

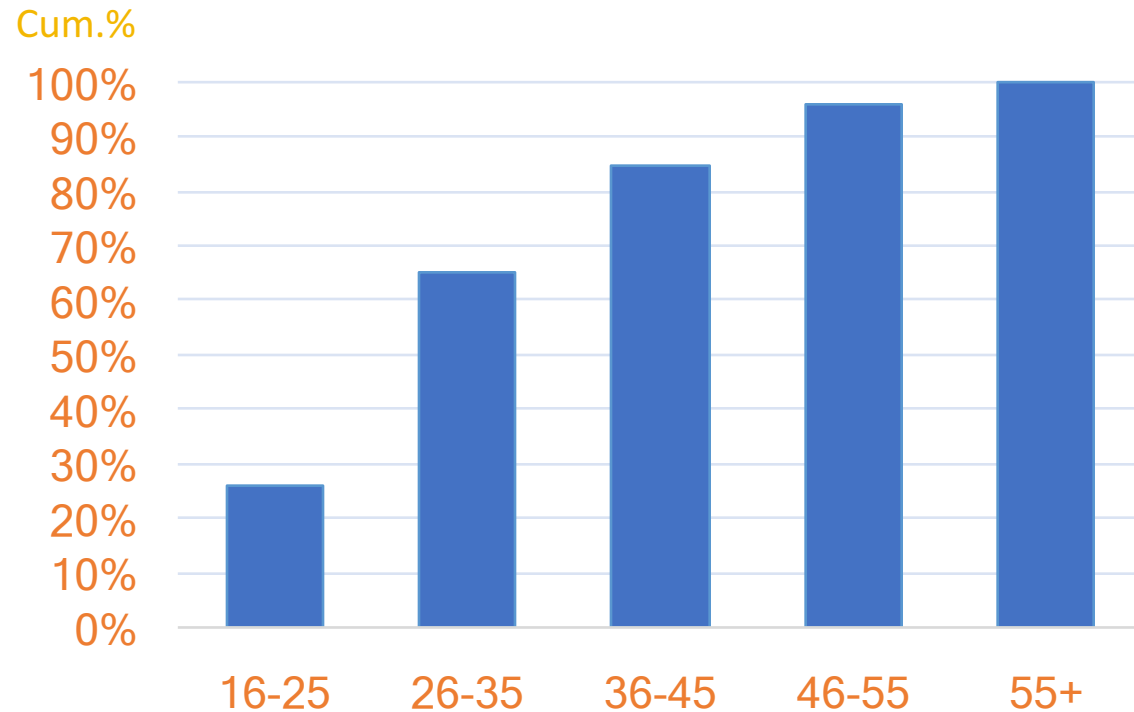
Investment Practices

Maldives Retirement Pension Scheme (MRPS)

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Member Profile and Contributions

Age Distribution



- **Positive Net Contributions:**
- Monthly Contributions (net) from the members in the tune of MVR75 Million
- **Biggest Challenge:**
- How to generate positive returns until members retire?

Fund Choices for Members

- The Following Funds are available for members during the contribution phase;
 - Investment Fund
 - Sharia Fund
- At retirement members funds are switched to conservative funds;
 - Conservative Fund
 - Sharia Conservative Fund

Investment Mandate

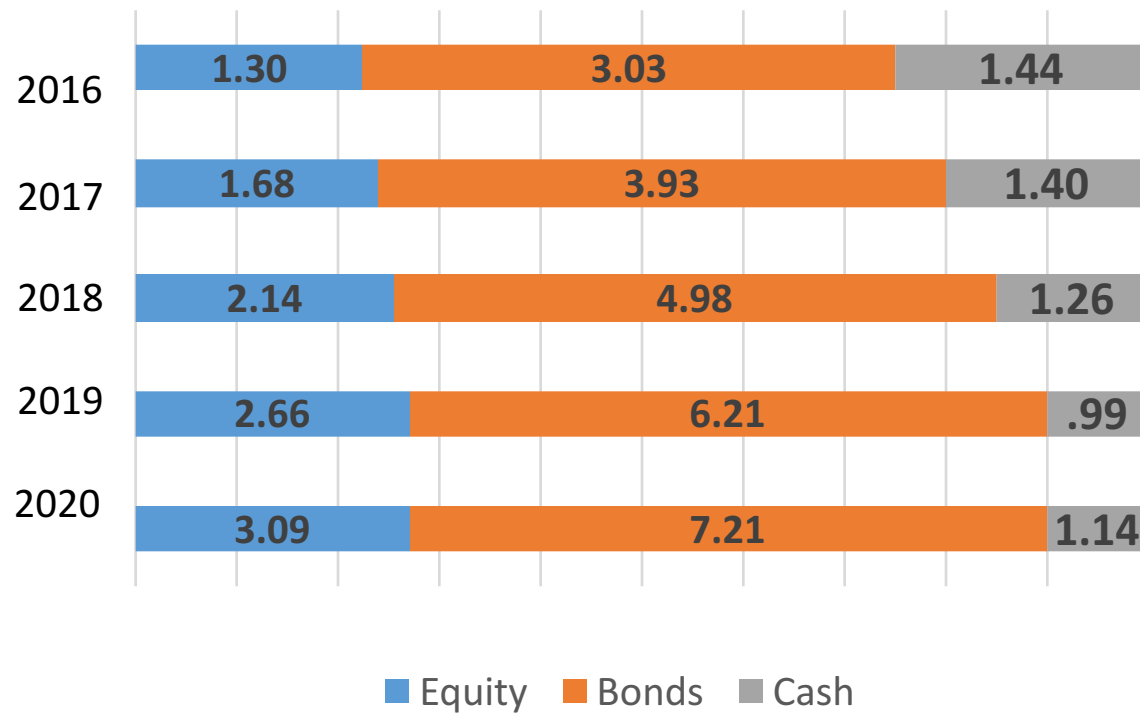
- The Pension Act specifies allowable and prohibited asset classes
- Statement Investment Principles adopted by Board
- Investment Committee
 - Investment Policy and Strategy
 - Oversees the policy implementation by the investment team

