



ASSOGESTIONI

associazione del risparmio gestito

The Italian Asset Management market key figures

23 January 2014

Alessandro Rota
Head of Research



1. The Italian Asset Management market

- ☐ Summary statistics
- ☐ Open-end funds
- ☐ Mandates
- ☐ The recent mkt recovery, some tentative explanations

2. The European Investment Fund Industry

- ☐ Net assets & sales by fund / fund group domicile

3. Savings & Wealth

- ☐ Household saving rate: trend & int'l comparison
- ☐ Household financial portfolio & private pension plans



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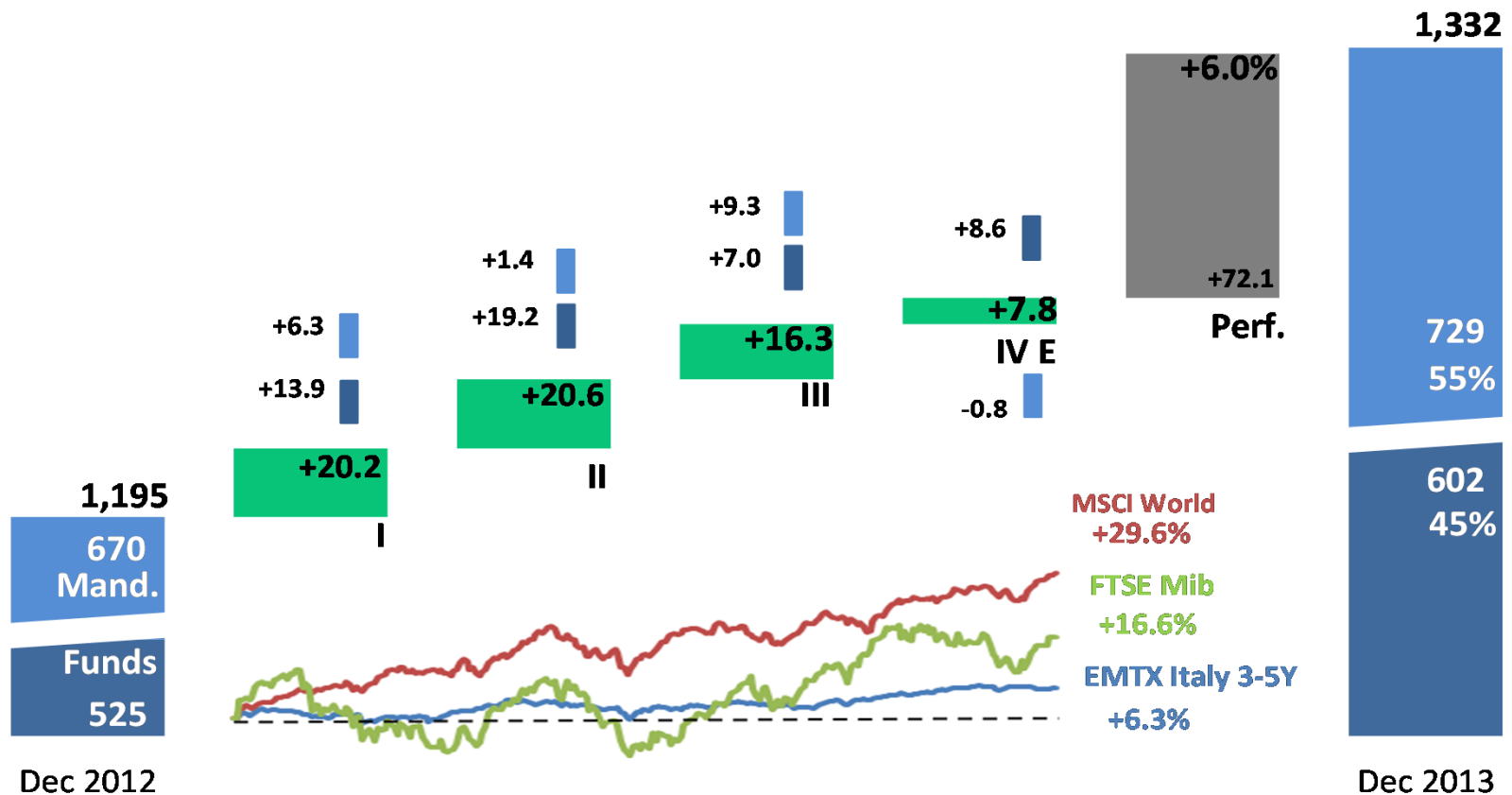
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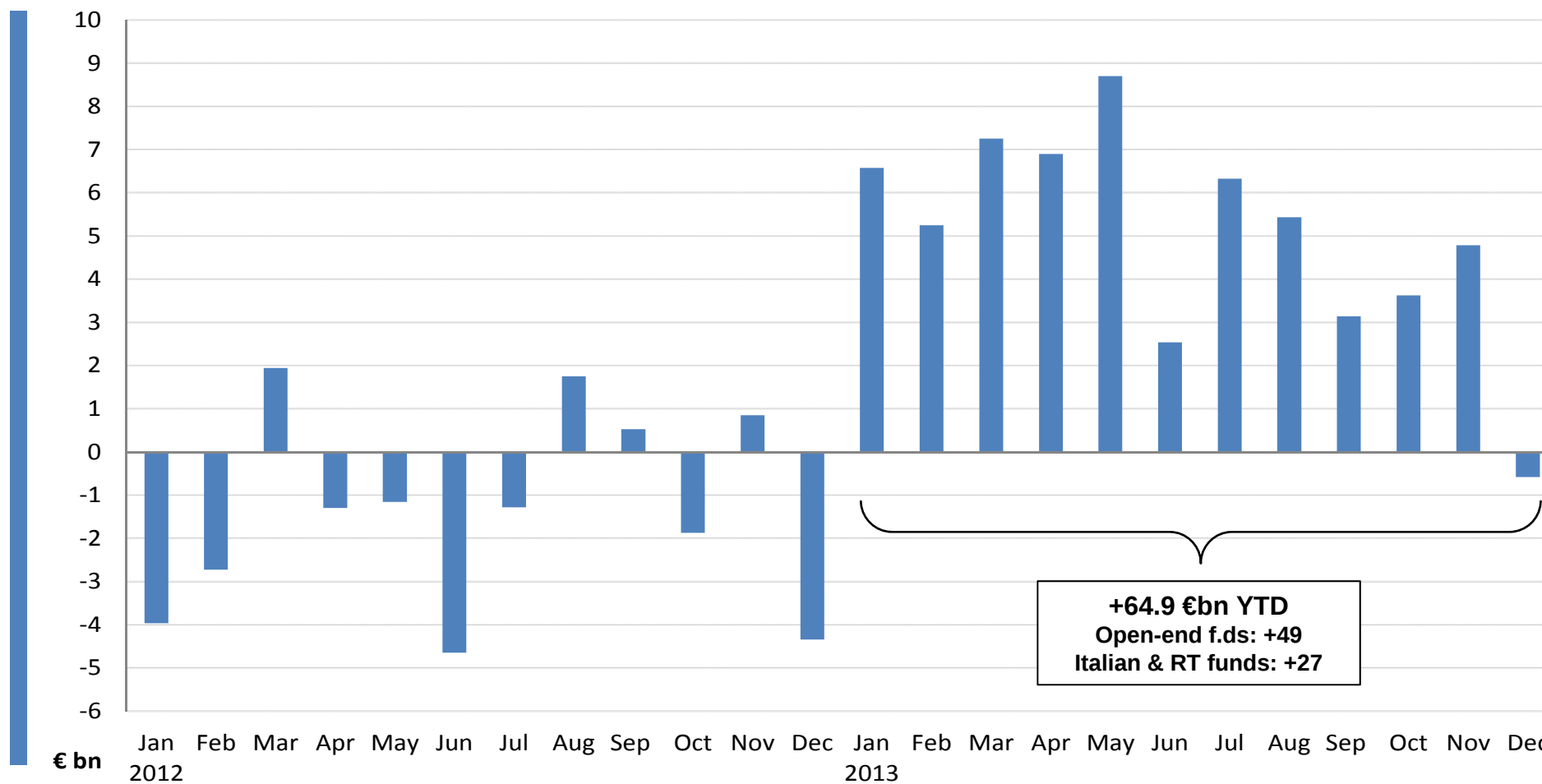


