

Performance review of private pension funds carried out

RECORDER REPORT
ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has carried out performance review of private pension funds set up under the Voluntary Pension System Rules, 2005 for six months (January 1 to June 30, 2011).

According to the details released by the SECP here on Wednesday, the Voluntary Pension System Rules (the 'VPS Rules') provide a framework of savings for retirement benefits. So far, six companies have been registered with the

Securities and Exchange Commission of Pakistan (SECP) to operate as pension fund managers. These companies are managing nine private pension funds out of which five are Shariah compliant and four are conventional pension funds. These funds are structured as trusts wherein custody of assets is with a trustee company and investment decisions rest with fund managers.

The SECP said that all people holding CNIC are eligible to become members of these funds and thus accumulate savings and earnings for their

old age. A participant of pension fund can choose retirement age between 60 to 70 years. A participant can also choose allocation policy suiting his risk and reward preference. Despite economic slowdown, the assets of pension funds have shown a noticeable growth since these were set up. The growth pattern of the pension industry is given in the table below:

The SECP said that the government has provided a conducive and tax-efficient system to encourage savings for social

and economic well being of the public in the shape of these funds. Tax credit of up to 20% of taxable income can be availed upon investment in pension funds. People above 40 years of age are entitled to an even higher tax credit.

The SECP has carried out performance review of the pension funds set up under the VPS Rules for six months (from January 1, to June 30, 2011) and since the launch of these funds. Sub fund wise comparison is depicted in the tables and graphs below:

A. Conventional Pension Funds (Position up to June 30, 2011)				
Name of PFM:	JS Investments Limited	Arif Habib Investment Management Limited	Atlas Asset Management Limited	UBL Asset Management Limited
Name of Pension Fund:	JS Pension Savings Fund	Pakistan Pension Fund	Atlas Pension Fund	UBL Retirement Saving Fund
Date of launch:	27-Jun-07	27-Jun-07	27-Jun-07	19-May-10
Debt sub-fund of the pension fund				
NAV on June 30, 2011	145.01	134.19	140.17	111.97
NAV on December 31, 2011	137.28	126.45	132.89	105.46
Return (net of expenses) for 6 months ended June 30, 2011	5.63%	6.12%	5.48%	6.17%
Expenses	0.92%	1.02%	1.02%	1.13%
NAV at date of launch	99.95	100.00	100.00	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	45.08%	34.19%	40.17%	12.08%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	45.06	34.19	40.17	12.07
Equity sub-fund of the pension fund				
NAV on June 30, 2011	94.79	101.67	130.73	125.53
NAV on December 31, 2011	90.06	102.40	125.92	121.01
Return (net of expenses) for 6 months ended June 30, 2011	5.25%	-0.71%	3.82%	3.74%
Expenses	1.01%	1.00%	1.19%	1.31%
NAV at date of launch	99.95	100.00	100.00	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	-5.16%	1.67%	30.73%	25.66%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	(5.16)	1.67	30.73	25.63
Money Market sub-fund of the pension fund				
NAV on June 30, 2011	120.84	140.78	143.10	111.71
NAV on December 31, 2011	114.26	133.50	135.63	105.80
Return (net of expenses) for 6 months ended June 30, 2011	5.76%	5.45%	5.51%	5.59%
Expenses	0.89%	1.03%	1.06%	1.14%
NAV at date of launch	99.95	100.00	100.00	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	20.90%	40.78%	43.10%	11.82%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	20.89	40.78	43.10	11.81

* The statistics are based on the 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 June 30, 2010. To calculate the average net assets during the six-month period, the quarterly balance of net assets has been used for practical convenience.

Net assets of Pension Funds

Date	Net Assets (Rs. million)			
	ESF	DSF	MMSF	Total
30-Jun-07	140	140	140	420
30-Jun-08	260	260	245	766
30-Jun-09	255	329	286	870
30-Jun-10	402	489	410	1,301
30-Jun-11	521	571	464	1,557
Percentage Growth since launch	272%	308%	231%	271%

*ESF stands for 'Equity Sub-Fund of the Pension Fund'
 *DSF stands for 'Debt Sub-Fund of the Pension Fund'
 *MMSF stands for 'Money Market Sub-Fund of the Pension Fund'

B. Shariah-compliant Pension Funds (Position up to June 30, 2011)					
Name of PFM:	JS Investments Limited	Arif Habib Investment Management Limited	Atlas Asset Management Limited	Al-Meezan Investment Management Limited	UBL Asset Management Limited
Name of Pension Fund:	JS Islamic Pension Savings Fund	Pakistan Islamic Pension Fund	Atlas Pension Islamic Fund	Meezan Tahaffuz Pension Fund	UBL Islamic Retirement Saving Fund
Date of Launch:	16-Jun-08	31-Oct-07	6-Nov-07	27-Jun-07	19-May-10
Debt sub-fund of the pension fund					
NAV on June 30, 2011	136.65	135.67	134.83	143.98	109.45
NAV on December 31, 2011	129.1	129.82	131.14	135.82	104.12
Return (net of expenses) for 6 months ended June 30, 2011	5.85%	4.51%	2.81%	6.01%	5.12%
Expenses	1.01%	1.11%	0.98%	0.85%	1.15%
NAV at date of launch	100.00	100.20	100.00	100.25	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	36.65%	35.40%	34.83%	43.62%	9.56%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	36.65	35.47	34.83	43.73	9.55
Equity sub-fund of the pension fund					
NAV on June 30, 2011	152.31	108.97	166.21	137.37	129.81
NAV on December 31, 2011	134.78	107.03	153.03	126.64	120.46
Return (net of expenses) for 6 months ended June 30, 2011	13.01%	1.81%	8.61%	8.47%	7.76%
Expenses	1.16%	1.12%	1.32%	0.93%	1.40%
NAV at date of launch	100.00	100.20	100.00	100.14	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	52.31%	8.75%	66.21%	37.18%	29.94%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	52.31	8.77	66.21	37.23	29.91
Money Market sub-fund of the pension fund					
NAV on June 30, 2011	121.43	125.33	139.92	143	107.86
NAV on December 31, 2011	117.11	120.91	133.48	135.85	103.12
Return (net of expenses) for 6 months ended June 30, 2011	3.69%	3.66%	4.82%	5.26%	4.60%
Expenses	1.13%	1.11%	1.03%	0.90%	1.13%
NAV at date of launch	100.00	100.20	100.00	100.18	99.90
Return (net of expenses) since date of launch to June 30, 2011(%)	21.43%	25.08%	39.92%	42.74%	7.97%
Return (net of expenses) since date of launch to June 30, 2011(Rs.)	21.43	25.13	39.92	42.82	7.96