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Volume: 52 Issue: 218 Date: 6 Rabi' al-Awwal 1445 – 21 September 2023 Thursday

STATEMENT OF INVESTMENT PRINCIPLES

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Statement of Investment Principles

Maldives Retirement Pension Scheme

Statement of Investment Principles

Maldives Retirement Pension Scheme

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Introduction

Overview

1. The Act Number: 08/2009 (Maldives Pension Act) established Maldives Pension Administration Office as an independent legal entity. Among its main functions are administering the pensions schemes established under the Act and providing the retirement pension.
2. Maldives Retirement Pension Scheme (MRPS) is a Defined Contribution Scheme funded by contributions from employees and employers. Under the Pension Act, it is obligatory for both the employer and the employee to participate in the MRPS.
3. MRPS is a unit-linked pension Scheme with individual Retirement Savings Accounts (RSA). All contributions made to the Scheme shall be deposited to the RSA and all profits (or losses) arising out of the investment shall be allotted to the RSA of the members proportionately.
4. The Pension Act requires the establishment of an Investment Committee to formulate a Statement of Investment Principles (SOIP) governing the policies and guidelines for investing Pension Assets that are in compliance with the regulations of the Securities Market Regulator. The policies determined by the Investment Committee shall be executed upon approval of the Board.

Authority

5. This SOIP is formulated in accordance with the authority granted to the Pension Office under Subsection 3 (c), Subsection 9 (b) and (c) of the Pension Act.

Review and Compliance

6. This SOIP is to be reviewed and/or amended at least every three years, incorporating new insights and developments. Further, compliance with this SOIP will be monitored on an annual basis.

Commencement

7. This SOIP was approved by the Board on 20th August 2023 and will be effective from the date of publication on the Gazette of the Government of Maldives.
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Definitions

8. Unless expressly stated otherwise in this SOIP, the following words and phrases shall have the following meaning.
- 8.1. **“Asset Manager”** shall mean a legal entity that invests and manages Pension Assets or provides advice to the Pension Office on the investment of Pension Assets under an agreement as defined in the Pension Act.
- 8.2. **“Board”** shall mean the body of 8 (Eight) non-executive members vested with the power to administer the Pension Office in accordance with the Pension Act.
- 8.3. **“Investment Committee”** shall mean the Investment Committee formed as per the Pension Act.
- 8.4. **“Investment Team”** shall mean the departments of the Pension Office responsible for advisory, research, risk and operations related to investments.
- 8.5. **“MRPS” or “Scheme”** shall mean the defined contribution based Maldives Retirement Pension Scheme established under the Pension Act.
- 8.6. **“MRPS Funds”** shall mean MRPS Investment Fund, MRPS Sharia Fund, MRPS Conservative Fund and MRPS Sharia Conservative Fund specified in this SOIP.
- 8.7. **“Open-Ended Vehicle”** shall mean, companies operating as investment companies, and authorized to issue unlimited number of shares representing proportional equity ownership of a shareholder. This includes mutual funds, investment funds, unit trusts, insurance policies and other investment vehicles operated on a pooled basis as defined in the Pension Act.
- 8.8. **“Pension Assets”** shall mean contributions collected under MRPS and the return on investment of such contributions as defined in the Pension Act.
- 8.9. **“Pension Act”** shall mean the Act Number: 08/2009 (Maldives Pension Act) ratified on 13th May 2009, including any applicable regulations made thereunder and any amendments made to the Act or regulations.
- 8.10. **“Pension Office”** shall mean the Maldives Pension Administration Office established under the Pension Act.
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- 8.11. **“RSA”** shall mean an account maintained separately, reflecting all contributions, return on investment, losses and permitted expenses related to a MRPS member as defined in the Pension Act.
- 8.12. **“Securities Market Regulator”** shall mean the Capital Market Development Authority established under the Act Number: 02/2006 (Maldives Securities Act) and assigned with the supervisory function as per the Pension Act.

