A LOOK INTO HOME BIAS IN INVESTMENTS

White Paper by the World Pension Alliance 2025

The World Pension Alliance (WPA) is a collective organization made up of the main advocacy associations representing public and private sector pension plans and providers in the World, including Europe, the United States of America, Canada, Latin America, and United Kingdom.

www.worldpensionalliance.org

June 4, 2025

<table>
<tr><th>WPA MEMBER</th><th>European Association of Paritarian Institutions (AEIP) and PensionsEurope</th></tr>
<tr><td>1. APPROXIMATE ASSETS UNDER MANAGEMENT</td><td><u>UMFO (Croatia)</u>
4 billion EUR
<u>CTIP (France)</u>
EUR 200 billion.
<u>aba (Germany)</u>
aba is the German association representing all matters concerning occupational pensions in the private and public sector. As such, aba has no assets under management.
As of 2022, the German occupational pension sector had approximately 705 billion “assets under management” (a considerable share of these are book reserves, though).
<u>ABV (Germany)</u>
EUR 285 billion.
<u>APFIPP (Portugal)</u>
18,935 million Euro (2023)
<u>APAPR(Romania)</u>
EUR 32bn</td></tr>
<tr><td>2. APROXIMATE NUMBER OF PARTICIPATING MEMBERS</td><td><u>UMFO (Croatia)</u>
500.00
<u>CTIP (France)</u>
14 million employees and 2 million companies sponsors.</td></tr>
</table>

	<u>Aba (Germany)</u> • We have about 1,000 members but aba’s membership is diverse. Among our members are corporate sponsors of pension schemes, IORPs, actuaries and consulting firms, employer associations and unions, as well as insurance companies, banks and investment managers. • Irrespective of aba-membership, there are two types of IORPs in Germany: Pensionskassen (125) and Pensionsfonds (35). <u>ABV (Germany)</u> • 91 pension schemes with approx. 1 Mio. assured persons. • ABV – Arbeitsgemeinschaft berufständischer Versorgungseinrichtungen (“ABV“) is a German professional organization representing the professional interests of Professional Pension schemes established throughout Germany. • Thus, asset allocation is made by every single pension fund on its own behalf and own decision. <u>APFIPP (Portugal)</u> • 463,619 (2023) <u>APAPR (Romania)</u> • 9.1 million plan members
3. WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	<u>UMFO (Croatia)</u> • 40% <u>CTIP (France)</u> • No information available. <u>Aba (Germany)</u>

	• There are no corresponding reporting requirements. Most forms of investments are generally based in the OECD. • See Investment Ordinance (Anlageverordnung; current version in German; previous version in English). ABV (Germany) • Not specified. APFIPP (Portugal) • 82% (2023) APAPR (Romania) • 5%
4. ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	UMFO (Croatia) • NO (but it was before so that is the reason that we are invested in a home country significantly) CTIP (France) • No. In Europe, only the Prudent Person Principle applies. Aba (Germany) • No. ABV (Germany) • No. APFIPP (Portugal) • No. APAPR (Romania)

	• No. Domestic (Romanian) investments are treated equally to any EU investments.
5. IF "YES" TO THE ABOVE WHAT IS THE PERCENTAGE?	CTIP (France) • N/A. UMFO (Croatia) • 60% ABV (Germany) • N/A.
6. ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	UMFO (Croatia) • Yes. CTIP (France) • No rule about inside/outside home country, but inside/outside OECD. Aba (Germany) • No – such requirements are absent in the VAG-InfoV (only available in German). ABV (Germany) • No. APFIPP (Portugal) • No. • However, Open Pension Funds have to disclose the detail of the Portfolio holdings on a quarterly basis APAPR (Romania) • Yes.
7. IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	UMFO (Croatia) • We publish periodically complete portfolio CTIP (France)

	• N/A. <u>ABV (Germany)</u> • N/A. <u>APAPR (Romania)</u> • All investments are detailed at ISIN level on a monthly basis, therefore it's easy to understand domestic vs. foreign investments.
8. IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	<u>UMFO (Croatia)</u> • No. <u>CTIP (France)</u> • No. Prudent Person Principle only. <u>Aba (Germany)</u> • Such discussions are currently taking place at EU-level (e.g. Noyer-Report) -- these discussions are, however, about investments in the EU in general, not individual MS. • The political wish in Germany is to enable more domestic investments for institutional investors. The according regulation has recently been eased in this regard, but does not contain regional restrictions. <u>ABV (Germany)</u> • No. Broadly speaking, according to current German law, pension funds are allowed to invest within the OECD. When investments are made via funds, additional restrictions apply according to the European AIFM-D (Alternative Investment Fund Managers Directive). <u>APAPR (Romania)</u>

	No. Recently there has been a relaxing of regulations allowing more investment into instruments issued by OECD member states.
9. IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	<u>UMFO (Croatia)</u> • WE have to disclose our investments in detail among other all the foreign assets <u>CTIP (France)</u> • No opinion. <u>aba (Germany)</u> • The German occupational pension landscape is still dominated by DB plans. Hence, information provided to members and beneficiaries is focused on benefits and not on the allocation of investments. • Such requirements would be costly to implement, especially given pension funds' broadly allocated portfolio and the fact that the majority of their investments are indirect. Since we can see no benefits from such a requirement, we believe that they would be opposed to it. <u>ABV (Germany)</u> • Several members disclose appropriate data voluntarily. Our members refuse any publication obligation by law. • According to the principle of self-administration this issue should be subject to the decision by the assured persons only. <u>APFIPP (Portugal)</u> • They do not think that such a requirement is needed or desirable. • Such a requirement is contrary to EU objective to reduce regulatory burden.

10. IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	UMFO (Croatia) • We have to disclose CTIP (France) • No. Aba (Germany) • We are not aware of such pension funds ABV (Germany) • No general statement possible. APFIPP (Portugal) • No APAPR (Romania) • All pension funds abide to the rules requiring full disclosure of portfolios at ISIN level on a monthly basis.
11. IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	UMFO (Croatia) • Positive but in general we will lower exposure to our home country CTIP (France) • No. Prudent Person Principle only. aba (Germany) • They are generally critical of such requirements, since it would interfere with their primary obligation of providing adequate and reliable (supplementary) pension income to their members. ABV (Germany)

	• Besides concerns about non-compliance with European law, our members reject restrictions on their investment activities.
12. WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	<u>CTIP (France)</u> • Rather disagree. <u>UMFO (Croatia)</u> • They are agnostic <u>aba (Germany)</u> • We believe that they would be against such a requirement, as it might negatively affect their pension. Occupational pension schemes in Germany are collective in nature. Individuals generally do not decide on investments. Instead, members and beneficiaries are represented in the management bodies of pension funds and can influence decisions in this way. <u>ABV (Germany)</u> • See above. <u>APFIPP (Portugal)</u> • This is not a theme under discussion, so it’s difficult to assess the attitude of Plan Members. • If they realize that such a restriction impacts negatively in the diversification and risk profile of the Pension Fund, then the attitude of Plan Members would be negative. <u>APAPR (Romania)</u> • Probably the public would be strongly against a specific restriction (eg: ceiling) on domestic investments.

13. DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	<u>UMFO (Croatia)</u> • Yes a little bit but this is mainly legacy of previous very high spreads in the bond side. <u>CTIP (France)</u> • Theoretically yes, but it is forbidden in Europe to restrict investments in the home country. <u>aba (Germany)</u> • Yes, geographic concentration can be a risk. <u>ABV (Germany)</u> • Such a policy can create cluster risks. Furthermore, it impedes creating a widely diversified portfolio to minimize risks. <u>APFIPP (Portugal)</u> • Yes
14. DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	<u>UMFO (Croatia)</u> • We support liberal investment opportunities <u>CTIP (France)</u> • Such requirement must be considering in the investment policy of pension plans. In that way, responsibility of governing body is implicated. <u>aba (Germany)</u> • Yes, see above. <u>ABV (Germany)</u> • Yes, see above. <u>APFIPP (Portugal)</u>

	• Yes. The impact depends on the level of restrictions imposed.
15. GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	<u>UMFO (Croatia)</u> No <u>CTIP (France)</u> • This is likely to influence them when political discussions lead to new regulatory requirements, such as SRI. <u>aba (Germany)</u> • Generally, we assume that institutional investors do not allow their capital investments to be influenced by mere political discussions. <u>ABV (Germany)</u> • The investment policy of our members is subject to socio-political discussion in general, e.g. sustainable finance. <u>APFIPP (Portugal)</u> • No. <u>APAPR (Romania)</u> • This concerns individual pension funds' investment policies.
16. DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	<u>UMFO (Croatia)</u> • No but we believe that we will more stick to EU than now. <u>CTIP (France)</u> • Yes, for example, Ukrainian war or US election. This risk impacts market value.

	<u>aba (Germany)</u> • Yes, as part of the prudent person principle and risk management. <u>ABV (Germany)</u> • Yes. <u>APAPR (Romania)</u> • This concerns individual pension funds' investment policies. <u>APFIPP (Portugal)</u> • Yes. But only because of the impact of such risks in the return/risk profile of the investments.

17. DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	<u>CTIP (France)</u>
	• It is not obvious, but the domestic market is better known and, from this point of view, allows for better risk control. In the other hand, diversify portfolio outside home country is necessary when your AUM are important.
	
	<u>aba (Germany)</u>
	• This is hard to generalize. Pension funds generally seek investments with an attractive risk-return profile. Geography is one factor among others affecting this.
	
	<u>ABV (Germany)</u>
	• In principle, investments within the home country tend to be less risky because of the following considerations (examples):
	  ○ Appropriate economic conditions,
	  ○ The rule of law,
	  ○ Corruption is on low level,
	  ○ No language barriers,

	◦ No currency risks, ◦ Knowledge of the legal framework, ◦ Better market knowledge. • However, the risk depends on the individual country or region. <u>APFIPP (Portugal)</u> • No <u>APAPR (Romania)</u> • This concerns individual pension funds' investment policies.
18. DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	<u>UMFO (Croatia)</u> • Not anymore. <u>CTIP (France)</u> • Yes, but for every European countries. No incentive is allowed just for your home country. <u>aba (Germany)</u> • There are such incentives (e.g. de-risking), but we do not know whether pension funds make use of this. <u>ABV (Germany)</u> • According to the idea of liberal market economy, states should not play an active role in market activities (e.g. by benefits), but rather safeguarding the macroeconomic framework enables an appropriate policy stance in all economic circumstances, thereby providing an environment in which economic stability is ensured. <u>APFIPP (Portugal)</u>

	• No. <u>APAPR (Romania)</u> • The incentives are natural, i.e. higher returns, more available information, lack of forex risk & volatility.
19. ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	<u>UMFO (Croatia)</u> • We are not allowed to invest into countries which are not members of the EU. <u>CTIP (France)</u> • Generally, no for European countries. Possibly for others, due to different taxation regime. <u>Aba (Germany)</u> • Investment ordinance and similar regulation usually require investors to apply minimum levels of diversification. In addition sanctions could be interpreted as a form of "barrier" to invest in specific countries. <u>ABV (Germany)</u> • See above. <u>APFIPP (Portugal)</u> • No. <u>APAPR (Romania)</u> • No.
OTHER REMARKS	<u>APFIPP (Portugal)</u> • For EU Members, this questionnaire would make more sense if "domestic country" is understood as "EU countries", where the diversification risk is significantly mitigated. The answers would still be similar. However a "home bias" concerning

	investment in EU Countries might be appropriate if there are additional incentives for that.

