



## **SINPF Board to purchase \$100 million SIG 5 Year Domestic bond**

The Minister of Finance has approved the SINPF Board's request to purchase up to \$100 million development bonds currently being offered by the government.

This approval has enabled the Board to tender on a competitive basis the purchase of government development bonds currently administered by the Central Bank of Solomon Islands, over a period of at least 3 months.

The Board has successfully tendered and purchased 2 bonds separately for a total of \$60 million. The 1<sup>st</sup> bond has a face value of \$40 million with a coupon rate of 4% and was purchased at a discount of \$39,802,950.60. This is for a total return of 4.11% when taking into account the discount. During the term of the bond the Board will receive an annual fixed interest of \$1,600,000 per annum that will be paid half yearly.

The 2<sup>nd</sup> successful bond was once again purchased at a discount, has a face value of \$20 million and a coupon rate of 4% for a total return of 4.44% when taking into account the discount. The Bond was purchased for \$19,607.25. Annual interest of \$800,000 will be paid half yearly during the term of the bond.

Under the Board's strategic asset allocation (SAA), the Board has a target exposure limit of 10% with a maximum limit of 15% of its gross investment portfolio to the government sector. This strategic allocation limits the risk exposure to government to 15% of our gross investments' portfolio.

SINPF total exposure to Solomon Islands Government now stands at \$372 million or 9.9% of the Fund's total investments portfolio.

In terms of member returns or benefit an interest of more than 4% for a 5 year fixed income instrument is quite attractive for our members when the next available domestic investment opportunity is less than 1%.

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