



# Super is long term

2020 ANNUAL REPORT

  
Nambawan  
Super







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## Who we are

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# Context of the Fund

## Our members

Naitasawa Super is PNG's largest superannuation fund and 11% for everyone, no matter how young or old.

As a result of members' hard work and the fund's prudent asset management, members enjoy a return of investments that is equal to or better than the market.

## Our operating environment

### Regulatory

Naitasawa Super Limited (NSL) is an authorised superannuation fund (ASF), regulated and monitored by the Bank of Papua New Guinea (BPNG), and is subject to Prudential Standards set by MPPG No.4. (The Fund) is a contribution fund (accumulation fund) approved under the Superannuation General Prudential Act 2000.

The Fund is governed by the Board of Directors of Naitasawa Super Limited, the Fund's Corporate trustee (the Trustee). NSL operates solely to benefit its members.

The Fund has a strong growth record. It continues to attract new members and has a good retention record with 85,000 members. It continues to find new ways and methods to provide its services to meet member needs and aspirations. NSL has seen a 50% improvement in insured income in recent years despite challenging economic conditions locally and globally.

### Economic

The economy of Papua New Guinea (PNG) is dominated by labor intensive agriculture and capital intensive extraction of oil, gold, copper, and silver. Mining and petrochemicals account for over a quarter of PNG's gross domestic product (GDP), followed by agriculture, forestry and fisheries, contributing 30% to GDP.

Real GDP is projected to be around 4.0% in 2020 due to its recently passed 2020 National Budget. The PNG Treasury reports real GDP contraction (led by 32% in 2020) due to the impact of the Corona Virus Pandemic (COVID-19) and slow down in the resources sector output, particularly the lengthy closure of Porgera Mine. 2020 Budget shows a revenue shortfall of PGK1.6 billion which is expected to be funded from a \$300 million financing assistance from Japan and Australia plus \$500m from multi-lateral like the Asian Development Bank and the International Monetary Fund.

The Government of PNG has been running persistent budget deficits, with a debt/GDP ratio of around 125% in 2019. The deficit is expected to be funded by PGK4 billion (10%) from external debt, with debt financing of PNG's open already account, and the remaining 30% is to be funded internally by issuing domestic debt (Government Investment Stock and Treasury Bills).

Annual inflation inflated averaged 5.0% over the last 5 years but has slowed down to 3.2% in late 2020, according to National Statistical Office. The Government expects inflation of around 4.0% in 2021, largely due to the significant softening of demand at both the domestic and international fronts from COVID-19 lockdowns. The various economic stimulus packages announced by Governments around the globe would ease inflationary pressure in the medium term and we expect

## • gradual increase in inflation

Given the COVID-19 pandemic, and the impact on international commodity prices, the Bank of PNG reduced the Key Policy Rate (KPR) to 3.0% in April 2020, compared to 5.0% in December 2019.

The PNG KPR has depreciated to a level lower than the pre-PNG LMG Project risk, exacerbated by the COVID-19 pandemic. The depreciation of KPR will impact PNG's external debt position, interest payments, and foreign exchange reserves.

The 2020 budget places more emphasis on growing the Agriculture, Fisheries, and Forestry (AFF) sector, with an added focus on the development of Micro, Small, and Medium Enterprises (MSMEs) via credit assistance and tax incentives to further growth. With an estimated projection of 10,000 jobs created annually over the next 5 years, this provides an opportunity for super funds to leverage its growing membership base as well as delivering targeted financial literacy to MSME and the informal sector.

The Government has also put the public sector reform agenda on the table again and we expect this to gain more traction going forward as an important pre-condition of any IMF assistance to the State of PNG.

We expect the following impact on NSI's business as the year 2020 gives the above operating environment:

- State retrenchment would cause a fall on NSI account balances
- Offshore lending would decrease the supply of Treasury Bills and GS, reducing NSI investment opportunities
- Fall in credit rating of the State of PNG would increase repayment charges against NSI State securities lowering investment returns

## Strategic:

The original 2017 and 2020 Northstar Super undertook a comprehensive re-evaluation of its 2016 – 2020 Strategic plan and completed the development of the new 5-year strategic plan for 2020 – 2025. While preparing our new 5-year Strategic plan, the world has been met with the greatest health and economic challenge in a century. The COVID-19 global pandemic, COVID-19 has had a deep impact on business globally. Operationally there have been short-term considerations, but we believe long-term our strategic focus will remain unchanged.

The North Star focus for the next 5 years is centred around the four Strategic Pillars:

- Strong Investment and Funds management
- High Quality Investment member experience
- A highly developed People and Culture, equipped to deliver the Northstar Vision
- Future Innovation
- Regulatory compliance and transparency

The new strategic plan elevates innovation to a critical focus area for the Fund, ensuring attention is given to the ongoing re-evaluation with technology, but also products and services. Northstar Super has new members joining each and every day many of whom will be our customers for the next 20, 30, and 40 years. Global standards continue to shift and change and our members enjoy the use of global technology we must be able to adapt to meet future customer expectations.



## Our Story

### *Strong and Independent*

Traditionally we worked our customary land, planting and nurturing our gardens – understanding that today's bread would bear fruit tomorrow. Our work added to us, accumulated wealth, lit the pipe and fed the money.

While this continues today, for most of us, saving is now in the form of cash, currency, and increasingly superannuation.

Just as we will always protect our land, our superannuation today, all we need is protecting. While you work, your super grows your wealth through your contributions and returns from investments. The longer you keep the money in your super account invested, the more you will enjoy your retirement.

Living with the right super fund means we can get on with our lives with a sense of comfort, control, and pride, while our fund goes about looking after our savings. The right super fund is with us while we get on with our work.

It's like family – looking after our interests, sitting with us year in, year out, through all the phases of our life.

And it means when we finally stop working and the income stops, our super savings will be there in retirement, for us and our family.

Our members come from all walks of life – from workers in health and care, our companies to fishermen, and from crocod, coffee, and sugar farmers to the employees of the country's biggest companies as well as public servants such as teachers, nurses, and police officers.

No matter what you do, where we work, or whether our cultural ties, it's always to family that binds us together.

Members embrace this spirit. It looks after its members like family – because to Nantawan, that's what they are.









# Chairman's Statement

## Reginald Monagi

On behalf of the Numbawa Super Board, it is my pleasure to present the 2020 Annual Report.

- Numbawa Super's Net Asset Value (NAV) totals K1.14 billion (up from K76 billion).
- Net profit for the year 2020 was K19 million.
- 1% return for members.
- Total contributions for 2020 were K221 million (an increase from K212 million in 2019).
- Total member payouts were K225 million (a decrease from K516 million).
- Fund membership grew to 207,966 (up from 194,251 in 2019).
- The management expense ratio was 1.05%.

### Our performance

During the 2020 financial year, Numbawa Super Limited declared a net after-tax profit of K19 million. This result enabled the Fund to declare an interest crediting rate of 1% to its Members. The Fund's net worth has grown by 2% to K1.14 billion.

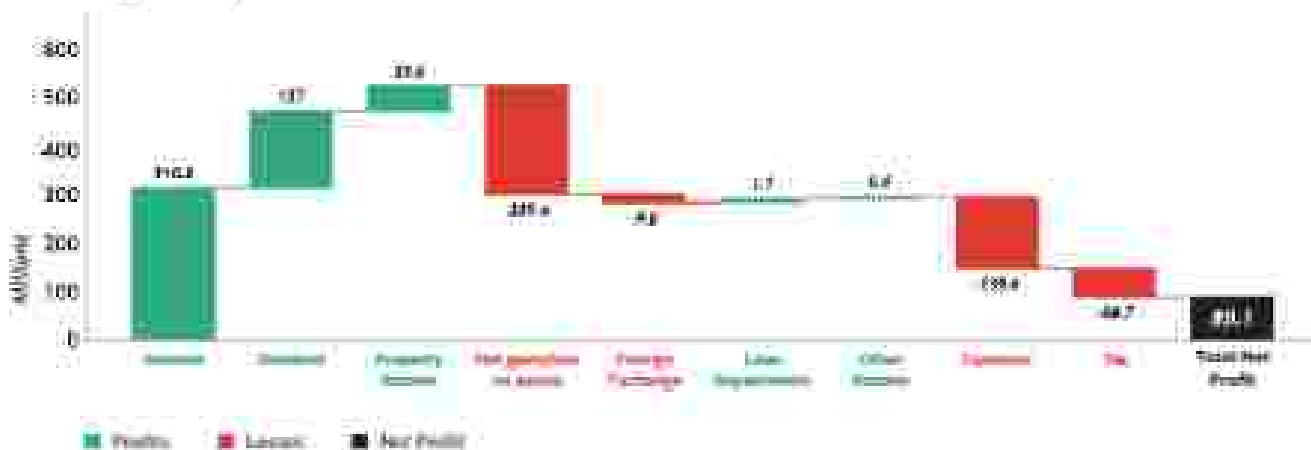
I know our members will always expect high returns each year. However, our results are a true reflection of the extraordinarily difficult economic conditions faced in 2020. This has worsened by the global Coronavirus pandemic, heavily impacted values and returns for many of the Fund's key investments in the PNG economy.

While the 2020 result is disappointing for our members, the primary cause in the drop in profit was the reduced values of some of the Fund's well-established PNG investments, which are expected to bounce back once economic conditions improve.

If our business and priorities are still important to our investment mix, and the Fund believes as economic conditions improve their asset values will bounce back.

Despite lower than average investment performance in 2020 the compound average returns over the past 5-year have

### Earnings and Expenses



been 5.7%, almost a full percent over CPI for the period, which means real returns to members over the longer term.

Our members should know that our crediting rate changes year to year, based on how well investments have performed during the year. Local and global economic conditions impact how much interest can be paid. Superannuation returns generally go down if economic conditions impact.

But a year or two with lower returns should not worry members – as super is a long-term investment that members contribute to over their whole working life. There will be high returns when economic conditions pick up. So, in the long term, the average crediting rate evened out and member savings continue to grow.

#### Membership

Adding to our growth, the Fund has overcome another hurdle notably, the Fund's membership which has grown by 4% from 199,261 to 207,286. Choice Super membership benefited from a long-term business development initiative that enabled the Fund to onboard large sectors paid allowances or fees electronically for the first time. The group can wait for when they are no longer receiving regular fees, resulting in a 29% growth in memberships increasing from 12,445 to 17,284. Our Retirement Saving Account membership stood at 1,889 with 8141 in total assets.

Our overall member contributions increased by 6% from \$270 million to \$285 million. Our payments were down from \$400 million to \$364 million. In 2020, we paid \$40 million in housing advances to 1,199 members.

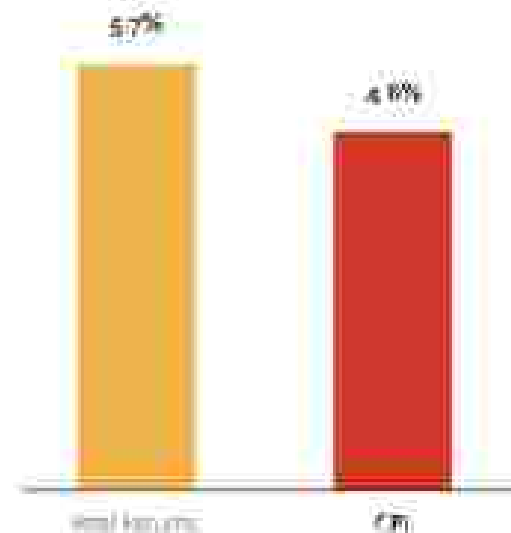
It's also pleasing to see that our mainstream super members making voluntary contributions have increased from 26,711 to 28,660 with \$106 million in savings. I encourage more members to continue to save and put additional voluntary contributions into Nambawan Super. This will enable you to maximise your returns and build wealth from our consistent investment returns and the power of compounded interest.

#### Board

In 2020, our Deputy Chair, Irena Ianki stepped down from the Nambawan Super Board following accepting a new executive leadership position with Kiva Bank. Kiva Bank is one of Nambawan Super's key local service providers, providing both Licensed Investment Management, and Fund Administration services to the Fund. Mrs Ianki resigned due to the conflict of interest that arose following her appointment to Kiva Bank as Executive General Manager of Banking.

On behalf of the Board, I would like to take this opportunity to thank Mrs Ianki for her contributions during her tenure. Mrs Ianki has been a devoted Director for Nambawan Super since 2014. She has played a key role in the Fund's transformation over the past 6 years, bringing strategic oversight and guidance to a broad range of initiatives that have been critical to the Fund's modernisation and progression.

#### NSL Average Return vs CPI over 5 years



### Our future

The tough economic climate from 2020 has carried over to 2021, but we will continue to manage the Fund to maximise returns within our risk tolerance.

The Coronavirus pandemic is the greatest crisis the UK, and the world have faced in the last century. It has already had a catastrophic effect on the global and national economies, as shown by our 2020 results. The pandemic has fundamentally changed the way we operate, as it continues to pose a significant risk to the Fund, our members, and our stakeholders.

Nantawarr Super is focussing on the future for members, beyond the pandemic. In addition to growing members' retirement savings, we have a small group of officers exploring options to help members access housing. For many years we have heard this is another important issue for members. Currently, members see their super as one of the only options they have to buy housing or address immediate financial needs.

Superannuation is for the time when you are no longer working, without a regular income, and it is important in PNG where we have no pension system. However, there is no doubt securing a home while you are working will help ensure a comfortable retirement, so Nantawarr Super is continuing to explore options that will provide members super, and a home.

In closing, Nantawarr Super continues to work hard for all our members, their families, and the country. Despite challenging times, we hope our members can see that their superannuation savings continue to grow to provide a comfortable retirement.

In these tough times, I would encourage all members to continue to save, and to not be distracted from saving by the changing economic climate. Saving remains critical to the long-term financial survival of all our members, as superannuation is long term."

On behalf of the Board, Management, and Staff of Nantawarr Super, I thank all our Members and stakeholders for their continued support.



Reginald Monagi  
Chairman of the Board

“

Saving remains critical to the long-term financial survival of all our members as superannuation is long term.

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# CEO's Statement

## Paul Sayer

It is my pleasure to join with our new Chair of Nantawan Super, Mr Greg Maragl, to present our 2020 Annual Report. Nantawan Super had a difficult year in 2020 due to the Covid-19 pandemic, which is reflected in our financial results.

### Financial Results

The Fund recorded a net profit of 100 million, which has enabled us to credit 1% interest to our members. I know members will always expect high returns, however, members should also realize that this may not always be possible as investments that we make can fluctuate in value at any given time especially now during this pandemic, which has impacted both domestic and global economies.

I would like to take this time to remind our members that superannuation is a long-term investment, and fluctuations in returns from year to year are expected. Under the excellent regulatory environment embedded since 2002, FMC Superannuation Funds have enjoyed 20 years of growth.

Nantawan Super continues to manage a diverse and balanced portfolio of investments and the Fund operates an investment portfolio with the risk of a negative return in 1 out of 20 years, and yet Nantawan Super members have enjoyed 20 years of positive returns.

During this tough economic climate, we will continue to manage the Fund to maximize returns within the risk tolerance. The results provided are not due to poor management or poor regulation, but the perfect storm of poor local economic conditions coupled with the biggest global economic downturn in 100 years.

We need to trust that we are investing for the long term and at times, we must hold our nerve and wait for the eventual market recovery that we know do occur.

### Nagata Plan

In light of COVID-19, Nantawan Super in 2020 implemented Nagata Plan in response to the threat of the pandemic on our operations.

This included key changes to the Fund's operations particularly in the branches that have limited staff to member and member to member contact as part of the Nantawan Super's Nagata Plan.

Nantawan Super has reviewed and responded to the threat of pandemic on our operations, and have focused on rapidly growing our remote operational ability. This ensures that staff able to still work outside from our office locations and even from their homes.

The Fund has been urging members to utilize the new hot-call number established in 2020, 180 1598. For all inquiries as well as utilizing other online services such as the internet portal instead of visiting the Branches.

Each branch has been supplied protective screens, so staff and members are prohibited during face-to-face interactions and clear social distancing markers for members are in all Branches.

These operational changes will continue into 2021 until the threat of COVID-19 is adequately reduced that the State can reduce measures that are clearly still needed to protect the people of PNG.

Emergency measures limiting large events have proven challenging as the Fund established new ways to communicate with members and limit face-to-face meetings with our members and employees. These challenges provided opportunities for innovation such as live streaming the annual employer conference around the country. In 2021 we will take this even further – to reach more employers and members.

#### Highlights

In 2020 we actually paid higher ongoing payments than the \$76 million paid in 2019 but ended up paying only \$527 million to members in 2020. This is mostly due to 2019 having a large number of members who had left in previous years receiving the unfunded state share benefit payments as the State caught up with its obligations.

We paid the highest unemployment benefits in the 20-year history of the Fund, which was expected given the impact that Covid-19 has had on some employees. However, indicators the impact of COVID-19 has been far reaching. There was an upturn in contributions, which is good for the overall health of the Fund.

#### 2021 developments

Covid-19 has not affected work on one of our listed investments, the Rangenow project. The project is on schedule with the residential section of the project, known as Rangenow Estate, expected to be completed mid-2021, and the retail section Rangenow Plaza, slightly thereafter.

The project as a whole has been the focus of a lot of interest. In the not too distant future, there will be a marketing campaign showcasing all that the project offers for Port Moresby. The residences will offer something different to the locals and the new plaza will bring a lot more vitality to the residents of Port Moresby.

Members should expect to see returns on this investment the following year.

Despite the threat of COVID-19 still looming, our work must go on. Our teams look at ways to utilize digital channels to continue to deliver member engagement and education. Our Branch in Mt Hagen has already opened with a new modern look similar to that of other regional offices. Our investment team will continue to manage liquidity to ensure we can respond to members' needs. Our Board will meet and provide the necessary oversight and advice to our operations.

At Nambawan Super, we have the Members' best interest at the top of our priorities. On behalf of all our Members, I extend my gratitude to our Board Chairman and Directors, Members of our Committees, our Investment Manager and Fund Administrator, our service providers, and above all our hardworking staff for their efforts in making sure our Members' best interests are served.

Remember Super is for the long term. Nambawan Super provides the best options for our members to save a little more now, for a lot more later to ensure they can have a comfortable retirement.

  
Paul C. Sayer  
Chief Executive Officer



## Our Strategy

Over the past 5 years, the Board and Management embarked on the delivery of a 5-year strategic plan that drove the Club forward in areas such as that 5-year plan came to fruition, the Club achieved consistent cost growth, strengthening and committed loans, and exceptional interest satisfaction scores.

Taking stock of where we are today and where we want to be in the long term, a new 5-year strategic plan to guide the Club from 2020-2025, was developed. More than ever our focus is on members and supporting them to achieve their best rates from us today.

With our members at the heart of what we do, we refined our Vision and Purpose and set our next 5-year strategic roadmap.

### Our Vision

To be recognized as PNC's Superannuation provider of choice with members at the heart of everything we do.

### Our Purpose

Our purpose is to help members achieve their best retirement outcomes.

### Our Values

#### Service excellence

Our members are at the centre of everything we do. We are respectful and responsive to our members and other staff to deliver high quality cost rates.

#### Collaboration

We support each other and work together as one team to the benefit of our members.

#### Openness

We are open to new ideas and transparent in how we operate and communicate with our members.

#### Trust

We act honestly and respect each other to do the right thing and be accountable for our actions and outcomes.

#### Innovation

We create a safe environment to think outside the square and challenge ourselves to continuously improve. We focus on improving ourselves, our relationships, our services to members, and our operations.



## Our new Strategic Roadmap 2021-2025

### Strategic investment and fund management

Our investment strategy is identified and aligned to our risk profile to optimise the return for members.

### High quality integrated member experience

The member experience is tailored to their needs and connects across organisational boundaries.

### Develop our people and culture to deliver our vision

We are a values-based performance focused organisation that supports and develops its people.

### Foster innovation

We are innovative and embrace new models and service design and leverage technology to improve our efficiency and effectiveness.

### Regulatory compliance and improvement

We are proactive in our compliance, including our Environmental, Social and Corporate Governance obligations, and work with Government and other stakeholders to ensure regulatory involvement to support our members' needs.

“

To be recognised as PFG's Superannuation provider of choice with members at the front of everything we do.

