

Pension Funds

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CORPORATE GOVERNANCE
as the backbone of credibility

Finance Minister speaks
at the 38th Congress
of Pension Funds

Abrapp devises
new pension plan for
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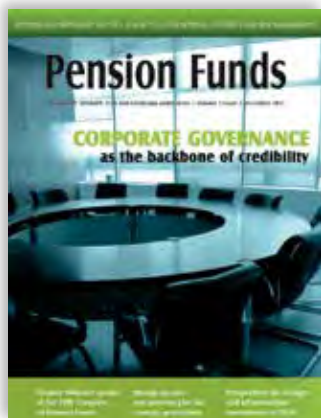
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The annual Brazilian Congress of Pension Funds is the largest one of its kind in Latin America. In its latest edition, held in October 2017, industry stakeholders gathered in the city of Sao Paulo for 2 days to discuss the most relevant issues in the system's agenda.

The debate had at its core the need to increase coverage by designing new products in line with younger generations' needs and demands, as well as through the modernization of legal and regulatory frameworks, especially when it comes to investment rules and the tax treatment of private pension contributions.

This would provide a level playing field with "open" pension plans managed by banks and insurance companies. Also at stake is the very survival of occupational - or "closed" - pension schemes as they are known in the country.

This issue of the magazine is therefore practically entirely dedicated to the coverage of the event's plenary sessions, where top pension specialists and economists shared some of their ideas on the country's economic future, its capital markets prospects, pension product innovation and the need to enhance corporate governance so as to restore industry's reputation.

Brazilian Finance Minister Henrique Meirelles, who spoke at the forum, also discussed the need to reform the public pension system and how future changes will likely impact the private pensions segment. The highlights of his speech may be found in the following pages.

We wish you all a prosperous 2018!

Flavia Silva
Editor-in Chief

Corporate governance as the backbone of credibility

BY FLÁVIA PEREIRA DA SILVA

*Corporate
governance should
not be viewed as a
mere formality. It
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decision-making
processes*

“There is broad consensus in the world today that the assets managed by pension funds are essential for any country’s development and it applies to Brazil”, said the ministry of Finance, Henrique Meirelles, in his speech at the 38th Brazilian Congress of Pension Funds, held in the city of Sao Paulo in October 2017. Brazilian EFPCs¹ manage

1. The acronym “EFPC” stands for *Entidade Fechada de Previdência Complementar*. It is used to refer to entities that manage occupational pension schemes (as opposed to open pension plans administered by banks and insurance companies) in Brazil.

approximately BRL 800 billion², which corresponds to 13% of GDP, highlighted Meirelles, adding that the sector's normative framework is aligned with best international practices.

Whereas governance practices have improved, as indicated by a number of initiatives such as the enhancement of Risk Based Supervision and the industry's first self-regulation code, the sector's reputation has been harmed by isolated events associated with mismanagement. Experts agree that now, more than ever, given the fall of interest rates, it will be paramount to consolidate robust decision-making processes, good practices and ethical values so that pension funds may face greater investment challenges ahead.

Losses and scandals have led many companies and industries to discuss changes in management practices, thus bringing corporate governance to the agenda of a wide range of sectors, says José Paschoal Rossetti, researcher at Dom Cabral Foundation and the first speaker of the plenary session held during the 38th Congress that focused on governance and credibility.

"Integrity precedes ethics. And ethical values must be followed at all times." In his opinion, despite being useful in building credibility, codes of conduct are not enough because they

have a normative character. "Codes are not enough, integrity is inherent to the individual; it is part of our conscience."

Dark year

According to Fábio Coelho, Substitute Managing Director of supervisory agency PREVIC, the pension fund industry has overcome the most acute phase of its credibility crisis. He adds that when it comes to asset allocation, the investment decision-making process must also be governed by a robust set of rules.

In 2018, with the fall in interest rates, more unusual and less liquid investments will make a comeback. In such context, investment policies may no longer be a mere formality since the discussions that lead to their design are of utmost importance.

"We have worked hard to transform the industry. 2017 is already considered a year of change, but from 2018 onwards, in particular, with the recovery of pension funds' investment returns, deficit corrections that began in 2017 are likely to continue, thus contributing to a clear reversal of the trend leading to the industry's credibility crisis."

Coelho also highlighted the importance of self-regulation, an approach that has been successfully

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2 1 BRL = 0.30 USD as of December 2017

implemented in other sectors. “Self-regulation is an additional defense line, another layer of protection made available for the segment. It is the market’s control mechanism for investment activities.”

Sustainability

Adriana Vieira, coordinator of ABRAPP’s Corporate Governance Technical Commission, claims that corporate governance is a challenging topic for pension fund managers in the present scenario. “We currently face many challenges, but two of them are particularly relevant: the challenge to adequately manage contracted benefits as well as the challenge to design new pension contracts for potential members.”

As the pension reform proposed by the government spotlights private pension plans, the time is ripe for pension funds to evaluate the efficiency of their governance frameworks and mechanisms. “It is time to review and formalize processes, look at specific conducts and behaviors of managers and trustees, managerial and technical bodies and the market as a whole”, said Vieira.

With the mission to strengthen the industry, the Brazilian Association

of Pension Funds has developed the Self-Regulation Code on Investment Governance. During the 38th Congress, the first self-regulation “seal” was granted to *Fundação Banco Central de Previdência Privada* (Centrus pension fund) and many other EFPCs are also in the process of adhering to the Code.

During her speech, Vieira pointed out that the industry may also rely on other tools resulting from the experience of those responsible for pension funds’ daily operations. Among these tools is the Integrity Guide for EFPCs, produced by ABRAPP’s Governance Commission,

which is based on the Anti-Corruption Act of 2013. The

coordinator noted that the Commission had already elaborated the Anti-Corruption Guide about two years ago.

Likewise, SINDAPP’s³ Code of Conduct and Ethics and AMEC’s⁴

Stewardship Code are important tools, as well

as other initiatives that ABRAPP supports institutionally, such as the Brazilian Code of Corporate Governance for Publicly Traded Companies. “Based on this Code, the Securities and Exchange Commission (CVM) has made amendments to the regulation, adding to

According to supervisory agency PREVIC, the pension fund industry has overcome the most acute phase of its credibility crisis, having a very positive outlook for 2018

3. SINDAPP: National Union of Occupational Pension Management Companies - or EFPCs (*Sindicato Nacional das Entidades Fechadas de Previdência Complementar*).

4. AMEC: Brazilian Association of Capital Market Investors

its forms some of the provisions foreseen in the document.”

Credibility to whom?

To panelist Daniel Pulino, Professor of Pension Law at PUC University in São Paulo and member of the Governing Board of Funpresp-Exe pension fund, credibility is essential to the development of the private pension system.

First and foremost, he argues that it is necessary to define who is the most important stakeholder when it comes to the system’s credibility, which implies in identifying who is the main consumer of pension fund products.

“Corporate governance is indeed necessary to the development of the pension fund system. But it cannot be a marketing piece nor limited to a set of rules, documents or manuals. It has to be effective. And in order for corporate governance to be effective, we must ask ourselves who is our main client.” The answer for such question is clear, he notes. “It is pension funds’ present and future members.”

“What do pension fund members want?”, adds the expert. “They want to have a safe and sound financial future and this is what the industry must deliver.” If potential members foresee any risks to such outcome, they will choose not to join the pension plan.

The professor also remarked that credibility translates into qualification,

competency and technical knowledge, attributes that can be learned. However, one also needs to have ethical values, integrity and independence, avoiding conflicts of interest at all costs... “And this is not something that can be taught. Ethics is a matter of culture. Governance as a basis for credibility is a cultural issue.”

Way of life

At PREVI pension fund, corporate governance is “sacred”, claims the EFPC’s president, Gueitiro Matsuo Genso. In

his view, governance is a way of life; as such, it should not be restricted to an organizational chart or statute. “Governance cannot be forced. The culture of establishing how important it is to follow procedures and generate value is not created overnight.”

It is precisely the culture of valuing corporate governance principles and treating all pension fund stakeholders with due respect that has allowed the EFPC to navigate stormy waters in the past 20 years, says Genso. “The investment decisions we made in the 1990s are still mirrored in our financial gains. In the 2000s, we built such large surplus that we took a seven-year contribution holiday. We reached the so-called ‘special reserve’, which enabled us to even distribute that surplus.”

“Corporate governance cannot be a marketing piece nor limited to a set of rules, documents or manuals. It has to be effective”

Beyond the rules

Gueitiro Genso takes pride in noting that PREVI has the prerogative to go beyond legal compliance. An example of this is that three members of the Board of Directors are chosen by pension fund members, the same number as those appointed by Bank of Brazil (*Banco do Brasil*), the sponsoring company. "The chairman of the Board does not have the casting vote either."

The EFPC also has an active ombudsman and an internal audit linked to the Governing Board, attributes that are not required by law. "Similarly, the law does not mandate that we have portfolio management provisions in place, such as the principle that establishes that those who plan do not execute and those who execute do not control." However, PREVI's departments in charge of asset management were designed so as to preserve the segregation of duties.

Pillars and compasses

The EFPC has three pillars deemed "sacred" that encompass other aspects not mentioned in the legislation. Its statute foresees that in order to be appointed to a senior management position, candidates must have been affiliated to the plan for at least 10 years,

which entails a long-term commitment to the entity.

The second pillar is the segregation of duties and the third pillar, the most important according to Genso, is the fund's technical staff. "The staff must be composed of plan members. Considering that we are sponsored by the Bank of Brazil, which operates

in the financial system, our employees certainly help protect our corporate governance in the long run."

The president of the largest Brazilian pension fund points out that the EFPC also relies on two instruments that he calls compasses: the strategic planning, which lays out the fund's long-term objectives, and the investment policy, "an extremely important document that has protected the pension entity".

In Genso's opinion, the Brazilian pension fund industry has a good normative framework. Nevertheless, he says, it is important to move forward in the self-regulation sphere. Finally, he emphasizes that the only thing that the senior management of Previ's Defined Benefit plan, that goes beyond 2090, knows for sure is that new economic and/or financial crises will take place. "How can we reassure our members that we will overcome these crises? By telling them that Previ's corporate governance is a strong line of defense." ■

It is the culture of valuing corporate governance and treating all stakeholders with due respect that has allowed PREVI to navigate stormy waters in the past 20 years

Times of disruption

*Technology, new audiences and
customer empowerment require good governance,
planning and regulatory modernization*

BY DEBORA DINIZ

The world is changing. Society is leaving the industrial era behind and going digital. The revolution in course is changing not only the economic landscape, but also interpersonal relations, communications, science and markets, including the pension fund industry. It was not by chance that the subject was debated in different plenary sessions

of the 38th Brazilian Congress of Pension Funds, held in October 2017 in the city of São Paulo, Brazil. The event's programme was designed to promote discussions that may lead to a new pension model fit for all audiences in this changing atmosphere, in which understanding individual needs and aspirations is key to increasing coverage.

Financial technology startups, known as fintechs, are here to shift paradigms, enhancing user's experience. "The use of technology and fintechs by pension funds is very promising. These provide all kinds of information, from data basis access to technological solutions that prove the value of pension plans to individuals. There is a wide range of possibilities to be explored", says Fábio Gonzalez, one of the speakers of the event and FintechLab CEO, a company that monitors financial innovation in Brazil.

Futurism

Tiago Mattos, Futuristic Researcher and Professor at Singularity University, claims that innovation is in the DNA of organizations that are setting their course to the future. "I believe that understanding the era in which we live in is going to be the main form of economic, political and social appropriation in a world that is ceasing to be industrial to become digital. Grasping this idea makes us realize that times are changing and yet many do not seem to apprehend it." Mattos shared his thoughts with the audience during the plenary session "Innovative Ideas *versus* The Wait that Paralyzes".

One of the main reasons behind this "paralysis" is that most organizations still have a pyramidal structure based on bureaucracy and outdated performance

measures. Leaving inertia means breaking paradigms and finding new, more connected working methods. Innovation, he says, is no longer an option; it must be in the core of every organization.

Mattos quoted the futuristic guru Alvin Toffler, according to whom the illiterate of the 21st century are not the ones who can't read and write, but those who can't learn to "unlearn" and "relearn". And how about pension funds? How can they adapt to this new reality? "ABRAPP plays a primordial role in our society. Those who have worked their entire lives have the right to financial stability at old-age. If we get to grow old and enjoy financial stability later in life, we will be able to go on being creative, happy and loving, thus making the world a better place than it is today."

