

**ALGEMEEN
PENSIOENFONDS
SINT MAARTEN**

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ALGEMEEN PENSIOENFONDS SINT MAARTEN FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2021

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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 feeling 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, 2021, 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
Vacant	Member	Association of Pensioners of the former Netherlands Antilles and Aruba	n/a
Ms. Shaira R. Bommel	Member	Corporate Governance Council	LB-17/0676
Ms. Natalie M. Tackling	Acting Chairlady / Member	Civil Service Consultative Committee	LB-21/0191
Mr. Emilio S. Kalmera	Member	The Minister of Finance	LB-21/0449

Both vacant positions remain unfilled as per the date of this report.

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, 2021, the composition of the IC was as follows:

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

At the end of 2021, the position of the IC chairman was vacant. In June 2022 Mr. Robert Judd was reappointed as the IC chairman. The Investment Committee is fully staffed as per June 2022.

Audit Committee

In 2021, 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 directorate function 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 Fund¹. 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 2021, APS had fifteen (15) full time employees and one (1) part time employee.

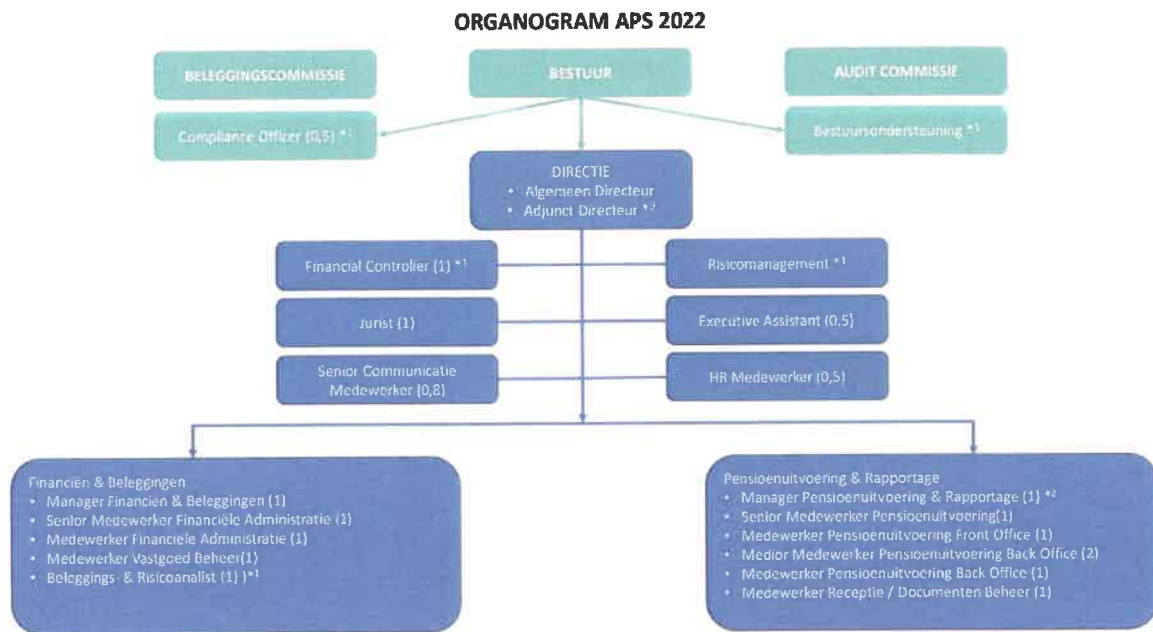
As per the end of 2021, there were no vacant positions.

The Fund consists of two (2) departments:

- Finance & Investments
- Pension Administration and Reporting

¹ Articles 17, 18 and 19 Landsverordening Algemeen Pensioenfonds (AB 2015, no. 9)





*1 Note: De Compliance Officer, Bestuursondersteuning, Risicomanagement, Beleggings- & Risicoanalist en Financial Controller 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, if 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 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, information campaigns, webinars, updates on the website and APS'



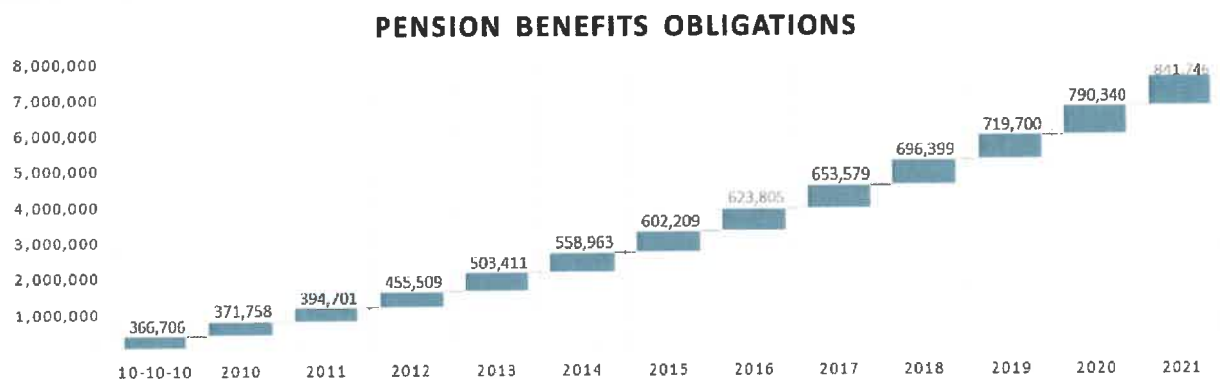
Facebook, LinkedIn and/ or Instagram, events, newsletters (internal and external) and the design of participants' annual pension overviews and other standard annual communication.

- 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 and reporting, monitoring of the budget, providing prognosis on the liquidity of the Fund, preparation of the annual report, the preparation and execution of investment opportunities, the monitoring of the existing investments and providing recommendations on the investment policy.
- The Projects Department was dissolved in August 2021. Activities related to the existing real estate projects in development are now outsourced. A new function in the Finance and Investments Department was created, namely the Real Estate Administrator, tasked with the coordination and administration of the operating real estate holdings of the Fund.

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.

