



สำนักงานประกันสังคม
Social Security Office

Management of the Social Security Fund of Thailand

by The Social Security Office



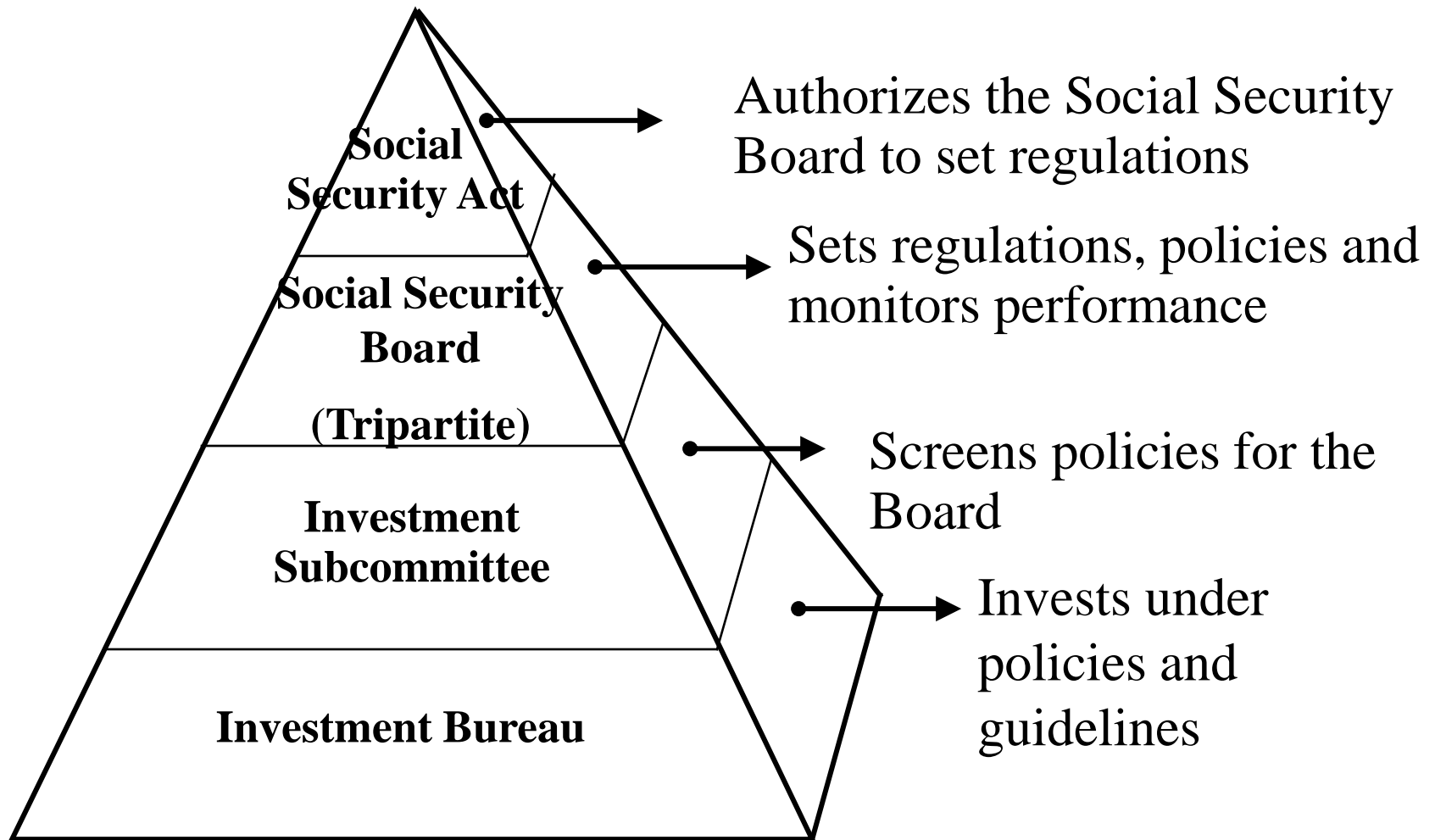
Background Information

Establishment	Year 1991 under the Ministry of Labour of Thailand
Coverage	9.7 million private employees (total labor force is 39 million people)
Contribution Rate	<ul style="list-style-type: none"> • 5% from employees (3% for pension) • 5% from employers (3% for pension) • 2.75% from the government
Benefits	7 benefits, including sickness, invalidity, maternity, death, child allowance, old-age pension, unemployment
Type of Pension	Defined Benefit (Pillar I)
Asset Size	US\$27.7 billion, of which US\$ 23.7 billion is pension
Fund Management	95% internal (50 staffs, expense = 0.003% of NAV) <ul style="list-style-type: none"> • 15 government officers • 35 public employees 5% external

