



NATIONAL BANK OF SERBIA

**INSURANCE SUPERVISION DEPARTMENT
PENSION FUNDS
SUPERVISION DIVISION**

VOLUNTARY PENSION FUNDS SECTOR IN SERBIA

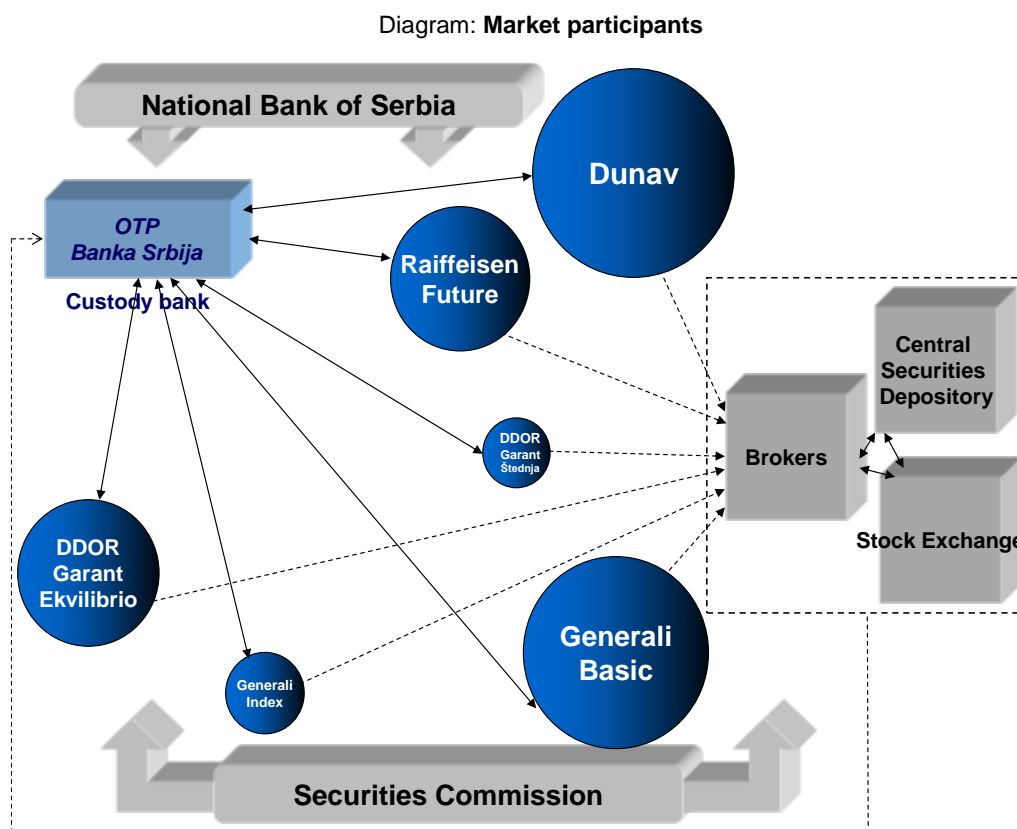
Second Quarter Report 2021

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1 Market participants

At end-Q2 2021, the market of voluntary pension funds (VPFs) included four companies managing seven VPFs, one custody bank, five intermediary banks and one insurance brokerage undertaking.¹



At end-Q2 2021, VPF management companies employed 123 persons, unchanged from a quarter earlier.

The NBS licences sales agents, who passed professional examinations and fulfilled other requirements, to disseminate information about VPF operations. By end-Q2 2021, a total of 958 sales agent licences were granted.

Management companies, banks and insurance undertakings as brokers may engage sales agents. At end-Q2 2021, management companies hired 107 persons, intermediary banks 529 persons and an insurance undertaking 97 persons as sales agents.

2 VPF net assets

At end-Q2 2021, VPF net assets equalled RSD 48.2 bn, rising by 1% q-o-q. The changes in

At end-Q2 2021, net assets equalled RSD 48.2 bn.

¹ Raiffeisen Bank a.d. Beograd, OTP banka Srbija a.d. Novi Sad, NLB banka a.d. Beograd, Addiko Bank a.d. Beograd and Sberbank a.d. Beograd, joint-stock insurance undertaking DDOR Novi Sad, Novi Sad.

the value of net assets reflect net contributions,² withdrawals and investment returns. In Q2 2021, total contributions amounted to RSD 914 mn, withdrawals to RSD 592.3 mn and investment returns to RSD 188.7 mn.