WPA MEMBER	**FIAP – CHILE**
APPROXIMATE ASSETS UNDER MANAGEMENT	USD 186 billion (as of Dec. 2024)
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	Members: 11.9 million workers (as of Dec. 2024) Contributors: 6.3 million workers (as of Dec. 2024)
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	Chilean pension funds, managed by *Administradoras de Fondos de Pensiones* (Pension Fund Managers, AFPs), invest approximately 49.7% of their assets outside Chile (as of Dec. 2024).
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	AFPs operate under a regulatory framework that does not mandate a specific percentage of assets that must be invested domestically. Instead, the system imposes limits

	on foreign investments, indirectly influencing the domestic allocation without setting a strict minimum requirement for domestic investment. The key regulation comes from Decree Law 3,500 of 1980, which established the private pension system, and subsequent amendments. The Central Bank of Chile sets the maximum percentage of assets that AFPs can invest abroad, a limit that has evolved over time. Initially, foreign investment was restricted, but since the 1990s, these caps have been progressively relaxed. In November 2008, it was established that the global investment of an AFP abroad must be within a range that goes from 30% to 80% of the value of the pension funds managed. However, in practice, AFPs have typically invested around 40-45% of their assets overseas, leaving 55-60% domestically, as seen in data from 2020 when total assets were about $201 billion USD, with $110 billion staying in Chile. Thus, there is no explicit law in Chile that mandates a specific percentage of pension fund assets that must be invested in the home country. Instead, the regulatory framework provides flexibility, allowing AFPs to allocate investments between domestic and foreign assets within defined limits, with an emphasis on diversification, risk management, and maximizing returns. The absence of a minimum domestic investment requirement reflects Chile's approach to integrating its pension system into global financial markets while still supporting the development of its domestic capital markets through significant, though not mandatory, local investments.
IF “YES” TO THE ABOVE WHAT IS THE PERCENTAGE?	Not applicable.
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS	Yes, in Chile, AFPs are legally required to disclose how assets are allocated, including the breakdown between

HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	domestic and international investments, to their members. This transparency is mandated under the regulatory framework established by Decree Law 3,500 of 1980, which created the private pension system, and is enforced by the SP. Specifically, AFPs must provide regular, detailed reports to their affiliates—pension plan members—about the composition of their investment portfolios. This includes information on the percentage of assets invested domestically (within Chile) versus abroad, as well as the types of instruments (e.g., equities, bonds, alternative assets) and their geographic distribution. The SP requires AFPs to submit monthly and quarterly reports, which are made publicly available and accessible to members, often through the AFPs' websites or direct communications like account statements. For example, affiliates receive periodic statements—typically at least annually, though some AFPs offer more frequent updates—that outline their personal fund's performance and the broader allocation strategy. The legal basis for this stems from Article 23 of Decree Law 3,500, which empowers the SP to regulate and oversee AFP operations, including transparency obligations. Additionally, regulations like Circular No. 1,566 (updated over time) specify the reporting standards, ensuring that data on domestic versus foreign allocation is clear and comprehensible. This aligns with the system's emphasis on informing members about how their contributions are managed, given the mandatory nature of the pension scheme. In practice, this means members can see, for instance, that roughly 50.3% of the USD 186 billion in total AFP assets (as of 2024 figures) remained in Chile, with 49.7% invested

	abroad, though exact breakdowns vary by fund type (A through E, which range from riskier to more conservative). While the law doesn't dictate the format down to the finest detail, the principle of transparency ensures that this domestic-international split is part of the disclosed information, empowering members to track where their retirement savings are going. Recent reforms, debated through 2022 and into 2025, have reinforced this commitment to disclosure rather than reducing it, reflecting public demand for accountability in the AFP system.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	Yes, Chilean AFPs are required to provide detailed disclosures to their members about asset allocation, but the level of granularity—such as breaking down investments by each individual country—falls short of that specificity in standard reporting. The legal framework of the pension system mandates transparency, but the focus is on broader categories rather than a country-by-country itemization for every affiliate-facing report. The disclosure requirements are spelled out in regulations like Circular No. 1,566 and related Superintendency norms, which compel AFPs to report on the composition of their portfolios across all fund types (A through E). Members receive regular statements—typically at least annually, often supplemented by quarterly or monthly updates via AFP websites or apps—that detail the percentage of assets invested domestically (in Chile) versus internationally; the types of financial instruments (e.g., stocks, bonds, mutual funds, derivatives, alternative assets like real estate or private equity); and the overall risk profile and performance of their specific fund.

	For international investments, AFPs must disclose the total percentage allocated abroad and often provide a regional or asset-class breakdown (e.g., North America, Europe, emerging markets, or fixed income versus equities). However, there's no strict legal requirement in the standard affiliate disclosures to list every single country where funds are invested. Instead, the Superintendency collects more granular data from AFPs, including country-specific details, as part of its supervisory role, and this is reflected in aggregate public reports or technical documents available on its website (spensiones.cl). For example, these might show investments in the U.S., Japan, or Brazil, but such specifics aren't typically mandated in the simplified statements sent directly to members. The reasoning is practical: with millions of affiliates, providing a digestible summary takes precedence over exhaustive lists that might overwhelm the average saver. That said, AFPs must report detailed geographic and sectoral allocations to the Superintendency monthly, and this data—sometimes showing exposure to individual countries or major markets—can be accessed by members who dig into the public filings or request it. Recent regulatory tweaks (like those in April 2024 expanding alternative asset limits), haven't altered this balance: detailed enough to inform, broad enough to avoid information overload. Members wanting country-level specifics would need to cross-reference the Superintendency's technical reports or contact their AFP directly—options the system supports but doesn't mandate as part of the baseline disclosure.

IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	While there are no current laws mandating a specific percentage of Chilean pension fund assets be invested domestically, discussions about imposing such restrictions have surfaced periodically, particularly in the context of pension reform debates and economic policy. These conversations often stem from a desire to bolster Chile's domestic economy, but they remain speculative and lack consensus today. As previously stated, the Chilean pension system has historically been shaped by Decree Law 3,500 of 1980, which prioritizes flexibility in investment choices rather than domestic mandates. The Central Bank of Chile sets ceilings on foreign investments, leaving the domestic share as a byproduct of market decisions rather than a legal floor. However, the absence of a hard requirement doesn't mean the idea hasn't been floated. In recent years, amid social unrest and pension reform efforts, some political figures and policymakers have raised the notion of directing more AFP funds into Chile's economy. For instance, during the 2021 presidential campaign, some candidates suggested rethinking the system to prioritize local investment, arguing it could ensure "dignified pensions" while supporting national development. The 2025 pension reform, recently approved, focuses on increasing employer contributions rather than imposing domestic investment quotas. It modernizes investment policies through TDFs and introduces competition, but discussions in Congress and public forums show no firm move toward restricting foreign investment or mandating domestic allocation. Instead, the emphasis remains on flexibility, with some arguing that forced domestic

	investment could tank returns, given Chile's small market size relative to global opportunities. Public sentiment occasionally pushes for "keeping money in Chile," but these calls haven't crystallized into legislative proposals with traction. The SP and Central Bank continue to monitor global trends, but as of now, no concrete restrictions are on the table.
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	Since Chilean pension funds are already required to disclose domestic vs. non-domestic investments, their beliefs about disclosure requirements are likely shaped by a desire to maintain the current balance of transparency, accountability, and operational flexibility. AFPs and regulators probably support disclosure as a means of building trust and ensuring oversight, but they might resist additional requirements that could limit their investment strategies, expose competitive details, or tie their hands to domestic economic goals. Given the recent pension reform and Chile's integration into global markets, they might advocate for disclosure standards that enhance credibility and align with international norms, while preserving their ability to optimize returns for pensioners.
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	In Chile, pension funds managed by AFPs are legally required to disclose information about investments made domestically and abroad. This disclosure is mandated by the SP and is made available through public reports, member statements, and online platforms. As a result, pension plan members have access to information about the geographic allocation of their funds, though the level of detail and accessibility may vary depending on the source (e.g., public reports vs. personal statements).

	If there were no legal requirement to disclose this information (contrary to the current reality), it's possible that some AFPs might still disclose it voluntarily to build trust with members, especially given the public scrutiny the pension system has faced in recent years.
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	The general attitude of Chilean institutional investors, particularly AFPs, toward requirements to invest in the home country is likely to be one of resistance to strict mandates but openness to voluntary incentives. They prioritize flexibility, diversification, and maximizing returns for pensioners, which often leads them to favor foreign investments over domestic ones, especially in a small, commodity-dependent economy like Chile's. While they may acknowledge the importance of supporting the domestic economy—especially in light of public and political pressures—they would likely oppose mandatory requirements that limit their investment options or force them into lower-return or higher-risk domestic assets. Instead, they would probably support policies that encourage domestic investment through incentives, provided these align with their fiduciary duty to optimize risk-adjusted returns. Hypothetically, if discussions about restrictions intensify, institutional investors might engage in advocacy to ensure that any new policies balance economic nationalism with financial prudence. Their attitude reflects a pragmatic approach: they are willing to invest in Chile when it makes financial sense, but they resist being compelled to do so at the expense of their core objectives.

WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	The general attitude of Chilean pension plan members (workers saving in individual accounts) toward restrictions on investments in the home country is likely to be mixed but leaning toward support, driven by a combination of economic nationalism, historical mixed trust in AFPs, and a desire for pension funds to contribute to Chile's development. However, this support is conditional: members would likely oppose restrictions if they were convinced that such measures would significantly reduce their pension payouts. Given their limited financial literacy and reliance on political and social narratives, their attitudes are heavily influenced by how the issue is framed—whether as a patriotic effort to bolster the domestic economy or as a risky policy that could undermine retirement security. Today, the recent pension reform and ongoing economic challenges may further shape these attitudes. If the implementation of the pension reform includes measures to encourage (but not mandate) domestic investment, members might view this as a positive step, provided it is accompanied by assurances of stable or improved pension outcomes. To gain a more precise understanding, public opinion surveys or statements from member advocacy groups post-reform would be valuable, but based on historical trends and current context, a cautious support for domestic investment restrictions seems plausible.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	Yes, requiring investments in the home country would likely increase portfolio risk for Chilean pension funds by reducing diversification, limiting access to high-quality foreign assets, and exposing the portfolio to Chile's economic vulnerabilities. While there could be some benefits (e.g., supporting domestic growth), these are unlikely to offset the heightened risks in a small, commodity-dependent

	economy. The current flexible approach, which prioritizes diversification and risk management, remains more effective for balancing risk and return in the context of Chile’s pension system.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Yes, a restriction or required minimum on investments by pension funds in the home country would impact the fiduciary responsibility of AFPs in Chile, likely in a negative way, for the following reasons: (i) Constraint on maximizing returns: A mandate could force AFPs to invest in lower-yielding or less profitable domestic assets, limiting their ability to optimize returns and potentially breaching their duty to prioritize pensioners’ financial interests. (ii) Increased risk: By reducing diversification and concentrating assets in Chile’s small, commodity-dependent economy, a mandate would increase portfolio risk, making it harder for AFPs to fulfill their duty to manage risk prudently and ensure fund safety. (iii) Conflict with fiduciary duty: A requirement that prioritizes national policy goals (e.g., economic development) over pensioners’ interests could conflict with AFPs’ legal and ethical obligation to act solely in the best interests of beneficiaries, potentially constituting a breach of fiduciary duty. (iv) Operational challenges: Increased complexity and costs could indirectly reduce net returns, further complicating AFPs’ ability to meet their fiduciary responsibilities efficiently. The current flexible framework, which allows global diversification and prioritizes pensioners’ financial outcomes, aligns better with fiduciary duties. While voluntary incentives for domestic investment could support national goals without compromising fiduciary

	responsibilities, a mandatory requirement would introduce significant challenges and potential conflicts.
GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	Chilean pension plans are indeed influenced by political discussions around investments, primarily through legislative changes, public pressure, regulatory adjustments, and ideological debates. These discussions impact AFP investment strategies by altering regulatory frameworks (changes to investment limits and asset class rules directly affect portfolio allocation); and responding to public sentiment (public discontent and advocacy movements drive reforms that influence how funds are managed and invested). While AFPs retain significant autonomy within the current flexible framework, political discussions have historically led to adjustments in investment practices, often prioritizing social and economic goals alongside financial returns. The 2025 pension reform and past events like the pension withdrawals demonstrate this dynamic, showing that political influence is a key factor in shaping the investment landscape of Chilean pension plans.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes, geopolitical risk does enter into Chilean pension plans' decisions for investment outside the home country, influencing their strategies in several key ways: • Diversification and country selection: AFPs prioritize stable markets with lower geopolitical risk to diversify away from Chile-specific risks and protect pension funds. • Currency and volatility management: Geopolitical risk affects currency hedging and prompts shifts toward safe-haven assets during periods of instability. • Long-term planning: Scenario analysis and ESG integration ensure that geopolitical risks are considered in the context of long-term investment horizons.

	• Regulatory and political influence: Domestic political responses to geopolitical events can indirectly shape AFP investment decisions through regulatory changes or public pressure. The mechanisms for incorporating geopolitical risk include risk modeling, dynamic portfolio rebalancing, hedging strategies, and adherence to regulatory guidelines that emphasize diversification and prudence. While AFPs aim to maximize risk-adjusted returns for pensioners, geopolitical risk is a critical factor in ensuring the stability and safety of their foreign investments, reflecting their fiduciary responsibility to manage funds effectively in a globalized financial environment.
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	AFPs likely view domestic investments as more risky than foreign investments when considering the overall risk profile of their portfolios, due to Chile's economic concentration, limited market depth, and vulnerability to domestic-specific risks. Their investment strategies—favoring diversification and stable foreign markets—reflect this perception, aligning with their fiduciary duty to manage risk prudently and maximize returns for pensioners
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	While Chile provides some incentives to encourage domestic investment by pension funds (regulatory flexibility and support for alternative investments; a stable macroeconomic environment and government-backed securities; tax benefits and Public-Private Partnerships in specific sectors), they are not enough to overcome the economic, risk-related, and fiduciary barriers that drive AFPs toward foreign investments.

	The current framework prioritizes flexibility and diversification, allowing AFPs to seek higher returns and lower risks abroad, particularly in developed markets. To make domestic investment more attractive, Chile would need to offer more robust incentives, such as: higher-yielding, government-guaranteed investment options; expanded tax benefits and subsidies for a broader range of domestic assets; and policies to deepen and diversify the domestic financial market. Without such enhancements, the existing incentives are unlikely to shift AFP investment strategies significantly toward the home country, as they do not sufficiently address the competitive advantages of foreign investments or the inherent risks of Chile's domestic market.
ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	Yes, there are barriers to investing outside the home country in Chile for AFPs, including: • Currency risk and hedging costs: Exchange rate volatility and the cost of hedging reduce net returns and complicate foreign investment. • Regulatory limits and oversight: Maximum foreign investment caps and compliance requirements limit diversification and increase operational costs. • Geopolitical and market risks: Instability and volatility in foreign markets require careful risk management, limiting investment options. • Operational and expertise barriers: The need for specialized knowledge and infrastructure can constrain smaller AFPs' ability to invest abroad effectively. • Domestic political and social pressure: Public and political expectations to invest domestically create reputational and regulatory pressures that discourage foreign investment. • Capital flow restrictions: Potential central bank interventions during economic instability could limit

	capital outflows, though this is not currently a significant barrier. Despite these barriers, Chile's regulatory framework is relatively supportive of foreign investment, and AFPs have successfully increased their international allocations over time. The barriers are not insurmountable but do require AFPs to employ sophisticated risk management strategies (e.g., hedging, diversification) and incur additional costs, which can reduce the attractiveness of foreign investments relative to domestic options in some cases. However, the benefits of foreign investment—higher returns, diversification, and reduced exposure to Chile-specific risks—generally outweigh these barriers, as evidenced by the significant share of AFP assets invested abroad.

WPA MEMBER	FIAP - COLOMBIA
APPROXIMATE ASSETS UNDER MANAGEMENT	USD 105 billion (as of Dec. 2024)
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	Members: 19.2 million workers (as of Dec. 2024) Contributors: 7.6 million workers (as of Dec. 2024)
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	Colombian pension funds, managed by Administradoras de Fondos de Pensiones y Cesantías (Pension Fund Managers, AFPs), invest approximately 52% of their assets outside Colombia (as of Dec. 2024).
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	No. In Colombia, there are no explicit laws mandating a specific percentage of assets that pension funds managed AFPs must invest domestically within the country. Instead, the legal framework governing pension fund investments focuses on diversification, risk management, and allowable asset classes, providing flexibility rather than imposing strict geographic quotas. The primary regulation stems from Law 100 of 1993, which established the modern pension system, including the private individual savings regime overseen by AFPs. This law, along with subsequent decrees and resolutions from the Superintendencia Financiera de Colombia (SFC) and the Ministry of Finance and Public Credit, sets out the investment regime. Notably, Decree 2555 of 2010 (as amended over time) consolidates rules on financial system investments, including those for pension funds. While it specifies limits on asset types—such as equities, bonds, and alternative investments—it does not require a fixed percentage to be invested in Colombian assets. Besides that, the Law 2112 of 2021 stablished that, when admissible according to the portfolio conditions and applicable regulations, at least 3% be invested in private equity funds or private debt funds with underlying assets in Colombia (this measure seeks to encourage the channeling of resources toward the country's productive sectors,

	promoting the development of local companies and infrastructure projects, among others; however, implementation depends on factors such as the suitability of available funds, the risk criteria established by portfolio managers, and the specific regulations of the SFC). Historically, Colombian pension funds have heavily favored domestic investments, particularly in TES bonds (government-issued Treasury securities), due to their stability and the funds' role as major holders of public debt. As of Dec. 2023, private pension funds held approximately US$ 34.7 billion in TES (almost 33% of total pension fund´s assets), representing about 18% of Colombia's internal public debt. However, this concentration reflects market conditions and risk preferences rather than a legal mandate. The investment guidelines emphasize prudence and profitability, allowing AFPs to allocate assets globally, subject to ceilings on foreign investments. For instance, legal limits on foreign asset exposure have been progressively relaxed—rising from around 20% in the early 2000s up to 50% in recent years for the riskier fund—encouraging diversification abroad without capping domestic allocation. A draft decree circulated in 2020 by the Ministry of Finance proposed further flexibility, shifting oversight from rigid asset-specific limits to a focus on underlying risk profiles, but it still avoided mandating a minimum domestic investment percentage. Industry practices show AFPs investing significantly in local infrastructure and alternative assets like private equity and real estate, yet these are strategic choices, not legal obligations.

	In summary, while Colombian pension funds are not legally required to invest a specific percentage of their assets in Colombia, their portfolios remain heavily domestic due to practical and economic factors, guided by a regulatory framework prioritizing safety and returns over geographic restrictions.
IF "YES" TO THE ABOVE WHAT IS THE PERCENTAGE?	Not applicable.
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	In Colombia, there are no explicit laws or regulations that specifically mandate pension funds, managed by AFPs, to disclose to their members a detailed breakdown of asset allocation distinguishing between investments in Colombia and those outside of Colombia. However, there are broader legal requirements for transparency and disclosure that indirectly compel AFPs to provide information about asset allocation, which typically includes geographic distribution as part of the reporting process. The key regulatory framework governing pension funds includes Law 100 of 1993, which established the private pension system, and Decree 2555 of 2010, which outlines investment rules and oversight. These are supplemented by regulations from the SFC, the entity responsible for supervising AFPs. Under these rules, AFPs are required to: • Provide periodic reports to members: According to SFC regulations (e.g., Circular Básica Jurídica), AFPs must send periodic statements to affiliates, typically monthly or quarterly, detailing the performance, value, and general composition of their pension savings. While these statements must include a summary of asset allocation (e.g., percentages in equities, fixed income, alternatives), there is no explicit mandate requiring a Colombia-versus-foreign split to be highlighted.

