HERITAGE AND STABILISATION FUND

2024 ANNUAL REPORT

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HERITAGE AND STABILISATION FUND ANNUAL REPORT 2024

CHAIRMAN'S FOREWORD

Fiscal Year 2024 was a watershed year for the global economy, in which the central banks of the major developed countries completed the process of returning inflation to its pre-pandemic level, and pivoted to a more neutral monetary stance. While the two years of the anti-inflationary policies weighed heavily on the growth performance of some advanced economies, the United States (US) was able to boast of a soft-landing in which the economy demonstrated remarkable resilience. The sharp reduction in global inflation and the subsequent monetary easing boosted international financial markets, which had a very positive impact on the Heritage and Stabilisation Fund (HSF).

The HSF returned 20.81 per cent in the financial year, driven by gains in both its equity and fixed income mandates. Over the twelve-month period ended 30 September 2024, US Core Domestic and Non US Core International Equity mandates gained 37.38 and 31.12 per cent, respectively. The US Short Duration Fixed Income mandate returned 7.81 per cent and the US Core Domestic Fixed Income mandate, 12.33 per cent. The HSF closed the financial year with a net asset value of US$6,087.9 million, up from US$5,390 million one year earlier. The HSF's 2024 performance generally reflected the favourable market conditions that existed throughout the financial year and the Fund's overweight exposure to equities.

In order to reduce inflation from a peak of 9.1 per cent in June 2022, the US Federal Reserve (Fed) raised the fed funds rate eleven times between March 2022 and June 2023, from zero to between 4.50 to 5.50 per cent. In June 2023, the US paused its interest rate increases. Inflation peaked at 11.1 per cent in the United Kingdom (UK) in October 2022 and at 10.6 per cent in the Eurozone (EZ). The Bank of England (BoE) and the European Central Bank (ECB) also increased rates significantly in order to reduce inflation to (or close to) their 2 per cent targets. Like the Fed, both central banks paused their interest rate increases in the second half of 2023.

Notwithstanding the significant increase in interest rates in 2022 and the first half of 2023, real GDP in the US maintained its steady growth momentum by 2 to 3 per cent per year between 2022 to 2024. In the United Kingdom, after real GDP growth of 4.8 per cent in 2022, real GDP growth declined to 0.4 per cent in 2023, in part because of a near recession in the two last quarters of the year. Based on the performance in the first two quarters of this year, real GDP is forecasted to grow by 1 per cent in 2024. Real GDP growth in the EZ is also projected at about 1 per cent in 2024, up from 0.5 per cent in 2023. The sluggish growth performance in the UK and the EZ, reflects the tailwinds of the Russia-Ukraine conflict, China's slowing economy and the tight monetary conditions that existed in both economies.

In June 2024, ECB was the first of the three major central banks to start the interest rate reduction process, when it lowered its policy interest rate by 25 basis points. At the time of this policy reversal, the inflation rate in the EZ was 2.5 per cent. The ECB, however, rationalised that keeping policy interest rates at an elevated level for nine months had helped to reduce the inflation rate from a high of 10.6 per cent to its current level of 4.5 per cent. The ECB therefore expressed confidence in its internal projections, which expected the 2 per cent inflation target to be achieved before the end of 2024. As it turned out, inflation in the EZ declined to 1.7 per cent by September 2024 but rose to 2 per cent in October. The BoE maintained its policy interest rate for two months longer, citing the risk of higher inflation in the near term. In August 2024, the BoE finally cut its policy rate from 5.25 to 5 per cent, as its concerns about a sudden rise in inflation weakened.

The Fed was the last of the major central banks to reduce interest rates since the decision was based on its dual mandate viz; the 2 percent inflation target and the achievement of an acceptable level of labour market stability. While inflation had continued to edge downwards for most of 2024, labour market conditions seemed to have softened in July 2024, with data showing job gains of only 118,000 and an increase in the unemployment rate to 4.3 per cent, from 4.1 per cent in June. At the September 2024 Federal Open Market Committee (FOMC) meeting, with inflation at 2.1 per cent and with evidence of a positive rebound in the labour market (job gains of 254,000 and unemployment back at 4.1 per cent), the Fed agreed to lower the policy interest rate by 50 basis points to a range of 4.75 % to 5%.

Despite heightened political uncertainty and rising geopolitical tensions, the significant reduction in inflation and monetary policy easing in the main developed economies combined with solid corporate profits sustained gains in the major developed equity and fixed-income markets. As noted above, the HSF benefitted significantly from the rebound in the global financial markets.

As we approach the twentieth anniversary of the HSF, and await the final report of an IMF Technical Assistance Mission, I would like to take this opportunity to list some of the changes, which, in the Board's view, should be considered to prolong the sustainability of the HSF. These are:

1. A closer coordination between fiscal policy and the HSF in order to increase the flow of budgetary transfers to the Fund and to avoid the inconsistency of budgetary transfers, financed by an increase in government debt.
2. A revision of the strategic asset allocation to provide for an increase in the allocation to equities. In this regard, is there a case for broadening our equity mandate to include a small share of emerging market equities?
3. A revision of the savings and withdrawal rules, taking into account the structural changes that have taken place in the energy sector of Trinidad and Tobago (in particular, the steady decline in oil and gas output). The savings rule is partly responsible for the inconsistency mentioned in (1) above.
4. Consideration could be given to a small budget allocation to help the HSF Board pay for the services of one or two researchers to review practices of other SWFs and to support our central bank staff in their monitoring function.
5. In the area of governance, is this the time to broaden the representation in the HSF Board?

THE LEGAL AND GOVERNANCE FRAMEWORKS OF THE HSF

Legal Framework

The Purpose of the HSF

The Heritage and Stabilisation Act, No. 6 of 2007 (hereinafter called "the Act") established the Heritage and Stabilisation Fund (hereinafter called "the Fund") with effect from March 15, 2007.

The Fund was established for the purpose of saving and investing 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, or in the case of exceptional circumstances;

(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 HSF Act, as amended by Act No. 9 of 2020 (hereinafter called "the Amended Act"), assented to on March 26, 2020, inserted Section 15A ("Withdrawals in exceptional circumstances") in the Act. This new section expanded the purpose of the Fund to include fiscal support for the following events:

(i) a disaster area is declared under the Disaster Measures Act;

(ii) a dangerous infectious disease is declared under the Public Health Ordinance; or

(iii) there is, or likely to be, a precipitous decline in budgeted revenues which is based on the production or price of crude oil or natural gas.

Deposit Rules

Sections 13 and 14 of the Act detail the conditions under which excess petroleum revenues must be deposited in the Fund. Section 14 states that a minimum of 60per cent of the total excess (difference between estimated and actual) revenues must be deposited to the Fund during a financial year.

Section 2 of the Act defines petroleum revenues and Section 13(3) details the formula for determining estimated petroleum revenues. According to Section 13(4), deposits are to be made quarterly, no later than one month following ending quarter dates of December, March, June and September.

Withdrawal Rules

Shortfall in Annual Petroleum Revenues

Section 15(1) of the Act states that withdrawals may be made from the Fund where petroleum revenues collected in any financial year fall below the budgeted petroleum revenues for that year by at least ten per cent, subject to the following:

(a) the withdrawal is limited to 60 per cent of the amount of the shortfall of petroleum revenues for the relevant year; or

(b) 25 per cent of the balance of the Fund at the beginning of that year, whichever is the lesser amount.

Section 15(3) of Act states that no withdrawal may be made from the Fund in any financial year where the balance of the Fund would fall below US$1 billion if such withdrawal was to be made.

Exceptional Circumstances

Section 15A (2) of the Amended Act limits withdrawals made under exceptional circumstances (refer to Section 15A) to US$1.5 billion at any time during the financial year.

Governance Framework

The Parliament of Trinidad and Tobago

Parliament passed the enabling legislations (the Act and the Amended Act) and continues to have ultimate oversight of the Fund, which should be exercised through the review of the Act every five years and through annual reports and audited financial statements submitted by the Minister of Finance, no later than four months following the end of the financial year.

The reporting and disclosure requirements of the Fund provide the citizens of Trinidad and Tobago an opportunity to assess the Fund's activity and performance thereby fostering transparency and accountability.

The Minister of Finance

The Minister of Finance (hereinafter referred to as "the Minister") advises the President on the appointment of the Board of Governors (hereinafter referred to as "the Board") in accordance with the Act, and is responsible for determining deposits to and requesting withdrawals from the Fund in accordance with the provisions of the Act and the Amended Act.

In the event a withdrawal is made under Section 15A of the Amended Act, the Minister is required under Section 15A (3) to lay before the House of Representatives a report no later than 60 days from that withdrawal.

The Minister is also responsible to review the Act every five years and report to Parliament.

The Board of Governors

The Act provides that the Fund shall be governed by a Board, who, under Section 9, has the responsibility for the management of the Fund.

The Board has pursuant to Section 10 of the Act delegated its management responsibility to the Central Bank of Trinidad and Tobago (hereinafter, "the Central Bank"), which is responsible for the day-to-day management of the Fund. The Board decides on the investment objectives and approves the manner in which the funds are to be invested by the Central Bank.

The Board is required under the Act to submit to the Minister quarterly and annual investment reports on the operation and performance of the Fund.

The Central Bank of Trinidad and Tobago

The Central Bank is responsible for the day-to-day management of the Fund in accordance with the Board's approved Operational and Investment Policy and reports quarterly and annually to the Board.

The Schedule to the Act and the Instrument of Delegation detail the responsibilities of the Central Bank.

BOARD OF GOVERNORS

Mr. Ewart Williams	–	Chairman
Dr. Alvin Hilaire	–	Member
Mrs. Suzette Lee-Chee	–	Member
Dr. Dorian M. Noel	–	Member
Mr. Bevan Narinesingh	–	Member
Ms. Sharon Mohammed	-	Corporate Secretary to the Board

THE BOARD REPORT

Annual Review of Operations

The Annual Report 2023 and the Audited Financial Statements for the period ended September 30, 2023 were presented to the Parliament in April 2024.

Deposits/Withdrawals to the Fund

During the FY 2024, withdrawals totalling USD369.9 million were made from the Fund in accordance with Section 15 of the HSF Act.

