Pension Fund
Tourism Sector Aruba

2023

ANNUAL REPORT

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Pension Fund
Tourism Sector Aruba

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Report of the Executive Board

Report by the Executive Board

Foreword

As we navigate the dynamic landscape of pension fund management, it is crucial to acknowledge the unique context in which our endeavors unfold. The tourism industry in Aruba stands as both a cornerstone of our economy and a testament to our resilience in the face of global challenges. This executive board report delves into the intricacies of pension fund performance within this vibrant sector, highlighting not only the financial metrics but also the prevailing economic and regulatory environment. Through a blend of strategic foresight and diligent analysis, we aim to steer our pension fund toward growth while honoring our commitment to those who depend on it for their future security. May this report serve as a guiding light in our pursuit of excellence and prosperity for all stakeholders.

General economic condition

Following the substantial contraction of the economy in 2020 due to Covid-19, the economy rebounded in 2021 and 2022. Real GDP is estimated to have increased with 8.0%[1] in 2022 and is forecasted to decelerate to a still heightened 5.1%[1] in 2023, fueled mainly by private investments and strong tourism exports. For 2024 a slight contraction of 0.1%[1] is forecasted, which is projected to be caused by decreasing investments.

Tourism performance was strong with the number of stay-over arrivals reaching 1,243,554[2] in 2023 compared to 1,118,944[2] in 2019, hence registering an impressive 111% recovery compared to the pre-Covid level. North-America solidified its dominance even more registering a market share of 81.1%[2] in 2023, followed by South-America and Europe with respective market shares of 10.5%[2] and 5.8%[2] respectively. The hotels benefited from this development and registered in 2023 an average occupancy rate of 78.1%[2], an Average Daily Rate of USD 341[2] and a Revenue per Available Room of USD 233[2].

The buoyance in the tourism market did not benefit private households on a macro level. Private consumption in real terms is estimated to have registered a 3.1%[1] contraction in 2022, followed by successive forecasted increases of 1.0%[1] and 2.7%[1] in 2023 and 2024. Inflation averaged 5.5%[3] in 2022 and lowered to 3.4%[3] in 2023 and continued to lower further to 2.4%[3] per the end of February 2024. Despite this declining trend, international and geopolitical risks continue to pose a threat for a resurgence of inflation in Aruba.

On the local financial market, mainly caused by loans to enterprises which increased by 16.1%[4], banking credit provided by the commercial banks to the private sector increased by a substantial 10.0%[4] per the end of 2023 compared to the end of 2022. Since COVID-19, commercial banks have developed a high

[1] Source: CBA Economic Outlook March 2024 (readBlob.do (cbaruba.org))
[2] Source: ATA Monthly Report December 2023
[3] Source: Central Bureau of Statistics (Tables CPI – Central Bureau of Statistics (cbs.aw))
[4] Source: CBA Monthly Tables December 2023, dated March 15, 2024 (CBA Monthly Tables December 2023 updated 15 March 2024.pdf)

liquidity position fueled by a subdued credit demand. The CBA responded to this development by successively increasing the reserve requirement. As of March 1, 2023, the CBA required the commercial banks to maintain the amount that they must hold as a minimum balance at the CBA equal to 25.5 %[5] of their clients' liquid deposits. This requirement has been successively lowered since, however remained at a heightened level of 22.0%[6] as of February 1, 2024. This contributes to a tightening of the liquidity on the local market, stimulating interest rate increases on selective loans. The liquidity position of the commercial banks was also affected by local refinancing of foreign loans, which was spurred by the increase of the interest rate in the United States whereas local interest rates remained relatively low, and government bond purchases by institutional investors.

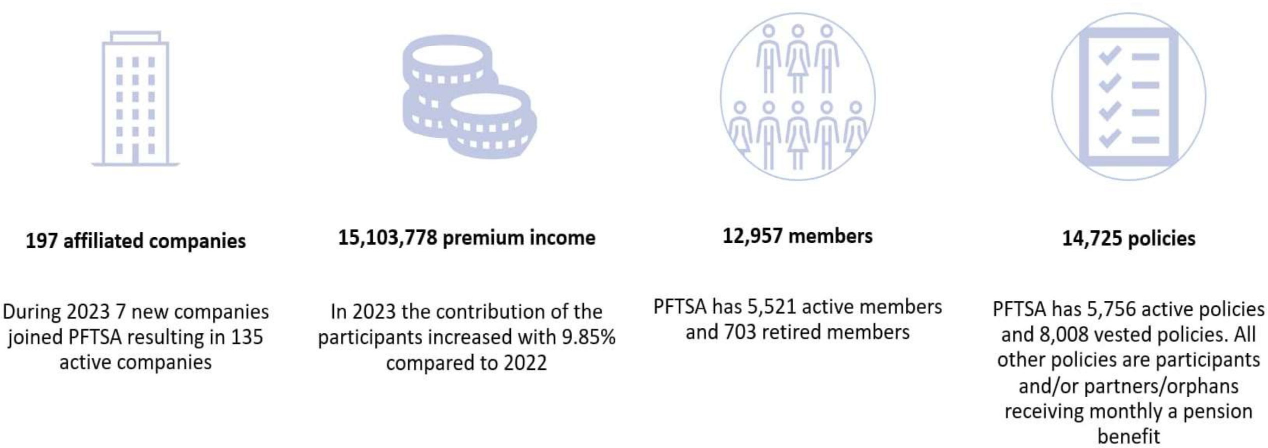
These developments benefited the investment performance of the Fund during the year 2023. The Fund continues to have investment opportunities in the local market in the pipeline and will keep monitoring the developments in the local financial circumstances, including the financing activities by the Government of Aruba and the refinancing of maturing local bonds.

Financial development of the Fund during the year

Development in pension plans

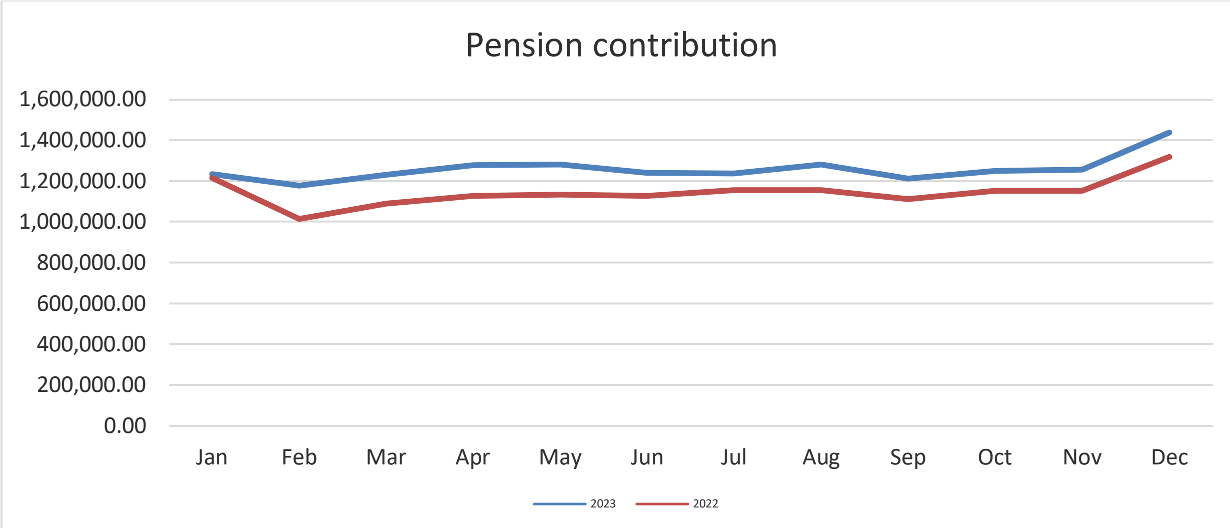
In 2023 the Fund received a total pension contribution income amount of AWG 15,103,778 (2022: AWG 13,749,220), covering 5,521 active participants (2022: 5,202). The total annuitants increased to 703 in 2023 (2022: 582). The rate of return of the Defined Contribution plan for 2023 is 3.75% (2022: 3.75%).

Figure 1: Pension numbers 2023



[5] Source: CBA Monthly Tables February 2023, dated March 31, 2023 (readBlob.do (cbaruba.org))
[6] Source: CBA Press Release, dated March 14, 2024 (readBlob.do (cbaruba.org))

Chart 1: shows a solid performance of the premium income in 2023.



Development in investments

The Fund's investment approach is embedded in maximizing the return on investment while minimizing the possible negative impact on the continuity of the Fund.

At the end of 2023, as shown in Table 1, the investment of the Fund consists of the following investment categories.

Table 1: Investment Category	**2023**	**2022**
	%	%
Bonds	45	44
Loans	21	18
Time deposits	3	4
Mortgages	7	9
Fixed income investments	**76**	**75**
Investment property	12	13
Shares	12	12
Balance as of 31 December	**100**	**100**

Portfolio performance in 2023

The investments of the Fund are guided by its Strategic Investment Policy 2021 - 2023. The performance of the investment portfolio of the Fund recorded a total increase in net return on investment, which includes the direct and the indirect return[7], at the end of December 2023 from 1.3 % to 5.9 % (2022: 4.6 %). The total net return on local investments is 5.6% (2022: 5.6%), whereas the total net return on regional investments amounted to 4.5% (2022: 2.1%). The total net return on international investments amounted to 11.8 % (2022: (20%)). This is shown in Table 2 below.

[7] The total return consists of the direct investment portfolio income plus direct costs properties, allowances, valuation changes, and other revenue.

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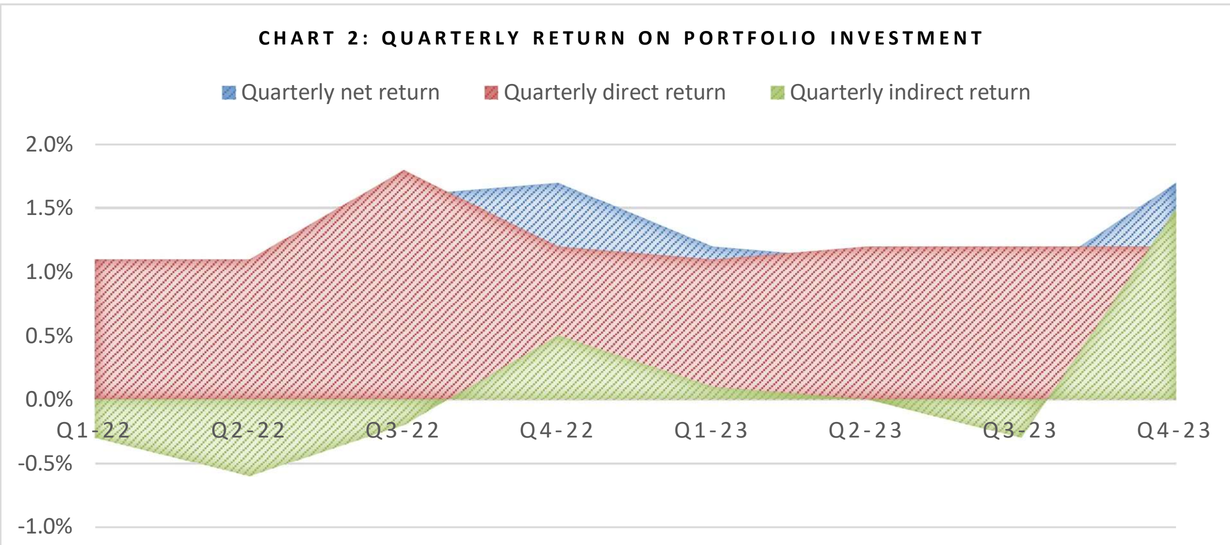
Table 2: Return on portfolio investment

Investment performance in %	2023			2022		
	Direct return	**Indirect return**	**Total net return**	Direct return	Indirect return	Total net return
Total Return on portfolio incl. cash	**4.6**	**1.3**	**5.9**	5.0	(0.4)	4.6
Return on local investments incl. cash	**4.7**	**0.8**	**5.6**	5.3	0.3	5.6
Return on regional investments incl. cash	**4.6**	**(0.1)**	**4.5**	1.9	0.2	2.1
Return on international listed investments incl. cash	**3.3**	**8.5**	**11.8**	2.4	(22.4)	(20.0)

Chart 2 shows the quarterly return on investments of the Fund for the years 2023 and 2022.



The international traded investments of the Fund are done through the international investment manager LCG Associates. In 2023, the performance of the international global markets experienced a sharp rebound across nearly all asset classes after a historically weak year in 2022. The weakness in 2022 was predicated primarily on the spike in inflation across the globe and the ensuing policy rate hikes from the world's central banks, which sent markets into free-fall. Entering 2023, markets began to recognize that inflation was abating, and then prices in the potential for policy rate cuts. Equity markets therefore surged forward as investors reassessed what a lower interest rate environment would mean for stocks and bonds. Additionally, the emergence of artificial intelligence served as another driver for equity markets, particularly among the mega-cap, fast-growing tech stocks. Markets were briefly shaken during the third quarter of 2023 as investors realized the likelihood of rate cuts would be later than anticipated, but ultimately resumed their rally in the fourth quarter to close out a strong 2023.

Geopolitical tensions, including the ongoing Rusia-Ukraine War and the conflict between Israel and Palestine, seemingly had little impact on overall markets.

Strategic investment allocation

The Strategic Investment Policy 2021 -2023 aims to outline the overall investment philosophy of the Fund. The Fund is aware that the allocations presented would not have materialized according to the strategic allocation within the period covered. The allocation objectives set in the strategic investment policy are to be pursued as mid- to long-term goals.

At the end of December 2023, the composition of the local, regional, and international portfolio investment of the Fund and the composition of the assets class for the period 2022 – 2023 are shown in Table 3, Table 4, Table 5, and Table 6.