To preserve competitiveness in an environment permeated by a sense of urgency and sensitivity to human behavior, ABRAPP has been dedicated to finding solutions that could beat the paralysis and help the occupational pension segment thrive. In order to do so, policymakers must take steps to increase pension savings levels – setting it as a priority in the country's agenda. One of these steps consists of changing occupational plans' taxation regime so as to make them more attractive, given that pension plans managed by banks and insurance companies enjoy a rather favorable tax treatment.

"The system is robust and we have regularly fulfilled our monthly obligations with 730,000 pensioners. However, the industry has become outdated. We need to meet the demands of the labor market and its new dynamics, which are distinct from those of the past. Younger generations want simpler, more flexible products capable of offering more immediate rewards without

According to Futuristic Researcher Tiago Mattos, innovation is in the DNA of organizations that are setting their course to the future

losing their welfare nature”, highlighted Luis Ricardo Marcondes Martins, ABRAPP’s president, in a press conference held during the 38th Brazilian Congress of Pension Funds.

The new “young”

Chairman of Mongeral Aegon’s Board of Directors, Nilton Molina was one of the speakers at the plenary session “Longevity Trends and Social and Economic Impacts”. He claimed that declining birth rates and increasing life expectancies have led to an equation that is hard to solve. “The intergenerational pact days are numbered and soon the basis of the population pyramid will not be large enough to financially support who is on top, that is, the retirees.”

The good news is that age is no longer a reference for productivity. “The way 60-year olds see themselves today is totally different from the past. They view themselves as 40-year-old youngsters”, says Molina, who works full-time despite being over 80 years old and defines himself as a “free sample of the future”. It is therefore important to design pension plans for this new audience.

Regulation and technology

At the same plenary session, Márcio Medeiros, Administrative Director of Funpresp-Jud pension fund, argued that innovation has to go hand in hand with planning and corporate governance. All pension entities’ operations will remain the same, but they will be carried out with stronger technological support.

The idea is to serve new audiences. After all, half of Brazilian workers no longer remain in the same job for more than 5 years as opposed to the first members of occupational pension plans,

“The intergenerational pact days are numbered; soon the basis of the population pyramid will not be large enough to support who is on top”

who would spend their whole working life in the same company. However, good will and technology are not enough, highlights Medeiros; it is necessary to modernize the regulatory framework as well. “Nonetheless, regulation must not be an excuse for the absence of innovation”, he reckons.

In order to renew itself and reach its potential audience of approximately 15 million direct members, the pension fund industry must expand coverage to informal and autonomous workers. The problem is that many of the proposals to promote the sector’s growth end up colliding with other government interests or the bureaucracy of the National Board of Complementary Pensions (CNPC), the industry’s regulatory body.

Speaking to the press during the 38th National Congress, ABRAPP’s president also listed some of the proposals awaiting deliberation, such as the introduction of automatic enrollment for all occupational pension plans, the possibility to expand coverage to third degree relatives of plan members and increased flexibility for investment rules. Now all stakeholders, including regulatory authorities, must embrace the innovation spirit and promote the changes deemed necessary for industry development. ■

The risk-taking game

*Despite the
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International financial markets have begun to look more attentively at emerging economies in face of high liquidity in a global environment of very low to negative interest rates. There is growing investor appetite for opportunities in countries whose sovereign risk is no longer a hindrance to global players. Stock markets have

Brazil's GDP will likely grow 2.7% in 2018 as a consequence of the increase in household consumption while interest rates tend to remain low at least until the beginning of 2019

shown exuberance, a trend that has been questioned by more experienced analysts. In this a context, which still mirrors some of the effects of the 2008 financial crisis, short-term forecasts indicate that capital flows will be drawn to the Brazilian stock exchange as well. Low interest rates worldwide should also push domestic interest rates down, compelling Brazilian pension fund managers to seek greater portfolio diversification.

Unpredictability

"There is a high dose of unpredictability in the domestic scenario. Despite clear recovery signs in economic indicators and benign inflation, high return prospects have been dented by political uncertainties", argues Economist and former Central Bank President Gustavo Loyola, who spoke in one of the plenary sessions at Abrapp's 38th Brazilian Congress of Pension Funds, held in October 2017.

He believes that Brazil's GDP will likely grow 2.7% in 2018 as a consequence of the increase in household consumption derived from interest rate cuts and a "slight improvement in employment rates". Nevertheless, strong investment demand will not be satisfied

as long as the country's political future is not sorted out and infrastructure investment regulations become clearer.

Against this backdrop, projections indicate that SELIC¹ interest rates tend to remain low at least until the beginning of 2019 since the lack of inflationary pressures will allow less conservative monetary policies on the part of the Central Bank. Market specialists, in turn, anticipate a troubled year ahead, with economic development strongly associated with the electoral process.

"We are faced with important challenges given that we were accustomed to 10% annual real interest rates", says Jorge Simino, Investment Director at Funcesp pension fund, who spoke in the same plenary session as Loyola.

Fiscal situation

"Let us not delude ourselves: the fiscal situation is really bad and it tends to get worse", observes Gustavo Loyola. The International Monetary Fund (IMF) says that the general government gross debt to GDP ratio will increase from 78.3% (end of 2016) to 96.7% in 2022. This projection is a reviewed IMF estimate from last April, when the Bank had indicated

1. SELIC - Special System of Clearance and Custody Rate - is the official interest rate as defined by the Central Bank's Monetary Policy Committee (COPOM).

Discussions revolve around the ideal interest rate level, with experts pointing to a 3% to 4% threshold so as to avoid inflationary pressures

that Brazil's debt level would be the 19th highest in the world in 2022. The indicator has been revised upward, placing the country in the 12th position.

Gap in productivity

There is a serious gap in productivity as a consequence of the economic recession, enabling a more expansionary monetary policy, but there are also structural factors at play, highlights Loyola. "Internationally, emerging markets are in a favorable position because interest rates are very low and the excess liquidity has kept the exchange rates relatively under control", explain the economist.

Analysts dare not to predict how long this scenario of very low interest rates is going to last, but there is an overall perception that it will persist due to excess liquidity and technological pressures. In the Brazilian case, Loyola points out to the fact that the country holds a strong external position. "We no longer face external financing crises. Brazil has more than USD 350 billion in reserves, so in this regard the situation is more comfortable and less risky, allowing the government to pay lower interest rates on federal bonds."

Discussions revolve around the ideal interest rate level, with experts pointing to a 3% to 4% threshold so as to avoid inflationary pressures. To XP

Investments Head and panelist Zeina Latif, the neutral interest rate level would be approximately 5% or lower.

Long-term focus

The complexities inherent to the present scenario highlight the importance of setting aside short-term goals when it comes to pension fund investments. The short-sighted approach is common to investment banks and asset management firms, says Jair Ribeiro, investment expert at Eletros pension fund.

"The behavior of SELIC interest rate is a good indicator, but it is a short-term parameter. We must not fail to consider structural economic variables as well, a difficult task in an emerging country like Brazil, where institutional instability makes it hard to plan in the long run", admits Ribeiro.

If the secular stagnation theory is indeed confirmed, NTN-B (federally issued, inflation-linked bonds) rates will keep the downward trend because Brazilian financial markets are integrated with the rest of the world even though the country's economy is not. Emerging markets sovereign risk rating improvements also drive investor appetite for such economies, with a positive impact on their stock exchanges. "The Brazilian economy has shown signs of improvement; however, the

stock market rally bears no association with this, but with emerging market trends”, argues Ribeiro.

Insufficient products

Long-term planning is crucial for Brazilian pension entities given that the duration of liabilities exceeds 20 years on average. “There is no doubt that we will need to take more risk, the question is how we are going to do it”, stresses Jorge Simino, Investment Director at Funesp pension fund.

He notes that the riskier products available to Brazilian institutional investors are not enough, thus limiting portfolio diversification. “The market is small. Take our real estate investment funds, for instance. The 5 largest ones only trade about USD 1 million a day, which is very little compared to the country’s pension fund investment potential.”

In the private debt market, it is difficult to find good quality assets; moreover, the lack of a secondary market harms liquidity. At Bovespa, the Brazilian Stock Exchange, there are only 362 listed companies with aggregate market cap slightly under USD 1 trillion.

The shares listed in Ibovespa, the country’s benchmark index, cover just 60 companies with BRL 2.4 trillion² market cap, which means that the remaining companies have little value and zero liquidity. Due to all these reasons, Brazilian pension funds have been slow in taking more risk.

Return levels

The Brazilian capital market will likely be driven by the fall in interest rates and its impact on equity and private debt operations, argues Gustavo Loyola; however, there are still some tax issues that need to be addressed.

Alongside bull markets worldwide, investment banks analysts have identified an overall improvement in Brazilian listed companies’ results, some of which with strong recovery track records. “No one dares to anticipate the pace of such recovery, especially in the case of companies that lost up to 40% of their value in the past few years. But this change is taking place, which brings a historic opportunity to invest in the variable income segment”, observes NCH manager in Brazil, James Gulbrandsen.

Below ground floor

Gulbrandsen recognizes that the improvement in companies’ results is, to a great extent, conditioned upon robust investments in infrastructure, without which the euphoria in the domestic equity market will not be sustainable according to specialists. “Strong investments in infrastructure will be necessary to sustain GDP growth. Let’s say that we are now in an ascending elevator but still below ground level”, illustrates the investment manager.

“If interest rates remain low for longer, pension entities will be able to increase their equity allocations, eventually reaching 30% of portfolios on average”, says Gulbrandsen. ■

2. 1 BRL = 0.30 USD as of December 2017.

Finance Minister speaks at the 38th Congress of Pension Funds

*To Henrique
Meirelles, boosting
private pensions
is a priority and
long-awaited
changes in tax
policy require more
in-depth analysis*

Developing the Brazilian occupational private pension system is on the country's economic agenda, said Finance Minister Henrique Meirelles during his speech at the 38th Brazilian Congress of Pension Funds, organized by ABRAPP. Despite avoiding mention of concrete measures to boost the industry, Meirelles claimed that the long-awaited changes in the tax treatment of

“closed” pension fund contributions - which would ensure a level playing field with the so-called “open plans” operated by banks and insurance companies - are seen as a priority by the federal government.

“This is undoubtedly a matter of utmost importance; however, changing tax policy requires extensive analysis. We must be sure of what we do in the tax arena in such challenging fiscal times for Brazil, a problem that has been successfully dealt with. The modernization of tax treatment in different industries is being assessed not only from a technical, but also from a tax justice perspective. With that in mind, we will find the best available option, but this is not something we can do overnight.”

The Finance Minister praised the sector’s demands and the independent work carried out by regulatory authorities to improve the insurance and private pension segments. This includes the alignment of national laws and regulations with international standards and best practices so that the pension fund industry may ensure higher levels of return, security and robustness to its most important stakeholders, the future retirees.

Pension reform

As expected, Meirelles spent considerable time discussing the upcoming pension reform. In this regard, he argued that the changes proposed in the public system will be beneficial to the private pension sector, as indicated by the previous reforms that gave way to the establishment of Funpresp, entity in charge of managing complementary benefits for employees of the federal government.

In his view, controversial points will not be an obstacle to the approval of the new pension bill given that “it is crucial for the sustainability of public finances and the country’s long-term fiscal health”. The Minister advocates that if nothing is done, social security, which as of today accounts for approximately 55% of the national budget (including means-tested benefits), will gobble 80% of the budgetary forecast in a few years. If it gets to this point, there will not be any financial resources left for investments in healthcare, education or infrastructure.

Meirelles pointed out that the “closed” private pension system has substantial growth potential, although its development is to

According to the Minister, the new pension bill will benefit occupational funds as indicated by previous reforms that led to the establishment of public servant schemes

a great extent conditional upon the country's economic recovery, including inflationary tendencies in the coming years. Positive outcomes for the segment are also directly related to the development of the Brazilian capital market.

Worst recession ever

Meirelles emphasized that the country is going through what he calls "the worst recession ever". "The present recession is longer and deeper than the crisis of 1929/30, which shows, comparatively, how it has affected not only the economy, but the life of millions of Brazilians. Unemployment rates have skyrocketed and total GDP contracted approximately 7.3%."

"Not only entrepreneurs but society as a whole need to be mature when faced with a problem of such magnitude. We must correctly identify the causes in order to choose the right treatment." Between 1991 and 2016, total public expenditure increased from 10.8% to 19.8% of GDP, an unsustainable trajectory that would reach 25.5% in 10 years if not properly addressed.

