

Romanian mandatory pension funds return 13.3% in 9M2010, net assets reach EUR 910mn

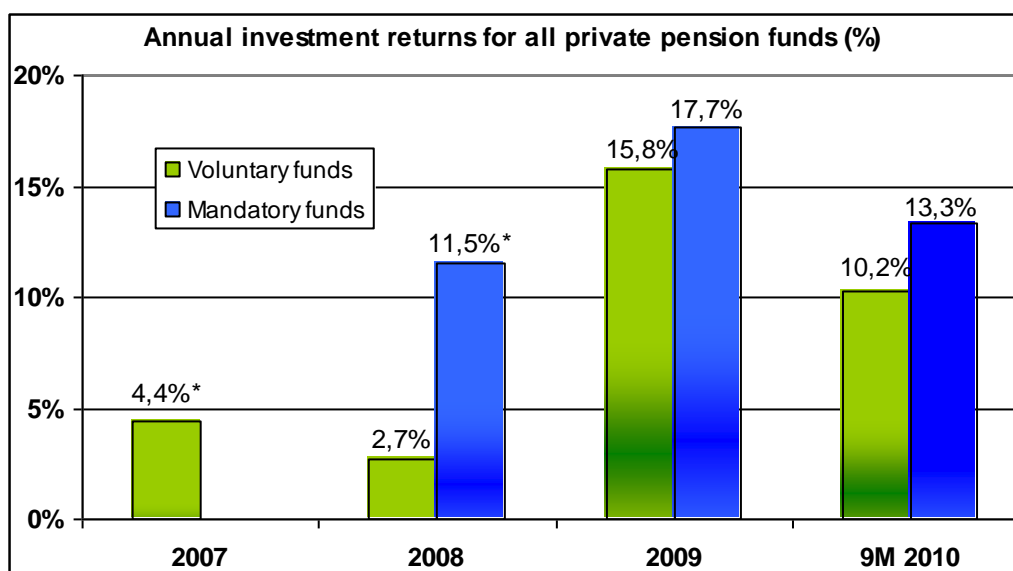
Romanian private pension funds sustained their strong investment performance by posting excellent returns after 3 quarters of 2010. Mandatory pension funds (2nd Pillar) realized an average nominal return of 13.3% for the first 9 months into the year, while voluntary pension funds (3rd Pillar) posted an average nominal result of 10.2%. For comparison purposes, the corresponding average retail interest rates for RON denominated bank deposits stood at 6%, while inflation for the first 9 months of 2010 is also estimated at around 6%.

Since their inception, the mandatory pension funds (launched in May 2008) have an average annualized performance of 16.2%, while voluntary funds have an average annualized return of 9.3% (launched in May 2007). The different performance derives from different risk profiles of the funds, steadiness of contributions inflows, fee structure and obviously market conditions for the 2 periods.

These investment returns were achieved through a balanced and diversified investment strategy adopted by a vast majority of pension funds, which allowed the fund managers to take advantage of the volatility in the financial markets. The results posted for 9M2010 are even more significant having been realized against the heavy background of a prolonged recession, tension and uncertainties on both domestic and international financial markets and also strong local inflationary pressures (caused by the hike in VAT at the beginning of Q3 2010).

At the end of September 2010, net assets under management by all pension funds reached RON 4.18bn (that is EUR 980mn). The 9 mandatory funds manage the majority of the money, with net assets of EUR 910mn, while the 13 voluntary funds manage the rest of EUR 70mn, with a slow but steady growth.

„In spite of the prolonged recession and adverse conditions on the financial markets, Romanian pension funds continued to invest prudently and profitably, consolidating their positive returns. This comes to show the long term viability of the private pensions system, which managed to weather the storm of the global crisis in a more than reasonable manner, with good results for our plan members”, said Mr. Crinu Andanut, Chairman of the Romanian Pension Funds' Association (APAPR), commenting on the results.



* annualized values. **Source:** APAPR based on data published by the CSSPP.