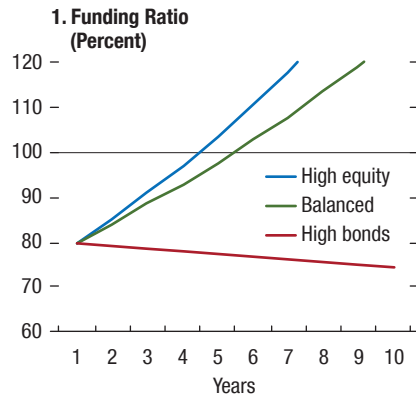
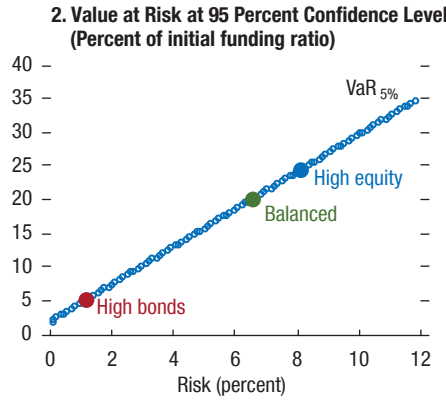


**Figure 2.3.1. Risk-Return Trade-off and Expected Times to Exit Underfunding**

High-equity strategies can return a pension fund to solvency, but a high-bond strategy cannot.



High-equity strategies entail very high levels of risk, which can result in insolvency.



Sources: Bloomberg L.P.; Thomson Reuters Datastream; and IMF staff calculations.