

SECP issues licences to five pension fund managers

RECORDER REPORT

ISLAMABAD (February 20 2010): The Securities and Exchange Commission of Pakistan (SECP) issued licences to five pension fund managers up to December 31, 2009 for setting up and managing the fund more efficiently. Sources told *Business Recorder* here on Friday that the SECP has prepared the performance of conventional pension funds and Shariah-compliant pension funds during six months ending on December 31, 2009.

Up to December 2009, the SECP licensed five pension fund managers. Out of these, four managers have launched the funds. Presently, seven such funds, including four Shariah-compliant and three conventional, are operating in the market for investment. The SECP has compiled a comparative list of returns generated by sub-funds of all seven pension funds over the past six months along with data since their inception.

According to sources, voluntary pension funds provide a framework to the individuals to save and invest during their

working life and receive income on retirement. Every individual who holds computerised national identity card (CNIC) can become a participant of a pension fund set up under Voluntary Pension System Rules, 2005. An individual can opt retirement age from 60 to 70 years during which he plans to save and contribute to a pension fund of his/her choice.

Sources said that the pension funds are structured as trusts, and a deed is executed between Trustee and Fund Manager wherein rights and obligations of the parties and those of the participants are stated. Trustees and Fund Managers are independent and unrelated entities.

A Trustee assumes custody of assets of a pension fund and Pension Fund Manager makes investment decisions staying within the ambit of the laid down rules. Investment policy of a Pension Fund is stated in its offering document. Anyone who intends to invest in a Pension Fund must read its offering document to understand structure, risks and rewards. A Pension Fund consists of three

sub-funds. Each sub-fund has a clearly stated policy to invest in equity, debt and money market securities.

Participants can choose to invest in any one of the pre-defined combination of sub-funds, known as allocation strategies, depending on their risk appetite and return preference. Historically, the equity funds have greater volatility of rewards and risks than debt or money market funds. A Participant can also become a member of more than one Pension Fund managed by the same or different Pension Fund Managers.

A Participant can transfer his/her account from one Pension Fund Manager to another Pension Fund Manager registered with SECP, once in a year. Under tax laws, Participants of a Fund are entitled to certain credits and benefits at contribution, income generation and withdrawal stages of investments. These benefits are subject to fulfilment of conditions stipulated in the tax laws, sources added.

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According to the SECP data, following is the Performance of Conventional Pension Funds

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Name of PFM:	JS Investments Limited	Arif Habib Investment Management Limited	Atlas Asset Management Limited
Name of Pension Fund:	JS Pension Savings Fund	Pakistan Pension Fund	Atlas Pension Fund

Date of launch: 27-Jun-07 27-Jun-07 27-Jun-07

Debt sub-fund of the Pension Fund:

**NAV on December 31, 2009 (Rs)	128.69	114.36	121.82
NAV on June 30, 2009 (Rs)	122.95	110.9	117.32
Return (net of expenses) for 6 months ended December 31, 2009 (Rs & %)	5.74	3.46	4.50
Expenses***	4.67%	3.12%	3.84%
NAV at the date of launch (Rs)	1.13%	1.09%	0.42%
Return (net of expenses) since date of launch to December 31, 2009 (Rs & %)	99.95	100.00	100.00
	28.74	14.36	21.82
	28.75%	14.36%	21.82%

Equity sub-fund of the Pension Fund:

NAV on December 31, 2009 (Rs)	77.25	81.17	104.15
NAV on June 30, 2009 (Rs)	61.57	63.04	83.48
Return (net of expenses) for 6 months ended December 31, 2009 (Rs & %)	15.68	18.13	20.67
Expenses***	25.47%	28.76%	24.76%
NAV at the date of launch (Rs)	1.46%	1.12%	1.13%
Return (net of expenses) since date of launch to December 31, 2009 (Rs & %)	99.95	100.00	100.00
	-22.70	-18.83	4.15
	-22.71%	-18.83%	4.15%

Money Market sub-fund of the Pension Fund:

NAV on December 31, 2009 (Rs)	123.90	121.31	123.60
NAV on June 30, 2009 (Rs)	116.98	115.85	117.93
Return (net of expenses) for 6 months ended December 31, 2009 (Rs & %)	6.92	5.46	5.67
Expenses***	5.92%	4.71%	4.81%
NAV at the date of launch (Rs)	1.14%	1.11%	1.01%
Return (net of expenses) since date of launch to December 31, 2009 (Rs & %)	99.95	100.00	100.00
	23.95	21.31	23.60
	23.96%	21.31%	23.60%

* The statistics have been imported from annual audited accounts/ data provided by the Pension Fund Managers to the SECP.

** The expression NAV stands for 'net asset value per unit'.

*** The 'expenses' have been stated as a percentage of average net assets and include all the expenses and fee charged to the respective sub-funds during the 6 month period ended December 31, 2009. To calculate the average net assets during the six month period, the quarterly balance of net assets has been used for practical convenience.

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Performance of Shariah Compliant Pension:

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Name of PFM:	JS Investment Limited	Arif Habib Investment Management Limited	Atlas Asset Management Limited	Al-Meezan Investment Management Limited
Name of Pension Fund:	JS Islamic Pension Saving Fund	Pakistan Islamic Pension Fund	Atlas Pension Islamic Fund	Meezan Tahaffuz Pension Fund

Date of Launch: 16-Jun-08 31-Oct-07 6-Nov-07 27-Jun-07

Debt sub-fund of the Pension Funds:

NAV on December 31, 2009 (Rs)	118.16	118.18	122.51	123.67
NAV on June 30, 2009 (Rs)	111.69	111.77	116.13	119.05
Return (net of expenses) for 6 months ended Dec 31, 2009 (Rs & %)	6.47	6.41	6.38	4.62
Expenses	5.79%	5.73%	5.49%	3.88%
NAV at the date of launch (Rs)	1.08%	1.21%	0.94%	1.00%
Return (net of expenses) since date of launch to Dec 31, 2009 (Rs & %)	100.00	100.20	100.00	100.25
	18.16	17.98	22.51	23.42
	18.16%	17.95%	22.51%	23.36%

Equity sub-fund of the Pension Funds:

NAV on December 31, 2009 (Rs)	113.40	91.08	119.82	98.47
NAV on June 30, 2009 (Rs)	90.84	73.01	97.00	76.71
Return (net of expenses) for 6 months ended Dec 31, 2009 (Rs & %)	22.56	18.07	22.82	21.76
Expenses	24.83%	24.75%	23.53%	28.37%
NAV at the date of launch (Rs)	1.64%	1.30%	1.12%	1.06%
Return (net of expenses) since date of launch to Dec 31, 2009 (Rs & %)	100.00	100.20	100.00	100.14
	13.40	-9.12	19.82	-1.67
	13.40%	-9.10%	19.82%	-1.67%

Money Market sub-fund of the Pension Funds:

NAV on December 31, 2009 (Rs)	109.94	113.48	122.28	124.24
NAV on June 30, 2009 (Rs)	106.72	109.43	116.69	119.33
Return (net of expenses) for 6 months ended Dec 31, 2009 (Rs & %)	3.22	4.05	5.59	4.91
Expenses	3.02%	3.70%	4.79%	4.11%
NAV at the date of launch (Rs)	1.10%	1.21%	0.98%	1.02%
Return (net of expenses) since date of launch to Dec 31, 2009 (Rs & %)	100.00	100.20	100.00	100.18
	9.94	13.28	22.28	24.06
	9.94%	13.26%	22.28%	24.02%

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