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## FUND RESULTS FOR YEAR TO DATE

**K89  
million**

Record net profit



**K8.14 billion**

Net asset value

**1%**

Credited  
to member  
accounts



**K42 million**

Saved voluntarily



**207,986**

Fund members



**4,989**

Retirement  
Savings Account  
(RSA) members



**K466 million**

In benefit payments made to members



**17,184**

Choice Super members



**K815 million**

Contributions received



**416**

RSA fortnightly income stream recipients



**1,336**

Members received Housing Advance



**49%**

Male



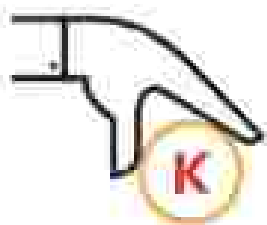
**51%**

Female

Gender balanced workforce

**28,860**

Members making voluntary contributions





## How we work

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For Everyone







# Our Corporate Governance and Risk

## Why this matters to us

Nippon Yusen Kaisha is involved with the savings of everyday, hardworking Papua New Guineans. Superannuation savings are often the only savings our members have. After a lifetime of work and for many members, superannuation is an extremely important asset that, if well managed, is helping millions secure and live with dignity for many years.

The Superannuation (General Provisions) Act 2000 introduced critical reforms to governance, investment decision-making, sustainability, and good reporting.

A key to making the superannuation funds sustainable has been the compulsory payment of employee contributions to members' accounts. This pool of funds needs to be deployed, and this is our proven track of investment capital is helping build the nation while making returns for members.

Good governance matters, as a first to member fund, Nippon Yusen Kaisha delivers real returns for members (over the long term) – and we have the good fortune of administering directly 100% building PNG.

## How we create value

Nippon Yusen Super Limited ("the Fund") is a defined contribution fund (accumulation fund), approved under the Superannuation (General Provisions) Act 2000. The Fund is governed by the Board of Directors of Nippon Yusen Super Limited, the Fund's Corporate Trustee ("the Trustee"). The Fund exists to invest monies contributed by or on behalf of members for their retirement. It has no purpose other than to secure the interests of its Members.

The Trustee's primary responsibility is to ensure that the Fund is managed according to the Principles of Good Corporate Governance. To achieve this objective, the Board implements the Key Corporate Governance Principles across its operations. These Corporate Governance Principles are:

1. Compliance with the Law
2. Effective Leadership
3. Integrity
4. Accountability and
5. Risk Management.

Nippon Yusen Super Limited is an Approved Superannuation Fund (ASF), incorporated and registered by the Bank of Papua New Guinea (BPG), and is subject to the Prudential Standards imposed by BPG from time to time. The BPG Superannuation



Prudential Standard *governance* – and specific requirements for the Board Structure and Responsibilities, including Investment, Risk Management and Remuneration of License Holders, and its Officers, to ensure that License Holders are properly managed and that robust, informed and impartial decisions are made in the best interests of its members.

- 1 Chairperson
- 9 Trustee Directors
- 9 Member Representatives
- 3 Board Committees
- 7 Board meetings in 2020
- 39 Committee meetings in 2020
  - 8 Audit & Risk Committee
  - 6 Remuneration & Nominations Committee
  - 14 Investment Committee
  - 9 Nominations Committee
  - 1 Membership Committee

## Board changes in 2020

Ms Linda Tsui resigned from the Board in August 2020 to take up a new Executive position, which created a conflict of interest, preventing her from continuing with PCL.

## Looking Long Term

Under the leadership of Roy Murray, the Board is focused on succession with an immediate focus on replacing three Directors that will have having reached their maximum tenure on the Board under the Superannuation Prudential Standards. New Directors will sit on the Board for up to 9 years and play a critical in driving the long-term outcomes of the Fund.

The Board is committed to continuing the implementation of the New 3-year Strategic Plan, including the growth of the new Technical Entry Program that commenced mid-2020.

Engagement across all key fund stakeholders will be a priority for the Board, from the Regulatory, Bank of PNG to Members, the Board will continue to ensure the Fund will be PNG superannuation provider of choice.

Board Tenure



■ 0-3 years

■ 4-6 years

■ 7-9 years

**1**

Chairperson

**9**

Trustee Directors

**9**

Member Representatives

**5**

Board Committees

**7**

Board Meetings  
in 2020

**39**

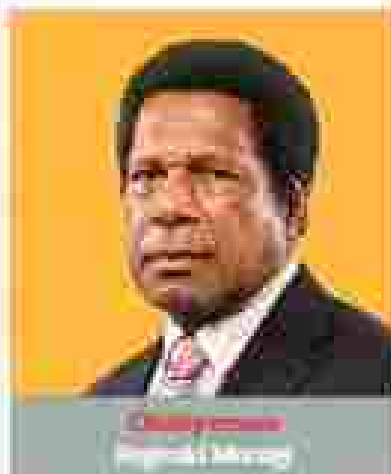
Committee Meetings  
in 2020





# Our Board

The Smithsonian Superfund Board consists of all Independent and Non-Executive Directors.



**Chairman**  
**Robert Johnson**  
Board Chairman since June 2008 and Director since September 2014

Robert Johnson has extensive public sector experience having previously worked with the U.S. Coast Guard, Bureau of Prisons, Customs & Border Protection (CBP), U.S. Postal Service (USPS), North American Electric Reliability Corp (NERC), Federal Reserve (FRB) and State (FRB) and the U.S. Postal Service, U.S. Army, and U.S. Navy.

Mr. Johnson is a faculty member at New York University (NYU) Stern School of Business, Adjunct Lecturer and Lecturer of Corporate Finance at NYU Stern, and a past member of the Board of Directors of the American Institute of Company Directors, with a specialty in corporate finance.

He is a founding member of the NED Institute (NEDi.com).



**Deputy Chair**  
**Cheryl Clark**  
Deputy Chairperson to August 2008 and Independent Director since September 2014

Cheryl Clark was the Regional (NE) CEO for United Energy, the first Director (Chair) of the Business Institute for Women, and former Executive Director of the National Wildlife and Conservation Society of Women and a Member of National Administrative Council for Women, University of Maryland, Annapolis, MD. She is also a graduate of the Executive Business School, Master of Management, Harvard and completed the graduate program for the Association to Advance Collegiate Schools of Business International (AACSB).



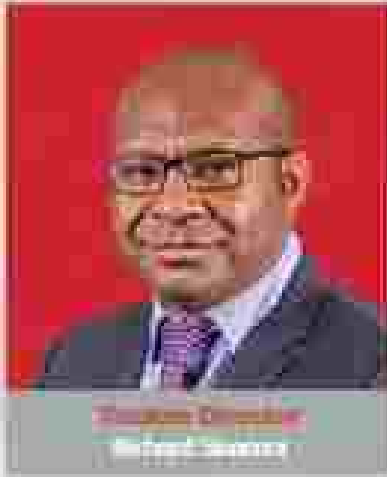
**Past Director**  
**Anthony Brown**  
Past Director and Board Chairman up to June 2008, Director since August 2011

Anthony Brown was Chair of the Board of Smithsonian Superfund Superfund Trust. Mr. Brown was also acting Chair for several years for the government of the United States Secretary of Energy at the Office of Superfund Remediation and Containment Technology at the United States Environmental Protection Agency and President Emeritus of the National Institute of Environmental Health Sciences. He was former president of the National Institute for Environmental Health Sciences, and was a past president of the American Institute of Company Directors, with a specialty in corporate finance. He was a past member of the Board of Directors of the United States Environmental Protection Agency and was a past member of the Board of Directors of the United States Environmental Protection Agency. He was a past member of the Board of Directors of the United States Environmental Protection Agency and was a past member of the Board of Directors of the United States Environmental Protection Agency.









**Chief Executive Director**  
Richard Ingham

**Chief Executive Director**  
Director since December 2017

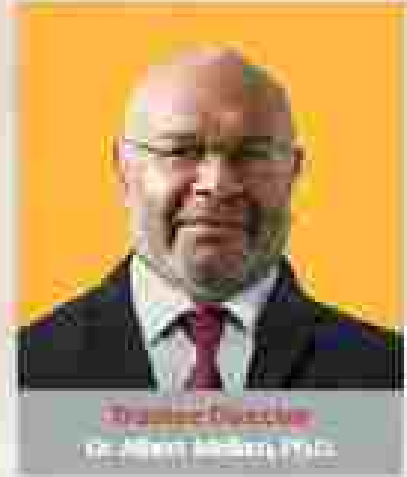
Richard Ingham is an experienced executive and director with 19 years of experience in the engineering and financial services industry. Having worked for Deutsche Investor Services Limited in Düsseldorf Germany since 2016, he has worked in roles for both commercial banks and charitable organisations spanning a range of markets from food and beverage, general insurance, travel services, retail banking, and health management. He holds a Certificate in Business Training & Mentoring from City, New South Wales, and a Bachelor of Applied Science (Systems) from the University of Western Sydney, Australia.



**Chief Executive Director**  
Trevor Director

**Chief Executive Director**  
Director since July 2018

Having been with the Chief Executive Officer (CEO) David Hester with former Council Chair David Auld (from 2016 to 2017), Mr. Director has extensive experience in the professional services industry having worked at various roles for several years for Citibank in NYC, from accounts manager as well as a relationship with Citibank in Hong Kong, and Australia prior to 2017. He regularly works in NYC and worked as Chief Executive in what is now the former, former, Commonwealth Bank until 2016. Mr. Director holds a Bachelor of Commerce Degree, a Postgraduate Diploma in Accounting, and is a graduate member of the Australian Institute of Management Accountants. He is a member of CPA (NZ) and a Fellow of CPA Australia. He is currently an associate of the Board of Kordia Health Limited, Chair of the Audit and Risk Committee of the Investment Property Group, and a Director and Chairman of the John Anderson (NZ).



**Chief Executive Director**  
Dr. Albert McNeil

**Chief Executive Director**  
Director since August 2017

Dr. Albert McNeil is the Executive Director of the Papua New Guinea Charities of Women and Children and is an Adjunct Professor of Management, The Cairns Institute, James Cook University, Australia, and Visiting Academic with the School of Business Administration at the University of PNG. He was the president and Vice-Chancellor of the University of Papua New Guinea. Dr. McNeil has extensive academic experience in Australia, India, Taiwan, and the South East Asian region. He holds a doctoral degree in Psychology from the Australian National University.

Dr. McNeil also serves as a Director and member of public and private sector boards in Papua New Guinea. Some of these include the Civil Commission and Human Rights Board of Inquiry. He is also a member of many professional organisations including the United Nations Economic and Social Council, the Association of Banks in Oceania, and the Association of Asia Pacific Nations. He holds 10 publications (4 in the form of peer-reviewed journals) for the Government of Papua New Guinea and other national organisations within the Asia Pacific region and currently an advisory capacity to several Government Ministries with the Government of Papua New Guinea including the Department of Home Affairs and National Counter-Terrorism, Veterans and Ombudsman and the Department of Commerce and Trade.





## Board Committees

Board Committees have a critical responsibility and support the Board to provide robust oversight of the management of National Super Commission members, conduct of Directors who report to the full Board. The Membership Committee is the only Committee that consists of both Directors and Member Representatives.

Committee	Chair	Members
<p><b>Audit and Risk Committee</b> Provides independent review and objective appraisal of the financial and operational activities of National Super. The Committee provides the Board with information necessary for them to fulfil their responsibilities in making informed financial and operational decisions at the best interests of the Fund and its members.</p>	John Hume	Kate Giblin Richard Thomas Leahy from 15 August 2019 Reginald Mwangi from 15 Aug 2019
<p><b>Remuneration and Nominations Committee</b> Have the best interests of members in mind:            1. set appropriate, fair, and responsible remuneration practices            2. identify suitable candidates to fill vacancies on the Board, Standing Committee, and the Chief Executive Officer as they arise</p>	John Hume	Dr David Keenan Dr Albert Wilson Alan Funn from 15 Aug 2019 Richard Thomas
<p><b>The Investment Committee</b> Responsible for ensuring that all investments made by the Fund are within the requirements set by the Act and the best interest of National Super members.</p>	Alan Funn	Anthony Grant Reginald Mwangi from 15 Aug 2019 John Hume Dr David Keenan from 15 Aug 2019
<p><b>Transformation Committee</b> Assisting the Board, Chief Executive Officer and Executive Management in all facets of business management and technological and strategic advancements, including assessing transformational and any external influences that have the potential to impact NCS's strategic direction, and recommending appropriate monitoring and evaluation processes and reporting thereon.</p>	Frank Shaw from 15 Aug 2019 Dr David Keenan from 15 Aug 2019	Kate Giblin, John Hume from 15 Aug 2019 Alan Funn from 15 Aug 2019 Richard Thomas from 15 Aug 2019
<p><b>Membership Committee</b> Ensures the Board, Chief Executive Officer, and Executive Management remain responsive to members' needs and provides an avenue of consultation between the Board and the Membership.</p>	Reginald Mwangi from 15 Aug 2019 Dr Albert Wilson from 15 Aug 2019	Richard Thomas Anthony Grant from 15 Aug 2019
<p><b>Member Representatives</b>            PBU Teachers' Association            PBU Long Workers Union            Association of Critical Workers Union            PBU Fire Fighters Union            PBU Police Association            Environmental Services Employees' Association            PBU Nurses' Association            Public Employees Association            Department of Financial Management.</p>		Matt O'Leary Simon Lee Mwangi Monica O'Brien Uweal Ombua David Mwiru Herbert Enoka Leo Robert Eziogu Wic Isaac Ombua



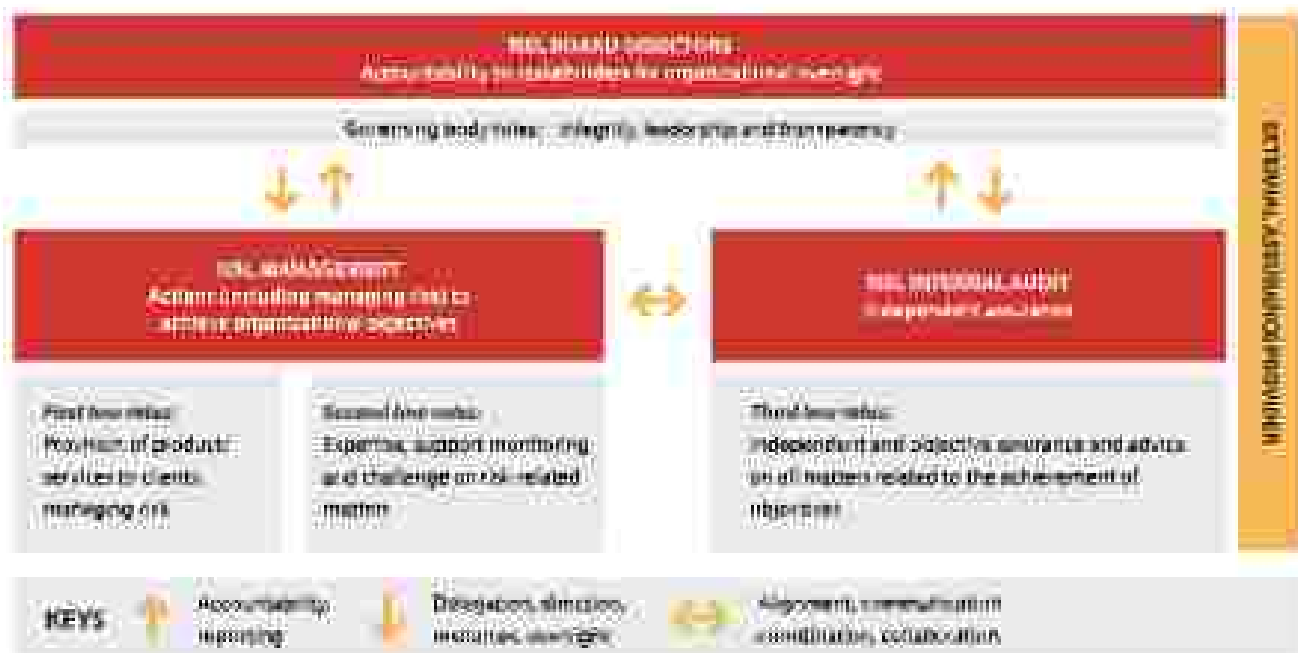
# Risk

## Risk Management

The Fund focused on its Risk Management coverage in the year by investing in an Enterprise Risk Management system that will enable timely monitoring and reporting of key risks within the operations of the Fund.

The setup of the Risk Management Model also sees the Three Lines Model with annual training conducted for our front line staff at the Branches.

The three lines model is a way of explaining the relationships between these functions in an organisation and how responsibilities are distributed:



## Nambawan Super Limited Board of Directors

- Accepts accountability to stakeholders for oversight of Nambawan Super Limited (NSL)
- Engages with stakeholders to ensure their interests and commitments transparently on the achievement of NSL objectives.
- Maintains a culture promoting ethical practice and accountability.
- Establishes structures and processes for governance, including advisory Committees as required.
- Delegates responsibility and provides resources to management for achieving the objectives of NSL.
- Determines NSL appetite for risk and oversees oversight of risk management (including internal control).
- Maintains oversight of compliance with legal, regulatory and ethical requirements.
- Establishes and oversees an independent, objective and competent internal audit function.



## Nambawan Super Limited Management

### First line roles

- Leads and directs actions (including managing risk) and application of resources to achieve NGL objectives
- Maintains a continuous dialogue with the NGL Board of Directors and reports on planned, actual and reported outcomes linked to the objectives of NGL and OR
- Establishes and maintains appropriate structures and processes for the management of operations and risk (including internal control)
- Ensures compliance with legal, regulatory and ethical expectations

### Second line roles

- Provides complementary expertise, support, monitoring and challenge related to the management of risk, including:
  - The development, implementation and continuous improvement of risk management practices (including internal control) at a process, system and entity level
  - The achievement of risk management objectives, such as compliance with laws, regulations and acceptable ethical standards, internal control, information and technology security, sustainability and quality assurance
- Provides analysis and reports on the adequacy and effectiveness of risk management (including internal control)

## Nambawan Super Limited Internal audit

- Maintains primary accountability to the NGL Board of Directors and independence from the responsibilities of NGL management
- Communicates independent and objective analysis and advice to NGL management and the Board of Directors on the adequacy and effectiveness of governance and risk management (including internal control) in support of achievement of NGL objectives and to promote and facilitate continuous improvement
- Reports requirements to independence and objectivity to the Board of Directors and implements safeguards as required

## External assurance providers

- Provides additional assurance to:
  - Satisfy legislative and regulatory requirements that serve to protect the interests of stakeholders
  - Satisfy requests by management and the governing body to complement internal sources of assurance



## People and Culture

### Why the members?

The members of Northwestern Super are hankering, everyday. They love their work, who have embraced their change to us. They rely on Northwestern Super to grow their savings, defining real returns, so when a lifetime of work they can retire and live comfortably. To do this, we need a diversity skilled workforce that is purpose driven and single-minded in its focus to do what is best for our members.

### Key areas of focus

Creating a high-performing team is about more than recruitment and onboarding. Just we do the best. Starting with a solid structure that means flexibility to add positions to address evolving business requirements can be added where needed.

With a strong strategic framework in place, Northwestern Super's team needs to be able to look to the future, set goals, create to achieve them, and prepare insightful reports.

We attract and retain the best talent in PWG, to ensure we have the capacity to grow the fund, invest in continuously improve, and offer quality member experience. We are building a team where there is strength within, by targeting the best talent, but also developing and training our people to shape a high performing and achievement driven workforce.

We are proactively changing the Northwestern Super culture through a long-term organizational development program. Northwestern Super employees are actively making our corporate culture to one that values service excellence, collaboration, openness, trust, and innovation - enabling all team members to perform at their best with the team.

### Key Statistics

**4,765** Hours of training completed by Northwestern Super staff

**88%** Staff Satisfaction

**154** Team members recognized as team champions

Gender balanced workforce

**22** Positions filled

**90** 100%

**89** 100%

**30** Days to fill a vacant role

**3.4%** Turnover rate

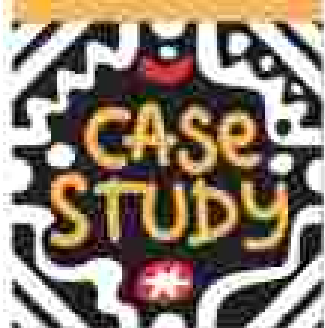
VS

**10.1%** Global old average

Global old average







### Managing People During Covid-19 Pandemic (how we responded)

Managing people during Covid-19 was challenging for Nantawson Super. The Covid had to immediately implement a number of actions to protect staff in their everyday work with customers and in the way protect their wellbeing.

