REPORT OF THE AUDITOR GENERAL

of the

REPUBLIC OF TRINIDAD AND TOBAGO

on the

FINANCIAL STATEMENTS

of the

HERITAGE AND STABILISATION FUND OF THE REPUBLIC OF TRINIDAD AND TOBAGO

for the year ended

30 September 2023

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE HERITAGE AND STABILISATION FUND OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 30 SEPTEMBER 2023

OPINION

The Financial Statements of the Heritage and Stabilisation Fund (the Fund) for the year ended 30 September 2023 have been audited. The statements as set out on pages 1 to 36 comprise a Statement of Financial Position as at 30 September 2023, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30 September 2023 and Notes to the Financial Statements numbered 1 to 15, including a summary of significant accounting policies.

2. In my opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

3. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Fund in accordance with the ethical requirements that are relevant to the audit of the Financial Statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

4. Management of the Fund is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the Financial Statements, management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 16 (1) of the Heritage and Stabilisation Fund Act, Chapter 70:09 (the Act).

8. The Auditor General's 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 audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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.

9. As part of an audit in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.

- Obtains 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 internal controls of the Fund.

- Concludes on the appropriateness of management'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 ability of the Fund to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluates 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.

10. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11.1 Without qualifying the above opinion, attention is drawn to the following matter which was raised in the Auditor General's Report on the Financial Statements of the Fund for the year ended 30 September 2008. At paragraph 6 of that Report it was stated as follows:

'(i) Section 13 (1) of the Act states:

"*Where petroleum revenues collected in each quarter of any financial year –*

(a) exceed the estimated petroleum revenues for that quarter of the financial year by more than ten per cent, the currency of the United States of America equivalent of the excess revenue shall be withdrawn from the Consolidated Fund and deposited to the Fund in accordance with section 14(1); or

(b) exceed the estimated petroleum revenues for that quarter of a financial year but do not exceed such estimated revenues by at least ten per cent, the Minister may direct that the currency of the United States of America equivalent of all or part of the excess revenue shall be withdrawn from the Consolidated Fund and deposited to the Fund in accordance with section 14(1)."

(ii) Section 14 (1) of the Act states:

"A minimum of sixty per cent of the aggregate of the excess revenues shall be deposited to the Fund during a financial year."

(iii) The above quoted sections of the Act are open to interpretation. It is recommended that suitable amendments be made to the Act to provide for greater clarity with regard to deposits to the Fund.'

11.2 Sections 13 (2) and 13 (4) of the Act state:

"(2) The deposits referred to in subsection (1) shall be made no later than the end of the month following the quarter in respect of which the deposit was calculated."

"(4) For the purposes of this section "quarter" means a three-month period ending December 31, March 31, June 30 and September 30."

11.3 A deposit to the Fund of US$182,213,278.00 was made on 23rd December 2022. This deposit related to the quarter July to September 2022 and the date of calculation provided by the Ministry of Finance was 26th October 2022.

11.4 The timing of the deposit of US$182,213,278.00 is in contravention of the requirements of the Act.

29TH NOVEMBER, 2023
PORT OF SPAIN

JAIWANTIE RAMDASS
AUDITOR GENERAL

HERITAGE AND STABILISATION FUND
OF THE REPUBLIC OF TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS
for the year ended 30 September 2023

Heritage and Stabilisation Fund of the Republic of Trinidad and Tobago

Statement of Financial Position
as at 30 September 2023
(Expressed in United States Dollars)

	Notes	Sep-23 $	Sep-22 $
ASSETS			
Current assets			
Cash and cash equivalents	4	446,748,930	341,673,017
Financial assets	5,6	5,009,976,859	4,503,767,936
Receivables and prepayments	7	417,350,610	184,764,693
TOTAL ASSETS		**5,874,076,399**	**5,030,205,646**
LIABILITIES			
Current liabilities			
Other payables	8	386,923,889	296,949,447
Financial liabilities	9	100,729,900	23,674,010
TOTAL LIABILITIES		**487,653,789**	**320,623,457**
NET ASSETS		**5,386,422,610**	**4,709,582,189**
PUBLIC EQUITY			
Contributed capital		1,802,915,245	1,620,701,967
Accumulated surplus		3,583,507,365	3,088,880,222
		5,386,422,610	**4,709,582,189**

Ewart Williams

MR. EWART WILLIAMS
(Chairman)

DR. ALVIN HILAIRE

MRS. SUZETTE TAYLOR-LEE CHEE

MR. BEVAN NARINESINGH

DR. DORIAN NOEL

REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL
29.11.2023

The accompanying notes form an integral part of these financial statements

Heritage and Stabilisation Fund of the Republic of Trinidad and Tobago

Statement of Comprehensive Income
for the year ended 30 September 2023
(Expressed in United States Dollars)

	Note	Sep-23 $	Sep-22 $
Income			
Investment income	10	586,758,965	128,653,381
Investment expenses	11	(18,497,037)	(927,305,831)
Gain on sale of financial assets		192,855,843	259,420,936
Loss on sale of financial assets		(260,911,625)	(369,249,488)
Income/(loss) from investments		**500,206,146**	**(908,481,002)**
Other income		317,513	850,409
Total income/(loss)		**500,523,659**	**(907,630,593)**
Operating expenses			
Management fees	12	(1,595,712)	(1,549,225)
Subscription fees		(16,345)	(15,805)
Bank charges		(5,255)	(5,894)
Audit fees		(6,578)	(2,618)
Licence fees		(19,235)	(19,310)
Total operating expenses		**(1,643,125)**	**(1,592,851)**
Net profit/(loss) for the year before tax		**498,880,534**	**(909,223,444)**
Withholding tax expense		(4,253,391)	(4,233,474)
Net profit/(loss) for the year after tax		**494,627,143**	**(913,456,918)**
Total comprehensive income/(loss) for the year		**494,627,143**	**(913,456,918)**

