

Evolution of the Unitary Value of Net Assets to Pension Funds in Pillar III

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Abstract

In the present paper I proposed to bring to the attention the evolutions of the unit values of the net asset (VUAN) for the facultative pension funds existing on the Romanian market at the end of March 2017. This indicator is defined at the beginning of the paper, and it continues with an analysis of the evolution of each fund over the whole period of existence until the end of the third quarter of 2017. At the same time, the VUAN performances for each fund are observed.

In the second part of the paper I made an analysis of the results for each year of the analyzed indicator and made annual ranking of the voluntary pension funds in Romania.

The paper addresses those concerned with the voluntary private pension market and can be a useful tool in making a decision for those interested in joining Pillar III.

Key words: voluntary pension funds; pillar III

J.E.L. Classification: G23

1. Introduction

As it is known, the unit value of the net asset (VUAN) is defined as the ratio between the net asset value of the pension fund at a given date and the total number of units of the fund at the same date. It expresses the profitability of a pension fund and its evolution shows how the manager, through the investments he made, managed to capitalize the contributions of the participants.

2. Evolution of the Unitary Value of Net Assets to Pension Funds in Pillar III

Based on the data published on the asfromania.ro website, I represented in Figure no. 1 the annual evolution of the VUAN for the 10 private facultative private pension funds from the start of each of them until March 31, 2017. The start-up VUAN within each pension fund was established by law at the level of 10 lei.

From the annual evolution of the unit value of the net asset, we note that for five of the funds it was upward each year, while for the other five there was one year in which VUAN was descendant.

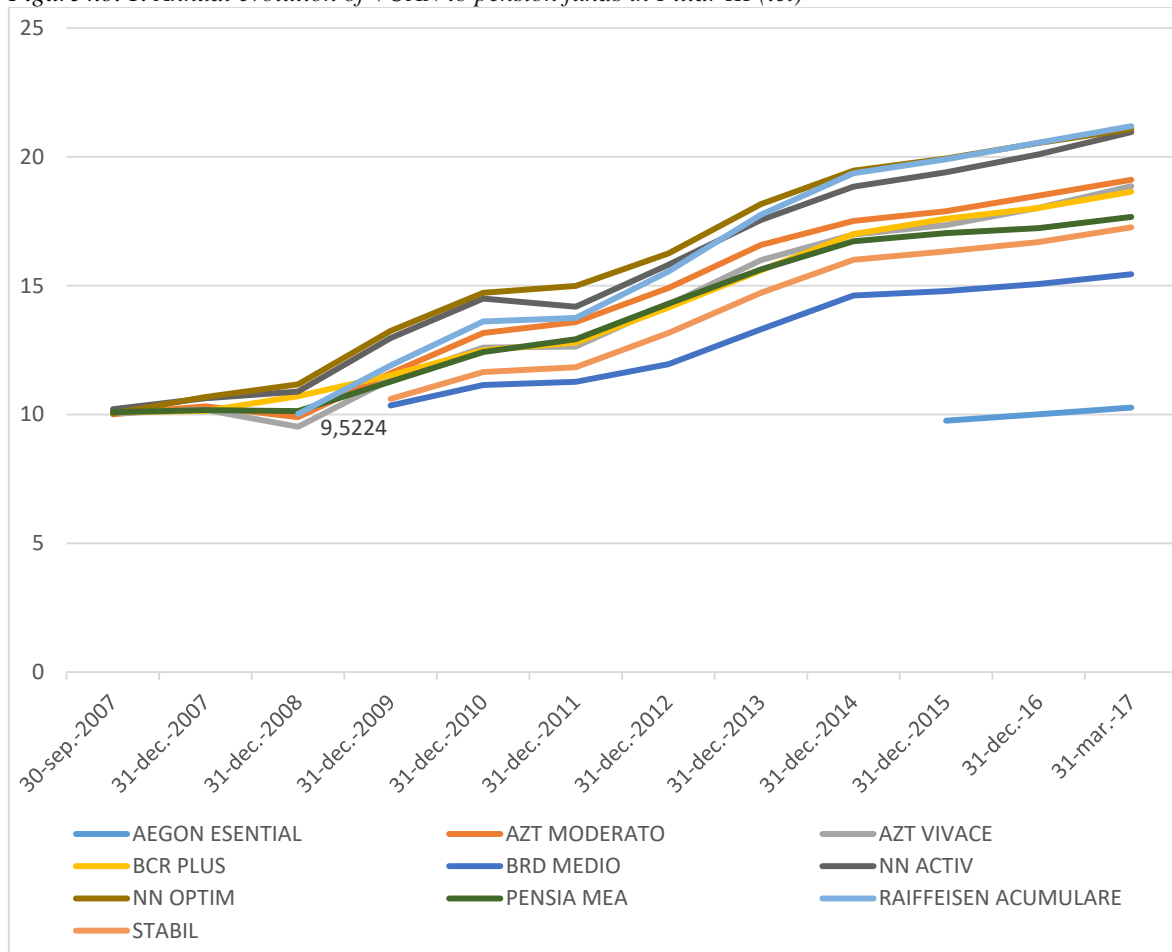
Next, we will analyze the annual evolution of VUAN for each fund.

