



**NATIONAL BANK OF SERBIA**

**INSURANCE SUPERVISION DEPARTMENT  
PENSION FUNDS SUPERVISION DIVISION**

# **VOLUNTARY PENSION FUNDS IN SERBIA**

**First Quarter Report 2016**

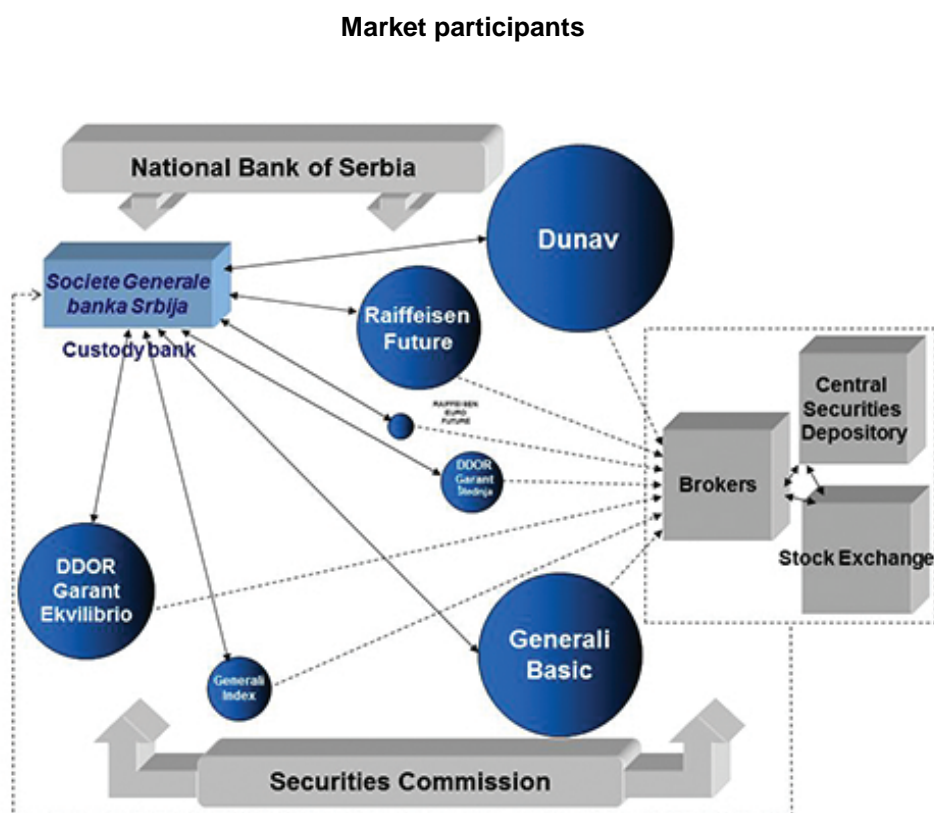


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## 1. Market participants

At end-Q1 2016, the market of voluntary pension funds (VPFs) included four companies managing seven VPFs, one custody bank and five agent banks<sup>1</sup>.



At end-Q1 2016, total employment in VPF management companies was 118, up by three persons from a quarter earlier.

Based on completed professional examination and the fulfilment of other requirements, by end-Q1 2016 the NBS licensed 654 sales agents to disseminate information about VPF operation.

By end-Q1 2016, 84 sales agents were engaged by management companies and 379 by intermediary banks.

<sup>1</sup> Raiffeisen banka a.d. Beograd, Societe Generale banka Srbija a.d. Beograd, NLB banka a.d. Beograd, Hypo Alpe-Adria-Bank a.d. Beograd and Sberbank a.d. Beograd.

## 2. VPF net assets

At end-Q1 2016, net assets of VPFs came to RSD 29.6 bln, up by 2.7% quarter-on-quarter. The changes in the value of assets reflect changes in net contributions<sup>2</sup>, withdrawals of funds and investment returns. In Q1 2016, total contributions amounted to RSD 658.5 mln, withdrawals to RSD 288.8 mln and investment returns to RSD 410.5 mln.

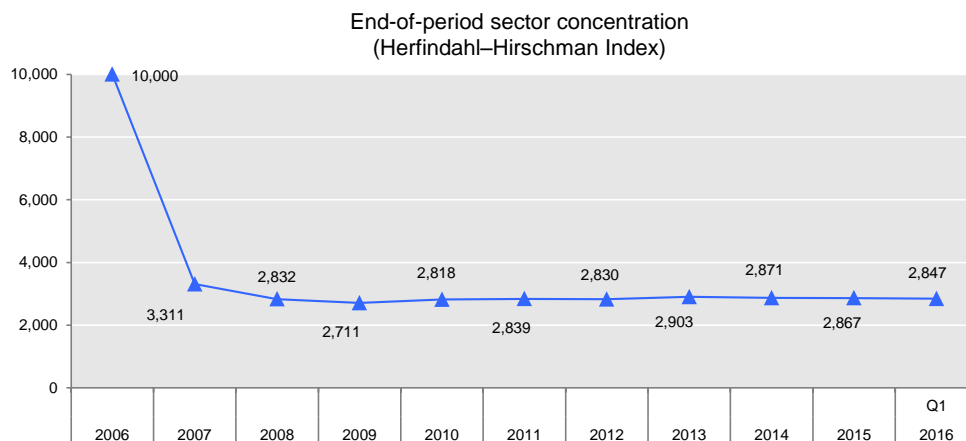
*At end-Q1 2016, net assets amounted to RSD 29.6 bln.*

