10,032	6,402
Total Directed Investments Assets			11,169	8,600
Directed Investments Cash			1,885	–
Total Directed Investments			13,054	8,600

(1) The valuation of BoI Ordinary shares is based on quoted prices. The change in the valuation of the ordinary shares in 2013 is due to market movements.

(2) As the preference share investments in AIB are unlisted and not traded, and given the Fund’s ordinary share holding in AIB (99.8%), the Commission engaged Goodbody Corporate Finance (“Goodbody”) to provide an independent fair value of the investments as at 31 December 2013.

Goodbody had previously provided an independent fair value of these investments as at the end of 2012. The same valuation methodologies were employed to value the Fund’s holdings in AIB and BoI in 2013 as that used in 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DIRECTED INVESTMENTS (CONTINUED)

(b) Summary of Directed Investment valuation movement

	2013	2012
	€m	€m
Bank of Ireland		
Opening Valuation	2,198	1,843
Dividends Received	340	188
Investment Gain during the Year	823	355
Redemption of Preference shares	(1,884)	–
Transfer to Discretionary Investments	(340)	(188)
Closing Valuation	1,137	2,198
Allied Irish Banks		
Opening Valuation	6,402	6,119
Dividends Received	33	28
Investment Gain during the Year	3,597	255
Closing Valuation	10,032	6,402

In determining the valuation of the Directed Investments, Goodbody consider a number of valuation methodologies including discounted cash flow analysis, an annuity valuation based on comparable company yields, comparable company analysis and precedent transaction analysis.

For the purposes of valuing the AIB Ordinary shares, a comparable company analysis was deemed the most appropriate methodology. For the purposes of valuing the AIB Preference shares, an annuity valuation based on comparable company yields and a comparable company analysis were deemed the most appropriate methodologies.

The valuation methodologies adopted for both AIB Ordinary and Preference shares are consistent with the methodologies employed in the prior year.

The increase in the valuation since the prior year reflects the improved economic and market outlook and the increase in the valuation of comparable Irish and other European peer group companies.

It should be noted that there are a number of sensitivities which may impact the AIB valuation including:

- Changes in sentiment and perceptions of investors regarding banks and the outlook for the banking industry and the broader domestic and European economy.
- AIB is heavily exposed to the domestic Irish economy. A change in economic conditions may impact on the implied valuations.
- Higher than expected impairments or increased funding costs could negatively impact the valuation.
- Adverse/positive result from ECB stress tests review may impact on the valuation of the investments.

All other things remaining constant, a 1% movement in the valuation of the comparable peer group would have impacted the total AIB valuation by approximately €65m as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DIRECTED INVESTMENTS (CONTINUED)

(c) Directed Investment Summary

Since 2009, a total of €16.0bn of the Fund's assets have been invested in AIB and €4.7bn in Bol, at the direction of the Minister for Finance via a combination of ordinary and preference shares and a capital contribution (AIB).

The preference shares pay an annual non-cumulative fixed dividend of 8% in AIB and paid 10.25% in Bol. If the dividend is not paid in cash, the Fund will receive the dividend in the form of ordinary shares. The preference shares can be repurchased by the banks at €1 per share within the first five years after issue and thereafter at €1.25 per share.

Since inception, €4.2bn in cash has been received in the form of dividends and other income (€1.3bn), and from the sale of the directed investments (€2.9bn). At 31 December 2013, the Fund's percentage ownership of AIB and Bol was 99.8% and 14.1% respectively.

(d) Directed Investment Transactions during 2013

No new directed investments occurred in 2013.

In February 2013, Bol paid a preference share dividend of €188.3m in cash.

In May 2013, AIB paid the preference share dividend due of €280m in the form of ordinary shares. The Fund received 4,144m (2012: 3,624m) ordinary shares in AIB. The estimated fair value of the ordinary shares received is €33m based on year end independent valuation advice.

Following a Ministerial direction, in December 2013, 1.3bn Bol preference shares were sold and the remaining 537m preference shares were redeemed by Bol. The NPRF received cash proceeds of €2.0bn from the sale and redemption, in the form of nominal proceeds (€1.8bn), dividend income (€151m) and realised gain (€47m). The dividend income was transferred to the Discretionary Portfolio while the remainder of the cash received was held in the Directed Portfolio at year end.

(e) Developments since the year end

In January 2014, the Fund used the proceeds from the sale and redemption of the Bol preference shares to purchase a three month Exchequer note with a nominal value of €1.9bn. Following the maturity of this note in April 2014, the proceeds were used to purchase three new Exchequer notes, with maturities of 2 months (€0.63bn), 3 months (€0.63bn) and 4 months (€0.63bn) respectively.

In May 2014, AIB paid the preference share dividend due of €280m in the form of ordinary shares. The Fund received 2,177m (2012: 4,144m) ordinary shares in AIB. The estimated fair value of the ordinary shares received is €27m (2012: €33m) based on year end independent valuation advice.

The Goodbody valuation is based on a valuation date of 31 December 2013. Since then the redemption/purchase price of the AIB preference shares has increased from €1.00 per share to €1.25 per share. In the event that the AIB preference shares were now purchased or redeemed by AIB, it may lead to a transfer of value from the ordinary shareholders to the preference shareholders. However, the aggregate valuation of the preference and the ordinary shares would not materially change.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. COMMITMENTS

(a) Foreign Currency and Futures Commitments

The notional principal and unrealised gain/(loss) of currency derivative contracts entered into by the Manager and investment managers on behalf of the Fund was:

	2013	2013	2012	2012
	Notional Principal €m	Unrealised gain/(loss) €m	Notional Principal €m	Unrealised gain/(loss) €m
NTMA				
Forward Foreign Exchange Contracts	1,509	34	1,413	15
Investment Managers				
Foreign Exchange Contracts	253	–	413	5
Financial Futures	(576)	(18)	(577)	(4)
		16		16

Foreign Exchange Contracts

The Fund follows a policy of hedging part of its foreign currency risk, using forward foreign exchange contracts.

The Fund's investment managers are not required to hedge currency exposure. They are permitted to carry out spot and forward foreign exchange contracts in order to satisfy the settlement of securities transactions, and to manage their portfolios solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund.

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

Financial Futures

The Fund's investment managers are permitted to execute futures contracts solely in line with the Statement of Investment Objectives and Restrictions agreed with the Fund. The market value represents the unrealised gain/(loss) on the contracts held at year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. COMMITMENTS (CONTINUED)

(b) Uncalled Investment Commitments

The Fund has entered into commitments in respect of certain types of investments as outlined below. The uncalled capital commitments in respect of these investments amounts to:

	2013	2012
	€m	€m
Unquoted Investments		
Infrastructure Investments	185	221
Private Equity Investments	176	267
SME Equity Investments	170	125
SME Credit Investments	126	-
Property Investments	55	58
Total Unquoted Investments	712	671
Loans & Receivables		
Other Debt	90	-
PPP	78	-
SME Credit Investments	34	-
Total Loans & Receivables	202	-
Total Uncalled Commitments	914	671

11. CONTINGENT LIABILITIES

In the opinion of the Commission the Fund has no material contingent liabilities at 31 December 2013 (2012: Nil).

12. SECURITIES LENDING

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

The Fund receives income through the Global Custodian for securities loaned. During 2013 the Fund earned €1.9m through securities lending (2012: €0.8m).

Loans are made to approved counterparties who meet minimum credit criteria. The loans are secured by collateral in the form of government bonds; bonds of specified supranational issuers; specified equity index baskets and cash. The value of the collateral maintained by the Global Custodian must be at least 102% of the market value of securities loaned where the collateral is in the same currency as the loaned securities and 105% where the collateral is not in the same currency as the loaned securities. Where the value of collateral falls below the required limits additional collateral is called by the Global Custodian from the counterparty, restoring collateral requirements the following day.

The market value of securities loaned at 31 December 2013 amounted to €162.6m (2012: €298.2m). The Fund held collateral of 104.8% (2012: 107.68%) of the market value of securities loaned.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. RELATED PARTIES

(a) Minister for Finance

As set out in note 4, contributions to the Fund were to be made by the Minister for Finance by an annual charge on the Central Fund equivalent to 1% of Gross National Product (“GNP”) under section 18 of the *National Pensions Reserve Fund Act, 2000*. This Act was amended in 2010 by the *Credit Institutions (Stabilisation) Act, 2010* to provide that the annual contribution to the Fund shall be less than 1% of GNP, or no sum shall be contributed to the Fund. S.I. 584, *National Pensions Reserve Fund Act, 2000* (Suspension of Exchequer Contribution) Order 2012 provided that no sum would be paid into the Fund in the years 2012 and 2013.

The Commissioners of the Fund were appointed by the Minister for Finance under section 7 of the *National Pensions Reserve Fund Act 2000*.

(b) National Treasury Management Agency

Under section 21 (2) of the *National Pensions Reserve Fund Act, 2000*, the National Treasury Management Agency was appointed as Manager of the Fund by the Commission from 2 April 2001 for 10 years. Following expiry of this appointment the National Treasury Management Agency was re-appointed as Manager for five years beginning 2 April 2011 in accordance with section 21 (3) of the *National Pensions Reserve Fund Act, 2000*.

14. FINANCIAL RISK MANAGEMENT

In the ordinary course of its activities, the Fund actively manages a variety of financial risks including market risk, credit risk and liquidity risk. The Fund identifies, measures and monitors risk through various control mechanisms as detailed in the following sections. The Fund measures returns and monitors portfolio risks in euro.

The Commission is responsible for the risk in the Discretionary Portfolio whereas the risks associated with Directed Investments are the responsibility of the Minister for Finance. This note refers solely to financial risk in the Discretionary Portfolio.

(a) Market Risk – Price, Currency and Interest Rate Risks

Market risk is the risk of potential loss the Fund may incur as a result of adverse changes to the fair value of the Fund’s financial instruments. It is necessary to take market risk in order to generate return. The primary source of risk to the Fund is the amount of absolute market risk inherent in the Fund’s strategic asset or benchmark allocation. Market risk includes fluctuations in equity, bond and other investment prices, currency rates and interest rates. The Commission has endeavoured to maximise potential return while keeping volatility within acceptable limits by diversifying the Fund’s investments across multiple asset classes.

Against the backdrop of the significant changes made in respect of the Fund since 2009, the liquidity demands facing the Fund and the uncertainty over the Fund’s future purpose and mandate, the Commission, in 2011 and continuing throughout 2012 and 2013, implemented a Capital Preservation Strategy which provides some downside protection against equity market declines while providing some participation if markets perform well.

The Manager monitors the Fund’s absolute market risk (an ex-ante measure) and the Fund’s performance (an ex-post measure) on a daily basis. This is the critical control in overseeing the total risk arising within the Fund. The risk management procedures further described in this note principally reflect more detailed analysis of components of the Fund’s market risk.

Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk – Price, Currency and Interest Rate Risks (Continued)

(i) Price Risk

Price risk is the risk that the value of an asset will fluctuate in its local currency due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price Risk Exposure

The maximum asset value exposed to price risk at 31 December 2013 is the value of investment assets as detailed in the following table:

	2013	2012
	€m	€m
Exposed to Price Risk		
Quoted Investments ⁽¹⁾	3,292	3,655
Unquoted Investments	677	244
Property	347	454
Forestry	37	35
Private Equity	126	736
Infrastructure	86	46
Cash Enhancement Investments	849	–
Derivative Instruments (Net)	16	16
Total	5,430	5,186
Not Exposed to Price Risk		
Cash	792	870
Total Discretionary Fund Investment Assets	6,222	6,056

Price Risk Management

A geographical analysis of the Fund's investment portfolio is shown in note 6(b). This shows that there is a level of diversification by market. The Manager monitors the price risk inherent in the investment portfolio by ensuring full and timely access to relevant information from the Fund's investment managers. The Commission meets regularly and at each meeting reviews investment performance.

(ii) Currency Risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to currency exchange rates. The base currency of the Fund is euro. However, the Fund has investment assets denominated in currencies other than euro and is therefore impacted by fluctuations in currency exchange rates.

The Fund has no significant financial liabilities denominated in currencies other than euro. However, the Fund has outstanding commitments in respect of property and private equity investments of USD240m and JPY542m as at 31 December 2013.

⁽¹⁾ The Fund's exposure to quoted investments is reduced by €539m (2012: €553m) through the usage of futures contracts (not included in the above table). The Fund also holds equity index put options with a notional value of €1,461m (2012: €1,300m). No equity index call options were held at 31 December 2013 (2012: €500m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk – Price, Currency and Interest Rate Risks (Continued)

(ii) Currency Risk (continued)

Currency Risk Management

The Fund follows a policy of hedging its foreign currency risk, using forward foreign exchange contracts (see note 10(a)). In respect of quoted developed markets equities the Fund's policy is to use forward foreign exchange contracts to maintain a currency exposure at 50% of the foreign currency exposure of the Fund's underlying holdings. In respect of its property and private equity investments, the Fund's policy is to hedge 50% of its non-euro private equity investments and 100% of its non-euro property investments. The gain/(loss) on these forward foreign exchange contracts offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

Currency Risk Exposure

The following table details the asset values exposed to currency risk as at 31 December 2013 both before and after the impact of the currency hedge:

Currency of Investments Assets: 2013

	Local Cur- rency	Base Cur- rency	Hedge	Net Exposure
	m	€m	€m	€m
US Dollar	2,350	1,704	(879)	825
Japanese Yen	2,524	18	(17)	1
British Pound	128	154	(91)	63
Hong Kong Dollar	1,011	95	(16)	79
Australian Dollar	65	42	(20)	22
Canadian Dollar	82	56	(27)	29
Swiss Franc	45	36	(19)	17
Other	Various	258	(21)	237
Total		2,363	(1,090)	1,273

Currency of Investments Assets: 2012

	Local Cur- rency	Base Cur- rency	Hedge	Net Exposure
	m	€m	€m	€m
US Dollar	2,995	2,270	(1,141)	1,129
Japanese Yen	9,842	87	(48)	39
British Pound	99	121	(63)	58
Hong Kong Dollar	1,636	160	(28)	132
Australian Dollar	72	57	(28)	29
Canadian Dollar	128	97	(47)	50
Swiss Franc	22	18	(10)	8
Scandinavia	Various	23	(12)	11
Other	Various	364	(21)	343
Total		3,197	(1,398)	1,799

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk – Price, Currency and Interest Rate Risks (Continued)

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument, and the value of a financial instrument, will fluctuate due to changes in the market interest rates. The Fund's fixed income investments are susceptible to value changes due to fluctuations in market interest rates.