Governance

The Board of Governors of the HSF met all legal and statutory requirements in the discharge of its functions and maintained its governance oversight as required by law during the review period. As prescribed by legislation, the Board held 12 Ordinary Meetings during the FY 2024.

Re-appointment of Governors

Mrs. Suzette Taylor-Lee Chee was re-appointed as a Governor for another three-year term.

INVESTMENT REPORT

Executive Summary

Over the financial year 2024, global price pressures eased further, with some developed countries achieving their target inflation levels. Additionally, the divergence among developed countries' economic growth rates persisted. The US economy continued to expand at a solid pace due to robust consumer and government spending while the UK emerged from a recession at the beginning of calendar year 2024. Meanwhile, Germany and Japan struggled to maintain positive growth momentum amidst waning demand from their major trading partners in Europe and Asia.

According to the International Monetary Fund's (IMF) October 2024 World Economic Outlook, output in advanced economies is projected to stabilise at a growth rate of 1.8 per cent for 2024 and 2025 when compared to 1.7 per cent for 2023. At the country level, growth forecasts for 2024 remained uneven, with the US economy projected to expand by 2.8 per cent while Japan and Germany are expected to grow by a modest 0.3 per cent and 0.0 per cent, respectively.

Against this backdrop, most major developed central banks except for the Bank of Japan (BoJ) began reducing policy interest rates, albeit later than initially anticipated. At its June 2024 meeting, the ECB was the first to cut interest rates since the pandemic. The ECB lowered rates for a second time in September to bring its deposit facility rate to 3.50 per cent from 4.00 per cent at the beginning of the financial year. The BoE delivered its first interest rate reduction in July 2024, decreasing its Bank rate by 25 basis points. However, policymakers maintained a cautious approach and decided to keep the Bank rate at 5.00 per cent in September. The Fed held interest rates steady for most of the financial year before announcing a larger 50 basis points reduction at its September 2024 meeting. This brought its Federal funds rate to a range of 4.75 per cent to 5.00 per cent, with official projections reflecting additional rate cuts at a gradual pace. In contrast, the Bank of Japan (BoJ) emerged from its negative interest rate policy in March 2024, hiking rates for the first time in 17 years to bring its short-term interest rate to a range of 0.0 per cent to 0.1 per cent. The Bank announced a second increase in July 2024 but kept its short-term interest rate at 0.25 per cent in September, citing the need to monitor conditions amid an uncertain global economic environment.

The HSF generated a strong annual return of 20.81 per cent for the financial year 2024 when compared to 10.59 per cent for the previous financial year. Despite heightened political uncertainty and rising geopolitical tensions, expectations for monetary policy easing, additional progress on the inflation front and solid corporate earnings sustained gains across both developed stock and fixed income markets. The equity portion of the Fund was the main driver of returns given the significant rally in global developed stock markets over the year. For the 12 months ending September 2024, the US Russell 3000 ex Energy index and MSCI EAFE ex Energy index gained 37.01 per cent and 26.10 per cent, respectively. The HSF's fixed income assets further augmented performance. The broader US investment grade bond market as represented by the Bloomberg US Aggregate Bond index earned 11.57 per cent (see Chart 10).

When compared to its SAA benchmark's composite return of 17.22 per cent, the Fund outperformed by 3.59 per cent (or 359 basis points) for the financial year (see Table 3). In aggregate, the Fund's relative asset weights and external managers' strategies were positive for performance over the period. Most notably, active investment decisions within the Non-US Core International Equity mandate generated significant excess returns. Taking into the consideration the outlook for financial markets, in December 2023, the Board took a decision to re-invest the proceeds of US$365.12 million from the maturing deposits into the US Short Duration Fixed Income mandate.

During the financial year 2024, a total of US$369.9 million was withdrawn from the Fund in accordance with Section 15 of the HSF Act (2007). As at the end of September 2024, the Fund's Net Asset Value stood at US$6,087.9 million, up from US$5,390.2 million at the end of September 2023.

Fund Highlights

US$6,087.9 million

Net Asset Value (as at 30/09/2024)

US$2,900.9 million

Cumulative Contributions by the Government (as at 30/09/2024)

US$2,870.1 million

Cumulative Withdrawals by the Government (as at 30/09/2024)

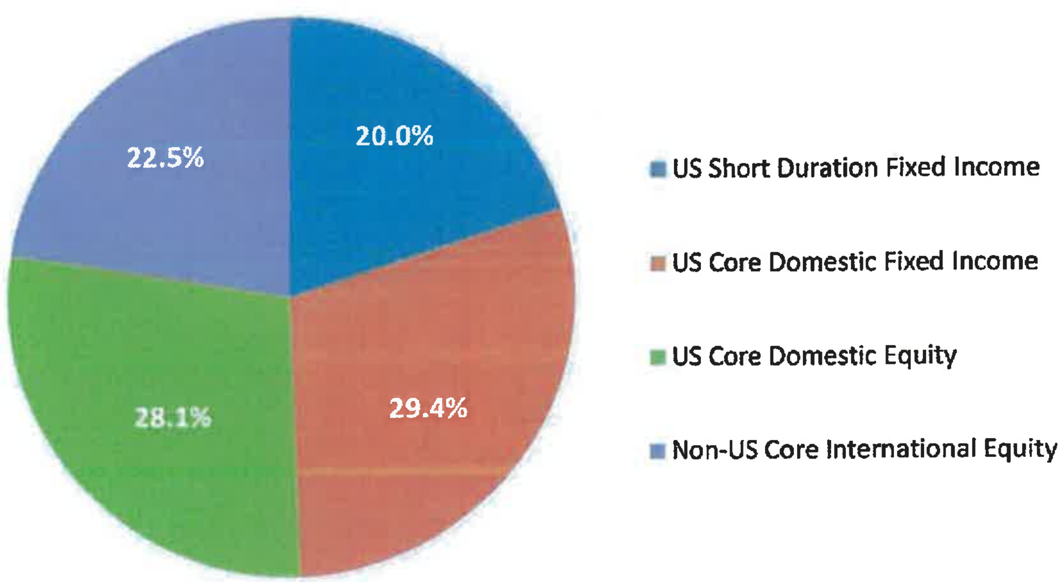
20.81 per cent

1 Year Return to 30/09/2024

5.65 per cent

Since Inception Return to September 30, 2024 (annualised)

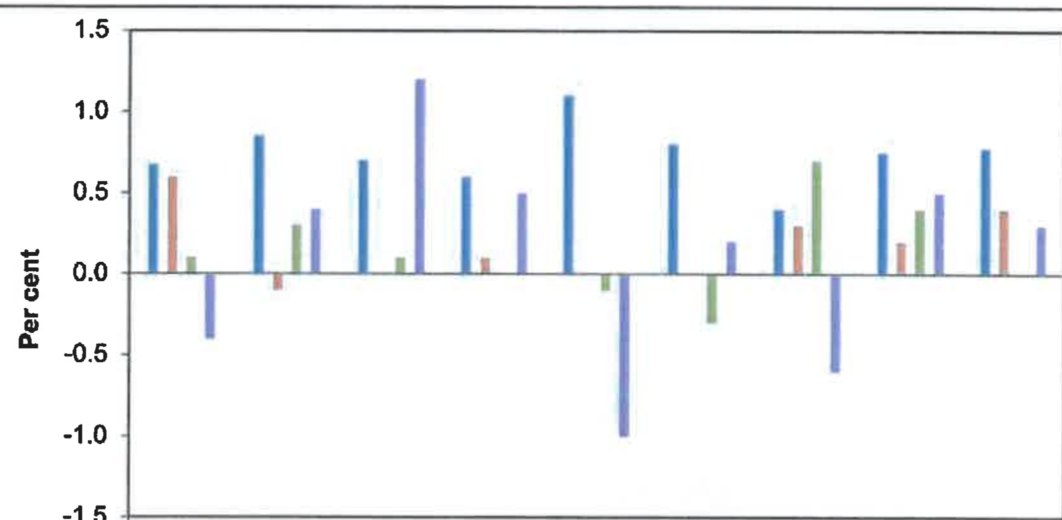
PORTFOLIO COMPOSITION AS AT SEPTEMBER 30, 2024



Macroeconomic Environment

Over the financial year 2024, global price pressures continued to ease while economic growth in the US continued to outpace its peers (see Chart 1). According to the International Monetary Fund's (IMF) October 2024 World Economic Outlook, output in advanced economies is projected to stabilise at a growth rate of 1.8 per cent for 2024 and 2025 when compared to 1.7 per cent for 2023. Forecasts for 2024 reflect a wide dispersion in growth at the country level. The US economy is projected to expand by 2.8 per cent. However, economic activity in Japan and Germany is anticipated to remain lacklustre with GDP expected to grow by a modest 0.3 per cent and 0.0 per cent, respectively.

Chart 1
GDP Growth: Selected Developed Economies
(Quarter on Quarter)