In the past ten years, the upward trend in public expenditure has raised concerns about the long-

term solvency of the Brazilian market. This led to a preventive behavior on the part of investors, aggravating the recessive process, raising unemployment rates and causing a steep decrease in demand.

With the right diagnosis, said Meirelles, "we have set up a proper fiscal framework with expenditure limits established in the Constitution. By capping public spending, total expenditure projections decreased from 25.5% to 15.5% of GDP in 10 years, which means that there will be 10 additional percentage points for investments, consumption and welfare."

Recovery

The Finance Minister stated that a rebound in investor confidence can already be perceived. Throughout the second semester of 2016, companies and households started showing a positive kind of behavior that has helped reverse the upward trend in the total debt *versus* intangible assets *versus* market capitalization curve. Companies' first move was to pay the most expensive loans and review deadlines. Households, on the other hand, have substantially decreased their indebtedness.

“We have been working hard to create a stable environment. Everyone here may make plans based upon the conviction that the market is expanding”

As a result, when companies started to feel indeed more comfortable, total leverage debt levels stabilized and, from then on, the country resumed growth. In the first and second quarters of 2017, Brazil grew about 1%. “Setting aside the agricultural component that had a considerable positive impact due to crop season, we reported a 0.2% growth in the first quarter and 0.4% in the second quarter in economic sectors such as retail, services and industry. Investments in machinery and equipment, which are an important confidence indicator, went up 4% in the second quarter of 2017.”

Long-term savings

“The assets managed by Brazilian EFPCs¹ are, as we all know, an important source of long-term savings. This contributes to the development of new financial products and the evolution of the Brazilian market, not to mention that pension funds complement the

income of those who retire”, said the Minister.

Meirelles believes that economic recovery brings good prospects for the country in the coming years. First quarter indicators not only corroborate this idea but also point to a recovery that may turn out to be stronger than analysts had anticipated. Energy consumption and motor vehicles sales have increased significantly. The labor market is also showing signs of recovery in a faster-than-expected pace.

“We have been working hard to create a stable environment. Everyone here may make plans based upon the conviction that the market is expanding. And this is going to be a more robust market in an economy that favors long-term savings along with an increasingly solid institutional framework. Let us work together to build a more prosperous country”, urged the Minister of Finance. ■

1. EFPC are pension management entities. These manage “closed” - occupational or employment-linked pension schemes - as opposed to “open” pension plans managed by banks and insurance companies.

A customized plan for younger generations

*Flexible benefit
plan will enable
members to
smartly make
use of their
savings to carry
out life projects
before reaching
retirement age*

The motto of the 38th Brazilian Congress of Pension Funds was “Complementary Pensions for All” but attaining this goal, argue experts, more than ever requires greater agility when it comes to the development of new pension products that meet the demands of younger generations. It is time to speed up the creative process so that the industry may resume growth by

offering high-quality pension coverage associated with renewed plan designs that allow members to smartly use their savings to accomplish different objectives in life before reaching retirement. Guided by this idea and following Behavioral Economic standards, a flexible benefit plan named “Prev Sonho” is the most recent initiative to modernize the system.

The product was mainly developed by ABRAPP’s Technical Actuarial Commission (CTNA), but 7 other technical commissions of the Association have helped detail all of its aspects, including IT, communication and legal issues. Supervisory agency PREVIC and the Brazilian Institute of Actuaries also gave important contributions in a debate that required 25 meetings over 9 months. The new plan was first announced during the 38th Congress in October 2017 but its final contours still need work, so it should be made available to the public in the first months of 2018.

The right kind of flexibility

According to Thiago Felipe Gonçalves, Coordinator of ABRAPP’s Actuarial Commission and one of the masterminds of the project, the need to change the design of occupational pension plans in Brazil is clear. He points out that the younger Defined Contribution (DC) and Variable Contribution (VC) plans are, the higher is the percentage of funds that can be prematurely withdrawn with an increasing number of members taking advantage of this possibility.

“We can’t be sure if members will in fact retire in these plans because

The new plan was developed by 8 ABRAPP Technical Commissions, supervisory agency PREVIC and the Brazilian Institute of Actuaries

they seem to be making more and more withdrawals according to a survey carried out by our Commission”, observes Gonçalves. Withdrawal limits have increased in the past few years, sometimes reaching 50% of accumulated savings, a kind of flexibility that isn’t good, he says. “With the new product, we intend to allow the right kind of flexibility by protecting retirement benefits.”

The commission Coordinator adds that the so-called generation Z is likely to change jobs much more frequently than generations X and Y, which imposes a “double challenge”: how to persuade workers to join and remain in the plan and, at the same time, how to convince sponsoring employers that offering a pension plan may help reduce turnover?

A BNY Mellon survey on generation Y has shown that 63% of respondents would like to put more money into the pension plan if more withdrawals were allowed during their active years. The study has also indicated that Brazilians tend to favor home ownership and health insurance over private pension protection.

Minimizing concerns

It is argued that having access to the funds only after 30 years of plan affiliation does not make much sense anymore. That is why it was necessary to come up with a plan design based on the precepts of Behavioral Economics and financial education so that members could make periodic withdrawals without harming retirement planning.

According to the new design, which may be incorporated into plans already in operation with the advantage of offering new benefit possibilities, pension fund managers will ask plan members what their dreams are and, from then on, create a financial plan that will help achieve individual goals. The idea is to help people manage their finances and learn how to avoid impulsive decisions, highlights Gonçalves.

“Today, one of the challenges faced by the pension industry is to regain its reputation as well as the confidence of plan members”, says Maria Elisabete Teixeira, Coordinator of ABRAPP’s Welfare Commission. Besides, one must take into account the changes in labor relations and the increasing number of professionals that have started working

as autonomous service providers, an environment in which plan members want rapid answers and control over their pension pots.

Changing habits

Economic growth stagnation and the present dynamics of the Brazilian labor market have had a negative impact on retirement planning decisions of younger generations, stresses economist Roberto Macedo. “In such context, financial education has to do more than just teach, it must be used as a tool to change habits.”

The Brazilian “closed” – or occupational – private pension system is healthy, with over BRL 800 billion¹ in assets under management and BRL 42 billion pensions in payment annually. “However, if the industry does not reinvent itself, it is going to disappear”, argues José Ribeiro Pena Neto, vice-president of ABRAPP’s Governing Board. He believes that the basis of the system stopped growing because sponsors’ and younger people’s demands have not been met.

Dynamism and protection

Under Prev Sonho’s design, the sponsor maintains its usual contribution to the plan in addition to worker’s contribution, both of which normally calculated as a percentage of earnings. The proposal is to dedicate part of these funds to building the nest egg while the remaining assets would cover additional benefits, that is, each member’s “dream”.

1. 1 BRL = 0.30 USD as of December 2017

Changes in labor relations have enhanced members’ demand for rapid answers and greater control over pension pots

“There will be two different accounts. The first will be used to accumulate funds for old-age benefits while the second would finance the costs of each individual’s life projects”, explains Thiago Gonçalves, ABRAPP’s Actuarial Commission Coordinator. Access to the second account will be granted following different criteria.

From a technical point of view, Prev Sonho is an additional account used to provide deferred benefits, a concept that is already foreseen in the regulation. Therefore, making the plan available to the public will likely not depend on new rules being issued.

Plan members will set their goals and timeframes and actuarial calculations will estimate the contribution values and periods necessary to achieve the objectives. “It is possible to do that today but the way it is done is often harmful to members because they end up withdrawing the funds for different reasons without adequately protecting retirement planning.”

The innovative design will help people fulfill their dreams in a responsible manner, says Glewerson Caron from ABRAPP’s Welfare Commission. Member of the subgroup in charge of discussing liquidity issues associated with the new product, he points out that no problems are expected as far as plan duration is concerned. “Only the contribution values in excess of the amount necessary to fund old-age benefits will be used for purposes other than retirement. To this end, assets will remain invested in the plan.”

Prev Sonho is an additional account used to provide deferred benefits, a concept already foreseen in the regulation

Digital platform and retention

All calculations and estimates will be made available through Apps in a digital platform. “This platform will be accessed through ABRAPP and there the member will find everything he needs: from membership forms to financial education programs”, explains Caron.

According to ABRAPP’s Welfare Commission Coordinator Elisabete Teixeira, during a recent seminar, a quick survey showed that 100% of the audience were willing to join a private pension plan. However, in the following days, only 14% of the attendees took concrete measures in this regard. “This shows how inertia affects people’s financial decisions. With the support of technology, this decision could be made instantaneously, helping fight people’s inaction.”

From now on, explains Gonçalves, ABRAPP’s IT, communication and marketing teams will work hard to adjust the platform and applications while Prev Sonho is gradually presented to pension plan members. ■

Perspectives for foreign and infrastructure investments in 2018

*In the near future,
foreign investments
will be particularly
beneficial to
pension funds with
marked-to-market
assets, volatility
tolerance and
younger plans*

Foreign equity funds are considered one of the best available alternatives for Brazilian pension funds looking into portfolio diversification in 2018. For now, however, due to the good returns provided by federal bonds and regulatory constraints, pension entities are still taking baby steps in this direction. As of February 2017, only 4% of total pension assets were allocated in structured products, including foreign investments focused primarily on variable income.

Foreign investment funds should not be regulated as a closed category, but included in the fixed or variable income segments as a counterpoint to domestic assets

Such funds tend to gain popularity among pension entities willing to diversify their stock portfolios given that they offer a wide range of shares from companies and sectors that are still poorly represented in the Brazilian Stock Exchange (Bovespa). After this initial stage, pension funds will likely start investing in foreign fixed income as well.

However, operational, strategic and regulatory issues still require further scrutiny before this type of allocation gathers momentum. EFPCs¹ decision-makers need to define how they will handle exchange rates for instance, since any movements in exchange rate cycles may help mitigate equity risk, note investment experts.

As far as regulation is concerned, maximum investment limits and the funds' own classification need to be revisited. Ideally, says Institutional Investors Head at Vinci Partners Marcelo Rabbat, foreign investment funds should not be viewed as a closed asset category; instead, they should be included in the fixed or variable income segments, thus being analyzed as a counterpoint to domestic assets.

In any case, there are many diversification options at hand for Brazilian institutional investors and foreign investments have been awarded a differentiated treatment in pension funds' investment policies for 2018 in a context of falling interest rates. According to Fernando Lovisotto, Short-Term Strategies Head at Vinci Partners, the diversification potential of this type of investment is directly associated with the exposure to sectors and companies still not widely available in the domestic market.

Dollar *versus* CDI

Greater diversification may be achieved in stress scenarios without currency hedging, argue specialists. However, they point out that picking an asset class or sector is not a simple task. "It is crucial to look at the exchange rate as an investment program that generates diversification instead of trying to anticipate exchange rate movements in order to make asset allocation decisions", says Lovisotto.

A survey on pension fund portfolios between 2000 and 2017 has shown that during most of this period

1. EFPC or *Entidade Fechada de Previdência Complementar* refers to entities that manage "closed" - or occupational - pension plans as opposed to "open" pension schemes available through banks and insurance companies.

exchange rate exposure would have reduced the impact of return volatility in the stock markets.

In fact, a recurring theme in the domestic scenario of falling interest rates is precisely how to properly assess the impact of exchange rates on investments. “Is it better to have a 7% return in Brazilian Reais or a 4% return in American Dollars?”, enquires Lovisotto.

Due to NTN-Bs² falling interest rates, it has become more difficult to make a clear assessment of the US Dollar x CDI³ relation, especially when shorter periods are concerned. From 1997 to now, it has been possible to achieve good results through currency hedging, but this tends to get more complicated as interest rates decrease. “It will be easier for investors to grasp the meaning of investing overseas in face of a 3.5% annual interest rate. This will finally help shift some paradigms”, says Rabbat.

For diversification purposes, it is better to invest abroad without currency hedge because the correlation is lower, argues Rabbat. A hypothetical portfolio composed of 50% (Brazilian benchmark index) Ibovespa shares and 50% S&P 500 stocks without hedge - reference

period of December 2011 to October 2017 - achieved annualized returns of 15.4% and 2.2% volatility. The same hypothetical portfolio with currency hedge recorded 13.7% returns and 10.9% volatility (data from Bloomberg/Vinci Partners). The low correlation between Ibovespa and S&P 500, without hedge, has led to the best results; however, if the purpose is to invest in currency, Lovisotto recommends that pension funds invest in multi-strategy funds and let managers do their job.

