Appendix

HERITAGE AND STABILISATION FUND

QUARTERLY INVESTMENT REPORT

OCTOBER TO DECEMBER 2019

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[1] This section includes economic developments to February 28, 2020.

EXECUTIVE SUMMARY

- During the fourth quarter of 2019, downside risks to economic growth moderated with the successful negotiation of a partial trade agreement between the United States and China. In addition, market concerns around a disorderly Brexit receded following the incumbent Conservative party's landslide victory in the United Kingdom's (UK) general election.

- Major central banks continued to support economic growth during the fourth quarter. The US Federal Reserve (Fed) reduced its key policy rate by 25 basis points, while other key central banks maintained their current level of accomodating monetary policy measures. The major banks indicated that they would intervene further should economic conditions deteriorate.

- Global equity markets rose throughout the quarter, delivering robust gains, as the market responded favourably to the easing trade tensions between the US and China. In contrast, rising rates on the long end of the yield curve negatively impacted the performance of the US bond market.

- For the fourth quarter of 2019, the Heritage and Stabilisation Fund (HSF) gained 3.62 per cent (see Table 1). Exposure to global equity markets was the main driver of the HSF's performance. Of the 3.62 per cent gain on the HSF's portfolio, the equity mandates contributed 3.42 per cent (see Table 2).

- On a relative performance basis, the HSF exceeded its Strategic Asset Allocation (SAA) benchmark by 42 basis points, which returned 3.20 per cent for the quarter (see Table 2). The main contributor to the HSF's outperformance was its overweight allocation to the US Core Domestic Equity mandate relative to its SAA weight (see Table 3). In addition, external manager strategies incrementally added value to the HSF's outperformance.

- As at the end of December 2019, the total net asset value of the HSF was **US$6,478.3 million**, an increase of approximately US$223.0 million from the previous quarter closing value of US$6,255.3 million. Of this total, the HSF Investment Portfolio was valued at US$6,476.6 million, while the remaining US$1.7 million was held in an operating cash account to meet the day-to-day expenses that arise from the management of the Fund.

- At the end of the quarter, approximately US$167.2 million was transferred from the US Core Domestic Equity mandate to the fixed income mandates. The rebalancing of the HSF was done in order to keep the asset class weights of the Investment Portfolio within the limits approved in its Investment and Operational Policy.

Table 1
Absolute Quarterly Returns
For the period October – December 2019
/per cent/

	Absolute Return HSF	**Absolute Return Benchmark**
Composite Portfolio	**3.62**	**3.20**
US Short Duration Fixed Income	0.34	0.35
US Core Domestic Fixed Income	0.24	0.18
US Core Domestic Equity	9.38	9.25
Non-US Core International Equity	8.49	8.40

Table 2
Contributions to Quarterly Returns
For the period October - December 2019
/per cent/

	3 Months Weighted Return as at 31-December-2019	
	HSF	**Benchmark**
Composite Portfolio	**3.62**	**3.20**
US Short Duration Fixed Income	0.08	0.09
US Core Domestic Fixed Income	0.10	0.07
US Core Domestic Equity	1.98	1.58
Non-US Core International Equity	1.44	1.44

NB: Differences in totals are due to rounding.

SECTION 1 – INTERNATIONAL ECONOMIC ENVIRONMENT

Several downside risks to economic growth diminished over the quarter. The announcement of a partial trade agreement between the United States and China lifted the outlook for global demand. Meanwhile, the incumbent Conservative Party's landslide victory in the United Kingdom's (UK) general election eased Brexit uncertainty. Despite these positive market news, economic activity in the developed economies still remained relatively subdued in the three months to December.

In the US, economic data released during the quarter was generally positive. Private consumption remained robust supported by a strong labour market. The unemployment rate fell to a historic low of 3.5 per cent and year-on-year wage growth remained solid, averaging around 3.3 per cent for the quarter. The services sector improved over the quarter, helping to offset the continued slowdown in manufacturing. However, these economic numbers failed to accelerate US growth as the economy maintained its moderate pace of expansion.

In Europe, economic activity stalled during the quarter. Growth in the United Kingdom was zero per cent as the uncertainty surrounding Brexit and the December's general election negatively impacted household expenditure, business investment and manufacturing production. The Euro zone growth prospects remained largely subdued due to ongoing trade tensions and falling demand. As a result, the Euro-zone economy expanded by a mere 0.1 per cent quarter-on-quarter in the three months to December. Its largest economy, Germany, recorded zero growth during the quarter on the back of weak exports numbers and a decline in private and government spending. Growth in the other major economies in the region varied. France and Italy contracted by 0.1 per cent and 0.3 per cent, respectively, while Spain's economy expanded by 0.5 per cent.

In Japan, weakness in the manufacturing sector was compounded by natural disasters, which disrupted business, and the rise in the consumption tax that restrained household spending. In an effort to boost activity, the Japanese government announced a ¥26 trillion stimulus package, which is expected to support the economy beyond the 2020 Tokyo Olympics. Elsewhere in Asia, China's economy was somewhat resilient, expanding at an annualised rate of 6.0 per cent in the fourth quarter. In contrast, Hong Kong contracted for a second consecutive quarter in the three months to Decemebr, as escalating anti-government protests hindered growth.

