



NATIONAL TREASURY MANAGEMENT AGENCY

# ANNUAL REPORT & ACCOUNTS 2018



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta  
National Treasury Management Agency



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# NTMA at a Glance 2018

The NTMA is a State body which provides asset and liability management services to Government. Its purpose is to manage public assets and liabilities commercially and prudently. The NTMA operates across five separate business units:

- Funding and Debt Management
- Ireland Strategic Investment Fund
- National Development Finance Agency
- NewERA
- State Claims Agency

## BUSINESS UNIT

## DESCRIPTION

## KEY FIGURES

### Funding and Debt Management

 Read more **page 6**


The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure liquidity for the Exchequer and to optimise debt service costs over the medium term.

#### IRELAND'S FIRST SOVEREIGN GREEN BOND

**€3bn**

raised through the syndicated sale of a 12-year Irish Sovereign Green Bond.

### Ireland Strategic Investment Fund

 Read more **page 16**

The NTMA controls and manages the Ireland Strategic Investment Fund (ISIF) which has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State.

#### INVESTMENT STRATEGY

### 5 Priority Themes

of Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit, guided by the objectives of Project Ireland 2040.

### National Development Finance Agency

 Read more **page 28**

Acting as the National Development Finance Agency (NDFA), the NTMA provides financial advisory, procurement and project delivery services to State authorities on public infrastructure projects.

#### DELIVERING PROJECTS

**€1.7bn**

the estimated total capital value of a range of education, health, justice and housing projects being delivered by the NDFA.

### NewERA

 Read more **page 34**

Through NewERA, the NTMA provides a dedicated centre of corporate finance expertise to Government, providing financial advice to Ministers regarding their shareholdings in major commercial State bodies.

#### GROWTH IN ACTIVITY

**132**

the number of Portfolio company assignments on which NewERA provided financial analysis and, where appropriate, recommendations to Government Ministers (2017: 81).

### State Claims Agency

 Read more **page 40**

Acting as the State Claims Agency (SCA), the NTMA manages claims brought against 146 State authorities, including the State itself. It also provides risk management services, advising and assisting State authorities in minimising their claims exposures.

#### ESTIMATED OUTSTANDING LIABILITY

**€3.15bn**

the State Claims Agency was managing 10,658 active claims with an estimated outstanding liability of €3.15bn at end-2018.



#### BOND ISSUANCE

# €17.6bn

total bond issuance during 2018. This funding had a weighted average yield of 1.08% and a weighted average maturity of 12 years.

#### FALLING DEBT SERVICE COSTS

# €5.8bn

was the cash interest cost of the National Debt in 2018, a decline of almost 5% compared to 2017 and over 20% on the 2014 peak.

#### IRELAND APPLE ESCROW FUND

# >€14bn

transferred to the Escrow Fund and invested through the appointed investment managers in relation to the recovery process from Apple of the alleged State aid.

#### INVESTING IN IRELAND

# €773m

committed during 2018 across 21 investments, bringing the total ISIF commitment to €4.1bn.

#### CO-INVESTMENT

# €11.6bn

the total committed to Ireland including co-investment by private sector partners – a multiple of 2.8 times the ISIF commitment.

#### INVESTMENT RETURN AND ECONOMIC IMPACT

# +1.9% p.a.

annualised investment gain since inception, adding €584m to the total value of the Fund and with ISIF capital supporting 2,204 Irish based companies/projects and, directly and indirectly, 32,000 jobs.

#### PROVIDING FINANCIAL ADVICE

# €6bn

providing financial advice on infrastructure projects, including PPPs and non-PPP procured projects, in areas including housing, transport and education with a capital value of €6bn.

#### SOCIAL HOUSING PPP

# 1,500

new social homes divided into three bundles. Social Housing PPP Bundle 1 (534 homes) selected a Preferred Tenderer in Q3 2018 and Financial Close was achieved in March 2019.

#### DIVIDENDS

# €324m

in combined dividends were received by the Exchequer from bodies within NewERA's remit in 2017/18<sup>1</sup>.

<sup>1</sup> The bodies within NewERA's remit have varied financial reporting schedules that span two calendar years.

#### ADVICE – CAPITAL EXPENDITURE

# €3.2bn

the value of capital expenditure requests from bodies within NewERA's remit on which it provided financial analysis and recommendations in 2018 (2017: €2.1bn).

#### ADVICE – DEBT FINANCING

# €2.7bn

the value of debt financing-related requests from bodies within NewERA's remit on which it provided financial analysis and recommendations in 2018 (2017: €1.9bn).

#### SETTLING CLAIMS

# 54%

over half of cases resolved by the State Claims Agency in 2018 were resolved without court proceedings being served.

#### REDUCING LEGAL COSTS


# €36.9m

the State Claims Agency settled bills of costs received from third parties for €53.7m – a saving of 41% or €36.9m on the amount claimed.



## CHAIRPERSON'S STATEMENT

It was my great honour to be appointed Chairperson of the NTMA by the Minister for Finance and Public Expenditure and Reform with effect from January 1 2019.



I am the second person to hold the position since the Agency's corporate governance arrangements were enhanced with the establishment of the NTMA Board in 2014 and I thank my predecessor, Willie Walsh, for the leadership, expertise and insight he demonstrated throughout his term.

In the four years I spent on the NTMA Board prior to becoming Chairperson, it has always been clear to me that the Agency is an organisation that creates significant value for the State and its citizens. It does this by bringing great care, skill and expertise to the challenge of delivering on the wide range of specialist mandates entrusted to it by the Government.

During my term as Chairperson I hope to maintain and further enhance the NTMA's strong reputation for delivering effectively. My fellow Board members and I will do all we can to ensure that the Agency remains a focused, efficient and effective vehicle for managing assets and liabilities on behalf of the State in a commercial and prudent manner.

The NTMA's work in 2018 offered many examples of successfully delivering on its mandates.

The **Funding and Debt Management** unit continued what has been a very effective strategy of locking in the benefits of the current low interest rate environment for the long term. In 2018, €17.6bn of long-term debt with an average maturity of 12 years was issued at an average yield of 1.08%. Our strategy has delivered a smoother, more stable schedule of future redemptions.





The **Ireland Strategic Investment Fund** continued its rigorous approach to investing on a commercial basis in support of economic activity and employment in Ireland. In a year when global markets demonstrated volatility with declines across almost all major asset classes, the Fund's conservative investment strategy of protecting State capital delivered a resilient investment performance.

The **State Claims Agency (SCA)** continued the complex work of managing claims against the State and enhancing risk management practices throughout State organisations to reduce the incidence of future claims. By the end of 2018 the estimated outstanding liability from claims under management rose to €3.15bn across the SCA's remit. The SCA Strategy Committee, which includes four external members, with extensive expertise at senior level in clinical practice, law, risk management and the public service, continues to provide valuable advice and guidance to both the Board and NTMA management on strategic and policy issues for this unit, helping to inform the SCA's approach as the demands of its mandate continue to evolve.

The **National Development Finance Agency** continued to provide specialist procurement and financial advisory skills to State bodies on major infrastructure programmes that will help to deliver high-quality public buildings, educational facilities, healthcare projects and social housing in a manner that represents value for money for the State.

**NewERA** continued to perform in its role as a valuable centre of corporate finance expertise for the State by advising on an increasing number of assignments to relevant Government Ministers and Departments in relation to major commercial State bodies.

The publication of our 2018 Annual Report offers both an opportunity to reflect on the work the NTMA has done and an occasion to consider the challenges of the future and how well the Agency is prepared to meet these challenges.

As volatility increases in financial markets and investors are concerned by the uncertainty created by Brexit, the Board continues to look to mitigate risk and support management in continuing to create long-term value for the State.

I thank my fellow Board members, together with the members of the committees that help to inform the Board's work, for the contribution they make to the Agency's performance.

Finally, on behalf of the Board, I thank the management team, headed by the Chief Executive, Conor O'Kelly, and staff at every level of the organisation, for the hard work, commitment and professionalism that they bring to their work at the NTMA.

**MAEVÉ CARTON**

Chairperson | 7 May 2019



## CHIEF EXECUTIVE'S REVIEW

2018 was a torrid year for financial markets – and a historic one. 90% of all asset classes finished in negative territory – the worst year for broad asset returns since 1901.



While this made the environment difficult for investors, the volatility in global equity markets was a significant factor in keeping monetary policy loose and interest rates low.

That was good news in light of the significant amount of issuance the NTMA had scheduled for the year. We issued a total of €17.6bn in 2018 at an average yield of 1.08%.

Over the four-year period 2015-2018, we issued over €56bn of long-term debt with an average maturity of over 13.5 years. This means that almost 50% of Ireland's total outstanding marketable debt has been refinanced in the past four years, taking advantage of these very low rates. The interest bill on the National Debt in 2018 was €5.8bn, down from €6.1bn in 2017. We expect the interest bill to fall below €5bn next year, well over one third below its 2014 peak level of €7.5bn.

In addition, the strategy adopted by the debt management team has led to a smoothening and lengthening in Ireland's maturity profile which will significantly reduce future funding risks. We continue to advocate a prudent approach to Ireland's funding requirements. As Ireland is still a highly indebted country which depends largely on foreign investors to fund our borrowing needs we have put in place what we describe as a 'permanent contingency plan'. This means that, irrespective of events such as Brexit, the ending of QE, or uncertainty in European debt markets we can be fully confident of our ability to fund our borrowing requirements effectively and efficiently.



In October 2018 we issued Ireland's first Sovereign Green Bond. In doing so we became just the fourth EU sovereign issuer to use this instrument, which is designed to allow Ireland to borrow with the intention that amounts raised are used for projects that are environmentally sustainable.

This was a landmark transaction that raised €3bn but, just as importantly, helps diversify and broaden our investor base further mitigating future funding risks.

The support we received from the Minister for Finance and Public Expenditure and Reform and his Departmental colleagues was crucial in highlighting the Government's strong backing for this instrument and contributed significantly to the success of the transaction. We are very grateful for this support.

A separate environmental related development was the enactment of the Fossil Fuel Divestment Act, last December, which was followed by ISIF's divestment from 38 global fossil fuel undertakings, making the Fund one of the first sovereign wealth funds globally to implement a fossil fuel divestment strategy.

ISIF and the wider NTMA continue to show leadership in the environmental sector in other ways. ISIF is actively looking for more projects and opportunities to build on its existing exposure to investments that are related to addressing climate change, which includes a range of renewable energy investments. Through our NewERA unit, the NTMA is actively involved in providing financial and commercial advice to Government Ministers and Departments in relation to a number of commercial State bodies that have a significant role to play in contributing to the transition to a low-carbon and climate resilient society.

We continue to contribute to the long-term development of the Irish economy through the ISIF, following another year of significant investment in 2018 in projects and businesses that support economic activity and employment in Ireland while generating a commercial return.

During 2018, ISIF committed a further €773m, attracted additional private sector co-investment of €1.8bn and generated significant economic impact. That brings the total ISIF capital committed in Ireland to €4.1bn, catalysing additional private sector co-investment in ISIF-backed investments in Ireland of €7.5bn.

The volatility in global equity markets highlighted the benefits of the Fund's conservative strategy for investing in global assets as it sought to protect capital. This resulted in the Fund recording an overall investment return of -1.0% during 2018, with a positive return in its Irish Portfolio partially offsetting a decline in its Global Portfolio. The Fund has recorded a positive annual return of +1.9% since inception adding €584m in investment returns.

The Ireland Strategic Investment Fund was recently given a new focus by the Minister for Finance and Public Expenditure and Reform which will see it concentrate future investments in five priority areas for the Irish economy: Regional Development, Housing, Indigenous Businesses, Climate Change and sectors affected by Brexit.

Elsewhere within the NTMA, 2018 was a year in which the complexity of the State Claims Agency's work was highlighted, as it sought to expedite the resolution of cases relating to the National Cancer Screening Services taken by women who have been diagnosed with cervical cancer. In carrying out its statutory mandate the SCA places a high priority on managing these cases in a sensitive manner and on treating the people affected, and their families, with dignity and compassion.

2018 also saw the work of the National Development Finance Agency (NDFA) achieve prominence as the robustness of its PPP contracts was tested by the liquidation of a key counterparty to the PPP Schools Bundle 5 project. It is a testament to the quality of the NDFA's work and the PPP financing model that this project is being delivered while ensuring that the State and the taxpayer have been fully protected from financial risk.

Finally, I would like to acknowledge the NTMA's role in putting in place the necessary arrangements, working closely with the Department of Finance, to establish and manage the escrow fund used in relation to the recovery process of the alleged State aid from Apple. This was complex, critical work on behalf of the State and I was pleased that the Agency was in a position to perform this role using its existing skill base and infrastructure, avoiding the substantial costs that would have arisen if alternative avenues involving the private sector had been used.

To conclude, I thank the Chairperson, the Board and committee members for the hugely valuable guidance, support and challenge that they bring to the Agency's activities.

I also thank my colleagues throughout the organisation for the professionalism, commitment and skills that they bring to their roles and for their collective efforts every day to deliver long-term value for the State and its citizens.



**CONOR O'KELLY**

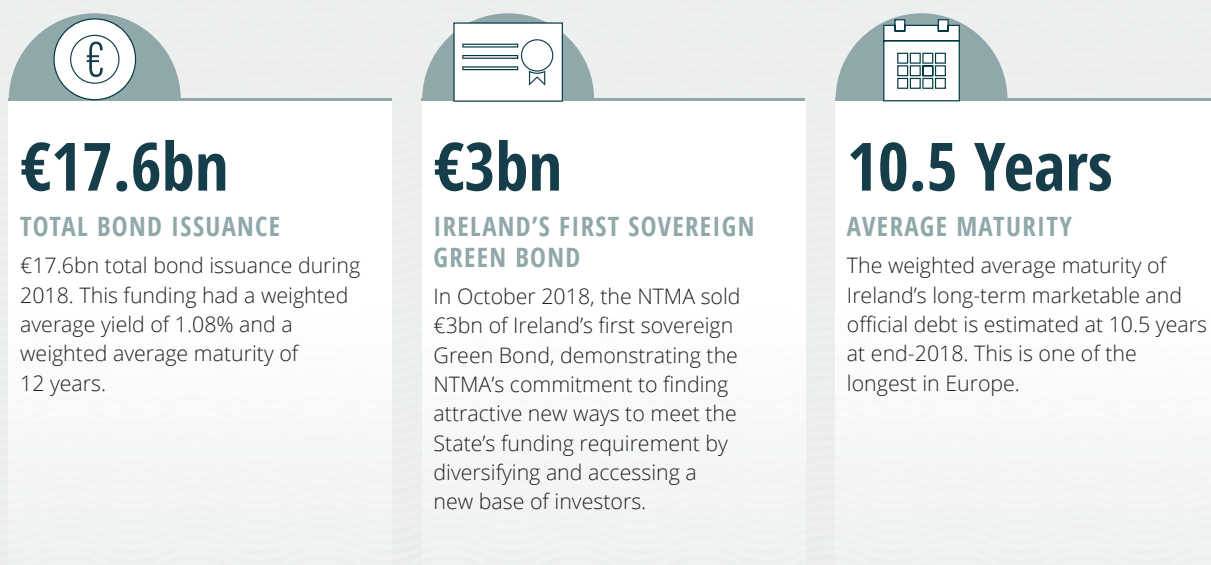
Chief Executive | 7 May 2019



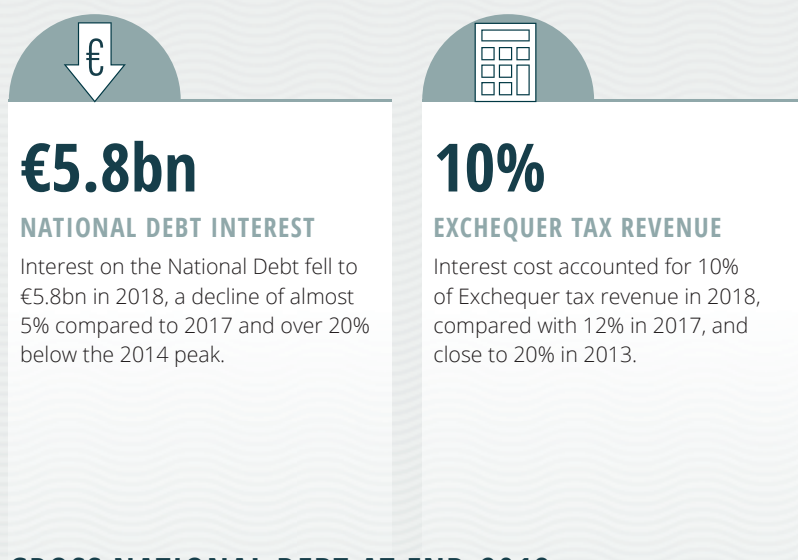
# Funding and Debt Management



## ISSUING LONGER-DATED DEBT



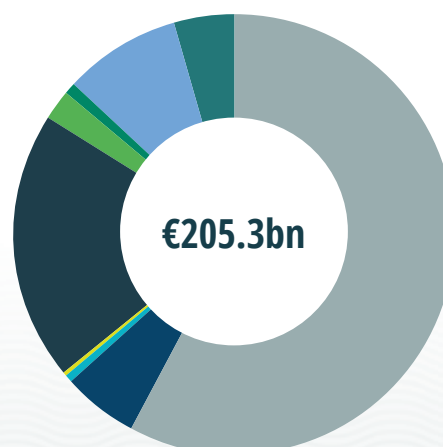
## DEBT SERVICE COSTS LOWER



## GROSS NATIONAL DEBT AT END-2018

- **€119.1bn** Fixed Rate Treasury Bonds
- **€11.5bn** Floating Rate Bonds
- **€0.6bn** Amortising Bonds
- **€0.6bn** Inflation-Linked Bonds
- **€40.9bn** EU Loans
- **€4.0bn** UK Bilateral Loan
- **€2.2bn** Other Medium & Long-Term Debt
- **€17.3bn** State Savings
- **€9.0bn** Short-Term Debt

Figures may not total due to rounding.



## FUNDING AND DEBT MANAGEMENT (CONTINUED)

### MARKET REVIEW

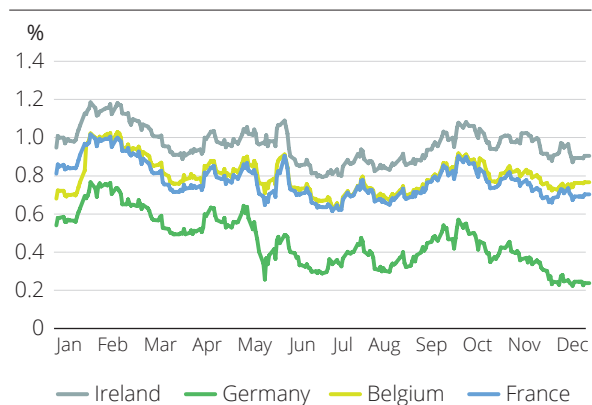
Irish bond yields remained low and traded in line with other semi-core European countries throughout 2018. The low yield environment was influenced by the absence of inflation across the Eurozone and continued ECB quantitative easing measures. The slowdown in the European economy in the second half of the year also influenced investors' interest rate expectations.

The yields on Ireland's bonds were relatively stable throughout the year. The ten-year bond traded from a high of 1.17% to a low of 0.79%. The high in February was reflected across other eurozone markets, as investors assessed the changing outlook for global growth and monetary policy.

There were periods of volatility in eurozone bond markets mid-year, driven by the results of the Italian elections. Ireland's yields increased in line with other semi-core European countries, as investors moved towards safe haven assets such as German bonds.

The latter part of the year was influenced by signs of lower growth and reduced inflation expectations, leading to lower yields. The Irish ten-year bond closed the year at 0.90%. Irish Government bonds were closely correlated with the French and Belgian equivalents, with little indication of any Brexit effect. The Irish ten-year bond traded at an average of 16 basis points over Belgium and 18 basis points over France throughout the year. However, Ireland's credit spread over Germany rose from 40 basis points in January to close to 70 basis points at year-end reflecting a general move in favour of core markets.

### 10-YEAR BOND YIELDS



Source: Bloomberg

### ECB QUANTITATIVE EASING

The ECB introduced quantitative easing (QE) measures in March 2015. The programme, whereby national central banks purchase Government bonds in the secondary market, is officially known as the Public Sector Purchase Programme (PSPP). Between March 2015 and December 2018, the ECB purchased over €2 trillion in eurozone public sector bonds. Irish Government bonds accounted for just over €30bn of this. The PSPP concluded at end-2018, although the ECB will continue to reinvest their maturing holdings as they arise.

### FUNDING ACTIVITY

#### Long-Term Funding

The NTMA completed a total of €17.6bn of long-term issuance during 2018. This had a weighted average yield of 1.08% and a weighted average maturity of 12 years. The majority of this was in benchmark bonds, totalling €17.5bn, with the balance issued by a small private placement, maturing in 2075.

This activity is part of the NTMA's Strategy in recent years, to take advantage of the low yield environment since the introduction of QE, to lock in low rates and lengthen maturities. Over the 2015-2018 period, the NTMA issued over €56bn of long-term debt with a weighted average maturity of over 13.5 years.

The NTMA undertook three bond syndications in 2018. The first was a new 10-year bond issued in January, with €4bn sold at a yield of 0.944%. There was strong interest, with an order book of over €14bn, including more than 140 individual accounts. Overseas investors bought almost 90% of the amount issued.

The second syndication of the year took place in April. This was a new 15-year bond issued at a yield of 1.319%. Again, there was strong interest from a broad range of investors with a total of €4bn being sold. Purchases were spread across several investor categories including fund managers, banks, pension and insurance funds and central banks.

In October, the NTMA issued its third syndication of the year, Ireland's first sovereign Green Bond which had been almost two years in planning. Funds of €3bn were raised at a yield of 1.399%. The total order book of over €11bn included more than 170 individual accounts, a substantial number of which were new. This was a further move by the NTMA to diversify its product and investor coverage, allowing it to access a new category of buyer.

The bond saw demand from green investors who had not been involved in previous syndications. In addition, existing investors bought bonds for newly established green portfolios.



The transaction attracted increased demand from the three established European Centres for green investment, with France accounting for 19% (up from an average of 8% over the last 10 Irish syndications), the Netherlands 9% (up from 2%) and the Nordic region 12% (up from 9%).

### IRISH SOVEREIGN GREEN BOND

An Irish Sovereign Green Bond (ISGB) is designed to provide investors with the financial features of a standard Irish Government Bond combined with sovereign Green Bond market practices.

ISGBs fund eligible green projects that generate a positive environmental benefit. In Ireland's case, the projects which the Government has committed to and were singled out in the Framework included sustainable water and wastewater management, clean transportation and climate change adaptation.

Annual allocation reports will be published outlining the amounts applied to fund eligible green projects. A separate report on the environmental impact of these projects will also be produced on at least a biennial basis, subject to the availability of the relevant data.

Ireland is committed to the transition to a low carbon, climate resilient and environmentally sustainable economy. Ireland believes green finance, including Irish Sovereign Green Bonds will contribute and play a key role in financing this transition.

This issuance allowed the NTMA to diversify its funding base by adding to this substantially growing market segment and match the preference of investors.

Other European sovereigns which have issued Green Bonds include France, Belgium and Poland.

### SYNDICATION ALLOCATIONS BY INVESTOR COUNTRY

#### 10-YEAR BOND (2028)

- 38% UK
- 15% Americas
- 14% Germany/Austria
- 11% Ireland
- 10% Nordics
- 2% France
- 9% Other Europe
- 1% Rest of World



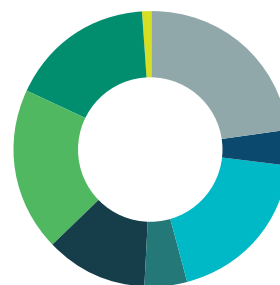
#### 15-YEAR BOND (2033)

- 46% UK
- 6% Americas
- 11% Germany/Austria
- 8% Nordics
- 7% France
- 17% Other Europe
- 5% Rest of World



#### GREEN BOND (2031)

- 23% UK
- 4% Americas
- 19% Germany/Austria
- 5% Ireland
- 12% Nordics
- 19% France
- 17% Other Europe
- 1% Rest of World



The NTMA also held six bond auctions during the year raising €6.5bn. The majority were dual bond auctions, with a choice of two bonds on offer in each auction.

### NTMA BOND AUCTIONS 2018

Bond Name	Auction Size €m*	Yield %	Bid-Cover Ratio
<b>8 February</b>			
0.9% Treasury Bond 2028	800	1.11	1.63
1.7% Treasury Bond 2037	461	1.59	2.06
<b>8 March</b>			
0% Treasury Bond 2022	500	0.11	2.71
0.9% Treasury Bond 2028	575	1.07	2.49
<b>10 May</b>			
0% Treasury Bond 2022	500	0.02	2.91
0.9% Treasury Bond 2028	500	0.96	2.48
<b>12 July</b>			
0.9% Treasury Bond 2028	987	0.82	1.75
2% Treasury Bond 2045	332	1.64	1.73
<b>13 September</b>			
0.9% Treasury Bond 2028	1000	0.89	2.40
<b>8 November</b>			
3.9% Treasury Bond 2023	403	0.03	2.66
0.9% Treasury Bond 2028	460	0.99	2.40

\*includes proceeds of non-competitive auctions

## FUNDING AND DEBT MANAGEMENT (CONTINUED)

In 2018, the NTMA bought back €1.6bn of bonds due to mature in 2019-2020. This reduction in the volume of near-term debt maturities, replacing them with lower coupon and longer-dated bonds, contributes to the strategy of locking in low interest rates and lengthening the maturity of the debt.

A total of €4bn nominal of Floating Rate Bonds held by the Central Bank were also bought back during 2018. These were replaced with medium to long-term fixed rate market funding. The total outstanding balance of the Floating Rate Bonds stood at €11.5bn at end-2018, compared with €25bn originally issued in 2013. This is ahead of the minimum schedule, a strategy driven by today's low interest rate environment. When replacing floating rate notes with new fixed rate bonds the NTMA is protecting the State against future rate rises.

### Short-Term Funding

The NTMA was also active in short-term markets throughout the year. Four Treasury Bill auctions were held during the year, each with a 12-month maturity. There was €2bn outstanding in Treasury Bills at end-2018, unchanged from end-2017.

The NTMA also maintained Ireland's Multi-Currency Euro Commercial Paper (ECP) programme in 2018. Total turnover in ECP during the year was €7bn and there was €0.5bn outstanding at end-2018.

As a result of the ECB's expansionary monetary policies and the low interest rate environment, the NTMA issued all Treasury Bills and ECP at negative euro-equivalent interest rates in 2018. Short-term debt was also issued in the form of Exchequer Notes and Central Treasury Notes, mainly to domestic institutional investors.

### State Savings

State Savings is the brand name applied by the NTMA to the range of Irish Government savings products offered to personal savers. During 2018, there were net inflows of €0.2bn into the State Savings products. At end-2018, the total amount outstanding in fixed rate products and prize bonds was €17.3bn. When variable rate deposit accounts are included, this brings the year-end total to €20.6bn.

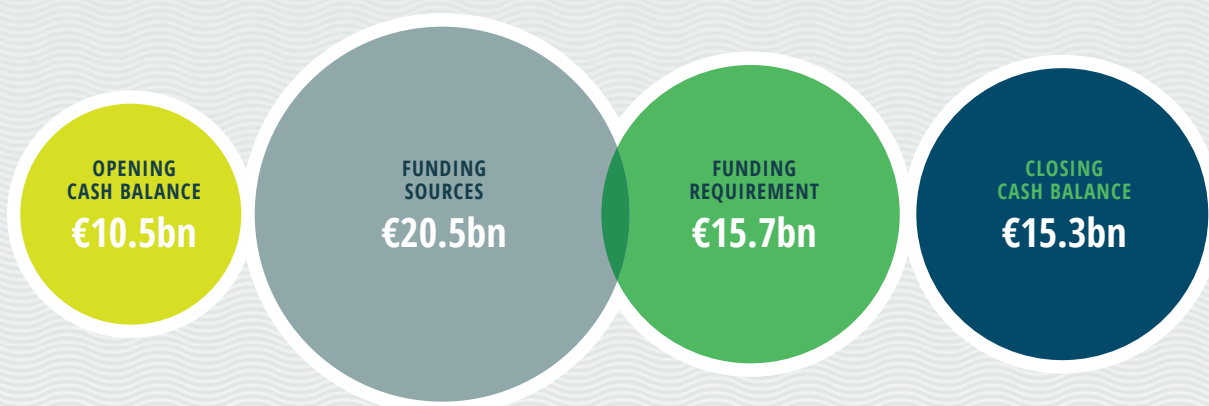
#### STATE SAVINGS - RESPONDING TO CUSTOMER NEEDS

State Savings is responding to customer needs by offering more services online. As one of the largest savings providers in the country with over €20.6bn in customer savings, the NTMA is making it easier for customers to save with the Irish Government. In 2018, the State Savings website ([www.statesavings.ie](http://www.statesavings.ie)) was significantly enhanced and now offers a range of information about the products, an easy to use savings calculator, the ability to check if Prize Bonds have won or to buy State Savings products online. A large survey of State Savings customers found that customers want to be able to interact easily across all platforms. Later this year, State Savings customers will be able to purchase products at their local Post Office by simply scanning a unique QR code from their phone, meaning fewer forms to fill out.

### EXCHEQUER FUNDING SOURCES AND REQUIREMENTS 2018

The Exchequer had cash balances of €15.3bn at end-2018, an increase of close to €5bn on the previous year-end. Long-term issuance during 2018 raised €17.6bn, while other funding sources totalled almost €3bn. This included a small Exchequer surplus as well as additional short-term paper issuance.

This funding was applied to meet bond maturities of close to €9bn, as well as Floating Rate Note purchases and bond switches. The net increase in cash balances reflected a continuation of the pre-funding strategy adopted by the NTMA in advance of larger redemptions over the years 2019 and 2020.





## STATE SAVINGS PRODUCTS

	<b>Total Outstanding at End-2018 €m</b>	<b>Net Inflow/ (Outflow) in 2018 €m</b>
Savings Bonds	2,855	(395)
National Solidarity Bonds	4,875	532
Savings Certificates	5,685	(341)
Instalment Savings	510	7
Prize Bonds	3,414	244
Deposit Accounts	3,308	187
<b>Total</b>	<b>20,647</b>	<b>234</b>

Figures may not total due to rounding.

## DEBT PROFILE

National Debt is the net debt incurred by the Exchequer after taking account of cash balances and other financial assets. The primary component of General Government Debt is Gross National Debt – that is the National Debt before netting off cash and financial assets. The NTMA's responsibilities relate to the management of the National Debt only.

COMPOSITION OF GENERAL GOVERNMENT DEBT<sup>2</sup> AT END-2018

	<b>€bn</b>
Government Bonds	
<i>Fixed Rate Treasury</i>	119.1
<i>Floating Rate</i>	11.5
<i>Amortising</i>	0.6
<i>Inflation-Linked</i>	0.6
Total	131.8
EU Loans	40.9
UK Bilateral Loan	4.0
Other Medium and Long-term Debt	2.2
State Savings Schemes*	17.3
Short-Term Debt	9.0
<b>Gross National Debt</b>	<b>205.3</b>
Less Exchequer Cash and other Financial Assets	17.6
<b>National Debt</b>	<b>187.7</b>
<b>Gross National Debt</b>	<b>205.3</b>
General Government Debt Adjustments	0.9
<b>General Government Debt</b>	<b>206.2</b>

Figures may not total due to rounding.

\*State Savings Schemes also include moneys placed by depositors in the Post Office Savings Bank (POSB). These are not an explicit component of the National Debt but are mainly lent to the Exchequer as short-term advances and through the purchase of Irish Government bonds. Taking into account the POSB Deposits, total State Savings outstanding were €20.6bn at end-2018.

Source: NTMA and Central Statistics Office

At 65%, Ireland's ratio of GGD/GDP at end-2018 had fallen significantly since its peak of 120% in 2012. However, the absolute level of debt remains high. Ireland's GGD at end-2018 was over €200bn.

The recent decline in the GGD/GDP ratio is primarily as a result of the activities of multinational companies, dramatically increasing Ireland's GDP. From 2015 onwards, Ireland's GDP figures were highly affected by this.

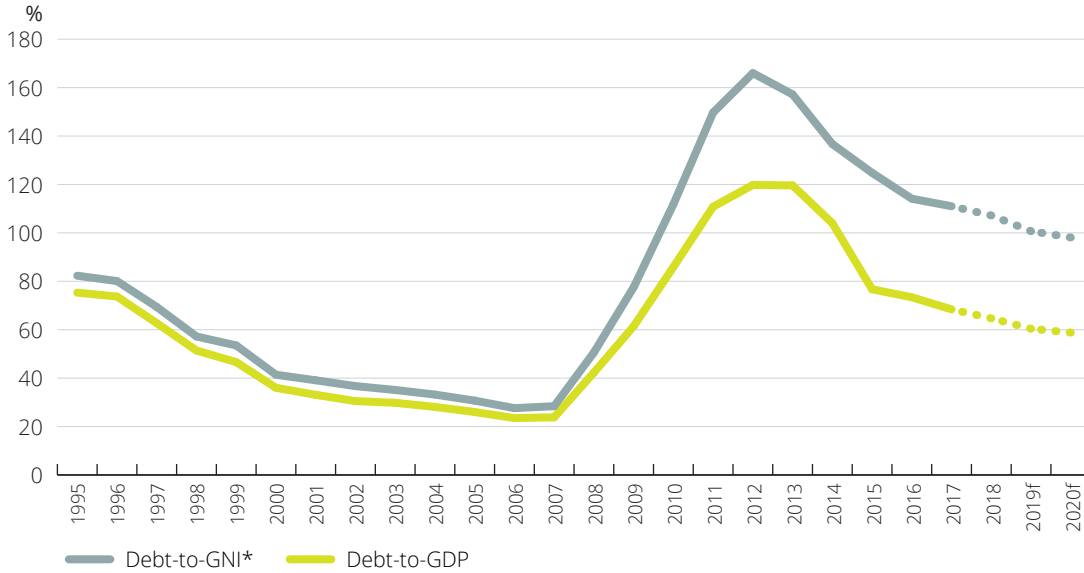
Nonetheless, there is strong underlying economic activity as evidenced by employment and consumption figures. This is a positive development which improves Ireland's debt sustainability long-term.

At the same time, Ireland benefitted from unexpected Corporate Tax receipts and ran a small budget surplus of €0.05bn in 2018. This is the first year since 2007 that revenue exceeded expenditure.

<sup>2</sup> *General Government Debt (GGD) is a measure of the total gross consolidated debt of the State. It is the standard measure used for comparative purposes across the European Union.*

## FUNDING AND DEBT MANAGEMENT (CONTINUED)

### GGD/GDP RATIO 1995-2020



Source: CSO and Department of Finance

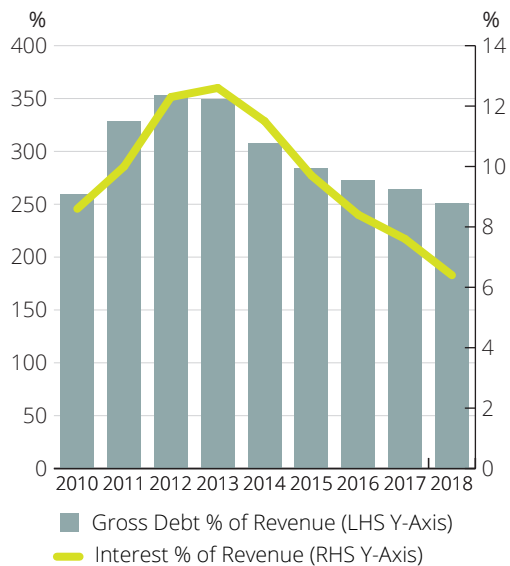
The significant impact on Ireland's GDP figures from the activities of multinational companies make the ratio of debt to GDP less reliable as an indicator of sustainability. In that context, it is necessary to focus on additional metrics to obtain a clearer picture of Ireland's debt burden.

One alternative metric is General Government Debt as a percentage of Modified Gross National Income – also known as GNI\* which strips out the impact of certain multinationals' activities from GDP. The GGD/GNI\* ratio fell from a peak of almost 166% in 2012 to 107% in 2018. It is the best, although imperfect, guide to the size of Ireland's economy.

Other metrics measure debt and interest as a percentage of General Government Revenue. GGD as a percentage of revenue stood at 251% at end-2018, while general government interest as a percentage of revenue was 6%.

Whichever metric is used, the fact remains that Ireland's debt dynamics continued to improve in 2018 while it ran a small budget surplus.

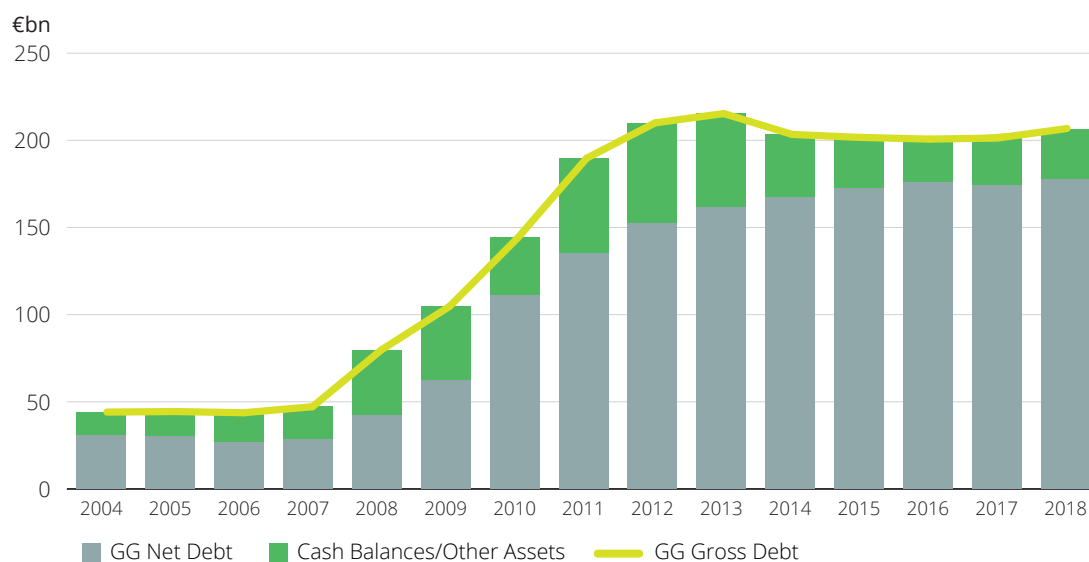
### GENERAL GOVERNMENT DEBT METRICS 2010-2018



Source: NTMA and CSO

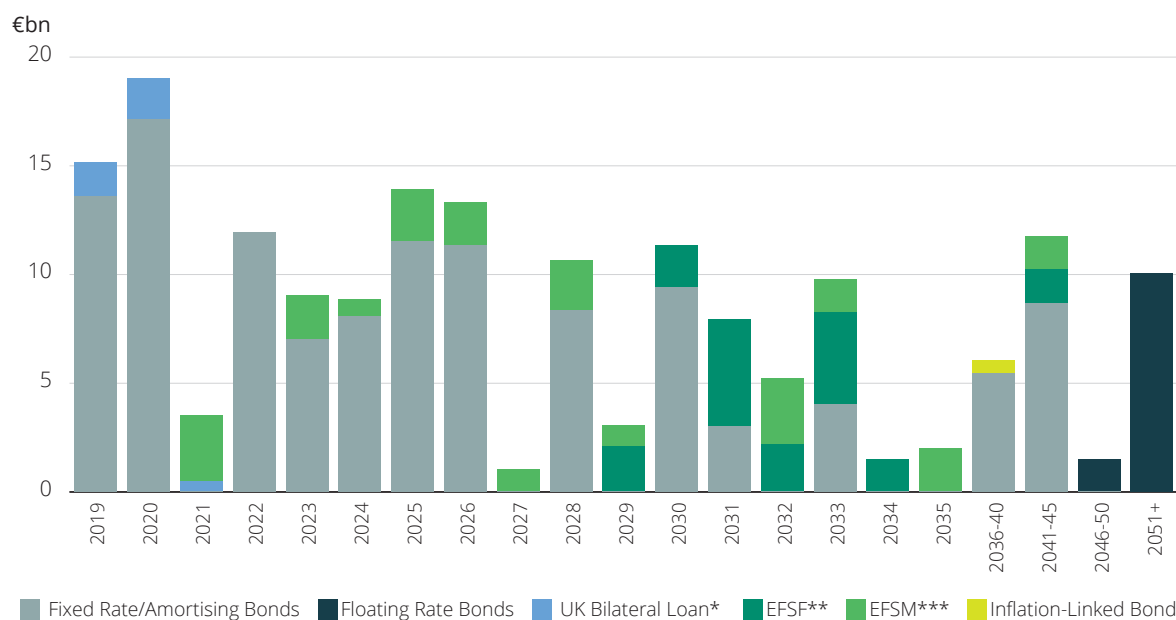
GGD is a gross measure which does not allow for the netting off of cash balances and other financial assets. However, the CSO produces an estimate of General Government Net Debt which, at end-2018, stood at €178bn or 56% of GDP. The financial assets of €29bn netted off for the purpose of calculating Net Debt include ISIF cash and non-equity investments as well as Exchequer cash balances. They exclude the Government's equity stakes in the Irish banking sector, most notably AIB.

## GROSS AND NET GENERAL GOVERNMENT DEBT 2004-2018



Source: CSO

## MATURITY PROFILE OF IRELAND'S LONG-TERM MARKETABLE AND OFFICIAL DEBT AT END-2018



### Notes:

\*Includes the effect of currency hedging transactions.

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

\*\*\*EFSM loans are also subject to extension, such that their original aggregated weighted average maturity will be a maximum of 19.5 years. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027. However the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity dates. The chart above reflects both original and revised maturity dates of individual EFSM loans.



## FUNDING AND DEBT MANAGEMENT (CONTINUED)

### DEBT SERVICE COSTS

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

The cash interest cost of the National Debt in 2018 was €5.8bn, close to 5% below the corresponding figure for 2017 and over 20% below the 2014 peak. The main reason behind the sharp reduction over this period is the early repayment of the IMF loan facility and its replacement with cheaper, marketable funding. The 2018 interest bill was 5% lower than estimated in Budget 2018 reflecting the favourable interest rate and funding environment evident throughout much of the year.

Interest on the National Debt accounted for 10% of Exchequer tax revenue in 2018 compared with 12% in 2017, 14% in 2016 and close to 20% in 2013.

### DEBT REDEMPTIONS

2018 was also notable for its sizeable bond maturity of €8.8bn. This compares to maturities of just over €6bn and €7bn in 2017 and 2016 respectively. The October 2018 bond was first issued in late 2007, just before the onset of the financial crisis, at a yield of 4.58%. It was the first of five bonds due to mature over the two-year period from October 2018 to October 2020. These bonds collectively came to be known as the "chimney stacks" because of the scale of the outstanding balances. The next maturity is in June 2019. Through bilateral bond switching in recent years the balance outstanding on the remaining four bonds has been reduced by over €5bn.

### IRISH GOVERNMENT BOND MARKET

At end-2018, Ireland's benchmark bond curve had a range of maturities, extending to 2045.

#### IRISH GOVERNMENT FIXED RATE TREASURY BONDS

Bond	Maturity Date	Outstanding End-2018 €m*
4.4% Treasury Bond 2019	18 June 2019	7,080
5.9% Treasury Bond 2019	18 October 2019	6,022
4.5% Treasury Bond 2020	18 April 2020	10,613
5.0% Treasury Bond 2020	18 October 2020	6,515
0.8% Treasury Bond 2022	15 March 2022	6,828
0.0% Treasury Bond 2022	18 October 2022	5,100
3.9% Treasury Bond 2023	20 March 2023	7,006
3.4% Treasury Bond 2024	18 March 2024	8,031
5.4% Treasury Bond 2025	13 March 2025	11,490
1.0% Treasury Bond 2026	15 May 2026	11,319
0.9% Treasury Bond 2028	15 May 2028	8,322
2.4% Treasury Bond 2030	15 May 2030	9,402
1.35% Treasury Bond 2031	18 March 2031	3,000
1.3% Treasury Bond 2033	15 May 2033	4,000
1.7% Treasury Bond 2037	15 May 2037	5,322
2.0% Treasury Bond 2045	18 February 2045	8,596

\*excluding repos.

The Irish Government bond market has a strong primary dealer group, mainly international investment banks with a global reach. The 16 primary dealers have exclusive access to the Irish Government bond auctions, and are required to quote continuous buy and sell prices in Irish benchmark bonds.

Ireland's credit ratings remained stable with all of the main agencies during 2018.

#### IRELAND'S SOVEREIGN CREDIT RATINGS AT END-2018

Rating Agency	Long-term rating	Short-term rating	Outlook
Standard & Poor's	A+	A-1	Stable
Moody's	A2	P-1	Stable
Fitch Ratings	A+	F1+	Stable

## Investor Relations

The NTMA repeated its annual programme of investor relations in 2018. The goal of this programme is to develop and maintain long-term relationships with investors. It provides transparency to the market about Ireland's macroeconomic situation and the NTMA's funding plans.

The NTMA held investor relations roadshows across Europe, Asia and North America. Outside of the largest financial centres, the NTMA grew its investor base by visiting less high profile hubs such as Austria, Switzerland and Korea.

In addition, the NTMA undertook an extensive Green Bond roadshow in October. Representatives from the NTMA and a number of other Government Departments visited both existing bond investors and specific green funds. The purpose was to outline Ireland's commitment to transitioning to an environmentally sustainable economy. This paved the way for the launch of the Green Bond, which saw many sustainable-finance investors place orders with Ireland for the first time.

The NTMA participated in numerous conferences and events over the course of the year. It also produces and regularly updates the NTMA investor presentation pack. This covers topics from economic data to updates on Government funding and the banking sector.

## IRELAND APPLE ESCROW FUND

In August 2016, the European Commission announced its decision that certain advance opinions of the Irish Revenue Commissioners provided to two Irish subsidiaries of Apple Inc., Apple Sales International and Apple Operations Europe (collectively "**Apple**"), constituted State aid contrary to European Union law (the "**Commission Decision**"), and Ireland was required to recover an amount equal to the alleged State aid together with EU interest (the "**Recovery Amount**") from Apple. Both Ireland and Apple have instituted separate proceedings to annul the relevant Commission Decision. Pending the outcome of those proceedings and in discharge of Ireland's State aid recovery obligation, Apple has paid the Recovery Amount into escrow which is held by an escrow agent/custodian on behalf of the Minister for Finance and Apple.

An escrow framework deed (the "**Escrow Deed**") was agreed between the Minister for Finance and Apple in April 2018 providing for recovery of the alleged State aid and the framework for oversight, safekeeping and management of the escrow fund (the "Fund"). The Minister for Finance has delegated certain aspects of his functions in relation to the Fund to the National Treasury Management Agency by way of orders issued pursuant to Section 28 of the NTMA (Amendment) Act 2000.

The procurement process for escrow agent and custodian services, as well as for the provision of investment management services, was conducted by the NTMA on behalf of the Minister for Finance in conjunction with Apple. The Bank of New York Mellon, London Branch, was selected to provide escrow agency and custodian services following a competitive tender process. Amundi Asset Management, BlackRock Investment Management (UK) Limited and Goldman Sachs Asset Management were selected for the provision of investment management services.

Over the course of Q2 and Q3 2018, Apple paid the Recovery Amount of €14.285bn into escrow. The Fund is managed by the three investment managers, with management and investment oversight jointly through an investment committee consisting of three Ireland members and three Apple members.

The Fund is invested in accordance with an agreed investment policy and investment manager mandates in low risk, highly rated euro dominated fixed income securities (predominately short to medium-term sovereign and quasi-sovereign bonds).

The investment objective is to preserve capital to the greatest extent possible in light of prevailing market conditions.

In accordance with Section 28 of the NTMA (Amendment) Act 2000 and at the direction of the Minister for Finance the NTMA is required to prepare and keep accounts for the Fund, which are subject to audit by the Comptroller and Auditor General. These accounts submitted annually to the Minister for Finance reflect the overall value, income and expenditure of the Fund using IFRS accounting standards. All income, expenses, gains and losses accrue to the Fund. The accounts are published separately to the NTMA accounts.

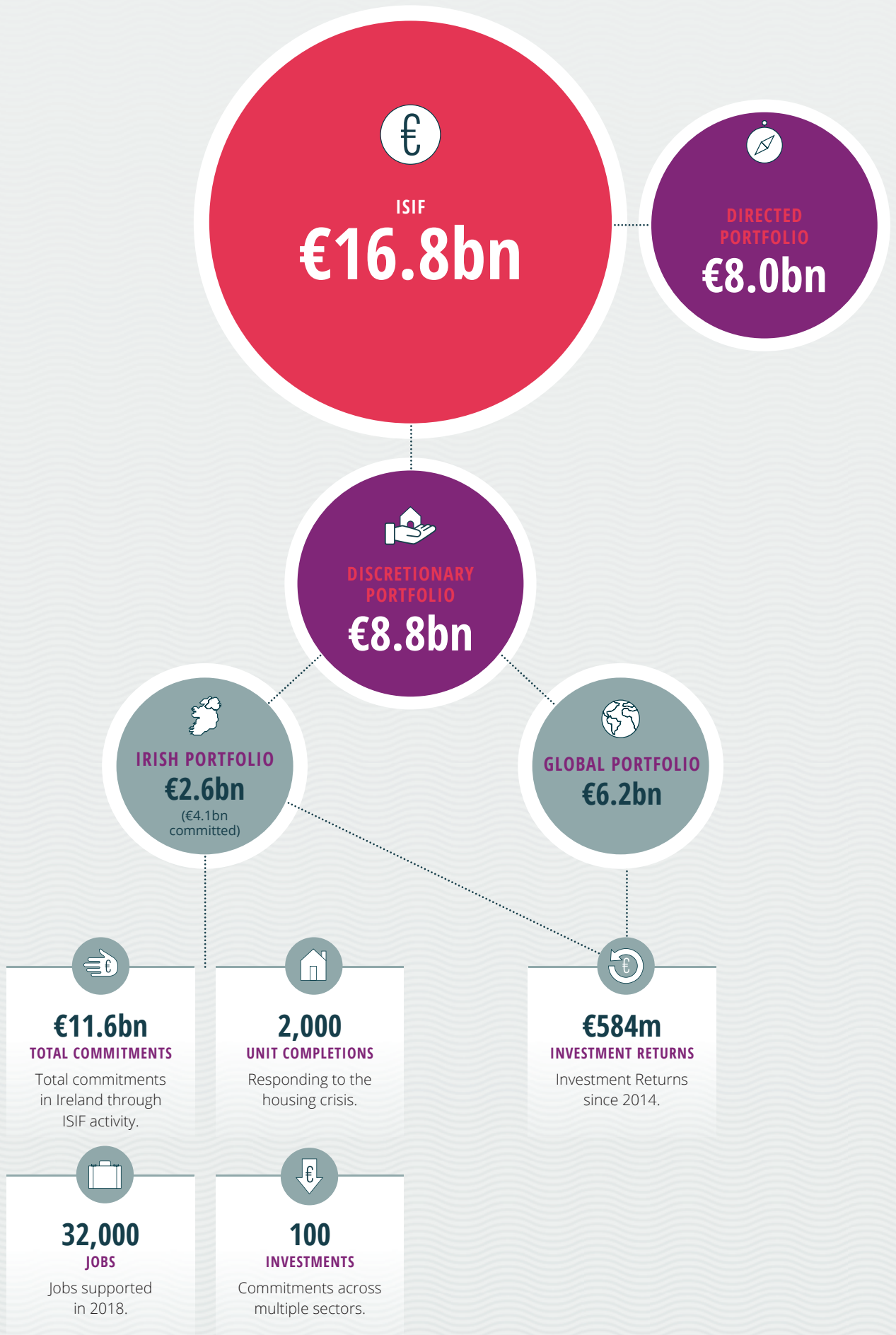


The image is a cover for the Ireland Strategic Investment Fund. It features a scenic landscape of a coastal region in Ireland. In the foreground, several black and white cows are grazing in a lush green field. The middle ground shows a rocky coastline with a blue sea and a small white building on a hill. The background consists of rolling green hills under a blue sky with light clouds. A large, dark red, wavy graphic element is on the left side of the page, and a large, dark red, triangular graphic element is on the top left. The text 'Ireland Strategic Investment Fund' is positioned in the upper right quadrant.

# Ireland Strategic Investment Fund



# OVERVIEW OF ISIF



## IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### OVERVIEW

The Ireland Strategic Investment Fund (ISIF), controlled and managed by the National Treasury Management Agency (NTMA), is a €16.8bn fund. The ISIF is comprised of the Discretionary Portfolio (€8.8bn) and the Directed Portfolio (€8.0bn). The ISIF has a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In December 2014, the assets of the National Pensions Reserve Fund (NPRF) transferred to the Ireland Strategic Investment Fund. The NPRF Discretionary Portfolio was made available to the ISIF to enable it to make investments that meet this mandate. The Directed Portfolio (primarily public policy investments in AIB and Bank of Ireland) continues to be held within the ISIF under direction from the Minister for Finance.

In July 2018, the Minister for Finance announced that the ISIF would focus on priorities that will support Project Ireland 2040; Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit.

### DISCRETIONARY PORTFOLIO

The Discretionary Portfolio is comprised of the Irish Portfolio (€2.6bn) and the Global Portfolio (€6.2bn). The total Discretionary Portfolio value has grown since inception from €7.1bn to €8.8bn, comprised of investment gains of €0.6bn and cash injections of €1.1bn (AIB dividends €761m, Bank of Ireland dividends €17m and the sale of the State’s shareholding in Aer Lingus €335m).

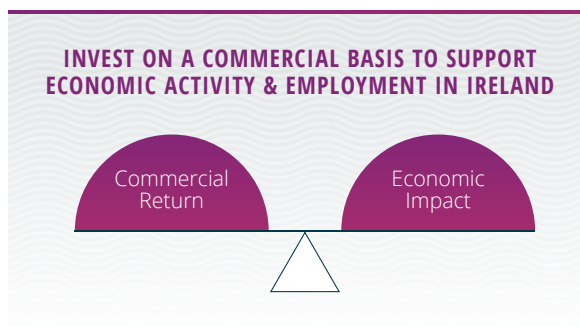
In 2018, the ISIF investment return was -1.0%, made up of +5.1% on the Irish Portfolio and -3.1% on the Global Portfolio (the Global Portfolio holds Discretionary Portfolio assets which have not yet been invested in Ireland). The Irish Portfolio benefited principally from the strong performance of its venture capital fund investments. The main objective of the Global Portfolio is to ensure that cash is available to fund Irish investment commitments as they materialise and to earn a return that will assist ISIF’s performance with a low risk appetite in the intervening period. Its performance was negative in 2018, a year when market conditions were very challenging.

Since inception, the ISIF has generated an annualised return of +1.9% per annum, comprising a return of +7.1% per annum from the Irish Portfolio and a return of +0.7% per annum from the Global Portfolio.

### IRISH PORTFOLIO

#### Irish Portfolio Mandate

The ISIF’s “double bottom line” mandate makes it one of the few sovereign funds globally with a mandate to support economic activity and employment, in addition to delivering commercial returns. The ISIF is required to seek to generate a return over the long term in excess of the cost of Irish Government debt.



### Irish Portfolio Investment Strategy

In May 2015, the NTMA Board approved an investment strategy for the ISIF, following consultation with the Minister for Finance and the Minister for Public Expenditure and Reform. The key features of the Investment Strategy included:

- **A Broad-Based Portfolio;** Across sectors, regions and asset classes.
- **ISIF’s Key Differentiators;** Utilisation of the ISIF’s key differentiating features of scale, flexibility across the capital structure, long-term investment horizon and credibility and value as a sovereign investment partner to provide something additional or unique in the market and enable transactions which would not otherwise easily be completed.
- **Co-Investment;** Attracting co-investment partners where possible so that the impact of ISIF investments will be multiplied in the Irish economy.
- **Return;** Risk-adjusted rates of return appropriate to the specific characteristics of each individual investment. Overall long-term portfolio return in excess of the average cost of Government debt.

ISIF’s revised 2019 Investment Strategy<sup>3</sup>, guided by the objectives of Project Ireland 2040, will target a €3bn five-year investment programme which will focus on five Priority Themes of key importance to the Irish economy: Regional Development, Housing, Indigenous Businesses, Climate Change and sectors adversely affected by Brexit. In addition, the Fund will continue to pursue investment opportunities that are suitable for its Connectivity Fund sub-portfolio, which includes projects that enhance Ireland’s global data, energy and physical connectivity. The Fund will also maintain some flexibility to selectively take advantage of compelling opportunities of national significance which are consistent with the Fund’s mandate and do not fit under the Priority Themes.

<sup>3</sup> Approved by the NTMA Board in November 2018 and published following consultation with the Minister for Finance and Public Expenditure and Reform on 1 February 2019.



The 2019 Investment Strategy follows a scheduled review of the Fund by the Minister for Finance and maintains the “double bottom line” mandate to generate a commercial return and support economic activity and employment in the State.

On 8 April 2019, the Minister for Finance directed the NTMA to make available and lend, as soon as practicable after the date of the direction, a loan facility of up to €730m from the ISIF to Home Building Finance Ireland (Lending) DAC (HBFIL) on the terms and conditions set out in the form of facility agreement attached to the direction. The facility agreement is expected to be entered into shortly between the NTMA (as controller and manager of the ISIF) and HBFIL.

The Bill to establish the National Surplus (Exceptional Contingencies) Reserve Fund (the “Rainy Day Fund”) proposes to give the Minister for Finance power to direct the NTMA to transfer up to €2bn from the ISIF to the Rainy Day Fund within the timeframe set out in the Bill. The NTMA understands that following the enactment and commencement of the relevant sections of the Bill, the Minister intends to direct the transfer of €1.5bn from the ISIF to the Rainy Day Fund.

On 22 October 2018, the Minister for Finance informed the NTMA in writing of a proposal to allocate a reserve of up to €1.25bn of ISIF funds to support the Land Development Agency in its acquisition of a portfolio of lands, for housing and other purposes. The NTMA understands that this proposal may be implemented by legislative change in due course.

## IRISH PORTFOLIO COMMITMENTS

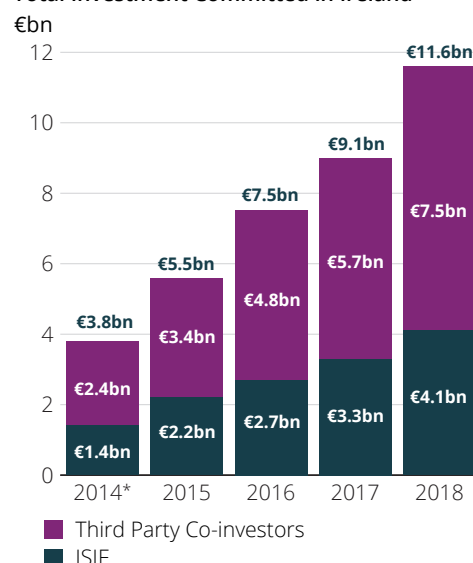
Including investments made by its predecessor (the NPRF), the ISIF committed €4.1bn at end-2018 to investments consistent with its “double bottom line” investment mandate. Including third-party co-investor commitments, a total of €11.6bn had been committed to investment in Ireland arising from ISIF investments.

The ISIF portfolio is diversified across the regions and many sectors of the economy and includes investments in infrastructure, energy, housing, commercial real estate, SMEs, food and agriculture, forestry, technology, life sciences, education and international financial services.

ISIF set a co-investment target in the 2015 Investment Strategy to attract €1m in third-party capital alongside every €1m ISIF invests. As at 31 December 2018, ISIF exceeded this target with a co-investment rate of €1.8m alongside every €1m committed by ISIF.

## ISIF COMMITMENTS TO IRELAND 2014-2018

### Total Investment Committed in Ireland



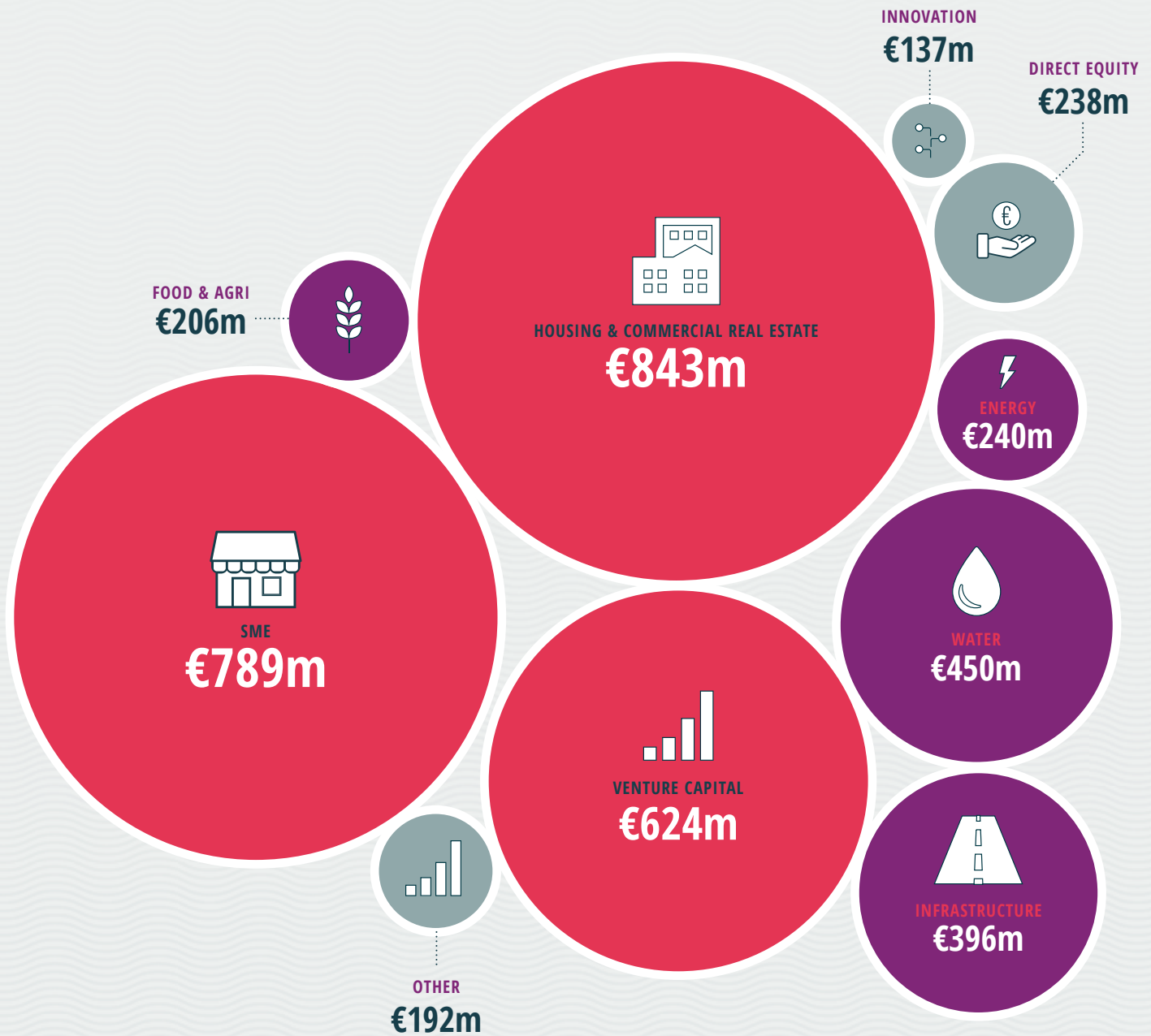
\*Irish assets transferred in December 2014 from NPRF that were broadly consistent with ISIF mandate.

Figures may not total due to rounding.



## IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### IRISH PORTFOLIO: CAPITAL COMMITTED AT END-2018



Of the €4.1bn committed to Ireland, €2.8bn had been drawn down at end-2018.

€773m was committed by the ISIF to 21 separate investments during 2018 (average investment size of €37m).

## ISIF IRISH INVESTMENTS 2018

Investment	Description of Investment	€m
<b>Encavis</b>	Irish solar energy projects.	35
<b>Vectra Networks</b>	Investment supporting global sales and marketing and launch of an artificial intelligence development centre in Ireland.	10
<b>Mainstay Medical</b>	Investments in Medtech company to support the development and commercialisation of its product which targets lower back pain.	10
<b>China Ireland Technology Growth Fund II</b>	Fund focused on high-growth companies seeking access to Irish and Chinese markets.	75
<b>Dunport</b>	Fund providing a mix of unitranche, senior and mezzanine debt to medium/large Irish SMEs and mid-sized corporates.	95
<b>AMCS *</b>	Follow-on investment to allow company to continue development as a global waste management software business.	40
<b>Finance Ireland*</b>	Follow-on investment in non-bank lender supporting its SME and Agri Leasing business.	15
<b>Irish Whiskey Growth Fund</b>	Platform which provides Debt finance secured on whiskey stock to growth-stage whiskey companies.	10
<b>Avestus</b>	Private rental sector housing platform.	25
<b>Activate*</b>	Residential development finance platform targeting the delivery of over 10,000 housing units.	175
<b>Milkflex II</b>	Nationwide roll out of the Milkflex Fund that will offer flexible, competitively priced loans to milk suppliers with loan repayments linked to milk price.	20
<b>Barings Aviation/Genesis</b>	Full life cycle aircraft lessor focused on acquiring mid-life narrow body aircraft, with aircraft maintenance to be carried out in Ireland.	50
<b>Strategic Healthcare Investment Partners</b>	Venture capital fund that focuses on early stage medical device opportunities.	22
<b>Beachpoint Capital</b>	Fund lending to high growth Irish SMEs.	15
<b>Temporis Aurora</b>	Fund targeting build out of new renewable energy generation in Ireland.	50
<b>Nautilus*</b>	Water-cooled data centre company.	3
<b>Swrve*</b>	Follow-on investment supporting a growing mobile marketing software company.	1
<b>Frontline EMEA Expansion Fund</b>	Expansion stage venture capital fund targeting North American software companies entering the EMEA marketplace and locating in Ireland.	9
<b>Seroba Fund II*</b>	Venture capital fund targeting innovative, early and mid-stage life sciences companies.	2
<b>WuXi-NextCODE/GMI</b>	Commitment to an investment programme seeking to make Ireland a global hub for genomic medicine.	61
<b>Urbeo Residential</b>	Build to rent residential housing platform.	51
		<b>773</b>

\*Additional commitment to an existing ISIF investment.  
 Figures may not total due to rounding.

## IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### IRISH PORTFOLIO ECONOMIC IMPACT

The ISIF seeks to allocate the majority of its capital to priority sectors and investments where the highest economic impacts are likely, while also ensuring that all investments satisfy its commercial return objectives.

The economic impact and employment supported by ISIF investment differs from traditional Government expenditure. With commercial investment, public resources are expected to be returned with a gain at the end of the investment period; whereas, with Government expenditure public financial resources are depleted as a result of the spending. Returned investment capital can then be recycled into additional beneficial projects.

In line with the ISIF's "double bottom line" mandate, a key part of the ISIF's due diligence in advance of investment is a comprehensive assessment of the additionality, displacement and deadweight potential of each transaction. Post-investment, the ISIF completes a semi-annual survey of all investees to collect economic impact and employment data to enable it to monitor the economic impact progress of all investments.

**Additionality** refers to the additional economic benefits to Gross Value Added (GVA) which are likely to arise as a result of the investment under consideration, over and above what would have taken place anyway.

