



**National Pensions Reserve Fund  
Commission**

**Annual Report and Financial Statements**

**2008**



**National Pensions Reserve  
Fund Commission**

Annual Report and Financial  
Statements 2008



**National Pensions Reserve Fund  
Commission**

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30 June 2009

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 2008.

Yours sincerely,

Paul Carty,  
Chairman



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## From the Chairman



The storm that enveloped financial markets in 2008 as the credit crunch escalated into the most serious financial and economic crisis since the 1930s had a severe impact on the National Pensions Reserve Fund. The Fund's 2008 performance of -30.4% reflects the dramatic falls in the values of equities and other real assets

as a result of the crisis. These falls reduced the Fund's annualised return since its inception in 2001 from 6.1% at end 2007 to 0.5% at end 2008, effectively erasing the strong gains made in recent years.

With no drawdowns before 2025 the National Pensions Reserve Fund is a long-term investment project and its ability to bear short-term volatility was a critical factor in framing the Fund's investment strategy. While the current crisis is particularly severe, ultimately the Fund's performance will be determined by the long-term growth of the global economy, rather than by sharp market movements in response to extreme events.

Although the focus of recent public attention has, understandably, been on Ireland's current budgetary difficulties, it remains a fact that higher social welfare and public service pension costs, due to population ageing, are going to put very significant pressures on our public finances in the years ahead, long after our current difficulties are resolved. The National Pensions Reserve Fund Commission is very conscious of the serious responsibilities that have been entrusted to it in helping to address this issue. It is focused on investing the Fund's assets in a manner that seeks to achieve a prudent balance between expected risk and return over the Fund's long investment timeframe in order to make a meaningful contribution to the sustainability of our public pension system.

In March 2009 we saw the first significant change in the Fund's legislative framework with the enactment of the Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009. The Act empowers the Minister for Finance to direct the Commission to invest in listed credit institutions or to underwrite share issues by these institutions. The Minister has used this power to recapitalise Bank of Ireland and Allied Irish Banks plc through the Fund.

Recapitalisation of the banks involves the diversion of Fund assets into specified investments for a period of time to ensure the long-term sustainability of the banking sector in Ireland. The Commission is happy to be of whatever assistance it can in securing this public policy objective.

Clearly a very significant investment in Irish banks was not something that was envisaged when the Commission first formulated its investment strategy. The Commission has been working on the basis of a five-year planning period and was, in any event, scheduled to conduct a review of its long-term investment strategy in 2009 - the last such review being conducted in late 2004. The forthcoming review will need to take into account both the significant investment in bank preference shares and the tumultuous financial and economic events over the last 18 months. However, none of these factors involve any change in the date of first drawdown from the Fund - 2025 - and the Commission will continue to make strategic decisions based on a long-term investment horizon.

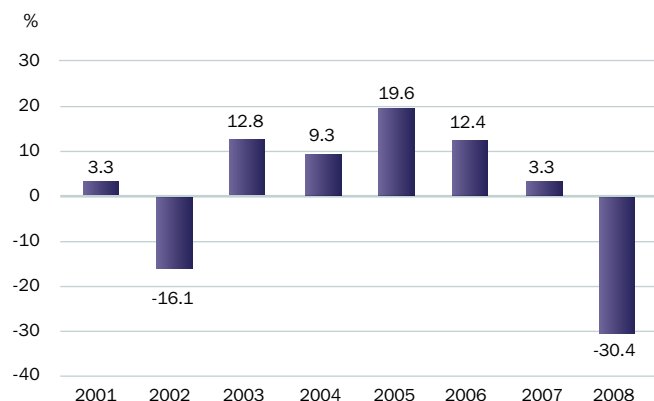
Finally I would like to thank my fellow commissioners, the members of our advisory committees and the staff of the NTMA for their commitment and diligence over the last 12 months - a period over which the domestic and international environment within which the National Pensions Reserve Fund operates has changed dramatically. With the recapitalisation of the banks through the Fund, the role of the Commission has changed - and changed in a way none of us would have foreseen only a year ago. The Commission is committed to playing its part in addressing the challenges we face as a nation; both in the shorter-term by monitoring the taxpayer's investment to ensure the stability of our banking system and in the longer-term by helping to secure the sustainability of our public pension system.

**Paul Carty**  
Chairman  
30 June 2009

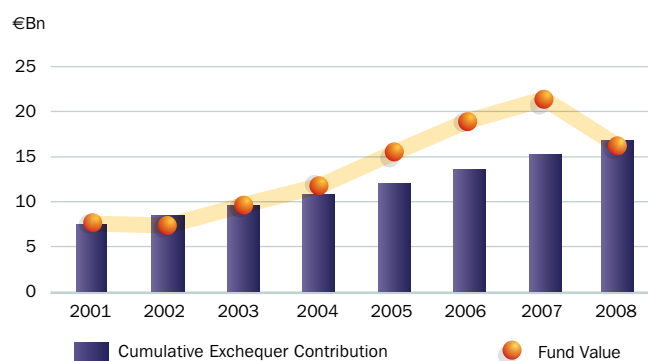
## Key Figures

- ❑ 2008 was the most challenging year yet for the National Pensions Reserve Fund, producing an investment return of -30.4% and reducing its annualised return since inception in 2001 to 0.5% compared with 6.1% at end 2007. This compares with a return to the Fund's benchmark of -32.8% in 2008 while the average Irish managed pension fund recorded a performance of -34.6% for the year.
- ❑ The financial crisis of 2008 erased the gains made by the Fund in recent years. The Fund's value at end 2008 was €16.1 billion while the total Exchequer contribution was €16.9 billion.
- ❑ The Fund increased its cash balances and maintained a cautious approach to equity investment since the onset of the credit crisis in 2007. At end 2008 the Fund was 13.3 percentage points underweight its benchmark equity holding.
- ❑ During 2008 the Fund exercised its voting rights at 2,736 shareholder meetings and engaged with 238 companies on 531 environmental, social and governance (ESG) issues.
- ❑ In March and May 2009, the Fund, under the direction of the Minister for Finance, invested a total of €7 billion to recapitalise Bank of Ireland and Allied Irish Banks plc. The transactions were funded by €4 billion from the Fund's existing resources and by €3 billion from a frontloading of the Exchequer contributions for 2009 and 2010.

### NPRF Annual Performance 2001 to 2008



### NPRF Value and Cumulative Exchequer Contribution 2001 to 2008



### NPRF Asset Allocation 31 December 2008

	Fund Allocation		Benchmark
	€m	%	%
Large Cap Equity	8,916	55.2	64.1
Small Cap Equity	530	3.3	5.0
Emerging Markets Equity	209	1.3	4.0
Private Equity	501	3.1	3.3
Property	513	3.2	4.4
Commodities	82	0.5	1.5
Bonds	3,521	21.8	15.6
Currency & Asset Allocation Funds	202	1.3	1.1
Cash	1,668	10.3	1.0
<b>Total</b>	<b>16,142</b>	<b>100.0</b>	<b>100.0</b>

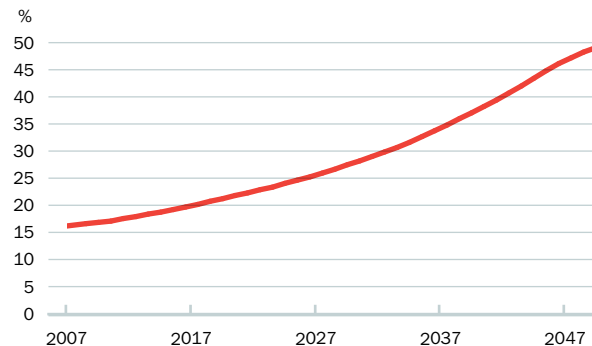
## Fund Overview

The National Pensions Reserve Fund 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 until at least 2055.

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. While this is currently the case in Ireland, this situation will change as the population ages due to increased life expectancy and lower birth rates.

The Government's Green Paper on Pensions, published in October 2007, sets out how Ireland's demographic make-up is set to change dramatically in the coming years. The population share of those aged 65 and over is expected to more than double by 2050 from 11% to 28% and we will move from having six people of working age for every older person today to two people of working age for every older person by mid-century.

### Projected Old Age Dependency Ratio

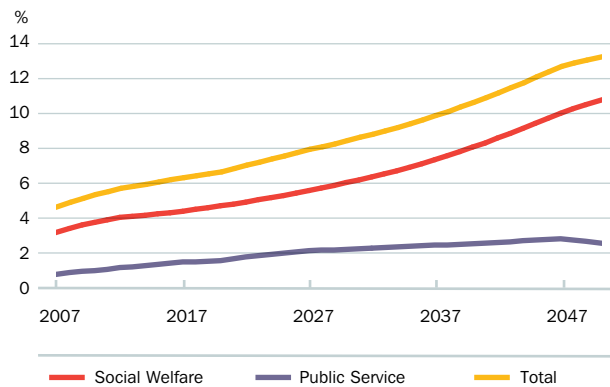


Definition: Population aged 65+ as a % of the population aged 15-64

Source: Green Paper on Pensions 2007

Population ageing will lead to significantly increased State pension costs as more pensioners have to be supported by proportionally fewer workers. The Green Paper on Pensions projects that spending on social welfare and public service pensions will increase from roughly 5% of GDP in 2007 to 13% of GDP by 2050. Over two thirds of this increase can be attributed to the social welfare component of the pension system, with the public service element accounting for the remainder. The Green Paper comments that this is not a sustainable budgetary position and although alternative projections to those presented in the Green Paper could be chosen, the broad outcome would remain the same.

### Public Pension Spending Projections (% of GDP)



Source: Green Paper on Pensions 2007

With the establishment of the National Pensions Reserve Fund, the Government is moving from a fully pay-as-you-go to a part pre-funded public pension system. The Government invests the equivalent of 1% of GNP in the Fund 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 to support the pay-as-you-go system under rules to be made by the Minister for Finance. The Fund will smooth 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.

It should be emphasised that the Fund is not designed to provide a complete solution to the budgetary issues posed by increased pension costs and, even allowing for part pre-funding, the costs to the Exchequer of public pension provision are set to increase substantially. However, they will increase in a more controlled manner and to a lower peak than they would in the absence of pre-funding. In addition, because Ireland has more time than most other countries to prepare for the costs of ageing, relatively modest contributions to the Fund can have a significant effect.

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 policy. This policy 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.

In March and May 2009 the Fund invested a total of €7 billion in preference shares issued by Bank of Ireland and Allied Irish Banks plc. These investments were made at the direction of the Minister for Finance in order to recapitalise these institutions. The Fund's statutory investment policy does not apply to directed investments.

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.

## 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 primarily focused on building up a diversified portfolio of equities and other real assets on the basis that - over the long holding period before significant disbursements are made from the Fund - such assets will outperform financial assets such as bonds and cash. Equities and other real assets represent a claim on the real economy whereas bonds and cash represent a nominal financial return. Thus, while returns to financial assets are much less volatile over short time periods, over the longer term they are likely to be eroded by inflation.

This investment strategy means that in bear market conditions the Fund will experience negative returns. While periods of volatility and negative return are factored into the strategy, the events of 2008 were very extreme. Nevertheless, a key consideration in formulating the investment strategy was that if the Fund experienced a very severe market fall early in its life, as has happened, the Commission would have the opportunity to invest future cash flow at much lower and more attractive valuations. This is a very significant volatility dampener for the Fund.

### Target Strategic Asset Allocation

The Fund's current target strategic asset allocation was agreed by the Commission during 2004, modified slightly in 2006, and represents a five-year operating framework for the Fund to end 2009. As well as investments in diversified quoted equities (large cap, small cap and emerging markets) and bonds it includes a significant allocation to alternative assets: property, private equity and commodities. The property and private equity allocations represent "soft" targets to be achieved on a phased basis as suitable investment opportunities arise and are subject to prevailing market conditions. As property and private equity investments are made, the large cap quoted equity and bond allocations are progressively reduced.

NPRF Asset Allocation				
	Fund Allocation <sup>1</sup> 31 December 2008		Benchmark Portfolio 31 December 2008	Target Strategic Asset Allocation (end 2009)
	€m	%	%	%
Large Cap Equity	8,916	55.2	64.1	56
Small Cap Equity	530	3.3	5.0	5
Emerging Markets Equity	209	1.3	4.0	5
Private Equity	501	3.1	3.3	10*
Property	513	3.2	4.4	8
Commodities	82	0.5	1.5	2
Bonds	3,521	21.8	15.6	13
Currency & Asset Allocation Funds	202	1.3	1.1	1
Cash	1,668	10.3	1.0	-
<b>Total</b>	<b>16,142</b>	<b>100.0</b>	<b>100.0</b>	<b>100</b>

\*including a 2% allocation to infrastructure.

The Commission has taken a cautious approach to investing the quarterly Exchequer contributions to the Fund since the onset of the credit crisis in 2007 and increased its cash balances throughout 2008. It has also allowed the bond allocation to increase as equity markets fell. As a result the Fund was 13.3 percentage points underweight its benchmark quoted equity holding at end 2008.

<sup>1</sup> Asset allocation is based on amounts allocated to each investment manager and includes cash and other net assets held. Property and private equity valuations also include the currency hedge.

## Benchmark Portfolio

Under the National Pensions Reserve Fund Act, 2000 the Commission is required to determine appropriate benchmarks against which the investment return of the Fund can be assessed. 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 has been 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 small amount 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.

## Developments in 2009

On 30 March 2009 the Minister for Finance directed the Commission to invest €3.5 billion in preference shares issued by Bank of Ireland and on 12 May directed the Commission to invest €3.5 billion in preference shares issued by Allied Irish Banks plc for the purposes of recapitalising these institutions. For further information on these directed investments see pages 17 and 18 of this Report.

The transactions were funded by €4 billion from the Fund's existing resources and by €3 billion from a frontloading of the Exchequer contributions to the Fund for 2009 and 2010. The €4 billion provided from the Fund's resources was financed mainly from the Fund's cash and liquidation of its government bond investments with a small portion coming from equity sales.

### Funding of Directed Investments in Financial Institutions 2009

	€ Billion
Fund Cash	1.6
Government Bonds	2.3
Equities	0.1
Exchequer Contribution	3.0
<b>Total</b>	<b>7.0</b>

The Commission will be carrying out its scheduled review of its long-term investment strategy during 2009. This review will take into account the significant investment in bank preference shares. It will also consider the implications of the financial and economic crisis for the expected risk and return of the various asset classes in which the Fund might invest.

## Market Review

2008 proved to be the most challenging year to date for the Fund and one of the most difficult periods ever for global financial markets. The credit storm that began in 2007 reached a level of intensity that shook the global financial system to its core and, in the process, fundamentally reshaped the world's banking landscape.

Global financial imbalances caused the crisis. During the years leading up to 2007 saver countries in the Middle and Far East recycled their wealth to Western spender countries. Eventually the spender countries became so highly borrowed at the consumer and institutional level that serious doubt emerged as to their ability to repay existing obligations, let alone assume new ones, resulting in a sharp fall in credit quality and capacity.

Banks had packaged large numbers of mortgages and other loans into securities which relied on anticipated payments on the underlying loans 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.

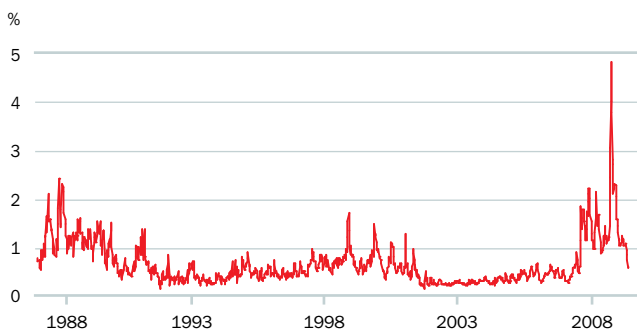
A substantial volume of these securities was owned by banks, which had to write down their value. Banks require capital to back any credit advances and the impairment of bank capital caused by this write down meant that they could not advance credit at previous volumes until their capital had been replenished. As a result prime borrowers, including banks themselves, were soon struggling to obtain credit.

Mounting losses and a dearth of funding options resulted in bankruptcy, takeover, or large-scale government assistance for many financial institutions. In the US alone, the crisis brought down Lehman Brothers, one of the world's biggest investment banks. Mortgage companies Fannie Mae and Freddie Mac survived, along with insurance giant AIG and Citigroup, but only with substantial US government assistance. A similar picture of government support of unprecedented magnitude emerged in Europe.

September and October in particular were difficult months for markets around the world as the credit crunch tightened its grip on the financial system. Credit markets, which had already contracted, largely ceased to function following the September bankruptcy of Lehman Brothers.

The "TED" spread, the difference between what the US government and banks pay to borrow for three months, became a closely-watched measure of risk within the financial system and climbed sharply to in excess of 4.5% during October.

### The "TED" Spread



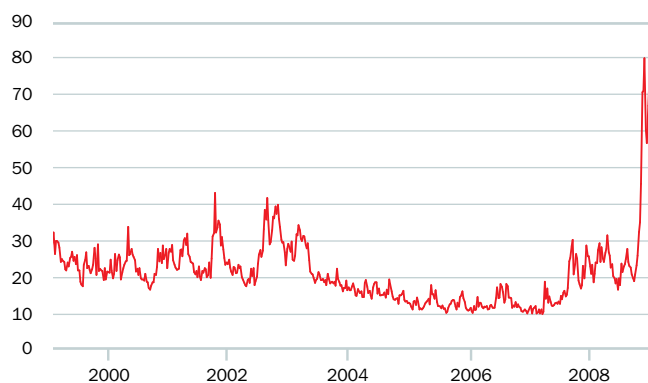
Source: Bloomberg

The dislocation of credit markets meant that banks were unable to borrow in the interbank market and as a result their ability to function was seriously impaired. Governments and central banks responded with deep and co-ordinated interest rate cuts accompanied by ambitious bank guarantee and recapitalisation plans in a bid to revive flagging economies and restore financial stability.

Stock markets were subject to extreme swings in the third quarter as authorities in the US and Europe grappled with the crisis. The Dow Jones Industrial Average, one of the world's main equity indices, set new records for a single-day point loss and a single-day point gain within the same two-week span, and experienced its first ever intraday swing in excess of 1,000 points.

This volatility is captured by the Chicago Board Options Exchange Volatility Index (VIX) a measure of equity market volatility based on the prices of options on the US S&P 500 equity index. The VIX began the year at around 16 but soared to 80 in October, almost double the level recorded in 2001 and 2002.

### Volatility Index (VIX)



Source: Bloomberg

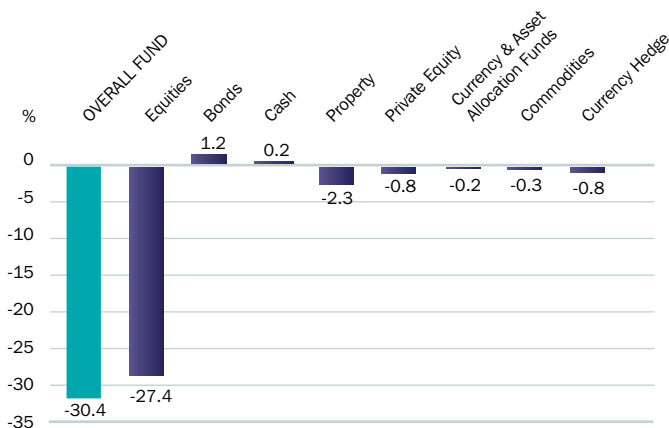
With the dramatic deterioration in conditions from the middle of September onwards the credit crunch escalated into the most serious financial and economic crisis since the 1930s. While equities bore the brunt of the turmoil, cash and government bonds were the only major asset classes to emerge unscathed.

The fallout from the crisis has been spectacular. Across the world, banks have been forced to turn to governments for fresh capital to repair balance sheets severely depleted by massive write downs. For the wider global economy, the lack of credit availability and efforts by companies and consumers in the developed world to reduce their debt burden at the expense of spending have brought recession and rising unemployment.

## Overall Performance

The Fund recorded an investment return of -30.4% in 2008<sup>2</sup>. The Fund's annualised return since inception was 0.5% at end 2008, down from 6.1% at end 2007. In broad terms the effect of the financial crisis on the Fund has been to erase the gains it has made in recent years.

### NPRF Performance 2008 Weighted Contribution by Asset Class



The Fund's negative return in 2008 is mainly attributable to the performance of its equity investments, which fell sharply as a consequence of steep declines in global equity markets during the year.

Bonds and cash made a positive contribution to the Fund's overall performance in 2008. Government bond prices benefited as increasingly risk-averse investors fled from other asset classes. The Fund's unallocated cash is placed on deposit with the Central Bank. While interest rates fell during the year, the Fund benefited from its overweight cash position.

Property and private equity were severely impacted by the deterioration in economic conditions and as debt financing for transactions dried up. Commodities recorded their worst annual performance since modern records began as the global economic slowdown sapped demand for energy and metals.

The Fund's foreign currency hedging activities had a negative impact on performance mainly due to the strength of the US dollar. The purpose of the hedging strategy is to reduce the effects of currency fluctuations on the Fund and it is not varied in response to market conditions. The Fund hedges 50% of non-euro denominated quoted equity exposures (other than emerging markets equities which are not hedged) and its private equity exposure and hedges 100% of its non-euro denominated property exposure.

In recent years the Commission has pursued a strategy of steadily diversifying the Fund's investments beyond its initial portfolio of large-cap equities and bonds to one that includes emerging market equities, corporate bonds and additional asset classes such as property, private equity and commodities. During 2008, however, even a diversified portfolio offered little protection against a crisis of such severity that the stability of the global financial system was called into question.

Following a difficult first quarter as markets felt the impact of the credit crisis, the dislocation of international credit markets and falling economic activity, the Fund rallied in April and May before falling back over the summer as markets continued to exhibit concerns about the economic outlook. The crisis worsened significantly and rapidly from September onwards. Such was the pace of the deterioration that for the eight months to end August the Fund had a return of -11% but by late October its decline had widened to -30%.

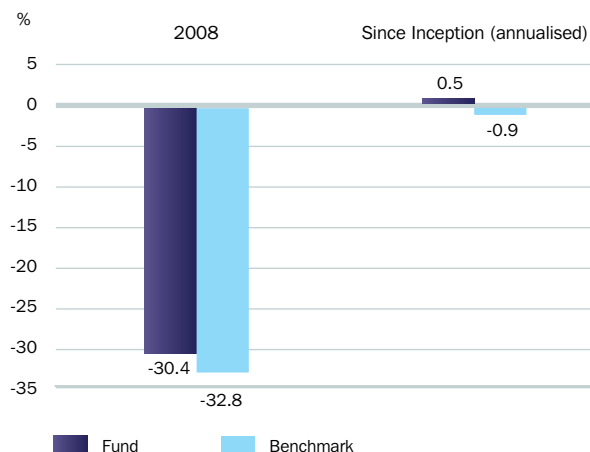
### Cumulative NPRF Performance in 2008



The Fund finished 2.4% ahead of its benchmark in 2008. Tactical asset allocation, where the Commission intentionally alters the asset allocation from the benchmark portfolio, was the main contributor to this relative outperformance. The main decisions taken were to hold excess cash against equities through the year, to allow this cash position to build up as Exchequer contributions were received, and to maintain an overweight bond position as the Fund's equity allocation declined with falling equity markets. As a result the Fund was 13.3 percentage points underweight its benchmark equity holding at the end of 2008.

<sup>2</sup> Fund performance is calculated using time-weighted return - the industry standard for reporting investment performance under the Global Investment Performance Standards (GIPS).

## NPRF Performance



Active management also contributed to the relative outperformance of the Fund's benchmark in 2008. Active managers have discretion to vary their holdings away from their benchmarks in seeking to generate additional return.

### NPRF Contributors to Relative Performance Against Benchmark 2008

Tactical Decisions	2.2%
Manager Performance	0.5%
Fees	-0.1%
Property	-0.5%
Private Equity	0.3%
<b>Total</b>	<b>2.4%</b>

The performance of the property and private equity portfolios against their benchmarks should be interpreted with caution. Because of their illiquid nature, it is difficult to find suitable benchmarks against which short-term portfolio performance can be measured. The investment performance of these asset classes is best evaluated on a longer-term basis.

Overall, the Fund has outperformed its benchmark by 1.4% on an annualised basis since it was established in April 2001.

## Portfolio Review

### Equities

In the very difficult market conditions that marked 2008, the Fund continued to maintain the cautious approach to equity markets it adopted at the onset of the credit crisis in 2007 with the result that at end 2008 the Fund's equity investments were 13.3 percentage points below their benchmark allocation.

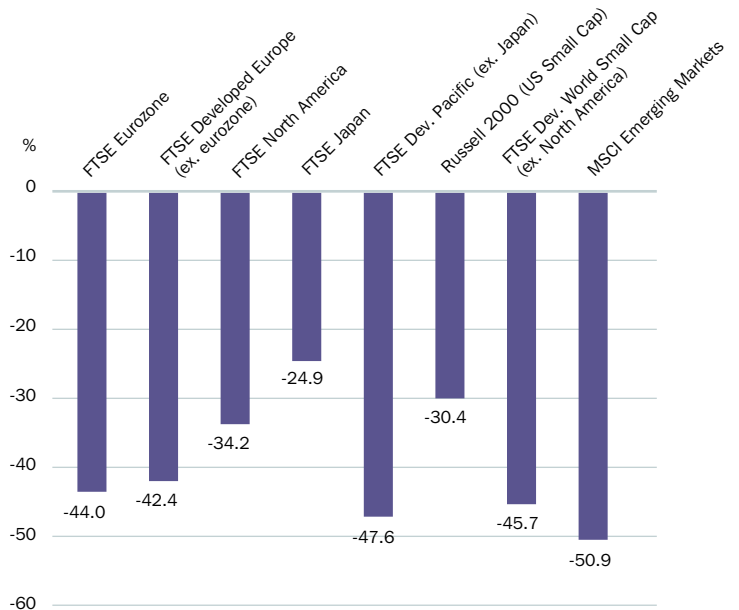
As a large globally diversified investor the Fund holds shares in over 2,600 companies worldwide. It does not own more than 1.3% of the shares outstanding of any company and no single stock accounts for more than 1.2% of the Fund.

NPRF Equity Weightings % of Total Fund 31 December 2008		
	Fund Allocation	Benchmark
	%	%
Total Large Cap Eurozone	27.0	32.1
Large Cap North America	18.2	20.6
Large Cap Europe (non-eurozone)	5.1	5.7
Large Cap Japan	3.2	3.6
Large Cap Pacific Basin	1.7	2.1
Total Large Cap Non-Eurozone	28.2	32.0
Small Cap	3.3	5.0
Emerging Markets	1.3	4.0
<b>Total</b>	<b>59.8</b>	<b>73.1</b>

While the Fund's equity investments are predominantly in large cap companies in the eurozone and other developed markets, the Commission has also made allocations to small cap and emerging markets equities. 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 Commission awarded three new emerging markets investment management contracts in 2008 to enable the implementation of its strategic emerging markets allocation, it deferred funding these managers in view of market conditions.

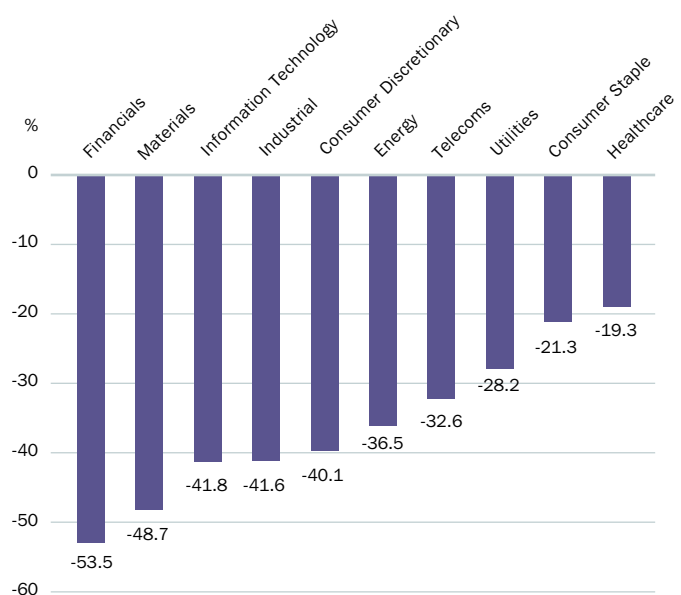
The Fund's equity investment return in 2008 was -39.5% (contributing -27.4% at overall Fund level).

### Returns to NPRF Equity Indices 2008



The equity market fall was global and the consequences were felt across the Fund's equity portfolio. Most major international stock market indices recorded annual declines in the region of 40%. Emerging markets, which were particularly vulnerable to the weakening global economy and falling commodity prices, suffered even steeper falls.

### Equity Sector Performance 2008



Source: Bloomberg

Financial and banking stocks bore the brunt of the fallout from the credit crisis but all sectors were affected by the resulting sharp contraction in economic growth. Defensive sectors such as healthcare and consumer staples did best.

## NPRF Mandates and Managers 31 December 2008

The Fund's strategic asset allocation is broken down for investment purposes into a number of investment mandates. In most cases the Commission has outsourced the management of these mandates to specialist investment management institutions.

Mandates are managed within guidelines and parameters set down by the Commission. Tactical and stock level investment decisions are delegated to the individual managers. Investment mandates may be passive (where the manager's target is to reproduce the return of a specified market index) or active (where the manager's target is to outperform a specified market index).

Passive management represents an extremely cost effective way of achieving market index returns and 63% of the Fund's quoted equity allocation was passively managed at end 2008.

Active managers are engaged where there is a reasonable expectation that they can add value over and above any extra costs incurred and the Commission's approach is to channel active management risk into those areas most likely to lead to additional return.

The Fund's multi-manager investment approach allows for diversification so that the Fund's performance is not overly dependent on the performance of any one manager or investment style.

<b>PASSIVE EQUITY</b>	
<b>Index Managers</b>	
Barclays Global Investors	
Bank of Ireland Asset Management/State Street Global Advisors	
<b>Index Plus Funds*</b>	<b>Manager</b>
U.S. Large Cap	AIG Global Investment Group
U.S. Large Cap	Barclays Global Investors
<b>ACTIVE EQUITY</b>	
<b>Mandate</b>	<b>Manager</b>
Pan Europe	Oechsle International Advisors
Pan Europe	Putnam Investments
Global	RCM
Global	Generation Investment Management**
North American Growth	Goldman Sachs Asset Management International
North American Value	Lord, Abbett & Co.

North American Enhanced Index	Invesco Asset Management
Japan	Daiwa SB Investments
Pacific Basin	Schroder Investment Management
EAFE Small Cap	Acadian Asset Management
EAFE Small Cap	Axa Rosenberg Investment Management
Global Emerging Markets	Alliance Bernstein**
Global Emerging Markets	Emerging Markets Management**
Global Emerging Markets	Batterymarch Financial Management
Global Emerging Markets	Pioneer Investment Management
Global Emerging Markets	Principal Global Investors (Europe)
<b>BONDS</b>	
<b>Mandate</b>	<b>Manager</b>
Eurozone Government and other Bonds	National Treasury Management Agency
Active Eurozone Government	Irish Life Investment Managers
Active Eurozone Corporate	DB Advisors
<b>CURRENCY</b>	
<b>Mandate</b>	<b>Manager</b>
Passive	National Treasury Management Agency
<b>Active Funds**</b>	
Goldman Sachs Asset Management**	
BNY Mellon Asset Management**	
JP Morgan Asset Management**	
<b>GLOBAL TACTICAL ASSET ALLOCATION</b>	
Bridgewater Associates**	
<b>TRANSITION MANAGERS***</b>	
Citigroup Global Markets	
Nomura International	
State Street Bank Europe	

\* The index plus products are designed to provide the Fund with the total return on the index with upside that can be either fixed or based on a participation in designated proprietary trading strategies.

\*\* Investment is through pooled funds in which other investors also participate.

\*\*\* 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.