On the monetary policy front, the Federal Open Market Committee (FOMC) cut its policy rate by 25 basis points in October to a range of 1.50 per cent to 1.75 per cent. The US Federal Reserve (Fed) Chairman Powell indicated that the Fed may be approaching the end of its "mid cycle" adjustment, as the current monetary policy is expected to remain appropriate given economic projections. The European Central Bank (ECB) kept its monetary policy unchanged during the quarter instead waiting to see whether the release of its wide-ranging stimulus package in September will take hold in Euro-zone economy. The Bank of Japan (BOJ) and the Bank of England (BOE) also maintained key policy rates during the quarter, with both central banks electing to closely monitor economic conditions.

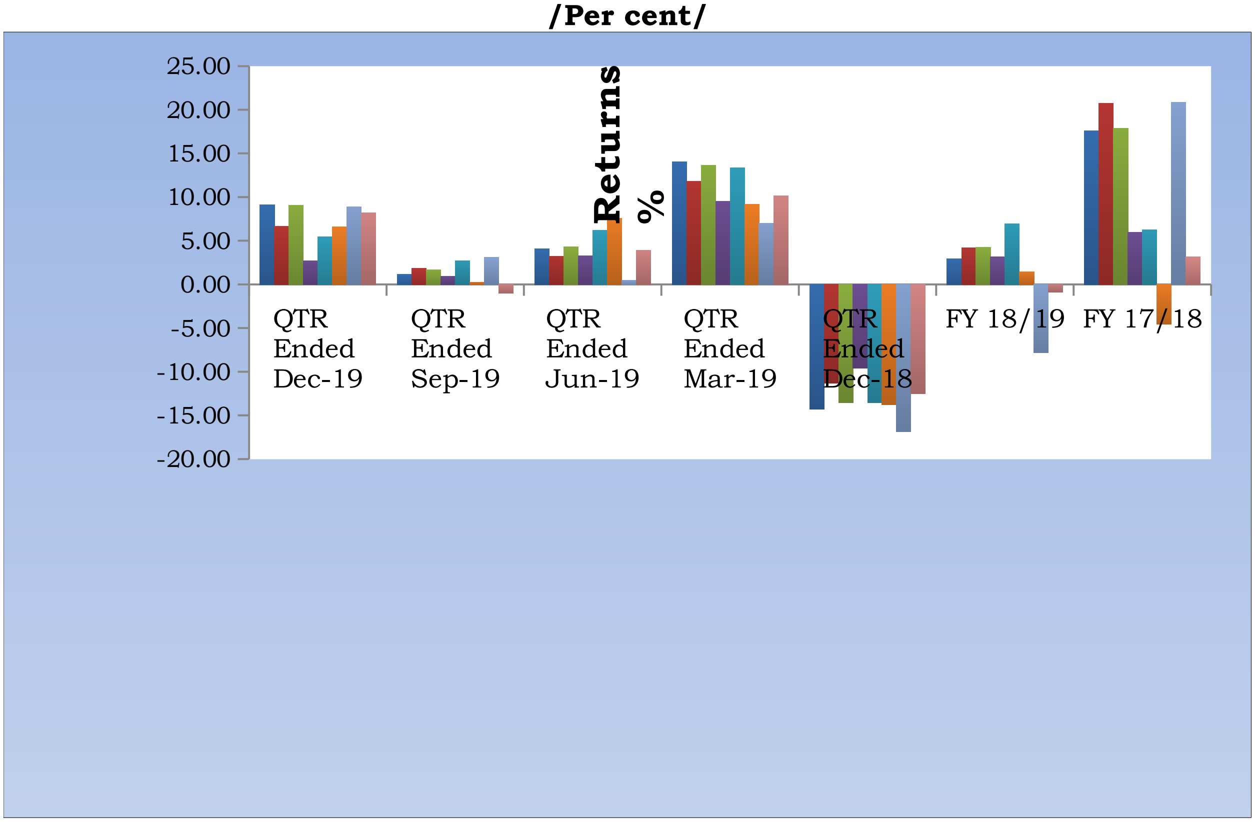
SECTION 2 – CAPITAL AND MONEY MARKET REVIEW

During the fourth quarter of 2019, investors' sentiment improved as the US and China successfully negotiated a "phase-one" trade deal agreement. In addition, there were positive developments in the UK, as political risk and some of the uncertainty around Brexit receded following the country's general election. As such, volatility declined during the fourth quarter of 2019. In the US, market volatility as measured by the Chicago Board Options Exchange Volatility Index (VIX), averaged 13.93 points in the fourth quarter when compared with 15.95 points over the previous quarter. Similarly, the European measure of investor anxiety, the Euro Stoxx 50 Volatility Index (VSTOXX), decreased to an average of 14.03 points in the three months to December, from an average of 15.81 points over the previous quarter.

Global equities rose over the quarter as investors were encouraged by expectations for a recovery in global demand and growth in 2020. Moreover, reduced risks on the geo-political and trade front, better than expected corporate earnings and continued support from central banks, all helped to bolster equity markets. In the US, the US Standard and Poor's (S&P) 500 index increased 9.06 per cent. Market gains were broad based with ten of the eleven sectors in the index posting positive returns. Information Technology and Health Care were the best performing sectors, while Real Estate and Utilities lagged the index.