End-of-period net assets of the VPF sector

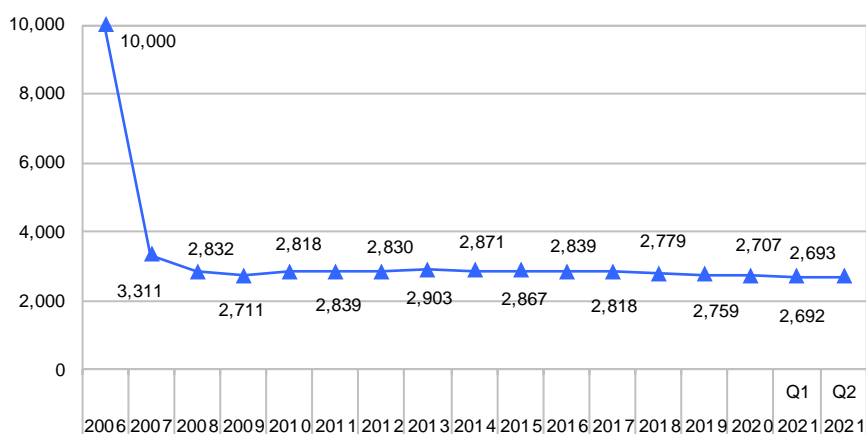
(in RSD bn)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
9.9	12.5	16.1	19.7	23.6	28.9	32.8	36.2	40.2	45.2	47.0	47.7	48.2

Source: National Bank of Serbia.

End-of-period sector concentration

(Herfindahl–Hirschman Index)



Source: National Bank of Serbia.

Measured by the HHI, market concentration in the sector³ at end-Q2 2021 amounted to 2,693 points, indicating high concentration in the VPF market.

According to the size of VPF net assets relative to total net assets of the sector, two funds were classified as “large” and two as “medium”. Together, they held 93% of the market share, with the largest fund accounting for around 39%.

Number of funds by groups divided by market share

(in units)

Share in net assets (%)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
												Q1	Q2
Large (20 and above)	3	2	2	2	2	2	2	2	2	2	2	2	2
Medium (5 - 19.99)	1	2	2	2	2	2	2	2	2	2	2	2	2
Small (0 - 4.99)	4	5	5	2	2	3	3	3	3	3	3	3	3

Source: National Bank of Serbia.

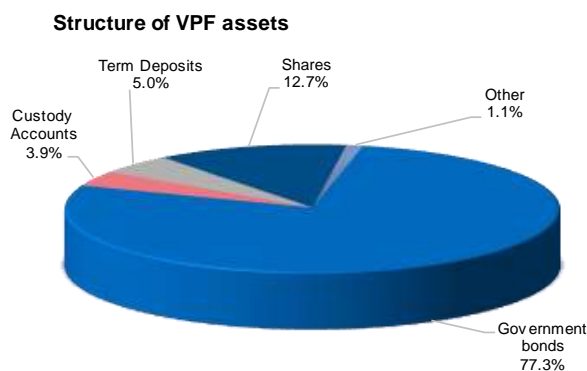
² Net contributions are total contributions minus the front-load fee.

³ In terms of the share in total net assets.

3 Structure of VPF assets

At end-Q2 2021, the structure of investment of VPF assets remained broadly unchanged from the previous period. Government bonds accounted for a major part of VPF assets – 77.3%. Balances in custody accounts and bank time deposits made up 8.9% and shares 12.7%. Investment in units of open-end investment funds and receivables made up the category “other” which accounted for 1.1%.

Majority of assets were invested in government debt instruments – 77.3%.

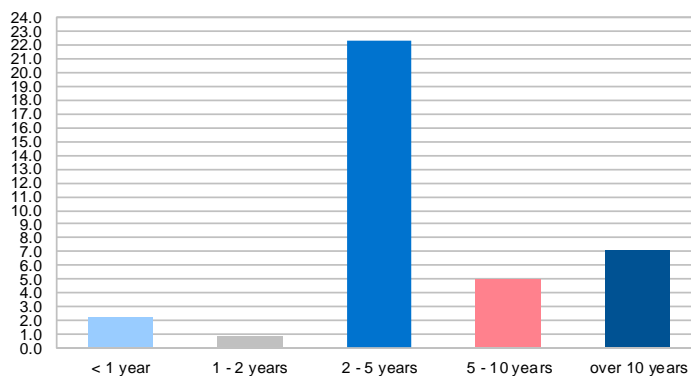


Source: National Bank of Serbia.

Government debt instruments portfolio (Republic of Serbia’s bonds) kept the dominant position in total VPF assets at the end of the period, with the downward trend in the share of these instruments in VPF assets (from 79.5% at the end of the previous quarter to 77.3%). It should be noted that in the prior quarter, the portfolio of government debt instruments also referred to the investment of funds in T-bills, amounting to 0.4% of total assets, while Q2 saw no investment in the mentioned type of assets.

