

The Central Treasury Trust – The Central Treasury Managed Fund

Quarterly Update Q3 2016

FUND OBJECTIVE

The investment objective of the Central Treasury Managed Fund (the 'Fund') is to provide investors with a competitive rate of return and capital preservation on a medium-term basis with instant access to funds.

FUND FACTS (at 30th September 2016)

Fund Size	€273 million
Fund Access	Daily
Annual Management Fee	up to 0.50% of the net asset value (NAV) of the fund
Trustee Fee:	Up to 0.025% of the NAV of the Fund
Current Return on the Fund*	0.03%

* This calculation is an annualised return based on the income distributed by the Fund during the last month of the quarter. In this case it refers to the return on the Fund during September 2016.

Currency: Euro
Unit Class: Class A Units

Manager: Davy Investment Fund Services
Investment Manager: J&E Davy

NET ASSET VALUE (at 30th September 2016)

NAV €100.00 per unit

Performance for Q3 2016** 0.03% (net of fees)

**This calculation is an annualised return based on the income distributed by the Fund during July, August and September 2016.

DAVY FUND ENQUIRIES

Please contact your Investment Manager or call 01-614 8957.

In publishing this Quarterly Update, Davy aims to provide a summary of the Fund's activity and performance in the previous financial quarter which may be of interest to you. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.

CHART 1: The Central Treasury Managed Fund Performance to 30th September 2016

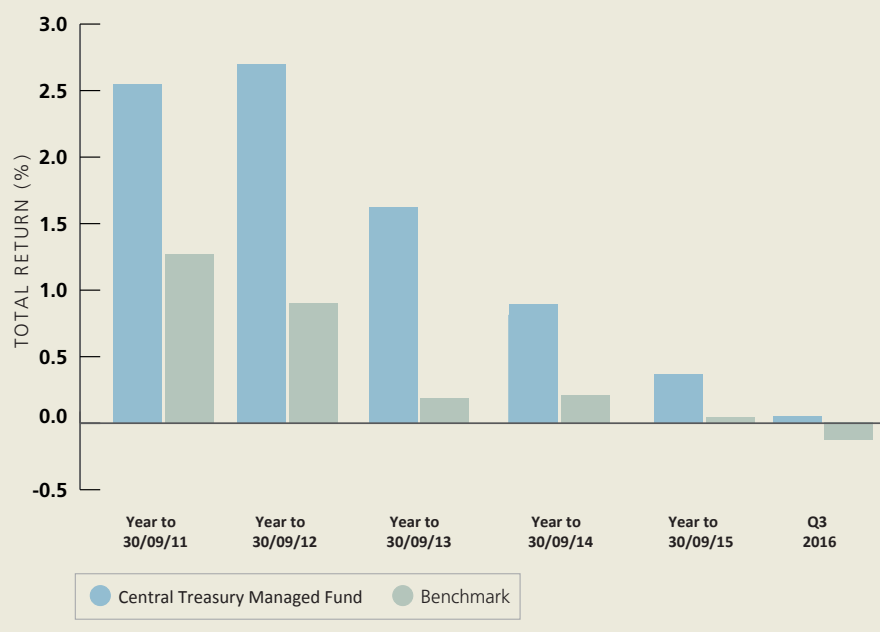


TABLE 1: The Central Treasury Managed Fund Performance to 30th September 2016

	Year to 30/09/11 (%)	Year to 30/09/12 (%)	Year to 30/09/13 (%)	Year to 30/09/14 (%)	Year to 30/09/15 (%)	Q3 2016 (%)
Fund	2.55	2.70	1.62	0.95	0.42	0.03
Benchmark (3m Euribor)	1.27	0.90	0.21	0.25	0.02	-0.30

MARKET REVIEW

- The ECB (European Central Bank) left its current range of measures unchanged, meaning that Bund yields barely changed during the quarter. The Bank of England cut rates to 0.25% and launched a series of monetary easing measures in an effort to ward off a post-Brexit recession.
- The Federal Reserve held off on raising rates. A rate hike is broadly expected by year-end.

PORTFOLIO UPDATE

- The Portfolio generated a return of 0.03% during Q3 2016 (net of fees), outperforming its benchmark (3m Euribor) which returned -0.298 over the period.
- The Fund is 100% invested in cash deposits.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. This product may be affected by changes in currency exchange rates.

MARKET REVIEW

The quarter was characterised by lower volatility and a general rebound in risk appetite following a tumultuous second quarter. Sentiment was more positive on the basis that monetary policy is expected to remain accommodative and interest rates will stay lower for longer.

In the UK, the Bank of England cut interest rates and reintroduced quantitative easing in the wake of economic uncertainty generated from the vote to leave the EU, or 'Brexit'. Meanwhile, the Federal Reserve opted to hold off on increasing rates and kept rates unchanged during the quarter. In Europe, the ECB commenced its corporate bond programme and it is widely anticipated that it will extend its asset purchase programme beyond March next year.

Closer to home, Moody's upgraded the long term deposit ratings of the following Irish banks: AIB, Bank of Ireland and Permanent TSB. Moody's said the ratings action was driven by a sharply improved operating environment as well as favourable developments in other credit fundamentals, notably asset quality. The rating actions follow the change in Moody's Irish Macro Profile to "Strong" from "Moderate+"

Table 3: 10 Year German Government Bond Yields to 30th September 2016

	30/09/12 (%)	30/09/13 (%)	30/09/14 (%)	30/09/15 (%)	30/09/16 (%)
10-Year German Government Bond	1.442	1.779	0.947	0.587	-0.119

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PORTFOLIO UPDATE

Despite external performance headwinds including the zero interest rate environment, and ongoing deposit rate cuts by the Irish banks, the Fund outperformed its benchmark (3m Euribor) considerably and generated a return of 0.03% during the quarter (net of fees).

The ECB has extended its quantitative easing programme in place beyond March 2017. This means that rates are likely to be lower for longer, and deposit rates are unlikely to improve any time in the near future.

We maintain a significant proportion of the Fund in short duration deposits to meet potential redemptions. We have placed a prudent portion of the Fund in term deposits of duration between three and twelve months in order to secure more attractive deposit rates.

TABLE 4: Counterparty Risk at 30th September 2016

Bank	Long Term Issuer Rating	% of fund invested
Bank of Ireland	Baa1	21.07
AIB	Baa2	5.5
Permanent TSB	Ba3	23.49
Rabobank	Aa2	23.7
Ulster Bank	Baa3	18.89
Investec Bank PLC	A2	7.35
Total		100

STRUCTURE The Fund is a sub-fund of the Central Treasury Trust, an open-ended umbrella unit trust authorised in Ireland by the Central Bank of Ireland under the Unit Trusts Act 1990. The Fund qualifies as a retail investor alternative investment fund (Retail Investor AIF) for the purposes of the Central Bank's regulations on collective investment schemes. Subscriptions may only be based on the current Prospectus together (where applicable) with the most recent annual report and (if issued after such report) the most recent semi-annual report. Investors should read the Prospectus and Supplement for the Fund prior to making a decision to invest. A copy of the Prospectus, supplement and reports (where issued) may be obtained free of charge from Davy at Davy, 49 Dawson Street, Dublin 2 or the Administrator to the Fund.

Investors should be aware that some of the Directors of the Manager (Davy Investment Fund Services) are also employed by the Investment Manager and Distributor (J&E Davy). Further information in relation to the management of potential conflicts of interest is available upon request. Our conflicts of interest policy is available at www.davy.ie.

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