Similarly, in the non-US developed markets, the MSCI EAFE Index rose 8.20 per cent, when measured in US dollar terms (Figure 1). Exposure to local currencies was positive for the period as the US dollar broadly depreciated against most of the G10 currencies. The UK's FTSE 100 index recovered from losses in October to return 2.70 per cent for the quarter. Meanwhile, Germany's DAX 30 index gained 6.61 per cent as concerns that the economy was at risk of entering a recession abated. In Asia, despite the escalating political protests in Hong Kong, regional market indices broadly gained. Japan's Nikkei 225 index increased 8.88 per cent as the optimism surrounding the US and China interim trade agreement outweighed concerns around the country's economic outlook.

Figure 1
Total Returns on Equity Indices
/Per cent/



Source: Bloomberg

In the US fixed income market, rates declined on the short-end, while longer-term yields rose during the quarter. On the short-end of the curve, the Fed's third rate cut in October as well as its efforts to support the short-term lending market placed downward pressure on yields. The 1-year rate and 2-year rate fell by 17 basis points and 5 basis points, respectively. Meanwhile, yields on the longer-end of the curve rose due to lower risk aversion in the market. Progress on the US-China trade front as well as improving expectations for economic growth supported higher rates on the long-end. The 10-year US Bond yield increased by 26 basis points to end the quarter at 1.92 per cent. As such, the yield curve steepened significantly with the spread between the 2-year and 10-year rising to 35 basis points from 4 basis points during the previous quarter (Figure 2).

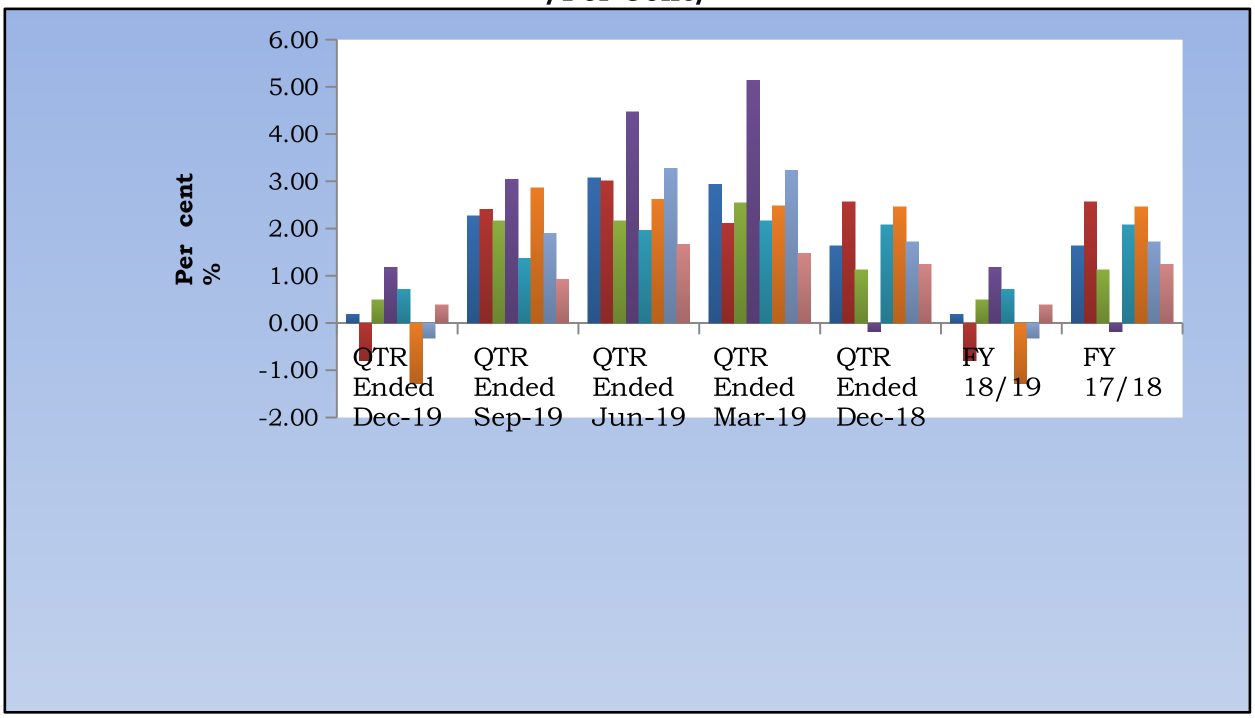
Figure 2
US Treasury Curve
/Per Cent/

Source: Bloomberg

The broader US fixed income market, as represented by the Bloomberg Barclays US Aggregate Bond Index, rose a modest 0.18 per cent in the fourth quarter of 2019. Rising interest rates on the long-end of the curve detracted from overall US bond market returns. The US Corporate Investment Grade sector was the best performing sub-component of the index, returning 1.18 per cent. Corporate bonds benefitted from solid corporate earnings and narrowing credit spreads.

In contrast, the G7 bond sector of the Bloomberg Barclays US Aggregate Bond Index declined 1.29 per cent (Figure 3). European interest rates rose significantly over the period due to reduced risk aversion and improving economic prospects.