Topics

1. Investment Decision Making Process
2. Investment Regulations and Plans
3. Structure of Investment Bureau
4. Monitoring & Compliance
5. Social Security Fund Portfolio & Return

Investment Decision Making Structure



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Investment Regulations

- Invest in **secured assets**
 - Treasury bills, government bonds
 - Bonds guaranteed by government
 - Bank deposits
 - Corporate Bonds rated BBB or above

No less than 60%
- Invest in **risky assets**
 - Other debt instruments
 - Unit Trusts
 - Common Stock

No more than 40 %

Investment Plans

- Five Year Strategic Investment Plan (2009-2013)
- Yearly Investment Plan
- Weekly Investment Plan

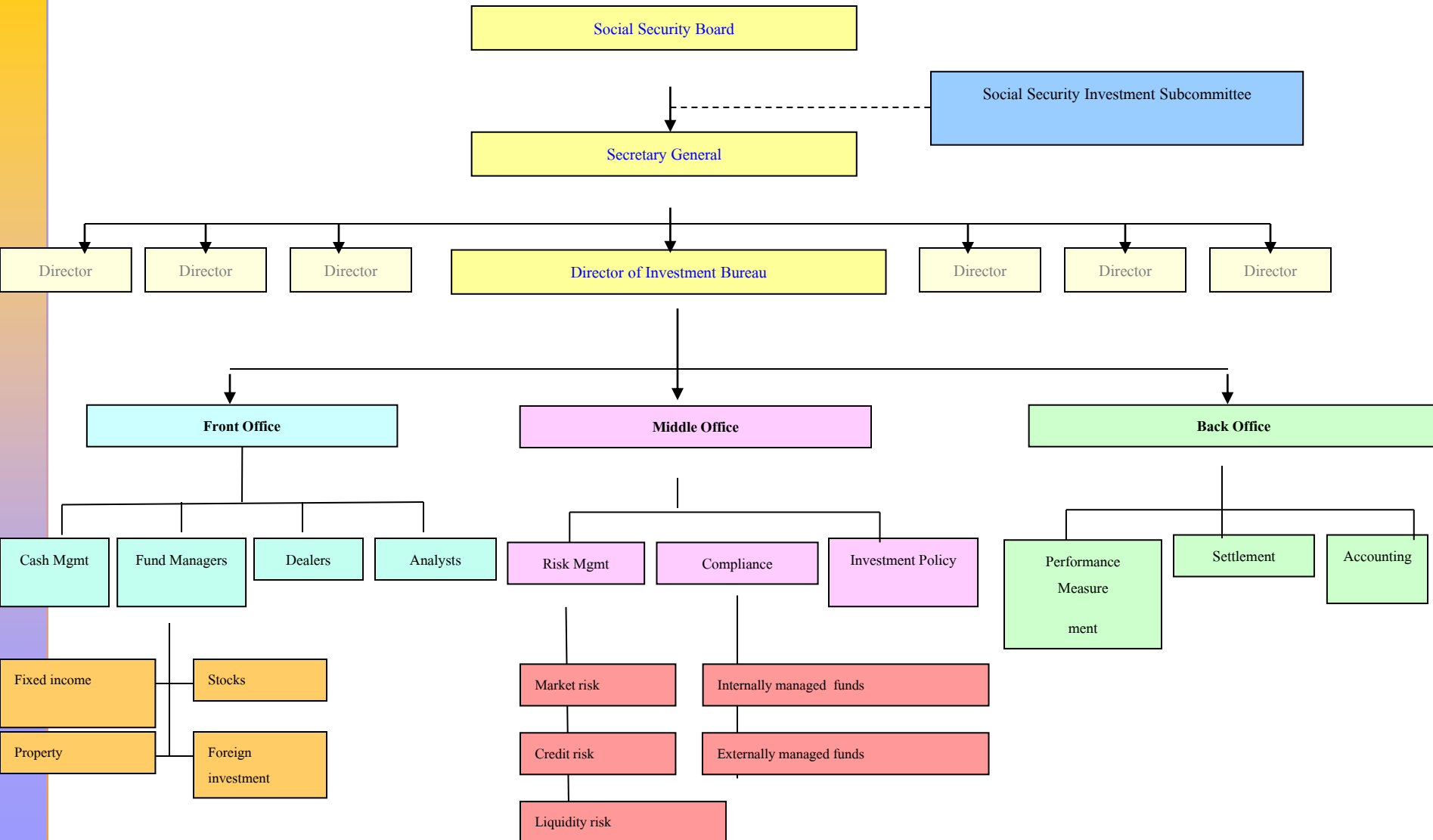
Plans includes

- Review of plan vs actual prior investment
- Economic and market outlook
- Strategic asset allocation plan
- Expected risk and return of the Fund
- Organization structure, human resources, and information technology planning (5-year plan only)

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Organization Chart



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Monitoring & Compliance

1. Operational Level

- Transaction Level

- Monitored by Middle Office of the Investment Bureau to ensure that all investments are complied with
 - Company limits/trade limits,
 - Investment plan,
 - Investment regulations,
 - Laws
- Reports to the Director of the Investment Bureau

Monitoring & Compliance

- Organization Level

- Monitored by Internal Audit Department
- Reports the investment status, returns, volume to the Secretary General on a monthly basis

Monitoring & Compliance

2. Policy Level

- Social Security Board Level

- Review investment status and returns on a quarterly basis

- Ministry Level

- Internal Auditor of the Labour Ministry reports results to the Labour Minister

- Government

- Office of Auditor General of Thailand audits financial statements and investment activities