Table 3: Composition of the investment portfolio

Investment category	Allocation per end December 2023	Allocation per end December 2022	Strategic target allocation
Local	88%	92%	60%
Regional	2%	3%	2.5%
International listed	10%	5%	37.5%

Table 4: Asset Class percentage of assets under management

Investment category	Allocation per end December 2023	Allocation per end December 2022	Strategic target allocation	Bandwidth min - max
Fixed income	**78%**	**78%**	42%	Min 35%
Equity (including property)	**22%**	**22%**	58%	Max 65%

Table 5 Investment allocation local portfolio

Investment category	Allocation per end December 2023	Allocation per end December 2022	Strategic target allocation	Bandwidth min - max
Cash	**4%**	**11%**	1%	1% - 5%
Time Deposit	**3%**	**4%**	1%	0% - 5%
Aruba Government bonds	**27%**	**25%**	20%	15% - 30%
Private loans	**29%**	**26%**	8%	5% - 30%
Residential mortgage	**7%**	**8%**	10%	5% - 15%
Subtotal fixed income - local	**70%**	**74%**	40%	
Real Estate (own Properties)	**11%**	**11%**	17%	10% - 25%
Equity	**7%**	**7%**	3%	1% - 10%
Subtotal equity - local	**18%**	**18%**	20%	
Total	**88%**	**92%**	60%	

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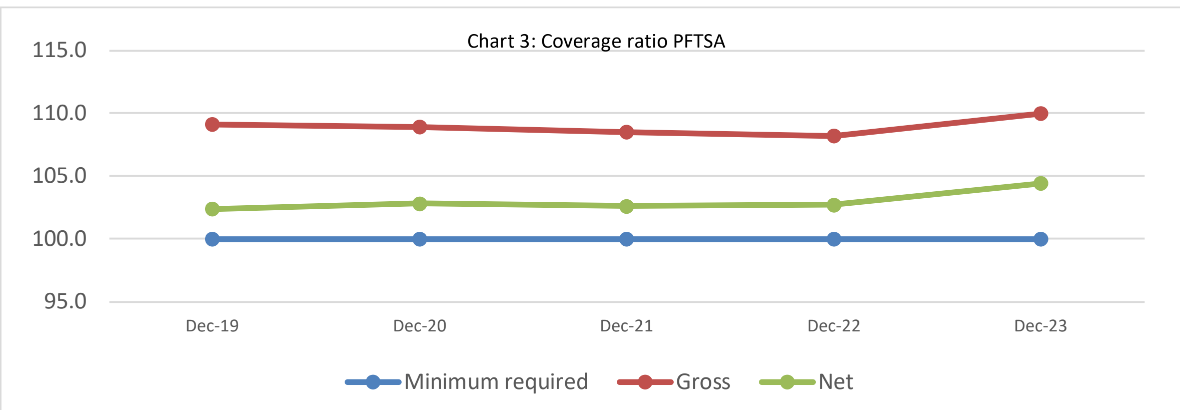
Table 6: International and regional allocation

Investment category	Allocation per end December 2023	Allocation per end December 2022	Strategic target allocation	Bandwidth min - max
Emerging market equity	**-%**	-%	5.0%	0% - 8%
Global developed market equity	**4%**	3%	32.5%	18% - 38%
Subtotal listed international equity	**4%**	3%	**37.5%**	
Listed international fixed income	**6%**	2%	0.0%	0% - 10%
Regional investment fixed income	**2%**	2%	2.0%	0% - 5%
Regional investments equity	**-%**	1%	0.5%	0% - 5%
Total	**12%**	8%	40.0%	

Coverage Ratio Development

The coverage ratio of the Fund as per December 31, 2023, is as follows, gross: 110.0% and net: 104.4% (2022 gross: 108.2% and net: 102.7 %). The coverage ratio of the Fund remained above the current required minimum of 100% of the Centrale Bank van Aruba.

The following chart 3 gives a graphic overview of the development of the coverage ratio over the past five years.



Regulatory Compliance

The Fund's compliance framework is comprised of policies and procedures in the areas of Sound Business Operations as well as robust Anti-Money Laundering and Anti-Financing of Terrorism/Proliferation as per Aruba regulatory legislations. Internal controls with a multi-tier defense system ensure that the policies and procedures are adhered to effectively. The Fund's compliance officer and reporting officer are tasked with the day-to-day compliance workflows. They work closely with the business units, management, and Executive Director to implement the policies and procedures and report directly to the Risk & Compliance committee and the Executive Board.

Periodic risk assessments are performed to improve compliance policies and procedures and to diminish risks for the Fund. An ongoing review is performed by the compliance officer and the status of effective implementation is reported periodically to management, and Executive Director, the Risk & Compliance Committee, and the Executive Board. This enables the proactive adjustments and reactions to external triggers which are swiftly and efficiently addressed by the Fund.

As part of regulatory compliance, it is imperative to adhere to reporting requirements mandated by supervisory authorities. This includes comprehensive reporting on coverage ratios, both gross and net, along with their respective minimum requirements. Over the last five years, our organization has diligently provided detailed reports showcasing these ratios to regulatory bodies. These reports not only demonstrate our commitment to transparency but also ensure that we meet or exceed the minimum requirements set forth by regulatory authorities. By consistently adhering to reporting obligations, we uphold our responsibility to maintain financial stability and regulatory compliance, thereby safeguarding the interests of our stakeholders.

Management and Supervision

Legal structure

General

The Fund is responsible for implementing a pension plan for employees of member companies and is responsible for proper implementation of the pension plan for vested participants and retirees in accordance with existing laws and regulations and works based on an ABTN report. The Fund registers and archives all signed contracts and other commitments with (former) member companies.

The Fund currently manages two plans, namely a Defined Benefit plan ("DB") and a Defined Contribution plan ("DC"). As of 2004, the Fund ceased allowing participation in the DB-Plan and the participants could continue only with the DC-plan. The pensions built up in the DB-Plan until 2003 have not been transferred to the new pension plan (DC-plan).

The Fund has an Executive Board that is composed of employers' and participants' representatives who elect the independent chairman of the Executive Board. The Executive Board is assisted upon request by an external actuary. The Fund has ten permanent employees, including the Executive Director, who together with the Executive Board, are responsible for all the work (pension administration, payout, investment portfolio, communication, etc.) at the Fund.

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Articles of Foundation

The current Articles of Foundation have been revised and notarized as of May 18, 2018.

Affiliated companies

During 2023, seven (2022: ten) new companies have joined, and three (2022: five) companies became vested. At the end of 2023, a total of 197 (2022: 190) companies were affiliated with the Fund, of which 135 (2022: 131) are active and 62 (2022: 59) are vested.

Composition of the Executive Board and Committees

Executive Board

The Executive Board ("Board") consists since July 1, 2012, of 2 employers' representatives and 2 participants' representatives. The composition of the Executive Board for the financial year 2023 is as stated below (refer to table 7).

Table 7: The Fund Executive Board members

Executive Board members	Name
Chairman of the Executive Board	Mr. G.K. Farro
Appointed by the employers	Mr. E.F.C. Albertus Mrs. S.T.G. Nierop-Kappel
Appointed by the participants	Mr. P.D. Vandormael Mrs. M.R. Croes

The Executive Board members on behalf of the employers are elected for a period of four years by nomination of member employers. Procedures regarding the election of Executive Board members are defined in the articles of foundation under article 8.

Executive Board and daily management

The Executive Board appointed Mr. Marion M. Agunbero as the Executive Director for the daily management of the Fund. The responsibilities of the Executive Board are in accordance with the article of foundation, the Rules, and Regulations of the Fund as well the "Actuariële Bedrijfstechnische Nota" ("ABTN").

Executive Board committees

The Executive Board has established three committees e.g., the Risk & Compliance Committee, the Investment Committee, and the Audit Committee.

Each committee consists of three members (refer to Table 8) and each committee has been assigned to one or two external persons to support each of the three committees. The committees have an advisory role and prepare policy recommendations.

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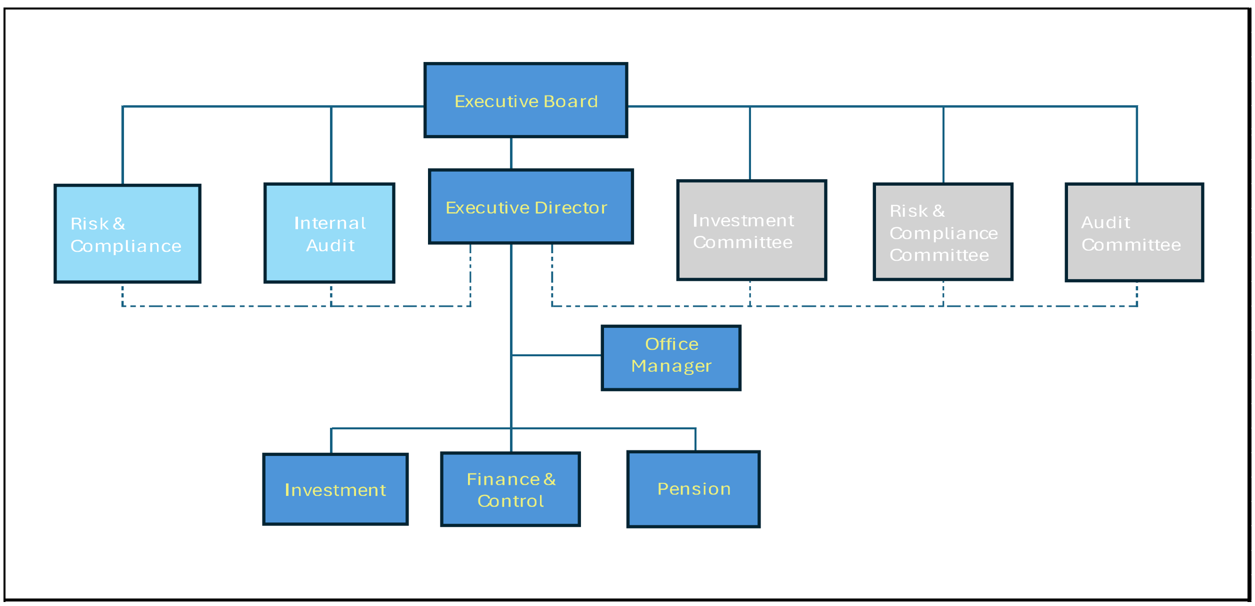
Table 8 The Fund Committee Members

Committee membership	Name and position
Audit Committee	Mr. G.K. Farro (Chairman) Mrs. M. Statia (external member) Mr. R. van Trigt (external member)
Risk & Compliance Committee	Mr. E.F.C. Albertus (Chairman) Mrs. S.T.G. Nierop-Kappel Mr. D.J.M.J. Coenen (external member)
Investment Committee	Mr. P.D. Vandormael (Chairman) Mrs. M.R. Croes Mr. R.K. Kock (external member)

Organizational structure

The organizational structure of the Fund is shown in figure 2 below.

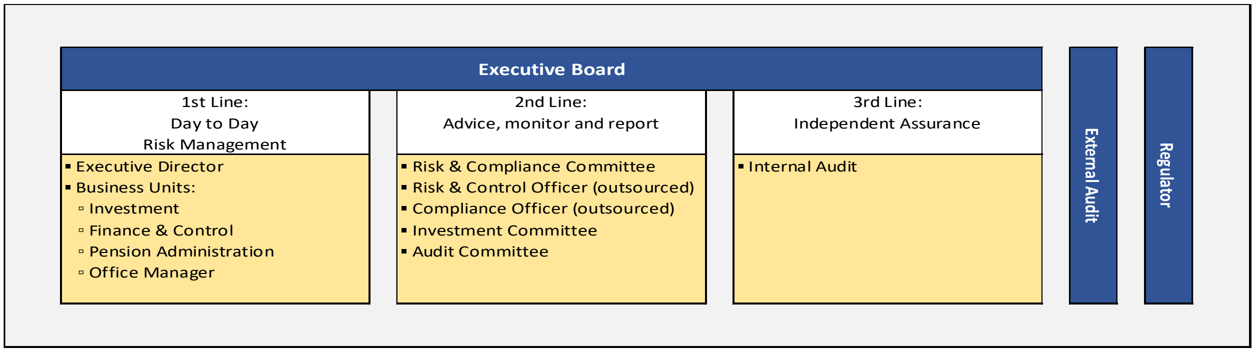
Figure 2: the organization chart of the Fund



The three core activities (investment, pension, finance & control) are incorporated into the organization of the Fund. The Executive Board is ultimately responsible for the Fund. The management of the executive organization is provided by the Executive Director.

The Fund's risk management is structured according to the Three Lines Model (previously known as the Three Lines of defense model). The Three Lines Model distinguishes three lines of defense for managing risks (refer also to figure 3):

Figure 3: The Fund's Three Lines Model



The Executive Board of the Fund has responsibility for internal controls and risk management.

Policy changes in 2023

Table 9 shows the key policy documents and decisions presented, which were adopted by the Executive Board in 2023.

Table 9: Key policy discussions, decisions and policy documents approved by Executive Board in 2023

Areas	Policy Document	Approved by the Executive Board
Cost allocation of DB & DC schemes	Policy document	May 2023
Strategic Vision and Plan	Discussion & approval strategic plan	August 2023/March 2024
Business continuity management	Updated Business Continuity Management Plan document	April 2023

Hereunder we will elaborate on the areas mentioned in table 9, as well as policy intentions related to solvency requirements for pension funds and the "Convenio nacional adulto mayor".

Cost allocation

In 2023 an analysis was conducted on the administrative expenses of the Fund, which stems from the Risk Management matters that require immediate attention. As per the Board Decision of 2016, the Fund can charge 10% of the total contributions as administrative expenses. Historically, the real administrative costs of the Fund surpassed this percentage. The analysis concluded that it would be difficult to reach the 10% target solely by implementing actions from the reduction of expenses or increase in contributions alone. A 100% increase in premiums is not viable given the current pension market conditions. Nevertheless, the Fund should focus on increasing contributions by 30-50% in the next five years. Additionally, the Fund should continue working on the efforts to expand its services to other than the tourism industry by eliminating the current sectoral restrictions as established in the State ordinance Company Funds.

Business Continuity Management

This document sets out the Business Continuity Plan (hereinafter "BCP") of the Fund. With the BCP, the board wants to provide stakeholders, outsourcing parties, and other parties of the Fund with insight into the policy pursued and the manner of managing a serious calamity in which employees are in danger or the implementation of the pension administration is (possibly) stagnating. The purpose of this plan and its complementary policies is to ensure that the organization has a documented and fully functional set of procedures that incorporate both business and ICT services and which is written in sufficient detail to enable the reinstatement of those services within 24-48 hours of a "disaster". The objective of the Business Continuity Plan is to coordinate the recovery of critical business functions in managing and supporting the business recovery in the event of a disruption or disaster. The BCP plan will enable the Fund to meet its statutory, regulatory, and commercial obligations and initiate "Business as Usual" in the event of a disaster affecting its normal level of service. Information security is a key consideration in the plan to ensure that the confidentiality, integrity, and availability of information is maintained in any eventuality.

