



Employer Conference 2021

Wednesday 14 April, 2021

**Nasfund Boardroom: Level 4, BSP Haus,
Harbour City, Port Moresby**



Fiona J Nelson
Joint Chief Investment Officer

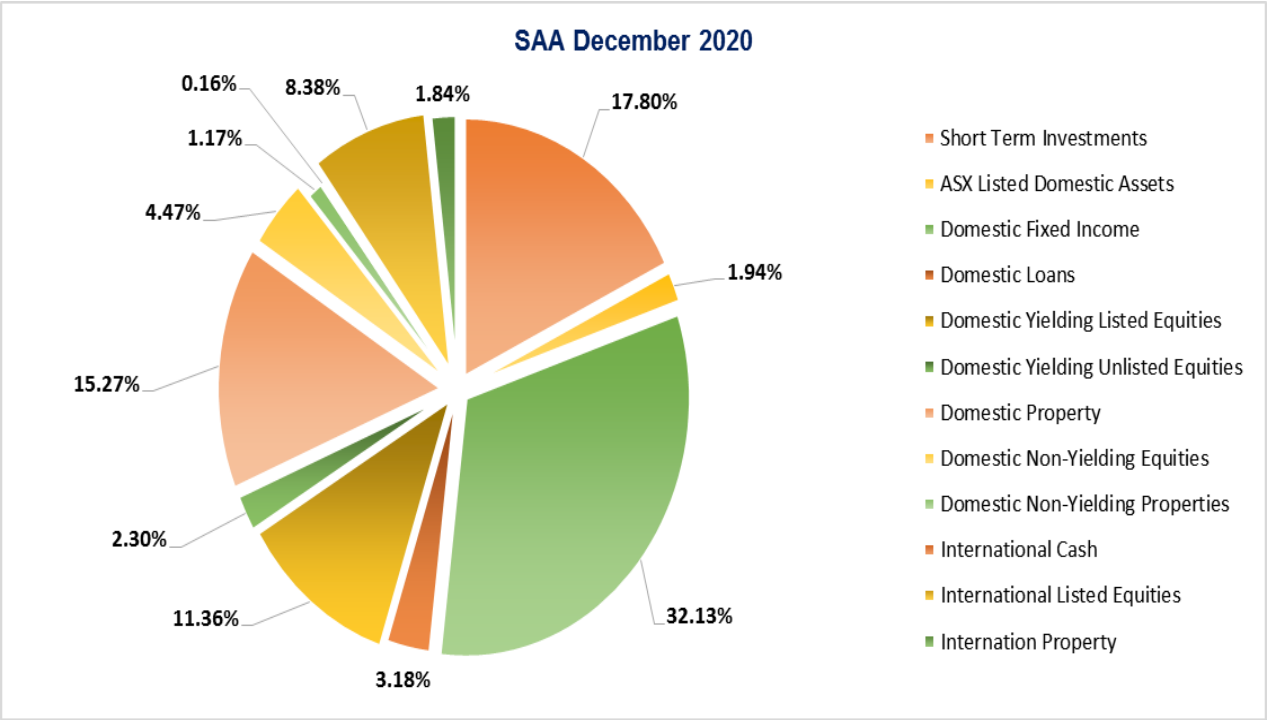
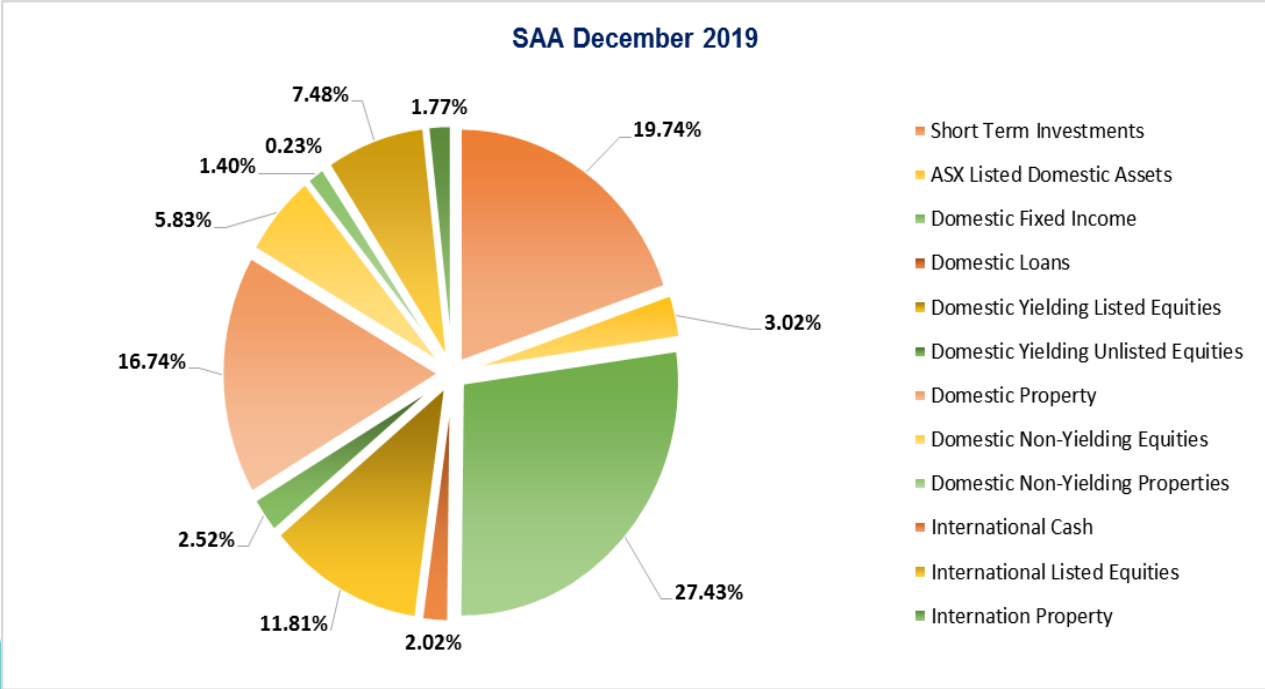
- Portfolio performance / contribution to final audit figures (inc. Property performance & growth)
- Valuations
- SAA and revised guidelines
- Stressed / under performing investments
- Plan going forward