Interest Rate Exposure

The following table details the value of fixed interest-bearing securities exposed to interest rate risk as at 31 December 2013:

Fixed Interest Bearing Investments

	2013	2012
	€m	€m
Maturing within one year	852	1
Maturing between one and five years	423	121
Maturing after five years ⁽¹⁾	240	278
Total Fixed Interest Bearing Investments	1,515	400

This table reflects the portion of financial assets exposed to changes in interest rate risk. For disclosure purposes fixed-interest bearing assets are included in exposures to both price and interest rate risk.

In addition to the interest-bearing securities detailed in the table above, the Fund holds investment cash of €0.8bn (2012: €0.9bn). These assets are interest-bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

Interest Rate Risk Management

The Commission has regard to the possible effects of a change in interest rates on the fair value of interest-bearing financial assets when making investment decisions.

⁽¹⁾ The Fund's exposure to fixed interest-bearing securities maturing after five years is reduced by €37m through the usage of futures contracts (not included in the above table).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk

Credit risk is the risk that the Fund would incur a financial loss if a counterparty failed to discharge its obligations to the Fund.

Credit Risk Exposure

The main credit risk to which the Fund is exposed arises from the Fund's investments in cash and debt securities. The Fund's assets are valued at fair value which reflects the market assessment of the likelihood and estimated impact of default. Credit risk is therefore primarily managed by reference to market price risk. The Fund is also subject to counterparty credit risk on trading derivative products, cash and cash equivalents.

The maximum exposure to credit risk at 31 December 2013 is the carrying value of the financial assets as set out below.

	2013	2012
	€m	€m
Corporate Debt Securities	863	507
Long Term Receivables	330	24
Cash and Cash Equivalents	1,641	870
Accrued Income from Investments	20	4
Derivatives	18	4
Total	2,872	1,409

Credit Risk Management

The objective of managing credit risk is to minimise the impact of counterparty default on the Fund's financial assets. The Fund, through the Manager, aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties including setting appropriate exposure limits. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

The following details the risk management policies applied to the financial assets exposed to credit risk:

For interest-bearing securities the credit rating of the issuer is taken into account when credit limits are set, to control the exposure to the Fund in the event of default. Investments are made across a variety of industry sectors and issuers to reduce credit risk concentrations.

Derivative financial instruments generating credit risk arise from the Fund's forward foreign exchange contracts and cross currency swap contracts. The Fund's forward foreign exchange contracts are dealt only with approved counterparties within defined limits. In order to mitigate the credit risks arising from derivative transactions, the Fund in some cases, enters into Credit Support Annexes ("CSA") with its market counterparties. CSA's require the posting of collateral by counterparties in specified circumstances.

Forward foreign exchange contracts are settled through Continuous Linked Settlement ("CLS") where trades are pre-matched ahead of settlement date limiting the risk of settlement failure. The Fund's Global Custodian, Bank of New York Mellon, holds the Fund's securities in segregated accounts, where possible, minimising the risk of value loss of the securities held by the Global Custodian. In the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired. The Fund's Global Custodian is a member of a major securities exchange and at 31 December 2013 held a Moody's credit rating of A1 (2012: Aa1). The Global Custodian's credit rating is reviewed regularly by the Manager.

At 31 December 2013 cash was held at the Central Bank of Ireland (€0.7m) and with the Global Custodian (€0.1m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in raising cash to meet its obligations as they fall due. The primary source of this risk for the Fund arises from the value of the Fund's commitments to property and private equity limited partnerships and ongoing operational expenses.

Liquidity Risk Management

The Fund monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The Fund held highly liquid assets amounting to €0.8bn as at 31 December 2013 (2012: €0.9bn), comprising cash and cash equivalent assets. The Fund also mitigates its exposure to liquidity risk through investment in assets that are readily realisable at low transaction costs and within a short time frame. In 2013, the Fund held €4.7bn (2012: €4.2bn) of readily realisable assets.

15. STRATEGIC INVESTMENT FUND INITIATIVE

In the context of reorienting the Fund towards commercial investment in Ireland, the Commission has committed to a number of projects that would come under the Strategic Investment Fund initiative.

The value of total commitments (including investments held at year end and uncalled commitments) made by the NPRF under the Strategic Investment Fund initiative at 31 December 2013 was €1,252m.

NPRF Commitments under the Strategic Investment Fund initiative:

Sector	Investment Name	NPRF Total Committed Capital €m
SME	Better Capital	50
	Carlyle Cardinal	125
	Bluebay	200
	Silicon Valley Bank	36
Total SME		411
Venture Capital	Innovation Fund Ireland	125
	Local Venture Capital Funds	81
	China Ireland Technology Fund	72
Total Venture Capital		278
Infrastructure	Irish Water	250
	Irish Infrastructure Fund	250
	Irish Forestry	30
	PPP Schools Bundle 3	14
	PPP N11	18
Total Infrastructure		562
Total Commitments*		1,252

* Figures may not add due to rounding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SUBSEQUENT EVENTS

On 15 May 2014, the *NTMA (Amendment) Bill, 2014* was published. The Bill provides for the establishment of the Ireland Strategic Investment Fund (“ISIF”), which will absorb the assets of the National Pensions Reserve Fund and will have a statutory mandate to invest on a commercial basis to support economic activity and employment in Ireland. The ISIF will also hold the NPRF’s Directed Investments. The ISIF will be controlled and managed by the National Treasury Management Agency. The National Pensions Reserve Fund Commission will be dissolved.

Other than the events which have taken place subsequent to the year end as outlined above and in note 9, there were no other significant subsequent events impacting the Fund as at 31 December 2013.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Commission on 27 June 2014.

PORTFOLIO OF INVESTMENTS

Quoted Securities – Equities	74
Quoted Securities – Corporate Bonds	93
Unquoted Securities – Corporate Bonds	97
Unquoted Securities – Other Bonds	97
Unquoted Securities – Other Debt	97
Unquoted Securities – Property	98
Unquoted Securities – Private Equity	98
Unquoted Securities – Infrastructure Fund	99
Other Investments	99
Cash, Deposits and Other Cash Investments	99
Directed Investments	100
Open Futures 31 December 2013	100

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
Luxembourg			18,920	Yandex	591,979	119,464	Enagas	2,269,219
9,566	Aperam	128,424	46,457	Ziggo	1,542,372	29,263	ENCE Energia y Celulosa	79,742
80,916	Arcelormittal	1,049,481			50,021,909	6,828	Endesa	159,092
505,189	Regus	1,316,146		% of Total Investments	0.26%	28,241	Europac Papeles	108,587
255,016	S.E.S. SA Fiduciary Dr Each Rep	6,000,526	Norway			252,449	Ferrovial	3,550,695
838	Sword	12,989	9,506	Aker Solutions	159,703	28,705	Gamesa	217,584
38,177	Tenaris	606,251	26,065	Atea	186,223	24,884	Gas Natural	465,206
18,843	Ternium	427,660	54,826	Austevoll Seafood	232,730	13,189	Grifols	458,516
		9,541,476	6,567	Bakkafrost	74,598	388,469	Iberdrola	1,800,554
	% of Total Investments	0.05%	90,230	Borregaard	325,834	17,172	Industria de Diseno Textil	2,057,206
Netherlands			99,456	BW Offshore	86,220	81,921	Mapfre	255,020
296,752	Aegon	2,036,312	69,852	DNB	906,247	13,378	Mediaset Espana Comunicacion	112,228
59,713	Airbus Group	3,332,583	570,406	DNO International	1,650,583	15,027	Natra	33,210
19,290	Akzo Nobel	1,086,799	197,437	Kongsberg Automotive	136,457	64,756	Red Electrica	3,140,666
34,777	ASM International	832,909	101,475	Orkla	574,172	71,634	Repsol	1,312,335
42,915	ASML	2,919,937	1,132	Selvaag Bolig	2,396	201,744	Repsol	1,259,605
50,069	Be Semiconductor Industries	411,317	75,619	Sparebank	497,315	366,626	Telefonica	4,339,019
61,705	BinckBank	475,622	287	Sparebanken More	6,795	1,140	Vidrala	42,682
5,977	Boskalis Westminster	229,547	4,014	Spectrum	17,759	13,428	Zaradoya-Otis	176,578
5,295	Corio	172,485	31,509	Statoil	553,847	629	Zeltia	1,453
9,407	First Britannia Mezzanine	0	29,469	Yara International	919,695			42,833,720
6,380	Fugro	276,350			6,330,572		% of Total Investments	0.22%
6,235	Gemalto	498,862	Portugal					
31,255	Heineken	1,509,452	159,000	Altri	356,160	4,080	AarhusKarlshamn	189,744
759,330	ING	7,669,233	1,295,072	Banco Espirito Santo	1,345,580	34,340	Assa Abloy	1,317,146
2,434	KAS Bank	23,732	133,610	EDP Energias Portugal	356,739	9,021	B&B Tools AB	119,902
56,147	Koninklijke Ahold	732,718	24,300	GALP Energia	289,535	34,269	Bilia	634,389
14,692	Koninklijke DSM	839,795	19,867	Jeronimo Martins	282,409	11,989	Dios Fastigheter	61,710
251,584	Koninklijke KPN	589,461	82,965	Mota Engil	358,658	5,492	Doro	27,277
76,248	Koninklijke Philips Electronic	2,031,628	42,239	Portugal Telecom	133,475	8,591	Duni	80,731
39,133	Koninklijke Vopak	1,663,935	4,145	Semapa Sociedade de Investimento	33,753	58,630	Ericsson	519,517
10,562	Lyondellbasell Industries	614,834	34,038	Sonaecom - SGPS	87,444	20,367	Haldex	137,940
5,656	Nielsen N.V.	188,205			3,243,752	39,590	Intrum Justitia	804,393
5,546	NXP Semiconductors	184,706		% of Total Investments	0.02%	28,144	KappAhl	120,085
6,533	Oci	213,858	Spain			41,130	Kungsleden	200,564
101,216	Postnl	420,046	229,954	Abertisinfraestructuras	3,713,757	17,907	Loomis	308,250
55,103	Qiagen	933,169	2,086	Acciona	87,122	37,588	NCC	890,578
8,612	Randstad	406,056	6,383	Acerinox	59,024	19,631	Nobia	120,767
55,119	Reed Elsevier	848,833	14,104	ACS Actividades	352,882	5,250	Nolato	86,818
231,175	Royal Dutch Shell	5,995,743	1,936	Adveo Group International	28,924	312,399	Nordea Bank	3,055,544
27,724	Royal Dutch Shell B	758,195	31,878	Amadeus	991,565	23,620	Saab	459,917
14,661	SBM Offshore	216,983	711,518	Banco Bilbao Vizcaya	6,366,663	23,857	Semcon	162,923
28,424	Sensata Technologies Holding	799,071	281,564	Banco de Sabadell	533,845	2,040	Svolder	18,767
71,429	SNS Reaal	60,072	378,846	Banco Popular Espanol	1,661,240	9,640	Vitrolife	102,558
52,354	STMicroelectronics	305,747	916,924	Banco Santander	5,965,508	88,105	Volvo	839,867
38,205	TNT Express	257,807	54,370	Bankinter S A	271,143	109,253	Vostok Nafta	662,861
251,710	TomTom	1,296,558	137,782	Caixabank	521,918			10,922,247
175,830	Unilever	5,147,423	1,634	Corporacion Financiera Alba	69,445		% of Total Investments	0.06%
129,439	USG People	1,254,005	47,511	Distribuidora Internacional	308,822	Switzerland		
51,508	Wessanen	146,231	16,231	EDP Renovaveis	62,668	8,001	Ace	600,641
24,456	Wolters Kluwers	507,340				934	Actelion	57,329
						1,238	Advanced Digital Broadcast	15,732
						9,275	AFG	237,617