The NN OPTIM Fund was the market leader until November 30, 2016 when it was overtaken by RAIFFEISEN ACUMULARE, VUAN increasing annually ever since its establishment. In 2009, we recorded the highest increase of 2.075548 lei (from 11.1692 lei to 13.244748 lei), while the weakest increase took place in 2011 and it was 0.263118 lei (from 14.726,382 lei to 14.9895 lei). The increase in 2009 (of 2.075548 lei) was the highest annual increase of VUAN in all years of operation and for all the Pillar III funds existing on the Romanian market on 31 March 2017. This increase was advanced only by the fund CONCORDIA MODERAT (fund absorbed by EUREKO) in 2009, which also set the annual growth record at 2.3510.

The evolution of VUAN for the RAIFFEISEN ACUMULARE fund has increased each year, the most favorable trend being in 2013, with an increase of 2.2049 lei (from 15.553221 lei to 17.758165 lei). The year with the weakest increase of VUAN was 2011, with an increase of only 0.137076 lei (from 13.612872 lei to 13.749948 lei).

On the third position was the second fund of NN, the fund NN ACTIV, which recorded increases of VUAN in each year of operation with the exception of 2011 when it decreased by -0.316595. The best year-on-year evolution was in 2009, with an increase of 2.07455 lei (from 10.8885 lei to 12.96305 lei). As I said, the only decrease of VUAN in the analyzed period took place in 2011 and was -0.316595 lei (from 14.502262 lei to 14.185667 lei).

Figure no. 1. Annual evolution of VUAN to pension funds in Pillar III (lei)



Source: made by the author based on the data published on www.asfromania.ro

In all years of operation, the AZT MODERATO fund recorded annual increases of VUAN, except for 2008, when the only negative evolution of VUAN was recorded, of -0.4255 lei (from 10.3213 lei to 9.8958 lei). The maximum increase was in 2009 of 1,710593 lei (from 9.8958 lei to 11,606393 lei)

For the BCR PLUS fund, the unit value of the net asset increased each year, with the best evolution in 2013 of 1.442558 lei (from 14.150993 lei to 15.593551 lei). The lowest annual growth occurred in 2011 and was only 0.297904 lei (from 12.495554 lei to 12.793458 lei).

An annual evolution of VUAN similar to that of the other Allianz-Tiriatic fund was also provided by AZT VIVACE. It recorded annual increases, of which the most important in 2009, of 1.838721 lei (from 9.5224 lei to 11.361121 lei), with the exception of 2008, when it registered a decrease of VUAN, of -0.6593 lei (from 10.1817 lei to 9.5224 lei).

The VUAN for the PENSIA MEA fund it had an increasing annual growth in each year of operation, except for 2008. Thus, the maximum increase was of 1.378035 lei in 2010 (from 11.274824 lei to 12.426386 lei), and the 2008 VUAN reduction was -0,038 lei (from 10.1678 lei to 10.1298 lei).

The STABIL pension fund had VUAN increasing each year. The best development was of 1.560087 lei in 2013 (from 13.164815 lei to 14.724902 lei), while in 2011 there was the smallest increase of 0.184891 lei (from 11.649504 lei to 11.834395 lei).