#### What we did:

- Ensuring all offices and branches were adequately protected with sufficient stock of face masks, hand sanitizers, and disinfectants.
- Limiting staff movements throughout the head office and branches.
- Arranging work rotation programs for staff, with some working from home and remote sites, while other staff remained in the office.
- Rapidly growing remote working capability by supplying necessary equipment like laptop and tools, but also encouragement and training for new tools to enable a productive remote workforce.
- Carrying out regular Cleaning of Desks initiative as part of the Nantawson Way Program.

#### Emerging leaders program

Nantawson Super has been successful planning to limit the impact of key person risk to the business. In 2020 Nantawson Super invested in a staff members as cohort 1 of the emerging leaders' program, growing the skills of more experienced team members and investing in the next generation of leaders.

Due to Covid-19 impacts, the introductory session was conducted via video sessions. The cohort is expected to be complete in Q4 of 2020.





### Preventing Family and Sexual Violence

NLS continued its advocacy against Family and Sexual Violence in 2012 through the Black Thursday reflections, and we continue to work to end Black Ice Thursday through Q3 & Q4 respectively. The Fund provided targeted awareness and support for male staff with health care services conducted by a content expert, Mr Eddy Aho, focusing on the topic of "Feel Men Feel Talk", addressing critical aspects of FSV.

### Performance Management System

NLS introduced Performance Management System commencing in 2012, with staff reviews that were undertaken online by both management and staff respectively.

The system was introduced in a timely and safe manner, which also made it very conducive for management and staff, amidst the Covid-19 impacts, to effectively complete the 2020 performance reviews in line with the required timelines.

## Looking Long Term

Supporting our long term and in the Fund interests and grows members' retirement savings, we plan to invest in staff so we can best serve our members today and in the future. The 5 year strategic plan includes an ongoing commitment to the development of our People and Culture to ensure we have a workforce that defines our success.

Northern Super is getting up to deliver a tailored and training and development program, that over 5 years will enhance staff's general knowledge and skills but also build specific skills and knowledge essential to the business we are and want to be.





## What we do

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Sr. Gaugara Philip  
Midwife





# Investment approach

## Why this matters to us

Focusing on improving investment performance delivers better returns to members. In fact, what's made Northshore Super the country's most successful fund over the past six years is its strategic, investment approach, investing members' money across global markets, the economy and in the local economy. Northshore has a proven track record in increasing members' wealth, so that they'll grow, and through lending, members, PNG, also grows.

## How we create value

Our investment approach is a key to the long-term growth of member contributions, and a strategically benefits Papua New Guinea. Gained by supporting companies, building infrastructure, and creating jobs.

A great proportion of member funds are invested in locally Papua New Guinea, and consume every day, such as TDR, Wiggins, Paradise Foods, Toyota, Kumul Health (Hilidig bed), Dry Pharmacy, Condo Corporation, Queen Emma Chocolate, Pula Ice Cream, and SP Brewery, which means members are not only getting good returns, they're also good part owners of major PNG properties and companies - organisations that create local jobs and boost economic activity.

Northshore puts members and their super savings first and will always advocate for them - we are fully independent of governments. We do not invest in businesses that run against the best interests of PNG. We pride ourselves on our integrity and transparency, and our governance and accountability processes.

## Performance

The Fund enjoyed strong underlying earnings - as particular interest and dividend income. This was the result of prolonged effort over several years to improve the cash earnings of the Fund and to reduce reliance on gains, in situations where volatility annual returns to members.

PNG Listed Equities, mainly Bank of South Pacific, continued to generate strong returns to members. However, PNG Listed Equities had a regular season for the year. This was due mainly to reduced valuation for CPH, SP Brewery and Wiggins.

SP Brewery has in the past consolidated strongly, however 2020 saw falling valuations due to realisations on sales resulting from Covid-19 measures and increasing stock market.

International investments also demonstrated regularly as effects of COVID-19 affected the markets. Despite this, in 2020 we still to income allocation to international investments as and when we can access foreign exchange.

The Finance Board is keen to fulfil its diversity investments over the coming year, which will reduce reliance on PNG interest and dividend income, while also improving the liquidity profile of the Fund's investment portfolio.

### Investing in Global Fund Houses to diversify portfolio

NZS has been active in deploying its international offshore cash over the past year, mainly in mutual funds. Historically NZS international portfolio comprised largely of individual (stock based) on the Australian Stock Exchange (ASX) and several alternative investments selected and managed by investment managers specialising in alternative investments. The Fund in recent years has transferred into investing offshore through mutual funds instead of stock picking.

As part of NZS Investment Strategy to diversify and diversify the Fund, NZS has been investing in domestic and international assets, and this is done directly or indirectly through mutual funds or other pooled investment vehicles.

The decision to invest back offshore is largely due to:

1. The limited number of investment opportunities locally that meet the covered threshold
2. Availability to investments that are only available offshore (specific specific risk and return profiles)
3. The high liquidity of the investments offshore (compared to onshore)
4. Diversification of the overall portfolio

Over the past year, the Fund has invested most of its international cash in actively managed listed equities and listed income mutual funds, which are in line with the current investment Strategy, with 50% allocation to international fixed income and 50% allocation to international equity funds. The investments in the Funds offshore are in large global Fund Managers entities, such as Schroder Asset Management, Fidelity Asset Management, JP Morgan Asset Management, and Fidelity International.

The remainder of the international portfolio remains largely in Miramar Mobility Funds and a former Mutual Fund as the Fund continues to review offshore investment opportunities.

## Looking long term

Our long-term focus on enhanced cash returns has delivered our investors from the outset and large fall in asset valuations in 2020. This is a good example of the benefit of diversification. However, it is such an uncertain environment it is extremely difficult to predict future outcomes.

We certainly do not know what might happen and how (and when) impact our investors.

The emergence of COVID-19 in late 2019 and early 2020 very quickly changed the outlook for the world economy and the PNG. These exceptional events proved in that despite our best efforts, we cannot predict the future. The Trustee Board, therefore, includes contingency plans and takes a long term view when assessing investors' savings.

Superannuation is long term and the Fund's investment Strategy includes a long term focus to increase the Fund's investment in offshore assets, which will enable better diversification than if restricted to just PNG assets. This will also enable the Fund to invest in assets that are much more readily sold and converted into cash (or cash or even converted back to PNG Kina if layer that anticipated investor movements require more cash to pay out investors).

The Hidden Board has in place a variable investment Strategy focused on maximising returns while balancing risk, and at the same time ensuring enough cash will be on hand to pay investors as they retire and exit the Fund.

## Key asset movements



## Rangereview

Northwest Super Centre property developers, Rangereview Properties, is set to be completed in 2021. The total development cost of the project is \$200M and consists of both a large retail/progressive food and commercial complex (Rangereview Plaza) near to the National Capital District Commission, Dwyer Road, along Wagon Drive.

The Rangereview Plaza area complex will offer a shopping experience for Port Moresby residents. Spread over three levels, Rangereview Plaza will house the best name brands in PNG. A whole new experience is being created, including an environmental landscaped food court, top tier restaurants, and ample covered parking. Rangereview Plaza's central location will also provide ease of access from the main bus station and other bus routes.

The total complex features two commercial buildings with associated car-parks of approximately 2000 cars and 2000 parking spaces, while the residential component will consist of 30 townhouses and 1000 apartments. The Rangereview project is split 50:50 between Rangereview Properties and the Joint Venture Development Limited.

This public-private partnership will benefit the residents of the national Capital District (CD) through increased tax revenue for NCD, to support the services and provide another major retail and commercial hub for the country to support

it will also generate employment for NCD residents. This project will be replicated in other provinces if it meets our criteria and becomes a model partnership with East New Britain Provincial Government through our joint investment in a South-Solomonic Island.



RANGEVIEW

OPH



# Our members and employers

## Why this matters to us

Northwest Super members are Pākehā nation makers. They are flexible and hard-working. Their career paths often align with the transience – and innovation (the beauty) – of being a pioneer. The country might change, but cultural obligations do not.

## Performance

1. New Branch opened at Mt Hagen, offering a contemporary regional centre for Highlands based members.
2. Members can call us Toll free, with our new number 0800 5577 available on all phone networks including Tiscali, Easynet, and Telikom.
3. The IASD introduced Māori terms where members' accounts balances can be viewed via internet and returned.
4. Increased Membership in Choice Super – voluntary superannuation by the informal sector.
5. Membership continues to grow with 1600 new members joining in 2000.
6. Electronically lodgement of Unemployment Benefit Payment, P/A with New Zealand Superannuation, and Personal State Super Claims are now accepted.
7. Achieved a high score in the annual Customer Service Survey which was conducted independently.
8. Continuity of Branch and Contact Centre Services maintained for members despite lockdown.
9. More than 20 new youth volunteers joined contributing to Northwest Super.

## How we create value

Northwest Super takes pride in investing in its members, growing their knowledge and skills, helping them make good financial decisions that ensure they have a comfortable retirement after a lifetime of work.

It means so much for members to be able to enjoy the respect, recognition, and reward that they've earned after decades of their hard working.







## Member snapshot

▲ Super members  
**207,986**

▲ RSA members  
**4,989**

▲ Choice Super members  
**17,184**

▼ RSA income recipients  
**416**

▲ Members receiving  
Housing Advance  
**1,366**

▲ Million contributions  
received  
**K815**

▲ Members making  
Voluntary Contributions  
**28,860**

▲ Benefit payment made  
to members  
**K466**

▼ Suits  
**5,549**

▼ Death benefit  
payments  
**820**

▼ Transfers to other ASFs  
**66**

▲ Unemployed benefit  
transactions  
**4,250**

Having enough Super savings to sustain them and their families, and the ability to manage those savings will increase their status and sense of commitment when the work stops.

### Case study - Employer boost

Retirement Super introduced its new Campaign targeted at encouraging employers to boost their contributions above the mandatory 5%.

It's now over three yrs members' started benefiting from the employer boost after their employers agreed to increase their compulsory 5% employer super contribution (over and additional contributions of up to 10% for each full member).

Retirement Super congratulates the following Employers (Full Time Limited (20 staff), Great Wall Limited (10 staff), Hi Services (6 staff), Sprengatic Investment Limited (20 staff) and Yang Guang Limited (2 staff).

Having your Employer's Super Contribution today is a small step in a volatile and competitive labor market. However, its rewards are undoubtedly significant for their (retiree's) security and a measure of good faith.

So keep them like these, increasing Employer Contribution is one of the best investment for the people you work with and care about.

The benefits of an Employer Boost include:

- Increasing staff loyalty and a positive brand image, with many employers yet to take the first step towards a recovery plan for staff.
- Positioning employers as Employers of Choice to attract and retain top talent.
- Allowing staff to feel financially secure for the long term as they save annual amount on their super with the best performing Super provider in PNG.



Employer Boost - Yang Guang Limited staff

- Providing valuable support and the comfort of knowing that they can better support themselves when they are no longer working.

### Case Study - Employer Portal

In our efforts to enhance members and employer's experiences, Northwest Super will soon be introducing an option for employers to more conveniently manage digital technology.

In 2023, Northwest Super created the EmployerPay, which is an online portal system for Employers that allows payroll and to electronically send remittances, and reconcile employer and member contributions. This is a solution to the current manual contribution and remittance process currently in practice between Employers and Northwest Super which can cause errors for slow and/or result member balances are not updated properly.

This new portal improves the current employer journey with the Fund, from the onboarding steps to thoroughly contribute processing and making the ongoing reconciling process easier, desired benefits for members, employees, and NGL. The main benefit for members is that their accounts can be updated in time.

The portal currently is being utilized by a number of companies including Northwest Super's own payroll team.

As part of the ongoing trial, NGL will ensure that appropriate training and assistance is provided to employers and staff in the process of introducing this change to as smooth as possible.

Employers who are enrolled in EmployerPay can contact our employer relations section.

### Case Study - Financial Literacy

Being financially secure when you're retired, when NGL works all members (also when they have partial employees).

At Northwest Super, we are committed to supporting Members to achieve their best retirement. In 2022, the Fund created Financial Literacy programs, which includes retirement education, and the Financial skills and tools provided as difficult times to safeguard member financial well-being now and into retirement.

Due to COVID-19 restrictions, the rollout of the program has slowed. However, Northwest Super has managed to work with



several employers to conduct lessons for their staff, including PNG Power, PWCAN, Sogeri High School, and the PNG Royal Constabulary.

PNG Royal Constabulary reached out to Nambawan Super to conduct Retirement Savings and Finance Literacy courses for the retiring officers all over the country.

The participants found the courses very informative and helpful with some stating that without they had access to financial literacy training courses, and not as they were missing, so they could have been better prepared for retirement.

Nambawan Super is working on a number of financial programs tailored to different types of members and intends to re-launch the program in 2023.

### Case Study - Rebranding of Nambawan Super

In 2020 Nambawan Super Limited launched its corporate rebrand reflecting the diversification of the Fund and its focus on making superannuation available to all Papua New Guineans. The rebrand included a new logo design, new messaging - "The Empire" - and a new media advertising campaign featuring 11 member testimonials that represented Nambawan Super's wide membership base and acknowledged the important work that its members do in building Papua New Guinea.

"For every one", means every one in PNG. Whether they are working for themselves, or someone else. At Nambawan Super we believe Superannuation should be for everyone, not controlled by income class, or those working for an employer - and will continue to advocate for positive change to Superannuation for the benefit of everyone in Papua New Guinea.

Nambawan Super's new Campaign Ads appeared on TV, Radio, in the Press, and online across the country in 2020. The advertisements have been successful in driving a greater level of connection between the Fund and members.



## Looking Long Term

Superannuation is long term and our members can contribute and build their savings for decades before they get to really enjoy the reward of their hard work. Nambawan Super is committed to strengthening our relationship with members - let's embrace it, we are going to be together for a long time.

Our long term commitment to members goes beyond our target of long term returns of 6% p.a. We work out there together to be well spent, growing member knowledge that ensures their financial wellbeing both while they work and ensures they are ready to manage the wealth acquired through superannuation when they retire.

We know while you work you have other day to day priorities and debts. We know the comprehensive financial literacy program we are developing will support members achieve their goals for today and the future.

How we best serve members is something we continue to improve. Today we are laying the groundwork for the future, with the development of a Customer Experience Strategy and Digital and Data Strategy that will guide the Fund in our next steps, including a high quality integrated member experience that sets the Fund apart from our competitors.



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# Fund Administrator's Statement

## 2020 Year in Review

The year 2020 will go down in history as one of the most disruptive in light of the Coronavirus outbreak which has changed the dynamics of how businesses operate. Many businesses and organisations worldwide including Papua New Guinea have had to close business, which has put many people into financial hardship. However, at Kin Investment and Superannuation Services Limited, we are pleased to advise that the impact has been minimal as we continued to provide fund administration services to Northshore Super Limited (NSL) without any disruption.

The Fund's performance is a result of strong leadership and planning from both board and executive management level ensuring business continuity and our robust processes and systems including experienced staff retained services to Northshore Super Limited (NSL) and its members, supported with no disruptions.

1. The fund has seen an increase in total membership with over 8000 new members joining in 2020.
2. A total of 2600 applications were processed during the year with a service level rating of 99.9%.
3. Total funds under administration increased by 5.7% which equates to K100 billion (equivalent of over K2 billion in unfunded state funds).
4. Total contributions received and allocated to members accounts equated to K10.5 billion.
5. A total of 25,000 benefit payment applications to the value of K400.0 million were paid to members on full or partial payments.

### Key matters, which has allowed for business continuity

1. Key initiatives and technology upgrades in 2020 have seen significant improvement in system performance and stability. This included online services where members have real time access to their retirement savings.
2. Implementation of the Covid-19 pandemic relief payment for affected members as part of the Early Release of Superannuation (ERS) scheme.
3. Staffed workforce in which the organisation continues to invest in to provide superior customer service.

## Fund Membership

There was an increase in membership of 8000 with 8000 Retirement Savings Accounts initiated by new members in 2020 and 600 Members remaining in 2020. Given Super membership increased from 25,000 to 26,000 in 2020 Overall, the Fund had a 4.7% increase in total membership in 2020.

Fund Membership	2019	2020
Accumulation	180,711	188,139
Capital Gain	13,241	17,184
RFA	4,120	4,888
Person	679	679
<b>Total</b>	<b>198,751</b>	<b>210,890</b>



## Funds under Administration

Total funds under administration was KES 62 billion at the close of the fiscal year, which reflected a 3.7% increase in total fund balance. This includes KES 44 billion in savings for insurance members, KES 16 billion for Choice Super members, and KES 2.4 billion for the members under the Retirement Savings Accounts. The total funds under administration per exclusive of over KES 3 billion in unfunded superannuation for the State to Nijmehani Super members.

Fund Membership	2019	2020
Accumulation	KES 47,362,072,441	KES 49,003,284,045
Capital Gain	KES 7,744,433,333	KES 9,928,722,286
RFA	KES 1,441,156,333	KES 1,644,072,441
<b>Total</b>	<b>KES 56,547,662,107</b>	<b>KES 60,576,078,772</b>

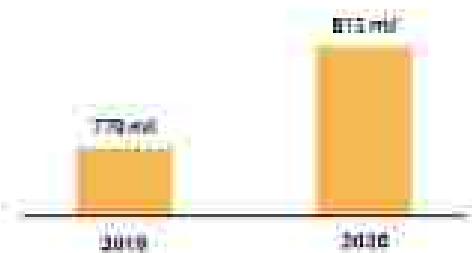


## Contributions

The Fund administered received and allocated total contributions of £10.9 billion into members' superannuation accounts in 2020 compared to £7.7 billion in 2019. The table below shows the breakdown of such contribution types. Over £664 million, including fully funded state share contributions, were accepted by the state on behalf of its members and over £427 million from other organisations and local government bodies.

Contribution Category	2019	2020
Widow's and Family	220,254,798.00	246,430,314.00
Disagee Contributions	100,234,998.00	175,340,268.00
State Share Contributions	309,052,095.00	112,216,771.00
Housing Payment	10,510,718.00	14,038,018.00
Transfer In	1,014,658.00	1,076,752.00
Local Gov Contributions	12,814,768.00	42,364,038.00
Local Gov Contributions	1,054,798.00	1,042,838.00
Selfy Member Contributions	1,810,138.00	2,396,968.00
<b>Total Contributions received (GBP)</b>	<b>770,347,868.00</b>	<b>813,196,826.00</b>

Total Contributions per year



## Voluntary Contributions under mainstream

We confirmed that as of 31st December 2020, the mainstream members contributed a total of £66.44 million in voluntary contributions. Total membership increased from 26.79 in 2019 to 28.89 in 2020. Total membership and voluntary savings increased by 8% and 205% respectively compared to 2019.

Mainstream Voluntary Contributions per year





## Choice Super

As at 31 December 2020, total contributions by Choice Super members was £25 million with a total membership of 12,084. This was an increase from 2019 results. In 2020, total voluntary contributions and membership under choice super increased by 35.7% and 29.7% respectively compared to 2019 results.

Choice Super/Voluntary Contributions per year

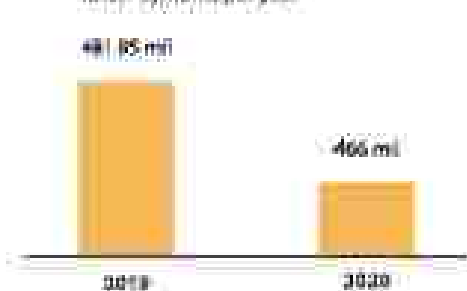


## Benefit Payments

As at the close of 2020, a total of 2,767 benefit payments through various payment types were processed to the value of £461.05 million, which is a slight decrease compared to 2019. The decrease in payments was mainly from other costs on mortgages, interest, medical or deceased cases.

Payment Category	2019 £'m	No. of Pay	2020 £'m	No. of Pay
Resignation Payments (Ret. a)	136.45	4,076	108.37	3,549
Death (Voluntary PA)	78.34	1,174	65.86	479
Transfer out of scheme (Vol)	2.67	119	2.11	84
Unemployed benefits	4.24	3,411	4.80	4,258
RTI contributions	69.34	12,660	63.67	11,405
Household advance payments	28.81	188	28.48	1,263
<b>Total benefit paid</b>	<b>409.85</b>	<b>25,328</b>	<b>465.49</b>	<b>23,735</b>

Total Payments per year



## Pension

In 2020, 17 suspended pension accounts were reallocated and one was closed off, which resulted in the increase of the total number of active pensioners to 355, suspended pension accounts to 30, and closed pension accounts to 56. The total number of the suspended accounts saw an increase of 17% in the active pensioner share being a total of 7.9% (million occupied) for active pensioners in 2020, which is an increase of 3% compared to 4.9% (million) in 2019.