**Displacement** refers to instances whereby the additionality created from an investment is reduced or made smaller at the overall economy level due a reduction in such benefits elsewhere in the economy.

**Deadweight** refers to instances whereby the economic benefits created from an investment would have been achieved in any event in the absence of intervention.

### ISIF ECONOMIC IMPACT 2018



**2,204**

**IRISH BASED COMPANIES/PROJECTS**

generated combined revenues of €2.2bn, 22% through exports.



**€950m**

**WAGES & SALARIES**

earned in 2018 by employees of these companies.



**32,068**

**JOBS**

are supported, directly and indirectly, by ISIF investments.



**€1.1bn**

**GVA**

to the Irish economy.



**2,000 units**

**RESPONDING TO THE HOUSING CRISIS**

ISIF-backed residential housing platforms completed over 2,000 units at 31 December 2018 and have funding committed or sites acquired to deliver a further 10,000 homes.



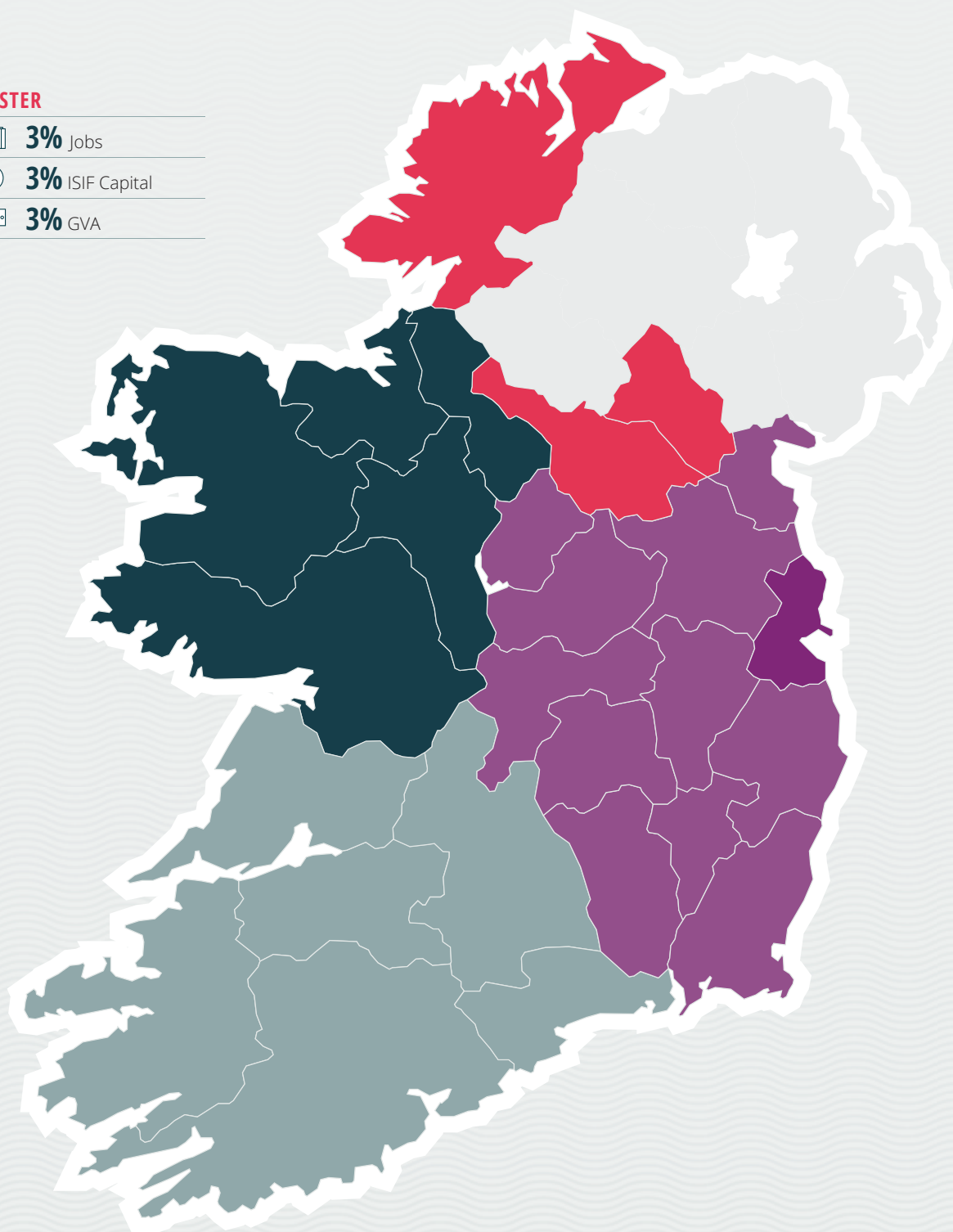
## ISIF REGIONAL ECONOMIC IMPACT 2018

### ULSTER

 **3%** Jobs

 **3%** ISIF Capital

 **3%** GVA



### MUNSTER

 **24%** Jobs

 **22%** ISIF Capital

 **25%** GVA


### CONNACHT

 **5%** Jobs

 **6%** ISIF Capital

 **4%** GVA

### LEINSTER (EX DUBLIN)

 **23%** Jobs

 **14%** ISIF Capital

 **24%** GVA

### DUBLIN

 **45%** Jobs

 **55%** ISIF Capital

 **44%** GVA

## IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

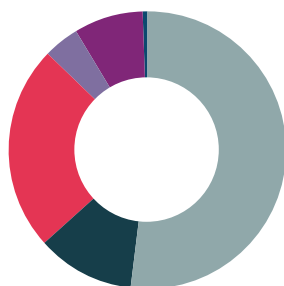
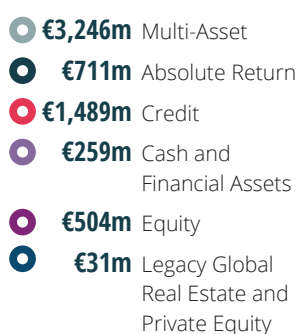
### GLOBAL PORTFOLIO

The Global Portfolio, with total assets at end-2018 of €6.2bn, accounted for 70% of invested assets of the Discretionary Portfolio at December 2018.

In July 2016, the NTMA completed implementation of its Global Portfolio Transition Strategy (GPTS), which is designed to position the ISIF to transition from a largely global portfolio into an Irish Portfolio as investment opportunities in Ireland are executed and drawn down over a period of years. The overall focus of the GPTS is to ensure that cash is available as required for Irish investments over an indicative period of five to seven years, while making a contribution towards the ISIF's overall investment return objective.

By design, the GPTS is a relatively low-risk multi-asset class and multi-strategy investment approach, investing across cash, fixed income, credit, equities, multi-strategy solutions and absolute return mandates through top quality external global asset managers.

### GLOBAL PORTFOLIO ASSETS AT END-2018



Figures may not total due to rounding.

### GLOBAL PORTFOLIO MANAGERS AT END-2018

Manager	Mandate	Market Value €m	Global Portfolio %
Goldman Sachs Asset Management	Multi-Asset	1,612	26
J.P. Morgan Asset Management	Multi-Asset	743	12
Irish Life Investment Managers	Multi-Asset	892	14
Amundi Asset Management	Credit & Cash	519	8
BlackRock Investment Management	Credit	569	9
Muzinich & Co	Credit	231	4
Deutsche Asset Management	Credit	106	2
Acadian Asset Management	Equity	300	5
Generation Investment Management	Equity	205	3
Credit Value Partners	Credit	63	1
AQR Capital Management	Absolute Return	237	4
Blackstone Alternative Asset Management	Absolute Return	235	4
Bridgewater Associates	Absolute Return	240	4
Global Real Estate Managers*	Real Estate	31	0
NTMA	Cash and Financial Assets	259	4
<b>Total</b>		<b>6,241</b>	<b>100</b>

\*Legacy NPRF investments  
Figures may not total due to rounding.

The ISIF's custodian, BNY Mellon, provides custody, accounting, pricing and transaction services to the NTMA. BNY Mellon is responsible for transaction settlement and the segregated holdings of the ISIF's directly-owned public markets assets.

## Sustainability and Responsible Investment

The NTMA, as controller and manager of the ISIF believes that incorporating the consideration of environmental, social and governance (ESG) principles into investment decisions helps it to better manage risk and generate sustainable long-term returns. The ISIF is a signatory to the UN-sponsored Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment, and is a member of the International Forum of Sovereign Wealth Funds (IFSWF) whose members endorse the Santiago Principles, generally accepted best practice on governance, accountability and conduct for sovereign wealth funds.

In line with best practice, ISIF has a Sustainability and Responsible Investment Strategy to protect and enhance both the value and the reputation of ISIF investments for the long term through responsible investment practices and ESG risk mitigation.

### Irish Portfolio Strategy

- The Fund designed and implemented an ESG Framework tool to assist in the identification, monitoring and mitigation of material ESG risks across the Irish Portfolio, together with two carbon tools – Green House Gases (GHG) emissions estimation and Carbon Savings – for portfolio monitoring and measurement.
- Throughout its investment decision making processes, the Fund aims to mitigate and manage ESG issues.
- This process commences with a preliminary assessment of ESG risks at the first stage of the investment decision making process and ultimately requires that a full ESG due diligence questionnaire is completed and any issues arising satisfactorily managed, monitored or mitigated as appropriate.
- The carbon tools are used to estimate the GHG emissions across the Irish Portfolio, identify higher risk sectors and also to demonstrate the positive impact of renewable energy projects. This is part of a wider approach to identify, manage and mitigate climate risk across the portfolio.
- Within the ISIF Irish Portfolio the most carbon intensive sector is estimated to be Food and Agriculture. However, the majority of ISIF investments are in medium to lower carbon intensity sectors.

### Global Portfolio Strategy

- The ISIF has a long history of active ownership and Hermes Equity Ownership Services (HEOS) provides Active Ownership services across the Fund's Global Portfolio, the focus being to ensure the ESG risks are being managed and mitigated, thereby enhancing shareholder value over the long term.
- HEOS, on ISIF's behalf, engaged with 268 companies held in the ISIF Global portfolios on a range of ESG issues and objectives over 2018. HEOS made voting recommendations for 11,964 resolutions.
- ISIF uses the services of ISS-ESG to conduct detailed portfolio analytics including carbon footprinting and impact analysis aligned with the UN Sustainable Development Goals (SDGs)<sup>4</sup>.

<sup>4</sup> The UN Sustainable Development Goals (SDGs) contain 17 goals including inter alia goals related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The SDGs have been embraced by the global investment community and reporting is evolving to demonstrate alignment with the SDGs.



## IRELAND STRATEGIC INVESTMENT FUND (CONTINUED)

### Fossil Fuel Divestment

The Fossil Fuel Divestment Act 2018 was signed into law in December 2018. The Act provides for the divestment by ISIF from fossil fuel undertakings (effectively, companies that derive more than 20% of their revenues from the exploration, extraction and/or refinement of fossil fuels) within a practicable timeframe. The passing of this legislation marks Ireland out as one of the first countries in the world to withdraw public money from investment in fossil fuels. It also positions the ISIF as one of a handful of sovereign wealth funds globally to implement a fossil fuel divestment strategy.

ISIF has developed a list of 148 fossil fuel companies in which it will not invest, and this list which is published on ISIF's website is actively monitored and reviewed. ISIF had exposure to approximately €72m worth of stocks and bonds in 38 fossil fuel companies and these were sold in December 2018 and early January 2019. ISIF continues to monitor any potential exposure within its portfolio following the first tranche of divestment. Exiting fossil fuel investments builds on ISIF's existing investment exclusionary strategy in respect of cluster munitions and anti-personnel mines (which are prohibited investments under the Cluster Munitions And Anti-Personnel Mines Act 2008), coal production and processing, and tobacco manufacturing.

### Climate Change Investment

ISIF's Climate Strategy is to invest in Ireland to support the achievement of Ireland's national carbon transition objectives. ISIF has, to date, committed €295m to projects in Ireland in the renewable energy and forestry space and these investments have, in turn, attracted an additional €1.3bn in private sector co-investment.

This includes a €76m cornerstone investment in Greencoat Renewables, underpinning the establishment of Ireland's first renewable infrastructure company, €50m cornerstone investment in Temporis Aurora, Ireland's first dedicated renewable energy development equity fund, and €35m investment in Encavis, a fund that will target Irish solar energy projects.

### Directed Portfolio

The Directed Portfolio – primarily public policy investments in AIB and Bank of Ireland – continues to be held within the ISIF under direction from the Minister for Finance. During the financial crisis, a total of €20.7bn was invested by the NPRF in AIB and Bank of Ireland at the direction of the Minister for Finance for public policy reasons. These assets transferred to the ISIF on the establishment of the Fund.

The figures in this section relate to investments held by the ISIF only and do not include public policy investments in Irish financial institutions made by the Minister for Finance through the Exchequer. At end-2018, the Directed Portfolio comprised:

- (i) Ordinary shares in AIB valued at the market price of €3.65 per share;
- (ii) Ordinary shares in Bank of Ireland valued at the market price of €4.87 per share; and
- (iii) €215m in cash, committed to lending to the Strategic Banking Corporation of Ireland (SBCI).

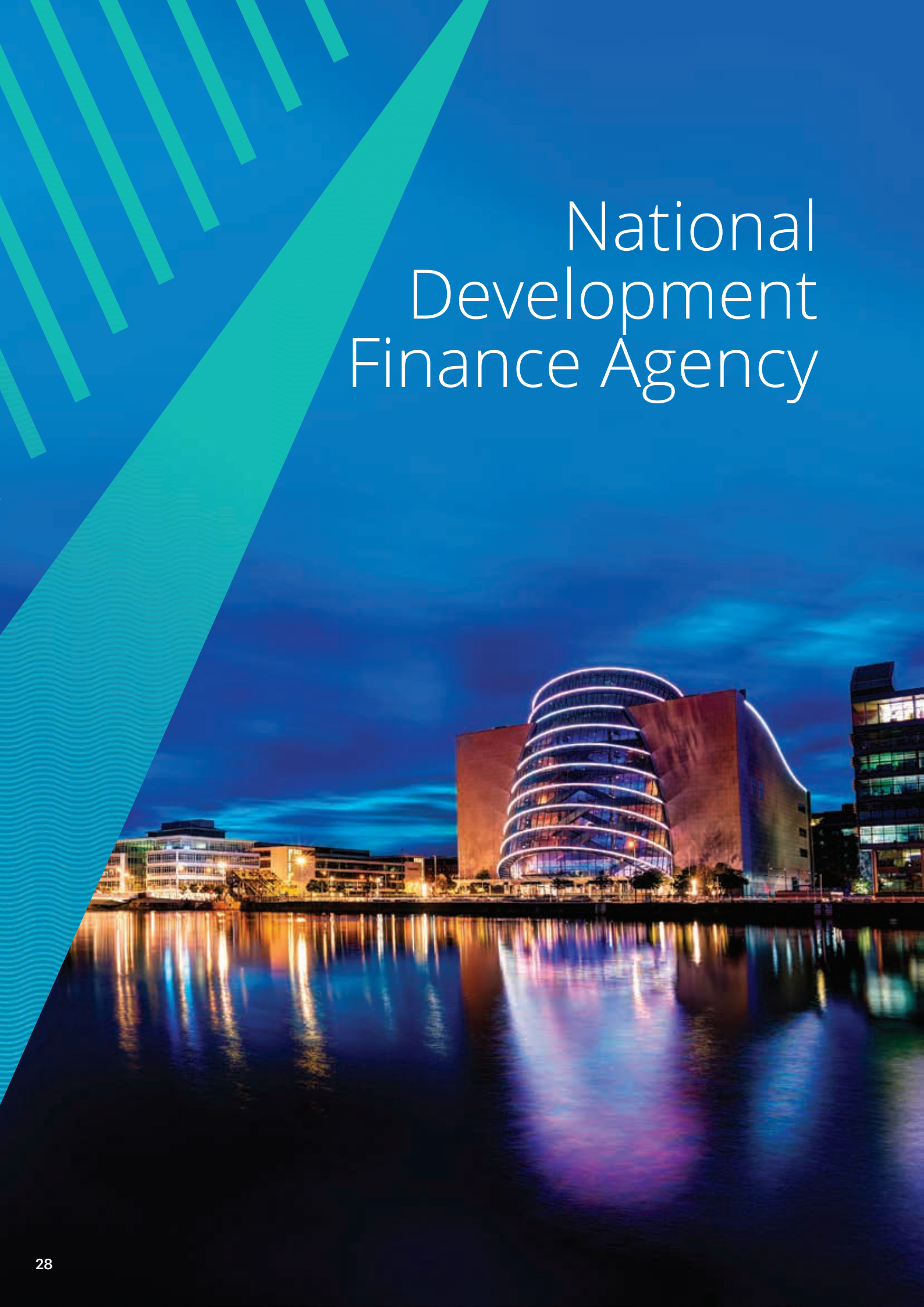
The Directed Portfolio had a valuation of €8.0bn at end-2018. Its return in 2018 was -33%. 2018 was a challenging year for European bank stocks with the Euro STOXX bank index down 34%. Arising from the €20.7bn invested in AIB and Bank of Ireland, cash returns on investments to date have amounted to €10.3bn while investment valuations in AIB and Bank of Ireland at end-2018 were €7.8bn, bringing the total amount (income and value) to €18.1bn.

**DIRECTED PORTFOLIO AT END-2018**

	Cash Invested €bn	Cash Received €bn	End-2017 Value €bn	End-2018 Value €bn	Total (Income & Value) €bn	Shareholding at End-2018 %
Preference Shares	1.8	3.2	-	-	3.2	
Ordinary Shares	2.9	1.0	1.1	0.7	1.8	
<b>Bank of Ireland</b>	<b>4.7</b>	<b>4.2</b>	<b>1.1</b>	<b>0.7</b>	<b>5.0</b>	<b>13.9</b>
Preference Shares	3.5	2.2	-	0.0	2.2	
Ordinary Shares	8.7	3.9	10.5	7.1	11.0	
Capital Contribution	3.8	-	-	0.0	-	
<b>AIB</b>	<b>16.0</b>	<b>6.1</b>	<b>10.5</b>	<b>7.1</b>	<b>13.1</b>	<b>71.1</b>
<b>Total Bank Investments</b>	<b>20.7</b>	<b>10.3</b>	<b>11.5</b>	<b>7.8</b>	<b>18.1</b>	
Cash to SBCI			0.2	0.2		
<b>Total Directed Portfolio</b>			<b>11.8</b>	<b>8.0</b>		

Figures may not total due to rounding.

# National Development Finance Agency





## DELIVERING PPPs

# €1.7bn

### CAPITAL VALUE

Delivery of health, justice, education and housing PPP projects with an estimated capital value of €1.7bn.



#### HEALTH

Completion of Ireland's first healthcare PPP programme - delivering 14 new primary healthcare centres across 11 counties.



#### EDUCATION

Ongoing delivery of three educational PPP projects – delivering two substantial quad buildings in TU Dublin in Grangegorman, 11 Higher Education Institutes across eight counties and five school buildings and one Institute of Further Education across four counties.



#### JUSTICE

Completion of the Irish Courts PPP project - delivering three new courthouses and the refurbishment and extension of four courthouses across seven counties.



#### SOCIAL HOUSING

Social Housing PPP Bundle 1 (534 homes across four counties - houses are being built in Dublin, Wicklow, Kildare & Louth) selected a Preferred Tenderer in Q3 2018 and Financial Close was achieved in March 2019.

## PROVIDING FINANCIAL ADVICE

# €6bn

### CAPITAL VALUE

Providing financial advice on infrastructure projects, including PPPs and non-PPP procured projects, in areas including housing, transport and education with an estimated capital value of €6bn.



#### HOUSING

Providing strategic project advice across a range of housing initiatives, including social housing leasing, mortgage-to-rent schemes and delivery of mixed tenure developments on local authority owned lands.



#### TRANSPORT

Strategic financial advice to Transport Infrastructure Ireland in relation to its roads PPP programme and related programmes.



#### SAVINGS TO THE STATE


Refinancing of existing PPP projects, for example, Schools PPP Bundle 4 was refinanced in 2018 realising c €1.6m (net present value) in savings to the State.

## NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)


The NTMA is designated as the National Development Finance Agency (NDFA) when providing financial advice to State authorities undertaking major public investment projects with a capital value of more than €20m and when procuring and delivering Public Private Partnership (PPP) and non-PPP projects for State authorities with certain exceptions such as transport.

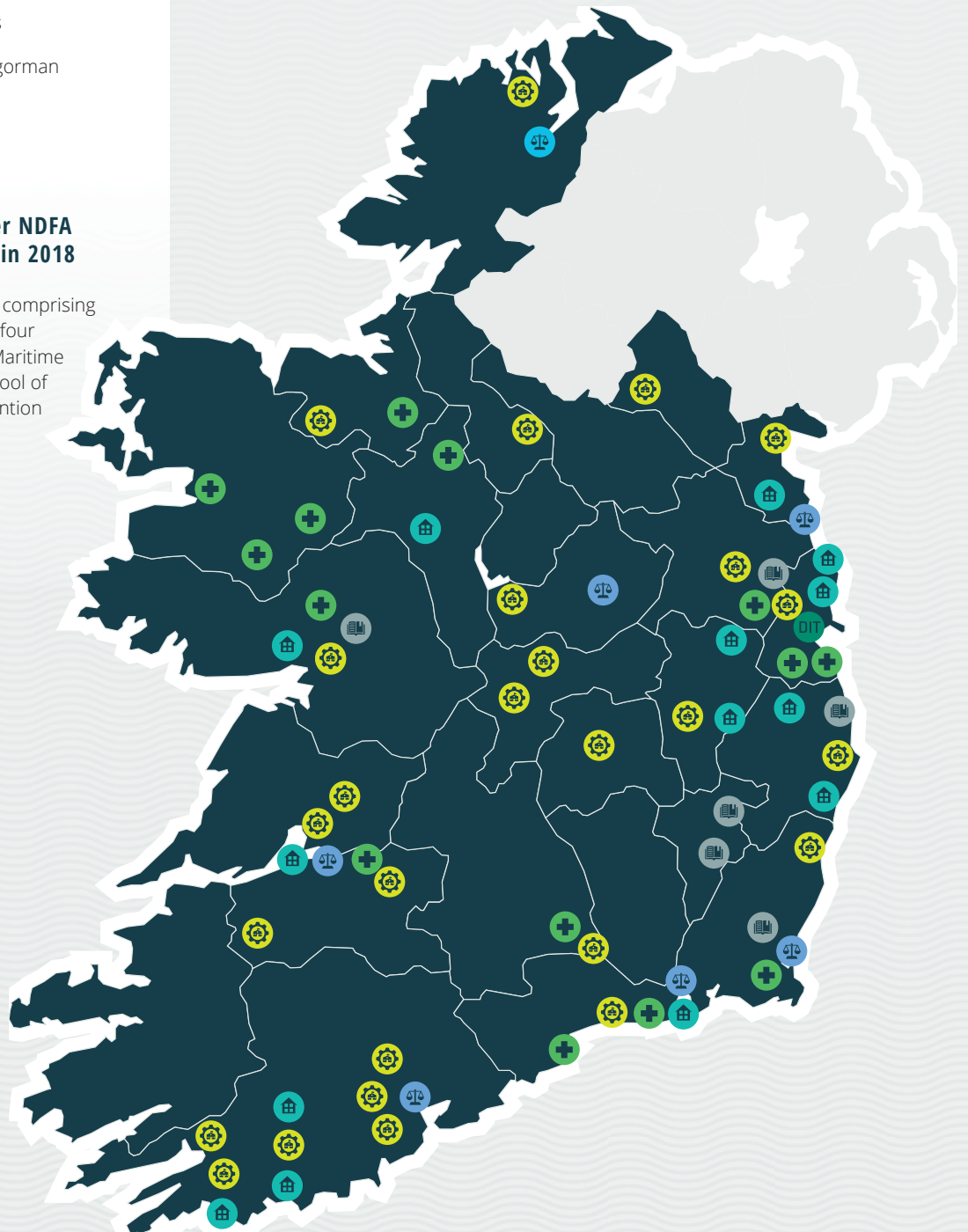
### NDFA PROJECT LOCATIONS

#### New projects under development by the NDFA in 2018

-  Schools & Institute of Further Education
-  Primary Care Centres
-  TU Dublin at Grangegorman
-  Courthouses
-  Social Housing

#### Operational PPPs under NDFA contract management in 2018






-  Operational Facilities comprising 30 schools across all four provinces, the Cork Maritime College, the Cork School of Music and the Convention Centre Dublin



## DELIVERY OF PPP PROJECTS

The procurement and delivery of approved PPP projects was a key focus of the NDFA's activities in 2018.

### PROGRESS ON PPP PROJECTS PROCURED BY THE NDFA AT END-2018

Project	Description	Status
 <p><b>TU Campus at Grangegorman PPP</b></p>	The development of two quad buildings at the new TU Campus in Grangegorman, providing 10,000 student places in applied arts, sciences and engineering.	Contract award and Financial Close was completed in March 2018. Following a two-year construction period, the buildings are expected to become operational in 2020.
 <p><b>Schools PPP Bundle 5</b></p>	Five schools and one Institute of Further Education providing 4,870 student places in Carlow, Meath, Wicklow and Wexford.	Three of the schools are completed and the remaining two schools and one Institute of Further Education are targeted for completion in Q2/Q3 2019. The completion of the overall project has been impacted by the liquidation of a member of the PPP Company (Carillion plc) in January 2018 which necessitated a restructuring by the remaining shareholder.
 <p><b>Primary Care Centres PPP</b></p>	The development of 14 new primary care centres, designed to provide health and social care services in local communities across a number of locations.	Four facilities became operational in 2017 (Boyle, Ballinrobe, Tuam and Limerick City) and the remaining ten in 2018 (Claremorris, Ballymote, Westport, Kilcock, Coolock, Dungarvan, Carrick-on-Suir, Waterford, Wexford and Summerhill).
 <p><b>Courts Bundle PPP</b></p>	The development of new courthouse buildings in Drogheda, Letterkenny and Limerick and also the refurbishment and extension of existing courthouses in Cork, Mullingar, Wexford and Waterford.	Three courthouses became operational in 2017 (Drogheda, Letterkenny and Wexford) and the remaining four in 2018 (Limerick, Cork, Mullingar and Waterford).
 <p><b>Social Housing PPP Programme</b></p>	Development of 1,500 social homes in three bundles.	<p>The Preferred Tenderer for Bundle 1 was selected in Q3 2018 and reached Financial Close in March 2019.</p> <p>Bundle 2 tender competition commenced in 2018; tender evaluation completed May 2019.</p> <p>Bundle 3 is currently finalising site selection.</p>

### SCHOOLS PPP BUNDLE 5

The Schools Bundle 5 PPP comprises five replacement schools and one Institute of Further Education in Carlow, Meath, Wicklow and Wexford, providing 4,870 student places. The contract for Schools Bundle 5 was signed on 22 July 2016 with the Preferred Tenderer, Inspired Spaces. Completion of the facilities was delayed following the liquidation of the main shareholder and building contractor in January 2018 and further delayed by the liquidation of the sub-contractor Sammon Construction Ireland Ltd (Sammon) in June 2018.

The PPP structure transfers delivery risks to the private sector and, following a retendering process by PPP Co, Woodvale Construction was appointed as replacement works contractor to complete the project. Three of the schools have since been completed in September 2018 with the debt and equity providers, not the State, investing additional funds in order to pay for the additional construction costs they have incurred.

The remaining two schools and one Institute of Further Education in Carlow and Kells are targeted for completion in Q2/Q3 2019 at no additional financial cost to the State. Payments from the State under the PPP contract to the PPP Co only commence upon completion of the schools.



## NATIONAL DEVELOPMENT FINANCE AGENCY (CONTINUED)

### TECHNOLOGICAL UNIVERSITY DUBLIN GRANGEGORMAN

Following selection of a Preferred Tenderer in March 2015, progress on the TU Dublin Grangegorman PPP was delayed due to legal proceedings by an unsuccessful tenderer against the Minister for Education and Skills and the NTMA. In October 2016, the Court found in favour of the Minister for Education and Skills and the NTMA and, during 2017 work recommenced on the PPP project to bring it to Financial Close which was reached in March 2018. Construction commenced and is progressing on schedule with the project planned to become operational in 2020.

The project comprises the development of two very significant quad buildings (East Quad and Central Quad) which will provide 52,000 m<sup>2</sup> of academic space and cater for 10,000 student places and 600 staff in applied arts, sciences and engineering. The construction cost of the two buildings is approximately €220m and represents the largest PPP project to be procured in the education sector to date.

The contract was awarded to the Eriugena consortium which is 100% owned by Macquarie Capital Group Ltd and is supported by a construction joint venture between Sisk & Son (Holdings) Ltd and FCC Ireland Ltd and by facilities management services provider Sodexo Ireland Ltd. The project is being funded by the European Investment Bank (EIB), MUFG, Sun Life Investment Managers and Talanx Asset Management. The project is the fourth PPP in the education sector to benefit from EIB support.

### SOCIAL HOUSING PPP PROGRAMME

The Social Housing PPP Programme comprises the development of a total of 1,500 homes divided into three bundles. Social Housing PPP Bundle 1 (534 homes across four counties – houses are being built in Dublin, Wicklow, Kildare & Louth) selected a Preferred Tenderer in Q3 2018 and Financial Close was achieved in March 2019.

This is the first PPP to be completed in the housing sector, the first time the EIB has financed PPP social housing and the first time five local authorities have come together to deliver a significant housing project. Bundle 2 (465 homes located on eight sites in Cork, Galway, Waterford, Clare, Kildare and Roscommon) issued an Invitation to Participate in Dialogue in July 2018 and tenders were received in February 2019 with evaluation completed in May 2019. DHPLG is in the process of finalising site selection for Bundle 3 (c. 500 homes).

### Delivery of Non-PPP Procured Projects

The DoES has referred a second programme of 'design and build' schools projects (non-PPP procured) for procurement by the NDFA. This follows the successful delivery of the first Devolved Schools Programme which provided 8,600 school places and was delivered on programme.

Separately, the NDFA continued to provide strategic project management advice to the DoES on other non-PPP procured schools projects.

### PROVISION OF FINANCIAL ADVICE




The NDFA provides financial advice to State authorities undertaking major public investment projects. During 2018, the NDFA provided advice in relation to a number of housing projects to accelerate delivery of mixed tenure social, affordable and private housing across a number of local authorities (primarily in the Dublin region). Altogether these projects will potentially account for c. 7,000 homes, subject to procurement and planning.

The NDFA continued to provide financial advice to Transport Infrastructure Ireland. The Tranche 2 Service Areas scheme comprising three service areas reached Financial Close in July 2018. Construction is due to be completed by Q3 2019.

The NDFA advised on the refinancing of Schools PPP Bundle 4, realising savings of €1.6m to the State.

The NDFA also facilitated the signing of a €225m loan from EIB to the State to part-finance strategic investments in digitalisation of the Irish health sector, including supporting the National Electronic Health Record Programme in October 2018.

## PROGRESS ON PROJECTS WHERE THE NDFA ACTED AS FINANCIAL ADVISOR AT END-2018

Project	Description	Status
 <b>Housing</b>	The NDFA is providing advice in relation to a number of housing projects including social housing leasing, mixed tenure residential developments (including Kilcarbery Grange) and mortgage to rent schemes. Together these will account for c.7,000 homes.	Kilcarbery Grange – Scheme has been approved and target contract close is set for Q3 2019.
 <b>Motorway Service Areas</b>	Design, construction, operation and maintenance of two service areas located on the M6 motorway east of Athlone and on the M9 motorway south of Kilcullen together with the fit-out, operation and maintenance of a third service area on the M11 motorway north of Gorey.	Reached Financial Close in July 2018 and construction is expected to complete by Q3 2019.
 <b>Schools PPP Bundle 4</b>	Design, construction and maintenance of four schools at various locations in the country.	Refinancing took place in December 2018.

### CONTRACT MANAGEMENT SERVICES

The NDFA, at the request of the DoES, undertakes contract management of all operational PPP schools. At end-2018, the NDFA was managing the contracts for six schools projects covering 30 educational facilities (capital value c. €500m). This role has been further extended recently as the NDFA signed a support agreement with DoES in relation to its Higher Education PPPs (Cork School of Music and Cork Maritime College projects). The NDFA also provides contract management services for the Convention Centre, Dublin.

Working under a Service Level Agreement, the support provided involves monitoring the relevant PPP companies in the performance of their obligations under the PPP contract, ensuring that the long-term value of these contracts is captured. All facilities generally had satisfactory performance and availability during 2018 with Unitary Payment deductions applied to the private sector as necessary under the terms of the PPP contract.



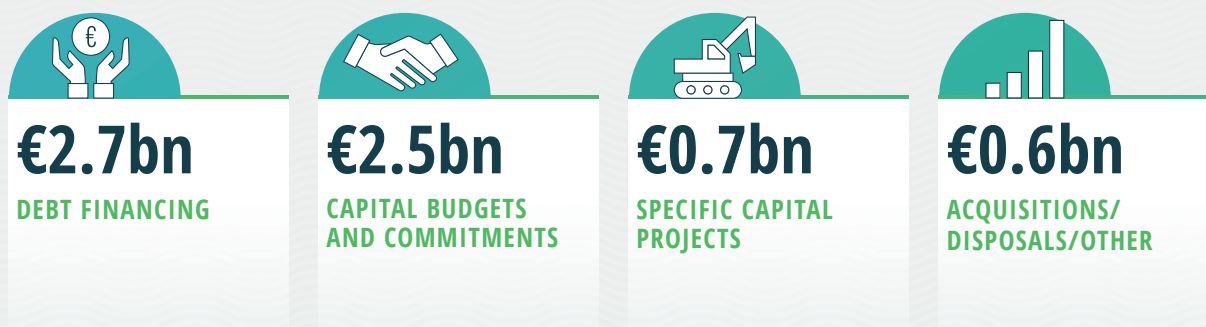
The image shows a wide, scenic view of a river winding through a lush, green forest. The river flows from the upper center towards the bottom right, with several rapids and small waterfalls. The surrounding forest is dense and vibrant green, covering rolling hills in the background. A large, stylized green graphic overlay is present on the left side of the page, consisting of several diagonal lines of varying lengths and a large, wavy, teal-colored shape that resembles a stylized river or a leaf. The sky is bright blue with scattered white clouds.

# NewERA



## FINANCIAL AND COMMERCIAL ADVICE

During 2018, NewERA provided financial and commercial advice to Government on a range of items relating to commercial State bodies, including:



## GROWTH IN MANDATE

NewERA's standing as a dedicated in-house provider of corporate finance expertise to the State was recognised with the continued expansion of its remit in 2018. NewERA currently provides financial and commercial advice to Government Ministers in relation to leading commercial State companies across the energy, water, postal, forestry, transport and health sectors. A number of these companies are designated to NewERA under its legislation whilst NewERA provides advice to the relevant Government Ministers/Departments on the other companies by agreement. The companies are collectively referred to as the Portfolio.

### Designated Companies

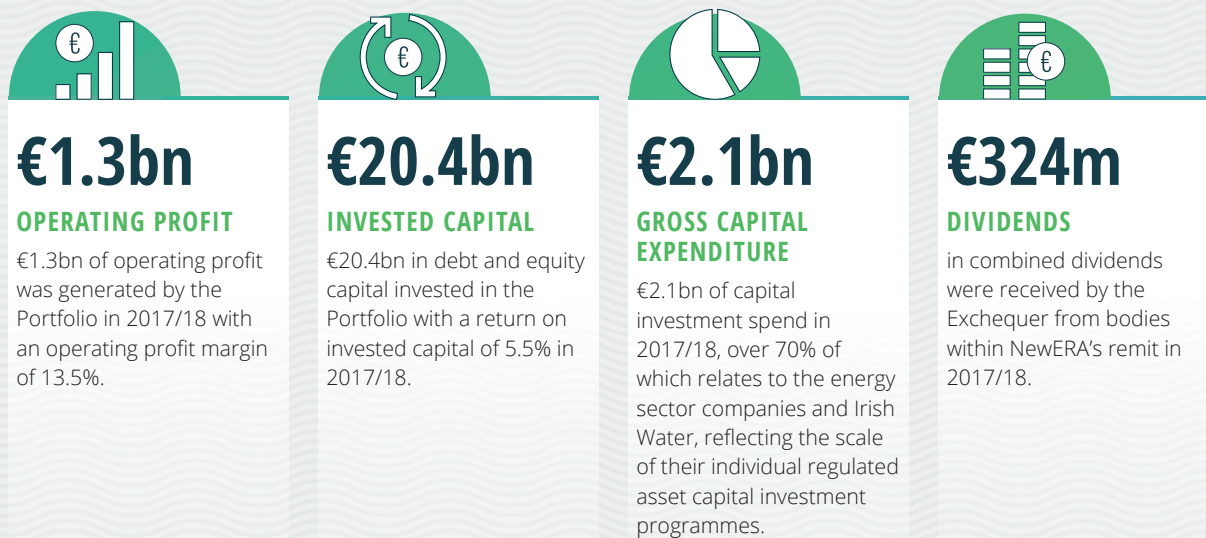
An Post
Bord na Móna
Coillte
EirGrid
Ervia (including Gas Networks Ireland)
ESB
Irish Water

### Other Companies

CIÉ
daa
Dublin Port Company
Irish Aviation Authority
Port of Cork Company
Shannon Foynes Port Company
Shannon Group
Vhi

## ANNUAL PORTFOLIO REVIEW

During 2018, NewERA published its annual financial review of commercial State bodies which for the first time included the leading State-owned companies in the postal and transport sectors in addition to the companies in the energy, water and forestry sectors.



## NewERA (CONTINUED)

The Portfolio companies play a critical role in the Irish economy, including through investment in enabling infrastructure such as water and energy networks, and port and airport infrastructure. Gross investment in the form of capital expenditure was €2.1bn in 2017/18, over 70% of which related to the energy and water sector companies, reflecting the scale of their individual regulated asset capital investment programmes. On a collective basis, the Portfolio companies account for 24%, or €28bn, of the total investment envisaged under the National Development Plan 2018-2027 (the NDP) with that investment primarily across the energy, water, airports and ports sectors. The NDP sets out the investment priorities that underpin the implementation of the new National Planning Framework that will guide national, regional and local planning and investment decisions in Ireland over the next two decades.

The achievement of energy and climate objectives associated with the national objective of transitioning by 2050 to a low-carbon economy will require a radical transformation of Ireland's energy system. In addition to the range of public investment measures that will be required, many major commercial State sector energy projects will be undertaken over the period of the NDP and over €13bn is expected to be invested by the Portfolio companies in energy-related investments. These primarily focus on investment in regulated energy network infrastructure to provide smart reliable electricity networks to support security of electricity supply, smart metering and enable increased renewable generation. Beyond investment in regulated network infrastructure, the Portfolio companies are also contributing to the low-carbon transition in a number of ways including:

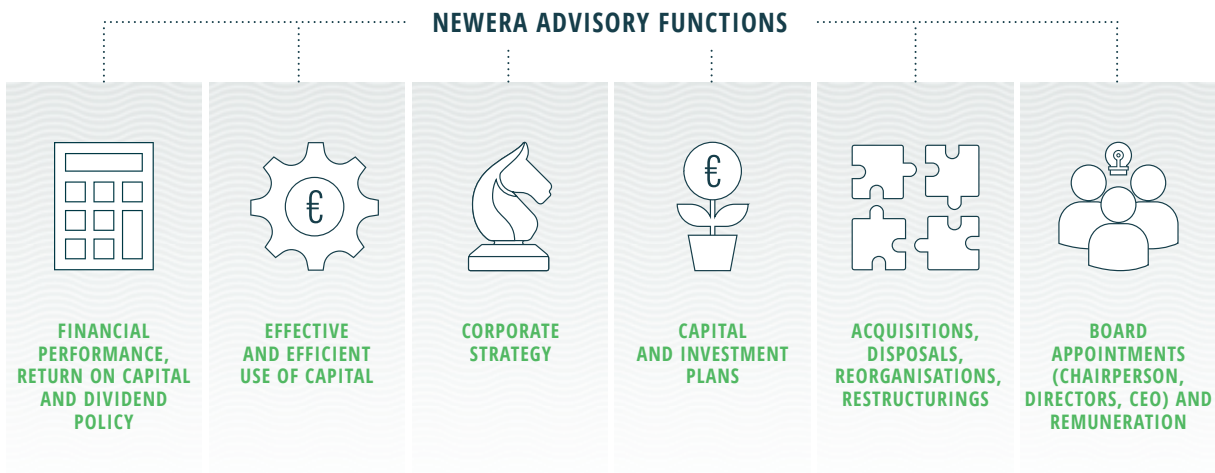
- Ongoing investment in renewable technologies;
- Transitioning existing power generation assets to lower carbon fuel sources;
- Carbon sequestration and biomass development; and
- Decarbonising transport.

### ACTIVE OWNERSHIP

NewERA's approach is to facilitate an enhanced level of active ownership by the State as shareholder. This has been achieved via the Shareholder Expectations Framework (the Framework) which communicates the Government's expectations, as shareholder, to the Chairperson and Board of each company by way of annual/biennial letters (Framework Letters) from the relevant Government Ministers. The Framework Letters address shareholder expectations in respect of:

- Strategic priorities;
- Sectoral policy objectives;
- Financial performance requirements; and
- Reporting requirements.

This approach is now applied more widely across the commercial State sector with the Framework and use of Framework Letters having been included in the 2016 Code of Practice for the Governance of State Bodies which states that "Clear accountability underpins effective relations between Government Departments and the State Bodies under their aegis" and sets out that "For commercial State bodies the oversight agreement is the Shareholder Letter of Expectation".



## CORPORATE FINANCE ADVISORY SERVICES

### NewERA Portfolio

During 2018, NewERA provided detailed financial analysis and, where appropriate, recommendations to Government Ministers on a total of 132 submissions for Ministerial consideration and consent, made by the Portfolio companies (2017: 81). This included €2.7bn in debt financing-related requests (including bond issuance and commercial debt facilities), €2.5bn in relation to capital expenditure budget requests, €0.7bn in specific capital expenditure project requests and €0.6bn in relation to acquisition and disposal transactions and other proposals. NewERA also worked closely with the Public Appointments Service in carrying out its advisory role with regard to board appointments.



# €2.7bn

### BORROWINGS

#### ESB

bond issues

#### Irish Water, EirGrid, Shannon Group

banking facilities

#### Gas Networks Ireland

EIB facility



# €2.5bn

### CAPITAL BUDGETS AND COMMITMENTS

across the Portfolio, the majority relating to regulated electricity, gas and water network assets



# €0.7bn

### SPECIFIC CAPITAL PROJECTS

#### Gas Networks Ireland

gas pipeline projects

#### Irish Water

water infrastructure projects

#### ESB/Bord na Móna

wind farm project

#### Vhi

healthcare project



### ACQUISITIONS/DISPOSALS AND OTHER

# €0.6bn

#### ESB

acquisition of a minority stake in a large offshore UK wind farm

#### Coillte

sale of operational wind farm assets

#### An Post

sale of a shareholding in the Gift Voucher Shop (GVS)



### BOARD APPOINTMENTS

Appointment of directors to the boards of An Post, Coillte and ESB



### FINANCIAL REPORTS AND CORPORATE PLANS

Review of interim and annual financial reports and business plans of the Portfolio



NewERA (CONTINUED)

**NEWERA ANNUAL FINANCIAL REVIEW 2017/2018**

NewERA published its 2017/18 Annual Financial Review of the commercial State bodies within its Portfolio in November 2018. This is available at [ntma.ie/publications](http://ntma.ie/publications). The Review highlights the key contributions by the Portfolio during 2017/18 and sets out key financial information and metrics both for the Portfolio as a whole and for each individual body.



In the context of the strategic, business and financial plans of each of the bodies, the Review also comments on a number of themes of relevance from a shareholder perspective including:

- **Brexit:** the issue of Brexit remains a key concern given the sectors in which certain Portfolio companies operate;
- **Investment:** the delivery of investment plans and the role of State-owned companies in the context of the NDP; and
- **Sustainability:** there is an increasing focus on the need for businesses to balance economic objectives such as profitability and shareholder value alongside socio-economic and environmental objectives in order to promote sustainable long-term value growth.

The Review also sets out key challenges and opportunities relating to each body which NewERA has responsibility for under its legislation. This gives an indication of the complex environments in which the bodies operate.

<ul style="list-style-type: none"> <li>■ Experiencing a continuing decline of mail volumes due to the increasing utilisation of digital alternatives. Opportunities presented however by the growth in parcel services, largely driven by on-line shopping.</li> </ul> 	<ul style="list-style-type: none"> <li>■ A key challenge will be to identify sustainable business growth opportunities in view of its stated ambition of working towards phasing out the use of peat for energy by 2028.</li> <li>■ The Bord na Móna lands provide potential opportunities for renewable energy and other sustainable land based ventures.</li> </ul> 	<ul style="list-style-type: none"> <li>■ Brexit remains a concern given Coillte's bilateral trade with the UK market.</li> <li>■ The delivery of Coillte's renewable wind development pipeline represents a significant value creation opportunity and will contribute to the wider decarbonisation agenda.</li> </ul> 	<ul style="list-style-type: none"> <li>■ Both the North-South Interconnector and the Celtic Interconnector are designated as EU Projects of Common Interest, meaning that their successful deployment is considered an essential step towards EU goals of affordable, secure and sustainable energy.</li> </ul> 
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**NEWERA PORTFOLIO COMPANIES:  
OVERVIEW OF KEY CHALLENGES AND OPPORTUNITIES**

 <ul style="list-style-type: none"> <li>■ Managing the growth opportunities presented by the wider decarbonisation agenda, while being cognisant of the risk of investment in infrastructure in the context of the long-term move to a low carbon energy system, will be the key long-term challenge for GNI.</li> </ul>	 <ul style="list-style-type: none"> <li>■ A key challenge will be delivering its substantial capital investment programme in an efficient manner, while adapting to any changes in policy objectives or infrastructure needs as required.</li> <li>■ A key challenge will also be ensuring Irish Water's readiness to become a standalone public utility during 2023.</li> </ul>	 <ul style="list-style-type: none"> <li>■ The long-term progressive decarbonisation of the energy system is driving transformational change to ESB's business model and consequently significant investment requirements in smart networks, low carbon and renewable generation and customer offerings focused on distributed energy and digital technologies. This presents both challenges and opportunities for ESB.</li> </ul>
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## Financial Information

In 2017/18, over half of the combined adjusted operating profitability of the Portfolio was generated by companies operating in the energy sector (56%), followed by transport companies (21%) and Irish Water (18%). The level of operating profit translates to a combined operating profit margin of 13.5% for the Portfolio which, although slightly reduced on prior year levels, is in line with the historical five-year average.

Return on Invested Capital (ROIC) generated in 2017/18 was lower than the prior period (5.5% versus 5.7%) due mainly to the increased level of invested capital but noting the return is in line with the five-year historical average ROIC.

The regulated energy and water network asset investment programmes are significant drivers of overall Portfolio investment levels and the large scale nature of those infrastructure assets is reflected in the concentration of the Portfolio's net debt in those sectors. The net gearing of the Portfolio reduced from 47% to 44% reflecting a reduction in overall borrowings. The combined pension liabilities of the Portfolio reduced by €516m year-on-year with the largest movements being An Post (-€228m) arising mainly from actuarial gains and ESB (-€158m) due mainly to ESB's cash contributions to the ESB pension scheme.

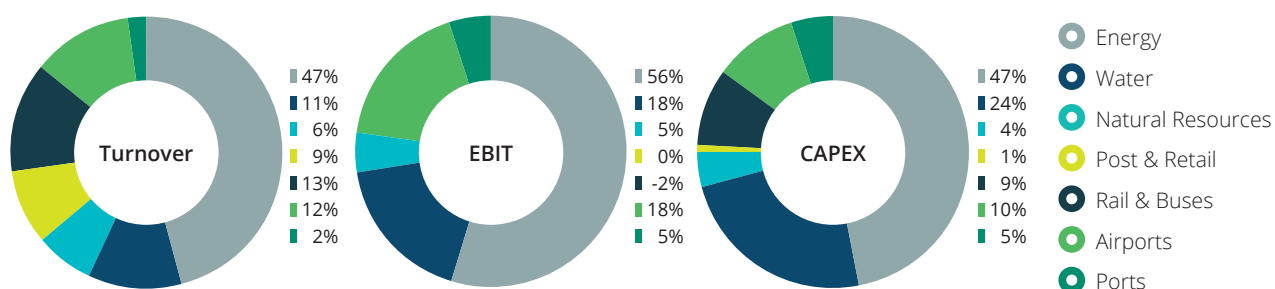
Total combined dividends of €332m were paid in 2017/18, of which €324m was paid to the Exchequer. A significant proportion of these payments were received from the energy sector companies (81%) with the balance received from the airport companies (12%), the port companies (4%) and the natural resources companies (3%).

## PORTFOLIO – FINANCIAL HIGHLIGHTS

	2017/18	2016/17	yoy Δ	5yr. avg.
<b>KEY FINANCIAL INFORMATION</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
Turnover	9,318	9,203	115	<b>8,823</b>
Operating Profit	1,254	1,260	(6)	<b>1,190</b>
PAT (adjusted)	783	786	(3)	<b>684</b>
Pension Liabilities	1,709	2,225	(516)	<b>2,016</b>
Net Debt	6,908	7,275	(367)	<b>7,208</b>
Net Assets	8,965	8,136	829	<b>8,132</b>
Invested Capital	20,428	20,107	321	<b>19,512</b>
Gross Capex	2,078	1,869	209	<b>1,890</b>
Dividends Paid (total)	332	275	57	<b>358</b>
<b>KEY METRICS</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Operating Profit Margin	13.5	13.7	(0.2)	<b>13.5</b>
PAT margin	8.4	8.5	(0.1)	<b>7.7</b>
ROIC	5.5	5.7	(0.2)	<b>5.5</b>
Net Gearing	43.5	47.2	(3.7)	<b>47.0</b>

Source: Annual Reports, NewERA Analysis

## FINANCIALS BY ACTIVITY



Source: NewERA Analysis



# State Claims Agency



## SCA MANDATE AND OBJECTIVES

The NTMA is known as the State Claims Agency (SCA) when managing personal injury and property damage claims against the State and State authorities and in providing related risk management services. As the SCA, the NTMA also manages claims for legal costs against the State and State authorities, arising from all categories of claims.



### CLAIMS MANAGEMENT

While acting in the best interest of the State in matters of personal injury and property damage litigation, to act fairly and ethically in dealing with people who have suffered injuries and/or damage, and their families, and who take legal actions against the State.



### RISK MANAGEMENT

Advise and assist State authorities on the management of litigation risks to a best practice standard, in order to enhance the safety of employees, service users/patients and other third parties and minimise the incidence of claims and the liabilities of the State.



### LEGAL COSTS MANAGEMENT

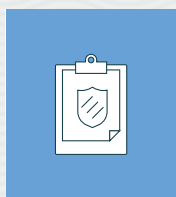
Manage third-party claims for costs arising from all categories of claims taken against the State so that such claims for costs are contained at the lowest achievable level.

The SCA provides claims and risk management services through two State indemnity schemes.



### CLINICAL INDEMNITY SCHEME

Under the Clinical Indemnity Scheme, the SCA manages clinical negligence claims taken against healthcare enterprises, hospitals and clinical, nursing and allied healthcare practitioners covered by the scheme.



### GENERAL INDEMNITY SCHEME

Under the General Indemnity Scheme, the SCA manages personal injury and third-party property damage claims taken against State bodies covered by the scheme.

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

## STATE CLAIMS AGENCY (CONTINUED)

### CLAIMS MANAGEMENT

#### Claims Portfolio

The SCA was managing 10,658 active claims at end-2018, an increase of 7% on active claims at end-2017.

The SCA received 3,319 new claims and resolved 2,623 cases in 2018. The ratio of claims resolved to claims received in 2018 was 0.79 compared with a ratio of 0.69 in 2017. As the claims portfolio matures, the SCA's objective is to work towards a position where the number of claims resolved substantially equals the number of claims received over the medium term: mass actions, delegations of new classes of claims to the SCA and the circumstances of particular cases will inevitably lead to fluctuations on a year-to-year basis.

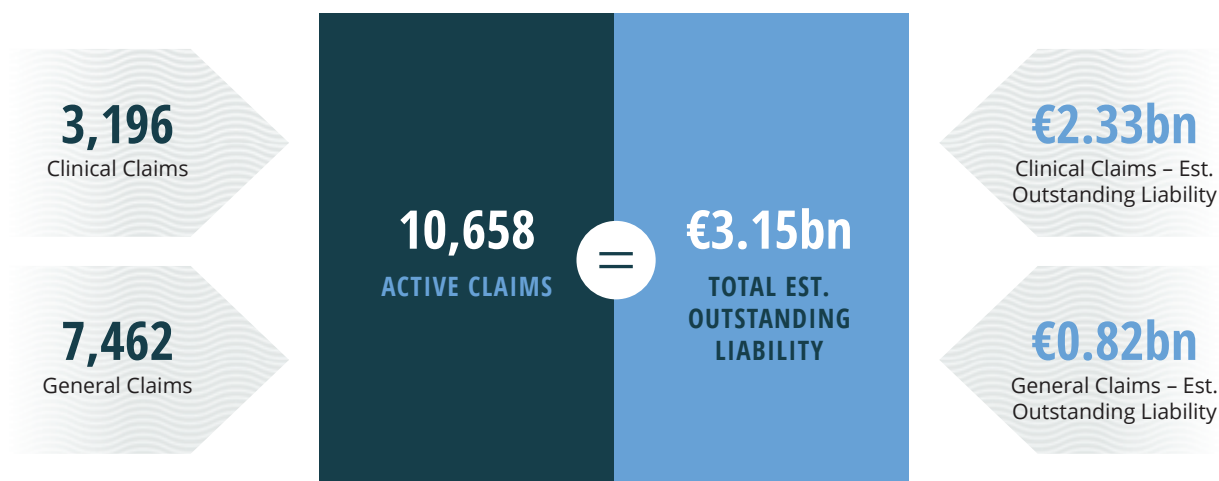
The total estimated outstanding liability at end-2018 of €3.15bn represents an 18% increase on the equivalent end-2017 figure of €2.66bn. As well as the increase in the number of claims, this growth is also due to the allocation of higher reserves for damages and costs. These higher reserves reflect, in the main, an increased level of court and Injuries Board awards, and the effect of the reduction of the Real Rate of Return (RRR) by the Court of Appeal Decision in *Gill Russell v HSE*<sup>5</sup> on new case reserves in catastrophic injury cases and cases involving a significant loss of earnings.

Although clinical claims comprise only 30% of the overall number of active claims at end-2018, they comprise 74% of the overall estimated outstanding liability. This is primarily due to the high estimated liability associated with maternity services claims, particularly those arising from the high cost of settling catastrophic brain-injury infant cases.

#### PERIODIC PAYMENT ORDERS

The SCA is strongly supportive of Periodic Payment Orders (PPOs) which transfer mortality and investment risk from the plaintiff to the State. The commencement of Part 2 of the *Civil Liability (Amendment) Act 2017* in October 2018, which provides for the introduction of PPOs, marks a significant development in the statutory framework for compensation of persons who have suffered catastrophic injuries. It empowers the courts, as an alternative to lump sum awards of damages, to make consensual and non-consensual PPOs to compensate injured victims in cases of catastrophic injury where long-term permanent care is required. The introduction of PPOs guarantees that catastrophically injured victims will receive annual fixed payments in respect of treatment, care, and aids and appliances, thereby removing the investment risk associated with a lump-sum payment.

#### CLAIMS PORTFOLIO AT END-2018



<sup>5</sup> The Court of Appeal held that the RRR in respect of the calculation of future care-related special damages should be 1%. It also held that the RRR in respect of all pecuniary losses should be 1.5%. The RRR used previously to calculate the estimated outstanding liability was 3%.

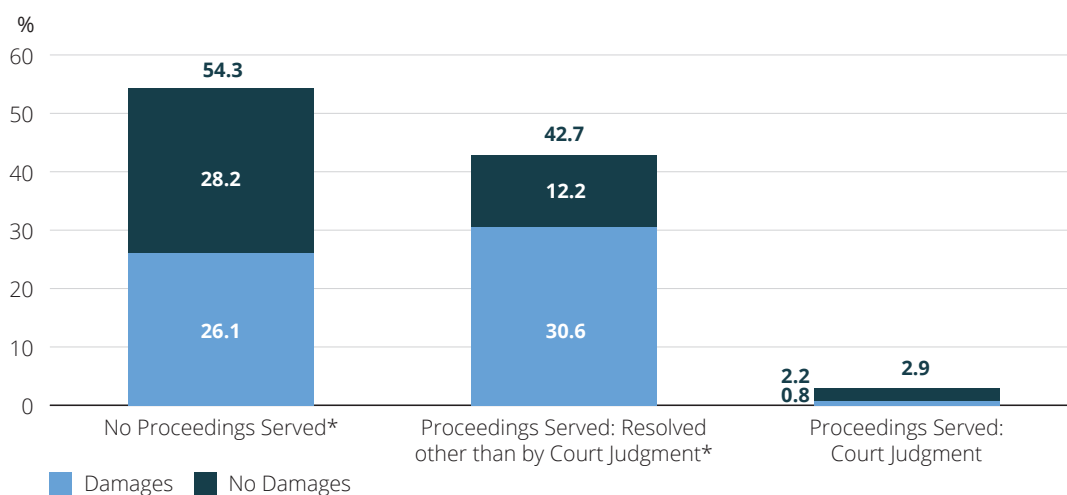
## Claims Resolution

The SCA's claims management objective is, while acting in the best interest of the State in matters of personal injury and property damage litigation, to act fairly and ethically in dealing with people who have suffered injuries and/or damage, and their families, and who take legal actions against the State. In cases where the SCA investigation concludes that the relevant State authority bears some or all

liability, it seeks to settle claims expeditiously and on fair and reasonable terms. If it considers, in individual claims or classes of claim, that the State is not liable or that the amount sought in compensation is excessive, the SCA's policy is to contest the claim or level of claim.

Just over half of cases resolved by the SCA in 2018 were resolved without court proceedings being served. The SCA paid damages in 57% of all cases resolved in 2018.

### CLAIMS RESOLVED 2018



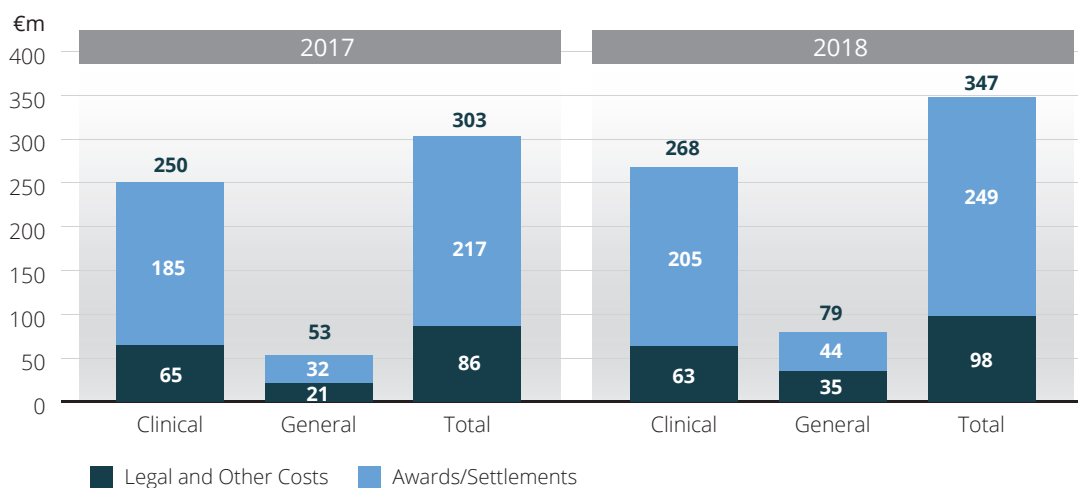
\*includes cases settled, cases discontinued or claim statute barred, and indemnity received.

Figures may not total due to rounding.

## Costs of Claims

The costs incurred in 2018 in resolving and managing ongoing active claims was €347m, an increase of 15% on the 2017 out-turn of €303m.

### COSTS OF RESOLVING AND MANAGING ONGOING ACTIVE CLAIMS



Figures may not total due to rounding.



## STATE CLAIMS AGENCY (CONTINUED)

### ATTRIBUTION OF INCREASE IN COSTS 2017 TO 2018

<b>Clinical Indemnity Scheme</b>	<b>2017 €m</b>	<b>2018 €m</b>	<b>Change €m</b>
Awards/Settlements			
<i>Payments under Interim Payment Orders</i>	25.2	34.4	9.2
<i>Conversion of Interim Payment Orders to Lump Sums</i>	19.4	25.5	6.1
<i>Gill Russell Uplifts</i>	24.6	8.0	-16.6
<i>Other Clinical Claims</i>	115.5	137.2	21.6
Total Awards/Settlements	184.8	205.1	20.4
Legal and Other Costs	65.0	63.3	-1.7
<b>Total</b>	<b>249.8</b>	<b>268.5</b>	<b>18.7</b>

<b>General Indemnity Scheme</b>	<b>2017 €m</b>	<b>2018 €m</b>	<b>Change €m</b>
Awards/Settlements			
<i>Mass Action Claims</i>	0.9	0.8	-0.1
<i>Other Claims</i>	31.2	43.1	11.9
Total Awards/Settlements	32.1	43.9	11.8
Legal and Other Costs	21.4	34.8	13.4
<b>Total</b>	<b>53.5</b>	<b>78.6</b>	<b>25.2</b>

Figures may not total due to rounding.

Clinical Indemnity Scheme payments are mainly driven by a relatively small number of catastrophic injury claims. The increasing cost of these claims reflects an increase in the number of claims as the scheme matures (there can be long timeframes for reporting of catastrophic injury claims, especially cerebral palsy claims) and the impact of claims inflation. Payments on claims that previously settled by interim Payment Orders but were converted to lump-sums at the request of the plaintiff were also a factor in the year-on-year increase, while there was a fall in the value of uplifts required to be paid on claims which had previously settled on the basis of a higher RRR prior to the Gill Russell decision.

The growth in payments on the General Indemnity Scheme primarily reflects increasing payments in respect of the healthcare part of the scheme, due to its being at an earlier stage of its development cycle relative to the overall scheme. Payments in respect of the non-healthcare part of the scheme also continue to grow, but at a lower rate.

Full costs of claims resolved in 2018 compared with 2017 are set out in the tables below. It should be noted that claims are not recorded as resolved until all costs, including legal costs, have been agreed. The cost of claims in any given year, therefore, includes costs incurred over a number of years and is not equivalent to costs incurred in resolving and managing ongoing active claims during 2017 or 2018.

### COSTS OF CLINICAL CLAIMS RESOLVED

	<b>2017 €</b>	<b>2018 €</b>	<b>Change %</b>
Awards/Settlements	87,984,249	179,906,664	104
Legal Fees – Plaintiffs	28,007,666	41,197,915	47
Legal Fees – SCA	15,634,410	21,725,989	39
Other	2,887,984	4,068,869	41
<b>Total</b>	<b>134,514,309</b>	<b>246,899,438</b>	<b>84</b>

#### AWARDS/SETTLEMENTS FOR CLINICAL CLAIMS RESOLVED BY VALUE BAND

2017					
	Up to €25,000	€25,000 to €250,000	€250,000 to €1,000,000	Over €1,000,000	Total
Number of Claims	54	231	42	11	338
Awards/Settlements	€686,628	€20,750,281	€20,124,164	€46,423,176	€87,984,249
2018					
	Up to €25,000	€25,000 to €250,000	€250,000 to €1,000,000	Over €1,000,000	Total
Number of Claims	45	272	78	24	419
Awards/Settlements	€656,424	€22,327,627	€34,916,336	€122,006,277	€179,906,664

#### ATTRIBUTION OF INCREASE IN AWARDS/SETTLEMENTS FOR CLINICAL CLAIMS RESOLVED: 2017 TO 2018

	2017 €m	2018 €m	Change €m
Gill Russell Uplift or Conversion from Interim Payment Order to Lump-Sum	27	65	38
Net Awards/Settlements over €1m*	20	56	37
Other Awards/Settlements	42	59	17
<b>Total</b>	<b>88</b>	<b>180</b>	<b>92</b>

\* Excluding Gill Russell Uplift or Conversion from Interim Payment Order to Lump-Sum  
Figures may not total due to rounding.

There was a significant increase in the number of very high-value catastrophic injury cases resolved in 2018 compared with 2017. However, it should be noted that a number of these settlements were in respect of the final resolution of claims, which had previously settled on the basis of a higher RRR prior to the Gill Russell decision, where an uplift was required to be paid or were in respect of cases which previously settled by interim Payment Orders converting to lump-sum settlements.

#### COSTS OF GENERAL CLAIMS RESOLVED

General Claims	2017 €	2018 €	Change %
Awards/Settlements	24,322,085	36,743,808	51
Legal Fees – Plaintiffs	8,914,665	14,213,665	59
Legal Fees – SCA	4,704,704	7,135,855	52
Other	1,296,392	2,139,151	65
<b>Total</b>	<b>39,237,846</b>	<b>60,232,479</b>	<b>54</b>

#### AWARDS/SETTLEMENTS FOR GENERAL CLAIMS RESOLVED BY VALUE BAND

2017					
	Up to €25,000	€25,000 to €250,000	€250,000 to €1,000,000	Over €1,000,000	Total
Number of Claims	619	285	8	0	912
Awards/Settlements	€4,501,424	€17,001,274	€2,819,386	€0	€24,322,085
2018					
	Up to €25,000	€25,000 to €250,000	€250,000 to €1,000,000	Over €1,000,000	Total
Number of Claims	646	384	17	1	1,048
Awards/Settlements	€4,558,478	€25,020,330	€6,162,000	€1,003,000	€36,743,808

## STATE CLAIMS AGENCY (CONTINUED)

The increase in awards/settlements in respect of general claims resolved in 2018 compared with 2017 is due to an increase in the number of medium and high-value claims resolved, principally in respect of the healthcare part of the scheme due to its being at an earlier stage of its development cycle relative to the overall scheme.

### National Screening Services: Cervical Cancer Litigation

During 2018, very tragic cases arose in relation to the HSE's CervicalCheck screening service. The resultant claims relate to the reading of smear tests by the independent laboratories providing such laboratory services to the HSE and to non-disclosure by the HSE of the results of a clinical audit of smear tests. The cases are complicated by the fact that there are two defendants: the laboratories themselves regarding the reading of the smear tests, which are contractually obliged to provide an indemnity to the State in the case of misreading; and the HSE (represented by the SCA) regarding the non-disclosure of the audit results.

The SCA is committed to the expeditious resolution of cervical cancer cases in a sensitive manner, working co-operatively with the co-defendant laboratories, utilising mediation whenever possible and placing a high priority on treating those who have made claims and their families with dignity and compassion.

Of the 221 CervicalCheck cases identified by the HSE as cases where a screening test could have provided a different result, or a warning of increased risk or evidence of developing cancer, the SCA had received notification of 90 claims at end-2018. Three cases were settled during the year, one of which was finalised, that is costs have been agreed and paid.

Arising from Mr. Justice Meenan's report on an alternative system for dealing with claims arising from CervicalCheck, the Government has announced it will establish a Tribunal to hear and determine claims arising from CervicalCheck. The Tribunal will adopt pre-hearing protocols and case management procedures specifically to deal efficiently and effectively with claims arising. Hearings will be in private and a right of appeal to the High Court will remain. An ex-gratia compensatory scheme will also be established to deal with non-disclosure by the State to the original cohort of 221 women and their families.

