



ALGEMEEN PENSIOENFONDS  
SINT MAARTEN



ANNUAL REPORT 2023

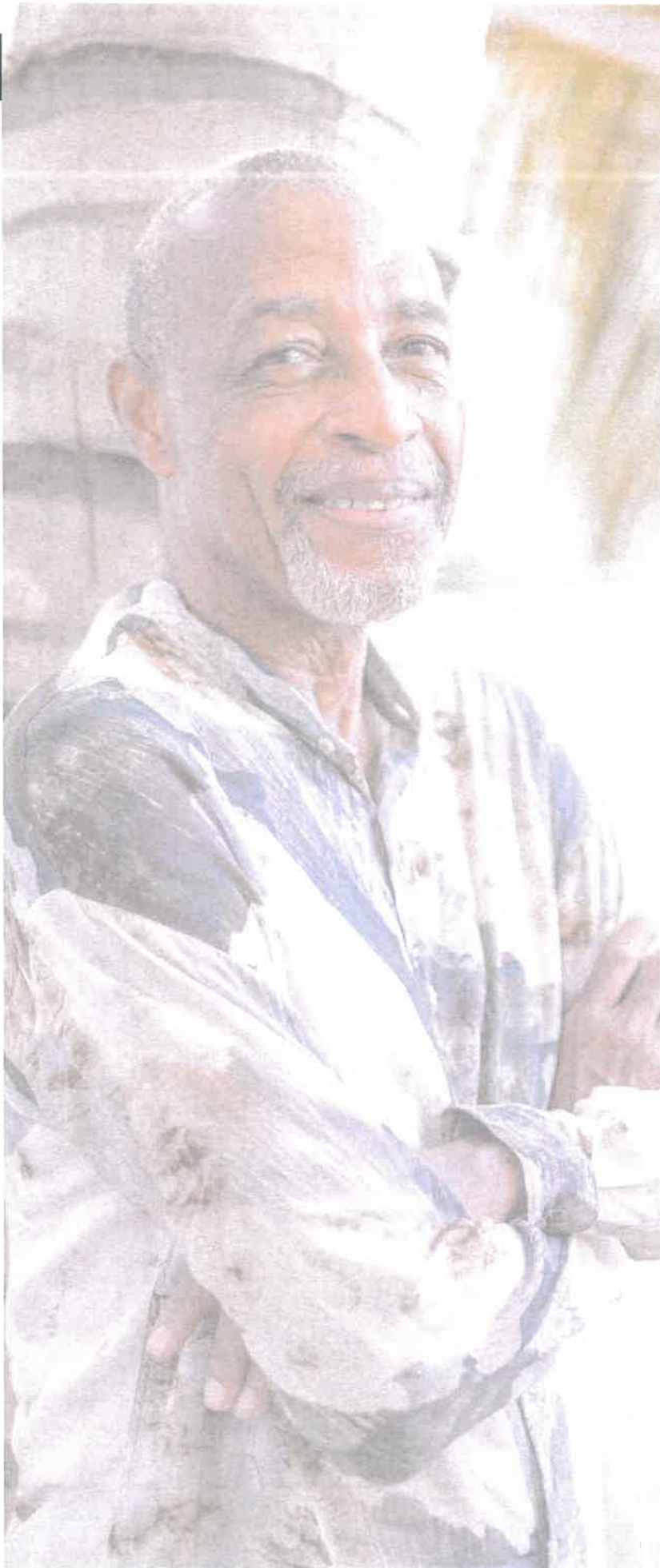


*S. M.*



ALGEMEEN PENSIOENFONDS  
SINT MAARTEN

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 2023



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## APS BOARD REPORT

Dear Participants and Stakeholders,

We are delighted to present the annual statements of Algemeen Pensioenfonds Sint Maarten (APS) for 2023. This year has been marked significant financial growth and strategic developments aimed at enhancing the services and benefits we provide to our valued participants.

Financially, 2023 was a positive year for APS. The value of our investment portfolio saw a substantial increase due to favorable developments in international financial markets. Additionally, the actuarial interest rate rose. These factors combined to improve APS's financial position, which saw an increase of over 10 percentage points compared to 2022. By the end of 2023, the coverage ratio stood at 109.09%.

As a result of the higher interest rate, the pension accrual rate will increase by 0.25 percentage points to 2% of the pension base in 2024. This means that all participants will accrue more pension in 2024 compared to the 1.75% of the pension base in 2023. It is important to note that if the interest rate decreases, the accrual rate may need to be reduced in future years, as APS is dependent on financial market developments.

Thanks to the favorable financial position, APS can, for the first time since the amendment of the Pension Ordinance, index the pensions of retirees, as well as the pensions of inactive participants and active participants.

Regarding local investments, we devoted considerable time and attention in 2023 to establishing a robust organization to objectively assess and realize local investments. The Sint Maarten Investment Company (SMIC) evaluates financing requests and proactively seeks potential investments in Sint Maarten. This setup contributes to an efficient workflow and effective risk management. APS aims to build a solid local investment portfolio that adheres to the pension fund's investment guidelines and leads to successful and profitable projects in Sint Maarten.

The organization of APS has been strengthened with the addition of Robert-Jan James as a board member representing the BGNAA. With the expected appointment of the CCSU-nominated board member, the board will be at full strength for the first time in a long while in 2024. Along with the appointment of Oscar Williams as General Director, the board is confident about the future of APS.



In conclusion, the APS board remains committed to continuous improvement. We will keep enhancing our expertise, optimizing our governance processes, and making informed decisions to benefit our participants. Our focus will also be on sustainable growth, innovation and delivering tangible benefits to our participants. We are committed to being a reliable and forward-thinking partner to all our stakeholders.

We extend our heartfelt appreciation to our participants, stakeholders, and dedicated staff for their continuous support and trust in APS. Together, we will continue to build a secure and prosperous future.

Sincerely,



Ms. Nathalie Tackling  
*Chairperson of the APS Board*



Mr. Emilio Kalmera  
*Acting Chair of the APS Board*

## 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.

In 2023, APS experienced fluctuations in the value of its total assets, which increased from ANG 824 million to ANG 899 million. This development was mainly due to a recovery in the international financial markets, as reflected in the international portfolio.

APS focused on the local investments and the way APS manages them. Based on a comprehensive review, the board decided to change the set-up of the SXM Investment Agency and appoint a professional asset manager to select new investments and manage much of APS' local investment portfolio. The SXM Investment Agency (hereinafter: SMIA) was formally established as an independent entity (BV) under the laws of Sint Maarten on April 28, 2020. The board appointed The Curaçao Financial Group as asset manager and decided to change its name to The SXM Investment Company (hereinafter: SMIC). The board is confident that appointing an external manager will allow it to further optimize investment returns on the local portfolio.

Some changes were also made to the international investment portfolio. For example, some investment strategies were sold, and new strategies purchased to better align the portfolio with APS' investment beliefs and new strategic long-term investment policy.

### Funding Ratio

The coverage ratio of APS has developed positively 2023 from 98.86% to 109.09%. The funding ratio is determined by the development of the investments and the development of the liabilities. In addition to the growth of the invested capital to ANG 899 million, the development of the actuarial interest rate from 3.5% to 3.75% also had a favorable effect on the funding ratio.

The funding ratio is sufficient to realize indexation of pensions and pension entitlements. As such, the pension accrual for 2023 will increase from 1.75% to 2.00% of the pension base per year of service. The accrual percentage can only be increased to 2% if the required actuarial contribution is lower than 18% of the salary sum.

### Governance

On August 17, 2023, Mr. Robert-Jan James was appointed as board member of APS by the Minister of Finance. Mr. James represents the "Bond voor Gepensioneerden van de Nederlandse Antillen en Aruba" (BGNA).