On the other hand, aggregate exposure to the shares of domestic legal entities increased compared to the end of the previous quarter, from 12.1% to 12.7% of total VPF fund assets, reflecting the current trends in the financial market of the Republic of Serbia.

Maturity structure (government fixed income securities)
(in RSD bn)



Source: National Bank of Serbia.

At end-Q2 2021, 5.7% of government debt instruments were with the maturity of up to one year, 2.2% between one and two years, 59.8% between two and five years, 13.2% between five and ten years, and 19.1% over ten years.

The average maturity of assets⁴ invested in government debt instruments was 5.6 years.

At end-Q2 2021, 84.2% of total assets were in dinars and 15.8% in foreign currency (EUR).

4 Return on investment

At end-Q2 2021, FONDex⁵ reached 3,132.11 points.⁶ The rise in FONDex is the weighted average return on all funds, and it came at 4.1% for the past year. Since the start of VPF operation,⁷ FONDex return has equalled 8.1%. Given the structure of VPF investment, the return is influenced by: the change in the yield curve on government debt instruments,⁸ change in the prices of shares, change in the value of investment units of open-end investment funds, level of the key policy rate and banks' interest rates, and changes of the dinar exchange rate against the euro.

In Q2 2021, in the primary market of dinar-denominated government debt instruments, two-year government securities were reissued at the rate of 1.6% (RSD 21 bn).

Market value of issued dinar-denominated government debt instruments, by maturity
(in RSD bn)

Maturity	Q1 2020	Q2 2020	Q3 2020	Q1 2021	Q2 2021
3m	-	-	-	-	-
6m	-	-	-	-	-
12m	-	34.4	-	-	-
18m	-	-	-	-	-
24m	-	38.9	9.0	9.1	21.0
36m	-	54.0	-	-	-
60m	20.1	26.5	13.2	-	-
84m	-	-	-	-	-
120m	-	-	-	-	-
144m	37.5	4.8	1.5	-	-
Total	57.6	158.5	23.6	9.1	20.1

Source: Ministry of Finance.

⁴The maturity of instruments weighted by their share in total investment in government debt instruments.

⁵ FONDex is the index which indicates movements in investment units of all VPFs in the market.

⁶ The initial FONDex value on the first business day of the first VPF, 15 November 2006, was 1,000.

⁷ Annual rate.

⁸A decline in interest rate leads to an increase in the prices of debt instruments and vice versa. The prices of longer-maturity instruments are more sensitive to interest rate changes.

**Accepted rate of issued dinar-denominated government debt instruments,
by maturity**

Maturity	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
3m	-	-	-	-	-
6m	-	-	-	-	-
12m	1.8%	-	-	-	-
18m	-	-	-	-	-
24m	2.0%	2.0%	2.0%	1.6%	1.6%
36m	2.2%	-	-	-	-
60m	2.6%	2.7%	2.6%	-	-
84m	-	-	-	-	-
120m	-	-	-	-	-
144m	3.9%	4.0%	3.9%	-	-

Source: Ministry of Finance.

Q2 2021 saw the reissue of euro-denominated government debt instruments with twenty-year maturity (RSD 55.5 mn) at the rate of 2.3%.

**Market value of issued euro-denominated government debt instruments,
by maturity**

(in EUR mln)

Maturity	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
12m	-	-	-	-	-	-
24m	59.9	40.2	-	-	-	-
36m	-	-	-	-	-	-
60m	4.4	-	-	-	-	-
84m	-	-	-	-	-	-
120m	-	-	-	-	-	-
144m	100.6	-	-	-	24.9	-
180m	-	-	-	-	-	-
240m	161.2	-	-	-	30.4	55.5
Total	326.0	40.2	-	-	55.2	55.5

Source: Ministry of Finance.

**Accepted rate of issued euro-denominated government debt instruments,
by maturity**

Maturity	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 2021
12m	-	-	-	-	-	-
24m	0.5%	0.5%	-	-	-	-
36m	-	-	-	-	-	-
60m	1.1%	-	-	-	-	-
84m	-	-	-	-	-	-
120m	-	-	-	-	-	-
144m	1.9%	-	-	-	1.7%	-
180m	-	-	-	-	-	-
240m	3.0%	-	-	-	2.3%	2.3%

Source: Ministry of Finance.

