



# **Results and Trends in Multifunds: Chile, Colombia, Mexico and Peru<sup>1</sup>**

**December 2012**

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<sup>1</sup> Document drawn up by FIAP.

The purpose of this article is to show the latest results (as of the first quarter of 2012) of the performance of the Multifund systems adopted in Chile, Colombia, Mexico and Peru. It also describes, when applicable, the most outstanding characteristics of the systems defined in the standing rules and regulations.

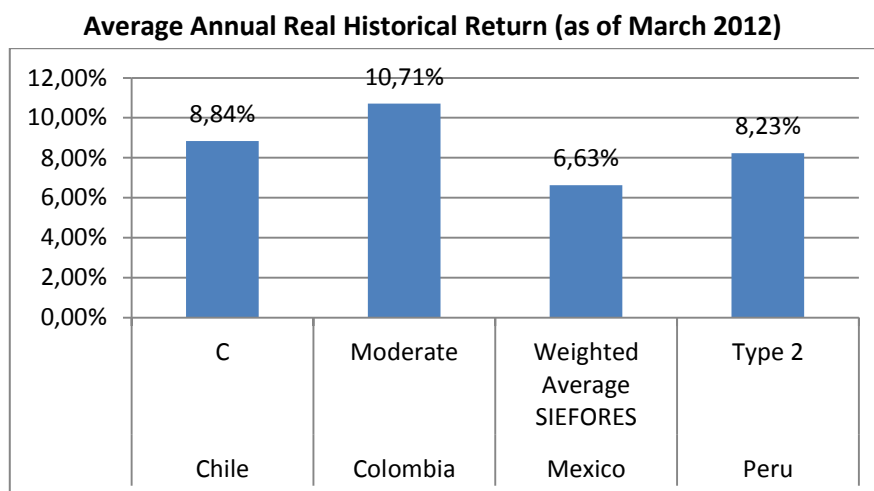
### Highlights

- It was found that in the countries analyzed the annual real return (April 2011 - March 2012 period) fluctuates between - 6.45% (Chile) and 9.49% (Mexico), for the riskiest funds; between - 1.90% (Chile) and 8.38% (Mexico), for the intermediate funds and between 2.74% (Chile) and 7.74% (Mexico), for the most conservative funds.

COUNTRY	Riskiest Fund		Intermediate Fund		Most conservative Fund	
	Name	%	Name	%	Name	%
Chile	A	-6.45%	C	-1.90%	E	2.74%
Colombia	Aggressive	-0.18%	Moderate	1.96%	Most Conservative	3.55%
Mexico	SB5	9.49%	SB3	8.38%	SB1	7.74%
Peru	Type 3	-6.01%	Type2	-1.13%	Type 1	3.35%

Drawn up by: FIAP, based on the official statistics of each country.

- It was also noted that, in a longer-term assessment period, the average annual historical real return (as of March 2012) fluctuates between 6.63% (Mexico) and 10.71% (Colombia).



Drawn up by: FIAP, based on the official statistics of each country.

I. Chile

- a. **Startup date of the Multifunds system:** September 2002.
- b. **Number of funds:** 5.
- c. **Types of funds and basic structure of investment limits:** See Chart No. 1.

**Chart No. 1**

**Chile: Structure of investment limits by type of Fund (% of managed funds)**

Type of Fund	Equity		Government securities		Domestic investment and mutual fund shares	Time deposits and bonds issued by financial institutions	Foreign instruments + indirect investment abroad through domestic investment and mutual fund shares			
							Overall limit		Limit per Fund	
	Min.	Max.	Min.	Max.	Max.	Max.	Min.	Max.	Min.	Max.
<b>Most conservative (E)</b>	0%	5%	50%	80%	5%	80%	30%	80%	15%	45%
<b>Conservative (D)</b>	5%	20%	40%	70%	10%	70%			20%	45%
<b>Intermediate (C)</b>	15%	40%	35%	50%	20%	50%			30%	75%
<b>Risky (B)</b>	25%	60%	30%	40%	30%	40%			40%	90%
<b>Riskiest (A)</b>	40%	80%	30%	40%	40%	40%			45%	100%

Source: Superintendency of Pensions, Chile.

**d. Performance of investments:**

The real annual average return, between 2003 and March 2012, for the different types of Multifunds is shown in Chart No. 2 and Graph No. 1. One can see that from the beginning of the Multifunds system until December 2011, the real annual average return for the riskiest funds (A, B and C) has been positive, except for the years 2008 and 2011, which were periods of high financial uncertainty. In the case of the most conservative funds, however, real annual return has been positive every year without exception.

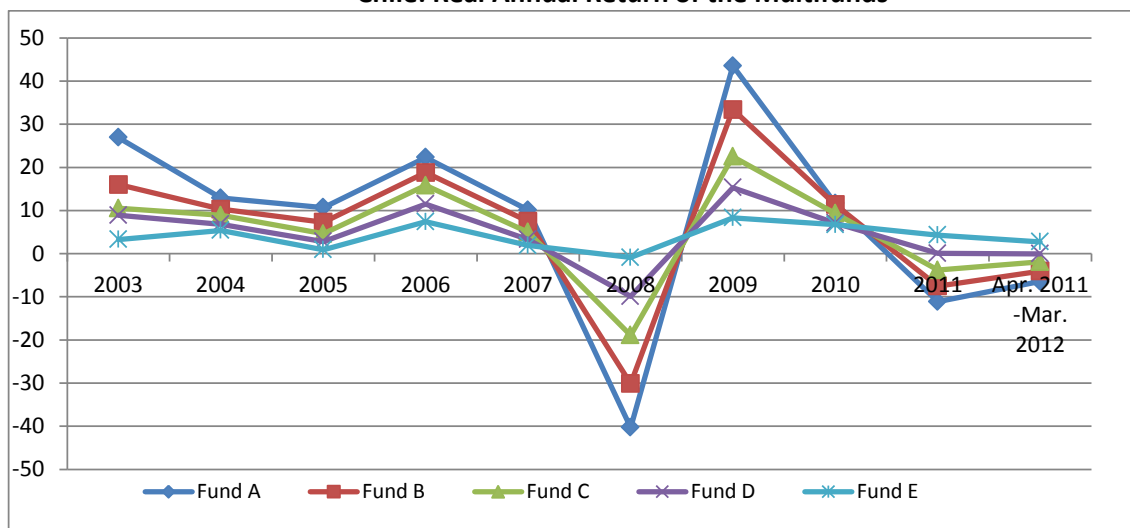
Over a more extensive period of time, Fund C, the continuation of the fund existing since the beginning of the individually funded system, shows a real annual average return of 8.84% between 1981 and March 2012.

**Chart No. 2**  
**Chile: Real Annual Return of the Multifunds**

Year	A	B	C	D	E
2003	26.9	16	10.5	8.9	3.3
2004	12.9	10.3	8.9	6.8	5.4
2005	10.7	7.3	4.6	2.8	0.9
2006	22.3	18.8	15.8	11.5	7.4
2007	10.1	7.5	5.0	3.3	1.9
2008	-40.3	-30.1	-18.9	-9.9	-0.9
2009	43.5	33.4	22.5	15.3	8.3
2010	11.64	11.38	9.34	7.08	6.71
2011	-11.13	-7.52	-3.79	0.06	4.31
Apr. 2011 - March. 2012	-6.45	-4.04	-1.9	-0.04	2.74
Annual average (Sep. 2002 Mar. 2012)	7.35	6.19	5.37	4.74	3.85

Source: Superintendency of Pensions, Chile.

**Graph No. 1**  
**Chile: Real Annual Return of the Multifunds**



Source: Superintendency of Pensions, Chile.

