

HERITAGE AND STABILISATION FUND (HSF)

QUARTERLY INVESTMENT REPORT

JULY TO SEPTEMBER 2025

TABLE OF CONTENTS

	Page
Executive Summary	1
Section 1: International Economic Environment ¹	5
Section 2: Capital and Money Market Review	8
Section 3: Portfolio Performance	13
Section 4: Compliance and Portfolio Risks	17
Appendix I: HSF Portfolio Historical Performance	20
Appendix II: Portfolio Valuation	23
Appendix III: Summary Characteristics of Composite Benchmarks	25
Appendix IV: Summary of the Fund's Net Asset Value by Mandate	26
Appendix V: HSF Portfolio Quarterly Returns	27

¹ This section includes economic data available as at 29 October, 2025.

EXECUTIVE SUMMARY

- Key developed economies exhibited resilience during the quarter ended June 2025, recording positive growth despite global trade headwinds and heightened political uncertainty. The United States (US) economy expanded at an annualised rate of 3.8 per cent, supported by strong consumer spending and sizeable investments in Artificial Intelligence (AI). Meanwhile, activity moderated in the United Kingdom (UK) and the Eurozone (EZ). The UK economy grew by 0.3 per cent in the three months to June, down from 0.7 per cent in the prior three months, while economic activity in the EZ rose by 0.1 per cent, compared with growth of 0.6 per cent during the quarter ended March 2025. In Japan, the economy gained momentum with Gross Domestic Product (GDP) increasing by 0.5 per cent in the three months to June, up from 0.1 per cent in the prior quarter.
- For the third quarter of calendar 2025, preliminary data suggested that the US economy continued to grow at a solid pace amid robust consumer demand and technology infrastructure spending. Elsewhere, in the UK, EZ, and Japan, economic activity likely remained subdued due to a combination of external and domestic factors. Following President Trump's tariff announcement in April, bilateral trade agreements were made between the US and the UK, European Union (EU) and Japan. However, the initial volatility around trade news, along with the imposition of higher tariffs on selected goods and sectors, led to weaker export activity to the US. At the same time, fiscal policy concerns in the UK, political risks in France and a change in leadership in Japan, dampened both consumer and business sentiment over the three months to September 2025.
- The latest inflation data indicated a faster rate of price increases in the US, UK and EZ. The inflation rate in the US rose to 3.0 per cent in the twelve months to September 2025, from 2.7 per cent in June. Over the same period, the UK Consumer Price Index (CPI) increased by 3.8 per cent year-on-year in September, compared with 3.6 per cent in June. Similarly, inflation in the EZ shifted higher by 0.2 percentage points to 2.2 per cent in September, from 2.0 per cent in June. In contrast, Japan experienced easing price pressures, with inflation falling to 2.9 per cent in September, from 3.3 per cent three months earlier.

- Monetary policy actions by the major central banks reflected the diverse economic conditions facing policymakers. At its September 2025 Federal Open Market Committee meeting, the Federal Reserve (Fed) reduced its benchmark interest rate for the first time since December 2024, lowering it by 25 basis points. This action was followed by another 25 basis points rate cut at its October meeting, bringing the target range for the federal funds rate to 3.75 per cent - 4.00 per cent. Officials acknowledged potential risks to meeting the Bank's 2.0 per cent inflation target and highlighted signs of weakness in the labour market but also. Meanwhile, the Bank of England (BOE) lowered its bank rate by 25 basis points to 4.00 per cent in August 2025, marking its fifth reduction since its first interest rate cut in August 2024. However, the Bank held rates steady at its September meeting, as policymakers underscored the need for caution given concerns around persistent inflationary pressures. In contrast, the European Central Bank (ECB) is likely nearing the end of its rate-cutting cycle. The central bank reduced interest rates eight times from June 2024 to June 2025, and maintained its policy stance during the quarter ended September 2025. The ECB held interest rates on the deposit facility, the main refinancing operations and the marginal lending rate at 2.0 per cent, 2.15 per cent and 2.40 per cent, respectively. In Asia, the Bank of Japan (BoJ) maintained its policy rate at 0.50 per cent in September. Efforts to emerge from its ultra-easy stance have been extremely gradual following the Central Bank's first interest rate hike in March 2024.
- Developed equity markets delivered strong gains over the quarter on easing tariff uncertainty following trade agreements between the US and other nations ahead of the revised August 1, 2025 deadline. In the US, resilient economic data and solid corporate earnings also helped to bolster the stock market. Overall, the US Standard and Poor's 500 index advanced 8.11 per cent, with technology stocks fuelling gains. Similarly, non-US developed stock markets, represented by the MSCI EAFE index, returned 4.84 per cent when measured in US dollars. In Europe, improving economic and trade prospects as well as an accommodative monetary policy stance were all positive for risk assets. Additionally, EU-US and Japan-US trade deals also helped to drive stocks higher in those regions.

- In the US fixed income market, treasury yields ended the third quarter of 2025 lower due to investors' concerns about the impact of tariffs on US growth, and expectations for the Fed to ease monetary policy. Overall, the 2-year yield fell by 11 basis points to 3.61 per cent. Meanwhile, the 10-year yield decreased by eight basis points to 4.15 per cent. The declining yield environment boosted bond returns. The US investment grade fixed income market, as measured by the Bloomberg Barclays US Aggregate Bond index, returned 2.03 per cent.
- For the quarter ended September 30, 2025, the Heritage and Stabilisation Fund (HSF) returned 4.54 per cent. The US Core Domestic Equity and Non-US Core International Equity mandates contributed 2.23 percentage points and 1.40 percentage points, respectively, while the fixed income mandates added 0.87 percentage points (see Tables 1 and 2)².
- Relative to its strategic asset allocation (SAA) benchmark, the Fund outperformed by 1.19 percentage points (see Table 2 and Appendix 1). Excess returns were mainly derived from the Fund's overweight to equities and underweight to fixed income was net positive over the quarter amid strong stock market gains. Active external manager strategies also added to returns, with contributions from all mandates except for the US Core Domestic Equity mandate.
- As at September 30, 2025, the total net asset value of the HSF was **US\$6,341.3 million**, approximately US\$18.4 million higher than the previous quarter's closing value of US\$6,322.9 million. In accordance with Section 15 of the HSF Act (2007), US\$260.78 million was withdrawn from the Fund during the quarter, and assets from the US Core Domestic Equity mandate were sold to meet the obligation.

² The residual 0.04 percentage points represent the effect of geometrically linking monthly returns of assets classes with changing weights.

Table 1
Absolute Quarterly Returns
For the period Jul-Sep 2025
/per cent/

	Absolute Return HSF	Absolute Return Benchmark
Composite Portfolio	4.54%	3.35%
US Short Duration Fixed Income	1.25%	1.14%
US Core Domestic Fixed Income	2.26%	2.03%
US Core Domestic Equity	7.94%	8.22%
Non-US Core International Equity	5.63%	4.73%

Table 2
Contributions to Quarterly Returns
For the period Jul-Sep 2025
/per cent/

	3 Months Portfolio Weighted Return to 30-Sep-25	
	HSF	Benchmark
Composite Portfolio	4.54%	3.35%
US Short Duration Fixed Income	0.22%	0.29%
US Core Domestic Fixed Income	0.65%	0.81%
US Core Domestic Equity	2.23%	1.41%
Non-US Core International Equity	1.40%	0.83%

NB: Differences in totals are due to rounding.