The accompanying notes form an integral part of these financial statements

Heritage and Stabilisation Fund of the Republic of Trinidad and Tobago

Statement of Changes in Equity
for the year ended 30 September 2023
(Expressed in United States Dollars)

	Contributed Capital	Accumulated Surplus	Total
	$	$	$
Balance as at 1 October 2021	**1,456,707,468**	**4,002,337,140**	**5,459,044,608**
Contributions by Government for the year	163,994,499	-	**163,994,499**
Total comprehensive loss for the year	-	(913,456,918)	**(913,456,918)**
Balance as at 30 September 2022	**1,620,701,967**	**3,088,880,222**	**4,709,582,189**
Balance as at 1 October 2022	**1,620,701,967**	**3,088,880,222**	**4,709,582,189**
Contributions by Government for the year	182,213,278	-	**182,213,278**
Total comprehensive income for the year	-	494,627,143	**494,627,143**
Balance as at 30 September 2023	**1,802,915,245**	**3,583,507,365**	**5,386,422,610**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended 30 September 2023
(Expressed in United States Dollars)

	Note	Sep-23 $	Sep-22 $
Cash flows from operating activities			
Net profit/(loss) for the year before withholding tax		498,880,534	(909,223,444)
Adjustments			
Interest income		(117,069,878)	(63,461,658)
Dividend income		(53,785,195)	(65,191,723)
Fair value adjustment on financial assets and liabilities at fair value through profit or loss		(415,903,892)	909,919,755
Net realised loss from the sale of financial assets		68,055,781	109,828,552
Cash outflows before changes in operating assets and liabilities		**(19,822,650)**	**(18,128,518)**
Changes in operating assets and liabilities			
Increase in receivables and prepayments		(229,351,586)	(81,201,885)
Increase in other payables		89,974,442	106,223,409
Withholding tax paid		(4,253,391)	(4,233,474)
Net cash (used in)/from operating activities		**(163,453,185)**	**2,659,532**
Cash flows from investing activities			
Interest received		113,500,259	61,448,585
Dividend received		54,120,483	66,904,625
Net purchase of financial assets		(81,303,268)	(108,846,387)
Net cash flows from investing activities		**86,317,474**	**19,506,823**
Cash flows from financing activities			
Contributed capital		182,213,278	163,994,499
Net cash flows from financing activities		**182,213,278**	**163,994,499**
Effects of exchange rate changes on cash and cash equivalents		**(1,654)**	**(14,529)**
Net increase in cash and cash equivalents		105,075,913	186,146,325
Cash and cash equivalents at beginning of year		341,673,017	155,526,692
Cash and cash equivalents at end of the year	4	**446,748,930**	**341,673,017**

The accompanying notes form an integral part of these financial statements

1. Corporate Information

The Heritage and Stabilisation Fund Act, 2007 of the Republic of Trinidad and Tobago, (the Act), provides for the establishment and management of the Heritage and Stabilisation Fund (the Fund). This Fund was established on 15 March 2007. It is denominated in the currency of the United States of America.

The President, upon the advice of the Minister of Finance, appoints the Board of Governors of the Fund. This Board comprises five members, who are appointed for a term of three years and are eligible for reappointment. Members are selected from among persons of proven competence in matters of finance, investment, economics, business management or law, including an officer of: -

a) the Central Bank; and
b) the Ministry of Finance.

The Board delegates the responsibility for the management of the Fund to the Central Bank of Trinidad and Tobago (the Bank).

The purpose of the Fund is to save and invest surplus petroleum revenues derived from production business in order to: -

a) cushion the impact on or sustain public expenditure capacity during periods of revenue downturn whether caused by a fall in prices of crude oil or natural gas;

b) generate an alternate stream of income so as to support public expenditure capacity as a result of revenue downturn caused by the depletion of non-renewable petroleum resources; and

c) provide a heritage for future generations of citizens of Trinidad and Tobago, from savings and investment income derived from the excess petroleum revenues.

The Act was amended in March 2020, to broaden the scope to allow withdrawals if certain emergency situations arose. Consequently, section 15A has been inserted into the amended Act. Further details of this amendment are included in Note 2 (p).

Upon the commencement of this Act, the monies held in the Interim Revenue Stabilisation Fund established under the Exchequer and Audit Act were transferred to the Fund, whereupon the Interim Revenue Stabilisation Fund ceased to exist.

The resources of the Fund consist of: -

a) moneys transferred from the Interim Revenue Stabilisation Fund;

b) petroleum revenues deposited into the Fund in accordance with Section 13; and

c) assets acquired and earned from investments.

2. Accounting Policies

a) Basis of preparation

The Financial Statements of the Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Trinidad and Tobago. The Financial Statements have been prepared under the Historical Cost Convention as modified by financial assets and liabilities at fair value through profit or loss.

b) Changes in accounting policies and disclosures

i. New standards and interpretations adopted by the Fund

There were no new standards and interpretations adopted by the Fund during the financial year.

ii. New standards and interpretations that are not yet effective and have not been early adopted by the Fund

There are new standards, amendments and interpretations to existing standards that are not yet effective for accounting periods beginning on or after January 1 2022 and have not been early adopted by the Fund. The Fund intends to adopt these standards and interpretations, if applicable, when they become effective.

The Fund is currently assessing the impact of the new and revised standards. Some of these by nature are not expected to have a significant effect on the Fund's financial statements. However, the impact of adoption depends on the assets and liabilities held by the Fund at the date of adoption; therefore, it is not practical to quantify the effect at this time.

These standards and amendments include:

- Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates (effective 1 January 2023).

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

2. Accounting Policies (continued)

b) Changes in accounting policies and disclosures (continued)

ii. New standards and interpretations that are not yet effective and have not been early adopted by the Fund (continued)

- Amendment to IAS 12 – Income Taxes- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023)

  The amendments introduce an exception to the initial recognition exemption in IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. This standard is not relevant to the Fund.

- Amendments to IAS 1 – Presentation of Financial Statements- Classification of Liabilities as Current or Non-Current (effective 1 January 2023).

