

Pension Funds

An ABRAPP, SINDAPP, ICSS and UniAbrapp publication • Volume 4 Issue 1 July 2018

Increased
demand for
global assets

Self-regulation
Seal on
the way

Personal and Occupational
plans: differences in costs
and performance

**Pension funds
present their
INTEGRITY
PROGRAMS**





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On this issue of the magazine, we bring the latest developments of the Brazilian pension fund market, notably the entities' continuous efforts to improve governance practices.

Our cover story is about pension funds' integrity programs. With different designs and scopes, such programs vary according to funds' characteristics. All of them, however, seek to enhance risk management mechanisms based on the provisions set forth in the pension regulation, industry's guidelines and other legal instruments.

We also present a few highlights of ABRAPP's history, the Brazilian Association of Pension Funds, which celebrated its 40th anniversary in March. Its trajectory of struggles and victories coincides with the history of the occupation pension segment itself. Celebrations' high point will take place at the 39th Brazilian Congress of Closed Complementary Pension System, in September, one of the world's largest event of its kind.

In practice, in the second half of 2017, pension funds started making arrangements to invest more overseas. But the transition will likely be gradual. After all, more than 70% of aggregated assets are presently invested in the fixed income segment and resources will not flow directly to super-sophisticated products, argue specialists. The subject is discussed further in the following pages.

Finally, I would like to call your attention to some initiatives undertaken by Brazilian pension funds to increase coverage and promote financial education. To put some of the ideas into practice, big investments are not always necessary, as many are characterized by creativity and interaction with the user. The results, however, bring returns that go way beyond the financial sphere.

Hope you enjoy the reading!

Warmly,

Flavia Silva

Pension funds present their integrity programs

*Initiatives and
actions are in
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and seek protection
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and corruption*

Boosting risk management and compliance is the guiding principle behind pension funds' integrity programs. With different designs and degrees of comprehensiveness, such programs vary according to the funds' peculiarities. All of them, however, seek to improve effectiveness of risk management mechanisms based on the provisions set forth in the pension regulation, industry's guidelines, the Anticorruption Act and other legal instruments.

The initiatives are aligned with the supervisory agency's Risk Based Supervision approach, particularly in regards to Systemically Important Pension Entities (*Entidades Sistemicamente Importantes* - ESI), which are large pension funds subject to on-going supervision. The investments of such entities are normally the main focus of governance and risk mitigation policies.

Holding the 9th position in the ESI's ranking, Forluz pension fund does not have a formal integrity program, but there are procedures in place to make sure all laws and regulations are enforced. "Forluz is amongst the largest Brazilian pension funds. With a team of sixty employees, we always strive to be one step ahead of legal requirements. Yet, it is not always possible to do everything we would like due to costs. Therefore, for small to medium size entities, it is important, first and foremost, to have a clear view of the cost effectiveness of the integrity measures adopted", says José Ribeiro Pena Neto, President of the pension fund.

Effective protection

At Real Grandeza pension fund, integrity measures encompass a wide set of actions, manuals, controls, communication strategies and compliance mechanisms that, in aggregate, result in higher levels of security and effectiveness. In 2006, the EFPC¹ implemented compliance and risk management best practices; since then,

it has applied a series of measures that reinforce risk mitigation procedures in these areas.

The Ethics Commission has been redesigned so as to act independently from the Board of Directors.

"Ombudsman attributions have been enhanced and it is now subordinated to the Governing Board, with the Ombudsman awarded an independent mandate", says Sérgio Wilson Ferraz Fontes, EFPC's CEO.

He highlights the importance of the Compliance and Risk Management teams, adding that the Compliance Report comprises all of the pension fund's business areas. Every meeting held by the Board of Directors, Governing and Supervisory Boards follows procedures set out in the Report.

As far as investment governance is concerned, the pension fund has adopted protective measures so as to avoid some of the problems it had in the past due to political influence. In the Investment Committee, six out of ten members are elected. Real Grandeza pension fund also hired a third party to carry out its fiduciary duties, assess the norms and take care of all compliance-related matters.

Procedures and complaints

Approved by the Governing Board in 2006, Funcesp pension fund's Integrity Program has among its formal documents the Purchases and Contracts Regulation.

Combining improved governance and cost-effective solutions may come as a challenge for small to medium size entities

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" or individual pension plans) in Brazil.

Operations control ensures that any corrupt actions are averted with basis on the “Clean Corporation” Act, which sets forth civil and administrative liabilities for juridical persons performing acts against the public administration. The entity’s Code of Conduct and Ethical Principles reiterates its commitment to fighting corruption.

Process and Business Managers are the protagonists in safeguarding the fund’s operations. Internal Controls, Compliance and Risk Management teams are a second line of defense. The Internal Audit, along with the Supervisory and Governing Boards, make up the third line of defense, which is complemented by the work of independent auditors and actuary.

The pension fund also has anti-money laundering practices as well as an enhanced Reporting Channel and a permanent Ethics Committee. An independent service provider screens all the reports received, guaranteeing anonymity, which has enabled the fund to receive a greater number of complaints.

With ten pension plans under management, the largest privately-sponsored Brazilian pension fund provides training on integrity matters for its staff, having produced a dedicated booklet. Besides, there are well-designed guidelines to avoid conflicts of interest on the investment side. An independent auditing company analyses the information provided by investment professionals and

carries out compliance checks.

Compliance and trust

At Funpresp-Exe, also a Systemically Important Entity, a key principle since its establishment in 2013 has been to win members’ trust through concrete measures and results. With 57,000 members - a 80% membership rate among civil servants of the Federal Executive Branch - and BRL 853 million in assets under management, the entity’s asset portfolio has achieved 78% in accumulated returns in the period.

The pension fund’s Integrity Program aims to “disseminate a culture of ethics and morality, encouraging compliance and ethical behavior and ensuring outcomes for members and society with quality, safety and efficiency”, argues Planning and Risk Manager Luís Angoti. The program will be fully implemented by October, when a broad communication strategy will take place.

The Risk Management and Internal Control Policy sets forth principles, guidelines and responsibilities for integrity, risk and control management, in line with the EFPC’s Strategic Planning, Annual Action Plan and applicable legislation. The strategy seeks to ensure the continuous improvement of organizational processes and the incorporation of risk management practices into the decision-making process, highlights Angoti.

The Risk Management Program comprises procedures and techniques to identify, measure and mitigate risks

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within all Funpresp's divisions while the newly established Compliance Committee monitors integrated risk management and the Audit Annual Plan assesses internal controls sufficiency and risk management effectiveness.

"To promote transparency, we have published several decisions and activities in our website and in bulletins distributed to stakeholders", Angoti points out. In 2017, Funpresp-Exe also began to fully disclose all board meetings minutes, annual budget, expenses, bidding processes, contracts and the compensation structure of directors and employees. "We have elaborated two important documents that dictate how the entity shall communicate with its public: the Communication and Disclosure Policy and the Member Relationship and Services Policy.

Funpresp-Exe has a Code of Ethics as well as internal and external communication channels to receive complaints and irregularity reports. The fund's employees rely on policy guidelines, which foresee the establishment of an internal commission to deal with misconduct.

Steering committees and ISO

Banesprev pension fund has turned its six Steering Committees – one for each plan under management – into key components of its integrity strategy. Acting in an advisory capacity with the majority of members elected, the Committees oversee all aspects pertaining to pension schemes and their meeting minutes are reviewed by the pension fund's Governing and Supervisory Boards.

The EFPC plans to review its Code of Ethics, which had already been redesigned in 2009 and 2017. Banesprev's benefit

management process has been certified to the ISO 9001-2008 standard since 2014, which requires additional auditing processes once every two years on top of regular annual audits. "We chose to certify the benefit management process because it encompasses all fund activities, such as plan management, contribution collection, controls, investments, etc.", highlights Jarbas de Biagi, President of Banesprev.

"Having good governance practices in place takes a lot of work. Keeping an eye on different divisions and collegiates, staff accreditation and so on ensures greater security, but it also has costs that must be well-planned", adds Biagi.

Accountability and training

Volkswagen pension fund (VWPP) has invested heavily on integrity training for its management team and board members. The fund keeps a very strict approach when it comes to ethical principles, transparency and accountability, says Marcelo da Costa Cavalcanti, Administrative Director.

In the current review of its Code of Ethics, the focus has been on sustainability and social responsibility, as well as practices inspired by the Anticorruption Act. The EFPC, which has 23,000 members and approximately BRL 27 billion in assets under management, constantly strives to improve transparency, information disclosure and communication with all stakeholders. The recent launch of a new website and app corroborate this idea.

"Besides working to promote transparency, we are continuously innovating so as to allow our members more autonomy and easier access to news about the pension fund, investments, returns, policies, among other services", says Cavalcanti. ■

History of struggles and victories

*ABRAPP celebrates
its 40th anniversary
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for the next decades*

ABRAPP, the Brazilian Association of Pension Funds, is celebrating its 40th anniversary. Founded in March 1978, its trajectory of struggles and victories coincides with the history of the occupation pension segment in Brazil. Celebrations began in the first week of March with

“The Association has played a fundamental role in building technical capacity. We are formed by technicians, executives and board members dedicated to the cause”

the launch of an Anniversary Seal and the publication of merchandise containing the entity’s timeline. The date will also be commemorated in the following months through events and activities, which will culminate in the 39th Brazilian Congress of Closed Complementary Pension System, in September.

Law n. 6435, which established the Closed Pension Regime, dates back from July 1977. In March of the following year, ABRAPP emerged in a challenging environment. “It was the period of the so-called ‘Entrepreneurial State’, which gave way to the development of the occupational private pension system as HR policy instrument. Since then, we have witnessed the evolution of pension plans, especially in the private sector”, recalls Devanir Silva, General Superintendent of ABRAPP, who played a key role in the establishment of the Association.

Since its foundation, one of the central aspects of ABRAPP’s work has been to discuss and improve the private pension system as well as promote the technical development of

its professionals. “Since its inception, ABRAPP has played a fundamental role in building technical capacity. We are formed by a team of technicians, executives and board members who are dedicated to the cause”, emphasizes Silva.

Over the years, ABRAPP has built a model that prioritizes high governance and investment management standards for pension plans. The Association has always been at the forefront of these initiatives. These are the foundations that keep Abrapp alive and active.

“In addition to preserving everything that has been achieved throughout the past 40 years, we also have the challenge of reinventing the system for the next 40 years or so”, says Luís Ricardo Marcondes Martins, ABRAPP’s CEO. One of the hallmarks of this trajectory has been the Annual Brazilian Congress of Pension Funds, one of the largest in the world with approximately 3,000 participants every year.

The prioritization of technical excellence continues to this day, with initiatives jointly carried

1. ICSS: *Instituto de Certificação Institucional e dos Profissionais de Seguridade Social* (Institutional Accreditation Institute for Social Security Professionals)

out by ABRAPP and ICSS¹, in the accreditation and training arenas, and more recently with UNIABRAPP - Corporate University of Private Pensions.

Solid foundation

Since its establishment, the Association has had the support of the system's main stakeholders, so it was built on very solid foundations. The founding group of eighteen pension entities included representatives from both public and private sectors: Previ, Economus, Petros, Elos, Copel, Aeros, PSS, Attilio Fontana, Funcesp, Caemi, Eletros, Femco, Braslight, Steio, Telos, Caixa da Usiminas, Real Grandeza and Promon pension funds.

The General Superintendent explains that ABRAPP was created because there was no common identity between pension funds and for-profit, "open" entities (banks and insurance companies) that offer personal plans. Another central point of the Association's activities over the years has been the promotion of pension plans' stability. "Stable plans translate into benefit security for members and help avoid unpleasant surprises for the sponsoring companies", argues Silva.

Tax treatment

ABRAPP has always sought a high-level dialogue with the government. "The legal sphere is one of the Association's primary focus. Today we have a much more well-prepared Judiciary because of the various initiatives undertaken to bring information to the magistrates. ABRAPP has always excelled by being close to the Judicial and Legislative Branches, contributing with technical content and discussions", highlights Silva.

The General Superintendent recalls that the Association has appealed to Justice whenever necessary. The most emblematic case was due to tax treatment issues. In this field, ABRAPP had to position itself more forcefully in court in the 1980s and 1990s.

