



# 2020 ANNUAL REPORT



ALGEMEEN PENSIOENFONDS SINT MAARTEN FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 2020

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## 1. APS BOARD REPORT

### 1.1 FOREWORD

The “*Algemeen Pensioenfonds Sint Maarten*” (hereinafter: APS or the Fund) is an independent governing entity that was established by law on October 10, 2010 by the National Ordinance Establishing APS, AB 2010, no. 64 (in Dutch: “*Landsverordening Algemeen Pensioenfonds*” (Lv APS)) which was amended by AB 2013, no. 65 and AB 2015, no. 9.

APS is Sint Maarten’s pension fund for civil servants and employees of government related entities. The Fund started its operations in Sint Maarten in 2011.

### 1.2 MISSION, VISION AND CORE VALUES

#### Mission

We are a trustworthy and leading pension fund. We commit ourselves to a future-oriented pension scheme that is upheld by all participants. We add value by investing in the sustainable development of Sint Maarten.

#### Vision

APS aims to grow sustainably with a dedicated focus on people, society, and the environment. We are in continuous innovation with the purpose of meeting the needs and demands of all participants and pensioners in an ever-changing world. We deliver quality and customized service; we report proactively; we maintain a transparent and inclusive relationship with employers, participants, pensioners as well as partners.

#### Core values

The core values of the fund are:

- Ethical: to have the unconditional trust of all participants and pensioners;
- Competent: The Fund’s vast pension knowledge and financial expertise are the foundation of its belief and work system which encourages self-criticism and a continuous expansion of its expertise;
- Transparent: APS expresses transparency through proactive communication, providing insight into relevant information and embracing corporate social responsibility

#### General

APS is charged with the execution of the pension scheme as governed by the National Pension Ordinance Civil Servants, AB 2013, no. 785 (in Dutch: “*Pensioenlandsverordening Overheidsdienaren*” (PLvO)) which was amended on July 1, 2016 by AB 2016, no. 16 and AB 2016, no. 25. The latest amendment regarding the PlvO dates from July 1, 2020 by the Revised National Pension Ordinance Civil Servants, AB 2020, no. 34 (in Dutch: “*Landsverordening herziening pensioen Overheidsdienaren*” (LHPO)).

As a pension fund, APS executes pension schemes and handles pension matters for present and former employees of government and government related organizations. This also includes persons who worked for the former federal government of the Netherlands Antilles and other federal entities.

- Approachable: A professional and pleasant environment is prevalent in the Fund which results in employers, participants and partners to swiftly feel at ease while communicating. The Board and staff members are equally accessible, honest and respectful internally and externally.

### 1.3 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, 2020 the composition of the APS Board ((hereinafter: Board) was as follows:

Name:	Position:	Nominated by:	"Landsbesluiten"
Vacant	Chairman / Member	The Board of APS	n/a
Mr. Arend J. Alberts	Acting Chairman / Member	Association of Pensioners of the former Netherlands Antilles and Aruba	LB-16/1101
Ms. Shaira R. Bommel	Member	Corporate Governance Council	LB-17/0676
Vacant	Member	Civil Service Consultative Committee	n/a
Vacant	Member	The Minister of Finance	n/a

Two of the vacant positions remained unfilled as per the date of this report. One position is filled however, as per reporting date the "landsbesluit" was not finalized.

#### Investment Committee composition

As prescribed by article 14, paragraph 2, of the LvO APS, the Fund also has an Investment Committee (hereinafter: IC) in place which consists of three (3) members. The IC advises the APS Board on the overall investment policy and guidelines as well as different investment opportunities.

On December 31, 2020 the composition of the IC was as follows:

Name:	Position:	"Ministeriële Beschikking"
Mr. Robert Judd	Chairman / Member	MB no. 2016/2165
Mr. Charles Thomas	Member	MB no. 1508/2019
Ms. Myrtille Brookson	Member	MB no. 2017/1655

#### Audit Committee

In 2020, the positions for the Audit Committee were not filled as per the Board decision.

#### Management of the Fund

The daily operation of APS is overseen by the director Mrs. Nadya Croes-van Putten who is supported by the deputy director Mr. Oscar Williams. Together they form the APS directorate. Both report to the APS Board and their performance is evaluated yearly.

**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.

Additionally, the CBCS performs their own integrity testing.

**Compliance: Audit**

The Board has appointed a registered accountant Grant Thornton who is commissioned with the auditing of the administration and annual financial statements of the Fund. The annual financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS). The Fund has appointed a certified actuary Willis Towers Watson who certifies the pension administration and provides an actuarial statement.

The General Audit Chamber receives the approved annual Financial Statements 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<sup>1</sup>. In this regard the Minister of Finance approves the annual budget, presents the approved budget to Parliament, and 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.

CBCS also provides supplementary advice to the Minister of Finance and the Board of APS.

**Structure of the Fund**

At the end of 2020, APS had fourteen (14) full time employees and one (1) part time employee.

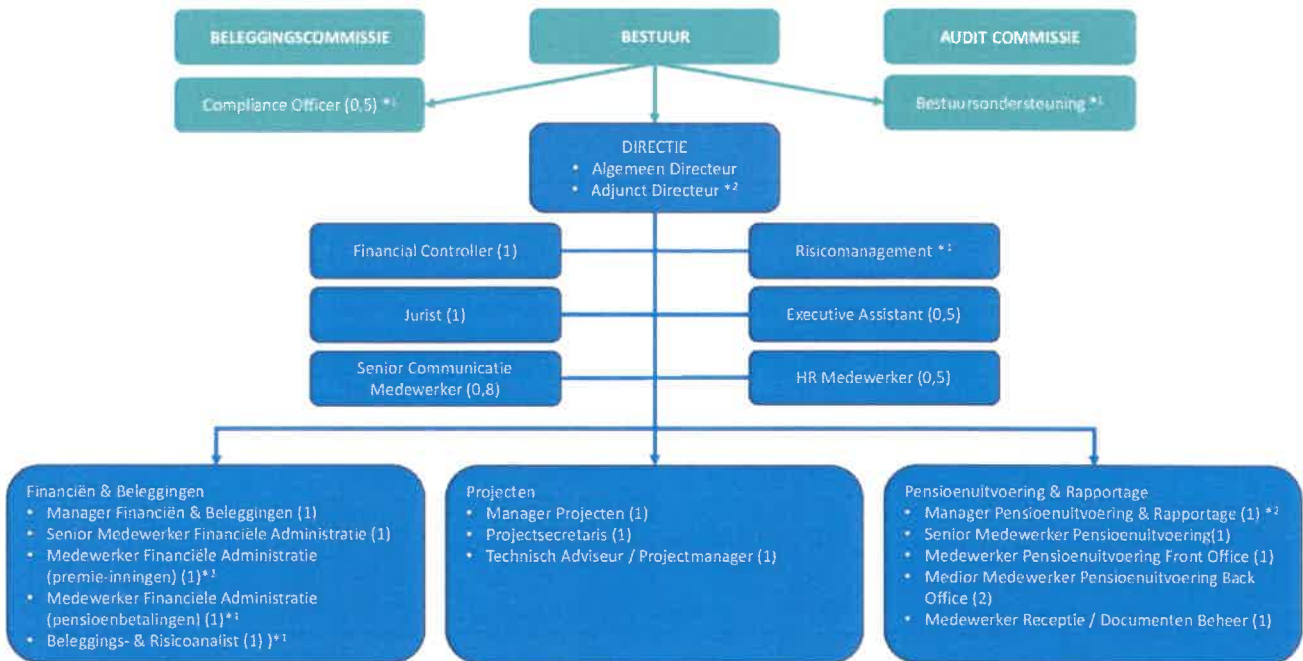
As per the end of 2020, two (2) positions were vacant (Manager Finance and Investments and Medior Pension Administrator Back Office).

The Fund consists of three (3) Departments:

- Finance & Investments
- Projects
- Pension Administration and Reporting

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<sup>1</sup> Landsverordening Algemeen Pensioenfonds (AB 2015, no. 9) Art. 17, 18 and 19



\*1 Note: De Compliance Officer, Bestuursondersteuning, Risicomanagement, Beleggings- & Risicoanalist en beide Medewerkers Financiële Administratie betreffen uitbestede functies.

\*2 Note: De Manager Pensioenuitvoering & Rapportage is tevens Adjunct Directeur.

- The IC advises the APS Board on the overall investment policy and guidelines as well as different investment opportunities.
- 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 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 Board (meetings) 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 internal and external communication such as formal letters.
- 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 Senior Communications Officer oversees all external and some internal communications of APS such as: press releases, campaigns (around items like the pension reform), webinars, updates on the

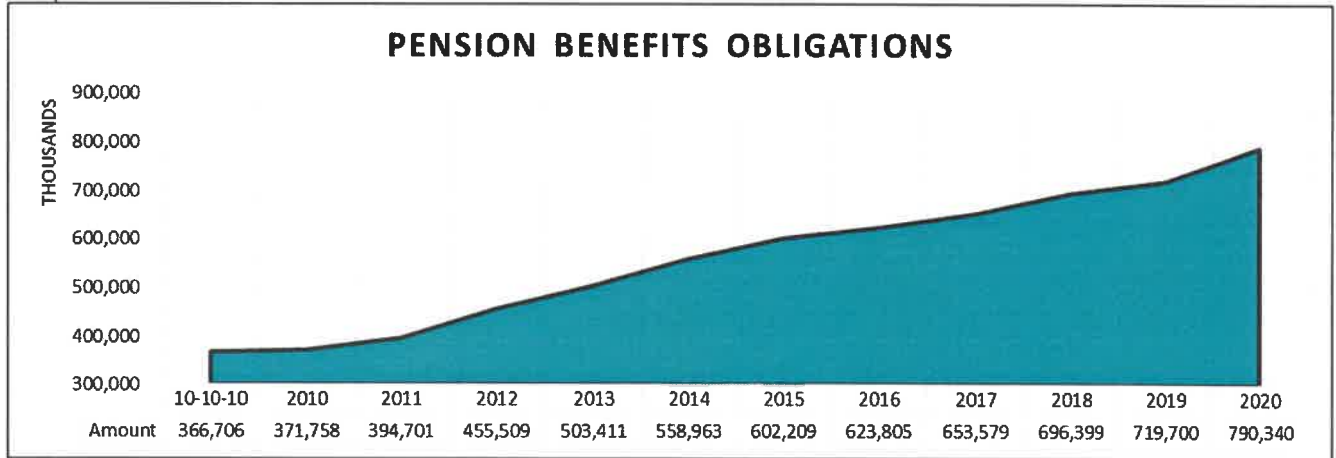
website and Facebook page, events, newsletters (internal and external) and the design of participants' annual pension overviews and other standard annual communication.