Monitoring & Compliance

3. Stakeholders Level

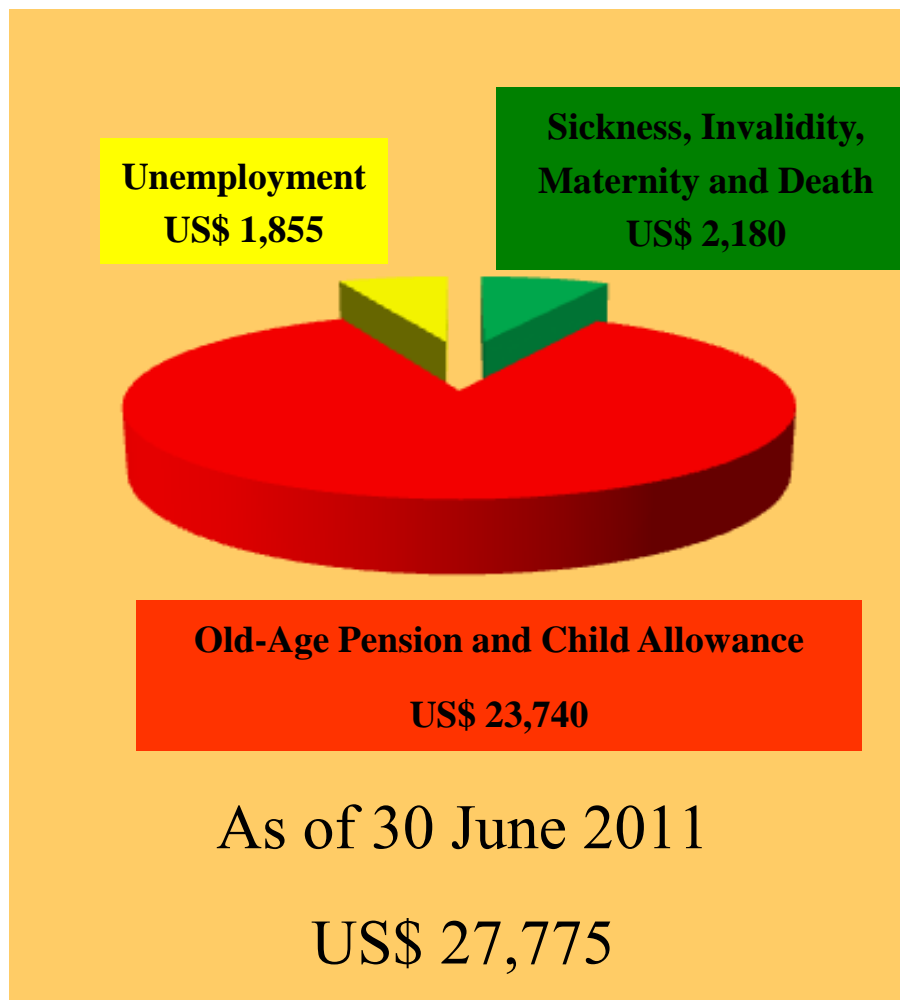
- Employees and employers

- The Social Security Office holds regular meetings with stakeholders to provide updated information
- Social Security Office website
