

VOLUNTARY PENSION FUNDS SUPERVISION DEPARTMENT

Activities in 2006 and the First Quarter of 2007

First Quarter Report 2007

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The Law on Voluntary Pension Funds and Pension Schemes, enacted in 2006, enabled the establishing of companies for management and organization of voluntary pension funds. The law further defined criteria that need to be met in order to protect the interests of fund members. The Law and the secondary legislation also regulated operations of voluntary pension fund management companies, organization and management of voluntary pension funds, activities and duties of custody banks, remit of the National Bank of Serbia in supervising operations of management companies and other issues of significance for the functioning of voluntary pension funds.

Within its legal remit, the National Bank of Serbia issued 22 pieces of secondary legislation.

A total of 6 applications for operation, organization and management of voluntary pension funds were submitted during 2006. After applications were duly reviewed for fulfilment of prescribed conditions, operating licenses were issued to the following companies:

- voluntary pension fund management company **DELTA GENERALI** AD Beograd;
- voluntary pension fund management company **RAIFFEISEN FUTURE** AD Beograd;
- voluntary pension fund management company **GARANT PENZIJSKO DRUSTVO** AD Beograd;
- voluntary pension fund management company **DDOR PENZIJA PLUS** AD Novi Sad.

Only DELTA GENERALI started operating in 2006. Investment unit value was first published on 15 November 2006.

In Q1 2007 two more operating licenses were issued:

- voluntary pension fund management company **DUNAV** AD Beograd;
- voluntary pension fund management company **NLB NOVA PENZIJA** AD Beograd.

First Quarter Report 2007

Number of voluntary pension fund management companies

In addition to *DELTA GENERALI* which started operating on 15 November 2006, three more voluntary pension fund management companies started operating in Q1 2007:

- *RAIFFEISEN FUTURE*, on 3 January 2007,
- *GARANT*, on 10 January 2007,
- *DDOR PENZIJA PLUS*, on 2 February 2007.

DELTA GENERALI and *DDOR* had previously engaged in voluntary pension insurance. With the entry into force of the Law on Voluntary Pension Funds and Pension Schemes, these two companies transformed into voluntary pension funds and brought their operations in compliance with this Law.

Ownership structure

- *DELTA GENERALI* DPF was founded by *DELTA GENERALI* Osiguranje, which holds a stake of 100% in overall share capital,
- *RAIFFEISEN FUTURE* DPF was founded by *RAIFFEISENBANK*, which holds a stake of 100% in overall share capital,
- *GARANT* DPF was founded by *Prva pokojninska druzba d.d.* from Ljubljana, which holds a stake of 99% in overall share capital and *Eki Investment d.o.o.* from Belgrade, which holds a stake of 1% in overall capital,
- *DDOR PENZIJA PLUS* DPF was founded by the joint-stock company for insurance and reinsurance *DDOR Novi Sad*, which holds a stake of 100% in overall share capital.

Net assets and number of investment units

in RSD

	<i>Delta Generali</i>	<i>Raiffeisen future</i> ¹	<i>Garant</i> ²	<i>DDOR</i> ³
Net assets, start of period	225,912,458	4,851	485,409	407,480,929
Change in net assets	85,311,748	4,911,283	1,632,386	75,142,758
Net assets as at 30 March 2007	311,224,206	4,916,134	2,117,795	482,623,687
Number of investment units, start of period	214,153.12	4.85	485.44	407,480.96
Change in number of investment units	52,811.27	4,584.92	1,422.76	36,620.20
Number of investment units as at 30 March 2007	266,964.39	4,589.77	1,908.20	444,101.16
Investment unit value, start of period	1,054.91	1,000.11	999.94	1,000.00
Investment unit value as at 30 March 2007	1,165.79	1,071.10	1,109.84	1,086.74

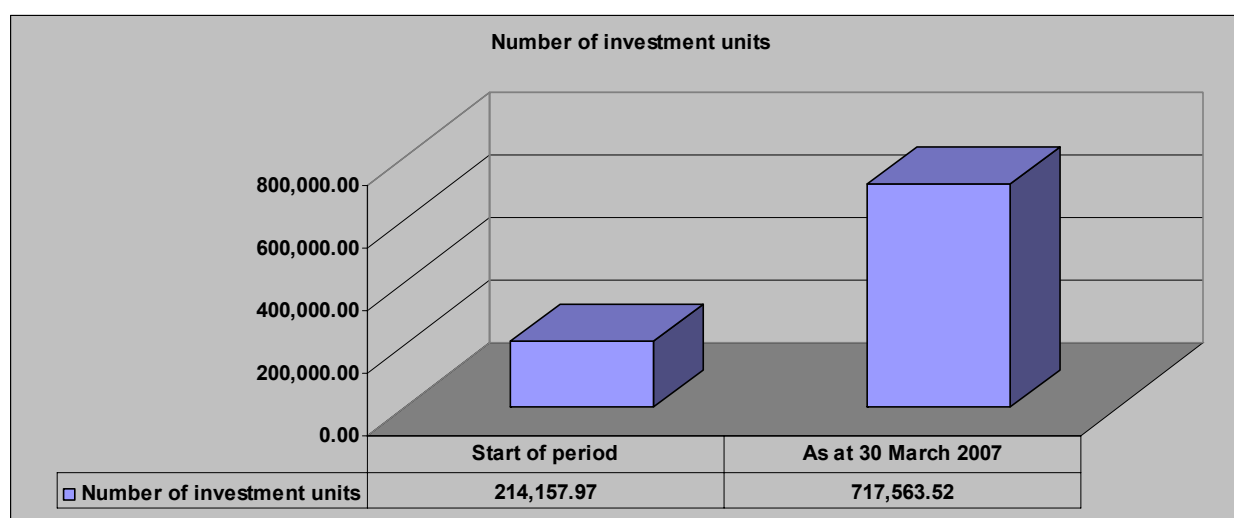
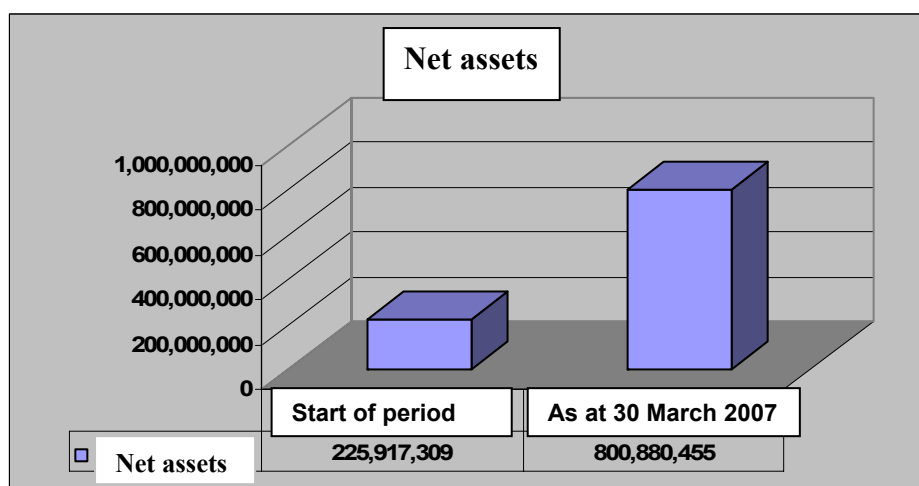
¹ *Raiffeisen future* started operating on 3 January 2007.

