



2018 ANNUAL REPORT



ALGEMEEN PENSIOENFONDS SINT MAARTEN FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2018

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Table of contents

1.	<i>APS Board Report</i>	5
1.1	Foreword	5
1.2	Mission and Core Values	5
1.3	General	5
1.4	Governance	6
1.5	Development of the Pension benefit obligations	9
1.6	Coverage Ratio Development	10
1.7	Investment Portfolio	11
1.8	Pension Administration development	15
1.9	Acknowledgements	15
2.	<i>Financial Highlights</i>	16
3.	<i>Financial Statements</i>	18
3.1	Statement of financial position	18
3.2	Statement of comprehensive result	19
3.3	Statement of changes in Equity	20
3.4	Statement of Cash Flows	21
3.5	General Notes	22
3.6	Accounting policies	25
3.7	Financial Risk Management	38
3.8	Property and equipment	47
3.9	Intangible assets	48
3.10	Investment properties	49
3.11	Investments in debt securities corporate and time deposits	50
3.12	Investments in fixed income and equity	51
3.13	Loans	51
3.14	Other non-current assets	52
3.15	Inventories	53
3.16	Accounts receivable	53
3.17	Short term portion of financial assets	55
3.18	Other current assets	55
3.19	Cash and cash equivalents	55
3.20	Equity	56

3.21	Pension benefits obligation	56
3.22	Other non-current liabilities	57
3.23	Accounts payable.....	58
3.24	Other payables.....	58
3.25	Accrued liabilities.....	59
3.26	Pension premium income.....	60
3.27	Investment income.....	61
3.28	Other income.....	62
3.29	Pension benefits payments.....	62
3.30	Investment expenses	63
3.31	Operating expenses	64
3.32	Financial income/ (expenses)	65
3.33	Going concern basis of accounting	65
3.34	Commitments.....	66
3.35	Related parties	67
3.36	Investments held at the beginning and end of the period.....	68
3.37	Events after the reporting date	69
	<i>Independent Auditor's Report</i>	70
	<i>Independent Actuarial Report</i>	73



1. APS BOARD REPORT

1.1 FOREWORD

The Algemeen Pensioenfonds Sint Maarten (hereinafter: APS or the Fund) is a self-governing entity and forms part of the portfolio of the Minister of Finance of Sint Maarten. The Fund was established by law as of October 10, 2010 and is one of the three (3) legal successors of "*Algemeen Pensioenfonds Nederlandse Antillen*" (hereinafter: APNA).

The law that governs the Fund is the national ordinance: "*Landsverordening Algemeen Pensioenfonds Sint Maarten*" (AB 2010, no 64 superseded by AB 2015, no 9) (hereinafter: LvO APS). APS is Sint Maarten's first and only pension fund for civil servants. The Fund started its operations in Sint Maarten in 2011.

1.2 MISSION AND CORE VALUES

Our mission is to achieve the highest possible returns on the Fund's assets, while minimizing financial risks, therefore contributing to the welfare of our members by safeguarding their future pension benefit.

In line with its mission the important roles of the Fund are to:

1. Provide peace of mind to active fund participants and deferred beneficiaries who based on employment history are entitled to a pension upon retirement. To achieve this, we are committed to safeguarding pensionable earnings of our participants. For retirees already enjoying pension benefits, it is important that they can rely on continuous receipt of their pension earnings;
2. Provide the highest level of customer service, by being proactive, flexible and provide information in a timely manner. Our service model makes use of our official website and brochures, to disseminate information to fund participants;
3. Develop and implement a business model which allows the proper execution of the pension plan and;
4. Use cutting-edge professional knowledge, skills and operations in serving our responsibilities.

The core values of the Fund are based on the principles 'clean, lean and mean' which are further defined as:

Clean = integrity, transparent, open communication, independent and reliable;

Lean = efficient, prudent decision making, professional services;

Mean = no-nonsense approach.

1.3 GENERAL

The Fund executes two (2) main pension schemes that are regulated in two (2) national ordinances. The transition articles of the "*Pensioenlandsverordening Overheidsdienaren*" (AB. 2013, GT no. 785 amended by AB 2016, no. 16 and AB 2016, no. 25) (hereinafter: PLvO) in conjunction with the "*Pensioenverordening Burgerlijke Landsdienaren*" (PB 1938, no. 15) (hereinafter: Pensioenverordening Burgerlijke Landsdienaren). The Pensioenverordening Burgerlijke Landsdienaren regulates the pension for the participants that entered the Fund

before January 1, 1998 and is referred to as "the old pension scheme". The PLvO regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as "the new pension scheme". Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme.

1.4 GOVERNANCE

The governance function of APS has been largely pre-defined in the LvO APS. Herein, the number of board members, the roles and responsibilities of entities within the Fund and the supervision by the Minister of Finance, the Audit Chamber and the Central Bank of Curaçao and Sint Maarten (hereafter: CBCS) are also regulated.

Board composition

On December 31, 2018 the composition of the board was as follows:

Name:	Position:	Nominated by:	"Landsbesluiten"
Mr. Franklyn E. Richards	Chairman / Member	The Board of Algemeen Pensioenfonds Sint Maarten	LB-18/0059
Mr. Arend J. Alberts	Member	Bond van Gepensioneerden van de voormalige Nederlandse Antillen en Aruba	LB-16/1101
Ms. Shaira R. Bommel	Member	Corporate Governance Council	LB-17/0676
Mr. Guillianio A. Saturnilia	Member	Civil Service Consultative Committee	LB-14/0505
Vacant	Member	The Minister of Finance	n/a

Investment Committee composition

As prescribed by the LvO APS, the Fund also has an Investment Committee (hereinafter: IC) in place. The IC advises the APS Board on the overall investment policy and guidelines as well as gives insight into different investment opportunities.

On December 31, 2018 the composition of the IC was as follows:

Name:	Position:
Mr. Robert Judd	Chairman / Member
Mr. Charles Thomas	Member
Ms. Myrtille Brookson	Member

Management of the Fund

The daily operation of APS is overseen by the director and is supported by the deputy director. Together they form the APS directorate. Both report to the APS board and their performance is evaluated yearly by the APS Board. As per the end of 2018 the deputy director function was vacant. The deputy director function has been filled as of June 2019.

Compliance: Security Screenings

The Security Service of Sint Maarten (In Dutch: "Veiligheidsdienst Sint Maarten") (hereinafter: VDSM) is tasked with conducting the screening for positions of confidentiality. The board and the management of the Fund are positions of confidentiality and as such must undergo

this screening process. As per the end of 2018, the members of the board and the director have been successfully screened by the VDSM.

Additionally, the CBCS performs their own integrity testing. As per the end of 2018, the members of the board, IC and the Director have successfully completed the integrity testing.

Compliance: Audit

The board has appointed a registered accountant who is commissioned with auditing of the administration and annual financial statements of the Fund. The Fund has appointed a certified actuary who provides the Fund with the pension benefit obligation based on the actuarial calculation.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS) and audited by Grant Thornton Sint Maarten. Willis Towers Watson, located in the Netherlands, has certified the pension administration and provided an actuarial statement.

The General Audit Chamber receives the approved annual Financial Statements of the Fund along with the independent auditor's report and independent actuarial report. The General Audit Chamber audits the annual Financial statements of APS and publishes their findings and recommendations in an annual compliance report.

Supervision of the Fund

The Minister of Finance is ultimately responsible for the Fund. In this regard the Minister of Finance approves the annual budget, presents the approved budget to Parliament, formalizes additional supervisory rules based on the advice of the CBCS.

The Board is responsible for the management and the administration of the Fund. As such the Board is tasked with the hiring of the members of the directorate and the staff of the Fund.

The CBCS and the General Audit Chamber are tasked with the supervision of APS. CBCS also provides supplementary advice to the Minister of Finance and the Board of APS.



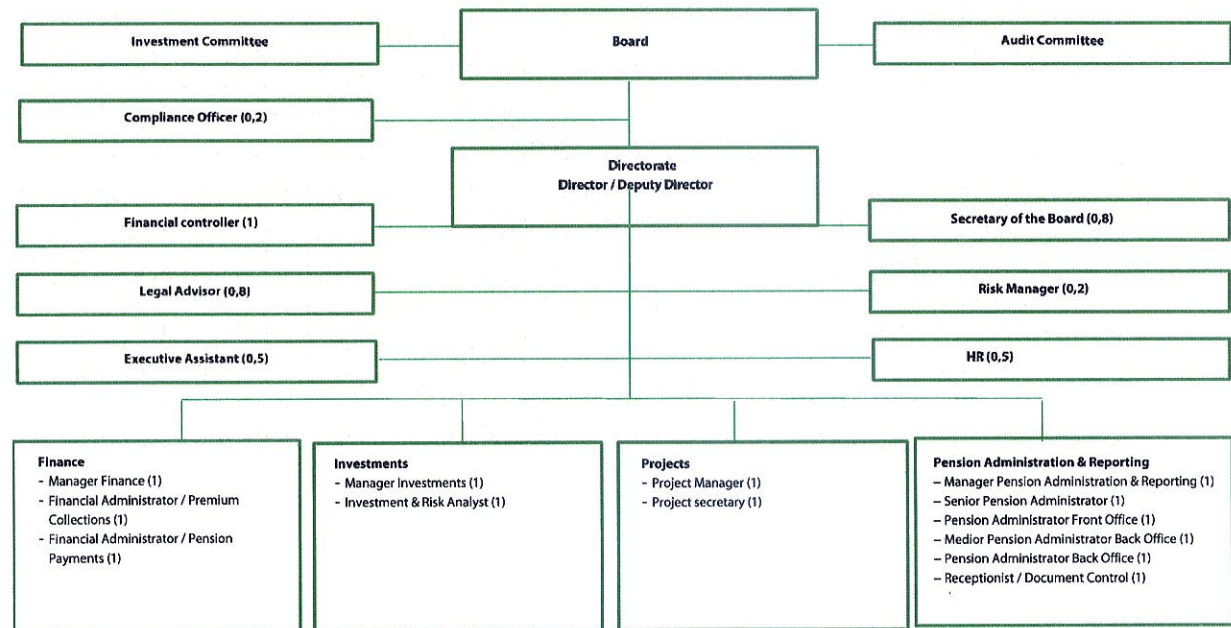
Structure of the Fund

At the end of 2018, APS had fifteen (15) full time employees.

As per the end of 2018, the Investment & Risk Analyst and the Senior Pension Administration functions were vacant. The Financial Controller and Project secretary functions were filled in August 2018.

The Fund consists of four departments:

- Finance Department
- Investments Department
- Projects Department
- Pension Administration and Reporting Department

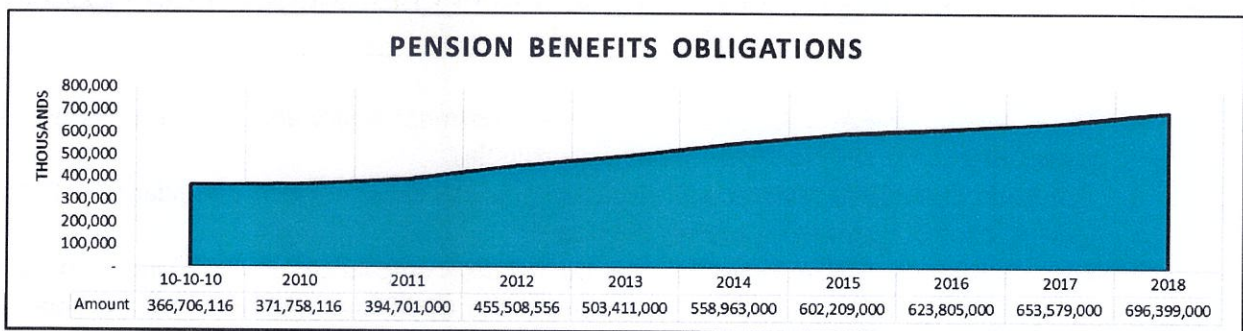


- The IC advises the APS Board on the overall investment policy and guidelines as well as gives insight into different investment opportunities.
- The Audit committee reviews and discusses financial reporting and compliance with the internal control system and advises the board.
- The compliance officer oversees the Corporate Compliance of the Fund, functions independently and objectively. The responsibilities also include reviewing and evaluating compliance issues/concerns within the organization.
- The Director is the primary contact person for the Board as it pertains to the Fund's policies and strategic planning.
- The Deputy Director, in the event that the General Director is absent, becomes the contact person for the Board as it pertains to the Fund's policies and strategic planning.
- The Secretary of the Board participates in the meetings of the Board and prepares the agenda, reviews the quality of the documents for the meetings and documents and monitors decisions taken by the board.