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
1,285	AIG Private Equity	21,354	10,035	TE Connectivity	401,007	5,270	EnSCO	218,504
306	APG SGA	62,067	10,427	Tyco International	310,292	52,283	Faroe Petroleum	74,471
7,334	Autoneum Holding	816,084	7,479	U Blox Holding	585,782	31,534	Fidessa Group	852,178
261	Banque Cantonale de Geneve	47,901	783	Valiant Holding	50,931	15,611	Galliford Try	218,895
1,404	Barry Callebaut	1,278,651	1,425	Valora	288,691	93,398	Gem Diamond	162,721
4,835	Basilea Pharmaceutica	415,126	192	Vaudoise Versicherung	59,746	72,272	Genel Energy	931,899
19	Bell	35,846	53	Vetropack	78,619	68,567	Glaxosmithkline	1,325,365
445	Bucher Industries	93,886	17,615	Weatherford	197,851	61,664	Grainger	150,739
825	CALIDA Holding	18,918	3,367	Zurich Insurance	709,001	40,835	Greggs	210,861
181	Carlo Gavazzi Holding	30,963			38,740,413	78,894	Halfords Group	422,055
40,577	Cie Financiere Richemont	2,935,189		% of Total Investments	0.20%	10,489	Hargreaves Services	105,808
2,021	Coltene Holding	75,483		United Kingdom		552,505	Hays	860,203
629	Comet	240,563	447,475	3I Infrastructure	716,540	618,707	HICL Infrastructure	998,154
14,019	Credit Suisse	311,419	164,658	888	340,692	78,892	Highland Gold Mining	55,358
1,229	Daetwyler	124,041	562,708	Afren	1,142,020	36,872	Hikma Pharmaceuticals	531,166
391	EFG Financial Products Holding	34,080	16,063	AGA Rangemaster Group	32,561	20,877	Hill & Smith	129,088
356	Emmi	79,314	48,430	Alent	206,221	5,822	Hilton Food Group	29,766
2,749	Fischer	1,405,179	3,742	Amdocs	111,899	402,539	Home Retail	926,559
1,933	Flughafen Zurich	821,163	50,665	Anglo American	802,181	122,650	HSBC	974,492
303	Forbo Holdings	188,079	6,939	Aon	422,096	12,400	HSBC Holdings	97,581
2,261	Foster Wheeler	54,135	67,389	Associated British Foods	1,976,324	34,942	Hunting	326,913
1,269	Galenica	928,284	102,462	Astrazeneca	4,393,072	5,300	Impellam	21,773
2,466	Garmin	82,647	8,966	Atkins (Ws)	152,498	263,087	Innovation	109,659
332,415	Glencore Xstrata	1,246,805	25,227	Awilco Drilling	389,129	62,559	Interserve	467,485
326	Gurit Holding	119,767	1,352,775	Barclays	4,412,704	243,349	Investec	1,277,312
702	Helvetia	255,902	56,272	Berendsen	632,107	18,047	ISG	57,256
16,556	Highlight Common	65,727	16,667	Berkeley	530,977	44,200	J D Wetherspoon	403,722
16,816	Implenia	891,073	6,572	Betfair Group	85,136	4,452	James Fisher & Sons	66,751
75	Interroll Holding	29,936	159,545	BG	2,483,023	124,204	Jazztel	966,183
21,352	Kardex	681,817	50,049	BG Group	778,920	32,004	JXX Oil & Gas	27,447
5,834	Komax	642,995	104,599	Bodycote	840,606	52,066	Johnson Service	33,490
31,929	Kudelski	353,726	75,766	British American Tobacco	2,942,669	136,459	Johnston Press	26,189
1,684	Kuoni Reisen Holding	552,485	369	British Land	2,784	328,176	Kelda	0
55,616	Logitech International	554,982	9,102	British Polythene Industries	70,419	105,896	Keller	1,459,452
45,654	Lonza	3,146,243	189,580	Britvic	1,574,717	378,663	Kingfisher	1,747,291
21,922	Micronas	125,539	471,625	BT	2,146,270	57,522	Lavendon	119,363
5,947	Mobilezone Holding	45,537	1,135,653	Centamin	606,853	656,311	Legal & General	1,753,154
78,752	Nestle	4,189,073	34,793	Chesnara	134,277	23,771	Liberty Global	1,470,112
11,186	Nobel Biocare	126,658	26,671	Close Brothers Group	438,918	1,700,677	Lloyds Banking	1,609,085
29,197	Novartis	1,693,407	73,317	CNH Industrial N.V	607,431	22,991	Low & Bonar	19,787
31,309	OC Oerlikon	340,482	45,225	Coalfield Resources	3,255	75,638	Marshalls Group	159,904
7,175	Partners Group	1,390,463	35,886	Communis	24,320	28,077	McBride	33,593
4,494	Pentair	253,099	174,742	Compass	2,028,910	10,377	Mecom	10,798
80	Phoenix Mecano	35,516	15,317	Computacenter	117,215	96,868	Micro Focus	892,343
11,374	Roche	2,308,896	9,839	Consort Medical	112,941	198,841	Mondi	2,494,755
12,763	Roche Holding	649,672	24,740	Cranswick	351,945	17,084	Morgan Sindall	154,713
354	Schweiter Technologies	195,225	6,495	Creston	7,284	1,974,852	National Grid	18,665,987
2,578	Schweizerische National	134,927	146,328	CSR	1,109,263	5,693	Noble Corporation	154,678
564	Siegfried Holding	74,244	3,767	CVS Group	11,770	136,851	Northgate	842,084
1,742	Swatch	836,518	144,338	Dairy Crest	934,899	17,676	Novae Group	132,936
14,241	Swiss Life	2,148,447	245,215	Dart	723,556	15,770	Optimal Payments	66,772
11,984	Swiss Re	800,983	7,070	Delphi Automotive	308,258	122,407	Pace	467,193
694	Swissquote Group Holding	22,133	918,100	Dixons Retail	534,209	64,181	Pearson	1,032,346
3,921	Syngenta	1,134,522	147,671	Drax	1,417,904	145,761	Pendragon	59,881
			738,795	Enquest	1,192,777	190,418	Pennon	1,504,021
						217,960	Persimmon	3,239,204
						54,192	Petrofac	795,622
						17,446	Photo-Me	27,570

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €
277,978	Premier Foods	416,784
266,926	Premier Oil	1,004,054
202,751	Prudential	3,258,802
374,066	Qinetiq	973,639
12,919	Rank Group	20,920
15,556	Renew Holdings	33,166
28,289	Restaurant Group	200,877
120,383	Rexam	766,021
30,078	Ricardo	241,540
74,786	Rolls-Royce	1,143,723
2,802	Rowan	71,843
87,789	RPC	621,273
68,865	Safestore Holdings	132,989
40,386	Salamander Energy	54,134
10,716	Savills	83,034
71,151	Scapa	97,718
53,924	Sapura	90,552
121,741	Severn Trent	2,489,725
27,852	SIG	70,691
109,891	Smith & Nephew	1,134,894
28,649	Smiths	508,582
54,215	SOCO International	256,996
351,770	Speedy Hire	270,041
7,509	Staffline Group	50,010
12,847	Synthomer	39,217
171,802	Telecty	1,495,050
13,527	Telford Homes	55,693
155,442	Tesco	623,390
38,116	Tetragon Financial Group	274,725
573,892	Thomas Cook Group	1,150,950
67,270	Thorntons	107,316
153,944	Trinity Mirror	376,689
118,029	TT Electronics	278,898
452,420	TUI Travel	2,241,750
5,800	UNITE Group	28,009
346,218	United Utilities	2,788,598
11,796,732	Vodafone	5,057,058
204,045	WH Smith	2,449,911
651,558	Whitbread	0
6,451	Workspace Group	40,856
160,996	WPP	2,664,921
3,435	XAAR	46,146
70,465	Xchanging	129,739
		123,665,166
	% of Total Investments	0.64%
Total European Equities		651,248,485
	% of Total Investments	3.38%

NORTH AMERICA

Holding	Security Description	Market Value €
Canada		
3,974	Agnico-Eagle Mines	75,926
3,440	Agrium	227,841
2,991	Alimentation Couche-Tard	162,853
7,146	ARC Resources	144,031
14,984	Bank of Montreal	723,207
27,453	Bank of Nova Scotia	1,243,066
26,827	Barrick Gold	342,126
5,944	BCE	186,370
1,749	Bell Aliant	31,866
11,477	BlackBerry	61,801
34,126	Bombardier	107,225
13,085	Brookfield Asset Management	367,639
5,765	Brookfield Office Properties	80,359
9,039	Cameco	135,791
9,207	Canadian Imperial Bank of Commerce	569,327
17,422	Canadian National Railway	719,158
25,253	Canadian Natural Resources	618,631
11,131	Canadian Oil Sands	151,590
3,676	Canadian Pacific Railway	402,528
1,776	Canadian Tire	120,438
4,135	Canadian Utilities	100,535
17,293	Cenovus Energy	358,331
6,031	CGI Group	146,099
3,462	CI Financial	83,417
8,894	Crescent Point Energy	250,070
16,386	Eldorado Gold	67,349
443,535	Enbridge	14,030,713
17,093	Encana	223,464
99,984	Entertainment One	310,853
459	Fairfax Financial	132,688
3,927	Finning International	72,673
13,603	First Quantum Minerals	177,467
114,653	Fortis	2,379,650
3,354	Franco-Nevada	98,967
18,602	Goldcorp	292,134
6,914	Great West Lifeco	154,341
6,786	Husky Energy	155,878
8,586	Iamgold Corp	20,659
2,275	IGM Financial	86,978
6,062	Imperial Oil	194,367
3,071	Intact Financial	145,208
40,217	Keyera	1,752,486
26,047	Kinross Gold	82,556
2,348	Loblaw Companies	67,826
5,043	Magna International	299,397
42,217	Manulife Financial	603,141
3,393	MEG Energy	70,793

Holding	Security Description	Market Value €
2,148	Metro	95,021
3,720	National Bank of Canada	224,123
166,489	Pembina Pipeline	4,246,485
11,106	Penn West Petroleum	67,146
19,919	Potash Corporation of Saskatchewan	475,471
8,010	Power Canada	174,439
5,356	Power Financial	131,427
3,391	Riocan REIT	57,252
8,351	Rogers Communications	273,623
33,657	Royal Bank of Canada	1,638,229
2,924	Saputo	96,444
8,943	Shaw Communications	157,574
4,614	Shoppers Drug Mart	183,006
8,126	Silver Wheaton	118,808
3,468	SNC-Lavalin Group	112,968
13,889	Sun Life Financial	355,201
34,723	Suncor Energy	881,388
23,709	Talisman Energy	199,582
10,837	Teck Resources	204,242
4,997	Telus	124,525
14,409	Tim Hortons	609,609
21,246	Toronto-Dominion Bank	1,449,756
6,037	Transalta	55,469
378,866	TransCanada	12,535,039
18,374	Turquoise Hill Resources	28,242
3,360	Ultra Petroleum	52,747
7,122	Valeant Pharmaceuticals International	604,965
101,500	Veresen	987,257
1,176	Weston (George)	62,123
32,420	Westshore Terminals Investment	764,812
17,301	Yamana Gold	108,021
		55,904,806
	% of Total Investments	0.29%

United States		
15,702	3M	1,596,843
82,853	Abbott Laboratories	2,302,774
36,118	AbbVie	1,383,070
1,765	Abercrombie & Fitch	42,119
14,093	Activision Blizzard	182,204
11,335	Adobe Systems	492,161
4,756	ADT	139,566
14,013	AES	147,436
8,398	Aetna	417,677
1,215	Affiliated Managers Group	191,073
10,716	Aflac	519,055
42,484	Agilent Technologies	1,761,772
60,188	AGL Resources	2,061,257
5,005	Air Products & Chemicals	405,670
12,796	Airgas	1,037,802
3,838	Akamai Technologies	131,301
23,979	Alcoa	184,828