² *Garant dpf* started operating on 10 January 2007.

³ *DDOR Penzija plus dpf* started operating on 2 February 2007.

Total end-Q1 net assets of the four funds amounted to RSD **800,880,455**. Of this, **RSD 793,847,893** referred to net assets of funds of two companies that transferred the funds of insurance companies that had previously engaged in pension insurance. It should also be noted that net assets of these two companies at the start of operation of voluntary pension funds equalled RSD **195,265,858** for *Delta Generali* and RSD **407,480,929** for DDOR.

Net assets came to RSD **225,917,309** at the start of period and to RSD **800,880,455** at the end of period. The number of investment units was **214,158** at the start of the period and **717,563** at the end of period. Two more companies started operating in the period, but the largest contribution to rise in net assets and number of investment units came with the start of operation of DDOR dpf.

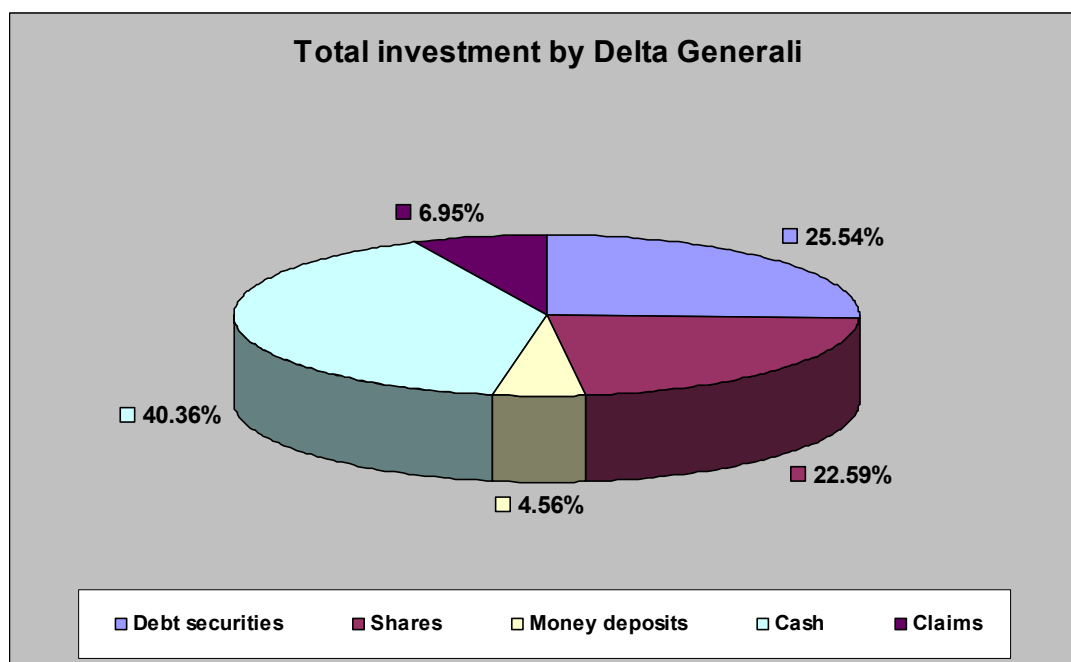
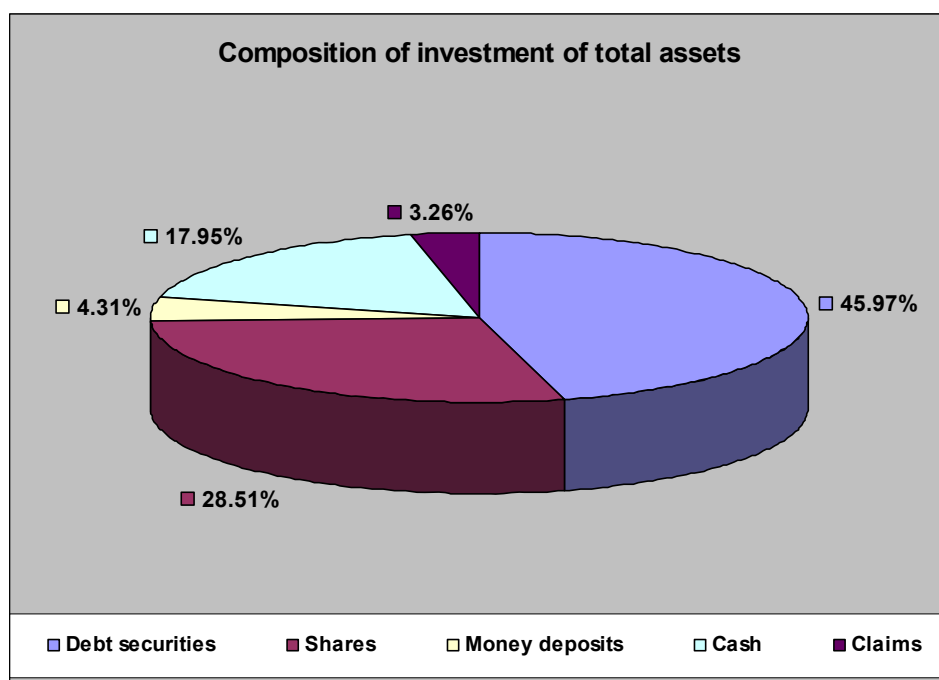


