CERS
BUILDING FOR YOUR FUTURE

ANNUAL REPORT AND ACCOUNTS

for the Year Ended 31st May 2017

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

On behalf of the Board I am pleased to present you with the Annual Report of Construction Executive Retirement Savings (CERS) for the year ending 31st May 2017.

CERS is a Master Trust with an Independent Trustee Company which offers an important additional layer of independent protection for employers and employees. For employers, it removes the significant responsibility for taking on the Trustee role and the ensuing statutory, regulatory and investment issues which arise. For employees, it ensures that their interests as members of CERS are always treated as paramount.

The Directors of the Trustee Company meet on a monthly basis (with the exception of August). Through regular meetings with our independent investment adviser, the various fund managers and the scheme's actuarial and administration team, we are kept informed about the investment markets and the performance of the various Scheme's fund managers. We regularly review and fulfil the Trustee training requirements and keep ourselves up to date on pension industry developments.

I would like to thank the previous Chairman, Donal O'Brien, for his dedication and hard work over the years as Trustee and Chairman of the Scheme.

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.

I would also like to encourage members to consider the option of making additional voluntary contributions (AVCs) as a tax efficient way of saving for retirement.

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 and would encourage you to read it.

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.

Leo Crehan

Leo Crehan
Chairman of the Trustee

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 Standard Life Investments, BNY Mellon, Irish Forestry Unit Trust (IFUT) and the Irish Infrastructure Fund (IIF) form the Alternative Asset fund. Funds previously under management with Alder Capital Limited were disinvested in February 2017.
- 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 8.4%. Please refer to www.cers.ie/funds for information on returns from 1st June 2017 to date.
- Total benefits paid since the inception of CERS amount to €433.91 million.
- Total contributions by participating employers (and their employees) for the year amounted to €18.094 million. This represents a significant increase over the previous 12 months.
- An actuarial valuation of the Scheme was carried out as at 31st May 2017 and this indicated that the Scheme's assets were in excess of its liabilities. The actuarial valuation was carried out on a Minimum Funding Standard basis. The relevant certificates have been submitted to the Pensions Authority and are available on request. The next actuarial valuation will be carried out to ascertain the value of the assets and liabilities as at 31st May 2018.
- At 31st May 2017 there were 1,246 active members in relevant employment. There were 1,077 pensioners receiving benefit and 2,126 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

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 protection and death 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. Where applicable, pensions are increased annually. The level of increase granted will be in line with the option chosen by the member at the time of retirement.

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 Financial Services and Pensions Ombudsman at The Offiice of Financial Services and Pensions Ombudsman, 4th Floor, Lincoln House, Lincoln Place, Dublin 2, for final adjudication.

The Financial Services and 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 Leo Crehan (appointed as Chairman 1st January 2017) Donal O'Brien (resigned 31st December 2016) Colman Cronin Michael Kennedy Gerry Morrissey Brian O'Neill Conor Scott
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	Brian Mulcair Consulting Actuary Willis Towers Watson Ireland Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4
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 (ceased February 2017) 61 Merrion Square, Dublin 2 Allied Irish Banks Plc. 1-4 Lower Baggot Street, Dublin 2 Allied Pension Trustees Limited (ceased June 2017) 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 17 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 Ten, Earlsfort Terrace, Dublin 2

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Investments

Investments Review

1st June 2016 to 31st May 2017

The period under review was marked by a solid global economic backdrop. For the first time in a number of years, we are seeing evidence of synchronised growth with the three main engines being US, Eurozone and China. In the 12 months, growth in the Eurozone picked up more than generally expected despite some degree of political uncertainty.

There has been little clear direction in bond markets, reflecting this absence of inflation. From very low levels, we did see some upward shift in bond yields (fall in prices), in anticipation of central banks reducing their bond buying programmes. This was more pronounced in the US which is further along in its economic cycle and on a clear path to higher interest rates. There was less of a clear trend in Eurozone bonds and the fund return was marginally negative in the 12 months.