Vinci Partners experts have sought to evaluate the circumstances under which foreign investments would “make sense” for Brazilian pension funds. They concluded that they tend to be particularly advantageous for EFPCs with more marked-to-market assets, which are therefore able to withstand more volatility, for those with higher equity exposure, as well as for entities that manage younger Defined Contribution or Defined Benefit plans. “In such cases, the EFPC would be better equipped to handle foreign investment volatility”, explains Lovisotto, adding that it is also important for pension managers to adequately set the timing for the allocations.

2. NTN-Bs are real-denominated inflation-linked series B securities publicly issued by the Brazilian government for the domestic market.

3. CDI stands for *Certificado de Depósito Interbancário* or Interbank Deposit Rate.

In infrastructure, the greatest concern relates to the projects' security, an issue that could be addressed via insurance products

Spread and infrastructure

In the search for alternatives that provide the best returns, pension funds have considered a comeback to infrastructure, although the idea is still treated very cautiously. Despite eyeing occasional opportunities in government infrastructure concession programs, Brazilian EFPCs would be willing to take part in such initiatives solely as buyers of debt securities not as shareholders and as long as there are mechanisms to mitigate project risks in place.

"We are aware of the importance of infrastructure for long-term economic development but pension fund portfolios are still heavily concentrated in fixed income as opposed to what can be seen in other countries", argues Mauricio Wanderley, Investment and Finance Director of Valia pension fund.

"In this new scenario of falling interest rates, we will need to take more risk and diversify our portfolios. However, issues like tax arbitrage with individual investors in the debt market, for instance, still need to be addressed." Arbitrage makes these assets less attractive to institutional investors because premiums become lower in comparison to those provided by federal bonds (NTN-Bs).

Risk mitigation and satisfactory spreads are also essential to bring

pension funds back to the infrastructure market given that today's risk return ratios are not very favorable, explain Wanderley. "If investment volumes increase, institutional investors will start demanding spreads over NTN-Bs, such is the case in other countries, as well as more robust risk mitigation mechanisms."

The greatest concern relates to the projects' security, an issue that could be dealt via insurance products. "Pension fund portfolios could accommodate a return to infrastructure especially because we have no infrastructure debentures at all at the moment", says Wanderley.

Attracting pension funds to infrastructure will depend on how well-structured projects are. However, government officials do not know what could be done in order to improve institutional investor returns, reckons Igino Mattos, Director of the Secretariat of Investment Partnership Programs of the federal government. "How to work out the symmetry of these projects with that of federal bonds is a question to which we still do not have an answer. But there is a series of measures that can be taken to increase attractiveness, such as the fact that it is the projects not the concessionaires that will be issuing debt." ■

A new cycle for internal controls and risk management

*Definition of systemically important pension entities
enhances prudential supervision and the proportionality
principle widely recognized worldwide*

BY MARTHA ELIZABETH CORAZZA

At the end of May 2017, the National Superintendence of Complementary Pensions (*Superintendência Nacional de Previdência Complementar - PREVIC*) released a list containing 17 systemically important pension entities – *Entidades Sistemicamente Importantes* (ESIs). Part of the first

stage of implementation of a more prudential approach to supervision, as set forth in the agency's Action Plan for 2017/2018, the move imposed stricter requirements for these entities' corporate governance and investment framework. Effective from January 2018, the measure enhances the concepts

of Risk Based Supervision and Risk Based Management, providing, for the first time and in a more effective manner, distinct supervisory treatment to pension funds of different sizes and operational complexity.

The idea is to ease the burden on small and medium-sized pension entities and monitor, at the same time, internal control mechanisms of pension funds that may bring systemic risks. The initiative is also intended to make the supervisory agency's actions more effective.

The new licensing criteria for senior management and on-going supervision of such entities represent, in practice, an important step forward in corporate governance practices, remarks Fabio Coelho, PREVIC's Substitute Managing Director. "The on-going supervision of larger pension funds already exists but now we will have a dedicated group of auditors that will get to learn more about their operations." It will be the auditors' task to analyze board meeting minutes and recent decisions, monitor investment performance and follow-up on upcoming developments.

According to Towers Watson consultant Evandro Oliveira, the norm will bring about economy and development to the segment. "When monitoring and control requirements

are differentiated, sponsoring companies' perception of what is in fact a pension fund also begins to change."

Reputational impact

In principle, the changes are being well-received by pension managers at systemically important entities. Tailoring regulatory and supervisory measures according to pension fund size and relevance, in line with the internationally recognized proportionality principle, is considered to be of utmost importance to industry's stakeholders.

The norm, say pension fund executives, tends to favor the growth of the industry, although its main effect is likely to be on pension funds' reputational risk given that any management flaws within this group of entities may impact the sector's credibility as a whole, argues Elaine Castro, CEO of Funpresp-Jud pension fund. "Equally relevant is the emphasis on the Risk Based Management approach, in which internal control departments, supervisory board and sponsors act as protection layers for pension plan members' interests."

Most requirements are already incorporated, to a greater or lesser extent, into the management of systemically important pension entities. Therefore,

Auditors appointed by the supervisory agency will analyze board meeting minutes and monitor investment performance

no expressive changes are expected in this regard. However, the new approach is likely to promote a closer relationship with the supervisory agency. “Many of the elements brought forth by the regulation already reflect our management practices”, claims Jorge Simino, Investment and Intangible Assets Director at Funcesp pension fund.

Focus on internal controls

The positive reputational effect of the new measure is welcome at a time when the segment falls victim of conflicting information. “There seems to be a generalized misconception of what really constitutes deficit and any bad investment results tend to be perceived as fraud”, says Marcelo Coelho, PREVI pension fund’s Chief of Cabinet.

In such environment, the supervisory agency’s Action Plan may represent the start of a new era for the sector, argues Coelho. “It is positive to have certified and improved processes designed by a team originated from the Central Bank, whose experience in the financial system will help increase the focus on risk and efficient control mechanisms.”

Marcelo Coelho adds that the new rule will likely ease some of the burden that falls on the supervisory agency, “which will be able to concentrate its resources in strengthening the

system’s lines of defense”. The effective implementation of the Risk Based Supervision concept may also work as an incentive to the self-regulation approach proposed by ABRAPP. “The industry is designing a series of prevention and integrity programs so as to boost its own supervisory processes in addition to State supervision, giving way to an on-going and interconnected framework carried out by pension fund sponsors.”

Greater responsibility

“We expect more freedom associated with greater responsibility when it comes to investment decisions”, argues Jorge Simino. Systemically important pension entities will need to have adequate tools in place with risk management departments likely to increase overtime, he says.

The director of Funcesp pension fund believes that the new rule may also result in differentiated investment regulations. Among the potential positive effects of this change is a distinct view on pension funds and their risk levels, with applicable penalties also varying accordingly.

Controls and risk appetite

At Real Grandeza pension fund, which is in the list of systemically important pension entities, internal

Systemically important entities will need adequate tools, with risk management departments likely to increase overtime

PREVIC is also working on the consolidation of industry's accounting and actuarial rules in accordance to what was laid out in its 2017/2018 Action Plan

processes are aligned with the concept of on-going supervision, argues the fund's president, Sérgio Wilson Ferraz Fontes.

The Investment Committee approves every cent invested and six out of ten members are independent consultants. In addition, there is an investment comptrollership and an outsourced specialized firm to monitor investment performance. Reputational risk management falls into the scope of the compliance department. "We meet all the criteria set forth in the norm for the systemically important entities", says Fontes.

Risk Based Management tends to become increasingly relevant in an environment where lower interest rates will lead pension funds into more risk-taking since they will be forced to reduce allocations in federal bonds.

"We have beaten our actuarial targets for years but our members are reticent towards this new world of lower interest rates." The challenge of increasing Real Grandeza's risk appetite will become more evident from 2020/2021 on, when a decision as to whether reinvest in public bonds will have to be made.

Licensing and qualification

At Funpresp-Jud pension fund, entity responsible for managing complementary pension benefits for public servants of the Judiciary Branch, licensing and qualification of senior staff members are already deemed essential to good management performance, remarks Elaine Castro, the fund's CEO.

Risk and Investment Committee members had been certified and trustees licensed by the supervisory agency before the new rule was issued. "I believe that stricter rules for the systemically important entities are beneficial and may prevent future problems", says Castro, citing as an example the need for interviews with candidates for the office of Investment Director and AETQs¹ before they are licensed.

Consolidation

Substitute Managing Director of supervisory agency PREVIC, Fabio Coelho highlights that the authority is also working on the consolidation of industry's accounting and actuarial rules in accordance to what was laid out in its 2017/2018 Action Plan. ■

1. AETQ (*Administrador Estatutário Tecnicamente Qualificado*) or Statutory Technically Qualified Administrator refers to those in charge of investing pension plans' assets. AETQs are subject to civil, criminal and administrative liability.

HIGHLIGHTS - OCTOBER/2017

Pension funds' total assets have reached 0,24% returns compared to a 0,91% Parameter Interest Rate (TJP). Up to October 2017, pension fund's aggregate portfolio returns amounted to 9,50%, above the accumulated 7,23% TJP for the reference year. Considering Brazil's Gross Domestic Product at the end of the third quarter, total AuM - totalling BRL 830 billion (USD 252 billion as of Dec 21, 2017) - corresponded to 12,8% of the country's GDP.

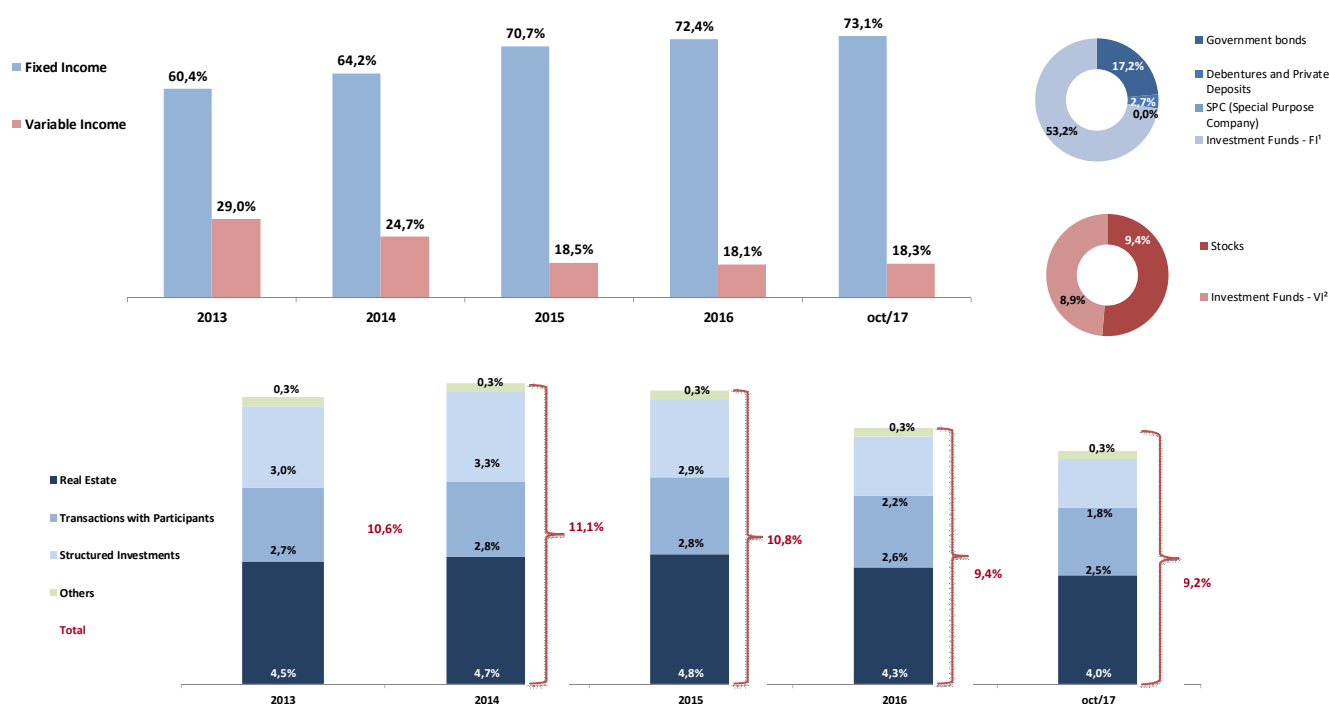
I. AGGREGATED PORTFOLIO BY TYPE OF INVESTMENT