The board of APS expects the appointment of the representative of the Committee for Civil Servants Unions (CCSU) within a short period. With that appointment the board will be complete with five board members.

Mr. Oscar Williams has been appointed as General Director by the board of APS per October 1, 2023. Mr. Williams succeeds Mrs. Van Putten, who has fulfilled the function of General Director since 2016. Mr. Williams is well acquainted with APS as he has been with APS since 2012, most recently as Deputy Director.

APS has appointed Ms. Emmely de Haan as Compliance Officer per September 1, 2023.



## 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.

### 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.

### 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
- Approachable: A professional and pleasant environment is prevalent in the Fund which results in employers, participants, and partners 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, 2023, the composition of the APS Board (hereinafter: Board) was as follows:

Name:	Position:	Nominated by:	"Landsbesluiten"
Ms. Nathalie M. Tackling	Chairperson / Member	The Board of APS	LB-23/005
Mr. Robert-Jan M. X. James	Member	Association of Pensioners of the former Netherlands Antilles and Aruba	LB-23/0434
Ms. Shaira R. Bommel	Member	Corporate Governance Council	LB-22/0669
Vacant	Member	Civil Service Consultative Committee	N/A
Mr. Emilio S. Kalmera	Acting Chairperson / Member	The Minister of Finance	LB-21/0449

As per the date of this report the position for the board member nominated by the Civil Service Consultative Committee is vacant. The Civil Service Consultative Committee has committed to nominating a candidate Board member in the short term.

#### 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, 2023, the composition of the IC was as follows:

Name:	Position:	"Ministeriële Beschikking"
Mr. Robert Judd	Chairman / Member	MB no. 2022/611
Mr. Charles Thomas	Member	MB no. 1508/2019
Ms. Myrtille Brookson	Member	MB no. 2023/727

#### Management of the Fund

The daily operation of APS is overseen by the managing director Mr. Oscar Williams, the position of deputy director is vacant. Both functions together form the APS directorate. Both report to the APS Board and their performance is evaluated yearly by the Board.

**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 functions 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (hereinafter: IFRS). The Fund has appointed a certified actuary Willis Towers Watson (hereinafter: WTW) who certifies the pension administration and provides an actuarial statement.

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

**Supervision of the Fund**

The Minister of Finance is ultimately responsible for the Fund<sup>1</sup>. In this regard the Minister of Finance approves the annual budget, presents the approved budget to Parliament, and formalizes additional supervisory rules based on the advice of the CBCS.

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

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

**Structure of the Fund**

At the end of 2023, APS had ten (10) full time employees and one (1) part time employee.

As per the end of 2023, there were two vacant positions.

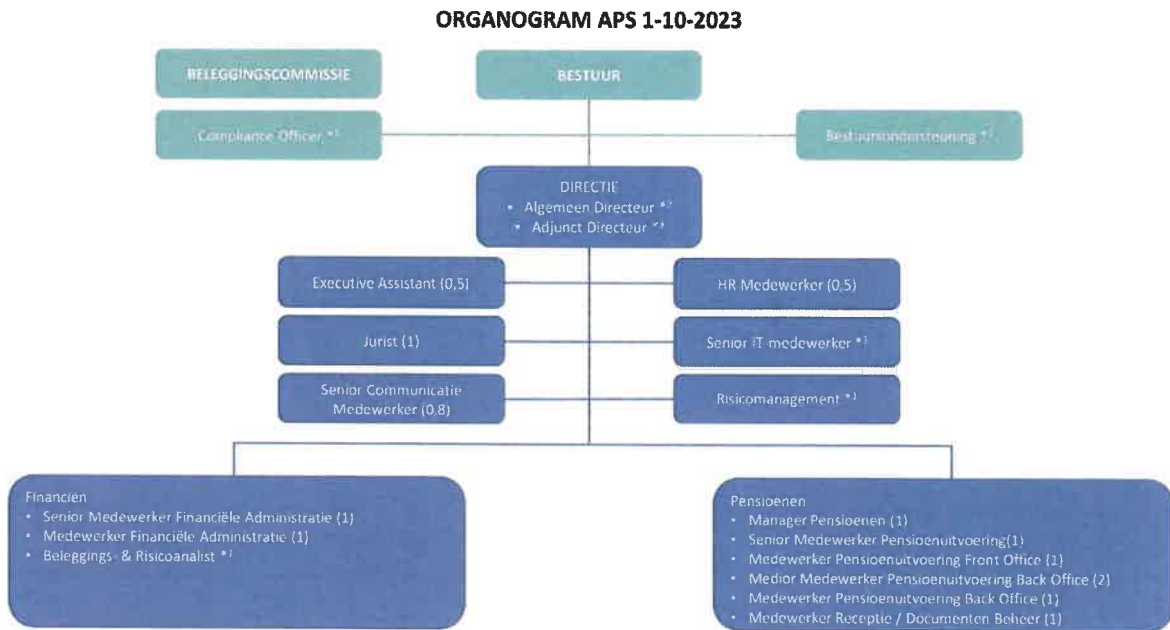
The Fund consists of two (2) departments:

- Finance
- Pensions

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





\*1 Note: De Compliance Officer, Bestuursondersteuning, Risicomanagement, Senior IT- Medewerker, Beleggings- & Risicoanalist betreffen uitbestede functies.

\*2 Note: De Algemeen Directeur heeft de volgende portefeuille: Risicomanagement, IT en Pensioenuitvoering & Rapportage

\*3 Note: De Adjunct Directeur stuurt de afdeling Financien & Beleggingen aan en heeft voor het overige de volgende portefeuille: HR, Directie Secretariaat, Legal, Communicatie

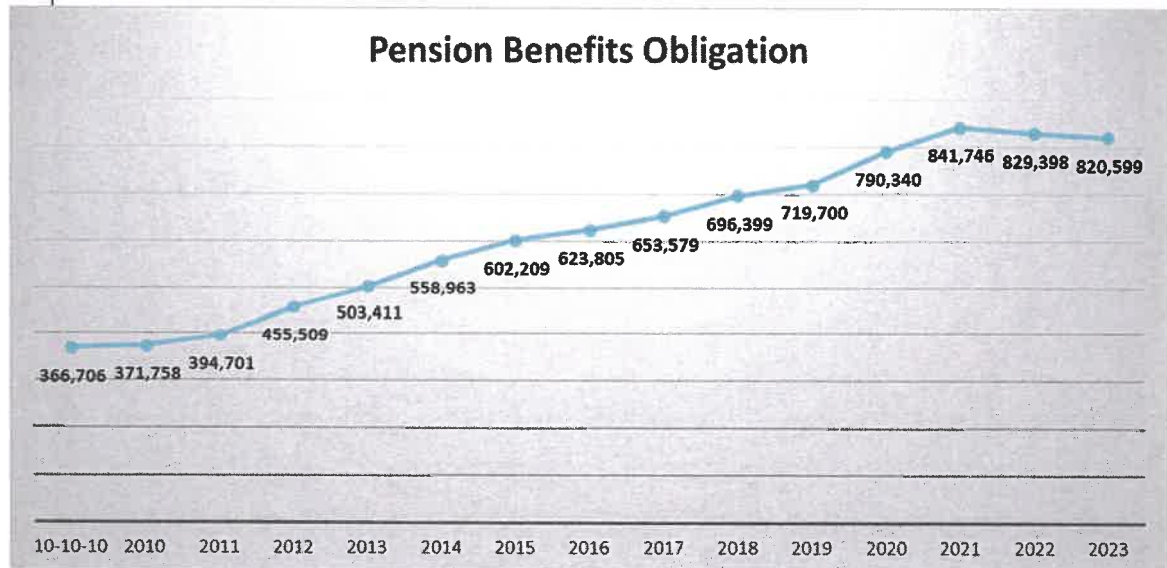
- The IC advises the APS Board on the overall investment policy and guidelines as well as different investment opportunities.
- The Compliance Officer oversees the corporate compliance of the Fund, functions independently and objectively. The responsibilities also include reviewing and evaluating compliance issues/concerns within the organization.
- The managing 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 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 the 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 communication.
- The Pensions Department: The activities include the calculation and allocation of the various pensions to its participants, the administration of the participants and the actuarial/financial analyses for the actuarial reports.
  - The Finance Department activities include the collection of premiums, payments to beneficiaries, financial administration, financial analysis 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.