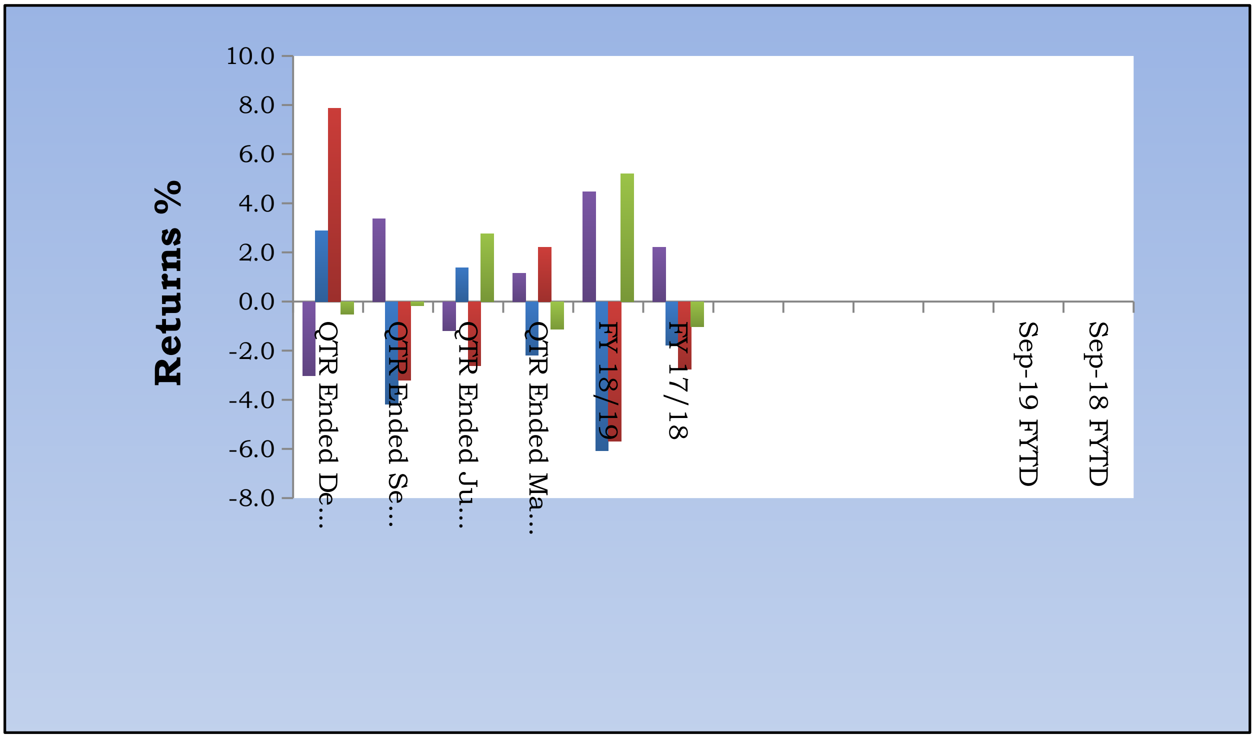
Figure 3
Returns on Fixed Income Indices
/Per Cent/



Source: Bloomberg

In currency markets, traditional safe haven currencies weakened as risk aversion abated with positive developments on the trade and Brexit front. The US dollar depreciated 3.01 per cent, as measured by the DXY Dollar Index Spot, while the Japanese yen declined 0.52 per cent against the US dollar. In Europe, easing Brexit concerns and reduced recession fears were positive for the Euro and British pound, which appreciated 2.88 per cent and 7.88 per cent, respectively (Figure 4).

Figure 4
Foreign Exchange Returns for Major Currencies
vis-à-vis the US Dollar
/Per Cent/



Source: Bloomberg

SECTION 3 – PORTFOLIO PERFORMANCE

Strategic Asset Allocation

Table 3 reports the actual mandate weights of the HSF's Investment Portfolio relative to its approved SAA for the quarter ended December 2019 and the previous three (3) quarters.

Table 3
Portfolio Composition relative to the Approved SAA
/per cent/

			Mar-19	Jun-19	Sep-19	Dec-19
Portfolio Weights	Asset Class	Target Weight SAA	Actual % of Fund	Actual % of Fund	Actual % of Fund	Actual % of Fund
	US Short Duration Fixed Income	25.00	22.73	22.46	22.41	23.62
	US Core Domestic Fixed Income	40.00	38.55	38.65	39.19	38.60
	US Core Domestic Equity	17.50	20.94	21.22	21.32	19.92
	Non-US Core International Equity	17.50	17.79	17.67	17.07	17.86

Totals may not sum to 100 due to rounding.

During the period October to December 2019, robust gains in the US Equity market further contributed to the overweight position of this asset class. As a result, the HSF was rebalanced at the end of December to bring the mandates' weights closer to their respective SAA, and to ensure that all asset classes remained within the allowable deviation (+/- 5 per cent) range.

Following the rebalancing, the HSF maintained a modest overweight of 2.42 per cent to the US Core Domestic Equity mandate. Consequently, the US Short Duration Fixed Income mandate and the US Core Domestic Fixed Income mandate held underweight positions of 1.38 per cent and 1.40 per cent, respectively (see Table 3).

The total net asset value of the Fund as at the end of December 2019 was **US$6,478.3 million**, compared with US$6,255.3 million at the end of the previous quarter. Of this total, the investment portfolio was valued at US$6,476.6 million, while the remaining portion was held in an operating cash account to meet the day-to-day expenses that arise from the management of the Fund.