Account Status	2019	2020
Active pensioner	347	355
Suspended	171	171
Closed	91	56
Beneficial fee	3	3
<b>Total pensioner</b>	<b>1112</b>	<b>1124</b>
<b>Total payment</b>	<b>€176 mil</b>	<b>€120 mil</b>



## Looking Ahead

We continue to invest in digital leading technologies, which are essential to revolutionizing the superannuation experience, increasing efficiency, reducing the risk of error, and simplifying complex processes. More and more we want to provide a self-help model to make superannuation services and access easier for both NGL and its members and we plan to expand these capabilities through our systems. We look forward to seeing our partnership grow from strong to stronger in the years to come!

Together it's possible!

Doug Tibbitts

Senior Manager Total Administration

Key Investment and Superannuation Services Ltd (Quorum Fund Administration)

A wholly owned subsidiary of New South Wales Limited



# Investment Manager's Statement

## Kina Funds Management Limited

This statement is submitted by Kina Funds Management Limited (KFM), a wholly owned subsidiary of Kina Securities Limited (KSL) the Licensed Investment Manager (LIM) for Nindomoo Super Limited (NSL). This report outlines the drivers of the Fund's investment performance and provides a breakdown of the Fund's investment holdings as at 31 December 2023.

### 1. Legislation

The legislation governing the superannuation industry in PNG is the Superannuation (General Provisions) Act 2002 (the Act). Pursuant to the Act, the Bank of Papua New Guinea (BPNG), as regulator, has protected the rights and interests of contributors by issuing prudential standards that reinforce its processes. BPNG supervises both NSL and KFM by conducting regular reviews and by requiring the submission of regular reports.

NSL and KFM seek to ensure that the Fund's investment return targets are achieved in the medium to long term, with adequate but not excessive investment risk, and in compliance with regulatory standards.

### 2. Investment Strategy

The Fund's primary purpose is to preserve and maximise the superannuation benefits of its members through prudent investment management. The Fund's Investment Framework defines the investment objectives and investment strategy, and guides the investment decisions of the Fund.

The principal objective of the Fund is to provide a rate of return after fees and taxes which exceeds the PNG Consumer Price Index (CPI), plus 10%, over the medium term.

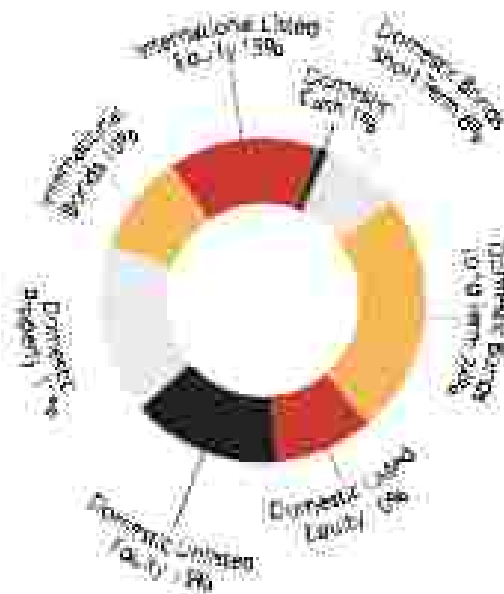
The Fund's investment strategy is defined by the Strategic Asset Allocation (SAA), and is subject to regular review to ensure it remains consistent with the cash flow position and liability profile of the Fund, which are constantly evolving. Generally, the focus of the SAA is to diversify risk to ensure an acceptable, but not excessive level of volatility, while achieving or risk adjusted performance, and preserving the capital base of the Fund. Diversification is the primary management goal of the Fund, and is underpinned by the SAA. Diversification means, among other things, that the assets of the Fund are not overly exposed to any single investment factor. Over the long term, diversification reduces the volatility of return for the Fund, all else being equal.

The Fund, in consultation with the LMA, has undertaken a review of the SAA in order to ensure it remains relevant and in line with medium-term investment conditions, and the liability profile of the Fund. The current SAA of the Fund is shown in **Figure 3**

Figure 1: Funds Strategic Asset Allocation (SAA) as of 31 December 2020

Asset class	SAA target
Domestic Cash	7%
Domestic Bonds - Short Term	8%
Domestic Bonds - Long Term	24%
Domestic Fixed Equity	12%
Domestic Unlisted Equity	15%
Domestic Property	17%
<b>Domestic Total</b>	<b>73%</b>
Emerging Cash	2%
Emerging Bonds	12%
Emerging Listed Equity	11%
Emerging Fixed Equity	4%
Emerging Property	2%
Emerging Total	21%
<b>Grand Total</b>	<b>100%</b>

Source: ING Asset Management



### 3. Investment Portfolio and Performance

The COVID-19 pandemic brought about a unique set of challenges in 2020 financial year.

The Funds' domestic investments remained relatively stable despite the impact of the pandemic, with the exception of those exposed to industry sectors that were severely affected, including Tourism, Hospitality and Transport. As the result of the pandemic, economic activity in EMEG was already declining, with falls in commodity prices, taxation and other wide-ranging policy reforms, and the ongoing shortage of foreign currency, all combining to constrain business growth in the country.

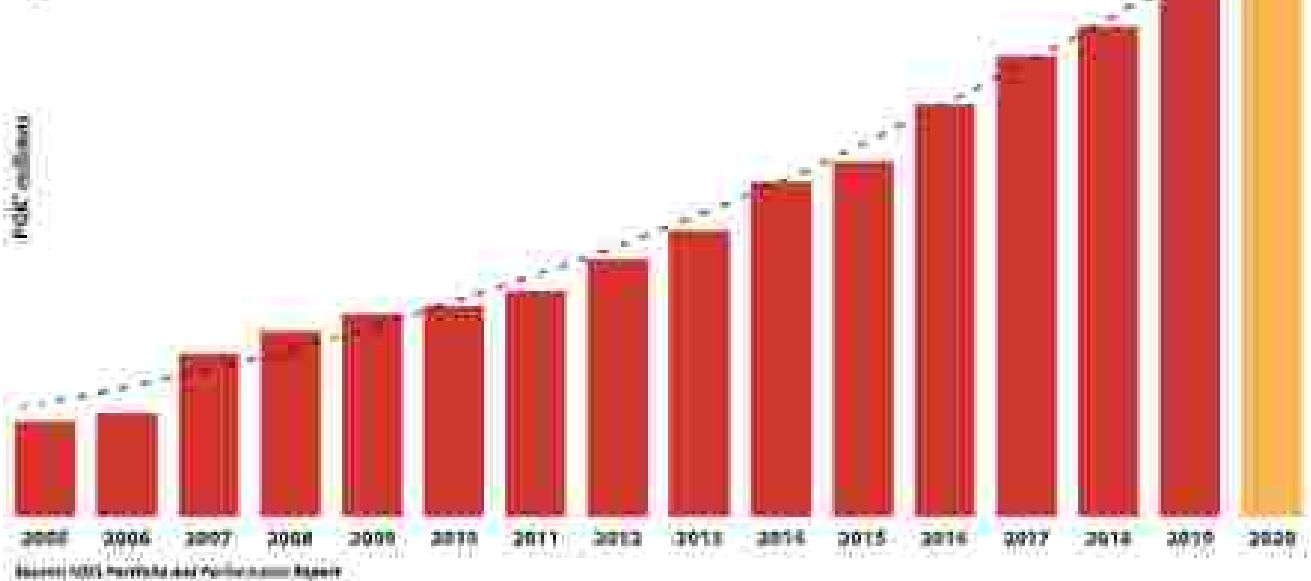
The Funds' international investments were significantly affected by the constraints on economic activity imposed by countries to control the spread of the pandemic, leading to an elevated level of volatility in the prices of commodities, and international share prices.

Despite the biggest declines in global economic activity in more than a century, the Fund's investments performed reasonably well over the course of 2009. The Fund's performance closely demonstrates the benefits of diversification provided by the Fund's GAA. Reflecting strong global market conditions, the Fund's total investments increased to more than \$10 billion by the end of 2009, driven by new investment income and net cash flows from member contributions. Investment income came from dividend, interest, and rental income; the increase in the market value of domestic and international investments, together with the impact of foreign currency movements.

Figure 2 below shows the increase in the market value of the Fund since 2005. The Fund has grown to more than \$2 billion as of 31 December 2020, a compound annual growth rate (CAGR) of 22.6% per annum.

This chart below presents the actual portfolio growth at year-end:

Figure 2: GAA Investment Portfolio Growth



## 4. Portfolio Composition

NGL endeavours to maintain the Fund's investments in line with the approved SAA. In consultation with KPM, the Fund can identify markets, its investment and react to prevailing market conditions, and expectations of future market conditions, as per its investment policy. The following table compares the actual mix of investments in the portfolio at the end of December 2022 compared to the approved SAA:

Figure 2: Fund's asset weightings as of 31 December 2022

Asset class	SAA target	Current allocation	Difference from target
Domestic Cash	2%	3.2%	Overweight
Domestic Bonds (incl. TMM)	25%	21.7%	Underweight
Domestic Bonds (long term)	24%	21.6%	Underweight
Domestic Total Equity	15%	6.7%	Underweight
Domestic Dividend Equity	1.5%	6.2%	Underweight
Domestic Property	1.7%	1.1%	Underweight
<b>Domestic Total</b>	<b>70%</b>	<b>64.2%</b>	<b>Overweight</b>
International Cash	2%	3.2%	Overweight
International Bonds	15%	3.1%	Underweight
International Dividend Equity	1.5%	7.2%	Underweight
<b>International Total</b>	<b>20%</b>	<b>13.5%</b>	<b>Underweight</b>
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	

Source: NGL Portfolio and Performance Report

The key constraint faced by the Fund in meeting its SMA requirements continues to be the scarcity of foreign currency. The relative liquidity of INR limit and limited supply to still an impediment to meeting Portfolio allocation targets within its domestic holdings.

The Fund's SMA calls for an allocation of 75% Domestic and 25% international holdings. international investments comprise 22% of the portfolio with short against the Fund's SMA target. This is largely due to the scarcity foreign currency, and in the Fund's SMA review, consideration is given to setting achievable SMA targets.

## 5. Portfolio Composition by Asset Class

### 5.1. Domestic

#### 5.1.1. Domestic Cash

At the close of 2020, the Fund held 2.7% of the portfolio in domestic cash. The Fund defines cash allocations as deposits with banks and finance companies, and does not include short term financial instruments. The Fund has an SMA target for domestic cash of 2%, however the uncertainty caused by COVID-19 and other investment funding considerations led to the modest build up in cash. The Fund maintained excess cash in view of the following reasons:

1. To support domestic investor companies during the COVID-19 period;
2. To support any approved property developments during a period of tight cash flow;
3. To better investigate options on doing cash given the uncertainty in both international and Domestic markets;
4. To support the Fund's foreign exchange requirements given the current strategies.

The Fund in consultation with the IIM, are considering options to prudently invest the excess cash balances, subject to prevailing investment conditions.

#### 5.1.2. Domestic Fixed Income

The domestic fixed interest allocation in the Domestic Fixed Interest Portfolio, consists of short and long term bonds. As at 31 December 2020, the Fund's allocation in this asset class was 49% of the total portfolio, a significant increase from the prior year due to the efforts of the Fund and IIM's concerted effort to improve overall yields of domestic fixed income by moving more cash and reinvesting maturities back into the (higher yielding) asset class.

##### 5.1.2.1. Domestic Fixed Income - Short Term

The Fund's domestic short term fixed interest allocation comprises PNC Government Treasury Bills (TGBs), Interest Bearing Deposits (IBD) with approved PNC Banks and Financial Institutions, loans in INR limit and other PNC interest earning instruments with a fixed rate of return and tenor maturity of more than one day, and less than or equal to 365 days or shorter.

As at 31 December 2020, the Fund held 14.7% of the portfolio in domestic short term fixed income. This compares with the SMA target of 1%, a significantly over-weight position in the asset class. This is explained by ongoing systemic constraints in accessing foreign currency to meet the SMA target, together with less long term government securities being offered during the year.



Short term Government securities offered during the year had favourably yielded and the Fund remains a regular participant in TMM auctions conducted by MINT. During the 2020 calendar year, the Fund sold Treasury worth of TMMs through the PM's Government's Quantitative Tightening (QT) program, and reinvested the proceeds in longer term, higher yielding fixed income securities. The effect of these transactions was to improve the overall yield of the portfolio. The Trustees of the Fund, in consultation with KAM, actively managed the Fund's TMM holdings during the year.

### 5.1.2.2. Domestic Fixed Income - Long Term

The Fund's domestic long term fixed interest allocation, comprised of PMG Government Inscribed Stock (GIS) and issued with tender Companies together with other PMG income carrying instruments with a fixed rate of return and term to maturity of more than one year at inception. During the 2020 calendar year, the State conducted three GIS auctions under its COVID-19 Relief program, issuing \$1.2 billion in securities. In the success of these auctions, a total of \$500 million TMM under the QE program back to the State, and combined with other cash holdings, provided target term bonds for \$1 billion. The size of Fund's long term fixed interest investments increased to 26.2% of the portfolio as at December 2020.

The Fund remains an active participant in US auctions, and continues to diversify secondary market trading in GIS with other market participants to improve the liquidity of the portfolio.

### 5.1.3. Domestic Equity

The domestic equities allocation consists of listed and unlisted equities, with exposure to some of NZX's most well known brands and companies. The Fund's allocation to the asset class was 27% a significant decline from the prior year due to downward revaluation of a number of the unlisted equities, consistent with the challenging domestic market environment, together with the impact of the COVID-19 pandemic.

#### 5.1.3.1. Listed Equity

As at 31 December 2020, domestic listed equity comprised 20% of the Fund. The value of domestic equities decreased as the net effect of losses in share price value from City Pharmacy Limited (CPL), more than offset gains from Credit Corporation Limited (CCL) and Health South Pacific Limited (HSL), for a negative result overall. Again, CCL continued to provide strong returns, while declines in CPL Pacific business hindered performance and dividends. During 2020, the Fund made a modest reduction in its exposure to CPL as part of a long term strategy to move to compliance with NZX's 2% single asset exposure limit. The domestic listed equities of the Fund are shown in the table below:

Figure 4. Domestic Listed Equities as at 31 December 2020

Listed Equities	Stock Exchange	Industry Sector
Bartol (South Pacific Group)	PMG	Bartering/Finance
Credit Corporation Limited	PMG	Health/Property
City Pharmacy Limited	PMAN	Health/Pharm

Source: KAM Portfolio and Performance Report

### 5.1.3.2. Unlisted Equity

As at 31 December 2020, domestic unlisted equity holdings comprised 97% of the Fund's portfolio, a significant decrease from the prior year. This was the result of losses incurred from the resolution of a number of the Fund's significant holdings, and is consistent with the challenging domestic market environment, together with impact of the COVID-19 pandemic. Foreign currency shortage remains a key hindrance to the performance of domestic unlisted companies, disrupting supply chains and delaying the delivery of goods and services. This has impacted operating performance, the payment of dividends, and initiation for the Fund's major unlisted equities.

During 2020, the Fund sold its shares in Abtari International Hotel, as the COVID-19 pandemic impacted earnings significantly. The pandemic has also triggered a need for shareholder financing in a handful of the companies in which the Fund has a shareholding. The Fund, together with KTM, will continue to monitor business conditions and look to support suitable companies where it is in the interests of the Fund. In consultation with the KTM, the Fund assessed a number of investment proposals by private companies during the year. There are also a number of domestic unlisted equity investments that are currently being considered, as well as capital investment opportunities in mining holdings. The Fund will continue to work towards aligning the Fund's exposure towards its SAA target, as a means of promoting and increasing value for its Members. The domestic unlisted equities for the Fund is captured in the table below.

Figure 8: Domestic Unlisted Equities as of 31 December 2020

Company Name/Unlisted Equities	Industry/Sector
Capital Resource Group Limited	Financial Services
Garuda International Hotel Limited	Hotel
Samudra Hotel Limited	Hotel
Agri Management Services Limited	Industry/Service Equipment
Paradise Corners Limited	Consumer Goods/ Food Product
Plas Agri Limited	Utilities/Water Utilities
Satellite Group Limited	Communication Services/ Media
FP Investor Limited	Consumer Goods/ Food/ Beverage
Ilirya (Suah) PMA Limited	Insurance/ Financial Services/ Insurance & Underwriting
Nescafe Bank (PMA) Limited	Financial Bank

Source: KEMF Portfolio and Performance Report

## 5.1.4. Property

The Fund's property holdings are concentrated entirely in the domestic market with a mix of portfolios of commercial, residential, industrial properties, unimproved land, and property held through joint ventures and holding companies. As at 31 December 2020, Properties made up 23.2% of the portfolio, a decline from the prior year due to net falls in revaluation at year end, and the Fund's sale of small, non-performing properties during the year.

The Fund remains focused on optimising the profitability of its core property asset holdings. The Fund has conducted, as is currently ongoing, the sale of number of properties from the 2020 financial year. These properties have been valued for disposal, generated title or no returns, and represented a drag on portfolio performance. These include undeveloped sites, residential properties, industrial properties, and equity holdings of institutional houses, together with the greenfield, Borneo Free, Cribana office buildings, in Port Moresby town. The divestment strategy is expected to further streamline and improve the composition of the Fund's property holdings, which is expected to lead to an improved risk return profile for the Fund.

The Sogwanei Heights Limited (SHL) is a joint venture property development between the Fund, Laurus Development Limited, and the National Capital District Commission (NCDC). It is located next to Port Moresby City Hall and is home of Sogwanei Heights, along Waigani Drive in Port Moresby. Significant progress has been made during the year despite challenges from the COVID-19 pandemic, and foreign currency shortages. Construction is progressing monthly ahead of schedule with ground opening expected in the fourth quarter of 2021.

The Fund, through its Mok Noko holding company, has finalized plans to build a multi-story office building in the heart of the Waigani Government precinct. Construction is expected to commence for Mok Noko in 2021.

Figure 6: Property Portfolio as of 31 December 2020

Property	RIK's ownership position	Realization
<b>Commercial Properties</b>		
Appt Centre (Cm 199 Lot 1, 2, 3 & 4, Western Drive)	100%	Not Valued
Ngara Motel (Cm 20 Lot 8 & 9, Chapman Road)	100%	Not Valued
Maple House (Vale Burnside) (Cm 6 Lot 9 & 10, Sherrin Top Town)	100%	Le
Nambawan House (PH Building)	100%	Le
Revenue House (Cm 20 Lot 11, Champion Road)	100%	Not Valued
Port (Investment House) (Cm 4 Lot 21, Hunter Road)	100%	Not Valued
Volapond House (Cm 406 Lot 3, Ngara Drive)	100%	Not Valued
<b>Industrial Properties</b>		
Warehouse Gardens (Cm 17 Lot 24)	100%	Not Valued
<b>Residential Properties</b>		
Bonede Apartments (Rm 2211B)	100%	Not Valued
Porter 212 (Rm 212, Boundary Road)	100%	Le
Promade Apartments (Cm 85 Lot 21, Dugan Drive)	100%	Not Valued
Row Staff Housing Compound (Rm 110)	100%	Not Valued



Property	100% ownership	Location	Description
9 Mile Lane (Part of 156 of 157 & 158)	100%	Full Ownership	Leasehold residential land
Ex-Angon (Sec 5 Lot 1, Sec 6 Lot 2, 3 & 4, Sec 5 Lot 1)	100%	Lease	The properties are located on 11, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000
Ex - Post PMS (Sec 30/ Lot 20)	100%	Full Ownership	Leasehold residential land with a view to the city, offering a view
<b>Property Holding Companies</b>			
Greenwich East Ltd (Sec 25 Lot 1)	100%	Full Ownership	Holding company that owns 17 apartments in Inaugu Park
Wald Road Ltd	100%	Full Ownership	Holding company that owns Walden Avenue residential land
Warwick Farm Holdings Ltd (Sec 27 Lot 1)	100%	Lease	Holding company that owns the Warwick Farm land
PHH Limited	100%	Full Ownership	Holding company that owns the City Centre Plaza and the adjacent Penthouse Apartments and the Crown Park Towers in Crown Park, Sydney
Waggon Road Limited	100%	Full Ownership	Holding company that owns 2 commercial properties Department of Health and Department of Land & Building in Waggon
<b>Upcoming Development</b>			
Langford Heights Limited	51.7%	Part Ownership	Langford Heights is a joint venture company between Langford Heights Limited, 51.7%, and the National Development Commission (NDC) since the NDC is going to market a residential commercial and apartment development on 8000 sqm of urban and serviced on 1000 City Road and Sturges Heights using Magnet Drive

Source: 2023 Portfolio and Performance Report

## 5.2. International

The Fund's international investments include international cash, fixed interest, and equity holdings. As at 31 December 2020, international investments comprised 9.2% of the Fund's portfolio, well under the SMA target. Due to foreign exchange controls, the Fund has not been able to diversify further into international assets in line with the Fund's SMA. However, there was a minor translation gain against offshore investments due to the depreciation of Rmb against USD and AUD.