Another important episode in the history of ABRAPP took place in 1988 during the Constituent Assembly in an attempt to solve tax-related matters. "ABRAPP led a popular amendment, obtaining approximately 1 million signatures, but unfortunately we were defeated", laments Devanir.

Mobilization in 2002

In 2002 there was a window of opportunity in which proposals for

Between 2003 and 2012, the occupational pension regime experienced a period of important developments, the so-called positive agenda

the tax treatment of occupational pension plans were presented to all presidential candidates. In the following year, pension attorney Adacir Reis became the head of the Secretariat of Pension Funds, immediately addressing the issue. The tax treatment applicable today, which is one of exemption, not immunity, is foreseen in a fundamental law that ensures the stability of long-term savings in the country.

Between 2003 and 2012, the occupational pension regime experienced a period of important developments, the so-called positive agenda. In addition to a modern tax legislation, pension plans based on associative ties managed by professional associations and labor unions were established, and a new pension supervisory agency (National Superintendence of Complementary Pensions – Previc) was created, along with the first entities devoted to the management of private, capitalized schemes for civil servants.

Challenges and opportunities

But ABRAPP does not dwell on past achievements only. It is a vibrant organization that represents the interests of an important segment of Brazil's society. According to the

Association's CEO, Luís Ricardo Martins, the occupational private pension system still has a lot of growth potential, thus helping Brazil solve some of its social and macroeconomic problems.

In Devanir Silva's view, the time is ripe for new achievements. "Although it was deemed essential, the government's proposal for pension reform did not advance. We are then given a new opportunity to present ourselves to the future leaders of the country, bringing forward a more in-depth proposal to structurally reform the pension system with due importance given to the private pension segment and its long-term view."

The coverage of occupational pension plans in Brazil is still low considering the size of the population. Therefore, there is enormous growth potential. "I understand that there is space for strategic debate with the intention to make the "closed" private pension segment a State, not a government priority", says the General Superintendent. Hence, Abrapp has all the legitimacy and conditions, due to its history of accumulated know-how, not only to participate but to lead a process of this magnitude. ■

Increased demand for global assets

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High volatility in global markets, domestic political-electoral turbulence and changes in investment regulation: these are some of the variables that must be dealt with by Brazilian pension fund managers in the investment sphere.

As stocks can go up further, pension managers are looking into the Brazilian market. On the other hand, there is some discomfort caused by high concentration in domestic assets

Jair Ribeiro, Asset Allocation Adviser at Eletros pension fund, says that it will be a little harder to meet actuarial targets in 2018. Considering accumulated CPI of 3.87%, real average actuarial interest rates (above CPI) of 5%, average investment management costs at 0.40% and aggregate pension fund variable income allocations of 5%, he estimates that, in order to meet actuarial targets, the Brazilian Stock Exchange's main index (Ibovespa) will need to reach 95,000 points or more as of December 31st. This means accumulated nominal gains of at least 24.3% in the year (as of 12/31/17, the index was at 76,402 points).

Since there is potential for the stock market to go up further, pension fund managers have been looking into Brazilian assets. "On the other hand, there is some discomfort caused by high concentration in domestic assets. Given the continuous decline of the official (SELIC) interest rate, meeting actuarial targets may be a problem, so pension entities are increasingly aware of the benefits of diversifying globally", says Cesar Ming, Director of Institutional Affairs at Itaú Asset Management.

New products

"Foreign investments must be viewed as structural by Brazilian pension fund managers, thus becoming a part of the whole economic cycle", argues

Fernando Cortez, Head of the Sales Division at the British asset management firm Schroders in Brazil. In practice, in the second half of 2017, pension funds started making arrangements to invest more overseas, he adds.

The transition, however, will be gradual. After all, at present, more than 70% of aggregated assets are invested in fixed income and resources will not flow directly to super-sophisticated products, admits Cesar Ming.

In order to try and accelerate this trend, asset managers have been expanding the product range available to investors. In the first round of international investments in 2013, allocations were fully concentrated in global stock markets. In 2018, however, the choices widened, consisting of global stocks as well as unhedged regional shares, fixed income and hedged multi-asset funds, Cortez explains. "Most pension funds have done their homework and increased allocation limits. We are now at the stage of selecting products, but this is a gradual process. I believe that foreign investments can go from 0.5% to 4% of total assets by the end of the year", estimates the executive.

The growing demand has prompted Schroders to put together yet another global stock portfolio for Brazilian pension funds. It is a hedged fund with access to a set of global alternative funds

with daily or weekly liquidity. At Itaú Asset Management, the increase in demand is also visible. “Domestic instability has had a negative impact on projections, but in the next few months we will hold very transparent discussions with pension fund managers as both fixed and variable income segments present interesting alternatives”, argues Ming.

One of the main bets is being made in the global private credit market. “Banks are the major issuers of corporate debt in Brazil, but volumes have decreased in recent years.” This will likely boost the search for corporate credit. However, this market is still insipient in Brazil, with very low liquidity, notes Ming. As a result, the premium paid to investors is low and unattractive in the face of risks, which opens up opportunities to international fixed income allocations, including Brazilian companies.

Itaú Asset Management representatives have met with pension fund managers to discuss various asset classes. “We offer regular training courses, including modules dedicated to pension fund trustees. Some pension entities also ask us to explain foreign investments to plan members.” The growth potential of this market largely justifies asset management companies’ investments in training. “Presently,

less than 0.3% of Brazilian pension fund portfolios are invested abroad, which means that, in theory, investment volumes can go from BRL 3 billion to 80 billion in the near future”, Ming points out.

Specific Skills

“The offer has been increasing as the limit on pension fund stakes in investment funds’ total assets has been lifted” says PreviBayer pension fund Superintendent Lucas Nóbrega. The pension entity, which has 9% of its portfolio invested in international products, is presently re-evaluating its strategies in light of the new regulation.

Its investment policy, made of risk profiles, will now require specialized asset managers to seek alpha through products with differentiated characteristics. The core will be the MSI World Index, but there will also be strategies focused on Europe and value generation, among others.

Brazilian pension funds spent five years discussing foreign investments even though allocations have been low, highlights César Ming. “We are in the early stages when it comes to investing abroad or on private equity for instance. The flow of pension fund capital from public bonds to riskier assets, which will likely help reach higher yields, tends to increase only gradually”, says Nóbrega.

The “investment grade” requirement for investment funds established abroad has been recently lifted so as not to interfere with pension fund allocations in global markets

Green light

With regulatory adjustments effective as of January 25th, pension funds have been able to effectively invest abroad, argues Fábio Coelho, head of supervisory agency Previc. Pension entities had been waiting for the green light to consolidate their global allocations, with emphasis not only on equities but also on debt and fixed income in general.

Two important issues had been debated by institutional investors and asset managers since November 2017. The first was the requirement for “investment grade” rating for investment funds established abroad, which has been removed, and the 5% limit for investments in a single issuer. Both requirements have been dealt with so as not to interfere with pension fund allocations in global markets.

A previous regulatory change had already eliminated the 25% limit on pension funds’ stakes in any given investment fund established in Brazil, which enhanced pension managers’ choices in terms of portfolio composition. Since then, each entity has been able to set up exclusive investment funds to invest abroad without having to look for at least three other co-investors. This was an old demand from the segment.

“The investment grade requirement set forth in the previous rule was very

confusing because this concept is inherent to credit, not variable income markets”, explains Jorge Simino, Investment Director at Funcesp pension fund. The 5% limit on investments in a single issuer was also a confusing restriction that needed to be modified, he adds.

“The new norm aims to align Brazil’s pension fund investments abroad to those of pension entities from other countries”, explains Fábio Coelho. He points out that Brazil holds one of the bottom positions in the OECD ranking of pension fund foreign allocations: 0.2% of total assets.

In order to counterbalance the added flexibility, additional prudential rules were set forth for investment funds established outside Brazil. Thus, besides a minimum five-year experience and USD 5 billion under management, the maximum allocation limit was lowered from 25% to 15% of total assets. A track record of at least 12 months is now also required.

These funds, Coelho notes, have very large holdings and liquidity, so the 15% ceiling will not be a problem since it will not likely be reached by Brazilian pension entities. Recent regulations have also allowed investments in foreign leveraged funds. On the other hand, investment funds set up in Brazil are still required to have “investment grade” assets and they are forbidden from using leverage. ■

Personal and Occupational plans: costs and performance

*Unprecedented study
on performance and
costs of investments
funds held by open
and closed pension
plans indicates
better outcomes for
occupational schemes*

The comparison between investment results achieved by “closed” - or employment related - pension plans and “open” pension schemes (personal plans managed by banks and insurance companies) indicates that returns are higher in the earlier, which are also more cost-effective. This is the conclusion of a special study commissioned by ABRAPP and carried out by

Yields remain higher among closed pension funds, but they have declined significantly over the past five years due to the lengthening of allocation periods in the fixed income segment

NetQuant Financial Technology, explains company Director Marcelo Nazareth.

“This is unprecedented in the Brazilian market. We are providing detailed assessment of direct and indirect costs of investments funds used by both types of plans.” The intention is to turn the survey into an online tool to be updated monthly, says Nazareth.

Compatible management

The superior results achieved by EFPCs¹ in comparison to personal plans continues to exist, although it has been gradually reduced over time, highlights Nazareth. To reverse this trend, investment management needs to deliver more cost-effective results. “Yields remain higher among closed or occupational pension funds, but they have declined significantly over the past five years (60 months). One of the drivers is the lengthening of allocation periods, which has happened earlier in closed pension entities, affecting the fixed income segment in particular.”

As interest rates fall, closed and open plans tend to display similar results. From a strategic point of view, occupational pension funds will need to incorporate higher risk assets into their portfolios so as to guarantee return differentials without losing sight of costs. “In multi-asset funds² offered to closed entities, there are a lot of people paying fees compatible

with what should be active management, but, in reality, what they are really getting is conventional asset management.” It is therefore imperative to demand an asset management style that is compatible with what has been charged, warns Nazareth.

In the “open” or personal plans segment, there is a clear and easily identifiable categorization of investment funds by ANBIMA (Brazilian Financial and Capital Markets Association). The survey was based on a sample of 500 fixed income funds; 694 multi-asset funds and 17 variable income funds.

For “closed” or occupational pension plans, the option was to use the IGI Index, based on ABRAPP’s database, as reference. “The IGI comprises funds that are actually used by institutional investors. There is a clear segregation of investment strategies for comparative purposes”, explains Nazareth. The study adopted an aggregate view of such funds with the aim to bring them as close as possible to ANBIMA’s categorization. The sample of funds employed to assess aggregate returns for the occupational pension system was made of 408 fixed income funds, 324 multi-assets and 218 variable income funds. Master funds were excluded from the analysis.

Balanced and target date funds used by open/individual pension plans were also discarded from the study as they do not have equivalents in the occupational pension system, says Marcelo Nazareth.

“Until recently, open pension plans invested in balanced funds just to meet regulatory requirements. Most variable income funds do not charge administration fees because such charges are elsewhere in the cost structure, so we were cautious as to make a clear distinction between these points.”

Simulations were then made for investments in the last ten years considering the median return within each asset class in a given month. The results were later aggregated on an initial base equal to 100. The procedure, carried out for fixed income, variable income and multi-asset strategies, also took into account a diversified portfolio with a hypothetical allocation of 60% in fixed income, 20% in multi-assets and 20% in variable income. Two scenarios were verified: (i) buy and hold, in which portfolio composition is altered according to yields, and (ii) monthly rebalancing hypothesis, whereby the portfolio returns

to its initial position every month.

Lower differential

Occupational (closed) plans investment returns were higher than those of personal (open) schemes in nearly all analyzed time periods. The study examined periods of 60, 36 and 12 months, taking December 2017 as the base date.

Looking at the last 60, 36 and 12-month periods, return differences in the fixed income segment between closed and open funds were 1.28 p.p., 1.14 p.p. and 0.58 percentage points, respectively. In the multi-asset class, the difference was 1.24 percentage points, 0.59 p.p. and 0.36 p.p. in the same reference periods. This convergence trend is even more pronounced in the variable income segment, with the IGI Index advantage moving from 2 p.p. in 60 months to practically zero in the 12-month period.

