

# AAFBR ANNUAL CONFERENCE 2017 PRIVATE PENSIONS: OPPORTUNITIES AND CHALLENGES ! *POWERED BY CFA ROMANIA*

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15 November 2017



**CFA Society  
Romania**

# OECD - PENSION MARKETS IN FOCUS - 2017

**Table 1. Nominal and real 5-year and 10-year geometric average annual returns of pension providers in selected OECD and non-OECD countries**

In per cent

**A. Selected OECD countries**

Country	5-year average		10-year average	
	Nominal	Real	Nominal	Real
Canada	8.3	6.9	5.2	3.5
Netherlands	8.2	6.7	5.5	3.8
Hungary	8.1	6.6	..	..
Sweden	6.9	6.5	..	..
Belgium	7.8	6.5	4.6	2.6
Israel	6.4	6.0	5.5	3.6
Slovenia	6.7	5.9	7.0	5.2
Australia	7.7	5.8	5.3	2.9
Finland	6.4	5.3	..	..
Switzerland	4.9	5.3	2.5	2.4
Iceland	7.9	5.2	5.5	0.3
Denmark	6.0	5.1	5.4	3.8
Norway	6.9	4.6	5.1	2.9
Spain	5.0	4.2	..	..
Portugal	4.7	4.1	2.4	1.2
Luxembourg	5.0	3.9	2.7	0.9
Chile	7.3	3.9	5.5	1.8
Austria	5.3	3.7	2.5	0.5
United States	5.1	3.7	1.5	-0.3
Italy	4.2	3.5	3.0	1.5
Estonia	4.3	3.2	1.1	-1.8
Latvia	3.9	3.1	2.7	-0.6
Korea	3.5	2.3	4.2	1.8
Mexico	5.7	2.3	5.8	1.8
Slovak Republic	2.4	1.7	1.3	-0.4
Turkey	8.3	0.5	10.6	2.3
Czech Republic	1.5	0.3	1.9	-0.2

**B. Selected non-OECD jurisdictions**

Country	5-year average		10-year average	
	Nominal	Real	Nominal	Real
Dominican Republic	10.9	8.0	11.2	6.3
Serbia	11.2	7.1	8.1	1.7
Costa Rica	9.7	6.9	8.6	3.2
Romania	7.6	6.4	..	..
FYR of Macedonia	6.7	5.7	..	..
Lithuania	6.0	5.1	..	..
Bulgaria	4.8	4.5	2.3	-0.5
Uruguay	13.1	4.3	13.3	4.8
Liechtenstein	3.8	3.8	..	..
Colombia	7.9	3.6	10.3	5.8
Albania	5.3	3.5	..	..
Peru	6.7	3.3	5.5	2.1
El Salvador	3.5	3.0	4.0	2.0
Thailand	4.2	2.9	..	..
Panama	5.1	2.9	..	..
Hong Kong (China)	3.6	0.3	..	..
Malta	1.3	0.1	..	..
Nigeria	10.7	-0.4	..	..

Source: OECD

# MAJOR STRATEGIC INVESTOR

Structura de portofoliu a fondurilor de pensii private obligatorii / Mandatory pension funds' total asset allocation										
Data / Date	Titluri de stat / Government bonds	Obligatiuni municipale / Municipal bonds	Obligatiuni supranationale / Supranational bonds	Obligatiuni corporative / Corporate bonds	Conturi bancare / Cash & deposits	Actiuni listate / Listed equity	Fonduri mutuale / Mutual funds	Instrumente derivate / Derivatives (for hedging)	Instrumente alternative / Alternatives	TOTAL
1/31/2016	66.0%	1.6%	1.0%	3.6%	6.5%	17.7%	3.7%	0.0%	0.0%	100%
2/29/2016	65.4%	1.5%	1.0%	3.8%	7.1%	17.6%	3.5%	0.0%	0.0%	100%
3/31/2016	65.8%	1.5%	0.9%	3.8%	6.3%	18.2%	3.6%	0.0%	0.0%	100%
4/30/2016	66.3%	1.5%	0.9%	3.9%	5.8%	17.8%	3.8%	0.0%	0.0%	100%
5/31/2016	66.2%	1.4%	0.8%	4.0%	5.8%	17.9%	3.8%	0.0%	0.0%	100%
6/30/2016	65.5%	1.3%	0.8%	3.9%	7.4%	17.3%	3.7%	0.0%	0.1%	100%
7/31/2016	65.6%	1.3%	0.8%	4.0%	6.9%	17.5%	3.7%	0.0%	0.1%	100%
8/31/2016	65.8%	1.3%	0.8%	3.9%	6.3%	18.1%	3.7%	0.0%	0.1%	100%
9/30/2016	67.0%	1.3%	1.2%	3.8%	5.0%	17.7%	3.7%	0.0%	0.1%	100%
10/31/2016	67.4%	1.3%	1.2%	3.5%	4.8%	18.1%	3.7%	0.0%	0.1%	100%
11/30/2016	65.5%	1.2%	1.2%	3.4%	6.8%	18.1%	3.7%	0.0%	0.1%	100%
12/31/2016	64.6%	1.2%	1.1%	3.3%	7.1%	18.7%	3.7%	0.0%	0.1%	100%
1/31/2017	64.4%	1.2%	1.1%	3.4%	6.4%	19.6%	3.8%	0.0%	0.1%	100%
2/28/2017	64.1%	1.2%	1.1%	3.3%	6.2%	20.3%	3.7%	0.0%	0.1%	100%
3/31/2017	64.2%	1.2%	1.0%	3.1%	6.4%	20.1%	3.8%	0.0%	0.1%	100%
4/30/2017	63.1%	1.1%	1.0%	3.2%	7.7%	20.0%	3.7%	0.0%	0.1%	100%
5/31/2017	63.6%	1.1%	1.1%	2.9%	6.6%	20.9%	3.7%	0.0%	0.1%	100%
6/30/2017	65.2%	1.1%	1.1%	3.0%	6.5%	19.4%	3.6%	0.0%	0.1%	100%
7/31/2017	63.6%	1.1%	1.0%	3.4%	7.2%	20.0%	3.6%	0.0%	0.1%	100%
8/31/2017	63.8%	1.0%	1.0%	3.3%	7.4%	19.7%	3.6%	0.0%	0.1%	100%
9/30/2017	63.5%	1.0%	1.3%	3.4%	7.2%	19.8%	3.7%	0.0%	0.1%	100%

Sursa: Asociația pentru Pensii Administrate Privat din Romania (APAPR) / Source: Romanian Pension Funds' Association (APAPR)

# PILLAR II PRIVATE PENSION FUNDS

- Professional portfolio management
- Participation of the contributor to the economic growth (via returns of his/her contributions)
- Property right on the contributions and return
- Guarantee of the contributions, segregation of the participant assets and asset manager assets
- Right to choose the investment fund/asset manager
- Major strategic investor/financing provider on the Romanian capital market

# CUT OF THE CONTRIBUTION TO PILLAR II FROM 5.1% TO 3.75%

- Significant decrease in pension of Romania's future retirees (aprox. 20%)
- Non-compliance with the Convergence Program which requires a contribution of at least 6% of the gross income of employees to private pension funds
- Slowing the development of the Romanian capital market as the pensions funds are a major financing provider to the Romanian economy

# THANK YOU!