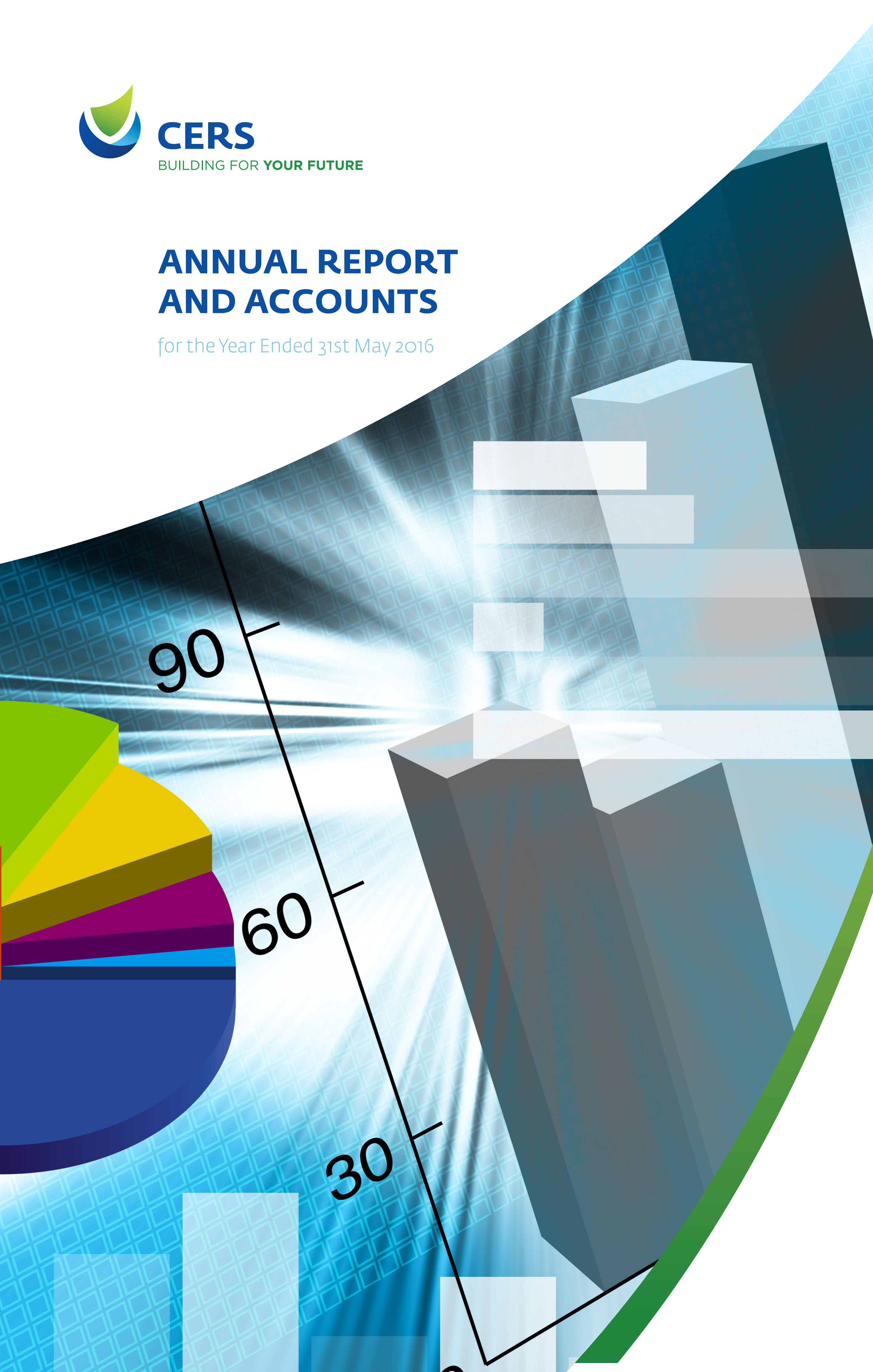
CERS
BUILDING FOR **YOUR FUTURE**

ANNUAL REPORT AND ACCOUNTS

for the Year Ended 31st May 2016



CONSTRUCTION EXECUTIVE
RETIREMENT SAVINGS

Building For Your Future

CERS are specialists in pension planning for the construction and related industries.

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Chairman's Message

We are pleased to present you with the Annual Report of Construction Executive Retirement Savings (CERS) for the year ending 31st May 2016.

CERS is a Master Trust which is a multi-employer pension fund covering 190 separate schemes tailored to the individual employer's requirements but operating within the rules and protection of the Trust Deed. As CERS is an independent trustee company it offers an important layer of independent protection for employers and employees. In particular for employers It removes the significant responsibility for taking on the Trustee role and the ensuing statutory and regulatory issues which arise.

The Directors of the Trustee Company meet monthly except in August. They keep themselves up to date and informed of investment and pension industry developments through regular meetings with their independent investment adviser, the various investment managers and the scheme's actuarial team. They regularly review and fulfil the Trustee training requirements.

CERS gives members a wide choice of investment options and gives them online access with up to date values of their savings and their prospective pension entitlements. CERS were delighted to receive a Highly Commended Award at the Irish Pension Awards 2016 in the category for "Best Trustee Board" and also to be shortlisted for "Irish Pension Scheme of the Year".

In conjunction with our Administration Company, CIF Pension Administration Services DAC (CPAS), we can offer to those members approaching retirement access to comprehensive post retirement planning, protection, savings and investment solutions through Milestone Advisory*. In this way we can offer continuity of service through our people who have been dealing with the members throughout their working career.

This current report sets out the key features of the Scheme with particular emphasis on the investment performance, the statement of accounts for the year which includes the Auditor's report and the Actuary's statement. We hope that you will find the report to be of interest.

If you have any queries on the content of this report or if you require further particulars on CERS, or on Milestone Advisory, please contact a member of the CERS Administration Team at Canal House, Canal Road, Dublin 6, telephone 01 4071430 or logon to www.cers.ie or www.milestoneadvisory.ie

*Milestone Advisory DAC t/a Milestone Advisory is regulated by the Central Bank of Ireland. Milestone Advisory DAC is an operating division of CPAS.

Donal O'Brien

D O'Brien

Chairman of the Trustee
December 2016

Key Features and Highlights of the year

- All CERS assets are totally separate from the assets of participating companies and the Construction Industry Federation.
- The Multi Asset Fund's equity assets, being managed by Irish Life Investment Managers, continue to be managed on a passive basis.
- SSGA, KBI, Friends First and IPUT all actively manage property portfolios within the Property Fund.
- Funds under Management with Alder Capital Limited., Standard Life Investments, BNY Mellon, Irish Forestry Unit Trust (IFUT) and the Irish Infrastructure Fund (IIF) with effect from July 2015 form the Alternative Asset fund.
- The Pensioner Fund is held on a segregated basis with a third party custodian.
- There is also a separate Bond Fund which is an investment option for active arrangements and individual member funds which is passively managed by Irish Life Investment Managers.
- In addition to the Irish Life Cash Fund, there is a portion of assets for the CERS Cash Fund on deposit with AIB.
- Over the scheme year the Multi Asset Fund recorded a net investment return of -2.4%. Please refer to www.cers.ie/funds for information on returns from 1st June 2016 to date.
- Total benefits paid since the inception of CERS amount to €418.59 million.
- Total contributions by participating employers (and their employees) for the year amounted to €14.53 million. This represents a slight increase over the previous 12 months.
- An actuarial valuation of the Scheme was carried out as at 31st May 2016 and this indicated that the Scheme's assets were €25 million in excess of its liabilities. The next actuarial valuation will be carried out to ascertain the value of the assets and liabilities as at 31st May 2017.
- At 31st May 2016 there were 1,065 active members in relevant employment. There were 1,054 pensioners receiving benefit and 2,163 members with entitlement to deferred benefits.
- For members of defined benefit arrangements a copy of their arrangement's Annual Actuarial Statement is attached to this Report. For all members, details as to whether or not there were contributions outstanding at the renewal year end are also attached.
- The facility under the CERS Scheme whereby employees can avail of tax relief attaching to Additional Voluntary Contributions (AVCs) continues to prove attractive to employees.
- A list of participating employers is available on request to the Administration Team and is only available to relevant persons as defined in the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (as amended).

IRISH PENSIONS AWARDS

Following on from our success at the Irish Pensions Awards last year we are pleased to announce that, due to the continued dedication to provide excellent service to our members, CERS were delighted to receive a Highly Commended Award at the Irish Pension Awards 2016 in the category for "Best Trustee Board" and also to be shortlisted for "Irish Pension Scheme of the Year".

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About CERS

Construction Executive Retirement Savings (CERS) is an umbrella pension arrangement that has been offering a flexible retirement solution for over 40 years and can be adapted to the individual requirements of employers and members in the construction and related industries. Using our specialist knowledge of the sector and delivered by our experienced team, we offer a full service approach throughout and after the working lives of our members.

CERS is registered with the Pensions Authority. It's registration number is PB3538. It is classed as a defined benefit scheme for the purposes of the Pensions Act, 1990.

THE BENEFIT OF CERS

CERS offers a transparent competitive charging structure, comprehensive Investment Fund choices, two Lifestyling options and an informative website providing online member access and a bespoke pension calculator.

CERS is designed to meet the needs of employers in the construction and related industries and offers a wide range of benefits to members that will help them achieve financial security in retirement. Our clear objectives are to:

- Provide members with **adequate and sustainable income** in retirement through promoting the benefits of making pension contributions, offering a considered range of investment choices with a low charging structure and preferential annuity rates.
- **Peace of mind** for members through death and protection benefits and for employers through our dedicated Trustee Board.
- **Transparent information** (including charges) is provided in a clear concise format on our website, booklets, and information leaflets. Experienced Pension Consultants offer one to one meetings and presentations to staff groups.

