



Con cada argentino, siempre.

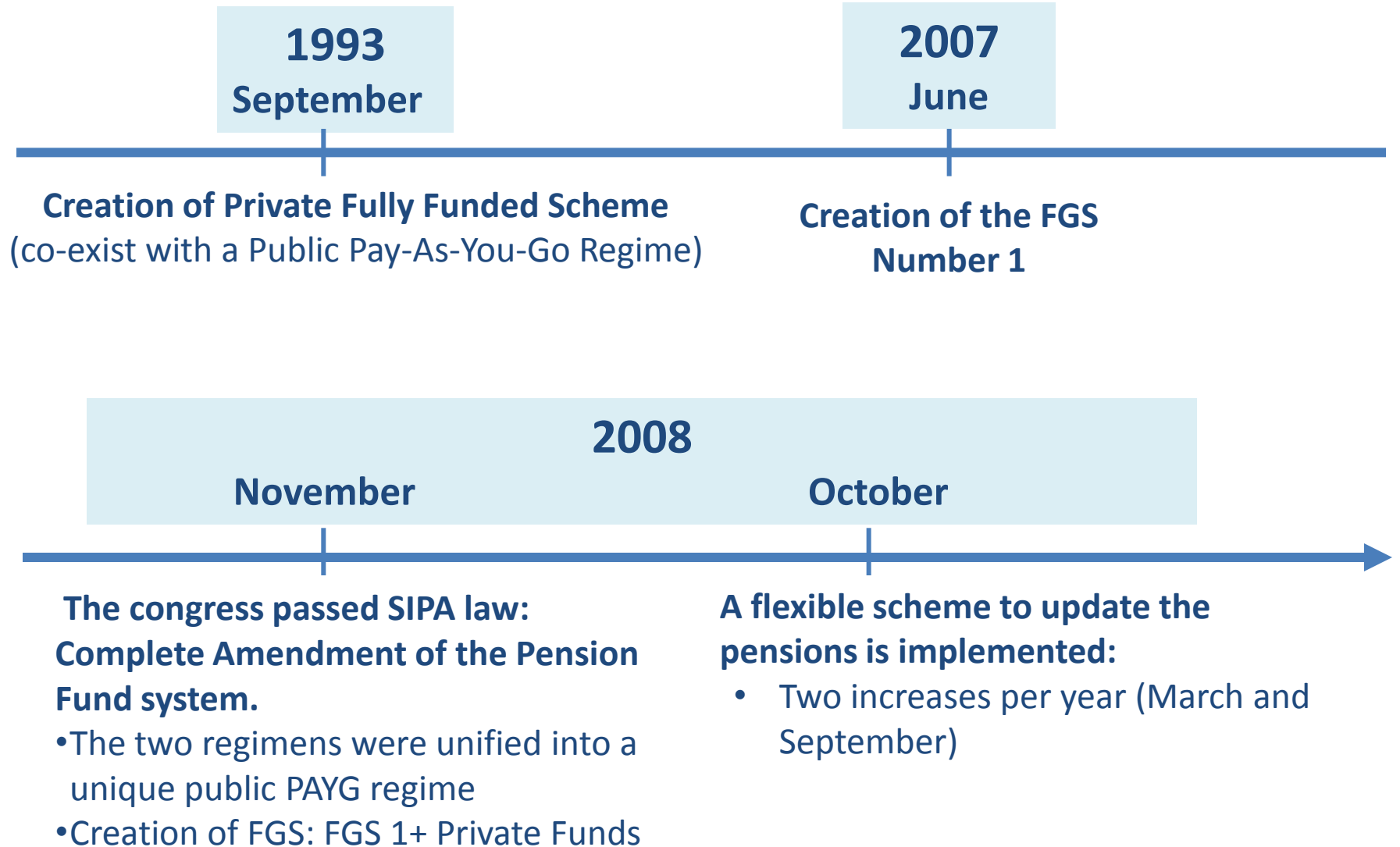
FGS

El Fondo de Garantía de Sustentabilidad en el Sistema Integrado Previsional Argentino

Argentine Public Pension Fund

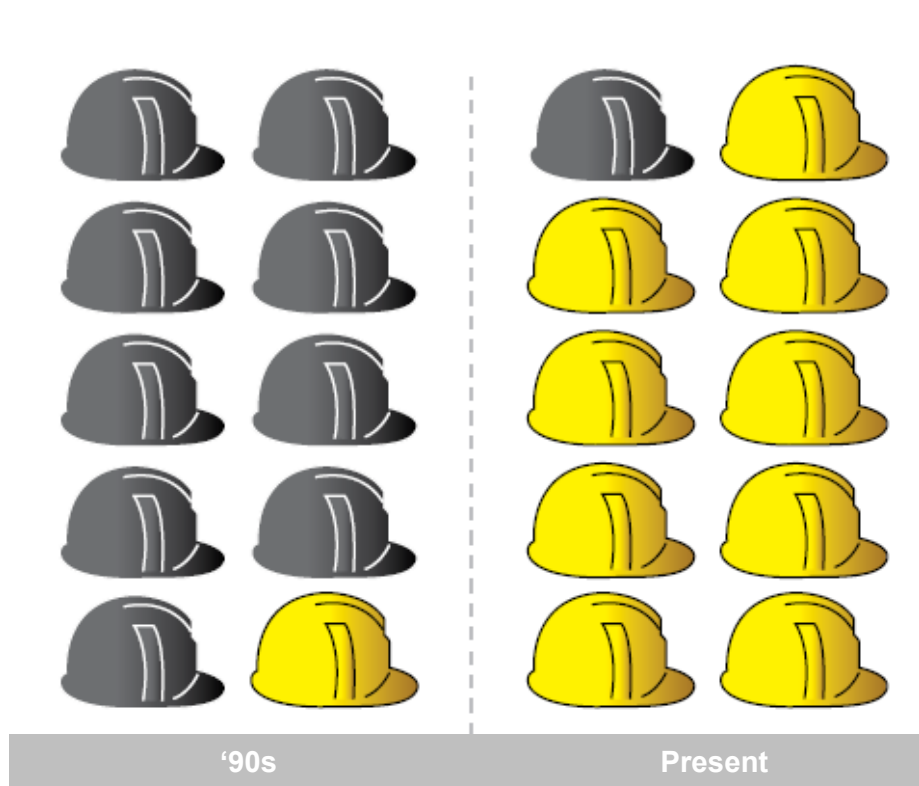
Santiago Lopez Alfaro
FGS Deputy Director of Operation

Recent social security history



Argentine Private Fully Funded Scheme FGS

- ✓ People without jobs or unregistered workers do not have access to the social security system.



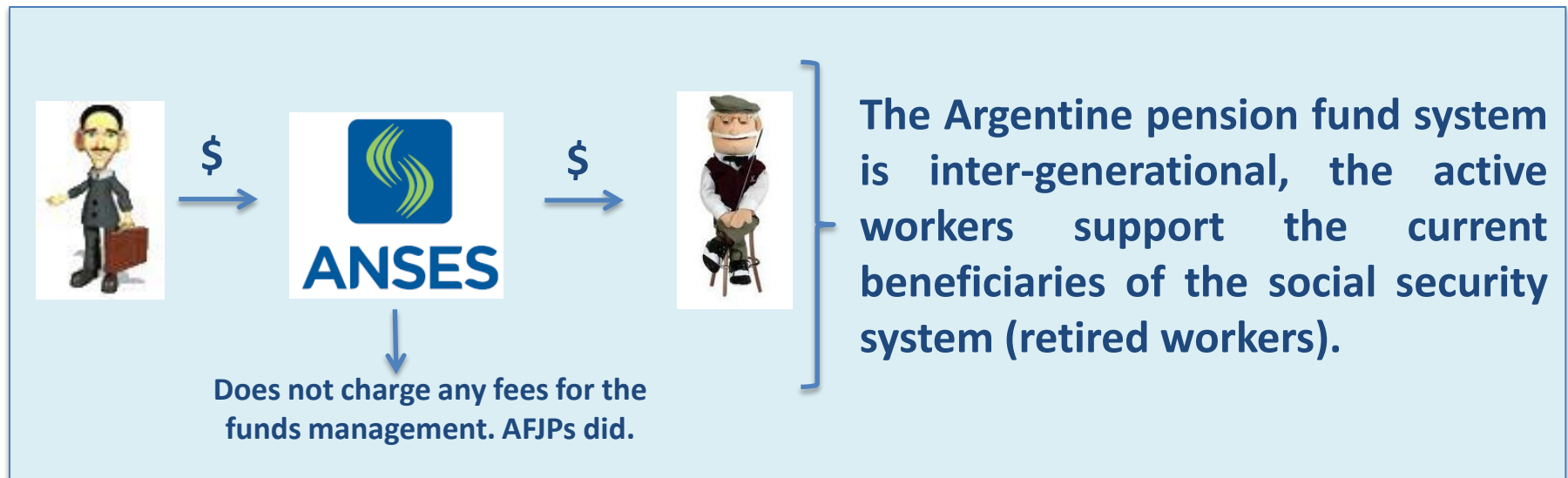
During the '90s, from 10 new job positions that were created, 9 were unregistered jobs (without paying the applicable taxes and contributions). Nowadays this relation has been inverted, from 10 new job positions, 9 are registered ones.



This allows more retired workers to benefit from the pension funds system.