### Mass Actions

The SCA is managing a number of different mass actions against the State. Of the total 10,658 active claims at end-2018, 2,267 (21%) were in relation to mass actions. The majority of these claims (1,580) are lack of in-cell sanitation claims taken by current and former prisoners against the Irish Prison Service.

A summary of developments in 2018 in relation to particular mass action claims, other than National Screening Services: Cervical Cancer Litigation discussed above, is set out below:

Mass Action	Active End-2018	Received 2018	Resolved 2018
<b>GENERAL INDEMNITY SCHEME</b>			
<b>Lack of In-Cell Sanitation</b>	1,580	21	77
These are cases taken by prisoners (current and former) against the Irish Prison Service alleging, <i>inter alia</i> , breach of their constitutional rights due to lack of in-cell sanitation. The lead case, G.S. v The Governor of Mountjoy Prison & Others, was originally heard in the High Court. That Court held that the State breached the plaintiff's constitutional right to privacy/dignity. No award of damages was made to the plaintiff, notwithstanding the Court finding in his favour on the privacy issue. Subsequently, the plaintiff appealed the High Court's judgment not to award him damages and costs. The Supreme Court heard the Appeal in December 2018 and reserved its judgment. This judgment will have a very significant bearing on the remaining claims.			
<b>Lariam</b>	163	119	5
These are cases taken by current and former members of the Defence Forces, alleging physical and psychological symptoms, following their ingestion of Lariam, an anti-malarial prophylactic drug prescribed for their use whilst on duty in sub-Saharan Africa. The first Lariam-related claim went to trial in the High Court in November 2017. A settlement was made in view of the particular circumstances which pertained in this case. This, in turn, has led to a significant increase in new Lariam-related claims.			



<b>Mass Action</b>	<b>Active End-2018</b>	<b>Received 2018</b>	<b>Resolved 2018</b>
<p><b>Mother and Baby Homes</b></p> <p>These claims are from ex-residents of various mother and baby homes who are suing the Department of Education/Tusla/HSE as a result of their time spent in institutional care settings over various periods from the 1940s-80s. They allege physical, verbal and emotional abuse and breaches of their constitutional rights pertaining to adoption or fostering. They also allege that their natural rights were affected due to false birth certificates being issued.</p>	32	31	0
<p><b>Pandemrix/Narcolepsy</b></p> <p>These are cases taken by mostly infant plaintiffs alleging the development of narcolepsy and cataplexy following vaccination against the H1N1 flu virus.</p> <p>The cases, which are at discovery stage, are being case-managed by a judge of the High Court.</p>	85	15	0
<p><b>Prison-Based TB</b></p> <p>These are cases taken by current and former prisoners and prison officers and some of their families alleging testing positive for and/or contracting TB. The SCA has reached an apportionment agreement with a medical defence organisation under which that organisation has agreed to contribute 60% of the plaintiffs' settlements and costs in the majority of cases.</p>	45	3	21
<p><b>Shine Abuse</b></p> <p>These claims are from persons who allege they were sexually abused by Michael Shine (Consultant Surgeon at Our Lady of Lourdes Hospital, Drogheda, Co. Louth from the 1960s up to 1995).</p> <p>The SCA has reached agreement, in principle, with its co-defendant (Allianz/Medical Missionaries of Mary), whereby they will fully indemnify the State in relation to all Shine abuse claims, present and future, in consideration for which the State will bear its own legal costs incurred to date.</p>	1	19	110
<p><b>Thalidomide</b></p> <p>These are cases taken by persons born with physical disabilities whose mothers had ingested the Thalidomide preparation during pregnancy.</p> <p>The cases are being managed by a judge of the High Court and are at exchange of discovery stage.</p>	36	2	0
<b>CLINICAL INDEMNITY SCHEME</b>			
<p><b>Symphiotomy</b></p> <p>These are cases taken by women who had a surgical, obstetrical procedure to widen their pelvis during childbirth between 1945 and 1982. The women's claims allege that the symphysiotomies were wrongfully carried out and/or were carried out without proper consent and have led to long-term side effects.</p> <p>In 2014, the Government established a Scheme to compensate patients who had undergone surgical symphysiotomy. The remaining cases relate to claimants who elected not to avail of the Scheme.</p>	34	0	1

## STATE CLAIMS AGENCY (CONTINUED)

### INSURANCE COMPENSATION FUND (ICF)

The *Insurance Amendment Act 2018* sets out the separate roles of the SCA and the Central Bank of Ireland (CBI) in the event of an insurance company liquidation or receivership.

The Act provides that in the event of the liquidation of an insurance company authorised in Ireland requiring a draw on the ICF, the SCA will make an application to the High Court, on behalf of the liquidator, to approve payments from the ICF, on completion of a due diligence examination of the relevant claims. On High Court approval, the CBI, as administrator of the ICF, will pay the specified amount to the liquidator for distribution to the claimants.

In the event of the liquidation of an insurance company authorised in an EU Member State other than Ireland requiring a draw on the ICF, the SCA will also make an application to the High Court, on behalf of the liquidator, to approve payments from the ICF, on completion of a due diligence examination of the relevant claims. On High Court approval, the CBI will pay the specified amount to the SCA for distribution to the claimants.

The Act provides for an amendment to Part 2 of the *NTMA (Amendment) Act, 2000*, in order to give the SCA the additional functions described above.

The SCA made its first application to the High Court in respect of the release of monies from the ICF in November 2018. The application sought the release of €20.6m arising from the liquidation of Setanta Insurance Company, authorised in Malta. Following the making of the relevant High Court order, these monies were received by the SCA from the ICF and dispatched to some 1,300 claimants.

### LEGAL COST MANAGEMENT

The Legal Costs Unit (LCU) was established within the SCA, initially to deal with third-party costs arising from certain Tribunals of Inquiry (the Mahon, Moriarty, Morris and Smithwick Tribunals). Its remit has since been extended to include third-party legal costs of the State and State authorities as delegated to it, however so incurred. This means that the LCU deals with third-party legal costs in relation to these State authorities, whether they arise in the

course of the SCA's own claims management work or in respect of other legal costs incurred by the State authority concerned.

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

In 2018, the SCA settled 556 bills of costs. The total amount claimed was €90.6m. These bills were settled for €53.7m – a reduction of 41% on the amount claimed. A notable feature was the particularly high reductions achieved on the high-value bills of costs arising from the Mahon, Moriarty and Smithwick Tribunals (58%).

### RISK MANAGEMENT

The SCA's risk management objective is to advise and assist State authorities on the management of litigation risks to a best practice standard, in order to enhance the safety of employees, service users/patients and other third parties and minimise the incidence of claims and the liabilities of the State.

The SCA implements its risk mandate through two specialist risk units: the **Clinical Risk Unit** and the **Enterprise Risk Unit**. Clinical risk professionals are drawn from the healthcare sector, being specialists in areas such as medicine, nursing, midwifery, pharmacy and physiotherapy.

Enterprise risk professionals are drawn from science or engineering backgrounds and have a range of expertise in areas such as occupational health and safety, public safety, corporate governance, training and education, occupational hygiene, fire safety, insurance and indemnity.

Both risk units develop their work programmes by drawing on data analysis and evidence to identify emerging trends and issues in order to categorise and prioritise risk initiatives. This information is primarily obtained from data reported on the National Incident Management System (NIMS) - the end-to-end risk management tool developed by the SCA that allows the SCA and State authorities to manage incidents throughout the incident lifecycle - and from claims analysis. The accurate reporting of incidents to NIMS is critical to the SCA's risk management function and the SCA

### LEGAL COST CLAIMS SETTLED 2018

	Number of Cost Claims Negotiated	Amount Claimed €m	Cost of Claims Agreed €m	Legal Cost Saving %
SCA Clinical	187	47.4	29.8	37
SCA General	138	9.3	6.2	34
Tribunals of Inquiry	38	13.3	5.6	58
Other	193	20.6	12.0	42
<b>Total</b>	<b>556</b>	<b>90.6</b>	<b>53.7</b>	<b>41</b>

Figures may not total due to rounding.

works actively with State authorities on an ongoing basis to improve the level and quality of reporting.

The SCA's clinical risk management programme focuses on collaboration with risk managers and other personnel in health and social care enterprises at a local level, as well as with national stakeholders, to mitigate risks and support patient safety. The programme places an emphasis on identification of trends and risks at national level and relevant risk mitigation; on health and social care enterprises and issues with the highest risk profile; and on measures which seek to bring about system-wide change. In addition to claims analysis, provision of specific risk management advice and collaboration with the HSE on clinical risk issues, the development and delivery of a suite of education and training activities in relation to patient safety and clinical risk management forms a key part of the programme.

### OPEN DISCLOSURE

The SCA has, since 2010, collaborated with the HSE in developing and piloting Open Disclosure. Open Disclosure represents an open, consistent approach to communicating with patients when things go wrong in healthcare. This includes expressing regret for what has happened, keeping the patient informed, and providing feedback on investigations and the steps taken to prevent a recurrence of the adverse event.

The Scoping Inquiry into the CervicalCheck Screening Programme (the "Sccally Report"), published in September 2018, made a number of recommendations with regard to Open Disclosure. The *Civil Liability (Amendment) Act 2017* was commenced in September 2018 and provides legal protection for clinicians undertaking Open Disclosure while the Patient Safety Bill will, when enacted, provide a legislative framework for mandatory Open Disclosure of certain patient safety incidents.

The SCA assisted the HSE in the process of establishing a National Office for Open Disclosure and in the development of an e-learning module. It accepted invitations from the HSE to participate in a number of groups addressing Open Disclosure and the recommendations of the Scally report, including a group developing a Communications and Open Disclosure training programme for doctors. The SCA has now wound down its involvement in the operational aspects of Open Disclosure and, in future, its involvement will be in the oversight of Open Disclosure at a strategic level.

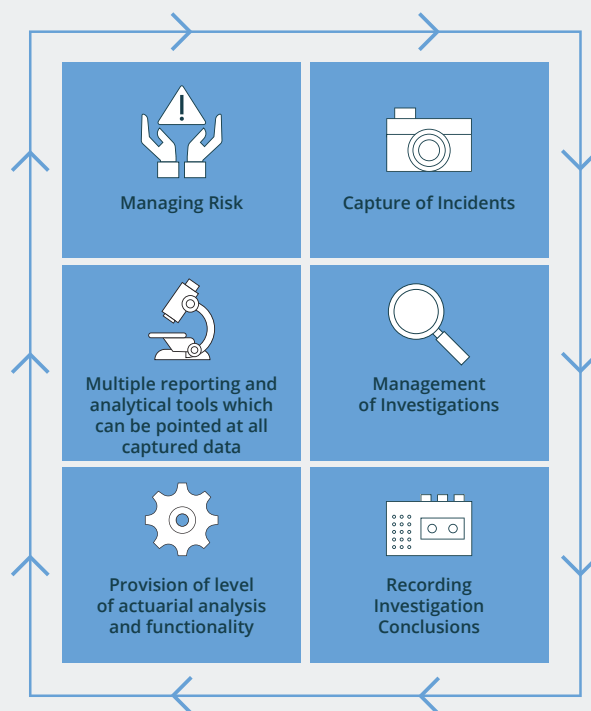
The SCA's enterprise management programme focuses on prioritising those State authorities and hazards most likely to lead to significant claims against the State and is centred on a "follow the money" principle. It is developed through assessment of historical and emerging claims, potential mass actions, and risks that impact across a number of State authorities, among other factors. The programme is concentrated on audit and review of risk governance, specific operational activities and key risks.

Risk audits are an important tool in developing relationships with senior managers and risk professionals, testing their governance, structures, processes and procedures and, in some cases, reviewing specific risks. They provide valuable intelligence as to those risk elements that are not captured on NIMS or in claims received. Client specific projects are designed to assist State authorities better manage risk governance or to address a specific risk issue. Through analysis of key risks and risk queries received, the SCA follows up with State authorities where opportunities are identified to mitigate risk exposures and provides formal guidance to State authorities in respect of key indemnity and risk issues.



Córas Náisiúnta um Bainistíocht Teagmhais  
National Incident Management System

NIMS is a confidential, highly secure web-based end-to-end risk management tool developed by the SCA that allows the SCA and State authorities to manage incidents throughout the incident lifecycle. It is used by State authorities to report incidents to the SCA, as well as for their own risk management purposes.



NIMS provides State authorities' risk managers and the SCA's own risk teams with complex adverse incident data analysis to identify trends, hot spots and lessons learned, thus enabling risk management and mitigation responses that will both ensure the safety of service users, patients and State employees and minimise the cost of claims against the State in the future.



# Agency Members



**Maeve Carton**  
Chairperson

(reappointed as a member for a five-year term from 22 December 2017 and appointed as Chairperson from 1 January 2019)

**Member of the Remuneration Committee**

Maeve Carton is a former Director of CRH where she held a number of senior roles including Group Transformation Director and Finance Director. Prior to joining CRH, she worked for a number of years as a chartered accountant in an international accountancy practice.



**Gerardine Jones**  
Agency member

(appointed for a five-year term from 8 March 2017)

**Member of the Investment Committee**

Gerardine Jones is a chartered accountant with over 30 years' business and senior leadership experience. She is currently a Director of Sharnburg Consultants Limited and also has a number of non-executive director roles, including with BNY Mellon Fund Services (Ireland) DAC and ITG Limited. She was previously Deputy Chief Executive and Head of Risk at Cantor Fitzgerald Ireland, and Director of Listing at the Irish Stock Exchange.



**Derek Moran**  
Agency member

(ex officio)

**Member of the State Claims Agency Strategy Committee**

Derek Moran is Secretary General of the Department of Finance and is responsible for economic, budgetary and fiscal, banking and financial services policy matters and oversight of Ireland's investments in and support for covered banks. He is a member of the Central Bank Commission and the Civil Service Management Board and is a council member of the Foundation for Fiscal Studies.



## Martin Murphy

### Agency member

(reappointed for a five-year term from 22 December 2018)

**Chairperson of the Audit and Risk Committee**  
**Member of the Remuneration Committee**

Martin Murphy is a former Managing Director and Chairman of Hewlett Packard Enterprise Ireland. He serves as a board member of Ulster Bank and the UCD Smurfit Business School. He is also chair of the Labour Market Council, an expert group that advises the Government on labour market policy and provides input on wider employment issues. He is a past President of the Dublin Chamber of Commerce.



## Conor O'Kelly

### Agency member

(ex officio)

Conor O'Kelly is Chief Executive of the NTMA. He is the former Deputy Chairman of Investec Holdings (Ireland) Ltd. Prior to that, he was Chief Executive of NCB Group which was subsequently acquired by Investec plc. Before joining NCB as Head of Fixed Income, he spent 11 years with Barclays Capital, where he held a number of senior management positions.



## Mary Walsh

### Agency member

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

**Member of the Audit and Risk Committee**  
**Chairperson of the State Claims Agency Strategy Committee**

Mary Walsh is a chartered accountant and a former international tax partner in PricewaterhouseCoopers in Dublin. She acts as an independent non-executive director on a number of private sector and not for profit boards. She has held a number of public sector positions in Ireland and the EU.



## Robert Watt

### Agency member

(ex officio)

**Member of the Remuneration Committee**

Robert Watt is Secretary General of the Department of Public Expenditure and Reform with responsibility for public expenditure policy, capital spending and Public Private Partnerships and overall management and reform of the Irish public service. He is an economist and has experience in both the public and private sectors.



## Susan Webb

### Agency member

(reappointed for a five-year term from 22 December 2018)

**Member of the Audit and Risk Committee**  
**Chairperson of the Investment Committee**

Susan Webb is a former Managing Director of Pfizer's international treasury centre based in Dublin. She is an independent non-executive director of Wells Fargo Bank International Unlimited Company and of Depfa Bank plc.

There is currently one vacancy on the Agency following the resignation of Willie Walsh (effective 1 January 2019).



# GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

The Agency (Board) has over-arching responsibility for all of the NTMA's functions (excluding the National Asset Management Agency (NAMA), the Strategic Banking Corporation of Ireland (SBCI) and Home Building Finance Ireland (HBFI) which have their own separate boards) under the *National Treasury Management Agency (Amendment) Act, 2014*. The Agency is accountable to the Minister for Finance. In the performance of its duties, the Agency focuses on providing strategic direction and oversight to the organisation and ensuring there are appropriate controls in place, while delegating operational matters to management. It seeks to support and challenge management in the achievement of the NTMA's goals and in fostering a corporate culture that will contribute to the delivery of these goals. The regular day-to-day management, control and direction of the NTMA are the responsibility of the Chief Executive and the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Agency, and must ensure that all Agency members have a clear understanding of the key activities and decisions related to the NTMA and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Agency and management of the NTMA.

## AGENCY RESPONSIBILITIES

The NTMA's functions are vested in the Agency, which may delegate functions to the Chief Executive. There is a formal schedule of matters reserved for decision by the Agency. This schedule includes:

- Annual Report and Financial Statements;
- Risk Management Policy and Framework;
- Risk Appetite Framework;
- Corporate strategy and business unit and corporate function goals;
- Operating budget;
- Remuneration of Chief Executive (after consultation with the Minister);
- Overall remuneration policy;
- Exchequer Funding Plan;
- ISIF Investment Strategy;
- ISIF Irish Portfolio investments above €150m (investment decisions of up to €150m are delegated to the Investment Committee); and
- Contracts for professional and operating services and NTMA capital expenditure over €5m, with a limited number of exceptions.

The Agency is required by the *National Treasury Management Agency Acts 1990 to 2014* and the *Dormant Accounts Act 2001* (as amended) to prepare financial statements in respect of its operations for each financial year. In preparing these financial statements, the Agency:

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

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

The Agency is responsible for approving the NTMA expenditure budget and corporate strategy, including Business Unit and Corporate Function goals. Emerging out-turns against budget and goals are reviewed by the Agency during the year and at year-end.

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

The Agency considers that the financial statements of the NTMA properly present the financial performance and the financial position of the NTMA at 31 December 2018.

## AGENCY STRUCTURE

The Agency ordinarily consists of nine members. Six members, including the Chairperson, are appointed by the Minister for Finance. The Chief Executive of the NTMA and the Secretary Generals of the Departments of Finance and Public Expenditure and Reform are ex officio members of the Agency. There is currently one vacancy on the Agency following the resignation of Willie Walsh (effective 1 January 2019).

The term of office of an appointed member is five years. Details of the current members and their appointment periods are set out on pages 50 to 51.

The Agency has established four committees to assist in discharging its responsibilities, each with formal Terms of Reference:

- Audit and Risk Committee;
- Investment Committee;
- Remuneration Committee; and
- State Claims Agency Strategy Committee.

For further information on the Agency's Committees, see Committee Reports, pages 57 to 59.

The Agency conducts an annual evaluation of its own performance and its Committees'.

The Agency's 2018 performance evaluation was externally conducted by Praesta, in accordance with the requirement to have it externally facilitated every three years under



Section 4.6 of the Code of Practice for the Governance of State Bodies (2016). The various phases of the external performance evaluation process were commenced in October and concluded in January 2019. This involved Praesta holding one to one interviews with Agency members to evaluate the effectiveness of the operation of the Agency and its Committees. Members also completed a questionnaire. Arising from the evaluation process, the Agency is progressing a number of enhancements for implementation during the year.

The Agency is supported in its functions by the Agency Secretary who also co-ordinates the operation of the various Agency Committees: each of the Committees is supported by the Agency Secretary or the Assistant Agency Secretary.

### KEY PERSONNEL CHANGES

Maeve Carton, Agency member, was appointed Agency Chairperson following the resignation of Willie Walsh as Chairperson and member of the Agency with effect from 1 January 2019. Martin Murphy and Susan Webb were reappointed to the Agency with effect from 22 December 2018.

### SCHEDULE OF ATTENDANCE, FEES AND EXPENSES

A schedule of attendance at Agency and Committee meetings is set out below including the fees and expenses received by each member in their capacity as an Agency or Committee member.

	Agency	Investment Committee	Audit and Risk Committee	Remuneration Committee	SCA Strategy Committee	Fees 2018 €	Expenses 2018 €
<b>Number of Meetings</b>	<b>7</b>	<b>15</b>	<b>9</b>	<b>2</b>	<b>4</b>		
<b>Agency Members</b>							
Willie Walsh	7			2		-	-
Maeve Carton	7		7	2		30,000	-
Gerardine Jones	7	15				30,000	-
Derek Moran	5				3	-	-
Martin Murphy	7		9	2		30,000	-
Conor O'Kelly	7					-	-
Mary Walsh	7		9		4	30,000	-
Robert Watt	6			2		-	-
Susan Webb	7	15	9			30,000	-
<b>Total</b>						<b>150,000</b>	<b>-</b>
<b>Other Members</b>							
Richard Leonard		15				20,000	5,402
Mark Ryan		14/14(p)				20,000	-
Julie Sinnamon		15				-	-
Sabaratnam Arulkumaran					4	12,500	1,396
Tom Beegan					3	12,500	320
Ciarán Breen					4	-	-
Donogh Crowley					4	12,500	-
David Moloney					4	-	-
<b>Total</b>						<b>77,500</b>	<b>7,118</b>

(p) refers to the number of meetings it was possible to attend.

## GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT (CONTINUED)

The Minister for Finance determines the level of remuneration of appointed members of the Agency. The remuneration attached to the position of Chairperson is €45,000 per annum and the remuneration of other appointed members is €30,000 per annum. The former Chairperson (Willie Walsh) waived his remuneration for 2018. The ex officio members (Conor O'Kelly, Robert Watt and Derek Moran) do not receive any remuneration in respect of their membership of the Agency.

Remuneration of external members of the Investment Committee and State Claims Agency Strategy Committee is determined by the Agency with the consent of the Minister for Finance. External members of the Investment Committee receive remuneration of €20,000 per annum and external members of the State Claims Agency Strategy Committee receive remuneration of €12,500 per annum. Julie Sinnamon and David Moloney, appointed to the Investment Committee and State Claims Agency Strategy Committee respectively, in their capacity as public servants do not receive any remuneration in respect of their membership. Agency members and members of staff of the NTMA do not receive any additional remuneration in respect of membership of these committees.

### STAFFING AND REMUNERATION

The NTMA executes its mandates through five business units: the Funding and Debt Management Unit, the Ireland Strategic Investment Fund Unit, the National Development Finance Agency, NewERA and the State Claims Agency. The NTMA's business units are supported by its corporate functions which provide services across Finance, Operations, Information Technology, Risk, HR, Legal, Compliance, Communications and Internal Audit.

A number of NTMA staff are on secondment to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

The NTMA assigns staff to NAMA, SBCI and HBFI and also provides them with business and support services and systems. NAMA, SBCI, and HBFI reimburse the NTMA the costs of these services (including staff costs). NAMA, SBCI and HBFI are independent entities and have their own separate boards.

Other than staff assigned to NAMA, SBCI and HBFI, the NTMA had 528<sup>6</sup> employees at end-2018. 236 employees were assigned to NAMA, 17 employees were assigned to the SBCI and five employees were assigned to HBFI<sup>7</sup>.

The NTMA's remuneration model is based on confidential, individually-negotiated employment contracts, with competitive, market-aligned remuneration. The typical remuneration package comprises a fixed base salary, pension entitlement and provision for discretionary performance-related pay. In a limited number of cases other allowances or benefits are paid.

The NTMA's objective is to ensure that its remuneration arrangements facilitate it in attracting, developing and retaining high performing and motivated employees, with

appropriate skills and experience, so as to ensure that the NTMA can discharge fully its statutory functions in an effective and efficient manner, while complying with applicable law. It aims to operate a remuneration system which:

- allows the NTMA to compete effectively in the labour market and to recruit and retain high calibre employees;
- reflects the NTMA's objectives for good corporate governance;
- manages remuneration in an appropriate manner and encourages a high level of performance; and
- is consistent with and promotes sound and effective risk management.

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of the NTMA. Performance-related payments are made in accordance with parameters approved by the Agency's non-executive Remuneration Committee. The overall amount of performance related payments made in respect of any year is also subject to the approval of the Remuneration Committee.

The NTMA made performance-related payments to 184 staff in 2019 in respect of 2018. These payments, in aggregate, totalled €1,778,500.

### Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in relation to services rendered during 2018 are categorised into the following bands:

Range	No of Employees
€50,001 to €75,000	127
€75,001 to €100,000	100
€100,001 to €125,000	46
€125,001 to €150,000	34
€150,001 to €175,000	17
€175,001 to €200,000	18
€200,001 to €225,000	7
€225,001 to €250,000	4
€250,001 to €275,000	1
€275,001 to €300,000	1
€300,001 to €325,000	1
€325,001 to €350,000	1
€350,001 to €375,000	2
€375,001 to €400,000	1
€400,001 to €425,000	0
€425,001 to €450,000	0
€450,001 to €475,000	0
€475,001 to €500,000	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during 2018 include salary, other taxable benefits paid to employees (including performance-related payments) and other payments made on behalf of employees, but exclude employer's PRSI.

<sup>6</sup> On a whole time equivalent basis (rounded to nearest whole number).

<sup>7</sup> Staff were assigned to HBFI effective end-December 2018.

## DISCLOSURES REQUIRED BY CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (2016)

The Agency is responsible for ensuring that the NTMA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

### Employee Short-Term Benefits Breakdown

See Staffing and Remuneration section on previous page.

### Consultancy Costs

Consultancy costs incurred by the NTMA in the performance of its mandates are set out in the Financial Statements: NTMA Administration Account, SCA Financial Statements and ISIF Financial Statements.

### Legal Costs and Settlements

For the purposes of the Code disclosure requirement, there was no relevant expenditure incurred in 2018.

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018 €000	2017 €000
Domestic		
Board/Committee	6	4
Employees	443	472
International		
Board/Committee	1	-
Employees	491	507
	<b>941</b>	<b>983</b>

### Hospitality Expenditure

The Statement of Income and Expenditure and Other Comprehensive Income includes €77,098 (2017: €65,239) in respect of staff hospitality expenditure.

## STATEMENT OF COMPLIANCE

The NTMA has complied with the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform with a number of adaptations/variations/non-applications which have been agreed with the Minister for Finance as summarised below. These adaptations primarily reflect the fact that the NTMA, the expenses of which are a charge on the Central Fund<sup>8</sup>, performs a range of market facing functions and was deliberately structured to have the operational flexibility to act commercially in performing these functions.

## Approval of Contracts

The Code recommends that the Schedule of Matters Reserved for Decision by the Agency should specify clear quantitative thresholds for contracts above which Agency approval is required. It also recommends that "approval of terms of major contracts" be a reserved matter.

Given the range of the NTMA's business mandates and the fact that entry into financial contracts of significant value constitutes a core part of the NTMA's business activities, the NTMA has established separate criteria for approval of investments and entry into contracts depending on the business area as follows:

- The acquisition or disposal of ISIF investments in Ireland is reserved to the Agency/Investment Committee. Investment decisions up to €150m are made by the statutory non-executive Investment Committee. Where a proposed investment is in excess of €150m, the decision is made by the Agency on the recommendation of the Investment Committee. Investments within the terms of the Global Portfolio Transition Strategy are delegated to management. Actions involving the acquisition or disposal of ISIF assets that are subject to Ministerial direction are delegated to management.
- Debt contracts are delegated to management – within the parameters of the Annual Exchequer Funding Plan which is a Reserved Matter.
- Approval to enter into new PPP contracts and any new contract to procure as agent for the Minister for Education and Skills any public investment project in relation to an educational facility is delegated to management. A Management Infrastructure Committee has been formed for the purposes of approving infrastructure projects. Projects reviewed by the Management Infrastructure Committee, and the outcome, are included as matters for noting by the Agency.
- Contracts for professional and operating services and NTMA capital expenditure which are not reserved to the Agency are delegated to management. Approval of the key terms of contracts for professional and/or operating services and NTMA capital expenditure entered into by the NTMA with an estimated value of €5m or greater, to be charged to the NTMA or ISIF expenditure budgets, other than:
  - framework contracts<sup>9</sup>;
  - contracts relating to the implementation of the ISIF Global Portfolio Transition Strategy, as delegated to management; and
  - contracts in connection with the fund established for the recovery by the State from Apple of alleged State aid are reserved to the Agency.<sup>10</sup>

<sup>9</sup> The provision applies in respect of the estimated value of individual contracts awarded from framework panels.

<sup>10</sup> This change reflects the change in the Reserved Matters approved by the Agency on 28 March 2018.

<sup>8</sup> Other than in respect of its ISIF functions which are funded from the ISIF.



# GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT (CONTINUED)

### Delegated Authority Levels

The Code recommends that “Delegated Authority Levels” be a reserved matter. In view of the wide range of mandates carried out by the NTMA and the need to preserve flexibility with regard to the various delegated authorities in respect of these mandates, the setting of Delegated Authority Levels has been delegated to the Chief Executive. To ensure Agency oversight of delegated authorities, the NTMA's Consolidated Delegated Authorities are reviewed by the Audit and Risk Committee on an annual basis.

### Strategy

The Code sets out different requirements with regard to the preparation and adoption of a strategic plan for commercial and non-commercial State bodies. Commercial bodies should approve annual rolling five-year business plans while non-commercial bodies should adopt statements of strategy for a period of three to five years ahead.

The NTMA Corporate Strategy<sup>11</sup> covers a five-year horizon and comprises two parts:

*Part 1: The NTMA Corporate Strategy; and*

*Part 2: Business Unit and Corporate Function Goals.*

The NTMA Corporate Strategy is reviewed annually and updated on a rolling five-year basis. Part 1 is submitted to the Minister for Finance if there are any changes to the overarching goal and three enabling pillars set out therein. Part 2 is updated annually and submitted to the Minister for Finance for his/her views prior to finalisation.

The procedure for Ministerial consultation in determining and reviewing the ISIF Investment Strategy is set out in Section 40(3) of the *National Treasury Management Agency (Amendment) Act 2014*.

### Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which the NTMA is subject, it is proposed to address the requirement that the Chairperson bring incidences of non-compliance with any statutory obligations to the attention of the Minister for Finance by applying it to material instances of non-compliance only.

### Acquisition or Disposal of Assets etc.

The ISIF investment activities are managed in the context of the statutory framework for the making of ISIF investments as set out in the *National Treasury Management Agency (Amendment) Act 2014*, the ISIF Investment Strategy and the ISIF investment process. Those provisions of Section 8 of the Code dealing with the acquisition or disposal of assets, capital investment appraisal, establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares do not apply to the investment activities of the ISIF. Trading of Government bonds or other assets in the normal course of NTMA business operations is not regarded as falling within Section 8 of the Code.

### ICT Circular

As provided for under Section 3 of Department of Public Expenditure and Reform's Circular 02/16 on Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service, it has been agreed by the Department of Finance that the NTMA has been exempted from the approval framework for digital and ICT-related expenditure.

### Public Spending Code

The Public Spending Code is not applicable to the NTMA as the NTMA is not engaged in capital projects (other than in respect of its ISIF and NDFA roles) or new current expenditure programmes. The NTMA's functions are set out in statute – either in primary legislation or are delegated to the NTMA by Ministerial Order. The NTMA's operational budget relates to the staffing, systems, facilities and other costs associated with the performance of these functions. With regard to significant new expenditure items within its operational budget, the NTMA utilises the standard appraisal process set out in section B.01 of the Public Spending Code in its project appraisal process.

### Remuneration

In complying with the Code's provisions in respect of remuneration, the NTMA has adopted the provisions applying to commercial State bodies, adapted in light of its particular governance and reporting structures and remuneration model. Consistent with this approach, the NTMA publishes details of employee short-term benefits in bands of €25,000.

### Travel Circulars

The NTMA's travel policy is based on the Framework for a Travel Policy for State Bodies contained in the Code. Revenue approved civil service mileage rates (reflecting Circular 07/2017) are applied. The NTMA does not pay subsistence rates in respect of travel, but operates a vouched expense process for the re-imbursment of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are, therefore, not applied.

### Customer Charter

The NTMA does not generally provide services directly to the public. State Savings products are offered to personal savers by the NTMA through its agents, An Post. An Post has a customer charter which covers the services it provides to the public, including those services it provides on behalf of the NTMA. A separate customer charter has not been put in place for the NTMA.

<sup>11</sup> The NTMA Corporate Strategy is subject to review by the Agency and the Minister.

## COMMITTEE REPORTS

### AUDIT AND RISK COMMITTEE REPORT

The Agency Audit and Risk Committee assists the Agency in the oversight of:

- the quality and integrity of the financial statements, the review and monitoring the effectiveness of the systems of internal control, the internal audit process and the compliance function, and to review and consider the outputs from the statutory auditor; and
- the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members (excluding the Agency Chairperson).

There is one vacancy on the Committee. Maeve Carton was a member of the Committee with effect from 29 March 2017 however, in accordance with the Committee's Terms of Reference, her membership of the Committee ceased with immediate effect on appointment as Agency Chairperson (effective 1 January 2019).

The Current members of the Committee are:

- Martin Murphy (Chairperson)
- Mary Walsh
- Susan Webb

The Committee met formally on nine occasions in 2018. It also held an additional working session to review the financial statements.

### Financial Reporting

The Committee reviewed the draft 2018 financial statements and recommended them to the Agency for approval. The review focused on the consistency of approaches across the financial statements, appropriate estimates and judgements, the clarity and completeness of disclosures in line with applicable accounting standards, and relevant provisions of the Code of Practice for the Governance of State Bodies (2016). The Committee also reviewed the Governance Statement and Agency Members' Report, and statements on risk management for inclusion in the Annual Report. As part of its review of the financial statements, the Committee met with representatives of the Office of the Comptroller and Auditor General (the statutory auditor) to discuss its Audit Findings Report.

### Internal Control

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the 2018 financial statements and recommended it to the Agency. The review was informed by a report from management in relation to the assertions

contained in the Statement and also the Committee's detailed work programme, including regular reports from Internal Audit, Risk, Compliance and the Data Protection Officer (DPO).

### Internal Audit

The Committee received regular reports from the Head of Internal Audit (the Head of Internal Audit is supported by an external firm, currently KPMG). It reviewed the key findings from the individual internal audit reviews completed under the 2018 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2019 risk-based internal audit plan and updates to the Internal Audit Charter. The Committee also reviewed the Chartered Institute of Internal Auditors (IIA) External Quality Assessment Report of the NTMA Internal Audit Function. In accordance with IIA standards, independent external effectiveness reviews of internal audit should be commissioned at least every five years. This was the first such review of the NTMA Internal Audit function.

The Committee approved the appointment of a new Head of Internal Audit with effect from 3 December 2018. The Committee meets with the Head of Internal Audit without management at each meeting.

### Statutory Audit

The NTMA's statutory auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2017 financial statements. The Committee meets with the external auditor without management at least annually.

### Risk

The Committee reviewed and recommended to the Agency updates to the Risk Management Policy and Framework and to the Risk Appetite Framework. It also approved updates to a number of specific risk policies as provided for under the Risk Management Policy and Framework. It monitored the NTMA's position against its defined risk appetite and approved updates to the suite of key risk indicators. It also approved the annual Risk Management Plan and Terms of Reference of the Enterprise Risk Management Committee.

The Committee reviewed the principal risks faced by the NTMA based on a strategic risk assessment performed twice yearly and reported the outcome of its reviews to the Agency. It also reviewed the underlying risk registers and a report under the NTMA's stress testing framework.

The Committee reviewed regular reports from the NTMA's Risk function in relation to financial, investment and enterprise risks. It reviewed the effectiveness of the Risk function.

The Committee monitored the ongoing implementation of recommendations arising from the 2017 review of the NTMA Risk Function (with external third-party support) and the NTMA's specific risk management requirements in the context of its business goals and objectives.

### COMMITTEE REPORTS (CONTINUED)

The Committee approved the appointment of a new Head of Risk (Financial, Investment and Enterprise) with effect from 21 May 2018. The Committee meets with the Head of Risk without management at each meeting.

#### Compliance and Protected Disclosures

The Committee reviewed and approved updates to the Reporting of “Relevant Wrongdoing” and Protected Disclosures Policy and other compliance policies as provided for in the Compliance and DPO Framework. It monitored progress against the 2018 Compliance Plan and the NTMA’s GDPR readiness programme. It also approved a combined 2019 Compliance and DPO Plan and the Compliance and DPO Framework, and received regular reports from the Head of Compliance. The Committee reviewed the effectiveness of the Compliance Function.

#### Other

The Committee carried out a number of other activities including review of the NTMA’s readiness for Brexit, its procurement policies and procedures and the Agency’s Delegated Authorities, as well as consideration of a number of specific business issues from a risk perspective.

The Committee reviewed its Terms of Reference and recommended amendments to the Agency. It undertook a review of its performance and reported to the Agency on this review in March 2019.

The Committee’s priorities in respect of 2019 were approved as part of its Work Programme 2019.

#### INVESTMENT COMMITTEE REPORT

The Investment Committee is a statutory committee provided for by the *National Treasury Management Agency Act, 1990* (as amended).

The Committee assists the Agency in the control and management of the Ireland Strategic Investment Fund by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy.

The Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The Agency has decided that the Committee should have three external members. The members of the Committee are:

- Susan Webb, Chairperson (Agency member)
- Gerardine Jones (Agency member)
- Richard Leonard (external member)  
*Company Director and former Partner, Grant Thornton Ireland*

- Mark Ryan (external member)  
*Company Director and former Managing Director, Accenture Ireland*
- Julie Sinnamon (external member)  
*CEO, Enterprise Ireland*

The Committee met on 15 occasions in 2018. Its main activity was review of detailed investment proposals from ISIF management. Decisions on investment proposals of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an investment proposal in excess of €150m, it makes a recommendation on the matter to the Agency. The Committee also actively monitored the near-term investment pipeline in order to provide timely feedback to management on potential investment opportunities.

During 2018 the Committee spent significant time in reviewing the ISIF Investment Strategy in line with the request by the Minister for Finance and Public Expenditure and Reform that the ISIF move from a broad-based strategy to one that will be guided by the objectives of Project Ireland 2040 and focusing on five specific Priority Themes and that takes account of the proposed reallocation of a portion of ISIF capital to other initiatives (Rainy Day Fund, Home Building Finance Ireland, and Land Development Agency). The Committee recommended this refocused Investment Strategy to the Agency. Following approval of the Investment Strategy by the Agency subject to consultation with the Minister for Finance and Public Expenditure and Reform, the Minister completed his consultation and the Investment Strategy was published on 1 February 2019.

On a quarterly basis the Committee formally reviewed the performance and economic impact of individual investments in Ireland, the performance of the Global Portfolio and the implementation of the Sustainability and Responsible Investment Strategy. With regard to responsible investment, the Committee monitored the implementation of the Fossil Fuel Divestment Act 2018 which requires the Agency to endeavour to ensure that the ISIF’s assets are not invested in ‘fossil fuel undertakings’ as defined in the Act and requires divestment of such investments as soon as practicable.

Overall ISIF performance, deployment and activity are reviewed at each scheduled Committee meeting.

Information on the ISIF Investment Strategy Review and the Fund’s investments, performance and economic impact in 2018 is set out in the ISIF Section of this Report.

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. It carried out a review of its effectiveness and reported to the Agency on this review in March 2019. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.



## REMUNERATION COMMITTEE REPORT

The Remuneration Committee assists the Agency through review and approval of the NTMA's overall remuneration policy, review and approval of any performance-related pay schemes operated by the NTMA and approval of the total annual payments to be made under any such schemes. It also makes recommendations to the Agency on the remuneration of the Chief Executive.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members including the Agency Chairperson. There is one vacancy on the Committee following the resignation of Willie Walsh as Agency Chairperson with effect from 1 January 2019.

The current members of the Committee are:

- Maeve Carton
- Martin Murphy
- Robert Watt

The Committee met on two occasions in 2018. It reviewed and approved the total amount in performance related payments to be made in respect of 2017. The Committee reviewed and recommended to the Agency a proposal for a voluntary redundancy scheme and reviewed and approved a number of amendments to the NTMA's remuneration policy including changes to reflect the replacement of the Pension Related Deduction (PRD) with the Additional Superannuation Contribution (ASC).

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. The Committee's performance review in early 2018 concluded that the Committee was operating satisfactorily and that no issues had arisen for the attention of the Agency.

## SCA STRATEGY COMMITTEE REPORT

The State Claims Agency Strategy Committee was established on 1 August 2017. Its purpose is to assist the Agency in the performance of its State Claims Agency functions by providing advice and guidance on strategic and policy issues with regard to the State Claims Agency.

The Committee comprises seven members: two members of the Agency, the Director, SCA and four persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The members of the Committee are:

- Mary Walsh, Chairperson (Agency member)
- Derek Moran (Agency member)
- Ciarán Breen (Director, SCA)
- Professor Sir Sabaratnam Arulkumaran (external member)  
*Professor Emeritus of Obstetrics and Gynaecology at St. George's University of London*

- Tom Beegan (external member)  
*Risk Consultant and former CEO of the Health and Safety Authority*
- Donogh Crowley (external member)  
*Former Partner, Arthur Cox Solicitors*
- David Moloney (external member)  
*Assistant Secretary, Department of Public Expenditure and Reform*

The Committee met four times in 2018. At each meeting, the Committee reviewed detailed reports from management on active claims, mass actions, sensitive claims, significant cases or judgments and other current issues. Other matters considered at Committee meetings included:

- The Committee reviewed the cashflow projections for the SCA's indemnity schemes for 2019 and 2020 and an updated projection for 2018, prepared by the SCA's actuaries, LCP.
- The Committee reviewed the strategic approach being taken by the SCA in respect of a number of significant mass actions against the State.
- The Committee discussed Open Disclosure in the context of the *Civil Liability (Amendment) Act 2017* and the *Patient Safety Bill*, which will provide a legislative framework for mandatory open disclosure of certain patient safety incidents, and the SCA's work in this area.
- The Committee reviewed the Clinical and Enterprise Risk Management plans 2018 and progress against these plans. It also reviewed and agreed the Clinical Risk Unit Strategic Plan 2018-2021.
- The Committee worked with management on the development of sector level National Incident Management System KPIs focused on measuring changes in reporting levels year on year. It also reviewed the SCA's three-year goals 2019 to 2021 and its annual targets 2019, prior to their consideration by the Agency as part of the wider NTMA goal-setting process.

The Committee carried out its first review of its effectiveness and reported to the Agency on this review in January 2019. While members were satisfied the Committee was working well, the Committee identified a small number of specific actions to improve its processes. The Committee plans to conduct its first review of its Terms of Reference in the first half of 2019.

## RISK MANAGEMENT

### OVERVIEW AND GOVERNANCE

The Agency sets the Risk Management Policy and Framework and the Risk Appetite Framework. The Audit and Risk Committee assists the Agency in the oversight of the risk management framework including monitoring adherence to risk governance and risk appetite and ensuring risks are properly identified, assessed, managed and reported.

An executive Enterprise Risk Management Committee (ERMC) oversees the implementation of the NTMA's overall risk appetite and senior management's establishment of appropriate systems to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

The risk management framework enables the Agency to identify, analyse and manage emerging risks as soon as possible. As part of this process, the ERMC performs a formal strategic risk assessment twice annually, the purpose of which is to identify the principal risks from an NTMA-wide perspective. The principal risks are then assessed by the Audit and Risk Committee and the Agency.

The NTMA's approach to risk management is based on the "three-lines-of-defence" model and is designed to support the delivery of its mandates by proactively managing the risks that arise in the course of the NTMA pursuing its strategic objectives.

### POLICY AND FRAMEWORK

The Risk Management Policy and Framework defines the standards for risk management across the organisation and sets out the arrangements by which this is achieved. These

include the objectives, structures, governance, framework, policies, responsibilities and processes that support the effective and integrated management of risk, consistent with the Agency's agreed risk appetite. The NTMA has defined its risk appetite for its principal risk categories and measures risk exposures through the use of key risk indicators and limits as appropriate.

The Risk Management Policy and Framework and Risk Appetite Framework are reviewed twice annually to ensure that they remain relevant and up to date.

### RISK ASSESSMENT

The risk assessment processes are designed to ensure that the NTMA manages its risk within its agreed risk appetite, that material risks are identified, and that management of risk is monitored within clearly defined and delineated roles and responsibilities.

Each individual business unit is required to self-assess and review its risks and record them in risk registers. The review:

- Identifies or re-confirms and classifies the risks to the business;
- Assesses the inherent risk impact and likelihood;
- Identifies proposed treatments and controls; allocates owners for any agreed action plans; and
- Reports on the implementing of measures and controls to address the residual risks.

Business units present their risk registers to the ERMC and the Audit and Risk Committee at least annually.




### THREE LINES OF DEFENCE MODEL







## PRINCIPAL RISKS

The NTMA's Strategic Risk Assessment process provides an overview of the Principal Risks facing the Agency, as a whole. The NTMA remains vigilant and continually engages in horizon-scanning to ensure that the Agency identifies risks as early as possible.



### PRINCIPAL RISKS

Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Economic, Geopolitical and Market Risk</b></p>	<p>Extraneous risks such as extreme economic conditions, market volatility and unpredictable geopolitical landscape could adversely impact the NTMA. Possible consequences include difficulties in accessing funding or investment opportunities, deterioration of debt sustainability, increased debt service costs, increased cost of infrastructure delivery or unfavourable economic impact or investment returns.</p>	<ul style="list-style-type: none"> <li>■ Active market and counterparty credit risk management, governed by policies that are reviewed and approved annually.</li> <li>■ Ongoing monitoring and reporting of market and macroeconomic trends, implications, and key market indicators.</li> <li>■ Pre-emptive, preventative or corrective actions are taken as required.</li> <li>■ Appropriate hedging strategies in place and regularly reviewed.</li> <li>■ Brexit specific risks identified and action plans in place and monitored.</li> </ul>
 <p><b>Investment Risk</b></p>	<p>The risk that actual investment performances deviate from the expected outcomes of relevant investment strategies. Inadequate management or monitoring of Investment Risk could lead to financial losses or sub-optimal returns; unsatisfactory economic impact and/or reputational damage.</p>	<ul style="list-style-type: none"> <li>■ ISIF Investment Strategy 2.0 in place.</li> <li>■ Approved ISIF Global Portfolio strategy in place.</li> <li>■ The Investment Risk Policy is reviewed and approved by the Audit and Risk Committee.</li> <li>■ All new ISIF Irish Portfolio investments are subject to First and Second line reviews prior to Investment Committee and/or Agency submission.</li> <li>■ Ongoing First and Second line monitoring and reporting (including key risk indicators) to relevant Agency Committees.</li> </ul>
 <p><b>Liquidity Risk</b></p>	<p>The possibility that over a specific time horizon, the NTMA may have insufficient cash to meet its obligations as they fall due. Failure to access funding or to strategically manage and plan liquidity requirements could result in the inability to fund the State and the inability to fund investments.</p>	<ul style="list-style-type: none"> <li>■ A diversified funding strategy and Funding Plan is approved annually by the Agency.</li> <li>■ Liquidity Risk Policy aligned to approved Risk Appetite, is in place and reviewed annually by the Audit and Risk Committee.</li> <li>■ Active management of the debt maturity profile.</li> <li>■ Monitoring and reporting of liquidity risk exposures is performed with appropriate escalation to Risk Committees.</li> <li>■ Stress Testing (generic and multi-factor) is performed.</li> <li>■ ISIF Global Portfolio Transition Strategy is in place and regularly monitored to ensure adequate liquidity.</li> <li>■ Regular cash forecasting is performed and monitored.</li> </ul>

## RISK MANAGEMENT (CONTINUED)

Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Stakeholder Management Risk</b></p>	<p>Interfacing between the public sector and the capital markets, the NTMA has a wide and diverse stakeholder group. Stakeholder Management Risk can occur through a number of ways: directly as the result of the actions/inaction of the NTMA itself or through the action/inaction of other key parties.</p> <p>Failure to engage with, and/or manage stakeholders and their expectations, could impact the Agency's ability to achieve its objectives and lead to reputational damage and/or business disruption.</p>	<ul style="list-style-type: none"> <li>■ Ongoing engagement with stakeholders to facilitate open and clear communication, including communications via NTMA's External Communications function.</li> <li>■ Preparation, implementation and review of key Stakeholder Management Plans.</li> </ul>
 <p><b>People and Behavioural Risk</b></p>	<p>Risk of failure to recruit, retain and develop a sufficiently skilled and experienced workforce, could adversely impact on the NTMA's ability to execute its mandates.</p> <p>In addition, failure of NTMA's staff to behave in a manner consistent with expectations could result in financial loss, business disruption and/or reputational damage.</p>	<ul style="list-style-type: none"> <li>■ The NTMA operates a structured recruitment and selection process.</li> <li>■ Extensive learning and development programme is in place and succession planning undertaken.</li> <li>■ HR and Compliance policies in place to ensure best practice in HR management and ethical standards.</li> <li>■ Promulgation of the Code of Practice for the Governance of State Bodies.</li> <li>■ Key internal controls and anti-fraud measures in place.</li> <li>■ Risk-based internal audits and external audits.</li> </ul>
 <p><b>Operational Risk</b></p>	<p>Operational Risk is the risk of loss resulting from inadequate or failed internal processes or from external events which would affect the NTMA's ability to execute its business strategy. It includes the risk of non-compliance with laws, regulations, ethical standards and/or policies and procedures; fraud; business continuity events; manual or process errors and the risk of legal proceedings.</p>	<ul style="list-style-type: none"> <li>■ Defined policies, processes and procedures in place, supported by employee training.</li> <li>■ Risk and control assessment processes ensure control measures are adequate to address operational risks.</li> <li>■ Dedicated oversight committees for monitoring and reporting of operational risks.</li> <li>■ An active business continuity management programme, with regular testing of plans and scenarios.</li> </ul>
 <p><b>Information Technology (IT), Digital and Data Security (Cyber) Risk</b></p>	<p>The NTMA is reliant on a number of key IT systems to support ongoing operations. A loss of any of these systems caused by a malicious cyber-attack, software or hardware issues or poor operational performance could lead to business disruption, potential financial loss and/or reputational damage.</p>	<ul style="list-style-type: none"> <li>■ ICT Policies in place with mandatory staff training.</li> <li>■ ICT Security Committee in place to oversee and monitor IT architecture and all security considerations.</li> <li>■ Monitoring, testing and reporting of IT traffic, IT security and cyber threat landscape; including independent external security assessments and expert external advice on emerging trends and cyber threats.</li> <li>■ On-going IT upgrades and patching of systems to ensure systems and security remain up-to-date.</li> <li>■ Staff training in ICT risk and control management in place.</li> </ul>



Risk	Risk Description and Possible Impact	Risk Mitigation Measures
 <p><b>Third-party Risk</b></p>	<p>The NTMA relies on a number of critical third parties in order to deliver its mandates. Failure of the NTMA to oversee and manage critical third parties, or failure by the third-party to deliver on the terms of the contract or service agreement, or act in a manner inconsistent with the NTMA's expectations and/or requirements, could lead to business disruption, financial loss and/or reputational damage.</p>	<ul style="list-style-type: none"> <li>■ Third-party Risk Management Policy and processes in place.</li> <li>■ Third-party contracts formally reviewed and approved by internal management and external legal advisers.</li> <li>■ Ongoing monitoring, reporting and oversight of critical third-party performance.</li> </ul>
 <p><b>Change Risk</b></p>	<p>Risk that key strategic initiatives/projects/change mandates fail to be delivered within acceptable timeframes, budgets or quality specifications. Lack of a strategic, coordinated and comprehensive approach to managing change could lead to significant business disruption, financial loss and/or reputational damage.</p>	<ul style="list-style-type: none"> <li>■ Project boards are established for all key strategic projects and programmes of the NTMA, with regular reporting on project status and key project risk indicators.</li> <li>■ Appropriate allocation of resources to key projects with best practice project management methodologies utilised.</li> <li>■ Executive Management review of new mandates and significant strategic initiatives.</li> </ul>

There may be other risks and uncertainties that are not yet considered material or not yet known to the Agency and the principal risks may change to accommodate such developments.

## MANAGEMENT TEAM



**Conor O'Kelly**

Chief Executive



**Ian Black**

Chief Financial and  
Operating Officer



**Ciarán Breen**

Director, State Claims Agency



**Sinéad Brennan**

Director, Human Resources



**Cathy Bryce**

Director, National Development  
Finance Agency



**Des Carville**

Head of Banking  
(on secondment to Department of  
Finance)



**Eileen Fitzpatrick**

Director, NewERA



**Eugene O'Callaghan**

Director, Ireland Strategic  
Investment Fund



**Frank O'Connor**

Director, Funding and  
Debt Management



**Andrew O'Flanagan**

Chief Legal Officer

\* Eileen Fitzpatrick stepped down as Director, NewERA in February 2019.

## GENDER PAY GAP

The NTMA is committed to creating a culture of inclusion and opportunity. In particular, the NTMA is committed to promoting equality of opportunity for all and to developing a culture where people are enabled to reach their potential. As an employer, the NTMA wants to ensure its workforce is representative of the community it serves and attract and retain talented employees from a wide range of backgrounds with diverse skills and experience.

The NTMA's current gender profile is 51% female/49% male. Female representation at different levels in the NTMA is similar to that in Financial Services as a whole, where women are over-represented in administration and support roles and under-represented in the more senior roles. A strategy has been agreed with the Agency to address this shortfall.

### Gender Pay Gap Figures

The gender pay analysis and profile is based on annual base pay effective 31 December 2018.

The table below illustrates that overall at median base pay there is a 22% pay gap in favour of male employees and at mean base pay there is a 24% pay gap in favour of male employees.

	2018
Median	22%
Mean	24%

The pay gap identified above is largely due to differences in gender profiles across levels of seniority, with, for example, a 70% male/30% female split at senior leadership team level and a 70% female/30% male split across administration and support roles in the Agency.

### Gender Pay Gap Initiatives

The NTMA is committed to closing the gender pay gap and ensuring gender balance at all levels in the NTMA. The following initiatives have been introduced:

- The development and roll out of unconscious bias training for all employees, and which has been taken up by 93% of employees to date;
- Increased visibility of female role models, through various speaking events within the NTMA;
- Masterclasses and workshops giving practical advice to women on career development; and
- Participation in relevant external networks such as the 30% Club and the Women's Executive Network (WXN);
- Implementation of strategic HR initiatives, such as:
  - An extensive range of Learning & Development programmes including coaching, mentoring and career planning;
  - All recruitment adverts placed are gender neutral;

- Aiming to achieve a minimum 30% representation for each gender selected for interview for each role advertised;
- Fielding mixed recruitment panels; and
- Flexible working arrangements such as part-time working, flexible hours and remote working; and paid maternity, adoptive and paternity leave.

## CONTINUING TO FOSTER AN INCLUSIVE AND DIVERSE WORKFORCE

The focus for the Agency during 2018 includes the gender balance initiatives as outlined above in addition to measures to enhance Disability and LGBT+ inclusion. The NTMA strives to embed a culture that is inclusive and diverse and which ensures all employees are supported. The Agency has committed to increasing diversity and inclusion through advancing knowledge, fostering learning and engaging with relevant external networks.

The NTMA established a Disability Awareness Team (DAT) in 2016. The Mission Statement of the DAT is: *"The NTMA is an inclusive and supportive workplace that sees the ability in disability"*. The DAT has supported this mission through a number of initiatives:

- The appointment of a Disability Liaison Officer, who provides confidential support to employees who wish to disclose a disability and can provide accommodations where required to enable employees achieve their potential;
- Partnering with Trinity Centre for People with Intellectual Disabilities during 2018 and continuing to build upon relationships with other external bodies which assist the NTMA be an inclusive workplace; and
- Providing advice and guidance in preparation for the move to the NTMA's new premises - to ensure that the building is universally accessible and that the limitations of the NTMA's current building will be a challenge of the past.

The NTMA LGBT+ Network was established in 2018. The Network acts as a visible and accessible LGBT+ presence in the NTMA. It provides:

- An informal space where LGBT+ employees can find mutual support;
- A forum where issues can be raised and addressed;
- A mechanism for LGBT+ allies to participate and offer support; and
- A platform where the NTMA can raise awareness and communicate its continued commitment to LGBT+.

## **ENERGY EFFICIENCY REPORT**

The NTMA operates from Treasury Building on Grand Canal Street, Dublin 2, D02 XN96. In 2018, the NTMA consumed 1,873,448 kWh of electricity representing an average consumption of 2,390 kWh per employee. This compares with an average consumption of 2,383 kWh per employee in 2017.

Treasury Building is over 25 years old and has an average BER rating of "F". This contributes to energy loss through the building fabric. Air conditioning in the building is provided by the landlord and is powered by natural gas.

The NTMA has entered into leases at Block D1, Dublin Landings, North Wall Quay, Dublin 1, D01 A9T8 - occupancy by the NTMA will be during July 2019. The new building has achieved LEED 2009 Platinum rating and BER A3 energy rating standards.



# Financial Statements

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

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# STATEMENT ON INTERNAL CONTROL

### Scope of Responsibility

On behalf of the National Treasury Management Agency we acknowledge the Agency's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the National Treasury Management Agency for the year ended 31 December 2018 and up to the date of approval of the financial statements.

### Capacity to Handle Risk

The National Treasury Management Agency has an Audit and Risk Committee (ARC) comprising three Agency members, with financial and audit expertise, one of whom is the Chair. The ARC met nine times in 2018.

The National Treasury Management Agency has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

The Agency has developed a Risk Management Policy and Framework which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the National Treasury Management Agency's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

### Risk and Control Framework

The National Treasury Management Agency has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

Risk registers are in place which identify the key risks facing the National Treasury Management Agency and these have been identified, evaluated and graded according to their significance. Key Business Unit risk registers are reviewed by the ARC as appropriate on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk registers detail the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

### Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies and these are communicated to those responsible for taking corrective action and to management and the Agency, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.



## Procurement

The National Treasury Management Agency has an established Procurement Policy (published on its website) and a Procurement Procedure. The National Treasury Management Agency's procurement practices are in accordance with the aforementioned documents. A corporate procurement plan, based on the template published in the Office of Government Procurement Policy framework document, is in place and being implemented. The corporate procurement plan is updated annually.

The National Treasury Management Agency's Procurement Procedure is consistent with the current Office of Government Procurement (OGP) guidelines. In certain instances it is deemed appropriate to obtain duly authorised exceptions from the Policy and Procedure (i.e. not run a competitive tender process) in respect of services, supplies or works valued above €5,000 (ex VAT) and below the EU thresholds e.g. for reasons of confidentiality, conflicts of interest, urgency, protection of intellectual property rights, sole source of supply etc.

The National Treasury Management Agency is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016 (the 'Regulations'), in respect of the procurement of services, supplies and works above certain value thresholds set by the EU. Where the Regulations do not apply – either because the value of the procurement is below the EU thresholds or falls outside of the Regulations – the National Treasury Management Agency adopts a process (in accordance with this Procurement Policy and Procedure as outlined above) that is designed to achieve the best value for money. Exceptions to the National Treasury Management Agency's Procurement Policy and Procedure are approved by senior management.

The use of exceptions under the National Treasury Management Agency's Procurement Policy and Procurement Procedure does not amount to non-compliant procurement. For contracts that are valued above the EU thresholds, EU legislation applies, and the Regulations permit exceptions from a competitive EU tender process in very restricted circumstances.

During 2018, payments with a total value of €5.88m (ex VAT) were made in respect of goods/services that were the subject of procurement exceptions approved in accordance with the National Treasury Management Agency's Procurement Policy and Procurement Procedure. A breakdown of these exceptions is provided in the table below.

Category	Total Value (ex VAT)	Notes
Expert Witnesses	€2.95m	Note 1
e-Discovery	€1.1m	Note 2
Information Technology & Communications	€0.80m	
Professional Services	€0.42m	
Facilities Management/Maintenance	€0.36m	
Travel Transport HR & Managed Services	€0.22m	
Marketing Print & Stationery	€0.03m	

**Note 1:** A management decision was taken by the SCA that the selection of expert 'Medical' witnesses would not be competitively procured as it was considered that any form of procurement process would be likely to give rise to an added level of litigation risk in relation to the independence of such witnesses. The payments to expert witnesses are in respect of a large number of separate engagements, where the amount payable in the majority of cases in respect of each engagement was less than €5,000 (ex VAT) and therefore was not required to be the subject of a competitive process. The SCA is currently investigating the establishment of panels for non-medical expert witnesses such as actuaries, forensic accountants, engineers and private investigators.

**Note 2:** This relates to payments made to a service provider that was appointed by the SCA, where, for reasons of extreme urgency, following an order for discovery, the time limits specified for a competitive procedure could not have been complied with in circumstances where the Court could have struck out the State's defence, for non-compliance with the Discovery Order.

The National Treasury Management Agency's Procurement Policy and Procurement Procedure remain under regular review.

## Review of Effectiveness

We confirm that the National Treasury Management Agency has procedures to monitor the effectiveness of its risk management and control procedures. The National Treasury Management Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the National Treasury Management Agency responsible for the development and maintenance of the internal financial control framework.

We confirm that the Agency conducted an annual review of the effectiveness of the internal controls for 2018.

## STATEMENT ON INTERNAL CONTROL (CONTINUED)

### Internal Control Issues

A weakness was identified in the internal controls relating to foreign currency hedging associated with an Ireland Strategic Investment Fund investment which gave rise to an unintended unhedged currency exposure and resulted in an adverse impact of €721k. The weakness has been addressed by the introduction of enhanced controls governing hedging activity.

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.



**Maeve Carton, Chairperson**  
National Treasury Management Agency



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

7 May 2019



**FINANCIAL STATEMENTS OF THE**

# National Debt of Ireland

For the year ended 31 December 2018

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## Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### National Debt of Ireland

#### Opinion on financial statements

I have audited the financial statements of the National Debt of Ireland prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2018 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the service of national debt, the national debt statement, the national debt cash flow statement, the statement of movement in national debt and the related notes.

In my opinion, the financial statements properly present

- the balance outstanding on the national debt at 31 December 2018, and
- the debt service cost for 2018.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the national debt. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019



## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the balance outstanding on the national debt at 31 December 2018 and the debt service cost for the year
- ensuring the regularity of transactions, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the National Debt of Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



**SERVICE OF NATIONAL DEBT**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €m	2017 €m
Interest Paid on Gross National Debt	3	5,733	6,046
Interest Paid on Cash and Other Financial Assets	4	65	46
Fees and Operating Expenses	5	169	135
<b>Total Debt Service Cost</b>		<b>5,967</b>	<b>6,227</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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



**Maeve Carton, Chairperson**  
National Treasury Management Agency

7 May 2019

## NATIONAL DEBT STATEMENT

### AS AT 31 DECEMBER 2018

	Note	2018 €m	2017 €m
<b>Medium/Long Term Debt</b>			
Irish Government Bonds	6	131,828	127,581
EU/IMF Programme Funding	7	44,877	44,882
Other Medium/Long Term Loans	8	2,243	1,898
		178,948	174,361
<b>Short Term Debt</b>			
Short Term Paper	9	6,393	4,766
Borrowings from Ministerial Funds	10	2,595	2,281
		8,988	7,047
<b>State Savings Schemes</b>			
State Savings Products	11	17,339	17,292
<b>Gross National Debt</b>			
Cash and Other Financial Assets	12	(17,593)	(13,217)
<b>National Debt</b>			
	<b>13</b>	<b>187,682</b>	<b>185,483</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## NATIONAL DEBT CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €m	2017 €m
<b>Movement in Exchequer Balances:</b>			
Balance at 1 January	12	10,533	8,385
Decrease in Cash and Other Financial Assets	12	430	49
Net Borrowing of Debt (see below)		4,276	193
		15,239	8,627
Exchequer Surplus		99	1,906
<b>Balance at 31 December</b>	<b>12</b>	<b>15,338</b>	<b>10,533</b>
		<b>2018 Net<sup>(1)</sup> €m</b>	<b>2017 Net<sup>(1)</sup> €m</b>
<b>Net Borrowing/(Repayment) of Debt:</b>			
<b>Medium/Long Term Debt</b>			
Irish Government Bonds		1,895	4,105
EU/IMF Programme Funding		(5)	(5,391)
Other Medium/Long Term Loans	8	345	197
<b>Short Term Debt</b>			
Short Term Paper		1,680	1,422
Borrowings from Ministerial Funds	10	314	(238)
<b>State Savings Schemes</b>			
State Savings Products	11	47	98
<b>Net Borrowing of Debt</b>		<b>4,276</b>	<b>193</b>

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

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## STATEMENT OF MOVEMENT IN NATIONAL DEBT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €m	2017 €m
National Debt at 1 January	13	185,483	185,610
Increase/(Decrease) in National Debt (nominal)		2,199	(127)
<b>National Debt at 31 December</b>	<b>13</b>	<b>187,682</b>	<b>185,483</b>
<b>Increase/(Decrease) in National Debt (nominal) represented by:</b>			
Exchequer Surplus		(99)	(1,906)
Effect of Foreign Exchange Rate Movements		(53)	(54)
Adjustment for inflation linked liabilities		7	4
Net (Premium)/Discount on Medium/Long Term Loans		(1)	3
Net Premium on Bond Issuances and Cancellations		2,345	1,826
		<b>2,199</b>	<b>(127)</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Background

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

The form of the statements has been approved by the Minister for Finance under section 12 of the National Treasury Management Agency Act, 1990.

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

### 2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2018, on a cash basis under the historical cost convention except where otherwise stated.

The National Debt Statement is a statement of the total amount of principal borrowed by Ireland not repaid at the end of the year, less cash and other financial assets available for redemption of those liabilities at the same date. The Minister for Finance under various statutes also guarantees borrowings by the State and other agencies. These guarantees are not included in these financial statements.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest million unless otherwise indicated. Where used, ‘000’ or ‘k’ denotes thousand, and ‘m’ denotes million.

#### 2.1 Receipts and Payments

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

#### 2.2 Liability Valuation

Debt balances are recorded in the National Debt Statement at their redeemable par value. Where medium or long term debt is issued or cancelled at a premium or discount to its redeemable par value any such premium or discount is accounted for through the Statement of Movement in National Debt. For liabilities where the redeemable par value is linked to inflation, the increase or reduction to the liability due to movements in inflation is accounted for through the Statement of Movement in National Debt.

#### 2.3 Derivatives

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

#### 2.4 Foreign Currencies

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



### 3. Interest Paid on Gross National Debt

	2018 €m	2017 €m
<b>Interest Paid on Medium/Long Term Debt</b>		
Irish Government Bonds	4,048	4,422
EU/IMF Programme Funding	994	997
Derivatives hedging Medium/Long Term Debt	234	301
European Investment Bank	15	15
Private Placements	35	35
Medium/Long Term Notes	6	2
Council of Europe Development Bank	1	1
	5,333	5,773
<b>Interest Paid/(Received) on Short Term Debt</b>		
Euro Commercial Paper	34	15
Exchequer Notes	(5)	(3)
Irish Treasury Bills	(9)	(4)
	20	8
<b>Interest Paid on State Savings Schemes</b>		
Savings Certificates	285	147
Savings Bonds	35	47
10 Year National Solidarity Bonds	11	11
4 Year National Solidarity Bonds	17	25
Prizes in respect of Prize Bonds	18	21
Instalment Savings	14	14
	380	265
<b>Total Interest Paid on Gross National Debt</b>	<b>5,733</b>	<b>6,046</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Interest Paid/(Received) on Cash and Other Financial Assets**

	<b>2018 €m</b>	<b>2017 €m</b>
Interest Paid on Cash Balances	77	58
Interest Received on Financial Assets	(12)	(12)
	<b>65</b>	<b>46</b>

**5. Fees and Operating Expenses**

	<b>2018 €m</b>	<b>2017 €m</b>
EU/IMF Programme Funding	51	31
Government Bonds and Other Expenses	21	15
Savings Certificates	9	9
10 Year National Solidarity Bonds	5	5
4 Year National Solidarity Bonds	2	2
Prize Bonds	13	12
Savings Bonds	5	5
Instalment Savings	1	1
	<b>107</b>	<b>80</b>
Agency Operating Expenses <sup>2</sup>	62	55
	<b>169</b>	<b>135</b>

<sup>2</sup> Expenses incurred by the Agency in the performance of its functions are charged on and paid out of the Exchequer Account or the growing produce thereof. Further details can be found in the financial statements of the NTMA Administration Account (Central Fund note).