- The Financial Controller reviews and analyses reports prepared by management, monitors the budget, provides prognosis on the liquidity of the fund and advises the director with regards to the efficiency and the effectiveness of company processes.
- The Risk Manager advises on and executes the risk management policies and ensures the awareness of potential risks within the organization.
- The Executive Assistant is responsible for providing support to the directorate. This includes preparing and processing official external communication such as formal letters, the APS website and the APS Facebook page.
- The Legal Advisor provides legal support to the organization through the interpretation and application of relevant laws and regulations and by testing the consistency of policies, documents and procedures with current legislation of the Fund and advises on this.
- The Human Resources officer (hereinafter: HR) advises on and implements the HR policy, administers the salary of the staff of the Fund and organizes and advises on recruitment and selection procedures.
- The Pension Administration & Reporting Department: The activities include the calculation and allocation of the various pensions to its participants, the administration of the participants and the actuarial/financial analyses for the actuarial reports.
- The Finance Department activities include the collection of premiums, payments to beneficiaries, financial administration, financial analysis, preparation of the annual report.
- The Investments Department activities include the preparation and execution of investment opportunities, providing recommendations on the investment policy and the monitoring of the existing investments.
- The Projects Department: is responsible for executing the local development projects.

1.5 DEVELOPMENT OF THE PENSION BENEFIT OBLIGATIONS

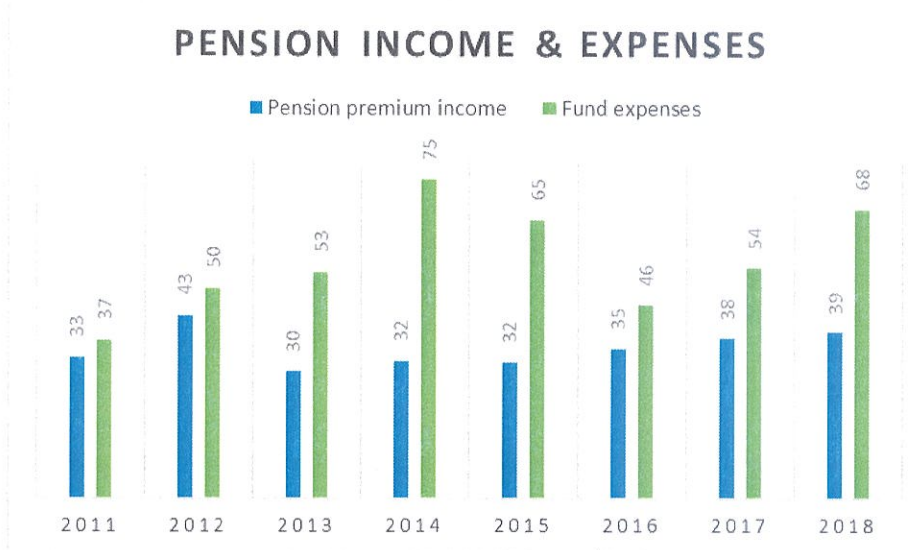
Below is a graph with the development of the Pension benefits obligation since the inception of APS:



Premiums are insufficient to cover costs

The pension premium income for 2018 amounts to ANG 39 million. This amount is insufficient to cover the Fund expenses of ANG 48 million. The Fund expenses comprise the operational expenses (ANG 5 million) and the net increase in pension benefits obligation (ANG 43 million).

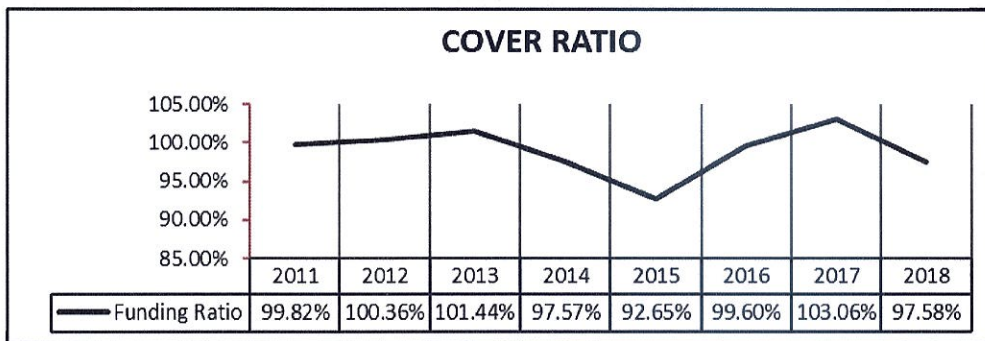
Since 2011, the pension premium income was insufficient to cover the Fund expenses:



In order to increase the financial stability of the Fund, structural pension reform is required.

1.6 COVERAGE RATIO DEVELOPMENT

The coverage ratio as per December 31, 2018 is 97.58%, this is below the minimum of 100%, meaning that the Fund will not be able to meet its current and future financial obligations to its participants with all variables unchanged.



The coverage ratio has decreased with 5.48% compared to 2017: This change is a result of but not limited to:

- The increase of the total assets from ANG 681 million (2017) to ANG 686 million (2018) with 0.73%,
- The increase of the pension benefits obligation from ANG 654 million (2017) to ANG 682 million (2018) with 6.55%. The relatively sharp increase in the pension benefits obligations vs previous year is due to the application of the updated mortality tables as of 2018. Refer to § 3.21 for the details of the calculation of the pension benefits obligation.

If the pension reform is implemented, it is expected (based on these variables) that the coverage ratio will increase with approximately 5%.

Pension reform

The pension reform has been presented in several meetings to Parliament. Parliament has not approved the new proposed legislation concerning the pension reform. APS is currently waiting on parliament and the other stakeholders to further discuss the steps that have to be taken in order to get the legislation approved.

The main changes/topics of the reform are:

- Retirement age increase to 65;
- Conditional indexation (based on the coverage ratio > 105%);
- Average pay pension system;
- Premium contribution is reduced to 18%;
- Pension accrual from age 18 instead of 25; and
- Recovery mechanisms.

The goal of the reform is to ensure that the pension scheme is financially sustainable. The pension covenant was signed in January 2017. The pension covenant contains the points agreed upon between the members of the workgroup. The agreement was limited to the topics on which consensus had been reached prior to December 2016, such as the switch to an average pay pension scheme, the increase of the pensionable age to 65 years, and a one-time increase of pension entitlements by 10% of the accrued rights.

The financing agreement was also signed in 2017, with the following elements confirmed:

- The pensionable age is 65;
- The pension buildup amounts to 2% per year;
- Average pay pension system;
- The premium contribution percentage is 18%; and
- Indexation is granted after certain conditions are met.

According to the pension reform, APS must draw up a recovery plan if the coverage ratio is lower than 100% at the end of the year. The recovery plan describes measures that must ensure that the coverage ratio will be higher than 100% in five (5) years. If after five (5) years, the coverage ratio is not higher than 100% additional measures will be taken such as:

- The employers pay a one-off extra single premium;
- The pension of all participants and beneficiaries are reduced.

In the event that the coverage ratio is reduced below 100% due to the adaptation of the actuarial principles, the Minister of Finance can initiate a financing agreement to increase the pension premium contribution to max 19.3% in order to partially or fully absorb the coverage ratio reduction.

1.7 INVESTMENT PORTFOLIO

The performance of the Total Investment Portfolio, which consists of the international portfolio and the local portfolio, yielded a net year-end return of -1.47%.



The total net investment result is ANG -11 million in 2018, compared to ANG +35 million in 2017. This significant decrease is the result of the change in the market value of the positions held in the international portfolio (investments in fixed income and equity).

Local portfolio

In 2018 the Local portfolio yielded a year to date (hereinafter: YTD) return of +2.95%, including cash. The local portfolio did not meet the APS investment objective to approximate an average return of 3% - 6% annually as stated in the Master Investment Policy Statement (hereafter MIPS).

In the section below a brief explanation of each local portfolio investment is given as well as the developments in 2018:

Investment properties

a) Mary's Fancy Development

APS will restore the monuments which include the Plantation House, the Boiling House, the Chimney, the Servants' Quarter and the Well. Additionally, new construction is intended to optimize the future commercial use of the property as a high-end eco boutique hotel, art gallery / outdoor museum and botanical gardens.

In the third quarter of 2018, the Fund signed agreements with two architects to create a master plan for the property, as well as to design the structures to be constructed on the property. The preliminary timeline schedules construction and restoration/renovation of the buildings on the property to commence in 2019. This is of course subject to approval of the plans and issuance of permits by the responsible government authorities.

b) Professional Office Park

APS purchased the property known as Professional Office Park in December 2016. The property comprises of two commercial buildings located in Philipsburg from which APS is now receiving operational income in the form of lease payments from its tenants.

In addition to the aforementioned operational real estate, the Fund also acquired a parcel of undeveloped land (ca. 37,000 m²) located directly behind the commercial buildings. The undeveloped land is intended to be developed.

c) Parking Lot Development

In September 2016, APS received this property as part of the debt settlement agreement with the Government of Sint Maarten. The property is the parking lot adjacent to the Government Administration Building in Philipsburg.

Investment in debt securities corporate and time deposits

a) Debt security: Harbour Corporate Bond

The Harbour Corporate Bond was acquired in 2012. Until the end of Q3 2017 the Harbour was able to satisfy its obligation under their Bond agreement. Unfortunately, the Port suffered extensive damages to its properties and expected to suffer significant business interruption losses due to hurricane Irma. In view of the challenging circumstances the Port requested several relief measures, one of which was to defer the payment of Principal and Interest for a period of twelve (12) months, with interest being capitalized over this period. On the short term, this will have a positive effect on APS's return on investment because interest will be

calculated over a higher amount and over a longer period. The APS Board approved the request based on a thorough financial analysis by APS Management, which was supported with a positive advice from the Investment Committee. In Q4 2018 the Harbour continued with the repayment of both the accrued interest and the principal.

b) Debt security: Telem Corporate Bond

APS holds two series of Telem Corporate Bond. First serie was issued and acquired in 2016, second in 2017. In 2018 Telem continued to satisfy its obligations under the Bond agreement and we expect them to continue doing so in the future.

Loans

a) RF Adventure St. Maarten

The Fund entered into a financing agreement with RF Adventure St. Maarten (RFA) in May 2016. In September 2017, the passing of hurricane Irma has also created extraordinary circumstances for RFA. RFA reported that they were fortunate to incur limited damages to their asset however requested to defer interest payments for the period from September 2017 through September 2018 as the overall decrease in tourism sector and RFA operations was expected following hurricane Irma and throughout 2018.

In addition, RFA has also requested to push back the start of principal repayments to October 2019 due to insufficient cash available for principle repayments during this period, which is an extension of the grace period of eight (8) months. As a result, the term of the loan will increase with eight (8) months, which will slightly increase our return on investment due to interest will being calculated over a higher amount and over a longer period. Based on the financial analysis by APS Management and a positive advice from the Investment Committee, the APS Board approved the request.

b) Maho Hotel Operations

The Fund entered into a corporate loan financing agreement with Maho Hotel Operations in August 2018. The tenor of the loan is ten (10) years. Throughout 2018 Maho was fulfilling its loan agreement obligations and is expected to continue in the same manner for the remainder of the loan tenor.

Inventories

a) Welgelegen (Oryx Hills) housing development

APS has financed the construction of affordable homes in Cay Hill on a parcel of land obtained in long lease from the Government of Sint Maarten. The homes will initially be offered for sale to the participants of the Fund, and subsequently to the private potential buyers who live and work on Sint Maarten.

The purchase prices of the homes will be under USD 250,000. In June 2018, the construction agreement was signed with the selected main contractor and construction commenced a few weeks later.

APS intends to finance the purchase of the developed homes by providing mortgage loans to persons that qualify. APS will partner with a local financial institution to administer the mortgage portfolio, therewith allowing APS to remain true to its core business.



The other local investments such as the Government Bonds N.A. and the Time deposits are held with financial institutions such as banks and have continued to satisfy their obligations. The Fund expects that this will continue in the future.

International Portfolio

In 2018 the international portfolio had a return of -8.99%, including cash. The decrease of the international portfolio market values can be attributed to the swift and severe decline of the international markets in the fourth quarter of 2018. The market value losses were a global phenomenon, impacting all markets.

Following global market conditions characterized 2018 and had an effect on the performance of APS international portfolio:

- Federal Reserve increased interest rates 4 times, while at the December meeting chairman Powell indicated that this trend would continue in 2019 which spooked the markets. The higher interest rates increase the cost of funding for real estate, thereby driving down profitability of REIT companies;
- Most countries globally began experiencing meaningful economic slowdowns in late 2018, excluding the U.S. This negatively affected the non-U.S. equity strategies to a larger degree.
- The U.S. vs. China trade war. This affected negatively the non-U.S. equity strategies to a larger degree;
- The partial U.S. Government shut down in December.
- The drop of oil of over 40% in 2018, which meant lower revenues for energy companies.
- The decline in natural resources prices between 20% and 40% in 2018 resulted in lower exports of raw materials for emerging markets; and
- The fears related to a weakening global economy resulted in a lower demand for energy and natural resources, while the U.S. vs. China trade war in late 2018 contributed to the contraction of the Chinese economy and lower demand for energy.

As a result, the APS International Portfolio did not meet the APS investment objective to approximate an average return of 7% - 11% annually as stated in the Master Investment Policy Statement (hereafter MIPS). However, the international portfolio is a long-term investment portfolio, whereby periods of exceptionally high volatility (for underperformance as well as outperformance) will average out over time.