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
4,663	Alexion Pharmaceuticals	449,901	27,008	Bank of New York Mellon	684,258	4,608	CIT	174,182
390	Alleghany	113,106	12,754	Baxter International	643,203	89,259	Citigroup	3,372,697
2,417	Allegheny Technologies	62,445	15,885	BB&T	429,866	4,188	Citrix Systems	192,075
7,037	Allergan	566,797	22,094	Beam	1,090,362	1,064	City National	61,120
1,123	Alliance Data Systems	214,104	16,362	Becton Dickinson & Co	1,310,882	3,456	Cliffs Natural Resources	65,682
2,541	Alliant Energy	95,073	4,934	Bed Bath & Beyond	287,289	2,929	Clorox	197,008
10,460	Allstate	413,667	2,334	Bemis	69,321	7,118	CME	404,959
7,220	Altera	170,304	24,561	Berkshire Hathaway	3,658,422	5,980	CMS Energy	116,079
46,277	Altria	1,288,213	6,138	Best Buy	177,495	624	CNA Financial	19,406
17,136	Amazon.com	4,955,163	5,460	Biogen Idec	1,107,559	6,337	Coach	257,919
5,454	Ameren	143,004	2,984	Blackrock	684,756	7,610	Cobalt International Energy	90,773
9,132	American Capital Agency	127,733	30,706	Boeing	3,038,983	122,944	Coca-Cola	3,682,704
4,169	American Eagle Outfitters	43,531	5,168	Borgwarner	209,516	6,042	Coca-Cola Enterprises	193,339
10,986	American Electric Power	372,334	3,762	Boston Properties	273,796	7,177	Cognizant Technology Solutions	525,512
21,597	American Express	1,420,851	30,305	Boston Scientific	264,133	42,608	Colgate-Palmolive	2,014,696
34,012	American International	1,259,019	37,926	Bristol-Myers Squibb	1,461,654	59,511	Comcast	2,225,615
19,568	American States Water	407,649	11,929	Broadcom	256,468	4,179	Comerica	144,057
263,243	American Tower	15,236,064	2,743	Broadridge Financial Solutions	78,604	2,084	Commerce Bancshares	67,878
95,960	American Water Works	2,940,519	2,783	Brown & Brown	63,344	3,333	Computer Sciences	135,050
4,465	Ameriprise Financial	372,488	2,883	Brown-Forman	157,979	9,526	Conagra Foods	232,779
5,194	Amerisourcebergen	264,803	3,392	Bunge	201,956	2,402	Concho Resources	188,105
5,512	Ametek	210,512	7,676	CA	187,294	27,903	Conocophillips	1,429,445
30,688	Amgen	2,540,310	4,217	Cablevision Systems	54,826	5,159	Consol Energy	142,302
15,337	Amphenol	991,773	9,430	Cabot Oil & Gas	265,033	156,488	Consolidated Edison	6,272,683
31,515	Anadarko Petroleum	1,812,610	24,166	California Water Service	404,256	4,057	Constellation Brands	207,042
6,903	Analog Devices	254,927	8,495	Calpine	120,178	1,023	Continental Resources	83,466
21,819	Annaly Capital Management	157,737	27,958	Cameron International	1,206,830	34,951	Corning	451,618
2,009	ANSYS	127,028	4,101	Campbell Soup	128,701	39,186	Costco Wholesale	3,381,572
11,148	Antero Resources	512,819	12,232	Capital One Financial	679,496	200	Cousins Properties	1,494
9,218	Apache	574,429	7,699	Cardinal Health	372,975	14,235	CR Bard	1,382,522
28,235	Apple	11,487,884	4,838	Carefusion	139,692	4,660	Credicorp	448,497
27,081	Applied Materials	347,374	5,059	Carmax	172,485	2,452	Cree	111,248
89,522	Aqua America	1,531,306	4,698	Catamaran	161,553	21,800	Crosstex Energy	571,596
15,689	Archer-Daniels-Midland	493,730	30,003	Caterpillar	1,975,616	178,361	Crown Castle International	9,496,808
2,308	Arrow Electronics	90,790	115,309	CBRE	2,198,990	24,278	CSX	506,474
2,942	Arthur J Gallagher & Co	100,115	12,764	CBS	589,934	22,643	Ctrip.com	814,695
1,782	Ashland	125,390	3,668	Celanese	147,108	14,264	Cummins	1,458,050
1,692	Assurant	81,429	12,729	Celgene	1,559,489	27,357	CVS Caremark	1,419,723
122,340	AT&T	3,119,045	230,779	Centerpoint Energy	3,878,948	46,048	Danaher	2,577,700
46,063	Atmos Energy	1,517,063	13,556	Centurylink	313,073	2,929	Darden Restaurants	115,474
5,051	Autodesk	184,335	6,645	Cerner	268,575	4,745	Davita Healthcare Partners	218,034
2,195	Autoliv	146,111	1,293	CF Industries	218,491	8,303	Deere & Co	549,861
11,032	Automatic Data Processing	646,433	3,596	CH Robinson Worldwide	152,121	5,807	Delta Air Lines	115,668
748	Autonation	26,951	26,004	Charles Schwab	490,250	8,429	Denbury Resources	100,419
800	Autozone	277,247	1,552	Charter Communications	153,906	3,235	Dentsply International	113,721
2,923	Avalonbay Communities	250,588	112,715	Cheniere Energy	3,524,234	9,126	Devon Energy	409,416
2,213	Avery Dennison	80,538	15,091	Chesapeake Energy	296,983	1,561	Diamond Offshore Drilling	64,428
3,161	Avnet	101,103	44,771	Chevron	4,055,069	2,958	Digital Realty Trust	105,356
9,745	Avon Products	121,680	3,647	Chipotle Mexican Grill	1,408,925	12,407	Directv	621,565
2,475	Axis Capital	85,371	5,767	Chubb	404,079	10,919	Discover Financial Services	442,983
2,557	Babcock & Wilcox Co	63,392	3,200	Church & Dwight	153,793	16,002	Discovery Communications	1,039,773
9,972	Baker Hughes	399,574	6,383	Cigna	404,891			
3,274	Ball Corp	122,641	1,993	Cimarex Energy	151,610			
247,127	Bank of America	2,790,057	3,201	Cincinnati Financial	121,555			
			2,365	Cintas	102,190			
			122,186	Cisco Systems	1,989,033			

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
4,732	Dish Network	198,736	3,072	FMC	168,090	18,670	Host Hotels & Resorts	263,175
53,474	Dollar General	2,338,882	5,360	FMC Technologies	202,919	9,844	Hudson City Bancorp	67,311
5,064	Dollar Tree	207,172	3,484	Foot Locker	104,689	3,531	Humana	264,281
13,574	Dominion Resources	636,721	88,930	Ford Motor	994,989	18,724	Huntington Bancshares	131,018
3,861	Dover	270,278	6,044	Forest Laboratories	263,086	1,636	IAC	81,486
28,125	Dow Chemical	905,482	3,801	Fortune Brands Home & Security	125,956	1,378	IHS	119,605
6,374	Dr Horton	103,160	1,135	Fossil	98,711	9,167	Illinois Tool Works	558,887
4,596	Dr Pepper Snapple	162,365	9,361	Franklin Resources	391,857	2,865	Illumina	229,807
743	DST Systems	48,887	24,406	Freeport-Mcmoran Copper & Gold	667,887	2,472	ING US	63,005
4,451	DTE Energy	214,272	22,332	Frontier Communications	75,298	115,038	Intel	2,165,460
16,435	Duke Energy	822,405	2,656	Gamestop	94,870	13,093	Intercontinental Exchange	2,135,362
7,487	Duke Realty	81,651	5,165	Gannett	110,783	25,241	International Business Machine	3,433,003
876	Dun & Bradstreet	77,970	5,980	GAP	169,457	1,839	International Flavors & Fragrances	114,652
3,461	Eastman Chemical	202,525	234,600	General Electric	4,768,210	5,876	International Game Technology	77,375
71,587	Ebay	2,849,257	12,694	General Growth Properties	184,735	10,749	International Paper	382,150
6,459	Ecolab	488,347	14,611	General Mills	528,776	9,527	Interpublic	122,274
7,353	Edison International	246,859	25,949	General Motors	769,006	6,223	Intuit	344,384
2,550	Edwards Lifesciences	121,592	3,319	Gentex	79,395	896	Intuitive Surgical	249,536
21,302	Ei Du Pont De Nemours & Co	1,003,546	3,513	Genuine Parts	211,911	10,023	Invesco	264,547
6,637	Electronic Arts	110,400	11,143	Genworth Financial	125,481	3,785	Iron Mountain	83,297
23,492	Eli Lilly & Co	868,749	65,953	Gilead Sciences	3,593,915	1,737,991	iShares Russell 2000 Index Fund	145,317,774
154,308	EMC	2,814,043	9,731	Goldman Sachs	1,250,756	26,613	ITC	1,849,074
16,225	Emerson Electric	825,662	11,826	Google	9,610,265	4,198	Jabil Circuit	53,088
28,286	Enbridge Energy Management	588,241	19,129	Green Mountain Coffee Roasters	1,048,343	2,952	Jacobs Engineering	134,832
1,426	Energizer	111,921	3,090	Green Mountainfee Roasters	169,344	2,130	JB Hunt Transport Services	119,389
4,019	Entergy	184,383	6,117	H&R Block	128,807	6,735	JC Penney	44,685
6,349	EOG Resouces	772,690	18,201	Hain Celestial Group	1,198,091	2,276	JM Smucker	171,009
3,365	EQT	219,063	19,778	Halliburton	727,818	63,276	Johnson & Johnson	4,202,341
2,737	Equifax	137,118	5,059	Harley-Davidson	253,995	15,952	Johnson Controls	593,385
17,773	Equinix	2,286,867	1,536	Harman International Industries	91,162	2,389	Joy Global	101,322
8,718	Equity Residential	327,897	2,413	Harris	122,146	87,549	JPMorgan Chase & Co	3,712,469
592	Erie Indemnity	31,388	10,289	Hartford Financial Services	270,300	11,426	Juniper Networks	186,995
5,164	Estee Lauders	282,034	2,620	Hasbro	104,507	2,477	Kansas City Southern Railway	222,411
1,119	Everest Reinsurance Group	126,473	7,146	HCA	247,216	5,557	Kellogg	246,078
20,569	Exelon	408,516	10,220	HCP	269,154	20,778	Keycorp	202,190
2,442	Expedia	123,348	6,418	Health Care Reit	249,302	9,019	Kimberly-Clark	683,145
4,661	Expeditors International of Washington	149,554	2,007	Henry Schein	166,282	9,157	Kimco Realty	131,137
18,810	Express Scripts Holding	958,027	2,375	Herbalife	135,532	359,750	Kinder Morgan	9,390,907
100,762	Exxon Mobil	7,394,036	3,675	Hershey	259,097	54,804	Kinder Morgan Management	3,006,650
1,768	F5 Networks	116,482	10,342	Hertz Global Holdings	214,624	3,744	KLA-Tencor	174,997
75,045	Facebook	2,974,374	6,869	Hess	413,405	4,661	Kohl's	191,800
2,161	Family Dollar Stores	101,806	44,776	Hewlett-Packard	908,442	13,937	Kraft Foods	544,908
6,122	Fastenal	210,903	2,835	Hillshire Brands	68,742	11,104	Kroger	318,281
1,513	Federal Realty Investment Trust	111,256	4,604	Hollyfrontier	165,886	41,961	L Brands	1,881,871
25,228	Fedex	2,629,998	41,308	Home Depot	2,466,319	2,033	Laboratory Corporation of America	134,693
7,328	Fidelity National Information	285,235	49,431	Honeywell International	3,274,970	15,400	Laclede	508,532
20,904	Fifth Third Bancorp	318,767	3,095	Hormel Foods	101,371	3,664	LAM Research	144,663
1,542	First Solar	61,094	3,721	Hospira	111,379	9,476	Las Vegas Sands	541,927
9,437	Firstenergy	225,678	3,219	Hospitality Properties Trust	63,092	2,507	Legg Mason	79,040
5,872	Fiserv	251,426						
3,173	Flowserve	181,370						
3,667	Fluor	213,490						

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
3,223	Leggett & Platt	72,308	5,708	Motorola Solutions	279,378	13,789	Phillips 66	771,188
1,630	Leidos	54,948	3,965	Murphy Oil	186,534	38,514	Piedmont Natural Gas	926,056
3,648	Lennar	104,644	8,600	Mylan	270,640	2,472	Pinnacle West Capital	94,858
7,097	Leucadia National	145,841	6,123	Nabors Industries	75,433	3,315	Pioneer Natural Resources	442,457
11,322	Liberty Interactive	240,955	9,987	National Oilwell Varco	575,931	4,426	Plum Creek Timber	149,266
2,272	Liberty Media - Liberty	241,269	3,787	NCR	93,529	12,454	PNC Financial Services	700,588
3,291	Liberty Property Trust	80,825	7,676	Netapp	228,983	3,216	PPG Industries	442,279
814	Liberty Ventures	72,358	1,262	Netflix	336,909	14,256	PPL	311,046
3,883	Life Technologies	213,423	21,005	New Jersey Resources	704,279	6,951	Praxair	655,383
5,970	Lincoln National	223,458	9,738	New York Community Bancorp	118,980	11,783	Precision Castparts	2,300,893
5,264	Linear Technology	173,864	6,509	Newell Rubbermaid	152,967	2,692	Priceline.com	2,269,002
2,441	LinkedIn	383,788	3,046	Newfield Exploration	54,400	6,670	Principal Financial	238,487
6,254	LKQ	149,196	11,059	Newmont Mining	184,678	62,676	Procter & Gamble	3,699,843
6,935	Loews	242,582	11,043	News	143,951	12,556	Progressive	248,279
8,439	Lorillard	310,121	9,915	Nextera Energy	615,563	11,245	Prologis	301,285
24,472	Lowe's	879,260	50,706	Nike	2,891,393	10,862	Prudential Financial	726,339
12,407	LSI	99,141	6,989	Nisource	166,629	11,479	Public Service Enterprise	266,686
2,410	Lululemon Athletica	103,156	160,822	NISOURCE INC	3,834,260	3,226	Public Storage	352,097
2,575	M&T Bank	217,375	8,574	Noble Energy	423,447	7,156	PulteGroup	105,698
3,172	Macerich	135,450	3,382	Nordstrom	151,554	17,370	PVH	1,713,195
8,530	Macy's	330,289	7,100	Norfolk Southern	477,915	4,045	QEP Resources	89,899
1,803	Manpower	112,251	168,436	Northeast Utilities	5,177,291	95,632	Qualcomm	5,148,775
15,878	Marathon Oil	406,420	5,445	Northern Trust	244,356	3,428	Quest Diagnostics	133,083
7,066	Marathon Petroleum	469,991	13,651	Northwest Natural Gas	423,853	4,047	Questar	67,465
297	Markel	124,983	19,487	Northwestern	612,122	2,496	Rackspace	70,820
5,341	Marriott International	191,162	7,308	NRG Energy	152,190	1,362	Ralph Lauren	174,381
13,170	Marsh & McLennan	461,824	5,790	Nuance Communications	63,816	3,680	Range Resources	224,973
9,386	Marvell Technology Group	97,869	7,147	Nucor	276,635	2,905	Rayonier	88,681
8,127	Masco	134,183	12,509	Nvidia	145,308	4,519	Realty Income	122,322
2,401	Mastercard	1,454,528	99	NVR	73,653	4,279	Red Hat	173,878
7,743	Mattel	267,139	18,661	Occidental Petroleum	1,286,826	2,110	Regency Centers	70,838
6,562	Maxim Integrated Products	132,801	5,533	Old Republic International	69,288	9,149	Regeneron Pharmaceuticals	1,825,952
2,696	McCormick & Co	134,732	2,383	Omnicare	104,298	31,482	Regions Financial	225,768
23,056	McDonald's	1,622,162	6,328	Omnicom	341,247	974	Renaissance	68,747
6,186	McGraw-Hills	350,769	110,373	Oneok	4,976,429	6,773	Republic Services	163,051
17,059	McKesson	1,996,463	151,719	Oracle	4,209,099	144,565	Resmed	496,787
4,325	MDU Resources	95,808	2,450	O'Reilly Automotive	228,656	7,868	Reynolds American	285,201
4,617	Mead Johnson Nutrition	280,415	3,723	Owens-Illinois	96,591	2,973	Robert Half International	90,520
3,993	Meadwestvaco	106,926	8,572	Paccar	367,780	3,455	Rockwell Automation	296,021
22,831	Medtronic	950,091	2,507	Pall	155,154	3,047	Rockwell Collins	163,320
67,358	Merck & Co	2,444,542	3,372	Parker Hannifin	314,534	2,220	Roper Industries	223,240
20,592	Metlife	805,105	1,246	Partnerre	95,255	4,967	Ross Stores	269,870
8,440	MGM Resorts International	143,941	1,923	Pattersons	57,449	1,171	Ryder System	62,647
4,173	Michael Kors Holdings	245,672	3,328	Patterson-UTI Energy	61,101	5,426	Safeway	128,145
4,449	Microchip Technology	144,364	7,387	Paychex	243,877	46,231	Salesforce.com	1,850,112
24,740	Micron Technology	390,358	6,055	Peabody Energy	85,747	5,479	Sandisk	280,247
239,700	Microsoft	6,505,671	7,247	People's United Financial	79,454	77,074	SBA Communications	5,020,904
1,403	Mohawk Industries	151,480	132,101	Pepco	1,832,421	2,827	Scana	96,201
3,019	Molson Coors Brewing	122,918	55,634	Pepsico	3,345,866	61,212	Schlumberger	3,999,575
40,272	Mondelez International	1,030,818	2,317	Petsmart	122,226	1,889	Scripps Networks Interactive	118,359
24,524	Monsanto	2,072,563	149,402	Pfizer	3,318,239	4,380	Sealed Air	108,142
3,072	Monster Beverage	150,960	239,346	PG&E	6,990,687	858	Sears	30,510
5,031	Moody's	286,261	50,961	Philip Morris International	3,219,659	2,968	SEI Investments	74,743
32,821	Morgan Stanley	746,332						
6,674	Mosaic	228,758						