Strategic Asset Allocation (SAA) – Portfolio Performance



Asset Class					
Liquid (Cash and T-Bills)					
International (Developed Market listed Equities)					
Yielding Illiquid (GIS, Loans, Brownfield Property and Infrastructure)					
Non-yielding illiquid (non-yielding listed equity, greenfield property and infrastructure, late stage phase equity)					
Asset Classes	Dec-19	%	Dec-20	%	Variance
Short Term Investments	1,058,685,901	19.74%	1,017,848,767	17.80%	↓1.93%
ASX Listed Domestic Assets	161,919,594	3.02%	110,968,326	1.94%	↓1.08%
Domestic Fixed Income	1,471,540,071	27.43%	1,836,544,759	32.13%	↑4.69%
Domestic Loans	108,569,746	2.02%	181,932,330	3.18%	↑1.16%
Domestic Yielding Listed Equities	633,209,937	11.81%	649,389,925	11.36%	↓0.45%
Domestic Yielding Unlisted Equities	135,250,098	2.52%	131,450,098	2.30%	↓0.22%
Domestic Property	897,908,996	16.74%	873,066,037	15.27%	↓1.47%
Domestic Non-Yielding Equities	312,542,432	5.83%	255,347,767	4.47%	↓1.36%
Domestic Non-Yielding Properties	75,232,888	1.40%	66,636,900	1.17%	↓0.24%
International Cash	12,380,307	0.23%	9,414,419	0.16%	↓0.07%
International Listed Equities	401,377,062	7.48%	479,022,614	8.38%	↑0.90%
International Property	95,156,108	1.77%	105,228,366	1.84%	↑0.07%
	5,363,773,140		5,716,850,308		

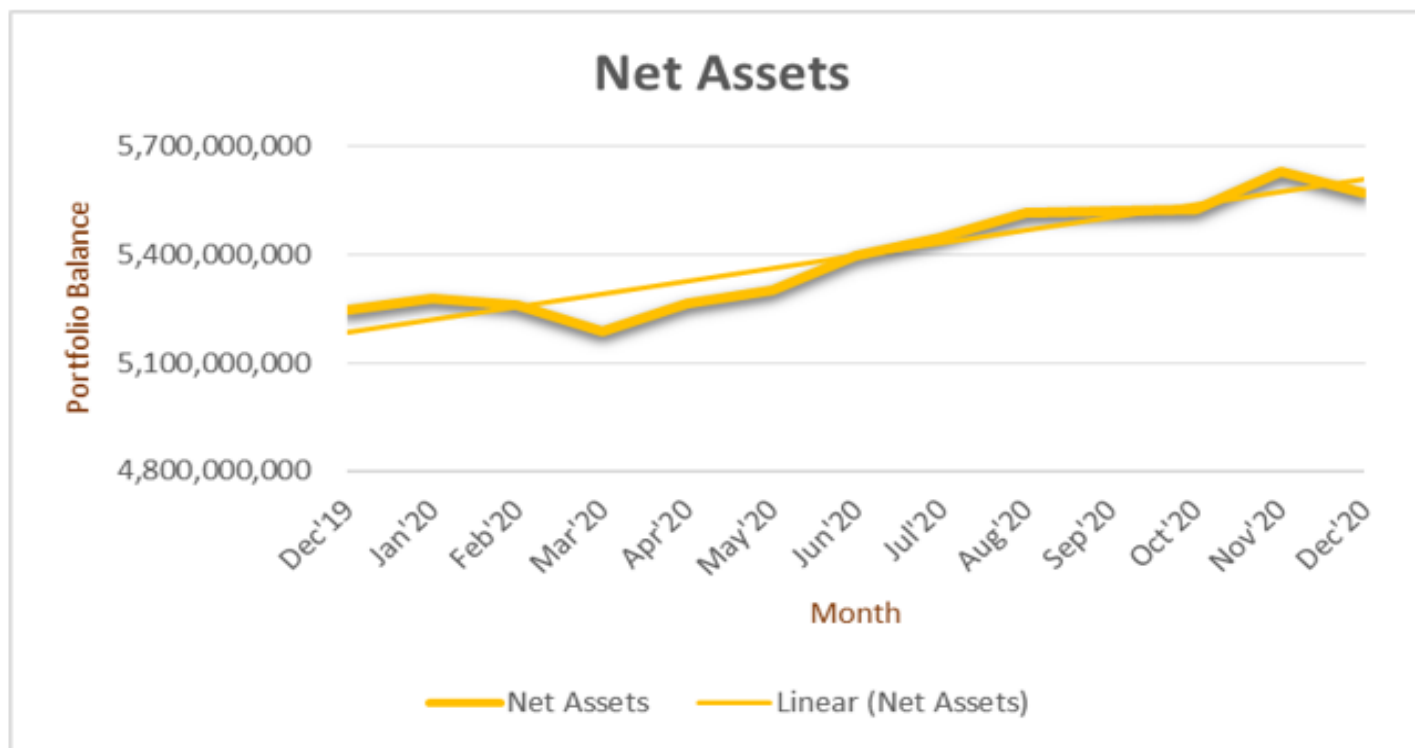
Strategic Asset Allocation (SAA) – Portfolio Performance