Returns
Median Values: Base Date of December 2017

IGI ("Closed" pension plans)	Month	12 months (% p.a.)	36 months (% p.a.)	60 months (% p.a.)
Fixed income	0.65	10.35	12.94	11.11
Multi-assets	0.77	11.16	12.94	11.02
Variable income	5.73	26.96	14.92	7.78

"Open" pension plans	Month	12 months (% p.a.)	36 months (% p.a.)	60 months (% p.a.)
Fixed income	0.55	9.77	11.80	9.83
Multi-assets	0.74	10.80	12.35	9.68
Variable income	5.90	26.60	14.59	5.72

Source: NetQuant

Direct and indirect costs

The cost analysis carried out in the study covers both direct and indirect costs, assessing the medians of 12 monthly balance sheets submitted to the Brazilian Securities and Exchange Commission (CVM) by investment funds in 2017. Administration and performance fees, occasional rebates and other expenses such as custody, brokerage, disclosure and consulting were also included.

The calculations cover all disbursements made by investment funds posted in specific accounts in the balance sheets. These are not maximum or minimum rates, but actual figures denominated in Brazilian currency (Real). “We also took into account the fact that there is a hierarchical structure in the fund industry, in a way that funds acquire quotas in other funds and so on. This structure can be useful for management optimization, but it

can also hide costs”, warns Marcelo Nazareth.

To get around this issue, it was necessary to find out in which funds each fund allocates directly, as well as the values involved. The study was then able to identify, through digital technology, the complete hierarchical structure of investment funds, including total direct and indirect costs.

The cost analysis reveals, among other aspects, that the fixed income investment chain of “closed” pension plans is not very costly. With direct costs totaling 20 basis points, the segment represents an increase of only 2 basis points in total costs calculations. Comparatively, the cost of the fixed income investment chain for “open” or personal plans is almost five times that of occupational pension funds.

Another interesting finding is that in open pension plans there are fewer hidden costs in the investment chain. Indirect costs are almost irrelevant too,

Median Direct Costs

IGI ("Closed" pension plans)	Administration Fee (% p.a.)	Performance Fee (% p.a.)	Other Costs (% p.a.)	Total (% p.a.)
Fixed income	0.11	0.00	0.05	0.20
Multi-assets	0.17	0.00	0.07	0.34
Variable income	0.98	0.00	0.13	1.45

"Open" pension plans	Administration Fee (% p.a.)	Performance Fee (% p.a.)	Other Costs (% p.a.)	Total (% p.a.)
Fixed income	0.79	0.00	0.05	0.92
Multi-assets	0.57	0.00	0.14	0.72
Variable income	0.00	0.00	0.30	0.30

Source: NetQuant

says Nazareth. In multi-asset strategies used by closed plans, total direct costs amount to only 31 basis points, but this value almost doubles, going to 65 basis points, when looking at the entire chain. “In any case, this figure is still lower than total costs of personal plans investments, which reach 76 basis points.”

Transparency

In the variable income segment, over half of the funds do not charge administration fees from personal pension plans. However, that is when hidden costs come into play. In the item “other costs” of balance sheets, the values posted are almost three times higher than those of occupational pension plans. Performance fee figures also seem to be null in more than half of the sample, but fees are charged indirectly, adding up to the median of total costs.

“The data showed that the cost structure of open pension plans, despite being more onerous, is also more transparent, but this is not necessarily bad for closed pension plans”, argues Marcelo Nazareth. “Pension funds may use technology to improve investment performance, thus restoring crucial competitive advantage to their long-term financial health.” ■

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

2. Multi-assets funds are also known as multimarket funds in Brazil. They are deemed to be the domestic version of hedge funds.

Direct + Indirect Costs

IGI ("Closed" pension plans)	Administration Fee (% p.a.)	Performance Fee (% p.a.)	Other Costs (% p.a.)	Total (% p.a.)
Fixed income	0.13	0.00	0.05	0.22
Multi-assets	0.31	0.00	0.12	0.65
Variable income	1.26	0.00	0.20	1.84

"Open" pension plans	Administration Fee (% p.a.)	Performance Fee (% p.a.)	Other Costs (% p.a.)	Total (% p.a.)
Fixed income	0.79	0.00	0.07	0.95
Multi-assets	0.59	0.00	0.17	0.76
Variable income	0.00	0.00	0.30	0.30

Source: NetQuant

Self-regulation Seal on the way

*Process for
granting the Seal
will be facilitated
by an electronic
platform designed
to manage
applications and
documents of
pension entities*

The self-regulation of the Brazilian occupational pension system, an initiative undertaken by Abrapp, Sindapp and ICSS, is faced with important developments. In the coming months, the project enters a new stage with the launching of an electronic platform for managing applications and submitting documents of pension entities interested in obtaining the Seal of Self-Regulation in Investment Governance. So far, many

pension funds have adhered to the Self-Regulation Code, but it is the full operationalization of the process of granting the Seal that will give greater dynamism and visibility to the project.

Last year, Centrus pension fund obtained the Seal by means of a pilot process, which was done manually. However, with the exception of this first pilot, the next processes for granting the Seal will be fully automatized. Examining board members have been trained to operate the platform that started running the first assessment processes as of May 2018.

“It was very good to see specialists of the highest level getting ready to use the electronic system for granting the Seal”, says José Luiz Rauen, Coordinator of the Joint Commission for Self-Regulation. “The self-regulation process and the concession of the Seal are contributing tools for the development and sustainability of the occupational pension system.”

Several entities have also decided to apply for the Seal. Among them is Previ, the largest Brazilian pension fund, which has a representative in the Joint Commission for Self-Regulation. “We expect to meet the requirements so as to obtain the Seal and thus encourage other pension entities to do the same. This will

make the system stronger”, observes Marcelo Coelho, Chief of Staff of the Presidency of Previ, adding that the self-regulation initiative came at a very opportune moment.

Verification steps

When signing up to obtain the Self-Regulation Seal, pension entities must submit all supporting documents through the electronic platform. The documents will be analyzed by a group of professional examiners in three stages. The first stage consists of a preliminary assessment of document conformity and validity.

In the following stage, the documents will have their consistency and adequacy verified in relation to the Self-Regulation Code. This work will be carried out by a board of three professionals qualified for this purpose, who will then issue a technical opinion recommending (or not) that the Seal be awarded to the pension fund.

In the third and last stage, the Self-Regulation Board will deliberate with basis on the opinion of the examining board and process documentation.

The Seal and the Code

Launched in 2016, the first Self-Regulation Code of the Brazilian occupational pension system focuses on Investment Governance with the purpose to improve ongoing investment practices and processes. Until the closing of this edition, in the end of July, nearly 50 pension entities had adhered to the Code.

If the pension fund intends to advance further, it may apply for the Self-Regulation Seal, which confirms that the

Examining board members
have been trained to operate
the platform that started
running the first assessment
processes as of May 2018

provisions of the Code are being strictly followed. Obtaining the Seal is a moment of high visibility before the entire market, helping strengthen the relationship with all stakeholders, notably plan members.

One of the central elements of the Seal is the reputation behind awarding organizations, in this case ABRAPP, SINDAPP and ICSS. The financial proceedings of the process will be used to operate the technological platform and compensate the professionals in charge of document evaluation.

Document sets

In order to obtain the Self-Regulation Seal, the entity must prove that it is adherent to the principles and requirements set forth in the Self-Regulation Code. To this end, three sets of documents - grouped in Institutional, Informational and Complementary categories - are required.

The Institutional category encompasses the most important governance documents of the pension entity: board by-laws, investment policy, organizational structure chart, among others. The set of Informational Documents is also made up of questionnaires to collect information on procedural and behavioral practices related to corporate governance, in general, and investments, in particular.

Informational documents include statements issued by the pension fund's investment committee, Supervisory Board and external audit. Such statements focus on ethics, conducts, decision-making processes, segregation of duties, competencies and procedural norms. In addition, they shall include investments, risk management, staff

Obtaining the Seal is a moment of high visibility before the entire market, notably plan members

training and accreditation policies. This set of documents must also comprise members and third-party service providers statements pertaining to ethics, conducts, institutional relationship, contract execution and communication.

At last, the Complementary set is formed by documents which do not necessarily need to be sent to the certifying entity during the submission process unless they are required at a later stage. Examples include the pension entity's Code of Ethics or Conduct, activities reports, governance or routine manuals, etc.

Representative from Previc

Supervisory agency Previc nominated two representatives to participate in the Abrapp, Sindapp and ICSS Self-Regulation Joint Commission. "Self-regulation is a project built by civil society that aims to complement the work of State regulators. This is why it is paramount to keep an ongoing dialogue with Previc representatives", says Rauen.

Petros

Petros pension fund, the second largest Brazilian pension entity, believes that adhering to ABRAPP's Self-Regulation Code on Investment Governance raises the bar on governance, making investment processes more secure.

Previ, Petros and Funcef, the three largest Brazilian pension funds, have already adhered to the self-regulation process

“The Self-Regulation on Investment Governance shows how committed the system is to strengthening its governance in order to preserve members’ assets, thus boosting industry confidence. All initiatives that disseminate best practices are important to avoid some of the problems that occurred in the past, which may harm the segment’s image and credibility”, argues Walter Mendes, Petros’ President.

The entity has also implemented a comprehensive Integrity Program, which brings together a set of policies and measures to prevent illicit practices and irregularities that could jeopardize benefit security.

Funcef

Another Systemically Important Entity (ESI) that has adhered to the Self-Regulation Code on Investment Governance is Funcef, the third largest Brazilian pension fund. “The adherence to the Code reaffirms our commitment to seeking best governance practices and greater transparency”, says Carlos Antônio Vieira, Funcef’s Chief Executive Officer.

In the process of improving investment governance, Vieira emphasizes the importance of risk control and monitoring. “In a more challenging environment as of today, we are striving to strengthen the risk-based management of our investments.”

Outsourcing and risk

Besides adhering to the Code, Prece, the pension fund sponsored by Rio de Janeiro state water and sewage company Cedae, has been taking a series of measures to improve investment governance.

“The macroeconomic scenario has changed drastically, leading us to riskier assets and greater outsourcing of investment management. For these reasons, we have resorted to more robust risk control tools”, says Clidenor Lima Júnior, Investment Manager at Fachesf pension fund.

“The adherence to the Code in 2017 coincided with the process of reviewing our criteria for external managers selection and monitoring” he adds. Fachesf is also working in the elaboration of a consolidated document of investment rules and practices. “Although many rules had already been mapped, we decided to gather them in a single document. We also have every intention to apply for the Self-Regulation Seal”, highlights the Manager.

Copel pension fund also adhered to the Self-Regulation Code at the end of last year. “We have already met most of the requirements of Code, but we felt our risk policy could be improved. Therefore, we are implementing a new, more specific risk control system”, says CFO José Carlos Lakoski.

One of the upsides of self-regulation, according to Lakoski, is the ability to improve management practices without the need for rules that would limit decision-making. “Self-regulation stimulates the refinement and implementation of more robust systems without resorting to rigid rules that can often impose limitations on the asset management side.” ■

Good practices that lead to innovation

*Entities rely on
innovation, creativity
and technology
to improve
management, educate
and interact with
plan members*

There has never been so much discussion about the importance of innovation for different sectors and industries. It is no different with the Brazilian occupational private pension system, which is increasingly resorting to unconventional initiatives to increase coverage and promote financial education. To put some of the ideas into practice, big investments

are not always necessary, as many are characterized by creativity and interaction with the user. The results, however, bring returns that go way beyond the financial sphere.

Good practices have the additional advantage of being potentially replicated by other pension entities regardless of size. One example is the webinar, an increasingly popular tool in the virtual universe that has been successfully used by Funpresp-Jud, the pension fund for civil servants of the Federal Judiciary Branch.

In 2016, the entity's webinars attracted 260 people. In the first semester of 2017, as a result of social media campaigns, the figure grew to more than 1,000. In 2018, the first webinar had more than 900 viewers distributed among 72 plan sponsors in 21 states of the federation and five agencies of the Federal Government.

Most presentation topics are financial education related. One of the most successful webinars so far was dedicated to the pension reform proposed by the government. The contents are available on the entity's Youtube channel and can be viewed by anyone.

Paolla Dantas, Communication and Marketing Advisor of the pension fund, says that Funpresp-Jud also wants

to allocate more resources to online courses. Presently, the fund offers a web-based course on the fundamentals of the complementary pension regime for Federal civil servants, in which more than 3,200 people participated in two editions. In the second half of 2018, another course, this time on basic investment concepts, will be made available.

