



**National Pensions Reserve Fund
Commission**

Annual Report and Financial Statements 2007

07

**National Pensions Reserve
Fund Commission**

Annual Report and Financial
Statements 2007



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National Pensions Reserve Fund Commission

27th June 2008

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

Dear Minister,

I have the honour to submit to you the Report and Accounts of the National Pensions Reserve Fund Commission for the year ended 31 December 2007.

Yours sincerely,

Paul Carty,
Chairman

About the National Pensions Reserve Fund

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

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

The Fund is controlled and managed by the National Pensions Reserve Fund Commission. The Commission's functions include the determination and implementation of the Fund's investment strategy in accordance with its statutory investment mandate. This mandate requires that the Fund be invested so as to secure the optimal total financial return provided the level of risk to the moneys held or invested is acceptable to the Commission.

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

For further information please visit the Fund's website at www.nprf.ie

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From the Chairman



After a number of benign years, 2007 saw increased volatility return to the world's capital markets in the wake of the subprime crisis in the US and the resulting credit crunch. Despite this volatility the National Pensions Reserve Fund finished the year in positive territory, earning a return of 3.3%, mainly due to the performance

of its equity portfolio. However, the fact equities held up relatively well in difficult market conditions left them vulnerable to the effects of further credit losses by banks and to the crisis spreading beyond the financial sector, as was evidenced in early 2008.

In the volatile market conditions we have experienced since the summer of last year there can be an understandable temptation to concentrate on short-term performance. In such circumstances it is incumbent on those of us who manage long-term investment funds to maintain our focus on our fundamental investment objectives and on pursuing the investment strategy that is most suited to the attainment of those objectives.

The purpose of the National Pensions Reserve Fund is to meet as much as possible of the costs to the Exchequer of social welfare and public service pensions from 2025 until at least 2055. In seeking to meet this objective the Commission has adopted an investment strategy primarily focused on building up a diversified portfolio of equities and other real assets. Such an asset allocation offers the prospect of superior long-term return but can expose the Fund to high levels of short-term volatility. However, one of the critical factors underlying the Commission's investment strategy is the Fund's long-term investment horizon. With no drawdowns before 2025, it can afford to accept periods of volatility as a trade-off for achieving a long-term return that will make a meaningful contribution to Ireland's future pension costs and the sustainability of the pension system.

It is, of course, also important to pay due attention to current investment conditions. This is a particular concern for the NPRF where the annual Exchequer contribution of 1% of GNP (€1.6 billion in 2007) forms a significant percentage of overall Fund assets. Indeed by phasing the Fund's entry into the markets and smoothing out the prices at which it purchases assets, the Exchequer contribution is, in itself, a significant volatility dampener. In the uncertain market environment that has persisted since last summer the Commission has taken a cautious approach to investing the Exchequer contribution. The Commission also slowed the pace of its property and private equity programmes at the start of 2007 based on its view of market conditions. While it remains committed to its target investment allocations in these areas, the timeframe within which it will achieve them is subject to prevailing market conditions and suitable investment opportunities.

Under the National Pensions Reserve Fund Act, the Commission is required to commission, from time to time, independent assessments of the investment performance of the Fund. A summary of the first such Performance Review, which covers

the period since inception to end 2007, is set out in the body of this Report. I am pleased to note that the Review endorses the Commission's long-term investment strategy and finds that the value added for the relative risk taken by the Commission has been very satisfactory. Overall, the Commission has found the Review process a very valuable exercise and of considerable assistance in what remains its core task: the taking, management and diversification of risk so that the Fund achieves its investment objective.

The Fund's lengthy investment horizon also means that it is a long-term owner of companies and the Commission recognises that the way in which companies manage environmental, social and governance (ESG) factors can affect their long-term performance. The Commission is a signatory to the UN Principles for Responsible Investment and has developed a Responsible Investment policy. In 2007 the Commission took a significant step forward in the implementation of its responsible investment commitments with the appointment of Hermes Equity Ownership Services to execute proxy votes on the Fund's behalf and to engage with investee companies on ESG issues based on the Hermes Principles – a set of guidelines developed by Hermes which codify a number of expectations between owners and managers and which represent the Commission's view of the essential elements of good governance. Exercising shareholder responsibility through corporate engagement and proxy voting offers the best chance of influencing company behaviour and enhancing value, and the appointment of Hermes will help the Fund become a more engaged shareholder in the companies in which it invests.

The importance of the pensions issue and how it has moved towards the top of the public policy agenda over the last 10 years was underlined in 2007 with the publication of the Government's Green Paper on Pensions. The Commission is committed to playing its part in addressing the substantial challenges that lie ahead as the population ages, through effective management of the National Pensions Reserve Fund. This is a task which will inevitably involve navigating through difficult investment conditions from time to time as has been amply demonstrated over the last year or so. In this regard, I would like to thank my fellow commissioners, the members of our investment advisory committees and the staff of the NTMA for their commitment and diligence in responding to the many issues that arose over the course of the year.

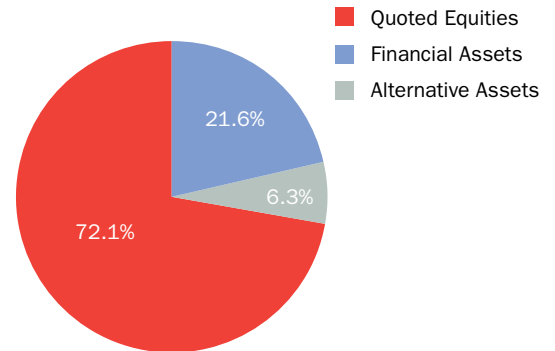
Paul Carty
Chairman
27th June 2008

Key Figures 2007

- Fund assets grew from €18,900m to €21,153m.
- The investment return for the year was 3.3% or €637m.
- The Exchequer contribution was €1,616m.
- The Fund's value at end 2007 was equivalent to 13.4% of GNP

Summary Asset Allocation

31 December 2007



Breakdown of Asset Allocation

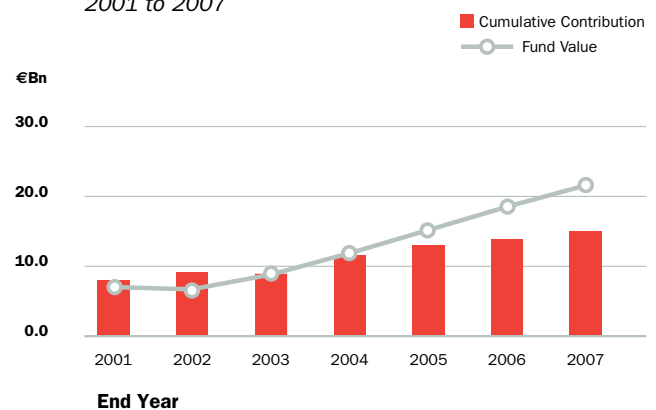
	€m	%
Quoted Equity	15,259	72.1
Private Equity	403	1.9
Property	647	3.1
Commodities	286	1.3
Total Alternative Assets	1,336	6.3
Bonds	3,567	16.9
Currency Funds	165	0.8
Cash	826	3.9
Total Financial Assets	4,558	21.6
Total	21,153	100.0

Key Figures Since Inception

- The Fund has earned €5,969m in excess of the Exchequer contribution.
- Since its inception in April 2001, the Fund's annualised return has been 6.0%.

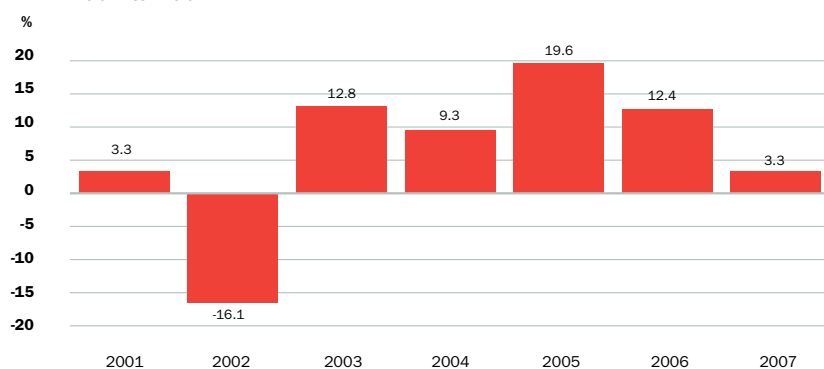
NPRF Value and Cumulative Contribution

2001 to 2007



NPRF Annual Performance

2001 to 2007

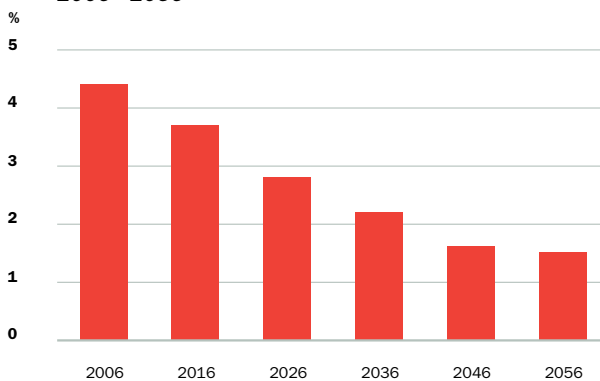


Fund Overview

The Pensions Issue

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

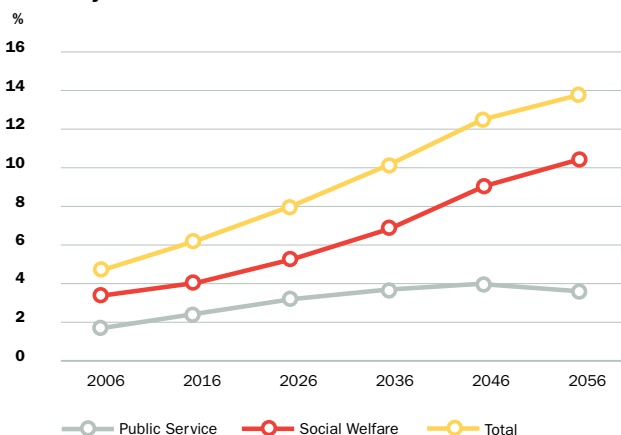
Projected Ratio of People at Work to People over 65 2006 - 2056



Source: The National Pensions Review (2006)

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

Projected State Pension Costs as % of GNP

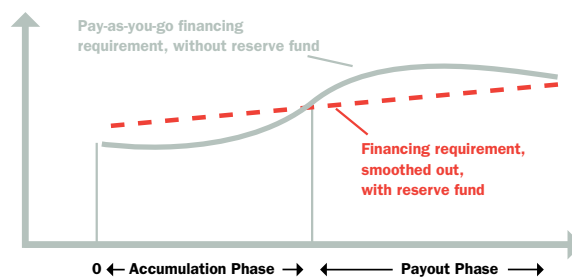


Source: The National Pensions Review (2006)

The National Pensions Reserve Fund

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

Life Cycle of the National Pensions Reserve Fund



Note: Diagram is not to scale

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

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

Investment Strategy

Investing for the Long Run

The Commission's objective is to maximise returns within acceptable risk levels and to do so with a clear focus on the long-term given that the purpose of the Fund is to meet as much as possible of the costs of social welfare and public service pensions from the year 2025 until at least 2055.

The Commission starts from this principle when framing the Fund's strategic asset allocation, which sets out the proportion of the total Fund to be invested in broad asset classes such as equities, bonds, property and private equity. It is this broad asset split that will largely determine the returns achieved by the Fund over its lifetime.

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

At the beginning of the Fund's investment programme in 2001, the Commission's asset allocation strategy was entirely focused on developed market equities and eurozone government bonds. Since then the Commission's approach has been to identify other assets capable of enhancing returns while broadly maintaining the overall level of portfolio risk. As a result the Fund's investments have been steadily diversified and now include emerging markets equities and corporate bonds as well as alternative asset classes such as property, private equity and commodities. The Fund's long investment timeframe and the strong cash flow provided by the annual Exchequer contribution enable the Commission to make investments that involve committing capital for extended periods of time and thus to exploit the additional return and diversification benefits available from holding less liquid assets such as property and private equity.

Target Strategic Asset Allocation

The Fund's target strategic asset allocation was agreed by the Commission during 2004, modified slightly during 2006, and represents the Fund's current five year operating framework. The target reduces the allocation to large cap equities and increases the allocations to emerging markets and small cap equities. It includes an allocation of 8% to property and 10% to private equity (including a 2% allocation to infrastructure) to be achieved on a phased basis as suitable investment opportunities arise and subject to prevailing market conditions. As property and private equity investments are made, the large cap quoted equity and bond allocations will be progressively reduced. The Commission will be reviewing progress towards achieving the target allocation as well as whether the allocation continues to represent the most suitable strategy for achieving the Commission's investment objective in the context of determining an operating framework beyond 2009.

NPRF Asset Allocation

	Fund Allocation ¹ 31 December 2007		Benchmark Portfolio 31 December 2007	Target Strategic Asset Allocation (end 2009)
	€m	%	%	%
Large Cap Equity	14,080	66.6	68.6	56
Small Cap Equity	749	3.5	4.0	5
Emerging Markets Equity	430	2.0	2.0	5
Total Quoted Equity	15,259	72.1	74.6	66
Private Equity	403	1.9	2.1	10*
Property	647	3.1	3.4	8
Commodities	286	1.3	1.5	2
Total Alternative Assets	1,336	6.3	7.0	20
Bonds	3,567	16.9	16.5	13
Currency Funds	165	0.8	0.9	1
Cash	826	3.9	1.0	-
Total Financial Assets	4,558	21.6	18.4	14
Total	21,153	100.0	100.0	100

*including a 2% allocation to infrastructure.

The Commission plans to increase the Fund's weightings in both small cap and emerging markets equities towards their target allocations during 2008, subject to it being satisfied with the valuations of these markets.

The 3.9% cash holding at end 2007 reflects the Commission's cautious approach to investing the 2007 Exchequer contribution, in view of the extreme volatility in the markets and the uncertain short-term outlook.

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

The Commission hedges 50% of the foreign currency exposure arising from the Fund's non-euro denominated developed market equity and private equity investments on the basis that this provides the most efficient long-term trade-off between risk and return². During 2007 the Commission decided to increase the hedged portion of the property portfolio's non-euro exposure from 50% to 100% based on an analysis of the portfolio's underlying revenue streams.

In addition to this passive hedge which is not varied in response to market conditions, the Commission has also invested in currency funds which have the effect of tactically varying the level of the hedge in the light of short-term market conditions.

Benchmark Portfolio

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

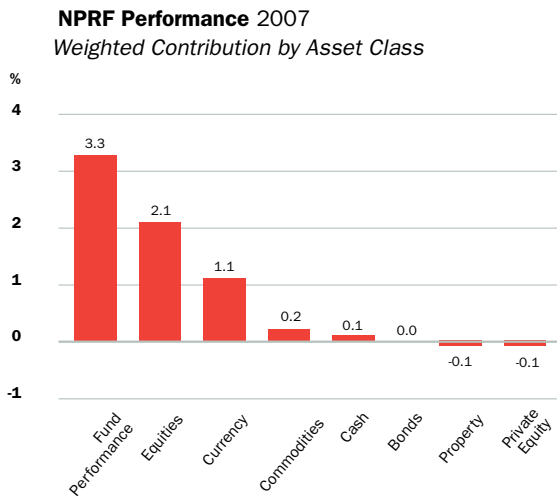
As the Commission is transitioning the Fund from a strategic allocation based solely on quoted investments to one that also includes non-quoted and illiquid asset classes, it has adopted a benchmark which moves in a reasonable and replicable way to the targeted investment strategy while also providing an objective standard against which overall Fund performance can be measured. In particular, the weightings of property and private equity in the benchmark are increased each quarter in line with projected investment in these areas. As these weightings are increased, the large cap equity and bond weightings are correspondingly reduced.

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

² Emerging markets equities and commodities investments are excluded from the currency hedge. This is because a currency view is an integral part of the investment manager's decision to invest in a particular emerging markets country while commodities were incorporated into the Fund primarily for diversification purposes. Hedging the foreign currency exposure arising from commodity investments would reduce their diversification power.

Overall Performance

The Fund achieved an investment return of 3.3% in 2007 against the backdrop of a turbulent year in global capital markets. The Fund's annualised return from inception to end 2007 is 6.0%.



The Fund's positive performance in 2007 was mainly driven by its equity investments notwithstanding extreme volatility during the second half of the year arising from the subprime crisis and the resulting credit crunch. The contribution from bonds (predominantly eurozone government bonds) was broadly flat as increasing inflation expectations offset the preference by investors for lower risk investments prompted by the difficulties experienced in the credit markets. Commodities performed strongly reflecting record energy prices towards the end of the year. The Fund's unallocated cash is placed on deposit with the Central Bank. Both property and private equity yielded marginally negative returns with the weaker US dollar being a significant factor in both cases. The Fund's foreign currency hedging activities helped mitigate the impact of the euro's strength on investments denominated in other currencies, principally the U.S. dollar, and was a significant contributor to performance during the year.

In monetary terms, the Fund earned an investment return of €637m during 2007. Together with the Exchequer contribution of €1,616m, this raised the Fund's year-end value to €21,153m.

The Credit Crunch

The term "credit crunch" refers to the sudden and severe contraction in credit availability which began in mid 2007, and is continuing. The origins of the crisis lie in poor underwriting of credit in the US subprime mortgage market in recent years, where buyers who could not afford conventional mortgages were enticed to borrow by "teaser" interest rates, which were set at an artificially low level for the first couple of years but subsequently reset to substantially higher rates. Many borrowers could not afford even the "teaser" rates, let alone those applicable on reset. The inevitable result was a sharp rise in defaults, as soon as house prices began to decline.

Banks had packaged large numbers of these mortgages into securities which relied on anticipated payments on underlying mortgages to satisfy the claims of the security holders. These securities dropped sharply in value as soon as it became apparent that the anticipated payments would not occur. A substantial volume of these securities were owned by banks, who had to write down their value. Banks require capital to back any credit advances and the impairment of bank capital caused by this writedown meant that they could not advance credit at previous volumes until their capital had been replenished. This means that even prime borrowers, including banks themselves, have had difficulty in obtaining credit. Since credit availability is a major driver of consumer behaviour, its sharp reduction has inevitably led to the contraction in economic activity currently being experienced in the developed economies.

The Fund does not have any direct exposure to subprime debt or to any securities related to such debt. However, as a broadly diversified investor in international markets, it does not have immunity from the secondary effects of the credit crunch on the prospects for economic activity and on markets generally.

NPRF Cumulative Performance 2007



With the majority of its assets invested in quoted equities and other real assets, the Fund’s short-term performance can vary considerably and this was particularly true of 2007, a year marked by dramatic swings in capital markets.

After a positive start to the year, Fund returns turned briefly negative towards the end of the first quarter coinciding with the sell-off in equity markets that was sparked by the first signs of trouble in the US credit market. Equities quickly recovered their lost ground and the resulting rally helped lift the Fund’s investment return to 8% by mid-year, most of which was given up when equities tumbled in July and August following the subprime collapse. As markets rallied again on hopes that the crisis had been contained the Fund’s return climbed to 8% once more in October. The markets’ optimism proved to be short-lived however, as it became clear the effects had spread far beyond the US subprime sector. By year-end as markets retrenched, the Fund’s return was pared back to 3.3%.

The Fund finished 1.0% behind its benchmark in 2007. Tactical asset allocation decisions, where the Commission intentionally alters the asset allocation from the benchmark portfolio, were a positive contributor to relative performance. In that regard the main decisions taken were to hold excess cash against bonds in the early part of the year and excess cash against equities later in the year. However, these gains were eroded by the relative performance of some of the Fund’s active managers and the impact of investment management fees.

NPRF Contributors to Relative Performance against Benchmark 2007

Tactical Decisions	0.3%
Manager Performance	-0.5%
Fees	-0.2%
Property & Private Equity	-0.4%
Exchange Rate Effects	-0.1%
Sundry Effects	-0.1%
Total	-1.0%

The performance of the property and private equity portfolios against their benchmarks should be interpreted with caution. The property and private equity programmes are still at an early stage, they are not yet fully diversified, and fees on uncommitted funds represents a significant performance drag. It was always expected that these portfolios would underperform their benchmarks in their early years. The exchange rate effect is due to timing differences between official ECB year end exchange rates and industry standard rates used by the Fund’s benchmark.

The Fund has outperformed its benchmark by a cumulative 10.6%, or 1.1% on an annualised basis, since it was established in April 2001.

NPRF Performance

Inception (April 2001) to 31 December 2007



Investment Performance Review

Under Section 6(1)(i) of the National Pensions Reserve Fund Act, the Commission is required to commission, from time to time, independent assessments of the investment performance of the Fund. Following a tender competition, the contract for the first such review in this regard, covering the period from the Fund's inception in April 2001 to 31 December 2007, was awarded to the World Markets Company plc (WM). WM were required, in particular, to evaluate:

- a. strategic asset allocation decisions made, having regard to the Fund's investment policy as set out in Section 19(1) of the National Pensions Reserve Fund Act, 2000, the provisions with regard to payments from the Fund to the Exchequer as set out in Section 20 of the Act, and the investment objective agreed by the Commission in June 2001; and
- b. the implementation of the Fund's investment strategy across the Fund's various asset classes

A summary version of the Review, as prepared by WM, is set out below.

NATIONAL PENSIONS RESERVE FUND INVESTMENT PERFORMANCE REVIEW TO 31 DECEMBER 2007

SUMMARY

1. Introduction to the NPRF, particularly the Investment Features

The NPRF was established in April 2001 to meet as much as possible of the costs of social welfare and public service pensions from 2025 onwards when these costs are expected to increase dramatically due to the ageing of the population. No money can be taken from the Fund before 2025 and the Government is required to pay a sum equivalent to 1% of GNP into the Fund annually.

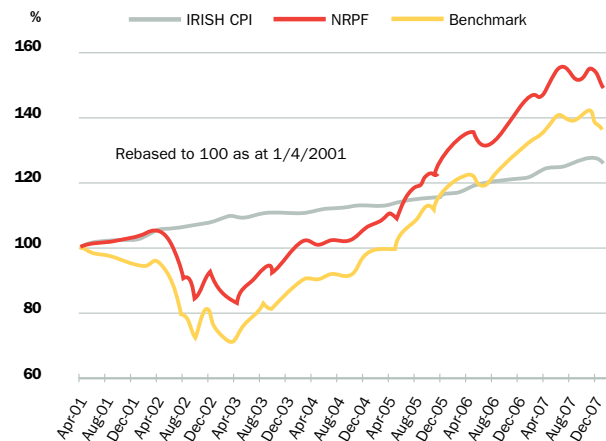
Due to the nature of the Fund, with significant annual contributions and no withdrawals until at least 2025, the investment focus is on achieving investment returns which will grow the Fund over the long-term, subject to prudent risk management.

In the context of the long-term nature of the Fund, the 6¾ years from inception to end December 2007 is not an especially critical period but it does allow some general performance evaluation and is indicative of the general management of the Fund.

Over the period, the strategic asset allocation, as articulated by the benchmark, has exceeded inflation (as measured by Irish CPI). In addition, the Fund has exceeded its benchmark thus confirming the Fund's satisfactory asset management arrangements.

The Fund value exceeds the value of the accumulated contributions. The Fund was valued at €21.2Bn at 31 December 2007, significantly ahead of the total contributions of €15.2Bn.

Fund, Benchmark and Inflation Performance



2. Governance

The Myners Ten Principles represent 'Best Practice' in the management of UK institutional pension funds. Introduced in 2001 they are currently being reviewed with a view to updating. Even in the UK they are not regulatory, but institutional pension funds must adhere to them or explain why they have not ('comply or explain') – it is recognised that there are perfectly satisfactory reasons why a fund might not want to adhere to specific principles.

While not directly applicable to the NPRF, these Principles are a useful generic guide to considerations under the broad headings of good governance and management. We believe the Fund complies with all of the Myners Principles that would be applicable given its objective, its nature and its mandatory jurisdiction. Even where it does not comply, due to the non-applicability of the detailed wording of the Principle, it broadly adheres to the rationale of the Principle.

A recent (April 2008) State Street Vision Series report: 'The Pensions Industry. Bridging the Gap' commented:

'State buffer funds tick all the boxes for good governance in pensions: their policies are genuinely long-term and easily understood; their management is of a high calibre; their communication is a match for any occupational plan and surpasses most information on retirement from governments themselves.'

While not specifically written about the NPRF, we think this comment is justified when used in connection with the Fund.

3. WM Approach and Methodology

WM reviews funds holistically through a fund-specific interpretation of our unique 'WM Key Steps', a logical, top-down framework of 10 steps for managing and evaluating the investment management arrangements of any institutional fund.

This is shown schematically below.



WM Key Steps 1-6: - what the fund is trying to achieve (fund objective, benchmark evaluation, constraints, risk profile etc)

WM Key Steps 7-9: - how the fund is going to achieve the above (fund management structure, portfolio benchmarks and targets, manager selection etc)

WM Key Step 10: - what actually was achieved and the implications for Key Steps 1-9.

The investment management of a fund can broadly be divided into two distinct phases: strategy and implementation. Strategy (WM Key Steps 1-6) refers to the long-term investment beliefs and how these are normally expressed as a strategic exposure to certain assets in specific quantity - the strategic benchmark. The strategic benchmark is vital: studies indicate this has traditionally accounted for the vast majority, typically over 90%, of a fund's investment profile: returns and risk. The implementation of such strategy (WM Key Steps 7-9), while still important, is less vital and typically accounts for only about 10% of the fund's investment profile: returns and risk. The evaluation and measurement of a fund (WM Key Step 10) is usually centred on aspects of implementation but this should be considered in the context of financial significance – often small in relation to strategy.

4. Review of NPRF Strategic Asset Allocation (WM Key Steps 1-6)

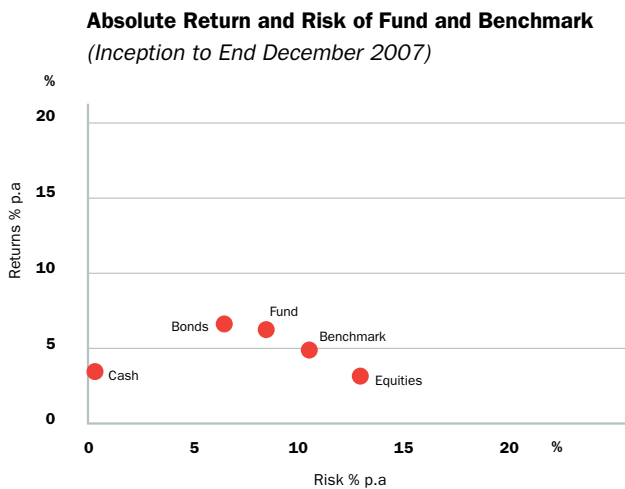
The Fund is long-term, large and will grow significantly. The investment objective is to secure the optimal total financial return with regard to the purpose of the Fund and the payment requirements of the Fund, subject to prudent risk management.

Given the emphasis on 'optimal total financial return' the Fund has chosen a significant exposure to equities. The 'subject to prudent risk management' has been interpreted as the Fund having a reasonable exposure to non-equity, diversifying assets. Funds seeking good long-term 'growth' investment returns will normally be dominated by equities as this asset historically has given the highest returns. While there is no guarantee of this continuing in the future, it is not unreasonable to expect that, over the longer-term, the return from equities will be at the higher end of returns of the major asset classes. The NPRF asset modelling factors in an equity risk premium – the additional return over bonds provided by equities – of 3% pa, which is a reasonable assumption. However equities also carry relatively high risk over short time periods, as was dramatically demonstrated in the bear equity market of 2000-2002. So the high return from equities can be seen as reward for the higher volatility or short-term risk.

The NPRF has mitigated the risk from the high equity commitment by having an exposure to assets other than equities: initially bonds and latterly a number of alternative assets (AIMs) such as property, commodities and (active) currency. These alternative assets do not behave like equities and so are non-correlated assets – they are often called risk diversifiers – and reduce the overall fund risk. Many of these alternative investments offer additional return ('illiquidity premium') to long-term investors which fits well with the Fund's situation that there can be no cash withdrawals before 2025.

We believe the NPRF's asset strategy with its significant exposure to 'growth' assets, especially equities, is appropriate for a long-term fund with regular significant positive cash flows and no cash withdrawals until at least 2025. Being long-term in focus means the Fund can accept asset volatility and so can invest heavily in equities which give the highest long-term returns but are also the riskiest of the major assets.

The benchmark's investment profile over the 6¾ years since inception (2 April 2001) is shown below in risk and return space, together with the equivalent investment profile of the major asset classes in which it can invest:



While, at less than 7 years, this is still a relatively short period for evaluation of a very long-term fund, the chart demonstrates some highly abnormal and some useful features. The main anomaly is the position of the various asset categories: over the relatively short period under review, equities have delivered abnormally low returns in relation to bonds and cash. The normal expectation is that equities would be to the right and above bonds, giving returns that – while more risky than bonds or cash – are higher than either of these safer assets. As would be anticipated the Fund's investment profile sits somewhere between equities and bonds – in both return and risk space - given these two assets have been the major asset exposures in the Fund. Over the very long term it would be anticipated that the Fund will look to achieve strong equity-like returns but with lower risk than for equities. This would represent efficient asset management.

Investment efficiency is the measure of how much return is achieved for the risk undertaken. The measure most commonly used when evaluating asset strategy is the Sharpe Ratio, which describes the excess return (over cash, the normal proxy for the risk-free rate) achieved for the fund's level of risk.

Definition:

$\text{Sharpe Ratio} = \frac{\text{Fund return in excess of risk-free (cash) rate}}{\text{Volatility of fund return}}$

Volatility of fund return

The NPRF Sharpe Ratio over the period since inception is about 0.4, positive but lower than could be anticipated on a long-term basis (see earlier chart) as equities have given somewhat disappointing returns over the period relative to property, financial assets such as bonds and, in particular, cash. The Fund's Sharpe Ratio is slightly higher than that of its benchmark and of equities.

5. Review of Implementation (WM Key Steps 7-9)

Deciding an appropriate fund management structure involves a number of choices including how much, if any, of the assets to manage internally and/or externally and how much and which assets, if any, to manage passively and/or actively.

WM evidence is that internally managed funds operate at lower investment costs, perform as well as any other fund management structure, and often do so at lower relative risk. However the most significant issue, once the assets are sufficiently large, in adopting an 'internal' management arrangement is the successful recruitment and retention of staff with the appropriate asset manager's skills. Recognition of this issue has led the Fund to adopt a general 'buy, not make' policy in connection with asset management*. The NPRF, in aggregate, has total fund management costs which are competitive with its peer funds.

Active management is predicated on the belief that pricing anomalies exist in a particular asset, market or market segment, that an active manager can capture through their investment process and that the fund can identify such a manager prospectively. All three of these conditions are hard to realise.

The alternative to active management is to passively manage (index-track) the particular market index where such a facility or product exists. While this prevents any chance of adding value from active management ('alpha' as it is known) it also prevents underperformance – and is considerably cheaper.

The NPRF manages about 62% of its equity exposure passively (index-tracking), representing about 44% of total assets. Allowing for a substantial passive eurozone bond portfolio, the passive percentage of total assets increases to almost 56%. This is a higher overall passive percentage than most pension funds. This level of passive management has been increased over the review period – initially it was set at 50% – and refocused so that active management has been concentrated on areas where it is believed this can be most successful.

An extension of the active versus passive structure debate in specific assets and markets is to consider the added value at fund level. The best way to consider this is through the Information Ratio (IR) which quantifies the amount of reward (relative return) for each unit of (relative) risk.