FLEXIBLE APPROACH

We have a long history of providing flexible pension arrangements and protection benefits and over the years, we've learned to adapt to the ever-changing nature of the industry. We provide individual pension solutions for each member company. Employers can choose the contribution amount, the retirement age and protection benefits to meet their specific needs. The Trustee have appropriate procedures for the payment and receipt of contributions.

CERS provides investment strength through our two guided lifestyling investment approaches, our members have the flexibility to build their own investment strategy. There is oversight of the investment funds by the Scheme Actuary and an independent Investment Adviser appointed by the Trustee. Investments are managed in a productive but prudent way and this was recognised by the Committee of the Irish Pension Awards when CERS was announced as winners of the "Best Use of Investment Strategy" Award in November 2014.

CERS offers financial value ensuring that every euro is working hard for members. There are low charges leaving more in a member's pension fund and there are no additional ongoing fees for employers. Our discounted annuity rates at retirement result in higher pensions for members and there are no penalties for members changing employer within the Scheme.

INDEPENDENT TRUSTEE COMPANY

CERS is a Master Trust arrangement and has an independent trustee company which offers an important additional layer of independent protection for employers and members. This removes the burden from employers and provides peace of mind at no extra cost.

The Directors of the Trustee Company actively keep themselves informed of investment developments through regular meetings with the Investment Managers and their independent Investment Adviser and fulfil their Trustee training requirements. As part of their training, all of the Trustees have access to the Pensions Authority 'Trustee Handbook and Guidance Notes'.

COMMUNICATION

Through our communications, we aim to ensure that employers and members are clear about the benefits of being a member of CERS and understand the importance of their retirement savings.

A key element of our communication is a strong visual identity reinforcing the message that a pension is 'Building for your future'. Our Administration System was developed to streamline administration. CERS has a dedicated website www.cers.ie with relevant information, literature and forms for employers, members, non-members and pensioners. We also provide members with secure online access where they can view details of their retirement savings and daily updated values of their accounts. On this interactive part of the website, members are able to update personal information and contact the experienced Administration Team at CERS.

We also have our pension calculator on www.cers.ie. This should be helpful for members when planning for their retirement and will allow them to develop their own individual retirement savings strategy.

CPAS, who are the Administration Company responsible for administering CERS, issue a bi-monthly newsletter "CPAS Insights" and members can sign up to receive copies of this newsletter electronically to their work or personal email address. The facility to sign up to this newsletter is available on our website www.cers.ie.

CERS is designed to meet the needs of today's members, giving them the opportunity to build a pension for retirement, whilst providing other important protection benefits. We can also provide access to Milestone Advisory* for broader personal financial planning services and product solutions.

*Milestone Advisory DAC t/a Milestone Advisory is regulated by the Central Bank of Ireland.

Milestone Advisory DAC is an operating division of CPAS.

INTERNAL DISPUTES RESOLUTION PROCEDURE

The Internal Disputes Resolution Procedure (or IDRP) is a set of procedures drawn up in order to deal with certain types of complaints that may be made by actual or potential beneficiaries of the pension plan. Complaints should, in the first instance, be brought with any supporting documents to your employer's pension contact and be discussed. If a resolution is not agreed you can contact the Scheme Administration and then, if you are not satisfied with the Administration's response, the Trustee. If any party to the dispute does not accept the decision of the Trustee, they are then free to refer the matter to the Pensions Ombudsman at 4th Floor, Lincoln House, Lincoln Place, Dublin 2, for final adjudication.

The Pensions Ombudsman can only consider complaints that have already gone through the IDRP. Complaints may be referred to the Ombudsman if, having gone through IDRP, you are not satisfied with the outcome.

For full details of the Internal Dispute Resolution procedure, please contact the Scheme Administration at Canal House, Canal Road, Dublin 6. (Phone 01 407 1430).

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Looking after your Scheme

Trustee	Construction Executive Retirement Savings Trustee Designated Activity Company
Officers of the Trustee	DIRECTORS
	Donal O'Brien (Chairman)
	Leo Crehan
	Colman Cronin (appointed 21st October 2015)
	Michael Kennedy (appointed 23rd March 2016)
	Gerry Morrissey
	Brian O'Neill
	Conor Scott
	Richard P. Treacy (resigned 17th September 2015)
Company Secretary	Gabriel P. MacGrath
Secretariat to the Trustee	Anne Keogh
Scheme Administrator	CIF Pension Administration Services Designated Activity Company (CPAS) Canal House, Canal Road, Dublin 6
CERS Administration Team	
Manager:	Frances McNally
Consultants:	John Geraghty, Damien Starken and Paula Thornton
Administration:	Sandra Blake, Carol Briody, Joanne Callan and Siobhan McCabe
Scheme Actuary	James O'Connor Consulting Actuary Willis Towers Watson Ireland Trinity Point, 10 - 11 Leinster Street, Dublin 2
Auditor	Grant Thornton, Registered Auditors & Chartered Accountants Molyneux House, Bride Street, Dublin 8

Bankers	Allied Irish Banks Plc. 1-4 Lower Baggot Street, Dublin 2
Custodians	Bank of Ireland Securities Services New Century House, International Financial Services Centre, Mayor Street Lower, Dublin 1
	Citibank Europe Plc. 1 North Wall Quay, International Financial Services Centre, Dublin 1
Investment Adviser	Appian Asset Management 42 Fitzwilliam Place, Dublin 2
Investment Managers	Alder Capital 61 Merrion Square, Dublin 2
	Allied Irish Banks Plc. 1-4 Lower Baggot Street, Dublin 2
	Allied Pension Trustees Limited Apex Centre, Blackthorn Road, Sandyford, Dublin 18
	AMP Capital Level 1, South Bank House, Barrow Street, Dublin 4
	BNY Mellon Asset Management Administration Centre, Harcourt Building, Harcourt Street, Dublin 2
	Friends First DAC Friends First House, Cherrywood Business Park, Loughlinstown, D 18
	Irish Forestry Unit Trust 1st Floor, Unit 3, Woodford Business Park, Santry, Dublin 9
	Irish Life Investment Managers Limited Beresford Court, Beresford Place, Dublin 1
	Irish Property Unit Trust (IPUT) Plc. 2 Hume Street, Dublin 2
	KBI Global Investors Limited 3rd Floor, 2 Harbourmaster Place, IFSC, Dublin 1
	Standard Life Investments 1 George Street, Edinburgh, EH2 2LL Scotland
	State Street Global Advisors Ireland Limited (SSGA) Two Park Place, Upper Hatch Street, Dublin 2
Insurers	Irish Life Assurance Plc. Irish Life Centre, Lower Abbey Street, Dublin 1
Solicitors	Arthur Cox Earlsfort Centre, Earlsfort Terrace, Dublin 2

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Investments

Investments Review

1st June 2015 to 31st May 2016

Growth in the global economy continued on its sluggish, sub-normal path during the period. Slow growth combined with weakness in commodity prices to subdue inflation which in all key jurisdictions continues to run well below the target levels set by the major central banks.

This, of course, is a bond-friendly environment and it was augmented by continuing support from the global central banks through quantitative easing and minimal interest rates. European government bond yields fell to ever lower levels generating another positive year for bond returns.

Equities generally thrive when economic conditions are good. Equity markets began the period in high ground despite sluggish growth as bond purchases by the central banks pushed investors into riskier assets in the search for return. It was therefore an important inflection point for equity markets, and for the key US market in particular, when the US Federal Reserve ended its programme of quantitative easing in November 2014. Positive momentum pushed the markets higher for a period but in the absence of robust economic growth equity markets proved vulnerable and suffered several episodes of sharp weakness followed by partial recoveries.

The CERS Property Fund enjoyed another strong year benefiting from the continuing recovery in the Irish Commercial property market. The CERS Alternative Assets Fund is designed to dampen the volatility of equity returns. The return on the CERS Cash Fund was again negative as a direct result of the central bank policies discussed above.

Equities because of their long term growth characteristics are the dominant asset class in the portfolio mixes of balanced pension funds. In a period when equity returns are under pressure the focus of the Trustees switches to capital preservation utilising the Fund's strong diversification and defensive strengths protecting it from the full impact of equity market weakness.

The asset distribution of the Multi Asset Fund at year end 31st May 2016 was:

Asset Type	Manager	Weight
Equity	Irish Life Investment Managers	49%
Bonds	Irish Life Investment Managers	17%
Alternative Assets	SLI GARS, BNY Mellon, IFUT, IIF & Alder	19%
Property	IPUT, SSGA, F&C, KBI	11%
Cash	Irish Life Investment Managers & Bank Deposit	4%

A full description of the long term strategic asset allocation determined by the Trustee is set out in the Statement of Investment Policy Principles (SIPP) which is available on page 20.

CERS Investment returns for the Scheme year ending 31st May 2016

CERS Multi Asset Fund	CERS Bond Fund	CERS Cash Fund	CERS Equity Fund	CERS Property Fund	CERS Alternative Asset Fund
-2.4%	+4.2%	-0.7%	-7.8%	+10.5%	-1.2%

The returns shown above are net of the annual management charge and Government Pension Levy as at 30th June 2015. Please visit www.cers.ie/funds for up to date fund performance.

How the assets are managed

The Alder Currency Fund uses a systematic investment process to invest in the following major liquid currencies: EUR, USD, JPY, AUD, CAD, GBP and SEK. The system has four main drivers of return: (i) a trend- following component; (ii) a ranging component; (iii) a yield component and (iv) a momentum-of-yield component.

Value of the assets

Value of the assets at 1st June 2015	€ 6,417,265
Net contribution - Subscriptions / (Withdrawals)	0
Appreciation / (Depreciation)	(€ 218,571)
Value of the assets at 31st May 2016	€ 6,198,694

Overview of Investment performance

The Period began, in June 2015, with the market in a state of uncertainty. Major currency pairs, such as AUD/USD and USD/JPY, exhibited sharp whip-saw like movements. The environment was one of low-volatility, directionless behaviour for all the predominantly trending currency portfolios in which the Currency Fund invests.