## Bonds

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, 2000 from investing in Irish Government bonds. Reflecting the bond allocation's strategic role in the portfolio of diversifying risk and reducing volatility, all of the Fund's investments are in higher quality investment grade bonds.

NPRF Bond Weightings 2008		
	Fund Allocation	Benchmark
	%	%
Eurozone Government Bonds	14.5	13.6
Eurozone Corporate Bonds	2.2	2.0
Private Placements	5.1	0.0
<b>Total</b>	<b>21.8</b>	<b>15.6</b>

During 2008 the Commission allowed the Fund's bond allocation to increase as equity markets fell. As a result the Fund was 6.2 percentage points overweight its benchmark bond holding at end 2008.

The private placements are investments which are not generally traded in the markets and the intention is to hold them to maturity. They offer enhanced return over government bonds. These investments are in securities issued by Irish financial institutions, over half of which is in well-collateralised instruments backed by residential mortgages, and in an infrastructural bond issued by the Dublin Airport Authority.

The Fund's bond investment return in 2008 was 6.4% (contributing 1.2% at overall Fund level). The inflationary pressures present in the first half of 2008 abated dramatically from midyear onwards as the scale of global economic slowdown became apparent. Risk aversion and a resulting flight to perceived quality produced dramatic rises in government bond prices and pushed yields down to multi-decade lows<sup>3</sup>. The yield on the German 10-year benchmark government bond, having started the year at 4.3%, had dipped below 3.0% at year end.

## German 10-Year Government Bond Yield 2008



Source: Bloomberg

Growing default fears and liquidity problems led to contrasting fortunes for government and corporate securities during 2008. While the quest for safety and liquidity boosted demand for government-issued securities, many investors shied away from even investment-grade corporate debt, sending the spread, or difference in yield, over government securities to very high levels. The spread between eurozone government and corporate bond indices increased from 0.78% at the start of the year to 3.43% by year end.

## Cash, Commodities and Currency and Asset Allocation Funds

The Fund's benchmark cash holding is 1%. However, the Commission's cautious approach to committing new money to the markets since the onset of the credit crisis meant that by end 2008 the accumulated cash balances equalled 10.3% of the Fund's assets. The Fund's cash is placed on deposit with the Central Bank.

The Commission has accessed the commodities market through the purchase of certificates which provide a return based on a commodities index (the S&P GSCI™). The commodities programme returned -44.1% in 2008 (contributing -0.3% at overall Fund level) as commodity prices were severely affected by the global economic crisis. The Commission reduced the Fund's commodities allocation through the year, as its commodities certificates matured, in light of market conditions and its allocation fell from 1.3% at the start of the year to 0.5% at year end.

<sup>3</sup> 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 subsequently move to 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.

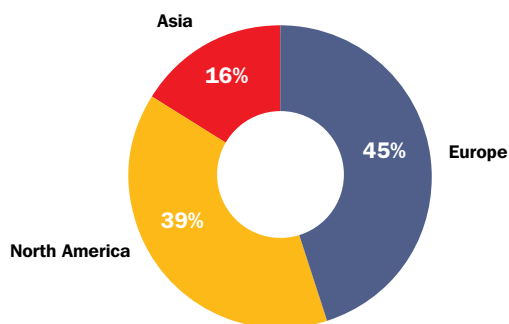
The Commission has invested in three currency funds and one global tactical asset allocation fund. These funds aim to generate returns in all market conditions by identifying and exploiting price inefficiencies among currencies and other asset classes. These investments returned -15.8% in 2008 (contributing -0.2% at overall Fund level). Performance volatility is a characteristic of investment in these funds with returns varying widely between individual funds and from year to year. The effect on the Fund's overall return is controlled by making a small allocation to these investments (1.3% of the total Fund at end 2008).

## Property

At end December 2008, property commitments comprised 7.2% of the overall Fund with property investments representing 3.2%<sup>4</sup> of the overall Fund. Property commitments are drawn down by managers on a phased basis as they identify suitable investment opportunities.

The property portfolio is well diversified by geographic region, sector and investment manager. On a geographic basis the Fund is targeting a property allocation of 50% to Europe, 35% to North America and 15% to Asia. On a commitment basis, the portfolio was broadly in line with this target allocation at end 2008.

### NPRF Property Commitments 31 December 2008



The Fund's property investment return was -47.1% in 2008 (contributing -2.3% at overall Fund level). As a result of the credit crisis 2008 was an extremely difficult year for property with values down in all markets and sectors and lending markets almost entirely shut down. The recession is also having a severe impact on the occupier market with rents declining and vacancies increasing.

The Fund reduced the pace of commitments to property in early 2007 in view of market conditions. However, the dislocation of global property markets should result in opportunities to acquire high quality assets at more favourable prices in a less competitive market.

At the end of 2008 the Fund had investments in 26 property investment vehicles across 19 managers. A full list of these investments is set out on page 82 of the Portfolio of Investments appended to this Report. In addition, the Fund has invested in the US and UK listed property markets through its passive equity managers.

### Features of NPRF Property & Private Equity Investment Programmes

The NPRF's property and private equity programmes principally comprise a portfolio of indirect investment vehicles, typically structured as limited partnerships, which acquire physical buildings or companies relevant to the specific property or private equity strategy being pursued e.g. a US office property fund will acquire office investments in the major US metropolitan areas.

These vehicles are generally constituted in such a way that the NPRF is an arms length investor with no involvement in the day to day management of the investment. The vehicles are usually closed end with a fixed life of around eight to 10 years. A general partner is responsible for the implementation of strategy while the NPRF, as a limited partner, receives regular reports on how the investment is performing. The NPRF may be represented on the advisory board of the investment vehicle.

Investments are generally undertaken on a commitment basis i.e. the NPRF commits a certain amount of money that can be called over a defined period, generally three to five years.

## Private Equity

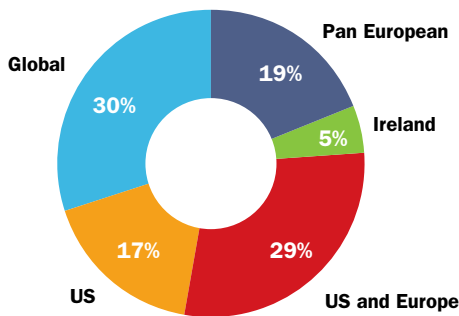
At end December 2008, private equity commitments comprised 9.3% of the overall Fund with private equity investments representing 3.1%<sup>5</sup> of the overall Fund. Private equity commitments are drawn down by managers on a phased basis as they identify suitable investment opportunities.

The private equity portfolio is diversified by both investment type and region. On a commitment basis, the portfolio is split 67% to managers specialising in buyout deals, 13% to managers specialising in venture capital and 20% to managers specialising in other investment categories.

On a geographic basis the portfolio can be classified into five major groupings: global funds, US-only funds, US and Europe funds, Pan-European funds and Ireland funds.

4, 5 Includes cash and currency hedge

## NPRF Private Equity Commitments 31 December 2008



The allocation to Ireland comprises four commitments made to Irish venture capital funds raised in 2007 and 2008.

The Fund's private equity investment return was -19.3% in 2008 (contributing -0.8% at overall Fund level).

The private equity industry was seriously affected by the turmoil in the capital markets in 2007 and 2008. The severity of the credit crisis and the resulting liquidity constraints, combined with the deterioration in business and consumer confidence, has resulted in an extremely difficult global business environment. The 31 December 2008 valuations reflect the fall in comparable price-to-earnings valuation multiples in the public markets and the weak economic outlook.

The drawdown of committed capital by private equity managers on a phased basis means that the underlying investments are acquired at different stages of the economic cycle. At end 2008, 55% of the Fund's private equity commitments remained undrawn and spread across a diversified portfolio of managers. As a result, the Fund's private equity portfolio is relatively well positioned to capitalise on the more favourable acquisitions market expected over the next three to four years.

At end 2008 the Fund had investments in 39 private equity investment vehicles across 26 private equity firms. A full list of these investments is set out on page 82 of the Portfolio of Investments appended to this Report.

## Directed Investments

### Background and Main Features of Investments

On 30 March 2009 the Minister for Finance directed the Commission to invest €3.5 billion in preference shares issued by Bank of Ireland and on 12 May 2009 directed the Commission to invest €3.5 billion in preference shares issued by Allied Irish Banks plc (AIB). The investments followed intensive discussions between the Government and Bank of Ireland and AIB with a view to securing the position of these two banks. As a result of these discussions, the Government decided on a comprehensive recapitalisation package to reinforce the stability of the Irish financial system, increase confidence in the banking system in Ireland, and facilitate the banks involved in lending to the economy.

The preference share investments form part of the National Pensions Reserve Fund and any income or capital gains from these assets will accrue to the Fund. The directed investments do not involve any change in the date of first drawdown from the Fund – 2025.

The investments comprise part of each bank's core Tier 1 Capital. Banks are required to hold a minimum of 8% of total risk weighted assets as Tier 1 and Tier 2 Capital with Tier 1 Capital accounting for at least 4% of risk weighted assets. Tier 1 Capital includes ordinary shares, retained earnings and other long-term securities subordinate to all other claims on the bank. Tier 2 Capital comprises long-term capital (normally debt) which is subordinate to all other claims on the bank - other than Tier 1 Capital.

Preference shares are a type of share capital which confers particular rights, including priority payment of any dividend. The Fund's Bank of Ireland and AIB preference shares rank *pari passu* (equivalent) to ordinary shares in liquidation and the annual dividend ranks *pari passu* with dividend claims of other preference shares.

The main features of the investments are as follows:

- The Fund has invested in perpetual preference shares with an annual non-cumulative fixed dividend of 8% payable in cash or, in the case of non-payment by either bank of the cash dividend, ordinary shares in lieu. These preference shares can be repurchased at par up to the fifth anniversary of the issue and at 125% of face value thereafter.
- The Minister for Finance can appoint, in total, 25% of the directors to both banks.
- The Fund receives 25% of total ordinary voting rights in respect of change of control and board appointments.

- Warrants issued with, but detachable from, the preference shares give an option to purchase up to 25% of the ordinary share capital of each bank existing on the date of issue of the preference shares. The strike price of the warrants exercisable by the Fund for the first 15% of the ordinary share capital is €0.975 for AIB and €0.52 for Bank of Ireland. The strike price of the balance of the warrants is €0.375 for AIB and €0.20 for Bank of Ireland. The warrants are exercisable at any time from the fifth to tenth anniversary of issue of the preference shares or immediately prior to any takeover or merger of the bank concerned, whichever is earlier.
- If either bank redeems up to €1.5 billion of the Fund's investment in preference shares from privately sourced core Tier 1 Capital prior to 31 December 2009, then the warrants will be reduced pro rata to that redemption to an amount representing not less than 15% of the ordinary shares of the bank concerned.

### Statutory Basis of Directed Investments and Commission Responsibilities

The Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009 makes the necessary legislative changes to the National Pensions Reserve Fund Act, 2000 to enable the Fund to be used for the purposes of bank recapitalisation. It empowers the Minister for Finance to direct the Commission to invest in listed credit institutions or to underwrite share issues by these institutions (directed investments) where, having consulted the Governor of the Central Bank and the Financial Regulator, he decides such a direction is required, in the public interest, for either or both of the following purposes -

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

The Act provides the Minister with power to give directions to the Commission with regard to the management and disposal of any directed investments. It amends Section 19 of the National Pensions Reserve Fund Act, 2000 to disapply the Fund's statutory investment policy (to seek the optimal financial return provided the level of risk is acceptable to the Commission) from the Fund's directed investments.

The Act also provides that the Commission shall, when requested by the Minister for Finance, advise him on any matter about which he proposes to give a direction. Under this provision, the Commission, at the request of the Minister, had comprehensive legal and financial due diligence carried out on Bank of Ireland and AIB.

The due diligence exercises were completed and the results forwarded to the Minister in March 2009 in relation to Bank of Ireland and May 2009 in relation to AIB. The commercial due diligence involved stress testing the adequacy of each bank's capital under a number of scenarios.

The Minister's directions assign a number of ongoing functions with regard to the directed investments to the Commission. The Commission's ongoing functions in relation to these investments can be summarised as follows:

- (i) The subscription agreements for the preference shares contain post-completion covenants or undertakings by the banks as part of the recapitalisation package. The Commission is responsible for monitoring compliance by the banks with the terms and conditions of a number of these post-completion covenants, informing the Minister of any non-compliance with them; and advising the Minister, as may be requested, on remedial actions that might be taken by each bank. The post-completion covenants monitored by the Commission relate principally to remuneration and fees. The Commission may not agree any changes requested by the banks to remuneration, pension and termination compensation arrangements pursuant to the subscription agreements without consulting the Minister.
- (ii) The Commission is responsible for oversight of the directed investments and monitoring the financial condition of the banks.
- (iii) The Commission is required to report to the Minister on a quarterly basis on all material issues arising from its analysis of the banks' financial condition, business plans and compliance with the post-completion covenants.
- (iv) The Commission is required to notify the Minister in advance of all corporate actions, meetings or other exercise of any voting or other rights it has as shareholder and to vote or otherwise exercise those shareholder rights in accordance with the Minister's specific or general instructions.

With regard to the exercise of shareholder rights, it should be noted that the Commission also has voting rights in Bank of Ireland and AIB arising from its non-directed equity investments in these institutions. For consistency, it has decided to exercise these rights in the same manner as the Minister's instructions regarding the exercise of rights arising from its directed investments.

## Risk, Oversight and Controls

### Market Risk

The primary source of risk to the Fund is the amount of absolute market risk inherent in the Fund's strategic asset or benchmark allocation. Market risk includes fluctuations in equity, bond and property prices and foreign exchange movements. While the Commission has endeavoured to maximise potential return while keeping volatility within reasonable limits by diversifying the Fund's investments across a range of asset classes, market volatility was extremely high in 2008 and steep falls were experienced across most asset classes.

Relative market risk arises from the performance of the Fund's investment 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. 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. Up to 2008 the Fund's overall tracking error limit was 1.25%. This means that annual Fund performance was expected to be within 1.25% of benchmark performance approximately two thirds of the time. During 2008 the Commission progressively increased the Fund's downside tracking error limit to 2.75%, increasing its flexibility to reduce relative risk below benchmark levels and enabling it to hold substantial overweight cash and bond positions against equities.

The Fund's overall tracking error is allocated between individual investment managers and to tactical asset allocation decisions 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.

### Operational Risk

Operational risk arises in the implementation of the Fund's investment strategy. The Commission's aim is to minimise operational risk. To this end the NTMA has installed information technology systems and developed detailed control procedures in line with industry best practice. These controls are regularly reviewed to ensure that they address and remain appropriate to the risks to which the 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 pooled 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 has taken steps to integrate these factors into its ownership and investment decision making practices. It has adopted a formal Responsible Investment Policy and is a founder signatory to the UN-sponsored Principles for Responsible Investment (PRI). As signatories, investors undertake to be active owners, to integrate ESG issues into their ownership and investment decision-making practices, and to report on their progress.

The Responsible Investment Policy is published on the Fund's website at [www.nprf.ie](http://www.nprf.ie). Details of the PRI are available at [www.unpri.org](http://www.unpri.org).

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 environmental, social and governance issues across its global equity portfolio, which comprises investments in some 2,600 public companies. The Hermes approach is based on the premise that a company run in the long-term interest of shareholders will need to manage effectively its relationships with employees, suppliers and customers, behave ethically and have regard for the environment and society as a whole. The Hermes team includes former CEOs and other board members of public companies, as well as senior strategists, corporate governance experts, investment bankers, fund managers, lawyers and accountants. Hermes usually engages on a discreet basis thus giving it greater access to boards and management.

With a comprehensive proxy voting and engagement programme now fully operational for more than a year the Fund has made significant progress towards fulfilling its commitments under the UN Principles for Responsible Investment. During 2008 Hermes voted on 20,832 resolutions on behalf of the Fund and engaged with 238 companies on 531 issues ranging from executive compensation and risk management to supply chain labour practices and water scarcity.

During 2008 the Fund made its first equity investment with a manager whose investment process is specifically focused on ESG factors through a global equity fund managed by Generation Investment Management. Generation's investment philosophy integrates sustainability research and themes into a rigorous traditional investment process.

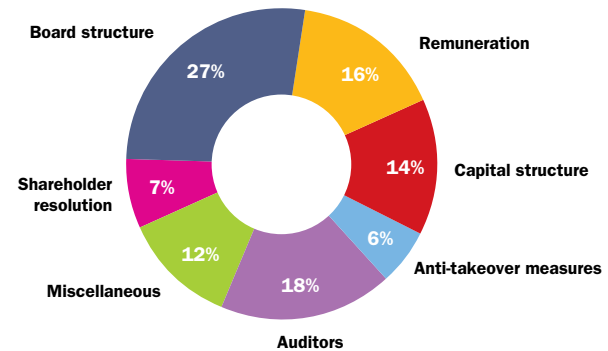
### Voting

As a responsible and active investor, the Commission is committed to exercising its voting rights across its global equity portfolio. In 2008 Hermes voted on the Fund's behalf at 2,736 meetings and opposed one or more resolutions

at 1,127 of those meetings. Hermes voted with management by exception<sup>6</sup> at 20 meetings and abstained at 44 meetings. It supported management on all resolutions at the remaining 1,545 meetings.

Hermes will generally support the recommendations of a company's board unless it has a good reason not to do so. The issues on which Hermes voted against management or abstained on resolutions are shown in the table below.

### Issues where Fund voted against management or abstained in 2008



The Commission reserves the right to override Hermes' voting recommendations. It did not exercise this right during 2008.

During 2008 the Commission commenced publication of its proxy voting record in keeping with the pledge contained within its Responsible Investment Policy. The Fund's proxy voting record is published quarterly on its website.

### Engagement

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

Engagement activities include:

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

<sup>6</sup> In certain instances Hermes may support a resolution about which it has concerns if, based on its engagement with the company, it is satisfied that the company's management will act subsequently to address those concerns.

Some engagements involve one or two meetings over a period of months while others are more complex and entail multiple meetings with different board members over several years. The case study on labour practices within the Brazilian iron and steel supply chain on page 22 is an example of the engagement work undertaken by Hermes during the year. The Fund publishes a detailed summary of Hermes' ongoing engagements on its website every quarter.

In addition to its engagement activities through Hermes, since early 2008 the Fund has been part of the Sudan Engagement Group, a collaborative engagement by institutional investors with approximately US\$2.5 trillion total assets under management, and which are all PRI signatories. These signatories recognise that their international investments include companies with operations in, or exposure to, Sudan – a country whose human rights record is a subject of public and political concern. The Group is involved in ongoing engagements with relevant companies to encourage them to act responsibly and respect human rights.

In light of concerns raised during the year the Fund asked Hermes to engage with a number of companies concerning their activities in Zimbabwe. The issues raised related not to investments by the Fund in Zimbabwe itself, but to investments in a number of multinational companies which have operations across the globe.

Engagement work carried out by Hermes has found that some of the companies named have no involvement at all in the country or are planning to withdraw. Others have small operations providing basic goods which either provide no support to the government or where withdrawal would disproportionately impact the general population. Hermes has concluded its engagement with these companies.

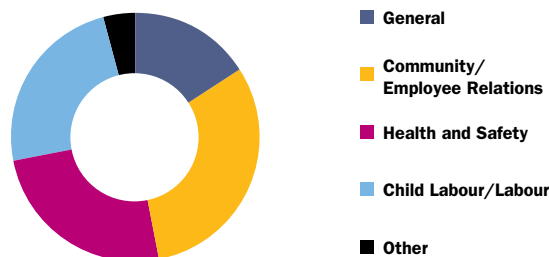
There are a small number of companies with a larger presence in Zimbabwe (albeit small in the context of their overall global businesses). Where these companies are concerned, it is not clear whether advocating their withdrawal from Zimbabwe is the most appropriate course of action. The case for a withdrawal by companies must be weighed against the impact of their pullout on ordinary Zimbabweans who are already facing considerable hardship. Hermes is continuing to engage with these companies.

### Cluster Munitions

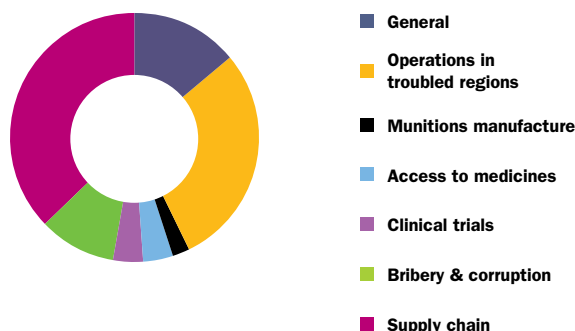
The Cluster Munitions and Anti-Personnel Mines Act, 2008 obliges the Fund to avoid investment in manufacturers of cluster munitions or anti-personnel mines.

The Commission has divested from seven companies and excluded four others (where it did not have existing investments) from the Fund because of their involvement in the manufacture of cluster munitions or anti-personnel mines.

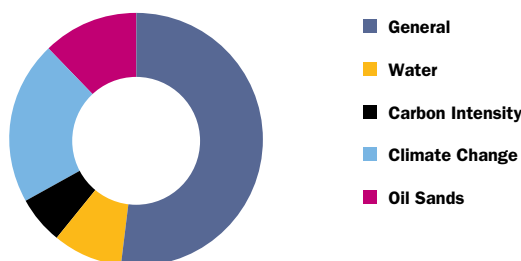
### Social issues featured in 11% of engagements in 2008



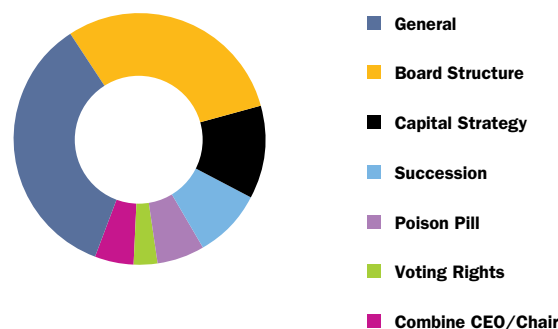
### Ethical issues featured in 11% of engagements in 2008



### Environmental issues featured in 12% of engagements in 2008



### Governance issues featured in 32% of engagements in 2008



### Other Engagements in 2008

Business strategy featured in 19% of engagements
Risk management featured in 8% of engagements
Remuneration featured in 7% of engagements

## Hermes Engagement Case Study<sup>7</sup>

### Social, ethical and environmental: Brazilian iron & steel supply chain

#### Overview

In 2006, an article in *Bloomberg* magazine discussed the pig iron supply chain in Brazil. In particular it covered the creation of charcoal used in iron production in the country, and highlighted some very concerning abuses of workers. Essentially, workers were enticed into the trade by the offer of well-paid work but were then kept in camps and either not paid, or their wages taken to pay for their living. Trapped by the physical remoteness of these camps, these workers were essentially slave labourers. In addition, these slave labourers were producing charcoal from rainforest trees, damaging the environment and using a resource in an unsustainable way. The case that we put to the companies using iron and steel drawn from Brazilian supply chains where there were allegations of slave labour emphasised the reputational risk of sourcing iron in this way – something potentially damaging to their perception among their staff and customers (a particularly acute concern for consumer-facing businesses) – but also from a more direct economic perspective.

Only a handful of the companies using Brazilian pig iron in their supply chains were already aware of these issues when we began our engagement. In those few cases, our dialogue focused on gaining reassurance that this awareness had been turned into effective action to mitigate the risk that their suppliers were taking advantage of these unsustainable practices. For the majority of the companies, however, the entire issue was unknown to them. Indeed for a number of them, the idea that shareholders might ask questions about their supply chain and practices within it was a novel one. This was particularly true of some of the Japanese companies, which were taken by surprise that these might be matters which shareholders had concerns about. With the Japanese companies in particular, the fact that Hermes' Asian engagement team were able to set out these concerns in their own language was a key driver for making progress. For these companies our initial aim was to alert them to the issue and their need to address it. We then worked with them to assist in the development of appropriate and substantive responses to the effective management of their supply chains.

It is particularly because of the need for education of these companies and the requirement to develop from scratch processes to manage such issues in company supply chains, that this engagement has been such a long-running one. But we are pleased that some of these companies – most notably two Japanese ones in the last quarter – have been able to demonstrate some very substantial processes to manage such risks in their supply chains, not just in respect of the immediate Brazilian iron issue, but more generally. In a sense, it is remarkable that they have come so far in such a short period of time.

#### Issues and Companies

The Bloomberg article focused on the efforts of the Brazilian authorities to clamp down on the abuse of workers and to free slaves from individual camps. However it was clear that the problem persisted and we acted to ensure that its implications were managed by companies in which our clients were invested. Those businesses directly involved in the trade were either simply sole traders or not publicly listed, but our investigations suggested that a number of companies in which clients were invested used iron from Brazil which was implicated in this way.

Hermes' clients are long-term investors, looking to promote long-term positive performance by companies, rather than short-term profitability. It was apparent that over time the efforts of the Brazilian authorities against this trade would be successful and that this abuse of workers and unsustainable use of rainforest charcoal would be brought to an end. Those companies which sourced iron and steel linked to these abuses would at that point face a step-change in their cost base, as the wages of workers and sustainable charcoal sourcing was priced into the iron and steel they bought. Indeed, it appeared to us that the profitability of these companies was potentially misleading and could lead them to make poor investment decisions. These factors indicated to us that long-term investors in these companies should be encouraging them to manage their supply chains effectively to ensure they are not misled by prices or exposed to reputational risk.

Our analysis identified that there were essentially two groups of companies taking iron and steel from Brazil whose supply chains might be implicated in this way. As we indicate above, a few of these companies were already managing the issue effectively. As a result of our engagements, the vast majority of them are now doing so.

The first group of companies impacted by this issue were the large-scale steel producers, which have significant steel operations across the world. Generally, these take iron as a raw material for their steel mills. Among those in this group are ArcelorMittal (Luxembourg), Gerdau (Brazil), JFE Holdings (Japan), Nippon Steel (Japan), Sumitomo Metal (Japan) and ThyssenKrupp (Germany).

The second group of companies which were identified as possible users of iron and steel from the relevant supply chain were manufacturers of cars and other similar machinery, particularly those with substantial operations in the Americas and therefore more likely to be sourcing raw materials from that region. This group included: Bombardier (Canada), Deere & Co (US), Daimler – at the time still DaimlerChrysler – (Germany), Ford Motor (US), General Motors (US), Honda Motor (Japan) and Suzuki Motor (Japan). One further company was Russel Metals (Canada), a metal distributor and processor.

<sup>7</sup> This case study is taken from Hermes Equity Ownership Services' Public Engagement Report for Quarter 3, 2008.

## Fees and Expenses

The accrued fees and expenses incurred in the operation of the Fund in 2008 totalled €25.2m.

Fund Expenses 2008	
	€
Investment Manager Fees	20,125,952
Global Custodian Fees	1,542,874
Fees & Expenses of Commissioners	340,710
Systems and Services	1,886,626
Legal and Tax Advisory Fees	832,252
Consultancy Fees	328,988
External & Internal Audit Fees	142,000
Other Fees and Expenses	39,402
<b>Total</b>	<b>25,238,804</b>

In addition to the above expenses, the costs incurred by the NTMA in its role as Manager amounted to €6,673,568 in 2008. These costs are borne by the Exchequer.

The investment manager fees set out above are those charged directly to the Fund and are in respect of the majority of the Fund's assets. However, in some instances, particularly in property and private equity, the Fund invests through third-party pooled funds and other investment vehicles. In most cases fees and expenses in respect of these investment vehicles are charged within the investment vehicle concerned and are not charged separately to the Fund.

The Fund participates each year in a survey run by a Canadian firm, Cost Effectiveness Management (CEM), which measures the total operating costs of pension funds relative to their peers. The survey benchmarks the Fund's cost performance against a customised cost benchmark comprising a peer group of similar international funds that CEM has identified as the most appropriate comparison for the Fund. The survey takes account of differences in asset allocation within the peer group.

The most recent survey, which was in respect of 2007, found that total Fund costs, including the costs incurred by the NTMA as Manager and fees charged within third-party investment vehicles, were 0.28% of average Fund assets. This figure is equal to the average of the Fund's peer group.

## 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 Director of the Central Bank and Financial Services Authority of Ireland.



**Brid Horan**

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



**Maurice Keane**

Company Director and 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 policy. This policy 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 Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009 empowers the Minister for Finance to direct the Commission to invest in listed credit institutions or to underwrite share issues by these institutions where, having consulted the Governor of the Central Bank and the Financial Regulator, he decides such a direction is required, in the public interest, for either or both of the following purposes -

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

The Fund's statutory investment policy does not apply to directed investments.

The National Treasury Management Agency (NTMA) is the statutory Manager of the Fund for the period to April 2011<sup>8</sup> 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. It also monitors directed investments and the financial performance of the institutions concerned on behalf of the Minister for Finance.

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 held six formal meetings during 2008.

### NPRF Commission Members

Paul Carty – Chairman (Appointed an ordinary commissioner from 1 August 2005 and appointed Chairman from 19 December 2005)  
*Financial Consultant and Former Managing Partner, Deloitte & Touche, Ireland.*

John A Canning Jr (Appointed from 2 April 2005)  
*Chairman of Madison Dearborn Partners LLC.*

Dr Brian Hillery (Appointed from 1 July 2004)  
*Chairman of Independent News & Media plc and Director of the Central Bank and Financial Services Authority of Ireland.*

Brid Horan (Re-appointed from 1 July 2004)  
*Executive Director, Customer Supply & Group Services, Electricity Supply Board.*

Maurice Keane (Appointed from 5 February 2007)  
*Company Director and Retired Group Chief Executive, Bank of Ireland.*

Donald C Roth (Re-appointed from 2 April 2005)  
*Managing Partner, EMP Global LLC.*

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

### 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.

<sup>8</sup> 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.

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, the NTMA's Compliance Officer and the Fund's internal and external auditors.

The Audit Committee met five times during 2008.

### 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 Chairman, Ireland, Jones Lang Lasalle.*

### 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.*

### 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.

No commissioner or committee member made a disclosure of interest during 2008.