MRPS Funds

9. Upon reaching retirement age, participants of MRPS receive benefits based on the balance accumulated in their individual RSA. At this stage, the funds associated with them undergo a shift from a savings cycle to a consumption cycle. Each phase shall be accompanied by risk and investment strategies that are specific to that particular cycle.
10. The savings cycle comprises two Funds: MRPS Investment Fund and MRPS Sharia Fund.
11. The consumption cycle comprises two Funds: MRPS Conservative Fund and MRPS Sharia Conservative Fund.
12. MRPS Sharia Fund and MRPS Sharia Conservative Fund are Sharia compliant alternatives to the Conventional Funds (i.e. MRPS Investment Fund and MRPS Conservative Fund). Investments from these funds will only be made in Sharia compliant instruments.
13. In the consumption cycle, the distribution of funds will be determined by the MRPS Fund type chosen immediately prior to retirement (e.g. members with funds held in MRPS Sharia Fund will default to the MRPS Sharia Conservative Fund).

Mission, Objectives and Goals

Investment Mission

14. To invest the MRPS Funds in the best interest of our members, aiming at enhancing the sustainability and attractiveness of the Scheme.

Investment Objectives

15. To ensure (as far as practical in the circumstances) that:
- 15.1. value of the pension contributions to the MRPS are maximized, with due regard to risk;
 - 15.2. the purchasing power of members' savings are maintained in real terms;
 - 15.3. accumulated assets are protected against a sudden (downward) volatility in the years approaching retirement; and
 - 15.4. reasonable benefits (commensurate with the cost of living) are provided at retirement.

Investment Goals

16. The long-term investment strategy of Pension Office is to have a well diversified portfolio across asset classes, sectors, industries and geographical regions, to achieve an optimal portfolio allocation.
17. As a measure of success, Pension Office pursues the following medium-term investment objectives and long-term funding objectives:

Cycle	Fund	Investment Objective	Funding Objective
Savings	MRPS Investment Fund	To attain 5-year average annual investment returns equal to or exceeding the 5-year average annual wage growth of members by at least 2%	Maintain an expected income replacement rate of 50% (relative to the pensionable wage at retirement) for a 40-year career member
	MRPS Sharia Fund	To achieve similar returns to the MRPS Investment Fund through Sharia compliant investments	

Consumption	MRPS Conservative Fund	To preserve initial capital and achieve investment returns comparable to those available from bank deposits	Offer pensioners a minimum money's worth ratio of 96%
	MRPS Sharia Conservative Fund	To achieve similar returns to the MRPS Conservative Fund through Sharia compliant investments	

Investment Beliefs and Principles

Purpose

18. MRPS is designed to serve as an accessible retirement savings product for individuals seeking to meet their financial needs in retirement. The Pension Office is entrusted with the fundamental obligation to invest the MRPS Funds in the best interests of our members, with a specific focus on long-term investment objectives. Its primary mission is to ensure that the investments made with contributions generate the necessary returns required to deliver an optimal retirement outcome for the members. By adhering to this core purpose, Pension Office is committed to empowering individuals in realizing their retirement goals and maintaining their financial freedom throughout retirement. As such we operate under the belief that:
 - 18.1. Investing is distinct from saving as it involves taking calculated risks to increase the value of a pool of funds. While saving entails putting money into cash products with the purpose of preserving value, investing involves buying assets that have the potential to appreciate in value.
 - 18.2. Risks associated with an investment and the returns it is expected to generate are positively correlated. This means that taking on higher levels of risk in terms of asset-mix or strategies can potentially lead to higher returns. It must, however, be understood that risks have to be properly priced and evaluated. An effective investment decision making process calls for commitment towards careful assessment of risks. This would be essential in finding a balance between potential returns and the need to preserve capital.
 - 18.3. Long-term investors are less vulnerable to volatility or investment risk (i.e. they can prudently tolerate and absorb short-term changes in fund values and look through market cycles) as compared to short-term traders. It must be understood that, over the longer term, the benefit of higher returns progressively outweighs the impact of higher short-term volatility.

Prudence

19. In order to achieve the best interest of members, Pension Office must act prudently, preferring security, liquidity, diversity and transparency of investments as measures to achieve maximum return on investments at minimal risk of negative nominal returns. MRPS has the potential to contribute to the development of the Maldives, provided that the principles of security, liquidity, diversity, and transparency are upheld without compromise.