#### 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.

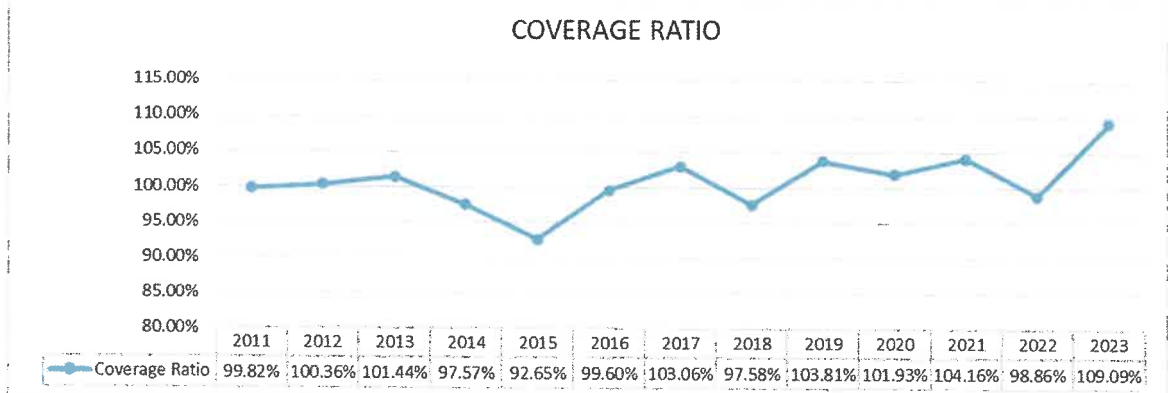
Graph 1



In 2023 the pension benefits obligations decreased by ANG 8.8 million to ANG 821 million compared to a decrease of ANG 12 million in the prior year.

## 1.5 COVERAGE RATIO DEVELOPMENT

The coverage ratio as per December 31, 2023, is 109.09%. 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 by 10% compared to the prior year. This change is mostly the result of but not limited to:

- the increase of the total assets with 9%, from ANG 824 million (2022) to ANG 899 million (2023)
- the decrease of the pension benefits obligation with 1.06%, from ANG 829 million (2022) to ANG 821 million (2023). Refer to § 3.19 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 8.70%.

The total net investment result is ANG 71 million in 2023, compared to negative ANG 61 million in 2022. This increase of invested assets in 2023 is mainly due to a strong recovery of the market value of the international portfolio.

### Local Portfolio

In 2023, the Local invested assets portfolio yielded a year-to-date (hereinafter: YTD) net return of +4.57%, including cash. This exceeds the LSIP annual policy return target of 4.27% for local invested assets. Reference is made to § 3.10, 3.11 & 3.13 for more details on the investments that comprise the local portfolio.

### International Portfolio

In 2023, the international invested assets portfolio yielded a YTD net return of had return of 14.74%. This exceeds the LSIP annual policy return target of 14.06%. Reference is made to § 3.12 for more details on the international invested assets.

### 1.7 PENSION ADMINISTRATION DEVELOPMENT

The total number of registered active participants decreased from 2529 in 2022 to 2519 in 2023. The average age of our active participants is 45.4 years old in 2023, this was 45.3 in 2022. 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 52 years. This is an increase from 51 in 2022.

In 2023 the number of pension beneficiaries increased from 1224 to 1255 with most of the pensions being senior pensions. A number of these pension beneficiaries are persons that requested their pension retroactively.

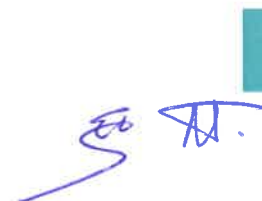
Despite the increasing number of pension beneficiaries in the Fund, the system dependency ratio remains positive but has slightly decreased to 1.2 in 2023 (2022: 1.1<sup>2</sup>). Management is vigilant in monitoring the development of this ratio.

### 1.8 COMMUNICATIONS

In 2023, the communications strategy has been revised and approved, along with an outline of the main communication activities for the coming three years.

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



## FINANCIAL HIGHLIGHTS

	2023	2022
<b>Associated Employers</b> 1)	32	32
		1) For a number of the associated employers not the entire staff participates in the Fund.
<b>Number of Participants</b>		
Active registered participants 2)	2,519	2,529
		2) Registered employees of an associated employer who contributed premiums to the pension fund during the reporting year.
Participants with deferred rights 3)	1,507	1,409
		3) Former employees of an associated employer who have accrued pension, however no longer contributed pension premiums during the reporting year.
Pensioners	1,255	1,224
Actives/non actives participants	0.91	0.96
<b>Participants age average</b>		
Active participants	45.4	45.3
Non active participants	57.8	57.3
All participants	51.9	51.4
<b>Pension administration</b>		
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 29,411	ANG 29,378
Pension administration expenses 5)	ANG 4,008	ANG 3,450
		5) The operational expenses of the fund (including investment management expenses) are circa 0.5% of the funds' pension assets.
Pension payments	ANG 22,862	ANG 22,645
Pension premiums/pension payments	1.29	1.30



	2023	2022
<b>Solvency</b>		
All amounts are in thousand Netherlands Antillean guilders		
Pension assets	ANG 895,187	ANG 819,935
Minimum targeted pension assets	ANG 861,629	ANG 870,868
Pension obligation provision	ANG 820,599	ANG 829,398
Coverage ratio 6)	109.09%	98.86%
Minimum targeted funding ratio 7)	105.00%	105.00% 6) The Board-defined target for the funding ratio.
Total provision/provision pensioners	2.77	2.80
<b>Investment portfolio</b>		
All amounts are in thousand Netherlands Antillean guilders		
Equity	ANG 321,542	ANG 275,488
Fixed income	ANG 506,886	ANG 475,453
Internal Real Estate	ANG 46,366	ANG 46,131
<b>Investment performance</b>		
Targeted return	5.50%	5.50%
Total return	8.70%	-6.13%
Return domestic portfolio	4.57%	4.84%
Return international portfolio	14.74%	-21.13%



## FINANCIAL STATEMENTS

### 3.1 STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

		As at 31 December	
	Note	2023	2022
All amounts are in thousand Netherlands Antillean guilders			
<b>Assets</b>			
Property and equipment	3.8	5,150	5,200
Intangible assets	3.9	129	203
Investment properties	3.10	46,366	46,131
Financial assets:			
Investments in debt securities corporate and time deposits	3.11	179,712	123,260
Investments in fixed income and equity	3.12	392,914	346,034
Loans	3.13	108,922	81,939
Mortgages	3.13	2,946	3,059
Investments in subsidiaries	3.13	-	-
<b>Total non-current assets</b>		<b>736,139</b>	<b>605,825</b>
Accounts receivable	3.14	18,211	20,660
Accrued Interest Receivable	3.14	5,791	10,860
Short term portion of financial assets	3.15	55,000	90,000
Other current assets	3.16	276	256
Cash and cash equivalents	3.17	83,142	95,789
<b>Total current assets</b>		<b>162,421</b>	<b>217,565</b>
<b>Total assets</b>		<b>898,559</b>	<b>823,390</b>
<b>Equity</b>			
Reserves	3.18	(9,463)	35,037
Result current year	3.18	84,051	(44,500)
<b>Total equity</b>	3.18	<b>74,588</b>	<b>(9,463)</b>
<b>Liabilities</b>			
Pension benefits obligation	3.19	820,599	829,398
<b>Total non-current liabilities</b>		<b>820,599</b>	<b>829,398</b>
Accounts payable	3.20	212	174
Other payables	3.21	640	440
Accrued liabilities	3.22	2,521	2,841
<b>Total current liabilities</b>		<b>3,373</b>	<b>3,456</b>
<b>Total liabilities</b>		<b>823,972</b>	<b>832,854</b>
<b>Total equity and liabilities</b>		<b>898,559</b>	<b>823,390</b>