	• Disclose investment policies: AFPs are obligated to define and publish their investment policies, which must comply with risk and diversification guidelines set by Decree 2555 and SFC resolutions. These policies, available to members upon request or through public channels (e.g., AFP websites), often include general information on domestic and international investments, though not necessarily in granular detail. • Report to the SFC[1]: AFPs must submit detailed portfolio reports to the SFC, including breakdowns of asset classes, sectors, and geographic exposure (domestic vs. foreign). While this data is comprehensive and includes allocations in Colombia versus abroad, it is primarily for regulatory oversight and not automatically distributed to members unless requested or aggregated in simplified form. • Transparency obligations: Under Law 1328 of 2009, which strengthens financial consumer protection, AFPs must provide clear, accurate, and timely information to affiliates about their funds. This includes the right of members to request additional details about their investments, which could encompass geographic allocation if specifically asked for. In practice, AFPs often include high-level summaries in member statements or annual reports, showing percentages invested in domestic versus foreign assets. This is not a legal requirement—it's a voluntary practice driven by market expectations and member interest. The combination of SFC oversight, consumer protection laws, and industry norms ensures that such information is accessible, albeit not always proactively detailed in

[1] The portfolio of mandatory funds is not only reported to the supervisor, but is also made public title by title. Although it is tedious, any affiliate or watchdog can access this information here: https://www.superfinanciera.gov.co/publicaciones/10097245/informes-y-cifrascifraspensiones-cesantias-y-fiduciariasinformacion-por-sector-pensiones-y-cesantiasregimen-de-ahorro-individual-con-solidaridad-fondos-de-pensiones-obligatoriasportafolio-de-inversion-10097245/

	standard communications unless requested. Members can leverage their rights under Law 1328 to demand a more specific breakdown if needed.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	There is no explicit law in Colombia specifically requiring AFPs to disclose to members a breakdown of asset allocation between Colombia and foreign investments, so this question doesn't fully apply in a mandatory sense. However, we'll address the level of detail required under the existing transparency obligations and what's typically provided. ***Legal transparency requirements*** Under the Colombian regulatory framework—primarily Law 100 of 1993, Decree 2555 of 2010, and Law 1328 of 2009 (financial consumer protection)—AFPs are required to provide affiliates with clear and accurate information about their pension savings. The SFC enforces these rules through circulars (e.g., Circular Básica Jurídica), which mandate periodic statements and access to investment details. However, the granularity of this disclosure is not explicitly defined to include a country-by-country breakdown. • Minimum Disclosure: Periodic statements (e.g., monthly or quarterly extracts sent to members) must include: ❖ The total value of the individual account. ❖ Returns earned over the period. ❖ A general breakdown of asset classes (e.g., equities, fixed income, alternatives). ❖ Fees charged. ❖ Risk level of the fund type (life cycle funds). • No specific geographic mandate: There's no legal stipulation that these statements must detail the

	percentage of assets invested in Colombia versus abroad, let alone a breakdown by individual country. The focus is on asset type and risk, not geographic specificity. • SFC reporting: AFPs submit detailed portfolio reports to the SFC, which do include geographic breakdowns (e.g., domestic vs. foreign, and potentially by region or country for foreign investments). These reports are far more granular, listing specific securities, issuers, and markets, but they are not public-facing or automatically shared with members—they're for regulatory oversight. ***Voluntary disclosure practices*** In practice, some AFPs voluntarily provide broader geographic insights: • Aggregated domestic vs. foreign: Many AFPs publish annual reports or include in statements a high-level split, such as "X% domestic, Y% international." This aligns with member interest and industry norms but isn't legally required. • No Country-by-Country Detail: Even in these voluntary disclosures, AFPs typically do not list allocations for each country. Instead, foreign investments are often grouped as "international" or by region. ***Member access to detailed information*** Under Law 1328 of 2009, affiliates have the right to request additional information from their AFP about their investments. If a member specifically asks for a country-by-country breakdown, the AFP might be obligated to provide it, assuming the data is available from their portfolio management systems.

	In summary, Colombian pension plans are not required by law to disclose asset allocations split between Colombia and foreign investments, nor are they mandated to show assets for each country they invest in. Where disclosure occurs, it's typically limited to broad categories (e.g., domestic vs. foreign) in member-facing materials, driven by transparency norms rather than legal obligation. The detailed country-by-country data exists in regulatory filings to the SFC but isn't part of the standard disclosure to affiliates unless specifically requested.
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	Today there are no explicit current laws specifically mandating or restricting Colombian pension funds from investing in the home country that we can pinpoint with absolute certainty. However, there have been significant discussions and developments around pension fund investments, particularly in relation to the pension reform enacted under Law 2381 of 2024, which takes effect on July 1, 2025. This reform has sparked broader conversations about how pension funds—both public (managed by Colpensiones) and private (managed by AFPs)—allocate their investments, including within Colombia. Historically, Colombian pension funds, especially private ones, have been major investors in domestic assets. For instance, they are among the largest holders of Colombian public debt (TES bonds), with significant portions of their portfolios allocated to government securities and local capital markets. This isn't due to a legal requirement to invest domestically but rather a function of existing regulations, market conditions, and investment strategies. Current regulations, such as those outlined in decrees from the Ministry of Finance and the Financial Regulation Unit (URF), set limits on asset classes and risk profiles but do

	not explicitly mandate a minimum domestic investment quota. That said, discussions about restrictions on domestic investment have surfaced in the context of the 2024 pension reform and earlier proposals: 1. Concerns over capital market impact: The 2023 pension reform proposal by President Gustavo Petro's administration (which evolved into Law 2381/2024) initially raised alarms among private fund managers and investors. Critics argued that shifting contributions from private funds to Colpensiones could reduce the capital available for investment in Colombian markets—public bonds, corporate securities, and stocks. While this wasn't a direct restriction on domestic investment, it highlighted a tension: less private fund involvement might indirectly limit domestic market liquidity unless Colpensiones adopts a similar investment strategy. 2. Safeguarding against over-investment in local debt: In 2023, regulators looked to Norway's sovereign fund as a model for Colombia's proposed state-managed pension fund. A key discussion point was preventing the government from pressuring the fund to over-invest in local treasuries (TES bonds) to lower financing costs—a move that could distort markets and expose pensioners to risk if domestic debt underperforms. This suggests an intent to impose restrictions or guidelines to ensure diversification, potentially limiting how much pension funds can concentrate in Colombian assets, though no specific cap has been codified yet. 3. Flexibility vs. restriction: Past reforms, like the 2020 draft decree from the Ministry of Finance, aimed to relax specific investment limits, giving pension funds more

	freedom to diversify into alternative assets (e.g., hedge funds, real estate, commodities) both domestically and internationally—up to 20% of their portfolios, as noted in 2016 discussions. This trend toward flexibility contrasts with imposing new domestic restrictions, but it implicitly acknowledges the need to balance home-country investments with global opportunities. The 2025 reform doesn't reverse this but focuses more on system structure than investment rules. 4. Ongoing debate: As of now, with Law 2381/2024 set to roll out in July 2025, there's no finalized regulation explicitly restricting domestic investment by pension funds. However, the Financial Regulation Unit has indicated it is studying changes to private fund investment rules, potentially post-reform, to optimize portfolios. Analysts and stakeholders continue to debate whether the government might introduce restrictions to prevent over-reliance on domestic assets, especially given Colombia's fiscal challenges and the need to reassure investors after credit rating downgrades. In summary, while there are no current laws requiring Colombian pension funds to invest in the home country, nor explicit restrictions against it, discussions around the 2024 pension reform and its fallout reflect a push-pull dynamic. Some factions want to ensure pension funds don't over-concentrate domestically (to protect pensioners and markets), while others worry that reducing private fund flows could starve local capital markets. The conversation is active, but concrete restrictions remain speculative until further regulatory updates emerge post-July 2025.
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC	As previously stated, currently, private pension funds (AFPs) and the public administrator (Colpensiones) operate under oversight from the Financial Superintendence of

INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	Colombia (SFC) and guidelines from the Ministry of Finance. They report portfolio compositions, but these disclosures tend to focus on asset classes (e.g., equities, fixed income, alternatives) and risk levels rather than a strict domestic/non-domestic split. Some aggregate data trickles out, but it's not a legal mandate to itemize every peso's geographic destiny for public consumption. This opacity suggests a few possible beliefs among pension fund managers about a hypothetical disclosure requirement: • <u>Resistance due to competitive sensitivity</u>: Pension funds might believe that mandatory domestic/non-domestic disclosure could expose their investment strategies to competitors. In Colombia's relatively concentrated pension market, where four major private players dominate, revealing how much they lean on local TES bonds versus, say, U.S. equities or emerging market funds could weaken their edge. They likely value the flexibility to adjust allocations without tipping their hand—especially in a volatile economy where currency risk (COP depreciation) and local bond yields are constant juggling acts. Forced transparency might feel like a straitjacket on their ability to optimize returns discreetly. • <u>Support for accountability, but with limits</u>: On the flip side, they might not outright oppose disclosure if it aligns with boosting public trust. After the 2024 pension reform (Law 2381/2024, effective July 2025), which shifts more contributions to Colpensiones, private funds face pressure to justify their value—higher returns compared to the public system being their big pitch. Disclosing a domestic/non-domestic split could showcase their global diversification chops, reassuring contributors they're not overly tethered to Colombia's fiscal ups and downs (e.g., post-2021 credit downgrades). However, they'd likely lobby for broad categories rather than line-by-line breakdowns to avoid micromanagement from regulators

	or populist politicians who might cry "not enough patriotism" if foreign investments spike. • <u>Pragmatic indifference</u>: Some funds might believe disclosure wouldn't change much. Their domestic-heavy portfolios (e.g., 50% in local assets, per historical trends) reflect practical realities: TES bonds offer decent yields (often 7-10% in recent years), local equity markets are thin but familiar, and currency hedging for foreign bets is costly. If they're already leaning domestic out of necessity or preference, a requirement to disclose might just confirm what everyone suspects—no culture shock there. They might shrug and comply, assuming it doesn't come with punitive strings like forced rebalancing. • <u>Worry about political backlash</u>: A darker belief could be that disclosure invites trouble. Colombia's political climate under Petro's administration has been skeptical of private capital's loyalties. If funds reveal hefty non-domestic allocations, they might fear accusations of "capital flight" or neglecting national development—especially with the government nudging pension funds to back local infrastructure via public-private partnerships. They'd likely resist a requirement that could paint them as unpatriotic, even if their fiduciary duty prioritizes returns over flag-waving. • <u>Alignment with global norms</u>: Finally, they might quietly favor disclosure if it mirrors international standards (e.g., OECD guidelines. If it's framed as modernizing transparency without handcuffing strategy, they might see it as a net positive to attract foreign investor confidence in Colombia's financial system. So, their beliefs likely split along self-interest lines. Private funds probably lean toward resisting granular disclosure to protect their playbook and dodge political heat, but they'd tolerate it if it's vague enough to avoid disruption. Colpensiones, as a state entity, might be more agnostic—