- 19.1. **Security:** This relates to the likelihood of an investment being fully recovered over a given time horizon and so, should be taken into consideration in every investment decision. It investigates:
- (a) the counterparty's credit quality;
 - (b) its operating environment; and
 - (c) the subsequent probability of loss that may arise from an individual investment opportunity.
- 19.2. **Liquidity:** Effective portfolio management is highly reliant on liquidity, which ensures assets can be traded easily and promptly at fair market prices. By prioritizing investments with high liquidity, investors gain flexibility to seize opportunities and navigate market changes swiftly, while keeping transaction costs at a minimum.
- 19.3. **Diversity:** Concentrating investments in specific counterparties, asset classes, sectors, or industries exposes a portfolio to certain risks. To mitigate against them, a strategy of combining assets of various types and sizes from diverse sectors and geographies can be adopted. This approach allows for a more balanced and resilient portfolio, as different assets respond differently to market forces.
- 19.4. **Transparency:** Transparency builds confidence and enables institutional investors to implement a long-term, disciplined approach to investing. This is because investment decisions that are made with wide public acceptance can be maintained through turbulent times, and a high level of public trust enables discipline to prevail over expediency.

Domestic Market

20. At present, the financial markets in the Maldives do not provide a sufficient range nor depth of securities to support the creation of a liquid and diversified portfolio. Similarly, constraints with regard to access to information and appropriate investment regulations further add-on to the risk of individual investment opportunities.
21. Investments made in Government Securities shall be considered among defensive assets and will be used as a risk-free measure.

Overseas Market

22. Given the difficulty in building a balanced portfolio solely through domestic financial markets, it is necessary to seek investment opportunities abroad. Thus, an optimal investment strategy for MRPS should encompass both domestic and overseas assets. However, constraints relating to access to foreign currency and limited ability to hedge foreign currency risks pose challenges to making investments abroad. Nevertheless, the long-term strategy of Pension Office is to diversify into international markets and capture potential growth opportunities.

Environment, Social and Governance Considerations

23. The Pension Office wishes to promote corporate social responsibility amongst all entities in which it invests. Thus, when making investment considerations regarding an entity, the Pension Office shall account for the entity's practices in relation to their business, employees, customers and key stakeholders.

Complexity Assessment

24. A complexity assessment investigates:
- 24.1. easy access to reliable information to assess the likelihood of recovering the money invested;
 - 24.2. ease of transaction and access to fair market prices;
 - 24.3. access to diversification;
 - 24.4. governance requirements;
 - 24.5. full understanding of financial instruments;
 - 24.6. implementation challenges (including legal capabilities, due diligence etc.);
 - 24.7. monitoring of portfolio strategy; and
 - 24.8. reconciling performance.
25. Complexity to investment strategy shall be progressively introduced in tandem with Pension Office building internal investment governance capacity.
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Investable Assets

Domestic Investments

26. Pension Assets within the Maldives shall be invested in the following classes of assets permitted under the Pension Act.
 - 26.1. Bank accounts and monetary funds such as bank deposits, held in banks licensed by the Maldives Monetary Authority, which are not under enforcement action and are not subject to suspension of license.
 - 26.2. Securities issued by a relevant body of the Government of Maldives and to the extent guaranteed by such a body.
 - 26.3. Securities issued by business entities listed on a licensed stock exchange in the Maldives.
 - 26.4. Mutual and investment funds duly approved in the Maldives.

Overseas Investments

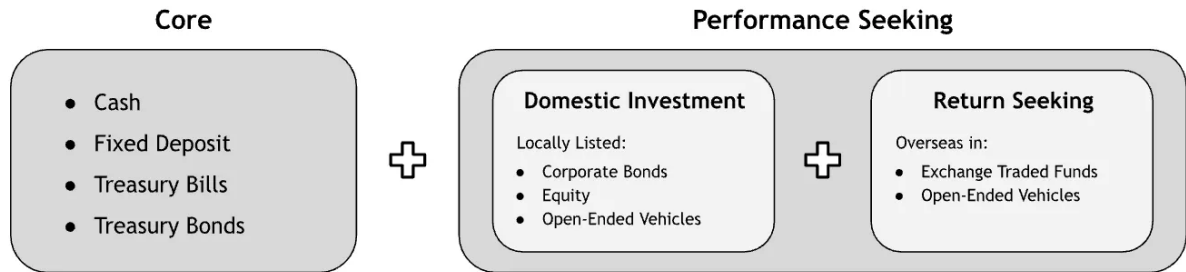
27. Pension Assets outside the Maldives shall be invested in the following classes of asset as per the Pension Act.
 - 27.1. Bank accounts and monetary funds such as bank deposits, held in banks which are licensed by a bank regulatory authority of a country where such investments are made, and which are not under any enforcement action and are not subject to suspension of license.
 - 27.2. Securities issued by a relevant body of a country where such investments are made and to the extent guaranteed by that body.
 - 27.3. Securities issued by the central government or local government of a country where such investments are made, and to the extent guaranteed by the respective government.
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Exclusions