Every year he has been active on the market, the BRD MEDIO pension fund has increased VUAN, the best year being 2013, with an increase of 1.353598 lei (from 11.952803 lei to 13.306401 lei), and the year with the weakest growth was 2011, with a plus of only 0.119221 lei (from 11.14802 lei to 11.267241 lei).

Analyzing each year, we notice that at the end of the first year of operation - 2007, the six facultative funds on the market had a positive evolution compared to the initial value of 10 lei and had VUAN in the following order: 1. NN OPTIM – 10.68 Lei; 2. NN ACTIVE - 10.63 lei; 3. AZT MODERATO - 10.3213 lei; 4. AZT VIVACE – 10.1817 lei; 5. My PENSION – 10.1678 lei; 6. BCR PLUS - 10.14 lei.

In 2008, three of the funds had negative developments of VUAN: MY PENSION, AZT MODERATO and AZT VIVACE, the latter had the highest annual VUAN decrease over the period and all funds of -0.6593 lei To 10.1817 lei to 9.5224 lei). The other five funds had favorable evolutions of VUAN, the highest increase being in the BCR PLUS fund, of 0.5704 lei from 10.14 lei to 10.7104 lei).

The ranking at the end of 2008 brings NN OPTIM funds to the first three places as VUAN, with 11.1692 lei (this is also the first fund that exceeded the level of 11 lei), NN ACTIV with 10,8885 lei and BCR PLUS, with 10,7104 lei. The last three places included RAIFFEISEN ACUMULARE funds with 10.0218 lei, AZT MODERATO with 9.8958 lei and AZT VIVACE, with VUAN of only 9.5224 lei.

In 2009, the EUREKO CONFORT fund was the only fund that had a negative evolution of VUAN, of -0.402135 lei (from 8.4127 lei to 8.010565 lei). The other funds recorded increases in VUAN, the highest being NN OPTIM, of 2,075,548 lei (from 11.1692 lei to 13,244748 lei).

At the end of 2009, in terms of net asset value, the first three funds were NN OPTIM with VUAN of 13.244748 lei (this being also the first voluntary pension fund that passed the threshold of 13 lei), NN ACTIV with 12.96305 lei and MODERN CONCORD with 12.467,121 lei. On the last places were the STABIL funds, with lei 10.604551, BRD MEDIO with 10.348906 lei and EUREKO CONFORT with 8.010565 lei.

In the following year, 2010, we note the favorable developments of VUAN for all 11 Pillar III funds, the most significant being the RAIFFEISEN ACUMULARE fund, of 1.709763 lei (from 11.903109 lei to 13.612872 lei), in while the weakest evolution was the CONCORDIA MODERAT fund, of 0.71295 lei (from 12.467121 lei to 13.180071 lei).

At the end of this year, VUAN's top-ranked list finds NN OPTIM funds with VUAN of 14.726382 lei, NN ACTIV with 14.502262 lei and RAIFFEISEN ACUMULARE with 13.612872 lei. The last places were occupied by the same funds as at the end of 2009, STABIL with 11,649504 lei, BRD MEDIO with 11.14802 lei and EUREKO CONFORT with 9.223446 lei.

In 2011 there were increases of VUAN for 10 out of the 11 facultative funds, the best evolution having the CONCORDIA MODERAT fund, with a plus of 1.107637 lei (from 13.180071 lei to 14.287708 lei). The only fund whose VUAN registered a decrease was NN ACTIV, with a decrease of -0.316595 lei (from 14.502262 lei to 14.185667 lei).

The first three VUAN funds were, at the end of 2011, NN OPTIM with 14.9895 lei, MODERN CONCORDIA with 14.287708 lei and NN ACTIV with 14.185667 lei. On the last three positions we find again the STABIL funds with 11,834395 lei, BRD MEDIO with 11.267241 lei and EUREKO CONFORT with 9.446852 lei.