## 6. Irish Government Bonds

	2018 €m	2017 €m
Fixed Rate Bonds	119,095	110,837
Floating Rate Bonds	11,534	15,534
Index Linked Bonds	620	613
Amortising Bonds	579	597
	<b>131,828</b>	<b>127,581</b>

### Floating Rate Bonds – Settlement of IBRC Promissory Notes:

Following the liquidation of Irish Bank Resolution Corporation (“IBRC”) on 7 February 2013, and the agreement between the Irish Government and the Central Bank of Ireland (“CBI”) to replace the promissory notes provided to State-owned IBRC with long term Government Bonds, the promissory notes were cancelled and replaced with eight new Floating Rate Bonds. A total amount of €25.03 billion was issued on 8 February 2013 to the CBI with maturities ranging from 25 to 40 years.

During 2018, the Agency bought and cancelled €4 billion (2017: €4 billion) of the Floating Rate Bonds at a premium of €2.25 billion (2017: €1.95 billion). The bonds were purchased from the CBI, reducing the total nominal outstanding of the Floating Rate Bonds to €11.53 billion (2017: €15.53 billion).

Since year end, the Agency bought and cancelled a further €1.0 billion of the Floating Rate Bonds.

## 7. EU/IMF Programme Funding

Ireland's EU/IMF programme provided for €67.5 billion in external support from the International Monetary Fund (“IMF”), the European Financial Stabilisation Mechanism (“EFSM”), the European Financial Stability Facility (“EFSF”) and bilateral loans.

The Agency completed the early repayment of the IMF loan facility and bilateral loans from Sweden and Denmark in December 2017, having made early repayments to the IMF in December 2014 and March 2015.

The liabilities outstanding under the EU/IMF Programme at end 2018, taking into account the effect of currency hedging transactions, are as follows:

Lender	2018 €m	Weighted Average Residual Maturity Years	2017 €m	Weighted Average Residual Maturity Years
International Monetary Fund	0	0 Years	5	0.2 Years
European Financial Stability Facility	18,411	14.1 Years	18,411	15.1 Years
European Financial Stabilisation Mechanism	22,500	9.9 Years	22,500	9.1 Years
United Kingdom Treasury	3,966	1.2 Years	3,966	2.2 Years
<b>Total</b>	<b>44,877</b>		<b>44,882</b>	

An agreement was reached in 2013 to extend the EFSF and EFSM loans. In respect of the EFSM loans, the revised maturity dates are only determined as they reach their original maturity dates. As a result the average maturity of the EFSM loans reflects only the maturity extensions agreed to date.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. Other Medium/Long Term Loans

	2018 €m	2017 €m
European Investment Bank	1,195	950
Private Placements	602	602
Medium/Long Term Notes	400	300
Council of Europe Development Bank	41	41
Other Medium/Long Term Loans	5	5
	<b>2,243</b>	<b>1,898</b>

### 9. Short Term Paper

The Agency issues short term paper with maturities of up to one year to raise short term funds. The proceeds are used to fund the Exchequer as bridging finance in the replacement of longer term debt, and for other liquidity management purposes. Borrowings may be in a range of currencies, but all non-euro borrowings are immediately swapped into euro.

	2018 €m	2017 €m
Exchequer Notes	3,629	2,061
Irish Treasury Bills	2,014	2,009
European Commercial Paper Programme	466	536
Central Treasury Notes	284	160
	<b>6,393</b>	<b>4,766</b>

### 10. Borrowings from Ministerial Funds

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

	2018 €m	2017 €m
Post Office Savings Bank Fund	2,058	1,894
Deposit Monies Investment Account (note 19)	-	387
Surplus Public Expenditures Monies Account (note 19)	537	-
	<b>2,595</b>	<b>2,281</b>



## 11. State Savings Schemes

	2018 €m	2017 €m
Savings Certificates	5,685	6,026
Savings Bonds	2,855	3,250
Prize Bonds	3,414	3,170
10 Year National Solidarity Bonds	3,505	2,967
4 Year National Solidarity Bonds	1,370	1,376
Instalment Savings	508	501
Savings Stamps	2	2
	<b>17,339</b>	<b>17,292</b>

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds, Solidarity Bonds and Prize Bonds are net of €10.8 million (2017: €3.5 million) cash balances held by An Post, Permanent TSB and the Prize Bond Company. An Post and the Prize Bond Company act as registrars for the respective schemes.

As the National Debt financial statements are prepared on a cash basis, the liabilities do not include the sum of €280 million (2017: €452 million), being the estimate of the amount of accrued interest at end 2018 in respect of Savings Bonds, Savings Certificates, 10 Year National Solidarity Bonds, 4 Year National Solidarity Bonds and Instalment Savings.

## 12. Cash and Other Financial Assets

	2018 €m	2017 €m
<b>Cash Balances</b>		
Exchequer Account and CSRA <sup>3</sup>	15,338	10,533
<b>Cash Deposits</b>		
Collateral Funding (note 14.2)	612	857
<b>Other Financial Assets</b>		
SBCI Medium Term Guaranteed Notes	85	85
Housing Finance Agency Guaranteed Notes	1,558	1,742
	<b>17,593</b>	<b>13,217</b>

<sup>3</sup> The Balance held in the CSRA was €310k (2017: €357k) at end December 2018.

The Agency can invest in Deposits, Collateralised Deposits and Sovereign Treasury Bills for maturities of up to one year.

Cash is placed as collateral with counterparties arising from the requirements under Credit Support Annexes in respect of certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives (See Note 14).

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### Foreign Currency Clearing Accounts

The Agency maintains a number of foreign currency clearing accounts for the purpose of managing transactions in these currencies. The balance held in these accounts at end December 2018 was Nil (2017: Nil). The Agency held no other foreign currency cash balances.

The movement in the Foreign Currency accounts are further outlined below:

	Receipts €m	Payments €m	Net 2018 €m	Net 2017 €m
Balance at 1 January 2018			NIL	NIL
<b>Debt Service</b>				
Medium/Long Term Loan				
Interest	110	(113)	(3)	(11)
Short Term Debt Interest	-	(36)	(36)	(15)
Foreign Exchange Contracts	11,020	(11,052)	(32)	188
Fees and Expenses	-	(7)	(7)	(7)
<b>Borrowing Activity</b>				
EU/IMF Programme	-	(6)	(6)	(279)
Short Term Debt	6,384	(6,300)	84	124
Balance at 31 December 2018	<b>17,514</b>	<b>(17,514)</b>	<b>(NIL)</b>	<b>NIL</b>

### 13. Risk Management

#### 13.1 Risk Management Framework

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

The Agency Risk Management Policy and Framework prescribes mandatory standards and definitions for risk management that apply to all parts of the Agency and across all risk categories. These standards are then implemented through the detailed policies and procedures that govern the management of individual risk categories and/or risk management processes.

The Agency Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk committee structure are aligned in order to establish clear ownership and accountabilities for risk management.

As the first line of defence, the Agency's Business Units and Corporate Functions are primarily responsible for owning and managing risks on a day-to-day basis, taking into account the Agency's risk tolerance and appetite and in line with its policies, procedures, controls and limits.

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on risk management issues.

The third line of defence includes the Internal Audit function which provides independent, reasonable and risk based assurance to key stakeholders on the robustness of the Agency's governance, overall risk management and the design and operating effectiveness of the internal control environment.

A number of Agency and management committees, including the Agency Audit and Risk Committee and Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.



## 13. Risk Management (continued)

### 13.1 Risk Management Framework (continued)

#### Agency Audit & Risk Committee (ARC)

The ARC comprises members of the Agency Board and assists the Agency Board in the oversight of the risk management framework, including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition the ARC oversees the Agency's Risk management function, which is managed on a day-to-day basis by the Head of Risk. The ARC also oversees the Agency's Compliance function which is managed on a day-to-day basis by the Head of Compliance.

It also assists the Agency in the oversight of the quality and integrity of the Agency's financial statements, reviews and monitors the effectiveness of the systems of internal control, the internal audit process, and considers the outputs from the statutory auditor.

#### Management Committees

##### Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the Agency's overall risk appetite and senior management's establishment of appropriate systems (including policies, procedures and risk limits) to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

##### Counterparty Credit Risk Committee (CCRC)

The CCRC oversees and advises the ERMC on counterparty credit risk. It formulates, implements and monitors compliance with the NTMA Counterparty Credit Risk Management Policy, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant counterparty credit risk exposures and details to the ERMC.

##### Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It formulates, implements and monitors compliance with the NTMA Market and Liquidity Risk Policies, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant market risk and liquidity risk exposures and details to the ERMC.

##### Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

##### Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

#### Principal Risks

##### Liquidity Risk

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

##### Market Risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. The Agency must have regard both to the short term and long term implications of its transactions given its task of managing not only the immediate fiscal debt service costs but also the present value of all future payments of principal and interest. The exposure to interest rate and currency risk is controlled by managing the interest rate and currency composition of the portfolio in accordance with the Agency's risk appetite. Specific limits are in place to control market risk; exposures against these limits are reported regularly to senior management. As conditions in financial markets change, the appropriate interest rate and currency profile of the portfolio is reassessed in line with periodic limit reviews. The Agency seeks to achieve the best trade-off between cost and risk over time and has in place a hedging programme to manage interest rate and exchange rate risks and to protect the Exchequer from potential volatility in future years. More information on the use of derivatives is set out in Derivatives (note 14).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. Risk Management (continued)

#### 13.1 Risk Management Framework (continued)

##### Counterparty Credit Risk

Counterparty credit risk is the risk of financial loss arising from a financial market transaction as a result of a counterparty failing to fulfil its financial obligations under that transaction and with regard to the National Debt mainly arises from derivatives, deposits and foreign exchange transactions. The level of counterparty credit risk is managed in accordance with the Agency's risk appetite by dealing only with counterparties of high credit standing. Procedures provide for the approval of risk limits for all counterparties and exposures are reported daily to management. A review of all limits is undertaken periodically to take account of changes in the credit standing of counterparties or economic and political events. In order to mitigate the Exchequer's exposure to market counterparties while at the same time ensuring that Ireland has efficient market access for its hedging activities, the Agency may enter into credit support arrangements with the market participants with which it wishes to trade – this involves the receipt and posting of collateral to offset the market value of exposures. More information on the use of credit support arrangements is set out in Derivatives (note 14).

##### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which would affect the Agency's ability to execute its business strategy. Sub-categories of operational risk include people risk, governance risk, third party risk, business continuity management and legal and compliance risk. An Operational Risk Management Framework is applicable to the Agency as a whole. The objective of this Framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This Framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency. The Framework also sets out the methodology for the Risk and Control Self Assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group ensures an appropriate and consistent approach to business continuity management across the Agency and provides a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

#### 13.2 National Debt – Currency Composition

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

<b>Currency As at 31 December</b>	<b>2018 €m</b>	<b>2017 €m</b>
<b>Debt Instruments</b>		
Euro	183,251	181,076
US Dollar	513	401
Pound Sterling	3,607	3,637
	<b>187,371</b>	<b>185,114</b>
<b>Foreign Exchange and Swap Contracts</b>		
Euro	4,443	4,418
US Dollar	(524)	(412)
Pound Sterling	(3,608)	(3,637)
	<b>311</b>	<b>369</b>
<b>National Debt</b>	<b>187,682</b>	<b>185,483</b>

## 13. Risk Management (continued)

### 13.3 National Debt – Maturity Profile

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

2018 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	13,571	36,147	39,289	42,821	131,828
EU/IMF Funding Programme	1,608	7,358	8,500	27,411	44,877
Other Medium & Long Term Debt	5	9	981	1,248	2,243
Short Term Debt <sup>4</sup>	7,722	1,266	-	-	8,988
State Savings <sup>5</sup>	6,481	8,318	2,539	1	17,339
Cash & Other Financial Assets	(16,407)	(781)	(155)	(250)	(17,593)
<b>National Debt</b>	<b>12,980</b>	<b>52,317</b>	<b>51,154</b>	<b>71,231</b>	<b>187,682</b>

2017 €m	Due within 1 Year	Due between 1-5 Years	Due between 5-10 Years	Due over 10 Years	Total
Irish Government Bonds	9,159	42,697	37,279	38,446	127,581
EU/IMF Funding Programme	3,905	6,966	5,800	28,211	44,882
Other Medium & Long Term Debt	4	7	531	1,356	1,898
Short Term Debt <sup>4</sup>	5,782	1,265	-	-	7,047
State Savings <sup>5</sup>	7,638	7,275	2,376	3	17,292
Cash & Other Financial Assets	(11,597)	(1,345)	(115)	(160)	(13,217)
<b>National Debt</b>	<b>14,891</b>	<b>56,865</b>	<b>45,871</b>	<b>67,856</b>	<b>185,483</b>

<sup>4</sup> Short Term Debt has been adjusted to reflect the expected longer maturity of a portion of the Ways and Means monies repayable to the Post Office Savings Bank Fund.

<sup>5</sup> State Savings maturities are based on actual maturity information provided by An Post for end 2018.

## 14. Derivatives

### 14.1 Derivatives

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

	31 December 2018		31 December 2017	
	Nominal €m	Fair Value €m	Nominal €m	Fair Value €m
Interest Rate Swaps	11,566	(310)	13,929	(506)
Exchange Contracts	4,490	(341)	5,081	(409)
	<b>16,056</b>	<b>(651)</b>	<b>19,010</b>	<b>(915)</b>

The Agency provides treasury services to the National Asset Management Agency ("NAMA") under section 52 and 235 of the National Asset Management Agency Act, 2009. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of interest rate swaps transacted with NAMA outstanding at end 2018 was €0.02 billion (2017: €0.02 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2018 was €0.04 billion (2017: €0.4 billion).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Derivatives (continued)

#### 14.1. Derivatives (continued)

The Agency also provides treasury services to IBRC (in liquidation) and accordingly may enter into derivative transactions with IBRC. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of foreign exchange rate contracts transacted with IBRC outstanding at end 2018 was €0.11 billion (2017: €0.27 billion).

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

#### 14.2 Credit Support Account

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

	2018 €m	2017 €m
Balance at 1 January	-	-
Cash Collateral received from counterparties	1,193	1,580
Cash Collateral paid to counterparties	(948)	(2,020)
	245	(440)
Net Exchequer Funding during the Year	(245)	440
Balance at 31 December	<b>NIL</b>	<b>NIL</b>
	<b>2018 €m</b>	<b>2017 €m</b>
<b>Note:</b>		
Exchequer Funding at 31 December	612	857
Net Collateral Posted to Counterparties at 31 December (note 12)	(612)	(857)

The Agency has entered into a Collateral Posting Agreement with NAMA. At end 2018, NAMA had posted collateral of €0.025 billion (2017: €0.025 billion) to the Agency as part of this agreement.

The Agency has also entered into a Collateral Posting Agreement with IBRC. At end 2018, IBRC had posted collateral of €0.025 billion (2017: €0.025 billion) to the Agency as part of this agreement.



## 15. Capital Services Redemption Account (CSRA)

### 15.1 Background

The Capital Services Redemption Account ("CSRA") was established under section 22 of the Finance Act, 1950 as amended. The account is used for the purpose of settling transactions of a normal banking nature that the Agency may enter into in accordance with section 54(7) of the Finance Act, 1970.

Transactions of a normal banking nature include activities such as foreign exchange deals, swaps and interest on deposits which are related to debt servicing costs. Such amounts may be used to make payments and repayments in respect of normal banking transactions or towards defraying interest and expenses on the public debt.

Transactions of a normal banking nature include derivative transactions entered into by the Agency with the National Asset Management Agency ("NAMA") (in accordance with sections 52 and 235 of the National Asset Management Agency Act, 2009 and Statutory Instrument No. 203/2010) and the Irish Bank Resolution Corporation Limited (in Special Liquidation) ("IBRC") (in accordance with section 17(4) of the Irish Bank Resolution Corporation Act, 2013 and Statutory Instrument No. 57/2013) (see also note 14 above). Such transactions entered into with NAMA and IBRC are offset by matching transactions with market counterparties. As a result there is no net effect on the CSRA.

The balance in the CSRA is maintained by the Agency at a level which is subject to guidelines issued by the Minister for Finance under section 4(4) of the National Treasury Management Agency Act, 1990. Under ministerial guidelines the balance in the CSRA from year end 2015 and thereafter each year end was to be less than €1 million. To adhere to these guidelines, the Agency transfers excess funds from the CSRA to the Exchequer Account before year end.

### 15.2 Movement in the Account for the Year

	<b>2018</b> <b>€000</b>	<b>2017</b> <b>€000</b>
Balance at 1 January	357	499
<b>Receipts</b>		
Derivative Transactions	4,254,377	7,194,111
Interest on Cash and Other Financial Assets	14,818	16,248
	4,269,195	7,210,359
<b>Payments</b>		
Derivative Transactions	(4,254,377)	(7,194,111)
Interest on National Debt	(2,872)	(5,390)
Expenses on National Debt	7	-
Transfer to Exchequer Account	(12,000)	(11,000)
	(4,269,242)	(7,210,501)
<b>Balance at 31 December</b>	<b>310</b>	<b>357</b>
Movement in the Year	(47)	(142)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Capital Services Redemption Account (CSRA) (continued)

#### 15.3 Derivative Transactions undertaken for IBRC and NAMA

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

	Receipts €000	Payments €000	Net 2018 €000	Net 2017 €000
NAMA Related Derivatives	3,140,199	(3,140,199)	-	-
IBRC Related Derivatives	1,114,178	(1,114,178)	-	-
	<b>4,254,377</b>	<b>(4,254,377)</b>	-	-

### 16. National Loans Advance Interest Account

The Agency can cancel or issue amounts of existing Irish Government Bonds. The settlement amount for each bond transaction includes the accrued interest at that point in the coupon period. The interest paid is deposited in the National Loans Advance Interest Account until the full interest is due on the coupon date. On the coupon date, the interest is then used to offset the related servicing costs of the Exchequer.

Account of Receipts and Payments	2018 €000	2017 €000
Balance at 1 January	46,257	29,089
Accrued Interest Received on National Loans - Tranches and Auctions	56,850	79,178
Accrued Interest Paid on National Loans	(62,481)	(62,010)
Balance at 31 December - Cash with Central Bank of Ireland	<b>40,626</b>	<b>46,257</b>

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

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

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

Account of Receipts and Payments	2018 €000	2017 €000
Balance at 1 January	3,134	3,171
Receipts from Central Bank Account	50	62
Payments to Central Bank Account	(62)	(63)
Payments for Redemption of National Loans	-	(36)
Balance at 31 December - Cash with Central Bank of Ireland	<b>3,122</b>	<b>3,134</b>



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

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

The balance on the account comprises principally historic amounts. Changes in the way in which bonds are held by investors and the processing of payments means unclaimed amounts rarely arise.

<b>Account of Receipts and Payments</b>	<b>2018 €000</b>	<b>2017 €000</b>
Balance at 1 January	2,576	2,586
Payments of Unclaimed Interest	(2)	(10)
<b>Balance at 31 December - Cash with Central Bank of Ireland</b>	<b>2,574</b>	<b>2,576</b>

## 19. Deposit Monies Investment Account and Surplus Public Expenditure Monies Account

The Deposit Monies Investment Account records the borrowings and repayments of surplus funds held in the Supply Account of the Paymaster General.

The Supply Account of the Paymaster General is the account through which funding is provided by the Exchequer to Government Departments. Surplus funds which arise periodically on the PMG Supply Account are transferred and recorded against the Deposit Monies Investment Account.

Following a change in the operation of the Supply Account at the end September 2018, the Surplus Public Expenditure Monies Account replaced the Deposit Monies Investment Account in order to record the borrowings and repayments of surplus funds held in the Supply Account of the Paymaster General. Surplus funds on the PMG Supply Account are transferred to and recorded against the Surplus Public Expenditure Monies Account on a daily basis (note 10).

<b>The Deposit Monies Investment Account</b>	<b>2018 €000</b>	<b>2017 €000</b>
Balance at 1 January	387,180	786,812
Ways and Means Exchequer Receipts	4,458,428	8,002,432
Ways and Means Exchequer Payments	(4,845,608)	(8,402,064)
<b>Balance at 31 December - Ways and Means Advances to the Exchequer (note 10)</b>	<b>NIL</b>	<b>387,180</b>

<b>Surplus Public Expenditure Monies Account</b>	<b>2018 €000</b>	<b>2017 €000</b>
Balance at 1 January	-	-
Ways and Means Exchequer Receipts	2,889,154	-
Ways and Means Exchequer Payments	(2,352,565)	-
<b>Balance at 31 December - Surplus Public Expenditure Monies (note 10)</b>	<b>536,589</b>	<b>NIL</b>

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

No stock was accepted in payment of inheritance tax and death duties during 2018 (2017: nil).

## 21. Events after the end of the reporting period

Note 6 details 2019 floating rate bond transactions which occurred after the end of the reporting period. No events requiring an adjustment or disclosure in the financial statements occurred after the end of the reporting period.

## 22. Approval of Financial Statements

The financial statements were approved by the Agency on 7 May 2019.





**FINANCIAL STATEMENTS OF THE**

# National Treasury Management Agency Administration Account

For the year ended 31 December 2018

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## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

### National Treasury Management Agency – Administration Account

#### Opinion on financial statements

I have audited the administration account of the National Treasury Management Agency (the Agency) for the year ending 31 December 2018 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The administration account comprises

- the statement of income and expenditure and other comprehensive income
- the statement of financial position
- the statement of changes in capital
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the administration account gives a true and fair view of the assets, liabilities and financial position of the Agency at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 – *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented certain other information together with the financial statements. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

#### Procurement

Public procurement guidelines require all contracts for supplies and services with an estimated value of €25,000 or above to be advertised publicly, other than in justifiable exceptional circumstances. The Agency discloses in the statement on internal control that it spent €5.9 million under contracts for goods and services in 2018 that were not publicly advertised (2017: €6.2 million). Explanations for the procurement approach adopted in relation to those contracts are also provided.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019



## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the Agency members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12(2) of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Agency and to report thereon to the Houses of the Oireachtas.

Separately, I am required by section 12(3) of the Act to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Agency each year. My report under section 12(3) is presented to Dáil Éireann with my Report on the Accounts of the Public Services.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER  
COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Income</b>			
Operating income	5	61,607	58,073
Central Fund income	6	72,162	51,379
Net deferred retirement benefit funding	8.1	7,542	7,533
Transfer to capital account		(14,104)	(586)
		127,207	116,399
<b>Expenditure</b>			
Staff costs	7.2	(101,129)	(94,012)
Operating expenses	7.2	(25,427)	(21,621)
Net interest expense	7.2	(651)	(766)
		(127,207)	(116,399)
<b>Net Income/Expenditure</b>		-	-
<b>Other Comprehensive Income</b>			
<b>For the year ended 31 December 2018</b>			
Actuarial (loss)/gain recognised on retirement benefit obligations	9.6	(5,826)	15,491
Movement in deferred retirement benefit funding	8.2	5,826	(15,491)
<b>Total recognised gain/(loss)</b>		-	-

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Non-current assets</b>			
Property, equipment and vehicles	10	16,312	2,100
Intangible assets	11	761	869
Receivables	12	60	109
		<b>17,133</b>	<b>3,078</b>
<b>Current assets</b>			
Receivables	13	29,197	6,592
Cash at bank		982	5,001
		30,179	11,593
<b>Payables; amounts falling due within 1 year</b>	14	(22,098)	(11,885)
<b>Net current assets/(liabilities)</b>		<b>8,081</b>	<b>(292)</b>
<b>Payables; amounts falling due after 1 year</b>	15	(8,813)	(489)
<b>Net assets before retirement benefits</b>		<b>16,401</b>	<b>2,297</b>
<b>Retirement Benefits</b>			
Retirement benefit obligations	9.4	(47,072)	(33,704)
Deferred retirement benefit funding	9.4	47,072	33,704
		-	-
<b>Net assets after retirement benefits</b>		<b>16,401</b>	<b>2,297</b>
<b>Representing:</b>			
Capital account		<b>16,401</b>	<b>2,297</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



**STATEMENT OF CHANGES IN CAPITAL**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Capital Account €000
<b>Balance at 1 January 2017</b>		<b>1,711</b>
Payment to acquire property, equipment and vehicles		1,490
Payment to acquire intangible asset		664
Amortisation of capital in the period		(1,565)
Disposal of property, equipment and vehicles		(3)
<b>Balance at 31 December 2017</b>		<b>2,297</b>
Payment to acquire property, equipment and vehicles	10	14,555
Payment to acquire intangible assets	11	74
Amortisation of capital in the period		(517)
Disposal of property, equipment and vehicles	10	(8)
<b>Balance at 31 December 2018</b>		<b>16,401</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Cash flows from operating activities</b>			
Net income/expenditure		-	-
Depreciation of property, equipment and vehicles	10	335	592
Amortisation of intangible assets	11	182	227
Impairment charge of intangible assets		-	746
Profit on disposal of property, equipment and vehicles		(12)	(19)
(Increase)/Decrease in receivables	12, 13	(22,556)	4,284
Increase in payables	14	8,769	412
Increase/(Decrease) in deferred income	14, 15	9,768	(158)
(Decrease) in provisions	16	-	(372)
Capital funding		14,629	2,154
Amortisation of capital funding		(525)	(1,568)
<b>Net cash inflow from operating activities</b>		<b>10,590</b>	<b>6,298</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, equipment and vehicles	10	(14,555)	(1,490)
Payments to acquire intangible assets	11	(74)	(664)
Proceeds from sale of property, equipment and vehicles		20	22
<b>Net cash (outflow) from investing activities</b>		<b>(14,609)</b>	<b>(2,132)</b>
<b>(Decrease)/Increase in cash at bank</b>		<b>(4,019)</b>	<b>4,166</b>
<b>Opening cash at bank</b>		<b>5,001</b>	<b>835</b>
<b>Closing cash at bank</b>		<b>982</b>	<b>5,001</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Background

The National Treasury Management Agency (the "Agency") is a state body established under the National Treasury Management Agency Act, 1990. The Agency provides asset and liability management services to Government. Its purpose is to manage public assets and liabilities commercially and prudently. The Agency operates across five separate business units; Funding and Debt Management, the State Claims Agency ("SCA"), NewERA, the Ireland Strategic Investment Fund ("ISIF") and the National Development Finance Agency ("NDFFA"). It also assigns staff and provides business and support services and systems to the National Asset Management Agency ("NAMA"), the Strategic Banking Corporation of Ireland ("SBCI") and the Home Building Finance Ireland ("HBFI"). NAMA, SBCI and HBFI are independent entities and have their own separate boards.

### 2. Basis of preparation

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

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

### 3. Statement of compliance

The financial statements of the Agency have been prepared in compliance with applicable legislation and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by Financial Reporting Council in the UK for use in the Republic of Ireland.

### 4. Significant accounting policies

#### 4.1 Going Concern

The financial position, financial performance and cash flows of the Agency are detailed in the financial statements. The Agency members have a reasonable expectation that the entity has adequate resources to continue in operational existence and discharge its mandate for the foreseeable future. Therefore the Agency continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 4.2 Operating income

The Agency is required to provide business and support services and systems, in addition to assigning staff to a number of businesses under prescribed legislation. The Agency adopts a cost recovery basis from these businesses for the provision of staff and services. Operating income is recorded in the Statement of Income and Expenditure and Other Comprehensive Income.

#### 4.3 Central Fund income

Central Fund income included in the Statement of Income and Expenditure and Other Comprehensive Income represents the amount necessary to meet the operating and administration costs incurred by the Agency. The amount is recognised in line with FRS 102 Section 25 Government Grants.

#### 4.4 Expenditure

The costs and expenses incurred by the Agency in the performance of its functions are recognised in the Statement of Income and Expenditure and Other Comprehensive Income.

#### 4.5 Property, equipment and vehicles

Property, equipment and vehicle assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis over the asset's expected useful life.

At each reporting date, the Agency reviews the carrying amount of its property, equipment and vehicles as to whether there is any indication of impairment. Impairment losses are recognised if there are any indications that the carrying amount of an item is greater than the higher of value in use and fair value less costs to sell. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist or there has been a change in the estimates used to determine the assets recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.



## 4. Significant accounting policies (continued)

### 4.5 Property, equipment and vehicles (continued)

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate. This discount rate should reflect the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

### 4.6 Intangible assets

Expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised in the Statement of Income and Expenditure and Other Comprehensive Income on a straight line basis over its estimated useful life, from the date on which it is available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

At each reporting date, the Agency reviews the carrying amount of its software to determine whether there is any indication of impairment. If any such indication exists, these assets are subject to an impairment review.

The carrying value of the software is written down by the amount of any impairment and this loss is recognised in the Statement of Income and Expenditure in the financial period in which it occurs. A previously recognised impairment loss may be reversed in part or in full when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate. This discount rate used reflects the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

### 4.7 Cash at bank

Cash at bank includes cash at bank and in hand. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

### 4.8 Leasing

Rentals under operating leases are charged on a straight line basis, net of incentives, over the lease term, to the Statement of Income and Expenditure and Other Comprehensive Income in line with FRS 102 Section 20 Leases.

### 4.9 Retirement benefits

The Agency operates a defined benefit pension scheme, and for staff who are not in the scheme it makes contributions to Personal Retirement Savings Accounts ("PRSA") or individual retirement funds. Contributions are funded out of the Agency's Administration Account.

The defined benefit pension scheme costs are accounted for under FRS 102 Section 28 Employee Benefits. Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. An excess of scheme liabilities over scheme assets is presented in the Statement of Financial Position as a liability. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Central Fund.

The defined benefit pension charge in the Statement of Income and Expenditure and Other Comprehensive Income comprises the current service cost and past service cost plus the net interest (note 9.5) cost on the scheme assets and liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience gains and losses are recognised in Other Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Central Fund.

The cost of contributions by the Agency to PRSAs is recognised as a charge to the Statement of Income and Expenditure and Other Comprehensive Income in the financial year to which the employee service relates.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Significant accounting policies (continued)

#### 4.10 Capital account

The capital account represents receipts from the Central Fund which have been allocated for the purchase of property, equipment, vehicles and intangible assets. The receipts are amortised in line with depreciation and amortisation on the related assets.

#### 4.11 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimates of the consideration required to settle the present obligation at the end of the reporting period.

#### 4.12 Taxation

Under the Taxes Consolidation Act 1997, the Agency is exempt from Corporation Tax and Capital Gains Tax.

#### 4.13 Key estimates and assumptions

The presentation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following estimates have had the most significant effect on amounts recognised in the financial statements.

##### Defined benefit pension scheme (note 9)

The Agency has obligations to pay pension benefits to members of the defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and discount rates. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

##### Provisions (note 16)

The Agency makes provisions for legal and constructive obligations, which are known to be outstanding at the reporting date. Provisions require management's best estimates of the expected expenditure required to settle the obligation.

##### Useful life of assets and residual values

The charge in respect of periodic depreciation of property, equipment and vehicles (note 10) and periodic amortisation of intangible assets (note 11) is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Changing an asset's expected life or its residual value would result in a change in the depreciation or amortisation charge in the Statement of Income and Expenditure and Other Comprehensive Income.

The useful lives and residual values of the Agency's assets are determined by management and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.



## 5. Operating income

	Note	2018 €000	2017 €000
Recovery of expenses from NAMA	7.1	40,828	38,089
Recovery of expenses from ISIF	7.1	14,487	12,515
Recovery of expenses from SBCI	7.1	5,895	5,169
Asset covered securities income		213	224
Other income		184	2,076
		<b>61,607</b>	<b>58,073</b>

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

- To NAMA under sections 41 and 42 of the National Asset Management Agency Act 2009.
- To the SBCI under section 10 of the Strategic Banking Corporation of Ireland Act 2014.
- To HBFI under section 9(4) of the Home Building Finance Ireland Act 2018.

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

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

Other income primarily comprises the recovery of professional fees and certain secondment and administrative fees. Under the direction issued to the Agency under Statutory Instrument (S.I.) No. 115 of 2010, the Minister for Finance delegated a number of banking system functions to the Agency. This delegation was revoked with effect from 5 August 2011 under S.I. No. 395 of 2011 and since then Agency staff involved in the provision of banking system functions have been seconded to the Department of Finance Shareholding and Financial Advisory Division. At the direction of the Minister, the related staff and professional advisor costs incurred continue to be met by the Agency. Professional advisor costs were not incurred in this regard during 2018 (recovered in 2017: €1.9m).

## 6. Central Fund income

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

	Note	2018 €000	2017 €000
Opening balance at 1 January	14	1,541	(2,025)
Net amounts received from Central Fund		61,729	54,945
Closing balance at 31 December	13, 14	8,892	(1,541)
<b>Central Fund income</b>		<b>72,162</b>	<b>51,379</b>

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

	Note	2018 €000	2017 €000
Receivable from/(Payable to) the Central Fund	13, 14	8,892	(1,541)
Deferred retirement benefit funding	9.4	47,072	33,704
		<b>55,964</b>	<b>32,163</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Agency costs

#### 7.1 Expenses of the Agency for specified functions

	Note	2018 €000	2017 €000
State Claims Agency		24,959	20,780
Ireland Strategic Investment Fund	5	14,487	12,515
Funding and Debt Management		12,331	12,460
National Development Finance Agency		11,345	10,147
NewERA		6,065	5,384
		<b>69,187</b>	<b>61,286</b>
National Asset Management Agency	5	40,828	38,089
Strategic Banking Corporation of Ireland	5	5,895	5,169
Shareholding and Financial Advisory Division		3,755	4,322
Net deferred retirement benefit funding	8.1	7,542	7,533
		<b>58,020</b>	<b>55,113</b>
<b>Total expenses</b>		<b>127,207</b>	<b>116,399</b>

#### 7.2 Agency costs

	Note	2018 €000	2017 €000
<b>Staff Costs</b>			
Remuneration	7.3	81,418	74,154
Other staff costs <sup>1</sup>		3,522	3,919
Defined benefit pension scheme current service charge	9.5	16,162	15,915
PRSA pension cost	7.4	27	24
		101,129	94,012
<b>Operating expenses</b>			
Other operating expenses	7.5	20,560	13,981
Professional fees	7.5	4,350	6,075
Depreciation	10	335	592
Amortisation	11	182	227
Impairment - intangible asset		-	746
		25,427	21,621
Net interest expense	9.5	651	766
<b>Total Agency costs</b>		<b>127,207</b>	<b>116,399</b>

<sup>1</sup> Other staff costs include training, recruitment, temporary staff and secondment fees.

## 7. Agency costs (continued)

### 7.3 Remuneration

The following remuneration disclosures are required under The Code of Practice for the Governance of State Bodies (2016) ("the Code"):

#### Aggregate Employee Benefits

	<b>NAMA €000</b>	<b>SBCI €000</b>	<b>NTMA €000</b>	<b>2018 €000</b>	<b>2017 €000</b>
Staff short term benefits	23,735	1,953	44,724	70,412	66,592
Termination benefits	1,316	-	2,487	3,803	763
Pay Related Social Insurance	2,496	196	4,511	7,203	6,799
	<b>27,547</b>	<b>2,149</b>	<b>51,721</b>	<b>81,418</b>	<b>74,154</b>

The total number of whole time equivalent staff employed at 31 December 2018 was 787 (2017: 784).

#### Staff Short Term Benefits

	<b>NAMA €000</b>	<b>SBCI €000</b>	<b>NTMA €000</b>	<b>2018 €000</b>	<b>2017 €000</b>
Basic pay	22,600	1,829	42,040	66,469	63,724
Performance related pay	955	85	1,778	2,818	1,597
Allowances	180	39	906	1,125	1,271
	<b>23,735</b>	<b>1,953</b>	<b>44,724</b>	<b>70,412</b>	<b>66,592</b>

#### Key Management Personnel

	<b>2018 €000</b>	<b>2017 €000</b>
Agency and committee members' fees	230	200
Management remuneration	2,987	3,150
Termination benefits	289	-
Allowances	162	165
Health insurance	47	54
	<b>3,715</b>	<b>3,569</b>

Key management personnel in the NTMA consist of Agency and committee members as referred to in the Governance Statement, the Chief Executive and the Executive Management Team ("EMT"). The value of employee benefits for key management personnel is set out above (excluding Pay Related Social Insurance).

This does not include the value of retirement benefits earned in the period. The key management personnel (excluding the Agency members and the Chief Executive) are members of the NTMA pension scheme.

#### Chief Executive Salary and Benefits

The remuneration of the Chief Executive is determined in accordance with sections 7(2) and 8 of the National Treasury Management Agency Act 1990.

<b>Conor O'Kelly (Chief Executive)</b>	<b>2018 €000</b>	<b>2017 €000</b>
Annual salary	480	480
Annual taxable benefits	5	5
Contributions to retirement scheme	86	86
	<b>571</b>	<b>571</b>

The remuneration of the Chief Executive consists of basic remuneration and taxable benefits (health insurance). The Chief Executive did not receive a discretionary performance related payment in respect of 2018.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Agency costs (continued)

#### 7.3 Remuneration (continued)

##### **Disclosures in respect of Agency staff excluding officers assigned to NAMA and SBCI**

##### **Voluntary redundancy scheme ("VRS")**

In 2018 thirty three employees participated in a VRS (2017: No VRS). Costs of €2.6m relating to the VRS have been recognised in 2018. Costs of €2.5m were attributable to statutory and other redundancy payments and €0.1m for garden leave. NAMA VRS is disclosed separately for 2018 and 2017.

##### **Garden leave**

Four Agency staff were placed on garden leave during 2018 (2017: four) with an attributable 2018 cost of approximately €0.1m (2017: €0.2m). This does not represent an incremental cost for the Agency but instead forms part of the overall Agency salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. The average period of garden leave for the four staff was two months (2017: two months). The decision on whether to place these staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

##### **Disclosures in respect of officers assigned to NAMA**

##### **Voluntary redundancy scheme – NAMA**

In 2018 eighteen employees assigned to NAMA participated in a VRS (2017: ten employees). Costs of €1.8m (2017: €0.8m) relating to the VRS have been recognised in 2018. Costs of €0.9m (2017: €0.4m) were attributable to statutory and other redundancy payments; €0.4m (2017: €0.2m) related to the "NAMA retention scheme"<sup>1</sup> and €0.5m (2017: €0.2m) for garden leave.

<sup>1</sup> The NAMA retention scheme only applies in circumstances where staff members are made redundant, have met all required performances standards, and have remained with NAMA for the period required to fulfil the NAMA's statutory mandate.

##### **Garden leave – NAMA**

Eighteen employees assigned to NAMA were placed on garden leave during 2018 (2017: nine) as part of the VRS. This does not represent an incremental cost for the Agency but instead forms part of the overall Agency salary cost that would have been incurred regardless of the decision to place the relevant staff on garden leave. The average period of garden leave under the VRS was three months (2017: three months). In addition to those accepted for the VRS, four staff (2017: five) were placed on garden leave during 2018 with an attributable cost of approximately €0.1m (2017: €0.1m). The average period of garden leave for the four staff was two months (2017: two months). The decision on whether to place these four staff members on garden leave was made on a case-by-case basis and included consideration, inter alia, of the person's role within the Agency and the person's new employer.

#### 7.4 Retirement benefits

Superannuation entitlements of staff are conferred under a defined benefit superannuation scheme established under section 8 of the National Treasury Management Agency Act, 1990. Contributions are transferred to an externally managed fund. The Agency contribution is determined on the advice of an independent actuary. Following a triennial actuarial review in 2016, the Agency contribution was maintained at 14.2% (2017: 14.2%) of salary in respect of members of the Scheme. Contributions to the defined benefit scheme by the Agency for the year ended 31 December 2018 amounted to €9.3m (2017: €9.1m).

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

The Agency contributes to a retirement scheme on behalf of the Chief Executive (note 7.3). The Agency also contributed €27k (2017: €24k) to PRSAs for a number of employees who are not members of the defined benefit scheme in 2018.



## 7. Agency costs (continued)

### 7.5 Operating expenses

Other operating expenses of €20.6m (note 7.2) include technology costs, occupancy costs, business services costs and staff travel expenses.

Professional fees of €4.4m (note 7.2) include advisory fees of €2.9m that require disclosure under the Code.

Advisory fees include the cost of external advice to management and exclude 'business-as-usual' functions.

	<b>2018 €000</b>	<b>2017 €000</b>
Legal	1,675	1,691
Tax and financial	418	1,751
Actuarial	511	394
Public relations and marketing	112	498
Pension and human resources	42	75
Facilities and other	170	413
<b>Advisory fees included in Professional fees</b>	<b>2,928</b>	<b>4,822</b>
<b>Leasehold improvements advisory fees capitalised</b>	<b>1,280</b>	<b>1,365</b>

Advisory fees above include €0.6m (2017: €1.9m) of fees reimbursed to the Agency by NAMA, SBCI and ISIF.

## 8. Net deferred retirement benefit funding

### 8.1 Net deferred retirement benefit funding through Income and Expenditure

	<b>Note</b>	<b>2018 €000</b>	<b>2017 €000</b>
Charge arising from employee service in reporting period	9.5	16,162	15,915
Net interest expense	9.5	651	766
Employer contributions	9.3	(9,271)	(9,148)
<b>Net deferred retirement benefit funding</b>	<b>8.3</b>	<b>7,542</b>	<b>7,533</b>

### 8.2 Movement in deferred retirement benefit funding through Other Comprehensive Income

	<b>Note</b>	<b>2018 €000</b>	<b>2017 €000</b>
Movement in amounts recoverable in respect of current year actuarial loss/(gain)	8.3	<b>5,826</b>	<b>(15,491)</b>

### 8.3. Movement in deferred retirement benefit funding

	<b>Note</b>	<b>2018 €000</b>	<b>2017 €000</b>
Opening balance at 1 January		33,704	41,662
Net deferred retirement benefit funding through Income and Expenditure	8.1	7,542	7,533
Movement in deferred retirement benefit funding through Other Comprehensive Income	8.2	5,826	(15,491)
<b>Closing balance at 31 December</b>		<b>47,072</b>	<b>33,704</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. Retirement benefits

#### 9.1 Defined benefit pension scheme

The valuation of the defined benefit scheme used for the purposes of FRS 102 disclosures is based on data provided by the scheme administrator, Mercer (Ireland) Limited. The valuation is determined by an independent actuary to take account of the requirements of FRS 102 in order to assess the liabilities at the balance sheet date. Scheme assets are stated at their fair value at the balance sheet date.

#### 9.2 Change in defined benefit obligation

	Note	2018 €000	2017 €000
Defined benefit obligation at beginning of year		186,680	172,763
Charge arising from employee service in reporting period		16,162	15,915
Interest expense		4,278	3,627
Net benefit payments		(1,384)	(133)
Participant contributions		1,571	1,537
Insurance premiums		(310)	(256)
Effect of changes in assumptions		(5,445)	2,198
Effect of experience adjustments		815	(8,971)
Defined benefit obligation at end of year	9.4	<b>202,367</b>	<b>186,680</b>

#### 9.3 Change in fair value of plan assets

	Note	2018 €000	2017 €000
Fair value of plan assets at beginning of year		152,976	131,101
Interest income		3,627	2,861
Employer contributions		9,271	9,148
Participant contributions		1,571	1,537
Net benefit payments		(1,384)	(133)
Insurance premiums for risk benefits		(310)	(256)
Return on plan assets (excluding interest income)		(10,456)	8,718
Fair value of plan assets at end of year	9.4	<b>155,295</b>	<b>152,976</b>

#### Plan assets

The asset allocations at the year-end were as follows:

	2018 %	2017 %
Equities	48.6	55.7
Debt securities	34.7	32.5
Property	3.6	3.5
Alternatives	8.0	7.4
Infrastructure	4.8	0.0
Cash	0.3	0.9
	<b>100.00</b>	<b>100.00</b>

	2018 €000	2017 €000
Actual return on scheme assets	<b>(6,829)</b>	<b>11,579</b>



## 9. Retirement benefits (continued)

### 9.4 Scheme deficit

	Note	2018 €000	2017 €000
Defined benefit obligation	9.2	(202,367)	(186,680)
Fair value of plan assets	9.3	155,295	152,976
Net defined benefit liability		<b>(47,072)</b>	<b>(33,704)</b>

	Note	2018 €000	2017 €000
<b>Amounts in the Statement of Financial Position</b>			
Retirement benefit obligations		(47,072)	(33,704)
Deferred retirement benefit funding	6	47,072	33,704

### 9.5 Cost relating to defined benefit plans

Amount recognised in the Statement of Income and Expenditure is as follows:

	Note	2018 €000	2017 €000
Charge arising from employee service in reporting period	8.1	16,162	15,915
Interest expense on defined benefit obligation		4,278	3,627
Interest (income) on plan assets		(3,627)	(2,861)
Net interest expense	7.2	<b>651</b>	<b>766</b>

### 9.6 Actuarial gain/(loss) on retirement benefit obligations

Remeasurements recognised in Other Comprehensive Income are as follows:

	2018 €000	2017 €000
Effect of changes in assumptions	5,445	(2,198)
Effect of experience adjustments	(815)	8,971
Return on plan assets (excluding interest income)	(10,456)	8,718
Remeasurements included in Other Comprehensive Income	<b>(5,826)</b>	<b>15,491</b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Retirement benefits (continued)

9.7 Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	2018 %	2017 %
Weighted average assumptions used to determine benefit obligations:		
Discount rate	2.40	2.3
Rate of salary increase	2.75	2.75
Rate of price inflation	1.75	1.75
Rate of pension increase	1.75/2.75	1.75/2.75
Weighted average assumptions used to determine pension cost:		
Discount rate	2.3	2.1
Expected long term rate of return on plan assets during financial year	2.3	2.1
Rate of salary increase	2.75	2.5
Rate of price inflation	1.75	1.5
Rate of pension increase	1.75/2.75	1.5/2.5
Weighted average life expectancy at age 60 for mortality tables used to determine benefit obligations:		
	<b>Years</b>	<b>Years</b>
<b>Future pensioners</b>		
- Male (current age 45)	30.8	30.7
- Female (current age 45)	33.0	32.9
<b>Current pensioners</b>		
- Male (current age 60)	29.1	29.0
- Female (current age 60 )	31.2	31.0
Weighted average life expectancy at age 65 for mortality tables used to determine benefit obligations:		
	<b>Years</b>	<b>Years</b>
<b>Future pensioners</b>		
- Male (current age 45)	26.3	26.2
- Female (current age 45)	28.4	28.3
<b>Current pensioners</b>		
- Male (current age 65)	24.0	23.9
- Female (current age 65)	26.0	26.0

## 10. Property, equipment and vehicles

	Leasehold improvements €000	Furniture, equipment and motor vehicles €000	Total €000
<b>Cost:</b>			
Balance at 1 January 2018	5,866	6,144	12,010
Additions at cost	13,398	1,157	14,555
Disposals	-	(84)	(84)
Balance at 31 December 2018	<b>19,264</b>	<b>7,217</b>	<b>26,481</b>
<b>Accumulated Depreciation:</b>			
Balance at 1 January 2018	(4,246)	(5,664)	(9,910)
Depreciation for the year	(112)	(223)	(335)
Disposals	-	76	76
Balance at 31 December 2018	<b>(4,358)</b>	<b>(5,811)</b>	<b>(10,169)</b>
<b>Net Book Value at 31 December 2018</b>	<b>14,906</b>	<b>1,406</b>	<b>16,312</b>
Net Book Value at 31 December 2017	<b>1,620</b>	<b>480</b>	<b>2,100</b>

The estimated useful life of property, equipment and vehicles, by reference to which depreciation is calculated is as follows:

Leasehold improvements	up to 15 years
Furniture	7 years
Equipment and motor vehicles	3 to 5 years

Occupied office accommodation at Treasury Building, Grand Canal Street, Dublin 2, is leased under long-term leases, as set out in note 17.

The leasehold improvement additions relate to fit-out costs and professional fees of office accommodation at 1 Dublin Landings, North Wall Quay, Dublin 1. Depreciation was not incurred in the period as this asset was under construction and not in use at the reporting date. Further to the leasehold improvement additions noted above the NTMA expects to incur 2019 expenditure of €11.6m to complete the fit out of 1 Dublin Landings, North Wall Quay, Dublin 1.

## 11. Intangible assets

	Computer software €000
<b>Cost:</b>	
Balance at 1 January 2018	1,160
Additions at cost	74
Balance at 31 December 2018	<b>1,234</b>
<b>Accumulated Amortisation and Accumulated Impairment:</b>	
Balance at 1 January 2018	(291)
Amortisation for the year	(182)
Balance at 31 December 2018	<b>(473)</b>
<b>Net Book Value at 31 December 2018</b>	<b>761</b>
Net Book Value at 31 December 2017	<b>869</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. Intangible assets (continued)

Third party software assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The estimated useful life of intangible assets by reference to which amortisation is calculated is as follows:

Computer software 5 years

### 12. Receivables (Non-current)

	2018 €000	2017 €000
Prepayments	60	109

### 13. Receivables (Current)

	2018 €000	2017 €000
Amounts receivable from NAMA	12,114	1,834
Amounts receivable from ISIF	4,296	1,583
Amounts receivable from SBCI	1,177	523
Central Fund	8,892	-
Other receivables	208	416
Prepayments	2,510	2,236
	<b>29,197</b>	<b>6,592</b>

Other receivables primarily comprise Asset Covered Securities income and income due from the Department of Finance.

### 14. Payables; amount falling due within 1 year

	Note	2018 €000	2017 €000
Payables		3,717	2,714
Central Fund		-	1,541
Accruals		16,811	7,504
Deferred income		1,444	-
Provisions	16	126	126
		<b>22,098</b>	<b>11,885</b>

Accruals include annual leave entitlements of €1.7m (2017: €1.7m) earned but not taken at the reporting date.

Deferred income includes a lease incentive on rental payments office accommodation at 1 Dublin Landings, North Wall Quay, Dublin 1. The value of the lease incentive is recognised over the life of the lease. The treatment results in income of €6.6m credited to the Statement of Income and Expenditure on a straight-line basis over the period May 2018 to May 2033 when the lease expires.

Deferred income includes advanced rentals received on a sublease of office accommodation at 1 Dublin Landings, North Wall Quay, Dublin 1. The amount of €4.0m is credited to the Statement of Income and Expenditure on a straight-line basis over the period May 2018 to May 2022 when the sublease expires.



## 15. Payables; amount falling due after 1 year

	Note	2018 €000	2017 €000
Deferred income	14	8,324	-
Other Provisions	16	489	489
		<b>8,813</b>	<b>489</b>

## 16. Provision

The provision relates to premises costs. Provision movement in the period is detailed as follows:

	Note	2018 €000	2017 €000
At 1 January		615	987
Charges		-	(372)
At 31 December	14, 15	<b>615</b>	<b>615</b>

## 17. Commitments

In 1991, 2007 and 2012, the Agency entered into lease agreements of varying duration until 2026 and 2027, in respect of office accommodation at Treasury Building, Grand Canal Street, Dublin 2. In May 2018 the Agency entered into lease agreement for office accommodation at 1 Dublin Landings, North Wall Quay, Dublin 1, until May 2033. The nominal future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 €000	2017 €000
Within one year	9,775	1,806
In two to five years	41,956	7,224
Over five years	85,706	5,912
	<b>137,437</b>	<b>14,942</b>

The Agency has engaged an external property advisor regarding the sub-let, disposal or assignment of existing leases in respect of current office accommodation at Treasury Building, Grand Canal Street Dublin 2.

## 18. Contingent liabilities

The Agency had no contingent liabilities at 31 December 2018.

## 19. Related parties

### Minister for Finance

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

### Key Management Personnel

The Agency is governed by the Agency members, and the administration and business of the Agency is managed and controlled by the Chief Executive and the Executive Management Team. Fees paid to key management personnel are disclosed in note 7.

### National Asset Management Agency

In accordance with sections 41 and 42 of the National Asset Management Agency Act 2009, the Agency provides business and support services and systems in addition to assigning staff to NAMA. The recovery of expenses from NAMA is detailed in note 5.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. Related parties (continued)

#### Strategic Banking Corporation of Ireland

In accordance with section 10 of the Strategic Banking Corporation of Ireland Act 2014, the Agency provides business and support services and systems in addition to assigning staff to the SBCI. The recovery of expenses from the SBCI is detailed in note 5.

#### Home Building Finance Ireland

In accordance with section 9(4) of the Home Building Finance Ireland Act 2018, the Agency provides business and support services and systems in addition to assigning staff to the HBFI.

#### Other Government controlled entities

The Central Bank of Ireland and Allied Irish Banks plc are related parties as both are under the control of the Minister for Finance.

### 20. National Development Finance Agency

The National Development Finance Agency in accordance with Part 4 of the National Treasury Management Agency (Amendment) Act 2014, performs financing and advisory functions in relation to specific public investment projects. The costs of these services were discharged by the NTMA and reimbursed by the State Authority to which the projects relate.

The NTMA acting as the NDFA incurred the following reimbursable costs:

	<b>2018</b> <b>€000</b>	<b>2017</b> <b>€000</b>
Professional fees	5,184	3,154
Legal fees	925	229
	<b>6,109</b>	<b>3,383</b>

The amount receivable from State Authorities at the reporting date is as follows:

	<b>2018</b> <b>€000</b>	<b>2017</b> <b>€000</b>
Department of Housing, Planning, Community and Local Government	448	793
Department of Education	267	133
Grangegorman Development Agency	184	90
Department of Justice	84	42
South Dublin County Council	1	6
	<b>984</b>	<b>1,064</b>

Reimbursed funds are remitted to the Post Office Savings Bank Fund in accordance with section 30 of the NTMA Act 2014. At 31 December 2018, €0.5m (2017: €0.9m) is owing to the Post Office Savings Bank Fund.

The NTMA, acting as the NDFA, held cash at bank at 31 December 2018 amounting to €0.1m (2017: €0.8m).

The expenditure and reimbursement above is not included in the Statement of Income and Expenditure and Other Comprehensive Income or Statement of Financial Position on pages 96 and 97.

### 21. Events after the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

### 22. Approval of financial statements

The financial statements were approved by the Agency on 7 May 2019.



**FINANCIAL STATEMENTS OF THE**

# Post Office Savings Bank Fund

For the year ended 31 December 2018

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## Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### Post Office Savings Bank Fund

#### Opinion on financial statements

I have audited the financial statements of the Post Office Savings Bank Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2018 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the statement of income and expenditure and retained earnings, the statement of financial position and the related notes.

In my opinion, the financial statements properly present

- the assets and liabilities of the Fund at 31 December 2018, and
- the transactions for 2018.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the Fund's assets and liabilities at 31 December 2018 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED EARNINGS**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
Investment Income/(Loss)	3	2,521	(2,278)
Interest Paid and Payable	4	(4,778)	(4,560)
Operating Fees	5	(28,572)	(28,169)
<b>Deficit for the Year</b>		<b>(30,829)</b>	<b>(35,007)</b>
Balance at 1 January		112,668	147,675
<b>Balance at 31 December</b>		<b>81,839</b>	<b>112,668</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Assets</b>			
Cash with Central Bank of Ireland		826,135	886,640
Central Treasury Loans		15,885	18,945
Other Loans	6	2,061,473	1,895,864
Receivables	7	12,157	21,292
Investments	8	502,571	416,592
		<b>3,418,221</b>	<b>3,239,333</b>
<b>Liabilities</b>			
Post Office Savings Bank Deposits	9	3,307,570	3,121,347
Other Liabilities	10	28,812	5,318
Retained Reserves		81,839	112,668
		<b>3,418,221</b>	<b>3,239,333</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Background

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

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

During 2018 the Fund had the following main purposes:

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

### 2. Basis of Preparation

The financial statements have been prepared on an accruals basis under the historical cost convention except where otherwise stated.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used '000' or 'k' denotes thousand, and 'm' denotes million.

#### 2.1 Investments

Investments are stated at cost.

### 3. Investment Income/(Loss)

	<b>2018 €000</b>	<b>2017 €000</b>
Net Interest Income	10,332	12,765
Loss on Investments	(7,811)	(15,043)
	<b>2,521</b>	<b>(2,278)</b>

The reduction in Net Interest Income reflects the lower/negative prevailing yields on bonds and cash held. Sale and Repurchase agreements are also transacted between the Fund and primary dealers in the bond market. The related income or interest cost arising from these transactions is reflected in Net Interest Income.

The reduction in the loss on investments in 2018 when compared to 2017, reflects a reduction in turnover of high coupon bonds in 2018 relative to 2017. Such bonds were held at their original cost as the Fund accounts for its bond holdings on a historic cost basis and does not recognise unrealised gains/losses. While unrealised gains/losses on the Fund are not recognised, the Fund's investment performance is monitored on a total return basis (i.e. including unrealised gains/losses).



#### 4. Interest Paid and Payable

	2018 €000	2017 €000
Interest Payable to Depositors of Post Office Savings Bank	4,778	4,560

#### 5. Operating Fees

	2018 €000	2017 €000
Service Fees	28,572	28,169

Service fees are paid to An Post for their management and administration of depositors accounts.

#### 6. Other Loans

	2018 €000	2017 €000
Advances to Exchequer	2,058,126	1,893,445
Advances to the State Claims Agency	2,900	1,500
Advances to the National Development Finance Agency	447	919
	<b>2,061,473</b>	<b>1,895,864</b>

Advances to the Exchequer represent Ways and Means funds, which have been loaned to the Exchequer.

No financing costs were charged by the Fund to the State Claims Agency or the National Development Finance Agency.

#### 7. Receivables

	2018 €000	2017 €000
Interest Receivable	5,445	4,634
Cash Balances held by An Post	6,712	16,658
	<b>12,157</b>	<b>21,292</b>

#### 8. Investments

<b>Bonds</b>	<b>2018 €000</b>	<b>2017 €000</b>
At Cost	502,571	416,592
Valuation as at 31 December	500,082	419,283



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. Investments (continued)

Schedule of Investment Holdings:

Nominal €000	Stock	2018 Cost €000
752	4.4% Treasury Bond 2019	776
2,949	5.9% Treasury Bond 2019	3,165
5,842	4.5% Treasury Bond 2020	6,698
63,602	5.0% Treasury Bond 2020	72,452
4,252	0.8% Treasury Bond 2022	4,388
32,800	0.0% Treasury Bond 2022	32,816
8,964	3.9% Treasury Bond 2023	10,560
50,572	3.4% Treasury Bond 2024	59,442
24,399	5.4% Treasury Bond 2025	32,495
26,480	1.0% Treasury Bond 2026	27,272
71,200	0.9% Treasury Bond 2028	70,986
34,685	2.4% Treasury Bond 2030	39,581
25,491	1.35% Treasury Bond 2031	25,736
28,267	1.3% Treasury Bond 2033	28,046
32,900	1.7% Treasury Bond 2037	33,509
51,728	2.0% Treasury Bond 2045	54,649
<b>464,883</b>		<b>502,571</b>

### 9. Post Office Savings Bank Deposits

	2018 €000	2017 €000
Post Office Savings Bank Deposits	<b>3,307,570</b>	<b>3,121,347</b>

The Post Office Savings deposits do not include the liability of €53,649,051 (2017: €46,780,368) in respect of accounts which have been deemed dormant. The funds in respect of these accounts have been transferred to the Dormant Accounts Fund and if reclaimed by POSB depositors will be repayable together with any interest accrued from that Fund.

### 10. Other Liabilities

	2018 €000	2017 €000
Outstanding Bond Trades Payable	24,401	-
Outstanding Repo Trades Payable	3,951	4,858
Accrued DIRT Payable	460	460
	<b>28,812</b>	<b>5,318</b>

### 11. Events after the end of the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

### 12. Approval of Financial Statements

The financial statements were approved by the Agency on 7 May 2019.

**FINANCIAL STATEMENTS OF THE**

# State Claims Agency

For the year ended 31 December 2018

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## Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### State Claims Agency

##### Opinion on financial statements

The National Treasury Management Agency (the Agency) is known as the State Claims Agency when managing claims on behalf of the State. I have audited the financial statements of the State Claims Agency for the year ending 31 December 2018 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise the income statement, the statement of financial position and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements properly present

- the assets and liabilities of the State Claims Agency at 31 December 2018, and
- the transactions for 2018.

##### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of State claims. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019



## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements properly present the assets and liabilities of the State Claims Agency at 31 December 2018 and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act 1990 (as amended) to audit the financial statements of the State Claims Agency and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Claims Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the State Claims Agency to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

**INCOME STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Income</b>			
Income	4	354,593	316,765
Costs recovered on behalf of Delegated State Authorities	5	8,053	3,504
		<b>362,646</b>	<b>320,269</b>
<b>Expenditure</b>			
Awards and claim settlements	6	250,628	218,111
Expenses	7	103,965	98,654
Reimbursement of costs recovered on behalf of Delegated State Authorities	5	8,053	3,504
		<b>362,646</b>	<b>320,269</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Assets</b>			
Cash at bank		1,471	1,301
Receivables	10	8,864	6,426
Investments	9	4,620	4,649
		<b>14,955</b>	<b>12,376</b>
<b>Liabilities</b>			
Scheme liabilities	9	(4,620)	(4,649)
Borrowings from Post Office Savings Bank Fund	11	(2,900)	(1,500)
Other liabilities	12	(7,435)	(6,227)
		<b>(14,955)</b>	<b>(12,376)</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Background

Under the National Treasury Management Agency (Amendment) Act, 2000, the management of personal injury and property damage claims against the State and certain State Authorities ("Delegated State Authorities" or "DSAs") was delegated to the National Treasury Management Agency ("NTMA"). The NTMA also provides related risk advisory services to DSAs. In addition, the National Treasury Management Agency (Amendment) Act 2014, provided for the delegation to the NTMA of the management of claims for legal costs, however so incurred. When performing these functions, the NTMA is known as the State Claims Agency ("SCA"). The SCA incurs expenditure on awards, claim settlements and associated costs. The SCA recovers this expenditure from the Delegated State Authorities who are liable in respect of claims.

The SCA's remit was extended during 2017 and 2018 with the delegation to it of claims management functions in respect of a number of additional State Authorities (principally in the healthcare sector). The number of State Authorities in respect of which the SCA manages legal costs claims was also considerably widened in 2018 under a separate Delegation Order.

The NTMA (Amendment) Act 2000 was amended in 2017 to provide that the SCA would specify the minimum levels of indemnity for classes of medical practitioners. In 2018, it was further amended to provide that the SCA carry out certain functions in relation to an insolvent insurer regulated in another EU Member State and the Insurance Compensation Fund (ICF). This role includes the carrying out of due diligence on claims, the making of an application to the High Court for payment out of the ICF and the distribution, thereafter, to third parties of claim settlement monies.

The SCA was managing claims on behalf of and providing risk advice and assistance to 146 Delegated State Authorities as at 31 December 2018 (<http://stateclaims.ie/about-our-work/state-indemnity/sca-delegated-authorities/>).

### 2. Basis of preparation

The financial statements of the SCA relate to the management of claims on behalf of Delegated State Authorities who are liable in respect of claims and from whom the SCA recovers the amounts of any awards and associated costs. The financial statements present the claim activities and report on the transactions processed via the SCA in the year and therefore no amounts are included for outstanding claims or incurred but not reported (IBNR) claims. IBNR claims relate to incidents that occurred prior to the reporting date for which the claims had not been reported to the SCA.

The financial statement notes include a disclosure for the estimated liabilities for outstanding claims under management at the reporting date. No amount is included for IBNR liabilities.

Transactions are recognised using the cash basis of accounting as adjusted for accruals for contracted third party service provider costs and the related cost recovery from the relevant Delegated State Authority.

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

### 3. Significant accounting policies

#### 3.1 Expenditure

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

#### 3.2. Income

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

#### 4. Income

	Note	2018 €000	2017 €000
Amounts receivable at 1 January from Delegated State Authorities	10	(6,399)	(9,051)
Received from Delegated State Authorities		352,122	318,947
Received from Scheme funds	9	29	470
Amounts receivable at 31 December	10	8,841	6,399
		<b>354,593</b>	<b>316,765</b>

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

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

	2018 €000	2017 €000
Costs recovered on behalf of Delegated State Authorities	<b>8,053</b>	<b>3,504</b>

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

#### 6. Awards and claim settlements

	2018 €000	2017 €000
Awards and claim settlements	<b>250,628</b>	<b>218,111</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Expenses

	2018 €000	2017 €000
<i>State Claims Agency expenses</i>		
Legal fees	35,732	25,996
Medical fees	5,223	4,710
Engineers' fees	499	390
Other fees (including investigation and actuary fees)	3,155	1,625
	44,609	32,721
<i>Plaintiff expenses</i>		
Legal fees <sup>1</sup>	59,332	65,871
Other expert fees	4	25
Travel expenses	16	25
	<b>59,352</b>	<b>65,921</b>
<i>Witness expenses</i>		
	4	12
<b>Total other expenses</b>	<b>103,965</b>	<b>98,654</b>

<sup>1</sup> Plaintiff legal fees of €59.3m include €5.2m (2017: €16.1m) of legal fees relating to Tribunals of Enquiry (Mahon & Moriarty).

### 8. Remuneration and expenses (included in the administration expenses of the NTMA)

The administrative costs incurred by the NTMA in the performance of the SCA's functions amounted to €25.0m (2017: €20.8m). These costs are included in the administration expenses of the NTMA and are charged on the Central Fund. The NTMA does not seek reimbursement of these costs from Delegated State Authorities.

### 9. Investments/scheme liabilities

#### Special Obstetrics Indemnity Scheme

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

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

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

	Note	2018 €000	2017 €000
Balance at 1 January		4,649	5,119
Claim settlements and expenses	4	(29)	(470)
Balance at 31 December available for settlement of claims		<b>4,620</b>	<b>4,649</b>



## 10. Receivables

	Note	2018 €000	2017 €000
Receivable from Delegated State Authorities	4	8,841	6,399
Other Receivables		23	27
		<b>8,864</b>	<b>6,426</b>

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

	2018 €000	2017 €000
Borrowings from the Post Office Savings Bank Fund	<b>2,900</b>	<b>1,500</b>

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

## 12. Other liabilities

	2018 €000	2017 €000
Payable in respect of expenses	3,104	2,128
Payable in respect of awards	3,555	3,308
Professional Services Withholding Tax	661	627
Amounts due to Delegated State Authorities	115	164
	<b>7,435</b>	<b>6,227</b>

## 13. Estimated liabilities of Delegated State Authorities

	2018 Number of claims	2017 Number of claims
At 1 January	9,956	8,898
New claims	3,319	3,259
Resolved claims	(2,623)	(2,233)
Other claims <sup>1</sup>	6	32
At 31 December <sup>2</sup>	<b>10,658</b>	<b>9,956</b>

<sup>1</sup> Other claims include claims re-opened in the period, claims closed in the period and designated to a prior period.

<sup>2</sup> The number of active claims at 31 December 2018 includes 2,267 (2017: 2,176) mass action claims.