28. Pension Assets shall not be invested in any of the following classes of asset specified in the Pension Act.
 - 28.1. Securities which are not listed or traded publicly.
 - 28.2. Assets which are not capable of alienation from other assets by law.
 - 28.3. Certain types of derivative instruments determined by the Securities Market Regulator.
 - 28.4. Real estate and other assets not listed on a regulated market and for which valuation is uncertain.
 - 28.5. Other types of assets determined by the Securities Market Regulator.

Investment Strategy

29. As a long-term investment strategy, each of the MRPS Funds (both in the savings cycle and the consumption cycle) will be composed of a Core Portfolio (CP), a Domestic Investments Portfolio (DIP) and of a Return Seeking Portfolio (RSP), weighted according to a pre-defined market risk tolerance.
- 29.1. **Core Portfolio:** The CP will be composed of Cash, Fixed Deposits, Treasury Bill and Treasury Bonds. Inclusion of investments in this portfolio is conditional on Pension Office’s intention and ability to hold them to maturity.
- 29.2. **Domestic Investments Portfolio:** The DIP will be composed of listed Corporate Bonds and Equity. Listings made either in a licensed private or public board can be considered for investment. This can be done either through direct investments (i.e. without the services of an external Asset Manager) or via Open-Ended Vehicles.
- 29.3. **Return Seeking Portfolio:** The RSP will be composed of passively investing, overseas Exchange Traded Funds and/or Open-Ended Vehicles. The MRPS Funds as well as their underlying assets should be listed in foreign jurisdictions duly approved by the Securities Market Regulator.



30. The CP will act as a defensive, liability matching portfolio where the investment horizon is engineered to align with the term structure of pension payouts. This will ensure that MRPS has sufficient funds available to meet redemptions or transfer of funds to the savings cycle while maximizing the term premium. The DIP and the RSP portfolios, on the other hand, will act as the Performance Seeking Portfolios (PSP) - taking on more volatile investments in order to maximize returns.

31. While the long-term strategy entails the inclusion of an overseas investment component through the RSP, MRPS needs to build the necessary capacity and infrastructure to effectively invest in foreign markets. As the required capabilities and expertise are acquired, MRPS will progressively incorporate the RSP to optimize risk and returns through investments in passively managed overseas Exchange Traded Funds and/or Open-Ended Vehicles. Until then, the PSP will only comprise the DIP.

32. Due to the distinct risk profiles of members in the savings cycle and consumption cycle, investment strategies will be adjusted proportionately to accommodate these differences. As such, the optimal allocation of individual MRPS Funds shall be determined and formulated in the Strategic Asset Allocation (SAA). The SAA determined by the Board shall be published.

Investment Risks and Mitigation Strategies

33. The Investment Committee determines the precautionary regulations, standard operating procedures, necessary measures and guidelines on investment of MRPS Funds. The investment restrictions in place shall be described in the Risk Budget and Risk Management Framework that shall be formulated under this SOIP.
34. Investment risks should be monitored, and a management policy should be in place to establish targets, tolerable deviations and actionable breaches for each of the risk monitoring metrics. Mitigating procedures should also be in place for each of the risk metrics. When tolerable deviations are reached the established action plans shall be revisited and tested. Actionable breaches are to be accompanied with an expected date for implementation and clear ownership of responsibilities. Pension Office and its Investment Team shall monitor the following risk factors:

Risk	Implication	Mitigation
Modeling Risk	Refers to the failure of selected long-term strategic asset allocations in delivering the expected return or risk characteristics necessary to meet investment and funding objectives.	<p>(1) Review and adjust Strategic Asset Allocation annually based on risk budget.</p> <p>(2) Reassess expected returns, re-evaluate dependency structure of the opportunity set and (if required) incorporate new asset classes on an annual basis.</p>
Market Risk	Refers to the likelihood of experiencing excessive or persistent losses due to factors that affect the overall performance of the financial markets.	<p>(1) Diversify investment strategy across asset classes and sectors while adhering to Securities Market Regulator guidelines and adjusting portfolio weights to match risk limits.</p> <p>(2) Review market risk tolerance limits on an annual basis.</p>
Inflationary Risk	Refers to the potential loss of purchasing power due to the erosion of the real value of money over time. It is the risk that the returns on an investment may not keep pace with inflation, resulting in a reduction in real returns (i.e. deviations from expected returns).	<p>(1) Pension Office will mitigate inflationary risks using trend-based strategic investments in equity.</p> <p>(2) Investing in index-linked debt securities.</p>