Category	Return 2018 YTD	Return since inception
Equity	-12.13%	6.33%
Fixed income	-1.40%	2.00%
Total	-8.99%	4.92%

This can be seen in above table in the annualized returns since inception per end of 2018, where the International Portfolio yielded +4.92% on average annually since inception.

1.8 PENSION ADMINISTRATION DEVELOPMENT

The total number of registered active participants increased from 2601 in 2017 to 2684 in 2018. The average age of our active participants is 44.2 years old in 2018 this was 43.4 in 2017. A lower average age of the active participants would decrease the pension benefits obligation as the wages of the participants are lower. The overall average age has increased to 49.7 years. This is an increase from 49.2 in 2017.

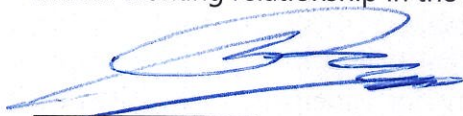
In 2018 the number of pension beneficiaries decreased from 1139 to 1122 with most of the pensions being senior pensions. A number of these pension beneficiaries are persons that requested their pension retroactively.

Despite the increasing number of pension beneficiaries in the Fund, the system dependency ratio remains positive but has decreased to 1.42 in 2018 (2017: 1.43¹). The ideal dependency ratio is two (2). Management is vigilant in monitoring the development of this ratio. If the legislative amendments as a result of the pension reform are implemented the system dependency ratio can improve due to pension contributions starting from 18 years instead of 25 and the change of the pensionable age from 62 to 65.

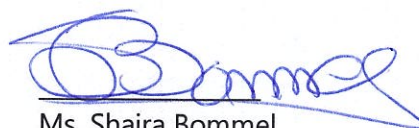
1.9 ACKNOWLEDGEMENTS

We thank our fellow members of the Board (present and past), members of the IC, members of the Audit Committee, the Directorate and the staff, for working towards creating a better future for Sint Maarten and giving the best services to the APS members and participants now and in the future.

Throughout 2018 the Board, IC, Audit Committee, the Directorate and staff of the Fund had the opportunity to work with many entities in various areas: structuring, analysis, executing and monitoring of (potential) investments, PR, ICT management, operational software and website development, etc. We are grateful to those entities and look forward to a continued fruitful working relationship in the future.



Mr. Franklyn Richards
Chairman of the APS Board



Ms. Shaira Bommel
Member of the APS Board

¹ The system dependency ratio is the ratio of active participants in the Fund to non-active participants.

2. FINANCIAL HIGHLIGHTS

	2018	2017
Associated Employers 1)	30	29
		1) For a number of the associated employers not the entire staff participates in the Fund.
Number of Participants		
Active registered participants 2)	2,684	2,607
		2) Registered employees of an associated employer who contributed premiums to the pensionfund during the reporting year.
Participants with deferred rights 3)	764	687
		3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting
Pensioners	1,122	1,139
Actives/non actives participants	1.42	1.43
Participants age average		
Active participants	44.2	43.4
Non active participants	57.5	57.5
All participants	49.7	49.2
Pension administration		
All amounts are in thousand Netherlands Antillean guilders		
Actual premium 4)	25%	25%
		4) The 25% premium as stated in the "Pensioenlandsverordening Overheids-dienaren".
Pension Premiums	ANG 39,107	ANG 37,676
Pension administration expenses 5)	ANG 5,285	ANG 4,841
		5) The operational expenses of the fund (including investment management expenses) are circa 0.7% of the funds's assets.
Pension payments	ANG 20,001	ANG 19,616
Pension premiums/pension paymen	1.96	1.92

	2018	2017
Solvency		
All amounts are in thousand Netherlands Antillean guilders		
Pension assets	ANG 679,524	ANG 673,602
Minimum targeted pension assets	ANG 731,219	ANG 686,306
Pension obligation provision	ANG 696,399	ANG 653,579
Coverage ratio 6)	97.58%	103.06% 6) A funding ratio below 100% is one of the indicators that the reform of the current pension legislation is needed.
Minimum targeted funding ratio 7)	105.00%	105.00% 7) The Board-defined target for the funding ratio.
Total provision/provision pensioner:	2.28	2.15
Investment portfolio		
All amounts are in thousand Netherlands Antillean guilders		
Equity	ANG 126,257	ANG 158,608
Fixed income	ANG 256,698	ANG 229,777
Division of assets	ANG 12,729	ANG 12,703
Investment performance		
Targeted return	5.50%	5.50%
Total return 8)	-1.47%	6.93% 8) Total 2017 return changed from 6.97% to 6.93% due to updated return on international portfolio
Return domestic portfolio	2.95%	3.59%
Return international portfolio	-8.99%	11.74% 2017 (previously reported 11.83%, updated to 11.74%). The updated return figures for international portfolio are based on the updated audited performance reports provided by the fiduciary



3. FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

As at 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2018	2017
Assets			
Property and equipment	3.8	5,309	5,322
Intangible assets	3.9	75	54
Investment properties	3.10	21,530	20,563
Financial assets:			
Investments in debt securities corporate and time deposits	3.11	176,645	152,752
Investments in fixed income and equity	3.12	186,309	223,133
Loans	3.13	40,981	10,935
Other non-current assets	3.14	12,729	12,809
Total non-current assets		443,579	425,568
Inventories	3.15	9,214	1,310
Accounts receivable	3.16	51,289	52,867
Other receivable	3.16	158	158
Accrued Interest Receivable	3.16	3,771	3,477
Short term portion of financial assets	3.17	20,000	12,500
Other current assets	3.18	237	161
Cash and cash equivalents	3.19	157,431	184,683
Total current assets		242,100	255,156
Total assets		685,679	680,724
Equity			
Reserves	3.20	20,022	(2,513)
Result current year	3.20	(36,896)	22,535
Total equity	3.20	(16,874)	20,022
Liabilities			
Pension benefits obligations	3.21	696,399	653,579
Other non-current liabilities	3.22	-	1,550
Total non-current liabilities		696,399	655,129
Accounts payable	3.23	415	238
Other payables	3.24	334	574
Accrued liabilities	3.25	5,406	4,760
Total current liabilities		6,155	5,572
Total liabilities		702,554	660,701
Total equity and liabilities		685,679	680,724

The accompanying notes are an integral part of these financial statements

3.2 STATEMENT OF COMPREHENSIVE RESULT

For the period ended 31 December

	Note	Year ended 31 December	
		2018	2017
All amounts are in thousand Netherlands Antillean guilders			
Revenues			
Pension premium income	3.26	39,107	37,676
Pension premium income previous years	3.26	1,238	2,112
Investment income	3.27	(7,004)	39,767
Other income	3.28	1,603	1,480
Total Revenues		34,943	81,036
Expenses			
Pension benefits payments	3.29	20,001	19,616
Investment expenses	3.30	4,123	4,642
Operating expenses	3.31	5,285	4,841
Net increase/ (decrease) in pension benefits obligation	3.21	42,820	29,774
Total expenses		72,229	58,873
Result from operating activities		(37,285)	22,163
Non operating expenses			
Financial income / (expenses)	3.32	390	372
Total non operating results		390	372
Result		(36,895)	22,535
Other comprehensive result			
Total other comprehensive result		-	-
Total comprehensive result		(36,895)	22,535
Attributable to:			
To the Fund		(36,895)	22,535
Total comprehensive result		(36,895)	22,535

The accompanying notes are an integral part of these financial statements

3.3 STATEMENT OF CHANGES IN EQUITY

	Note	Year ended 31 December			
		Retained earnings	Total	Non-controlling interest	Total equity
All amounts are in thousand Netherlands Antillean guilders					
Attributable to the Fund					
At January 1, 2017		(2,513)	(2,513)	-	(2,513)
<i>Comprehensive Income for the period</i>					
Result for the period	3.20	22,535	22,535	-	22,535
Year ended December 31, 2017	3.20	20,022	20,022	-	20,022
<i>Comprehensive Income for the period</i>					
Result for the period	3.20	(36,896)	(36,896)	-	(36,896)
Total comprehensive Income for the period		(36,896)	(36,896)	-	(36,896)
Total contributions by and distributions to the Fund		-	-	-	-
Year ended December 31, 2018	3.20	(16,874)	(16,874)	-	(16,874)

The accompanying notes are an integral part of these financial statements

3.4 STATEMENT OF CASH FLOWS

Year ended 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2018	2017
Cash flows from operating activities			
Result (negative) / positive		(36,895)	22,535
Adjustments for:			
Depreciation of property and equipment	3.8	93	74
Amortization of intangible fixed assets	3.9	32	110
Depreciation of investment property	3.10	(532)	174
Unrealized (gain) loss investments in fixed income and equity	3.36	24,928	13,321
Increase in pension benefits obligations	3.21	42,820	29,774
Mutations work capital:			
Decrease (increase) in inventories	3.15	(7,904)	(774)
Decrease (increase) in accounts receivable	3.16	1,578	56,161
Decrease (increase) in other current assets	3.18	(76)	102
Increase (decrease) in accounts payable	3.23	177	(351)
Increase (decrease) in other payables and accrued liabilities	3.24/3.25	406	250
Net cash flows from operating activities		23,157	121,376
Investing activities			
Acquisitions			
Acquisition of property and equipment	3.8	(80)	(99)
Acquisition of intangible assets	3.9	(57)	(8)
Acquisition of investment properties	3.10	(435)	(541)
Acquisition of investment in debt corporate and time deposits	3.36	(37,724)	(3,496)
Acquisition of investments in fixed income and equity	3.36	(274,824)	(446,017)
Acquisition of loans receivable	3.36	(30,046)	(2,856)
Proceeds			
Proceeds from maturities of debt corporate and time deposits	3.36	6,331	6,475
Disinvestment of investments in fixed income and equity	3.36	286,719	405,260
Proceeds from other investments	3.14/3.22/3.36	-	49,113
Interest received	3.17	(295)	(2,132)
Net cash flow from investing activities		(50,410)	5,700
Cash flow			
Net cash flow in cash and cash equivalents		(27,253)	127,076
Cash and cash equivalents at beginning of period	3.19	184,683	57,607
Cash and cash equivalents at end of period	3.19	157,431	184,683

The accompanying notes are an integral part of these financial statements

3.5 GENERAL NOTES

Algemeen Pensioenfonds Sint Maarten (hereinafter: APS or Fund) is one of the legal successors of the former "Algemeen Pensioenfonds van de Nederlandse Antillen" (hereinafter: APNA) and is expected to continue carrying on the role of its predecessor. The Fund is established on Sint Maarten and the address of its registered office is Yogesh Commercial Complex unit 1A /1B, A.J.C. Brouwersweg # 4, Cul-de-Sac, Sint Maarten.

The financial statements have been approved for issue by the APS Board on August 29th, 2019.

The Fund executes two main pension schemes that are regulated in two ordinances. The transition articles of the 'PLvO' (PB 1997, no 312) in conjunction with 'Pensioenlandsverordening Burgerlijke Landsdienaren' (PB 1938, no 15) regulates the pension for the participants that entered the fund before January 1, 1998 and is referred to as "the old pension scheme". The PLvO regulates the pension of the participants that have become employed as of January 1, 1998 and is referred to as "the new pension scheme". Every government employee who was hired on or after January 1, 1998, with some exceptions, takes part in the new pension scheme based on the ordinance AB 2016, no. 16 and AB 2016, no. 25.

The employers affiliated with the Fund are:

Affiliated Employers

1 Government of Sint Maarten

Schoolboards

- 2 Foundation for Academic and Vocational Education
- 3 Stichting Katholiek Onderwijs
- 4 Methodist Agogic Centre Foundation
- 5 Stichting Protestant Christelijk Onderwijs
- 6 SVOBE
- 7 St. Maarten Seventh Day Advenstis Education Found.

Government N.V.'s and foundations

- 8 Philipsburg Jubilee Library
- 9 Princess Juliana International Airport
- 10 Postal Services St. Maarten
- 11 Nieuwe Post Nederlandse Antillen N.V.
- 12 Analytisch Diagnostisch Centrum N.V.
- 13 Sint Maarten Harbour Group of Companies
- 14 St. Maarten Laboratory Services
- 15 Bureau Telecommunicatie en Post St. Maarten
- 16 Bureau for Intellectual Property

Government N.V.'s and foundations cont'd

- 17 Telem Group of Companies
- 18 United Telecommunication Services
- 19 National Institute for Professional Advancement
- 20 Vertegenwoordiging van Nederland op Aruba, Curacao en Sint Maarten

Public entities

- 21 Centrale Bank van Curacao & St. Maarten
- 22 Sociale & Ziektekosten Verzekeringen
- 23 Algemeen Pensioenfonds Sint Maarten

High Council organisations

- 24 Leden van de Staten
- 25 Raad van Advies
- 26 Sociaal Economische Raad
- 27 Kabinet van de Gouverneur Sint Maarten
- 28 Algemene Rekenkamer
- 29 Ombudsman
- 30 Raad voor de Rechtshandhaving

The number of registered participants of the Fund are as follows:

The total number of participants in the fund is 4570. This consists of 2684 registered active participants, 764 participants with deferred rights and 1122 beneficiaries.