- The Social Security Office provide investment press releases on a quarterly basis

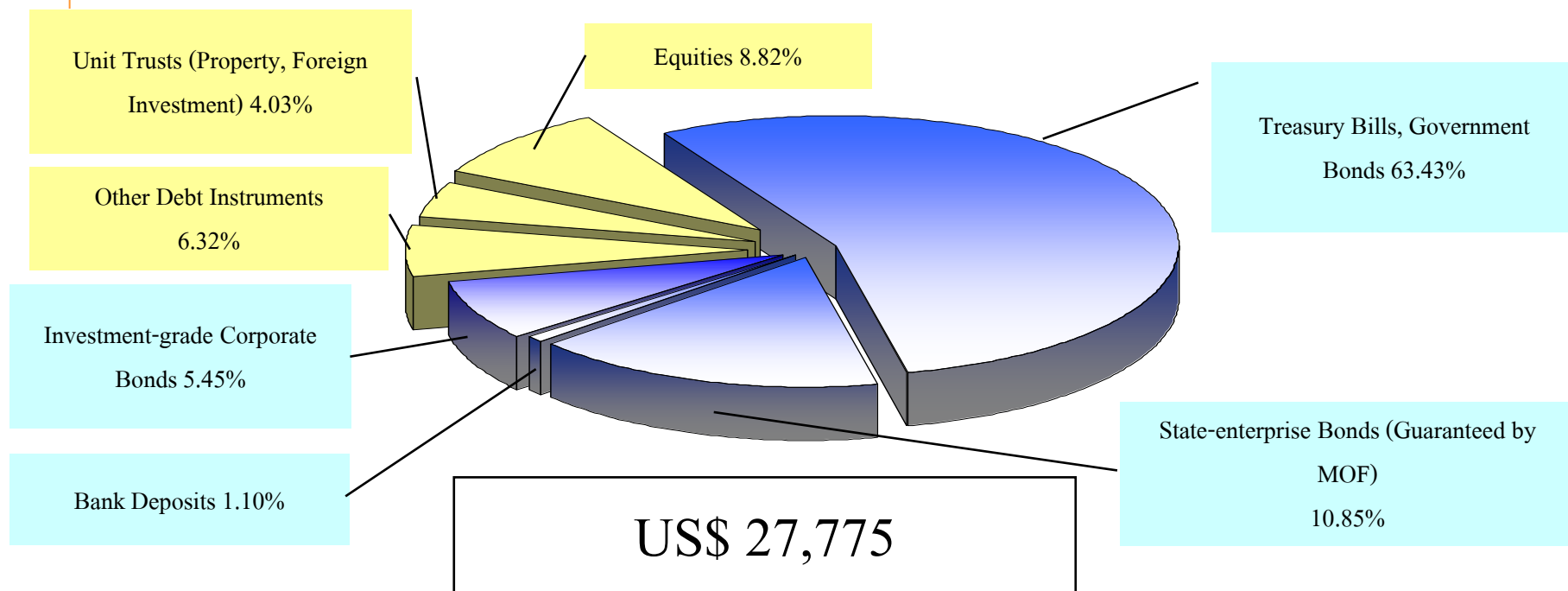
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Status of the Social Security Fund as of 30 June 2011