This was a very friendly environment for equity markets. Low interest rates and resilient profits growth on the back of better economic numbers were the main drivers of equity returns. Contrary to recent years, company profit forecast were maintained and we saw double digit returns from most developed equity markets. This performance was achieved despite a number of surprises on the political front such as the Brexit referendum in the UK and the election of Donald Trump in the US.

The CERS Property Fund enjoyed another solid year as Irish commercial property remains much sought after and supply is still restrained. The CERS Alternative Assets Fund declined marginally as absolute return and currency funds struggled to make their target returns in this period. Our exposure to assets such as forestry and infrastructure continue to deliver solid long term returns. The CERS Cash Fund was again slightly negative reflecting current interest rate policies.

Equities were the top performing major asset class in the period and, together with property, were very much the driver of performance in the CERS Multi Asset fund. Bonds and alternatives made little contribution to returns in this particular period. The fund remains very well diversified across the various asset classes and currencies.

The asset distribution of the Multi Asset Fund at year end 31st May 2017 was:

Asset Type	Manager	Weight
Equity	Irish Life Investment Managers	53%
Bonds	Irish Life Investment Managers	14%
Alternative Assets	SLI GARS, BNY Mellon, IFUT & IIF	13%
Property	IPUT, SSGA, F&C, KBI	11%
Cash	Irish Life Investment Managers & Bank Deposit	9%

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 2017

CERS Multi Asset Fund	CERS Bond Fund	CERS Cash Fund	CERS Equity Fund	CERS Property Fund	CERS Alternative Asset Fund
+8.4%	-1.8%	-0.7%	+16.5%	+4.9%	-0.3%

The returns shown above are net of the annual management charge.

Please visit www.cers.ie/funds for up to date fund performance.

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 2016	€20,110,010
Net contribution - Subscriptions / (Withdrawals)	(€ 9,124,880)
Appreciation / (Depreciation)	€ 245,126
Value of the assets at 31st May 2017	€11,230,256

How the assets are invested

Equities		Bonds		Other	
North America	15.58%	Govt Bonds	22.93%	Precious Metal	9.64%
Europe ex UK	15.01%	Corp Bonds	3.92%	Infrastructure Funds	3.09%
UK	11.68%	Index Linked Bonds	1.84%	Renewable Energy	1.81%
Pacific ex Japan	2.27%	EM Debt	1.41%	Currency Hedging	2.24%
Japan	2.14%	**Total Bonds**	**30.10%**		
Other	1.73%			**Overall Total**	**100.00%**
Total Equities	**48.41%**	**Cash & Cash Equivalents**	**4.71%**		

Overview of Investment Performance

Global equity markets performed strongly over the period underpinned by recovering economic growth, stronger company earnings and generally still loose monetary policy, in spite of rising interest rates in the US. Government bonds and corporate-debt holdings generated positive returns over the period.

The Fund benefited especially in the first three months of 2017 from the reversal of some of the investor optimism in Donald Trump's ability to generate the growth he has promised. Market euphoria dissipated somewhat and investors began to concentrate more on fundamentals.

The Fund's return-seeking assets made a positive contribution, particularly from equities, while corporate bonds made a marginally positive one. The Fund's stabilising assets and hedging positions, in particular currency hedging, also made an albeit smaller positive contribution. This was largely as a result of hedging non-euro exposure back to the base currency of the Fund. A position in Mexican government bonds also had a positive influence on returns. Derivative instruments were the main detractors to returns, largely because of the cost of significant equity protection implemented in the Fund.

In terms of activity, additions were made in a broad range of companies about which other market participants had changed their view making them cheaper. These include US retailer Dollar General, Dong Energy and Associated British Foods (the owners of Primark). Strong performance allowed the manager to take some profits in technology holdings, such as Microsoft, SAP and Samsung SDI. The stock prices of such companies had benefited from equity market optimism following Trump's election – a degree of profit taking was deemed prudent.