Composition of investment of total assets

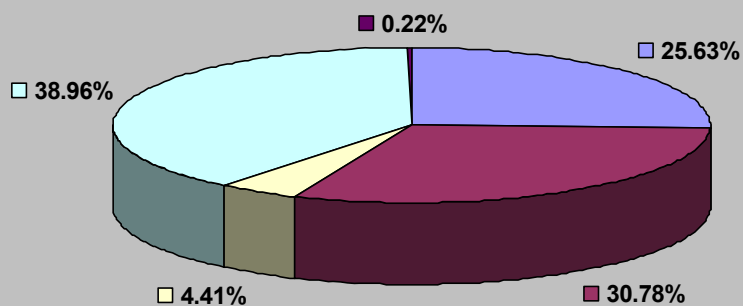
in RSD

												Delta Generali		Raiffeisen future		Garant		DDOR		Total	
30 Mar 2007	Type of assets																				
	Securities																				
	Debt securities	82,130,091	25.54%	1,280,161	25.63%	1,653,366	74.92%	290,479,490	59.49%	375,543,108	45.97%										
	Shares	72,641,065	22.59%	1,537,850	30.78%	133,992	6.07%	158,607,469	32.48%	232,920,376	28.51%										
	Money deposits	14,669,329	4.56%	220,494	4.41%	90,564	4.10%	20,222,581	4.14%	35,202,968	4.31%										
	Cash	129,767,797	40.36%	1,946,208	38.96%	159,384	7.22%	14,801,734	3.03%	146,675,123	17.95%										
	Claims	22,340,037	6.95%	10,767	0.22%	169,576	7.68%	4,152,745	0.85%	26,673,125	3.26%										
	Total assets	321,548,319		4,995,479		2,206,882		488,264,020		817,014,699											
	Net assets	311,224,205		4,916,134		2,117,795		482,622,321		800,880,455											

The largest share in total assets of funds was that of debt securities with **45.97%**, followed by shares with **28.51%** and cash with **17.95%**. Claims accounted for the smallest share. Such composition is the result of an insufficiently developed financial market, scanty offer of debt securities and the fact that voluntary pension funds are currently in the initial stages of accumulation of assets.

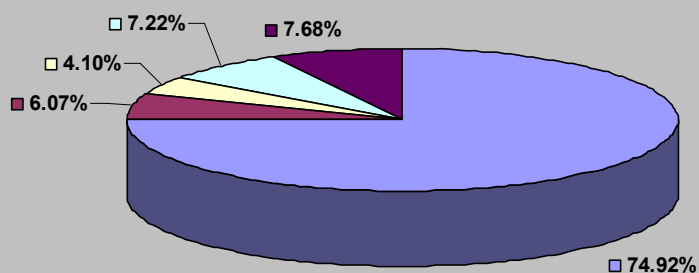


Total investment by Raiffeisen Future



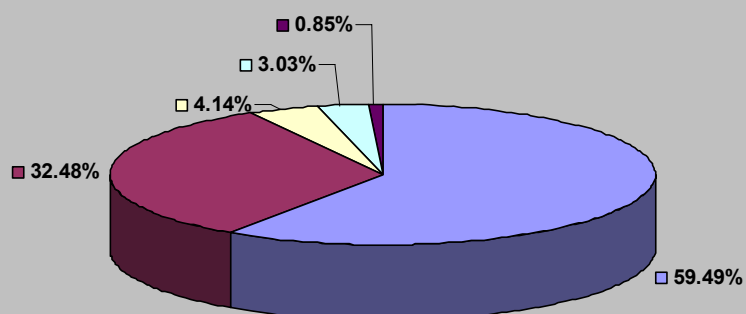
Debt securities Shares Money deposits Cash Claims