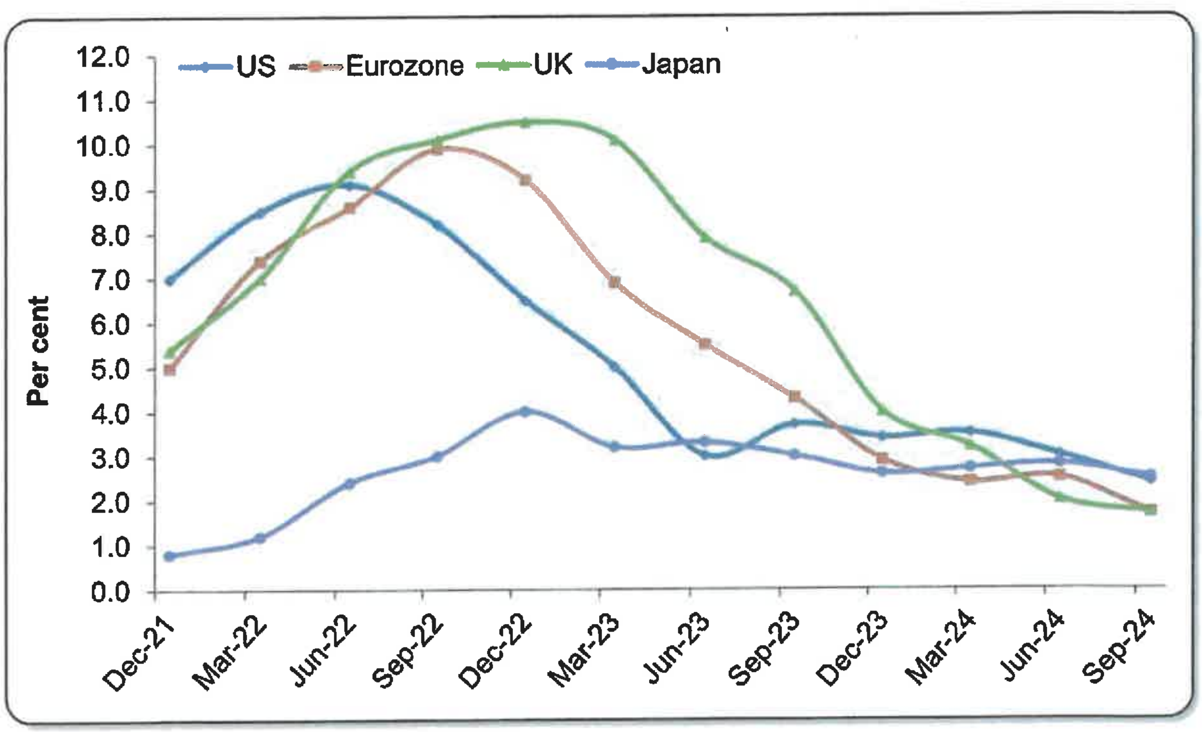


	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
US	0.7	0.9	0.7	0.6	1.1	0.8	0.4	0.8	0.8
Eurozone	0.6	-0.1	0.0	0.1	0.0	0.0	0.3	0.2	0.4
UK	0.1	0.3	0.1	0.0	-0.1	-0.3	0.7	0.4	0.0
Japan	-0.4	0.4	1.2	0.5	-1.0	0.2	-0.6	0.5	0.3

Source: Bloomberg.

In the US, GDP expanded by 2.7 per cent over the financial year 2024, compared to 3.2 per cent during the prior twelve months. The expansion was sustained by robust consumer and government spending. Falling inflationary pressures and a slowing but still strong labour market resulted in real income growth. These conditions helped to underpin household demand for a broad range of goods and services. The Consumer Price Index (CPI) increased by 2.4 per cent, year-on-year, to September 2024 compared with 3.7 per cent one year earlier (see Chart 2). Similarly, the Fed's preferred gauge of inflation, the Core Personal Consumption Expenditures (PCE) index, stood at 2.7 per cent in the twelve months to September 2024, down from 3.7 per cent at the end of the previous financial year. Meanwhile, the unemployment rate moved modestly higher to 4.1 per cent from 3.8 per cent one year prior. The Fed maintained its Federal funds rate at a target range of 5.25 per cent to 5.50 per cent for most of the financial year as policymakers awaited additional evidence that inflation was on a sustainable path to its 2.0 per cent target. At its September 2024 Federal Open Market Committee (FOMC) meeting, officials lowered interest rates by 50 basis points given signs of a weakening labour market and increasing confidence that inflation would reach 2.0 per cent by 2026. FOMC members' projections reflected additional rate cuts but at a gradual pace, with the median forecast for the Fed funds target rate for calendar year 2024 and 2025 at 4.375 per cent and 3.375 per cent, respectively.

Chart 2
Inflation Rates of Selected Developed Economies
(Year-on-Year)



Source: Bloomberg

Economic growth improved in the UK with GDP increasing by 0.9 per cent in the twelve months to September 2024 from 0.3 per cent during the prior period. The recovery was supported by an uptick in business investment and consumer spending. Ongoing strength in the job market combined with significantly lower inflation allowed for sustained real wage growth and stronger household financial positions. For the financial year, the unemployment rate increased modestly to 4.3 per cent from 4.1 per cent. Meanwhile, the year-on-year change in the CPI fell to 1.7 per cent in September 2024 from 6.7 per cent one year prior. On the political front, hope for greater stability following the general election in July quickly faded. Concerns around the Autumn budget and the potential for higher taxes, the need for greater government funding and a stronger regulatory environment dampened sentiment. The BoE delivered its first interest rate cut at its July 2024 monetary policy committee meeting. In a narrow 5-4 vote, policymakers decided to lower the Bank rate from a 16-year high by 25 basis points to 5.00 per cent. However, officials remained cautious regarding the pace of future rate cuts. At its September meeting, the Bank rate was left unchanged while quantitative tightening was maintained with plans to reduce UK government bond holdings by £100 billion over the next twelve months.

The EZ economy returned to growth over the financial year 2024, expanding by 0.90 per cent from 0.00 per cent during the previous twelve months. Economic activity remained challenged given ongoing weakness in the region's two largest economies, Germany and France. Germany's large manufacturing sector continued to struggle as business surveys reflected little improvement over the year. In France, output received a temporary boost from hosting the Olympics with service-sector related companies reporting an increase in demand. However, political uncertainty following legislative elections in June 2024 added to a worsening fiscal outlook. In contrast, Spain's economy expanded by 3.4 per cent due to a resurgence in post-pandemic travel as well as support from the European Union's Next Generation EU fund. Overall, labour market conditions in the region improved. The Eurozone's unemployment rate declined to 6.3 per cent from 6.6 per cent one year prior. Lower fuel costs and slower goods inflation resulted in the inflation rate slowing to 1.7 per cent from 4.3 per cent in September 2023. On the monetary policy front, the ECB was the first major central bank to cut interest rates since the pandemic. At its June 2024 meeting, the governing council reduced its deposit facility rate from 4.00 per cent to 3.75 per cent and announced a second cut in September. This brought the deposit facility rate to 3.50 per cent while its marginal lending facility rate moved from 4.75 per cent at the beginning of the financial year to 3.90 per cent as at September 2024.

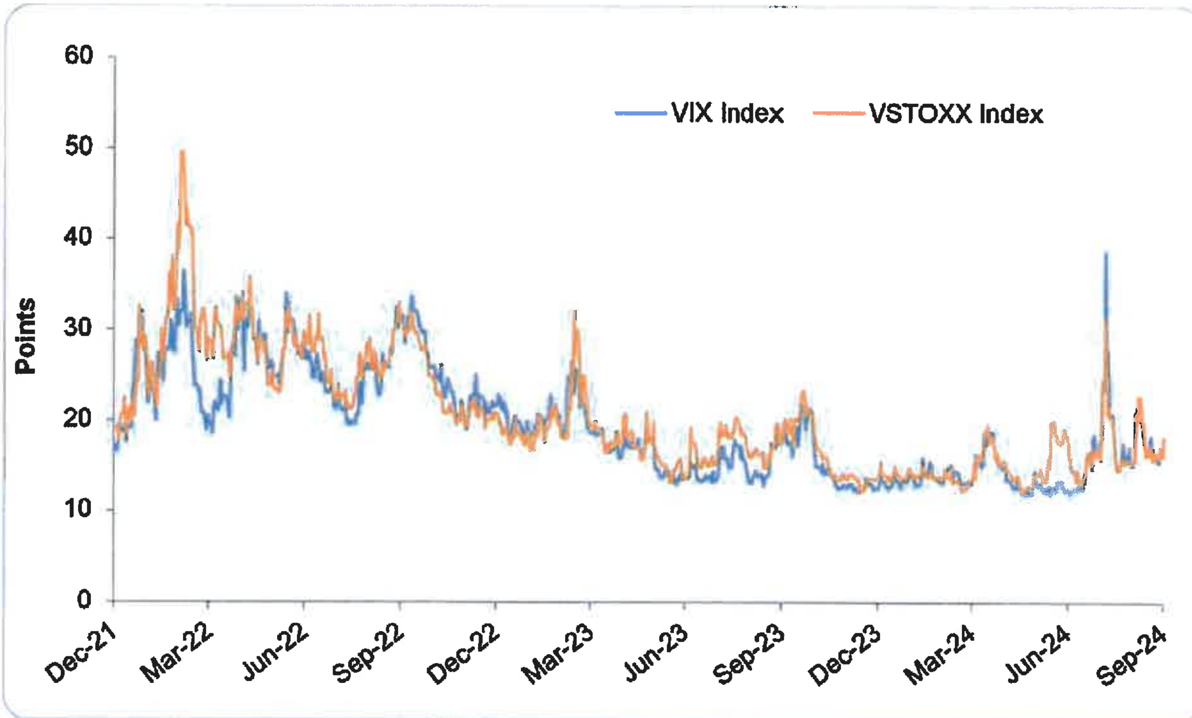
Japan's economy grew at a slower rate, expanding by 0.50 per cent in the twelve months to September 2024, down from 1.1 per cent one year prior. Weak demand from Europe and Asian hampered export activity while domestic spending remained constrained by higher prices driven in part by a historically weak Yen currency. However, successful wage negotiations strengthened optimism for a turnaround in real incomes. Union Federation Rengo estimated, on average, its members received around a 5.1 per cent pay raise, the strongest increase since 1991. Over the financial year, inflation declined to 2.5 per cent from 3.0 per cent as at September 2023 and the unemployment rate edged lower to 2.4 per cent from 2.6 per cent one-year prior. On the monetary policy front, the BoJ emerged from its negative interest rate policy in March 2024, hiking rates for the first time in 17 years to bring its short-term interest rate to a range of 0.0 per cent to 0.1 per cent. The BOJ announced a second increase in July 2024 and kept its short-term interest rate at 0.25 per cent in September. Policymakers indicated some time is needed to assess the impact of rate increases amid an uncertain global economic environment. Shigeru Ishiba became the country's new Prime Minister on 01 October, 2024 and is widely anticipated to advocate for additional stimulus measures aimed at assisting households and targeted industries.

Financial Market Review

Over the financial year, market volatility was relatively subdued notwithstanding brief bouts of heightened anxiety related to the ongoing tensions in the Middle East, uncertainty around the outcome of government elections in several major economies and signs of a slowing US labour market. Further, progress on the inflation front and a shift towards less restrictive monetary policies by most key developed central banks helped support investors' sentiment. In the US, better than anticipated economic growth alleviated concerns around a potential downturn and added to the improving outlook. The US Chicago Board Options Exchange Volatility Index (VIX) averaged 14.97 points for the financial year, down from 19.26 points over the prior period (see Chart 3). Similarly, Europe's Euro Stoxx 50 Volatility Index (VSTOXX) fell by 3.81 points to average 15.64 points for the twelve months ended September 30, 2024.