Portfolio Performance 2020



Month	Fund's Net Assets
Dec'19	5,244,846,713
Jan'20	5,278,843,700
Feb'20	5,261,067,226
Mar'20	5,185,370,150
Apr'20	5,262,909,966
May'20	5,303,537,747
Jun'20	5,396,881,775
Jul'20	5,447,188,705
Aug'20	5,516,814,237
Sep'20	5,522,446,997
Oct'20	5,527,251,633
Nov'20	5,631,479,440
Dec'20	5,573,688,702



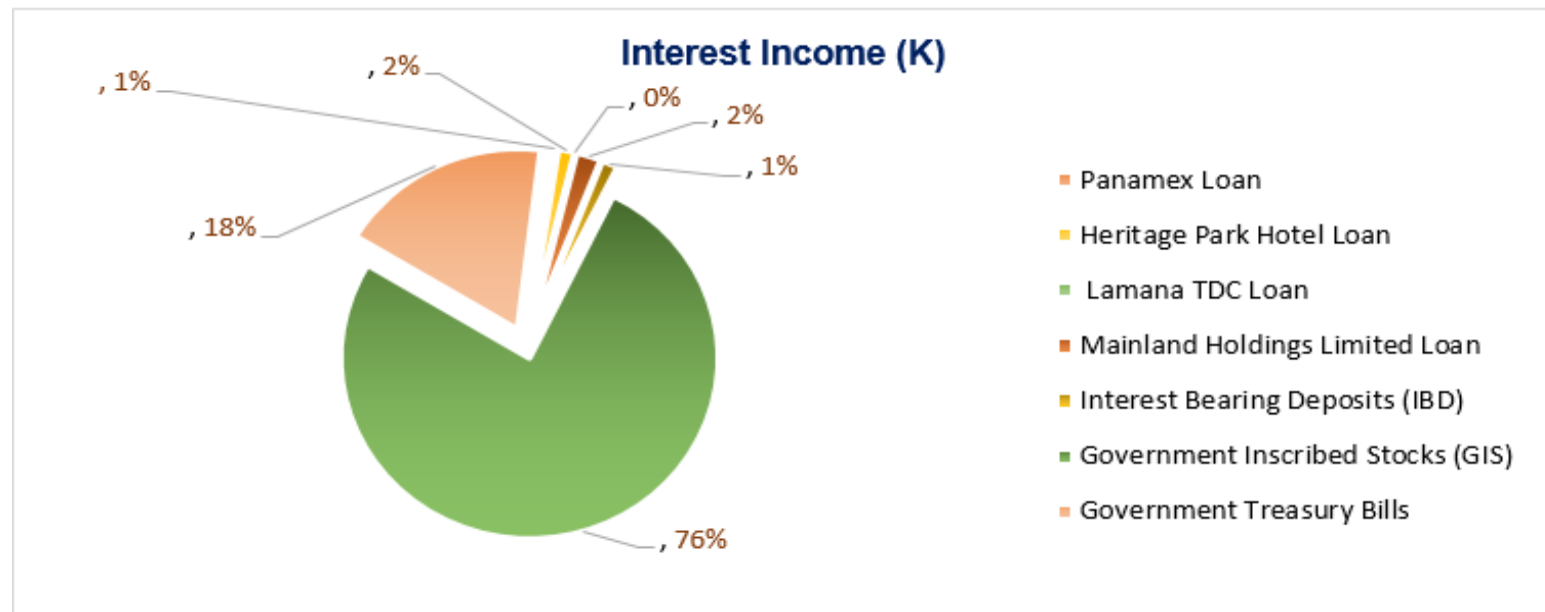
The portfolio has an overall upward trend. This illustrates growth from K5.3B to K5.7B. This growth in the portfolio is attributed to the semi-automated nature of the portfolio being 31.9% fixed income.

Cumulative Interest Income –Portfolio Performance



The year-to-date 2020 Interest Income is mainly comprises of interest income received from;

- Panamex Loan totalling – K1,287,178
- Heritage Park Hotel Loan totalling – K3,489,675
- Lamana TDC Loan totalling – K72,517
- Mainland Holdings Limited Loan totalling – K5,297,738
- Interest Bearing Deposits (IBD) totalling – K3,450,369
- Government Inscribed Stocks (GIS) totalling – K192,854,884
- Government Treasury Bills totalling – K46,353,301



ASSETS	INTEREST INCOME (K)	
	YTD 2019	YTD 2020
Panamex Loan	1,343,756	1,287,178
Heritage Park Hotel Loan	8,789,388	3,489,675
Lamana TDC Loan	-70,813	72,517
Mainland Holdings Limited Loan	1,121,079	5,297,738
Interest Bearing Deposits (IBD)	1,613,836	3,450,369
Government Inscribed Stocks (GIS)	158,077,340	192,854,884
Amortization Premium- GIS	-6,647,046	-8,341,495
Amortization Discount- GIS	2,365,384	2,162,013
Treasury Bills	54,280,507	46,353,301
Total Income	221,370,035	246,626,178