Major central bank actions and commentary produced general uncertainty as to the next market moves. The net result was a poor market environment for the Currency Fund. November, which produced a good positive return was unfortunate to be caught in-between poor performances in October and December. In December, the market's expectations were finally met when the US Federal Reserve increased interest rates for the first time in nine and a half years. However, what had a bigger impact on the market, resulting in an unfavourable environment for the Currency Fund was the comments made by the ECB and the Bank of Japan. Both central banks caused sharp reversals with the Euro and the Japanese yen strengthening against the US Dollar for the remainder of the month.

Q1 of 2016 provided a much improved market environment for the Currency Fund. The year began with continued turmoil in the equity and commodities markets. China's economy was under the spotlight, the US Federal Reserve was not meeting market expectations, the Bank of Japan moved to negative interest rates, oil made more headlines as it plummeted lower, and closer to home, there was increased debate regarding a potential 'Brexit'. All of this volatility provided good opportunities for the Currency Fund. April and May of 2016 also provided positive returns for the Currency Fund. The Bank of Japan disappointed the market in its attempts to help the Japanese economy. The Japanese yen appreciated against other major currency pairs such as the Euro, US dollar and Australian dollar. The US dollar strengthened against the Euro and Australian dollar, with increased market expectations of a US interest rate hike. Both events provided good trends for the Currency Fund to capture.

Alder Capital DAC is regulated by the Central Bank of Ireland.

The gross investment return for the period -3.4%

BNY MELLON ASSET MANAGEMENT

BNY MELLON

How the assets are managed

The objective of the Sub-Fund is to achieve a total return in excess of a cash benchmark over an investment horizon of 3-5 years. The fund has a performance aim of cash (1 Month Euribor) + 4% p.a over 5 years before fees.

Value of the assets

Value of the assets at 31st May 2015	€ 17,658,424
Net contribution - Subscriptions / (Withdrawals)	€ 2,500,000
Appreciation / (Depreciation)	(€ 48,414)
Value of the assets at 31st May 2016	€ 20,110,010

How the assets are invested

Equities		Bonds		Other	
North America	17.75%	Govt Bonds	32.94%	Precious Metal	10.11%
Europe ex UK	12.02%	Corp Bonds	3.33%	Infrastructure Funds	2.21%
UK	7.27%	Index Linked Govt	2.46%	Renewable Energy	1.25%
Japan	2.75%	**Total Bonds**	**38.73%**	Currency Hedging	-1.41%
Pacific ex Japan	1.62%			Derivative Instruments	-1.20%
Other	1.49%	Convertibles	1.85%		
Total Equities	**42.90%**	Cash & Cash Equivalents	5.55%	**OVERALL TOTAL**	**100.00%**

Overview of Investment Performance

There was strong performance from the technology and pharmaceutical sectors, with Microsoft, Roche Holding and Reynolds American performing strongly. Elsewhere, the performance of Wolters Kluwer and Accenture also stood out. Positions in sovereign bonds debt issued by governments proved beneficial, with strong contributions from the Fund's holdings in Australian and US government bonds. The Fund's exposure to alternative assets, principally through exposure to infrastructure and renewable energy assets, along with convertible bonds, also provided a positive contribution.

In contrast, Centrica and Royal Dutch Shell detracted from performance as they were penalised by investors for their exposure to the plunging oil and gas markets. The exposure to businesses responsible for the extraction of precious metals was detrimental, such as the likes of Barrick Gold and Yamana Gold, which experienced negative returns.

The manager made some select additions to the Fund's equity holdings. These included Teva Pharmaceutical Industries, AIA, Cobham, LEG Immobilien, Dollar General, Procter & Gamble, Express Scripts and Telefonica Deutschland. The manager reduced other holdings, including Microsoft and SAP, on the view that it was prudent to take some of the profits made after strong performance. In the second half of the review period, the Fund moved out of 2-year into 1-year US Treasuries.

BNY Mellon Investment Management EMEA Limited is registered in the UK.

The gross investment return for the period -0.29%

IRISH FORESTRY UNIT TRUST

How the assets are managed

The objective of IForUT is to provide long-term, sustainable, attractive real returns on forestry investments for its Unit Holders through the management of its existing forests and by continuing to plant new, and acquire established forest properties. The management of the assets on a day to day basis is done by a team of professionals with indepth knowledge of the forest industry and market trends.

Value of the assets

Value of the assets at 31st May 2015	€ 3,251,154
Net contribution - Subscriptions / (Withdrawals)	€ 1,317,895
Appreciation / (Depreciation)	€ 284,278
Value of the assets at 31st May 2016	€ 4,853,327

How the assets are invested

The portfolio of the fund comprises of commercial forests covering an area of almost 15,000 hectares. These forests cover a range of ages from very young to fully mature crops and have a wide regional spread, primarily in Ireland but with some forests in Scotland and Northern England.

Region	**% Weight**
Munster	40.30%
Connacht	32.45%
Leinster	19.54%
Scotland	3.32%
Ulster	2.50%
England	1.15%
Northern Ireland	0.74%

Overview of Investment Performance

The total return for the period from the fund was 8.47%. Net Timber revenue for the period was €9.8 million. IForUT has a policy of actively managing timber sales through timber price cycles to improve long term performance. A total of €21.25 million was invested in new forest properties in the period. Net subscription of all Trust units was €16.83 million for the period and the total of net assets attributable to unit holders in the Trust increased to €218.6 million from €193.5 million at the end of May 2015. The Trust currently has a queue for new investment of c.€56 million and is actively pursuing new forest assets to invest these funds. Forest operations showed timber sales of 256,000m3 I €9.8 million in Ireland and the UK. IForUT has also continued to negotiate several new forest acquisitions (over 630ha) as well as forest improvement works and road construction for harvesting timber.

Irish Forestry Unit Trust Forestry Management ltd is regulated by the Central Bank of Ireland.

The gross investment return for the period +8.47%

Irish Infrastructure Fund

AMP CAPITAL

How the assets are managed

The Fund seeks to pursue its investment objective by identifying, acquiring and managing a portfolio of Infrastructure Assets which are wholly or substantially located or based in Ireland. Infrastructure Assets may be acquired either on the primary or secondary market. Each prospective investment is assessed on a stand-alone basis, and as part of the investment process, AMP Capital as the Infrastructure Investment Manager performs i) a bottom-up approach to understand each potential investment's specific risks and risk mitigation profile in addition to financial, tax and operational issues; and ii) a top-down analysis of each investment to identify competitive, macro-economic, political and other trends that are expected to influence the performance of the investment under the various base, downside and upside scenarios. Once Infrastructure Assets have been acquired, the Infrastructure Investment Manager monitors and manages all strategic, financial (including gearing) and operational aspects of the Fund's Infrastructure Assets with a view to long term value creation.

Value of the assets

Value of the assets at 31st May 2015	€	0
Net contribution - Subscriptions / (Withdrawals)	€	5,000,000
Appreciation / (Depreciation)	€	382,352
Value of the assets at 31st May 2016	€	5,382,352

Overview of Investment Performance

Irish Exchequer returns for the quarter showed that revenues continued to exceed expectations. At the time of the October 2015 budget, the Department of Finance had forecast a full year 2016 Government primary surplus of 1.7% of GDP but this is now likely to be exceeded. Demonstrating the scale of the economic recovery, the equivalent figure in 2009 was 10% of GDP. Irish economic data releases also remained positive during the first quarter. The unemployment rate now stands at 8.6%, down from more than 14% at the peak of the crisis and consumer confidence is at its highest level since 2009.

Globally, concerns that central banks have limited policy options to deal with economic and financial difficulties; concerns regarding Chinese growth; fears over risks within the banking sector and a focus on the negative implications of lower oil prices all contributed to the on-going volatility in the markets during the first quarter.

After a difficult start to the year for risk assets, the ECB and US Federal Reserve helped bolster market performance in March. ECB policy announcements following its March meeting surpassed investor expectations. The level of monthly asset purchases was increased by €20bn to €80bn, non-financial corporate bonds were included in the asset purchase programme, the deposit rate was cut by an additional -0.1% to -0.4% and new Long Term Refinancing Operations (LTRO's) were announced which will allow banks to borrow funds from the ECB at rates as low as -0.4% depending on the level of loan growth at individual banks. There was some disappointment at the indication that the ECB did not expect to lower the deposit rate further although comments from council members appeared to backtrack on this later in the month.

The US Federal Reserve did not raise interest rates; However, the tone of commentary was significantly more dovish than expected, highlighting risks to growth from China and developments in commodity prices as it appeared less confident in the growth and inflation outlook. While officially suggesting two interest rate rises were possible in 2016, the commentary suggested a very gradual pace of rate increases is likely, thus maintaining relatively accommodative monetary policy.

The Irish Infrastructure Fund is regulated by the Central Bank of Ireland as a Qualifying Investor Alternative Investment Fund.

The gross investment return for the period 8.5%

Irish Life Investment Managers

How the assets are managed

The long term investment objectives of your pension fund are to achieve a return on fund assets which is sufficient, over the long-term, to meet your funding objectives and to earn a rate of return on assets that will exceed inflation and the risk free rate (cash).

In general, this will require a long-term investment return of at least price inflation plus 4% per annum. Examination of the long term return characteristics of asset types indicates that these objectives are most likely to be achieved by allocating a higher proportion of the fund to risk assets, such as equities and property with lower allocations to monetary assets such as bonds and cash. Each scheme however is unique and as such will have its own characteristics that determine the appropriate asset allocations between risk and monetary assets. Risk assets as outlined above whilst providing superior longer term returns, tend to be more volatile when compared with monetary assets which historically have provided lower returns but with less volatility.