Asset Allocation as of 30 June 2011



Note:

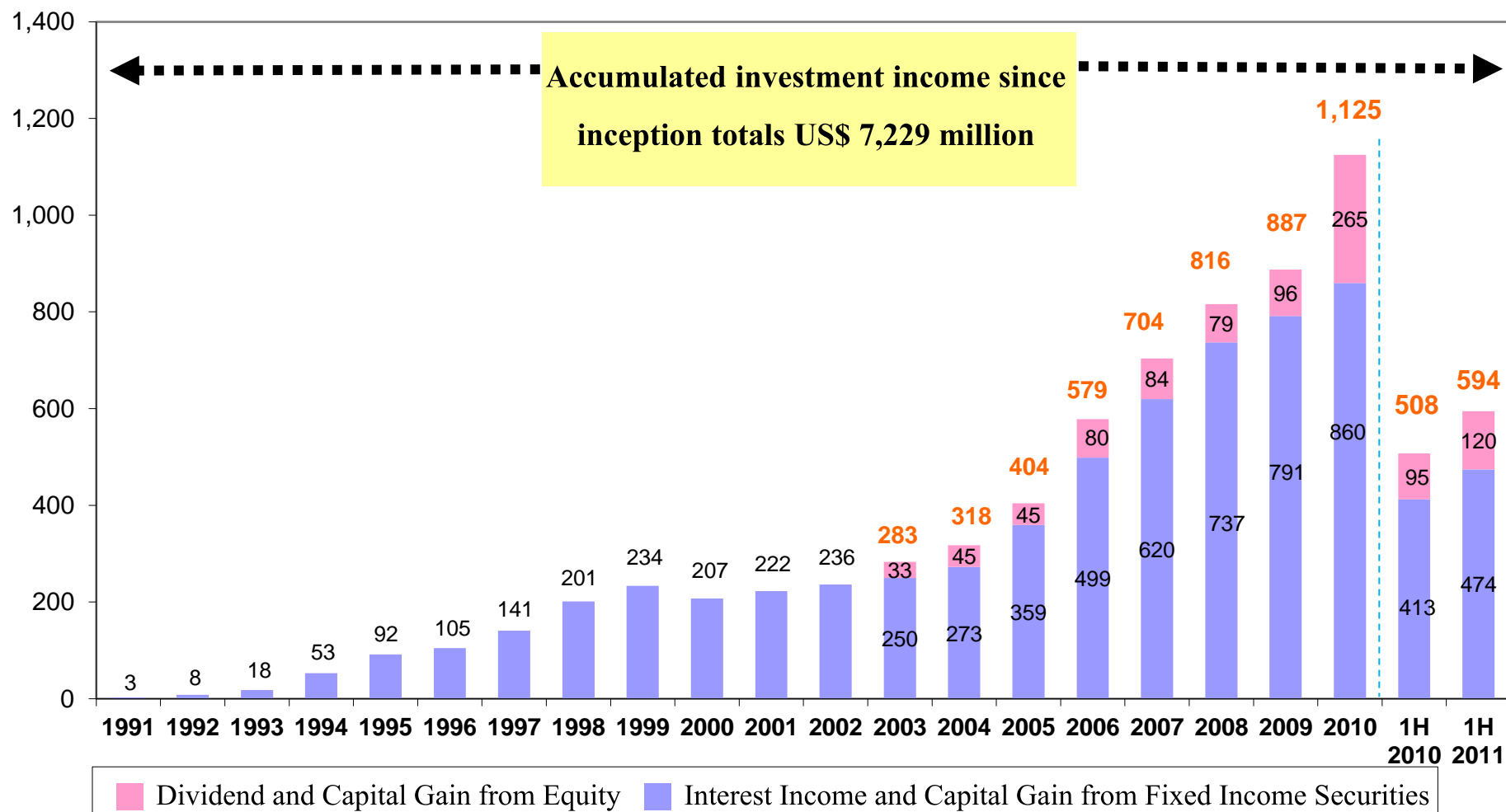
Asset values were measured according to the Accounting Standard No.105 whereby held-to-maturity bonds are recorded at cost.

