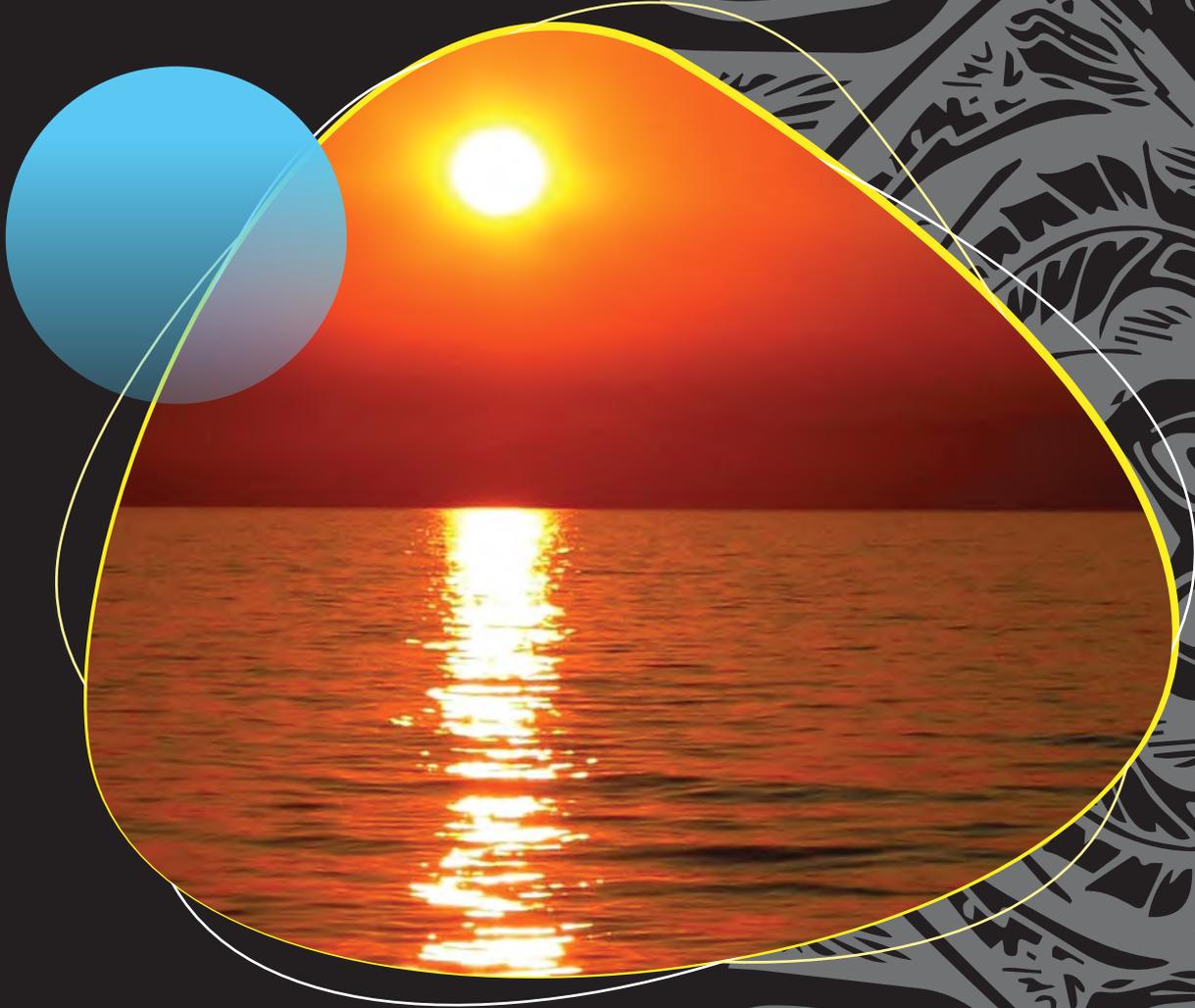


2024 ANNUAL REPORT



nasfund
Ready for tomorrow



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CORPORATE STATEMENT

VISION:

“Our members trusted superannuation fund, providing quality services and financial security”.

MISSION

"We will provide world-class member services using innovative systems and technologies. We will also grow member retirement savings using a balanced fund portfolio to achieve a return above CPI over a rolling 5-year period."

OUR VALUES:




CONNECT

We are connected with our members

- Member **service** is our priority
- We create **positive member experiences**
- We serve with **fairness and diligence**
- We treat everyone with **respect**



TRUST

We are open, transparent and communicative

- We are **transparent** in our actions and behavior
- We deliver with **high ethical standards**
- We value **integrity, honesty and transparency**
- We foster a climate of **trust and support**



RESPONSIBLE

We act within the standards and laws for the benefit of our members

- We provide our people with the **necessary resources** to best serve our members
- We exercise **utmost care** in making business decisions for our members' benefit and **aligned to stakeholder expectations**
- We strive to support the **communities we serve**
- We are **accountable** for the decisions we make every day



GROWTH

We strive to maximize returns for our members

- We encourage **innovative and creative environments** to generate business ideas and solutions
- We drive **performance-based culture** to consistently deliver the best for our members
- We are **future focused and agile** in adapting to changing technology
- We set targets and **exceed expectations**



INSPIRE

We empower our people as capable professionals

- We seek and provide opportunities to **grow and develop** our people for long-term talent succession
- We accept genuine **feedback and challenge** ourselves to be better
- We are **passionate** about the Nasfund's vision and what we do for our members
- We **celebrate and reward** successes

CHAIRWOMAN'S STATEMENT



Tamzin Wardley, LM, MBE
Chairwoman

I am delighted to report that Nasfund growth has continued throughout 2024 despite what has been a tumultuous year both domestically and internationally.

Your Fund has reached the K8 Billion milestone with strong membership growth and investment returns across the portfolio.

In a year shadowed by 'a cost of living crisis' the team at Nasfund has ensured that returns to members remain above expectation. With no major projects commencing in country during the year we have seen strong growth from our existing membership with 56,874 new members and 191 new companies joining the Fund.

Our team has been active in encouraging companies that fall outside the superannuation net to join voluntarily as the benefits to employees are demonstrated. We have taken a fresh look at our voluntary superannuation offering – Eda Supa – and created a new strategy for its growth.

It is important to us that members can access information on their retirement savings at all times. The rollout of our e-branch in 2023 has increased the ways that members can obtain updated information and we continued our physical Branch upgrade program. In Quarter 4 of 2024 the Board approved the complete rebuild of our Boroko Branch. This branch was previously one of our busiest and we expect it to be reopened in June 2025.

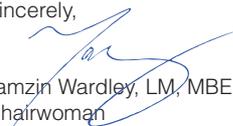
We have also spent considerable effort in reviewing our IT platforms and cyber security. The

Board welcomed our new IT specialist director, Mr Andrew Kitum, a former Nasfund Trainee Director and now chair of our Board Risk Committee.

In an increasingly digital world, PNG cannot afford to be left behind and it is becoming vitally important that our member companies adopt processes that allow a seamless transfer of data. Our members expect their contributions to be recorded immediately and this requires employers to utilise the data portal systems established by the Fund. A special project was carried out during the year to work on contribution legacy issues and this will continue into 2025.

On behalf of the Nasfund Board I thank the Nasfund team for their dedication and continued contribution towards innovation and improvements in how we deliver our services to our members. I thank our Board and Committee members for their insights and commitment to the Fund.

Sincerely,



Tamzin Wardley, LM, MBE
Chairwoman

BOROKO BRANCH ARTIST IMPRESSION - To be re-opened in June 2025.



Artistic Impression: Member service chamber - service with 8 counters and 2 interview/meeting rooms.



Artistic Impression: Chamber capacity can cater for 200 plus members.

2024 AUDITED RESULTS

As of December 2024



Net Asset Value
K8.1b
K7.0b in 2023



Interest Credited
K839m
K584m in 2023



Net Profit after Tax
K849m
K597m in 2023

**ANNUAL INTEREST
CREDITING RATE**

11.75%



Total Membership
715,873
4% growth from 2023



Contributions Received
K793m
K705m in 2023



Benefits paid
K591m
K534m in 2023

Refer to page 06 for the full Five (5) Year Statistical Analysis

CHIEF EXECUTIVE OFFICER'S STATEMENT



Mr. Rajeev Sharma
Chief Executive Officer

Dear Nasfund Members and Employers,

It is with immense pleasure that I present to you the performance and activities of the National Superannuation Fund for the year 2024. This year has been a landmark for Nasfund, achieving the highest financial results in over a decade. Despite the challenges posed by the devastations of "Black Wednesday," the resilience and determination of the people of Papua New Guinea have shone through, reflecting in our Fund's outstanding performance.

Record-Breaking Financial Results

Nasfund achieved unprecedented results in 2024, with growth across all key areas. Our Net Profit After Tax soared to K849 million, marking 42% increase from the previous year's K598 million. Contributions Received reached K793

million, up 12.5% from K705 million in 2023, while Benefits Paid totalled K591 million, compared to K534 million in 2023. This culminated in a Net Asset Value of K8.1 billion, a record increase of K1.0 billion year on year from K7.1 billion. Our total Membership grew by 4% to 715,873 Members and saw a 5% increase in our Employer base. These strong performances led to the declaration of an Annual Crediting Rate of 11.75%, the highest in over a decade, with Members' accounts credited a total K839 million in interest on March 14, 2025, compared to K590 million in 2023.

Drivers of Success

Nasfund navigated factors such as inflation and market volatility despite external economic challenges, we remained focused on three critical areas with careful financial stewardship this allowed us to pass on the maximum benefit to our members:

- 1. Prudent Expense Management** – we maintained a cost discipline, ensuring that our expense growth remained below inflation (CPI).
- 2. Alignment and Renegotiation of Contracts with our Major Service Providers** - Kina Investment & Superannuation Services Limited (Fund Administrator) Ashton Brunswick (Property Management) and BSP Capital Ltd (Licensed Investment Manager) contracts.
- 3. Smart Investment Choices** – Market volatility worked in our favour, particularly in domestic and international equities. Leveraging off our Fund Managers to optimize returns while mitigating risks.

The positive financial outcomes were significantly influenced by total valuation gains of K487 million, up 170% from K180 million in 2023. The robust performance of our blue-chip stock, BSP Financial Group, contributed 59% of total valuation gains, equating to K280 million. Additionally, our investments in International Equities performed better than expected, aided by the depreciation of the PNG Kina.

Strategic Progress and Future Outlook

In 2024, my Executive Management Team and Staff continued to support our Board in implementing Nasfund's new 3-year Strategy. We made significant progress in our priority areas: Ways of Working, Super Education, Growth and Penetration, Portfolio Optimization and Data Governance & Optimization. These efforts position the Fund to remain resilient amidst global and domestic changes, ensuring we continue to serve our members with excellence.

While 2024 has been a remarkable year, I remind members that such exceptional results may not always be sustainable, given the unpredictable nature of global markets and local government decisions. Our approach remains one of careful Fund Management, adhering to our Strategic Asset Allocation and ensuring all compliance requirements and risks are meticulously accounted for. Since valuation gains fluctuate due to external factors, which are beyond our control, this changes our primary focus in ensuring consistent cash income above inflation to provide stable returns over time.

Commitment to Excellence

A fundamental message that Nasfund will be focused on in 2025, is the Employer compliance, ensuring members receive their full benefits aligned with both the Strategic Priorities Super Education and Growth and Penetration.

I assure members that my staff and I will continue to strive for excellence. Through collaboration, innovation, and transformation, we are committed to delivering the best possible results for our member, embodying the true spirit of **Nasfund – Ready for tomorrow.**

Yours Sincerely,


Rajeev Sharma
Chief Executive Officer

FIVE (5) YEAR STATISTICAL ANALYSIS

Statistical Information	2024	2023	2022	2021	2020
Assets & Liabilities					
Net Asset Value (NAV -K'000)	8,132,521	7,067,845	6,299,651	5,940,241	5,573,689
Growth Rate (%)	15.06%	12.19%	6.05%	6.58%	6.27%
Profitability					
Total Comprehensive Income (K'000)	862,664	596,618	256,275	363,290	222,961
Interest Credited to Members' Accounts	11.75%	9.0%	4.3%	6.5%	4.5%
Reserves (% NAV)	0.69%	0.48%	4.3%	0.17%	0.18%
Employers & Active Members					
Number of Active Employers	2,961	3,028	3,020	2,700	2,576
Number of Active Members	219,313	218,744	204,554	191,222	197,824
Total Membership Base	715,873	688,169	653,754	622,938	604,587
Expenses					
Total Expenses (K'000)	75,053	73,814	72,325	62,625	61,908
Management Expense Ratio (MER)	1.02%	1.10%	1.18%	1.09%	1.14%
Fund Administrator's Fees (K'000)	11,224	10,097	9,921	9,199	8,768
Investment Manager's Fees (K'000)	7,653	6,548	6,320	5,673	7,990
Number of Full Time Staff	172	172	183	163	162
Cashflows					
Withdrawals (K'000)	591,341	534,164	546,894	586,114	467,926
Contributions (K'000)	795,616	713,932	648,725	589,376	573,830
Number of Members Receiving Benefit Payment	78,121	79,156	86,394	91,995	93,073
Returns against inflation					
Rolling 5-yr avg. crediting rate (%)	7.21%	6.12%	6.29%	7.55%	8.10%
Rolling 5-yr avg. CPI rate (%)	5.06%	4.92%	4.31%	6.54%	4.26%

Board of DIRECTORS



- 1 Ms. Tamzin Wardley, LM, MBE - Chairwoman
- 2 Mr. Anthony Yaueib - Deputy Chairman
- 3 Mr. Andrew Kitum - Independent Director
- 4 Ms. Julienne Leka-Maliaki - Director
- 5 Mr. Christopher Elphick - Independent Director

- 6 Mr. Leon Buskens - Director
- 7 Mr. Chey Scovell - Director
- 8 Mrs. Florence Willie - Director
- 9 Mr. Michael Murphy - Director (insert)

BOARD DIRECTORS



Ms. Tamzin Wardley, LM, MBE
Chairwoman

Tamzin joined the Board on the 1st of January 2017 as an Independent Director and had been Chair of the Investment Committee until she was elected Chairwoman in October 2022.

Tamzin is a PNG citizen and has over 30 years' experience across a broad range of commercial enterprises. As a finance and governance professional she also sits on

the Boards of Westpac PNG Ltd, Water PNG Ltd and Buk Bilong Pikinini Inc.

She currently works with the Australia Papua New Guinea Partnership Programme in a corporate advisory role with the National Museum.

Tamzin is also very active in PNG sports governance, finance and inclusivity, having sat on a number of sporting organization boards, including

the PNG Olympic Committee and the Pacific Games Council.

Tamzin holds a Bachelor's Degree in Accounting from the University of Queensland and is a Chartered Accountant. She is also a fellow of the PNG Institute of Directors and is a Graduate of the Australian Institute of Company Directors (GAICD).



Mr. Anthony Yauieb
Deputy Chairman

Anthony joined the Board on the 24th of February 2020 as a Independent Director and is Chair of the Audit and Risk Committee. He was elected Deputy Chairman of the Board in October 2022.

He served as Deputy Secretary for Economic and Fiscal Policy with the Department of Treasury until 2015. He was Macroeconomic and Fiscal Policy Advisor with the Office of

the Deputy Prime Minister & Minister for Treasury until 2018. An economist by profession, Anthony holds degrees in Economics from the University of Buckingham and Oxford University, both in the United Kingdom.

He has sat on a number of the public sector Boards including Independent Public Business Corporation of PNG, Ok Tedi Mining, Investment Promotion

Authority and Civil Aviation Authority in ex officio and alternate director capacities. Anthony was previously an independent Director on BSP Life (PNG), and was the President of Papua New Guinea Institute of Directors.



Mr. Leon Buskens
Director

Leon joined the Board on the 1st of January 2018 and is a representative Director for the PNG Chamber of Commerce and Industry. He is a member of the Investment Committee and also the Audit and Risk Committee.

Leon has a wealth of experience in the superannuation industry spanning 22 years, including a period where he was Managing Director of Nambawan Super

Limited (previously POSF) from 2002 - 2011.

He is currently Country Manager of Santos Limited in PNG. Prior to that, he was the Country Chairman since 2012. He sits on the Boards of SP Brewery, National Football Stadium, Santos Foundation, Gazelle International Hotel and Kopkop College, and is Chairman of Investment Promotion Authority of PNG. Leon is a business graduate

from the Papua New Guinea University of Technology and has a Masters of Business Administration from the Royal Melbourne Institute of Technology.

He is a professional Member of the PNG Institute of Directors (PNGID), Australian Institute of Company Directors (AICD) and a Council member of the PNG Chamber of Resources and Energy.



Mr. Michael Murphy
Director

Michael was appointed to the Board on the 11th of July 2019 as an Independent Director. He is the Chair of the Audit Committee and a member of the Investment Committee.

He currently runs his own superannuation and actuarial consulting firm.

Michael is a qualified Actuary, with over 40 years of superannuation and consulting experience with Aon (most recently as an Asia/Pacific Partner), Mercer and AMP. He also has over 15 years of experience on superannuation trustee boards in both Australia and PNG.

Michael was a Trustee director of the Aon Master Trust in Australia for 14 years from 2003 to 2017 and was also a Trustee director of the Aon Master Trust (PNG) from 2007 to 2018.

BOARD DIRECTORS



Mrs. Florence Willie
Director

Florence joined the Board on the 1st of January 2019 as the representative Director of the Employers Federation of Papua New Guinea (EFPNG).

She is the Chair of the Membership Committee and a member of the Audit and Risk Committee.

She is the Executive Director of the EFPNG and has served for 14 years in that capacity. Florence is a lawyer by profession and started her career with the law firm Blake Dawson

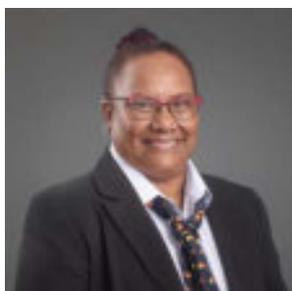
Waldron (now Ashurst Lawyers).

She is a member of the EU-ACP follow-up Committee, the National Skills Development Agency, the National Training Council, the National Apprenticeship and the Trade Testing Board and National Tripartite Consultative Council.

She has extensive experience in human resources management, industrial relations and labour and employment law. Florence is highly regarded in

the sector and is also involved in negotiations between industry and the unions.

Florence holds a Bachelor of Laws from the University of Papua New Guinea. She is a Member of the PNG Law Society, a Fellow of the PNG Human Resource Institute, A professional Member of the Papua New Guinea Institute of Directors and a Member of the Australian Institute of Company Directors.



Ms. Julienne Leka-Maliaki
Director

Julienne was appointed as an Independent Director to the Board on the 10th of September 2020. She is the Chair of the Remuneration and Nomination Committee and a member of the Investment Committee.

She is currently Deputy Team Leader of an Australian Government infrastructure programme, the Incentive Fund. Her previous employment includes seven (7) years working for the Australian Government's Economic

Partnership Program at the Australian High Commission and eighteen (18) years working for PNG Investment Promotion Authority.

She has twenty six (26) years of experience in development cooperation, public policy management, trade and investment facilitation, rural and agriculture development, corporate governance and private sector development. Julienne also has an active role in civil society and sports

governance and was the past President and Chair of the PNG Netball Board, and was a Commissioner of PNG Sports Foundation.

Julienne holds a Bachelor in Business Management, majoring in Strategic Management and Public Policy Management from the University of PNG. She is a member of the PNG Institute of Directors and a member of the Australian Institute of Company Directors.



Mr. Christopher Elphick
Director

Christopher joined the Board on 1 October 2022 as an Independent Director. He is a member of the Remuneration and Nomination Committee and Chair of the Investment Committee.

He is also currently the Chairman of Nasfund Contributors' Savings & Loans Society, (NCSL).

He is also the Executive Director of local PNG retailer Tohouwa (PNG) Ltd Trading as

FairPrice and is a Director of Trading Company Natu Investments (PNG) Ltd.

Christopher is a member & Director of Transparency International PNG, a founding member and Treasurer of the Young Professional Network of PNG Inc. and an active member of the Badili Club.

Christopher holds a Bachelor of Science (BSc) in Business Management from the Universi-

ty of Surrey, UK, with majors in Marketing and Management. He is an alumni of the United World College of South East Asia.

Christopher is a proud graduate of the Nasfund Trainee Directorship Program 2014 cohort.

He is a member of the PNG Institute of Directors and the Australian Institute of Company Directors.



Mr. Chey Scovell
Director

Chey joined the Board, as a representative Director, on March 1, 2023, representing the Manufacturers Council, where he has held the position of CEO since 2007. He is a member on the Nasfund Board's Remuneration & Nomination and Investment Committees.

His career spans senior positions in business and government in Australia and PNG where he has played instrumental roles in trade, economic reform, employment, infrastructure, sports, standards and conformance and health

policy development, as well as shaping and negotiating international trade agreements for the PNG government.

In 2011 he founded Sapience Entertainment promoting music and the contemporary arts, and in 2015 Sapience Ltd a PNG-based firm specializing in investment facilitation, economic empowerment, public policy and political advisory. He holds leadership roles such as Vice President of the Port Moresby Chamber of Commerce and Director of the PNG Chamber of Commerce.

Chey also represents PNG on the APEC Business Advisory Council (ABAC).

A member of both the PNG Institute of Directors and the Australian Institute of Company Directors, Chey's academic background includes a Bachelor of Asian Studies (Economics and Political Science) from Griffith University, Graduate Diplomas in Export Management and Public Finance, and Level 5 certification in public procurement. He is currently pursuing a Master of Law at Southern Cross University in Australia.

BOARD DIRECTORS



Mr. Andrew Kitum
Independent Director

Andrew joined the Board as an independent Director on December 16, 2023. He is a seasoned IT professional with a wealth of experience in executive technology roles across diverse industries, including the Big Four, oil and gas, shipping, insurance, and health sectors in Australia, Papua New Guinea, and the Pacific region. Andrew is also a gradu-

ate of the NASFUND Trainee Directorship Program's 2018 cohort.

He holds a Master of Business Administration with a specialization in Digital Business from the Australian Institute of Business and a Bachelor of Science in Mathematics and Computer Science from the PNG University of Technology,

along with various global industry certifications. Andrew has extensive expertise in Digital Transformation, Project and Change Management, Cybersecurity, Cloud Technology, and IT Governance. He is currently the Head of Digital Transformation at Green Cloud Consulting, a technology consulting firm based in Australia.

TRAINEE DIRECTORS



Ms. Euodia Mosoro
Trainee Director

Euodia is currently employed as a Senior Program Manager at the Australian High Commission. Her role is focused on strengthening PNG's sub-national development and service delivery.

A Master of Public Health graduate from the University of Melbourne specialising in Epidemiology and Program

Evaluation. She is an Australia Awards Alumni 2019 and was awarded the Alison Sudrajat Prize. She has Bachelor of Science in Biomedical Science from University of Western Australia.

She is currently working in development and describes her role as using a public health lens to design, develop,

implement, and evaluate, sustainable evidence-based programs for resource-limited settings in Papua New Guinea.

She is a passionate advocate for Women in Science, Technology, Engineering and Mathematics (STEM).



Ms. Maryanne Tusais
Trainee Director

Maryanne is a lawyer by profession with 9 years of experience, practising primarily in civil and commercial litigation and now administrative law.

She attained her Bachelor of Laws degree with honours from the University of Papua New Guinea in 2013, undertook post graduate legal training at the

Legal Training Institute in 2014 and was admitted to practice law in 2015.

Maryanne is currently the Principal Legal Officer of the National Capital District Commission (NCDC).

Prior to joining NCDC, she was employed with the law firm Dentons PNG, where she began her legal career in 2015

and worked her way up to the position of Senior Associate in 2020 which she held until 2023.

Maryanne is a member of the PNG Institute of Directors, PNG Women Lawyers Association and the Young Professionals Network.



Mr. Anthony William Roden - PARU
Trainee Director
Resigned - 12/12/2024

Anthony is a lawyer by profession and is currently a Senior Associate within the Disputes & Investigations team at Allens Linklaters. Anthony started his legal career as a graduate lawyer at Albatross Law in 2015 and has since worked his way up into more senior roles within the private practice. Prior to joining Allens, he held the same role with O'Briens Lawyers.

Anthony's primary area of practice is civil and commercial litigation. In addition to he has attained corporate and in-house experience from a secondment with the Steamships Trading Company and employment within the BSP Financial Group's Legal Business Unit.

Anthony graduated with a Bachelor of Laws Degree from

the University of Papua New Guinea, (UPNG) in 2013. In 2014, he pursued further legal education at the Legal Training Institute before being admitted to practise law. He completed the Victorian Bar Readers Course in Melbourne, Australia in 2022 where he signed the Roll of Overseas Counsel, further enhancing his legal and professional capabilities

Executive MANAGEMENT



- 1 Mr. Rajeev Sharma - Chief Executive Officer
- 2 Ms. Fiona Nelson - Chief Investments Officer
- 3 Ms. Doris Gedare - General Manager Legal
- 4 Mr. Arua Taravatu - General Manager IT & Innovation
- 5 Ms. Anne Wilson - Chief Member Services Officer
- 6 Mr. Turaho Morea - Chief Communications Officer
- 7 Mr. Vincent Lialu - General Manager Talent & Culture
- 8 Mr. Judah Waffi - Executive Officer to CEO (Insert)
- 9 Ms. Lisa Costigan - General Manager Risk & Compliance
- 10 Ms. Jamie Lee-Loh - Company Secretary (Insert)
- 11 Ms. Debbie Oli - Chief Financial Officer

EXECUTIVE MANAGEMENT



Mr. Rajeev Sharma
Chief Executive Officer

Rajeev is the CEO of Nasfund. Prior to his appointment as CEO on April 1, 2023, he served as the Fund's Chief Operating Officer,

He joined the Fund on 16 October 2014 as Chief Financial Officer.

With over 30 years of experience of working with big corporates, multinational

companies and financial institutions, Rajeev has held senior roles in PNG since 2002, as well as in India and Middle East.

He holds Bachelor Degree with Honours in Commerce from Delhi University, India.

Rajeev has professional accounting degree of Chartered Accountant from India and CPA from Australia.

Rajeev is also a member of CPA (PNG).

Rajeev is a graduate of Australian Institute of Company Directors (AICD), and a member of Papua New Guinea Institute of Directors (PNGID).

He is also an active member of the PNG Accounting professional body and India Association of PNG.