Value of the assets

Value of the assets at 31st May 2015	€194,830,001
Net contribution - Subscriptions / (Withdrawals)	(€ 9,011,442)
Appreciation / (Depreciation)	(€ 7,518,031)
Value of the assets at 31st May 2016	€178,300,528

How the assets are invested

CERS Equity Fund

The CERS Equity Fund is managed on a passive basis - 85% against the FTSE® World Index/15% MSCI Emerging Markets. The fund tracks the market return by investing in a basket of securities in the same proportion as they are represented in the market index. The fund is re-balanced on a monthly basis. 50% of US Dollar Currency Exposure is Hedged.

CERS Cash Fund

The CERS Cash Fund aims to provide capital security through investment predominately in managed mixed deposits together with short dated gilts and money market instruments. This fund can be used as part of a diversified portfolio and to protect fund values against falling equity markets.

CERS Bond Fund

The CERS Bond Fund is a passively managed unitised fixed interest fund. Its objective is to perform in line with its benchmark of 75% Merrill Lynch (ML) >10 Year Bonds and 25% ML EMU Large Cap Non-Financial Corporate Bonds. The fund is re-balanced on a quarterly basis.

Irish Life Investment Managers

CERS Multi Asset (MA) Bond Fund

The CERS MA Bond Fund is a passively managed unitised fixed interest fund. Its objective is to perform in line with its benchmark of 37.5% ML>10 Year GDP Bonds, 37.5% ML 1-5 Year EMU Government Bonds and 25% ML EMU Large Cap Non-Financial Corporate Bonds. The fund is re-balanced on a quarterly basis.

Overview of investment performance

For the year ending 31st May 2016 equities have generated negative returns over the last twelve months. Initial positive support has come from a modestly improving economic and earnings backdrop, attractive valuations, particularly relative to other asset classes and supportive global central bank policies. At the beginning of 2016 however equity markets were weak due to renewed concerns over the growth outlook in China and the global economy with fears over a potential slowing of growth in 2016. Increased questioning of the ability of global central banks to deal with various macro and financial issues has also contributed to the weakness in equities. The FTSE® World Index returned -5.50% for the 12 months period. The Irish economy has improved with economic releases over the last year generally being strong.

Eurozone bonds have generated positive returns over the last twelve months. Continued low levels of inflation, global geo-political tensions and ongoing accommodative central bank policies have resulted in yields remaining low over the last twelve months. European peripheral bond yield spreads against Germany have fallen since mid-2012 as policy initiatives to deal with the Eurozone sovereign debt crisis have been successful in terms of improving financial stability across the region and improving the growth outlook compared to the time of the sovereign debt crisis.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

The gross investment return for the period

CERS Equity Fund	-6.8%
CERS Bond Fund	+5.2%
CERS Cash Fund	0.0%

Irish Life Investment Managers

Pensioner Fund

The CERS Pensioner Fund is invested in a bespoke mix of Fixed Income Securities – Nominal and Inflation Linked. The fund is managed to a specific duration target as instructed by the Scheme Actuary and Investment adviser from time to time. The CERS Pensioner Fund invests in fixed income securities through a segregated (CERS) account. Virtually all of these assets are readily tradable on recognised markets or exchanges. The securities are valued daily in accordance with recognised practices. The fund is re-balanced on instruction.

Value of the assets

Value of the assets at 31st May 2015	€ 237,420,630
Net contribution - Subscriptions / (Withdrawals)	(€ 14,900,000)
Appreciation / (Depreciation)	€ 12,796,644
Value of the assets at 31st May 2016	€ 235,317,274

Country	% Weight
Italy	37.06%
France	23.54%
Spain	13.05%
Germany	11.39%
Belgium	8.86%
Ireland	2.89%
Austria	1.69%
Netherlands	1.42%
Cash	0.10%
Total	**100.00%**

Overview of Investment performance

Eurozone bonds have generated positive returns over the last twelve months. Continued low levels of inflation, global geo-political tensions and ongoing accommodative central bank policies have resulted in yields remaining low over the last twelve months. European peripheral bond yield spreads against Germany have fallen since mid-2012 as policy initiatives to deal with the Eurozone sovereign debt crisis have been successful in terms of improving financial stability across the region and improving the growth outlook compared to the time of the sovereign debt crisis.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

The gross investment return for the Pensioner Fund for the period +5.6%

Standard Life Investments

Standard Life Investments

Global Absolute Return Strategies Fund (GARS)

How the assets are managed

The GARS fund aims to provide positive investment returns in a variety of market conditions. The investment team who actively manage the fund have a wide investment remit to help them try to achieve this aim. The team look to exploit market inefficiencies through active allocation to highly diversified market positions over a 3 to 5 year time horizon. They aim to adopt these market positions using a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques.

Value of the assets

Value of the assets at 31st May 2015	€ 19,408,764
Net contribution - Subscriptions / (Withdrawals)	(€ 28,624)
Appreciation / (Depreciation)	(€ 599,672)
Value of the assets at 31st May 2016	€ 18,780,468

Overview of Investment performance

Central bank policy and worries about global growth dominated markets over the last year. Oil and other commodities remained under pressure from subdued Chinese demand and global oversupply. Latterly, however, they recovered modestly. This was largely due to weakness in the US dollar, which lost some of its earlier gains after the Fed slowed the pace at which it expects to increase rates.

Early in the review period, increased growth and inflation expectations fuelled a rise in bond yields. This buoyed our short US duration strategy, which aims to profit from rising US rates. Markets then became turbulent, unsettled by Greece's debt crisis, slowing Chinese growth and conjecture over US interest rates. In August, China's surprise devaluation of the yuan stoked fears about global growth. The resultant market sell-off led to losses from our European and Japanese equity exposures. However, elevated volatility boosted our market variance strategies. Meanwhile, persistent commodity market weakness hurt our global equity miners position. Offsetting this, our strategy preferring the US dollar versus the Canadian dollar performed well.

After a torrid January and February, markets recovered, lifted by central bank action and a rebound in commodity markets. Investors became bolder and shifted their preference to riskier assets. This drove positive returns from our European equity and US investment grade credit exposures. In early May, Australia's central bank lowered interest rates in an effort to revive growth. As a result, exposures we had taken to benefit from falling Australian rates were rewarded. However, our Mexican government bond position, designed to profit from falling rates, suffered as Mexican government bonds fell.

Standard Life Investments Limited is registered in the Republic of Ireland.

The gross investment return for the period -3.1%

Property Commentary year ended 31st May 2016

The recovery in Irish property values from their post-crash lows continued into its fourth year. Strong returns across all three market sectors, office, retail and logistics, were again generated. Property values benefited from ongoing supply shortages, especially in prime offices, and from the improving Irish economy. Transaction volumes were exceptionally high with strong domestic demand augmented by international investors. There was a notable change in the profile of the international buyers as core institutional investors replaced the opportunistic funds that had been active earlier in the cycle. In contrast to the buoyant Irish background, European property returns were relatively sluggish.

The CERS Property Fund further enhanced its exposure to high quality Irish property by adding to its investment in the Irish Property Unit Trust. IPUT is a large, high-yielding and cost-effective investor in commercial property with a bias towards prime Dublin offices. The Fund's ongoing divestment of its exposure to the KBI Lothbury European Property Fund continued.

After four years of recovery the property cycle in Ireland is beginning to mature. Yields on prime offices may stabilise as focus shifts to expected increases in supply in 2018/2019. The retail and logistics sectors should continue to benefit from the strong domestic economic background. Brexit presents a clear challenge for the broader domestic economy but it may be a positive factor for the property market should firms relocate from London to Dublin.

The CERS Property Fund is well diversified across the range of property market sectors and across specialist property investment managers. The income yield on the Fund is high. Income is likely to be the major contributor to returns over the balance of the current cycle and indeed into the long term.

PROPERTY COMMENTARY Continued

Friends First Property Fund

Value of the assets

Value of the assets at 31st May 2015	€ 4,927,006
Net contribution - Subscriptions / (Withdrawals)	(€ 7,527)
Appreciation / (Depreciation)	€ 882,724
Value of the assets at 31st May 2016	€ 5,802,203

How the assets are invested

Commercial property in the Republic of Ireland.

Friends First Life Assurance Company DAC is regulated by the Central Bank of Ireland.

Irish Property Unit Trust

Value of the assets

Value of the assets at 31st May 2015	€ 5,623,451
Net contribution - Subscriptions / (Withdrawals)	€ 2,500,000
Appreciation / (Depreciation)	€ 855,580
Value of the assets at 31st May 2016	€ 8,979,031

How the assets are invested

Commercial property in the Republic of Ireland.

IPUT plc is authorised and regulated by the Central Bank of Ireland.

Property Commentary Continued

Kleinwort Benson Investors

The European Property Fund

Value of the assets

Value of the assets at 31st May 2015	€ 3,586,766
Net contribution - Subscriptions / (Withdrawals)	(€ 509,668)
Appreciation / (Depreciation)	(€ 379,294)
Value of the assets at 31st May 2016	€ 2,697,804

How the assets are invested

Commercial property in the Eurozone.

KBI Global Investors Ltd is regulated by the Central Bank of Ireland.

STATE STREET GLOBAL ADVISORS

SSgA Property Fund

Value of the assets

Value of the assets at 31st May 2015	€ 6,295,901
Net contribution - Subscriptions / (Withdrawals)	€ 0
Appreciation / (Depreciation)	€ 970,212
Value of the assets at 31st May 2016	€ 7,266,113

How the assets are invested

Commercial property in the Republic of Ireland and United Kingdom.

State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland.

The investment return for the CERS Property Fund for the period +10.5%

05
Statement of Investment Policy Principles

Introduction

Section 59 of the Pensions Act requires that the Trustee prepare a statement describing the principles underlying their investment policy.

