

Strategic Asset Allocation

Maldives Retirement Pension Scheme

Strategic Asset Allocation (SAA) of the MRPS Investment Fund and MRPS Sharia Fund will be as follows:

Asset Class		Target Allocation	Security
Investment Fund	Sharia Fund		
Core Portfolio			
Domestic Fixed Deposits	Domestic General Investment Accounts (GIA)	Min 60%	As applicable within the Asset Allocation, subject to single bank exposure limits stated below
Domestic Treasury Bills	Sharia Compliant Treasury Instruments		As applicable within the Asset Allocation
Domestic Treasury Bonds			
Performance Seeking Portfolio			
Domestic Investment Portfolio			
Corporate Bonds	Corporate Sukuks	Max 40%	As applicable within the Asset Allocation
Equity	Sharia Compliant Equity		
Open-ended Vehicles	Sharia Compliant Open-ended Vehicles		

Strategic Asset Allocation (SAA) of the MRPS Conservative Fund and the MRPS Sharia Conservative Fund will be as follows:

Asset Class		Target Allocation	Security
Conservative Fund	Sharia Conservative Fund		
Core Portfolio			
Domestic Fixed Deposits	Domestic General Investment Accounts (GIA)	Min 86%	As applicable within the Asset Allocation, subject to single bank exposure limits stated below
Domestic Treasury Bills	Sharia Compliant Treasury Instruments		As applicable within the Asset Allocation
Domestic Treasury Bonds			

Performance Seeking Portfolio			
Domestic Investment Portfolio			
Corporate Bonds	Corporate Sukuks	Max 14%	As applicable within the Asset Allocation
Equity	Sharia Compliant Equity		
Open-ended Vehicles	Sharia Compliant Open-ended Vehicles		

Tactical Asset Allocation

While striving to adhere to these targets, Pension Office is allowed to deviate within $\pm 10\%$ of the SAA for both Investment and Sharia Fund, to capitalize on market opportunities as they arise. However, any deviations from the target allocations must be rebalanced and brought back to the original target allocation within a period of six (6) months.

Bank Deposit Limits

Bank deposits should not exceed 25% of the respective Bank's total Deposits calculated based on the total bank deposit balance reported in the audited financial statements of the previous year. Additionally, the total deposit exposure to a single bank should not exceed 60% of the total bank deposits held by MRPS.

Performance Benchmarks

The Benchmarks for the MRPS Investment Fund and MRPS Sharia Fund will be as follows:

Asset	Benchmarks
Core Portfolio	
Domestic Fixed Deposits	1-month MVR Treasury Bill Rate
Domestic Treasury Bills	
Domestic Treasury Bonds	0.5 x 5-Year Average T-Bond Portfolio Return + 0.5 x 5-Year Average LEMB Dividend Yield
Performance Seeking Portfolio	
Domestic Investment Portfolio	
Domestic Corporate Bonds	0.5 x 5-Year Average Bond Portfolio Return + 0.5 x 5-Year Average CEMB Dividend Yield
Domestic Equity	0.5 x 5-Year Average Bond Portfolio Return + 0.5 x 5-Year Average DVYE Dividend Yield

The Benchmarks for the MRPS Conservative Fund and MRPS Sharia Conservative Fund will be as follows:

Assets	Benchmarks
Core Portfolio	
Domestic Fixed Deposits	1-month MVR Treasury Bill Rate
Domestic Treasury Bills	
Domestic Treasury Bonds	0.5 x 5-Year Average T-Bond Portfolio Return + 0.5 x 5-Year Average LEMB Dividend Yield
Performance Seeking Portfolio	
Domestic Investment Portfolio	
Domestic Corporate Bonds	0.5 x 5-Year Average T-Bond Portfolio Return + 0.5 x 5-Year Average CEMB Dividend Yield
Domestic Equity	0.5 x 5-Year Average T-Bond Portfolio Return + 0.5 x 5-Year Average DVYE Dividend Yield

- *LEMB: iShares J.P. Morgan EM Local Currency Government Bond ETF*
- *CEMB: iShares J.P. Morgan EM Corporate Bond ETF*
- *DVYE: iShares Emerging Markets Dividend ETF*

Note: Assets are inclusive of their Sharia equivalents

History of Changes

Revision Year	Changes
Prior 2014	<p>Minimum limit set for Cash and Cash Equivalents</p> <p>Maximum limit set for Growth Assets</p>
2015	<p>Adopted to increase the allocation to Growth Assets (defined as long term bonds and equity), by 500 basis points per year, increasing allocation from 70% to 90% by 2019.</p> <p>Adopted to decrease the allocation to cash and cash equivalents, by 500 basis points per year, decreasing the allocation from 30% to 10% by 2019.</p> <p>Growth Assets allocation are made as follows:</p> <ul style="list-style-type: none"> ● Equity allocation - 30% ● Bond allocation - 70% <p>The bond allocation is to be made as follows:</p> <ul style="list-style-type: none"> ● Government Bonds - 80% ● Corporate Bonds - 20%
2016	<p>Removed the requirement for bond to be AA rated following, relaxation of CMDA rules and absence of a rating agency in Maldives.</p> <p>Removed the requirement limiting the size of a single investment allocation to be 10% of the anticipated portfolio value in 6 months time.</p> <p>Revised the calculation of fixed deposit exposure, to be calculated on total bank deposits reported, as per previous year audited financial statement.</p>
2017	<p>Removed the within allocation limits (private and public sector) for bond instruments</p> <p>Added investments in funds, as an allowable asset class, under Growth Assets</p>
2018	<p>Revised the fixed deposit exposure single bank from 50% to 60% of the aggregate fund.</p>
2019	<p>Revising the target allocations and introducing tactical limits for Investment and Sharia Fund.</p>
2023	<p>Revised the SAA of the Investment and Sharia Fund as follows:</p> <ul style="list-style-type: none"> ● Core Portfolio: Min 60% ● Domestic Investment Portfolio: Max 40%

	<p>Revised the SAA of the Conservative and Sharia Conservative Fund as follows:</p> <ul style="list-style-type: none">● Core Portfolio: Min 86%● Domestic Investment Portfolio: Max 14% <p>Tactical limit for Investment and Sharia Fund included at a deviation of $\pm 10\%$ of the SAA and the rebalancing period established at a maximum period of up to 6 months.</p> <p>Introduction of Performance Benchmarks for the MRPS Funds.</p>
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