Developed equity markets had a second consecutive year of double digit gains. Over the financial year 2024, further progress on the inflation front strengthened expectations for policy interest rates to move lower. Initial projections for a swift decline in interest rates spurred stock markets higher. Ssolid corporate earnings, stronger than expected growth in the US and improving economic data in Europe helped to sustain this positive price momentum.

Chart 3
Implied Financial Market Volatility

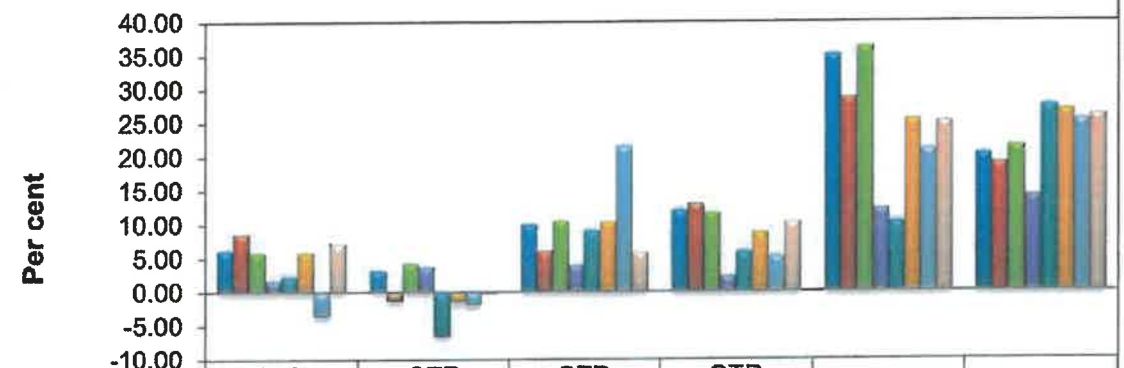


Source: Bloomberg

In the US, the S&P 500 index rose by 36.33 per cent (see Chart 4). Enthusiasm over the potential growth from the adoption of Artificial Intelligence bolstered the valuation of technology firms. At the sector level, Financials, Information Technology and Utilities delivered the highest returns while Consumer Staples and Energy lagged the index. Despite the threat of a broader war in the Middle East, stronger US production and non-compliance to agreed output cuts by OPEC+ members drove oil prices lower. West Texas Intermediate Oil closed the financial year at US$68.17 per barrel, down from US$90.79 per barrel at the end of September 2023.

Non-US developed equity markets, as measured by the MSCI EAFE index, surged 25.30 per cent when measured in US dollars (see Chart 4). Currency exposures added to performance as the US dollar depreciated against its G-10 peers. In Europe, France's CAC index rose by 10.37 per cent as political uncertainty following the June elections dampened risk sentiment. Germany's DAX index increased by 25.60 per cent despite the country's downbeat economic prospects. Japan's Nikkei 225 index returned 21.11 per cent as companies continued to benefit from a historically weak Yen and renewed hopes for stronger corporate governance boosting earnings.

Chart 4
Total Returns on Selected Equity Indices

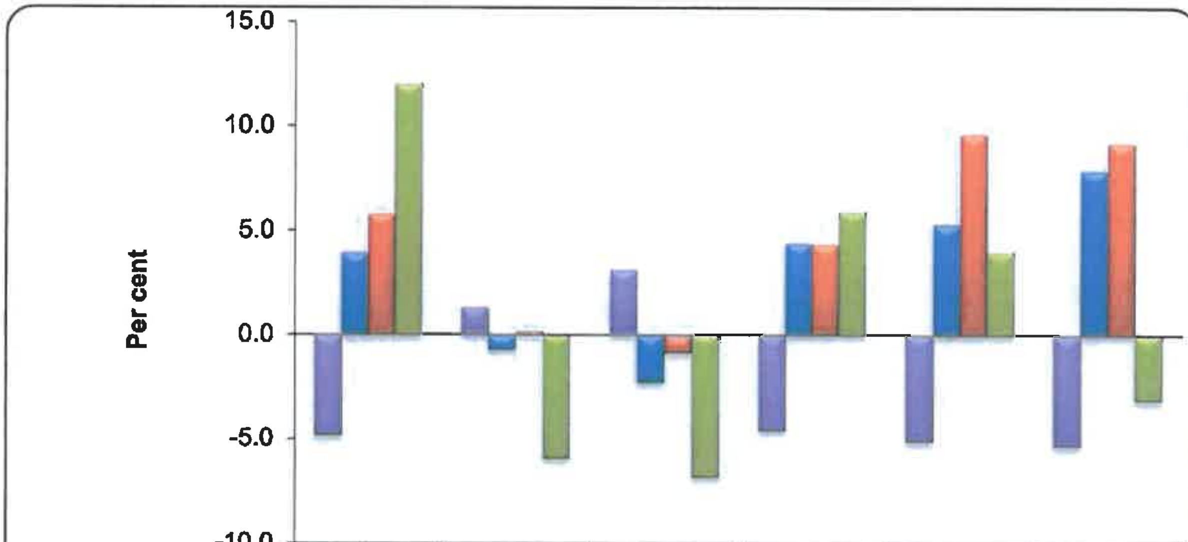


	QTR Ended Sep-24	QTR Ended Jun-24	QTR Ended Mar-24	QTR Ended Dec-23	FY 23/24	FY 22/23
Russell 3000	6.23	3.22	10.02	12.06	35.18	20.43
Dow Jones	8.72	-1.27	6.14	13.09	28.85	19.18
S&P 500	5.89	4.28	10.55	11.68	36.33	21.59
FTSE 100 - UK	1.79	3.73	3.98	2.31	12.32	14.27
CAC 40 - France	2.28	-6.57	9.04	5.93	10.37	27.62
DAX 30 - Germany	5.97	-1.39	10.39	8.87	25.60	27.01
Nikkei 225 - Japan	-3.55	-1.85	21.56	5.24	21.11	25.45
MSCI EAFE	7.31	-0.22	5.95	10.45	25.30	26.22

Source: Bloomberg

The US dollar weakened over the financial year with the Dollar Spot Index (DXY) falling by 5.08 per cent (see Chart 5). Early in the period, expectations for significant monetary policy easing detracted from the US dollar. Uneven progress on the inflation front led investors to re-evaluate their outlook for interest rates. However, the Fed's 50 basis points interest rate cut in September 2024 once again reignited speculation around a potentially swift decline in interest rates. The ECB's and BoE's more cautious approach tempered rate reduction forecasts with markets reflecting a gradual move lower. At the same time, relatively better economic growth helped to strengthen the Euro and British Pound, which gained 5.32 per cent and 9.64 per cent, respectively, against the US dollar. Meanwhile, widening policy divergence drove the Japanese Yen to appreciate 3.99 per cent as the BoJ emerged from its negative interest rate policy raising interest rates twice over the financial year.

Chart 5
Foreign Exchange Returns for Major Currency Pairs

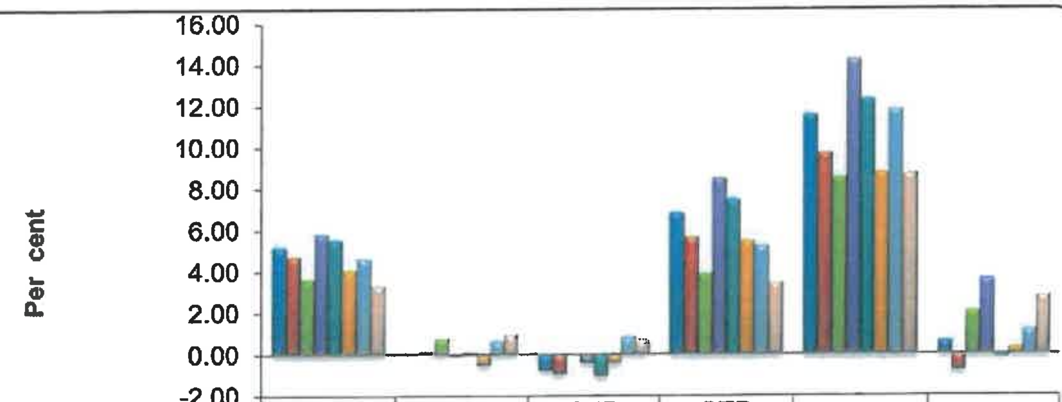


	QTR Ended Sep-24	QTR Ended Jun-24	QTR Ended Mar-24	QTR Ended Dec-23	FY 23/24	FY 22/23
DXY CURNCY	-4.81	1.32	3.11	-4.56	-5.08	-5.30
EURUSD CURNCY	3.94	-0.71	-2.26	4.41	5.32	7.87
GBPUSD CURNCY	5.77	0.17	-0.85	4.36	9.64	9.21
JPYUSD CURNCY	12.00	-5.92	-6.81	5.90	3.99	-3.10

Source: Bloomberg

The broader US fixed income market, as represented by the Bloomberg US Aggregate Bond index, returned 11.57 per cent (see Chart 6). The positive performance was driven by a sharp decline in yields during the first and final quarters of the financial year. Narrower credit spreads supported by strong corporate fundamentals alongside interest income helped to further augment bond returns. The average benchmark coupon rate ended the financial year close to 3.37 per cent. At the sub-sector level, US Corporate Bonds, Mortgage-Backed Securities and Commercial Mortgage-Backed Securities outpaced the broader index, earning 14.28 per cent, 12.32 per cent and 11.83 per cent, respectively.