Total investment by Garant



Debt securities Shares Money deposits Cash Claims

Total investment by DDOR



Debt securities Shares Money deposits Cash Claims

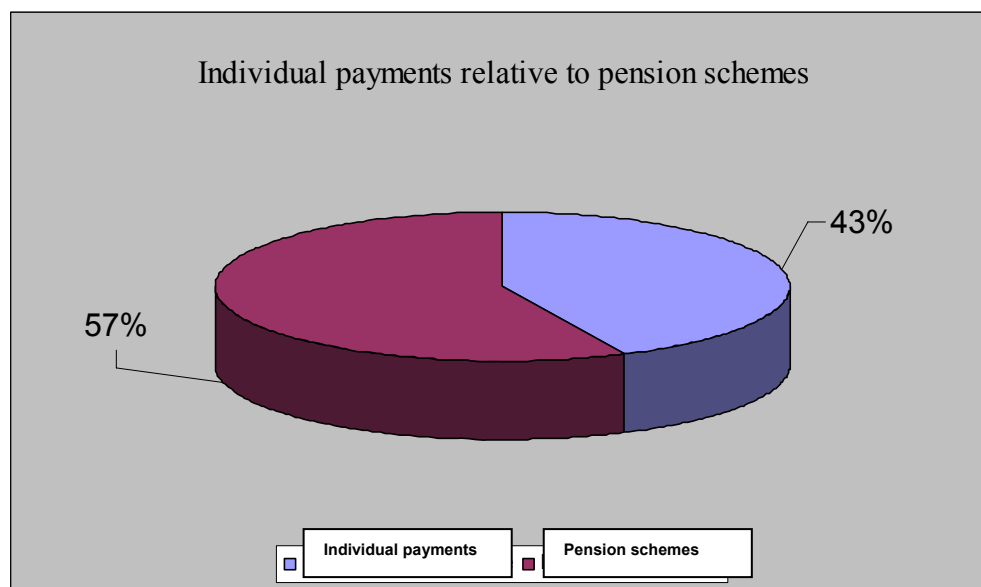
Fees and contributions

in RSD

	<i>Delta Generali</i>	<i>Raiffeisen future</i>	<i>Garant</i>	<i>DDOR</i>	<i>Total</i>
Contributions less fee on payment	59,887,582	4,666,994	1,937,861	42,203,105	108,695,542
Total contributions	61,704,431	4,809,942	1,997,522	43,508,355	112,020,250
Fees on payment of pension contributions	1,816,849	142,947	59,661	1,305,250	3,324,708
Fund management fees	1,291,151	9,603	0 ⁴	1,362,720	2,663,474
Fees for transfers of funds from one fund to another	0	0	0	0	0
Other fees	0	0	0	0	0
Fees – total	3,108,000	152,550	59,661	2,667,970	5,988,182
Share of fees on payment in total contributions	2.94%	2.97%	3.00%	3.00%	2.97%

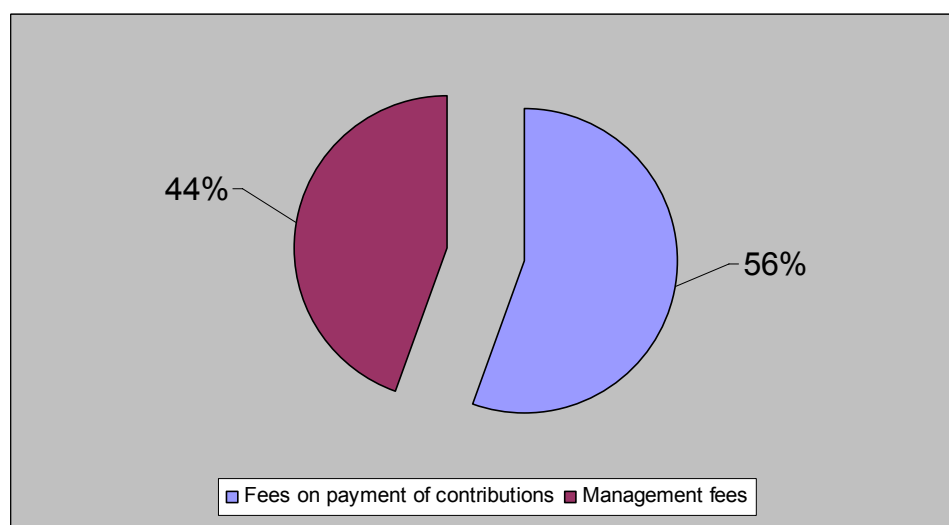
⁴ Garant charged no management fees in the first three months.

In Q1, total contributions stood at RSD **112,020,250**. Of that number, **43%** or RSD **48,371,152** refers to individual contracts and **57%** or RSD **63,649,098** to pension schemes.



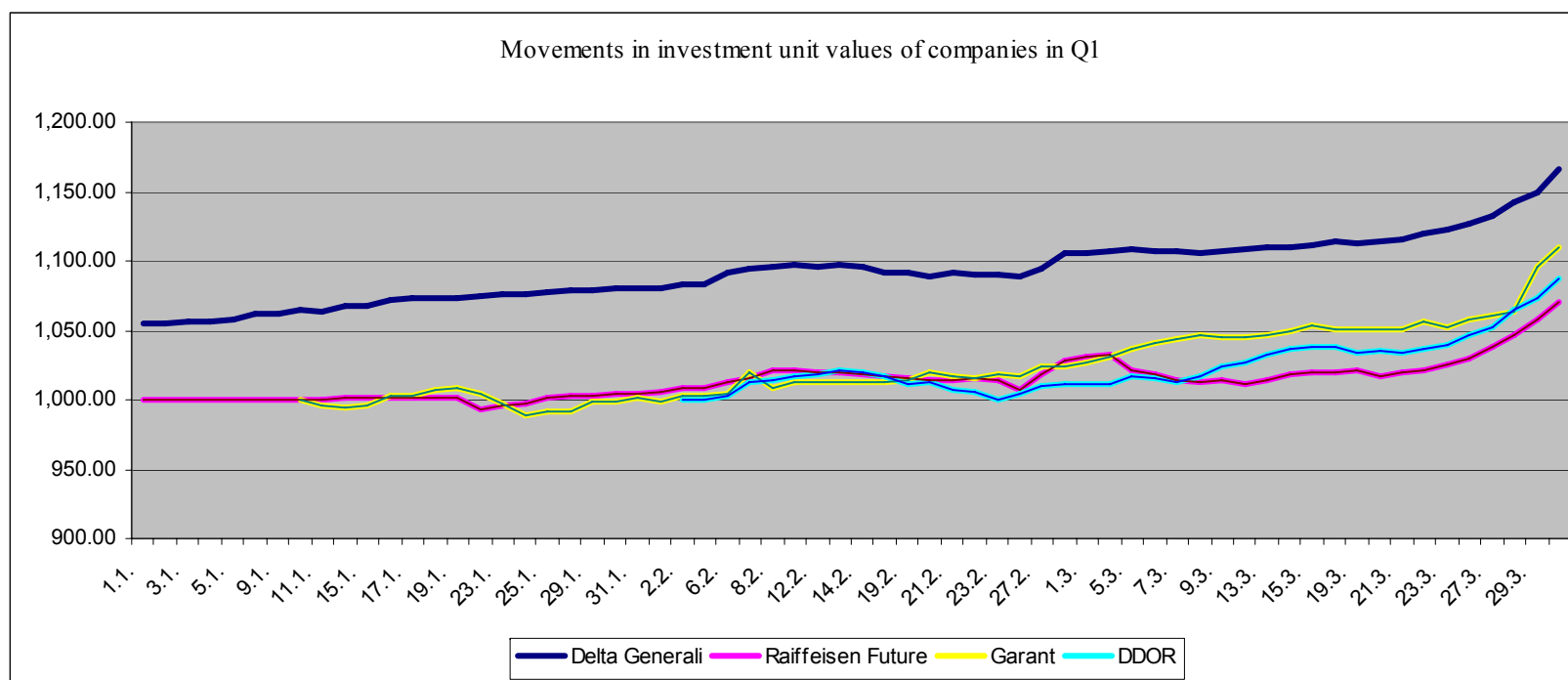
In Q1, companies charged two types of fees – fee on payment of pension contributions and management fee. As there were no transfers of funds from one fund to another, there were no costs in that respect either.