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
21,600	Semgroup	1,021,658	6,424	Tyson Foods	155,860	53,101	Xilinx	1,768,108
122,198	Sempra Energy	7,953,370	28,356	UIL	796,748	4,189	Xylem	105,097
7,306	ServiceNow	296,722	10,683	Union Pacific	1,301,388	21,344	Yahoo!	625,880
10,422	Sherwin-Williams	1,386,728	2,050	United Continental	56,233	45,064	Yum! Brands	2,470,661
2,718	Sigma-Aldrich	185,280	16,668	United Parcel Service	1,270,012	3,799	Zimmer	256,710
7,154	Simon Property	789,321	3,234	United States Steel	69,178	4,148	Zions Bancorporation	90,112
71,509	Sirius Xm Radio	180,963	20,884	United Technologies	1,723,297			641,518,277
2,110	SL Green Realty	141,340	23,540	Unitedhealth	1,285,303		% of Total Investments	3.33%
9,845	SLM	187,605	2,090	Universal Health Services	123,148			
12,867	SouFun Holdings	768,885	5,949	UNUM	151,324		Total North American Equities	697,423,083
20,406	Southern	608,288	2,470	Urban Outfitters	66,447		% of Total Investments	3.62%
14,116	Southern Copper	293,866	42,624	US Bancorp	1,248,647			
3,738	Southwest Airlines	51,065	12,308	Valero Energy	449,803			
23,482	Southwest Gas	951,982	2,430	Varian Medical Systems	136,891			
7,906	Southwestern Energy	225,468	6,641	Ventas	275,830			
358,475	Spectra Energy	9,258,850	3,244	Verisign	140,618			
18,997	Sprint Nextel	148,080	3,215	Verisk Analytics	153,208			
1,044	SPX	75,406	65,663	Verizon communica-tions	2,339,700			
7,059	St Jude Medical	317,095	16,860	Vertex Pharmaceuticals	908,345			
3,612	Stanley Black & Decker	211,335	7,800	VF	352,586			
14,984	Staples	172,646	9,108	Viacom	576,820			
43,163	Starbucks	2,453,446	11,689	Visa	1,887,395			
4,391	Starwood Hotels & Resorts	252,966	1,690	VMware	109,934			
2,195	Starz	46,539	3,778	Vornado Realty Trust	243,237			
10,065	State Street	535,618	2,912	Vulcan Materials	125,467			
1,848	Stericycle	155,668	20,382	Walgreen	848,917			
6,378	Stryker	347,504	53,829	Wal-Mart Stores	3,071,426			
12,115	Suntrust Banks	323,365	40,860	Walt Disney	2,263,581			
15,657	Symantec	267,705	11,345	Waste Management	369,118			
3,543	Synopsys	104,227	1,835	Waters	133,058			
13,396	Sysco	350,660	648	Weight Watchers Inter-national	15,473			
16,567	T Rowe Price	1,006,321	2,505	Weingarten Realty Investors	49,806			
18,784	TAL Education Group	299,514	6,780	Wellpoint	454,212			
14,628	Targa Resources	935,212	121,902	Wells Fargo & Co	4,013,016			
14,800	Target	678,991	5,075	Western Digital	308,747			
4,934	TD Ameritrade	109,621	12,575	Western Union	157,290			
4,909	Teco Energy	61,367	13,140	Weyerhaeuser	300,797			
3,688	Teradata	121,650	26,272	WGL	763,147			
25,844	Texas Instruments	822,863	1,787	Whirlpool	203,255			
8,466	Thermo Fisher Scientific	683,554	122	White Mountains Insurance	53,351			
8,547	Thomson Reuters	234,022	45,315	Whole Foods Market	1,900,200			
2,644	Tiffany & Co	177,877	364,359	Williams	10,190,216			
20,762	Time Warner	1,049,617	13,276	Windstream	76,820			
12,725	Time Warner Cable	1,250,263	5,138	Wisconsin Energy	154,017			
16,827	TJX	777,598	4,484	WPX Energy	66,263			
5,904	T-Mobile	144,015	2,525	WR Berkeley	79,443			
3,543	Toll Brothers	95,055	35,343	WuXi PharmaTech (Cayman)	983,587			
1,981	Torchmark	112,258	1,498	WW Grainger	277,441			
3,631	Total System Services	87,622	3,001	Wyndham Worldwide	160,354			
2,423	Tractor Supply	136,304	2,027	Wynn Resorts	285,450			
1,091	TransDigm Group	127,382	11,222	Xcel Energy	227,353			
8,497	Travelers	557,841	27,648	Xerox	243,982			
5,881	Trimble Navigation	147,974						
2,275	Tripadvisor	136,639						
2,673	TRW Automotive Holdings	144,184						
135,868	Twenty-First Century Fox	3,465,571						

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
303,000	China Communications Construction H	177,097	537,954	Guangzhou R&F Properties	570,488	345,000	Zijin Mining Group	53,557
146,400	China Communications Services	65,716	110,000	Haitong Securities	138,872	33,600	ZTE	48,389
9,584,461	China Construction Bank	5,243,386	50,500	Hengan International Group	432,589			57,266,364
286,000	China Hongxing Sports	18,887	624,000	Huadin Power International	179,148		% of Total Investments	0.30%
471,000	China Life Insurance	1,068,122	1,060,163	Huaneng Power International H	694,991	Colombia		
168,002	China Longyuan Power Group	156,952	7,785,457	Industrial & Commercial Bank	3,815,080	11,337	Almacenes Exito	127,755
264,000	China Mengniu Dairy	908,532	56,600	Intime Department Store Group	42,715	5,516	Banco Davivienda (Preference)	49,023
1,043,066	China Merchants	1,611,425	830,000	Jiangsu Expressway	739,706	13,447	Bancolombia	120,317
262,000	China Milk Products Group	0	81,000	Jiangxi Copper H	106,048	22,380	Bancolombia (Preference)	197,050
882,500	China Minsheng Banking	710,569	402,000	Lenovo Group	354,508	15,759	Cementos Argos	58,011
562,000	China National Building Materials	438,319	35,778	Li Heng Chemical Fibre	2,383	4,866	Corporate Finance del Valle	72,381
334,830	China Oilfield Services H	753,057	106,900	Longfor Properties	108,367	312,380	Ecopetrol	434,154
163,600	China Pacific Insurance	465,099	1,412,552	Maanshan Iron & Steel	277,404	17,614	Grupo Argos (Preference)	128,621
3,311,000	China Petroleum and Chemical	1,959,978	35,300	New China Life Insurance	85,829	4,885	Grupo Argos	35,781
2,251,994	China Railway Construction	1,625,821	243,700	People's Insurance	85,462	96,454	Grupo Aval Acciones y Valores (Preference)	46,194
226,000	China Railway Group	84,539	2,294,124	Petrochina	1,823,577	16,266	Grupo de Inversiones	205,906
226,000	China Shenhua Energy	516,744	661,338	PiCC Property & Ca	711,229	4,002	Grupo de Inversiones Suramerica (Preference)	52,584
548,000	China Shipping	308,507	239,000	Ping An Insurance	1,552,238	22,059	Interconexion Electrica	75,403
231,000	China Shipping Container Lines	43,637	96,000	Shandong Weigao Group Medical	93,906	51,293	Isaen	62,618
279,000	China Sky Chemical Fibre	16,342	192,000	Shanghai Electric Group	50,634	7,426	Pacific Rubiales Energy	92,831
936,000	China Telecom	343,123	29,100	Shanghai Pharmaceuticals	51,651			1,758,632
53,000	Chongqing Changan Automobile	75,833	33,000	Shenzhou International Group	89,804		% of Total Investments	0.01%
1,159,708	Chongqing Rural Commercial	407,779	251,333	Shui On Land	55,939	Cyprus		
37,000	Citic Securities	73,181	106,000	Sihuan Pharmaceutical	70,182	23,810	Deep Sea Supply	32,599
2,144,583	Cnooc	2,891,987	1,096,000	Sino Grandness Food Industry	456,300	30,219	Global Ports Investment	306,331
1,591,344	Coolpad Group	377,995	278,511	Sino-Ocean Land	132,571	28,200	Globaltrans Investment	325,125
147,000	Cosco Development H	51,963	240,000	Sinopec Shanghai Petrochemical	50,050	5,578	QIWI	226,501
2,697,615	Country Garden	1,180,631	56,800	Sinopharm Group	118,186	3,500	TCS Group Holding	39,845
107,500	CSR	63,937	111,000	Sinotel Technologies	4,143			930,402
214,000	Datang International Power	71,645	819,953	Soho China	512,217		% of Total Investments	0.00%
164,000	Dongfeng Motor Group	186,188	149,500	Sun Art Retail Group	152,949	Czech Republic		
442,000	ENN Energy	2,370,522	124,300	Tencent	5,749,280	10,587	CEZ	199,565
302,888	Evergrande Real Estate Group	83,842	136,000	Tingyi Cayman	284,889	4,996	Komerčni Banka	805,313
350,800	Fosun International	252,603	20,000	Tsingtao Brewery	122,600	7,710	Telefonica O2	82,927
46,000	Golden Eagle Retail Group	44,050	68,000	Uni-President China	50,237			1,087,806
607,000	GOME Electrical	81,173	92,000	Wanguo International Mining	29,596		% of Total Investments	0.01%
530,295	Great Wall Motor Company	2,122,509	410,900	Want Want China	430,370	Egypt		
302,793	Greentown China	335,263	31,200	Weichai Power	91,179	48,609	Commercial International Bank (Egypt)	165,402
126,000	Guangzhou Automobile Group	99,921	35,000	Wumart Stores H	41,241	145,820	Orascom Telecom	71,732
			1,027,000	Yangzijiang Shipbuilding	698,860	64,045	Talaat Mostafa Group	41,338
			118,000	Yanzhou Coal Mining	78,127	23,350	Telecom Egypt	35,800
			1,475,846	Zhejiang Expressway H	1,011,657			314,271
			33,500	Zhongsheng Group	33,521		% of Total Investments	0.00%
			30,200	Zhuzhou CSR Times Electric	78,795	Gabon		
						67	Total Gabon	31,182
								31,182
							% of Total Investments	0.00%