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

**3.2 STATEMENT OF COMPREHENSIVE RESULT**

For the year ended 31 December 2023

		<b>Year ended 31 December</b>	
	Note	<b>2023</b>	<b>2022</b>
All amounts are in thousand Netherlands Antillean guilders			
<b>Revenues</b>			
Pension premium income	3.23	29,411	29,378
Pension premium income previous years	3.23	946	702
Investment income	3.24	78,261	(53,370)
Other income	3.25	737	280
<b>Total Revenues</b>		<b>109,355</b>	<b>(23,009)</b>
<b>Expenses</b>			
Pension benefits payments	3.26	22,862	22,645
Investment expenses	3.27	7,290	8,016
Operating expenses	3.28	4,008	3,450
Net increase/ (decrease) in pension benefits obligation	3.19	(8,799)	(12,348)
<b>Total expenses</b>		<b>25,362</b>	<b>21,763</b>
<b>Result from operating activities</b>		<b>83,993</b>	<b>(44,772)</b>
<b>Non operating expenses</b>			
Financial income / (expenses)	3.29	57	255
Other financial income / (expenses)	3.30	-	17
<b>Total non operating results</b>		<b>57</b>	<b>272</b>
<b>Result</b>		<b>84,051</b>	<b>(44,500)</b>
<b>Attributable to:</b>			
To the Fund		84,051	(44,500)
<b>Total comprehensive result</b>		<b>84,051</b>	<b>(44,500)</b>

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



### 3.3 STATEMENT OF CHANGES IN EQUITY

	Note	Year ended 31 December Attributable to the Fund		
		Retained earnings	Total	Total equity
All amounts are in thousand Netherlands Antillean guilders				
<b>At January 1, 2022</b>	3.1 / 3.2	35,037	<b>35,037</b>	<b>35,037</b>
<i>Comprehensive Income for the period</i>				
Result for the period	3.1 / 3.2	(44,500)	<b>(44,500)</b>	<b>(44,500)</b>
<b>Year ended December 31, 2022</b>	3.18	(9,463)	<b>(9,463)</b>	<b>(9,463)</b>
<i>Comprehensive Income for the period</i>				
Result for the period	3.18	84,051	<b>84,051</b>	<b>84,051</b>
<b>Total comprehensive Result for the period</b>		<b>84,051</b>	<b>84,051</b>	<b>84,051</b>
<b>Total contributions by and distributions to the Fund</b>		-	-	-
<b>Year ended December 31, 2023</b>	3.18	<b>74,588</b>	<b>74,588</b>	<b>74,588</b>

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

### 3.4 STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2023	2022
All amounts are in thousand Netherlands Antillean guilders			
<b>Cash flows from operating activities</b>			
Result (negative) / positive		84,051	(44,500)
Adjustments for:			
Depreciation of property and equipment	3.8	55	80
Amortization of intangible fixed assets	3.9	74	77
Unrealized (gain) loss investments in fixed income and equity	3.34	(48,977)	83,724
Increase in pension benefits obligations	3.19	(8,799)	(12,348)
Mutations work capital:			
Decrease (increase) in accounts receivable	3.14	2,450	1,395
Decrease (increase) in other current assets	3.16	(21)	(92)
Increase (decrease) in accounts payable	3.20	38	(38)
Increase (decrease) in other payables and accrued liabilities	3.20/3.22	(120)	(119)
<b>Net cash flows from operating activities</b>		<b>28,750</b>	<b>28,179</b>
<b>Investing activities</b>			
Acquisitions			
Acquisition of property and equipment	3.8	(5)	(8)
Acquisition of investment properties	3.10	(235)	(672)
Acquisition of investment in debt corporate and time deposits	3.34	(36,200)	(2,250)
Acquisition of investments in fixed income and equity	3.34	(179,926)	(248,942)
Acquisition of loans & mortgages receivable	3.34	-	-
Proceeds			
Proceeds from maturities of debt corporate and time deposits	3.34	14,748	15,756
Disinvestment of investments in fixed income and equity	3.34	182,023	163,622
Proceeds of loans & mortgages receivable	3.34	(26,871)	6,586
Interest received	3.14	5,069	(3,408)
<b>Net cash flow from investing activities</b>		<b>(41,397)</b>	<b>(69,317)</b>
<b>Cash flow</b>			
Net cash flow in cash and cash equivalents		(12,647)	(41,138)
Cash and cash equivalents at beginning of period	3.17	95,789	136,928
<b>Cash and cash equivalents at end of period</b>	3.17	<b>83,142</b>	<b>95,789</b>

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

### 3.5 GENERAL NOTES

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

The financial statements have been approved for issue by the APS Board on June 3, 2024.

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 5281. This consists of 2519 registered active participants, 1507 participants with deferred rights and 1255 beneficiaries.

### Participants

	2023	2022
Active Participants	2,519	2,529
Participants with deferred rights	1,507	1,409
Pensioners	1,255	1,224
<b>Total</b>	<b>5,281</b>	<b>5,162</b>

### Funding policy

The main objective of the Fund is to ensure that the Fund is able to meet its current and future obligations to its participants. Therefore, the Fund aims to achieve a minimum coverage ratio of 100% and a target of 105%. The coverage ratio per December 31, 2023, is 109.09% which is above the minimum and higher than the targeted amount. This means that the Fund will be able to index pensions and pension entitlements. In addition to the aforementioned the actuarial contribution is below the 18% contribution which means that the accrual percentage will be increased from 1,75 to 2,00%.

### 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, 2023, 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, 2023**

	2023	Actual %	Policy Target %	Difference	Min-Max
External Equity Securities	321,542	36%	28.0%	-8%	26% - 35%
Real Estate	46,366	5%	9.0%	4%	3% - 12%
Private Projects	-	0%	3.0%	3%	0% - 9%
<b>Total Equity</b>	<b>367,908</b>	<b>41%</b>	<b>40%</b>	<b>-1%</b>	
External Fixed Income & Money Funds	110,023	12%	12.0%	0%	5% - 14%
Local Fixed Income & Bank Time Deposits	351,001	39%	45.6%	7%	24% - 50%
Internal Cash	45,862	5%	1.2%	-4%	0% - 15%
Other Local Assets*	23,765	3%	1.2%	-1%	0% - 6%
<b>Total Fixed Income</b>	<b>530,652</b>	<b>59%</b>	<b>60.0%</b>	<b>1%</b>	
<b>Total</b>	<b>898,559</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	

\*Comprises Receivables, non-current assets (such as land, furniture and hardware, etc.) and current assets.

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. This analysis also encompasses 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.

## 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 the IFRS Accounting Standards as issued by the International Accounting Standards Board.

### **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 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, 2023*

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, 2023, 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.



### 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 by Article 3, paragraph 2 of the LvO APS. The Fund aims to achieve a coverage ratio of 105%.