### End-of-period net assets of the VPF sector

(in RSD bln)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
3.1	4.6	7.2	9.9	12.5	16.0	19.7	23.6	28.9	29.6

Source: National Bank of Serbia



Source: National Bank of Serbia

Measured by HHI, market concentration in the sector<sup>3</sup> at end-Q1 amounted to 2,847 points, which indicates 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 made up 97% of the market, with the largest fund accounting for around 41%.

<sup>2</sup> Net contributions are total contributions minus the front-load fee.

<sup>3</sup> In terms of the share in total net assets.

**Number of funds in groups by market share**  
(in units)

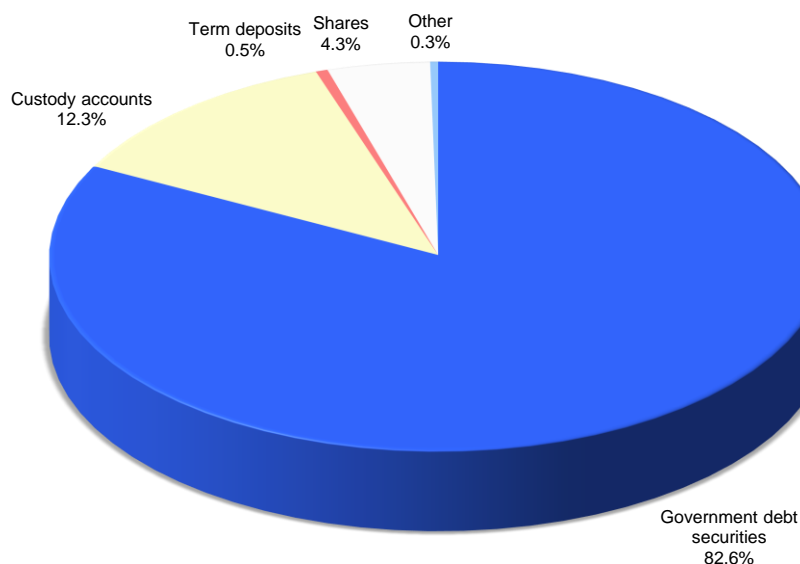
Share in net assets (%)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
Large (20 and above)	3	2	2	3	2	2	2	2	2	2
Medium (5 - 19,99)	-	2	3	1	2	2	2	2	2	2
Small (0 - 4,99)	4	6	5	4	5	5	2	2	3	3

Source: National Bank of Serbia

### 3. Structure of VPF assets

At end-Q1 2016, the structure of investment of VPF assets remained broadly unchanged. Government bonds accounted for the major part of VPF assets – 82.6%. Balances in custody accounts and bank time deposits made up 12.8%, and shares – 4.3% of total VPF assets. Investment in real estate, units of open-end investment funds and receivables made up the category “other” which accounted for 0.3%.

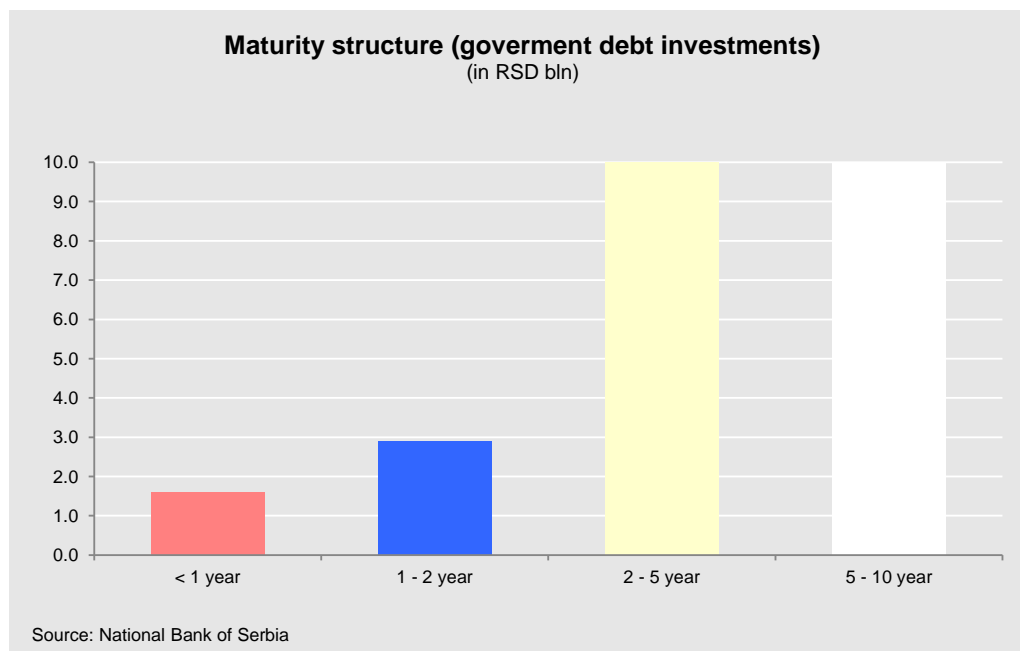
*Most assets were invested in government debt instruments – 82.6%.*