**e. Investment Portfolio**

As of March 2012, the pension fund totaled USD 151.667 million (61.8% of GDP in 2011) (See Chart No. 3). 61.9% was invested in Chile and 38.1% abroad. As the Chilean Association of AFPs points out in its Multifunds Bulletin, this portfolio composition is associated with the need for funds to reduce the risk of external markets, which adversely affected the value of instruments since the second half of 2011 due to an uncertain and unstable economic environment. The trajectory shows a greater preference for domestic markets in periods in which international stock markets fluctuate, as occurred in the years 2008 and 2011.

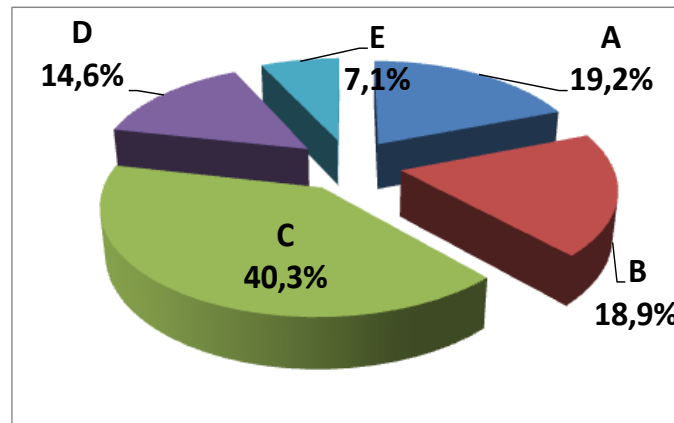
**Chart No. 3**  
**Chile: Investment Portfolio of the Pension Funds (March 2012)**

	A		B		C		D		E		Total	
	M/USD	% Fund	M/USD	% Fund	M/USD	% Fund	M/USD	% Fund	M/USD	% Fund	M/USD	% Fund
<b>TOTAL NATIONAL INVESTMENT</b>	<b>9,946</b>	<b>34.2%</b>	<b>14907</b>	<b>52.1%</b>	<b>40,891</b>	<b>67.0%</b>	<b>17,610</b>	<b>79.7%</b>	<b>10,578</b>	<b>98.1%</b>	<b>93,933</b>	<b>61.9%</b>
<b>EQUITY</b>	<b>6,013</b>	<b>20.6%</b>	<b>6,123</b>	<b>21.4%</b>	<b>10,802</b>	<b>17.7%</b>	<b>1,811</b>	<b>8.2%</b>	<b>92</b>	<b>0.9%</b>	<b>24,842</b>	<b>16.4%</b>
Shares	5,131	17.6%	5,188	18.1%	8,921	14.6%	1,529	6.9%	92	0.9%	20,861	13.8%
Investment funds, FICE and others	882	3.0%	935	3.3%	1,881	3.1%	282	1.3%	0	0.0%	3,981	2.6%
<b>FIXED INCOME</b>	<b>3,897</b>	<b>13.4%</b>	<b>8,769</b>	<b>30.7%</b>	<b>30,083</b>	<b>49.3%</b>	<b>15,792</b>	<b>71.5%</b>	<b>10,478</b>	<b>97.2%</b>	<b>69,018</b>	<b>45.5%</b>
Central Bank instruments	744	2.6%	1,452	5.1%	4,672	7.6%	2,967	13.4%	2,110	19.6%	11,944	7.9%
Treasury instruments	894	3.1%	2,303	8.0%	7,542	12.3%	3,575	16.2%	3,500	32.5%	17,813	11.7%
Recognition and MINVU bonds	78	0.3%	257	0.9%	1,088	1.8%	415	1.9%	111	1.0%	1,950	1.3%
Corporate bonds and negotiable securities	635	2.2%	1,576	5.5%	6,598	10.8%	2,889	13.1%	1,484	13.8%	13,183	8.7%
Bank bonds	718	2.5%	1,502	5.3%	6,692	11.0%	3,303	15.0%	1,817	16.9%	14,032	9.3%
Mortgage bonds	95	0.3%	263	0.9%	1,154	1.9%	410	1.9%	215	2.0%	2,137	1.4%
Term deposits	724	2.5%	1,397	4.9%	2,266	3.7%	2,211	10.0%	1,238	11.5%	7,836	5.2%
Mutual and investment funds	5	0.0%	11	0.0%	54	0.1%	15	0.1%	0	0.0%	85	0.1%
Available	5	0.0%	9	0.0%	17	0.0%	7	0.0%	3	0.0%	40	0.0%
<b>DERIVATIVES</b>	<b>32</b>	<b>0.1%</b>	<b>8</b>	<b>0.0%</b>	<b>-29</b>	<b>0.0%</b>	<b>-3</b>	<b>0.0%</b>	<b>-2</b>	<b>0.0%</b>	<b>6</b>	<b>0.0%</b>
<b>OTHER DOMESTIC</b>	<b>4</b>	<b>0.0%</b>	<b>7</b>	<b>0.0%</b>	<b>35</b>	<b>0.1%</b>	<b>10</b>	<b>0.0%</b>	<b>10</b>	<b>0.1%</b>	<b>66</b>	<b>0.0%</b>
<b>TOTAL FOREIGN INVESTMENT</b>	<b>19,179</b>	<b>65.8%</b>	<b>13,701</b>	<b>47.9%</b>	<b>20,181</b>	<b>33.0%</b>	<b>4,474</b>	<b>20.3%</b>	<b>200</b>	<b>1.9%</b>	<b>57,735</b>	<b>38.1%</b>
<b>EQUITY</b>	<b>16,393</b>	<b>56.3%</b>	<b>10,215</b>	<b>35.7%</b>	<b>11,420</b>	<b>18.7%</b>	<b>1,754</b>	<b>7.9%</b>	<b>114</b>	<b>1.1%</b>	<b>39,896</b>	<b>26.3%</b>
Mutual Funds	12,403	42.6%	7,746	27.1%	7,741	12.7%	912	4.1%	78	0.7%	28,879	19.0%
Miscellaneous	3,990	13.7%	2,469	8.6%	3,679	6.0%	842	3.8%	36	0.3%	11,016	7.3%
<b>FIXED INCOME</b>	<b>2,816</b>	<b>9.7%</b>	<b>3,504</b>	<b>12.2%</b>	<b>8,792</b>	<b>14.4%</b>	<b>2,717</b>	<b>12.3%</b>	<b>85</b>	<b>0.8%</b>	<b>17,912</b>	<b>11.8%</b>
<b>DERIVATIVES</b>	<b>-32</b>	<b>-0.1%</b>	<b>-19</b>	<b>-0.1%</b>	<b>-32</b>	<b>-0.1%</b>	<b>3</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>	<b>-79</b>	<b>-0.1%</b>
<b>OTHER FOREIGN</b>	<b>2</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>	<b>2</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>0.0%</b>
<b>TOTAL ASSETS</b>	<b>29,125</b>	<b>100.0%</b>	<b>28,608</b>	<b>100.0%</b>	<b>61,072</b>	<b>100.0%</b>	<b>22,084</b>	<b>100.0%</b>	<b>10,778</b>	<b>100.0%</b>	<b>151,667</b>	<b>100.0%</b>
<b>SUBTOTAL EQUITY</b>	<b>22,406</b>	<b>76.9%</b>	<b>16,338</b>	<b>57.1%</b>	<b>22,222</b>	<b>36.4%</b>	<b>3,566</b>	<b>16.1%</b>	<b>206</b>	<b>1.9%</b>	<b>64,738</b>	<b>42.7%</b>
<b>SUBTOTAL FIXED INCOME</b>	<b>6,713</b>	<b>23.0%</b>	<b>12,273</b>	<b>42.9%</b>	<b>38,874</b>	<b>63.7%</b>	<b>18,508</b>	<b>83.8%</b>	<b>10,563</b>	<b>98.0%</b>	<b>86,931</b>	<b>57.3%</b>
<b>SUBTOTAL DERIVATIVES</b>	<b>1</b>	<b>0.0%</b>	<b>-12</b>	<b>0.0%</b>	<b>-61</b>	<b>-0.1%</b>	<b>0</b>	<b>0.0%</b>	<b>-1</b>	<b>0.0%</b>	<b>-72</b>	<b>-0.05%</b>
<b>SUBTOTAL OTHERS</b>	<b>6</b>	<b>0.0%</b>	<b>8</b>	<b>0.0%</b>	<b>37</b>	<b>0.1%</b>	<b>10</b>	<b>0.0%</b>	<b>10</b>	<b>0.1%</b>	<b>71</b>	<b>0.05%</b>

Source: Superintendency of Pensions, Chile.