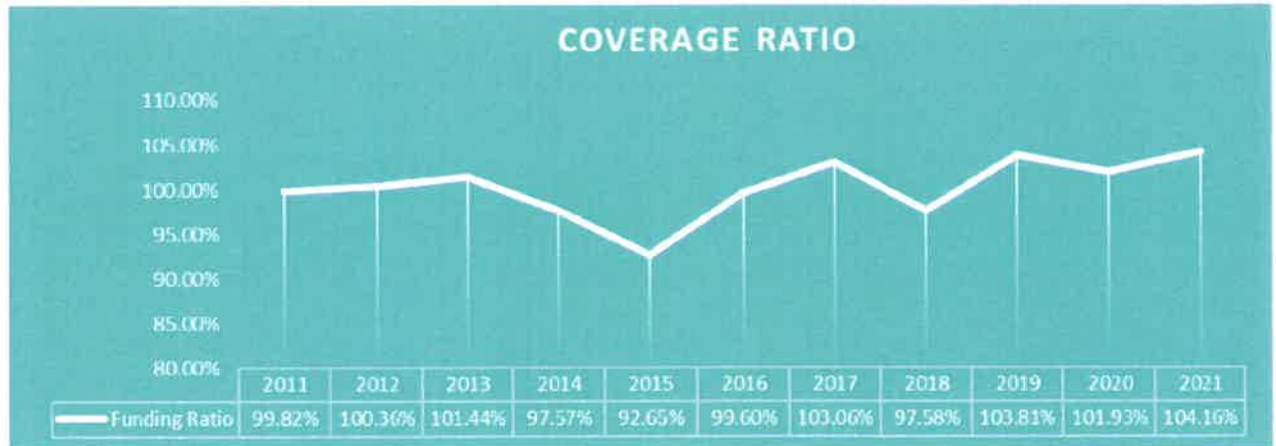
Graph 1



In 2021 the pension benefits obligations increased by ANG 51 million to ANG 842 million compared to an increase by ANG 71 million in 2020 to ANG 790 million.

1.5 COVERAGE RATIO DEVELOPMENT

The coverage ratio as per December 31, 2021, is 104.16%. 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 increased with 2.23% compared to 2020. This change is a result of but not limited to:

- the increase of the total assets with 8.08%, from ANG 815 million (2020) to ANG 880 million (2021)
- the increase of the pension benefits obligation with 6.50%, from ANG 790 million (2020) to ANG 842 million (2021). 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 7.26%.

The total net investment result is ANG 62 million in 2021, compared to ANG 51 million in 2020. This growth of invested assets in 2021 is mainly due to continued recoveries amidst COVID-19 pandemic which inevitably affected the growth of APS' international portfolio market value (investments in fixed income and equity) as well as new loan and time deposit investments in the local portfolio.

Local portfolio

In 2021 the Local invested assets portfolio yielded a year to date (hereinafter: YTD) net return of +3.54%, 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 2021 and 2022 to date of this report.

Investment properties

a) Mary's Fancy Plantation /De Castro Property

APS intends to 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.

On January 18, 2021, the Fund submitted the request for the building permit to VROMi and is awaiting approval as per reporting date. In addition, in 2021 the search for qualified restoration contractor commenced and the search and selection process for a potential operator continued. In 2022 the Fund commenced the review of the planned timeline for construction, as the timeline is dependent on the successful search and selection of an operator as well as receipt of the building permit and the necessary permissions. The global increase in material and transport prices and supply chain issues create further limitations for real estate development projects.

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 to include the future office of the Fund and residential areas.

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. The building permit was submitted in Q3 2021. Per end of 2021 progress meetings to discuss and evaluate design proposals continued. Construction is expected to start Q3 2022 conditional on the timely receipt of the building permit and successful finalization of the pre-construction phase. VROMi indicated that a response on the permit would be provided in Q2 or Q3 2022.

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.

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. In 2020, the APS Board proposed that this parcel of land be returned to Government in exchange for an alternative property as part of a new debt payment agreement. Per reporting date, the project (real estate development) remained a low priority. No proposals are being reviewed for the property. APS is still pending the feedback from the Government of Sint Maarten regarding the proposed new debt payment agreement.

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 the public as of Q3 2020 for leasing or lease-to-own and to the participants of the Fund for purchase through the APS mortgage program.

With most of the units now tenanted, the focus has shifted to property management and the launching of the homeowners' association. The official ribbon-cutting ceremony took place in March 2021. By end of year 2021 occupancy was 58 units and there were 4 vacant units. The last of the vacant units continue to be marketed.

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 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. The Harbor restarted repayment in December 2021 and continues to comply with its obligations under the Bond agreement.

b) 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 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 hurricanes Irma and Maria created extraordinary circumstances for RFA. A deferral of the interest and principal payments was therefore granted to RFA by the Lenders. Unfortunately, the market recovery and the operational measures undertaken by RFA did not yield expected results in 2019, while the COVID-pandemic in 2020 and 2021 further negatively affected RFA operations. During the period 2019 -2021, RFA was unable to maintain compliance with the conditions of the Facility Agreement and subsequent loan restructuring agreement of September 2020. Consequently, APS accrued the default interest over the periods the loan was in default. Furthermore, as the envisioned recovery of tourism and especially cruise industry did not materialize in 2021 and as a result thereof RFA remains in default as per year-end 2021 the Lenders have taken steps towards securing their interests. RFA was put on the increased monitoring and reporting schedule, Lenders appraised the value of the collateral and reenforced securities. Although, the appraised (market) value of the collateral is higher than the carrying value of the loan, due to the continuing non-performance of RFA an impairment of ANG 2.4 million has been booked in 2021.



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 the general halt in the 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 the 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. In December 2021 Maho restarted repayments of the loan and is servicing the loan according to the agreement. The Fund expects to fully recover the principal and interest of the 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 hurricanes Irma and Maria 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 costs 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 the Borrower started repayment of the Loan as per the Facility Agreement in March 2021. Due to the 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

The Fund participates in financing of the construction of the New General Hospital for Sint Maarten including medical equipment. The senior secured loan has an interest rate of 5.90% per annum and a tenor of 22 years. The first drawdown was in January 2020, to date of this report there have been five (5) drawdowns with the latest one finalizing in May 2022. Repayment of the loan is expected to commence in 2024.

e) Hop-Inn Enterprises N.V. Loan

The Fund entered into a corporate loan financing agreement with Hop-Inn Enterprises N.V. in January 2021. This senior secured loan has an interest rate of seven percent (7%) per annum which is fixed for the first five (5) years, subject to an interest floor of seven percent (7%) per annum. The tenor is 17 years. In 2021, the borrower complied with its obligations under the loan agreement. Repayment of the loan is expected to commence in 2023.

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 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 2021, there were eight (8) approved mortgages of which five (5) were finalized in 2021. The issued mortgages have tenors between nineteen (19) and thirty-five (35) 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. 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 in order to qualify for a mortgage after a 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 2021, forty-five (45) units of the Oryx Residences units had an underlying signed lease-to-purchase agreement. Five (5) units had an underlying lease agreement. Four (4) units were vacant and are actively marketed for lease, lease-to-own or sale. As such these units have been classified as an investment property (operating property).