At 31 December 2018 the estimated liability of Delegated State Authorities in respect of claims under management by the SCA was €3,152m (2017: €2,662m), of which €2,331m (2017: €1,984m) was attributable to clinical claims and €821m (2017: €678m) to general claims. The estimated liability is calculated by reference to the ultimate cost of resolving each claim including all foreseeable costs such as settlement amounts, plaintiff legal costs and defence costs. The estimated liability does not include IBNR liabilities.

In respect of relevant active clinical claims at 31 December 2018, the SCA has based its estimated liability on a real rate of return of 1% on claims for the cost of future care and 1.5% for future pecuniary loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Events after the reporting period

No events requiring adjustment or disclosure occurred after the end of the reporting period.

### 15. Related parties

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

### 16. Approval of financial statements

The financial statements were approved by the Agency on 7 May 2019.



**FINANCIAL STATEMENTS OF THE**

# National Treasury Management Agency – Dormant Accounts Fund

For the year ended 31 December 2018

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## Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### Dormant Accounts Fund

#### Opinion on financial statements

I have audited the financial statements of the Dormant Accounts Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2018 as required under the provisions of section 46 of the Dormant Accounts Act 2001. The financial statements comprise the investment and disbursements account, the reserve account, the statement of financial position and related notes.

In my opinion, the financial statements properly present

- the balance of the Fund at 31 December 2018, and
- the transactions for 2018.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019

## Appendix to the report of the Comptroller and Auditor General

### Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 46 of the Dormant Accounts Act 2001
- ensuring that the financial statements properly present the Fund's affairs at year-end and the transactions in the year
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 46 of the Dormant Accounts Act 2001 to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



**INVESTMENT AND DISBURSEMENTS ACCOUNT**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
Moneys transferred to the Fund in respect of dormant accounts and unclaimed assurance policies	3	68,748	53,020
Amounts transferred to Reserve Account	4	(29,277)	(29,075)
Disbursements	5	(27,822)	(15,653)
Interest Expense	6	(92)	(123)
Movement for the year		11,557	8,169
Balance at 1 January		190,662	182,493
<b>Balance at 31 December</b>		<b>202,219</b>	<b>190,662</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



## RESERVE ACCOUNT

### FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €000	2017 €000
Repayment of moneys transferred to the Fund	3	(21,538)	(24,371)
Interest on repayment of moneys transferred to the Fund	3	(187)	(235)
Transfer from Investment and Disbursements Account	4	29,277	29,075
Interest Expense	6	(51)	(73)
Operating Expenses	7	(372)	(427)
Movement for the year		7,129	3,969
Balance at 1 January		80,460	76,491
<b>Balance at 31 December</b>		<b>87,589</b>	<b>80,460</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## Financial Statements

### STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 €000	2017 €000
<b>Assets</b>			
Cash and Other Financial Assets	8	290,111	271,639
<b>Liabilities</b>			
Other Liabilities	9	(303)	(517)
<b>Net Assets</b>		<b>289,808</b>	<b>271,122</b>
<b>Represented by:</b>			
Investment and Disbursements Account		202,219	190,662
Reserve Account		87,589	80,460
		<b>289,808</b>	<b>271,122</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Background

The Dormant Accounts Act 2001 (as amended) provides for the transfer of dormant funds in banks, building societies and An Post and the transfer of moneys payable under unclaimed life assurance policies to the Dormant Accounts Fund, while guaranteeing a right of reclaim to those funds. It further provides for a scheme for the disbursement of funds for the purposes of programmes or projects to assist:

- (a) the personal and social development of persons who are economically or socially disadvantaged,
- (b) the educational development of persons who are educationally disadvantaged, or
- (c) persons with a disability (within the meaning of the Equal Status Act 2000).

The Dormant Accounts Fund consists of a Reserve Account from which reclaims and various expenses are paid and an Investment and Disbursements Account from which investments and disbursements are made.

The Agency is responsible, under sections 17 and 18 of the Dormants Account Act 2001 (as amended), for establishing, managing and controlling the Dormant Accounts Fund and has all powers (including the power to charge fees, payable from the Fund, in relation to the management and control of the Fund) that are necessary for or incidental to the performance of its functions. These functions include:

- the making of disbursements in accordance with the directions of the Minister for Public Expenditure and Reform.
- the maintenance of the Reserve Account.
- the defraying of the specified fees, costs and expenses incurred.
- the defraying of the remuneration, fees and expenses of the authorised inspectors.
- the repayment of moneys transferred to the Fund.
- the preparation of the annual investment plan, having regard to the disbursement plan and any direction from the Minister for Rural & Community Development<sup>1</sup>.
- the investment of any moneys standing to the credit of the Fund that are not, for the time being, required for the purpose of meeting the liabilities of the Fund.
- the keeping of accounting records of all moneys received and expended by the Agency.
- the submitting of annual accounts to the Comptroller and Auditor General and the presentation of a copy of accounts so audited to the Minister for Rural & Community Development<sup>1</sup>.
- the submitting of the annual report on the operation of the Fund to the Minister for Finance, and the presentation of a copy to the Minister for Rural & Community Development<sup>1</sup>.

In accordance with the Dormant Accounts (Amendment) Act 2012, the Minister for Rural & Community Development<sup>1</sup> is responsible for the administration of the process by which the Government approves projects and programmes to which funds from the Dormant Accounts Fund can be disbursed. In accordance with this Act, a new Disbursement Scheme 2017 – 2019 was approved by Government in July 2017 and a Dormant Accounts Action Plan for 2018 was published in July 2018, which details projects and programmes to which funds from the Dormant Accounts Fund may be allocated.

## 2. Basis of Preparation

The financial statements have been prepared for the year ended 31 December 2018. The financial statements are prepared on an accruals basis under the historical cost convention.

The NTMA is required under section 46(1) of the Dormant Accounts Act 2001 to keep all proper and usual accounts of all moneys received or expended by the Agency in relation to the Fund. In accordance with section 46(1) of the Dormant Accounts Act 2001, the financial statements have been prepared in a form specified by the Minister for Finance.

The presentation currency is euro. All amounts in the financial statements have been rounded to the nearest thousand unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes million.

<sup>1</sup> On 3 October 2017 Statutory Instrument 432 conferred powers previously executed by the Department of Arts Heritage, Regional, Rural and Gaeltacht Affairs in relation to the Dormant Accounts Fund, to the Department of Rural & Community Development.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies

Financial Institutions – Dormant Accounts

Institution	Opening Balance 01/01/2018 €	Transferred €	Reclaimed €	Closing Balance 31/12/2018 €	Interest Paid €
ACC Loan Management DAC	5,443,739	-	(65,305)	5,378,434	(41)
Allied Irish Banks plc	86,784,523	9,136,972	(2,412,730)	93,508,765	(14,010)
Bank of America Merrill Lynch Intl Ltd	154,778	-	-	154,778	-
Bank of Ireland	89,831,784	11,934,168	(2,902,336)	98,863,616	(11,765)
Barclays Bank Ireland plc	344,025	-	-	344,025	-
BNP Paribas SA	86,171	12,234	-	98,405	-
Citibank Europe plc	28,700	-	-	28,700	-
Danske Bank Plc	7,169,663	380,552	(189,873)	7,360,342	(270)
EAA Covered Bond Bank	122,119	-	-	122,119	-
EBS DAC	27,773,324	5,889,322	(2,303,647)	31,358,999	(53,573)
Investec Bank plc	1,702,815	1,204	(53,435)	1,650,584	(5,956)
Irish Bank Resolution Corporation Ltd (in special liquidation)	617,375	-	-	617,375	-
JP Morgan Bank (Ireland) plc	48,897	-	-	48,897	-
KBC Bank Ireland plc	786,155	266	-	786,421	-
Lloyds Bank	453,483	-	-	453,483	-
Permanent tsb plc	53,490,783	8,604,044	(2,092,274)	60,002,553	(11,490)
Pfizer International Bank	30,818	-	(26)	30,792	(3)
An Post- State Savings Products	86,254,277	4,348,040	(3,221,159)	87,381,158	(29,064)
An Post – Post Office Savings Bank	45,396,025	7,692,723	(812,578)	52,276,170	(62,933)
RBS NV	35,455	-	-	35,455	-
The Royal Bank of Scotland plc	420,038	-	-	420,038	-
Scotiabank (Ireland) DAC	92,953	-	-	92,953	-
Ulster Bank Ireland DAC	33,821,675	3,254,568	(446,226)	36,630,017	(377)
<b>TOTAL</b>	<b>440,889,575</b>	<b>51,254,093</b>	<b>(14,499,589)</b>	<b>477,644,079</b>	<b>(189,482)</b>

### 3. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies (continued)

#### Assurance Companies – Unclaimed Assurance Policies

Institution	Opening Balance 01/01/2018 €	Transferred €	Reclaimed €	Closing Balance 31/12/2018 €	Interest paid €
<b>Specified Term Accounts:</b>					
Ark Life Assurance Co. DAC	1,029,514	697,291	(249,040)	1,477,765	-
Aviva Life & Pensions UK Ltd	3,780,667	432,953	(218,143)	3,995,477	-
Equitable Life Assurance Society	53,078	-	-	53,078	-
Friends First Life Assurance Co. DAC	2,885,936	444,210	(81,121)	3,249,025	-
Irish Life Assurance plc	10,646,375	848,857	(305,700)	11,189,532	-
New Ireland Assurance Co. DAC	744,892	1,150,008	(785,056)	1,109,844	-
Phoenix Life Ltd	6,780,677	498,568	(402,808)	6,876,437	-
The Royal London Mutual Insurance Society Ltd	9,454,912	548,657	(62,584)	9,940,985	-
St. James Place International plc	10,649	-	-	10,649	-
Scottish Legal Life	602,366	16,641	-	619,007	-
Standard Life International DAC	1,943,608	62,950	(58,460)	1,948,098	-
Sun Life Assurance Society plc	347,039	24,132	-	371,171	-
Zurich Life Assurance plc	3,013,381	466,799	(107,487)	3,372,693	-
<b>No Specified Term Accounts:</b>					
Acorn Life DAC	146,619	45,896	-	192,515	-
Ark Life Assurance Co. DAC	1,863,802	3,515,591	(434,995)	4,944,398	-
Aviva Life & Pensions UK Ltd	3,879,039	25,700	(184,123)	3,720,616	-
Equitable Life Assurance Society	22,099	-	-	22,099	-
Friends First Life Assurance Co. DAC	1,569,875	203,306	(39,145)	1,734,036	-
Harcourt Life DAC (ex Augura Life Ireland DAC)	148,134	6,505	(9,396)	145,243	-
Harcourt Life DAC (ex Scottish Mutual Life DAC)	-	505,078	(96,124)	408,954	-
Irish Life Assurance plc	9,596,747	475,702	(460,815)	9,611,634	-
New Ireland Assurance Co. DAC	13,006,066	2,028,137	(655,923)	14,378,280	-
Phoenix Life Ltd	465,607	1,657,704	(54,639)	2,068,672	-
The Royal London Mutual Insurance Society Ltd	12,379,888	1,219,946	(293,004)	13,306,830	-
St. James Place International plc	7,290	-	-	7,290	-
Scottish Legal Life	538,684	76,504	-	615,188	-
Standard Life International DAC	4,617,480	1,042,884	(1,965,297)	3,695,068	-
Sun Life Assurance Society plc	59,597	11,587	-	71,184	-
Zurich Life Assurance plc	3,639,196	1,033,294	(301,867)	4,370,623	-
<b>TOTAL (UNCLAIMED POLICIES)</b>	<b>93,233,217</b>	<b>17,038,900</b>	<b>(6,765,726)</b>	<b>103,506,391</b>	<b>-</b>
The Escheated Estate Fund	4,400,000	-	-	4,400,000	-
Accrued Reclaims	(454,590)	454,590	(272,991)	(272,991)	2,430
<b>GRAND TOTAL</b>	<b>538,068,202</b>	<b>68,747,583</b>	<b>(21,538,306)</b>	<b>585,277,479</b>	<b>(187,052)</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**3. Cumulative amounts transferred and reclaimed in respect of dormant accounts and unclaimed assurance policies** (continued)

The amounts transferred to the Fund included accounts denominated in currencies other than euro. The effect of revaluing these accounts at the year end exchange rates would be to decrease the total amount transferred to the Fund and not yet reclaimed by €1,260,606 from €585,277,479 to €584,016,873.

**4. Amounts transferred to the Reserve Account**

Under section 17 (4) of the Dormant Accounts Act 2001 as amended, the Agency pays into the Reserve Account, from time to time, an amount determined by the Agency, with the approval of the Minister for Rural & Community Development given with the consent of the Minister for Finance, for the purposes of making repayments from the Fund and of defraying various fees, costs and expenses. A transfer is made periodically by the Agency to maintain the balance in the Reserve Account at a currently approved 15 per cent of the total dormant funds received by the Dormant Accounts Fund and not yet reclaimed. The balance in the Reserve account may deviate from 15 per cent in the intervening period between the periodic rebalancing dates.

**5. Disbursements**

The following disbursements were made from the Fund during the year:

	<b>2018</b> <b>€000</b>	<b>2017</b> <b>€000</b>
<b>On Direction of the Minister for Public Expenditure and Reform:</b>		
Department of Rural & Community Development	9,700	3,752
Department of Transport, Tourism & Sport	5,000	4,551
Department of Justice Equality & Law Reform	4,404	4,268
Department of Children and Youth Affairs	3,638	1,083
Department of Health	2,619	765
Department of Employment Affairs and Social Protection	1,764	527
Department of Education and Skills	497	507
Irish Prison Service	200	200
	<b>27,822</b>	<b>15,653</b>

**6. Interest Expense**

	<b>Investment and Disbursements Account €000</b>	<b>Reserve Account €000</b>	<b>2018 €000</b>	<b>2017 €000</b>
Commercial Term Deposits	8	5	13	14
Commercial Paper	9	-	9	2
Cash at Central Bank	(109)	(56)	(165)	(212)
	<b>(92)</b>	<b>(51)</b>	<b>(143)</b>	<b>(196)</b>

The negative return on Central Bank deposits reflects the prevailing negative interest rates charged in respect of cash balances held on deposit.



## 7. Operating Expenses

	<b>2018 €000</b>	<b>2017 €000</b>
Fees of service provider (Pobal)	370	426
Bank Charges	2	1
	<b>372</b>	<b>427</b>

Pobal receives an annual service fee for its administration of certain projects in receipt of Dormant Accounts Fund disbursements. The fee was paid by the Department of Rural & Community Development and reimbursed from the Dormant Accounts Fund.

### Expenses of the National Treasury Management Agency

Under section 45 (1)(c) of the Dormant Accounts Act 2001 as amended, the Agency is required to report on the costs and expenses incurred by the Agency in performing its function under the legislation. These are detailed below:

	<b>2018 €000</b>	<b>2017 €000</b>
General Administration <sup>2</sup>	<b>150</b>	<b>150</b>

## 8. Cash and Other Financial Assets

	<b>2018 €000</b>	<b>2017 €000</b>
Cash at Central Bank	24,111	81,642
Commercial Term Deposits	266,000	140,000
Commercial paper	-	49,997
	<b>290,111</b>	<b>271,639</b>

## 9. Other Liabilities

	<b>2018 €000</b>	<b>2017 €000</b>
Interest Payable on Cash on Deposit	(30)	(60)
Accrued Reclaims	(273)	(457)
	<b>(303)</b>	<b>(517)</b>

<sup>2</sup> This is an estimate, included in the Notes to the financial statements only, as the Agency has not charged these expenses to the Dormant Accounts Fund.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. Contingent Exchequer Liability

**10.1** As a result of cumulative disbursements to date the net assets of the Fund are less than the dormant funds transferred and not yet reclaimed. This difference represents a contingent exchequer liability that would have to be met by the Central Fund in the event that all moneys transferred to the Dormant Accounts Fund were reclaimed.

At 31 December 2018 the contingent liability to the Exchequer is estimated at €295m (2017: €267m). The contingent exchequer liability is estimated based on the net cash transferred into the Fund and not yet reclaimed. No provision or estimate is made for interest which may be payable on future reclaims for the period from the date of transfer to the date of reclaim. Further analysis of the contingent exchequer liability is provided in note 10.2.

Under section 17(7) of the Dormant Accounts Act 2001 as amended, whenever the moneys in the Investment and Disbursements Account are insufficient to meet the deficiency in the Reserve Account, a payment can be made out of the Central Fund into the Reserve Account of an amount not exceeding the deficiency. Any such moneys paid from the Central Fund would be repaid, as soon as practicable, from surplus moneys remaining in the Fund after providing for any liabilities or contingent liabilities of the Fund.

#### 10.2 Analysis of Contingent Exchequer Liability:

	1 January 2018 €000	Movement during the year €000	31 December 2018 €000
Net Assets of Fund	271,122	18,686	289,808
Dormant Funds Transferred not reclaimed	(538,068)	(47,210)	(585,278)
Contingent liability	<b>(266,946)</b>	<b>(28,524)</b>	<b>(295,470)</b>

#### 10.3 The movement in the Contingent Exchequer Liability for the year is represented by:

	2018 €000	
Interest Expense	(143)	Note 6
Interest on repayments of moneys transferred to the Fund	(187)	Note 3
Disbursements	(27,822)	Note 5
Operating expenses	(372)	Note 7
Movement for the year	<b>(28,524)</b>	Note 10.2

### 11. Investment Return

Under section 45 (1)(b) of the Dormant Accounts Act 2001 as amended, the Agency is required to report to the Minister for Rural & Community Development the investment return achieved by the Fund in each financial year. The annualised return on the Fund for the year was -0.05% (2017:- 0.07%).

### 12. Events after the end of the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

### 13. Approval of Financial Statements

The financial statements were approved by the Agency on 7 May 2019.



**FINANCIAL STATEMENTS OF THE**

# Ireland Strategic Investment Fund

For the year ended 31 December 2018

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## **FUND AND OTHER INFORMATION**

### **Controller and Manager**

National Treasury Management Agency  
Treasury Building  
Grand Canal Street  
Dublin 2  
D02 XN96

### **Global Custodian (“Global Custodian”)**

Bank of New York Mellon  
240 Greenwich Street  
Manhattan  
New York  
U.S.A.

BNY Mellon SA/NV  
Rue Montoyer 46  
1000 Bruxelles  
Belgium

### **Bankers**

Central Bank of Ireland  
New Wapping Street  
North Wall Quay  
Dublin 1  
D01 F7X3

Allied Irish Banks p.l.c.  
1-4 Lower Baggot Street  
Dublin 2  
D02 X342

### **Auditor**

Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1  
D01 WP44



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

### Ireland Strategic Investment Fund

#### Opinion on financial statements

I have audited the financial statements of Ireland Strategic Investment Fund (the Fund) prepared by the National Treasury Management Agency (the Agency) for the year ending 31 December 2018 as required under the provisions of section 12 of the National Treasury Management Agency Act 1990 (as amended). The financial statements comprise

- the statement of financial position
- the statement of comprehensive income
- the statement of changes in net assets
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Agency has presented the financial statements together with certain other information in relation to the operation of the Fund. This comprises the Agency's annual report (including the governance statement and Agency members' report) and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

#### Weakness in internal controls

The Agency has disclosed in the statement on internal control that a weakness in internal controls relating to foreign currency hedging resulted in a loss of €721,000 in the year. The Agency has since introduced enhanced controls in relation to the hedging of foreign currency.

**Seamus McCarthy**  
Comptroller and Auditor General

16 May 2019



# Appendix to the report of the Comptroller and Auditor General

## Responsibilities of the National Treasury Management Agency

The governance statement and Agency members' report sets out the members' responsibilities for

- the preparation of financial statements in the form prescribed under section 12 of the National Treasury Management Agency Act 1990 (as amended)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Responsibilities of the Comptroller and Auditor General

I am required under section 12 of the National Treasury Management Agency Act (as amended) to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

## Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2018

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
<b>Assets</b>							
Investments	7, 8	7,612	7,512	7,787	11,537	15,399	19,049
Loans and receivables	7, 8	766	726	-	-	766	726
Trade and other receivables	9	27	31	-	-	27	31
Balance due from brokers	7	-	0	-	-	-	0
Cash and cash equivalents	12	452	450	215	215	667	665
<b>Total assets</b>		<b>8,857</b>	<b>8,719</b>	<b>8,002</b>	<b>11,752</b>	<b>16,859</b>	<b>20,471</b>
<b>Liabilities</b>							
Derivatives	7	(4)	(3)	-	-	(4)	(3)
Other liabilities	10	(28)	(30)	(1)	(0)	(29)	(30)
<b>Total liabilities</b>		<b>(32)</b>	<b>(33)</b>	<b>(1)</b>	<b>(0)</b>	<b>(33)</b>	<b>(33)</b>
<b>Net assets of the Fund at year end</b>		<b>8,825</b>	<b>8,686</b>	<b>8,001</b>	<b>11,752</b>	<b>16,826</b>	<b>20,438</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
<b>Income</b>							
Interest income	4	92	89	-	0	92	89
Dividend income	4	15	7	250	250	265	257
Private equity, property and other income	4	57	19	-	-	57	19
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss		(225)	264	(3,751)	2,320	(3,976)	2,584
<b>Net investment (loss)/income</b>		<b>(61)</b>	<b>379</b>	<b>(3,501)</b>	<b>2,570</b>	<b>(3,562)</b>	<b>2,949</b>
<b>Expenses</b>							
Operating expenses	5	(31)	(32)	(0)	(0)	(31)	(32)
<b>(Loss)/profit for the financial year before tax</b>		<b>(92)</b>	<b>347</b>	<b>(3,501)</b>	<b>2,570</b>	<b>(3,593)</b>	<b>2,917</b>
Taxation	6	1	(2)	-	-	1	(2)
<b>(Loss)/profit for the financial year</b>		<b>(91)</b>	<b>345</b>	<b>(3,501)</b>	<b>2,570</b>	<b>(3,592)</b>	<b>2,915</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency

## STATEMENT OF CHANGES IN NET ASSETS

### FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
(Loss)/profit for the year		(91)	345	(3,501)	2,570	(3,592)	2,915
Transfers to the Exchequer	11	-	-	-	(3,434)	-	(3,434)
Transfers to the Minister	11	(20)	-	-	(25)	(20)	(25)
Assets transferred between portfolios	11.3	250	250	(250)	(250)	-	-
<b>Increase/(decrease) in net assets</b>		<b>139</b>	<b>595</b>	<b>(3,751)</b>	<b>(1,139)</b>	<b>(3,612)</b>	<b>(544)</b>
Net assets at beginning of year		8,686	8,091	11,752	12,891	20,438	20,982
<b>Net assets at end of year</b>		<b>8,825</b>	<b>8,686</b>	<b>8,001</b>	<b>11,752</b>	<b>16,826</b>	<b>20,438</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the Agency



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

7 May 2019



**Maeve Carton, Chairperson**  
National Treasury Management Agency



**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Discretionary Portfolio		Directed Portfolio		Total	
		2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
<b>Cash flows from operating activities</b>							
Interest received		98	90	-	-	98	90
Tax reclaims received	6, 9	1	0	-	-	1	0
Dividends received	4, 9	16	9	250	250	266	259
Other income received		57	17	-	-	57	17
Proceeds from sale of investments		3,970	3,934	-	3,434	3,970	7,368
Purchase of investments		(4,164)	(4,442)	-	-	(4,164)	(4,442)
Cash collateral received		280	192	-	-	280	192
Cash collateral paid		(280)	(153)	-	-	(280)	(153)
Operating expenses paid		(30)	(32)	-	-	(30)	(32)
<b>Net cash from operating activities</b>		<b>(52)</b>	<b>(385)</b>	<b>250</b>	<b>3,684</b>	<b>198</b>	<b>3,299</b>
<b>Cash flows from financing activities</b>							
Transfer between portfolios		250	250	(250)	(250)	-	-
Transfer to the Exchequer		-	-	-	(3,434)	-	(3,434)
Transfer to the Minister		(20)	-	-	-	(20)	-
Transfer from the NPRF		0	1	-	-	0	1
<b>Net cash from financing activities</b>		<b>230</b>	<b>251</b>	<b>(250)</b>	<b>(3,684)</b>	<b>(20)</b>	<b>(3,433)</b>
Net increase in cash and cash equivalents		178	(134)	-	-	178	(134)
Opening cash and cash equivalents		450	427	215	215	665	642
Effect of exchange rate fluctuations on cash and cash equivalents		(176)	157	-	-	(176)	157
<b>Closing cash and cash equivalents</b>		<b>452</b>	<b>450</b>	<b>215</b>	<b>215</b>	<b>667</b>	<b>665</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Background

The Ireland Strategic Investment Fund (“the Fund”) was established on 22 December 2014 on the commencement of Part 6 of the National Treasury Management Agency (Amendment) Act 2014 (“NTMA Act 2014”). The National Treasury Management Agency (the “Agency” or the “Manager”) is the controller and manager of the Fund (other than Directed Investments). Section 39(1) of the NTMA Act 2014 requires the Agency to hold or to invest the assets of the Fund (other than the Directed Investments outlined below) on a commercial basis in a manner designed to support economic activity and employment in the State.

Sections 42, 42A, 43 and 47(4) of the NTMA Act 2014 enable the Minister for Finance to give directions to the Agency in relation to certain investments. Investments held as a result of Ministerial directions are referred to in these financial statements as “Directed Investments”. The holding and management of the Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with directions given by the Minister for Finance. Any interest or other income received in respect of deposits and/or securities held in the Directed Portfolio are held or invested by the Agency in line with Ministerial Direction.

Ownership of the Fund is vested in the Minister for Finance and it is domiciled in Ireland. It is not traded in a public market nor does it file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The financial statements are presented in euro which is the Fund’s functional and presentational currency.

## 2. Basis of preparation

The financial statements have been prepared for the year ended 31 December 2018. The comparative period is the year ended 31 December 2017. All amounts in the financial statements have been rounded to the nearest €m unless otherwise indicated. Where used, ‘€’000’ or ‘k’ denotes thousand, ‘m’ denotes million and ‘bn’ denotes billion.

The financial statements have been prepared pursuant to Section 12 of the National Treasury Management Agency Act 1990 (as amended) in a format approved by the Minister for Finance.

On the commencement of Part 6 of the NTMA Act 2014, the assets and liabilities of the National Pensions Reserve Fund (“NPRF”) became the assets and liabilities of the Fund (subject to the provisions of Schedule 4 of the NTMA Act 2014 in the case of certain foreign assets and foreign liabilities). The legal transfer of foreign assets must be done in conjunction with the relevant counterparty. The process is largely complete and a small number of foreign assets have not legally transferred from the NPRF to the Fund as at 31 December 2018. These assets (held by the NPRF Commission acting through the Agency) were previously derecognised by the NPRF Commission and are recognised and presented within the Fund’s financial statements for the year ending 31 December 2018, in line with Financial Reporting Standards (“FRS”).

Notwithstanding the Fund’s significant holdings in the equity of Allied Irish Banks p.l.c. (“AIB”) as part of its Directed Investments, the Agency (as manager and controller of the Fund) does not have the ability to exercise control, dominant influence or significant influence over AIB as the Minister has reserved the voting control in the shares to his direction alone. Therefore, the Agency does not consolidate the results and the financial position of AIB into the financial statements of the Fund.

### Statement of compliance

The financial statements have been prepared in compliance with applicable legislation, and with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by Financial Reporting Council in the UK for use in Republic of Ireland (September 2015).

## 3. Significant accounting policies

### 3.1 Measurement convention

The financial statements are prepared on the historical cost basis modified by the inclusion at fair value of derivatives, investments and other financial instruments designated at fair value through profit or loss on initial recognition.

### 3.2 Going concern

The financial position of the Fund, its cash flows and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements set out the Fund’s financial risk management objectives, details of its financial assets and financial liabilities and its exposures to market, credit and liquidity risk.

The Agency members have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Fund continues to adopt the going concern basis of accounting in preparing the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. Significant accounting policies (continued)

#### 3.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and judgements that management have made in applying the Fund's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

##### Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the fair value measurement of financial assets with significant unobservable inputs.

##### Critical accounting judgements in applying accounting policies

The Fund was not required to make any critical judgements when applying its accounting policies.

#### 3.4 Foreign currency translation and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation of cash and cash equivalents are included in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income.

#### 3.5 Interest

Interest income and expense are recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, without consideration of future credit losses, over the expected life of the financial instrument or through to the next market based re-pricing date to the net carrying amount of the financial instrument on initial recognition.

#### 3.6 Dividend income

Dividend income is recognised on the date on which the right to receive payment is established.

#### 3.7 Private equity, property and other income

Private equity, property and other income are recognised on an accruals basis.

#### 3.8 Net gain/(loss) on financial assets and liabilities at fair value through profit or loss (FVTPL)

Net gain/(loss) from financial instruments at FVTPL includes realised and unrealised fair value changes and foreign exchange differences.

#### 3.9 Fees, charges and other expenses

Other than finance costs recognised over the term of the debt using the effective interest rate method, fees, charges and other expenses are recognised on an accruals basis.

#### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents and treasury bills, meeting the conditions to be a cash equivalent, are measured at fair value.

### 3. Significant accounting policies (continued)

#### 3.11 Recognition and measurement of financial assets and liabilities

The Fund recognises and measures its financial assets and financial liabilities in accordance with Section 11 and Section 12 of FRS 102. The Fund determines the classification of its financial instruments at initial recognition.

##### Fair value measurement

'Fair value' is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted between knowledgeable willing parties in an arm's length transaction.

Financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities upon initial recognition are measured at transaction price.

##### Amortised cost measurement

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment or uncollectability.

##### Impairment

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss event has had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation or adverse changes in the payment status of the borrowers due to adverse national or local economic conditions or adverse change in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

#### 3.12 Financial assets and liabilities

The significant accounting policies for the Fund's financial assets and liabilities by investment type are outlined below.

##### Basic financial assets and liabilities

###### Quoted equities, debt instruments and investment funds

Investments are measured at fair value, which is the unadjusted bid market value on the primary exchange or market where the investment is quoted.

###### Direct private equity, convertible preference shares, convertible loans and unquoted equities

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes in their fair value recognised in profit or loss. The Fund engages an external valuation advisor to gain assurance that the carrying values of such investments are appropriate at year end.

Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment. A reliable measure of fair value for a number of holdings is not available and these holdings are valued at cost less impairment.

###### Loans and receivables

Loans and receivables subsequent to initial recognition are measured at amortised cost using the effective interest rate method. Basic debt instruments (that are non-interest bearing), which are payable or receivable within one year, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Fund measures the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. Significant accounting policies (continued)

#### 3.12 Financial assets and liabilities (continued)

##### Basic financial assets and liabilities (continued)

###### Unquoted investment funds (property, private equity, forestry, energy, infrastructure and pooled)

The estimated fair value for unquoted investments in property, private equity, forestry, energy, infrastructure and unquoted pooled funds for which there is not an active market is based on the latest valuation placed on the fund or partnership by the external manager of that fund or partnership in the audited financial statements. Where audited financial statements are not available, e.g. in circumstances where the fund or partnership's year end does not coincide with that of the Fund, the latest available valuation from unaudited financial statements is used.

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

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

The Agency uses external managers' valuations to determine the fair value of an investment in line with its valuation process as overseen by the Valuation Committee.

###### Other receivables and payables and amounts due to/(from) third parties

Other receivables are recognised initially at transaction price less attributable transaction costs. Other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment in the case of trade receivables.

###### Receivables and payables under sale and repurchase agreements and securities borrowed

When the Fund purchases a financial asset and simultaneously enters into an agreement to resell the same or a substantially similar asset at a fixed price on a future date (reverse sale and repurchase agreement), the arrangement is accounted for as a basic debt instrument at amortised cost if it qualifies as basic and is recognised in the Statement of Financial Position as a receivable from a reverse sale and repurchase agreement and the underlying asset is not recognised in the Fund's financial statements.

###### Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments that do not meet the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition, such financial instruments are measured at fair value with changes recognised in profit or loss, except investments in instruments that are not publicly traded and where fair value cannot otherwise be measured reliably which are measured at cost less impairment.

###### Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

###### Unquoted debt instruments

Unquoted debt instruments are recognised at their fair value. The Fund uses an external valuation advisor, where required, to gain assurance that the carrying values of such investments are appropriate at year end. Where it is deemed that fair value cannot be measured reliably, such investments are measured at cost less impairment.

The Agency has established procedures to periodically review the valuation of investments. Based on its judgement, and relevant information available to it, the Agency may in certain circumstances determine that an adjustment to the external source's valuation is appropriate in recording an investment's fair value.

The Fund has a Valuation Committee in place (Note 15.7(ii)). During the year, the membership of the Valuation Committee comprised of the Chief Financial and Operating Officer, the Head of Risk, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund by:

### 3. Significant accounting policies (continued)

#### 3.12 Financial assets and liabilities (continued)

##### Financial instruments not considered to be basic financial instruments (other financial instruments) (continued)

###### Unquoted debt instruments (continued)

- reviewing the periodic investment valuations and valuation basis for the assets of the Fund in accordance with the accounting framework as adopted by the Fund;
- approving the asset valuations for inclusion in the annual financial statements of the Fund; and
- supporting the NTMA Audit and Risk Committee with their review and approval of the Fund financial statements.

#### 3.13 Derecognition

The Fund derecognises a financial asset when:

- the contractual rights to the cash flows from the asset are settled or expired;
- it expires, or the Fund transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- despite retaining some significant risk and rewards of ownership, the Fund has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Fund derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

On derecognition of a financial asset, the carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised are recognised in profit or loss in the year of the transfer.

If a transfer does not result in derecognition because the Fund has retained significant risks and rewards of ownership of the transferred asset, the Fund continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. Other than when the conditions for offset are met (see Note 3.14), the asset and liability are not offset. In subsequent periods, the Fund recognises any income on the transferred asset and any expense incurred on the financial liability.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Fund recognises in profit or loss any difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

#### 3.14 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Fund has a legally enforceable and current right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

#### 3.15 Investment rebates

Investment rebates are generally recognised on an accruals basis at the point that the Fund becomes aware that it is entitled to a rebate from an investment manager. In instances when the Fund has not been given prior knowledge of a rebate, the rebate is recognised on receipt.

#### 3.16 Collateral

Cash placed as collateral is recognised in the Statement of Financial Position as Balances due from brokers. These amounts represent margin accounts, cash collateral for borrowed securities and derivatives and sales transactions awaiting settlement. Collateral placed with the Fund is recognised in Balances due to brokers in the financial liabilities of the Statement of Financial Position.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Income

#### 4.1 Discretionary Portfolio

	2018 €m	2017 €m
Interest income	92	89
Property fund income	49	12
Dividend income	15	7
Private equity income	5	2
Other income	3	5
	<b>164</b>	<b>115</b>

Other income includes investment rebates of €1.6m (2017 €1.6m) and miscellaneous income of €1.1m (2017: €3.4m).

#### 4.2 Directed Portfolio

	2018 €m	2017 €m
Dividend income	250	250
Interest income	-	0
	<b>250</b>	<b>250</b>

On 4 May 2018, the Fund received a dividend payment of €233m (2017: €250m) from AIB. On 24 May 2018, the Fund received a dividend payment of €17m (2017: €0m) from BOI. There was interest income of €8k from the SBCI loan in 2017 (see Note 11.1).

### 5. Operating expenses

The amounts required to cover the investment management and operating costs of the Fund are as follows:

#### 5.1 Discretionary Portfolio – fees and expenses

	2018 €m	2017 €m
NTMA recharge	14	12
Investment managers' fees	12	14
Legal fees	1	3
Global Custodian fees	1	1
Systems and services	1	1
Tax fees	1	1
Other fees	1	0
	<b>31</b>	<b>32</b>

Under Section 48 of the NTMA Act 2014, the expenses of the Agency in the performance of its functions relating to the Fund are required to be defrayed from the Fund. These amount to €14.5m in 2018 (2017: €12.5m).

#### 5.2 Directed Portfolio – fees and expenses

	2018 €m	2017 €m
Interest expense	0	0

The interest expense above represents negative interest being charged on the Central Bank account.

## 5. Operating expenses (continued)

### 5.3 Advisory fees

In line with the requirements of the Code of Practice for the Governance of State Bodies 2016 (“the Code”), advisory fees incurred by the Fund during the year are disclosed below.

	2018 €m	2017 €m
Legal	1	3
Financial and tax advisory	3	1
Pensions and human resources	0	0
Other	0	0
	<b>4</b>	<b>4</b>

These costs are included in Note 5.1 Fees and expenses and are inclusive of any advisory fees recharged through the NTMA.

## 6. Taxation

The income and profits of the Fund are exempt from Irish Corporation Tax in accordance with Section 230(1) and 230 (1A) of the Taxes Consolidation Act, 1997 as amended. The Fund may, however, be liable for taxes in overseas jurisdictions.

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.

	2018 €m	2017 €m
Foreign taxes	0	(2)
Withholding tax reclaim	1	0
<b>Net Tax Income/(Costs)</b>	<b>1</b>	<b>(2)</b>

The Fund received €0.6m (2017: €0.1m) withholding tax reclaims in relation to tax reclaims submitted to the year ended 31 December 2018.

## 7. Discretionary Financial assets and liabilities

### 7.1 Fund structure and transition

The ISIF is comprised of the Discretionary Portfolio and the Directed Portfolio. The ISIF has a “double bottom line” mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In December 2014, the assets of the NPRF transferred to the Ireland Strategic Investment Fund. The NPRF Discretionary Portfolio was made available to the ISIF to enable it to make investments that meet this mandate.

In July 2018, the Minister for Finance announced that the ISIF would focus on priority themes that will support Project Ireland 2040 - regional development, housing, indigenous industry, climate change and sectors adversely affected by Brexit.

The Discretionary Portfolio is comprised of the Irish Portfolio and the Global Portfolio. During 2016, the ISIF implemented a Global Portfolio Transition Strategy, which positioned the Global Portfolio as a conservatively managed and liquid portfolio that will provide cash to fund investment opportunities in Ireland as they develop.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Discretionary Financial assets and liabilities (continued)

#### 7.2 Discretionary Portfolio valuation

The total Discretionary Portfolio at 31 December amounts to €8.8bn (2017: €8.7bn). The composition of the Discretionary Portfolio by investment type is as follows:

Investments at FVTPL	Note	2018 €m	2017 €m
Quoted equities		456	448
Direct private equity		235	90
Quoted debt instruments		1,918	2,183
Unquoted debt instruments		258	242
Property fund investments		142	167
Private equity fund investments		776	580
Forestry investments		52	46
Energy investments		31	25
Infrastructure investments		250	249
Quoted investment funds		2,509	2,563
Unquoted investment funds		913	829
Convertible preference shares		43	46
Other derivative instruments		-	0
		<b>7,583</b>	<b>7,468</b>
<b>Loans and receivables at amortised cost</b>			
Other debt		764	631
Other bonds		2	95
		<b>766</b>	<b>726</b>
<b>Derivatives at FVTPL</b>			
Equity options	15.2(iii)	2	(2)
Swaps		(1)	(1)
Futures contracts	13.1	13	11
Foreign exchange contracts	13.1	11	33
		<b>25</b>	<b>41</b>
<b>Cash and cash equivalents</b>			
Cash		421	440
Treasury bills		31	10
	12	<b>452</b>	<b>450</b>
Trade and other receivables	9	27	31
Balance due from brokers	15.3(ii)	-	0
Other liabilities	10	(28)	(30)
<b>Total discretionary net assets</b>		<b>8,825</b>	<b>8,686</b>

## 7. Discretionary Financial assets and liabilities (continued)

### 7.3 Irish Portfolio valuation

At 31 December 2018, €2.6bn (2017: €2.2bn) is invested in the Irish Portfolio with the remaining €6.2bn (2017: €6.5bn) invested in the Global Portfolio. The breakdown of the Irish Portfolio by investment type is as follows:

	<b>2018 €m</b>	<b>2017 €m</b>
<b>Investments at FVTPL</b>		
Private equity fund investments	774	576
Infrastructure investments	250	249
Quoted equities	190	184
Property fund investments	110	106
Direct private equity	235	90
Unquoted debt instruments	94	70
Convertible preference shares	43	46
Forestry investments	52	46
Quoted debt instruments	35	35
Energy investments	31	25
	<b>1,814</b>	<b>1,427</b>
<b>Loans and receivables at amortised cost</b>		
Other debt	764	631
Other bonds	2	95
	<b>766</b>	<b>726</b>
Cash and cash equivalents	12	3
Trade and other receivables	2	3
<b>Total Irish Portfolio valuation</b>	<b>2,594</b>	<b>2,159</b>

As at 31 December 2018, a total of €4.1bn (2017: €3.3bn) was committed to the Irish Portfolio.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. Directed Portfolio

The Agency holds a portfolio of Directed Investments which is subject to directions given by the Minister for Finance pursuant to Section 42A and Sections 43 of the NTMA Act 2014. The holding and management of the portfolio of Directed Investments, the exercise by the Agency of voting and other rights attaching to the Directed Investments and the disposal by the Agency of the Directed Investments must be conducted in accordance with directions given by the Minister for Finance.

#### 8.1 Directed portfolio valuation

	2018 Unit Millions	2017 Unit Millions	Valuation € 2018 Per Unit	Valuation € 2017 Per Unit	2018 €m	2017 €m
<b>Bank of Ireland (BoI)</b>						
Ordinary Shares <sup>1</sup>	150	150	4.872	7.124	733	1,072
<b>Allied Irish Banks (AIB)</b>						
Ordinary Shares <sup>2</sup>	1,930	1,930	3.654	5.421	7,054	10,465
<b>Total directed investments assets</b>					<b>7,787</b>	<b>11,537</b>
Cash (Note 12, 14.3)					215	215
<b>Total directed investments</b>					<b>8,002</b>	<b>11,752</b>

1 The value of BOI ordinary shares is based on quoted bid prices. The Fund's % shareholding of 13.95% remains the same as at 31 December 2017.

2 The value of AIB ordinary shares is based on quoted bid prices. The Fund's % shareholding of 71% remains the same as at 31 December 2017.

#### 8.2 Directed investment valuation movement

	2018 €m	2017 €m
<b>Bank of Ireland</b>		
Opening valuation	1,072	1,056
Investment (loss)/gain during the year	(339)	16
<b>Closing Valuation</b>	<b>733</b>	<b>1,072</b>
<b>Allied Irish Banks</b>		
Opening valuation	10,465	11,595
Disposal of ordinary shares	-	(3,434)
Investment (loss)/gain during the year	(3,411)	2,304
<b>Closing Valuation</b>	<b>7,054</b>	<b>10,465</b>

As part of the AIB IPO in June 2017, the Fund disposed of 780,384,606 shares for proceeds of €3.43bn. These proceeds were subsequently transferred back to the Exchequer (See Note 11.1).

## 9. Trade and other receivables

	2018 €m	2017 €m
Interest receivable	24	28
Tax reclaims recoverable	1	2
Amounts receivable for securities sold	2	1
	<b>27</b>	<b>31</b>

## 10. Other liabilities

	2018 €m	2017 €m
Amounts payable for securities purchased	17	19
Other accrued expenses	11	11
	<b>28</b>	<b>30</b>

Other liabilities on the Directed Portfolio relates to negative interest payable.

## 11. Transfers

### 11.1 Transfers to the Exchequer/Minister

	2018 €m	2017 €m
Transfer to the Exchequer	-	3,434

In 2017, the proceeds from the AIB IPO of €3.434bn were transferred to the Exchequer from the Directed Portfolio as directed by the Minister for Finance.

	2018 €m	2017 €m
Transfer to the Minister from Directed Portfolio	-	25
Transfer to the Minister from Discretionary Portfolio	20	-

During the year, €20m was transferred from the Discretionary Portfolio to discharge the liability of the Minister for Finance in respect of the shares allotted and issued to the Minister under Section 10(2) of the Home Building Finance Ireland Act 2018. In February 2017, the outstanding €25m loan from the Fund to the SBCI was converted to ordinary share capital of the SBCI under the direction of the Minister for Finance. This share capital is held directly by the Minister for Finance and not by the Fund.

### 11.2 Transfers from the Exchequer

There were no transfers from the Exchequer to the Fund during the year.

### 11.3 Transfers between Discretionary and Directed Portfolios

	2018 €m	2017 €m
Transfer from Directed to Discretionary portfolio	250	250

Dividend payments of €233m and €17m which the Fund received from AIB on the 4 May 2018 and BOI on the 24 of May 2018 respectively were transferred from the Directed Portfolio to the Discretionary Portfolio on receipt; in accordance with the applicable Ministerial direction that cash proceeds from the Directed Investments shall form part of the Discretionary Portfolio.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. Cash and cash equivalents

	2018 €m	2017 €m
<b>Discretionary Portfolio</b>		
Cash at Central Bank of Ireland	101	181
Cash with Global Custodian	320	259
Treasury bills	31	10
	<b>452</b>	<b>450</b>
<b>Directed Portfolio</b>		
Cash at Central Bank of Ireland (Note 14.3)	<b>215</b>	<b>215</b>

### 13. Commitments

#### 13.1 Foreign currency and futures commitments

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

	31 December 2018 Notional Principal €m	31 December 2018 Unrealised gain €m	31 December 2017 Notional Principal €m	31 December 2017 Unrealised gain €m
<b>NTMA</b>				
Foreign exchange contracts	1,543	5	1,234	10
<b>Investment Managers</b>				
Foreign exchange contracts	1,956	6	2,159	23
Futures contracts	636	13	504	11
		<b>24</b>		<b>44</b>

#### Foreign exchange contracts

The Fund (excluding Directed Investments) follows a policy of hedging its foreign currency risk, using forward foreign exchange contracts and cross currency swaps. The Fund's investment managers are not required to hedge currency exposure. They are permitted to carry out spot and foreign exchange contracts in order to satisfy the settlement of securities transactions, and to manage their portfolios as agreed with the Fund. The notional value represents the total contracted foreign exchange contracts outstanding at the year end.

#### Financial futures

The Fund's investment managers are permitted to execute futures contracts as agreed with the Fund.

## 13. Commitments (continued)

### 13.2 Uncalled investment commitments

The Fund (excluding Directed Investments) has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at 31 December 2018, the Fund's outstanding commitments totalled €1.4bn (2017: €1.3bn).

The Fund has entered into commitments in respect of certain types of investments as outlined below.

	Time-frame of commitment Years	2018 €m	2017 €m
Total unquoted investments	0-9	916	839
Total loans and receivables	0-8	475	437
<b>Total uncalled commitments</b>		<b>1,391</b>	<b>1,276</b>

#### Funding of Commitment

The Agency seeks to manage the Fund (excluding Directed Investments) to ensure that it will always have sufficient liquidity, without omitting attractive investment opportunities, to fund its commitments as they are called.

The NTMA Liquidity Risk Management Policy is applicable to the Fund. This policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the NTMA.

The Fund is not subject to externally imposed capital requirements and as at 31 December 2018, the Discretionary Portfolio was predominantly invested in readily realisable assets.

## 14. Related Parties

### 14.1 Minister for Finance

Ownership of the Fund vests in the Minister for Finance pursuant to Section 38(3) of the NTMA Act 2014.

Under Section 46(1) and 46(2) of the NTMA Act 2014, the Minister for Finance may make payments into the Fund from the Central Fund. Where the Minister for Finance proposes to make a payment into the Fund, the Houses of the Oireachtas must pass a resolution approving the payment before the Minister for Finance can process the payment. Transactions between the Fund and the Minister for Finance during the year are detailed in Note 11.

### 14.2 National Treasury Management Agency

The Fund (excluding Directed Investments) is controlled and managed by the Agency pursuant to Section 41(1) of the NTMA Act, 2014.

The NTMA Investment Committee ("the Investment Committee") is a statutory committee provided for by the National Treasury Management Agency Act, 1990 (as amended). The Investment Committee assists the Agency in the control and management of the Fund (excluding Directed Investments) by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy. The Agency has delegated investment decisions up to €150m to the Investment Committee. Proposed investments in excess of €150m are referred to the Agency with a recommendation from the Investment Committee.

The Investment Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance.

Under Section 48 of the NTMA Act 2014, the expenses of the Agency are defrayed from the Fund. For the year ended 31 December 2018, these expenses were €14.5m (2017: €12.5m).

#### Key management personnel

The Fund (excluding Directed Investments) is controlled and managed by the Agency. The key management personnel and their compensation are disclosed in the Agency's Administration Account Financial Statements.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 14. Related Parties (continued)

### 14.3 Strategic Banking Corporation of Ireland

The Fund and the Strategic Banking Corporation of Ireland (the "SBCI") are both under the control of the Minister for Finance. As part of the Directed Investments, under the direction of the Minister for Finance, the Fund provided a loan facility of €240m to the SBCI in 2015. In 2016, €25m of this facility was drawn down.

During 2017, the €25m loan the Fund had issued to the SBCI was transferred to the Minister (see Note 11.1).

At 31 December 2018, the outstanding commitment on the loan facility is €215m and this is held within the Directed Investments cash balance (see Note 12).

### 14.4 Other Government controlled entities

The Central Bank of Ireland and Allied Irish Banks plc are related parties of the Fund as both are under the control of the Minister for Finance. Cash held by the Fund at the Central Bank of Ireland is disclosed in Note 12. The Fund's investment in AIB is disclosed in Note 8.

## 15. Financial risk management – Discretionary Portfolio

The Agency is responsible for risk management of the Discretionary Portfolio. In relation to the Directed Portfolio, the Agency's responsibility is to implement directions from the Minister for Finance and to value relevant securities for the purpose of the Fund's financial statements. As such, references to the Fund in this note refer to the Discretionary Portfolio.

The base currency of the Fund is euro. The measured returns and monitored portfolio risks are aggregated in euro.

In the ordinary course of its activities, the Agency actively manages a variety of risks including investment risk, market risk, credit risk, liquidity risk and operational risk.

The Agency Risk Management Policy and Framework prescribes mandatory standards and definitions for risk management that apply to all parts of the Agency and across all risk categories. These standards are then implemented through the detailed policies and procedures that govern the management of individual risk categories and/or risk management processes.

The Agency Risk Management Framework is predicated on the three-lines-of-defence model and its organisational structure and risk committee structure are aligned in order to establish clear ownership and accountabilities for risk management.

As the first line of defence, the Agency's Business Units and Corporate Functions are primarily responsible for owning and managing risks on a day-to-day basis, taking into account the Agency's risk tolerance and appetite and in line with its policies, procedures, controls and limits.

The second line of defence, which includes the Agency's Risk, Compliance and other control functions, is independent of first line management and operations and its role is to challenge decisions that affect the organisation's exposure to risk and to provide comprehensive and understandable reporting on risk management issues.

The third line of defence comprises the Internal Audit function which provides independent, reasonable and risk based assurance to key stakeholders on the robustness of the Agency's governance, overall risk management and the design and operating effectiveness of the internal control environment.

A number of Agency and management committees, including the Audit and Risk Committee and the Risk sub-committees, support the Agency in discharging its responsibilities in relation to risk management.

### Agency Committees:

#### NTMA Investment Committee

The NTMA Investment Committee comprises non-executive members and is responsible for overseeing the Fund's investment strategy. The role of the Investment Committee is described in Note 14.2.

## 15. Financial risk management – Discretionary Portfolio (continued)

### Agency Committees: (continued)

#### Agency Audit & Risk Committee (ARC)

The ARC comprises members of the Agency Board and assists the Agency Board in the oversight of its risk management framework, including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition the ARC oversees the Agency's Risk management and Compliance function, which is managed on a day-to-day basis by the Head of Risk and the Head of Compliance respectively.

The ARC also assists the Agency in the oversight of the quality and integrity of the Agency's financial statements, reviews and monitors the effectiveness of the systems of internal control, the internal audit process, and considers the outputs from the statutory auditor.

### Management Committees:

#### Portfolio Management Committee (PMC)

The first line of defence includes the PMC which comprises senior members of the Fund investment team. The core functions of the PMC are to consider and make investment recommendations to the NTMA Investment Committee and provide management oversight of the Fund's investments. The Fund's internal investment process seeks to ensure all investment opportunities are thoroughly evaluated in terms of commerciality, capacity to generate a suitable economic impact and appropriateness in the context of the overall Fund.

#### Enterprise Risk Management Committee (ERMC)

The ERMC oversees the implementation of the Agency's overall risk appetite and senior management's establishment of appropriate systems (including policies, procedures and risk limits) to ensure enterprise risks are effectively identified, measured, monitored, controlled and reported.

#### Counterparty Credit Risk Committee (CCRC)

The CCRC oversees and advises the ERMC on counterparty credit risk exposures. It formulates, implements and monitors compliance with the NTMA Counterparty Credit Risk Policy, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant counterparty credit risk exposures and details to the ERMC.

#### Market and Liquidity Risk Committee (MLRC)

The MLRC oversees and advises the ERMC on market and liquidity risk exposures. It formulates, implements and monitors compliance with the NTMA Market and Liquidity Risk Policies, including the consideration and recommendation, where appropriate, of any proposed changes and ensures that all appropriate actions are taken in respect of relevant policy or any breaches. It reports relevant market risk and liquidity risk exposures and details to the ERMC.

#### Operational Risk and Control Committee (ORCC)

The ORCC reviews and recommends to the ERMC for approval the operational risk policies. The ORCC monitors, reviews and challenges the Agency's operational risks and reports on operational risk management to the ERMC.

#### Products and Processes Committee (PPC)

The PPC reviews, challenges and recommends to the ERMC for approval proposals and risk assessments in respect of new products and processes, or material changes to existing products and processes.

### 15.1 Investment risk

Investment risk is the risk that actual investment performance deviates from relevant strategies. The Agency has an open appetite for investment risk where it is willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of risk-adjusted reward.

Any deviations from relevant investment mandates could result in sub-optimal investment returns or actual capital losses on original outlays. It is therefore vital the on-going management of investment risk is fully integrated into the activities and objectives of the Fund. While investment risk may arise from insufficiently robust internal assessment or monitoring processes, it can also arise from a variety of external sources such as adverse macro-economic or market developments, regulatory shocks, underperformance of individual investments or fraud.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.1 Investment risk (continued)

Investment Risk includes the following sub-categories:

- Investment process risk: risk of incurring sub-optimal returns or capital losses due to insufficiently robust assessment or approval processes of investment proposals or subsequent monitoring of transactions;
- Economic impact risk: risk that the economic impact objective of the investment strategy does not materialise;
- Permanent capital loss risk: risk of loss of control over a particular investment or that there are illiquid markets at the time of investment exit; and
- Portfolio concentration risk: risk associated with an over concentration as a result of the pursuit of an investment strategy including economic/industry sector, geography, counterparty etc.

The NTMA Investment Risk Policy is applicable to the Fund.

#### 15.2 Market risk

Market risk is the risk of loss or increased costs resulting from changes in the value of assets and liabilities (including off balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates or other market prices. Sub-categories of market risk include interest rate risk, foreign exchange risk and market price risk.

The Fund has adopted a Global Portfolio Transition Strategy, which is designed to provide adequate liquidity to allow the Fund's transition into an Irish focused portfolio in line with the ISIF's mandate.

The Agency Market Risk Management Policy is applicable to the Global Portfolio Transition Strategy. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to market risk within the Global Portfolio Transition Strategy.

The Fund uses derivatives to manage its exposure to foreign currency, interest rate and other price risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Fund does not apply hedge accounting.

##### i) Interest rate risk

Interest rate risk is the risk that movements in interest rates may adversely impact the value of an underlying financial instrument or may impact the cash flows of the Fund.

##### Interest rate exposure

The following table details the value as at 31 December 2018 of fixed interest bearing securities in the Discretionary Portfolio exposed to the risk fair value may change consequent to a change in interest rates:

<b>Fixed interest bearing securities</b>	<b>2018 €m</b>	<b>2017 €m</b>
Maturing within one year	266	601
Maturing between one and five years	1,932	1,448
Maturing after five years	440	454
<b>Total fixed interest bearing securities</b>	<b>2,638</b>	<b>2,503</b>

This table reflects the portion of financial securities exposed to the risk that fair value may change as a result of changes in interest rates. For disclosure purposes, fixed interest bearing assets are included in exposures to both price and interest rate risk. The table does not reflect any potential exposure to changes in interest rates relating to investments held in investment funds.

In addition to the interest bearing securities detailed in the table above, the Fund holds investment cash including cash and cash equivalents of €0.5bn (2017: €0.5bn) (Note 12) and liquid funds of €0.6bn (2017: €0.8bn). These assets are interest bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

##### Sensitivity analysis

The sensitivity analysis below reflects how net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. Management has determined that a fluctuation in interest rates of 50 basis points is reasonably possible, considering the economic environment in which the Fund operates.

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.2 Market risk (continued)

#### i) Interest rate risk (continued)

The table below sets out the effect on the Fund's fixed interest bearing securities of an increase of 50 basis points in interest rates at 31 December. A reduction in interest rates of the same amount would have resulted in an equal but opposite effect to the amounts shown. The impact results primarily from the decrease in the fair value of fixed rate securities. This analysis assumes a linear interest rate curve and that all other variables remain constant.

Effect on Discretionary Portfolio net assets	2018	2017
€m Reduction	(13)	(13)
% reduction	(0.15%)	(0.14%)

#### ii) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the underlying value of assets, liabilities and derivative instruments that are denominated in a currency other than euro. The present value of future cash flows will fluctuate with changes in exchange rates which can also impact future cashflows.

The Fund has outstanding commitments in respect of property and private equity investments of USD 130m and JPY 16m at 31 December 2018 (USD 364m and JPY 16m at 31 December 2017).

#### Foreign exchange risk management

The Fund seeks to manage its foreign currency risk using forward foreign exchange contracts and cross currency swaps. The profit/loss on these forward foreign exchange contracts and cross currency swaps offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

#### Foreign exchange risk exposure

The following table details the asset value in the Discretionary Portfolio exposed to currency risk both before and after the impact of the currency hedge. In relation to holdings in investment funds, it details the base currency of the relevant fund. When appropriate, the Agency manages the exposure generated by the underlying investments of a fund in addition to its base currency.

	Local currency 2018 m	Base currency 2018 €m	Net exposure after hedging 2018 €m
US dollar	3,424	2,990	237
Singapore dollar	0	0	0
South Korean won	0	0	0
New Zealand dollar	-	-	(6)
Israeli shekel	-	-	(7)
Norwegian krone	5	1	(7)
Hong Kong dollar	22	2	(6)
Australian dollar	3	2	(5)
Swedish krona	55	5	(14)
Japanese yen	952	8	(23)
Danish krone	123	16	(8)
Canadian dollar	1	1	(16)
Swiss franc	1	1	(12)
British pound	268	300	(12)
<b>Total</b>		<b>3,326</b>	<b>121</b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Financial risk management – Discretionary Portfolio (continued)

15.2 Market risk (continued)

ii) Foreign exchange risk (continued)

	Local currency 2017 m	Base currency 2017 €m	Net exposure after hedging 2017 €m
US dollar	3,442	2,870	248
Singapore dollar	1	1	1
South Korean won	0	0	0
New Zealand dollar	-	-	(6)
Israeli shekel	-	-	(6)
Norwegian krone	4	0	(6)
Hong Kong dollar	16	2	(6)
Australian dollar	3	2	(8)
Swedish krona	32	3	(8)
Japanese yen	711	5	(9)
Danish krone	161	22	(10)
Canadian dollar	3	2	(14)
Swiss franc	2	2	(16)
British pound	285	321	(23)
<b>Total</b>		<b>3,230</b>	<b>137</b>

Sensitivity analysis

The table below sets out the effect on the net assets of a reasonably possible weakening of the US dollar against the euro by 5% at 31 December.

Effect on Discretionary Portfolio net assets	2018	2017
€m Reduction	(12)	(12)
% reduction	(0.13%)	(0.14%)

A strengthening of the US dollar against the euro would have resulted in an equal but opposite effect to the amounts shown above.

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.2 Market risk (continued)

#### iii) Market price risk

Market price risk is the risk resulting from a change in the value of investments due to changes in the prices of securities unrelated to interest rate or exchange rate changes, such as equities and commodities.

#### Market price risk exposure

The asset value in the Discretionary Portfolio exposed to market price risk at 31 December is the value of financial investments as detailed in the following table:

	2018 €m	2017 €m
<b>Exposure to market price risk</b>		
Quoted investments	4,883	5,194
Direct private equity	235	90
Unquoted investments	1,214	1,117
Property fund investments	142	167
Private equity fund investments	776	580
Infrastructure investments	250	249
Forestry investments	52	46
Energy investments	31	25
Derivative instrument assets	29	44
<b>Financial assets at FVTPL</b>	<b>7,612</b>	<b>7,512</b>
Treasury bills	31	10
Derivative instrument liabilities	(4)	(3)
<b>Total exposed to market price risk</b>	<b>7,639</b>	<b>7,519</b>
<b>Not exposed to market price risk</b>		
Deposits and cash	421	440
Loans and receivables	765	726
<b>Total not exposed to market price risk</b>	<b>1,186</b>	<b>1,166</b>
<b>Total Discretionary Portfolio financial assets and liabilities</b>	<b>8,825</b>	<b>8,685</b>

#### Market price risk management

The Agency monitors the market price risk inherent in the investment portfolio by ensuring full and timely access to relevant information from the Fund's Investment Managers. The Agency meets Investment Managers regularly and at each meeting reviews relevant investment performances. A geographical analysis of the Fund's Discretionary Portfolio exposed to market price risk is shown below. Investments are shown based on their relevant country of incorporation.

	2018 €m	2017 €m
<b>Analysis by geographical classification</b>		
Europe excluding Ireland	4,030	3,843
North America	1,638	1,887
Ireland	1,227	1,150
Emerging markets	609	544
Asia pacific	135	95
<b>Total</b>	<b>7,639</b>	<b>7,519</b>

\* This analysis excludes loans and receivables and deposits and cash.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.2 Market risk (continued)

##### iii) Market price risk (continued)

##### Analysis by investment type

The following table sets out the concentration of the Discretionary Portfolio's financial assets and liabilities of the Fund exposed to market price risk by instrument type as at the reporting date.

	2018 €m	2017 €m
<b>Equity and managed fund investments</b>		
Exchange traded equity investments	456	448
Unlisted equity investments	1,293	1,113
Direct private equity	235	90
Unquoted investment funds	914	829
Quoted open ended investment funds	1,430	1,479
<b>Total equity and managed fund investments</b>	<b>4,328</b>	<b>3,959</b>
<b>Debt securities</b>		
Exchange traded debt securities	1,918	2,183
Other debt securities	258	242
Quoted open ended investment funds	1,079	1,084
<b>Total debt securities</b>	<b>3,255</b>	<b>3,509</b>
Treasury bills	31	10
<b>Total investment assets</b>	<b>7,614</b>	<b>7,478</b>
<b>Derivative assets/(liabilities)</b>		
Listed equity index options	5	0
Unlisted equity options	(3)	(2)
Foreign currency forward contracts	11	33
Futures contracts	13	11
Credit default swaps	(0)	0
Equity index swaps	(1)	(1)
Interest rate swaps	(0)	(0)
<b>Total derivative assets/(liabilities)</b>	<b>25</b>	<b>41</b>
<b>Total</b>	<b>7,639</b>	<b>7,519</b>

##### Sensitivity analysis

The table below sets out the effect on the net assets of the Discretionary Portfolio of a reasonably possible weakening in market prices of 5% at 31 December. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	2018	2017
<b>Effect on Discretionary Portfolio net assets</b>		
€m Reduction	(382)	(376)
% reduction	(4.3%)	(4.3%)

A 5% strengthening in market prices would result in an equal but opposite effect to the amounts shown above.

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.3 Credit risk

Credit risk arises from the risk that a borrower or counterparty will fail to perform on an obligation leading to a loss of principal or financial reward.

The Agency Counterparty Credit Risk Management Policy is applicable to the Global Portfolio Transition Strategy. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to credit risk within the Global Portfolio Transition Strategy.

The main direct credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also subject to counterparty credit risk on cash and cash equivalents, balances due from brokers, trading derivative products, trade and other receivables and loans and receivables.

#### Credit risk management

In managing credit risk the Agency seeks to minimise the impact of credit default on the Fund's financial assets. The Fund aims to mitigate its credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties. Counterparties are selected based on their overall suitability, financial strength, regulatory environment and specific circumstances.

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.

The Fund's Global Custodian holds the Fund's securities in segregated accounts, where required, minimising the risk of loss of the securities held by the Global Custodian. In the event of the Global Custodian's 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 2018, held a long term Moody's credit rating of Aa1. The Agency monitors the credit rating and Service Organisation Control (SOC 1) reporting of its Global Custodian on a regular basis.

At 31 December 2018, cash held at the Central Bank of Ireland was €101m (2017: €181m) and with the Global Custodian was €320m (2017: €259m) (Note 12).

The exposure to credit risk in the Discretionary Portfolio at 31 December 2018 is the carrying value of the financial securities as set out below.

	Reference	2018 €m	2017 €m
Cash and cash equivalents (Note 12)	(i)	452	450
Balance due from brokers	(ii)	-	0
Debt securities	(iii)	2,176	2,425
Loans and receivables	(iv)	766	726
Trade and other receivables	(v)	27	31
Derivative assets	(vi)	29	44
<b>Total</b>		<b>3,450</b>	<b>3,676</b>

#### i) Cash and cash equivalents

The Fund's cash and cash equivalents are held mainly with the Central Bank of Ireland and the Global Custodian, which are respectively rated AAA (2017: AAA) and Aa1 (LT Deposit Rating) (2017: Aa1).

#### ii) Balances due from brokers

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Counterparty credit risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used. As at 31 December 2018, €0m (2017: €0.2m) was due from brokers.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.3 Credit risk (continued)

##### Credit risk management (continued)

##### iii) Debt securities

At 31 December, the Fund had invested in debt securities issued by entities with the following external credit rating\*:

External rating	2018 €m	2017 €m	2018 %	2017 %
Aa1 to Aa3/AAA to AA	239	218	11%	9%
A1 to A3/A+ to A-	745	782	34%	32%
Baa1 to Baa3/BBB+ to BBB-	801	1,024	37%	42%
Ba1 to Ba3/B+ to BB-	161	200	7%	8%
B1 to B3/B+ to B-	117	95	6%	4%
Caa1 to Caa3/CCC+ to CCC-	5	2	0%	0%
No external rating	108	104	5%	5%
	<b>2,176</b>	<b>2,425</b>	<b>100%</b>	<b>100%</b>

\* Where Moody's credit rating is not available Standard and Poor's rating is used.

##### iv) Loans and receivables

Rating	2018 €m	2017 €m	2018 %	2017 %
No external rating	<b>766</b>	<b>726</b>	<b>100%</b>	<b>100%</b>

The credit risk of loans and receivables is reviewed as part of the impairment review process. No impairment was required after review.

##### v) Trade and other receivables

Primarily comprises accrued interest on fixed income securities.

##### vi) Derivatives

The table below outlines an analysis of derivative assets outstanding at 31 December:

2018	Fair value €m	Gross notional amount €m
Exchange traded	13	2,592
OTC – other bilateral	16	1,655
<b>Total</b>	<b>29</b>	<b>4,247</b>

2017	Fair value €m	Gross notional amount €m
Exchange traded	11	509
OTC – other bilateral	33	3,394
<b>Total</b>	<b>44</b>	<b>3,903</b>

##### Collateral and other credit enhancements and their financial effect

The Fund mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.3 Credit risk (continued)

#### Credit risk management (continued)

##### vi) Derivatives (continued)

Derivative transactions are either transacted on an exchange (through a broker) or entered into under International Derivatives Swaps and Dealers Association (ISDA) master netting agreements. Under ISDA master netting agreements in certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

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

The Fund's activities may give rise to settlement risk, which is the risk that on a settlement date a counterparty fails to pay the Fund the agreed terms of a transaction. For the majority of transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Forward foreign exchange contracts and cross currency swaps are settled through Continuous Linked Settlement (CLS) where trades are pre-matched ahead of settlement date limiting the risk of settlement failure.