### 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. In April 2009 the Government announced it would establish a National Asset Management Agency under the aegis of the NTMA. Assets will be transferred from the banks to the new agency with the purpose of ensuring that banks have a clean bill of health, their balance sheets are strengthened and uncertainty over bad debts is reduced. Further information on the NTMA's functions is available at [www.ntma.ie](http://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;
- oversight of the Fund's directed investments and monitoring the financial condition of the institutions concerned;
- 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 2008

# 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

Bank of New York Mellon (BNYM)

## 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 2008 as follows:

	€	% of Total Investment Assets
<b>Quoted Equities</b>		
Europe	5,272,846,293	32.88%
North America	2,951,807,440	18.41%
Japan	585,076,947	3.65%
Asia Pacific	293,733,006	1.83%
Emerging Markets Funds	208,742,546	1.30%
Global Equity Fund	52,745,542	0.33%
	<b>9,364,951,774</b>	<b>58.40%</b>
<b>Unquoted Structured Equity Investments</b>		
North America	<b>230,758,641</b>	<b>1.44%</b>
<b>Quoted Government Bonds</b>		
Austria	98,000,305	0.61%
Belgium	139,586,323	0.87%
Finland	13,680,863	0.09%
France	459,303,842	2.86%
Germany	600,517,179	3.75%
Greece	73,653,013	0.46%
Italy	605,937,555	3.78%
Netherlands	96,794,991	0.60%
Portugal	49,893,654	0.31%
Spain	139,781,137	0.87%
European Community	15,071,700	0.09%
	<b>2,292,220,562</b>	<b>14.29%</b>
<b>Quoted Corporate Bonds</b>		
Australia	4,280,812	0.03%
Austria	2,695,823	0.02%
Belgium	1,582,095	0.01%
Denmark	7,896,042	0.05%
France	52,957,781	0.33%
Germany	17,468,056	0.11%
Greece	2,528,529	0.02%
Ireland	113,303,064	0.71%
Italy	14,052,950	0.09%
Japan	2,284,022	0.01%
Luxembourg	4,725,517	0.03%
Netherlands	42,963,034	0.27%
Portugal	3,767,127	0.02%
North America	54,064,522	0.34%
Norway	6,738,550	0.04%
South Korea	493,717	0.00%
Spain	17,998,302	0.11%
Sweden	7,470,137	0.05%
Switzerland	13,374,970	0.08%
United Arab Emirates	715,942	0.00%
United Kingdom	48,734,874	0.31%
	<b>420,095,866</b>	<b>2.63%</b>

# Investment Report *(continued)*

	€	% of Total Investment Assets
<b>Unquoted Corporate Bonds</b>	<b><u>461,674,974</u></b>	<b><u>2.88%</u></b>
<b>Unquoted Property Investments</b>	<b><u>413,738,498</u></b>	<b><u>2.58%</u></b>
<b>Unquoted Private Equity Investments</b>	<b><u>477,760,320</u></b>	<b><u>2.98%</u></b>
<b>Unquoted Commodity Investments</b>	<b><u>82,068,197</u></b>	<b><u>0.51%</u></b>
<b>Unquoted Currency &amp; Other Investment Funds</b>	<b><u>202,147,442</u></b>	<b><u>1.26%</u></b>
<b>Repurchase Agreements</b>	<b><u>200,000,000</u></b>	<b><u>1.25%</u></b>
<b>Deposits and Cash</b>		
Europe	1,545,271,413	9.64%
North America	44,553,688	0.28%
United Kingdom	4,977,872	0.03%
Other Currencies	4,059,806	0.02%
Japan	3,772,899	0.02%
	<b><u>1,602,635,678</u></b>	<b><u>9.99%</u></b>
Unrealised Gain/(Loss) on foreign exchange contracts	250,069,455	1.56%
Cross Currency Swaps	37,351,041	0.23%
Unrealised Gain/(Loss) on Futures Contracts	365,189	0.00%
<b>Total Investment Assets</b>	<b><u>16,035,837,637</u></b>	<b><u>100.00%</u></b>



**Paul Carty**  
Chairman of Commission



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

25 June 2009

## 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)*

**25 June 2009**

# 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 2008, 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)*

**25 June 2009**

# 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 2008 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 2008 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*

30 June 2009

# 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 consolidated 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.

## **Reporting Period**

The reporting year is the year ended 31 December 2008.

## **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:

#### *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.

#### *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.

## Accounting Policies *(continued)*

### Valuation of Investments *(continued)*

#### Unquoted Commodity Notes

Unquoted commodity notes are fixed term passive investments which provide for a return on maturity based on the return of the 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. An additional discount may be applied to the valuation to reflect restrictions on the sale of the notes and the credit risk of the issuer.

#### Unquoted bonds

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

#### Currency funds and other unquoted investments

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

### (c) Derivatives

#### Cross Currency Swaps

Cross currency swaps are valued at their estimated fair value using industry standard valuation models. Cross currency swaps which are entered into for the purpose of hedging the currency risk of underlying investment assets are recognised as part of the change in the fair value of the underlying investment assets.

#### Futures

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

### 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.

### 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 2008*

	Notes	Year Ended 31 December 2008 €	Year Ended 31 December 2007 €
<b>Investment Return for the Year</b>			
- Investment Income	1	694,987,312	604,211,124
- Change in Value of Investments		(7,344,012,346)	111,397,578
<b>Total Investment Return for the Year</b>		<b>(6,649,025,034)</b>	<b>715,608,702</b>
Taxation	2	(26,565,754)	(54,118,554)
<b>Total Investment Return after Tax</b>		<b>(6,675,590,788)</b>	<b>661,490,148</b>
Transfer to the Administration Account for Expenses	3	(25,238,804)	(23,846,029)
<b>Total Investment Return after Tax and Expenses</b>		<b>(6,700,829,592)</b>	<b>637,644,119</b>
Contributions	4	1,690,000,000	1,615,500,000
<b>Increase/(Decrease) in Fund during the Year</b>		<b>(5,010,829,592)</b>	<b>2,253,144,119</b>
<b>Net Assets of Fund at Start of Year</b>		<b>21,152,946,562</b>	<b>18,899,802,443</b>
<b>Net Assets of Fund at Year End</b>		<b>16,142,116,970</b>	<b>21,152,946,562</b>



**Paul Carty**  
*Chairman of Commission*



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

**25 June 2009**

The statement of accounting policies and notes 1 to 17 form part of these accounts.

# Net Assets Statement *as at 31 December 2008*

	Notes	2008 €	2007 €
<b>Investment Assets</b>	6	16,035,837,637	21,059,165,559
<b>Current Assets</b>	7	119,920,447	158,190,711
<b>Current Liabilities</b>	8	(13,641,114)	(55,209,708)
<b>Provisions for Liabilities and Charges</b>	9	-	(9,200,000)
<b>Net Assets of Fund at 31 December 2008</b>		<b><u>16,142,116,970</u></b>	<b><u>21,152,946,562</u></b>



**Paul Carty**  
*Chairman of Commission*



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

**25 June 2009**

The statement of accounting policies and notes 1 to 17 form part of these accounts.

## Administration Account *for the Year ended 31 December 2008*

	Notes	Year Ended 31 December 2008 €	Year Ended 31 December 2007 €
<b>Transfer from Fund Account</b>	3	25,238,804	23,846,029
<b>Expenses of Commission</b>	5	(25,238,804)	(23,846,029)
<b>Net Income/(Expenditure)</b>		<u><b>NIL</b></u>	<u><b>NIL</b></u>



**Paul Carty**  
*Chairman of Commission*



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

**25 June 2009**

The statement of accounting policies and notes 1 to 17 form part of these accounts.

# Notes to the Accounts

## 1. INVESTMENT INCOME

	2008	2007
	€	€
Income from Investments	<u>694,987,312</u>	<u>604,211,124</u>
Summary of Investment Income from	2008	2007
	€	€
Deposits	72,766,760	20,860,497
Equities	421,292,861	405,761,146
Bonds	142,251,789	130,559,027
Property	11,997,917	24,354,855
Private Equity	1,131,702	80,295
Securities Lending	45,451,765	22,373,451
Commission Recapture	94,518	221,853
	<u>694,987,312</u>	<u>604,211,124</u>

## 2. 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, however, be liable for taxes in overseas jurisdictions where full tax exemptions are not available.

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

Deferred tax is provided in respect of certain US property investments where it is expected additional tax would be payable on disposal. The provision in respect of 2007 has been reversed as no additional tax is currently expected to fall due.

The foreign taxes and deferred tax provided are detailed below:

	2008	2007
	€	€
Foreign Taxes on Income	34,726,049	33,484,205
Foreign Taxes on Realised Gains	1,039,705	11,148,308
Other Foreign Tax	-	286,041
Deferred Tax	(9,200,000)	9,200,000
	<u>26,565,754</u>	<u>54,118,554</u>

## Notes to the Accounts *(continued)*

### 3. TRANSFER TO ADMINISTRATION ACCOUNT

This amount of €25,238,804 represents the amount required to cover the administration costs of the Commission.

### 4. CONTRIBUTIONS

	2008 €	2007 €
Paid in by the Minister for Finance - 1 per cent of GNP	<u>1,690,000,000</u>	<u>1,615,500,000</u>

### 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:

	2008 €	2007 €
Investment Managers' Fees	20,125,952	23,171,554
Global Custodian Fees	1,542,874	1,785,570
Fees & Expenses of Commissioners	340,710	334,401
Systems & Services	1,886,626	1,225,989
Legal Fees & Tax Advisory Fees	832,252	735,261
Consultancy Fees	328,988	69,684
External & Internal Audit Fees	142,000	144,918
Other Fees and Expenses	39,402	28,652
	<u>25,238,804</u>	<u>27,496,029</u>
VAT Reclaim	-	(3,650,000)
	<u>25,238,804</u>	<u>23,846,029</u>

In addition to the above expenses, the costs incurred by the National Treasury Management Agency in its role as Manager amounted to €6,673,568 (2007:€6,739,661). These costs are charged on the Central Fund and are excluded from the above.

The Irish Revenue Commissioners have 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	2008	2007
	€	€
Quoted Equities	9,364,951,774	14,756,471,538
Quoted Bonds	2,292,220,562	3,211,581,486
Quoted Corporate Bonds	420,095,866	175,684,693
Unquoted Structured Equity Notes	230,758,641	345,866,857
Unquoted Commodity Investments	82,068,197	285,528,651
Unquoted Property Investments	413,738,498	646,310,601
Unquoted Private Equity Investments	477,760,320	399,982,815
Unquoted Currency & Other Funds	202,147,442	164,774,771
Unquoted Corporate Bonds	461,674,974	89,175,370
Repurchase Agreements	200,000,000	-
Deposits and Cash	1,602,635,678	959,240,016
Foreign Currency Contracts	250,069,455	24,006,196
Cross Currency Swaps	37,351,041	-
Futures Contracts	365,189	542,565
	<b><u>16,035,837,637</u></b>	<b><u>21,059,165,559</u></b>

(b) Analysis by Geographical Classification of Assets	2008	2007
	€	€
Europe	11,103,468,006	14,085,620,253
North America	3,776,454,022	5,183,659,031
Japan	613,441,287	735,410,411
Asia Pacific (excluding Japan)	333,731,776	624,418,838
Emerging Markets	208,742,546	430,057,026
	<b><u>16,035,837,637</u></b>	<b><u>21,059,165,559</u></b>

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:

	2008	2007
	€	€
Value of Investments as at start of year	21,059,165,559	18,829,331,182
Transfer to Fund (Note 4)	1,690,000,000	1,615,500,000
Net Cash Movement	665,924,679	533,854,063
Movement in pending settlements	(10,131,092)	11,327,250
Fund expenses paid	(24,069,458)	(31,096,206)
Foreign withholding tax on realised gains	(1,039,705)	(11,148,308)
Change in value of investments	<u>(7,344,012,346)</u>	<u>111,397,578</u>
<b>Total Investments</b>	<b><u>16,035,837,637</u></b>	<b><u>21,059,165,559</u></b>
<b>Net Cash Movement Reconciled to Investment Income</b>	<b>2008</b>	<b>2007</b>
	€	€
Income received net of foreign withholding tax	<u>665,924,679</u>	<u>533,854,063</u>
Net cash movement	665,924,679	533,854,063
Opening income accrual	(115,370,872)	(78,498,016)
Closing income accrual	109,707,456	115,370,872
Foreign withholding tax on income (Note 2)	<u>34,726,049</u>	<u>33,484,205</u>
<b>Investment Income (Note 1)</b>	<b><u>694,987,312</u></b>	<b><u>604,211,124</u></b>
<b>Net Cash Movement</b>	<b>2008</b>	<b>2007</b>
	€	€
Transfer of Funds to Investment Managers and Other Investments	(635,998,284)	(2,003,566,701)
Purchases at Cost	12,111,139,571	17,853,234,527
Proceeds of Sales	<u>(10,809,216,608)</u>	<u>(15,315,813,763)</u>
<b>Net Cash Movement</b>	<b><u>665,924,679</u></b>	<b><u>533,854,063</u></b>

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

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

	2008	2007
	€	€
<b>Investment Managers</b>		
Acadian Asset Management Inc.	165,267,228	319,666,623
AIG Global Investment Corporation	118,906,613	179,572,162
AXA Rosenberg	81,916,384	75,450,437
Barclays Global Investors Limited	3,203,370,403	4,789,480,086
Bank of Ireland Asset Management Limited /		
State Street Global Advisors (UK) Limited	2,530,440,312	4,087,663,871
Daiwa SB Investments (UK) Limited	230,028,828	277,330,201
Deutsche Asset Management International GmbH	355,004,648	182,676,903
Generation Investment Management	52,745,542	-
Goldman Sachs Asset Management International	348,881,560	479,372,863
Invesco Institutional (N.A.) Inc.	672,747,738	909,257,617
Irish Life Investment Managers Limited	697,272,805	921,219,796
Lord, Abbett & Co	487,945,783	700,939,790
National Treasury Management Agency	3,314,035,399	3,117,505,586
Oechsle International Advisors LLC	550,943,690	845,316,344
Putnam Investments Limited	390,854,226	595,244,001
RCM (UK) Limited	151,254,496	746,513,580
Schroder Investment Management (Singapore) Limited	269,400,323	470,159,608
	<u>13,621,015,978</u>	<u>18,697,369,468</u>
<b>Other Investments</b>		
Quoted Emerging Markets Funds	208,742,546	430,057,026
Quoted Corporate Bonds	100,580,000	-
Unquoted Structured Equity Notes	230,758,640	345,866,857
Unquoted Currency & Other Funds	202,147,442	164,774,771
Unquoted Commodity Investments	82,068,198	285,528,651
Unquoted Property Investments	413,738,498	646,310,601
Unquoted Private Equity Investments	477,760,320	399,982,815
Unquoted Corporate Bonds	461,413,065	89,175,370
Cross Currency Swaps	37,612,950	-
Repurchase Agreements	200,000,000	-
	<u>2,414,821,659</u>	<u>2,361,696,091</u>
<b>Total Investment Assets</b>	<u><b>16,035,837,637</b></u>	<u><b>21,059,065,559</b></u>

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

	<b>2008</b>	<b>2007</b>
	€	€
Accrued Interest on Fixed Income Securities	82,160,735	87,354,331
Accrued Interest on Deposits	12,920,533	9,226,814
Dividends Receivable	8,769,929	9,805,699
Amounts Receivable for Securities Sold	7,755,060	37,571,625
Securities Lending Income Receivable	2,973,730	2,731,683
Tax Reclaims Recoverable	2,605,442	5,196,892
VAT Reclaim Receivable	2,457,931	5,248,214
Amounts Recoverable under Investment Insurance Policy	277,087	1,047,595
Commission Recapture Receivable	-	7,858
	<b><u>119,920,447</u></b>	<b><u>158,190,711</u></b>

**8. CURRENT LIABILITIES**

	<b>2008</b>	<b>2007</b>
	€	€
Amounts Payable for Securities Purchased	7,147,400	47,095,057
Fund Manager Fees Payable	5,553,805	6,493,147
Accrued Expenses	587,326	561,919
Custodian Fees Payable	279,583	506,109
Consultancy Fees Payable	53,000	180,000
Legal and Tax Fees Payable	20,000	373,476
	<b><u>13,641,114</u></b>	<b><u>55,209,708</u></b>

**9. PROVISION FOR LIABILITIES AND CHARGES**

	<b>2008</b>	<b>2007</b>
	€	€
<i>Deferred Tax Liabilities</i>		
Opening Balance 01 January 2008	9,200,000	-
Charge for the period (Note 2)	(9,200,000)	9,200,000
Closing Balance 31 December 2008	<b><u>-</u></b>	<b><u>9,200,000</u></b>

## 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:

	2008 Notional Principal €	2008 Unrealised gain / (loss) €	2007 Notional Principal €	2007 Unrealised gain / (loss) €
Forward Foreign Exchange Contracts	3,780,770,239	250,062,334	5,460,308,579	24,011,695
Cross Currency Swaps	235,041,649	37,612,950	-	-
Financial Futures	53,647,532	365,189	77,811,502	542,565
Spot Foreign Exchange Contracts	1,377,437	7,121	14,244,487	(5,499)
	<u>4,070,836,857</u>	<u>288,047,594</u>	<u>5,552,364,568</u>	<u>24,548,761</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.

#### Cross Currency Swaps

The Fund has entered into cross currency swaps during the period to hedge the cash flows of non-euro denominated corporate bonds. The gain/(loss) on these cross currency swaps offsets the change in value of the underlying bonds due to exchange rate movements.

#### 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 year end.

#### Property and Private Equity Investments

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

At 31 December 2008, the uncalled capital commitments in respect of these investments amounts to:

	2008 €	2007 €
Property Investments	307,875,526	386,666,576
Private Equity Investments	823,400,858	495,157,403
	<u>1,131,276,384</u>	<u>881,823,979</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 2008.

### 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 2008 the Fund earned €45,451,765 through securities lending (2007: €22,373,451).

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. When the value of collateral maintained falls below the required limits, additional collateral is called by the Global Custodian from the counterparty, restoring collateral requirements the following business day.

The market value of securities loaned at 31 December 2008 amounted to €2,381,503,840 (2007: €6,033,343,519). The National Pensions Reserve Fund held collateral of 101.86% (2007: 104.92%) 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 2008 the Fund earned €94,518 (2007: €221,853) 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 4, 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 Eireann under section 18(5) of the Act.

The commissioners of the National Pensions Reserve Fund, as given on page 28, 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 Commission appointed the National Treasury Management Agency as Manager of the Fund from 2 April 2001 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 equity 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 2008 was €14.3 billion (2007: €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 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:

Currency	Local Currency	2008 'm	2008 €m	2007 'm	2007 €m
<b>Investment Assets &amp; Balances</b>					
US Dollar	USD	5,626	4,043	8,139	5,529
Pounds Sterling	GBP	446	469	689	939
Japanese Yen	JPY	77,411	614	123,113	746
Swiss Franc	CHF	346	229	503	304
Australian Dollar	AUD	301	148	495	295
Scandinavian Currencies	N/A	-	99	-	217
Hong Kong Dollar	HKD	1,130	105	2,343	204
Canadian Dollar	CAD	122	72	-	N/A
Other Asia Pacific	N/A	-	34	-	69
Other	N/A	-	2	-	92
			<u>5,815</u>		<u>8,395</u>
<b>Forward &amp; Foreign Currency Contracts</b>					
US Dollar	USD	(2,909)	(2,095)	(4,015)	(2,725)
Pounds Sterling	GBP	(233)	(245)	(328)	(446)
Japanese Yen	JPY	(30,947)	(246)	(51,647)	(315)
Swiss Franc	CHF	(151)	(102)	(250)	(152)
Australian Dollar	AUD	(114)	(56)	(227)	(135)
Scandinavian Currencies	N/A	-	(32)	-	(104)
Hong Kong Dollar	HKD	(452)	(42)	(1,231)	(107)
Other Asia Pacific	N/A	-	(12)	-	(36)
Other	N/A	-	35	-	59
			<u>(2,795)</u>		<u>(3,961)</u>
<b>Total value exposed to currency risk</b>			<b><u>3,020</u></b>		<b><u>4,434</u></b>

## 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 fixed income investments, including the bond portfolio and repurchase agreements valued at €3,411,342,444 at 31 December 2008 (2007: €3,476,441,549) are 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 2008:

Interest bearing investments	Weighted average interest rate	2008 €	Weighted average interest rate	2007 €
<b>Maturing within one year</b>				
Fixed rate	4.66	6,022,588	5.05	3,196,916
Floating rate	-	4,215,204	-	-
<b>Maturing between two and five years</b>				
Fixed rate	4.62	420,670,167	4.63	50,170,407
Floating rate	-	209,649,822	-	-
<b>Maturing after five years</b>				
Fixed rate	4.96	2,438,028,206	4.86	3,333,898,857
Floating rate	-	332,756,457	N/A	89,175,369
<b>Total interest bearing investments</b>		<b><u>3,411,342,444</u></b>		<b><u>3,476,441,549</u></b>

### 16. POST BALANCE SHEET EVENTS

On 30 March 2009, the Minister for Finance directed the Commission to invest €3.5 billion in preference shares issued by Bank of Ireland and on 12 May 2009 directed the Commission to invest €3.5 billion in preference shares issued by Allied Irish Banks. The shares are perpetual preference shares with an annual non-cumulative fixed dividend of 8% payable in cash or, in the case of non-payment of the cash dividend, ordinary shares in lieu. Warrants attach to the shares giving an option to subscribe for ordinary share capital in each bank. If either bank redeems up to €1.5 billion of the Fund's investment in preference shares from privately sourced Tier 1 capital prior to 31 December 2009, then the warrants will be reduced pro rata by that redemption.

The directions to make these investments were made pursuant to the Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009 which empowered the Minister to direct the Commission to invest in listed financial institutions or to underwrite share issues by these institutions, where he decides such a direction is in the public interest. The Minister may also direct the Commission with regard to the management and disposal of these investments.

The two investments taken together represented 36% of the value of the Fund at 31 May 2009. The value of these investments depends upon the outcome of asset restructuring, future trading performance and the funding of the banks. The Commission will keep the valuations of these investments under ongoing review.

The directed investments were funded by €4 billion out of the Fund's existing resources and €3 billion provided to the Fund by way of a frontloading of the Exchequer contributions for 2009 and 2010.

### 17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Commission on 21 May 2009.



**National Pensions  
Reserve Fund**

Portfolio of Investments

31 December 2008

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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## EUROPE

## Austria

1,007	Agrana Beteiligung	36,771	0.00%
660,882	Atrium European Real Estate	1,645,596	0.01%
46,417	Conwert Immobilien	144,125	0.00%
431,491	Erste Group Bank	6,830,503	0.04%
91,282	EVN	998,625	0.01%
739,653	Immoeast Immobilie	351,335	0.00%
818,043	Immofinanz	380,390	0.00%
82,218	Oesterreichische El Wirtsch	2,654,408	0.02%
270,927	OMV	5,039,242	0.03%
84,343	Raiffeisen International Bank	1,659,449	0.01%
61,873	Strabag	1,002,343	0.01%
620,670	Telekom Austria	6,470,485	0.04%
69,608	Vienna Insurance Group	1,693,215	0.01%
297,726	Voestalpine	4,474,822	0.03%
151,578	Wienerberger	1,835,610	0.01%
		<b>35,216,919</b>	<b>0.22%</b>

## Belgium

221,752	AGFA Gevaert	412,459	0.01%
2,204,187	Anheuser-Busch Inbev	27,725,530	0.18%
91	Banque Nationale De Belgique	222,950	0.01%
14,051	Barco	251,513	0.01%
2,812	Bekaert	135,876	0.00%
306,802	Belgacom	8,384,899	0.05%
2,340	CFE	68,445	0.00%
23,981	Colruyt	3,687,079	0.02%
721	D'ieteren	54,147	0.00%
180,392	Delhaize Group	7,973,326	0.05%
1,575,711	Dexia	5,042,275	0.03%
2,254	Elia	55,358	0.00%
4,261,828	Fortis Group	3,958,091	0.02%
3,531	Gimv	109,461	0.00%
145,393	Groupe Bruxelles	8,267,046	0.05%
3,941	Groupe Bruxelles (Strip)	35	0.00%
28,458	KBC Ancora	348,041	0.00%
321,721	KBC Groupe	6,900,915	0.04%
33,725	Mobistar	1,741,559	0.01%
62,544	Nationale A Portefeuille	2,176,844	0.01%
303	Omega Pharma	8,181	0.00%
52,514	Recticel	214,257	0.00%
14,790	Sipef	276,425	0.00%
2,214	Sofina	106,161	0.00%
76,051	Solvay	4,034,506	0.03%
7,860	Telenet Group	96,678	0.00%
89,013	Tessenderlo Chemie	1,925,351	0.01%
690,259	UCB	16,083,035	0.10%
225,686	Umicore	3,175,402	0.02%
277	VPK Packaging	5,953	0.00%
		<b>103,441,798</b>	<b>0.65%</b>

## Denmark

418	AP Moller - Maersk	1,584,906	0.01%
47,400	Auriga Industries	575,752	0.01%
22,814	Carlsberg	524,374	0.01%
9,829	Coloplast	480,857	0.01%

## Quoted Securities – Equities

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

54,393	D/S Norden	1,335,989	0.01%
46,214	Danisco	1,330,484	0.01%
279,304	Danske Bank	1,949,347	0.01%
6,571	DFDS	351,895	0.00%
48,529	DSV	368,009	0.00%
15,269	East Asiatic Company	363,762	0.00%
10,166	Flsmidth & Co	246,966	0.00%
41,999	Jyske Bank	690,532	0.00%
11,686	Lundbeck	172,531	0.00%
364,925	Novo-Nordisk	13,273,384	0.08%
10,317	Novozymes	578,813	0.00%
771	Rockwool International	30,527	0.00%
59,053	Sydbank	509,242	0.00%
85,700	TK Development	230,049	0.00%
11,476	Topdanmark	1,058,171	0.01%
35,421	Vestas Wind System	1,442,874	0.01%
4,275	William Demant	125,371	0.00%
		<b>27,223,835</b>	<b>0.17%</b>

## Finland

5,020	Cargotec	40,612	0.00%
31,432	Cramo	144,587	0.00%
4,269	Finnair	20,875	0.00%
805,776	Fortum	12,271,968	0.07%
42,215	Kemira	250,757	0.00%
118,568	Kesko	2,110,510	0.01%
295,073	Kone Corporation	4,582,484	0.03%
215,872	Konecranes	2,607,734	0.02%
800	Lemminkainen	10,440	0.00%
321,159	Metso	2,736,275	0.02%
112,427	M-Real	77,575	0.00%
231,878	Neste Oil	2,453,269	0.02%
8,455,062	Nokia	93,851,188	0.59%
223,640	Nokian Renkaat	1,768,992	0.01%
245,823	Outokumpu	2,035,414	0.01%
83,580	Pohjola Bank	814,905	0.01%
68,215	Raisio	100,276	0.00%
188,261	Rautaruukki	2,289,254	0.01%
1,337,087	Sampo	17,703,032	0.11%
142,562	Sanoma	1,312,996	0.01%
99,892	Sponda	309,665	0.00%
1,101,628	Stora Enso	6,080,987	0.04%
197,286	Tietoenator	1,532,912	0.01%
939,307	Upm-Kymmene	8,453,763	0.05%
178,560	Wartsila	3,751,546	0.02%
		<b>167,312,016</b>	<b>1.04%</b>

## France

408,988	Accor	14,359,569	0.09%
53,686	ADP Promesses	2,597,866	0.02%
271,535	Air France KLM	2,489,976	0.02%
554,657	Air Liquide	36,302,301	0.23%
5,033,132	Alcatel Lucent	7,715,791	0.05%
510,011	Alstom	21,410,262	0.13%
72,209	Altran Technologies	196,408	0.00%
137,849	Arkema	1,688,650	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>France (continued)</b>			
34,439	Assystem Brime	191,481	0.01%
288,276	Atos Origin	5,164,465	0.03%
40,605	Autoroutes Paris	2,020,099	0.01%
4,316,778	AXA	68,399,347	0.43%
114,448	Beneteau	772,524	0.00%
81,318	BIC	3,347,862	0.02%
1,872,857	BNP Paribas	56,653,924	0.35%
6,873	Boiron	119,178	0.00%
7,932	Bonduelle	465,608	0.00%
5,546	Bongrain	265,099	0.00%
477,961	Bouygues	14,434,422	0.09%
30,582	Bull	35,169	0.00%
77,976	Bureau Veritas	2,241,030	0.01%
470,777	Cap Gemini	12,946,368	0.08%
1,543,962	Carrefour	42,489,834	0.26%
128,803	Casino G. Perrachon	6,994,003	0.04%
131,446	Christian Dior	5,290,702	0.03%
808,442	Cie De St-Gobain	27,159,609	0.17%
20,405	Ciments Francais	1,230,830	0.01%
978	CNIM	43,032	0.00%
79,819	CNP Assurances	4,139,413	0.03%
7,724	Compagnie Des Alpes	186,921	0.00%
246,630	Compagnie Generale De Geophysique	2,614,278	0.02%
1,610,808	Credit Agricole	12,886,464	0.08%
105,425	Dassault Systemes	3,407,863	0.02%
660,454	EDF	27,408,841	0.17%
125,878	Eiffage	4,704,061	0.03%
18,736	Eramet	2,585,568	0.02%
381,388	Essilor International	12,803,195	0.08%
24,235	Euler Hermes	849,921	0.01%
50,848	Eurazeonco	1,705,950	0.01%
157,032	Eutelsat Communications	2,653,841	0.02%
11,940	Fonciere Des Murs	125,370	0.00%
4,429,232	France Telecom	88,407,471	0.55%
3,571,603	GDF Suez	126,166,876	0.79%
133,371	GDF Suez (Strip)	133	0.00%
33,534	Gecina	1,664,628	0.01%
35,633	Gemalto	637,831	0.00%
226,186	GET	870,816	0.01%
7,547	GFI Informatique	19,396	0.00%
458	Gigi	16,030	0.00%
1,133,149	Groupe Danone	48,929,374	0.31%
17,690	Groupe Steria	140,989	0.00%
212,894	Havas	312,528	0.00%
143,508	Hermes International	14,350,800	0.09%
57,615	Imerys	1,872,199	0.01%
22,691	IMS International Metal	209,892	0.00%
120,564	JC Decaux	1,482,334	0.01%
165,035	Klepierre	2,888,113	0.02%
264,708	Lafarge	11,475,092	0.07%
239,248	Lagardere	6,938,192	0.04%
191,209	Legrand	2,611,915	0.02%
9,160	Lisi	224,420	0.00%
547,386	L'Oreal	34,102,148	0.21%
685,709	Lvmh Moet Hennessy	32,756,319	0.20%
42,160	M6 Metropole Television	583,705	0.00%

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>France (continued)</b>			
194,648	Michelin	7,312,925	0.05%
1,599,686	Natixis	1,999,608	0.01%
60,679	Nexans	2,581,891	0.02%
2,877	Norbert Dentressangle	79,118	0.00%
251,474	Pagesjaunes Groupe	1,767,862	0.01%
395,917	Pernod-Ricard	20,971,723	0.13%
318,625	Peugeot	3,871,294	0.02%
5,085	Pierre & Vacances	193,230	0.00%
245,168	PPR	11,424,829	0.07%
263,548	Publicis Groupe	4,847,965	0.03%
160,015	Rallye	2,576,242	0.02%
41,388	Recylex	103,056	0.00%
6,573	Remy Cointreau	194,758	0.00%
386,229	Renault	7,164,548	0.04%
381,047	Safran	3,671,007	0.02%
2,066,050	Sanofi-Aventis	93,798,670	0.58%
537,638	Schneider Electric	28,494,814	0.18%
197,958	SCOR	3,239,583	0.02%
62,102	Sequana	268,902	0.00%
1,065,853	Societe Generale	38,370,708	0.24%
215,295	Sodexo	8,520,300	0.05%
5,149	Sopra Group	128,519	0.00%
10,069	Sperian Protection	450,336	0.00%
500	Suciere De Pithiviers Le Vieil	230,000	0.00%
814,103	Suez Environnement	9,809,941	0.06%
193,880	Technip	4,228,523	0.03%
74,916	Teleperformance	1,492,327	0.01%
291,529	TF1-TV Francaise	3,043,563	0.02%
141,987	Thales	4,235,472	0.03%
652,694	Thomson	626,586	0.01%
5,136,044	Total SA	199,843,472	1.25%
379,706	Ubisoft Entertainment	5,296,899	0.03%
146,706	Unibail-Rodamco	15,631,319	0.10%
228,888	Valeo	2,429,646	0.02%
95,517	Vallourec	7,736,877	0.05%
1,104,408	Veolia Environment	24,517,858	0.15%
1,213	Vilmorin & Cie	88,670	0.00%
1,114,484	Vinci	33,434,520	0.21%
2,735,265	Vivendi	63,635,940	0.40%
45,605	Wendel	1,614,417	0.01%
		<b>1,409,686,214</b>	<b>8.79%</b>
<b>Germany</b>			
25,798	Aareal Bank	148,339	0.00%
358,832	Adidas	9,738,700	0.06%
1,000,081	Allianz	74,928,032	0.47%
251,761	Arcandor	777,941	0.00%
1,982,921	BASF	54,986,399	0.34%
1,702,780	Bayer	70,750,509	0.44%
901,988	Bayerische Motoren Werke (BMW)	19,491,961	0.12%
91,573	Bechtle	1,250,887	0.01%
163,732	Beiersdorf	6,876,744	0.04%
756	Bertrandt	13,147	0.00%
13,600	Bilfinger Berger	507,552	0.01%
136,840	Celesio	2,654,696	0.02%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Germany (continued)</b>			
1,312,547	Commerzbank	8,715,312	0.05%
196,463	Continental	14,312,797	0.09%
1,741,492	Daimler	46,497,836	0.29%
59,562	Demag Cranes	1,119,766	0.01%
1,266,237	Deutsche Bank	35,239,376	0.22%
351,657	Deutsche Boerse	17,864,176	0.11%
413,383	Deutsche Lufthansa	4,625,756	0.03%
1,633,280	Deutsche Post	19,452,365	0.12%
432,554	Deutsche Postbank	6,704,587	0.04%
5,887,704	Deutsche Telekom	63,292,818	0.39%
168,911	Deutz	402,008	0.01%
11,218	Douglas	361,220	0.00%
10,288	Dragerwerk	269,546	0.00%
21,638	Duerr Beteiligungs	265,066	0.00%
3,979,408	E.On	113,174,364	0.71%
2,498	Fielmann	116,157	0.00%
65,703	Fraport	2,030,880	0.01%
558	Freenet	2,316	0.00%
55,762	Fresenius	2,020,257	0.01%
187,831	Fresenius (Non Voting)	7,811,891	0.05%
652,937	Fresenius Medical Care	21,749,331	0.14%
332,382	GEA Group	4,038,441	0.03%
14,555	Generali Deutschland	1,073,431	0.01%
103,968	Gildemeister	816,149	0.01%
50,417	Hamburger Hafen Und Logistik	1,184,800	0.01%
125,480	Hannover Rueckversicherung	2,823,300	0.02%
45,505	Heidelbergcement	1,442,509	0.01%
233,015	Henkel KGAA	4,369,031	0.03%
422,309	Henkel KGAA (Non Voting)	9,539,960	0.06%
95,012	Hochtief	3,395,729	0.02%
364,278	Hypo Real Estate	1,111,048	0.01%
27,999	Indus	375,187	0.00%
1,355,126	Infineon Technologies	1,300,921	0.01%
19,300	Jungheinrich	174,665	0.00%
298,107	K&S	11,915,337	0.07%
317	Klein Schanzlin & B	114,120	0.01%
99,970	Kuka	1,266,620	0.01%
151,466	Lanxess	2,079,628	0.01%
225,322	Linde	13,485,522	0.08%
255,520	M.A.N.	9,893,734	0.06%
116,080	Medion	731,304	0.01%
179,903	Merck KGAA	11,605,543	0.07%
527,972	Metro	15,084,160	0.09%
517,583	MTU Aero Engines Investments	10,134,275	0.06%
484,309	Muenchener Rueckversicherungs	53,758,299	0.34%
13,600	MUV Energie	438,056	0.00%
44,725	Norddeutsche Affinerie	1,252,300	0.01%
158,652	Porsche Automobil	8,702,062	0.05%
13,959	Puma	1,958,448	0.01%
73,564	Q-Cell	1,861,169	0.01%
54,965	Rheinmetal	1,258,699	0.01%
705,401	RWE	44,934,044	0.28%
87,296	Salzgitter	4,801,280	0.03%
2,514,094	SAP	63,455,733	0.40%
1,885,681	Siemens	99,337,675	0.62%
152,099	Solarworld	2,296,695	0.01%