At the end of the reporting year eight (8) of the units at Oryx Residences have been sold with a total value of ANG 3.1 million classified as mortgages.

Accordingly, the Inventories have been fully reclassified towards operating property and/or mortgages by the end of 2021.

International Portfolio

In 2021 the international portfolio had a return of 16.91%. The increase of the Fund's international portfolio market values can be attributed to the growing international equity markets in 2021.

The following global market conditions characterized 2021 and influenced the performance of the APS international portfolio:

- **Equity:** As of Q1 2021 US equity performed well. For Q1 2021 the US equity markets had a total return of 5.4%. This trend continued throughout 2021 resulting in a YTD return of 28.7%.
- **Fixed income:** In 2021 the returns for bonds moved in various directions. This was characterized by high pressure on the yields as the bonds market started to reprice the better economic outlook and expectations of rising inflation. The pressure stabilized throughout the rest of the year resulting in returns ranging from 0% till 0.2%.

The year 2021, was a good year for APS' international investments mainly due to the equity category. The APS International Portfolio exceeded 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 the annualized returns since inception per end of 2021 in the table below. The International Portfolio yielded +8.49% on average annually since inception.

International portfolio returns:

Category	Return 2021 YTD	Return 2020 YTD	Return 2019 YTD	Return since inception
Equity	19.54%	12.21%	25.72%	10.04%
Fixed income	0.16%	6.96%	9.91%	3.06%
Total	16.91%	14.56%	20.17%	8.49%

1.7 PENSION ADMINISTRATION DEVELOPMENT

The total number of registered active participants decreased from 2794 in 2020 to 2602 in 2021. The decrease was due to the change in the status of the active participants to participants with deferred rights as a result of the premium analyses policy. The average age of our active participants is 44.7 years old in 2021, this was 44.6 in 2020. 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 51 years. This is an increase from 50.7 in 2020.

In 2021 the number of pension beneficiaries increased from 1212 to 1233 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 1.1 in 2021 (2020: 1.29²). The ideal dependency ratio is two (2). Management is vigilant in monitoring the development of this ratio.

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



1.8 COMMUNICATIONS

For APS 2021, was marked by various investment developments, the lowering of the actuarial interest rate and (still) the ongoing COVID-19 pandemic. These items were of course very much reflected in APS' communication activities.

Oryx Residences remained a popular subject for the St. Maarten audience. All communications efforts surrounding the residential project were met with huge engagement. APS helped promote the units in various ways, including an event, and now nearly all of them have been leased or sold. Other investment news included Mary's Fancy and IGY Marinas. An overview of all local investments and their performance over 2020 was presented in the digital newsletter in Q2 2021.

The rise of COVID-19 cases around September 2021 prompted APS to create several (video) messages to repeat office visiting guidelines and to emphasize the importance of vaccination. As recommended by an analysis of APS' Facebook by marketing agency Livitt, APS Director Nadya Croes-van Putten was the spokesperson for these messages.

Next to responding to current events and external factors, APS also focused on its own presentation as a trustworthy, transparent, and approachable organization. On October 10, 2021, the Decennium Book was published and offered to the various pool of stakeholders APS has built up over the past years. Also, a set of animated videos was published about subjects like pension calculation, investment policy, and the actuarial interest rate. These videos remain in use for general use during f.e. introductory webinars.

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 2021 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.



Ms. Natalie Tackling
Acting Chairperson of the APS Board



Ms. Shaira Bommel
Member of the APS Board

FINANCIAL HIGHLIGHTS

	2021	2020
Associated Employers 1)	32	32 1) For a number of the associated employers not the entire staff participates in the Fund.
Number of Participants		
Active registered participants 2)	2,602	2,794 2) Registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Participants with deferred rights 3)	1,229	951 3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting year.
Pensioners	1,233	1,212
Actives/non actives participants	1.06	1.29
Participants age average		
Active participants	44.7	44.6
Non active participants	57.7	58.6
All participants	51.0	50.7
Pension administration		
All amounts are in thousand Netherlands Antillean guilders		
Actual premium 4)	18%	18% 4) The 18% premium as stated in "Landsverordening herziening pensioen Overheidsdienaren".
Pension Premiums	ANG 29,294	ANG 33,448
Pension administration expenses 5)	ANG 4,225	ANG 4,147 5) The operational expenses of the fund (including investment management expenses) are circa 0.5% of the funds' pension assets.
Pension payments	ANG 22,483	ANG 21,984
Pension premiums/pension payments	1.30	1.52

	2021	2020
Solvency		
All amounts are in thousand Netherlands Antillean guilders		
Pension assets	ANG 876,783	ANG 805,567
Minimum targeted pension assets	ANG 883,833	ANG 829,857
Pension obligation provision	ANG 841,746	ANG 790,340
Coverage ratio 6)	104.16%	101.93%
Minimum targeted funding ratio 7)	105.00%	105.00%
Total provision/provision pensioners	2.69	2.36

6) The Board-defined target for the funding ratio.

Investment portfolio

All amounts are in thousand Netherlands Antillean guilders

Equity	ANG 321,436	ANG 269,570
Fixed income	ANG 42,807	ANG 42,623
Internal Real Estate	ANG 45,459	ANG 46,864

Investment performance

Targeted return	5.50%	5.50%
Total return	7.26%	7.03%
Return domestic portfolio	3.54%	4.46%
Return international portfolio	16.91%	14.56%



FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

As at 31 December

All amounts are in thousand Netherlands Antillean guilders

	Note	2021	2020
Assets			
Property and equipment	3.8	5,271	5,273
Intangible assets	3.9	280	309
Investment properties	3.10	45,459	32,051
Financial assets:			
Investments in debt securities corporate and time deposits	3.11	177,766	180,271
Investments in fixed income and equity	3.12	344,438	269,846
Loans	3.13	88,474	72,916
Mortgages	3.13	3,110	848
Total non-current assets		664,797	561,514
Inventories	3.14	-	14,812
Accounts receivable	3.15	22,056	24,645
Other receivable	3.15	-	3,000
Accrued Interest Receivable	3.15	7,452	7,796
Short term portion of financial assets	3.16	49,000	34,000
Other current assets	3.17	164	199
Cash and cash equivalents	3.18	136,928	168,611
Total current assets		215,599	253,063
Total assets		880,396	814,577
Equity			
Reserves	3.19	15,228	27,454
Result current year	3.19	19,810	(12,226)
Total equity	3.19	35,037	15,228
Liabilities			
Pension benefits obligations	3.20	841,746	790,340
Total non-current liabilities		841,746	790,340
Accounts payable	3.21	213	572
Other payables	3.22	417	699
Accrued liabilities	3.23	2,984	7,739
Total current liabilities		3,613	9,010
Total liabilities		845,359	799,350
Total equity and liabilities		880,396	814,577