### 15.4 Liquidity risk

Liquidity risk is the possibility that over a specific time horizon, the Fund will have insufficient cash to meet its obligations as they fall due. Sub-categories of liquidity risk include funding liquidity risk, refinancing risk, maturity concentration risk and market liquidity risk.

The Fund's policy in managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation.

The Agency Liquidity Risk Management Policy is applicable to the Fund. This Policy sets out the minimum acceptable standards to be adhered to by those responsible for treasury transactions which give rise to liquidity risk within the Agency.

The Fund's investments in listed securities are considered to be readily realisable because they are traded on major stock exchanges.

The Fund's financial assets include unlisted equity investments, which are generally illiquid. In addition, the Fund holds investments in unlisted investment funds, which may be subject to redemption restrictions. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

At 31 December 2018, the Fund was predominantly invested in readily realisable assets.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which would affect the Fund's ability to execute its business strategy. Sub-categories of operational risk include people risk, governance risk, third party risk, business continuity management and legal and compliance risk.

An Operational Risk Management and Risk and Control Self-Assessment Framework is applicable to the Agency as a whole. The objective of this Framework is to ensure that operational risk is managed in an appropriate and integrated manner across the organisation. This Framework outlines the strategy, processes, risk criteria, controls and governance structures in place for managing operational risks within the Agency.

The Framework also sets out the methodology for the Risk and Control Self-Assessment process which describes the process for adequate and timely identification, assessment, treatment, monitoring and reporting of the risks posed by the activities of the Agency.

The NTMA Business Continuity Management Group is a sub-group of the Operational Risk and Control Committee. The role of this group is to ensure an appropriate and consistent approach to business continuity management across the Agency and providing a supporting role in establishment, implementation, monitoring and improvement of business continuity management activities.

The assessment of the adequacy of the controls and processes in place at the Fund's service providers with respect to operational risk is carried out via regular discussions with the relevant service providers and a review of the service providers' SOC 1 reports on internal controls, if any are available. The findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed quarterly.

#### 15.6 Capital management

The Fund is not subject to externally imposed capital requirements.

#### 15.7 Fair values of financial instruments

##### i) Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets that the Fund can access at the measurement date are obtained directly from an exchange on which the instruments are traded. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Inputs that are unobservable (i.e. for which market data is unavailable). This category includes all instruments for which the valuation technique includes inputs not based on observable data. This category includes instruments that are valued based on quoted prices for instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques may include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques may include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, earnings multiples and revenue multiples and expected price volatilities and correlations.

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.7 Fair values of financial instruments (continued)

#### i) Valuation models (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments that use mainly observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the financial markets for listed debt and equity securities, exchange traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

#### ii) Valuation framework

The Fund has a management control framework for the measurement of fair values. The valuation process is overseen by the Valuation Committee ("the Committee"), a management committee responsible for developing the Fund's valuation processes and procedures, conducting periodic reviews of those procedures and evaluating their consistent application. During the year, the Committee comprised of the Chief Financial and Operating Officer, the Head of Risk, the Senior Risk Manager, the Director of ISIF and other senior Agency and ISIF management personnel. The Valuation Committee assists the Agency in the determination of the valuation of investments of the Fund. An external firm has been appointed by the NTMA to provide valuation services related to selected Fund investments.

The valuation process and procedures are defined depending on the instrument type. Where third party information is used to measure fair value, reviews are undertaken and documented to support the resulting valuations. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, reviewing how fair value has been determined using those quotes.

In addition, an external independent review is conducted of the existence and valuation of the investment positions included in both the ISIF Discretionary and Directed Portfolio as at 31 December.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.7 Fair values of financial instruments (continued)

##### ii) Valuation framework (continued)

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>i) Equities and managed funds</b>				
Quoted equities	456	-	-	<b>456</b>
Direct private equity	-	-	235	<b>235</b>
Quoted investment funds	2,509	-	-	<b>2,509</b>
Unquoted investment funds	-	444	469	<b>913</b>
Convertible preference shares	-	-	43	<b>43</b>
<b>ii) Debt securities</b>				
Unlisted debt securities	-	179	79	<b>258</b>
Listed debt securities	1,918	-	-	<b>1,918</b>
<b>iii) Limited partnerships/trusts</b>				
Property fund investments	-	-	142	<b>142</b>
Private equity fund investments	-	-	776	<b>776</b>
Forestry investments	-	-	52	<b>52</b>
Energy investments	-	-	31	<b>31</b>
Infrastructure investments	-	-	250	<b>250</b>
<b>iv) Derivatives financial assets</b>				
Equity Options	5	-	-	<b>5</b>
Foreign exchange contracts	-	11	-	<b>11</b>
Futures contracts	13	-	-	<b>13</b>
	<b>4,901</b>	<b>634</b>	<b>2,077</b>	<b>7,612</b>
<b>v) Derivatives financial liabilities</b>				
Equity index swaps	-	(1)	-	<b>(1)</b>
Interest rate swaps	-	(0)	-	<b>(0)</b>
OTC Options	-	(3)	-	<b>(3)</b>
	-	<b>(4)</b>	-	<b>(4)</b>
Treasury bills	31	-	-	<b>31</b>
<b>Total</b>	<b>4,932</b>	<b>630</b>	<b>2,077</b>	<b>7,639</b>

## 15. Financial risk management – Discretionary Portfolio (continued)

### 15.7 Fair values of financial instruments (continued)

#### ii) Valuation framework (continued)

2017	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
<b>i) Equities and managed funds</b>				
Quoted equities	448	-	-	<b>448</b>
Direct private equity	-	-	90	<b>90</b>
Unquoted equities	-	-	-	<b>-</b>
Quoted investment funds	2,563	-	-	<b>2,563</b>
Unquoted investment funds	-	418	411	<b>829</b>
Convertible preference shares	-	-	46	<b>46</b>
<b>ii) Debt securities</b>				
Unlisted debt securities	-	171	71	<b>242</b>
Listed debt securities	2,183	-	-	<b>2,183</b>
<b>iii) Limited partnerships/trusts</b>				
Property fund investments	-	-	167	<b>167</b>
Private equity fund investments	-	-	580	<b>580</b>
Forestry investments	-	-	46	<b>46</b>
Energy investments	-	-	25	<b>25</b>
Infrastructure investments	-	-	249	<b>249</b>
<b>iv) Derivatives financial assets</b>				
Foreign exchange contracts	-	33	-	<b>33</b>
Futures contracts	11	-	-	<b>11</b>
	<b>5,205</b>	<b>622</b>	<b>1,685</b>	<b>7,512</b>
<b>v) Derivatives financial liabilities</b>				
Equity index swaps	-	(1)	-	<b>(1)</b>
Interest rate swaps	-	-	-	<b>-</b>
OTC Options	-	(2)	-	<b>(2)</b>
	-	(3)	-	<b>(3)</b>
Treasury Bills	10	-	-	<b>10</b>
<b>Total</b>	<b>5,215</b>	<b>619</b>	<b>1,685</b>	<b>7,519</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Financial risk management – Discretionary Portfolio (continued)

#### 15.7 Fair values of financial instruments (continued)

##### ii) Valuation framework (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	<b>Total €m</b>
<b>Balance at 1 January 2018</b>	1,685
Transfers into Level 3	59
Total gains or losses recognised in profit or loss	70
Purchases	436
Sales	(173)
<b>Balance at 31 December 2018</b>	<b>2,077</b>
	<b>Total €m</b>
<b>Balance at 1 January 2017</b>	977
Transfers into Level 3	411
Total gains or losses recognised in profit or loss	38
Purchases	609
Sales	(350)
<b>Balance at 31 December 2017</b>	<b>1,685</b>

### 16. Financial risk management - Directed Portfolio

#### 16.1 Fair values of financial instruments

##### i) Valuation framework

All investments and disposals relating to the Directed Portfolio are made at the direction of the Minister for Finance. The Agency's responsibilities regarding the Directed Portfolio include the implementation of directions from the Minister and the valuation of relevant securities for the purpose of the Fund's financial statements.

The Fund's ordinary shareholding in AIB and Bank of Ireland was valued at its relevant quoted market price at 31 December 2018.

The Fund's Global Custodian holds the Fund's investments in Bank of Ireland and AIB in segregated accounts. In the event of the Global Custodian's failure, the ability of the Fund to transfer these securities might be temporarily impaired. The Global Custodian is a member of a major securities exchange and at 31 December 2018 held a long term Moody's credit rating of Aa1. The credit rating of the Fund's Global Custodian is monitored on a regular basis and the findings documented in the SOC 1 report on the Global Custodian's internal controls are reviewed on a quarterly basis.

## 16. Financial risk management - Directed Portfolio (continued)

### 16.1 Fair values of financial instruments (continued)

#### i) Valuation framework (continued)

The table below analyses financial instruments at fair value at the reporting date by the level in the fair value hierarchy. The amounts are based on the values recognised in the Statement of Financial Position. All fair value measurements below are recurring.

2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Allied Irish Banks	7,054	-	-	7,054
Bank of Ireland	733	-	-	733
	<b>7,787</b>	<b>-</b>	<b>-</b>	<b>7,787</b>
2017	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Allied Irish Banks	10,465	-	-	10,465
Bank of Ireland	1,072	-	-	1,072
	<b>11,537</b>	<b>-</b>	<b>-</b>	<b>11,537</b>

#### Market price risk exposure

The cumulative Directed Portfolio asset value exposed to market price risk at 31 December 2018 comprises the value of investments as detailed in the following table:

	2018 €m	2017 €m
<b>Exposure to market price risk</b>		
Allied Irish Banks	7,054	10,465
Bank of Ireland	733	1,072
	<b>7,787</b>	<b>11,537</b>
<b>Not exposed to market price risk</b>		
Cash	215	215
	<b>215</b>	<b>215</b>
<b>Total Directed Investments</b>	<b>8,002</b>	<b>11,752</b>

## 17. Contingent liabilities

The NTMA Act 2014 provides for the transfer of the liabilities of the National Pensions Reserve Fund Commission (the "Commission") to the NTMA (as controller and manager of the ISIF) on and after the date of constitution of the ISIF, and states that the NTMA (as controller and manager of the ISIF) is responsible for discharging the obligations of the Commission under any such liability. In this regard, litigation is on-going in New York in respect of the 2007 leveraged buy-out of the Tribune Company. The litigation, which consists of a federal law action and a number of related state law actions, involves more than 4,000 shareholders of the Tribune Company, including the Commission.

In January 2017, the federal law action against the shareholder defendants, including the Commission, was dismissed by a New York District Court. In April 2019, the plaintiff sought leave to amend the complaint to assert a further count against shareholder defendants like the Commission. The related state law claims are dismissed, but are currently the subject of an appeal by the plaintiffs to the U.S. Court of Appeals for the Second Circuit, which remains pending.

As of the reporting date, no provision has been recognised in these financial statements as the possibility of an outflow of resources cannot be reliably determined and it is not practicable to estimate the financial effect, if any, should the appeal succeed.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. Events after the reporting date

AIB declared a dividend of €328m, which was paid and received on 3 May 2019 and transferred to the Discretionary Portfolio. Bank of Ireland declared a dividend of €24m, which is payable on 10 June 2019.

On 8 April 2019, the Minister for Finance directed the NTMA to make available and lend, as soon as practicable after the date of the direction, a loan facility of up to €730 million from the ISIF to Home Building Finance Ireland (Lending) DAC (HBFIL) on the terms and conditions set out in the form of facility agreement attached to the direction. The facility agreement is expected to be entered into shortly between the NTMA (as controller and manager of the ISIF) and HBFIL.

The Bill to establish the National Surplus (Exceptional Contingencies) Reserve Fund (the "Rainy Day Fund") proposes to give the Minister for Finance power to direct the NTMA to transfer up to €2 billion from the ISIF to the Rainy Day Fund within the timeframe set out in the Bill. The NTMA understands that following the enactment and commencement of the relevant sections of the Bill, the Minister intends to direct the transfer of €1.5 billion from the ISIF to the Rainy Day Fund.

On 22 October 2018, the Minister for Finance informed the NTMA in writing of a proposal to allocate a reserve of €1.25 billion of ISIF funds to support the Land Development Agency in its acquisition of a portfolio of lands, for housing and other purposes. The NTMA understands that this proposal may be implemented by legislative change in due course.

### 19. Approval of financial statements

The financial statements were approved by the Agency on 7 May 2019.

# Portfolio of Investments Ireland Strategic Investment Fund

31 DECEMBER 2018



## IRISH PORTFOLIO

The ISIF's total commitment to the Irish Portfolio at 31 December 2018 was €4.1bn. The Irish Portfolio comprises part of the Discretionary Portfolio. The full Schedule of Investments at 31 December 2018 is disclosed separately.

Enabling Ireland				
	Year	Security Description	Original Commitment €m	
Real Estate	2014	WLR Cardinal CRE Mezz	75	Mezzanine finance commercial real estate fund which was a barrier to commercial real estate development.
	2015	Activate	325	Residential housing platform alongside global investment firm KKR.
	2015	Quadrant	50	Development finance vehicle lending to facilitate the development of high quality offices in Ireland.
	2016	Ardstone	30	Residential housing fund in which ISIF is a cornerstone investor.
	2016	Finegrain	25	Investment in an industrial property fund that provides finance to develop industrial, logistics and business parks, principally outside Dublin.
	2016	Kilkenny County Council	2	Joint venture to acquire sites develop nine acres into a regional business/education hub.
	2017	DAD Property Fund	8	Pilot project to deliver a sustainable solution to social and affordable housing requirements.
	2017	Cherrywood – Hines	52	Enabling infrastructure works necessary to unlock residential housing in Cherrywood SDZ.
	2017	Man – Aalto	25	Residential development debt fund, lending to smaller developers.
	2018	Avestus Capital Partners	25	Investment in a private rental sector platform.
Water	2018	Activate – Follow On	175	Residential development finance platform targeting the delivery of over 10,000 housing units.
	2018	Urbeo Residential	51	Investment in build to rent residential platform.
Infrastructure	2015	Irish Infrastructure Fund	450	Loan facilities of €450m, comprising a refinancing of the existing €300m National Pensions Reserve facility and an additional €150m loan facility.
	2011	Irish Infrastructure Fund	250	Portfolio of Irish infrastructure assets – Convention Centre, data towers, wind energy, primary care centres, telecoms infrastructure.
	2015	DCU Student Accommodation	54	Cornerstone investor supporting the commercial student accommodation elements of DCU's Campus Development Program.
	2016	DAA – Bond	35	Supporting delivery of DAA's medium and long term goals notably the planned new runway for Dublin.
	2016	Aqua Comms	25	Irish developer of fibre-optic infrastructure including a transatlantic and Ireland / UK connectivity network.
	2017	Shannon Airport Authority	14	Fully fund essential maintenance of the runway at Shannon airport.
	2017	Port of Cork	18	Flexible debt funding solution to support the relocation of Port of Cork to Ringaskiddy.
Energy	2014	Dublin Waste to Energy	44	Thermal waste treatment plant handling 600,000 tonnes of waste and producing 60 megawatts of electricity.
	2016	NTR	35	Long term equity fund investing in construction ready onshore wind farms.
	2017	Greencoat Renewables DAC	76	Cornerstone investor in IPO for renewable energy investor seeking to capitalise Irish wind energy market.
	2018	Encavis	35	Investment that will target the deployment of 4x ISIF investment into Irish solar energy projects
	2018	Temporis	50	Fund targeting the build out of new renewable energy generation in Ireland.
<b>Total</b>			<b>1,929</b>	

Growing Ireland				
	Year	Security Description	Original Commitment €m	
SME	2012	Carlyle Cardinal	125	Private equity fund targeting growth and lower mid-market buy-out transactions in Ireland.
	2013	BlueBay	200	Credit fund making loans of between €5m and €45m to medium/large Irish SMEs.
	2016	Causeway	15	Private equity fund that will invest in established, growing SMEs in Ireland and the UK.
	2016	Finance Ireland	30	Non-bank lender providing SME leasing, commercial mortgages, agri finance and auto finance.
	2017	Muzinich	45	Growth capital to Irish SMEs and corporates.
	2017	Insight	85	Growth stage private equity fund that will target software opportunities in Ireland and globally.
	2017	BGF	125	Largest ever growth capital fund dedicated to Irish SMEs with €250m to invest.
	2017	Motive Partners	25	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
	2018	Dunport	95	Fund providing a mix of unitranche, senior and mezzanine debt to medium/large Irish SMEs and mid-sized corporates.
	2018	Finance Ireland – Follow On	15	Follow on investment in non-bank lender supporting its SME and Agri Leasing business.
Direct Equity	2016/2018	Beachpoint Capital	30	Investment in a fund lending to high growth potential Irish SMEs.
	2015	Malin	50	Irish listed plc focused on fast growing segments in the life sciences industry.
	2015	AMCS	6	Global market leader, develops and sells technology for environmental management.
	2015	Swrve	14	Global leader in high-growth sector of in-app mobile marketing.
	2016	Draper Esprit	53	Listed venture capital fund making diversified investments in private high growth technology companies in Ireland and UK.
	2017	InsideSales	24	Industry leading predictive sales acceleration platform growing its European presence in Ireland.
	2017	Kaseya	20	Supplier of complete ITI management solutions for managed service providers and midsized companies, growing its European presence in Ireland.
	2017	Cubic Telecom	10	Connectivity/software company that provides on-demand global connectivity for devices/vehicles via local mobile networks.
	2018	Vectra Networks	10	Investment supporting global sales and marketing to launch an artificial intelligence development centre in Ireland.
	2018	Mainstay Medical	10	Investment in a medtech company to support the development and commercialisation of its product which targets lower back pain
2018	AMCS – Follow On	40	Follow on investment to allow AMCS to continue their development as a global software business.	
2018	Swrve – Follow On	1	Follow on investment supporting a growing software company founded in Dublin.	

Food & Agriculture	2009	Irish Forestry	20	Portfolio of forest plantations across Ireland.
	2016	MilkFlex	44	Fund providing medium-term loans to Glanbia dairy farmers with the loan repayments linked to milk price.
	2016	Dasos	55	Investment in new and semi-mature forests across Ireland.
	2016	RFPF	2	Investment facilitating the creation of a €40m farmer receivables working capital management programme in the dairy sector.
	2017	Finistere	40	Partnership between ISIF and Finistere investing in start-up and early stage AgTech companies in Ireland.
	2017	Panelto	14	Large growing indigenous prepared consumer food company.
	2018	Irish Whiskey Growth Fund	10	Provides debt finance secured on whiskey stock to growth-stage whiskey companies.
	2018	Milkflex II	20	Fund that will offer flexible, competitively priced loans to milk suppliers with loan repayments linked to milk price.
	<b>Total</b>			<b>1,233</b>

Leading Edge Ireland				
Year	Security Description	Original Commitment €m		
2007	Delta III	23	Irish venture capital fund which targets investments primarily in the ICT sector.	
2008	Fountain I	15	Irish life science venture capital fund focused on early stage pharmaceutical and medical device companies	
2008	Investec	18	Fund investing in early stage ICT companies with significant growth potential in Ireland.	
2008	Seroba Kernel II	15	Irish venture capital fund focused on early stage medical devices and therapeutic technologies.	
2010	Atlantic Bridge Fund II	10	Fund concentrated on technology focused growth and expansion stage equity investments.	
2010	Draper Fisher Jurvetson Fund X	10	Fund investing in technology, life science and clean-tech sectors.	
2010	Polaris VI	36	Global venture capital fund actively investing in Ireland focused on technology and healthcare.	
2011	Sofinnova Venture Partners VIII	9	Global fund focused on late-stage drug development.	
2012	Highland Technology Europe	10	Growth equity fund that invests in rapidly growing internet, mobile and software companies.	
2012	SVB Capital Strategic Investors Fund V	20	Commitment to a global venture capital fund of funds building on strategic partnership with Silicon Valley Bank who in turn committed to lend 2x ISIF commitment to Irish technology businesses.	
2013	China Ireland Growth Technology Fund	36	Venture capital fund that targets growth stage Irish companies with a strategic ambition to access the Chinese market or Chinese companies seeking access to the EU market by locating in Ireland, co-investor is China Investment Corporation.	
2013	Lightstone Ventures I	10	Specialist US-based venture capital fund focused on medical devices and biopharmaceuticals.	
2013	Strategic Investors Fund VI	19	Commitment to a global venture capital fund of funds building on strategic partnership with Silicon Valley Bank.	
2014	WestSummit Global Technology Fund	36	Global growth stage technology fund, linked to China Ireland Fund investment.	
2014	Arch VIII	20	Fund investing in transformative, disruptive, technology driven companies in life and physical sciences.	
2014	Atlantic Bridge Fund III	20	Fund focused on growth and expansion stage equity investments, principally in Ireland.	
2014	Fountain II	20	Irish life science venture capital fund focused on early stage pharmaceutical and medical device companies.	
2014	Polaris VII	40	Global venture capital fund actively investing in Ireland focused on technology and healthcare.	
2015	Frontline Ventures I	11	Early stage Irish fund that invests in innovative early stage information technology companies.	
2015	Highland Europe Technology Growth Fund II	10	Growth equity fund that invests in rapidly growing internet, mobile and software companies.	
2016	Silicon Valley Bank VIII	44	Commitment to a global venture capital fund of funds building on strategic partnership with SVB.	
2016	Seroba Life Sciences Fund III	15	Irish venture capital fund focusing on early stage medical devices and therapeutic technologies.	
2016	ACT V	20	Primarily Irish focused venture capital fund investing in growing ICT companies in Ireland.	
2016	Scottish Equity Partners	16	Fund that will invest in growth and later stage technology, energy and healthcare companies.	
2016	Polaris VIII	24	Global venture capital fund actively investing in Ireland focused on technology and healthcare.	
2016	Frontline Ventures II	15	Early stage fund that will invest in seed stage/series A rounds in innovative technology companies.	
2017	Lightstone Ventures II	21	Specialist US-based venture capital fund focused on medical devices and biopharmaceuticals.	
2018	Frontline EMEA Expansion Fund	9	Expansion stage venture capital fund targeting North American software companies entering the EMEA marketplace.	
2018	Seroba Fund II – Follow on	2	Venture capital fund targeting innovative, early and mid-stage life sciences companies.	
2018	China Ireland Technology Growth Fund II	75	Fund focused on high-growth companies seeking access to Irish and Chinese markets.	
2017	Nautilus Data Technologies	4	A new generation of leading edge data centres in Ireland located on water.	
2017	Illumina Ventures	21	Genomics-focused venture capital fund investing primarily in early-stage, start-up companies.	
2017	Arch XI Overage Fund	21	Invests in transformative, industry disruptive, technology driven companies in life and physical sciences.	
2018	Strategic Healthcare Investment Partners	22	Venture capital fund that focuses on early stage medical device opportunities.	
2018	Nautilus – Follow On	3	Investment in a water-cooled data centre company.	
2016/2018	WuXi-NextCODE / GMI	66	Commitment to an investment programme making Ireland a global hub for genomics.	
2015	Leeds	92	Cornerstone investment in a leading global investor in the education/knowledge industries.	
2015	Reverence Capital Partners	50	Financial service sector focused global equity fund.	
2018	Barings Aviation / Genesis	50	Investment in a full life cycle aircraft lessor focused on acquiring mid-life Airbus and Boeing narrow body aircrafts.	
<b>Total</b>			<b>953</b>	
<b>Total Irish Commitments</b>			<b>4,115</b>	



## DISCRETIONARY INVESTMENTS QUOTED EQUITIES

EUROPE		
Austria		
Holding	Security Description	Value €m
4,965	Immofinanz	0.10
		<b>0.10</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Belgium		
Holding	Security Description	Value €m
32,551	Anheuser-Busch	1.87
		<b>1.87</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Denmark		
Holding	Security Description	Value €m
43,439	Novo Nordisk	1.73
		<b>1.73</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Finland		
Holding	Security Description	Value €m
215,428	Nokia	1.08
		<b>1.08</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

France		
Holding	Security Description	Value €m
16,382	Air Liquide	1.77
21,850	Airbus	1.83
79,704	AXA	1.50
44,160	BNP Paribas	1.74
24,671	Danone	1.51
70,690	Engie	0.88
10,972	Essilor International Cie Gene	1.21
5,702	Gecina	0.64
2,856	Kering	1.17
19,534	Klepierre	0.53
9,352	L'Oreal	1.88
10,243	LVMH Moet Hennessy Louis Vuitton	2.64
78,301	Orange	1.11
14,136	Safran	1.48
43,376	Sanofi	3.27
20,600	Schneider Electric	1.23
30,920	Societe Generale	0.86
5,285	Unibail-Rodamco-Westfield	0.72
21,283	Vinci	1.53
37,297	Vivendi	0.79
		<b>28.31</b>
	<b>% of Total Investments</b>	<b>0.17%</b>

Germany		
Holding	Security Description	Value €m
6,458	Adidas	1.18
16,242	Allianz	2.85

Germany (continued)		
Holding	Security Description	Value €m
35,174	BASF	2.13
35,709	Bayer	2.17
12,251	Bayerische Motoren Werke (BMW)	0.87
34,203	Daimler	1.57
37,495	Deutsche Post	0.90
124,024	Deutsche Telekom	1.84
15,673	Fresenius & Co	0.66
8,203	Instone Real Estate Group	0.14
5,720	Muenchener Rueckversicherungs	1.09
41,339	SAP	3.61
32,540	Siemens	3.18
7,005	Volkswagen	0.97
32,514	Vonovia	1.29
		<b>24.44</b>
	<b>% of Total Investments</b>	<b>0.15%</b>

Guernsey Channel Islands		
Holding	Security Description	Value €m
967	Amdocs	0.05
		<b>0.05</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Ireland		
Holding	Security Description	Value €m
12,092	Allied Irish Banks	0.04
4,051	Accenture	0.50
540	Alkermes	0.01
1,013	Allegion	0.07
2,086	Allergan	0.24
92,977	Bank of Ireland	0.45
32,274	CRH	0.74
2,393	Eaton Corp	0.14
405,948	Green Reit	0.55
76,000,000	Greencoat Renewables	78.28
1,402	Ingersoll-Rand	0.11
307	Jazz Pharmaceuticals	0.03
4,012	Johnson Controls International	0.10
2,489	Linde	0.34
714,285	Mainstay Medical International	4.14
5,000,000	Malin Corp	24.10
6,527	Medtronic	0.52
92,941	National Toll Road Eur 0.00125	0.01
1,853	Nvent Electric	0.04
1,452	Pentair	0.05
1,674	Perrigo	0.06
913	Seagate Technology	0.03
715	Willis Towers Watson	0.09
		<b>110.66</b>
	<b>% of Total Investments</b>	<b>0.66%</b>

Italy		
Holding	Security Description	Value €m
297,070	Enel	1.50
623,959	Intesa Sanpaolo	1.21
		<b>2.71</b>
	<b>% of Total Investments</b>	<b>0.02%</b>

Jersey C I		
Holding	Security Description	Value €m
1,069	Aptiv	0.06
		<b>0.06</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Netherlands		
Holding	Security Description	Value €m
16,503	ASML Holding	2.26
148,870	ING Groep	1.40
45,401	Koninklijke Ahold Delhaize	1.00
36,391	Koninklijke Philips	1.12
1,728	Lyondellbasell Industries	0.13
5,512	Mylan	0.13
483	NXP Semiconductors Nv	0.03
572	Qiagen	0.02
71,429	SNS Reaal Groep Nv Eur 1.63	0.06
		<b>6.16</b>
	<b>% of Total Investments</b>	<b>0.04%</b>

Norway		
Holding	Security Description	Value €m
46,319	Entra	0.54
		<b>0.54</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Spain		
Holding	Security Description	Value €m
8,756	Aedas Homes Sau	0.19
16,786	Amadeus IT Group	1.02
255,112	Banco Bilbao Vizcaya Argentaria	1.18
621,230	Banco Santander	2.47
223,699	Iberdrola	1.57
93,485	Industria De Diseno Textil	2.09
2,662	Let's Gowex	0.02
47,666	Merlin Properties Socimi	0.51
178,364	Telefonica	1.31
		<b>10.37</b>
	<b>% of Total Investments</b>	<b>0.06%</b>

Sweden		
Holding	Security Description	Value €m
72,068	Assa Abloy	1.11
40,625	Castellum	0.65
		<b>1.76</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

Switzerland		
Holding	Security Description	Value €m
2,357	Chubb	0.27
22,574	Ferguson	1.27
840	Garmin	0.05
1,378	TE Connectivity	0.09
9,130	Transocean	0.06
149,618	UBS Group	1.62
	<b>3.35</b>	
	<b>% of Total Investments</b>	<b>0.02%</b>

United Kingdom		
Holding	Security Description	Value €m
1,288	Aon	0.16
2,535	Arris International	0.07
787	Atlassian Corp	0.06
46,372	Big Yellow Group	0.45
88,616	Compass Group	1.63
16,066	Cushman & Wakefield	0.20
14,004,502	Draper Esprit	83.76
1,589	Gates Industrial Corp	0.02
21,139	Linde	2.93
2,387	Nielsen Holdings	0.05
23,575	Reckitt Benckiser Group	1.58
335,395	Rentokil Initial	1.26
509	Sensata Technologies Holding	0.02
413	Steris	0.04
1,693	TechnipFMC	0.03
370,333	Tritax Big Box Reit	0.54
283,259	Tritax Eurobox	0.29
57,939	Unilever	2.75
63,491	Unite Group	0.57
	<b>96.43</b>	
	<b>% of Total Investments</b>	<b>0.57%</b>
	<b>Total European Quoted Equities</b>	<b>289.61</b>
	<b>% of Total Investments</b>	<b>1.72%</b>

NORTH AMERICA		
Canada		
Holding	Security Description	Value €m
10,698	Allied Properties	0.30
8,775	Canadian Apartment Properties	0.25
45,788	Chartwell Retirement Residence	0.40
3,308	Lions Gate Entertainment	0.05
3,640	Lions Gate Entertainment Corp	0.05
32,703	Summit Industrial Income Reittrust Unit New	0.20
	<b>1.25</b>	
	<b>% of Total Investments</b>	<b>0.01%</b>

United States		
Holding	Security Description	Value €m
452	2U Inc	0.02
2,965	3M	0.49
38,729	Abbott Laboratories	2.45
8,576	Abbvie	0.69

United States (continued)		
Holding	Security Description	Value €m
439	Abiomed	0.12
371	Acadia Healthcare	0.01
15,661	Acadia Realty Trust	0.32
3,887	Activision Blizzard	0.16
500	Acuity Brands	0.05
2,904	Adobe Systems	0.57
8,472	ADT Inc	0.04
802	Advance Auto Parts	0.11
6,404	Advanced Micro Devices	0.10
2,646	Aecom	0.06
9,450	Affiliated Managers Group	0.80
5,318	Aflac	0.21
994	Agco	0.05
1,874	Agilent Technologies	0.11
2,839	Agnc Investment Corp	0.04
431	Air Lease	0.01
989	Air Products & Chemicals	0.14
1,424	Akamai Technologies	0.08
765	Alaska Air Group	0.04
433	Albemarle	0.03
9,617	Alexandria Real Estate Equitie	0.97
822	Alexion Pharmaceuticals	0.07
642	Align Technology	0.12
34	Alleghany	0.02
542	Alliance Data Systems	0.07
500	Allison Transmission Holdings	0.02
2,355	Allstate	0.17
2,193	Ally Financial	0.04
3,522	Alphabet Inc - CL A	3.22
1,739	Alphabet Inc - CL C	1.57
2,358	Amazon.com	3.10
193	AMC Networks Inc	0.01
33	Amerco	0.01
1,625	American Airlines Group	0.05
432	American Campus Communities	0.02
2,661	American Electric Power	0.17
3,665	American Express	0.31
383	American Financial Group	0.03
2,127	American Homes 4 Rent	0.04
3,969	American International Group	0.14
343	American National Insurance	0.04
10,972	American Tower	1.52
1,022	American Water Works	0.08
1,006	Ameriprise Financial	0.09
829	Amerisourcebergen	0.05
1,348	Ametek	0.08
3,643	Amgen	0.62
1,916	Amphenol	0.14
1,788	Analog Devices	0.13
6,748	Annaly Capital Management	0.06
620	Ansys	0.08
1,519	Anthem	0.35
1,366	AO Smith	0.05

United States (continued)		
Holding	Security Description	Value €m
1,058	Apartment Investment & Management	0.04
26,894	Apple	3.71
2,373	Apple Hospitality Reit	0.03
6,263	Applied Materials	0.18
271	Aptargroup	0.02
740	Aqua America	0.02
1,306	Aramark	0.03
3,387	Archer-Daniels-Midland	0.12
1,657	Arconic	0.02
1,897	Arcosa Inc	0.05
446	Arista Networks	0.08
684	Armstrong World Industries Inc	0.03
262	Arrow Electronics	0.02
1,389	Arthur J Gallagher & Co	0.09
268	Ashland Global Holdings	0.02
910	Aspen Technology Inc	0.07
534	Associated Banc-Corp	0.01
471	Assurant	0.04
38,068	AT&T	0.95
353	Athenahealth	0.04
312	Atmos Energy	0.03
1,346	Autodesk	0.15
2,333	Automatic Data Processing	0.27
1,348	Autonation	0.04
193	Autozone	0.14
8,911	Avalonbay Communities	1.35
811	Avangrid	0.04
788	Avery Dennison	0.06
341	Avnet	0.01
1,624	Baker Hughes	0.03
2,277	Ball	0.09
51,061	Bank of America	1.10
296	Bank of Hawaii	0.02
4,843	Bank of New York Mellon	0.20
1,235	Bank Ozk	0.02
1,076	BankUnited Inc	0.03
2,962	Baxter International	0.17
4,413	BB&T	0.17
1,349	Becton Dickinson & Co	0.27
302	Bemis Co Inc	0.01
11,155	Berkshire Hathaway	1.99
504	Berry Global Group	0.02
2,690	Best Buy	0.12
1,294	Biogen	0.34
45	Bio-Rad Laboratories	0.01
198	Bio-Techne	0.03
524	Black Knight	0.02
623	Blackrock	0.21
2,869	Boeing	0.81
318	Bok Financial Corp	0.02
275	Booking Holdings Inc	0.41
1,169	Booz Allen Hamilton Holding	0.05
770	Borgwarner	0.02



## QUOTED EQUITIES (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
7,376	Boston Properties	0.72	726	Choice Hotels International	0.05	14,739	Cyrusone	0.68
53,344	Boston Scientific	1.65	1,447	Church & Dwight	0.08	3,228	Danaher	0.29
1,100	Brandywine Realty Trust	0.01	2,369	Cigna Corp	0.39	881	Darden Restaurants	0.08
386	Bright Horizons Family Solution	0.04	565	Cinemark Holdings Inc	0.02	780	Davita	0.04
356	Brighthouse Financial	0.01	959	Cinnati Financial	0.06	1,419	Deere	0.18
9,274	Bristol-Myers Squibb	0.42	613	Cintas	0.09	3,274	Dell Technologies Inc	0.14
1,054	Brixmor Property Group	0.01	26,023	Cisco Systems	0.99	3,791	Delta Air Lines	0.17
2,041	Broadcom Inc	0.45	509	CIT Group	0.02	1,204	Dentsply Sirona	0.04
1,159	Broadridge Financial Solutions	0.10	11,541	Citigroup	0.52	807	Dexcom	0.08
943	Brookfield Property Reit Inc	0.01	2,771	Citizens Financial Group	0.07	0.04	Diamondback Energy Inc	0.00
1,544	Brown & Brown	0.04	1,390	Citrix Systems	0.12	2,768	Dick's Sporting Goods	0.08
1,000	Brown-Forman	0.04	472	Clean Harbors	0.02	1,119	Digital Realty Trust	0.10
2,427	Brown-Forman Corp	0.10	1,087	Clorox	0.15	2,234	Discover Financial Services	0.12
1,530	Bruker Corp	0.04	1,853	CME Group	0.30	1,906	Discovery Communications	0.04
334	Brunswick	0.01	1,825	CMS Energy	0.08	3,020	Discovery Inc	0.06
636	Burlington Stores	0.09	702	CNA Financial	0.03	809	Dish Network	0.02
472	BWX Technologies	0.02	18,586	Coca-Cola	0.77	799	DocuSign Inc	0.03
36	Cable One	0.03	1,026	Cognex	0.03	507	Dolby Laboratories	0.03
3,298	Cadence Design Systems	0.13	3,970	Cognizant Technology Solutions	0.22	1,923	Dollar General	0.18
10,689	Camden Property Trust	0.82	109	Coherent	0.01	1,724	Dollar Tree	0.14
669	Campbell Soup	0.02	1,824	Colfax	0.03	3,158	Dominion Energy	0.20
259	Cantel Medical Corp	0.02	5,249	Colgate-Palmolive	0.27	480	Domino's Pizza	0.10
2,660	Capital One Financial	0.18	1,962	Colony Capital Inc	0.01	1,220	Domtar	0.04
2,500	Cardinal Health	0.10	824	Columbia Property Trust	0.01	1,012	Donaldson	0.04
160	Carlisle Cos	0.01	551	Columbia Sportswear Co	0.04	12,125	Douglas Emmett	0.36
654	Carmax	0.04	23,642	Comcast	0.70	779	Dover	0.05
710	Carter's	0.05	927	Comerica	0.06	10,014	Dowdupont	0.47
483	Casey's General Stores	0.05	525	Commerce Bancshares	0.03	1,340	Dr Horton	0.04
466	Catalent Inc	0.01	2,889	Commscope Holding Co Inc	0.04	1,131	DTE Energy	0.11
2,619	Caterpillar	0.29	2,735	Conagra Brands	0.05	3,596	Duke Energy	0.27
743	CBOE Global Markets	0.06	6,586	Conduent	0.06	33,221	Duke Realty	0.75
2,853	CBRE Group	0.10	1,818	Consolidated Edison	0.12	401	Dun & Bradstreet	0.05
1,449	CBS	0.06	850	Constellation Brands	0.12	267	Dunkin' Brands Group Inc	0.01
493	CDK Global	0.02	242	Cooper	0.05	2,958	DXC Technology	0.14
600	CDW	0.04	1,971	Copart	0.08	1,719	E*Trade Financial	0.07
747	Celanese	0.06	1,937	Corelogic	0.06	281	East West Ban	0.01
16,948	Celgene	0.95	116	Coresite Realty	0.01	868	Eastman Chemical	0.06
1,506	Centene	0.15	3,837	Corning	0.10	1,348	Eaton Vance	0.04
3,028	Centerpoint Energy	0.07	949	Corporate Office Properties	0.02	5,790	Ebay	0.14
6,707	Centurylink	0.09	142	Costar Group	0.04	483	Echostar	0.02
360	Ceridian Hcm Holding Inc	0.01	8,724	Costco Wholesale	1.55	1,427	Ecolab	0.18
2,075	Cerner	0.10	2,105	Coty	0.01	1,850	Edison International	0.09
1,323	CF Industries Holdings	0.05	344	Crane	0.02	1,391	Edwards Lifesciences	0.19
1,743	CH Robinson Worldwide	0.13	135	Credit Acceptance	0.05	18,547	Electronic Arts	1.28
403	Charles River Laboratories	0.04	2,102	Crown Castle International	0.20	5,211	Eli Lilly	0.53
5,812	Charles Schwab	0.21	261	Crown Holdings	0.01	3,259	Emerson Electric	0.17
789	Charter Communications	0.20	3,805	CSX	0.21	21,420	Empire State Realty Trust	0.27
202	Chemed Corp	0.05	626	Cubsmart	0.02	539	Encompass Health Corp	0.03
563	Chemours	0.01	228	Cullen/Frost Bankers Inc	0.02	620	Energizer Holdings	0.02
191	Cheniere Energy Inc	0.01	887	Cummins	0.10	1,198	Entergy	0.09
19,305	Chesapeake Lodging Trust	0.41	227	Curtiss-Wright Corp	0.02	156	Epam Systems Inc	0.02
3,395	Chimera Investment	0.05	6,773	CVS Health	0.39	293	EPR Properties	0.02
130	Chipotle Mexican Grill	0.05	1,729	Cypress Semiconductor	0.02	585	Equifax	0.05

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
355	Equinix	0.11	3,003	GAP	0.07	157	Hubbell	0.01
900	Equity Commonwealth	0.02	964	Gardner Denver Holdings	0.02	13,004	Hudson Pacific Properties	0.33
6,140	Equity Lifestyle Properties	0.52	0	Garrett Motion Inc	0.00	993	Humana	0.25
20,620	Equity Residential	1.19	693	Gartner	0.08	6,736	Huntington Bancshares	0.07
361	Erie Indemnity	0.04	33,943	General Electric	0.22	331	Huntington Ingalls Industries	0.06
3,616	Essex Property Trust	0.77	3,268	General Mills	0.11	1,926	Huntsman	0.03
1,972	Estee Lauder	0.22	5,300	General Motors	0.15	313	Hyatt Hotels	0.02
202	Euronet Worldwide	0.02	905	Genesee & Wyoming	0.06	534	IAC	0.09
174	Evercore Inc	0.01	540	Gentex Corp	0.01	65	Icu Medical Inc	0.01
2,294	Eversource Energy	0.13	1,076	Genuine Parts	0.09	358	IDEX Corp	0.04
196	Exact Sciences Corp	0.01	7,261	Gilead Sciences	0.40	752	Idexx Laboratories	0.12
6,330	Exelon	0.25	1,008	Global Payments	0.09	1,865	Illinois Tool Works	0.21
876	Expedia	0.09	594	Godaddy	0.03	799	Illumina	0.21
996	Expeditors International Washington	0.06	1,364	Goldman Sachs Group	0.20	686	Incyte Corp	0.04
1,279	Extended Stay America Inc	0.02	1,646	Goodyear Tire & Rubber	0.03	724	Ingredion	0.06
772	Extra Space Storage	0.06	1,623	Graco	0.06	206	Insulet Corp	0.01
752	F5 Networks	0.11	175	Graham Holdings	0.10	26,997	Intel	1.11
14,080	Facebook	1.61	283	Grand Canyon Education Inc	0.02	21,462	Intercontinental Exchange	1.41
434	Factset Research Systems	0.08	1,116	Graphic Packaging Holding	0.01	5,440	International Business Machine	0.54
293	Fair Isaac Corp	0.05	263	Guidewire Software	0.02	604	International Flavors & Fragrances	0.07
2,557	Fastenal	0.12	3,753	H&R Block	0.08	1,991	International Paper	0.07
5,753	Federal Realty Investment Trust	0.59	633	Hain Celestial Group	0.01	2,353	Interpublic	0.04
5,274	Fedex	0.74	4,086	Halliburton	0.09	9,070	Intuit	1.56
2,242	Fidelity National Information	0.20	1,307	Hanesbrands	0.01	643	Intuitive Surgical	0.27
4,396	Fifth Third BancCorp	0.09	300	Hanover Insurance Group	0.03	784	Invitation Homes	0.01
583	Fireeye Inc	0.01	998	Harley-Davidson	0.03	285	IPG Photonics	0.03
508	First American Financial	0.02	571	Harris	0.07	1,313	Iqvia Holdings	0.13
28	First Citizens Bancshares Inc/	0.01	1,827	Hartford Financial Services	0.07	1,566	Iron Mountain	0.04
3,397	First Data	0.05	1,052	Hasbro	0.07	496	Jabil	0.01
641	First Hawaiian Inc	0.01	966	Hawaiian Electric Industries	0.03	893	Jack Henry & Associates	0.10
1,619	First Horizon National	0.02	1,444	HCA Healthcare	0.16	1,224	Jacobs Engineering Group	0.06
862	First Republic Bank	0.07	45,519	HCP	1.11	548	JB Hunt Transport Services	0.04
3,240	Firstenergy	0.11	1,433	HD Supply Holdings	0.05	12,606	JBG Smith Properties	0.38
2,516	Fiserv	0.16	20,027	Healthcare Realty Trust Inc	0.50	3,397	Jefferies Financial Group Inc	0.05
479	Fleetcor Technologies Inc	0.08	765	Healthcare Trust Of America	0.02	3,669	Jetblue Airways	0.05
1,220	Flir Systems	0.05	577	Heico	0.04	983	JM Smucker	0.08
1,008	Floor & Decor Holdings	0.02	569	Heico Corp	0.03	788	John Wiley & Sons	0.03
3,875	Flowers Foods	0.06	628	Helmerich & Payne	0.03	15,352	Johnson & Johnson	1.73
680	Flowserve	0.02	1,226	Henry Schein	0.08	695	Jones Lang Lasalle	0.08
1,189	Fluor	0.03	1,445	Hershey	0.14	19,273	JP Morgan Chase	1.64
525	FMC	0.03	6,445	Hewlett Packard Enterprise	0.07	3,353	Juniper Networks	0.08
1,549	Fnb Corp/Pa	0.01	307	Hexcel	0.02	581	Kansas City Southern	0.05
1,176	FNF Group	0.03	581	Highwoods Properties	0.02	601	Kar Auction Services	0.03
2,695	Foot Locker	0.13	441	Hill-Rom Holdings	0.03	1,470	Kellogg	0.07
24,216	Ford Motor	0.16	1,637	Hilton Worldwide Holdings	0.10	648	Keurig Dr Pepper Inc	0.01
1,512	Fortinet	0.09	1,559	Hologic	0.06	5,465	Key Corp	0.07
1,763	Fortive	0.10	6,721	Home Depot	1.01	1,272	Keysight Technologies	0.07
1,249	Fortune Brands Home & Security	0.04	17,431	Honeywell International	2.01	6,316	Kilroy Realty	0.35
1,673	Franklin Resources	0.04	1,728	Hormel Foods	0.06	2,175	Kimberly-Clark	0.22
9,219	Freeport-Mcmoran	0.08	2,440	Hospitality Properties Trust	0.05	1,513	Kimco Realty	0.02
514	Frontdoor Inc	0.01	5,530	Host Hotels & Resorts	0.08	8,378	Kinder Morgan	0.11
730	Gaming And Leisure Properties	0.02	134	Howard Hughes	0.01	401	Kirby	0.02
			9,890	HP	0.18			



## QUOTED EQUITIES (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
1,110	KLA-Tencor	0.09	1,339	MDU Resources Group	0.03	1,393	Nu Skin Enterprises	0.07
2,482	Kohls	0.14	2,082	Medical Properties Trust	0.03	4,455	Nuance Communications	0.05
2,982	Kraft Heinz	0.11	2,219	Mednax	0.06	1,594	Nucor	0.07
6,360	Kroger	0.15	14,300	Merck & Co	0.95	941	Nutanix Inc	0.03
1,969	L Brands	0.04	5,018	MetLife	0.18	3,291	NVIDIA	0.38
960	Laboratory Corporation Of America	0.11	254	Mettler-Toledo International	0.13	20	NVR	0.04
1,112	LAM Research	0.13	5,136	MFA Financial	0.03	384	Okta Inc	0.02
266	Lamar Advertising	0.02	1,897	MGM Resorts International	0.04	176	Old Dominion Freight Line	0.02
1,605	Lamb Weston Holdings	0.10	2,943	Michaels Companies	0.03	2,115	Old Republic International	0.04
625	Landstar System	0.05	1,171	Microchip Technology	0.07	1,717	OLIN	0.03
488	Las Vegas Sands	0.02	8,423	Micron Technology	0.23	803	Omega Healthcare Investors Inc	0.02
296	Lear	0.03	44,380	Microsoft	3.94	1,295	Omnicom Group	0.08
1,188	Legg Mason	0.03	714	Mid-America Apartment Communities	0.06	3,857	On Semiconductor	0.06
749	Leggett & Platt	0.02	12,896	Middleby	1.16	718	Onemain Holdings	0.02
1,371	Leidos Holdings	0.06	579	Mks Instruments Inc	0.03	2,365	Oneok	0.11
2,010	Lennar	0.07	361	Mohawk Industries	0.04	14,007	Oracle	0.55
794	Lennar Corp	0.02	248	Molina Healthcare Inc	0.03	606	O'Reilly Automotive	0.18
334	Lennox International	0.06	2,138	Molson Coors Brewing	0.10	689	Oshkosh Corp	0.04
142	Liberty Broadband Corp	0.01	7,144	Mondelez International	0.25	1,100	Owens Corning	0.04
1,387	Liberty Media Corporation - Liberty	0.04	2,341	Monster Beverage	0.10	1,442	Owens-Illinois	0.02
1,328	Liberty Media Corp-Liberty Sir	0.04	1,328	Moody's	0.16	1,574	Paccar	0.08
703	Liberty Property Trust	0.03	6,901	Morgan Stanley	0.24	568	Packaging Corporation Of America	0.04
4,320	Life Storage	0.35	376	Morningstar	0.04	642	Pacwest Bancorp	0.02
354	Live Nation Entertainment	0.02	2,541	Mosaic	0.06	211	Palo Alto Networks	0.03
2,195	LKQ	0.05	1,112	Motorola Solutions	0.11	1,314	Paramount Group	0.01
1,974	Loews Corp	0.08	622	Msc Industrial Direct	0.04	1,996	Park Hotels & Resorts	0.05
668	Logmein	0.05	1,132	MSCI	0.15	741	Parker-Hannifin	0.10
301	Lincoln Electric Holdings	0.02	872	Nasdaq	0.06	1,848	Paychex	0.11
1,487	Lincoln National	0.07	1,765	National Instruments	0.07	125	Paycom Software Inc	0.01
4,865	Lowe's	0.39	2,676	National Oilwell Varco	0.06	5,801	Paypal Holdings	0.43
674	LPL Financial Holdings	0.04	401	National Retail Properties	0.02	2,261	PBF Energy	0.06
877	Lululemon Athletica	0.09	3,458	Navient	0.03	12,146	Pebblebrook Hotel Trust	0.30
689	M&T Bank	0.09	1,180	NCR	0.02	445	Pegasystems Inc	0.02
7,603	Macerich	0.29	1,657	Nektar Therapeutics	0.05	1,541	Penske Automotive Group Inc	0.05
5,155	Macy's	0.13	1,484	Netapp	0.08	216	Penumbra Inc	0.02
71	Madison Square Garden	0.02	2,134	Netflix	0.50	2,377	People's United Financial	0.03
1,481	Manhattan Associates	0.05	175	Neurocrine Biosciences	0.01	7,492	Pepsico	0.72
388	Manpowergroup	0.02	3,873	New Residential Investment	0.05	763	Perkinelmer	0.05
35	Markel	0.03	1,551	New York Community Ban	0.01	32,988	Pfizer	1.26
217	Marketaxess Holdings	0.04	1,800	Newell Brands	0.03	2,978	PG & E	0.06
1,572	Marriott International	0.15	100	Newmarket	0.04	4,402	Pilgrim's Pride	0.06
19,477	Marsh & McLennan	1.36	2,500	Newmont Mining	0.08	739	Pinnacle West Capital	0.05
5,459	Martin Marietta Materials	0.82	3,745	News	0.04	2,568	PNC Financial Services Group I	0.26
2,666	Masco	0.07	1,560	News Corp	0.02	452	Polaris Industries	0.03
361	Masimo Corp	0.03	2,599	Nextera Energy	0.39	567	Pool	0.07
5,131	Mastercard	0.85	29,323	Nike	1.90	1,130	Post Holdings	0.09
1,565	Match Group	0.06	2,288	Nisource	0.05	1,499	PPG Industries	0.13
2,436	Mattel	0.02	131	Nordson	0.01	3,781	PPL	0.09
1,745	Maxim Integrated Products	0.08	1,756	Nordstrom	0.07	117	Pra Health Sciences Inc	0.01
820	McCormick & Co	0.10	1,256	Norfolk Southern	0.16	700	Premier	0.02
4,194	McDonald's	0.65	17,242	Northern Trust	1.26	1,679	Pripal Financial Group	0.06
1,461	McKesson	0.14	825	Northrop Grumman	0.18	12,988	Procter & Gamble	1.04

United States (continued)			United States (continued)			United States (continued)		
Holding	Security Description	Value €m	Holding	Security Description	Value €m	Holding	Security Description	Value €m
3,592	Progressive Corp	0.19	1,032	SEI Investments	0.04	1,758	Teradata	0.06
27,885	Prologis	1.43	1,263	Sempra Energy	0.12	1,750	Teradyne	0.05
167	Proofpoint Inc	0.01	958	Senior Housing Properties	0.01	1,283	Terex	0.03
258	Prosperity Bancshares Inc	0.01	806	Service Corporation International	0.03	31	Tesla	0.01
2,358	Prudential Financial	0.17	476	Servicemaster Global Holdings	0.02	205	Texas Capital Bancshares Inc	0.01
411	PTC	0.03	593	Servicenow	0.09	5,921	Texas Instruments	0.49
3,056	Public Service Enterprise	0.14	459	Sherwin-Williams	0.16	1,454	TFS Financial	0.02
6,707	Public Storage	1.19	99	Signature Bank/New York Ny	0.01	2,303	Thermo Fisher Scientific	0.45
3,182	Pultegroup	0.07	1,024	Silgan Holdings	0.02	229	Thor Industries	0.01
1,084	Pure Storage Inc	0.02	14,463	Simon Property Group	2.12	967	Tiffany & Co	0.07
684	PVH	0.06	4,894	Sirius XM Holdings	0.02	8,243	TJX Cos	0.32
1,078	Qorvo	0.06	42,573	Site Centers Corp	0.41	1,062	T-Mobile Us	0.06
5,663	Qualcomm	0.28	215	Six Flags Entertainment	0.01	1,539	Toll Brothers	0.04
2,186	Quanta Services	0.06	2,118	Skechers U.S.A.	0.04	859	Torchmark	0.06
2,669	Qurate Retail Inc	0.05	1,276	Skyworks Solutions	0.07	384	Toro	0.02
1,023	Ralph Lauren	0.09	516	SL Green Realty	0.04	1,568	Total System Services	0.11
707	Raymond James Financial	0.05	465	Snap-On	0.06	1,419	Tractor Supply	0.10
982	Rayonier	0.02	378	Sonoco Products	0.02	284	Transdigm Group	0.08
5,303	Realogy Holdings	0.07	5,240	Southern	0.20	365	Transunion	0.02
345	Realpage Inc	0.01	2,590	Southwest Airlines	0.11	1,436	Travelers Cos	0.15
1,525	Realty Income	0.08	1,557	Spectrum Brands Holdings Inc	0.06	1,597	Treehouse Foods	0.07
1,457	Red Hat	0.22	432	Spirit Aerosystems Holdings	0.03	332	Tribune Media Co	0.01
951	Regal Beloit	0.06	611	Spirit Realty Capital Inc	0.02	504	Trimble	0.01
842	Regency Centers	0.04	542	Splunk	0.05	1,792	Tripadvisor	0.08
334	Regeneron Pharmaceuticals	0.11	3,117	Sprouts Farmers Market	0.06	5,659	Twenty-First Century Fox	0.24
6,277	Regions Financial	0.07	972	Square	0.05	2,924	Twenty-First Century Fox Inc	0.12
396	Reinsurance Group of America	0.05	1,030	SS&C Technologies Holdings	0.04	576	Twilio Inc	0.04
173	Reliance Steel & Aluminum	0.01	737	Stanley Black & Decker	0.08	3,623	Twitter	0.09
1,488	Republic Services	0.09	6,822	Starbucks	0.38	2,478	Two Harbors Investment	0.03
532	Resideo Technologies Inc	0.01	1,566	Starwood Property Trust	0.03	155	Tyler Technologies	0.03
992	Resmed	0.10	1,940	State Street	0.11	2,905	Tyson Foods	0.14
915	Retail Properties of America	0.01	630	Steel Dynamics	0.02	232	Ubiquiti Networks Inc	0.02
3,589	Retail Value Inc	0.08	897	Store Capital Corp	0.02	1,785	UDR	0.06
543	Ringcentral Inc	0.04	1,957	Stryker	0.27	1,865	UGI	0.09
38,021	RLJ Lodging Trust	0.54	415	Sun Communities	0.04	515	Ulta Beauty	0.11
1,715	Robert Half International	0.09	2,818	Suntrust Banks	0.12	160	Ultimate Software Group	0.03
810	Rockwell Automation	0.11	264	SVB Financial Group	0.04	806	Umpqua Holdings Corp	0.01
3,636	Rollins	0.11	5,348	Symantec	0.09	2,725	Under Armour	0.04
620	Roper Technologies	0.14	3,951	Synchrony Financial	0.08	3,108	Under Armour Inc	0.04
2,538	Ross Stores	0.18	1,536	Synopsys	0.11	3,569	Union Pacific	0.43
196	Royal Gold	0.01	390	Synovus Financial	0.01	1,854	United Continental Holdings	0.14
1,178	RPC	0.01	3,635	Sysco	0.20	3,183	United Parcel Service	0.27
1,000	Rpm International	0.05	1,709	T Rowe Price Group	0.14	326	United Rentals	0.03
4,356	Ryman Hospitality Properties I	0.25	956	Tableau Software	0.10	863	United States Cellular	0.04
1,867	S&P Global	0.28	446	Take-Two Interactive Software	0.04	665	United States Steel	0.01
1,168	Sabre Corp	0.02	2,494	Tapestry	0.07	4,084	United Technologies	0.38
4,413	Salesforce.Com	0.53	3,935	Target	0.23	776	United Therapeutics	0.07
2,702	Santander Consumer USA	0.04	1,006	TCF Financial	0.02	5,707	Unitedhealth Group	1.24
140	Sarepta Therapeutics Inc	0.01	418	Td Ameritrade Holding Corp	0.02	921	Uniti Group Inc	0.01
713	SBA Communications	0.10	131	Teledyne Technologies	0.02	2,350	Univar	0.04
909	Scana	0.04	68	Teleflex	0.02	690	Universal Health Services	0.07
6	Seaboard	0.02	1,560	Telephone & Data Systems	0.04	1,643	Unum Group	0.04
1,014	Sealed Air	0.03	521	Tempur Sealy International	0.02	2,720	Urban Outfitters	0.08



## QUOTED EQUITIES (CONTINUED)

United States (continued)		
Holding	Security Description	Value €m
7,658	US BanCorp	0.31
3,583	US Foods Holding	0.10
107	Vail Resorts	0.02
168	Valmont Industries	0.02
1,412	Valvoline	0.02
722	Varian Medical Systems	0.07
536	Vectren	0.03
375	Veeva Systems	0.03
23,032	Ventas	1.18
2,702	Vereit	0.02
916	Verisign	0.12
1,110	Verisk Analytics	0.11
22,548	Verizon Communications	1.11
926	Versum Materials	0.02
1,513	Vertex Pharmaceuticals	0.22
2,711	VF	0.17
1,553	Viacom	0.04
3,220	Viacom Inc	0.07
602	Vici Properties Inc	0.01
441	Virtu Financial Inc	0.01
9,225	Visa	1.06
6,398	Vistra Energy	0.13
378	VMware	0.05
8,270	Vornado Realty Trust	0.45
512	Vulcan Materials	0.04
192	Wabco Holdings	0.02
199	Wabtec Corp	0.01
5,699	Walgreens Boots Alliance	0.34
9,462	Wal-Mart Stores	0.77
8,058	Walt Disney	0.77
2,298	Waste Management	0.18
463	Waters	0.08
368	Watsco	0.04
831	Wayfair	0.07
214	Webster Financial Corp	0.01
1,797	Wec Energy Group Inc	0.11
422	Weingarten Realty Investors	0.01
383	Wellcare Health Plans	0.08
62,521	Wells Fargo	2.52
1,827	Welltower	0.11
668	Wendy'S Co/The	0.01
1,418	Wesco International	0.06
127	West Pharmaceutical Services I	0.01
2,806	Western Digital	0.09
4,184	Western Union	0.06
405	Westlake Chemical	0.02
2,028	Westrock	0.07
196	WEX	0.02
4,014	Weyerhaeuser	0.08
1,726	Whiting Petroleum Corp	0.03
252	Whirlpool	0.02
5,524	Williams Cos	0.11
1,215	Williams-Sonoma	0.05

United States (continued)		
Holding	Security Description	Value €m
161	Wintrust Financial Corp	0.01
206	Workday	0.03
662	Worldpay Inc	0.04
414	WP Carey	0.02
1,082	Wpx Energy Inc	0.01
617	WR Berkley	0.04
248	WR Grace	0.01
505	WW Grainger	0.12
440	Wyndham Hotels & Resorts Inc	0.02
1,124	Wyndham Worldwide	0.04
336	Wynn Resorts	0.03
2,762	Xcel Energy Inc	0.12
2,650	Xerox	0.05
1,351	Xilinx	0.10
353	XPO Logistics	0.02
1,271	Xylem	0.07
1,140	Yum China Holdings	0.03
2,601	Yum! Brands	0.21
155	Zebra Technologies	0.02
355	Zendesk Inc	0.02
1,043	Zimmer Biomet Holdings	0.09
1,058	Zions Banoration	0.04
3,333	Zoetis	0.25
		<b>149.12</b>
	<b>% of Total Investments</b>	<b>0.89%</b>
	<b>Total North American Quoted Equities</b>	<b>150.37</b>
	<b>% of Total Investments</b>	<b>0.89%</b>

## ASIA PACIFIC

Australia		
Holding	Security Description	Value €m
213,148	Gpt Group	0.70
242,006	Mirvac Group	0.33
268,837	Prime Infra Group-Prime AETD holdings	0.00
686,490	Propertylink Group	0.48
79,666	Scentre Group	0.19
		<b>1.72</b>
	<b>% of Total Investments</b>	<b>0.01%</b>

## Hong Kong

Holding	Security Description	Value €m
205,000	CK Asset Holdings	1.31
863,100	Hanergy Thin Film Power Group	0.00
50,500	Link Reit	0.45
89,000	Sun Hung Kai Properties	1.11
		<b>2.86</b>
	<b>% of Total Investments</b>	<b>0.02%</b>

## Japan

Holding	Security Description	Value €m
161	Activia Properties Inc	0.57
255	Daiwa House Reit Investment	0.50

Japan (continued)		
Holding	Security Description	Value €m
803	GLP J-Reit	0.71
24,100	Hoya	1.27
1,751	Invincible Investment	0.63
97	Japan Retail Fund Investment C	0.17
1,800	Keyence Corp	0.80
132,600	Mitsubishi Estate	1.82
9,900	Nidec	0.98
28,000	Sumitomo Realty & Development	0.90
		<b>8.34</b>
	<b>% of Total Investments</b>	<b>0.05%</b>

## Singapore

Holding	Security Description	Value €m
62,300	City Developments	0.32
		<b>0.32</b>
	<b>% of Total Investments</b>	<b>0.00%</b>
	<b>Total Asia Pacific Quoted Equities</b>	<b>13.24</b>
	<b>% of Total Investments</b>	<b>0.08%</b>

## EMERGING MARKETS

## Bermuda

Holding	Security Description	Value €m
1,074	Arch Capital Group	0.03
272	Aspen Insurance Holdings	0.01
837	Assured Guaranty	0.03
664	Athene Holding	0.02
499	Axalta Coating Systems	0.01
333	Axis Capital Holdings	0.02
208	Bunge	0.01
280	Everest Re Group	0.05
2,133	Genpact	0.05
2,303	IHS Markit	0.10
3,468	Invesco	0.05
933	Lazard	0.03
964	Marvell Technology Group	0.01
1,209	Norwegian Cruise Line Holdings	0.04
111	Renaissancere Holdings	0.01
30	White Mountains Insurance Group	0.02
		<b>0.50</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

## British Virgin Islands

Holding	Security Description	Value €m
1,985	Michael Kors Holdings	0.07
		<b>0.07</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

## Cayman Islands

Holding	Security Description	Value €m
1,698	Herbalife	0.09
		<b>0.09</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

China		
Holding	Security Description	Value €m
286,000	China Hongxing Sports	0.02
		<b>0.02</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Curacao		
Holding	Security Description	Value €m
6,044	Schlumberger	0.19
		<b>0.19</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Liberia		
Holding	Security Description	Value €m
777	Royal Caribbean Cruises	0.07
		<b>0.07</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Panama		
Holding	Security Description	Value €m
2,415	Carnival	0.10
877	Copa Holdings	0.06
		<b>0.16</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Puerto Rico		
Holding	Security Description	Value €m
456	Popular	0.02
		<b>0.02</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

South Korea		
Holding	Security Description	Value €m
3,227	Forhuman Co Knw 500	0.00
		<b>0.00</b>
	<b>% of Total Investments</b>	<b>0.00%</b>

Taiwan		
Holding	Security Description	Value €m
37,940	Taiwan Semiconductor Manufacture	1.22
		<b>1.22</b>
	<b>% of Total Investments</b>	<b>0.01%</b>
<b>Total Emerging Markets Quoted Equities</b>		<b>2.33</b>
<b>% of Total Investments</b>		<b>0.01%</b>
<b>Total Quoted Securities - Equities</b>		<b>455.55</b>
<b>% of Total Investments</b>		<b>2.71%</b>