The Fund has an overall annual active risk budget of 1.25%. Assuming returns are normally distributed – this means the Fund will normally return within 1.25% of the benchmark return in 2 out of 3 years and 2.5% of the benchmark in 19 out of 20 years.

That total active risk is distributed among asset classes and managers so that each manager has an active risk limit or risk budget. Managers are also given explicit benchmarks and investment performance targets (expected added value over benchmark).

Definition:

$\text{IR} = \frac{\text{Relative Return}}{\text{Relative Risk}}$

Relative Risk

*. The NTMA manages the Fund's passive eurozone government bond mandate and its strategic currency overlay which hedges c50% of the underlying non-euro currencies exposures, reflecting its expertise in these areas.

We observe that the added-value targets are, at least in theory, deliverable from the risk limit. Indeed, in the main, they assume very modest IRs. However, the managers' realised risks are well below their risk limits. On WM's evidence of realised IRs, there is a bigger question whether there is enough risk in the portfolios to deliver the expected added value. That said, the volatilities within and across assets was relatively low during the few years leading up to the review period-end (31 December 2007) and, as risk models tend to lag actual events, the relatively low realised risks may understate the levels of risk to which the portfolios were being managed.

The number of managers which a fund has, when managed externally as opposed to self-managed internally, is often related to its size: the larger the fund the more managers it has. The Fund had, at the end of 2007, 16 equity portfolios and 3 bond portfolios. While not abnormal for a fund of this size, the number of portfolios and managers may need to be restrained as the Fund grows in size. The Fund has terminated 5 managers so far, not a particularly high turnover but many of the Fund's managers have only been in place for less than 5 years. WM research evidence is that changing manager is a very difficult activity to time beneficially. We believe an understanding of a manager's performance cycle is very important. The industry standard measure of reviewing active managers over rolling 3 years is almost certainly too short a period – most manager cycles last longer than 3 years. Nevertheless, we believe that the NPRF has been successful so far in guarding against manager changes which mis-time the performance cycles of active asset managers. In that regard, the NPRF's basis for terminating managers is not limited to performance grounds only: concerns about changes to a manager's team and process are also judged important.

6. Performance relative to Benchmark (WM Key Step 10)

Over the period since inception (2 April 2001) the Fund's return of 6.0% pa has outperformed its benchmark return of 4.9% pa by just over 1% pa. This is a very good result, and represents additional value created of over €1Bn.

The Fund generated very significant outperformance in its early years from the positive performance impact of deliberately phasing the initial cash contributions – rather than invest in a 'big bang' approach – into weak equity markets.

Since full investment was achieved at the end of 2004, the returns of the Fund have been much closer to the benchmark – the quarterly relative returns are typically within +/- 0.4%. This is normal for multi-managed funds relative to a well chosen benchmark and also reflects the relatively high degree of passive management.

One of the issues we have identified while undertaking the Review is that all the Fund's investment ideas – growing exposure to alternative assets, search for added value in specific markets and/or market segments, such as emerging markets, smallcap stocks etc – are being reflected in the benchmark. As a consequence, the value added by these innovations will not be reflected in the Fund's returns against benchmark. The Fund's returns – prospectively – will only deviate from the benchmark by the aggregate actions of the asset managers, especially the active managers and through any tactical asset allocation decisions made. An alternative, which some funds adopt, is to retain the strategic asset allocation (SAA) as a high-level simple benchmark and the impact of investment 'policy', such as the innovations described above, is then captured by the comparison of the 'Policy Benchmark' – defined as the Fund's asset exposure combined with market index returns – with the SAA.

Evaluation of relative return is insufficient on its own. We need an appreciation of the quality of the relative return which is given by the relative risk. The relative risk since inception has been 2.7% pa, mainly driven by the first two years when the Fund's returns were very (positively) different to the benchmark.

The relative risk, at total assets on a rolling 3 year basis at the end of the review period, was just 0.6% pa, well below the targeted budget of 1.25% pa. In part this relatively low level of risk will reflect the significant drop across and within assets experienced in recent years up to the end of the review period (31 December 2007).

Information Ratio, defined earlier as the relative return divided by the relative risk, is a measure of investment efficiency. It quantifies the amount of added-value achieved for each unit of relative risk. Over the period since inception this is 0.4. This is very satisfactory and comfortably places the Fund in the top quartile (top 25%) of typical funds. To achieve this level of investment implementation efficiency on a long-term basis would be a very strong result.

7. Conclusion

As a long-term fund with significant annual contributions and no withdrawals before 2025, the NPRF's investment strategy of significant exposure to equities allied to reasonable exposure to non-equity diversifying assets is appropriate to its investment objective of securing the optimal total financial return subject to prudent risk management. Over the period since inception, it has outperformed its benchmark by just over 1% pa. This is a very good result to which the policy of deliberately phasing the initial cash contributions into the markets was a significant contributor. Now that the Fund is fully invested, it will need to ensure that there is sufficient relative risk taken across its portfolios and that this risk is rewarded, if it is to generate performance in excess of benchmark.

Quoted Equities

Investment Approach

Quoted equities remain at the core of the Commission's investment strategy. The Commission's strategic preference for equities is on the basis that, over the long-term, they will generate a superior return despite short-term market volatility that can cause large performance swings. The Fund holds shares in over 2,500 companies across the globe.

As the Fund moves towards its 2009 target allocation, its large cap equity allocation will drop progressively to 56%. Half of the Fund's large cap allocation is to the eurozone. Allocations to other large cap markets are on the basis of market weightings and are adjusted quarterly in the light of market movements.

While the Fund's equity investments are predominantly in large cap companies in the eurozone and other developed markets, the Commission has steadily increased the Fund's allocation to small cap and emerging markets equities to the extent that they now form 10% of the Fund's target strategic asset allocation and 15% of its target equity allocation.

NPRF Equity Benchmark Weightings % of Total Fund - 31 December 2007

	%
Large Cap Eurozone	34.3
Large Cap North America	21.3
Large Cap Europe (non-eurozone)	6.6
Large Cap Japan	3.9
Large Cap Pacific Basin	2.5
Total Large Cap Non-Eurozone	34.3
Small Cap	4.0
Emerging Markets	2.0
Total	74.6

NPRF Equity Mandates and Managers - 31 December 2007

Assets Under Management €m³

Passive Equity		
Index Managers		
Barclays Global Investors		4,791
Bank of Ireland Asset Management/State Street Global Advisors		4,089
Index Plus Funds⁴	Manager	
US Large Cap	AIG Global Investment Group	180
US Large Cap	Barclays Global Investors	346
Total Passive Equity		9,406
Active Equity		
Large Cap Mandates	Manager	
Pan Europe	Oechsle International Advisors	847
Pan Europe	Putnam Investments	594
Global	RCM	747
North America	Invesco	910
North America	Goldman Sachs Asset Management International	478
North America	Lord, Abbett & Co	701
Japan	Daiwa SB Investments	278
Pacific Basin (ex Japan)	Schroder Investment Management	471
Small Cap Mandates	Manager	
Europe, Australasia, Far East	Acadian Asset Management	320
Europe, Australasia, Far East	AXA Rosenberg Investment Management	77
Emerging Markets Funds	Manager	
Global	Alliance Bernstein Institutional Investments	232
Global	Emerging Markets Management	198
Total Active Equity		5,853
Total Equity		15,259

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

4. The index plus products are designed to provide the NPRF with the total return on the index at minimum with upside which can be either fixed or based on a participation in designated proprietary trading strategies.

The Commission has adopted a “buy not make” approach to managing its equity investments, which in practice means that all equity management is carried out by external investment management firms.

Passive management, where the fund manager’s task is to replicate the return to a specified market index, represents an extremely cost effective way of achieving market index returns and 62% of the Fund’s quoted equity allocation is now passively managed. The remainder of the Fund’s equity allocation is actively managed by a number of managers employing a range of different investing styles whose task is to outperform their specified market index. This multi-manager approach allows for diversification so that the Fund’s performance is not overly dependent on the performance of any one manager or investment style. In areas such as emerging markets, where stocks are not subject to the same level of analyst coverage as in developed markets and the opportunities for outperforming the index are, consequently, greater, the Commission’s strategy is to take a mainly active approach. At overall Fund level its approach is to channel active management risk into those areas most likely to lead to additional return.

Performance

The Fund’s equity investments produced a return of 2.6% in euro denominated terms in 2007 despite a turbulent year in markets. As in 2006, the strength of the euro had a substantial negative impact on returns from the Fund’s non-euro denominated investments. The investor optimism that lifted major equity indexes to near record highs during the first half gave way to extreme volatility as the emerging US subprime mortgage crisis widened into a global liquidity and credit crunch during the remainder of the year. While financial stocks bore the brunt of the subprime crisis, the broader markets held up reasonably well as corporate profits continued to be strong. However, the effect

of this was to leave markets extremely vulnerable to further credit losses and to the effects of the crisis spreading beyond the financial sector in the event that restricted lending capacity among financial institutions resulted in slower economic growth.

Eurozone equities performed relatively well during the year underpinned by continued economic growth while North American equities also managed to finish the year in positive territory, notwithstanding the impact of the subprime crisis on financial and housing-related stocks and indications of decreased consumer demand. The best performers were emerging markets and Asian equities (except Japan), which benefitted from strong economic momentum, surging commodity prices and a weaker dollar. Japanese markets performed poorly as the country found itself unable to stimulate its domestic economy. Small cap equities declined, giving up some of their relative outperformance of recent years as the economic outlook deteriorated.

Transition Managers

During the year, the Commission appointed a panel of three transition managers to the Fund. Transition managers specialise in carrying out large blocks of trades in the market on behalf of institutional investors in order to minimise the costs and portfolio risk arising from such trades.

The services of the transition managers will be required from time to time to carry out rebalancing of Fund assets between asset classes and managers where these are for large amounts, including cash contributions to an investment manager or the transfer of securities to a new manager following a contract termination.

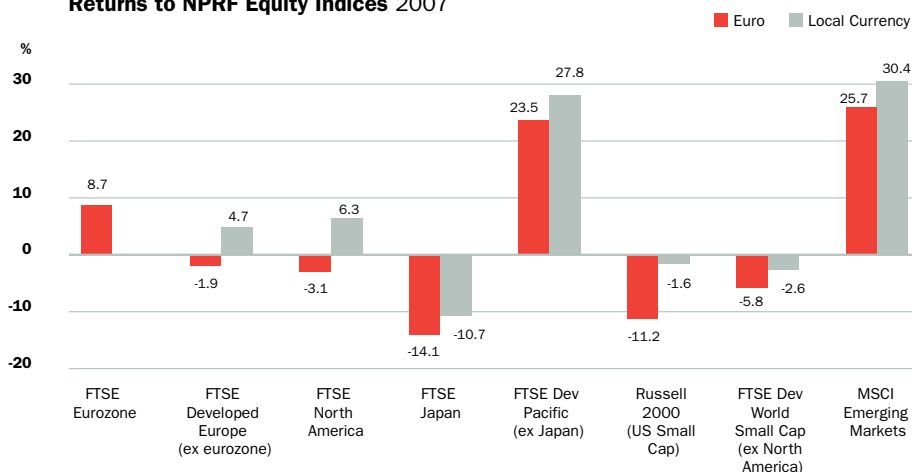
NPRF Transition Manager Panel

Citigroup Global Markets

Lehman Brothers International (Europe)

State Street Bank (Europe)

Returns to NPRF Equity Indices 2007



Alternative Assets

Property

Investment Approach and Portfolio Construction

As an asset class property offers the prospect of attractive returns and significant diversification from bonds and equities. It can also act as an effective hedge against inflation.

The Commission does not buy property directly – instead it invests alongside other institutional investors in property funds. These funds are typically structured as limited partnerships, within which there is an element of leverage⁵, and acquire property relevant to the stated strategy being pursued, e.g. a US office property fund will acquire office investments in the major US metropolitan areas. This indirect approach has served the Fund well by expanding the investment universe and diversification opportunities available to it and by increasing its access to specialist managers, market sectors and strategies. The Fund's property portfolio, which is diversified by location, investment manager and type, includes office buildings, retail shopping centres, industrial parks and multi-family accommodation complexes.

NPRF Property - Strategic Geographic Allocation

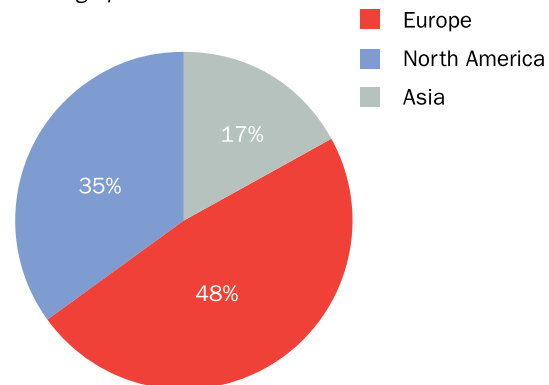
	Target Allocation
Europe	50%
North America	35%
Asia	15%

The Fund's property investment programme comprises holdings across the three main investment styles of "core," "value-add" and "opportunistic." Core assets typically have high occupancy rates and stable cash flows. In comparison with the other two approaches, core involves the least amount of leverage and returns are generally derived from income as opposed to capital appreciation. Value-add properties are actively managed with the aim of leasing vacant space or improving the specifications of the assets, thereby increasing property lease rates. Value-add returns are driven by a combination of income and capital return. Finally, an opportunistic approach involves higher leverage and returns are primarily related to capital return.

Property investments are generally undertaken on a commitment basis i.e. the Fund commits a certain amount of money that may be called over a defined period, generally three years. At the end of 2007 the Fund had commitments to 25 separate investment vehicles totalling €1,051m. The value of the invested portfolio was €647m, representing 3.1% of the overall Fund⁶. On a commitment basis, the portfolio's geographic allocation is broadly in line with the target geographic allocations.

NPRF Property Commitments 31 December 2007

% Geographic Allocation



In 2007 the Commission decided to make a 20% target allocation to listed property securities. Listed property can offer a cost-effective means of accessing "core" investments and certain markets which are difficult to access through private investment vehicles. They have the additional benefit of introducing greater liquidity into the portfolio and thus provide the capacity to adjust both the pace of investment as well as geographic or sector concentration. The declines being experienced by global listed property securities provide the Fund with an opportunity to invest at attractive valuation levels.

Based on its view of market conditions, the Commission slowed the pace of the property investment programme at the start of 2007. It made four new commitments during the year for a total new commitment of €197m.

A full list of the property portfolio's investments is set out on page 82 of the Portfolio of Investments appended to this Report.

Performance

The NPRF property portfolio, faced with strong headwinds in the form of the credit crisis and a weaker US dollar, returned -1.7% in euro denominated terms in 2007. While property markets performed strongly during the first six months of the year, market fundamentals deteriorated during the second half. As funding dried up as a result of the ongoing credit crunch, global transaction volumes dropped sharply, in particular in the US and UK, with property values falling in both markets. The impact on Asia, however, has been limited so far.

Private Equity

Investment Approach and Portfolio Construction

Private equity ranges from buyouts of large established businesses to venture capital investments in small and growing companies. These investments offer potentially higher returns than those available from quoted equities but require patience from investors as there tends to be a time lag before these companies are sold or floated on the stock market and the benefits realised.

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

6. Includes cash, fx hedge and tax adjustment.

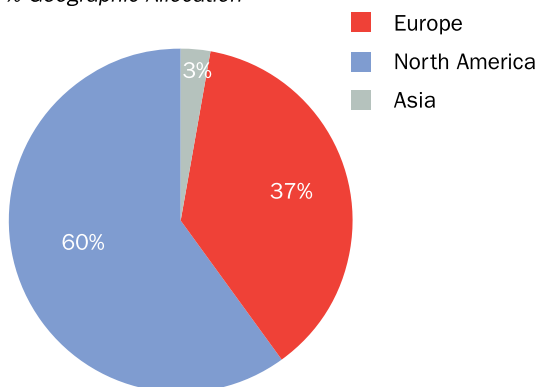
As with property, the Fund invests alongside other institutional investors in private equity vehicles rather than making investments directly. The Fund's private equity portfolio includes about 300 underlying investments.

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

As with property, private equity investments are generally undertaken on a commitment basis i.e. the Fund commits a certain amount of money that may be called over a defined period, generally three to five years. At the end of 2007 the Fund had commitments to 26 separate investment vehicles totalling €941m. The value of the invested portfolio was €403m, representing 1.9% of the overall Fund⁷.

The Fund's private equity investment programme is targeting investments in Europe and North America on a broad 50/50 basis. Achieving a geographic allocation in line with any target portfolio is problematic with private equity funds due to the fact that many managers operate across geographical areas. The geographic mix of commitments in the portfolio changes frequently as new commitments are made but, as the portfolio grows and matures, it will be brought into line with the targeted allocation. While the Fund does not have a specific allocation to Asia, it was anticipated that Asia would comprise a small part of the portfolio due to participation in funds with global investment strategies.

NPRF Private Equity Commitments 31 December 2007
% Geographic Allocation



Based on its view of market conditions, the Commission slowed the pace of the private equity programme at the start of 2007. In addition, in view of the price multiples being paid for acquisitions, which have risen sharply in the past few years, it focused its attention away from large cap buyout managers and more towards growth-oriented and venture capital managers, where the proportion of leverage employed tends to be lower.

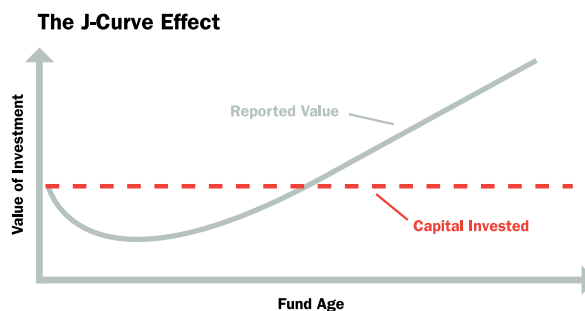
It made eight new commitments during the year for a total new commitment of €268m.

A full list of the private equity portfolio's investments is set out on page 82 of the Portfolio of Investments appended to this Report.

Performance

The Fund's private equity portfolio returned -7.3% in euro denominated terms in 2007. The portfolio's negative performance was mainly due to the strength of the euro against a number of other currencies. Given the private equity portfolio's small weighting in the overall Fund, its performance impact was only -0.1% at overall Fund level.

The returns to a private equity portfolio in its early build up stage should be interpreted with caution due to what is known as the J-curve effect. This arises from the fact that investment management fees tend to outweigh returns in the early years of a private equity programme as the anticipated returns typically do not emerge until the programme has been underway for a number of years and investments are realised. A typical J-curve effect is illustrated below.



Commodities

Commodities offer attractive return prospects, a hedge against inflation and substantial risk diversification benefits. Diversification benefits at overall Fund level can be achieved through relatively small allocations to the asset class.

As the commodities programme is mainly for diversification purposes, the Commission has accessed the commodities market passively through the purchase from investment banks of certificates which provide an investment return based on a commodities index (the S&P GSCI). The S&P GSCI includes 24 different commodities across five different categories (energy, industrial and precious metals, agriculture and livestock). This investment approach obviates the need to physically hold commodities or to put in place resources to trade in the various commodities futures contracts.

The Fund's commodity investment programme earned a return of 19.6% in euro denominated terms in 2007. Returns were mainly driven by increases in energy prices due to continued demand from emerging markets economies and concerns about supply disruption. In addition, very rapid increases in grain prices were a feature, as poor crop yields and increased demand caused stockpiles to fall to multiyear lows.

⁷ Includes cash and fx hedge

Fixed Income

Investment Approach

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

The Fund's relatively low allocation to bonds reflects its long-term investment horizon and the fact that bonds have, historically, underperformed equities over the type of long-term time-scale for which the Fund is currently investing. Reflecting the fixed income allocation's strategic role in the portfolio to diversify risk and to reduce volatility, all of the Fund's investments are in higher quality investment grade bonds.

NPRF Fixed Income Benchmark Weightings % of Total Fund - 31 December 2007	
Eurozone Government	14.5
Eurozone Investment Grade Corporate	2.0
Total	16.5

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

Given the high degree of efficiency in the government bond markets, 71% of the Fund's government bond investments are passively managed by the NTMA with the remainder being externally managed on an active basis in seeking to enhance return. The purpose of the corporate bond allocation is also to enhance return. These investments are externally actively managed with the exception of one corporate bond linked to Irish inflation which is held directly by the NTMA.

NPRF Fixed Income Mandates and Managers - 31 December 2007		
Mandate	Manager	Assets under Management €m ⁸
Eurozone Government	National Treasury Management Agency	2,435
Eurozone Government - Active	Irish Life Investment Managers	945
Eurozone Corporate - Active	Deutsche Asset Management	187
Total		3,567

The Commission maintained an underweight position in corporate bonds during 2007 with 0.9% of the total Fund invested in corporate bonds at year end compared with a benchmark allocation of 2.0%. The Commission did not commit any funds to corporate bonds in 2005 or 2006 as the yield difference (or spread)

between corporate and government bonds was towards the lower end of its historical range. This spread is the additional return for the greater risk and reduced liquidity of corporate bonds. The Commission commenced funding the corporate bond allocation on a phased basis in 2007 as spreads began to widen and the risk/reward ratio became more attractively balanced. The corporate bond allocation is being funded through transfers from the government bond allocation.

Performance

The Fund's bond investment return in 2007 was -0.5%. During the first half of the year yields rose against a backdrop of inflationary concerns and rising interest rates only to fall back later in the year as investors sought the safe haven of lower risk investments as the credit crunch developed⁹. Yields rose again toward year end as inflationary concerns re-emerged.

German 10 Year Government Bond Yields 2007



Source: Bloomberg

The credit crunch also gave rise to an increase in spreads during the year both between the benchmark German government bond and other government bond issues and between government and corporate bonds. The spread between eurozone government and investment grade corporate bond indices increased from 40 basis points at the start of the year to in excess of 100 basis points by year end, reflecting the perceived increase in credit risk as the year progressed.

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

9. There is an inverse relationship between a bond's yield and its price. Bonds are issued at a particular face value and nominal yield – e.g. €100 and 5%. Should interest rates in the market be less than 5% the price of the bond will increase above €100 so that the actual yield on the bond is reduced to the market rate.

Risk, Oversight and Controls

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

Market Risk

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

Relative market risk arises from the performance of the Fund's roster of managers and any tactical asset allocation decisions taken by the Commission. The Commission has chosen to take a limited degree of risk in these areas in pursuit of additional return. As regards manager risk, the Commission has reduced the percentage of equity investments actively managed from an original 50% to 38% at end 2007. The main tactical decisions taken by the Commission in 2007 were to hold excess cash against bonds in the early part of the year and excess cash against equities later in the year.

The risk of deviation of the Fund's actual return from the benchmark return arising from relative market risk is measured by tracking error which is the expected standard deviation of the performance difference between the actual Fund and the benchmark portfolio. Standard deviation is a statistical concept which reflects variation of return. The Fund's overall tracking error limit is 1.25%. This means that annual Fund performance is expected to be within 1.25% of benchmark performance approximately two thirds of the time. The Fund's overall tracking error is allocated between individual investment managers through a risk budgeting process. The higher the tracking error allocated to a manager, the greater the flexibility accorded to the manager in departing from the benchmark portfolio. For example, the Fund's active equity managers typically have a risk budget of 6%, which means annual manager performance would be expected to be within 6% of benchmark performance two thirds of the time.

The NTMA monitors the Fund's tracking error at both Fund level and individual manager portfolio level on a daily basis. It has integrated the Fund's private equity and pooled fund investments into the calculation of the tracking error limit and is currently working on extending the risk budgeting framework to include the Fund's property investments. Once this is achieved, all of the Fund's investments will be incorporated into the calculation of the tracking error limit.

Operational Risk

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

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

Global Custodian

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

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

The Fund's property and private equity investments and its investments in emerging markets and currency pooled investment funds are not held by the global custodian. The Fund's property and private equity investments are mainly structured as limited partnerships, in which the Fund is a limited partner. The Fund's holdings in pooled investment funds, certain property unit trusts and structured equity products are registered in the name of the Fund with the relevant transfer agent or trustee. In respect of the Fund's assets managed within a US Trust by AIG Global Investment Group, the Fund has appointed La Salle Global Trust Services as trustee of the assets and Goldman Sachs acts as prime broker in respect of certain Trust assets.

Responsible Investment

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

UN Principles for Responsible Investment

The UN Principles for Responsible Investment were launched in April 2006. The aim of the Principles is to integrate consideration of ESG issues into investment decision-making and ownership practices and thereby improve long-term returns. Signatories are committed to the following:

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

Further information on the Principles is available at www.unpri.org

The Commission's initial focus in its implementation of its Responsible Investment Policy and the UN Principles has been on the development of a comprehensive proxy voting policy and an engagement capacity with investee companies on ESG issues. Engagement is based on the concept of shareholders raising concerns directly with company boards in a constructive manner to address issues and to effect change.

The Commission appointed Hermes Equity Ownership Services (EOS) in July 2007 to execute proxy votes on the Fund's behalf and to engage with companies on ESG issues across its global equity portfolio. It has based its voting and engagement programme on the Hermes Principles, a set of guidelines developed by Hermes which codify a number of expectations between owners and managers and which represent the Commission's view of the essential elements of good governance. The Hermes Principles are based on the premise that a company run in the long term interest of shareholders will need to manage effectively relationships with its employees, suppliers and customer, behave ethically and have regard for the environment and society as a whole. A feature of the Hermes model is the fact that it utilises senior business people to engage with companies and usually engages on a discreet basis thus giving it greater access to boards and management.

In 2007 EOS engaged with 85 companies on the Fund's behalf on issues such as involuntary labour in supply chains, child labour, greenhouse gas reduction targets, sustainable real estate management, employment practices including racism and health and safety, as well as business strategy and corporate governance issues. In the light of concerns raised about the situation in Darfur, Hermes has, at the request of the Commission, commenced an engagement programme with firms operating in Sudan.

EOS voted on behalf of the Fund at 292 company meetings and opposed one or more resolutions at 68 of those meetings during 2007. As the financial year of most companies ends in December, the busiest time for AGMs is during the second quarter. Hermes' appointment in July, therefore, coincided with a relatively quiet part of the year in terms of voting. The Fund will commence publication of its proxy voting record on a quarterly basis in arrears beginning in July 2008 with the votes cast during the first quarter of 2008.

The Fund has raised awareness among its managers of its long-term commitment to responsible investment and is currently examining how ESG factors can be incorporated into its investment mandates and manager selection processes as well as how its managers take these factors into account in their own investment processes.

NPRF Responsible Investment Policy

As an investor in over 2,000 companies worldwide, the National Pensions Reserve Fund Commission believes that environmental, social and governance (ESG) issues impact on long-term investment performance. With this in mind, the Commission is developing and implementing a Responsible Investment policy in a manner to be consistent with the Fund's statutory investment policy as set out in Section 19 of the National Pensions Reserve Fund Act 2000, which is to secure the optimal total financial return provided the level of risk to the moneys held or invested is acceptable to the Commission.

The Commission's policy will also be consistent with the United Nations Principles for Responsible Investment (UNPRI), to which it was a founding signatory in April 2006 along with some of the world's largest institutional investors. The aim of the Principles is to integrate consideration of ESG issues into investment decision-making and into active ownership practices. The Commission commits to being an active signatory by both contributing to and drawing on the resources available to it through the UNPRI.

The Commission believes that sustained and focused dialogue with company management can be an effective way for long-term shareholders to bring about positive change. As a responsible and active investor, the Fund will act primarily through engaging with companies and through exercising its voting rights across as many investee companies and markets as is practicable.

Active ownership is undertaken through a specialist engagement and voting overlay provider, Hermes Equity Ownership Services. International best practice, including that formulated in the Hermes Principles, forms the basis for the Fund's voting and engagement with companies and the Commission will monitor these with a view to continued customisation for its own specific needs. The Fund works closely with Hermes and oversees its activities through regular monitoring and reporting.

The Commission believes that it is consistent with prudent investment management to incorporate ESG factors into investment research, analysis and decision making. The Fund will encourage its active investment managers to incorporate material ESG factors into their investment process and will require information on these issues as part of its regular review process. The incorporation of ESG factors will become one of the criteria considered when evaluating bidders for new investment management contracts.

The Fund is also a signatory to the Carbon Disclosure Project (CDP), a global mechanism whereby investors encourage companies to disclose their greenhouse gas emissions to investors. In addition to the United Nations Principles for Responsible Investment and the CDP, the Fund will consider participating in other industry-wide collaborative initiatives on ESG issues.

The Commission will report regularly on its developing responsible investment policy and activities, including a quarterly summary of how it has exercised its voting rights. The Fund will also endeavour, wherever possible, to report on its engagement activities while taking into account the importance of confidentiality when trying to bring engagement with companies to a successful conclusion.

The Fund's Responsible Investment policy aspires to best practice and will be regularly reviewed by the Commission. However, active ownership and the incorporation of ESG issues into the Fund's investment and operating framework is a long-term project requiring further refinement and development. The Fund will be taking further actions as its capacity grows and as the wider investment industry develops its understanding and practices relation to ESG issues and opportunities.

Fees and Expenses

The accrued fees and expenses incurred in the operation of the Fund in 2007 totalled €23.8m.

Fund Expenses 2007	
	€
Investment Manager Fees	23,171,554
Global Custodian Fees	1,785,570
Fees & Expenses of Commissioners	334,401
Systems and Services	1,225,989
Legal and Tax Advisory Fees	735,261
Consultancy Fees	69,684
External & Internal Audit Fees	144,918
Other Fees and Expenses	28,652
	27,496,029
VAT Reclaim	(3,650,000)
Total	23,846,029

The Commission has lodged a reclaim with the Revenue Commissioners in respect of VAT incurred by it on its non-EU investments.

In addition to the above expenses, the costs incurred by the NTMA in its role as Manager amounted to €6,739,661 in 2007. These costs are borne by the Exchequer.

The fees and expenses in managing the Fund are offset by revenue earned on the Fund's equity holdings through its securities lending programme. Securities lending involves the temporary transfer of a security from its owner to another investor or financial intermediary and represents a low risk means of enhancing portfolio performance. The securities lending programme is managed by the Fund's global custodian – BNY Mellon. The Fund earned €22.4m from the programme in 2007.

NPRF Commission



Paul Carty – Chairman

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



John A Canning Jr

Chairman of Madison Dearborn
Partners LLC



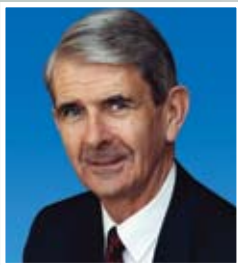
Dr Brian Hillery

Chairman of Independent News
and Media plc and Providence
Resources plc and Director of
the Central Bank and Financial
Services Authority of Ireland.



Brid Horan

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



Maurice Keane

Retired Group Chief Executive,
Bank of Ireland.



Donald C Roth

Managing Partner,
EMP Global LLC.



Dr Michael J Somers

Chief Executive, National Treasury
Management Agency.

Fund Governance

Overview

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

The Commission's functions include the determination and implementation of the Fund's investment strategy in accordance with its statutory investment mandate. This mandate requires that the Fund be invested so as to secure the optimal total financial return provided the level of risk to the moneys held or invested is acceptable to the Commission.

The National Treasury Management Agency (NTMA) is the statutory Manager of the Fund for the period to April 2011¹⁰ and the Commission is required to perform its functions through the Manager.

The Commission

The Commission sets the Fund's asset allocation strategy and the parameters within which Fund assets may be invested and reviews Fund performance and strategy implementation. The Commission has established an Audit Committee, a Property Advisory Committee and a Private Equity Advisory Committee to assist it in carrying out its functions. Without prejudice to its own responsibility for its functions, the Commission may also delegate to the Manager any of its functions as it considers appropriate.