Hearts and minds

Financial education is also the focus of the game "Amar & Poupar" (Love & Save), launched by OABPrev-GO/TO - pension fund for Bar Association affiliates of Tocantins and Goiás states - to mark last year's Valentine's Day. The initiative is based on the fact that financial issues are amongst the most important aspects of long-term relationships, demanding close attention from both partners.

The objective of the game is to capture as many coins and gold bars as possible and escape the obstacles that can break a virtual piggy bank and do away with all the couple's savings. In the end, simulations show what could be purchased with the accumulated sum.

The game's popularity could be confirmed by an ad posted on the pension entity's Facebook wall, which

Forluz designed a financial education program for children and their parents that even has its own currency “Tintin”

got 3,300 likes. Developed by Virtual Gear Company, the game is available at www.futuroemdia.com.br/amar-e-poupar.

“The game is a success. It is interesting how the more you play, the better your performance becomes, as everything else in life. It is no different with money management. The more attention it receives, the better the results”, says Enil Henrique de Souza Neto, CEO of OABPrev-GO/TO.

Forluz Children’s Bank

It was with interpersonal relationships in mind - but this time between parents and children - that Forluz pension fund staff decided to innovate in terms of financial education. Designed for children, the program has its own currency “Tintin”, from Forluz Children’s Bank. The project is part of the entity’s financial education program called “Para Viver Melhor” (“For a Better Life”), created in 2008.

The first stage of the project took place in 2014, when more than 100 children attended an interactive and informational event. In a creative way, they learned how to manage a sum of the fictitious money that had been handed to them. All activities, workshops and snacks available had a price tag. Since the parents had not

received any “money”, the children had to pay for them as well. As expected, there was plenty of discussion about the money being spent, but the children were the ones complaining about their parents, not the other way around.

In 2015, many children already felt comfortable in dealing with the fictitious currency. Some of them even took leftover money that had been saved from the previous year. In 2016, the event brought financial education and sustainability together, leaving technological resources aside so that each child could build his/her own toys out of recycled material.

Last year, the event had to be redesigned so as to accommodate the growing number of participating children, says Cinara Rabello Burchardt, Communications and Customer Service Manager at Forluz. “As the event was held in a party house, the use of the fictitious money was unfeasible, so we opted to focus on the parents while the children played safely.”

No distractions

Whereas new practices aim to evoke old customs such as children games and activities, they also make room for new technologies. This is the case of chatbot, a tool that has been used for member communication and

engagement in various digital channels (websites, applications and social media) by GEBSA PREV, pension fund sponsored by the GE Group, with 7,000 members.

The virtual assistant can answer questions from pension plan members with Facebook Messenger. Officially launched in March, the tool has been able to reduce the abandonment rates of the entity's website and application, and new features are on the way. Previs (name chosen by members for the virtual assistant) will have a transactional module where one may check benefit status, investment returns and other information.

The platform used is People, developed by Cedro Technologies. The company develops other types of chatbots, such as data base, which searches information in databases to calculate premiums, insurance policies' expiration dates and other information; and machine learning, which allows for scenario analysis and other related matters.

Funesp pension fund, in turn, has recently presented its virtual assistant "Ana" to its 107,000 members. The new tool enables the entity to have a digital channel available 24/7. The goal is streamlining the services provided

to members. Released in early March, the platform is now available through a chat box on the entity's webpage.

"We have been working to improve our portal by offering simpler and more detailed information. Ana is another step towards this goal. It serves as a guide for accessing all the data available on the website", explains Marcia Locachevic, Marketing and Relationship Manager of Funesp.

Full-time customer service is an additional advantage pointed out by Locachevic. "In April, when many members come to us with questions about how to file Income Tax, Ana handled about 7,000 consultations. We were able to reduce our telephone service to clear Income Tax related doubts by 70% compared to 2017, making room for users to use this communication channel for other purposes."

Developed by Plusoft to meet the specific needs of the pension fund, the tool results from the mapping of all matters handled by customer services. The virtual assistant is able to answer questions about pensions, healthcare plans and other services through a PC or smartphone.

In 2017, the entity recorded a 50% increase in the number of webpage accesses in comparison to 2015. Only

Funesp has recently introduced the virtual assistant "Ana" to its 107,000 members. The new tool enables the entity to have a digital channel available 24/7

“Since (automatic enrollment) was something new, our challenge was to effectively communicate with plan members so as to reduce and keep opt-out rates low”

the healthcare plan app had 19,000 users since its implementation in December 2016. Throughout 2017, the pension fund also answered more than 400,000 consultations, of which 203,985 were by telephone, 48,247 by e-mail, 46,302 by chat and 37,861 in person.

Smart businesses

Smart information management is one of the greatest challenges of modern times. Therefore, the interest in the so-called Business Intelligence will likely grow. The tool allows collected data to be transformed into strategic information.

“The key gain relates to the agility and precision in processing risk management reports. Previously, the timeframe for elaborating reports was days; currently, it is hours. Less human intervention has also generated greater confidence in the data”, argues Antônio Carlos Bastos d’Almeida, Risk Manager at Forluz pension fund.

Automatic enrollment

In the list of good practices, “old” concepts such as automatic enrollment are used to address new challenges, a reality that has been handled well by Funpresp-Exe pension fund. Unlike other funds, enrollment in the entity’s

benefit plans is automatic for new Federal civil servants. Since 2015, employees have been enrolled in the plan upon joining the public service although it is possible to opt out within 90 days.

“Since it was something new in the occupational pension system, our challenge was to effectively communicate with plan members so as to reduce and keep opt-out rates low”, observes Fátima Gomes de Lima, Communication and Relationship Manager of the pension entity.

The Manager adds that Funpresp’s Board of Directors has studied international experiences, notably the UK’s, as well as Behavioral Economics in order to deal with the new dynamics. “So much so that we renamed the Cancellation Form, used to opt-out of the plan, to Withdrawal Form.”

Despite the new name for the form, the argument for trying to convince the member to stay in the plan is an old one. “We show the employee that, by opting out of the pension scheme, he/she is forgoing additional retirement income in the future.” ■

In line with capital markets

Audit committees within Systemically Important Pension Entities will function as an additional monitoring layer and shall not interfere with the work of supervisory boards

The establishment of audit committees within Systemically Important Pension Entities (*Entidades Sistemicamente Importantes* - ESIs), proposed by supervisory agency Previc (National Superintendence of Complementary Pensions) and approved by the regulator (National Board of Complementary Pensions - CNPC), is intended to modernize the governance structure of Brazilian pension funds. The

objective is to align audit practices of ESIs - now a group composed of 17 EFPCs¹ - to those of Brazilian and international capital markets.

Although it has been conceived as a mandatory measure only for major pension funds, internal audit committees may be adopted by any pension entity that so desires as long as it fits regulatory criteria. Pension funds that fall outside the scope

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" or individual pension plans) in Brazil.

of ESIs may also stick to the practice of hiring independent auditors. “In the case of ESIs, for which the committees are mandatory, we sought to adapt their design to the reality of pension entities so as not to burden them unnecessarily”, explains Previc’s Superintendent, Fábio Coelho.

Led by ABRAPP, the debate that preceded the issuing of the norm allowed for more flexibility of choice between internal and external expertise, thus lowering costs. In any case, Coelho points out that the measure aims to enhance the governance of the Brazilian private pension system, increasing transparency in audit practices.

The new regulation establishes that internal audit committees shall function as auxiliary governance structures to pension funds’ governing boards. “Previc’s has submitted a report with several suggestions for improving auditing processes within pension entities. The committees will be an important additional control mechanism. They will not interfere in the independence of supervisory boards”, adds Coelho.

Peculiarities and overlapping

The question that pension managers have been asking themselves relates precisely to the risk of competence overlap between the new audit committees and supervisory boards. There is broad consensus that enhancing pension entities’ governance and controls is always welcome; however, one must bear in mind that Brazilian pension funds are already subject to an extensive set of laws and regulations.

Also, EFPCs have peculiarities and governance characteristics that need to be preserved. For this reason, it is paramount that the audit committees be composed of internal and/or external advisers and specialists, at the discretion of pension funds, depending on individual needs and characteristics.

The objective of the supervisory body was to shield pension funds’ auditing practices as it is the case with listed companies, emphasizes Luís Ricardo Marcondes Martins, President of ABRAPP. “We gathered ESIs and PREVIC representatives to discuss practical and operational aspects of the norm so that system’s heterogeneity would be properly considered”, highlights Martins.

In the occasion, ABRAPP affiliated members were able to discuss alternatives and put forward proposals. “Competence overlap concerns between audit committees and supervisory boards were also discussed. In fact, most of our suggestions were accepted. The discussion leading to the draft Resolution was very transparent”, argues Abrapp’s President.

Another key issue was to allow sufficient time for EFPCs that are not yet mature to be inserted in the ESI category. As a result of greater flexibility in committees’ composition, costs will likely be mitigated. “Additional costs will be somewhat unavoidable, but the establishment of audit committees will certainly contribute to improved governance structures”, adds Martins.

Trust and skills

Overall, occupational pension system stakeholders are in favor of

By the year-end, all Systemically Important Entities will need to adapt so as to meet the new regulatory requirement

the new rule, agrees Jarbas de Biagi President of Sindapp (National Union of Occupational Pension Funds). "Pension contracts are of very long-term nature, so the more society trusts us, the better." In the regulator's opinion, the new audit committees will also broaden the government's view of Systemically Important Entities. As a result, some risks will be more easily identifiable, averting potential losses to plan members.

"This shows that the rule is justified, but it is necessary to discuss the competencies and scope of supervisory boards further given that Resolution CGPC n.13 already requires quarterly actuarial and risk reports from the collegiates", claims Biagi.

Minimum standards

In the group of 17 ESIs, Previ was the first to formally establish an audit committee in December 2017. By the end of 2018, all pension funds that fall into the category will need to adapt their structures so as to meet the new regulatory requirement, regardless if they have similar governance mechanisms in place.

"The committee will help EFPCs deliberate on certain technical issues.

There will be no overlap of activities or less autonomy on the part of supervisory boards", assures Fábio Coelho. He emphasizes that the rule will have a similar effect on pension funds with public and private sponsorship.

Inducer of change

At Previ pension fund, where the governing board relies on advisory committees and there is a robust investment governance structure, the audit committee was actually established ahead of the regulation. Having met for the first time in January, the collegiate had its members appointed by the governing board. According to former President of the fund, Gueitiro Genso, this is a good governance practice in public companies globally. "In Brazil, for instance, the companies listed in the stock exchange's New Market segment (*Novo Mercado*) must comply with similar requirements."

The largest Brazilian occupational pension fund sees the new committee as an inducer of good governance and advisory practices, having, among its functions, the duty to assess internal and independent audit reports and review financial statements.

In 2017, Previ incorporated its investment policies into its Integrity Program with the intention to have stricter ethics, integrity and compliance standards, as well as reinforce ESG (Environmental, Social, Governance) principles. Besides mitigating investment risk, the pension fund intends to help raise the bar for the entire industry given its size and relevance to the Brazilian market. ■

HIGHLIGHTS - APRIL/2018

Year to date, aggregate pension fund portfolios have accumulated 4.22% in returns, surpassing the 2.88% Parameter Actuarial Interest Rate (TJP). In April, the fixed income segment - 73.2% of total assets - yielded 0.52% and variable income allocations, which correspond to 18.3% of total assets, returned 0.08%. In the same period, average returns on structured investments reached 1.73%, making it the best performing asset class.

