

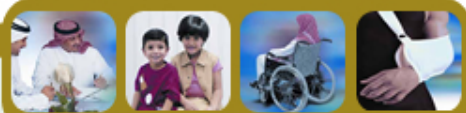


المؤسسة العامة للتأمينات الإجتماعية
General Organization for Social Insurance



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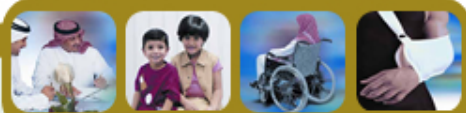
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Highlights on GOSI's Investment Experience

General Organization for Social Insurance

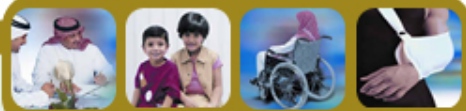
Saudi Arabia





Content

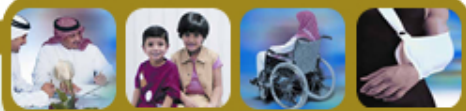
1. Introduction.
2. Investment Process.
3. The Strategic Asset Allocation Plan (SAAP).
4. Risks & Mitigation.
5. Concluding Remarks.





1. Introduction

- Background.
- Investment History.
- Fund Management.





2. Investment Process

- **Board of Directors:**
 - Composition of the Board.
 - Investment Committee.

- **Execution of Investment Plans:**
 - The Financial Investment Department:
 - The Real-Estate Investment Department.
 - Investment Studies Department.

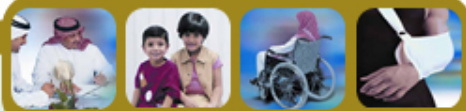




3. SAAP

The Strategic Asset Allocation Plan involves the following elements:

- Objectives Setting.
- Strategy Formulation.
- Implementation.
- Performance Review.





SAAP (Cont.)

➤ Objectives and Assumptions:

- Target Return.
- Solvency Level.
- Time Horizon.
- Diversification





SAAP (Cont.)

➤ Investment Classes:

- Domestic.
- International.





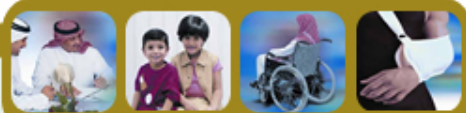
4. Risks & Mitigation

The Key Risks associated with SAAP are:

➤ **Manager's Risk.**

➤ Mitigation:

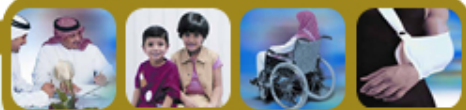
- Clearly define the manager's targets and responsibilities.
- Diversification of managers in terms of geography and strategy within an asset class.





Risks & Mitigation (Cont.)

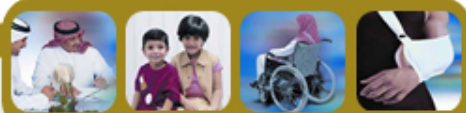
- **Macroeconomic Risk.**
- Mitigation:
 - Hedging your Portfolio against inflation and deflation.
- **Other Risks (i.e. currency, interest rate, and actuarial risk).**
- Mitigation:
 - Taking conservative approach when evaluating any investment opportunity.





5. Concluding Remarks

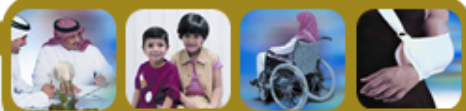
- Strategic asset allocation provides social security funds with clear long-term investment plan, and it serves as a tool to balance assets with future liabilities.
- The role of asset allocation is to deliver a return consistent with both benefits and contribution levels.
- Risk management must ensure that the target return is feasible within a moderate level of risk.





Concluding Remarks (Cont.)

- In order to ensure financial stability, the following must be achieved:
 - Asset allocation delivers a return, high enough, to meet the liabilities at the current contribution level.
 - Asset allocation must minimize risk through diversification by geography, asset class, and investment manager.
- Periodic reviews ensure that the strategic asset allocation plan efficiently maintains its objectives and be modified according to new updates.





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Thank You