Chart 6
Returns on Selected Fixed Income Indices



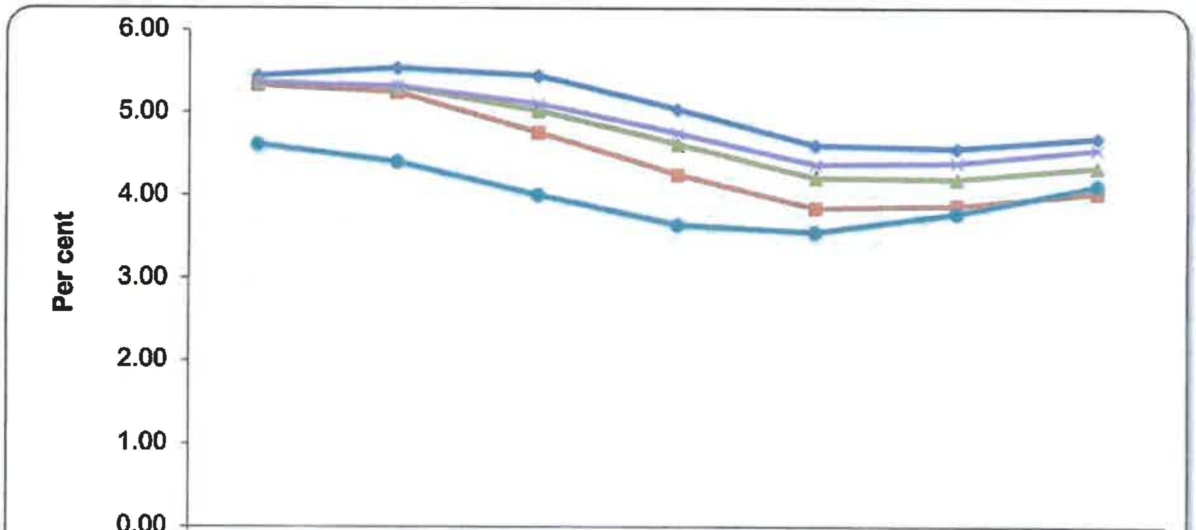
	QTR Ended Sep-24	QTR Ended Jun-24	QTR Ended Mar-24	QTR Ended Dec-23	FY 23/24	FY 22/23
Bloomberg US Aggregate	5.20	0.07	-0.78	6.82	11.57	0.64
US Treasury	4.74	0.09	-0.96	5.66	9.72	-0.81
Agencies	3.63	0.76	0.03	3.90	8.52	2.09
US Corporate	5.84	-0.09	-0.40	8.50	14.28	3.65
US MBS	5.53	0.07	-1.04	7.48	12.32	-0.17
G7 Bonds (Hedged)	4.10	-0.52	-0.42	5.50	8.79	0.33
US CMBS	4.65	0.67	0.84	5.25	11.83	1.19
US ABS	3.35	0.98	0.68	3.48	8.72	2.81

Source: Bloomberg

Uncertainty regarding the outlook for monetary policy led to volatile US treasury yield movements over the year. Comments from policymakers and incoming economic data prompted investors to shift expectations several times throughout the period. Overall, yields declined on account of the greater evidence of slowing price pressures and the Fed's rate reduction in September 2024, which also fuelled hopes for an accelerated rate cutting cycle (see Chat 7). The 2-year yield fell by 140 basis points to 3.64 per cent and the 10-year yield ended the financial year 79 basis points lower at 3.78 per cent. The 2-year to 10-year portion of the curve normalised with the yield differential moving to 14 basis points from -47 basis points twelve months prior.

Similarly, non-US developed sovereign bond yields, with the exception of Japan, moved lower over the financial year (see Table 1). In Germany, the 10-year bund lost 72 basis points to close at 2.12 per cent, while the UK's 10-year gilt fell by 43 basis points to 4.00 per cent. Meanwhile, Japan's 10-year government bond rose nine basis points to 0.85 per cent as the BoJ ended its negative interest rate policy and raised rates twice over the financial year.

Chart 7
Us Treasury Yield Curve



	3 Month	6 Month	1 Year	2 Year	5 Year	10 Year	30 Year
Sep-23	5.45	5.54	5.45	5.04	4.61	4.57	4.70
Dec-23	5.33	5.25	4.76	4.25	3.85	3.88	4.03
Mar-24	5.36	5.32	5.02	4.62	4.21	4.20	4.34
Jun-24	5.35	5.32	5.11	4.75	4.38	4.40	4.56
Sep-24	4.62	4.40	4.00	3.64	3.56	3.78	4.12

Source: Bloomberg

Table 1
G-7 Government 10-Year Yields

Country	Government 10-Year Yields (in Per Cent)		Change* (Basis Points)
	Sep 2023	Sep 2024	
US	4.57	3.78	-79
UK	4.44	4.00	-43
France	3.40	2.92	-48
Germany	2.84	2.12	-72
Italy	4.78	3.45	-133
Canada	4.02	2.96	-107
Japan	0.76	0.85	9

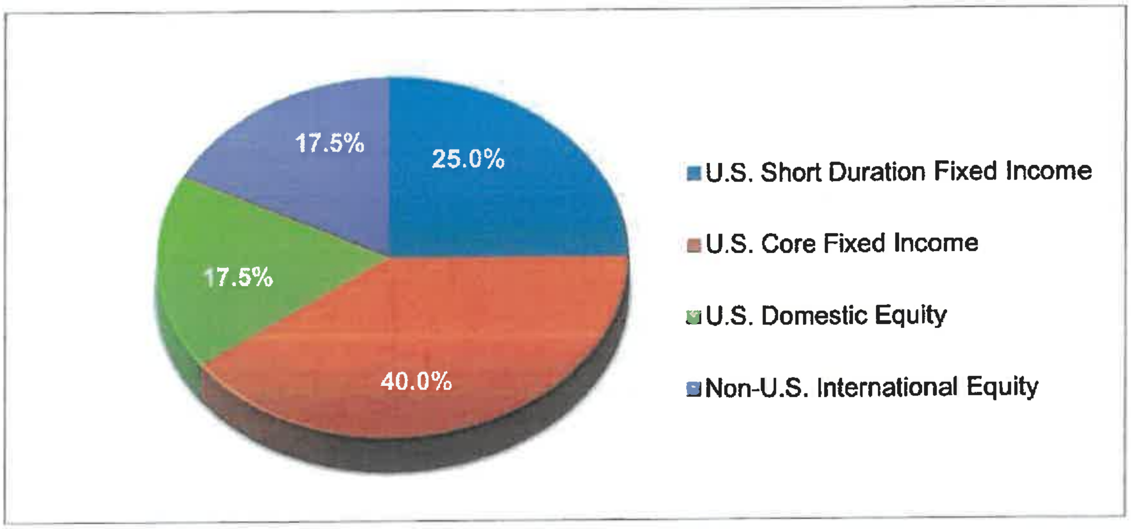
Source: Bloomberg

Strategic Asset Allocation of the HSF

Approved Strategic Asset Allocation

Chart 8 below shows the strategic asset allocation (SAA) of the HSF, approved by the HSF's Board in 2007.

Chart 8
Heritage and Stabilisation Fund: Strategic Asset Allocation



Portfolio Composition

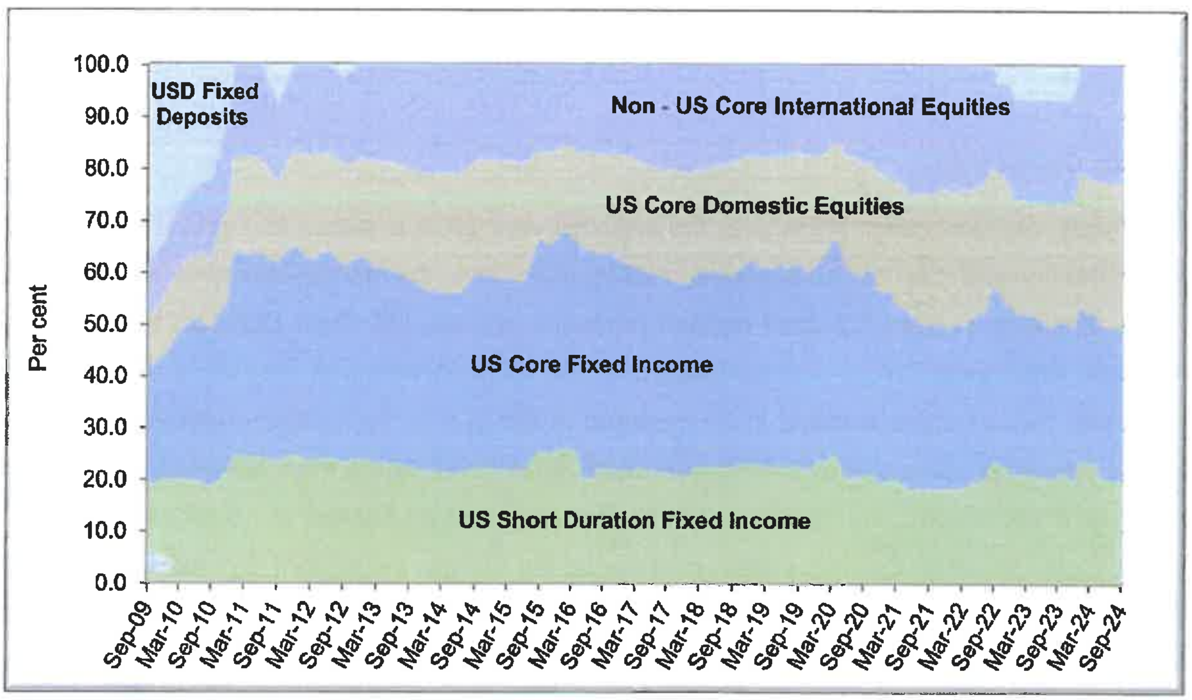
The Fund's portfolio composition over the financial year 2024 is shown in Table 2 and Chart 9. During the financial year ended September 2024, changes in the mandate weights stemmed from the re-allocation of the USD fixed deposit proceeds into the US Short Duration Fixed Income mandate, withdrawal activity and fluctuations in the markets values of the HSF's assets. When combined, these factors resulted in an increase in the size of the overall underweight to fixed income securities and a corresponding overweight to equities. At the mandate level, the US Core Domestic Fixed Income mandate held the largest underweight position of 10.59 per cent, while the US Core Domestic Equity mandate maintained the highest overweight exposure at 10.58 per cent (see Table 2). With the Fund's asset allocation deviations above the approved +/- 5.0 per cent limit, the Central Bank continues to monitor the Fund's asset exposures and provide updates to the Board.