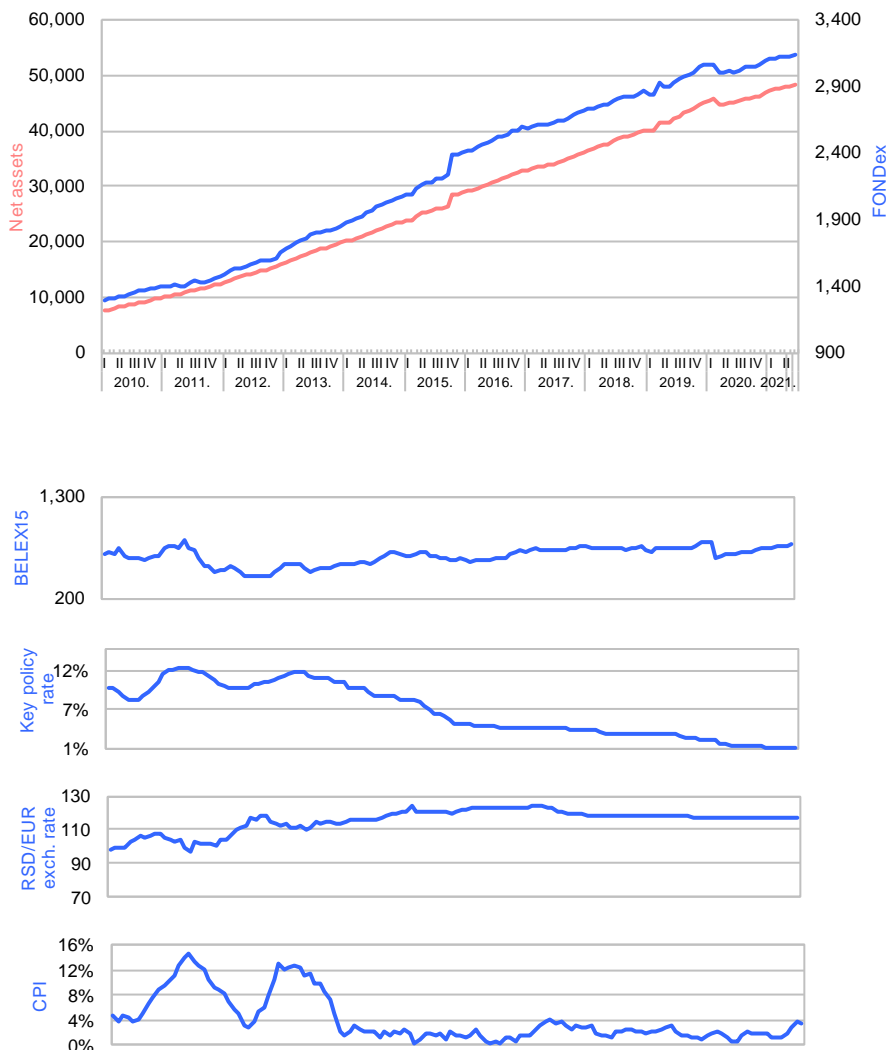
The prices of shares in the Belgrade Stock Exchange (BSE), measured by the BELEX15 index, rose by 3.3% at end-Q2 2021 (the value of the index was 779.45 at end-June). The index rose by 17.1% over the past year.

The key policy rate equalled 1% at end-June 2021. The level of interest rates earned by funds on dinar assets in custody accounts mirrored the movements in the key policy rate.

In Q2 2021, the dinar stayed almost unchanged vis-à-vis the euro, coming at the level of RSD 117.57 per euro at the end of this quarter. In the same period, the dinar gained 1.7% against the US dollar.

Price growth rates came at 1.1%, 0.5% and 0.3% in April, May and June, respectively. Y-o-y, consumer prices gained 3.3% in June 2021.⁹

Movements in net assets, FONDEX and key indicators of VPF
(in RSD mn, units, %)



Source: National Bank of Serbia, Belgrade Stock Exchange, Statistical Office.

⁹ Source: Statistical Office of the Republic of Serbia.

5 Fees charged by management companies

The Law on Voluntary Pension Funds and Pension Schemes sets out that management companies charge fees for their services and account transfer to fund members. Management company fees entail contribution and management fees. The account transfer fee may not exceed the actual transfer costs.

Though fees are among the parameters that members should consider when choosing a fund, they should not be viewed in isolation. The level of fees is contingent on the fund's investment policy and its investment activity. As a rule, more active funds, intended for younger persons who will pay contributions over a longer horizon, invest more in more complex instruments, assuming a higher degree of risk. Such funds are expected to post higher returns, hence their fees are higher. On the other hand, a fund investing passively in safer financial instruments should charge lower fees. A fund's investment policy, i.e. planned investment of the fund members' assets, the expected return, the level of risk assumed by funds (and members), and fees charged by companies, should all be taken into account when opting for a fund.