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

### Property and equipment

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

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

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

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

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

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

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

### Leasehold improvements

Leasehold improvements are investments made to customize buildings and offices occupied under operating lease contracts to make them suitable for their intended purpose. The present value of

estimated reinstatement costs to bring a leased property into its original condition at the end of the lease, if required, is capitalized as part of the total leasehold improvement costs.

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

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

### **Intangible assets**

#### *Computer software*

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

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

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

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

<b><i>Asset Type</i></b>	<b><i># of Years</i></b>	<b><i>Method</i></b>	<b><i>Residual Values</i></b>
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. In cases where plan investments are held for which an estimate of fair value is not possible, disclosures 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 their 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 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, 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 that the amount of revenue can be measured reliably and that it is probable that the Fund will receive any consideration, revenue is recognized in the period in which it is 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 concerning 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**

#### *a) Pension benefits obligations*

The employees that are in service of the Fund are also participant in the pension scheme that is being executed by the Fund. The pension scheme is a defined benefit plan (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, 2023, corrected for the AOV-franchise and the number of years of service.

### **Tax**

The Fund is exempted from profit tax by 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) 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 3.19 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 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

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	45,862	66,587
Investments in fixed income and equity	430,194	375,236
Investments in debt securities corporate and time deposits	234,712	213,260
Loans & Mortgages	111,869	84,997
Receivables (including trade receivables)	24,278	31,776
<b>Financial liabilities</b>		
Amortised cost (including trade payables)	3,373	3,456

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, 2022, would decrease/increase by ANG 1.30 million.

*c) Foreign exchange risk*

The Fund's indirect currency exposure (risk) on December 31, 2022, was 4.61 percent of the total external portfolios (2021: 4.29 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 25 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
2023				
Cash and cash equivalents	83,142	-	-	83,142
Short term portion of financial assets	55,000	-	-	55,000
Accounts receivable	3,424	14,787	-	18,211
Accrued Interest Receivable	5,791	-	-	5,791
Other current assets	276	-	-	276
Loans	108,922	-	-	108,922
Mortgages	2,946	-	-	2,946
Investments in debt securities corporate and time deposits	179,712	-	-	179,712
<b>Total</b>	<b>439,214</b>	<b>14,787</b>	<b>-</b>	<b>454,002</b>

	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
2022				
Cash and cash equivalents	95,789	-	-	95,789
Short term portion of financial assets	90,000	-	-	90,000
Accounts receivable	3,127	17,533	-	20,660
Accrued Interest Receivable	10,860	-	-	10,860
Other current assets	256	-	-	256
Loans	81,939	-	-	81,939
Mortgages	3,059	-	-	3,059
Investments in debt securities corporate and time deposits	123,260	-	-	123,260
<b>Total</b>	<b>408,289</b>	<b>17,533</b>	<b>-</b>	<b>425,823</b>

### Liquidity risk

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

The Fund's approach to managing liquidity is to ensure, in as much as possible, that it will always have sufficient liquidity (cash and cash equivalents) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking the Fund's reputation. To achieve this aim, the Fund seeks to maintain cash and cash equivalent balances (or agreed facilities) to equal the amount of at least 3 months of pension payments and operational expenses.

The Fund also seeks to reduce liquidity risk by investing in listed securities for its international investments. In this regard, the Fund is liquid, especially because it does not invest in hedge funds or private equity. 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, 2023				
Time deposits	55,000	101,200	-	156,200
Debt securities government	3,931	20,578	2,163	26,671
Debt securities corporate	1,808	12,993	37,040	51,841
Loans & Mortgages	6,450	31,572	73,847	111,869
<b>Total</b>	<b>67,189</b>	<b>166,343</b>	<b>113,050</b>	<b>346,581</b>

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At December 31, 2022				
Time deposits	90,000	40,000	-	130,000
Debt securities government	3,976	22,527	3,829	30,331
Debt securities corporate	1,088	14,801	37,040	52,929
Loans & Mortgages	6,704	49,150	29,143	84,997
<b>Total</b>	<b>101,769</b>	<b>126,478</b>	<b>70,011</b>	<b>298,257</b>

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

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2023				
Accounts payable	212			212
Other payable	640			640
Accrued liabilities	2,521			2,521
Pension benefits obligations	22,862	78,904	718,833	820,599
<b>Total</b>	<b>26,235</b>	<b>78,904</b>	<b>718,833</b>	<b>823,972</b>

All amounts are in thousand Netherlands Antillean guilders

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2022				
Accounts payable	174			174
Other payable	440			440
Accrued liabilities	2,841			2,841
Pension benefits obligations	22,645	94,250	712,503	829,398
<b>Total</b>	<b>26,101</b>	<b>94,250</b>	<b>712,503</b>	<b>832,854</b>

## Other risks

### a) Leverage risk

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

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

### b) Counterparty risk

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

On December 31, 2023, the Fund had minimal counterparty risk. Two strategies had a known counterparty risk (in 2022 this was two (2)): the SG Capital Equity Long/Short and the Vanguard Mega Cap Value ETF. This is 19.5% of the international equity portfolio (ANG 63 million of investments in equity). The counterparty risk in the ETF derives 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 Equity 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 Equity 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, 2023						
	Level 1		Level 2		Level 3	
	2023	2022	2023	2022	2023	2022
<b>Financial assets</b>						
Fixed Income	52,327	47,747	56,498	52,126	-	-
Equity	308,048	262,666	13,321	12,697	-	-
<b>Total</b>	<b>360,375</b>	<b>310,413</b>	<b>69,819</b>	<b>64,823</b>	-	-

All amounts are in thousand Netherlands Antillean guilders

Fair value measurements at December 31, 2022						
	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
<b>Financial assets</b>						
Fixed Income	47,747	13,863	52,126	28,944	-	-
Equity	262,666	306,039	12,697	15,397	-	-
<b>Total</b>	<b>310,413</b>	<b>319,902</b>	<b>64,823</b>	<b>44,341</b>	-	-

#### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

### Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data if 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 2.7% (2022: 3.8%) 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
<b>COST AND VALUATIONS</b>						
At January 1, 2022						
Cost	5,040	221	258	405	108	6,032
Accumulated depreciation	-	(201)	(204)	(296)	(59)	(761)
<b>Net book amount</b>	<b>5,040</b>	<b>20</b>	<b>53</b>	<b>109</b>	<b>49</b>	<b>5,271</b>
<b>Year ended December 31, 2022</b>						
Opening net book amount	5,040	20	53	109	49	5,271
Additions	-	-	-	1	8	8
Depreciation charge	-	(14)	(18)	(34)	(14)	(80)
Closing net book amount	<b>5,040</b>	<b>6</b>	<b>35</b>	<b>75</b>	<b>43</b>	<b>5,200</b>
<b>At December 31, 2022</b>						
Cost	5,040	221	258	406	116	6,040
Accumulated depreciation	-	(215)	(222)	(330)	(73)	(840)
<b>Net book amount</b>	<b>5,040</b>	<b>6</b>	<b>35</b>	<b>75</b>	<b>43</b>	<b>5,200</b>
<b>Year ended December 2023</b>						
Opening net book amount	5,040	6	35	75	43	5,200
Additions	-	2	-	2	-	5
Depreciation charge	-	(3)	(7)	(29)	(15)	(55)
Closing net book amount	<b>5,040</b>	<b>5</b>	<b>28</b>	<b>48</b>	<b>28</b>	<b>5,150</b>
<b>At December 31, 2023</b>						
Cost	5,040	223	258	408	116	6,045
Accumulated depreciation	-	(218)	(230)	(360)	(88)	(895)
<b>Net book amount</b>	<b>5,040</b>	<b>5</b>	<b>28</b>	<b>48</b>	<b>28</b>	<b>5,150</b>