SECTION 1 – INTERNATIONAL ECONOMIC ENVIRONMENT

The US economy expanded at an annualised rate of 3.8 per cent in the second quarter of 2025, driven by robust consumer spending and sizeable capital investments by technology firms. Early indicators suggest that these factors continued to underpin growth in the third quarter of 2025, given ongoing outlays on AI infrastructure and resilient domestic demand. Business activity improved modestly, supported by gains in the service sector, with firms reporting an uptick in orders from financial services and technology companies. Overall, the S&P Global US Composite Purchasing Managers' Index (PMI) rose to 53.9 points in September from 52.9 points in June. Meanwhile, retail sales grew at a solid pace in August, despite household surveys conveying a downbeat outlook amid tariff-related concerns and a slowing labour market. The unemployment rate increased to 4.3 per cent in August from 4.1 per cent in June, while the labour force participation rate was unchanged at 62.3 per cent.

Following a significant easing of inflationary pressures from its peak of 9.1 per cent in July 2022 to 3.0 per cent in June 2023, further progress towards the Fed's 2.0 per cent target has been limited. The Consumer Price Index (CPI) rose by 3.0 per cent in September, up from 2.7 per cent in June, with some evidence tariff policies were beginning to lead to higher prices in items such as apparel and appliances. In Washington, lawmakers failed to reach a funding agreement resulting in the shutdown of the US Government beginning October 1, 2025. In general, the effects of a shutdown could quickly reverse once the government re-opens, however, a prolonged closure could potentially detract from employment data and US economic growth during the final quarter of 2025.

The UK's GDP grew by 0.3 per cent quarter on quarter in the three months to June 2025 and economic activity likely remained subdued in the third quarter. Month-on-month figures showed the economy expanded by 0.1 per cent in August, following a 0.1 per cent contraction in July. Weak domestic demand and sluggish export orders contributed to a slowdown in business activity, adding to the burden companies were already facing from higher tax and labour costs. The S&P Global UK Composite PMI declined to 50.1

points in September, from 52.0 points in June. Uncertainties related to the government's budget announcement scheduled for late November further dampened the outlook and contributed to a weaker job market. The unemployment rate rose to 4.8 per cent in August from 4.7 per cent in June. Meanwhile, consumers expressed caution, preferring to bolster savings amid rising household expenses. Annual headline inflation continued to trend higher from its low of 1.7 per cent in September 2024. Prices increased by 3.8 per cent in September, up from 3.6 per cent in June, largely due to higher food and fuel costs.

In the Eurozone, GDP rose 0.1 per cent in the second quarter of 2025, a significant deceleration from 0.6 per cent during the first three months of the year. This slowdown partly reflects a shift in the timing of exports ahead of higher trade tariffs. For the third quarter of 2025, initial data suggested that growth remained subdued with wide divergence persisting among the member states. Germany, the region's largest economy, continued to face challenges following a 0.10 per cent contraction in the second quarter of 2025. German exports to the US declined for a fifth consecutive month in August 2025 due to headwinds from higher tariffs and a stronger euro currency. Nonetheless, the government's plans for greater infrastructure investment and higher levels of defence spending is anticipated to boost the economy in 2026. Meanwhile, heightened political uncertainty in France hampered economic activity. Business activity contracted for the thirteenth consecutive month in September 2025. In contrast, Spain led the region in growth. Its economy expanded by 0.7 per cent in the second quarter, and this positive momentum likely continued into the third quarter of 2025. The country's success has been driven by a broad range of factors, such as support from the Next Generation European Union fund, a resurgence in tourism, robust foreign direct investment, and high immigration, which has helped contain labour costs and bolster service sector expansion. For the Eurozone region, the unemployment rate was stable at 6.3 per cent in August 2025. On the inflation front, prices rose by 2.2 per cent in September from 2.0 per cent in June 2025. Despite this recent uptick, inflation is forecasted to stay at or around the European Central Bank's 2.0 per cent target in the medium term.

In Asia, China's economy expanded at an annual rate of 4.8 per cent during the third quarter of 2025, down from 5.2 per cent in the previous quarter. Exports continued to

drive growth, with higher sales to Europe and Southeast Asian helping to counteract the decline in shipments to the US, amid volatile trade relations between the two nations. Elsewhere, in Japan, GDP increased by 0.5 per cent quarter on quarter during the three months to June 2025. Initial data for the third quarter reflect stronger service sector activity with positive wage negotiations supporting household demand. The au Jibun Services PMI rose from 51.7 points in June to 53.3 points in September 2025. Conversely, manufacturing firms reported a contraction as the impact of US tariffs intensified resulting in a sharp decline in exports to the US. The au Jibun Manufacturing PMI fell to 48.5 points in September 2025 from 50.1 points three months earlier. The unemployment rate moved modestly higher to 2.6 per cent in September from 2.5 per cent in June. Meanwhile, prices rose at a slower pace, increasing by 2.7 per cent in August from 3.3 per cent in June. On the political front, the sudden change in leadership of the ruling Liberal Democratic Party (LDPP), resulted in the election of Sanae Takaichi as the new prime minister in October 2025. Her policy agenda is anticipated to include a stimulus package and measures aimed at delivering economic reform to bolster growth.

Monetary policy actions by the major central banks reflected the diverse economic conditions facing policymakers. At its September 2025 Federal Open Market Committee meeting, the Fed reduced its benchmark interest rates for the first time since December 2024, lowering it by 25 basis points. This action was followed by another 25 basis points rate cut at its October meeting, bringing the target range for the federal funds rate to 3.75 per cent - 4.00 per cent. Officials highlighted signs of weakness in the labour market, while also acknowledging risks to meeting the Bank's 2.0 per cent inflation target. The BOE lowered its bank rate by 25 basis points to 4.00 per cent in August 2025, marking its fifth reduction since first cutting rates in August 2024. However, the Bank held rates steady at its September meeting with policymakers expressing the need for caution given concerns around persistent inflationary pressures.

In contrast, the ECB, is likely nearing the end of its rate cutting cycle. The central bank reduced interest rates eight times from June 2024 to June 2025, and maintained its policy stance during the third quarter of 2025. The ECB held interest rates on the deposit facility, the main refinancing operations and the marginal lending rate at 2.0 per cent, 2.15 per cent and 2.40 per cent, respectively. The governing council indicated

inflation is expected to remain around its 2.0 per cent target and future decisions will continue to be guided by incoming data. Meanwhile, the BoJ, began to normalise its ultra-easy monetary policy stance by hiking for the first time in 17 years in March 2024. However, progress has been extremely gradual thus far. Following its third rate hike in January 2025, the Bank maintained its policy rate at 0.50 per cent. At its September 2025 meeting, the BoJ indicated the need to exercise patience before tightening monetary policy further, emphasising the extremely uncertain environment.