Investment Strategy

- The investment strategy is based on generating maximum return to the participants of MRPS taking into consideration diversity, security and liquidity of assets in which MRPS invests in.
- The investment objectives of MRPS will be achieved by investing in the following asset classes locally (conventional and Sharia).
 - Listed Equity and Bonds/Sukuk
 - Government Securities
 - Mutual and Investment Funds
 - Bank Deposits

Expected Strategic Asset Allocations

Expected Asset Allocation
2016 – 2020
Figures in MVR, Bln



- This is an ambitious asset allocation strategy
- However, this would prevent MPAO having constrained by its own rules when opportunities are present
- Opportunities are difficult to forecast in a market like Maldives
- We are having interests from large investees in a scale we have not thought about in 2016

Diversification Challenges

- Limited Financial Market Activity

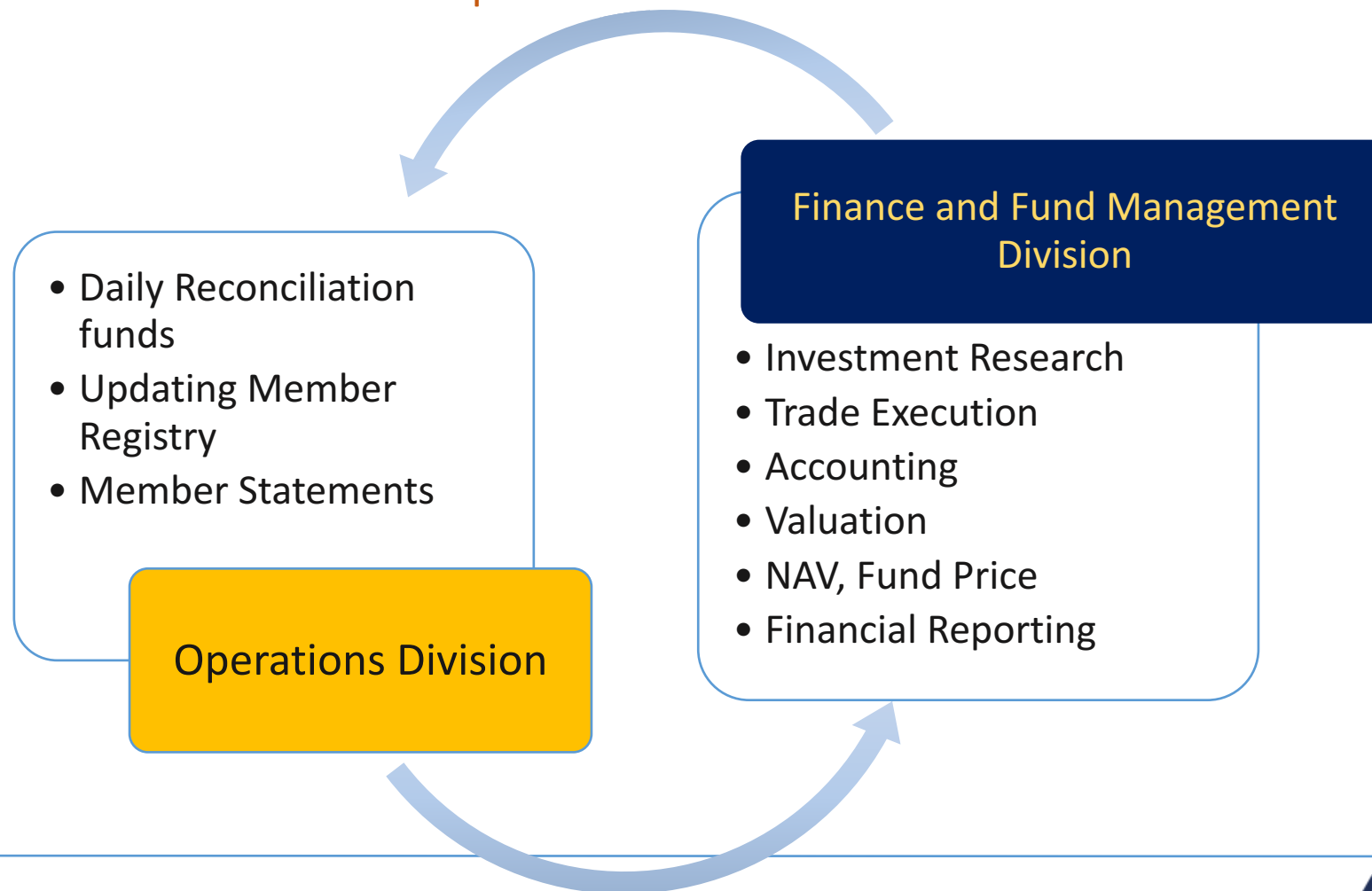
- The total market capitalization of MSE is MVR 8.1 Billion (USD 535 Million)
- free float is just above 26% of the total issued capital.
- The trading volume is also very low. The market is illiquid.
- Except for Dhiraagu, BML and STO, the market capitalization is too small for MPAO to invest. The candidate companies would then be Dhiraagu, BML and STO.
 - The total market capitalization of these three companies would be in the order of MVR 7.02 Billion (95% of the total market capitalization of the MSE).