The updated BCP approved by the Board replaced the Fund Business Continuity Plan adopted in September 2022 and elaborates in more detail on the following issues:

- Introduction of a crisis management team, including tasks & responsibilities
- Definition of generic disaster scenarios
- Crisis management documentation
- Definition of the Fund's critical services, processes & resources
- Emergency procedures, recovery & resumption of activities
- Testing of the BCP plan & ongoing amendment

New Strategic Vision and Plan for PFTSA

In 2023 the Fund initiated deliberation and drafting of the Fund's strategic plan. In this process, the company Capstone Research Group VBA d.b.a. Cornerstone Economics was engaged to assist the Fund with the strategic alignment process. The process started with the creation of a strategic vision for the Fund. The vision serves the requirements and expectations of our participants, employers, and employees of the Fund. The vision sets the future direction of the Fund. Sitting beneath the vision are strategic goals. These goals focus on a three to five-year time horizon and fundamentally support the vision. Achievement of the goals will drive the Fund forward for future years. The board reviews and enhances the strategic plan annually. As part of its annual strategic review, the board determines the strategic priorities for the coming year, and the Fund's employees participate and engage in the strategic planning processes. The final strategic plan was adopted by the Executive Board in March 2024.

New CBA Solvency requirements

The Centrale Bank van Aruba (CBA) informed the pension funds its intention to increase the net solvency requirements for pension funds from 100 percent to 105 percent, step by step, in phases, by 1 percentage point each time over a period of 5 years, effective January 1, 2025.

The CBA explained that the current policy was evaluated by the Dutch Central Bank (DNB) and DNB indicated that the current solvency requirements did not consider other potential risks such as interest risk. Especially considering over the years the local and external risks have increased and the financial markets have become more volatile and consequently the CBA would like to upgrade its supervisory instruments.

The Fund is monitoring this requirement and is in the process of evaluating the impact of this policy based on external advice.

Convenio Nacional Adulto Mayor

On November 2, 2023, the Fund co-signed the “Convenio Nacional Adulto Mayor” (Convenio), which was signed by 20 other entities (representatives, of amongst others, elderly institutions, chamber of commerce, FCCA, APFA, Simar, OPPA, AHATA).

Based on the Convenio this group would like to initiate a structure of dialogue between all related parties on the future policy dealing with elderly issues in Aruba. This issue is becoming a more pronounced due to the ageing of the Aruban population, but also as a result a fragmented approach. The Fund also has a representative in the steering committee “Foro Adulto Mayor” (FAM).

Risk Management

The Executive Board has adopted the Risk Charter, which describes the structure and implementation of Enterprise Risk Management (ERM) regarding the financial and non-financial risks of the Fund, as shown in Table 10.

Table 10: Financial & non-financial risk

Financial Risk categories	Non- Financial Risk categories
Discount Rate Risk	Environment Risk
Equity Risk	Operational Risk
Valuation Risk	Outsourcing Risk
Credit Risk	IT Risk
Technical Insurance Risk	Integrity Risk
Liquidity Risk	Legal Risk
Concentration Risk	Governance Risk

The Risk Officer is committed to identifying, evaluating, and managing risks to the Fund and implementing and maintaining control procedures to reduce significant risks to an acceptable level.

To meet this responsibility, a Risk Register is maintained, and its purpose is to:

- highlight the scope of the risks to which the Fund is exposed and the tolerance which the Risk Officer (and the Fund) have for those risks;
- rank those risks in terms of likelihood and impact; and
- identify management actions that are either currently being taken or that it is believed should be taken to mitigate the identified risks to an acceptable level.

The Risk Register is reviewed by the Risk Officer quarterly, and any proposed changes are then referred to the Risk & Compliance Committee and the Executive Board at each quarterly meeting.

The main risks to which the Fund is exposed are:

Operational risk: there is a risk that administrative expenses are not covered by premiums contributions, resulting in prospective fewer benefits for the participants due to reduced returns of assets. The small size of the entity may also affect the efficiency of the operations and the Fund’s necessity to outsource activities. Furthermore, untimely identification of transactions exceeding budget affects the plan assets and non-plan assets management. Moreover, a lack of oversight on investment property management

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may result in a reduction of asset value either through loss of future income or maintenance quality of the asset.

IT Risk: the reliability of the mortgage program may result in adequate reporting or inefficient use of human resources.

Credit risk: adverse economic conditions affecting mortgage holders, and dependency on one economy may affect the repayment capacity of mortgage holders or bondholders.

Valuation risk: the accuracy of appraisal reports and the proper valuation of investments pose a risk that the correct valuation is included in the figures of the Fund and thus potentially affecting returns and supervisory ratios.

Liquidity risk: investment Strategy that is inconsistent with Funding Strategy may lead to the Fund not being managed properly through setting employer contribution rates incorrectly and thus resulting in the future liabilities of the Fund not being able to be covered by its assets.

Outsourcing risk: key functions that are outsourced may affect the loss of control, loss of innovation, loss of organizational trust, and higher-than-expected transaction costs.

Risks related to interest rate, concentration, liquidity, and other price sensitivity related to equities are considered in the risk management process but have not been categorized as requiring immediate attention. For reporting purposes, the effects of these risks are disclosed in the notes of the financial statements.

The basis for an effective ERM of the Fund is a clear and appropriate division of tasks, responsibilities, and powers. The Executive Board is ultimately responsible for the ERM and responsible for appropriate management of all risks associated that the Fund faced.

Information on state of affairs

The Fund has shown a growth in 2023 in the number of policies and participants. The number of policies increased from 13,670 to 14,725 during 2023 of which 673 (2022: 673) DB policies and 14,052 (2022: 12,997) DC policies. The number of participants increased from 12,096 in 2022 to 12,957 in 2023.

Of the total policies, 5,597 (2022: 5,232) are active policies of the DC Fund. The change in the active policies is specified in the following table.

Table 11: Movement in active policies	**2023**	**2022**
Active policies as of January 1	**5,232**	**4,811**
New policies from new participants from existing and new affiliated companies	1,130	1,156
Less: Allocation to the following categories: vested policies, new annuitant's policies and policies related to one-time payments and transfers	(765)	(735)
Active policies as of December 31	**5,597**	**5,232**

Mortgage grants to participants began in 2008. At the end of 2023 there were 82 (2022: 83) mortgages issued, with a total value of AWG 13,381,551 (2022: AWG 13,900,912) of which AWG 112,419 (2022: AWG 243,524) is still pending to be disbursed for construction mortgages. Overdue mortgage loans are closely monitored, and necessary action is taken, if needed.

Actuarial developments

Actuarial analysis

In calculating the technical pension provision for risk of the Fund, the Fund makes assumptions for interest, mortality, and costs. During the year, these parameters may deviate from the assumptions previously used. Consequently, these changes may result in the realization of a gain or loss. The total result on the income and expenses consists of the sum of the result on each of the individual assumptions. An actuarial analysis of the total result is displayed in the following table 12.

Table 12: Actuarial analysis

in AWG	2023	2023	2022	2022
Result on the contributions and others				
Contribution by the employers and participants	15,103,778		13,749,220	
Calculated premium	(15,106,749)		(13,745,943)	
		(2,971)		3,277
Result on investments				
Result on investments	10,790,331		7,509,757	
Yield on pension for the risk of the fund including DC pensioners	(1,098,326)		(972,683)	
Yield on pension for the risk of the participants	(5,349,523)		(4,811,988)	
Impairment mortgages	-		-	
		4,342,482		1,725,086
Result on mortality and others				
Result on disability	-		-	
Result on mortality	224,631		(337,379)	
		224,631		(337,379)
Result on distribution cost				
Pension administrative expenses	(2,030,450)		(2,023,887)	
Cost component included in premium	1,676,101		1,529,695	
Release calculated cost	23,637		20,341	
		(330,712)		(473,851)
Result on value transfers and refunds				
Release due to value transfers and refunds	1,577,829		1,551,475	
Refunds and value transfers	(1,607,468)		(1,602,378)	
		(29,639)		(50,903)
Other results				
Result on change in actuarial assumptions	-		-	
Result on others	127,920		349,405	
		127,920		349,405
Net result according to financial statements		**4,331,711**		**1,215,635**

Pension Fund Governance of the Centrale Bank van Aruba ("CBA")

General

According to the CBA's Sound Governance Practices, members of the Executive Board of a financial institution falling under its supervision should follow the practices as outlined below:

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- ensure competent management on an ongoing basis;
- ensure appropriate plans and policies for the institution;
- monitor operations to ensure compliance and adequate control;
- oversee business performance.

The Executive Board's responsibilities

To ensure competent management on an ongoing basis

The Fund has an experienced Executive Director who is being assisted by a team of qualified staff. The Fund keeps investing in its staff to maintain quality, while integrity and sound technical skills are a must.

To ensure appropriate plans and policies for the Fund

- Planning

The rapid changes in the financial industry call for clear strategies and swift decision-making. Long-term strategic planning at the Fund is carried out in close contact between the Executive Director and the Executive Board and is deduced from the ALM study dated January 2021.

- Investment Policy and an AO/IC-Manual

The investment activities are laid down in the Investment Policy Statement (IPS) dated October 2021. All major investment decisions are initiated by following written policies and procedures. The IPS is communicated through all levels within the Fund. The Administrative and Internal Control Procedures are contained in an AO/IC manual.

- To monitor operations to ensure compliance and adequate control.

The Executive Board meets monthly to ensure that management exercises adequate internal controls on the institution's operations.

The Executive Board receives the following information quarterly to evaluate the Fund's performance:

  - analysis of actual versus budgeted income and costs, including key ratios and trends;
  - information on accounting, policy, and compliance matters (relevant laws and regulations);
  - information on investment opportunities and ongoing investments of the Fund;
  - information on important external developments;
  - internal and external audit reports (management letter, management's comments); and
  - on-site examination letters of CBA and other relevant correspondence.

Remuneration of the Executive Board

All Executive Board members receive a monthly remuneration.

Pension Fund
Tourism Sector Aruba

Financial Statements

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Statement of financial position

As at December 31, 2023		**December 31,**	**December 31,**
in AWG	***Note***	**2023**	**2022**
ASSETS			
Property, plant, and equipment	*5*	219,100	378,519
Investments for the risk of the Fund	*6*	14,421,100	14,033,449
Investments for the risk of the participants	*7*	148,728,621	119,508,890
Investment properties for the risk of the participants	*8*	20,951,376	19,956,209
Receivables	*9*	4,037,417	3,290,035
Cash and cash equivalents	*10*	10,791,755	19,899,934
Total assets		**199,149,369**	**177,067,036**
CAPITAL AND LIABILITIES			
Fund capital		-	-
Reserves		17,886,088	13,554,377
Total Fund capital		**17,886,088**	**13,554,377**
LIABILITIES			
Provision for pension liabilities for risk of the Fund	*11*	14,565,051	14,386,049
Provision for pension liabilities for risk of the participants	*12*	165,311,355	147,616,434
Lease liabilities	*13*	787,407	893,361
Other liabilities and accrued expenses	*14*	599,468	616,815
Total liabilities		**181,263,281**	**163,512,659**
Total capital and liabilities		**199,149,369**	**177,067,036**
Pension liability reserve funding ratio - CBA[8]		**104.4%**	**102.7%**
Pension liability reserve funding ratio [9]		**104.3%**	**102.8%**

[8] Pension liability reserve funding ratio – CBA: (Total assets – solvency margin– short-term liabilities) /pension provision)

[9] Pension liability reserve funding ratio: (Total assets – solvency margin) /pension provision)

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Statement of comprehensive income

in AWG	*Note*	**2023**	2022
REVENUES			
Premium Contribution for the risk of the participants	*18*	15,103,778	13,749,220
Net investment result for risk of the participants	*19*	10,083,058	7,103,711
Net investment result for risk of the Fund	*20*	707,273	406,046
Total revenues		**25,894,109**	**21,258,977**
EXPENSE			
Retirement benefits and refunds	*21*	1,607,468	1,602,378
Changes in pension provision for risk of the Fund	*11*	179,002	286,891
Changes in pension provision for risk of the participants	*12*	17,694,921	16,115,913
Pension administrative expenses	*22*	2,030,450	2,023,887
Net value of transfers		50,557	14,272
Total operating expenses		**21,562,398**	**20,043,341**
Total comprehensive income for the period		**4,331,711**	**1,215,636**
APPROPRIATION OF COMPREHENSIVE INCOME			
Added to the reserve for risk of the Fund		137,311	(277,380)
Added to the reserve for risk of the participants		4,194,400	1,493,016
		4,331,711	**1,215,636**

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Pension Fund
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Statement of changes in Fund capital

For the year ended December 31
in AWG

	Fund capital	Reserves Risk of the Fund	Reserves Risk of the participants	Reserves	Total Fund capital
Balance as of January 1, 2022	-	**791,577**	**11,547,164**	**12,338,741**	**12,338,741**
Net comprehensive income for the period	-	(277,380)	1,493,016	1,215,636	1,215,636
Balance as of December 31, 2022		**514,197**	**13,040,180**	**13,554,377**	**13,554,377**
Net comprehensive income for the period	**-**	**137,311**	**4,194,400**	**4,331,711**	**4,331,711**
Balance as of December 31, 2023	-	**651,508**	**17,234,580**	**17,886,088**	**17,886,088**

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Pension Fund
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Statement of cash flows

For the year ended December 31			
in AWG	*Note*	2023	2022
Cash flow from pension activities			
Net contributions for the risk of the participants		14,655,791	13,477,487
Disbursement due to refunds and transfers		(50,557)	(14,272)
Disbursements due to retirement benefits and refunds	*21*	(1,607,468)	(1,602,378)
Paid administrative expenses		(1,837,059)	(1,969,797)
Paid interest on leases		(14,304)	(20,060)
Net cash from pension activities		**11,146,403**	**9,870,980**
Cash flow from investing activities			
Proceeds from investments for risk of the Fund		709,708	676,028
Proceeds from investments for risk of the participants		7,627,229	6,819,166
Investments redeemed for risk of the Fund		620,948	671,676
Investments redeemed for risk of the participants		8,667,473	20,255,677
Acquisition of investments for risk of the Fund		(1,026,290)	(3,906,173)
Acquisition of investments for risk of the participants		(36,739,407)	(27,651,177)
Acquisition of property, plant, and equipment	*5*	(22,593)	(63,052)
Paid interest on leases		(38,945)	(39,133)
Net cash used in investing activities		**(20,201,877)**	**(3,236,988)**
Cash flow from financing activities			
Paid principal portion of leases		(52,705)	(101,342)
Net cash used in investing activities		**(52,705)**	**(101,342)**
Net increase of cash and cash equivalents		**(9,108,179)**	**6,532,650**
Cash and cash equivalents as of January 1	*10*	**19,899,934**	**13,367,284**
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents as of December 31	*10*	**10,791,755**	**19,899,934**

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Pension Fund
Tourism Sector Aruba

Notes to the Financial Statements

Notes to the financial statements for the year ended December 31, 2023

1. General information

Fund information.