This statement has been prepared in consultation with our actuarial and investment advisors. It will be reviewed at least every 3 years and revised whenever there is a change in our investment principles.

Overview

The assets of the Scheme are sub-divided into 2 separate sections for investment purposes:

The Pensioner Fund invests primarily in a combination of both fixed interest and inflation linked Eurozone government bonds.

The Member Selected Funds consist of 6 sub-funds, as follows:

a) The Equity Fund

b) The Bond Fund

c) The Property Fund

d) The Cash Fund

e) The Alternative Assets Fund

f) The Multi Asset Fund

THE PENSIONER FUND

The Pensioner Fund holds assets in respect of retired members and certain deferred members who are no longer a direct liability of an employer's sub-fund.

Investment Objective and Asset Allocation

The investment objective for the Pensioner Fund is to hold assets which as far as practicable will "match" its liabilities. This means holding a portfolio of assets which will, as closely as possible, change in value in line with changes in the value of these liabilities as financial conditions change.

The liabilities in question fall into two broad categories

- Liabilities which are linked to the rate of Irish price inflation and
- Liabilities which are not inflation linked e.g. pensions in payment which do not increase while in payment or which increase at a fixed rate.

Inflation linked liabilities are “matched” by holding inflation linked bonds of average duration equivalent to the average duration of these liabilities. As it is not possible to purchase stocks linked to Irish price inflation the Pensioner Fund invests in stocks linked to Eurozone inflation. While rates of Irish and Eurozone inflation may diverge in the short- term, it is considered that investment in stocks linked to Eurozone inflation provides the best available long-term match for liabilities linked to Irish inflation in the expectation that rates of inflation within the Eurozone will converge in the long-term. The index linked stocks held are all issued by Eurozone government.

Fixed Liabilities are “matched” by holding Eurozone government fixed interest stock of average duration equivalent to the average duration of these liabilities.

The Pensioner Fund is therefore entirely managed on a matched (as closely as possible) basis by reference to its liabilities.

Risk Measurement and Monitoring

The principal investment risk facing the Pensioner Fund is that the change in the value of its assets fails to match the change in the value of its liabilities as bond yields and rates of inflation change or as a result of a full or partial default of the bonds held. This risk is managed by reviewing on an annual basis the suitability of the stocks held to match these liabilities. This includes a review of:

(a) The overall value of the liabilities of the Pensioner Fund held in respect of the “Matched Liabilities” having regard to cash flows and new retirements during the year.

(b) The proportion of the Pensioner Fund to be held in fixed interest bonds and the proportion to be held in inflation linked bonds.

(c) The duration of the stocks held by comparison with the duration of the liabilities of the Pensioner Fund.

(d) The Investment Manager is given a mandate setting out the credit rating required for any bonds held.

The financial effect of investment risk is quantified each year as part of the overall actuarial valuation of the Scheme.

MEMBER SELECTED FUNDS

There are 6 Member Selected Funds as noted above. Defined Contribution members who have not yet retired may direct that their retirement accounts be invested in any combination of one or more of these funds. In the case of Defined Benefit schemes, the Trustee in consultation with the Sponsoring Employer and having regard to the liabilities of the Scheme will determine the combination of funds to be used having regard to the principles set out on page 24.

Each of the Member Selected funds has its own investment strategy, as follows:

THE EQUITY FUND

The Equity Fund invests in a diversified manner in global equity markets including an allocation to emerging markets. The Fund is passively managed. This means that the Fund holds all of the shares in the relevant benchmark indices in proportion to their relative market capitalisation. The benchmark indices for the Fund are currently:

FTSE World Developed Index	85%
MSCI Emerging Markets Index	15%

This passive approach to investment eliminates manager risk i.e. the risk that the Investment Manager might underperform index returns. The passive manager used for the Equity Fund and the benchmark indices used are subject to Trustee review on a regular basis. The Trustee may also from time to time decide to hedge all or part of the currency risk arising from investment in non Euro markets.

As the Fund invests entirely in shares it may be expected to exhibit a high level of volatility in line with the performance of global stock markets. The value of the Equity Fund may therefore rise or fall considerably over relatively short periods (possibly by 30% or more). However, in the long term the expected return from the Equity Fund is greater than that expected from any of the other fund choices available under the Scheme. The Equity Fund may therefore be a suitable vehicle for younger members who have many years to go to retirement and are more concerned with maximising long term return than with short term volatility.

THE BOND FUND

This Fund invests in a diversified manner in European Monetary Union (EMU) bond markets with an initial allocation of 75% to bonds issued by EMU Governments and 25% to bonds issued by large EMU companies (but not financial companies). The Bond Fund is passively managed i.e. it is designed to replicate (or track) the returns of the relevant bond market indices. The initial allocation of the Fund will be in line with the following indices:

The Merrill Lynch over 10 year EMU Government bond index	75%
The Merrill Lynch EMU large capitalisation non financials corporate bond index	25%

The allocation to Government bonds is by reference to the Gross Domestic Product of each EMU country. Only investment grade bonds are included. The allocation to Corporate bonds excludes the bonds of companies in the financial sector.

This passive approach to investment eliminates manager risk i.e. the risk that the Investment Manager might underperform the relevant indices. The Investment Managers used for the Bond Funds and the benchmark indices used will be reviewed on a regular basis by the Trustee.

The Bond Fund may be expected to exhibit some volatility (but not generally as much as the Equity Fund). In particular, if interest rates increase the value of the Bond Fund may be expected to fall. In the longer term the return to be expected from the Bond Fund is less than the expected return from the Equity Fund but more than the expected return from the Cash Fund. The Bond Fund may also be a suitable vehicle for Scheme members who, in the years approaching their retirement, wish to align some or all of their investments with the cost of purchasing a pension on retirement. This is because the value of the Bond Fund may be expected to move broadly in line with the cost of buying a pension as interest rates change.

THE PROPERTY FUND

The Property Fund is invested in four underlying unitised property funds managed by separate managers. As well as this diversification across managers, the Fund is geographically diversified with Ireland the largest element but with exposure also to the United Kingdom and Europe. The Fund also provides diversification across the major property sectors i.e. office, retail and industrial.

The value of the Property Fund may fluctuate considerably over relatively short periods. In some years the return provided may be a negative, perhaps significantly so. Property is a relatively illiquid asset which may exacerbate market fluctuations (both up and down) and may also lead to delays in implementing redemptions (or withdrawals) from the Property Fund.

In the longer term the return from the Property Fund may be expected to be somewhat lower than that from the Equity Fund. However, the Property Fund may experience long periods during which values decline.

The Trustee review the managers and strategy adopted for the Property Fund on a regular basis.

THE CASH FUND

The Cash Fund may invest in Euro denominated Bank deposits and other cash-like instruments such as certificates of deposit, treasury bills and short term bonds. The Fund's focus is to place money with high quality counterparties i.e. banks and other issuers. The Fund's exposure to counterparty risk is rigorously managed by a policy of diversification which controls the maximum amount that may be invested in any individual country, bank or issuer. The credit worthiness of counterparties is subject to ongoing review by the Fund's Investment Manager.

As the Cash Fund is invested entirely in bank deposits and other similar instruments it may be expected to provide a return in line with Euro deposit rates with a stable capital value. The Cash Fund may be a suitable vehicle for those Scheme members who, in the years approaching their retirement, wish to preserve the capital value of some or all of their investments (in particular that part of their fund which they plan to take as a lump sum). In the longer term, the Cash Fund is unlikely to provide a return sufficient to support members' benefit expectations and in times of very low interest rates may provide negligible or even slightly negative returns.

The Trustee review the manager and strategies used for the Cash fund on a regular basis.

THE ALTERNATIVE ASSETS FUND

The Alternative Assets Fund invests in a wide range of assets and strategies. For example, the Alternative Assets Fund may contain investments in currency funds, commodity funds, forestry, infrastructure, hedge funds and absolute return funds. Hedge funds may employ a wide range of different strategies some of which may be relatively high risk. Absolute return funds typically aim to deliver modest absolute returns relative to a cash benchmark at relatively low risk. Hedge funds and absolute return funds may use financial instruments (e.g. derivatives) in their investment strategies. The Alternative Assets Fund is diversified across a range of assets, strategies and managers. The objective of the Alternative Assets Fund is to reduce volatility through diversification.

The Alternative Asset Fund may be expected to exhibit a level of volatility which is somewhere between that exhibited by the Bond and Equity Funds. Similarly, the return to be expected in the longer term from the Alternative Assets Fund would normally be considered to be lower than the expected return from the Equity Fund but greater than the expected return from the Bond Fund. This Fund may be a suitable vehicle for part of a member's assets to improve diversification. The underlying funds and assets in which the Alternative Assets Fund invests are reviewed regularly by the Scheme Trustee.

THE MULTI ASSET FUND

The Multi Asset Fund invests in four of the five available CERS Funds – Equity Fund, Property Fund, Alternative Assets Fund and the Cash Fund as well as a bond fund which is similar to the CERS Bond Fund but with a shorter duration in Government Bonds. The allocation to each fund will vary from the central allocation within an agreed range from time to time to take account of market conditions as determined by the Trustees. The central allocation and agreed ranges are as follows:

Sub Fund	Central Allocation	Agreed Range
Bonds	20%	15% - 25%
Equities	55%	45% - 60%
Alternative Assets	13%	10% - 20%
Property	6%	4% - 12%
Cash	6%	2% - 8%

The Multi Asset Fund may be expected to exhibit the same characteristics as regards volatility and expected returns as the underlying funds in which it invests. However, overall volatility is reduced by investing across the full range of funds and the level of volatility experienced is likely to be lower than the Equity Fund but greater than the Bond or Cash Funds. Similarly, the expected long term return from the Multi Asset Fund would normally be considered to be lower than that of the Equity Fund but greater than that of the Bond or Cash Funds. The central allocation to each of the sub funds will be subject to regular review by the Trustee. The Trustee also review the managers and strategies used for each of the underlying Funds on a regular basis.