Ms. Debbie Oli
Chief Financial Officer

Debbie joined Nasfund as the General Manager for Finance and Administration in July 2023.

Before joining Nasfund, she was an Assurance & Advisory partner with Deloitte Touche Tohmatsu.

She holds a Bachelor's Degree in Accounting and Management from the Pacific Adventist University.

With over 16 years of experience in external audit and finance, Debbie has worked across the Pacific Region and throughout Australia.

She has also worked in the UK. Her experience spans across various industries in both the private and public sectors.

Debbie is a Fellow CPA PNG, and a Graduate of the Australian Institute of Directors.



Ms. Fiona Nelson
Chief Investments Officer

Fiona joined Nasfund on 17 August 2020 as Joint Chief Investment Officer. In 2021, she assumed the role of Chief Investment Officer (now General Manager Investments).

Prior to joining the Fund, she was the General Manager PNG Commercial, and former Vice President of Oil Search Asset Strategy.

Fiona has over 15 years of experience in financial economics, public policy and portfolio management.

She has worked with PacWealth Capital as Head of Investments, and with Kumul Consolidated Holdings (KCH) as Senior Portfolio Manager.

Fiona holds a Bachelors Degree in Business Economics from the Massey University, New Zealand and a Masters of Science in International Economics and Public Policy from Cardiff University, United Kingdom.



Ms. Anne Wilson
Chief Member Services Officer

Anne is the Chief Officer Member & Employer Services.

She joined Nasfund on 18 May 2020.

Anne possesses a wealth of Fund Admin and leadership experience, she shares our vision of building a world-class superannuation fund for Papua New Guineans.

Before joining Nasfund, Anne was Head of Superannuation Services at Aon Master Trust, another Approved Superannu-

ation Fund in PNG. Prior to this, she was head of the Aon Hewitt Fund Administration, who were Nasfund Fund Administrators from May 2002 until June 2017.

She has a wealth of Fund Administration and leadership experience, which aligns with the Fund's Board strategic objective of enhancing our outsourced Fund Administration relationship.

Anne holds a Master of Business Administration from the University of PNG, a Bache-

lors Degree in Business from Southern Cross University, Australia (Affiliated to IBS) and a Diploma in Accounting from University of Technology.

She recently attended management training at the Melbourne Business School.

She is a professional member of PNGID and a graduate of the Australian Institute of Directors (AICD).

EXECUTIVE MANAGEMENT



Ms. Jamie Lee-Loh
Company Secretary

Jamie-Lee Loh joined Nasfund in March 2024 as the Company Secretary, bringing with her a strong background in corporate governance and legal expertise. Prior to joining Nasfund, Jamie-Lee worked at BSP Financial Group Limited, where she started her legal career in 2019 as a graduate and advanced to the role of Assistant Company Secretary and Acting Company Secretary.

Jamie-Lee holds a Bachelor of Laws from the University of Papua New Guinea and completed her post-graduate legal training at the Legal Training Institute before being admitted to practice law in 2019. In addition to her legal qualifications, she has undergone general management training at the Melbourne Business School, further enhancing her leadership and corporate

governance skills.

In her role at Nasfund, Jamie-Lee is responsible for ensuring that the company adheres to high standards of corporate compliance and governance, contributing to the continued success and integrity of the organization.



Ms. Doris Gedare
General Manager Legal

Doris was appointed to General Manager Legal on 01 January 2024. Prior to that, she was the Company Secretary, a role she held since 2020. Doris started with Nasfund as Manager Legal on 20 October 2014.

She has over 25 years' experience in the legal fraternity, having experience in litigation and commercial law in various private law firms, starting her career with Blake

Dawson Waldron (now Ashurst Lawyers).

Before joining Nasfund, Doris worked at Steamships Trading Company Ltd for eight years and prior to that, she had a 3 year stint with Department of Treasury.

Doris holds a Bachelor of Laws Degree from the University of PNG, Master of Law from Monash University, Melbourne,

Australia and a Master in Business Administration from the Divine Word University.

She recently attended management training at the Melbourne Business School.

She is a professional member of PNG Institute of Directors (PNGID).



Mr. Arua Taravatu
General Manager Information Technology & Innovation

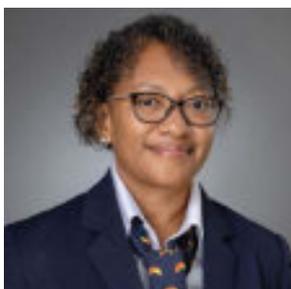
Arua joined Nasfund on 4 February 2019 as Manager Information Technology. After a 6-month acting period, he was appointed General Manager Information Technology & Innovation (now General Manager Information Technology & Innovation) on 1 August 2022.

Arua has a strong background in network engineering and solution architecture, having led multi-disciplined, technical teams and initiatives, from conception to implementation.

He commenced his career with Data Nets (now a Digicel business), followed by 8 years at Telekom PNG holding leadership roles in ISP Operations,

Core Internet Protocol (IP) Services, and Fixed & IP Architecture.

Arua holds a Diploma in ICT from the Waikato Institute of Technology, New Zealand, a Bachelor of Management from the Divine Word University, PNG, and an MBA from the University of Illinois, USA.



Ms. Lisa Costigan
General Manager Risk & Compliance

Lisa joined Nasfund in October 2015 and served in different capacities across the fund, including Manager Risk & Compliance, Manager Finance, and Head of Internal Audit, before being appointed to her current role as General Manager, Risk & Compliance in September 2023.

She is an experienced accounting, audit and risk professional with over two decades of experience in external and internal audit, risk and finance.

Lisa has a Bachelor's Degree in Accounting from Pacific Adventist University, CPA PNG

certification, and an MBA from Torrens University.

She is a professional member of PNGID and a graduate of the Australian Institute of Directors (AICD).

EXECUTIVE MANAGEMENT



Mr. Judah Waffi
Executive Officer to CEO

The late Judah Waffi was the Executive Officer to the CEO, a role he assumed midway through the financial year.

With 18 years of experience in investment advisory and senior management, Judah has worked with prestigious organizations such as Bank of PNG, BSP Capital, PNG Ports Corporation, MRL Capital,

National Airports Corporation, and Kina Securities.

He held a Bachelor of Economics from the University of Papua New Guinea.

Additionally, Judah was an active member of the Papua New Guinea Institute of Directors and an Associate Member of the Financial

Services Institute of Australasia, showcasing his dedication to professional development and leadership in the financial sector.

Judah was a great colleague and will be missed by all who came to know him.

Vale!



Mr. Vincent Lialu
General Manager Talent & Culture

Vincent joined Nasfund on 23 January 2017 as Chief Officer Human Capital (now General Manager Talent & Culture), until his resignation on the 23 of January 2025.

He is a qualified HR Professional with 18 years experience in managing a full spectrum of Human Resources, Learning & Development, Talent and Change Management.

Vincent is responsible for

developing and implementing an organization – wide human resource strategy that aligns with Funds strategic vision.

Prior to joining Nasfund, Vincent served as HR Manager with Puma Energy PNG. He began his career with SP Brewery Limited as Graduate Trainee before making a career transition to BAT (PNG) Limited as HR Business Partner.

In 2012 Vincent was appointed

as HR Manager with InterOil Limited Refinery before the acquisition by Puma Energy in 2014.

Vincent holds a Bachelor of Arts Degree from University of PNG and is a member of AHRI, PNGHRI and PNGID.

Vincent is most passionate about strategic people leadership agenda and HR transformation programs that adds value to its employees and business.



Mr. Turaho Morea
Chief Communications Officer

Turaho was appointed as the Chief Communications Officer midway through the financial year after the establishment of Marketing, Communications and Research Division.

Prior to his appointment, Turaho was the Head of Strategy and Implementation, overseeing the management and delivery of the Board's 5 year strategy.

Turaho is a journalist by profession and was also a television news anchor for 11 years.

Turaho tendered his resignation on the 27th of November, 2024 to pursue his entrepreneurial interest.

2024 PICTORIAL HIGHLIGHTS

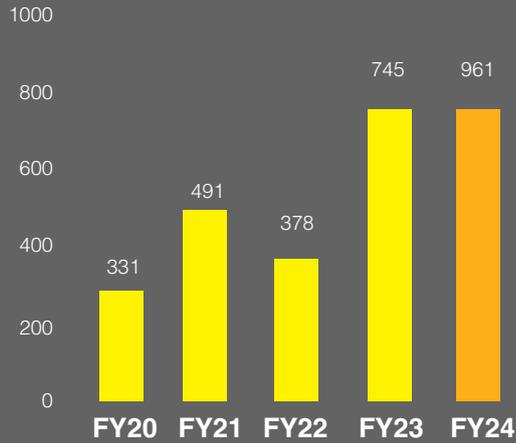


2024 Annual

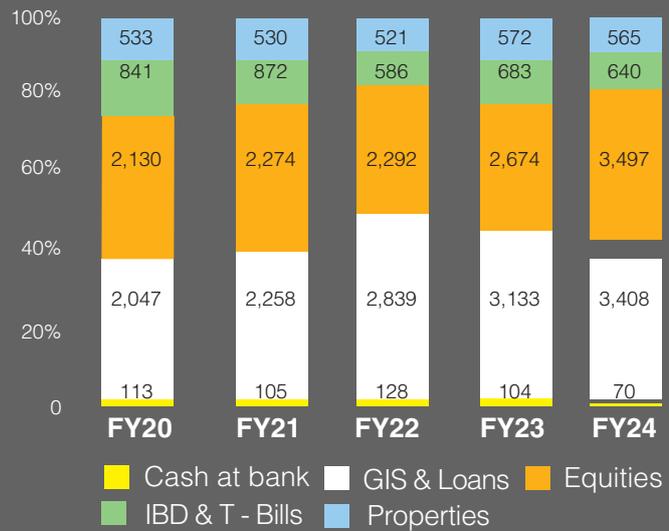
Investment

HIGHLIGHTS

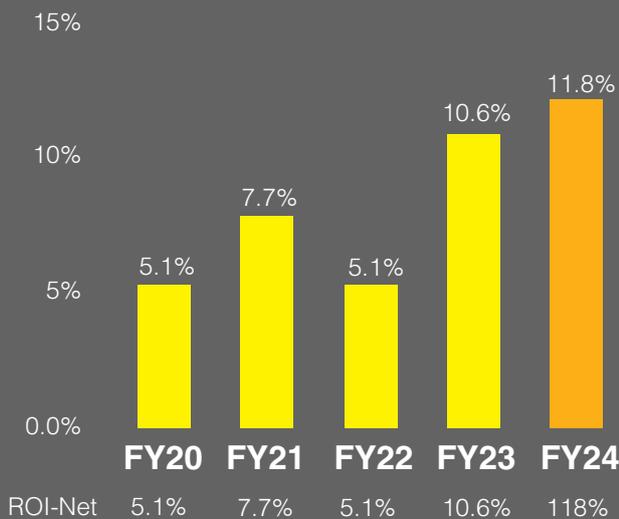
Net Investment Income (K'm)



Investment Portfolio assets (K'm)



Return on Investment (Net)

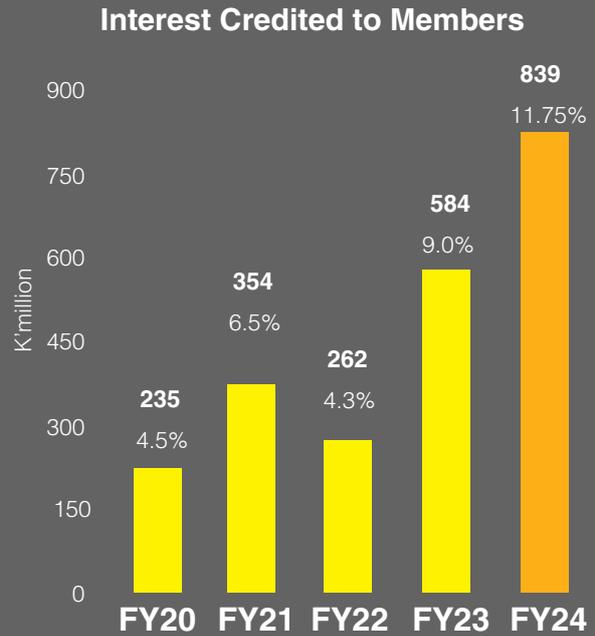
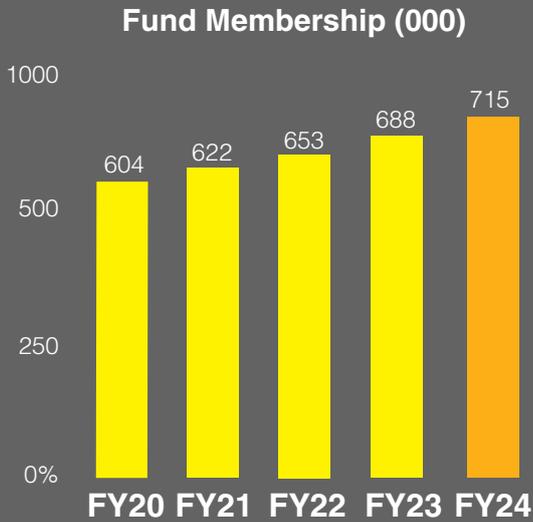


Portfolio Growth



ROI-Net 5.1% 7.7% 5.1% 10.6% 11.8%

Membership



Benefit payments

K591.3m

paid out to members during the year

Unemployment



K66.3m

K95.5m in 2023

Housing Advance



K50.2m

K38.6m in 2023

Retirement



K465m

K729m in 2023

Medical Grounds



K6.8m

K7.2m in 2023

Death



K34.8m

K29.9m in 2023

Transfer Out



K9.3m

K8.6m in 2023

Eda Supa Withdrawals



K8.5m

K5.6m in 2023

Membership by age & gender

Status	Active	Balance	Inactive	Balance	Total	Balance
Age Groups	Membership		Membership		Membership	
18-20	504	K368.5m	164	K0.1m	668	K0.5m
21-30	50,752	K205.3m	46,676	K58.5m	97,428	K263.8m
31-40	71,325	K1,231.4b	115,579	K323.8m	186,904	K1,555.2b
41-50	45,630	K1,810.2b	84,858	K443.3m	130,488	K2,253.5b
51-55	14,269	K825.4m	44,176	K232.5m	58,445	K1,057.9b
56-60	8,963	K674.4m	22,947	K187.5m	31,883	K862.0m
60-65	7,510	K372.4m	121,612	K358.5m	129,122	K730.9m
65+	2,901	K188.1m	32,120	K193.2m	35,021	K381.2m
Dummy DOB	8,984	K52.6m	36,123	K40.4m	45,107	K93.0m
TOTAL	210,811	K5,360.3b	504,255	K1,837.7b	715,066	K7,198.0b

CORPORATE GOVERNANCE

Corporate Governance

The Fund is an "Approved Superannuation Fund" (ASF) regulated by the Bank of Papua New Guinea under the Superannuation (General Provisions) Act 2000 and various Prudential Standards.

In addition to its Constitution, the Fund has adopted various policies and procedures, which are reviewed regularly by the Board committees and complement the regulatory framework in ensuring that a 'best practice' governance culture is maintained within the Fund.

Board Composition

Nasfund has a Board of 10 directors, comprised of 6 independent directors and 4 representative directors nominated by the following organizations:

- Employers Federation of PNG
- Manufacturers Council of PNG
- PNG Chamber of Commerce and Industry, and
- PNG Trade Union Congress (PNGTUC).

The majority of the Board is comprised of independent directors in accordance with the Constitution of the Fund and Bank of PNG Prudential Standard 7/2012.

Once appointed to the Board, each director has a duty to act in the best interests of all Nasfund members regardless of their nominating entity. Board changes during the year. There were no changes to the Board composition within the year. The PNGTUC representation is vacant.

Board Performance

The Board has a process where directors are assessed regularly and their performance reviewed independently and through self-assessment. A skills matrix is in place and is regularly updated.

Board Diversity

The Nasfund Board believes that, ultimately, the Fund will make better decisions that take into account the best financial interests of its members through the use of a broad range of experiences, backgrounds, and points of view.

Young Trainee Directors Program

Initiated in 2007 the program provides three (3) applicants the opportunity to experience first hand boardroom dynamics, board protocol, good governance and in general understand the role of a director. This program is for a period of two (2) years.

Board Committees

The Board has five committees. Each committee carries out its roles and responsibilities pursuant to their respective charters and report to the Board.

The Committees are:

- Audit Committee
- Risk & Compliance Committee
- Investment Committee
- Remuneration & Nomination Committee
- Membership Committee

Audit Committee

The role of the Audit Committee is to support the Board in carrying out its corporate governance and supervisory duties as well as:

- overseeing the Fund's financial performance and budgetary process;
- considering financial reports from the Finance Division; and considering reports from the Auditors (internal and external);

Risk & Compliance Committee

The Risk & Compliance Committee's primary function is to assist the Board in discharging its statutory, fiduciary, governance and regulatory responsibilities in relation to risk and compliance.

This involves:

- ensuring that appropriate controls are in place to identify and mitigate risks on an ongoing basis;
- ensuring that a strong Risk Management culture is instilled throughout the Fund; and
- reviewing and adopting various policies within its domain.

Investment Committee

The role of the Investment Committee is to support the management of the Fund's investments.

The main roles and responsibilities of the Investment Committee include:

- making appropriate recommendations to the Board on investment proposals from the Licensed Investment Manager (LIM) and the Fund's internal investment division;
- reviewing the Fund's Investment Framework and Strategic Asset Allocation;
- ensuring appropriate systems and controls are in place to effectively monitor and evaluate the Fund's investment portfolio on an ongoing basis; and
- reviewing various policies within its domain.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for:

- reviewing and approving the Fund's organizational structure;
- appointment and remuneration of the CEO;
- developing the Board Skills Matrix and overseeing the selection and appointment of new directors;
- developing and implementing succession plans for the Board and CEO;
- implementing professional and continuous staff improvement programs; and
- reviewing various policies within its domain.

Membership Committee

The Membership Committee is responsible for:

- all strategies and actions, which are relevant to the delivery of efficient member and employer services, products and benefits; and,
- ensuring that the Licensed Fund Administration Managers performance is in accordance with the Act and the Service Level Agreement.

CORPORATE GOVERNANCE

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held in 2024 and the number of meetings attended by each Director (while they were a Director or committee member). Trainee directors are also included.

	Board	Audit & Risk ¹	Audit	Risk & Compliance ¹	Investment	Remuneration & Nomination	Membership	Workshops
Number of meetings held	6	1	3	4	8	3	6	2
Directors								
Tamzin Wardley	6 (6)							2 (2)
Anthony Yauieb	6 (6)	1 (1)		4 (4)	8 (8)			5 (6) ²
Leon Buskens	6 (6)	1 (1)				3 (3)	3 (5) ³	2 (2)
Michael Murphy	6 (6)		3 (3)		8 (8)		1 (1)	2 (2)
Florence Willie	6 (6)	1 (1)	3 (3)	4 (4)			6 (6)	4 (6) ²
Julienne Leka Maliaki	6 (6)		3 (3)		1 (1)	3 (3)		2 (2)
Christopher Elphick	6 (6)				8 (8)	3 (3)		1 (2)
Andrew Kitum	6 (6)	1 (1)		4 (4)			6/6	6 (6) ²
Chey Scovell	6 (6)				7 (8)	3 (3)		2 (2)
Co-opt Members								
Winifred Kula							5 (6)	
Pansy Taueni-Sialis ⁴							1 (1)	
Trainee Directors								
Anthony Roden Paru ⁵	5 (5)	1 (1)		4 (4)				4 (6) ²
Euodia Mosoro	5 (6)						5 (6)	1 (2)
Maryanne Tusais	5 (6)				4 (8)			2 (2)

Notes:

- Numbers shown in brackets represent the number of meetings each director was eligible to attend.
- 1 The Audit & Risk Committee was split in March 2024 into the Audit Committee and the Risk & Compliance Committee;
- 4 Mrs. Pansy Taueni-Sialis was appointed on 12 September 2024 as a co-opt member of the Membership Committee; and
- 5 Mr. Roden-Paru stepped down as a Trainee Director on 12 December 2024.

Trustee Remuneration - The following table details the remuneration paid and payable to directors of Nasfund in the 2024 financial year.

	Director / Member fee (net)	Board / Committee Meeting sitting fee (net)	Workshop sitting fee (net)	Total
Directors				
Tamzin Wardley	K143,520.00	K5,500.00	K2,000.00	K151,020.00
Anthony Yauieb	K126,960.00	K17,500.00	K5,000.00	K149,460.00
Michael Murphy	K132,379.31	K16,500.00	K2,000.00	K150,879.31
Julienne Leka-Maliaki	K121,440.00	K12,500.00	K2,000.00	K135,940.00
Christopher Elphick	K121,440.00	K15,500.00	K1,000.00	K137,940.00
Andrew Kitum	K121,440.00	K16,500.00	K6,000.00	K143,940.00
Florence Willie	K121,440.00	K19,500.00	K4,000.00	K144,940.00
Leon Buskens	K110,400.00	K13,500.00	K2,000.00	K125,900.00
Chey Scovell	K110,400.00	K14,500.00	K2,000.00	K126,900.00
Co-opt Members				
Winifred Kula	K26,000.00	K5,000.00		K31,000.00
Pansy Taueni-Sialis ¹	K7,853.00	K1,000.00		K8,853.00
Trainee Directors				
Anthony Roden-Paru		K4,750.00	K2,000.00	K6,750.00
Euodia Mosoro		K5,000.00	K500.00	K5,500.00
Maryanne Tusais		K4,500.00	K1,000.00	K5,000.00

Note: ¹ Mrs. Taueni-Sialis was appointed a co-opt member of the Membership Committee on 12 September 2024.

CORPORATE GOVERNANCE

Board Evaluation

The Board is made up of ten (10), representing a mix of independent and representative directors of the four (4) shareholders of the trustee company, National Superannuation Fund Limited.

The Board has a process where directors are assessed regularly and their performance reviewed independently and through self-assessment.

Effective Governance

The Board believes that in order to accomplish our strategic goals, which is ultimately focused on giving our members good retirement outcomes, we must maintain a high standard of corporate governance. The Nasfund Board is responsible for managing the Fund in accordance with its fiduciary and legal duties and is required to put members' interests first. Ensuring that an efficient corporate governance framework is in place that closely complies with industry best practices is a fundamental part of the Board's purpose.

The Board strives to adopt best practice corporate governance standards that have been recognized within the Papua New Guinean superannuation and financial services industries as well as

globally. We've made significant investments in our corporate governance framework, as well as continuing to review and update practices according to industry standards and legal requirements at both national and global level. The governance framework, which promotes and enhances good governance as well as monitoring and reporting on this capability, is a comprehensive set of systems, structures, policies, procedures and controls in the functioning of the Fund's business.

Conflict of Interest & Disclosure

The Fund maintains a register of interest which keeps a record of any shareholding, membership or directorship which a Director or Executive may have with any company (private or public) or organization within PNG or abroad.

Directors and Executives are also required to disclose any conflict or interest in a matter for discussion at Board and Committee meetings. A Director or Executive may be excused from discussions at that matter where necessary. Refer to Note 22(vi) of the Financial Statements for the full disclosure of interest register for Directors.

Remuneration of Executives

Salaries, superannuation contributions, and allowances make up executive remuneration. Nasfund's Reward Framework is founded on several design tenets, such as the notion that executive compensation should be

evidence-based, performance-linked, and focused on long-term member benefits.

The Board sets the compensation for the executive management employees in consultation with the CEO and the Remuneration & Nomination Committee. After reviewing the CEO's compensation, the Remuneration & Nomination Committee recommends to the Board that the CEO's compensation be approved.

Executive remuneration is benchmarked against independent external sources.

Remuneration of Directors

The Board believes that it is crucial to good governance to make sure that individuals with the necessary qualifications and skills are drawn to and kept on the Board, and that they are fairly compensated for their time, effort, and assumed legal liability.

Sitting fees and quarterly allowances make up the director's compensation. Directors only receive fees in exchange for their services overseeing the Fund. The director's compensation has no performance-based component.

Director remuneration is benchmarked against independent external sources.

Chairs of committees receive an additional 10% on the quarterly allowance.

RISK MANAGEMENT

Risk Management Framework (RMF)

At Nasfund, we take a systematic and structured approach to risk management across all our business units and the processes we have place to support the achievement of business and strategic goals, continuity of operations and safeguarding of company assets.

The RMF is the totality of systems, structures, policies, processes, and people within the Trustee's business operations that identify, assess, manage, mitigate, and monitor all internal and external sources of inherent risk that could have a material impact on its business operations or the interests of beneficiaries (material risks). The RMF was reviewed during the reporting period.

The RMF serves as a management tool to enable the Trustee to develop and implement different strategies, policies, and controls to appropriately manage different types of material risks. By giving effect to the RMF, the Trustee ensures that each material risk to the Trustee's business operations is being prudently managed, having regard to the size, business mix and complexity of its operations. The RMF determines Nasfund's risk appetite and risk tolerance which is expressed in the Risk Appetite Statement.

While business units are responsible for their own risk management, the risk management function has ultimate oversight throughout the company to ensure visibility of risks and risk management activities covering all risks from strategic and operational to financial.

The responsibility for overall risk management is vested with the Board. However, the Management and staff at all levels have a responsibility and a part to play in the risk management process.

Compliance

Management provides the Risk & Compliance Committee (RCC) with regular updates regarding all compliance matters including compliance with all statutory, regulatory and legal obligations.

All investigation and follow up of any fraudulent activities or any non-compliance issues are also reported to RCC.

Management along with the RCC and Board review any findings made by regulatory agencies and respond accordingly.

Internal Audit

In line with Audit Charter, Nasfund's Internal Audit function has direct access to the Audit Committee (AC) and to the full Board. All findings and recommendations made by the internal audit team are reported to the AC and ultimately to the Board, and any significant findings are addressed promptly. The committee monitors and ensures that management responds to recommendations by the internal auditors on a timely basis.

External Audit

This is KPMG's second year as external auditors. KPMG, as a matter of independence do not provide NASFUND with any non-audit service and have provided the required independence declaration which forms part of their audit opinion. The external audit performance and appointment is reviewed on an annual basis.

The lead audit director and partner, both attend the Audit and Risk Committee or Board meetings as and when required. As part of independence and good practice the KPMG team also meets with the Committee or Board without the presence of management.



Photo from Left to Right: Branch Officers in-charge (OIC) attended a leadership succession planning session in Port Moresby.