BNY Mellon Investment Management EMEA Limited is registered in the UK

The gross investment return for the period +1.98%

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 2016	€4,853,327
Net contribution - Subscriptions / (Withdrawals)	(€ 108,545)
Appreciation / (Depreciation)	€ 217,123
Value of the assets at 31st May 2017	€4,961,905

How the assets are invested

The portfolio of the fund comprises commercial forests covering an area of more than 17,000 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 (circa 4.5% of forest assets which equates to 3.3% of the total fund value) in Scotland and Northern England.

Region	% Weight
Connacht	32.45%
Leinster	19.54%
Munster	40.30%
Ulster	2.50%
Ulster (NI)	0.74%
England	1.15%
Scotland	3.32%

Overview of Investment Performance

Net Timber revenue for the period was €4.8 million. IForUT has a policy of actively managing timber sales through timber price cycles to improve long term performance. A total of €28.1 million was invested in new forest properties in the period. Net subscription of all Trust units was €9.47 million for the period and the total of net assets attributable to unit holders in the Trust increased to €228.7 million from €218.6 million at the end of May 2016.

The Trust currently has a queue for new investment of c. €49 million and is actively pursuing new forest assets to invest these funds. Forest operations showed timber sales of 112,000m3 / €4.8 million in Ireland and the UK. IForUT has also continued to negotiate several new forest acquisitions (over 800ha) as well as forest improvement works and harvesting road construction.

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

The gross investment return for the period +4.47%

Irish Infrastructure Fund

AMPCAPITAL

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 2016	€5,382,352
Net contribution - Subscriptions / (Withdrawals)	(€ 53,595)
Appreciation / (Depreciation)	€ 291,654
Value of the assets at 31st May 2017	€5,620,411

Overview of Investment Performance

2016 was a busy year with major bids being pursued on Viridian, the Mater Private Hospital, Valley Healthcare, and a private nursing home group as well as significant work completed with the management of Towercom, Cyclone, and the Convention Centre Dublin to improve each asset's operational performance.

In the lead up to and following the U.K referendum AMP Capital had consulted with the executive management teams and Boards of the Fund's portfolio companies surrounding the potential implications of Brexit on their operations and financial circumstances.

With regard to one asset, Cyclone Wind, the investment team made the decision in 2016 to conduct a review of the operational performance of several of the key sites in cooperation with third party wind experts to update the previous forecasts for wind and power output. The conclusion of this work (coupled with a reduction in the long-term forecast for power prices in N.I.) was a reduction of the output forecast. This should bring future forecasts more in line with historic performance and, as a result, we expect these assets will now perform more closely to benchmarks. The impact of this was a reduction in the market value of the asset since the June 2016 valuation. At the fund valuation level, the negative impact of this reduction was partially offset by the positive performance of Towercom and the Convention Centre Dublin.

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 5.47%

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 unique characteristics that determine the appropriate asset allocations between risk & 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 2016	€178,300,528
Net contribution - Subscriptions / (Withdrawals)	€ 8,130,561
Appreciation / (Depreciation)	€ 17,285,247
Value of the assets at 31st May 2017	€203,716,336

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.

The gross investment return for the CERS Equity Fund for the period +17.4%

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.

The gross investment return for the CERS Cash Fund for the period -0.3%

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% ML>10 Year Bonds and 25% ML EMU Large Cap Non-Financial Corporate Bonds. The fund is re-balanced on a quarterly basis.

The gross investment return for the CERS Bond Fund for the period -1.1%

Irish Life Investment Managers

CERS Multi Asset (MA) Bond Fund

CERS 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 30% ML>10 Year GDP Bonds, 40% ML 1-5 Year EMU Government Bonds and 30% ML EMU Large Cap Non-Financial Corporate Bonds. The fund is re-balanced on a quarterly basis.