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
95,290	Growthpoint Properties	158,838	21,680	Daewoo Shipbuilding & Marine	522,975	510	LG Chemical (Preference)	53,604
23,434	Harmony Gold Mining	41,668	6,990	DGB Financial	79,490	32,089	LG Display	560,645
52,485	Impala Platinum	443,200	2,360	Dongbu Insurance	91,412	6,736	LG Electronics	316,157
12,584	Imperial	175,041	3,016	Doosan Heavy Industry	73,585	1,682	LG Hausys	164,035
23,686	Investec	121,146	7,820	Doosan Infracore	67,910	639	LG Household & Health-care	241,343
13,241	Kumba Iron	403,111	4,531	E-Mart	832,233	1,030	LG Industrial Systems	46,640
30,066	Liberty	250,997	3,227	Forhuman	24	680	LG Innotek	39,227
92,368	Life Healthcare	265,449	3,000	GS	118,476	45,320	LG Uplus	335,778
7,789	Massmart	69,516	2,110	GS Engineering & Construction	44,354	1,056	Lotte Chemical	168,852
103,333	Mediclinic International	539,153	1,698	GS Home Shopping	359,394	49	Lotte Confectionery	64,571
64,302	MMI	111,688	50,432	Hana Financial	1,525,893	593	Lotte Shopping Center	165,116
27,222	Mondi	335,836	4,899	Hankook Tire	204,951	976	LS	54,419
14,800	Mr Price	166,370	5,100	Hanwha Chemical	75,748	2,919	Mando	251,477
206,612	MTN	3,078,329	11,880	Hanwha Life Insurance	62,146	1,580	Mirae Asset Securities	41,816
89,912	Murray & Roberts Holdings	165,491	6,121	Himart Co	369,134	2,674	Naver	1,334,300
37,014	Nampak	104,186	5,411	Hyosung T&C	262,172	1,064	NCSOFT	182,231
52,182	Naspers	3,926,404	822	Hyundai Department Store	91,212	816	NHN	54,215
13,175	Nedbank	189,946	3,090	Hyundai Development	49,408	911	Oci	119,924
60,845	Netcare	108,691	3,990	Hyundai Engineering & Construction	166,923	209	Orion	136,699
22,018	Northam Platinum	63,487	3,650	Hyundai Fire & Marine	81,758	13,669	Paradise	249,182
9,952	Omnia	137,979	906	Hyundai Glovis	144,243	26,263	Posco	2,563,603
14,785	Pick'N Pay Stores	52,782	2,698	Hyundai Heavy Industries	477,891	1,170	S-1	60,317
29,333	PPC	63,233	15,770	Hyundai Hysco	451,059	7,572	Samsung C&T	316,254
154,998	Redefine Properties	103,644	3,221	Hyundai Merchant Marine	25,307	2,416	Samsung Card	62,276
29,543	Remgro	421,504	611	Hyundai Mipo Dock	74,957	3,620	Samsung Electro Mechanics	182,131
17,061	Reunert	80,233	9,404	Hyundai Mobis	1,902,279	12,743	Samsung Electronics	11,727,881
46,827	RMB	155,436	23,671	Hyundai Motor	3,520,832	2,699	Samsung Electronics (Preference)	2,552,175
46,827	RMI	88,247	4,360	Hyundai Motor (Preference)	375,621	1,818	Samsung Engineering	82,697
275,067	Sanlam	1,005,394	8,140	Hyundai Securities	32,820	2,153	Samsung Fire & Marine Insurance	384,324
32,577	Sappi	73,246	6,469	Hyundai Wia	847,119	9,790	Samsung Heavy Industries	256,738
90,178	Sasol	3,185,266	10,615	Hyundai Steel	631,370	3,767	Samsung Life Insurance	270,012
28,907	Shoprite	325,467	9,920	Industrial Bank of Korea	83,069	2,070	Samsung SDI	231,121
9,699	SPAR	87,588	5,410	Kangwon Land	115,401	3,872	Samsung Securities	117,553
75,911	Standard Bank	674,475	23,556	KB Financial Group	685,933	2,160	Samsung Techwin	80,985
76,468	Steinhoff	236,922	1,261	KCC	407,172	7,542	SFA Engineering	213,640
9,437	Tiger Brands	172,938	40,355	Kia Motors	1,560,320	46,660	Shinhan Financial	1,521,106
26,269	Truworths	138,433	2,560	Korea Aerospace Industries	51,167	447	Shinsegae	77,790
21,715	Vodacom	198,276	28,340	Korea Electric Power	678,747	6,587	SK	867,111
43,752	Woolworths	224,227	1,854	Korea Gas	85,102	1,425	SK C&C	132,587
		22,085,931	2,120	Korea Investment	59,614	1,520	SK Holdings	200,092
		% of Total Investments 0.11%	514	Korea Zinc	112,653	77,960	SK Hynix	1,977,302
			1,624	Korean Air Lines	34,922	7,858	SK Innovation	766,341
			28,522	Korean Reinsurance	225,083	5,940	SK Networks	30,950
			7,715	KT Corporation	83,734	20,801	SK Telecom	1,362,904
			7,475	KT&G	383,814	2,660	S-Oil	135,665
			868	Kumho Petro Chemical	56,952	9,600	Soulbrain	295,093
			5,750	LG	253,630	16,500	Sung Kwang Bend	303,633
			6,466	LG Chemical	1,334,707	25,220	Woori Finance	231,180
						6,384	Woori Investment & Securities	42,195
						568	Yuhan	73,205
								53,777,426
							% of Total Investments	0.28%
South Korea								
176	Amoreg	56,405						
195	Amorepacific	134,397						
12,980	BS Financial	143,136						
4,227	Celltrion	111,728						
3,299	Cheil Industries	201,224						
5,690	Cheil Worldwide	107,845						
846	CJ	67,928						
550	CJ Cheiljedang	105,002						
2,750	Coway	125,850						
16,561	Daelim Industrial	1,074,063						
2,140	Daewoo	60,914						
9,390	Daewoo Engineering	47,697						
10,993	Daewoo Securities	67,431						

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
Taiwan								
155,000	Acer	69,069	20,800	Highwealth Construction	31,908	29,000	U-Ming Marine	37,779
372,359	Advanced Semi Engineering	251,154	10,024	Hiwin Technologies	61,387	69,000	Unimicron Technology	37,971
19,800	Advantech	99,560	1,220,554	Hon Hai Precision Industry	2,380,613	265,697	Uni-President Enterprises	347,424
404,645	Asia Cement	380,330	14,000	Hotai Motor	125,451	748,000	United Micro Electronics	224,941
41,480	Asustek Computer	270,690	47,100	HTC	161,711	215,000	Walsin Li Hwa Wire & Cable	50,049
455,000	Au Optronics	105,475	305,913	Hua Nan Financial	129,612	75,600	Wan Hai Lines	28,533
120,000	Catcher Technology	565,407	107,037	Huaku Development	219,455	520,000	Winbond Electronics	100,995
1,647,422	Cathay Financial	1,935,537	306,903	InnoLux	84,820	164,595	Wistron	100,398
46,200	Chailease Holding	88,198	640,620	Inventec	411,037	107,400	WPG	89,701
282,033	Chang Hwa Commercial Bank	126,019	343,103	King Yuan Electronics	170,851	96,800	Yang Ming Marine Transport	32,881
83,241	Cheng Shin Rubber Industry	158,100	106,855	Kinsus Interconnect Technology	257,330	458,702	Yuanta Financial	198,815
24,480	Cheng Uei Preciso	35,646	28,000	Largan Precision C	828,388	42,000	Yulon Motor	55,226
30,293	Chicony Electronics	55,249	23,961	LCY Chemical	22,609			36,384,509
154,842	China Air Lines	41,286	125,866	Lite-On Technology	146,499		% of Total Investments	0.19%
717,507	China Development Financial	157,242	229,320	Mediatek	2,476,480			
119,314	China Life Insurance	87,740	2,673,719	Mega Financial	1,634,138	Thailand		
37,000	China Motor	25,992	115,800	Merida Industry	610,472	60,900	Advanced Info Services	268,926
116,325	China Petrochemical	38,522	123,460	Merry Electronics	523,088	47,100	Airports of Thailand	165,243
745,027	China Steel	489,818	18,916	MStar Semiconductor	159,830	238,900	Bangkok Bank	941,259
117,000	Chipbond Technology	133,473	38,059	Nan Kang Rubber Tire	34,243	19,100	Bangkok Dusit Medical Services	49,676
246,200	Chunghwa Telecom	558,132	313,100	Nan Ya Plastic	525,293	106,000	Banpu	70,975
25,933	Clevo	40,667	25,000	Novatek Microelectronics	74,268	61,500	Bec World	68,745
258,000	Compal Electronic	143,551	124,000	Pegatron	115,945	354,700	BTS Group Holdings	74,429
774,032	CTBC Financial Holding	383,551	8,000	Phison Electronics	37,109	81,800	Central Pattana	68,803
59,000	CTCI	69,390	120,000	Pou Chen	130,175	205,800	Charoen Pokphand Foods	145,770
301,000	Delta Electronic	1,245,990	216,114	Powertech Technologies	239,701	267,000	CP All	248,218
241,600	E Sun Financial	116,483	117,000	President Chain Store	588,309	30,000	Glow Energy	46,815
43,060	Eclat Textile	352,300	170,000	Quanta Computer	287,695	177,700	Home Product Center	36,777
59,000	Epistar	82,464	25,461	Radiant Opto-Electronics	67,577	95,178	Indorama Ventures	42,135
111,100	Eva Airways	44,908	26,787	Realtek Semiconductor	52,181	670,400	IRPC	48,375
92,399	Evergreen Marine	40,948	42,660	Ruentex Development	60,041	148,600	Kasikornbank	513,980
196,000	Everlight Electronics	326,923	36,399	Ruentex Industries	67,803	239,125	Krung Thai Bank	87,334
53,366	Far East Department	38,334	316,082	Shin Kong Financial	79,275	96,300	Minor International Public	44,123
382,510	Far Eastern New Century	320,406	175,000	Siliconware Precision Industries	151,701	51,700	PTT	327,288
96,000	Far Eastone Telecom	153,113	13,310	Simplo Technology	42,781	213,264	PTT Exploration & Production	785,968
18,128	Farglory Land Development	22,292	2,583,687	Sinopac	934,255	550,656	PTT Global Chemical	962,898
30,000	Feng Hsin Iron & Steel	39,958	25,668	Standards Foods	58,127	75,500	Siam Cement	676,409
374,749	First Holding	169,271	93,000	Synnex Technology	107,113	93,400	Siam Commercial Bank	307,006
196,730	Formosa Chemicals & Fibre	402,392	1,341,075	Taishin Financial	478,399	55,800	Thai Oil	69,475
2,662	Formosa International Hotels	22,039	186,494	Taiwan Business Bank	41,188	313,900	True Corporation	52,111
67,000	Formosa Petrochemical	133,453	483,764	Taiwan Cement	544,809			6,102,737
266,240	Formosa Plastic	521,877	293,116	Taiwan Cooperative Financial	116,339		% of Total Investments	0.03%
52,000	Formosa Tafeeta	45,647	41,000	Taiwan Fertilizer	67,389			
46,305	Foxconn Technology	78,476	65,521	Taiwan Glass	52,889	Turkey		
342,839	Fubon Group	363,979	115,100	Taiwan Mobile	269,899	112,642	Akbank	254,924
20,000	Giant Manufacturing	99,835	2,859,933	Taiwan Semiconductor Manufacturing	7,461,836	12,283	Anadolu Efes	96,463
845,000	Grand Pacific Petrochemical	476,329	448,154	Teco Electric & Machinery	372,664	11,554	Arcelik	47,418
2,000	Hermes Microvision	47,142	14,803	TPK	63,440	15,070	Bim Birlesik Magazalar	220,921
			13,000	Transcend Information	27,128	4,349	Coca Cola Icecek	76,021
			37,510	TSRC	40,188	577,547	Emlak Konut Gayrimenkul Yatiri	409,677

QUOTED SECURITIES – EQUITIES

Holding	Security Description	Market Value €
28,450	Enka Insaat	57,851
450,489	Eregli Demir Celik	392,590
34,496	Ford Otomotivnayi Sanayi	264,502
119,398	KOC	354,907
3,536	Koza Altin Isletmeleri	26,516
22,581	Pegasus Hava Tasimaciligi	276,876
37,126	Sabanci	108,349
95,487	T IS Bankasi C	149,980
390,200	T Sinai Kalkinma	241,198
43,857	T Sise Ve Cam Fabricalari	40,294
119,522	Tav Havalimanlari	623,751
27,096	Tupras (Preference)	392,643
154,034	Turk Hava Yollari	335,071
29,975	Turk Telekomunikasyon	60,345
14,567	Turk Traktor ve Ziraat Makineleri	302,608
46,682	Turkcell Iletisim Hizmetleri A	178,970
154,061	Turkiye Garanti Bankasi	362,190
91,700	Turkiye Halk Bankasi	376,340
41,819	Turkiye Vakiflar Bankasi	53,960
49,543	Yapi Ve Kredi Bankasi	62,253
		5,766,619
	% of Total Investments	0.03%
Ukraine		
2,498	Kernel	22,891.67
		22,892
	% of Total Investments	0.00%
United Arab Emirates		
84,260	DP World	1,081,894
		1,081,894
	% of Total Investments	0.01%
Total Emerging Markets Equities		
		315,959,382
	% of Total Investments	1.64%

GLOBAL EQUITY FUNDS

Holding	Security Description	Market Value €
673,123	Generation IM Global Equity	117,214,259
Total Global Equity Funds		117,214,259
% of Total Investments		0.61%

GLOBAL LOW VOLATILITY EQUITY FUNDS

Holding	Security Description	Market Value €
31,944,659	Acadian Global Managed Volatility Fund	306,220,280
246,767	Unigestion Global Managed Volatility Fund	307,453,810
Total Global Low Volatility Equity Funds		613,674,091
% of Total Investments		3.18%

EQUITY INDEX OPTIONS

Holding	Security Description	Market Value €
5,885	S&P 500 Index Put	29,572,221
25,300	DJ Euro Stoxx 50 Put	40,530,600
Total Equity Index Options		70,102,821
% of Total Investments		0.36%
Total Equities		2,561,828,644
% of Total Investments		13.29%