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

### 3.9 INTANGIBLE ASSETS

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

All amounts are in thousand Netherlands Antillean guilders

	Computer software	Total
<b>COST AND VALUATIONS</b>		
At January 1, 2022		
Cost	1,316	1,316
Accumulated depreciation	(1,036)	(1,036)
<b>Net book amount</b>	<b>280</b>	<b>280</b>
<b>Year ended December 31, 2022</b>		
Opening net book amount	280	280
Additions	-	-
Depreciation charge	(77)	(77)
Closing net book amount	<b>203</b>	<b>203</b>
<b>At December 31, 2022</b>		
Cost	1,316	1,316
Accumulated depreciation	(1,113)	(1,113)
<b>Net book amount</b>	<b>203</b>	<b>203</b>
<b>Year ended December 2023</b>		
Opening net book amount	203	203
Additions	-	-
Depreciation charge	(74)	(74)
Closing net book amount	<b>129</b>	<b>129</b>
<b>At December 31, 2023</b>		
Cost	1,316	1,316
Accumulated depreciation	(1,188)	(1,188)
<b>Net book amount</b>	<b>129</b>	<b>129</b>

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

### 3.10 INVESTMENT PROPERTIES

#### Investment properties

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Mary's Fancy & De Castro Development	8,111	8,111
Professional Office Development	11,008	10,858
Parking Lot Development	4,858	4,858
Oryx Investment Property (Welgelegen)	22,389	22,303
<b>Total</b>	<b>46,366</b>	<b>46,131</b>

The investment properties of the fund are measured at fair value in line with IAS 26. The fair value of the Fund's investment properties is based on the independent, appropriately qualified independent appraiser's valuation of the properties at the time of the purchase, including the directly attributable expenditures (transaction cost incurred). Fees paid to the valuers are based on fixed price contracts. The external appraisers are appointed by the director. 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 3.24). 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 ANG 3.7 million and is included in the value of the Mary's Fancy 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, 2023, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2023, is in line with its fair value.

In 2023 the APS Board decided to put the project on hold due to the rising costs in construction material and transport and the inability to find a suitable operator. Per reporting date the project continues to be low priority as there has been no significant change in the variables since prior reporting period.

#### 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 value of the property has been re-evaluated/appraised in April 2023. In the period between the appraisal date and December 31, 2023, 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 2023. Therefore, the appraised value is in line with the value carried on balance per December 31, 2023, and the differences observed are not material. The Fund therefore estimates that the carrying value of the property per December 31, 2023, 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 2022, the property is not yet operational. Decisions on the further development of this property are pending. The value of the property was re-evaluated in 2022, due to the nature of the property (mainly land) the Fund estimates that the carrying value of the property per December 31, 2023 is in line with its fair value.

#### **Oryx Investment Property (Welgelegen)**

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 were transferred from the Inventory to Oryx Investment property.

All Oryx units were re-appraised in May 2022. 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 property's value is scheduled to be re-evaluated every three to five years.

#### Lease

Per year end there were twelve (12) 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, 2023, there were 36 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.



### 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

	2023	2022
Debt securities corporate	78,512	83,260
Time deposits	156,200	130,000
Less: current portion investments	(55,000)	(90,000)
<b>Total</b>	<b>179,712</b>	<b>123,260</b>

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

The fair value for the debt securities is ANG 98 million (2022 ANG 96 million) and for the time deposits ANG 140 million (2022 ANG 136 million). The fair value has been calculated by discounting future expected cash flows of these investments at a discount rate of 3.75%.

### 3.12 INVESTMENTS IN FIXED INCOME AND EQUITY

#### Investments in fixed income and equity

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Fixed Income	106,620	96,212
Equity	286,293	249,822
<b>Total</b>	<b>392,914</b>	<b>346,034</b>

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

The following global market conditions characterize and influenced the performance of the international portfolio in this reporting period:

#### Fixed Income

The Federal Reserve raised interest rates in 2023, from 4.5% at the beginning of the year to 5.50% by the end of 2023. This affected short term rates, as the interest rates went up, bond prices went down for most of the year. The bond markets recovered in the last part of the year as there were no further raise of the interest rates since July 2023 due to lower inflation expectations.

#### Equity

The international equity markets had positive returns in 2023, While tech stocks made strong gains through enthusiasm over AI, energy and health care stocks lagged.

The table below illustrates the annualized returns per end of 2023 as well as the past three reporting periods:

Category	Return since inception	Return 2023	Return 2022	Return 2021	Return 2020
Fixed Income	2.67%	9.21%	-23.33%	19.54%	12.21%
Equity	7.33%	16.73%	-7.13%	0.16%	6.96%
<b>Total</b>	<b>6.16%</b>	<b>14.74%</b>	<b>-21.13%</b>	<b>16.91%</b>	<b>14.56%</b>

### 3.13 LOANS, MORTGAGES & INVESTMENTS IN SUBSIDIARIES

#### Loans & Mortgages

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
RF Adventure St. Maarten N.V. Finance	19,952	18,040
Maho Hotel Operations B.V. Finance	25,222	28,165
Paradise Bay Resort N.V. Finance	532	5,406
SMMC Finance	6,753	4,235
PJIAE N.V. Finance	28,472	26,092
SXM Investment Agency B.V. Finance	729	
Van den Tweel Caribbean Syndicated Loan	27,262	
<b>Total Loans</b>	<b>108,922</b>	<b>81,939</b>
Mortgages Oryx Residences	2,946	3,059
<b>Total Mortgages</b>	<b>2,946</b>	<b>3,059</b>

#### Investments in subsidiaries

SMIC	-	-
<b>Total Investment in subsidiary</b>	<b>-</b>	<b>-</b>

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

#### RF Adventures St. 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 because RFA needed more time 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 the 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 the 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 lenders appraised the value of the collateral and reinforced 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 was booked in booked in 2021). In 2022, the local market and RFA performance improved and discussion commenced on restructuring the financing agreement. The discussions continued in 2023 and in July 2023 RFA started monthly payment of interest. In January 2024 the amended facility agreement which was drafted by the legal counsel and reviewed by the lenders was pending feedback by RFA.

**Maho Hotel Operations:**

The Maho financing consists of four facilities/tranches. Each tranche has its 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 a 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 commenced 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. 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 (Emerald Loan):**

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-month 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. The loan was fully repaid in January 2024.

**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. Repayment of the loan is expected to commence in 2024.

**PJIAE N.V. Loan**

The Fund entered into a corporate loan financing agreement in May 2022. The tenor of the loan is ten (10) years. Throughout 2023 PJIAE continued to comply with its obligations under the financing agreement.

**SXM Investment Agency Loan (SMIC)**

The SXM Investment Agency 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.

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 3.27). As such, per December 31, 2021, the loan to SMIA was fully impaired. In 2022 the Board decided to restructure the full investment in SMIA since its establishment. In 2023 the discussions regarding the restructure continued and it is expected that this will be finalized by the end of Q2 2024.

#### **Van den Tweel Caribbean Syndicated Loan**

The Fund entered into a corporate loan financing agreement with Van den Tweel in November 2023. The senior secured loan has an interest rate of 5.50% per annum and a tenor of 15 years.

#### **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 3.10 for more details.

#### **Investment in subsidiaries SMIC**

In 2023 the Fund implemented significant organizational and operational changes within SMIA (now SMIC) and continued with the professionalization of the entity. SMIC was formally appointed as fiduciary manager of APS' local investment portfolio, effective May 1, 2023. The objectives of SMIC have changed to searching, selecting, executing, managing and monitoring of APS' local investments in Sint Maarten and Curaçao. As per May 1, 2023, a new Managing Board was appointed. The Management Board has a direct reporting line to the Shareholder APS. On the same date, the Supervisory Board of SMIA was dissolved and any/all contracts with current consultant(s) were ended. In October 2023 the formal Decision-making process for investments was established. This process clearly defines roles and responsibilities of APS and SMIC in the acquisition, analysis, approval, and implementation of the new local investments.