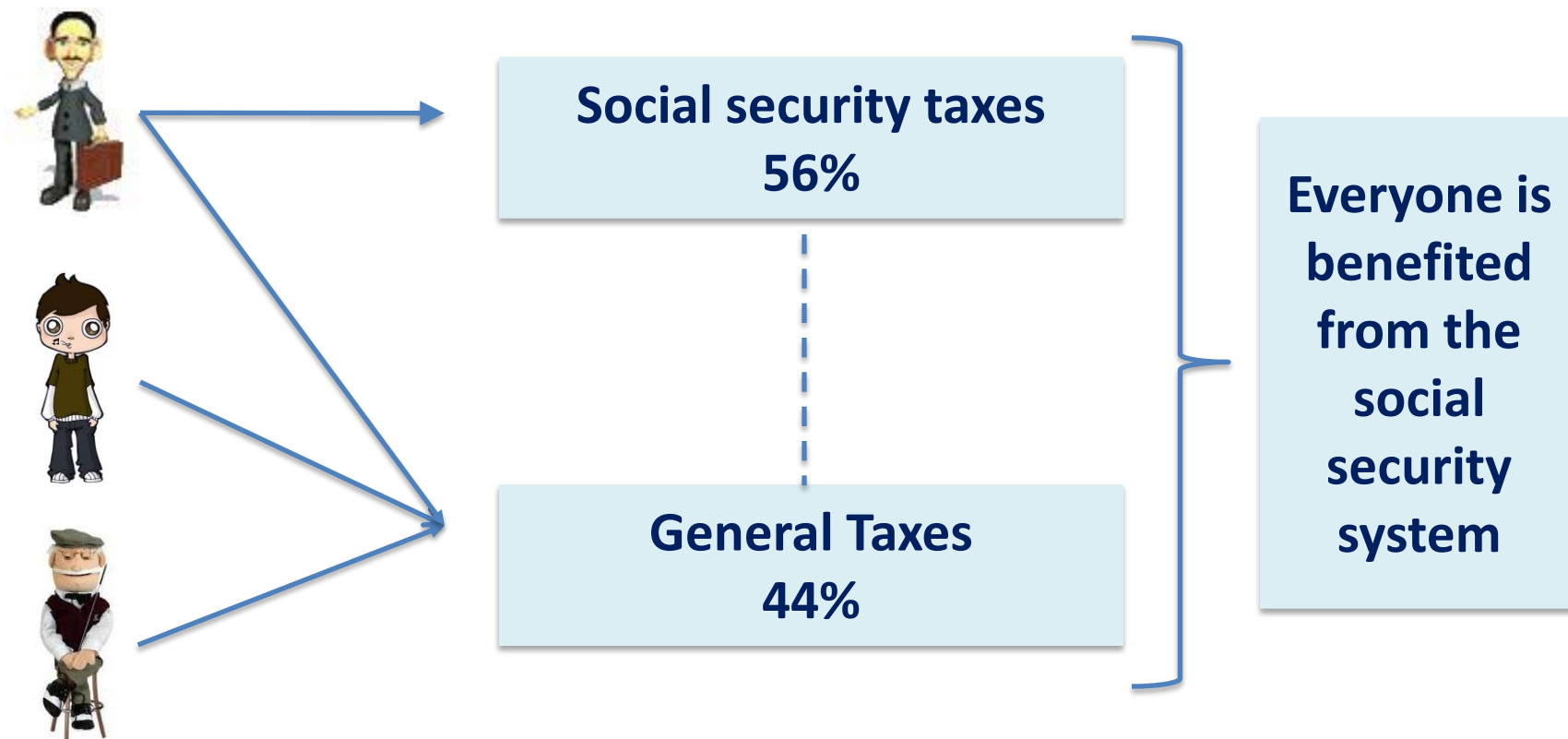


- ✓ The Argentine Constitution establishes in Section 14 that the State shall grant the social security benefits in a complete and non-transferable manner.

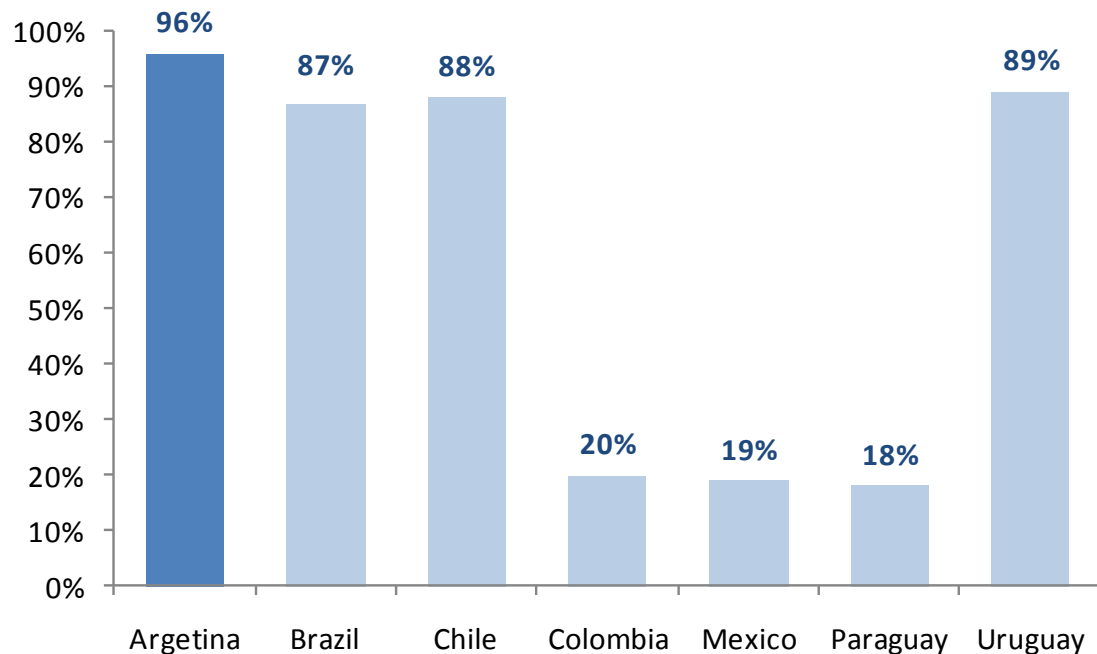


How does the system support itself? How does ANSES manage the funds?

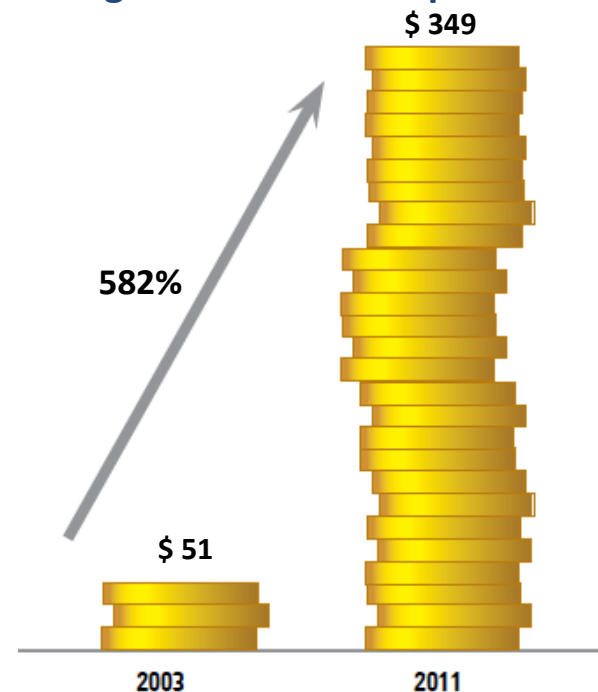
All people contribute to the social security system