Table 2
Portfolio Composition Relative to the Approved SAA (In Per Cent)

	Asset Class	Target Weight SAA	Dec-23 Actual % of Fund	Mar-24 Actual % of Fund	Jun-24 Actual % of Fund	Sep-24 Actual % of Fund
Portfolio Weights	US Short Duration Fixed Income	25.00	19.73	23.31	20.39	19.96
	US Core Domestic Fixed Income	40.00	30.17	28.79	29.58	29.41
	US Core Domestic Equity	17.50	24.88	26.35	27.92	28.08
	Non-US Core International Equity	17.50	20.66	21.55	22.11	22.55
	Investment Portfolio Cash	0.00	4.55	0.00	0.00	0.00

*Totals may not sum to 100 due to rounding.

Chart 9
Asset Class Composition of the HSF Portfolio



Fund Value

The total net asset value of the Fund as at September 30, 2024 was **US$6,087.9 million**, compared with US$5,390.2 million at the end of September 2023. Of this total, the Investment Portfolio was valued at US$6,086.1 million, while the remaining portion (US$1.8 million) was held in an operating cash account to meet the day-to-day expenses that arise from the management of the Fund. During the financial year, withdrawals totalling roughly US$369.9 were made based on the petroleum revenue shortfall for financial year 2023 in accordance with Section 15 of the HSF Act (2007).

Portfolio Performance of the Investment Portfolio

The Fund's Investment Portfolio returned 20.81 per cent for the financial year 2024 reflecting the positive performance of both developed equity and fixed income markets. The Fund's equity investments were the main driver of Fund's strong return (see Table 3). For the year, the Russell 3000 ex Energy Index and MSCI EAFE ex Energy Index gained 37.01 per cent and 26.10 per cent, respectively. Exposure to fixed income securities were also accretive, with the broad US bond market, as represented by the Bloomberg US Aggregate Bond index, earning 11.57 per cent (see Chart 10).

When compared to its SAA benchmark composite return of 17.22 per cent, the Fund outperformed by 3.59 per cent (or 359 basis points) for the financial year (see Table 3). In aggregate, the Fund's relative asset weights and external managers' strategies had a positive impact over the period. The combined allocation effects of the overweight to equities and underweight to fixed income, as well as active investment decisions, most notably within the Non US Core International Equity mandate contributed significantly to excess returns.

On an absolute basis, the **Equity** portion of the Fund had another strong year with both the US Core Domestic Equity and Non US Core International Equity mandates delivering double-digit gains. As at the end of September 2024, the value of the equity mandates increased to US$3,081.32 million, up from US$2,297.70 million one year earlier.

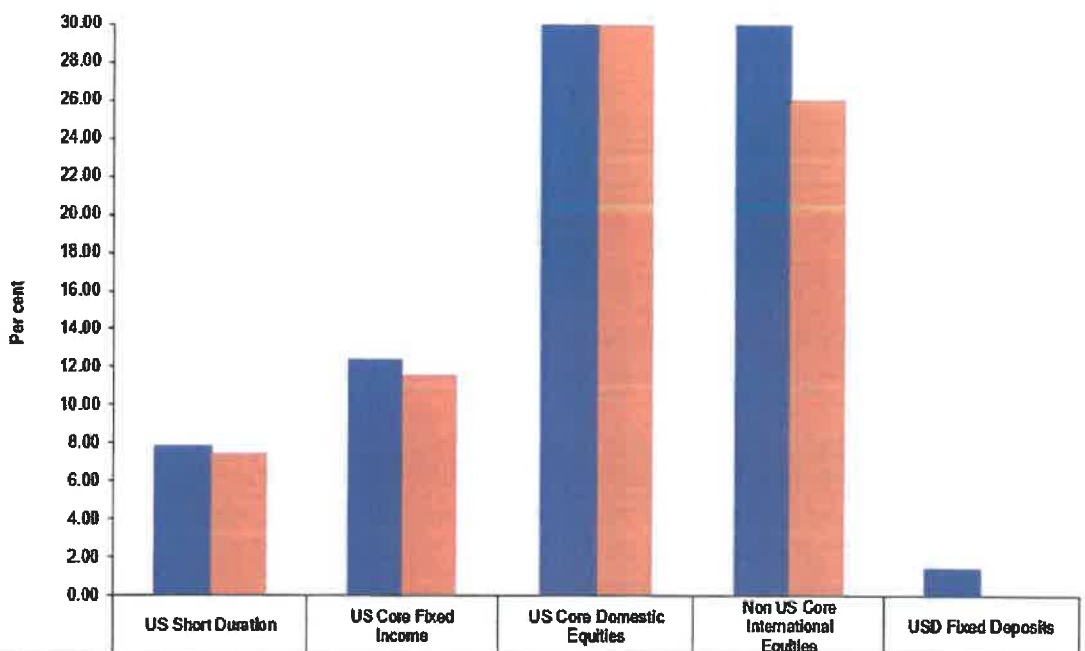
The **US Core Domestic Equity** portfolio rose by 37.38 per cent. This compares with return of 37.01 per cent for its benchmark, the Russell 3000 ex Energy index. The mandate's outperformance was mainly due to strong security selection in the Consumer Discretionary, Technology and Financials sectors.

Table 3
Contribution to Portfolio Return for the FY 2024 (in Per Cent)[1]

	Beginning Portfolio Weights 30-Sep-23	Portfolio Weighted Return	Benchmark Weighted Return
COMPOSITE PORTFOLIO	**100.00**	**20.81**	**17.22**
US Short Duration Fixed Income	21.04	1.55	1.82
US Core Fixed Income	29.65	3.58	4.55
US Core Domestic Equity	23.11	8.61	5.84
Non US Core International Equity	19.52	5.95	4.29
USD Fixed Deposits*	6.68	0.09	--

*The USD Fixed Deposits matured during the quarter ending December 2023 and the proceeds were re-invested into the fixed income mandates.

Chart 10
Absolute Returns by Investment Mandate for the FY 2024



	US Short Duration	US Core Fixed Income	US Core Domestic Equities	Non US Core International Equities	USD Fixed Deposits
Composite Portfolio Return	7.81	12.33	37.38	31.12	1.45
SAA Benchmark Return	7.45	11.57	37.01	26.10	N/A

[1] Portfolio and Benchmark returns may not sum to the Composite Return as they are geometrically-linked.

Similarly, the **Non US International Equity** portfolio returned 31.12 per cent and exceeded its benchmark, the MSCI EAFE ex Energy index, which gained 26.10 per cent. Stock selection was the main driver of outperformance with strong active returns in Japan, Germany, Italy and France. Collectively, country and currency positioning further augmented performance.

The **Fixed Income** portion also contributed to the Fund's total return given the positive price impact of falling yields and relatively high interest income. As at the end of September 2024, the combined net asset value of the fixed income mandates was US$3,004.78 million, up from US$2,732.25 million at the end of the previous financial year. Over the period, there was an inflow of US$365.12 million from the matured USD fixed deposits however, this was offset by withdrawal activity which totalled US$369.95 million.

The **US Core Domestic Fixed Income** mandate advanced 12.33 per cent, compared to an increase of 11.57 per cent for its benchmark, the Bloomberg US Aggregate Bond index. Excess returns were driven by security selection decisions and cross-sector strategies while duration positioning modestly detracted. At the sub-sector level, positive security selection effects were most notable within US Corporates, Asset Backed Securities and Commercial Mortgage Backed Securities.

The **US Short Duration Fixed Income** mandate returned 7.81 per cent over the financial year. The mandate outperformed its benchmark, the ICE Bank of America 1-5 year US Treasury Index, by 36 basis points. Excess returns resulted from the portfolio's duration and yield curve strategies as well as exposure to high-quality non-US developed government bonds.

The Fund's **USD Fixed Deposits** matured December 2023 and the proceeds of US$365.12 million were re-invested in the US Short Duration Fixed Income mandate in accordance with the Board's instructions. Over the holding period, the USD Fixed Deposits earned 1.45 per cent.

Risk Exposures of the Investment Portfolio

The main risks for the Fund are credit, concentration, interest rate, and currency risks. The paragraphs below indicate 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. Over the financial year, the average credit quality was "AA+" and "AA-" for the US Short Duration and US Core Fixed Income Portfolios, respectively.

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 4 shows the weighted average duration for the US Short Duration and US Core Domestic Fixed Income portfolios as at September 30, 2024.

Table 4
Weighted Average Duration (in Years)

Mandate	Portfolio	Benchmark
US Short Duration	2.71	2.59
US Core Domestic Fixed Income	6.06	6.20

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 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. Table 5 reports the currency exposure of the Fund as at the end of the financial year.

Table 5
Portfolio Currency Exposure (in Per Cent)

Currency	September 2024
United States Dollar	78.07
Euro	7.28
Japanese Yen	5.48
British Pound	3.35
Swiss Franc	1.95
Australian Dollar	1.11
Hong Kong Dollar	0.36
Danish Krone	0.86
Swedish Krona	1.02
Singapore Dollar	0.36
Norwegian Krone	0.14
Israeli Shekel	0.02
Canadian Dollar	-
New Zealand Dollar	-
Total	**100.00**

* Figures may not sum to 100 due to rounding.

APPENDIX I

Heritage and Stabilisation Fund
Financial Year End Portfolio Valuation (in USD)

Valuation Date	Net Asset Value	Financial Year Total Comprehensive Income	Accumulated Surplus & Unrealised Capital Gains/Losses	Contributions/ (Withdrawals)
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	42,519,782
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	-
September 30, 2020	5,731,799,397	457,090,777	3,378,158,691	(979,853,158)
September 30, 2021	5,463,893,835	624,178,449	4,002,337,140	(892,714,533)
September 30, 2022	4,712,444,758	(913,456,918)	3,088,880,222	163,994,499
September 30, 2023	5,390,162,369	494,627,143	3,583,507,365	182,213,278
September 30, 2024	6,087,864,395	1,066,041,442	4,649,548,807	(369,946,835)

APPENDIX II

HSF Portfolio
Historical Performance since Inception

Financial Year End	Financial Year Return			Annualised Return Since Inception		
	Portfolio (%)	Benchmark (%)	Excess (bps)	Portfolio (%)	Benchmark (%)	Excess (bps)
September 2007*	2.97	2.95	1.89	5.48	5.44	3.50
September 2008	3.62	3.50	12.12	4.34	4.25	9.37
September 2009	2.80	3.18	-37.81	3.81	3.91	-10.01
September 2010	6.07	5.75	31.93	4.61	4.59	2.29
September 2011	0.79	1.14	-34.89	3.80	3.87	-7.13
September 2012	10.73	10.18	55.01	5.38	5.33	5.20
September 2013	8.63	7.26	137.06	5.40	5.16	24.01
September 2014	7.65	5.60	204.51	5.69	5.22	47.69
September 2015	2.47	1.13	134.06	5.31	4.73	58.12
September 2016	5.83	6.29	-45.72	5.34	4.87	47.12
September 2017	8.25	6.55	170.48	5.64	5.05	58.79
September 2018	3.79	2.65	113.37	5.47	4.84	63.61
September 2019	5.10	6.54	-144.08	5.44	4.97	47.15
September 2020	8.20	8.03	17.42	5.65	5.20	45.01
September 2021	11.75	8.75	299.80	6.05	5.44	61.82
September 2022	-16.52	-15.49	-103.41	4.43	3.95	48.73
September 2023	10.59	8.56	202.68	4.80	4.22	57.61
September 2024	20.81	17.22	359.08	5.65	4.92	72.84

* These returns are for the period March 2007 to September 2007.

