

ABSTRACT

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Since its inception, the old-age pension savings system, or the second pillar, has become an integral part of the Slovak pension system. However, the system has undergone numerous legislative changes that have gradually shaped it. Through the gradual development of the system, bond-guaranteed funds have emerged. These funds have a conservative risk profile, provide guarantees, and are designed to stabilize the lifelong savings phase. The thesis focuses on the analysis of the guaranteed bond funds of the second pillar in Slovakia. In the first part, we describe the investment options of the funds, the valuation of their assets, and selected statistical methods. We then analyze the composition of the funds and compare the performance of the funds with a global benchmark and randomly generated benchmarks. Subsequently, we examine the relationship between risk in the form of volatility and guarantees. We create a comprehensive simulation model that includes various financial performance scenarios, mortality, and economic assumptions, allowing us to simulate the next 25 years of the second pillar in Slovakia. In the final part of the thesis, we propose two investment strategies that aim to achieve the goals of bond funds: to generate returns and minimize risk. The first strategy is based on yield predictions of the corporate bond market. The second strategy explores an HTM (Held-to-Maturity) portfolio in which bonds are valued using the amortized cost method.

Keywords: second pillar, pension funds, guarantees, return, risk, investment strategies