	its investments (once it scales up post-reform) will likely skew domestic anyway, given government incentives to fund local debt or projects. Without hard data on their internal debates, we'd wager they collectively prefer the status quo: disclose enough to look legit, but not so much that it sparks a referendum on their priorities.
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	If there are no specific laws in Colombia mandating that pension funds disclose detailed investment information (domestic and abroad) to members—and current evidence suggests this is the case—pension plans do not generally provide comprehensive, detailed disclosures as a standard practice. Private funds may offer summarized performance data or broad allocation breakdowns voluntarily, driven by market competition or regulatory oversight, but this falls short of full transparency about specific investments. Members seeking such details often rely on public reports from the SFC, citizen-led initiatives, or direct inquiries to their AFPs, rather than expecting routine, detailed disclosures from the funds themselves.
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	Institutional investors in Colombia, particularly AFPs managing billions in pension assets, tend to favor flexibility and global diversification over rigid home country requirements. Their attitude can be broken down as follows: • <u>Preference for diversification</u>: Colombian AFPs have increasingly utilized their foreign investment quotas, channeling funds into markets like the U.S., Europe, and other Latin American countries to hedge against domestic risks (e.g., currency volatility, political uncertainty). For instance, reports from the Superintendence showed foreign investments by AFPs growing steadily, reflecting a strategic move to balance portfolios. A requirement to overweight domestic investments would clash with this trend, likely meeting

	resistance from fund managers who prioritize risk-adjusted returns over nationalistic mandates. • <u>Skepticism toward restrictions</u>: Globally, institutional investors often exhibit "home bias" (favoring domestic assets due to familiarity or regulatory incentives), but in Colombia, the sophisticated AFPs appear more skeptical of forced domestic allocations. Investors view such restrictions as potentially reducing returns, especially given Colombia's economic challenges (e.g., fiscal deficits, inflation pressures). • <u>Support for voluntary domestic investment</u>: While opposed to mandates, institutional investors aren't inherently against domestic investment when it makes financial sense. Colombian AFPs have historically invested heavily in government bonds, domestic equities, and infrastructure projects (e.g., via debt funds for toll roads), as these often offer competitive returns. The attitude here is pragmatic: they'll invest domestically if the risk-return profile stacks up, not because of top-down pressure. • <u>Response to policy signals</u>: Petro's administration has floated ideas like using pension funds to finance "productive" domestic sectors (e.g., green energy, rural development), prompting mixed reactions. Investors seem cautiously open to opportunities that align with their mandates—like infrastructure bonds with solid yields—but bristle at any hint of compulsory redirection. A industry statement from Asofondos (the pension fund association) emphasized maintaining "autonomy in investment decisions," signaling a defensive stance against restrictive policies. The lack of explicit home country investment requirements means this remains a hypothetical tension rather than a settled policy fight. However, the general attitude of institutional investors leans toward resisting formal

	restrictions, favoring market-driven choices over government-led directives. This aligns with global trends where pension funds push back against "home bias" when it's imposed rather than organic, as seen in debates over equity home bias in finance literature (e.g., French and Poterba, 1991). In Colombia's case, the attitude is shaped by a desire to protect contributors' returns amid a politically charged economic landscape. If discussions about restrictions intensify—say, through a new decree or reform push—expect institutional investors to lobby hard for flexibility, citing fiduciary duty to members. For now, their attitude reflects a balancing act: supportive of Colombia's growth when it pays, but wary of being boxed in.
WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	Assessing the general attitude of pension plan members in Colombia toward potential restrictions on pension fund investments—specifically, requirements to prioritize or limit investments in the home country—requires piecing together indirect evidence: • <u>Limited transparency</u>: As noted earlier, Colombian pension funds aren't legally required to disclose detailed investment portfolios to members. Most members receive periodic statements with high-level data (e.g., returns, account balances) rather than specifics about domestic versus foreign allocations. This lack of visibility means many may not even be aware of current investment strategies, let alone have a strong opinion on restrictions—unless prompted by media or policy debates. • <u>Economic and political climate</u>: Colombia's economic challenges (e.g., inflation hovering around 6-7% in 2024 per Banco de la República projections, peso volatility) and political shifts under President Gustavo Petro's administration (e.g., the 2023 pension reform) have

	heightened public focus on financial security. Petro's push for "productive" domestic investment has sparked discussions about using pension funds for national goals, which could frame how members perceive restrictions. • Cultural and practical considerations: Colombians, like many globally, may exhibit a natural "home bias"—a preference for local investment due to familiarity or patriotism—especially in a country with a history of economic self-reliance rhetoric. However, awareness of global markets and a desire for financial stability could counterbalance this, particularly among younger or more educated members. Based on these factors, the general attitude of plan members might look like: • Mixed awareness and concern: Most members likely don't think about investment restrictions in detail unless it directly affects their returns or is highlighted in public discourse. A restriction mandating more home country investment might only register if it's framed as risking lower returns or higher volatility—something members would notice in their statements. • Support for domestic investment—with caveats: If restrictions were pitched as supporting Colombia's economy (e.g., funding infrastructure like roads or renewable energy), many members might initially support them, especially those aligned with Petro's base (working-class, rural contributors). However, this support might erode if linked to perceptions of government mismanagement or if returns visibly lag— Colombians are sensitive to corruption scandals (e.g., the 2024 Odebrecht echoes still linger). • Prioritizing returns over ideology: For members in private AFPs, particularly middle-class or urban contributors, the

	priority is likely financial security over patriotic investment. Colombia's private pension funds manage approx. USD 105 billion, and members expect competitive returns. If a home country restriction were seen as reducing diversification—say, overexposing funds to domestic risks like peso depreciation or political instability—opposition could grow. • <u>Trust issues</u>: Trust in both government and private institutions is shaky. The 2023 pension reform, which shifted some private contributions to Colpensiones, fueled debates about state overreach. A restriction tying pension funds to domestic investments might be seen as a government power grab, especially if tied to Petro's agenda, souring attitudes among skeptics of his administration. So, the general attitude of Colombian pension plan members toward a restriction on investments in the home country is likely a pragmatic ambivalence: mild support if it boosts the local economy without hurting their wallets, but quick opposition if it threatens returns or smells like political meddling. Without widespread education on how pension funds work, sentiment hinges on outcomes (visible in statements) and messaging (from government or media). As of now, with no such restriction in place, it's a latent concern—stirring only when the stakes become clear.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	There are no laws currently requiring Colombian AFPs, to invest a specific percentage domestically—only caps on foreign investments. If Colombia imposed a mandatory domestic pension investment requirement, it would likely increase risk (primarily through concentration risk and reduced diversification). The impact depends on the extent of the mandate (strict limits amplify the effect, while flexibility mitigates it). Data suggests a trade-off: domestic focus

	offers peso-aligned stability but exposes funds to local economic and political swings, often at the cost of suboptimal risk-adjusted returns.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Yes, a restriction or required minimum on domestic investments likely impacts fiduciary responsibility. It could constrain the governing body's ability to optimize portfolios, forcing trade-offs between regulatory compliance and beneficiaries' best interests. The severity depends on the mandate's size and rigidity—strict limits heighten the risk of breaching duty by prioritizing national goals over financial outcomes, while softer guidelines might coexist with prudent management. The tension lies in balancing local stability (a collective good) with individual pensioner welfare (the fiduciary's core mandate). If the restriction sacrifices diversification or locks funds into underperforming assets, it's a clear challenge to that responsibility.
GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	Colombian pension plans are deeply influenced by political discussions around investments. This happens through regulatory changes, reform proposals, nationalist vs. diversification tensions, populist rhetoric, and market reactions. The "how" is a mix of direct policy (e.g., domestic investment requirements) and indirect pressure (e.g., public sentiment shaping political will). While this ensures pensions align with national priorities, it can compromise financial optimization, as political goals don't always match market realities.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes, geopolitical risk does enter Colombian pension plans' decisions to invest outside the home country. It influences them by shaping diversification strategies, targeting stable markets, managing currency risks, leveraging regulatory flexibility, and responding to global shocks. The "how" involves a calculated balance: funds seek to offset

	Colombia's economic and political volatility with foreign assets, but geopolitical instability abroad—wars, sanctions, trade disputes—narrows their options to safer havens, impacting allocation size and destination. Geopolitical risk is a lens through which Colombian AFPs filter their growing global footprint.
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	Colombian pension plans likely consider home country investments more risky than external investments in terms of systemic and concentration risk, driving their increased foreign allocations over the past decade. Domestic assets face elevated volatility from Colombia's emerging market status, commodity reliance, and political uncertainty, outweighing the currency risk of foreign holdings in stable economies. However, the preference isn't absolute—domestic investments align with peso liabilities and regulatory comfort zones, tempering the shift abroad. The "how" lies in portfolio behavior: Colombian AFPs' diversification into U.S. and European assets signals a strategic judgment that external investments, on balance, dilute the higher risks baked into Colombia's local market.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	Colombia does provide incentives for pension funds to invest domestically through regulatory flexibility, infrastructure opportunities, and historical reliance on their capital. However, whether these are "enough" is debatable—structural inefficiencies, a shifting policy landscape, and global diversification trends suggest that more targeted or robust incentives could further boost domestic investment. The balance between supporting the economy and ensuring pensioners' returns remains a delicate one, and opinions among experts vary on whether the current setup hits the mark.

ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	While Colombian pension funds face barriers such as regulatory caps, foreign exchange requirements, currency risks, and a domestic investment bias, these have lessened in recent years due to reforms aimed at enhancing flexibility and profitability. However, practical challenges like hedging costs and political uncertainty continue to influence the extent of international investment. The balance between domestic priorities and global diversification remains a key tension.