The contribution fee is paid only once, as a front-load fee. Though visible in the first instance, it is not the largest cost incurred by a member.

The total amount of contribution fees paid in Q2 2021 amounted to RSD 19.7 mn and the level of the fee in the same period was 2.2% on average.

The management fee is calculated daily against the value of VPF net assets and is included directly in the investment unit value, meaning that the calculated and published investment unit value is exclusive of the management fee.

At end-Q2 2021, the total value of management fees equalled RSD 148.8 mn, which is around 88% of the total fees charged.

Fees charged by management companies

(in RSD mn)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
Contribution fee	57.9	60.1	58.7	55.4	53.0	56.8	61.0	66.3	71.8	76.2	19.0	19.7
Management fee	220.0	284.1	357.8	432.8	514.9	614.4	678.7	474.0	526.7	567.9	145.2	148.8

Source: National Bank of Serbia.

6 Trading in securities

VPF trading volumes equalled RSD 5.7 bn in Q2 2021.

The average share of VPFs in BSE trading was 20.6% during the quarter.

VPF securities trading

(in RSD bn)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
										Q1	Q2
Securities trading	13.2	12.9	21.2	14.5	11.5	24.2	16.1	48.7	26.3	17.8	5.7
Purchases	7.1	9.0	12.1	7.9	6.4	14.7	9.3	27.1	13.8	10.0	2.6
Belgrade Stock Exchange	0.3	0.4	0.5	0.9	1.1	3.7	2.7	3.2	2.7	0.4	0.3
Unregulated market	0.1	0.7	0.9	1.8	1.1	5.8	3.2	16.7	7.6	8.0	1.9
Auctions of government secur	6.7	7.9	10.7	5.2	4.2	5.1	3.4	7.1	3.6	1.6	0.3
Sales	4.2	2.0	5.4	3.6	3.0	7.4	5.5	19.6	11.2	5.9	2.4
Belgrade Stock Exchange	0.3	0.6	0.3	0.5	1.9	2.7	3.2	1.4	3.1	1.8	1.7
Unregulated market	3.9	1.4	5.0	3.2	1.1	4.7	2.3	18.1	8.1	4.1	0.6
Maturity	2.0	2.0	3.7	2.9	2.1	2.2	1.3	2.1	1.4	1.9	0.7
Purchase to sale and maturity ratio	1.1	2.3	1.3	1.2	7.5	1.5	1.4	1.3	1.1	1.3	0.8
Share in total BSE trading (in%)	2.6%	3.4%	4.1%	6.1%	6.7%	33.0%	9.4	5.1	11.9%	26.3%	20.6

Source: National Bank of Serbia, Belgrade Stock Exchange.

7 Transaction costs

Transaction costs incurred in the purchase, sale and transfer of securities (Central Securities Depository fees, stock exchange fees, tax charges) and the costs of current maintenance of real estate property that fund assets are invested in are charged against fund assets. Other costs are charged against the assets of management companies.

The total transaction costs in Q2 2021 amounted to RSD 1.2 mn. In the same period, Central Securities Depository fees had a greater share in transaction costs compared to stock exchange fees, while custody bank fees made up the bulk of costs paid by management companies from their assets compared to brokerage fees.

Amount of transaction costs

(in RSD mn)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
												Q1	Q2
Total	9.5	7.0	4.7	6.0	6.2	5.6	7.3	10.5	8.3	17.2	10.3	1.9	1.2
Brokerage fees	4.5	2.9	2.0	2.5	2.0	1.3	2.3	4.4	3.0	8.0	3.7	0.2	0.3
Custody bank fees	2.4	2.2	1.5	1.9	2.0	2.0	2.0	1.9	1.8	3.1	2.3	0.5	0.4
Stock exchange fees	1.1	0.8	0.3	0.6	0.6	0.8	1.0	1.8	1.3	1.9	1.3	0.2	0.2
Central Securities Depository fees	1.5	1.1	0.9	0.9	1.6	1.6	2.0	1.8	1.6	3.4	2.2	0.8	0.3
Other fees	-	-	-	0.1	0.0	-	0.0	0.6	0.6	0.7	0.9	0.2	0.0

Source: National Bank of Serbia.

8 Number and structure of VPF users

At end-Q2 2021, 206,830 users¹⁰ were in the accumulation phase.¹¹ Total VPF membership contracts¹² stood at 282,403.

VPF users accounted for 9.3%¹³ of the total number of employees.