Back Row: Martin Newman - Buka, Moses Kawi - Popondetta, Wilson Toarino - Kimbe, Richard Manijembi - Maprik, Michael Wende - Alotau, Alex Weveka - Vanimo, Aries Materson - Kokopo, Christopher Henepia - Goroka, Geno Muspak - Wabag, Pagel Yawani - Wewak.

Front Row: Eltha Miroi - Lihir, Hilda Johnathan - Tabubil, Priscilla Wambi - Mt. Hagen, Hilda Kanawi - Bialla, Ancie Laim - Madang.

TALENT & CULTURE

Our People

At Nasfund, our team operates from offices and branches in Port Moresby, Lae, and 19 other locations nationwide. With over 180 dedicated staff members, we bring together a diverse range of backgrounds, skills, and perspectives to serve our members effectively.

We take pride in fostering an inclusive and equitable workplace.

Currently, 5 women hold executive leadership positions, representing 50% of our EXCOM team.

Employee Further Education Assistance Program (Efeas)

Nasfund staff completed their respective programs at the Divine Word University Flexible Learning Center. This program is part of our ongoing training and development initiative aimed at identifying and developing talent through on-the-job training and investment in leadership development through such programs

Since 2017, Nasfund has sponsored a total of 25 staff undertaking diploma and degree programs with three (3) MBAs under the EFEAS since the policy came into effect in 2017.

We will continue to provide opportunities to support our people in our efforts to build a sustainable talent & leadership pipeline that will serve our members.

Core Values Aligned To Monthly CEO's Awards

As part of our continuous efforts to embed our CORE Values across the business, Nasfund undertook an initiative to align our monthly CEO's awards to reward staff performance that exemplified each value.

A total of 30 employees were awarded for demonstrating our values of connect, trust, responsible, growth, and inspire.

These aspiring values continue to serve as a guiding principle that defines who we are and what we stand for.

Staff Recognised For Long Service To The Fund

A total of eighteen (18) employees were recognized for their long service to the fund. Each ranges from 10, 15, 20 to 25 years, respectively, with a total cumulative of 260 years of continuous service to the fund.

Nasfund prides itself on the high retention of employees and will continue to celebrate this achievement with our people.

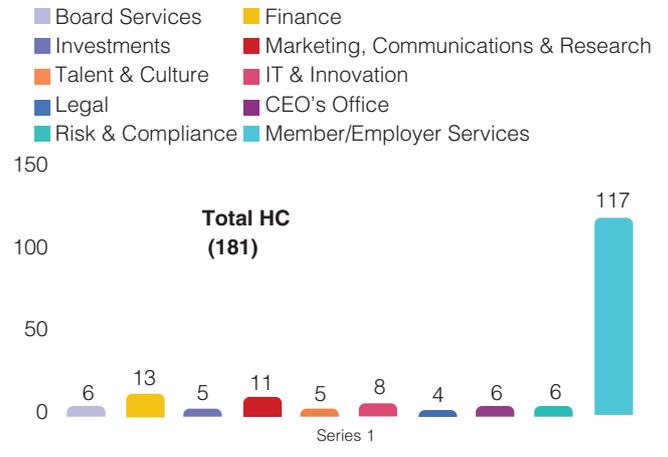


Long serving staff Anapu Anapu receiving his long service award certificate from CEO, Rajeev Sharma.

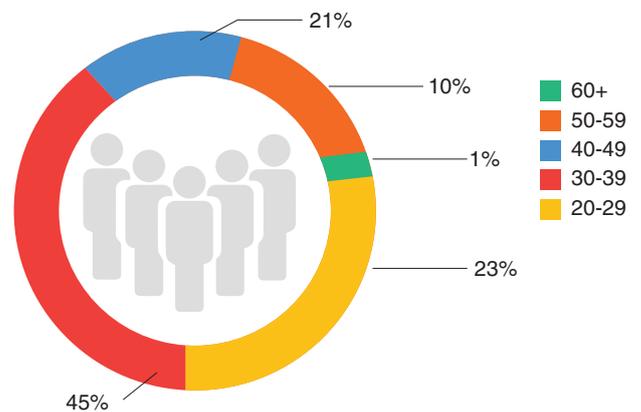


CEO's award winners Elvensen Boas and Derrick Laka receiving their award certificates. Over 30 staff have received awards in demonstrating the use of core values in their work approach in 2024.

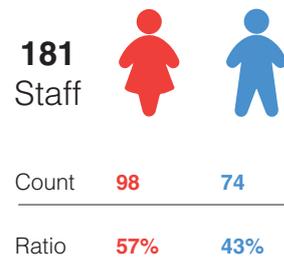
ACTUAL HEAD COUNT - DIVISION



DIVERSITY OF AGE



EQUAL PLAYING FIELD



ENVIRONMENT, SOCIAL & GOVERNANCE

Nasfund renews MOU with 1-Tok Kaunselin Helpim Lain

Nasfund has renewed its partnership with the 1-tok Kaunselin Helpim Lain by signing an MoU on Friday, March 22, 2024.

As part of Nasfund's Corporate Social Responsibility (CSR), this MoU was first established in 2022. The renewal of the partnership will enable the Fund to work closely with Papua New Guinea's first and only national telephone service – the 1-Tok Kaunselin Helpim Lain to promote the work that they do to offer free and confidential telephone service to members of the public.

Mental health is important to maintain a work-life balance. Hence, the partnership allows Nasfund to raise awareness among members of the services offered by 1-tok Kaunselin as well as encourage on-site awareness sessions for all Nasfund staff across the branches.

Nasfund commemorates World Environment Day

Nasfund observed World Environment Day by celebrating our progressive efforts throughout the country. The fund has made a commitment to plant 3000 trees by 2030 through our partnership with the Trees for Life initiative that is driven annually by the Port Moresby Nature Park.

Whilst observing the global event this year, the organization is also proud to announce that it has made significant progress toward this goal, having planted 1930 trees since 2021.

This year's global theme focused on "Land restoration, desertification, and drought resilience." Our Port Moresby team planted a total of 558 mangrove seedlings at Mirigeda in Tubusereia village. This was made possible through a partnership with the Coastal Care Project for the second consecutive year, highlighting Nasfund's ongoing commitment to biodiversity conservation and coastal protection.

Branch teams in Lae, Madang, Tabubil, Lihir, Goroka, Vanimo, Bialla, and Kokopo also planted a total of 110, which brings our cumulative number to 660 for the FY 2024.

Nasfund continues to advocate Staff Health & Wellbeing

Nasfund, through its annual Culture & Wellbeing initiative, delivered various health and well-being activities that are aligned with supporting our Corporate Social Responsibility agenda for our people.

Our weekly CEO's power walks are mandatory and occur every Thursday between 4-5 pm in head office and across the branches. Staff are encouraged to participate.

Our annual Pinktober and Movember Cancer awareness initiatives were delivered in partnership with the Pacific Internal Hospital (PIH). The Cancer awareness sessions emphasized early cancer detection and screening with pathways for treatments in PNG and abroad. The Movember challenge saw staff participate in awareness and donations which included essential items which were delivered to Port Moresby General Hospital Cancer ward. This initiative was led by our Waigani branch service center team in Port Moresby.



MEMBER ENGAGEMENT

Nasfund's Data Cleansing Triumph: Empowering Plantation Workers

Nasfund has successfully executed a large-scale data cleansing initiative, significantly benefiting 2,507 plantation workers in West New Britain Province. This ambitious project, initiated at the request of Hargy Oil Palms Ltd, aimed to update membership records and ensure compliance, reinforcing Nasfund's commitment to member support.

Over a rigorous 10-day period, the team worked tirelessly, often late into the night, to ensure the accurate completion of Member Detail Update Forms (MDUFs) and the capture of ID images. They also addressed duplicate accounts and merging queries, highlighting the importance of maintaining clean and up-to-date member records.

The initiative began at Hargy Plantation, where 726 MDUFs and 96 merging forms were collected. The team then moved to Navo Plantation, the largest site, assisting over 1,500 workers. Efforts continued at Pandi Plantation, located on the East and West New Britain provincial border, supporting over 300 workers. In total, the Nasfund team visited five plantations, collecting more than 2,000 MDUFs, with most plantations having over 500 active contributing members.

The success of this initiative not only streamlined Nasfund's data but also strengthened the bond between the organization and its members, showcasing Nasfund's unwavering commitment to providing exceptional member support while highlighting the importance of ongoing engagement with members, especially in remote provinces, was emphasized to ensure they remain connected to their superannuation benefits.

Nasfund's Instant ID Card Service Impresses at Morobe Show

Nasfund showcased its commitment to member convenience and service excellence at the 61st Morobe Show in Lae. Over two days, Lae-based members had the opportunity to update their member details and obtain Nasfund ID cards instantly. This initiative ensured members could seamlessly access their superannuation benefits and enjoy discounts on goods and services.

A notable success story from the event was Nathan Malas, a Nasfund member from Munum in Morobe Province, who expressed his gratitude for the on-site service "Mi kam raun lo Morobe Show na mi lukim sain (signage/branding) blo Nasfund na mi kam askim ol lo sekim akaunt blo mi na kisim poto blo ID kad (card). Ol helpim mi gut stret bilong wanem em i hat lo mipla sampla lo go lo Nasfund Brens (branch), olsem na mi tok tenk yu stret!".

The Lae Branch and MCR team printed 116 membership ID cards during the show, with members appreciating the efficient and accessible support provided.

This initiative highlights Nasfund's dedication to enhancing member engagement and ensuring financial security for all its members.

Nasfund Empowers Employers: Transformative Engagements Drive Success

Nasfund has demonstrated its commitment to enhancing employer engagement and superannuation management through two successful Employer Online (EOL) Training sessions held at the Lae Top Town Branch conference room.

These sessions aimed to equip employers with the skills needed to efficiently use the Nasfund Employer Portal for uploading contribution schedules and managing superannuation processes.

The first session, attended by 13 employers, featured a comprehensive introduction to the EOL system, a video walkthrough, and a hands-on exercise. This practical approach ensured participants could confidently navigate the portal.

The second session, attended by 10 Lae-based employers, was highly interactive, with participants actively engaging and expressing interest in extending these training sessions to other branches, particularly in Kokopo.

Both sessions received positive feedback, highlighting the effectiveness of the hands-on approach and detailed presentations. Employers appreciated the opportunity to enhance their understanding and confidence in using the EOL system.

Nasfund remains dedicated to providing ongoing training to ensure all employers can maximize the efficiency of the Employer Online system, thereby improving overall superannuation management across the country.



A member receiving her Nasfund membership identification card during the Morobe Show.

MEMBER ENGAGEMENT

Empowering the next generation: School Awareness Initiatives

DBTI Superannuation Literacy Session

Nasfund's commitment to financial literacy was evident in their session at Don Bosco Technological Institute, where over 100 students learned about the importance of savings and early superannuation contributions. The session, part of the School Superannuation Literacy Program (SSLP), introduced students to the Eda Supa product, encouraging those aged 18 and above to start planning for their retirement early.

Joint Activity with CEFI in WNB

In partnership with the Center for Excellence in Financial Inclusion (CEFI), Nasfund delivered the SSLP to over 600 students at Karl Hesse Primary School and 1,200 students at Kimbe Secondary School in West New Britain Province. This initiative, aligned with CEFI's Young Mind Savings Campaign, aimed to enhance financial inclusion and awareness among youths.

Nasfund Drives Engagement and Growth in Morobe Province

In a remarkable effort to enhance member engagement and business growth, Nasfund achieved significant milestones during a recent visit to Morobe Province.

The team recorded one of the highest numbers of shopfloor attendees and new business prospects, covering a total of 613 shopfloor attendees through six sessions, including the two-day Morobe Show.

During this visit, Nasfund identified 20 new business prospects and served five new business packs. This dedication to engagement and growth was praised, emphasizing the importance of building future leaders within the organization.

Nasfund continues to demonstrate its commitment to member engagement and business development, ensuring a strong and supportive presence in the Morobe Province.

This event showcased the collective effort and dedication of the entire Nasfund team, driving success and fostering a sense of community.

Kavieng Team Introduces Oil Palm Growers to Superannuation

The Nasfund Kavieng branch team, led by Supervisor Thelma Mataria, introduced superannuation to 60 oil palm growers in Libba Village during a local small growers' field day.

The team provided financial literacy and raised awareness about the Eda Supa product. The interactive session sparked increased interest among local growers in starting superannuation, with plans for follow-up client service drives to maintain engagement.

Ms. Mataria noted, "The enthusiasm is there, we just need to show up at every awareness session, build trust through effective communication, and tap into the unbanked population."

These initiatives highlight Nasfund's dedication to expanding superannuation coverage and supporting financial security for all members, regardless of their location. Through targeted outreach and educational programs, Nasfund continues to build a stronger, more financially secure community.



A Nasfund member receiving his membership card at the Nasfund booth during the Morobe show



Group of Cowboys showcasing Nasfund merchandises after an awareness session by Melisha Sindiwan, Regional Team Leader - Marketing at the Lae show Ground.

BREAKING BARRIERS

Nasfund champions gender equality with PIIF women in Super Initiative

Empowering Women Across the Pacific

In a groundbreaking move towards gender equality and financial inclusivity, Nasfund has emerged as a leader in the Pacific Islands Investment Forum (PIIF) Women in Super initiative. This collaborative effort, supported by the Pacific Private Sector Development Initiative (PSDI), is revolutionizing superannuation participation across the Pacific, with a strong emphasis on empowering women.

The initiative kicked off in 2024 with the Inaugural Women in Super workshop in Suva, Fiji. Representatives from 12 superannuation funds across 11 Pacific Island countries gathered to share insights and strategies. Nasfund's Regional Team Leader - Marketing, Ms. Melisha Sindiwan, played a pivotal role in discussions aimed at enhancing women's access to retirement funds. The workshop resulted in the creation of a Women in Super network and a comprehensive manual.

Key Panel Discussions:

1. Sex-Disaggregated Data: Improving data collection to address gender disparities.
2. Engaging the Informal Economy: Showcasing Nasfund's Eda Supa voluntary superannuation savings account.
3. Financial Literacy: Promoting financial and retirement literacy through targeted programs.

Ms. Sindiwan highlighted, "Our Eda Supa product is a game-changer for those outside formal employment. It's about making retirement savings accessible to everyone."

A significant milestone was Ms. Sindiwan's appointment as the inaugural Chairwoman of the Women in Super Network and Steering Committee. This role complements Nasfund CEO Rajeev Sharma's leadership as Chairman of the PIIF CEO Forum, further solidifying Nasfund's influence in regional superannuation leadership.

CEO Rajeev Sharma remarked, "Our leadership in the PIIF Women in Super initiative underscores our commitment to fostering financial inclusion and gender equality. Through Melisha's exemplary leadership, we are driving meaningful change in the superannuation sector."

Nasfund's strategic engagement in the PIIF Women in Super initiative is a testament to its commitment to fostering financial inclusion and gender equality; driving meaningful change in the superannuation sector, setting new benchmarks for the industry and the region.

This initiative not only enhances women's roles in superannuation but also paves the way for a more equitable and financially secure future for all.



Melisha Sindiwan, Regional Team Leader - Marketing, and inaugural Chairwoman of the Women in Super Network and Steering Committee.



Chairwoman addressing representatives of the Women in Super Network and Steering Committee.



Members of the Women in Super Network and Steering Committee is made up of representative of Superannuation Funds across the Pacific, New Zealand, Australia and PNG.

EMPLOYER ENGAGEMENT

Nasfund Shines at the PNG Investment Conference: A Resounding Success! Sydney, Australia – December 8th to 11th, 2024

Nasfund proudly marked its presence at the 2024 PNG Investment Conference Week, held from December 6th to 11th at the International Convention Center in Sydney, Australia. As a bronze sponsor and exhibitor, the Fund showcased its recently launched products, including the Employer-to-Employer Discount Program and Super for Non-Citizens, during this prestigious event.

The annual conference served as a premier platform for fostering investment opportunities and partnerships between Papua New Guinea and Australia. This year, the event attracted over 2,000 delegates and 80 exhibitors, reinforcing its status as a critical venue for dialogue and collaboration in the region.

Leading the Nasfund delegation, CEO Rajeev Sharma was among over 90 esteemed speakers who took the stage. In his presentation titled "Sustainable Economic Growth of Superannuation Members – The Nasfund Story," Mr. Sharma emphasized the pivotal role of superannuation in driving sustainable development. He highlighted the Fund's achievements, strategic vision, and future direction in fostering economic resilience and growth for its members. "This year's conference has been remarkably successful," Mr. Sharma said. "It has provided a platform for us to showcase our products, engage with key stakeholders, and explore avenues for future growth."

Joining him were EXCOM members, including Manager Reporting & Analytics Cynthia Wariambu Asi and Chief Investment Officer Fiona Nelson. Ms. Nelson also played a key role in facilitating a panel discussion on "Investment Streams – Service Company Updates," showcasing Nasfund's expertise and influence in the financial services sector.

High-profile visitors, including Minister for Petroleum and Energy Hon. Thomas Opa, President of the Autonomous Bougainville Government Hon. Ismael Toroama, and PNG Chamber of Energy & Resource (PNGCORE) President Anthony Smare, engaged in meaningful discussions with the Nasfund team.

Reflecting on the success of the event, CEO Rajeev Sharma expressed gratitude towards PNGCORE for organizing the conference. He noted the strong member engagement and highlighted the conference's role in identifying new investment opportunities to strengthen Nasfund's portfolio and deliver enhanced returns for its members.

Conference brings future Investment opportunities for Nasfund

Nasfund's participation in the 2024 PNG Investment Week Conference has proven to be successful, with numerous potential investment opportunities identified for the Fund's portfolio.

Chief Investment Officer, Fiona Nelson, who participated as both a delegate and a facilitator in the panel discussion on "Investment Streams," noted that the event provided a key platform for networking and engaging with diverse stakeholders, including local and international investors, and government representatives.

According to Ms. Nelson, the discussions at the conference extended beyond property and infrastructure development, involving strategic deals that can determine new investment streams for the Fund's portfolio. Reflecting on the PNG LNG project, she stated, "On the eve of the country's 50th year of political independence, the economic independence of the country looks very bright with new 'big ideas' such as Starlink that has the potential to transform PNG's commercial landscape."

Ms. Nelson further highlighted that these talks have opened various new pipeline opportunities for the Fund's investment portfolio, both within Papua New Guinea and abroad. She expressed optimism about the future, saying, "This year has been a real eye-opener and a fabulous networking opportunity for me in representing the Fund, and I look forward to next year."



Marketing Officer Ted Ario talking to visitor to the Nasfund booth at the conference booth.



Some of the prominent PNG delegates including Hon. Thomas Opa, Minister for Petroleum and Energy, standing with CEO Rajeev at the Nasfund booth.

2024 - 6TH EMPLOYER AWARDS PROGRAM

Employers Recognized in Nasfund Employer Awards

Employers are an important partner in the working life of a contributing member. For every K1 that is saved by the member, the employer adds another K 1.40. If the employer so wishes they may add up to a maximum of 15% of a members gross salary.

The Nasfund Annual Employer Awards is our way of acknowledging the role of employers in the discharge of their obligations under the Superannuation (General Provisions) Act 2000.

Since the Inaugural Awards in 2018, we have recognized 63 employers out of our employer base of 2,700 entities.

Winners in the Annual Employer Awards are grouped into three categories;

- **Category A** – Employers contributing more than K100,000 per month
- **Category B** – Employers contributing between K50,000 and K100,000 per month
- **Category C** – Employers who contribute less than K50,000 per month.

All winners are vetted against specific business rules designed to further the Funds cause for Employer and Member compliance in superannuation and factored through our core Fund Administration system.

All data is taken from the 1st of January to the 31st of December each year.

Most Compliant Employer

- Consistently remits monthly contributions before the 15th day of each month in 2023.
- Consistently allocates contributions within 48 hours from the deposit date in 2023.
- Is registered and utilizing the Employer Online Portal for contribution uploading.
- Has the lowest unallocated contributions in 2023.
- Has the lowest number of member accounts with nil beneficiaries and dummy Date of Births in 2023.

Best Employer in Employer Voluntary Contributions

- The average monthly contributions increased by 20% in 2023 compared to the previous year.
- The number of members' doing voluntary contributions increased by more than 10% compared against 2022.
- Remits monthly contributions consistently in 2023.
- Timely allocation of contribution payments in 2023.

Best Employer in Member Voluntary Contributions

- The average number of employees doing voluntary contributions increase by more than 10% in 2023 compared against 2022.

Celebrating winners of 2023

- Total contribution value increased by more than 10% in 2023 compared to the previous year.
- Must have more than 20 employees doing voluntary contributions in 2023.
- Remits monthly contributions consistently in 2023.
- Timely allocation of contribution payments in 2023.

Most Compliant Employer in Account Maintenance

- Has the lowest number of member accounts with nil beneficiary and dummy Date Of Birth in 2023
- Provided more than 90% of Member Details Update Form for all new members registered in 2023.
- Has the lowest duplicate account requests in 2023.

Best Non-Mandatory Employer

- Has average monthly contributions of K3, 000.00 or more in 2023.
- Has over 20 plus contributing employees in 2023.
- Remits payments monthly and consistently in 2023
- Over 90% of its membership details updated in 2023
- Increased average monthly contributions by more than 10% in 2023 compared to the previous year.
- Membership growth of 10% or more in 2023.

Most Compliant Employer in Benefit Payments

- This award takes into consideration the amount of payments made to a member,
- Whether that member had filled out the Member Details Update Form.
- The number of payments that were made to a member.
- The amount retained in the Fund from the account year to year.

In 2024, the Chairwoman's Awards Winners were:

- Goodman Fielder International received 2 awards and the Chairwoman's Award in category (A) in 2023.

- TotalEnergies EP PNG Ltd also received 2 awards and the Chairwoman's Award in category (B) in 2023.

- National Agricultural Research Institute has been a winner in all four (4) years taking on the overall award in its respective category (C) in 2021 and 2023.

- BSP Financial Group has been a winner in 2018, 2020 & 2021.



Representatives of Winning Employers showcasing their awards with CEO Rajeev and Chairwoman Tamzin Wardley, LM, MBE.

SPECIAL RECOGNITION AWARD

Nasfund Honoured with PNG Chamber of Resources and Energy Award



Finance & Banking Sector Award

Nasfund is proud to announce that it has been recognized by PNG CORE for its outstanding financial services in contributing to the mining and resource sector, receiving an award for excellence in providing financial services through superannuation products to employees in this vital industry.

This recognition underscores Nasfund's pivotal role in delivering innovative and flexible financial solutions designed to meet the unique needs of Papua New Guinea's dynamic and demanding mining and resource sector.

In an industry where mobility, remoteness, and non-traditional work patterns are the norm, Nasfund has risen to the challenge by ensuring accessibility, adaptability, and efficiency in service delivery, through its Electronic Branch (eBranch).

A standout feature of Nasfund's approach has been the transformation of its digital platforms. The launch of the eBranch in November 2023 has revolutionized member engagement, offering services such as EsiCall (IVR), WhatsApp ticketing, E-Withdrawals, and the Nasfund Mobile App—all providing members with convenient, real-time access to their accounts and services.

The Fund's Call Center now handles over 500 calls and 200 emails daily, making it the busiest in the network, while regional service centers in Morobe and NCD average 600 walk-ins daily. For members in remote project sites like Gobe, Hides, Ridge Camp, Tabubil, and Lihir, Nasfund continues to deliver on-site consultations and mobile team outreach, ensuring no member is left behind.

Nasfund's presence at the 2024 PNG Investment Conference in Sydney also reinforced its commitment to innovation. By using QR codes linked to brochures, annual reports, and its website, Nasfund ensured seamless access to vital information for industry stakeholders.

Commenting on the award, Nasfund CEO Rajeev Sharma said, "This recognition by PNG CORE is a testament to our commitment to deliver relevant, accessible, and forward-thinking superannuation solutions. Our strategic focus on digital transformation, member engagement, and tailored services is helping us meet our members where they are—whether it's in Port Moresby or a remote mining camp. We thank PNG CORE for this honour and reaffirm our dedication to securing a better financial future for all our members."

The award highlights Nasfund's leadership in adapting to the evolving needs of the workforce and reinforces its role as a trusted superannuation partner for Papua New Guinea's mining and resource sector.

BENEFIT OF COMPOUND INTEREST

Compound interest is a fundamental component of wealth creation and by understanding this principle, one can make a significant difference in financial independence.

In simple terms compound interest means that you begin to earn interest on the interest you receive, which multiplies your money at an accelerated rate.

There are two ways to accrue interest: simple and compound. Simple interest is when you earn interest only on the principal. So if you have K1,000 invested at 5% interest, you'll earn K50 every year.

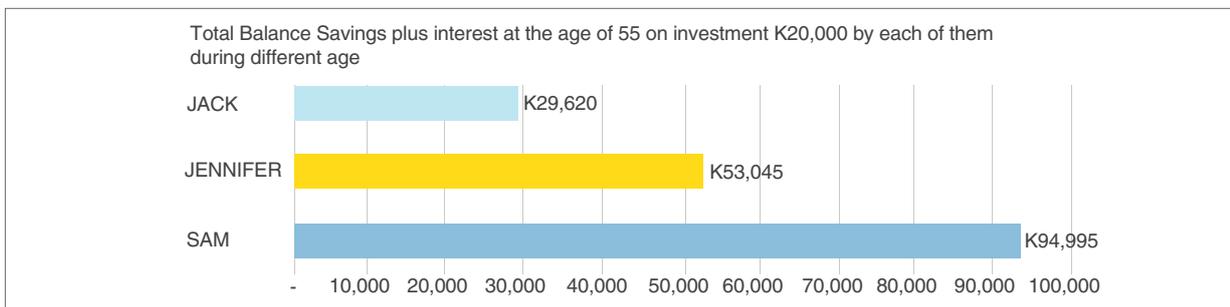
Compound interest is earned on the principal and the interest in your account. This means your interest remains invested and earns interest. Think of this as a cycle of earning interest on interest which can cause wealth to rapidly snowball. In the case of compound interest, you will not only earn interest on K1,000, but also on K50 which is interest income in year one. Total interest income in year one will be K52.50.

Let us look at the case study given below to understand impact of compound interest. Sam saved K2,000 per year from the time he turned 25 until he turned 35. Then he stopped saving but left his money in his investment account where it continued to accrue at a six percent rate until he retired at age 55.

“Compound interest is the eighth wonder of the world. Those who understand it... earn it and those who do not... pay it.”