- 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 and Investments Department activities include the collection of premiums, payments to beneficiaries, financial administration, financial analysis, preparation of the annual report, 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 real estate development projects.

#### 1.4 DEVELOPMENT OF THE PENSION BENEFIT OBLIGATIONS

The development of the pension benefits obligation since the inception of APS is shown in Graph 1.

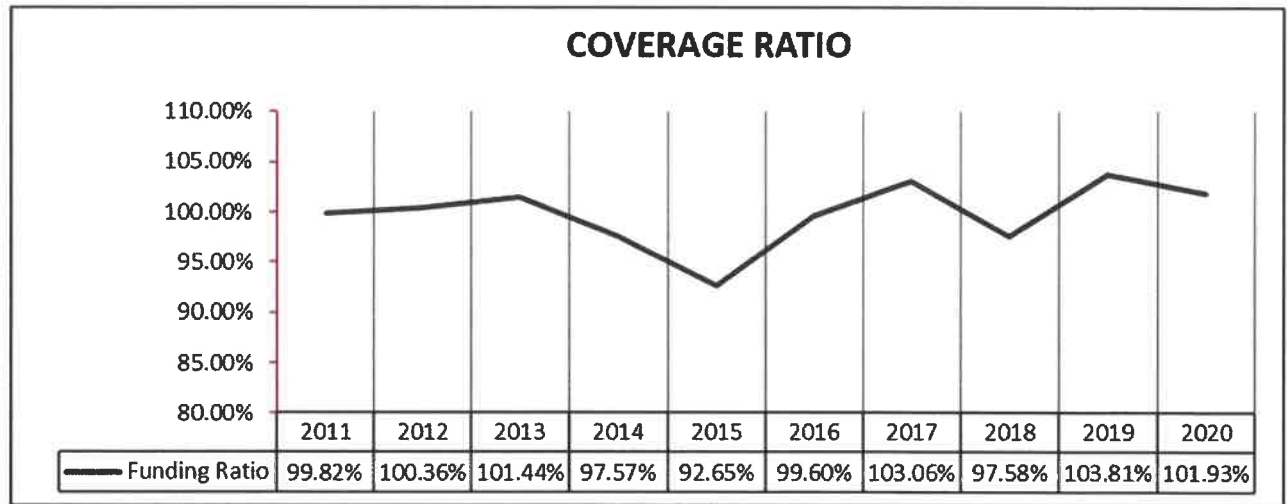
Graph 1



In 2020 the pension benefits obligations increased by ANG 70.6 million to ANG 790 million compared to an increase by ANG 23 million in 2019 to ANG 720 million.

## 1.5 COVERAGE RATIO DEVELOPMENT

The coverage ratio as per December 31, 2020, is 101.93%. This is above the minimum of 100%, meaning that the Fund will be able to meet its current and future financial obligations to its participants with all variables unchanged.



The coverage ratio decreased with 1.89% compared to 2019. This change is a result of but not limited to:

- the increase of the total assets with 7.98%, from ANG 754 million (2019) to ANG 815 million (2020)
- the increase of the pension benefits obligation with 9.82%, from ANG 720 million (2019) to ANG 790 million (2020). Refer to § 3.21 for the details of the calculation of the pension benefits obligation.

## 1.6 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 7.03%.

The total net investment result is ANG 51 million in 2020, compared to ANG 59 million in 2019. This somewhat slower growth of invested assets in 2020 is mainly due to the unprecedented market crash, ongoing volatilities and recoveries amidst COVID-19 crisis which inevitably affected the growth of APS' international portfolio market value (investments in fixed income and equity).

### Local portfolio

In 2020 the Local invested assets portfolio yielded a year to date (hereinafter: YTD) net return of +4.46%, including cash. The local portfolio met the APS investment objective to approximate an average return of 3% - 6% annually as stated in the Master Investment Policy Statement (hereafter: MIPS), however stayed closer to the lower end of the target range due to the excess liquidity (cash and call deposits) in its local portfolio.

In the section below a brief explanation of each local portfolio investment is given as well as the developments in 2020.

## Investment properties

### a) *Mary's Fancy Plantation /De Castro Property*

*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 boutique hotel, art gallery / outdoor museum with historical artefacts found on the property and botanical gardens which will be created.*

*Going forward* The planned timeline for construction is from Q4 2021 through Q3 2022. The actual start of construction is dependent on receipt of the building permit and the necessary permissions.

*2021* On January 18, 2021, the Fund submitted the request for the building permit to VROMi and is awaiting approval as per reporting date. The selection process for a potential operator is ongoing and one (1) interested party is preparing an initial proposal for review. The search for qualified restoration contractor has also commenced.

*2020* In period Q2 to Q4 2020 necessary demolition of the non-historical buildings was completed and activities related to monument restoration and engineering design were restarted. The search & selection process for a potential operator was ongoing but severely hampered by the COVID-19 pandemic related lockdown.

*2019* In Q3 2019 the Fund received the required monument permit from the Ministry of Education, Culture, Youth and Sport. The permit's scope was for both the demolition and reconstruction/construction of the property. Subsequently, an agreement was signed for the demolition of the non-historical buildings on the property and the works commenced in September 2019. During Q1 and Q2 2019 the Fund selected an architect and continued to work on the preliminary design for the monument renovation.

*2018* In Q4 2018 contractors were invited to participate in the selection process for demolition works. Preliminary designs for the new construction were completed while preliminary design for the monument renovation were started.

In period Q2 to Q4 2018 an architect was awarded a design assignment and an agreement was signed for the engineering phase of the project. Furthermore, the monument permit request was submitted to Ministry ECYS for the renovation and new construction works. A demolition plan for the non-historical structures was submitted to VROMI.

In Q1 2018 preparatory works for architectural and landscaping designs were performed and updated designs requested based on property post the hurricanes.

*2017* In Q4 2017 the effect of the hurricane on the property was estimated. Hurricane Irma had not damaged the property materially and its effect was limited to debris and fallen trees that required removal and pruning.

In Q3 2017 the project progress was delayed due to passing of the major hurricanes Irma and Maria. In period Q1 and Q2 2017 the infrastructural works were completed and a process for the selection of an architect for the design of the monument renovation was initiated.

*2016* In 2016 The contractors were selected for the design and performance of the infrastructural works such as upgrade of the trench, reconstruction of the entrance bridge, the fortification and upgrade of the perimeter wall and the construction of the sidewalk. The construction of the infrastructural works commenced in June 2016.

*2015* This year was characterized by discussions regarding planning and design. Additionally, the Action Plan for the renovation of the estate was approved. Several activities were undertaken such as an archeological survey, trees inventory, land survey and structure integrity inspection. Various meetings were held with GOVSXM regarding requirements for renovation and the decision was taken to initiate a bidding process for the design and infrastructural works at the property. All planned activities were completed except for the structure integrity inspection, which was completed in January 2016.

2014 The Fund signed two (2) purchase agreements for the Mary's Fancy and De Castro properties located on the L.B. Scott Road in September 2014. The property consisted mainly of land and the few structures thereon that were 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.

### **b) Professional Office Park**

*APS purchased the property known as Professional Office Park in December 2016. The property is comprised of two (2) commercial buildings located in Philipsburg and undeveloped land located directly behind the commercial buildings. Two commercial buildings are generating operational income in the form of lease payments from its tenants. The undeveloped land is intended to be developed.*

*Going forward* The request for the building permit will be submitted whereafter construction can commence. The construction is currently scheduled to commence in Q1 2022 and to last through Q2 2023.

2021 The selection of design & build company was completed in Q1 2021 and a contract for the pre-construction was awarded to selected design & build company in Q2 2021.

2020 During Q3 and Q4 2020 Request for Proposal for design & build was completed and pre-selection of design & build companies commenced.

During Q1 and Q2 2020 the real estate market research was completed. Progress in Q1 was significantly slowed due to the COVID-19 pandemic related lockdown.

2019 In Q4 2019 the preparatory works for design & build party selection process and real estate market research were started.

In the period Q1 to Q3 2019 the stakeout and measurement of the property, the subsoil investigation and topographical survey were completed.

2018 Through 2018 the Fund worked on the updated business case for the development of the undeveloped portion of the property.

In Q4 2018 the preparatory works/selection of the parties to perform the stakeout and measurement of the property, the soil investigation and topographical survey commenced.

In Q3 2018 an inventory was made of portion of land parcel that could be viably developed.

2017 In Q4 a parking study was commissioned based on the initial business case for the area to be developed. In Q3 2017 the effect of the hurricanes was estimated to be immaterial thus limited to debris and fallen trees. During Q1 and Q2 2017 management of the existing property commenced, and preparations were made to have this outsourced.

2016 APS purchased the Professional Office Park property in December 2016 at ANG 9.36 million. The purchase price of the property was derived from the appraisal executed by external independent valuers.

### **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. It is slated for development of multi-level parking garage with commercial real estate on the ground floor. The development of the property is pending further decision-making by the Fund.*

*Going forward* The project remains low priority for the short-term one (1) year.

2019-2021 In the period Q2 2020 – Q1 2021 a proposal was reviewed and a follow-up discussion held with a party interested in developing and operating the parking lot;

As of 2019 the project development was postponed, as focus shifted to the Welgelegen and Mary's Fancy developments. The property is being rented as of 2019 for events from time to time and revenues generated are used to offset the property maintenance costs.

2018 During Q3 and Q4 2018 a traffic study was performed and finalized. This study provided insight into most effective development of the property.

	During Q1 and Q2 2018 a selection process was initiated and as a result proposal for traffic study was accepted.
2017	<p>In Q4 2017 two responses of interest on the design and build of the parking building were received. The damages caused by hurricane Irma on the fence of the property were repaired.</p> <p>In Q3 2017 documents were received from GovSXM outlining design parameters for parking and a Terms of Reference were prepared for the pre-development phase. A brief study was initiated to identify the possibilities of the building site as result of the building restrictions from the Ministry of VROMi.</p> <p>During Q1 and Q2 2017 the project plan of approach was presented to the steering group and various business case scenarios were analyzed. Additionally, quotations were received for the execution of a requirements study, conceptual and technical designs.</p>
2016	In September 2016 APS received this property (land and improvements) as part of a debt settlement agreement with the Government of Sint Maarten. The fair value was derived from the appraisal of an independent appraiser. The value of the land transferred to the Fund was ANG 4.5 million.