**Structure of VPF assets**

Source: National Bank of Serbia

At end-Q1 2016, 6.5% of government debt instruments were with the maturity of up to one year, 11.8% between one and two years, 40.8% between two and five years and 40.9% between five and ten years.

The average maturity of assets<sup>4</sup> invested in government debt securities was four years.



At end-Q1 2016, 87.2% of total assets were in dinars and 12.8% of total assets (in EUR) were in a foreign currency.

#### 4. Return on investment

At end-Q1 2016, the FONDex<sup>5</sup> reached 2,441.53 points<sup>6</sup>. The return of the FONDex, as the weighted average return of all funds, came at 1.4% in Q1 or 14.6% for the past year. Since the start of VPF operation<sup>7</sup>, the return of the FONDex has equalled 10%.

Given the structure of VPF investment, the return is influenced by the change in the yield curve on government debt instruments<sup>8</sup>, change in the prices of shares, level of the key policy rate and banks' interest rates, and changes of the dinar exchange rate against the euro.

The volume of issues in the primary market of government debt instruments (T-bills and treasury bonds) decreased from Q4 2015, as did the discount rates.

<sup>4</sup> The maturity of instruments weighted by their share in total investment in government debt instruments.

<sup>5</sup> The FONDex shows movements in investment units of all VPFs in the market.

<sup>6</sup> The initial FONDex value of 1,000 points was recorded on 15 November 2006 when the first VPF began to operate.

<sup>7</sup> Annual rate.

<sup>8</sup> A decline in interest rate leads to an increase in prices of debt instruments and vice versa. Prices of longer-maturity instruments are more sensitive to interest rate changes.

The total market value of dinar-denominated issues in Q1 2016 was RSD 83.2 bln. Most issued were three-year (RSD 31.6 bln), two-year (RSD 28 bln) and one-year instruments (RSD 17.2 bln).

Accepted rates on dinar instruments declined quarter-on-quarter.

<b>Market value of issued dinar-denominated government debt instruments, by maturity (in RSD bln)</b>					
Maturity	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
3m	3.3	5.7	5.8	5.7	3.6
6m	0.6	2.7	2.6	5.8	2.8
12m	11.9	19.9	17.0	24.1	17.2
18m	-	-	-	-	-
24m	23.3	39.3	19.3	28.1	28.0
36m	48.4	11.6	26.2	-	31.6
60m	-	-	-	14.9	-
84m	45.6	-	-	-	-
120m	-	-	-	-	-
Total	133.2	79.3	70.9	78.7	83.2

Source: Ministry of Finance.

<b>Accepted rate on issued dinar-denominated government debt instruments, by maturity</b>					
Maturity	Q1 2014	Q2 2015	Q3 2015	Q4 2015	Q1 2016
3m	7.0%	5.6%	4.4%	2.9%	2.8%
6m	7.0%	5.3%	4.6%	3.3%	3.3%
12m	8.4%	6.2%	5.0%	4.1%	4.0%
18m	-	-	-	-	-
24m	9.1%	7.2%	6.8%	5.0%	5.0%
36m	9.7%	8.2%	6.6%	-	6.0%
60m	-	-	-	6.5%	-
84m	12.3%	-	-	-	-
120m	-	-	-	-	-

Source: Ministry of Finance.

Q1 2016 saw the issue of euro-denominated government debt instruments worth EUR 434.3 mln – three-year (EUR 144.3 mln) at a 3.3% rate, two-year (EUR 119.7 mln) at a 1.8% rate, one-year (EUR 98.4 mln) at a 1.1% rate and five-year (EUR 71.8 mln) at a 3.5% rate. Interest rates recorded a gradual fall relative to a quarter earlier.



**Market value of issued euro-denominated government debt instruments, by maturity (in RSD bln)**

Maturity	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
12m	97.3	44.6	116.3	30.5	35.7	98.4
24m	175.1	92.8	50.1	91.2	96.8	119.7
36m	76.2	77.0	41.4	33.3	22.5	144.3
60m	34.4	80.1	-	-	47.8	71.8
84m	-	-	-	-	-	-
120m	25.8	-	-	70.7	21.9	-
Total	408.8	294.5	207.9	225.6	224.8	434.3

Source: Ministry of Finance.