Jennifer held off and didn't start saving until age 35. She put away K2,000 per year from her 35th birthday until she turned 45. Like Sam, she left the balance in her investment account, where it continued to accrue at a rate of six percent until age 55.

Jack didn't get around to investing until age 45. Still, he invested K2,000 for 10 years, halting his savings at age 55. He also left his money to accrue at a six percent rate until his 55th birthday. Sam, Jennifer, and Jack each saved the same amount — K20,000 — over a 10 year period. Sadly for Jennifer, and even more so for Jack, their ending balances were dramatically different as shown below:



To further this case study, John met Sam when he turned 45 and asked how much would Sam accumulate at the age of 55 years – taking inspiration to save around approximately K95,000. When John turns 55, he found out that he would have to invest approximately K6,800 per year totalling to K68,000 over 10 years from the age of 45 years as opposed to Sam who invested only K20,000 for 10 years during 25 and 35 year of age.

Name	Investments made during			At the age of 55 years	
	25 - 35	35 - 45	45 - 55	Interest Earned	Total Balance
SAM	20,000			74,995	94,995
JENNIFER		20,000		33,045	53,045
JACK			20,000	9,620	29,620
JOHN			68,000	27,000	95,000

To conclude, compound interest rewards people who invest over long periods of time, not necessarily those who can afford to invest the most. It's specifically helpful for young people who start investing early. An investment left untouched for a period of decades can add up to a large sum, even if investing stopped in later years.

Start investing early in life and remain invested for a long time to benefit from the magic of compounding interest.

OUR INVESTMENTS

Financial Prosperity through Digital Innovation

Market Review

As 2024 concluded, it is time to reflect on some of the important developments of that year, and how they lay the groundwork for the funds 2025 outlook. We entered 2024 mindful of a complex and evolving global landscape, witnessing political headwinds and subsequent changes in governments and policy coupled with falling inflation and geopolitical tension remaining high with the war continuing in Ukraine and unrest spreading in the Middle East. However, undoubtedly, the year taught us the importance of maintaining a well-diversified portfolio with the global economic events providing compelling yields for the fund owing to the bull market for stocks particularly technological stocks (because of the artificial intelligence (AI) boom) pinned by solid economic growth, declining inflation and federal reserve interest-rate cuts.

These global events had consequences for PNG's economy and trickled down to impact on the fund's investments. However, the flexibility and resilience of the portfolio owing to its asset allocation have weathered through to gain compelling yields for the fund. In 2024, the overall portfolio performed above the benchmark return of 7% at a staggering 12.8%, demonstrating its robust composition and positioning.

Investment Portfolio

The Fund's long-term strategy is to move to a Balanced Investment Portfolio. However, on the outset, driven by the Country's economic climate and the slow turnaround in oil and gas projects throughout the year, the Investment Portfolio is Defensive being heavily invested in Government Inscribed Stocks (GIS) and Treasury Bills (T-Bills) which turned over a yield of 8.2% and 3.2% respectively to our members. The decline in interest rates from GIS have also had an adverse impact on government securities returns.

As at 31 December 2024 compared to previous corresponding period (pcp), the Fund's Investment Portfolio grew by 14.3% to K8.32 billion from K7.28 billion primarily driven from the capital gains in the Exchange Traded Funds (ETF), BSP Financial Group Limited (BSP) and the increased placements in GIS and T-Bills. Correspondingly, Net Asset Value went up by 14.9% to K8.12 billion from K7.07 billion. The Portfolio pivoted to extend its reach into the international markets and this was aided by a trickling of thin FX supply.

The Investment Portfolio boosted a total return of 12.8% translating to K917.2 million, up by 37.6% from pcp. The sharp performance based on the Strategic Asset Allocation (SAA) was credited to a return of 3.1% in liquid assets, 15.5% in yielding illiquid assets, 19.8% from international assets and 3.1% in non-yielding assets. Improved performance in the non-yielding assets from pcp 5.2% to 3.1% has also lifted the overall portfolio performance as

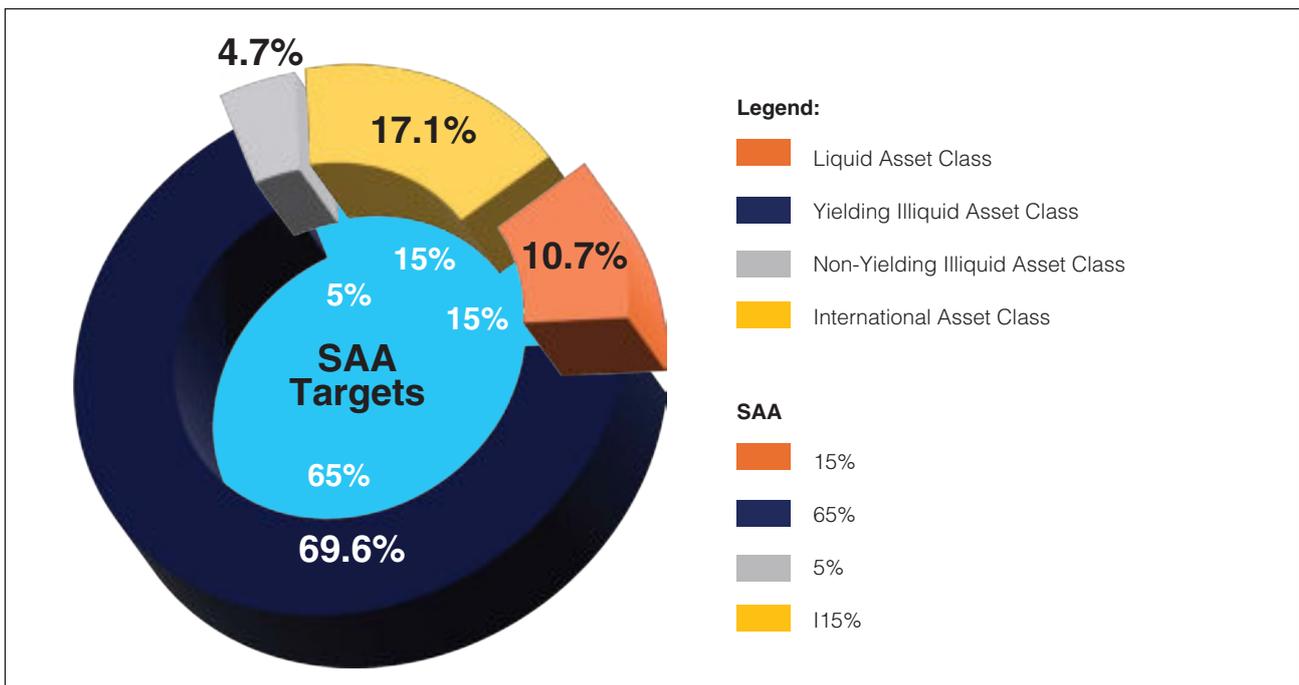
Nasfund divested lazy property assets and gained on an uptick of rental income on non-core property transitioning from non-core non-yielding to non-core yielding.

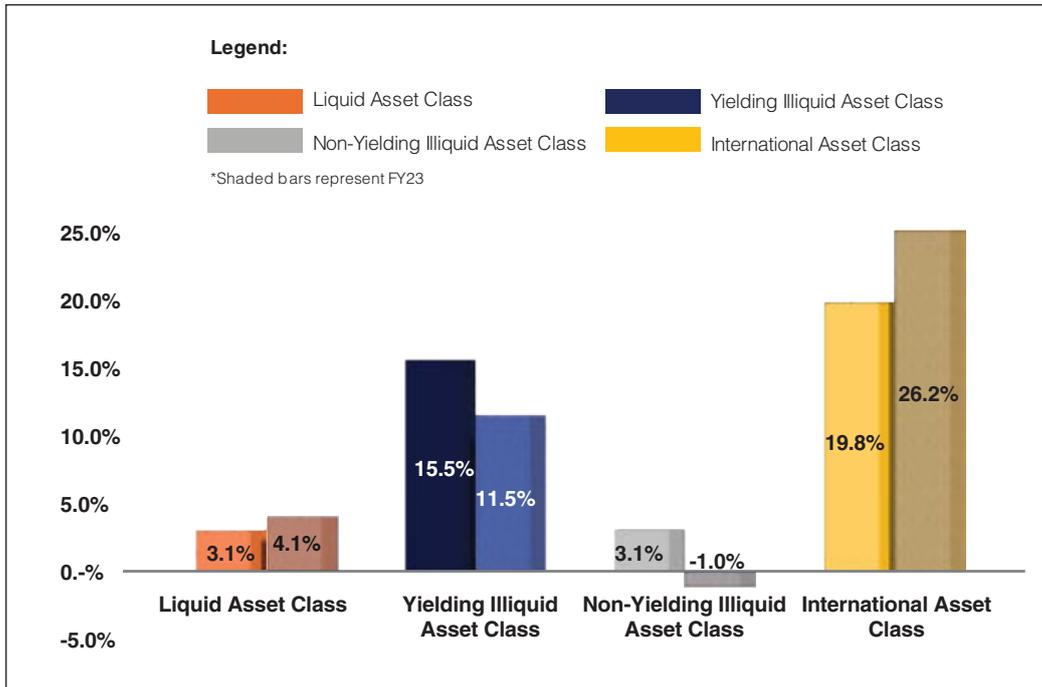
Investment Income surged by 34.2% at K1.02 billion from K758.3 million pcp attributed to favourable gains in valuation income followed by interest income. Overall Investment Income (gross) according to income class, interest income contributed 30.2% underpinned by the increase in T-Bills rates and the GIS Weekly Auctions thus lifted by 4.3% from pcp. Dividend income contributed a massive 14.9% to cash income in the portfolio driven by the dividends from BSP, however dipped by 1.3% from pcp due to varying dividend payments from some of the Fund's non-yielding investments.

Capital gains added 51.0% mostly led by the performance of BSP and the international ETFs. The Fund's income experienced a foreign currency loss of 0.6%.

Property income contributed 4.5% to cash income however down by 14.9% from pcp mainly attributed to much needed capital expenditure in the maintenance of existing core yielding properties added by the oversupply in new property developments in the market which resulted in the Fund losing one of its blue-chip tenant in one of its historical yielding properties. The Fund successfully divested one of its non-core property, API Warehouse at 6mile Port Moresby.

Graph 1: Exposure by Asset Class vs. SAA as at 31 Dec-24





Investment Highlight

The Fund was successful in meeting its International SAA attributed to the Central Bank lifting its restrictions on capital orders. The international portfolio grew by 48.0% to K1.39 billion from pcp primarily invested in a mixed basket of ETFs heavily skewed towards IT stocks. As a cautionary measure to hedge against the existing exposure, the Board endorsed to invest in a public listed mining stock and two infrastructure ETFs that are NEM, IFRA and VBLD respectively.

Investment Challenges

In Q1, the Investment Portfolio Performance was indirectly affected by the impacts of the January 10 riots within some of its private equity investments and a public listed company, City Pharmacy Limited. During mid-year and Q3, performance accelerated attributed to the uplift in returns from T-Bills, GIS and the strong gains from the ETFs and BSP. As the year closed in Q4, returns were buoyed by the year-end valuation gains in some private equities and properties. Upside and downside balancing each other out into a steady state of overall upside.

The Investment Portfolio faced economic headwinds, due diligence on potential pipeline investments lagged to meet the Fund's investment criteria hence there were no other new investments in private equity or property developments. Pipeline projects include infrastructure and the extractive sectors.

The Fund looks forward to seeing the re-development of downtown Port Moresby to rejuvenate the property portfolio.

Some of our Investments:



Property & Facilities Manager Statement- Ashton Brunswick Ltd



2024 has seen its share of international concerns for the PNG domestic economy, apart from the residential market, the performance of the economy and this has had a positive impact on the Nasfund Property portfolio, with the financial results for the portfolio better than anticipated. Expats continue to increase which has impacted positively in the residential apartment market. Businesses look to increase their space requirements, with most leases being renewed on improved terms.

At the same time as revenue is on the rise we are experiencing cost increases, albeit we anticipate that increases will be at a lower rate than prior years (1-2% p.a.) as supply chain shortages ease. Currency is still an issue and with the Kina steadily depreciating and putting upward pressure on costs. Major Capital expenditure has been undertaken in 2024, this should impact positively on operating costs in 2025 in some assets in the portfolio. We have however we have allowed for higher than average (using the last 3 years as the average) generator use and generator repairs in the 2025 budget as PNG Power supply issues appear to be ongoing with power shedding expected again in 2025.

The overall sentiment for 2025 should see the economy forecast to grow 4.7% on the back of the resumption of the Porgera mine, improving liquidity in the foreign exchange market, higher commodity prices and increased government spending. Businesses continue to be cautious, but we see ongoing positive results for 2025. While economic challenges remain, sectors such as international travel-related services, communication, and real estate are continuing to show resilience.

Porgera Gold Mine's reopening has the high potential to stimulate economic activity, boost tax revenue, and help alleviate foreign exchange shortages. Government spending initiatives and improved liquified natural gas production contribute to the positive outlook.

The impact of climate change is a continued focus heading into 2025 by the government. PNG is uniquely placed to improve its position across energy (particularly gas), climate change and geostrategic competition. Resources projects are expected to be accelerated to capture the transitional energy window whilst balancing climate change, decarbonisation and renewables.

High inflation is damaging, eroding household purchasing power and living standards. Globally, elevated inflation has become one of the most important policy challenges for governments, with most central banks increasing policy interest rates to help pull down the rate of price growth

Portfolio operating expenses in 2024 continue to be impacted by:

- i) Continual power supply interruptions.
- ii) Increases in Fuel costs as international oil prices have increased and there is a need for additional fuel storage to guard against in country shortages and to manage outages and ensure services to buildings are maintained.
- iii) Generator break downs and repairs and delays in getting parts to repair generators into the country as supply and logistics chains as well as foreign currency access issues impact lead times
- iv) HVAC breakdowns stemming from the age of equipment and the irregular power supply

This is set to be a problem into 2025, the inconvenience to the occupier is not ideal however is being well managed.

As we close out 2024, we would have to agree that the green shoots are certainly developing as we continue experience several strong demand for residential apartments, an influx of Expats and commercial office space inquiries either for expansion or new entrants. This is a good indicator that confidence is building. We should continue to hold a conservative approach and secure tenants to the portfolio to secure cashflow. We continue to assess each inquiry on a case-by-case basis.

Property & Facilities Manager Statement- Ashton Brunswick Ltd



a strategic approach on asset positioning will see 2025 being a positive year for the portfolio and Nasfund. Understanding Nasfund's key requirements to generate a stable annuity stream with long term growth and a high level of tenant engagement will continue in the management of the portfolio.

Our management team is committed to pursuing excellence and maintaining the highest standards in delivering our services, even in the face of economic challenges and power supply constraints. We continuously innovate to enhance our performance and drive efficiency wherever possible. This includes improvements in reporting and data distribution, leasing and marketing strategies, capex/project management tracking, and tenant engagement and communication strategies.

We collaborate closely with the Nasfund Executive and Property teams to co-create a tailored, best-in-class Portfolio Management team in PNG. With extensive relationships both locally and offshore, Ashton Brunswick has access to valuable insights and intelligence. By leveraging the expertise of top professionals in the property industry, we tackle challenges head-on and deliver sustainable, innovative solutions to any issues we encounter.

We are dedicated to ensuring that Nasfund achieves the best-performing portfolio in PNG, recognising the critical role this investment category plays in the overall Strategic Asset Allocation (SAA). We continuously seek innovative ways to enhance portfolio performance.

To support this commitment, we have expanded and strengthened our team by recruiting and developing new members. This sustainable, on-the-ground team is guided and mentored by our Head of Advisory, Portfolio Accountant, and our Strategic Alliance Partners, Colliers.

Property Management at a glance

We continue to work on streamlining our processes to bring efficiencies into our daily operating model. Our tenant engagement process is being well received by the tenants within the portfolio and is demonstrated by the high number of lease renewals completed during the year. We are seeing most tenants in the portfolio expanding their space on expiry and lease deals are being undertaken on competitive terms.

The Core Property Portfolio continues increase in revenue, a result of active leasing, renewals and expenditure management.

We remain focused on streamlining our processes to enhance efficiency across our daily operating model. Our tenant engagement initiatives have been well-received, as evidenced by the high number of lease renewals completed during the year. Additionally, many tenants are expanding their space upon lease expiry, with new deals being secured on competitive terms.

The Core Property Portfolio continues to achieve revenue growth, driven by proactive leasing efforts, successful renewals, and effective expenditure management.

Leasing to secure income for Nasfund

We are proud to announce that in 2024, we successfully finalised new leases and renewals for 65 apartments, 10,500 m² of office space, and achieved K25 million in annualized revenue for Nasfund and its members

Property & Facilities Manager Statement- Ashton Brunswick Ltd



In 2024, we prioritised tenant engagement to ensure their comfort and satisfaction within the portfolio. Our focus remained on maintaining building operations and ensuring our workplaces and residences were safe and compliant.

A strategic program was introduced to address preventative maintenance and the upkeep of aging equipment, ensuring operational reliability.

Key contracts for cleaning, security, and HVAC services were awarded, emphasizing value for money, quality maintenance, and tenant satisfaction.

However, the ongoing power instability and fluctuations in supply have significantly impacted critical systems, including PC boards, compressors, and controls, leading to system failures throughout the year. The inconsistent power supply has also posed long-term risks to electronic equipment, highlighting the need for further mitigation strategies.

Capital expenditure - to enhance operational performance of each asset

We remain dedicated to identifying, managing, and completing various projects under the Capital Expenditure program. These initiatives aim to ensure the continuous enhancement of each asset while improving operational performance, efficiency, and capacity across the entire Nasfund Portfolio.

Ashton Brunswick is honoured to manage the Nasfund Property Portfolio, and we are thrilled to continue our strong and collaborative partnership for the next three-year term. Over the coming years, we are committed to maintaining the highest standards of service and driving meaningful outcomes that benefit all stakeholders.

Our focus will remain on delivering innovative solutions that enhance the portfolio's value and ensure its long-term success. We are equally dedicated to implementing sustainable initiatives that align with environmental, social, and governance (ESG) principles, fostering a positive impact on tenants, the community, and the broader environment.

Through strategic planning, operational excellence, and proactive engagement, we aim to achieve exceptional results, ensuring the portfolio remains a benchmark for quality and performance. We look forward to continuing this journey together and building on our shared success.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sara Pratt'.

Sara Pratt
Head of Advisory
Ashton Brunswick

A handwritten signature in black ink, appearing to read 'Richard Sapias'.

Richard Sapias
Managing Director
Ashton Brunswick

Licensed Investment Manager Statement - BSP Capital Ltd



Dear Nasfund Members,

Global Economy

2024 presented an impressive performance as global markets soared. Strong equity gains, easing U.S. Fed rates and A.I. fever drove the market upwards. Interest rates eased up across large economies as expected this year. By the end of 2024 global inflation rates had significantly declined and major economies saw substantial reductions from January 2022 levels. Geopolitical shifts remained a focal point in 2024 specifically the U.S. – China relationship which impacted global supply chains and investment flows. Ongoing conflicts in other areas of the world as well as trade tensions tempered market sentiment, specifically in energy and technology sectors.

PNG Economy

Inflation and currency stability

Inflation remained an ongoing issue this year, mainly offset by supply chain disruptions, currency depreciation and high import costs. The PNG Kina experienced volatility throughout the year which affected the cost of living and business operations country wide. The prices of PNG's key agricultural export commodities encountered mixed market sentiments in 2024 due to positive and negative risks affecting the global market. Largely the commodities market trended better than in 2023 due to global supply shortages and improved demand conditions which boosted prices for PNG's key exports.

Investment Portfolio Performance

Over 2024, Nasfund's net funds under management grew by K1,051 million to K8.1 billion (a 13% annualised growth rate). The key changes in the Fund's asset allocation between the four asset classes included increased exposure to Credit Corp and BSPFG due to increases in their equity valuations; a net increase in the Fund's GIS investments (K336.8 million); an increase in the International Shares asset class with the significant growth in iShares Core S&P 500 ETF (IVV) shares (K246.9 million) and Vanguard all-World ex-U.S. Shares (VEU AU) shares (K171.6 million); the general upside in the international equity markets; and a net increase in T-Bill holdings (K237.6 million). Two new ETF's were added to the Fund's international listed equities, iShares US Infrastructure (IFRA US) and Vanguard Global Infrastructure Index ETF (VLBD AU) both adding a combined asset value of K20.4m to the portfolio.

Before expenses, Nasfund generated a gross return of K932.9 million on its investments in 2024, and a gross cash return of K482.5 million translating to an

annualised cash yield of 6.7%. This cash yield comfortably achieves the Fund's target cash yield of 4.5% per annum.

Yielding Illiquid assets generated the vast bulk of the cash yield (K426.7 million) while the Liquid asset class generated K24.8 million in cash income. As a result of CIG dividends, net capital gains on domestic non yielding equities and net non-yielding properties performance, the Non-Yielding Illiquid assets generated a negative cash flow (K0.87 million).

Nasfund's 2024 portfolio cash yield contributions were dependent on the performance of four investments: Government Bonds which generated K265.9 million in cash yield; T-Bills which generated K20.3 million in cash yield; BSP shares which generated K68.43 million in cash yield, and Vanguard International Shares Index ETF which generated K19.4 million in cash. Over 2024 these investments contributed 76.3% of the cash income generated by the portfolio.

After expenses, Nasfund generated a K917 million return on its investments in 2024, recording a 12.8% annualised return before taxes. This return is well above the Fund's target return of 7% per annum. Yielding Illiquid assets generated the vast bulk of positive returns (K761.5 million) offsetting expenses and miscellaneous items (-K77.8 million).

As the licensed investment manager for Nasfund, our commitment to efficiently assessing opportunities and effectively managing risks within the investment portfolio remains unwavering. Despite the prevalence of uncertainty in the markets, the Fund's investment strategy consistently produces sustainable and satisfactory outcomes for its contributors.

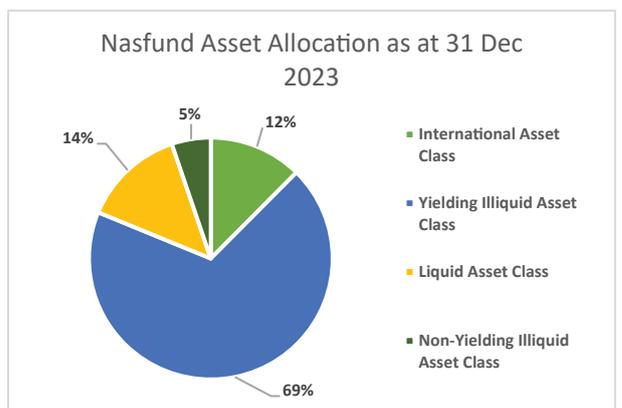
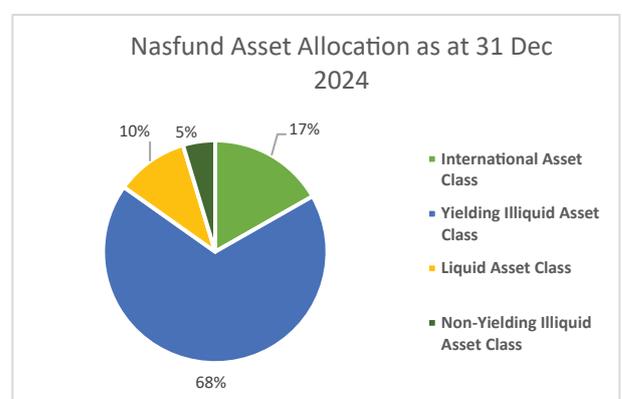
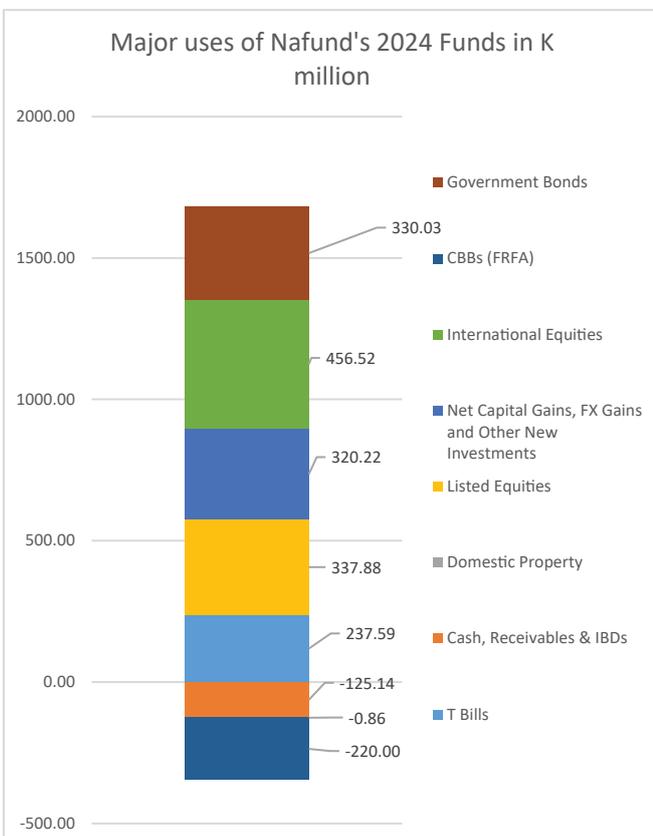
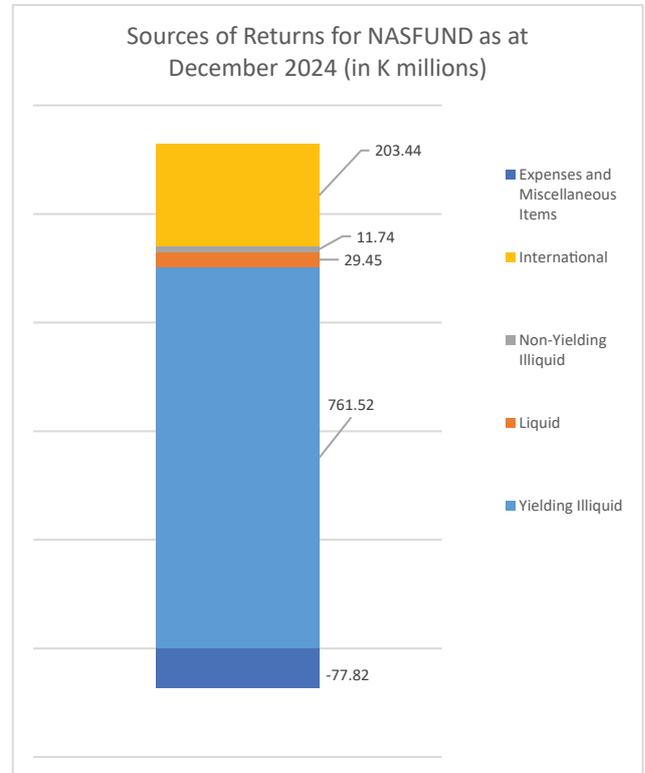
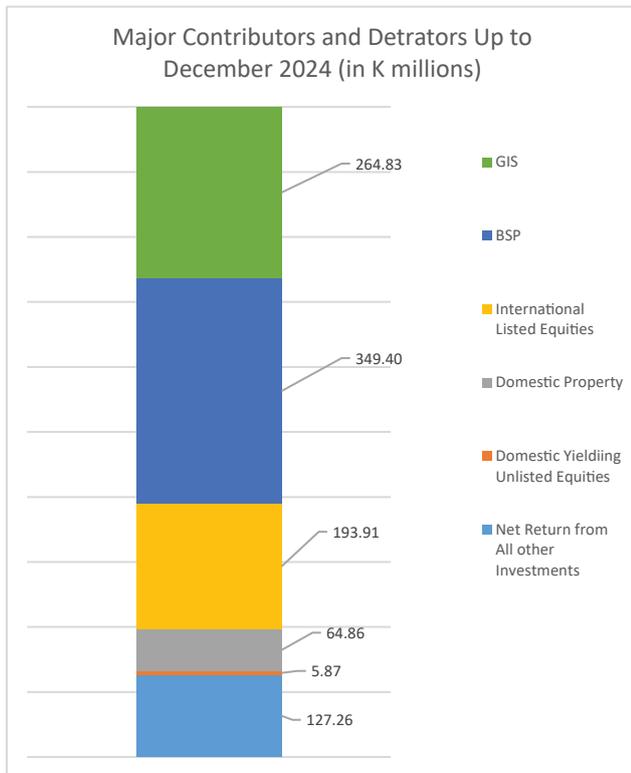
In conclusion, I extend our gratitude, on behalf of BSP Capital's Board and staff, to the Nasfund board, management, and staff for the privilege of collaborating to enhance your investment outcomes.