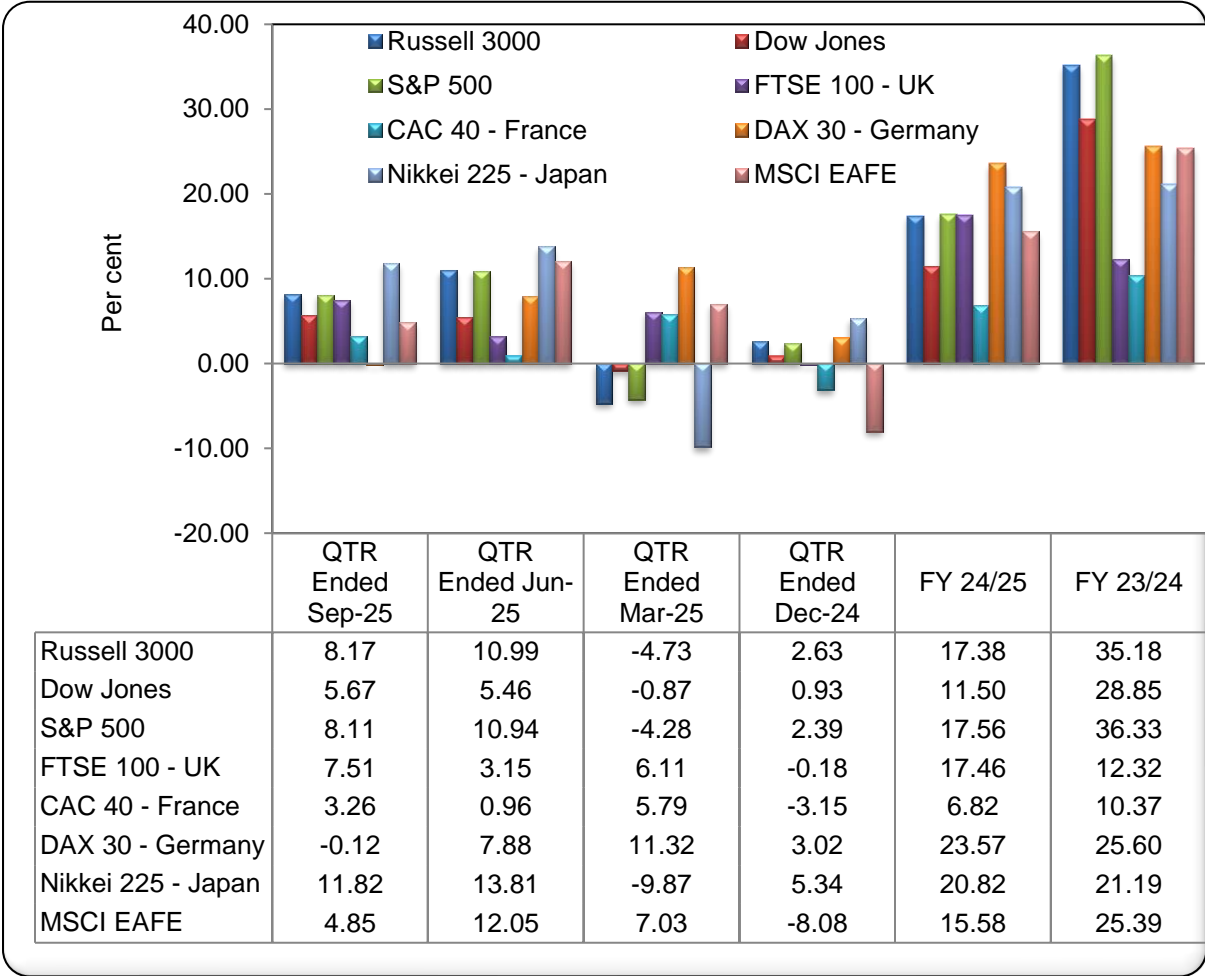
SECTION 2 – CAPITAL AND MONEY MARKET REVIEW

Financial market volatility eased over the third quarter of 2025 amid some progress on the trade front. Trade agreements between the US and key trading partners such as the EU and Japan helped to improve sentiment. Meanwhile, the US and China agreed to extend their trade truce until mid-November, allowing time for the two countries to continue negotiations. Over the period, positive corporate earnings, continued optimism over the revolutionary power of Artificial Intelligence developments, and expectations for additional interest cuts in the US, helped to boost investors' sentiment. The Chicago Board Options Exchange Volatility Index (VIX) declined over the period to 16.28 points from 16.73 points three months earlier. Similarly, the Euro Stoxx 50 Volatility Index (VSTOXX), a gauge of sentiments in the Eurozone market, closed the quarter lower at 16.68 points from 17.67 points.

Following strong gains in the second quarter, US equity markets continued to rally. The US Standard and Poor's (S&P) 500 index surged 8.11 per cent, led by the technology and communication services sectors. The MSCI EAFE Index, representing non-US developed markets, returned 4.84 per cent when measured in US dollars (see Figure 1). As it pertains to the specific regions, the UK's FTSE 100 index advanced 7.51 per cent, given better than expected economic data and a weaker British pound. In France, Prime Minister Bayrou resigned following a failed attempt to receive parliamentary support for his government's fiscal reform package. Despite heightened political uncertainty, the CAC 40 Index returned 3.26 per cent over the third quarter of 2025. Elsewhere, Germany's subdued economic outlook detracted from risk sentiment. Subsequent to positive performance over the prior two quarters, the DAX Index fell by 0.12 per cent

during the three months to September 2025. In Asia, Japan’s Nikkei 225 index rose 11.80 per cent, bolstered by reduced uncertainty following the trade deal with the US which resulted in lower tariff rates than previously anticipated.

