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## Q4 2021 overview of investment and pension fund sector

The value of the assets of public funds grew by 3.7% or 187 million euros in the final quarter of 2021. The aggregate volume had fallen by a total of 19.9% in the third quarter after the pension reform, but no withdrawals were made from the second pillar in the fourth quarter, and so the volume of assets in the segment increased by 5.8% having shrunk by 23.5% in the third quarter. The fastest growth was in the assets of voluntary pension funds, which increased by 21.3% after growth of 5.9% in the third quarter. The rapid growth may have been because of payments that were made before the end of the year to qualify for income tax relief. The growth in the volume of assets of real estate funds at 7.1% was also more than that in the third quarter, when it was 3.6%. However, the volume of assets of equity funds dropped by 146.7 million euros or 60.7%.

<b>Key indicators</b>	Q3 2021	Change	Q4 2021
The value of the assets of public funds	5,08 bln €	?	5,266 bln €
Share of second pillar funds	83.4%	?	85.1%
Number of unit holders in public funds (not including pension funds)	21 813	?	18 363
Number of unit holders in pension funds (first and second pillars total)	769 021	?	786 059
Number of public funds operating	53	?	52

The cross-border merger of three equity funds meant that equity funds operating in Estonia had 1.8% of the total volume of assets of public funds at the end of the quarter, having had 4.8% at the end of the third quarter. The shares of other segments increased though, and at the end of the year real estate funds had 5.6% of the assets of public funds having had 5.5% in the third quarter, mandatory pension funds had 85.1%, and 83.4% in the third quarter, and voluntary pension funds had 7.4%, and 6.4% in the third quarter.

The third round of applications to exit the second pillar ended on 31 November, and 23,260 people applied to exit the pillar during the round. This was almost twice as many as in the second round, when 12,215 applications were submitted. A little under 10,000 applications had been submitted in the fourth round by the middle of March, and it was forecast there would be around 12,000 at the end of the month. The payouts from the third round will be made in May 2022.

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Payments from the second round started to be made in early 2022, but like with those in September 2021, the registry manager has not yet managed to make all of the payouts. The most common reason for this is that the account at the payment institution has been submitted with the wrong payment data, such as a wrong name, bank account number or similar. The total value of applications in the second round was around 93 million euros, or only 7% of the amount in the first round, which was 1.34 billion euros. The value of exit applications in the third round was around 177.5 million euros, though this may yet change if applications are withdrawn or the prices of securities change.

There are 6056 people in Estonia who have opened a pension investment account. The second pillar contributions have been directed to an investment account by 4113 people, or around 68% of the holders of pension investment accounts. In the first round of pension investment account applications, some 47 million euros were directed to the accounts, but the amount was less than 16 million euros in the second round, and the current pension investment account applications in the third round are only at 3.9 million euros. It has been possible since September 2021 to submit exchange applications to return money from pension investment accounts to pension funds. So far, 140 people have submitted such applications.

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