The Italian AM market (Jan 2013:Dec 2013)



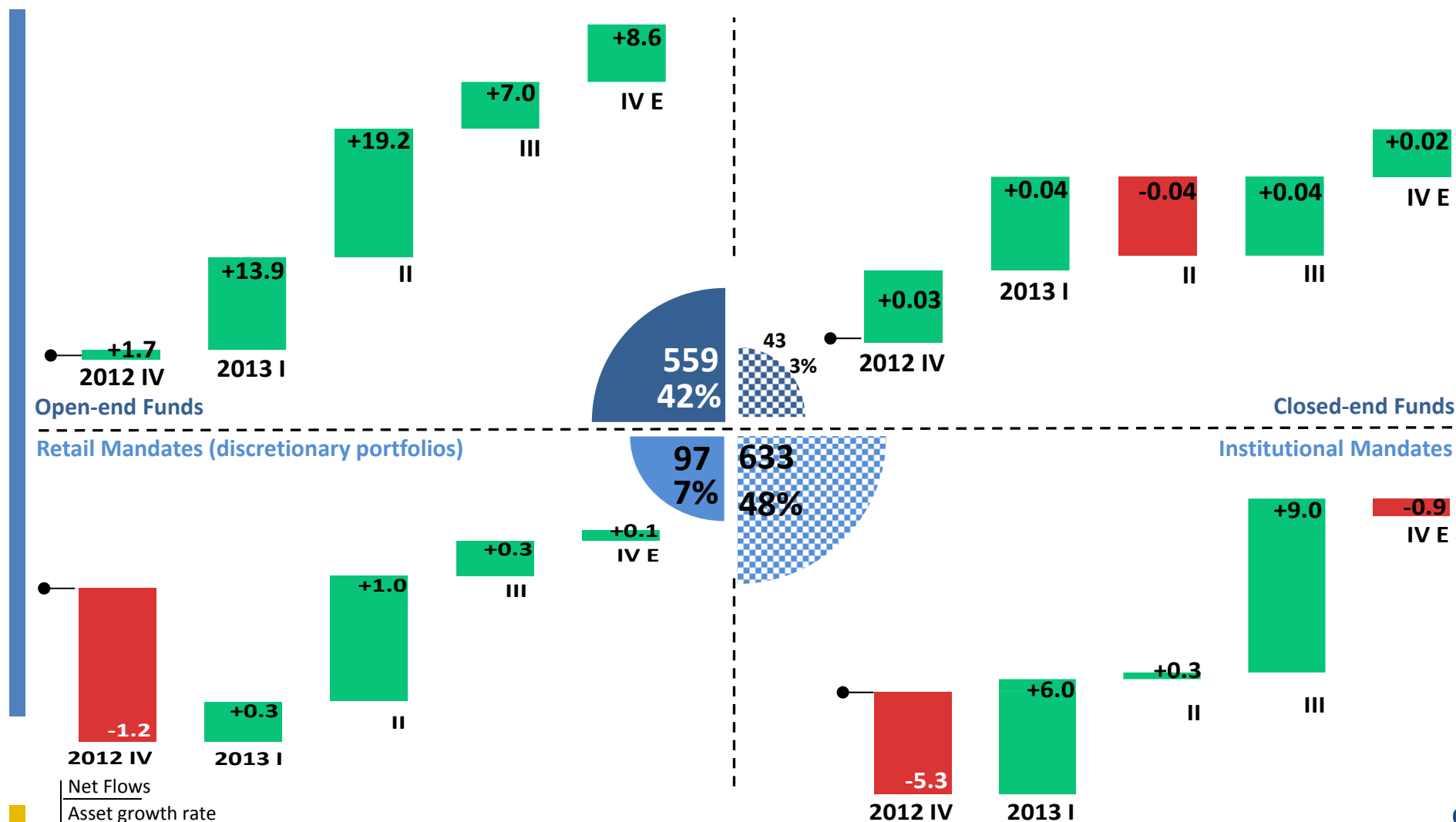


Net flows are rebounding