QUOTED SECURITIES – CORPORATE BONDS

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	
Australia						France			
1,180,000	Amcor 4.625% 4/16/2019	1,314,638	117	Hypermecas 11.30% 10/15/2018	0	800,000	Aeroports de Paris 2.75% 6/5/2028	759,064	
1,250,000	Australia Pacific Airport 3.125% 9/26/2023	1,262,961	117	Hypermecas Variable 10/15/2015	0	1,400,000	Alstom 2.875% 10/5/2015	1,443,926	
2,110,000	BHP Billiton Finance 3.125% 4/29/2033	1,984,210	800,000	Vale Sa 4.375% 03/24/2018	870,320	1,400,000	Alstom 3% 7/8/2019	1,422,008	
4,050,000	National Australia Bank 2% 11/12/2020	3,976,193			2,672,293		Autoroutes du Sud de La France 4.125% 4/13/2020	1,933,162	
2,570,000	Origin Energy Finance 2.875% 10/11/2019	2,609,064			% of Total Investments	0.01%	1,850,000	Axa Variable 4/16/2040	1,975,319
2,490,000	SPI Electricity & Gas 2.375% 7/24/2020	2,467,590	British Virgin Islands			400,000	Axa Variable 7/4/2043	419,664	
3,050,000	Telstra Corporation 4.25% 3/23/2020	3,420,636	1,650,000	Global Switch Holdings 5.5% 4/18/2018	1,858,280	1,100,000	Banque Federale de Credit Mutuel 2.625% 2/24/2021	1,110,793	
1,170,000	Transurban Finance 2.5% 10/8/2020	1,162,805			1,858,280	2,700,000	Banque Federative du Credit Mutuel 1.625% 1/11/2018	2,697,203	
1,230,000	Wesfarmers 2.75% 8/2/2022	1,230,615			% of Total Investments	0.01%	900,000	Banque Federative du Credit Mutuel 3% 11/28/2023	909,810
1,640,000	West Retail Trust 3.25% 9/11/2023	1,666,699	Cayman Islands			1,560,000	BNP Paribas 2.5% 8/23/2019	1,605,911	
		21,095,411	3,360,000	Hutchison Whampoa (Europe) 2.5% 6/6/2017	3,473,669	2,550,000	BNP Paribas 2.875% 9/26/2023	2,576,826	
		% of Total Investments	1,980,000	Hutchison Whampoa (Europe) Variable 5/29/2049	1,925,550	3,620,000	BNP Paribas 3% 2/24/2017	3,816,342	
		0.11%	3,350,000	Hutchison Whampoa 4.75% 11/14/2016	3,677,295	2,300,000	BPCE 1.75% 3/14/2016	2,335,563	
Austria			1,630,000	IPIC GMTN 2.375% 5/30/2018	1,666,675	2,700,000	BPCE 2% 4/24/2018	2,744,329	
1,400,000	Erste Group Bank 3.375% 3/28/2017	1,487,217	1,980,000	IPIC GMTN 4.875% 5/14/2016	2,144,340	2,450,000	Carrefour 1.75% 5/22/2019	2,395,855	
1,640,000	Erste Group Bank 7.125% 10/10/2022	1,884,376	1,580,000	Petrobras Inter- national Finance 4.875% 3/7/2018	1,706,226	1,750,000	Carrefour 1.875% 12/19/2017	1,770,657	
1,780,000	OMV Variable 6/29/2049	1,995,825			14,593,755	1,700,000	Casino Guichard Per- rathon 3.157% 8/6/2019	1,760,962	
1,900,000	Raiffeisen Bank Interna- tional 1.875% 11/8/2018	1,871,147			% of Total Investments	0.08%	1,300,000	Casino Guich- ard Perrathon 4.726% 5/26/2021	1,454,500
1,170,000	Telekom Finanzman- agement GmbH 3.125% 12/3/2021	1,168,638	Czech Republic			3,200,000	Casino Guichard Per- rathon 5.5% 1/30/2015	3,358,496	
2,030,000	Verbund AG 4.750% 7/16/2019	2,311,878	1,190,000	CEZ 3% 6/5/2028	1,104,865	1,910,000	Cie de St-Gobain 3.5% 9/30/2015	1,995,255	
1,500,000	Vienna Insurance Group Variable 10/9/2043	1,571,250	2,140,000	CEZ 3.625% 5/27/2016	2,270,970	1,180,000	Cie de St-Gobain 4.75% 4/11/2017	1,308,684	
		12,290,331			3,375,835	1,350,000	Credit Agricole 5.875% 6/11/2019	1,553,294	
		% of Total Investments			0.02%	2,400,000	Credit Agricole London 1.875% 10/18/2017	2,441,112	
		0.06%	Denmark			2,200,000	Credit Agricole London 2.375% 11/27/2020	2,207,018	
Belgium			1,280,000	Danske Bank Variable 10/4/2023	1,300,096	1,800,000	Credit Agricole London 3.875% 2/13/2019	1,970,658	
1,300,000	Delhaize Group 3.125% 2/27/2020	1,327,485	1,170,000	Dong Energy 6.5% 5/7/2019	1,433,394	1,800,000	Electricite de France 2.75% 3/10/2023	1,789,191	
		1,327,485	1,150,000	TDC 3.5% 2/23/2015	1,185,183	900,000	Electricite de France 3.875% 1/18/2022	983,621	
		% of Total Investments			3,918,673				
		0.01%			% of Total Investments	0.02%			
Bermuda			Finland						
1,540,000	Bacardi 2.75% 7/3/2023	1,507,999	1,370,000	CRH 2.75% 10/15/2020	1,369,108				
		1,507,999	2,180,000	Pohjola Bank 1.75% 8/29/2018	2,179,089				
		% of Total Investments	1,460,000	Teollisuuden Voima Oyj 6% 6/27/2016	1,625,564				
		0.01%			5,173,761				
Brazil					% of Total Investments	0.03%			
1,730,000	Banco Do Brasil SA (Cay- man) 4.5% 1/20/2016	1,801,973							

QUOTED SECURITIES – CORPORATE BONDS

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
1,300,000	Electricite de France 4.625% 4/26/2030	1,471,964	Ireland			1,850,000	Unione di Banche Italiane 3.75% 10/30/2015	1,913,714
1,300,000	Electricite de France Variable 1/29/2049	1,391,221	1,500,000	Aquarius and Investments Variable 10/2/2043	1,495,814	24,752,888		
2,600,000	Electricite de France Variable 12/29/2049	2,680,595	1,150,000	Bank of Ireland Mortgage Bank 1.875% 5/13/2017	1,152,266	% of Total Investments 0.13%		
1,300,000	Eutelsat SA 2.625% 1/13/2020	1,288,456	114,000	Bank of Ireland Mortgage Bank 4.625% 9/16/2015	116,537	Jersey Channel Islands		
2,970,000	France Telecom 3.875% 4/9/2020	3,220,472	500,000	Bord Gais Eireann 3.625% 12/4/2017	530,195	1,950,000	WPP 6.625% 5/12/2016	2,201,219
1,640,000	France Telecom 4.75% 2/21/2017	1,812,882	940,000	CRH Finance 3.125% 4/3/2023	931,634	2,201,219		
680,000	GDF Suez 1.5% 2/1/2016	690,521	1,020,000	ESB Finance 4.375% 11/21/2019	1,115,172	% of Total Investments 0.01%		
1,700,000	GDF Suez Variable 7/10/2049	1,805,434	900,000	ESB Finance 6.25% 9/11/2017	1,039,608	Luxembourg		
2,200,000	HSBC 1.625% 12/3/2018	2,182,330	1,730,000	GE Capital European Funding 1.25% 10/15/2015	1,742,456	1,500,000	Gazprom Neft OAO Via GPN Capital 2.933% 4/26/2018	1,483,500
1,800,000	Kering 2.5% 7/15/2020	1,804,219	3,550,000	GE Capital European Funding 4.25% 3/1/2017	3,870,601	1,130,000	Gazprom OAO Via Gaz Capital 3.755% 3/15/2017	1,175,426
2,500,000	Orange SA 1.875% 9/3/2018	2,500,015	1,450,000	GE Capital European Funding 4.625% 2/22/2027	1,654,740	1,270,000	Gazprom OAO Via Gaz Capital 5.03% 2/25/2014	1,276,350
1,500,000	Orange SA 3.125% 1/9/2024	1,486,395	13,649,021			2,600,000	Gazprom OAO Via Gaz Capital 6.605% 2/13/2018	2,952,300
470,000	RCI Banque 1.75% 7/6/2016	474,273	% of Total Investments 0.07%			900,000	Glencore Finance Europe 3.375% 9/30/2020	928,894
1,400,000	Societe Generale 2.25% 1/23/2020	1,413,166	Italy			1,720,000	Glencore Finance Europe 3.755% 9/30/2020	1,775,219
2,600,000	Societe Generale 3.75% 3/1/2017	2,806,435	760,000	Atlantia 4.5% 2/8/2019	835,958	550,000	Glencore Finance Europe 7.125% 4/23/2015	592,587
1,000,000	Societe Generale 4% 6/7/2023	1,000,456	1,050,000	Atlantia 4.375% 3/16/2020	1,151,462	2,250,000	SES 4.625% 3/9/2020	2,521,976
600,000	Total Capital International SA 2.875% 11/19/2025	595,472	1,350,000	ENI 4% 6/29/2020	1,476,113	2,300,000	Talanx Finanz Luxembourg Variable 6/15/2042	2,875,000
1,300,000	Veolia Environnement 4.625% 3/30/2027	1,408,264	1,180,000	ENI 3.25% 7/10/2023	1,198,620	15,581,250		
694,000	Veolia Environnement 5.125% 5/24/2022	813,927	1,000,000	Hera 3.25% 10/4/2021	1,006,548	% of Total Investments 0.08%		
1,000,000	Vivendi 2.375% 1/21/2019	997,144	2,500,000	Intesa Sanpaolo 4.125% 1/14/2016	2,617,928	Mexico		
1,400,000	Vivendi 4.125% 7/18/2017	1,518,516	2,200,000	Intesa Sanpaolo 5% 2/28/2017	2,386,096	2,950,000	America Movil 3.75% 6/28/2017	3,190,779
84,101,378			800,000	Intesa Sanpaolo 4.375% 10/15/2019	853,152	2,320,000	America Movil Variable 9/9/2073	2,418,600
% of Total Investments 0.44%			850,000	Lottomatica Group 5.375% 12/5/2016	937,261	2,100,000	Petroleos Mexicanos 5.5% 1/9/2017	2,329,173
Germany			850,000	SNAM 3.875% 3/19/2018	918,751	7,938,552		
1,530,000	Commerzbank 4% 9/16/2020	1,659,123	1,310,000	SNAM 3.5% 2/13/2020	1,379,758	% of Total Investments 0.04%		
2,610,000	Daimler 2% 5/5/2017	2,689,631	1,700,000	SNAM 2.375% 6/30/2017	1,746,570	Netherlands		
3,200,000	Munchener Ruckversicherungs Variable 6/29/2049	3,450,080	1,570,000	Terna Rete Elettrica Nazionale 4.125% 2/17/2017	1,698,614	2,290,000	ABN Amro Bank 2.5% 11/29/2023	2,194,461
2,700,000	Volkswagen Leasing 2.75% 7/13/2015	2,780,438	1,330,000	Terna Rete Elettrica Nazionale 2.875% 2/16/2018	1,386,671	1,470,000	ABN Amro Bank 4.25% 4/11/2016	1,577,630
1,700,000	Volkswagen Leasing 3.25% 5/10/2018	1,822,791	1,400,000	Unicredit 4.875% 3/7/2017	1,516,894	1,700,000	ABN Amro Bank 6.375% 4/27/2021	1,964,326
12,402,063			1,650,000	Unicredit 4.375% 9/11/2015	1,728,778	2,090,000	Achmea 2.5% 11/19/2020	2,071,694
% of Total Investments 0.06%								

QUOTED SECURITIES – CORPORATE BONDS

Holding	Security Description	Market Value €	Holding	Security Description	Market Value €	Holding	Security Description	Market Value €
1,760,000	Anglo American Capital 2.5% 9/18/2018	1,767,839	2,580,000	Standard Chartered 1.75% 10/29/2017	2,594,874	3,940,000	Morgan Stanley 4.5% 2/23/2016	4,207,715
1,200,000	Anglo American Capital 5.875% 4/17/2015	1,274,177	1,740,000	Standard Chartered 3.625% 11/23/2022	1,696,955	1,960,000	Oracle 2.25% 1/10/2021	1,968,602
860,000	Aviva Variable 7/29/2049	952,658	880,000	Standard Chartered Variable 10/21/2025	875,029	1,430,000	Philip Morris 2.125% 5/30/2019	1,446,285
3,000,000	Aviva Variable 9/29/2049	3,149,846	2,400,000	Tesco Corporate Treasury Services 1.25% 11/13/2017	2,384,808	2,280,000	Philip Morris 2.75% 3/19/2025	2,213,150
1,580,000	Barclays Bank 6% 1/14/2021	1,789,119				2,060,000	Procter & Gamble 2% 11/5/2021	2,019,169
1,950,000	Barclays Bank 6% 1/23/2018	2,198,859			71,096,580	470,000	SES Global Americas 1.875% 10/24/2018	466,954
				% of Total Investments	0.37%	1,620,000	Simon Property Group 2.375% 10/2/2020	1,615,318
1,700,000	BAT International Finance 5.875% 3/12/2015	1,802,986		United States		2,110,000	Wells Fargo 2.25% 9/3/2020	2,105,582
2,030,000	BG Energy Capital Variable 11/30/2072	2,281,178	3,090,000	American Honda Finance 1.875% 9/4/2019	3,078,122	1,650,000	Wells Fargo 2.625% 8/16/2022	1,651,350
2,050,000	Brambles Finance 4.625% 4/20/2018	2,276,935	2,510,000	Bank of America 2.5% 7/27/2020	2,519,162			59,103,389
1,220,000	Compass Group 3.125% 2/13/2019	1,290,760	2,300,000	Bank of America 4.625% 8/7/2017	2,539,458		% of Total Investments	0.31%
895,000	FCE Bank 1.75% 5/21/2018	886,202	2,850,000	Bank of America 7% 6/15/2016	3,246,389			
3,460,000	FCE Bank 1.875% 5/12/2016	3,505,118	3,600,000	Citigroup 1.75% 1/29/2018	3,617,518		Total Quoted Corporate Bonds	475,695,168
1,690,000	HSBC Bank 3.125% 11/15/2017	1,801,861	550,000	Citigroup 3.5% 8/5/2015	572,341		% of Total Investments	2.47%
2,450,000	HSBC Holdings 6% 6/10/2019	2,841,731	1,920,000	Citigroup 4% 11/26/2015	2,028,649			
1,910,000	HSBC Holdings Variable 1/10/2024	1,945,049	900,000	GE Capital Trust Variable 9/15/2066	920,250			
1,030,000	Imperial Tobacco Finance 4.5% 7/5/2018	1,142,795	1,750,000	GE Capital Trust Variable 9/15/2067	1,857,909			
1,740,000	Imperial Tobacco Finance 5% 12/2/2019	1,992,474	1,410,000	General Mills 2.1% 11/16/2020	1,393,528			
1,500,000	Lloyds Bank 1.875% 10/10/2018	1,505,091	1,120,000	Goldman Sachs 2.625% 8/19/2020	1,123,597			
2,510,000	LloydsTSB Bank 6.375% 6/17/2016	2,829,719	500,000	Goldman Sachs 3.25% 2/1/2023	499,642			
1,590,000	LloydsTSB Bank 6.5% 3/24/2020	1,841,740	2,450,000	Goldman Sachs 6.375% 5/2/2018	2,899,315			
2,450,000	Nationwide Building Society Variable 3/20/2023	2,541,542	2,350,000	IBM 1.875% 11/6/2020	2,314,050			
2,770,000	NGG Finance Variable 6/18/2076	2,806,509	1,600,000	JPMorgan Chase 1.875% 11/21/2019	1,579,645			
2,095,000	Rolls Royce 2.125% 6/18/2021	2,062,791	1,385,000	JPMorgan Chase 2.75% 2/1/2023	1,392,185			
1,750,000	Royal Bank of Scotland 4.75% 5/18/2016	1,897,630	1,300,000	JPMorgan Chase Bank Variable 11/30/2021	1,356,063			
1,580,000	Royal Bank of Scotland Group 1.5% 11/28/2016	1,585,577	1,600,000	Lehman Brothers 4.25% 9/26/2016	0			
1,200,000	Royal Bank of Scotland Group 4.375% 2/10/2015	1,242,650	1,200,000	Lehman Brothers 4.625% 3/14/2019	0			
2,450,000	Royal Bank of Scotland Variable 3/16/2022	2,975,831	2,150,000	Metropolitan Life Global Funding 4.625% 5/16/2017	2,385,920			
1,990,000	SSE 2% 6/17/2020	1,957,261	3,100,000	Microsoft 2.125% 12/6/2021	3,074,239			
1,880,000	SSE 2.375% 2/10/2022	1,854,844	250,000	Microsoft 2.625% 5/2/2033	227,030			
1,680,000	SSE Variable 9/29/2049	1,798,003	2,790,000	Mondelez 1.125% 1/26/2017	2,784,253			