Figure 1
Total Returns on Selected Equity Indices

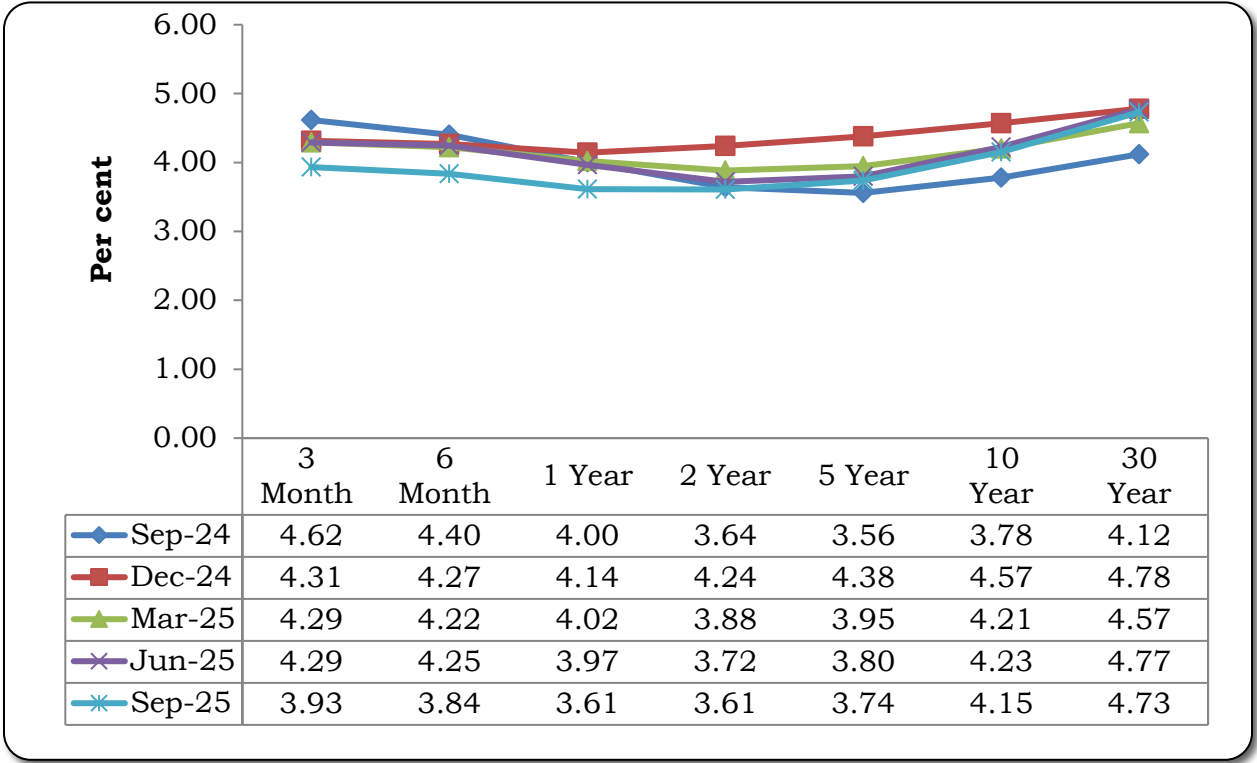


Source: Bloomberg.

US Treasury yields trended upwards during July before declining thereafter to end the quarter lower. Yields at the shorter end of the curve experienced a sharper fall than those at the longer end, primarily driven by expectations for the Fed to resume cutting interest rates. Over the third quarter of 2025, the 2-year yield fell by 11 basis points to

3.61 per cent, while the 10-year and 30-year yields moved lower by 8 basis points to 4.15 per cent and 4 basis points to 4.73 per cent, respectively (see Figure 2).

Figure 2
US Treasury Yield Curve

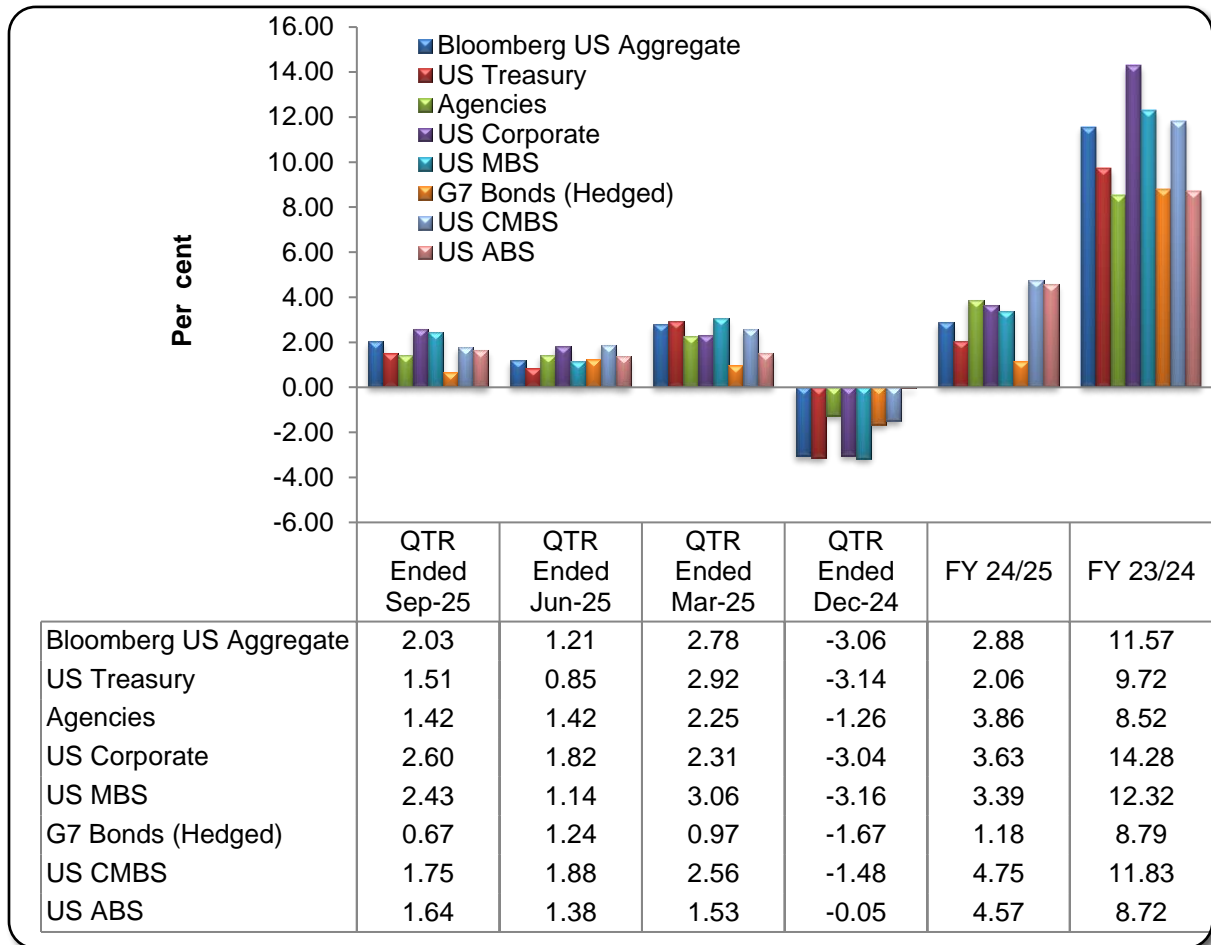


Source: Bloomberg.

The broader US fixed income market, as represented by the Bloomberg Barclays US Aggregate Bond Index, returned 2.03 per cent for the quarter ended September 30, 2025 (see Figure 3). The declining interest rate environment, still relatively high yield levels and modest credit spread tightening were all positive for performance. At the sector level, US Corporates and US Mortgage-Backed Securities earned 2.60 per cent and 2.43 per cent, respectively. Meanwhile, G7 Bonds lagged the broader index at 0.67 per cent.