#### **d) Welgelegen (Oryx Residences) property**

*APS constructed 62 homes at the Welgelegen property in the period Q3 2018 to Q2 2020. The homes were made available to active participants of the Fund as of Q3 2020 for leasing or lease-to-own or purchase through APS mortgage program.*

Going forward	The last of the vacant units continue to be marketed as tenancy increases throughout the property.
2021	<p>By the end of Q1 2021 forty-five (45) units were occupied, however only two (2) units are available at reporting date.</p> <p>With most of the units now tenanted, the focus shifts to property management and the launching of the homeowners' association.</p> <p>The official ribbon-cutting ceremony took place in March 2021.</p>
2020	<p>By the end of Q4 2020 twenty-six (26) units were either leased or sold.</p> <p>In Q3 2020 the first handover to a buyer occurred, and by the end of Q3 five (5) units were occupied.</p> <p>In Q2 2020 the division of the property was in progress, upon completion the transfer of units to the qualified buyers took place.</p> <p>In Q1 2020 final inspection of all units with Fire Department was done and site visits for qualified buyers started. Progress slowed due to the COVID-19 pandemic related lockdowns.</p>
2019	During Q2 to Q4 2019 finishing of the buildings was ongoing, inspection of completed units commenced, underground works were completed as well as the look book for potential buyers. The prequalification process for interested buyers commenced.
2018	<p>In Q4 2018 the construction of the buildings continued, and the underground works commenced.</p> <p>In Q3 2018 the construction of the buildings commenced, the groundbreaking ceremony event was held in August 2018. Further meetings were held with the utilities entities (GEBE, TelEm, UTS) after they received the project drawings in order to determine the installation process. Marketing and sales process of the units started.</p> <p>In Q2 2018 the drawings of the units were condominiumized to facilitate the sales and for registration at the Cadaster.</p> <p>In Q1 2018 the building permit was received along with several fire regulations. Preliminary selection of contractor and selection process for site supervisor were initiated.</p>

2017	<p>In Q4 2017 an update was received that the building permit is with the Fire Department; buyer information sessions were started.</p> <p>In Q3 2017 the hurricanes caused minor damages (the finishing) to the partially completed entrance structure, additionally, the building permit remained pending.</p> <p>In Q2 2017 the permit was received and the work on the entrance commenced.</p> <p>In Q1 2017 the design of the model home was completed, however the building permit remained pending from the Ministry of VROMi.</p>
2016	<p>On June 10 2016 the Board of APS, approved the plan to realize 62 affordable houses. Thereafter, a bidding process was initiated where two architectural firms (Cicca Design &amp; IXI Design) were selected to provide the design of the Housing Development. Clearing and excavation works commenced.</p>
2015	<p>A parcel of land was given in long lease to APS by the Government of Sint Maarten in 2015 for a symbolic ground rent of ANG 1,- per year. APS assessed the feasibility of the development of affordable houses.</p>

## Investment in debt securities corporate and time deposits

### a) *Debt security: Harbour Corporate Bond*

The Harbour Corporate Bond was acquired in 2012. Until Q3 2020 the Harbour continued to satisfy its obligations under the Bond agreement however indicated that the COVID-19 pandemic affected its business negatively and that a waiver requests were imminent. In Q4 2020, the Harbor submitted a request for deferral of the interest and principal repayments over the period Q4 2020 to Q3 2021 and an extension of the Bond maturity by three (3) years to mitigate the adverse financial effects. This request was approved by the Bondholders.

### b) *Debt security: Telem Corporate Bond*

APS held two (2) tranches of Telem Corporate Bond. First tranche was issued and acquired in 2016, second in 2017. In 2020, Telem opted for refinancing and fully repaid the outstanding Bonds in August 2020.

### c) *Other debt securities and time deposits*

Other local investments such as the Government Bonds Netherlands Antilles and the Time deposits are held with financial institutions such as banks and who continue to satisfy their obligations. The Fund expects that this will continue in the future. During the financial year the Fund initiated three new Time deposits, thereby improving the return generating potential and diversification of the local portfolio.

## Loans & Mortgages

### a) *RF Adventure St. Maarten Loan*

The Fund entered into a financing agreement with RF Adventure St. Maarten (RFA) in May 2016. In September 2017, the passing of hurricane Irma created extraordinary circumstances for RFA. RFA reported that they were fortunate to incur limited damages to their assets however, requested a deferral of the interest and principal payments as the overall decrease in tourism sector and RFA operations was expected following hurricane Irma and throughout 2018, with partial recovery over 2019. These waivers were granted to RFA based on the provided projections, financial analysis and following due approval process by Lenders. Unfortunately, the market recovery and the operational measures undertaken by RFA did not yield expected results in 2019, while COVID-pandemic in 2020 further negatively affected RFA operations. In 2019 and 2020 RFA was unable to comply with the conditions of the Facility

Agreement and subsequent loan restructuring agreement of September 2020. As per Facility Agreement APS accrued the default interest over the periods the loan was in default. As the recovery of tourism and especially cruise industry did not materialize in 2020 and remains uncertain in 2021, the Lenders have taken steps towards securing their interests. RFA has been put on the increased monitoring and reporting schedule. Furthermore, Lenders appraised the value of the collateral and reinforced securities. Given that the value of the collateral is significantly higher than the carrying value of the loan, no impairment has been booked in 2020.

**b) Maho Hotel Operations Loan**

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 2019 Maho was fulfilling its loan agreement obligations. Affected by travel bans and general halt in tourism industry during 2020 Maho requested and received approval for several waivers in 2020. The waivers were related to deferral of loan repayment and interest accrual and capitalization for all four quarters of 2020. Furthermore, additional short-term financing was requested and approved to assist Maho in bridging over temporary shortage of income necessary to maintain insurances and comply with its short-term obligations. Although the start of recovery is visible in 2021, the COVID-19 pandemic continues to affect the hotel business and Lenders have increased monitoring of the Borrower and the loan performance. Nevertheless, the Fund expects to fully recover the principal and interest of the Maho Loan.

**c) Paradise Bay Resort Loan**

The Fund entered into a corporate loan financing agreement with Paradise Bay Resort in August 2017. However, the start of the project was delayed due to the passing of hurricane Irma in 2017. The first drawdown took place in February 2019 and the loan was fully drawn by September 2020. Additional financing was requested and approved in August 2020 to assist the Borrower in covering additional cost caused by building and development delays and additional health& safety requirements related to the COVID-19 pandemic. The project was completed in October 2020 and subsequently started repayment of the Loan as per Facility Agreement. Due to effects of the COVID-19 pandemic on its' income, the Borrower requested an extension of the loan repayment in 2021. Albeit with some delay, the Fund expects to fully recover the principal and interest of the Emerald Loan.

**d) Stichting Sint Maarten Medical Center Loan**

This loan is to finance the construction of the New General Hospital for Sint Maarten including medical equipment. The senior secured loan has an interest rate of 6% per annum and a tenor of 22 years. The first drawdown was in January 2020, the second drawdown was in June 2021. Repayment of the loan is expected to commence in 2024.

**e) SXM Investment Agency Loan**

The SXM Investment Agency (hereinafter: SMIA) was formally established as an independent entity (BV) under the laws of Sint Maarten on April 28, 2020. Per end of 2020, the agency is fully operational. The main objective of SMIA is to recognize and act on investment opportunities that are beneficial for the sustainable development of Sint Maarten. As such SMIA is established to facilitate syndicated loans, equity participations and other financial actions and instruments to help improve the matching of supply and demand in Sint Maarten's capital market. Per December 31, 2020, APS is the sole shareholder of SMIA and as such preparatory, establishment and start-up phases of SMIA were funded by APS. The intention of the Fund, however, is to expand the shareholder base of SMIA soon and to convert Fund's investment in SMIA into a mix of capital contribution and fixed income (loan) investment. As the exact

structuring of the contributed funds (capital contribution vs loan) is under discussion per date of this report, the Fund's investment in SMIA is recorded as a long-term loan on the balance sheet.

**f) Welgelegen (Oryx Residences) property Mortgages**

APS has offered 100% financing to interested parties who qualify for a mortgage of the affordable homes in Cay Hill. The maximum purchase price of the homes is USD 250,000. The interest rate of the mortgage loans is 6% and the tenor of the loans is dependent on the personal situation of the buyer(s). As per the end of 2020 there were six (6) approved mortgages of which two (2) were issued in 2020. Both issued mortgages had tenors of thirty-five (35) years. The remaining four (4) approved mortgages are pending issuance as per the close of the reporting year 2020. This is anticipated for early 2021. The tenors of these four mortgage loans are between nineteen (19) and twenty-nine (29) years.

**Inventories**

**a) Welgelegen (Oryx Residences) 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 were initially offered for sale to the participants of the Fund through the APS mortgage product. Many persons responded with high interest, unfortunately the majority of interested persons were not able to qualify for a mortgage outright. As such the Fund investigated other possibilities that would allow persons to acquire units at Oryx Residences. Consequently, the Fund also offered the options of lease-to-own and lease. Lease-to-own is a commitment to purchase the unit (being leased by the tenant) in the future. With options of 3, 5 and 7 years, the tenant has this period to improve their financial position they can qualify for a mortgage after period of leasing. During the lease period under the lease-to-own contract tenant is obliged to make deposits towards the future purchase of the home, which will be converted into an equity contribution. During the lease-to-own phase, the Fund remains the owner of the property.

As per the close of 2020, thirty-four percent (34%) of the Oryx Residences units had an underlying signed lease-to-purchase agreement. Eight percent (8%) of the units had an underlying lease agreement. As such these units have been reclassified as an investment property (operating property).

At the end of the reporting year six (6) of the units (10%) had underlying mortgage loan requests for a total value of ANG 2.4M. It is expected that the Inventories will be fully reclassified towards operating property and/or mortgages by the end of 2021.

**International Portfolio**

In 2020 the international portfolio had a return of 14.56%. The increase of the Fund's international portfolio market values can be attributed to the turbulent yet fully recovered and growing international equity markets in 2020 amidst the COVID-19 pandemic combined with the international portfolio re-allocations executed in March and July 2020 which increased allocation to equities and decreased allocation to fixed income.