Sincerely,

Phoebe Endose

Head of BSP Capital Limited

Licenced Investment Manager Statement - BSP Capital Ltd



Licensed Fund Administrator Statement - Kina Superannuation Services Ltd



Kina Investments & Superannuation Services Limited (KISS) - 'A wholly owned subsidiary of Kina Securities Limited and Licensed Fund Administrator for Nasfund.

2024 Year in Review

Kina Investment & Superannuation Services Limited (KISS) is pleased to present its annual fund administration statement for the period ending December 31, 2024, for National Superannuation Fund Limited (NASFUND). Throughout the year, KISS has continued to strengthen its position as a leading fund administrator, delivering exceptional service to members while enhancing its technological capabilities to support Nasfund's evolving needs.

Key Highlights

- Operational Efficiency:** KISS successfully processed 154,547 work items in 2024, marking a significant increase in workload from the previous year. Despite this, our overall service level performance remained strong above 90%, reflecting our commitment to efficiency and accuracy. This includes the processing of 35,722 member detail update forms.
- Contributions Growth:** Contributions grew by 11%, reaching a record K795 million in 2024, reflecting strong employer and member engagement.
- Benefit Payments:** A total of K591 million in superannuation benefit payments were disbursed. An 11% increase from 2023.
- Membership Growth:** Total membership grew by 4%, rising from 688,169 to 715,873 members as of 31 December 2024, driven by strong engagement and new enrollments.
- Funds Under Administration:** Funds under administration increased by 12%, from K6.48 billion to K7.27 billion, indicating strong member savings growth.
- Digital Management Platform (DMP):** The launch of the Data Management Platform (DMP) in July 2024 modernized Nasfund's data architecture, enhancing insights and decision-making capabilities, based on data from the Acuity system.
- System Upgrades:** KISS implemented significant upgrade to the core technology platforms:
 - Acuity Core Registry Platform:** Upgraded from Version 18 to Version 22
 - Acuity Online Portal:** Upgraded from Version 12 to Version 13
 - Mobile App Enhancements:** Improved user experience, security, and seamless member access.

These upgrades ensure a more efficient, transparent, and secure fund administration system.

Membership

As of December 31, 2024, Nasfund's total membership stood at 715,873, reflecting a 4% growth from 2023. Despite a minor decline in RSA membership, the steady increase in Mainstream and Eda Supa members highlights the growing confidence in Nasfund's superannuation services.

Fund	No. of members 2022	No. of members 2023	No. of members 2024
Mainstream	616,224	649,313	676,101
Eda Supa	37,353	38,689	39,612
Retirement Savings Account (RSA)	177	167	160
Total	653,754	688,169	715,873

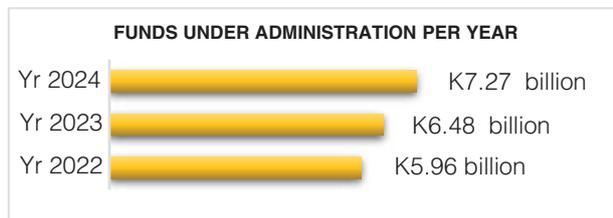
Licenced Fund Administrator Statement - Kina Superannuation Services Ltd



Funds under Administration

At the close of 2024, total funds under administration reached K7.27 billion, reflecting a 12% increase (K787 million) from the previous year.

Note: The reported balance does not include the 2024 annual interest allocation.



Contributions

Total contributions received for 2024 amounted to K794.8 million, marking an 11% increase from 2023 and a 22% rise compared to 2022 - a record-setting trajectory.

Description	2021 (PGK)	2022 (PGK)	2023 (PGK)	2024 (PGK)
Member Contributions	218,890,418.23	238,975,389.68	266,175,396.68	291,043,456.26
Employer Contributions	308,113,659.70	337,041,683.59	376,280,646.07	411,743,675.38
Member Voluntary	24,897,504.34	29,487,774.22	32,647,807.20	37,757,254.09
Employer Voluntary	6,632,619.08	12,866,883.17	14,672,037.61	16,768,618.91
Member Salary Sacrifice	1,379,813.59	1,561,006.43	1,783,897.68	5,857,514.06
Housing Advance Repayment	14,820,949.69	17,003,898.54	18,051,983.89	20,860,521.55
Transfers from other ASF	4,048,147.70	4,884,424.51	4,395,503.09	12,915,305.72
Unallocated Contributions	10,688,386.13	12,152,753.67	*** -1,003,591.48	0.00
Total	589,471,498.46	653,973,813.81	713,003,680.74	796,946,345.97

Key contribution insights:

- **Member Salary Sacrifice Contributions** – Increased by an astounding 228% to K5.86 million reflecting increased financial awareness among members.
- **Voluntary Member Contributions** – Grew by 16%, amounting K37.75 million showcasing greater individual commitment to retirement savings.
- **Employer Voluntary Contributions** – Rose by 14% to K16.76 million, reinforcing employer confidence in Nasfund’s administration.
- **Transfers from Other ASF** – Surged by 194%, highlighting strong fund retention and competitiveness.

*** A negative total indicates a positive outcome, where the amount allocated to the members' accounts exceeds the total amount received for the year. This demonstrates a robust collection process, ensuring compliance from employers in allocating historical transactions.

Benefit Payments

Total benefits paid out in 2024 amounted to K591 million, an 11% increase from 2023.

Description	2021 (PGK)	2022 (PGK)	2023 (PGK)	2024 (PGK)
Normal Retirement	399,028,874.54	376,296,075.92	372,080,551.60	407,345,713.33
Medical Retirement	5,976,754.18	8,185,064.28	7,257,356.72	6,891,965.63
Death	26,624,939.84	35,883,608.38	29,937,414.84	34,869,081.95
Transfer Out (to other ASF)	18,892,788.40	6,537,144.92	8,644,338.10	9,335,687.13
Unemployment Benefits	71,185,254.99	64,743,075.56	59,716,797.61	63,653,161.41

Licenced Fund Administrator Statement - Kina Superannuation Services Ltd



Description	2021 (PGK)	2022 (PGK)	2023 (PGK)	2024 (PGK)
RSA Payments	1,532,668.41	1,320,981.38	729,585.39	465,778.22
Housing Advance Payments	41,078,172.88	36,717,413.88	38,603,316.65	50,232,183.29
Tax on Full Benefit Payment	18,760,793.84	15,174,240.73	14,544,672.91	15,861,729.41
Tax on Partial Benefit Payment	3,461,921.42	2,433,425.89	2,325,589.45	2,685,914.59
Total	586,542,168.50	547,291,030.94	533,839,623.27	591,341,214.96

Key benefit payment insights:

- **Normal Retirement payments** – represent the largest portion of payouts each year, indicating this is the most common reason for members accessing their funds.
- **Housing advance payments** – A 30% increase in housing advance payments indicates members are actively investing in home ownership, strengthening their financial stability.
- **Death and Unemployment Benefits** – These are the next significant categories, suggesting a considerable number of claims are related to these unfortunate events.

Looking Ahead

KISS is strategically investing in advanced technologies to enhance its superannuation services, providing significant value to Nasfund members. Our experienced team, guided by strong leadership, is driving innovation and delivering exceptional service. The insights gained from our service delivery are instrumental in our ongoing efforts to lead and transform the superannuation sector in PNG.

Future Initiatives that we are envisaging:

- **Workflow system Uplift:** KISS has initiated a strategic modernization of its workflow solution through the migration from the legacy Case360 system to the advanced i-DOS platform. This transition is designed to significantly enhance operational efficiency and streamline workflow processes. A key advantage of the i-DOS system is its mobile accessibility, enabling secure and seamless access from any location, thereby fostering greater agility and responsiveness. This technological advancement will serve as a robust foundation for an elevated fund administration offering, empowering Nasfund with Enhanced member and employer experience
- **Intelligent Document Analysis Tool (IDA):** Intelligent Document Analysis (IDA) offers high-quality data capture, extraction, and understanding through machine learning, ensuring rapid automation and value. Key differentiators include market-leading OCR accuracy for handwriting, a 91% out-of-the-box automation rate, and highly accurate classification using textual and visual analysis. IDA's machine learning-based features, including recognition, classification, and extraction, eliminate reliance on rule-based systems, reducing manual corrections by 80%. On-premises deployment ensures compliance and data security. The modular design allows for individual feature licensing, optimizing workflows for various use cases.
- **Nasfund x Kina Visa Debit Cards:** Developing a co-branded banking product to provide Nasfund members with a seamless, 100% digital onboarding experience and fee-free transaction accounts.

We value our partnership with Nasfund and remain committed to delivering innovative, secure, and efficient fund administration services.

Deepak Gupta

Executive General Manager, Kina Investment and Superannuation Services Ltd

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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Fund Information

National Superannuation Fund ("Fund", "Nasfund" hereinafter) is a registered Trust in accordance with the Superannuation (General Provisions) Act 2000 and is incorporated and domiciled in Papua New Guinea.

Country of Incorporation	Papua New Guinea
Principal place of business	Level 4, BSP House Harbour City Port Moresby, N.C.D. Papua New Guinea
Trustee	National Superannuation Fund Limited
Directors of the Trustee Company	Ms. Tamzin Wardley, LM, MBE – Chairwoman Mr. Anthony Yauieb Mr. Leon Buskens Ms. Florence Willie Mr. Michael Murphy Ms. Julienne Leka-Maliaki Mr. Christopher Elphick Mr. Chey Scovell Mr. Andrew Kitum
Secretary	Ms. Jamie Lee-Loh
Auditors	KPMG Nambawan Plaza Level B2, OPH Precinct McGregor Street Port Moresby, N.C.D. Papua New Guinea
Fund Administrators	Kina Investments and Superannuation Services Limited
Licensed Investment Manager	BSP Capital Limited
Bankers	Bank South Pacific Limited Kina Bank Limited Australia & New Zealand Banking Group (PNG) Limited
Lawyers	Ashurst Lawyers Dentons (PNG) Lawyers Posman Kua Aisi (PKA) Lawyers Geroro Lawyers Bradley Wak & Co. Lawyers Simpson Lawyers Namani & Associates Lawyers Corrs Chambers Westgarth Milner Legal Allens Linklaters Lawyers
Professional Indemnity Insurance	QBE Insurance
Property and Facilities Manager	Ashton Brunswick

Report of the Trustee of the Fund

The Directors of the Trustee have the pleasure in submitting their report and the financial statements of National Superannuation Fund ("the Fund" or "Nasfund") for the year ended 31 December 2024.

Activities

The principal activities of the Fund was the management of retirement funds for employees in the private sector and State-owned entities throughout Papua New Guinea.

There were no significant changes in the nature of the activities of the Fund during the year.

Results

The net profit after tax for the year was K849.675 million (2023: profit after tax of K596.618 million).

Directors

The directors of the Trustee at the date of the report of the Fund are listed on page 42. No director of the Trustee had any material interest in any contract or arrangement with the Fund or any related entity during the year ended 31 December 2024.

Remuneration of Trustee Directors

The remuneration of Trustee Directors received during the year, is as follows:

Director's name	31 Dec 2024	31 Dec 2023
	K	K
Tamzin Wardley, LM, MBE – Chairwoman	260,379	266,414
Anthony Yauieb	257,690	262,000
Leon Buskens	217,069	221,379
Florence Willie	249,897	247,310
Michael Murphy	241,276	249,034
Julienne Leka-Maliaki	234,379	249,034
Christopher Elphick	237,828	233,448
Chey Scovell	218,793	217,931
Andrew Kitum	248,172	-
Kepas Wali (Resigned 31 December 2023)	-	223,103
Charles Vee (resigned 15 December 2023)	-	221,379
	2,165,483	2,391,032

Costs in relation to travel and meeting expenses, are incurred by Nasfund.

Remuneration of Employees

The number of employees (not including directors) whose remuneration exceeds K100,000 in bands of K50,000 is disclosed in note 18. Board fees and sitting allowances disclosed in note 22 are taxed accordingly.

Interests Register

Interests of the Directors of the Trustee and key management personnel as recorded in the interests register are disclosed in Note 22.

Signed on behalf of the Board of Directors of the Trustee of National Superannuation Fund.



Ms. Tamzin Wardley, LM, MBE
 Chairwoman
 Date: 18/03/2025



Mr. Michael Murphy
 Chair of the Audit Committee
 Date: 18/03/2025

Trustee's Declaration

In our opinion, the financial statements and the accompanying notes set out on pages 54 to 74 are drawn up so as to give a true and fair view of the financial position as at 31 December 2024 and the financial performance for the year ended on that date of the National Superannuation Fund in so far as they concern members of the National Superannuation Fund.

The Board of the Trustee has satisfied themselves that they have:

- 1) Identified the key financial and operational risks;
- 2) Established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
- 3) Ensured the risk management systems are operating effectively and are adequate in regards to the risks they are designed to control; and
- 4) No apparent conflicts of interest with respect to National Superannuation Fund's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with International Financial Reporting Standards and the requirements of the Superannuation (General Provisions) Act 2000 and requirements of the Trust Deed of the National Superannuation Fund dated 31 May 2002.

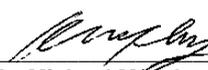
The auditor has communicated with us that relevant ethical requirements prohibiting members of the audit team or their immediate family members holding direct financial interests in the Fund were not met under Section 510 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants that are relevant to their audit of the Financial Report in Papua New Guinea, for the year ended 31 December 2024. We agreed that safeguards proposed and implemented by the auditor are sufficient to enable them to perform the audit engagement and to issue their report to the members for the year ended 31 December 2024.

DATED at PORT MORESBY this 18th day of March 2025.

For and on behalf of the Board of Directors of the Trustee of National Superannuation Fund.



Ms. Tamzin Wardley, LM, MBE
Chairwoman
Date: 18/03/2025



Mr. Michael Murphy
Chair of the Audit Committee
Date: 18/03/2025

Management's Declaration

In our opinion, the financial statements set out on pages 54 to 74 are drawn up so as to give a true and fair view of the financial position as at 31 December 2024 and the financial performance for the year ended on that date of the National Superannuation Fund in so far as they concern members of the National Superannuation Fund.

Management has satisfied themselves that it has:

- 1) Identified the key financial and operating risks;
- 2) Established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
- 3) Ensured the risk management systems are operating effectively and are adequate in regards to the risks they are designed to control; and
- 4) No apparent conflicts of interest with respect to National Superannuation Fund's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with International Financial Reporting Standards and the requirements of the Superannuation (General Provisions) Act 2000 and requirements of the Trust Deed of the National Superannuation Fund dated 31 May 2002.

The auditor has communicated with us that relevant ethical requirements prohibiting members of the audit team or their immediate family members holding direct financial interests in the Fund were not met under Section 510 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants that are relevant to their audit of the Financial Report in Papua New Guinea, for the year ended 31 December 2024. We agreed that safeguards proposed and implemented by the auditor are sufficient to enable them to perform the audit engagement and to issue their report to the members for the year ended 31 December 2024.

DATED at PORT MORESBY this 18th day of March 2025.

For and on behalf of the Management of National Superannuation Fund:



Mr. Rajeev Sharma
Chief Executive Officer
Date: 18/03/2025



Ms. Debbie Oli
Chief Financial Officer
Date: 18/03/2025



Independent* Auditor's Report

To the shareholders of National Superannuation Fund

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of National Superannuation Fund (the "Fund").

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Superannuation (General Provision) Act 2000*, the *Superannuation Prudential Standards issued by the Bank of Papua New Guinea* including:

- giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and
- complying with *International Financial Reporting Standards*.

The Financial Report comprises:

- statement of financial position as at 31 December 2024;
- statement of profit and loss and other comprehensive income, statement of changes in members' funds, and statement of cash flows for the year then ended; and
- notes including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the *International Standards on Auditing*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Papua New Guinea. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that we have remained independent as required by the Code throughout the period of our audit and to the date of this Auditor's Report, except for the situation described in the Other Matter paragraph below.

*We draw your attention to the Other Matter paragraph below which describes matters contributing to the auditor's independence for the year ended 31 December 2024.



Other Matter

Relevant ethical requirements for auditor independence are set out in the Code. In respect of our audit of the Fund's Financial Report for the year ended 31 December 2024, we note that junior audit team members were members of the Fund for the period under audit, and therefore relevant ethical requirements prohibiting members of the audit team or their immediate family members holding direct financial interests in the Fund were not met under section 510 of the Code. We have implemented relevant safeguards to reduce threats to our independence, including senior team members not holding direct financial interests in the Fund. We have made the Board of Trustees of the Fund, the Bank of Papua New Guinea and Certified Practising Accountants Papua New Guinea aware of the situation and discussed them the relevant safeguards applied. They have confirmed to us their agreement that the safeguards implemented are sufficient to enable us to perform the audit engagement and to issue our independent auditors' report to the members for the year ended 31 December 2024.

Other Information

Other Information is financial and non-financial information in National Superannuation Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with the *International Financial Reporting Standards*, *Superannuation (General Provisions) Act 2000* and the *Superannuation Prudential Standards issued by Bank of Papua New Guinea*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

As part of the audit in accordance with *International Standards on Auditing*, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

The auditor 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 the auditor identifies during the audit.

The auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards. We have communicated with Those Charged with Governance regarding the situation described in the Other Matter paragraph above.



Report on other legal and regulatory requirements

The *Superannuation (General Provisions) Act 2000* and the *Superannuation Prudential Standards* issued by the *Bank of Papua New Guinea* require that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the Financial Report for the year ended 31 December 2024:

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



Pieter Steyn
Partner
Registered under the Accountants Act 1996

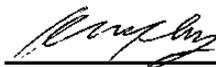
Port Moresby
19 March 2025

Statement of Financial Position

For the year ended 31 December 2024

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
Assets			
Investment assets			
Cash and cash equivalents	21	70,120	137,738
Investments in financial assets	8	3,996,340	3,691,240
Other receivables		45,819	41,950
Equity investments	9	3,497,001	2,674,376
Investment properties	10	561,754	568,608
		8,171,034	7,113,912
Other assets			
Current tax asset	12(b)	-	-
Other receivables		4,669	2,619
Property and equipment	11	14,979	13,517
		19,648	16,136
Total assets		8,190,682	7,130,048
Liabilities			
Withholding taxes payable		1,522	1,342
Sundry creditors and accruals	13	17,753	18,939
Current tax liability	12(b)	7,341	8,611
Provision for employee entitlements	14	4,455	4,020
Deferred tax liability (net)	12(c)	40,080	29,291
Total liabilities		71,150	62,203
Net assets		8,119,532	7,067,845
Represented by:			
Liability for accrued benefits			
- Allocated funds		7,191,895	6,404,830
- Unallocated contributions		65,926	68,188
- Unallocated earnings		861,711	594,827
Total Member Funds		8,119,532	7,067,845


 Ms. Tamzin Wardley, LM, MBE
 Chairwoman
 Date: 18/03/2025


 Mr. Michael Murphy
 Chair of the Audit Committee
 Date: 18/03/2025

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
Investment income			
Interest income	16	306,946	294,650
Dividend income	16	151,471	153,461
Property rentals		40,590	37,042
Movement in fair value of investments	15	487,112	180,623
Net foreign exchange gain/(loss)		(5,715)	84,925
		980,405	750,701
Less: Property costs		(19,462)	(5,330)
Net Investment income		960,943	745,371
Other income and expenses			
Sundry income		77	111
Reversal/(Provision) for Impairment of financial assets		31,528	(8,297)
Loss on disposal of fixed assets		(255)	(690)
		31,350	(8,876)
Expenditure			
Staff related expenses	18	(30,317)	(30,709)
Fund administration fees		(11,224)	(10,097)
Investment management fees		(7,653)	(6,548)
Advertising		(1,719)	(1,699)
Depreciation		(1,881)	(1,903)
Board expenses		(3,131)	(2,968)
Bank of PNG regulatory fees		(2,047)	(2,694)
Other administration expenses		(17,082)	(17,196)
		(75,054)	(73,814)
Profit before tax		917,239	662,681
Income tax expense	12(a)	(67,564)	(66,063)
Profit after tax		849,675	596,618
Other comprehensive income		-	-
Total comprehensive income for the year		849,675	596,618

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to, and forming part of, the Financial Statements.

Statement of Changes in Members' Funds

For the year ended 31 December 2024

	Note	Allocated Funds K'000	Unallocated Contribution K'000	Unallocated Earnings K'000	Total K'000
As at 1 January 2023		5,961,888	76,380	261,383	6,299,651
Total comprehensive income		-	-	596,618	596,618
Contributions received	7(a)	-	705,740	-	705,740
Allocated contributions	7(b)	713,932	(713,932)	-	-
Interim interest		9,484	-	(9,484)	-
Benefits paid to members	7(c)	(534,164)	-	-	(534,164)
Interest allocated to members' accounts		253,690	-	(253,690)	-
As at 31 December 2023		6,404,830	68,188	594,827	7,067,845
Total comprehensive income		-	-	849,675	849,675
Contributions received	7(a)	-	793,353	-	793,353
Allocated contributions	7(b)	795,616	(795,616)	-	-
Interim interest		13,732	-	(13,732)	-
Benefits paid to members	7(c)	(591,341)	-	-	(591,341)
Interest allocated to members' accounts		569,058	-	(569,058)	-
As at 31 December 2024		7,191,895	65,926	861,711	8,119,532

The Statement of Changes in Members' Funds is to be read in conjunction with the notes to, and forming part of, the Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Note	31 Dec 2024	31 Dec 2023
		K'000	K'000
Cash flow from operating activities			
Interest received		286,820	273,249
Rent received		36,722	32,784
Dividend received		151,471	109,790
Wages and administration payments		(76,866)	(71,463)
Income tax paid	12(b)	(14,915)	(12,351)
Property costs		(19,462)	(5,330)
Net cash from operating activities		363,770	326,679
Cash flow from investing activities			
Purchase of property and equipment		(3,295)	(3,053)
Proceeds from sale of property and equipment		20	-
Acquisition of investment property		(6,583)	(30,024)
Proceeds from sale of investment property		14,480	2,293
Purchase of equity investments		(395,609)	(216,299)
Proceeds from equity investments		84,829	128,719
Investments in financial assets		(1,115,876)	(1,081,497)
Proceeds from sale of financial assets		786,641	673,300
Net cash from investing activities		(635,393)	(526,561)
Cash flow from financing activities			
Contributions received		793,353	705,740
Benefits paid		(591,341)	(534,164)
Net cash from financing activities		202,012	171,576
Decrease in cash and cash equivalents		(69,611)	(28,306)
Effect of exchange rate fluctuations	17	1,993	2,489
Cash and cash equivalents at the beginning of the year		137,738	163,555
Cash and cash equivalents at the end of the year	21	70,120	137,738

The Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Financial Statements.

1 General Information

Operations of Nasfund

National Superannuation Fund ("the Fund" or "Nasfund") is a defined contribution superannuation fund established pursuant to the Superannuation (General Provisions) Act 2000. The Fund primarily is involved in the management of retirement funds for employees in the private sector and State-Owned Entities throughout Papua New Guinea.

Under the Trust Deed number 220228, National Superannuation Fund Limited is the Trustee of the Fund governed by a Board of Directors.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Superannuation (General Provisions) Act 2020, and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

The financial statements of the Fund for the year ended 31 December 2024 were authorised for issue by the Board of Directors of the Trustee, on 13/03/25 and signed on 18/03/2025.

2 Basis of preparation

The financial statements have been prepared primarily on the historical cost basis except for the following material items in the Statement of Financial Position:

- financial instruments at fair value through profit or loss;
- certain financial instruments carried at amortised cost;
- investment property carried at fair value through profit and loss.

Fund requirements

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- Obtains funds from one or more investors for the purpose of providing them with professional investment management services;

- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- Measures and evaluates performance of substantially all of its investments on a fair value basis.

The Fund meets all the above requirements.

Functional and presentation currency

The financial statements are presented in the currency of Papua New Guinea, the Kina, which is the Fund's functional currency, and amounts are rounded to the nearest thousand, unless otherwise stated.

Investments in controlled and associated entities

The Fund's interest in controlled entities and entities in which it holds significant influence are treated as investments of the Fund and these investments are measured at fair value.