Fund C has 40.3% of the total assets managed as of March 2012, followed by Funds A (19.2%), B (18.9%), D (14.6%) and E (7.1%) (See Graph No. 2). The largest fund in terms of managed assets, Fund C, has 36% of its resources invested in Equity instruments (4 percentage points below the maximum limit), whereas the riskiest one, Fund A, has 77% exposure to Equity instruments (3 percentage points below the maximum limit).

**Graph No. 2**  
**Chile: Pension Assets per Fund Type (March 2012)**



Source: Superintendency of Pensions, Chile.

**f. Number of accounts and choice of Multifunds**

In Chile members are free to choose the fund in which they will deposit their pension resources, and perform transfers between them. Retired members are the exception because they cannot keep their savings in the riskiest funds (A and B), and workers who are 10 years or less from retirement age cannot choose the riskiest fund (A). The rules and regulations also stipulate a default option for those members who do not choose a fund type, allocating them according to their age: men and women of 35 or less are assigned to Fund B (the riskiest one), after which the funds start being transferred at a rate of 20% per year to Fund C (intermediate), and when women turn 51 and men turn 56, their balances are again transferred (at a rate of 20% per year) to fund D (conservative) (See Chart No. 3).

**Chart No. 3**  
**Chile: Choice Options and Default Assignment Criteria in the Multifunds**

Fund	Men and women <= 35	Men between 36 and 55 ; Women between 36 and 50	Men after 56 ; Women after 5 ; and pensioners on programmed retirement
(A) Riskiest	X	Prohibited	Prohibited
(B) Risky	X	X	Prohibited
(C) Intermediate	X	X	X
(D) Conservative	X	X	X
(E) Most conservative	X	X	X

Source: Superintendency of Pensions, Chile.

**X**: Default fund.

According to the information provided by the Chilean Association of AFPs in its Multifunds Bulletin, there were a total of 9 million members of the AFP system in February 2012. Of this total, 1,059,492 members have their mandatory savings in more than one fund.

Since the Multifunds began, members who have opted for a fund total 4.1 million (40% of the total number of accounts), and 71% of them preferred the riskiest funds (A and B), 20% preferred Fund C (intermediate), and 9% preferred the most conservative funds (D and E). In turn, the number of accounts of assigned members total 6 million (60% of the total number of accounts). These include members who did not choose a fund and were assigned by law to a fund according to their age and/or have been changed to a more conservative fund after reaching the maximum ages established for fund types B, C and D (see Chart No. 4).

**Chart No. 4**  
**Chile: Choice of Multifunds (February 2012)**

Funds	Assigned		Individuals who choose		Total accounts	%
	No.	%	No.	%		
<b>A</b>	Not Applicable	--	1,419,077	34.8%	1,419,077	14.0%
<b>B</b>	2,317,931	38.5%	1,466,148	35.9%	3,784,079	37.5%
<b>C</b>	2,865,794	47.6%	825,690	20.2%	3,691,484	36.5%
<b>D</b>	838,966	13.9%	169,904	4.2%	1,008,870	10.0%
<b>E</b>	Not Applicable	--	197,941	4.9%	197,941	2.0%
<b>Total accounts</b>	6,022,691	100.0%	4,078,760	100.0%	10,101,451	100.0%
<b>%</b>	59.6%		40.4%		100.0%	

Source: Chilean Association of AFPs.

## II. Colombia

- a. **Startup date of the Multifunds system:** March 2011.
- b. **Number of funds:** 3<sup>2</sup>.
- c. **Types of funds and basic structure of investment limits:** See Chart No. 5.

**Chart No. 5**

**Colombia: Structure of Investment Limits by type of Fund (% of managed funds)**

Type of Fund	Stock certificates and/or global shares (domestic + foreign)		Stock certificates and/or domestic shares	Government securities	Bonds, securities, or equity interests of foreign issuers
	Min.	Max.	Max.	Global	Max.
<b>Conservative</b>	0%	20%	15%	50%	40%
<b>Moderate</b>	20%	45%	35%		60%
<b>Riskiest</b>	45%	70%	45%		70%

Source: Financial Superintendency of Colombia.

### d. Performance of investments:

By March 2012 the Colombian Multifunds had been operating for 12 months, so one can already visualize the annual return of each fund type.

According to the information provided by the Colombian Association of Pension and Retirement Fund Managers (ASOFONDOS), the real return at 12 months (April 2011 - March 2012) amounted to 3.55% for the Conservative Fund; 1.96% for the Moderate Fund; and - 0.18% for the Aggressive Fund. These results are not surprising, since the startup of the Multifunds coincided with a highly volatile year in 2011. Nonetheless, the moderate fund, the continuation of the former sole existing fund, in historical terms, had a real return of 10.71%. Chart No. 6 and Graph No. 3 shows the details of the evolution of the real return of the Multifunds.

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<sup>2</sup> Only the three funds available for the accumulation stage are considered here. However, the regulations have also established a special Programmed Withdrawal Fund, specially designed for retired members under the Programmed Withdrawal pension option.