- Limited Sharia Investments

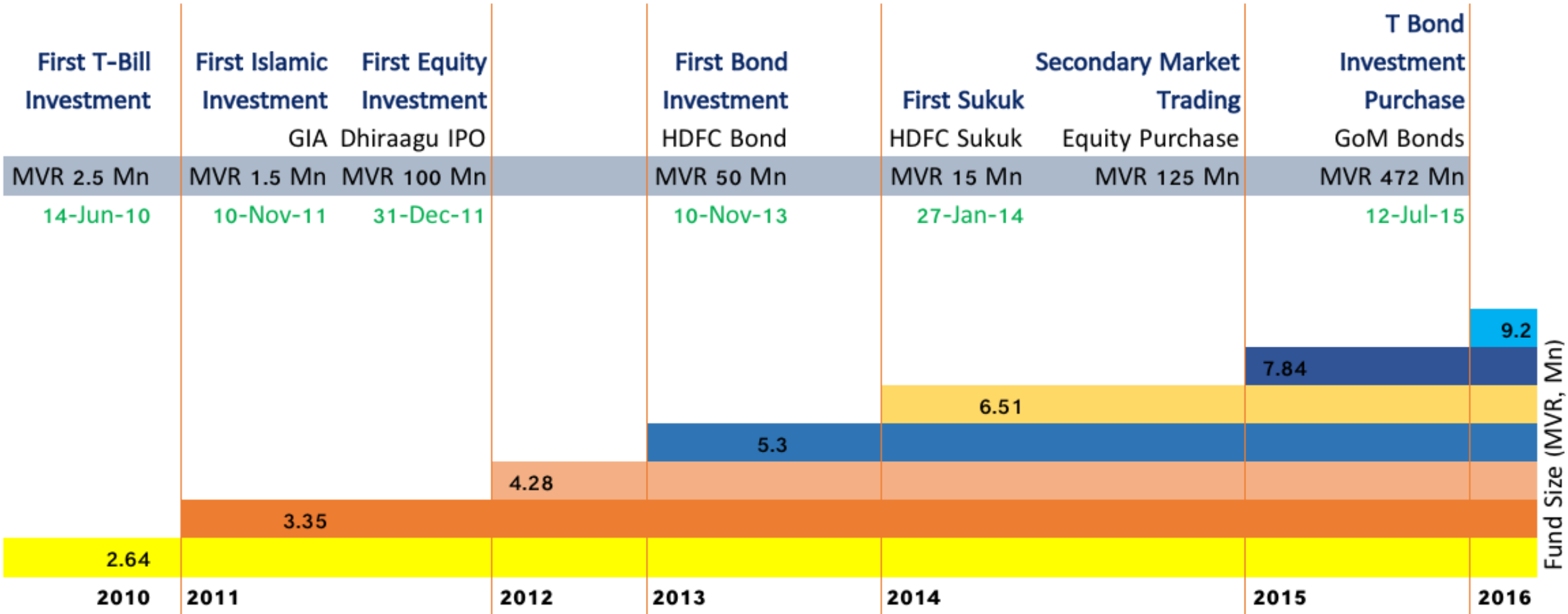
- Single asset class reliance (over 90% exposed to Govt. Debt)

Investment Implementation

Investment Compliance and Internal Audit Division



Asset Classes Over the Years



Thank You