



MTSL

Newsletter



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PBF ROADSHOW

Pacific Balanced Fund and MiBank will jointly conduct a roadshow starting in June through to the end of July. The roadshow commenced on 21 June to the NGI region in Lihir and Kokopo. The PBF team is scheduled to visit Wewak, Madang, Lae then to Goroka and Mt Hagen and finally to Alotau.

The purpose of the roadshow according to PBF Fund Manager Rosa Teria is to inform our unit holders on the performance and growth of the fund and to promote the partnership that Pacific Balanced Fund has with MiBank particularly for our unit holders and how they can benefit. As well as continue the unit holder's verification exercise, "there are still many unit holders that need to be verified", she said.



The last nationwide roadshow took place in 2013/2014 and since that time the Fund had announced a few major distribution payout for unit holders. Mrs Teria said "we are looking forward to connecting with our unit holders to come forward and be identified to allow the process to receive their payments".

Road Show Dates

- **4th July. Wewak, East Sepik**
– New Wewak Hotel
- **5th July. Madang**
– Madang Hotel
- **8th July. Morobe**
– Phils Hotel
- **11th July. Eastern Highlands**
– Bird of Paradise Hotel
- **16th July. Western Highlands**
– Kimininga Hotel
- **22nd July. Milne Bay**
– Waterfront Lodge

Pacific Balanced Fund through MTSL has been a shareholder in MiBank since 2014 recently increased its shareholding in the Microbank to just under 25% and since then, MiBank has been working closely with MTSL to open accounts for the Unit Holders of the Pacific Balanced Fund.

Mrs Teria added that one of the milestones in the partnership for PBF and the MiBank is a payment system where dividends can now be made directly into the bank accounts of unit holders. "This form of payment will benefit the 80% of our unit holders who are rural based with very limited access to banking systems"

MiBank has 12 branches nationwide where PBF unit holders can easily set up accounts and benefit from the services offered, this includes using PBF Certificate as deposit for small project funding loans. MiBank has consistently taken new innovative products to market, including the first bank to do Mobile Money in the South Pacific (MiCash), and the first micro insurance product in PNG (MiLife). More recently MiBank entered in to an Agreement with BSP, for its MiCard holders to have access to ATMs and EFTPoS terminals throughout BSP's extensive electronic banking network.



PBF Performance Overview 2002 to 2015

Pacific Balanced Fund (PBF), Papua New Guinea's largest private trust, is owned by Papua New Guineans and has a value just over K616m. In 2002 PBF was valued at K75m, picking up from what remained of the assets PNG Investment Corporation Fund.

In a recent publication released by MTSL, the Trustee of Pacific Balanced Fund, highlighted how the fund has grown from humble beginnings almost 8 times since 2002. The document, which is available to PBF unit holders, outlines the Fund's road to success since 2002.

Road to Success

Entrusted with money invested by ordinary Papua New Guineans, the Fund's trustee Melanesian Trustee Services Ltd (MTSL) is committed to high standards of corporate governance and determined to achieve its Vision and Mission.

Vision: To be the premier investment fund that sustainably grows its unit holder's hard earned savings, &

Mission: To achieve income and capital growth over the medium to long term through investments in equities, fixed income, real properties and cash, primarily in PNG and Asia Pacific.

PBF Milestones

Today – Premier savings fund in PNG

2015

Opened new office with customer service centre
Achieved 80% verification of unit holders

2015

Net asset value over K616m

2014

Net asset value over half a billion
Invested in Nationwide Microbank

2013

Increased investment in Metal Refining
Holdings Limited

2012

2012

Achieved 50% verification of unit holder within 2
years

Invested in Credit Corporation

2010

Opened PBF Fund Administration Office
Commenced unit holder verification exercise

2010

Net asset value over K300million

2008

First year profit before tax exceeding K100m

2007

Net asset value increase by two fold to over
K150million

2004

Invested in Bank South Pacific Limited

Start - 2002

Fund started from ICPNG with MTSL as the Trustee

Start - 2002

Started with net asset value of K75m

Highlights

- PBF started operations in 2002 with net asset value of K75m. As at 2015 the fund's size is over K616m.
- Continual improvement to both the unit holder register to almost 80% verification and completed financial audits from 2003 to 2013
- Increased shareholding in MiBank up to 25%

HOME GROWN INVESTMENTS



OUR HOME | OUR MONEY OUR INVESTMENTS



LEVEL 3
PACIFIC MMI BUILDING
CHAMPION PARADE

PO BOX 847
PORT MORESBY
PAPUA NEW GUINEA

TEL: (675) 321 0879
FAX: (675) 321 0563
EMAIL: trustee@mtsl.com.pg

Management



The performance of the Fund has been achieved through prudent management, commitment to high standards, adoption of best industry practises, engaging with professional expertise and corporate governance practises and principles.