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

The Commission met five times during 2007.

NPRF Commission Members

Paul Carty – Chairman
(Appointed an ordinary commissioner from 1 August 2005 and appointed Chairman from 19 December 2005)

John A Canning Jr
(Appointed from 2 April 2005)

Dr Brian Hillery
(Appointed from 1 July 2004)

Brid Horan
(Re-appointed from 1 July 2004)

Maurice Keane
(Appointed from 5 February 2007)

Donald C Roth
(Re-appointed from 2 April 2005)

Dr Michael J Somers
(ex-officio member)

Audit Committee

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

The Committee comprises four commissioners:

Donald Roth (*Chairman*)

Brian Hillery

Brid Horan

Maurice Keane

The Committee meets on an ongoing basis with the senior managers within the NTMA responsible for the Fund, the NTMA's Head of Internal Control, and the Fund's internal and external auditors.

The Audit Committee met five times during 2007.

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

Property Advisory Committee

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

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

Barden Gale

Vice Chairman, Real Estate, Starwood Capital

John Mulcahy

International Director and Managing Director, Ireland, Jones Lang Lasalle.

The Committee functions primarily through conference calls to discuss specific investment proposals from the NTMA.

Private Equity Advisory Committee

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

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

Maurice O'Connell

Former Governor of the Central Bank of Ireland.

Walter O'Hara

Managing Director, Allen & Co.

The Committee functions in a similar manner to the Property Advisory Committee. It meets primarily through conference calls to discuss specific investment proposals from the NTMA. The Committee also held one physical meeting during 2007 to facilitate more detailed discussion of strategic and operational issues.

Disclosure of Interests

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

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

Two commissioners and one committee member made disclosures of interests during 2007. In each case the information disclosed is commercially sensitive and for that reason is not detailed in this Report. In all three cases, the commissioners and committee member concerned absented themselves from meetings and parts of meetings where these matters were discussed and took no part in any consideration of these matters.

The National Treasury Management Agency

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

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

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

**National Pensions
Reserve Fund**

Financial Statements

For the Year Ended 31 December 2007

Commission Members and Other Information

COMMISSION MEMBERS

Mr. Paul Carty - Chairman

Mr. John A. Canning Jr.

Dr. Brian Hillery

Ms. Brid Horan

Mr. Maurice Keane

Mr. Donald C. Roth

Dr. Michael J. Somers

BANKERS & CUSTODIAN

Central Bank of Ireland

BNY Mellon

AUDITORS

Comptroller & Auditor General

Dublin Castle

Dublin 2

MANAGER

National Treasury Management Agency

INVESTMENT MANAGERS*

Acadian Asset Management Inc.

AIG Global Investment Corporation

AXA Rosenberg

Barclays Global Investors Limited

Bank of Ireland Asset Management Limited / State Street Global Advisors (UK) Limited

Daiwa SB Investments (UK) Limited

Deutsche Asset Management International GmbH

Goldman Sachs Asset Management International

Invesco Institutional (N.A.) Inc.

Irish Life Investment Managers Limited

Lord, Abbett & Co

Oechsle International Advisors LLC

Putnam Investments Limited

RCM (UK) Limited

Schroder Investment Management (Singapore) Limited

*Managers of quoted investments only

Investment Report

The Commission determines the investment strategy for the Fund, which was invested at 31 December 2007 as follows:

	€	% of Total investment Assets
Quoted Equities		
Europe	8,898,242,155	42.25
North America	4,116,196,259	19.55
Japan	731,778,068	3.47
Asia Pacific	580,198,030	2.76
Emerging Markets	430,057,026	2.04
	14,756,471,538	70.07
Unquoted Structured Equity Investments		
North America	345,866,857	1.64
Quoted Government Bonds		
Austria	127,185,290	0.61
Belgium	193,740,300	0.92
Finland	23,342,087	0.11
France	581,930,577	2.76
Germany	819,410,441	3.89
Greece	122,322,989	0.58
Italy	938,121,690	4.46
Netherlands	135,135,151	0.64
Portugal	61,555,654	0.29
Spain	208,837,307	0.99
	3,211,581,486	15.25
Quoted Corporate Bonds		
Australia	2,897,866	0.01
Austria	3,884,943	0.02
Belgium & Luxembourg	1,248,934	0.01
Denmark	3,250,442	0.02
France	26,079,367	0.12
Germany	42,419,319	0.20
Iceland	2,218,213	0.01
Ireland	3,390,650	0.02
Italy	10,583,985	0.05
Japan	2,255,960	0.01
Netherlands	5,783,009	0.03
Portugal	1,916,700	0.01
South Korea	654,976	0.00
Spain	10,012,078	0.05
Sweden	4,547,850	0.02
Switzerland	5,672,447	0.03
United Arab Emirates	823,460	0.00
United Kingdom	21,785,985	0.10
United States	26,258,509	0.12
	175,684,693	0.83

Investment Report *(continued)*

	€	% of Total Investment Assets
Unquoted Index Linked Bonds		
Ireland	<u>89,175,370</u>	<u>0.42</u>
Unquoted Property Investments		
Asia	41,881,010	0.20
Europe	295,799,039	1.40
International	99,066,415	0.47
North America	<u>209,564,137</u>	<u>1.00</u>
	<u>646,310,601</u>	<u>3.07</u>
Unquoted Commodity Investments		
United States	<u>285,528,651</u>	<u>1.36</u>
Unquoted Currency Funds		
International	<u>164,774,771</u>	<u>0.78</u>
Unquoted Private Equity Investments		
Europe	55,668,476	0.27
International	242,133,707	1.15
Ireland	593,829	0.00
North America	<u>101,586,803</u>	<u>0.48</u>
	<u>399,982,815</u>	<u>1.90</u>
Deposits and Cash		
Euro	877,129,789	4.17
US Dollar	60,977,285	0.29
Japanese Yen	3,632,343	0.02
Sterling	11,443,104	0.05
Other Currencies	<u>6,057,495</u>	<u>0.03</u>
	<u>959,240,016</u>	<u>4.56</u>
Unrealised gain/(loss) foreign exchange contracts	24,006,196	0.12
Unrealised gain/(loss) on futures contracts	542,565	0.00
Total Investment Assets	<u>21,059,165,559</u>	<u>100.00</u>



Paul Carty
Chairman of Commission



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

27 May 2008

Statement of Commission's Responsibilities

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

In preparing those statements, the Commission is required to:

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

The Commission is responsible for keeping in such form as may be approved by the Minister for Finance all proper and usual accounts of all moneys received or expended by it and for maintaining accounting records which disclose with reasonable accuracy at any time the financial position of the National Pensions Reserve Fund and the administrative costs of the Commission.

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



Paul Carty
Chairman of Commission



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

27 May 2008

Statement on the System of Internal Financial Control

Responsibility for System of Internal Financial Control

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

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

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

Key Control Procedures

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

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

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

- identifying the nature, extent and financial implication of risks facing the Fund and monitoring them against standards which the Commission regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the Fund's ability to manage and mitigate the risks that do occur;
- assessing the costs of operating particular controls relative to the benefit obtained.

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

In particular it includes:

- a comprehensive budgeting system for the administration costs of the Fund, with an annual budget which is determined by the Commission;
- regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined investment control guidelines;
- formal project management disciplines.

Statement on the System of Internal Financial Control *(continued)*

Key Control Procedures *(continued)*

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

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

Annual Review of Controls

For the year ended 31 December 2007, the Commission, having taken advice from the NPRF Audit Committee has conducted a review of the effectiveness of the system of internal financial control.



Paul Carty
Chairman of Commission



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

27 May 2008

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

I have audited the financial statements of the National Pensions Reserve Fund for the year ended 31 December 2007 under the National Pensions Reserve Fund Act, 2000.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Fund Account, the Net Assets Statement, the Administration Account and the related notes.

Respective Responsibilities of the Commission and the Comptroller and Auditor General

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

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

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

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

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

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

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

Basis of Audit Opinion

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

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

Opinion

In my opinion, the financial statements properly present, in accordance with Generally Accepted Accounting Practice in Ireland, the results of the Fund's operations for the year ended 31 December 2007 and its balances at that date.

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



John Buckley

Comptroller and Auditor General
28 May 2008

Accounting Policies

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

Basis of Preparation

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

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

The financial statements include the assets and liabilities of an Illinois Common Law Trust formed in the US to hold North American assets beneficially owned by the Fund and managed by AIG Global Investment Corp.

Reporting Period

The reporting year is the year ended 31 December 2007.

Reporting Currency

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

Valuation of Investments

Investments are recorded on a trade date basis and are stated at fair market value. Fair market value is determined as follows for Quoted and Unquoted Investments:

(a) Quoted Investments

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

(b) Unquoted Investments

Unquoted investments are valued at their estimated fair market value estimated by the NTMA, as Manager of the Fund and approved by the Commission. The principal unquoted valuations are as follows:

Valuation of Investments (continued)

Investments in property and private equity funds

The estimated fair value for unquoted investments in property and private equity funds for which there is not an active market is based on the latest audited valuation placed on the fund or partnership by the external manager of that fund or partnership. Where an audited valuation is not available, in circumstances such as where the fund or partnership's year-end does not coincide with that of the Fund, the latest available unaudited valuation is used.

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

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

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

Accounting Policies *(continued)*

Unquoted Structured Equity Notes

Unquoted structured equity notes are fixed term passive investments which provide for a return on the investment's maturity based on the return of the S&P500 Total Return Index ("the equity index") of the period of investment. The fair value of the equity notes is determined based on the terms of issue of the notes and the value of the underlying equities index at the year-end.

Unquoted Commodity Notes

Unquoted commodity notes are fixed term passive investments which provide for a return on maturity based on the return of S&P Commodities Index ("the commodities index") over the period of the investment. The fair value of the notes is determined based on the terms of issue of each note and the value of the underlying commodities index at the year-end. Where, under the terms of the issue, there is no provision for the Fund to redeem the notes prior to maturity, an additional discount may be applied in the valuation of the notes to reflect their estimated fair value.

Unquoted bonds

Unquoted bonds are valued at their estimated fair market value as estimated by the NTMA using bond valuation models.

Gains and losses on investments

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

Investment income

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

The disclosure of Income gross of non-recoverable withholding taxes in the Fund Account is a change in disclosure from previous years. Income of €456,597,859 in 2006 has been restated to disclose gross income of €486,865,008 in Investment Income and €30,267,149 in Taxation.

Expenses

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

Foreign Currencies

All transactions in foreign currencies are translated into euro at the rates of exchange prevailing at the dates of such transactions. Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the year end dates. Exchange differences arising on the revaluation of investments and settlement of investments are dealt with in the change in market value of investments. Exchange differences arising on income items are dealt with as part of investment income.

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

Securities Lending

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

Deferred Tax

Deferred Tax is provided for, in respect of the additional foreign taxes that it is expected will be payable on the realisation of unrealised gains on Property and Private Equity investments. Deferred tax is calculated based on the average tax rates that are expected to apply when the unrealised gains are expected to be realised.

Fund Account *for the Year ended 31 December 2007*

	Notes	Year Ended 31 December 2007 €	Year Ended 31 December 2006 €
Contributions	1	1,615,500,000	1,446,500,000
Investment Return for the Year			
- Investment Income	2	604,211,124	486,865,008
- Change in Value of Investments		111,397,578	1,607,831,408
Total Investment Return for the Year		715,608,702	2,094,696,416
Taxation	3	(54,118,554)	(31,166,571)
Total Investment Return after Tax		661,490,148	2,063,529,845
Transfer to Administration Account	4	(23,846,029)	(28,858,229)
Increase in Fund during the Year		2,253,144,119	3,481,171,616
Net assets of Fund at start of Year		18,899,802,443	15,418,630,827
Net assets of Fund at Year End		21,152,946,562	18,899,802,443



Paul Carty
Chairman of Commission



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

27 May 2008

The statement of accounting policies and notes 1 to 16 form part of these accounts.

Net Assets Statement *31 December 2007*

	Notes	2007 €	2006 €
Investment Assets	6	21,059,165,559	18,829,331,182
Current Assets	7	158,190,711	98,862,738
Current Liabilities	8	(55,209,708)	(28,391,477)
Provisions for Liabilities and Charges	9	<u>(9,200,000)</u>	<u>(-)</u>
Net Assets of Fund at 31 December 2007		<u>21,152,946,562</u>	<u>18,899,802,443</u>



Paul Carty
Chairman of Commission



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

27 May 2008

The statement of accounting policies and notes 1 to 16 form part of these accounts.

Administration Account *for the Year ended 31 December 2007*

	Notes	Year Ended 31 December 2007 €	Year Ended 31 December 2006 €
Transfer from Fund Account	4	23,846,029	28,858,229
Expenses of Commission	5	(23,846,029)	(28,858,229)
Net Income\ (Expenditure)		<u>NIL</u>	<u>NIL</u>



Paul Carty
Chairman of Commission



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

27 May 2008

The statement of accounting policies and notes 1 to 16 form part of these accounts.

Notes to the Accounts *(continued)*

1. CONTRIBUTIONS

	Year Ended 31 December 2007	Year Ended 31 December 2006
	€	€
Paid in by the Minister for Finance – 1 per cent of GNP	<u>1,615,500,000</u>	<u>1,446,500,000</u>

2. INVESTMENT INCOME

	Year Ended 31 December 2007	Year Ended 31 December 2006
	€	€
Income from Investments	<u>604,211,124</u>	<u>486,865,008</u>
Summary of Investment Income from	2007	2006
	€	€
Deposits	20,860,497	24,613,072
Equities	405,761,146	341,448,814
Bonds	130,559,027	100,166,361
Property	24,354,855	9,209,540
Private Equity	80,295	893,622
Securities Lending	22,373,451	10,033,444
Commission Recapture	221,853	500,155
	<u>604,211,124</u>	<u>486,865,008</u>

3. TAXATION

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

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

Deferred tax has been provided in respect of additional US tax that it is expected will be payable on investment gains on the future disposal of certain US property investments.

The foreign taxes and deferred tax provided are detailed below:

	2007	2006
	€	€
Foreign Taxes on Income	33,484,205	30,267,149
Foreign Taxes on Realised Gains	11,148,308	899,422
Other Foreign Tax	286,041	-
Deferred Tax	9,200,000	-
	<u>54,118,554</u>	<u>31,166,571</u>

Notes to the Accounts *(continued)*

4. TRANSFER TO ADMINISTRATION ACCOUNT

This amount of €23,846,029 represents the amount required to cover the administration costs of the Commission.

5. EXPENSES OF COMMISSION

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

	Year Ended 31 December 2007	Year Ended 31 December 2006
	€	€
Investment Managers' Fees	23,171,554	24,252,811
Global Custodian Fees	1,785,570	1,435,453
Fees & Expenses of Commissioners	334,401	271,696
Systems & Services	1,225,989	663,030
Legal Fees & Tax Advisory Fees	735,261	1,412,506
Consultancy Fees	69,684	624,909
External & Internal Audit Fees	144,918	148,867
Other Fees and Expenses	28,652	48,957
	<u>27,496,029</u>	<u>28,858,229</u>
VAT Reclaim	(3,650,000)	-
	<u>23,846,029</u>	<u>28,858,229</u>

In addition to the above expenses, the costs incurred by the National Treasury Management Agency in its role as Manager amounted to €6,739,661 (2006:€5,748,400). These costs are charged on the Central Fund and are excluded from the above.

The Irish Revenue has accepted that the NPRF is in business for VAT purposes and is entitled to reclaim VAT incurred by it in line with the proportion of its non-EU investments. The NPRF has submitted a VAT reclaim in respect of 2007 and prior periods.

Notes to the Accounts *(continued)***6. INVESTMENT ASSETS**

(a) Summary of Assets	2007	2006
	€	€
Quoted Equities	14,756,471,538	14,306,113,677
Quoted Bonds	3,211,581,486	2,374,550,681
Quoted Corporate Bonds	175,684,693	72,564,986
Unquoted Structured Equity Notes	345,866,857	-
Unquoted Commodity Investments	285,528,651	238,657,119
Unquoted Property Investments	646,310,601	558,808,735
Unquoted Private Equity Investments	399,982,815	122,719,191
Unquoted Currency Funds	164,774,771	121,928,818
Unquoted Index Linked Bonds	89,175,370	-
Deposits and Cash	959,240,016	1,051,274,653
Foreign Currency Contracts	24,006,196	(17,898,043)
Futures Contracts	542,565	611,365
	<u>21,059,165,559</u>	<u>18,829,331,182</u>
(b) Analysis by Geographical Classification of Assets	2007	2006
	€	€
Europe	14,085,620,253	12,321,315,754
North America	5,183,659,031	4,851,530,720
Japan	735,410,411	820,441,194
Asia Pacific (excluding Japan)	624,418,838	470,514,401
Emerging Markets	430,057,026	365,529,113
	<u>21,059,165,559</u>	<u>18,829,331,182</u>

Notes to the Accounts *(continued)*6. INVESTMENT ASSETS *(continued)*

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

	2007	2006
	€	€
Value of Investments as at start of year	18,829,331,182	15,393,670,499
Transfer to Fund (Note 1)	1,615,500,000	1,446,500,000
Net Cash Movement	533,854,063	433,028,377
Movement in pending settlements	11,327,250	(23,726,916)
Fund expenses paid	(31,096,206)	(27,072,764)
Foreign withholding tax on realised gains	(11,148,308)	(899,422)
Change in value of investments	111,397,578	1,607,831,408
Total Investments	<u>21,059,165,559</u>	<u>18,829,331,182</u>

	2007	2006
	€	€
Net Cash Movement Reconciled to Investment Income		
Income received net of foreign		
Withholding tax	533,854,063	433,028,377
Net cash movement	533,854,063	433,028,377
Opening income accrual	(78,498,016)	(54,928,534)
Closing income accrual	115,370,872	78,498,016
Foreign withholding tax on income	33,484,205	30,267,149
Investment Income (Note 2)	<u>604,211,124</u>	<u>486,865,008</u>

	2007	2006
	€	€
Net Cash Movement		
Transfer of Funds to Investment Managers		
and Other Investments	(2,003,566,701)	(1,960,376,267)
Purchases at Cost	17,853,234,527	12,867,299,260
Proceeds of Sales	(15,315,813,763)	(10,473,894,616)
Net Cash Movement	<u>533,854,063</u>	<u>433,028,377</u>

Notes to the Accounts *(continued)*

6. INVESTMENT ASSETS (continued)

(d) The Investment Assets of the Fund at the Year End are held as follows:

	2007	2006
	€	€
Investment Managers		
Acadian Asset Management Inc.	319,666,623	334,870,417
AIG Global Investment Corporation	179,572,162	-
AXA Rosenberg	75,450,437	85,885,035
Barclays Global Investors Limited	4,789,480,086	4,426,438,589
Bank of Ireland Asset Management Limited / State Street Global Advisors (UK) Limited	4,087,663,871	3,368,226,433
Capital International Limited	-	789,166,892
Daiwa SB Investments (UK) Limited	277,330,201	336,605,112
Deutsche Asset Management	182,676,903	80,740,040
Goldman Sachs Asset Management International	479,372,863	476,721,731
Invesco Institutional (N.A.) Inc.	909,357,617	837,223,479
Irish Life Investment Managers Limited	921,219,796	659,659,424
JPMorgan Asset Management (UK) Limited	-	299,707,459
Lord, Abbett & Co	700,939,790	668,885,149
National Treasury Management Agency	3,117,505,586	2,601,393,324
Oechsle International Advisors LLC	845,316,344	812,213,232
Putnam Investments Limited	595,244,001	600,509,473
RCM (UK) Limited	746,513,580	689,542,648
Schroder Investment Management Limited	470,159,608	353,899,769
	<u>18,697,469,468</u>	<u>17,421,688,206</u>
Other Investments		
Quoted Emerging Markets Funds	430,057,026	365,529,113
Unquoted Structured Equity Notes	345,866,857	-
Unquoted Currency Funds	164,774,771	121,928,818
Unquoted Commodity Investments	285,528,651	238,657,119
Unquoted Property Investments	646,310,601	558,808,735
Unquoted Private Equity Investments	399,982,815	122,719,191
Unquoted Index Linked Bonds	89,175,370	-
	<u>2,361,696,091</u>	<u>1,407,642,976</u>
Total Investment Assets	<u>21,059,165,559</u>	<u>18,829,331,182</u>

Notes to the Accounts *(continued)***7. CURRENT ASSETS**

	2007	2006
	€	€
Accrued Interest on Fixed Income Securities	87,354,331	60,561,453
Amounts Receivable for Securities Sold	37,571,625	20,364,722
Accrued Interest on Deposits	9,226,814	7,551,619
Dividends Receivable	9,805,699	9,358,832
Tax Reclaims Recoverable	5,196,892	660,384
Securities Lending Income Receivable	2,731,683	346,853
VAT Reclaim Receivable	5,248,214	-
Amounts Recoverable under Investment Insurance Policy	1,047,595	-
Commission Recapture Receivable	7,858	18,875
	<u>158,190,711</u>	<u>98,862,738</u>

8. CURRENT LIABILITIES

	2007	2006
	€	€
Amounts Payable for Securities Purchased	47,095,057	18,560,902
Fund Manager Fees Payable	6,493,147	8,148,355
Custodian Fees Payable	506,109	356,253
Legal and Tax Fees Payable	373,476	620,723
Consultancy Fees Payable	180,000	381,736
VAT Payable	-	67,021
Accrued Expenses	561,919	256,487
	<u>55,209,708</u>	<u>28,391,477</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	2007	2006
	€	€
<i>Deferred Tax Liabilities</i>		
Opening Balance 01 January 2007	-	-
Charge for the period	9,200,000	-
Closing Balance 31 December 2007	<u>9,200,000</u>	<u>-</u>

Notes to the Accounts *(continued)*

10. COMMITMENTS

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

	2007	2007	2006	2006
	Notional	Unrealised	Notional	Unrealised
	Principal	gain / (loss)	Principal	Principal
	€	€	€	€
Forward Foreign Exchange Contracts	5,460,308,579	24,011,695	3,906,809,071	(17,899,255)
Spot Foreign Exchange Contracts	14,244,487	(5,499)	1,093,935	1,212
Financial Futures	77,811,502	542,565	33,478,199	611,365
	<u>5,552,364,568</u>	<u>24,548,761</u>	<u>3,941,381,205</u>	<u>(17,286,678)</u>

Foreign Exchange Contracts

The Fund follows a policy of hedging its foreign currency risk through the use of forward foreign exchange contracts. In respect of quoted equities the Fund uses forward currency contracts to maintain a currency exposure at 50% of the foreign currency exposure of the Fund's underlying Benchmark. In respect of its Property and Private Equity investments, the Fund hedges 50% of its non-euro private equity investments and 100% of its non-euro property investments. The gain / (loss) on these forward foreign currency contracts offsets the change in the value of the Fund's non-euro investments due to exchange rate movements.

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

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

Financial Futures

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

Property and Private Equity Investments

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

At 31 December 2007, the uncalled capital commitments in respect of these investments amounts to:

	2007	2006
	€	€
Property Investments	386,666,576	414,488,340
Private Equity Investments	495,157,403	573,751,924
	<u>881,823,979</u>	<u>988,240,264</u>

Notes to the Accounts *(continued)*

11. CONTINGENT LIABILITIES

In the opinion of the Commissioners the National Pensions Reserve Fund had no contingent liabilities at 31 December 2007.

12. SECURITIES LENDING

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

The Fund receives a Fee from the Global Custodian for securities lent. During 2007 the Fund earned €22,373,451 through securities lending (2006: €10,033,444).

Loans are made to approved counterparties who meet minimum credit criteria. The loans are secured by collateral in the form of cash, government bonds, bonds of specified supranational issuers and specified equity index baskets. The value of the collateral maintained by the Global Custodian must be at least 102% of the market value of securities lent, where the collateral is in the same currency as the loaned securities and 105% where the collateral is not in the same currency as the loaned securities.

The market value of securities loaned at 31 December 2007 amounted to €6,033,343,519 (2006: €2,820,255,899). The National Pensions Reserve Fund held collateral of 104.92% (2006: 104.44%) of the market value of securities lent.

13. COMMISSION RECAPTURE

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

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

During 2007 the Fund earned €221,853 (2006: €500,155) from Frank Russell Securities Inc in respect of Commission Recapture. The reduction in revenue reflects greater efficiency in brokerage commissions and the unbundling of charges for other brokerage firm services from these commissions.

14. RELATED PARTIES

(a) Minister for Finance

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

The commissioners of the National Pensions Reserve Fund, as given on page 3, were appointed by the Minister for Finance under section 7 of the Act.

(b) National Treasury Management Agency

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

Notes to the Accounts *(continued)*

15. FINANCIAL RISK MANAGEMENT

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds as investment assets. The risk management policies employed by the Fund to manage these risks are discussed below.

Market Price Risk

The Fund's financial instruments including bonds, equity securities, investment funds and property and private investments are susceptible to market price risk arising from uncertainties about the future prices of these instruments. The maximum asset value exposed to market price risk at 31 December 2007 was €20.1 billion which is the value of the investment assets (excluding cash balances) i.e. the quoted equities, bonds and investment funds and the unquoted investments, property and private equity investments.

The Fund's market risk is managed through diversification of its investment portfolio. The Fund's overall market positions are monitored on a daily basis.

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Fund's credit risk concentration is spread between its debtors and assets held by counterparties. The Fund manages credit risks it undertakes by limiting the amount of risks it accepts in relation to its counterparties.

Liquidity Risk

The Fund is exposed to liquidity risk in respect of its payment commitments, including payment of committed property and private equity investments, payment of amounts due under hedging transactions and normal operating expenses. The Fund's liquidity requirements are managed through maintaining sufficient cash balances.

Notes to the Accounts *(continued)*

15. FINANCIAL RISK MANAGEMENT *(continued)*

Currency Risk

The Fund's assets are denominated in currencies other than the Euro, the Fund's functional currency. The Fund is therefore exposed to currency risk, as the value of the investments denominated in other currencies will fluctuate due to changes in exchange rates. The Fund hedges its currency risk through the use of a currency hedge, as detailed in Note 10.

The following table details the total value exposed to currency risk as at 31 December 2007

Currency	Value as at 31 December 2007 Currency 'm	Value as at 31 December 2007 €'m
Investment Assets & Balances		
US \$	US\$8,139	5,529
Pounds Sterling	£689	939
Japanese Yen	¥123,113	746
Swiss Franc	CHF503	304
Australian Dollar	A\$495	295
Scandinavian Currencies	n/a	217
Hong Kong Dollar	HK\$2,343	204
Other Asia Pacific	n/a	69
Other	n/a	92
		<u>8,395</u>
Forward & Foreign Currency Contracts		
US \$	(US\$4,015)	(2,725)
Pounds Sterling	(£328)	(446)
Japanese Yen	(¥51,647)	(315)
Swiss Franc	(CHF250)	(152)
Australian Dollar	(A\$227)	(135)
Scandinavian Currencies	n/a	(104)
Hong Kong Dollar	(HK\$1,231)	(107)
Other Asia Pacific	n/a	(36)
Other	n/a	59
		<u>(3,961)</u>
Total value exposed to currency risk		<u>4,434</u>

Notes to the Accounts *(continued)*

15. FINANCIAL RISK MANAGEMENT *(continued)*

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument and the value of a financial instrument will fluctuate due to changes in the market interest rates. The Fund's bond portfolio valued at €3,476,441,549 at 31 December 2007 is susceptible to value changes due to fluctuations in market interest rates.

The following table details the values of fixed income investments exposed to interest rate risk as at 31 December 2007:

Interest bearing investments	Weighted average interest rate	Value as at 31 December 2007 €
Maturing within one year		
Fixed rate	5.05	3,196,916
Floating rate	-	-
Maturing between two and five years		
Fixed rate	4.63	50,170,407
Floating rate	-	-
Maturing after five years		
Fixed rate	4.86	3,333,898,857
Floating rate	n/a	89,175,369
Total interest bearing investments		<u>3,476,441,549</u>

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Commission on 12 March 2008.