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Germany (continued)</b>			
8,062	STO	374,077	0.00%
184,202	Suedzucker	2,002,276	0.01%
65,262	TA Triumph-Adler	122,693	0.00%
696,244	Thyssenkrupp	13,200,786	0.08%
368,301	Tognum	3,314,709	0.02%
450,868	TUI	3,627,233	0.02%
263,632	Volkswagen	65,908,000	0.41%
192,394	Volkswagen (Non Voting)	7,314,820	0.05%
28,318	Wacker Chemie	2,115,638	0.01%
		<b>1,098,142,838</b>	<b>6.85%</b>
<b>Greece</b>			
740,671	Alpha Bank	4,969,902	0.03%
595,061	Bank of Piraeus	3,754,835	0.02%
261,020	Coca-Cola Hellenic Bottling Co	2,745,930	0.02%
718,540	EFG Eurobank Ergas	4,110,049	0.03%
70,068	Emporiki Bank of Greece	397,986	0.00%
220,762	Hellenic Petroleum	1,205,361	0.01%
1,542,441	Hellenic Telecom Organization	18,185,379	0.11%
1,007,498	Marfin Investment Group	2,951,969	0.02%
1,146,083	National Bank of Greece	15,231,443	0.09%
430,635	OPAP	9,112,237	0.06%
209,777	Public Power	2,452,293	0.02%
104,525	Titan Cement	1,441,400	0.01%
21,051	Viohalco	86,941	0.00%
		<b>66,645,725</b>	<b>0.42%</b>
<b>Ireland</b>			
1,602,622	Allied Irish Banks	2,860,680	0.02%
1,372,985	Anglo Irish Bank	241,645	0.00%
1,790,884	Bank of Ireland	1,540,160	0.01%
967,055	CRH	17,465,013	0.11%
841,207	Elan	3,608,778	0.02%
193,893	Experian	879,389	0.01%
502,446	Irish Life & Permanent	796,377	0.00%
237,020	Kerry Group	3,134,590	0.02%
1,295,190	Ryanair	3,943,854	0.02%
		<b>34,470,486</b>	<b>0.21%</b>
<b>Israel</b>			
966,371	BATM Advanced Communications	304,369	0.00%
25,013	Cellcom Israel	399,002	0.00%
34,028	Checkpoint Software Technology	464,318	0.01%
63,000	Delek Automotive Systems	232,791	0.00%
25,039	Discount Investment	136,875	0.00%
10,000	Elbit Imaging	61,902	0.00%
6,195	Elbit Systems	203,365	0.00%
44,000	First International Bank of Israel	222,673	0.00%
900,000	Israel Discount Bank	584,549	0.01%
17,998	Partner Communications	211,083	0.00%
664,020	Teva Pharmaceutical Industries	20,311,368	0.13%
106,052	Utd Mizrahi Bank	394,296	0.00%
		<b>23,526,591</b>	<b>0.15%</b>

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Italy</b>			
2,845,841	A2A	3,635,562	0.02%
78,219	Acea	746,991	0.00%
764,619	Alleanza Assicurazioni	4,425,232	0.03%
2,817,708	Assicurazioni Generali	54,748,066	0.34%
63,917	Astaldi	249,979	0.00%
775,595	Atlantia	10,164,172	0.06%
229,911	Autogrill	1,235,197	0.01%
1,454,573	Banca Carige	2,465,501	0.02%
140,998	Banca Finnat	70,640	0.00%
4,951,939	Banca Monte Dei Paschi Di Siena	7,561,611	0.05%
795,238	Banca Popolare Di Milano	3,329,105	0.02%
4,580	Banca Popolare Emilia	44,884	0.00%
1,160,083	Banco Popolare Societa	5,755,520	0.04%
134,996	Basic Net	151,196	0.00%
131,115	Benetton Group	793,246	0.00%
271,747	Bulgari	1,201,475	0.01%
115,365	Buzzi Unicem	1,336,504	0.01%
143,574	Cir-Compagnie Industriali	103,660	0.00%
1,404,000	Cofide	518,778	0.01%
7,479	Credito Valtellinese	52,633	0.00%
170,293	CSP International	137,052	0.00%
54,517	Danieli & C	409,695	0.00%
937,685	Edison	839,697	0.01%
9,909,924	Enel	44,657,091	0.28%
8,819	Engineering Ingegneria	132,638	0.00%
5,767,190	ENI	96,312,073	0.60%
33,879	Esprinet	111,082	0.00%
832	Fastweb	17,351	0.00%
1,475,545	Fiat	6,770,981	0.04%
1,412,318	Finmeccica	15,387,205	0.10%
265,880	Fondiaria	3,145,835	0.02%
124,226	IFI	594,111	0.01%
803,900	IFIL Investments	1,476,764	0.01%
400,255	Indesit Company	1,716,093	0.01%
16,801,981	Intesa Sanpaolo	42,572,859	0.27%
222,417	Iride	207,137	0.00%
532,395	IT	127,189	0.00%
350,647	Italcementi	2,373,884	0.01%
109,375	Lottomatica	1,927,188	0.01%
250,408	Luxottica Group	3,181,434	0.02%
1,602,201	Mediaset	6,495,002	0.04%
731,710	Mediobanca	5,281,117	0.03%
392,510	Mediolanum	1,190,287	0.01%
243,482	Milano Assicurazio	536,878	0.01%
3,810,331	Parmalat	4,429,510	0.03%
40,023	Permasteelisa	385,421	0.00%
9,628,904	Pirelli	2,535,290	0.02%
14,483	Premafin Finanziaria	18,118	0.00%
339,195	Prysmian	3,756,585	0.02%
17,845	Reply	289,178	0.00%
505,252	Safilo Group	304,414	0.00%
599,761	Saipem	7,092,174	0.04%
683,925	Saras Raffinerie	1,648,259	0.01%
3,880,858	Snam Rete Gas	15,382,945	0.10%
2,706,767	T. E. R. N. A.	6,320,301	0.04%
24,053,880	Telecom Italia	27,673,989	0.17%
10,899,201	Telecom Italia (Savings Share)	8,604,919	0.05%

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Italy (continued)</b>			
25,159,607	Unicredit	43,777,716	0.27%
1,149,187	Unione Di Banche Italiane	11,830,880	0.07%
1,036,989	Unipol	1,129,281	0.01%
1,650,543	Unipol (Preferred Stock)	1,261,510	0.01%
14,087	Vianini Lavori	56,789	0.00%
		<b>470,687,874</b>	<b>2.94%</b>
<b>Luxembourg</b>			
2,186,799	Arcelor	37,416,131	0.23%
17,594	Millicom International Cellular	567,756	0.01%
25,217	RTL Group	1,071,723	0.01%
601,080	SES	8,306,926	0.05%
		<b>47,362,536</b>	<b>0.30%</b>
<b>Netherlands</b>			
3,550,278	Aegon	16,065,008	0.10%
4,049,873	Ahold	35,598,384	0.22%
468,009	Akzo Nobel	13,778,185	0.09%
78,512	ASM	483,634	0.00%
790,921	ASML	10,084,243	0.06%
2,111	Brunel	17,944	0.00%
132,413	Corio	4,355,064	0.03%
20,575	CSM	236,613	0.00%
186,279	Draka	1,218,265	0.01%
327,982	DSM	6,010,270	0.04%
862,741	EADS	10,378,774	0.06%
127,208	Fugro	2,605,856	0.02%
95,932	Heijmans	326,169	0.00%
857,242	Heineken	18,444,055	0.12%
1,600	Imtech	19,200	0.00%
4,021,891	ING Groep	29,480,461	0.18%
1,021,860	James Hardie Industries	2,353,796	0.01%
6,126,332	KPM	63,591,326	0.40%
8,852	Nieuwe Steen	99,231	0.00%
5,330	Numico	293,150	0.00%
28,800	Nutreco	677,232	0.00%
134,975	Oce	423,822	0.00%
64,046	OPG Groep	594,987	0.00%
22,303	Ordina	63,787	0.00%
2,155,557	Philips Electronic	29,811,353	0.19%
277,896	Randstad	4,043,387	0.03%
1,189,848	Reed Elsevier	10,018,520	0.06%
1,348,141	Royal Dutch Shell 'A'	25,515,029	0.16%
887,096	Royal Dutch Shell 'B'	16,074,831	0.10%
258,009	SBM Offshore	2,412,126	0.02%
236,745	SNS Reaal Groep	928,040	0.01%
1,232,223	Stmicroelectronics	5,890,026	0.04%
2,182	Ten Cate Koninklijke	35,021	0.00%
676,443	TNT	9,307,856	0.06%
3,442,503	Unilever	59,693,002	0.37%
35,613	Unit 4 Agresso	281,343	0.00%
29,426	USG People	271,308	0.00%
157,941	Van Der Moolen	340,363	0.00%
138	Van Lanschot	6,624	0.00%
46,714	Vastned Offices	320,458	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

5,590	Vastned Retail	201,240	0.00%
18,964	Wereldhave	1,194,732	0.01%
81,590	Wessanen	379,394	0.00%
826,509	Wolters Kluwers	11,190,932	0.07%
		<b>395,115,041</b>	<b>2.46%</b>

## Norway

39,567	Aker Solutions	182,617	0.00%
36,945	Bonheur	549,438	0.01%
40,357	Cermaq	109,274	0.00%
2,470,971	DNB	6,842,689	0.04%
11,742	Forstad Shipping	81,291	0.00%
172,413	Norsk Hydro	491,598	0.00%
103,000	Norske Skogsindustrier	142,615	0.00%
1,193,931	Orkla	5,565,555	0.03%
19,032	Renewable Energy	125,904	0.00%
4,050	Solstad	24,300	0.00%
36,610	Sparebank	113,397	0.00%
1,368,718	Statoilhydro	15,989,434	0.10%
83,490	Storebrand	143,432	0.00%
160,200	Telenor	760,745	0.01%
41,650	Yara	635,429	0.01%
		<b>31,757,718</b>	<b>0.20%</b>

## Portugal

1,071,410	Banco BPI	1,874,968	0.01%
6,325,011	Banco Comercial Portugues	5,154,884	0.03%
226,107	Banco Espirito Santo	1,512,656	0.01%
70,675	Banif	77,036	0.00%
780,342	Brisa	4,175,610	0.03%
361,337	Cimpor Cimentos	1,257,453	0.01%
6,171,164	EDP	16,631,287	0.10%
416,566	Galp Energia	2,990,944	0.02%
1,638	Novabase	7,518	0.00%
1,696,858	Portugal Telecom	10,299,928	0.06%
108,249	Semapa	692,902	0.01%
5,697	Sonaecom	5,725	0.00%
558,513	Zon Multimedia Servicos	2,072,083	0.01%
		<b>46,752,994</b>	<b>0.29%</b>

## Spain

610,449	Abertis Infraestructuras	7,691,657	0.05%
45,850	Acciona	4,080,650	0.03%
469,203	Acerinox	5,334,838	0.03%
470,022	ACS Actividades	15,346,218	0.10%
6,117	Aguas De Barcelona	89,308	0.00%
6,752,766	Banco Bilbao Vizcaya	58,478,954	0.36%
2,210,415	Banco De Sabadell	10,720,513	0.07%
414,999	Banco De Valencia	3,124,942	0.02%
150,556	Banco Espanol De Credito	1,216,492	0.01%
1,154	Banco Pastor	5,770	0.00%
2,199,381	Banco Popular Espanol	13,372,236	0.08%

## Quoted Securities – Equities

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

16,105,911	Banco Santander	108,714,899	0.68%
555,583	Bankinter	3,505,729	0.02%
9,164	CAF	2,290,084	0.01%
20,261	Campofrio Food Group	151,552	0.00%
4,880	Cementos Portland Valderrivas	120,536	0.00%
38,582	CEPSA	2,608,143	0.02%
420,417	Cintra	2,236,618	0.01%
80,835	Corporacion Financiera Alba	2,202,754	0.01%
1,818,660	Criteria Caixacorp	5,055,875	0.03%
14,309	Ebro Puleva	140,228	0.00%
322,772	Enagas	5,022,332	0.03%
2,749,994	Ercros	439,999	0.00%
94,354	FCC	2,201,279	0.01%
406,905	Gamesa	5,183,970	0.03%
695,450	Gas Natural SDG	13,415,231	0.08%
178,131	Gestevis Telecinco	1,344,889	0.01%
383,707	Grifols	4,723,433	0.03%
88,202	Grupo Catalana Occidente	1,279,811	0.01%
126,873	Grupo Ferrovial	2,484,173	0.02%
8,997,570	Iberdrola	58,844,108	0.37%
1,523,972	Iberdrola Renovables	4,648,115	0.03%
450,602	Inditex	14,117,361	0.09%
1,460,470	Mapfre	3,505,128	0.02%
16,317	Pescanova	443,007	0.00%
158,482	Prisa	358,169	0.00%
97,511	Red Electrica	3,510,396	0.02%
3,027,523	Repsol	45,715,597	0.29%
227,290	Sacyr Vallermosto	1,447,837	0.01%
1,224	Sol Melia	5,214	0.00%
87,712	Tecnocom Tel Y Energia	306,992	0.00%
9,073,313	Telefonica	143,812,011	0.90%
823,240	Union Fenosa	14,596,045	0.09%
45,210	Viscofan	635,653	0.01%
230,264	Zaradoya Otis	2,922,050	0.02%
		<b>577,450,796</b>	<b>3.60%</b>

## Sweden

8,635	Addtech	63,352	0.00%
69,547	AF	761,370	0.01%
64,008	Alfa Laval	397,474	0.01%
65,388	Assa Abloy	532,368	0.01%
119,731	Atlas Copco 'A'	735,239	0.01%
74,252	Atlas Copco 'B'	406,439	0.00%
86,460	Betsson	544,849	0.00%
50,300	Boliden	82,368	0.00%
72	Brinova Fastigheter	235	0.00%
4,400	Carbo	46,348	0.00%
164,303	Electrolux	1,008,944	0.01%
1,353,412	Ericsson	7,321,125	0.05%
55,670	Hennes & Mauritz	1,564,598	0.01%
24,892	Holmen	443,110	0.00%
54,608	Husqvarna	207,480	0.00%
51,045	Industrivarden 'A'	268,843	0.00%
22,430	Industrivarden 'C'	103,174	0.00%
85,968	Investor	925,323	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Sweden (continued)</b>			
354,395	JM	1,401,931	0.01%
13,101	Loomis	59,057	0.00%
87,988	Meda	424,965	0.00%
77,900	NCC	357,609	0.00%
1,527,937	Nordea Bank	7,688,883	0.05%
79,723	PA Resources	84,344	0.00%
132,937	Peab	264,162	0.00%
21,106	SAAB	138,830	0.00%
226,142	Sandvik	1,019,407	0.01%
98,593	SAS	343,760	0.00%
76,306	Scania	545,795	0.00%
65,508	Securitas	387,202	0.00%
126,871	Skandinaviska Enskilda Banken	709,054	0.00%
140,118	Skanska	999,001	0.01%
77,290	SKF	549,278	0.00%
46,150	SSAB 'A'	288,703	0.00%
14,450	SSAB 'B'	84,414	0.00%
111,806	Svenska Cellulosa	686,573	0.00%
117,564	Svenska Handelsbanken	1,362,747	0.01%
73,661	Swedbank	300,878	0.00%
60,361	Swedish Match	620,547	0.00%
77,640	Tele2	492,839	0.00%
427,128	TeliaSonera	1,528,545	0.01%
61,051	Trelleborg	270,714	0.00%
128,852	Volvo 'A'	518,016	0.00%
276,723	Volvo 'B'	1,092,127	0.01%
1,258	Wihlborgs Fastigheter	11,573	0.00%
		<b>37,643,593</b>	<b>0.23%</b>

## Switzerland

715,767	ABB	7,547,730	0.05%
177,395	Ace	6,745,522	0.04%
17,429	Actelion	698,627	0.00%
27,027	Adecco	650,650	0.01%
13,437	Alcon	861,138	0.01%
33,011	Ascom	182,172	0.00%
27,300	Baloise	1,443,131	0.01%
2,994	BKW FMB Energie	202,624	0.00%
5,778	Bobst	122,175	0.00%
136	BQE Cant Vaudoise	28,791	0.00%
3,713	Bucher Industries	264,786	0.00%
118,607	Clariant	570,671	0.00%
92,758	Compagnie Financiere	1,266,756	0.01%
20	CPH Chemie & Pape	20,667	0.00%
662,259	Credit Suisse Group	12,790,295	0.08%
1,103	Daetwyler	31,902	0.00%
7,868	EFG International	98,416	0.00%
223	Elektrizitats-G Laufenburg	141,534	0.00%
6,520	Emmi	428,081	0.00%
12,000	Energiedienst	423,838	0.00%
9,041	Fischer	1,454,475	0.01%
2,032	Forbo	268,128	0.00%
9,374	Galenica	2,179,376	0.01%
7,925	Geberit	608,117	0.00%
1,374	Givaudan	775,593	0.00%
9	Helvetia	1,386	0.00%

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Switzerland (continued)</b>			
37,445	Holcim	1,516,712	0.01%
1,579	Inficon	91,337	0.00%
40,086	Julius Baer	1,081,107	0.01%
11,442	Kuehne & Nagel	518,550	0.01%
381	Kuoni Reisen	92,267	0.00%
183	Lindt & Spruengli	605,889	0.01%
25,719	Lonza Group	1,696,848	0.01%
1,594,778	Nestle	44,911,526	0.28%
23,825	Nobel Biocare	344,460	0.00%
1,223,406	Novartis	43,601,860	0.27%
2,015	OC Oerlikon	94,474	0.00%
7,247	Pargesa	343,805	0.00%
30,095	Petroplus	422,546	0.00%
1,862	Phoenix Meccano	392,462	0.00%
19,232	PSP Swiss Property	680,891	0.00%
451,470	Roche	49,448,886	0.31%
9,402	Schindler	300,899	0.00%
1,193	Schweizerische National	481,619	0.00%
1,112	SGS	824,265	0.01%
3,254	Siegfried	198,308	0.00%
9,490	Sonova	405,003	0.01%
1,505	Straumann	187,897	0.00%
2,994	Sulzer	120,617	0.00%
24,302	Swatch	946,016	0.01%
6,732	Swiss Life	327,760	0.00%
4,723	Swiss Prime Site	163,476	0.00%
120,421	Swiss Reinsurance	3,886,720	0.02%
38,602	Swisscom	8,854,415	0.06%
43,611	Syngenta	5,897,030	0.04%
558,792	UBS	5,542,765	0.03%
4,333	Valiant	578,755	0.01%
10,790	Valora	1,114,603	0.01%
2,349	Vaudoise Versicherung	241,227	0.00%
139,435	Xstrata	936,886	0.01%
50,000	Zueblin	158,081	0.00%
124,077	Zurich Financial Services	19,234,024	0.12%
		<b>236,050,567</b>	<b>1.47%</b>

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

72,838	3I Group	207,999	0.01%
219,814	Aegis	171,928	0.00%
170,459	Aggreko	797,623	0.01%
127,137	Alliance	380,410	0.00%
92,745	Amec	479,742	0.01%
440,204	Anglo American	7,144,938	0.05%
75,295	Antofagasta	336,357	0.00%
176,800	Arriva	1,116,485	0.01%
75,399	Associated British Foods	577,861	0.01%
684,529	Astrazeneca	20,169,531	0.13%
46,467	Atkins	327,342	0.00%
180,601	Aveva	1,080,762	0.01%
505,890	Aviva	2,071,361	0.02%
341,826	Babcock International	1,701,773	0.02%
2,959,142	BAE Systems	11,631,525	0.08%
136,732	Balfour Beatty	472,569	0.00%
1,551,339	Barclays	2,498,429	0.02%
650,700	Beazley	925,668	0.01%
222,644	Berkeley Group	2,037,105	0.02%
1,626,724	BG Group	16,338,970	0.11%
1,427,816	BHP Billiton	19,314,865	0.13%
103,105	Big Yellow Group	258,385	0.00%
12,763	Bodycote	16,508	0.00%
6,832,664	BP	37,739,260	0.24%
242,464	Bradford & Bingley	50,911	0.01%
141,684	Brit Insurance	327,249	0.01%
109,142	British Airways	205,909	0.01%
382,877	British American Tobacco	7,231,853	0.05%
194,267	British Energy	1,577,591	0.01%
763,085	British Land	4,414,276	0.03%
249,506	British Sky Broadcasting	1,257,353	0.01%
1,320,127	Britvic	3,661,707	0.02%
419,138	Brixton	580,853	0.00%
1,465,741	BT Group	2,080,506	0.01%
14,314	BTG	21,039	0.00%
62,129	Bunzl	384,841	0.00%
82,276	Burberry Group	191,502	0.00%
476,338	Cable & Wireless	782,645	0.00%
1,025,704	Cadbury	6,488,049	0.04%
24,889	Cairn Energy	531,436	0.00%
116,217	Capita Group	900,453	0.01%
85,116	Capital & Regional	42,000	0.00%
171,602	Carnival	2,718,608	0.02%
68,487	Carphone Warehouse	64,496	0.00%
4,016,103	Centrica	11,177,626	0.07%
184,217	Charter International	639,779	0.00%
677,012	Chaucer	355,387	0.00%
32,900	Chemring Group	670,089	0.00%
45,878	Clarkson	166,172	0.00%
2,071	Close Bros Group	11,502	0.00%
57,677	CLS	184,688	0.00%
214,419	Cobham	462,605	0.00%
515,774	Colt Telecom	362,802	0.00%
354,446	Compass Group	1,269,307	0.01%
372,000	Computacenter	351,496	0.00%
568,040	CSR	1,010,843	0.01%

## Quoted Securities – Equities

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

5,863	Daejan	138,558	0.00%
48,177	Daily Mail & General Trust	136,565	0.00%
279,136	Dairy Crest	624,210	0.00%
952,157	Davis Service Group	2,727,018	0.02%
157,602	De La Rue	1,499,080	0.01%
120,570	Derwent London	917,724	0.01%
48,809	Development Securities	136,563	0.00%
480,179	Diageo	4,827,500	0.03%
107,465	Drax Group	634,297	0.00%
323,337	DS Smith	256,972	0.00%
88,399	Eaga	134,107	0.00%
98,973	Enterprise Inns	57,669	0.00%
73,914	Eurasian Natural Resources	256,080	0.00%
341,651	F&C Commercial Property Trust	222,387	0.00%
129,780	Foreign & Colonial Investment Trust	311,336	0.00%
442,273	Friends Provident	399,787	0.00%
267,569	G4S	575,870	0.00%
595,238	Galliford Try	198,100	0.00%
1,074,399	Game Group	1,432,532	0.01%
133,888	GKN	136,348	0.00%
3,033,352	Glaxosmithkline	40,906,463	0.26%
124,372	Grainger	176,536	0.00%
269,553	Great Portland Estates	735,788	0.00%
264,352	Halfords	674,965	0.00%
403,227	Hammerson	2,264,845	0.01%
62,297	Hamworthy	155,661	0.00%
264,067	Hays	192,124	0.00%
1,026,842	HBOS	743,854	0.00%
173,052	Healthcare Locums	232,553	0.00%
114,242	Helical Bar	335,830	0.00%
66,386	Hill (William)	149,848	0.00%
492,526	Hiscox	1,758,098	0.01%
479,942	HMV Group	544,186	0.00%
667,969	Home Retail Group	1,483,207	0.01%
2,241,656	HSBC	15,582,157	0.10%
92,283	ICAP	277,188	0.00%
368,186	IG Group	990,333	0.01%
193,054	Imperial Tobacco Group	3,749,605	0.02%
147,553	Inchcape	56,852	0.00%
397,431	ING UK Real Estate Income Trust	93,881	0.00%
465,751	Inmarsat	2,305,529	0.01%
54,553	Intercontinental Hotels Group	321,877	0.00%
926,916	International Power	2,337,483	0.01%
151,015	Invensys	275,077	0.00%
387,952	Invista Foundation Property Trust	69,241	0.00%
99,358	IRP Property Investments	53,200	0.00%
67,545	Isis Property Trust	47,512	0.00%
735,439	ITV	306,529	0.00%
112,266	Jardine Lloyd Thompson Group	516,247	0.00%
142,192	Johnson Matthey	1,634,648	0.01%
64,863	Kazakhmys	156,352	0.00%
118,490	Keller Group	715,294	0.00%
25,339	Kier Group	240,089	0.00%
1,924,023	Kingfisher	2,745,141	0.02%
114,602	Ladbrokes	222,587	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>United Kingdom (continued)</b>			
161,596	Lancashire	710,853	0.00%
981,096	Land Securities Group	9,486,503	0.06%
54,243	Lavendon Group	102,336	0.00%
1,131,721	Legal & General Group	912,506	0.01%
504,039	Liberty International	2,529,456	0.02%
3,258,487	Lloyds Banking Group	4,310,439	0.03%
1,239,736	Logica	898,076	0.01%
29,596	Lonmin	283,065	0.00%
65,043	Luminar Group	92,187	0.00%
332,522	Man Group	821,094	0.01%
301,740	Marks & Spencer Group	675,708	0.00%
616,509	McBride	763,759	0.00%
12,569	McKay Securities	18,870	0.00%
470,888	Melrose	428,619	0.00%
559,929	Micro Focus	1,660,682	0.01%
191,702	Minerva	28,177	0.00%
190,744	Mondi	407,922	0.00%
2,477,153	Morrison (W) Supermarket	7,287,121	0.05%
28,769	Mucklow (A.+J.) Group	66,690	0.00%
103,045	National Express Group	535,185	0.00%
1,282,180	National Grid	9,250,542	0.06%
37,065	Next Group	423,463	0.00%
491,245	Northumbrian Water	1,218,184	0.01%
3,677	Novae Group	12,033	0.00%
1,015,013	Old Mutual	586,097	0.00%
273,427	Pace	157,884	0.00%
20,599	Partygaming	42,106	0.00%
152,499	Pearson	1,026,266	0.01%
465,275	Pennon Group	2,431,153	0.02%
9,886,699	Premier Foods	3,165,820	0.02%
40,267	Primary Health Properties	122,598	0.00%
24,530	Provident Financial	221,478	0.00%
3,269,409	Prudential	14,268,696	0.09%
143,129	PZ Cussons	243,733	0.00%
306,000	Qinetiq Group	508,233	0.00%
155,104	Quintain Estate & Development	59,762	0.00%
395,278	Reckitt Benckiser Group	10,663,169	0.07%
646,327	Reed Elsevier	3,430,113	0.02%
821,408	Regus	426,873	0.00%
342,141	Rentokil Initial	158,049	0.00%
121,658	Rexam	447,676	0.00%
190,965	Rio Tinto	2,980,257	0.02%
1,352,776	Rolls Royce Group	4,764,896	0.03%
76,240,220	Rolls Royce Group 'C'	80,042	0.00%
10,250,761	Royal Bank of Scotland	5,316,405	0.03%
25,622	Royal Caribbean Cruises	253,145	0.00%
624,509	RSA Insurance Group	905,456	0.01%
213,686	Sabmiller	2,609,100	0.02%
247,567	Sage Group	441,852	0.00%
1,686,346	Sainsbury	5,815,902	0.04%
193,480	Savills	454,399	0.00%
32,089	Schroders	289,054	0.00%
11,718	Schroders (Non Voting)	84,087	0.00%
165,098	Scottish & Southern Energy	2,109,441	0.01%
51,731	Scottish Mortgage Investment Trust	196,062	0.00%

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>United Kingdom (continued)</b>			
755,626	Segro	1,959,471	0.01%
423,960	Senior	173,590	0.00%
44,802	Severn Trent	563,494	0.00%
162,096	Shaftesbury	615,199	0.00%
52,120	Shanks Group	60,191	0.00%
105,301	Shire	1,118,789	0.01%
168,832	Smith & Nephew	777,248	0.00%
458,128	Smiths Group	4,256,622	0.03%
95,465	Spectris	536,208	0.00%
67,829	Spirent Communications	25,779	0.00%
478,934	Sportingbet	165,930	0.00%
111,631	SSL International	580,130	0.00%
373,527	St James Place	698,035	0.00%
108,619	St. Modwen Properties	133,992	0.00%
511,288	Standard Chartered	4,656,613	0.03%
414,209	Standard Life	878,862	0.01%
124,684	Standard Life Investment Properties	65,124	0.00%
356,000	Sthree	541,942	0.01%
39,506	Stolt-Nielson	285,659	0.00%
312,861	Tate & Lyle	1,316,151	0.01%
12,920	Telecom Plus	41,507	0.00%
3,315,625	Tesco	12,590,673	0.08%
111,275	Thomas Cook Group	205,494	0.00%
166,319	Tomkins	214,774	0.00%
136,907	Tullow Oil	941,173	0.01%
311,876	UK Commercial Property Trust	174,356	0.00%
44,428	Ultra Electronic	528,472	0.00%
243,757	Unilever	4,064,920	0.03%
149,035	Unite Group	228,755	0.00%
46,394	United Business Media	247,678	0.00%
128,020	United Utilities Group	842,042	0.00%
26,250	Vedanta Resources	168,524	0.00%
19,865,245	Vodafone Group	28,718,560	0.18%
41,238	VT Group	241,150	0.00%
1,053,741	WH Smith	3,959,411	0.02%
308,324	Whitbread	2,968,327	0.02%
25,461	Willis Group	455,177	0.00%
125,486	Wolseley	505,896	0.00%
2,915,090	Woolworths Group	38,256	0.00%
207,898	Workspace Group	134,670	0.00%
837,736	WPP	3,540,039	0.02%
150,720	WSP	310,143	0.00%
		<b>464,358,752</b>	<b>2.89%</b>
<b>Total European Equities</b>		<b>5,272,846,293</b>	<b>32.88%</b>