### 5.2.1. International Cash

The Fund held surplus International Cash balances at the start of 2020 comprising 4.0% of the portfolio, arising in part from the sale of the Fund's shareholding in King Securities Limited in December 2019. During 2020, the surplus International Cash balances have been carefully placed in a number of externally managed equity and bond funds, moving the Fund towards the SMA target. As at 31 December 2020, the Fund's International Cash balances had fallen to 1.0% of the portfolio.

### 5.2.2. International Fixed Interest

In 2020 the Fund deployed part of its excess International Cash balances by making placements to a number of international money market and fixed interest funds. Some international bond investments, similar to International Fixed Equities, are done through managed funds that invest on the Fund's behalf. In 2020, the Fund has invested in the following managed bond funds listed below:

Figure 2: International fixed income as at 31 December 2020

International Fixed Income	Investing Partner
Wisdom USD Fixed Income Fund	Globe Fixed Income Fund
JP Morgan USD Fixed Income Fund	Globe Fixed Income Fund
Fidelity Enhanced Bond Fund	Globe Fixed Income Fund
CI North America Fund	Globe Fixed Income Fund

Source: 2020 Portfolio and Portfolio Income Report

### 5.2.3. International Equity

In 2020, the Fund altered its approach to international equity investments, and adopted a "low volatility" strategy through the appointment of three external managers. The balance of the Fund's International Equity holdings were invested "passively" in the BlackRock China Index Fund. During 2020, the Fund made placements from its surplus International Cash balances to two actively managed funds, the Arrowhub Prime Capital Growth Cap Fund, and Schroder International Selection Fund, to diversify the Fund's International Equity strategy and move the Fund's holdings closer to the SMA target. As at 31 December 2020, the Fund's International Equity holdings comprised 20.0% of the Portfolio. The managed fund holdings are listed in Figure 3.

Figure 3: International Listed Equities as of 31 December 2020

Global Equities	Industry Sector
ShareSense Index Commercial Equity Fund	Global Equity Funds (America)
Amundi Asset Point Global Good Growth Equity Sector	Global Equity Funds
Schroder Global Selection Fund - Global Equity Capital Sector	Global Equity Funds
Audax Global Managed Volatility Equity Fund	Global Managed Volatility Funds
Lazard Global Managed Volatility Equity Fund	Global Managed Volatility Funds
Picnic Global Volatility Conservative Equity Funds	Global Managed Volatility Funds

Source: BlackRock iRO and North American Report

Gregor Gasser  
 Global Fresh Management (Senior) / Global Investment Manager  
 Wealthy Asset Advisory of the Americas (Senior)



# Statistics

## 2020 Annual Report in brief

		2020	2019	2018	2017	2016	2015
<b>PROFITABLEITY</b>							
Total Investment Income	€m	287	325	419	377	519	414
Total Expenses	€m	148	121	111	148	81	75
Income Tax Expense	€m	58	76	64	23	53	49
Net Profit After Tax	€m	81	128	244	206	404	288
<b>BALANCE SHEET</b>							
Net Assets	€m	3,140	2,883	6,810	6,413	3,729	3,171
Net Asset Growth	%	6	10	7	11	17	9
Reserves	€m	44	64	27	38	83	102
Reserves as a % of Net Assets	%	1.5	2.4	0.4	0.4	1.6	2.8
Reversing Savings Account Balance	€m	165	152	138	132	134	133
<b>RETURNS TO MEMBERS</b>							
Rate of Return on Funds Employed	%	3	7	4	6	9	6
Interest Credited to Members	%	1	7	17	6	9	5.8
Headline Inflation Rate	%	3.2	3.3	0.3	1.1	0.8	0.8
Real Return to Members	%	-0.1	3.7	0.6	2.9	2.2	0.6
<b>MEMBERSHIP</b>							
Number of Members		207,986	199,311	192,320	171,811	159,866	111,336
Average Wealth Per Member	€	35,814	39,313	44,937	49,082	38,172	35,268
Number of RSA Participants		4,899	4,725	4,172	4,113	1,883	3,779
Average Number of Policies		274	218	158	172	182	164
<b>MEMBER CONTRIBUTIONS &amp; PAYMENTS</b>							
Contributions	€m	97	108	88	94	66	114
Guaranteed Payments	€m	44	477	458	254	223	46
Number of Guaranteed Payments		1,279	697	5,355	1,941	1,679	3,104
Total Pension Payments	€m	1.6	1.6	2	2	2	2
<b>FINANCE EXPENSES</b>							
Management Expenses	€m	79	68	51	41	36	41
Maintenance & Administration Expenses	€m	69	58	60	107	46	48
Number of Staff		179	162	154	148	140	110







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## Financial Statements

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PAPINDO  
GROUP OF COMPANIES





# Nambawan Super

Declaration by Trustee and Management for the year ended  
31 December 2020

## Declaration by Trustee on behalf of the Board

I have approved the accompanying Statements of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, and Statement of Cash Flows, together with the Notes to and forming part of the Financial Statements, in that they so as to present a true and fair view of the state of affairs of the Fund as at 31 December 2020, and its performance for the year then ended.

The Trustee has satisfied itself that the Nambawan Super Board has:

- (a) identified the key financial and operating risks;
- (b) established systems to control and monitor these risks, including adherence to prudent policies and procedures, financially sound operating limits and adequate and timely reporting processes;
- (c) satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- (d) there are no apparent conflicts of interest with respect to Nambawan Super's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provisions) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 14 December 2004.

For and on behalf of the Board of Directors of the Trustee:

Reginald Morgan  
Chairman

Lutz Holm  
Chairman Audit and Risk Committee

Dated at Perth Western Australia this 1st day of March 2021.



## Declaration by Management

We our (jointly) the accompanying Statements of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, and Statement of Cash Flows, together with the Notes to and Forming Part of the Financial Statements, will draw (to) so as to present a true and fair view of the state of the affairs of the Fund as at 31 December 2020, and its performance for the year then ended.

The Management have satisfied themselves that they have:

- (i) identified the key financial and operating risks;
- (ii) established systems to control and manage those risks including adherence to prudent policies and procedures, reasonable operating limits, and adequate and timely reporting processes;
- (iii) satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- (iv) there are no apparent conflicts of interest with respect to Nantassau Super's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provisions) Act 2000 and the requirements of the Trust Deed of Nantassau Super dated 14 December 2000.

For and on behalf of the Nantassau Super Management:

Paul Sayer  
Chief Executive Officer

Poehon Liff  
Chief Financial Officer

Dated at Port Moresby the 31st day of March 2021.

# Independent auditor's report

To the members of Nambawan Super  
Report on the audit of the financial statements

## Our opinion

We have audited the financial statements of Nambawan Super (the Fund), which comprise the statement of net assets and liabilities for benefits as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets available for benefits, and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards, the Interpretations (Financial Practices) for issues the financial statement requirements embodied in the Companies Act 1993 and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Fund as at 31 December 2023, and its financial performance and cash flows for the year then ended.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described as the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than being engaged as auditors, we have no relationship with, or interest in, the Fund.

## Emphasis of matter

We draw attention to Note 2 (5) W) of the financial statements, which describes the financial uncertainty that exists in relation to the impact of COVID-19 on the valuations of investment properties and unlisted equities at 31 December 2020 which has the potential to have an adverse impact on investment property and unlisted equity values and the potential extent of that impact is still not evident. In addition, Note 2 (5) V) of the financial statements also indicates a material uncertainty exists that may cast significant doubt on the ability of the Fund to realise the stated value of the investment property known as Burnside Valley 5 mile. Our opinion is not modified in respect of these matters.

## Information other than the financial statements and auditor's report

The Directors of Henderson-Saper Limited, being the Fund's Directors, are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is consistently reconcilable with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Trustee for the financial statements

The Directors of the Trustee, are responsible, on behalf of the Fund, for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Superannuation (General Pension) Act 2004, the financial statements requirements included in the Companies Act 2007 and other generally accepted accounting practice in Papua New Guinea, and for such annual control as the Directors of the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors of the Trustee are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless the Directors of the Trustee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so:

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we must use professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit.



## Report on other legal and regulatory requirements

We confirm in relation to our audit of the financial statements for the year ending 31 December 2020:

- We have obtained all the information and explanations that we have required
- In our opinion, proper accounting records have been kept by the Food as far as appears from an examination of those records

## Who we report to

This report is made solely to the Food's members, as a body. Our audit work has been undertaken so that we might state to the Food's members those matters which we are required to state to them as an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Food and the Food's members, as a body, for our audit work, for this report or for the opinions we have formed.



PricewaterhouseCoopers



Peter Buchholz

Partner, Registered under (the Accountants Act 1990)

For Monday 31 March 2021

# Nambawan Super

Statement of comprehensive income for the year ended 31 December 2020

	2020	2019	2018
<b>INCOME</b>			
Interest	1140	30,462	306,875
Dividends	1100	187,619	187,337
Property writes	1140	13,587	88,204
Net gains/losses on assets at fair value	1140	(225,370)	96,148
Foreign exchange gains, net	1100	(19,739)	1,819
Loan impairment recoveries		1,084	87,072
Other income	1100	384	1,882
		<b>287,428</b>	<b>709,881</b>
<b>EXPENSES</b>			
Investment and administration expenses:			
Direct investment property expenses		18,314	18,351
Fund administrator fees		10,100	8,771
Investment management fees		10,139	8,312
Property administration expenses		6311	5,078
Investment monitoring expenses		472	1,467
Loans and receivables impairment expenses	1248	11,945	10,812
		<b>43,379</b>	<b>54,191</b>
<b>Management expenses</b>			
	1400	78,411	68,428
		<b>102,411</b>	<b>130,881</b>
		<b>184,917</b>	<b>285,072</b>
		<b>102,510</b>	<b>100,811</b>
		<b>82,400</b>	<b>304,261</b>
		<b>82,400</b>	<b>304,261</b>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS AVAILABLE FOR BENEFITS</b>		<b>205,011</b>	<b>424,809</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the Financial statements.

## Statement of changes in net assets available for benefits for the year ended 31 December 2020

		2020 K'000	2019 K'000
<b>Net increase in net assets from operations available for benefits</b>			
<b>Contributions</b>			
Member contributions	(4)(1)	901,401	799,774
Resolving withdrawal repayments	(4)(0)	(25,487)	22,007
Person receipts	(4)(0)	16,700	-
Transfer to retirement savings plan (RSA)	(4)(0)	(47,177)	51,934
Other saver contributions	(4)(0)	3,112	2,243
		<b>818,547</b>	<b>886,047</b>
<b>Benefits expenditure</b>			
Benefit payments and transfers to RSA	(4)(0)	441,493	476,883
Financing allowances on member withdrawals	(4)(0)	36,704	27,759
Pension payments	(4)(0)	1,800	1,896
Retirement savings benefit payments	(4)(0)	42,967	38,818
Other support member payments	(4)(0)	108	33
		<b>525,172</b>	<b>585,417</b>
<b>Net increase in net assets available for benefits</b>			
		<b>293,375</b>	<b>299,630</b>
<b>Net assets available for benefits - beginning of the year</b>			
		<b>7,683,410</b>	<b>7,883,046</b>
<b>Income interest on unallocated state share through general reserve</b>			
		-	3,417
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>8,199,890</b>	<b>7,885,419</b>
<b>Comprise</b>			
<b>Member accounts and pension funds</b>			
Member accounts and pension funds	(4)(1)	7,820,311	7,401,570
Retirement savings accounts	(4)(0)	140,098	138,761
Other saver accounts	(4)(0)	13,241	6,188
Reserves	(4)(0)	41,793	54,900
<b>TOTAL MEMBER FUNDS</b>		<b>8,199,890</b>	<b>7,643,419</b>

The above statement is prepared in accordance with the rules, should be read in conjunction with the accompanying notes to the financial statements.

# Nambawan Super

## Statement of net asset available for benefits as at 31 December 2020

		2020	2019
		€'000	€'000
<b>ASSETS</b>			
<b>Investments</b>			
Financial assets at fair value through profit or loss	(12/40)	3,813,000	3,195,000
Financial assets at amortised cost	(11/0)	3,813,000	3,405,620
Loans receivable	(10/)	47,717	70,967
Investment properties	(11/0)	242,040	240,705
Assets held for sale	(10/)	22,791	2,550
<b>Total investments</b>		<b>8,738,548</b>	<b>7,914,842</b>
Cash on hand and at banks	6	250,271	241,385
Short-term deposits	6	44,300	50,814
Receivables	7	82,075	72,094
Property, plant and equipment	8	16,183	38,579
Right of use asset	4	40,857	41,730
Intangible assets	(10/0)	9,403	71,714
<b>Total assets</b>		<b>9,373,541</b>	<b>7,980,895</b>
<b>LIABILITIES</b>			
Deferred income tax payable, net	(11/0)	40,897	35,657
Benefits payable		2,349	2,600
Employee benefits payable		6,425	4,601
Debtors and other liabilities	9	73,363	136,188
Lease liabilities	(10)	43,630	44,741
<b>Total liabilities</b>		<b>171,064</b>	<b>223,787</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>9,202,477</b>	<b>7,757,108</b>

The above Statement of Net Assets Available for Benefits should be read in conjunction with the accompanying notes to the financial statements.

For and on behalf of the Board:



Reginald Mwanza  
Chairman



Lutz Heide  
Chairman Audit and Risk Committee

Based at First Monday the 31st day of March 2021.

## Statement of cash flows for the year ended 31 December 2020

		2020 R'000	2019 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions received		743,433	854,397
Benefits paid		(109,540)	(140,839)
Housing advances or member withdrawals	1400	(28,204)	(277,000)
Repayments from Housing advances received	1400	25,497	22,957
Investments in financial assets and short term deposits		(2,827,561)	(2,067,499)
Proceeds from sale of financial assets		3,069,429	1,459,974
Payment for investment property development & acquisition		14,160	(2,361)
Proceeds from sale of investment properties		15,203	-
Interest received		383,012	345,818
Dividends received		781,519	316,564
Property rentals and other income received		18,516	37,773
Investment and administration expenses paid		(87,301)	(74,720)
Income tax paid	1300	(64,186)	(68,558)
<b>Net cash flow from operating activities</b>		<b>(148,537)</b>	<b>111,479</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan drawdowns	100	-	(27,482)
Proceeds from loan repayments	100	4,563	97,478
<b>Net cash flow from financing activities</b>		<b>4,563</b>	<b>70,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	1	(10,361)	(6,492)
Proceeds on sale of property, plant and equipment		-	-
<b>Net cash flow from investing activities</b>		<b>(10,361)</b>	<b>(6,492)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(154,335)</b>	<b>174,987</b>
Cash and cash equivalents – beginning of the year		417,295	242,308
Unrealised foreign exchange component of cash balance		(3,600)	(3,583)
<b>CASH AND CASH EQUIVALENTS – end of the year</b>		<b>259,360</b>	<b>415,222</b>
Comprising:			
Cash on hand and at banks	1	270,271	(87,286)
Short term deposits (maturity within 90 days)	1	8,089	30,000
		<b>278,360</b>	<b>417,226</b>

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

# Nambawan Super

## Notes to and forming part of the Financial Statements for the year ended 31 December 2020

### 1. General information:

Nambawan Super is an approved fund under the Superannuation (General Principles) Act 1990 ("Act"). The Fund is generally a defined contribution (or accumulation) fund which provides benefits to its members in accordance with the Act. The majority of the contributions are from the public sector with the "State" as the major employer, however, since the introduction of the Superannuation reforms, membership now includes private sector organisations. In 2005, the Fund introduced a new profit employment product for existing members under the form of Investment Savings Accounts (ISA). This facility allows members who opt the Fund to transfer all or part of their benefits to an ISA. The advantages of an ISA are the continued security of funds in retirement, and the ability to make regular withdrawals from the account as free with retirement needs. Withdrawals are not subject to tax where statutory levels of withdrawals are not exceeded.

The Fund is governed by a Board of Directors, pursuant to their responsibilities as Nambawan Super Limited ("NSL"), the Fund's Corporate Body.

NSL is domiciled in PNG and the registered office is:

Level 2, Deloitte House,  
McGregor Street,  
PO Box 483,  
Port Moresby

The financial statements have been audited for value by the Directors on 30th day of March 2021. The Board of Directors has the power to amend the financial statements after they are issued.

### 2. Summary of significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are set out below.

These financial statements are presented in accordance with the requirements of the Superannuation Prudential Standard (general) and comply with International Financial Reporting Standards ("IFRS") and other generally accepted accounting practices in Papua New Guinea.

All amounts are expressed in PNG Kina rounded to the nearest thousand Kina.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, and investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of judgement and accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas in which different degrees of judgement or complexity or areas where assumptions, estimates and judgement are applied to the financial statements are set out in Note 2(i).

## (a) Adoption of new or revised standards and interpretations

### (i) Standards, amendments and interpretations effective in the year ended 31 December 2020

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period beginning 1 January 2020:

- **Amendments to IFRS 3 – definition of a business (Effective 1 January 2020)** This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance's commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IAS 1 and IAS 8 on the definition of material (Effective 1 January 2020)** These amendments to IAS 1, "Presentation of Financial Statements," and IAS 8, "Accounting policies, changes in accounting estimates and errors," and consequential amendments to other IFRSs:
  - issue a narrower definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - clarify the explanation of the definition of material; and
  - incorporate some of the guidance in IAS 1 about omitted information.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (Effective 1 January 2020)** Following the launch of the replacement of benchmark interest rates such as LIBOR and other rate benchmark rates (RBRs) has become a priority for global regulators. These amendments relate to hedge accounting and how, for the effect that RBR reform should not generally cause hedge accounting to terminate. However, any hedge reflects changes should continue to be recorded in the income statement under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the hedge will end, which include the uncertainty among loan interest rate benchmark rates no longer being present.

### (ii) Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2020 or adopted early

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 January 2021 or later periods, but the entity has not accepted them early:

- **IFRS 17 "Insurance contracts" (Effective 1 January 2021)** replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and insurance contracts with discretionary participation features.

This change is not applicable to the Fund.

## (b) Revenue recognition

### Property rental income

Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

### Investment income

Interest income comprising interest on government securities, bank deposits, debentures, loans and receivables is brought to account on an accrual basis using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses.

Dividend income from equity instruments is recognized in the Statement of Comprehensive Income as part of 'Other income' when the Fund's right to receive payments is established.

Changes in the fair value of financial assets (if fair value through profit or loss) and investments in property are recognized in the Statement of Comprehensive Income in the period in which they occur.

### Contribution income

Employer and member contributions are recognized upon receipt. Donations from other funds are recognized when received by the Fund. Contributions receivable from the State in relation to call payments are recognized when payments are made by the State to the Fund for participating members.

## (c) Foreign currency translation

The financial statements are presented in INR, which is the Fund's functional and presentation currency. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the (revaluation) of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income. Such balances are translated at year end exchange rates at balance sheet. Translation differences for non-monetary items, such as financial assets held at fair value through the profit or loss, are reported as part of net gain/(loss) on assets at fair value. The rates used as at 31 December were:

	2018	2017
USD	1:77.01	1:84.71
GBP	1:00.00	1:00.00
EUR	1:00.00	1:00.00



#### (d) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the items will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Furniture and fittings	At rates varying from 10% to 30% p.a.
Office equipment	At rates varying from 10% to 30% p.a.
Motor vehicles	30% p.a.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

#### (e) Financial assets

The Fund classifies its investments in the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Loans and receivables at amortised cost

The classification depends on whether the asset is an equity instrument or debt instrument, and for debt instruments, the nature of the cash flows derived from holding the instrument and the Fund's business model for holding the asset. Management determines the classification of its investments at initial recognition.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise equity instruments, which may be either held for trading or held for long-term capital appreciation and investment returns. This includes both listed and unlisted equities. No debt instruments are measured at fair value.