(in BRL million)

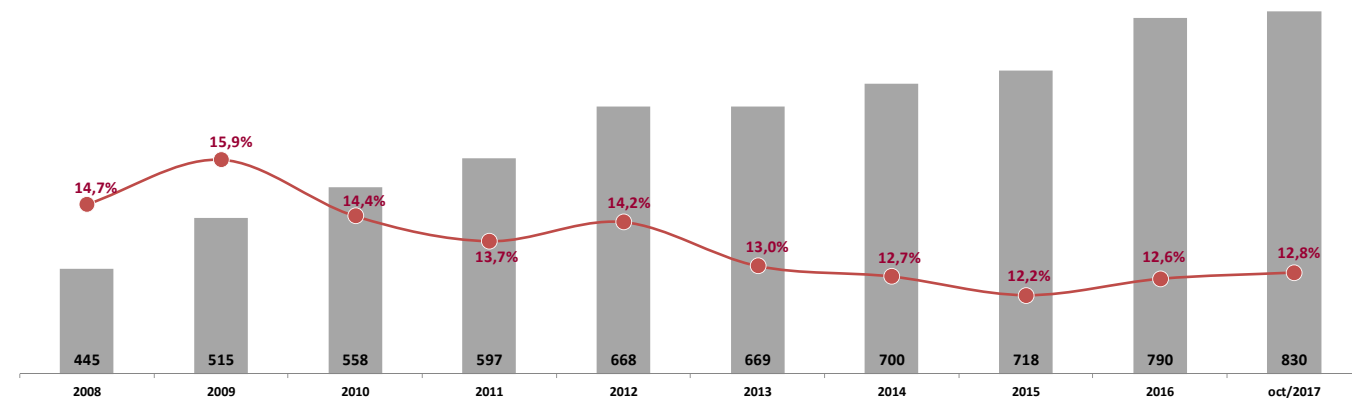
Asset classes	2010	%	2011	%	2012	%	2013	%	2014	%	2015	%	2016	%	oct/17	%
Fixed Income	321.954	59,8%	349.957	61,0%	396.046	61,7%	386.773	60,4%	431.140	64,2%	483.907	70,7%	546.764	72,4%	580.846	73,1%
Government bonds	91.922	17,1%	90.442	15,8%	98.639	15,4%	67.446	10,5%	83.351	12,4%	105.949	15,5%	131.273	17,4%	136.353	17,2%
Debentures and Private Deposits	24.211	4,5%	27.508	4,8%	32.619	5,1%	26.672	4,2%	27.099	4,0%	24.473	3,6%	23.843	3,2%	21.746	2,7%
SPC (Special Purpose Company)	119	0,0%	193	0,0%	213	0,0%	186	0,0%	160	0,0%	142	0,0%	139	0,0%	134	0,0%
Investment Funds - FI ¹	205.703	38,2%	231.814	40,4%	264.575	41,2%	292.469	45,7%	320.530	47,7%	353.344	51,6%	391.508	51,8%	422.613	53,2%
Variable Income	174.902	32,5%	172.420	30,1%	183.621	28,6%	185.755	29,0%	166.267	24,7%	126.869	18,5%	137.014	18,1%	145.249	18,3%
Stocks	88.251	16,4%	80.407	14,0%	89.404	13,9%	84.213	13,2%	77.026	11,5%	58.445	8,5%	71.536	9,5%	74.467	9,4%
Investment Funds - VI ²	86.651	16,1%	92.013	16,0%	94.217	14,7%	101.542	15,9%	89.241	13,3%	68.425	10,0%	65.478	8,7%	70.782	8,9%
Structured Investments	10.634	2,0%	13.347	2,3%	17.282	2,7%	19.355	3,0%	22.467	3,3%	19.706	2,9%	16.574	2,2%	14.012	1,8%
Emerging Companies	241	0,0%	360	0,1%	359	0,1%	346	0,1%	304	0,0%	258	0,0%	326	0,0%	336	0,0%
Private Equity	9.466	1,8%	11.875	2,1%	15.016	2,3%	16.819	2,6%	19.546	2,9%	17.422	2,5%	14.342	1,9%	11.886	1,5%
Real State Fund	927	0,2%	1.112	0,2%	1.908	0,3%	2.191	0,3%	2.617	0,4%	2.026	0,3%	1.906	0,3%	1.790	0,2%
Real Estate	16.197	3,0%	20.685	3,6%	25.811	4,0%	28.988	4,5%	31.450	4,7%	32.798	4,8%	32.485	4,3%	31.512	4,0%
Transactions with Participants	13.412	2,5%	14.909	2,6%	16.352	2,5%	17.291	2,7%	18.705	2,8%	19.423	2,8%	19.969	2,6%	20.044	2,5%
Loans to participants	11.468	2,1%	12.995	2,3%	14.593	2,3%	15.685	2,4%	17.217	2,6%	17.950	2,6%	18.546	2,5%	18.678	2,4%
Mortgage Loans	1.944	0,4%	1.914	0,3%	1.760	0,3%	1.606	0,3%	1.488	0,2%	1.473	0,2%	1.424	0,2%	1.366	0,2%
Others³	1.317	0,2%	2.411	0,4%	2.613	0,4%	2.165	0,3%	1.901	0,3%	2.213	0,3%	2.289	0,3%	2.547	0,3%
Total	538.417	100,0%	573.729	100,0%	641.725	100,0%	640.328	100,0%	672.054	100,0%	684.916	100,0%	755.096	100,0%	794.209	100,0%

Notes: ¹ Includes Short Term, Denominated, Fixed Income, Multimarket, Exchange Rate and Receivables Investment Funds; ² Includes Stocks and Market Indexes; ³ Includes External Debt, Stocks - Foreign Listed Companies, Other Receivables, Derivatives, Others.

II. PENSION FUND ASSET EVOLUTION BY TYPE OF INVESTMENT



III. PENSION FUND ASSET* EVOLUTION *VERSUS* GDP



Source: IBGE/ABRAPP

Includes available assets, receivables and permanent assets

GDP refers to the fourth quarter of 2016 and first, second and third quarter of 2017

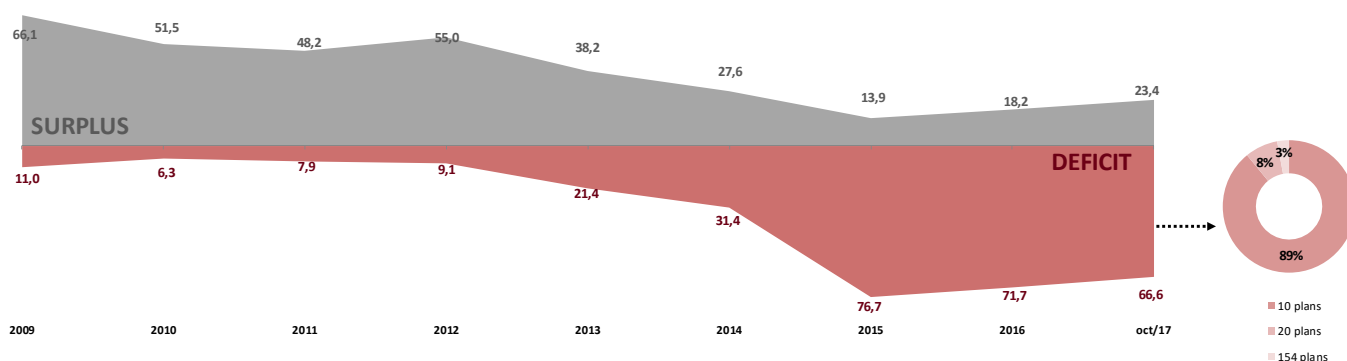
* Estimated value

IV. EVOLUTION OF PRIVATE PENSION DEFICITS AND SURPLUSES

(in BRL billion)

Surplus										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	oct/17
Pension Funds	152	197	196	187	186	136	138	127	138	154
Pension Plans	nd	nd	580	550	516	402	417	398	438	492

Deficit										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	oct/17
Pension Funds	76	34	43	48	33	92	95	92	80	69
Pension Plans	nd	nd	121	153	111	257	237	239	205	184



V. REGIONAL COMPARATIVE DATA

Regional*	Number of Pension Funds**	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Center-North	34	12,7%	127.050	16,0%	465.758	18,2%	883.247	22,3%	118.705	15,8%
East	16	6,0%	32.751	4,1%	99.154	3,9%	141.215	3,6%	49.011	6,5%
Northeast	23	8,6%	22.418	2,8%	33.257	1,3%	91.903	2,3%	34.353	4,6%
Southeast	44	16,4%	362.544	45,6%	541.923	21,2%	1.344.005	34,0%	311.274	41,3%
Southwest	105	39,2%	193.764	24,4%	1.143.280	44,7%	1.108.109	28,0%	180.814	24,0%
South	46	17,2%	55.683	7,0%	277.025	10,8%	386.712	9,8%	58.785	7,8%
Total	268	100,0%	794.209	100,0%	2.560.397	100,0%	3.955.191	100,0%	752.942	100,0%

* Regional Composition: Center-North - RO, AM, RR, AP, GO, DF, AC, MA, MT, MS, PA, PI and TO. Leste - MG. Northeast - AL, BA, CE, PB, PE, RN and SE. Southeast - RJ and ES. Southwest - SP. South - PR, SC and RS.

** Pension Funds of the sample / Note: Number of active Pension Funds by region according to Quarterly Statistics (March/17) - PREVIC: Center-North = 38, East = 17, Northeast = 26, Southeast = 56, Southwest = 117, South = 53 -> (Total = 307)

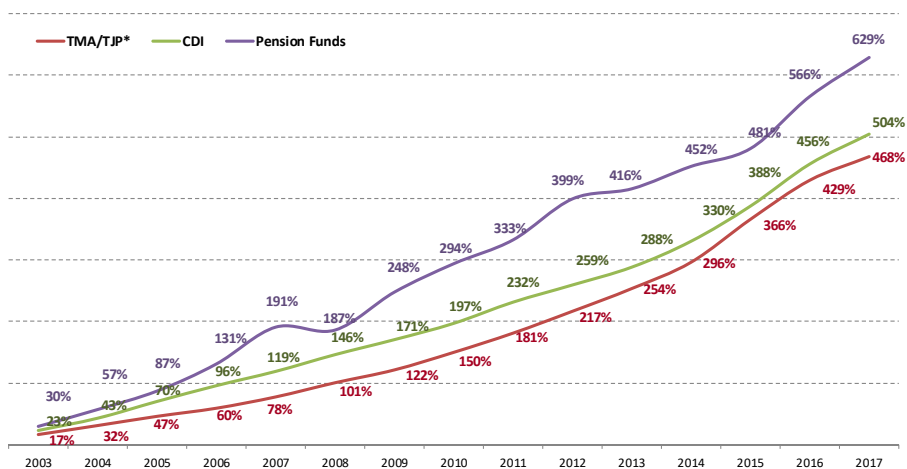
VI. COMPARATIVE DATA BY TYPE OF SPONSOR

Sponsorship	Number of Pension Funds*	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Industry/Professional Funds	18	6,7%	7.609	1,0%	189.983	7,4%	352.789	8,9%	887	0,1%
Private	167	62,3%	311.808	39,3%	1.614.808	63,1%	1.973.644	49,9%	331.691	44,1%
Public	83	31,0%	474.793	59,8%	755.606	29,5%	1.628.758	41,2%	420.364	55,8%
Total	268	100,0%	794.209	100,0%	2.560.397	100,0%	3.955.191	100,0%	752.942	100,0%

* Pension Funds of the sample / Obs.: Number of active Pension Funds by type of Sponsorship according to Quarterly Statistics (March/17) - PREVIC: Institution = 21, Private = 198 and Public = 88 -> (Total = 307)

VII. RETURNS

Period	TMA/TJP ⁽¹⁾	CDI ⁽²⁾	Ibovespa ⁽³⁾	Pension Funds*
2003	17,01%	23,26%	97,34%	30,01%
2004	12,50%	16,16%	17,82%	21,07%
2005	11,35%	19,00%	27,73%	19,05%
2006	8,98%	15,03%	32,93%	23,45%
2007	11,47%	11,87%	43,65%	25,88%
2008	12,87%	12,38%	-41,22%	-1,62%
2009	10,36%	9,88%	82,66%	21,50%
2010	12,85%	9,77%	1,04%	13,26%
2011	12,44%	11,58%	-18,11%	9,80%
2012	12,57%	8,40%	7,40%	15,37%
2013	11,63%	8,06%	-15,50%	3,28%
2014	12,07%	10,82%	-2,91%	7,07%
2015	17,55%	13,26%	-13,31%	5,22%
2016	13,60%	14,01%	38,94%	14,56%
oct/2017	0,91%	0,64%	0,02%	0,24%
2017	7,23%	8,72%	23,38%	9,50%
12 months	8,60%	11,08%	14,45%	9,21%
Accumulated	467,58%	504,31%	559,67%	629,05%
Accumulated per year	12,42%	12,89%	13,56%	14,33%



(1) TMA -> Maximum Actuarial Rate (until dec/14) according to CNPC Resolution n.9 from 11/29/2012.