(1) In May 2008, US Treasury instruments were added to the HSF portfolio. As a result, the performance benchmark for the HSF portfolio became a blended benchmark which comprised of 2.5% Merrill Lynch US Treasury 1-5 Years Index and 97.5% US One-month LIBID Index.

(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%).

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 2024

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 2024

OPINION

The Financial Statements of the Heritage and Stabilisation Fund (the Fund) for the year ended 30 September 2024 have been audited. The Statements as set out on pages 1 to 35 comprise a Statement of Financial Position as at 30 September 2024, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30 September 2024 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 2024 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.

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 her 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 or users taken on the basis of these Financial Statements.

9. As part of an audit in accordance with accepted auditing standards, 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 her audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify her opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her 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. 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.'

27TH NOVEMBER, 2024
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 2024

Heritage and Stabilisation Fund of the Republic of Trinidad and Tobago

Statement of Financial Position
as at 30 September 2024
(Expressed in United States Dollars)

	Notes	Sep-24 $	Sep-23 $
ASSETS			
Current assets			
Cash and cash equivalents	4	62,070,182	446,748,930
Financial assets	5,6	6,116,913,289	5,009,976,859
Receivables and prepayments	7	266,849,970	417,350,610
TOTAL ASSETS		**6,445,833,441**	**5,874,076,399**
LIABILITIES			
Current liabilities			
Other payables	8	280,482,634	386,923,889
Financial liabilities	9	82,833,590	100,729,900
TOTAL LIABILITIES		**363,316,224**	**487,653,789**
NET ASSETS		**6,082,517,217**	**5,386,422,610**
PUBLIC EQUITY			
Contributed capital		1,432,968,410	1,802,915,245
Accumulated surplus		4,649,548,807	3,583,507,365
		6,082,517,217	**5,386,422,610**

MR. EWART WILLIAMS
(Chairman)

DR. ALVIN HILAIRE

MRS. SUZETTE TAYLOR-LEE CHEE

MR. BEVAN NARINESINGH

DR. DORIAN NOEL

REPUBLIC OF TRINIDAD AND TOBAGO
27.11.2024
AUDITOR GENERAL

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 2024
(Expressed in United States Dollars)

	Note	Sep-24 $	Sep-23 $
Income			
Investment income	10	991,609,164	586,758,965
Investment expenses	11	(17,529,420)	(18,497,037)
Gain on sale of financial assets		322,933,452	192,855,843
Loss on sale of financial assets		(224,228,087)	(260,911,625)
Income from investments		**1,072,785,109**	**500,206,146**
Other income		195,632	317,513
Total income		**1,072,980,741**	**500,523,659**
Operating expenses			
Management fees	12	(1,726,401)	(1,595,712)
Subscription fees		(17,202)	(16,345)
Bank charges		(5,900)	(5,255)
Audit fees		(6,717)	(6,578)
Licence fees		(24,779)	(19,235)
Total operating expenses		**(1,780,999)**	**(1,643,125)**
Net income for the year before tax		**1,071,199,742**	**498,880,534**
Withholding tax expense		(5,158,300)	(4,253,391)
Net profit for the year after tax		**1,066,041,442**	**494,627,143**
Total comprehensive income for the year		**1,066,041,442**	**494,627,143**

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity
for the year ended 30 September 2024
(Expressed in United States Dollars)

	Contributed Capital	Accumulated Surplus	Total
	$	$	$
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**
Balance as at 1 October 2023	**1,802,915,245**	**3,583,507,365**	**5,386,422,610**
Withdrawals by Government for the year	(369,946,835)	-	**(369,946,835)**
Total comprehensive income for the year	-	1,066,041,442	**1,066,041,442**
Balance as at 30 September 2024	**1,432,968,410**	**4,649,548,807**	**6,082,517,217**

The accompanying notes form an integral part of these financial statements

Heritage and Stabilisation Fund of the Republic of Trinidad and Tobago

Statement of Cash Flows
for the year ended 30 September 2024
(Expressed in United States Dollars)

	Note	Sep-24	Sep-23
		$	$
Cash flows from operating activities			
Net profit for the year before withholding tax		1,071,199,742	498,880,534
Adjustments			
Interest income		(129,213,105)	(117,069,878)
Dividend income		(56,794,326)	(53,785,195)
Fair value adjustment on financial assets and liabilities at fair value through profit or loss		(805,601,733)	(415,903,892)
Net realised (gain)/loss from the sale of financial assets		(98,705,365)	68,055,781
Cash outflows before changes in operating assets and liabilities		**(19,114,787)**	**(19,822,650)**
Changes in operating assets and liabilities			
Decrease/(increase) in receivables and prepayments		153,314,517	(229,351,586)
(Decrease)/increase in other payables		(106,441,255)	89,974,442
Withholding tax paid		(5,158,300)	(4,253,391)
Net cash from/(used in) operating activities		**22,600,175**	**(163,453,185)**
Cash flows from investing activities			
Interest received		127,373,439	113,500,259
Dividend received		55,820,115	54,120,483
Net purchase of financial assets		(220,546,035)	(81,303,268)
Net cash flows (used in)/from investing activities		**(37,352,481)**	**86,317,474**
Cash flows from financing activities			
Withdrawal from contributed capital by government		(369,946,835)	-
Contributed capital		-	182,213,278
Net cash flows (used in)/from financing activities		**(369,946,835)**	**182,213,278**
Effects of exchange rate changes on cash and cash equivalents		**20,393**	**(1,654)**
Net (decrease)/increase in cash and cash equivalents		(384,678,748)	105,075,913
Cash and cash equivalents at beginning of year		446,748,930	341,673,017
Cash and cash equivalents at end of the year	4	**62,070,182**	**446,748,930**

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, amendments and interpretations that are effective and adopted by the Fund:

- *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. The amendments did not have a significant impact on the Fund.

- *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 expected to impact the Fund as it is not subject to income tax.

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

  IFRS 17 replaces 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 applicable to the Fund.

2. Accounting Policies (continued)

b. Changes in accounting policies and disclosures (continued)

i. New standards, amendments and interpretations that are effective and adopted by the Fund (continued):

- *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'. This amendment did not have a significant impact on the Fund.

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

The following new standards, amendments and interpretations to existing standards that are not yet effective for accounting periods beginning on or after January 1 2023 and have not been early adopted by the Fund. The Fund intends to adopt these standards and interpretations, if applicable, when they become effective.

These standards and amendments include:

- *Amendments to IAS 1 – Presentation of Financial Statements- Classification of Liabilities as Current or Non-Current (effective 1 January 2024).*

  The amendments clarify the requirements for classifying liabilities as current or non-current, it specifies 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.

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)

- *Amendments to IFRS 16 – Leases – Lease liability in a sale and leaseback (effective 1 January 2024).*

  The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15- Revenue from Contracts with Customers to be accounted for as a sale. This standard will not impact the Fund.

- *Amendment to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments (Disclosures) (effective 1 January 2024).*

  The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements. This standard is not expected to have an impact on the Fund.

- *Amendment to IAS 21 – The Effects of Changes in Foreign Exchange Rates (effective 1 January 2025).*

  The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. This standard is currently being assessed by the Fund.

- *IFRS 18 – Presentation and Disclosures in Financial Statements (effective January 1, 2027).*

  IFRS 18 was issued in April 2024 and replaces IAS 1- Presentation of Financial Statements. The objective of this standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. This standard is currently being assessed by the Fund.

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 acquisition.

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)

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

2. Accounting Policies (continued)

e) *Investment Securities* (continued)

- 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.

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

2. Accounting Policies (continued)

e) *Investment Securities* (continued)

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;
- 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.

2. Accounting Policies (continued)

e) Investment Securities (continued)

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%

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, 2024 was as follows:

12 Months Performance			
Portfolio	**Fund**	**Benchmark Return**	**Benchmark Composition**
Composite	20.81%	17.22%	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	1.55%	1.82%	ICE Bank of America 1-5 Year U.S. Treasury Index
US Core Fixed Income	3.58%	4.55%	Bloomberg U.S. Aggregate Bond Index
US Core Domestic Equity	8.61%	5.84%	Russell 3000 (Ex Energy)
Non US Core International Equity	5.95%	4.29%	MSCI EAFE (Ex Energy)
USD Fixed Deposits	0.09%	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, 2024:

Credit Rating	2024	2023
AAA	10.71%	10.81%
AA	67.00%	66.92%
A	6.89%	7.08%
BBB	15.26%	15.15%
Not Rated*	0.15%	0.04%

* 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 2024 and 30 September 2023 as follows:

	Sep-24	Sep-23
	$	$
Change in Net Assets	26,663,111	20,441,854

The following table illustrates the currency concentration exposure of financial assets and liabilities held by the Fund as at 30 September 2024 and 2023:

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) Portfolio Risk (continued)

Market Risk (continued)

i. Currency Risk (continued)

Financial Assets

Currency	Sep-24 % of financial assets	Sep-23 % of financial assets
Australian dollar	1.11	0.86
Canadian dollar	0.00	0.11
Danish krone	0.86	1.05
Euro	7.28	7.48
Hong Kong dollar	0.36	0.32
Israeli shequel	0.02	0.05
Japanese yen	5.48	5.66
New Zealand dollar	0.00	0.00
Norwegian krone	0.14	0.00
Singapore dollar	0.36	0.05
Swedish krona	1.02	0.84
Swiss franc	1.95	1.66
British pound	3.35	2.36
United States dollar	78.07	79.56
Total	**100.00**	**100.00**

Financial Liabilities

Currency	Sep-24 % of financial liabilities	Sep-23 % 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.