Total fees charged by companies came to RSD **5,988,182**. Of that number, RSD **3,324,708** were fees paid on payment of contributions and RSD **2,663,474** were management fees.

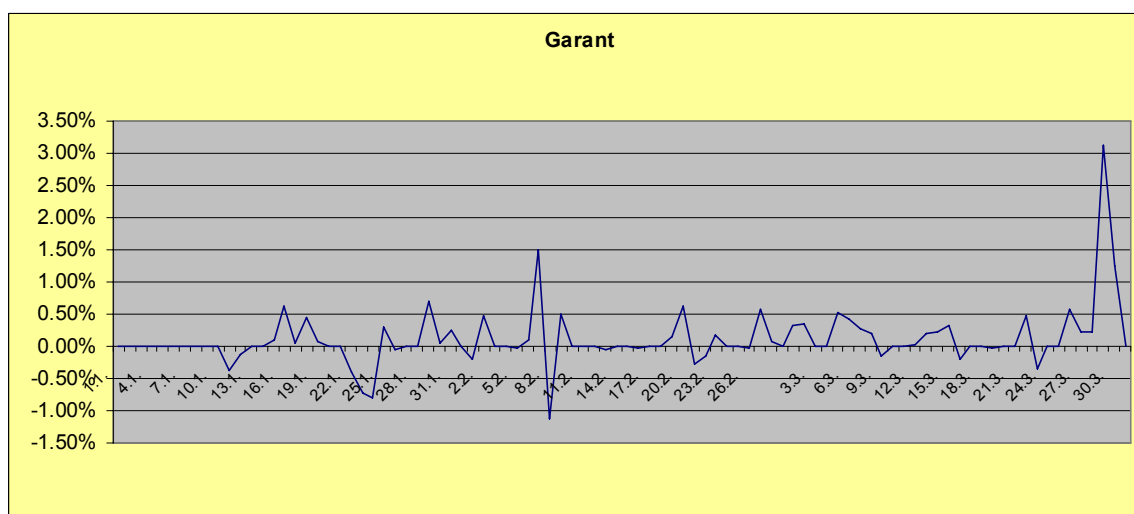
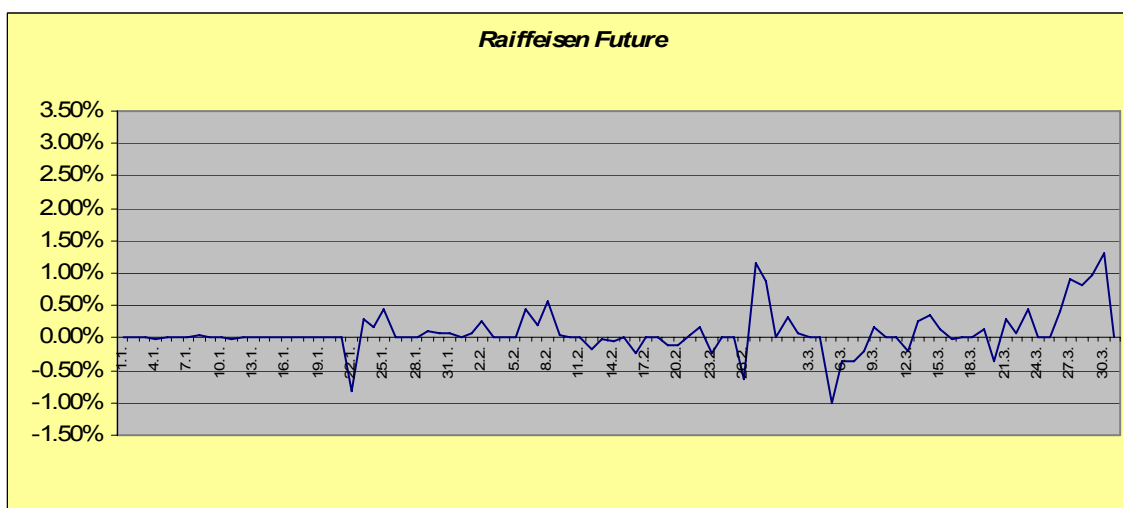
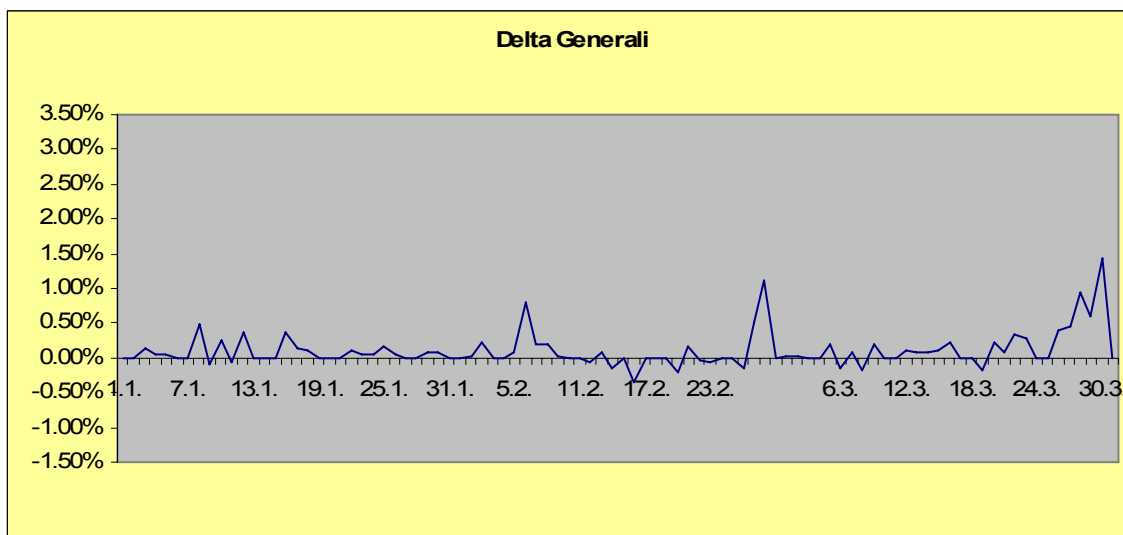