The following global market conditions characterized 2020 and influenced the performance of the APS international portfolio:

- Equity: In Q1 2020 the S&P500 and DOW registered significant losses of -20,67% and -24,08% respectively. Both the S&P500 and DOW registered growth in Q4 2019 of respectively 8,53%

and 6,02%. The significant volatility derived from the uncertainties surrounding regaining control over the COVID-19 outbreak provided buying opportunities in Q1 2020. This resulted in substantial recovery in the rest of 2020. Per end of 2020 the US equity markets had a total return of 18.3%

- Fixed income: Treasury rates started their downward trajectory in January 2020, which was further accelerated due to the uncertainty following the global pandemic. In March 2020, treasury rates became much more volatile, especially for longer maturities. During the rest of 2020, the development of the treasury rate stabilized and resulted in a small increase for longer-term rates.

In summary, 2020 was a good year for the APS international investments.

The APS International Portfolio exceeded the APS investment objective to approximate an average return of 6% - 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. This can be seen in below table in the annualized returns since inception per end of 2020, where the International Portfolio yielded +7.55% on average annually since inception.

**International portfolio returns:**

Category	Return 2020 YTD	Return 2019 YTD	Return since inception
Equity	12.21%	25.72%	8.97%
Fixed income	6.96%	9.91%	3.39%
<b>Total</b>	<b>14.56%</b>	<b>20.17%</b>	<b>7.55%</b>

## 1.7 PENSION ADMINISTRATION DEVELOPMENT

The total number of registered active participants increased from 2692 in 2019 to 2794 in 2020. The average age of our active participants is 44.6 years old in 2020 this was 44.0 in 2019. A lower average age of the active participants would decrease the pension benefits obligation as the wages of the younger participants are in general lower. The overall average age has increased to 50.7 years. This is an increase from 49.9 in 2020.

In 2020 the number of pension beneficiaries increased from 1185 to 1212 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 slightly decreased to 1.29 in 2020 (2019: 1.31<sup>2</sup>). The ideal dependency ratio is two (2). Management is vigilant in monitoring the development of this ratio.

<sup>2</sup> The system dependency ratio is the ratio of active participants in the Fund to non-active participants.

## 1.8 COMMUNICATIONS

In September 2020, APS hired its first in-house communications officer. Before having a dedicated person for communication, tasks like e.g., updating the website and Facebook, writing, and sending out press releases, flyers, and advertisements, organizing seminars, and reviewing official correspondence were a shared responsibility of the Directorate, HR and the Pension Department, assisted by several external trusted advisors such as Montae, Purple Media, Limelite Media, and #DASTRU.

The year 2020 was marked by the Pension Reform, APS' 10 years' existence, the COVID-19 pandemic, and the start of the leasing/ selling of Oryx Residences. These events were, of course, very much reflected in APS' communication activities. Among these were several webinars to inform participants about the reform, promotional activities via radio and social around the webinars, an animated video about the reform, a video about Oryx Residences, press releases informing about project updates, promotional (COVID-proof) activities celebrating APS' ten (10) years' existence, and several informative announcements and videos explaining about visiting guidelines.

## 1.9 ACKNOWLEDGEMENTS

We thank our fellow members of the Board (present and past), members of the IC, 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. The Board acknowledges the exceptional efforts taken by the Directorate and staff during the COVID-19 pandemic and assures the public that the Fund is ready and able to perform its duties no matter the circumstances.

Throughout 2020 the Board, IC, 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 continuing the fruitful working relationship in the future.

Mr. Arend J. Alberts  
*Acting Chairman of the APS Board*

Ms. Shaira Bommel  
*Member of the APS Board*

## 2. FINANCIAL HIGHLIGHTS

	2020	2019
<b>Associated Employers 1)</b>	32	32
		1) For a number of the associated employers not the entire staff participates in the Fund.
<b>Number of Participants</b>		
Active registered participants 2)	2,794	2,692
		2) Registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Participants with deferred rights 3)	951	876
		3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting year.
Pensioners	1,212	1,185
Actives/non actives participants	1.29	1.31
<b>Participants age average</b>		
Active participants	44.6	44.0
Non active participants	58.6	57.6
All participants	50.7	49.9
<b>Pension administration</b>		
All amounts are in thousand Netherlands Antillean guilders		
Actual premium 4)	18%	25%
		4) The 18% premium as stated in "Landsverordening herziening pensioen Overheidsdienaren" and 25% premium as stated in the "Pensioenlandsverordening Overheidsdienaren".
Pension Premiums	ANG 33,448	ANG 39,507
Pension administration expenses 5)	ANG 4,147	ANG 3,939
		5) The operational expenses of the fund (including investment management expenses) are circa 0.7% of the funds' pension assets.
Pension payments	ANG 21,984	ANG 20,771
Pension premiums/pension payments	1.52	1.90

	2020	2019
<b>Solvency</b>		
All amounts are in thousand Netherlands Antillean guilders		
Pension assets	ANG 805,567	ANG 747,153
Minimum targeted pension assets	ANG 829,857	ANG 755,685
Pension obligation provision	ANG 790,340	ANG 719,700
Coverage ratio 6)	101.93%	103.81%
Minimum targeted funding ratio 7)	105.00%	105.00%
Total provision/provision pensioners	2.36	2.28
<p>6) A funding ratio below 100% is one of the indicators that the reform of the current pension legislation is needed.</p> <p>7) The Board-defined target for the funding ratio.</p>		
<b>Investment portfolio</b>		
All amounts are in thousand Netherlands Antillean guilders		
Equity	ANG 269,570	ANG 168,351
Fixed income	ANG 42,623	ANG 357,512
Internal Real Estate	ANG 46,864	ANG 22,000
<b>Investment performance</b>		
Targeted return	5.50%	5.50%
Total return	7.03%	9.54%
Return domestic portfolio	4.46%	2.77%
Return international portfolio	14.56%	20.17%

### 3. FINANCIAL STATEMENTS

#### 3.1 STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

		As at 31 December	
	Note	2020	2019
All amounts are in thousand Netherlands Antillean guilders			
<b>Assets</b>			
Property and equipment	3.8	5,273	5,232
Intangible assets	3.9	309	88
Investment properties	3.10	32,051	22,000
Financial assets:			
Investments in debt securities corporate and time deposits	3.11	180,271	181,748
Investments in fixed income and equity	3.12	269,846	240,975
Loans	3.13	72,916	50,625
Mortgages	3.13	848	
Other non-current assets	3.14	-	5,371
<b>Total non-current assets</b>		<b>561,514</b>	<b>506,039</b>
Inventories	3.15	14,812	22,430
Accounts receivable	3.16	24,645	31,396
Other receivable	3.16	3,000	-
Accrued Interest Receivable	3.16	7,796	7,083
Short term portion of financial assets	3.17	34,000	20,000
Other current assets	3.18	199	185
Cash and cash equivalents	3.19	168,611	167,251
<b>Total current assets</b>		<b>253,063</b>	<b>248,345</b>
<b>Total assets</b>		<b>814,577</b>	<b>754,384</b>
<b>Equity</b>			
Reserves	3.20	27,454	(16,874)
Result current year	3.20	(12,226)	44,328
<b>Total equity</b>	3.20	<b>15,228</b>	<b>27,454</b>
<b>Liabilities</b>			
Pension benefits obligations	3.21	790,340	719,700
<b>Total non-current liabilities</b>		<b>790,340</b>	<b>719,700</b>
Accounts payable	3.22	572	274
Other payables	3.23	699	416
Accrued liabilities	3.24	7,739	6,541
<b>Total current liabilities</b>		<b>9,010</b>	<b>7,231</b>
<b>Total liabilities</b>		<b>799,350</b>	<b>726,931</b>
<b>Total equity and liabilities</b>		<b>814,577</b>	<b>754,384</b>

The accompanying notes are an integral part of these financial statements.

### 3.2 STATEMENT OF COMPREHENSIVE RESULT

For the year ended 31 December 2020

	Note	Year ended 31 December	
		2020	2019
All amounts are in thousand Netherlands Antillean guilders			
<b>Revenues</b>			
Pension premium income	3.26	33,448	39,507
Pension premium income previous years	3.26	947	428
Investment income	3.27	57,397	63,772
Other income	3.28	504	842
<b>Total Revenues</b>		<b>92,295</b>	<b>104,549</b>
<b>Expenses</b>			
Pension benefits payments	3.29	21,984	20,771
Investment expenses	3.30	6,384	5,305
Operating expenses	3.31	4,147	3,939
Net increase/ (decrease) in pension benefits obligation	3.21	70,640	23,301
<b>Total expenses</b>		<b>103,155</b>	<b>53,316</b>
<b>Result from operating activities</b>		<b>(10,860)</b>	<b>51,234</b>
<b>Non operating expenses</b>			
Financial income / (expenses)	3.32	625	474
Other financial income / (expenses)	3.33	(1,991)	(7,380)
<b>Total non operating results</b>		<b>(1,366)</b>	<b>(6,906)</b>
<b>Result</b>		<b>(12,226)</b>	<b>44,328</b>
<b>Attributable to:</b>			
To the Fund		(12,226)	44,328
<b>Total comprehensive result</b>		<b>(12,226)</b>	<b>44,328</b>

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	Total equity
All amounts are in thousand Netherlands Antillean guilders				
Attributable to the Fund				
<b>At January 1, 2019</b>		(16,874)	<b>(16,874)</b>	<b>(16,874)</b>
<i>Comprehensive Income for the period</i>				
Result for the period	3.20	44,328	<b>44,328</b>	<b>44,328</b>
<b>Year ended December 31, 2019</b>	3.20	27,454	<b>27,454</b>	<b>27,454</b>
<i>Comprehensive Income for the period</i>				
Result for the period	3.20	(12,226)	<b>(12,226)</b>	<b>(12,226)</b>
<b>Total comprehensive Result for the period</b>		<b>(12,226)</b>	<b>(12,226)</b>	<b>(12,226)</b>
<b>Total contributions by and distributions to the Fund</b>		-	-	-
<b>Year ended December 31, 2020</b>	3.20	<b>15,228</b>	<b>15,228</b>	<b>15,228</b>

The accompanying notes are an integral part of these financial statements.