Highly Secured Assets 81%

Risky Assets 19%

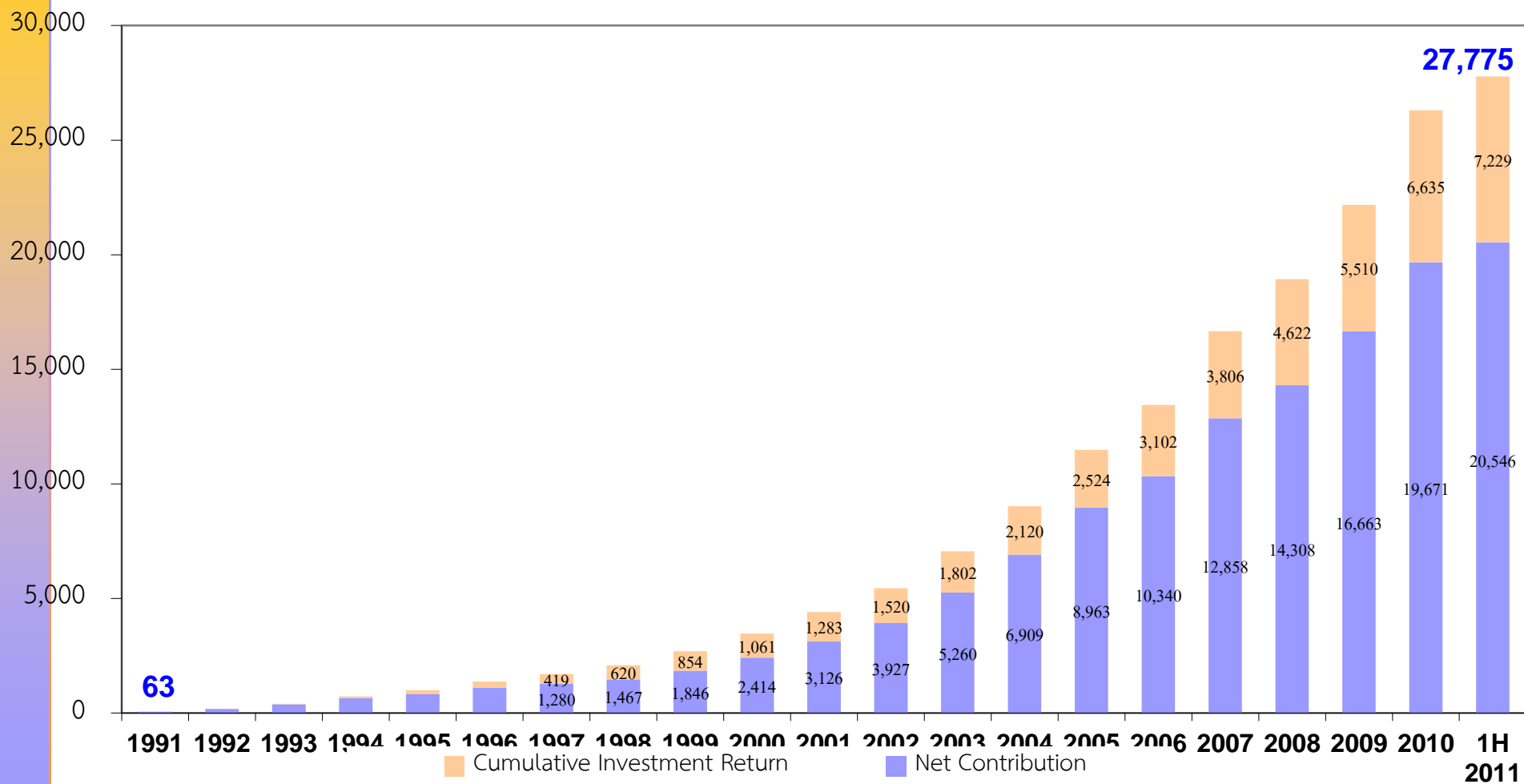
Investment Income of the Social Security Fund

Social Security Fund's Investment Income from 1991 - Present (US\$ Million)