**National Pensions
Reserve Fund**

Portfolio of Investments

31 December 2007

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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EUROPE

Austria

2,893	Agrana Beteiligung	204,506	0.00%
603	Conwert Immobilien	7,260	0.00%
382,567	Erste Bank Der Osterreichischen	18,554,500	0.09%
21,120	EVN	1,869,965	0.01%
679,292	Immoeast Immobilie	5,006,382	0.02%
796,453	Immofinanz	5,535,348	0.03%
491,085	Meinl European Land	4,630,932	0.02%
71,586	Oesterreichische El Wirtsch	3,427,538	0.02%
244,523	OMV	13,551,465	0.06%
73,299	Raiffeisen International Bank	7,593,776	0.04%
429	S&T System Intergration & Technology	19,949	0.00%
1,164,537	Telekom Austria	22,161,139	0.11%
49,726	Vienna Insurance Group	2,734,930	0.01%
412,810	Voestalpine	20,413,454	0.10%
134,718	Wienerberger	5,109,853	0.02%
24,299	Zumtobel	601,157	0.00%
		111,422,154	0.53%

Belgium

203,489	AGFA Gevaert	2,134,600	0.01%
8	Auximines	7,200	0.00%
8,400	Barco	438,480	0.00%
276,429	Belgacom	9,326,714	0.04%
21,810	Colruyt	3,512,064	0.01%
721	Dieteren	177,366	0.00%
232,956	Delhaize Group	14,023,951	0.07%
1,417,947	Dexia	24,431,227	0.12%
6,078	EVS Broadcast Equipment	483,809	0.00%
3,857,426	Fortis	69,551,363	0.33%
932,950	Fortis (Strip)	9,330	0.00%
6,922	Groupe Bruxelles (Strip)	138	0.00%
130,600	Groupe Bruxelles	11,475,822	0.05%
566,197	Inbev	32,273,229	0.15%
26,623	KBC Ancora	2,063,283	0.01%
289,485	KBC Groupe	27,848,457	0.13%
32,262	Mobistar	2,008,310	0.01%
57,040	Nationale A Portefeuille	2,808,079	0.01%
67,780	Solvay	6,486,546	0.04%
139,732	Suez (Strip)	1,397	0.00%
536,106	UCB	16,630,008	0.08%
41,908	Umicore	7,124,360	0.04%
		232,815,733	1.10%

Denmark

382	AP Moller - Maersk	2,778,582	0.02%
5,850	Auriga Industries	72,161	0.00%
7,400	Carlsberg	612,177	0.00%
5,775	Coloplast	342,630	0.00%
88,362	D/S Norden	6,681,974	0.03%
19,547	Danisco	947,433	0.01%
263,648	Danske Bank	7,061,084	0.03%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Denmark (continued)

2,175	DFDS	230,381	0.00%
2,245	DLH	27,241	0.00%
10,752	Jyske Bank	579,529	0.00%
10,800	Lundbeck	199,831	0.00%
498,562	Novo-Nordisk	22,393,610	0.11%
9,425	Novozymes	735,469	0.00%
771	Rockwool International	122,809	0.00%
60,620	Sydbank	1,782,033	0.01%
62,500	TK Development	607,545	0.00%
20,875	Topdanmark	2,054,389	0.01%
36,380	Torm	873,124	0.00%
32,150	Vestas Wind System	2,379,470	0.02%
4,275	William Demant	271,117	0.00%
		50,752,589	0.24%

Finland

1,975	Ahlstrom	32,331	0.00%
1,146,735	Fortum	35,330,905	0.17%
42,215	Kemira	607,896	0.00%
107,799	Kesko	4,066,178	0.02%
130,354	Kone Corporation	6,247,867	0.03%
3,931	Konecranes	92,693	0.00%
228,822	Metso	8,541,925	0.04%
202,751	Neste Oil	4,892,382	0.02%
7,610,957	Nokia	201,842,580	0.96%
217,868	Outokumpu	4,620,980	0.02%
137,175	Outotec	5,157,780	0.03%
105,624	Raisio	158,436	0.00%
15,376	Ramirent	172,672	0.00%
386,023	Rautaruukki	11,445,582	0.05%
705,747	Sampo	12,759,906	0.06%
83,915	Sanoma WSOY	1,647,251	0.00%
988,715	Stora Enso	10,124,442	0.05%
120,823	Tietoenator	1,855,841	0.01%
862,933	Upm-Kymmene	11,925,734	0.06%
117,593	Wartsila	6,125,420	0.03%
		327,648,801	1.55%

France

379,760	Accor	20,772,872	0.10%
47,937	ADP Promesses	3,355,590	0.02%
84	Affine	3,150	0.00%
538,716	Air France KLM	12,956,120	0.06%
392,946	Air Liquide	39,997,973	0.19%
4,452,097	Alcatel Lucent	22,037,880	0.11%
223,817	Alstom	32,901,099	0.16%
98,694	Arkema	4,435,308	0.02%
258,388	Atos Origin	9,134,016	0.04%
36,587	Autoroutes Paris	2,451,329	0.01%
3,976,052	AXA	108,904,064	0.52%
148,946	Beneteau	2,608,044	0.01%
59,379	BIC	2,909,571	0.01%
1,931,599	BNP Paribas	143,363,278	0.68%
5,546	Bongrain	416,560	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
France (continued)			
416,653	Bouygues	23,749,221	0.11%
53	Burelle	10,070	0.00%
437,365	Business Objects	18,093,559	0.09%
233,786	Cap Gemini	10,052,798	0.05%
1,408,809	Carrefour	75,075,432	0.36%
119,574	Casino G. Perrachon	8,895,110	0.04%
11,066	Chargeurs	188,122	0.00%
117,588	Christian Dior	10,571,161	0.05%
720,025	Cie De St-Gobain	46,434,412	0.22%
18,408	Ciments Francais	2,166,806	0.01%
31	CNIM	2,799	0.00%
71,412	CNP Assurances	6,354,954	0.03%
7,724	Compagnie Des Alpes	289,650	0.00%
44,170	Compagnie Generale De Geophysique	8,613,150	0.04%
1,065,853	Credit Agricole	24,589,229	0.12%
115	Caisse Regionale de Credit d'Ille-et-Vilaine	8,395	0.00%
91,729	Dassault Systemes	3,714,107	0.02%
580,473	EDF	47,296,940	0.23%
113,722	Eiffage	7,660,314	0.04%
16,983	Eramet	5,944,050	0.03%
338,438	Essilor International	14,772,819	0.07%
20,966	Euler Hermes	1,777,288	0.01%
42,987	Eurazeonco	3,772,109	0.02%
1,662	Finaciere De L'Odet	496,938	0.00%
2,598	Fonciere Financiere	228,624	0.00%
3,412,394	France Telecom	84,013,140	0.40%
317,797	Gaz De France	12,711,880	0.06%
20,324	Gecina	2,181,172	0.01%
352,348	Genesys	750,501	0.00%
7,547	GFI Informatique	45,282	0.00%
830,157	Groupe Danone	50,971,640	0.24%
16,500	Groupe Steria	411,840	0.00%
13,500	Haulotte Group	276,480	0.00%
791	Havas	2,642	0.00%
129,854	Hermes	11,224,580	0.05%
23,955	Icade	2,443,650	0.01%
50,812	Imerys	2,857,667	0.01%
64,743	IMS	1,695,619	0.01%
109,734	JC Decaux	2,951,845	0.01%
110,194	Klepierre	3,853,484	0.02%
281,316	Lafarge	35,023,842	0.17%
220,562	Lagardere	11,312,625	0.05%
173,584	Legrand	4,053,186	0.02%
504,555	L'Oreal	49,436,299	0.24%
595,468	LVMH Moet Hennessy	49,233,294	0.23%
175,194	Michelin	13,752,729	0.07%
592,033	Natixis	7,779,314	0.04%
98,378	Neuf Cegetel	3,403,879	0.02%
52,859	Nexans	4,519,445	0.02%
130,041	Nexity	4,070,283	0.02%
220,663	Pagesjaunes Groupe	3,025,290	0.02%
177,565	Pernod-Ricard	28,073,027	0.13%
277,992	Peugeot	14,413,885	0.07%
5,085	Pierre & Vacances	480,990	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
France (continued)			
13,410	Plastic Omnium	491,477	0.00%
225,928	PPR	24,852,080	0.12%
241,896	Publicis Groupe	6,477,975	0.03%
86,863	Rallye	4,212,856	0.02%
116,513	Recylex	1,804,786	0.01%
442,095	Renault	42,887,636	0.21%
329,229	Safran	4,619,083	0.02%
1,931,174	Sanofi-Aventis	121,625,339	0.58%
397,344	Schneider Electric	36,825,842	0.17%
26,020	Sequana Capital	579,205	0.00%
755,406	Societe Generale	74,732,316	0.35%
193,142	Sodexo	8,111,964	0.04%
2,164	Sopra Group	117,246	0.00%
1,977	Sperian Protection	154,305	0.00%
500	Suciere De Pithiviers Le Vieil	292,000	0.00%
3,036,049	Suez Lyonnaise Des Eaux-Remote	141,347,124	0.67%
172,865	Technip	9,421,143	0.04%
258,690	TF1-TV Francaise	4,734,027	0.02%
127,403	Thales	5,191,672	0.02%
446,184	Thomson	4,341,370	0.02%
4,935,382	Total	280,477,759	1.33%
57,057	Ubisoft Entertainment	3,963,750	0.02%
132,170	Unibail-Rodamco	19,802,948	0.09%
139,565	Valeo	3,935,733	0.02%
85,899	Vallourec	15,904,200	0.08%
927,578	Veolia Environment	57,927,246	0.28%
1,088,612	Vinci	55,138,198	0.26%
2,657,124	Vivendi	83,380,551	0.40%
42,300	Wendel	4,185,162	0.02%
		2,149,509,414	10.21%
Germany			
331,165	Adidas	16,975,518	0.08%
1,032,657	Allianz	152,741,641	0.73%
110,445	Altana	1,838,909	0.01%
12,710	AMB	1,356,793	0.01%
401,221	Arcandor	6,515,829	0.03%
38,587	Arques Industries	902,936	0.00%
959,072	BASF	97,259,492	0.46%
1,776,236	Bayer	111,068,037	0.53%
489,426	Bayerische Motoren Werke (BMW)	20,727,191	0.10%
6,797	Baywa	231,098	0.00%
35,612	Bechtle	975,057	0.00%
272,828	Beiersdorf	14,459,884	0.07%
13,600	Bilfinger Berger	717,808	0.00%
109,424	Celesio	4,650,520	0.02%
1,067,326	Commerzbank	28,027,981	0.13%
386,224	Continental	34,370,074	0.16%
1,667,323	Daimler	110,876,980	0.53%
1,018,230	Deutsche Bank	91,029,762	0.43%
323,905	Deutsche Boerse	43,970,104	0.21%
368,856	Deutsche Lufthansa	6,720,556	0.03%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
Germany (continued)			
1,465,437	Deutsche Post	34,452,424	0.16%
322,194	Deutsche Postbank	19,573,286	0.09%
5,298,806	Deutsche Telekom	79,588,066	0.38%
1,417	Drägerwerk	70,595	0.00%
9,731	DT Beteiligung	209,217	0.00%
1,224,367	E.On	178,255,592	0.85%
251,962	Epcos	2,990,789	0.01%
58,501	Fraport	3,151,449	0.01%
660,944	Fresenius	25,353,428	0.13%
360,213	Fresenius (Preferred Stock)	20,496,120	0.10%
310,682	GEA Group	7,394,232	0.04%
103,968	Gildemeister	1,935,884	0.01%
9,438	Grammer	151,008	0.00%
115,661	Hannover Rueckversicherung	3,649,105	0.02%
39,107	Heidelbergcement	4,145,342	0.02%
98,063	Heidelberger Druckmaschinen	2,255,449	0.01%
288,138	Henkel KGAA (Preferred Stock)	11,073,143	0.05%
208,044	Henkel KGAA	7,271,138	0.03%
85,347	Hochtief	7,851,924	0.04%
420,163	Hypo Real Estate	15,167,884	0.07%
1,426,612	Infineon Technologies	11,512,759	0.05%
1,182	Interseroh	56,003	0.00%
23,470	IVG Immobilien	553,423	0.00%
1,695	Jungheinrich	45,731	0.00%
66,957	K&S	10,897,252	0.05%
360	Klein Schanzlin	162,540	0.00%
7,500	Kloekner	204,750	0.00%
66,965	Kuka	1,745,108	0.01%
155,475	Lanxess	5,223,960	0.02%
195,991	Linde	17,727,386	0.08%
229,015	M.A.N.	26,061,907	0.12%
142,097	Merck KGAA	12,547,165	0.06%
435,035	Metro	24,988,410	0.12%
163,793	MTU Aero Engines Investments	6,412,496	0.03%
405,864	Muenchener Rueckversicherungs	53,955,560	0.26%
13,600	MUV Energie	425,544	0.00%
35,561	Norddeutsche Affinerie	954,813	0.00%
21,963	Porsche Automobil	30,438,302	0.14%
148,986	Praktiker Bau	3,039,314	0.01%
10,619	Puma	2,898,987	0.01%
63,469	Q-Cell	6,194,574	0.03%
9,000	Rheinmetal	493,380	0.00%
817,090	RWE	78,440,640	0.37%
243,307	Salzgitter	24,829,479	0.12%
2,594,000	SAP	92,164,820	0.44%
1,901,546	Siemens	207,002,297	0.99%
11,905	Software	714,657	0.00%
92,724	Suedzucker	1,501,201	0.01%
626,990	Thyssenkrupp	24,045,067	0.12%
150,820	Tognum	3,097,843	0.02%
401,523	TUI	7,681,134	0.04%
170,312	Volkswagen (Preferred Stock)	17,031,200	0.09%
350,305	Volkswagen	54,682,610	0.26%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
Germany (continued)			
6,589	Vossloh	531,732	0.00%
25,296	Wacker Chemie	5,001,019	0.03%
66,205	Wincor Nixdorf	4,282,139	0.03%
		1,907,997,447	9.06%
Greece			
47,775	Alapis	111,316	0.00%
656,459	Alpha Bank	16,345,829	0.08%
548,976	Bank Of Piraeus	14,657,659	0.07%
231,254	Coca-Cola Hellenic Bottling Co	6,845,118	0.03%
835,500	EFG Eurobank Ergas	20,118,840	0.10%
61,897	Emporiki Bank of Greece	1,257,747	0.01%
238,284	Hellenic Petroleum	2,687,844	0.01%
1,483,566	Hellenic Telecom Organization	37,385,863	0.18%
905,427	National Bank Of Greece	42,536,960	0.20%
384,836	Opap	10,552,203	0.05%
187,966	Public Power	6,766,776	0.03%
91,522	Titan Cement	2,855,487	0.01%
		162,121,642	0.77%
Ireland			
4,749	Abbey	28,494	0.00%
2,155,962	Allied Irish Banks	33,786,081	0.16%
1,230,132	Anglo Irish Bank	13,457,644	0.06%
1,605,430	Bank of Ireland	16,362,543	0.08%
1,068,266	CRH	25,478,144	0.12%
31,311	DCC	603,426	0.00%
88,287	Dragon Oil	415,268	0.00%
754,516	Elan	11,160,801	0.05%
176,940	Experian	957,866	0.01%
19,222	Grafton Group	103,799	0.00%
443,577	Irish Life & Permanent	5,238,644	0.02%
216,413	Kerry Group	4,696,162	0.03%
1,193,954	Ryanair	5,528,007	0.03%
		117,816,879	0.56%
Italy			
2,462,545	A2A	7,726,235	0.04%
1,058	Acea	15,055	0.00%
5,960	Acegas	39,753	0.00%
117,848	Aedes	411,290	0.00%
689,173	Alleanza Assicurazioni	6,126,748	0.03%
18,594	Arnoldo Mondadori Editore	104,498	0.00%
2,554,112	Assicurazioni Generali	79,177,472	0.38%
63,917	Astaldi	332,049	0.00%
465,593	Atlantia	12,072,826	0.06%
207,256	Autogrill	2,414,532	0.01%
100,208	Azimut	888,344	0.00%
395,660	Banca CR Firenze	2,611,356	0.01%
1,973,802	Banca Monte Dei Paschi Di Siena	7,268,526	0.03%
667,075	Banca Popolare Di Milano	6,217,139	0.03%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
Italy (continued)			
1,048,096	Banco Popolare Societa Cooperativa	15,889,135	0.08%
20,453	Bayerische	82,119	0.00%
957,945	BCA Carige	3,348,018	0.02%
117,675	Benetton	1,446,226	0.01%
4,900	Biesse	63,210	0.00%
238,423	Bulgari	2,279,324	0.01%
363,747	Buzzi Unicem	6,885,731	0.03%
65,878	Cementir	398,233	0.00%
204,000	Cir-Compagnie Industrial	518,670	0.00%
87,965	Cofide	96,410	0.00%
170,293	CSP Intl	314,020	0.00%
38,400	Danieli & C	823,296	0.00%
826,394	Edison	1,780,879	0.01%
11,037,771	Enel	89,792,267	0.43%
8,819	Engineering Ingegneria	242,523	0.00%
5,321,466	ENI	133,302,723	0.63%
1,326,207	Fiat	23,473,864	0.11%
513,823	Finmeccica	11,288,691	0.06%
245,867	Fondiaria	6,506,501	0.03%
349,245	Gruppo Editoriale L'Espresso	1,066,943	0.01%
74,287	IFI	1,730,887	0.01%
846,539	Ifil	5,460,177	0.03%
400,255	Indesit	4,250,708	0.02%
15,079,086	Intesa Sanpaolo	81,577,855	0.39%
222,417	Iride	567,719	0.00%
314,811	Italcementi	3,933,628	0.02%
95,923	Lottomatica	2,401,912	0.01%
220,963	Luxottica Group	4,803,736	0.02%
1,434,875	Mediaset	9,907,812	0.05%
658,820	Mediobanca	9,302,538	0.05%
371,283	Mediolanum	2,040,200	0.01%
10,563	Mittel	54,294	0.00%
65,564	Navigaz Montanari	178,334	0.00%
2,640,417	Parmalat	7,023,509	0.03%
6,420,633	Pirelli	4,834,737	0.02%
12,863	Premafin Finanziaria	25,083	0.00%
132,747	Premuda	215,979	0.00%
8,963	Prima Industrie	257,059	0.00%
15,485	Prysmian	261,542	0.00%
906,053	RCS Mediagroup	2,697,773	0.01%
22,685	Safilo	51,835	0.00%
536,877	Saipem	14,726,536	0.07%
2,308,937	Saras Raffinerie	9,178,025	0.04%
6,505,143	Seat Pagine Giall	1,759,641	0.01%
3,636,991	Snam Rete Gas	15,893,651	0.08%
2,455,328	T. E. R. N. A.	6,770,567	0.03%
9,806,706	Telecom Italia (Savings Share)	15,945,704	0.08%
21,656,353	Telecom Italia	46,019,750	0.22%
20,294,188	Unicredit	115,270,988	0.55%
1,036,246	Unione Di Banche Italiane	19,491,787	0.09%
1,305,835	Unipol	3,075,241	0.01%
1,432,932	Unipol (Preferred Stock)	3,105,880	0.01%
14,087	Vianini Lavori	161,860	0.00%
2,554	Vittoria Assicuraz	31,925	0.00%
		818,013,478	3.88%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
Luxembourg			
1,876,625	Arcelor	99,797,757	0.48%
12,999	Millicom	1,041,439	0.00%
22,570	RTL	1,822,978	0.01%
577,399	SES	10,393,182	0.05%
		113,055,356	0.54%
Netherlands			
3,172,635	Aegon	38,357,157	0.18%
2,910,640	Ahold	27,738,399	0.13%
730,942	Akzo Nobel	40,048,312	0.19%
75,696	ASM	1,267,908	0.01%
689,636	ASML	14,937,516	0.07%
44,500	Bam Group	716,450	0.00%
7,103	Beter Bed	126,220	0.00%
109,340	Corio	6,057,436	0.03%
32,443	Corporate Express	173,570	0.00%
9,901	CSM	228,713	0.00%
121,182	Draka	2,787,186	0.01%
306,792	DSM	9,918,585	0.05%
799,608	EADS	17,455,443	0.08%
6,263	Exact	155,135	0.00%
3,493	Gamma	193,547	0.00%
786,299	Heineken	33,685,439	0.16%
23,371	Hunter Douglas	1,184,442	0.01%
5,016,995	ING Groep	134,204,616	0.64%
893,550	James Hardie Industries	3,439,399	0.02%
9,388	Kendrion	168,984	0.00%
5,113,329	KPM	63,609,813	0.30%
12,100	Nieuwe Steen	213,565	0.00%
5,330	Numico	293,150	0.00%
19,093	Nutreco	755,319	0.00%
134,975	Oce	1,670,991	0.01%
43,077	OPG	818,463	0.01%
2,374,516	Philips Electronic	70,095,712	0.33%
144,980	Randstad	3,917,360	0.02%
1,207,632	Reed Elsevier	16,484,177	0.08%
1,286,068	Royal Dutch Shell 'A'	36,996,961	0.18%
840,240	Royal Dutch Shell 'B'	23,946,290	0.11%
22,482	SMIT International	1,573,740	0.00%
208,418	SNS Reaal	3,201,300	0.02%
1,105,090	Stmicroelectronics	10,829,882	0.05%
15,516	Ten Cate	330,025	0.00%
966,831	TNT	27,312,976	0.13%
2,592,484	Unilever	65,200,973	0.31%
8,078	USG People	149,928	0.00%
15,424	Vastned	351,204	0.00%
48,525	Vedior	835,601	0.00%
800,119	Wolters Kluwers	17,986,675	0.09%
		679,418,562	3.22%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Norway

484,100	ACTA	1,380,883	0.01%
19,183	Aker	817,170	0.00%
35,787	Aker Kvaerner	649,814	0.00%
65,882	Aker Yards	513,280	0.00%
246,900	Cermaq	2,342,416	0.01%
1,522,300	DNB	15,877,217	0.08%
6,185	Ementor	32,021	0.00%
320,000	Golden Ocean	1,357,125	0.01%
167,320	Norsk Hydro	1,631,570	0.01%
33,000	Norske Skogsindustrier	187,434	0.00%
180,604	Orkla	2,388,611	0.01%
71,494	Petroleum Geo Services	1,417,213	0.01%
17,138	Renewable Energy	594,381	0.00%
145,200	Schibsted	4,296,883	0.02%
51,913	Seadrill	864,347	0.00%
43,710	Sparebanken Midt Norge	396,840	0.00%
1,613,920	Statoilhydro	34,273,997	0.16%
83,490	Storebrand	594,859	0.00%
145,700	Telenor	2,375,544	0.02%
4,000	Tgs-NOpec Geophysical	37,497	0.00%
37,900	Yara	1,197,769	0.01%
		73,226,871	0.35%

Portugal

479,464	Banco BPI	2,569,927	0.01%
5,251,312	Banco Comercial Portugues	15,333,831	0.07%
199,808	Banco Espirito Santo	2,997,120	0.01%
649,106	Brisa	6,523,515	0.03%
374,283	Cimpor Cimentos De Portugal	2,245,698	0.02%
312	Corticeira Amorim	612	0.00%
5,613,098	EDP Energias Portugal	25,090,548	0.12%
305,548	Galp Energia	5,619,028	0.03%
39,427	Grupo Soares Da Costa	81,614	0.00%
1,827,200	Portugal Telecom	16,316,896	0.08%
462,121	PT Multimedia	4,413,256	0.02%
72,869	Semapa	639,061	0.00%
7,157	Sonae Industria	47,594	0.00%
135,038	Teixeira Duarte Engineering & Construction	282,229	0.00%
		82,160,929	0.39%

Spain

483,619	Abertis Infraestructuras	10,658,963	0.05%
41,342	Acciona	8,965,013	0.04%
422,053	Acerinox	7,103,152	0.03%
424,612	ACS	17,260,478	0.08%
416,459	Altadis	20,702,177	0.10%
142,839	Antena 3 De Television	1,498,381	0.01%
6,868,152	Banco Bilbao Vizcaya	115,110,228	0.55%
1,981,446	Banco De Sabadell	14,682,515	0.07%
142,464	Banco Espanol De Credito	1,896,196	0.01%
11,489,047	Banco Santander	169,923,005	0.81%
483,597	Bankinter	6,069,142	0.03%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Spain (continued)

1,974,861	Banco Popular	23,105,874	0.11%
7,994	Cementos Portland Valderrivas	592,355	0.00%
35,404	CEPSA	2,513,684	0.01%
346,206	Cintra	3,576,308	0.02%
2	Cintra (Rights)	1	0.00%
3,024	CAF	836,136	0.00%
80,865	Corporacion Financiera Alba	3,743,241	0.02%
291,848	Enagas	5,834,042	0.03%
83,021	FCC	4,267,279	0.02%
440,275	Gamesa	14,079,995	0.07%
648,684	Gas Natural SDG	25,960,334	0.12%
154,873	Gestevis Telecinco	2,711,826	0.01%
787,749	Grupo Inmocaral	1,480,968	0.01%
112,699	Grupo Ferrovial	5,423,076	0.03%
1,366,426	Iberdrola Renovables	7,720,307	0.04%
8,089,118	Iberdrola	84,126,827	0.40%
1,228,035	Iberia Lineas Aereas De Espana	3,684,105	0.02%
405,432	Inditex	17,036,253	0.08%
1,093,295	Mapfre	3,290,818	0.02%
25,228	Metrovacesa	2,059,866	0.01%
39,596	NH Hoteles	483,071	0.00%
63,775	Obrascon Huarte	1,468,738	0.01%
1,468	Pescanova	59,395	0.00%
148,872	Prisa	1,911,516	0.01%
86,821	Red Electrica De Espana	3,754,140	0.02%
2,785,469	Repsol	67,909,734	0.32%
182,742	Sacyr Vallermosto	4,860,937	0.02%
87,392	Sogecable	2,394,541	0.01%
38,706	Sol Melia	403,317	0.00%
10,098,169	Telefonica	224,381,315	1.06%
246,597	Union Fenosa	11,390,315	0.05%
22,242	Viscofan	322,064	0.00%
183,972	Zardoya Otis	3,563,538	0.02%
		908,815,166	4.32%

Sweden

14,509	Alfa Laval	559,368	0.00%
19,700	Angpanneforeningen	352,624	0.00%
59,800	Assa Abloy	821,803	0.00%
109,175	Atlas Copco 'A'	1,115,859	0.01%
72,528	Atlas Copco 'B'	677,921	0.00%
15,600	Bergman & Beving 'B'	320,542	0.00%
156,000	Betsson	1,375,523	0.01%
50,300	Boliden	432,863	0.00%
72	Brinova Fastigheter	738	0.00%
51,925	Electrolux	596,713	0.00%
11,947,757	Ericsson	19,209,548	0.09%
92,500	Fabege	649,063	0.00%
4,430	Haldex	53,255	0.00%
182,150	Hennes & Mauritz	7,591,593	0.04%
10,800	Holmen	274,533	0.00%
51,925	Husqvarna	422,099	0.00%
46,500	Industrivarden 'A'	557,764	0.00%
20,400	Industrivarden 'C'	226,871	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Sweden (continued)

78,400	Investor	1,220,653	0.01%
339,624	JM	4,766,211	0.02%
157,800	Kungsleden	1,203,368	0.01%
18,700	Lindab International	291,646	0.00%
77,900	NCC	1,146,862	0.01%
1,456,395	Nordea Bank	16,659,498	0.08%
109,041	PA Resources	589,005	0.00%
22,726	Peab	160,669	0.00%
42,300	Peab Industri	255,373	0.00%
7,269	Saab	99,702	0.00%
205,725	Sandvik	2,424,075	0.01%
68,308	SAS	600,494	0.00%
20,800	Scania 'A'	370,111	0.00%
69,400	Scania 'B'	1,131,981	0.01%
60,400	Securitas	575,756	0.00%
396,900	Skandinaviska Enskilda Banken	6,957,258	0.03%
68,700	Skanska	887,719	0.00%
70,300	SKF	815,321	0.00%
41,800	SSAB 'A'	779,198	0.00%
14,450	SSAB 'B'	243,346	0.01%
102,300	Svenska Cellulosa	1,240,624	0.01%
106,900	Svenska Handelsbanken	2,343,727	0.01%
67,000	Swedbank	1,298,628	0.01%
46,200	Swedish Match	756,013	0.01%
70,465	Tele2	966,501	0.01%
389,500	Teliasonera	2,495,869	0.01%
35,200	Trelleborg	505,173	0.01%
251,600	Volvo 'A'	2,891,341	0.01%
117,500	Volvo 'B'	1,344,066	0.01%
26,300	Wihlborgs	322,430	0.00%
		90,581,298	0.43%

Switzerland

1,122,314	ABB	22,124,795	0.11%
24,616	Adecco	911,181	0.01%
11,466	Alcon	1,114,120	0.01%
33,011	Ascom	246,381	0.00%
101,699	Baloise	6,852,870	0.04%
10,329	Bobst	503,435	0.00%
4,967	Bucher Industries	783,458	0.01%
12,725	CIBA Spezialitätenchemie	403,737	0.00%
39,914	Clariant	254,000	0.00%
84,331	Compagnie Financière Richemont	3,959,945	0.02%
536,855	Credit Suisse Group	22,094,544	0.10%
7,868	EFG International	216,350	0.00%
187	Elektrizität	168,726	0.00%
1,200	Energiedienst	476,099	0.00%
8,596	Fischer	3,620,846	0.02%
1,809	Forbo	765,275	0.01%
2,331	Galenica	697,314	0.00%
7,214	Geberit	677,934	0.00%
1,254	Givaudan	826,805	0.00%
3,536	Helvetia	869,736	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Switzerland (continued)

33,994	Holcim	2,491,977	0.01%
1,579	Inficon	174,151	0.00%
38,717	Julius Baer	2,190,072	0.01%
10,405	Kuehne & Nagel	682,264	0.00%
381	Kuoni Reisen	135,849	0.00%
165	Lindt & Spruengli	910,860	0.00%
8,749	Lonza Group	726,484	0.00%
13,031	Meyer Burger Technology	3,291,811	0.02%
188,926	Nestle	59,371,223	0.28%
4,541	Nobel Biocare	831,525	0.01%
1,160,206	Novartis	43,541,925	0.21%
1,839	OC Oerlikon	525,961	0.00%
3,226	Oz	161,817	0.00%
6,656	Pargesa	508,844	0.00%
4,950	Partners	454,705	0.00%
11,903	Petroplus	630,866	0.00%
930	Rieter	281,018	0.00%
5,549	Roche	714,291	0.00%
454,718	Roche Genusscheine	53,751,665	0.26%
8,637	Schindler	381,037	0.00%
995	Schweizerische National	531,565	0.01%
976	SGS	795,688	0.01%
3,000	Siegfried	349,913	0.00%
1,343	Straumann	253,431	0.00%
22,151	Swatch	1,805,313	0.01%
5,812	Swiss Life	994,015	0.00%
113,435	Swiss Reinsurance	5,515,108	0.03%
41,744	Swisscom	11,150,575	0.05%
3,401	Swissquote	130,824	0.00%
17,474	Syngenta	3,046,625	0.01%
8,232	Synthes	699,474	0.01%
39,204	Temenos	662,206	0.01%
359,570	UBS	11,386,642	0.05%
1,369	Vaudoise Versicherung	145,942	0.00%
92	WMH Walter Meier	13,844	0.00%
126,379	Xstrata	6,117,752	0.03%
10,716	Zueblin	64,761	0.00%
127,631	Zurich Financial Services	25,646,538	0.12%

		308,636,112	1.47%
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Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United Kingdom

67,881	3i Group	928,406	0.00%
67,174	Abbot	349,678	0.00%
687,898	Aegis Group	1,097,485	0.01%
22,041	Aero	199,867	0.00%
158,109	Aggreko	1,149,139	0.01%
74,434	Alliance & Leicester	657,711	0.00%
116,522	Alliance Trust	574,387	0.00%
29,519	AMEC	337,515	0.00%
411,649	Anglo American	17,288,861	0.08%
12,907	Anite	9,328	0.00%
68,386	Antofagasta	668,613	0.00%
219,963	Ashtead Group	251,952	0.00%
68,674	Associated British Foods	842,330	0.00%
257,178	Astrazeneca	7,588,915	0.04%
40,285	Atkins	630,080	0.00%
82,823	Aveva	1,090,415	0.01%
450,007	Aviva	4,129,742	0.02%
282,111	Babcock International	2,165,793	0.01%
2,996,544	BAE Systems	20,348,791	0.10%
1,134,651	Barclays	7,797,968	0.04%
967,614	Barratt Developments	6,010,064	0.03%
71,401	BBA Aviation	199,837	0.00%
34,930	Bellway	397,002	0.00%
216,730	Berkeley	3,989,711	0.02%
1,038,168	BG Group	16,279,988	0.08%
883,902	BHP Billiton	18,633,833	0.09%
44,121	Bodycote International	112,356	0.00%
6,677,330	BP	55,997,232	0.27%
108,894	Bradford & Bingley	397,949	0.00%
112,588	Brit Insurance	351,574	0.00%
99,713	British Airways	421,164	0.00%
572,512	British American Tobacco	15,340,367	0.07%
178,033	British Energy	1,332,789	0.01%
89,858	British Land	1,157,916	0.01%
227,982	British Sky Broadcasting	1,924,331	0.01%
1,339,382	Britvic	6,319,303	0.03%
1,404,844	BT Group	5,224,942	0.02%
56,904	Bunzl	550,534	0.00%
75,889	Burberry Group	589,334	0.00%
43,599	Burren Energy	723,529	0.00%
429,122	Cable & Wireless	1,088,384	0.01%
1,535,611	Cadbury Schweppes	13,003,535	0.06%
22,622	Cairn Energy	948,251	0.00%
104,390	Capita Group	993,580	0.00%
25,476	Capital & Reg	138,349	0.00%
164,509	Carnival	4,977,778	0.02%
62,286	Carphone Warehouse	292,596	0.00%
636,426	Centrica	3,113,353	0.01%
350,479	Charter	3,792,255	0.02%
476,538	Chaucer	659,557	0.00%
28,620	Chemring Group	802,382	0.00%
50,354	Clarkson	700,362	0.00%
2,831	CLS	12,546	0.00%
487,648	Cobham	1,389,765	0.01%
76,883	Collins Stewart	181,370	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United Kingdom (continued)