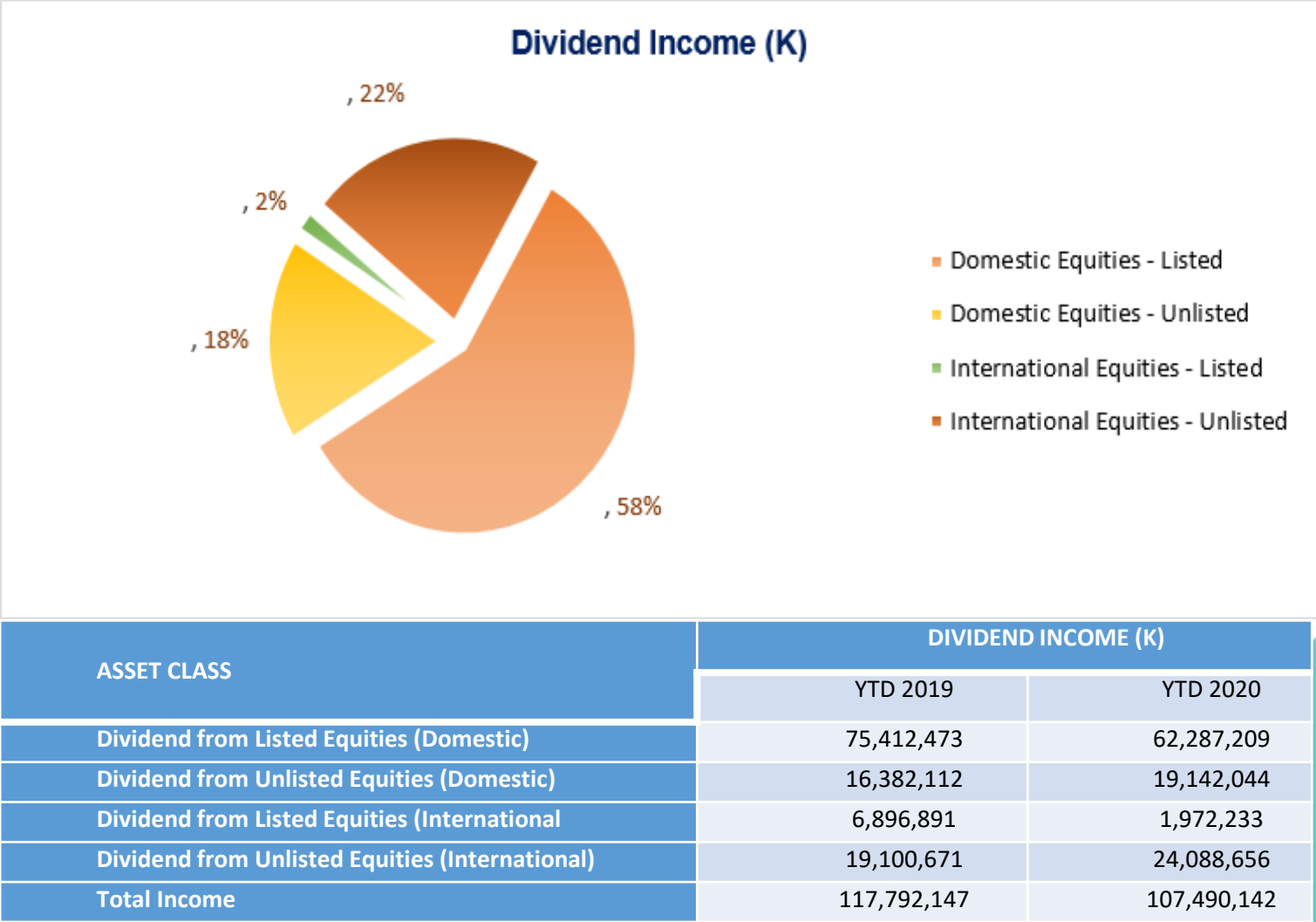
Cumulative Dividend Income– Portfolio Performance



The year-to-date 2020 Dividend Income is comprised of both the listed and non-listed equities, including domestic and international equities.

Dividend income received is categorised by asset class as follows;