Investment in subsidiaries SMIC is a plan asset under the definition of IAS26. Plan assets are recorded at fair value. Given that SMIC incurred losses in prior periods and has negative equity, the 'Investment in subsidiaries SMIC is recognized as a financial asset with value nil.



### 3.14 ACCOUNTS RECEIVABLE

The book value of the accounts receivable is as follows:

#### Accounts receivable

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Pension contribution/DT/VUT receivables	18,211	20,660
<b>Total</b>	<b>18,211</b>	<b>20,660</b>

The accounts receivable includes:

- *Duurtetoeslag* (DT) and *Vervroegde UitTreding* (VUT). These amounts are paid monthly in advance, along with the pension benefits payments to the beneficiaries of the Fund. The advanced amounts are subsequently invoiced to the affiliated employers of the Fund.
- Pension contribution

#### Accrued interest receivables

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Accrued Interest receivables	5,791	10,860
<b>Total</b>	<b>5,791</b>	<b>10,860</b>

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 the 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.

### 3.15 SHORT-TERM PORTION OF FINANCIAL ASSETS

#### Short term portion of financial assets

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Time deposits	55,000	90,000
<b>Total</b>	<b>55,000</b>	<b>90,000</b>

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

### 3.16 OTHER CURRENT ASSETS

The book value of other current assets is as follows:

#### Other current assets

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Prepaid expenses	197	163
Deposits	56	56
Other receivables	24	37
<b>Total</b>	<b>276</b>	<b>256</b>

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

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

### 3.17 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

	2023	2022
Local banks	45,862	66,587
International banks	37,280	29,202
<b>Total</b>	<b>83,142</b>	<b>95,789</b>

### 3.18 EQUITY

All amounts are in thousand Netherlands Antillean guilders

	Retained Earnings	Total
<b>Year ended December 31, 2022</b>	<b>(9,463)</b>	<b>(9,463)</b>
<i>Result</i>		
(Negative)/postive result current year	84,051	<b>84,051</b>
<b>Year ended December 31, 2023</b>	<b>74,588</b>	<b>74,588</b>

### 3.19 PENSION BENEFIT OBLIGATION

The pension benefit 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

	2023	2022
Pension obligation beginning of the year	829,398	841,746
Net increase in pension obligation	(8,799)	(12,348)
<b>Pension obligation end of the year</b>	<b>820,599</b>	<b>829,398</b>

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

- The salary for January 1, 2023, is used for the calculation of the present value of the pension obligations;
- Actuarial return of 3.75%;
- Mortality tables: for men 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 benefit obligation is increased by 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 benefit obligation for active participants and participants with deferred rights has been increased by discounting the actuarial factors used in calculating the pension benefit obligation. This is done to cover the so-called '*smarten-geld*', which is the equivalent of three months of senior's pension benefits and is paid to surviving family members upon the demise of the pensioner.

The '*smarten-geld*' has been considered in the calculation of the pension benefits obligation for the pensioners.

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

### 3.20 ACCOUNTS PAYABLE

**Accounts payable**

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Accounts payable	212	174
<b>Total</b>	<b>212</b>	<b>174</b>



### 3.21 OTHER PAYABLES

#### Other payables

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Wage tax payable	396	198
AOV/AWW payable	20	17
AVBZ payable	32	32
ZV / OV payable	7	8
Premium SZV payable	160	161
TOT payable	7	7
Withholdings	18	18
<b>Total</b>	<b>640</b>	<b>440</b>

### 3.22 ACCRUED LIABILITIES

#### Accrued liabilities

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Deposit	73	73
Accrual Audit Fee	39	72
Accrual Vacation Days	21	29
Accrual Vacation Pay	31	42
Accrual consulting expenses	-	37
Other Accruals	44	136
Premiums Received in Error	2,313	2,453
<b>Accrued Liabilities</b>	<b>2,521</b>	<b>2,841</b>

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

Premium Received in Error are premium amounts that were received erroneously.

### 3.23 PENSION PREMIUM INCOME

#### Pension premium contribution

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Regular pension premium contribution	29,440	29,397
Extraordinary contributions	4	2
Employers' contributions	29,436	29,395
Other contributions		
Contribution premium BB	15	16
Contribution premium WW	13	14
Premium restitution	(58)	(47)
Payback premium WW		
<b>Total</b>	<b>29,411</b>	<b>29,379</b>
Contribution previous years	946	702
<b>Total</b>	<b>946</b>	<b>702</b>

The Fund is currently invoicing premiums for registered employees from the employers that are affiliated with the Fund. The total premium for current-year contributions is ANG 29 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 increase compared to 2022 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.

### 3.24 INVESTMENT INCOME

#### Investment income

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Investment properties income	1,886	1,704
Debt securities income	4,585	4,812
Income investments in fixed income and equity	60,147	(72,644)
Income loans	6,564	8,313
Mortgages	177	183
Time deposits income	4,901	4,262
<b>Total</b>	<b>78,261</b>	<b>(53,370)</b>

#### Investment properties income

The investment property's 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 decrease in the Income investments in fixed income and equity is attributable to negative market performance driven mainly by inflation concerns, pandemic-induced supply chain disruptions, and unprecedented demand caused by ongoing pressure on major listed companies. 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.

### 3.25 OTHER INCOME

#### Other income

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Late payments penalty contributions	737	280
<b>Total</b>	<b>737</b>	<b>280</b>

The amount of the legal interest (7.50%) charged to the affiliated employers for the late payments of contributions or other outstanding amounts.

### 3.26 PENSION BENEFITS PAYMENTS

#### Pension benefits payments

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Retirement pensions	20,007	19,892
Widow pensions	1,950	1,938
Orphan pensions	141	126
Disability pensions	669	504
Smartengeld	62	104
Pension lumpsum	17	128
Other	16	(47)
<b>Total</b>	<b>22,862</b>	<b>22,645</b>

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

### 3.27 INVESTMENT EXPENSES

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Investment management expenses	1,359	1,475
Investment properties expenses	911	843
Mortgage expenses	89	90
Expenses investments in fixed income and equity	4,931	5,608
<b>Total</b>	<b>7,290</b>	<b>8,016</b>

These are the 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 administration 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 decreased expenses are mainly the result of lower costs related to the Oryx Residences.

**Mortgage expenses**

These expenses relate to the professional services from the mortgage bank.

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Investment manager commission	4,655	5,465
Other investment (income) / expenses	276	143
<b>Total</b>	<b>4,931</b>	<b>5,608</b>

**Investment manager commission**

This is the fee paid to the investment/fund managers of the international portfolio. The total fee consists of a commission that is calculated as a percentage of the portfolio value at the end of each quarter. Additionally, some fund managers receive a performance fee. The 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.



### 3.28 OPERATING EXPENSES

#### Operating expenses

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Direct personnel expenses	1,945	1,828
Indirect personnel expenses	88	134
Office expenses	165	169
Housing expenses	275	265
Travel & Publicity expenses	223	207
Depreciation expenses	129	156
Automation expenses	322	334
Professional services expenses	1,352	824
Project team expenses	-	59
Board, Investment & Audit committee expenses	805	885
Other general expenses	62	64
Allocation to investment management expenses	(1,359)	(1,475)
<b>Total</b>	<b>4,008</b>	<b>3,450</b>

#### Employee benefits

The employees who are in service of the Fund are also participants in the APS pension scheme. In the table below, the amount expensed for this benefit for the staff is rendered. The Fund expects that the 2024 pension contribution will amount to ANG 214,000. This cost is part of the direct personnel expenses.