TJP -> Parameter Interest Rate (CPI + upper limit of 5.65 % pa considering a duration of 10 years - according to IN No. 19/2015 and Decree No. 197 from 04.14.2015 PREVIC until dec/15); (CPI + upper limit of 6.59 % pa considering a duration of 10 years - according to Decree No. 186 from 28.04.2016 PREVIC); (CPI + upper limit of 6.66 % pa considering a duration of 10 years - according to Decree No. 375 from 17.04.2017 PREVIC)

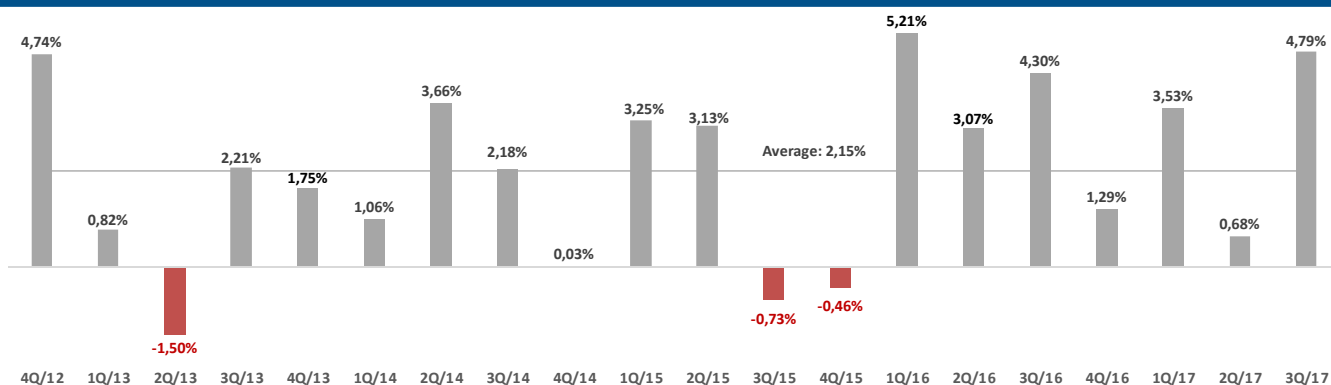
(2) CDI -> Interbank Deposit Rate

(3) Ibovespa -> Stock Index

*Estimated

Source: ABRAPP / BACEN / IPEADATA

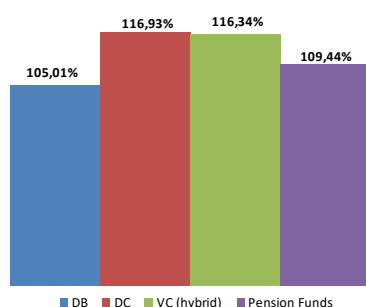
VIII. PENSION FUND QUARTERLY RESULTS - AGGREGATE



IX. AGGREGATE PORTFOLIO ALLOCATION BY PLAN TYPE

Segment	Defined Benefit			Defined Contribution			Variable Contribution		
	BRL millions	% Modality	% Segment	BRL millions	% Modality	% Segment	BRL millions	% Modality	% Segment
Fixed Income	324.957	65,3%	57,3%	92.129	91,4%	16,2%	150.330	82,7%	26,5%
Variable Income	119.876	24,1%	82,7%	6.328	6,3%	4,4%	18.682	10,3%	12,9%
Structured Investments	10.452	2,1%	74,8%	499	0,5%	3,6%	3.024	1,7%	21,6%
Real Estate	27.713	5,6%	88,3%	453	0,4%	1,4%	3.231	1,8%	10,3%
Transactions with Participants	13.115	2,6%	65,4%	980	1,0%	4,9%	5.949	3,3%	29,7%
Others	1.696	0,3%	66,0%	356	0,4%	13,9%	519	0,3%	20,2%
Total	497.808	100,0%	63,8%	100.745	100,0%	12,9%	181.735	100,0%	23,3%

X. ESTIMATED RETURN BY PLAN TYPE

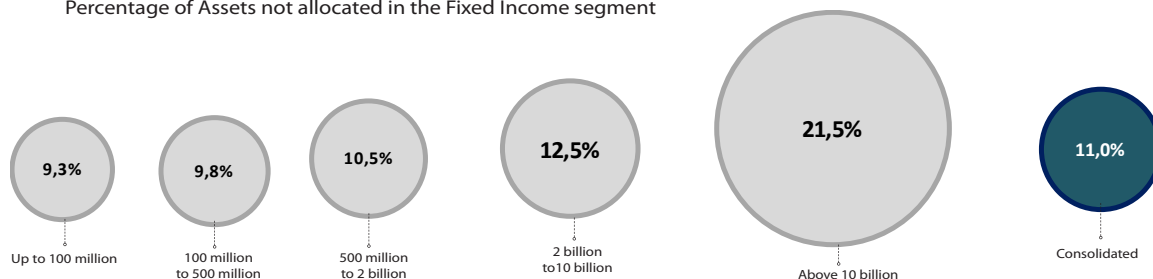


Period	Defined Benefit	Defined Contribution	Variable Contribution	Pension Funds
2010	13,79%	9,76%	11,67%	13,26%
2011	10,04%	8,62%	9,96%	9,80%
2012	15,38%	14,90%	15,56%	15,37%
2013	3,96%	0,66%	1,52%	3,28%
2014	6,15%	10,22%	8,78%	7,07%
2015	3,15%	10,69%	9,32%	5,22%
2016	14,10%	16,40%	15,23%	14,56%
oct/2017	0,20%	0,40%	0,24%	0,24%
2017	9,26%	10,77%	9,59%	9,50%
Accumulated	105,01%	116,93%	116,34%	109,44%

XI. AVERAGE ALLOCATION (ARITHMETIC) BY TOTAL ASSETS UNDER MANAGEMENT

TOTAL ASSETS (in BRL)	Number of Pension Funds	Fixed Income	Variable Income	Structured Investments	Real Estate	Transactions with Participants	Others
Up to 100 million	36	90,7%	3,0%	0,2%	2,3%	0,4%	3,4%
100 million to 500 million	84	90,2%	5,7%	0,4%	1,6%	0,9%	1,1%
500 million to 2 billion	86	89,5%	5,5%	1,0%	2,1%	1,3%	0,6%
2 billion to 10 billion	50	87,5%	6,7%	1,7%	2,1%	1,5%	0,5%
Above 10 billion	12	78,5%	12,3%	2,1%	4,3%	2,5%	0,2%
Consolidated	268	89,0%	5,8%	0,9%	2,1%	1,2%	1,1%

Percentage of Assets not allocated in the Fixed Income segment

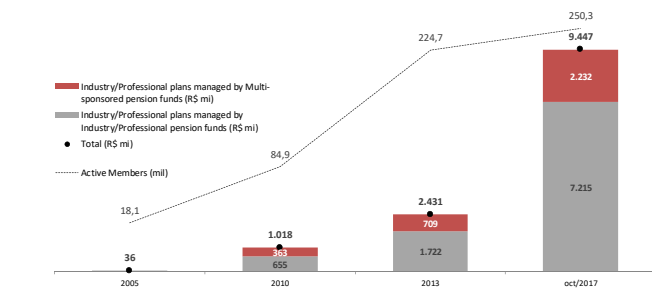


XII. TOP 15 LARGEST PENSION PLANS*

DEFINED BENEFIT				DEFINED CONTRIBUTION			
	Plan	Pension Fund	Investments (BRL thousand)		Plan	Pension Fund	Investments (BRL thousand)
1	PB1	PREVI	164.598.653	1	PLANO ITAUBANCO CD	FUNDAÇÃO ITAÚ UNIBANCO	9.962.833
2	PLANO PETROS SIST. PETROBRÁS	PETROS	49.633.168	2	PLANO DE BENEFÍCIOS VISÃO	VISÃO PREV	4.937.090
3	REG/REPLAN	FUNCEF	45.021.991	3	IBM - CD	FUNDAÇÃO IBM	4.021.773
4	PLANO BD	REAL GRANDEZA	13.788.765	4	PLAN. APOS. SANTANDERPREVI	SANTANDERPREVI	3.454.661
5	PLANO BD	VALIA	11.452.757	5	PLANO CD GERDAU	GERDAU PREVIDÊNCIA	3.073.140
6	PBS-A	SISTEL	11.149.920	6	CEEEPREV	ELETROCEEE	2.777.376
7	PBB	FAPEB	10.580.377	7	VIVAPREV	FUNDAÇÃO VIVA DE PREVIDÊNCIA	2.704.498
8	PSAP/ELETROPAULO	FUNCESP	8.664.824	8	01-B	PREVINORTE	2.574.323
9	PAC	FUNDAÇÃO ITAÚ UNIBANCO	7.691.206	9	EMBRAER PREV	EMBRAER PREV	2.497.266
10	PLANO V	BANESPREV	6.412.639	10	PAI-CD	FUNDAÇÃO ITAÚSA	2.448.360
11	PBB	CENTRUS	6.015.041	11	PLANO DE APOSENTADORIA	UNILEVERPREV	2.265.643
12	A	FORLUZ	5.937.423	12	PLANO PRECAVER	QUANTA - PREVIDÊNCIA	2.209.299
13	PLANO BANESPREV II	BANESPREV	5.685.247	13	PREVDOW	PREVDOW	1.901.395
14	PLANO UNIFICADO BD	FUNDAÇÃO COPEL	5.524.480	14	CD ELETROBRÁS	ELETROS	1.785.738
15	PSAP/CESP B1	FUNCESP	5.355.324	15	VOTORANTIM PREV	FUNSEJEM	1.689.433

VARIABLE CONTRIBUTION				INDUSTRY/PROFESSIONAL FUNDS			
	Plan	Pension Fund	Investments (BRL thousand)		Plan	Pension Fund	Investments (BRL thousand)
1	PLANO PETROS-2	PETROS	17.311.245	1	VIVAPREV	FUNDAÇÃO VIVA DE PREVIDÊNCIA	2.704.498
2	NOVO PLANO	FUNCEF	12.392.326	2	PLANO PRECAVER	QUANTA - PREVIDÊNCIA	2.209.299
3	PREVI FUTURO	PREVI	11.387.102	3	UNIMED-BH	UNIMED FUNDO DE PENSÃO	696.346
4	B	FORLUZ	9.069.868	4	OABPREV-SP	OABPREV-SP	612.599
5	PLANO VALE MAIS	VALIA	7.782.704	5	ANAPARPREV	PETROS	523.871
6	TELEMARPREV	FUNDAÇÃO ATLÂNTICO	4.835.873	6	SICOOB MULTI INSTITUÍDO	SICOOB PREVI	518.810
7	PPCPFL	FUNCESP	4.700.593	7	PBPA	OABPREV-PR	287.010
8	POSTALPREV	POSTALIS	4.531.441	8	PLANJUS	JUSPREV	172.538
9	PCV I	TELOS	4.404.530	9	RJPREV	OABPREV-RJ	157.106
10	PLANO	PREVI-GM	4.145.915	10	PBPA	OABPREV-MG	153.019
11	PLANO III	FUNDAÇÃO COPEL	3.984.035	11	PBPA	OABPREV-SC	145.554
12	PS-II	SERPROS	3.365.170	12	ACRICELPREV	MULTIBRA INSTITUIDOR	142.342
13	PACV	INFRAPREV	3.070.936	13	PREVCOOP	QUANTA - PREVIDÊNCIA	93.880
14	CD	FACHESF	2.815.768	14	PLANO DE BENEFÍCIOS II	MÚTUOPREV	92.685
15	TCSPREV	FUNDAÇÃO ATLÂNTICO	2.734.687	15	ADV-PREV	OABPREV-GO	90.719