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

3.2 STATEMENT OF COMPREHENSIVE RESULT

For the year ended 31 December 2021

	Note	Year ended 31 December	
		2021	2020
All amounts are in thousand Netherlands Antillean guilders			
Revenues			
Pension premium income	3.24	29,294	33,448
Pension premium income previous years	3.24	6,244	947
Investment income	3.25	72,983	57,397
Other income	3.26	394	504
Total Revenues		108,915	92,295
Expenses			
Pension benefits payments	3.27	22,483	21,984
Investment expenses	3.28	11,163	6,384
Operating expenses	3.29	4,225	4,147
Net increase/ (decrease) in pension benefits obligation	3.20	51,406	70,640
Total expenses		89,277	103,155
Result from operating activities		19,638	(10,860)
Non operating expenses			
Financial income / (expenses)	3.30	1,484	625
Other financial income / (expenses)	3.31	(1,311)	(1,991)
Total non operating results		172	(1,366)
Result		19,810	(12,226)
Attributable to:			
To the Fund		19,810	(12,226)
Total comprehensive result		19,810	(12,226)

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

3.3 STATEMENT OF CHANGES IN EQUITY

All amounts are in thousand Netherlands Antillean guilders

	Note	Year ended 31 December Attributable to the Fund		
		Retained earnings	Total	Total equity
At January 1, 2020	3.1 / 3.2	27,454	27,454	27,454
<i>Comprehensive Income for the period</i> Result for the period	3.1 / 3.2	(12,226)	(12,226)	(12,226)
Year ended December 31, 2020	3.19	15,228	15,228	15,228
<i>Comprehensive Income for the period</i> Result for the period	3.19	19,810	19,810	19,810
Total comprehensive Result for the period		19,810	19,810	19,810
Total contributions by and distributions to the Fund		-	-	-
Year ended December 31, 2021	3.19	35,038	35,038	35,038

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



3.4 STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Note	2021	2020
All amounts are in thousand Netherlands Antillean guilders			
Cash flows from operating activities			
Result (negative) / positive		19,810	(12,226)
Adjustments for:			
Depreciation of property and equipment	3.8	91	78
Amortization of intangible fixed assets	3.9	77	28
Realized (gain) loss investment property	3.10	-	(1,514)
Unrealized (gain) loss investments in fixed income and equity	3.35	(40,356)	(26,720)
Increase in pension benefits obligations	3.20	51,406	70,640
Decrease (increase) other non-current assets		-	5,371
Mutations work capital:			
Decrease (increase) in inventories	3.14	14,812	7,618
Decrease (increase) in accounts receivable	3.15	2,589	6,751
Decrease (increase) in other receivable	3.15	3,000	(3,000)
Decrease (increase) in other current assets	3.17	35	(14)
Increase (decrease) in accounts payable	3.21	(359)	298
Increase (decrease) in other payables and accrued liabilities	3.22/3.23	(5,038)	1,481
Net cash flows from operating activities		46,068	48,791
Investing activities			
Acquisitions			
Acquisition of property and equipment	3.8	(89)	(119)
Acquisition of intangible assets	3.9	(47)	(250)
Acquisition of investment properties	3.10	(13,408)	(8,537)
Acquisition of investment in debt corporate and time deposits	3.35	(60,591)	(53,000)
Acquisition of investments in fixed income and equity	3.35	(234,623)	(238,207)
Acquisition of loans & mortgages receivable	3.35	(21,142)	(23,148)
Proceeds			
Proceeds from maturities of debt corporate and time deposits	3.35	48,096	40,478
Disinvestment of investments in fixed income and equity	3.35	200,388	236,057
Proceeds of loans & mortgages receivable	3.35	3,322	9
Interest received	3.15	344	(713)
Net cash flow from investing activities		(77,751)	(47,431)
Cash flow			
Net cash flow in cash and cash equivalents		(31,683)	1,360
Cash and cash equivalents at beginning of period	3.18	168,611	167,251
Cash and cash equivalents at end of period	3.18	136,928	168,611

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 29th, 2022.

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 5064. This consists of 2602 registered active participants, 1229 participants with deferred rights and 1233 beneficiaries.

Participants

	2021	2020
Active Participants	2,602	2,794
Participants with deferred rights	1,229	951
Pensioners	1,233	1,212
Total	5,064	4,957

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, 2021, is 104.16% 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 are currently being translated into a (new) strategic framework and strategic asset allocation.

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, 2021, 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, 2021

	2021	Actual %	Policy Target %	Difference	Allowable Range relative to target
External Equity Securities	321,436	38%	28.0%	-10%	+/- 15%
Local Equity Securities	-	0%	6.0%	6%	+/- 15%
Total Equity	321,436	38%	34.0%	-4%	+/- 15%
External Fixed Income & Money Funds	42,807	5%	12.0%	7%	+/- 5%
Local Fixed Income & Bank Time Deposits	318,350	38%	44.0%	6%	+/- 5%
Total Fixed Income	361,156	43%	56.0%	13%	+/- 5%
Internal Real Estate	45,459	5%	9.0%	4%	+/- 5%
Internal Cash	117,122	14%	1.0%	-13%	0% - 10%
Total	845,174	100%	100%	0%	N/A

A comprehensive analysis of the Fund's Asset Allocation Strategy including target asset class allocations and ranges is completed at least once every three (3) years and is presented to the Board for approval. 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.

The ALM study was completed in Q1 2021. The results of the ALM study indicated necessary adjustments in the investment policies which are currently being translated into a (new) strategic framework and strategic asset allocation.

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, 2021

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, 2021, 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.



The impact of the COVID-19 pandemic

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. The team is also responsible for executing APS' Business Continuity Plan (BCP). The scope of the BCP 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 or calamity would result in major damage (or failure) of the organization. Another major role of the CMT 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 continues to closely monitor this. The Fund is also monitoring the impact of the pandemic on the investments. The funds' international portfolio values have fully recovered since the short dip at the end of the first quarter of 2020 and continues with the upwards positive trend throughout 2021. Deferral of earnings on one loan in the local portfolio continues in 2022. However, other loans continue to meet their financial obligations.