The gross investment return for the CERS Multi Asset (MA) Bond Fund for the period +0.3%

Overview of investment performance

For the year ending 31st May 2017 equities have generated positive returns. Positive support has come from an improving economic and earnings backdrop and attractive valuations relative to other asset classes. Equity markets quickly recovered the losses associated with the UK vote to leave the EU in June 2016 as central bank policy reactions at the time ensured there was no negative financial spill over from the referendum outcome. Expectations of additional fiscal stimulus, particularly post the election of Donald Trump as US President also supported markets in late 2016 as has the improvement in the global economic backdrop in recent months. The FTSE® World Index returned 16.78% for the 12 months period.

The Irish economy has improved with economic releases over the last year generally being strong. The ISEQ returned 8.43% for the year ending 31st May 2017. Eurozone bonds have generated negative returns over the last twelve months. Low levels of inflation, global geo-political tensions and ongoing accommodative central bank policies resulted in core Eurozone bond yields declining over the first half of 2016. Yields however have risen from these lows on evidence of a pick-up in inflation and concerns over a possible reduction in the level of policy accommodation being provided by central banks. Higher US bond yields due to an expected increase in US inflation and more issuance of bonds to fund additional fiscal spending have also pulled global bond yields higher. The ML EMU >5 yrs bond index returned –1.02% for the year ending 31st May 2017.

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

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 2016	€235,317,274
Net contribution - Subscriptions / (Withdrawals)	€ 9,099,566
Appreciation / (Depreciation)	(€ 2,346,652)
Value of the assets at 31st May 2017	€242,070,188

Country	% Weight
Italy	17.83%
France	28.76%
Ireland	14.33%
Spain	12.71%
Germany	15.17%
Belgium	8.21%
Netherlands	1.32%
Austria	1.63%
Cash	0.04%
Total	**100.00%**

Overview of Investment performance

Eurozone bonds have generated negative returns over the last twelve months. Low levels of inflation, global geo-political tensions and ongoing accommodative central bank policies resulted in core Eurozone bond yields declining over the first half of 2016.

Yields however have risen from these lows on evidence of a pick-up in inflation and concerns over a possible reduction in the level of policy accommodation being provided by central banks. Higher US bond yields due to an expected increase in US inflation and more issuance of bonds to fund additional fiscal spending have also pulled global bond yields higher. The ML EMU >5 yrs bond index returned –1.02% for the year ending 31st May 2017.

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

The gross investment return for the Pensioner Fund for the period -1.1%

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 2016	€18,780,468
Net contribution - Subscriptions / (Withdrawals)	(€ 8,708,581)
Appreciation / (Depreciation)	(€ 289,885)
Value of the assets at 31st May 2017	€ 9,782,002

Overview of Investment performance

The Global Absolute Return Strategies Fund (GARS) recouped losses suffered near the start of the review period. Politics and speculation over central bank action were influential factors throughout that time. In particular, the UK's decision in June to leave the EU and the election in November of Donald Trump as US president took markets by surprise.

The UK's unexpected decision to leave the EU disrupted financial markets, although central banks intervened to provide reassurance. Shares in large UK exporters performed well, rewarding our UK equities position. However, worries over the EU's future hurt our European equities strategy. Our stock selection was particularly negative at this time. We were positioned for modest growth, which was at odds with a market shift to defensive, safe-haven investments. Confidence in global growth subsequently recovered, particularly after Donald Trump's presidential victory and his pro-growth pledges. This supported our position in US equities. However, bond markets weakened, and several of our interest rate and credit strategies fell.

Moving into 2017, negative returns from our Australian rates positions were offset by good performance from our position preferring UK government bonds to European government bonds. Later, the US Federal Reserve lowered its expectations for future interest rate rises. This, and reduced expectations for President Trump's spending plans, hurt our position preferring US banks to US consumer staples, as banks benefit from rising rates and economic activity.

Our volatility strategies were also negative, as equity markets were relatively calm. France's election of pro-EU candidate Emmanuel Macron boosted sentiment towards Europe. This resulted in positive returns from our European equity position but penalised our currency positions that seek to profit from a weaker euro.