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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## NORTH AMERICA

## Canada

22,311	Agnico-Eagle Mines	823,898	0.01%
24,492	Agrium	597,531	0.00%
7,800	Allied Properties	57,130	0.00%
122,301	Bank Montreal	2,248,916	0.01%
227,037	Bank Nova Scotia Halifax	4,445,740	0.03%
322,576	Barrick Gold	8,506,675	0.05%
79,258	BCE	1,171,616	0.01%
12,500	Boardwalk Real Estate	187,963	0.00%
222,300	Bombardier	581,881	0.01%
88,897	Brookfield Asset Management	970,137	0.01%
120,145	Brookfield Properties	657,341	0.01%
19,600	Calloway	130,874	0.00%
51,775	Cameco	641,172	0.00%
16,900	Canadian Apartment Properties	156,493	0.00%
98,110	Canadian Imperial Bank	2,949,138	0.02%
121,689	Canadian National Railway	3,209,212	0.02%
145,215	Canadian Natural Resources	4,164,744	0.03%
23,095	Canadian Pacific Railway	556,791	0.00%
15,300	Canadian Real Estate Investment Trust	203,154	0.00%
11,742	Canadian Tire	300,147	0.00%
8,396	Canadian Utilities	200,046	0.00%
46,825	CGI Group	264,455	0.00%
24,700	Chartwell Seniors Housing	78,468	0.00%
11,500	Cominar Real Estate Investment Trust	108,925	0.00%
192,300	Domtar	230,754	0.00%
4,300	Dundee Real Estate Investment Trust	31,874	0.00%
56,809	Enbridge	1,322,134	0.01%
202,848	Encana	6,789,593	0.04%
16,500	Extencicare Real Estate Investment Trust	56,786	0.00%
10,180	Fairfax Financial	2,294,212	0.01%
26,177	Finning International	219,451	0.00%
55,800	Gerdau Ameristeel	244,579	0.00%
112,443	Goldcorp	2,539,526	0.02%
28,062	Great West Lifeco	341,736	0.00%
36,400	H&R Real Estate Investment Trust	159,536	0.00%
38,862	Husky Energy	705,771	0.00%
16,768	IGM Financial	349,703	0.00%
162,666	Imperial Oil	3,931,124	0.02%
18,600	Invest Real Estate Investment Trust	42,238	0.00%
99,140	Kinross Gold	1,312,301	0.01%
17,556	Loblaw Companies	361,180	0.00%
66,579	Magna International	1,439,141	0.01%
445,506	Manulife Financial	5,454,597	0.03%
11,100	Morguard Real Estate Investment Trust	75,097	0.00%
24,076	National Bank of Canada	443,334	0.00%
79,287	Nexen	1,000,533	0.01%
5,700	Northern Property	54,358	0.00%
12,472	Nova Chemicals	42,923	0.00%
75,180	Petro-Canada	1,181,792	0.01%
77,140	Potash Corp of Saskatchewan	4,061,535	0.03%

## Quoted Securities – Equities

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

61,258	Power Corp Canada	807,980	0.01%
44,829	Power Financial	630,317	0.00%
15,500	Primaris Retail Real Estate Investment	97,570	0.00%
334,939	Research In Motion	9,763,138	0.06%
55,100	Riocan Real Estate Investment Trust	442,797	0.01%
147,575	Rogers Communications	3,180,653	0.02%
328,115	Royal Bank of Canada	6,963,465	0.04%
16,949	Saputo	221,061	0.00%
82,335	Shaw Communications	1,047,459	0.01%
139,959	Shoppers Drug Mart	3,956,365	0.02%
130,026	Sun Life Financial	2,174,715	0.01%
633,898	Suncor Energy	8,877,205	0.06%
182,912	Talisman Energy	1,310,617	0.01%
69,760	Teck Cominco	247,062	0.00%
922	Telus Corp	20,162	0.00%
15,411	Telus Corp (Non Voting)	316,416	0.00%
43,103	Thomson Reuters	903,242	0.01%
169,068	Toronto Dominion Bank	4,327,141	0.03%
45,459	Transalta	651,441	0.01%
106,088	Transcanada	2,067,925	0.01%
23,156	Ultra Pete	574,200	0.01%
8,718	Weston (George)	307,474	0.00%
		<b>116,786,660</b>	<b>0.73%</b>

## United States

204,265	3M Co	8,445,360	0.05%
645,938	Abbott Labs	24,770,936	0.15%
14,960	Abercrombie & Fitch	247,990	0.00%
8,100	Acadia Realty	83,055	0.00%
338,039	Accenture	7,964,575	0.05%
1,163,645	Activision Blizzard	7,224,181	0.05%
306,112	Adobe Systems	4,682,852	0.03%
95,376	Advanced Micro Devices	148,029	0.00%
161,155	AES	954,169	0.01%
79,385	Aetna	1,625,690	0.01%
33,853	Affiliated Computer Services	1,117,730	0.01%
79,325	Aflac	2,612,817	0.02%
28,300	Agco	479,699	0.00%
79,004	Agilent Technologies	887,284	0.01%
2,000	Agree Realty	26,054	0.00%
35,789	Air Products & Chemicals	1,292,745	0.01%
31,550	AK STL	211,285	0.00%
29,158	Akamai Technologies	316,156	0.00%
16,329	Alberto Culver	287,579	0.00%
136,690	Alcoa	1,105,935	0.01%
500	Alexanders	91,579	0.00%
8,100	Alexandria Real Estate	351,192	0.00%
27,448	Allegheny Energy	667,809	0.00%
16,998	Allegheny Technologies	311,819	0.00%
124,621	Allergan	3,610,490	0.02%
27,499	Alliance Data Systems	919,400	0.01%
16,979	Alliant Energy	356,001	0.00%
25,762	Allied Capital	49,795	0.00%
237,876	Allstate	5,599,495	0.03%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

50,046	Altera	600,897	0.00%
571,030	Altria Group	6,179,286	0.04%
210,658	Amazon.Com	7,762,120	0.05%
40,444	AMB Properties	680,605	0.00%
32,783	Amdocs	430,841	0.00%
34,771	Ameren	830,986	0.01%
10,579	American Campus Communities	155,679	0.00%
3,415	American Cap	7,950	0.00%
23,994	American Eagle Outfitters	161,374	0.00%
126,964	American Electric Power	3,036,115	0.02%
251,909	American Express	3,357,701	0.02%
757,808	American International Group	854,896	0.01%
633,318	American Tower	13,342,591	0.08%
61,742	Ameriprise Financial	1,036,353	0.01%
27,811	Amerisourcebergen	712,611	0.00%
687,743	Amgen	28,538,592	0.18%
30,184	Amphenol	520,092	0.00%
69,200	AMR	530,548	0.00%
320,497	Amylin Pharmaceuticals	2,498,665	0.02%
78,450	Anadarko Pete	2,173,060	0.01%
88,307	Analog Devices	1,206,869	0.01%
83,088	Annaly Capital Management	947,479	0.01%
372,726	Aon	12,234,047	0.08%
66,713	Apache	3,572,695	0.02%
44,731	Apartment Investment & Management	371,232	0.00%
65,182	Apollo Group	3,588,593	0.02%
368,960	Apple	22,627,532	0.14%
441,164	Applied Materials	3,211,174	0.02%
781,119	Archer Daniels Midland	16,181,405	0.10%
19,414	Arrow Electronics	262,815	0.00%
23,400	Ashford Hospitality	19,336	0.00%
10,127	Ashland	76,478	0.00%
20,311	Associated Banc Corp	305,460	0.00%
4,200	Associated Estates Realty	27,553	0.00%
45,047	Assurant	971,050	0.01%
12,868	Astoria Financial	152,372	0.00%
1,724,658	AT & T	35,318,498	0.22%
37,986	Autodesk	536,340	0.00%
10,403	Autoliv	160,414	0.00%
108,696	Automatic Data Processing	3,072,574	0.02%
52,093	Autonation	369,820	0.00%
43,847	Autozone	4,394,152	0.03%
32,580	Avalonbay Communities	1,418,191	0.01%
17,714	Avery Dennison	416,598	0.00%
22,683	Avnet	296,801	0.00%
87,008	Avon Products	1,502,337	0.01%
21,595	Axis Capital	451,855	0.00%
68,795	Baker Hughes	1,585,295	0.01%
17,382	Ball	519,449	0.00%
182,000	Banco Itau	1,516,994	0.01%
1,515,376	Bank New York Mellon	30,847,598	0.19%
1,582,224	Bank Of America	16,007,555	0.10%
17,155	Bard C R	1,038,644	0.01%
386,077	Baxter International	14,866,614	0.09%
297,029	BB&T	5,860,758	0.04%
9,307	Beckman Coulter	293,849	0.00%

## Quoted Securities – Equities

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

77,311	Becton Dickinson & Co	3,799,166	0.02%
44,434	Bed Bath & Beyond	811,606	0.01%
18,373	Bemis	312,620	0.00%
25,010	Berkley W R	557,096	0.00%
124	Berkshire Hathaway 'A'	8,607,027	0.05%
4,487	Berkshire Hathaway 'B'	10,362,304	0.06%
666,087	Best Buy	13,453,837	0.08%
183,656	Big Lots	1,912,176	0.01%
178,799	Biogen Idec	6,119,276	0.04%
20,200	Biomed Realty	170,111	0.00%
112,493	BJ Services	943,302	0.01%
10,421	Black & Decker	313,072	0.00%
103,306	Block H & R	1,686,507	0.01%
112,217	BMC Software	2,169,835	0.01%
242,108	Boeing	7,423,114	0.05%
50,045	Boston Properties	1,977,779	0.01%
2,927,303	Boston Scientific	16,280,323	0.10%
22,300	Brandywine Realty	123,542	0.00%
12,800	BRE Properties	257,343	0.00%
14,756	Brinker International	111,754	0.00%
356,079	Bristol Myers Squibb	5,948,722	0.04%
99,297	Broadcom	1,210,800	0.01%
97,700	Broadridge Financial Solutions	880,332	0.01%
24,072	Brown & Brown	361,504	0.00%
15,910	Brown Forman	588,637	0.00%
18,333	Bunge	681,971	0.00%
125,908	Burlington North Santa Fe	6,849,533	0.04%
29,775	C H Robinson Worldwide	1,177,350	0.01%
199,487	CA	2,656,100	0.02%
34,227	Cablevision	414,157	0.00%
8,649	Cabot	95,085	0.00%
1,707	Cabot Oil & Gas	31,890	0.00%
13,300	Camden Property	299,506	0.00%
36,186	Cameron International	533,027	0.00%
46,657	Campbell Soup	1,006,091	0.01%
412,256	Capital One Financial	9,446,608	0.06%
59,499	Cardinal Health	1,473,687	0.01%
462,801	Carnival	8,087,462	0.05%
154,165	Caterpillar	4,948,301	0.03%
175,949	Catlin Group	800,776	0.00%
3,683	CB Richard Ellis Group	11,432	0.00%
16,700	CBL & Associates	77,998	0.00%
608,594	CBS	3,581,508	0.02%
67,996	CCX	1,586,427	0.01%
11,100	Cedar Shopping Centres	56,469	0.00%
77,484	Celgene	3,077,758	0.02%
35,544	Centennial Communications	205,852	0.00%
58,205	Centerpoint Energy	527,806	0.00%
174,256	Centex	1,332,244	0.01%
61,571	Cephalon	3,408,371	0.02%
50,739	CF Industries	1,792,289	0.01%
231,480	Chesapeake Energy	2,689,539	0.02%
847,752	Chevron Corporation	45,058,716	0.28%
72,208	Chubb	2,646,122	0.02%
1,492	Ciena	7,183	0.00%
46,919	Cigna	568,072	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

28,445	Cincinnati Financial	594,163	0.00%
19,234	Cintas	321,050	0.00%
2,262,033	Cisco Systems	26,493,596	0.17%
45,160	CIT Group	147,321	0.00%
929,674	Citigroup	4,482,369	0.03%
31,571	Citrix Systems	534,690	0.00%
7,670	City National	268,398	0.00%
23,409	Clorox	934,543	0.01%
38,451	CME Group	5,749,829	0.04%
3,736	CMS Energy	27,140	0.00%
2,828	CNA Financial	33,407	0.00%
470,504	Coach	7,021,893	0.04%
837,793	Coca Cola Co	27,252,202	0.17%
1,406,191	Coca Cola Enterprises	12,155,262	0.08%
48,119	Cognizant Technology Solutions	624,437	0.00%
134,882	Colgate Palmolive	6,642,820	0.04%
12,000	Colonial Properties	71,826	0.00%
1,066,229	Comcast	12,932,346	0.08%
129,943	Comcast	1,507,925	0.01%
25,570	Comerica	364,708	0.00%
12,451	Commerce Bancshares	393,204	0.00%
15,273	Community Health Systems	160,006	0.00%
26,826	Computer Sciences	677,348	0.00%
431,907	Compuware	2,094,828	0.01%
76,214	Conagra Foods	903,593	0.01%
645,182	Conocophillips	24,014,103	0.15%
30,623	Consol Energy	628,875	0.00%
45,595	Consolidated Edison	1,275,428	0.01%
32,421	Constellation Brands	367,377	0.00%
29,329	Constellation Energy	528,752	0.00%
7,777	Continental Resources	115,730	0.00%
19,164	Convergys	88,267	0.00%
38,705	Cooper Industries	812,925	0.01%
261,864	Corning	1,793,177	0.01%
13,000	Corporate Office Properties	286,772	0.00%
31,300	Corrections Corporation of America	367,944	0.00%
122,255	Costco Wholesale	4,611,905	0.03%
9,700	Cousins Properties	96,533	0.00%
26,459	Coventry Health Care	282,899	0.00%
268,906	Covidien	7,002,338	0.04%
554,712	Crown Castle	7,007,140	0.04%
44,951	Cummins	863,362	0.01%
341,812	CVS Caremark	7,058,760	0.04%
595,591	D R Horton	3,025,672	0.02%
190,990	Danaher	7,768,875	0.05%
23,193	Darden Restaurants	469,626	0.00%
18,344	Davita	653,382	0.00%
43,600	DCT Industrial	158,523	0.00%
46,897	Dean Foods	605,547	0.00%
79,849	Deere & Co	2,198,616	0.01%
21,000	Del Monte Pacific	4,716	0.00%
1,483,178	Dell	10,913,087	0.07%
2,233,310	Delta Air Lines	18,390,266	0.11%
51,290	Dentsply International	1,040,763	0.01%
51,069	Developers Diversified Realty	179,074	0.00%
126,007	Devon Energy	5,949,501	0.04%

## Quoted Securities – Equities

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

10,433	Diamond Offshore Drilling	441,849	0.00%
22,600	Diamond Rock Hospitality	82,332	0.00%
11,043	Diebold	222,891	0.00%
18,300	Digital Realty	431,957	0.00%
246,303	Directtv Group	4,054,611	0.03%
210,902	Discover Financial Services	1,444,202	0.01%
42,082	Discovery Communications	416,526	0.00%
178,200	Dish Network	1,420,017	0.01%
673,788	Disney Walt	10,985,306	0.07%
24,919	Dollar Tree	748,447	0.00%
99,089	Dominion Resources	2,551,807	0.02%
34,818	Donnelley R R & Sons	339,749	0.00%
22,800	Douglas Emmett	213,960	0.00%
69,390	Dover	1,641,387	0.01%
268,694	Dow Chemical	2,913,410	0.02%
130,356	Dr Pepper Snapple	1,522,085	0.01%
7,941	DST Systems	216,713	0.00%
84,624	DTE Energy Co	2,168,957	0.01%
197,612	Du Pont E I De Nemours & Co	3,592,429	0.02%
285,229	Duke Energy	3,076,300	0.02%
59,108	Duke Realty	465,491	0.00%
14,576	Dun & Bradstreet	808,556	0.01%
8,353	Dynegy	12,004	0.00%
9,295	E Trade Financial	7,681	0.00%
6,200	Eastgroup Properties	158,508	0.00%
13,917	Eastman Chemical	317,100	0.00%
50,333	Eastman Kodak	237,976	0.00%
281,118	Eaton	10,041,227	0.06%
478,596	Ebay	4,800,747	0.03%
18,500	Echostar Corporation	197,668	0.00%
40,357	Ecolab	1,019,292	0.01%
67,313	Edison International	1,553,563	0.01%
7,100	Education Realty	26,631	0.00%
391,155	El Paso	2,200,721	0.01%
572,464	Electronic Arts	6,597,918	0.04%
41,124	Embarq	1,062,599	0.01%
418,444	EMC	3,148,027	0.02%
278,195	Emerson Elec Co	7,318,186	0.05%
35,616	Energizer	1,385,536	0.01%
142,797	Enesco International	2,912,989	0.02%
75,312	Entergy	4,498,589	0.03%
8,300	Entertainment Properties	177,725	0.00%
42,513	EOG Resources	2,033,855	0.01%
20,703	Equifax	394,513	0.00%
22,376	Equitable Resources	539,423	0.00%
6,200	Equity Lifestyle Properties	170,893	0.00%
9,600	Equity One	122,095	0.00%
172,139	Equity Residential	3,688,428	0.02%
3,326	Erie Indemnity	89,931	0.00%
6,700	Essex Property	369,494	0.00%
18,792	Estee Lauder	418,050	0.00%
9,816	Everest Re Group	537,034	0.00%
149,184	Exelon	5,961,143	0.04%
177,000	Expedia	1,047,984	0.01%
35,603	Expeditors International Wash	851,126	0.01%
61,408	Express Scripts	2,425,962	0.02%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

21,500	Extra Space Storage	159,431	0.00%
1,942,856	Exxon Mobil	111,445,135	0.69%
84,774	Family Dollar Stores	1,588,028	0.01%
25,106	Fastenal	628,687	0.00%
14,800	Federal Realty	660,188	0.00%
127,207	Federated Investors	1,550,212	0.01%
53,322	Fedex	2,457,862	0.02%
15,700	Felcor Lodging	20,757	0.00%
32,565	Fidelity National Information Services	380,709	0.00%
833,513	Fifth Third Bancorp	4,947,056	0.03%
12,750	First American	264,675	0.00%
36,866	First Horizon National	279,996	0.00%
11,100	First Industrial Realty	60,218	0.00%
6,900	First Potomac Realty	46,109	0.00%
18,169	First Solar	1,801,103	0.01%
51,417	Firstenergy	1,794,811	0.01%
27,130	Fiserv	709,002	0.00%
2,294	FLIR Systems	50,571	0.00%
11,034	Flowserve	408,314	0.00%
110,975	Fluor	3,577,961	0.02%
14,500	FMC	466,038	0.00%
24,791	Foot Locker	130,751	0.00%
361,434	Ford Motor Co	594,729	0.00%
33,008	Forest City Enterprises	158,909	0.00%
254,247	Forest Labs	4,653,065	0.03%
222,576	Fortune Brands	6,601,952	0.04%
21,515	Foster Wheeler	361,443	0.00%
138,894	FPL Group	5,023,019	0.03%
193,492	Franklin Resources	8,867,514	0.06%
238,592	Freeport McMoran Copper & Gold	4,189,975	0.03%
53,666	Frontier Communications	337,027	0.00%
29,897	Fulton Financial	206,660	0.00%
12,937	Gallagher Arthur J & Co	240,855	0.00%
28,330	Gamestop	440,920	0.00%
232,439	Gannett	1,336,144	0.01%
597,132	Gap	5,745,202	0.04%
25,381	Garmin	349,611	0.00%
216,876	Genentech	12,920,306	0.08%
4,287,399	General Electric	49,907,210	0.31%
131,246	General Mills	5,729,104	0.04%
95,881	General Motors	220,464	0.00%
21,196	Gentex	134,484	0.00%
28,918	Genuine Parts	786,689	0.00%
79,097	Genworth Financial	160,843	0.00%
104,621	Genzyme	4,989,362	0.03%
4,600	Getty Realty	69,610	0.00%
555,338	Gilead Sciences	20,406,686	0.13%
9,500	Glimcher Realty	19,182	0.00%
365,785	Goldman Sachs Group	22,180,496	0.14%
23,472	Goodrich	624,368	0.00%
3,985	Goodyear	17,095	0.00%
99,744	Google	22,049,466	0.14%
12,727	Grainger WW	720,986	0.00%
788,486	Halliburton	10,300,119	0.06%
89,312	Harley Davidson	1,089,046	0.01%
9,400	Harman International	113,000	0.00%

## Quoted Securities – Equities

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

23,134	Harris	632,499	0.00%
53,400	Hartford Financial Services Group	630,041	0.00%
114,509	Hasbro	2,400,106	0.01%
188,504	HCP	3,761,411	0.02%
36,100	Health Care	1,094,647	0.01%
16,833	Health Net	131,718	0.00%
14,800	Healthcare Realty Trust	249,697	0.00%
103,693	Heinz H J	2,801,507	0.02%
12,100	Hersha Hospitality Trust	26,083	0.00%
48,020	Hershey Company	1,198,689	0.01%
1,768,379	Hertz Global	6,442,252	0.04%
389,937	Hess	15,029,260	0.09%
916,448	Hewlett Packard	23,897,318	0.15%
16,000	Highwoods Properties	314,551	0.00%
8,044	Hill Rom	95,138	0.00%
10,600	Hilltop	74,186	0.00%
14,057	HLTH	105,652	0.00%
1,169,376	Home Depot	19,342,556	0.12%
8,100	Home Properties	236,301	0.00%
313,265	Honeywell	7,389,876	0.05%
15,962	Hormel Foods	356,470	0.00%
26,823	Hospira	516,917	0.00%
35,701	Hospitality Property	381,457	0.00%
208,324	Host Hotels & Resorts	1,133,156	0.01%
57,200	HRPT Property	138,510	0.00%
462,702	HSN	2,417,075	0.02%
107,575	Hudson City Bancorp	1,233,669	0.01%
78,036	Humana	2,090,380	0.01%
13,693	Hunt J B Transport Services	258,472	0.00%
61,032	Huntington Bancshares	335,924	0.00%
390,353	IAC / Interactivecorp	4,412,052	0.03%
466,970	IBM	28,238,985	0.18%
140,563	Illinois Tool Works	3,540,083	0.02%
32,736	IMS Health	356,598	0.00%
53,032	Ingersoll-Rand	661,138	0.00%
16,600	Inland Real Estate	154,824	0.00%
1,262	Integrays Energy Group	38,974	0.00%
1,837,910	Intel	19,360,322	0.12%
10,111	Intercontinental Exchange	598,944	0.00%
12,721	International Flavors & Fragrances	271,659	0.00%
51,671	International Game Technology	441,452	0.00%
147,629	International Paper	1,251,722	0.01%
305,057	Interpublic Group	868,022	0.01%
55,761	Intuit	953,190	0.01%
8,597	Intuitive Surgical	784,460	0.00%
68,058	Invesco	706,156	0.00%
14,600	Investors Real Estate	112,356	0.00%
31,576	Iron Mountain	561,094	0.00%
7,966,673	Ishares	281,870,359	1.76%
32,031	ITT Corp	1,058,494	0.01%
461,624	J Crew Group	4,046,715	0.03%
37,173	Jabil Circuit	180,296	0.00%
20,651	Jacobs Engineering Group	713,741	0.00%
26,454	Janus Cap Group	152,638	0.00%
211,356	JC Penney	2,991,818	0.02%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

196,793	JDS Uniphase	516,127	0.00%
2,034	JM Smucker Company	63,372	0.00%
1,028,783	Johnson & Johnson	44,227,985	0.28%
100,162	Johnson Controls	1,306,993	0.01%
171,378	Jones Apparel Group	721,618	0.00%
14,100	Joy Global	231,910	0.00%
2,117,049	JP Morgan Chase & Co	47,963,322	0.30%
127,859	Juniper Networks	1,608,688	0.01%
1,243	KB Home	12,165	0.00%
48,291	Kellogg	1,521,564	0.01%
81,549	Keycorp	499,244	0.00%
8,300	Kilroy Realty	199,553	0.00%
184,584	Kimberly Clark	6,995,013	0.04%
110,118	Kimco Realty	1,446,402	0.01%
6,936	Kinetic Concepts	95,590	0.00%
42,834	King Pharmaceuticals	326,864	0.00%
8,500	Kite Realty Group	33,958	0.00%
30,570	KLA Tencor	478,638	0.00%
450,847	Kohls	11,727,140	0.07%
963,929	Kraft Foods	18,597,035	0.12%
441,839	Kroger	8,384,686	0.05%
19,367	Laboratory Corporation of America	896,334	0.01%
18,520	Lam Resh	283,183	0.00%
10,816	Lamar Advertising	97,614	0.00%
46,266	Las Vegas Sands	197,138	0.00%
10,300	Lasalle Hotel Properties	81,781	0.00%
87,312	Legg Mason	1,374,582	0.01%
25,603	Leggett & Platt	279,449	0.00%
14,713	Lender Processing Services	311,344	0.00%
19,138	Lennar	119,226	0.00%
29,738	Leucadia National	423,089	0.00%
233,963	Level 3 Communications	117,679	0.00%
23,600	Lexington Realty Trust	84,788	0.00%
175,583	Lexmark International	3,393,822	0.02%
24,825	Liberty Global	270,779	0.00%
25,517	Liberty Global 'A'	291,895	0.00%
165,367	Liberty Media	1,137,683	0.01%
39,281	Liberty Property Trust	644,381	0.00%
28,002	Life Technologies	469,014	0.00%
403,588	Lilly Eli & Co	11,678,155	0.07%
89,666	Limited Brands	646,868	0.00%
84,802	Lincare	1,640,956	0.01%
111,572	Lincoln National	1,510,395	0.01%
442,927	Linear Technology	7,039,984	0.04%
71,781	Loews	1,457,076	0.01%
28,975	Lorillard	1,173,199	0.01%
838,726	Lowe's	12,969,306	0.08%
108,672	LSI	256,902	0.01%
5,800	LTC Properties	84,518	0.01%
158,760	M & T Bank	6,549,121	0.05%
30,047	Macerich	392,077	0.01%
16,500	Mack Cali Realty	290,472	0.01%
204,093	Macys	1,517,829	0.01%
11,900	Maguire Properties	12,484	0.01%
2,153	Manitowoc	13,397	0.01%

## Quoted Securities – Equities

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

37,055	Manpower	905,008	0.01%
219,413	Marathon Oil	4,313,530	0.03%
1,647	Markel	353,850	0.01%
479,833	Marriott	6,706,008	0.05%
247,001	Marsh & McLennan Companies	4,307,476	0.03%
190,977	Marshall & Ilsley	1,871,758	0.02%
124,482	Marvell Technology Group	596,605	0.01%
688,168	Masco	5,503,564	0.04%
1,406	Massey Energy	13,932	0.01%
39,300	Mastercard	4,036,178	0.03%
60,760	Mattel	698,541	0.01%
41,744	MBIA	122,080	0.01%
26,181	McAfee	650,339	0.01%
20,027	McCormick & Company	458,475	0.01%
34,184	McDermott International	242,680	0.01%
371,406	McDonalds	16,596,780	0.11%
53,780	McGraw Hill	896,140	0.01%
47,698	McKesson	1,327,401	0.01%
27,375	MDU Resources Group	424,483	0.01%
30,320	MeadWestvaco	243,789	0.01%
118,622	Medco Health Solutions	3,572,212	0.03%
16,700	Medical Properties Trust	75,718	0.01%
457,253	Medtronic	10,323,266	0.07%
29,026	MEMC Electronics Materials	297,831	0.01%
12,500	Mentor	277,808	0.01%
1,023,415	Merck & Co	22,355,260	0.14%
3,270	Mercury General	108,060	0.01%
597	Meredith	7,344	0.01%
2,603,628	Merrill Lynch & Co	21,776,410	0.14%
15,666	Metavante	181,346	0.01%
253,866	MetLife	6,358,963	0.04%
41,075	MetroPCS Communications	438,287	0.01%
22,431	MGM Mirage	221,780	0.01%
32,414	Microchip Technology	454,872	0.01%
125,125	Micron Technology	237,357	0.01%
3,875,182	Microsoft	54,130,587	0.34%
7,100	Mid America Apartment Communities	189,578	0.01%
9,419	Millipore	348,686	0.01%
187,422	Mirant	2,541,247	0.02%
10,808	Mohawk Industries	333,707	0.01%
13,970	Molex	145,452	0.01%
8,143	Molex 'A'	75,772	0.01%
27,150	Molson Coors Brewing	954,357	0.01%
131,396	Monsanto	6,642,027	0.05%
2,035	Monster Worldwide	17,678	0.01%
168,806	Moodys	2,436,813	0.02%
337,993	Morgan Stanley	3,895,529	0.03%
60,589	Mosaic	1,506,344	0.01%
382,760	Motorola	1,218,385	0.01%
32,400	Murphy Oil	1,032,507	0.01%
52,508	Mylan	373,144	0.01%
46,993	Nabors Industries	404,186	0.00%
2,248	NASDAQ OMX Group	39,914	0.00%
33,629	National City	43,737	0.00%
2,400	National Healthcare	87,329	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

70,295	National Oilwell Varco	1,234,468	0.01%
19,700	National Retail Properties	243,330	0.00%
150,309	National Semiconductor	1,087,599	0.01%
24,900	Nationwide Health Properties	513,852	0.00%
15,700	Navistar International	241,191	0.00%
27,339	NCR	277,771	0.00%
122,505	NetApp	1,229,715	0.01%
90,956	New York Community Bancorp	781,658	0.00%
21,063	New York Times	110,938	0.00%
239,017	Newell Rubbermaid	1,679,662	0.01%
20,055	Newfield Exploration Co	284,606	0.00%
102,314	Newmont Mining	2,992,153	0.02%
317,309	News Corporation 'A'	2,072,529	0.01%
90,036	News Corporation 'B'	619,778	0.00%
746	Nicor	18,622	0.00%
26,854	NII	350,798	0.00%
91,544	Nike	3,354,706	0.02%
44,548	Nisource	351,147	0.00%
86,639	Noble	1,375,193	0.01%
29,717	Noble Energy	1,050,996	0.01%
36,615	Nordstrom	350,180	0.00%
136,369	Norfolk Southern	4,610,305	0.03%
24,397	Northeast Utilities	421,780	0.00%
214,466	Northern Trust	8,034,962	0.05%
8,400	Northrop Grumman	271,852	0.00%
5,702	Novell	15,938	0.00%
17,771	Novellus Systems	157,573	0.00%
35,256	NRG Energy	591,020	0.00%
15,903	NSTAR	416,972	0.00%
53,641	Nucor	1,780,710	0.01%
91,567	Nvidia	530,966	0.00%
5,868	NVR	1,923,744	0.01%
43,723	NYSE Euronext	860,197	0.01%
446,973	Occidental Petroleum	19,267,019	0.12%
4,540	Office Depot	9,721	0.00%
36,982	Old Republic International	316,753	0.00%
20,700	Omega Healthcare	237,536	0.00%
107,910	Omnicare	2,152,462	0.01%
154,517	Omnicom Group	2,988,861	0.02%
12,500	Omx Biopharmaceuticals	224,546	0.00%
1,705,815	Oracle	21,731,767	0.14%
12,800	Orient Express Hotels	70,452	0.00%
2,758	Owens Ill	54,161	0.00%
61,666	Paccar	1,267,261	0.01%
22,709	Pactiv	405,978	0.00%
20,395	Pall	416,634	0.00%
28,775	Parker Hannifin	879,563	0.01%
3,800	Parkway Properties	49,149	0.00%
8,432	Partnerre	431,809	0.00%
13,726	Patriot Coal	61,642	0.00%
39,178	Patterson	527,835	0.00%
208,747	Patterson UTI Energy	1,726,434	0.01%
61,060	Paychex	1,153,019	0.01%
45,784	Peabody Energy	748,427	0.00%
10,000	Penn Real Estate	53,532	0.00%
15,873	Pentair	269,968	0.00%