A lifestyle option based on gradual de-risking of investment strategy over the last 7 years prior to a member's anticipated retirement age is the default option for Defined Contribution members who do not wish to or feel they are unable to make their own fund choice.

CERS - STRUCTURE OF LIFESTYLING ARRANGEMENT

The CERS Trustees introduced 2 lifestyle options based on gradual de-risking of investment strategy over the last 7 years prior to a member's anticipated retirement age. The standard lifestyle (default option) and an ARF lifestyle strategy are available for Defined Contribution members who do not wish to or feel they are unable to make their own fund choice.

STANDARD LIFESTYLE STRATEGY

The Standard Lifestyle Option may be suitable for members who intend to purchase a pension from the CERS scheme at their normal retirement age (NRA). The strategy is based on gradual de-risking of investment strategy over the last 7 years prior to a member's NRA. This strategy is automatically included as part of the Multi Asset Fund (default fund). Members will invest 100% in the Multi Asset Fund until 7 years prior to their NRA with 10% being automatically transferred out of the Multi Asset Fund (to a combination of the Cash Fund 7.5% and Bond Fund 2.5%) in each of the last 7 years. Ongoing future contributions would also be invested in accordance with this Standard Lifestyle matrix with effect from the switch date. The member's fund will rebalance at yearly intervals thereafter.

The Scheme will have 4 Lifestyle dates each year, 1st January, 1st April, 1st July and 1st October. Once a member is within 7 years of their NRA, the first switch and contribution redirection will occur on the quarterly switch date immediately after the member's birthday.

THE STANDARD LIFESTYLE TABLE IS AS FOLLOWS:

Period Remaining to Normal Retirement Age	Allocation of Existing Assets and Future Contributions		
	Multi Asset Fund	Cash Fund	Bond Fund
More than 7 Years	100%	Nil	Nil
6-7 Years	90%	7.5%	2.5%
5-6 Years	80%	15.0%	5.0%
4-5 Years	70%	22.5%	7.5%
3-4 Years	60%	30.0%	10.0%
2-3 Years	50%	37.5%	12.5%
1-2 Years	40%	45.0%	15.0%
0-1 Year	30%	52.5%	17.5%

APPROVED RETIREMENT FUND (ARF) LIFESTYLE STRATEGY

The Approved Retirement Fund (ARF) Lifestyle Option may be suitable for members who intend to transfer their retirement accounts to an ARF at retirement instead of purchasing a pension from the CERS scheme. This strategy is based on gradual de-risking of investment strategy over the last 7 years prior to a member's normal retirement age (NRA). Members who select the ARF Lifestyle Option will invest 100% in the Multi Asset Fund until 7 years prior to their NRA with 5.5% being automatically transferred out of the Multi Asset Fund to the Cash Fund in each of the last 7 years. Ongoing future contributions would also be invested in accordance the ARF Lifestyle matrix with effect from the switch date. The member's fund will rebalance at yearly intervals thereafter.

The Scheme will have 4 Lifestyle dates each year, 1st January, 1st April, 1st July and 1st October. Once a member is within 7 years of their NRA, the first switch and contribution redirection will occur on the quarterly switch date immediately after the member's birthday.

THE ARF LIFESTYLE TABLE IS AS FOLLOWS:

Period Remaining to Normal Retirement Age	Allocation of Existing Assets and Future Contributions	
	Multi Asset Fund	Cash Fund
More than 7 Years	100%	Nil
6-7 Years	94.5%	5.5%
5-6 Years	89.0%	11.0%
4-5 Years	83.5%	16.5%
3-4 Years	78.0%	22.0%
2-3 Years	72.5%	27.5%
1-2 Years	67.0%	33.0%
0-1 Year	61.5%	38.5%

SUMMARY – VOLATILITY AND EXPECTED RETURNS

Fund	Volatility	Long term expected returns
Equity Fund	6	6
Property Fund	6	6
Multi Asset Fund	4	4
Alternative Asset Fund	3	3
Bond Fund	4	4
Cash Fund	1	1

7	Very High
6	High
5	Medium to High
4	Medium
3	Low to Medium
2	Low
1	Very Low

DEFINED BENEFIT SUB-SCHEMES – MEASUREMENT AND MANAGEMENT OF INVESTMENT RISK

In the case of Defined Benefit sub-schemes, investment risk is measured relative to the liabilities of the sub-scheme and is assessed at each triennial actuarial valuation. Investment risk is managed as set out below.

The Trustee require that the strategy outlined below be implemented as a condition of their supporting an extended funding proposal period of more than 3 years.

At the date of each actuarial valuation (normally every 3 years) the percentage of past service liabilities to be invested in the Bond Fund is calculated in accordance with the following table based on the age distribution of the employed and deferred members in the sub-scheme at the valuation date.

Period Remaining to Normal Retirement Date	% Of Past Service Liabilities to be Invested in Bond Fund
0 – 3 years	75%
3 – 5 years	50%
5 – 7 years	25%
Over 7 years	Nil

The balance of the assets of the sub-scheme is invested in the Multi Asset Fund.

This calculation results in an overall percentage of past service liabilities to be invested in the Bond Fund. This percentage is applied to the value of existing assets to determine the proportions to be invested in the Bond Fund and the Multi Asset Fund. Future contributions are allocated in the same proportions. Disinvestments to fund retirements will be made 75% from the Bond Fund and 25% from the Multi Asset Fund unless otherwise advised by the Scheme Actuary.

This strategy will be implemented on a phased basis as funding proposals, requiring a recovery period of more than 3 years, are implemented for each DB sub-scheme. Where the application of this strategy results in a material increase in the proportion of existing assets to be invested in the Bond Fund the increased bond content may be implemented on a phased basis in consultation with the Sponsoring Employer over the funding proposal period.

The employer sponsoring a DB sub-scheme may in consultation with the Trustee opt to have a greater allocation to the Bond and Cash funds than is derived from this strategy.

In the case of sub-schemes which do not require an extended recovery period the investment strategy to be adopted is determined by the Trustee in consultation with the Sponsoring Employer having regard to the liabilities of the DB sub-scheme.

DEFINED CONTRIBUTION SCHEMES AND ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Trustee' key investment objectives in relation to DC members and those paying AVCs are:

- To provide a suitable range of fund options to meet the requirements of individual members and
- To provide members with adequate information in relation to these options.

It is acknowledged that individual members will have different requirements depending on their age, their attitude to risk and investment knowledge.

RISK MEASUREMENT AND MANAGEMENT

The risks considered by the Trustee in determining the fund options currently available and their response to the management of these risks are shown below:

(a) The risk of insufficient long-term capital growth for younger members - managed by providing access to the Multi Asset Fund which has a benchmark allocation of 74% to return seeking assets.

(b) The risk that the value of a member's investment account may fall shortly before retirement due to stock market volatility leading to a permanent loss of retirement income - managed by offering members a Cash Fund and two Lifestyle options.

(c) The risk that bond yields may fall shortly before retirement leading to an increase in annuity costs and a permanent loss of retirement income - managed by offering members a Bond Fund and two Lifestyle options.

(d) The risk that members may have insufficient investment knowledge to make appropriate choices in relation to the investment of their accounts. This risk is managed by offering the two Lifestyle options, one of which is the default option in the event that a member does not make a written fund choice.

(e) The risk that individual Investment Managers may underperform leading to a loss of investment return - controlled by offering funds which are mainly managed on a passive basis and by broadly diversifying the Alternative Assets Fund.

(f) The risk of loss due to inadequate diversification and/or investment in unregulated markets - managed by only offering unitised funds which are themselves broadly diversified and which invest mainly in regulated stock markets.

06
Financial Statements for the Year Ended 31st May 2016

Statement of Trustee Responsibilities

The Financial Statements are the responsibility of the Trustee. Irish pension legislation requires the Trustee to make available for each Scheme year the annual report of the Scheme, including audited accounts and the report of the auditor. The financial statements are required to show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions for the Scheme year and the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year and include a statement as to whether the accounts have been prepared in accordance with the Statement of Recommended Practice – Financial Reports of Pension Plans (“SORP”) (Revised November 2014), subject to any material departures disclosed and explained in the accounts.

Accounting standards generally accepted in Ireland in preparing accounts showing a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

Accordingly, the Trustee must ensure that they have supervised the preparation of the Scheme accounts and ensure that:

- Suitable accounting policies are selected and then applied consistently;
- Reasonable and prudent judgements and estimates are made; and
- The SORP is followed, or particulars of any material departures are disclosed and explained.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), including accounts which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. It is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Signed by the order of the Trustee

Donal O’Brien
Director of Trustee company

Leo Crehan
Director of Trustee company

Approved by the Trustee on 16th November 2016.

Actuarial Statement 2016

WillisTowersWatson

On the instruction of the Trustee, we carried out an actuarial valuation of Construction Executive Retirement Savings (the "scheme") as at 31st May 2016.

The results of the valuation show that based on the ongoing assumptions used for the purposes of the valuation, the assets of the scheme were sufficient to meet the liability values of the following at 31st May 2016;

1. Pensions in payment;
2. Deferred benefits for members who have left service which are not covered by the pension arrangements for participating employers;
3. Guaranteed benefits for employed members in respect of service completed to 31st May 2016 which are not covered by the pension arrangements for participating employers;
4. Assets allocated to the pension arrangements for participating employers; and
5. Individual defined contribution accounts for certain deferred members which are no longer a liability of their former employers' pension arrangements.

Separate actuarial valuations are carried out for defined benefit pension arrangements for participating employers in order to determine the contribution rates required for these arrangements.