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

Maturity	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
12m	2.5%	2.5%	1.6%	1.6%	1.6%	1.1%
24m	3.5%	3.5%	2.9%	2.2%	1.8%	1.8%
36m	4.5%	4.3%	3.9%	3.9%	3.5%	3.3%
60m	5.0%	4.8%	-	-	4.0%	3.5%
84m	-	-	-	-	-	-
120m	5.5%	-	-	4.5%	4.4%	-

Source: Ministry of Finance.

Prices of Belgrade Stock Exchange (BSE) shares, measured by BELEX15<sup>9</sup> rose by 1.4% in Q1 2016 (reaching 606.11 at end-March). The index fell by 9.1% over the last year.

The key policy rate equalled 4.25% at end-March 2016. The interest rates earned by funds on dinar balances in custody accounts mirrored movements in the key policy rate.

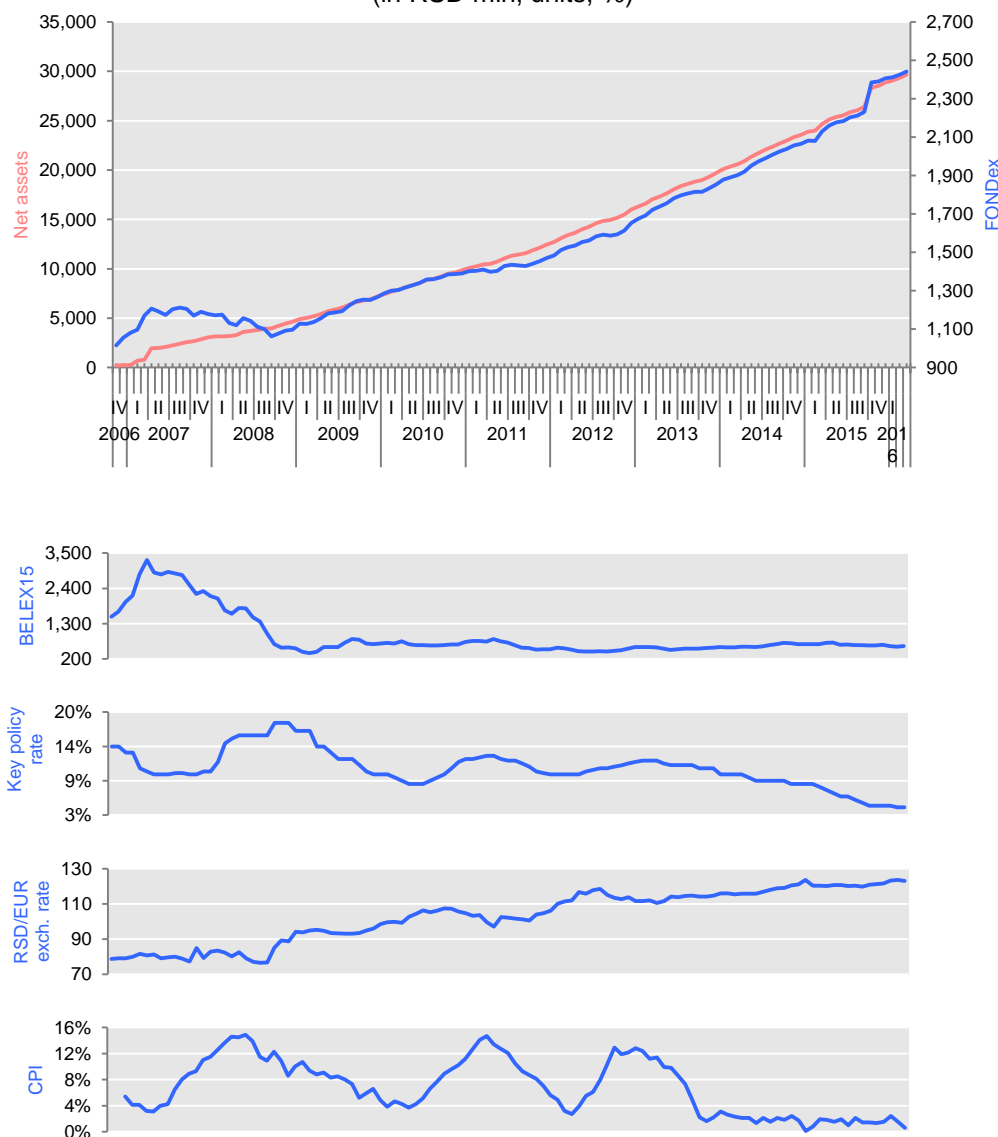
In Q1 2016, the dinar depreciated vis-à-vis the euro, declining by around 1.1% relative to end-Q4 2015. In the same period, the dinar gained around 2.4% against the US dollar.