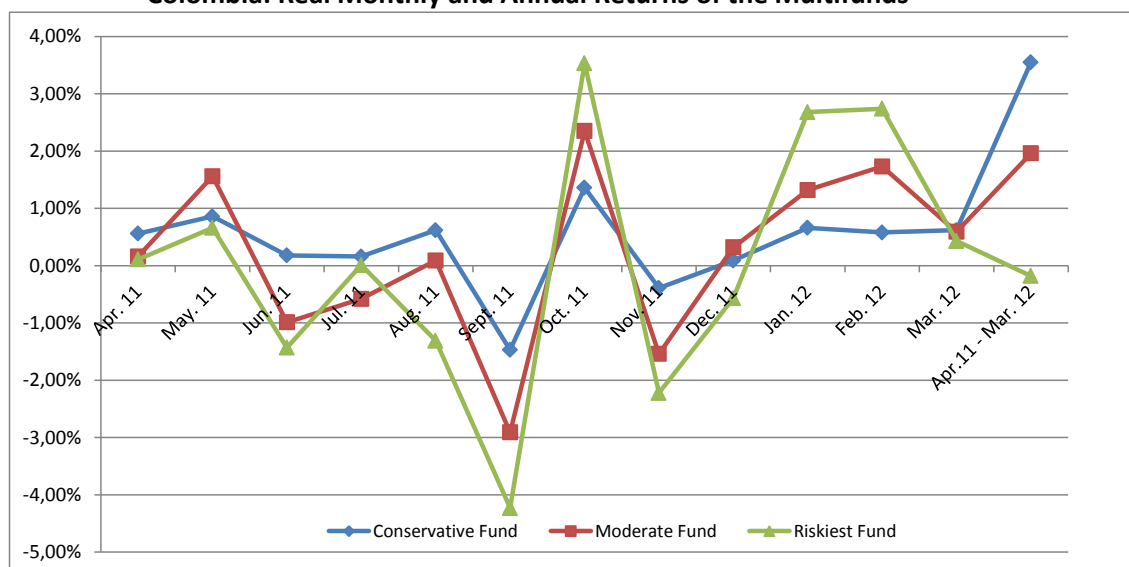


**Chart No. 6**  
**Colombia: Real Return of the Multifunds**

Date	Conservative Fund	Moderate Fund	Riskiest fund
Apr-11	0.56%	0.16%	0.11%
May-11	0.86%	1.56%	0.66%
Jun-11	0.18%	-0.99%	-1.43%
Jul-11	0.16%	-0.58%	0.01%
Aug-11	0.62%	0.09%	-1.31%
Sep-11	-1.47%	-2.91%	-4.23%
Oct-11	1.36%	2.35%	3.53%
Nov-11	-0.39%	-1.54%	-2.22%
Dec-11	0.09%	0.32%	-0.57%
Jan-12	0.66%	1.32%	2.68%
Feb-12	0.58%	1.73%	2.74%
Mar-12	0.62%	0.59%	0.43%
April 11 - March 12	3.55%	1.96%	-0.18%
Historical: 1998 - March 2012	Not Applicable	10.71%	Not Applicable

Source: Colombian Association of Pension and Retirement Fund Managers (ASOFONDOS).

**Graph No. 3**  
**Colombia: Real Monthly and Annual Returns of the Multifunds**



Source: Colombian Association of Pension and Retirement Fund Managers (ASOFONDOS).

**e. Investment portfolio**

As of March 2012 the pension fund totaled USD 61.848 million (9.2% of GDP in 2011) (see Chart No. 7). 82% was invested in Colombia and 13% abroad.

Of the total assets managed to March 2012, the Moderate Fund had 87.9% of workers' resources, followed by the Programmed Withdrawal Fund (6.3%), Conservative Fund

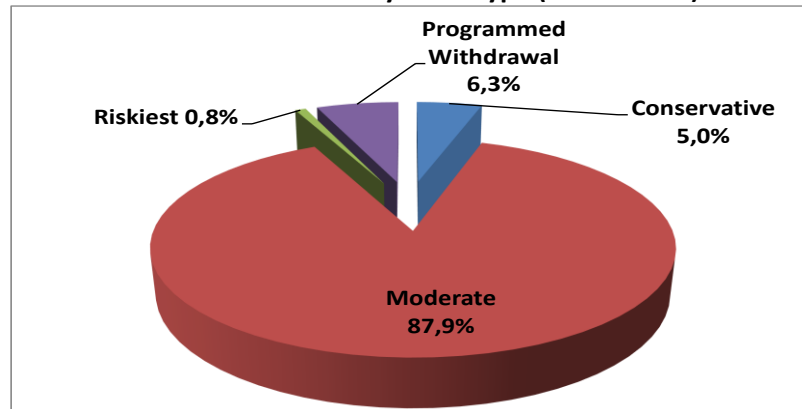
(5.0%) and the Riskiest Fund (0.8%) (See Graph No. 4). The biggest fund in terms of managed assets, the Moderate Fund, has 48% of its resources invested in Equity instruments, whereas the riskiest fund has 63% exposure to Equity.

**Chart No. 7**  
**Colombia: Investment Portfolio of the Pension Funds (March 2012)**

	Conservative		Moderate		Riskiest		Programmed Withdrawal		Total	
	M/USD	%	M/USD	%	M/USD	%	M/USD	%	M/USD	%
<b>Government sector</b>	<b>1,767</b>	<b>57.4%</b>	<b>21,356</b>	<b>39.3%</b>	<b>157</b>	<b>30.8%</b>	<b>2,326</b>	<b>60.0%</b>	<b>25,605</b>	<b>41.4%</b>
<b>Fixed income</b>	<b>1,767</b>	<b>57.4%</b>	<b>21,356</b>	<b>39.3%</b>	<b>157</b>	<b>30.8%</b>	<b>2,326</b>	<b>60.0%</b>	<b>25,605</b>	<b>41.4%</b>
Public debt bonds	77	2.5%	1,439	2.6%	5	1.0%	117	3.0%	1,639	2.6%
Treasury bonds (TES)	1,689	54.8%	19,917	36.6%	152	29.8%	2,209	57.0%	23,966	38.8%
<b>Corporate sector</b>	<b>301</b>	<b>9.8%</b>	<b>13,218</b>	<b>24.3%</b>	<b>110</b>	<b>21.7%</b>	<b>450</b>	<b>11.6%</b>	<b>14,079</b>	<b>22.8%</b>
<b>Fixed income</b>	<b>90</b>	<b>2.9%</b>	<b>1,354</b>	<b>2.5%</b>	<b>1</b>	<b>0.1%</b>	<b>166</b>	<b>4.3%</b>	<b>1,611</b>	<b>2.6%</b>
Bonds	81	2.6%	1,198	2.2%	0	0.1%	160	4.1%	1,440	2.3%
Securitizations	9	0.3%	156	0.3%	0	0.1%	6	0.2%	171	0.3%
<b>Equity</b>	<b>210</b>	<b>6.8%</b>	<b>11,864</b>	<b>21.8%</b>	<b>110</b>	<b>21.6%</b>	<b>284</b>	<b>7.3%</b>	<b>12,468</b>	<b>20.2%</b>
Shares	207	6.7%	11,787	21.7%	110	21.6%	280	7.2%	12,384	20.0%
Securitizations	3	0.1%	77	0.1%	0	0.0%	4	0.1%	84	0.1%
<b>Financial sector</b>	<b>690</b>	<b>22.4%</b>	<b>9,629</b>	<b>17.7%</b>	<b>77</b>	<b>15.1%</b>	<b>639</b>	<b>16.5%</b>	<b>11,035</b>	<b>17.8%</b>
<b>Fixed income</b>	<b>543</b>	<b>17.6%</b>	<b>2,374</b>	<b>4.4%</b>	<b>10</b>	<b>1.9%</b>	<b>466</b>	<b>12.0%</b>	<b>3,393</b>	<b>5.5%</b>
Deposit Certificates	334	10.8%	1,084	2.0%	4	0.8%	266	6.9%	1,688	2.7%
Bonds	198	6.4%	1,157	2.1%	4	0.7%	186	4.8%	1,545	2.5%
FOGAFIN Bonds	2	0.1%	0	0.0%	0	0.0%	0	0.0%	2	0.0%
Securitizations	5	0.2%	26	0.0%	0	0.0%	13	0.3%	44	0.1%
Other securities	5	0.2%	106	0.2%	2	0.4%	1	0.0%	114	0.2%
<b>Equity</b>	<b>147</b>	<b>4.8%</b>	<b>7,255</b>	<b>13.3%</b>	<b>67</b>	<b>13.2%</b>	<b>173</b>	<b>4.5%</b>	<b>7,643</b>	<b>12.4%</b>
Financial sector shares	116	3.8%	5,467	10.1%	54	10.6%	146	3.8%	5,782	9.3%
Securitizations	2	0.1%	83	0.2%	0	0.0%	0	0.0%	85	0.1%
Participation in collective portfolios	30	1.0%	552	1.0%	10	2.1%	27	0.7%	619	1.0%
Participations in private equity funds	0	0.0%	1,153	2.1%	3	0.6%	0	0.0%	1,156	1.9%
<b>Foreign sector</b>	<b>240</b>	<b>7.8%</b>	<b>7,695</b>	<b>14.1%</b>	<b>145</b>	<b>28.5%</b>	<b>328</b>	<b>8.5%</b>	<b>8,408</b>	<b>13.6%</b>
<b>Fixed income</b>	<b>17</b>	<b>0.6%</b>	<b>629</b>	<b>1.2%</b>	<b>0</b>	<b>0.1%</b>	<b>19</b>	<b>0.5%</b>	<b>665</b>	<b>1.1%</b>
Bonds issued by multilateral Credit agencies	3	0.1%	104	0.2%	0	0.0%	10	0.3%	116	0.2%
Securities issued external sector	14	0.5%	470	0.9%	0	0.1%	9	0.2%	494	0.8%
Other securities	0	0.0%	54	0.1%	0	0.0%	0	0.0%	54	0.1%
<b>Equity</b>	<b>223</b>	<b>7.2%</b>	<b>7,067</b>	<b>13.0%</b>	<b>145</b>	<b>28.5%</b>	<b>309</b>	<b>8.0%</b>	<b>7,743</b>	<b>12.5%</b>
Participations in funds	177	5.7%	5,152	9.5%	116	22.8%	257	6.6%	5,702	9.2%
Other securities	46	1.5%	1,915	3.5%	29	5.6%	52	1.3%	2,040	3.3%
<b>Total fixed income</b>	<b>2,418</b>	<b>78.5%</b>	<b>25,712</b>	<b>47.3%</b>	<b>167</b>	<b>32.9%</b>	<b>2,976</b>	<b>76.8%</b>	<b>31,273</b>	<b>50.6%</b>
<b>Total Equity</b>	<b>580</b>	<b>18.8%</b>	<b>26,186</b>	<b>48.1%</b>	<b>322</b>	<b>63.3%</b>	<b>766</b>	<b>19.8%</b>	<b>27,853</b>	<b>45.0%</b>
<b>Available assets</b>	<b>83</b>	<b>2.7%</b>	<b>1,415</b>	<b>2.6%</b>	<b>20</b>	<b>3.8%</b>	<b>131</b>	<b>3.4%</b>	<b>1,649</b>	<b>2.7%</b>
<b>Derivatives</b>	<b>0</b>	<b>0.0%</b>	<b>1,073</b>	<b>2.0%</b>	<b>0</b>	<b>-0.1%</b>	<b>0</b>	<b>0.0%</b>	<b>1,072</b>	<b>1.7%</b>
<b>TOTAL</b>	<b>3,081</b>	<b>100.0%</b>	<b>54,386</b>	<b>100.0%</b>	<b>508</b>	<b>100.0%</b>	<b>3,873</b>	<b>100.0%</b>	<b>61,848</b>	<b>100.0%</b>