At the helm is the Trustee Board, comprised of a number of experienced professionals who bring a diverse range of skills and experience such as in accounting, management, investment management, banking, information technology and international trade.



From left to right, Mr John Sanday (Chairman), Mr Joshua Bakirie, Mr Arthur Vera and Mr Philip Kende



On a daily basis, the Fund is led by its Chief Executive Officer (CEO), Mr Kennedy Wemin who is supported by three General Managers (GM). Mrs Carol Gall, GM of Finance.

Mr Lawrence Stephens, GM of Corporate Governance and Mrs Rosa Teria, GM of Fund Administration.

Keys to Success

The Fund's investment strategy is based on four key principles namely **safety, liquidity, returns** and **diversification**. Through this strategy, the Fund has experienced exponential growth that has allowed unit holders to benefit from distribution payments of over K40m.

Key attributes to the Fund's success and performance has been the following:

- Keeping unit holder interests as the number 1 priority
- Ensuring that effective corporate governance is at the core of everything we do
- Setting the right strategy and staying the course
- Owning the legacy issues and addressing these to set a solid foundation of growth and sustainability
- Creating stability in the core functions supporting the Fund
- Creating and fostering mutual trust and respect with our investee companies and all stakeholders
- Balancing risks with opportunities, whilst keeping in mind our capabilities.

Today the Fund’s investment portfolio consists of investments in a diversified and stable portfolio of “blue chip” investments. The industries in which these companies operate are displayed on below:

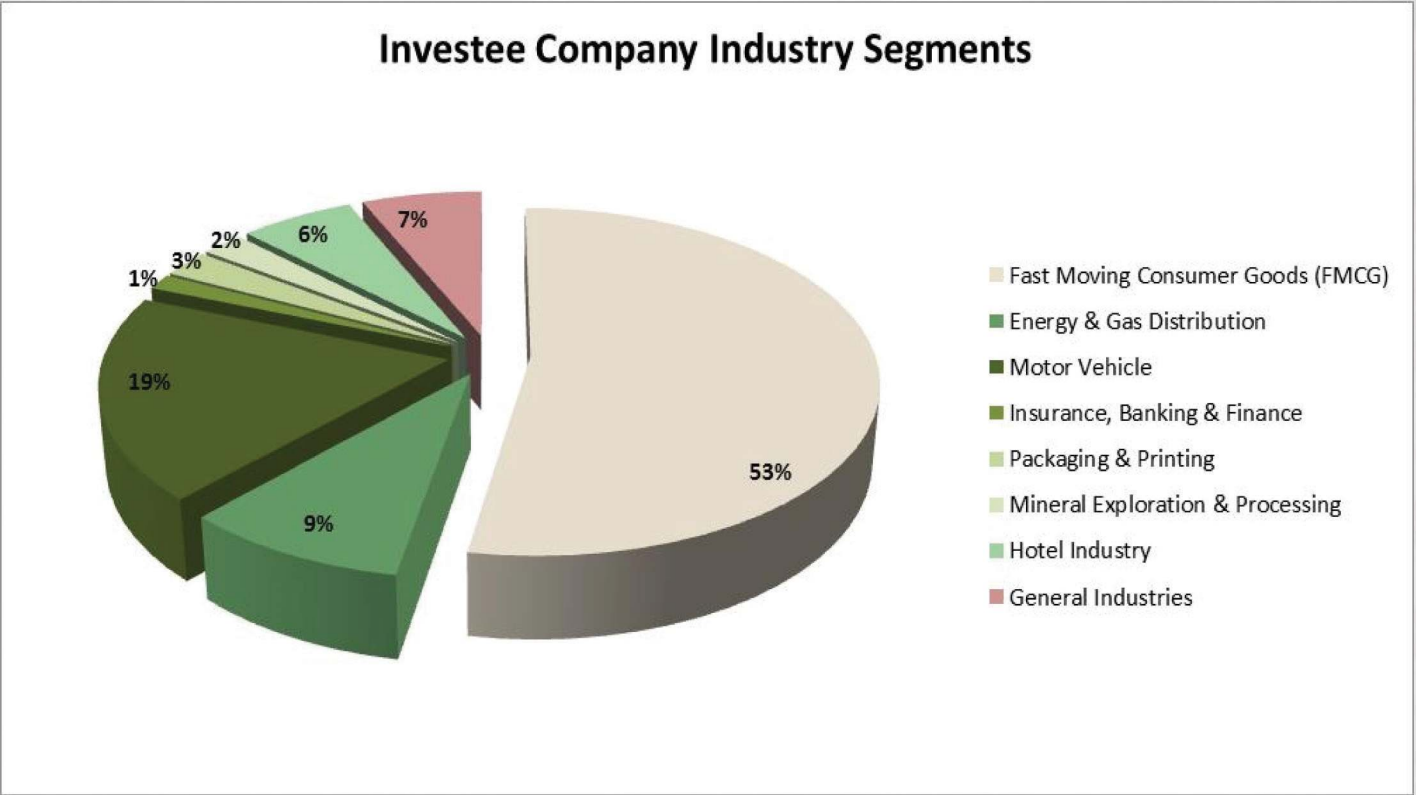


Figure: Investee company industry segments

| Investee Company | Percentage Holding (%) |
|-------------------------------|------------------------|
| Metal Refining Operations Ltd | 100.0 |
| PBF Properties | 100.0 |
| Trukai Industries Ltd | 33.8 |
| Origin Energy (PNG) Ltd | 33.0 |
| Niu Marsh | 30.8 |
| Amalpack Ltd | 30.0 |
| Kumul Hotels Ltd | 26.9 |
| Associated Mills Ltd | 26.0 |
| BOC Gases (PNG) Ltd | 26.0 |
| Markham Culverts Ltd | 25.0 |
| Toyota Tsusho (PNG) Ltd | 24.1 |
| JKL Properties Ltd | 20.0 |
| Nationwide Microbank | 25.0 |
| SP Holdings Ltd | 0.1 |



Table: List of investee companies and percentage holding

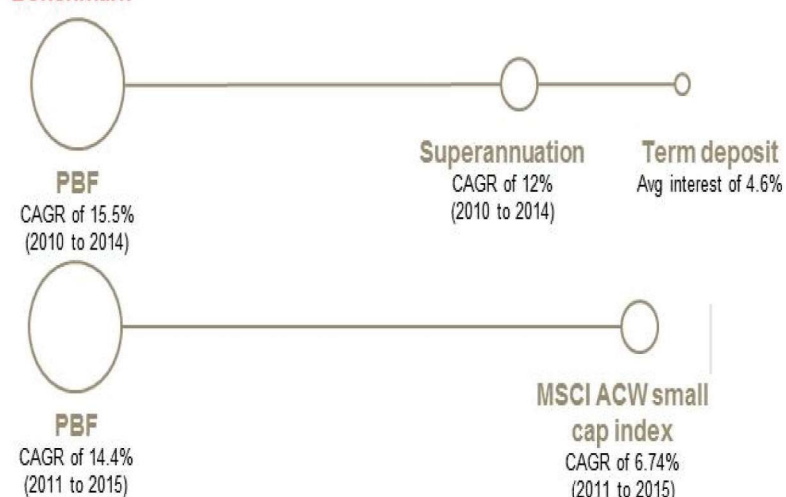
How has your fund performed?

The facts

Growth



Benchmark



Outlook

K1.2bn in 2020
CAGR of 14.3%

What does this mean for our unit holders?

8 times growth in net worth of your investment, representing a Rol of over 700% in a 13 year period

You would have received K3,030 for every 1,000 units held since 2002

Your savings in PBF would have grown by 10.9% more per annum than through a term deposit or 3.5% more than through the Superannuation sector between 2010 to 2014

Your savings in PBF would have grown by 7.66% more per annum than if you invested following a comparable benchmark index between 2011 to 2015

Anticipated growth of up to 3 times the current value, representing a Rol of over 95% in the next 5 year period

Fund Performance Highlights

- Since the establishment of PBF in 2002, there has been yearly growth, initially its Net Asset Value (NAV) was K75m and today is worth in excess of K616m.
- 2002 the Fund generated an annual income of just K6m. In 2015, the Fund generated an annual income of over to K86m.
- In 2002 the Fund made a loss before tax of K21m but in 2015 it made a profit before tax of K69m.
- Fund has proved sustainable growth for its unit holders with distributions to unit holders of over K40m in the period from the beginning of 2003 through to 2015.