## QUOTED DEBT INSTRUMENTS

EUROPE			Denmark (continued)			France (continued)		
Austria			Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
Nominal	Security Description	Value €m	936,000	Danske Bank A/S Regsvar Rt 09/12/2023 Dd 06/12/18	0.79	1,100,000	Banque Federative Du Cred Regs 0.500% 11/16/2022	1.10
600,000	Volksbank Wien Ag Regsvar Rt 10/06/2027	0.58	6,000,000	Nordea Kredit Realkredita Regs 2.000% 10/01/2050	0.80	1,900,000	Banque Federative Du Cred Regs 1.875% 12/13/2022	2.11
		<b>0.58</b>	5,992,093	Nykredit Realkredit A/S 2.000% 10/01/2050	0.80	11,000,000	BNP Paribas Sa 144A 3.800% 01/10/2024 Dd 01/10/17	9.35
	<b>% of Total Investments</b>	<b>0.00%</b>	20,024,502	Nykredit Realkredit A/S Regs 2.000% 10/01/2047	2.70	3,082,000	BNP Paribas Sa 2.375% 05/21/2020 Dd 05/21/15	2.66
Belgium			13,419,681	Nykredit Realkredit A/S 1.500% 10/01/2047	1.77	1,000,000	BNP Paribas Sa Regs 0.750% 11/11/2022	1.01
Nominal	Security Description	Value €m	15,000,000	Nykredit Realkredit A/S Regs 1.000% 01/01/2023	2.08	2,391,000	BNP Paribas Sa Regs 2.500% 08/23/2019	2.43
800,000	Anheuser-Busch Inbev Sa/N Regs 1.500% 03/17/2025	0.81	12,000,000	Orsted A/S Regs 2.000% 04/01/2020	1.65	1,200,000	BNP Paribas Sa Regs 1.125% 10/10/2023	1.20
3,112,000	Anheuser-Busch Inbev Sa/N Regs variable rate 03/17/2020	3.13	22,696,993	Realkredit Danmark A/S 1.000% 01/01/2021	3.12	550,000	BNP Paribas Sa Regs 1.125% 11/22/2023	0.55
3,836,000	Anheuser-Busch Inbev Sa/N Regs 0.800% 04/20/2023	3.84	11,800,000	Realkredit Danmark A/S 1.000% 04/01/2022	1.63	475,000	BNP Paribas Sa Regsvar Rt 06/07/2024	0.46
500,000	Belfius Bank Sa/Nv Regs 0.625% 10/14/2021	0.51	1,451,065	Realkredit Danmark A/S 2.000% 10/01/2047	0.20	900,000	BPCE Sa Regs 0.375% 10/05/2023	0.89
400,000	Belfius Bank Sa Regs 0.625% 08/30/2023	0.40			<b>16.22</b>	1,000,000	BPCE Sa Regs 0.625% 09/26/2023	1.00
400,000	Belfius Bank Sa Regsvar Rt 12/31/2049	0.30		<b>% of Total Investments</b>	<b>0.10%</b>	6,800,000	BPCE Sa Regs 1.125% 01/18/2023	6.82
600,000	KBC Bank Nv Regs 1.250% 05/28/2020	0.61				400,000	BPCE Sa Regsvar Rt 01/11/2023	0.39
950,000	KBC Group Nv Regs variable rate 12/31/2049	0.95				600,000	BPCE Sa Regsvar Rt 03/23/2023	0.58
1,400,000	KBC Group Nv Regs variable rate 11/24/2022	1.38				1,495,000	BPCE Sa 2.750% 12/02/2021 Dd 12/02/16	1.27
1,400,000	KBC Group Nv Regs 0.750% 03/01/2022	1.40						<b>0.43</b>
600,000	KBC Group Nv Regs variable rate 09/18/2029	0.58		<b>% of Total Investments</b>	<b>0.00%</b>	5,200,000	BPCE Sfh Sa Regs 2.125% 09/17/2020	5.41
7,300,000	KBC Group Nv Regs 0.750% 10/18/2023	7.22				400,000	Capgemini Se Regs 1.750% 07/01/2020	0.41
400,000	KBC Group Nv Regsvar Rt 12/31/2049	0.34				500,000	Capgemini Se Regs 1.000% 10/18/2024	0.49
290,000	Kingdom Of Belgium Govern 144A0.800% 06/22/2028	0.29				200,000	Capgemini Se Regs 2.500% 07/01/2023	0.21
2,450,000	Kingdom Of Belgium Govern 144A1.600% 06/22/2047	2.36				4,000,000	Cie De Financement Foncie Regs 0.125% 02/18/2020	4.01
300,000	P & V Assurances - P & V Regs 5.500% 07/13/2028	0.30				700,000	Cie De Saint-Gobain Regs 0.000% 03/27/2020	0.70
375,000	European Stability Mechan Regs 0.750% 03/15/2027	0.38				1,500,000	Cie De Saint-Gobain Regs 0.875% 09/21/2023	1.50
1,125,000	European Stability Mechan Regs 0.100% 07/31/2023	1.13				2,500,000	Cie Generale Des Etabliss Regs 0.875% 09/03/2025	2.48
1,797,000	European Stability Mechan Regs 0.000% 01/17/2022	1.81				1,300,000	Coentreprise De Transport Regs 0.875% 09/29/2024	1.29
		<b>27.74</b>				300,000	Credit Agricole Assurance Regsvar Rt 09/27/2048	0.31
	<b>% of Total Investments</b>	<b>0.16%</b>				2,776,000	Credit Agricole Sa/London 144A 2.750% 06/10/2020 Dd 06/10/15	2.40
Cyprus						11,950,000	Credit Agricole Sa/London 144A 3.250% 10/04/2024 Dd 10/04/17	9.76
Nominal	Security Description	Value €m				2,400,000	Credit Agricole Sa/London Regs 1.375% 05/03/2027	2.40
300,000	Cyprus Government Interna Regs 2.750% 06/27/2024	0.32				800,000	Credit Agricole Sa/London Regs 0.750% 12/01/2022	0.81
1,081,000	Cyprus Government Interna Regs 2.375% 09/25/2028	1.09				1,100,000	Credit Agricole Sa/London Regs 0.875% 01/19/2022	1.12
		<b>1.41</b>				600,000	Credit Mutuel Arkea Sa Regs 3.250% 06/01/2026	0.60
	<b>% of Total Investments</b>	<b>0.01%</b>				200,000	Credit Mutuel Arkea Sa variable rate 10/25/2029	0.18
Denmark						1,700,000	Danone Sa Regs 0.167% 11/03/2020	1.70
Nominal	Security Description	Value €m				3,000,000	Engie Sa Regs 0.375% 02/28/2023	2.99
700,000	Danske Bank A/S Regs 0.250% 11/28/2022	0.68						



France (continued)		
Nominal	Security Description	Value €m
1,900,000	Engie Sa Regs variable rate 12/31/2049	1.91
600,000	Engie Sa Regs 0.875% 09/19/2025	0.60
100,000	Engie Sa Regsvar Rt 12/31/2049	0.09
3,800,000	Eutelsat Sa Regs 5.000% 01/14/2019	3.81
1,000,000	Faurecia Regs 3.625% 06/15/2023	1.00
1,610,000	French Republic Governmen 144A 1.750% 06/25/2039	1.73
2,900,000	French Republic Governmen Regs 3.500% 04/25/2020	3.06
600,000	Gecina Sa Regs variable rate 06/30/2022	0.59
600,000	Hsbc France Sa Regs 0.200% 09/04/2021	0.60
1,000,000	Hsbc France Sa Regs 0.600% 03/20/2023	1.00
1,000,000	La Poste Sa Regsvar Rt 12/31/2049	0.90
4,900,000	Legrand Sa Regs 0.500% 10/09/2023	4.90
1,500,000	Lvmh Moet Hennessy Louis Regs 0.750% 05/26/2024	1.50
700,000	Orange Sa Regs variable rate 12/31/2049	0.72
1,100,000	Orange Sa Regs 1.000% 09/12/2025	1.09
800,000	RCI Banque Sa Regs variable rate 04/12/2021	0.79
300,000	RCI Banque Sa Regs variable rate 07/08/2020	0.30
400,000	RCI Banque Sa Regs 0.250% 07/12/2021	0.39
3,150,000	RCI Banque Sa Regs 0.625% 03/04/2020	3.16
200,000	RCI Banque Sa Regs 1.625% 04/11/2025	0.20
1,075,000	RCI Banque Sa Regs 1.625% 05/26/2026	1.04
425,000	RCI Banque Sa Regsvar Rt 01/12/2023	0.40
900,000	RCI Banque Sa Regsvar Rt 03/12/2025	0.82
2,800,000	Sanofi Regs 1.125% 03/10/2022	2.88
1,380,000	SFR Group Sa 144A 6.250% 05/15/2024 Dd 05/08/14	1.12
300,000	Societe Generale Sa Regs 0.500% 01/13/2023	0.29
1,400,000	Societe Generale Sa Regs variable rate 04/01/2022	1.38
3,600,000	Societe Generale Sa Regs variable rate 09/16/2026	3.68
1,300,000	Societe Generale Sa Regs 0.250% 01/18/2022	1.29
4,700,000	Societe Generale Sa Regs 1.000% 04/01/2022	4.72
1,300,000	Societe Generale Sa Regs 1.125% 01/23/2025	1.26
800,000	Solvay Finance Sa Regsvar Rt 12/31/2049	0.81
1,000,000	SPCM Sa Regs 2.875% 06/15/2023	1.00
300,000	Teleperformance Regs 1.875% 07/02/2025	0.30

France (continued)		
Nominal	Security Description	Value €m
2,800,000	Thales Sa Regs0.750% 06/07/2023	2.83
1,700,000	Total Capital International Sa 2.100% 06/19/2019 Dd 06/23/14	1.48
1,300,000	Valeo Sa Regs 0.625% 01/11/2023	1.26
1,500,000	Vinci Sa Regs 1.000% 09/26/2025	1.50
		<b>143.30</b>
	<b>% of Total Investments</b>	<b>0.85%</b>

Germany		
Nominal	Security Description	Value €m
4,700,000	Allianz Se Regsvar Rt 10/17/2042	5.39
554,000	Bayer Ag Regsvar Rt 07/01/2075	0.55
1,900,000	Bertelsmann Se & Co Kгаа Regs 1.250% 09/29/2025	1.90
700,000	Bertelsmann Se & Co Kгаа Regsvar Rt 04/23/2075	0.68
2,174,000	Commerzbank Ag 144A8.125% 09/19/2023 Dd 09/19/13	2.08
1,600,000	Commerzbank Ag Regs 0.500% 08/28/2023	1.58
650,000	Continental Ag Regs 0.000% 02/05/2020	0.65
1,100,000	Daimler Ag Regs 0.750% 05/11/2023	1.10
1,300,000	Deutsche Bank Ag Regs 0.375% 01/18/2021	1.26
2,000,000	Deutsche Bank Ag Regs 1.250% 09/08/2021	1.96
7,750,000	Deutsche Bank Ag/New York Ny3.700% 05/30/2024 Dd 05/30/18	6.15
4,600,000	Deutsche Bank Ag2.850% 05/10/2019 Dd 05/12/16	3.99
900,000	Deutsche Bank Agvar Rt 05/16/2022	0.86
1,600,000	Erste Abwicklungsanstalt Regs 0.000% 06/12/2020	1.61
600,000	Eurogrid Gmbh Regs3.875% 10/22/2020	0.64
2,000,000	Fms Wertmanagement Aoer Regs 0.000% 11/13/2020	2.01
200,000	Heidelbergcement Ag Regs2.250% 06/03/2024	0.21
1,500,000	Iho Verwaltungs Gmbh Regs 3.250% 09/15/2023	1.46
4,591,000	Kreditanstalt Fuer Wiederaufbau 0.125% 11/07/2023	4.62
600,000	Muenchener Rueckversicher Regsvar Rt 05/26/2049	0.61
3,123,000	Sap Se Regs 2.125% 11/13/2019	3.18
1,400,000	Volkswagen Bank Gmbh Regs 1.250% 06/10/2024	1.35
5,400,000	Volkswagen Bank Gmbh Regs 1.500% 02/13/2019	5.41
300,000	Volkswagen Bank Gmbh Regsvar Rt 06/15/2021	0.29
700,000	Volkswagen Financial Serv Regs 0.875% 04/12/2023	0.68
1,350,000	Volkswagen Financial Serv Regs1.375% 10/16/2023	1.33
300,000	Volkswagen Leasing Gmbh Regs 0.250% 10/05/2020	0.30

Germany (continued)		
Nominal	Security Description	Value €m
475,000	Volkswagen Leasing Gmbh Regs 1.000% 02/16/2023	0.47
		<b>52.33</b>
	<b>% of Total Investments</b>	<b>0.31%</b>

Guernsey Channel Islands		
Nominal	Security Description	Value €m
1,398,000	Credit Suisse Group Fundi Regs 2.750% 08/08/2025	1.53
4,700,000	Credit Suisse Group Fundi Regs 1.250% 04/14/2022	4.74
7,700,000	Credit Suisse Group Funding Gu 2.750% 03/26/2020 DD 09/26/15	6.65
		<b>12.91</b>
	<b>% of Total Investments</b>	<b>0.08%</b>

Ireland		
Nominal	Security Description	Value €m
675,000	Abbott Ireland Financing Regs 0.000% 09/27/2020	0.67
700,000	Aquarius & Investments PI Regs variable rate 10/02/2043	0.76
1,500,000	Ardagh Packaging Finance 144A 4.250% 09/15/2022 DD 03/08/17	1.25
500,000	Cloverie For Swiss Re Regs variable rate 09/01/2042	0.59
35,000,000	DAA Finance Regs 1.554% 06/07/2028	35.21
824,000	Endo/Endo Finance Ltd 144A 6.000% 07/15/2023 DD 07/09/15	0.55
1,125,000	Fresenius Finance Ireland Regs 0.875% 01/31/2022	1.12
1,000,000	Fresenius Finance Ireland Regs 1.500% 01/30/2024	1.00
2,420	Ireland Government Bond Regs 1.000% 05/15/2026	0.00
1,315,000	Ireland Government Bond Regs 1.700% 05/15/2037	1.34
2,100,000	Ireland Government Bond Regs 0.900% 05/15/2028	2.10
1,500,000	Shire Acquisitions Investments 1.900% 09/23/2019 DD 09/23/16	1.29
850,000	Virgin Media Receivables Regs 5.750% 04/15/2023	0.94
		<b>46.84</b>
	<b>% of Total Investments</b>	<b>0.28%</b>

Italy		
Nominal	Security Description	Value €m
1,500,000	2l Rete Gas Spa Regs 2.195% 09/11/2025	1.50
5,110,000	Assicurazioni Generali Sp Regs 2.875% 01/14/2020	5.24
1,800,000	Assicurazioni Generali Sp Regs variable rate 07/10/2042	2.23
2,539,000	Buzzi Unicem Spa Regs2.125% 04/28/2023	2.53
325,000	FCA Bank Spa/Ireland Regs 0.250% 10/12/2020	0.32
5,200,000	FCA Bank Spa/Ireland Regs 2.625% 04/17/2019	5.24



## QUOTED DEBT INSTRUMENTS (CONTINUED)

Italy (continued)			Luxembourg			Netherlands (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
100,000	Fca Bank Spa/Ireland Regs 1.000% 02/21/2022	0.10	6,400,000	Ado Properties Sa Regs 1.500% 07/26/2024	5.98	594,000	ABN Amro Bank Nv Regs 0.625% 05/31/2022	0.60
435,000	Intesa Sanpaolo Spa 144A3.375% 01/12/2023 Dd 01/12/18	0.35	858,000	Allergan Funding Scs 0.500% 06/01/2021	0.86	500,000	ABN Amro Bank Nv Regs 5.000% 02/09/2022	0.57
625,000	Intesa Sanpaolo Spa Regs 0.875% 06/27/2022	0.61	6,911,000	Allergan Funding Scs 3.000% 03/12/2020 Dd 03/12/15	6.01	6,000,000	Airbus Finance Bv Regs 2.375% 04/02/2024	6.50
2,600,000	Intesa Sanpaolo Spa Regs 3.000% 01/28/2019	2.60	625,000	Allergan Funding Scs 2.625% 11/15/2028	0.63	400,000	Bayer Capital Corp Bv Regs 0.625% 12/15/2022	0.40
2,400,000	Intesa Sanpaolo Spa Regs 4.375% 10/15/2019	2.47	2,392,000	Arcelormittal 5.125% 06/01/2020 Dd 06/01/15	2.12	6,100,000	Bayer Capital Corp Bv Regs 1.500% 06/26/2026	5.92
410,000	Intesa Sanpaolo Spa Regs variable rate 12/31/2049	0.41	1,060,000	Arcelormittal Regs 2.875% 07/06/2020	1.10	200,000	Bayer Capital Corp Bv Regs 2.125% 12/15/2029	0.19
1,200,000	Intesa Sanpaolo Spa Regs 1.375% 01/18/2024	1.16	525,000	Arcelormittal variable rate 02/25/2022 Dd 02/28/12	0.48	800,000	Bayer Capital Corp Bv Regsvar Rt 06/26/2022	0.80
600,000	Intesa Sanpaolo Spa Regs 1.750% 03/20/2028	0.55	1,225,000	Arcelormittal variable rate 03/01/2021 Dd 03/07/11	1.10	775,000	BMW Finance NV Regs 0.125% 01/12/2021	0.77
600,000	Italy Buoni Poliennali De 144A2.950% 09/01/2038	0.57	2,700,000	Aroundtown Sa Regs 2.125% 03/13/2023	2.74	714,000	BMW Finance Nv Regs 0.500% 11/22/2022	0.71
315,659	Italy Buoni Poliennali De Regs 1.250% 10/27/2020	0.32	6,000,000	Dh Europe Finance Sa1.200% 06/30/2027	5.88	600,000	BMW Finance Nv Regs 1.000% 01/21/2025	0.60
1,887,932	Italy Buoni Poliennali De Regs 1.650% 04/23/2020	1.93	1,000,000	Dh Europe Finance Sa1.700% 01/04/2022	1.04	4,450,000	BMW Finance Nv Regs 2.375% 01/24/2023	4.75
547,000	Italy Buoni Poliennali De Regs 4.500% 03/01/2026	0.62	3,214,000	European Financial Stabil Regs 0.625% 10/16/2026	3.24	5,908,000	Bunge Finance Europe BV 1.850% 06/16/2023	5.98
1,600,000	Italy Buoni Poliennali De Regs 0.450% 06/01/2021	1.59	1,700,000	European Financial Stabil Regs 0.950% 02/14/2028	1.74	840,000	Constellium Nv 144A5.750% 05/15/2024 Dd 05/07/14	0.67
370,000	Italy Buoni Poliennali De Regs 2.450% 10/01/2023	0.38	290,000	European Financial Stabil Regs 1.750% 07/17/2053	0.29	6,050,000	Cooperatieve Rabobank UA Regs 4.875% 01/10/2023	7.57
4,000,000	Italy Buoni Poliennali Del Tes 0.700% 05/01/2020	4.02	1,200,000	Heidelbergcement Finance Regs 3.250% 10/21/2020	1.26	2,530,000	Cooperatieve Rabobank UA/Ny 2.250% 01/14/2020 Dd 01/14/15	2.19
544,000	Italy Buoni Poliennali Del Tes 1.350% 04/15/2022	0.55	500,000	Heidelbergcement Finance Regs 1.500% 06/14/2027	0.47	400,000	CRH Funding Bv Regs1.875% 01/09/2024	0.42
925,000	Mediobanca Banca Di Credi Regs 0.625% 09/27/2022	0.88	1,000,000	Holcim Finance Luxembourg Regs 1.375% 05/26/2023	1.01	2,250,000	Daimler International Fin Regs 0.200% 09/13/2021	2.23
400,000	Mediobanca Banca Di Credi Regs 0.750% 02/17/2020	0.40	200,000	Holcim Finance Luxembourg Regs 3.000% 01/22/2024	0.22	1,125,000	Daimler International Fin Regs 0.250% 05/11/2022	1.11
1,440,000	Mediobanca Banca Di Credi Regs 2.250% 03/18/2019	1.45	2,500,000	Holcim US Finance Sarl & 144A 6.000% 12/30/2019	2.24	3,700,000	Daimler International Fin Regs 0.250% 08/09/2021	3.68
1,800,000	Unicredit Spa Regs 1.500% 06/19/2019	1.81	935,000	Intelsat Jackson Holdings 144A 8.000% 02/15/2024 Dd 03/29/16	0.84	625,000	De Volksbank NV Regs 0.125% 09/28/2020	0.62
400,000	Unicredit Spa Regs 6.950% 10/31/2022	0.45	5,431,000	John Deere Cash Managemen Regs 0.500% 09/15/2023	5.45	1,100,000	De Volksbank NV Regs variable rate 11/05/2025	1.15
1,922,000	Unicredit Spa Regs variable rate 10/28/2025	1.98	1,150,000	Mallinckrodt Internationa 144A 4.875% 04/15/2020 Dd 04/15/15	0.97	2,000,000	De Volksbank Nv Regs 0.750% 06/25/2023	2.01
400,000	Unicredit Spa Regsvar Rt 12/31/2049	0.34	3,000,000	Novartis Finance Sa Regs 0.500% 08/14/2023	3.03	1,400,000	Deutsche Telekom Internat Regs 0.625% 12/13/2024	1.37
		<b>42.58</b>	1,000,000	Richemont International H Regs 1.000% 03/26/2026	0.99	1,250,000	Deutsche Telekom Internat Regs 1.375% 12/01/2025	1.27
	<b>% of Total Investments</b>	<b>0.25%</b>	10,234,000	SES SA 144A 3.600% 04/04/2023 Dd 04/04/13	8.76	515,000	Deutsche Telekom Internat Regs 2.000% 12/01/2029	0.52
					<b>58.45</b>	2,580,000	EDP Finance BV 144A 4.125% 01/15/2020	2.26
				<b>% of Total Investments</b>	<b>0.35%</b>	5,598,000	EDP Finance BV 144A 4.900% 10/01/2019 Dd 09/29/09	4.93
<b>Jersey Channel Islands</b>			<b>Netherlands</b>					
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m			
2,770,000	Glencore Finance Europe Ltd Regs 3.375% 09/30/2020	2.89	2,946,000	ABB Finance BV Regs 2.625% 03/26/2019	2.96	3,022,000	EDP Finance BV Regs 8.625% 01/04/2024	4.30
6,900,000	Glencore Finance Europe Ltd Regs STEP 04/03/2022	8.50	5,310,000	ABN Amro Bank NV Regs variable rate 06/30/2025	5.46	1,075,000	Ferrari NV Regs 0.250% 01/16/2021	1.06
4,800,000	Heathrow Funding Ltd Regs 1.875% 05/23/2024	4.96	2,200,000	ABN Amro Bank Nv Regs 0.250% 12/03/2021	2.20	131,000	Geberit International Bv Regs 0.688% 03/30/2021	0.13
3,100,000	Swiss Re Reassure Ltd Regs 1.375% 05/27/2023	3.16	550,000	ABN Amro Bank Nv Regs 0.500% 07/17/2023	0.55	750,000	Goodyear Dunlop Tires Eur Regs 3.750% 12/15/2023	0.74
		<b>19.51</b>				384,000	Heineken Nv Regs3.500% 03/19/2024	0.44
	<b>% of Total Investments</b>	<b>0.12%</b>						



Netherlands (continued)			Netherlands (continued)			Spain (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
2,410,000	ING Bank NV 144A 2.450% 03/16/2020 Dd 03/16/15	2.08	600,000	Tennet Holding BV Regs variable rate 12/31/2049	0.58	1,000,000	Amadeus Capital Markets S Regs 0.125% 10/06/2020	1.00
3,100,000	ING Bank NV Regs 0.700% 04/16/2020	3.13	2,725,000	Teva Pharmaceutical Finance NE 1.700% 07/19/2019 Dd 07/21/16	2.34	1,600,000	Amadeus It Group Sa Regs0.875% 09/18/2023	1.59
2,247,000	ING Bank NV Regs 3.250% 04/03/2019	2.27	3,550,000	Teva Pharmaceutical Finance NE 2.800% 07/21/2023	2.67	500,000	Amadeus It Group Sa Regs1.500% 09/18/2026	0.49
1,500,000	ING Bank Nv Regs 0.375% 11/26/2021	1.51	500,000	Teva Pharmaceutical Finance Ne 3.250% 04/15/2022	0.50	1,375,000	Autonomous Community Of M Regs 0.747% 04/30/2022	1.40
800,000	ING Groep NV Regs 0.750% 03/09/2022	0.80	465,000	Teva Pharmaceutical Finance Ne 6.000% 04/15/2024 Dd 03/14/18	0.39	4,800,000	Banco Bilbao Vizcaya Arge Regs 0.750% 09/11/2022	4.73
6,400,000	ING Groep Nv Regs 1.000% 09/20/2023	6.36	1,508,000	Unilever NV Regs 0.375% 02/14/2023	1.51	1,900,000	Banco De Sabadell SA 0.875% 03/05/2023	1.81
600,000	ING Groep Nv Regs 2.500% 11/15/2030	0.62	3,110,000	Unilever NV Regs 1.750% 08/05/2020	3.20	2,000,000	Banco De Sabadell Sa Regs 1.625% 03/07/2024	1.94
1,500,000	ING Groep Nv Regsvar Rt 02/15/2029	1.51	675,000	Unilever Nv Regs0.500% 01/06/2025	0.66	500,000	Banco De Sabadell Sa Regsvar Rt 12/12/2028	0.50
3,500,000	Innogy Finance Bv Regs 1.625% 05/30/2026	3.57	3,250,000	Volkswagen Financial Serv Regs 2.625% 07/22/2019	3.65	400,000	Banco Santander Sa Regs 2.500% 03/18/2025	0.40
6,400,000	Jab Holdings BV Regs 1.250% 05/22/2024	6.40	1,000,000	Volkswagen International Regs 0.500% 03/30/2021	0.99	5,400,000	Banco Santander Sa3.125% 02/23/2023 Dd 10/23/17	4.46
5,700,000	Jab Holdings BV Regs 2.125% 09/16/2022	6.01	2,600,000	Volkswagen International Regs 1.125% 10/02/2023	2.54	300,000	Bankia SA Regs 1.125% 08/05/2022	0.31
1,037,000	Lyondellbasell Industries NV 5.000% 04/15/2019 Dd 04/09/12	0.91	200,000	Volkswagen International Regs 2.625% 11/16/2027	0.20	800,000	Bankia SA Regs variable rate 03/15/2027	0.80
3,674,000	Mylan NV 2.500% 06/07/2019 Dd 12/07/16	3.19	3,050,000	Vonovia Finance Bv Regs0.875% 03/30/2020	3.07	2,700,000	Bankia SA Regs variable rate 05/22/2024	2.70
1,500,000	Mylan NV 3.150% 06/15/2021 Dd 12/15/16	1.28	700,000	Vonovia Finance Bv Regsvar Rt 12/22/2022	0.69	400,000	Bankia Sa Regsvar Rt 12/31/2049	0.38
1,400,000	Mylan NV Regs 1.250% 11/23/2020	1.41			<b>171.13</b>	1,300,000	Bankinter SA Regs 0.625% 10/09/2020	1.32
350,000	NN Group NV Regs 0.250% 06/01/2020	0.35			<b>% of Total Investments</b>	1,400,000	Bankinter SA Regs variable rate 04/06/2027	1.37
500,000	Nn Group Nv Regsvar Rt 04/08/2044	0.52			<b>1.02%</b>	2,800,000	Caixabank SA Regs 1.125% 05/17/2024	2.74
3,483,000	NXP BV / Nxp Funding Llc 144A 4.125% 06/15/2020 Dd 06/09/15	3.03				1,300,000	Caixabank SA Regs variable rate 02/15/2027	1.34
1,300,000	NXP BV / Nxp Funding Llc Regs 4.125% 06/15/2020	1.13				3,600,000	Caixabank Sa Regs 1.125% 01/12/2023	3.52
965,000	Paccar Financial Europe B Regs 0.125% 05/19/2020	0.96				1,000,000	Fade - Fondo De Amortizac Regs 0.031% 06/17/2020	1.00
4,500,000	Paccar Financial Europe B Regs 0.125% 05/24/2019	4.50				5,900,000	FCC Aqualia SA Regs 1.413% 06/08/2022	5.89
850,000	Relx Finance BV Regs 0.375% 03/22/2021	0.85				500,000	FCC Aqualia SA Regs 2.629% 06/08/2027	0.49
4,500,000	Relx Finance BV Regs 1.000% 03/22/2024	4.46				500,000	Iberdrola Finanzas Sa Regs 1.250% 10/28/2026	0.49
1,105,000	Schaeffler Finance BV Regs 3.250% 05/15/2025	1.13				2,200,000	Nortegas Energia Distribu Regs 2.065% 09/28/2027	2.13
2,823,000	Shell International Finance BV 2.125% 05/11/2020 Dd 05/11/15	2.44				4,682,000	Nortegas Energia Distribucion Regs 0.918% 09/28/2022	4.65
2,500,000	Siemens Financieringsmaat 144A 1.300% 09/13/2019 Dd 09/15/16	2.16				3,800,000	Red Electrica Financiaco Regs 1.125% 04/24/2025	3.87
500,000	Siemens Financieringsmaat 144A 2.150% 05/27/2020 Dd 05/27/15	0.43				3,000,000	Santander Consumer Financ Regs1.125% 10/09/2023	2.99
4,345,000	Siemens Financieringsmaat Regs 0.375% 09/06/2023	4.35				300,000	Santander Consumer Finance Regs 0.500% 10/04/2021	0.30
1,800,000	Syngenta Finance Nv 144A3.698% 04/24/2020 Dd 04/24/18	1.56				5,964,000	Spain Government Bond 1.400% 01/31/2020	6.08
670,000	Syngenta Finance Nv 144A4.441% 04/24/2023 Dd 04/24/18	0.56				6,003,000	Spain Government Bond 144A 4.600% 07/30/2019	6.18
600,000	Telefonica Europe BV Regs variable rate 12/31/2049	0.55				1,498,000	Spain Government Bond 144A 5.850% 01/31/2022	1.77
500,000	Telefonica Europe Bv Regsvar Rt 12/31/2049	0.46				649,000	Spain Government Bond 144A1.400% 07/30/2028	0.65
						300,000	Spain Government Bond 144A4.400% 10/31/2023	0.36



## QUOTED DEBT INSTRUMENTS (CONTINUED)

Spain (continued)			Switzerland (continued)			United Kingdom (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
1,130,000	Spain Government Bond 0.050% 01/31/2021	1.14	2,282,000	UBS AG/London Regs 0.125% 11/05/2021	2.27	1,395,000	FCE Bank Plc Regs 1.875% 04/18/2019	1.40
3,010,191	Spain Government Inflatio 144A 0.550% 11/30/2019	3.05	1,300,000	UBS Ag/London Regs 0.250% 01/10/2022	1.29	2,115,000	FCE Bank Plc Regs 2.759% 11/13/2019	2.37
1,500,000	Telefonica Emisiones Sa Regs1.495% 09/11/2025	1.50	600,000	UBS Ag/London Regs 0.625% 01/23/2023	0.60	4,000,000	Firstgroup Plc 6.125% 01/18/2019	4.48
1,750,000	Telefonica Emisiones Sa5.134% 04/27/2020 Dd 04/26/10	1.56	775,000	UBS Ag/London Regsvar Rt 04/23/2021	0.77	595,000	G4S International Finance Regs 1.500% 01/09/2023	0.59
5,900,000	Telefonica Emisiones SAU Regs 5.375% 02/02/2026	7.58	1,663,000	UBS AG/Stamford Ct 2.350% 03/26/2020 Dd 03/26/15	1.44	2,225,000	G4S International Finance Regs 1.875% 05/24/2025	2.17
1,900,000	Telefonica Emisiones SAU Regs 5.597% 03/12/2020	2.22	18,780,000	UBS Group Funding Switzer 144A 2.950% 09/24/2020 Dd 09/24/15	16.23	600,000	Glaxosmithkline Capital P Regs 1.250% 05/21/2026	0.60
		<b>87.28</b>	600,000	Zuercher Kantonalbank Regsvar Rt 06/15/2027	0.61	6,000,000	Great Rolling Stock Co Lt Regs 6.250% 07/27/2020	7.16
	<b>% of Total Investments</b>	<b>0.52%</b>			<b>38.37</b>	5,629,000	Hammerson Plc 6.000% 02/23/2026	7.13
				<b>% of Total Investments</b>	<b>0.23%</b>	2,800,000	Hammerson Plc Regs 1.750% 03/15/2023	2.80
						5,500,000	HSBC Holdings Plc Regs 6.500% 05/20/2024	7.34
Sweden			United Kingdom			4,025,000	HSBC Holdings Plc Regs variable rate 01/10/2024	4.03
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	1,125,000	HSBC Holdings Plc Regs variable rate 09/27/2022	1.10
4,400,000	Akelius Residential Prope Regs 1.125% 03/14/2024	4.16	2,800,000	Anglian Water Services Fi Regs 2.625% 06/15/2027	2.93	825,000	HSBC Holdings Plc Regsvar Rt 12/04/2024	0.83
11,500,000	Skandinaviska Enskilda Ba Regs 1.500% 12/21/2022	1.16	6,300,000	Anglian Water Services Fi Regs 4.500% 02/22/2026	7.54	1,405,000	HSBC Holdings Plcvar Rt 05/18/2024 Dd 05/18/18	1.19
155,000	Skandinaviska Enskilda Ba Regsvar Rt 10/31/2028	0.15	6,350,000	Annington Funding Plc Regs 1.650% 07/12/2024	6.13	1,265,000	HSBC Holdings Plcvar Rt 06/27/2023	1.40
14,000,000	Stadshypotek AB 4.500% 09/21/2022	1.57	1,800,000	Aviva Plc Regs variable rate 06/03/2041	2.17	1,000,000	Ineos Finance Plc Regs4.000% 05/01/2023	1.00
1,512,000	Svenska Handelsbanken AB 2.250% 06/17/2019 Dd 06/17/14	1.32	1,377,000	Barclays Bank Plc 144A 10.179% 06/12/2021 Dd 06/12/09	1.35	6,600,000	Intercontinental Hotels G Regs 3.875% 11/28/2022	7.82
1,175,000	Svenska Handelsbanken AB Regs 0.250% 02/28/2022	1.17	2,568,000	Barclays Plc 2.750% 11/08/2019 Dd 11/10/14	2.23	500,000	Jaguar Land Rover Automotives Regs 3.875% 03/01/2023	0.47
2,907,000	Svenska Handelsbanken AB Regs var Rt 01/15/2024	2.91	7,400,000	Barclays Plc Regs 3.250% 02/12/2027	7.92	1,750,000	Liberty Living Finance Pl Regs 2.625% 11/28/2024	1.92
325,000	Svenska Handelsbanken Ab Regs0.375% 07/03/2023	0.32	1,050,000	Barclays Plc Regs variable rate 10/06/2023	1.14	2,342,000	Lloyds Bank Plc 2.700% 08/17/2020	2.02
6,000,000	Sveriges Sakerstallda Obl Regs1.000% 06/21/2023	0.59	5,723,000	Barclays Plc Regs variable rate 11/11/2025	5.65	1,500,000	Lloyds Bank Plc 6.375% 01/21/2021	1.38
2,462,000	Swedbank AB Regs 0.250% 11/07/2022	2.44	600,000	Barclays Plc Regsvar Rt 02/07/2028	0.55	1,180,000	Lloyds Bank Plc Regs 6.500% 03/24/2020	1.26
700,000	Swedbank Ab Regs 0.300% 09/06/2022	0.70	520,000	Barclays Plc variable rate 12/31/2049	0.51	5,550,000	Lloyds Bank Plc Regs 7.500% 04/15/2024	7.72
4,700,000	Swedbank Hypotek AB Regs 1.000% 06/15/2022	0.47	2,000,000	British Telecommunication Regs 0.500% 06/23/2022	1.98	1,100,000	Lloyds Bank Plc variable rate 07/09/2025	1.28
		<b>16.97</b>	1,367,000	British Telecommunication Regs 1.125% 06/10/2019	1.37	1,000,000	Lloyds Banking Group Plc 3.100% 07/06/2021 Dd 07/06/16	0.86
	<b>% of Total Investments</b>	<b>0.10%</b>	5,700,000	British Telecommunication Regs 1.500% 06/23/2027	5.43	1,050,000	Lloyds Banking Group Plc Regs 2.250% 10/16/2024	1.12
			1,978,000	British Telecommunication Regs 0.875% 09/26/2023	1.94	6,200,000	Marks & Spencer Plc Regs 4.750% 06/12/2025	7.24
Switzerland			800,000	British Telecommunication Regs 1.000% 11/21/2024	0.77	217,000	Marks & Spencer Plc Regs 6.125% 12/06/2021	0.27
Nominal	Security Description	Value €m	700,000	Bupa Finance Plc Regs 5.000% 04/25/2023	0.83	1,500,000	Mondi Finance Plc Regs 1.500% 04/15/2024	1.49
1,179,000	Credit Suisse AG 144A 6.500% 08/08/2023 Dd 08/08/13	1.07	1,200,000	Centrica Plc Regs variable rate 04/10/2076	1.17	3,647,000	Motability Operations Gro Regs 0.875% 03/14/2025	3.61
1,620,000	Credit Suisse AG Regs variable rate 09/18/2025	1.73	825,000	Channel Link Enterprises Regs variable rate 06/30/2050	0.82	600,000	Motability Operations Gro Regs 1.625% 06/09/2023	0.63
786,000	Credit Suisse AG/London Regs 0.375% 04/11/2019	0.79	225,000	Diageo Finance Plc Regs 0.000% 11/17/2020	0.22	5,751,000	National Express Group Pl Regs 6.625% 06/17/2020	6.84
3,000,000	Credit Suisse AG/London Regs 1.125% 09/15/2020	3.05	675,000	Diageo Finance Plc Regs 0.250% 10/22/2021	0.68	625,000	Natwest Markets Plc Regs 1.125% 06/14/2023	0.61
2,170,000	Credit Suisse AG/London Regs 4.750% 08/05/2019	2.23	850,000	Diageo Finance Plc Regs 1.000% 04/22/2025	0.85			
2,352,000	Credit Suisse AG/New York Ny 5.400% 01/14/2020 Dd 01/14/10	2.09						
900,000	Credit Suisse Group Ag Regsvar Rt 06/12/2024 Dd 06/12/18	0.77						
2,510,000	UBS AG Regs variable rate 02/12/2026	2.65						
900,000	UBS AG/London 144A 2.200% 06/08/2020 Dd 06/08/17	0.77						



United Kingdom (continued)			NORTH AMERICA			United States (continued)		
Nominal	Security Description	Value €m	Canada			Nominal	Security Description	Value €m
5,000,000	Next Plc Regs 5.375% 10/26/2021	6.05				735,000	Acadia Healthcare Co Inc 5.625% 02/15/2023 Dd 08/15/15	0.61
154,000	Pennon Group Plc Regs variable rate 12/31/2049	0.17	730,000	1011778 Bc Ulc / New Red 144A 4.250% 05/15/2024 Dd 05/17/17	0.59	1,400,000	Adt Corp/The 5.250% 03/15/2020 Dd 12/18/14	1.23
1,900,000	Prudential variable rate 05/29/2039	2.21	725,000	1011778 Bc Ulc / New Red 144A 4.625% 01/15/2022 Dd 05/22/15	0.61	897,574	Advanced Disposal 10/16Cov-Lite Tlb	0.75
5,250,000	Rolls-Royce Plc6.750% 04/30/2019	5.96	2,500,000	Alimentation Couche-Tard 144A 2.350% 12/13/2019 Dd 12/14/17	2.16	2,225,000	Air Lease Corp 2.125% 01/15/2020 Dd 10/03/16	1.92
4,085,000	Royal Bank Of Scotland Gr Regs 1.625% 06/25/2019	4.11	750,000	ATS Automation Tooling Sy 144A6.500% 06/15/2023 Dd 06/17/15	0.66	3,323,000	Air Lease Corp 3.375% 06/01/2021 Dd 04/11/16	2.87
1,175,000	Royal Bank Of Scotland Pl Regs 5.375% 09/30/2019	1.22	1,500,000	Bank Of Montreal2.100% 06/15/2020 Dd 06/15/17	1.29	4,435,000	Air Lease Corp 4.750% 03/01/2020 Dd 02/05/13	3.93
267,000	Santander UK Group Holdings Regs1.125% 09/08/2023	0.26	2,196,000	Bank Of Nova Scotia 0.500% 23-Jul-2020	2.22	500,000	Air Lease Corp2.500% 03/01/2021 Dd 01/16/18	0.43
700,000	Santander UK Group Holdin Regsvar Rt 05/08/2026	0.75	600,000	Bausch Health Cos Inc 144A6.500% 03/15/2022 Dd 03/21/17	0.53	980,508	Air Medical 2/18 Cov-Lite Tlb	0.80
4,000,000	Santander UK Group Holdings Pl 2.875% 08/05/2021 Dd 08/05/16	3.37	1,755,000	Bombardier Inc 144A 7.750% 03/15/2020 Dd 03/29/10	1.56	460,000	Air Methods 4/17 Cov-Lite Tlb	0.32
300,000	Santander UK Group Holdings Regs 3.625% 01/14/2026	0.34	985,000	Brookfield Residential Pr 144A 6.125% 07/01/2022 Dd 06/25/13	0.81	3,604,000	Albemarle Corp Regs 1.875% 12/08/2021	3.74
650,000	Santander UK Group Holdings Regs variable rate 05/18/2023	0.62	1,005,000	GFL Environmental Inc 144A 5.625% 05/01/2022 Dd 05/12/17	0.81	1,072,278	Albertson'S 5/17 B5 TI	0.90
1,721,000	Santander UK Plc 144A 5.000% 11/07/2023 Dd 11/07/13	1.47	240,000	GFL Environmental Inc 144A5.375% 03/01/2023 Dd 02/26/18	0.18	940,000	Allegheny Technologies Inc 5.950% 01/15/2021 Dd 01/07/11	0.80
10,500,000	Santander UK Plc 2.500% 03/14/2019 Dd 03/14/16	9.16	2,155,000	Glencore Canada Financial Regs 7.375% 05/27/2020	2.58	250,000	Allegheny Technologies Incvar Rt 08/15/2023 Dd 07/12/13	0.22
1,516,000	Santander UK Plc Regs 0.250% 04/21/2022	1.52	600,000	Goeasy Ltd 144A7.875% 11/01/2022 Dd 11/01/17	0.53	2,510,000	Ally Financial Inc 4.125% 03/30/2020 Dd 03/30/15	2.17
1,492,000	Santander UK Plc Regs 0.875% 01/13/2020	1.50	1,053,000	Hudbay Minerals Inc 144A 7.250% 01/15/2023 Dd 12/12/16	0.91	230,000	Ally Financial Inc 4.625% 05/19/2022 Dd 05/19/15	0.20
5,470,000	Santander UK Plc Regs 2.000% 01/14/2019	5.47	904,000	Masonite International Co 144A 5.625% 03/15/2023 Dd 03/23/15	0.77	680,000	Ally Financial Inc 7.500% 09/15/2020 Dd 03/15/11	0.62
2,948,000	Savoy Trent Utilities FI Regs 1.625% 12/04/2022	3.27	1,100,000	Mattamy Group Corp 144A 6.875% 12/15/2023 Dd 12/13/16	0.90	1,060,000	AMC Entertainment Holdings Inc 5.875% 02/15/2022 Dd 02/07/14	0.90
5,600,000	Sky Plc Regs 1.500% 09/15/2021	5.74	920,000	Precision Drilling Corp 7.750% 12/15/2023 Dd 06/15/17	0.74	749,775	American Airlines 2013-1 Class 4.000% 01/15/2027 Dd 07/15/14	0.65
754,000	Sky Plc Regs 1.875% 11/24/2023	0.78	185,000	Quebecor Media Inc 5.750% 01/15/2023 Dd 12/15/12	0.16	3,868,444	American Airlines 2013-2 Class 4.950% 07/15/2024 Dd 07/15/14	3.43
2,700,000	Sky Plc Regs 2.250% 11/17/2025	2.84	1,665,000	Royal Bank Of Canada 2.150% 03/06/2020 Dd 03/06/15	1.44	868,000	American Axle & Manufacturing 7.750% 11/15/2019 Dd 11/03/11	0.77
1,720,000	SSE Plc Regs 1.750% 09/08/2023	1.77	1,488,000	Toronto Dominion Bank 0.375% 12-Jan-2021 Emtn	1.50	685,000	American Builders & Contr 144A5.750% 12/15/2023 Dd 11/24/15	0.59
470,000	SSE Plc Regs 2.000% 06/17/2020	0.48	250,000	Toronto-Dominion Bank/ The3.000% 06/11/2020 Dd 06/12/18	0.22	1,818,000	American Express Credit Corp 2.375% 05/26/2020 Dd 05/26/15	1.57
601,000	SSE Plc Regs variable rate 12/31/2049	0.66	825,000	Toronto-Dominion Bank0.625% 20-Jul-2023	0.82	8,300,000	American Honda Finance Corp0.750% 01/17/2024	8.25
2,612,000	Standard Chartered Plc 144A 2.250% 04/17/2020 Dd 04/17/15	2.24	681,000	Transcanada Pipelines Ltd 7.125% 01/15/2019 Dd 01/09/09	0.60	2,200,000	American International Group I 1.875% 06/21/2027	2.09
420,000	Stonegate Pub Co Financin Regs 4.875% 03/15/2022	0.45	2,000,000	Transcanada Pipelines Ltd2.125% 11/15/2019 Dd 11/17/17	1.73	2,789,000	American International Group I 2.300% 07/16/2019 Dd 07/16/14	2.43
2,193,000	Tesco Corporate Treasury Regs 1.375% 07/01/2019	2.20	700,000	Valeant Pharmaceuticals I 144A 7.000% 03/15/2024 Dd 03/21/17	0.62	2,011,000	American Tower Corp 2.800% 06/01/2020 Dd 05/07/15	1.74
7,250,000	Thames Water Utilities Finance 5.050% 06/30/2020	8.49	1,215,000	Videotron Ltd 5.000% 07/15/2022 Dd 07/15/12	1.06	1,537,000	American Tower Corp 3.300% 02/15/2021 Dd 01/12/16	1.33
3,600,000	United Utilities Water Lt Regs4.250% 01/24/2020	3.76				277,000	American Tower Corp 4.700% 03/15/2022 Dd 03/12/12	0.25
1,000,000	Vodafone Group Plc3.750% 01/16/2024 Dd 05/30/18	0.86				9,074,000	American Tower Corp 5.000% 02/15/2024 Dd 08/19/13	8.20
6,700,000	Western Power Distribution Regs 3.625% 11/06/2023	7.77				2,700,000	Amgen Inc 2.200% 05/11/2020 Dd 05/11/17	2.33
776,000	WPP Finance 2013 Regs0.750% 11/18/2019	0.78				1,001,000	Amgen Inc Regs 2.125% 09/13/2019	1.02
3,534,000	Yorkshire Building Societ Regs 0.875% 03/20/2023	3.40				1,330,000	Analog Devices Inc2.850% 03/12/2020 Dd 03/12/18	1.16
2,800,000	Yorkshire Building Society Regs 1.250% 03/17/2022	2.78				566,000	Anheuser-Busch Inbev Finance I 2.650% 02/01/2021 Dd 01/25/16	0.49
						491,000	Anheuser-Busch Inbev Worldwide 6.875% 11/15/2019 Dd 11/15/10	0.44
		238.75			25.99			
	<b>% of Total Investments</b>	<b>1.42%</b>			<b>0.15%</b>			
	<b>Total European Quoted Debt</b>	<b>1,001.47</b>						
	<b>% of Total Investments</b>	<b>5.95%</b>						
United States			United States			United States		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
479,000	21St Century Fox America Inc 4.500% 02/15/2021 Dd 08/15/11	0.43	2,358,000	21St Century Fox America Inc 6.900% 03/01/2019 Dd 02/13/09	2.07			



## QUOTED DEBT INSTRUMENTS (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
3,347,000	Apple Inc 2.000% 05/06/2020 Dd 05/13/15	2.90	2,725,000	Broadcom Corp / Broadcom Cayma 2.375% 01/15/2020 Dd 01/15/18	2.35	899,000	Citigroup Inc var Rt 06/01/2024 Dd 05/22/18	0.77
2,000,000	Apple Inc 1.375% 01/17/2024	2.09	1,205,000	Bway Holding Co 144A 5.500% 04/15/2024 Dd 04/03/17	0.99	985,000	Citycenter 4/17 Cov-Lite Tlb	0.81
1,500,000	Apple Inc 2.000% 09/17/2027	1.61	990,000	Calpine Corp 144A 6.000% 01/15/2022 Dd 10/31/13	0.86	2,775,000	CNO Financial Group Inc 4.500% 05/30/2020 Dd 05/19/15	2.39
804,000	Aramark Services Inc 5.125% 01/15/2024 Dd 12/17/15	0.70	1,300,000	Calpine Corp Regs 6.000% 01/15/2022 Dd 10/31/13	1.13	3,661,000	Columbia Pipeline Group Inc 3.300% 06/01/2020 Dd 12/01/15	3.19
1,500,000	Archer-Daniels-Midland Co 1.750% 06/23/2023	1.58	807,000	Cantor Fitzgerald Lp 144A 7.875% 10/15/2019 Dd 10/19/09	0.73	1,500,000	Comcast Corp 5.150% 03/01/2020 Dd 03/01/10	1.34
1,160,781	Asurion 2/18 Cov-Lite Tlb 0.000% 11/03/2023 Dd 02/20/18	0.97	683,616	Capital Automotive 3/17 Tl 0.000% 03/25/2024 Dd 03/05/17	0.57	1,560,000	Commscope Inc 144A 5.500% 06/15/2024 Dd 05/30/14	1.25
1,400,000	AT&T Inc 2.650% 12/17/2021	1.48	151,000	Capital One Financial Corp 2.500% 05/12/2020 Dd 05/12/17	0.13	1,092,000	Consolidated Edison Inc 2.000% 03/15/2020 Dd 03/02/17	0.94
2,800,000	AT&T Inc 3.875% 08/15/2021 Dd 08/18/11	2.47	8,100,000	Capital One Financial Corp 3.200% 02/05/2025 Dd 02/05/15	6.60	2,757,000	Constellation Brands Inc 3.875% 11/15/2019 Dd 11/03/14	2.42
2,309,000	AT&T Inc 5.200% 03/15/2020 Dd 03/15/16	2.06	1,674,000	Capital One Na 2.400% 09/05/2019 Dd 09/05/14	1.45	2,480,733	Continental Airlines 2009-2 Cl 7.250% 05/10/2021 Dd 11/10/09	2.22
350,000	AT&T Inc 2.400% 03/15/2024	0.37	1,500,000	Cargill Inc Regs 2.500% 02/15/2023	1.62	729,297	Continental Airlines 2012-1 Cl 4.150% 10/11/2025 Dd 03/22/12	0.64
7,850,000	AT&T Inc 3.400% 05/15/2025 Dd 05/04/15	6.46	2,625,000	CBS Corp 2.300% 08/15/2019 Dd 08/19/14	2.28	639,565	CPG International 5/17 0.000% 05/03/2024 Dd 04/27/17	0.53
1,000,000	AT&T Inc var Rt 06/12/2024 Dd 08/22/18	0.85	837,250	CCC Information 3/17 Cov-Lite 0.000% 04/29/2024 Dd 03/17/17	0.69	735,000	Credit Acceptance Corp 6.125% 02/15/2021 Dd 01/22/14	0.64
1,950,000	Autonation Inc 5.500% 02/01/2020 Dd 02/01/12	1.74	1,930,000	CCO Holdings Llc / Cco Ho 144A 5.875% 04/01/2024 Dd 02/19/16	1.68	1,000,000	Crown Americas Llc / Crown Ame 4.500% 01/15/2023 Dd 07/15/13	0.85
1,700,000	Avnet Inc 5.875% 06/15/2020 Dd 06/22/10	1.53	612,147	CEC Entertainment 2/14 Tl	0.49	1,416,000	Crown Castle International Cor 3.150% 07/15/2023 Dd 01/16/18	1.19
1,108,000	Ball Corp 5.000% 03/15/2022 Dd 03/09/12	0.97	971,000	Cedar Fair Lp / Canada's Wonde 5.375% 06/01/2024 Dd 12/01/14	0.83	277,000	Crown Castle International Corp 4.875% 04/15/2022 Dd 04/15/14	0.25
9,590,000	Bank of America Corp 2.250% 04/21/2020 Dd 04/21/15	8.29	1,100,000	Celanese Us Holdings Llc 3.250% 10/15/2019	1.13	9,012,000	Crown Castle International Corp 5.250% 01/15/2023 Dd 10/15/12	8.17
1,635,000	Bank of America Corp 5.000% 05/13/2021 Dd 05/13/11	1.48	1,145,000	Celanese Us Holdings Llc 5.875% 06/15/2021 Dd 05/06/11	1.05	1,280,000	CSC Holdings Llc 144A 5.375% 07/15/2023 Dd 07/15/18	1.09
5,335,000	Bank of America Corp 7.625% 06/01/2019 Dd 06/02/09	4.74	1,240,000	Cemex Finance Llc 144A 6.000% 04/01/2024 Dd 04/01/14	1.08	720,000	CSC Holdings Llc 5.250% 06/01/2024 Dd 05/23/14	0.58
3,431,000	Bank of America Corp Regs 1.875% 01/10/2019	3.43	1,005,000	Centene Corp 5.625% 02/15/2021 Dd 02/11/16	0.88	1,915,000	CSC Holdings Llc 8.625% 02/15/2019 Dd 02/12/09	1.68
1,514,000	Bank of America Corp Regs 2.500% 07/27/2020	1.57	3,170,000	Centurylink Inc 5.625% 04/01/2020 Dd 03/21/13	2.75	1,831,000	CVS Health Corp 2.250% 08/12/2019 Dd 08/12/14	1.59
800,000	Bank of America Corp Regs variable rate 02/07/2022	0.80	3,865,000	CF Industries Inc 7.125% 05/01/2020 Dd 04/23/10	3.48	1,000,000	CVS Health Corp 3.125% 03/09/2020 Dd 03/09/18	0.87
625,000	Bank of America Corp Regs variable rate 07/26/2019	0.63	1,160,000	Chemours Co/The 6.625% 05/15/2023 Dd 05/15/16	1.02	2,000,000	CVS Health Corp 3.700% 03/09/2023 Dd 03/09/18	1.73
1,025,000	Bank of America Corp Regs variable rate 09/21/2021	1.02	1,000,000	Chs/Community Health Systems I 6.250% 03/31/2023 Dd 03/16/17	0.79	2,900,000	Daimler Finance North Ame 144A 2.000% 07/06/2021 Dd 07/06/16	2.44
4,800,000	Bank of America Corp Regs 6.125% 09/15/2021	5.95	1,600,000	Cigna Holding Co 5.125% 06/15/2020 Dd 05/17/10	1.43	1,650,000	Dcp Midstream Operating L 144A 5.350% 03/15/2020 Dd 03/11/10	1.45
1,000,000	Bank of America Corp 4.125% 01/22/2024 Dd 01/21/14	0.89	1,101,000	Cinemark Usa Inc 4.875% 06/01/2023 Dd 05/24/13	0.92	925,000	DCP Midstream Operating L 3.875% 03/15/2023 Dd 03/14/13	0.76
1,600,000	BB&T Corp 2.450% 01/15/2020 Dd 12/08/14	1.39	2,600,000	Cisco Systems Inc 2.450% 06/15/2020 Dd 06/17/15	2.26	7,250,000	DDR Corp 4.700% 06/01/2027 Dd 05/26/17	6.39
1,176,000	Beacon Roofing Supply Inc 6.375% 10/01/2023 Dd 04/01/16	1.02	220,000	CIT Group Inc 5.000% 08/01/2023 Dd 08/01/13	0.19	805,000	Dean Foods Co 144A 6.500% 03/15/2023 Dd 02/25/15	0.56
1,507,000	Becton Dickinson And Co 0.368% 06/06/2019	1.51	1,500,000	CIT Group Inc 4.125% 03/09/2021 Dd 03/09/18	1.29	16,423,000	Dell International Llc / 144A 3.480% 06/01/2019 Dd 06/01/16	14.30
2,644,000	Becton Dickinson And Co 2.404% 06/05/2020 Dd 06/06/17	2.27	3,200,000	Citigroup Inc 2.400% 02/18/2020 Dd 02/18/15	2.77	789,000	Dell International Llc / 144A 5.450% 06/15/2023 Dd 06/01/16	0.70
1,000,000	Becton Dickinson And Co 3.363% 06/06/2024 Dd 06/06/17	0.84	590,000	Citigroup Inc 3.500% 05/15/2023 Dd 05/14/13	0.51	4,400,000	Dell International Llc / 144A 5.875% 06/15/2021 Dd 06/22/16	3.84
1,210,000	Berry Global Inc 5.125% 07/15/2023 Dd 06/05/15	1.05	2,654,000	Citigroup Inc Regs 5.000% 08/02/2019	2.73	747,000	Dell International Llc / 144A 7.125% 06/15/2024 Dd 06/22/16	0.66
1,500,000	BMW Us Capital Llc 144A 2.150% 04/06/2020 Dd 04/06/17	1.29	6,600,000	Citigroup Inc Regs 0.750% 10/26/2023	6.48	1,001,000	Delphi Corp 4.150% 03/15/2024 Dd 03/03/14	0.88
1,500,000	Boardwalk Pipelines Lp 5.750% 09/15/2019 Dd 08/21/09	1.33	1,200,000	Citigroup Inc variable rate 07/24/2023 Dd 07/24/17	1.01			
800,000	Boyd Gaming 3/17 Cov-Lite Tlb	0.67						
1,000,000	Briggs & Stratton Corp 6.875% 12/15/2020 Dd 12/20/10	0.89						



United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
1,891,472	Delta Air Lines 2009-1 Class A 7.750% 06/17/2021 Dd 11/24/09	1.71	1,000,000	Ford Motor Credit Co Llc2.425% 06/12/2020 Dd 06/12/17	0.85	3,011,000	HCA Inc 6.500% 02/15/2020 Dd 08/01/11	2.70
952,234	Diamond Resorts 6/18 Cov-Litetlb	0.77	1,000,000	Ford Motor Credit Co Llc3.096% 05/04/2023 Dd 05/04/16	0.79	3,350,000	HCP Inc 4.000% 12/01/2022 Dd 12/01/15	2.92
130,000	Diamond Resorts Internati 144A7.750% 09/01/2023 Dd 08/31/16	0.11	1,810,000	Freeport-Mcmoran Inc 3.100% 03/15/2020 Dd 09/15/13	1.55	3,150,000	HCP Inc 3.400% 02/01/2025 Dd 01/21/15	2.60
2,000,000	Digital Euro Finco Llc Regs2.625% 04/15/2024	2.06	1,250,000	Freeport-Mcmoran Inc3.875% 03/15/2023 Dd 09/15/13	1.01	10,250,000	Hewlett Packard Enterprise Co variable rate 10/15/2020 Dd 10/15/16	8.98
2,490,000	Digital Realty Trust Lp 5.875% 02/01/2020 Dd 08/01/10	2.22	2,220,000	Fresenius Medical Care Us 144A 5.625% 07/31/2019 Dd 01/26/12	1.96	766,821	Hilton Hotels 8/16 Extended TI	0.64
3,000,000	Discover Bank 3.200% 08/09/2021 Dd 08/07/14	2.59	1,000,000	Fresenius Medical Care Us 144A 5.750% 02/15/2021 Dd 02/03/11	0.90	1,078,000	Host Hotels & Resorts Lp 3.750% 10/15/2023 Dd 03/28/13	0.92
4,050,000	Discover Financial Services 3.750% 03/04/2025 Dd 03/04/15	3.38	874,528	Gates Global 11/17 (Usd)Cov-Lite Tib	0.72	4,600,000	HSBC USA Inc 2.350% 03/05/2020 Dd 03/05/15	3.98
3,400,000	Discover Financial Services 3.850% 11/21/2022 Dd 11/21/12	2.95	2,750,000	General Electric Co 0.375% 05/17/2022	2.59	7,673,000	HSBC USA Inc 2.375% 11/13/2019 Dd 11/13/14	6.66
1,795,000	Dish Dbs Corp 5.125% 05/01/2020 Dd 04/05/13	1.55	4,800,000	General Electric Co 0.875% 05/17/2025	4.31	1,815,000	Hughes Satellite Systems Corp 6.500% 06/15/2019 Dd 12/15/11	1.60
1,280,000	Dish Dbs Corp 5.875% 07/15/2022 Dd 05/16/12	1.03	2,550,000	General Mills Inc 3.200% 04/16/2021 Dd 04/17/18	2.21	600,000	Hughes Satellite Systems Corp 7.625% 06/15/2021 Dd 12/15/11	0.54
1,900,000	Dr Horton Inc 4.000% 02/15/2020 Dd 02/09/15	1.66	9,938,000	General Motors Co 4.875% 10/02/2023 Dd 04/02/14	8.70	1,720,000	Huntington National Bank/The 2.400% 04/01/2020 Dd 02/26/15	1.49
717,000	Eastman Chemical Co 2.700% 01/15/2020 Dd 11/20/14	0.62	1,640,000	General Motors Financial Co In 3.150% 01/15/2020 Dd 01/12/15	1.42	1,043,000	Huntsman International Llc 4.875% 11/15/2020 Dd 11/19/12	0.91
1,000,000	Ecolab Inc2.000% 01/14/2019 Dd 01/14/16	0.87	3,000,000	General Motors Financial Co In 3.500% 07/10/2019 Dd 07/10/14	2.62	1,048,000	Hyatt Hotels Corp 3.375% 07/15/2023 Dd 05/10/13	0.90
1,000,000	Elanco Animal Health Inc 144A4.272% 08/28/2023 Dd 08/28/18	0.87	700,000	General Motors Financial Co In 3.950% 04/13/2024 Dd 04/13/17	0.58	4,201,000	Hyundai Capital America 144A 3.000% 03/18/2021 Dd 03/18/16	3.61
1,000,000	Eldorado Resorts Inc7.000% 08/01/2023 Dd 02/01/16	0.90	207,000	Georgia-Pacific Llc 144A 2.539% 11/15/2019 Dd 11/06/14	0.18	225,000	Icahn Enterprises LP / Icahn E 6.000% 08/01/2020 Dd 08/01/13	0.20
2,180,000	Emera Us Finance Lp 2.150% 06/15/2019 Dd 12/15/16	1.89	3,325,000	Glencore Funding Llc 144A 2.500% 01/15/2019 Dd 05/30/13	2.90	1,135,000	Icahn Enterprises LP / Icahn E 6.250% 02/01/2022 Dd 01/18/17	0.98
1,500,000	Emera Us Finance Lp 2.700% 06/15/2021 Dd 12/15/16	1.28	2,450,000	Glencore Funding Llc 144A 3.125% 04/29/2019 Dd 04/29/14	2.13	1,134,076	Infor (Lawson) 2/17 (Usd) B6Tib	0.95
1,500,000	Energy Transfer Equity Lp 4.250% 03/15/2023 Dd 10/18/17	1.26	1,250,000	GLP Capital Lp / GLP Financing 5.375% 11/01/2023 Dd 05/01/14	1.11	225,000	International Flavors & Fragra 5.000% 09/25/2021	0.23
735,000	Energy Transfer Lp 4.650% 06/01/2021 Dd 05/12/11	0.65	1,000,000	Golden Nugget/Landry 9/17Incremental Cov-Lite Tib	0.84	450,000	International Flavors & Fragra1.750% 03/14/2024	0.46
6,200,000	Energy Transfer Lp 4.900% 02/01/2024 Dd 09/19/13	5.48	1,405,000	Goldman Sachs Group Inc/T Regs 2.625% 08/19/2020	1.46	650,000	International Flavors & Fragra1.800% 09/25/2026	0.65
2,000,000	Enterprise Products Operating 5.250% 01/31/2020 Dd 10/05/09	1.78	2,787,000	Goldman Sachs Group Inc/T Regs variable rate 04/29/2019	2.79	5,772,000	International Lease Finance Co 6.250% 05/15/2019 Dd 05/24/11	5.09
7,750,000	EPR Properties 4.500% 06/01/2027 Dd 05/23/17	6.52	2,300,000	Goldman Sachs Group Inc/T Regsvar Rt 12/16/2020	2.29	1,000,000	Istar Inc 4.625% 09/15/2020 Dd 09/20/17	0.85
1,150,000	Equinix Inc5.375% 04/01/2023 Dd 03/05/13	1.00	3,472,000	Goldman Sachs Group Inc/The 2.600% 04/23/2020 Dd 01/23/15	3.00	1,154,000	Istar Inc 5.000% 07/01/2019 Dd 06/13/14	1.00
2,000,000	Erac Usa Finance Llc 144A2.350% 10/15/2019 Dd 07/03/14	1.73	680,000	Goldman Sachs Group Inc/ Thevar Rt 05/15/2026 Dd 05/17/18	0.57	125,000	Istar Inc 5.250% 09/15/2022 Dd 09/20/17	0.10
100,000	Expedia Inc 5.950% 08/15/2020 Dd 08/05/10	0.09	1,200,000	Graphic Packaging Internationa 4.875% 11/15/2022 Dd 11/06/14	1.03	1,105,000	Jack Ohio Finance Llc / J 144A 6.750% 11/15/2021 Dd 11/08/16	0.97
850,000	Fidelity National Information 3.625% 10/15/2020 Dd 10/20/15	0.75	758,450	Greektown Casino 4/17 Cov-Litetlb	0.65	2,350,000	Jackson National Life Glo 144A 2.300% 04/16/2019 Dd 04/16/14	2.05
1,000,000	Fifth Third Bancorp 2.600% 06/15/2022 Dd 06/15/17	0.85	2,900,000	Halliburton Co 3.250% 11/15/2021 Dd 11/14/11	2.53	906,499	JMC Steel 6/16 Cov-Lite Tib	0.76
1,359,000	First Data Corp 144A 5.000% 01/15/2024 Dd 11/25/15	1.14	1,062,000	Hanesbrands Inc 144A 4.625% 05/15/2024 Dd 05/06/16	0.87	3,000,000	JP Morgan Chase & Co 2.250% 01/23/2020 Dd 01/23/15	2.59
120,000	First Data Corp 144A 5.750% 01/15/2024 Dd 11/25/15	0.10	530,909	Hanson Building 4/17 Cov-Litetlb	0.42	1,785,000	JP Morgan Chase & Co 2.550% 03/01/2021 Dd 03/01/16	1.54
4,734,000	Ford Motor Credit Co Llc 2.459% 03/27/2020 Dd 03/27/15	4.05	5,000,000	Harris Corp 2.700% 04/27/2020	4.33	125,000	JP Morgan Chase & Co Regs2.750% 02/01/2023	0.14
1,500,000	Ford Motor Credit Co Llc 2.943% 01/08/2019 Dd 01/08/16	1.31	1,199,000	Hartford Financial Services Gr 5.500% 03/30/2020 Dd 03/23/10	1.07	1,200,000	JP Morgan Chase & Co Regs2.750% 08/24/2022	1.29
795,000	Ford Motor Credit Co Llc 3.157% 08/04/2020 Dd 08/04/15	0.68	120,000	HCA Inc 5.000% 03/15/2024 Dd 03/17/14	0.10	2,000,000	Keurig Dr Pepper Inc2.000% 01/15/2020 Dd 11/20/12	1.72
			1,710,000	HCA Inc 5.875% 03/15/2022 Dd 02/16/12	1.53	876,000	Keybank Na/Cleveland Oh 2.250% 03/16/2020 Dd 02/12/15	0.76