311,196	Colt Telecom	704,418	0.00%
337,978	Compass Group	1,421,779	0.01%
75,421	Cookson	716,826	0.00%
800,430	CSR	6,548,822	0.03%
48,177	Daily Mail & General Trust	326,337	0.00%
239,445	Dairy Crest Group	1,903,544	0.01%
350,135	Dana Petroleum	6,646,046	0.03%
666,034	Davis Service	4,668,186	0.02%
41,958	Delta	63,508	0.00%
10,238	Development Securities	69,105	0.00%
455,525	Diageo	6,708,487	0.03%
71,128	Dimension Data	59,892	0.00%
61,090	Drax Group	503,981	0.00%
180,421	DS Smith	514,803	0.00%
316,801	DSG	428,752	0.00%
15,400	DTZ	54,599	0.00%
87,971	E2V Technologies	307,092	0.00%
75,264	Electrocomponents	213,984	0.00%
444,000	Elementis	460,135	0.00%
37,084	Emap	465,225	0.00%
89,496	Enterprise Inns	594,321	0.00%
374,612	Fiberweb	189,004	0.00%
8,913	Filtronic	21,877	0.00%
855,134	FKI	685,063	0.00%
122,404	Foreign & Colonial Investment Trust	532,028	0.00%
370,968	Friends Provident	826,565	0.00%
214,413	Galliford Try	301,146	0.00%
2,273,520	GKN	8,742,517	0.04%
1,862,844	Glaxosmithkline	32,488,947	0.15%
97,126	Greene King	1,059,532	0.01%
297,616	Group 4 Securicor	993,271	0.00%
193,100	Halfords Group	794,544	0.00%
50,367	Hammerson	703,977	0.00%
74,766	Hampson Industries	158,534	0.00%
249,814	Hays	393,448	0.00%
1,578,029	HBOS	15,815,791	0.08%
1,353	Hill & Smith	6,134	0.00%
61,420	Hill (William)	439,283	0.00%
547,999	Hiscox	2,140,883	0.01%
7,438	Hochschild Mining	43,917	0.00%
7,781	Holidaybreak	72,149	0.00%
151,855	Home Retail	679,190	0.01%
2,036,477	HSBC	23,381,922	0.11%
154,527	Hunting	1,498,175	0.01%
83,740	ICAP	829,578	0.01%
113,607	IMI	609,978	0.01%
2,542,341	Imperial Chemical Industries	23,123,216	0.11%
117,542	Imperial Tobacco	4,346,817	0.02%
429,211	Inchcape	2,215,263	0.01%
922,449	Inmarsat	6,830,159	0.03%
130,930	Innovation	60,256	0.00%
482,750	Intercontinental Hotels	5,819,198	0.03%
44,606	International Personal Finance	116,480	0.00%
855,533	International Power	5,290,572	0.03%
138,057	Invensys	427,339	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United Kingdom (continued)

674,449	ITV	785,408	0.01%
127,224	JJB Sport	214,252	0.00%
290,556	Johnson Matthey	7,452,590	0.04%
49,851	Johnston Press	186,937	0.00%
32,427	Kazakhmys	606,224	0.01%
650,614	Kcom	476,860	0.00%
300,309	Kelda	4,443,106	0.02%
53,763	Keller	486,788	0.00%
91,835	Kesa Electricals	292,404	0.00%
41,100	Kier Group	816,564	0.01%
82,551	Kiln	165,192	0.00%
1,844,405	Kingfisher	3,661,898	0.02%
109,151	Ladbroke	481,122	0.00%
407,550	Land Securities	8,369,403	0.04%
62,339	Lavendon	402,927	0.00%
1,124,442	Legal & General	2,002,483	0.01%
62,912	Liberty International	923,927	0.00%
2,274,467	Lloyds TSB	14,638,961	0.07%
475,866	Logicacmg	764,072	0.00%
26,852	Lonmin	1,132,518	0.01%
102,495	Luminar	601,329	0.01%
297,156	MAN Group	2,305,607	0.01%
295,056	Marks & Spencer	2,253,103	0.01%
366,931	Mcbride	545,380	0.01%
593,748	Mecom	408,867	0.00%
245,709	Meggitt	1,114,879	0.01%
949,244	Michael Page	3,727,854	0.02%
251,446	Micro Focus	870,898	0.01%
1,774	Millennium & Copthorne Hotels	9,882	0.00%
86,613	Misys	218,201	0.00%
69,807	Mitchells & Butlers	403,602	0.00%
131,260	Mondi	760,694	0.01%
2,381,757	Morrison Supermarkets	10,457,838	0.05%
52,245	Morse	47,732	0.00%
1,249,092	National Grid	14,205,256	0.07%
113,082	Neteller	82,497	0.00%
37,065	Next Group	820,802	0.01%
147,218	Northern Petroleum	260,971	0.00%
73,044	Northern Rock	83,667	0.00%
152,764	Northgate Information Solution	192,166	0.00%
119,289	Northgate	1,250,879	0.01%
383,222	Northumbrian Water	1,783,248	0.01%
950,175	Old Mutual	2,171,532	0.01%
357,624	Pace Micro Technology	444,988	0.00%
205,990	Partygaming	81,458	0.00%
139,518	Pearson	1,392,611	0.01%
338,269	Pendragon	162,596	0.00%
452,916	Pennon	4,165,702	0.02%
245,059	Persimmon	2,673,310	0.01%
157,353	Petrofac	1,180,120	0.01%
924,558	Premier Foods	2,581,349	0.01%
22,538	Provident Financial	256,159	0.00%
1,479,952	Prudential	14,368,659	0.07%
24,166	Psion	33,282	0.00%
45,921	Punch Taverns	478,715	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United Kingdom (continued)

32,379	PZ Cussons	94,927	0.00%
306,000	Qinetiq	822,008	0.01%
689,514	Reckitt Benckiser	27,398,150	0.13%
1,055,981	Reed Elsevier	9,784,399	0.05%
313,909	Rentokil	517,510	0.00%
119,638	Resolution	1,161,550	0.01%
218,096	Reuters	1,894,418	0.01%
111,318	Rexam	635,257	0.01%
474,953	Rio Tinto	34,435,461	0.16%
96,000	RM	287,993	0.00%
17,987	Robert Walters	37,343	0.00%
48,266,324	Rolls Royce Group 'B'	65,816	0.00%
1,291,204	Rolls Royce Group	9,613,380	0.05%
557,038	Royal & Sun Alliance Insurance	1,125,697	0.01%
1,747,521	Royal Bank Of Scotland	10,580,202	0.05%
3,788	RPC	11,157	0.00%
194,623	SabMiller	3,757,907	0.02%
224,438	Sage Group	703,903	0.00%
1,623,230	Sainsbury	9,412,673	0.04%
182,288	Savills	695,993	0.01%
29,397	Schroders	521,918	0.00%
11,718	Schroders (Non Voting)	186,632	0.00%
162,396	Scottish & Newcastle	1,642,007	0.01%
502,454	Scottish & Southern Energy	11,222,738	0.05%
47,802	Scottish Mortgage	438,030	0.00%
75,083	Segro	481,203	0.00%
533,743	Senior	857,002	0.00%
40,413	Severn Trent	840,938	0.00%
95,500	Shire	1,496,277	0.01%
387,886	SIG	3,953,702	0.02%
297,156	Signet Group	282,629	0.00%
158,311	Smith & Nephew	1,252,067	0.01%
440,512	Smiths Group	6,084,933	0.03%
64,965	Spectris	602,389	0.00%
19,400	Speedy Hire	221,684	0.00%
311,062	Sportingbet	222,687	0.00%
242,649	Standard Chartered	6,101,379	0.03%
376,904	Standard Life	1,299,004	0.01%
58,500	Stolt-Nielson	1,190,877	0.01%
84,414	Tate & Lyle	512,228	0.00%
259,348	Taylor Wimpey	718,790	0.00%
2,838,135	Tesco	18,470,029	0.09%
84,834	Thomas Cook	326,218	0.00%
190,517	Thus Group	340,325	0.00%
152,122	Tomkins	366,640	0.00%
233,766	Travis Perkins	3,837,925	0.02%
50,838	Trinity Mirror	241,591	0.00%
120,818	TT Electronics	185,754	0.00%
124,342	Tullow Oil	1,104,640	0.01%
68,375	Ultra Electronic	1,282,002	0.01%
7,625	Umeco	65,193	0.00%
227,170	Unilever	5,854,656	0.03%
43,976	United Business Media	389,479	0.00%
151,492	United Utilities	1,561,709	0.01%
24,799	Vedanta Resources	691,877	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
United Kingdom (continued)			
198,462	Vislink	129,223	0.00%
12,252,135	Vodafone Group	31,375,883	0.15%
423,534	Wetherspoon	2,133,985	0.01%
301,663	Whitbread	5,758,889	0.03%
12,934	Willis Group	333,608	0.00%
42,356	Witan Investment Trust	276,367	0.00%
113,972	Wolseley	1,153,162	0.01%
4,010,110	Woolworths Group	710,866	0.00%
211,623	WPP Group	1,867,048	0.01%
134,360	Yell Group	734,687	0.00%
8,669	Yule Catto	22,252	0.00%
		764,249,724	3.63%
Total European Equities		8,898,242,155	42.25%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
NORTH AMERICA			
Canada			
17,377	Agrium	861,935	0.00%
100,225	Bank Montreal	3,888,358	0.02%
193,566	Bank Nova Scotia Halifax	6,703,335	0.03%
599,469	Barrick Gold	17,162,953	0.08%
34,742	BCE	953,367	0.00%
19,216	Biovail	177,677	0.00%
185,669	Bombardier 'A'	765,857	0.01%
7,118	Bombardier 'B'	29,459	0.00%
76,861	Brookfield Asset Management	1,885,752	0.01%
45,491	Cameco	1,245,816	0.01%
67,881	Canadian Imperial Bank	3,306,931	0.02%
166,548	Canadian National Railway	5,335,636	0.03%
69,692	Canadian Natural Resources	3,500,758	0.02%
20,016	Canadian Pacific Railway	889,631	0.00%
10,942	Canadian Tire	561,905	0.00%
7,796	Canadian Utilities	250,353	0.00%
35,598	CGI Group	285,543	0.00%
31,470	Cognos	1,235,369	0.01%
47,529	Enbridge	1,316,102	0.01%
410,808	Encana	19,018,899	0.09%
21,761	Finning International	431,636	0.00%
91,447	Goldcorp	2,139,185	0.01%
23,185	Great West Lifeco	570,760	0.00%
34,115	Husky Energy	1,052,798	0.00%
13,688	IGM Financial	473,950	0.00%
108,537	Imperial Oil	4,066,990	0.02%
75,359	Kinross Gold Corp	954,440	0.00%
13,418	Loblaw Companies	315,461	0.00%
15,116	Magna International	838,813	0.01%
342,181	Manulife Financial	9,523,947	0.05%
14,700	MDS	195,234	0.00%
20,529	National Bank Of Canada	742,931	0.01%
68,419	Nexen	1,520,001	0.01%
56,421	Nortel Networks	584,945	0.00%
9,972	Nova Chemicals	222,712	0.00%
101,702	Petro-Canada	3,731,905	0.02%
47,346	Potash Corp Of Saskatchewan	4,692,132	0.02%
52,671	Power Corp Canada	1,462,860	0.01%
35,951	Power Financial	1,014,411	0.00%
328,339	Research In Motion	25,355,792	0.12%
138,027	Rogers Communications	4,269,892	0.02%
261,211	Royal Bank Of Canada	9,130,744	0.04%
12,522	Saputo	258,517	0.00%
69,383	Shaw Communications	1,130,442	0.01%
27,945	Shoppers Drug Mart	1,030,071	0.00%
118,050	Sun Life Financial	4,526,878	0.02%
353,272	Suncor Energy	26,141,965	0.12%
134,977	Talisman Energy	1,717,923	0.01%
57,530	Teck Cominco	1,410,677	0.01%
22,499	Telus Corp (Non Voting)	743,182	0.00%
922	Telus Corp	31,548	0.00%
38,589	Thomson	1,073,310	0.01%
131,036	Toronto Dominion Bank	6,278,810	0.03%
40,109	Transalta	920,656	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Canada (continued)

69,581	Transcanada	1,952,255	0.01%
20,525	Ultra Pete	996,901	0.00%
6,271	Weston (George)	235,016	0.00%
		191,115,326	0.91%

United States

250,000	3Com	767,611	0.01%
218,835	3M Co	12,534,588	0.06%
699,967	Abbott Labs	26,698,694	0.13%
12,679	Abercrombie & Fitch	688,771	0.00%
337,320	Accenture	8,255,988	0.04%
85,275	Ace	3,578,758	0.02%
246,341	Adobe Systems	7,150,432	0.03%
88,626	Advanced Micro Devices	451,528	0.00%
94,686	AES	1,375,812	0.01%
149,636	Aetna	5,868,138	0.03%
14,972	Affiliated Computer Services	458,690	0.00%
72,697	Aflac	3,092,869	0.01%
69,893	Agilent Technologies	1,744,358	0.01%
31,749	Air Prods & Chemicals	2,127,168	0.01%
24,163	Akamai Technologies	567,923	0.00%
11,876	Alberto Culver	197,974	0.00%
217,069	Alcoa	5,389,493	0.03%
23,946	Allegheny Energy	1,034,716	0.00%
14,694	Allegheny Technologies	862,415	0.00%
130,291	Allergan	5,685,683	0.03%
83,139	Alliance Data Systems	4,235,170	0.02%
13,343	Alliant Energy	368,811	0.00%
4,053	Alliant Techsystems	313,205	0.00%
18,676	Allied Capital	272,763	0.00%
4,700	Allied Waste	35,184	0.00%
289,454	Allstate	10,269,807	0.05%
261,825	Altera	3,436,220	0.02%
417,863	Altria Group	21,453,764	0.10%
178,316	Amazon.Com	11,221,516	0.05%
59,971	AMB Property	2,344,902	0.01%
13,975	Ambac Financial Group	244,641	0.00%
27,346	Amdocs	640,321	0.00%
29,273	Ameren	1,077,977	0.01%
3,110	American Cap Strategies	69,632	0.00%
122,110	American Eagle Outfitters	1,722,862	0.01%
128,368	American Electric Power	4,060,060	0.02%
269,745	American Express	9,532,053	0.05%
826,537	American International Group	32,733,583	0.16%
364,555	American Tower	10,549,584	0.05%
35,217	Ameriprise Financial	1,318,395	0.01%
90,068	Amerisourcebergen	2,745,297	0.01%
588,848	Amgen	18,576,252	0.09%
23,172	Amphenol	729,900	0.00%
174,827	Amylin Pharmaceuticals	4,394,130	0.02%
67,442	Anadarko Pete	3,009,486	0.02%
159,028	Analog Devices	3,424,487	0.02%
300,832	Anheuser Busch	10,695,976	0.05%
405,366	Aon	13,132,195	0.06%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

48,657	Apache	3,554,496	0.02%
14,913	Apartment Investment & Management	351,830	0.00%
24,041	Apollo	1,145,626	0.01%
416,536	Apple	56,047,450	0.27%
26,591	Appera Corp-Applied Biosystem	612,708	0.00%
916,895	Applied Materials	11,061,786	0.05%
448,088	Archer Daniels Midland	14,132,685	0.07%
15,142	Arrow Electronics	404,034	0.00%
8,490	Ashland	273,542	0.00%
15,451	Associated Banc Corp	284,334	0.00%
17,053	Assurant	774,978	0.01%
11,968	Astoria Financial	189,174	0.00%
2,380,762	AT & T	67,213,144	0.32%
34,645	Autodesk	1,171,072	0.01%
9,703	Autoliv	347,426	0.00%
77,673	Automatic Data Processing	2,349,554	0.01%
20,951	Autonation	222,874	0.00%
101,733	Autozone	8,286,668	0.04%
11,519	Avalonbay Communities	736,634	0.00%
16,589	Avery Dennison	598,831	0.00%
96,783	Avnet	2,299,098	0.01%
63,229	Avon Prods	1,697,875	0.01%
18,868	Axis Capital	499,481	0.00%
341,567	Baker Hughes	18,817,393	0.09%
16,353	Ball	499,888	0.00%
369,000	Banco Itau	6,482,128	0.03%
1,146,152	Bank New York Mellon	37,963,706	0.18%
1,370,339	Bank of America	38,407,844	0.18%
14,921	Bard CR	960,880	0.00%
11,650	Barr Pharmaceuticals	420,226	0.00%
603,060	Baxter International	23,780,744	0.11%
80,944	BB&T	1,686,402	0.01%
53,788	BEA Systems	576,574	0.00%
16,982	Bear Stearns	1,018,043	0.00%
7,586	Beckman Coulter	375,152	0.00%
111,088	Becton Dickinson & Co	6,307,136	0.03%
38,774	Bed Bath & Beyond	774,110	0.01%
14,165	Bemis	263,459	0.00%
23,510	Berkley W R	476,077	0.00%
3,817	Berkshire Hathaway 'B'	12,279,948	0.06%
106	Berkshire Hathaway 'A'	10,196,046	0.05%
60,070	Best Buy	2,148,418	0.01%
297,370	Big Lots	3,230,043	0.02%
160,147	Biogen Idec	6,192,220	0.03%
42,912	BJ Services	707,184	0.00%
9,848	Black & Decker	465,942	0.00%
47,176	Block H & R	595,108	0.00%
220,710	BMC Software	5,343,458	0.03%
201,919	Boeing	11,996,356	0.06%
17,017	Boston Properties	1,061,294	0.01%
1,144,873	Boston Scientific	9,044,816	0.05%
13,656	Brinker International	181,449	0.00%
828,953	Bristol Myers Squibb	14,933,655	0.07%
69,240	Broadcom	1,229,491	0.01%
98,200	Broadridge Financial Solutions	1,496,248	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

38,737	Brookfield Properties	515,278	0.00%
17,174	Brown & Brown	274,159	0.00%
8,143	Brown Forman	409,943	0.00%
1,430	Brunswick	16,562	0.00%
15,726	Bunge Limited	1,243,573	0.01%
50,470	Burlington North Santa Fe	2,853,487	0.01%
25,035	CH Robinson Worldwide	920,382	0.01%
56,679	CA	960,628	0.00%
31,827	Cablevision	529,693	0.00%
7,949	Cabot	180,028	0.00%
65,550	Cadence Design Systems	757,425	0.00%
28,302	Cameron International	925,328	0.00%
41,111	Campbell Soup	997,824	0.00%
60,771	Capital One Financial	1,950,980	0.01%
53,150	Cardinal Health	2,085,057	0.01%
26,742	Career Ed	456,690	0.00%
68,568	Carnival	2,072,271	0.01%
93,343	Caterpillar	4,600,889	0.02%
124,950	Catlin Group	652,565	0.01%
3,210	CB Richard Ellis	46,991	0.00%
285,981	CBS	5,293,786	0.03%
216,224	Celgene	6,787,386	0.03%
49,317	Centerpoint Energy	573,874	0.00%
20,473	Centex	351,299	0.00%
71,756	Centurytel	2,020,925	0.01%
8,702	Cephalon	424,194	0.00%
27,470	Checkpoint Software Technologies	409,783	0.00%
69,807	Chesapeake Energy	1,858,864	0.01%
674,685	Chevron Corporation	42,774,507	0.21%
21,367	Chicos FAS	131,067	0.00%
9,170	Choicepoint	226,867	0.00%
57,055	Chubb	2,115,387	0.01%
1,390	Ciena	32,208	0.00%
217,897	Cigna	7,952,996	0.04%
24,303	Cincinnati Financial	652,769	0.00%
16,564	Cintas	378,291	0.00%
2,730	Circuit City	7,789	0.00%
2,285,995	Cisco Systems	42,036,468	0.20%
30,575	CIT Group	499,095	0.00%
1	Citadel Broadcasting	1	0.00%
2,045,663	Citigroup	40,910,481	0.19%
46,572	Citizens Communications	402,732	0.00%
26,785	Citrix Systems	691,596	0.00%
5,875	City National	237,658	0.00%
165,489	Clear Channel Communications	3,880,633	0.02%
20,258	Clorox Co	896,823	0.00%
20,742	CME	9,665,792	0.05%
3,650	CMS Energy	43,093	0.00%
2,628	CNA Financial	60,197	0.00%
56,016	Coach	1,163,623	0.01%
1,195,711	Coca Cola Co	49,847,690	0.24%
1,003,896	Coca Cola Enterprises	17,751,113	0.08%
41,786	Cognizant Tech Solutions	963,397	0.00%
119,699	Colgate Palmolive	6,339,063	0.03%
18,621	Colonial Bancgroup	171,271	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

526,793	Comcast 'A'	6,534,366	0.03%
136,489	Comcast 'B'	1,680,036	0.01%
31,130	Comerica	920,514	0.00%
63,009	Commerce Bancorp	1,632,473	0.01%
8,898	Commerce Bancshares	271,153	0.00%
11,662	Community Health Systems	292,006	0.00%
26,266	Computer Sciences	882,670	0.00%
379,686	Compuware	2,290,341	0.01%
73,466	Conagra Foods	1,187,254	0.01%
247,696	Conocophillips	14,857,385	0.07%
27,270	Consol Energy	1,324,876	0.01%
40,294	Consolidated Edison	1,337,112	0.01%
28,008	Constellation Brands	449,772	0.00%
26,661	Constellation Energy	1,856,907	0.01%
18,068	Convergys	202,024	0.00%
26,365	Cooper Industries	947,070	0.00%
721,828	Corning	11,763,232	0.06%
148,942	Costco Wholesale	7,058,076	0.03%
91,646	Countrywide Financial	556,562	0.01%
22,855	Coventry Health Care	919,882	0.00%
72,855	Covidien	2,191,935	0.01%
342,764	Crown Castle	9,686,151	0.05%
61,555	CSX	1,838,998	0.01%
15,450	Cummins	1,336,775	0.01%
772,196	CVS Caremark	20,851,023	0.10%
45,341	D R Horton	405,639	0.00%
34,633	Danaher	2,064,194	0.01%
19,362	Darden Restaurants	364,460	0.00%
13,652	Davita	522,580	0.00%
17,786	Dean Foods	312,442	0.00%
170,962	Deere & Co	10,814,470	0.05%
945,516	Dell	15,742,543	0.07%
666,900	Delta Air Lines	6,745,561	0.03%
32,462	Dentsply International	992,758	0.00%
19,582	Developers Diversified Realty	509,337	0.00%
345,863	Devon Energy	20,888,988	0.10%
9,002	Diamond Offshore Drilling	868,340	0.00%
7,929	Diebold	156,092	0.00%
930	Dillard's	11,864	0.00%
274,040	Directv Group	4,303,923	0.02%
575,841	Discover Financial Services	5,898,840	0.03%
34,877	Discovery	595,617	0.01%
1,001,257	Disney Walt	21,955,421	0.10%
28,111	DNP Select Income Fund	202,034	0.00%
11,900	Dollar Tree Stores	209,529	0.00%
197,009	Dominion Resources	6,350,164	0.03%
32,722	Donnelley R R & Sons	838,889	0.01%
29,091	Dover	910,811	0.01%
157,985	Dow Chem Co	4,230,534	0.02%
19,020	DST Systems	1,066,572	0.01%
85,579	DTE Energy Co	2,555,569	0.01%
430,013	Du Pont E I De Nemours & Co	12,879,066	0.06%
183,478	Duke Energy	2,513,927	0.01%
20,508	Duke Realty	363,324	0.00%
11,976	Dun & Bradstreet	721,033	0.01%
8,050	Dynegy	39,044	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

58,234	E Trade Financial	140,433	0.00%
11,865	Eastman Chemical	492,380	0.00%
42,350	Eastman Kodak Co	629,165	0.00%
131,657	Eaton	8,670,706	0.04%
41,900	Eaton Vance	1,292,493	0.01%
531,024	Ebay	11,972,479	0.06%
42,390	Echostar Communications	1,086,170	0.01%
34,126	Ecolab	1,187,142	0.01%
48,585	Edison International	1,761,417	0.01%
104,386	El Paso	1,222,481	0.01%
270,126	Electronic Arts	10,718,062	0.05%
137,331	Electronic Data Systems	1,933,885	0.01%
22,191	Embarq	746,634	0.00%
313,679	EMC	3,948,422	0.02%
488,791	Emerson Elec Co	18,813,191	0.09%
7,413	Energizer	564,649	0.01%
22,700	Energy East	419,582	0.00%
37,713	Ensco International	1,527,375	0.01%
46,202	Entergy	3,751,147	0.02%
35,709	EOG Resources	2,164,954	0.01%
19,557	Equifax	483,046	0.00%
15,804	Equitable Resources	571,997	0.01%
39,156	Equity Residential	970,056	0.00%
3,126	Erie Indemnity Co	110,188	0.00%
16,668	Estee Lauder	493,779	0.00%
8,222	Everest Re Group	560,756	0.00%
96,619	Exelon	5,358,315	0.03%
266,569	Expedia	5,725,774	0.03%
32,487	Expeditors International Wash	986,019	0.00%
36,901	Express Scripts	1,829,885	0.01%
2,156,143	Exxon Mobil	137,225,078	0.65%
154,180	Family Dollar Stores	2,014,049	0.01%
886,056	Fannie Mae	24,063,935	0.11%
19,524	Fastenal	536,078	0.00%
117,755	Federated Investors	3,292,437	0.02%
44,481	Fedex	2,694,362	0.01%
27,680	Fidelity National Information Services	782,020	0.00%
79,876	Fifth Third Bancorp	1,363,551	0.01%
11,750	First American	272,339	0.00%
17,260	First Horizon National	212,804	0.00%
7,500	First Marblehead	77,950	0.00%
52,989	First Solar	9,615,842	0.05%
44,947	Firstenergy	2,208,726	0.01%
24,766	Fiserv	933,541	0.00%
85,617	Fluor	8,475,042	0.04%
18,672	Foot Locker	173,262	0.00%
1,994,567	Ford Motor Co	9,118,563	0.04%
9,368	Forest City Enterprises	282,803	0.00%
80,992	Forest Labs	2,005,406	0.01%
4,258	Forestar Real Estate Group	68,239	0.00%
178,508	Fortune Brands	8,774,430	0.04%
9,150	Foster Wheeler	963,544	0.00%
276,539	FPL Group	12,732,704	0.06%
38,044	Franklin Resources	2,957,255	0.01%
621,432	Freddie Mac	14,382,303	0.07%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

175,812	Freeport Mcmoran Copper	12,234,346	0.06%
19,922	Fulton Financial	151,841	0.00%
12,037	Gallagher Arthur J & Co	197,796	0.00%
88,869	Gamestop	3,749,510	0.02%
34,079	Gannett	902,847	0.01%
691,144	Gap	9,990,860	0.05%
40,276	Garmin	2,653,877	0.01%
184,128	Genentech	8,389,012	0.04%
63,352	General Dynamics	3,829,695	0.02%
3,586,103	General Electric	90,304,217	0.43%
36,716	General Growth Properties	1,027,080	0.00%
175,401	General Mills	6,791,561	0.03%
84,428	General Motors	1,427,493	0.01%
34,600	Genlyte Group	2,237,565	0.01%
17,373	Gentex	209,713	0.00%
24,581	Genuine Parts	773,113	0.01%
62,931	Genworth Financial	1,087,965	0.01%
39,072	Genzyme	1,975,762	0.01%
593,696	Gilead Sciences	18,555,773	0.09%
110,424	Goldman Sachs Group	16,131,160	0.08%
18,261	Goodrich	875,898	0.00%
3,890	Goodyear	74,571	0.00%
95,627	Google	44,918,251	0.21%
11,949	Grainger WW	710,398	0.00%
12,000	Grant Prideco	452,496	0.00%
4,258	Guaranty Financial Group	46,283	0.00%
211,277	Halliburton	5,440,874	0.03%
35,354	Harley Davidson	1,121,789	0.01%
8,813	Harman International	441,279	0.00%
110,355	Harrahs Entertainment	6,653,085	0.03%
18,596	Harris	791,792	0.01%
134,675	Hartford Financial	7,976,573	0.04%
206,448	Hasbro	3,587,351	0.02%
29,380	HCP	694,135	0.00%
24,533	Health Net	804,934	0.00%
97,584	Heinz H J	3,094,369	0.01%
1,870	Hercules	24,580	0.00%
24,562	Hershey	657,389	0.00%
797,838	Hertz Global	8,611,946	0.04%
120,615	Hess	8,263,860	0.04%
1,482,030	Hewlett Packard	50,820,511	0.24%
7,444	Hillenbrand	281,811	0.00%
24,057	Health Net	218,982	0.00%
246,363	Home Depot	4,508,538	0.02%
375,851	Honeywell International	15,719,819	0.07%
12,583	Hormel Foods	346,009	0.00%
22,890	Hospira	663,019	0.00%
11,401	Hospitality Properties	249,535	0.00%
71,573	Host Hotels & Resorts	828,479	0.01%
77,673	Hudson City Bancorp	792,506	0.01%
1	Hugoton Royalty Trust	15	0.00%
59,674	Humana	3,052,815	0.02%
12,793	Hunt J B Trans Services	239,418	0.00%
57,226	Huntington Bancshares	573,776	0.00%
1,578,768	IAC/Interactivecorp	28,870,617	0.14%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

615,355	IBM	45,187,063	0.21%
17,814	Idearc	212,495	0.00%
116,361	Illinois Tool Works	4,232,028	0.02%
7,505	Imclone Systems	219,221	0.00%
26,866	IMS Health	420,483	0.00%
28,076	Ingersoll-Rand	886,279	0.00%
1,240	Integrus Energy	43,540	0.00%
1,919,401	Intel	34,760,703	0.17%
7,785	Intercontinental Exchange	1,018,010	0.00%
48,404	International Game Technology	1,444,459	0.01%
63,742	International Paper	1,402,056	0.01%
76,436	Interpublic Group Cos	421,096	0.00%
122,900	Intersil	2,043,742	0.01%
14,285	International Flavors & Fragrances	467,045	0.00%
49,234	Intuit	1,057,188	0.01%
4,908	Intuitive Surgical	1,081,887	0.01%
52,001	Invesco	1,108,479	0.01%
70,096	Invitrogen	4,447,841	0.02%
25,815	Iron Mountain	649,189	0.00%
6,815,147	Ishares	351,474,737	1.67%
15,565	Istar Financial	275,435	0.00%
27,089	ITT	1,215,242	0.01%
211,574	J Crew Group	6,928,865	0.03%
28,297	Jabil Circuit	293,523	0.00%
18,046	Jacobs Engineering Group	1,172,052	0.01%
61,047	Janus Cap Group	1,362,267	0.01%
187,725	JC Penney	5,609,689	0.03%
28,970	JDS Uniphase	261,736	0.00%
787,585	Johnson & Johnson	35,685,021	0.17%
86,236	Johnson Controls	2,111,233	0.01%
14,466	Jones Apparel Group	157,130	0.00%
1,499,447	JPMorgan Chase	44,460,880	0.21%
767,674	Juniper Networks	17,313,210	0.08%
12,067	KB Home	177,058	0.00%
42,965	Kellogg	1,530,232	0.01%
93,296	Keycorp	1,486,170	0.01%
185,382	Kimberly Clark	8,732,007	0.04%
36,399	Kimco Realty	900,023	0.00%
6,436	Kinetic Concepts	234,164	0.00%
552,574	King Pharmaceuticals	3,843,732	0.02%
29,041	KLA Tencor	950,081	0.00%
46,457	Kohls	1,445,371	0.01%
1,086,181	Kraft Foods	24,075,869	0.11%
457,335	Kroger	8,297,954	0.04%
18,299	L-3 Communications Holdings	1,316,892	0.01%
46,572	Laboratory Corporation of America	2,389,500	0.01%
77,708	Lam Resh	2,281,990	0.01%
81,986	Lamar Advertising	2,677,173	0.01%
13,417	Las Vegas Sands	939,217	0.01%
96,582	Legg Mason	4,799,248	0.02%
24,193	Leggett & Platt	286,615	0.00%
78,646	Lehman Bros	3,496,090	0.02%
17,764	Lennar	215,881	0.00%
35,150	Leucadia National	1,124,628	0.01%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