Figure 3

Returns on Selected Fixed Income Indices

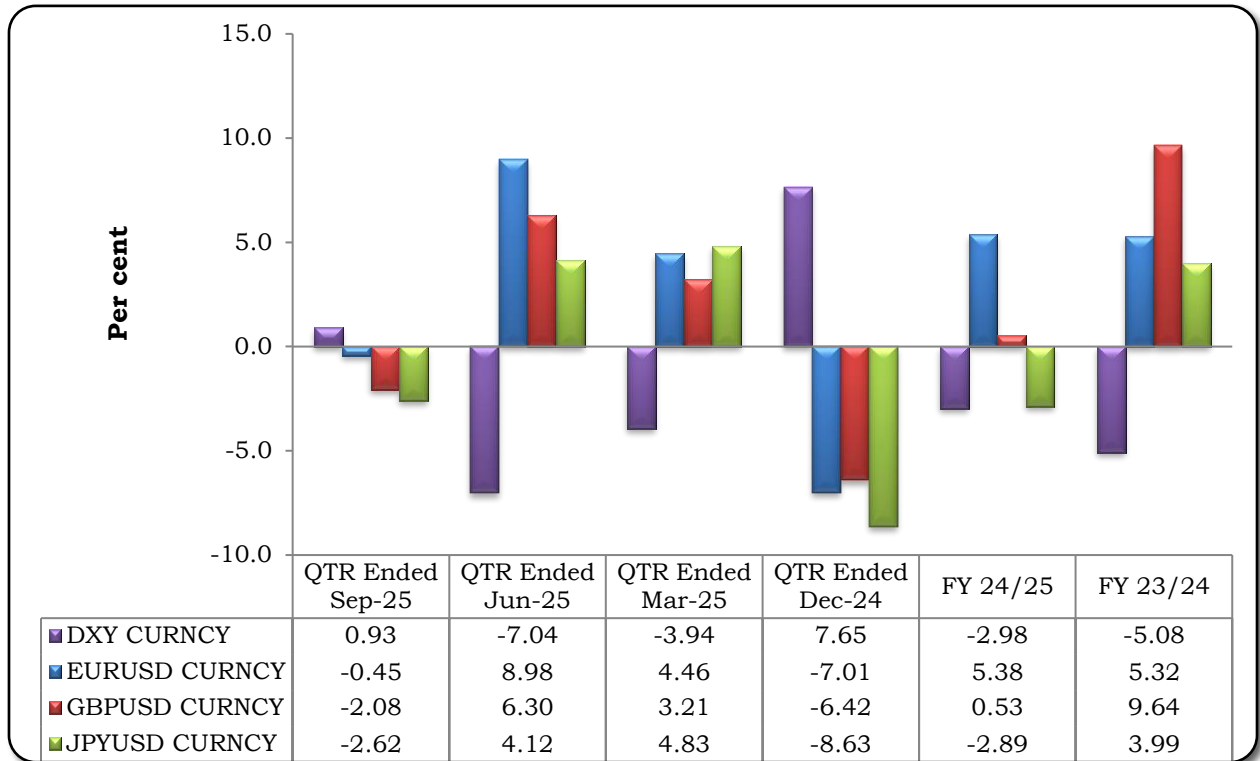


Source: Bloomberg.

The US Dollar partially recovered from its steep depreciation during the first six months of 2025, with the ICE US Dollar index strengthening 0.93 per cent over the quarter ending September. The British Pound weakened relative to the US Dollar by 2.08 per cent amidst concerns over potential tax increases and the economic outlook. Similarly, the Euro and Japanese Yen depreciated by 0.45 per cent and 2.62 per cent vis-à-vis the US Dollar (see Figure 4).

Figure 4

Foreign Exchange Returns for Major Currency Pairs



Source: Bloomberg.

SECTION 3 – PORTFOLIO PERFORMANCE

Strategic Asset Allocation

Table 3 reports the HSF’s Investment Portfolio mandate weights relative to its approved SAA for the quarter ended September 30, 2025 and the previous three quarters.

Table 3
Portfolio Composition relative to the Approved SAA³
/per cent/

Portfolio Weights	Asset Class		Dec-24	Mar-25	Jun-25	Sep-25
		Target Weight SAA	Actual % of Fund	Actual % of Fund	Actual % of Fund	Actual % of Fund
	US Short Duration Fixed Income	25.00	18.08	18.23	17.26	17.42
	US Core Domestic Fixed Income	40.00	29.88	30.28	28.61	29.16
	US Core Domestic Equity	17.50	29.99	28.07	29.22	27.22
	Non-US Core International Equity	17.50	22.05	23.42	24.90	26.19

Totals may not sum to 100 due to rounding.

During the three months ended September 2025, changes in the mandates’ weights reflected the net impact of market value movements of the Fund’s assets and withdrawal activity from the HSF. When combined, these events reduced the HSF’s underweight allocation to fixed income securities and overweight position in the US Core Domestic Equity mandate while, the overweight exposure to the Non-US International Equity mandate increased over the quarter.

³ The Board’s approved investment policy allow the mandate weights to deviate from the approved SAA weights by +/- 5 per cent.

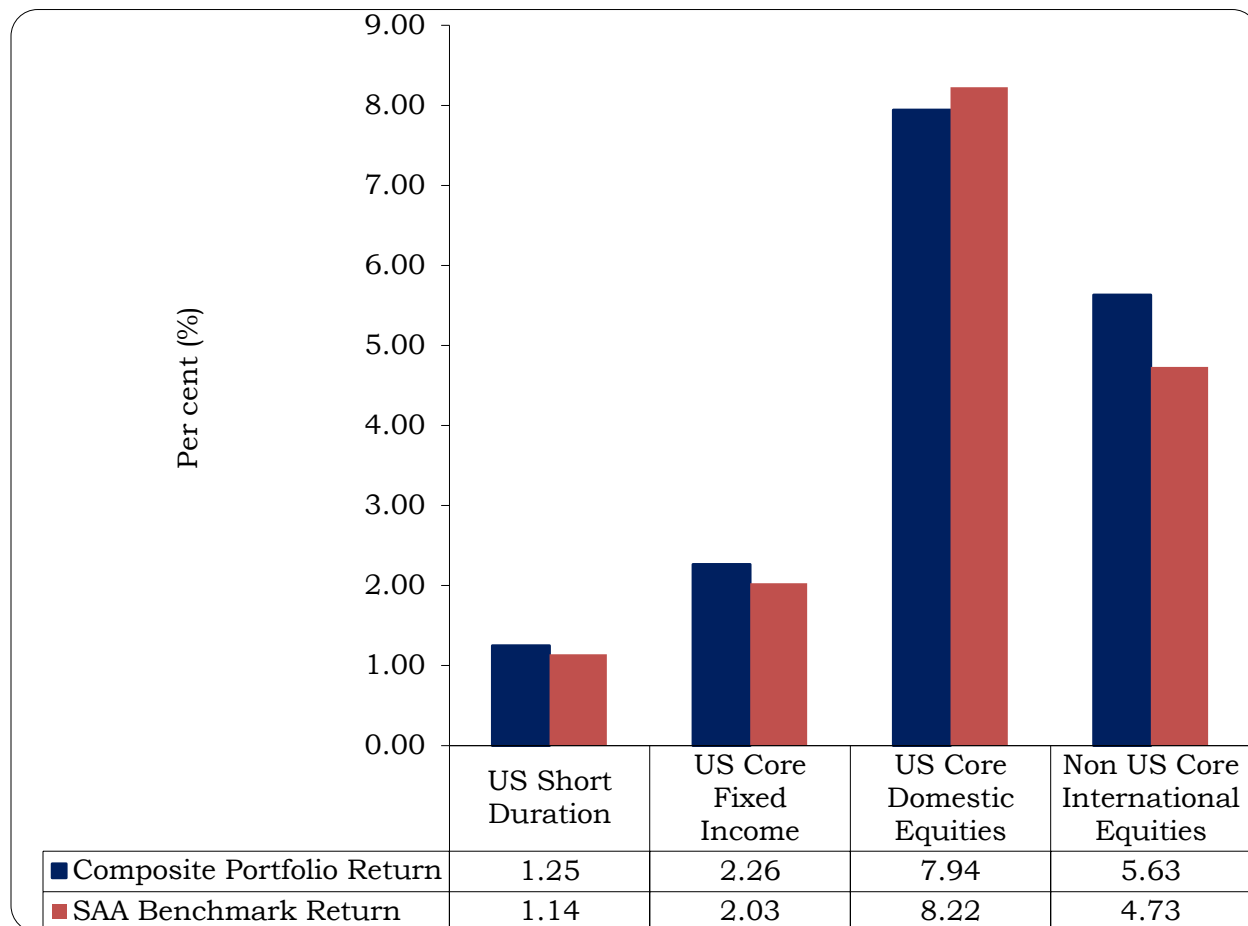
Relative to the strategic asset allocation (SAA), the US Core Domestic Fixed Income mandate maintained the largest underweight deviation at 10.84 per cent, while the US Core Domestic Equity mandate held the highest overweight position at 9.72 per cent (see Table 3). With the Fund's asset allocation deviations above the approved +/- 5.0 per cent limit, the Central Bank continues to monitor the Fund's asset exposures and provide regular updates to the HSF Board of Governors.