Pension coverage rate



Argentine minimum pension



The current pension coverage rate is the highest in Latin America

2005 Pension Moratorium allowed ANSES to grant 2,3 million of new benefits



FGS role in the Argentine Pension System FGS



Investment revenues



Financial investments



Financial System
Capital Market

Surplus



Eventual
Deficit

Social Security taxes
56%

General Taxes
44%

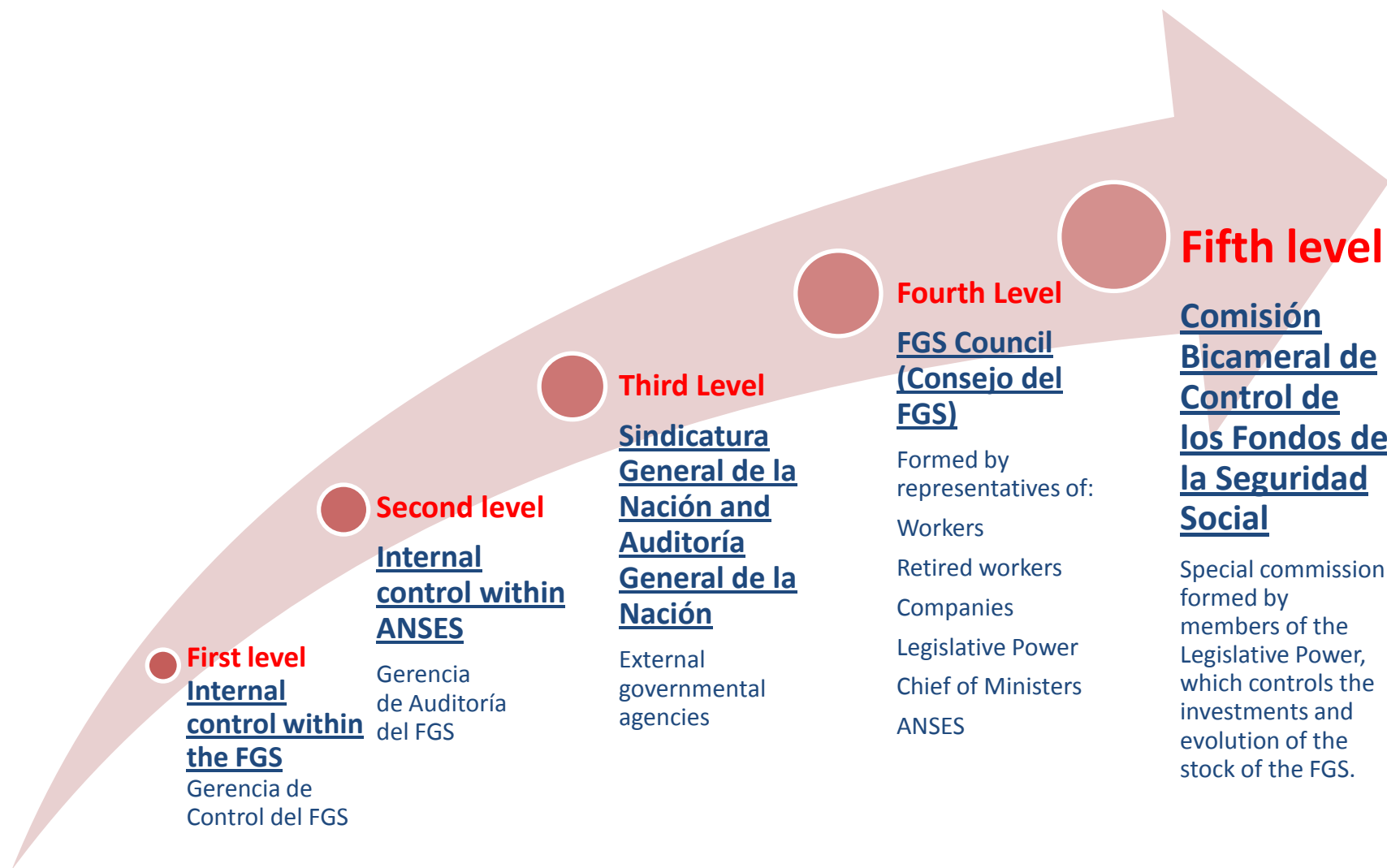


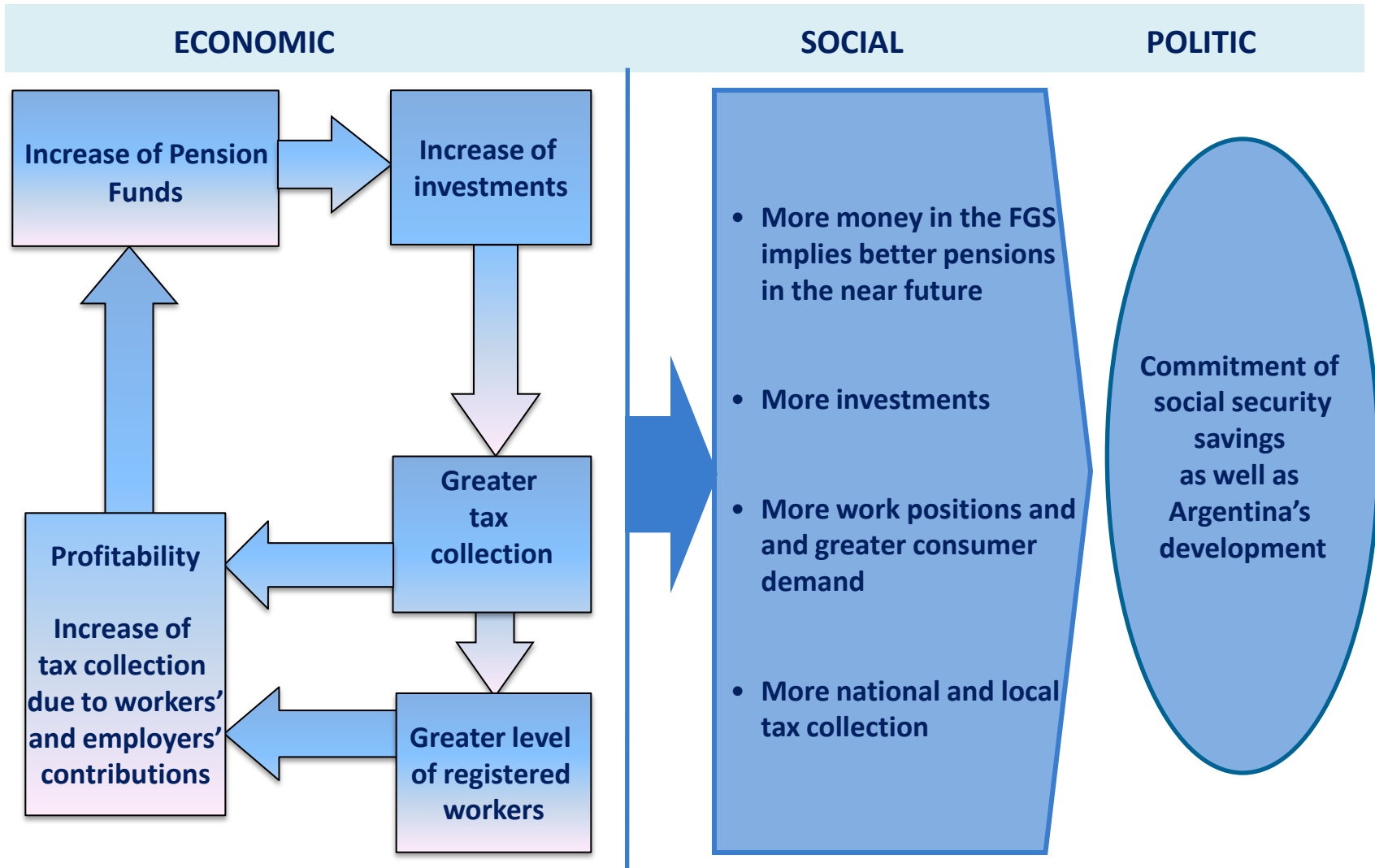
- Pensions
- Family wages
- Universal Child Allowance
- Subsidies
- Unemployment Subsidies



1. To contribute in the sustainable development of the economy.
2. To ease the financial impact on the pension system that could be exercised by negative economic and social factors.
3. To act as a reserve fund composed with the surplus of the Argentine pension system in order to develop an appropriate investment of the surplus of the Argentine pension funds system.
4. To keep the value and profit of the FGS's assets.
5. To solve eventual deficits of the Argentine pension system in order to assure the integrity of the pensions.





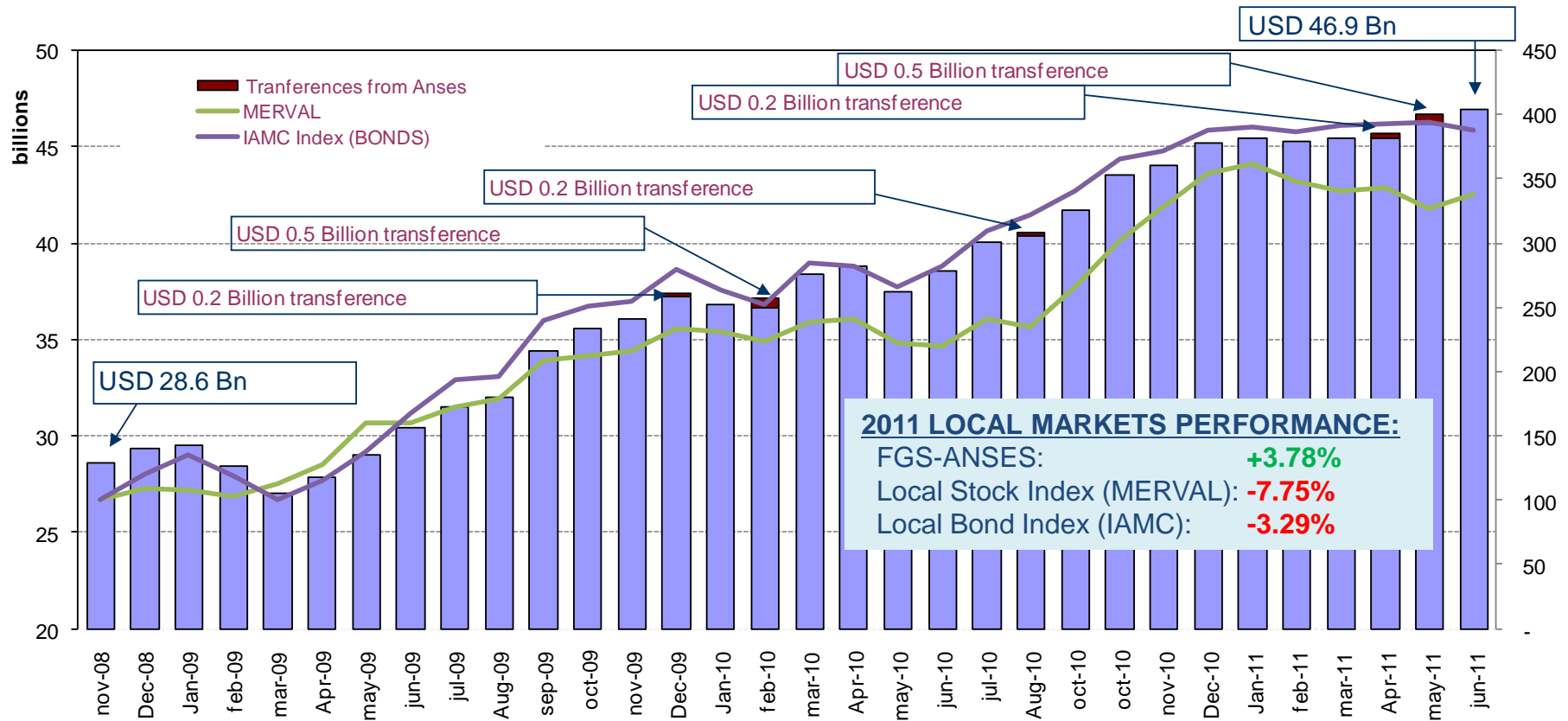


FGS Variation between 12/05/08 – 06/30/11 (USD billions and %)

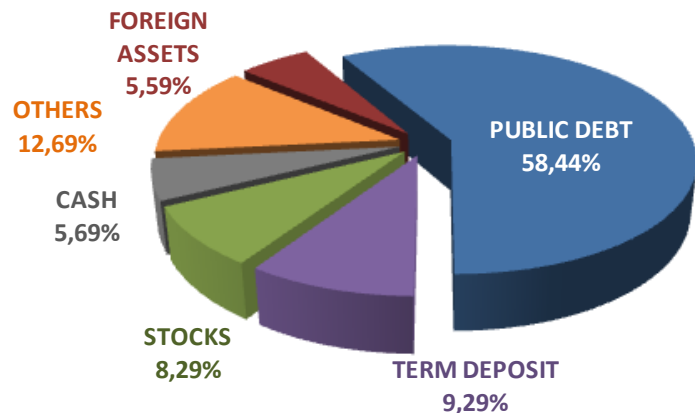
12/5/08	USD 28.6 Bn
06/30/11	USD 46.9 Bn
<hr/>	
Variation	+ USD 18.3 Bn
+64%	

Monthly Portfolio Performance

MERVAL index (stocks) and IAMC (bonds) between 12.05.08 and 06.30.11



Stocks as of 12/05/2008

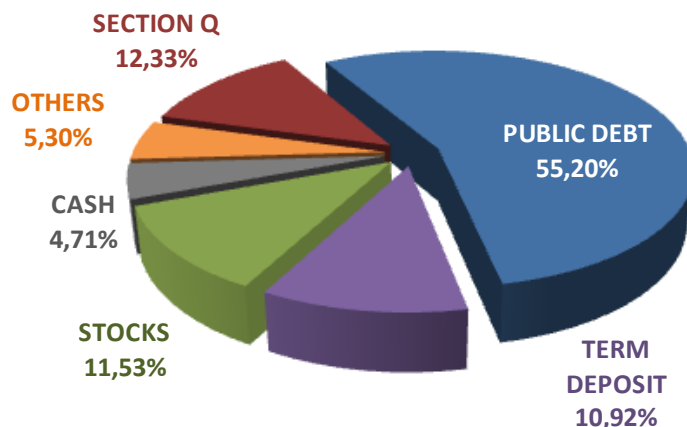


FORMER Private Funds (AFJPs) PORTFOLIO \$ 28.6 Billions

Highlights:

- AFJP invested in foreign assets.
- Minimum investments in public work and infrastructure projects.