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:



Asset Type	# of Years	Method	Residual Values
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:

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

Depreciation has been included in note 3.29 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 twelve (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 and not intended/marketed for lease/sale), Investment Property (if leased or marketed for lease/sale) 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 determines this liability in respect of eligible participants at the end of each year based on the accrued pension and the actuarial factor (life-expectancy) related to their age and gender. Excess or shortfalls to the provision is adjusted in the comprehensive income statement.

Employee benefits

b) 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 (an average pay system).

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' salary per January 1, 2021, 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. This 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 divided based on the pension benefits obligations that have been allocated to each country.



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

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

c) Measurement of defined pension benefits obligations

The calculation of the pension benefits obligations is sensitive to 'Mortality rate' and 'Actuarial assumptions'. A change in the actuarial assumptions and mortality statistics used in note 3.20 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 (3) 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

	2021	2020
Financial assets		
Cash and cash equivalents	117,122	126,263
Investments in fixed income and equity	364,243	312,193
Investments in debt securities corporate and time deposits	226,766	214,271
Loans & Mortgages	91,584	73,764
Receivables (including trade receivables)	29,672	32,640
Financial liabilities		
Amortised cost (including trade payables)	3,613	9,010

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 3.43 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, 2021, would decrease/increase by ANG 1.39 million.

c) Foreign exchange risk

The Fund's indirect currency exposure (risk) on December 31, 2021, was 4.29 percent of the total external portfolios (2020: 4.38 percent). 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 30 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
2021				
Cash and cash equivalents	136,928	-	-	136,928
Short term portion of financial assets	49,000	-	-	49,000
Accounts receivable	3,475	18,580	-	22,056
Accrued Interest Receivable	7,452	-	-	7,452
Other current assets	164	-	-	164
Other non-current assets	-	-	-	-
Loans	88,474	-	-	88,474
Mortgages	3,110	-	-	3,110
Investments in debt securities corporate and time deposits	177,766	-	-	177,766
Total	466,368	18,580	-	484,949

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
Total	467,805	21,481	-	489,285

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

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

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At December 31, 2021				
Time deposits	49,000	90,000	-	139,000
Debt securities government	3,465	11,512	18,504	33,481
Debt securities corporate	1,260	9,360	43,664	54,284
Loans & Mortgages	3,870	23,913	63,800	91,584
Total	57,595	134,785	125,969	318,350

All amounts are in thousand Netherlands Antillean guilders

	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
Division of assets APNA	-	-	-	-
Loans & Mortgages	7,880	27,690	38,194	73,764
Total	45,844	143,466	98,724	288,034

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
2021				
Accounts payable	213			213
Other payable	417			417
Accrued liabilities	2,984			2,984
Pension benefits obligations	22,483	95,653	723,610	841,746
Total	26,096	95,653	723,610	845,359

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
Total	30,994	112,906	655,450	799,350

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, 2021, the Fund had minimal counterparty risk. Three strategies had a known counterparty risk (in 2020 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 15.55 percent of the international equity portfolio (ANG 50 million of investments in equity) and 6.2 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, 2021						
	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
Financial assets						
Fixed Income	13,863	13,955	28,944	28,668	-	-
Equity	306,039	256,058	15,397	13,512	-	-
Total	319,902	270,013	44,341	42,180	-	-

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
Financial assets						
Fixed Income	13,955	97,938	28,668	7,201	-	-
Equity	256,058	168,351	13,512	-	-	-
Total	270,013	266,290	42,180	7,201	-	-

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 at least 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, actuarial interest rate, 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.

Actuarial risk is also sensitive to the change in the actuarial interest rate. Based on this rate the present value of the accrued pensions is calculated which is called the pension benefit obligations. The rate is dependent on the market conditions and fluctuations.

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 of the LHPO, 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 using 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 3.3% (2020: 4.6%) of the total assets.

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3.8 PROPERTY AND EQUIPMENT

All amounts are in thousand Netherlands Antillean guilders

	Land	Leasehold improvements	Furnitures and fixtures	Computer hardware	Equipment	Total
COST AND VALUATIONS						
At January 1, 2020						
Cost	5,040	217	249	275	42	5,823
Accumulated depreciation	-	(155)	(155)	(239)	(42)	(591)
Net book amount	5,040	62	93	37		5,232
Year ended December 31, 2020						
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	5,040	40	77	77	39	5,273
At December 31, 2020	5,040	40	77	77	39	5,273
Cost	5,040	219	258	338	88	5,943
Accumulated depreciation	-	(179)	(180)	(261)	(49)	(669)
Net book amount	5,040	40	77	77	39	5,273
Year ended December 2021						
Opening net book amount	5,040	40	77	77	39	5,273
Additions	-	2	-	67	21	89
Depreciation charge	-	(22)	(24)	(35)	(10)	(91)
Closing net book amount	5,040	20	53	109	49	5,271
At December 31, 2021	5,040	20	53	109	49	5,271
Cost	5,040	221	258	405	108	6,032
Accumulated depreciation	-	(201)	(204)	(296)	(59)	(761)
Net book amount	5,040	20	53	109	49	5,271

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



3.9 INTANGIBLE ASSETS

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

All amounts are in thousand Netherlands Antillean guilders

	Computer software	Total
COST AND VALUATIONS		
At January 1, 2020		
Cost	1,019	1,019
Accumulated depreciation	(932)	(932)
Net book amount	88	88
Year ended December 31, 2020		
Opening net book amount	88	88
Additions	250	250
Depreciation charge	(28)	(28)
Closing net book amount	309	309
At December 31, 2020		
Cost	1,269	1,269
Accumulated depreciation	(960)	(960)
Net book amount	309	309
Year ended December 2021		
Opening net book amount	309	309
Additions	47	47
Depreciation charge	(77)	(77)
Closing net book amount	280	280
At December 31, 2021		
Cost	1,316	1,316
Accumulated depreciation	(1,036)	(1,036)
Net book amount	280	280

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

	2021	2020
Mary's Fancy & De Castro Development	8,099	7,999
Professional Office Development	10,380	9,520
Parking Lot Development	4,858	4,857
Oryx Investment Property (Welgelegen)	22,121	9,675
Total	45,459	32,051

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. 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 3.25). 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 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 3.7 million and is included in the value of the Mary's Fancy Development.

As per the end of 2021, the property is not yet operational. The new construction is intended to optimize the future commercial use of the property. See section 1.6 for status of this development.