Participants

	2018	2017
Active Participants	2,684	2,601
Participants with deferred rights	764	681
Pensioners	1,122	1,139
Total	4,570	4,421

Funding policy

The main objective of the Fund is to ensure that the Fund is able to meet its current and future obligations to its participants. Therefore, the Fund aims to achieve a minimum coverage ratio of 100% and a target of 105%. The coverage ratio per 31 December 2018 is 97.58% which is lower than the minimum and targeted amount. The Fund conducts an Asset /Liability Management (hereinafter: ALM) study once every three (3) to five (5) years² to ensure the sustainability of the Fund. The results of such study will provide APS with a clear overview on the following actions:

- identifying the short and long-term risk, such as premium rate, indexation, pension age, pension system (average or final pay), investment policies etc., for the execution of the current pension legislation;
- establishing premium rates for active participants and employers to ensure that adequate levels of funding are maintained;
- establishing proposals for pension scheme changes, such as pension age, average pay system etc.; and
- establishing the long-term investment policy and performing annual investment structure reviews.

Investment policy

The investment policy stipulates the guidelines which the Board of APS deems to be prudent considering the needs of, and the legal requirements applicable to APS's investment program.

The overall objective of the Fund's investment policy is to provide participants with benefits as regulated in the LvO APS. This is accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets of the Fund.

The policy has been designed to allow the Fund to achieve a minimum rate of return of 5.5% over the long-term. The assets of APS are broadly diversified to minimize the effect of short-term losses within any investment program. All investment transactions are designed and

² The last ALM-study was conducted in 2014

executed solely in the interest of, and for the exclusive purposes of providing benefits to the Fund's participants.

The investment policy is a dynamic document. The underlying assumptions related to the Fund's liabilities and other relevant fundamentals are reviewed from time to time based on a periodic Asset Liability Management (ALM) study of the Fund.

The policy asset allocation and permissible ranges are listed in the following table:

All amounts are in thousand Netherlands Antillean guilders

Asset allocation as at December 31, 2018

	2018	Actual %	Policy Target	Difference	Allowable Range relative
Total Equity	126,257	20.9%	24.0%	3.06%	+/- 20%
External Global Fixed Income & Money Funds	60,053	10.0%	16.0%	6.0%	+/- 10%
Local Fixed Income, Loans & Bank Time	237,626	39.4%	45.4%	6.0%	+/- 5%
Total Fixed Income	297,678	49.4%	61.4%	12.0%	+/- 5%
Internal Real Estate	21,530	3.6%	3.0%	-0.6%	+/- 1%
Internal Projects	-	0.0%	10.6%	10.6%	+/- 1%
Cash	157,431	26.1%	1.0%	-25.1%	0% - 10%
Total	602,896	100%	100%	0%	N/A

Asset allocation as at December 31, 2017

	2017	Actual %	Policy Target	Difference	Allowable Range relative
Total Equity	158,608	26%	24.0%	-2.24%	+/- 20%
External Global Fixed Income & Money Funds	64,524	11%	16.0%	5.3%	+/- 10%
Local Fixed Income, Loans & Bank Time Deposits	176,187	29%	45.4%	16.3%	+/- 5%
Total Fixed Income	240,712	40%	61.4%	21.6%	+/- 5%
Internal Real Estate	20,563	3%	3.0%	-0.4%	+/- 1%
Internal Projects	-	0%	10.6%	10.6%	+/- 1%
Cash	184,683	31%	1.0%	-29.5%	0% - 10%
Total	604,566	100%	100%	0%	N/A

A comprehensive analysis of the Fund's Asset Allocation Strategy including target asset class allocations and ranges is completed at least once every three years and is presented to the Board of APS for approval. APS Management may recommend conducting the comprehensive analysis prior to the three years, if the long term expected returns, risks or liability values have substantially changed relative to the prior analysis. To achieve this, the program is reviewed by a third-party Consultant and the APS Management, at least annually, to ensure that all assumptions used in determining the program remain reasonable.

The Investment Program is underpinned by a holistic analysis of APS's current and expected financial condition including APS's projected liabilities. Such analysis will also encompass the expected long-term capital markets outlook, expected inflation, and APS's risk tolerance. All investments are conducted in accordance with the approved Asset Allocation Strategy and APS's operational governance structure, including the ongoing oversight by the Investment Committee and the Board to ensure proper monitoring.

The investment policy is a dynamic policy and will be reviewed from time to time primarily based on a periodic Asset Liability Management (ALM) study.

3.6 ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS).

Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Fund's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed at the end of this note.

Functional and presentation currency

These financial statements are presented in Netherlands Antillean Guilders, which is the Fund's functional currency. The exchange rate used for USD/ANG is 1/1.80.

Except as otherwise indicated, financial information presented in Netherlands Antillean Guilders have been rounded to the nearest thousand.

Changes in accounting policies

a) New standards, interpretations and amendments effective from January 1, 2018
The accounting policies applied in these financial statements are consistent with those of the previous financial year except for the stricter application of IAS 26 Accounting and Reporting by Retirement Benefit Plans for the valuation of plan assets. The principle valuation method of plan assets is according to:

IAS 26.32:

Retirement benefit plan investments shall be carried at fair value. In the case of marketable securities fair value is market value. Where plan investments are held for which an estimate of fair value is not possible disclosure shall be made of the reason why fair value is not used.

IAS 26.33:

In the case of marketable securities fair value is usually market value because this is considered the most useful measure of the securities at the report date and of the investment performance for the period. Those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof, may be carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. Where plan investments are held for which an estimate of fair value is not possible, such as total ownership of an entity, disclosure is made of the reason why fair value is not used. To the extent that investments are carried at amounts other than market value or fair value, fair value is generally also disclosed. Assets used in the operations of the fund are accounted for in accordance with the applicable Standards.

During the process of determining the impact of IFRS 9 and IFRS 15 on the financial statements of the Fund it turned out that IAS 26 with respect to the valuation of plan assets has not been applied correctly for the recorded investment properties. In 2014 and 2016 the Fund acquired investment properties with the purpose to earn rental income or for capital appreciation or both. The Investment properties have been measured initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. The valuation principle for planned assets under IAS 26 is fair value and the acquired assets in 2014 and 2016 should therefore have been recorded against fair value from date of purchase. Management determined the impact of this error on ANG 531,818 which is considered not a material error under the definition of IAS 8 Accounting Policies, Changes in Estimates and Errors. The difference between cost less accumulated depreciation and fair value as per January 1, 2018 has therefore been recorded in the year 2018.

The stricter application of IAS 26 has further impacted the name of certain financial statement line items including the reference to other IFRS standards.

IFRS 9, "Financial instruments"; effective for periods beginning on or after January 1, 2018 (endorsed November 22, 2016). The standard replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and recognition of financial assets and liabilities including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. The standard does not have impact on the plan assets based on IFRS 9 Appendix B2.2 which states that the Standard does not change the requirements relating to employee benefit plans that comply with IAS 26 Accounting and Reporting by Retirement Benefit Plans. The new IFRS 9 standard is however applicable to all financial assets and liabilities that are related to operational activities of the Fund. These financial assets and liabilities consist of the financial statements line items Property and equipment, Intangible

assets, Other current assets, cash and cash equivalents and the current liabilities. The fund has assessed the impact of IFRS 9 on the classification and valuation of the operational activities related assets and liabilities. This assessment has resulted in the conclusion that IFRS 9 has no material impact on these financial statements line items.

IFRS 15, "Revenue from Contracts with Customers" – is a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services.

The standard introduces a revenue model in which the core principle is that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers must be capitalized and amortized over the period when the benefits of the contract are consumed. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. This standard has no impact on the financial statement of the Fund.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2018 are not relevant to the fund.

b) New standards, interpretations and amendments not yet effective

Several new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018 and have not been applied in preparing these financial statements.

Following new and/or amended IFRS standards are expected to have significant impact on the financial statement of the Fund:

IFRS 16, "Leases", establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all lease with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for accounting periods beginning on or after January 1, 2019, early adoption is permitted. The fund is currently assessing the impact of this new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the fund.

Capital management

The Fund's objective is to safeguard the Fund's ability to continue as a going concern to meet its obligations to its participants.

The Fund has a Board that is charged with managing and administering the Fund and the other pension funds that are or will be assigned to it in accordance with article 3, paragraph 2 of the LvO APS. The Fund aims to achieve a coverage ratio of 105%.

The capital is used to generate wealth through investment. The coverage ratio is calculated by dividing the total actuarial assets to the fund's non-current liability. There were no changes in the Fund's approach to capital management during the year.

Property and equipment

All property and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property and equipment are calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

<i>Asset Type</i>	<i># of Years</i>	<i>Method</i>	<i>Residual Values</i>
Building	40 years	Straight line	0
Leasehold improvements	5 years	Straight line	0
Furniture & Fixtures	10 years	Straight line	0
Equipment	5 years	Straight line	0
Computer Hardware	4 years	Straight line	0

Land is carried at cost. The buildings (including building fittings) are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The buildings are depreciated using the straight-line method over the estimated useful life of 40 years.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income.

Leasehold improvements

Leasehold improvements are investments made to customize buildings and offices occupied under operating lease contracts to make them suitable for their intended purpose. The present value of estimated reinstatement costs to bring a leased property into its original condition at the end of the lease, if required, is capitalized as part of the total leasehold improvement costs. At the same time, a corresponding liability is recognized to reflect the obligation incurred.

Reinstatement costs are recognized in net income through depreciation of the capitalized leasehold improvements over their estimated useful life.

The Fund rents three (3) office units from the same landlord. The rental agreements are for a period of two (2) years, with an option to renew after each period.

Intangible assets

Computer software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Depreciation on intangible assets is calculated using the straight-line method to allocate their cost to their residual values as follows:

<i>Asset Type</i>	<i># of Years</i>	<i>Method</i>	<i>Residual Values</i>
Computer Software	5 years	Straight line	0

Impairment of intangible asset

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be

recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

IFRS 13, "Fair Value measurement" – is a standard that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. The fair value hierarchy is based on the type of inputs and is defined as follows:

- Level 1: Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date,
- Level 2: inputs, other than quoted prices in Level 1, that are observable, either directly or indirectly,
- Level 3: inputs are unobservable inputs that are usually determined based on management's assumptions. However, Level 3 inputs have to reflect the assumptions that market participants would use when determining an appropriate price for the asset.

In September 2014, APS reached an agreement with the property owners of Mary's Fancy for the purchase of the Land, Plantation House and its surroundings.

In 2016 two properties were added to APS' investment properties. The first property was transferred to the Fund as one of the payments regarding the debt payment basic agreement that was signed in February 2016. In December 2016, APS purchased the second property - Professional Office Park. A portion of this property is undeveloped. The undeveloped portion is selected for the future office of APS and is included under property and equipment.

APS' investment properties are categorized as level 3.



Financial assets

The financial assets and liabilities consist of investments ('Retirement benefit plan assets'), property and equipment, Intangible assets, Other current assets, cash and cash equivalents and the current liabilities.

Retirement benefit plan assets are recorded in agreement with IAS 26 and are classified as fair value. In the case of marketable securities fair value is market value. Where plan investments are held for which an estimate of fair value is not possible disclosure shall be made of the reason why fair value is not used.

The other financial assets and liabilities which are related to the operational activities of the Fund are designated as financial assets and liabilities against amortized cost. The effect of discounting at balance sheet date is estimated to be not significant.

a) Investments in fixed income and equity

Investments in fixed income and equity consist of foreign bonds and stock exchange listed shares. Regular purchases and sales are recognized on the trade-date, the date on which the fund commits to purchase or sell the asset. Investments are initially recognized at fair value and transaction costs are expensed in the income statement. The investments are revalued at last known fair value at balance sheet date based on the valuation received from the asset managers.

Investments in fixed income and equity are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'Investments in fixed income and equity' category is presented in the income statement within 'Net change in value –' in the period in which they arise. Dividend income from investments in fixed income and equity is recognized in the income statement as part of other income when the Fund's right to receive payments is established.

b) Loans, other non-current assets and receivables

Loans, other non-current assets and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The loans, other non-current assets and receivables have been acquired to match a part of the obligations of the plan. After initial measurement at fair value plus transaction costs, they are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

c) Investments in debt securities corporate and time deposits

Investment in debt securities corporate and time deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. They have been acquired to match a part of the obligations of the plan. After initial measurement at fair value plus transaction costs,

investments in debt securities corporate and time deposits are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

IFRS requires certain disclosures to be presented by category of instrument based on the IAS 26 measurement categories. Certain other disclosures are required by class of financial instrument. For those disclosures the Fund must group its financial instruments into classes of similar instruments as appropriate to the nature of the information presented.

The two main categories of disclosures required by IFRS 7 are:

1. Information about the significance of financial instruments.
2. Information about the nature and extent of risk arising from financial instruments.