Stock as of 06/30/2011

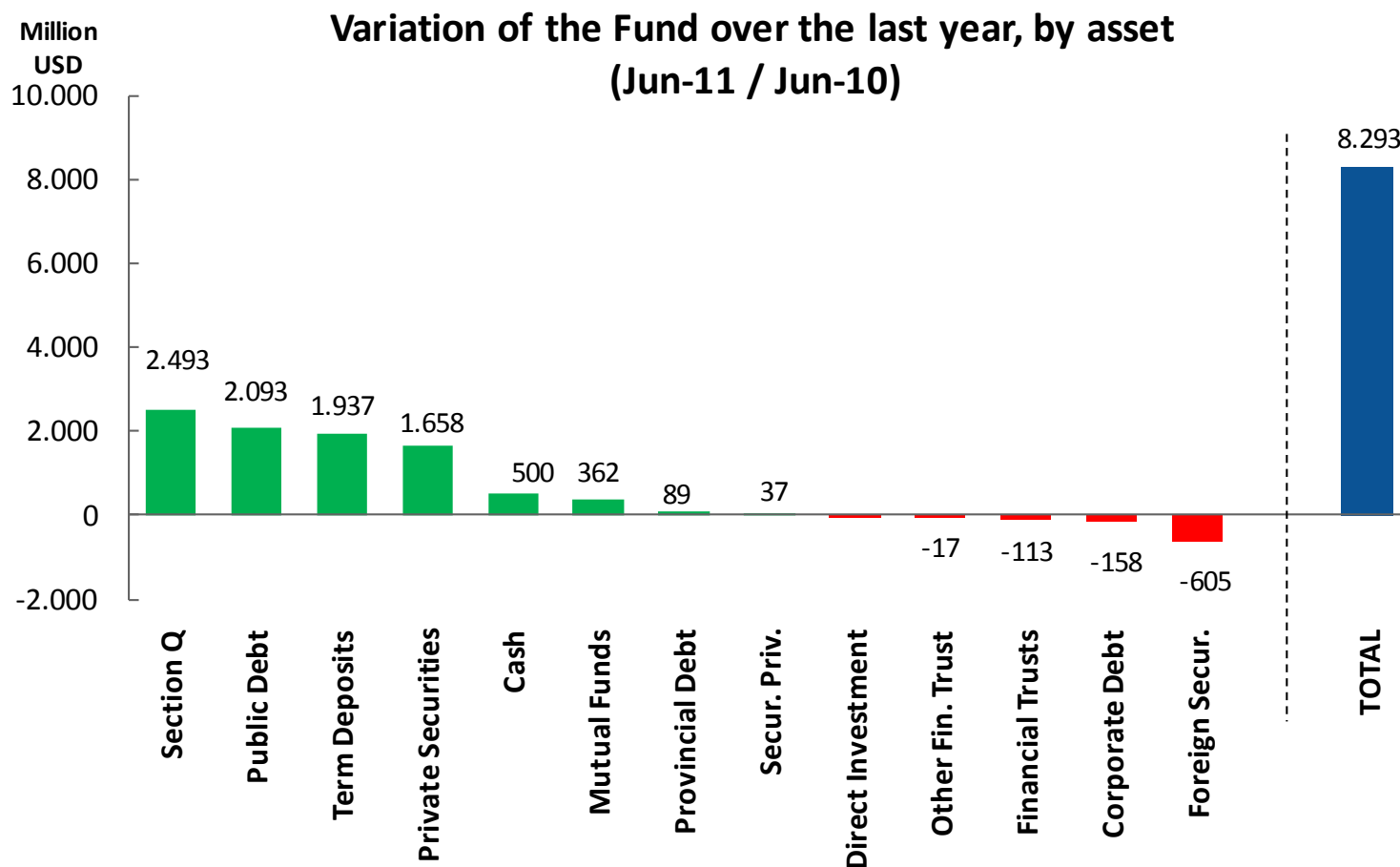


FGS PORTFOLIO: \$ 46.9 Billions

Highlights:

- Strong investments in public work and infrastructure projects
- Repatriation of foreign investments



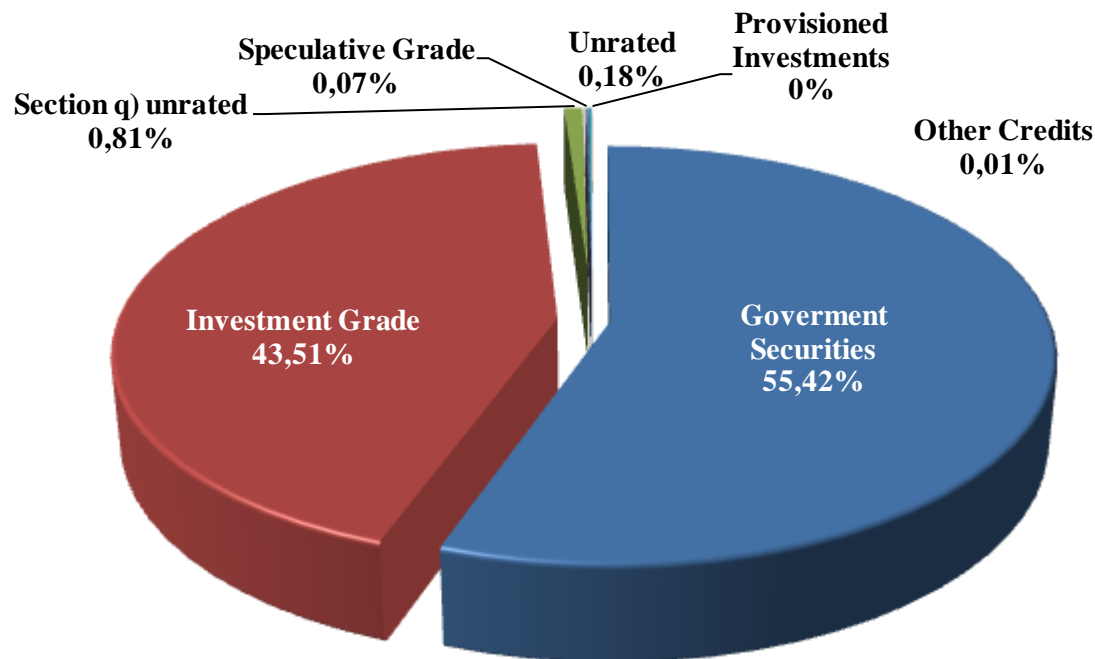


Among top growing assets are:

Section Q (public work and infrastructure), Public Debt and Term Deposits



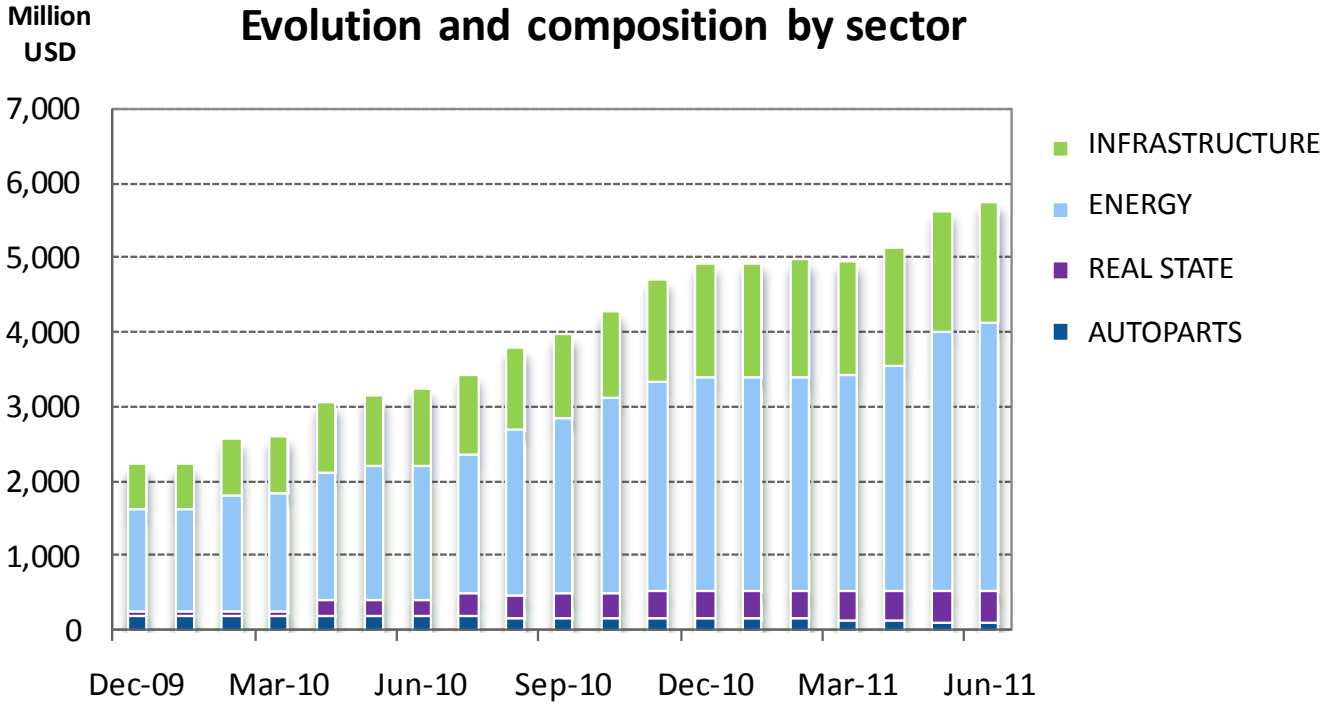
Portfolio by Credit Rating
Up to June 2011



According to FGS rules, the assets and financial products in which the FGS invests must be qualified as “investment grade”

The investments in public work and infrastructure must be evaluated and approved by technical reports made by public universities and by the Secretary of Economic Policy of the Ministry of Economy and Public Work

Increase in the Productive Sector (section Q) **FGS**



FGS assets are invested in various operations which enable the development of domestic capital markets and the financing of productive projects and infrastructure.

Participation of ANSES in the sector

- The Energy Sector is the main destination of ANSES's investments adding up to 58% of the total amount.
- The FGS-ANSES has become the main investor in the energy sector in Argentina. Taking into account the six major energy projects in progress (Atucha II, EPEC, MBT, Barragán, Brigadier Lopez and Loma de la Lata) FGS-ANSES participated with disbursements of US\$ 1,234 million in 2009 and US\$ 1,537 million in 2010.
- These six projects have a generating capacity of 3827 megawatts of energy. That is, the FGS-ANSES currently funds 20% of total energy supply of the country. Thus, one of five megawatts generated is financed by the FGS-ANSES.



Public work and Infrastructure Projects - ENERGY FGS

ATUCHA II

Purpose: *Financing construction work, completion and start up of the nuclear plant Central Nuclear Atucha II (745 MW/h).*

INVESTMENT 2008-2011

	TOTAL	2008-2010	2011
ANSES Investment	US\$ 1,733 M	US\$ 1,330 M	US\$ 403 M
Maturity	12 years		
Cupon	LIBOR + 500		



ECONOMIC IMPACT

- **Employment:** In construction stage, 5,056 jobs (1st year) + 4,100 (2nd year).
In operation stage, 350 jobs.
- “Clean” energy production. Cheaper than its substitutes.
- Gradual increase in the autonomy of the Nation in the energy field.
- Increased tax revenues and foreing currency savings for less imports.

ENARSA – Thermoelectric Power Plants

Purpose: *Financing construction work, completion and start up, operation supervision and maintenance of the plants.*

INVESTMENT 2008-2011

	TOTAL	2008-2010	2011
ANSES Investment (*)	US\$ 967 M	US\$ 573 M	US\$ 394 M
Maturity	5 - 12 years		
Coupon	Class A: 9,5% Class B: LIBOR + 500 (Floor: 6,25%)		

(*) Barragán and Brigadier López Power Plants. Total Investment.