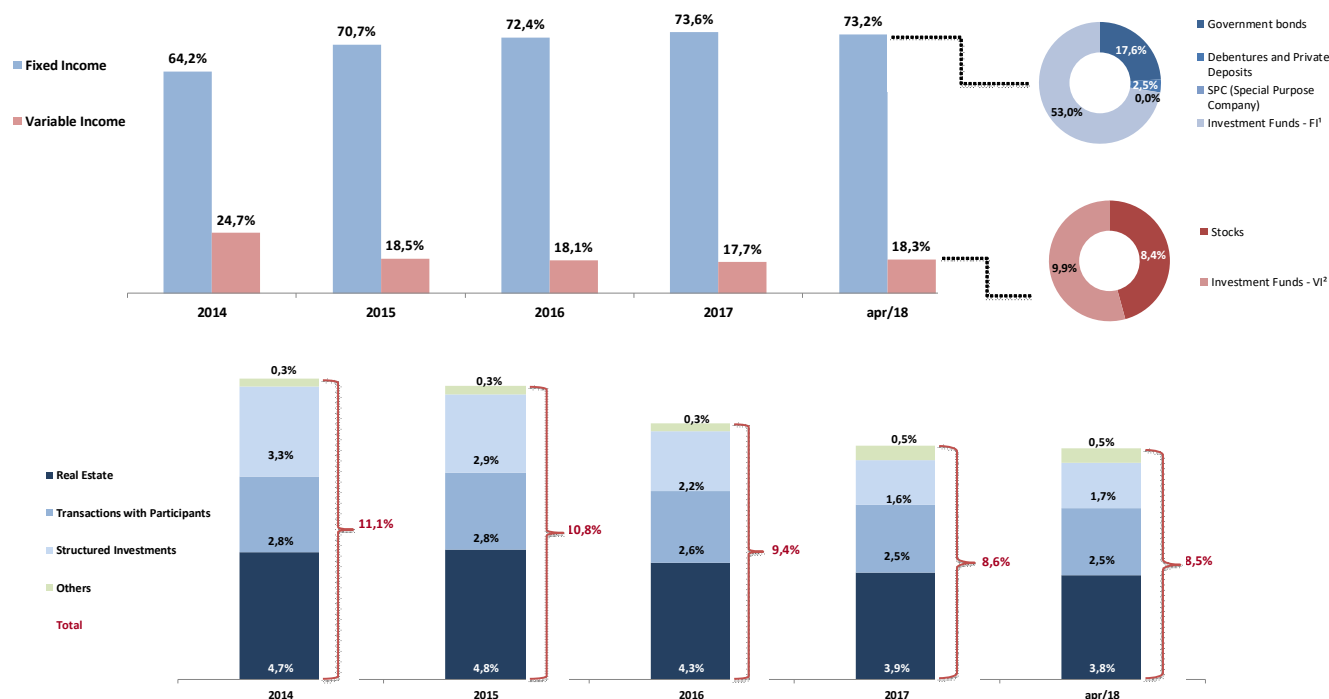
I. AGGREGATED PORTFOLIO BY TYPE OF INVESTMENT

(in BRL million)

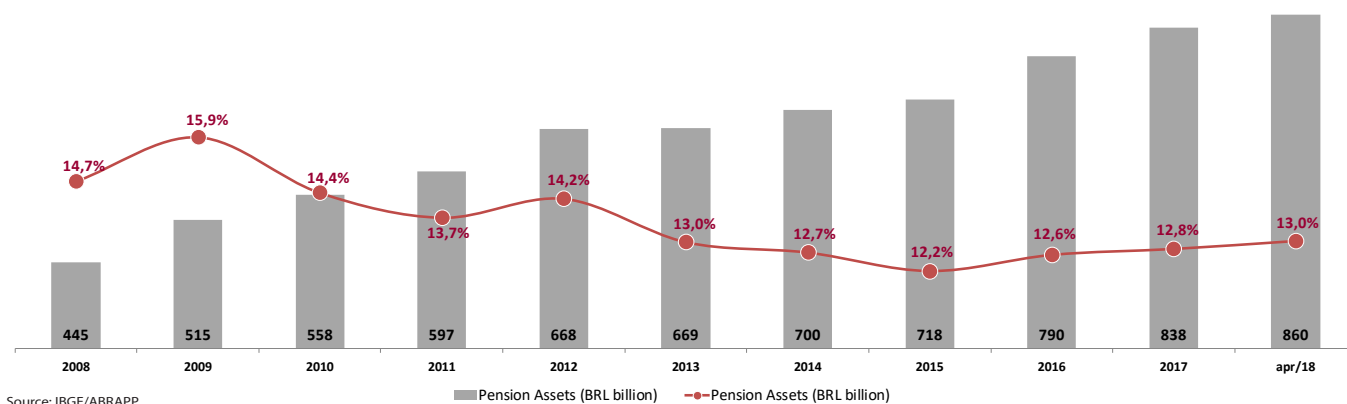
Asset classes	2011	%	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%	apr/18	%
Fixed Income	349.957	61,0%	396.046	61,7%	386.773	60,4%	431.140	64,2%	483.907	70,7%	546.764	72,4%	592.735	73,6%	603.813	73,2%
Government bonds	90.442	15,8%	98.639	15,4%	67.446	10,5%	83.351	12,4%	105.949	15,5%	131.273	17,4%	142.564	17,7%	145.394	17,6%
Debentures and Private Deposits	27.508	4,8%	32.619	5,1%	26.672	4,2%	27.099	4,0%	24.473	3,6%	23.843	3,2%	21.341	2,7%	20.807	2,5%
SPC (Special Purpose Company)	193	0,0%	213	0,0%	186	0,0%	160	0,0%	142	0,0%	139	0,0%	130	0,0%	88	0,0%
Investments Funds - FI ¹	231.814	40,4%	264.575	41,2%	292.469	45,7%	320.530	47,7%	353.344	51,6%	391.508	51,8%	428.700	53,3%	437.525	53,0%
Variable Income	172.420	30,1%	183.621	28,6%	185.755	29,0%	166.267	24,7%	126.869	18,5%	137.014	18,1%	142.703	17,7%	151.272	18,3%
Stocks	80.407	14,0%	89.404	13,9%	84.213	13,2%	77.026	11,5%	58.445	8,5%	71.536	9,5%	66.706	8,3%	69.210	8,4%
Investments Funds - VI ²	92.013	16,0%	94.217	14,7%	101.542	15,9%	89.241	13,3%	68.425	10,0%	65.478	8,7%	75.997	9,4%	82.062	9,9%
Structured Investments	13.347	2,3%	17.282	2,7%	19.355	3,0%	22.467	3,3%	19.706	2,9%	16.574	2,2%	13.116	1,6%	13.777	1,7%
Emerging Companies	360	0,1%	359	0,1%	346	0,1%	304	0,0%	258	0,0%	326	0,0%	340	0,0%	293	0,0%
Private Equity	11.875	2,1%	15.016	2,3%	16.819	2,6%	19.546	2,9%	17.422	2,5%	14.342	1,9%	10.963	1,4%	11.663	1,4%
Real State Fund	1.112	0,2%	1.908	0,3%	2.191	0,3%	2.617	0,4%	2.026	0,3%	1.906	0,3%	1.813	0,2%	1.821	0,2%
Real Estate	20.685	3,6%	25.811	4,0%	28.988	4,5%	31.450	4,7%	32.798	4,8%	32.485	4,3%	31.740	3,9%	31.747	3,8%
Transactions with Participants	14.909	2,6%	16.352	2,5%	17.291	2,7%	18.705	2,8%	19.423	2,8%	19.969	2,6%	20.105	2,5%	20.299	2,5%
Loans to Participants	12.995	2,3%	14.593	2,3%	15.685	2,4%	17.217	2,6%	17.950	2,6%	18.546	2,5%	18.746	2,3%	18.932	2,3%
Mortgage Loans	1.914	0,3%	1.760	0,3%	1.606	0,3%	1.488	0,2%	1.473	0,2%	1.424	0,2%	1.360	0,2%	1.366	0,2%
Others ³	2.411	0,4%	2.613	0,4%	2.165	0,3%	1.901	0,3%	2.213	0,3%	2.289	0,3%	4.405	0,5%	4.533	0,5%
Total	573.729	100,0%	641.725	100,0%	640.328	100,0%	672.054	100,0%	684.916	100,0%	755.096	100,0%	804.803	100,0%	825.440	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

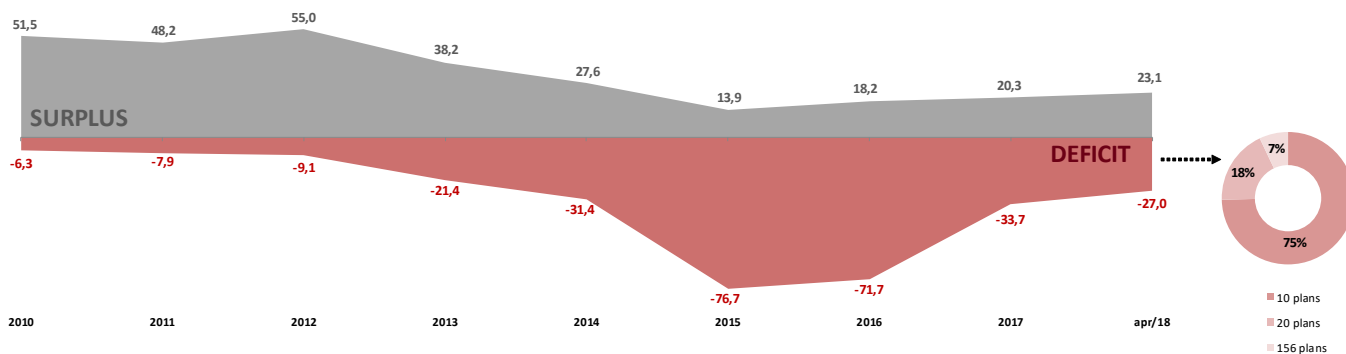
GDP refers to the second, third and fourth quarters of 2017 and first quarter of 2018

* Estimated value

IV. EVOLUTION OF PRIVATE PENSION DEFICITS AND SURPLUSES

(in BRL billion)

Surplus										Deficit									
	2010	2011	2012	2013	2014	2015	2016	2017	apr/18		2010	2011	2012	2013	2014	2015	2016	2017	apr/18
Pension Funds	196	187	186	136	138	127	138	141	148	Pension Funds	43	48	33	92	95	92	80	77	75
Pension Plans	580	550	516	402	417	398	438	437	474	Pension Plans	121	153	111	257	237	239	205	193	186



V. REGIONAL COMPARATIVE DATA

Regional*	Number of Pension Funds**	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Center-North	34	12,8%	133.023	16,1%	505.391	20,1%	691.225	18,6%	145.751	17,6%
East	16	6,0%	33.596	4,1%	88.056	3,5%	134.096	3,6%	53.476	6,5%
Northeast	23	8,6%	23.010	2,8%	32.479	1,3%	90.432	2,4%	35.530	4,3%
Southeast	44	16,5%	378.954	45,9%	448.118	17,8%	1.255.096	33,7%	333.195	40,3%
Southwest	105	39,5%	200.057	24,2%	1.166.413	46,5%	1.147.210	30,8%	196.453	23,7%
South	44	16,5%	56.800	6,9%	270.523	10,8%	401.874	10,8%	63.277	7,6%
Total	266	100,0%	825.440	100,0%	2.510.980	100,0%	3.719.933	100,0%	827.682	100,0%

* Regional Composition: Center-North - RO, AM, RR, AP, GO, DF, AC, MA, MT, MS, PA, PI and TO. East - 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/18) - PREVIC: Center-North = 38, East = 17, Northeast = 26, Southeast = 55, Southwest = 117, South = 52 -> (Total = 305)

VI. COMPARATIVE DATA BY TYPE OF SPONSOR

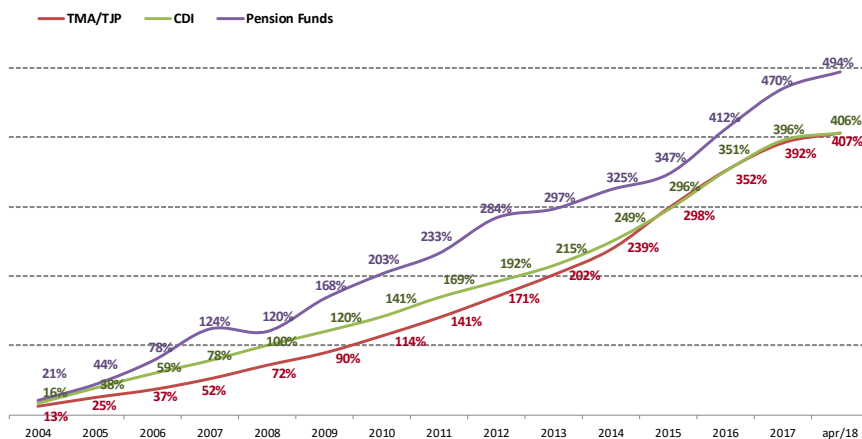
Sponsorship	Number of Pension Funds*	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Industry/Professional Funds**	18	6,8%	8.203	1,0%	210.817	8,4%	390.268	10,5%	1.182	0,1%
Private	165	62,0%	319.513	38,7%	1.613.868	64,3%	1.901.004	51,1%	349.020	42,2%
Public	83	31,2%	497.724	60,3%	686.295	27,3%	1.428.661	38,4%	477.480	57,7%
Total	266	100,0%	825.440	100,0%	2.510.980	100,0%	3.719.933	100,0%	827.682	100,0%

