

## Pension funds' evaluation principles in their monthly reports

The Central Bank's Statistics Department collects monthly financial statements from a sample of the 25 largest pension funds. In 2001 a survey was made of whether these funds used the same principles for revaluation in their monthly reports as stipulated in rules on the compilation of annual accounts, whereby these would be completely consistent. They were also asked how often they revalued their securities.

The survey found that the funds' evaluation principles in their monthly reports were generally in accordance with rules on their annual accounts. Shares and mutual fund units are entered at market prices except in the case of unlisted securities, which are entered at projected purchase price. Bonds are entered on the asset side based on the negotiated interest terms when they were bought,

although this is not universal. In a handful of cases market securities were entered at market price, depending upon their liquidity. Then, revaluations tended to be made on a daily basis.

The main rule regarding revaluations is that they are made on a monthly basis, although there are exceptions. Besides the daily revaluations mentioned above, there were also instances where assets were only revalued twice a year. One large pension fund revalues its domestic and foreign equity funds and its foreign equities quarterly, but all other securities monthly.

These findings suggest that the monthly figures give an excellent picture of the funds' positions at any time, and estimates for December have proved extremely close to the annual account figures.