Source: Financial Superintendency of Colombia.

**Graph No. 3**  
**Colombia: Pension Assets by Fund Type (March 2012)**



Source: Financial Superintendency of Colombia.

**f. Number of accounts and choice of Multifunds**

In Colombia workers can freely choose only one of the 3 types of funds in the accumulation stage, unless the rule of convergence towards the conservative fund is applicable due to age, in which case, workers can belong to a maximum of two fund types. The rule was established in Decree 2555 and seeks to gradually transfer the savings of members closest to retirement age to a lower risk profile. The convergence rule states that throughout the five years prior to the minimum retirement age (55 for women; 60 for men), 20% of savings are transferred to the Conservative Fund each year, so that the contributions of members are less exposed to market fluctuations. On reaching the minimum retirement age, 100% of savings must be in the Conservative Fund.

Members who do not choose a fund type are assigned by default to the Moderate Fund (See Chart No. 8).

Of a total of 10.1 million members as of March 2012, 95.4% belonged to the Moderate Fund, 0.4% chose the Riskiest Fund and 1.5% the Conservative Fund. According to ASOFONDOS statistics, the tendency of members to remain in the default fund is still high, i.e., few members choose, which can be explained because this system has only been operating for 13 months (March 2012). In the case of members subject to the convergence rule (Men  $\geq 55$ ; Women  $\geq 50$ ), 2.8% choose to have a portion of their resources in the Moderate Fund, whereas only 0.001 up for a part of their savings to be in the Riskiest Fund (the other part of the savings is in the Conservative Fund) (see Chart No. 9).

**Chart No. 8**

**Colombia: Choice options and default assignment criteria in Multifunds**

Type of Fund	Men <= 54 ; Women < =	Men >= 55 ; Women >= 50
	49	
Conservative Fund	X	X
Moderate Fund	X	Rule of convergence
Riskiest fund	X	Rule of convergence

Source: Colombian Association of Pension and Retirement Fund Managers (ASOFONDOS).

**X**: Default fund.

**Chart No. 9**

**Colombia: Evolution of Multifund options**

Date	Members in			Rule of convergence		Total members
	Conservative Fund	Moderate Fund	Riskiest Fund	Conservative and moderate	Conservative and riskiest	
Mar-11	127,198	9,085,625	16,322	234,810	41	9,463,996
Apr-11	129,076	9,120,724	17,778	238,517	55	9,506,150
May-11	131,795	9,181,589	27,073	242,514	86	9,583,057
Jun-11	134,973	9,271,720	29,541	247,568	99	9,683,901
Jul-11	135,175	9,313,276	31,172	251,103	104	9,730,830
Aug-11	137,677	9,347,658	32,559	255,605	109	9,773,608
Sep-11	140,341	9,405,819	33,820	260,130	127	9,840,237
Oct-11	142,642	9,458,160	34,680	264,648	132	9,900,262
Nov-11	143,957	9,527,714	35,722	268,410	142	9,975,945
Dec-11	145,305	9,586,143	36,508	270,963	145	10,039,064
Jan-12	148,194	9,610,003	36,901	275,436	148	10,070,682
Feb-12	148,309	9,661,202	37,569	278,652	148	10,125,880
Mar-12	150,306	9,722,142	38,220	282,939	149	10,193,756

Source: Colombian Association of Pension and Retirement Fund Managers (ASOFONDOS).

### III. Mexico

- a. The multi-fund System startup date: March 2008<sup>1</sup>.
- b. Number of funds: 5.<sup>2</sup>.
- c. Types of funds and basic structure of investment limits: see Chart No. 10.

**Chart No. 10**  
**Mexico: Structure of investment limits per fund type (% of managed funds)**

Type of Fund (SIEFORE)	VaR (**)	Equity	Instruments in foreign currency	Foreign securities	Securitized instruments	Structured instruments
<b>Most Conservative (SB1)</b>	0.70%	5%	30%	20%	10%	0%
<b>Conservative (SB2)</b>	1.10%	25%	30%	20%	15%	15%
<b>Intermediate (SB3)</b>	1.40%	30%	30%	20%	20%	20%
<b>Risky (SB4)</b>	2.10%	40%	30%	20%	30%	20%
<b>Riskiest (SB5)</b>	2.10%	40%	30%	20%	40%	20%

(\*) VaR: Value at Risk (value at risk).

Source: National Commission for the Retirement Savings System (CONSAR), Mexico.

#### d. Performance of investments:

The real annual average returns for the different types of Multifunds from 2008 to March 2012 are shown in Chart No. 11 and Graph No. 4. It can be seen that from the beginning of the Multifunds system until December 2011, and also for the 12-month period between April 2011 and March 2012, the real annual average return for all basic Siefors has been positive, except in the year 2008, a period of high financial uncertainty. In that year, returns in the riskiest funds (SB3, SB4 and SB5) were most affected, in accordance with their risk/return profile.

Over a more extended period, the information provided by the National Commission for the Retirement Savings System (CONSAR) shows that the historical average annual nominal performance of the system at the end of March reached 13,22%, with 6.63% real returns during the almost 15 years of operation of the retirement savings system.

<sup>1</sup> Each fund manager (or AFORE) was initially authorized to offer two pension funds (or SIEFORE): Basic SIEFORE 1 (Most Conservative or SB1) and Basic SIEFORE 2 (Conservative or SB2). As of March 28, 2008, all Pension Fund Managers are authorized to offer five investment alternatives (SB1, SB2, SB3, SB4 and SB5).