  The amendments clarify the requirements for classifying liabilities as current or non-current, it specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. Additionally, the amendments clarify the situations that are considered settlement of a liability.

- Amendments IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023).

  The amendments require that an entity discloses its material accounting policy information instead of its significant accounting policies. Several paragraphs were added to explain how an entity can identify a material accounting policy information and examples given of when an accounting policy is likely to be material. Additionally, amendments were made to the IFRS Practice Statement by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process'.

2. Accounting Policies (continued)

b) Changes in accounting policies and disclosures (continued)

iii. New accounting standards and interpretations that are not yet effective and are not applicable to the Fund

There are new standards and amendments to standards and interpretations that are not yet effective for accounting periods beginning on or after January 1, 2022 and have not been early adopted by the Fund. The Fund intends to adopt these standards and interpretations, if applicable, when they become effective.

The Fund is currently assessing the impact of adopting these new standards and interpretations. Some of these by nature are not expected to have a significant effect on the Fund's financial statements. However, the impact of adoption depends on the assets and liabilities held by the Fund at the date of adoption; therefore, it is not practical to quantify the effect at this time.

These standards and amendments include:

- IFRS 17 – Insurance Contracts (effective January 1, 2023)

  IFRS 17 would replace IFRS 4 on accounting for insurance contracts; it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

  This standard is not relevant to the Fund as it does not issue insurance contracts.

2. Accounting Policies (continued)

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, bank overdraft, short term investment in money market funds and deposits maturing within three months from the date of the financial statements.

Cash balances held are swept daily for investment purposes based on a projected cash flow. Consequently, there may be instances where the amounts retained on accounts following the sweep, may not be in line with actual cash flows required to execute business transactions for settlement on these accounts resulting in temporary overdrawn cash balances.

d) Foreign currency translation

i. Functional and presentation currency
The financial statements are presented in United States Dollars, which is the Fund's functional, and presentation currency.

ii. Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

e) Investment Securities

The classification of financial instruments at initial recognition depends on their contractual terms and the Fund's business model for managing the instruments. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities which are recorded at fair value through profit or loss.

The Fund classifies all of its financial assets based on the Fund's business model for managing the assets and the instruments' contractual cash flow characteristics, measured at either:

- Amortised Cost (AC)
- Fair value through profit or loss (FVPL)

2. Accounting Policies (continued)

e) Investment Securities (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and by the sale of financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The financial assets that are not measured at amortised cost or FVOCI are classified in the category FVPL, with gains and losses arising from changes in the fair value recognised in profit and loss. Management can also, on initial recognition, irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces an inconsistency in measurement or recognition that would otherwise result from the measurement of assets or liabilities, and their gains and losses, on different bases.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Fund's accounting for impairment losses on financial assets by replacing IAS 39's incurred loss approach with the forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Fund to record ECLs on all financial assets measured at amortised cost or FVOCI.

IFRS 9 introduces a three-stage approach to impairment of financial assets. The ECL allowance is based on credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

2. Accounting Policies (continued)

e) *Investment Securities* (continued)

Impairment of financial assets (continued)

The 12-month ECL is the portion of lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime and 12-month expected credit losses are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments.

Based on the investment securities held by the Fund and the current business model, there are no financial assets held at amortised cost or FVOCI. The ECL model is therefore, not applicable to the Fund for this reporting period.

Business model assessment

Business model assessment entails a determination of the way financial assets are managed in order to generate cash flows. There are three business models available under IFRS 9:

- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the counterparty.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity elects to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: all those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

The assessment of business model requires judgement based on facts and circumstances at the date of initial application. The business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios per instrument type and is based on observable factors.

The Fund determines its business model at the portfolio level as this best reflects the way the Fund manages its financial assets to achieve its business objective. The Fund's business model assessment considers the following qualitative and observable factors:

- Frequency, value and timing of sales in prior periods; the reasons for those sales; and expectations about future sales activity;
- Basis of management decision making: whether or not management focuses primarily on fair value information to make decisions;
- Risk parameters under which portfolio assets are managed to meet the objectives;

2. Accounting Policies (continued)

e) Investment Securities (continued)

Business model assessment (continued)

- Performance evaluation (including compensation): how the Fund's portfolio managers' performance is evaluated and how it relates to compensation; and
- Relative significance of the various sources of income (for example, interest income relative to fair value gains and losses) as one objective determinant to assess how integral contractual cash flows are vis-à-vis fair value gains or losses.

Solely Payments of Principal and Interest (SPPI) Test

The Fund assesses the contractual terms of financial assets to determine whether they meet the SPPI test i.e. contractual cash flows that represent solely payments of principal and interest on the principal amount outstanding that are consistent with basic lending arrangements.

'Principal' for the purpose of this test is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time.

If a financial asset is held in either a 'Hold to Collect' or a 'Hold to Collect and Sell' business model, then assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition is required to determine the classification. The SPPI test is performed on an individual instrument basis.

In assessing whether the contractual cash flows are SPPI, the Fund considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument which could affect whether the instrument is considered to meet the SPPI test. If the SPPI test is failed, such financial assets are measured at FVPL.

f) Collateral

The Margin used for futures contracts can be in the form of either cash or securities held at a Broker. For all balances held at a Broker where collateralised securities and/or swap cash collateral are used, these are reported as either a receivable or payable.

2. Accounting Policies (continued)

g) Premium/Discount

A premium arises when a bond or treasury bill price is higher than its par value. This occurs when the interest rate on the security is higher than the prevailing rates in the market, thus making the bond or treasury bill worth more than a security paying the prevailing lower rate.

A discount arises when a bond or treasury bill price is lower than its par value. This occurs when the interest rate rises; newly issued securities have higher coupon rates than existing securities issued when market rates were lower.

Thus, coupon rates of securities trading at a discount are generally lower than similar quality, newly issued securities.

The premium/discount is netted off against Investments on the Statement of Financial Position.

h) Income and Dividends

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is accounted for on the accrual basis.