Use of estimates and judgments

In the application of the Fund's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates

and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

Valuation of investment properties

There are significant challenges in the PNG market with the limited information available in terms of the disclosure of sales and rental evidence and availability of benchmarking data. The Fund has engaged independent appraisers to provide their views on the estimated fair value of the material investments within the portfolio. Such fair values were determined based on the capitalization of rent, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The Fund has then assessed these valuations, together with their knowledge of the market and the economy in PNG. The amounts and timing of recorded changes in fair value for any period would differ if the Fund made different judgments and estimates or utilised different basis for determining fair value.

The fair value methodology and any unobservable inputs that would be applicable to estimation for investment properties are considered in notes 4 (i) and 10 (b).

Valuation of equity investments, financial assets and liabilities

The Fund carries most of its equity investments, financial assets and liabilities at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, future cash flows, discount to net asset, the amount of changes in fair value would differ if the Fund utilised different assumptions or estimates for those rates. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

The fair value methodologies and unobservable inputs used in calculating the equity investments, financial assets and liabilities of the Fund are considered in notes 4 (ii) to (v), 9(d) and 23(e).

Contingent liabilities

The Fund is currently involved in various legal proceedings as disclosed in note 20. Estimates of probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defence in these matters and is based upon an analysis of potential results. The Fund currently does not believe these proceedings will have a material adverse effect on the statement of financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates, or in the effectiveness of the Fund's strategies relating to these proceedings, or in the application of new and revised International Financial Reporting Standards.

2 Basis of preparation (Continued)

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. In making this assessment, the Board has considered future events and conditions for the period of 12 months following the approval of these financial statements. The Board remains confident that Nasfund will be able to continue as a going concern as the Fund's assets significantly outweigh its liabilities and it has sufficient liquidity to meet its debts as and when they fall due.

Application of new and revised International Financial Reporting Standards

In the current year, the Fund has not adopted any amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024.

New and Revised IFRSs in issue but not yet effective

The Fund has not applied the following new and revised IFRSs that have been issued but are only effective for annual periods beginning on or after 1 January 2025:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to IAS 1: Non-current Liabilities with Covenants

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Fund in future periods.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Fund.

a) Member accounts

Contributions are accounted for, and members' accounts credited with their contributions, on a cash basis based on the receipt of reconciled contributions schedules.

b) Investment in financial assets

In accordance with International Financial Reporting Standards, investment in financial assets, investment properties and equity investments are included in the Statement of Financial Position at fair value as at the balance sheet date and movements in fair value of investment assets are recognised in the statement of comprehensive income in the period in which they occur.

The Fund also holds Government Securities, loans and cash, the accounting policy for which is detailed in Note 3 (e).

c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Fund at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and

payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Deferred expenditure

All staff housing subsidies advanced are amortised over a five-year period at 20% per annum, IRC approved.

e) Financial instruments

(i) Non-derivative financial assets

The Fund initially recognises loans and receivables and deposits on the date that they have originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

Financial assets and liabilities are off-set and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Government Securities

Government securities including treasury notes are recognised at amortised cost and assessed for impairment annually. Amortised cost approximates fair value of these instruments.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Material accounting policy information (continued)

(ii) Non-derivative financial liabilities

The Fund is restricted by the Superannuation (General Provisions) Act 2000 from borrowing funds. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Fund becomes a party to the contractual obligations.

The Fund's non-derivative financial liabilities include trade and other payables. Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

f) Property Plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost (including transaction costs). They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The written down value approximates fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Net gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Fund, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Fund will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the

current and comparative periods are as follows:

Office equipment	5 -12 years
Fixture and fittings	5 -10 years
Motor Vehicles	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the Income Statement.

g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

h) Impairment of assets

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indication that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Fund considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level.

All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Fund uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3 Material accounting policy information (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amount of the Fund's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an assets exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

i) Employee benefit plans

i) Defined contribution plans

The Fund is a defined contribution plan and as part of its post-employment benefit plan for its employees the Fund pays fixed contributions into the Fund. The Fund has no legal or constructive obligation to pay further amounts to each employee. The obligation for contributions is recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Fund's obligations in respect of long-term employee benefits is the amount of benefit that employees have earned in return for their services in the current and prior periods as required by law. That benefit is accrued each period and the increase taken to profit and loss account.

(iii) Short-term employment benefits

Short-term employment benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

j) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost.

k) Revenue recognition

Revenue is recorded on an accrual basis. To the extent in which it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, revenue is recognised. The following recognition criteria relates to the different revenues the Fund has recognised.

Dividend revenue

Revenue from dividends is recognised at a point in time on the date the shares are quoted ex-dividend and if not received at balance date, is reflected in the statement of financial position as a receivable.

Interest revenue

Revenue on money market and fixed interest securities is recognised over time using the effective interest rate method, and if not received at balance date, it is reflected in the statement of financial position as a receivable.

Movement in net market value of investments

Changes in the fair value of investments are recognised as income or expense if a loss, and are determined as the differences between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

Rent

Rent from property is recognised over time in accordance with the rental agreement on a straight-line basis.

l) Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 Material accounting policy information (continued)

A deferred tax is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Determination of fair values

A number of the Fund's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on methods discussed in the following sections. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Fund has an established control framework with respect to the measurement of fair values. The overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, rests upon the Chief Financial Officer and Chief Investment Officers. The Chief Financial Officer and Chief Investment Officers review the valuation reports and assesses the reasonableness of the significant unobservable inputs. The key items in the valuation reports are reported to the Audit and Risk Committee and Investment Committee.

When measuring the fair value of an asset or a liability, the Fund uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

The following is a summary of significant fair values determined in preparing the notes to the Fund's financial statements.

(i) Investment property

Investment property is initially recorded at cost including transaction costs. Individual property assets are valued each year for properties above K10 million. An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, then values the Fund's investment properties as required. The fair values are based on market values, being the estimated amount for which a property could be exchanged on

the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Fund and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate, counter-notices, have been served validly and within the appropriate time. The sensitivity analysis on investment property fair valuations is disclosed in Note 10 (b) (vi).

(ii) investment in quoted equity and debt securities

The fair value of financial assets at fair value through profit or loss and fair value through Other Comprehensive Income financial assets is determined by reference to their quoted closing bid price at the reporting date.

(iii) Unquoted equity investments

Unquoted equity investments are initially recorded at cost. Individual unquoted equity investments are externally valued every year where required. An external valuation will also be required where the Directors of the Trustee believe that the value of the asset has changed by the greater of K5 million or 10% from the previous external valuation. When an external valuation is required, an external independent valuer, having appropriate recognised professional qualifications and recent experience of unquoted companies being valued, values the Fund's unquoted equity investments. Directors' valuations are required for all other years. The fair values are based on either the cumulative multiple earnings, net assets, discounted net assets, discounted cash flows, dividend discount model, or liquidation method. The method adopted is applied consistently from year to year. The sensitivity analysis on unquoted equity investments is disclosed in Notes 9(f) and 23 (e).

(iv) Trade and other receivables

The fair value of trade and other receivables for disclosure purposes is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5 Financial risk management

This note presents information about the Fund's exposure to each of the risks noted below, the Fund's objectives, policies and processes for measuring and management of risks, and the Fund's management of capital. Further quantitative disclosures are included in Note 23 and throughout these financial statements. Note 23 outlines the Funds exposure to the risks from its use of financial instruments.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Fund's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Fund standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Fund standards is supported by a programme

of periodic reviews undertaken by management. The results of internal reviews are discussed with management with summaries submitted to the Audit and Risk Committee and Board of Directors.

Risk management framework

The Board of Directors of the Trustee company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Fund's risk management policies. The committee reports regularly to the Board of Directors of the Trustee company on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Trustee company oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Funding arrangements

The employers have contributed to the Fund during the current financial year at a rate of 8.4% of the gross salaries of those employees who were members of the Fund (2023: 8.4%). Employees contribute to the Fund during the year at a minimum rate of 6.0% of the gross salaries (2023: 6.0%).

Notes to, and forming part of, the financial statements

For the year ended 31 December 2024

7 Members' Funds	Note	31 Dec 2024	31 Dec 2023
(a) Contributions received		K'000	K'000
Superannuation contribution receipts	(i)	751,239	677,389
Eda Super receipts		8,404	5,903
Housing advance repayments		20,795	18,052
Transfers in from other Superfunds		12,915	4,396
Total contributions received		793,353	705,740
(b) Allocated contributions			
Superannuation contributions	(ii)	(788,339)	(707,143)
Eda Super contributions	(ii)	(7,277)	(6,789)
Total allocated contributions		(795,616)	(713,932)
(c) Benefits paid to members			
Retirement exit payments		(415,109)	(348,503)
Unemployment benefits		(66,339)	(95,547)
Housing advance		(50,232)	(38,603)
Death		(34,869)	(29,937)
Medical grounds		(6,892)	(7,257)
Transfers to other superfunds		(9,336)	(8,644)
Eda Super		(8,564)	(5,673)
Total benefits paid to members		(591,341)	(534,164)

(i) Superannuation contributions receipts, represents both the employer and employee portion.

(ii) Contributions received are allocated to member accounts, upon receipt of the bank statement and contribution file from employer. Any funds received, without the contribution file, or where monies received do not match the contribution file, are unable to be allocated to members' accounts. These are held as unallocated funds. At the point in which the funds are allocated to the member's account, the respective interest for periods unallocated, are also calculated and credited to the members account. So no member misses out any any interest during the period when their funds were sitting as unallocated.

8 Investments in financial assets		31 Dec 2024	31 Dec 2023
Treasury Bills		620,145	614,757
Interest Bearing Deposits		-	27,405
Government Inscribed Stock (GIS)	(a)	3,104,118	2,785,287
Sovereign Community Infrastructure Treasury Bill (SCITB)	(b)	28,054	28,431
Interest receivable	(c)	72,935	62,042
Notes and other loans	(d)	171,088	173,318
		3,996,340	3,691,240
(a) Government Inscribed Stock (GIS)			
GIS		3,162,449	2,832,421
Provision for impairment on GIS	(e)	(58,331)	(47,134)
		3,104,118	2,785,287
(b) Sovereign Community Infrastructure Treasury Bill (SCITB)			
SCITB		68,581	68,581
Interest receivables from SCITB		35,250	35,250
Provision for impairment on SCITB	(e)	(75,777)	(75,400)
		28,054	28,431

The Sovereign Community Infrastructure Treasury Bill (SCITB) was issued by the Treasurer on behalf of the Independent State of Papua New Guinea (State) by National Capital Limited (NCL) as the State's Agent under the Treasury Bills Act 1974. However, the State disputed its liability to repay the SCITB and consequently, the Fund commenced legal proceedings for the recovery of the amount it subscribed for the SCITB as well as any accrued interest. On 28 August 2017, the National Court ordered NCL to return to the Fund approximately K56.4 million which was held by NCL in several bank accounts. These monies were recovered thus lowering the principal remaining to approximately K68.6 million. As at the end of 2024, the balance of the SCITB remains in dispute and the Fund is continuing its legal recovery of these funds (including any accrued interest). Refer to note 20(b) (i) and (iii).

(c) Interest receivable		31 Dec 2024	31 Dec 2023
Opening balance accrued interest		62,042	79,981
Increase/(Decrease) in accrued interest		10,893	(17,939)
Closing balance		72,935	62,042

8 Investments in financial assets (Continued)

				31 Dec 2024	31 Dec 2023
(d) Notes and other loans	Maturity (years)	Yield	Note	K'000	K'000
Panamex Limited	5	6.5%		10,000	10,000
Tawali Resort Limited	-	-	(i)	-	4,057
Heritage Park Hotel Limited	-	13.5%		19,469	23,496
Mainland Holdings Limited	-	10%		142,598	145,366
PNG Air Limited	-	-	(ii)	2,056	45,000
Hornibrooks Limited	1	10%	(iii)	-	5,000
Loloata Island Resort Limited	10	6%		2,700	3,024
				176,823	235,943
Less: Provision for impairment			8 (e)	(5,735)	(62,625)
				171,088	173,318

(i) In 2012 the Fund provided for the loan to Tawali Resort of K4.057 million and no interest is being accrued in respect of this loan as there is doubt regarding its recoverability. In 2024, the Board resolved to write off the fully provided loan to Tawali Resort, as it was deemed unrecoverable.

(ii) In 2017 Nasfund provided funding to PNG Air worth K20 million, however the terms on which that funding was to be converted to equity were not satisfied. In 2020, an additional K25 million was converted from investments to loan, as the initial plan to convert the notes to equity did not eventuate. As such, this has now been recorded as a loan and a provision for impairment of K45 million has been accounted for in accordance with IFRS 9, with no interest being accrued, based on an assessment performed in 2020 and at each subsequent reporting period. In 2023, PNG Air underwent a proposed debt restructure exercise, which resulted in a proposed debt to equity conversion for Nasfund. This has been reflected in the accounts in 2024, after final approvals through the Court in the same year. The impact resulted in a debt to equity conversion of K33m and a residual loan balance of K2.06m. The loan has been fully provided for.

(iii) The Hornibrooks loan was fully repaid in 2024.

(e) Movement in provisions	Note	31 Dec 2023 K'000	Movement K'000	31 Dec 2024 K'000
Provision for impairment is comprised of the following:				
Tawali Resort Limited	8 (d)	4,057	(4,057)	-
Sovereign Community Infrastructure Treasury Bill	8 (b)	75,400	377	75,777
Government Inscribed Stock	8 (a)	47,134	11,197	58,331
PNG Air Limited	8 (d)	45,000	(42,944)	2,056
Mainland Holdings Limited	8 (d)	12,071	(9,183)	2,888
Loloata Island Resort Limited	8 (d)	252	(196)	56
Hornibrooks Limited	8 (d)	415	(415)	-
Panamex Limited	8 (d)	830	(630)	200
Receivables	8 (d)	-	535	535
Closing balance		185,159	(45,316)	139,843
		31 Dec 2022 K'000	Movement K'000	31 Dec 2023 K'000
Provision for impairment is comprised of the following:				
Tawali Resort Limited		4,057	-	4,057
Sovereign Community Infrastructure Treasury Bill		75,483	(83)	75,400
Government Inscribed Stock		42,698	4,436	47,134
PNG Air Limited		45,000	-	45,000
Mainland Holdings Limited		9,091	2,980	12,071
City Centre Development Limited		310	(310)	-
The Edge Limited		113	(113)	-
Loloata Island Resort Limited		-	252	252
Hornibrook NGI Limited		-	415	415
Panamex Holdings [Singapore] Pte. Limited		-	830	830
Closing balance		176,752	8,407	185,159

Notes to, and forming part of, the financial statements

For the year ended 31 December 2024

		31 Dec 2024	31 Dec 2023
		K'000	K'000
9 Equity Investments			
Quoted investments – domestic	(a)	1,093,364	772,629
Quoted investments – international	(a)	1,300,619	825,996
Unquoted investments	(b)	1,103,018	1,075,751
		3,497,001	2,674,376

(a) Quoted Investments

Summary of fair value movement of quoted Investments is as follows:

Quoted shares domestic	31 Dec 2023	Fair value	Net additions /	31 Dec 2024
	K'000	movement	(disposals)	K'000
		K'000	K'000	
PNG Air Limited	250	(33,725)	33,475	-
BSP Financial Group Limited	620,862	280,974	-	901,836
City Pharmacy Limited	27,318	(3,458)	-	23,860
Credit Corporation (PNG) Limited	124,199	43,469	-	167,668
	772,629	287,260	33,475	1,093,364
Quoted shares international	31 Dec 2023	Fair value	Net additions /	31 Dec 2024
	K'000	movement	(disposals)	K'000
		K'000	K'000	
Santos Limited	75,157	(10,926)	15	64,246
Vanguard International Shares Index Fund	536,353	92,363	(63,842)	564,874
Vanguard Global Infrastructure Index ETF	-	(50)	6,797	6,747
Vanguard All-World Ex-US Index ETF	-	5,672	165,932	171,604
iShares Core S&P500 ETF	153,091	70,287	176,629	400,007
iShares U.S Infrastructure ETF	-	(65)	13,701	13,636
Steamships Trading Company Limited	59,038	4,667	-	63,705
Newmonth Corporation	-	-	4	4
Kina Securities Limited	2,358	1,609	11,829	15,796
	825,996	163,557	311,065	1,300,619

Reconciliation of movement in quoted investments is as follows:

	Note	31 Dec 2024	31 Dec 2023
		K'000	K'000
Opening balance		1,598,625	1,316,065
Net additions/(disposals) during the year		344,540	78,217
Fair value gain/(loss)	15	450,817	204,343
Closing balance		2,393,982	1,598,625

(b) Unquoted Investments at fair value

Summary of fair valuation of unquoted Investments is as follows:

Unquoted investments	% holding	Valuation model		31 Dec 2023	Fair value	Net additions /	31 Dec 2024
		2024	2023	K'000	movement	(disposals)	K'000
					K'000	K'000	
Amalgamated Packaging Limited	30.00%	(ii)	(ii)	-	800	-	-
Hornibrooks NGI Limited	21.13%	(i)	(i)	-	(1,193)	-	-
Brian Bell & Company Limited	20.31%	(ii)	(ii)	-	5,950	-	-
The Edge Limited	100.00%	(i)	(i)	-	17,719	-	-
City Centre Developments Limited	100.00%	(i)	(i)	-	(1,676)	-	-
South Pacific Brewery Limited	0.72%	(ii)	(ii)	-	(2,254)	-	-
Pacific Balanced Fund	20.97%	(i)	(i)	-	7,212	-	-
Hillside Gardens Partnership	50.00%	(i)	(i)	-	1,147	-	-
Panamex Limited	41.30%	(ii)	(ii)	-	(3,580)	-	-
Heritage Park Hotel	60.00%	(i)	(i)	-	8,994	-	-
Malagan Limited	100.00%	(i)	(i)	-	2,020	-	-
Carpark Limited	100.00%	(i)	(i)	-	(1,554)	-	-
Gewani Limited	100.00%	(i)	(i)	-	(4,095)	-	-
Capital Insurance Group Limited	19.16%	(i)	(i)	-	(1,800)	-	-
Loloata Island Resort Limited	50.00%	(i)	(i)	-	(6,250)	-	-
Mainland Holdings Limited	98.82%	(i)	(i)	-	12,087	-	-
Pacific International Hospital	30.36%	(i)	(i)	-	(6,261)	-	-
Total unquoted investments				1,075,751	27,267	-	1,103,018

(i) Adjusted Net Assets on a Going Concern Basis

(ii) Capitalisable Maintainable Earnings ("CME")

9 Equity Investments (Continued)	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
<i>Reconciliation of movement in unquoted investments is as follows:</i>			
Opening Balance		1,075,751	975,999
Additions during the year		-	66,832
Fair value gain	15	27,267	36,794
Other movements		-	(3,874)
Closing balance		1,103,018	1,075,751

The above unquoted investments are stated at fair value, which have been determined by the Board of Directors based on external valuations performed by PwC PNG, Ernst & Young Australia and Kina Investment Banking. The main methodologies in determining the fair value of unlisted equities are usually based on future maintainable earnings, dividend yields, net tangible assets or cash flows. The valuers have applied the most appropriate methodologies to each investment and have used other methodologies as a cross check where appropriate.

(c) Unconsolidated subsidiaries

National Superannuation Fund meets the definition of an investment entity under IAS 10 *Consolidated Financial Statements* and in accordance with the The Fund's unconsolidated subsidiaries are disclosed in the table below. consolidation exemption for investment entities in IAS 10, the Fund measures its investments in its subsidiaries at fair value through profit or loss in accordance with IAS 9 Financial Instruments. There are no significant restrictions on the ability of any unconsolidated subsidiaries to transfer funds to the Fund.

Subsidiary name	Principal place of business
The Edge Limited	Port Moresby, Papua New Guinea
City Centre Developments Limited	Port Moresby, Papua New Guinea
Malagan Limited	Port Moresby, Papua New Guinea
Carpark Limited	Port Moresby, Papua New Guinea
Gewani Limited	Port Moresby, Papua New Guinea

(d) Equity investments that are over 5% of the net asset value of the Fund

BSP Financial Group Limited	11.11%
Vanguard Investments Australia Limited	6.96%

(e) Fair value model and significant unobservable inputs

Set out below are the fair valuation models used and the significant unobservable inputs that may affect the valuation.

(i) Adjusted Net Assets on a Going Concern Basis

Under this model, fair value is based on the identifiable net assets of the investee. This method is used where the underlying assets and liabilities approximate their fair value and management do not believe there is any intangible value in the company. Realization discount rates adopted remain consistent with 2023 ranging from 5% to 100% (average between 21% to 38%).

(ii) Capitalisable Maintainable Earnings ("CME")

Capitalisable maintainable earnings (CME) approach is a valuation model based on market multiples derived from quoted prices of companies comparable to the investee and the maintainable earnings of the investee. The fair value estimate is adjusted for the effect of the non-marketability of the equity securities. Significant key unobservable input used in this valuation model are the maintainable earnings of the investee, adjusted market multiples remain consistent with 2023 ranging from 3.4x to 8.6x, country risk ranging from 18% to 70% and control premium ranging from 20% to 25%.

Accordingly, an increase in the maintainable earnings of the investee and / or an increase in the adjusted market multiple will increase the estimated fair value of the equity investment. A decrease in the maintainable earnings of the investee and / or a decrease in the adjusted market multiple will decrease the estimated fair value of the equity investment.

(f) Sensitivity analysis

The following is a sensitivity analysis of significant unobservable inputs, and shows the effect on profit of loss

	31 Dec 2024 K'000	31 Dec 2023 K'000
Increase of 1% in market multiples	(34,914)	(34,337)
10% increase in earnings	(18,009)	(19,337)
Increase of 5% in minority discount rates	(41,102)	(30,467)

A decrease in any of the above unobservable inputs would have the opposite but similar effect to profit or loss.

Notes to, and forming part of, the financial statements

For the year ended 31 December 2024

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
10 Investment Properties			
Residential properties	(a)	45,059	45,327
Industrial properties	(a)	-	14,300
Commercial properties	(a)	488,036	484,701
Land	(a)	12,074	11,711
Work in Progress		16,585	12,569
		561,754	568,608

(a) Investment properties (at market value)

Summary of movement in fair valuation of investment properties as follows:

	Capitalisation rates	Valuation model	31 Dec 2023 K'000	Fair value movement K'000	Net additions / (disposals) K'000	31 Dec 2024 K'000
Residential properties						
Solwara Apartments	10% (2023: 10.5%)	MC	-	186	-	-
Andu Lumuki Apartments	-	DMA	-	-	-	-
Lot 3 Sect. 2 Madang Property	-	DMA	-	-	(454)	-
Siroi Panu Units	-	DMA	-	-	-	-
			45,327	186	(454)	45,059
Industrial properties						
API	(2023: 11.5%)	MC	-	-	(14,300)	-
			14,300	-	(14,300)	-
Commercial properties						
Ravalian Haus	10% (2023: 10%)	MC	-	2,040	-	-
Able Computing Madang	11% (2023: 11%)	MC	-	(574)	-	-
ANZ Haus	10% (2023: 10.5%)	MC	-	(862)	1,070	-
Westpac Head Office Building	-	DMA	-	970	-	-
BSP Douglas Street	-	DMA	-	(2,019)	-	-
Madang Slipway	-	DMA	-	5,436	-	-
Kina Haus	10% (2023: 10%)	MC	-	2,313	417	-
Nasfund Haus Lae	11% (2023: 11%)	MC	-	(1,522)	-	-
NCSL Head Office	10% (2023: 10%)	MC	-	(828)	-	-
IPA Haus	11.5% (2023: 10.5%)	MC	-	(1,301)	1,077	-
Burns Philp	10% (2023: 10.5%)	MC	-	(1,941)	-	-
The Face	10% (2023: 10.5%)	MC	-	(362)	-	-
The Factory	12% (2023: 10.5%)	MC	-	(1,518)	-	-
Zenara	(2023: 11%)	SU	-	939	-	-
			484,701	771	2,564	488,036
Land						
8 Mile and 9 Mile	-	DMA	-	1,355	-	-
Vacant Land, POM	-	DMA	-	(760)	-	-
Vacant Land, Lae	-	DMA	-	(232)	-	-
			11,711	363	-	12,074

MC – Market Capitalisation

DMA - Direct Market Approach

SU - Summation Approach

Reconciliation of movement in investment properties is as follows:

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
Opening balance		568,608	519,511
Net additions/(disposals)		(12,190)	23,138
Work in progress (at cost)		4,016	4,037
Fair value gain/ (loss)	15	1,320	21,922
Closing balance		561,754	568,608

Investment properties are stated at fair value, which have been determined by the Board of Directors in line with the accounting policy at note 4(i). All rental income and property costs disclosed in the Statement of Profit or Loss and Other Comprehensive Income, relate purely to investment properties.

(b) Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Fund's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as (i) Direct market approach (DMA) is a market-based valuation technique which considers the most recent completed sales transactions and quoted market prices (when available) of similar properties in the location adjusted for certain market factors such as the physical deterioration of the property and its location (prime vs secondary). (ii) Market capitalisation (MC) is a fair valuation model which considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using risk-adjusted market capitalisation rates. Key unobservable input includes the risk-adjusted market capitalisation rates as disclosed above. Lease rates and outgoings are based on the actual as earned and incurred by the Fund. (iii) Summation approach (SU) is based on attributing a value to each component of the property, rather than a value for the property in its entirety.

10 Investment properties (continued)

(iv) Fair value hierarchy

The classifications of fair value hierarchy have been discussed in note 23(g). The reconciliation of the movement of investment properties based on their respective fair value hierarchy classification are detailed as follows:

The fair value measurement for investment properties of K561.754 million (2023: K568.608 million) have been categorised at Level 3 fair value as the inputs to the valuation techniques used made reference to significant unobservable inputs such as risk-adjusted capitalisation rates.

(v) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
Opening balance		568,608	519,511
Improvements, reclassifications and additions		(12,190)	23,138
Work in progress		4,016	4,037
Changes in fair value		1,320	21,922
Closing balance		561,754	568,608

Market capitalisation, summation method and direct market comparison were the valuation models used in measuring the fair value of the above properties. The Significant key unobservable inputs used include market lease rates and market capitalisation rates ranging from 10% to 11.5% (2023: 10% to 11.5%). Accordingly, an increase in market lease rates and / or a decrease in market capitalisation rate would increase the fair value of the properties. A decrease in market lease rates and / or an increase in market capitalisation rate would decrease the fair value of the properties. market capitalisation valuation model considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using risk-adjusted market capitalisation rates adjusted for certain market factors such as the physical deterioration of the property and its location (prime vs secondary). The direct market comparison valuation model considers the most recent completed sales transaction and quoted market prices (when available) of similar properties in the location adjusted for the certain market factors such as the physical deterioration of the property and its location (prime vs secondary). The estimated fair value would increase or decrease based on the market's most recently completed sales transaction for comparable properties and the changes in the costs of constructing new similar properties.