This statement is prepared on an "ongoing valuation" basis as distinct from a statutory discontinuance basis. It should not be taken to imply there will be adequate resources to secure identical benefits on a guaranteed basis should the Scheme have to consider a wind up in the future.

Actuarial valuations are not required for defined contribution pension arrangements.

No account has been taken of any events that have taken place after 31 May 2016. It is intended that the next valuation of the scheme will be carried out as at 31st May 2017.

James O'C

James O'Connor FSAI

Willis Towers Watson

21 December 2016

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

We have audited the financial statements of the Construction Executive Retirement Savings for year ended the 31 May 2016 which comprise of the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish pension law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Scheme's Trustee, as a body, in accordance with Section 56 of the Pensions Act 1990 and Regulations made there under. Our audit work and our work on contributions has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in such an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, as a body, for our audit work, our work on contributions, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and independent auditors in relation to the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustee is responsible for the preparation of the financial statements giving a true and fair view, and for ensuring that contributions are made to the Scheme in accordance with the Scheme's rules and the recommendation of the actuary. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish pension law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We do not report if the contributions payable to the Scheme during the year ended 31 May 2016 have been received by the Trustee within thirty days of the end of the Scheme year and whether in our opinion the contributions payable to the scheme for the year have been paid in accordance with the scheme rules and with the recommendations of the actuary if applicable.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements.
In addition, we read all other financial and nonfinancial information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 May 2016 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- are prepared in accordance with Generally Accepted Accounting Practice in Ireland.

Opinions on other matters prescribed by the Occupational Pension Scheme (Disclosure of Information) Regulations 2006 (as amended)

- In our opinion the financial statements include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended) which is applicable and material to the Scheme;

- As stated above we do not report if the contributions payable to the Scheme during the year ended 31 May 2016 have been received by the Trustee within thirty days of the end of the Scheme year and whether the contributions payable to the scheme for the year have been paid in accordance with the scheme rules and with the recommendations of the actuary if applicable.

Emphasis of matter

We have considered the adequacy of the disclosures made in notes 3.1 on page 34 to the financial statements in relation to contributions recognised on a cash receipts basis. The policy has been adopted due to the volume and variety of sub schemes in this Master Trust with different rules. It is not possible to reliably measure the contributions receivable on an accruals basis. While our opinion is not modified in this respect, International Auditing Standards require the auditors to draw this fact to the attention of the readers.

As set out in the basis of preparation of the financial statements on page 34, the transactions and assets in respect of the individual schemes for participating employees are included in the financial statements on an aggregate basis. Because of this, we have not reported on the position relating to contributions payable as set out above.

GRANT THORNTON

Chartered Accountants & Registered Auditors

Molyneux House

Bride Street

Dublin 8

16th January 2017

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Accounts for the Year Ended 31st May 2016

Fund Account as at 31st May 2016

Contributions and benefits	Note	2016 €	2015 €
Employers contributions	5	11,104,134	11,491,859
Employees contributions	5	3,421,923	2,909,457
Transfers from other schemes	6	1 ,286,774	715,512
Other income	7	156,301	-
		15,969,132	15,116,828
Benefits	8	(16,283,765)	(16,680,580)
Payments to and on account of leavers	9	(7,044,391)	(13,995,529)
Other costs	10	(1,995,241)	(4,673,520)
Administrative expenses	11	(1,663,081)	(1,658,799)
		(26,986,478)	(37,008,428)
Net withdrawals from dealings with members		(11,017,346)	(21,891,600)
Returns on investments			
Investment income	12	1,308,732	946,483
Change in market value of investments	13	6,496,343	70,968,472
Investment management fees	14	(196,939)	(196,062)
Net returns on investments		7,608,136	71,718,893
Net (decrease)/increase in the fund during the year		(3,409,210)	49,827,293
Net Assets of the Scheme at 1 June		507,730,526	457,903,233
Net Assets of the Scheme at 31 May		504,321,316	507,730,526

These financial statements were approved by the Trustee on the 16th November 2016 and are signed on their behalf by:

Donal O'Brien
Director of Trustee company

Leo Crehan
Director of Trustee company

Statement of Net Assets as at 31st May 2016

	Note	2016 €	2015 €
Investment assets			
Pooled investment vehicles	15	493,850,384	499,605,762
Cash on deposit	13	2,113,283	2,106,306
Total investments		495,963,667	501,712,068
Current assets	18	8,798,268	6,397,862
Current liabilities	19	(440,619)	(379,404)
Net assets of the Scheme at 31 May		504,321,316	507,730,526

The notes on page 34 to 43 form an integral part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Trustees Report and in the actuarial certificates included in the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on the 16th November 2016 and are signed on their behalf by:

Donal O'Brien
Director of Trustee company

Leo Crehan
Director of Trustee company

Notes to the Financial Statements

1. Basis of preparation

The Scheme was established by a Trust Deed dated 1st May 1971. The Scheme is now governed by a Definitive Trust Deed and Rules dated 12th March 2002 (as amended). The Scheme has been approved by the Revenue Commissioners. The Scheme pays pensions to retired members from the resources of the scheme and in the period up to retirement, individual member accounts are maintained within the Scheme for each member on a defined contribution basis.

The financial statements record the transactions of the Scheme during the period and summarise the assets held by the Trustee at the end of the financial year. The transactions and assets in respect of individual schemes for participating employees are included in the financial statements on an aggregate basis.

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (Revised November 2014), published by the Pensions Research Accountants Group.

2. Transition to FRS 102

This is the first set of financial statements to be prepared in accordance with FRS 102 and the revised Statement of Recommended Practice. Section 35 of FRS 102 requires the first set of financial statements that are prepared in accordance with FRS 102 to be prepared on the basis that FRS 102 always applied to the current and previous accounting periods. Full comparative figures in accordance with FRS 102 are required for the prior period and the Trustees are required to explain how the transition to FRS 102 affected its reported financial position and financial performance.

The Trustee has determined that there has been no change to the Scheme's Net Assets, as previously reported at 31 May 2014 and 31 May 2015, as a result of the transition to FRS 102. Accordingly there has been no change to the net increase or decrease in the fund reported in the prior year's financial statements.

3. Accounting Policies

The following principal accounting policies have been adopted in the preparation of the financial statements.

(3.1) Contributions

Contributions are recognised for the overall scheme on a cash receipts basis when they are received by the Scheme. This treatment is at variance with the requirements of Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised November 2014) and FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'. This policy is adopted because of the unique nature of this Master Trust. Due to the volume and variety of sub schemes in this Master Trust with different rules, it is not possible to reliably measure the contributions receivable on an accruals basis. The Trustee of the Scheme is unable to estimate what contributions are due to the scheme until returns are made by employers on behalf of the Scheme members in their employment. The cash receipts basis has been adopted in view of the fact that the overall effect of this treatment year on year is not material in terms of the fund account and net asset statement.

Accounting Policies (continued)

(3.2) Benefits Payable

Benefits are accounted for in the year in which they fall due and represent all benefits payable to leavers prior to the Scheme year end.

(3.3) Transfer to and from other schemes

Transfer values are accounted for as they are received/paid at a value determined by the Actuary advising the Trustee.

(3.4) Valuation of investments

The market value of pooled investment vehicles is based on the latest available bid price, as advised by the investment managers.

(3.5) Investment income

Income from quoted securities is accounted for when received. Income earned on investments in unit linked funds is not distributed but is accumulated with the capital of the funds. Any investment income earned relates to distributions actually paid out by the Investment managers.

(3.6) Investment management fees

Investment management fees are calculated as a percentage of the assets under management. Fees relating to unit funds are levied directly in either the unit price or by surrendering units from the Scheme to the value of the fee. Fees incurred in the year relate to funds managed on a segregated basis. All fees are borne by the Scheme.

(3.7) Pension levy

Pension levy is calculated on the basis of the aggregate market value of assets (excluding contingent assets) and is accounted for on accrual basis on that valuation date.

(3.8) Foreign exchange

Investments and current assets denominated in foreign currencies are translated into their Euro equivalents at the rates ruling at the year end. Transactions during the year have been translated at the rate of exchange ruling at the date of the transactions. Differences arising on translation of investment balance are accounted for in the Net Returns on investments and reported within ‘Change in Market Value of investments’ note 13 during the year.

4. Taxation

The Scheme has been approved as an Exempt Approved Scheme for the purposes of Section 774 of the Taxes Consolidation Act 1997 and thus the Scheme’s income and gains are generally exempt from taxation with the exception of an annual levy introduced in the Finance (No 2) Act 2011 which was signed into law on 22 June 2011 and introduced a four year annual levy of 0.6% on private pension funds. An additional levy was introduced in the Finance (No 2) Act 2013 of 0.15% and this resulted in an increase in the overall pension levy for 2014 from 0.6% to 0.75%. The levy continued into 2015 at a rate of 0.15%. The pension levy discontinued after 2016. In addition, tax relief is given on employer and member contributions to the Scheme and certain lump sum payments to members can be paid free of tax.

