

## CHAIRMAN'S REPORT

2021 was the fifth full year of operation since its establishment in 2015. It is with great pleasure I can advise that the Fund has performed extremely well during the 2021 financial year, especially given the ongoing challenges of COVID-19. The Fund has again returned a positive result as at 30 June 2021 which is something that we are all proud of.

Our respective Governments have continued to make the proposed annual contributions to the Fund. The Fund's investments are now at \$218 million at 30 June 2021. It is continuing to meet its investment objectives of achieving growth in the fund in the early years, even with the impact of COVID-19. I am pleased to report a \$77 million increase in the Fund from the 2020 financial year and an outstanding fund performance of 22.8%. You will note a restatement of the valuation of the 2020 financial year Mercer investments in the financial statements. This was to avoid any overstatement of valuations and was a timing issue only. Further details can be found at Note 19 and this approach was agreed with our auditors to ensure accurate reporting under the accounting standards.



During the 2021 financial year, the GON contributed cash of \$33.7 million to the Fund resulting in total contributions from establishment to 30 June 2021, of \$119.4 million. In order to take advantage of the current market situation, GON again contributed a prepaid amount which totalled \$6.2 million, relating to the 2022 financial year; GOA contributed \$3.5 million resulting in \$19.9 million since establishment. We are also very appreciative of GOA including an additional \$2.5 million to the Fund as part of their 2021 contribution, given they have not been able to contribute in person on Nauru during COVID; ROC (Taiwan) contributed \$2.6 million resulting in \$19.1 million since establishment; and GONZ contributed \$1.9 million resulting in \$5.6 million since commencing contributions to the Fund during the 2018 year. Of GONZ's total contribution during the year, \$0.9 million represents a prepayment of their 2022 contribution. We are also grateful to the Asian Development Bank for providing \$2.634 million on initial setup of the Fund.

The Fund's contribution in the Mercer private equity investment has continued to return positive results and that gives us great confidence in the performance of the Fund even with COVID impacting the economy as a whole. We have an ongoing commitment to this investment and have a further \$USD 6.1 million to commit over the term of the investment.

I believe the ongoing success of the Fund can give the Republic of Nauru great confidence that it will continue to grow and have the ability to provide a future revenue source for the GON and its people. We will continue to work closely with our investment advisors to ensure we are reviewing our current investment strategy and achieving the future income earnings required. We are close to achieving our current strategy of 85% growth strategy and 15% defensive strategy and will continue working towards this.

Our Committee members, development partners and the broader team responsible for the administration and investment requirement of the Fund, continue to work well together to provide the desired outcome for the Fund. The Fund's achievement is a measure of this success and I personally thank everyone that has been involved with the Fund from its establishment. I continue to look forward to being part of the Fund's growth during these ongoing challenging times.

Philip Hunt  
Chairman