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which entail the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.
- b) 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) (Level 2);
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined based on the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

IFRS 9

Impairment under IFRS 9, applicable to financial assets against amortized cost ('Operational assets') requires the use of more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Funds first identifying a credit loss event. Instead the Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'),
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'), and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3')

'12-month expected credit losses' are recognized for the first two categories (Stage 1 and 2), while 'lifetime expected credit losses' are recognized for the financial assets categorized as Stage 3.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

This part of IFRS 9 is applicable on the other current assets and cash and cash equivalents. Management has determined the impact of impairment on these financial assets and concluded that this is not material.

Inventories

The Fund's inventories comprise investment properties that are developed with the intention to sell. Inventories are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

At completion of development the asset will be valued and recorded at fair value under Investment Property.

Accounts receivable

Accounts receivable are amounts due from pension contributions, 'VUT'/ 'duurtetoeslag' payments, and the legal interest charged to the employer for untimely payments of the pension contributions and / or other outstanding and investments.

Recognition and measurement

Receivables are initially recognized at fair value, being the cost price minus the transaction costs that are directly attributable to their acquisition or creation. Subsequently receivables are re-measured at their fair value. For receivables with a maturity within twelve months after

the end of the financial year, the cost included in the acquisition is deemed to be a reflection of the fair value at the end of the financial year. All other receivables with a maturity longer than twelve months after the end of the financial year, are measured using the interest rate applicable at the end of the financial year for the remaining maturity of the receivable.

Interest receivable

Interest receivable are the amounts accrued from investments in loans, debt securities corporate and time deposits.

Interest income is recognized as it accrues, considering the effective yield on the asset.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer).

Recognition and measurement

For accounts payables with a maturity within twelve months after the end of the financial year, the cost included in the acquisition is deemed to be a reflection of the fair value at the end of the financial year. All other payables with a maturity longer than twelve months after the end of the financial year, are measured using the interest rate applicable at the end of the financial year for the remaining duration of the payable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Foreign currency transactions and balances

Transactions in currencies other than the functional currency are recognized at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates as at that date.

Exchange differences on monetary items are recognized in profit and loss in the period in which they occur, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Revenues

Provided the amount of revenue can be measured reliably and it is probable that the Fund will receive any consideration, revenue is recognized in the period in which they are due or accrued.

Revenues within the Fund comprise:

- Pension premium income - employers, employees and other contributions to the Fund;
- Loan income - interest revenue from corporate, private or government loans;
- Debt securities income - revenues from corporate and government bonds;



- Time deposit income - interest revenues from time deposits;
- Income investments in fixed income and equity - realized and unrealized revenues from foreign bonds and stock exchange listed shares and related interest revenue and dividends received;
- Other investment income - investment revenues that cannot be categorized as one of the above; and
- Other income - revenues that cannot be categorized as investments nor premium income for example the penalty for untimely payment of premiums by the employers.

Pension benefits obligations

The Fund computes this liability in respect of eligible participants at the end of each year based on the two previous years' salary of those participants. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

Any difference between the expected return on assets and that achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

Employee benefits

a) Pension benefits obligations

The employees that are in service of the Fund are also participant in the pension scheme that is being executed by the Fund. The pension scheme is a defined benefit plan.

b) Other post-employment obligations

The Fund does not have any employees that are entitled to other post-employment benefits such as 'duurtetoelag' or 'VUT-uitkeringen'.

Pension benefits payments

The pension benefits payments are payments to the beneficiaries of the Fund who have attained the age of retirement as well as the derived beneficiaries of orphan and widow(er) pension.

These payments are calculated based on the beneficiaries' average salary (two years prior to retirement) corrected for the AOV-franchise and the amount of years of service.

Tax

The Fund is exempted from profit tax in accordance with article 1 section 2 under c of the Profit Tax Ordinance.

Provisions

The Fund has recognized provisions for liabilities of uncertain timing or amount including those for pension claims and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer

substantially all the risks and rewards incidental to ownership.

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Critical accounting estimates and judgments

The Fund makes certain estimates and assumptions concerning the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including reasonable expectations about the relevant future events. Nevertheless, the actual outcomes in the future may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Beginning balance of the fund per October 10, 2010

A committee was charged with the division of the assets of the Fund's predecessor APNA, in which Sint Maarten was represented by Mr. R. Daryanani (since 2013) and Mr. E. Felisie (since late 2011). The committee submitted its report with the agreed upon value of the assets and the liabilities of APNA as at October 9, 2010 and the way the assets will be divided over the successors to APNA.

The assets were initially divided based on the pension benefits obligations that have been allocated to each country. The pension benefits obligations allocation for the active participants of APNA was determined by the Island territory that the participants were working on October 9, 2010. For the pensioners and the participants with deferred rights it was the Island territory that they were established on the moment of resignation from their last employer that determines the allocation.

b) Division of asset revenues

Following the initial division of APNA assets, the Fund received the allocated annuity loans and bonds of the former Netherlands Antilles and Island territory Curacao in 2015.



The beginning balance are based on the final report on the division of APNA assets dated September 2014:

All amounts are in thousand Netherlands Antillean guilders

	Curaçao	Sint Maarten	The Netherlands	Concept Balance Division of Assets
% Allocation per October 10,2010	85.55%	8.44%	6.00%	100.00%
Pension benefits obligations	3,715,900	366,706	260,822	4,343,429
Assets	3,749,670	370,039	263,193	4,382,902
Transfer of Bonds and Loans	802,609	79,206	42,591	924,406
Advance		291,594		
<i>Received accounts receivable</i>		74,427		
<i>Received cash</i>		217,167		
Received		(761)		

c) Measurement of defined pension benefits obligations

The calculation of the pension benefits obligations is sensitive to 'Mortality rate' and 'Actuarial assumptions'. A change in the actuarial assumptions and mortality statistics used in note 3.21 could have a significant impact on the pension benefits obligations.

3.7 FINANCIAL RISK MANAGEMENT

All investments of the Fund are associated with risk. The most significant risks can be divided into three groups – market risks, credit risks and liquidity risks. Market risks can be further divided into price risk, interest rate risk, and foreign exchange risk. The Fund is also exposed to the following other financial risks:

- Leverage Risk and
- Counterparty Risk.

The overall objective of the Fund is to set policies that seek to reduce risk as much as possible without unduly affecting the Fund's ability to reach its financial goals. This note describes the Fund's objectives, policies and processes for managing these risks and the methods used to measure them. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Fund's income or the value of its financial instruments holdings.

Categories of financial instruments

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Financial assets		
Cash and cash equivalents	157,431	184,683
Fair value through profit or loss (FVTPL)		
Investments in fixed income and equity	186,309	223,133
Investments in debt securities corporate and time deposits	196,645	165,252
Loans	40,981	10,935
Receivables (including trade receivables)	68,183	67,921
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Amortised cost (including trade payables)	6,155	5,572

The Fund intends to manage and control its market risk exposures within acceptable parameters, while optimizing the return on risk.

a) Price risk

The Fund is exposed to price risk on its investment properties and international investments, because they are measured at fair value through profit or loss.

The principal tool used to manage and control price risk exposure within the Fund's international portfolio are statistical measures such as Standard Deviation, Alpha, Beta, Market Up cap ratio, Market Down cap ratio, Sharp ratio and Tracking error.

The other ways in which the Fund manages this risk are through:

- **Diversification** - the assets are held in a wide range of different investments, thus limiting the probability of all assets falling in value simultaneously. The diversification takes place in the capitalization size, investment style, industry sector and geographical area.
- **Liquidity** - great care is taken to ensure that the Fund does not need to realize potentially volatile assets when their values are depressed.

b) Interest rate risk

The interest rate risk, otherwise known as yield curve risk, for the international investments is managed by investing in short duration (average of 3.9 years). All durations are subject to constant change with active management of the fixed income portfolio.

The Fund's local investments are marginally exposed to interest price risk. Because of this, these investments are classified on the statement of financial position as financial assets in debt securities corporate, loans and time deposits. The local market is characterized by little fluctuation in the interest rates. These investments are valued at amortized cost.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Fund's profit (loss) for the year ended 31 December 2018 would decrease/increase by ANG 900,000.

c) Foreign exchange risk

The Fund's indirect currency exposure (risk) at 31 December 2018 was 3.71 percent of the total external portfolios (2017: 3.84). The indirect exposure is due to the investments in International Small Cap Equities, mainly in Asian and European/Eastern markets. All the equity and fixed income strategies and funds are traded and denominated in USD. The USD and Netherlands Antillean guilders have a fixed exchange rate and therefore no exposure.

The market risk effect of a 10% increase in the value of the international investments held at the reporting date would, all other variables held constant, have resulted in an increase in the net assets of ANG 13 million. A 10% decrease in their value would, on the same basis, have decreased the net assets by the same amount.

Credit risk

Credit risk is associated with investments in loans and debt securities and the risk that an issuer will be unable to meet its obligations or, in the worst case, will default on it. Credit risk for the international investments is estimated by a credit rating agency. To limit this risk, the Fund invests a large percentage in bonds with a rating of at least 'investment grade', with some exceptions. These non-investment grade investments are mainly collateralized loans.

Credit risk for the local investments is managed through an established internal creditworthiness rating system. Each entity that applies for a loan or a bond is analyzed individually for creditworthiness before granting a loan. The risk is afterwards managed by analyzing mainly the financial statements of the entities in which the Fund had invested in. The Fund also aims to secure the first collateral for these loans and debt securities including tangible immovable assets.

The table below provides information regarding the credit risk exposure of the Fund.

All amounts are in thousand Netherlands Antillean guilders

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
2018				
Cash and cash equivalents	157,431	-	-	157,431
Short term portion of financial asset	20,000	-	-	20,000
Accounts receivable	3,820	47,469	-	51,289
Accrued Interest Receivable	3,771	-	-	3,771
Other receivable	158	-	-	158
Other current assets	237	-	-	237
Other non-current assets	-	12,729	-	12,729
Total	185,417	60,198	-	245,615

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
2017				
Cash and cash equivalents	184,683	-	-	184,683
Short term portion of financial asset	12,500	-	-	12,500
Accounts receivable	4,854	48,013	-	52,867
Interest Receivable	3,477	-	-	3,477
Other receivable	158	-	-	158
Other current assets	161	-	-	161
Other non-current assets	-	12,809	-	12,809
Total	205,832	60,822	-	266,654

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Fund's approach to managing liquidity is to ensure, in as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Fund's reputation. The policy is to ensure that it will always have sufficient cash and cash equivalents to allow it to meet its liabilities when they become due. To achieve this aim, the Fund seeks to maintain cash and

cash equivalent balances (or agreed facilities) to equal the amount of at least 3 months of operational expenses.

The Fund also seeks to reduce liquidity risk by investing in listed securities for its international investments. In this regard the Fund is liquid, especially because it does not invest in hedge funds or private equity.

At the other hand the local investments are not liquid. The Fund seeks to mitigate the illiquidity risk of the local investment portfolio through diversification of investment types and maturity dates of the local investments.

The following table sets out the contractual maturities of local investments:

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
At December 31, 2018				
Time deposits	20,000	70,000	-	90,000
Debt securities government	2,829	17,304	22,652	42,786
Debt securities corporate	2,083	8,331	53,445	63,859
Division of assets APNA	-	12,729	-	12,729
Loans	-	-	40,981	40,981
Total	24,912	108,364	117,078	250,355

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
At December 31, 2017				
Time deposits	12,500	42,500	-	55,000
Debt securities government	5,182	16,203	26,569	47,953
Debt securities corporate	1,003	4,011	57,285	62,299
Division of assets APNA	-	12,809	-	12,809
Loans	-	-	10,935	10,935
Total	18,685	75,523	94,789	188,996

The table below summarizes the contractual maturities of the Fund's financial liabilities based on contractual repayment arrangements.

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2018				
Accounts payable	415			415
Other payable	334			334
Accrued liabilities	5,406			5,406
Pension benefits obligations	21,312	99,486	575,602	696,399
Total	27,467	99,486	575,602	702,554

	Less than 1 year	Between 1 and 5 year	Over 5 years	Total
2017				
Accounts payable	238			238
Other payable	574			574
Accrued liabilities	4,760			4,760
Pension benefits obligations	20,552	93,368	539,658	653,579
Other non-current liabilities	1,550			1,550
Total	27,675	93,368	539,658	662,252

Other risks*a) Leverage risk*

The use of leverage introduces multiple risks to the investor. First, it increases the market risk and portfolio volatility, because the impact of price changes on a levered portfolio's market value (numerator) is translated to the actual, smaller net worth (assets – liabilities, the denominator). Second, the use of leverage introduces the interest cost of borrowing the funds which may reduce the net returns. Third, the use of leverage often introduces counterparty risk, when securities are held as collateral, and may be transferred to other institutions not under contract with the Fund, whom may not have as strong a financial position or the Fund's best interests as a priority. And, fourth, accounts that utilize leverage must be "margin" accounts, and margin accounts may permit securities lending, when an investor's assets may be "lent" by the custodian to other entities for its own business/operational purposes.