### 3.4 STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Note	2020	2019
All amounts are in thousand Netherlands Antillean guilders			
<b>Cash flows from operating activities</b>			
Result (negative) / positive		(12,226)	44,328
Adjustments for:			
Depreciation of property and equipment	3.8	78	88
Amortization of intangible fixed assets	3.9	28	20
Realized (gain) loss investment property	3.10	(1,514)	-
Unrealized (gain) loss investments in fixed income and equity	3.37	(26,720)	(48,331)
Unrealized (gain) loss on other investments	3.37	-	-
Increase in pension benefits obligations	3.21	70,640	23,301
Decrease (increase) other non-current assets	3.14	5,371	7,358
Mutations work capital:			
Decrease (increase) in inventories	3.15	7,618	(13,216)
Decrease (increase) in accounts receivable	3.16	6,751	19,893
Decrease (increase) in other receivable	3.16	(3,000)	158
Decrease (increase) in other current assets	3.18	(14)	52
Increase (decrease) in accounts payable	3.22	298	(141)
Increase (decrease) in other payables and accrued liabilities	3.23/3.24	1,481	1,217
<b>Net cash flows from operating activities</b>		<b>48,791</b>	<b>34,727</b>
<b>Investing activities</b>			
Acquisitions			
Acquisition of property and equipment	3.8	(119)	(11)
Acquisition of intangible assets	3.9	(250)	(32)
Acquisition of investment properties	3.10	(8,537)	(470)
Acquisition of investment in debt corporate and time deposits	3.37	(53,000)	(30,000)
Acquisition of investments in fixed income and equity	3.37	(238,207)	(189,647)
Acquisition of loans & mortgages receivable	3.37	(23,148)	(9,644)
Proceeds			
Proceeds from maturities of debt corporate and time deposits	3.37	40,478	24,897
Disinvestment of investments in fixed income and equity	3.37	236,057	183,311
Proceeds of loans & mortgages receivable	3.37	9	
Interest received	3.17	(713)	(3,312)
<b>Net cash flow from investing activities</b>		<b>(47,431)</b>	<b>(24,908)</b>
<b>Cash flow</b>			
Net cash flow in cash and cash equivalents		1,360	9,819
Cash and cash equivalents at beginning of period	3.19	167,251	157,431
<b>Cash and cash equivalents at end of period</b>	3.19	<b>168,611</b>	<b>167,251</b>

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 June 18<sup>th</sup>, 2021.

APS is charged with the execution of the pension scheme as governed by the National Pension Ordinance Civil Servants, AB 2013, no. 785 (in Dutch: "Pensioenlandsverordening Overheidsdienaren" (PLvO)) which was amended on July 1, 2016 by AB 2016, no. 16 and AB 2016, no. 25. The latest amendment regarding the PlvO dates from July 1, 2020 by the Revised National Pension Ordinance Civil Servants, AB 2020, no. 34 (in Dutch: "Landsverordening herziening pensioen Overheidsdienaren" (LHPO)).

As a pension fund, APS executes pension schemes and handles pension matters for present and former employees of government and government related organizations. This also includes persons who worked for the former federal government of the Netherlands Antilles and other federal entities.

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
- 24 National Recovery Program Bureau
- 25 Integrity Chamber

##### High Council organisations

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

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

The total number of participants in the fund is 4957. This consists of 2794 registered active participants, 951 participants with deferred rights and 1212 beneficiaries.

### Participants

	2020	2019
Active Participants	2,794	2,692
Participants with deferred rights	951	876
Pensioners	1,212	1,185
<b>Total</b>	<b>4,957</b>	<b>4,753</b>

### 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 December 31, 2020 is 101.93% which is higher than the minimum but lower than the targeted amount. The Fund conducts an Asset /Liability Management (hereinafter: ALM) study once every three (3) to five (5) years to ensure the sustainability of the Fund. The most recent ALM study was finalized in Q1 2021. The results/recommendations of the ALM study will be implemented starting as of Q2 2021 as per the implementation plan.

### 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 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 actual asset allocation as of December 31, 2020, policy (strategic) 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, 2020**

	2020	Actual %	Policy Target %	Difference	Allowable Range relative to target
External Equity Securities	269,570	35%	28.0%	-7%	+/- 15%
Local Equity Securities	-	0%	6.0%	6%	+/- 15%
Total Equity	269,570	35%	34.0%	-1%	+/- 15%
External Fixed Income & Money Funds	42,623	6%	12.0%	6%	+/- 5%
Local Fixed Income & Bank Time Deposits	288,034	37%	44.0%	7%	+/- 5%
Total Fixed Income	330,658	43%	56.0%	13%	+/- 5%
Internal Real Estate	46,864	6%	9.0%	3%	+/- 5%
Internal Cash	126,263	16%	1.0%	-15%	0% - 10%
<b>Total</b>	<b>773,354</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>N/A</b>

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.

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.

In 2020 Fund conducted a risk budgeting study to substantiate the strategic investment policy, to outline the short-term performance and risks and refine the desired asset allocation by mainly focusing on increasing the return potential of the international investment portfolio. Additionally, the Fund conducted a review of the international portfolio focusing on the costs, asset allocation, investment universe and benchmarks.

Considering recent economic developments globally, results of the studies conducted during the year, changes in the pension scheme as well as investment policy cycle the Fund decided to integrally assess the Fund's asset management by means of Asset Liability Management study (ALM). ALM was initiated in Q4 2020 and completed in Q1 2021. ALM results implementation will be initiated as of Q2 2021.

## 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 if indicated otherwise, 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, 2020*  
The accounting policies applied in these financial statements are consistent with those of the previous financial year.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1 2020, are not relevant to the fund.

### *b) New standards, interpretations and amendments not yet effective*

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Fund.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Fund's financial statements.

**COVID-19 impact**

The Fund diligently follows the local and international media (especially the *"Rijksinstituut voor Volksgezondheid en Milieu"* in the Netherlands) for the most recent developments relating to the Covid-19 pandemic.

The Fund has a Crisis Management Team (CMT) in place which is tasked with the above and the team is also responsible for executing APS' Business Continuity Plan (BCP). The scope of the Business Continuity Plan focuses on formulating strategies and actions for the protection and recovery of critical services, business processes and assets in those cases where a slow recovery after an emergency would result in major damage (or failure) of the organization. Another major role of the Crisis Management Team is to actively inform the personnel of the various measures taken to reduce the spread of the virus and how the social distancing is implemented.

To date the Fund has seen no impact on the payment patterns of the employers, however the Fund intends to closely monitor this. The Fund is also monitoring the impact on the investments. Funds' international portfolio values were negatively affected during the peak of COVID-19 crisis (February and March 2020), however, as per December 2020 have fully recovered and continue with the positive trend to date. Deferral of earnings on several loans in the local portfolio continues in 2021 however, first signs of recovery are visible, and the Fund does not expect material long term negative effects on its local portfolio.

**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:

<b>Asset Type</b>	<b># of Years</b>	<b>Method</b>	<b>Residual Values</b>
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.

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:

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

Depreciation has been included in note 3.31 Operating Expenses of the Financial Statements.

#### *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 requires or permits 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.

In 2020 one property was added to APS' investment properties. The Oryx Residences development was completed in 2020 and APS offered 62 units for sale, lease to own or lease. Following the completion of the development the Fund re-valued Oryx Residences property from initial carrying value at cost to fair value. The units sold through a mortgage were reclassified to mortgage loans, while leased and lease-to-own units were reclassified from inventory to investment property.

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, loans 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 being 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 Inventory (if unsold/unleased), Investment Property (if leased) or Mortgage (if sold through mortgage).

### **Accounts receivable**

Accounts receivable are amounts due from pension contributions, 'VUT'/'duurtetoelag' 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 reflect 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;
- Investment properties income – rent income revenues from investment properties;
- 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.

To determine whether to recognize pension premium income, the Fund follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

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.

### **Pension benefits obligations**

The Fund computes this liability in respect of eligible participants at the end of each year based on the two previous salaries prior to July 1, 2020. After July 1, 2020 the liability is based on the salary per July 1, 2020. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

### **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 'duurtetoeslag' 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 previous salaries prior to July 1, 2020. After July 1, 2020 it is based on the salary per July 1, 2020) corrected for the AOV-franchise and the number 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 of 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

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

*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 other financial risks such as 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

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	126,263	134,735
Investments in fixed income and equity	312,193	273,491
Investments in debt securities corporate and time deposits	214,271	201,748
Loans & Mortgages	73,764	50,625
Receivables (including trade receivables)	32,640	44,035
<b>Financial liabilities</b>		
Amortised cost (including trade payables)	9,010	7,231

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 as 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 3.49 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 December 31, 2020 would decrease/increase by ANG 1.24 million.

*c) Foreign exchange risk*

The Fund's indirect currency exposure (risk) at December 31, 2020 was 4.38 percent of the total external portfolios (2019: 2.39). The indirect exposure is due to the investments in International Small Cap Equities, mainly invested in Developed Markets, in Asian and European/Eastern markets. All 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 23 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. The 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 any financing. The risk is afterwards managed by analyzing mainly the financial statements and other relevant reports 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
2020				
Cash and cash equivalents	168,611	-	-	168,611
Short term portion of financial assets	34,000	-	-	34,000
Accounts receivable	3,164	21,481	-	24,645
Accrued Interest Receivable	7,796	-	-	7,796
Other receivable	-	-	-	-
Other current assets	199	-	-	199
Other non-current assets	-	-	-	-
Loans	72,916	-	-	72,916
Mortgages	848	-	-	848
Investments in debt securities corporate and time deposits	180,271	-	-	180,271
<b>Total</b>	<b>467,805</b>	<b>21,481</b>	<b>-</b>	<b>489,285</b>

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
2019				
Cash and cash equivalents	167,251	-	-	167,251
Short term portion of financial assets	20,000	-	-	20,000
Accounts receivable	3,921	27,475	-	31,396
Accrued Interest Receivable	7,083	-	-	7,083
Other receivable	-	-	-	-
Other current assets	185	-	-	185
Other non-current assets	-	5,371	-	5,371
Loans	50,625	-	-	50,625
Investments in debt securities corporate and time deposits	181,748	-	-	181,748
<b>Total</b>	<b>430,813</b>	<b>32,846</b>	<b>-</b>	<b>463,658</b>

### 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 (cash and cash equivalents) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Fund's reputation. 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 pension payments and 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:

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At December 31, 2020				
Time deposits	34,000	90,000	-	124,000
Debt securities government	3,244	14,977	18,746	36,967
Debt securities corporate	720	10,800	41,784	53,304
Loans & Mortgages	7,880	27,690	38,194	73,764
<b>Total</b>	<b>45,844</b>	<b>143,466</b>	<b>98,724</b>	<b>288,034</b>