The value of the Mary's Fancy property was re-evaluated in June 2020 while De Castro property was appraised in May 2021. The appraised value of the two parcels is in line with the value carried on balance per December 31, 2021, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2021, 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, 2021, no material improvements nor deteriorations occurred on the property. The rental income on which the appraised value was based in March 2020 is in line with the rental income as per December 2021. Therefore, the appraised value is in line with the value carried on balance per December 31, 2021, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2021, 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 403K. This amount is included in the value of the property. As per the end of 2021, 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 in 2022, however due to the nature of the property (land only) the Fund estimates that the carrying value of the property per December 31, 2021, is in line with its fair value.

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.

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.

Lease

Per year end there were five (5) 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, 2021, there were 45 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. 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

	2021	2020
Debt securities corporate	87,766	90,271
Time deposits	139,000	124,000
Less: current portion investments	(49,000)	(34,000)
Total	177,766	180,271

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 103 million (2020 ANG 108 million) and for the Time deposits ANG 120 million (2020 ANG 117 million). The fair value has been calculated by discounting future expected cash flows of these investments at a discount rate of 3.25%.

3.12 INVESTMENTS IN FIXED INCOME AND EQUITY

Investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Fixed Income	42,332	38,011
Equity	302,106	231,835
Total	344,438	269,846

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

	2021	2020
RF Adventure St. Maarten N.V. Finance	15,438	16,704
Maho Hotel Operations B.V. Finance	34,447	39,484
Paradise Bay Resort N.V. Finance	6,250	12,811
SMMC Finance	3,538	2,821
HOP-INN Enterprises N.V. Finance	28,800	-
SXM Investment Agency B.V. Finance	-	1,096
Total Loans	88,474	72,916
Mortgages Oryx Residences	3,110	848
Total Mortgages	3,110	848

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 was extended with 8 months due to 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 the expected results in 2019, while COVID-pandemic in 2020 and 2021 further negatively affected RFA operations. During the period 2019 -2021 RFA was unable to comply with the conditions of the Facility Agreement and subsequent loan restructuring agreement of September 2020. Consequently, as per Facility Agreement APS accrued the default interest over the periods the loan was in default. Furthermore, as the envisioned recovery of tourism and especially cruise industry did not materialize in 2020 and 2021, the Lenders have taken steps towards securing their interests. RFA has been put on the increased monitoring and reporting schedule and the enders appraised the value of the collateral and reenforced securities. Although, the appraised (market) value of the collateral is higher than the carrying value of the loan, due to the continuing non-performance of RFA an impairment of ANG 2.4 million has been booked in 2021 (note 3.28).

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, the COVID-19 pandemic continues to affect the hotel business and Lenders have increased monitoring of the performance of the Borrower and the loan performance. In December 2021, Maho restarted the repayments of the loan and is servicing the loan according to the agreement. The Fund expects to fully recover the principal and interest of the Loan.

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 finalization of the construction was delayed as well as the loan repayment, which started in Q1 2021. Due to the extended negative effects of the COVID-19 pandemic on the global and local economy, 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.

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 5.90% per annum and a tenor of 22 years. The first drawdown was in January 2020, the following four drawdowns occurred in June, October and December 2021 and May 2022. To date of this report eleven percent (11%) of the APS loan commitment to SMMC has been utilized. The Fund expects that the loan will be fully utilized over the next two years. Repayment of the loan is expected to commence in 2024.

Hop-Inn Enterprises N.V. Loan

The Fund entered into a corporate loan financing agreement with Hop-Inn Enterprises N.V. in January 2021. This senior secured loan has an interest rate of seven percent (7%) per annum which is fixed for the first five (5) years, the interest rate will be reset for another period of five (5) years at the basis of 500 basis points over the five (5) years US Treasury subject to an interest floor of seven percent (7%) per annum. The tenor is 17 years. Repayment of the loan is expected to commence in 2023.

SXM Investment Agency Loan (SMIA):

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 was 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.

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, was 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) was under discussion per year end 2020, the Fund's full investment in SMIA was recorded as a loan to SMIA.



Following further analysis in 2021, it was concluded that the cost incurred by APS in the preparatory phase prior to the formal establishment of SMIA (period 2018- April 28, 2020), should not be included in the loan to SMIA. These prior years expenses have therefore been removed from the SMIA loan in 2021 and recorded as an expense for the Fund under SMIA loan adjustment (note 3.31).

Furthermore, due to various factors, mainly the economic downturn during 2020 and 2021 as a result of the COVID-19 pandemic, SMIA did not generate income as initially expected. The Fund, therefore, needed to finance the additional operational costs of SMIA in 2021. Per end of year 2021 the prospects of SMIA being able to repay APS' initial investment through its operations or capital contribution of a third party (additional shareholder) are considered low. The Fund is currently considering restructuring the full investment in SMIA since establishment until year end 2021 and awaiting a final decision in 2022 recorded an impairment of the entire investment to date as a business loan expense (note 3.28). As such, per December 31, 2021, the loan to SMIA is fully impaired.

Mortgages Oryx Residences:

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

3.14 INVENTORIES

The book value of the inventories are as follows:

Inventories

All amounts are in thousand Netherlands Antillean guilders

	<i>2021</i>	<i>2020</i>
Welgelegen Development	-	14,812
Total	-	14,812

In 2021, the fund has no inventories. The inventories amount per year end 2020 relates to the units of the Oryx Residences investment property that have not been sold or leased as per year end 2020. The four (4) unsold/vacant units per year end 2021 are actively marketed for sale/lease and are expected to be tenanted in the short term. As such, these units have been reclassified to the investment properties.

3.15 ACCOUNTS RECEIVABLE

The book value of the accounts receivable are as follows:

Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Pension contribution/DT/VUT receivables	22,056	24,645
Total	22,056	24,645

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. APS provided answers and clarifications to the Minister in September 2021 and remains pending the Minister's decision regarding this matter and/or any further questions and/ or comments he might have.

Other receivables

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Other receivables	-	3,000
Total	-	3,000

This amount was the balance of the receivable from APC. This amount has been written off. See note 3.31 for more details.

Accrued Interest receivables

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Accrued Interest receivables	7,452	7,796
Total	7,452	7,796

Accrued interest receivables comprise the amounts receivable for the debt securities corporate, loans and fixed income investments. The decrease of the accrued interest receivable in 2021 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. In addition, the reduction is due to the repayment of loans and debt securities and the capitalization of unpaid interest.

