

Annual Report

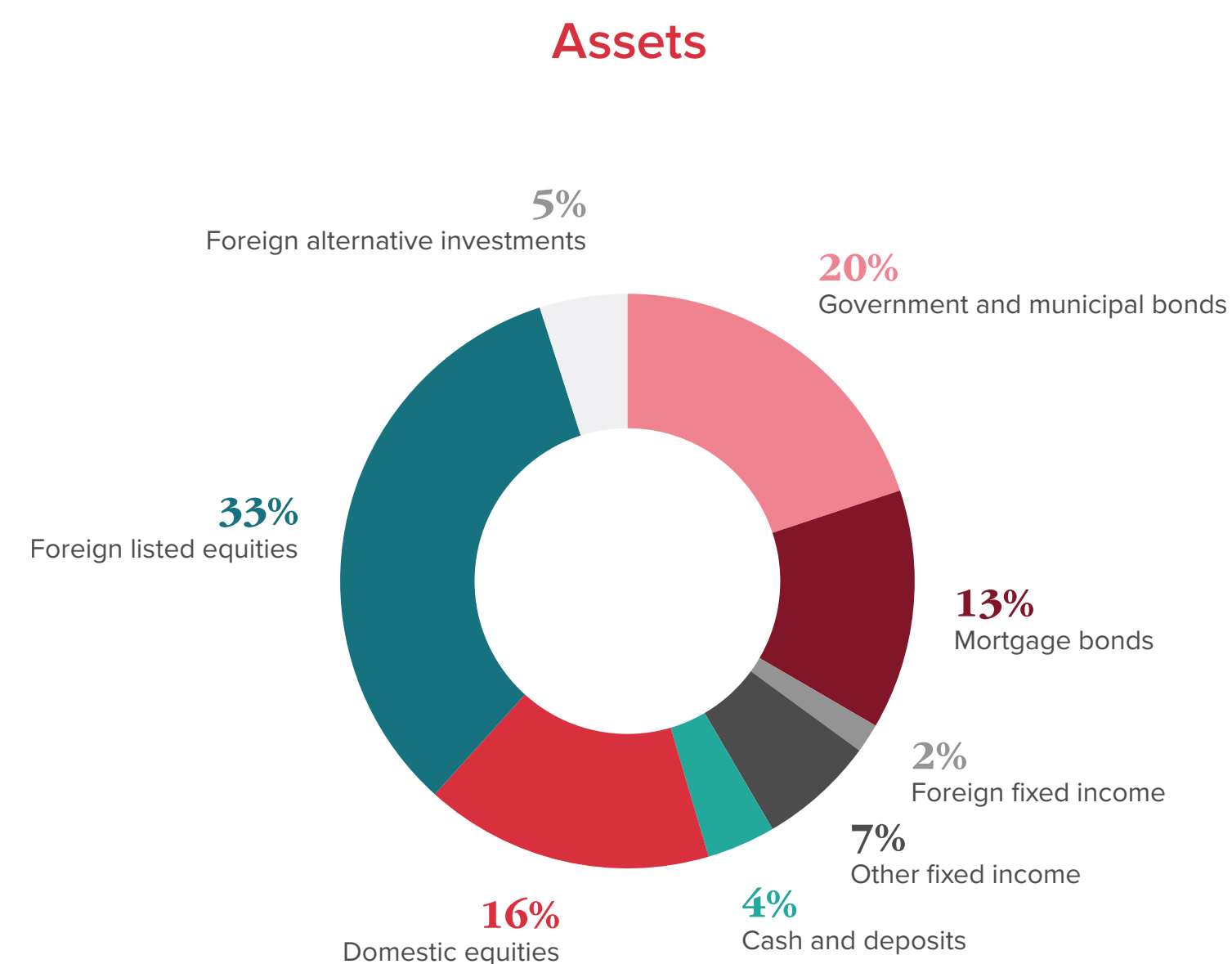
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Overview

Role of the fund

The principal role of LSR is to pay pensions to its members upon retirement and throughout their lives and to ensure their families with a pension following a loss of income due to an impaired ability to work or due to death. The fund receives contributions and invests them in order to meet the liability regarding old-age pension, disability pension, spouse's pension and children's allowance. Furthermore, the fund grants loans against a mortgage to fund members and accepts and invests voluntary pension savings.



Assets	(m.ISK)
	Total
Government and municipal bonds	267,762
Government bonds	231,607
Municipal bonds	36,155
Mortgage bonds	181,635
Member loans	111,138
Mortgage bonds and funds	24,975
Covered bonds	45,522
Foreign fixed income	22,171
Foreign fixed income funds	22,171
Other fixed income	87,865
Corporate bonds	71,269
Financial Institution bonds	8,102
Domestic fixed income funds	8,494
Cash and deposits	52,053
Deposits	45,712
Liquidity funds	6,340
Domestic equities	218,821
Domestic listed equities	210,511
Domestic alternative investments	8,310
Foreign equities	515,509
Foreign listed equities	449,053
Foreign alternative investments	66,456
Total	1,345,815

In 2021, LSR had a total of 30,058 active members and 23,148 members received pensions and other benefits. The fund pays over one-third of all pensions and benefits paid by Icelandic pension funds. LSR operates in three divisions, division A, division B and division S, which is a division for voluntary pension savings. All divisions have the same board but are financially separated from each other.

Return

	2021	2020
Nominal return	15.5%	14.9%
Net real return	10%	10.9%
Average five year net real return	8.3%	6.4%
Average ten year net real return	7.3%	6.5%

Net investments (m.ISK)

	Total
Government and municipal bonds	14,819
Government bonds	9,157
Municipal bonds	5,134
Mortgage bonds	660
Member loans	(11,752)
Mortgage bonds and funds	6,272
Covered bonds	6,140
Foreign fixed income	4,627
Foreign fixed income funds	4,627
Other fixed income	14,612
Corporate bonds	8,956
Financial Institution bonds	5,475
Domestic fixed income funds	182
Cash and deposits	(3,376)
Deposits	131
Liquidity funds	(3,507)
Domestic equities	17,204
Domestic listed equities	16,488
Domestic alternative investments	716
Foreign equities	22,088
Foreign listed equities	18,421
Foreign alternative investments	3,667
Total	70,634