The total net asset value of the Fund as at September 30, 2025 was **US\$6,341.3 million**, approximately \$18.4 million higher than its net asset value of US\$6,322.9 million as at the end of June 2025. Of this total, the Investment Portfolio was valued at US\$6,339.8 million, while the remaining portion was held in operating cash accounts to cover the day-to-day expenses that arise from the management of the Fund. During the quarter, US\$260.78 million was withdrawn from the Fund under Section 15 of the HSF Act (2007) for the financial year 2023/2024. Assets within the US Core Domestic Equity mandate were liquidated to meet this obligation.

Performance of the Investment Portfolio

The HSF's Investment Portfolio returned 4.54 per cent for the quarter ended September 2025, surpassing its benchmark, which advanced 3.35 per cent. Strong equity market gains was the main driver of the Fund's performance while, positive contributions from the fixed income mandates also added to the HSF's total return.

Figure 5
Absolute Returns by Investment Mandate for the period Jul-Sep 2025
 /per cent/



Compared to its strategic asset allocation (SAA) benchmark, the Fund outperformed by 119 basis points (see Table 2 and Appendix 1). Collectively, the HSF’s relative asset allocation positioning was the main contributor to excess returns. The positive effect from the Fund’s overweight exposure to equities outpaced the negative impact from its below benchmark allocation to fixed income. With the exception of the US Core Domestic Equity mandate, active investment strategies also helped to enhance returns over the quarter.

The **US Core Domestic Equity** mandate advanced 7.94 per cent for the period ended September 30, 2025, but underperformed its benchmark, the Russell 3000 ex-Energy index, by 0.28 percentage points (see Figure 5). Stock selection across a broad range of

sectors detracted from returns. Positioning decisions in Industrials, Media, Real Estate Investment Trusts and Basic Materials detracted, while there were positive contributions from Semiconductors and Pharmaceuticals. The mandate's net asset value declined from US\$1,847.1 million as at June 30, 2025 to **US\$1,726.0 million** as at September 30, 2025. The decrease was mainly due to a withdrawal of US\$261.0 million during the quarter, which was partially offset by stock market gains.

The **Non-US Core International Equity** mandate returned 5.63 per cent, outperforming its benchmark, the MSCI EAFE ex-Energy, which rose by 4.73 per cent. Security selection, particularly in the Netherlands, Italy and Switzerland, along with relative country positioning boosted returns. The net asset value of the mandate increased to **US\$1,660.3 million** as at September 30, 2025 from the previous quarter's closing value of US\$1,574.2 million.

The **US Short Duration Fixed Income** mandate earned 1.25 per cent, while its benchmark, the ICE Bank of America 1-5 year US Treasury index, returned 1.14 per cent. Exposure to high credit quality sectors such as agency mortgage backed securities and non US governments were positive for the portfolio. Duration and yield curve strategies also incrementally added to performance. The mandate's net asset value increased by \$13.4 million over the quarter to close at **US\$1,104.6 million** as at the end of September 2025.

The longer duration **US Core Domestic Fixed Income** mandate returned 2.26 per cent, outperforming its benchmark, the Bloomberg US Aggregate Bond index, by 23 basis points. Cross-sector allocation and security selection were positive, most notably in the mortgage backed securities and investment grade corporate bond sectors. The net asset value of the mandate increased from US\$1,808.6 million as at June 30, 2025 to end the quarter at **US\$1,848.9 million**.

SECTION 4 – COMPLIANCE AND PORTFOLIO RISKS

Compliance

Over the quarter, the mandates' weights relative to the approved SAA remained above the allowable +/- 5.0 per cent deviation (see Table 3). The Central Bank continues to monitor the Fund's asset class allocations and provide regular updates to the Board.

One of the asset managers within the US Core Domestic Equity mandate failed to meet the performance objectives, as specified in the investment guidelines. The Central Bank, as manager of the Fund, continues to review and hold frequent discussions with the asset manager regarding the main contributors to underperformance. The Bank will maintain close oversight of the portfolio's performance and provide updates to the Board.

Portfolio Risks

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

Credit Risk

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

For **fixed-income instruments**, credit risk is mitigated by the use of credit concentration limits as well as minimum credit quality ratings. Bonds must have an investment grade rating as defined by Standard and Poor's, Moody's Investors Services or Fitch Ratings Incorporated. Should the required ratings on an existing fixed-income security fall below the minimum standards, the security must be sold within an agreed upon timeframe. Table 4 below shows the average credit quality of the US Short Duration and US Core Fixed Income Portfolios as at September 30, 2025.

Table 4
Average Credit Rating

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

Concentration Risk

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

The portfolio is invested across four (4) asset groups as follows: US Short Duration Fixed Income; US Core Domestic Fixed Income; US Core Domestic Equity and Non-US Core International Equity. Concentration risk is also minimised within asset groups by approved market exposure and issuer holding limits.

For the **equity portfolios**, this risk is managed by imposing a maximum percentage holding of 3.0 per cent of any security’s outstanding shares, as well as a maximum sector deviation relative to the benchmark of 5.0 per cent.

Interest Rate Risk

Interest rate risk is managed using a weighted average effective duration limit on the respective portfolios. For the US Short Duration Fixed Income mandate, the allowable range is six months longer or shorter than the weighted average duration of its respective benchmark. While the US Core Domestic Fixed Income mandate has an allowable range of 12 months longer or shorter than the weighted average duration of its respective benchmark. Table 5 shows the weighted average duration for the US Short Duration and US Core Domestic Fixed Income portfolios as at September 30, 2025.

