

## Resource Allocation Strategies in the Pension Funds of Selected Countries

Reza Mirzaebrahimi and Niloofar Jahanfar

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### ABSTRACT

As pointed out by the researchers, the most important responsibility of pension funds is to maintain and manage the value of their reserves — which is usually fulfilled through collecting contributions from the active members — and to make investments meet their liabilities, like providing financial resources to be able to deal with the demands of pensioners and to maintain their financial sustainability. Accordingly, pension funds have to accurately analyze various markets and efficiently allocate their available resources. Therefore, efficient distribution of assets and diversification would enable the pension funds to achieve the desired risk-return trade-off in accordance with intraorganizational principles and strategies.

The common thought as regards assets diversification is that it is generally applicable to typical asset classes, like equities, real estate, fixed income, etc. However, it should be noted that in order for pension funds in developed countries to achieve efficient risk management and desired returns, they are more likely to integrate diversification into their investment strategies at four pillars: geography, currencies, economic sectors, and firms to be able to achieve efficient risk management and desired returns. In this report, researchers elaborated on the matter of diversification focusing on the experiences of seven countries, which are Norway, Japan, Canada, Chile, Australia, Sweden, and the Netherlands.

**Keywords:** Resource allocation strategies, Pension funds, Diversification