| Fund Performance | 2002 (Inception) | 2005 | 2008 | 2011 | 2015 |
|----------------------|------------------|------------|-------------|-------------|-------------|
| Total Income | 6,503,999 | 16,758,366 | 118,476,676 | 72,707,048 | 86,066,530 |
| Operating expenses | 27,884,804 | 3,727,181 | 13,791,655 | 18,950,026 | 16,777,206 |
| Profit before tax | (21,380,805) | 13,031,185 | 104,685,021 | 53,757,022 | 69,289,324 |
| Net profit after tax | (21,380,805) | 9,080,082 | 101,700,519 | 48,154,629 | 63,850,898 |
| Total Assets | 80,301,357 | 91,871,385 | 275,726,960 | 407,412,464 | 642,588,424 |
| Total Liabilities | 5,144,274 | 5,069,422 | 21,769,071 | 47,644,159 | 26,327,750 |
| Net assets | 75,157,083 | 86,801,963 | 253,957,889 | 359,768,305 | 616,260,674 |

PBF launches LYNETTE VAI as HOME GROWN CHAMPION.

PBF continues to support outstanding sports persons who strive to be the best. PNG's number 1 ranked squash player Ms Lynette Vai was launched this month as "home grown champion" of the Pacific Balanced Fund.

Previously, Lynette received support from the fund when competing at the World Junior squash championships in Namibia in 2014 at just 15 years of age.



As a home grown investment fund for the people of Papua New Guinea, PBF continues to support and help young outstanding sports person/s break out into the international arena and to tell the good story of how valuable the fund has become to our 20,000 unit holders who have invested.

Mrs Rosa Teria during the presentation said, "Many of our investors have lost contact with the fund and we want to find all these people and tell them of the success that they have shared in. With Lynette now being the face of the fund, we believe she will be able to tell our story".

Currently ranked #1 in PNG, Lynette has shown commitment, dedication and enthusiasm to compete and succeed at international levels. "These are values that PBF shares with Lynette and is proud to be a part of Lynette's success". Teria said.

SNAP SHOTS

The Crowne Plaza hotel in Port Moresby has gone on the market. Located in the heart of 'Town', the four-star hotel has 'sweeping' views over the Coral Sea and Fairfax Harbour and is a PNG institution. The current owner is Kumul Hotels Ltd, itself co-owned by SPHC Management Limited (part of Intercontinental Hotels Group), Nambawan Super Limited and Melanesian Trustee Services Limited. The hotel is being marketed internationally by JLL and in PNG by Deloitte.

In its endeavour to continue supporting the agriculture sector in Papua New Guinea, Trukai Industries presented K40,000.00 to the PNG Women in Agriculture (PNGWiA), in Lae recently. This is the third year of sponsorship Trukai has fulfilled, under a five years agreement that was signed between the two organisations



Transparency International 10th Sir Anthony Siaguru Walk against Corruption



MTSL, a corporate Member of TIPNG participated in the 10th Sir Anthony Siaguru Walk against Corruption.

PBF/MTSL, sponsored 60 students from IBS to participate in the walk. The team dressed in uniforms and displayed banners with anti-corruption messages. Transparency International's objective of the walk is to:

- Raise funds for the Siaguru endowment fund to ensure future operations of TIPNG
- Raise greater awareness about corruption among members of the civil society
- Provide a peaceful avenue for citizens to express their opposition to corruption

Mrs Carol Gall, GM Finance leading discussions with Unit Holders in Lihir



Unit Holders in discussion in Kokopo



Trukai Fun Run Shirt Presentation to St Peters Chanel, Kabelo Teachers College & Gaulim Teachers College



Lihir Unit Holders



Kokopo Unit Holders



PUBLIC NOTICE

Melanesian Trustee Services Limited would like to invite Pacific Balanced Fund (PBF) Unit Holders to attend this special awareness and update on the performance and growth of the fund.

MTSL will be in the following provinces:

Lihir – Wednesday 22nd June – Pokche Lodge

East New Britain – Friday 24th June – Kokopo Village Resort

East Sepik – Monday 04th July – New Wewak Hotel

Madang – Tuesday 05th July – Madang Resort

Morobe – Friday 08th July – Phils Hotel

Eastern Highlands – Monday 11th July – Bird of Paradise Hotel

Western Highlands – Saturday 16th July – Kimininga Lodge

Milne Bay – Friday 22nd July – Waterfront Lodge



This message authorized by the CEO

Kennedy Wemin
Chief Executive Officer



JOIN NOW!

Mibank officers will be available at this time to open bank accounts.

