

# The Central Treasury Trust – The Central Treasury Managed Fund

## Quarterly Update Q1 2017

### 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 31st March 2017)

Fund Size	€237 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*	0.00%

\* 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 March 2017.

Currency: Euro

Unit Class: Class A Units

Manager: Davy Investment Fund Services

Investment Manager: J&E Davy

### NET ASSET VALUE (at 31st March 2017)

NAV €100.00 per unit

Performance for Q1

2017\*\* 0.00% (net of fees)

\*\*This calculation is an annualised return based on the income distributed by the Fund during January, February and March 2017.

### 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 31st March 2017

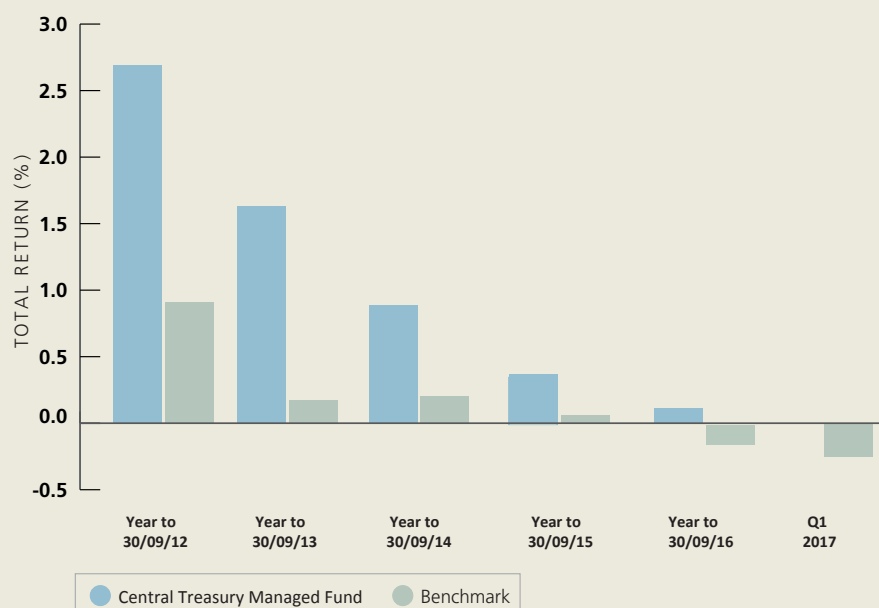


TABLE 1: The Central Treasury Managed Fund Performance to 31st March 2017

	Year to 30/09/12 (%)	Year to 30/09/13 (%)	Year to 30/09/14 (%)	Year to 30/09/15 (%)	Year to 30/09/16 (%)	Q1 2017 (%)
Fund	2.70	1.62	0.95	0.42	0.08	0.00
Benchmark (3m Euribor)	0.90	0.21	0.25	0.02	-0.21	-0.33

### MARKET REVIEW

- The US Federal Reserve raised rates once again at the March 2017 meeting, increasing its key interest rate by 0.25%
- Meanwhile, the European Central Bank (ECB) appears to be leaning towards an exit mechanism of the stimulus programme in place given improving economic data emerging from Europe. Increased pressure has been put on the ECB for an interest rate hike in 2017 to combat rising inflation levels across the Eurozone which is a growing concern.

### PORTFOLIO UPDATE

- The Portfolio generated a return of 0.00% during Q1 2017 (net of fees), outperforming its benchmark (3m Euribor) which returned -0.33 over the period.
- The Fund is 100% invested in cash deposits.

Duration of Deposit	On Demand	1-31days	1-3months	3-6months	6-9months	9-12months
% of Fund***	15%	35%	9%	20%	15%	6%

\*\*\*The above duration is calculated as at 31st March 2017

**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

In the US, the Federal Reserve raised rates for the first time in 2017, increasing its key interest rate by 0.25%.

Meanwhile, the ECB appears to be leaning towards an exit mechanism of the stimulus programme in place given improving economic data emerging from Europe. However, an improvement in the interest rate environment facing fixed income investors is unlikely to materialise in the near term. The Bank of England is expected to adopt a wait and see attitude amidst heightened economic uncertainty after the Prime Minister Theresa May invoked Article 50, which begins a 2-year process that will see the UK leave the EU.

The deposit rate environment deteriorated during the quarter, with banks reducing rates on short term deposits further into negative territory or alternatively announcing their intention to withdraw from certain segments of the market.

**Table 3: 10 Year German Government Bond Yields to 31st March 2017**

	31/03/13 (%)	31/03/14 (%)	31/03/15 (%)	31/03/16 (%)	31/03/17 (%)
10-Year German Government Bond	1.289	1.566	0.18	0.153	0.328

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## PORTFOLIO UPDATE

Despite external performance headwinds including the zero interest rate environment, and introduction of negative deposit rates by some institutions, the Fund outperformed its benchmark (3m Euribor) considerably and generated a return of 0.00% during the quarter (net of fees).

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 31st March 2017**

Bank	Long Term Issuer Rating	% of fund invested
Bank of Ireland	Baa1	25.00
AIB	Baa2	0.00
Permanent TSB	Ba3	24.61
Rabobank	Aa2	25.00
Ulster Bank	Baa3	25.39
Investec Bank PLC	A2	0.00
<b>Total</b>		<b>100</b>

**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](http://www.davy.ie).

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