The Fund, with registered offices in Oranjestad, Aruba, was founded on March 27, 1992 on the initiative of the Aruba Hotel & Tourism Association ("AHATA") and the Federacion di Trahadornan di Aruba ("FTA"), as both shared the same vision for the need to create a pension plan that would provide workers in the tourism industry with additional income after retirement on top of the general old age pension provided by the government. The Fund is registered at the Chamber of Commerce under the number S171.

Currently, there are 197 (2022: 190) member companies affiliated with the Fund, who together represent 14,725 policies (2022: 13,670) and 12,957 participants (2022: 12,096).

The Fund is under the supervision of the "Centrale Bank van Aruba" ("CBA").

The Fund is a foundation Pension Fund as described in the State Ordinance for Company Pension Funds ("SOCPF") (in Dutch: "Landsverordening Ondernemingspensioenfondsen (LOP)"). The SOCPF rules, among others, the character, contents, regulation, reporting and form of pension funds. Its main objective is to protect the participants' interests.

The Fund's registered and principal place of business is Avenida E.J. Watty Vos 24, Oranjestad, Aruba.

Activities of the Fund

The objective of the Fund is to provide old age, widow/widower/orphan pension benefits to the participants and their families.

Managed Pension Plans

As of 2004, the Fund administers two plans, namely, a Defined Benefit (DB) Plan ("for the risk of the pension Fund") and a Defined Contribution (DC) Plan ("for the risk of the participants"). As of this date, the Fund ceased allowing participation in the DB-Plan and the participants can continue only with the DC-plan. The pensions built up in the DB-Plan until 2003 have not been transferred to the new pension plan (DC-plan).

The CBA in her supervisory role regarding Pension Funds issues directives and guidelines. Among others, it regulates the actuarial calculation of the pension plan as mentioned in its actuarial directive. In this respect the usage of an actuarial calculation rate of a maximum 4% ("rekenrente") is required. The technical provisions and pension liabilities are in principle, not stated at market value but are determined in accordance with the actuarial directives prescribed by the CBA.

Funding arrangements

According to the Rules, the resources of the Fund for the risk of the participants derive from (a) contributions from employers, (b) contributions from its participants, and (c) the income from the

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investment of its assets. The contributions are expressed as a percentage of each participant's reference salary. The Fund for the risk of the Fund is not active and hence does not obtain contributions from employers' participants.

Significant Activities for the period

There were no significant activities during the year.

Pension Portfolio

DB policies	**2023**	**2022**
Active policies	159	177
Vested policies	301	313
Annuitants' policies	201	172
Partners pension policies	11	11
Orphan policy	1	-
Total policies	**673**	**673**

DC policies	2023	2022
Active policies	5,597	5,232
Vested policies	7,707	7,156
Annuitants' policies	707	572
Partners pension policies	35	31
Orphan policy	6	6
Total policies	**14,052**	**12,997**
Total policies	**14,725**	**13,670**

The number of participants is specified below.

Number of participants

Group	**DC participants**		**DB participants**		**Total participants**	Total participants
	2023	**2022**	**2023**	**2022**	2023	2022
Active	5,368	5,031	153	171	5,521	5,202
Vested	6,393	5,963	293	304	6,686	6,267
Annuitants' policies	517	424	186	158	703	582
Partners and orphan pension	35	34	12	11	47	45
Total participants	**12,313**	**11,452**	**644**	**644**	**12,957**	**12,096**

Investment policy

The investment policy of the Fund is developed in such a way that the benefits of pension entitlements of the participants of the Fund can be realized. To achieve this objective, it is important that the funds entrusted to the Fund are managed and invested in a responsible and prudent manner. The Fund aims to achieve the highest possible return within the defined risk frameworks. This will be among others achieved through adequate diversification and elimination of concentration risk where feasible.

The strategic investment policy was prepared and approved by the Executive Board of the Fund in October 2021 and is an update of the Investment Guideline Proposal dated February 2018. The strategic investment policy will be updated and/or revised at least every three years. The strategic investment policy will also be amended in case of material changes: e.g., policy, market, etc.

The strategic investment policy is based on an ALM study conducted by Willis Towers Watson (WTW) in which an assessment was carried out on the optimal balance between the allocations of the investments portfolio and the projected future obligations of the pension fund towards its participants.

Regulatory Environment

The Fund is supervised by the CBA. With this, the legal framework, such as laid down in the State Ordinance Company Pension Funds, the actuarial guidelines of the CBA, and the solvency guidelines of the CBA apply to the Fund. The solvency of the pension fund is measured by the coverage ratio, which is defined as the ratio between the value of the pension assets and the value of the provision for pension obligations. The definition of the gross coverage ratio is expressed in the following formula:

$$\text{Gross coverage ratio} = \frac{\text{Pension Assets – short-term liabilities}}{\text{Provision for pension obligations}}$$

To prevent the coverage ratio from falling because of a decrease in the value of the investments to an unacceptable low level, the pension fund is also required to hold a solvency margin. Maintaining a solvency margin is expressed in the net funding ratio according to the following formula:

$$\text{Net coverage ratio} = \frac{\text{Pension Assets – short-term liabilities – solvency margin}}{\text{Provision for pension obligations}}$$

In accordance with the solvency guidelines of the CBA, both the gross and the net funding ratio must be a minimum amount of 100%. Both the gross funding ratio and the net funding ratio are higher than 100% as of December 31, 2023. The available resources are enough to provide the facility to fully cover the pension obligations, as included in these financial statements, and to meet the solvency margin required by the CBA to mitigate any negative investment result.

2. Material accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS. They have been prepared on the basis that the Fund operates on a going concern basis.

Composition of Plan and Non-Plan Assets and Liabilities

The financial statements include assets and liabilities attributable to both plan and non-plan activities. Plan activities primarily encompass the operations of the retirement benefit plan in accordance with the requirements of International Accounting Standard 26 (IAS 26). These activities consist of investments, contributions, benefit payments, and related transactions directly associated with the retirement benefit obligations of the plan.

Non-plan activities, on the other hand, pertain to operational or non-retirement benefit plan activities that are distinct from the retirement benefit obligations. These activities include general operational assets and liabilities, revenue-generating operations, and other business activities unrelated to retirement benefits.

Management has diligently segregated plan and non-plan assets and liabilities to ensure appropriate reporting and disclosure in accordance with the requirements of IAS 26. Such delineation facilitates transparency and clarity regarding the financial position and performance of the retirement benefit plan as well as non-plan activities within the entity.

Foreign currency translation

Functional and presentation currency

These financial statements are presented in Aruban florin (“AWG”), which is the Fund´s functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Fund entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The following foreign currencies are translated into AWG at the following fixed exchange rates:

- 1 USD: AWG 1.80
- 1 ANG: AWG 1.00.

Comparative figures

The classification of comparative figures for the previous financial year has only been adjusted, where applicable, for comparison.

Investments

Investments for the risk of the Fund and investments for the risk of the participants and their related investment income receivables are accounted for in accordance with IAS 26 and are categorized as financial instruments at fair value through statement of comprehensive income.

The Fund classifies these financial instruments into the following categories:

A. Investments for the risk of the Fund (refer to note 6):

- A1. investments in unlisted fixed investments;
- A2. investments in unlisted investment funds; and
- A3. investments in listed investment funds.

B. Investments for the risk of the participants (refer to note 7):

- B1. investments in unlisted fixed investments;
- B2. investments in unlisted investment funds; and
- B3. investments in listed investment funds.

1. Investments in unlisted fixed investments

These are assets with a fixed repayment value that have been purchased to be held until maturity to match the 'obligations of the plan'.

These assets are valued at first recognition at fair value plus any directly attributable transaction costs. After initial recognition, they are valued at amortized cost using the effective interest method. Based on the nature and calculations of the investments, the amortized cost using the effective interest method mirrors the fair value of these investments.

Investments in unlisted fixed investments consist of issued private loans and purchased Land Aruba government bonds, corporate bonds, term deposits, mortgages, and others. The latter category contains two investment accounts. These investments, which are not listed on an active market, are characterized by fixed or determinable payments (interest and repayments) and by a fixed maturity. The Fund intends to hold these fixed investments until the end of the term, since these investments were acquired with the aim of meeting the obligations with IAS 26.33, based on the final redemption value at the end of the maturity.

Changes in the value of these investments in unlisted fixed investments, as well as the interest income earned, are accounted for as investment income in the statement of comprehensive income.

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2. Investments in unlisted investment funds

These investments are recognized at their fair value at first recognition and then revalued at the last known fair value and increased or reduced by any (de)investments until the end of the financial year.

Changes in the value of these investments in unlisted investment funds, as well as dividend yields, are accounted for as net investment results for the risk of the participants in the statement of comprehensive income.

3. Investments in listed investment funds

Investments in listed investment funds, consisting of foreign bond and equity funds, are valued at their fair value at first recognition and then revalued at the last known fair value. In this respect, these investments are valued at fair value at the end of the financial year as provided by the asset manager.

Changes in the value of these investments in listed investment funds, as well as the interest and dividend income earned, are accounted for as net investment result for risk of the participants in the statement of comprehensive income.

Impairment

Impairment of Financial Assets

The financial instruments related to the Fund's operational activities are classified as financial instruments at amortized cost. IFRS 9’s impairment requirements use more forward-looking information to recognize expected credit losses - the “expected credit loss (ECL) model”. The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and 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’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’)
- ‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

The Fund assessed the impairment of the retirement plan investments assets based on the incurred loss model. The model assumes when a loss or trigger event is identified, an impaired investment is written down to a lower value.

Financial plan assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset than can be estimated reliably. Objective evidence that investments are impaired can include:

- delinquency by a borrower or issuer, restructuring of a loan or advance by the Pension Fund on terms

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that the Pension Fund would otherwise consider

- indications that a borrower or issuer will enter commercial bankruptcy
- indications that a borrower or issuer will encounter loss of income, either as borrower or co-borrower.
- indications that economic conditions will impact the borrower's or issuer's business or industry
- indications of significant recession in the borrower's or issuer's country
- other observable data relating to an individual asset

Delinquency (past due) is defined as payments that are 90 days in arrears or greater.

Impairment of Non-Financial Assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in the statement of comprehensive income based on comparable market values or based on the cash flow model. These are included in the statement of financial position at their fair values.

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 from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period in which the property is derecognized.

Financial Instruments not categorized as investments

Financial assets and financial liabilities are recognized in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for rental or premium receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Leased assets

The Fund as a lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Fund assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Fund.
- the Fund has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Fund has the right to direct the use of the identified asset throughout the period of use. The Fund assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Fund recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Fund, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Fund depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Fund also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Fund measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Fund's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Fund has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities.

The Fund as a lessor

As a lessor, the Fund classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and is classified as an operating lease if it does not.

Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, less straight-line depreciation. All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The depreciation is calculated based on historical cost less estimated residual value and the related useful life of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The estimated useful lives are:

-	Right of use of assets building and equipment	4 – 5 years
-	Leasehold	2 – 5 years
-	Vehicles	5 years
-	Furniture & equipment	3 – 5 years
-	Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Transfers

The Fund may transfer assets from Fund 1 to Fund 2 or vice versa based on ring-fencing opportunities or requirements. Transfers between funds are based on the fair value of the transfer of the approved transfer date. Transfers balances not converted in investments reside in the current account of the respective fund and hence allocated to the proper fund as plan assets.

Fund Capital

Fund capital consists of a capital contribution by the participants of the Fund and the accumulation of results retained by the Fund.

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Provision

A provision is recognized if, because of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The calculation of the pension provision is determined by the following assumptions:

Provision for pension liabilities for the risk of the Fund (defined benefit)

- Discount rate: 4% (2022: 4%).
- Mortality table: The mortality table used GBM/GBV 2005-2010 (2022: GBM/GBV 2005-2010), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age correction of -1 year for non-retirees and for retirees. For children (under 21 years), the mortality risk was set at zero.
- Age difference: All participants are assumed to be married. Male participants are assumed to be two years older than female participants; the provision is set at the net cash value of the regulatory benefits accrued until the statement of financial position date. The age at statement of financial position date is determined by deducting the date of birth from the statement of financial position date. The period until retirement date is determined by deducting the age at statement of financial position date from the retirement age.
- Exit costs: The Fund applies a 2% exit cost.
- Cost deduction: 0.5% (2022: 0.5%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of additional benefits to the participants based on the Executive Board’s discretion.

The Fund sponsors defined benefit plans for qualifying participants of qualifying companies from the hospitality industry. The defined benefit plans are administered by a separate fund. The Executive Board is responsible for the investment policy for the assets of the Fund.

All the participants of the defined benefit plan are vested. Since 2004, the qualifying employers have not provided contributions to the defined benefit plan anymore as the Fund ceased participation.

The plan typically exposes the entity to actuarial risks such as investment risk, interest rate risk, and longevity risk.