Table 5
Weighted Average Duration
/Years/

Mandate	Portfolio	Benchmark
US Short Duration	2.60	2.54
US Core Domestic Fixed Income	5.84	6.04

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 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 denominated in currencies other than the US Dollar. The performance benchmark for the Non-US Core International Equity portfolio is the custom MSCI EAFE ex-energy Index. The index comprises of equity securities of issuers domiciled in developed markets countries, excluding the US and Canada. Where benchmark securities are quoted in currencies other than the US dollar, the Fund accepts the currency risk. For this mandate, however, managers can hedge up to 15 per cent of the market value of their currency exposure into the US dollar, the base reporting currency for the HSF. At the end of September 2025, the currency exposure for this portfolio was 97 per cent of its market value. During the quarter, all the portfolios were within their respective limits.

Appendix I

HSF Portfolio - Historical Performance

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2010									
December	0.96	0.89	6.65	0.96	0.89	6.65	3.72	3.78	-6.16
March	1.61	1.68	-6.20	2.59	2.58	0.49	3.95	4.03	-7.76
June	-1.83	-1.89	6.05	0.71	0.64	6.69	3.07	3.12	-5.18
September	5.33	5.08	24.73	6.07	5.75	31.93	4.37	4.35	2.06
FY 2011									
December	2.29	2.21	8.15	2.29	2.21	8.15	4.70	4.65	4.13
March	1.62	1.54	7.24	3.94	3.79	15.68	4.81	4.76	5.72
June	1.88	1.81	6.68	5.89	5.67	22.91	4.98	4.91	7.00
September	-4.82	-4.28	-53.66	0.79	1.14	-34.89	3.57	3.63	-6.29
FY 2012									
December	2.74	3.03	-28.52	2.74	3.03	-28.52	3.97	4.08	-12.00
March	5.04	4.46	57.50	7.92	7.63	29.29	4.78	4.78	-0.08
June	-0.90	-0.60	-30.42	6.95	6.98	-3.72	4.37	4.43	-6.13
September	3.53	2.98	55.03	10.73	10.18	55.02	4.68	4.65	2.07
FY 2013									
December	1.49	1.45	4.11	1.49	1.45	4.11	4.88	4.83	4.76
March	3.29	2.90	39.19	4.82	4.38	44.01	5.23	5.12	11.20
June	-0.30	-0.69	39.05	4.51	3.66	84.64	4.97	4.80	17.26
September	3.95	3.47	47.35	8.63	7.26	137.06	5.40	5.16	24.01
FY 2014									
December	3.95	2.66	129.38	3.95	2.66	129.38	5.80	5.37	42.67
March	1.46	1.30	16.28	5.47	4.00	147.73	5.80	5.37	43.52
June	2.56	2.30	25.90	8.17	6.38	178.44	5.96	5.51	45.76
September	-0.48	-0.73	25.31	7.65	5.60	204.51	5.69	5.22	47.69
FY 2015									
December	2.25	1.63	62.27	2.25	1.63	62.27	5.81	5.26	54.46
March	2.29	2.25	3.95	4.60	3.92	67.71	5.92	5.39	53.34
June	-0.02	-0.51	49.43	4.58	3.39	119.07	5.74	5.16	57.93
September	-2.02	-2.19	16.83	2.47	1.13	134.06	5.31	4.73	58.12

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2016									
December	1.68	1.67	0.22	1.68	1.67	0.22	5.36	4.79	56.52
March	0.80	1.26	-46.14	2.48	2.95	-46.70	5.30	4.80	49.64
June	0.80	1.11	-30.92	3.30	4.09	-78.90	5.24	4.79	44.83
September	2.45	2.12	32.85	5.83	6.29	-45.72	5.37	4.89	47.33
FY 2017									
December	-0.46	-0.98	51.92	-0.46	-0.98	51.92	5.17	4.66	51.64
March	3.17	2.92	24.41	2.69	1.91	77.74	5.37	4.84	52.92
June	2.74	2.44	30.00	5.50	4.40	110.45	5.51	4.97	54.69
September	2.61	2.06	54.78	8.25	6.55	170.48	5.64	5.05	58.79
FY 2018									
December	2.24	1.83	40.22	2.24	1.83	40.22	5.72	5.11	61.32
March	-0.55	-0.94	38.21	1.67	0.88	78.91	5.53	4.90	63.49
June	0.26	0.21	5.36	1.94	1.09	84.52	5.43	4.81	62.52
September	1.81	1.54	27.02	3.79	2.65	113.37	5.47	4.84	63.61
FY 2019									
December	-4.69	-3.54	-114.99	-4.69	-3.54	-114.99	4.93	4.41	51.33
March	5.93	5.61	31.25	0.96	1.88	-91.66	5.33	4.79	53.03
June	3.01	3.26	-25.10	4.00	5.20	-119.99	5.47	4.97	49.95
September	1.05	1.27	-21.70	5.10	6.54	-144.08	5.44	4.97	47.15
FY 2020									
December	3.62	3.20	41.90	3.62	3.20	41.90	5.63	5.13	49.64
March	-7.33	-5.51	-182.43	-3.98	-2.48	-149.43	4.90	4.58	32.73
June	8.62	7.57	104.53	4.30	4.90	-60.38	5.46	5.06	39.94
September	3.74	2.98	76.36	8.20	8.03	17.42	5.65	5.20	45.01

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2021									
December	6.43	5.50	93.52	6.43	5.50	93.52	6.02	5.51	51.10
March	1.28	0.08	119.45	7.79	5.58	220.73	6.00	5.41	59.10
June	4.00	3.09	90.18	12.10	8.85	324.76	6.19	5.54	64.60
September	-0.31	-0.09	-22.00	11.75	8.75	299.80	6.05	5.44	61.82
FY 2022									
December	2.97	1.98	99.31	2.97	1.98	99.31	6.16	5.48	67.75
March	-5.69	-5.44	-25.12	-2.89	-3.57	68.04	5.64	5.00	64.44
June	-9.91	-7.81	-209.37	-12.51	-11.10	-140.61	4.83	4.36	47.24
September	-4.59	-4.93	34.58	-16.52	-15.49	-103.41	4.43	3.95	48.73
FY 2023									
December	5.27	5.13	14.43	5.27	5.13	14.43	4.70	4.21	48.99
March	4.74	4.57	16.93	10.27	9.94	32.92	4.93	4.44	49.39
June	2.75	1.53	121.88	13.30	11.62	167.81	5.03	4.46	56.33
September	-2.39	-2.74	34.84	10.59	8.56	202.68	4.80	4.22	57.61
FY 2024									
December	8.08	7.71	36.30	8.08	7.71	36.30	5.21	4.62	59.08
March	4.28	2.42	185.78	12.70	10.32	237.96	5.39	4.69	69.36
June	1.38	0.77	61.16	14.26	11.17	308.72	5.39	4.67	72.03
September	5.74	5.44	29.37	20.81	17.22	359.08	5.65	4.92	72.84
FY 2025									
December	-1.80	-2.36	56.19	-1.80	-2.36	56.19	5.46	4.71	75.07
March	1.27	1.86	-58.69	-0.56	-0.55	-0.40	5.46	4.75	70.68
June	7.30	4.97	232.12	6.70	4.40	230.41	5.79	4.96	82.49
September	4.54	3.35	118.55	11.54	7.90	364.63	5.96	5.08	87.98