Dividend income is recognised on the accrual basis when the shareholder's right to receive payment is established.

i) Expenses

Expenses are recognised on the accrual basis, i.e. in the period in which they were incurred.

j) Taxation

The Fund is a public account and by Section 17 of the Act the income is exempt from any tax. The Fund currently incurs withholding taxes attributable to investment income from foreign sources. Such income is recognised on a gross basis stated at the expected realisable value, in the Statement of Comprehensive Income. Withholding taxes are shown as a separate item in the Statement of Comprehensive Income.

k) Receivables

Receivables are stated at their expected realisable value.

2. Accounting Policies (continued)

l) Other payables

Other payables are stated at their expected realisable amounts.

m) Comparative information

When necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

n) Statement of cash flows

- **Operating activities** include all activities other than investing and financing activities. The cash inflows include all receipts from the sources of revenue that support the Fund's operating activities. Cash outflows include payments made to suppliers.

- **Investing activities** are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets. Investments include securities not falling within the definition of cash.

- **Financing activities** are those activities relating to changes in equity of the Fund and those activities relating to the cost of servicing the Fund's equity capital.

- **Cash** means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Fund invests as part of its day-to-day cash management.

o) Capital contributions

In accordance with Section 14 of the Act:

i. a minimum of sixty per cent of the aggregate of the excess revenues shall be deposited to the Fund during a financial year;

ii. all revenues to be deposited into the Fund shall be a charge on the Consolidated Fund.

The deposits are to be made no later than the end of the month following the quarter in respect of which the deposit was calculated.

Capital contributions received under the requirements of the Act are treated as additions to Equity.

2. Accounting Policies (continued)

p) Withdrawals

In accordance with Section 15 of the Act, subsection (1), subject to subsections (2) and (3), where the petroleum revenues collected in any financial year fall below the estimated petroleum revenues for that financial year by at least ten per cent, withdrawals may be made from the Fund as follows, whichever is the lesser amount:

i) Either sixty per cent of the amount of the shortfall of petroleum revenues for that year; or

ii) Twenty-five per cent of the balance outstanding to the credit of the Fund at the beginning of that year

Subsection (2) states that the amount withdrawn from the Fund in accordance with subsection (1) shall be deposited into the Consolidated Fund within forty-eight hours of such withdrawal.

Subsection (3) states that notwithstanding subsection (1), no withdrawal may be made from the Fund in any financial year, where the balance standing to the credit of the Fund would fall below one billion dollars in the currency of the United States of America, if such withdrawal were to be made.

Withdrawals are also made in accordance with the amendment to the Act of 2020, under Section 15A. Subsection (1) of the amendment states that notwithstanding section 15 and any other written law and subject to subsection (2), withdrawals may be made from the Fund where:

a. A disaster area is declared under the Disaster Measures Act;

b. A dangerous infectious disease is declared under the Public Health Ordinance; or

c. There is, or is likely to be, a precipitous decline in budgeted revenues which are based on the production or price of crude oil or natural gas.

Subsection (2) of the amendment states that withdrawals under subsection (1) may be made from the Fund not exceeding one and one half billion dollars at any time during the financial year.

Subsection (3) states that where a withdrawal has been made from the Fund under this section, the Minister shall cause a report to be laid in the House of Representatives, within sixty days of that withdrawal.

2. Accounting Policies (continued)

q) Critical accounting estimates and judgements

The Fund makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below:

- ***Fair value of financial instruments***

  Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

- ***Business Model and SPPI***

  Determining the appropriate business model and assessing the SPPI requirements for financial assets may require significant accounting judgement and have a significant impact on the financial statements.

3. Financial Risk Management

The Fund is exposed to a variety of financial risks including credit risk, concentration risk, market risk and liquidity risk. The Fund is also exposed to operational risk, the risk of loss arising from inadequate or failed processes, people and systems or external events. The management of these risks is undertaken by the Bank along with highly qualified and experienced international asset managers; guided by the Operational and Investment Policy that is approved and reviewed by the Board of Governors.

The Fund's risk management policy seeks to preserve the long-term real value of the Fund whilst constraining the risk of not meeting its performance objectives over rolling 5-year periods. The Fund's policy allows for the use of derivative securities so as to mitigate certain risk exposures such as interest rate and currency risks as well as to enhance the value of the Fund. The use of derivative securities or contracts to create economic leverage is strictly prohibited. Purchasing securities on margin, except for futures or swaps, against which are held a risk equivalent amount of cash or liquid securities is also prohibited.

The Fund's policy allows for the management of risk relative to its Strategic Benchmark as well as from a sector or country or issuer level. These measures are explained below.

a) *The Strategic Benchmark*

The Fund's Investment Portfolio is invested in a manner to achieve the objective of preserving its real value measured over 5-year rolling periods. It is invested in accordance with the strategic asset allocation (SAA) approved by the Board of Governors. The SAA for the Fund is as follows:

Asset Class	Allocation
U.S. Equities	17.5%
Non-U.S. Equities	17.5%
U.S. Core Domestic Fixed Income Securities	40.0%
U.S. Government Treasury 1-5 Years Securities	25.0%

This SAA limits the allowable underperformance of the overall portfolio relative to the composite benchmark, to an annual budget of risk of 2.0% measured over rolling one-year periods.

3. Financial Risk Management (continued)

a) *The Strategic Benchmark (continued)*

The benchmarks and the risk budget for each of the asset classes are as follows:

Asset class	Performance Index	Risk Budget
U.S. Equities	Russell 3000 ex-energy Index comprised of the 3,000 largest market capitalisation stocks in the United States and accounts for roughly 97% of the total market capitalisation of that country.	0.70%
Non U.S. Equities	MSCI EAFE ex-energy Index, which comprises the following countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.	4.50%
U.S. Government Treasuries 1-5 Years	ICE Bank of America 1-5 Year U.S. Treasury Index*	0.50%
U.S. Core Domestic Fixed Income	Bloomberg U.S. Aggregate Bond Index*	1.00%

*There was no change in the Performance Index however, the benchmark name was updated to reflect the acquisition and subsequent rebranding of the index.