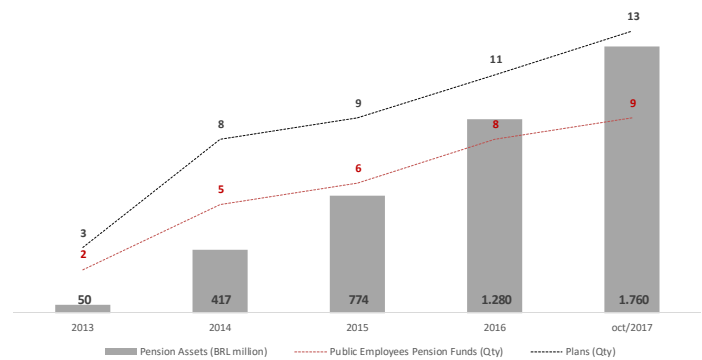
XIII. INDUSTRY/PROFESSIONAL PENSION FUNDS ASSET EVOLUTION



Includes available assets, receivables and permanent assets

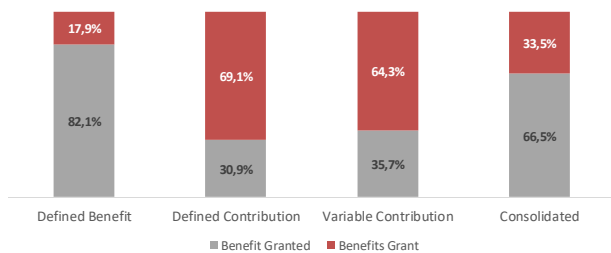
Industry/Professional plans	2005	2010	2013	oct/17
Industry/Professional plans managed by Industry/Professional pension funds (Qty)	18	18	22	22
Industry/Professional plans managed by Multi-sponsored pension funds (Qty)	-	28	34	38

XIV. PUBLIC EMPLOYEES PENSION FUNDS ASSET EVOLUTION*



XV. LIABILITIES

Percentage values of Mathematical Reserves



Percentage of Pension Funds and Pension Plans
% of Mathematical Reserves committed to Present Benefit Obligations

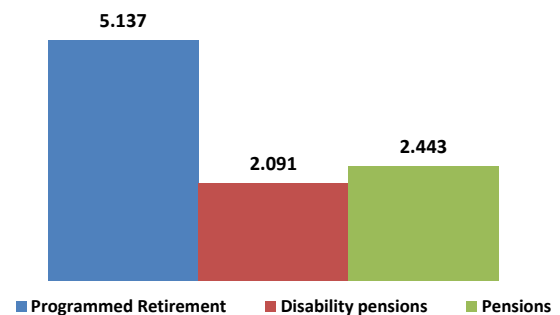
Type	Number of Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
DB	268	3,4%	13,8%	21,3%	61,6%
DC	380	77,1%	15,3%	4,7%	2,9%
VC (hybrid)	308	45,1%	33,4%	15,3%	6,2%
Pension Funds	263	27,8%	30,4%	27,0%	14,8%

* Only Pension Funds with available data were considered

XVI. BENEFIT STATEMENT

Type of Benefit	Total amount ¹ (in BRL thousand)	Average Monthly Benefit Values ² (in BRL)
Programmed Retirement	33.655.847	5.137
Disability pensions	1.323.987	2.091
Pensions	4.901.288	2.443

Note: The amount of benefits paid, while also considering the Continuous Cash aid, annuities and other benefits of Continuous Cash was in BRL 33.5 billion.



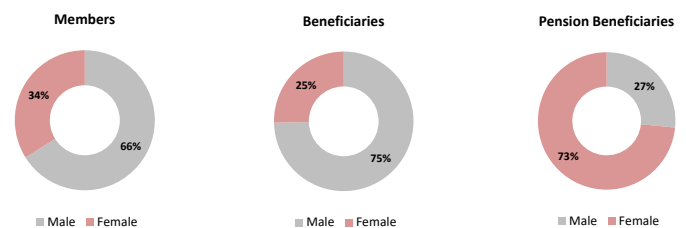
¹ Accumulated as of Dec 2016.

² Accumulated average until Dec 2016 (in BRL).

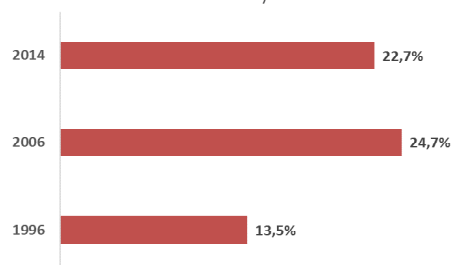
XVII. POPULATION STATISTICS*

AGE	Members		Beneficiaries		Pension Beneficiaries	
	Male	Female	Male	Female	Male	Female
Up to 24	5,9%	3,7%	0,1%	0,1%	3,2%	3,3%
25 to 34	20,4%	11,8%	0,1%	0,1%	1,1%	1,8%
35 to 54	31,9%	14,4%	10,0%	3,8%	5,0%	13,0%
55 to 64	5,8%	2,6%	30,2%	13,7%	5,0%	18,0%
65 to 74	1,3%	0,9%	23,5%	5,5%	5,5%	19,2%
75 to 84	0,5%	0,4%	8,9%	1,6%	4,7%	13,1%
Over 85	0,2%	0,1%	1,8%	0,4%	2,0%	5,1%
Total	66,1%	33,9%	74,7%	25,3%	26,5%	73,5%

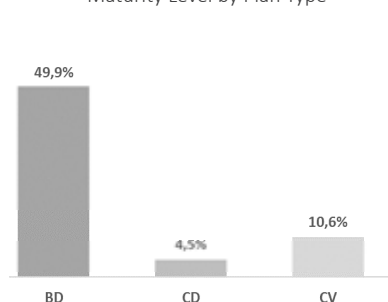
*Data from 2014 / Sample of 246 pension funds and more than 3,2 million people



Pension Fund Maturity* - Evolution



Maturity Level by Plan Type



Percentage of Pension Funds and Plans according to Maturity

Type	Number of Pension Funds/ Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
DB	285	23%	12%	19%	47%
DC	363	91%	7%	1%	1%
VC (hybrid)	313	84%	10%	3%	3%
Pension Funds	266	62%	20%	11%	7%

*Number of benefit (retirees and pension beneficiaries) divided by the sum of active and retired members

XVIII. PENSION FUND RANKING

PENSION FUNDS		INVESTMENTS (in BRL thousand)	RANKING according to the number of members and beneficiaries	ACTIVE MEMBERS ¹	DEPENDENTS ¹	BENEFICIARIES ¹
1	PREVI ²	177.294.943	1	100.485	248.993	92.918
2	PETROS ²	71.775.832	2	96.747	338.766	64.744
3	FUNCEF	59.393.633	3	94.635	194.077	41.550
4	FUNCESP	27.322.691	9	31.183	470	31.583
5	FUND. ITAÚ UNIBANCO ²	25.840.743	12	39.397	2.698	13.587
6	VALIA ²	21.964.950	5	80.200	312.251	21.882
7	SISTEL	17.649.166	32	1.706	15.992	23.398
8	BANESPREV ²	16.588.924	30	2.751	22.022	23.762
9	FORLUZ	15.051.914	33	8.036	45.139	16.294
10	REAL GRANDEZA ²	15.026.564	61	4.249	20.061	8.396
11	FAPES	10.789.315	116	3.009	7.273	2.129
12	FUNDAÇÃO ATLÂNTICO ²	10.649.064	28	13.905	50.757	14.812
13	FUNDAÇÃO COPEL	9.587.292	43	9.917	8.160	7.961
14	POSTALIS	8.923.096	4	106.518	186.801	29.440
15	PREVIDÊNCIA USIMINAS ²	8.752.459	18	20.489	58.470	20.177
16	TELOS ²	7.511.634	55	6.695	24.739	6.737
17	MULTIBRA FDO PENSÃO ²	7.148.232	6	70.683	2	7.136
18	CENTRUS	6.925.630	180	486	1.551	1.572
19	FACHESF	6.475.230	59	4.961	14.700	8.088
20	CERES ²	6.375.531	40	12.638	33.905	6.229
21	VISÃO PREV ²	6.125.558	42	13.160	14.881	5.633
22	ELETROCEEE	6.088.677	48	6.449	13.486	9.094
23	ECONOMUS ²	5.775.537	39	12.126	19.561	6.892
24	BB PREVIDÊNCIA ²	5.644.981	7	70.801	64.631	1.933
25	SERPROS ²	5.550.168	49	10.914	25.868	3.782
26	CBS PREVIDÊNCIA	5.156.706	22	20.151	35.535	13.783
27	MULTIPREV ²	5.098.898	17	40.447	61.022	1.369
28	FUNDAÇÃO IBM ²	4.749.916	54	12.509	15.362	974
29	FUNDAÇÃO BANRISUL	4.598.619	53	6.801	-	6.801
30	ELETROS	4.476.324	105	3.345	7.614	2.295
31	CAPEF ²	4.279.835	64	6.742	20.278	4.730
32	FUNBEP ²	4.232.497	96	1.192	7.520	5.285
33	PREVI-GM ²	4.147.755	31	23.248	8.228	3.027
34	GERDAU PREVIDÊNCIA	3.825.627	44	14.398	21.597	2.836
35	PREVINORTE	3.678.690	88	5.711	6.617	1.544
36	FIBRA	3.502.018	154	1.416	3.971	1.740
37	SANTANDERPREVI ²	3.460.235	16	41.550	893	826
38	BRF PREVIDÊNCIA ²	3.441.895	20	30.623	13.791	5.678
39	INFRAPREV ²	3.235.657	51	11.536	16.826	2.912
40	BRASLIGHT	3.217.950	73	4.228	12.046	5.650
41	FUNDAÇÃO LIBERTAS	3.084.661	36	16.678	2.869	4.486
42	UNILEVERPREV ²	3.028.700	47	14.365	1.207	1.335
43	CITIPREVI ²	2.974.241	66	10.426	-	916
44	ELOS	2.950.357	131	1.631	4.292	2.980
45	NUCLEOS	2.846.809	127	3.427	6.174	1.393
46	FUNSSSEST	2.826.056	78	6.169	-	2.743
47	FUNDAÇÃO VIVA ²	2.770.406	10	60.103	145.553	-
48	VWPP ²	2.753.774	14	46.503	58.998	1.963
49	FUNDAÇÃO ITAÚSA ²	2.695.220	72	9.244	14.787	918
50	FUNEPP ²	2.582.044	29	27.387	19.194	5
51	ITAÚ FUNDO MULTI ²	2.581.600	26	29.116	6.817	822
52	SABESPREV	2.516.993	35	13.749	38.777	7.467
53	EMBRAER PREV	2.500.859	41	17.902	12.168	953
54	CELOS ²	2.471.486	77	4.187	8.474	4.769
55	QUANTA - PREVIDÊNCIA	2.374.777	11	56.110	91.898	120
56	ICATUFMP ²	2.297.325	15	43.268	37.124	1.825
57	REGIUS ²	2.283.631	130	3.715	7.271	954
58	FUSESC	2.269.101	86	2.558	8.143	5.130
59	PREVIRB	2.217.753	181	463	1.780	1.585
60	METRUS	2.217.098	62	9.579	18.834	2.789
61	MÚLTIPLA ²	1.945.405	34	23.123	18.221	666
62	PREVDOW ²	1.902.765	132	3.749	5.621	558
63	BANDEPREV ²	1.788.504	178	290	1.922	1.796
64	FAELBA ²	1.786.726	117	2.871	10.070	2.200
65	FUNDAÇÃO REFER ²	1.778.109	23	4.550	42.540	28.544
66	PREVIBAYER	1.769.969	80	6.459	-	2.054
67	FUNSEJEM ²	1.768.005	25	29.616	9.456	894
68	INSTITUTO AMBEV ²	1.746.448	92	4.984	942	1.850
69	JOHNSON & JOHNSON ²	1.674.917	87	6.602	6.899	848
70	ENERPREV ²	1.664.223	95	4.498	9.460	1.984
71	FUNDAÇÃO PROMON ²	1.551.107	163	2.011	5.500	681
72	FASC ²	1.538.706	81	7.560	1.090	681
73	BANESES	1.514.953	139	1.954	5.066	2.090
74	PREVI-SIEMENS ²	1.469.611	68	9.572	15.093	1.293
75	FUSAN	1.436.537	75	7.018	13.980	2.607
76	PRHOSPER ²	1.391.469	128	3.244	2.467	1.560
77	GEBSA-PREV ²	1.353.261	85	7.554	11.345	227
78	HP PREV ²	1.325.487	122	4.737	11.546	240
79	FACEB	1.314.580	166	1.012	1.174	1.431
80	PREVIG ²	1.305.469	162	2.124	2.119	620
81	FORD ²	1.289.562	56	12.625	20	698
82	PREVI-ERICSSON ²	1.273.866	121	4.169	4.495	837
83	PREVDATA	1.253.226	126	3.287	993	1.592
84	FAELCE ²	1.243.358	146	1.207	4.100	2.340
85	CIBRIUS	1.228.040	111	4.052	3.452	1.243
86	PRECE	1.219.044	65	3.892	11.346	7.454
87	BASF	1.210.864	151	2.847	9.217	500
88	SÃO BERNARDO ²	1.199.236	50	13.061	8.293	1.430
89	PREVISC ²	1.173.832	58	11.997	16.841	1.134
90	ACEPREV	1.164.794	102	4.211	12.372	1.749
91	PREVUNIÃO ²	1.088.553	104	4.901	8.356	759
92	SÃO RAFAEL ²	1.086.911	170	1.665	2.929	684
93	SYNGENTA PREVI ²	1.077.880	159	2.642	4.623	232
94	BRASILETROS	1.068.045	142	1.158	4.942	2.613
95	ISBRE	1.029.340	220	506	1.163	403
96	CARGILLPREV ²	1.028.445	79	8.717	13.086	169
97	PREVI NOVARTIS	1.024.214	152	2.765	-	530
98	WEG	991.690	37	19.332	13.508	448
99	BASES ²	960.888	174	814	1.827	1.390
100	IAJA ²	950.150	99	5.268	9.383	970
101	PREVIBOSCH	945.804	71	9.263	-	1.052
102	DESBAN ²	945.649	219	374	1.099	547
103	ABRILPREV	940.961	101	5.542	-	498
104	ECOS	912.082	198	725	287	725
105	AGROS	886.828	98	5.467	17.652	794
106	PLANEJAR ²	875.813	134	3.929	5.895	370
107	MBPREV ²	856.516	60	11.886	2.299	781
108	CELPOS ²	851.689	119	1.665	4.585	3.391
109	UNI+PREV MULTIPAT	850.688	nd	nd	nd	nd
110	PREVSAN ²	836.897	135	2.575	10.608	1.633
111	FUNDAMBRA ²	817.291	52	13.184	223	714
112	FUNDIÁGUA ²	813.795	110	3.881	8.898	1.450
113	DUPREV ²	769.954	155	2.784	431	255
114	COMSHELL ²	758.535	171	1.806	3.009	461
115	ULTRAPREV ²	753.667	74	9.458	2.763	170
116	SEBRAE PREVIDÊNCIA	751.112	83	7.663	-	151
117	COMPESAPREV	747.079	129	2.336	5.618	2.421
118	SERGUS ²	731.523	200	1.019	1.620	373
119	ALCOA PREVI ²	727.817	97	6.110	12.226	160
120	FASCEMAR ²	698.273	188	1.192	4.350	754
121	FUND. SÃO FRANCISCO ²	677.907	184	1.089	1.901	881
122	ELETRA ²	671.154	157	1.702	3.800	1.251
123	FUNPRESP-EXE	660.759	24	32.599	-	11
124	PREVICAT ²	652.594	143	3.108	9.114	653
125	OABPREV-SP ²	643.590	21	35.224	57.965	94
126	CAPAF	634.877	133	2.257	3.517	2.047
127	PREVHAB	629.528	227	6	365	612
128	FABASA ²	627.516	112	4.729	15.735	550
129	PREVIPLAN ²	618.762	161	2.322	5.464	448
130	FACEAL	611.556	193	1.067	3.730	498
131	PREVEME ²	597.301	150	2.865	3.584	512
132	SICOOB PREVI ²	596.681	19	37.770	28.356	12
133	VIKINGPREV	595.506	140	3.706	84	265
134	MSD PREV ²	590.304	213	945	1.416	76
135	MAIS VIDA PREVIDÊNCIA ²	573.387	196	1.386	2.078	76
136	PORTOPREV	537.772	109	5.188	676	157
137	FGV-PREVI ²	536.466	172	2.138	2.343	126
138	ENERGISAPREV ²	533.761	90	6.032	14.730	1.094