(vi) Sensitivity analysis

	Effect on profit or loss	
Increase of 1% in capitalisation rates	19,771	(2,031)
10% increase in rentals	121,639	101,870

A decrease in any of the above unobservable inputs would have the opposite but similar effect to profit or loss.

11 Property and equipment	Office				Total
	Motor vehicles	Equipment	Fixtures and Fittings		
Cost or deemed cost	K'000	K'000	K'000	K'000	
At 1 January 2023	2,567	13,785	8,341	24,693	
Additions	1,811	129	-	1,940	
Disposals	(687)	(1,926)	(47)	(2,660)	
At 31 December 2023	3,691	11,988	8,294	23,973	
Additions	1,438	614	-	2,052	
Disposals	(42)	-	-	(42)	
At 31 December 2024	5,087	12,602	8,294	25,983	
Accumulated depreciation					
At 1 January 2023	1,692	10,380	4,909	16,981	
Depreciation for the year	597	459	604	1,660	
Disposals	(687)	(1,771)	(47)	(2,505)	
At 31 December 2023	1,602	9,068	5,466	16,136	
Depreciation for the year	615	614	604	1,833	
Disposals	(42)	-	-	(42)	
At 31 December 2024	2,175	9,682	6,070	17,927	
Carrying amounts					
At 31 December 2024	2,912	2,920	2,224	8,056	
At 31 December 2023	2,089	2,920	2,828	7,837	
Capital Work in Progress included in property and equipment					
			31 Dec 2024	31 Dec 2023	
			K'000	K'000	
Opening balance			5,680	4,619	
Commissioned			-	(53)	
Additions			1,243	1,114	
Closing balance			6,923	5,680	
Total property and equipment			14,979	13,517	

		31 Dec 2024 K'000	31 Dec 2023 K'000
12 Income Tax			
(a) Income tax expense			
Current tax		67,564	66,063
		67,564	66,063
Accounting profit before tax		917,239	662,681
Tax on the profit for the year at 25%		229,310	165,670
Taxation effect of permanent differences			
- Permanent adjustments		(1,597)	390
- Non-taxable items		(122,281)	(61,632)
Dividend rebate		(37,868)	(38,365)
		67,564	66,063
(b) Current tax liability			
Opening balance of income tax receivable		(8,611)	1,655
Current tax		(56,776)	(67,078)
Offset by withholding taxes recoverable		43,131	44,461
Payment during the year		14,915	12,351
		(7,341)	(8,611)
(c) Deferred tax liability (net)			
As at 31 December 2024	Assets	Liabilities	Net
Property, plant and equipment	67	0	67
Investment property	-	(39,420)	(39,420)
Provisions	17,671	-	17,671
Interest receivable	-	(18,234)	(18,234)
Other	987	(1,151)	(164)
	18,725	(58,805)	(40,080)
As at 31 December 2023	K'000	K'000	K'000
Property, plant and equipment	-	(292)	(292)
Investment property	-	(38,767)	(38,767)
Provisions	25,529	-	25,529
Interest receivable	-	(15,556)	(15,556)
Other	-	(205)	(205)
	25,529	(54,820)	(29,291)
13 Sundry creditors and accruals		31 Dec 2024 K'000	31 Dec 2023 K'000
Sundry creditors and other accruals		13,379	15,002
Bonds and repayable deposits		4,374	3,937
		17,753	18,939
14 Provision for employee entitlements			
Annual leave		935	899
Long service leave		3,520	3,121
		4,455	4,020
The movement in provision for long service leave is presented as follows			
Opening balance		3,121	2,997
Charge for the year utilised	18	570	375
Payments made during the year		(171)	(251)
Closing balance		3,520	3,121
15 Movement in fair value of investments			
The realised gain/(loss) from financial instruments at fair value through the profit and loss, represents the difference between the carrying amount of a financial instrument at the beginning of the year or the transaction price upon acquisition during the year, and its settlement / sale price upon disposal. The unrealised gain/(loss) represents the difference between the carrying amount of a financial instrument at the beginning of the period or transaction price upon acquisition during the year, and its carrying amount at the end of the period. A summary of the movement in fair value of the investments is as follows:			
Unrealised in respect of those investments held at the end of the year:	Note		
Shares in listed companies	9 (a)	450,817	204,343
Shares in unlisted companies	9 (b)	27,267	36,794
Investment properties	10	1,320	21,922
		479,405	263,059
Net foreign exchange gain/(loss) shown separately on the face of the Statement of Profit or Loss and Other Comprehensive Income	17	(7,707)	82,436
Movement in fair value not attributed to foreign exchange gain		487,112	180,623

Notes to, and forming part of, the financial statements

For the year ended 31 December 2024

16 Investment income

Interest Income

Financial Instruments measured at amortized cost:

	Note	31 Dec 2024 K'000	31 Dec 2023 K'000
Government Inscribed Stock		266,871	254,844
Bank Deposits		1,175	2,229
Treasury Bills		20,349	14,243
Loans		18,551	23,334
		306,946	294,650

Dividend income

Dividends received from Equity Investments:

Unlisted Equity		60,414	51,821
Listed Equity		91,057	101,640
		151,471	153,461

Total Investment Income

458,417 **448,111**

17 Operating profit for the year has been arrived at after charging the following items:

Auditors' remuneration – audit		(588)	(538)
Legal expenses		(788)	(502)
Gain on sale of property, plant and equipment		20	207
Net foreign exchange gain/(loss) – related to cash		1,993	2,489
Net foreign exchange gain/(loss) – related to investments	15	(7,707)	82,436

18 Staff related expenses

Salaries and wages		14,923	16,303
Superannuation		767	725
Long service leave	14	570	375
Other expenses and benefits		14,057	13,306
		30,317	30,709

The number of full-time employees at the end of the year was 185 (2023: 172).

The number of employees whose remuneration exceeds K100, 000 for the year was 34 (2023: 29).

Total remuneration (Kina)

	31 Dec 2024 No.	31 Dec 2023 No.
K100,001 - K150,000	10	8
K150,001 - K200,000	5	3
K200,001 - K250,000	6	5
K250,001 - K300,000	1	-
K300,001 - K350,000	2	1
K350,001 - K400,000	-	2
K400,001 - K450,000	1	-
K450,001 - K500,000	3	-
K500,001 - K550,000	1	1
K550,001 - K600,000	2	4
K600,001 - K650,000	1	3
K650,001 - K700,000	-	-
K700,001 - K750,000	-	-
K750,001 - K800,000	-	-
K850,001 - K900,000	-	-
K900,001 - K950,000	-	-
K950,001 - K1,100,000	1	1
K1,100,001 +	1	1
	34	29

19 Employee benefit plans

The Fund contributes to the National Superannuation Fund for its own employees. The Fund's employees receive 10% employer contribution rates. Employees contribute to the Fund during the year at a minimum rate of 6.0% of the gross salaries. During 2024, the Fund expensed K1.403 million in contributions (2023: K1.361 million).

20 Commitments, contingencies and disputes

(a) Commitments

The Fund has entered into a contract for the management and maintenance of its investment properties (facilities management), member's fund management, and investment portfolio management for the next three years (Refer note 20 (c)). The annual expense expected to be incurred in relation to these contracts is as follows:

Contract	Amount
Facilities management (i)	K6.8 million per annum
Member's fund management -monthly fee for up to 180,000 active members	K590,000 per month
Investment portfolio management -Custodial Services -Asset Consulting Services -Listed Funds Management Services -Unlisted Funds Management Services	0.11% of assets under management

(i) Facilities management includes fees for properties in 100% owned companies.

(b) Government securities in dispute and litigation liabilities

The Fund had the following government securities and other litigious matters which were directly or indirectly in dispute as at 31 December 2024:

(i) Sovereign Community Infrastructure Treasury Bill (SCITB) - K125 million

The recovery of the balance of the SCITB is still in dispute. The Independent State of Papua New Guinea (State) claims that the SCITB is not a lawfully issued treasury bill. The Fund maintains, based on independent legal advice, that the issuing of the SCITB is legal and the funds advanced for the SCITB and any applicable interest are fully recoverable. The Fund commenced legal action against the State, the Bank of Papua New Guinea and National Capital Limited (NCL) for the return of the K125 million it advanced to the State in exchange for the SCITB. On 28 August 2018, the National Court ordered NCL to return to the Fund approximately K56.4 million which it held in several bank accounts. These monies have since been received by the Fund. Consequently the principal amount remaining in dispute is approximately K68.6 million. This amount and the accrued unpaid interest, is still being pursued in on-going legal proceedings.

In June 2023, the Fund's lawyers prepared an interest calculation (for any accrued interest) which would assist the Fund in obtaining specific directions to expedite the matter. Subsequent to 31 December 2024, the lawyers have received a court hearing date and expect a ruling to be made on the case within the course of the 2025 financial reporting period.

(ii) Exchange of Niugini Nominee Notes (K100 million) for Bank of South Pacific shares

During the first part of 2011, the Fund redeemed its holding of Notes issued by Niugini Nominee Notes (NNL) in exchange for shares in BSP. These shares were a part of a parcel of shares which Motor Vehicles Insurance Limited (MVIL) had previously mortgaged to NNL. Kumul Consolidated Holdings (KCH) (parent of MVIL) initiated legal proceedings against NNL and MVIL by which KCH sought to have the BSP shares returned to MVIL. The Fund was joined as a party to these proceedings in June 2011 after the title to the BSP shares were transferred to the Fund and all other relevant transactions were closed out. One of KCH's claims is that all transactions entered into by the parties were void and that as a consequence, all the BSP shares which had been mortgaged to NNL including those transferred to the Fund should be returned to MVIL. On independent legal advice, the Fund is advised that KCH's claim should fail as it has good title to the parcel of the BSP shares and that any legal action against the Fund would not result in a negative outcome for the fund. As at the end of 2022, the Fund has made two applications to dismiss the proceedings. In both instances, the Court failed to exercise discretion as it still considers that the Fund is a necessary party to determine the issues in dispute. The Fund maintains that the outcome of these two applications do not take away from the fact that the Fund has a good defence. There have been no changes in 2024.

(iii) Provision for impairment

Whilst the Fund does not accept that its claim in relation to the SCITB referred to in paragraph (i) will fail, that it has any exposure in relation to the claim in paragraph (ii) or that it has any liability in any other proceedings, the Fund has made a global provision in relation to all such matters, of K75.8 million (2023: K75.4 million) to take account of the uncertainties of litigation (see note 8b). Interest income is not being accrued in respect of the SCITB due to the uncertainty about the ultimate recovery of the monies.

(iv) Portion 2123 court proceeding

During 2013 and 2015, the Fund instituted proceedings against Yawenaik Ltd and other parties including Department of Lands & Physical Planning and Registrar of Titles. The proceedings were to recover the land described as Portion 2123, Granville (9-Mile) comprising of 90.7 hectares from Yawenaik Ltd and other parties. The Fund instituted the proceedings after the land was consolidated with another property described as Portion 1568, subdivided, and given new description without the knowledge and authority of the Fund. Ownership of the Land will be recovered if the current Court proceedings are successful and the Fund's independent legal advisor has advised that those proceedings have prospects of success. There have been no changes in 2024.

20 Commitments, contingencies and disputes (continued)**(c) Material contracts – operational****Contract**

Kina Investments & Superannuation Services Limited
BSP Capital Limited

Services

Fund Administration
Investment Management

Expiry Date

June 2027
July 2027

(d) Material contracts - property management**Contract**

Ashton Brunswick Limited

Services

Facilities Manager

Expiry Date

December 2024

21 Cash and cash equivalents*Reconciliation of cash and cash equivalents*

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short-term deposits. Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows are reconciled to the related items in the statement of financial position as follows:

	31 Dec 2024 K'000	31 Dec 2023 K'000
Cash at bank and on hand	70,120	103,989
Interest bearing deposits	-	33,749
Cash and cash equivalents	70,120	137,738

Interest bearing deposits have a maturity of less than 90 days. Interest rates ranged from 0.50% to 5.2% (2023: 0.50% to 5.20%).

22 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Fund and entities controlled, jointly-controlled or significantly influenced by such parties. Pricing policies and the terms of these transactions are approved by the Board of Directors. Management and some members of the board of directors are also members of the Fund under normal commercial terms and conditions.

Transactions with related parties during the year are as follows:

(i) Nasfund Contributors Savings and Loan Society ("NCSL")

Nasfund Contributors Savings and Loan Society is a related party as Nasfund contributors are eligible to be members of the Society.

	31 Dec 2024 K'000	31 Dec 2023 K'000
Opening balance owing to Nasfund	-	8
Payments made to Nasfund	-	(8)
Closing Balance	-	-

(ii) Transactions with key management personnel

All Directors and the Company Secretary are considered key management personnel together with the following management personnel; Chief Executive Officer, Chief Financial Officer, Chief Officer Member Services, Chief Investment Officer, General Manager Risk & Compliance, General Manager Information & Technology, General Manager Legal, General Manager Talent & Culture, General Manager Marketing & Communications, Executive Officer to CEO and Head of Internal Audit.

(iii) Compensation

Key management personnel compensation comprised of:

	31 Dec 2024 K'000	31 Dec 2023 K'000
Salary and fees	8,172	7,819
Non-monetary benefits	365	362
Post-employment benefits	561	566
	9,098	8,747

(iv) Loans

No loans were provided to key management personnel during the year.

(v) Benefits paid to directors

The following payments were made to Board members and Board Committee members:

	31 Dec 2024 K'000	31 Dec 2023 K'000
Sitting allowance	352	404
Board fees	1,898	2,014
Directors insurance	423	214
Other Costs	458	336
	3,131	2,968

All management personnel are contributors to Nasfund.

All of the above payments were made in the ordinary course of business.

22 Related party transactions (Continued)**(vi) Board personal interests as at 31 December 2024**

Name	Nature	Organisations
Ms. Tamzin Wardley, LM, MBE	Director Shareholder	Westpac PNG Ltd; Water PNG Ltd; Buk Bilong Pikinini Inc Steel Industries Limited, Vanguard Limited, Audinate Group Limited, Adairs Limited, ANZ Group Holdings Limited, Aspen Group, Austin Engineering Limited, BHP, Chrysocorp Limited, Close the Loop Ltd, Corporate Travel Management Ltd, Eagers Automotive Limited, Finbar Group Limited, GR Engineering Services Limited, IPD Group Ltd, Lindsay Australia Limited, Lycopodium Limited, NIB Holding Limited, Prime Financial Group Limited, Pro Medicus Limited, Rio Tinto Limited, RPM Global Holdings Limited, Scidev Limited, Shape Australian Corporation Limited, SKS Tech Group Limited, Washington H Soul Pattinson & Company Limited, SRG Global Limited, Santos Limited, Super Retail Group Limited, Xero Limited, Vanguard Australian Property Securities Index ETF
	Committee member	PNG Weighting Federation Inc., PNG Cricket Board Inc., Royal Papua Yacht Club
Mr. Anthony Yauieb	Director/ shareholder	Alle PNG Limited
Mr. Leon Buskens	Director/Shareholder	SP Brewery Limited, Gazelle International Hotel Limited, Santos Foundation, Nimamar Capital Limited, Investment Promotion Authority
	Shareholder Trustee-Not for Profit	Santos Limited, Kopkop College National Football Stadium
Ms. Florence Willie	Director/shareholder Deputy Chair	Konevilla No 1 Consultants Limited National Apprenticeship and Trade Testing Board, National Training Council, National Tripartite Consultative Council, National Skills Development Agency, EU – ACP Follow-Up Committee, University of Technology Council
Mr. Michael Murphy	Owner Director/ shareholder	Mike Murphy Actuarial Telstra Corporation Limited (AUS), AMP Limited (AUS), AON PLC, Unagi Investments Pty Limited
Ms. Julienne Leka-Maliaki	Director	Business Council of PNG
Mr. Christopher Elphick	Shareholder/Director Chairman/Director Director/Member	Natu Investments (PNG) Limited, Tohouwa (PNG) Limited Nasfund Contributions Savings & Loans Society, Transparency International PNG, Young Professional Network of PNG, Milne Bay Islands Investments Company Limited
Mr. Chey Scovell	Director/ Board or Council Member	Port Moresby Chamber of Commerce and Industry, PNG Chamber of Commerce and Industry, PNG - EU Business Council, APEC Business Advisory Council, National Food Sanitation Council, World Bank - PNG Urban Youth Employment Program, National Capital District Commission.
	Shareholder/Director	Sapience Limited Adairs Limited, Betmakers Technology Group Limited, New Frontier Minerals Limited, Core Lithium Limited, DGL Group Limited, Doctor Care Anywhere Plc, Galilee Energy Limited, Genetic Signatures Limited, Ironbark Zinc Limited, Johns Lyng Group Limited, Kina Securities Limited, Liontown Resources Limited, Mesoblast Limited, Mastermyne Group Limited, Netwealth Group Limited, Santos Limited, Wam Research Limited, Westpac (Australia), GQC Partners Inc., Patriot Battery Metals Inc., Weebit Nano Ltd
Mr. Andrew Kitum	Director Shareholder	Equal Playing Field BSP Financial Group Limited

The following directors are contributors of Nasfund
Leka-Maliaki, Anthony Yauieb, Chey Scovell and Andrew Kitum

23 Financial instruments**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Trustee of the Fund has adopted the policy of spreading the aggregate value of transactions concluded amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss.

Trade and other receivables

Trade and other receivables relate mainly to the Fund's rental debtors. Customers that are graded as "high risks" are placed on a restricted customer list and monitored by the property managers and management of the Fund.

The Fund establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Investments

The Fund's exposure and the credit ratings of its counterparties are continuously monitored. Credit risk arising on investments is mitigated by investing primarily in rated instruments or instruments issued by rated counterparties with credit ratings of at least 'BB' or better as determined by Standard and Poor's. Credit risk associated with contributions receivable and other receivables is considered minimal.

23 Financial instruments (Continued)

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It is the opinion of the management of the Fund that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk to counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 Dec 2024	31 Dec 2023
	K'000	K'000
Government inscribed stock	3,104,118	2,785,287
Interest bearing deposits	-	27,405
Sovereign Community Infrastructure Treasury Bill (SCITB)	28,054	28,431
Equity securities	3,497,001	2,674,376
Notes and other loans	171,088	173,318
Interest receivables	72,935	62,042
Property receivables	12,004	10,664
Other receivables	37,826	34,190
Treasury bills	620,145	614,757
Cash and cash equivalents	70,120	137,737
Total	7,613,291	6,548,207

The maximum exposure to credit risk for loans and receivables at the reporting date is concentrated in Papua New Guinea.

Aging of property receivables

The ageing of unimpaired property receivables at the reporting date was:

	31 Dec 2024	31 Dec 2023
	K'000	K'000
Current	362	192
31 - 60 days	582	261
61 - 90 days	312	1,599
over 90 days	10,749	8,612
Total	12,004	10,664

The movement in the allowance for impairment in respect of property receivables is as follows

	31 Dec 2024	31 Dec 2023
	K'000	K'000
Opening balance	4,638	4,604
Doubtful debts provisions during the year	- 3,994	34
Closing balance	644	4,638

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Fund's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient liquidity to meet its obligations when due under normal and stressed conditions without incurring unacceptable losses or risking damage to the Funds' reputation.

Typically the Fund ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of repayments of members balances, withdrawals and loans; this exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Fund allows members to withdraw benefits in accordance with the appropriate requirements and it is therefore exposed to the liquidity risk of meeting member's legitimate withdrawal requests at any time.

The Fund's financial instruments include investments in unlisted investments (including property) which are not traded in an organised market and that generally may be illiquid. As a result, in extraordinary circumstances, there is a risk that the Fund may not be able to liquidate all of these investments at their net market value in order to meet all of its liquidity requirements.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in currencies other than the functional currency (Kina) of the Fund. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's investments denominated in currencies other than the Kina.

23 Financial instruments (Continued)

The Fund's exposure to foreign currency risk was as follows based on notional amounts:

	SGD	AUD	USD	SBD
As at 31 December 2024	K'000	K'000	K'000	K'000
Equity investments	34,420	871,176	413,643	119,094
Cash at bank	-	-	16,679	10,022
Gross balance	34,420	871,176	430,322	129,116
% of net asset value	0.4%	10.7%	5.3%	1.6%
Foreign exchange rate	0.34	0.40	0.26	2.13
As at 31 December 2023				
Equity investments	38,000	670,548	153,091	110,100
Cash at bank	-	6,158	1,446	8,321
Gross balance	38,000	676,706	154,537	118,421
% of net asset value	0.5%	9.6%	2.2%	1.7%
Foreign exchange rate	0.35	0.39	0.28	2.28

Sensitivity analysis

A 10 percent strengthening of the PNG Kina against the above currencies at 31 December would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2024 and 2023.

	31 Dec 2024	31 Dec 2023
	K'000	K'000
AUD	87,118	67,671
USD	43,032	15,454
SBD	12,912	11,842
Total	143,062	94,967

A 10 percent weakening of the PNG Kina against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(d) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	31 Dec 2024	31 Dec 2023
	K'000	K'000
<i>Fixed rate instruments</i>		
Government inscribed stock	3,104,118	2,785,287
Treasury bills	620,145	614,757
Loan receivables	151,619	149,822
Interest bearing deposits	-	27,405
Total	3,875,882	3,577,271

(e) Other market price risk

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

As the Fund's financial instruments are carried at fair values with changes recognised in the statement of profit and loss and other comprehensive income, changes in market conditions affecting fair value will be recognised.

Investments of the Fund (other than cash held for liquidity purposes, investment properties and fixed interest instruments) comprise shares in listed companies, investments in unlisted companies and funds. The Fund's exposure therefore is limited to the fair value movement of these investments.

Other market price risk is mitigated by constructing a diversified portfolio of instruments which are traded on various markets. All investment managers are subject to extensive due diligence prior to being appointed with the recommendation for their appointment and removal made by the Investment Committee to the Board for final approval.

The Investment Division receive monthly reports from all investment managers which are reviewed in detail and assessed against relevant benchmarks and expected returns. Investment manager performance is reported to the Investment Committee and Board on a quarterly basis.

23 Financial instruments (Continued)**(e) Other market price risk (continued)****Sensitivity analysis**

Following analysis of historical data and expected investment rate movements during the 2024 financial year, together with consultation with the investment consultant, the Fund's Investment Department considers the following movements in other market price risk are reasonably possible.

	%	Carrying Amount K'000	Effect on net assets And profit increase K'000	Effect on net assets And profit Decrease K'000
As at 31 December 2024				
Listed overseas shares	15%	1,300,619	195,093	(195,093)
Listed local shares	10%	1,093,364	109,336	(109,336)
Investment in unquoted companies	5%	1,103,018	55,151	(55,151)
As at 31 December 2023				
Listed overseas shares	15%	825,996	123,899	(123,899)
Listed local shares	10%	772,629	77,263	(77,263)
Investment in unquoted companies	5%	1,075,751	53,788	(53,788)

(f) Fair value versus carrying values

The carrying amounts of financial assets and liabilities as set out in the statement of financial position approximates their fair values. The significant methods and assumptions used in estimating the fair values are stated in notes 4, 9 and 10.

(g) Fair value hierarchy

Subsequent to initial recognition, the Fund uses the fair value hierarchy in determining the fair value of its financial assets at fair value through profit and loss ("FVTPL") and financial liabilities at FVTPL. The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed in note 10(b) (iv).

The table below presents the basis of determining the fair value of each class of the Fund's financial instruments measured at fair value subsequent to initial recognition.

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
As at 31 December 2024				
Equity securities	2,393,983	-	1,103,018	3,497,001
Investment Properties	-	-	561,754	561,754
	2,393,983	-	1,664,772	4,058,755
As at 31 December 2023				
Equity securities	1,598,625	-	1,075,751	2,674,376
Investment Properties	-	-	568,608	568,608
	1,598,625	-	1,644,359	3,242,984

(h) Measurement of fair values*(i) Financial instruments measured at fair value**Equity securities*

Capitalisable maintainable earnings (CME) approach and net assets approach were the valuation models used in measuring the fair value of the Level 3 fair value equity securities.

For a summary of valuation methods used, unobservable inputs and sensitivity analysis associated with Equity securities, please refer to note 9.

*(ii) Financial instruments not measured at fair value**Debt securities*

Debt securities, which includes government securities and other loans are valued at amortised cost. Due to the absence of an observable market of these debt securities in Papua New Guinea and/or their nature as loans, the amortised cost approximates their fair values. There is no significant unobservable input used in the valuation model.

(iii) Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	31 Dec 2024 K'000	31 Dec 2023 K'000
Opening balance	1,644,359	1,495,511
Changes in fair value	28,586	58,716
(Disposals / redemptions) or additions during the year	(8,174)	90,132
Closing balance	1,664,771	1,644,359

24 Comparative figures

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. Management believes that the above reclassifications resulted in a better presentation of accounts and did not have any impact on prior year's profit or loss.

25 Events after balance sheet date

The Board has assessed the events subsequent to year end up to the date of signing these financial statements and determined that no adjustments or additional disclosures, other than what is disclosed here, are required.

PRUDENTIAL STANDARDS

Policies required under the prudential standards

As part of Prudential Standard 1/2014 issued by Bank of Papua New Guinea to Authorised Superannuation Funds, a specified number of policies must be reviewed annually and published on our website and annual report.

- The Annual Crediting Rate Policy - (PS1, Section 18 c):

"The Annual Crediting Rate Policy" Please refer to the policy on the Nasfund website and page 76 of Annual Report.

- Reserving Management Policy - (PS1, Section 14 d):

"The Reserving Management Policy" Please refer to the policy on the Nasfund website and page 79 of Annual Report.

- Interim Credit Rate Policy - (PS1, Section 17 d):

"The Interim Crediting Rate Policy" Please refer to the policy on the Nasfund website and page 81 of Annual Report.

- Policy on the use of Derivatives - (PS1, Section 34 h):

"The Policy on the use of Derivatives" Please refer to the policy on the Nasfund website and page 82 of Annual Report.

ANNUAL CREDITING RATE POLICY

1. PURPOSE OF THE ANNUAL CREDITING RATE POLICY

1.1 The purpose of this policy is to provide a framework for the Trustee Board when determining the Annual Crediting Rate.