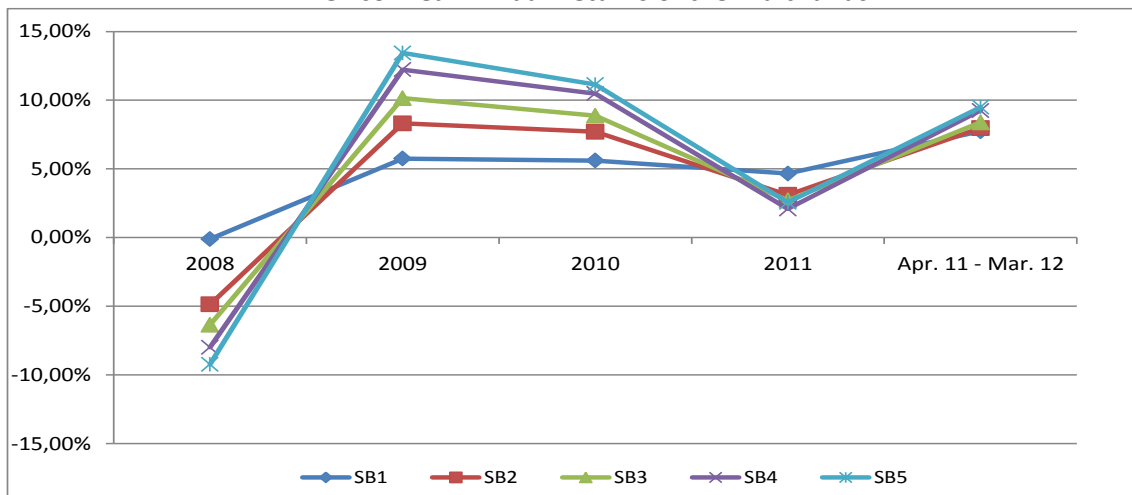
<sup>2</sup> The Afores must mandatorily offer 5 funds (from SB1 to SB5) and can offer additional funds (additional SIEFORES).

**Chart No. 11**  
**Mexico: Real Annual Returns of the Multifunds**

Year	SB1	SB2	SB3	SB4	SB5
2008	-0.12%	-4.87%	-6.35%	-7.99%	-9.23%
2009	5.75%	8.31%	10.15%	12.22%	13.44%
2010	5.60%	7.70%	8.87%	10.48%	11.14%
2011	4.66%	3.10%	2.70%	2.08%	2.56%
April. 2011 March. 2012	7.74%	7.97%	8.38%	9.25%	9.49%

Source: Mexican Association of Pension Fund Managers (AMAFORE).

**Graph No. 4**  
**Mexico: Real Annual Returns of the Multifunds**



Source: Mexican Association of Pension Fund Managers (AMAFORE).

**e. Investment portfolio**

As of April 2012, the Pension Fund<sup>3</sup> totaled USD 129,359 million (12.2% of GDP in 2011) (See Chart No. 12).

SB3 (the Intermediate Fund) accounted for 30.8% of the total managed assets as of April 2012, followed by SB2 (27.4%), SB4 (26.6%), SB1 (8.5%) and SB5 (5.3%) (See Graph 5). The largest Fund in terms of managed assets, SB3, has 19.5% of its funds invested in Equity instruments (10.5 percentage points below the maximum limit), whereas the riskiest fund, SB5, has 25.5% exposure to Equity instruments (14.5 percentage points below the maximum limit).

<sup>3</sup> Refers to the managed net assets (total assets minus total liabilities, i.e., corresponds to the stockholders equity or equity). The FIX exchange rate published by the Bank of Mexico is used for converting the figures to dollars: 1 USD = 12.9942 MXN.

**Chart No. 12**

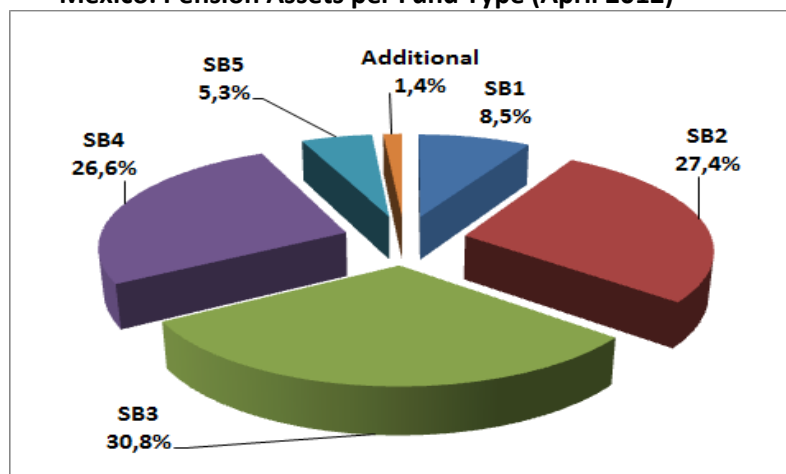
**Mexico: Investment Portfolio of the Pension Funds (April 2012)**

	SB1		SB2		SB3		SB4		SB5		Additional SIEFORES		Total net assets	
	M/USD	%	M/USD	%	M/USD	%	M/USD	%	M/USD	%	M/USD	%	M/USD	%
<b>National Equity</b>	162	1.48%	2,331	6.58%	3,149	7.90%	3,685	10.72%	730	10.58%	49	2.69%	10,107	7.8%
<b>International Equity</b>	192	1.75%	3,454	9.75%	4,612	11.57%	5,148	14.97%	1,032	14.95%	40	2.16%	14,478	11.19%
<b>National Private Debt</b>	2,700	24.64%	6,278	17.73%	6,714	16.84%	5,264	15.31%	873	12.64%	397	21.68%	22,226	17.18%
<b>International Debt</b>	393	3.59%	932	2.63%	1,113	2.79%	952	2.77%	133	1.93%	1	0.06%	3,524	2.72%
<b>Structured Instruments</b>	0	0.00%	872	2.46%	1,491	3.74%	1,264	3.68%	211	3.06%	1	0.03%	3,839	2.97%
<b>Government Securities</b>	7,511	68.55%	21,542	60.84%	22,790	57.16%	18,075	52.56%	3,926	56.86%	1,343	73.37%	75,186	58.12%
<b>Total Net Assets</b>	<b>10,957</b>	<b>100.00%</b>	<b>35,409</b>	<b>100.00%</b>	<b>39,869</b>	<b>100.00%</b>	<b>34,389</b>	<b>100.00%</b>	<b>6,905</b>	<b>100.00%</b>	<b>1,830</b>	<b>100.00%</b>	<b>129,359</b>	<b>100.00%</b>

Source: National Commission for the Retirement Savings System (CON SAR), Mexico.

**Graph No. 5**

**Mexico: Pension Assets per Fund Type (April 2012)**



Source: National Commission for the Retirement Savings System (CON SAR), Mexico.

**f. Number of accounts and choice of Multifunds**

In Mexico, workers can choose funds according to the age brackets defined by CON SAR for such purposes. Chart No. 13 shows the different choice options, as well as the default rule applicable to workers who do not choose a fund type.

**Chart No.13**

**Mexico: Choice Options and Default Assignment Criteria in the Multifunds**

SIEFORE	Age of the worker	SB1	SB2	SB3	SB4	SB5
SB1	60 or older	X	Prohibited	Prohibited	Prohibited	Prohibited
SB2	46 to 59	X	X	Prohibited	Prohibited	Prohibited
SB3	37 to 45	X	X	X	Prohibited	Prohibited
SB4	27 to 36	X	X	X	X	Prohibited
SB5	26 or younger	X	X	X	X	X

S

Source: National Commission for the Retirement Savings System (CONSAR), Mexico.