WPA MEMBER	FIAP – MEXICO
APPROXIMATE ASSETS UNDER MANAGEMENT	USD 326 billion (as of Dec. 2024)
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	Members: 76.1 million accounts (as of Dec. 2024) Contributors: 24.4 million workers (as of Sept.2023)
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	Mexican pension funds, managed by *Administradoras de Fondos de Ahorro para el Retiro* (Pension Fund Managers, AFOREs), invest approximately 15.1% of their assets outside Mexico (as of Dec. 2024).
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	In Mexico, pension funds managed by AFORES, which invest workers' retirement savings into *Sociedades de Inversión Especializadas en Fondos para el Retiro* (SIEFORES) under sstructure of Target Date Funds (TDFs). The AFOREs operate under the regulatory oversight of the pension regulator (*Comisión Nacional del Sistema de Ahorro para el Retiro*, CONSAR), which sets guidelines for how pension funds can be invested. However, there is no explicit legal requirement mandating a specific percentage of pension fund assets that must be invested in Mexico. Instead, the regulatory framework encourages diversification and prudent investment strategies to maximize returns for beneficiaries while managing risk. CONSAR establishes investment limits and guidelines to ensure the stability and security of pension funds. These guidelines include caps on certain types of investments (e.g., foreign assets, equities, or alternative investments) rather than mandating a specific percentage for domestic investments. For example, there are limits on the percentage of assets that can be invested in foreign securities: 20% of AUM, established in Article 48 of the Retirement Savings System Law (SAR). This cap indirectly encourages a significant portion of assets to remain in Mexico, particularly in government securities and domestic

	markets. The emphasis is on diversification, risk management, and maximizing returns, allowing AFORES flexibility in their investment decisions rather than imposing strict domestic investment quotas.
IF “YES” TO THE ABOVE WHAT IS THE PERCENTAGE?	Not applicable.
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	While there is no specific law in Mexico that explicitly requires pension plans to disclose to members the exact percentage of assets allocated to the "home country" versus "outside of the home country" using those precise terms, the existing legal and regulatory framework mandates transparency in investment allocations. AFORES are required to provide members with periodic account statements and access to detailed portfolio information, which includes distinctions between domestic and foreign investments. This information is presented in a way that allows members to understand how their savings are allocated. Also, the regulator, with information provided by the Afores, discloses the percentage of AUMs in foreign securities by SIEFORE or fund, and the percentage of foreign securities by country and currency.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	The disclosure required to AFORES is moderately detailed but does not mandate a country-by-country breakdown of foreign investments. Members receive information about asset allocations in broad categories, including domestic and foreign investments, through account statements and additional reports. However, the regulatory reports discloses foreign investments into a single category (e.g., "foreign securities"), grouped by asset type, specifying the percentage allocated to main individual countries and currencies. The regulatory focus is on ensuring transparency about overall portfolio composition, risk

	management, and compliance with investment limits, rather than providing granular geographic details. If a member seeks more specific information about foreign investments (e.g., the exact countries involved), they can request it from their AFORE, which is obligated to provide additional details under transparency provisions. Alternatively, detailed reports on AFORE websites or CONSAR's public data may offer clues about the geographic focus of foreign investments (e.g., through fund names), but this is not a standardized requirement.
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	Today, there are no active, widely reported discussions in Mexico about imposing new laws or regulations that would require a specific percentage of pension fund assets to be invested in the home country. Instead, the focus has been on incentivizing domestic investment through voluntary mechanisms (e.g., infrastructure projects, green bonds) rather than imposing mandatory restrictions; but also, on debating foreign investment limits (with some advocating for greater flexibility and others expressing caution about overexposure to international markets). While economic and political developments, such as U.S. tariffs and the Sheinbaum administration's policies, could potentially spark future discussions about restricting pension fund investments to prioritize the home country, no concrete proposals or legislative initiatives have emerged as of this date.
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	If Mexican pension plans were not required to disclose domestic versus non-domestic investments, AFORES' beliefs about a potential disclosure requirement would likely be shaped by a mix of support for transparency, resistance

	to restrictions on investment flexibility, and practical considerations about cost and member engagement. They would probably: • Support disclosure in principle as part of their fiduciary duty and alignment with global best practices, but prefer a flexible, aggregated format (e.g., domestic versus foreign categories) over detailed breakdowns. • Oppose disclosure if linked to restrictive policies that could limit their ability to diversify internationally or if it risked political pressure to prioritize domestic investments over financial performance. • Weigh costs versus benefits, advocating for a requirement only if it demonstrably benefits members without imposing undue administrative burdens. These beliefs would reflect AFORES' current practices (where they already disclose domestic versus foreign allocations in aggregated form), their focus on maximizing returns for members, and the broader economic and political context of the country.
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	If there were no laws requiring Mexican pension plans to disclose investments made domestically and abroad, AFORES would likely adopt a mixed approach to voluntary disclosure. While some AFORES would likely disclose domestic versus foreign investments voluntarily to maintain trust, enhance competitiveness, or align with political and economic priorities, this would not be a universal practice across all pension plans. The level of disclosure would depend on individual AFORE strategies, member engagement, and external pressures. For example, larger, customer-focused AFORES with a strong emphasis on transparency, competitive positioning, or alignment with

	government priorities might voluntarily provide basic information about domestic versus foreign investments (e.g., a simple percentage split). Any voluntary disclosure would likely be simplified (e.g., a domestic vs. foreign split) rather than detailed (e.g., country-by-country breakdowns), reflecting current practices and the balance between transparency and operational efficiency.
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	The general attitude of Mexican institutional investors, particularly AFOREW, toward a hypothetical requirement to invest in the home country would likely be cautiously pragmatic with significant resistance to overly restrictive or politically motivated mandates. AFORES would oppose requirements that limit their ability to diversify internationally or prioritize returns, especially if domestic opportunities offer lower yields or higher risks. They might support requirements if they align with profitable, low-risk domestic investments (e.g., infrastructure, green bonds) and are accompanied by incentives or safeguards. Also, they would resist mandates driven by nationalism or political agendas rather than financial merit, fearing negative impacts on portfolio performance. If a requirement were inevitable, AFOREs would likely push for flexibility, gradual implementation, and conditions to protect returns and minimize costs. This attitude reflects their current behavior, where they heavily invest in domestic assets (e.g., 50% in Mexican government securities) voluntarily but advocate for flexibility to diversify up to the 20% foreign investment cap (also, the regulation make possible to use derivatives as a mechanism to have a broader exposition to foreign equity or currencies). It also aligns with their fiduciary duty to

	prioritize member interests and their operational realities in a competitive, cost-sensitive environment. The economic context of 2025, including U.S. tariffs and government priorities, might increase their willingness to accept moderate domestic investment requirements, but only if these are structured to balance financial performance with national economic goals.
WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	The general attitude of Mexican pension plan members (savers in an individual account) toward a requirement mandating a minimum level of investment in the home country would likely be mixed, with a lean toward cautious support tempered by limited engagement and concerns about returns. Most savers, given their limited engagement and susceptibility to nationalist framing, might lean toward supporting a domestic investment requirement, especially in the context of 2025's economic challenges. However, this support would likely be shallow and contingent on the requirement, not visibly harming their retirement prospects. A minority of more informed savers will likely oppose it if they prioritize financial performance over nationalistic goals.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	Yes, a required investment in the home country would impact the investment portfolio risk of Mexican pension funds managed by AFORES. The specific impact depends on the details of the requirement, but in general, a mandatory minimum domestic investment would likely increase portfolio risk by reducing geographic diversification, concentrating exposure to Mexico-specific economic risks (e.g., peso depreciation, inflation, economic slowdown due to U.S. tariffs), and potentially forcing investment in higher-risk domestic assets (e.g., equities, infrastructure). The increase in risk would be modest if the requirement aligns with current allocations but could be significant if it mandates a higher percentage or riskier

	assets. Risk might remain stable or decrease slightly if the requirement focuses exclusively on low-risk government securities and includes safeguards like government guarantees, though this could come at the cost of lower returns. In Mexico's current economic context, with U.S. tariffs and potential economic slowdown, a domestic investment requirement could amplify risks by limiting AFOREs' ability to hedge against domestic volatility through foreign investments. While it might support national economic goals, it could compromise the risk-return profile of pension portfolios, potentially undermining the retirement security of plan members unless it is carefully designed with risk mitigation in mind.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Yes, a restriction or required minimum on investments in the home country would impact the fiduciary responsibility of AFOREs, the governing bodies of Mexico's pension plans. The nature and extent of this impact depend on the specifics of the requirement, but in general, a mandatory domestic investment requirement could impair AFOREs' ability to fulfill their fiduciary duties by reducing Returns (limiting access to higher-yield foreign markets could lower portfolio returns, conflicting with the duty to maximize returns), increasing risk (reducing diversification and forcing investment in riskier domestic assets could heighten portfolio risk, undermining the duty to manage risk prudently), and compromising prudence (politically motivated mandates tied to suboptimal assets could conflict with the duty to act prudently in members' best interests). The impact would be minimal if the requirement aligns with current allocations and allows flexibility, but it could be significant if it mandates a higher percentage or riskier

	assets, especially in the context of economic uncertainty. The duty to maintain transparency would not be directly impaired, but explaining lower returns or higher risks to members could challenge AFOREs' credibility if the mandate prioritizes national goals over financial performance. In summary, a required minimum investment in Mexico would likely create tension between AFORES' fiduciary responsibility to members and any national economic objectives driving the requirement. AFORES could argue that such a mandate compromises their ability to act solely in the best interests of plan members, particularly if it reduces returns, increases risk, or forces imprudent investments. However, a well-designed requirement with flexibility, safeguards, and alignment with current practices could minimize this impact, allowing AFORES to balance their fiduciary duties with domestic investment goals.
GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	Mexican pension plans managed by AFORES are generally influenced by political discussions around investments through a combination of regulatory frameworks, pension reforms, economic nationalism, public pressure, and economic context. While AFOREs operate as private entities with a fiduciary duty to maximize returns and manage risk for plan members, their investment decisions are shaped, for example, by: • CONSAR's guidelines, influenced by political priorities, that set the boundaries for domestic and foreign investments. • Political reforms (e.g., 1997, 2020) that alter contribution rates, eligibility, and investment regimes, reflecting government agendas.