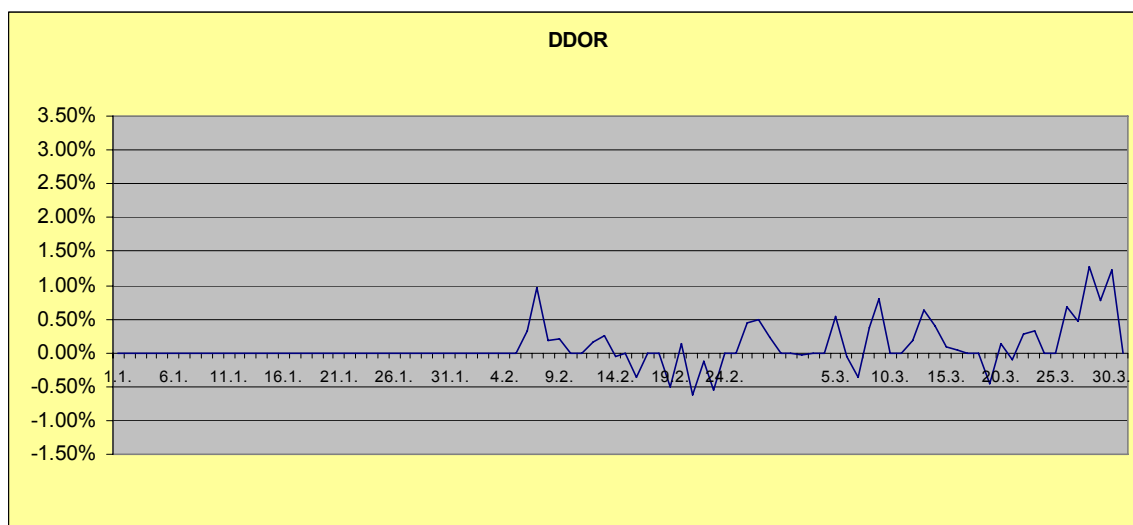
Movements in investment unit values, maximum and minimum values

	<i>Delta Generali</i>	<i>Raiffeisen future</i>	Garant	DDOR
Investment unit value, start of period	1,054.91	1,000.00	999.94	1,000.00
Investment unit value as at 30 March 2007	1,165.79	1,071.11	1,109.84	1,086.74
Maximum investment unit value	1,165.79	1,071.11	1,109.84	1,086.74
Minimum investment unit value	1,054.91	993.25	988.77	999.97



Percentage change in investment unit values





Growing steadily throughout Q1, investment unit values of companies reached their maximum levels at end-Q1.

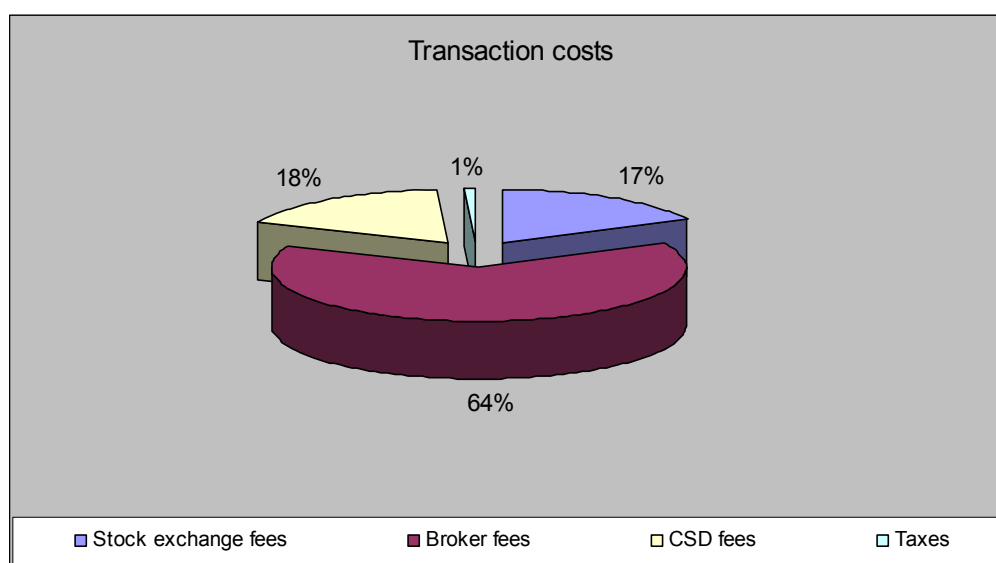
The chart illustrating percentage daily changes in investment unit values shows that daily drops in value never exceeded 1%, while daily increases in value never exceeded 1.5% (with the exception of Garant, whose investment unit value rose on 29 March by 3% on a day earlier).

