

## Mexico's Pension Cos Seek Approval To Boost Equity Exposure

by dow-jones

MEXICO CITY -(Dow Jones)- Mexico's pension fund regulator Consar said Monday that the majority of the country's pension fund companies, known as Afores, have requested approval to boost their exposure to equities.

Nineteen of the country's 21 Afores have asked for permission to increase the number of investment vehicles, or siefores, they offer clients, to five from two, Consar spokeswoman Vanessa Rubio said in a telephone interview.

The new siefores will probably be operational at the end of the first quarter of 2008, Rubio added.

The Afores, which include international firms like Citigroup (C) and Principal Financial Group (PFG), had 37.5 million accounts with 886.9 billion pesos (\$79.66 billion) in assets at the end of July.

Earlier this year, Congress passed several reforms to the existing pension law that included changes to the pension industry's commissions and a broader investment regime with a view to boost yields on pension savings.

The new siefores will give younger savers greater exposure to higher yielding, riskier assets such as equities, while older people nearing retirement will be moved to siefores almost exclusively invested in fixed income.

Siefore 5, available to workers under 26 years of age, can invest up to 30% of its assets in equities, 20% in foreign debt, 10% in real estate investment trusts, or REITs, and 10% in structured debt, with the remaining 30% in local fixed income.

Siefore 4, for workers from ages 27 to 36, can invest in the same asset classes as Siefore 5, but equity and structured-debt investment limits are 25% and 7.5%, respectively.

Siefore 3, for workers between 37 and 45, can invest no more than 20% of assets in stocks, 20% in foreign debt, 5% in REITs, and 5% in structured debt.

At present, Siefore 1 is allowed to invest up to 20% of its assets in foreign bonds, and Siefore 2 up to 15% of its assets in domestic and foreign stocks through equity-linked notes.

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