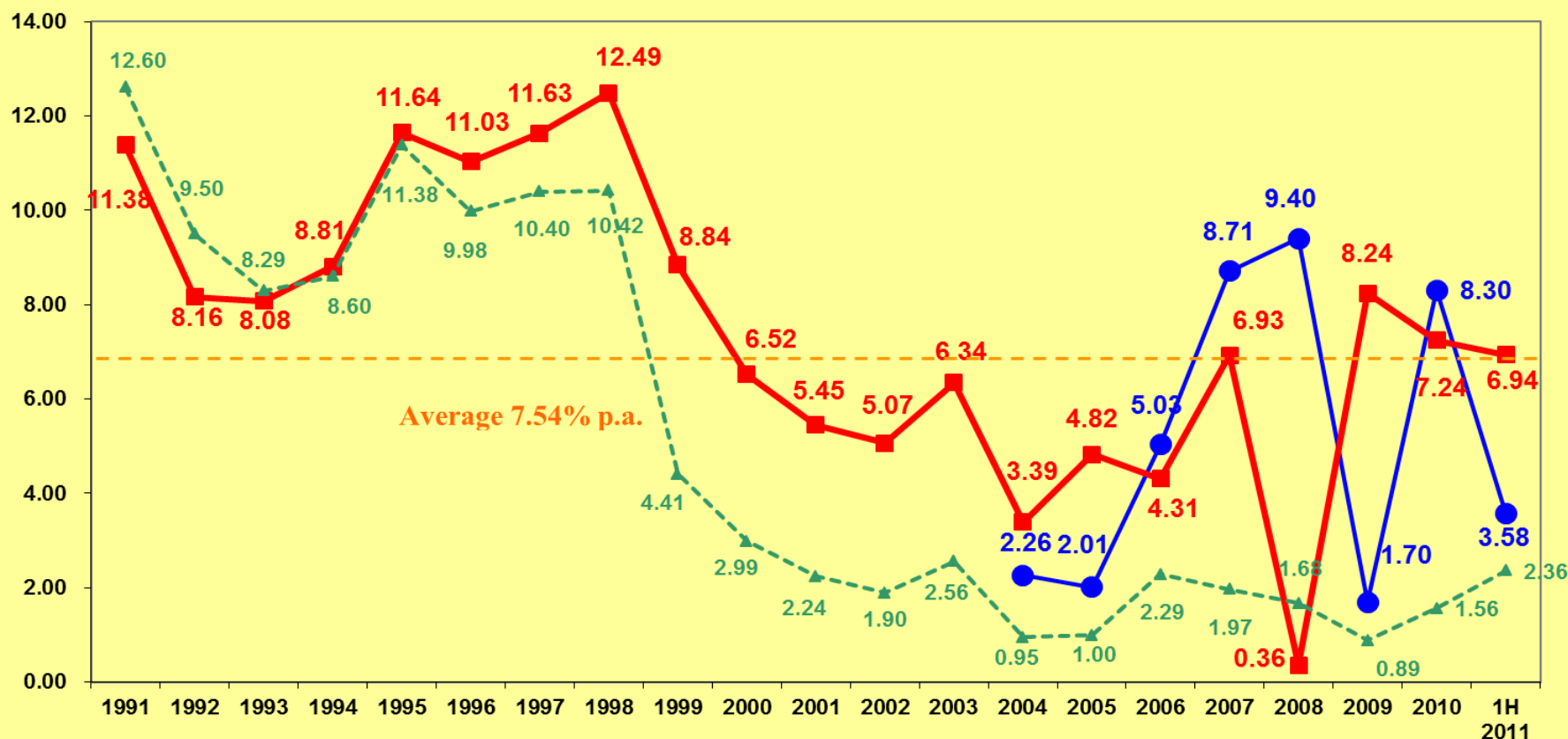
Cumulative Contribution and Investment Return

Cumulative Contribution and Investment Return (US\$ Million)



Investment Return of the Social Security Fund

Investment Return of the Social Security Fund



- Return measured according to Acc. Standard No. 106 whereby all securities held are marked to market
- Return measured according to Acc. Standard No. 105 whereby bonds held to maturity are recorded at cost
- Average Deposit Rates of 5 Largest Banks (Source: Bank of Thailand)