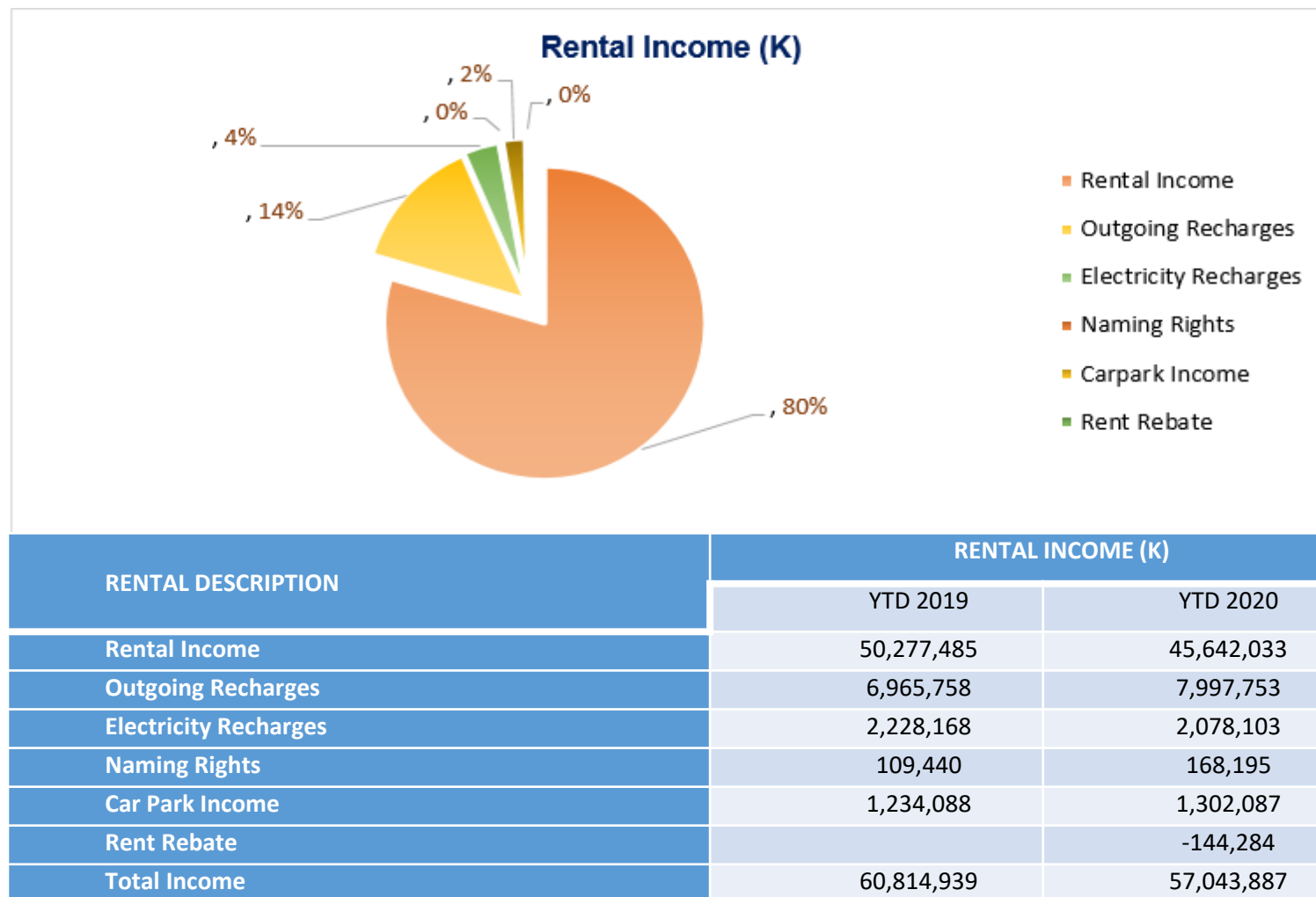
- Dividend from Listed Equities (Domestic) totalling – K62,287,209
- Dividend from Unlisted Equities (Domestic) totalling – K19,142,044
- Dividend from Listed Equities (International) totalling – K1,972,233
- Dividend from Unlisted Equities (International) totalling – K24,088,656



Cumulative Rental Income – Portfolio Performance

The year-to-date 2020 Rental Income received from all the Fund's Properties including commercial, residential, industrial and operational buildings are;

- Rental income received from properties totalling – K45,642,033
- Outgoing Recharges totalling – K7,997,753
- Electricity Recharges totalling – K2,078,103
- Naming Rights totalling – K168,195
- Car park income totalling – K1,302,087
- Rent Rebate totalling – K(144,284)
- Sales Proceeds – Building – K0.00