Performance of the Investment Portfolio

During the fourth quarter of 2019, the HSF grew by 3.62 per cent compared with a gain of 3.20 per cent for its SAA benchmark[2]. The HSF's 42 basis points benchmark outperformance was mainly due to the overweight allocation to the US Core Domestic Equity mandate (see Table 3). In addition, external managers' strategies were overall positive for the period. All of the HSF's investment mandates delivered positive returns during the quarter (see Figure 5).

The **US Core Domestic Equity** mandate gained 9.38 per cent during the fourth quarter of 2019 and outperformed its benchmark, the Russell 3000 ex Energy index, by 13 basis points. Stock selection within the technology and health care sectors positively impacted performance while, exposure to less economically sensitive sectors tempered excess returns. The net asset value of this mandate as at December 31, 2019 was **US$1,290.2 million** compared with US$1,333.2 million three months earlier. This decrease in value reflected the transfer of approximately US$167.2 million from this mandate at the end of the quarter.

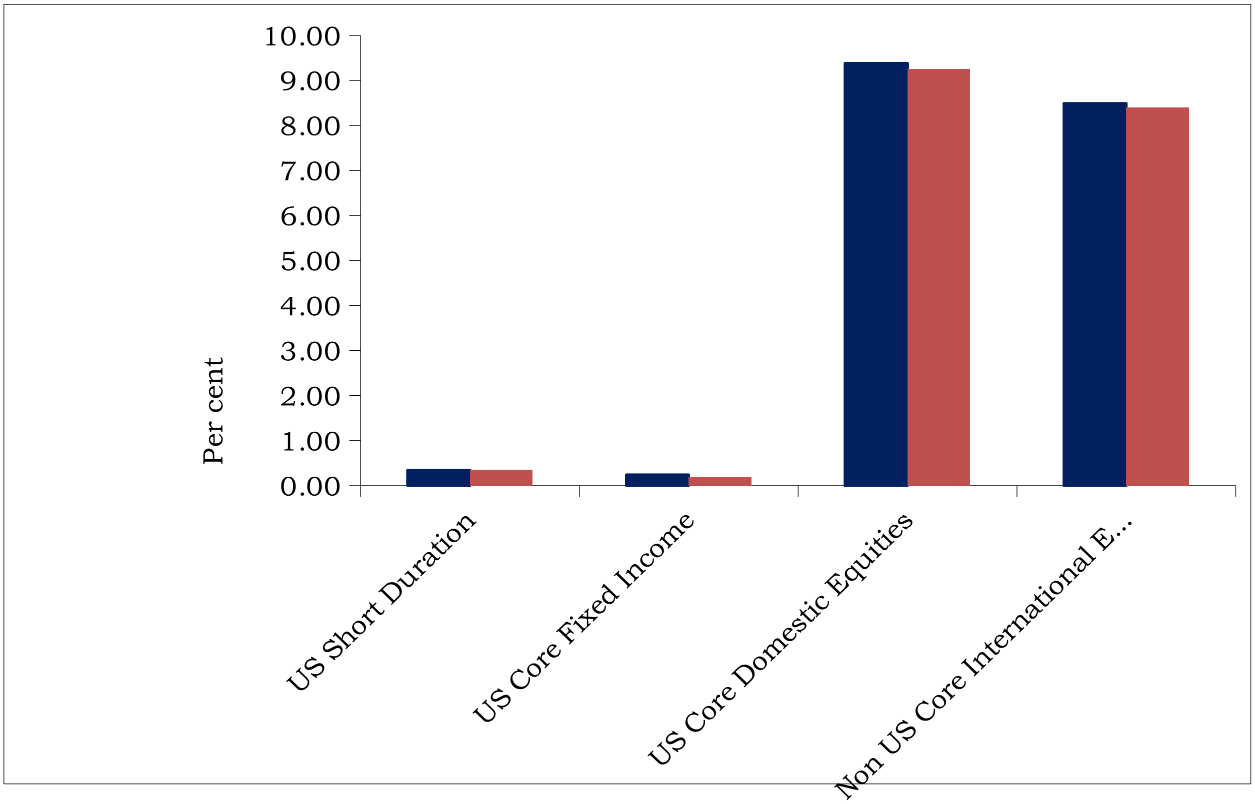
The **Non-US Core International Equity** mandate rose 8.49 per cent during the three months ending December 31, 2019. This compares to a return of 8.40 per cent for its benchmark, the MSCI EAFE ex Energy index. Stock selection in the UK, France and Australia added to returns, while security selection in Germany and the Netherlands partially detracted from performance. The combined effect of currency hedging and country allocation was marginally negative over the period. The mandate's net asset value at the end of December 2019 was **$1,157.0 million** compared with US$1,067.7 million at the end of September 2019.

[2] The SAA benchmark is a blended benchmark which comprises, Bank of America/Merrill Lynch US Treasury 1-5 Years Index (25%), Bloomberg Barclays US Aggregate Bond Index (40%), Russell 3000 ex Energy Index (17.5%), and MSCI EAFE ex Energy Index (17.5%).