##### (ii) Financial assets at amortised cost

The Fund classifies equity instruments as financial assets at amortised cost where the contractual terms give rise to cash flows that are solely payment of principal and interest and the asset is held within a business model whose objective is to hold the instrument to collect the contractual cash flows or to hold them until maturity. There is no active secondary market for PAF's Government issued bonds and treasury bills, and the Fund's business model is to hold these instruments to maturity. Accordingly, the Fund has classified all its government issued bond and treasury bills as financial assets at amortised cost.

##### (iii) Loans and receivables at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are accounted for at amortised cost basis.

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Fund commits its purchase or sell the asset. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

### Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, category are presented in the Statement of Comprehensive Income within net gains or losses at fair value in the period they arise.

Foreign exchange gains and losses relating to financial assets at fair value through profit or loss are included within net gains or losses at fair value in the Statement of Comprehensive Income.

The Fund's equity interests in controlled entities and entities in which it holds significant influence are treated as financial assets and classified as financial assets at fair value through profit or loss.

Investments in Government bonds, stocks and Treasury bills, together with loans and receivables are subsequently carried at amortised cost, using the effective interest method, less any provision for impairment.

## (F) Investment properties

Investment properties are recognised initially at cost, including the transaction costs, if any. Investment properties are subsequently valued at each reporting date at fair value (cost  $\pm$ ), once construction is complete or they are available for use. Changes in fair value are recognised in the Statement of Comprehensive Income within net gains/losses at fair value.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Real income from investment properties is recognised in the Statement of Comprehensive Income within 'rental income' on a straight line basis over the lease term when the Fund's right to receive income arises.

## (G) Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. The fair value of financial assets traded in active markets is based on quoted market prices at the close of business on the reporting date. The fair value of financial assets not traded in an active market is determined using valuation techniques. A variety of techniques are used by the Fund using assumptions based on market conditions existing at the reporting date. Valuation techniques used include the use of comparable recent arm's length transactions,

reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The fair value of investment properties is determined by using valuation techniques including the use of comparable recent market transactions, the capitalization of earnings method and discounted cash flow analysis.

#### (iv) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days and are held by the Fund to collect the contractual cash flows.

#### (v) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Other short-term highly liquid investments with original maturities of three months or less are classified under other assets.

#### (vi) Income tax

The income tax expense or revenue for the period is tax payable (or the current year's taxable income based on the applicable income tax rate) adjusted by changes in deferred tax assets and liabilities, if (available to) temporary differences and tax credit carryforwards.

Deferred tax assets are provided in full, using the liability method, for temporary differences arising between the bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilize these temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax base: (i) investments in subsidiaries, where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

#### (vii) Benefits payable

Benefits payable are benefits from the Fund attributable to members that are paid by future dates.

#### (viii) Employee benefits

Liabilities of the Fund for their employees' entitlements to wages and salaries, annual leave, and other employee entitlements are accrued at amounts calculated having regard to period of service, statutory obligations, and on the basis of wage and salary rates when the liabilities are expected to be settled.

**(m) Creditors and other liabilities:**

Liabilities and other liabilities represent liabilities for goods and services provided to the Fund prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(n) Assets held for sale**

Assets held for sale are stated at the lower of carrying amount or fair value less cost to sell when their carrying amount is to be recovered principally through a sale transaction and their sale is considered highly probable within twelve months. The fair market value is determined with respect to government properties.

**(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of associated GST, unless the GST incurred is not recoverable from the Internal Revenue Commission. In this case it is recognized as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST receivable from or payable to the Internal Revenue Commission is included with other receivables or payables in the Statement of Net Assets Available for Benefits. Cash flows are presented on a gross basis. The GST component of cash flows arising from non operating activities receivable from or payable to the Internal Revenue Commission are presented as operating cash flows.

**(p) Impairment**

The Fund uses the expected credit loss model to assess on a forward looking basis the expected credit losses associated with its debt investments, including loans and receivables, carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The loss allowances are based on assumptions about risk of default and expected loss rates. The Fund uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For investments in financial assets, carried at amortized cost, the Fund applies the three-stage model based on whether there has been a significant increase in credit risk since inception.

Investments in Government insured stocks and Treasury Bills are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Other investments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the next 12 months.

For trade receivables, the Fund applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Provision is set aside if there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Equipment loans or fixed cost assets at structured cost and necessities are presented as net equipment loans within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against (Exhaustive list) items.

#### (q) Leases

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lease is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the leasee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment lease contracts the Fund. These terms are used to maximize operational flexibility in terms of managing conflicts. The majority of extension and (termination) options held are exercisable only by the Fund and not by the respective lessee.

In determining the base term, management considered all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the base term if the issuer's intention is to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the issuer.

#### (v) Comparative figures

When necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### (x) Critical accounting estimates, judgments and disclosures

##### (i) Fair Value of Assets

- Fair value of equity instruments that are not quoted in an active market are determined by independent experts using valuation techniques, primarily discounted cash flows, market multiples and net assets values. Management, Audit & Risk Committee and the Investment Committee review the valuations used to determine fair value for disclosures.
- Valuation models use observable data to determine practicability. However, there are factors requiring estimation and changes in assumptions about these factors could affect the reported fair value of the financial instruments.
- Included in intangible assets is an investment of 46.7% in Singapore Heights Limited that has been equity funded to support its construction project, which is still a work in progress. Fair value for this investment is based on internal cash flow forecasts modelling for the development, based on assumptions regarding rental rates, occupancy levels and inflation and a discount rate (10%) that reflects the risks relating to these cash flows, supported by an independent expert appraisal of the fair value of the bond based on these assessments. Management concluded that the carrying value of the investment of Key is fair and is fully recoverable as at 31 December 2020.

##### **Fair value of investment properties**

- Fair value estimation of investment properties utilizes the services of independent valuers. Fair value is the estimated market value, which the exchange of assets would take place in a situation that between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably, prudently and without compulsion. Valuation techniques used by independent valuers typically include the discounted cash flow basis, the capitalisation approach and comparison with observable market transactions for similar properties. The Discounted Cash Flow basis utilises an internal rate of return (IRR) based on known or expected rental, adjusted for riskier factors or by comparison with similar properties capitalised using the opposed market multiples. The Capitalisation approach adopts a market yield based on estimated income adjusted for costs, occupancy and future capital growth costs. The valuation methods adopted by the valuers do require estimation and assumptions on the part of the valuer and changes in estimates and assumptions could affect the reported fair values of the investment properties. Management reviews these estimates and assumptions and the valuations to determine fair value and accepts or adjusts the valuations. Management then makes a recommendation to the Audit & Risk Committee and the Investment Committee who then review and agree on the valuations.

These committees then recommend the valuation to the Board.

#### (F) Receivable from the State

The State owes debts to the Fund in relation to:

- (i) Unpaid rentals and obligations; and
- (ii) Interest.

Management continuously assesses the recoverability of these receivables, considering the nature of the debt, past history, likelihood of settlement and any relevant information available to management. Based on this assessment, a provision for impairment is recognised in the financial statements for potentially uncollectible rental payments and interest.

In addition, the State has an unrecognised liability to members (but not the Fund) arising from unfunded members' contributions in relation to previous years which will become due to the members' estate (see Note 6). Accordingly, this is not an asset of the Fund.

#### (G) Impairment:

##### Impairment of financial assets at amortised cost

The loss allowances are based on assumptions about risk of default and expected losses. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

31 December 2022					
Scenario	Strong Economy	Base Case	Weak Economy	Weighted Average	Expected Loss Ratio
Outcome Probability	38%	60%	10%		
Treasury Bills	4,348	(0,286)	(1,713)	3,219	1.3%
Government Bonds	533	6,116	(3,018)	333	1.3%
<b>Expected credit loss (00000)</b>	<b>4,122</b>	<b>10,499</b>	<b>(3,233)</b>	<b>6,111</b>	
31 December 2021					
Treasury Bills	2,711	(2,730)	(2,712)	2,590	1.4%
Government Stocks	4,840	4,844	(4,844)	4,833	1.4%
<b>Expected credit loss (00000)</b>	<b>2,001</b>	<b>2,004</b>	<b>(7,496)</b>	<b>7,663</b>	

##### Impairment of rental receivables

For rental receivables, which includes a significant portion of debts due from state related tenants, the Fund applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial

recognition of the receivables. The expected loss rates are based on the payment profiles of rental income over a period of 30 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on measures to control factors affecting the ability of the tenants to settle the receivables. Such forward looking information would include:

- Changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- additional market indicators; and
- market loss.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for receivables, from rental debtors:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
<b>31 December 2020</b>						
Expected loss rate	1.0%	2%	5%	10%	31%	
Gross carrying amount (R'000)	4,289	4,289	4,235	4,288	68,293	85,394
Loss allowance (R'000)	24	87	212	733	21,197	22,353
<b>31 December 2019</b>						
Expected loss rate	1.0%	2%	5%	10%	30%	
Gross carrying amount (R'000)	4,953	5,287	5,204	5,135	41,209	61,788
Loss allowance (R'000)	25	105	260	313	12,355	13,058

There has historically been no credit loss allowance on the non-current loan receivables as they are fully guaranteed by an employer.

#### (iv) COVID-19 Valuation Uncertainty

The outbreak of COVID-19, which was declared a global pandemic in March 2020, is causing increased uncertainty from both the local and global markets. Many countries globally have implemented strict travel restrictions and a range of quarantine and social distancing measures. There has been significant adverse health and social impact in Papua New Guinea.

Frederickson Super has engaged external valuation experts to assist in undertaking valuations of investment properties and related equities on behalf of Fund investors. As their valuations reports the external valuers have highlighted the values stated are an assessment of the present value of the future earnings capacity or future benefits of the investment properties and related equities based on historic transactions. The long-term effects of COVID-19 on our economy are yet to become clear, however low markets and low share valuations with regard to valuations, it has the potential to have an adverse impact on values, and the precise extent of that impact is still not evident. External valuers have also highlighted the COVID-19 pandemic is still likely to have a long-term impact both nationally and internationally. One short-term effect is that investment that valuations can be relied upon for three months following the date of valuation, the



larger applies. The COVID-19 pandemic demonstrates that segments of the market have altered significantly in a very short timeframe and there is a possibility that circumstances may continue to worsen long the pandemic and its flow on effects last.

At the date of the report the Board considers there remains a significant market uncertainty in regard to the valuations. The valuations reported are current at the year end only. The value assessed herein only change significantly and unexpectedly over a relatively short period of time – including a call of figures that market valuations could not reasonably have been aware of as at the date of valuation.

To determine the Funds' exposure of the carrying value of investment properties at 31 December 2020 to further fair value movements as a result of changes in the economic environment, a sensitivity analysis of fair value has been prepared over a key three most affected by the current uncertainty – investment property valuations remain subject to market based assumptions on market capitalisation rates and discounted cash flows. While it is unlikely that these reported drivers would have incidences, sensitivities have been performed independently to illustrate the impact of changes in the capitalisation rate on the reported fair values and they do not represent the Funds' estimate at 31 December 2020. Refer to Note 5 (i) for sensitivity analysis.

There has been a reduced volume of transactions during COVID-19, the volatility in markets and the lack of certainty around the economic recovery. It is possible there will be further movements in key inputs to valuations after 31 December 2020. Furthermore, the future operating performance of the Funds' investment property portfolio and related equities will be affected by the impact of the economic recovery and changes in tax treatment and related interest with investment assets.

#### (v) 9 mile land community known as "Bush Waza"

On Monday 16 November 2020 the National Court at Wajary after a full trial ruled in favour of Nantawan Super, primary rights over the land parcels 25A, 25Z and 25X, sometimes known as Bush Waza at 9 Mile Nantawan Super has served notice to inform the General Public, and the Occupiers of Parcels 25A, 25Z and 25X, being the first entitled with State Lease Valuer 25 Fields 25, that the National Court has made its decision for Nantawan Super to have vacant possession of the parcels of land.

Effective as of 16 November 2020, the National Court ordered that the defendants and occupants have 140 days to vacate the parcels of land. Settlers and squatters are to remove any improvements, if their use is not by 16 March 2021.

Nantawan Super intends to progress with plans to develop the site to provide more affordable housing to accommodate the growing Port Moresby population, and in particular the Fund's Members. Nantawan Super will continue to work with the relevant Government Authorities, with the use of stating the value of the land for the benefit of members and as a result no impairment provision has been recognised on these properties as at 31 December 2020.

The settlers and squatters are yet to comply with the orders of the National Court. As a result these conditions indicate that a material uncertainty exists that may cast significant doubt associated with Nantawan Super being able to realise the stated value of these properties without the full support of the relevant Government Authorities, in enforcing the settler and squatter commitments which have been established legally on these properties.

### 3. Property plant and equipment

Non-exhausted fixed assets (and its depreciations of the FARE) are included in property plant and equipment, as set out below. Property plant and equipment associated with medicinal properties are included under investments (Note 52).

	WOODS		OFFICE BUILDINGS			VEHICLES	Total €'000
	Land & Building €'000	Furn. and Equipment €'000	Assets in Progress €'000	Furniture & fittings €'000	Furn. & Equipment €'000	Motor Vehicles €'000	
<b>2022/2021</b>							
At 1 January 2021	20,428	-	2,272	12,824	4,428	2,668	52,148
Additions	-	-	1,900	143	4,273	46	10,362
Transfers	-	48	(2,382)	-	(48)	-	(2,382)
Disposals	-	-	-	(28)	(120)	(267)	(415)
At 31 December 2021	20,428	48	1,890	12,774	15,673	2,447	53,260
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2021	272	-	-	(228)	(472)	(323)	(1,751)
Depreciation	(20)	(4)	-	(38)	(274)	(87)	(423)
Transfers	-	21	-	-	(11)	-	10
Disposals	-	-	-	(2)	(34)	(210)	(246)
At 31 December 2021	(40)	(3)	-	(40)	(321)	(317)	(721)
<b>NET BOOK VALUE</b>							
At 31 December 2021	20,388	45	1,890	12,734	15,352	2,130	52,539
<b>2019/2020</b>							
At 1 January 2019	21,218	-	902	11,873	4,000	1,640	41,748
Additions	-	-	5,381	773	447	444	6,485
Transfers	-	-	-	-	-	(22)	(22)
Disposals	-	-	-	(70)	(54)	(80)	(174)
At 31 December 2019	21,218	-	5,773	12,014	4,403	2,068	52,118
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2019	50	-	-	(328)	(270)	(326)	(1,214)
Depreciation	(27)	-	-	(30)	(320)	(37)	(414)
Disposals	-	-	-	(1)	(14)	(80)	(95)
At 31 December 2019	(27)	-	-	(339)	(384)	(413)	(1,163)
<b>NET BOOK VALUE</b>							
At 31 December 2019	21,191	-	5,773	11,775	4,019	1,655	50,955

## 4. Right-of-use assets

The recognized right of use assets relate to the following types of assets: state-leased assets related to properties owned by the Fund as its investment properties, properties (i.e. buildings) leased by the Fund for its use, and properties leased for employee accommodation purposes. The breakdown of right of use assets per types of assets is provided below:

	State lease (€'000 €'000)	Properties (€'000)	Staff accommodation (€'000)	Total (€'000)
<b>As at 31 December 2023</b>				
Accrual (Leases Liabilities)	6,083	19,273	54	25,410
Amortment due to lease contracts	-	11,648	-	11,648
Impairment	114	11,658	46	11,818
<b>Carrying net book amount</b>	<b>6,197</b>	<b>32,579</b>	<b>100</b>	<b>48,876</b>
<hr/>				
At cost	9,348	39,679	569	49,696
Accumulated depreciation	(3,151)	(7,100)	(469)	(10,720)
	<b>6,197</b>	<b>32,579</b>	<b>100</b>	<b>48,876</b>

## 5. Investments

### Financial assets at fair value through profit or loss

	2019 K'000	2018 K'000
<b>(A) FINANCIAL ASSETS - DEBT AND EQUITY INSTRUMENTS</b>		
Balance at the beginning of the year	1,302,843	1,271,444
Investment during the year	46,429	14,418
Divestment during the year	(4,349)	(76,108)
Fair value less than change in net market value	(116)	(179,011)
<b>Balance at the end of the year</b>	<b>1,304,717</b>	<b>1,109,643</b>
<b>(B) FINANCIAL ASSETS - LIMITED INTEREST INSTRUMENTS</b>		
Balance at the beginning of the year	797,741	891,255
Divestment during the year	(11,112)	-
Fair value gain from change in net market value	(116)	(16,487)
<b>Balance at the end of the year</b>	<b>786,513</b>	<b>874,768</b>
<b>(C) FINANCIAL ASSETS - LIMITED INTEREST JOINT VENTURES</b>		
Balance at the beginning of the year	898,099	893,341
Investment during the year	151,699	-
Divestment during the year	-	(17,008)
Foreign exchange gain/(loss) during the year	87318	8,188
Fair value gain/(loss) from change in net market value	(116)	(39,179)
<b>Balance at the end of the year</b>	<b>1,227,099</b>	<b>965,452</b>
<b>(D) FINANCIAL ASSETS - BOND INVESTMENTS</b>		
Balance at beginning of year	-	-
Purchases during the year	168,338	-
Maturities during the year	-	-
Increase/(Decrease) in accrued interest receivable	-	-
Foreign Exchange gain/(loss) during the year	1,652	-
Fair value gain from change in net market value	(116)	(,989)
<b>Balance at the end of the year</b>	<b>172,943</b>	-
<b>Total financial assets at fair value through profit or loss</b>	<b>3,813,021</b>	<b>3,749,614</b>

## 5. Investments (continued)

Financial assets at fair value through profit or loss (continued)

	2017 R'000	2016 R'000
<b>NET FINANCIAL ASSETS AT AMORTISED COST</b>		
Government (included stock & treasury bills - income)		
Balance at beginning of year	1 405 623	1 441 199
Purchases during the year	1 465 709	1 278 259
Reductions during the year <sup>1</sup>	(2 009 124)	(1 560 433)
Disposal	(38 500)	-
Interest/Dividends or accrued interest receivable	7 119	49 463
Provision for impairment	(1 723)	4 115
<b>Balance at the end of the year</b>	<b>1 892 504</b>	<b>1 462 603</b>
<b>IFU LOANS RECEIVABLE</b>		
Balance at the beginning of the year	71 947	58 437
Drawdowns made	-	27 432
Payments received	(43 645)	(60 225)
Decreases/increases in provision for impairment, net	-	20 640
Interest charged	1 340	(3 041)
<b>Balance at the end of the year</b>	<b>28 642</b>	<b>23 243</b>

The loans at cost interest at an average rate of 10.6% (2016: 10.9%) represent a repayable liability and the principal amount is repayable in accordance with the respective loan agreements, with instalments, varying between zero and 100%. The majority of the loans are to construction sites (partly related companies - Waggon-Nieder Limited (DZ) million) and OFH Limited (Zm million). The loans receivable for OFH and WNL are stated on a gross basis, ie before impairment.

Details as relates to impairment of loans receivable are shown in Note 10.