Price growth rates came at 0.6%, -0.1% and -0.1% in January, February and March, respectively. Consumer prices gained 0.6% in March 2016 year-on-year.<sup>10</sup>

<sup>9</sup> Of total investment in shares, the bulk pertained to shares covered by BELEX15, which means that BELEX15 is a relevant benchmark for shares in the fund's portfolio.

<sup>10</sup> Source: Statistical Office of the Republic of Serbia.

**Movements in net assets, FONDex and key indicators since the start of VPF operation**  
(in RSD mln, units, %)



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

## 5. Fees charged by management companies

The Law on Voluntary Pension Funds and Pension Schemes sets out maximum fees that may be charged to fund members. Contribution and management fees may not exceed 3% and 2% of the accounting value of net assets, respectively, while the account transfer fee may not exceed the actual transfer costs.

*Management fees will be limited to 1.25% once net assets of all funds reach 0.75% of GDP.*

The amended Law, adopted in early May 2011, envisages different fees charged by management companies, to be applied once net assets of all funds reach 0.75% of GDP. The maximum management fee is set at 1.25% per annum of the accounting

value of net assets<sup>11</sup>, while the contribution fee is not capped. At present, VPF net assets amount to around 0.74%<sup>12</sup> of GDP.

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, funds actively investing in more complex instruments are intended for younger persons who pay contributions over a longer horizon. Such funds charge higher fees, but assume a higher degree of risk and are expected to post higher returns. 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 fund members' assets, the expected return, the level of risk assumed by a fund (and a member), and fees charged by companies, should all be taken into account when opting for a fund.

Since the start of operation, companies have charged a 2% management fee, while the contribution fee declined and came at 2.06% in Q1 2016. The relative proportion of the two fees has changed – at the start of VPF operation, contribution fees were higher, while today the management fee accounts for 92% of the total fees charged. This came as a result of a rise in VPF net asset value and an ever-larger base to which management fees are applied. The contribution fee, though visible in the first instance, is not the largest cost incurred by a member. It is paid only once, as a front-load fee.

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.

In Q1 2016, the management fee equalled RSD 145.4 mln. Over the past year, the management fee equalled RSD 542.4 mln and profit reached RSD 3.7 bln. A further rise in net assets and increased competition among funds may result in gradual lowering of the management fee.

#### **Fees charged by management companies**

(in RSD mln)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
Contribution fee	42.9	56.9	54.9	59.4	57.9	60.1	58.7	55.4	53.0	13.6
Management fee	37.8	73.5	117.3	170.7	220.0	284.1	357.8	432.8	514.9	145.4

Source: National Bank of Serbia

<sup>11</sup> Article 23, paragraph 2, item 2 of the Law on Voluntary Pension Funds and Pension Schemes (RS Official Gazette, Nos 85/2005 and 31/2011).

<sup>12</sup> Source: GDP – database of the Serbian Statistical Office, quarterly GDP at current prices, seasonally non-adjusted data.

## 6. Trading in securities

VPF trading volumes equalled RSD 1.6 bln in Q1 2016.

The share of VPFs in BSE trading was 9.5% at end-Q1 2016.

<b>VPF securities trading</b> (in RSD bln)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
Securities trading	1.7	13.1	14.9	19.3	13.2	12.9	21.2	14.5	1.6
Purchases	1.8	8.1	8.1	10.6	7.1	9.0	12.1	7.9	1.1
Belgrade Stock Exchange	0.8	0.4	1.3	0.7	0.3	0.4	0.5	0.9	0.4
Unregulated market	0.3	0.4	0.3	1.3	0.1	0.7	0.9	1.8	0.6
Auctions of government securities	0.0	7.3	6.5	8.6	6.7	7.9	10.7	5.2	0.1
Sales	0.4	0.4	0.8	3.8	4.2	2.0	5.4	3.6	0.2
Belgrade Stock Exchange	0.1	0.1	0.6	0.4	0.3	0.6	0.3	0.5	0.2
Unregulated market	0.3	0.3	0.2	3.4	3.9	1.4	5.0	3.2	0.0
Maturity	0.2	4.6	6.1	4.9	2.0	2.0	3.7	2.9	0.3
Purchase to sale and maturity ratio	2.4	1.6	1.2	1.2	1.1	2.3	1.3	1.2	2.1
Share in total BSE trading (in%)	1.2%	1.1%	8.0%	3.8%	2.6%	3.4%	4.1%	6.1%	9.5%

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 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.

Central Securities Depository fees, charged against VPF assets, accounted for the largest portion of transaction costs, whereas custody bank fees made up the bulk of costs paid by management companies from their assets.