The **US Short Duration Fixed Income** mandate rose 0.34 per cent during the fourth quarter of 2019. Its return was broadly in line with its benchmark, the Bank of America Merrill Lynch US Treasury 1-5 year index which gained 0.35 per cent. Overall, interest rate strategies modestly detracted from performance, while spread products such as supranational and agency securities did not meaningfully contribute to relative performance. The net asset value of this mandate as at the end of December 2019 was **US$1,529.7 million**, compared to US$1,401.6 million at the end of September 2019. This increase in value reflected the transfer of approximately US$123.6 million to this mandate at the end of the quarter.

The longer duration **US Core Domestic Fixed Income** mandate delivered the lowest return on an absolute basis, increasing 0.24 per cent. This compares to 0.18 per cent for its benchmark, the Barclays Capital US Aggregate Bond index. Overweight positions to the corporate and securitised sectors primarily added to excess returns. The net asset value of this mandate at the end of December 2019 was **US$2,499.8 million** compared to US$2,451.1 million three months earlier**.** This increase in value reflected the transfer of approximately US$43.6 million to this mandate at the end of the quarter.

Figure 5
Absolute Returns by Mandate
For the period October – December 2019
/per cent/



SECTION 4 – COMPLIANCE AND PORTFOLIO RISKS

Compliance

As at the end of the quarter, one asset manager within the non-US Core International equity mandate failed to meet its performance objectives outlined in the investment guidelines. The Central Bank, as manager of the Fund, is reviewing the performance of managers placed on the enhanced monitoring programme as part of a comprehensive assessment of all external equity managers.

Portfolio Risks

The main risks for the HSF portfolio are credit, concentration, interest rate, and currency risks. The following paragraphs give a description of how these risks are mitigated.

Credit Risk

Within the **money market portion** of the Fund, credit risk is minimised by the strict adherence to the following standards: (i) all counterparties must have a minimum credit rating of either A-1 from the Standard and Poor's rating agency or P-1 from Moody's Investors Services; and (ii) a maximum exposure limit for counterparties of no more than 5.0 per cent of the market value of the portfolio.

For **fixed income instruments**, credit risk is mitigated by the use of credit concentration limits as well as minimum credit quality ratings. Bonds must have an investment grade rating as defined by Standard and Poor's, Moody's Investors Services or Fitch Ratings Incorporated. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within an agreed upon timeframe. Table 4 below shows the average credit quality of the US Short Duration and US Core Fixed Income Portfolios as at December 31, 2019.

Table 4
Average Credit Rating

Mandate	Portfolio	Benchmark
US Short Duration	**AA+**	**AA+**
US Core Fixed Income	**AA**	**AA**

Concentration Risk

Concentration or diversification risk is minimised by investing across various asset types and holding a large number of positions within an asset class. The aim is to minimise risk and/or maximise return by investing in a wide cross-section of asset classes and positions that would each react differently to the same market event. As such, it is likely that when one has strong returns, another may have lower returns to the same market event.

The portfolio is currently invested across four asset groupings as follows: US Short Duration Fixed Income; US Core Domestic Fixed Income; US Core Domestic Equity; and Non-US Core International Equity. In addition, concentration risk is minimised within asset groups by approved market exposure and issuer holding limits. For the **equity portfolios**, this risk is managed by imposing a maximum percentage holding of 3.0 per cent of any security's outstanding shares, as well as a maximum sector deviation relative to the benchmark of 5.0 per cent.

Interest Rate Risk

Interest rate risk is managed using a weighted average effective duration limit on the respective portfolios. For the US Short Duration Fixed Income mandate, the allowable range is six months longer or shorter than the weighted average duration of its respective benchmark. While the US Core Domestic Fixed Income mandate has an allowable range of 12 months longer or shorter than the weighted average duration of its respective benchmark. Table 5 shows the weighted average duration for the US Short Duration and US Core Domestic Fixed Income portfolios as at December 31, 2019.

Table 5
Weighted Average Duration
/Years/

Mandate	**Portfolio**	**Benchmark**
US Short Duration	**2.51**	**2.61**

US Core Domestic Fixed Income	**5.71**	**5.87**

Currency Risk

Currency risk is managed by containing and managing the exposure to non-US dollar instruments. For the fixed income mandates, no more than 10 per cent of the market value of the portfolio can be invested in securities which are denominated in currencies other than the US Dollar. For these mandates, non-US dollar currency exposure is fully hedged into the US Dollar. However, the effectiveness of the hedge may vary depending on market conditions.

For the US Core Domestic Equity mandate, no more than 5 per cent of the market value of the portfolio can be invested in securities, which are denominated in currencies other than the US Dollar. The performance benchmark for the Non-US Core International Equity portfolio is the custom MSCI EAFE ex-energy Index. The index comprises of equity securities of issuers domiciled in developed markets countries, excluding the US and Canada. Where benchmark securities are quoted in currencies other than the US dollar, the Fund accepts the currency risk. For this mandate, however, managers can hedge up to 15 per cent of the market value of their currency exposure into the US dollar, the base reporting currency for the HSF. At the end of December 2019, the currency exposure for this portfolio was 97 per cent of its market value. During the quarter, all the portfolios were within their respective limits.