ECONOMIC IMPACT

- **Employment** : 550-650 monthly jobs in construction stage (both plants)
84 monthly jobs in operation stage (42 each plant).
- **Generation:** Barragán: 588 MW (open-cycle); 840 MW (closed-cycle).
Brig. López: 280 MW a (open-cycle); 420 MW a (closed-cycle).
- **Taxes and revenues to ANSES:** US\$ 113,8 M (both plants).

Infrastructure Projects – ROAD WORKS FGS

SISVIAL – Financial Trust

Purpose: project planning, construction works, maintenance, and road infrastructure services, maintenance of road and railway infrastructure in rural areas, among others.



National Highway #9

INVESTMENT 2008-2011

	TOTAL	2008-2010	2011 (est.)
ANSES Investment	US\$ 1,482 M	US\$ 874 M	US\$ 608 M
Maturity	Up to 12 years for each serie		
Coupon	Spread range: 4% - 5,5% (over Private Badlar) SISVIAL VI, up to June 30: 16.9% (in AR\$)		



National Highway #14

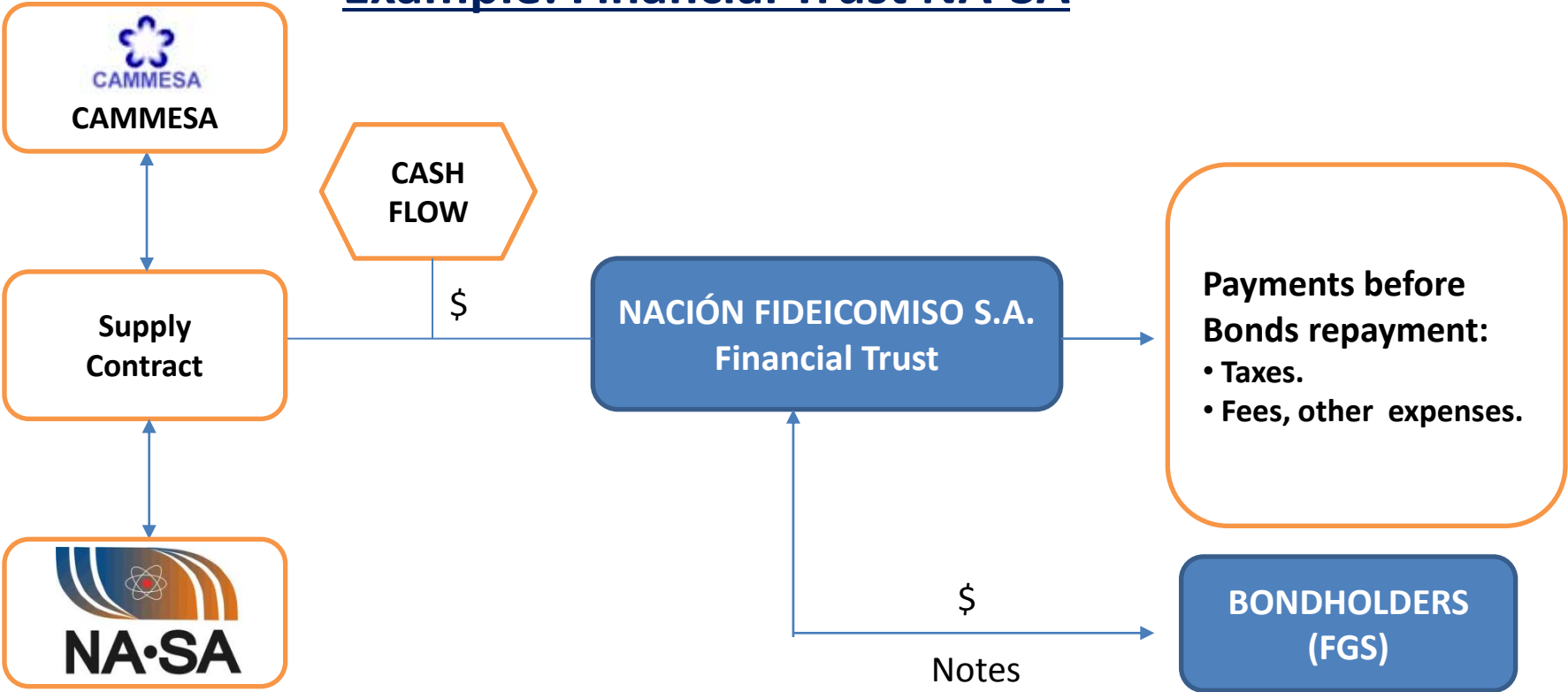
ECONOMIC IMPACT

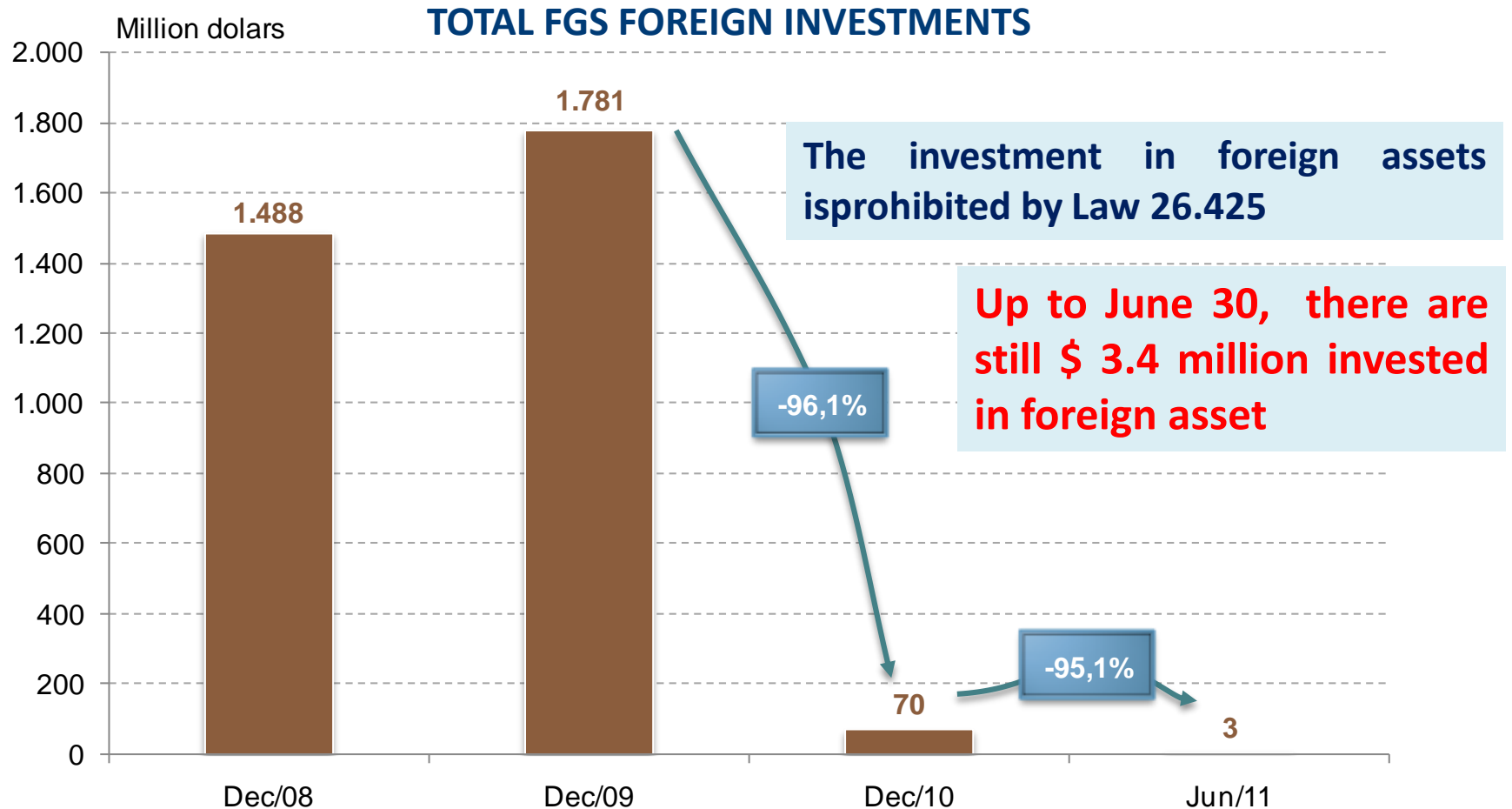
- **Employment:** 175.500 jobs (94.952 direct jobs, 24.634 jobs related to suppliers and 56.184 jobs related to induced consumption).
- **Earnings to ANSES:** US\$ 270 M (7% of the investment).



- Offering Prospectus
- Credit Rating issued by authorized agency.
- Periodic filing of financial statements audited by the Argentine SEC

Example: Financial Trust NA-SA



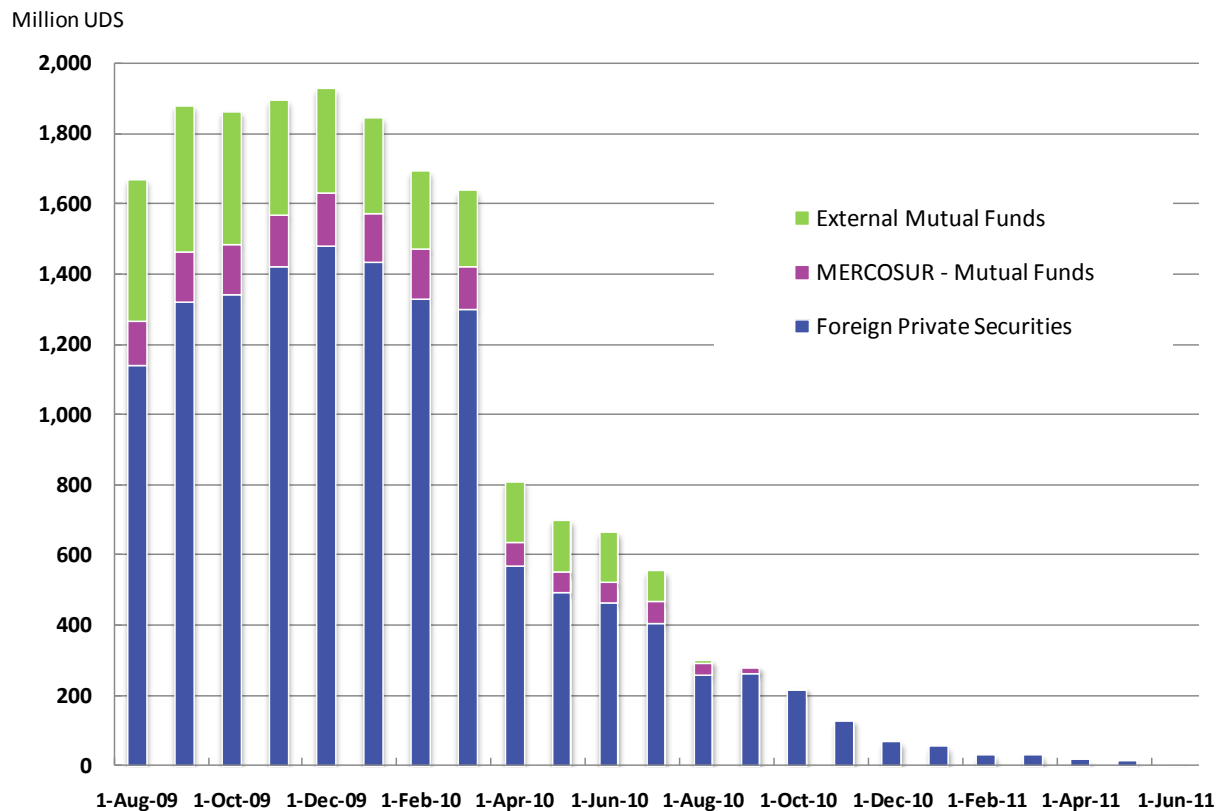


The net foreign position decreased from 5.24% to 0.01% up to June 2011.