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At December 31, 2019				
Time deposits	20,000	80,000	-	100,000
Debt securities government	3,021	18,482	18,469	39,972
Debt securities corporate	2,083	15,454	44,239	61,776
Loans	-	-	50,625	50,625
<b>Total</b>	<b>25,104</b>	<b>113,936</b>	<b>113,333</b>	<b>252,373</b>

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
2020				
Accounts payable	572			572
Other payable	699			699
Accrued liabilities	7,739			7,739
Pension benefits obligations	21,984	112,906	655,450	790,340
<b>Total</b>	<b>30,994</b>	<b>112,906</b>	<b>655,450</b>	<b>799,350</b>

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2019				
Accounts payable	274			274
Other payable	416			416
Accrued liabilities	6,541			6,541
Pension benefits obligations	20,771	102,814	596,115	719,700
<b>Total</b>	<b>28,002</b>	<b>102,814</b>	<b>596,115</b>	<b>726,931</b>

## 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, 2020, the Fund had minimal counterparty risk. Three strategies had a known counterparty risk (in 2019 this was also three (3)): the SG Capital Teton Equity Long/Short, the Vanguard Large Cap Equity ETF, and the Vanguard MBS ETF. This is 13.8 percent of the international equity portfolio (ANG 37 million of investments in equity) and 6.3 percent of the international fixed income portfolio (ANG 2.7 million of investments in fixed income). 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 underlying securities. 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, 2020						
	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
<b>Financial assets</b>						
Fixed Income	13,955	97,938	28,668	7,201	-	-
Equity	256,058	168,351	13,512	-	-	-
<b>Total</b>	<b>270,013</b>	<b>266,290</b>	<b>42,180</b>	<b>7,201</b>	<b>-</b>	<b>-</b>

All amounts are in thousand Netherlands Antillean guilders

Fair value measurements at December 31, 2019						
	Level 1		Level 2		Level 3	
	2019	2018	2019	2018	2019	2018
<b>Financial assets</b>						
Fixed Income	97,938	53,350	7,201	6,702	-	-
Equity	168,351	126,257	-	-	-	-
<b>Total</b>	<b>266,290</b>	<b>179,607</b>	<b>7,201</b>	<b>6,702</b>	<b>-</b>	<b>-</b>

#### 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 4.6% (2019: 4.2%) 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
<b>COST AND VALUATIONS</b>						
At January 1, 2019						
Cost	5,040	206	249	275	42	5,812
Accumulated depreciation	-	(131)	(130)	(201)	(40)	(503)
<b>Net book amount</b>	<b>5,040</b>	<b>75</b>	<b>118</b>	<b>74</b>	<b>2</b>	<b>5,309</b>
<b>Year ended December 31, 2019</b>						
Opening net book amount	5,040	75	118	74	2	5,309
Additions	-	11	-	-	-	11
Disposals	-	-	-	-	-	-
Depreciation charge	-	(24)	(25)	(37)	(2)	(88)
Closing net book amount	<b>5,040</b>	<b>62</b>	<b>93</b>	<b>37</b>		<b>5,232</b>
<b>At December 31, 2019</b>						
Cost	5,040	217	249	275	42	5,823
Accumulated depreciation	-	(155)	(155)	(239)	(42)	(591)
<b>Net book amount</b>	<b>5,040</b>	<b>62</b>	<b>93</b>	<b>37</b>		<b>5,232</b>
<b>Year ended December 2020</b>						
Opening net book amount	5,040	62	93	37		5,232
Additions	-	2	9	63	46	119
Depreciation charge	-	(23)	(25)	(23)	(7)	(78)
Closing net book amount	<b>5,040</b>	<b>40</b>	<b>77</b>	<b>77</b>	<b>39</b>	<b>5,273</b>
<b>At December 31, 2020</b>						
Cost	5,040	219	258	338	88	5,943
Accumulated depreciation	-	(179)	(180)	(261)	(49)	(669)
<b>Net book amount</b>	<b>5,040</b>	<b>40</b>	<b>77</b>	<b>77</b>	<b>39</b>	<b>5,273</b>

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
<b>COST AND VALUATIONS</b>		
At January 1, 2019		
Cost	987	987
Accumulated depreciation	(912)	(912)
<b>Net book amount</b>	<b>75</b>	<b>75</b>
<b>Year ended December 31, 2019</b>		
Opening net book amount	75	75
Additions	32	32
Disposals	-	-
Depreciation charge	(20)	(20)
Closing net book amount	<b>88</b>	<b>88</b>
<b>At December 31, 2019</b>		
Cost	1,019	1,019
Accumulated depreciation	(932)	(932)
<b>Net book amount</b>	<b>88</b>	<b>88</b>
<b>Year ended December 2020</b>		
Opening net book amount	88	88
Additions	250	250
Depreciation charge	(28)	(28)
Closing net book amount	<b>309</b>	<b>309</b>
<b>At December 31, 2020</b>		
Cost	1,269	1,269
Accumulated depreciation	(960)	(960)
<b>Net book amount</b>	<b>309</b>	<b>309</b>

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

	2020	2019
Mary's Fancy & De Castro Development	7,999	7,693
Professional Office Development	9,520	9,450
Parking Lot Development	4,857	4,857
Oryx Investment Property (Welgelegen)	9,675	-
<b>Total</b>	<b>32,051</b>	<b>22,000</b>

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 is based on the independent, appropriately qualified independent appraiser's valuation 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 appraisers are appointed by the Director, on behalf of the Board. The appraisers 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. The Fund also earns rental income from operating leases of its investment properties (see Note 3.27). Rental income is recognized on a straight-line basis over the term of the lease.

#### Mary's Fancy Plantation /De Castro

In 2014 the Fund signed two (2) purchase agreements for the Mary's Fancy and De Castro properties located on the L.B. Scott Road. The property consisted mainly of land and the few structures thereon that were 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 invested in the infrastructural upgrade of the property. The cost incurred in the said improvement activities of the property amounts to the ANG 3.6 million and is included in the value of the Mary's Fancy Development.

As per the end of 2020, 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 boutique hotel, art gallery / outdoor museum and botanical gardens. See section 1.6 for status of this development.

The appraisal of the property was planned in early 2020, however could not be executed due to COVID-19. The value of the property was re-evaluated in June 2020. The appraised value is in line with the value carried on balance per December 31, 2020, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2020, is in line with its fair value.

#### Professional Office Park

APS purchased the Professional Office Park property in December 2016 at ANG 9.36 million. The property is comprised of two buildings which APS is now operating for lease income. The purchase price of the property was derived from the appraisal executed by external independent valuers.

The property did not suffer significant damages due to the passing of hurricanes Irma and Maria in 2017. The Fund repaired the minor damages and since the purchase, has further maintained the building to ensure the property value remains (at least) at the initial purchase level. The Fund continues to generate rental income from the operations of this property.

The value of the property has been re-evaluated/appraised in March 2020. In the period between the appraisal date and December 31, 2020, no material improvements nor deteriorations occurred on the property. The appraised value based on the rental income per December 2020 is in line with the value carried on balance per December 31, 2020, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2020, is in line with its fair value.

### **Parking Lot**

In September 2016 APS received this property (land and improvements) as part of a debt settlement agreement with the Government of Sint Maarten. The property is the parking lot adjacent to the Government Administration Building. The fair value was derived from the appraisal of an independent appraiser. 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 cost associated with these studies along with the surveying of the land, soil tests and other preparatory works, have totaled to ANG 402K. This amount is included in the value of the property. As per the end of 2020, the property is not yet operational. Decisions on the further development of this property are pending. The value of the property will be re-evaluated five years after purchase date or upon completion of the new construction, whichever is sooner.

### **Oryx Investment Property (Welgelgen)**

In Q3 2020, APS completed the construction of 62 affordable homes in Cay Hill on a parcel of land obtained in long lease from the Government of Sint Maarten. In September 2020, first units were sold or leased. At the start of the Lease-to-own/Leasing contracts these units have been transferred from the Inventory to Oryx Investment property.

#### **Lease**

Per year end there were 3 units leased. The Leased units have relatively short-term contracts that span between 1 to 3 years. The Leased units are carried at fair value which is equal to their determined sales price.

#### **Lease-to-own**

Per December 31, 2020, there were 21 units under Lease-to-own contracts. The Lease-to-own units are carried at fair value which is equal to their contractually determined sales price. For Lease-to-own units the contractual obligation of the tenant/buyer is to purchase the home at the end of the leasing period for the price that is fixed at the current sales price. For most of the units this means purchase after 3 years. There are four units with 5 -year lease-to-own and one with 7 years lease-to-own contract. During the lease-to-own period the tenant/buyer pays towards the purchase price up to the maximum of the 10% of the purchase price. These funds are deposited at the escrow account held by the Notary. If at the end of the leasing period, the purchase/sale of the unit cannot be materialized due to a fault of the tenant/buyer the deposit is transferred to APS.

All Oryx units were appraised on February 19, 2020. The sales prices of the units were set to be equal or slightly lower than the appraised market value, except for one unit that was sold for USD 5,000 above the appraised price. The value of the property was derived from the appraisal executed by external independent valuers. The value of the property will be re-evaluated five years after completion date.

### 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

	2020	2019
Debt securities corporate	90,271	101,748
Time deposits	124,000	100,000
Less: current portion investments	(34,000)	(20,000)
<b>Total</b>	<b>180,271</b>	<b>181,748</b>

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 108 million (2019 ANG 117 million) and for the Time deposits ANG 117 million (2019 ANG 100 million). The fair value has been calculated by discounting future expected cash flows of these investments at a discount rate of 3.50%.