Appendix I

HSF Portfolio - Historical Performance

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2010									
December	0.96	0.89	6.65	0.96	0.89	6.65	3.72	3.78	-6.16
March	1.61	1.68	-6.20	2.59	2.58	0.49	3.95	4.03	-7.76
June	-1.83	-1.89	6.05	0.71	0.64	6.69	3.07	3.12	-5.18
September	5.33	5.08	24.73	6.07	5.75	31.93	4.37	4.35	2.06
FY 2011									
December	2.29	2.21	8.15	2.29	2.21	8.15	4.70	4.65	4.13
March	1.62	1.54	7.24	3.94	3.79	15.68	4.81	4.76	5.72
June	1.88	1.81	6.68	5.89	5.67	22.91	4.98	4.91	7.00
September	-4.82	-4.28	-53.66	0.79	1.14	-34.89	3.57	3.63	-6.29
FY 2012									
December	2.74	3.03	-28.52	2.74	3.03	-28.52	3.97	4.08	-12.00
March	5.04	4.46	57.50	7.92	7.63	29.29	4.78	4.78	-0.08
June	-0.90	-0.60	-30.42	6.95	6.98	-3.72	4.37	4.43	-6.13
September	3.53	2.98	55.03	10.73	10.18	55.02	4.68	4.65	2.07
FY 2013									
December	1.49	1.45	4.11	1.49	1.45	4.11	4.88	4.83	4.76
March	3.29	2.90	39.19	4.82	4.38	44.01	5.23	5.12	11.20
June	-0.30	-0.69	39.05	4.51	3.66	84.64	4.97	4.80	17.26
September	3.95	3.47	47.35	8.63	7.26	137.06	5.40	5.16	24.01
FY 2014									
December	3.95	2.66	129.38	3.95	2.66	129.38	5.80	5.37	42.67
March	1.46	1.30	16.28	5.47	4.00	147.73	5.80	5.37	43.52
June	2.56	2.30	25.90	8.17	6.38	178.44	5.96	5.51	45.76
September	-0.48	-0.73	25.31	7.65	5.60	204.51	5.69	5.22	47.69
FY 2015									
December	2.25	1.63	62.27	2.25	1.63	62.27	5.81	5.26	54.46
March	2.29	2.25	3.95	4.60	3.92	67.71	5.92	5.39	53.34
June	-0.02	-0.51	49.43	4.58	3.39	119.07	5.74	5.16	57.93

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2015									
September	-2.02	-2.19	16.83	2.47	1.13	134.06	5.31	4.73	58.12
FY 2016									
December	1.68	1.67	0.22	1.68	1.67	0.22	5.36	4.79	56.52
March	0.80	1.26	-46.14	2.48	2.95	-46.70	5.30	4.80	49.64
June	0.80	1.11	-30.92	3.30	4.09	-78.90	5.24	4.79	44.83
September	2.45	2.12	32.85	5.83	6.29	-45.72	5.37	4.89	47.33
FY 2017									
December	-0.46	-0.98	51.92	-0.46	-0.98	51.92	5.17	4.66	51.64
March	3.17	2.92	24.41	2.69	1.91	77.74	5.37	4.84	52.92
June	2.74	2.44	30.00	5.50	4.40	110.45	5.51	4.97	54.69
September	2.61	2.06	54.78	8.25	6.55	170.48	5.64	5.05	58.79
FY 2018									
December	2.24	1.83	40.22	2.24	1.83	40.22	5.72	5.11	61.32
March	-0.55	-0.94	38.21	1.67	0.88	78.91	5.53	4.90	63.49
June	0.26	0.21	5.36	1.94	1.09	84.52	5.43	4.81	62.52
September	1.81	1.54	27.02	3.79	2.65	113.37	5.47	4.84	63.61
FY 2019									
December	-4.69	-3.54	-114.99	-4.69	-3.54	-114.99	4.93	4.41	51.33
March	5.93	5.61	31.25	0.96	1.88	-91.66	5.33	4.79	53.03
June	3.01	3.26	-25.10	4.00	5.20	-119.99	5.47	4.97	49.95
September	1.05	1.27	-21.70	5.10	6.54	-144.08	5.44	4.97	47.15
FY 2020									
December	3.62	3.20	41.90	3.62	3.20	41.90	5.63	5.13	49.64

Notes:

(1) Differences in totals are due to rounding.
(2) In August 2009, International Equities and Fixed Income Securities were added to the HSF portfolio. The performance benchmark for the HSF portfolio became a blended benchmark which comprise, Bank of America/Merrill Lynch US Treasury 1-5 Years Index, US One-month LIBID Index, Barclays US Aggregate, Russell 3000 ex Energy, and MSCI EAFE ex Energy.
(3) In January 2011, the HSF Portfolio achieved its Strategic Asset Allocation where the portfolio was invested in four assets classes. US Short Duration Fixed Income (25), US Core Fixed Income (40), US Equity (17.5) and Non-US International Equity (17.5).
(4) With effect from the quarter ended December 2012, the Annualised Returns Since Inception were computed using a geometric average and not the previously used arithmetic average. For comparative purposes, prior period annualized returns since inception shown above were computing using a geometric average.