XVIII. PENSION FUND RANKING

RANKING according to the number of members and beneficiaries						RANKING according to the number of members and beneficiaries							
PENSION FUNDS	INVESTMENTS (in BRL thousand)		ACTIVE MEMBERS ¹	DEPENDENTS ¹	BENEFICIARIES ¹	PENSION FUNDS	INVESTMENTS (in BRL thousand)		ACTIVE MEMBERS ¹	DEPENDENTS ¹	BENEFICIARIES ¹		
139	PREVMON ²	519.940	158	2.847	4.982	59	201	BOTICÁRIO PREV ²	196.840	107	5.475	7.632	26
140	PREVIM-MICHELIN ²	514.110	123	4.875	56	91	202	TOYOTA PREVI ²	189.465	136	4.173	6.259	11
141	MULTIBRA INSTITUIDOR ²	505.297	149	3.170	13	258	203	FAÇOPAC ²	174.456	183	1.902	2.237	121
142	INDUSPREVI	476.266	144	3.246	377	502	204	JUSPREV ²	173.395	169	2.354	3.480	3
143	GOODYEAR ²	475.575	106	5.116	7.673	431	205	CAGEPREV	172.045	201	1.255	1.684	66
144	SUPREV	471.888	115	4.045	2.901	1.114	206	ALPHA ²	170.037	208	1.032	2.190	192
145	GASIOUS	462.605	212	52	753	1.059	207	OABPREV-RJ ²	157.955	118	4.926	8.306	136
146	BUNGEPREV ²	462.553	67	10.847	15.757	277	208	OABPREV-MG ²	155.205	84	7.775	14.574	28
147	FAPERS ²	457.566	166	1.702	3.692	741	209	PSS ²	155.180	94	2.641	4.388	3.977
148	DERMINAS	452.813	70	6.338	-	4.078	210	FAPECE	151.371	235	236	-	196
149	SEGURIDADE	451.091	175	1.831	693	372	211	CARFEPE ²	151.309	192	1.595	3.110	38
150	ABBPREV	444.633	145	3.372	4	182	212	FUNPRESP-JUD	151.263	91	6.880	2.148	-
151	FAPA ²	427.905	210	847	2.382	302	213	TRAMONTINAPREV ²	149.609	93	6.613	6.695	24
152	MENDESPREV	420.087	228	178	756	438	214	OABPREV-SC	147.396	89	7.101	-	78
153	FACEPI ²	418.340	187	972	2.237	976	215	PREVBEP ²	141.319	242	52	148	136
154	CARREFOURPREV ²	417.228	8	66.515	45.499	142	216	FUMPRESC ²	135.293	216	631	1.634	345
155	PORTUS	417.227	46	8.368	214	8.502	217	SIAS	133.986	76	8.209	-	1.279
156	FUTURA ²	413.332	231	160	201	366	218	VISTEON ²	126.995	168	2.309	17	88
157	CP PREV ²	407.267	138	4.029	6.043	104	219	RECKITTPREV ²	121.775	225	688	1.032	56
158	CAPESESP	402.748	13	48.362	19.366	689	220	FUNASA ²	120.682	205	528	1.432	741
159	PFIZER PREV ²	397.171	182	1.892	474	147	221	PREVYASUDA ²	101.089	232	413	266	87
160	CIFRÃO	380.045	191	833	1.885	827	222	MÚTUOPREV	95.650	nd	nd	nd	nd
161	CASFAM ²	378.148	113	4.300	1.364	915	223	OABPREV-GO ²	91.567	124	4.913	10.207	23
162	UNISYS PREVI ²	371.229	215	948	2	44	224	FUNDO PARANÁ ²	85.848	153	3.252	3.147	6
163	PREVCUMMINS ²	369.460	186	1.807	2.567	146	225	OABPREV-RS ²	83.922	114	5.134	7.704	30
164	PREVINDUS	367.373	82	6.719	-	1.097	226	MONGERAL ²	77.601	173	2.219	3.585	12
165	PREVISCÂNIA	366.281	148	3.248	-	211	227	ALBAPREV ²	76.045	241	159	335	30
166	CABEC ²	365.283	209	150	1.669	1.059	228	INERGUS ²	74.618	211	542	2.295	570
167	PREV PEPISCO ²	363.373	45	16.887	15.615	105	229	DATUSOPREV ²	74.301	204	1.249	1.685	28
168	LILLY PREV ²	357.372	214	823	1.230	192	230	INSTITUTO GEIPREV	73.589	236	75	-	302
169	RANDONPREV ²	356.405	69	10.621	16.364	163	231	PREVCHEVRON ²	72.094	243	141	213	43
170	FUNDAÇÃO ENERSUL	346.994	198	1.041	1.977	409	232	MM PREV ²	59.920	165	2.420	26	30
171	P&G PREV ²	345.757	103	5.677	8.433	162	233	FUNCASAL ²	56.028	195	874	1.787	611
172	POUPREV ²	343.876	206	1.211	1.681	36	234	FUTURA II ²	54.189	229	551	321	1
173	PREVIP ²	343.260	156	2.832	5.456	145	235	PREVUNISUL ²	53.059	203	1.186	1.763	103
174	VOITH PREV ²	335.208	177	2.047	3.058	118	236	SILIUS ²	41.798	238	25	295	326
175	ALPAPREV ²	333.873	27	28.749	35.502	205	237	SBOT PREV	41.536	nd	nd	nd	nd
176	FAECES	322.515	185	1.047	2.151	910	238	PREVES	41.124	164	2.655	-	-
177	FASERN ²	321.456	207	783	148	453	239	RJPREV ²	39.455	224	757	-	-
178	DANAPREV ²	317.438	100	6.039	9.058	112	240	ALEPEPREV	36.781	240	181	193	15
179	FUNTERRA	313.162	239	139	474	128	241	CNBPREV	27.171	222	839	1.448	3
180	PREVIDEXXONMOBIL ²	308.722	194	1.461	2.230	80	242	ANABBPREV ²	19.015	217	932	1.814	4
181	KPMG PREV ²	306.021	120	4.981	7.448	52	243	RS-PREV	10.079	nd	nd	nd	nd
182	RAIZPREV ²	290.174	38	19.283	12.865	5	244	CAVA ²	7.448	179	1.483	2.309	590
183	OABPREV-PR ²	288.863	63	12.032	19.700	51	245	SINDPD FPA ²	7.423	234	444	827	-
184	TETRA PAK PREV ²	288.245	176	2.130	3.193	40	246	SUL PREVIDÊNCIA ²	7.158	244	149	224	-
185	EATONPREV ²	287.388	125	4.763	6.517	170	247	FUCAE	7.033	nd	nd	nd	nd
186	SOMUPP ²	280.254	245	-	-	145	248	MAPPIN ²	3.530	147	3.463	2.895	35
187	RBS PREV ²	273.325	108	5.372	3.100	122	249	PREVCOM-MG	2.767	246	109	-	-
188	CASANPREV ²	262.147	190	1.603	4.430	220	250	PREVBAHIA	2.446	nd	nd	nd	nd
189	PREVEME II ²	244.372	141	3.874	6.791	37	251	SCPREV	1.567	nd	nd	nd	nd
190	PREVICEL ²	240.800	218	809	1.098	121	252	ORIUS ²	1.454	247	-	25	47
191	SUPRE ²	238.117	221	481	1.434	386	253	ACIPREV	774	233	467	783	-
192	TEXPREV ²	233.609	223	623	881	150	254	FFMB ²	130	237	250	237	115
193	FUCAP ²	232.946	189	1.578	1.634	255	255	EDS PREV ²	46	248	6	-	-
194	MERCAPREV ²	231.620	197	1.387	2.071	73							
195	MERCERPREV ²	229.712	226	716	1.072	11							
196	CAPOF	227.444	230	124	520	417							
197	ROCHEPREV ²	215.186	202	1.237	1.600	58							
198	FIOPREV ²	212.425	137	3.888	5.060	284							
199	PREVIHONDA ²	208.241	57	13.109	19.664	63							
200	MAUÁ PREV ²	203.810	160	2.702	4.052	109							

TOTAL ESTIMATED

Investments (in BRL thousand)	794.209.467	Active members ²	2.560.397	Dependents ²	3.955.191	Beneficiaries ²	752.942
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Population as of: ¹ December/16; ² December/14

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