The risk budget for each asset class is defined as the target annualised tracking error, measured ex-post, on a monthly rolling three-year basis, versus the Benchmark. The tracking error is defined as the annualised standard deviation of monthly excess returns relative to the Benchmark.

The overall performance of the SAA is evaluated against the composite benchmark return computed as the weighted returns of the benchmarks of the various asset classes with weights equal to the SAA weights.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

b) Portfolio Performance

The portfolio performance for the twelve months ended 30 September, 2023 was as follows:

12 Months Performance			
Portfolio	**Fund**	**Benchmark Return**	**Benchmark Composition**
Composite	10.59%	8.56%	ICE Bank of America 1-5 Year U.S. Treasury Index, US 1-month LIBID, Bloomberg U.S. Aggregate Bond Index, Russell 3000 (ex-Energy), MSCI EAFE (Ex Energy)
US Short Duration Fixed Income	0.52%	0.54%	ICE Bank of America 1-5 Year U.S. Treasury Index
US Core Fixed Income	0.43%	0.31%	Bloomberg U.S. Aggregate Bond Index
US Core Domestic Equity	4.37%	3.47%	Russell 3000 (Ex Energy)
Non US Core International Equity	4.87%	4.25%	MSCI EAFE (Ex Energy)
USD Fixed Deposits	0.29%	0.00%	N/A

c) Portfolio Risk

The Fund's activities expose it to a variety of financial risks: credit risk, concentration risk, market risk (currency risk, interest rate risk, credit spreads and price risk), and liquidity risk. The Fund is also exposed to operational risk.

Credit Risk

This is the risk that a party will default on its obligation to the Fund, causing it to incur a loss. The main concentration of credit risk arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty risk on cash and cash equivalents as well as over-the-counter (OTC) derivatives.

Credit risk is mitigated by the establishment of ratings standards. These standards require U.S. Treasury, Government-Related and Securitised debt securities to have a minimum credit quality of AA-/ Aa3 from at least one of the Nationally Recognized Statistical Rating Organisations, Standard & Poor's or Moody's. Corporate debt should have a minimum credit quality of investment grade, at least Baa3 by Moody's or BBB- by Standard & Poor's. An investment grade corporate bond is considered to have a relatively low risk of default.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Credit Risk (continued)

The table below summarises the credit quality of the Fund's debt securities as at September 30, 2023:

Credit Rating	2023	2022
AAA	10.81%	11.76%
AA	66.92%	64.74%
A	7.08%	6.06%
BBB	15.15%	17.21%
Not Rated*	0.04%	0.23%

* Not Rated debt securities refer to securities that are issued or unconditionally guaranteed by the agency of a sovereign government. Credit rating for these investments is implicitly tied to the credit rating of the associated government.

The table below illustrates the investment grade credit quality categories, for the respective rating agencies:

Rating Category	Moody's	S&P
High-Quality Grade	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-
Upper-Medium Grade	A1 A2 A3	A+ A A-
Lower-Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-

Money-market counterparts should have a minimum credit rating of A1 from Standard & Poor's, or P1 from Moody's.

3. Financial Risk Management (continued)

c) Portfolio Risk (continued)

Counterparty Risk

In addition to ensuring counterparties meet minimum credit rating requirements, counterparty risk is also managed by limiting the exposure to a single institution. In the case of money-market counterparts, exposure to any one counterparty is limited to 3% of the Fund. While in the case of OTC currency forwards, net exposure is limited to 10% of the market value of the portfolio per currency for any given counterparty.

Concentration Risk

Concentration risk is the risk of loss attributable to holding investments in a single security or to a limited number of investment styles or asset classes. The Strategic Asset Allocation (SAA) reduces this risk by ensuring the Fund's assets are invested across various asset classes and styles. The Fund is invested in three broad asset classes:- Fixed Income including Government and Government- Related, Supranational, Corporate, and Securitised bonds; Equities including financial, consumer discretionary, healthcare, utilities, information technology, industrials, consumer staples and telecom services; and Cash Equivalents including U.S. Treasury and agency bills, Certificates of deposits and Money Market funds managed by the custodian with an AAAm rating and comprising only of the eligible asset classes defined in the Fund's investment policy.

Each asset class in which the Fund invests, reacts differently under the same market conditions, and usually when one asset class has strong returns another will have lower returns. Diversification across asset classes reduces the total risk of the Fund.

Concentration risk is also managed at the portfolio level, relative to the Strategic benchmark. Total net exposure to each of the sub-sectors of the Bloomberg U.S. Aggregate Bond Index (U.S. Treasury, Government-Related, Corporate and Securitised) cannot exceed plus or minus 20% versus the benchmark. Sector deviations relative to the Russell 3000 (Ex Energy) and MSCI EAFE (Ex Energy) indices are limited to plus or minus 5%. The Fund's policy also prescribes concentration limits for the various asset classes, including no more than 3% of the portfolio to any one corporate issuer and country allocation limited to plus or minus 10% of the MSCI EAFE (Ex Energy) index.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: currency risk, interest rate risk, credit spreads and price risk.

i. *Currency Risk*

This is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund invests in international bonds and equities denominated in currencies other than the United States Dollar, the base currency of the Fund. Currency risk is managed at the portfolio level. For the Fixed Income and U.S. Core Domestic Equity mandates, no more than 10% of the market value of the portfolio can be invested in securities denominated in currencies other than the United States Dollar. For the Non US Core International Equity mandate, currency hedging is allowed for up to 15% of the market value of the portfolio.