2. LEGISLATIVE REQUIREMENTS

2.1 The primary legislative document governing the superannuation industry is the Superannuation (General Provisions) Act 2000 (as amended).

2.2 The Trustee Board is also required to adhere to various Prudential Standards and in relation to Crediting Rates, the Superannuation Prudential Standard 1/2014 Authorised Superannuation Fund Investments (PS 1/2014) refers. Paragraph 18 (a – c) and Paragraph 19 (a – f) refer in detail.

3. WHAT IS A CREDITING RATE?

3.1 At NASFUND, members' superannuation investment return is determined by an Annual Crediting Rate.

3.2 An Annual Crediting Rate is defined as the investment earnings applied to member account balances after a particular period. Ideally the members' earning rate is equal to the gross investment earnings of the Fund for that period (expressed as a percentage) less the investment management expenses, administration expenses, taxes and after allowing for any reserves (if applicable) applicable during the same period. This is hereafter referred to as Net Surplus Available to Members. If reserves are funded by NASFUND, they represent small reductions in the Annual Crediting Rate. See the Fund's Reserving Management Policy for details.

3.3 NASFUND determines an Annual Crediting Rate early each calendar year which is applied to member account balances retrospectively for the period from 1st January to 31st December of the previous year (the financial year).

3.4 NASFUND also determines an Interim Crediting Rate which will apply in the event that a member exits the Fund, such that the member's final entitlement includes an earnings rate for the period from the most recent Annual Crediting Rate till the date of exit. (refer to the Interim Crediting Rate Policy for more detail).

3.5 Annual Crediting Rates can be either negative or positive, as they primarily depend on investment performance.

4. ANNUAL CREDITING RATE POLICY

4.1 Net Surplus Available: The Trustee Board, in consultation with the Licensed Investment Manager, determines an Annual Crediting Rate once per annum, after the close of the financial accounts for the year. Only after Net Surplus Available to Members has been calculated can the Annual Crediting Rate be determined and returns credited to member accounts. Determining Net Surplus Available to Members usually occurs early each calendar year, for the Financial Year ending the previous 31st December.

4.2 In determining the Annual Crediting Rate, the assets of the Fund are valued in line with international standards, using a hierarchy of valuation methods. (See the Fund's Unlisted Asset Valuation Policy for details). Such valuations are used to determine Net Surplus Available to Members before arriving at the Annual Crediting Rate.

4.3 The financial records maintained by the Fund are reconciled to the member records maintained by the Licensed Fund Administrator to ensure Fund assets are properly attributed to members' accounts.

4.4 In line with international practice, the Licensed Fund Administrator applies the Annual Crediting Rate using a time weighted rate of return basis. (For a worked example of how this is done, see Appendix 1).

5. ANNUAL REVIEW OF MEMBER ACCOUNTS

5.1 Crediting of member accounts: cannot happen until the annual review of member accounts takes place (as per para 19 (a) "The Trustee Board must ensure that the Annual Review of member records in the ASF is completed before applying the Annual Crediting Rate.")

5.2 This process is done together with the administration system maintained by the Licensed Fund Administrator.

5.3 Refer to the Annual Review Policy (of member accounts) for more details.

6. WHAT HAPPENS IF AN ERROR HAS BEEN MADE IN DETERMINING AN ANNUAL CREDITING RATE?

6.1 Every effort is made to ensure accuracy in the Annual Crediting Rates.

6.2 In the event a minor error is discovered after the Annual Crediting Rate has been applied, then the relevant reserve account is adjusted to correct the minor error. (See the Fund's Reserving Management Policy for details).

6.3 If an error has been made of a more than minor nature, the Trustee Board reserves the right to retrospectively adjust member balances.

ANNUAL CREDITING RATE POLICY

6.4 If such a retrospective action is contemplated, the Trustee Board applies a materiality threshold (below which any error to the Annual Crediting Rate is not adjusted retrospectively), and/or a minimum threshold amount (below which no adjustment would be made to a member's account).

6.5 Materiality Threshold: If the Annual Crediting Rate is determined to have been incorrectly calculated by 1% point or more, the Trustee Board will retrospectively adjust member balances. If an error has been made which is less than the Materiality Threshold then any required adjustment is made to the relevant reserves account, or reflected in the Annual Crediting Rate for the following period. (See the Fund's Reserving Management Policy for details).

6.6 Minimum Threshold: Should the Annual Crediting Rate be retrospectively adjusted, the Licensed Fund Administrator will advise the Trustee Board of the new end-of-period member account balances. If retrospective adjustment of a member's account balance would result in an adjustment of K100 or less, then the Trustee Board would instruct the Licensed Fund Administrator to not adjust those member accounts. The net adjustment the total of member accounts below the Minimum Threshold will be made to the relevant reserves account, or reflected in the Annual Crediting Rate for the following period. (See the Fund's Reserving Management Policy for details).

6.7 See the following section for a Fund policy if the Interim Crediting Rate used during the year to calculate exiting members' full entitlements is found to be higher than the subsequently determined Annual Crediting Rate.

7. MEMBER EQUITY AND FAIRNESS

7.1 Fairness to all members: The Trustee Board recognizes that any Crediting Rate must be fair to all members of the Fund, including current, exiting and prospective members.

7.2 Estimations: The Trustee Board believes that estimating current period Net Surplus Available to Members as the basis for that period's Annual Crediting Rate is the best way to ensure member equity and fairness.

7.3 Frequency of Valuation: The Trustee Board seeks to value the assets of the Fund as often as practical, in order to estimate current period Net Surplus Available to Members in the most timely manner.

7.4 Effect of Unlisted Asset Valuations: The Trustee Board recognizes that Unlisted Assets have potential to distort returns at the risk of member equity. (See Unlisted Asset Valuation Policy for more detail).

7.5 Exiting members: The Trustee Board is conscious that exiting members might be unfairly advantaged if the Interim Crediting Rate applied to the exiting member's account turns out to be higher than the Annual Crediting Rate applied for the full year. Accordingly, the Interim Crediting Rate will be estimated conservatively to avoid exiting members gaining an unfair advantage.

7.6 Members' best interests: The Trustee Board recognizes that due to this conservative estimate that it will be generally in the interests of members to wait till after the Annual Crediting Rate has been determined and applied, rather than exiting earlier based on the Interim Crediting Rate. At the time of writing member behaviour indicates members understand this also, with member exits typically being higher than average just after the Annual Crediting Rate has been applied.

8. ANNUAL REVIEW OF CREDITING RATE POLICIES AND PROCEDURES

8.1 This Annual Crediting Rate Policy will be reviewed regularly and such a review will be done at least annually.

ANNUAL CREDITING RATE POLICY

APPENDIX 1: EXAMPLE OF TIME WEIGHTED RATE OF RETURN CALCULATION

INTEREST ON OPENING BALANCE

A. (Opening Balance * Interest Rate)

Interest Rate	8.50%
Opening Balance	K6,820.16
Interest on Opening Balance	K579.71

This is the Year One Closing Balance

ADD

B. CONTRIBUTIONS AND INTEREST RECEIVED DURING THE YEAR

Individual Contributions * No. of days Left/365 *

Interest Rate

These are the monthly contributions for year two (You have to work out each month's contribution)

	Month	Date Paid	Days Left	Member	Employer	Total	Interest Earned Per Month
1	January	31 January	334	K60.00	K84.00	K144.00	K11.20
2	February	28 February	306	K60.00	K84.00	K144.00	K10.26
3	March	31 March	275	K60.00	K84.00	K144.00	K9.22
4	April	30 April	245	K60.00	K84.00	K144.00	K8.22
5	May	31 May	214	K60.00	K84.00	K144.00	K7.18
6	June	30 June	184	K60.00	K84.00	K144.00	K6.17
7	July	31 July	153	K60.00	K84.00	K144.00	K5.13
8	August	31 August	122	K60.00	K84.00	K144.00	K4.09
9	September	30 September	92	K60.00	K84.00	K144.00	K3.09
10	October	31 October	61	K60.00	K84.00	K144.00	K2.05
11	November	30 November	31	K60.00	K84.00	K144.00	K1.04
12	December	31 December	10	K60.00	K84.00	K144.00	K0.34
			Total Interest Earned on Monthly Contributions over 2014			K1,728.00	K67.97

A + B

Overall Interest Earned from the 8.5%	A = K 579.71	B = K 67.97	K647.69	<i>Year two Closing Balance after crediting of interest:</i>	K9,195.85
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RESERVING MANAGEMENT POLICY

1. PURPOSE OF THE RESERVING MANAGEMENT POLICY

1.1 The purpose of this policy is to provide a framework for the Trustee Board when determining the approach to reserves (if any), and investment of any reserves.

2. LEGISLATIVE REQUIREMENTS

2.1 The primary legislative document governing the superannuation industry is the Superannuation Act 2000 (as amended). Section 71A of the Act refers to Reserves.

2.2 The Trustee Board is also required to adhere to various Prudential Standards and in relation to reserving management and the investment of any funds held in reserve. Superannuation Prudential Standard 1/2014 Authorised Superannuation Fund Investments (PS 1/2014) refers. Paragraphs 14 and 15 refer in detail to Reserving Policy, and investment of any reserves (if applicable).

3. WHAT ARE RESERVES, AND WHY WOULD NASFUND HOLD RESERVES?

3.1 Superannuation funds generally seek to pay out all, or virtually all, earnings for a period to the members in the Fund at that time. This is generally seen as a fair and equitable distribution to all members, whether they be current, exiting or prospective members, as those members current at any time receive current earnings (which can be negative as well as positive).

3.2 Reserves are part of the earnings of a given period, which are not paid out in that period, and are kept "in reserve" for a future period.

3.3 Not all unallocated monies constitute reserves. Unallocated monies that are not reserves include accounting constructs such as suspense accounts, and accounts for accrued expenses and provisions for administration expenses, taxation or building maintenance as well as any provisions required pursuant to accounting standards.

3.4 Superannuation funds may want to keep a level of reserves from one period to be spent or allocated to member accounts in a future period.

3.5 A common type of reserve is one used to smooth Crediting Rates over time, in this paper referred to as an Investment Fluctuation Reserve (IFR). Some members of Superannuation Funds feel more secure if Crediting Rates were smoother, rather than having volatile returns from year to year. Other members, particularly those close to retirement, may feel disadvantaged if earnings are not distributed in full. The Australian Prudential Regulation Authority (APRA) notes that portability of

benefits between funds has "caused trustees to reconsider the appropriateness of IFR's and, as a result, many [IFR's] have been dispensed with". (Source: APRA Prudential Practice Guide SPG 235).

3.6 Other common reserves include funds held to pay for multi-year expenses such as system upgrades (Administration Reserves), funds held instead of paying insurance premiums (Self Insurance Reserves), or funds held in case of a future expense arising from unexpected human or system failure (Operational Risk Reserves).

3.7 The Trustee Board of NASFUND is mindful of the competing interests of separate groups of members, especially the possibility that some members may pay towards a reserve and leave the Fund without receiving a corresponding benefit. For reasons of member fairness therefore, NASFUND Trustee Board expects Crediting Rates to reflect Fund earnings in the relevant period (which may be positive or negative).

3.8 Where reserves are maintained, the Trustee Board will establish a comprehensive management strategy which will contain appropriate objectives for which the reserves are established as well as measures to manage the reserves.

3.9 Before establishing a reserve, the Trustee Board will clearly describe why the reserve is to be established, and its ongoing purpose. If reserves are to be established, the Trustee Board may establish a separate reserve for each identified purpose or may cover more than one purpose through a single reserve account.

3.10 If more than one purpose is to be covered through one reserve, the Trustee Board would only do so if the identified purposes are fundamentally similar in nature, and if the management of one reserve is adequate to prudently manage the separate purposes over time.

3.11 Other types of reserves that might be maintained by Superannuation Funds include Contributions Reserves, Self-insurance Reserves, Compliance Reserves, Administration Reserves and Liquidity Reserves. The Trustee Board does not intend to open reserves to manage these risks at this time.

3.12 The Trustee Board has decided to limit the possible reserves to manage just three specific categories: Administration, Investment Fluctuation and Operational Risk.

3.13 If reserves are maintained these are not expected to be "large" (Section 71A of the Superannuation Act suggests reserves in aggregate should not exceed 2% of the Fund's assets), and not be allowed to have a negative value.

RESERVING MANAGEMENT POLICY

4. ADMINISTRATION RESERVE AND ASSOCIATED INVESTMENT STRATEGY

4.1 The Trustee Board reserves the right to create/maintain an Administration Reserve.

4.2 An Administration Reserve would be maintained to hold funds ready for future administration expenses, to ensure the Trustee's solvency and support its business operations. Such a reserve may have merit as the Trustee for National Superannuation Fund (NASFUND) is a not-for-profit trustee, and therefore does not have access to accrued earnings in the event of emergency. Such a reserve, therefore, may be seen as similar to minimum capital requirements for banks and insurance companies.

4.3 If the Trustee Board chooses to maintain an Administration Reserve, such a reserve is not expected to be more than 0.5% of the Net Assets of Fund, and to never be negative. At the time of writing, the Trustee Board does not maintain an Administration Reserve.

4.4 Associated investment strategy: Funds held in an Administration Reserve will be separately accounted for, apart from the general investment pool of member's funds. Given that such a reserve is intended to be called on to cover unexpected administration costs, the Administration Reserve funds would be invested conservatively, and in low risk investments such as bank deposits or Treasury Bills (guaranteed by the State of Papua New Guinea). The Fund will account for such reserves separately, but the actual funds may be invested along with other Fund investments of a similar nature.

5. INVESTMENT FLUCTUATION RESERVE AND ASSOCIATED INVESTMENT STRATEGY

5.1 The Trustee Board reserves the right to create/maintain an Investment Fluctuation Reserve.

5.2 An Investment Fluctuation Reserve (IFR) would be maintained to hold funds for future years, in order to minimize the impact of market fluctuations on members' account balances and to smooth Crediting Rates over a number of years. For example, to increase the Crediting Rate in a year in which earnings are temporarily low, or to reduce the Crediting Rate in a year in which earnings are temporarily high.

5.3 If the Trustee Board chooses to maintain an IFR, such a reserve is not expected to be more than 2.0% of the Net Assets of Fund, and to never be negative. At the time of writing, the Trustee Board maintains an Investment Fluctuation Reserve.

5.4 Associated investment strategy: Funds held in an Investment Fluctuation Reserve will be separately accounted for, apart from the general investment pool of member's funds. Given that such a reserve is intended to be called on to smooth Crediting Rates in periods of temporary volatility, the IFR funds would be invested conservatively, and in low risk investments such as bank deposits or Treasury Bills (guaranteed by the State of Papua New Guinea). The Fund will account for such reserves separately, but the actual funds may be invested along with other Fund investments of a similar nature.

6. OPERATIONAL RISK RESERVE AND ASSOCIATED INVESTMENT STRATEGY

6.1 The Trustee Board reserves the right to create/maintain an Operational Risk Reserve.

6.2 An Operational Risk Reserve would be maintained to hold funds for future years, in order to have funds available in the event of an operational error such as system or human error.

6.3 The Fund seeks to reduce operational risks to a minimum through robust policies and procedures, and policing these procedures through regular internal and external audits. The Fund has a Risk Management Framework and holds insurance policies against losses due to operational error (including fraud), and the Trustee Board does not see an Operational Risk Reserve as a substitute for proper care and diligence.

6.4 The Trustee Board expects third party providers to make good their own errors, and insurance policies are maintained as well. However, claims against a service provider or insurance policy, even if lodged immediately, will often be paid with a delay, may be settled for less than the full amount or may not be accepted by the insurance company or service provider, resulting in litigation and associated costs. An appropriate Operational Risk Reserve would assist the Trustee to meet the costs of rectifying errors without having to await the outcome of recovery action against third parties, thus benefitting members through continuity of service.

6.5 Associated investment strategy: Funds held in an Operational Risk Reserve will be separately accounted for, apart from the general investment pool of member's funds. Given that such a reserve is intended to be called on to make good the costs of operational errors, the Operational Risk Reserve funds would be invested conservatively, and in low risk investments such as bank deposits or Treasury Bills (guaranteed by the State of Papua New Guinea). The Fund will account for such reserves separately, but the actual funds may be invested along with other Fund investments of a similar nature.

INTERIM CREDITING RATE POLICY

7. ANNUAL REVIEW OF RESERVING MANAGEMENT POLICY

7.1 The Trustee Board will review the Reserving Management Policy on a regular basis and at least annually.

Interim Crediting Rate Policy

1. PURPOSE OF THIS POLICY

The purpose of this policy is to provide a framework for the Trustee Directors when determining the Interim Crediting Rate.

2. LEGISLATIVE REQUIREMENTS

The primary legislative document governing the superannuation industry is the Superannuation (General Provisions) Act 2000 (as amended).

ii. The Trustee Board is also required to adhere to various Prudential Standards and in relation to Interim Crediting Rates, the Superannuation Prudential Standard 1/2014 Authorised Superannuation Fund Investments (PS 1/2014) refers. Paragraph 17 (a – d) refers in detail.

a. PS 1/2014 Paragraph 17 (a) states that “Trustee Board must develop and document an Interim Crediting Rate Policy, in consultation with the Licensed Investment Manager, for the members who exit the ASF before the final crediting rate has been approved, must be included in the Investment Framework.”

b. PS 1/2014 Paragraph 17 (b) states that “The Interim Crediting Rate must be fair and equitable for all the members of the ASF, including the exiting, current and prospective members.”

c. PS 1/2014 Paragraph 17 (c) states that “The Interim Crediting Rate must be reviewed on a regular basis (at least annually).”

d. PS 1/2014 Paragraph 17 (d) states that “The Interim Crediting Rate Policy must be published in the Annual Report to members and the public section of each ASF’s web site.”

3. TARGET ASSETS COVERED BY THIS POLICY

At Nasfund, members’ superannuation investment return is determined by a crediting rate.

ii. The crediting rate (expressed as a percentage) is equal to the investment earnings of the Fund less tax and costs after allowing for any reserves. (Reserves are funded by small reductions in the Annual Crediting Rate. See the Fund’s Reserving Management Policy for

details).

iii. The Fund applies an Annual Crediting Rate, based on the audited financial accounts for the year. This usually occurs in Quarter 1 of the following year.

iv. The Annual Crediting Rate applies to all members who were members of the fund for the past financial year and remain members when the Annual Crediting Rate is declared.

4. WHAT IS AN INTERIM CREDITING RATE?

i. The Trustee Board recognizes that some members leave the Fund during the year and that earnings accrue at varying rates through the year due to investment market moves.

ii. Accordingly, the Trustee Board estimates an Interim Crediting Rate throughout the year at each Investment Committee Meeting. The Interim Crediting Rate is a notional return that can be applied to member accounts during the current financial year period.

a. This Interim Crediting Rate is applied and paid only to member accounts of those members leaving the Fund.

b. While this can be applied at any time, should market moves be of sufficient magnitude to require it, the Fund may restate its Interim Crediting Rate.

c. The Trustee Board formally requires the Investment Committee at each of its scheduled meetings throughout the year to consider whether to change the Interim Crediting Rate and has delegated authority to the Investment Committee to implement such changes as soon as practicable.

5. HOW IS THE INTERIM CREDITING RATE DETERMINED?

i. The Trustee Board seeks to value the assets of the Fund as often as practical, in order to reflect fair values to member balances. However, the nature of unlisted assets means that valuation changes are usually only reflected in asset values once a year.

ii. In determining the Interim Crediting Rate, the trustee considers the potential estimates of how returns are performing for the year and the Investment Committee considers the COO and GMI’s forecast Annual Crediting Rate. The trustee is conscious that exiting members might be unfairly advantaged if the Interim Crediting Rate applied to the exiting member’s account turns out to be substantially higher than the Annual Crediting Rate applied for the full year. Accordingly, the Interim Crediting Rate will be estimated slightly conservatively to avoid exiting members gaining an unfair advantage.

iii. If the trustee Investment Committee determines there

USE OF DERIVATIVES POLICY

is a change in the Interim Credit Rate from the previous period, the Licensed Fund Administrator is then advised of the Interim Crediting Rate to be applied to member accounts of members leaving.

6. HOW IS THE INTERN CREDITING RATE APPLIED?

In line with international practice, the Licensed Fund Administrator applies the Interim Crediting Rate using a time weighted rate of return basis. (For a worked example of how this is done, see Appendix 1).

7. MEMBER EQUITY AND FAIRNESS

The Trustee Board recognizes that any Interim Crediting Rate must be fair to all members of the fund, including current, exiting and prospective members and uses the following principals;

- a. **Estimation.** The Trustee Board believes that estimating current period returns as the basis for that period's crediting rate is the best way to ensure member equity and fairness.
- b. **Frequency.** The Trustee Board recognizes more frequent crediting rates improve member equity and fairness, and seek to balance the costs of more frequent valuations against the benefits of more frequent crediting rates.

8. REVIEW OF THIS POLICY

This Interim Crediting Rate Policy will be reviewed at least annually.

(Refer table on page: 79)

Policy on the use of derivatives

1. PURPOSE OF THE POLICY ON THE USE OF DERIVATIVES

1.1 The purpose of this policy is to provide the guiding principles for the use and oversight of derivatives in management of the Fund's investment assets.

1.2 The objective of this policy is to provide a framework for use and control of derivatives and to ensure the Fund has effective operational, risk management and compliance controls when using derivatives.

2. LEGISLATIVE REQUIREMENTS

2.1 The primary legislative document governing the superannuation industry is the Superannuation (General Provisions) Act 2000 (as amended).

2.2 The Trustee Board is also required to adhere to various Prudential Standards and in relation to the use of

derivatives. The Superannuation Prudential Standard 1/2014 Authorised Superannuation Fund Investments (PS 1/2014). Paragraph 34 (a – h) refers in detail.

2.3 Prudential Standard 1 / 2014, Paragraph 34 (e) states that "Trustee Board must develop, document, and maintain a Policy on the use of Derivatives, in consultation with the Licensed Investment Manager, and include the policy as part of the Investment Framework".

2.4 Prudential Standard 1 / 2014, Paragraph 34 (f) states that "Trustee Board in consultation with the Licensed Investment Manager, must develop, document, and maintain an appropriate risk management framework to capture, measure, monitor and manage the potential risks of any derivatives positions taken directly or indirectly. The risk management system must be sophisticated enough to measure risks on an aggregate basis".

2.5 Prudential Standard 1 / 2014, Paragraph 34 (h) states that "The Policy on the Use of Derivatives must be published in the Annual Report to members and be published in the public section of each ASF's website".

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The ultimate responsibility for the sound and prudent investment of members' funds rests with the trustee Board.

3.2 The Licensed Trustee has a written Investment Framework governing the selection, management and monitoring of investments risks and ensures the Trustee Board, and all those (internal and external) responsible for implementation of the Framework and the Investment Strategy act with a high degree of integrity and for the benefit of members.

3.3 This Policy on the Use of Derivatives forms part of the totality of systems, structures, policies, processes and people to address the Trustee Board's responsibilities with regard to investments of the Fund.

3.4 This Policy should be read in conjunction with the Investment Framework, and the Risk Management Framework.

3.5 The Trustee Board in consultation with the Licensed Investment Manager, has developed a risk management framework to capture, measure, monitor and manage the potential risks of any derivatives positions taken directly or indirectly.

3.6 The Investment Division and the Licensed Investment Manager are tasked with the on-going monitoring of the investment portfolio, including derivatives, if any. The Investment Committee is tasked with regular review of the investment portfolio, including derivatives, if any, and the IC reports to the Trustee

USE OF DERIVATIVES POLICY

Board as part of that regular review.

4. DEFINITION OF A DERIVATIVE

4.1 A derivative is a financial instrument whose value depends on, or is derived from, the value of some other underlying asset, including but not limited to interest rate, currency rate or a variety of indices.

4.2 Generally there are five main categories of derivatives identified by the assets from which they are derived:

- 4.2.1 Equity derivatives;**
- 4.2.2 Currency derivatives;**
- 4.2.3 Interest rate derivatives;**
- 4.2.4 Credit derivatives; and**
- 4.2.5 Commodity derivatives.**

4.3 Common types of derivatives include futures contracts, forward contracts, options and swaps, each with its own regulatory, risk and documentation requirements.

4.4 Derivatives can be traded through exchanges or privately 'over the counter' (OTC).

5. AUTHORIZED USE OF DERIVATIVES

5.1 Paragraph 34 (b) of PS 1 / 2014 establishes responsibilities on members of the Trustee Board (see below 6.3.2). Accordingly, The Trustee Board will set a very high requirement for disclosure and understanding before approving the use of any derivatives.

5.2 The Fund's Trust Deed permits the use of derivatives. Section 9.2 (g) of the Trust Deed refers.

5.3 That said, the Trustee Board will only permit the use of derivatives subject to certain guiding principles. These are as follows:

5.4 The Licensed Trustee and the Licensed Investment Manager will ensure that the assets and liabilities of the Fund will not include a derivative, except where allowed under Paragraph 34 (b) to (e) of Prudential Standard 1 / 2014. See PS 1 / 2014 paragraph 34 (a).

5.5 The Trustee Board will ensure that at any time the assets and liabilities of the Fund will not include a derivative unless each Director of the Trustee Board fully understands and is able to explain the potential risks of any derivatives positions taken directly or indirectly. See PS 1 / 2014 paragraph 34 (b).

5.6 Derivatives will only be used to reduce the risk of existing investments or currency positions. See PS 1 / 2014 paragraph 34 (c).

5.7 Derivatives may only be used when the exposure is fully covered by the assets of the Fund. PS 1 / 2014 paragraph 34 (d).

5.8 Derivatives will not be used to obtain exposure that is substantially different from that which could be obtained through physical securities.

5.9 The use of any derivatives would specifically consider liquidity management as part of the consideration in using any derivative.

5.10 It is possible that some collective investment vehicles, such as mutual funds, in which the Fund invests may themselves allow derivatives, for other than purely hedging purposes. The Investment Division and the Licensed Investment Manager are required to address the issue of 'embedded derivatives' in such investment vehicles as part of the consideration of any new investment. If such investments are deemed to breach the guiding principles on the use of derivatives, in literal interpretation or in the spirit of these principles, then the Fund will not invest in such an investment.

6. REVIEW OF THIS POLICY

6.1 This Policy on the Use of Derivatives will be reviewed regularly by the Licensed Investment Manager and the Trustee Board, and such a review will be done at least annually.

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Anthony Yauieb

Independent

Michael Murphy

Independent

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