Investment risk	•The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to non-traded loans and bonds of Land Aruba and certain traded stocks and bonds; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in debt securities and equity instruments. Due to the long-term nature of the plan liabilities, the trustees of the Fund consider it appropriate that reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the Fund.
Interest risk	•A decrease in the interest rate of the plan assets will increase the plan liability.
Longevity risk	•The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Provision for pension liabilities for the risk of the participants (defined contribution)

- Discount rate after retirement: 3.75%.
- Mortality table: the mortality table used is, GBM/GBV 2005-2010 (2022: GBM/GBV 2005-2010), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age of -1 year (2022: -1 year) for retirees. For children (under 21 years), the mortality risk was set at zero.
- Cost deduction: 10% (2022: 10%).
- Cost retention for pension acquisition at retirement date: 2% acquisition of pension based on actual marital status.
- Exit costs: the Fund applies a 2% exit cost.
- Interest granted: 3.75% (2022: 3.75%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

Other liabilities and accrued expenses

The Fund initially recognizes other liabilities on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes financial liability when its contractual obligations are discharged or canceled or expire.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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The Fund has the following other liabilities and accrued expenses. These are recognized initially at fair value plus any directly attributable transaction costs and after the initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Revenues

Premium contributions

Premium contributions are attributed to the period to which they relate. An estimate is made based on extrapolation if the necessary information has not been received from employers. The amount allowed to cover the costs of the collection is accounted for in the benefit payments and administrative expenses.

Net investment result

Investment results for the risk of the Fund and for the risk of participants are attributed to the period to which they relate. Capital gains and losses are accounted for in the period in which they occur. Net investment results include direct expenses, which are expenditures directly related to investment-producing activities, such as professional fees, allocation personnel expenses, operating expenses of investment properties, and other operating expenses of investment activities.

Other income

Other income consists of commitment fees and investment income fees (if any) and is attributed to the period to which it relates.

Expenses

Retirement benefits and refunds

The benefits represent payments made to the participants and annuitants and are based on actuarial principles and are allocated to the year in which the liability was incurred.

Changes in pension provision for risk of the Fund (defined benefit)

Pension accruals are attributed to the period in which the accrual of pension rights takes place. An exception to this is the assumed continuation of active service for the purposes of pension accrual in the case of a participant dying. This future accrual of pension rights is recognized immediately in the year in which the participant dies. The change in the pension provision for the risk of the Fund consists of the following items:

- Interest addition: the interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure published by CBA for pension funds. The interest is calculated on the opening balance and the movements during the year.
- Retirement benefits and other claims: the amount released from the provision for pension is credited to the statement of income and expenses in the period for which the provision for the expenses concerned was made in the calculation of the provisions.
- Pension rights transfers: changes in respect of transfers of pension rights are attributed to the period to which they relate.

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- Change in interest rate: the effect that the adjustment of the actuarial interest rate in line with guidelines has on the provision for pensions is recognized in the statement of comprehensive income at the end of the reporting period.
- Change in actuarial assumptions: the effect that the adjustment of the actuarial assumptions has on the provision for pensions is recognized in the statement of income and expenses at the end of the reporting period.

Changes in pension provision for risk of the participants (defined contribution)

The changes reflect the difference between the beginning and ending values at the statement of financial position date of the provision.

- Interest addition: the interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure maintained by the Fund. The interest is calculated on the opening balance and the movements during the year.
- Retirement benefits and other claims: the amount released from the provision for pension is credited to the statement of comprehensive income in the period for which the provision for the expenses concerned was made in the calculation of the provision.
- Pension rights transfers: changes in respect of transfers of pension rights are attributed to the period to which they relate.
- Change in interest rate: the effect that the adjustment of the actuarial interest rate in line with guidelines has on the provisions for pension and insurance liabilities is recognized in the statement of income and expenses at the end of the reporting period.
- Change in actuarial assumptions: the effect that the adjustment of the actuarial assumptions has on the provision for pension is recognized in the statement of comprehensive income at the end of the reporting period.

Administrative expenses

Administrative expenses are attributed to the period to which they relate. The Fund is further exempt from profit tax but pays BBO, BAZV, and BAVP taxes on its rental income. In 2023 as in 2022, part of the salary costs, Accounting, Administrative and Consultants fees, legal fees, and Information and Technology costs have been allocated to the investment as part of the investment charges, as these charges are directly linked to investment activities of the Fund.

Net value of transfers

The net value of transfers reflects the value of the pension rights of the participants that have decided to transfer these to another pension fund.

Related parties

Related parties are persons or entities that are related to the reporting entity. These include a person or a close member of that person's family who has control or joint control of the reporting entity, has significant influence over the reporting entity, or is a member of the key management personnel of the reporting entity.

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Additionally, it also includes an entity that is related to a reporting entity when:

- They are members of the same group.
- The entity is an associate or joint venture of the other entity.
- The entities that are joint ventures of the same third party.
- One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- The entity is controlled or jointly controlled by a related party person.
- A related party person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel comprise of the members of the Executive Board and the members of the management team who have authority and responsibility for planning, directing, and controlling the activities of the Fund, directly or indirectly.

The key management officers of the Fund deemed to be able to materially influence the performance and the future of the Fund are provided with salary, benefits and incentives based on individual performance.

Cash-flow statement

The statement of cash flows has been prepared using the direct method. The notes to the statement of cash flows explain the variances between movements in the items in the statement of comprehensive income and the items in the statement of cash flows. Receipts and expenditures in foreign currencies are translated into Aruban Florin ("AWG") at transaction date exchange rates. The differences arising because of differences between the transaction rate of exchange and the settlement rate of exchange are included in the direct investments income received.

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3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Fund's accounting policies, which are described in note 2, the Executive Board is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Executive Board has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Impairment testing

Following the assessment of the recoverable amount of plan financial assets, which have been determined to be impaired, the Executive Board consider the recoverable amount of plan financial assets to be most sensitive to the market value of the appraisal report. Appraisal reports mentions the estimated cost per square meter for construction and land, estimated fencing cost, estimated market values per square meter, foreclosure percentage from market value based on current and anticipated market conditions that have been considered and approved by the Executive Board. The estimates have historically been relatively stable. However, due to the uncertain nature of assets and unstable market conditions, the estimates may be more sensitive. The effects of the global supply chain and inflation have an indirect impact on the real estate industry and on construction costs. The sensitivity analysis in respect of the recoverable amount of financial assets is presented in note 15.

Discount rate used to determine the carrying amount of the Fund's defined benefit obligation

The determination of the Fund's defined benefit obligation depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period for high-quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, the quality of the bonds and the identification of outliers that are excluded. These assumptions are a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Fund's financial statements within the next year. Further information on the carrying amounts of the Fund's defined benefit obligation and the sensitivity of those amounts to changes in the discount rate are provided in note 15.

Determination of fair values

Certain accounting policies and disclosures require the determination of fair values, both for financial instruments and for non-financial assets and liabilities.

In estimating the fair value of an asset or a liability, the Fund uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Fund engages third-party qualified appraisers to perform the valuation. The valuation committee works closely with qualified external appraisers to establish the appropriate valuation techniques and inputs to the model. The Finance and Control manager reports the valuation committee's findings to the Executive Board of the Fund every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. The valuations of private equity investments, contingent consideration in business combinations and nonderivative financial assets held for trading are particularly sensitive to changes in one or more unobservable inputs, which are considered reasonably possible within the next financial year. Various valuation methods are used to determine the fair value of the financial instruments. The levels below provide an overview of the valuation method used to determine the fair value in each level.

Related to published price quotations in an active market (Level 1)

This category includes financial instruments, the fair value of which is determined directly based on published quotations in an active market. A financial instrument is quoted in an active market if the quoted price is readily and regularly available from a stock exchange, trader, stockbroker, industry group, pricing institution or supervisory institution, and these prices reflect current and regularly occurring market transactions.

Valuation method based on market information (Level 2)

This category includes financial instruments, the fair value of which is not determined directly based on published quotations in an active market but uses variables from an active market or which are observable in the market. When certain variables are not observable in the market, but all other significant variables are, this instrument is still classified in this category, assuming the impact of these elements on the overall valuation is insignificant. This includes instruments whose value is derived from quoted prices or comparable instruments.

Valuation method not based on market information (Level 3)

This category includes financial instruments whose fair value has been determined using a valuation technique (a model) and for which more than a non-significant part of the variables for the purpose of the total valuation are not observable in the market.

If the variables used to determine the fair value of an asset or liability fall within different levels of the fair value hierarchy, the determined fair value is classified in the same level of the fair value hierarchy as the lowest-level variable relevant to the entire measurement. The Fund recognizes any reclassifications between the levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

For the determination of fair value for level three plan financial assets, the Executive Board considers the fair value amounts of financial assets to be most sensitive to the market value of the appraisal report. Appraisal reports consist of occupancy rates, discount rates, future rental income and estimated maintenance expenditures that have been considered and approved by the Executive Board. The

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occupancy rate and the discount rate are most sensitive to changes due to the nature of the investment properties. Appraisal reports are prepared by an independent and qualified appraiser. Qualified appraisers are considered an NRVT Register – "Taxateur" or members of a similar association.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

Provision for pension liabilities for the risk of the Fund (defined benefit)

The Executive Board's estimate of the defined benefit obligation is based on a few critical underlying assumptions, such as mortality and discount rate. Variations in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses amount. The information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year in relation to the provision for pension liabilities for the risk of the Fund are described in note 11.

Provision for pension liabilities for the risk of the participants (defined contribution)

The Executive Board's estimate of the defined contribution obligation is based on several critical underlying assumptions such as mortality and discount rate. Variations in these assumptions may significantly impact the defined contribution obligation amount and the annual defined contribution expenses amount. The information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year in relation to the provision for pension liabilities for the risk of the participants are described in note 12.

4. New or revised Standards or interpretations

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Fund has applied a few amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard number	Comment
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	The Fund has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates, and the impact of policyholders' options and guarantees. The Fund does not have any contracts that meet the definition of an insurance contract under IFRS 17.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The Fund has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 about disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events,

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	or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Fund has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.
Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules	The Fund has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The Fund has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Fund has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Standard number	Standard name
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 16	Property, Plant and Equipment—Lease Liability in a Sale and Leaseback
Amended to IAS 7	Supplier Finance Arrangements

The board does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Fund in future periods.

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Pension Fund
Tourism Sector Aruba

Notes to the Financial Position

Notes to the financial position

5. Property, plant, and equipment

Details of the Funds' property, plant, and equipment and their carrying amounts are as follows:

in AWG	*Right of use of assets- Building and equipment*	*Leasehold*	*Furniture and Equipment*	*Vehicles*	*Computer equipment*	**Total**
Balance as of January 1, 2022						
Cost	486,378	44,107	147,333	137,000	283,568	**1,098,386**
Accumulated depreciations	(164,507)	(14,551)	(96,504)	(91,530)	(231,972)	**(599,064)**
Carrying amount	**321,871**	**29,556**	**50,829**	**45,470**	**51,596**	**499,322**
Changes in 2022						
Investments	-	-	-	-	63,052	**63,052**
Investments disposal	-	-	-	-	(20,552)	**(20,552)**
Depreciation	(100,133)	(8,821)	(19,572)	(18,810	(36,519)	**(183,855)**
Depreciation disposal	**-**	**-**		**-**	20,552	**20,552**
Total change	**(100,133)**	**(8,821)**	**(19,572)**	**(18,810)**	**26,533**	**(120,803)**
Balance as of December 31, 2022						
Cost	486,378	44,107	147,333	137,000	326,068	**1,140,886**
Accumulated depreciations	(264,640)	(23,372)	(116,076)	(110,340)	(247,939)	**(762,367)**
Carrying amount	**221,738**	**20,735**	**31,257**	**26,660**	**78,129**	**378,519**
Changes in 2023						
Investments	2,588	5,500	6,800	-	7,705	**22,593**
Investments disposal	-	-	-	-	(9,035)	**(9,035)**
Depreciation	(101,328)	(10,426)	(16,409)	(12,960)	(40,341)	**(181,464)**
Depreciation disposal	**-**	**-**	**-**	**-**	8,487	**8,487**
Total change	**(98,740)**	**(4,926)**	**(9,609)**	**(12,960)**	**(33,184)**	**(159,419)**
Balance as of December 31, 2023						
Cost	488,966	49,607	154,133	137,000	324,738	**1,154,444**
Accumulated depreciations	**(365,968)**	**(33,798)**	**(132,485)**	**(123,300)**	**(279,793)**	**(935,344)**
Carrying amount	**122,998**	**15,809**	**21,648**	**13,700**	**44,945**	**219,100**

The property, plant and equipment are not encumbered. All depreciation and impairment charges are included within depreciation, amortization, and impairment of non-financial assets.

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6. Investments for the risk of the Fund

The Investments for risk of the Fund are assets relating to the Defined Benefit plan and consist of investments at fair value through the statement of comprehensive income. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition.

The Fund intended to hold the investments to profit from the changes in fair value change as well as income derived from these assets. When needed these will be converted (net of transaction costs) into cash and cash equivalents. The total carrying amount of the investments is based on external estimates and confirmations. The value of the investment portfolio is therefore largely based on data from independent sources. The investments for risk of the Fund can be classified into the following categories, including the applied valuation methods of the three levels of fair values:

in AWG	**Level 1**	**Level 2**	**Level 3**	**December 31, 2023**
6.1 Listed investment funds	-	-	-	**-**
6.2 Unlisted fixed investments	-	-	14,421,100	**14,421,100**
Balance as of December 31, 2023	-	-	14,421,100	**14,421,100**
Minus: Short-term investments	-	-	(1,019,172)	**(1,019,172)**
	-	**-**	**13,401,928**	**13,401,928**

in AWG	**Level 1**	**Level 2**	**Level 3**	**December 31, 2022**
6.1 Listed investment funds	120,646	-	-	**120,646**
6.2 Unlisted fixed investments	-	-	13,912,803	**13,912,803**
Balance as of December 31, 2022	120,646	-	13,912,803	**14,033,449**
Minus: Short-term investments	(120,646)	-	(500,000)	**(620,646)**
	-	**-**	**13,412,803**	**13,412,803**

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Reconciliation of Level 3 fair value measurements of financial instruments.