A 1% change in the US dollar relative to other currencies (see below) in which the Fund trades would have changed the net assets of the Fund as at 30 September 2023 and 30 September 2022 as follows:

	Sep-23	Sep-22
	$	$
Change in Net Assets	20,441,854	16,093,586

The following table illustrates the currency concentration exposure of financial assets and liabilities held by the Fund as at 30 September 2023 and 2022:

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) Portfolio Risk (continued)

Market Risk (continued)

i. Currency Risk (continued)

Financial Assets

	Sep-23	Sep-22
Currency	**% of financial assets**	**% of financial assets**
Australian dollar	0.86	1.34
Canadian dollar	0.11	0.40
Danish krone	1.05	0.48
Euro	7.48	4.76
Hong Kong dollar	0.32	0.44
Israeli shequel	0.05	0.19
Japanese yen	5.66	4.52
New Zealand dollar	0.00	0.00
Norwegian krone	0.00	0.32
Singapore dollar	0.05	0.21
Swedish krona	0.84	0.16
Swiss franc	1.66	1.53
British pound	2.36	2.78
United States dollar	79.56	82.87
Total	**100.00**	**100.00**

Financial Liabilities

	Sep-23	Sep-22
Currency	**% of financial liabilities**	**% of financial liabilities**
United States dollar	100.00	100.00
Total	**100.00**	**100.00**

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Market Risk (continued)

ii. *Interest Rate Risk*

This is the risk that the value of a financial instrument will fluctuate, due to changes in market interest rates.

The Fund invests in fixed and floating rate debt securities that expose it to fair value and cash flow interest rate risk. Interest Rate Risk is managed at the portfolio level whereby the average weighted effective duration of the U.S. Short Duration Fixed Income mandate must not vary from that of the Benchmark by more than plus or minus six (6) months. The weighted average effective duration of the U.S. Core Fixed Income mandate may range between one (1) year longer or shorter than the weighted average duration of the Benchmark.

	2023		2022	
	Portfolio	**Index**	**Portfolio**	**Index**
US Short Duration Fixed Income	2.62	2.57	2.12	2.55
US Core Fixed Income	6.17	6.15	6.04	6.20

iii. *Price Risk*

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market.

Price risk is managed through asset class diversification and selection of securities within the limits approved by the Board of Governors. The Fund's policy limits its holdings of any equity security to no more than 3% of that security's outstanding shares.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) Portfolio Risk (continued)

Market Risk (continued)

iii. Price Risk (continued)

The tables below summarise the sector concentrations within the Fund:

US Short Duration Fixed Income - Sector Concentrations

	2023		2022	
	US Short Duration Mandate	**ICE Bank of America 1-5 Year US Treasury Index**	**US Short Duration Mandate**	**ICE Bank of America 1-5 Year US Treasury Index**
US Treasuries	62.87%	100.00%	55.01%	100.00%
Agencies	14.25%		20.30%	
Supranational	14.78%		14.19%	
Local Authorities	4.97%		5.08%	
Sovereign	1.19%		2.37%	
CMBS	1.42%		2.41%	
MBS	0.50%		0.59%	
Corporates	0.02%		0.05%	
Total	**100.00%**		**100.00%**	**100.00%**

Note: Methodology based on Bloomberg Global Sector Classification Scheme (BCLASS).

US Core Fixed Income - Sector Concentrations

	2023		2022	
	US Core Fixed Income Mandate	**Bloomberg US Aggregate Bond Index**	**US Core Fixed Income Mandate**	**Bloomberg US Aggregate Bond Index**
Corporates	34.72%	24.75%	35.46%	23.86%
US Treasuries	26.96%	41.24%	27.32%	40.97%
MBS	29.40%	26.68%	26.67%	27.61%
CMBS	3.58%	1.73%	4.34%	1.89%
ABS	3.45%	0.50%	3.88%	0.39%
Government Related	1.89%	5.10%	2.33%	5.28%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note: Methodology based on Bloomberg Global Sector Classification Scheme (BCLASS).

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Market Risk (continued)

iii. Price Risk (continued)

US Core Domestic Equity - Sector Concentrations

	2023		2022	
	US Core Equity Mandate	**Russell 3000 Ex-Energy Index**	**US Core Equity Mandate**	**Russell 3000 Ex-Energy Index**
Technology	31.50%	31.12%	26.49%	26.20%
Consumer Discretionary	15.33%	15.12%	15.80%	15.73%
Industrials	14.05%	13.60%	13.98%	13.35%
Health Care	13.64%	13.43%	15.38%	14.98%
Financials	10.60%	11.18%	11.41%	12.02%
Consumer Staples	5.10%	5.33%	5.74%	5.92%
Real Estate	3.02%	3.00%	3.68%	3.65%
Telecommunications	2.23%	2.38%	2.39%	2.49%
Utilities	2.47%	2.74%	3.13%	3.50%
Basic Materials	2.06%	2.10%	2.00%	2.16%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note: Methodology based on Russell Industry Classification Benchmark (ICB).

Non-US International Equity - Sector Concentrations

	2023		2022	
	Non-US International Equity Mandate	**MSCI EAFE EX-Energy Index**	**Non-US International Equity Mandate**	**MSCI EAFE EX-Energy Index**
Financials	18.10%	20.06%	16.37%	18.51%
Industrials	17.81%	16.71%	14.90%	15.81%
Consumer Staples	11.02%	10.27%	14.28%	11.85%
Consumer Discretionary	14.52%	12.64%	10.50%	11.53%
Health Care	14.15%	14.05%	15.17%	14.57%
Materials	6.59%	7.85%	8.28%	7.87%
Communication Services	3.79%	4.34%	5.67%	5.07%
Real Estate	1.97%	2.44%	3.28%	2.92%
Information Technology	8.52%	8.12%	8.86%	8.33%
Utilities	3.53%	3.52%	2.69%	3.54%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note: Methodology based on Global Industry Classification Standard (GICS).

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Market Risk (continued)

iii. Price Risk (continued)

The table below summarises the sensitivity of the Fund's net assets attributable to redeemable shares to equity price movements as at 30 September. The analysis is based on the assumption that the share price increased by 1% and decreased by 1%, with all other variables held constant, and that the fair value of the Fund's portfolio of equity securities moved according to their historic correlation with the price.