<b>Amount of transaction costs</b> (in RSD mln)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
Total	10.0	5.3	7.4	9.5	7.0	4.7	6.0	6.2	5.6	1.5
Brokerage fees	4.5	2.2	3.8	4.5	2.9	2.0	2.5	2.0	1.3	0.5
Custody bank fees	1.8	1.5	2.0	2.4	2.2	1.5	1.9	2.0	2.0	0.5
Stock exchange fees	1.6	0.8	0.4	1.1	0.8	0.3	0.6	0.6	0.8	0.2
Central Securities Depository fees	1.0	0.6	1.2	1.5	1.1	0.9	0.9	1.6	1.6	0.3
Transfer tax relating to the acquisition of securities	1.1	0.2	-	-	-	-	0.1	0.0	-	-

Source: National Bank of Serbia

## 8. Number and structure of VPF users

At end-Q1 2016, 185,759 VPF users<sup>13</sup> were in the accumulation phase<sup>14</sup>. Total membership contracts<sup>15</sup> stood at 252,415.

VPF users accounted for 9.9% of total employees.

Number of contracts and users (in thousands)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
No. of contracts	159	201.6	215.7	220.4	234.4	240.4	244.5	252.1	258.1	252.4
No. of users	-	156	165.2	166.8	174.9	179.8	183.5	188.0	190.5	185.8
Percentage of active users (in %)	-	41.6%	36.0%	43.9%	35.1%	30.5%	30.3%	31.3%	25.3%	26.5%

Source: National Bank of Serbia

Structure of users by payment dynamics (in units and %)			
	Period	No. of users	Share (%)
Active users	1 month	49,291	27%
	3 months	53,113	29%
	6 months	56,220	30%
	12 months	61,702	33%
	From the start of membership (1)	161,582	87%
No holdings (2)		24,177	13%
Total (1+2)		185,759	

Source: National Bank of Serbia

The amount of accumulated funds per user depends on the amount of contributions, returns earned by the fund, 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 slightly above RSD 183,000 and is constantly rising.

<sup>13</sup> The number of users is the number of members of one or more VPFs. This number is smaller than the number of membership contracts as a significant number of users have more than one membership contract in one or several funds.

<sup>14</sup> VPF membership has two phases – the accumulation phase (when contributions are made) and the withdrawal phase (when the accumulated funds are withdrawn).

<sup>15</sup> The number of membership contracts is the sum total of individual membership contracts and the number of members of all pension schemes.

At end-Q1 2016, the number of users who are members of two or more VPFs was 38.363 or 20% of the total number of users.

<b>Average accumulated funds at period-end</b>									
(in RSD thousand)									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
-	34.6	52.2	70.5	84.5	105.3	127.3	148.3	179.45	183.4

Source: National Bank of Serbia

In terms of gender composition and the respective amounts of funds, Q1 2016 saw no significant changes relative to prior periods. Men remained dominant, accounting for around 60% of all users.

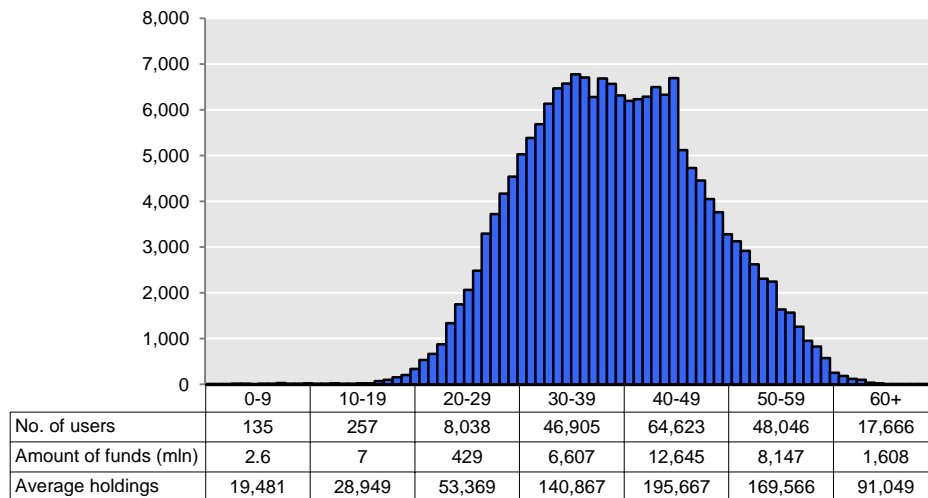
<b>Number of users by number of funds in which they are members</b>	
(in units)	
No. of funds	No. of users
1	147,396
2	29,667
3	8,592
4	97
5	3
6	3
7	1
Total	185,759

Source: National Bank of Serbia

<b>Number of users by number of membership contracts</b>	
(in units)	
No. of contracts	No. of users
1	135,914
2	37,014
3	9,892
4	2,193
5	535
6	152
7	44
8	6
9	8
10	1
Total	185,759

Source: National Bank of Serbia

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



Source: National Bank of Serbia

At end-Q1 2016, the average age of VPF users was around 45 years, with users aged 30–50 making up the dominant share of around 60%. Such user structure has not changed since the start of VPF operation. Further, the percentage of users above the age of 53 was similar as in prior years, accounting for 25% of the total.