	Unlisted fixed investments
Balance as of January 1, 2022	**12,617,854**
Total gains and losses:	-
In comprehensive income	(1,429)
Purchases	3,757,250
Issues	-
Settlements	(34,362)
Transfers out of level 3	(2,426,510)
Transfers into level 3	-
Balance as of January 1, 2023	**13,912,803**
Total gains and losses:	-
In comprehensive income	(17,993)
Purchases	1,026,290
Issues	-
Settlements	(500,000)
Transfers out of level 3	-
Transfers into level 3	-
Balance as of December 31, 2023	**14,421,100**

6.1 Investment in listed investment funds

This concerns the financial assets managed by Solar Asset Management N.V. and held for trading. These financial assets can be specified as follows:

in AWG	Bonds	Shares	Alternative investment	**Total**
Balance as of December 31, 2022	120,646	-	-	**120,646**
Purchases and acquisitions	-	-	-	**-**
Sales and redemption	(120,948)	-	-	**(120,948)**
Change in fair value of investment	302	-	-	**302**
Transfer to listed investments fund for the risk of the participants	-	-	-	**-**
Balance as of December 31, 2023	-	-	-	**-**
Minus: Short-term investments	-	-	-	**-**
Long-term portion	**-**	**-**	**-**	**-**

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6.2 Investment in unlisted fixed investments

The government's bonds have a maturity period that varies between 1 to 14 years. These bonds earn, depending on terms, between 4.25% and 6.5% interest per annum.

At the end of 2023, the time deposits have a maturity period that varies between 1 to 2 years. These deposits earn between 4.0 to 5.0% interest per annum. The terms and conditions of the bonds and time deposits were as follows:

in AWG	Bonds	Time deposits	Loans	**Total**
Balance as of December 31, 2022	11,912,803	2,000,000	-	**13,912,803**
Acquisitions	1,026,290	-	-	**1,026,290**
Redemption	(500,000)	-	-	**(500,000)**
Amortization, Capitalization, and impairment	(17,993)	-	-	**(17,993)**
Balance as of December 31, 2023	12,421,100	2,000,000	-	**14,421,100**
Minus: Short-term investments	(19,172)	(1,000,000)	-	**(1,019,172)**
Long-term portion	**12,401,928**	**1,000,000**	**-**	**13,401,928**

in AWG	Type	Maturity	Interest %	Outstanding 12-31-2023	Outstanding 12-31-2022
Land Aruba	Bonds	2022 -2037	4.25 – 6.5	12,421,100	11,912,803
Volkskredietbank van Aruba	Time Deposits	Jul - 2024	5.0	1,000,000	1,000,000
Volkskredietbank van Aruba	Time Deposits	Dec - 2025	4.0	1,000,000	1,000,000
				14,421,100	13,912,803

7. Investments for the risk of the participants

The Investments for risk of the participants are assets relating to the Defined Contribution plan and consist of investments at fair value through the statement of comprehensive income. The classification depends on the nature and the purpose of the investments and is determined at the time of initial recognition.

The Fund intended to hold the investments to profit from the changes in fair value change as well as income derived from these assets. When needed these will be converted (net of transaction costs) into cash and cash equivalents. The total carrying amount of the investments is based on external estimates and confirmations. The value of the investment portfolio is therefore largely based on data from independent sources. The investments for risk of the participants can be classified in the following categories, including the applied valuation methods of the three levels of investments:

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in AWG	Level 1	Level 2	Level 3	December 31, 2023
7.1 Listed investment funds	17,992,231	-	1,814,000	**19,806,231**
7.2 Unlisted fixed investments	-	-	114,472,941	**114,472,941**
7.3 Unlisted investment funds	-	-	14,449,449	**14,449,449**
Balance as of December 31	17,992,231	-	130,736,390	**148,728,621**
Minus: Short-term investments	(17,992,231)	-	(11,131,481)	**(29,123,712)**
Long-term portion	-	-	119,604,909	**119,604,909**

in AWG	Level 1	Level 2	Level 3	December 31, 2022
7.1 Listed investment funds	9,315,160	-	3,115,500	**12,430,660**
7.2 Unlisted fixed investments	-	-	94,521,058	**94,521,058**
7.3 Unlisted investment funds	-	-	12,557,172	**12,557,172**
Balance as of December 31	9,315,160	-	110,193,730	**119,508,890**
Minus: Short-term investments	(9,315,160)	-	(3,911,722)	**(13,226,882)**
Long-term portion	-	-	106,282,008	**106,282,008**

Reconciliation of Level 3 fair value measurements of financial instruments.

	Listed Investments Funds	Unlisted fixed investments	Unlisted Investment Funds	Total
Balance as of January 1, 2022	**3,128,008**	**90,785,352**	**11,688,249**	**105,601,609**
Total gains and losses:				
In comprehensive income	21,492	1,444,734	868,923	2,335,149
Purchases	-	11,279,843	-	11,279,843
Issues	-	-	-	-
Settlements	(34,000)	(11,393,120)	-	(11,427,120)
Transfers out of level 3	-	(22,261)	-	(22,261)
Transfers into level 3	-	2,426,510	-	2,426,510
Balance as of December 31, 2022	**3,115,500**	**94,521,058**	**12,557,172**	**110,193,730**
Total gains and losses:				
In comprehensive income	-	(32,021)	2,078,803	2,046,782
Purchases	-	25,228,346	-	25,228,346
Issues	-	-	-	-
Settlements	(1,301,500)	(5,121,917)	(186,526)	(6,609,943)
Transfers out of level 3	-	(122,525)	-	(122,525)
Transfers into level 3	-	-	-	-
Balance as of December 31, 2023	**1,814,000**	**114,472,941**	**14,449,449**	**130,736,390**

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7.1 Investment in listed investment funds

in AWG	Bonds	Shares	**Total**
Balance as of December 31, 2022	6,114,314	6,316,346	**12,430,660**
Acquisitions	7,577,138	1,416,643	**8,993,781**
Redemption	(2,363,082)	(375,000)	**(2,738,082)**
Change in fair value of investment	-	1,119,872	**1,119,872**
Balance as of December 31, 2023	11,328,370	8,477,861	**19,806,231**
Minus: Short-term investments	(9,798,370)	(8,227,861)	**(18,026,231)**
Long-term portion	**1,530,000**	**250,000**	**1,780,000**

Bonds

In AWG	**Maturity**	**Cost**	**Interest %**	**Outstanding 12-31-2023**	Outstanding 12-31-2022
Building Depot Curacao B.V.	Nov-29	1,700,000	5.0	1,564,000	1,598,000
Prime Real Estate Fund Brion B.V. dba Curaçao Heritage Fund	Nov-23	850,000	5.0	-	892,500
Principle Government Money[10] Market Fund	-	3,623,814	-	9,764,370	3,623,814
				11,328,370	6,114,314

The bonds are secured, and shared pro rata based on the participation by first ranking mortgages and pledges on other securities collaterals:

Shares

In AWG	**Type**	**Cost**	**Outstanding 12-31-2023**	**Outstanding 12-31-2022**
Prime Real Estate Fund Brion B.V. dba Curaçao Heritage Fund	Shares	250,000	250,000	625,000
Several shares through Principal Bank	Shares	7,206,310	8,227,861	5,691,346
			8,477,861	**6,316,346**

[10] Investment in Government Money Market Fund investments through Principal bank are held for trade, therefore the maturity date is not considered.

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7.2 Investment in unlisted fixed investments

in AWG	Bonds	Time deposits	Loans	Mortgages	**Total**
Balance as of December 31, 2022	49,876,000	4,000,000	27,116,253	13,528,805	**94,521,058**
Acquisitions	10,864,980	-	13,002,086	1,361,280	**25,228,346**
Redemption	(2,405,714)	-	(1,086,045)	(1,630,158)	**(5,121,917)**
Amortization, Capitalization, and impairment	(44,936)	-	-	12,915	**(32,021)**
Transfer	-	-	(3,147)	(119,378)	**(122,525)**
Balance as of December 31, 2023	**58,290,330**	**4,000,000**	**39,029,147**	**13,153,464**	**114,472,941**
Minus: Short term investments	(6,164,926)	(3,000,000)	(1,256,591)	(675,964)	**(11,097,481)**
Long-term portion	**52,125,404**	**1,000,000**	**37,772,556**	**12,477,500**	**103,375,460**

Bonds

The bonds have a maturity period that varies between 1 to 13 years. These bonds earn, depending on the terms, between 4.00% and 7.25% interest per annum.

In AWG	**Maturity**	**Interest %**	**Outstanding 12-31-2023**	**Outstanding 12-31-2022**
Several Land Aruba issuing	2023-2035	4.00 -6.5	40,351,187	31,251,143
AIB Bank N.V.	Jul -2027	4.375	5,000,000	5,000,000
AIB Bank N.V.	Nov -2027	4.375	5,000,000	5,000,000
AIB Bank N.V.	Aug -2025	3.125	5,000,000	5,000,000
NuCapital Beheer Aruba N.V.	Dec-2024	7.25	2,057,143	2,742,857
Trinidad & Tobago Republican	Aug-2026	4.50	882,000	882,000
			58,290,330	**49,876,000**

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Time Deposits

At the end of 2023, the time deposits have a maturity period that varies between 1 to 2 years. These deposits earn, depending on the terms, between 3.0% and 5.0 % interest per annum.

In AWG	Maturity	Interest %	Outstanding 12-31-2023	Outstanding 12-31-2022
Volkskredietbank van Aruba	May-24	5.00	1,000,000	1,000,000
FirstCaribbean International Bank (Cayman) Limited – Aruba Branch/ Aruba Bank NV	Dec-25	3.00	1,000,000	1,000,000
FirstCaribbean International Bank (Cayman) Limited – Aruba Branch/ Aruba Bank NV	Feb-24	3.125	2,000,000	2,000,000
			4,000,000	**4,000,000**

Loans

At the end of 2023, the loans have a maturity period that varies between 4½ to 25 years. These loans earn, depending on the terms, between 4.5% and 7.0% interest per annum.

In AWG	Maturity	Interest %	Outstanding 12-31-2023	Outstanding 12-31-2022
Stichting Onroerend Goed Aruba (HOH)	Jan-43	6.50	9,942,176	10,094,839
Aruba Ports Authority N.V.	Oct-32	5.40	3,373,795	3,667,245
Aruba Ports Authority N.V. (tugboat)	Oct-33	5.40	976,234	1,050,155
Stichting Fundacion Cas pa Comunidad Arubano (FCCA)	Sep-32	5.00	3,750,000	4,166,667
Aruba Airport Authority N.V. Bridge loan	Jul-27	4.50	441,549	1,475,197
Aruba Airport Authority N.V. – Term loan	Feb-38	5.00	1,583,333	-
Makija Holding N.V.	Aug-36	5.50	3,412,397	3,466,051
Alka Resort NV	Sep-36	6.25	310,365	325,869
Mack’s Total Finance VBA	Jul-27	6.00	1,000,000	1,000,000
Caledonia Properties N.V. (St Regis)	Jul-36	7.00	5,239,298	1,870,230
Plant Hotel VBA (Marriott hotel)	Jan-33	6.00	9,000,000	-
			39,029,147	**27,116,253**

The most important securities for the loans are mortgage rights on the premises and land, assignment of the rights to movable property and inventory, assignment of claim rights and pledging of shares.

The redemption for the loans in 2024 amounts to AWG 1,256,591

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Mortgages

Residential mortgages are granted to participants of the Fund. They have a maturity period that varies between 3-30 years. The mortgages earn, depending on terms, between 5.25% to 7.0% interest per annum.

7.3 Investment in unlisted investment funds

Shares

in AWG	Shares		**Total**
	AGF	Mack's Total Finance	
Balance as of December 31, 2022	**6,057,172**	**6,500,000**	**12,557,172**
Acquisitions	-	-	**-**
Distribution paid/ Capital returned	(186,526)	-	**(186,526)**
Change in fair value of investment	2,078,803	-	**2,078,803**
Balance as of December 31, 2023	**7,949,449**	**6,500,000**	**14,449,449**
Cost as of December 31, 2023	**3,685,198**	**6,500,000**	**10,185,198**

Aruba Growth Fund C.V.

The Fund participates as a limited partner in Aruba Growth Fund C.V. ("AGF"). The Fund has committed itself to a total investment of AWG 4.2 million.

The underlying portfolio of AGF contains some investments that are sensitive to the development of tourism. The Net Asset Value (NAV) of the investment in private equity is determined every six months by an independent party in accordance with the agreement and is verified once a year by the external auditor of the private equity vehicle. The Fund records the NAV as determined by the independent party. The NAV was adjusted upwards in the last available valuation that was carried out by the independent party at the end of December 31, 2023.

Mack's Total Finance VBA

The Fund participates in Mack's Total Finance VBA. The current participation is for a total of 65,000 shares with a nominal value of AWG 100 with a fixed annual cumulative preferred dividend with a rate of return of 8%. This rate of return is fixed for the period 2022 - 2026. After 2026, the current rate of return will be re-evaluated. These shares do not have voting rights and only receive annual cumulative interest. The total cumulative preferred shares participation in Mack's Total Finance VBA is valued at purchase price for AWG 6.5 million.

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8. Investment properties for the risk of the participants

Properties with a leasehold provision recognized the right of use assets according to IFRS 16. The value of this is shown in the overview below. Other information regarding these long land lease rights can be found under Note 13. The movement in the category of investment property is specified as follows:

in AWG	Investment property (excluding project in Progress)	Project in progress	**Total 2023**	Investment property (excluding project in Progress)	Project in progress	Total 2022
Balance as of January 1	**11,334,000**	**8,046,470**	**19,380,470**	**10,900,000**	**7,810,780**	**18,710,780**
Change in fair value	216,967	45,848	**262,815**	107,520	228,310	**335,830**
Completed projects	-	-	**-**	-	-	**-**
Investments	661,033	84,462	**745,495**	646,880	7,380	**654,260**
Disposal	-	-	**-**	(320,400)	-	**(320,400)**
Balance as of December 31	**12,212,000**	**8,176,780**	**20,388,780**	**11,334,000**	**8,046,470**	**19,380,470**
Land right-of-use	341,746	220,850	562,596	349,631	226,108	575,739
Balance as of December 31	**12,553,746**	**8,397,630**	**20,951,376**	**11,683,631**	**8,272,578**	**19,956,209**

Investment properties at the end of December 2023 consist of four commercial properties, of which two are leased to third parties.

The investment properties are valued based on the fair value valuation method. The fair value of the Fund's main property assets is estimated based on appraisals performed by an independent, professionally qualified real estate appraiser. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Executive Board on each reporting date.

The range of yields applied to the annual net rentals to determine the fair value of properties for which current prices in an active market are unavailable vary between 6.0% -7.00% (2022: 6.0% -7.00%).