217,563	Level 3 Communications	449,284	0.00%
12,921	Lexmark International	305,975	0.00%
24,955	Liberty Global 'A'	620,273	0.00%
24,017	Liberty Global 'B'	639,377	0.00%
78,378	Liberty Media Interactive	1,015,863	0.00%
20,036	Liberty Media Capital	1,585,486	0.01%
10,926	Liberty Property Trust	213,829	0.00%
446,264	Lilly Eli & Co	16,185,066	0.08%
52,212	Limited Brands	671,404	0.00%
84,102	Lincare Holdings	2,008,713	0.01%
39,531	Lincoln National	1,563,409	0.01%
305,585	Linear Technology	6,607,412	0.03%
14,176	Liz Claiborne	195,966	0.00%
218,087	Lockheed Martin	15,593,939	0.07%
1,072,016	Loews	18,498,884	0.09%
102,998	LSI	371,523	0.00%
15,949	M&T Bank	883,744	0.00%
10,147	Macerich	489,808	0.01%
63,450	Macys	1,115,041	0.01%
2,110	Manitowoc	69,989	0.00%
11,055	Manpower	427,301	0.00%
182,627	Marathon Oil	7,550,220	0.04%
1,297	Markel	432,686	0.00%
128,941	Marriott	2,993,821	0.02%
174,449	Marsh & McLennan Cos	3,136,788	0.01%
40,167	Marshall & Ilsley	722,520	0.00%
60,182	Marvell Technology	571,527	0.00%
266,486	Masco	3,911,937	0.02%
10,874	Mastercard	1,589,624	0.01%
57,300	Mattel	741,113	0.01%
17,673	MBIA	223,659	0.00%
52,861	McAfee	1,346,571	0.01%
16,175	Mccormick & Co	416,544	0.00%
109,787	McDermott International	4,402,368	0.02%
531,841	McDonalds	21,283,033	0.10%
367,028	McGraw Hill	10,922,829	0.05%
105,671	Mckesson	4,702,471	0.02%
25,575	MDU Resources	479,672	0.00%
27,003	Meadwestvaco	574,142	0.00%
46,272	Medco Health Solutions	3,187,270	0.02%
169,196	Medtronic	5,777,789	0.03%
25,927	MEMC Electronics Materials	1,558,508	0.01%
1,322,063	Merck & Co	52,187,406	0.25%
3,070	Mercury General	103,877	0.00%
620	Meredith	23,156	0.00%
348,156	Merrill Lynch & Co	12,695,479	0.06%
9,875	Metavante	156,433	0.00%
123,221	Metlife	5,157,855	0.03%
33,271	Metropcs Communications	439,590	0.00%
45,659	MGI Pharma	1,257,088	0.01%
11,310	MGIC Investment	172,327	0.00%
18,848	MGM Mirage	1,075,748	0.01%
31,907	Microchip Technology	681,012	0.00%
110,529	Micron Technology	544,348	0.00%
4,010,300	Microsoft	96,981,645	0.46%
116,042	Millennium Pharmaceuticals	1,180,836	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

7,423	Millipore	369,007	0.00%
115,693	Mirant	3,063,456	0.01%
8,809	Mohawk Industries	445,207	0.00%
7,543	Molex 'A'	134,607	0.00%
13,154	Molex	243,940	0.00%
20,462	Molson Coors Brewing	717,511	0.00%
357,434	Monsanto	27,118,948	0.13%
20,410	Monster Worldwide	449,211	0.00%
37,118	Moodys	900,151	0.00%
775,077	Morgan Stanley	27,963,005	0.13%
85,943	Mosaic Co	5,507,685	0.03%
336,050	Motorola	3,661,600	0.02%
28,035	Murphy Oil	1,615,712	0.01%
262,223	Mylan	2,504,487	0.01%
41,219	Nabors Industries	766,924	0.01%
90,147	National City	1,007,961	0.00%
162,901	National Oilwell	8,129,004	0.04%
40,607	National Semiconductor	624,511	0.00%
9,700	Nationwide Financial	296,581	0.00%
69,409	Navteq	3,564,514	0.02%
25,639	NCR	437,157	0.00%
51,907	Network Appliance	880,102	0.01%
43,902	New York Community Bancorp	524,283	0.00%
19,969	New York Times	237,794	0.00%
208,926	Newell Rubbermaid	3,672,987	0.02%
17,036	Newfield Exploration Co	609,875	0.00%
62,905	Newmont Mining	2,086,578	0.01%
246,794	News Corporation 'A'	3,435,099	0.02%
334,204	News Corporation 'B'	4,824,288	0.02%
730	Nicor	21,001	0.00%
22,501	NII	738,570	0.00%
189,061	Nike	8,250,308	0.04%
37,529	Nisource	481,572	0.00%
187,982	Noble	7,216,129	0.04%
25,432	Noble Energy	1,373,788	0.01%
34,843	Nordstrom	869,359	0.00%
58,191	Norfolk Southern	1,993,855	0.01%
19,985	Northeast Utilities	425,060	0.00%
154,707	Northern Trust	8,048,001	0.04%
49,980	Northrop Grumman	2,669,946	0.01%
119,780	Novell	558,990	0.00%
17,038	Novellus Systems	319,094	0.00%
30,714	NRG Energy	904,249	0.00%
12,429	Nstar	305,807	0.00%
43,988	Nucor	1,769,560	0.01%
156,487	Nvidia	3,616,390	0.02%
647	NVR	230,302	0.00%
5,954	Nymex	540,394	0.00%
38,692	NYSE Euronext	2,306,906	0.01%
378,267	Occidental Petroleum	19,783,151	0.09%
37,582	Office Depot	355,116	0.00%
10,246	Officemax	143,796	0.00%
28,199	Old Republic International	295,188	0.00%
14,702	Omnicare	227,806	0.00%
149,161	Omnicom Group	4,815,992	0.02%
1,566,616	Oracle	24,029,746	0.11%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

194,800	Owens Ill	6,550,234	0.03%
55,024	Paccar	2,036,348	0.01%
17,785	Pactiv	321,727	0.00%
19,235	Pall	526,836	0.00%
24,629	Parker Hannifin	1,259,976	0.01%
6,938	Partnerre	388,963	0.00%
15,297	Patriot Coal	433,732	0.00%
22,035	Patterson	508,178	0.00%
19,010	Patterson UTI Energy	252,072	0.00%
55,113	Paychex	1,356,017	0.01%
120,353	Peabody Energy	5,039,440	0.02%
12,065	Pentair	285,295	0.00%
42,182	Peoples Utd Financial	510,047	0.00%
28,305	Pepco	563,947	0.00%
24,083	Pepsi Bottling	645,551	0.00%
11,649	PepsiAmericas	263,667	0.00%
555,827	Pepsico	28,657,883	0.14%
33,130	PerkinElmer	585,587	0.00%
16,524	Petsmart	264,119	0.00%
1,987,058	Pfizer	30,681,223	0.15%
432,139	PG&E	12,649,188	0.06%
96,200	Pharmerica	907,042	0.00%
14,576	Pinnacle West Cap	419,923	0.00%
17,095	Pioneer Natural Resources	567,162	0.00%
32,021	Pitney Bowes	827,443	0.00%
14,606	Plains Exploration & Production	535,782	0.00%
25,220	Plum Creek Timber Co	788,757	0.01%
10,500	PMI Group	94,722	0.00%
211,512	PNC Financial Services Group	9,432,622	0.04%
950	Polo Ralph Lauren	39,875	0.00%
33,990	Popular	244,748	0.00%
23,595	PPG	1,125,655	0.01%
247,935	PPL	8,773,136	0.04%
137,856	Praxair	8,307,320	0.04%
20,255	Precision Castparts	1,908,409	0.01%
38,657	Price T Rowe Group	1,598,694	0.01%
23,200	Pride International	534,257	0.00%
38,898	Principal Financial Group	1,818,992	0.01%
1,141,554	Procter & Gamble	56,934,240	0.27%
139,728	Progress Energy	4,596,853	0.02%
102,201	Progressive Corp Ohio	1,330,189	0.01%
180,235	Prologis	7,759,863	0.04%
8,430	Protective Life	234,902	0.00%
187,104	Prudential Financial	11,825,390	0.06%
19,321	Public Storage	963,491	0.00%
37,189	Public Service Enterprise	2,481,793	0.01%
26,501	Puget Energy	493,800	0.00%
34,184	Pulte Homes	244,752	0.00%
2,220	Qlogic	21,414	0.00%
919,427	Qualcomm	24,576,763	0.12%
96,779	Quest Diagnostics	3,477,759	0.02%
26,049	Questar	957,307	0.00%
260,405	Qwest Communications	1,240,024	0.01%
8,597	R H Donnelley	213,042	0.00%
41,000	Radiation Therapy Services	860,886	0.00%
694,641	Radio Shack	7,955,742	0.04%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

2,420	Range Resources	84,431	0.00%
63,423	Raytheon Co	2,615,159	0.01%
8,324	Regency Centers	364,659	0.00%
104,721	Regions Financial	1,682,394	0.01%
45,731	Reliant Energy	815,149	0.00%
8,870	Renaissance	362,970	0.00%
125,602	Republic Services	2,674,834	0.01%
773,159	Resmed	2,745,300	0.01%
32,026	Reynolds Amern	1,434,981	0.01%
22,717	Robert Half International	417,273	0.00%
39,638	Rockwell Automation	1,856,828	0.01%
110,646	Rockwell Collins	5,409,410	0.03%
22,955	Rohm & Haas Co	827,540	0.01%
16,832	Ross Stores	292,368	0.00%
15,144	Rowan Cos	405,939	0.00%
21,274	Royal Caribbean Cruises	613,320	0.00%
8,256	Ryder Systems	263,647	0.00%
14,211	Safeco	537,510	0.00%
253,611	Safeway	5,893,643	0.03%
33,289	Sandisk	750,082	0.00%
60,400	Sandridge Energy	1,471,329	0.01%
164,620	Sara Lee	1,795,936	0.01%
14,096	Scana	403,605	0.00%
12,441	Schein Henry	518,903	0.00%
487,913	Schering Plough	8,829,565	0.04%
719,849	Schlumberger	48,102,402	0.23%
1,462,384	Schwab Charles	25,381,368	0.12%
13,024	Scripps Co	398,214	0.00%
69,514	Seagate Technology	1,204,135	0.01%
22,279	Sealed Air	350,205	0.00%
14,951	Sears	1,036,444	0.00%
21,261	SEI Investment Co	464,620	0.00%
38,270	Sempra Energy	1,608,687	0.01%
12,977	Sepracor	231,402	0.00%
59,048	Sherwin Williams	2,328,066	0.01%
49,278	Sierra Health	1,404,595	0.01%
19,197	Sigma Aldrich	712,014	0.00%
117,538	Simon Property	6,935,229	0.03%
206,110	Sirius Satellite Radio	424,233	0.00%
62,755	SLM	858,560	0.01%
29,412	Smith International	1,475,495	0.01%
19,509	Smithfield Foods	383,262	0.00%
22,955	Smurfit-Stone Container	164,666	0.00%
930	Snap On	30,476	0.00%
109,737	Southern Co	2,888,600	0.01%
149,896	Southern Copper	10,704,821	0.05%
107,458	Southwest Airlines	890,556	0.01%
68,241	Sovereign Bancorp	528,461	0.00%
408,867	Spectra Energy	7,171,351	0.03%
1,485,122	Sprint Nextel	13,246,146	0.06%
26,410	SPX	1,845,166	0.01%
9,036	St Joe Company	217,966	0.00%
538,907	St Jude Medical	14,877,509	0.07%
11,338	Stanley Works	373,389	0.00%
107,331	Staples	1,682,037	0.01%
380,720	Starbucks	5,294,028	0.03%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

30,535	Starwood Hotels & Resorts	913,291	0.01%
57,005	State Street	3,144,356	0.01%
43,743	Stryker	2,220,282	0.01%
553	Student Loan	41,322	0.00%
1,364,447	Sun Microsystems	16,804,174	0.08%
17,222	Sunoco	847,471	0.00%
201,460	Suntrust Banks	8,551,889	0.04%
358,041	Supervalu	9,125,534	0.04%
124,443	Symantec	1,364,384	0.01%
114,512	Synopsys	2,017,048	0.01%
48,309	Synovus	790,219	0.01%
89,262	Sysco	1,892,444	0.01%
234,679	Target	7,970,892	0.04%
15,700	TCF Financial	191,224	0.00%
39,002	TD Ameritrade	531,472	0.00%
33,572	Teco Energy	392,483	0.00%
8,540	Teekay	308,684	0.00%
83,366	Telephone & Data Systems	3,545,080	0.02%
8,663	Telephone & Data Systems 'Special'	338,964	0.00%
59,888	Tellabs	266,060	0.00%
12,775	Temple Inland	180,938	0.00%
7,700	Tenet Healthcare	26,571	0.00%
26,430	Teradata	492,117	0.00%
25,559	Teradyne	179,526	0.00%
14,749	Terex	656,947	0.01%
2,220	Tesoro	71,934	0.00%
481,230	Teva Pharmaceutical	15,194,328	0.07%
558,384	Texas Instruments	12,668,994	0.06%
37,253	Textron	1,804,320	0.01%
365,586	Thermo Fisher Scientific	14,324,435	0.07%
19,814	Tiffany & Co	619,549	0.01%
22,866	Time Warner Cable	428,708	0.00%
979,973	Time Warner	10,990,662	0.05%
1,420	Titanium Metals	25,514	0.00%
107,780	TJX	2,103,471	0.01%
13,963	Toll Bros	190,271	0.00%
12,989	Torchmark	534,083	0.01%
4,849	Total Systems Services	92,230	0.00%
79,182	Trane	2,512,459	0.01%
3,810	Transatlantic	188,080	0.00%
104,997	Transocean	10,210,122	0.05%
101,214	Travelers Cos	3,699,010	0.02%
15,677	Tri Continental	222,573	0.00%
73,330	Tyco Electronics	1,849,564	0.01%
72,924	Tyco International	1,964,158	0.01%
38,969	Tyson Foods	405,811	0.00%
33,300	UAP	873,161	0.01%
38,812	Union Pac	3,311,978	0.02%
6,725	Unionbancal	223,436	0.00%
47,553	Unisys Corp	152,792	0.00%
315,323	United Parcel Service	15,148,185	0.07%
21,700	United States Cellular	1,239,705	0.01%
17,608	United States Steel	1,446,222	0.01%
270,585	United Technologies	14,068,729	0.07%
189,163	Unitedhealth Group	7,478,627	0.04%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
United States (continued)			
6,036	Unitrin	196,772	0.00%
6,214	Universal Health Services	216,124	0.00%
80,376	Unum Group	1,298,923	0.01%
14,989	Urban Outfitters	277,563	0.00%
719,754	US Bancorp	15,518,641	0.07%
178,937	UST	6,661,061	0.03%
15,865	VF	739,957	0.01%
81,173	Valero Energy	3,861,521	0.02%
14,755	Valley National Bancorp	191,040	0.00%
19,313	Varian Medical Systems	684,305	0.01%
35,422	Verisign	904,980	0.00%
1,095,820	Verizon Communications	32,522,502	0.15%
233,254	Viacom	6,959,117	0.03%
42,623	Virgin Media	496,269	0.00%
6,473	Visual Sciences	81,259	0.00%
21,535	Vornado Realty Trust	1,286,599	0.01%
16,156	Vulcan Materials	867,997	0.01%
8,850	Wabco	301,132	0.00%
290,017	Wachovia	7,492,254	0.04%
802,291	Wal Mart Stores	25,903,737	0.13%
145,476	Walgreen Co	3,763,145	0.02%
128,644	Washington Mutual	1,189,352	0.01%
405	Washington Post Co	217,736	0.00%
347,798	Waste Management	7,718,606	0.04%
32,427	Waters	1,741,731	0.01%
104,852	Watson Pharmaceuticals	1,933,077	0.01%
369,925	Weatherford International	17,238,540	0.08%
4,760	Weight Watchers	146,088	0.00%
10,394	Weingarten Realty	221,987	0.00%
210,803	Wellpoint	12,562,833	0.06%
1,404,584	Wells Fargo & Co	28,805,374	0.14%
11,894	Wendys International	208,777	0.00%
174	Wesco Financial	48,107	0.00%
1,203,002	Western Union	19,841,647	0.10%
31,525	Weyerhaeuser Co	1,579,141	0.01%
11,309	Whirlpool	627,100	0.01%
1,355	White Mountains	473,159	0.00%
21,643	Whole Foods Market	599,847	0.00%
87,729	Williams Cos	2,132,290	0.01%
197,464	Williams Sonoma	3,474,164	0.02%
7,750	Windstream	68,545	0.00%
15,224	Wisconsin Energy	503,744	0.00%
135,914	Wrigley W Jr Co	5,405,723	0.03%
431,911	Wyeth	12,965,252	0.06%
24,812	Wyndham Worldwide	397,100	0.00%
4,491	Wynn Resorts	342,080	0.00%
272,289	Xcel Energy	4,174,691	0.02%
138,863	Xerox	1,527,200	0.01%
43,547	Xilinx	646,948	0.00%
206,021	XL Cap	7,040,905	0.04%
40,846	XM Satellite Radio	339,620	0.00%
109,277	XTO Energy	3,812,549	0.02%
468,494	Yahoo	7,402,466	0.04%
74,902	Yum Brands	1,947,217	0.01%
8,331	Zebra Technologies	196,376	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
United States (continued)			
61,079	Zimmer Holdings	2,744,634	0.01%
52,464	Zions Bancorporation	1,663,979	0.01%
		3,925,152,664	18.64%
United States - Net Short Positions			
(3,172)	Omniture	(71,731)	0.00%
		(71,731)	0.00%
United States Total		3,925,080,933	18.64%
Total North American Equities		4,116,196,259	19.55%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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JAPAN

Japan

54,000	77th Bank	228,861	0.00%
4,700	ABC-Mart	69,533	0.00%
16	Acca Networks	16,395	0.00%
14,840	Acom	205,599	0.00%
15,700	Adeka	108,900	0.00%
27,800	Advantest	536,009	0.01%
112,400	Aeon	1,116,299	0.01%
14,600	Aeon Credit	146,947	0.00%
13,600	Aeon Mall	243,255	0.00%
3,900	Ahresty	43,036	0.00%
1,400	Aichi Bank	80,895	0.00%
1,100	Aichi	7,236	0.00%
26,000	Aichi Machine	35,154	0.00%
15,000	Aichi Steel Works	49,930	0.00%
16,000	Aida Engineering	59,565	0.00%
10,550	Aifu	127,677	0.00%
774,000	Aioi Insurance	2,477,851	0.01%
3,400	Aiphone	35,519	0.00%
13,600	Aisan Industry	110,908	0.00%
182,400	Aisin Seiki	5,153,604	0.02%
99,000	Ajinomoto	762,924	0.00%
31,000	Akita Bank	96,235	0.00%
5,600	Alfresa	228,849	0.00%
121,000	All Nippon Airways	302,995	0.00%
300	Aloka	2,892	0.00%
72,400	Alpine Electronics	822,198	0.01%
238,500	Alps Electric	2,095,352	0.01%
57,000	Amada	339,380	0.00%
4,900	AOC Holdings	48,248	0.00%
2,100	AOI Electronics	16,196	0.00%
10,000	Aoki	119,202	0.00%
12,900	Aoyama Trading	227,606	0.00%
154,000	Aozora Bank	305,330	0.00%
29,300	Arcs	246,580	0.00%
67,500	Asahi Breweries Npv	774,328	0.01%
13,000	Asahi Diamond	63,609	0.00%
384,000	Asahi Glass	3,490,062	0.02%
705,000	Asahi Kasei	3,180,258	0.02%
10,600	Asahi Pretec	196,023	0.00%
7,200	Asatsu-Dk	136,640	0.00%
30,000	Asics	292,852	0.00%
73,000	Astellas Pharma	2,155,520	0.01%
70,000	Atrium	982,538	0.00%
8,700	Autobacs Seven	119,478	0.00%
33,000	Awa Bank	126,654	0.00%
52,000	Bank Of Kyoto	418,068	0.00%
35,000	Bank Of Nagoya	145,152	0.00%
610,000	Bank Of Yokohama	2,899,654	0.01%
15,300	Belluna	72,544	0.00%
14,800	Benesse	428,036	0.00%
33	BIC Camerica	17,287	0.00%
200	BML	2,169	0.00%
33,000	Bosch	108,846	0.00%
434,100	Bridgestone	5,232,467	0.02%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

53,900	Brother	471,580	0.00%
14,300	CKD	69,536	0.00%
15,000	Calsonic Kansei	51,931	0.00%
6,000	Canon Finetech	57,515	0.00%
605,458	Canon	19,089,198	0.09%
193,700	Canon Marketing Japan	2,442,830	0.01%
38,900	Casio Computer	306,379	0.00%
3,400	Cawachi	59,371	0.00%
50,000	Central Glass	128,539	0.00%
317	Central Japan	1,831,692	0.01%
73,000	Century Leasing	430,661	0.00%
487,000	Chiba Bank	2,687,019	0.01%
27,000	Chiyoda	208,397	0.00%
5,600	Chofu Seisakusho	59,249	0.00%
973,000	Chori	678,439	0.01%
110,100	Chubu Electric	1,945,925	0.01%
1,500	Chubu Nippon	9,904	0.00%
4,400	Chubu Steel	28,145	0.00%
3,400	Chudenko	42,363	0.00%
41,400	Chugai Pharmaceutical	401,625	0.00%
34,000	Chugoku Bank	321,797	0.00%
51,800	Chugoku Electric Power	683,108	0.01%
16,000	Chukyo Bank	31,626	0.00%
64,000	Chuo Denki Kogyo	393,864	0.00%
183,000	Chuo Mitsui Trust	950,894	0.00%
8,000	Circle K Sunkus	80,276	0.00%
53,100	Citizen	350,609	0.00%
3,100	Cleanup	13,533	0.00%
14	Coca Cola Central	72,661	0.00%
10,400	Coca-Cola West	156,066	0.00%
1,500	Copal	13,206	0.00%
4,600	Corona	39,884	0.00%
129,000	Cosmo Oil	328,503	0.00%
33,700	Credit Saison	625,247	0.01%
11,000	CSK	241,436	0.00%
102,000	Dai Nippon	1,016,104	0.00%
681,000	Daicel Chemical	2,766,446	0.02%
60,000	Daido Steel	305,220	0.00%
26,450	Daiei	96,223	0.00%
90,000	Daifuku	867,641	0.00%
362,000	Daihatsu Motor Co	2,306,809	0.01%
728,000	Daiichi Chuo Kisen	2,555,702	0.01%
42,700	Daiichi Kosho	312,231	0.00%
200,800	Daiichi Sankyo	4,188,152	0.02%
101,200	Daikin Industries	3,841,096	0.02%
2,400	Daikoku Denki	16,240	0.00%
15,000	Dainichiseika C&C	43,018	0.00%
111,000	Dainippon Ink & Chemicals	376,887	0.00%
62,000	Dainippon Screen	234,948	0.00%
30,000	Dainippon Sumitomo Pharma	148,790	0.00%
69,000	Daishi Bank	190,772	0.00%
11,000	Daishinku	40,284	0.00%
4,400	Daisy	40,150	0.00%
17,700	Daito Trust Construction	664,300	0.01%
235,000	Daiwa House Industry	2,056,054	0.01%
263,000	Daiwa Securities	1,620,130	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

4,700	Data Communications Systems	50,839	0.00%
214	Dena	700,661	0.00%
91,000	Denki Kagaku Kogyo	268,702	0.00%
287,900	Denso	7,994,797	0.04%
1,759	Dentsu	3,156,879	0.01%
5,800	Denyo	34,920	0.00%
3,200	Disco	121,652	0.00%
72,600	Don Quijote	968,411	0.00%
57,000	Dowa	270,951	0.00%
1,000	Duskin	11,775	0.00%
2,300	Dydo Drinco	58,012	0.00%
2,768	East Japan Railway	15,473,812	0.07%
63,000	Ebara	145,916	0.00%
14,700	Edion	108,291	0.00%
41,900	Eisai	1,117,808	0.01%
5,300	Eizo Nanao	92,548	0.00%
31,000	Electric Power	783,787	0.00%
18,000	Elpida Memory	423,452	0.00%
5,300	Espec	26,511	0.00%
21,000	Ezaki Glico	138,659	0.00%
49,200	Familymart	1,041,096	0.00%
102,800	Fanuc	6,781,446	0.03%
10,200	Fast Retailing	493,518	0.00%
76	Fields	66,355	0.00%
39,000	Foster Electric	737,768	0.00%
129,000	Fuji Electric	305,821	0.00%
45,000	Fuji Fire & Marine Insurance	82,126	0.00%
110,000	Fuji Heavy	348,148	0.00%
51,900	Fuji Machine Manufacturing	761,523	0.00%
10,600	Fuji Soft	113,372	0.00%
88	Fuji Television Network	98,709	0.00%
166,400	Fujifilm	4,772,158	0.03%
73,000	Fujikura	251,404	0.00%
9	Fujishoji	4,878	0.00%
18,000	Fuji-Tec	70,503	0.00%
4,700	Fujitsu Business Systems	37,302	0.00%
6,600	Fujitsu Kiden	36,015	0.00%
939,000	Fujitsu	4,287,073	0.02%
161,000	Fukuoka Financial Group	638,416	0.00%
52,000	Fukuyama Transporting	141,878	0.00%
2,000	Funai Electric	58,934	0.00%
100,000	Furukawa Electric	263,142	0.00%
800	Furuno Electric	7,800	0.00%
4,800	Futaba	62,863	0.00%
2,000	Futaba Industrial	37,955	0.00%
115,100	Fuyo General Lease	2,062,211	0.01%
10,500	Glory Kogyo	165,843	0.00%
7,030	Gulliver International	326,501	0.00%
71,000	Gunma Bank	317,698	0.00%
32,000	Gunze	95,653	0.00%
19,000	H2O Retailing	100,685	0.00%
75,000	Hachijuni Bank	342,873	0.00%
5,420	Hakuhodo	203,747	0.00%
4,900	Hakuto	45,218	0.00%
152,100	Hamamatsu Photonics	3,412,175	0.02%
234,000	Hankyu Hanshin	685,273	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

232,500	Haseko	272,070	0.00%
31,100	Heiwa	186,302	0.00%
10,400	Heiwado	120,565	0.00%
5,000	Hibiya Engineering	26,981	0.00%
33,000	Higo Bank	145,062	0.00%
3,200	Hikari Tsushin	74,116	0.00%
42,000	Hino Motors	185,133	0.00%
5,600	Hirose Electronics	438,683	0.00%
87,000	Hiroshima	319,663	0.00%
9,100	Hisamitsu	187,595	0.00%
27,000	Hitachi Cable	108,701	0.00%
205,500	Hitachi Capital	1,790,478	0.01%
125,300	Hitachi Chemical	1,956,269	0.01%
16,100	Hitachi	327,018	0.00%
188,700	Hitachi High Technologies	2,797,378	0.01%
17,100	Hitachi Koki	182,477	0.00%
14,000	Hitachi Kokusai Electric	116,207	0.00%
14,700	Hitachi Maxell	120,948	0.00%
7,000	Hitachi Medical	39,089	0.00%
27,000	Hitachi Metals	246,868	0.00%
470,000	Hitachi	2,373,795	0.01%
3,500	Hitachi Software Engineering	44,883	0.00%
2,300	Hitachi Systems	34,305	0.00%
11,700	Hitachi Transport	85,907	0.00%
30,000	Hokkaido	440,187	0.00%
48,000	Hokkoku Bank	149,009	0.00%
194,000	Hokuhoku Financial	382,283	0.00%
30,700	Hokuriku Electric Power	433,705	0.00%
348,200	Honda Motor	7,916,995	0.04%
10,300	House Food Industrial	117,532	0.00%
60,700	Hoya Pentax	1,310,204	0.01%
51,000	Hyakugo Bank	191,718	0.00%
43,000	Hyakujushi Bank	146,262	0.00%
21,500	Ibiden	1,010,277	0.00%
15,100	IBJ Leasing	167,818	0.00%
26,800	Idemitsu Kosan	1,925,544	0.01%
760	IDU	576,002	0.01%
211,000	IHI	298,084	0.00%
12,200	Inabata & Co	42,459	0.00%
132	Inpex	968,411	0.00%
31,300	Isetan	288,272	0.00%
241,000	Isuzu Motors	742,303	0.01%
12,800	Ito En	164,918	0.00%
221,000	Itochu	1,463,239	0.01%
5,000	Itochu Techno Solution	113,988	0.00%
46,000	Itoham Food	135,548	0.00%
46,000	Iyo Bank	304,844	0.00%
11,400	Izumi	115,638	0.00%
76,200	J Front Retailing	456,008	0.00%
6,700	Jafco	149,494	0.00%
1,500	Jalux	17,426	0.00%
169,000	Japan Airlines	261,293	0.00%
85,000	Japan Aviation Electronics	841,599	0.01%
5,400	Japan Petroleum	267,495	0.00%
25,000	Japan Pulp & Paper	62,754	0.00%
245,000	Japan Radio	564,482	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

170,300	Japan Securities Finance	1,003,648	0.00%
54,000	Japan Steel Works	539,247	0.00%
938	Japan Tobacco	3,799,090	0.02%
5,000	Japan Wool Textile	25,435	0.00%
86,400	JFE	2,965,040	0.02%
476,000	JFE Shojj	2,072,200	0.01%
36,000	JGC	421,051	0.00%
116,000	Joyo Bank	439,580	0.00%
189,700	JS	2,057,681	0.01%
35,700	JSR	624,474	0.00%
304,400	Jtekt	3,709,719	0.02%
127,000	Juki	529,006	0.00%
51,000	Juroku Bank	190,172	0.00%
71	Kabu Com Securities	66,295	0.00%
23,000	Kagawa Bank	87,158	0.00%
35,000	Kagoshima Bank	162,342	0.00%
147,000	Kajima	325,320	0.01%
22,000	Kaken Pharmaceutical	104,578	0.00%
8,000	Kamei	25,271	0.00%
39,000	Kamigumi	191,299	0.00%
8,000	Kanaden	30,704	0.00%
15,000	Kandenko	57,297	0.00%
33,000	Kaneka	185,279	0.00%
496,000	Kanematsu	508,240	0.00%
190,400	Kansai Electric Power	3,007,288	0.02%
38,000	Kansai Paint	186,394	0.00%
26,000	Kansai Urban Banking	55,648	0.00%
84,600	Kanto Tsukuba Bank	347,264	0.00%
103,000	KAO	2,098,345	0.01%
15,000	Kasumi	54,932	0.00%
49,900	Kato Sangyo	400,580	0.00%
1,542,000	Kawasaki Heavy Industries	3,094,658	0.01%
246,000	Kawasaki Kisen Kaisha	1,637,713	0.01%
1,043	Kddi	5,261,480	0.02%
105,000	Keihan Electric Railway	277,572	0.00%
9,000	Keihanshin Real Estate	27,230	0.00%
75,000	Keihin	312,405	0.00%
90,000	Keio	369,975	0.00%
48,000	Keisei	174,037	0.00%
27,000	Keiyo Bank	105,427	0.00%
3,000	Keiyo Gas	10,732	0.00%
7,100	Keyence	1,186,849	0.01%
27,000	Kikkoman Shoyu	251,616	0.00%
38,000	Kinden	202,292	0.00%
26,000	Kinki Nippon Tourist	30,898	0.00%
237,000	Kintetsu	498,630	0.00%
15,000	Kioritz	22,646	0.00%
140,000	Kirin	1,392,955	0.01%
1,700	Kita Nippon Bank	42,054	0.00%
400	Kitagawa Industries	4,244	0.00%
4,000	Kobayashi Pharmaceuticals	101,376	0.00%
442,000	Kobe Steel	975,493	0.00%
3,800	Koei	49,075	0.00%
46,600	Kohnan Shoji	542,202	0.00%
15,000	Koito Manufacturing	138,786	0.00%
18,100	Kokuyo	110,841	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