## Quoted Securities – Equities

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

60,033	Peoples Utd Financial	769,123	0.00%
34,364	Pepco	438,532	0.00%
28,439	Pepsi Bottling	459,986	0.00%
16,177	PepsiAmericas	236,663	0.00%
646,791	Pepsico	25,454,296	0.16%
1,951	Perkinelmer	19,500	0.00%
65,900	Petroleo Brasileiro	1,159,654	0.01%
17,824	Petsmart	236,296	0.00%
2,803,934	Pfizer	35,681,304	0.22%
125,672	PG&E	3,495,554	0.02%
67,600	Pharmerica	761,150	0.00%
732,846	Philip Morris International	22,911,640	0.14%
18,230	Pinnacle West Cap	420,874	0.00%
20,239	Pioneer Natural Resources	235,300	0.00%
36,769	Pitney Bowes	673,187	0.00%
17,301	Plains Exploration & Production	288,909	0.00%
29,106	Plum Creek Timber	726,552	0.00%
327,692	PNC Financial Services Group	11,537,622	0.07%
929	Polo Ralph Lauren	30,312	0.00%
45,578	Popular	168,989	0.00%
11,000	Post Properties	130,416	0.00%
27,466	PPG	837,380	0.01%
62,072	PPL	1,368,822	0.01%
181,815	Praxair	7,754,932	0.05%
61,213	Precision Castparts	2,616,188	0.02%
198,545	Price T Rowe Group	5,056,000	0.03%
27,439	Pride International	315,064	0.00%
85,028	Principal Financial Group	1,378,948	0.01%
875,320	Procter & Gamble	38,882,146	0.24%
142,059	Progress Energy	4,067,724	0.03%
113,569	Progressive	1,208,563	0.01%
112,592	Prologis	1,123,736	0.01%
11,418	Protective Life	117,732	0.00%
94,074	Prudential Financial	2,045,469	0.01%
3,800	PS Business Parks	121,943	0.00%
85,922	Public Service	1,800,923	0.01%
133,099	Public Storage	7,603,198	0.05%
19,026	Puget Energy	372,810	0.00%
213,904	Pulte Homes	1,679,939	0.01%
255,113	Qlogic	2,463,691	0.02%
883,806	Qualcomm	22,754,020	0.14%
25,346	Quest Diagnostics	945,398	0.01%
28,619	Questar	672,239	0.00%
297,753	Qwest Communications	778,775	0.00%
339,667	Radio Shack	2,914,151	0.02%
4,600	Ramco-Gershenson Properties	20,427	0.00%
26,298	Range Resources	649,844	0.00%
26,200	Realty Income	435,820	0.00%
27,693	Regency Centres	929,269	0.01%
116,663	Regions Financial	667,268	0.00%
117,118	Reliant Energy	486,414	0.00%
9,470	Renaissance	350,847	0.00%
63,554	Republic Services	1,132,071	0.01%
1,335,579	ResMed	3,530,977	0.02%
53,310	Reynolds American	1,544,102	0.01%
28,167	Robert Half International	421,382	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

24,018	Rockwell Automation	556,399	0.00%
30,332	Rockwell Collins	851,964	0.01%
67,049	Rohm & Haas	2,976,904	0.02%
37,098	Ross Stores	792,501	0.00%
18,383	Rowan	210,024	0.00%
10,359	Ryder Systems	288,656	0.00%
131,588	Safeway	2,247,501	0.01%
1,733	Salesforce	39,860	0.00%
39,544	Sandisk	272,776	0.00%
189,790	Sara Lee	1,335,090	0.01%
3,400	Saul Centres	96,501	0.00%
19,624	Scana Corp	501,986	0.00%
13,341	Schein Henry	351,715	0.00%
915,665	Schering Plough	11,204,839	0.07%
853,262	Schlumberger	25,952,849	0.16%
919,781	Schwab Charles	10,686,828	0.07%
15,760	Scripps Networks Interactive	249,134	0.00%
57,263	Seadrill	323,609	0.00%
365,604	Seagate Technology	1,163,775	0.01%
26,837	Sealed Air	288,097	0.00%
15,415	Sears	430,539	0.00%
22,661	Sei Investment	255,805	0.00%
41,981	Sempra Energy	1,285,945	0.01%
28,700	Senior Housing Properties	369,551	0.00%
18,388	Sepracor	145,075	0.00%
33,907	Sherwin Williams	1,455,733	0.01%
22,016	Sigma Aldrich	668,216	0.00%
94,851	Simon Property	3,621,063	0.02%
425,401	SIRIUS XM Radio	36,680	0.00%
14,350	SL Green Realty	267,058	0.00%
78,916	SLM	504,672	0.00%
35,989	Smith International	591,929	0.00%
21,209	Smithfield Foods	214,422	0.00%
949	Snap On	26,853	0.00%
183,527	Southern	4,879,284	0.03%
39,751	Southern Copper	458,720	0.00%
733,917	Southwest Airlines	4,545,782	0.03%
58,470	Southwestern Energy	1,217,127	0.01%
105,871	Sovereign Bancorp	226,698	0.00%
5,500	Sovran Self Storage	142,272	0.00%
102,911	Spectra Energy	1,163,914	0.01%
1,730,031	Sprint Nextel	2,274,884	0.01%
27,381	SPX	797,801	0.00%
14,495	St Joe Company	253,301	0.00%
351,123	St Jude Medical	8,315,739	0.05%
14,071	Stanley Works	344,773	0.00%
119,229	Staples	1,535,233	0.01%
121,321	Starbucks	824,672	0.01%
329,024	Starwood Hotels & Resorts	4,231,896	0.03%
105,802	State Street	2,990,007	0.02%
1,737	Stericycle	65,002	0.00%
18,500	Strategic Hotels & Resorts	22,332	0.00%
50,813	Stryker	1,458,633	0.01%
553	Student Loan	16,292	0.00%
4,600	Sun Communities	46,274	0.00%

## Quoted Securities – Equities

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

130,761	Sun Microsystems	358,919	0.00%
20,154	Sunoco	629,369	0.00%
12,200	Sunstone Hotel	54,263	0.00%
213,610	Suntrust Banks	4,534,051	0.03%
34,792	Supervalu	364,995	0.00%
677,663	Symantec	6,583,318	0.04%
53,734	Synopsys	715,063	0.00%
46,379	Synovus Financial	276,601	0.00%
9,024	Synthes	812,464	0.01%
179,870	Sysco	2,964,876	0.02%
7,900	Tanger Factory Outlet Centre	213,550	0.00%
1,019,776	Target	25,302,052	0.16%
10,000	Taubman Centers	182,942	0.00%
20,977	TCF Financial	205,896	0.00%
174,693	TD Ameritrade	1,788,730	0.01%
61,366	Teco Energy	544,564	0.00%
9,140	Teekay Corporation	129,052	0.00%
8,028	Telephone & Data Systems	183,149	0.00%
6,574	Tellabs	19,462	0.00%
6,857	Tenet Healthcare	5,666	0.00%
28,297	Teradata	301,534	0.00%
83,296	Teradyne	252,575	0.00%
15,619	Terex	194,382	0.00%
2,287	Tesoro	21,642	0.00%
439,198	Texas Instruments	4,897,861	0.03%
4,080	Textron	40,662	0.00%
551,247	Thermo Fisher Scientific	13,494,996	0.08%
34,434	Thomson-Reuters	545,883	0.00%
21,047	Tiffany & Co	357,362	0.00%
1,824,362	Time Warner	13,187,527	0.08%
28,245	Time Warner Cable	435,335	0.00%
1,406	Titanium Metals	8,901	0.00%
168,936	TJX	2,496,956	0.02%
19,423	Toll Bros	299,084	0.00%
15,330	Torchmark	492,384	0.00%
36,234	Total System Services	364,501	0.00%
4,010	Transatlantic	115,428	0.00%
89,691	Transocean	3,045,124	0.02%
232,476	Travelers Companies	7,550,417	0.05%
80,897	Tyco Electronics	942,258	0.01%
81,301	Tyco International	1,261,839	0.01%
48,190	Tyson Foods	303,330	0.00%
14,500	U Store It	46,364	0.00%
34,200	UDR	338,879	0.00%
150,712	Union Pacific	5,176,427	0.03%
124,648	United Parcel Service	4,940,421	0.03%
24,000	United States Cellular	745,678	0.00%
27,625	United States Steel	738,413	0.00%
427,995	United Technologies	16,483,820	0.10%
401,814	Unitedhealth Group	7,679,997	0.05%
3,000	Universal Health Realty	70,942	0.00%
7,365	Universal Health Services	198,824	0.00%
60,185	Unum	804,369	0.01%
18,797	Urban Outfitters	202,327	0.00%
4,600	Urstadt Biddle Properties	52,654	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>United States (continued)</b>			
867,326	US Bancorp	15,586,566	0.10%
95,619	UST	4,766,865	0.03%
104,815	Valero Energy	1,629,803	0.01%
20,600	Valley National Bancorp	299,741	0.00%
42,735	Varian Medical Systems	1,075,975	0.01%
57,943	Ventas	1,397,677	0.01%
32,606	Verisign	447,023	0.00%
1,106,631	Verizon Communications	26,956,090	0.17%
18,247	VF	718,106	0.00%
367,922	Viacom	5,038,869	0.03%
121,356	Virgin Media	435,127	0.00%
207,189	Visa	7,808,481	0.05%
71,910	Vornado Realty Trust	3,118,322	0.02%
17,964	Vulcan Materials	898,135	0.01%
9,450	Wabco	107,218	0.00%
770,461	Wachovia	3,067,007	0.02%
1,219,027	Wal Mart Stores	49,104,443	0.31%
168,762	Walgreen	2,991,563	0.02%
410	Washington Post	114,969	0.00%
13,200	Washington Real Estate	268,420	0.00%
266,487	Waste Management	6,345,749	0.04%
17,387	Waters	457,881	0.00%
69,781	Watson Pharmaceuticals	1,332,242	0.01%
750,524	Weatherford International	5,835,072	0.04%
5,160	Weight Watchers	109,080	0.00%
35,737	Weingarten Realty	531,292	0.01%
131,372	Wellpoint	3,976,936	0.02%
2,213,852	Wells Fargo	46,895,421	0.29%
51,648	Wendy's / Arby's	183,331	0.00%
184	Wesco Financial	38,064	0.00%
1,993,538	Western Union	20,541,306	0.13%
42,858	Weyerhaeuser	942,648	0.01%
12,073	Whirlpool	358,711	0.00%
1,656	White Mountains Insurance Group	317,837	0.00%
23,101	Whole Foods Market	156,696	0.00%
98,835	Williams Cos	1,028,333	0.01%
114,958	Windstream	759,944	0.00%
2,960	Winthrop Realty Trust	23,056	0.00%
20,630	Wisconsin Energy	622,295	0.01%
305,748	Wyeth	8,240,718	0.05%
30,441	Wyndham Worldwide	143,270	0.00%
5,809	Wynn Resorts	176,395	0.00%
185,389	Xcel Energy	2,471,054	0.02%
243,741	Xerox	1,395,858	0.01%
57,700	Xi Cap	153,402	0.00%
93,635	Xilinx	1,198,948	0.01%
171,914	XTO Energy	4,356,835	0.03%
242,902	Yahoo	2,129,341	0.01%
78,904	Yum Brands	1,785,928	0.01%
11,801	Zebra Technologies	171,796	0.00%
286,764	Zimmer Holdings	8,328,661	0.05%
100,668	Zions Bancorporation	1,772,920	0.01%
		<b>2,835,088,099</b>	<b>17.68%</b>

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>United States - Net Short Positions</b>			
(3,428)	Centurytel	(67,319)	0.00%
		<b>(67,319)</b>	<b>0.00%</b>
<b>Total North American Equities</b>		<b>2,951,807,440</b>	<b>18.41%</b>

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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## JAPAN

## Japan

58,000	77Th Bank	222,546	0.00%
37,300	A&D	105,270	0.00%
5,200	ABC-Mart	135,627	0.00%
17,292	Acom	515,443	0.00%
49,100	Adeka	255,737	0.00%
38,000	Aderans	282,274	0.00%
30,300	Advantest	343,499	0.00%
118,900	Aeon	840,802	0.01%
16,200	Aeon Credit Service	120,466	0.00%
17,800	Aeon Mall	241,444	0.00%
21,700	Ahresty	49,029	0.00%
1,700	Aichi Bank	92,049	0.00%
34,000	Aichi Steel Works	78,167	0.00%
16,000	Aida Engineering	41,605	0.00%
371,000	Aiful	744,118	0.00%
354,000	Aioi Insurance	1,290,947	0.01%
28,000	Air.Water	175,139	0.00%
29,700	Aisan Industry	103,128	0.00%
29,300	Aisin Seiki	286,868	0.00%
605,000	Ajinomoto	4,657,167	0.03%
34,000	Akita Bank	103,774	0.00%
6,500	Alfresa	220,549	0.00%
131,000	All Nippon Airways	367,639	0.00%
15,000	Aloka	95,013	0.00%
8,700	Alpha	49,107	0.00%
93,400	Alps Electric	322,095	0.00%
61,000	Amada	207,944	0.00%
1,000	AOC Holdings	3,885	0.00%
2,100	AOI Electronics	9,856	0.00%
22,600	Aoki	165,908	0.00%
14,100	Aoyama Trading	158,840	0.00%
154,628	Aozora Bank	101,745	0.00%
3,000	Arakawa Chemical	24,401	0.00%
29,300	Arcs	349,119	0.00%
36,762	Arrk	36,721	0.00%
2,617	Aruze	18,631	0.00%
72,500	Asahi Breweries	884,553	0.01%
614,000	Asahi Glass	2,453,274	0.02%
1,007,000	Asahi Kasei	3,113,445	0.02%
6,800	Asatsu-Dk	107,601	0.00%
30,000	Asics	171,000	0.00%
2,000	Aska Pharmaceutical	13,366	0.00%
127,100	Astellas Pharma	3,657,626	0.02%
5,500	Autobacs Seven	90,693	0.00%
36,000	Awa Bank	179,800	0.00%
53,000	Bank of Kyoto	418,487	0.00%
35,000	Bank of Nagoya	136,792	0.00%
918,000	Bank of Yokohama	3,791,644	0.02%
38,850	Belluna	73,302	0.00%
16,000	Benesse	498,494	0.00%
22,400	BML	351,432	0.00%
280,700	Bridgestone	2,952,980	0.02%
56,500	Brother Industries	236,051	0.00%
800	CAC	4,883	0.00%
15,000	Calsonic Kansei	14,983	0.00%
578,000	Canon	12,692,722	0.08%

## Quoted Securities – Equities

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

12,800	Canon Electronics	128,264	0.00%
100	Canon Finetech	766	0.00%
168,300	Canon Marketing	1,919,960	0.01%
10,500	Capcom	166,149	0.00%
41,800	Casio Computer	185,240	0.00%
3,300	Cawachi	53,108	0.00%
334	Central Japan Railway	2,057,381	0.01%
93,739	Century Leasing System	588,563	0.00%
525,000	Chiba Bank	2,289,123	0.01%
24,900	Chiba Kogyo Bank	250,303	0.00%
41,000	Chiyoda	158,942	0.00%
1,100,000	Chori	828,445	0.01%
117,300	Chubu Electric Power	2,543,329	0.02%
1,500	Chubu Nippon	8,324	0.00%
4,300	Chubu Steel Plate	22,124	0.00%
23,500	Chudenko	282,805	0.00%
3,000	Chuetsu Pulp & Paper	5,113	0.00%
44,100	Chugai Pharmaceutical	602,381	0.00%
35,000	Chugoku Bank	382,908	0.00%
55,600	Chugoku Electric Power	1,044,649	0.01%
18,000	Chukyo Bank	49,231	0.00%
111,000	Chuo Denki Kogyo	513,025	0.00%
234,000	Chuo Mitsui Trust	797,685	0.00%
29,400	Circle K Sunkus	378,513	0.00%
56,600	Citizen	143,586	0.00%
8,300	CKD	22,635	0.00%
48	Coca Cola Central	246,964	0.00%
11,300	Coca-Cola West Company	174,239	0.00%
21,000	Commuture	93,396	0.00%
25,400	Computer Engineering	166,729	0.00%
8,000	Corona	57,206	0.00%
127,000	Cosmo Oil	275,868	0.00%
36,100	Credit Saison	348,293	0.00%
50,200	CSK	192,618	0.00%
175	Cybernet Systems	52,789	0.00%
105,000	Dai Nippon Printing	814,928	0.01%
536,000	Daicel Chemical	1,797,431	0.01%
64,000	Daido Steel	135,469	0.00%
135,000	Daifuku	553,314	0.00%
416,000	Daihatsu Motor	2,582,274	0.02%
42,700	Daiichi Kosho	313,463	0.00%
109,400	Daiichi Sankyo	1,821,310	0.01%
43,900	Daikin Industries	805,680	0.01%
31,000	Dainichiseika C&C	61,440	0.00%
35,000	Dainippon Screen	47,725	0.00%
32,000	Dainippon Sumitomo Pharma	211,067	0.00%
73,000	Daishi Bank	229,753	0.00%
11,000	Daishinku	21,365	0.00%
200	Daisyo	2,107	0.00%
18,600	Daito Trust Construction	690,090	0.00%
545,000	Daiwa House Industry	3,737,316	0.02%
280,000	Daiwa Securities Group	1,167,592	0.01%
6,664	Data Communications Systems	44,377	0.00%
230,000	DCM Japan	1,156,017	0.01%
76	Dena	171,352	0.00%
99,000	Denki Kagaku Kogyo	170,311	0.00%
89,000	Denso	1,037,181	0.01%
1,901	Dentsu	2,667,489	0.02%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

3,600	Denyo	18,437	0.00%
122,000	DIC	180,863	0.00%
3,200	Disco	46,475	0.00%
10,700	Don Quijote	151,500	0.00%
63,000	Dowa	162,320	0.00%
12,500	Dydo Drinco	281,929	0.00%
200	Earth Chemical	4,202	0.00%
2,679	East Japan Railway	14,633,193	0.09%
59,000	Ebara	95,886	0.00%
51,800	Edion	180,688	0.00%
63,000	Ehime Bank	155,827	0.00%
25,000	Eighteenth Bank	65,998	0.00%
44,200	Eisai	1,296,496	0.01%
33,300	Electric Power	926,613	0.01%
18,000	Elpida Memory	76,772	0.00%
1,800	Espec	8,005	0.00%
21,000	Ezaki Glico	154,661	0.00%
771	Faith	45,781	0.00%
134,500	Familymart	4,169,137	0.03%
31,200	Fancl	296,566	0.00%
51,700	Fanuc	2,578,032	0.02%
10,600	Fast Retailing	1,090,756	0.01%
33,200	Ferrotec	293,994	0.00%
110,000	Fuji Electric Holdings	115,982	0.00%
40,000	Fuji Fire & Marine Insurance	42,175	0.00%
116,000	Fuji Heavy	219,788	0.00%
56,300	Fuji Machine Manufacturing	343,674	0.00%
102	Fuji Media	103,585	0.00%
111,300	Fuji Oil	1,120,588	0.01%
12,559	Fuji Soft	188,972	0.00%
221,700	Fujifilm	3,427,263	0.02%
70,000	Fujikura	162,042	0.00%
2,000	Fuji-Tec	5,121	0.00%
1,089,000	Fujitsu	3,703,671	0.02%
9,500	Fujitsu Business Systems	106,116	0.00%
4,700	Fujitsu Kiden	27,200	0.00%
173,000	Fukuoka Financial Group	528,024	0.00%
66,000	Fukuyama Transporting	233,360	0.00%
2,000	Funai Electric	29,095	0.00%
105,000	Furukawa Electric	357,103	0.00%
47,400	Furuno Electric	208,930	0.00%
21,700	Furusato Industries	164,806	0.00%
18,400	Futaba	165,708	0.00%
96,300	Fuyo General Lease	1,325,327	0.01%
74,000	Gunma Bank	332,044	0.00%
32,000	Gunze	74,584	0.00%
14,400	H.I.S.	211,765	0.00%
22,000	H20 Retailing	117,378	0.00%
78,000	Hachijuni Bank	315,982	0.00%
5,780	Hakuhodo	224,070	0.00%
21,800	Hakuto	138,432	0.00%
135,100	Hamamatsu Photonics	1,827,181	0.01%
253,000	Hankyu Hanshin	1,036,951	0.01%
200,000	Hanwa	443,951	0.00%
250,000	Haseko	186,301	0.00%
10,400	Heiwa	74,203	0.00%
21,900	Heiwado	250,876	0.00%
100,000	Higashi-Nippon Bank	245,759	0.00%

## Quoted Securities – Equities

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

36,000	Higo Bank	160,393	0.00%
3,200	Hikari Tsushin	42,772	0.00%
211,000	Hino Motors	304,440	0.00%
6,000	Hirose Electronics	429,047	0.00%
92,000	Hiroshima Bank	282,987	0.00%
9,500	Hisamitsu	275,646	0.00%
503,000	Hitachi	1,375,733	0.01%
27,000	Hitachi Cable	42,810	0.00%
203,600	Hitachi Capital	1,791,628	0.01%
21,100	Hitachi Chemical	154,227	0.00%
17,500	Hitachi Construction Machinery	144,007	0.00%
209,700	Hitachi High Technologies	2,362,325	0.01%
10,500	Hitachi Information Systems	154,162	0.00%
17,100	Hitachi Koki	101,130	0.00%
14,700	Hitachi Maxell	97,075	0.00%
7,000	Hitachi Medical	50,999	0.00%
28,000	Hitachi Metals	91,232	0.00%
78,732	Hitachi Software Engineering	860,097	0.01%
18,082	Hitachi Systems & Sat Nav	132,598	0.00%
22,900	Hitachi Transport Systems	243,451	0.00%
2,400	Hogy Medical	117,393	0.00%
32,300	Hokkaido Electric Power	582,547	0.00%
4,000	Hokkaido Gas	8,372	0.00%
52,000	Hokkoku Bank	129,031	0.00%
196,000	Hokuetsu Bank	315,427	0.00%
211,000	Hokuhoku Financial Group	351,276	0.00%
33,100	Hokuriku Electric Power	669,137	0.00%
273,500	Honda Motor	4,132,638	0.03%
11,400	House Food Industrial	144,420	0.00%
169,300	Hoya Pentax	2,068,268	0.01%
4,100	Hudson Soft	47,098	0.00%
7,800	Hurxley	51,262	0.00%
54,000	Hyakugo Bank	231,600	0.00%
47,000	Hyakujushi Bank	188,909	0.00%
22,500	Ibiden	324,283	0.00%
19,567	IBJ Leasing	250,676	0.00%
4,100	Idemitsu Kosan	185,270	0.00%
224,000	IHI	200,666	0.00%
12,200	Inabata & Co	27,178	0.00%
23,200	Information Services International	106,307	0.00%
140	Inpex	774,695	0.00%
59,880	Isetan Mitsukoshi	364,103	0.00%
253,000	Isuzu Motors	226,645	0.00%
13,300	IT Holdings	146,032	0.00%
14,000	Ito En	146,726	0.00%
238,000	Itochu	835,849	0.01%
29,700	Itochu Fuel	148,335	0.00%
1,300	Itochu Shokuhin	35,865	0.00%
5,000	Itochu Techno Solutions	86,016	0.00%
505,000	Itoham Food	1,301,134	0.01%
1,200	Itoki Crebio	2,702	0.00%
49,000	Iyo Bank	430,411	0.00%
12,800	Izumi	143,586	0.00%
80,200	J Front Retailing	232,703	0.00%
7,300	Jaico	130,502	0.00%
176,000	Japan Airlines	295,798	0.00%
55,000	Japan Aviation Electronics	162,201	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

1,500	Japan Business Computer	9,359	0.00%
17,100	Japan Digital Laboratory	129,870	0.00%
5,800	Japan Petroleum	179,325	0.00%
56,000	Japan Pulp & Paper	130,522	0.00%
298,200	Japan Securities Finance	1,014,173	0.01%
56,000	Japan Steel Works	546,060	0.00%
993	Japan Tobacco	2,322,301	0.01%
92,000	JFE Holdings	1,703,028	0.01%
378,000	JFE Shojj Holdings	812,098	0.01%
38,000	JGC	394,038	0.00%
116,000	J-Oil Mills	341,176	0.00%
6,000	Joshin Denki	36,864	0.00%
124,000	Joyo Bank	498,399	0.00%
260,100	JS Group	2,845,553	0.02%
38,400	JSR	302,902	0.00%
63,600	Jtekt	346,387	0.00%
55,000	Juroku Bank	184,874	0.00%
8,100	K.R.S.	58,885	0.00%
84	Kabu Com Securities	71,787	0.00%
4,000	Kaga Electronics	34,153	0.00%
58,000	Kagawa Bank	222,546	0.00%
35,000	Kagoshima Bank	206,715	0.00%
1,101,000	Kajima	2,705,803	0.02%
80,000	Kaken Pharmaceutical	626,605	0.00%
8,000	Kamei	30,759	0.00%
41,000	Kamigumi	259,378	0.00%
8,000	Kanaden	32,535	0.00%
15,000	Kandenko	84,192	0.00%
33,000	Kaneka	149,120	0.00%
577,000	Kanematsu	402,537	0.00%
238,400	Kansai Electric Power	4,913,905	0.03%
42,000	Kansai Paint	151,498	0.00%
26,000	Kansai Urban Banking	28,238	0.00%
51,407	Kanto Auto Works	411,207	0.00%
61,000	Kanto Natural Gas	275,163	0.00%
109,000	KAO	2,341,763	0.01%
74,000	Kasumi	291,565	0.00%
68,500	Kato Sangyo	832,492	0.01%
1,779,000	Kawasaki Heavy Industries	2,524,505	0.02%
380,000	Kawasaki Kisen Kaisha	1,241,161	0.01%
1,079	Kddi	5,431,782	0.03%
113,000	Keihan Electric Railway	368,186	0.00%
80,000	Keihin Electric Express Railway	504,202	0.00%
97,000	Keio	413,715	0.00%
52,000	Keisei Electric Railway	228,793	0.00%
27,000	Keiyo Bank	98,034	0.00%
3,000	Keiyo Gas	9,394	0.00%
7,500	Keyence	1,082,131	0.01%
82,000	Kikkoman Shoyu	683,225	0.00%
40,000	Kinden Corporation	256,540	0.00%
3,000	Kinki Nippon Tourist	3,853	0.00%
252,000	Kintetsu Corp	827,081	0.01%
94,268	Kinugawa Rubber	82,206	0.00%
148,000	Kirin Holdingsco	1,379,800	0.01%
2,500	Kita Nippon Bank	53,908	0.00%
400	Kitagawa Industries	3,774	0.00%
4,000	Kobayashi Pharmaceuticals	121,769	0.00%

## Quoted Securities – Equities

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

469,000	Kobe Steel	602,331	0.00%
3,800	Koei	28,288	0.00%
32,002	Kohnan Shoji	304,189	0.00%
15,000	Koito Manufacturing	65,285	0.00%
20,700	Kokuyo	106,831	0.00%
498,500	Komatsu	4,418,289	0.03%
8,300	Komeri	142,786	0.00%
24,500	Komori	189,761	0.00%
27,300	Konaka	54,539	0.00%
21,600	Konami	390,423	0.00%
79,000	Konica Minolta	427,129	0.00%
4,600	Kose	81,687	0.00%
127,000	Kubota	638,323	0.00%
41,000	Kurabo Industries	48,430	0.00%
75,000	Kuraray	410,258	0.00%
1,000	Kureha	3,528	0.00%
19,800	Kurita Water Industries	373,585	0.00%
3,000	Kuroda Electric	19,835	0.00%
37,800	Kyocera	1,911,876	0.01%
203,000	Kyodo Shiryō	186,681	0.00%
44,000	Kyoei Steel	618,456	0.00%
19,200	Kyokuto Securities	68,952	0.00%
65,271	Kyokuyo	108,147	0.00%
92,000	Kyorin	932,107	0.01%
45,193	Kyowa Hakko Kirin	332,839	0.00%
7,000	Kyudenko	40,788	0.00%
70,700	Kyushu Electric Power	1,339,567	0.01%
14,900	Lawson	613,057	0.00%
24,400	Leopalace 21	173,899	0.00%
6,900	Lintec	67,337	0.00%
45,000	Lion	173,022	0.00%
7,000	Mabuchi Motor	204,772	0.00%
120,000	Maeda	342,477	0.00%
4,000	Maeda Road Construction	28,571	0.00%
111,500	Makita	1,738,707	0.01%
15,300	Mandom	310,512	0.00%
257,000	Marubeni	684,573	0.00%
86,000	Marudai Food	172,491	0.00%
46,600	Marui Group	190,257	0.00%
13,700	Maruichi Steel Tube	268,808	0.00%
34,000	Maruzen Showa Unyu	79,245	0.00%
22,600	Matsui Securities	133,120	0.00%
8,400	Matsumotokiyoshi	123,929	0.00%
136,000	Mazda Motor	160,647	0.00%
56,300	Mediceo Paltac	478,465	0.00%
762,000	Meiji Dairies	2,887,554	0.02%
183,000	Meiji Seika	620,929	0.00%
4,000	Meiko Trans	19,312	0.00%
6,300	Melco	45,749	0.00%
28,000	Mercian	39,512	0.00%
20	Mid Reit	27,160	0.00%
77,000	Mie Bank	223,418	0.00%
41,900	Mikuni Coca Cola	289,985	0.00%
5,900	Milbon	117,635	0.00%
25,878	Mimasu Semiconductor Industry	172,329	0.00%
119,000	Minato Bank	131,132	0.00%
79,000	Minebea	191,018	0.00%
14,300	Ministop	212,335	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