The Fund entered operating leasing arrangements as a lessor for its investment properties. The average term of operating leases entered is between one and three years. Generally, these lease contracts do include extensions. As a result, the Fund is exposed to occupancy risk. The risk is mitigated by the location and price of the properties resulting in the timeframe to re-occupy the space being relatively instant. The Fund is not exposed to foreign currency risk because of the lease arrangements, as all leases are denominated in local currency. The Fund is exposed to collection risk, which is managed by the Investment Account Manager.

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9. Receivables

The receivables can be specified as follows:

in AWG	**December 31, 2023**	**December 31, 2022**
Premium receivables	1,624,403	1,176,416
Interest receivables – for the risk of the Fund	239,623	224,367
Interest receivable – for the risk of the participants	1,966,705	1,653,840
Other	206,686	235,412
Balance as of December 31	4,037,417	3,290,035

10. Cash and cash equivalents.

The cash and cash equivalents can be specified as follows:

in AWG	**December 31, 2023**	**December 31, 2022**
Caribbean Mercantile Bank N.V.	2,013,516	4,995,536
Aruba Bank N.V.	6,532,180	13,488,803
RBC Bank – WISE, Trinidad & Tobago	170,248	1,969
RBC Bank N.V.	157,354	893,699
Principal Bank	1,799,820	-
VP Bank (Switzerland) AG, Zurich	-	98,711
Vidanova Bank N.V.	118,637	421,216
Balance as of December 31	**10,791,755**	**19,899,934**

The bank balances consist of current accounts and savings accounts. The savings accounts earn an interest between 0.50% and 0.75%. The interest is paid quarterly.

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11. Provision for pension liabilities for risk of the Fund

The movements in the provision for the risk of the Fund were as follows:

in AWG	Retirement benefits	Survivor benefits	**2023**	**2022**
Balance as of January 1	**12,276,556**	**2,109,493**	**14,386,049**	**14,099,158**
Correction	-	-	**-**	**3,107**
Interest	482,198	83,520	**565,718**	**558,046**
Retirement benefits	(255,266)	(21,742)	**(277,008)**	**(264,754)**
New partner pension	-	48,241	**48,241**	**17,042**
Surrender value	(8,999)	-	**(8,999)**	**(28,794)**
Deceased participants with or without partners	(182,847)	(20,827)	**(203,674)**	**(32,178)**
Risk premiums	102,545	(42,281)	**60,264**	**39,717**
Paid out costs	(5,105)	(435)	**(5,540)**	**(5,295)**
Balance as of December 31	**12,409,082**	**2,155,969**	**14,565,051**	**14,386,049**
Less: short term portion			**(354,859)**	**(292,989)**
Long term portion			**14,210,192**	**14,093,060**

The technical provision for the risk of the Fund can be specified per category as follows:

in AWG	2023	2023	2022	2022
	Policies	*AWG*	*Policies*	*AWG*
For active participants – regular / additional	159	3,443,064	177	3,890,522
Vested participants – regular / additional	301	6,810,194	313	6,842,667
Annuitants, partner and orphan	213	4,311,793	183	3,652,860
Balance as of December 31	**673**	**14,565,051**	**673**	**14,386,049**

The expected distribution of the timing of the benefit payments are detailed following with a weighted average duration of the defined benefit obligation of 23.20 years:

	Within 12 months	2 – 5 years	5 -10 years	Beyond 10 years
Expected Benefit payments	352,252	1,728,616	2,740,125	7,827,431

Effect discount rate

The actuarial interest rate used to determine the provision for pension obligation for the risk of the fund is set at 4%. The table below shows the effects on the provision if the actuarial interest rates used are met and would be reduced or increased by 1.0%.

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In AWG	Change in provision for the year	
	+ 1%	**- 1%**
31 December 2023	**1,881,624**	**(2,312,179)**
31 December 2022	1,934,754	(2,391,392)

12. Provision for pension liabilities for risk of the participants

The movements in the provision for the risk of the participants were as follows:

in AWG	Defined contribution	Defined contribution (pensions)	2023	2022
Balance as of January 1	**135,700,597**	**11,915,837**	**147,616,434**	**131,500,521**
Corrections prior year	(25,256)	64,524	**39,268**	**4,980**
Pension accrual and contribution	15,106,749	-	**15,106,749**	**13,745,943**
Surrender value	(319,222)	-	**(319,222)**	**(493,956)**
Result on Surrender	(118,302)	-	**(118,302)**	**(25,940)**
Deceased	(181,494)	(223,004)	**(404,498)**	**(257,883)**
Interest	5,349,523	532,608	**5,882,131**	**5,064,557**
Pensioners	(3,752,582)	3,797,552	**44,970**	**209,166**
Retirement benefits	-	(904,854)	**(904,854)**	**(752,303)**
Disbursements expenses	(1,676,101)	(18,097)	**(1,694,198)**	**(1,382,672)**
Risk premiums	-	62,877	**62,877**	**156,497**
Correction	-	-	**-**	**(152,476)**
Balance as of December 31	**150,083,912**	**15,227,443**	**165,311,355**	**147,616,434**
Less: short term portion			**(1,177,205)**	**(910,709)**
Long term portion			**164,134,150**	**146,705,725**

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The provision for pension liabilities for the risk of the participants can be specified per category as follows:

in AWG	2023	2023	2022	2022
	Policies	*AWG*	*Policies*	*AWG*
For active participants – regular	5,597	101,847,393	5,232	93,101,152
Vested participants – regular	7,707	48,236,519	7,156	42,599,445
Annuitants, partner, and orphan	748	15,227,443	609	11,915,837
Balance as of December 31	**14,052**	**165,311,355**	**12,997**	**147,616,434**

Effect discount rate.

The actuarial interest rate used to determine the provision for pension obligation for the risk of the participants is set at 3.75%. The table below shows the effects on the provision if the actuarial interest rates used are met and would be reduced or increased by 1.0%.

In AWG	**Change in provision for the year**	
	+ 1%	**- 1%**
31 December 2023	**1,327,196**	**(1,552,637)**
31 December 2022	1,037,936	(1,214,299)

13. Lease liabilities

in AWG	**December 31, 2023**	December 31, 2022
Current	**106,753**	107,386
Non-current	**680,654**	785,975
Balance as of December 31	**787,407**	893,361

Long lease right

The Fund has, in connection with the ownership of the investment properties, obligations arising from the use of long land lease rights. Each lease is reflected on the statement of financial position as a right of use – asset under the investment properties for risk of the participant and a lease liability. The long land lease right can be specified as follows:

- Parcel 1K-3334, also known as FSLMA at Sasaki: the long lease right will expire on July 8, 2068. The annual long lease term amounts to AWG 9,960.

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* Parcel 1K-2429, also known as Eagle Center: the long lease right will expire on September 1, 2065. The annual long lease term amounts to AWG 16,290.
* Parcel 1K-2431, also known as Orange Plaza Mall: the long lease right will expire on June 8, 2066. The annual long lease term amounts to AWG 16,053.

The Fund has two other lease obligations in connection with property, plant, and equipment which the movements are shown in note 5.

Future minimum lease payments on 31 December 2023 were as follows:

	Within 1 year	1-5 years	After 5 years	Total
in AWG				
Lease payments	153,442	203,472	1,601,185	1,958,099
Finance charges	(46,689)	(153,956)	(970,047)	(1,170,692)
Net present values	**106,753**	**49,516**	**631,138**	**787,407**

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14. Other liabilities and accrued expenses

The other liabilities and accrued expenses can be specified as follows:

Other Liability and accrued expenses

in AWG	**December 31, 2023**	**December 31, 2022**
Accrued liability	193,318	295,940
One-time pension payment payables	228,221	158,853
Insurances	85,363	92,350
Deposits and rent received in advance	30,090	39,063
Payroll and related accruals	62,476	30,609
Balance as of December 31	**599,468**	**616,815**

15. Financial Risks

Financial Risk factors

The Pension Fund's activities expose it to a variety of financial risks: market risk (including interest risk and currency risk), credit risk, concentration risk and liquidity risk, and insurance risk. The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All securities investments present a risk of loss of capital. The maximum loss of capital on bonds, equities, investment funds and purchased options is limited to the fair value of those positions. The management of these risks is carried out by the Fund in line with investment guidelines approved by the Executive Board. The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

Interest rate risk

i) Profile of interest rate risk

Interest rate risk is the risk that the value of the portfolio of fixed-income securities and pension changes, due to unfavorable changes in market interest rates. The interest rate risk is limited as most of the investments are in fixed-interest securities, such as time deposits issued by banks, government bonds, secured loan facilities and secured mortgages.

At the reporting date, the interest rate profile of the Fund's interest-bearing financial assets was as follows:

in AWG	**December 31, 2023**	**December 31, 2022**
Bonds	82,039,800	68,023,763
Loans	39,029,147	27,116,253
Mortgages	13,153,464	13,528,805
Time deposits	6,000,000	6,000,000
Total fixed rate financial assets	**140,222,411**	**114,668,821**

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ii) Sensitivity analysis

The Fund's policy is to minimize interest rate cash flow risk exposures on long-term investments. Long-term investments are therefore usually at fixed rates. On December 31, 2023, the Fund is exposed to changes in market interest rates through investments at variable interest rates. The Fund's investments in bonds and debentures all pay fixed interest rates. The exposure to interest rates for the Fund's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2022: +/- 1%). These changes are reasonably possible based on the observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held on each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

In AWG	**Profit for the year**	
	+ 1%	**- 1%**
31 December 2023	**2,266,087**	**(523,476)**
31 December 2022	**994,185**	**(1,068,131)**

Other price risk

The Fund is exposed to other price risks in respect of its listed equity securities. For the listed equity securities, an average volatility of 15.08 % has been observed during 2023 (2022: (18.53) %). This volatility figure is a suitable basis for estimating how comprehensive income and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, comprehensive income and equity would have changed by AWG 2,355,891 (2022: (2,054,774)).

Investments in listed equity securities are considered long-term, strategic investments. In accordance with the Fund's policies, no specific hedging activities are undertaken in relation to these investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will change due to changes in foreign currency exchange rates. The Fund transacts in the following foreign currencies:

- The United States Dollar ("USD"), and the
- Netherlands Antilles Guilder ("ANG").

Currently, the investments of the Fund are denominated for 85% (2022: 91%) in local currency and for 15% (2022: 9%) in foreign currency (ANG and USD). The local currency has historically been linked to the United States Dollars. The local currency as well as the ANG have a fixed exchange rate.

The total investment of the Fund into local and foreign currencies can be specified as follows:

in AWG	2023	2023	**Total**	2022	2022	**Total**
	Local	*Foreign*		*Local*	*Foreign*	
	85%	*15%*	***100%***	*91%*	*9%*	***100%***
Bonds	69,829,430	12,210,370	**82,039,800**	60,906,803	7,116,960	**68,023,763**
Time deposits	6,000,000	-	**6,000,000**	6,000,000	-	**6,000,000**
Loans	32,009,147	7,020,000	**39,029,147**	27,116,253	-	**27,116,253**
Mortgages	13,153,464	-	**13,153,464**	13,528,805	-	**13,528,805**
Investment property	20,951,376	-	**20,951,376**	19,956,209	-	**19,956,209**
Shares	14,449,449	8,477,861	**22,927,310**	12,557,172	6,316,346	**18,873,518**
Balance as of December 31	**156,392,866**	**27,708,231**	**184,101,097**	**140,065,242**	**13,433,306**	**153,498,548**

The investments in foreign currencies are denominated in ANG and USD. The ANG is also pegged to the USD. The Fund is not exposed to any fluctuations in these currencies and therefore a sensitivity analysis is not required.

Credit risk

i) Sector risk

Credit risk is the risk of financial loss to the Fund because of (potential) bankruptcy or insolvency of the Fund's counterparties in which it has investments. This can include parties that are considered bond issuers, banks where deposits are placed and others.

To reduce this risk, the Fund sets requirements for the creditworthiness of counterparties, ensuring adequate coverage or additional collateral required. The spread is partly reflected in the different sectors in which it invests. The following table gives a breakdown of the investments by sector:

in AWG	%	Government	Financial institutions	Real Estate	Others	**Total**
2023						
Bonds	45%	53,654,287	24,764,370	1,564,000	2,057,143	**82,039,800**
Time deposits	3%	-	6,000,000	-	-	**6,000,000**
Loans	21%	6,374,911	4,750,000	17,962,060	9,942,176	**39,029,147**
Mortgages	7%	-	13,153,464	-	-	**13,153,464**
Investment property	12%	-	-	20,951,376	-	**20,951,376**
Shares	12%	-	22,677,310	250,000	-	**22,927,310**
Balance as of December 31	**100%**	**60,029,198**	**71,345,144**	**40,727,436**	**11,999,319**	**184,101,097**

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in AWG	%	Government	Financial institutions	Real Estate	Others	**Total**
2022						
Bonds	44%	44,045,946	18,744,460	2,490,500	2,742,857	**68,023,763**
Time deposits	4%	-	6,000,000	-	-	**6,000,000**
Loans	18%	6,192,597	5,166,667	5,662,150	10,094,839	**27,116,253**
Mortgages	9%	-	13,528,805	-	-	**13,528,805**
Investment property	13%	-	-	19,956,209	-	**19,956,209**
Shares	12%	-	18,248,518	625,000	-	**18,873,518**
Balance as of December 31	**100%**	**50,238,543**	**61,688,450**	**28,733,859**	**12,837,696**	**153,498,548**

The values represent the direct investments held by the Fund. Furthermore, these values exclude the interest receivable.

Regarding the creditworthiness of borrowers of fixed-income portfolio, these are held in the form of government bonds and corporate bonds, time deposits and loans at local banks or comparable institutions that fall (partially) under the supervision of either the CBA or the Centrale Bank van Curaçao en Sint Maarten (CBCS).

The credit risk of the secured loan facilities is also limited by the fact that these loans are secured by tangible assets.

The credit risk of the mortgages is limited as these mortgages are extended up to 100% of the execution value of the property. Contrary to the other types of investments, these mortgages provide protection to the Fund through the sale of the mortgaged property in the event of default in payments by the participant.

The Fund participated in a corporate bond issued by “NuCapital Beheer Aruba N.V.” for an amount of AWG 4,800,000. This bond is included in the category “Others”. This corporation invests in several alternative energy projects in the Caribbean. This investment is currently not quoted. The Fund will continue to monitor the results closely. As of the date of the statement of financial position, there is no indication that the third party is unable to meet its payment obligations.