Transaction costs

Q1	Stock exchange fees	Broker fees	Central Securities Depository fees	Tax on transfer of absolute right to securities	Tax on transfer of absolute right to real estate	Other	Total		Net assets	Ratio of transaction costs to net assets
Delta Generali	37,873	173,287	33,670	38,889	0	0	283,717		311,224,205	0.09%
Raiffeisen Future	1,973	5,110	6,600	525	0	0	14,208		4,916,134	0.29%
Garant	23,873	61,472	27,581	1,960	0	0	114,886		2,117,795	5.42%
DDOR	38,642	134,304	36,151	31,620	4,746	0	245,464		482,622,321	0.05%
Total	102,362	374,173	104,002	72,993	4,746	0	658,275		800,880,455	0.08%

Total transaction costs in the first three months of 2007 stood at RSD **658,275**. The ratio of transaction costs to net fund assets of RSD **800,880,455**⁵ equalled **0.08%**.

Broker fees accounted for as much as **64%** of transaction costs, followed by Central Securities Depository fees with **18%**, stock exchange fees with **17%** and taxes on transfer of absolute rights to securities and real estate with **1%**.

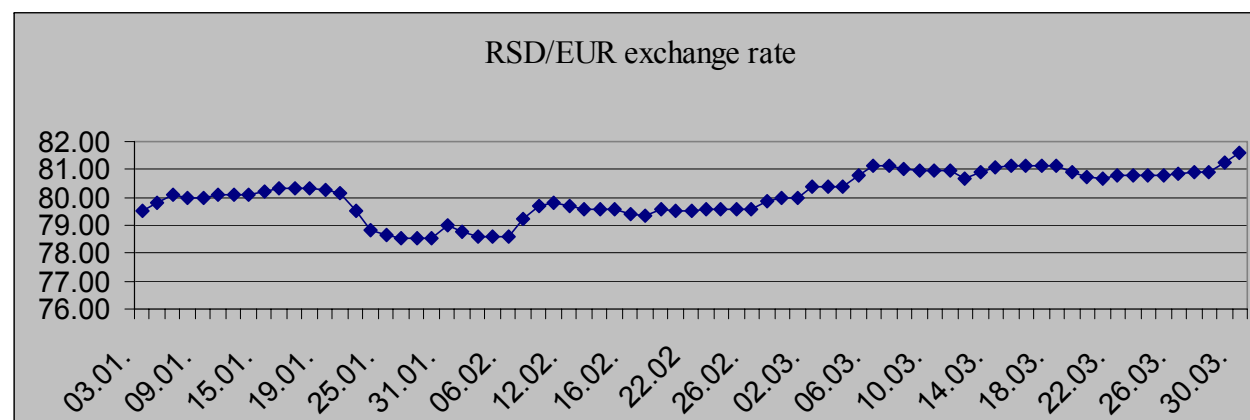


The Garant company recorded the highest ratio of transaction costs to net assets of **5.42%**, while in other companies this ratio was below **0.5%**. This ratio is indicative of the company's level of activity in the market.

⁵ Net assets as at 30 March 2007.

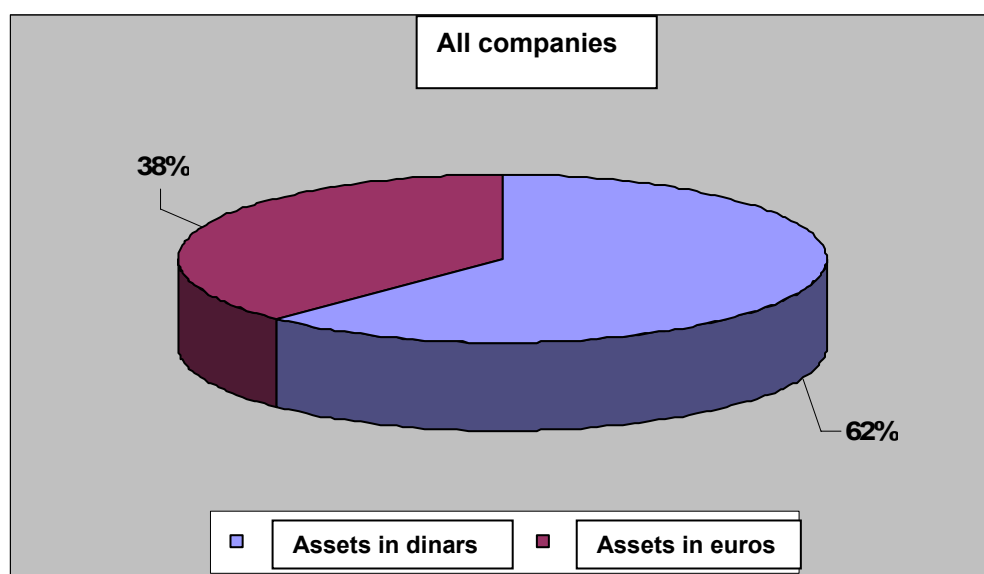
Currency composition of total assets

	<i>Delta Generali</i>		<i>Raiffeisen Future</i>		<i>Garant</i>		<i>DDOR</i>		Total	
Total assets	321,548,319		4,995,479		2,206,882		488,264,020		817,014,699	
<i>Assets in dinars</i>	279,007,548	86.77%	4,995,479	100.00%	959,408	43.47%	224,051,808	45.89%	509,014,244	62.30%
<i>Assets in euros</i>	42,540,771	13.23%	0	0.00%	1,247,473	56.53%	264,212,211	54.11%	308,000,455	37.70%