25,900	Miraca	396,898	0.00%
8,200	Misumi Group	68,973	0.00%
6,300	Mitani	21,476	0.00%
17,000	Mito Securities	36,792	0.00%
783,400	Mitsubishi	7,688,673	0.05%
226,500	Mitsubishi Chemical Holdings	705,680	0.00%
1,102,000	Mitsubishi Electric	4,822,451	0.03%
204,000	Mitsubishi Estate	2,340,162	0.01%
75,000	Mitsubishi Gas & Chemical	215,237	0.00%
2,440,000	Mitsubishi Heavy Industries	7,640,717	0.05%
27,000	Mitsubishi Logistics	239,520	0.00%
192,000	Mitsubishi Material	339,432	0.00%
826,000	Mitsubishi Motor	798,890	0.00%
514,000	Mitsubishi Paper Mills	859,791	0.01%
90,000	Mitsubishi Rayon	191,216	0.00%
33,000	Mitsubishi Tanabe Pharm	352,394	0.00%
4,402,470	Mitsubishi UFJ Financial Group	19,160,901	0.12%
9,240	Mitsubishi UFJ Lease & Finance	164,451	0.00%
601,000	Mitsui & Co	4,292,857	0.03%
120,000	Mitsui Chemicals	312,034	0.00%
128,000	Mitsui Engineering & Shipping	150,182	0.00%
676,000	Mitsui Fudosan	7,829,681	0.05%
15,200	Mitsui High-Tec	58,443	0.00%
2,000	Mitsui Home	7,103	0.00%
116,000	Mitsui Mining & Smelt	171,968	0.00%
178,000	Mitsui O.S.K. Lines	764,833	0.00%
73,000	Mitsui Sugar	197,923	0.00%
237,300	Mitsui Sumitomo Insurance	5,239,262	0.03%
17,500	Mitsumi Electric	212,542	0.00%
3,400	Mitsuuroko	16,442	0.00%
5,048	Mizuho Financial Group	10,312,903	0.06%
69,000	Mizuho Investors Securities	39,385	0.00%
296,000	Mizuho Trust & Banking	262,819	0.00%
18,000	Mochida Pharmaceutical	154,543	0.00%
218	Monex Group	49,445	0.00%
15,200	Mori Seiki	83,146	0.00%
180,813	Morinaga Milk Industry	500,267	0.00%
33,000	Mory Industries	55,985	0.00%
14,500	Mr Max Corporation	58,166	0.00%
45,000	Murata Manufacturing	1,245,045	0.01%
36,300	Musashi Seimitsu Industry	222,450	0.00%
5,400	Musashino Bank	149,405	0.00%
22,000	N.G.K. Spark Plug	125,052	0.00%
10,000	Nabtesco	47,170	0.00%
58,000	Nagase & Company	400,492	0.00%
129,000	Nagoya Railroad	294,530	0.00%
181,200	Namco Bandai	1,400,587	0.01%
21,500	Namura Shipbuilding	54,883	0.00%
56,000	Nanto Bank	229,967	0.00%
4,000	NE Chemcat	34,882	0.00%
306,000	NEC	720,485	0.00%
14,000	NEC Capital Solutions	88,235	0.00%
24,000	NEC Electronics	159,252	0.00%
28,859	NEC Fielding	277,517	0.00%
368	Net One Systems	526,006	0.00%
51,000	NGK Insulators	401,482	0.00%
38,000	NHK Spring	98,208	0.00%
16,000	Nice	19,661	0.00%

## Quoted Securities – Equities

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

23,200	Nichicon	105,020	0.00%
241,000	Nichirei	811,995	0.01%
11,400	Nidec	310,893	0.00%
11,000	Nidec Sankyo	29,039	0.00%
132,000	Nihon Parkerizing	808,911	0.01%
38,500	Nihon Unisys	222,808	0.00%
8,000	Nihon Yamamura Glass	12,494	0.00%
59,000	Nikon	494,863	0.00%
29,300	Nintendo	7,839,504	0.05%
72,000	Nippo	434,375	0.00%
284,000	Nippon Beet Sugar Manufacturing	542,603	0.00%
152,000	Nippon Chemical Industrial	273,537	0.00%
31,000	Nippon Chemi-Con	46,448	0.00%
250,000	Nippon Electric Glass	917,631	0.01%
890,000	Nippon Express	2,638,814	0.02%
19,000	Nippon Flour Mills	74,409	0.00%
29,000	Nippon Kayaku	106,675	0.00%
11,000	Nippon Konpo	86,856	0.00%
35,000	Nippon Meat Packers	373,751	0.00%
140,500	Nippon Mining	421,032	0.00%
216,000	Nippon Oil	765,435	0.00%
37,000	Nippon Paint	104,424	0.00%
169	Nippon Paper Group	479,642	0.00%
433	Nippon Residential Investment	284,914	0.00%
77,889	Nippon Road	101,267	0.00%
135,000	Nippon Sheet Glass	311,440	0.00%
146,000	Nippon Shinyaku	1,236,150	0.01%
27,000	Nippon Shokubai	147,265	0.00%
169,000	Nippon Soda	475,622	0.00%
1,014,000	Nippon Steel	2,331,219	0.01%
113,000	Nippon Steel Trading	127,208	0.00%
2,373	Nippon Tel & Tel	8,804,218	0.05%
950	Nippon Television Network	71,171	0.00%
61,000	Nippon Thompson	180,863	0.00%
635,000	Nippon Yusen	2,743,579	0.02%
123,000	Nipponkoa Insurance	667,948	0.00%
5,000	Nipro	62,748	0.00%
382,000	Nishimatsu Construction	405,803	0.00%
120,000	Nishi-Nippon City Bank	244,490	0.00%
61,000	Nishi-Nippon Railroad	187,149	0.00%
36,000	Nissan Chemical Industries	244,015	0.00%
451,300	Nissan Motor	1,144,887	0.01%
356,000	Nissan Shatai	1,535,310	0.01%
30,000	Nissay Dowa General Insurance	130,807	0.00%
6,800	Nissha Printing	190,297	0.00%
5,700	Nisshin Fudosan	9,083	0.00%
317,500	Nisshin Seifun Group	2,949,976	0.02%
153,000	Nisshin Steel	220,755	0.00%
28,000	Nisshinbo Industries	149,168	0.00%
19,200	Nissin Foods	474,901	0.00%
62,750	Nitori	3,487,217	0.02%
25,600	Nitto Denko	346,231	0.00%
30,700	Nitto Kogyo	197,868	0.00%
26,500	NOK	131,723	0.00%
389,700	Nomura	2,252,190	0.01%
12,100	Nomura Real Estate	168,061	0.00%
134,400	Nomura Research Institute	1,799,600	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

88,000	Noritake	226,732	0.00%
1,700	Noritz	16,078	0.00%
3,000	NS Solutions	27,731	0.00%
80,000	NSK	210,560	0.00%
71,000	NTN	150,285	0.00%
221	NTT Data	627,224	0.01%
7,658	NTT Docomo	10,709,301	0.07%
262	NTT Urban Development	197,320	0.00%
8,400	Obara	33,363	0.00%
106,000	Obayashi	445,378	0.01%
1,040	Obic	120,292	0.00%
110,000	Odakyu Electric Railway	684,557	0.00%
137,000	Oenon	319,312	0.00%
46,000	Ogaki Kyoritsu Bank	152,798	0.00%
6,000	Ohmoto Gumi	11,368	0.00%
6,600	Oiles	67,287	0.00%
13,000	Oita Bank	62,764	0.00%
800,000	Oji Paper	3,329,634	0.02%
19,000	Okasan	58,443	0.00%
247,000	OKI Elec Industry	111,614	0.00%
51,200	Okinawa Electric Power	2,707,341	0.02%
24,000	Okuma	63,358	0.00%
41,000	Olympus	569,137	0.01%
47,200	Omron	448,651	0.00%
86,200	Ono Pharmaceutical	3,191,327	0.02%
37,500	Onoken	257,452	0.00%
27,000	Onward	151,118	0.00%
5,200	Oracle	159,537	0.00%
7,400	Oriental Land	434,121	0.00%
47,000	Oriental Yeast	178,104	0.00%
36,300	Orix	1,436,000	0.01%
28	Orix Jreit	93,674	0.00%
321,000	Osaka Gas	1,053,544	0.01%
4,500	Osaka Steel	41,454	0.00%
2,700	Osaka Titanium Technologies	47,519	0.00%
5,500	Otsuka Shokai	177,026	0.00%
27,000	Pacific Industrial	53,298	0.00%
31,000	Pacific Metals	108,871	0.00%
8,650	Pal	59,454	0.00%
13,000	Panahome	54,622	0.00%
927,000	Panasonic	8,179,412	0.05%
44,000	Panasonic Electric Works	274,869	0.00%
75	Pilot Group	85,976	0.00%
18,200	Piolax	174,584	0.00%
29,200	Pioneer	37,733	0.00%
153	Premier Investment	340,957	0.00%
109,000	Prima Meat Packers	152,949	0.00%
19,650	Promise	350,503	0.00%
93,500	Q P	914,690	0.01%
41,000	Rengo	238,901	0.00%
3,605	Resona	3,832,492	0.02%
436,000	Ricoh	3,885,080	0.02%
53,500	Ricoh Leasing	684,973	0.00%
8,000	Riken Vinyl Industry	12,304	0.00%
8,100	Rinnai	224,750	0.00%
3,900	Riso Kagaky	27,795	0.00%
23,800	Rohm	849,057	0.01%
292,000	Rohto Pharmaceutical	2,877,406	0.02%

## Quoted Securities – Equities

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

11,700	Roland	111,305	0.00%
34,300	Royal	254,517	0.00%
27,000	Ryoden Trading	110,449	0.00%
5,500	Ryohin Keikaku	184,874	0.00%
24,000	Ryoyo Electric	149,929	0.00%
63,000	Sagami Railway	201,276	0.00%
79,800	Saizeriya	804,706	0.01%
44,000	Sakai Chemical Industry	84,414	0.00%
88,000	Sakata Inx	221,151	0.00%
3,000	San A	87,997	0.00%
3,000	San-Ai Oil	9,466	0.00%
294,000	Sanden	468,479	0.01%
24,000	Sanei International	168,004	0.00%
26,000	San-In Godo Bank	149,231	0.00%
25,000	Sanki Engineering	124,861	0.00%
9,700	Sankyo	346,044	0.00%
13,275	Sanshin Electronics	84,192	0.00%
12,800	Santen Pharmaceutical	274,996	0.00%
40,000	Sanwa	108,768	0.00%
70,000	Sanyo Chemical Industries	293,563	0.00%
283,000	Sanyo Electric	372,427	0.00%
4,000	Sanyo Yamayo Denki	6,881	0.00%
59,000	Sapporo	261,463	0.00%
60	Sapporo Hokuyo	166,006	0.00%
18,100	Satori Electric	55,531	0.00%
2,800	Sazaby	25,261	0.00%
3,287	SBI	353,091	0.00%
104,700	Secom	3,818,139	0.02%
27,900	Sega Sammy	228,924	0.00%
18,400	Seikagaku	141,931	0.00%
29,500	Seiko Epson	328,349	0.00%
101,450	Seino	398,915	0.00%
81,000	Sekisui Chemical	357,032	0.00%
100,000	Sekisui House	616,775	0.01%
40,800	Senshukai	228,679	0.00%
446,300	Seven & I	10,791,303	0.07%
400	Seven Bank	1,090,851	0.01%
1,140	SFCG	34,885	0.00%
167,000	Sharp	842,017	0.01%
89	Shidax	24,589	0.00%
40,000	Shiga Bank	186,459	0.00%
7,000	Shikoku Chemical	20,977	0.00%
36,400	Shikoku Electric Power	874,362	0.01%
5,200	Shima Seiki	72,596	0.00%
106,300	Shimachu	1,689,642	0.01%
43,000	Shimadzu	189,876	0.00%
3,600	Shimamura	197,209	0.00%
106,600	Shimano	2,966,276	0.02%
119,000	Shimizu	490,566	0.00%
23,000	Shin Maywa Industries	44,126	0.00%
234,000	Shin-Etsu Chemicals	7,550,182	0.05%
12,600	Shinko Electric Industries	72,020	0.00%
121,000	Shinko Securities	184,176	0.00%
75,000	Shinko Shoji	505,391	0.00%
558,969	Shinsei Bank	615,956	0.00%
53,000	Shionogi & Co	964,286	0.01%
61,000	Shiseido	882,551	0.01%
106,000	Shizuoka Bank	863,866	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

11,100	Showa	27,895	0.00%
187,000	Showa Denko	188,275	0.00%
23,300	Showa Shell Sekiyu	161,811	0.00%
12,600	Siix	28,468	0.00%
57,000	Sinanen	187,982	0.00%
2,548	Sky Perfect Jsat	875,660	0.01%
10,600	SMC	764,706	0.00%
107,300	Softbank	1,363,579	0.01%
9,500	Sohgo Security Services	70,192	0.00%
248,500	Sojitz	289,595	0.00%
146,000	Sompo Japan Insurance	746,551	0.00%
395,800	Sony	6,030,820	0.04%
171	Sony Financial	458,205	0.00%
39,139	Sorun	161,036	0.00%
8,900	Square Enix	202,850	0.00%
17	SRI Sports	11,429	0.00%
28,700	Stanley Electric	212,281	0.00%
83,000	Star Micronics	619,835	0.00%
20,200	Sumco	177,755	0.00%
819,000	Sumikin Bussan	1,421,920	0.01%
10,900	Sumisho Computer Systems	127,890	0.00%
977,000	Sumitomo	6,041,383	0.04%
37,000	Sumitomo Bakelite	105,597	0.00%
248,000	Sumitomo Chemical	593,753	0.00%
716,700	Sumitomo Electric Industries	3,874,975	0.02%
455,000	Sumitomo Forestry	2,611,543	0.02%
92,000	Sumitomo Heavy Industries	255,272	0.00%
1,584,000	Sumitomo Metal Industries	2,724,972	0.02%
116,000	Sumitomo Metal Mining	866,276	0.01%
1,568	Sumitomo Mitsui Group	4,673,918	0.03%
80,000	Sumitomo Osaka Cement	143,967	0.00%
3,240	Sumitomo Real Estate Sale	69,480	0.00%
94,000	Sumitomo Realty & Development	979,198	0.01%
25,900	Sumitomo Rubber Industries	159,745	0.00%
49,000	Sumitomo Seika	104,883	0.00%
1,181,000	Sumitomo Trust & Banking	4,831,108	0.03%
33,000	Suncall	62,526	0.00%
39,000	Suruga Bank	271,460	0.00%
19,300	Suzuken	408,522	0.00%
80,000	Suzuki Motor	778,817	0.00%
2,900	Sysmex	74,719	0.00%
37,000	T&D	1,085,302	0.01%
10,000	Tachi-S	38,291	0.00%
61,000	Taihei Kogyo	132,504	0.00%
147,000	Taiheiyō Cement	198,113	0.00%
9,700	Taikisha	98,123	0.00%
17,000	Taiko Bank	31,402	0.00%
156,000	Taisei	301,760	0.00%
1,000	Taisei Rotec	983	0.00%
48,000	Taisho Pharmaceutical	724,148	0.00%
59,000	Taiyo Nippon Sanso	319,930	0.00%
23,000	Taiyo Yuden	91,169	0.00%
9,000	Takagi Securities	6,065	0.00%
34,000	Takara	142,318	0.00%
50,000	Takashimaya	267,163	0.00%
7,600	Takata	37,777	0.00%
286,500	Takeda Pharmaceutical	10,538,766	0.07%
10,960	Takefuji	62,907	0.00%

## Quoted Securities – Equities

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

2,800	Takeuchi Manufacturing	18,713	0.00%
900	Tamron	5,594	0.00%
19,200	TDK	494,688	0.00%
145,000	Teijin	288,529	0.00%
12,000	Teikoku Tsushin Kogyo	18,170	0.00%
110,800	Temp	631,562	0.00%
31,500	Terumo	1,041,343	0.01%
7	T-Gaia	6,754	0.00%
26,000	THK	191,692	0.00%
3,293	TKC	48,740	0.00%
631,000	Toagosei	1,340,637	0.01%
130,000	Tobu Railway	551,371	0.00%
55,000	Tochigi Bank	238,941	0.00%
50,000	Toda Construction	130,014	0.00%
15,000	Toenec	63,144	0.00%
28,500	Toho	430,641	0.00%
100,000	Toho Bank	311,559	0.00%
82,000	Toho Gas	384,842	0.00%
9,100	Toho Pharmaceutical	89,673	0.00%
6,000	Toho Titanium	46,139	0.00%
205,000	Tohoku Electric Power	3,957,309	0.03%
32,000	Tokai Carbon	93,864	0.01%
6,900	Tokai Rika Denki	42,557	0.01%
5,700	Tokai Rubber Industries	33,258	0.01%
119,800	Tokio Marine	2,450,325	0.02%
42,000	Tokuyama	248,391	0.01%
7,100	Tokyo Broadcasting Systems	76,775	0.01%
88,000	Tokyo Dome	233,011	0.01%
275,400	Tokyo Electric Power	6,549,865	0.05%
26,700	Tokyo Electron	656,176	0.01%
33,000	Tokyo Energy & Systems	177,374	0.01%
410,000	Tokyo Gas	1,478,912	0.01%
23,800	Tokyo Steel Manufacturing	175,849	0.01%
19,000	Tokyo Style	97,305	0.01%
468,000	Tokyo Tatemono	1,495,196	0.01%
1,000	Tokyo Tekko	1,673	0.01%
186,000	Tokyu	662,074	0.01%
81,000	Tokyu Land	215,118	0.01%
42,000	Toli	59,267	0.01%
59,000	Tomoku	86,063	0.01%
57,000	Tonen General Sekiyu	404,432	0.01%
6,400	Toppa Forms	57,993	0.01%
104,000	Toppa Printing	563,945	0.01%
33,200	Topre	172,659	0.01%
159,177	Topy Industries	200,643	0.01%
212,000	Toray Industries	759,664	0.01%
4,800	Torii Pharmaceutical	54,111	0.01%
480,000	Toshiba	1,392,738	0.01%
280,000	Toshiba Tec	594,895	0.01%
89,000	Tosoh	153,108	0.01%
57,000	Toto	252,148	0.01%
637,000	Toyo Ink Manufacturing	1,277,636	0.01%
123,000	Toyo Kohan	367,615	0.01%
70,300	Toyo Seikan Kaisha	853,810	0.01%
17,000	Toyo Suisan Kaisha	347,709	0.01%
255,000	Toyo Tire & Rubber	327,493	0.01%
111,000	Toyobo	118,797	0.01%
9,700	Toyoda Gosei	79,975	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>Japan (continued)</b>			
147,700	Toyota Auto Body	1,528,052	0.01%
14,800	Toyota Boshoku	84,712	0.01%
25,700	Toyota Industries	388,332	0.01%
969,400	Toyota Motor	22,325,250	0.14%
27,200	Toyota Tsushu	203,774	0.01%
20,500	Trend Micro	502,180	0.01%
21,500	Trusco Nakayama	196,353	0.01%
209,500	TS Tech	861,983	0.01%
10,800	Tsumura & Co	285,112	0.01%
36,000	Tsurumi Manufacturing	192,928	0.01%
38	TV Asahi	36,301	0.01%
1,606,000	UBE Industries	3,144,776	0.02%
5,900	Ulvac	63,425	0.01%
7,000	Uni-Charm	375,139	0.01%
1,000	Unimat Life	6,334	0.01%
43,240	Unipres	193,336	0.01%
75,000	UNY	582,686	0.01%
400	USC	3,263	0.01%
108,700	Ushio Electric	1,014,269	0.01%
4,810	USS	180,747	0.01%
32,300	Valor	252,224	0.01%
400	Vital-Net	2,242	0.01%
21,000	Wacoal	192,952	0.01%
5,000	Wakita	15,023	0.00%
7,500	Watami Food Services	137,942	0.00%
302	West Japan Railway	979,214	0.01%
130,000	Xebio	1,790,154	0.01%
3,624	Yahoo Japan	1,048,644	0.01%
34,600	Yakult Honsha	523,636	0.01%
4,182	Yamabiko	29,341	0.00%
19,180	Yamada Denki	939,689	0.01%
40,000	Yamaguchi Fiancial Group	317,108	0.00%
28,900	Yamaha	188,100	0.00%
28,200	Yamaha Motor	208,359	0.00%
88,000	Yamanashi Chuo Bank	366,260	0.01%
128,200	Yamatake	2,190,193	0.01%
68,000	Yamato	625,337	0.00%
11,100	Yamato Kogyo	209,434	0.00%
210,000	Yamazaki Baking	2,295,776	0.01%
268,000	Yaskawa Electric Manufacturing	756,366	0.00%
100,000	Yodogawa Steel Works	294,910	0.00%
40,900	Yokogawa Electric	188,709	0.00%
52,000	Yokohama Rubber	183,035	0.00%
12,000	Yonekyu	100,650	0.00%
673,000	Yuasa Trading	448,169	0.00%
5,000	Yuraku Real Estate	4,558	0.00%
52,000	Yurtec	227,144	0.00%
34,000	Zeon	81,671	0.00%

**Total Japanese Equities****585,076,947 3.65%**

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
<b>ASIA PACIFIC</b>			
<b>Australia</b>			
39,948	ABB Grain	150,342	0.00%
61,600	Aditya Birla Minerals	4,102	0.00%
28,458	AJ Lucas	65,692	0.00%
45,368	Alesco	62,209	0.00%
103,802	Amcor	296,957	0.00%
75,332	Ansell	465,577	0.01%
272,900	Arana Therapeutics	111,050	0.00%
29,808	ARB Corporation	41,902	0.00%
10,000	Ausdrill	4,341	0.00%
222,438	Ausenco	240,278	0.00%
78,200	Austal Limited	75,215	0.00%
785,602	Australia & New Zealand Bank	5,924,758	0.04%
1,042,795	Australian Worldwide Exploration	1,321,882	0.01%
89,200	AWB	111,753	0.00%
241,113	Babcock & Brown Capital	130,820	0.00%
4,600	Bank of Queensland	22,553	0.00%
1,408,005	BHP Billiton	21,140,215	0.13%
17,200	Billabong International	66,598	0.00%
592	Blackmores	3,851	0.00%
27,400	Boral Limited	62,439	0.00%
1,952,243	Brambles	7,144,936	0.04%
76,485	Caltex Australia	271,247	0.00%
4,165	Campbell Brothers	36,177	0.00%
147,871	Centennial Coal	242,148	0.00%
807,733	Coca-Cola Amatil	3,661,372	0.02%
1,787	Cochlear	48,831	0.00%
540,080	Commonwealth Bank of Australia	7,698,684	0.05%
246,125	Connecteast Group	66,770	0.00%
26,400	Corporate Express Australia	54,691	0.00%
27,400	Crane Group	126,364	0.00%
607,179	Crown	1,787,935	0.01%
711,573	CSL	11,827,962	0.07%
44,400	David Jones Limited	69,642	0.00%
320,387	Downer EDI	605,249	0.01%
372,100	Emeco	52,308	0.00%
83,800	Energy Development	97,134	0.00%
21,400	Felix Resources	92,887	0.00%
104,644	Flight Centre	402,596	0.01%
29,877	Forest Enterprises Australia	4,053	0.00%
6,600	Futuris	2,100	0.00%
22,500	G.U.D.	66,477	0.00%
143,100	Goodman Fielder	93,875	0.00%
116,098	Great Southern	10,308	0.00%
2,760,307	Gunns	1,565,726	0.01%
10,700	Healthscope	23,327	0.00%
86,441	inet	51,803	0.00%
367,531	Iluka Resources	841,148	0.01%
2,056,311	Incitec Pivot	2,525,508	0.02%
269,300	ING Office	107,592	0.00%
19,331	International Ferro Metals	3,186	0.00%
9,700	JB Hi-Fi	46,409	0.00%
473,541	Lend Lease	1,681,708	0.01%
771,302	Lion Nathan	3,127,208	0.02%
36,406	Macarthur Coal	54,410	0.00%
169,352	MacMahon	31,742	0.00%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

95,956	Macquarie Communications	39,994	0.00%
23,565	Metcash	50,910	0.00%
31,880	Mount Gibson Iron	16	0.00%
610,774	National Australia Bank	6,287,291	0.04%
140,500	Navitas	166,321	0.00%
6,600	Nufarm	34,149	0.00%
251,799	Octaviar	122,956	0.00%
456,068	Orica	3,144,831	0.02%
357,500	Pacific Brands	75,824	0.00%
474,500	Pan Pacific Petrol	65,532	0.00%
269,884	Paperlinx	93,183	0.00%
35,700	Programmed Mainten	53,531	0.00%
1,223,835	QBE	15,580,143	0.10%
1,300	Ramsay Health Care	6,669	0.00%
20,485	Redflex	32,535	0.00%
13,404	Reject Shop	66,445	0.00%
319,204	Rio Tinto	5,982,910	0.04%
3,963	Salmat	6,255	0.00%
5,975	Servcorp	8,488	0.00%
7,900	Seven Network	27,666	0.00%
179,300	Sigma Pharmaceuticals	95,513	0.00%
558,650	Suncorp Metway	2,314,620	0.01%
536,921	TAB Corp	1,851,178	0.01%
679,446	Tap Oil	256,376	0.00%
27,400	Technology One	10,609	0.00%
3,603,566	Telstra	6,807,565	0.04%
191,700	TFS	77,535	0.00%
52,068	Tower Australia Group	63,949	0.00%
18,800	Transpacific Industries	30,230	0.00%
1,896	Washington H Soul Pattinson	8,744	0.00%
419,130	Westfield Group	2,677,189	0.02%
900,941	Westpac Banking	7,541,170	0.05%
181,191	Woodside Petroleum	3,279,920	0.02%
755,988	Woolworths Limited	9,944,855	0.06%
		<b>141,631,149</b>	<b>0.88%</b>

## Hong Kong

62,000	Aeon Stores	51,735	0.00%
706,000	Allied Properties	50,401	0.00%
54,000	Anhui Expressway	14,018	0.00%
140,000	Asia Financial	27,388	0.00%
9,500	Asia Satellite Telecommunications	6,694	0.00%
419,500	ASM Pacific Technology	987,901	0.01%
3,696,000	Brilliance China Automated	138,782	0.00%
28,000	Cafe De Coral	40,757	0.00%
568,000	CCT Telecom	18,168	0.00%
886,000	Champion Technlgy	21,768	0.00%
777,520	Chaoda Modern	356,833	0.01%
5,673,000	China Communications Construction	5,028,267	0.03%
10,058,000	China Grand Forestry Green	303,070	0.00%
3,351,000	China Insurance International	3,703,380	0.02%
516,000	China Life Insurance	1,126,648	0.01%
2,190,000	China Mengniu Dair	2,046,691	0.01%
3,219,500	China Mobile	23,222,858	0.14%
2,938,000	China Overseas Land & Investment	2,936,420	0.02%

## Quoted Securities – Equities

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

4,512,000	China Pharmaceutical Group	1,137,852	0.01%
336,000	China State Construction	42,055	0.00%
290,000	Chongqing Iron & Steel	52,968	0.00%
214,000	Chow Sang Sang	79,562	0.00%
2,852,000	Clear Media	264,422	0.00%
6,969,000	Cnooc	4,677,962	0.03%
28,000	Col Capital	1,532	0.00%
30,800	Col Capital (Warrants)	286	0.00%
1,442,000	Dah Sing Financial	2,657,843	0.02%
24,000	Dicksons Concept International	4,673	0.00%
148,000	Digital China Holdings	30,737	0.00%
3,000	Emperor International	186	0.00%
699,000	Esprit	2,845,046	0.02%
333,000	Far East Consortium International	32,726	0.00%
7,862,000	First Pacific	1,960,798	0.01%
14,988,000	Franshion Properties	2,918,170	0.02%
1,744,000	Global Bio-Chem Technology	200,501	0.00%
282,000	Glorious Sun Enterprise	49,938	0.00%
8,000	Golden Meditech	779	0.00%
4,000	Grande	393	0.00%
732,000	Great Eagle	584,335	0.01%
13,000	Great Wall Motor Company	3,254	0.00%
88,000	Great Wall Technology	5,466	0.00%
429,000	Guangdong Nan Yue Logistics	60,457	0.00%
29,000	Guoco Group	122,202	0.00%
78,000	GZI Transport	16,633	0.00%
58,000	Haitian International	5,593	0.00%
1,715,000	Hang Lung Group	3,728,676	0.02%
626,100	Hang Seng Bank	5,903,537	0.04%
46,000	Harbin Power Equipment	27,338	0.00%
14,000	Harbour Centre	7,944	0.00%
126,400	HKR International	19,805	0.00%
195,500	Hong Kong and Shanghai Hotels	106,217	0.00%
1,000	Hong Kong Ferry	380	0.00%
98,000	Hongkong Chinese	6,451	0.00%
2,252,000	Hongkong Land	4,013,049	0.03%
4,500	Hopewell Highway	1,798	0.00%
553,000	Hutchison Whampoa	1,991,883	0.01%
129,000	Hysan Development	149,741	0.00%
5,140,000	Industrial & Commerical Bank	1,948,638	0.01%
600,822	Jardine Matheson	7,986,784	0.05%
2,276,000	Kerry Properties	4,357,526	0.03%
140,000	Kingboard Copper	12,924	0.00%
157,000	Lippo	22,271	0.00%
12,000	Lung Kee Bermuda	2,392	0.00%
1,000	Melbourne Enterprises	4,543	0.00%
2,528,000	Midland Holdings	646,895	0.01%
3,000	Miramar Hotel & Investment	1,460	0.00%
1,500	Nanyang	1,085	0.00%
97,000	Nam Tai Eletronic & Electrical	5,396	0.00%
66,000	Oriental Metals	6,915	0.00%
243,000	Pacific Andes	21,826	0.00%
7,026,000	Pacific Basin Ship	2,292,970	0.01%
359,000	Pacific Century Premium	58,581	0.00%
130,000	Paul Y. Engineering Group	4,701	0.00%
276,000	Peoples Food	95,719	0.00%
2,688,000	Petrochina	1,692,180	0.01%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

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

8,000	Pokfulam Development Co	2,730	0.00%
1,345,000	Polytec Asset	62,351	0.00%
64,000	Public Financial	17,208	0.00%
11,000	PYI Corporation	20	0.00%
617,400	Regal Hotels	123,070	0.00%
392,000	Road King Infrastructure	105,034	0.00%
194,000	Sa Sa International	34,175	0.00%
40,000	Sea Holdings	8,381	0.00%
14,000	Shanghai Forte Lan	1,610	0.00%
4,310,000	Shangri-La Asia	3,560,431	0.02%
320,000	Shenyin Wanguo	83,666	0.00%
758,000	Shenzhou International Group	98,389	0.00%
132,000	Shui On Construction & Materials	73,919	0.00%
104,000	Sichuan Expressway	14,174	0.00%
2,760,035	Sinolink Worldwide	161,214	0.00%
23,000	Sinotrans	3,199	0.00%
103,500	Smartone Telecommunications	55,177	0.00%
540,000	Soundwill	91,620	0.00%
605,000	Star Cruises	36,909	0.00%
12,000	Stelux	445	0.00%
1,091,000	Sun Hung Kai Properties	6,534,388	0.04%
1,548,500	Swire Pacific	7,659,374	0.05%
779,000	Tai Cheung	209,451	0.00%
17,000	Tai Sang Land Development	3,688	0.00%
9,000	Tan Chong International	918	0.00%
56,000	Television Broadcast	131,098	0.00%
864,000	Texwinca	264,348	0.00%
395,000	Tian An China Investment	67,751	0.00%
1,782,000	Tianjin Development	427,913	0.01%
60,000	Tong Ren Tang Technologies	35,046	0.00%
25,000	Towngas China	3,546	0.00%
722,000	TPV Technology	167,350	0.00%
21,600	Transport International	38,651	0.00%
78,000	USI Holdings	8,895	0.00%
428,597	Vtech	1,303,379	0.01%
48,000	Weiqiao Textile	11,927	0.00%
157,000	Wheelock & Co	247,455	0.00%
526,500	Wing Hang Bank	2,179,553	0.01%
5,000	Wing On	3,801	0.00%
26,000	Yip'S Chemical	5,014	0.00%
156,000	YT Realty Group	17,645	0.00%
		<b>116,812,686</b>	<b>0.73%</b>

## New Zealand

156,800	Air New Zealand	62,225	0.00%
40,100	Hallenstein Glasson	35,639	0.00%
199,000	New Zealand Oil & Gas	104,473	0.00%
177,651	Telecom Corp of New Zealand	168,170	0.00%
115,900	Vector Limited	96,300	0.00%
		<b>466,807</b>	<b>0.00%</b>

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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## Singapore