Starting with 2012, all Pillar III funds only recorded annual increases of VUAN. Thus, the largest increase in 2012 was registered by the RAIFFEISEN ACUMULARE Fund and was 1.803273 lei, from 13.749948 lei to 15.553221 lei, and the worst was 0.685562 lei from 11.267241 lei to 11.952803 lei of the BRD MEDIO Fund. At the end of this year, the first three VUAN funds were NN OPTIM, with a value of VUAN of 16.250372 lei, followed by NN ACTIV with a value of 15.812898 lei and CONCORDIA MODERAT with a value of 15.685715 Lei. The last positions were occupied by the STABIL fund with 13.164815 lei, BRD MEDIO with 11.952803 lei and EUREKO CONFORT with 10.46641 lei.

In 2013, the maximum increase belonged to the RAIFFEISEN ACUMULARE fund and was 2.204944 lei, while and the minimum increase was 1.266028 lei for the EUREKO CONFORT fund. The end of the year finds the fund NN OPTIM with a value of VUAN of 18.164278 lei, followed by RAIFFEISEN ACUMULARE with a value of VUAN of 17.758165 lei and NN ACTIV with a value of VUAN of 17.549445 lei. The weakest positions were occupied by the STABIL fund with a value of VUAN of 14.724902 lei, BRD MEDIO with a value of VUAN of 13.306401 lei and EUREKO CONFORT with a value of VUAN of 11,732438 lei.

The best increase of the annual value of VUAN in 2014 was 1,610767 lei registered by RAIFFEISEN ACUMULARE fund, while the weakest was 0.9933544 lei and belonged to the AZT MODERATO fund. The highest values of VUAN at the end of 2014 were those of the funds: NN OPTIM, with 19.46348 lei, RAIFFEISEN ACUMULARE with 19.368932 lei and NN ACTIV with 18.845485 lei. The lowest values of VUAN were recorded by the funds: STABIL with a value of 16.004948 lei, BRD MEDIO with 14.618059 lei and EUREKO CONFORT with 12.970177 lei.

In 2015, the VUAN value with the highest increase was registered by the BCR PLUS fund and was by LEI 0.596304, and the lowest was the one of BRD MEDIO by 0.176836 lei. At the end of this year, the first position regarding the value of VUAN was occupied by NN OPTIM with 19.940735 lei, followed by the RAIFFEISEN ACUMULARE fund with 19.908918 lei and by the NN ACTIV fund with 19.403589 lei.

The last positions belonged to the funds: PENSIA MEA with a value of VUAN of 17.041258 lei, STABIL with a value of VUAN of 16.333878 lei and BRD MEDIO with a value of VUAN of 14.794895 lei.

The best increase of the annual value of VUAN in 2016 was 0.6696211 lei registered by the NN ACTIV fund, while the weakest was 0.192742 lei and belonged to the PENSIA MEA fund. The highest values of VUAN at the end of 2016 were those of the funds: RAIFFEISEN ACUMULARE, with 20.5519 lei, NN OPTIM with 20.5374 lei and NN ACTIV with 20.0998 lei. The lowest values of VUAN were recorded by the funds: STABIL with a value of 16.6913 lei, BRD MEDIO with 15.0688 lei and AEGON ESENTIAL with 10.0070 lei. It should be noted that as of November 2016 the NN OPTIM Fund lost the first position in the VUAN rankings in favor of the RAIFFEISEN ACUMULARE fund.

On March 31, 2017 RAIFFEISEN ACUMULARE fund had the highest VUAN, 21.1913 lei (this was the first fund that exceeded 21 lei), followed by NN OPTIM with 21.0837 lei and NN ACTIV with 20.1392 lei, these three funds registering the highest increases of VUAN as compared to the initial value of 10 lei. The last three funds were still STABIL with 16.6913 lei, BRD MEDIO with 15.4443 lei, and AEGON ESENTIAL with 10.2711 lei.

3. Conclusions

In conclusion, VUAN offers a good picture of the overall evolution of a pension fund in terms of investments made. Depending on the total VUAN yields over the lifetime, until 31 March 2017, the first three places were occupied by RAIFFEISEN ACUMULARE, NN OPTIM and NN ACTIV. In fact, the NN OPTIM voluntary fund outperformed VUAN's remaining funds by the end of November 2016 when it was overtaken by RAIFFEISEN ACUMULATION.

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