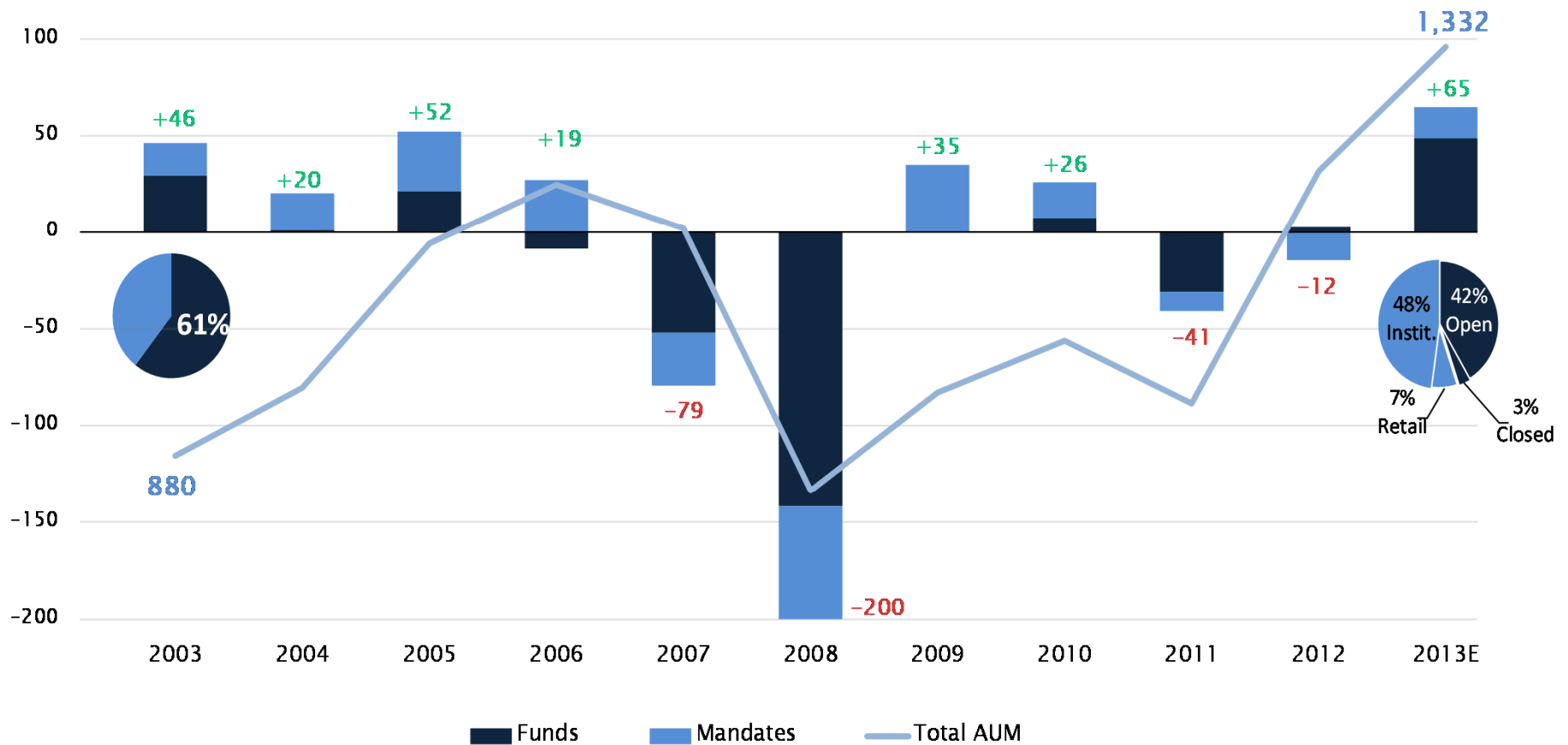


Product breakdown

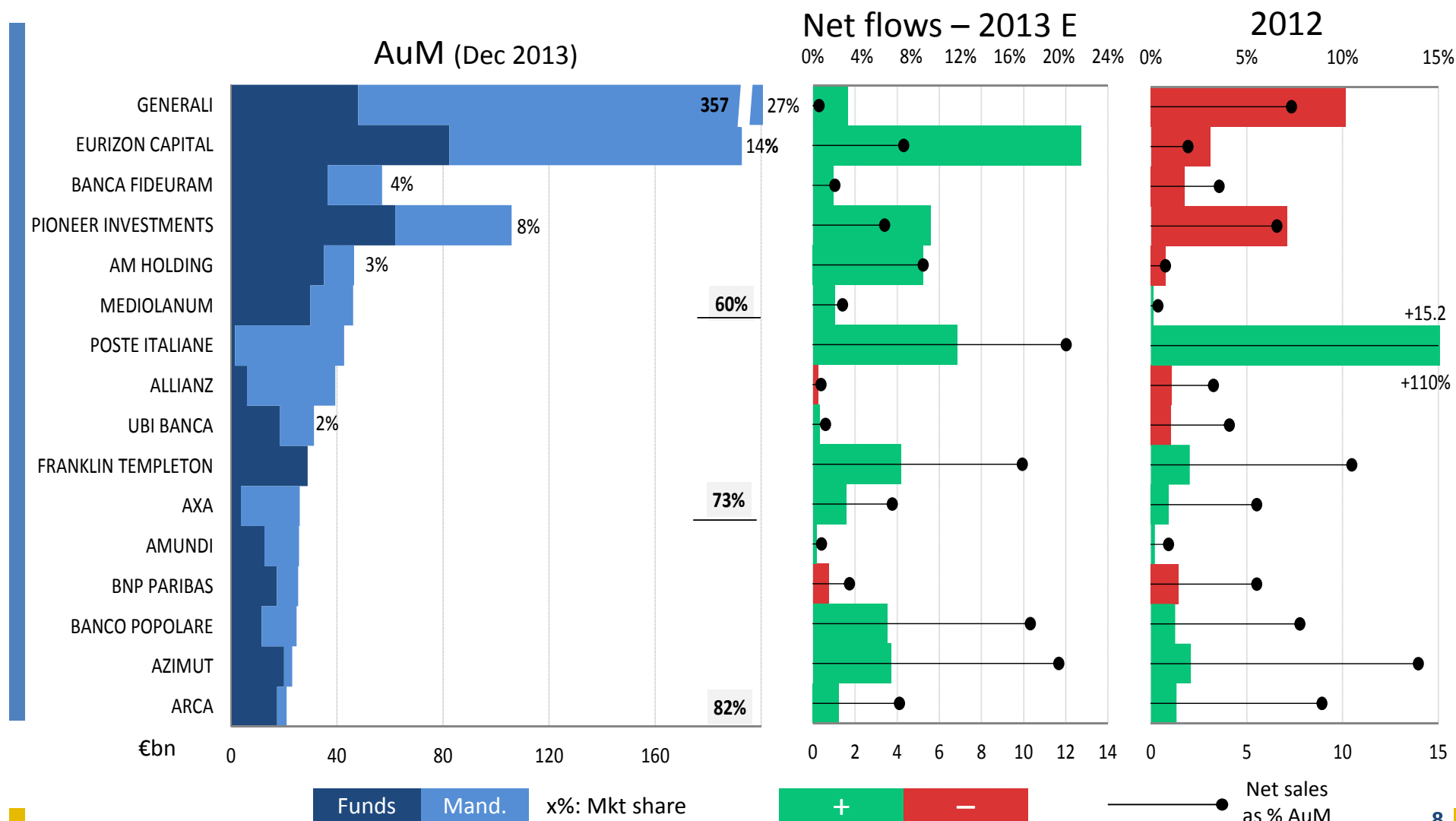