## 5. Investments (continued)

Financial assets at fair value through profit or loss (continued)

	2019 R'000	2018 R'000
<b>III INVESTMENT PROPERTIES</b>		
Property at fair value		
Balance at the beginning of the year	358,113	405,470
Disposals	(14,207)	
Transfer from capital work in progress	379	44,958
Transfer to assets held for sale	(19,355)	
Transfer from assets held for sale	800	
Fair value gain from change in net market value	(10)	17,734
<b>Balance at the end of the year</b>	<b>327,040</b>	<b>398,112</b>
Capital work in progress – properties under construction (net cost)		
Balance at the beginning of the year	2,589	45,240
Additions	4,760	2,263
Transfer to assets held for sale	(1,019)	
Transfer to investment properties	(379)	44,958
<b>Balance at the end of the year</b>	<b>4,951</b>	<b>49,461</b>
<b>Net investment properties</b>	<b>331,991</b>	<b>447,573</b>
<b>IV ASSETS HELD FOR SALE</b>		
Properties held for sale		
Balance at the beginning of the year	2,559	3,850
Transfer from investment properties	20,074	
Transfer to investment properties	(800)	
Disposal and write-offs		(1,240)
	<b>21,833</b>	<b>2,410</b>
Certain properties of the fund are held for the purpose of sale. These sales are expected to be completed within a period of a year.		
<b>TOTAL INVESTMENTS</b>	<b>3,796,489</b>	<b>3,237,317</b>

## 5. Investments (continued)

Financial assets at fair value through profit or loss (continued)

		Holding interest (%)		Portfolio value (R'000)	
<b>10 INVEST ALLOCATIONS</b>					
Asset class		2020	2019	2020	2019
Category					
Equities					
Listed		10	11	790,856	787,740
Unlisted		11	31	1,305,211	1,600,843
Financial assets at amortised cost		49	47	1,811,297	1,405,623
Property		7	8	342,046	360,716
Assets held for sale		6	6	21,122	1,628
Liars		1	1	87,717	70,947
Others					
Equities					
Listed		13	12	1,017,026	898,889
Unlisted		6	6	-	-
Bonds at fair value		2	6	112,947	-
<b>Total excluding short-term deposits</b>		<b>100</b>	<b>100</b>	<b>2,794,866</b>	<b>2,257,517</b>
Line routes - Disclosure	Industry	Valuation method	Value (R'000) 2020	Value (R'000) 2019	
Bank South Pacific Ltd	Banking	Cost bid price	677,960	677,960	
Co-Primary Ltd	Insurance/Retail	Cost bid price	107,210	100,716	
Credit Corporation Ltd	Finance	Cost bid price	17,631	19,165	
<b>Total</b>			<b>792,801</b>	<b>797,841</b>	
Financial assets at amortised cost	Industry	Valuation method	Value (R'000) 2020	Value (R'000) 2019	
Government Incented Stock	Banking & Finance	Amortised cost	1,853,304	1,628,977	
Treasury Bills	Banking & Finance	Amortised cost	1,999,820	1,776,623	
<b>Total</b>			<b>3,853,124</b>	<b>3,405,600</b>	

## 5. Investments (continued)

Financial assets at fair value through profit or loss (continued)

United Entities - Overseas	Industry	Valuation method	Year 2019 RMB	Year 2018 RMB
Alcoa International Hotel Ltd	Hotel	Net Assets		
Capital Insurance Group Ltd <sup>(A)</sup>	Insurance	Net Assets		
Castleknock Court Ltd	Property	Net Assets		
Castle Hill Hotel Ltd <sup>(A)</sup>	Hotel	Net Assets		
Samui Hotel Ltd <sup>(A)</sup>	Hotel	Net Assets		
Mok No. 10 Ltd	Real Estate	Net Assets		
Morobe Front Holdings Ltd	Property Development	Net Assets		
Pacific Building Mgt Servs Ltd	Building Maintenance	Net Assets		
Pineapple Foods Holdings Ltd	Food & Snacks	COE		
PHU Water Ltd	Utilities	Net Assets		
South Pacific Post Ltd	Media	COE		
South Pacific Brewery Ltd	Brewery	COE		
Toyota Leasing (PHS) Ltd	Auto Vehicle	COE		
Wessex Bank (PHS) Ltd	Banking	COE		
UPH Ltd - Galaxy Asset <sup>(B)</sup>	Property	Net Assets		
Wagon Asset Ltd	Property	Net Assets		
Wangweili Heights Ltd	Property	COE		
<b>Total</b>			<b>2,490,218</b>	<b>2,388,449</b>

As at year-end each at a reporting period a value indicated of each COE - establishment of fair value method is as follows:  
 (A) - discounted cash flow      (B) - capital asset valuation      (C) - market value based on the price from the past year

United entities are valued at fair value at balance date, as determined generally by registered independent professional valuers. The valuations as at 31 December 2019 and 2018 were conducted by PPMG PHG. The valuation methods used as disclosed above are considered the most relevant and appropriate. Three main valuation methods are used: (i) Capitalized (or) Net Earnings (CNE), which estimates a sustainable level of future repeatable earnings and applies an appropriate earnings multiple derived from similar transactions of comparable entities or operational flow, (ii) Net Assets method which has been used by the valuers where the entity has significant net assets backing and earnings are limited or inconsistent, and (iii) The Discounted Cash Flow method where net present value is determined from estimated future cash flows.

Changes in fair values are recorded in the Statement of Comprehensive Income as part of the fair value gains/losses.



## 5. Investments (continued)

Financial assets at fair value through profit or loss (continued)

Property	Section/Amount	MUSA	Value (R'000)	Value (R'000)
<b>COMMERCIAL</b>				
Apollon Centre	400 (113)	Rohrig (PCW)		
Versigrid Haus	990 (11,11,24)	Rohrig (PCW)		
Barron Haus	20 (11,4,3)	Gronitz (PCW)		
Die Bismars	20 (11,3)	Gronitz (PCW)		
Wolfsgraben House	20 (11,3)	Gronitz (PCW)		
Frederick Haus	20 (11,3)	Gronitz (PCW)		
Port Tower	4 (21)	Gronitz (PCW)		
Wolfsgraben Haus	8 (13 & 30)	LiA		
Nachwacht (Super) Building	40 (11,1 & 21)	LiA		
<b>RESIDENTIAL</b>				
Alte Villa Apartments	40 (2)	Gronitz (PCW)		
Bay Side Apartments	1 (Rohrig 17)	Gronitz (PCW)		
Karlshof 313 Apartments	1 (Rohrig 313)	LiA		
Waldhof Estate Properties		B Witz (PCW)		
Princes Apartments	61 (23)	Gronitz (PCW)		
<b>LIGHT INDUSTRIAL</b>				
Bismars	66 (15)	Rohrig (PCW)		
AST Warehouse	66 (16)	Rohrig (PCW)		
Wood Pines Warehouse	40 (15 & 6)	LiA		
<b>Under Development</b>				
12 Park PFG	188 (20)	Burck (PCW)		
Vacant Land				
9 Mile Land	2156, 2157, 2158	Borland (PCW)		
Waldhof Estate	140 (13, 26)	B Witz (PCW)		
Bank (Angco Ltd)	5 (1)	Gronitz		
Bank (Angco Ltd)	8 (1)	Gronitz		
Bank (Angco Ltd)	5 (3, 3)	Gronitz		
<b>Total</b>			<b>102,048</b>	<b>102,048</b>

## 5. Investments (continued)

The Group properties are valued at fair value at balance date with values of Kshs million (2019: Kshs million), as determined by the Board, utilising the services of External Valuers. The valuations as at 31 December 2019 were conducted by The Professional Real Estate Limited and The Professional Valuers of PNC, both of whom are independent registered property valuers (The Real Estate Management, The Professional Real Estate Limited and The Professional Valuers of PNC). The valuation methods used are considered the most relevant and appropriate. The measurement methods used are:

- Capitalisation of Earnings (COE), which estimates a sustainable level of future maintainable earnings, and applies an appropriate capitalisation rate derived from market transactions of comparable entities or operations plus its discount factor;
- The Discounted Cash flow method where net present value is determined from estimated future cash flows, discounted to present value; and
- For land, comparison with recent observable market prices.

There were no changes in valuation methods from the prior year.

### Financial assets at fair value through profit or loss (continued)

Item	Industry	Value (K000) 2019	Value (K000) 2018
OPHEM	Property		
Wagner Asset Ltd	Property		
Loan impairment provision			
<b>Total</b>		<b>47,714</b>	<b>76,947</b>

The year ended 31st December 2019 ended with the following: Wagner Asset Ltd and OPHEM.

Assets held for sale	Location/Address	Market	Value (K000) 2019	Value (K000) 2018
Malindi Estate	145 - 152	8,500 (RPM)		
Angua Property	6 - 11	5,000		
Angua Property	6 - 11	5,000		
Angua Property	6 - 12, 13, 20	5,000		
Angua Office House		1,500 (RPM)		
Malindi Estate	145 - 152	8,500 (RPM)		
Malindi Estate	145 - 152	8,500 (RPM)		
Sea Rimba	20 - 21	Commod (RPM)		
Shauri Moyo	44 - 45 & 48	10,000 (RPM)		
<b>Total</b>			<b>33,000</b>	<b>1,500</b>

## 5. Investments (continued)

Listed Equities - Offshore	Industry	Valuation method	Value (R'000) 2022	Value (R'000) 2021
Blackrock/Wisdom International Equity Fund	Indexed Funds	Last bid price		
Avaston Global Managed Volatility	Indexed Funds	Last bid price		
Lazard Global Managed Volatility Fund	Indexed Funds	Last bid price		
Robeco Global (D) Conservative Growth Fund	Indexed Funds	Last bid price		
Amundi Funds - Pimco Synthetic Global Corp	Indexed Funds	Last bid price		
Spicoder Int'l Selection Fund - Global Equity	Indexed Funds	Last bid price		
<b>Total</b>			<b>1,037,421</b>	<b>887,887</b>

### (A) OTHER INVESTMENTS EXCEEDING 5% OF THE NET ASSETS:

Investment	Type	% Holdings	% of Net Assets	Value (R'000) 2022	Value (R'000) 2021
Bank of South Africa	Listed equity	17	1.8	677,445	677,441
Bank of PNG	LISTED	N/A	0.8	1,812,473	1,411,423

### (B) SENSITIVITY ANALYSIS

The following table demonstrates the sensitivity of investment valuations to changes in significant input assumptions and scenarios:

Category	Assumptions	Value (R'000)	Underlying assets	Weighted Average Asset	Revisions Positive Shift +/-	Revised Value +/-
Property Development	DSC Corporate	281,146	Equity	Weighted	0.2%	281,146
			Debt	Weighted	0.0%	281,146
			Residual	Weighted	0%	281,146
Property Acquisition	Corporate	4,434	Equity	Weighted	0.0%	4,434
			Debt	Weighted	0%	4,434
			Residual	Weighted	0%	4,434
Heavy Light Industrial	Corporate	1,024,111	Equity	Weighted	0%	97,288
			Debt	Weighted	0%	1,024,111
Property Land	Corporate	1,284,111	Equity	Weighted	0%	1,284,111
Land Development	Listed Equity	1,000,000	Equity	Weighted	0%	1,000,000
Land Development	Listed Equity	1,000,000	Equity	Weighted	0%	1,000,000
Other	Other	1,000,000	Other	Weighted	0%	1,000,000

## 5. Investments (continued)

### (f) Fair Value Hierarchy

The table below analyses financial investments and other investments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2) and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Fund's assets and liabilities that are measured at fair value at 31 December.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>2020</b>				
<b>Financial assets</b>				
Listed securities	1,033,863	–	–	1,033,863
Unlisted securities	–	–	1,005,217	1,005,217
<b>Non-financial assets</b>				
Assets held for sale	–	–	77,173	77,173
Investment properties	–	–	540,946	540,946
	<b>1,033,863</b>	<b>–</b>	<b>1,623,336</b>	<b>2,657,200</b>
<b>2019</b>				
<b>Financial assets</b>				
Listed securities	1,096,041	–	–	1,096,041
Unlisted securities	–	–	1,500,043	1,500,043
<b>Non-financial assets</b>				
Assets held for sale	–	–	2,500	2,500
Investment properties	–	–	300,705	300,705
	<b>1,096,041</b>	<b>–</b>	<b>1,803,248</b>	<b>2,899,289</b>

There were no transfers between levels during the year.

## 5. Investments (continued)

The fair value of financial instruments traded in active markets is based on quoted prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in level 1 instruments included in level 1 comprise primarily FTSE or ASX equity investments. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 2.

Specific valuation techniques used to value other than level 1 investments include:

- Quoted market prices, results of Bank of PMA auction or other quotes for similar assets or instruments, and
- Other techniques such as multiples of return measurable earnings, net asset values or discounted cash flow analysis are used to determine value of the remaining classes of instruments and investment properties.

## 6. Short Term Deposits

	2022	2021
	(\$'000)	(\$'000)
Term deposits maturing within 90 days - interest	8,100	30,010
Term deposits maturing within 3 to 6 months - interest	35,000	27,010
Accrued interest	1,200	500
Provision for impairment	-	(500)
	<b>44,300</b>	<b>57,010</b>

## 7. Receivables

	2022	2021
	(\$'000)	(\$'000)
Trade debtors	66,100	66,010
Less Provision for doubtful debts	(21,870)	(21,070)
	<b>44,230</b>	<b>44,940</b>
Fundly debtors	10	200
Rate uncollected - interest income	-	1,470
Related party receivables	11,140	8,500
Provision for doubtful debts on related parties	(1,200)	(1,610)
Dividend receivable	6,240	900
Prepayments and GST-refundable	11,400	11,070
Staff housing scheme and advances	1,100	500
	<b>82,870</b>	<b>78,180</b>

Approved and signed on behalf of the Board of Directors  
 Director of the Fund: Dr. Richard J. O'Connell (Director, Chairman of the Board)

## 8. Cash on hand and at Banks

	2022 ('000)	2021 ('000)
Banks - offshore	88,070	265,377
Banks - onshore	184,140	81,024
Cash on hand	81	144
<b>Total</b>	<b>272,291</b>	<b>346,545</b>

## 9. Creditors and other liabilities

	2022 ('000)	2021 ('000)
Creditors	9,378	14,029
Members' deposits	58,081	118,804
Rentals to/d from	2,978	1,889
Deposits on sale of properties	1,073	42
<b>Total</b>	<b>71,510</b>	<b>134,764</b>

## 10. Lease liabilities

As disclosed in Note 4, the right-of-use assets and related lease liabilities are recognized in relation to the following types of assets: state land leases related to properties owned by the Fund as its investment properties portfolio (in buildings leased by the Fund for its use), and properties leased for employee accommodation purposes. Right-of-use assets were measured at the revised input to the lease liabilities as at 1 January 2020.

	2022 ('000)	2021 ('000)
State land leases	6,144	6,578
Properties	36,491	37,168
Employee accommodation	481	551
<b>Total lease liabilities</b>	<b>43,116</b>	<b>44,297</b>

Total lease liabilities as at 31 December 2022 include current liabilities of 84,296 (2021: 88,349) and non-current liabilities of 58,820 (2021: 54,247).

## 10. Lease liabilities (continued)

	2022 R'000	2021 R'000
<b>Minimum lease payments:</b>		
Not later than 1 year	4,245	4,408
Later than 1 year and not later than 5 years	19,369	20,277
Later than 5 years	15,062	16,702
<b>Total</b>	<b>38,676</b>	<b>41,387</b>
Less: Unexplored finance charges	(13,846)	(15,674)
	<b>24,830</b>	<b>25,713</b>
<b>Present value of lease liabilities:</b>		
Not later than 1 year	4,634	4,717
Later than 1 year and not later than 5 years	16,189	17,987
Later than 5 years	16,274	17,029
<b>Total</b>	<b>37,097</b>	<b>39,733</b>

Interest expense attributable to capital lease obligations for the financial year ended 31 December 2022

Measured in net lease liabilities as per below:

	2022 R'000	2021 R'000
Opening	48,747	—
Effect on adoption of IFRS 16	—	48,717
Finance costs	3,484	3,700
Finance costs paid	(2,486)	(2,700)
Repayment	(2,752)	(1,874)
	<b>46,993</b>	<b>48,747</b>

The weighted average finance discount rate applied to the liability at 31 December 2022 was 12.07% (2021: 12.07%). IFRS 16 requires the lease liability to be measured initially by discounting the lease payments at the commencement date of the lease.

## 11. Income

	2022 R'000	2021 R'000
<b>GOVERNMENT:</b>		
Government guaranteed and Treasury bills	304,277	385,628
Loans	7,384	1,041
Short-term deposits	4,807	7,274
	<b>316,468</b>	<b>393,943</b>

## 11. Income (continued)

	2022 €'000	2021 €'000
<b>INCOME</b>		
Listed equities	17,153	17,523
Unlisted equities	17,856	146,011
	<b>35,009</b>	<b>163,534</b>
<b>NO REVENUE FROM PROPERTY RENTAL CONTRACTS</b>		
Commercial leases	33,397	34,306
<b>NET FOREIGN EXCHANGE GAINS/(LOSSES)</b>		
Net foreign exchange gains/(losses)	(6,714)	1,474
<b>NET REALIZATION GAINS/ON ASSETS AT FAIR VALUE</b>		
Realized fair value gains/(losses)		
Listed equities - market	12,206	104,481
Listed equities - offshore	(111,490)	138,175
Bonds - offshore	1,899	-
Unlisted equities	(222,008)	(175,900)
Investment properties	10,558	17,774
Realized fair value gains/(losses)		
Listed equities	-	(394)
Unlisted equities	(1,340)	-
Investment properties	(1,206)	175
Assets held for sale	-	(1,410)
Foreign Exchange gains/(losses)		
(Realized) foreign exchange gains/(losses) on offshore listed equities	(6,714)	5,186
<b>Net fair value gains/(losses)</b>	<b>(220,278)</b>	<b>25,165</b>
<b>IN OTHER INCOME</b>		
Bad debts recovered	-	3,771
Management fees received	-	145
Sale of assets	64	-
Other income	160	87
	<b>64</b>	<b>4,003</b>



#### Additional information in relation to revenue from property rental contracts with customers

Revenue in relation to property rental contracts is recognised on a straight line basis over the period of the lease contract. Amounts outstanding for rents receivable which are unconditional are recognised in receivables. No other contract assets, or amounts in relation to costs incurred to obtain a contract, are recognised in relation to property rental contracts with customers. Contract liabilities in relation to rental income received in advance and rental cost of hotels are recognised within liabilities and other liabilities (page 5).

There were no contracts recognised in the current reporting period relating to performance obligations satisfied in a prior year and no other amounts have been recognised at balance date in relation to unsatisfied performance obligations.

The period of leases whereby the fixed lease (all-in) (rental) price (exclusive operating lease) is generally 11 years or more.

	2022 €'000	2021 €'000
No later than 1 year	-	-
Later than 1 year and no later than 5 years	48,301	52,554
More than 5 years	1,796	1,510
<b>Total</b>	<b>50,097</b>	<b>54,064</b>

## 12. Expenses

	2022 R'000	2021 R'000
<b>12.1 TAXES AND RECEIVABLE IMPROVEMENTS EXPENSE</b>		
Provision for impairment expense - fixed interest	(17,541)	-
Provision for doubtful debt expense - interest income (NOTE 11)	-	(6,881)
	17,541	(6,881)
<b>12.2 MANAGEMENT EXPENSES</b>		
Staff compensation	29,567	23,140
Office expenses	13,149	11,333
Professional fees	6,703	5,628
Director's fees & expenses	2,149	2,663
EPFQ service fees	4,268	4,294
Staff housing and other benefits	1,487	546
Depreciation on property plant and equipment	4,250	4,429
Depreciation on right of use assets	5,129	2,991
Finance cost - IFRS 18	2,485	2,689
Loss on disposal of fixed assets	18	31
Advertising	6,499	3,111
Travel expenses	266	1,240
Authority communication - statutory audit services	638	503
Vehicle expenses	210	317
Conferences and workshops	170	535
Donations	-	31
Other expenses	206	388
	116,907	86,425

### 13. Income tax

The income tax charged on operating profit is detailed as follows:

	2019	2018
	€'000	€'000
<b>Income tax expense</b>		
Operating profit	147,865	500,837
Provisional tax at 25%	36,964	125,208
Tax effect of:		
Fair value changes in investments	7,383	(24,500)
Dividend income	(17,880)	(62,141)
Foreign exchange gain - foreign account	(20,517)	7,210
Other	122	521
<b>Income tax expense for the year</b>	<b>30,072</b>	<b>45,898</b>
Current year liability for corporate tax (including 12 months of carry forward)		
Current income tax	48,432	50,470
Deferred income tax	(18,360)	36,000
	<b>30,072</b>	<b>45,898</b>
<b>Reconciliation of income tax expense</b>		
Opening balance	71,718	31,800
Current income tax	48,432	(50,470)
Tax payments	(89,132)	(51,528)
<b>Closing balance</b>	<b>71,018</b>	<b>31,718</b>

### 13. Income tax (continued)

	2022 RMB	2021 RMB
<b>(C) DEFERRED INCOME TAX PAYABLE NET</b>		
Opening balance at the beginning of the year	(35,651)	(9,637)
Movement during the year	(17,184)	(26,801)
<b>Closing balance</b>	<b>(49,887)</b>	<b>(36,438)</b>
<b>Comprising</b>		
Investment properties	(14,581)	(11,196)
Interest receivable	(23,402)	(12,348)
Rent receivable	(71,592)	(17,132)
Foreign exchange gains - non capital	(2,244)	(1,899)
Dividend receivable	(1,661)	(88)
Prepaid expenses	(88)	(318)
Fixed assets	(8,287)	1,118
Liabilities	(1,221)	-
Employee benefits	(188)	1,158
Doubtful receivables and loans	(914)	(184)
Loans	(18)	87
Other assets	(456)	2,409
	<b>(49,887)</b>	<b>(36,438)</b>

### 14. Members funds

Members' funds are (i) accumulated by contributor (cash), contributor (housing) withdrawal, pension funds and retirement savings accounts together with a member. Contributor funds are credited with contributions on a cash-received basis. For 2022, interest allocated to contributor funds was distributed to member balances at a rate of 2% (2021: 2%) based on a daily time-weighted basis.