Appendix II

Heritage and Stabilisation Fund

Portfolio Valuation (USD)

Valuation Date	Net Asset Value	Total Comprehensive Income	Accumulated Surplus & Unrealized Capital Gains/Losses	Contributions / (Withdrawals)
Annual Portfolio Valuation				
September 30,2007	1,766,200,701	41,966,361	41,966,361	321,706,043
September 30,2008	2,888,421,556	68,412,770	110,379,131	1,054,174,457
September 30,2009	2,964,686,478	76,248,691	186,755,766	-
September 30,2010	3,621,984,041	177,645,460	364,361,226	477,344,263
September 30,2011	4,084,016,158	9,715,841	374,074,067	451,400,519
September 30,2012	4,712,376,278	420,693,705	794,770,772	207,550,846
September 30,2013	5,154,027,747	399,007,950	1,193,778,722	42,414,251
September 30,2014	5,533,425,248	379,167,024	1,572,945,746	-
September 30,2015	5,655,143,565	120,639,605	1,693,585,351	-
September 30,2016	5,584,246,290	305,452,096	1,999,037,447	(375,050,860)
September 30, 2017	5,762,544,777	429,475,446	2,428,512,893	(252,548,048)
September 30, 2018	5,965,847,092	203,717,910	2,632,230,803	-
September 30, 2019	6,255,349,599	288,837,111	2,921,067,914	-
Quarterly Portfolio Valuation				
December 31, 2014	5,653,895,156	120,509,077	1,693,454,823	-
March 31, 2015	5,779,420,631	125,471,133	1,818,925,956	-
June 30, 2015	5,774,951,169	(4,765,278)	1,814,160,678	-
September 30, 2015	5,655,143,565	(120,575,327)	1,693,585,351	-
December 31, 2015	5,744,963,957	90,833,573	1,784,418,924	-
March 31, 2016	5,787,343,363	42,134,260	1,826,553,184	-
June 30, 2016	5,454,568,405	42,838,704	1,869,391,888	(375,050,860)
September 30, 2016	5,584,246,290	129,645,559	1,999,037,447	-
December 31, 2016	5,555,039,859	(29,605,256)	1,969,432,191	-
March 31, 2017	5,473,047,983	170,609,885	2,140,042,076	(252,548,048)
June 30, 2017	5,619,311,033	146,006,897	2,286,048,973	-

Appendix II

Heritage and Stabilisation Fund

Portfolio Valuation (USD)

Valuation Date	Net Asset Value	Total Comprehensive Income	Accumulated Surplus & Unrealized Capital Gains/Losses	Contributions / (Withdrawals)
Quarterly Portfolio Valuation				
September 30, 2017	5,762,544,777	142,463,920	2,428,512,893	-
December 31, 2017	5,888,599,170	124,900,387	2,553,413,280	-
March 31, 2018	5,852,789,288	(36,468,342)	2,516,944,938	-
June 30, 2018	5,863,070,206	12,336,541	2,529,281,479	-
September 30,2018	5,965,847,092	102,949,324	2,632,230,803	-
December 31,2018	5,683,219,683	(486,810,763)	2,349,137,950	-
March 31, 2019	6,016,429,263	333,123,750	2,682,261,700	-
June 30, 2019	6,194,328,757	177,424,921	2,859,686,621	-
September 30, 2019	6,255,349,599	61,381,293	2,921,067,914	-
December 31, 2019	6,478,340,872	222,180,512	3,143,248,426	-

Appendix III

Summary Characteristics of Composite Benchmarks

Fixed Income Benchmarks

Key Characteristics	Bloomberg Barclays US Aggregate Index	Merrill Lynch 1-5 Index
Total Holdings	11,037	151
Coupon (%)	3.17	2.17
Duration (Years)	5.87	2.61
Average Life (Years)	8.06	2.72
Yield to Maturity (%)	2.32	1.62
Option Adjusted Spread (bps)	39	0
Average Rating (S&P)	AA	AA+
Minimum Rating (S&P)	BBB	AA+

Equity Benchmarks

Key Characteristics	Russell 3000 (ex-Energy)	MSCI EAFE (ex-Energy)
Total Holdings	2,815	886
Earnings Per Share (EPS Growth 3-5yr fwd)	11.4	7.47
Price Earnings (P/E fwd)	18.1	15.92
Price / Book (P/B)	3.4	1.66
Weighted Average Market Capitalization* (Bn)	234.5	62.4

*Market capitalization is a measurement of the size of a company (share price x the number of outstanding shares). The weighted average market capitalization of a stock market index represents the average size of the firms comprising the index where each is weighted according to its market capitalization.

Appendix IV

Summary of the Fund's Net Asset Value by Mandate

/US$ Million/

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Total Fund Value	**5,683**	**6,016**	**6,194**	**6,255**	**6,478**
Total Value of Equity	**2,086**	**2,329**	**2,408**	**2,401**	**2,447**
US Core Domestic Equity	1,108	1,259	1,314	1,333	1,290
Non-US Core International Equity	978	1,070	1,094	1,068	1,157
Total Value of Fixed Income	**3,595**	**3,686**	**3,784**	**3,853**	**4,029**
US Short Duration Fixed Income	1,351	1,367	1,391	1,402	1,530
US Core Domestic Fixed Income	2,245	2,319	2,393	2,451	2,500
Total Value of Cash or Cash Equivalents	**1**	**1**	**3**	**2**	**2**

NB: Differences in totals are due to rounding.

Appendix V

HSF Portfolio Quarterly Returns

/per cent/