	2024		2023	
	Portfolio	**Index**	**Portfolio**	**Index**
US Short Duration Fixed Income	2.71	2.59	2.62	2.57
US Core Fixed Income	6.06	6.20	6.17	6.15

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

	2024		2023	
	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	64.07%	100.00%	62.87%	100.00%
Agencies	10.36%		14.25%	
Supranational	14.22%		14.78%	
Local Authorities	7.35%		4.97%	
Sovereign	0.00%		1.19%	
CMBS	1.15%		1.42%	
MBS	2.85%		0.50%	
Corporates	0.00%		0.02%	
Total	**100.00%**		**100.00%**	

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

US Core Fixed Income - Sector Concentrations

	2024		2023	
	US Core Fixed Income Mandate	**Bloomberg US Aggregate Bond Index**	**US Core Fixed Income Mandate**	**Bloomberg US Aggregate Bond Index**
Corporates	34.95%	24.54%	34.72%	24.75%
US Treasuries	24.93%	43.42%	26.96%	41.24%
MBS	29.49%	25.48%	29.40%	26.68%
CMBS	6.17%	1.53%	3.58%	1.73%
ABS	2.90%	0.46%	3.45%	0.50%
Government Related	1.56%	4.57%	1.89%	5.10%
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

	2024		2023	
	US Core Equity Mandate	**Russell 3000 Ex-Energy Index**	**US Core Equity Mandate**	**Russell 3000 Ex-Energy Index**
Technology	34.79%	34.53%	31.50%	31.12%
Consumer Discretionary	14.52%	14.56%	15.33%	15.12%
Industrials	13.92%	13.43%	14.05%	13.60%
Health Care	12.06%	11.82%	13.64%	13.43%
Financials	11.21%	11.46%	10.60%	11.18%
Consumer Staples	4.42%	4.49%	5.10%	5.33%
Real Estate	3.07%	2.96%	3.02%	3.00%
Telecommunications	1.90%	2.13%	2.23%	2.38%
Utilities	2.61%	2.81%	2.47%	2.74%
Basic Materials	1.50%	1.81%	2.06%	2.10%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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

Non-US International Equity - Sector Concentrations

	2024		2023	
	Non-US International Equity Mandate	**MSCI EAFE EX-Energy Index**	**Non-US International Equity Mandate**	**MSCI EAFE EX-Energy Index**
Financials	20.66%	21.36%	18.10%	20.06%
Industrials	19.47%	17.98%	17.81%	16.71%
Consumer Staples	8.98%	9.07%	11.02%	10.27%
Consumer Discretionary	11.74%	11.39%	14.52%	12.64%
Health Care	13.39%	13.79%	14.15%	14.05%
Materials	6.22%	7.10%	6.59%	7.85%
Communication Services	5.52%	4.44%	3.79%	4.34%
Real Estate	2.15%	2.27%	1.97%	2.44%
Information Technology	8.46%	9.07%	8.52%	8.12%
Utilities	3.41%	3.53%	3.53%	3.52%
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-24 $	Sep-23 $
Effect on net assets attributable to redeemable shares of a 1% increase/decrease in the share price	30,545,814	22,711,115

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-24 $	Sep-23 $
Effect on net assets attributable to fixed income securities of a 25 basis points increase/decrease in interest rates	7,370,578	6,627,972

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.

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) Portfolio Risk (continued)

Liquidity Risk **(continued)**

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

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-24			
	Less than 1 month	**1 - 12 months**	**> 12 months**	**Total**
	$	**$**	**$**	**$**
Non-Derivative Financial Liabilities				
Investment purchased	275,023,376	-	-	275,023,376
Foreign currency purchased	396,636	-	-	396,636
Interest payable	12,979	-	-	12,979
Due to money market	-	-	-	-
Due to brokers	323,382	-	-	323,382
Accrued expenses	2,885,546	855,253	478,083	4,218,882
Other Payables	-	507,379	-	507,379
	278,641,919	**1,362,632**	**478,083**	**280,482,634**

	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**

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

c) *Portfolio Risk (continued)*

Liquidity Risk (continued)

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

	Sep-24			
	Less than 1 month	**1 - 12 months**	**> 12 months**	**Total**
	$	**$**	**$**	**$**
Derivative Financial Liabilities				
TBA	-	-	82,833,590	82,833,590
	-	**-**	**82,833,590**	**82,833,590**

	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**

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-24	Sep-23
	$	$
Cash at bank	48,150,703	86,660,718
Cash at broker	184,360	116,096
Short term investments	13,732,917	-
Fixed Deposits	-	359,990,111
	62,067,980	**446,766,925**
Net effect of exchange rate changes	2,202	(17,995)
	62,070,182	**446,748,930**

5. Financial assets

	Sep-24	Sep-23
	$	$
Fair value through profit or loss	6,116,913,289	5,009,976,859
	6,116,913,289	**5,009,976,859**
Financial Assets at fair value through profit or loss		
Fixed income investments		
Cost	2,956,553,702	2,838,173,321
Net Diminution in Market Value	(8,322,635)	(193,579,351)
	2,948,231,067	**2,644,593,970**
Equity		
Cost	1,943,984,429	1,776,344,805
Net Appreciation in Market Value	1,110,596,948	494,766,742
	3,054,581,377	**2,271,111,547**
Financial Derivatives		
Cost	156,692,930	141,478,828
Fair Value Adjustments	(42,592,085)	(47,207,486)
	114,100,845	**94,271,342**
Total Financial assets at fair value through profit or loss	**6,116,913,289**	**5,009,976,859**

(Expressed in United States Dollars)

6. Fair value of financial assets

(a) Debt and equity securities

	Sep-24		Sep-23	
	Fair value $	% of net assets	Fair value $	% of net assets
Total debt securities	2,948,231,067	48.47	2,644,593,970	49.10
Total equity	3,054,581,377	50.22	2,271,111,547	42.16
Total derivatives	114,100,845	1.88	94,271,342	1.75
Total Financial Assets	**6,116,913,289**	**100.57**	**5,009,976,859**	**93.01**

(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-24			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Asset Backed Securities	-	52,657,699	-	52,657,699
Collateralized Mortgage-Backed Securities (CMO)	-	3,767,883	-	3,767,883
Corporate Bonds	-	584,553,405	-	584,553,405
Government Issues	-	1,429,142,415	-	1,429,142,415
Mortgage Backed Securities	-	651,169,100	-	651,169,100
Municipals	-	20,974,244	-	20,974,244
Real Estate Investment Trust	-	39,555,934	-	39,555,934
Supranationals	-	166,410,387	-	166,410,387
Fixed Income	-	2,948,231,067	-	2,948,231,067
Real Estate Investment Trust	66,334,027	-	-	66,334,027
Preferred Stock	3,296,812	-	-	3,296,812
Common Stock	2,984,950,538	-	-	2,984,950,538
Equity	3,054,581,377	-	-	3,054,581,377
Credit Default Swaps	-	2,823	-	2,823
Interest Rate Swaps	-	-	-	-
Mortgage Back Securities - To Be Announced	-	114,158,760	-	114,158,760
Futures	(60,738)	-	-	(60,738)
Derivatives	(60,738)	114,161,583	-	114,100,845
Total Financial Assets	3,054,520,639	3,062,392,650	-	6,116,913,289

(Expressed in United States Dollars)

6. Fair value of financial assets (continued)

(b) Fair value hierarchy (continued)

	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

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.

(c) Transfers between Fair Value Hierarchy Levels

As at September 30, 2024, there were no transfers between the fair value hierarchy levels

(Expressed in United States Dollars)

6. Fair value of financial assets (continued)

(d) Collateral

	Sep-24	Sep-23
	$	$
Fixed Income	1,949,454	2,980,000
	1,949,454	**2,980,000**

7. Receivables and prepayments

	Sep-24	Sep-23
	$	$
Pending Trades	234,829,683	377,797,939
Interest Receivable	17,527,062	15,687,396
Dividends Receivable	5,026,976	4,052,765
Other Receivables	9,466,249	19,812,510
	266,849,970	**417,350,610**

Accounts receivable as at 30 September, 2024 include Pending Trades – Investments, and Foreign Currency sold in the amounts of USD234,435,416 and USD394,267 respectively which will subsequently be settled during the period October – November 2024.

8. Other payables

	Sep-24	Sep-23
	$	$
Pending Trades	275,420,012	381,362,809
Accruals	4,218,882	3,700,882
Other Payables	843,740	1,860,198
	280,482,634	**386,923,889**

As at 30 September, 2024 there were Pending Trades – Investments and Foreign Currency purchased of USD275,023,376 and USD396,636. Subsequent settlement will occur during the month of October 2024.

(Expressed in United States Dollars)

9. Financial liabilities

Financial liabilities at fair value through profit or loss

	Sep-24	Sep-23
	$	$
Cost	83,334,219	102,158,730
Fair Value Adjustments	(500,629)	(1,428,830)
	82,833,590	**100,729,900**

10. Investment income

	Sep-24	Sep-23
	$	$
Interest Income		
Cash at bank	162,282	1,359
Financial assets at fair value through profit or loss	102,093,234	79,974,324
Amortisation of bond discount	20,512,622	20,682,022
Short term securities	1,372,069	1,365,697
Fixed Deposits	5,072,898	15,046,476
	129,213,105	**117,069,878**
Dividend income	**56,794,326**	**53,785,195**
Fair value adjustments on financial assets and liabilities at fair value through profit or loss	805,601,733	415,903,892
Total	**991,609,164**	**586,758,965**

11. Investment expenses

	Sep-24	Sep-23
	$	$
Amortization of bond premium	1,961,258	5,893,660
External managers' fees	11,912,427	10,360,256
Custodian's fees	400,435	436,515
External managers' expenses	3,255,300	1,806,606
Total	**17,529,420**	**18,497,037**

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)). There were no capital contributions during the financial year ended September 30, 2024.

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, 2024, the amount of USD369,946,835 was withdrawn from the Fund under Section 15.