## QUOTED DEBT INSTRUMENTS (CONTINUED)

United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
1,435,000	KFC Holding Co/Pizza Hut 144A 5.000% 06/01/2024 Dd 06/16/16	1.21	810,000	Metropolitan Life Global 144A 1.550% 09/13/2019 Dd 09/15/16	0.70	710,000	Occidental Petroleum 11/17 TI	0.60
5,980,000	Kinder Morgan Energy Partners 2.650% 02/01/2019	5.22	1,237,000	Metropolitan Life Global 144A 1.750% 09/19/2019 Dd 09/19/17	1.07	1,014,000	Omega Healthcare Investors Inc 4.950% 04/01/2024 Dd 10/01/14	0.90
1,025,000	Kinder Morgan Energy Partners 5.000% 10/01/2021 Dd 09/20/11	0.92	6,500,000	Metropolitan Life Global Regs 2.375% 01/11/2023	6.97	2,474,000	Omnicom Group Inc 6.250% 07/15/2019 Dd 07/01/09	2.20
1,850,000	Kinder Morgan Energy Partners 5.300% 09/15/2020 Dd 05/19/10	1.66	465,000	MGM Growth Properties Operatin 5.625% 05/01/2024 Dd 11/01/16	0.40	1,750,000	Oracle Corp 2.250% 10/08/2019 Dd 07/08/14	1.52
1,000,000	Kinder Morgan Energy Partners 9.000% 02/01/2019 Dd 12/19/08	0.88	2,050,000	MGM Resorts International 5.250% 03/31/2020 Dd 12/19/13	1.79	3,000,000	Oracle Corp 2.250% 01/10/2021	3.13
2,580,000	Kinder Morgan Inc/De 3.050% 12/01/2019 Dd 11/26/14	2.24	500,000	Mgm Resorts Internationa6.000% 03/15/2023 Dd 11/25/14	0.44	1,243,000	Outfront Media Capital Llc / O 5.250% 02/15/2022 Dd 11/15/14	1.08
1,025,000	Kinder Morgan Inc/De 3.150% 01/15/2023 Dd 08/10/17	0.87	2,000,000	Microsoft Corp 1.850% 02/06/2020 Dd 02/06/17	1.73	95,000	Outfront Media Capital Llc / O 5.625% 02/15/2024 Dd 11/15/14	0.08
1,000,000	Kinder Morgan Inc/De 6.500% 09/15/2020	0.91	1,350,000	Mondelez International Inc 1.000% 03/07/2022	1.37	2,800,000	Penske Truck Leasing Co L 144A 3.050% 01/09/2020 Dd 12/11/14	2.43
492,500	Kinetic Concepts (Acelyty)1/17 (Usd) Tlb	0.41	2,500,000	Moody's Corp 2.750% 07/15/2019 Dd 07/16/14	2.18	6,850,000	Penske Truck Leasing Co L 144A 4.250% 01/17/2023 Dd 01/17/13	6.07
470,000	Kinetic Concepts Inc / Kc 144A 7.875% 02/15/2021 Dd 02/09/16	0.42	9,330,000	Morgan Stanley 2.650% 01/27/2020 Dd 01/27/15	8.09	1,608,000	Penske Truck Leasing Co L 144A 4.875% 07/11/2022 Dd 07/13/12	1.45
2,941,000	Kraft Heinz Foods Co 5.375% 02/10/2020 Dd 08/10/12	2.63	2,700,000	Morgan Stanley 2.800% 06/16/2020 Dd 06/16/15	2.34	5,300,000	Physicians Realty Lp 4.300% 03/15/2027 Dd 03/07/17	4.49
1,700,000	L Brands Inc 7.000% 05/01/2020 Dd 05/04/10	1.53	1,500,000	Morgan Stanley 4.100% 05/22/2023 Dd 05/21/13	1.31	10,700,000	Plains All American Pipeline L 2.600% 12/15/2019 Dd 12/09/14	9.21
6,150,000	Lafargeholcim Finance Us 144A 3.500% 09/22/2026 Dd 09/22/16	4.88	1,950,000	Morgan Stanley 5.000% 05/02/2019	1.98	7,000,000	Plains All American Pipeline L 5.000% 02/01/2021	6.22
1,000,000	Lear Corp 5.375% 03/15/2024 Dd 03/14/14	0.90	3,000,000	Morgan Stanley 5.375% 08/10/2020	3.25	1,445,000	Plantronics Inc 144A 5.500% 05/31/2023 Dd 05/27/15	1.17
685,000	Lennar Corp 4.500% 04/30/2024 Dd 04/28/17	0.57	1,600,000	Morgan Stanley variable rate 01/27/2022	1.59	1,700,000	PNC Bank Na 2.300% 06/01/2020 Dd 06/01/15	1.46
1,300,000	Lennar Corp 4.500% 06/15/2019 Dd 02/12/14	1.13	1,600,000	Morgan Stanley variable rate 11/08/2022	1.58	3,800,000	Procter & Gamble Co/The0.625% 10/30/2024	3.80
690,000	Lennar Corp 4.500% 11/15/2019 Dd 11/25/14	0.60	800,000	Morgan Stanley variable rate 11/09/2021	0.79	1,350,000	Prologis Lp 1.375% 10/07/2020	1.37
2,130,000	Lennar Corp6.625% 05/01/2020 Dd 05/01/18	1.91	1,150,000	Morgan Stanley1.750% 01/30/2025	1.17	6,000,000	Prologis Lp 3.000% 01/18/2022	6.42
965,000	Lennar Corp8.375% 01/15/2021 Dd 01/15/18	0.90	2,900,000	Morgan Stanley1.875% 03/30/2023	3.01	1,500,000	Prologis Lp 3.375% 02/20/2024	1.66
595,000	Level 3 2/17 Tlb	0.49	667,974	Motorcity Casino 7/14 Tlb	0.57	500,000	Protective Life Global Fu 144A 2.262% 04/08/2020 Dd 04/12/17	0.43
335,000	Level 3 Financing Inc5.625% 02/01/2023 Dd 06/15/15	0.29	1,035,953	Multiplan 6/16 Cov-Lite TI	0.86	1,130,000	Pultegroup Inc 4.250% 03/01/2021 Dd 03/01/16	0.98
1,800,000	Levi Strauss & Co 3.375% 03/15/2027	1.79	1,100,000	National Grid North Ameri Regs0.750% 08/08/2023	1.09	1,000,000	QEP Resources Inc 5.250% 05/01/2023 Dd 09/12/12	0.77
1,000,000	Live Nation Entertainment 144A5.375% 06/15/2022 Dd 05/23/14	0.87	1,630,000	Nbcuniversal Media Llc 5.150% 04/30/2020 Dd 04/30/11	1.46	1,203,131	Quikrete 11/16 Cov-Lite Tlb	1.00
1,158,611	Macdermid 9/17 (Usd) B7Cov-Lite Tlb	1.01	640,690	Neiman Marcus 3/14 Cov-Lite TI	0.47	1,670,000	QVC Inc 3.125% 04/01/2019 Dd 03/18/14	1.46
2,561,000	Manufacturers & Traders Trust 2.100% 02/06/2020 Dd 02/06/15	2.21	1,000,000	Netflix Inc 5.750% 03/01/2024 Dd 02/19/14	0.89	953,829	Rackspace Hosting 11/17Cov-Lite Tlb	0.73
2,000,000	Martin Marietta Materials Inc variable rate 12/20/2019 Dd 12/20/17	1.74	94,000	Newell Brands Inc 2.600% 03/29/2019 Dd 03/30/16	0.08	510,707	Revlon 7/16 Cov-Lite Tlb	0.31
1,300,000	Masco Corp 3.500% 04/01/2021 Dd 03/17/16	1.13	2,733,000	Nextera Energy Capital Holding 2.700% 09/15/2019 Dd 03/11/14	2.37	557,203	Reynolds Group 1/17 (Usd) TI	0.46
1,480,000	Mastec Inc 4.875% 03/15/2023 Dd 03/18/13	1.25	1,320,000	NGPL Pipeco Llc 144A 4.375% 08/15/2022 Dd 08/01/17	1.12	990,000	Rivers Pittsburgh Borrowe 144A 6.125% 08/15/2021 Dd 07/25/16	0.84
1,500,000	Mcdonald's Corp Regs2.375% 11/27/2024	1.60	250,000	Nielsen Finance LLC / Nie 144A5.000% 04/15/2022 Dd 04/11/14	0.21	341,000	Sabine Pass Liquefaction Llc 5.750% 05/15/2024 Dd 11/15/14	0.31
1,200,000	Mercer International Inc 6.500% 02/01/2024 Dd 08/01/17	1.02	1,033,000	Nielsen Finance LLC / Nielsen 4.500% 10/01/2020 Dd 04/01/13	0.89	1,000,000	Sabine Pass Liquefaction Llc variable rate 04/15/2023 Dd 10/15/13	0.92
233,000	Mercer International Inc 7.750% 12/01/2022 Dd 11/26/14	0.21	7,247,403	Northwest Airlines 2007-1 Clas 7.027% 05/01/2021 Dd 10/10/07	6.50	1,163,000	Sabre Gbl Inc 144A 5.375% 04/15/2023 Dd 04/14/15	1.01
3,000,000	Merck & Co Inc1.875% 10/15/2026	3.19	514,000	NVR Inc 3.950% 09/15/2022 Dd 09/10/12	0.44	2,856,000	Santander Holdings Usa Inc 2.650% 04/17/2020 Dd 04/17/15	2.46
			119,000	Oasis Petroleum Inc 6.875% 03/15/2022 Dd 03/15/14	0.10	1,275,000	SBA Communications Corp4.000% 10/01/2022 Dd 04/01/18	1.06
						800,000	Semgroup Corp / Rose Rock Fina 5.625% 07/15/2022 Dd 07/02/14	0.66
						1,500,000	Senior Housing Properties Trus 6.750% 04/15/2020 Dd 04/09/10	1.33



United States (continued)			United States (continued)			United States (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
345,000	Service Corp International/Us 5.375% 01/15/2022 Dd 01/15/14	0.30	1,700,000	Tegna Inc5.125% 10/15/2019 Dd 10/03/13	1.48	4,574,000	Walgreen Co 3.100% 09/15/2022 Dd 09/13/12	3.90
1,100,000	Service Corp International/ Us5.375% 05/15/2024 Dd 05/12/14	0.95	1,129,134	Tempo Acquisition 5/17Cov-Lite Tlb	0.94	2,000,000	Walgreens Boots Alliance Inc 2.700% 11/18/2019 Dd 11/18/14	1.74
3,080,000	Sherwin-Williams Co/The 2.250% 05/15/2020 Dd 05/16/17	2.65	2,560,000	Tenet Healthcare Corp 4.750% 06/01/2020 Dd 10/16/12	2.23	3,000,000	Walmart Inc 1.900% 04/08/2022	3.16
1,523,073	Sinclair Television 12/16 Tlb2	1.26	1,200,000	Tenet Healthcare Corp 6.000% 10/01/2020 Dd 09/27/13	1.06	3,400,000	Walt Disney Co/The Regs 2.125% 09/13/2022	2.83
1,400,000	Sirius Xm Radio Inc 144A 3.875% 08/01/2022 Dd 07/05/17	1.16	225,000	Thermo Fisher Scientific Inc variable rate 07/24/2019 Dd 07/24/17	0.23	1,075,000	Watco Cos Llc / Watco Fin 144A 6.375% 04/01/2023 Dd 03/22/13	0.94
840,000	SM Energy Co 5.000% 01/15/2024 Dd 01/15/14	0.64	1,300,000	Thermo Fisher Scientific Inc2.000% 04/15/2025	1.34	7,350,000	Wea Finance Llc / Westfie 144A 3.750% 09/17/2024 Dd 09/17/14	6.38
1,000,000	Solera 3/16 (Usd) Cov-Lite Tl	0.82	2,623,000	Time Warner Cable Llc 5.000% 02/01/2020 Dd 12/11/09	2.32	750,000	Weekley Homes Llc / Weekley F16.000% 02/01/2023 Dd 02/04/13	0.61
510,000	Solvay Finance America Ll 144A 3.400% 12/03/2020 Dd 12/03/15	0.45	356,000	Time Warner Cable Llc 8.750% 02/14/2019 Dd 11/18/08	0.31	3,180,000	Wells Fargo & Co 2.150% 01/30/2020 Dd 02/02/15	2.75
2,600,000	Southern Power Co 2.375% 06/01/2020 Dd 05/20/15	2.24	7,756,000	Time Warner Entertainment Co L 8.375% 03/15/2023 Dd 09/15/93	7.73	378,000	Wells Fargo & Co 2.600% 07/22/2020 Dd 07/22/15	0.33
1,000,000	Spectrum Brands 4/17 Cov-Litetlb	0.84	1,275,000	T-Mobile Usa Inc 6.500% 01/15/2024 Dd 11/21/13	1.14	9,400,000	Wells Fargo & Co Regs 1.000% 02/02/2027	8.91
1,540,000	Springleaf Finance Corp 5.250% 12/15/2019 Dd 12/03/14	1.35	1,940,000	Toyota Motor Credit Corp Regs 1.125% 09/07/2021	2.15	1,935,000	Westrock Rkt Co 3.500% 03/01/2020 Dd 03/01/13	1.69
995,000	Springleaf Finance Corp 6.125% 05/15/2022 Dd 05/15/17	0.84	1,210,000	Transdigm Inc6.000% 07/15/2022 Dd 06/04/14	1.04	450,000	Westrock Rkt Co 4.450% 03/01/2019 Dd 03/01/13	0.39
1,305,000	Sprint Communications Inc 144A 7.000% 03/01/2020 Dd 03/01/12	1.17	720,000	Treehouse Foods Inc 4.875% 03/15/2022 Dd 03/11/14	0.62	500,000	Weyerhaeuser Co 7.375% 10/01/2019 Dd 10/01/09	0.45
115,000	Sprint Corp 7.125% 06/15/2024 Dd 06/15/14	0.10	1,810,000	Tri Pointe Group Inc / Tri Poi 4.375% 06/15/2019 Dd 06/15/15	1.57	750,000	Whiting Petroleum Corp 5.750% 03/15/2021 Dd 09/12/13	0.62
105,000	Sprint Corp 7.250% 09/15/2021 Dd 09/15/14	0.09	960,000	Tri Pointe Group Inc / Tri Poi 5.875% 06/15/2024 Dd 06/15/15	0.75	1,074,870	Wideopenwest 6/17 Tlb	0.87
330,000	Sprint Spectrum Co Llc / 144A variable rate 03/20/2023 Dd 10/27/16	0.28	550,000	Tribune 1/17 Tlb	0.47	2,125,000	Williams Partners Lp 5.250% 03/15/2020 Dd 02/09/10	1.89
1,310,000	Standard Industries Inc/N 144A 5.500% 02/15/2023 Dd 02/23/16	1.12	815,000	Tribune Media Co 5.875% 07/15/2022 Dd 01/15/16	0.72	1,130,000	WMG Acquisition Corp 144A 5.000% 08/01/2023 Dd 07/27/16	0.96
1,085,000	Starwood Property Trust Inc5.000% 12/15/2021 Dd 06/15/17	0.93	1,034,360	Txu/Tech 10/16 Cov-Lite Tlb	0.87	580,000	WPX Energy Inc 8.250% 08/01/2023 Dd 07/22/15	0.53
705,000	Stearns Holdings Llc 144A9.375% 08/15/2020 Dd 08/08/13	0.58	2,190,000	Tyson Foods Inc 2.650% 08/15/2019 Dd 08/08/14	1.90	509,000	WPX Energy Inc6.000% 01/15/2022 Dd 11/14/11	0.43
1,500,000	Steel Dynamics Inc 5.250% 04/15/2023 Dd 10/15/13	1.29	1,276,356	U.S.I. 8/17 Incremental Tlb	1.05	1,455,000	WR Grace & Co-Conn 144A 5.125% 10/01/2021 Dd 09/16/14	1.26
282,857	Sterigenics-Nordion 3/17 Tl	0.24	955,000	United Rentals North America I 4.625% 07/15/2023 Dd 03/26/15	0.82	3,400,000	Wyndham Worldwide Corp 3.900% 03/01/2023 Dd 02/22/13	2.73
2,500,000	Sunoco Logistics Partners Oper5.500% 02/15/2020 Dd 02/12/10	2.23	2,500,000	Unitedhealth Group Inc2.300% 12/15/2019 Dd 12/08/14	2.17	1,000,000	Wyndham Worldwide Corp 4.150% 04/01/2024 Dd 03/21/17	0.83
130,000	Sunoco Lp / Sunoco Finance Cor4.875% 01/15/2023 Dd 07/15/18	0.11	1,170,000	Univision Communications 144A 5.125% 05/15/2023 Dd 05/21/13	0.92	750,000	Wynn Las Vegas Llc / Wynn 144A4.250% 05/30/2023 Dd 05/22/13	0.62
5,910,000	Synchrony Financial 2.600% 01/15/2019 Dd 12/04/15	5.16	6,400,000	US Bancorp 0.850% 06/07/2024	6.36	1,870,000	Yum! Brands Inc 5.300% 09/15/2019 Dd 08/25/09	1.64
7,400,000	Synchrony Financial 4.250% 08/15/2024 Dd 08/11/14	5.95	3,000,000	US Bank Na/Cincinnati Oh2.000% 01/24/2020 Dd 01/24/17	2.60	1,621,000	ZF North America Capital 144A 4.000% 04/29/2020 Dd 04/29/15	1.41
940,000	Tallgrass Energy Partners 144A4.750% 10/01/2023 Dd 09/26/18	0.79	987,000	US Concrete Inc 6.375% 06/01/2024 Dd 06/07/16	0.79	689,000	ZF North America Capital 144A 4.500% 04/29/2022 Dd 04/29/15	0.59
1,755,000	Targa Resources Partners Lp / 4.125% 11/15/2019 Dd 10/28/14	1.52	794,716	US Treas-Cpi Inflat1.000% 02/15/2048 Dd 02/15/18	0.66			
1,170,000	Targa Resources Partners Lp / 5.250% 05/01/2023 Dd 10/25/12	1.00	2,548,000	Ventas Realty Lp / Ventas Capi 2.700% 04/01/2020 Dd 03/19/13	2.21			<b>750.93</b>
735,000	Taylor Morrison Communiti 144A 5.250% 04/15/2021 Dd 04/16/13	0.64	2,546,000	Vereit Operating Partnership L 3.000% 02/06/2019 Dd 08/06/14	2.22		<b>% of Total Investments</b>	<b>4.46%</b>
215,000	Taylor Morrison Communiti 144A 5.625% 03/01/2024 Dd 03/05/14	0.18	1,300,000	Vereit Operating Partnership L 4.125% 06/01/2021 Dd 06/02/16	1.15		<b>Total North American Quoted Debt</b>	<b>776.92</b>
7,156,000	TCI Communications Inc 7.875% 02/15/2026 Dd 02/14/96	7.59	840,000	Verizon Communications Inc 2.625% 02/21/2020 Dd 02/21/15	0.73		<b>% of Total Investments</b>	<b>4.62%</b>
			2,900,000	Verizon Communications Inc 4.150% 03/15/2024	2.59	<b>ASIA PACIFIC</b>		
			465,000	Vertiv 3/17 Cov-Lite Tlb	0.37	<b>Australia</b>		
			3,165,000	Volkswagen Group Of America 144A 2.450% 11/20/2019 Dd 11/20/14	2.74	<b>Nominal</b>	<b>Security Description</b>	<b>Value €m</b>
						10,050,000	APT Pipelines Ltd 144A 3.875% 10/11/2022 Dd 10/11/12	8.74
						100,000	APT Pipelines Ltd Regs 1.375% 03/22/2022	0.10



## QUOTED DEBT INSTRUMENTS (CONTINUED)

Australia (continued)			Japan (continued)			Cayman Islands (continued)		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
855,000	Australia & New Zealand B 144A 5.100% 01/13/2020 Dd 01/13/10	0.76	3,449,000	Mitsubishi UFJ Financial Group 2.950% 03/01/2021	2.98	50,000	Southern Water Services Finance 6.125% 03/31/2019	0.06
2,650,000	Australia & New Zealand B Regs 0.625% 02/21/2023	2.64	6,300,000	Mitsubishi UFJ Financial Regs0.980% 10/09/2023	6.30			<b>11.75</b>
1,075,000	Australia & New Zealand Banking 0.250% 11/29/2022	1.07	2,375,000	Mizuho Bank Ltd 144A 2.400% 03/26/2020 Dd 03/26/15	2.05			<b>% of Total Investments</b>
2,630,000	Australia Pacific Airport Regs 3.125% 09/26/2023	2.92	9,000,000	Mizuho Bank Ltd 144A 2.700% 10/20/2020 Dd 10/20/15	7.78			<b>0.07%</b>
1,690,000	Commonwealth Bank of Australia 2.300% 03/12/2020 Dd 03/12/15	1.46	4,700,000	Mizuho Financial Group In Regs1.020% 10/11/2023	4.73			
2,545,000	Macquarie Group Ltd 144A 6.000% 01/14/2020 Dd 01/14/10	2.28	3,200,000	Nidec Corp Regs0.487% 09/27/2021	3.21			
7,300,000	Macquarie Group Ltd 144A6.250% 01/14/2021 Dd 01/14/11	6.69	2,405,000	Sumitomo Mitsui Banking Corp 2.450% 01/16/2020 Dd 01/16/15	2.08			
2,675,000	Macquarie Group Ltd Regsvar Rt 03/05/2025	2.59	4,600,000	Takeda Pharmaceutical Co Regs 1.125% 11/21/2022	4.63			
2,964,000	National Australia Bank L Regs 0.350% 09/07/2022	2.94			<b>36.81</b>			
6,400,000	National Australia Bank L Regs 0.625% 09/18/2024	6.28			<b>% of Total Investments</b>			<b>0.22%</b>
500,000	National Australia Bank L Regs variable rate 11/12/2024	0.51						
325,000	National Australia Bank L Regs 0.625% 08/30/2023	0.32						
1,000,000	National Australia Bank Ltd/Ne 1.875% 07/12/2021 Dd 07/12/16	0.84						
2,000,000	National Australia Bank Ltd/Ne 2.250% 01/10/2020 Dd 01/10/17	1.73						
10,238,000	Newcrest Finance Pty Ltd 144A 4.200% 10/01/2022 Dd 10/01/12	8.99						
237,000	Newcrest Finance Pty Ltd 144A 4.450% 11/15/2021 Dd 11/15/11	0.21						
2,700,000	Origin Energy Finance Ltd Regs 2.500% 10/23/2020	2.79						
2,250,000	Scentre Group Trust 1 / S Regs 1.375% 03/22/2023	2.30						
10,200,000	SGSP Australia Assets Pty Regs step 04/09/2023	8.81						
7,950,000	Toyota Finance Australia Regs 0.500% 04/06/2023	7.93						
2,600,000	Westpac Banking Corp Regs 0.375% 03/05/2023	2.57						
550,000	Westpac Banking Corp Regs 0.500% 12/04/2023	0.55						
700,000	Westpac Banking Corp Regs 0.750% 10/17/2023	0.70						
		<b>76.73</b>						
		<b>% of Total Investments</b>						<b>0.46%</b>
<b>Hong Kong</b>			<b>New Zealand</b>			<b>Chile</b>		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
1,095,000	Aia Group Ltd 144A3.200% 03/11/2025 Dd 03/11/15	0.92	1,285,000	ANZ New Zealand International Ltd 144A 2.600% 09/23/2019 Dd 09/23/14	1.12	1,480,000	Celulosa Arauco Y Constitucion 7.250% 07/29/2019 Dd 07/27/09	1.32
939,000	Standard Chartered Bank H Regs 5.875% 06/24/2020	0.85	850,000	Chorus Ltd Regs 1.125% 10/18/2023	0.85			<b>1.32</b>
		<b>1.77</b>			<b>1.97</b>			<b>% of Total Investments</b>
		<b>% of Total Investments</b>			<b>% of Total Investments</b>			<b>0.01%</b>
		<b>0.01%</b>						
<b>Japan</b>			<b>Singapore</b>			<b>Indonesia</b>		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	Nominal	Security Description	Value €m
654,000	Asahi Group Holdings Ltd Regs 0.321% 09/19/2021	0.65	2,100,000	DBS Group Holdings Ltd Regsvar Rt 04/11/2028	2.07	900,000	Indonesia Government Inte Regs2.150% 07/18/2024	0.91
2,775,000	Bank Of Tokyo-Mitsubishi 144A 2.300% 03/05/2020 Dd 03/05/15	2.40			<b>2.07</b>			<b>0.91</b>
		<b>0.26</b>			<b>% of Total Investments</b>			<b>% of Total Investments</b>
		<b>% of Total Investments</b>			<b>0.01%</b>			<b>0.01%</b>
		<b>0.00%</b>						
<b>Cayman Islands</b>			<b>EMERGING MARKETS</b>			<b>Mexico</b>		
Nominal	Security Description	Value €m	<b>Bermuda</b>			Nominal	Security Description	Value €m
2,750,000	CK Hutchison International 144A 2.750% 03/29/2023 Dd 09/29/17	2.32	Nominal	Security Description	Value €m	2,500,000	America Movil SAB De Cv3.000% 07/12/2021	2.67
1,800,000	Ck Hutchison Finance 16 L Regs 1.250% 04/06/2023	1.82	970,000	Digical Ltd 144A 6.000% 04/15/2021 Dd 03/05/13	0.76	1,690,000	BBVA Bancomer Sa/Texas 144A7.250% 04/22/2020 Dd 04/22/10	1.53
5,286,000	Southern Water Services F Regs 6.640% 03/31/2026	7.55			<b>0.76</b>	357,000	Coca-Cola Femsa Sab De Cv4.625% 02/15/2020 Dd 08/15/10	0.32
		<b>0.00%</b>			<b>% of Total Investments</b>			<b>4.51</b>
		<b>% of Total Investments</b>			<b>0.00%</b>			<b>% of Total Investments</b>
		<b>0.00%</b>						<b>0.03%</b>
<b>Brazil</b>			<b>Poland</b>			<b>Total Emerging Markets Quoted Debt</b>		
Nominal	Security Description	Value €m	Nominal	Security Description	Value €m	<b>20.67</b>		
235,000	Vale SA 3.750% 01/10/2023	0.26	525,000	Santander Bank Polska SA Regs 0.750% 09/20/2021	0.52	<b>% of Total Investments</b>		
		<b>0.26</b>			<b>0.52</b>	<b>0.12%</b>		
		<b>% of Total Investments</b>			<b>% of Total Investments</b>	<b>Total Quoted Debt Instruments</b>		
		<b>0.00%</b>			<b>0.00%</b>	<b>1,918.41</b>		
		<b>% of Total Investments</b>			<b>% of Total Investments</b>	<b>% of Total Investments</b>		
		<b>0.00%</b>			<b>0.00%</b>	<b>11.40%</b>		

## DIRECT PRIVATE EQUITY

Cost €m	Security Description	Value €m
46.00	Advanced Manufacturing Control Systems	Note 1
10.00	Cubic Telecom Limited	Note 1
45.00	Finance Ireland	Note 1
19.17	Kaseya Luxembourg Holdings SCA	Note 1
4.21	Nautilus Data Technologies	Note 1
11.17	Swrve Mobile	Note 1
0.87	Swrve E Share Class	Note 1
8.38	Vectra Networks Inc	Note 1
61.14	Wuxi-Nextcode Genomics Inc	Note 1
<b>Total Direct Private Equity</b>		<b>234.56</b>
<b>% of Total Investments</b>		<b>1.39%</b>

## UNQUOTED DEBT INSTRUMENTS

Commitment €m	Security Description	Value €m
96.35	Bank of Ireland Bond	111.03
40.00	Bluebay Ireland Corporate Subordinated	Note 1
30.00	BPC Ireland Subordinated	Note 1
30.00	Capital Stage AG	Note 1
8.22	Dublin Artisan Dwelling 7.490% 06/01/2020	Note 1
9.50	Elm Corporate Credit DAC Subordinated 0.000% 04/10/2026	Note 1
21.50	European Investment Bank 0.000% 01/08/2027	22.52
13.70	European Investment Bank 0.000% 01/08/2037	16.45
13.17	European Investment Bank Regs 0.000% 01/08/2032	13.90
25.00	Man-Aalto	Note 1
5.00	Milkflex Facility B1 Subordinated	Note 1
0.10	Milkflex Facility B2 Subordinated	Note 1
7.00	Irish Whiskey Growth Fund	Note 1
42.50	Urbeo Residential Fund	Note 1
50.00	Quadrant	Note 1
<b>Total Unquoted Debt Instruments</b>		<b>257.93</b>
<b>% of Total Investments</b>		<b>1.53%</b>

## PROPERTY FUND INVESTMENTS

Commitment €m	Security Description	Value €m
43.67	Apollo Domestic Emerging Markets Fund	3.44
30.00	Ardstone Residential Partners Fund ICAV	27.50
15.01	Asian Retail Mall II Limited	0.03
0.83	DAD Property Fund Limited	0.08
15.01	FDV-Venture	0.04
25.00	Fine Grain Property Ltd	25.50
41.08	Forum Asian Realty Income II	0.05
44.13	Forum European Realty Income II Group Limited	8.32
29.91	Grosvenor French Retail Feeder Investment SA	0.25
20.00	Herbert Park (Avestus)	0.06
2.00	Kilkenny Regeneration	0.00
59.50	Madison Marquette Fund Group LLC	0.00
48.03	Morgan Stanley Real Estate Fund V International	2.06
96.07	Morgan Stanley Real Estate Fund VI International	1.24
43.67	Preco III (UK)	2.80
0.16	Rockspring Peripheral Europe	0.10
43.67	Silverpeak Real Estate Partners II	2.08
75.00	Tishman Speyer European Real Estate Venture VI	1.29
51.13	Tishman Speyer Real Estate Fund VI Property Fund	9.48
7.25	Urbeo Residential Fund	1.10
75.00	WLR Cardinal Mezzanine Fund	57.22
<b>Total Property Fund Investments</b>		<b>142.63</b>
<b>% of Total Investments</b>		<b>0.85%</b>



## PRIVATE EQUITY FUND INVESTMENTS

Commitment €m	Security Description	Value €m
0.26	Act 2001 - BIAM Venture Capital	0.13
20.00	Act V Venture Capital Fund Ltd	4.04
21.83	Arch Venture Fund IX Overage L.P.	25.82
23.97	Arch Venture Fund VIII	49.47
10.00	Atlantic Bridge II	6.09
20.00	Atlantic Bridge III	16.59
0.15	BMS Finance Ireland	0.15
125.00	Business Growth Fund (BGF) Ireland 1A LP	5.01
125.00	Carlyle Cardinal Ireland	52.38
15.00	Causeway Capital Partners I	7.93
43.67	China Ireland Growth Technology Fund	29.39
75.00	China Ireland Growth Fund II	5.13
0.56	Delta Equity Fund II (UCC)	0.19
23.00	Delta Equity Fund III	13.82
0.15	Delta Equity Fund No.2 (FAS)	0.19
0.09	Delta I	0.14
10.92	Draper Fisher Jurveston	9.20
50.22	Emerald Asset Fund	48.00
20.00	Finistere Ireland Ag-Tech Fund	0.68
18.60	Finistere Ventures II	11.08
15.00	Fountain Healthcare Partners I	3.05
15.00	Fountain Healthcare Partners II	9.61
8.73	Frontline EMEA Expansion Fund LP	0.00
11.00	Frontline Venture Fund I L.P.	13.77
15.00	Frontline Ventures Fund II L.P.	4.12
10.00	Highland Europe Technology I	11.78
10.00	Highland Europe Technology II LP	10.30
21.83	Illumina Innovation Fund I	6.25
87.34	Insight Venture Partners Fund	35.78
3.00	Irish Whiskey Growth Fund	0.59
87.34	Leeds Equity Partners Fund VI	33.88
11.22	Lightstone Ventures I L.P.	9.67
21.83	Lightstone Ventures II L.P.	2.05
25.76	Motive Capital Fund I-B L.P.	5.24
45.00	Muzinich Pan-European Private Debt I	8.76
43.67	OCM Opportunities Fund VIII	1.57
43.67	Polaris Partners VII	49.24
21.83	Polaris Partners VIII	10.18
43.67	Polaris Venture Partners VI	66.64
48.91	Reverence Capital Partners Opportunities Fund I	55.54
14.53	Scottish Equity Partners V	4.63
15.00	Seroba Kernel Life Sciences Fund II	7.87
15.00	Seroba Life Sciences Fund III Limited Partnership	4.33
1.80	Seroba Life Sciences Co-Investment Fund I	0.44
10.92	Sofinnova Venture Partners VIII	7.12
21.83	Strategic Healthcare Investment Partners I LP	0.71
21.83	Strategic Investors Fund V	29.74
21.83	Strategic Investors Fund VI	27.74
30.57	Strategic Investors Fund VIII	12.65
18.00	Ulster Bank Diageo Venture Fund (Investec)	6.06
45.61	Westsummit Global Technology Fund	51.80
<b>Total Private Fund Investments</b>		<b>776.54</b>
<b>% of Total Investments</b>		<b>4.61%</b>

## FORESTRY INVESTMENTS

Commitment €m	Security Description	Value €m
20.00	AIBIM 1st Forestry Fund	34.30
55.00	Forais (Dasos)	17.43
0.14	ILIM IFUT - Irish Forestry Unit Trust	0.14
<b>Total Forestry Investments</b>		<b>51.87</b>
<b>% of Total Investments</b>		<b>0.31%</b>

## ENERGY INVESTMENTS

Commitment €m	Security Description	Value €m
36.61	NTR Wind	31.04
100.00	Temporis Aurora LP	0.49
<b>Total Energy Investments</b>		<b>31.53</b>
<b>% of Total Investments</b>		<b>0.19%</b>

## INFRASTRUCTURE INVESTMENTS

Commitment €m	Security Description	Value €m
250.00	Irish Infrastructure Trust	249.61
<b>Total Infrastructure Investments</b>		<b>249.61</b>
<b>% of Total Investments</b>		<b>1.48%</b>

## QUOTED INVESTMENT FUNDS

Nominal	Security Description	Value €m
19,581,200	Acadian Global Managed Volatility Equity Fund	299.62
11	Amundi 6 Month Ireland	106.24
40	Amundi 12-24 Month Ireland	412.80
270,226	AQR Systematic Total Return Fund	237.09
3,120,975	Blackrock Euro Liquid First Fund Premium	3.12
63,340,000	CVP European Credit Opportunity Fund	63.03
1,274,781	Deutsche Floating Rate Notes	106.43
4,039,997	GIM Specialist Investment Funds ISIF Global Macro Opp Fund X EUR C	422.18
1,380,584	Goldman Sachs Alternative Risk Premia Portfolio	134.33
10,397,651	Goldman Sachs Alternative Trend Portfolio Class IO Shares	92.72
2,294,209	Goldman Sachs Emerging Markets Debt Local Portfolio IO	25.41
2,827,561	Goldman Sachs Emerging Markets Debit Portfolio Class IO Shares	28.11
3,342,658	Goldman Sachs Emerging Markets Equity Portfolio IO Acc	34.80
8,914,862	Goldman Sachs Global Investments Credit Fund	95.38
4,099,798	Goldman Sachs Global Investments High Yield EU Fund	73.67
1,575,353	Goldman Sachs Tactical Exposure Portfolio	142.69
2,199,890	Muzinch Enhanced Yield Short-Term Fund Hedged	231.08
<b>Total Quoted Investment Funds</b>		<b>2,508.70</b>
<b>% of Total Investments</b>		<b>14.91%</b>



## UNQUOTED INVESTMENT FUNDS

Nominal	Security Description	Value €m
222,850	Blackstone Class A	209.22
26,303	Blackstone Class B	25.28
223,555	Bridgewater Pure Alpha Major Markets Fund III	239.53
541,900	Generation IM Global Equity Fund	204.73
2,335,407	ISIF Absolute Alpha Fund	234.28
<b>Total Unquoted Investment Funds</b>		<b>913.05</b>
<b>% of Total Investments</b>		<b>5.43%</b>

## CONVERTIBLE PREFERENCE SHARES AND CONVERTIBLE LOAN

Commitment €m	Security Description	Value €m
21.83	Aquacomms	Note 1
21.83	Insidesales.com, Inc.	Note 1
2.72	Nautilus Convertible Promissory Note	Note 1
3.69	Swrve Mobile	Note 1
<b>Total Convertible Preference Shares and Convertible Loan</b>		<b>42.58</b>
<b>% of Total Investments</b>		<b>0.25%</b>

## UNREALISED GAIN ON FOREIGN EXCHANGE CONTRACTS

Security Description	Value €m
Unrealised Gain on Foreign Exchange Contracts	11.09
<b>Total Unrealised Gain on Foreign Exchange Contracts</b>	<b>11.09</b>
<b>% of Total Investments</b>	<b>0.07%</b>

## UNREALISED GAIN ON FUTURES CONTRACTS

Security Description	Value €m
<b>Note 2</b> Unrealised Gain On Futures Contracts	13.18
<b>Total Unrealised Gain on Futures Contracts</b>	<b>13.18</b>
<b>% of Total Investments</b>	<b>0.08%</b>

## OTHER DERIVATIVE INSTRUMENTS UNREALISED LOSS ON CREDIT DEFAULT SWAPS

Nominal	Security Description	Value €m
(2,800,000.00)	Ccp_Cdx_Bp Ul Itraxx_Europe_Cpay 500Bps 2023 Dec 20	(0.18)
(2,749,532.00)	Cdx_Bp Ul Itraxx_Europe_Crossp 500Bps 2023 Dec 20	(0.18)
(6,800,000.00)	Cdx_Bp Ul Itraxx_Europe_30_1P 100Bps 2023 Dec 20	(0.04)
2,180,000.00	Irs_R Usd-Libor-Bba 3Mp 3.06% 2025 Apr 27	0.00
(2,240,000.00)	Irs_P Gbp-Libor-Bba 6Mr 1.37% 2058 May 15	0.00
855,000.00	Irs_R Gbp-Libor-Bba 6Mp 1.83% 2038 May 02	0.00
210,000,000.00	Irs_R Jpy-Libor-Bba 6Mp 0.25% 2028 Jul 24	0.00
(209,500,000.00)	Irs_P Jpy-Libor-Bba 6Mr 0.09% 2023 Jul 24	0.00
2,800,000.00	Ccp_Cdx_Bp Ul Itraxx_Europe_Cpay 500Bps 2023 Dec 20	0.00
(739,000.00)	Ccp_Irs_P Eur-Euribor-Reutersrec 1.41% 2044 Jul 04	0.00
(1,035,000.00)	Ccp_Irs_P Eur-Euribor-Reutersrec 0.79% 2028 Feb 15	0.00
(1,600,000.00)	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.00
750,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.01
750,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.01
1,000,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.01
1,600,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.02
1,600,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.02
3,600,000	Ccp_Cdx_Sp Ul Cdx.Na.Ig.31_V1Rec 100Bps 2023 Dec 20	0.02
3,000,000	Cdx_Sp Ul Itraxx_Europe_Sf_27R 100Bps 2022 Jun 20	0.03
<b>Total Unrealised Loss on Credit Default Swaps</b>		<b>(0.29)</b>
<b>% of Total Investments</b>		<b>0.00%</b>
<b>Total Investments at fair value through Profit and Loss</b>		<b>7,606.98</b>
<b>% of Total Investments</b>		<b>45.21%</b>

## LOANS AND RECEIVABLES

### Other Debt

Commitment €m	Security Description	Value €m
500.00	Activate Loans	Note 1
3.20	Aquacomms Loan	Note 1
54.00	DCU Loans	Note 1
39.40	Dublin Waste To Energy Loan	Note 1
40.53	Cherrywood - Hines Loan	Note 1
450.00	Irish Water Loan	300.00
29.50	Milkflex Senior Facility Loan Note	Note 1
20.00	Milkflex II Senior Loan Note	Note 1
14.00	Panelto Loan	Note 1
95.00	Elm Corporate Credit Loan	Note 1
14.30	Shannon Airport Authority Loan	Note 1
<b>Total Other Debt</b>		<b>Note 1</b>
<b>% of Total Investments</b>		<b>Note 1</b>

### Other Bonds

Commitment €m	Security Description	Value €m
4.50	Bluebay Ireland Corporate Credit VAR Rt 01/15/2021	Note 1
<b>Total Other Bonds</b>		<b>Note 1</b>
<b>% of Total Investments</b>		<b>Note 1</b>
<b>Total Loans and Receivables</b>		<b>765.69</b>
<b>% of Total Investments</b>		<b>4.55%</b>



## FINANCIAL LIABILITIES

### Unrealised Gain on Equity Options

Contracts	Security Description	Value €m
(1,327)	Euro Stoxx 50 P Indexcall Dec 23 4800.000 Ed 121523	(0.23)
(624)	Euro Stoxx 50 P Indexcall Dec 21 4300.000 Ed 121721	(0.07)
(620)	Euro Stoxx 50 P Indexcall Dec 20 4100.000 Ed 121820	(0.05)
620	Euro Stoxx 50 Pr Index Sx5Eput Dec 20 2500.000 Ed 121820	1.12
624	Euro Stoxx 50 Pr Index Sx5Eput Dec 21 2400.000 Ed 121721	1.34
1,327	Euro Stoxx 50 Pr Index Sx5Eput Dec 23 2200.000 Ed 121523	3.31
<b>Total Unrealised Gain (Loss) on Equity Options</b>		<b>5.42</b>
<b>% of Total Investments</b>		<b>0.03%</b>

### Unrealised Loss on Equity Index Swaps

Contracts	Security Description	Value €m
(14)	Nikkei 225 (OTC) Put Feb 19 21000.000 Ed 020819	(0.14)
(20)	Nikkei 225 (OTC) Put Jan 19 20750.00 Ed 011119	(0.14)
(13)	Nikkei 225 (OTC) Put Jan 19 21125.00 Ed 011119	(0.12)
(10)	Nikkei 225 (OTC) Put Feb 19 21250.000 Ed 020819	(0.12)
(13)	Nikkei 225 (OTC) Put Feb 19 20625.000 Ed 020819	(0.11)
(13)	Nikkei 225 (OTC) Put Jan 19 20875.000 Ed 011119	(0.10)
(7)	Nikkei 225 (OTC) Put Jan 19 21000.000 01/11/19	(0.06)
(5)	Nikkei 225 (OTC) Put Jan 19 21375.000 Ed 011119	(0.06)
(9)	Nikkei 225 (OTC) Put Feb 19 20000.000 Ed 020819	(0.05)
(3)	Nikkei 225 (OTC) Put Nov 18 21875.00 Ed 011119	(0.04)
(5)	Nikkei 225 (OTC) Put Feb 19 20500.00 Ed 020819	(0.04)
(6)	Nikkei 225 (OTC) Put Mar 19 19750.000 Ed 030819	(0.04)
(2)	Nikkei 225 (OTC) Put Mar 19 20500.000 Ed 030819	(0.02)
(2)	Nikkei 225 (OTC) Put Feb 19 20750.000 Ed 020819	(0.02)
(1)	Nikkei 225 (OTC) Put Jan 19 21250.000 Ed 011119	(0.01)
(6)	Nikkei 225 (OTC) Call Mar 19 21875.000 030819	(0.01)
(9)	Nikkei 225 (OTC) Call Feb 19 21750.000Ed 020819	(0.01)
(13)	Nikkei 225 (OTC) Call Feb 19 22375.000Ed 020819	(0.01)
(14)	Nikkei 225 (OTC) Call Feb 19 22750.000 020819	(0.00)
(5)	Nikkei 225 (OTC) Call Feb 19 22500.00 Ed 020819	(0.00)
(2)	Nikkei 225 (OTC) Call Mar 19 22500.000Ed 030819	(0.00)
(10)	Nikkei 225 (OTC) Call Feb 19 23125.000 020819	(0.00)
(10)	Nikkei 225 (OTC) Call Jan 19 22250.00 Ed 011119	(0.00)
(22)	Nikkei 225 (OTC) Call Jan 19 23000.00 Ed 011119	(0.00)
(2)	Nikkei 225 (OTC) Call Feb 19 22875.000 020819	(0.00)
(13)	Nikkei 225 (OTC) Call Nov 18 22625.000Ed 011119	(0.00)
(7)	Nikkei 225 (OTC) Call Jan 19 23125.000 011119	(0.00)
(5)	Nikkei 225 (OTC) Call Jan 19 22875.000 01/11/19	(0.00)
(3)	Nikkei 225 (OTC) Call Nov 18 23875.00 Ed 011119	(0.00)
(1)	Nikkei 225 (OTC) Call Jan 19 22500.000 011119	(0.00)
<b>Total Unrealised Loss on Equity Index Swaps</b>		<b>(1.10)</b>
<b>% of Total Investments</b>		<b>(0.01%)</b>

## Unrealised Loss on OTC Options

Contracts	Security Description	Value €m
(147)	S & P 500 Index (OTC) Call Dec 23 3650.000 Ed 121523	(0.89)
(64)	S & P 500 Index (SPX) Put Jan 19 2625.000 Ed 010219	(0.67)
(69)	S & P 500 Index (SPX) Call Jan 19 2450.000 Ed 012319	(0.56)
(96)	S & P 500 Index (OTC) Call Dec 20 3050.000 Ed 121820	(0.50)
(66)	S & P 500 Index (SPX) Put Jan 19 2550.000 Ed 010919	(0.36)
(64)	S & P 500 Index (OTC) Call Dec 22 3450.000 Ed 121622	(0.35)
(64)	S & P 500 Index (OTC) Call Dec 21 3250.000 Ed 121721	(0.32)
(67)	S & P 500 Index (SPX) Put Jan 19 2455.000 Ed 011619	(0.19)
(53)	S & P 500 Index (SPX) Call Jan 19 2560.000 Ed 013119	(0.18)
(19)	S&P 500 Index (SPX) Call Feb 19 2480.000 Ed 022819	(0.17)
(17)	S & P 500 Index (SPX) Put Jan 19 2595.000 Ed 013119	(0.17)
(53)	S & P 500 Index (SPX) Call Jan 19 2565.000 Ed 013119	(0.17)
(53)	S & P 500 Index (SPX) Call Jan 19 2570.000 Ed 013119	(0.16)
(53)	S & P 500 Index (SPX) Call Jan 19 2575.000 Ed 013119	(0.15)
(17)	S & P 500 Index (SPX) Put Jan 19 2570.000 Ed 013119	(0.14)
(53)	S & P 500 Index (SPX) Call Jan 19 2580.000 Ed 013119	(0.14)
(53)	S&P 500 Index (SPX) Put Jan 19 2380.000 Ed 013119	(0.13)
(53)	S&P 500 Index (SPX) Put Jan 19 2375.000 Ed 013119	(0.12)
(53)	S & P 500 Index (SPX) Put Jan 19 2370.000 Ed 013119	(0.12)
(53)	S & P 500 Index (SPX) Put Jan 19 2365.000 Ed 013119	(0.12)
(53)	S & P 500 Index (SPX) Put Jan 19 2360.000 Ed 013119	(0.11)
(114)	Euro Stoxx 50 P Index (OTC) Put Feb 19 2950.00 Ed 02/15/19	(0.09)
(110)	Euro Stoxx 50 P Index (OTC) Put Jan 19 3025.000 Ed 011819	(0.09)
(8)	S&P 500 Index (SPX) Put Jan 19 2610.000 Ed 013119	(0.09)
(13)	S&P 500 Index (SPX) Put Jan 19 2520.000 Ed 013119	(0.08)
(158)	Euro Stoxx 50 P Index (OTC) Put Feb 19 2850.00 Ed 02/15/20	(0.08)
(12)	S&P 500 Index (SPX) Put Jan 19 2525.000 Ed 013119	(0.08)
(53)	Euro Stoxx 50 P Index (OTC) Put Jan 19 3100.000 Ed 1/18/19	(0.07)
(9)	S&P 500 Index (SPX) Put Feb 19 2500.000 Ed 022819	(0.07)
(13)	S & P 500 Index (SPX) Put Feb 19 2410.000 Ed 022819	(0.06)
(96)	Euro Stoxx 50 P Index (OTC) Put Jan 19 2975.000 Ed 011819	(0.05)
(55)	Euro Stoxx 50 P Index (OTC) Put Jan 19 3050.000 Ed 011819	(0.05)
(4)	S & P 500 Index (SPX) Put Jan 19 2640.000 Ed 013119	(0.05)
(45)	Euro Stoxx 50 P Index (OTC) Put Feb 19 3000.00 Ed 02/15/19	(0.05)
(67)	S & P 500 Index (SPX) Call Jan 19 2620.000 Ed 011619	(0.05)
(60)	Euro Stoxx 50 P Index (OTC) Call Feb 19 3025.00 Ed 021519	(0.04)
(35)	Ftse 100 Index (Ukx) OTC Call Feb 19 6900.000 Ed 021519	(0.04)
(83)	Euro Stoxx 50 P Index (OTC) Call Feb 19 3075.000 Ed 021519	(0.04)
(69)	S & P 500 Index (SPX) Put Jan 19 2230.000 Ed 012319	(0.04)
(49)	Euro Stoxx 50 P Index (OTC) Call Mar 19 3050.000 Ed 031519	(0.04)
(22)	Ftse 100 Index (OTC) Put Feb 19 6525.000 Ed 021519	(0.03)
(3)	S&P 500 Index (SPX) Put Feb 19 2575.000 Ed 022819	(0.03)
(13)	Ftse 100 Index (Ukx) (OTC) Put Jan 19 6875.000 Ed 011819	(0.03)
(19)	S & P 500 Index (SPX) Put Feb 19 2200.000 Ed 022819	(0.03)
(8)	S & P 500 Index (SPX) Put Jan 19 2435.000 Ed 013119	(0.03)
(20)	Ftse 100 Index (Ukx) Otcput Jan 19 6725.000 Ed 011819	(0.03)
(19)	Ftse 100 Index (OTC) Put Jan 19 6700.000 Ed 011819	(0.02)
(13)	S & P 500 Index (SPX) Call Feb 19 2665.000 Ed 022819	(0.02)
(10)	Ftse 100 Index (Ukx) OTC Put Feb 19 6725.000 Ed 021519	(0.02)
(12)	Ftse 100 Index (Ukx) OTC Put Jan 19 6800.000 Ed 011819	(0.02)
(49)	Euro Stoxx 50 P Index OTC Put Mar 19 2725.000 Ed 031519	(0.02)
(11)	Ftse 100 Index (OTC) Call Mar 19 6800.00 Ed 031519	(0.02)
(60)	Euro Stoxx 50 P Index (OTC) Put Feb 19 2775.000 Ed 021519	(0.02)
(13)	Ftse 100 Index (OTC) Call Feb 19 6800.000 Ed 021519	(0.02)
(73)	Euro Stoxx 50 P Index (OTC) Call Feb 19 3125.00 Ed 021519	(0.02)
(19)	Ftse 100 Index (Ukx) (OTC) Put Feb 19 6350.000 Ed 021519	(0.02)
(2)	S & P 500 Index (SPX) Call Jan 19 2460.000 Ed 013119	(0.02)
(114)	Euro Stoxx 50 P Index (OTC) Call Feb 19 3200.00 Ed 021519	(0.01)



## FINANCIAL LIABILITIES (CONTINUED)

### Unrealised Loss on OTC Options (continued)

Contracts	Security Description	Value €m
(16)	Ftse 100 Index (Ukx) OTC Put Feb 19 6300.000 Ed 021519	(0.01)
(21)	Euro Stoxx 50 P Index OTC Put Mar 19 2800.000 Ed 031519	(0.01)
(11)	Ftse 100 Index (OTC) Put Mar 19 6100.000 Ed 031519	(0.01)
(21)	Euro Stoxx 50 P Index (OTC) Call Mar 19 3100.000 Ed 31519	(0.01)
(22)	Ftse 100 Index (OTC) Call Feb 19 7075.000 Ed 021519	(0.01)
(6)	Ftse 100 Index (Ukx) OTC Put Dec 19 6775.000 Ed 011819	(0.01)
(13)	Ftse 100 Index (OTC) Put Feb 19 6200.000 Ed 021519	(0.01)
(8)	S & P 500 Index (SPX) Call Jan 19 2640.000 Ed 013119	(0.01)
(31)	Euro Stoxx 50 P Index OTC Put Jan 19 2875.00 Ed 01/18/19	(0.01)
(5)	Ftse 100 Index (Ukx) (OTC) Call Mar 19 6900.000 Ed 31519	(0.01)
(5)	Ftse 100 Index (Ukx) (OTC) Put Mar 19 6250.000 Ed 31519	(0.01)
(9)	S & P 500 Index (SPX) Call Feb 19 2750.000 Ed 022819	(0.01)
(3)	Ftse 100 Index (OTC) Put Feb 19 6625.000 Ed 021519	(0.01)
(7)	Ftse 100 Index (Ukx) OTC Call Jan 19 6875.000 Ed 011819	(0.00)
(5)	Euro Stoxx 50 P Index (OTC) Put Jan 19 3000.000 Ed 011819	(0.00)
(3)	Ftse 100 Index (Ukx) OTC Put Jan 19 6650.000 Ed 011819	(0.00)
(31)	Euro Stoxx 50 P Index (OTC) Call Jan 19 3125.00 Ed 011819	(0.00)
(45)	Euro Stoxx 50 P Index (OTC) Call Feb 19 3250.00 Ed 021519	(0.00)
(7)	Ftse 100 Index (Ukx) OTC Put Jan 19 6400.000 Ed 011819	(0.00)
(12)	S & P 500 Index (SPX) Call Jan 19 2730.000 Ed 013119	(0.00)
(88)	Euro Stoxx 50 P Index (OTC) Call Jan 19 3200.00 Ed 011819	(0.00)
(13)	S&P 500 Index (SPX) Call Jan 19 2755.000 Ed 013119	(0.00)
(17)	S&P 500 Index (SPX) Call Jan 19 2775.000 Ed 013119	(0.00)
(10)	Ftse 100 Index (Ukx) OTC Call Feb 19 7275.000 Ed 011519	(0.00)
(66)	S & P 500 Index (SPX) Call Jan 19 2705.000 Ed 010919	(0.00)
(2)	S & P 500 Index (SPX) Put Jan 19 2220.000 Ed 013119	(0.00)
(17)	S & P 500 Index (SPX) Call Jan 19 2795.000 Ed 013119	(0.00)
(19)	Ftse 100 Index (OTC) Call Jan 19 7150.000 Ed 011819	(0.00)
(3)	Ftse 100 Index (OTC) Call Feb 19 7150.000 Ed 021519	(0.00)
(1)	Ftse 100 Index (OTC) Put Jan 19 6625.000 Ed 011819	(0.00)
(3)	S & P 500 Index (SPX) Call Feb 19 2815.000 Ed 022819	(0.00)
(117)	Euro Stoxx 50 P Index (OTC) Call Jan 19 3275.000 Ed 011819	(0.00)
(23)	Ftse 100 Index (Ukx) OTC Call Jan 19 7200.000 Ed 011819	(0.00)
(55)	Euro Stoxx 50 P Index OTC Call Jan 19 3250.00 Ed 01/18/1	(0.00)
(8)	S & P 500 Index (SPX) Call Jan 19 2830.000 Ed 013119	(0.00)
(12)	Ftse 100 Index (Ukx) OTC Call Jan 19 7225.000 Ed 011819	(0.00)
(53)	Euro Stoxx 50 P Index (OTC) Call Jan 19 3300.00 Ed 011819	(0.00)
(5)	Euro Stoxx 50 P Index (OTC) Call Jan 19 3175.000 Ed 011819	(0.00)
(1)	Ftse 100 Index (OTC) Call Jan 19 7025.000 Ed 011819	(0.00)
(64)	S & P 500 Index (SPX) Call Jan 19 2770.000 Ed 010219	(0.00)
(4)	S&P 500 Index (SPC) Call Jan 19 2870.000 Ed 013119	(0.00)
(13)	Ftse 100 Index (Ukx) OTC Call Jan 19 7300.000 Ed 011819	(0.00)
(6)	Ftse 100 Index (Ukx) OTC Call Jan 19 7275.000 Ed 011819	(0.00)
64	S & P 500 Index (SPX) OTC Put Dec 21 1950.000 Ed 121721	0.68
64	S & P 500 Index (SPX) OTC Put Dec 22 1875.000 Ed 121622	0.76
96	S & P 500 Index (SPX) Put Dec 20 2000.000 Ed 121820	0.81
147	S & P 500 Index (SPX) OTC Put Dec 23 1825.000 Ed 121523	1.95
<b>Total Unrealised Loss on OTC Options</b>		<b>(3.23)</b>
<b>% of Total Investments</b>		<b>(0.02%)</b>

## Unrealised Loss on Interest Rate Swaps

Nominal	Security Description	Value €m
(6,819,303)	Irs_R Eur-Euribor-Reuters 6Mp 0.43% 2022 Oct 07	(0.11)
(2,212,500)	Irs_R Usd-Libor-Bba 3Mp 3.08% 2025 Apr 27	(0.04)
(2,180,000)	Irs_R Usd-Libor-Bba 3Mp 3.06% 2025 Apr 27	(0.04)
(48,000,000)	Irs_R Eur-Euribor-Act/360 6Mp 0.09% 2019 Mar 24	(0.02)
(210,000,000)	Irs_R Jpy-Libor-Bba 6Mp 0.25% 2028 Jul 24	(0.01)
(210,000,000)	Irs_R Jpy-Libor-Bba 6Mp 0.25% 2028 Jul 24	(0.01)
(855,000)	Irs_R Gbp-Libor-Bba 6Mp 1.83% 2038 May 02	(0.01)
2,240,000	Irs_P Gbp-Libor-Bba 6Mr 1.37% 2058 May 15	(0.01)
739,000	Ccp_Irs_P Eur-Euribor-Reutersrec 1.41% 2044 Jul 04	0.00
1,035,000	Ccp_Irs_P Eur-Euribor-Reutersrec 0.79% 2028 Feb 15	0.00
920,000	Ccp_Irs_P Eur-Euribor-Reutersrec 0.81% 2028 Feb 15	0.01
209,500,000	Irs_P Jpy-Libor-Bba 6Mr 0.09% 2023 Jul 24	0.01
209,500,000	Irs_P Jpy-Libor-Bba 6Mr 0.09% 2023 Jul 24	0.01
3,680,000	Ccp_Irs_P Eur-Euribor-Reutersrec 0.76% 2027 Oct 25	0.02
1,910,000	Irs_P Eur-Euribor-Reuters 6Mr 0.9% 2027 Aug 16	0.04
5,295,000	Irs_P Usd-Libor-Bba 3Mr 3.04% 2022 Apr 27	0.05
5,260,000	Irs_P Usd-Libor-Bba 3Mr 3.07% 2022 Apr 27	0.05
1,880,147	Irs_P Eur-Euribor-Reuters 6Mr 1.06% 2027 Feb 15	0.07
<b>Total Unrealised Loss on Interest Rate Swaps</b>		<b>(0.01)</b>
<b>% of Total Investments</b>		<b>0.00%</b>
<b>Total Unrealised Loss on Swaps</b>		<b>(1.11)</b>
<b>% of Total Investments</b>		<b>(0.01%)</b>
<b>Total Financial Liabilities</b>		<b>1.07</b>
<b>% of Total Investments</b>		<b>0.01%</b>



## CASH DEPOSITS AND OTHER CASH INVESTMENTS

### Deposits and cash

Security Description	Value €m
Dairygold RPPF	Note 1
Euro	188.31
US Dollar	232.00
Other currencies	(1.49)
Sterling	0.97
Japanese Yen	0.32
<b>Total Deposits and cash</b>	<b>420.12</b>
<b>% of Total Investments</b>	<b>2.50%</b>

### Treasury Bills

Nominal	Security Description	Value €m
36,252,000	U S Treasury Bills	31.42
<b>Total Treasury Bills</b>		<b>31.42</b>
<b>% of Total Investments</b>		<b>0.19%</b>
<b>Total Cash Deposits and Other Cash Investments</b>		<b>451.54</b>
<b>% of Total Investments</b>		<b>2.68%</b>
<b>Total Discretionary Investments</b>		<b>8,826.23</b>
<b>% of Total Investments</b>		<b>52.45%</b>

## DIRECTED INVESTMENTS

### Directed investment assets

Nominal	Security Description	Value €m
1,930,424,451	Allied Irish Banks	7,053.82
150,410,768	Bank of Ireland	733.25
<b>Total Directed investment assets</b>		<b>7,787.07</b>
<b>% of Total Investments</b>		<b>46.28%</b>

### Cash

Security Description	Value €m
Euro	215.06
<b>Total Cash</b>	<b>215.06</b>
<b>% of Total Investments</b>	<b>1.28%</b>
<b>Total Directed Investments</b>	<b>8,002.13</b>
<b>% of Total Investments</b>	<b>47.55%</b>
<b>Total Investments</b>	<b>16,828.17</b>
<b>% of Total Investments</b>	<b>100.00%</b>



## Portfolio of Investments – ISIF

**Note 1:** The market value has not been disclosed as this is commercially sensitive information.

<b>Note 2: Futures 31 December 2018</b>		<b>Value €m</b>
(205)	Euro Buxl 30Y Bnd Future (EUX)Exp Mar 19	(0.79)
117	S&P 500 Emini Index Fut (CME)Exp Mar 19	(0.67)
716	Mini Msci Emg Mkt Future (NYF)Exp Mar 19	(0.13)
(25)	Euro-Btp Future (EUX)Exp Mar 19	(0.11)
(123)	Euro-Bund Future (EUX)Exp Mar 19	(0.08)
(28)	Euro Buxl 30Y Bnd Future (EUX)Exp Mar 19	(0.06)
(101)	90Day Euro\$ Future (CME)Exp Mar 20	(0.04)
(162)	Euro-Bobl Future (EUX)Exp Mar 19	(0.04)
(37)	90Day Euro\$ Future (CME)Exp Mar 21	(0.03)
(24)	90Day Euro\$ Future (CME)Exp Sep 21	(0.03)
(23)	90Day Euro\$ Future (CME)Exp Jun 21	(0.02)
(23)	Short Euro-Btp Future (EUX)Exp Mar 19	(0.02)
(15)	90Day Euro\$ Future (CME)Exp Dec 21	(0.02)
(13)	90Day Euro\$ Future (CME)Exp Jun 22	(0.02)
(13)	90Day Euro\$ Future (CME)Exp Sep 22	(0.01)
(9)	Hang Seng Index Future (Hkg)Exp Jan 19	(0.01)
(12)	90Day Euro\$ Future (CME)Exp Mar 22	(0.01)
(5)	Us 5Yr Note Future (CBT)Exp Mar 19	(0.01)
(19)	Euro-Bobl Future (EUX)Exp Mar 19	(0.01)
(5)	90Day Euro\$ Future (CME)Exp Dec 22	(0.01)
(13)	90Day Sterling Future (ICF)Exp Sep 21	(0.00)
(30)	Spi 200 Future (SFE)Exp Mar 19	(0.00)
(12)	90Day Sterling Future (ICF)Exp Mar 22	(0.00)
(12)	90Day Sterling Future (ICF)Exp Dec 21	(0.00)
(2)	Aust 10Y Bond Future (SFE)Exp Mar 19	(0.00)
(9)	90Day Sterling Future (ICF)Exp Sep 22	(0.00)
(10)	90Day Sterling Future (ICF)Exp Jun 22	(0.00)
(16)	Msci Singapore Index Fut (SGX)Exp Jan 19	0.00
126	3Mo Euro Euribor Future (ICF)Exp Mar 19	0.00
459	90Day Eurodollar Future Mar 19Call Mar 19 98.00 Ed 03/18/19	0.00
(18)	90Day Sterling Future (ICF)Exp Jun 21	0.00
814	90Day Eurodollar Fut Jun 19Call Jun 19 099.000 Ed 061719	0.00
111	Euro-Schatz Future (EUX)Exp Mar 19	0.00
(25)	Long Gilt Future (ICF)Exp Mar 19	0.01
(18)	90Day Sterling Future (ICF)Exp Dec 20	0.01
(14)	90Day Sterling Future (ICF)Exp Mar 21	0.01
(18)	90Day Sterling Future (ICF)Exp Sep 20	0.01
85	90Day Eurodollar Future Sep 19Call Sep 19 097.750 Ed 9/16/19	0.01
120	3Mo Euro Euribor Future (ICF)Exp Sep 19	0.01
1,932	90Day Eurodollar Future Mar 19Call Mar 19 099.000 Ed 031819	0.01
284	90Day Eurodollar Future Jun 19Call Jun 19 097.750 Ed 6/17/19	0.01
(20)	90Day Sterling Future (ICF)Exp Jun 20	0.01
17	3Mo Euro Euribor Future (ICF)Exp Mar 22	0.01
122	3Mo Euro Euribor Future (ICF)Exp Jun 19	0.01
2	Us Treas Bd Future (CBT)Exp Mar 19	0.01
(22)	90Day Sterling Future (ICF)Exp Dec 19	0.01
10	3Mo Euro Euribor Future (ICF)Exp Dec 22	0.01
125	3Mo Euro Euribor Future (ICF)Exp Dec 19	0.01
(192)	Euro-Oat Future (EUX)Exp Mar 19	0.01
(24)	90Day Sterling Future (ICF)Exp Mar 20	0.02
31	3Mo Euro Euribor Future (ICF)Exp Jun 21	0.02
(22)	90Day Sterling Future (ICF)Exp Sep 19	0.02
(24)	90Day Sterling Future (ICF)Exp Mar 19	0.02

(24)	90Day Sterling Future (ICF)Exp Jun 19	0.02
(9)	Ftse/Mib Index Future (MIL)Exp Mar 19	0.02
21	3Mo Euro Euribor Future (ICF)Exp Dec 21	0.02
64	3Mo Euro Euribor Future (ICF)Exp Jun 20	0.02
17	3Mo Euro Euribor Future (ICF)Exp Sep 22	0.02
28	3Mo Euro Euribor Future (ICF)Exp Sep 21	0.02
17	3Mo Euro Euribor Future (ICF)Exp Jun 22	0.02
(11)	Ibex 35 Index Future (MFM)Exp Jan 19	0.03
63	3Mo Euro Euribor Future (ICF)Exp Sep 20	0.03
(60)	90Day Euro\$ Future (CME)Exp Jun 20	0.03
(46)	90Day Euro\$ Future (CME)Exp Dec 20	0.03
(82)	Cac40 10 Euro Future (EOP)Exp Jan 19	0.03
(72)	Omx30 Index Fut (SSE)Exp Jan 19	0.03
50	3Mo Euro Euribor Future (ICF)Exp Dec 20	0.04
(74)	Ftse 100 Index Future (ICF)Exp Mar 19	0.04
(14)	Amsterdam Index Future (EOE)Exp Jan 19	0.04
(12)	Dax Index Future (EUX)Exp Mar 19	0.04
40	3Mo Euro Euribor Future (ICF)Exp Mar 21	0.04
42	Us 2Yr Note Future (CBT)Exp Mar 19	0.05
(28)	S&P/Tsx 60 Index Future (MSE)Exp Mar 19	0.06
(38)	Swiss Mkt Ix Future (EUX)Exp Mar 19	0.07
103	3Mo Euro Euribor Future (ICF)Exp Mar 20	0.08
15	Us Treas Bd Future (CBT)Exp Mar 19	0.09
(61)	90Day Euro\$ Future (CME)Exp Sep 20	0.09
329	90Day Eurodollar Future Mar 19Call Mar 19 97.125 Ed 03/18/19	0.13
58	Us 10 Yr Treas Nts Fut (CBT)Exp Mar 19	0.14
(106)	90Day Euro\$ Future (CME)Exp Jun 19	0.14
57	90Day Euro\$ Future Jun 19Call Jun 19 096.000 Ed 061719	0.16
96	90Day Eurodollar Future Mar 19Call Mar 19 096.500 Ed 031819	0.17
142	90Day Euro\$ Future Mar 20Call Mar 20 096.750 Ed 3/16/20	0.22
221	90Day Euro\$ Future Sep 20Call Sep 20 097.125 Ed 091420	0.29
257	90Day Euro\$ Future Jun 20Call Jun 20 097.125 Ed 061520	0.29
(122)	90Day Euro\$ Future (CME)Exp Sep 19	0.32
(129)	90Day Euro\$ Future (CME)Exp Dec 19	0.34
(126)	90Day Euro\$ Future (CME)Exp Jun 19	0.35
(128)	90Day Euro\$ Future (CME)Exp Mar 19	0.39
197	90Day Euro\$ Future Mar 21Call Mar 21 096.750 Ed 31521	0.40
242	90Day Euro\$ Fut (CME) Dec 19Call Dec 19 096.500 Ed 121619	0.45
468	90Day Eurodollar Future Jun 19Call Jun 19 096.875 Ed 061719	0.45
197	90Day Eurodollar Future Mar 19Call Mar 19 96.000 Ed 03/18/19	0.55
514	Euro Fx Curr Future (CME)Exp Mar 19	0.58
455	90Day Eurodollar Future Sep 19Call Sep 19 096.750 Ed 091619	0.59
(66)	Topix Index Future (OSE)Exp Mar 19	0.67
523	90Day Eurodollar Future Sep 20Call Sep 20 097.000 Ed 091420	0.77
246	90Day Euro\$ Future Mar 20Call Mar 20 096.000 Ed 3/16/20	0.78
427	90Day Eurodollar Future Dec 20Call Dec 20 96.750 Ed 12/14/20	0.82
643	90Day Eurodollar Future Jun 20Call Jun 20 097.000 Ed 061520	0.86
970	Euro Fx Curr Future (CME)Exp Mar 19	1.09
(511)	S&P 500 Emini Index Fut (CME)Exp Mar 19	3.14
<b>Total Futures</b>		<b>13.18</b>









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