One of the separately managed accounts currently employed by the Fund utilizes low levels of leverage, and the same strategy employs margin debt. The Fund rates the leverage risk as low.

b) Counterparty risk

Counterparty risk is the risk that an external fund manager or the institution responsible for holding and safeguarding securities defaults on their contractual obligations. Counterparty risk is an important and evolving risk. Counterparty risk is higher when hedge funds and private equity are utilized or when an investment strategy employs margin debt/leverage or when securities lending is utilized (the Fund does not engage in securities lending for its international investments).

On December 31, 2018 the Fund had minimal counterparty risk. Only three strategies had a known counterparty risk (in 2017 this was four (4)): the SG Capital Teton Equity Long/Short, the iShares Top 200 Growth ETF, and the Vanguard MBS ETF. The counterparty risk in the two ETFs derive from the ETFs being co-mingled investment vehicles, this is where the Fund owns shares in the ETF but not the individual under-lying securities. This is 39.3 percent of the equity portfolio (ANG 49.62 million of investments in fixed income and equity) and 15.7 percent of the fixed income portfolio (ANG 9.44 million of investments in fixed income and equity). The counterparty risk in the SG Capital Teton Long/Short is due to the use of multiple trading desks away from the Custodian which may result in delayed delivery of securities. Further SG Capital Teton Long/Short uses short positions, where the short security is held by a third-party and lent to APS. However, counterparty risks from short positions are not generally considered major because there is already cash from the sale in the account.



Financial instruments in the international portfolio measured at fair value

All amounts are in thousand Netherlands Antillean guilders

	Fair value measurements at December 31, 2018					
	Level 1		Level 2		Level 3	
	2018	2017	2018	2017	2018	2017
Financial assets						
Fixed Income	53,350	57,817	6,702	6,707	-	-
Equity	126,257	158,608	-	-	-	-
Total	179,607	216,425	6,702	6,707	-	-

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

c) Actuarial risk (Insurance risk)

The provision for pension benefits obligations represents the value of the pension benefits obligations of the Fund at a given date by estimating future pension payments. This value represents an obligation risk (liability) for the Fund. To manage this risk, the Fund conducts an ALM-study or continuity analysis every five (5) years. The ALM-study or continuity analysis will focus mainly on the sensitivity of the cover ratio to actuarial and economic changes. These changes can have a significant impact on the assumptions used to determine the provision for pension benefits obligations. In the case of a significant change in the fund, the fund will conduct an ALM-study.

In this context, the most significant risks come from the rate of long life, mortality and potential disability of the participant.

Actuarial risk is most sensitive to the risk of longevity of a participant. Longevity risk is the probability that participants will live longer than was initially accounted for in the

determination of the provision for pension benefits obligations. As a result, the Fund will not be able to meet its obligations to the pensioners.

The risk of mortality means that in case of death of a participant, the Fund may have to grant a survivor's pension for which the Fund did not provide for.

The disability risk covers the risk that the Fund may have to provide for the possibility that premiums will be waived and that the Fund will grant a disability pension. As stated in article 68 of the PLvO, there are instances where the Board can recover the expenses related to the disability pension from the employer.

d) Inflation risk

The Fund is susceptible to inflation as well as deflation. The rising inflation increases the pension obligation and reduces the returns on equities and fixed income securities. The inflation risk is included in the ALM study or the continuity analysis.

e) Integrity risk

Integrity risk is the risk that the integrity of the institution or the financial system is affected by dishonest, unethical conduct of the organization, employees or of the leadership within the framework of laws and regulations and social standards set by the institution.

The policy of the Fund is:

- The employees, Board members and members of the Investment Committee are to sign and adhere to a "code of conduct";
- The board members and the directorate must undergo a screening; and
- The board members are to meet certain criteria (profile) and be appointed based on these criteria according to the law.

f) Outsourcing risk

Outsourcing risk is the risk that continuity, integrity and/or quality of the work contracted out to a third party is suboptimal and that the services/products third party is contracted to provide are damaged or unusable. The risk for the Fund is that the third party does not comply with the instructions that were provided. To manage this risk, associated with operational activities, conditions have been detailed in the Service Level Agreement with Fund's service providers.

The Fund has outsourced the following to third parties:

- The management of the international investments to external asset managers. The risks associated with the outsourcing is controlled preventively by means of an extensive selection procedure. The fiduciary consultant verifies whether the external asset managers comply with the requirements set by the Fund with regards to quality, expertise and service levels. Further APS performs regular monitoring of the external asset managers performance and is taking corrective actions if necessary.
- The management of the network, servers, and all other IT related matters. The risk associated with outsourcing is controlled by the use of firewalls, antivirus and cyber security protection software. Firewalls prevent unauthorized access to the network. The antivirus and cyber security prevent viruses and malware from entering the computer

system and infecting files. Additionally, the network is backed up daily, this ensures that data is protected, securely stored and retrievable in the event of network failure.

g) Third party / Vendor risk

Third party risk is the risk that products and services provided by third parties is of low quality, unusable or unavailable.

The Fund makes use of the following types of services/products provided by third parties:

- Third party software is used for the financial and payroll administrations. The risk associated with this is that the Fund is fully dependent on the provider for the maintenance of the software. The software provider provides full technical support and the Fund has no resources in house to develop/adjust or fix any technical issues that may arise. The risk associated with the use of third-party software is controlled with requirements set by the Fund with regards to data protection, data ownership, data availability and the daily backup of the network.
- Consultants provide advice and support in various areas such as investments, legal, and projects. The risk associated with consultancy is controlled by the requirements set by the Fund with regards to quality, expertise and service levels, including the Fund's code of conduct clauses in the SLAs and periodic reassessment of the performance.

h) Financing risk

Financing risk is the risk that the employer (principally the government of Sint Maarten) is not able to pay / pay off the premiums / debt to the Fund. The risk also includes timely payments of the premiums / debt to the Fund. The Fund has implemented accounts receivable collection procedures and escalation measures for overdue receivables as mitigating measures for this risk.

An important outcome of the ALM study is to provide long-term insight of the costs related to the pension scheme. The aim of the Fund is for the total accounts receivable not to exceed 10% of the total assets. Currently the accounts receivable comprises 7.3% (2017: 7.8%) of the total assets.



3.8 PROPERTY AND EQUIPMENT

All amounts are in thousand Netherlands Antillean guilders

	Land	Leasehold improvements	Furnitures and fixtures	Computer hardware	Equipment	Total
COST AND VALUATIONS						
At January 1, 2017						
Cost	5,040	146	194	211	42	5,633
Accumulated depreciation	-	(90)	(85)	(133)	(27)	(336)
Net book amount	5,040	56	108	79	14	5,297
Year ended December 31, 2017						
Opening net book amount	5,040	56	108	79	14	5,297
Additions	-	56	23	20		99
Depreciation charge		(15)	(20)	(32)	(6)	(74)
Closing net book amount	5,040	96	111	67	8	5,322
At December 31, 2017						
Cost	5,040	202	217	231	42	5,732
Accumulated depreciation		(106)	(105)	(165)	(34)	(410)
Net book amount	5,040	96	111	67	8	5,322
Year ended December 31, 2018						
Opening net book amount	5,040	96	111	67	8	5,322
Additions	-	4	32	44	-	80
Depreciation charge		(25)	(25)	(37)	(6)	(93)
Closing net book amount	5,040	75	118	74	2	5,309
At December 31, 2018						
Cost	5,040	206	249	275	42	5,812
Accumulated depreciation	-	(131)	(130)	(201)	(40)	(503)
Net book amount	5,040	75	118	74	2	5,309

For the estimates of useful economic life and the residual values of property and equipment see note 3.6.

3.9 INTANGIBLE ASSETS

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are classified as intangible assets.

All amounts are in thousand Netherlands Antillean guilders

	Computer software	Total
COST AND VALUATIONS		
At January 1, 2017		
Cost	926	926
Accumulated depreciation	(769)	(769)
Net book amount	156	156
Year ended December 31, 2017		
Opening net book amount	156	156
Additions	8	8
Depreciation charge	(110)	(110)
Closing net book amount	54	54
At December 31, 2017		
Cost	933	933
Accumulated depreciation	(879)	(879)
Net book amount	54	54
Year ended December 31, 2018		
Opening net book amount	54	54
Additions	57	57
Disposals	(3)	(3)
Depreciation charge	(32)	(32)
Closing net book amount	75	75
At December 31, 2018		
Cost	987	987
Accumulated depreciation	(912)	(912)
Net book amount	75	75

For the estimates of useful economic life and the residual values of intangible assets see note 3.6.

3.10 INVESTMENT PROPERTIES

Investment properties

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Mary's Fancy Development	7,256	6,531
Professional Office Development	9,418	9,242
Parking Lot Development	4,856	4,791
Total	21,530	20,563

The investment properties of the fund are measured at fair value in line with IAS 26. The fair value of the Fund's investment properties at 31 December 2018 is based on the independent, appropriately qualified external valuers' appraisals of the properties at the time of the purchase, including the directly attributable expenditures (transaction cost incurred). Fees paid to the valuers are based on fixed price contracts. The external valuers are appointed by the Director, on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for comparable assignments. Re-valuations are performed once every three to five years and are performed consistently across all properties in the Fund's portfolio.

Mary's Fancy Development

In 2014 the Fund signed two purchase agreements for the Mary's Fancy and De Castro properties located on the L.B. Scott road. The property consists mainly of land and the few structures thereon that are to be either renovated or demolished. The purchase price of the property was derived from the appraisal executed by external independent valuers. The total costs related to the purchase was ANG 4.4 million. Since the purchase the Fund commenced the restoration of the monuments such as the Plantation House, the Boiling House, the Chimney, the Servants' Quarter and the Well. The cost incurred in the said improvement activities of the property amounts to the ANG 2.8 million and is included in the value of the Mary's Fancy Development.

Per end of 2018 the property is not yet operational. The new construction is intended to optimize the future commercial use of the property by developing a high-end eco boutique hotel, art gallery / outdoor museum and botanical gardens.

The value of the property will be re-evaluated five years after purchase date or upon completion of the new construction, whichever is sooner.

Professional Office Park

APS purchased the professional office park property in December 2016 at ANG 9.36 million. The property comprises of two commercial buildings for which APS is now receiving lease. The purchase price of the property was derived from the appraisal executed by external independent valuers.

Since the purchase the property has not suffered significant damages due to hurricane Irma while the Fund has repaired the minor damages and has further maintained the building, to ensure value of the property is maintained (at least) at the initial purchase level. The Fund continues to generate the rental income on this property. Small improvements to the property of ANG 58 thousand have been included in the value of the property. The value of the property will be re-evaluated at the end of 2019.

Parking Lot Development

In September 2016 APS received this property (only land) as part of the debt settlement agreement with the Government of Sint Maarten. The property is the vacant (parking) lot adjacent to the Government Administration Building. The transfer value derived from the appraisal of an independent external valuer. The value of the land transferred to the Fund was ANG 4.5 million.

Since the transfer the Fund commenced research with regards to the usage of the property. The related cost of ANG 356 thousand is included in the value of the property. Per end of 2018 the property is not yet operational. APS expects to commence development of this property in Q3 2019. The value of the property will be re-evaluated five years after purchase date or upon completion of the new construction, whichever is sooner.

3.11 INVESTMENTS IN DEBT SECURITIES CORPORATE AND TIME DEPOSITS

Investments in debt securities corporate and time deposits

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Debt securities corporate	106,645	110,252
Time deposits	90,000	55,000
Less: current portion investments	(20,000)	(12,500)
Total	176,645	152,752

The investments are split between current and non-current depending on the remaining maturity of the investments and its contractual cash flows.

The fair value for the debt securities is ANG 120 million (2017 ANG 126 million) and for the Time deposits ANG 89 million (2017 ANG 55 million). The fair value has been calculated by discounting future expected cash flows of these investments at a discount rate of 3.75%.

3.12 INVESTMENTS IN FIXED INCOME AND EQUITY

Investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Fixed Income	60,053	64,524
Equity	126,257	158,608
Total	186,309	223,133

The fair value of the investments in fixed income and equity is based on the statements of the custodian banks, except for one of the twenty-six investment strategies in which the Fund uses the report of the investment manager (see 'Financial instruments measured at fair value' level 2 in note 3.7 for the amount).

3.13 LOANS

Loans

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
RF Adventure St. Maarten N.V. Finance	14,112	10,935
Maho Hotel Operations B.V. Finance	26,869	-
Total	40,981	10,935

Loans are carried at amortized cost using the effective interest method.

Rain Forest Adventures Sint Maarten:

The Fund's participation in the financing of the Rain Forest Adventures Sint Maarten (hereinafter: RFA) is 41% of the total amount financed. The interest rate is the then prevailing rate for one-year USD LIBOR plus a margin of 5.25%, with minimum fixed rate of 6.00%. The financing was structured as a fourteen-year Senior Secured Term Loan Facility, the total term has been extended with 8 months due to the additional time needed for construction due to the passing of hurricane Irma in September 2017. The first payment was received in January 2019.