Illiquidity Risk	<p>Relates to the inability to sell an asset at a fair price. Consequently, this branches into:</p> <p>(1) <i>Rebalancing Risk</i>, making it challenging to manage market risk and adjust holdings to achieve the targeted risk level and risk exposures; and</p> <p>(2) <i>Investment Opportunity Risk</i>, posing as a constraint to pursue new investment opportunities.</p>	<p>(1) According to the risk management framework, listed instruments with low daily turnover will require <u>regular reports</u> on their economic performance. Where a sale (or partial sale) is recommended, the report should consist of testing for market interest.</p> <p>(2) Open-Ended Vehicles will require <u>regular reports</u> in reference to their assets under management with recommendations for maintaining or initiating redemptions.</p> <p>(3) Demonstrate intention and ability to hold assets or securities to maturity based on amortized cost.</p>
Credit Risk	<p>This is the risk of default by issuers of financial assets and the risk that the value of these assets may depreciate as a result of an increase in the overall level of perceived credit risk in the market.</p>	<p>(1) Where a credit rating is available, limit investments in debt securities to those with an "investment grade" rating from at least one of the three international rating agencies or is issued/backed by the Maldivian Government.</p> <p>(2) Considering investments in unrated debt securities, an in-house rating shall be used to evaluate the investment opportunity.</p> <p>(3) A <u>periodic report</u> outlining the underlying risk from issuers of debt holdings, recommending to take necessary actions if they are at the risk of defaulting.</p>
Concentration Risk	<p>This is the risk that the MRPS Funds have excessive exposure to a single institution or institutions that share a common risk factor, for example by operating in the same industry.</p>	<p>Regular <u>reports</u> shall be prepared assessing MRPS holdings of money market instruments, debt securities, equity, etc. against:</p> <p>(1) total MRPS holdings of the same asset class; and</p> <p>(2) total outstanding/issued by the counterparty.</p>

Operational Risk	This is the risk of loss resulting from inadequate or failed internal processes, people or systems and external events in relation to internal or external operational risk. This includes risk arising from the custody of assets.	<p>(1) Ensuring that processes and procedures are robust, documented, regularly audited, and operated by trained individuals.</p> <p>(2) Systems are appropriately tested, and business continuity plans are in place.</p> <p>(3) The custodian is subject to periodic review.</p>
Fund Manager Risk	This is the risk that a fund manager makes excessive or persistent losses, or does not perform in a way consistent with its return target, including, in the case of Open-Ended Vehicles deviating from their benchmarks.	<p>(1) Implement a rigorous selection and diversification process for Open-Ended Vehicles.</p> <p>(2) Monitor performance of indirect investments against quantitative and qualitative measures on a regular basis.</p>
Valuation Risk	This is the risk that assets are misvalued, in turn resulting in inappropriate investment decisions or inferences – for example, a misallocation of assets, or the misstatement of the fund values of MRPS.	This risk will be mitigated through a valuation policy that defines the pricing principles, controls, sensitivities and stress tests appropriate to each asset class, together with monitoring processes for them.