5. CONTRIBUTIONS

	2016 €	2015 €
Employer contributions		
Normal	7,283,374	7,693,008
Risk contributions	1,110,102	1,112,262
Special	2,710,658	2,686,589
	11,104,134	11,491,859
Employee contributions		
Normal	2,390,129	2,054,263
Additional voluntary contributions	1,031,794	855,194
	3,421,923	2,909,457

6. TRANSFERS FROM OTHER SCHEMES

	€	€
Individual transfers in from other schemes	1,286,774	715,512

7. OTHER INCOME

	€	€
Claims on term insurance policies	156,301	-

8. BENEFITS

	€	€
Pensions	12,502,161	12,426,716
Commutation of lump sum retirement benefits	3,049,549	3,834,584
Tax on excess lump sum retirement benefits	253,658	195,978
Lump sum death benefits	237,336	183,920
AVC early drawdown	241,061	39,382
	16,283,765	16,680,580

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	€	€
Transfer to approved retirement funds	3,914,258	8,646,618
Refunds of contributions in respect of non-vested leavers	10,655	12,972
Transfers to other arrangements	3,119,478	5,335,939
	7,044,391	13,995,529

10. OTHER COSTS

	2016 €	2015 €
Premiums on term insurance policies	1,262,840	1,198,581
Pension levy	732,401	3,474,939
	1,995,241	4,673,520

11. ADMINISTRATIVE EXPENSES

	€	€
Administration charges	1,504,250	1,524,167
Trustee fees and expenses	36,313	40,926
Pension Authority Fees	4,057	4,000
Marketing costs	-	277
Bank charges	2,714	2,376
Legal and consultancy fees	80,077	53,843
Audit fee	35,670	33,210
	1,663,081	1,658,799

12. INVESTMENT INCOME

	€	€
Deposit interest	17,110	37,297
Quoted and other securities	1,291,622	909,186
	1,308,732	946,483

13. RECONCILIATION OF INVESTMENTS

	Value at 01/06/2015	Purchases at cost	Sales proceeds	Change in market value	Value at 31/05/2016
	€	€	€	€	€
Pooled investment vehicles	499,605,762	69,760,843	(82,012,564)	6,496,343	493,850,384
Cash deposits	2,106,306				2,113,283
	501,712,068				495,963,667

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Indirect transaction costs are incurred through the bid offer spread on investments within pooled investment vehicles. The amounts of indirect transactional costs are not separately provided to the Scheme.

14. INVESTMENT MANAGEMENT FEES

	2016 €	2015 €
Investment management fees	196,939	196,062

15. POOLED INVESTMENT VEHICLES

The Scheme investments in pooled investment vehicles comprised:

At 31 May 2016

	Category (a) €	Category (b) €	Category (c) (i) €	Category (c) (ii) €	Total €
Equity	-	103,245,764	-	162,580	103,408,344
Bonds	-	40,151,036	235,317,274	-	275,468,310
Cash	-	34,903,728	-	-	34,903,728
Property	-	-	-	30,127,503	30,127,503
Others	6,198,694	38,890,471	-	4,853,334	49,942,499
	6,198,694	217,190,999	235,317,274	35,143,417	493,850,384

At 31 May 2015

	Category (a) €	Category (b) €	Category (c) (i) €	Category (c) (ii) €	Total €
Equity	-	118,628,605	-	187,700	118,816,305
Bonds	-	39,222,288	237,420,630	-	276,642,918
Cash	-	36,979,108	-	-	36,979,108
Property	-	-	-	20,433,124	20,433,124
Others	6,417,264	37,067,189	-	3,249,854	46,734,307
	6,417,264	231,897,190	237,420,630	23,870,678	499,605,762

16. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Category (a) The quoted price for an identical asset in an active market at the reporting date. This category comprises of exchange traded pooled investment vehicles and cash.

Category (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary. This category comprises of unlisted, open-ended pooled investment vehicles priced on a daily and weekly basis held in equity, bond, cash and alternative funds.

Category (c) Where a quoted price is not available and recent transactions of an identical asset on their own are either not available or are not a good estimate of fair value, the fair value is determined by using a valuation technique that uses:

(c) (i) observable market data; or

(c) (ii) other relevant data.

Included in this category are open-ended pooled investment vehicles priced on a monthly and quarterly basis and all closed-ended pooled investment vehicles. Category (c) comprises of pooled investment vehicles held in property and equity funds. Also included are bonds held in the segregated fund.

All valuations agree to the latest third party investment manager reports available at 31st May 2016. The bid prices are quoted by the investment managers in all of the categories.

The following shows the fair value hierarchy of the Scheme's investment assets and liabilities measured at fair value in the statement of net assets:

At 31 May 2016

	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	Total
	€	€	€	€	€
Pooled investment vehicles	6,198,694	217,190,999	235,317,274	35,143,417	493,850,384
Cash on deposit	2,113,283	-	-	-	2,113,283
	8,311,977	217,190,999	235,317,274	35,143,417	495,963,667

Analysis for the prior period is as follows:

At 31 May 2015

	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	Total
	€	€	€	€	€
Pooled investment vehicles	6,417,264	231,897,190	237,420,630	23,870,678	499,605,762
Cash on deposit	2,106,306	-	-	-	2,106,306
	8,523,570	231,897,190	237,420,630	23,870,678	501,712,068

17. INVESTMENT RISK DISCLOSURES

(a) Types of risk relating to investments:

The following sources of risk were considered when setting the investment strategy for the Scheme:-

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment adviser.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and are monitored by the Trustees through regular reviews of the investment portfolios.

The following table sets out the extent to which the various classes of investment assets are affected by financial risks:

Asset class	Credit risk	Market Risk		
		Currency	Interest rate	Other price
Equities	Low	Medium	Medium	High
Bonds	Low	Low	High	Low
Property	Medium	Low	Medium	High
Forestry	Medium	Low	Low	Medium
Absolute Return Funds	Medium	Medium	Medium	Medium
Currency Funds	Medium	High	Low	High
Cash	Low	Low	Low	Low

Further information on the Trustees' approach to risk management, credit and market risk is set out on the next page.

17. INVESTMENT RISK DISCLOSURES (CONTINUED)

(b) Investment Strategy

The investment objective of the Trustee is to maintain a portfolio of suitable assets of appropriate liquidity which will generate superior long term investment returns within acceptable limits of risk. The Trustee sets out to deliver to members a cost-effective investment solution that is appropriate to member requirements, sensitive to evolving conditions in investment markets and which is truly diversified and balanced.

The Trustee has adopted a prudent investment strategy with respect to pensions in payment. This seeks to match expected future liabilities with appropriate bonds. The Trustee arranges for the Actuary to complete an annual actuarial assessment of the sufficiency of the Scheme's assets to meet the pensioner liabilities.

For active members in defined contribution schemes the Trustees have prepared a range of investment solutions which permit members to construct investment strategies appropriate to their individual risk requirements. The CERS Multi Asset Fund is made available by the Trustee as a default strategy.

To reduce the risk of significant losses in expected benefit outcomes for active members nearing retirement, the Scheme is structured to systematically reduce investment risk as a member moves closer to the normal retirement age.

The Statement of Investment Policy Principles (SIPP) outlines the investment objectives and strategy for Construction Executive Retirement Savings. In setting asset allocation strategy the Trustee has considered:

- the Scheme's liability profile and funding position,
- a full range of asset classes,
- the risks and rewards of a range of alternative asset allocation strategies,
- the suitability of each asset class,
- the need for appropriate diversification.

The Trustee monitors the underlying risks through monthly investment reviews with their Investment Advisors.

Credit Risk

Construction Executive Retirement Savings is subject to direct credit risk in relation to its holdings of sovereign European government bonds, its cash balances and its holdings in pooled investment vehicles. It is indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Direct credit risk arising from exposure to sovereign European government bonds is mitigated by prudent diversification and by active monitoring and management of the bond portfolio. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager. Pooled investment arrangements used by the Scheme include unit linked insurance contracts, unit trusts and qualifying investor alternative investment funds.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle and in a number of the alternative investment pooled vehicles. This risk is mitigated by prudent diversification.

17. INVESTMENT RISK DISCLOSURES (CONTINUED)

Market Risk

(i) Currency Risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Trustee monitor currency exposure and use currency hedging within the equities allocation to manage overall currency exposure.

(ii) Interest Rate Risk

The Scheme's assets are subject to interest rate risk though it's direct holdings of European sovereign bonds, its cash holdings (direct) and its investment in pooled vehicles which invest in fixed income instruments.

Under the Scheme's investment strategy with regard to pensions in payment, if interest rates fall, the value of the fixed income investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the fixed income investments will fall in value as will the actuarial liabilities because of an increase in the discount rate.

(iii) Other Price Risk

Other price risk arises principally in relation to the Scheme's indirect (though pooled vehicles) exposure to growth assets including equities, property and alternative investment funds. The Scheme manages this exposure to overall price movements by constructing a portfolio of investments which is diversified across asset types, geographical regions and investment managers. The Trustee has embedded diversification into the investment process by setting ranges for the main asset class categories. These ranges also provide a framework for making informed decisions to vary the allocation within those bands.

18. CURRENT ASSETS

	2016	2015
	€	€
Prepayments	133,799	924,538
Cash at bank	8,655,114	5,470,019
Accrued income	9,355	3,305
	8,798,268	6,397,862

19. CURRENT LIABILITIES

	2016	2015
	€	€
Investment managers fees	98,067	34,832
Audit fees	35,670	33,210
PAYE payable	213,172	219,432
Legal fees	21,296	-
Sundry accrual	72,414	91,930
	440,619	379,404

20. RELATED PARTY TRANSACTIONS

a. **The Trustee:** The Trustee of the Scheme is outlined on page 6 of the report. Trustee costs incurred are disclosed in note 11 to the financial statements.

b. **The Registered Administrator:** The Trustee has appointed a Scheme administrator to carry out all administration functions associated with the Scheme. This administrator has been listed on page 6 of the report. Costs borne by the Scheme in respect of such administrative functions comprise administration charges as disclosed in note 11 to the financial statements.

c. **The Investment Managers:** The Trustee has appointed a number of Investment Managers to manage the Scheme's assets. A list of the investment managers has been included on page 7 of this report. Investment management fees are calculated as a percentage of the assets under management as described in note 3.6. Fees incurred are disclosed in note 14.

21. SUBSEQUENT EVENTS

There were no events post year end that would require amendments to or disclosure in this report.

22. COMPARATIVE FIGURES

The figures for the previous year have been restated, where necessary on the same basis as those for the current year. The reclassification has had no impact on the fund account and net asset statement.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 16th November 2016.

Notes

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