Maho Hotel Operations:

The Maho financing consists of three facilities. Each facility has different floating interest rates (4.15% plus three-month USD Libor, 1.50% plus three-month USD Libor and 4.15% plus three-month USD Libor). The tenor for the first two (2) facilities is ten (10) years, however the principal will be repaid over twelve (12) years. The third facility commence as a short-term construction loan with a tenor of eighteen (18) months. There is a moratorium on the principal repayment during this period, after which the loan will be rolled over into a facility with a tenor

of 8.5 years, the principal will be repaid over twelve (12) years. The first repayment was received in September 2018.

3.14 OTHER NON-CURRENT ASSETS

Other non-current assets

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Current account reallocation of participants	12,729	12,703
Advance employees	-	106
Total	12,729	12,703

Current account reallocation of participants

This is the amount receivable from APNA for the participants who were not correctly allocated in the division of APNA assets. Since inception, many participants of the former APNA have been reallocated to one of the successor pensionfunds. The reallocation stems forth from execution of the "Onderlinge Regeling Boedelscheiding APNA" (hereinafter: Onderlinge Regeling) in which guidelines for the allocation of participants to the various pension funds are given. Based on these guidelines persons that were incorrectly allocated to a fund, were reallocated to the correct one. Following the Onderlinge Regeling, a transfer of an amount equal to the pension obligation to the recipient fund is owed to the Fund. Partial payment of ANG 49 million in October 2017 settled part of the "Current account reallocation of participants". The balance of ANG 12 million is pending further supporting analyses and details of the reallocation of participants. It is expected that this process will be finalized by the end of 2019.

Advance employees

The advance for employees comprises salary advances without interest. After the passing of hurricane Irma, the staff had the option to make use of a salary advance of up to two times the amount of their monthly gross salary. This advance had a maximum repayment period of 24 months starting in 2017 (if the employee was not permanently employed the end date of the contract would determine the term). For 2018, advance employees is re-classified to other current assets.

3.15 INVENTORIES

The book value of the inventories are as follows:

Inventories

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Welgelegen Development	9,214	1,310
Total	9,214	1,310

Inventories relate to the cost of investment properties under development that are intended for sale upon development completion.

3.16 ACCOUNTS RECEIVABLE

The book value of the accounts receivable are as follows:

Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Pension contribution/DT/VUT receivables	51,289	52,867
Total	51,289	52,867

The accounts receivable includes:

- Duurtetoeslag (DT) and Vervroegde UitTreding (VUT). These amounts are paid monthly in advance, along with the pension benefits payments to the beneficiaries of the Fund. The advanced amounts are subsequently invoiced to the affiliated employers of the Fund.
- Pension contribution,
- Penalties on the outstanding. The Fund charged the official legal interest of 4.00% on the outstanding amounts that are overdue.

The Government of Sint Maarten owes the major portion of the accounts receivable outstanding amount. As per 5 February 2016 a Debt Payment Basic Agreement (hereinafter: DPBA) was signed between the Government of Sint Maarten and the Fund to cover part of the outstanding debt to APS.

The agreement consists of three (3) payment tranches:

1. An amount of ANG 19 million as a first payment, was paid upon signing of the deed for the sale and purchase by SZV of the New Government Building.
2. An amount of ANG 4.5 million. The Government of Sint Maarten has sold two (2)

parcels of land adjacent to the New Government Building to the Fund. The sale was finalized at the end of September 2016.

3. The Government of Sint Maarten received a payment from the Division of Assets of the Netherlands Antilles. The balance of ANG 59.5 million is dedicated to the Fund as part of the Debt Payment Basic Agreement.

The Fund received the first two (2) payment tranches in full and part of the third tranche by the end of 2018. The third tranche was split into two. The first amount of ANG 40 million was paid to the Fund in July 2017. The balance of ANG 20 million was paid in June 2019.

Other receivables

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Other receivables	158	158
Total	158	158

Other receivables are pension payments to former political authorities by APC on behalf of the Government of Sint Maarten. This was executed based on the convention dated January 28, 2009 between APNA and the Government of Sint Maarten. APC has included this amount in the settlement of the division of assets with APS. APS has therefore added the amount as a part of the receivable from the Government of Sint Maarten.

Accrued Interest receivables

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Accrued Interest receivables	3,771	3,477
Total	3,771	3,477

Accrued interest receivables comprise the amounts receivable for the debt securities corporate, loans and fixed income investments. The increase of the accrued interest receivable in 2018 is primarily due to the deferral of interest payments that was granted to both the Harbor Bond and RFA Financing. The interest and principal payments have been deferred and (re)commenced in 2018.

3.17 SHORT TERM PORTION OF FINANCIAL ASSETS

Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Time deposits	20,000	12,500
Total	20,000	12,500

These are financial assets that will mature within one (1) year.

3.18 OTHER CURRENT ASSETS

The book value of other current assets is as follows:

Other current assets

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Deposits	35	33
Other receivables	202	128
Total	237	161

Deposits are amounts received as rental deposits from tenants in the Professional Office Park investment property.

Other receivables relate to invoices for services paid in advance for the upcoming financial period such as medical insurance for the upcoming year which is paid in advance in December.

3.19 CASH AND CASH EQUIVALENTS

The book value of cash and cash equivalents is as follows:

Cash and cash equivalents

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Local banks	117,244	159,204
International banks	40,187	24,816
Total	157,431	184,683

3.20 EQUITY

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
Year ended December 31, 2017	20,022	20,022
<i>Result</i>		
(Negative)/postive result current year	(36,895)	(36,895)
Year ended December 31, 2018	(16,874)	(16,874)

3.21 PENSION BENEFITS OBLIGATION

The pension benefits obligation is based on an actuarial calculation taking into account the present value of the pension benefits and entitlements accumulated as per year end.

Pension benefits obligation

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Pension obligation beginning of the year	653,579	623,805
Net increase in pension obligation	42,820	29,774
Pension obligation end of the year	696,399	653,579

The calculation of the pension provisions is based on the following premises:

- The participant's average salary in the years 2016 and 2017 (corrected for the AOV-franchise) is being used for the calculation of the present value of the pension obligations;
- Actuarial return of 3.75%;
- Mortality tables: the tables have been updated for men to the table 'GBM 2005-2010' and for women the table 'GBV 2005-2010' with a one-year age reduction for men and two-year age reduction for women. An additional 3% of the pension benefits obligation has been added for the increased risk of long life of the participants;
- Orphan mortality is not taken into account; and
- The age difference between men and women is set at three (3) years;

Marriage frequencies:

- The assumption that all (100%) active participants are married before their pensionable age date and will stay married until this date has changed. For men the percentage has changed to 90% and for women 75%.
- The actual marital status is used for participants with deferred rights and pensioners.

Costs:

The net pension benefits obligation has been increased with 3% to cover the pension payment administrative costs.

Ages and period:

For the calculation it is assumed that all participants are born on the 1st of the following month or the 1st of the corresponding month of the actual date of birth.

Burial assistance ('smartengeld'):

The pension benefits obligation for active participants and participants with deferred rights, has been increased by discounting the actuarial factors used in calculating the pension benefits obligation. This is done to cover the so-called 'smartengeld', which is the equivalent of three months of senior's pension benefit and is paid to surviving family members upon the demise of the pensioner.

The 'smartengeld' has been taken into account in the calculation of the pension benefits obligation for the pensioners.

The pension benefits obligation is calculated only for the registered employees from employers associated with the Fund.

3.22 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Current account reallocation of participants	-	1,550
Total	-	1,550

Current account reallocation of participants

This was the amount payable to Pensioenfonds Caribisch Nederland (hereinafter: PCN) for the participants who were not correctly allocated in the division of APNA assets. Since inception, many participants of the former APNA have been reallocated to one of the successors pensionfunds. The reallocation stems forth from execution of the Onderlinge Regeling in which guidelines for the allocation of participants to the various pension funds are given. Based on these guidelines persons that were incorrectly allocated to a fund, were reallocated to the

correct one. Following the Onderlinge Regeling, a transfer of an amount equal to the pension obligation to the recipient fund was owed to the Fund.

3.23 ACCOUNTS PAYABLE

Accounts payable

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Accounts payable	415	238
Total	415	238

3.24 OTHER PAYABLES

Other payables

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Wage tax payable	111	277
AOV/AWW payable	21	18
AVBZ payable	31	61
ZV / OV payable	-	3
Premium SZV payable	158	147
Withholdings	12	68
Total	334	574

3.25 ACCRUED LIABILITIES

Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Deposit	75	75
Accrual Audit Fee	41	75
Accrual Vacation Days	40	66
Accrual consulting expenses	-	-
Premiums Received in Advance	3,471	3,288
Premiums Received in Error	1,770	1,256
Accrued Liabilities	5,397	4,760

Accruals are done to ensure that revenues and expenses are recognized within the correct reporting period, irrespective of the timing of the related cash flow.

As in the previous years, the annual premium analysis shows that the Fund had received an excess of premiums as at 31 December 2018. This excess has been classified into two (2) groups:

- Premiums Received in Advance; these are premiums received for participants who were not yet registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund and
- Premiums Received in Error; these are amounts erroneously received.

3.26 PENSION PREMIUM INCOME

Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Regular contributions		
Employees' contributions	9,320	9,148
Employers' contributions	29,354	28,482
Other contributions		
Contribution premium BB	468	124
Contribution premium WW	18	12
Premium restitution	(52)	(89)
Total	39,107	37,676
Contribution previous years	1,238	2,112
Total	1,238	2,112

The Fund is currently invoicing premiums for registered employees from the employers that are affiliated with the Fund. The total premium for current year contributions is ANG 39 million in 2018.

The Fund is invoicing total pension premium contributions at 25% as stated in the PLvO.

The total contribution is split in an employee portion and the balance from the employer as follows:

Total contribution: 25% * gross salary * Part time percentage³
 Employee: 8% *(gross salary – franchise) * Part time percentage⁴
 Employer: remaining portion

Contributions previous year are pension premiums invoiced in the current financial year for past periods. These are premiums received for participants who were retro-actively registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund.

³ Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 58

⁴ Pensioenlandsverordening overheidsdienaren (AB 2016 2016, no. 16) Art. 62

3.27 INVESTMENT INCOME

Investment income

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Investment properties income	631	606
Debt securities income	7,123	6,412
Income investments in fixed income and equity	(17,811)	30,828
Income loans	560	-
Time deposits income	2,492	1,922
Total	(7,005)	39,767

Investment properties income

The investment properties income is the lease income from the tenants of the Professional Office Park.

Debt securities income

The decrease of the debt securities income is due to the maturation of some of the government bonds.

Income investments in fixed income and equity

Income investments in fixed income and equity are realized and unrealized gains/losses from foreign bonds and stock exchange listed shares, and related interest revenue and dividends received. The decrease in the Income investments in fixed income and equity can be attributed to the swift and severe decline of the international markets in the fourth quarter of 2018. Gains or losses arising from changes in the fair value is presented in the income statement in the period in which they arise.

Income loans / Time deposits income

The income loans / Time deposits income is the accrued interest as per the contractual obligations.

3.28 OTHER INCOME

Other income

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Late payments penalty contributions	1,603	1,480
Total	1,603	1,480

The amount of the legal interest (4.00%) charged to the affiliated employers for the late payments of contributions or other outstanding amounts.

3.29 PENSION BENEFITS PAYMENTS

Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Retirement pensions	18,016	17,472
Widow pensions	1,310	1,223
Orphan pensions	124	165
Disability pensions	458	453
Smartegeld	34	84
Pension lumpsum	54	46
Other	6	173
Total	20,001	19,616

These are the amounts paid to the pensioners and other beneficiaries of the Fund.

3.30 INVESTMENT EXPENSES

Investment expenses

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Investment properties expenses	429	389
Adjustment depreciation investment property prior years	(532)	
Loan expenses	27	240
Expenses investments in fixed income and equity	4,199	4,014
Total	4,123	4,642

These are costs of the investments of the Fund.

Investment properties expenses

The increased expenses are mainly result of the costs related to the Professional Office Park building.

Adjustment depreciation investment property prior years

During the process of determining the impact of IFRS 9 and IFRS 15 on the financial statements of the Fund it turned out that IAS 26 with respect to the valuation of plan assets has not been applied correctly for the recorded investment properties. In 2014 and 2016 the Fund acquired investment properties with the purpose to earn rental income or for capital appreciation or both. The Investment properties have been measured initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. The valuation principle for planned assets under IAS 26 is fair value and the acquired assets in 2014 and 2016 should therefore have been recorded against fair value from date of purchase. The difference between cost less accumulated depreciation and fair value as per January 1, 2018 has therefore been recorded in the year 2018 under Adjustment depreciation investment property previous years.

Loan expenses

The expenses are mainly for professional advice prior to the decision being taken on whether the Fund may provide financing to a third party.

Expenses investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Investment manager commission	3,989	3,567
Other investment (income) / expenses	209	447
Total	4,199	4,014

Investment manager commission

This is the fee paid to the investment / fund managers of the international portfolio. The total fee consists of a commission that is calculated as a percentage of the portfolio value at the end of each quarter. Additionally, one of the fund managers also receives a performance fee. The commission fee ranges between 1.1% and 1.5% per year.