519,500	Komatsu	9,575,456	0.05%
7,600	Komeri	138,240	0.00%
12,400	Komori	187,207	0.00%
20,100	Konami	446,044	0.00%
74,000	Konica Minolta	887,928	0.00%
4,600	Kose	82,975	0.00%
121,000	Kubota	555,369	0.01%
43,000	Kurabo Industries	65,440	0.00%
71,500	Kuraray	589,150	0.01%
32,000	Kureha	116,413	0.00%
18,500	Kurita Water	380,252	0.00%
106,700	Kyocera	6,411,186	0.03%
3,100	Kyoei Steel	39,001	0.00%
6,800	Kyokuto Kaihatsu	34,014	0.00%
4,000	Kyorin	29,588	0.00%
30,000	Kyowa Execo	154,065	0.00%
56,193	Kyowa Hakko Kogyo	406,806	0.00%
67,500	Kyushu Electric Power	1,125,477	0.01%
14,600	Lawson	350,549	0.00%
22,300	Leopalace 21	406,979	0.00%
6,900	Lintec	79,488	0.00%
42,000	Lion	135,985	0.00%
6,600	Mabuchi Motor	269,714	0.00%
2,600	Macnica	37,204	0.00%
55,000	Maeda	127,721	0.00%
18,000	Maeda Road Construction	97,787	0.00%
3,700	Maezawa Kaisei Industries	29,792	0.00%
155,600	Makita	4,471,861	0.02%
6,400	Mandom	115,831	0.00%
245,000	Marubeni	1,177,985	0.01%
1,000	Marudai Food	1,479	0.00%
85,000	Maruetsu	368,490	0.00%
53,700	Marui Group	359,129	0.00%
13,700	Maruichi Steel Tube	230,922	0.00%
23,990	Matsuda Sangyo	379,639	0.00%
20,000	Matsui Securities	107,318	0.00%
500	Matsumoto Yushi Seiyaku	7,700	0.00%
7,500	Matsumotokiyoshi	123,689	0.00%
728,000	Matsushita	10,218,395	0.05%
42,000	Matsushita Electric Works	315,006	0.00%
4,600	Matsuya Foods	38,740	0.00%
8,000	Max	62,329	0.00%
131,000	Mazda Motor	443,206	0.00%
33,800	Mediceo Paltac	339,168	0.00%
46,000	Meiji Dairies	158,977	0.00%
54,000	Meiji Seika	155,521	0.00%
4,000	Meiko Trans Co	33,469	0.00%
28,000	Mercian	36,500	0.00%
18,000	Mie Bank	61,990	0.00%
10,400	Mikuni Coca Cola	76,173	0.00%
115,900	Millea	2,649,263	0.01%
74,000	Minebea	321,700	0.00%
75,000	Misubishi Ufj Nicos	113,230	0.00%
8,200	Misumi	96,950	0.00%
6,300	Mitani	40,261	0.00%
9,000	Mitsuba	35,688	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

256,000	Mitsubishi Chemical	1,331,765	0.01%
571,200	Mitsubishi	10,597,659	0.05%
750,000	Mitsubishi Electric	5,311,344	0.03%
193,000	Mitsubishi Estate	3,153,671	0.01%
70,000	Mitsubishi Gas & Chemical	466,865	0.00%
1,882,000	Mitsubishi Heavy	5,488,643	0.03%
25,000	Mitsubishi Logistics	190,081	0.00%
555,000	Mitsubishi Material	1,608,500	0.01%
764,000	Mitsubishi Motor	875,499	0.00%
83,000	Mitsubishi Rayon	273,261	0.00%
35,000	Mitsubishi Tanabe	224,732	0.00%
3,838,180	Mitsubishi Ufj Financial	24,365,332	0.12%
11,190	Mitsubishi Ufj Lease & Finance	251,712	0.00%
251,000	Mitsui & Co	3,599,193	0.02%
110,000	Mitsui Chemicals	489,541	0.00%
116,000	Mitsui Engineering & Shipping	306,651	0.00%
857,828	Mitsui Fudosan	12,638,828	0.06%
5,100	Mitsui High-Tec	34,911	0.00%
127,000	Mitsui Mining & Smelt	344,971	0.00%
170,000	Mitsui O.S.K. Lines	1,469,836	0.01%
59,000	Mitsui Sugar	143,091	0.00%
614,000	Mitsui Sumitomo Insurance	4,050,397	0.02%
72,000	Mitsukoshi	221,767	0.00%
222,100	Mitsumi Electric	5,117,201	0.03%
11,700	Mitsuuroko	55,404	0.00%
8,000	Miyazaki Bank	22,118	0.00%
4,928	Mizuho	15,955,568	0.08%
69,000	Mizuho Investors Securities	69,866	0.00%
281,000	Mizuho Trust & Banking	354,381	0.00%
18,000	Mochida Pharmaceutical	111,538	0.00%
218	Monex Beans	98,076	0.00%
225,200	Mori Seiki	2,949,324	0.02%
11,000	Morinaga Milk Industry	21,809	0.00%
13,000	Mory Industries	26,720	0.00%
18,300	Moshimoshi Hotline	625,793	0.01%
42,300	Murata Manufacturing	1,661,941	0.01%
4,800	Musashino Bank	154,538	0.00%
187,000	N.G.K. Spark Plug	2,217,741	0.01%
13,000	Nagase & Company	91,590	0.00%
123,000	Nagoya Railroad	240,138	0.00%
15,000	Nakayama Steel Works	20,827	0.00%
336,100	Namco Bandai Holdings	3,560,096	0.02%
52,000	Nanto Bank	180,658	0.00%
4,000	NE Chemcat	47,293	0.00%
288,000	NEC	899,291	0.01%
4,600	NEC Electronics	74,329	0.00%
1,900	NEC Leasing	18,881	0.00%
8,400	NEC Systems	72,118	0.00%
50,000	NGK Insulators	918,571	0.00%
34,000	NHK Spring	212,126	0.00%
27,000	Nice	56,151	0.00%
9,000	Nichia Steel Works	21,009	0.00%
18,000	Nichicon	123,871	0.00%
43,000	Nichirei	121,233	0.00%
10,700	Nidec	537,173	0.00%
18,000	Nidec Sankyo	99,970	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

207	Nihon M&A Center	707,864	0.00%
105,000	Nihon Parkerizing	952,404	0.00%
26,000	Nihon Yamamura Glass	37,834	0.00%
54,000	Nikko Cordial	544,158	0.00%
56,000	Nikon	1,314,012	0.01%
41,600	Nintendo	16,874,067	0.08%
9,000	Nippei Toyama	51,731	0.00%
30,000	Nippo	147,335	0.00%
190,000	Nippon Beet Sugar	271,873	0.00%
26,000	Nippon Chemical Industrial	43,982	0.00%
116,000	Nippon Chemical	476,857	0.01%
4,000	Nippon Densetsu Kogyo	18,117	0.01%
45,000	Nippon Electric Glass	498,211	0.00%
148,000	Nippon Express	515,976	0.00%
47,000	Nippon Flour Mills	122,252	0.00%
30,000	Nippon Kayaku	132,966	0.00%
21,000	Nippon Koei	35,906	0.00%
49,000	Nippon Konpo	439,702	0.00%
137,000	Nippon Light Metal	161,978	0.00%
32,000	Nippon Meat Packers	218,662	0.00%
251,000	Nippon Metal Industry	520,475	0.00%
129,500	Nippon Mining	562,190	0.01%
209,000	Nippon Oil	1,151,889	0.01%
37,000	Nippon Paint	123,161	0.00%
155	Nippon Paper	315,770	0.01%
21,000	Nippon Road	19,990	0.00%
124,000	Nippon Sheet Glass	429,297	0.00%
12,000	Nippon Shinyaku	75,377	0.00%
27,000	Nippon Shokubai	175,984	0.00%
40,000	Nippon Soda	109,865	0.00%
1,730,000	Nippon Steel	7,258,594	0.04%
2,115	Nippon Telegraph & Telephone	7,168,404	0.04%
950	Nippon Television Network	86,343	0.00%
30,500	Nippon Yakin Kogyo	143,688	0.00%
531,000	Nippon Yusen	2,858,958	0.01%
120,000	Nipponkoa Insurance	739,950	0.01%
15,000	Nipro	204,178	0.00%
20,220	NIS	28,443	0.00%
31,000	Nishimatsu Construction	58,643	0.00%
111,000	Nishi-Nippon City Bank	188,444	0.00%
56,000	Nishi-Nippon Railroad	125,290	0.00%
34,000	Nissan Chemical Industries	301,182	0.01%
713,100	Nissan Motor	5,318,092	0.03%
200,000	Nissan Shatai	1,103,498	0.01%
45,000	Nissay Dowa General Insurance	148,427	0.00%
4,200	Nisshin Fudosan	19,787	0.00%
47,000	Nisshin Oillio	119,687	0.00%
36,000	Nisshin Seifun	245,122	0.00%
139,000	Nisshin Steel	331,213	0.01%
28,000	Nisshinbo Industries	232,074	0.00%
17,900	Nissin Food Products	391,797	0.00%
54,250	Nitori	1,763,051	0.01%
14,000	Nittetsu Mining	65,361	0.00%
113,000	Nittetsu Shoji	208,967	0.00%
24,700	Nitto Denko	886,582	0.01%
7,400	Nitto Kogyo	54,424	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

1,600	Nitto Kohki	21,633	0.00%
8,000	NOF	21,779	0.00%
3,000	Nohmi Bosai	13,679	0.00%
24,100	NOK	347,041	0.00%
673,400	Nomura	7,737,179	0.04%
146,400	Nomura Research Institute	3,266,549	0.02%
11,200	Nomura	183,351	0.00%
25,000	Noritake	67,301	0.00%
3,500	Noritsu Koiki	47,323	0.00%
3,000	Ns Solutions	59,844	0.00%
80,000	NSK	565,573	0.01%
66,000	NTN	388,565	0.00%
209	NTT Data	629,800	0.01%
5,043	NTT Docomo	5,687,249	0.03%
245	NTT Urban Development	268,872	0.00%
100,000	Obayashi	340,751	0.00%
1,100	Obic Business Consultant	43,418	0.00%
920	Obic	115,244	0.00%
103,000	Odakyu Electric Railway	444,025	0.00%
42,000	Ogaki Kyoritsu	158,394	0.00%
600	Ohara	6,541	0.00%
6,000	Ohmoto Gumi	23,937	0.00%
5,560	Oiles	70,288	0.00%
13,000	Oita Bank	55,411	0.00%
148,000	OJI Paper	492,645	0.00%
19,000	Okasan	73,152	0.00%
96,000	OKI Elec Industry	101,861	0.00%
2,000	OKK	2,922	0.00%
24,000	Okuma	175,202	0.00%
8,000	Okuwa	71,691	0.00%
38,000	Olympus	1,064,452	0.01%
11,500	OMC Card	26,914	0.00%
171,200	Omron	2,766,313	0.02%
107,900	Ono Pharmaceutical	3,415,012	0.02%
1,700	Onoken	12,132	0.00%
25,000	Onward	173,710	0.00%
4,800	Oracle	143,479	0.00%
7,500	Oriental Land	306,494	0.00%
41,760	Orix	4,833,556	0.02%
313,000	Osaka Gas	836,919	0.00%
8,100	Osaka Securities Finance	14,881	0.00%
5,700	Osaka Steel	53,776	0.00%
2,700	Osaka Titanium Technologies	136,531	0.00%
2,400	Otsuka Shokai	139,550	0.00%
8,000	Pacific Industrial	26,047	0.00%
308,000	Pacific Metals	2,007,518	0.01%
13,000	Panahome	59,274	0.00%
46,400	Parco	391,895	0.00%
20,400	Park 24	107,733	0.00%
2,600	Piolax	37,440	0.00%
25,000	Pioneer	153,095	0.00%
18,850	Promise	317,729	0.00%
21,700	QP	153,149	0.00%
858	Resona	1,045,644	0.00%
31,400	Ricoh Leasing	450,258	0.00%
275,000	Ricoh	3,443,127	0.02%
14,000	Riken Vinyl Industry	24,192	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

7,500	Rinnai	165,980	0.00%
3,900	Riso Kagaky	47,104	0.00%
22,300	Rohm	1,318,286	0.01%
210,000	Rohto Pharmaceutical	1,609,410	0.01%
6,100	Roland	119,093	0.00%
59	Round One	79,773	0.00%
9,900	Royal Co	69,930	0.00%
10,000	Ryoden Trading	47,172	0.00%
5,200	Ryohin Keikaku	212,818	0.00%
2,300	Ryosan	38,489	0.00%
10,500	Ryoyo Electric	92,185	0.00%
59,000	Sagami Railway	139,514	0.00%
37,000	Saizeriya	372,625	0.00%
21,000	Sakai Chemical	67,992	0.00%
28,000	Sanden	97,787	0.00%
24,000	San-In Godo Bank	129,946	0.00%
23,000	Sanken Electric	83,811	0.00%
9,100	Sankyo	286,358	0.00%
12,100	Santen Pharmaceutical	202,853	0.00%
30,000	Sanwa	100,224	0.00%
261,000	Sanyo Electric	243,703	0.00%
56	Sapporo Hokuyo	338,180	0.00%
55,000	Sapporo	300,127	0.00%
400	Satori Electric	2,610	0.00%
2,800	Sazaby	37,434	0.00%
2,288	SBI	423,806	0.00%
102,500	Secom	3,797,217	0.02%
26,100	Sega Sammy	220,441	0.00%
500	Seikagaku	3,577	0.00%
27,400	Seiko Epson	402,868	0.00%
29,000	Seino	133,632	0.00%
75,000	Sekisui Chemical	342,418	0.00%
99,000	Sekisui House	725,108	0.01%
1,800	Senshukai	12,878	0.00%
386,000	Seven & I	7,629,661	0.04%
1,140	SFCG	107,828	0.00%
156,000	Sharp	1,901,170	0.01%
89	Shidax	37,882	0.00%
39,000	Shiga Bank	177,111	0.00%
34,600	Shikoku Electric Power	628,309	0.01%
5,200	Shima Seiki	163,948	0.00%
83,600	Shimachu	1,606,815	0.01%
41,000	Shimadzu	249,833	0.00%
3,400	Shimamura	196,459	0.00%
98,600	Shimano	2,421,209	0.01%
110,000	Shimizu	325,471	0.00%
20	Shimajima	131	0.00%
10,000	Shin Kobe Electric	26,496	0.00%
23,000	Shin Maywa Industries	59,268	0.00%
16,000	Shindengen Electric	31,820	0.00%
169,800	Shin-Etsu Chemicals	7,227,284	0.03%
4,000	Shinkawa	41,666	0.00%
12,600	Shinko Electric	174,565	0.00%
42,900	Shinko Plantech	394,067	0.00%
113,000	Shinko Securities	316,534	0.00%
55,200	Shinko Shoji	415,347	0.00%
312,000	Shinsei	771,818	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

533,000	Shinwa Kaiun	2,187,843	0.01%
49,000	Shionogi & Co	586,764	0.00%
59,000	Shiseido	946,189	0.01%
100,000	Shizuoka Bank	743,952	0.01%
1,300	Shobunsha	6,566	0.00%
13,000	Showa	81,659	0.00%
174,000	Showa Denko	421,997	0.01%
21,000	Showa Shell Sekiyu	157,885	0.00%
19,000	Sinanen	55,296	0.00%
1,800	Sintokogio	12,747	0.00%
138	Sky Perfect Jsat	36,481	0.00%
9,900	SMC	799,539	0.01%
101,600	Softbank	1,423,004	0.01%
9,500	Sohgo Security	101,492	0.00%
230,500	Sojitz	566,013	0.01%
138,000	Sompo Japan Insurance	845,922	0.01%
330,100	Sony	12,409,021	0.06%
8,100	Square Enix	167,962	0.00%
26,300	Stanley Electric	444,898	0.01%
120,000	Star Micronics	1,786,212	0.01%
18,900	Sumco	368,993	0.01%
2,300	Sumco Techxiv	54,945	0.00%
1,000	Sumida	9,101	0.00%
816,000	Sumikin Bussan	1,988,916	0.01%
5,000	Sumisho Computer Systems	54,720	0.00%
37,000	Sumitomo Bakelite	151,428	0.00%
575,000	Sumitomo Chemical	3,475,868	0.02%
805,600	Sumitomo	7,751,695	0.04%
429,800	Sumitomo Electric	4,630,780	0.02%
485,000	Sumitomo Forestry	2,396,623	0.01%
84,000	Sumitomo Heavy Industries	524,586	0.01%
1,843,000	Sumitomo Metal Industries	5,799,533	0.03%
258,000	Sumitomo Metal	2,987,813	0.01%
1,437	Sumitomo Mitsui	7,292,603	0.03%
80,000	Sumitomo Osaka Cement	103,802	0.00%
4,000	Sumitomo Pipe & Tube	19,014	0.00%
9,000	Sumitomo Precision	20,027	0.00%
5,380	Sumitomo Real Estate	163,099	0.00%
89,000	Sumitomo Realty & Development	1,492,057	0.01%
28,800	Sumitomo	174,270	0.00%
15,000	Sumitomo Seika	40,654	0.00%
896,000	Sumitomo Trust & Banking	4,063,590	0.02%
10,000	Suncall	33,529	0.00%
36,000	Suruga Bank	265,858	0.01%
8,700	Suzuken	210,471	0.00%
76,500	Suzuki Motor	1,563,118	0.01%
2,900	Sysmex	83,520	0.00%
35,100	T&D	1,227,957	0.01%
108,000	Tabuchi Electric	233,117	0.00%
500	Tachi-S	2,886	0.00%
61,000	Taihei Kogyo	209,707	0.00%
165,000	Taiheiy Cement	267,113	0.00%
2,600	Taiho Kogyo	27,178	0.00%
17,000	Taiko Bank	32,468	0.00%
148,000	Taisei	271,000	0.00%
46,000	Taisho Pharmaceutical	599,648	0.01%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Japan (continued)

57,000	Taiyo Nippon Sanso	362,536	0.00%
61,000	Taiyo Yuden	666,847	0.01%
12,000	Takagi Securities	20,663	0.00%
31,000	Takara	126,496	0.00%
48,000	Takashimaya	392,894	0.01%
7,600	Takata	149,300	0.00%
372,300	Takeda Pharmaceutical	14,830,600	0.07%
10,960	Takefuji	180,418	0.00%
2,800	Takeuchi	76,226	0.00%
7,600	Tamron	129,255	0.00%
18,600	TDK	938,289	0.01%
138,000	Teijin	400,788	0.00%
12,000	Teikoku Tsushin Kogyo	29,613	0.00%
1,020	Tempstaff	766,871	0.00%
104,600	Terumo	3,729,146	0.02%
24,700	THK	339,208	0.00%
6,300	TIS	74,181	0.00%
4,400	TKC	53,329	0.00%
43,000	Toagosei	92,815	0.00%
120,000	Tobu Railway	379,797	0.01%
45,000	Toda Construction	147,062	0.00%
5,000	Toho Bank	14,188	0.00%
151,400	Toho Co Y500	2,317,862	0.01%
79,000	Toho Gas	267,756	0.00%
4,600	Toho Titanium	93,712	0.00%
125,100	Tohoku	1,911,429	0.01%
6,900	Tokai Rika Denki	146,426	0.00%
5,700	Tokai Rubber	66,390	0.00%
380	Token	10,483	0.00%
30,000	Toko	36,197	0.00%
39,000	Tokuyama	265,549	0.00%
7,100	Tokyo Broadcasting	103,317	0.01%
46,000	Tokyo Dome	164,276	0.00%
399,700	Tokyo Electric Power	7,003,777	0.04%
84,200	Tokyo Electron	3,502,164	0.02%
393,000	Tokyo Gas	1,246,220	0.01%
6,200	Tokyo Ohka Kogyo	93,791	0.00%
5,600	Tokyo Seimitsu	92,864	0.00%
52	Tokyo Star Bank	110,665	0.00%
21,600	Tokyo Steel	163,182	0.00%
24,000	Tokyo Style	164,288	0.00%
544,000	Tokyo Tatemono	3,489,674	0.02%
67,000	Tokyo Tekko	168,993	0.00%
174,000	Tokyu	775,420	0.01%
74,000	Tokyu Land	431,626	0.00%
54,000	Tonen Gen Sekiyu	361,135	0.00%
6,400	Toppan Forms	41,365	0.00%
97,000	Toppan Printing	646,353	0.00%
12,900	Topre	90,260	0.00%
40,000	Topy Industries	73,971	0.00%
885,000	Toray Industries	4,695,173	0.02%
4,800	Torii	54,016	0.00%
455,000	Toshiba	2,309,070	0.01%
386,000	Toshiba Plant Systems	2,441,023	0.01%
134,000	Toshiba Tec	613,412	0.00%
90,000	Tosoh	262,475	0.00%
54,000	Toto	290,414	0.00%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
Japan (continued)			
507,000	Toyo Ink Manufacturing	1,171,206	0.01%
149,000	Toyo Kohan	466,161	0.00%
30,200	Toyo Seikan Kaisha	362,920	0.00%
16,000	Toyo Suisan Kaisha	196,932	0.00%
97,000	Toyobo	133,505	0.00%
9,700	Toyoda Gosei	233,487	0.00%
53,000	Toyota Auto Body	580,677	0.00%
13,900	Toyota Boshoku	305,930	0.00%
24,800	Toyota Industries	687,176	0.01%
1,136,600	Toyota Motor	41,624,105	0.20%
26,200	Toyota Tsushu	481,331	0.00%
19,500	Trend Micro	472,928	0.00%
5,400	Trusco Nakayama	53,565	0.00%
9,000	Tsugami Corp	18,772	0.00%
10,200	Tsumura & Co	136,367	0.00%
7,000	Tsurumi	39,599	0.00%
38	Tv Asahi	40,781	0.00%
300	U.Store	1,446	0.00%
1,062,000	Ube Industries	2,453,295	0.01%
5,900	Ulvac	181,726	0.00%
6,400	Uni-Charm	274,347	0.00%
20,000	Uniden	79,185	0.00%
1,800	Unipres	11,361	0.00%
40,000	UNY	232,584	0.00%
31,500	Urban	285,530	0.00%
25,500	Ushio Electric	380,343	0.00%
4,520	USS	190,469	0.00%
300	Vital-Net	1,193	0.00%
20,000	Wacoal	177,409	0.00%
5,000	Wakita	21,827	0.00%
280	West Japan Railway	942,218	0.00%
120,000	Xebio	2,328,260	0.01%
3,450	Yahoo Japan	1,045,898	0.01%
32,800	Yakult Honsha	514,085	0.00%
17,800	Yamada Denki	1,378,197	0.01%
37,000	Yamaguchi Financial Group	291,863	0.00%
28,800	Yamaha	446,153	0.00%
26,500	Yamaha Motor	434,624	0.00%
10,300	Yamatake	190,475	0.00%
64,000	Yamato	625,138	0.01%
224,700	Yamato Kogyo	6,267,022	0.03%
21,000	Yamazaki Baking	139,295	0.00%
148,000	Yaskawa Electric	1,367,562	0.01%
29,000	Yodogawa Steel Works	100,400	0.00%
41,100	Yokogawa Electric	306,014	0.00%
48,000	Yokohama Rubber	193,828	0.00%
7,000	Yonekyu	43,334	0.00%
500	Yorozu	4,890	0.00%
61	Yoshinoya	69,903	0.00%
673,000	Yuasa	591,676	0.00%
11,000	Yuraku Real Estate	26,011	0.00%
23,000	Yurtec	85,485	0.00%
34,000	Zeon	138,944	0.00%

Total Japanese Equities**731,778,068 3.47%**

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
ASIA PACIFIC			
Australia			
30,500	Adelaide Brighton Cement	63,341	0.00%
8,600	Aditya Birla Minerals	11,650	0.00%
1,741,129	Admiralty Resources	451,985	0.00%
14,100	AEO Oil	35,845	0.00%
948,800	AMP	5,633,804	0.03%
4,700	Aquila Resources	26,505	0.00%
35,100	Arana Therapeutics	24,088	0.00%
466,930	ARC Energy	365,029	0.00%
371,805	Arrow Energy	603,515	0.00%
161,080	ASX	5,815,686	0.03%
239,440	Atlas Iron	342,935	0.00%
45,300	Ausdrill	62,177	0.00%
127,751	Ausenco	1,160,334	0.01%
37,366	Austal	63,328	0.00%
757,452	Australia & New Zealand Bank	12,412,510	0.06%
730,504	Australian Worldwide	1,460,398	0.01%
2,035,510	BHP Billiton	48,758,975	0.23%
12,500	Bluescope Steel	71,985	0.00%
13,000	Boral	47,479	0.00%
344,252	Bradken	1,625,013	0.01%
1,527,993	Brambles	10,513,677	0.05%
223,640	Caltex Australia	2,585,134	0.01%
61,200	Centennial Coal	177,132	0.00%
504,503	Coca-Cola Amatil	2,854,145	0.01%
503,250	Commonwealth Bank Of Australia	17,749,055	0.08%
85,700	Connecteast	81,573	0.00%
394,096	Consolidated Media	987,769	0.00%
15,600	Crane Group	159,379	0.00%
155,836	Crown	1,250,818	0.01%
413,889	CSL	8,980,732	0.04%
202,489	Dexus Property Group	241,677	0.00%
104,496	Dominion Mining	347,343	0.00%
3,273,951	Dyno Nobel	4,356,934	0.02%
24,287	Felix Resources	116,674	0.00%
44,527	Flight Centre	858,282	0.01%
1,162,572	Fosters	4,544,280	0.02%
86,300	Goodman Fielder	97,594	0.00%
2,300	Incitec Pivot	160,727	0.00%
242,449	Independence Gold	1,290,593	0.01%
73,700	ING Industrial Fund	111,713	0.00%
80,900	ING Office	78,211	0.00%
121,712	Jabiru Metals	94,424	0.00%
25,200	JB Hi-Fi	234,601	0.00%
14,500	Jubilee Mines	196,252	0.00%
23,585	Just Group	65,447	0.00%
74,277	Leighton	2,712,750	0.01%
473,541	Lend Lease	4,888,861	0.02%
394,852	Lion Nathan	2,264,445	0.01%
18,800	Macarthur Coal	110,173	0.00%
121,900	Macmahon	121,485	0.00%
1,335,486	Macquarie Communications Infrastructure Group	4,327,560	0.02%
1,690,593	Macquarie DDR Trust	776,844	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Australia (continued)

251,799	MFS	661,166	0.01%
19,400	Minara Resources	72,126	0.00%
631,987	Mincor Resources	1,587,794	0.01%
295,659	Molopo	155,266	0.00%
43,665	Monadelphous	359,337	0.00%
58,600	Mount Gibson Iron	98,267	0.00%
27,376	National Can Industries	28,263	0.00%
610,774	National Australia	13,774,042	0.07%
53,500	New Hope	73,432	0.00%
8,600	Nufarm	72,723	0.00%
12,800	Oakton	44,533	0.00%
20,700	Onesteel	75,971	0.00%
328,137	Orica	6,217,315	0.03%
101,600	Pacific Brands	197,052	0.00%
49,900	Pan Australian	29,481	0.00%
343,871	Perilya	541,756	0.00%
21,400	Portman	134,093	0.00%
774,765	QBE	15,414,859	0.07%
249,664	Rio Tinto	19,957,337	0.09%
61,262	Riversdale Mining	367,419	0.00%
424,684	Sally Malay Mining	1,355,887	0.01%
1,300	Sausage Software	5,896	0.00%
619,388	Seek Limited	2,957,037	0.02%
81,580	Service Stream	88,605	0.00%
235,730	Seven Network	1,804,868	0.01%
5,500	Sims Group	88,127	0.00%
558,650	Suncorp Metway	5,640,844	0.03%
148,277	Sunland	397,305	0.00%
22,130	Sunshine Gas	23,375	0.00%
1,687,164	Symbion Health	4,007,231	0.02%
495,351	TAB Corp	4,369,094	0.02%
794,648	TAP Oil	972,149	0.00%
2,532,876	Telstra	7,089,094	0.04%
13,394	TFS	9,752	0.00%
11,400	Transfield Services	93,543	0.00%
296,857	Transurban Group	1,211,734	0.01%
101,800	Valad Property	78,369	0.00%
379,580	Westfield Group	4,756,928	0.02%
813,681	Westpac Banking	13,557,311	0.07%
282,111	Woodside Petroleum	8,483,369	0.04%
662,448	Woolworths	13,437,143	0.07%
10,900	Wridgways	20,750	0.00%
		282,683,509	1.35%

Hong Kong

8,000	Aeon Stores	12,683	0.00%
576,000	Allied Properties	144,502	0.00%
54,000	Anhui Expressway	33,962	0.00%
24,000	APT Satellite	4,328	0.00%
56,000	Asia Financial	20,732	0.00%
19,500	Asia Satellite Telecommunicatn	26,328	0.00%
1,449,000	ASM Pacific Technology	7,238,689	0.04%
44,000	Avichina Industry	7,819	0.00%
28,000	Cafe De Coral	46,780	0.00%
88,000	Catic Shnenzhen	52,432	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Hong Kong (continued)

568,000	CCT Telecom	66,300	0.00%
886,000	Champion Technology	124,256	0.00%
177,200	Champion Technology Warrants	154	0.00%
151,875	Chaoda Modern	93,400	0.00%
52,000	Chen Hsong	21,108	0.00%
6,000	Cheuk Nang	3,449	0.00%
1,516,000	China Grand Forestry Resources	217,892	0.00%
1,651,000	China Life Insurance	5,802,949	0.03%
2,190,000	China Mengniu Dair	5,455,924	0.03%
3,241,700	China Mobile	38,939,934	0.18%
186,000	China Oriental	103,207	0.00%
2,598,000	China Overseas Land & Investment	3,648,063	0.02%
63,550	China Shipping Container Lines	25,409	0.00%
84,000	China State	90,439	0.00%
64,000	Chow Sang Sang	75,038	0.00%
18,000	Chu Kong Shipping	2,524	0.00%
2,844,000	Chun Wo Development	349,307	0.00%
2,852,000	Clear Media	2,022,237	0.01%
7,502,000	Cnooc	8,678,272	0.04%
180,000	Cnpc Hong Kong	78,240	0.00%
268,000	Coastal Greenland	37,352	0.00%
76,000	Col Capital	40,383	0.00%
204,000	Comba Telecom Systems	46,202	0.00%
38,000	Cosco International	25,223	0.00%
3,342,000	Cosco Pacific	6,055,192	0.03%
1,247,600	Dah Sing Financial	8,378,917	0.04%
148,000	Digital China	73,226	0.00%
3,091,900	Enerchina	98,305	0.00%
7,862,000	First Pacific	4,143,302	0.02%
146,000	First Tractor	50,235	0.00%
8,958,000	Franshion Properties	3,269,514	0.02%
188,000	Global Bio-Chem Technology	38,648	0.00%
2,064,000	Global Green Technology	253,505	0.00%
86,000	Glorious Sun Enterprise	35,584	0.00%
12,000	Grande	3,763	0.00%
66,000	Great Eagle	167,587	0.00%
13,000	Great Wall Motor Company	12,706	0.00%
164,000	Great Wall Technology	34,571	0.00%
170,000	Guangdong	65,897	0.00%
138,000	Guangdong Nan Yue Logistics	41,713	0.00%
78,000	Gzi Transport	35,467	0.00%
1,715,000	Hang Lung	6,364,025	0.03%
626,100	Hang Seng Bank	8,775,217	0.04%
46,000	Harbin Power Equipment	100,174	0.00%
10,000	Harbour Centre	15,941	0.00%
32,000	High Fashion International	7,526	0.00%
31,000	Hong Kong Ferry	21,630	0.00%
2,252,000	Hongkong Land	7,557,150	0.04%
67,000	Hopewell	210,105	0.00%
4,000	Huadin Power	1,380	0.00%
405,000	Hutchison Whampoa	3,120,405	0.01%
700,022	Jardine Matheson	13,172,074	0.06%
100,000	Jingwei Textile	30,052	0.00%
2,314,000	Kerry Properties	12,628,232	0.06%
4,000	Lenovo Group	2,443	0.00%
2,929,400	Li & Fung	8,037,988	0.04%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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Hong Kong (continued)