Evolution of the closing of external assets positions **FGS**

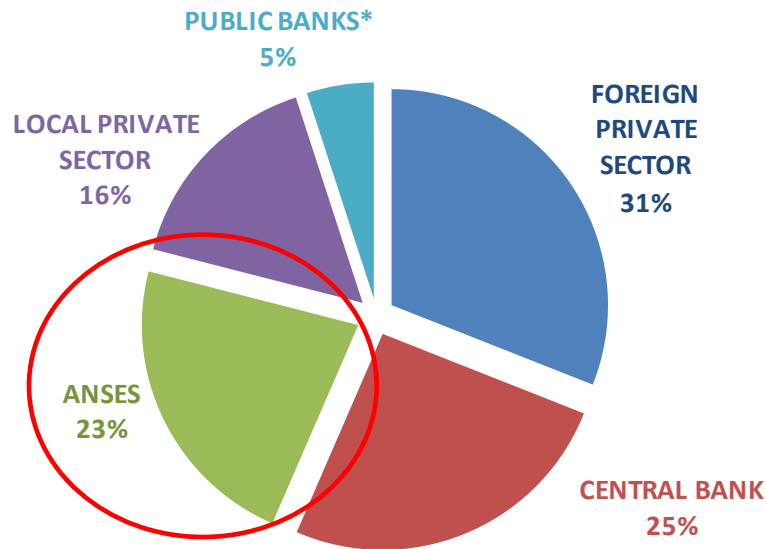
Reduction of Foreign Assets Investments



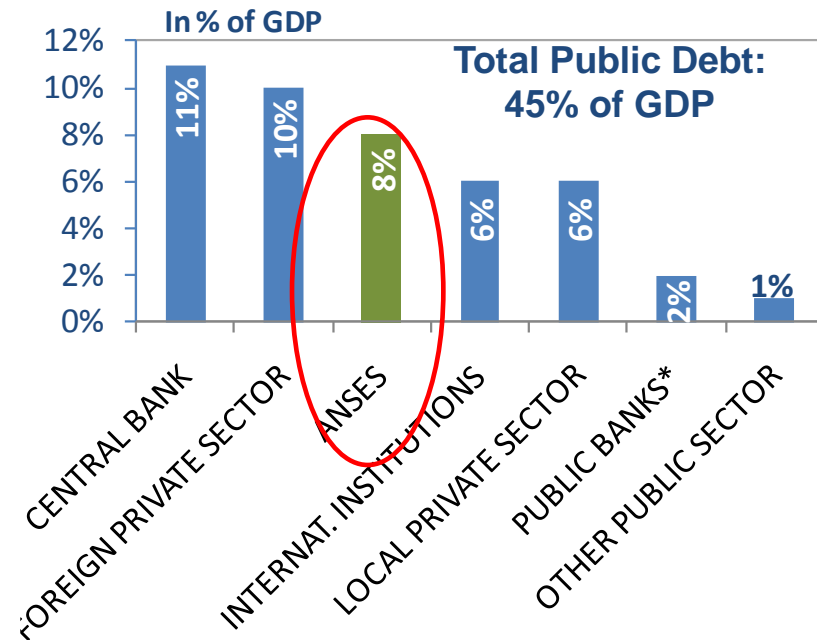
Over the past 12 months the FGS has disarmed positions abroad by USD 665 millions



Public Debt by holder
-in % of Total-



Public Debt by holder
-in % of GDP-

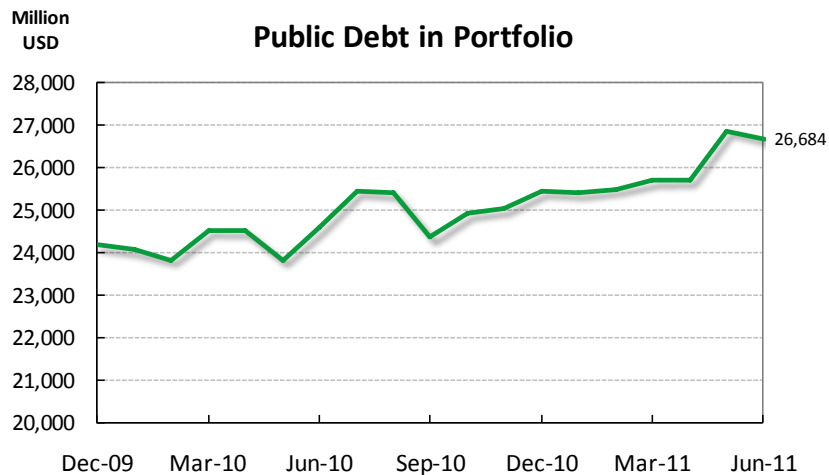


* BANCO DE LA NACIÓN ARGENTINA and BANCO DE LA PROVINCIA DE BUENOS AIRES

Public Debt held by ANSES represents 8% of the GDP

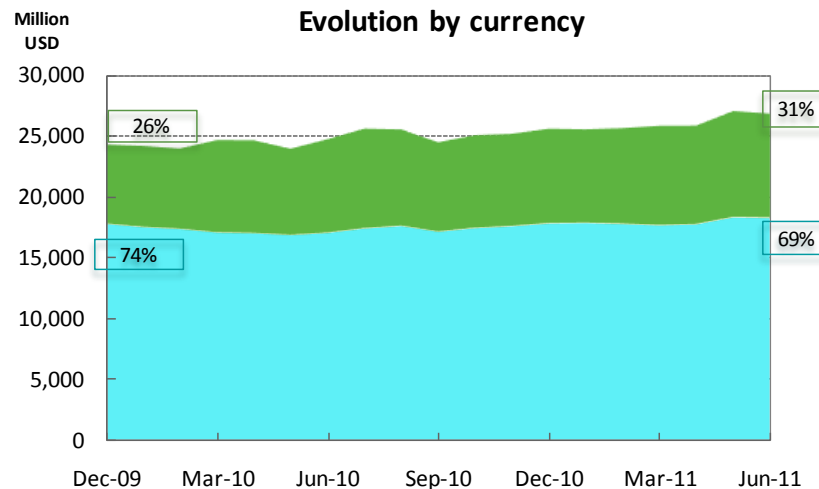


Evolution of the Public Debt stock in the Portfolio FGS



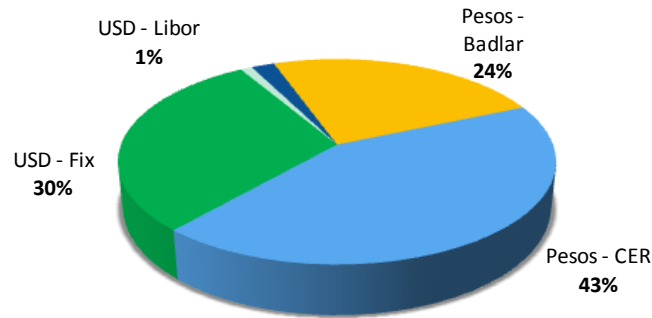
The stock of Public Debt in the portfolio of the FGS had a sharp increase as a result of bonds revaluation.

As from December 2009, the share of Public Debt in dollars increased by 5 percentage points, reflecting the decision of further diversification by currency.