Governance

35. The Pension Office governance philosophy is to continuously strive to attain high levels of accountability, transparency, responsibility and fairness in all aspects of operations. The Pension Office will remain committed towards protection and enhancement of overall long-term value to MRPS members and society.
 36. The Pension Office will continue its pursuit of achieving these objectives through adoption of competitive strategies, prudent planning, strategic monitoring and mitigation of risk. It will follow sound practices, conduct its operations in a transparent manner and remain committed to ensuring observance of good governance in all its dealings.
 37. The strategic management of MRPS assets is fundamentally the responsibility of the Board. Accordingly, the Board has authority to make investment decisions as per the approved Statement of Investment Principles by considering potential risks and returns associated with each investment.
 38. Direct investments can be made at the discretion of the Board using internal resources (i.e. not through an external Asset Manager). Investments in domestic listed securities and selection of Exchange Traded Funds and Open-Ended Vehicles to invest abroad, are to be directly performed by the Pension Office. The Board shall ensure that the Pension Office has sufficient skills and resources to carry out the investment policy being applied at any one time.
 39. Subject to the appropriate regulatory structure being in place, investments abroad will be undertaken through indirect investment instruments (such as Exchange Traded Funds and Open-End Vehicles) managed by suitably qualified Asset Managers.
 40. The Investment Committee is responsible for monitoring the quantitative and qualitative performance of Asset Managers employed to ensure that they remain suitable for the MRPS. These qualitative measures include, inter alia, changes in ownership, changes in personnel, standard of administration, and compliance with regulatory bodies/best practice guidelines.
 41. Annex 1 of this SOIP describes roles and responsibilities of the Board, Investment Committee, Chief Executive Officer and Investment Team.
 42. From time to time, investment portfolios move away from their Strategic Asset Allocation. This occurs because asset classes and sub-asset classes behave in different ways at different times - their returns and dependency structure may differ periodically. As such, there will be a need to monitor and rebalance the portfolio back in line with its Strategic Asset Allocation.
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43. The Board, Investment Committee and the Pension Office Staff shall comply with the Governance Code of the Pension Office which includes requirements on the disclosure and management of conflicts of interest.
44. The Pension Office applies commercial terms to all its investments. The term commercial, as opposed to preferential, refers to activities of commerce – business operations intended for an exchange on the market with the goal of earning profits. Investment proposals generated internally or externally are subject to appropriate due diligence. As such, the Pension Office applies specific due diligence guidelines for each type of investment instrument.
45. The management objective of Pension Office is to generate the highest possible return after costs for the members. All costs will be scrutinized in the context of improving investment risk-return.

Annex 1: Statement of Roles and Responsibilities

1. Board:

- 1.1 Approve a Statement of Roles and Responsibilities for the functions relating to Investment Management.
- 1.2 Approve a Statement of Investment Principles, and its amendments, to guide the investment activities of the Pension Office.
- 1.3 Approve the Risk Management Framework of MRPS Funds.
- 1.4 Ensure adherence to the Governance Code of the Pension Office to prevent conflicts of interest in deploying the investment management activities.
- 1.5 Approve Due Diligence Guidelines for MRPS investment activities.
- 1.6 Approve a Policy for Disclosure of the Investment Decisions.
- 1.7 Approve the terms, conditions, and procedure of bidding and prerequisites of the Custodian, Asset Managers, Open-ended Vehicles and external auditors for pre-qualification and selection.
- 1.8 Approve a Valuation Policy for Pension Assets.
- 1.9 Approve investment decisions related to the Core Portfolio, except for investment decisions delegated to the Chief Executive Officer under this SOIP.
- 1.10 Approve investments decisions related to Domestic Investments Portfolio and Performance-seeking portfolio.
- 1.11 Approve performance benchmarking procedures for the selection of specific benchmarks and for the calculation of composite benchmarks.
- 1.12 Approve annual reports and account statements.

2. Investment Committee:

- 2.1 Formulate a Statement of Investment Principles to guide the investment activities of the Pension Office.
- 2.2 Formulate, and review on a regular basis, the risk management framework containing indicators and limits that trigger specific corrective actions.
- 2.3 Approve guidelines to deal with all the incoming investment opportunities.
- 2.4 Provide recommendations on investments, prior to submitting them for approval from the Board.
- 2.5 Formulate performance benchmarking procedures outlining benchmark calculation methodology for MRPS Funds and specific benchmarks for eligible asset classes.
- 2.6 Approve a Complexity Assessment Framework in order to assess; the complexity of new asset classes and investment instruments; and the internal investment governance capacity as a prerequisite for implementation.
- 2.7 Approve the terms, conditions, procedure and requisites for appointment of investment related external consultants.
- 2.8 Monitor compliance with the Statement of Investment Principles.
- 2.9 Regular monitoring of investments including review of periodic investment activity reports.