1,000	Melbourne Enterprises	5,314	0.00%
2,610,000	Midland Holdings	2,800,976	0.01%
3,000	Miramar Hotel & Investment	3,591	0.00%
2,130,000	MTR	5,325,000	0.03%
6,500	Nanyang	11,041	0.00%
5,168,000	Oriental Metals	1,917,742	0.01%
3,621,000	Pacific Basin Ship	3,967,960	0.02%
396,000	Pacific Century Premium	88,652	0.00%
215,000	Paul Y. Engineering	26,969	0.00%
210,000	Peace Mark	229,756	0.00%
600,000	Ping An Insurance	4,374,565	0.02%
14,000	Pokfulam Development Co	9,268	0.00%
66,000	Pyi Corporation	18,512	0.00%
6,174,000	Regal Hotels	344,195	0.00%
40,000	Sea Holdings	22,125	0.00%
164,000	Semiconductor	11,714	0.00%
4,310,000	Shangri-La Asia	9,198,171	0.05%
124,000	Shenzhen Expressway	93,108	0.00%
55,000	Shenzhou International Group	16,720	0.00%
104,000	Sichuan Expressway	31,617	0.00%
14,866,000	Sinolink Worldwide	2,253,209	0.01%
23,000	Sinotrans	6,892	0.00%
180,000	Soundwill	73,693	0.00%
15,100,000	South Sea	130,218	0.00%
11,000	SPG Land	6,688	0.00%
124,000	Stella International	188,376	0.00%
83,000	Stelux	5,784	0.00%
497,000	Sun Hung Kai	7,169,269	0.04%
279,000	Sunevision	25,275	0.00%
2,345,000	Swire Pacific	21,958,842	0.10%
779,000	Tai Cheung	465,500	0.00%
9,000	Tan Chong International	2,234	0.00%
12,000	Television Broadcast	48,972	0.00%
24,000	Tong Ren Tang Technologies	30,314	0.00%
6,000	TPV Technology	2,958	0.00%
21,600	Transport International	69,240	0.00%
48,000	Truly International	74,843	0.00%
56,000	Tungtex	9,952	0.00%
27,000	United Food	2,169	0.00%
78,000	USI	39,408	0.00%
576,000	Victory City	121,923	0.00%
353,597	Vtech	1,724,864	0.01%
48,000	Weiqiao Textile	46,662	0.00%
526,500	Wing Hang Bank	5,352,139	0.03%
156,000	YT Realty Group	26,362	0.00%
		224,670,773	1.07%

Malaysia

2,004,000	Silverlake Axis	568,161	0.00%
		568,161	0.00%

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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New Zealand

35,300	Air New Zealand	34,884	0.00%
200	New Zealand Refining	846	0.00%
23,900	Vector	27,639	0.00%
10,100	Warehouse Group	30,262	0.00%
		93,631	0.00%

Singapore

2,295,000	Allgreen Property	1,615,816	0.01%
62,000	Apollo Enterprises	75,878	0.00%
89,000	Ascendas Real Estate Investment Trust	103,454	0.00%
37,000	Asia Food & Property	15,648	0.00%
397,000	Capitaland	1,176,199	0.01%
22,000	Cerebos Pacific	45,532	0.00%
1,541,000	City Developments	10,339,839	0.05%
1,885,000	Datacraft Asia	1,600,605	0.01%
519,000	DBS	5,076,455	0.02%
338,110	Flextronics International	2,769,925	0.01%
20,000	Haw Par	67,193	0.00%
1,472,000	Ho Bee Investment	1,015,508	0.00%
49,000	Hotel Plaza	40,519	0.00%
650,000	Jardine Cycle & Carriage	6,695,649	0.03%
320,000	K1 Ventures	34,022	0.00%
148,000	Kim Engineering	158,049	0.00%
6,000	KS Energy Services	9,129	0.00%
4,247,000	LC Development	822,790	0.01%
125,000	Metro	59,065	0.00%
1,620,000	Neptune Orient	2,993,054	0.02%
66,000	Peoples Food	34,617	0.00%
17,000	QAF	3,534	0.00%
1,653,000	Rotary Engineering	999,783	0.00%
90,000	Samudera Ship Line	16,586	0.00%
1,808,000	See Hup Seng	546,766	0.00%
1,643,000	Sembcorp Industries	4,502,859	0.02%
525,000	Singapore Exchange	3,329,160	0.02%
835,000	Singapore Petrol	2,986,793	0.02%
3,144,129	Singapore Telecommunications	5,942,691	0.03%
66,000	Singpu Chemicals	31,187	0.00%
5,000	Stats Chippac	3,780	0.00%
30,000	Straits Trading	70,878	0.00%
5,736,000	Suntec Real Estate Investment	4,634,769	0.02%
1,740,000	Swiber	2,820,111	0.01%
389,000	Swissco International	233,440	0.00%
345,000	Tat Hong	557,530	0.00%
27,000	United Engineers	48,225	0.00%
850,000	United Overseas Bank	7,992,724	0.04%
95,000	Uob-Kay Hian	96,063	0.00%
2,036,000	Wing Tai	2,597,553	0.01%
65,801	Zhongguo Jilong	2,954	0.00%
		72,166,332	0.34%

Portfolio of Investments 31 December 2007

Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
20,000	Total Access Communications	15,624	0.00%
		15,624	0.00%
Total Asia Pacific Equities		580,198,030	2.76%

EMERGING MARKETS

6,598,871	ACM Emerging Markets Growth Portfolio Fund	232,334,415	1.10%
19,291,040	EMM Emerging Markets Global Fund	197,722,611	0.94%
Total Emerging Markets Equity Funds		430,057,026	2.04%

Total Equities **14,756,471,538** **70.07%**

UNQUOTED STRUCTURED EQUITY INVESTMENTS

United States

50,000,000	BGI Index Plus Structured Equity Notes	345,866,857	1.64%
Total Unquoted Structured Equity Investments		345,866,857	1.64%

Quoted Securities – Government Bonds

Holding	Security Description	Market Value €	% of Total Investments
35,587,000	Republic of Austria 3.8% 20/10/2013	34,828,037	0.17%
32,262,000	Republic of Austria 3.5% 15/07/2015	30,585,861	0.15%
16,261,000	Republic of Austria 3.5% 15/09/2021	14,500,064	0.07%
39,418,000	Republic of Austria 6.25% 15/07/2027	47,271,328	0.22%
		127,185,290	0.61%

Belgium

85,030,000	Kingdom of Belgium 4.25% 28/09/2013	85,015,377	0.40%
9,880,000	Kingdom of Belgium 4% 28/03/2017	9,533,380	0.05%
37,000,000	Kingdom of Belgium 4% 28/03/2022	34,530,435	0.16%
58,708,000	Kingdom of Belgium 5.5% 28/03/2028	64,661,108	0.31%
		193,740,300	0.92%

Finland

8,090,000	Republic of Finland 5.375% 04/07/2013	8,542,045	0.04%
7,077,000	Republic of Finland 4.25% 04/07/2015	7,048,685	0.03%
8,082,000	Republic of Finland 3.875% 15/09/2017	7,751,357	0.04%
		23,342,087	0.11%

France

20,000,000	Caisse D'Amortissement Dette Sociale 4.375% 25/10/2021	19,328,000	0.09%
1,800,000	Government of France 3% 12/01/2011	1,744,200	0.01%
106,935,000	Government of France 4% 25/10/2013	105,785,232	0.50%
123,086,000	Government of France 3.25% 25/04/2016	113,793,135	0.54%
115,194,000	Government of France 4.25% 25/04/2019	113,158,173	0.54%
10,435,000	Government of France 5.5% 25/04/2029	11,615,512	0.06%
138,429,000	Government of France 5.75% 25/10/2032	160,097,154	0.76%
13,500,000	Government of France 4.75% 25/04/2035	13,661,636	0.06%
48,402,000	Government of France 4% 25/04/2055	42,747,535	0.20%
		581,930,577	2.76%

Portfolio of Investments 31 December 2007

Quoted Securities – Government Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Germany

1,600,000	Bundeslander-Schatzanweisungen 3.25% 22/05/2009	1,576,400	0.01%
160,904,000	Federal Republic of Germany 4.5% 04/01/2013	163,545,563	0.77%
1,450,000	Federal Republic of Germany 3.75% 04/07/2013	1,421,025	0.01%
117,446,000	Federal Republic of Germany 4% 04/07/2016	115,037,538	0.55%
1,150,000	Federal Republic of Germany 4.25% 04/07/2017	1,144,343	0.01%
12,400,000	Federal Republic of Germany 6.25% 04/01/2024	14,744,220	0.07%
10,000,000	Federal Republic of Germany 6.5% 04/07/2027	12,378,930	0.06%
74,000,000	Federal Republic of Germany 5.625% 04/01/2028	83,471,336	0.39%
93,985,000	Federal Republic of Germany 4.75% 04/07/2028	95,432,463	0.45%
210,773,000	Federal Republic of Germany 5.5% 04/01/2031	235,757,397	1.12%
50,000,000	Federal Republic of Germany 4.25% 04/07/2039	47,164,798	0.22%
52,750,000	Federal Republic of Germany 4% 04/01/2037	47,736,428	0.23%
		819,410,441	3.89%

Greece

33,191,000	Republic of Greece 6.5% 11/01/2014	36,845,228	0.17%
57,177,000	Republic of Greece 6.5% 22/10/2019	66,214,968	0.32%
20,897,000	Republic of Greece 4.5% 20/09/2037	19,262,793	0.09%
		122,322,989	0.58%

Italy

42,000,000	Republic of Italy 4.25% 01/02/2019	40,698,337	0.19%
92,012,000	Republic of Italy 4.75% 01/02/2013	94,175,200	0.45%
210,594,000	Republic of Italy 5.25% 01/08/2017	222,096,223	1.05%
77,000,000	Republic of Italy 4.5% 01/02/2018	76,237,778	0.36%
60,000,000	Republic of Italy 4.5% 01/02/2020	59,064,359	0.28%
8,136,000	Republic of Italy 9% 01/11/2023	11,901,755	0.06%
13,089,000	Republic of Italy 7.25% 01/11/2026	16,956,355	0.08%
19,114,000	Republic of Italy 6.5% 01/11/2027	23,045,521	0.11%
50,000,000	Republic of Italy 5.25% 01/11/2029	52,326,302	0.25%

Quoted Securities – Government Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Italy (continued)

144,363,000	Republic of Italy 6% 01/05/2031	165,404,486	0.79%
112,383,000	Republic of Italy 5.75% 01/02/2033	125,385,489	0.60%
59,400,000	Republic of Italy 4% 01/02/2037	50,829,885	0.24%
		938,121,690	4.46%

Netherlands

65,280,000	Dutch Government 4.25% 15/07/2013	65,423,940	0.31%
10,000,000	Dutch Government 7.5% 15/01/2023	13,161,630	0.06%
38,060,000	Dutch Government 5.5% 15/01/2028	42,216,686	0.20%
15,995,000	Dutch Government 4% 15/01/2037	14,332,895	0.07%
		135,135,151	0.64%

Portugal

23,892,000	Republic of Portugal 5.45% 23/09/2013	25,303,683	0.12%
32,644,000	Republic of Portugal 3.85% 15/04/2021	30,153,590	0.14%
6,845,000	Republic of Portugal 4.1% 15/04/2037	6,098,381	0.03%
		61,555,654	0.29%

Spain

57,940,000	Government of Spain 4.75% 30/07/2014	59,656,819	0.28%
48,154,000	Government of Spain 3.15% 31/01/2016	44,255,404	0.21%
69,664,000	Government of Spain 6% 31/01/2029	81,915,737	0.39%
25,089,000	Government of Spain 4.2% 31/01/2037	23,009,347	0.11%
		208,837,307	0.99%

Total Government Bonds

3,211,581,486	15.25%
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Portfolio of Investments 31 December 2007

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Australia

1,800,000	BHP Billiton 4.125% 05/05/2011	1,745,010	0.01%
400,000	National Australia Bank Variable 23/06/2016	383,680	0.00%
400,000	National Australia Bank Variable 04/06/2015	385,820	0.00%
400,000	Telstra Corporation 3% 28/06/2010	383,356	0.00%
		2,897,866	0.01%

Austria

1,480,000	Erste Capital Finance Variable 30/09/2049	1,299,958	0.01%
1,300,000	Raiffeisen Zentralbk Oster 4.75% 15/06/2012	1,287,000	0.00%
1,300,000	Verbund International Finance 5% 25/06/2014	1,297,985	0.01%
		3,884,943	0.02%

Belgium

490,000	Fortis Bank 5.757% 04/10/2017	489,534	0.01%
		489,534	0.01%

Denmark

1,900,000	Danica Pension Variable 29/10/2049	1,844,235	0.01%
400,000	Dansk Naturgas 3.5% 29/06/2012	372,860	0.00%
1,030,000	Danske Bank Variable 20/03/2016	1,033,347	0.01%
		3,250,442	0.02%

France

1,450,000	Air Liquide 5% 22/03/2013	1,442,707	0.01%
400,000	Aventis 4.25% 15/09/2010	394,164	0.00%
1,800,000	Bouygues 4.5% 24/05/2013	1,722,870	0.01%
1,800,000	Carrefour 5.125% 10/10/2014	1,781,352	0.01%
2,700,000	Casino G.-Perrachon 4.75% 21/07/2011	2,642,625	0.01%
1,610,000	Cie De St-Gobain 4.75% 11/04/2017	1,463,409	0.01%
1,800,000	Cie De St-Gobain 4.25% 31/05/2011	1,746,090	0.01%
1,000,000	France Telecom 7.25% 28/01/2013	1,082,320	0.01%
1,840,000	France Telecom 4.75% 21/02/2017	1,732,084	0.01%
400,000	France Telecom Step 14/03/2008	401,320	0.00%

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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France (continued)

160,000	Schneider Electric 3.125% 11/08/2010	152,352	0.00%
1,000,000	Societe Generale 4.2% 05/03/2012	974,710	0.00%
2,200,000	Societe Generale Variable 29/01/2049	1,924,670	0.01%
400,000	TFI-TV Francaise 4.375% 12/11/2010	397,560	0.00%
900,000	Veolia Environment 4% 12/02/2016	808,470	0.00%
2,700,000	Veolia Environment 5.125% 24/05/2022	2,417,445	0.01%
300,000	Vivendi Universal 3.875% 15/02/2012	283,725	0.00%
2,000,000	Vinci 5.875% 22/07/2009	2,022,940	0.01%
1,800,000	Vivendi 4.5% 03/10/2013	1,707,120	0.01%
700,000	Wendel 4.375% 09/08/2017	611,835	0.00%
380,000	WPP Finance 5.25% 30/01/2015	369,599	0.00%
		26,079,367	0.12%

Germany

2,700,000	Allianz Finance 4% 23/11/2016	2,495,610	0.01%
930,000	BASF Finance Europe 5% 26/09/2014	928,559	0.00%
1,300,000	Bayer 6% EMTN 10/04/2012	1,335,815	0.01%
1,600,000	Bayerische Landesbank Variable 07/02/2019	1,462,640	0.01%
1,900,000	BMW Finance 4.125% 24/01/2012	1,835,875	0.01%
810,000	BMW Finance 4.875% 18/10/2012	803,601	0.00%
1,800,000	Commerzbank Variable 13/09/2016	1,698,750	0.01%
2,800,000	Commerzbank Variable 29/11/2017	2,766,120	0.01%
1,800,000	Depfa Funding Variable	1,438,380	0.01%
2,100,000	Deutsche Bank 5.125% 31/08/2017	2,094,519	0.01%
4,500,000	Deutsche Bank Variable 16/01/2014	4,439,250	0.02%
1,800,000	Deutsche Telekom Step 11/07/2011	1,871,082	0.01%
1,270,000	E. On International Finance 5.125% 02/10/2012	1,269,746	0.01%
1,450,000	E.On International Finance 5.5% 02/10/2017	1,457,467	0.01%
3,700,000	E.On International 5.75% 29/05/2009	3,742,402	0.02%
1,820,000	HSH Nordbank 4.375% 14/02/2017	1,671,488	0.01%
1,000,000	Landesbank Hessen- Thueringen Variable 08/12/2016	998,100	0.00%
2,000,000	Lbk Baden-Wurt 3.75% 10/03/2011	1,960,480	0.01%

Portfolio of Investments 31 December 2007

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Germany (continued)

1,400,000	Linde Finance 4.375% 24/04/2012	1,355,410	0.01%
1,620,000	Merck 4.75% 26/11/2010	1,612,698	0.01%
800,000	Metro Finance 5.125% 13/02/2008	799,752	0.00%
1,000,000	Munchener Ruckversicherungs Variable 29/06/2049	946,100	0.00%
800,000	RWE Finance 5.375% 18/04/2008	799,520	0.00%
1,900,000	Thyssenkrupp 5% 29/03/2011	1,899,905	0.01%
750,000	Volkswagen Leasing 4.875% 18/10/2012	736,050	0.00%
		42,419,319	0.20%

Iceland

1,520,000	Glitnir Banki 4.375% 05/02/2010	1,456,373	0.01%
800,000	Norinchukin Finance Bank Variable 28/09/2016	761,840	0.00%
		2,218,213	0.01%

Ireland

3,400,000	GE Capital 4.625% 23/08/2010	3,390,650	0.02%
		3,390,650	0.02%

Italy

800,000	Banca Intesa 3.5% 24/02/2011	771,640	0.01%
1,000,000	Enel-Societa Per Azioni 5.25% 20/06/2017	969,800	0.00%
2,800,000	Generali Finance Variable 28/02/2049	2,611,000	0.01%
1,450,000	Monte Dei Paschi 5% 25/10/2012	1,439,900	0.01%
400,000	Monte Dei Paschi Variable 24/09/2015	392,620	0.00%
630,000	Olivetti Finance 7.75% 24/01/2033	688,307	0.00%
2,400,000	Olivetti Finance Variable 30/07/2009	2,443,728	0.01%
780,000	Unicredito 5.75% 26/09/2017	789,165	0.01%
500,000	Unicredito Variable 20/09/2016	477,825	0.00%
		10,583,985	0.05%

Japan

800,000	Bank of Tokyo-Mitsubishi UFJ Variable 16/12/2015	755,800	0.00%
800,000	Resona Bank Variable 15/04/2015	768,960	0.01%
800,000	Shinsei Bank Variable 23/02/2016	731,200	0.00%
		2,255,960	0.01%

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Luxembourg

800,000	SES Global 4.375% 21/10/2013	759,400	0.00%
		759,400	0.00%

Netherlands

450,000	DSM 5.25% 17/10/2017	439,875	0.00%
1,900,000	ING Bank Variable 15/03/2019	1,814,880	0.01%
1,850,000	ING Group 4.75% 31/05/2017	1,775,260	0.01%
290,000	Koninklijke 4.75% 29/05/2014	275,137	0.00%
880,000	Koninklijke 5% 13/11/2012	857,437	0.01%
670,000	Leaseplan Variable 08/11/2016	620,420	0.00%
		5,783,009	0.03%

Portugal

2,000,000	Electricidade De Portugal Finance 4.25% 12/06/2012	1,916,700	0.01%
		1,916,700	0.01%

South Korea

700,000	Export-Import Bank of Korea 4.625% 20/02/2017	654,976	0.00%
		654,976	0.00%

Spain

3,350,000	Caja De Madrid 4.125% 24/03/2036	2,795,608	0.01%
900,000	Cemex Finance Europe 4.75% 05/03/2014	807,255	0.01%
1,600,000	Santander International Debt 3.375% 17/02/2010	1,556,800	0.01%
2,000,000	Santander Issuances Variable 30/03/2018	1,875,200	0.01%
400,000	Telefonica Emisiones 4.393% 14/04/2012	385,620	0.00%
2,700,000	Telefonica Emisiones 3.75% 02/02/2011	2,591,595	0.01%
		10,012,078	0.05%

Sweden

1,250,000	Ericsson LM Telefon 5.375% 27/06/2017	1,143,363	0.00%
1,900,000	Skandinaviska Enskilda Banken Variable 21/12/2049	1,909,690	0.01%
1,570,000	SKF 4.25% 13/12/2013	1,494,797	0.01%
		4,547,850	0.02%

Portfolio of Investments 31 December 2007

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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Switzerland

2,000,000	Credit Suisse Group Finance 3.125% 14/09/2012	1,846,200	0.01%
1,810,000	UBS 4.625% 07/06/2010	1,803,303	0.01%
2,300,000	UBS Variable 29/04/2049	2,022,944	0.01%
		5,672,447	0.03%

United Arab Emirates

880,000	Abu Dhabi National Energy 4.375% 28/10/2013	823,460	0.00%
		823,460	0.00%

United Kingdom

1,140,000	Astrazeneca 4.625% 12/11/2010	1,130,447	0.00%
800,000	Bank Of Scotland Step 05/12/2013	798,200	0.00%
1,900,000	BAT 4.375% 15/06/2011	1,849,650	0.01%
1,580,000	BP Capital Markets 4.5% 08/11/2012	1,571,170	0.01%
1,810,000	British Telecommunications 5.25% 23/06/2014	1,777,963	0.01%
2,250,000	Glaxosmithkline Capital 5.625% 13/12/2017	2,272,500	0.01%
800,000	HBOS Step Open Maturity	792,160	0.00%
400,000	JTI Finance 5.875% 06/08/2008	401,876	0.00%
1,900,000	Lloyds TSB Bank Variable 15/07/2009	1,896,561	0.01%
900,000	National Grid 4.125% 21/03/2013	846,405	0.00%
1,450,000	OTC 4.625% 20/05/2016	1,329,027	0.01%
1,300,000	Standard Chartered Variable Open Maturity	1,356,745	0.01%
1,700,000	Standard Chartered 5.875% 26/09/2017	1,673,395	0.01%
1,550,000	Tesco 5.125% 10/04/2047	1,362,760	0.01%
900,000	Vodafone Group 3.625% 29/11/2012	838,260	0.00%
1,900,000	Vodafone Group 4.25% 27/05/2009	1,888,866	0.01%
		21,785,985	0.10%

United States

1,400,000	American International Petroleum 5% 26/06/2017	1,341,830	0.01%
530,000	Bristol-Myers Squibb 4.625% 15/11/2021	469,447	0.00%
1,200,000	Citigroup Variable 30/11/2017	1,075,320	0.01%
610,000	Daimlerchrysler 4.125% 08/09/2009	601,552	0.00%

Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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United States (continued)

800,000	Daimlerchrysler 3.375% 30/05/2008	794,448	0.00%
2,750,000	Daimlerchrysler 4.375% 16/03/2010	2,709,300	0.01%
2,000,000	Dresdner 5.79% 30/06/2011	1,994,722	0.01%
1,690,000	General Electric Capital Variable 15/09/2067	1,607,781	0.01%
600,000	Goldman Sachs 4.5% 30/01/2017	544,200	0.00%
1,350,000	IBM 4% 11/11/2011	1,303,830	0.01%
1,200,000	Lehman Brothers Variable 14/03/2019	1,048,920	0.00%
1,600,000	Lehman Brothers 4.25% 26/09/2016	1,460,240	0.01%
800,000	Merrill Lynch & Co 4.875% 30/05/2014	736,520	0.00%
2,000,000	Metropolitan Life Global 4.625% 16/05/2017	1,872,780	0.01%
700,000	Morgan Stanley 4.375% 10/02/2012	665,525	0.00%
800,000	Morgan Stanley 4.375% 01/03/2010	786,688	0.00%
900,000	Morgan Stanley 3.75% 01/03/2013	822,015	0.00%
1,200,000	Procter & Gamble 3.375% 07/12/2012	1,117,260	0.01%
1,810,000	Procter & Gamble 4.5% 12/05/2014	1,755,700	0.01%
1,800,000	Procter & Gamble 4.125% 07/12/2020	1,593,180	0.01%
600,000	San Paolo-Imi Capital Trust Floating Open Maturity	634,470	0.00%
1,340,000	Schering-Plough 5.375% 01/10/2014	1,322,781	0.01%
		26,258,509	0.12%

Total Corporate Bonds

175,684,693 **0.83%**

UNQUOTED INDEX LINKED BONDS

Ireland

100,000,000	Bank of Ireland Index Linked Bond CPI 12/06/2027	89,175,370	0.42%
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Total Index Linked
Bond Investments**89,175,370** **0.42%**

Portfolio of Investments 31 December 2007

Unquoted Investments – Property

Commitment €m	Security Description	Market Value €	% of Total Investments
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Asia

18	Asian Retail Mall II	10,626,532	0.05%
17	Composition Capital Asia Fund	3,872,162	0.02%
35	Forum Asian Realty Income II	16,862,884	0.08%
37	Macquarie Japan Core Plus Fund	10,519,432	0.05%
107		41,881,010	0.20%

Europe

43	Airport Industrial Property Unit Trust	53,236,582	0.25%
36	CBRE Strategic Partners UK Fund II	27,159,548	0.13%
41	CBRE Strategic Partners UK Fund III	(806,589)	0.00%
50	Forum European Realty Income II	39,530,117	0.19%
30	French Development Venture II	14,511,569	0.07%
35	Grosvenor French Retail Investments	8,076,000	0.04%
52	Madison Marquette Retail Enhancement Fund	4,635,546	0.02%
44	The Mall Unit Trust	34,509,791	0.16%
36	Pramerica Real Estate Companies Account III	20,199,035	0.10%
50	Morgan Stanley Eurozone Office Fund	58,735,644	0.28%
35	Rockspring German Retail Box Fund	29,883,000	0.14%
75	Tishman Speyer European Real Estate Venture VI	26,327,831	0.13%
527		315,998,074	1.51%

North America

30	Berkshire Multifamily Value Fund	24,477,404	0.12%
58	Broadway Partners Real Estate Fund II	62,141,914	0.30%
44	CBRE Strategic Partners US Fund IV	30,124,907	0.14%
29	Capital Trust Large Loan 2006	10,852,219	0.05%
37	Lehman Brothers Offshore Real Estate Partners II	29,931,738	0.14%
38	Morgan Stanley Real Estate Fund V International	32,276,749	0.15%
69	Morgan Stanley Real Estate Fund VI International	16,658,893	0.08%
73	Morgan Stanley Real Estate Fund V US	52,511,522	0.24%
39	Tishman Speyer Real Estate Venture VI	29,456,171	0.14%
417		288,431,517	1.36%

1,051	Total Property Investments	646,310,601	3.07%
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Unquoted Investments – Private Equity

Commitment €m	Security Description	Market Value €	% of Total Investments
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Ireland

15	Delta Equity Fund III	593,829	0.00%
15		593,829	0.00%

Europe

10	Abingworth Bioventures V	1,296,452	0.01%
65	Charterhouse Capital Partners VIII	40,881,355	0.19%
34	Palamon European Equity II	14,787,121	0.07%
109		56,964,928	0.27%

North America

75	CVC European Equity Partners IV	57,016,944	0.27%
25	CVC European Equity Partners Tandem Fund	7,063,963	0.03%
66	Clayton, Dubilier & Rice Fund VII	49,138,133	0.24%
22	Clayton, Dubilier & Rice Fund VII (Co-Investment)	16,908,205	0.08%
15	Fortress Investment Fund IV	11,478,206	0.05%
15	Fortress Investment Fund IV (Co-Investment)	12,728,258	0.06%
45	Fortress Investment Fund V	4,944,151	0.02%
24	Fortress Investment Fund V (Co-Investment)	2,179,621	0.01%
30	Fortress IW Co-Investment Fund	21,410,173	0.10%
14	Frazier Healthcare VI	-	0.00%
52	Hellman & Friedman Capital Partners VI	15,279,774	0.07%
65	Madison Dearborn Capital Partners V	49,819,515	0.24%
21	Montagu Newhall Global Partners III	6,824,984	0.03%
14	New Enterprise Associates 12	4,276,446	0.02%
68	New Mountain Partners III	3,724,629	0.02%
14	Oak Investment Partners XII	4,948,452	0.02%
69	Providence Equity Partners VI	21,051,701	0.10%
68	The Resolute Fund II	9,802,204	0.05%
14	TA Atlantic & Pacific VI	-	0.00%
57	Texas Pacific Group Partners V	31,233,186	0.15%
25	Vestar Capital Partners V	11,815,113	0.06%
20	Weathergag Venture Capital	780,400	0.01%
818		342,424,058	1.63%

942	Total Private Equity Investments	399,982,815	1.90%
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Portfolio of Investments 31 December 2007

Unquoted Investments – Other

Holding	Security Description	Market Value €	% of Total Investments
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COMMODITY INVESTMENTS

120,000,000	Lehman Brothers Treasury BV - Commodity Note 07/07/2008	137,563,416	0.65%
7,104	Goldman Sachs International - Commodity Note 16/01/2009	36,415,294	0.17%
50,000,000	Morgan Stanley - Commodity Note 22/11/2010	45,006,752	0.21%
600	Merrill Lynch - Commodity Note 03/10/2011	66,543,189	0.33%
Total Commodity Investments		285,528,651	1.36%

CURRENCY FUNDS

800,000	JP Morgan Currency Plus Fund	73,008,000	0.35%
5,000,000	Goldman Sachs Blended Currency Fund	40,354,500	0.19%
66,000	Mellon Offshore Enhanced Currency Opportunity Fund	51,412,271	0.24%
Total Currency Funds		164,774,771	0.78%

Cash Deposits and Other Investments

Security Description	Market Value €	% of Total Investments
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Euro	877,129,789	4.17%
US Dollar	60,977,285	0.29%
Japanese Yen	3,632,343	0.02%
Sterling	11,443,104	0.05%
Other Currencies	6,057,495	0.03%
	959,240,016	4.56%
Unrealised Gain/(Loss) Foreign Exchange Contracts	24,006,196	0.12%
Unrealised Gain/(Loss) Futures Contracts (Note 1)	542,565	0.00%
	24,548,761	0.12%

Total Cash Deposits and Other Investments	983,788,777	4.68%
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Total Investments	21,059,165,559	100%
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Note 1 Open Futures 31 December 2007

Contracts	Description	Commitment	Unrealised Gain/(Loss) €
641	Dow Jones Euro Stoxx 50 Contracts (Expiring March 2008)	27,862,110	394,560
2	Topix Index Future (Expiring March 2008)	277,556	(12,235)
44	Swiss SMI Contracts (Expiring March 2008)	2,255,960	(3,457)
70	OMX Contracts (Expiring January 2008)	791,971	10,856
83	FTSE 100 Contracts (Expiring March 2008)	7,145,926	148,813
785	S&P 500 Mini Contracts (Expiring March 2008)	39,477,979	4,028
		77,811,502	542,565

GLOSSARY

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

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

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

Buyout The purchase of an established business.

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

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

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

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

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

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

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

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

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

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

J-Curve An effect which depresses returns in the early years of a property or private equity investment programme. The j-curve arises from the fact that negative returns may be experienced in the early years of investment due to investment entry costs and management fees while the anticipated returns typically do not emerge until the programme has been underway for a number of years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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