The cost in 2023 is lower as there are fewer staff, in 2024 it is expected that there will be a gap between the end of the employment term of leaving staff and the start of the employment of new staff.

#### Pension contribution

All amounts are in thousand Netherlands Antillean guilders

	2024	2023
Pension contribution	214	204
<b>Total</b>	<b>214</b>	<b>204</b>

#### Lease expenses

The Fund rents three (3) office premises. The rental agreements are for a period of two (2) years, with an option to renew. This is the main component of housing expenses.

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

**Lease expense**

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Office rent	149	149
Equipment rental	30	7
<b>Total</b>	<b>179</b>	<b>156</b>

The Fund has no other lease agreements.

**Allocation to investment management expenses**

A portion of the operating expenses incurred for 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, expenses, and twenty percent (20%) of the personnel, office, travel & accommodation expenses, and forty percent (40%) of the board expenses.

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

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Bank charges	(71)	(800)
Exchange differences	(478)	97
Interest income (expenses)	606	957
<b>Total</b>	<b>57</b>	<b>255</b>

The decrease in bank charges and exchange differences is mainly related to the transfer of ANG 90 million to the internal portfolio that was done in 2022. This is also the reason for the decrease in interest income. The Fund had four (4) interest-bearing current/call deposit accounts as of December 31, 2022. The cash position on these accounts decreased resulting in a decrease of bank interest for the Fund.



### 3.30 OTHER FINANCIAL INCOME/ EXPENSES

#### Other financial income / (expenses)

All amounts are in thousand Netherlands Antillean guilders

	2023	2022
Opening balance adjustment	-	17
<b>Total</b>	<b>-</b>	<b>17</b>

#### Opening balance adjustment

The 2022 adjustment comprises prior years' income related to the Oryx Mortgages that are administered by Banco Di Caribe. The Fund was able to negotiate a lower fee for the administration. The Fund's mortgage expenses are recorded in the comprehensive result as part of investment expense, please refer to 3.28 for more details. There were no adjustments recorded in 2023.

### 3.31 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 benefit obligations.

The Fund recognized a gain of ANG 84 million for the year ended 2023, 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 109.09%, which is above the minimum of 100%.



### 3.32 COMMITMENTS

#### (a) Capital commitments

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

All amounts are in million Netherlands Antillean guilders

	Dec 31, 2023	Dec 31, 2022
Development Projects	1	5
Local investments	38	28
<b>Total</b>	<b>39</b>	<b>33</b>

#### 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 statements.

#### 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, 2023	Dec 31, 2022
No later than 1 year	1,985	1,989
<b>Total</b>	<b>1,985</b>	<b>1,989</b>

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 into 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.

### 3.33 RELATED PARTIES

The Board of the Fund consists of a maximum of five (5) members who 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 ('managing director and adjunct director'). 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

	2023	2022
Board compensation	149	118
Investment Committee's compensation	49	66
<b>Salaries key management</b>		
Short term benefits key management	433	341
Pension contributions key management	29	33
Other long term benefits key management	21	19
<b>Total</b>	<b>681</b>	<b>578</b>

The increase compared to 2022 is mainly due to the Board member vacancy at the end of 2022 which was filled in 2023.



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

All amounts are in thousand Netherlands Antillean guilders

	Value at December 31, 2022	Increase through investments	Decrease through disinvestments / amortization / sales	Change in market value/accumulated accrued return	Value at December 31, 2023
<b>Investment properties</b>					
Land & Buildings	40,547	85	-	-	40,633
Investment property	5,583	150	-	-	5,733
<b>Sub-total</b>	<b>46,131</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>46,366</b>
<b>Investments in debt securities corporate and time deposits</b>					
Debt security corporate	83,260	-	(4,748)	-	78,512
Time deposits	130,000	36,200	(10,000)	-	156,200
<b>Sub-total</b>	<b>213,260</b>	<b>36,200</b>	<b>(14,748)</b>	<b>-</b>	<b>234,712</b>
<b>Loans</b>					
Loans	81,939	-	26,984	-	108,923
<b>Sub-total</b>	<b>81,939</b>	<b>-</b>	<b>26,984</b>	<b>-</b>	<b>108,923</b>
<b>Mortgages</b>					
Mortgages	3,059	-	(112)	-	2,947
<b>Sub-total</b>	<b>3,059</b>	<b>-</b>	<b>(112)</b>	<b>-</b>	<b>2,947</b>
<b>Investments in fixed income and equity</b>					
Fixed income	99,874	35,118	(28,428)	2,261	108,825
Equity	275,363	144,808	(153,595)	54,794	321,369
<b>Sub-total</b>	<b>375,236</b>	<b>179,926</b>	<b>(182,023)</b>	<b>57,055</b>	<b>430,194</b>
<b>TOTALS</b>	<b>719,625</b>	<b>216,361</b>	<b>(169,900)</b>	<b>57,055</b>	<b>823,141</b>

### 3.35 EVENTS AFTER THE REPORTING DATE

(a) SMIC developments

In March 2024, the Board adopted legal and fiscal structure for SMIC. The drafting of new corporate agreement, service level agreement (SLA), and the amendment of SMIA/SMIC's articles of association are being finalized. The formal transfer of the local portfolio management from APS to SMIC will occur upon completion of the corporate agreements and SLA. The expected datum for completion of the transfer is July 1, 2024.



**INDEPENDENT AUDITOR'S REPORT**



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

Reference: HEB/67.377.0/48828

## Independent Auditor's Report

### Report on the financial statements included in the annual report

In our opinion, the financial statements give a true and fair view of the financial position of Algemeen Pensioenfonds Sint Maarten (the "fund") as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

#### What we have audited

We have audited the financial statements 2023 of Algemeen Pensioenfonds Sint Maarten, based in Sint Maarten.

The entity's financial statements comprise:

1. the statement of financial position for the year ended 31 December 2023;
2. the statement of comprehensive result for the year ended 31 December 2023;
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.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRS Accounting Standards as issued by the International Accounting Standards Board and the relevant provisions of Book 2 of the Civil Code applicable for St. Maarten.

#### Basis for our opinion

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 fund 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.

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 accordance with Book 2 of the Civil Code applicable for St. Maarten and IFRS Accounting Standards as issued by the International Accounting Standards Board. 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 fund'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 fund 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 fund's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the fund'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.

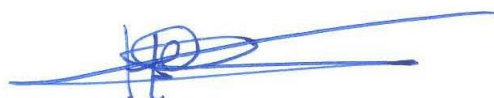
Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our 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, 21 June, 2024  
Grant Thornton St. Maarten



Herbert Beldman AA RA CIA

**INDEPENDENT ACTUARIAL REPORT**



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# Actuariële verklaring

# 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 als bedoeld in de Pensioenwet over het boekjaar 2023.

## Onafhankelijkheid

Als waarmakend actuaaris 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 technische voorzieningen en voor de beoordeling van de vermogenspositie heb ik mij gebaseerd op de financiële gegevens die ten grondslag liggen aan de jaarrekening.

## Afstemming accountant

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

## Werkzaamheden

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

- De voorziening pensioenverplichtingen toereikend is vastgesteld;

- De ontvangen premie toereikend is.

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

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

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

## Oordeel

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

De ontvangen premie is voldoende om de toegekende aanspraken in 2023 te financieren. De ontvangen premie is tevens voldoende als rekening wordt gehouden met de solvabiliteitsopslag van 5%.

Mijn oordeel over de vermogenspositie van APS is gebaseerd op de tot en met balansdatum aangevane 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 voldoende, omdat de dekkinggraad hoger is dan 105%.

Amstelveen, 19 juni 2024

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



ALGEMEEN  
PENSIOENFONDS  
SINT MAARTEN

ANNUAL REPORT 2023



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