**X**: Default fund.

However, in practice, the percentage of members who choose a Fund is negligible, so there are not even any statistics in this regard. CONSAR publishes statistics of registered accounts based on the member's age. According to the latest information available as of December 2011, of a total of 41.3 million registered accounts: 15.8% belong to members 26 old or younger; 35.2% to members between 27 and 36; 23.3% to members between 37 and 45; 18.1% to members between 46 and 59 and 7.5% to members aged 60 or older.



**IV. Peru**

- a. **Startup date of the Multifunds system:** January 2005.
- b. **Number of funds:** 3
- c. **Types of funds and basic structure of investment limits:** See Chart No. 14.

**Chart No. 14**

**Peru: Structure of investment limits per fund type (% of managed funds)**

Type of Fund	Equity	Fixed income	Derivatives	Certificates/ assets in deposit	Foreign instruments (global limit)
	Max.	Max.	Max.	Max.	Max.
<b>Preservation (Type 1)</b>	10%	100%	10%	40%	30%
<b>Mixed (Type 2)</b>	45%	75%	10%	30%	
<b>Growth (Type 3)</b>	80%	70%	20%	30%	

Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.

**d. Performance of investments:**

The real annual average returns, from 2007 to March 2012, for the different types of Multifunds are shown in Chart No.15 and Graph No. 6. In the case of Fund Type 2, the continuation of the former sole existing fund, returns are displayed from the start of the system in 1994. It can be seen that since the three fund types started operating, they have had negative returns in 2008 and 2011. However, in a period of 6 years until March 2012, the annual average real return is positive for all funds (5.50% Fund Type 1; 8.36% Fund Type 2; and 15.29% Fund Type 3).

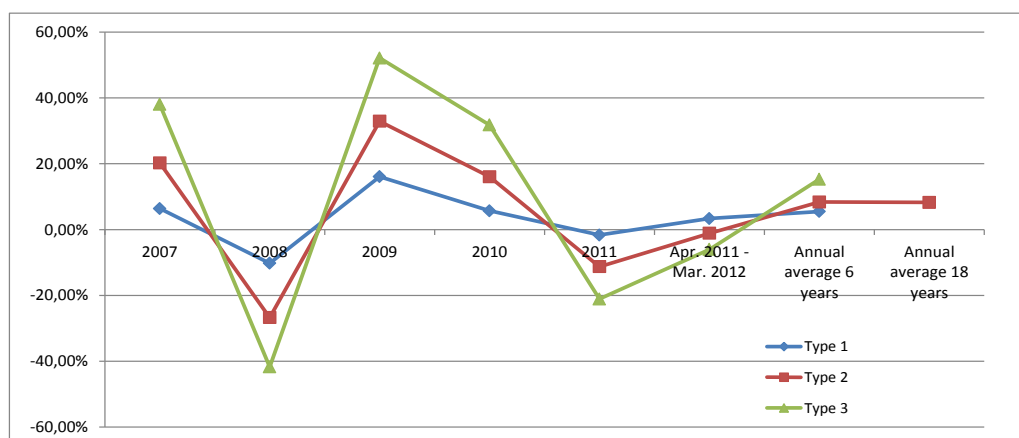
Over a more extended period, the information provided by the Superintendency of Banking, Insurance and AFPs (SBS), shows that the nominal average annual historical yield of Fund Type 2 at the end of March 2012, amounts to 12.95%, with 8.23% real return during the 18 years of operation of the Private Pension System.

**Chart No. 15**  
**Peru: Real Annual Return of the Multifunds**

	Type 1	Type 2	Type 3
1994	n.a.	8.58%	n.a.
1995	n.a.	5.55%	n.a.
1996	n.a.	5.83%	n.a.
1997	n.a.	11.11%	n.a.
1998	n.a.	-4.77%	n.a.
1999	n.a.	18.67%	n.a.
2000	n.a.	-6.74%	n.a.
2001	n.a.	11.07%	n.a.
2002	n.a.	11.25%	n.a.
2003	n.a.	21.24%	n.a.
2004	n.a.	12.15%	n.a.
2005	n.a.	18.42%	n.a.
2006	n.a.	26.82%	n.a.
2007	6.39%	20.24%	38.04%
2008	-10.23%	-26.74%	-41.71%
2009	16.08%	32.88%	52.10%
2010	5.71%	16.03%	31.79%
2011	-1.64%	-11.26%	-21.06%
Apr. 2011 - Mar. 2012	3.35%	-1.13%	-6.01%
Annual average 6 years (Mar.2006 - Mar. 2012)	5.50%	8.36%	15.29%
Average annual 18 years (Mar.1996 - Mar. 2012)	n.a.	8.23%	n.a.

Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.  
n.a.: Not Applicable.

**Graph No. 6**  
**Peru: Real Annual Return of the Multifunds**



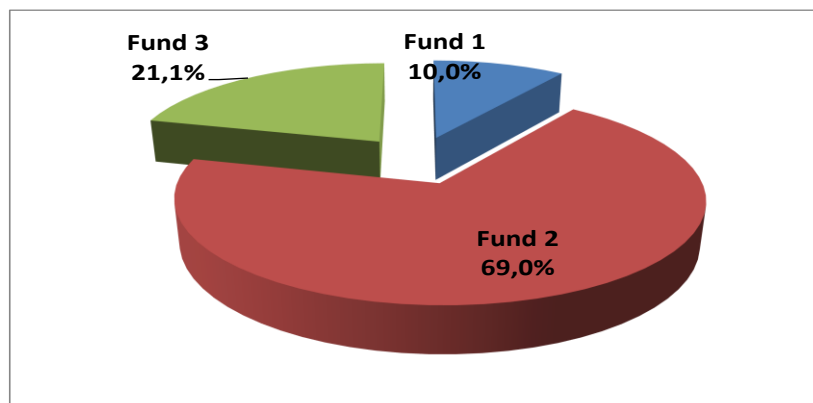
Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.

**e. Investment portfolio**

As of March 2012, the pension fund totaled \$ 33,808 million (18.4% of GDP in 2011) (see Chart No. 16). 72% was invested in Peru and 28% abroad.

Of the total managed assets as of March 2012, Fund Type 2 (Mixed or Intermediate) had 69% of workers' resources, followed by Fund Type 3 (21%) and Fund Type 1 (10%) (See Graph No. 7). The largest Fund in terms of managed assets, Type 2, had 51.5% of its funds invested in Equity instruments, whereas Fund Type 3 had 82.9% exposure to Equity instruments.

**Graph No. 7**  
**Peru: Pension Assets per Fund Type (March 2012)**



Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.