3.16 SHORT TERM PORTION OF FINANCIAL ASSETS

Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Time deposits	49,000	34,000
Total	49,000	34,000

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

3.17 OTHER CURRENT ASSETS

The book value of other current assets is as follows:

Other current assets

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Prepaid expenses	77	117
Deposits	59	63
Other receivables	28	19
Total	164	199

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.

3.18 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

	2021	2020
Local banks	117,122	126,263
International banks	19,805	42,348
Total	136,928	168,611

3.19 EQUITY

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
Year ended December 31, 2020	15,228	15,228
<i>Result</i>		
(Negative)/positive result current year	19,810	19,810
Year ended December 31, 2021	35,038	35,038

3.20 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

	2021	2020
Pension obligation beginning of the year	790,340	719,700
Net increase in pension obligation	51,406	70,640
Pension obligation end of the year	841,746	790,340

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

- The salary for January 1, 2021, is used for the calculation of the present value of the pension obligations;
- Actuarial return of 3.25%;
- 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:

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.

3.21 ACCOUNTS PAYABLE

Accounts payable

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Accounts payable	213	572
Total	213	572

3.22 OTHER PAYABLES

Other payables

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Salaries payable	-	176
Wage tax payable	175	263
AOV/AWW payable	17	31
AVBZ payable	32	40
ZV / OV payable	3	3
Premium SZV payable	161	161
TOT payable	7	4
Withholdings	20	22
Total	417	699

3.23 ACCRUED LIABILITIES

Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Deposit	89	89
Accrual Audit Fee	71	38
Accrual Vacation Days	30	49
Accrual Vacation Pay	45	61
Other Accruals	592	148
Premiums Received in Advance 2021	115	4,359
Premiums Received in Error	2,042	2,996
Accrued Liabilities	2,984	7,739

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, 2021. This excess was 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.

In 2021 the Fund executed its new premium analysis policy; the policy aims to provide the fund with tools to ensure the accuracy of the pension administration and describes how the analysis will be executed and provides additional assurance on the completeness and accuracy of the pension administration.

One of the results of this new policy is that the premiums received in advance are now significantly lower than in previous years. The policy provides guidelines that if the employer does not provide the relevant documentation within a predefined timeline, the premiums received will be classified as received in error. Furthermore, the policy also advises on a timeline for premiums received in error. The aim is to have this category also as low as possible.

3.24 PENSION PREMIUM INCOME

Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Regular pension premium contribution	29,413	33,675
Other contributions		
Contribution premium BB	29	40
Contribution premium WW	11	(48)
Premium restitution	(160)	(219)
Payback premium WW		
Total	29,294	33,448
Contribution previous years	6,244	947
Total	6,244	947

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 30 million.

As of July 1, 2020, the Fund is invoicing the total pension premium contributions at 18% of the gross salary as stated in the revised LHPO.

Contributions from previous years are pension premiums invoiced in the current financial year for past periods. These are premiums received for participants who were retroactively registered with the Fund; various employers are late in providing the necessary documents to register the participants in the Fund. The significant increase compared to 2020 is attributable to the execution of the premium analysis policy. The affiliated employers provided the necessary documentation to have the files completed and have participants properly registered and process various mutations.

3.25 INVESTMENT INCOME

Investment income

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Investment properties income	1,396	2,174
Debt securities income	5,069	5,667
Income investments in fixed income and equity	56,856	42,124
Income loans	5,676	3,940
Mortgages	163	130
Time deposits income	3,822	3,363
Total	72,983	57,397

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 in 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 increase in the Income investments in fixed income and equity can be attributed to the recovery of the markets and APS portfolio in 2021, compared to 2020. Gains or losses arising from changes in the fair value are 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.

3.26 OTHER INCOME

Other income

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Late payments penalty contributions	394	504
Total	394	504

The amount of the legal interest (3.00%) charged to the affiliated employers for the late payments of contributions or other outstanding amounts.

3.27 PENSION BENEFITS PAYMENTS

Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Retirement pensions	20,014	19,568
Widow pensions	1,749	1,654
Orphan pensions	118	102
Disability pensions	403	400
Smartegeld	129	146
Pension lumpsum	61	120
Other	9	(7)
Total	22,483	21,984

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

3.28 INVESTMENT EXPENSES

Investment expenses

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Investment management expenses	1,586	1,788
Investment properties expenses	993	436
Business Loan expenses	3,682	-
Mortgage expenses	113	180
Expenses investments in fixed income and equity	4,790	3,980
Total	11,163	6,384

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 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 increased expenses are mainly the result of higher costs related to the Oryx Residences.

Business loan expenses

This line item relates to the partial impairment of the RFA loan and the SXM Investment Agency (SMIA) loan.

For the RFA loan, an impairment of ANG 2.4 million is booked in 2021 to reflect potentially uncollectable accrued and capitalized interest. The impaired amount is estimated based on the pro-rata shortfall of the latest appraised auction value of the collateral used as a security for the loan. Although the appraised market value of the collateral remains higher than the total outstanding RFA loan balance, management considers it prudent to record an impairment based on auction value, due to the continuing inability of RFA to service its obligations under this loan.

The SMIA Loan is impaired in the amount of ANG 1.3 million per December 31, 2021. More details on the SMIA loan impairment can be found in note 3.13.

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

	2021	2020
Investment manager commission	4,654	3,491
Other investment (income) / expenses	135	489
Total	4,790	3,980

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 total blended 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.



3.29 OPERATING EXPENSES

Operating expenses

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Direct personnel expenses	2,427	2,699
Indirect personnel expenses	98	108
Office expenses	141	120
Housing expenses	269	261
Travel & Publicity expenses	137	73
Depreciation expenses	168	106
Automation expenses	368	335
Professional services expenses	1,314	1,616
Project team expenses	99	191
Board, Investment & Audit committee expenses	689	405
Other general expenses	101	22
Allocation to investment management expenses	(1,586)	(1,788)
Total	4,225	4,147

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 2022 pension contribution will amount to ANG 234,000. This cost is part of the direct personnel expenses.

The cost in 2021 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

	2022	2021
Pension contribution	234	251
Total	234	251

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

	2021	2020
Office rent	149	149
Equipment rental	8	9
Total	157	158

The Fund has no other lease agreements.

Allocation to investment management expenses

A portion of the 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 3.28). 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.

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

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Bank charges	(62)	(91)
Exchange differences	(63)	(47)
Interest income (expenses)	1,609	762
Total	1,484	625

The Fund had four (4) interest bearing current / call deposit accounts per December 31, 2021. The cash position on these accounts has increased resulting in an increase of bank interest for the Fund.