## 9. Contributions, withdrawals and transfers

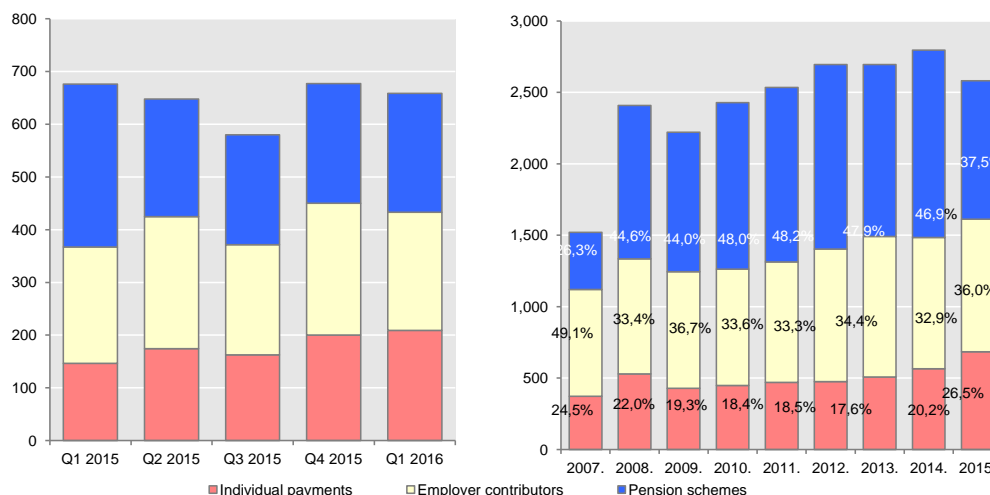
Except in 2007 when the majority of VPFs were set up and contributions were at their lowest, total contributions have been stable over the years, ranging between RSD 2.2 and 2.8 bln a year. In Q1 2016, of total contributions, individual payments accounted for 31.7%, employer contributions for 34% and pension schemes for 34.2%. This ratio has stayed broadly unchanged since 2008.

*Net contribution payments came at RSD 645 mln at end-Q1 2016.*

Total contributions (in RSD bln)									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
1.52	2.41	2.22	2.43	2.53	2.7	2.70	2.80	2.58	0.66

Source: National Bank of Serbia

**Volume and structure of total contributions**  
(in RSD mln, %)



Though the Law allows for individual contributions, most contributions are made through employers who, in this way, display a high level of responsibility towards their staff. Ample potential for further growth in the membership base are companies with high staffing levels. Contributions from employers' funds up to a specified amount are exempt from the household income tax and contributions for mandatory social insurance. The non-taxable contribution amount is set at RSD 5,501<sup>16</sup> per employee per month. 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 contributions to saving in VPFs.

Withdrawals are generally lump-sum. Though this contradicts the nature of VPFs which assumes the use of accumulated funds over a longer period, such practice of withdrawal is expected as members entitled to withdrawal are not long-standing fund members and their accumulated sum is therefore relatively small. The next period is likely to see an increase in scheduled and other types of withdrawals, as the accumulation phase lengthens and the accumulated sum goes up. Moreover, members who joined VPFs after the Law was amended in May 2011 are entitled to maximum lump-sum withdrawal of 30%.

**Total withdrawals**  
(in RSD mln)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
141.4	384.6	448.5	458.1	517.6	751.7	945.2	1213.4	1226.2	288.8

Source: National Bank of Serbia

<sup>16</sup> Under Government decree, this amount is adjusted for previous-year inflation once a year.



Withdrawals rise from year to year as a result of system development. Namely, as contributions and net assets increase and the third pillar matures, the amount of withdrawals will also rise in absolute terms.

*In Q1 2016, total withdrawals amounted to RSD 288.8 mln.*

Transfers represent 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 Q1 2016, transfers came at RSD 60.3 mln.*

<b>Total inter-fund transfers</b>									
(in RSD mln)									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q1
19.5	235.1	141.5	216.1	165.9	72.3	137.2	126.3	219.7	60.3
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 law and NBS regulations.

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

Pursuant to the Law on Voluntary Pension Funds and Pension Schemes, a company is required to submit to the NBS its annual financial statement for the management company, within which it separately discloses the financial statements of the VPFs it manages, and the external auditor's report as at 31 March of the current year for the prior year.

NBS decisions regulate the form and content of financial statements of companies and VPFs, based on which companies are required to submit their balance sheet, income statement, cash flow statement, statement of changes in equity, statement of other income, statistical annex of the management company, including the balance sheet of the VPFs – statement of net assets, income statement, statement of changes in net assets and cash flow statement.