	Sep-23	Sep-22
Effect on net assets attributable to redeemable shares of a 1% increase/decrease in the share price	22,711,115	18,338,663

The table below summarises the sensitivity of the Fund's net assets attributable to fixed income securities to fixed income price movements as at 30 September. The analysis is based on the assumption that interest rates increased by 25 basis points and decreased by 25 basis points, with all other variables held constant, and that the fair value of the Fund's portfolio of fixed income securities moved according to their historic correlation with the price.

	Sep-23	Sep-22
Effect on net assets attributable to fixed income securities of a 25 basis points increase/decrease in interest rates	6,627,972	6,314,934

Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

One of the strategic objectives of the Fund is the maintenance of sufficient liquidity to cover its obligations at short notice and in accordance with the Act. In order to meet this stated objective, the Fund holds a combination of cash and short term assets such as U.S. Treasury and agencies bills and notes, certificates of deposits and money market funds managed by the custodian with an AAAm rating containing eligible asset classes in accordance with the investment policy.

The Fund's investments in aggregate of any fixed income security must not exceed 5% of that security's outstanding par value.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Liquidity Risk

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

	Sep-23			
	Less than 1 month	**1 - 12 months**	**> 12 months**	**Total**
	$	**$**	**$**	**$**
Non-Derivative Financial Liabilities				
Investment purchased	374,799,443	6,008,672	-	380,808,115
Foreign currency purchased	554,694	-	-	554,694
Interest payable	4,639	1,446,622	-	1,451,261
Due to money market	-	-	-	-
Due to brokers	-	-	-	-
Accrued expenses	2,675,590	939,499	85,793	3,700,882
Other Payables	220	408,650	-	408,870
	378,034,586	**8,803,443**	**85,793**	**386,923,822**

	Sep-22			
	Less than 1 month	**1 - 12 months**	**> 12 months**	**Total**
	$	**$**	**$**	**$**
Non-Derivative Financial Liabilities				
Investment purchased	291,239,183	-	-	291,239,183
Foreign currency purchased	1,993,154	-	-	1,993,154
Interest payable	1	-	-	1
Due to money market	-	-	-	-
Due to brokers	448,976	-	-	448,976
Accrued expenses	2,329,245	537,255	**3,150**	2,869,650
Other Payables	22,242	376,241	-	398,483
	296,032,801	**913,497**	**3,150**	**296,949,447**

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Liquidity Risk (continued)

The table below analyses the Fund's derivative financial instruments in a payable position:

	Sep-23			
	Less than 1 month	1 - 12 months	> 12 months	Total
	$	$	$	$
Derivative Financial Liabilities				
TBA	-	-	100,729,900	100,729,900
	-	-	**100,729,900**	**100,729,900**

	Sep-22			
	Less than 1 month	1 - 12 months	> 12 months	Total
	$	$	$	$
Derivative Financial Liabilities				
TBA			23,674,010	23,674,010
	-	-	**23,674,010**	**23,674,010**

Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It is managed through organisational policies, procedures and operational frameworks utilised by the Bank for management of the Fund. The internal and external processes for the Fund are similar to those which exist for management of the Official Reserves. These processes are tested and audited annually. The Bank strives to continually comply with international best practice.

(Expressed in United States Dollars)

4. Cash and cash equivalents

	Sep-23	Sep-22
	$	$
Cash at bank	86,660,718	333,979,364
Cash at broker	116,096	7,709,994
Fixed Deposits	359,990,111	-
	446,766,925	**341,689,358**
Net effect of exchange rate changes	(17,995)	(16,341)
	446,748,930	**341,673,017**

5. Financial assets

	Sep-23	Sep-22
	$	$
Fair value through profit or loss	5,009,976,859	4,503,767,936
	5,009,976,859	**4,503,767,936**

Financial Assets at fair value through profit or loss		
Fixed income investments		
Cost	2,838,173,321	2,740,304,520
Net Diminution in Market Value	(193,579,351)	(214,330,869)
	2,644,593,970	**2,525,973,651**
Equity		
Cost	1,776,344,805	1,727,674,368
Net Appreciation in Market Value	494,766,742	106,191,940
	2,271,111,547	**1,833,866,308**
Financial Derivatives		
Cost	141,478,828	196,678,965
Fair Value Adjustments	(47,207,486)	(52,750,988)
	94,271,342	**143,927,977**
Total Financial assets at fair value through profit or loss	**5,009,976,859**	**4,503,767,936**

(Expressed in United States Dollars)

6. Fair value of financial assets

(a) Debt and equity securities

	Sep-23 Fair value $	Sep-23 % of net assets	Sep-22 Fair value $	Sep-22 % of net assets
Total debt securities	2,644,593,970	49.10	2,525,973,651	53.63
Total equity	2,271,111,547	42.16	1,833,866,308	38.94
Total derivatives	94,271,342	1.75	143,927,977	3.06
Total Financial Assets	**5,009,976,859**	**93.01**	**4,503,767,936**	**95.63**

(b) Fair value hierarchy

Various methods are used in estimating the fair value of a financial instrument. The Fund classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making measurements.

The fair value of the Fund's investment securities is analysed by the fair value hierarchy below:

	Sep-23 Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Asset Backed Securities	-	56,317,569	-	56,317,569
Collateralized Mortgage-Backed Securities (CMO)	-	3,823,093	-	3,823,093
Corporate Bonds	-	514,830,392	-	514,830,392
Government Issues	-	1,309,936,073	-	1,309,936,073
Mortgage Backed Securities	-	538,454,294	-	538,454,294
Municipals	-	25,188,793	-	25,188,793
Real Estate Investment Trust	-	34,726,490	-	34,726,490
Supranationals		161,317,266	-	161,317,266
Fixed Income	-	**2,644,593,970**	-	**2,644,593,970**
				-
Real Estate Investment Trust	44,021,344	-	-	44,021,344
Preferred Stock	3,899,406	-	-	3,899,406
Common Stock	2,223,190,797	-	-	2,223,190,797
Equity	**2,271,111,547**	-	-	**2,271,111,547**
Credit Default Swaps	-	(622,556)	-	(622,556)
Interest Rate Swaps	-	(283,043)	-	(283,043)
Mortgage Back Securities - To Be Announced	-	98,204,550	-	98,204,550
Futures	(3,027,609)	-	-	(3,027,609)
Derivatives	**(3,027,609)**	**97,298,951**	-	**94,271,342**
Total Financial Assets	**2,268,083,938**	**2,741,892,921**	-	**5,009,976,859**