	• Discussions about supporting domestic development that encourage investments in government securities, infrastructure, and other local assets. • Public and political pressure (labor unions, media, and opposition parties create expectations that influence AFORES' behavior, even without formal mandates). • External shocks (e.g., U.S. tariffs) and fiscal policies amplify political influence on investment strategies. Today, political discussions continue to play a significant role, particularly considering economic challenges like U.S. tariffs and the Sheinbaum administration's focus on national sovereignty. While AFOREs retain some autonomy, their investment strategies are not immune to political influence, balancing fiduciary responsibilities with the broader political and economic environment.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes, geopolitical risk enters into AFOREs' decisions for investments outside Mexico by influencing their market selection, risk management, and portfolio adjustments. While their foreign investments are limited to 20% of assets, AFOREs consider geopolitical factors—such as U.S. tariffs, global trade tensions, and regional instability—to ensure stability and meet fiduciary duties. They prioritize stable, high-quality markets (e.g., U.S., Europe) and adjust allocations dynamically, balancing diversification benefits with the need to mitigate geopolitical and related risks.
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	Mexican pension plans, managed by AFOREs, likely consider home country investments to be less risky overall than external investments in their current portfolio context, primarily due to their heavy weighting toward low-risk Mexican government securities. These domestic securities are stable, liquid, and free of currency risk, aligning with

	AFOREs' approach. External investments (up to 20%), while high-quality and diversified across stable markets (e.g., U.S., Europe), introduce additional risks such as currency fluctuations and geopolitical instability, making them perceived as riskier overall despite their role in diversification. However, this perception varies by asset type: • Domestic government securities: Viewed as less risky than most foreign investments due to their stability and lack of currency risk. • Domestic equities and infrastructure: May be seen as riskier than high-quality foreign securities (e.g., U.S. Treasuries, European bonds) due to volatility and project-specific risks, especially in the context of economic challenges like the U.S. tariffs. • Foreign Investments: Perceived as riskier overall due to currency and geopolitical risks, though stable foreign markets (e.g., U.S., Canada) are less risky than volatile domestic equities or infrastructure. In summary, AFOREs' investment behavior—favoring domestic government securities while selectively diversifying into stable foreign markets—suggests that they consider home country investments less risky overall, with the caveat that specific domestic assets (e.g., equities, infrastructure) may carry higher risks than certain foreign alternatives. The economic context, including U.S. tariffs, reinforces the stability of government securities while increasing the perceived risk of other domestic investments, further shaping this risk assessment.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	Mexico does provide incentives for AFOREs to invest domestically, primarily through regulatory bias (e.g., 20% foreign cap, emphasis on government securities), economic

	appeal (e.g., stability, liquidity, and peso denomination of bonds), and political encouragement (e.g., infrastructure focus). These incentives are enough to sustain AFOREs' current high domestic allocation (~85%), particularly in low-risk government securities, aligning with their risk management goals and supporting government financing needs. However, those incentives may not be sufficient to maximize returns (as the foreign cap limits access to higher-yield opportunities abroad), and to encourage significant investment in riskier domestic assets (e.g., infrastructure, equities) beyond current levels (especially in the context of economic uncertainty like the U.S. tariffs in 2025). From AFOREs' fiduciary perspective, the incentives are adequate for stability but potentially lacking for optimizing returns or diversifying domestically. From the government's perspective, they suffice for fiscal support but may fall short for broader economic development goals without additional measures. Whether they are "enough" thus depends on the objective: they work well for the status quo but might need enhancement to shift AFOREs' strategies further.
ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	Mexican pension funds can invest outside Mexico, but they face several regulatory barriers. The main restriction is a cap of 20% of their total assets that can be invested in foreign securities, as outlined in the latest guidelines from the CONSAR. Beyond this, they must comply with rules on eligible countries, credit ratings for foreign debt, and specific risk management parameters. While there is currency regulation, these regulatory constraints shape their international investment strategy.

WPA MEMBER	MEBCO CANADA
APPROXIMATE ASSETS UNDER MANAGEMENT	Assets of MEBCO member plans exceed $20 billion
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	MEBCO represents the interests of approximately 175 Canadian multi-employer plans that provide benefits to more than 1 million Canadians.
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	Most Canadian pension plans would invest the majority of their equity investments outside Canada as the Canadian economy represents less than 5% of the global economy. Generally, about 75% of Canadian equity investments would be invested outside Canada. Canadian equity investments would be in public markets as well as in global private equity. For fixed income a higher percentage would be invested in Canada, and this is consistent with some liability matching although there is a well-underway trend toward global fixed income and global private debt. Approximately 50% of total plan assets would be invested in Canada. About 25% of equity would be in Canada and 75% outside Canada. Typically real estate is invested in Canada but other alternatives mostly fall outside of Canada.
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	Not any longer. Canada's rules for investments in foreign markets have transitioned from a maximum of 10% in the 1970s to a cap of 30% by 2005 which was then removed.
IF "YES" TO THE ABOVE WHAT IS THE PERCENTAGE?	
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	No. However, in 2024 the registered pension plans branch in Canada issued a consultation paper asking for views on this disclosure suggesting it could be a requirement in the future. Many pension plans may resist mandatory disclosure. Many Canadian pension plans provide members with disclosure of this kind but not at the security level. For example, members are entitled to the pension plan's audited financial statements for most pension plans, and these would show investment mandates and compare actual asset allocation to target allocation as set out in the

	pension plan's investment policy. Most pension plans are required to have an investment policy which is available to members and is reviewed annually. However, the financial statements would likely not show investments outside of Canada by region.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	There is no requirement to show investments by country. The pension plan may have an investment policy that sets target limits and minimums and maximums, and this may be measured and variances shown in the audited financial statements.
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	At the member level there have been discussions, particularly since the tariffs started. However, most pension plans have done extensive work on liabilities and have set their asset mix following a prudent investment policy. Pension plans would be inclined to allow their professional investment managers to make decisions at the security level and pension plan fiduciaries would not weigh into this decision. It is possible that some pension plans have made decisions to not invest in certain countries for reasons of transparency around investments and problematic market behavior – for example some Canadian pension plans would not invest in Russia or China.
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON-DOMESTIC INVESTMENT, WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	If there was a requirement to disclose investments by country pension plan fiduciaries, particularly smaller pension plans, would need to be prepared to provide education to plan members regarding the asset allocation process and its impacts. Most pension plans would prefer to come to this disclosure organically rather than have it mandated.
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO THE PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	Pension plans normally do not disclose investments by region unless their investment policy is this granular. Most Canadian pension plans would likely show assets by asset class (i.e. equities, fixed income and alternatives) as

	Canadian and non-Canadian and may show these as Canadian, non-Canadian and show assets in the United States as this allocation would tend to be the largest (the last part of the sentence wasn't clear to me)
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS, WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	Institutional investors object to mandates for asset allocation. Institutional investors use resources, in part, to determine the proper allocation for the pension plan to achieve security of benefits within rate of return and risk parameters. If there was a requirement to invest a fixed amount in the home country, for example that was higher or could be higher than indicated by asset work, the pension plan's return and risk profile could change and member benefit security put at risk.
WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	This would depend on the level of education the pension plan provides regarding the investment process. Some plan members would insist on investments based on their investment philosophy and, particularly when tariffs are discussed, investment thoughts become very elevated and reactionary. Most plan members want assurance that their plan assets are invested responsibly to ensure the security of the pension promise.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	Yes. Investment risk would definitely increase if Canadian pension plans were mandated to have a significant amount of assets invested in Canada.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Yes. The role of the fiduciary is to protect the assets of the pension plan, to invest responsibly and ensure the security of benefits promised to members. Fiduciaries would oppose mandated investment policies as this could impact on their ability to protect member benefits
GENRALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	No. Pension plans generally are not but definitely monitor geopolitical risk through their asset managers. Most Canadian pensions do not make geographic-regional investment calls but delegate this decision to their asset managers. Larger public sector plans with extensive

	resources including resources in investee countries may make investment decisions taking into consideration political concerns.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Pension plans generally delegate the monitoring and management of geopolitical risk to their asset managers and tend not to make decisions based on this directly. However some Canadian pension plans would make decisions about investments based on human rights and for example would not invest in China or Russia or other sectors or countries known to have human rights violations
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	They would consider having a higher than indicated allocation to Canada to be less diversified and hence more risky although on their own Canadian securities and the underlying companies are well managed.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	Pension plans would measure the attractiveness of each security on an established set of metrics including growth and return potential. Generally, there are no tax or other incentives to invest in Canadian securities over non-Canadian securities
ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	There are no current barriers to investing outside Canada at this time. From time to time, governments put the issue to pension plans and other investors but the concept has not been accepted.

WPA MEMBER	National Coordinating Committee for Multiemployer Plans (NCCMP)
APPROXIMATE ASSETS UNDER MANAGEMENT	$800 billion plus (U.S. Dollars)
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	1,350
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	While a limited data point, one database of a large number of pension plans suggests a median of 15.2% of non-U.S. investments.
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	No
IF "YES" TO THE ABOVE WHAT IS THE PERCENTAGE?	
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	No*. *Generally, federal pension laws & regulations do not require Home Country vs. Non-Home Country disclosures. That said, all plans file the U.S. Department of Labor's Form 5500 which includes the Annual Financial Statements of the plans which includes a breakdown of the securities held by the plan.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	No
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	Generally, U.S. private pensions are opposed to unnecessary disclosures and burdensome mandates. Plans are setting their asset allocation based on best risk return for a given target return and cash flow needs .
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE	Yes, in the general sense that the Annual Financial Statements include a breakdown of the securities held by the plan.

DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	Generally, U.S. private pensions are opposed to mandates that limit their ability to achieve their targeted returns in the most risk/return efficient means.
WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	Generally, U.S. private pensions are opposed to mandates that limit their ability to achieve their targeted returns in the most risk/return efficient means.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	No, given the size, scale, liquidity and breadth of the U.S. markets,
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	U.S. private pensions do not face home country restrictions and would be opposed to mandates that limit their ability to invest.
GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	U.S. private pensions are generally not influeneced by the political discussion around investments, however, political pressures have become more common in the U.S., primarily around ESG related issues.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes. U.S. private pensions do consider geopolitical risks broadly as part of the risk review of a plan, that would include international investments as well as in home country investments.
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	Given that the U.S. has the largest, deepest, most diversified, and most liquid capital markets in the world, these investments would generally be less risky than external investments.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	Yes.

ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	No.

WPA MEMBER	**National Conference on Public Employee Retirement Systems (NCPERS)**
APPROXIMATE ASSETS UNDER MANAGEMENT	$5 trillion plus (U.S. dollars)
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	500
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	No
IF "YES" TO THE ABOVE WHAT IS THE PERCENTAGE?	
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	No*. *Generally, federal pension laws & regulations do not apply to state & local public pensions. However, state & local public pensions are subject to the laws & regulations of their state. NCPERS is unaware of any state that mandates reporting of home country investments. That said, virtually all state & local public pensions issue detailed "Annual Consolidated Financial Report" or ACFR. ACFRs include a detailed session on the pension's investments. The detailed investment section can be used to synthesize domestic and international investments.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	Yes
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON DOMESTIC	Generally, public pensions are opposed to unnecessary mandates.

INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	Yes.
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	Generally, public pensions are opposed to mandates that limit their ability to invest.
WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	Unknown.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	As the United States is the largest market in the world, state & local pensions are already heavily invested in the home country.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Generally, public pensions are opposed to unnecessary mandates.
GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	Yes. Usually, political pressures around divestments from countries or style. Examples divestment from South Africa in the 1980s and ESG currently.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes. State and local pensions factor in geopolitical risk in all investments.
DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	Generally, less risky than external investments.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	Yes.

ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	No.

WPA MEMBER	Pensions and Lifetime Savings Association (PLSA) [UK]
APPROXIMATE ASSETS UNDER MANAGEMENT	In the UK, Pension schemes hold approximately £2.1 trillion in assets under management. This is split between private sector defined contribution (DC) schemes (around £600 billion), private sector defined benefit (DB) schemes (around £1.12 trillion, as at February 2025 according to the PPF 7800 index) and the Local Government Pension Scheme (around £392 billion, according to a Government statistical release from November 2024).
APROXIMATE NUMBER OF PARTICIPATING MEMBERS	Defined Benefit (private sector) = 8.7 million members Defined Benefit (Local Government Pension Scheme) = 7.4 million members Defined Contribution (Contract) = 11.5 million members Defined Contribution (Trust) = 28.8 million members
WHAT PERCENTAGE OF ASSETS WOULD YOU SAY YOUR MEMBER PENSION PLANS INVEST OUTSIDE OF THEIR HOME COUNTRY?	According to a research report published by the Department for Work and Pensions: • For DC schemes, around 80% of assets are invested outside of the UK. • For public sector DB (which is comprised primarily by the LGPS) around 70% of assets are invested outside the UK. • For private sector DB, just under 40% is invested outside the UK.
ARE THERE ANY **LAWS** GOVERNING THE PERCENTAGE OF ASSETS THAT MUST BE INVESTED IN THE HOME COUNTRY?	No, there are no specific laws which mandate a percentage of assets which must be invested in the UK by UK based pension schemes. UK schemes maintain freedom over their investment allocations in line with their fiduciary duty to their members.

IF “YES” TO THE ABOVE WHAT IS THE PERCENTAGE?	N/A
ARE THERE ANY **LAWS** REQUIRING THE PENSION PLANS IN YOUR REGION TO DISCLOSE TO MEMBERS HOW ASSETS ARE ALLOCATED TO THE HOME COUNTRY AND OUTSIDE OF THE HOME COUNTRY?	No, schemes generally are not required to detail the jurisdiction in which their assets are held but rather, in line with the disclosure regulations in the DC chair’s statement, schemes just need to disclose the asset classes that they are invested in. The same is true of the Funding and Investment Strategy requirements for DB schemes. However, incoming proposals from the DC Value for Money framework are expected to require a disclosure and explanation of asset allocation split that delivers an indication of UK vs non-UK asset allocation. The Value for Money framework is a joint regulatory initiative between the FCA and the Pensions Regulator aimed at shifting the focus from cost towards value for scheme members. Under this framework, DC schemes will have to make standardized disclosures across investment performance, costs & charges and comms & services. It is expected to be up and running by 2027.
IF YES TO THE ABOVE HOW DETAILED IS THE DISCLOUSRE REQUIRED TO BE? IE DO THE PENSION PLANS HAVE TO SHOW ASSETS FOR EACH COUNTRY THEY INVEST IN?	N/A
IF THERE ARE NO CURRENT LAWS ABOUT REQUIREMENTS FOR INVESTING IN THE HOME COUNTRY ARE THERE ANY DISCUSSIONS ABOUT RESTRICTIONS?	Discussions around domestic investments for the UK have grown in recent years with calls from across the industry, media and policymakers for pension schemes to invest a greater proportion in the UK to help to support sustained economic growth. Whilst there are no current laws dictating investment in the UK there are voluntary ‘requirements’ for schemes to

	invest domestically. For example, the Mansion House Compact is a commitment by some of the UK's largest DC providers to allocate at least 5% of their default funds to unlisted equities by 2030. The Government is also conducting a Pensions Investment Review presently which will look at removing some of the barriers to domestic investment and ways to generate greater scale which could make it easier for schemes to invest directly in alternative UK asset classes such as infrastructure. The conclusion of the review will be brought forward in legislation this year via a Pensions Schemes Bill.
IF YOUR MEMBER PENSION PLANS ARE NOT REQUIRED TO DISLCOSE DOMESTIC-NON-DOMESTIC INVESTMENT WHAT DO YOU THINK THEIR BELIEFS ARE ABOUT A REQUIREMENT TO DISCLOSE?	Generally speaking, UK schemes appreciate unfettered investment capabilities. Where asset allocation between UK and non-UK is required, questions have been raised about what value such disclosures give to members.
IF THERE ARE NO LAWS REQUIRING DISCLOSURE TO MEMBERS ABOUT INVESTMENTS MADE DOMESTICALLY AND ABROAD, DO PENSION PLAN GENERALLY DISCLOSE THIS INFORMATION?	N/A see above.
IF THERE ARE DISCUSSIONS ABOUT RESTRICTIONS WHAT IS THE GENERAL ATTITUDE OF INSTITUTIONAL INVESTORS TOWARDS REQUIREMENTS TO INVEST IN THE HOME COUNTRY?	Pensions funds are open to investing more in domestic assets as long as they are in line with members interests and fiduciary duty. The PLSA has published a report on how schemes could be encouraged to invest more in domestic assets. This report sets out six key policy, regulatory and fiscal measures that government could adopt to support this aim.

WHAT DO YOU THINK THE GENERAL ATTITUDE OF PLAN MEMBERS IS TOWARDS A RESTICTION ON INVESTMENTS IN THE HOME COUNTRY?	The PLSA recently conducted some consumer research which asked savers about their investment preferences. This showed that more than half (53%) of UK savers would prefer their pension money to be invested in the UK. Of which, 37% said they would prefer UK investments if they generated comparable returns and a further 16% would prioritise UK investments even if they provided lower returns.
DO YOU BELIEVE REQUIRED INVESTMENTS IN THE HOME COUNTRY IMPACTS ON THE INVESTMENT PORTFOLIO RISK?	UK pension schemes do invest in domestic assets where they meet the right risk-return profile for savers. Pension funds already invest over £1 trillion in the UK economy through ownership of shares, corporate bonds, government bonds, and alternative investment assets such as property, unlisted equity and unlisted debt. However, recent pressure from the Government has shifted this dynamic to focus on productive assets. All investments in the UK should be made in line with fiduciary requirements. The PLSA has undertaken substantial work to understand how UK assets could attract more pension fund investments – two things which are key to achieving this goal is having a pipeline of investable assets and introducing targeted fiscal and investment incentives to make investing in UK assets more attractive when compared to global equivalents.
DO YOU BELIEVE HAVING A RESTRICTION OR REQUIRED MINIMUM ON INESTMENTS IN THE HOME COUNTRY IMPACTS ON THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY OF THE PENSION PLAN?	Yes, mandation of investment is not consistent with the fiduciary principle in investments, although recent interpretations have expanded the definition of fiduciary duty to take into account wider considerations of a scheme member's best interests e.g. their standard of living in retirement.

GENERALLY ARE PENSION PLANS INFLUENCED BY POLITICAL DISCUSSION AROUND INVESTMENTS? HOW?	The UK Government has in recent years taken a greater interest in how pension schemes invest. While the PLSA strongly believes that schemes fiduciary duties should not be overridden, it has sparked voluntary commitments from schemes like the Mansion House Compact (see Q.8). Another example can be seen in the Local Government Pension Scheme, where in 2023 the Government set a soft target through the LGPS (England and Wales): Next steps on investments whitepaper, to allocate 5% to local investment. The Government remains keen to see LGPS schemes invest more in local areas. In a recent consultation (LGPS: fit for the future consultation) the Government has asked the LGPS set out their approach to local investment in their investment strategy by including a target range for the allocation and having regard to local growth plans and priorities.
DOES GEOPOLICITAL RISK ENTER INTO PENSION PLANS' DECISIONS FOR INVESTMENT OUTSIDE OF THE HOME COUNTRY? HOW?	Yes, geopolitical considerations are a key component of all scheme's strategic asset allocations. The risks of stranded assets and conflict escalation are two key components of geo-political investment risk that schemes consider. There has also been an increased interest of late in schemes investing more in defence companies with conflicts escalating across the globe. Whilst some schemes filter out defence companies on ethical grounds, there have been renewed calls for institutional investors to play a greater role in investing in defense capabilities. UK investors also maintain strong ESG commitments in their investment decision processes. This is especially pertinent as strong ESG principles can have financially material impacts on investments as alluded to in Q.16

DO PENSION PLANS IN YOUR ASSOCIATION CONSIDER HOME COUNTRY INVESTMENTS TO BE MORE OR LESS RISKY THAN EXTERNAL INVESTMENTS?	Given that there is such a variance in the risk-return profile of asset classes and across different jurisdictions, risk comparisons between home country and international investments are difficult to quantify.
DO YOU THINK THE HOME COUNTRY PROVIDES INCENTIVES OR ENOUGH INCENTIVE TO INVEST DOMESTICALLY?	We believe that there is more that the UK Government could do to incentivize greater allocations to domestic investment. This is an area which the PLSA has done extensive work on. See: Pensions and Growth: Using Investment and Fiscal incentives to encourage the flow of pension investment into UK assets which calls for the following measures: **Investment incentives** • Make greater use of blended finance. • Expand the already successful **Long-term Investment for Technology and Science (LIFTS) initiative**. • Government commitments on large-scale infrastructure projects could include guarantees. • The capital behind the National Wealth Fund (NWF) and British Business Bank could act as a government-backed provider of liquidity. • Co-investment vehicles with British Patient Capital. **Fiscal incentives** • Reduce the effective tax rate for pensions in holding UK shares by allowing a tax credit on dividend payments as has been successfully done in Australia. • The issue of stamp duty needs addressing. When pension funds buy UK shares, they have to pay stamp duty whereas if they buy shares from other countries, they are often not subject to taxation. • Pensions could benefit from a discount in their Pension Levy if they invest in certain sectors or locations.

	• Investment into the National Wealth Fund could be provided with a fiscal incentive, possibly modelled on those used for venture capital trusts (VCTs) and Seed Enterprise Investment Scheme (SEIS). • Incentives could be provided for Net Zero, sector or regionally based investment.
ARE THERE BARRIERS TO INVESTING OUTSIDE THE HOME COUNTY IN YOUR REGION? IF SO WHAT ARE THEY?	N/A