Number of contracts and users

(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
												Q1	Q2
No of contracts	220.4	234.4	240.4	244.5	252.1	258.1	250.5	253.9	261.7	275.8	279.5	279.5	282.4
No of users	166.8	174.9	179.8	183.5	188.0	190.5	183.6	185.4	192.3	201.6	205.0	205.1	206.8
Percentage of active users (in %)	43.9%	35.1%	30.5%	30.3%	31.3%	25.3%	28.5%	33.6%	33.4%	34.4%	35.3%	34.0%	34.2%

Source: National Bank of Serbia.

Structure of users by payment dynamics

(in units and %)

	Period	No of users	Share (%)
Users making contributions	1 month	70,759	34.2%
	3 months	79,130	38.3%
	6 months	82,168	39.7%
	12 months	86,831	42.0%
	From the start of membership (1)	184,709	89.3%
No holdings (2)		22,121	10.7%
Total (1+2)		206,830	

Source: National Bank of Serbia.

The amount of accumulated funds depends on the amount of contributions, return earned by funds, level of fees, and the length of the accumulation phase. As the level of contributions and the period of accumulation increase and funds earn returns, average balances in members' individual accounts go up. The average amount of funds accumulated in the accounts of members who have made at least one contribution payment was RSD 261 thousand. At end-Q2 2021, the number of users who were members of two or more VPFs was 42,114 or around 20% of the total number of users.

Average accumulated funds at end-period

(in RSD thousand)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
70.5	84.5	105.3	127.3	148.3	179.4	200.6	219.3	235.8	239.9	257.4	260.8	261.0

Source: National Bank of Serbia.

¹⁰ The number of users is the number of people who are members of VPF(s). This number is lower than the number of membership contracts, as there is a significant number of users with more than one membership contracts in one or several VPFs.

¹¹ VPF membership has two phases – the accumulation phase (when contributions are made) and the withdrawal phase (when the accumulated funds are withdrawn).

¹² The number of membership contracts is the sum total of individual membership contracts and the number of members of all pension schemes.

¹³ The source for the number of employees: NBS.

In terms of gender composition and the respective amounts of funds, Q2 2021 saw no significant changes relative to prior periods. Men remained dominant, accounting for 57.4% of all users.

Number of users by number of funds in which they are members
(in units)

No of funds	No of users
1	164,716
2	35,159
3	6,697
4	232
5	21
6	3
7	2
Total	206,830

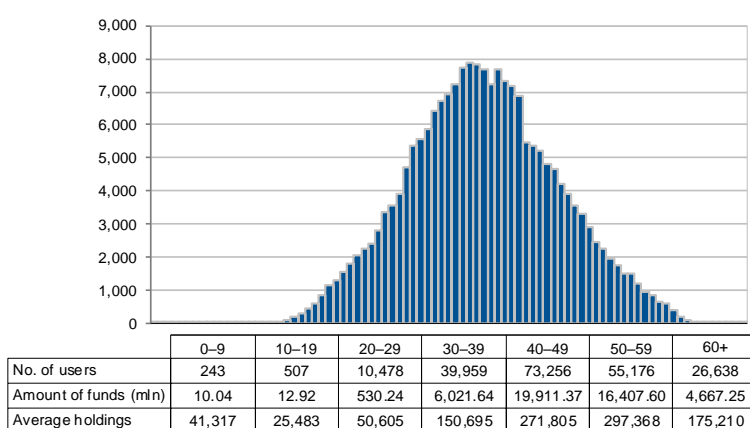
Source: National Bank of Serbia.

Number of users by membership contract
(in units)

No of contracts	No of users
1	150,029
2	43,255
3	9,522
4	3,138
5	645
6	177
7	53
8	11
9	
Total	206,830

Source: National Bank of Serbia.

Distribution of users and accumulated funds by age
(in units, RSD)



Source: National Bank of Serbia.

At end-Q2 2021, the average age of VPF users was around 47 years, with users aged 40–60 making up the dominant share of around 62%. The percentage of users above the age of 53 was similar as in prior years, accounting for 29.3%, while the percentage of users above the age of 58 accounted for 17%.

9 Contributions, withdrawals and transfers

Of total contributions in Q2 2021, individual payments accounted for 39.3%, employer contributions for 33.6% and pension schemes for 26.5%. The total contributions to VPFs in Q2 2021 amounted to RSD 914 mn.

Net contributions came at RSD 894.2 mn in Q2 2021.