### 3.12 INVESTMENTS IN FIXED INCOME AND EQUITY

#### Investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Fixed Income	38,011	102,125
Equity	231,835	138,850
<b>Total</b>	<b>269,846</b>	<b>240,975</b>

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

### 3.13 LOANS & MORTGAGES

#### Loans & Mortgages

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
RF Adventure St. Maarten N.V. Finance	16,704	14,112
Maho Hotel Operations B.V. Finance	39,484	29,554
Paradise Bay Resort N.V. Finance	12,811	6,959
SMMC Finance	2,821	
SXM Investment Agency B.V. Finance	1,096	
<b>Total Loans</b>	<b>72,916</b>	<b>50,625</b>
Mortgages Oryx Residences	848	
<b>Total Mortgages</b>	<b>848</b>	<b>-</b>

Loans & Mortgages 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 68% of the total amount financed. The interest rate per Facility Agreement 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 interest payment was received in January 2019. Unfortunately, the market recovery and the operational measures undertaken by RFA did not yield expected results in 2019, while COVID-pandemic in 2020 further negatively affected RFA operations. In 2019 and 2020 RFA was unable to comply with the conditions of the Facility Agreement and subsequent loan restructuring agreement of September 2020. As per Facility Agreement APS accrued the default interest over the periods the loan was in default. As the recovery of tourism and especially cruise industry did not materialize in 2020 and remains uncertain in 2021, the Lenders have taken steps towards securing their interests. RFA has been put on the increased monitoring and reporting schedule. Furthermore, Lender appraised the value of the collateral and reenforced securities. Given that the value of the collateral is significantly higher than the carrying value of the loan, no impairment has been booked in 2020.

#### Maho Hotel Operations:

The Maho financing consists of four facilities/tranches. Each tranche has own floating interest rate (4.15% plus three-month USD Libor for tranches A, C and D, 1.50% plus three-month USD Libor for tranche B). Tranche D has fixed floor interest rate of 5.5%. The tenor for the first two (2) tranches is ten (10) years, however the principal will be repaid over twelve (12) years. The third tranche 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. A fourth short-term tranche (D) was added in 2020. Affected by travel bans and general halt in tourism industry during 2020 Maho requested and received approval for several waivers in 2020. The waivers were related to deferral of loan repayment and interest accrual and capitalization for all four quarters of 2020. Although start of

recovery is visible in 2021, COVID-19 continues to affect the hotel business and Lenders have increased monitoring of the performance of the Borrower and the loan performance.

#### **Paradise Bay Resort:**

The Fund is participating in the financing of the construction of Paradise Bay Resort. The annual interest rate is 6.00%. The financing was structured as a short-term loan to be repaid within 120 days after completion of the construction. Full repayment was expected in Q4 2020, however due to the two-months cease of construction in period March-May 2020 related to COVID-19 pandemic, the start of the loan repayment was delayed to Q1 2021.

#### **Stichting Sint Maarten Medical Center (SMMC) Loan**

This loan is to finance the construction of the New General Hospital for Sint Maarten including medical equipment. The senior secured loan has an interest rate of 6.00% per annum and a tenor of 22 years. The first drawdown was in January 2020, the second drawdown was in June 2021. Repayment of the loan is expected to commence in 2024.

#### **SXM Investment Agency Loan:**

Per December 31, 2020, APS is the sole shareholder of SMIA and as such preparatory, establishment and start-up phases of SMIA were funded by APS. The intention of the Fund, however, is to expand the shareholder base of SMIA in the near future and to convert Fund's investment in SMIA into a mix of capital contribution and fixed income (loan) investment. As the exact structuring of the contributed funds (capital contribution vs loan) is under discussion per date of this report financial statement, the Fund's investment in SMIA is recorded as a long-term loan on the balance sheet.

#### **Mortgages Oryx residences:**

APS has offered 100% financing to interested parties who qualify for a mortgage of the affordable homes in Cay Hill. Refer to section 1.6 for more details.

### **3.14 OTHER NON-CURRENT ASSETS**

#### **Other non-current assets**

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Current account reallocation of participants	-	5,371
<b>Total</b>	<b>-</b>	<b>5,371</b>

#### **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 of 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 12.7 million was analyzed by *Algemeen Pensioenfonds Curaçao* and the Fund. Parties concluded that some of the participants that were part of the balance of ANG 12.7 million were already reallocated to the specific pension funds based on the *Onderlinge Regeling*. These participants were in the settlement for the *Boedelscheiding* that was paid by APC. The analysis resulted in a correction of the balance from ANG 12.7 million (per year-end 2018) to ANG 5.3 million (per year-end 2019).

In 2020, further analysis resulted in a correction of ANG 2 million (note 3.33). The balance of ANG 3 million has been re-classified to other receivable, as APC confirmed to remit payment of this amount in short term.

### 3.15 INVENTORIES

The book value of the inventories are as follows:

#### Inventories

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Welgelegen Development	14,812	22,430
<b>Total</b>	<b>14,812</b>	<b>22,430</b>

In 2020, inventories are recorded at fair value. The inventories amount relates to the units of the *Oryx Residences* investment property that have not been sold or leased as per year end 2020.

It is expected that all units will be sold or tenanted by Q3 2021. Refer to section 1.6 for an update and explanation of the decrease compared to 2019.

### 3.16 ACCOUNTS RECEIVABLE

The book value of the accounts receivable are as follows:

#### Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Pension contribution/DT/VUT receivables	24,645	31,396
<b>Total</b>	<b>24,645</b>	<b>31,396</b>

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,

A new Debt Payment Agreement (DPA) was presented to the Government of Sint Maarten in October 2020 in an effort to eliminate the long outstanding accounts receivable. In June 2021, the Fund received a response from the Government of Sint Maarten requesting clarification and updated figures. A response from APS is forthcoming.

#### Other receivables

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Other receivables	3,000	-
<b>Total</b>	<b>3,000</b>	<b>-</b>

This amount is the balance of the receivable from APC. APC has confirmed to remit payment of most of this amount by end of Q3 2021.

#### Accrued Interest receivables

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Accrued Interest receivables	7,796	7,083
<b>Total</b>	<b>7,796</b>	<b>7,083</b>

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 2020 is primarily due to interest accrual of the RFA loan and cumulative interest accrual of a multi-year time deposit for which the payment of the interest accrued is due upon maturity.

### 3.17 SHORT TERM PORTION OF FINANCIAL ASSETS

#### Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Time deposits	34,000	20,000
<b>Total</b>	<b>34,000</b>	<b>20,000</b>

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

	2020	2019
Prepaid expenses	117	144
Deposits	63	34
Other receivables	19	6
<b>Total</b>	<b>199</b>	<b>185</b>

Deposits are amounts received as rental deposits from tenants in the Professional Office Park and Oryx Residences 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 in some years are 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

	2020	2019
Local banks	126,263	134,735
International banks	42,348	32,515
<b>Total</b>	<b>168,611</b>	<b>167,251</b>

### 3.20 EQUITY

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
<b>Year ended December 31, 2019</b>	<b>27,454</b>	<b>27,454</b>
<i>Result</i>		
(Negative)/positive result current year	(12,226)	<b>(12,226)</b>
<b>Year ended December 31, 2020</b>	<b>15,228</b>	<b>15,228</b>

### 3.21 PENSION BENEFITS OBLIGATION

The pension benefits obligation is based on an actuarial calculation considering 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

	2020	2019
Pension obligation beginning of the year	719,700	696,399
Net increase in pension obligation	70,640	23,301
<b>Pension obligation end of the year</b>	<b>790,340</b>	<b>719,700</b>

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

- Prior to July 1, 2020, the participant's average salary in the years 2018 and 2019 (corrected for the AOV-franchise) is being used for the calculation of the present value of the pension obligations. After July 1, 2020, the salary of July 2020 is being used for the calculation of the present value of the pension obligations;
- Actuarial return of 3.5%;
- Mortality tables: for men to the table 'GBM 2005-2010' with experiential mortality (forecast 2020) and for women the table 'GBV 2005-2010' with experiential mortality (forecast 2020) with a two-year age reduction for men and three-year age reduction for women;
- Orphan mortality is not considered; and
- The age difference between men and women is set at three (3) years.

#### Marriage frequencies:

- The assumption for men is that 90% of the active participants are married before their pensionable age date. The assumption for women is that 75% of the active participants are married before their pensionable age date.

- The actual marital status is used for participants with deferred rights and pensioners.

Costs:

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

Ages and period:

Prior to July 1, 2020, it was assumed that all participants are born on the 1<sup>st</sup> of the following month or the 1<sup>st</sup> of the corresponding month of the actual date of birth. After July 1, 2020, the actual age is calculated (without rounding-off the age)

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 considered 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 ACCOUNTS PAYABLE

**Accounts payable**

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Accounts payable	572	274
<b>Total</b>	<b>572</b>	<b>274</b>

### 3.23 OTHER PAYABLES

#### Other payables

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Salaries payable	176	-
Wage tax payable	263	176
AOV/AWW payable	31	18
AVBZ payable	40	31
ZV / OV payable	3	5
Premium SZV payable	161	161
TOT payable	4	-
Withholdings	22	25
<b>Total</b>	<b>699</b>	<b>417</b>

### 3.24 ACCRUED LIABILITIES

#### Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Deposit	89	82
Accrual Audit Fee	38	63
Accrual Vacation Days	49	39
Accrual Vacation Pay	61	52
Accrual consulting expenses	-	-
Other Accruals	148	(15)
Premiums Received in Advance	4,359	3,871
Premiums Received in Error	2,996	2,449
<b>Accrued Liabilities</b>	<b>7,739</b>	<b>6,541</b>

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 of December 31, 2020. 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

	2020	2019
Regular contributions		
Employees' contributions	9,411	9,417
Employers' contributions	24,265	30,235
Other contributions		
Contribution premium BB	40	68
Contribution premium WW	(48)	18
Premium restitution	(219)	(231)
Payback premium WW		
<b>Total</b>	<b>33,448</b>	<b>39,507</b>
Contribution previous years	947	428
<b>Total</b>	<b>947</b>	<b>428</b>

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 33 million.

As of July 1, 2020, the Fund is invoicing total pension premium contributions at 18% as stated in the revised PLvO. For the first half of 2020 the Fund invoiced at 25% as per the previous PLvO.

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

Total contribution:  $18\% \times \text{gross salary} \times \text{Part time percentage}^3$

Employee:  $8\% \times (\text{gross salary} - \text{franchise}) \times \text{Part time percentage}^4$

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.

<sup>3</sup> Landsverordening Herziening Pensioen Overheidsdienaren (PB 2020, no. 34) Art. 58

<sup>4</sup> Landsverordening Herziening Pensioen Overheidsdienaren (PB 2020, no. 34) Art. 62

### 3.27 INVESTMENT INCOME

#### Investment income

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Investment properties income	2,174	583
Debt securities income	5,667	5,940
Income investments in fixed income and equity	42,124	50,695
Income loans	3,940	3,314
Mortgages	130	
Time deposits income	3,363	3,240
<b>Total</b>	<b>57,397</b>	<b>63,772</b>

#### Investment properties income

The investment properties income is primarily the lease income from the tenants of the Professional Office Park and the Oryx Investment Property.