* Pension Funds of the sample / Obs.: Number of active Pension Funds by type of Sponsorship according to Quarterly Statistics (March/18) - PREVIC: Institution = 21, Private = 195 and Public = 89 -> (Total = 305)

** Investment and population data also refer to other industry/professional pension plans managed by multi-sponsored funds

VII. RETURNS

Period	CDI ⁽²⁾	IMA General ⁽⁴⁾	Ibovespa ⁽³⁾	TMA/TJP ⁽¹⁾	Pension Funds*
2004	16,16%	10,89%	17,82%	12,50%	21,07%
2005	19,00%	18,19%	27,73%	11,35%	19,05%
2006	15,03%	17,53%	32,93%	8,98%	23,45%
2007	11,87%	12,63%	43,65%	11,47%	25,88%
2008	12,38%	12,69%	-41,22%	12,87%	-1,62%
2009	9,88%	12,90%	82,66%	10,36%	21,50%
2010	9,77%	12,98%	1,04%	12,85%	13,26%
2011	11,58%	13,65%	-18,11%	12,44%	9,80%
2012	8,40%	17,72%	7,40%	12,57%	15,37%
2013	8,06%	-1,42%	-15,50%	11,63%	3,28%
2014	10,82%	12,36%	-2,91%	12,07%	7,07%
2015	13,26%	9,32%	-13,31%	17,55%	5,22%
2016	14,01%	20,99%	38,94%	13,60%	14,56%
2017	9,93%	12,82%	26,86%	8,86%	11,36%
apr/2018	0,52%	0,32%	0,88%	0,75%	0,48%
2018	2,11%	3,81%	12,71%	2,88%	4,22%
12 months	8,10%	10,82%	31,67%	8,46%	11,62%
Accumulated	406,16%	472,42%	287,39%	406,67%	494,35%
Accumulated per year	11,98%	12,94%	9,91%	11,99%	13,24%



(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. 19/2014 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

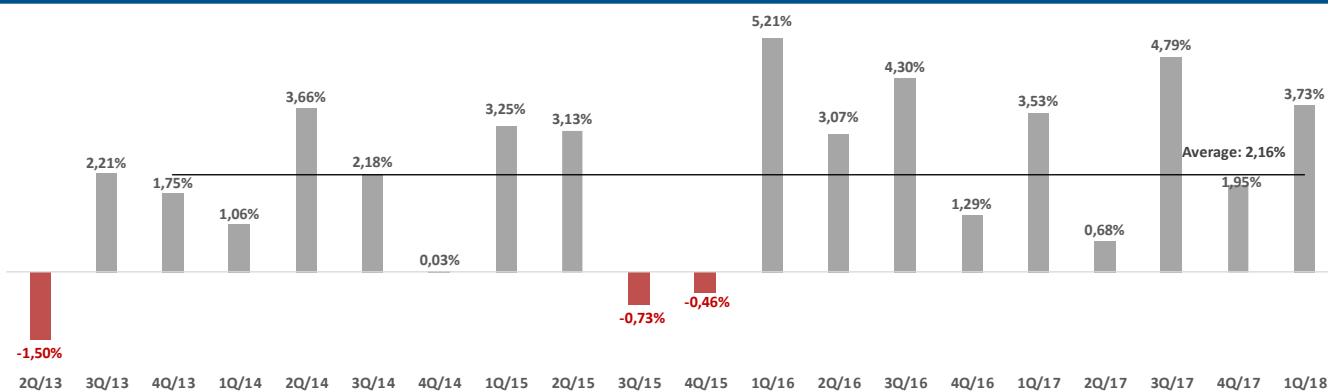
(3) Ibovespa -> Stock Index

(4) IMA General -> ANBIMA Market Index

*Estimated

Source: ABRAPP / BACEN / IPEADATA

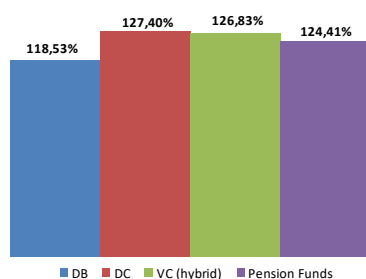
VIII. PENSION FUND QUARTERLY RESULTS - AGGREGATE



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	310.742	65,8%	54,8%	95.655	90,7%	16,9%	160.477	82,3%	28,3%
Variable Income	113.556	24,0%	79,9%	7.392	7,0%	5,2%	21.130	10,8%	14,9%
Structured Investments	8.964	1,9%	70,5%	588	0,6%	4,6%	3.162	1,6%	24,9%
Real Estate	25.113	5,3%	87,4%	434	0,4%	1,5%	3.197	1,6%	11,1%
Transactions with Participants	11.153	2,4%	60,5%	1.030	1,0%	5,6%	6.246	3,2%	33,9%
Others	2.741	0,6%	70,7%	333	0,3%	8,6%	801	0,4%	20,7%
Total	472.269	100,0%	61,1%	105.431	100,0%	13,6%	195.013	100,0%	25,2%

X. ESTIMATED RETURN BY PLAN TYPE

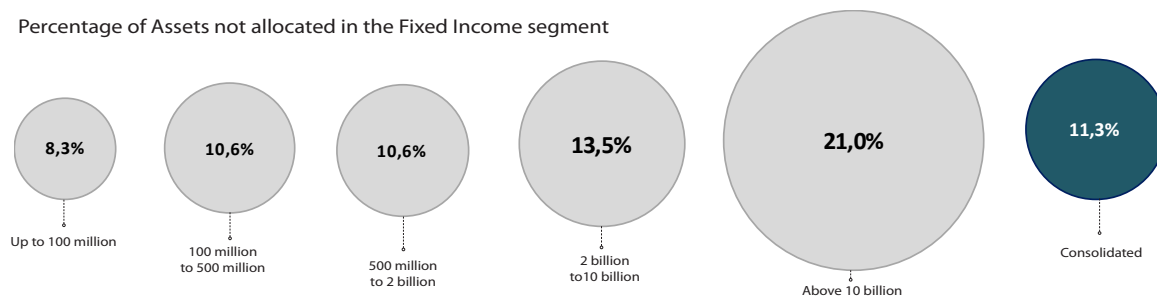


Period	Defined Benefit	Defined Contribution	Variable Contribution	Pension Funds
2010	13,79%	9,76%	11,67%	13,26%
2011	10,04%	8,62%	9,96%	9,80%
2012	15,38%	14,90%	15,56%	15,37%
2013	3,96%	0,66%	1,52%	3,28%
2014	6,15%	10,22%	8,78%	7,07%
2015	3,15%	10,69%	9,32%	17,55%
2016	14,10%	16,40%	15,23%	14,56%
2017	11,68%	11,95%	10,36%	0,77%
apr/18	0,35%	0,46%	0,57%	0,48%
2018	4,29%	3,72%	4,12%	4,22%
Accumulated	118,53%	127,40%	126,83%	124,41%

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	34	91,7%	2,6%	0,2%	1,6%	0,3%	3,5%
100 million to 500 million	84	89,4%	6,3%	0,5%	1,5%	0,9%	1,4%
500 million to 2 billion	84	89,4%	6,0%	1,0%	1,8%	1,3%	0,6%
2 billion to 10 billion	52	86,5%	7,6%	1,8%	2,1%	1,5%	0,5%
Above 10 billion	12	79,0%	12,1%	2,0%	4,2%	2,5%	0,4%
Consolidated	266	88,7%	6,2%	0,9%	1,8%	1,1%	1,2%

Percentage of Assets not allocated in the Fixed Income segment

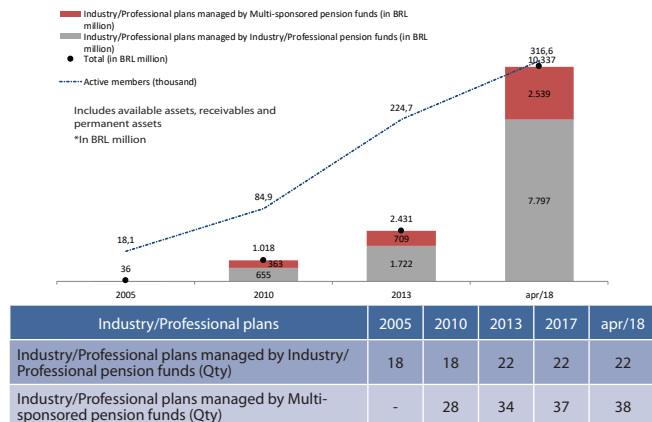


XII. TOP 15 LARGEST PENSION PLANS

DEFINED BENEFIT				DEFINED CONTRIBUTION			
	Plan	Pension Fund	Investments (BRL thousand)		Plan	Pension Fund	Investments (BRL thousand)
1	PB1	PREVI	172.271.500	1	PLANO ITAUBANCO CD	FUNDAÇÃO ITAÚ UNIBANCO	10.179.261
2	REG/REPLAN	FUNCEF	47.369.740	2	VISÃO TELEFÔNICA	VISÃO PREV	5.068.379
3	PPSP	PETROS	37.891.017	3	IBM - CD	FUNDAÇÃO IBM	4.199.379
4	PLANO BD	REAL GRANDEZA	14.155.962	4	PLANO DE APOS.SANTANDERPREVI	SANTANDERPREVI	3.616.604
5	PBS-A	SISTEL	11.251.852	5	PLANO CD GERDAU	GERDAU PREVIDÊNCIA	3.106.749
6	PBB	FAPEF	11.067.626	6	PLANO	ODEBRECHT PREVIDÊNCIA	3.090.753
7	PLANO BD	VALIA	10.941.517	7	VIVAPREV	FUNDAÇÃO VIVA DE PREVIDÊNCIA	2.889.450
8	PLANO PETROS DO SISTEMA	PETROS	10.665.904	8	CEEEPREV	ELETROCEEE	2.843.282
9	PSAP/ELETROPAULO	FUNCESP	8.999.121	9	EMBRAER PREV	EMBRAER PREV	2.678.871
10	PAC	FUNDAÇÃO ITAÚ UNIBANCO	7.757.027	10	01-B	PREVINORTE	2.661.991
11	PLANO V	BANESPREV	6.471.609	11	PAI-CD	FUNDAÇÃO ITAÚSA	2.535.400
12	A	FORLUZ	5.974.644	12	PLANO PRECAVER	QUANTA - PREVIDÊNCIA	2.403.679
13	PBB	CENTRUS	5.972.191	13	PLANO DE APOSENTADORIA	UNILEVERPREV	2.365.053
14	PLANO BANESPREV II	BANESPREV	5.756.374	14	PREVDOW	PREVDOW	1.976.850
15	PLANO UNIFICADO BD	FUNDAÇÃO COPEL	5.616.229	15	CD ELETROBRÁS	ELETROS	1.856.448