Total contributions

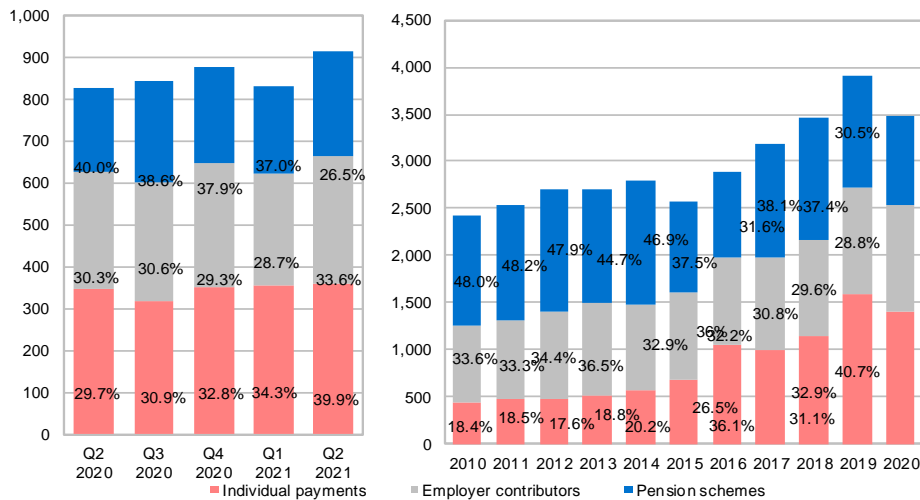
(in RSD bn)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
2.43	2.53	2.70	2.70	2.80	2.58	2.89	3.19	3.47	3.92	3.48	0.83	0.91

Source: National Bank of Serbia.

Volume and structure of total contributions

(in RSD mn, %)



Source: National Bank of Serbia.

Although most contributions are made through employers who, in this way, display a high level of responsibility towards their staff, there is a noticeable increase in the number of individual contributions. There is an ample potential for further growth in the membership base, both through individuals who increasingly recognize the importance of saving for old age, and through companies, especially having in mind that only one in ten employee has a VPF account. This way, employees and employers can save up since contributions from employer's funds up to RSD 6,062¹⁴ per employee per month are exempt from the household income tax and contributions for mandatory social insurance. Payments in the same amount made by the employer through wage garnishment are also tax-exempt. This represents an additional incentive to employees and employers to direct a part of the wage to saving in VPFs.

Withdrawals are generally lump-sum. Since the withdrawals are made by the members who fulfil the requirements, and are usually not long-standing fund members, their accumulated sum is relatively small, and this kind of withdrawals is expected, even

¹⁴ Under Government decree, this amount is adjusted for previous-year inflation once a year.

though it is not in accordance with the nature of VPFs which assumes the use of accumulated funds over a longer period. Lengthening of the accumulation periods and increase in the accumulated sums are accompanied with the rise in the share of scheduled and other types of withdrawals. In Q2 2021, one-off withdrawals made up the bulk of total withdrawals (RSD 482.2 mn), while scheduled withdrawals amounted to RSD 86.8 mn.

Total withdrawals

(in RSD mn)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
458.1	517.6	751.7	945.2	1213.4	1226.2	1195.6	1342.4	1412.0	1679.8	2159.6	528.8	529.3

Source: National Bank of Serbia.

Total fund withdrawals are rising every year, measuring RSD 592.3 mn in Q2 2021. This phenomenon is a result of system development. Namely, as contributions and net assets increase and the VPF system matures, the amount of withdrawals will also rise in absolute terms.

In Q2 2021, total withdrawals amounted to RSD 592.3 mn.

Transfers are inter-fund transfers. A member may transfer a part or all of his assets from one fund to another, covering only the actual transfer costs.

In Q2 2021, transfers came at RSD 43.6 mn.

In Q2 2021, total inter-fund transfers amounted to RSD 43.6 mn.

Total inter-fund transfers

(in RSD mn)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
											Q1	Q2
216.1	165.9	72.3	137.2	126.3	219.7	267.5	263.0	229.7	210.3	252.6	27.9	43.6

Source: National Bank of Serbia.

10 Financial statements

10.1 Regulatory framework

Management companies keep business books and compile financial statements in accordance with the accounting and auditing laws and NBS regulations.

Separately from their own, management companies also keep business books and compile financial statements for the VPFs they manage.

According to the Law on Voluntary Pension Funds and Pension Schemes, a management company is required to submit to the NBS annual financial statements of the company, within which it separately presents the financial statements of the funds

that it manages, with the external auditor's report, until 31 March of the current year for the preceding year.

NBS decisions regulate the content and layout of forms of financial statements of VPF management companies and VPFs, requiring the submission of balance sheet, income statement, cash flow statement, statement of changes in equity, statement of other comprehensive income, and statistical report of a management company, as well as the balance sheet – statement of net assets, income statement, statement on changes in net assets and cash flow statement of a VPF.