3.31 OTHER FINANCIAL INCOME/ EXPENSES

Other financial income / (expenses)

All amounts are in thousand Netherlands Antillean guilders

	2021	2020
Opening balance adjustment	17	345
Difference APC and APS	(869)	(2,336)
SMIA loan adjustment	(459)	-
Total	(1,311)	(1,991)

Opening balance adjustment

This adjustment comprises prior years' income related to Oryx Residences. The Fund's income from Oryx residences is recorded in the comprehensive result as part of investment income, refer to 3.25 for more details.

Difference APC and APS

In 2021, further analysis of the difference with APC resulted in a correction of ANG 869 thousand, this was ANG 2 million in 2020. The correction is due to the allocation of the amount to APS based on the arrangements in the division of the provision and pension liabilities for the pension funds (APC, PCN and APS). The analysis concluded that the amount, represented in premiums, were part of the payment of the settlement by APC in 2017.

SMIA loan adjustment

APS is the sole shareholder of SMIA and as such preparatory, establishment and start-up phases of SMIA were funded by APS and recorded as loan to SMIA in 2020. Subsequently to further analysis in 2021, it was concluded that the cost incurred by APS in the preparatory phase prior to the formal establishment of SMIA, should not be included in the loan to SMIA. These prior years expenses have therefore been recorded as an expense for the Fund in 2021 under SMIA loan adjustment.

3.32 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 gain of ANG 20 million for the year ended 2021, 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 104.16% which exceeds the minimum of 100%.

3.33 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

	Dec 31, 2021	Dec 31, 2020
Development Projects	13	7
Local investments	28	29
Total	42	36

Development Projects

The Fund has several real estate development projects on hand. The projects have been described in detail in section 3.10 of the statement.

Local investments

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

(b) Other commitments

All amounts are in thousand Netherlands Antillean guilders

	Dec 31, 2021	Dec 31, 2020
No later than 1 year	1,965	1,801
Total	1,965	1,801

The Fund has a contract for the pension program 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.

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

3.34 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

	2021	2020
Board compensation	110	125
Investment Committee's compensation	50	48
Audit Committee's compensation	-	-
Salaries key management		
Short term benefits key management	341	336
Pension contributions key management	33	43
Other long term benefits key management	19	17
Total	554	570

The decrease compared to 2020 is mainly due to the positions for the Audit Committee not being filled as per Board decision and the vacancies of 2 Board members as per year ended 2021.



3.35 INVESTMENTS HELD AT THE BEGINNING AND END OF THE PERIOD

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2020	Increase through investments	Decrease through disinvestments / amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2021
Investment properties					
Land & Buildings	27,919	12,446	-	-	40,365
Investment property	4,132	961	-	-	5,094
Inventory	14,812	353	(15,165)	-	-
Sub-total	46,864	13,761	(15,165)	-	45,459
Investments in debt securities corporate and time deposits					
Debt security corporate	90,271	1,341	(3,846)	-	87,766
Time deposits	124,000	59,250	(44,250)	-	139,000
Sub-total	214,271	60,591	(48,096)	-	226,766
Loans					
Loans	72,916	15,558	-	-	88,474
Sub-total	72,916	15,558	-	-	88,474
Mortgages					
Mortgages	848	5,584	(3,322)	-	3,110
Sub-total	848	5,584	(3,322)	-	3,110
Investments in fixed income and equity					
Fixed income	42,623	9,121	(5,943)	(2,994)	42,807
Equity	269,570	225,503	(194,445)	20,808	321,436
Sub-total	312,193	234,623	(200,388)	17,814	364,243
TOTALS	647,091	330,117	(266,971)	17,814	728,051

3.36 EVENTS AFTER THE REPORTING DATE

(a) 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 continue to be translated into (new) strategic framework and strategic asset allocation in 2022.

(b) CBCS approval of international transfer

In May 2022 APS received license to transfer a portion of its excess liquidity from the local portfolio to the international portfolio. The transfer will improve APS asset allocation and will allow the Fund to generate higher investment returns.

(c) Princess Juliana International Airport Operating Company N. V. (PJIAE) - USD 90 million senior secured term loan

In May 2022 the Fund participated with USD 18.5 million in the refinancing of the Fixed Rate Senior Secured Notes and funding of a general contingency reserve fund for PJIAE. The loan has a fixed interest rate of 4.75% and two (2) tranches with maturity of five (5) and ten (10) years respectively. The new senior secured loan will have positive impact on APS' local portfolio returns in the coming years. At the same time the loan was an important milestone for PJIAE and will have significant positive effect on the financial strength of PJIAE and by extent the island on Sint Maarten.

(d) Appointment of the IC Chairman

At the end of 2021, the position of the IC chairman was vacant. In June 2022 Mr. Robert Judd was reappointed as the IC chairman. The Investment Committee is fully staffed as of June 2022.



INDEPENDENT AUDITOR'S REPORT

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

Reference: HEB/67.377.0/47344

Grant Thornton Sint Maarten
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Philipsburg
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Independent Auditor's Report

Report on the financial statements included in the annual report

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 2021, 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 2021 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 2021;
2. the statement of comprehensive result 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 14.9 million which are currently overdue and unpaid. For the settlement of the overdue and unpaid balance amounting to ANG 14.8 million no agreement has been reached yet. Therefore, in absence of further information, we have not been able to obtain sufficient and reliable audit evidence with respect to the valuation of the related receivables. The possible effect on the accounts receivable and the related accounts is unknown.

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

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

Independence

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

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the APS Board report.

Based on the procedures performed as set out below, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of International Standards on Auditing 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Management is responsible for the preparation of the other information.

Responsibilities for the financial statements and the audit

Responsibilities of management and the board 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements.

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

the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit in accordance with International Standards on Auditing (ISAs), ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- 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 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 June, 2022
Grant Thornton St. Maarten



Herbert Beldman AA RA CIA

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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 2021.

Onafhankelijkheid

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

Gegevens

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

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

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

30 juni 2022
Ref.: HDR/656777/P220482

Werkzaamheden

Oordeel

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

De ontvangen premie is voldoende om de toegekende aanspraken in 2021 te financieren. De ontvangen premie is daarmee tevens voldoende als rekening wordt gehouden met de solvabiliteitsopslag van 15%.

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

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

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

Amstelveen, 30 juni 2022



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





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Yogesh Commercial Complex Unit 1A/1B
A.J.C. Brouwersweg #4 Cul-de-Sac
Sint Maarten
Dutch Caribbean

www.apsm.org

A handwritten signature in blue ink, consisting of a stylized 'Y' and 'S' intertwined, followed by the initials 'AT'.