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

The gross investment return for the period -0.8%

Property Commentary year ended 31st May 2017

This was another robust year for investment returns from Irish property, with good returns from all sectors; office, retail and logistics. Strong domestic economic growth and constrained supply remain the key pillars of this positive property outcome. Office take-up remains very strong in the capital with Dublin 2 and 4 being the biggest element in take-up activity. The vacancy rate for Grade A property in this prime area was just 2% at the end of the period and prime office yields were steady at just over 4.5%.

Demand remains strong and while we will see an increase in supply; financing and planning factors have moved that out somewhat. While there have been one or two high profile announcements of "Brexit-driven" relocations in the capital, the full extent of such activity is still uncertain.

Consumer sentiment has stabilised at reasonably high levels and this has been supportive of the improvement we have seen in the retail property sector. Rents in prime retail areas in Dublin have stabilised but expected to move higher, although retailers (especially international retailers) have become increasingly strategic about their entry, expansion and relocation plans.

Rents in the logistics sector have also stabilised after a solid run up from 2014, and appetite for good logistics property remains strong. The backdrop of low interest rates and good economic growth is supportive for the asset class.

The CERS Property fund remains well diversified over a number of quality managers.

PROPERTY COMMENTARY Continued

Friends First Property Fund

Value of the assets

Value of the assets at 31st May 2016	€5,802,203
Net contribution - Subscriptions / (Withdrawals)	€ 0
Appreciation / (Depreciation)	€ 410,262
Value of the assets at 31st May 2017	€6,212,465

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.

IPUT

Irish Property Unit Trust

Value of the assets

Value of the assets at 31st May 2016	€ 8,979,031
Net contribution - Subscriptions / (Withdrawals)	€ 2,500,000
Appreciation / (Depreciation)	€ 687,381
Value of the assets at 31st May 2017	€12,166,412

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 2016	€2,697,804
Net contribution - Subscriptions / (Withdrawals)	(€ 1,017,056)
Appreciation / (Depreciation)	(€ 73,888)
Value of the assets at 31st May 2017	€1,606,860

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 2016	€7,266,113
Net contribution - Subscriptions / (Withdrawals)	€ 0
Appreciation / (Depreciation)	€ 561,914
Value of the assets at 31st May 2017	€7,828,027

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 +4.9%

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 ASSET FUND

The Alternative Asset Fund invests in a wide range of assets and strategies. For example, the Alternative Asset 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 Asset Fund is diversified across a range of assets, strategies and managers. The objective of the Alternative Asset Fund is to reduce volatility through diversification.

The Alternative Asset Fund may be expected to exhibit a lower level of volatility than the Equity Fund. 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. This Fund may be a suitable vehicle for part of a member's assets to improve diversification. The underling 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 Asset 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	4	4
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 Asset 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.

This Trustee Report was approved by the Board of Trustee on 23rd January 2018 and are signed on their behalf by:

Leo Crehan
Director of Trustee Company

Colman Cronin
Director of Trustee Company

Construction Executive Retirements Savings

06
Financial Statements for the Year Ended 31st May 2017

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

Leo Crehan
Director of Trustee company

Gerry Morrissey
Director of Trustee company

Approved by the Trustee on 22nd November 2017.

Actuarial Statement 2017

WillisTowersWatson

Construction Executive Retirement Savings (PB3538)

Actuarial Statement for year end 31 May 2017

On the instruction of the Trustee, we carried out an actuarial valuation of Construction Executive Retirement Savings (the "scheme") as at 31st May 2017.

Ongoing funding assessment

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 2017:

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 2017 which are not covered by the pension arrangements for participating employers; and

4. Individual defined contribution accounts for certain deferred members which are no longer a liability of their former employers' pension arrangements.

5. Assets allocated to the pension arrangements for participating employers.

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. Actuarial valuations are not required for defined contribution pension arrangements.

