CHAIRMAN'S REPORT

2025 was the tenth year of operations since its establishment in 2015. I am proud to say that the Fund is still exceeding our overall objective and comparative market returns since its inception. The Committee continues to work closely with our investment advisors to sustain performance in a persistently volatile and currently challenging market, while positioning the portfolio for long-term resilience and future opportunities.

Our active Government Fund partners have continued to make the proposed annual contributions to the Fund. The Fund's investment assets are now at $421.7 million on 30 June 2025. Despite continued market volatility, the Fund remains on track to achieve its investment objective of strong staged growth. The Fund's assets have increased by $65.7 million in the 2025 financial year and has outperformed our overall performance objective of CPI + 4.5% since inception.

During the 2025 financial year, the Government of Nauru (GON) contributed $20.2 million in cash to the Fund, which includes $0.18 million in advance contributions for the 2026 financial year. This brings total contributions from establishment to 30 June 2025 to $211.8 million.

Under the Nauru-Australia Treaty, the Government of Australia (GOA) provided additional budget support to GON including contributing $15 million to the Fund on Nauru's behalf. This amount is included in the $20.2 million cash contribution attributed to GON for the 2025 financial year. In addition to this support, GOA has directly contributed a total of $29.8 million to the Fund since its inception.

The Republic of China (Taiwan) has ceased annual contributions and contributed $27.7 million since the Fund's establishment. The Government of New Zealand (GONZ) contributed $914k during the 2025 financial year, bringing its total contributions to $8.3 million since it began supporting the Fund in 2018.

The Mercer private equity investments have demonstrated consistent growth and excellent returns, contributing positively to the Fund's overall performance. Mercer continues to manage the Funds to maximise our returns within our agreed risk matrix.

I'm honoured to contribute as a member of the Committee dedicated to securing a sustainable source of revenue for future generations. The Government of Nauru remains committed to growing the Fund and I'm excited to witness the impact of future investments made possible through the ongoing dedication of the Committee and its expert advisors.

I would again like to thank the Committee, investment advisors and the Fund's administrators for their continued commitment. Their collaboration is a testament that our partnership allows the Fund and by extension, the people of Nauru, to benefit from positive returns despite the challenges posed by global market volatility.

I would also like to express my sincere appreciation to the Committee members for accepting and supporting Nauruan students, youth - the ultimate beneficiaries of all our good work - and other members of the Nauruan community to attend the Board meeting in May 2025 in Nauru. This opportunity enabled them to gain a deeper understanding of the Fund and its importance to our nation's future.

H.E. Hon .David Adeang, M.P.

Chairman