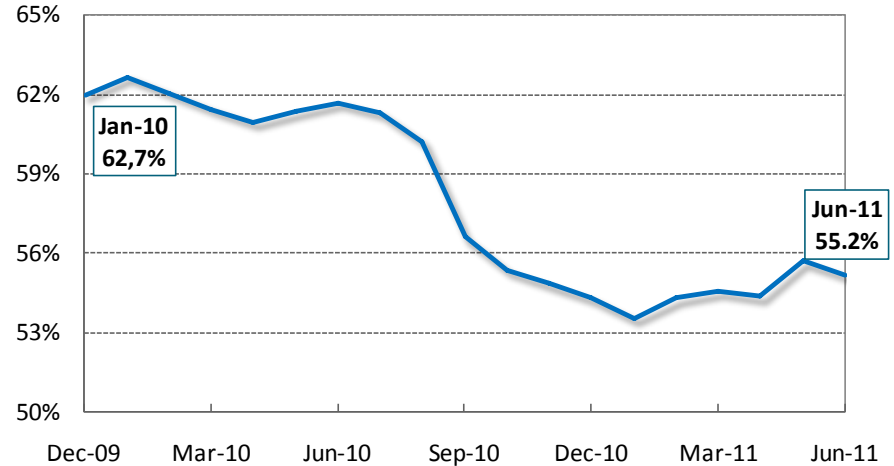


Evolution of the Public Debt stock in the Portfolio FGS

Structure by type of interest rate
June - 2011



Percentage share of Public Debt in portfolio



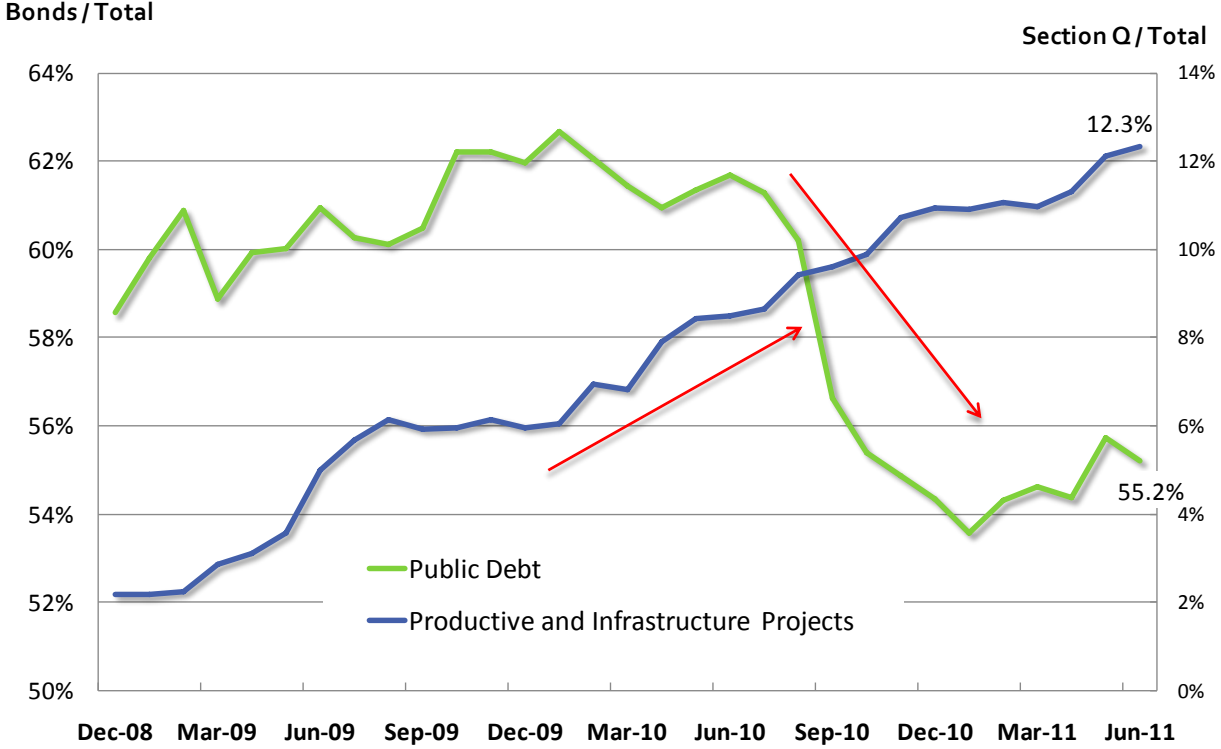
According to the composition by type of yield, the portfolio registers greater participation of Pesos-CER (large percentage of “Quasipar” bonds).

The share of Public Debt in total portfolio declined by more than 8 points.



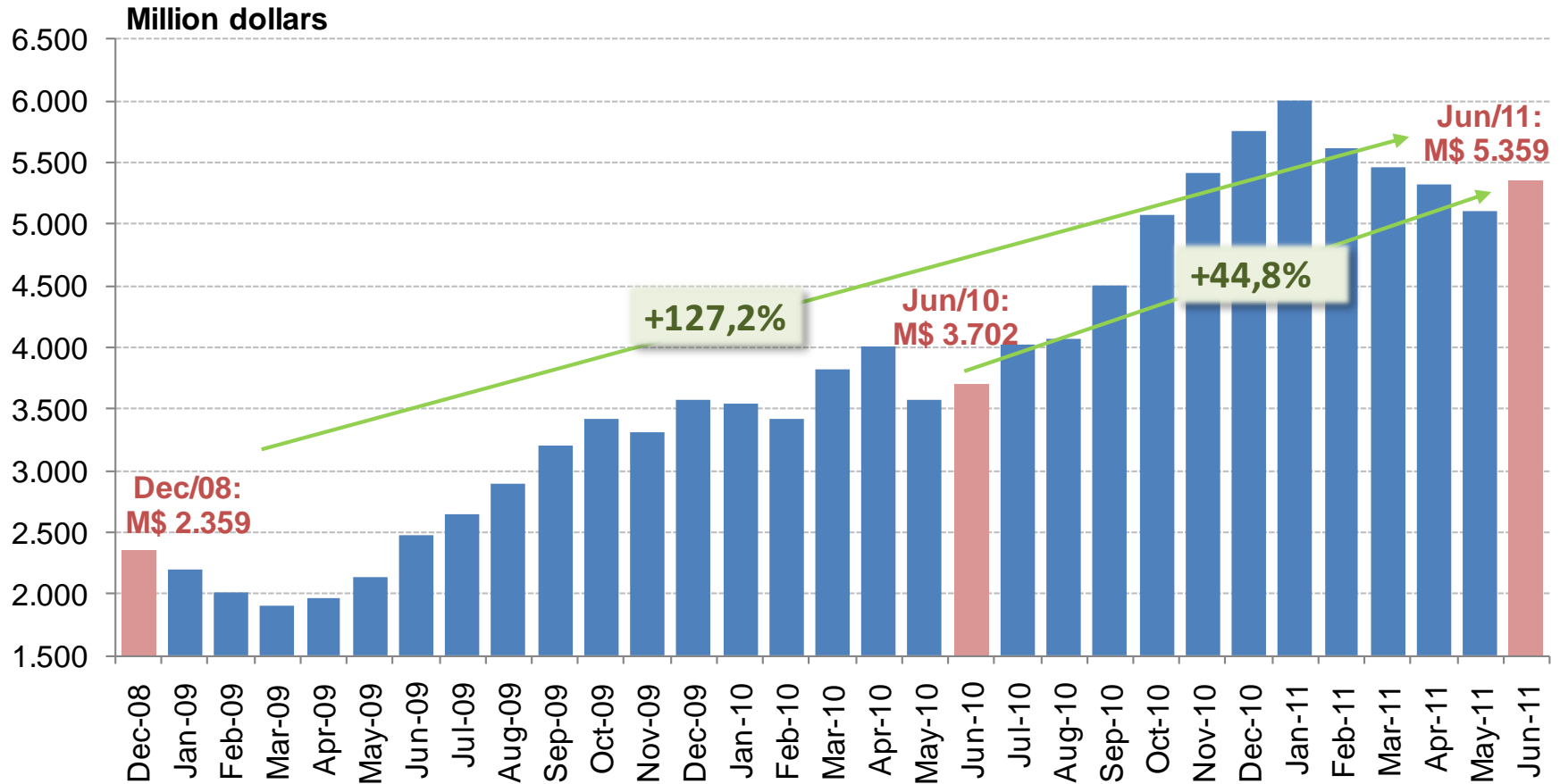
Share of Public Debt vs. Investment on Productive Projects

Public Debt vs. Productive and Infrastructure Projects over total portfolio



Along with the declining share of Public Debt it is shown a strong increase of “section Q” as a result of the increased investment in productive projects.

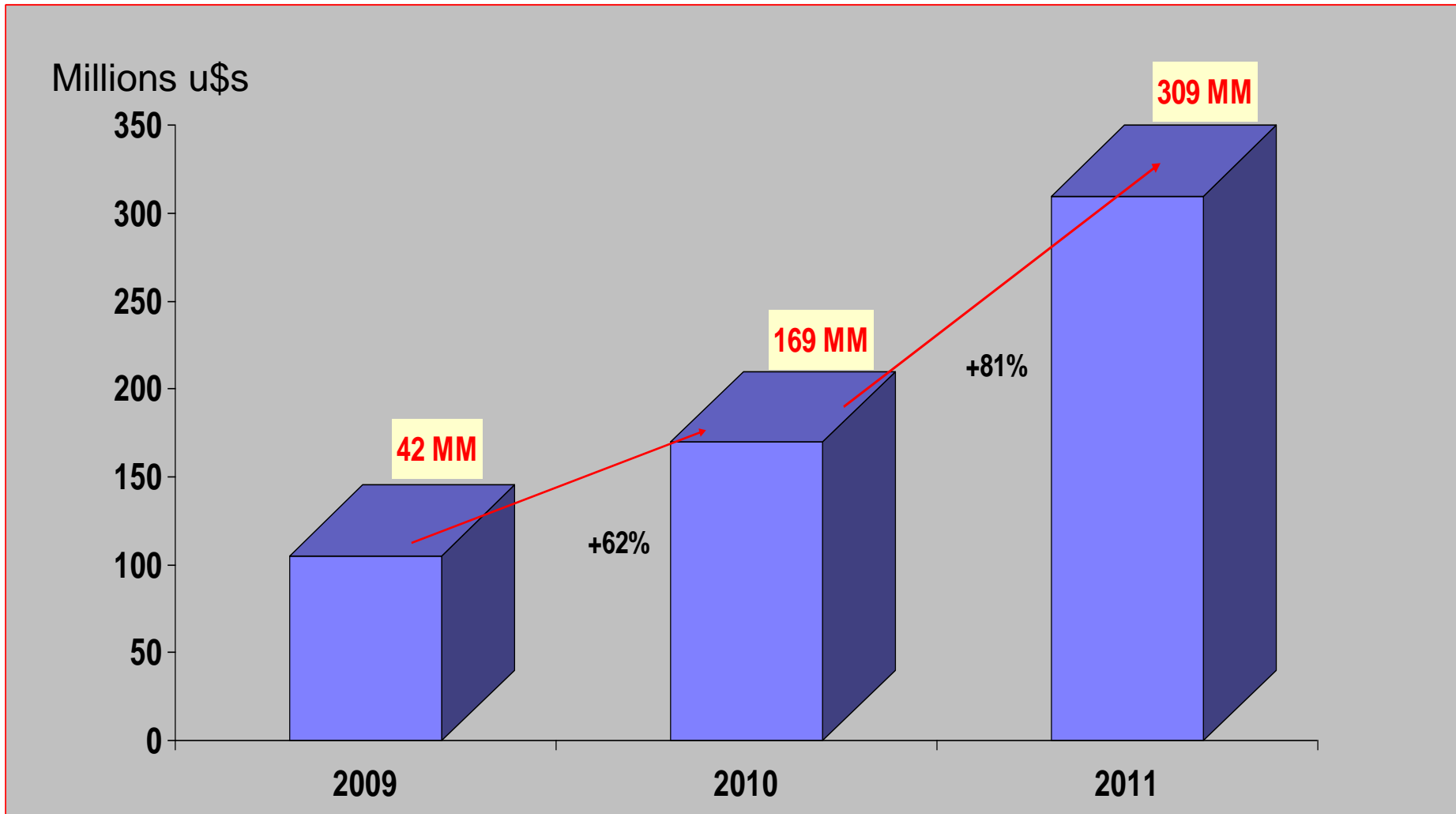
Companies' stock portfolio evolution



Since the creation of the FGS, the value of the companies' stock portfolio has increased over 120%