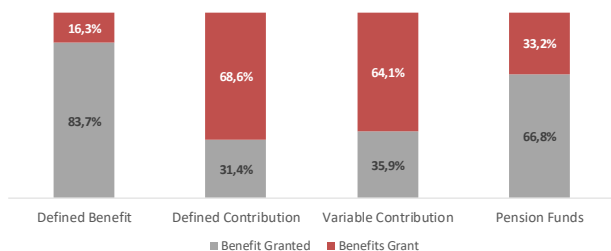
VARIABLE CONTRIBUTION				INDUSTRY/PROFESSIONAL FUNDS			
	Plan	Pension Fund	Investments (BRL thousand)		Plan	Pension Fund	Investments (BRL thousand)
1	PLANO PETROS-2	PETROS	19.167.976	1	VIVAPREV	FUNDAÇÃO VIVA DE PREVIDÊNCIA	2.889.450
2	NOVO PLANO	FUNCEF	13.772.934	2	PLANO PRECAVER	QUANTA - PREVIDÊNCIA	2.403.679
3	PREVI FUTURO	PREVI	12.910.499	3	UNIMED-BH	MULTICOOP	788.161
4	B	FORLUZ	9.377.966	4	OABPREV-SP	OABPREV-SP	663.467
5	PLANO VALE MAIS	VALIA	8.304.317	5	SICOOB MULTI INSTITUÍDO	SICOOB PREVI	647.742
6	PPCPFL	FUNCESP	4.919.163	6	ANAPARPREV	PETROS	550.896
7	TELEMARPREV	FUNDAÇÃO ATLÂNTICO	4.896.427	7	PBPA	OABPREV-PR	318.796
8	PCV I	TELOS	4.518.275	8	PLANJUS	JUSPREV	196.372
9	PLANO	PREVI-GM	4.290.879	9	PBPA	OABPREV-MG	164.355
10	PLANO III	FUNDAÇÃO COPEL	4.205.049	10	RJPREV	OABPREV-RJ	157.626
11	PLANO RFFSA	FUNDAÇÃO REFER	3.759.785	11	PBPA	OABPREV-SC	156.774
12	PS-II	SERPROS	3.435.650	12	ACRICELPREV	MULTIBRA INSTITUIDOR	140.354
13	PACV	INFRAPREV	3.185.428	13	PREVCOOP	QUANTA - PREVIDÊNCIA	125.480
14	CD	FACHESF	2.929.309	14	COOPERADO	MULTICOOP	105.664
15	TCSPREV	FUNDAÇÃO ATLÂNTICO	2.707.397	15	TECNOPREV	BB PREVIDÊNCIA	98.286

XIII. INDUSTRY/PROFESSIONAL PENSION FUNDS ASSET EVOLUTION*



XV. LIABILITIES

Percentage values of Mathematical Reserves

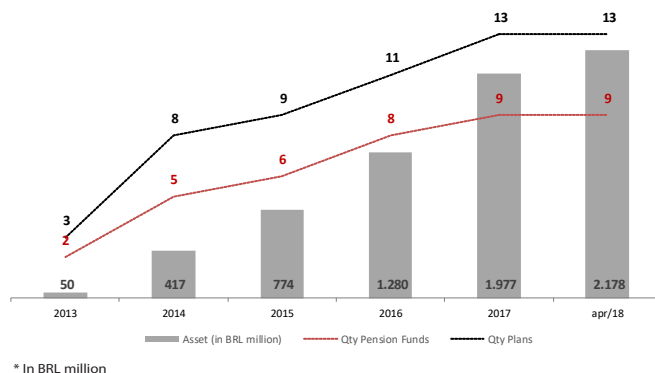


Percentage of Pension Funds and Pension Plans
 % of Mathematical Reserves committed to Present Benefit Obligations

Type	Number of Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
Defined Benefit	268	3,4%	11,2%	22,4%	63,1%
Defined Contribution	375	76,3%	15,5%	5,3%	2,9%
Variable Contribution	301	44,5%	32,2%	16,3%	7,0%
Pension Funds	262	27,9%	27,5%	27,9%	16,8%

* Only Pension Funds with available data were considered

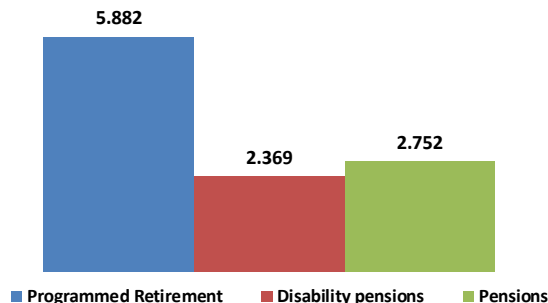
XIV. PUBLIC EMPLOYEES PENSION FUNDS ASSET EVOLUTION*



XVI. BENEFIT STATEMENT

Type of Benefit	Total amount ¹ (in BRL thousand)	Average Monthly Benefit Values ² (in BRL)
Programmed Retirement	31.514.446	5.882
Disability pensions	1.214.321	2.369
Pensions	4.505.815	2.752

Note: The amount of benefits paid, while also considering the Continuous Cash aid, annuities and other benefits of Continuous Cash was in BRL 48.5 billion.



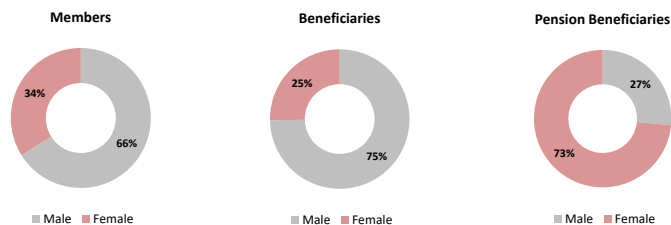
¹ Accumulated as of Dec 2017, considering a sample with 123 Pension Funds

² Accumulated average until Dec 2017 (in BRL).

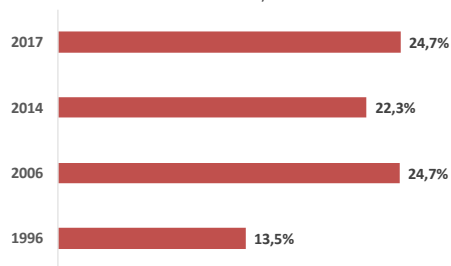
XVII. POPULATION STATISTICS*

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%

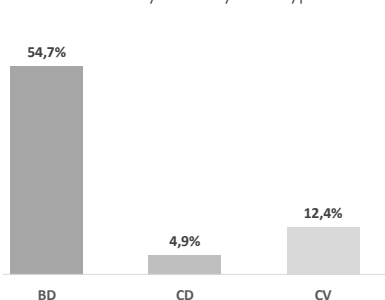
*Data from 2014 / Sample of 246 pension funds and more than 3,2 million people



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%
Defined Benefit	284	20%	11%	19%	50%
Defined Contribution	386	92%	6%	1%	1%
Variable Contribution	336	78%	12%	5%	5%
Pension Funds	306	61%	18%	13%	8%

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

XVIII. PENSION FUND RANKING

PENSION FUNDS							PENSION FUNDS						
		INVESTMENTS (in BRL thousand)	ACTIVE MEMBERS	DEPENDENTS	BENEFICIARIES	Reference Year Population			INVESTMENTS (in BRL thousand)	ACTIVE MEMBERS	DEPENDENTS	BENEFICIARIES	Reference Year Population
1	PREVI	186.565.336	90.803	248.399	104.481	2017	70	JOHNSON & JOHNSON	1.721.775	6.602	6.899	848	2014
2	PETROS	72.501.672	72.026	316.125	74.573	2017	71	ENERPREV	1.720.450	4.498	9.460	1.984	2014
3	FUNCEF	63.367.273	100.653	191.063	53.831	2017	72	BANESAS	1.599.791	1.776	4.988	2.191	2017
4	FUNCESP	28.495.316	16.199	49.601	31.942	2017	73	FASC	1.565.891	7.560	1.090	681	2014
5	FUND. ITAÚ UNIBANCO	26.341.575	36.084	2.302	19.061	2017	74	FUNDAÇÃO PROMON	1.565.270	1.595	4.652	756	2017
6	VALIA	22.050.347	75.267	302.245	22.891	2017	75	FUNDAÇÃO CORSAN	1.543.302	5.388	10.811	3.770	2017
7	SISTEL	17.907.036	1.685	25.066	23.604	2017	76	PREVI-SIEMENS	1.522.910	6.357	9.331	1.412	2017
8	BANESPREV	16.767.879	3.641	23.022	25.657	2017	77	FUSAN	1.462.869	6.794	13.893	2.770	2017
9	REAL GRANDEZA	15.497.800	4.014	18.483	8.701	2017	78	GEBSA-PREV	1.443.325	7.554	11.345	227	2014
10	FORLUZ	15.399.627	6.799	30.701	15.054	2017	79	PRHOSPER	1.426.535	3.244	2.467	1.560	2014
11	FAPES	11.270.054	2.910	7.509	2.156	2017	80	HP PREV	1.372.615	4.737	11.546	240	2014
12	FUNDAÇÃO ATLÂNTICO	10.655.537	13.905	50.757	14.812	2014	81	FIPECQ	1.352.678	1.736	4.295	358	2017
13	FUNDAÇÃO COPEL	9.901.854	9.917	8.160	7.961	2016	82	PREVIG	1.346.330	2.124	2.119	620	2014
14	PREVIDÊNCIA USIMINAS	8.908.136	16.597	51.648	20.654	2017	83	PREVDATA	1.345.183	3.173	7.666	1.679	2017
15	TELOS	7.723.304	6.795	24.802	7.025	2017	84	FORD	1.341.114	12.625	20	698	2014
16	MULTIBRA	7.331.964	70.683	2	7.136	2014	85	FACEB	1.336.276	1.012	1.174	1.431	2016
17	CENTRUS	6.912.474	514	1.604	1.544	2017	86	PREVI-ERICSSON	1.321.006	4.169	4.495	837	2014
18	CERES	6.736.661	14.179	22.854	7.314	2017	87	PRECE	1.271.929	3.223	8.905	4.621	2017
19	FACHESF	6.689.814	5.487	16.461	9.725	2017	88	FAELCE	1.271.431	1.115	3.920	2.359	2017
20	VISÃO PREV	6.285.277	13.160	14.881	5.633	2014	89	BASF	1.256.079	3.491	6.052	552	2017
21	ELETROCEEE	6.226.191	6.510	13.341	9.186	2017	90	SÃO BERNARDO	1.249.171	13.061	8.293	1.430	2014
22	ECONOMUS	5.986.838	10.485	19.394	8.749	2017	91	PREVISC	1.242.890	13.446	21.271	1.343	2017
23	BB PREVIDÊNCIA	5.933.704	70.801	64.631	1.933	2014	92	CIBRIUS	1.209.531	2.996	4.091	2.008	2017
24	SERPROS	5.635.831	9.641	24.664	4.512	2017	93	ACEPREV	1.192.969	4.199	6.981	1.857	2017
25	MULTIPREV	5.522.412	36.255	59.734	1.932	2016	94	SYNGENTA PREVI	1.133.925	2.785	4.767	271	2017
26	FUNDAÇÃO REFER	5.348.216	4.377	38.260	26.699	2017	95	PREVUNIÃO	1.117.469	4.901	8.356	759	2014
27	CBS PREVIDÊNCIA	5.167.418	20.895	31.181	13.709	2017	96	BRASILETROS	1.099.372	1.158	4.942	2.613	2016
28	FUNDAÇÃO IBM	4.928.519	12.509	15.362	974	2014	97	SÃO RAFAEL	1.095.173	1.195	2.466	750	2017
29	FUNDAÇÃO BANRISUL	4.730.369	10.751	16.191	7.770	2017	98	ISBRE	1.077.229	445	1.191	466	2017
30	ELETROS	4.634.891	3.306	7.696	2.345	2017	99	CARGILLPREV	1.073.489	9.137	12.977	261	2017
31	CAPEF	4.396.748	6.742	20.278	4.730	2014	100	WEG	1.060.474	19.283	13.528	492	2017
32	FUNBEP	4.317.417	782	7.868	5.633	2017	101	PREVI NOVARTIS	1.059.689	2.765	-	530	2016
33	PREVI-GM	4.292.414	23.248	8.228	3.027	2014	102	IAJA	1.019.677	5.619	10.147	1.066	2017
34	GERDAU PREVIDÊNCIA	3.867.901	14.398	21.597	2.836	2016	103	DESBAN	997.083	351	1.027	566	2017
35	PREVINORTE	3.807.162	5.626	6.335	1.603	2017	104	ABRILPREV	970.132	5.908	8.002	587	2017
36	SANTANDERPREVI	3.622.535	41.940	1.325	1.235	2017	105	MULTICOOP	960.445	nd	nd	nd	nd
37	FIBRA	3.613.085	1.388	3.990	1.794	2017	106	PREVIBOSCH	954.088	9.263	-	1.052	2016
38	BRF PREVIDÊNCIA	3.498.092	45.662	63.124	6.446	2017	107	BASES	951.679	476	1.117	1.489	2017
39	INFRAPREV	3.355.926	9.029	14.405	4.318	2017	108	AGROS	928.941	5.478	6.782	800	2017
40	BRASLIGHT	3.228.676	4.202	11.688	5.640	2017	109	PLANEJAR	909.963	4.510	6.765	520	2017
41	FUNDAÇÃO LIBERTAS	3.220.826	16.539	2.199	4.510	2017	110	ECOS	908.875	71	902	736	2017
42	CITIPREVI	3.115.173	10.426	-	916	2014	111	FUNPRES-EXE	894.012	32.599	-	11	2016
43	ODEBRECHT PREVIDÊNCIA	3.099.724	15.629	-	637	2017	112	MBPREV	891.348	11.886	2.299	781	2014
44	UNILEVERPREV	3.082.368	13.252	703	1.467	2017	113	CELPOS	880.007	1.665	4.585	3.391	2014
45	ELOS	3.057.022	1.631	4.292	2.980	2016	114	PREVSAN	866.264	2.552	12.687	1.860	2017
46	NUCLEOS	3.003.037	3.394	6.135	1.418	2017	115	FUNDIÁGUA	854.184	3.802	7.612	1.554	2017
47	FUND. VIVA DE PREV.	2.958.084	60.103	145.553	-	2014	116	FUNDAMBRAS	836.420	7.611	964	942	2017
48	MULTIPENSIONS	2.937.366	56.521	85.100	1.341	2014	117	DUPREV	808.519	2.784	431	255	2014
49	FUNSSSEST	2.907.893	6.293	-	2.873	2017	118	ULTRAPREV	796.225	9.458	2.763	170	2014
50	VWPP	2.809.014	46.503	58.998	1.963	2014	119	SEBRAE PREVIDÊNCIA	788.048	7.663	-	151	2016
51	FUNDAÇÃO ITAÚSA	2.780.732	8.191	12.228	1.091	2017	120	COMSHELL	787.850	1.434	2.551	516	2017
52	FUNEPP	2.747.462	27.387	19.194	5	2014	121	COMPESAPREV	776.647	2.811	5.591	2.496	2017
53	ITAÚ FUNDO MULTI	2.707.682	29.116	6.817	822	2014	122	SERGUS	764.611	1.019	1.620	373	2014
54	EMBRAER PREV	2.682.770	17.902	12.168	953	2016	123	ALCOA PREVI	755.518	6.110	12.226	160	2014
55	SABESPREV	2.653.064	13.179	37.446	7.639	2017	124	FUND. SÃO FRANCISCO	740.498	1.089	1.901	881	2014
56	QUANTA - PREVIDÊNCIA	2.608.867	56.110	91.898	120	2016	125	SICOOB PREVI	733.380	92.321	-	279	2017
57	CELOS	2.551.914	4.187	8.474	4.769	2014	126	EQTPREV	714.563	1.192	4.350	754	2014
58	REGIUS	2.404.884	4.360	4.576	1.235	2017	127	OABPREV-SP	697.544	46.205	74.743	153	2017
59	ICATUFMP	2.378.257	43.268	37.124	1.825	2014	128	CAPAF	675.763	1.929	3.353	2.095	2017
60	METRUS	2.344.709	9.473	18.624	3.096	2017	129	ELETRA	675.211	1.237	3.236	1.252	2017
61	PREVIRB	2.306.257	484	1.755	1.577	2017	130	PREVICAT	669.329	3.108	9.114	653	2014
62	FUSESC	2.298.751	2.290	9.539	5.107	2017	131	FABASA	667.647	3.972	14.016	747	2017
63	MÚLTIPLA	2.023.722	23.123	18.221	666	2014	132	VIKINGPREV	636.000	3.447	85	301	2017
64	PREVDOW	1.977.692	3.749	5.621	558	2014	133	PREVIPLAN	634.019	2.301	5.484	478	2017
65	PREVIBAYER	1.834.292	6.459	-	2.054	2016	134	FACEAL	628.007	1.149	-	676	2017
66	FAELBA	1.825.022	2.871	10.070	2.200	2014	135	PREVICOKE	626.973	851	39	167	2014
67	FUNSEJEM	1.821.829	22.285	6.740	1.098	2017	136	PREVEME	621.775	2.395	97	672	2017
68	BANDEPREV	1.804.880	174	2.017	1.897	2017	137	PREVHAB	618.151	6	365	612	2016
69	INSTITUTO AMBEV	1.770.658	4.984	942	1.850	2014	138	MSD PREV	610.805	945	1.416	76	2014