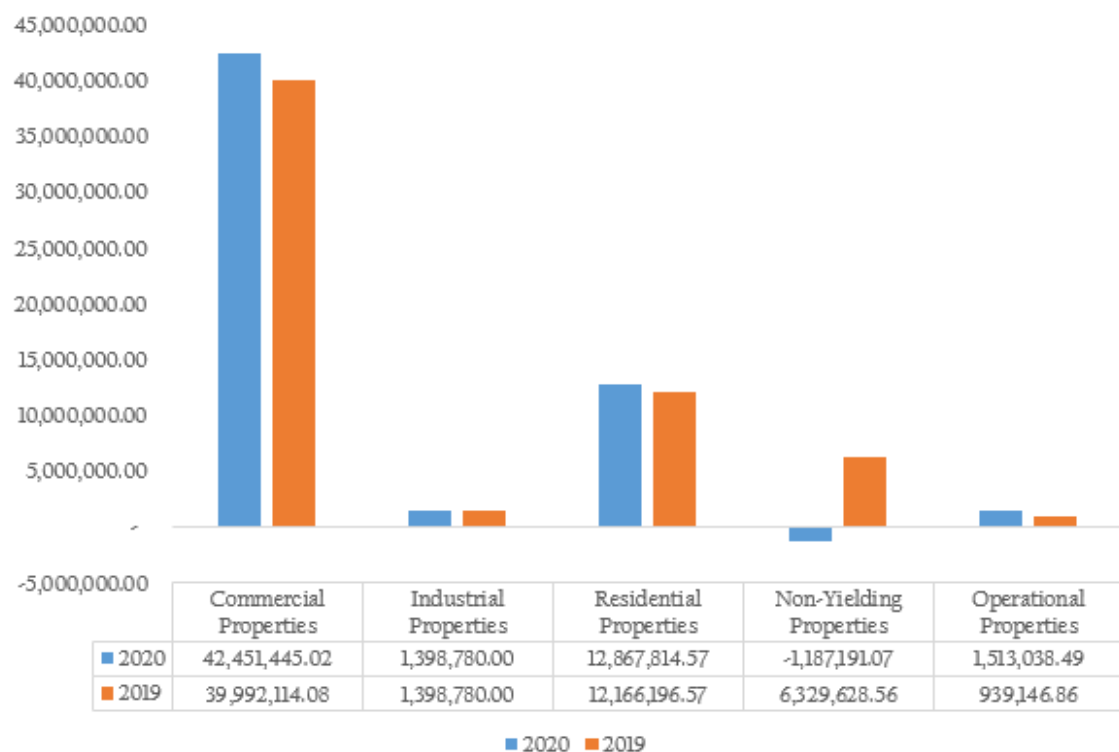


Property– Portfolio Performance



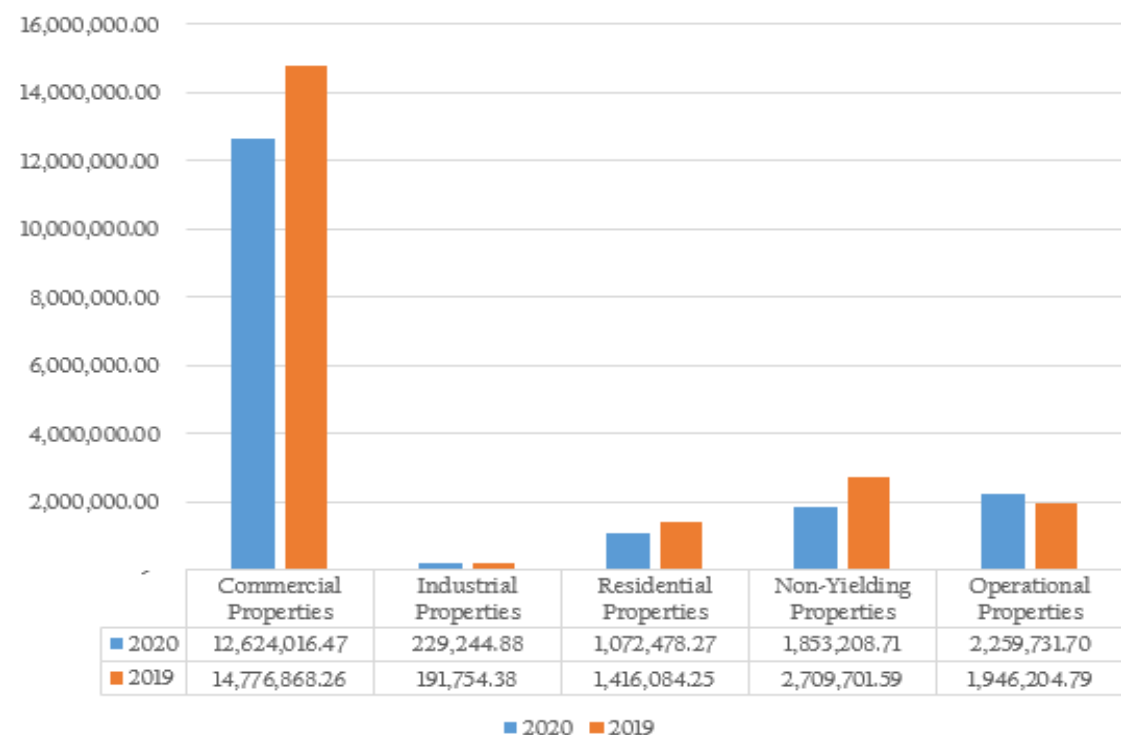
Income	2020	2019
Commercial Properties	42,451,445.02	39,992,114.08
Industrial Properties	1,398,780.00	1,398,780.00
Residential Properties	12,867,814.57	12,166,196.57
Non-Yielding Properties	1,187,191.07	6,329,628.56
Operational Properties	1,513,038.49	939,146.86
	57,043,887.01	60,825,866.07

Gross Income FY20 vs. FY19



Expenses	2020	2019
Commercial Properties	12,624,016.47	14,776,868.26
Industrial Properties	229,244.88	191,754.38
Residential Properties	1,072,478.27	1,416,084.25
Non-Yielding Properties	1,853,208.71	2,709,701.59
Operational Properties	2,259,731.70	1,946,204.79
	18,038,680.03	21,040,613.27