#### 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 slower recovery of the markets and APS portfolio in 2020 amidst the COVID-19 pandemic, compared to 2019. 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 / Mortgages / Time deposits income

The recorded income is the accrued interest as per the contractual obligations.

### 3.28 OTHER INCOME

#### Other income

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Other income		
Late payments penalty contributions	504	842
<b>Total</b>	<b>504</b>	<b>842</b>

The amount of the legal interest (3.00%) 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

	2020	2019
Retirement pensions	19,568	18,830
Widow pensions	1,654	1,444
Orphan pensions	102	132
Disability pensions	400	358
Smartegeld	146	79
Pension lumpsum	120	69
Other	(7)	(142)
<b>Total</b>	<b>21,984</b>	<b>20,771</b>

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

	2020	2019
Investment management expenses	1,788	1,598
Investment properties expenses	436	528
Mortgage expenses	180	
Expenses investments in fixed income and equity	3,980	3,179
<b>Total</b>	<b>6,384</b>	<b>5,305</b>

These are costs of the investments of the Fund.

#### Investment management expenses

Investment management expenses represent the portion of the operating expenses of the Fund allocated to the management of the investment portfolio/investment activities. Investment management expenses comprise of the full cost of the investment services consultancy and Investment committee expenses, and forty percent (40%) of the personnel, office, travel and Board expenses.

**Investment properties expenses**

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

**Mortgage expenses**

The expenses are for the professional services from the mortgage bank.

**Expenses investments in fixed income and equity**

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Investment manager commission	3,491	3,337
Other investment (income) / expenses	489	(158)
<b>Total</b>	<b>3,980</b>	<b>3,179</b>

**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, some fund managers receive a performance fee. The commission fee ranges between 1.1% and 1.3% 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

	2020	2019
Direct personnel expenses	2,699	2,213
Indirect personnel expenses	108	138
Office expenses	120	124
Housing expenses	261	274
Travel & Publicity expenses	73	309
Depreciation expenses	106	108
Automation expenses	335	321
Professional services expenses	1,616	1,377
Project team expenses	191	208
Board, Investment & Audit committee expenses	405	411
Other general expenses	22	55
Allocation to investment management expenses	(1,788)	(1,598)
<b>Total</b>	<b>4,147</b>	<b>3,939</b>

#### 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 2021 pension contribution will amount to ANG 251,000. This cost is part of the direct personnel expenses.

The cost is lower as the legal percentage of the contribution has been reduced from 25% to 18% per July 1, 2020.

#### Pension contribution

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Pension contribution	251	357
<b>Total</b>	<b>251</b>	<b>357</b>

#### 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. This is the main component of housing expenses.

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

	2020	2019
Office rent	149	151
Equipment rental	9	8
<b>Total</b>	<b>158</b>	<b>159</b>

The Fund has no other lease agreements.

**Allocation to investment management expenses**

Portion of operating expenses incurred for the purpose of the analysis, monitoring and management of the Fund's investment portfolio/investment activities is allocated to the investment management expenses (see note 3.30). Investment management expenses comprise of the full cost of the investment services consultancy and Investment committee expenses, and forty percent (40%) of the personnel, office, travel, and Board expenses.

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

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Bank charges	(91)	(80)
Exchange differences	(47)	(32)
Interest income (expenses)	762	586
<b>Total</b>	<b>625</b>	<b>474</b>

The Fund had four (4) interest bearing current / call deposit accounts per December 31, 2020. The cash position on these accounts has increased resulting in an increase of bank interest for the Fund.

**3.33 OTHER FINANCIAL INCOME/ EXPENSES****Other financial income / (expenses)**

All amounts are in thousand Netherlands Antillean guilders

	2020	2019
Opening balance adjustment	345	(22)
Difference APC and APS	(2,336)	(7,358)
<b>Total</b>	<b>(1,991)</b>	<b>(7,380)</b>

**Opening balance adjustment**

This adjustment relates to the prior years' expenses associated with the establishment SMIA. The Fund's investment in SMIA is recorded as a long-term loan on the balance sheet, refer to note 1.6 for more details regarding this endeavor.

**Difference APC and APS**

In 2020, further analysis resulted in a correction of ANG 2 million (refer to notes 3.14 & 3.16).

**3.34 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 12 million for the year ended 2020, 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 101.93% which exceeds the minimum of 100%.

**3.35 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, 2020</i>	<i>Dec 31, 2019</i>
Development Projects	7	7
Local investments	29	36
<b>Total</b>	<b>36</b>	<b>43</b>

**Development Projects**

The Fund has several real estate development projects on hand. The projects, which are overseen by the Projects department, have been described in in detail in section 3.10 of the statement.

**Local investments**

The Fund has committed to the financing of one local investment (corporate loan).

*(b) Other commitments*

All amounts are in thousand Netherlands Antillean guilders

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
No later than 1 year	1,801	1,495
<b>Total</b>	<b>1,801</b>	<b>1,495</b>

The Fund has a contract for the pension program that renews annually (the initial term of the agreement was for five (5) years).

The Fund rents three (3) office premises from the same landlord. The rental agreements were entered for a period of two (2) years, with an option to renew. The Fund is in the process of building its own office, and therefore has short term contracts for office rental.

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.

The Fund also outsourced four (4) vacant functions in 2020, it is estimated that two (2) vacancies will be filled by end of Q2 2021. Two (2) functions will remain outsourced until end of 2021.

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

### 3.36 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'). 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

	2020	2019
Board compensation	125	156
Investment Committee's compensation	48	53
Audit Committee's compensation	-	31
<b>Salaries key management</b>		
Short term benefits key management	336	334
Pension contributions key management	43	53
Other long term benefits key management	17	17
<b>Total</b>	<b>570</b>	<b>645</b>

The decrease compared to 2019 is mainly due to the positions for the Audit Committee not being filled as per Board decision and the vacancies of 3 Board members as per year ended 2020.

### 3.37 INVESTMENTS HELD AT THE BEGINNING AND END OF THE PERIOD

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2019	Increase through investments	Decrease through disinvestments / amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2020
<b>Investment properties</b>					
Land & Buildings	18,244	8,161	-	1,514	27,919
Investment property	3,756	376	-	-	4,132
Inventory	22,430	1,261	(9,512)	633	14,812
<b>Sub-total</b>	<b>44,430</b>	<b>9,799</b>	<b>(9,512)</b>	<b>2,147</b>	<b>46,864</b>
<b>Investments in debt securities corporate and time deposits</b>					
Debt security corporate	101,748	-	(11,478)	-	90,271
Time deposits	100,000	53,000	(29,000)	-	124,000
<b>Sub-total</b>	<b>201,748</b>	<b>53,000</b>	<b>(40,478)</b>	<b>-</b>	<b>214,271</b>
<b>Loans</b>					
Loans	50,625	22,291	-	-	72,916
<b>Sub-total</b>	<b>50,625</b>	<b>22,291</b>	<b>-</b>	<b>-</b>	<b>72,916</b>
<b>Mortgages</b>					
Mortgages	-	857	(9)	-	848
<b>Sub-total</b>	<b>-</b>	<b>857</b>	<b>(9)</b>	<b>-</b>	<b>848</b>
<b>Investments in fixed income and equity</b>					
Fixed income	105,139	12,704	(41,612)	(33,608)	42,623
Equity	168,351	225,503	(194,445)	70,161	269,570
<b>Sub-total</b>	<b>273,491</b>	<b>238,207</b>	<b>(236,057)</b>	<b>36,552</b>	<b>312,193</b>
<b>TOTALS</b>	<b>570,294</b>	<b>324,154</b>	<b>(286,055)</b>	<b>38,699</b>	<b>647,091</b>

### 3.38 EVENTS AFTER THE REPORTING DATE

(a) One new local investment

A senior secured term loan facility agreement was signed with HOP-INN Enterprises N.V. for an amount of ANG 28.8 million for a tenor of 17 years and an initial interest rate of 7%.

(b) Finalization of ALM

The Fund finalized the Asset Liability Management study in February 2021. The results of the ALM have indicated possible and necessary adjustments in the investment policies. The adjustments will be translated into a (new) strategic framework and strategic asset allocation in 2021.

**4. INDEPENDENT AUDITOR'S REPORT**



## ***Independent Auditor's Report***

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

Reference: HB/PP/67.377.0/46573

### ***Opinion on the financial statements 2020***

#### ***Our qualified opinion***

In our opinion, except for the possible effects of the matter 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 2020, 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 2020, as included on pages 21 to 70, 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 2020;
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 which also existed in prior year:

- The accounts receivable comprise an amount of ANG 22,0 mln which are currently overdue and unpaid. For the settlement of the overdue and unpaid balance amounting to ANG 21,9 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.

The comparative figures included in these financial statements have been derived from the financial statements of prior year on which we issued a qualified opinion, based on the following finding:

- An amount of ANG 5,371,000 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.

This uncertainty no longer exists per December 31, 2020 however does apply for the comparative figures.

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 3.34 to these financial statements, in which it is noted that the current funding ratio is 101,93 which is lower than the target of 105%. This indicates that the assets of Algemeen Pensioenfonds Sint Maarten on balance sheet date are insufficient to cover the pension obligations. Management is of the opinion that the Fund will be able to meet its obligations to the beneficiaries in the future due to pension reform and financing thereof. Our opinion is not modified 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 the Board of Directors 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, 30 juni 2021  
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 2020.

### Onafhankelijkheid

Als waarmede actuaris 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.

Algemeen Pensioenfonds Sint Maarten

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De ontvangen premie is onvoldoende om de toegekende aanspraken in 2020 te financieren. De ontvangen premie is daarmee tevens onvoldoende 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 positief is. Er is sprake van dekking door waarden.

De vermogenspositie is naar mijn mening niet voldoende, omdat de dekkingsgraad lager is dan 105%.

In het kader van dit oordeel wijs ik op de ontwikkelingen na balansdatum als gevolg van de Coronacrisis, zoals die door het pensioenfonds in het jaarverslag zijn toegelicht.

Amstelveen, 30 juni 2021



drs. R.T. Schilder AAG  
Verbonden aan Towers Watson Netherlands B.V.

30 juni 2021  
Ref.: SWy/656777/A210424

WillisTowersWatson 



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A handwritten signature in blue ink, appearing to be 'S. H.', is located in the bottom right corner of the page.