Other investment (income)/expenses for fixed income and equity

This is the amount expensed for taxes withheld by the United States of America Internal Revenue Service (IRS) related to dividend income from equity positions held in the international portfolio.

3.31 OPERATING EXPENSES**Operating expenses**

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Direct personnel expenses	2,079	2,198
Indirect personnel expenses	171	121
Office expenses	121	89
Housing expenses	287	265
Travel & Publicity expenses	212	146
Depreciation expenses	141	196
Automation expenses	287	88
Professional services expenses	916	930
Project team expenses	222	171
Board, Investment & Audit committee expenses	774	540
Other general expenses	73	98
Total	5,285	4,841

Employee benefits

The employees that are in service of the Fund are also participants in the pension scheme that is being executed by the Fund. In the table below the amount expensed for this benefit for the staff is illustrated. The Fund expects that the 2019 pension contribution will amount to ANG 361,000.

Pension contribution

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Pension contribution	357	348
Total	357	348

Lease expenses

The Fund rents three (3) office premises. The rental agreements are for a period of two (2) years, with an option to renew.

The Fund also leases security hardware such as security cameras. In the table below the amount paid for office rent and equipment lease is specified.

Lease expense

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Office rent	193	137
Equipment rental	9	8
Total	202	145

The Fund has no other lease agreements.

3.32 FINANCIAL INCOME/ (EXPENSES)**Financial (expenses) / income**

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Bank charges	(100)	(66)
Exchange differences	(232)	(44)
Payment differences	90	(3)
Interest income (expenses)	632	485
Total	390	372

The Fund has two (2) interest bearing current accounts. The cash position on these accounts has increased resulting in an increase of bank interest for the Fund.

3.33 GOING CONCERN BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis, which assumes that the Fund will be able to meet the pension benefits obligations.

The Fund recognized a loss of ANG 37 million for the year ended 2018, however as explained in note 2, the main objective of the Fund is to ensure that the Fund will always be able to meet its obligations to its participants. Therefore, the Fund aims to achieve a coverage ratio of 105%. The current coverage ratio is 97.58% which is lower than the target. Nonetheless, due to the

pension reform, management believes that APS will be able to meet its obligations to the beneficiaries of the Fund in future.

To improve the financial position of the Fund, management has been and will continue to work with the Government of Sint Maarten and representatives of the participants to put reform measures in place.

3.34 COMMITMENTS

(a) Capital commitments

At the end of the reporting period the Fund had the following capital commitments:

All amounts are in thousand Netherlands Antillean guilders

	<i>Dec 31, 2018</i>
Development Projects	16
Local investments	46
Total	62

Development Projects

Oryx Hills development is the construction of affordable homes in Cay Hill on a parcel of land obtained in long lease from the Government of Sint Maarten. The homes will be sold to potential buyers. The development is expected to be completed in the summer of 2019.

Local investments

The Fund has committed to the financing of various the local investments.

(b) Other commitments

All amounts are in thousand Netherlands Antillean guilders

	<i>Dec 31, 2018</i>	<i>Dec 31, 2017</i>
No later than 1 year	1,038	889
Total	1,038	889

The Fund had a five (5)-year contract for the pension program that expired in May 2017. The contract was extended for one year.

The Fund rents three (3) office premises from the same landlord. The rental agreements are for a period of two (2) years, with an option to renew.

The Fund also leases various services and software under cancellable agreements. The Fund is required to give a two (2) to five (5)-month notice for the termination of these agreements. The agreement expenses are charged to the income statement during the year.

There are no future minimum payments under non-cancellable agreements.

3.35 RELATED PARTIES

The Board of the Fund consists of a maximum of five (5) members that are appointed by the Governor of Sint Maarten via a decree. The compensation of the Board is also determined via a decree from the Governor of Sint Maarten. There are no short-term, post-employment, termination or other long-term benefits for the members of the board.

The key management of the Fund includes two (2) directors ('directeur en adjunct-directeur') and the legal advisor. Their salaries were initially based on the salary scale of the Government of Sint Maarten and has since been adjusted to market standards. The compensation paid or payable to the Board and key management is shown in the following table:

All amounts are in thousand Netherlands Antillean guilders

	2018	2017
Board compensation	203	175
Investment Committee's compensation	51	45
Audit Committee's compensation	32	41
Salaries key management		
Short term benefits key management	274	409
Pension contributions key management	45	55
Other long term benefits key management	12	21
Total	619	745

In February 2017 the Fund commenced payment of the audit committee's remuneration.

The decrease of the salaries for key management is due to the vacancy of the adjunct director. This vacancy was filled in June 2019.

3.36 INVESTMENTS HELD AT THE BEGINNING AND END OF THE PERIOD

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2017	Increase through investments	Decrease through disinvestments / amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2018
Investment properties					
Land & Buildings	17,712	-	532	-	18,244
Investment property under construction	2,851	435	-	-	3,285
Sub-total	20,563	435	532	-	21,530
Investments in debt securities corporate and time deposits					
Debt security corporate	110,252	2,724	(6,331)	-	106,645
Time deposits	55,000	35,000	-	-	90,000
Sub-total	165,252	37,724	(6,331)	-	196,645
Loans					
Loans	10,935	30,046	-	-	40,981
Sub-total	10,935	30,046	-	-	40,981
Investments in fixed income and equity					
Fixed income	64,524	40,975	(42,162)	(3,286)	60,053
Equity	158,608	233,849	(244,557)	(21,643)	126,257
Sub-total	223,133	274,824	(286,719)	(24,928)	186,309
Other investments					
Division of assets APNA - APC	12,809	-	-	(80)	12,729
Division of assets APNA - PCN	(1,550)	-	-	1,550	-
Sub-total	11,259	-	-	1,470	12,729
TOTALS	431,142	343,028	(292,518)	(23,458)	458,194

3.37 EVENTS AFTER THE REPORTING DATE

(a) Pension reform

The pension reform has been presented in several meetings to Parliament. Parliament has not approved the new proposed legislation concerning the pension reform. APS is currently waiting on parliament and the other stakeholders to further discuss the steps that have to be taken in order to get the legislation approved. The goal of the reform is to ensure that the pension scheme is financially sustainable.

(b) Strategic Agenda

On June 28th APS presented its Strategic Agenda 2019-2022 (Agenda), an important testament to the growth of the APS over the past years. The Agenda shares the vision for growth and sustainability for the years to come, which is not only to meet regulatory requirements, but to also aim to make a visible contribution to our participants and the community.

The Agenda focusses on creating the conditions to ensure that APS can navigate the current and future challenges and jump on opportunities. As a pension fund, our future is not only about securing funds, investing funds, returns and payments. The future that APS sees is one where its investments reflect its participants, their families, the community and the communities to be sustained for future generations to come. With transparent communication being one of the guiding principles of the Strategic Agenda this has resulted in an updated mission, vision and strategic goals for the organization.

The Future, as seen by APS is built with strong partnerships. APS aims to expand its services across our community, but to also become a socially committed pension fund with a sustainable investment policy and operating transparently on behalf of all its participants.



4. INDEPENDENT AUDITOR'S REPORT



A handwritten signature in blue ink, consisting of a stylized 'A' followed by a vertical line and a horizontal stroke, is located in the bottom right corner of the page. A small teal square is positioned directly below the signature.



Grant Thornton

An instinct for growth™

Independent Auditor's Report

To the Board of Directors and Management of
Algemeen Pensioenfonds Sint Maarten
St. Maarten

Reference: HB/PP/67.377.0/45142

Opinion on the financial statements 2018

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the paragraph the 'Basis for our qualified opinion' section, the financial statements give a true and fair view of the financial position of Algemeen Pensioenfonds Sint Maarten (the "fund") as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

We have audited the financial statements 2018, as included on pages 18 to 69, of Algemeen Pensioenfonds Sint Maarten, based in Sint Maarten.

The entity's financial statements comprise:

1. the statement of financial position as at 31 December 2018;
2. the statement of comprehensive income for the year then ended;
3. the statement of changes in equity for the year then ended;
4. the statement of cash flows for the year then ended; and
5. the notes to the financial statements, which include a summary of significant accounting policies.

Basis for our qualified opinion

For the current financial year, we have observed the following finding:

1. An amount of ANG 12,729,000 is included in the other non-current assets with respect to the reallocation of participants between the Algemeen Pensioenfonds Sint Maarten, Algemeen Pensioenfonds Curacao and Pensioenfonds Caribisch Nederland. No final agreement has been reached yet about this receivable with Algemeen Pensioenfonds Curacao. The possible effect of differences between the amount recognized and the final agreement on the re-allocation of participants on the other non-current assets and related accounts is unknown. We were therefore unable to obtain sufficient and reliable audit evidence with respect to the existence and consequently valuation of this receivable.

2. The accounts receivable comprise an amount of ANG 22,493.000 mln which are currently overdue and unpaid. For the settlement of the overdue and unpaid balance amounting to ANG 22,127.000 mln no agreement has been reached yet. Therefore, in absence of further information, we have not been able to obtain sufficient and reliable audit evidence with respect to the valuation of the related receivables. The possible effect on the accounts receivable and the related accounts is unknown.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Emphasis of matter concerning the funding ratio

We draw attention to the paragraph 'Going concern basis of accounting' in Note 3.33 to these financial statements, in which the desired funding ratio is discussed. The assets of Algemeen Pensioenfonds Sint Maarten on balance sheet date are insufficient to cover the future pension obligations and are not enough to cover general and investment risks. Our opinion is not qualified in respect of this matter.

Description of responsibilities regarding the financial statements

Responsibilities of Management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with in accordance with Book 2 of the Civil Code applicable for St. Maarten and International Financial Reporting Standards. Furthermore, management is responsible for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality influences the nature, timing and extent of our audit procedures and the evaluation of the effect of detected misstatements on our opinion.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 control;
- 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 entity'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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Maarten, 31 August 2019
Grant Thornton St. Maarten



Herbert Beldman AA RA CIA

5. INDEPENDENT ACTUARIAL REPORT

Actuariële verklaring

Opdracht

Door het Algemeen Pensioenfonds Sint Maarten is aan Towers Watson Netherlands B.V. de opdracht verleend tot het afgeven van een actuariële verklaring over het boekjaar 2018.

Onafhankelijkheid

Als waarnemend actuaire ben ik onafhankelijk van Algemeen Pensioenfonds Sint Maarten. Ik verricht geen andere werkzaamheden voor het pensioenfonds.

Gegevens

De gegevens waarop mijn onderzoek is gebaseerd, zijn verstrekt door en tot stand gekomen onder de verantwoordelijkheid van het bestuur van het pensioenfonds.

Voor de toetsing van de voorziening pensioenverplichtingen en voor de beoordeling van de vermogenspositie heb ik mij gebaseerd op de financiële gegevens die ten grondslag liggen aan de jaarrekening.

Ik heb voorts gebruikgemaakt van de door de accountant in het kader van de jaarrekeningcontrole onderzochte basisgegevens. De accountant van het pensioenfonds heeft mij geïnformeerd over zijn bevindingen ten aanzien van de betrouwbaarheid (materiële juistheid en volledigheid) van de basisgegevens en de overige uitgangspunten die voor mijn beoordeling van belang zijn.

Werkzaamheden

Als onderdeel van de werkzaamheden voor de opdracht heb ik onder meer onderzocht of:

- De voorziening pensioenverplichtingen toereikend is vastgesteld;
- De ontvangen premie toereikend is.

Voorts heb ik mij een oordeel gevormd over de vermogenspositie van het pensioenfonds. Daarbij heb ik mij gebaseerd op de tot en met balansdatum aangegane verplichtingen en de op dat moment aanwezige middelen en is mede het financieel beleid van het pensioenfonds in aanmerking genomen.

Mijn onderzoek heb ik zodanig uitgevoerd, dat een redelijke mate van zekerheid wordt verkregen dat de resultaten geen onjuistheden van materieel belang bevatten.

De beschreven werkzaamheden en de uitvoering daarvan zijn in overeenstemming met de binnen het Koninklijk Actuarieel Genootschap geldende normen en gebruiken en vormen naar mijn mening een deugdelijke grondslag voor mijn oordeel.

Oordeel

De voorziening pensioenverplichtingen is, overeenkomstig de beschreven berekeningsregels en uitgangspunten, als geheel gezien, toereikend vastgesteld.

De ontvangen premie is voldoende om de toegekende aanspraken in 2018 te financieren. De ontvangen premie is tevens voldoende als rekening wordt gehouden met de solvabiliteitsopslag van 15%.

Mijn oordeel over de vermogenspositie van APS is gebaseerd op de tot en met balansdatum aangegane verplichtingen en de op dat moment aanwezige middelen.

Wij hebben geconstateerd dat het eigen vermogen van het pensioenfonds negatief is. Er is geen sprake van dekking door waarden.

De vermogenspositie is naar mijn mening slecht, omdat de dekkingsgraad lager is dan 100%.

Met vriendelijke groet,
Towers Watson Netherlands B.V.


drs. R.T. Schilder AAG



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