

CHAIRMAN'S REPORT - 2022

2022 was the sixth full year of operation since its establishment in 2015. It is a testament to the Committee and in particular our investment advisors, that we have still exceeded our overall objective since the inception of the Fund, especially given the volatility of global economies, supply chain issues and the war in Ukraine.

Our respective Governments have continued to make the proposed annual contributions to the Fund. The Fund's investments are now at \$239 million at 30 June 2022. 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 and ongoing economic issues. The Fund has increased by \$17.1 million from the 2021 financial year and has outperformed our overall performance objective of 7.0% pa since inception.

During the 2022 financial year, the GON contributed cash of \$25.8 million to the Fund resulting in total contributions from establishment to 30 June 2021, of \$145.2 million. Based on the ongoing commitment our government has in generating a future revenue source for the benefit of future generations, GON again contributed a prepaid amount which totalled \$9.3 million, relating to the 2023 financial year; GOA contributed \$4.3 million resulting in \$24.2 million since establishment. This also included a 2023 prepayment amount of \$1.8m; ROC (Taiwan) contributed \$2.8 million resulting in \$21.8 million since establishment; and GONZ had already prepaid their contribution during the 2021 financial year, resulting in \$5.6 million since commencing contributions to the Fund during the 2018 year.

The Fund's contribution in the Mercer private equity investment has continued to return positive results and that gives us continued confidence in the performance of the Fund even with the current economic volatility that all economies across the globe have been experiencing. We have an ongoing commitment to this investment and contributed \$1.6 million during the year and have a further \$USD 3.9 million to commit over the term of the investment.

I am pleased to advise that we are able to commit to the next stage of our investment strategy and contribute to a further tranche of Mercer private equity investments. To date, \$4.9 million has been contributed after the end of the financial year.

I have every confidence based on the Fund's current performance that we will be able to continue this growth well into the future. It is a positive sign for both the GON and its people that the Fund was not as heavily impacted as many other funds around the world during the 2022 financial year. Given the ongoing market volatility, 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.

Again, I would personally like to thank the Committee, investment advisors and administrators of the Fund for enabling its continued growth and ongoing commitments to ensure a better outcome for Nauru and its future generations.


Hon Martin Hunt MP
Chairman