Notes:

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

Appendix II
Heritage and Stabilisation Fund
Portfolio Valuation (USD)

Valuation Date	Net Asset Value	Total Comprehensive Income	Accumulated Surplus & Unrealized Capital Gains/Losses	Contributions / (Withdrawals)
-----------------------	------------------------	-----------------------------------	--	--------------------------------------

Annual Portfolio Valuation

September 30,2007	1,766,200,701	41,966,361	41,966,361	321,706,043
September 30,2008	2,888,421,556	68,412,770	110,379,131	1,054,174,457
September 30,2009	2,964,686,478	76,248,691	186,755,766	-
September 30,2010	3,621,984,041	177,645,460	364,361,226	477,344,263
September 30,2011	4,084,016,158	9,715,841	374,074,067	451,400,519
September 30,2012	4,712,376,278	420,693,705	794,770,772	207,550,846
September 30,2013	5,154,027,747	399,007,950	1,193,778,722	42,414,251
September 30,2014	5,533,425,248	379,167,024	1,572,945,746	-
September 30,2015	5,655,143,565	120,639,605	1,693,585,351	-
September 30,2016	5,584,246,290	305,452,096	1,999,037,447	(375,050,860)
September 30, 2017	5,762,544,777	429,475,446	2,428,512,893	(252,548,048)
September 30, 2018	5,965,847,092	203,717,910	2,632,230,803	-
September 30, 2019	6,255,349,599	288,837,111	2,921,067,914	-
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)
September 30, 2025	6,341,323,772	663,959,048	5,313,507,855	(410,775,703)

Quarterly Portfolio Valuation

September 30, 2016	5,584,246,290	129,645,559	1,999,037,447	-
December 31, 2016	5,555,039,859	(29,605,256)	1,969,432,191	-
March 31, 2017	5,473,047,983	170,609,885	2,140,042,076	(252,548,048)
June 30, 2017	5,619,311,033	146,006,897	2,286,048,973	-
September 30, 2017	5,762,544,777	142,463,920	2,428,512,893	-
December 31, 2017	5,888,599,170	124,900,387	2,553,413,280	-
March 31, 2018	5,852,789,288	(36,468,342)	2,516,944,938	-
June 30, 2018	5,863,070,206	12,336,541	2,529,281,479	-
September 30,2018	5,965,847,092	102,949,324	2,632,230,803	-

Appendix II
Heritage and Stabilisation Fund
Portfolio Valuation (USD)

Valuation Date	Net Asset Value	Total Comprehensive Income	Accumulated Surplus & Unrealized Capital Gains/Losses	Contributions / (Withdrawals)
Quarterly Portfolio Valuation				
December 31, 2018	5,683,219,683	(486,810,763)	2,349,137,950	-
March 31, 2019	6,016,429,263	333,123,750	2,682,261,700	-
June 30, 2019	6,194,328,757	177,424,921	2,859,686,621	-
September 30, 2019	6,255,349,599	61,381,293	2,921,067,914	-
December 31, 2019	6,478,340,872	222,180,512	3,143,248,426	-
March 31, 2020	5,925,283,653	(473,394,404)	2,669,854,022	(79,853,158)
June 30, 2020	5,817,072,795	493,393,358	3,163,247,380	(600,000,000)
September 30, 2020	5,731,799,397	214,911,311	3,378,158,691	(300,000,000)
December 31, 2020	5,888,114,410	355,398,920	3,733,557,611	(198,943,283)
March 31, 2021	5,661,689,420	67,788,202	3,801,345,814	(293,771,250)
June 30, 2021	5,583,193,276	220,867,117	4,022,212,931	(300,000,000)
September 30, 2021	5,463,893,835	(19,875,791)	4,002,337,140	(100,000,000)
December 31, 2021	5,623,159,544	158,986,912	4,161,324,052	-
March 31, 2022	5,299,527,705	(323,446,707)	3,837,877,345	-
June 30, 2022	4,771,488,412	(527,955,978)	3,309,921,367	-
September 30, 2022	4,712,444,758	(221,041,145)	3,088,880,222	163,994,499
December 31, 2022	5,139,740,767	245,008,297	3,333,888,519	182,213,278
March 31, 2023	5,380,057,262	240,193,741	3,574,082,260	-
June 30, 2023	5,525,021,764	144,766,607	3,718,848,867	-
September 30, 2023	5,390,162,369	(135,341,502)	3,583,507,365	-
December 31, 2023	5,658,630,256	429,165,650	4,012,673,015	(160,383,699)
March 31, 2024	5,897,953,874	238,314,454	4,250,987,469	-
June 30, 2024	5,761,305,038	71,938,586	4,322,926,055	(209,563,136)
September 30, 2024	6,087,864,395	326,622,752	4,649,548,807	-
December 31, 2024	5,826,240,228	(111,281,442)	4,538,267,365	(150,000,000)
March 31, 2025	5,896,583,736	70,178,311	4,608,445,676	-
June 30, 2025	6,322,918,847	425,928,646	5,034,374,322	-
September 30, 2025	6,341,323,772	279,133,533	5,313,507,855	(260,775,703)

Appendix III

Summary Characteristics of Composite Benchmarks

Fixed Income Benchmarks

Key Characteristics	Bloomberg US Aggregate Bond Index	ICE Bank of America 1-5 Year US Treasury Index
Total Holdings	13899	156
Coupon (%)	3.62	3.02
Duration (Years)	6.04	2.54
Average Life (Years)	8.26	2.72
Yield to Maturity (%)	4.37	3.66
Option Adjusted Spread (bps)	28	-2
Average Rating (S&P)	AA	AA+
Minimum Rating (S&P)	BBB	AA+

Equity Benchmarks

Key Characteristics	Russell 3000 (ex-Energy)	MSCI EAFE (ex-Energy)
Total Holdings	2,834	670
Earnings Per Share (EPS Growth 3-5yr fwd.)	11.97	6.86
Price Earnings (P/E fwd.)	23.4	16.47
Price / Book (P/B)	5.11	2.10
Weighted Average Market Capitalisation* (Bn)	1,228.7	97.04

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

Appendix IV

Summary of the Fund's Net Asset Value by Mandate

/US\$ Million/

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Total Fund Value	6,088	5,826	5,897	6,323	6,341
Total Value of Equity	3,081	3,032	3,036	3,421	3,386
US Core Domestic Equity	1,709	1,747	1,655	1,847	1,726
Non-US Core International Equity	1,372	1,285	1,381	1,574	1,660
Total Value of Fixed Income	3,005	2,794	2,860	2,900	2,953
US Short Duration Fixed Income	1,215	1,053	1,075	1,091	1,105
US Core Domestic Fixed Income	1,790	1,740	1,785	1,809	1,849
Total Value of Operating Cash	2	1	0.4	2	2

NB: Differences in totals are due to rounding.

Appendix V
HSF Portfolio and SAA Benchmark Quarterly Returns
/per cent/