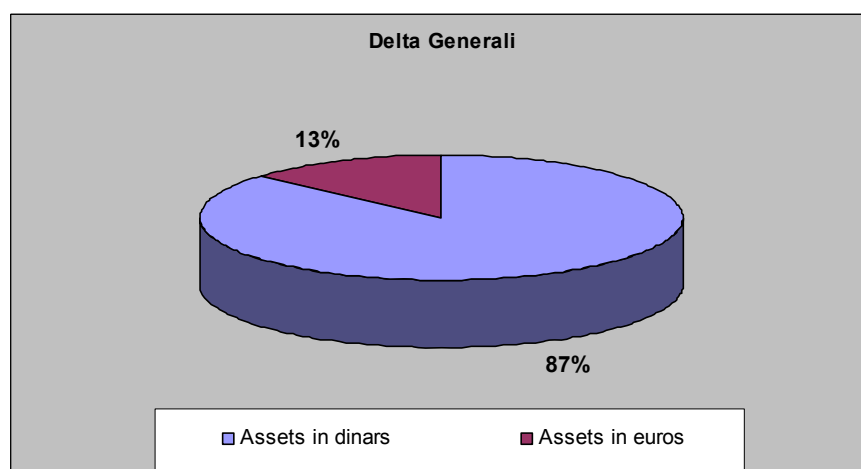


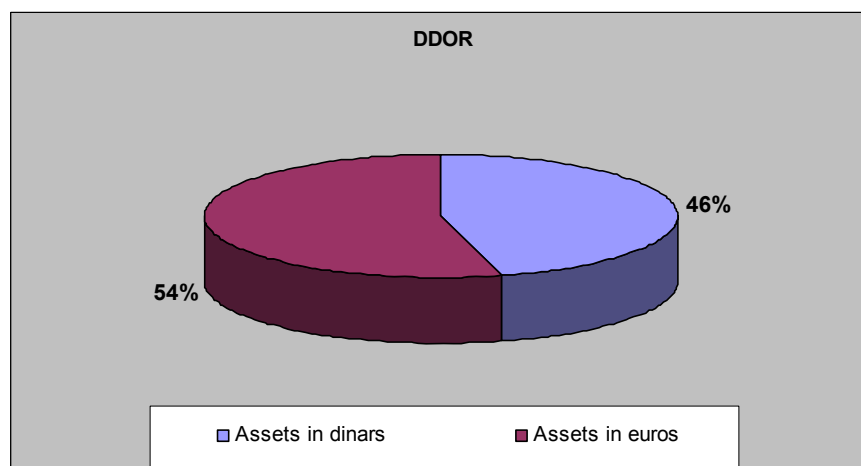
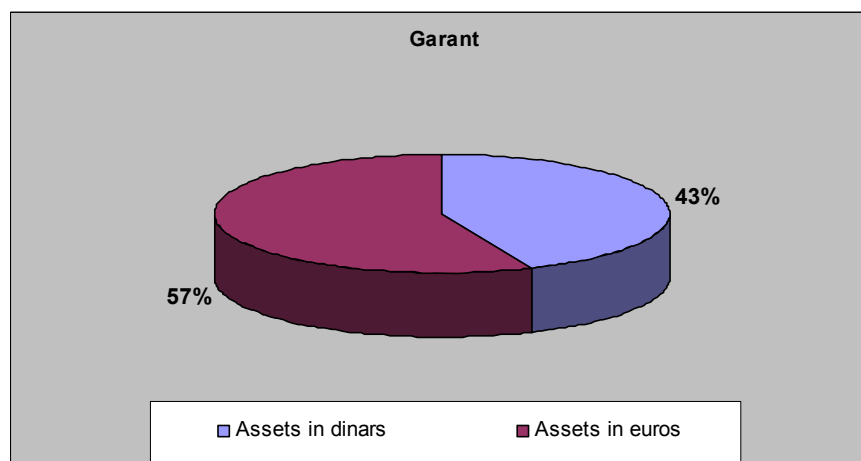
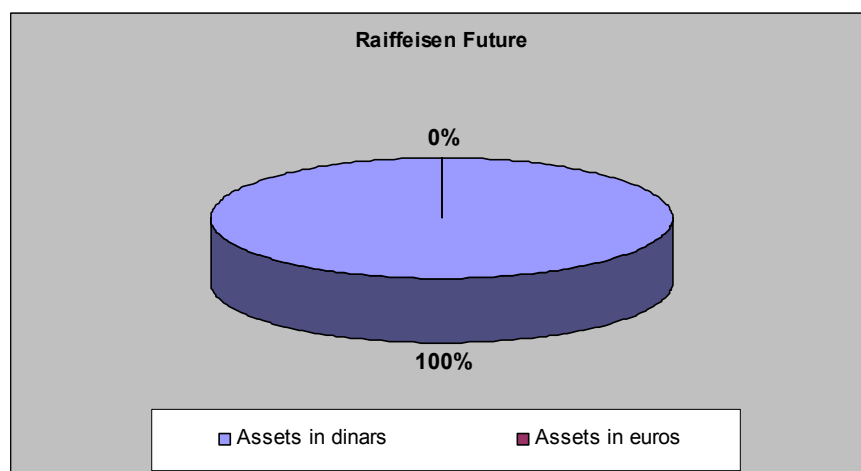
Currency composition of total assets of companies indicates the respective shares of assets in dinars and assets in foreign currency.

Of total assets, around RSD **308,000,000** is in foreign currency (so far only in euros), which makes up approximately **38%**.



Breakdown of currency composition by fund reveals that the largest share of foreign currency in assets of around **55%** was recorded by Garant and DDOR, while *Raiffeisen Future* holds **100%** of its assets in dinars.





Custody bank

A custody bank is a bank that maintains the fund's account, performs services for the account of the voluntary pension fund and acts only on orders of the fund management company that are in compliance with the Law and the fund's prospectus.

Net value of the fund's assets is calculated daily by the company and data thereon are submitted to the custody bank with which the fund's account is maintained. The custody bank controls and confirms the calculated value, and submits data thereon to the National Bank of Serbia. In the event of any difference between such data and data submitted by the company, the custody bank shall notify the NBS thereof.

A single custody bank can render services to several voluntary pension funds. All costs of custody services shall be borne by the company.

At present, three custody banks provide services for six voluntary pension funds. These are *Unicredit Bank Srbija*, *Societe Generale Yugoslav Bank* and *Komercijalna banka*.

VPF	Custody bank
<i>Delta Generali</i>	<i>Unicredit Bank Srbija</i>
<i>Raiffeisen Future</i>	<i>Unicredit Bank Srbija</i>
Garant	Komercijalna banka
DDOR	<i>Societe Generale Yugoslav bank</i>
NLB Nova penzija	<i>Unicredit Bank Srbija</i>
Dunav	<i>Societe Generale Yugoslav bank</i>