UNQUOTED SECURITIES – CORPORATE BONDS

Holding	Security Description	Market Value €
Ireland		
100,000,000	Bank of Ireland Governor & Co Variable 6/12/2027	89,491,698
47,000,000	DAA Finance 6.5872% 07/09/2018	54,887,540
19,450,000	European Investment Bank 01/08/2027	18,821,765
12,500,000	European Investment Bank 01/08/2032	10,855,000
13,650,000	European Investment Bank 01/08/2037	10,778,040
Total Unquoted Corporate Bonds		184,834,043
% of Total Investments		0.96%

UNQUOTED SECURITIES – OTHER BONDS

Commitment €m	Security Description	Market Value €
Ireland		
150	Bluebay Ireland Corporate Credit 1 Limited Super Senior Notes	30,000,000
8	Bluebay Ireland Corporate Credit 1 Limited Senior Notes	1,500,000
42	Bluebay Ireland Corporate Credit 1 Limited Subordinated Notes	8,450,000
Total Other Bonds		39,950,000
% of Total Investments		0.21%

UNQUOTED SECURITIES – OTHER DEBT

Commitment €m	Security Description	Market Value €
Ireland		
250	Irish Water Loan	161,510,982
Total Other Debt		161,510,982
% of Total Investments		0.84%

UNQUOTED SECURITIES – PROPERTY

Commitment €m	Security Description	Market Value €
37	Apollo Domestic Emerging Markets Fund	24,248,417
0	Ardawn II Loan Notes	3,540
13	Asian Retail Mall II	150,900
22	Bank of Ireland Exempt Property Unit Trust	1,700,398
30	Berkshire Multifamily Value Fund	27,033,704
34	Blackrock Japan Core Plus Fund	11,065,640
58	Broadway Partners Value Added Fund	12,061,869
37	CB Richard Ellis Strategic Partners UK Fund III	9,025,440
44	CBRE Strategic Partners US IV	5,558,713
18	Composition Capital Asia Fund	10,102,422
0	Crystal UK Development Fund	3,384
29	CT Large Loan 2006	1,710,174
15	French Development Venture II	37,521
36	Forum Asian Realty Income II	12,525,412
50	Forum European Realty Income	16,413,907
32	Grosvenor French Retail Investment	27,466,998
16	Irish Life Irish Property Fund	2,649,783
55	Madison Marquette Retail Enhancement Fund	38,899,954
44	Mall Unit Trust	5,531,174
44	Morgan Stanley Real Estate Fund V International	5,660,241
82	Morgan Stanley Real Estate V US	7,266,435
80	Morgan Stanley Real Estate Fund VI International	19,099,360
36	PRECO III (UK) LP	15,741,401
35	Rockspring German Retail Box Fund	23,418,502
8	Rockspring PanEuropean Fund	4,373,670
38	Silverpeak Offshore Real Estate Partners II	17,315,899
75	Tishman Speyer European Real Estate Venture VI	25,036,308
47	Tishman Speyer Real Estate Fund	22,812,278
1,016	Total Property Investments	346,913,445
	% of Total Investments	1.80%

UNQUOTED SECURITIES – PRIVATE EQUITY

Commitment €m	Security Description	Market Value €
0	Act 1994 Development Capital	1,029
0	Act 2001 - BIAM Venture	200,561
0	Act Venture Capital 94 Fund	3,734
0	Allianz Irish Life	360,091
0	Allied Irish Pension Unit Trust	514,971
10	Atlantic Bridge II	7,187,058
0	Bank of Ireland Unlisted Fund	29,192
50	Better Capital (Ireland) LP	5,000
0	Canford Healthcare	130,742
0	Delta I	95,535
1	Delta Equity Fund II	550,915
23	Delta Equity Fund III	11,358,387
0	Delta Equity Fund No.2	161,975
20	DFJ Espirit Capital III	20,867,186
9	Draper Fisher Jurveston	9,316,445
15	Fountain Healthcare Partners	6,961,808
10	Highland Europe Technology	3,595,426
0	ICC Private Equity Fund	53,018
1	KBC Venture Capital Fund	898,539
9	Lightstone Ventures LP	1,068,668
36	OCM Opportunities Fund VIIIb	8,800,090
37	Polaris Venture Partners VI	15,011,128
15	Seroba Kernel Life Sciences	8,302,700
9	Sofinnova Venture Partners	2,837,844
19	Strategic Investors Fund V	6,652,051
18	Strategic Investors Fund VI	569,110
18	Ulster Bank Diageo Venture Fund	8,998,431
36	WestSummit Global Technology Provision	14,101,498
		-3,000,575
339	Total Private Equity Investments	125,632,557
	% of Total Investments	0.65%

UNQUOTED SECURITIES – INFRASTRUCTURE FUND

Commitment €m	Security Description	Market Value €
250	Irish Infrastructure Trust	70,119,796
0	Loan to Irish Infrastructure Trust	15,532,003
250	Total Infrastructure Fund Investments	85,651,799
	% of Total Investments	0.44%

OTHER INVESTMENTS

Holding	Security Description	Market Value €
Commodity Investments		
3,658,092	Fundlogic Global Solutions	299,390,072
		299,390,072
	% of Total Investments	1.55%

Currency & Other Funds		
61,612	Bridgewater Pure Alpha Euro	110,241,477
66,442	Bridgewater Pure Alpha Major Markets II	62,923,514
800,000	J.P. Morgan Asset Management Europe	72,920,000
		246,084,992
	% of Total Investments	1.28%

Forestry Funds		
20,000,000	AIBIM 1st Forestry Fund	24,981,800
16,210	ILIM- Irish Forestry Unit Trust	115,878
3,453,029	Irish Forestry Unit Trust	11,671,238
		36,768,916
	% of Total Investments	0.19%

Total Other Investments	582,243,979
% of Total Investments	3.02%

CASH DEPOSITS AND OTHER CASH INVESTMENTS

Holding	Security Description	Market Value €
Deposits and Cash		
	Euro	730,951,818
	US Dollar	41,529,843
	Other Currencies	9,277,253
	Sterling	9,562,161
	Japanese Yen	999,276
		792,320,351
	% of Total Investments	4.11%

Cash Enhancement Investments		
125	Belgian Treasury Bills	124,934,691
150	French Treasury Bills	149,894,810
75	Italian Treasury Bills	74,920,917
75	Italian Treasury Bills	74,919,129
125	Dutch Treasury Bills	124,930,913
75	Spanish Treasury Bills	74,898,887
75	Spanish Treasury Bills	74,898,710
150	Goldman Sachs International Senior Secured Note	150,000,000
		849,398,057
	% of Total Investments	4.41%

Unrealised Derivative Gains/Losses		
	Unrealised Gain/(Loss) on Foreign Exchange Contracts	33,673,334
	Unrealised Gain/(Loss) on Futures Contracts (Note 1)	(17,896,714)
		15,776,620
	% of Total Investments	0.08%

Total Cash Deposits and Other Cash Investments	1,657,495,028
% of Total Investments	8.60%

DIRECTED INVESTMENTS

Holding	Security Description	Market Value €
Directed Investments		
520,378,396,047	Allied Irish Banks	6,515,137,519
3,500,000,000	Allied Irish Banks Preference Shares	3,517,150,000
4,512,323,039	Bank of Ireland	1,137,105,406
		11,169,392,924
	% of Total Investments	57.95%
Cash		
	Euro	1,884,612,415
		1,884,612,415
	% of Total Investments	9.77%
Total Directed Investments		13,054,005,340
	% of Total Investments	67.72%
Total Investments		19,275,760,984
	% of Total Investments	100.00%

OPEN FUTURES 31 DECEMBER 2013

Contracts	Security Description	Unrealised Profit/Loss €
(462)	CAC40 Contracts (Expiring January 2014)	(906,590)
(53)	DAX Contracts (Expiring March 2014)	(606,400)
(730)	DJ Euro Stoxx 50 Contracts (Expiring March 2014)	(1,081,240)
(235)	Euro-Bobl Contracts (Expiring March 2014)	324,750.00
(55)	Euro-Bund Contracts (Expiring March 2014)	132,150.00
(1,051)	FTSE 100 Contracts (Expiring March 2014)	(3,221,435)
(276)	FTSE/JSE TOP 40 Contracts (Expiring March 2014)	(471,343)
(163)	Hang Seng Contracts (Expiring January 2014)	(117,719)
(123)	KOSPI2 Contracts (Expiring March 2014)	(312,713)
(22)	MSCI Singapore Contracts (Expiring January 2014)	(34,604)
(251)	MSCI Taiwan Contracts (Expiring January 2014)	(189,323)
(644)	OMX 30 Contracts (Expiring January 2014)	(463,843)
(4,961)	S&P 500 Mini Contracts (Expiring March 2014)	(10,410,915)
3	S&P/TSE 60 Contracts (Expiring March 2014)	12,260.92
(277)	SGX S&P CNX Nifty Contracts (Expiring January 2014)	(36,399)
(40)	SPI 200 Contracts (Expiring March 2014)	(162,366)
(143)	Swiss MKT Contracts (Expiring March 2014)	(350,986)
Total Futures		(17,896,714)

GLOSSARY

Absolute Return Investments which seek a positive return irrespective of market direction.

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.

Buyout The purchase of an established business.

Co-investment Investment which is funded by more than one investment partner.

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.

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

Dynamic Asset Allocation An investment strategy that seeks to increase returns and reduce risk by shifting the allocation between asset classes as market conditions change.

EAFE Refers to the geographical area that includes Europe, Australasia and the Far East. These regions represent the most developed investment markets outside of North America.

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

ESG Factors Environmental, social and governance factors, which can affect companies' long term performance.

EONIA (Euro Overnight Index Average) The standard interest rate for euro currency deposits which is calculated by the ECB every day and is the weighted average of overnight Euro Interbank Offer Rates for inter-bank loans.

Ex-ante Before the event. Ex-ante analysis occurs prior to investment.

Ex-post After the event. Ex-post analysis occurs after the investment.

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.

Investment Horizon The time period over which an investor expects to hold an investment.

LIBOR (London Interbank Offer Rate) Benchmark rate widely used for short-term interest rates setting.

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.

Listed Property Property companies and investment vehicles whose shares are traded on a stock exchange.

Market Index A proxy for the value and rate of return of 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.

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

Put Option A derivative contract which gives the owner the right but not the obligation, to sell an underlying asset at a pre-agreed price.

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

Sharpe Ratio An industry standard which measures, in respect of a portfolio, the ratio of excess returns over the risk-free rate to the volatility of returns. It therefore seeks to measure the level of excess return relative to the level of risk taken.

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.

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

Volatility The variability in the price of an asset through time. 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

John C. Corrigan

NPRF UNIT

Director

Eugene O’Callaghan

Deputy Director

Nick Ashmore

Head of Origination

Brendan O’Regan

Head of Investment Strategy

Peter Haran

Commission Secretary

Roslyn Doran

FINANCE & LEGAL

Director Finance, Technology & Risk

Ian Black

Financial Controller

Barry Keogh

Deputy Financial Controller

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