Chart No.16

Peru: Investment portfolio of the pension funds (March 2012)

	Fund 1		Fund 2		Fund 3		Total	
	Thousand USD	%	Thousand USD	%	Thousand USD	%	Thousand USD	%
<b>Government Sector</b>	<b>953,661</b>	<b>28.35%</b>	<b>4,154,626</b>	<b>17.82%</b>	<b>304,193</b>	<b>4.27%</b>	<b>5,412,480</b>	<b>16.01%</b>
<b>Fixed Income</b>	<b>953,661</b>	<b>28.35%</b>	<b>4,154,626</b>	<b>17.82%</b>	<b>304,193</b>	<b>4.27%</b>	<b>5,412,480</b>	<b>16.01%</b>
BCRP Certificates and Term Deposits	312,166	9.28%	177,813	0.76%	2,208	0.03%	492,187	1.46%
Central Government Bonds	641,495	19.07%	3,976,813	17.06%	301,985	4.24%	4,920,293	14.55%
<b>Corporate Sector</b>	<b>851,522</b>	<b>25.31%</b>	<b>7,293,444</b>	<b>31.28%</b>	<b>3,322,187</b>	<b>46.62%</b>	<b>11,467,154</b>	<b>33.92%</b>
<b>Fixed Income</b>	<b>614,349</b>	<b>18.26%</b>	<b>1,735,860</b>	<b>7.44%</b>	<b>109,958</b>	<b>1.54%</b>	<b>2,460,167</b>	<b>7.28%</b>
Negotiable Securities	4,104	0.12%	0	0.00%	0	0.00%	4,104	0.01%
Long-Term Promissory Notes	0	0.00%	65,366	0.28%	0	0.00%	65,366	0.19%
Debt Securities	63,957	1.90%	222,212	0.95%	4,411	0.06%	290,580	0.86%
Bonds of Nonfinancial Companies	537,318	15.97%	1,375,952	5.90%	100,163	1.41%	2,013,432	5.96%
Bonds for New Projects	8,971	0.27%	72,330	0.31%	5,385	0.08%	86,685	0.26%
<b>Equity</b>	<b>237,174</b>	<b>7.05%</b>	<b>5,557,584</b>	<b>23.83%</b>	<b>3,212,229</b>	<b>45.07%</b>	<b>9,006,987</b>	<b>26.64%</b>
Shares and Debt Instruments	187,925	5.59%	4,455,666	19.11%	2,917,686	40.94%	7,561,277	22.37%
Investment Fund Shares	25,353	0.75%	828,622	3.55%	198,996	2.79%	1,052,971	3.11%
Mutual Fund Shares	3,688	0.11%	115,082	0.49%	78,184	1.10%	196,954	0.58%
Miscellaneous	20,208	0.60%	158,215	0.68%	17,363	0.24%	195,785	0.58%
<b>Financial Sector</b>	<b>1,004,350</b>	<b>29.85%</b>	<b>5,138,275</b>	<b>22.04%</b>	<b>1,192,027</b>	<b>16.73%</b>	<b>7,334,652</b>	<b>21.69%</b>
<b>Fixed Income</b>	<b>964,826</b>	<b>28.68%</b>	<b>3,641,176</b>	<b>15.62%</b>	<b>477,519</b>	<b>6.70%</b>	<b>5,083,521</b>	<b>15.04%</b>
Certificates and Term Deposits	299,939	8.92%	977,975	4.19%	207,747	2.92%	1,485,661	4.39%
Debt Instruments	58,534	1.74%	302,411	1.30%	15,957	0.22%	376,903	1.11%
Financial Lease Bonds	44,295	1.32%	53,997	0.23%	0	0.00%	98,292	0.29%
Subordinate Bonds	91,788	2.73%	541,133	2.32%	89,002	1.25%	721,923	2.14%
Other Financial Sector Bonds	249,009	7.40%	596,456	2.56%	27,101	0.38%	872,566	2.58%
Mortgage Bonds	121	0.00%	2,233	0.01%	0	0.00%	2,353	0.01%
Securitization Bonds	221,140	6.57%	1,166,971	5.00%	137,712	1.93%	1,525,824	4.51%
<b>Equity</b>	<b>39,524</b>	<b>1.17%</b>	<b>1,497,100</b>	<b>6.42%</b>	<b>714,507</b>	<b>10.03%</b>	<b>2,251,131</b>	<b>6.66%</b>
Shares and Share Certificates	39,524	1.17%	1,497,100	6.42%	714,507	10.03%	2,251,131	6.66%
<b>Foreign Sector</b>	<b>558,889</b>	<b>16.61%</b>	<b>6,629,725</b>	<b>28.43%</b>	<b>2,278,941</b>	<b>31.98%</b>	<b>9,467,556</b>	<b>28.00%</b>
<b>Fixed Income</b>	<b>237,533</b>	<b>7.06%</b>	<b>1,685,626</b>	<b>7.23%</b>	<b>294,817</b>	<b>4.14%</b>	<b>2,217,975</b>	<b>6.56%</b>
Debt Securities	60,308	1.79%	361,208	1.55%	74,447	1.04%	495,963	1.47%
Financial System Bonds	53,376	1.59%	357,837	1.53%	45,731	0.64%	456,944	1.35%
Certificates and Term Deposits	27,421	0.82%	192,632	0.83%	61,492	0.86%	281,545	0.83%
Corporate Bonds	96,428	2.87%	773,949	3.32%	113,146	1.59%	983,523	2.91%
<b>Equity</b>	<b>321,357</b>	<b>9.55%</b>	<b>4,944,099</b>	<b>21.20%</b>	<b>1,984,125</b>	<b>27.84%</b>	<b>7,249,580</b>	<b>21.44%</b>
Shares and Securities	41,337	1.23%	1,703,587	7.31%	978,848	13.73%	2,723,773	8.06%
Mutual Funds Shares	280,019	8.32%	3,240,512	13.90%	1,005,277	14.11%	4,525,807	13.39%
<b>Transactions in Transit</b>	<b>-4,307</b>	<b>-0.13%</b>	<b>101,212</b>	<b>0.43%</b>	<b>29,445</b>	<b>0.41%</b>	<b>126,350</b>	<b>0.37%</b>
<b>Total Fixed Income</b>	<b>2,770,369</b>	<b>82.35%</b>	<b>11,217,288</b>	<b>48.11%</b>	<b>1,186,487</b>	<b>16.65%</b>	<b>15,174,144</b>	<b>44.88%</b>
<b>Total Equity</b>	<b>598,054</b>	<b>17.78%</b>	<b>11,998,783</b>	<b>51.46%</b>	<b>5,910,861</b>	<b>82.94%</b>	<b>18,507,698</b>	<b>54.74%</b>
<b>Total</b>	<b>3,368,423</b>	<b>100.00%</b>	<b>23,216,071</b>	<b>100.00%</b>	<b>7,126,793</b>	<b>100.00%</b>	<b>33,801,842</b>	<b>100.00%</b>

**f. Number of accounts and choice of Multifunds**

Workers in Peru can freely choose only one of the 3 types of existing funds, unless they are over 60, in which case it is forbidden to join Fund Type 3 (the riskiest one). Workers up to 60 years of age who do not choose a fund type are assigned by default to Fund Type 2 (Intermediate), whereas members over 60 are assigned by default to Fund Type 1 (Most Conservative) (See Chart No. 16).

**Chart No.16**  
**Peru: Choice options and default assignment criteria in the Multifunds**

Age of the worker	Fund type 1	Fund type 2	Fund type 3
60 or less	X	X	X
Over 60	X	X	Prohibited

Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.

: Default fund.

On the one hand, of a total of 5 million members as of March 2012, 90.6% belong to Fund Type II (Intermediate), 5.8% to Fund Type III (Riskiest) and 3.6% to Fund Type I (Most Conservative). On the other hand, on the same date, of the total universe of members, 96.6% had had actively chosen a fund type in which to invest their pension resources, while the remaining 3.4% had been assigned by default to Fund Type 1 or Fund Type 2, depending on their age (see Chart No. 17).

**Chart No. 17**  
**Peru: Members who choose and assigned members (March 2012)**

	Fund 1	Fund 2	Fund 3	Total members	%
<b>Individuals who choose</b>	<b>43,571</b>	<b>4,503,827</b>	<b>292,038</b>	<b>4,839,436</b>	96.6%
<b>Assigned</b>	<b>136,073</b>	<b>36,377</b>	<b>n.a.</b>	<b>172,450</b>	3,4%
<b>Total members</b>	<b>179,644</b>	<b>4,540,204</b>	<b>292,038</b>	<b>5,011,886</b>	100.0%
<b>%</b>	3.6%	90.6%	5.8%	100.00%	

Source: Superintendency of Banking, Insurance and AFPs (SBS), Peru.  
n.a.: not applicable.