Long term trend

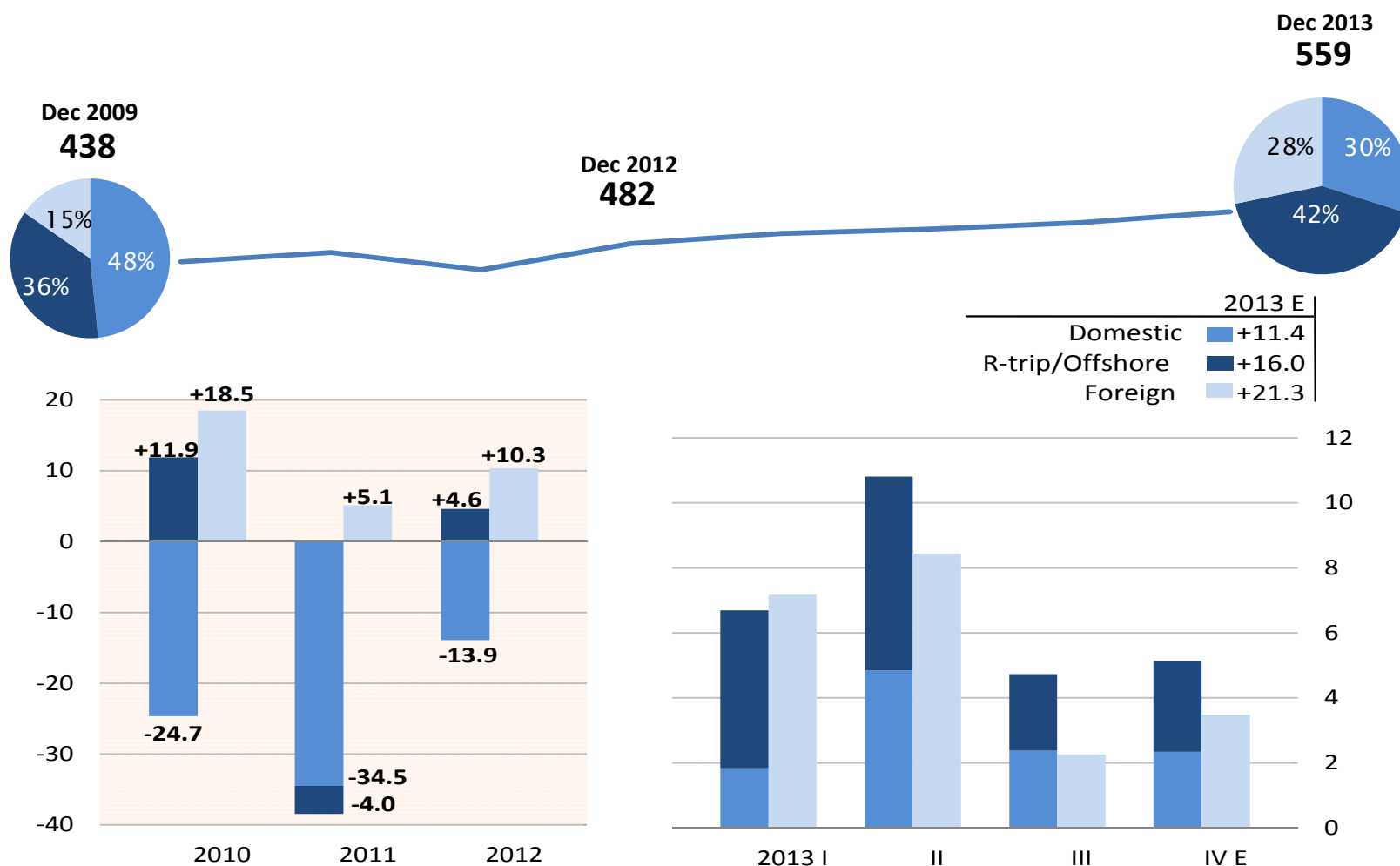


Top 15 Groups

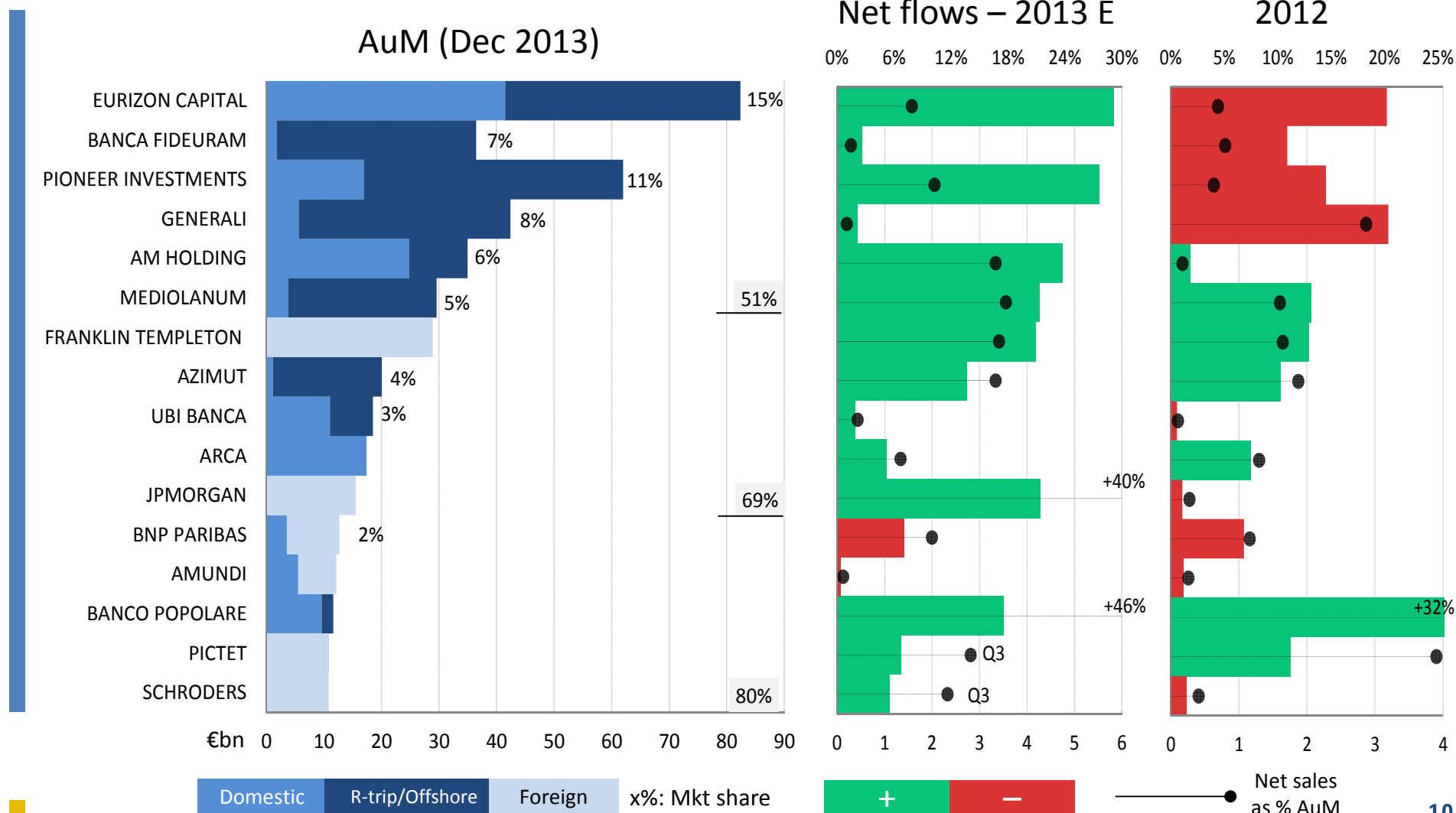