During the year, the Fund did not experience a significant increase in credit risk as indicated in the following section.

ii) Impairment losses

The aging of loans and receivables (including other receivables) at the reporting date for, respectively, risk of the Fund and risk of the participants, was:

Loans and receivables for risk of the fund (including other receivables)

in AWG	December 31, 2023 Gross	December 31, 2023 Impairment	December 31, 2022 Gross	December 31, 2022 Impairment
Not past due	239,623	-	224,367	-
Past due less than a year	-	-	-	-
Past due more than a year	-	-	-	-
Total	**239,623**		**224,367**	

Loans and receivables for risk of the participants (including other receivables)

in AWG	December 31, 2023 Gross	December 31, 2023 Impairment	December 31, 2022 Gross	December 31, 2022 Impairment
Not past due	55,838,103		43,665,488	-
Past due less than a year	114,906		183,670	(150,073)
Past due more than a year	197,400	(170,004)	34,906	(32,846)
Total	**56,150,409**	**(170,004)**	**43,884,064**	**(182,919)**

Management has considered an allowance for impairment based on the allowance policy of the Fund, which is contingent upon objective evidence indicating a loss event occurring after the initial recognition of the asset. This assessment accounts for instances where the loss event significantly impacts future cash flows from the asset and can be reliably estimated, encompassing past due amounts. Past due amounts are specifically defined as payments that are 90 days in arrears or greater. Concurrently, management has undertaken measures to actively pursue the collection of past due amounts, aligning with the Fund's commitment to prudent financial management and risk mitigation.

Concentration risk

In general, concentration risk may occur if an appropriate diversification of assets and liabilities is missing. Concentration risks can occur when there is among others a concentration of the portfolio in the regions, economic sectors, and counterparties. A portfolio of loans that are highly sector-specific, sector concentration can be at increased risk. Approximately 9% (2022: 7%) of the investment portfolio is located abroad (i.e., United States, Trinidad & Tobago, Curaçao) and consists of corporate bonds, shares, and traded securities.

in AWG	2023	2023	**Total**	2022	2022	**Total**
	Local	*Foreign*		*Local*	*Foreign*	
	89%	*11%*	***100%***	*91%*	*9%*	***100%***
Bonds	69,829,430	12,210,370	**82,039,800**	60,906,803	7,116,960	**68,023,763**
Time deposits	6,000,000	-	**6,000,000**	6,000,000	-	**6,000,000**
Loans	39,029,147	-	**39,029,147**	27,116,253	-	**27,116,253**
Mortgages	13,153,464	-	**13,153,464**	13,528,805		**13,528,805**
Investment property	20,951,376	-	**20,951,376**	19,956,209		**19,956,209**
Shares	14,449,449	8,477,861	**22,927,310**	12,557,172	6,316,346	**18,873,518**
Total	**163,412,866**	**20,688,231**	**184,101,097**	**140,065,242**	**13,433,306**	**153,498,548**

Liquidity risk

Liquidity risk is the risk that the Fund is not able to obtain the financial resources needed to comply with its obligations. The liquidity risk within the Fund is limited. Virtually all investments have a direct or indirect quotation.

Premium revenues are higher than the pension benefits and the costs of the Fund. Therefore, it is unlikely that the Fund will face payment problems in the short and medium term.

The following are the contractual maturities of financial liabilities:

in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	14,565,051	354,859	14,210,192
Pension liabilities for risk of the participants	165,311,355	1,177,205	164,134,150
Other liabilities	599,468	599,468	-
Balance as of December 31, 2023	**180,475,874**	**2,131,532**	**178,344,342**

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in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	14,386,049	292,989	14,093,060
Pension liabilities for risk of the participants	147,616,434	910,709	146,705,725
Other liabilities	616,815	616,815	-
Balance as of December 31, 2022	**162,619,298**	**1,820,513**	**160,798,785**

Insurance risk (actuarial risk)

i) Profile of insurance risk (actuarial risk)

The main insurance risks are longevity and mortality risk. The principal actuarial risk is longevity risk (the risk that participants are living longer than average, which is considered when determining the provision for pension).

The Fund applies the published Dutch mortality tables GBM /GBV 2005-2010 (2022: GBM /GBV 2005-2010), which is based on the whole Dutch population with sampling years 2005 – 2010, and with an age correction of -1 in 2023 (2022: -1). These tables, in accordance with the actuary of the Fund, provide a prudent insight into the life expectancy of participants, pension earners and / or survivors. By applying these tables, the longevity risk for the Fund is greatly reduced.

Mortality risk means that in case of death, the Fund may grant a survivor's benefit for which the funds have not been provided. This risk can be expressed as capital risk. The Fund manages this risk in-house.

For the financial year 2023, the Fund’s Executive Board has decided to apply a rate of return of 3.75% (2022: 3.75%) for the Direct Contribution plan. The same rate of return is used to determine the Fund's technical provision. For the Direct Benefit plan an actuarial interest rate of 4% (2022: 4%) has been applied. For both plans 0.5% is deducted for costs for the vested participants.

ii) Sensitivity analysis

The following table illustrates the sensitivity of the provision to a reasonably possible change in interest rates of +/- 1% and +/- 0.50%). These changes are reasonably possible based on the observation of current market conditions. All other variables are held constant.

	-0.50%	**basis**	**+0.50%**
Defined Benefit Provision	15,660,271	14,565,051	13,576,973
Defined Contribution Provision	166,056,590	165,311,355	164,622,314

	-1.00%	**basis**	**+1.00%**
Defined Benefit Provision	16,877,230	14,565,051	12,683,427
Defined Contribution Provision	166,863,992	165,311,355	163,984,159

The following table illustrates the sensitivity of the provision to a reasonably possible change in age correction (+/- 1 year). All other variables are held constant.

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	-1 year mortality	Basis	+1 year mortality
Defined Benefit Provision	14,958,486	14,565,051	14,163,049
Defined Contribution Provision	165,733,950	165,311,355	164,880,635

The following table illustrates the sensitivity of the provision to a reasonably possible change in mortality table. All other variables are held constant.

	Basis GBM/V 05-10	GBM/V 07-12
Defined Benefit Provision	14,565,051	14,725,567
Defined Contribution Provision	165,311,355	165,480,877

16. Contingent liabilities, assets, and commitments

Commitments

The commitments consist of signed agreements regarding investment and related investment property. The total committed amounts are specified in the following overview.

in AWG	Commitments
Commitments as of December 31, 2022	**19,968,029**
New Commitments	-
Withdrawn Commitment	(1,666,666)
Less: realized commitments	(13,600,280)
Commitments as of December 31, 2023	**4,701,083**

The commitments are expected to be disbursed in the following one to two years.

Lease contracts

As of March 2020, the Fund has a lease agreement for an office building at the Watty Vos Boulevard. The Fund signed on July 1, 2020, an equipment lease agreement for the period of 4 years. The lease of the building and the equipment are capitalized as capitalized leased assets.

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Building WVB lease	102,778	34,259	-
Equipment lease	8,360	-	-
	111,138	**34,259**	**-**

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Property tax and land lease (investment property)

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Property tax	92,604	358,994	3,112,826
Property land lease	42,303	169,212	1,601,184
	134,907	**528,206**	**4,714,010**

17. Related parties

Transactions with members of the Executive Board and management of the Fund

All personnel, including some key management officers participate in the defined contribution pension plan. In 2023, the basic salaries, social security contributions and other short-term benefits to the key officers of the Fund are as follows:

in AWG	**2023**	2022
Short-term employee benefits:		
Salaries including bonuses	**426,164**	411,837
Social security costs	**63,654**	66,108
	489,818	477,945
Post-employment benefits:		
Defined contribution pension plans	**15,907**	15,390
Total remuneration	**505,725**	493,335

Furthermore, the Fund has granted one mortgage to one of the Executive Board members with an interest rate of 5.95% and a loan period of 15 years. As of December 31, 2023, the outstanding balance of this mortgage amounts to AWG 18,261(2022: AWG 39,227).

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During the year, the Fund entered the following transactions with other related parties.

in AWG	**2023**	2022
Investments for the risk of the participant	**2,057,143**	2,742,857
Income:		
Contribution	**166,416**	146,362
Interest income	**182,286**	290,000
Expenditures:		
Property, plant and equipment	**860**	16,327
Direct expenses for the risk of the participant	**21,747**	21,083
Pension administrative expenses	**558**	2,234
Retirement benefits	**1,440**	-

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Notes to the Statement of Comprehensive Income

Notes to the statement of comprehensive income for the year ended December 31, 2023

18. Premium contribution for risk of the participants

The premium contribution consists of contributions made by the employers and participants (including additional premium contributions that they have made).

The premium contribution to the Fund, as described in the rules and regulations (RRDC172023), is based on a minimum fixed percentage of 6% (employer 3% and employee 3%) of the participant's annual pension salary. Participants are given the opportunity to make an additional premium contribution of a minimum of 1% up to a maximum of 19%. Employers may also contribute with additional premiums; however, the total contribution may not exceed 25%.

The contribution made by employers and participants can be specified as follows:

in AWG	**2023**	**2022**
Employers' contributions	7,274,783	6,682,570
Regular contributions by the participants	7,274,783	6,682,570
Additional contributions by the participants	554,212	384,080
	15,103,778	**13,749,220**

Concentration

The top ten participating employers with the Fund represent approximately 66% (2022: 69%) of the annual premium contributions.

19. Net investment result for risk of the participants

The result of the investments of the risk of the participants can be specified as follows:

in AWG	**2023**	**2022**
Interest income	6,240,598	6,048,614
Investment property income	771,271	817,833
Dividend income	707,822	604,823
Change in fair value of investment properties	262,815	335,830
Change in fair value of investment for risk of the participant	3,198,676	75,902
Allowance for credit losses	12,915	225,961
Other income	135,231	78,816
	11,329,328	8,187,779
Direct expenses	(1,246,270)	(1,084,068)
	10,083,058	**7,103,711**

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The future minimum guaranteed receipts related the investment property income are detailed as following:

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Property income	917,160	2,411,725	2,253,420

Interest income:

in AWG	**2023**	**2022**
Bonds	3,046,298	2,607,349
Time deposits	145,178	145,082
Mortgages	798,919	808,744
Loans	2,213,323	2,478,180
Savings	36,880	9,259
	6,240,598	**6,048,614**

20. Net investment result for risk of the Fund

The result of the investments of the risk of the Fund can be specified as follows:

in AWG	**2023**	2022
Interest income bonds, time deposits, and loans	743,229	681,793
Dividend income	-	17,012
Change in fair value of bonds, shares, and alternative investments	302	(268,553)
	743,531	430,252
Direct expenses	(36,258)	(24,206)
	707,273	**406,046**

21. Retirement benefits and refunds

The retirement benefits consist of the following:

in AWG	**2023**	**2022**
For risk of the Fund		
Retirement benefits	281,788	283,324
Partner pension	20,005	25,567
Orphan pension	343	343
Deceased benefit	-	-
Emigration	-	-
For the risk of the Participants		
Retirement benefits	1,046,367	870,235
Partner pension	55,444	31,428
Orphan pension	3,819	4,459
Deceased benefit	56,438	-
Emigration	143,264	387,022
	1,607,468	**1,602,378**

There was an increment in the retirement benefits for the risk of the participant. The increase is because each year new pensioners are added to the retirement benefits and since mid-2022, it is possible to request an early retirement.

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22. Pension administrative expenses

The pension administrative expenses can be specified as follows:

in AWG	2023	2022
Salaries and remuneration (excluding Executive Board)	901,481	848,279
Professional fees	318,600	345,125
Information and technology	181,172	169,553
Depreciation	181,464	183,855
Executive Board fee and expenses	229,410	242,491
Other operating expenses	218,323	234,584
	2,030,450	**2,023,887**
Number of permanent employees employed by the Fund	10	10

The salaries and remuneration (excluding Executive Board) can be specified as follows:

in AWG	2023	2022
Salaries and wages	1,045,933	935,974
Social premiums	119,164	102,786
Other staff expenses	55,504	46,689
Pension premium contribution	96,545	55,547
Direct expenses for risk of the participant	(415,665)	(292,717)
Allocation to the risk of the Fund	(36,534)	(35,868)
Allocation from the risk of the participants	36,534	35,868
	901,481	**848,279**

23. Changes in the technical pension provision for risk of the Fund

Pension accrual

This item reflects the effect of mortalities on the pension liabilities for active participants calculated on a nominal interest rate basis.

Added interest

The value of the participants' pension rights also increases annually with the accrual of interest, in addition to the actual pension accruals. This means an increase in liabilities and hence requires an addition to the provision for pension liabilities, which represents an expense. The expenses relating to the increased liabilities should generally be met from the results achieved on the investment of the pension capital.

Provision utilized for benefit payments and administrative expenses

Future benefits payments are calculated actuarially in advance, based on probability systems, and are included in the provision for pension liabilities. This provision represents the present value of the expected future benefits. Each year, an amount of the provision is utilized to fund the benefits for that year. This item also includes the results on probability systems.

24. Changes in the provision for pension liabilities for risk of participants

The changes in the provision for pension liabilities for the risk of participants are calculated by deducting the ending balance of the provision from its beginning balance.

25. Approval of Financial Statements

Approval financial statements

On May 29, 2024, the Executive Board approved the 2023 financial statements of the Fund to be presented for approval at the General Assembly. Also, the 2023 financial statements were reviewed by the Audit Committee. During the General Assembly Meeting held on May 29, 2024, the participants approved these financial statements.

Aruba, May 29, 2024

Mr. G.K. Farro
Chairman of the Executive Board

Mrs. M.R. Croes
Vice Chair of the Executive Board
Executive Board Member representing participants

Mrs. S.T.G. Nierop-Kappel
Executive Board Member representing employers

Mr. E.F.C. Albertus
Secretary of the Executive Board
Executive Board Member representing employers

Mr. P.D. Vandormael
Executive Board Member representing participants

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To: the Executive Board of Pension Fund Tourism Sector Aruba Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pension Fund Tourism Sector Aruba Foundation (hereafter "the Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants (VGBA)' (Dutch Code of Ethics). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Foundation's 2023 Annual Report

Other information consists of the information included in the Foundation's Annual Report other than the financial statements and our auditor's report thereon. The Executive Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for the supervision of the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board'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 Foundation'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 Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

Aruba, May 30, 2024
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for Ernst & Young Accountants

Garrick de Cuba, MSc, RA
Partner