### 10.2. Financial statements of VPF management companies

As at 31 December 2015, the balance sheet total of management companies equalled around RSD 1,242 mln, up by around RSD 244 mln (24%) relative to 31 December 2014, when it stood at around RSD 998 mln. The increase in the balance

sheet total was a result of higher profit earned by management companies in 2015. The bulk of assets were invested in RS government securities (52% of total assets vs. 67% in 2014). On the other hand, the share of equity in total liabilities remained unchanged, accounting for around 95% in 2015 as well. The liquidity of management companies was high.

Management companies are required to keep their equity levels above the statutory minimum of EUR 1 mln in the dinar equivalent. At industry level, the ratio of total equity to statutory minimum was 2.42 (1.96 at end-2014). Therefore, at end-2015, management companies held on average around 142% more equity than the prescribed minimum.

In the reviewed period, management company's equity per user was around RSD 6,168 (RSD 5,046 in 2014). This indicator rose by around 22% in 2015 as total equity at sector level went up. In 2015, each dinar of net assets of VPFs was covered with 0.04 dinars of management company's equity, the same as in the prior year. Before 2013, the ratio of equity to total net assets of VPFs was on a downward path as VPF net assets grew faster than equity. In 2015, the above ratio remained flat from the prior year.

	2011	2012	2013	2014	2015
Total equity ratio	1.37	1.42	1.73	1.96	2.42
Equity per user	4.906	4.475	4.325	5.046	6.168
Equity to total net assets ratio	0.07	0.05	0.04	0.04	0.04

In 2015, management companies continued to operate at a profit. As all companies recorded a positive result in 2015, their total profit was around RSD 269 mln (RSD 221 mln in 2014). It should be noted, however, that the management companies' result does not affect the assets of fund members as company assets are separated from fund assets.

In 2015, all companies earned profit from fund management. Revenue from core activity consisted of contribution fees (RSD 53 mln) and management fees (RSD 512 mln), which gained around RSD 79 mln on 2014 (RSD 486 mln). Contribution fees fell by 4% from a year earlier, while management fees rose by 19% in the same period. The said contribution revenues made up around 87% of all revenue (84% in 2014). Total management costs (relating to investment of fund assets, marketing, custody bank and intermediary services and other fund management costs) amounted to around

RSD 36 mln in 2015 (RSD 39 mln in 2014). Profit earned from fund management came at around RSD 529 mln (RSD 447 mln in 2014).

Within total revenues, interest earnings also held a significant share, measuring around RSD 67 mln or 10% of total revenues in 2015 (vs. RSD 66 mln in 2014).

Expenditures were dominated by wage costs which came at around RSD 200 mln (RSD 190 mln in 2014) or 52% of total expenditures.

In 2015, management companies recorded total ROE of 25.4% (25.3% in 2014) and ROA of 24.1%, the same as in 2014. Also, profit recorded per user and contribution shows an upward tendency relative to previous years.

	2011	2012	2013	2014	2015
ROE	1.2%	11.5%	20.4%	25.3%	25.4%
ROA	1.1%	10.7%	19.3%	24.1%	24.1%
Profit per user	66.8	537.5	895.6	1,188	1,424
Profit per contribution	0.00	0.04	0.05	0.08	0.10
Ratio of fees revenue to number of users	1,626.0	1,927.7	2,241.1	2,618	2,987
Ratio of fees revenue to total revenue	65.5%	74.6%	83.2%	85%	87%

### 10.3. Financial statements of VPFs

As at 31 December 2015, total fund assets equalled close to RSD 29 bln, compared to RSD 23.7 bln at end-2014. Hence, during 2015, total fund assets gained around RSD 5.3 bln or 22%. Government securities still dominate total assets, making up around 83% of total fund assets (87% at end-2014).

Obligations of VPFs, which include obligations towards their management companies and obligations arising from membership and operation, amounted to around RSD 78 mln at end-2015 (vs. RSD 89 mln in 2014). As at 31 December 2015,

net fund assets were around RSD 28.9 bln, i.e. total net assets rose by around RSD 5.3 bln (23%) from the level recorded as at 31 December 2014 (at end-2014, net fund assets equalled around RSD 23.6 bln).

During 2015, all seven funds recorded a positive result – total profit at sector level amounted to around RSD 4 bln (vs. around RSD 2.3 bln in 2014).

Total revenue in 2015 came at RSD 7.3 bln (RSD 4.7 bln in 2014), while total fund expenditure were around RSD 3.3 bln (RSD 2.3 bln in 2014).

The ratio of profit to average total fund assets in 2015 was 15.2% (10.7% in 2014), which means that funds recorded average profit of RSD 0.15 per dinar of assets.

	2011	2012	2013	2014	2015
Rate of return on total assets	5.6%	11.6%	11.0%	10.7%	15.2%