Open-end funds: domicile breakdown

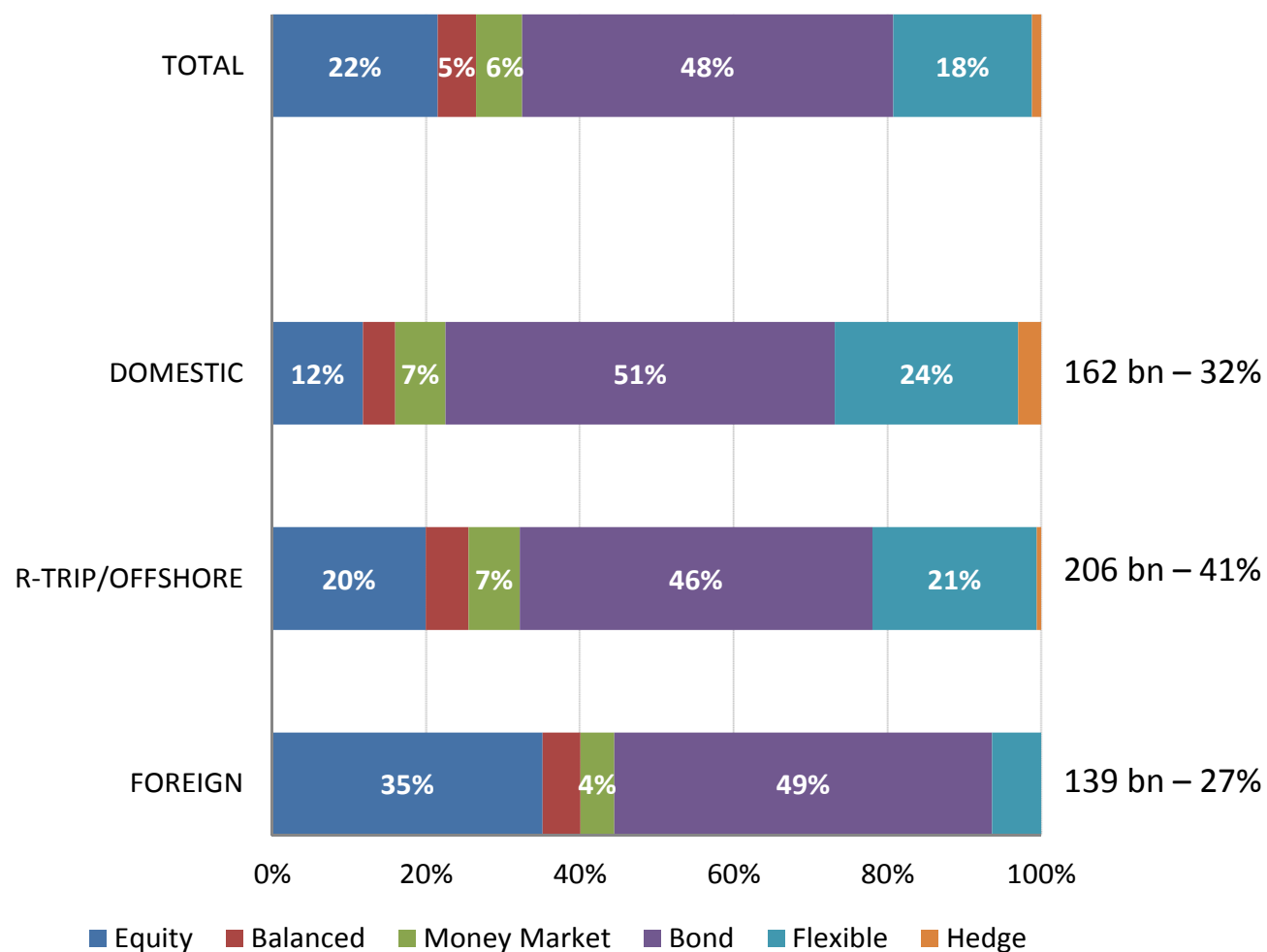


Top 15 Groups (open-end funds only)