XVIII. PENSION FUND RANKING

PENSION FUNDS		INVESTMENTS (in BRL thousand)	ACTIVE MEMBERS	DEPENDENTS	BENEFICIARIES	Reference Year Population
139	MAIS VIDA PREVIDÊNCIA	595.232	1.386	2.078	76	2014
140	PORTOPREV	563.530	5.188	676	157	2016
141	FGV-PREVI	562.802	2.227	2.482	139	2017
142	PREVMON	555.565	2.890	4.961	85	2017
143	ENERGISAPREV	545.178	4.597	9.157	996	2017
144	PREVIM-MICHELIN	533.282	5.549	8.325	238	2017
145	MULTIBRA INSTITUIDOR	518.806	3.244	4.810	303	2017
146	GOODYEAR	488.438	5.116	7.673	431	2014
147	INDUSPREVI	486.468	2.714	3.970	600	2017
148	BUNGEPREV	486.050	10.726	16.096	263	2017
149	SUPREV	479.326	3.765	2.669	1.106	2017
150	FAPERS	477.104	1.619	2.846	822	2017
151	GASIOUS	476.314	49	711	1.049	2017
152	SEGURIDADE	470.566	1.744	563	353	2017
153	DERMINAS	463.756	6.093	-	4.074	2017
154	ABBPREV	461.578	6.206	5.589	220	2017
155	FAPA	449.065	847	2.382	302	2014
156	FACEPI	447.667	955	1.706	978	2017
157	PORTUS	437.497	1.534	13.657	8.681	2017
158	CARREFOURPREV	432.832	65.302	44.174	170	2017
159	CP PREV	432.389	3.870	5.806	123	2017
160	FUTURA	416.254	160	201	366	2014
161	MENDESPREV	416.111	115	679	453	2017
162	PFIZER PREV	410.272	2.383	1.022	157	2017
163	CASFAM	401.785	5.582	3.070	915	2017
164	CAPESESP	395.339	46.186	11.612	694	2017
165	CIFRÃO	394.004	833	1.885	827	2016
166	PREVCUMMINS	384.008	2.095	41	198	2017
167	UNISYS PREVI	382.030	948	2	44	2014
168	PREV PEPICO	379.027	17.979	18.293	116	2017
169	PREVISCÂNIA	377.349	4.432	6	214	2017
170	RANDONPREV	376.307	9.624	14.411	242	2017
171	POUPREV	371.425	1.236	1.877	90	2017
172	P&G PREV	370.886	4.871	7.221	190	2017
173	PREVINDUS	370.843	7.624	5.160	1.118	2017
174	LILLY PREV	368.375	823	1.230	192	2014
175	ALPAPREV	368.200	28.749	35.502	205	2014
176	CABEC	363.992	50	1.605	1.145	2017
177	PREVIP	361.826	4.236	7.538	109	2017
178	FUNDAÇÃO ENERSUL	346.807	1.238	2.319	413	2017
179	VOITH PREV	346.550	2.047	3.058	118	2014
180	FAECES	337.995	1.024	2.102	942	2017
181	MAUÁ PREV	336.653	2.702	4.052	109	2014
182	PREVIDEXXONMOBIL	332.135	1.842	2.617	100	2017
183	FASERN	329.778	783	148	453	2014
184	DANAPREV	329.427	6.039	9.058	112	2014
185	KPMG PREV	326.064	5.374	8.042	64	2017
186	OABPREV-PR	320.671	14.693	19.593	83	2017
187	RAIZPREV	316.049	19.283	12.865	5	2014
188	FUNTERRA	312.302	54	190	199	2017
189	TETRA PAK PREV	306.568	2.130	3.193	40	2014
190	EATONPREV	298.464	4.763	6.517	170	2014
191	SOMUPP	279.476	-	-	131	2017
192	CASANPREV	275.523	1.623	3.735	377	2017
193	RBS PREV	268.207	7.811	5.775	149	2017
194	PREVEME II	265.553	3.930	6.891	180	2017
195	MERCERPREV	258.590	716	1.072	11	2014
196	PREVICEL	253.249	823	1.157	156	2017
197	TEXPREV	249.570	623	881	150	2014
198	MERCAPREV	246.059	1.387	2.071	73	2014
199	SUPRE	245.236	471	1.294	410	2017
200	AVONPREV	241.253	4.943	932	113	2017
201	FUCAP	234.444	866	1.297	283	2017
202	CAPOF	231.631	97	459	416	2017
203	ROCHEPREV	229.221	1.237	1.600	58	2014
204	FIOPREV	222.793	64	114	95	2017
205	PREVIHONDA	218.419	10.488	15.395	129	2017
206	CARBOPREV	218.374	837	1.256	187	2014
207	BOTICÁRIO PREV	216.881	7.432	10.404	30	2017
208	FUNPRESP-JUD	209.615	6.880	2.148	-	2016
209	TOYOTA PREVI	206.599	5.022	7.509	42	2017
210	JUSPREV	196.479	2.842	4.632	10	2017
211	CAGEPREV	184.171	1.255	1.684	66	2016
212	FAÇOPAC	181.166	1.336	1.718	173	2017
213	ALPHA	169.725	1.032	2.190	192	2014
214	OABPREV-MG	167.320	8.743	15.085	106	2017
215	FAPECE	161.690	290	-	155	2017
216	TRAMONTINAPREV	160.953	6.613	6.695	24	2014
217	OABPREV-SC	158.562	8.013	13.150	87	2017
218	OABPREV-RJ	158.275	4.926	8.306	136	2014
219	FUMPRESC	148.166	561	1.212	387	2017
220	PREVBEP	146.702	52	148	136	2014
221	SIAS	133.613	8.209	-	1.279	2016
222	VISTEON	130.866	2.309	17	88	2014
223	RECKITT PREV	126.391	1.628	12	66	2017
224	CABEP	125.406	1.173	1.541	345	2017
225	FUNASA	122.916	466	1.233	759	2017
226	PREVYASUDA	106.193	822	396	96	2017
227	FUNDO PARANÁ	103.244	4.925	6.214	16	2017
228	MÚTUOPREV	101.763	nd	nd	nd	nd
229	OABPREV-GO	98.178	5.071	12.151	43	2017
230	OABPREV-RS	91.061	7.853	15.358	45	2017
231	MONGERAL	81.573	3.499	5.391	19	2017
232	ALBAPREV	81.448	191	471	13	2017
233	DATUSPREV	79.993	319	383	53	2017
234	INERGUS	75.567	444	2.054	606	2017
235	INSTITUTO GEIPREV	74.400	74	244	299	2017
236	PREVCHEVRON	73.409	121	245	51	2017
237	FUTURA II	60.657	551	321	1	2014
238	MM PREV	60.465	2.138	372	31	2017
239	FUNCASAL	59.031	881	1.607	641	2017
240	PREVUNISUL	50.947	989	1.061	117	2017
241	RJPREV	49.900	757	-	-	2014
242	SBOT PREV	45.531	1.600	2.524	3	2017
243	PREVES	43.399	2.655	-	-	2016
244	SILIUS	39.010	25	295	326	2014
245	ALEPEPREV	38.611	183	201	19	2017
246	UNIPREVI	28.866	5	34	23	2014
247	CNBPREV	28.709	837	1.419	5	2017
248	OABPREV-NORDESTE	23.520	348	588	148	2014
249	ANABBPREV	20.860	936	1.703	3	2017
250	RS-PREV	11.649	nd	nd	nd	nd
251	PSS	11.361	2.641	4.388	3.977	2014
252	SUL PREVIDÊNCIA	8.550	627	1.081	-	2017
253	CAVA	8.546	883	1.511	566	2017
254	SINDPD FPA	7.878	465	785	-	2017
255	FUCAE	6.383	nd	nd	nd	nd
256	PREVCOM-MG	4.132	109	-	-	2016
257	PREVBÁHIA	3.824	nd	nd	nd	nd
258	MAPPIN	2.456	nd	nd	nd	nd
259	SCPREV	2.209	nd	nd	nd	nd
260	ORIOUS	1.060	nd	nd	nd	nd
261	ACIPREV	814	419	696	-	2017
262	FFMB	124	nd	nd	nd	nd

TOTAL ESTIMATED

Investments (in BRL thousand)	825.439.512	Active members	2.507.413	Dependents	3.708.487	Beneficiaries	824.127
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