Funding Standard assessment

As required under Section 55 of the Pension Act, I also carried out an actuarial assessment to review the position of the scheme on the statutory Funding Standard and Funding Standard Reserve basis as set out in Section 44 of the Pensions Act 1990. These are discontinuance funding assessments. I can confirm that I am satisfied that the scheme satisfied the Funding Standard and the Funding Standard Reserve requirements as at 31 May 2017. Separate certificates are prepared for the defined benefit pension arrangements of participating employers. In making these statements reference has been made to guidance issued by the Society of Actuaries in Ireland under Actuarial Standard of Practice PEN-3.

This statement should not be taken to imply there will be adequate resources to secure identical benefits on a guaranteed basis in the event of a winding-up of the scheme. No account has been taken of any events that have taken place after 31 May 2017. It is intended that the next valuation of the scheme will be carried out as at 31st May 2018.

Brian Mulcair FSAI

Willis Towers Watson

9 January 2018

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

We have audited the financial statements of the Construction Executive Retirement Savings for year ended 31 May 2017 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 Trustee's Responsibilities set out on page 28, 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 2017 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 2017 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 2017 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 note 2.1 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

22nd November 2017

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Accounts for the Year Ended 31st May 2017

Fund Account as at 31st May 2017

Contributions and benefits	Note	2017 €	2016 €
Employers contributions	5	14,046,086	11,104,134
Employees contributions	5	4,048,383	3,421,923
Transfers from other schemes	6	735,462	1,286,774
Other income	7	-	156,301
		18,829,931	15,969,132
Benefits	8	(15,322,669)	(16,283,765)
Payments to and on account of leavers	9	(5,566,067)	(7,044,391)
Other costs	10	(1,269,380)	(1,995,241)
Administrative expenses	11	(1,726,494)	(1,663,081)
		(23,884,610)	(26,986,478)
Net withdrawals from dealings with members		(5,054,679)	(11,017,346)
Returns on investments			
Investment income	12	1,990,115	1,308,732
Change in market value of investments	13	14,629,002	6,496,343
Investment management fees	14	(201,897)	(196,939)
Net returns on investments		16,417,220	7,608,136
Net increase/(decrease) in the fund during the year		11,362,541	(3,409,210)
Net Assets of the Scheme at 1 June		504,321,316	507,730,526
Net Assets of the Scheme at 31 May		515,683,857	504,321,316

These financial statements were approved by the Trustee on the 22nd November 2017 and are signed on their behalf by:

Leo Crehan
Director of Trustee company

Gerry Morrissey
Director of Trustee company

Statement of Net Assets as at 31st May 2017

	Note	2017 €	2016 €
Investment assets			
Pooled investment vehicles	13	505,210,014	493,850,384
Cash on deposit	13	2,127,565	2,113,283
Total investments		507,337,579	495,963,667
Current assets	18	8,861,458	8,798,268
Current liabilities	19	(515,180)	(440,619)
Net assets of the Scheme at 31 May		515,683,857	504,321,316

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 Trustee. 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 Trustee's Report and in the actuarial statement 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 22nd November 2017 and are signed on their behalf by:

Leo Crehan
Director of Trustee company

Gerry Morrissey
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. For each member on a defined contribution basis, individual member accounts are maintained within the Scheme.

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. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Scheme's financial statements:

(2.1) 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.

(2.2) 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.

(2.3) 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.

(2.4) Valuation of investments

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

Accounting Policies (continued)

(2.5) 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.

(2.6) 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.

(2.7) 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. The levy ceased from 31 December 2015.

(2.8) 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' during the year. Refer to Note 13.

3. Judgement in applying accounting policies and key sources of estimation uncertainty

(3.1) Fair value determination

The extent to which the fair value determination of investments requires judgement based on a hierarchy of accounting literature. Refer to note 16.