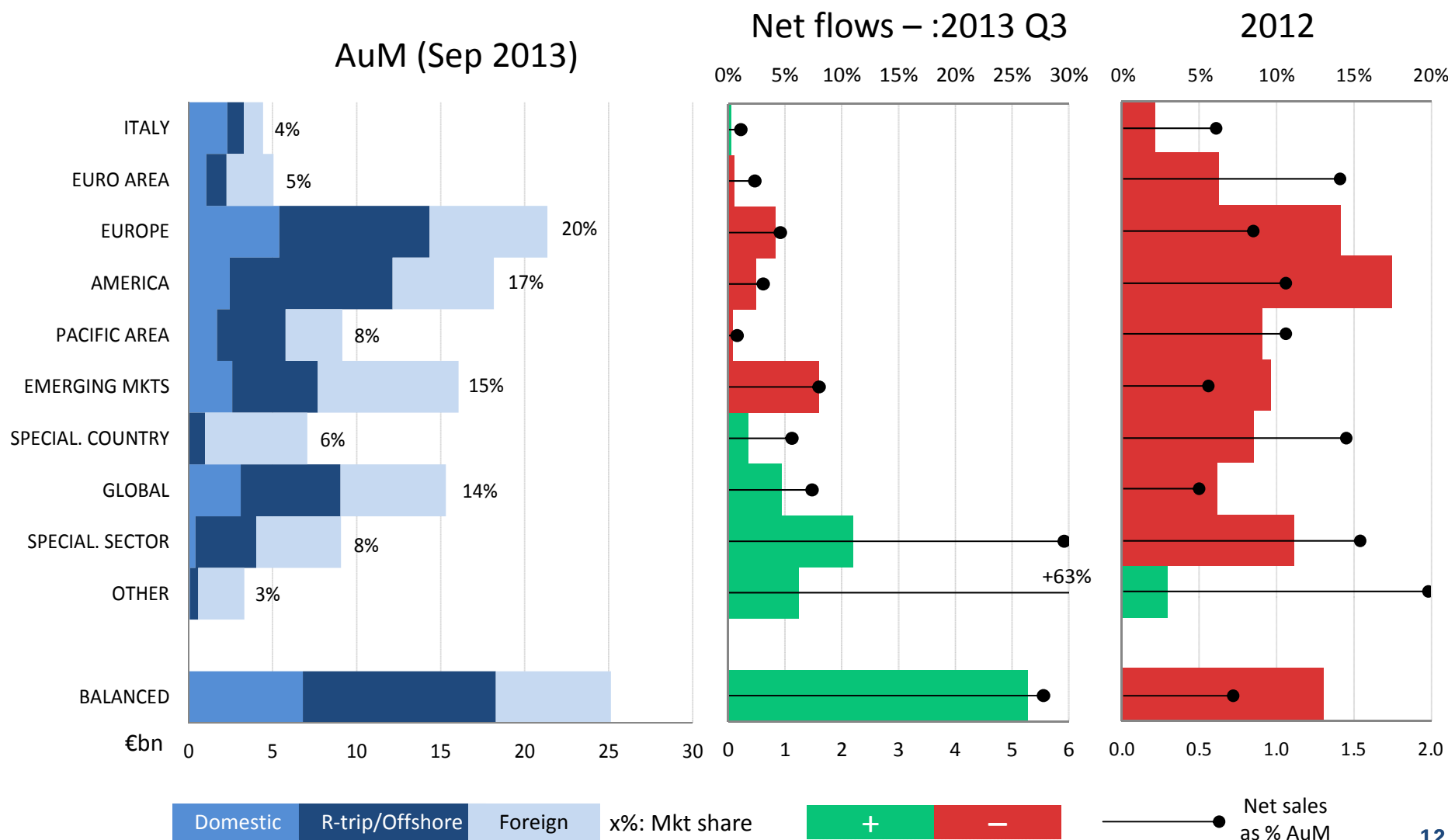




Asset Class breakdown

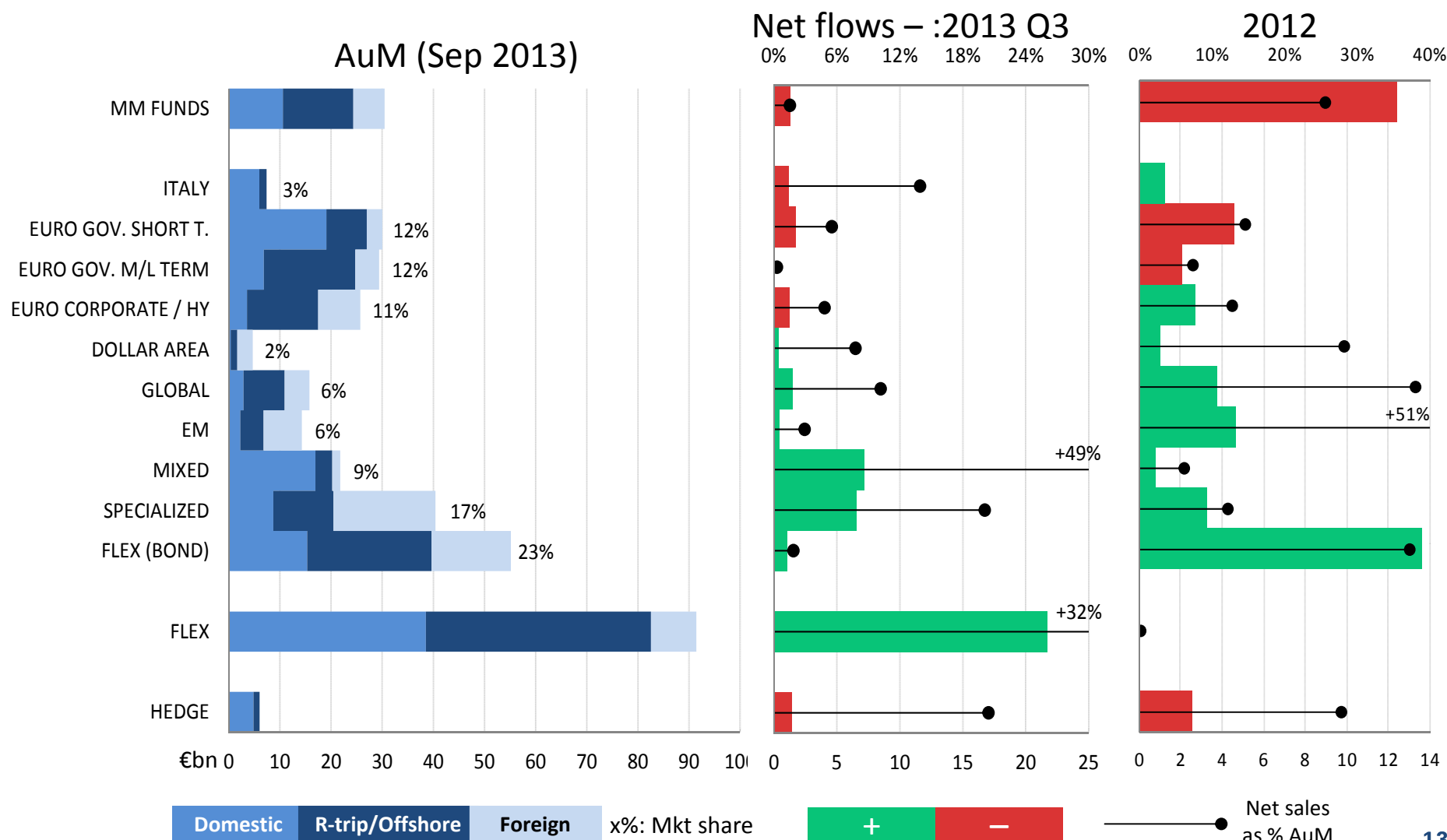