Contributor housing withdrawal comprise withdrawal from contributor funds, which are repaid by way of additional contributions at a maximum rate of 2% and from member's entitlements at the time of exit when the advance is not fully repaid at 10% (2021: 10%) of exit.

## 14. Members funds (continued)

	2020 R'000	2019 R'000
<b>(A) CONTRIBUTOR FUNDS</b>		
Opening balance	7,646,267	8,871,151
Add:		
Members' contributions received during the year	301,685	344,683
Employer contributions received during the year	493,275	505,493
Unallocated contributions	-	-
Transfers from other funds	1,081	1,998
	<b>801,781</b>	<b>756,174</b>
Interest allocation	28,187	490,115
	<b>8,325,299</b>	<b>9,117,449</b>
Less:		
Member benefits paid during the year: <sup>1</sup>	(858,873)	(615,884)
State Share paid - on call	-	-
Transfer to SSA during the year	(633,077)	(81,834)
Unemployment benefits paid	(82,440)	(5,974)
	<b>(1,574,390)</b>	<b>(703,692)</b>
Closing balance	<b>6,750,909</b>	<b>7,413,757</b>
*Benefit payment details:		
Retirement	(555,800)	(378,528)
Death	(81,273)	(80,356)
	<b>(637,073)</b>	<b>(458,884)</b>
<b>(B) LOANS ADVANCED</b>		
Opening balance	(137,800)	(151,241)
Advances to member at the year	(98,700)	(27,769)
Repayments received	25,400	(10,957)
Closing balance	<b>(111,100)</b>	<b>(133,867)</b>

## 14. Members funds (continued)

	2022 R'000	2021 R'000
<b>14.1 RESERVE FUNDS</b>		
Opening balance	(1,458)	238
Receipts during the year	16,700	
Payments during the year	(5,900)	(1,886)
<b>Closing balance</b>	<b>9,342</b>	<b>(1,448)</b>
<b>Total available securities and investment fund</b>	<b>3,220,881</b>	<b>3,281,214</b>
<b>14.2 INVESTMENT INCOME ACCOUNT</b>		
Opening balance	128,863	112,778
Transfers from contributor funds during the year	47,177	(7,824)
Interest allocation	1,332	9,382
Payments during the year	(42,967)	(39,628)
<b>Closing balance</b>	<b>134,305</b>	<b>124,718</b>
<b>14.3 OTHER FUNDS ACCOUNT</b>		
Opening balance	8,188	8,882
Members' contributions received during the year	3,112	2,048
Interest allocation	58	81
Payments during the year	(1,061)	(82)
<b>Closing balance</b>	<b>10,297</b>	<b>11,129</b>
<b>TOTAL CONTRIBUTOR FUNDS</b>	<b>6,897,306</b>	<b>7,419,092</b>
<b>14.4 RESERVES</b>		
Retained earnings and general reserve	21,088	17,863
Section 39(2)(b) reserve	21,378	21,218
Provisional reserve - property	1,442	1,442
<b>Closing balance</b>	<b>43,908</b>	<b>40,523</b>
<b>TOTAL MEMBERS FUNDS</b>	<b>8,146,500</b>	<b>8,089,448</b>

The amounts held in the above reserve accounts are unallocated benefits for the members. These reserves may be allocated to the members at the discretion of the Trustees after considering the necessary prudent and statutory requirements.

## 14. Members funds (continued)

	2022 RMB	2021 RMB
<b>GOVERNMENT RETAINED EARNINGS AND GENERAL RESERVE</b>		
Beginning balance	34,388	26,634
Net increase (or decrease) from operations available for benefits	28,303	(54,34)
Measurement of benefit cost on adoption of IFRS 9		
Increase (or decrease) on state share		3,432
Interest allocated to common funds	(9,728)	(500,010)
	<b>52,963</b>	<b>(34,308)</b>

## 15. Funding arrangements

### (a) Unfunded Liability of the State

As a result of using the lesser unfunded liability of the State for members accrued up to the Kua-tai-tai (over RMB billion), this is not an obligation of the Fund.

### (b) Exiting members

As members exit the Fund, the State is legally obliged to make its guaranteeing employer contributions for the years prior and prior plus interest on this amount based on the interest credit rate for each year prior till the year of exit. The State is also required to pay fortnightly the employer contribution of RMB from 2010 onwards.

Up until December 2021, the statutory total benefit was paid to the exiting members by the Fund voluntarily including the unfunded portion that was the State's responsibility regardless of any payments by the State. At the end of each month, the Fund advised the State for these exit payments made on behalf of the State.

In December 2022, the Board of the Fund reviewed the quantum and age of the members exit debt payable from the State. Since the receivable was in excess of 12 months and based on member equity and contribution contributions, the Board made a decision not to pay the State's employer debt or obligations until such time as the State make up arrears and started paying for exiting members again. The Fund is still paying exiting members all accumulated funds that the Fund has actually received and holds on account for the member but will not use exiting member's funds to cover the State's obligations. The Board believes that it is responsible for the current members' funds to be used to meet the State's obligation. Therefore, Human Resources (Super Fund) Board and Management has taken the decision to pay only what the Fund holds for the exiting member, which is the (i) employer contribution plus the interest earned by the Fund over time, plus part of the EPS contributed up to 2010 and contributions received from 2010 to the time of their exit. The contribution by the State since 2010 is explained in paragraph (c) on the next page.

## 15. Funding arrangements (continued)

### (c) State's Obligations on Employer contributions

From 2005, the State was allowed to offset a phased catch-up of restoring the full 5.4% component of Employer Contributions for a continuous future base under the Provisions of the Superannuation Act, as detailed below:

- 50% of the 5.4% employer contribution for 2005;
- 75% State 2006 and 2008;
- 50% for 2007 and 2008;
- 75% State 2009 and 2010; and
- 100% from 2011 onwards.

The balance of the amounts due for each of financial years (after State 2009 onwards) is payable by the State on retirement of the employee.

From 2011, the State has been restoring the full 5.4% employer contributions on a fortnightly basis and therefore did not owe the Fund at year ended 31 December 2010 for such contributions, but remains liable for the unpaid portions of interest for earlier years.

## 16. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value estimate risk, credit flow (interest rate risk and price risk) and credit risk. The Board has appointed an Investment Committee with a Charter (constitution) and manage the investments of the Fund. The Investment Committee has appointed a Licensed Investment Manager in accordance with Section 5 of the Superannuation (General Provisions) Act 2005.

The investments of the Fund (after fund cash held for liquidity purposes) are managed on behalf of the trustee by Citic Funds Management Limited (CFML). The investment manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate. The trustee has determined that appointment of this manager is appropriate for the Fund and is in accordance with the Fund's investment strategy. The trustee obtains regular reports from the investment manager on the nature of the investments (made on its behalf) and the associated risks.

### (a) Market risk

#### (i) Foreign exchange risk

The Fund is exposed to foreign exchange risk in relation to international investments and deposits. The Fund does not have any specific hedging policies to mitigate this risk but the Fund does monitor the impact of this risk on an ongoing basis. Approximately 25% (20% net) of investments are offshore investments subject to foreign exchange risk.

#### (ii) Price risk

The Fund is exposed to equity securities price risk. These also include investments held by the Fund and are classified on the Statement of Net Assets Available for Benefits as financial assets-ii (see above). The Fund's investment manager does not use derivative financial instruments to reduce risks in the share and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets.



## 16. Financial Risk Management (continued)

### (a) Interest rate risk

The Fund invests its financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Fund's investments are subject to interest rate risks and the return on the investments will fluctuate as a consequence of movements in the market interest rates.

### (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investments in government securities, stock and treasury bills and loans receivables, as well as credit exposures to other customers, including outstanding receivables. The Fund has no significant concentrations of credit risk with the exception of the Government of PNG. Details of the applied judgments and assumptions made in assessing credit risk, together with details of credit risk exposures at balance date, are provided in Note 21.

### (c) Fair value gain on financial assets

The Fund's financial assets and liabilities, are included in the Statement of Financial Position of assets that approximate net fair value.

### (d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full or can only do so on terms that are extremely disadvantageous. The Fund manages this risk by ensuring that it has sufficient liquidity in cash and short term readily convertible cash equivalents to meet future obligations as and when they fall due.

The table below shows the Fund's financial liabilities in relevant maturity groupings:

	Less than 1 year € 000	1 - 2 years € 000	2 - 3 years € 000	Over 3 years € 000	Total € 000
<b>31 December 2021</b>					
Benefits payable	2,349	-	-	-	2,349
Employee benefits payable	6,404	-	-	-	6,404
Credits and other liabilities	73,363	-	-	-	73,363
	<b>82,116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,116</b>
<b>31 December 2020</b>					
Benefits payable	2,483	-	-	-	2,483
Employee benefits payable	4,601	-	-	-	4,601
Credits and other liabilities	136,788	-	-	-	136,788
	<b>143,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,872</b>

## 17. Policies required under the Prudential Standards

As part of prudential standard (para) issued by the Bank of Israel, the Guidelines and effective from 31 December 2014, an Authorised Superannuation Fund (ASF) must issue annually a variety of policies and publicly post all these on its website and in the annual report:

- (a) Section 12 of para (PS 6004) The "Cleaning Rate Policy" refer to the policy on the Nambowan Super website: [www.nambowanuper.com.pg](http://www.nambowanuper.com.pg)
- (b) Section 14 of (PS 6004) The "Reserving Policy" refer to the policy on the Nambowan Super website.

The Board reviews these policies as part of its annual policy review calendar

## 18. Events subsequent to balance sheet date

a) As at the date of signing these Financial Statements management was not aware of any subsequent events of significance that would have a material impact on the financial statements as at 31 December 2014.

The State continues to own members who have exited the Fund as at 31 December 2014 a total of K199m.

b) The Fund has an Investment Management Agreement (IMA) with BCP Capital Limited (BCP) to manage its investments in Government Issued Bonds. As at 31 December the face value of the fixed interest investment under BCP stands at K105,97m. The Fund, on 8 December 2014 gave notice to terminate the agreement by 31 February 2015. The Fund is working on a transition plan to transfer these investments to First Fresh Management Limited.

## 19. Related party disclosures

(a) The Trustee of the Fund throughout the year was Nambowan Super Ltd (NSL). The names of persons who were directors of the trustee company at any time during the financial year and up to the date of this report were:

Mr Anthony Smart	Dr. David Karutame
Mr Alan Kari	Mr Reginald Monagi
Dr. Albert Mellam	Mrs Karen Gibson
Mrs Lesli Taviri (Resigned)	Mr Mr Lutz Heim
Mr Richard Snamai	

(b) Directors' remuneration comprises an annual stipend and 1000kg (less 10) bonus or other monetary benefits were paid during the year. Details and major conflicts are provided for each Part-Moreby resident when meetings are conducted in Port Moresby. The details are as per the accompanying table.

## 19. Related party disclosures (continued)

Name of director	Role	2019 Remuneration	2018 Remuneration (RMB)	2018 & 2019 Executive Director Remuneration	Non-executive Director Remuneration	Executive Director Remuneration	Executive Director Remuneration	Executive Director Remuneration
Richard Huang	Chairman	\$199,248	197	60	0.4	3.1	0.1	0.0
Richard Huang	Director	\$199,473	200	20	0.4	1.8	0.1	0.1
Kevin Chan	Director	\$219,468	220	107.0	0.8	1.4	0.6	0.0
David Kwok (former)	Director	\$155,120	160	6.8	0.8	0.8	0.6	0.0
Allen Wilson	Director	\$152,019	200	6.8	2.8	1.4	0.1	0.6
Alan Lam	Director	\$216,271	200	6.8	0.1	0.1	0.6	0.0
David Tsoi	Director	\$113,000	100	3.0	0.4	0.4	0.6	0.0
Anthony Sze	Director	\$160,000	100	6.8	0.4	0.1	0.1	0.6
Eric Lam	Director	\$164,700	100	107.0	0.4	0.1	0.6	0.0

### (c) Directorship disclosure - key management

The remuneration package for the Chief Executive Officer (CEO) is determined by the Board of Directors while other senior officers' packages are determined by the Chief Executive Officer in collaboration with the Remuneration and Nomination Committee taking regard to among other factors, current market data.

Name	Role	Nature of interest	Company
Kau Siyat	Chief Executive Officer	Director Sole Director & Shareholder Director & CEO Director Director & Shareholder	PCPS Holdings Pty Ltd Shanhaiam Australia Pty Ltd Nalord Enterprises Pty Ltd White Plains Pty Ltd AulVier Group Pty Ltd
Wei Anzhi	Deputy Chief Executive Officer	None	None
Andrew Baker	General Manager Property	None	None
Clarelli George	Chief Investment Officer	None	None
Lei Kamata	Chief Risk Manager	None	None
Richard Liu	Chief Financial Officer	None	None
Shelwyn Makin	Company Secretary	None	None

## 19. Related party disclosures (continued)

### Compensation

The compensation paid to key management for employee services is shown below:

	2020 R'000	2019 R'000
Salaries	6,528	7,088
Leave Accruals	1,045	1,131
	<b>8,274</b>	<b>8,219</b>

The key management have an accommodation provided for by the Fund as do many staff. The following table shows the number of employees in different salary bands during 2020:

Salary Range	Number of Employees	
	2020	2019
R100,000 – R199,999	21	15
R200,000 – R299,999	7	9
R300,000 – R399,999	4	6
R400,000 – R499,999	1	1
R500,000 – R599,999	1	1
R600,000 – R699,999	2	–
R700,000 – R799,999	–	1
R800,000 – R899,999	–	1
R900,000 – R1,000,000	1	1
R1,000,000 – R1,200,000	–	–

- (a) During the financial year the Fund earned interest on term deposits of R20 million (2019: R20 million) from Kwa-Zulu Natal Finance Limited, a financial company which has connections (shareholders) with the Fund's investment manager, Kwa-Zulu Natal Investment Limited.
- (b) The Kwa-Zulu Natal provides Investment Management and Fund Administration services, related fees paid to the Kwa-Zulu group amounted to R20 million (2019: R20 million) and R20 million (2019: R20 million) (respectively).

## 19. Related party disclosures (continued)

(c) Newswear Super holds controlling equity interests and provides Non-executive Director positions in the following related entities listed in PNC:

Quatwathies Court Limited

Capital Bank Limited

Mandir Food Holdings Limited

Capital Insurance Group Limited

CPH Limited

Fraser Food Limited

Wagner Asset Limited

Guang International Hotel Limited

MINTK 10 Limited

Fortisair Limited

Newswear Savings & Loan Society Limited

Pacific Building Management Services Limited

Enterprise Traffic Limited

## 20. Contingent assets, liabilities and capital commitments

(a) Litigation claims

The Fund has several a number of litigation claims, including claims relating to remuneration, benefits and compensation from former employees and post-employment benefit claims. The Board of Directors have reviewed these cases and will take the appropriate course of action to defend them. In the Director's view, none of these claims are expected to result in significant losses on the Fund.

(b) Commitments for Capital Expenditure

	31/12 K'000	30/12 K'000
Amounts with firm commitments and not reflected in the financial statements in relation to investment properties under construction	95,000	106,000

(c) Commitments for investment expenditure

The Fund has a commitment for an additional equity injection to Fraser Food Holdings Limited. The Board in December 2022 approved a contribution of \$2.6m according to its percentage shareholding in the Company.



## 21. Directors' disclosure

Name	Nature of Interest	Companies
Anand Singh	Director Chairman Director (Joint Venture) Director (JV Company) Director (JV Company) Director Director Director Director (Company) Director (Company) Director (Company) Director (Company) Director (Company)	Girdh Carriers Private Ltd Shriya World Cement Ltd Excel Industries Mining & Infrastructure Services Investment Trust Girdh Cement Ltd. Pawan Cement Girdh Cements Private Limited Girdh Cement Limited Mahesh Cement Girdh Cement Limited Anil Cement Girdh Cement Girdh Cement Private Limited
Anoop	Director (Joint Venture) Director Independent Director Independent Director Independent Director Director Director Director Director Director	United Indian Off Shoring Services UG Civil Building Services Limited UG Contractors (Punjab) Private Company Limited M/s Global Services UG Ltd (India) PVT. Ltd UG Services (India) Pvt. Limited UG Services Company Ltd - India UG Services Company Ltd - Foreign Mahesh Cement Mahesh Cement UG Services (India) Pvt. Limited
Anand Kumar	Director Director (Joint Venture) Director Director Director Director Director Director Director	Anil Cement Girdh Cement Private Ltd Girdh Cement Private Limited Girdh Cement Girdh Cement Private Limited Mahesh Cement Mahesh Cement Mahesh Cement Mahesh Cement Private Limited
Anand Kumar	Director Director Director Director	Girdh Cement Private UG Cement Mahesh Cement Private Limited Mahesh Cement Mahesh Cement
Anand Kumar	Director Director Director Director Director Director Director Director	Anil Cement UG Cement Mahesh Cement Private Limited UG Cement Private Limited Girdh Cement Private Limited Girdh Cement Private Limited Mahesh Cement Mahesh Cement Private Limited



## 21. Directors' disclosure (continued)

Name	Subject of interest	Company
G. Singh Chatterjee	Chairman	Bank Credit Facility Limited
	Chairman	Crack Corporation (PAC) Limited
	Chairman	Crack (Private) Limited
	Director (NIA Member)	Crack Investment Trust Ltd
	Director (NIA Member)	Crack Trusts Limited
	Chairman	Crack (India) Limited
Rishi Datta	Director/Chairman	Crack Group (P) Limited
	Director	Crack India House (Company of Directors)
	Director	Crack Learning Management Limited
	Senior Director	Crack Trusts Limited
	Director	Crack Limited
Sanjiv	Director/Chairman	India Professional Services (PAC) Limited
	Director (NIA Member)	Kashikart Limited
	Director	Net Services Finance Limited
	Senior Director	Netwave Support Limited
	Director/Chairman	Paycom (P) Limited
	Director/Chairman	Paycom (P) Limited
		Four companies are registered in New Zealand on January 2014 with an Annual Return and annual returns prepared in PAC. They had no other activities and income.
Richard Shrestha	Director/Chairman	Bank Pacific Investment Limited
	Director/Chairman	Bankart Limited
	Director/Chairman	Banking App Support (P) Limited
	Director/Chairman	BCD (P) Limited
	Director	Banking Trust Limited
	Director	Bank Support Limited
	Director/Chairman	Crack Corporation (P) Limited
	Director	Crack Corporation (Bank) Limited
	Director	Crack Home Limited
	Director	Crack Corporation (Global) Limited
	Director	Crack Trusts Limited
	Director	Crack (India) Limited
	Chairman	Crack (Private)
	Chairman	Crack Trusts
	Senior Director	Crack Trusts Limited

Agreements and disclosures in respect of all investments made are published here too.

## 22. Capital management

The Capital of the Fund is represented by the Members' Funds. The amount of the members' funds can change significantly depending on the valuation of the assets and liabilities of the Fund. The Fund's objective in managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide a return to members and maintain a strong capital base to support the development of the investment activities of the Fund.

The Investment Committee, directors and management monitor capital on a regular basis. The Fund is subject to various credit and maturity requirements of the Bank of Papua New Guinea and Superannuation (General Provisions) Act 2000.

## 23. Comparatives

There was no change in comparatives in this financial year that would require a restatement of the Statement of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits or Statement of Net Assets Available for Benefits.







For more information visit your nearest Member Service Centre, or  
[nambawansuper.com.au](http://nambawansuper.com.au) ☎ Free Call 186 500 ☑ Download app  
Level 2, Derome House, McGregor Street, Port Moresby