132,000	Allgreen Property	28,323	0.00%
255,000	Ascendas Real Estate Investment Trust	174,326	0.00%
7,000	Asia Food & Properties	629	0.00%
60,000	Auric Pacific Group	16,467	0.00%
38,000	Boustead Singapore	13,842	0.00%
22,000	Cerebos Pacific	33,483	0.00%
1,456,000	City Developments	4,628,104	0.03%
2,411,000	Comfortdelgro	1,744,486	0.01%
26,000	CWT Distribution	4,022	0.00%
994,500	DBS	3,281,916	0.02%
662,000	Ezra	224,631	0.00%
254,517	Flextronics International	468,178	0.00%
45,000	Furama	19,760	0.00%
220,000	Guthrie	24,152	0.00%
92,000	Haw Par	166,647	0.00%
737,000	Ho Bee Investment	139,751	0.00%
35,000	Hong Leong Sing	35,978	0.00%
49,000	Hotel Plaza	27,385	0.00%
530,000	Jardine Cycle & Carriage	2,512,475	0.02%
2,711,000	K1 Ventures	189,391	0.00%
489,000	Keppel	414,820	0.00%
122,000	Kim Eng	65,749	0.00%
1,326,000	LC Development	52,934	0.00%
276,000	Mapletree Logistics	48,204	0.00%
993,000	Mercator Lines	71,849	0.00%
717,944	OM	407,239	0.00%
30,000	QAF	2,769	0.00%
1,653,000	Rotary Engineering	202,088	0.00%
16,000	SBS Transit	13,573	0.00%
2,181,000	Sembcorp Industries	2,524,910	0.02%
801,000	Singapore Petrol	907,320	0.01%
4,913,129	Singapore Telecommunications	6,251,736	0.04%
431,000	Singpu Chemicals	155,926	0.00%
5,000	Stats Chippac	1,173	0.00%
7,403,000	Suntec Real Estate Investment	2,622,819	0.02%
1,000,000	United Overseas Bank	6,447,102	0.04%
95,000	Uob-Kay Hian	45,035	0.00%
71,000	Venture	155,180	0.00%
1,664,000	Wing Tai	689,182	0.01%
65,801	Zhongguo Jilong	3,119	0.00%
		<b>34,816,673</b>	<b>0.22%</b>

## Thailand

9,000	Total Access Communications	<b>5,691</b>	<b>0.00%</b>
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<b>Total Asia Pacific Equities</b>	<b>293,733,006</b>	<b>1.83%</b>
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## Portfolio of Investments 31 December 2008

## Quoted Securities – Equities

Holding	Security Description	Market Value €	% of Total Investments
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## EMERGING MARKETS FUNDS

6,598,871	ACM Emerging Markets Growth Portfolio Fund	108,582,416	0.68%
23,193,486	EMM Emerging Markets Global Fund	100,160,130	0.62%

**Total Emerging Markets Funds**
**208,742,546**    **1.30%**

## GLOBAL EQUITY FUNDS

697,026	Generation IM Global Equity Fund	52,745,542	0.33%
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**Total Global Equity Funds**
**52,745,542**    **0.33%**
**Total Equities**
**9,364,951,774**    **58.40%**

## UNQUOTED STRUCTURED EQUITY INVESTMENTS

## United States

50,000,000	BGI Index Plus Structured Equity Notes	230,758,641	1.44%
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**Total Unquoted Structured Equity Investments**
**230,758,641**    **1.44%**

## Quoted Securities – Government Bonds

Holding	Security Description	Market Value €	% of Total Investments
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## Austria

24,998,000	Republic of Austria 3.8% 20/10/2013	25,674,196	0.16%
19,588,000	Republic of Austria 3.5% 15/07/2015	19,687,899	0.12%
15,533,000	Republic of Austria 3.5% 15/09/2021	14,776,698	0.09%
29,763,000	Republic of Austria 6.25% 15/07/2027	37,861,512	0.24%

**98,000,305**    **0.61%**

## Belgium

36,654,000	Kingdom of Belgium 4.25% 28/09/2014	38,246,177	0.24%
22,024,000	Kingdom of Belgium 4% 28/03/2017	22,451,332	0.14%
37,000,000	Kingdom of Belgium 4% 28/03/2022	37,333,850	0.23%
35,023,000	Kingdom of Belgium 5.5% 28/03/2028	41,554,964	0.26%

**139,586,323**    **0.87%**

## Finland

4,355,000	Republic of Finland 4.25% 04/07/2015	4,601,711	0.03%
5,259,000	Republic of Finland 3.875% 15/09/2017	5,394,419	0.04%
3,489,000	Republic of Finland 4.375% 04/07/2019	3,684,733	0.02%

**13,680,863**    **0.09%**

## France

20,000,000	Caisse D'Amortissement Dette Sociale 4.375% 25/10/2021	20,514,400	0.13%
11,000,000	Government of France 3% 12/01/2011	11,170,720	0.07%
51,671,000	Government of France 4% 25/10/2013	54,464,491	0.34%
84,438,000	Government of France 3.25% 25/04/2016	85,081,417	0.53%
98,885,000	Government of France 4.25% 25/04/2019	105,631,824	0.66%
10,435,000	Government of France 5.5% 25/04/2029	12,678,859	0.08%
83,386,000	Government of France 5.75% 25/10/2032	106,258,780	0.66%
19,750,000	Government of France 4.75% 25/04/2035	22,760,730	0.14%
37,812,000	Government of France 4% 25/04/2055	40,742,621	0.25%

**459,303,842**    **2.86%**

## Portfolio of Investments 31 December 2008

## Quoted Securities – Government Bonds

Holding	Security Description	Market Value €	% of Total Investments
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## Germany

1,600,000	Bundeslander-Schatzan- weisungen 3.25% 22/05/2009	1,601,248	0.01%
6,000,000	Federal Republic of Germany 4.25% 12/10/2012	6,424,560	0.04%
3,000,000	Federal Republic of Germany 4.5% 04/01/2013	3,241,140	0.03%
87,474,000	Federal Republic of Germany 4.25% 04/01/2014	95,237,318	0.59%
68,839,000	Federal Republic of Germany 4% 04/07/2016	74,179,532	0.46%
19,972,000	Federal Republic of Germany 4% 04/01/2018	21,669,021	0.14%
12,400,000	Federal Republic of Germany 6.25% 04/01/2024	16,236,560	0.10%
10,000,000	Federal Republic of Germany 6.5% 04/07/2027	13,608,600	0.08%
30,000,000	Federal Republic of Germany 4.75% 04/07/2028	34,103,101	0.21%
149,472,000	Federal Republic of Germany 5.5% 04/01/2031	185,372,182	1.16%
52,000,000	Federal Republic of Germany 4% 04/01/2037	55,714,878	0.35%
82,000,000	Federal Republic of Germany 4.25% 04/07/2039	93,129,039	0.58%
		<b>600,517,179</b>	<b>3.75%</b>

## Greece

11,437,000	Republic of Greece 6.5% 11/01/2014	12,166,120	0.08%
41,729,000	Republic of Greece 6.5% 22/10/2019	45,971,170	0.28%
19,253,000	Republic of Greece 4.5% 20/09/2037	15,515,723	0.10%
		<b>73,653,013</b>	<b>0.46%</b>

## Italy

43,034,000	Republic of Italy 4.25% 01/08/2014	44,047,452	0.27%
145,951,000	Republic of Italy 5.25% 01/08/2017	156,034,750	0.98%
50,000,000	Republic of Italy 4.5% 01/08/2018	50,584,999	0.32%
42,000,000	Republic of Italy 4.25% 01/02/2019	41,815,199	0.26%
40,000,000	Republic of Italy 4.5% 01/02/2020	40,060,001	0.25%
8,136,000	Republic of Italy 9% 01/11/2023	11,779,951	0.07%
13,089,000	Republic of Italy 7.25% 01/11/2026	16,445,674	0.10%
19,114,000	Republic of Italy 6.5% 01/11/2027	22,218,113	0.14%
101,254,000	Republic of Italy 6% 01/05/2031	110,909,585	0.69%
88,898,000	Republic of Italy 5.75% 01/02/2033	95,058,631	0.59%

## Quoted Securities – Government Bonds

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

20,000,000	Republic of Italy 4% 01/02/2037	16,983,200	0.11%
		<b>605,937,555</b>	<b>3.78%</b>

## Netherlands

40,469,000	Dutch Government 3.75% 15/07/2014	41,862,752	0.26%
10,000,000	Dutch Government 7.5% 15/01/2023	14,073,399	0.09%
26,317,000	Dutch Government 5.5% 15/01/2028	31,820,121	0.20%
8,667,000	Dutch Government 4% 15/01/2037	9,038,719	0.05%
		<b>96,794,991</b>	<b>0.60%</b>

## Portugal

17,500,000	Republic of Portugal 4.375% 16/06/2014	18,191,372	0.11%
26,169,000	Republic of Portugal 3.85% 15/04/2021	25,691,207	0.16%
6,032,000	Republic of Portugal 4.1% 15/04/2037	6,011,075	0.04%
		<b>49,893,654</b>	<b>0.31%</b>

## Spain

27,032,000	Government of Spain 4.75% 30/07/2014	28,952,624	0.18%
30,041,000	Government of Spain 4.1% 30/07/2018	30,615,385	0.19%
44,694,000	Government of Spain 6% 31/01/2029	55,043,342	0.34%
25,089,000	Government of Spain 4.2% 31/01/2037	25,169,786	0.16%
		<b>139,781,137</b>	<b>0.87%</b>

## Europe

15,000,000	European Community 3.25% 09/12/2011	15,071,700	0.09%
		<b>15,071,700</b>	<b>0.09%</b>

## Total Government Bonds

		<b>2,292,220,562</b>	<b>14.29%</b>
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## Portfolio of Investments 31 December 2008

## 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	1,766,646	0.02%
400,000	National Australia Bank Variable 23/06/2016	370,992	0.00%
2,200,000	Telstra Corporation 3% 28/06/2010	2,143,174	0.01%
		<b>4,280,812</b>	<b>0.03%</b>

## Austria

1,300,000	Raiffeisen Zentralbank 4.75% 15/06/2012	1,276,223	0.01%
3,380,000	Erste Capital Finance Variable 30/09/2049	1,419,600	0.01%
		<b>2,695,823</b>	<b>0.02%</b>

## Belgium

2,900,000	Fortis Bank Step Open Maturity	1,582,095	0.01%
		<b>1,582,095</b>	<b>0.01%</b>

## Denmark

3,900,000	Danica Pension Variable 29/10/2049	2,868,450	0.02%
1,400,000	Dansk Naturgas 3.5% 29/06/2012	1,301,552	0.01%
2,230,000	Danske Bank Variable 20/03/2016	1,901,365	0.01%
2,500,000	Nykredit 4.901% 29/09/2049	1,824,675	0.01%
		<b>7,896,042</b>	<b>0.05%</b>

## France

1,450,000	Air Liquide 5% 22/03/2013	1,462,760	0.01%
3,720,000	AXA Variable 29/10/2049	1,796,462	0.01%
1,810,000	BNP Paribas 5% 16/12/2013	1,862,900	0.01%
2,600,000	BNP Paribas Variable 29/04/2049	1,612,234	0.01%
3,200,000	Bouygues 4.5% 24/05/2013	2,966,816	0.02%
1,800,000	Carrefour 5.125% 10/10/2014	1,780,758	0.01%
2,700,000	Casino G-Perrachon 4.75% 21/07/2011	2,584,251	0.02%
1,250,000	Cie De St Gobain 4.25% 31/05/2011	1,171,700	0.01%
2,710,000	Cie De St Gobain 4.75% 11/04/2017	2,020,359	0.01%
4,000,000	Compagnie De Financement 4.125% 25/10/2017	3,949,440	0.02%
350,000	Credit Agricole Variable 31/03/2049	300,867	0.00%
1,100,000	Danone Finance 6.375% 04/02/2014	1,194,595	0.01%
1,750,000	EDF 5.625% 23/01/2013	1,855,245	0.01%
2,300,000	Electricite De France 5.375% 29/05/2020	2,329,877	0.01%
1,190,000	France Telecom 4.75% 21/02/2017	1,100,393	0.01%

## Quoted Securities – Corporate Bonds

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

1,000,000	France Telecom 7.25% 28/01/2013	1,087,050	0.01%
1,900,000	GDF Suez 6.875% 24/01/2019	2,106,416	0.01%
2,650,000	Groupe Danone 5.25% 06/05/2011	2,717,761	0.02%
550,000	Groupe Danone 5.5% 06/05/2015	562,089	0.00%
550,000	Lafarge 6.125% 28/05/2015	440,638	0.00%
3,000,000	RTE EDF Transport 5.125% 12/09/2018	3,047,280	0.01%
1,000,000	Societe Generale 4.2% 05/03/2012	994,970	0.01%
2,550,000	Societe Generale 6.125% 20/08/2018	2,507,543	0.02%
750,000	Societe Generale Variable 22/05/2049	491,528	0.00%
5,200,000	Societe Generale Variable 29/01/2049	2,733,957	0.02%
5,200,000	Veolia Environment 5.125% 24/05/2022	4,343,716	0.03%
2,500,000	Vinci 5.875% 22/07/2009	2,505,425	0.02%
1,600,000	Vivendi 4.5% 03/10/2013	1,430,751	0.01%
		<b>52,957,781</b>	<b>0.33%</b>

## Germany

1,500,000	Bayer 6% 10/04/2012	1,573,065	0.01%
1,600,000	Bayerische Landesbank Variable 07/02/2019	1,281,328	0.01%
1,800,000	Commerzbank Variable 13/09/2016	1,571,274	0.01%
3,800,000	Commerzbank Variable 29/11/2017	3,360,568	0.02%
4,500,000	Deutsche Bank Variable 16/01/2014	3,943,170	0.02%
1,050,000	Deutsche Bank 5.125% 31/08/2017	1,034,912	0.01%
2,320,000	HSH Nordbank 4.375% 14/02/2017	1,297,669	0.01%
1,000,000	Landesbank Hessen-Thuer- ingen Variable 08/12/2016	949,310	0.00%
4,100,000	Munchener Ruckversich- erungs Variable 29/06/2049	2,456,760	0.02%
		<b>17,468,056</b>	<b>0.11%</b>

## Greece

2,580,000	OTE 5.375% 14/02/2011	2,528,529	0.02%
		<b>2,528,529</b>	<b>0.02%</b>

## Ireland

8,000,000	Bank of Ireland 4% 05/07/2014	8,001,280	0.05%
100,000,000	DAA Finance 6.587% 09/07/2018	100,580,000	0.63%
3,400,000	GE Capital European 4.625% 23/08/2010	3,367,768	0.02%
1,600,000	GE Capital European 6.025% 01/03/2038	1,354,016	0.01%
		<b>113,303,064</b>	<b>0.71%</b>

## Portfolio of Investments 31 December 2008

## Quoted Securities – Corporate Bonds

Holding	Security Description	Market Value €	% of Total Investments
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## Italy

1,070,000	Enel-Societa Per Azioni 5.25% 20/06/2017	1,011,974	0.01%
870,000	Enel-Societa Per Azioni 5.625% 21/06/2027	743,746	0.00%
1,200,000	Intesa Sanpaolo 6.625% 08/05/2018	998,820	0.01%
1,450,000	Monte Dei Paschi 5% 25/10/2012	1,473,258	0.01%
2,500,000	Monte Dei Paschi 6% 20/06/2011	2,584,775	0.01%
2,100,000	Monte Dei Paschi Variable 24/09/2015	2,007,600	0.01%
1,030,000	Unicredit 4.875% 12/02/2012	1,023,398	0.01%
3,000,000	Unicredit 6.7% 05/06/2018	2,420,400	0.02%
2,000,000	Unicredito Variable 20/09/2016	1,788,979	0.01%
		<b>14,052,950</b>	<b>0.09%</b>

## Japan

1,800,000	Bank of Tokyo-Mitsubishi UFJ Variable 16/12/2015	1,663,830	0.01%
800,000	Resona Bank Variable 15/04/2015	620,192	0.00%
		<b>2,284,022</b>	<b>0.01%</b>

## Luxembourg

1,150,000	Glencore Finance 7.125% 23/04/2015	510,313	0.00%
4,200,000	Telecom Italia Finance Step 30/07/2009	4,215,204	0.03%
		<b>4,725,517</b>	<b>0.03%</b>

## Netherlands

2,700,000	Allianz Finance 4% 23/11/2016	2,504,115	0.02%
1,200,000	Allianz Finance 5% 06/03/2013	1,219,452	0.01%
2,900,000	BAT Holdings 4.375% 15/06/2011	2,816,886	0.02%
2,800,000	Deutsche Telekom Step 11/07/2011	2,911,272	0.02%
2,000,000	E. On International Finance 5.25% 08/09/2015	2,025,180	0.01%
1,860,000	E. On International Finance 5.75% 07/05/2020	1,857,340	0.01%
2,070,000	E. On International Finance 5.5% 02/10/2017	2,093,495	0.01%
3,150,000	Elm Variable 29/05/2049	1,102,500	0.01%
2,650,000	EnBW International Finance 6.875% 20/11/2018	2,810,204	0.02%
2,800,000	Generali Finance Variable 28/02/2049	1,749,440	0.01%
3,870,000	ING Bank variable 29/05/2023	3,346,350	0.02%
2,900,000	ING Bank Variable 15/03/2019	2,522,855	0.02%
1,850,000	ING Group 4.75% 31/05/2017	1,708,290	0.01%
2,880,000	Koninklijke 5% 13/11/2012	2,759,270	0.01%

## Quoted Securities – Corporate Bonds

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

670,000	Leaseplan Variable 08/11/2016	569,467	0.00%
1,710,000	Linde Finance 6.75% 08/12/2015	1,815,626	0.01%
1,400,000	Linde Finance 4.375% 24/04/2012	1,391,838	0.01%
2,400,000	RWE Finance 6.625% 31/01/2019	2,530,457	0.02%
3,900,000	Siemens Finance 5.625% 11/06/2008	3,909,458	0.02%
1,300,000	Verbund International Finance 5% 25/06/2014	1,319,539	0.01%
		<b>42,963,034</b>	<b>0.27%</b>

## Norway

7,000,000	DNB Nor Bank Variable 07/04/2011	6,738,550	0.04%
		<b>6,738,550</b>	<b>0.04%</b>

## Portugal

3,900,000	Electricidade De Portugal Finance 4.25% 12/06/2012	3,767,127	0.02%
		<b>3,767,127</b>	<b>0.02%</b>

## South Korea

700,000	Export-Import Bank of Korea 4.625% 20/02/2017	493,717	0.00%
		<b>493,717</b>	<b>0.00%</b>

## Spain

3,350,000	Iberdrola Finance 5.625% 09/05/2018	3,206,922	0.02%
1,600,000	Santander International Debt 3.375% 17/02/2010	1,580,224	0.01%
3,800,000	Santander International Debt 5.625% 14/02/2012	3,892,796	0.02%
3,900,000	Santander Issuances Variable 30/03/2018	3,444,480	0.02%
6,000,000	Telefonica Emisiones 3.75% 02/02/2011	5,873,880	0.04%
		<b>17,998,302</b>	<b>0.11%</b>

## Sweden

2,290,000	Nordea Bank Variable 10/09/2018	2,081,594	0.01%
1,570,000	SKF 4.25% 13/12/2013	1,396,562	0.01%
3,000,000	UBS 5.375% 11/04/2011	3,006,870	0.02%
950,000	Vattenfall Treasury 5.75% 05/12/2013	985,111	0.01%
		<b>7,470,137</b>	<b>0.05%</b>

## Switzerland

3,700,000	Credit Suisse 6.125% 16/05/2014	3,736,445	0.02%
5,000,000	Credit Suisse Group Finance Variable 23/01/2018	4,035,800	0.03%
4,100,000	UBS 6% 18/04/2018	4,006,725	0.02%

## Portfolio of Investments 31 December 2008

## Quoted Securities – Corporate Bonds

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

3,800,000	UBS Variable 29/04/2049	1,596,000	0.01%
		<b>13,374,970</b>	<b>0.08%</b>

## United Arab Emirates

880,000	Abu Dhabi National Energy 4.375% 28/10/2013	715,942	0.00%
		<b>715,942</b>	<b>0.00%</b>

## United Kingdom

1,640,000	Anglo American Capital 5.875% 17/04/2015	1,295,058	0.01%
2,840,000	Astrazeneca 4.625% 12/11/2010	2,849,656	0.02%
1,350,000	Astrazeneca 5.625% 04/01/2010	1,365,255	0.01%
3,250,000	Aviva Variable 22/05/2038	1,736,410	0.02%
3,100,000	B.A.T. 5.875% 12/03/2015	2,919,177	0.02%
4,800,000	Bank of Scotland 5.625% 23/05/2013	4,833,600	0.03%
3,000,000	Bank of Scotland Variable 29/05/2049	1,907,700	0.01%
3,540,000	Barclays Bank 6% 23/01/2018	3,369,620	0.02%
680,000	British Telecommunications 5.25% 23/06/2014	608,294	0.01%
1,800,000	Depfa Funding Variable	90,306	0.00%
1,930,000	Diageo Finance 6.625% 05/12/2014	2,002,559	0.01%
2,800,000	Lloyds TSB Variable 15/07/2009	2,108,764	0.01%
3,000,000	Lloyds TSB Variable 05/03/2018	2,975,070	0.02%
1,370,000	National Grid 4.125% 21/03/2013	1,265,866	0.01%
4,450,000	OTC 4.625% 20/05/2016	3,744,230	0.02%
1,250,000	Royal Bank of Scotland 6.934% 09/04/2018	1,228,725	0.01%
3,950,000	Royal Bank of Scotland 5.25% 15/05/2013	3,947,038	0.02%
4,100,000	Standard Chartered 5.875% 26/09/2017	3,449,043	0.02%
2,150,000	Tesco 5.125% 10/04/2047	1,809,290	0.01%
1,900,000	Vodafone Group 4.25% 27/05/2009	1,895,915	0.01%
3,140,000	Vodafone Group 6.875% 04/12/2013	3,333,298	0.02%
		<b>48,734,874</b>	<b>0.31%</b>

## United States

2,600,000	AT&T 6.125% 02/04/2015	2,436,330	0.02%
415,000	BNP Paribas Capital Trust Step open maturity	330,365	0.00%
3,100,000	Citigroup Variable 30/11/2017	2,261,605	0.02%
2,000,000	Credit Suisse Group Finance 3.125% 14/09/2012	1,835,980	0.01%
6,250,000	Daimlerchrysler 4.375% 16/03/2010	6,078,125	0.04%
2,300,000	Deutsche Bank 5.33% 29/09/2049	1,066,050	0.01%

## Quoted Securities – Corporate Bonds

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

2,000,000	Dresdner Funding 5.79% 30/06/2011	2,081,700	0.01%
2,000,000	Eurohypo Variable open maturity	600,000	0.00%
3,490,000	General Electric Variable 15/09/2067	1,977,504	0.01%
3,100,000	Goldman Sachs Group 4.5% 30/01/2017	2,380,800	0.01%
2,360,000	Goldman Sachs Group 6.375% 02/05/2018	2,024,738	0.01%
1,350,000	IBM 4% 11/11/2011	1,334,691	0.01%
1,400,000	IBM 6.625% 30/01/2014	1,479,324	0.01%
2,000,000	JP Moran Chase Variable 31/03/2018	1,684,881	0.01%
3,000,000	Kraft Foods 5.75% 20/03/2012	3,030,180	0.02%
2,000,000	Metropolitan Life Global 4.625% 16/05/2017	1,415,120	0.01%
1,450,000	Morgan Stanley 6.5% 28/12/2018	1,109,975	0.01%
2,750,000	Philip Morris 5.875% 04/09/2015	2,717,138	0.02%
1,200,000	Procter & Gamble 3.375% 07/12/2012	1,178,220	0.01%
3,900,000	Procter & Gamble 5.125% 24/10/2017	3,952,260	0.02%
1,810,000	Procter & Gamble 4.5% 12/05/2014	1,826,851	0.01%
1,800,000	Procter & Gamble 4.125% 07/12/2020	1,670,346	0.01%
2,300,000	San Paolo-Imi Capital Trust Floating open maturity	1,748,828	0.01%
3,340,000	Schering-Plough 5.375% 01/10/2014	3,122,466	0.02%
1,300,000	Standard Chartered Variable open maturity	918,085	0.01%
4,000,000	Zurich Finance 4.5% 17/09/2014	3,802,960	0.02%
		<b>54,064,522</b>	<b>0.34%</b>

<b>Total Quoted Corporate Bonds</b>	<b>420,095,866</b>	<b>2.63%</b>
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## UNQUOTED CORPORATE BONDS

## Ireland

150,000,000	Allied Irish Banks Variable 07/05/2023	155,272,441	0.97%
200,000,000	Bank of Ireland 4.971% 30/05/2013	204,911,200	1.28%
100,000,000	Bank of Ireland Index Linked Bond CPI 12/06/2027	64,973,160	0.40%
35,000,000	Bank of Ireland Variable 07/09/2020	36,518,173	0.23%

<b>Total Unquoted Corporate Bonds</b>	<b>461,674,974</b>	<b>2.88%</b>
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## Portfolio of Investments 31 December 2008

## Unquoted Investments – Property

Commitment €m	Security Description	Market Value €	% of Total Investments
43	Airport Industrial Property Unit Trust	22,676,602	0.14%
36	Apollo Domestic Emerging Markets Fund	1,144,121	0.00%
19	Asian Retail Mall II	13,844,857	0.08%
30	Berkshire Multifamily Value Fund	22,904,309	0.14%
58	Broadway Partners Value-Added Fund II	5,932,476	0.04%
36	CB Richard Ellis Strategic Partners UK Fund II	7,395,719	0.05%
36	CB Richard Ellis Strategic Partners UK Fund III	2,416,711	0.02%
43	CB Richard Ellis Strategic Partners US IV	40,092,692	0.25%
18	Composition Capital Asia Fund	7,340,846	0.05%
29	CT Large Loan 2006	4,974,618	0.03%
36	Forum Asian Realty Income II	13,211,981	0.08%
50	Forum European Realty Income II	27,894,728	0.17%
30	French Development Venture II	14,449,444	0.09%
35	Grosvenor French Retail Investments	6,997,000	0.04%
38	Lehman Brothers Offshore Real Estate Partners II	23,646,598	0.15%
54	Madison Marquette Retail Enhancement Fund	7,754,514	0.05%
43	MGPA Japan Core Plus Fund	20,800,039	0.13%
50	Morgan Stanley Eurozone Office Fund	46,608,220	0.29%
39	Morgan Stanley Real Estate Fund V International	15,041,425	0.09%
74	Morgan Stanley Real Estate Fund V US	6,227,157	0.04%
71	Morgan Stanley Real Estate Fund VI International	7,336,179	0.05%
36	Pramerica Real Estate Companies Account III	21,920,152	0.14%
35	Rockspring German Retail Box Fund	31,641,000	0.20%
44	The Mall Unit Trust	7,600,684	0.05%
75	Tishman Speyer European Real Estate Venture VI	13,092,776	0.08%
47	Tishman Speyer Real Estate Venture VI	20,793,650	0.13%
<b>1,105</b>	<b>Total Unquoted Property Investments</b>	<b>413,738,498</b>	<b>2.58%</b>

## Unquoted Investments – Private Equity

Commitment €m	Security Description	Market Value €	% of Total Investments
8	Abingworth Bioventures V	1,785,155	0.01%
11	Abingworth Bioventures V Co-Invest Growth Equity	7,647	0.00%
75	Charterhouse Capital Partners IX	-	0.00%
65	Charterhouse Capital Partners VIII	27,424,424	0.17%
67	Clayton, Dubilier & Rice Fund VII	49,767,675	0.31%
22	Clayton, Dubilier & Rice Fund VII (Co-Investment)	15,596,237	0.10%
72	Clayton, Dubilier & Rice Fund VIII	-	0.00%
75	CVC European Equity Partners IV	46,638,781	0.29%
25	CVC European Equity Partners Tandem Fund	8,961,948	0.06%
75	CVC European Equity Partners V	7,747,558	0.05%
20	Delta Equity Fund III	1,019,080	0.01%
15	Fortress Investment Fund IV	9,763,565	0.06%
15	Fortress Investment Fund IV Co-Investment	10,059,321	0.06%
45	Fortress Investment Fund V	7,621,855	0.05%
24	Fortress Investment Fund V Co-Investment	8,658,806	0.05%
30	Fortress IW Co-Investment Fund	3,351,214	0.02%
15	Fountain Healthcare Partners	340,761	0.00%
14	Frazier Healthcare VI	1,187,242	0.01%
53	Hellman & Friedman Capital Partners VI	28,916,377	0.18%
66	Madison Dearborn Capital Partners V	37,348,092	0.23%
22	Montagu Newhall Global Partners III	10,249,708	0.06%
29	Montagu Newhall Global Partners IV	3,180,331	0.02%
14	New Enterprise Associates 12	7,491,325	0.05%
72	New Mountain Partners III	12,544,783	0.08%
75	Nordic Capital VII	12,484,150	0.08%
14	Oak Investment Partners XII	7,823,711	0.05%
73	OCM Opportunities Fund VIIb	45,797,142	0.29%
34	Palamon European Equity II	15,518,848	0.10%
72	Providence Equity Partners VI	28,359,737	0.18%
15	Seroba Kernel Life Sciences Fund II	-	0.00%
30	Summit Partners Europe Private Equity Fund	-	0.00%
14	Summit Partners Subordinated Debt Fund IV	-	0.00%
14	TA Atlantic & Pacific VI	2,569,306	0.02%
71	The Resolute Fund II	13,103,964	0.08%
18	The Ulster Bank Diageo Venture Fund	700,307	0.00%
57	TPG Partners V	30,976,508	0.19%
36	TPG Partners VI	400,493	0.00%
25	Vestar Capital Partners V	16,852,705	0.10%
21	Weathergage Venture Capital	3,511,564	0.02%
<b>1,498</b>	<b>Total Private Equity Investments</b>	<b>477,760,320</b>	<b>2.98%</b>

## Portfolio of Investments 31 December 2008

## Other Investments

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

7104	Goldman Sachs International - Commodity Note 16/01/2009	20,586,255	0.13%
50,000,000	Morgan Stanley - Commodity Note 22/11/2010	24,744,500	0.15%
600	Merrill Lynch - Commodity Note 03/10/2011	36,737,442	0.23%
		<b>82,068,197</b>	<b>0.51%</b>

## CURRENCY AND ASSET ALLOCATION FUNDS

697,029	Bridgewater Pure Alpha Global Tactical Asset Allocation Fund	70,559,118	0.44%
5,000,000	Goldman Sachs Blended Currency Fund	45,247,000	0.28%
800,000	JP Morgan Currency Plus Fund	60,768,000	0.38%
66,000	Mellon Offshore Enhanced Currency Opportunity Fund	25,573,324	0.16%
		<b>202,147,442</b>	<b>1.26%</b>

## REPURCHASE AGREEMENTS

## Ireland

200,000,000	Irish Life & Permanent Repo Variable 22/07/2011	200,000,000	1.25%
		<b>200,000,000</b>	<b>1.25%</b>

**Total Other Investments** **484,215,639** **3.02%**

## Cash Deposits and Other Investments

Security Description	Market Value €	% of Total Investments
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## DEPOSITS AND CASH

Euro	1,545,271,413	9.64%
US Dollar	44,553,688	0.28%
Sterling	4,977,872	0.03%
Other Currencies	4,059,806	0.02%
Japanese Yen	3,772,899	0.02%
	<b>1,602,635,678</b>	<b>9.99%</b>

Unrealised Gain/(Loss) on Foreign Exchange Contracts	250,069,455	1.56%
Unrealised Gain/(Loss) on Cross Currency Swaps	37,351,041	0.23%
Unrealised Gain/(Loss) on Futures Contracts (Note 1)	365,189	0.00%
	<b>287,785,685</b>	<b>1.79%</b>

**Total Cash Deposits  
and Other Investments** **1,890,421,363** **11.78%**

**Total Investments** **16,035,837,637** **100%**

## Note 1 Open Futures 31 December 2008

Contracts	Description	Commitment	Unrealised Gain/(Loss) €
818	Dow Jones Euro Stoxx 50 Contracts (Expiring March 2009)	20,062,665	(15,540)
42	Swiss SMI Contracts (Expiring March 2009)	1,574,505	(32,808)
76	OMX Contracts (Expiring January 2009)	463,516	(2,762)
78	FTSE 100 Contracts (Expiring March 2009)	3,507,272	87,688
877	S&P 500 Mini Contracts (Expiring March 2009)	28,039,574	328,611
		<b>53,647,532</b>	<b>365,189</b>

## 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, bonds 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.

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

**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.

**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.

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

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

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

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

**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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