3. Chief Executive Officer:

- 3.1 Approve investments decisions with regard to money-market instruments including T-bills and Bank Deposits from the Core Portfolio in order to facilitate efficient liquidity management.
 - 3.2 Approve operating procedures for investment related functions.
 - 3.3 Submit to the Investment Committee, proposals for seeking domestic investment opportunities to leverage the long-term funding aptitude of Pension Office.
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- 3.4 Propose to the Investment Committee, the terms, conditions, procedure and requisites for appointment of investment related external consultants.
- 3.5 Propose to the Investment Committee, internal guidelines on dealing with all the incoming investment opportunities.
- 3.6 Submit proposal to the Board on the terms, conditions, and procedure of bidding and prerequisites of the Custodian, Asset Managers, Open-ended Vehicles and external auditors for pre-qualification and selection.

4. Investment Team:

4.1 Risk Management

- 4.1.1 Conduct periodic review of investment opportunities by assessing markets across different asset classes and industries.
- 4.1.2 Prepare updated forward looking views about macroeconomics and markets and propose to the Investment Committee periodic asset allocation adjustments for each MRPS Fund.
- 4.1.3 Review and monitor the Strategic Asset Allocation of the Portfolios.
- 4.1.4 Assess the complexity of new asset classes and investment instruments, and the internal investment governance capacity inline with the Complexity Assessment Framework.
- 4.1.5 Review and monitor the performance and underlying risk characteristics of existing MRPS investments.
- 4.1.6 Conduct work related to the enhancement of the risk management function.

4.2 Core Portfolio

- 4.2.1 Perform due diligence on Fixed Deposits offered by Banks and other securities offered by the Government as per the Due Diligence Guidelines of MRPS.
- 4.2.2 Place Fixed Deposits as per the Fixed Deposits Placement Procedure.
- 4.2.3 Conduct periodic review of the assets in the Core Portfolio as per the Valuation Policy.
- 4.2.4 Implement the decisions related to the Core Portfolio as approved by the Board and Chief Executive Officer.
- 4.2.5 Conduct development work in relation to the Core Portfolio.

4.3 Domestic Investment Portfolio

- 4.3.1 Explore opportunities to leverage the long-term funding aptitude of Pension Office.
- 4.3.2 Perform due diligence on Domestic Equity, Domestic Corporate Bonds and other asset classes in the DIP as per the Due Diligence Guidelines of MRPS.
- 4.3.3 Conduct periodic review of the assets in the Domestic Investments Portfolio as per the Valuation Policy.
- 4.3.4 Implement the decisions related to the Domestic Investments Portfolio as approved by the Board.
- 4.3.5 Conduct developmental works in relation to the Domestic Investment Portfolio.

4.4 Investment Operations

- 4.4.1 Handling the processing and settlement of investment trades, ensuring accurate and timely execution of transactions.
 - 4.4.2 Responsible for maintaining accurate accounting records of investment holdings, transactions, and portfolio valuations.
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- 4.4.3 Monitor and manage the cash flows associated with investment activities.
- 4.4.4 Reconcile data from various sources to ensure accuracy and consistency.
- 4.4.5 Ensure compliance with regulatory requirements and reporting obligations.
- 4.4.6 Assist in identifying, assessing, and managing operational risks associated with investment activities.
- 4.4.7 Collaborate to ensure effective coordination, resolve operational issues, and provide support for investment decision-making.
- 4.4.8 Evaluation of the internal investment operations capacity to process new types of financial instruments and/or added volume of securities.
- 4.4.9 Conduct periodic review of the Custodian's performance.

History of Revisions

Date	Changes
June 2011	Initial adoption.
October 2011	Introduced additional appropriate asset classes for further diversification.
February 2013	Added investment policy and strategy for different Funds.
July 2016	Included Sharia assets as a category suitable for investments from MRPS Investment Fund.
July 2017	<p>Included Mutual and Investment Funds as a category suitable for investments from the Investment Fund and Sharia Fund.</p> <p>Renamed Sharia Retirees fund to Sharia Conservative Fund.</p>
August 2023	<p>Redraft of the Statement of Investment Principles with the following additions/major amendments:</p> <ul style="list-style-type: none"> ● Review period ● Investment mission, objective and goals ● Investment beliefs ● Investment strategy for MRPS Funds consisting of: <ul style="list-style-type: none"> ○ Core Portfolio (CP) ○ Domestic Investments Portfolio (DIP) ○ Return Seeking Portfolio (RSP) ● Investment risks and mitigation strategies ● Roles and Responsibilities of the Board, Investment Committee, Chief Executive Officer and the Investment Team.