Expenses FY20 vs. FY19

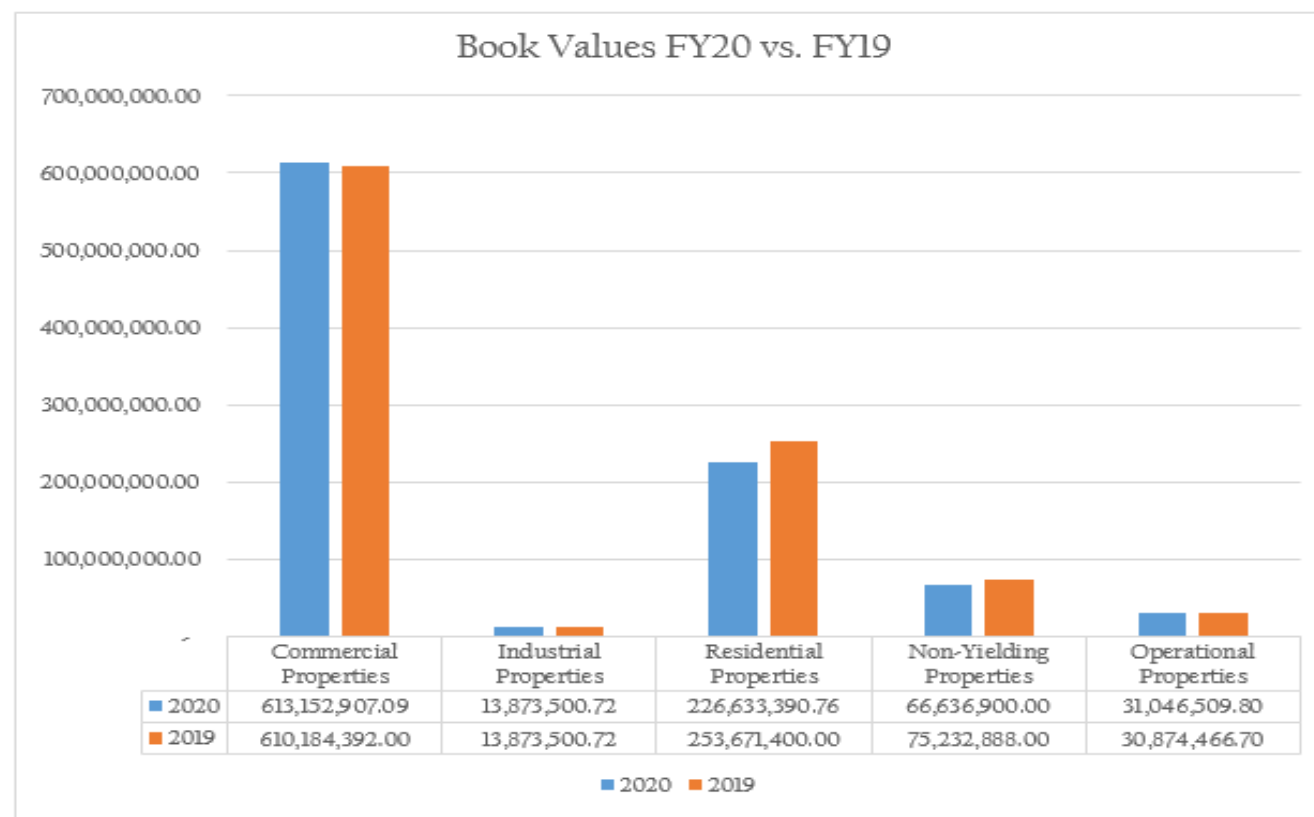


Valuations for 2020 (inc. properties)



**Valuations for
2020 were
conservative**

Book Values	2020	2019
Commercial Properties	613,152,907.09	610,184,392.00
Industrial Properties	13,873,500.72	13,873,500.72
Residential Properties	226,633,390.76	253,671,400.00
Non-Yielding Properties	66,636,900.00	75,232,888.00
Operational Properties	31,046,509.80	30,874,466.70
	951,343,208.37	983,836,647.42

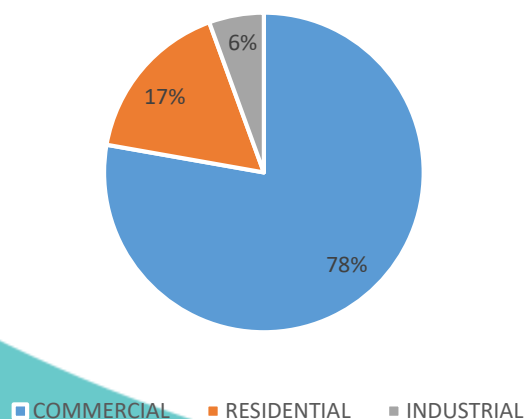


Strategic Asset Allocation revised

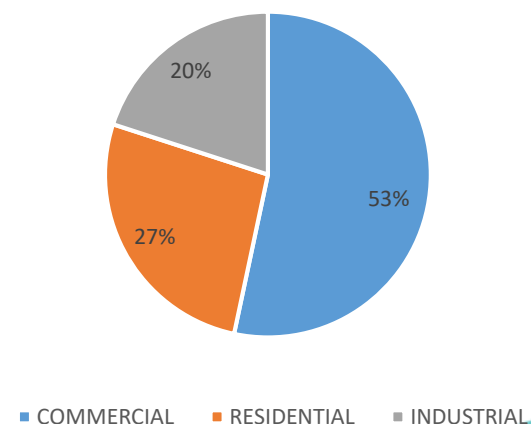


Asset Class	2020 SAA	2021 SAA revised
Liquid (Cash and T-Bills)	21	15 (4.5)
International (Developed Market listed Equities)	9.2	15 (7.5)
Yielding Illiquid (GIS, Loans, Brownfield Property and Infrastructure)	63.2	65 (8.0)
Non-yielding illiquid (non-yielding listed equity, greenfield property and infrastructure, late stage phase equity)	6.1	5 (20)

CURRENT PASA



PROPOSED PASA (5 YEARS)



Stressed / under performing investments



☐ Non-yielding illiquid

- Divestment
- Exit strategies

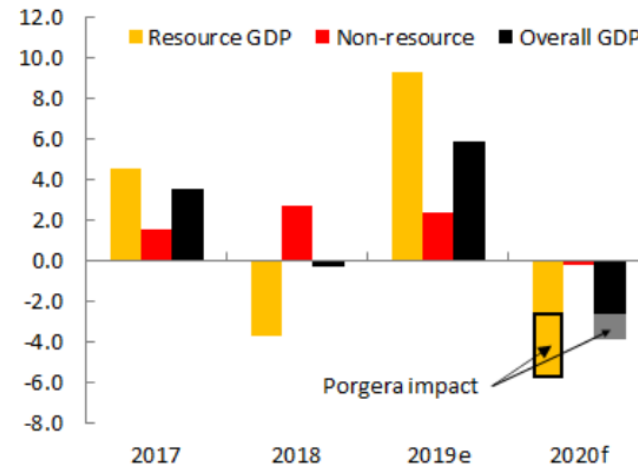
☐ International

- Availability of FX
- Increased investment (Vanguard)
- International Equity Strategy

☐ Property

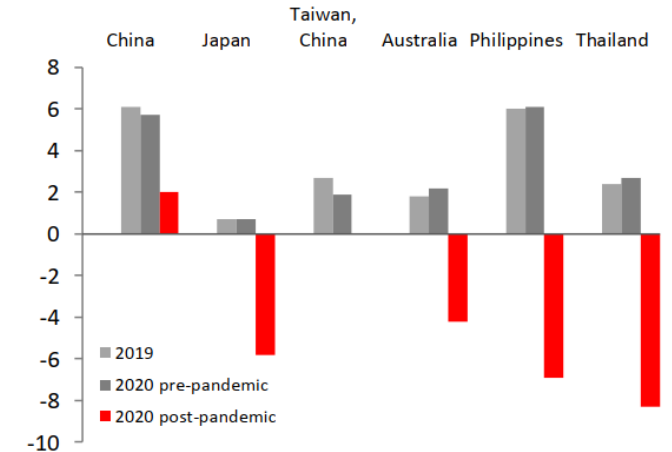
- Revised PASA
- Exit strategies
- Property Strategy

Figure 1. PNG's Real GDP Growth, 2017–20
(Annual percent change)



Sources: PNG National Statistical Office; World Bank staff estimates.