10.2 Financial statements of VPF management companies

Balance sheet total of management companies as at 31 December 2020 stood at around RSD 1,202 mn, which is a decrease of around RSD 36 mn (2.90%) relative to 2019, when the sheet total equalled around RSD 1,238 mn.

The major part of assets was invested in deposits and other financial assets (49% of total assets vs. 29% in 2019). On the other hand, the share of equity capital in total liabilities remained unchanged, so at end-2020 total equity made up 92% of liabilities (92% in 2019). The liquidity of management companies was very high.

	2014	2015	2016	2017	2018	2019	2020
Total equity ratio	1.96	2.42	2.6	2.88	2.54	2.43	2.36
Equity per user	5,046	6,168	6,991	7,362	6,246	5,679	4,966
Equity to total net assets ratio	0.04	0.04	0.04	0.04	0.03	0.03	0.03

Management companies are required to keep equity above the statutory minimum which equals EUR 1 million in the dinar equivalent. At the industry level, the ratio of total equity to statutory minimum was 2.4 (2.4 at end-2019).

A management company's equity per user was around RSD 4,966 (vs. RSD 5,679 at end-2019). This indicator fell by around 13% in 2020 as total equity at sector level went down. At end-2020, each dinar of net assets of VPFs was covered with 0.03 dinars of a management company's equity (0,03 dinars at end-2019).

In 2020, management companies continued to operate at a profit. As all companies recorded a positive result in 2020, their total profit was around RSD 223 mn, up by around 13.71% relative to 2019 (around RSD 196 mn in 2019). It should be noted, however, that a management company's result does not affect the assets of fund members as company assets are separated from fund assets.

In 2020, all companies earned a profit from fund management. Revenue from core activity consisted of contribution fees (RSD 76 mn) and management fees (RSD 566 mn), up by around RSD 41 mn in 2020 relative to 2019 (RSD 525 mn). Contribution fees increased by 6.2% from a year earlier, while management fees rose by 7.8%. The said fee revenue made up around 82% of all revenues generated by management

companies (79% in 2019). Total management costs (relating to the investment of fund assets, marketing, custody bank and intermediary services and other fund management costs) rose in 2020, amounting to around RSD 62 mn, while the profit earned from fund management came at around RSD 580 mn (RSD 537 mn in 2019).

	2014	2015	2016	2017	2018	2019	2020
ROE	25.3%	25.4%	26.5%	26.1%	14.66%	16.70%	19.76%
ROA	24.1%	24.1%	25.1%	24.7%	13.86%	15.58%	18.25%
Profit per user	1,188	1,424	1,742	1,873	996.18	994.42	881.86
Profit per contribution	0.08	0.10	0.11	0.10	0.05	0.05	0.06
Ratio of fee revenue to number of users	2,618	2,987	3,568	3,974	2,854.7	3,031.2	2,544.4
Ratio of fee revenue to total revenue	85%	87%	89%	91%	88%	90%	93%

Within total revenues, interest income also held a significant share, measuring around RSD 30 mn or around 4% of total revenues in 2020 (37 mn in 2019).

Expenditures were dominated by wage costs which came at around RSD 244 mn (RSD 246 mn in 2019) or 57% of total expenditures.

In 2020, management companies recorded a total ROE of 19.8% (16.7% in 2019), and the ROA of 18.2% (15.6% in 2019).

10.3 Financial statements of VPFs

As at 31 December 2020, total fund assets equalled almost RSD 47.1 bn (RSD 45.3 bn at end-2019), rising by around RSD 2 bn or 4.0% compared to 2019. Government securities still dominate total assets, making up around 73% of total fund assets, down by 2% from end-2019.

The obligations of VPFs, which include obligations towards their management companies and obligations arising from membership and operation, amounted to around RSD 104 mn at end-2020 (RSD 71 mn in 2019). As at 31 December 2020, net fund assets equalled RSD 47.0 bn, rising by RSD 2 bn or 3.92% compared to 31 December 2019 (around RSD 45.2 bn at end-2019).

As all seven companies recorded a positive result in 2020, their total profit at the sector level was around RSD 446 mn (around RSD 3 bn in 2019).

Total revenues in 2020 came at around RSD 9 bn (RSD 9 bn in 2019), while total expenditures of funds came at around RSD 9 bn (RSD 6 bn in 2019).

	2014	2015	2016	2017	2018	2019	2020
Rate of return on total assets	10.7%	15.2%	7.4%	4.6%	5.3%	6.8%	1.0%

The ratio of profit to average total fund assets in 2020 was 1.0% (6.8% in 2019), which means that the funds recorded an average profit of RSD 0.01 per dinar of asset.