(3.2) Fair value measurement

Management uses valuation techniques to determine the fair value of investments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

	2017 €	2016 €
Employer contributions		
Normal	7,622,701	7,283,374
Risk	867,581	1,110,102
Special	5,555,804	2,710,658
	14,046,086	11,104,134
Employee contributions		
Normal	2,863,790	2,390,129
Additional voluntary contributions	1,184,593	1,031,794
	4,048,383	3,421,923

6. TRANSFERS FROM OTHER SCHEMES

	€	€
Individual transfers in from other schemes	735,462	1,286,774

7. OTHER INCOME

	€	€
Claims on term insurance policies	-	156,301

8. BENEFITS

	€	€
Pensions	12,545,451	12,502,161
Commutation of lump sum retirement benefits	2,431,004	3,049,549
Tax on excess lump sum retirement benefits	2,412	253,658
Lump sum death benefits	343,802	237,336
AVC early drawdown	-	241,061
	15,322,669	16,283,765

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	€	€
Transfer to approved retirement funds	2,461,714	3,914,258
Refunds of contributions in respect of non-vested leavers	27,238	10,655
Transfers to other arrangements	3,077,115	3,119,478
	5,566,067	7,044,391

10. OTHER COSTS

	2017 €	2016 €
Premiums on term insurance policies	1,269,380	1,262,840
Pension levy	-	732,401
	1,269,380	1,995,241

11. ADMINISTRATIVE EXPENSES

	€	€
Administration charges	1,524,500	1,504,250
Trustee fees and expenses	36,527	36,313
Pension Authority Fees	4,188	4,057
Bank charges	2,533	2,714
Legal and consultancy fees	123,076	80,077
Audit fee	35,670	35,670
	1,726,494	1,663,081

12. INVESTMENT INCOME

	€	€
Deposit interest	6,762	17,110
Quoted and other securities	1,983,353	1,291,622
	1,990,115	1,308,732

13. RECONCILIATION OF INVESTMENTS

	Value at 01/06/2016 €	Purchases at cost €	Sales proceeds €	Change in market value €	Value at 31/05/2017 €
Pooled investment vehicles	493,850,384	73,484,261	(76,753,633)	14,629,002	505,210,014
Cash deposits	2,113,283				2,127,565
	495,963,667				507,337,579

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

	2017 €	2016 €
Investment management fees	201,897	196,939

15. POOLED INVESTMENT VEHICLES

The Scheme investments in pooled investment vehicles comprised:

At 31 May 2017

	Category (a) €	Category (b) €	Category (c) (i) €	Category (c) (ii) €	Total €
Equity	-	120,857,139	-	15,152	120,872,291
Bonds	-	37,240,371	242,070,188	-	279,310,559
Cash	-	45,618,826	-	-	45,618,826
Property	-	-	-	33,434,176	33,434,176
Others	-	21,012,258	4,961,904	-	25,974,162
	-	224,728,594	247,032,092	33,449,328	505,210,014

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	240,170,608	30,290,083	493,850,384

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 2017. 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 2017

	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	Total
	€	€	€	€	€
Pooled investment vehicles	-	224,728,594	247,032,092	33,449,328	505,210,014
Cash on deposit	2,127,565	-	-	-	2,127,565
	2,127,565	224,728,594	247,032,092	33,449,328	507,337,579

At 31 May 2016

	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	Total
	€	€	€	€	€
Pooled investment vehicles	6,198,694	217,190,999	240,170,608	30,290,083	493,850,384
Cash on deposit	2,113,283	-	-	-	2,113,283
	8,311,977	217,190,999	240,170,608	30,290,083	495,963,667

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 Risks

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 Risks

(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

	2017	2016
	€	€
Prepayments	133,508	133,799
Cash at bank	8,727,085	8,655,114
Accrued income	865	9,355
	8,861,458	8,798,268

19. CURRENT LIABILITIES

	2017	2016
	€	€
Investment managers fees	79,678	98,067
Audit fees	35,670	35,670
PAYE payable	231,176	213,172
Legal fees	14,245	21,296
Sundry accrual	154,411	72,414
	515,180	440,619

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 2.6. 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. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 22nd November 2017.

Notes

CERS
BUILDING FOR **YOUR FUTURE**

CONSTRUCTION EXECUTIVE RETIREMENT SAVINGS
Canal House, Canal Road, Dublin 6

T +353 1 407 1430
F +353 1 507 7490
E info@cers.ie

01-18-Public