(Expressed in United States Dollars)

6. Fair value of financial assets (continued)

(b) Fair Value Hierarchy (continued)

	Sep-22			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial Assets				
Asset Backed Securities	-	62,991,619	-	62,991,619
Collateralized Mortgage-Backed Securities (CMO)	-	4,480,982	-	4,480,982
Corporate Bonds	-	772,159,463	-	772,159,463
Government Issues	-	1,237,746,471	-	1,237,746,471
Mortgage Backed Securities	-	386,796,710	-	386,796,710
Municipals	-	33,610,724	-	33,610,724
Real Estate Investment Trust	-	28,187,682	-	28,187,682
Fixed Income	**-**	**2,525,973,651**	**-**	**2,525,973,651**
				-
Real Estate Investment Trust	41,141,170	-	-	41,141,170
Preferred Stock	10,975	-	-	10,975
Common Stock	1,792,282,948	-	-	1,792,282,948
Other Equity	431,215	-	-	431,215
Equity	**1,833,866,308**	**-**	**-**	**1,833,866,308**
Credit Default Swaps	-	70,061	-	70,061
Mortgage Back Securities - To Be Announced	-	149,602,740	-	149,602,740
Futures	(5,744,824)	-	-	(5,744,824)
Derivatives	**(5,744,824)**	**149,672,801**	**-**	**143,927,977**
Total Financial Assets	**1,828,121,484**	**2,675,646,452**	**-**	**4,503,767,936**

Valuation techniques

Investment Securities included in Level 1
Exchange listed price or a broker quote in an active market.

Investment Securities included in Level 2
Where a security has ceased trading the last trade price or a broker quote in a non-active market is used. Additionally, securities closely related (e.g. when issued, fungible shares) where the security held is not trading but related security is traded.

Investment Securities included in Level 3
Security in which no indications or comparables are available and the company's financials/information or other market indicators are used to calculate valuation.

(Expressed in United States Dollars)

6. Fair value of financial assets (continued)

(c) Transfers between Fair Value Hierarchy levels

As at September 30, 2023, there were no transfers between the fair valuation levels.

(d) Collateral

Securities and cash pledged as collateral were as follows:

	Sep-23	Sep-22
	$	$
Fixed Income	2,980,000	480,000
	2,980,000	**480,000**

7. Receivables and prepayments

	Sep-23	Sep-22
	$	$
Pending Trades	377,797,939	156,527,394
Interest Receivable	15,687,396	12,117,777
Dividends Receivable	4,052,765	4,388,053
Other Receivables	19,812,510	11,731,469
	417,350,610	**184,764,693**

Accounts receivable as at 30 September, 2023 include Pending Trades – Investments, and Foreign Currency sold in the amounts of USD377,247,482 and USD550,457 respectively which will subsequently be settled during the period October – November 2023.

8. Other payables

	Sep-23	Sep-22
	$	$
Pending Trades	381,362,809	293,232,336
Accruals	3,700,882	2,869,651
Other Payables	1,860,198	847,460
	386,923,889	**296,949,447**

As at 30 September, 2023 there were Pending Trades – Investments and Foreign Currency purchased of USD380,808,115 and USD554,694. Subsequent settlement will occur during the period October – November 2023.

(Expressed in United States Dollars)

9. Financial liabilities

Financial liabilities at fair value through profit or loss

	Sep-23	Sep-22
	$	$
Cost	102,158,730	24,514,316
Fair Value Adjustments	(1,428,830)	(840,306)
	100,729,900	**23,674,010**

10. Investment income

	Sep-23	Sep-22
	$	$
Interest Income		
Cash at bank	1,359	31,677
Financial assets at fair value through profit or loss	79,974,324	59,187,693
Amortisation of bond discount	20,682,022	3,940,603
Short term securities	1,365,697	301,685
Fixed Deposits	15,046,476	-
	117,069,878	**63,461,658**
Dividend income	**53,785,195**	**65,191,723**
Fair value adjustments on financial assets and liabilities at fair value through profit or loss	415,903,892	-
Total	586,758,965	128,653,381

11. Investment expenses

	Sep-23	Sep-22
	$	$
Amortization of bond premium	5,893,660	5,501,983
External managers' fees	10,360,256	11,430,501
Fair value adjustments on financial assets and liabilities at fair value through profit or loss	-	909,919,755
Custodian's fees	436,515	311,425
External managers' expenses	1,806,606	142,167
Total	**18,497,037**	**927,305,831**

12. Asset management agreements

Under Section 10(1) of the Act, the Bank as Manager of the Fund is responsible for the management of the assets and other resources of the Fund.

The Act specifies that within the instrument of delegation, the Bank be paid a management fee which is a percentage of the Fund's market value agreed between the Board and the Bank. The management fee is exclusive of any custodian fees, broker fees, current account fees or any other third party fees that may accrue incidental to the management of the Fund.

13. Board and other expenses

Under Section 4(6) of the Act, the members of the Board shall be paid such remuneration and allowances as may be determined by the Minister of Finance. These expenses, along with other operating expenses of the Fund's Secretariat are met from the Consolidated Fund, and thus do not form a part of the Financial Statements of the Fund.

14. Capital contributions

Capital contributions are calculated based on criteria set out under Sections 13(1) and 14 of the Act, (see Note 2 (o)). During the current year ended September 30, 2023, capital contributions of USD182,213,278 were received.

15. Withdrawals

Withdrawals from the Fund are made in accordance with the criteria set out under Section 15 and 15A of the Act, (see note 2 (p)). For the financial year ended September 30, 2023, there were no withdrawals.