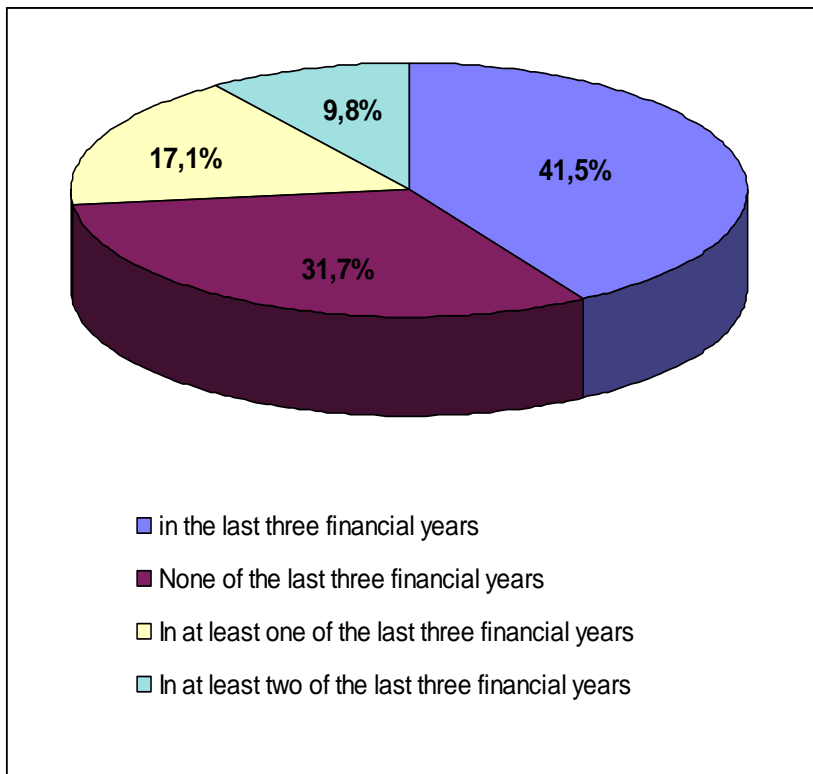


Dividends earned by FGS (in cash, in U\$S) FGS

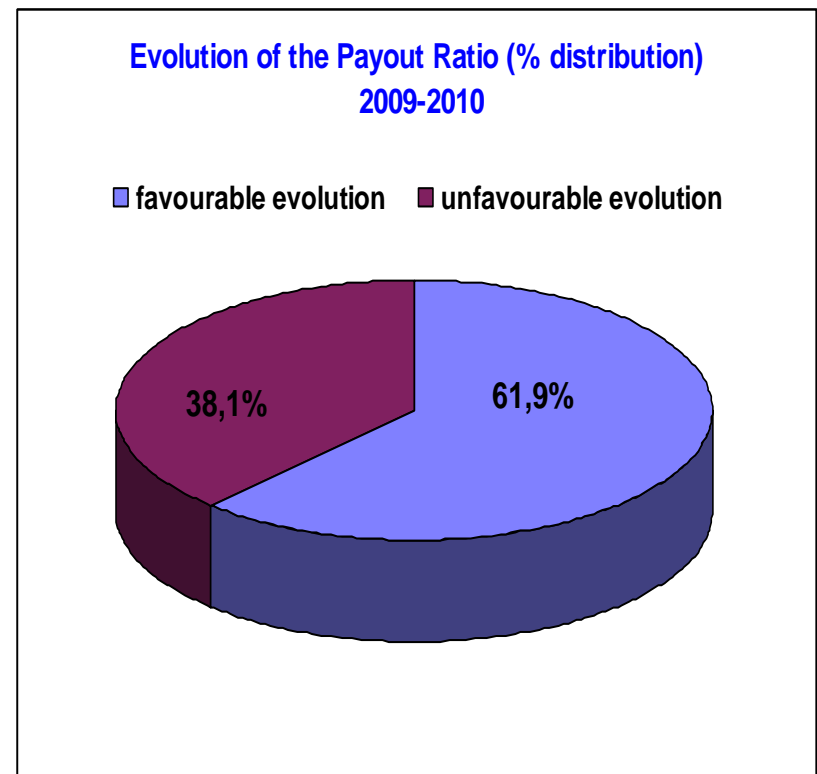


Dividends earned by FGS (in cash, in U\$S) FGS

Out of the 41 companies in the FGS portfolio, 68.3% of them distributed its earnings in some of the last three fiscal years.



61.9% of the companies had a good performance, having maintained or increased its profit distribution ratio. However, 38.1% diminished the share of the profits payed on to their shareholders.

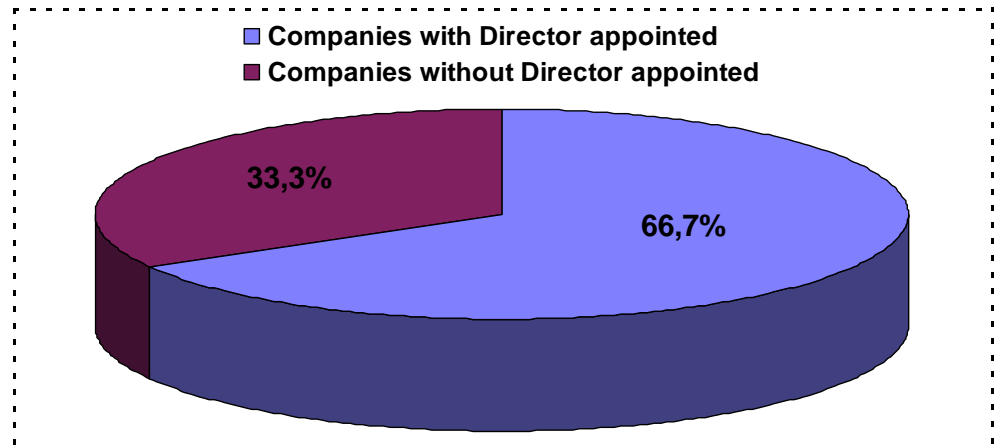


Directors appointed by FGS - ANSES

Economic Sector	Total Companies in FGS Portfolio	Number of Companies with Director appointed by FGS	Number of Directors appointed by FGS
FINANCIAL SERVICES	5	3	4
GAS	6	6	7
ELECTRICITY	7	6	6
OIL AND PETROCHEMICAL	4	2	2
FOOD & RETAIL	7	3	3
INDSUTRIAL METALS	3	2	4
CONSTRUCTION & REAL STATE	5	2	2
OTHER SECTORS	5	4	5
Total	42	28	33

Out of the 42 companies in the FGS portfolio, ANSES has appointed directors in 28 (66.7%).

The economic sector with the most directors appointed was the gas industry (21.2%), followed by the electric sector (18.2%). Both industries add up to 13 members.



The FGS Trading Desk under the Manager of Transactions and Operations has the following resources:

- **ELECTRONIC RESTRICTED ACCESS:** System of access to the Trading Desk by magnetic cards of exclusive use of traders, managers and the FGS subdirector.
- **GRINDED WINDOWS:** Windows with treatment aimed to secure privacy and protect information.
- **3 BLOOMBERG TERMINALS:** 3 workstations with Real-time Financial Information, 2 of them located at the Trading Desk and the other in the Manager of Transactions and Operation office.
- **8 WORKSTATIONS:** 8 workstations, each of them equipped with 1 PC and 4 screens.
- **8 CONSOLES AND RECORDERS “ETRALI MACH 3”:** 8 telephone consoles with permanent recording communication system, PtP technology and touchscreen.
- **4 TV SCREENS:** 4 cable TV screens to provide online information.
- **REUTERS SERVICE:** A post for each operator, which provides real time information on prices of many financial assets.
- **BOLSAR SERVICE:** A post for each operator, which provides real time information on prices of many local financial assets.
- Currently, the FGS has a system of recording transactions and is in the process of contracting with various counterparts the placement of PtP lines.



- Since December 2009, the FGS has an internet site that can be accessed through the ANSES web site (www.anses.gov.ar). In this site the visitors can download monthly reports of evolution of the FGS portfolio, all the presentations before de Bicameral Commission of Funds Control, complete and updated listing of the investments made by the Fund and the investment criteria. There is also possible to consult all the information related with the FGS Control Agencies and Decision Agencies.
- **In addition, since December 2009 the FGS publishes the evolution on its portfolio on a monthly basis with disaggregated data on the composition of investment, global variations and items.** Since this information is public, the data is broadly distributed by the national and international press.



The following processes have been approved. In addition, some of them are being improved so us to optimize its application and functioning.

- Administrative process to approve investments in public works and infrastructure (roads, railways, power stations, water supply, etc.) ([Inciso q](#));
- Administrative process to prepare the legal documents (i.e. proxies, voting instructions) and technical reports (i.e. analysis of financial information) to attend shareholders' meetings of the companies where the FGS owns stock ([Circuito de participación en asambleas corporativas](#));
- Administrative process to prepare technical reports in order to evaluate and analyze the quarterly financial reports of the companies where the FGS owns stock ([Circuito de evaluación de informes técnicos trimestrales](#));
- Administrative process to structure project finance transactions ([Proceso de estructuración de proyectos](#));
- Administrative process to prepare and approve technical reports ([Informe Técnico](#));
- Administrative process to analyze loans guaranteed with pledges on vehicles and their collection ([Circuito de análisis de préstamos prendarios y pago a las administradoras](#));
- Administrative process to control the registry of pledges with the pertinent public office ([Control de prendas inscriptas](#));
- Administrative process to control the fulfillment of investment policies ([Control de cumplimientos de políticas de inversión](#));
- Administrative process to perform market operations ([Operaciones de Mercado](#));
- Administrative process to make fixed term deposits in local banks and negotiation of interest rates thereof ([Concertación de plazos fijos](#));
- Administrative process to asses FGS's assets ([Valuación de los activos del FGS](#));
- Administrative process to price and subscribe Argentine treasury bonds ([Circuito de Concertación de Títulos del Ministerio de Economía – Suscripción de Emisiones Primarias](#));
- Administrative process to subscribe Argentine Central Bank bills ([Circuito de Suscripción en oferta primaria de Títulos Valores emitidos por el BCRA](#));
- Administrative process to subscribe quotas of private investment funds ([Fondos comunes de inversión](#)).

This prestigious and well-known operative system has been implemented as a support of the accounting registry system of day-to-day-operations.

Its application to the FGS impacts on a positive way to the institutional image and brings transparency to the management of the FGS's assets; it also works as a useful tool to the investment decision process of the different areas of the FGS.

SAP implementation was started in 2009 and the system was finally set up in June, 2010.

SAP implementation required an intensive tailoring of the standard version due to the special characteristics of the FGS.

The stage of stabilization and final implementation in real time ended early this year. Nowadays, FGS's Trading Desk, Back Office area and the accounting registry area are using SAP.

It has intensely emphasized the delimitation of the staff roles in order to avoid conflicts in daily tasks and consistency mistakes.

We are working now in the expansion stage of SAP, adding new functions and extending its application to other areas of the FGS.



FGS

**El Fondo de Garantía de Sustentabilidad en el
Sistema Integrado Previsional Argentino**

Argentine Public Pension Fund

Santiago Lopez Alfaro
FGS Deputy Director of Operation