Figure 2. Trading Partners' GDP Growth, 2019–20
(Annual percent change)



Sources: World Bank Global Economic Prospects; IMF World Economic Outlook.

What next? Forward planning

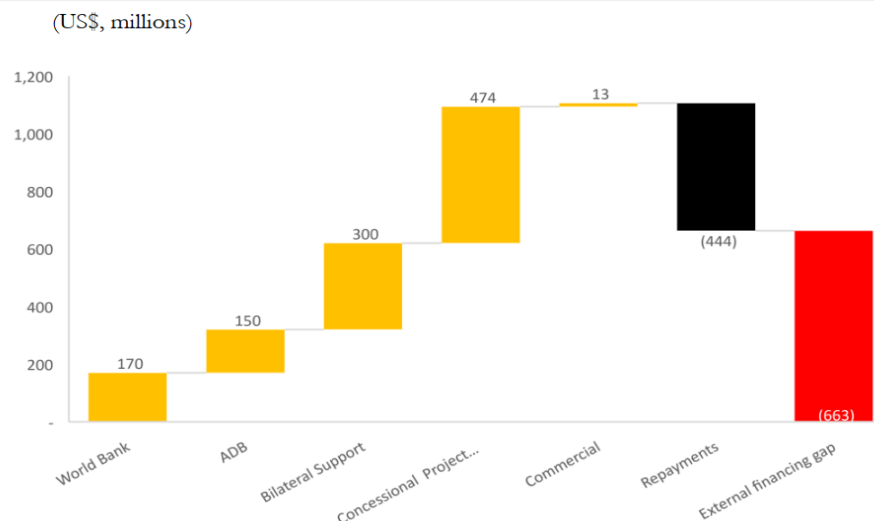


International Investment

Increase the Loan book

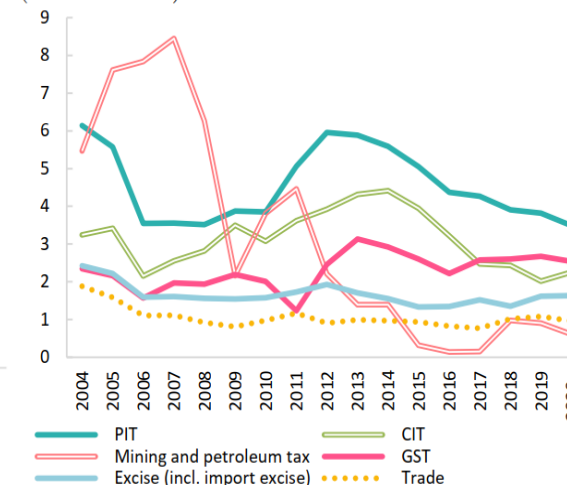
Property Strategy (core property)

Core infrastructure



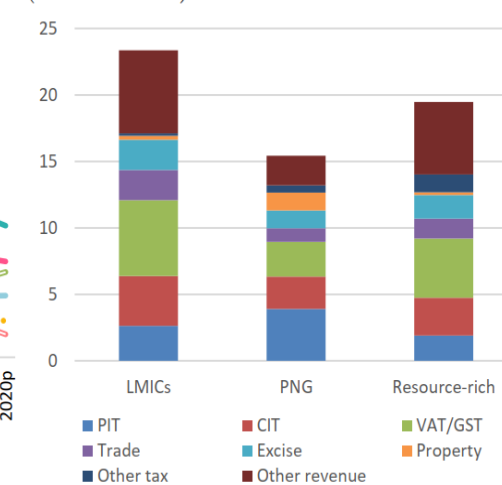
Sources: PNG Treasury; World Bank staff estimates.

Figure 42. PNG Revenue Collection by Tax Type (Percent of GDP)



Source: WB staff analysis.

Figure 43. PNG Tax Mix Comparisons, 2018 (Percent of GDP)



Source: WB staff analysis.

	2017	2018	2019 Est.	2020 Est.	2021	2022	2023	2024
					Projections*			
GDP growth (percent)	3.5	-0.3	5.9	-3.8	3.5	4.2	2.4	2.6
Resource sector	4.5	-3.7	9.3	-5.8	4.3	5.6	1.4	1.8
Non-resource economy	1.5	2.7	2.4	-0.2	1.1	2.0	2.5	2.6
Overall fiscal deficit (percent of GDP)	-2.5	-2.6	-5.0	-8.1	-7.3	-5.3	-3.2	-2.1
Public debt, net (percent of GDP)	35.9	36.6	39.5	49.0	52.2	53.3	54.3	54.0
Current account balance (percent of GDP)	23.8	23.5	22.2	23.8	14.5	9.3	3.8	4.0

Sources: PNG National Statistical Office; World Bank staff estimates and projections.

Note: *A sizable rebound in 2021–22 will be driven by the resource sector, which is expected to grow slower in 2023–24.

Thank you