Equity & balanced funds



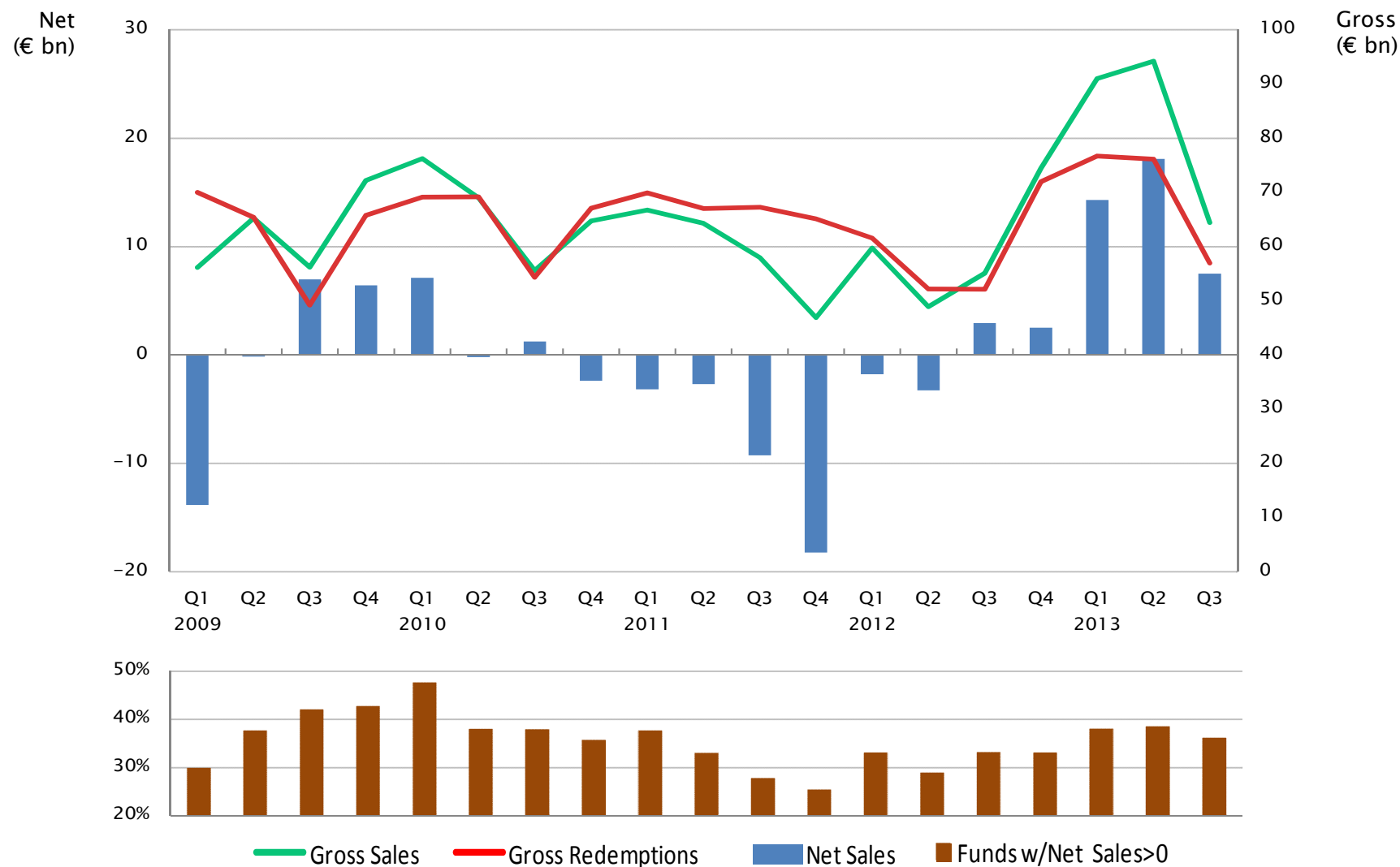


Money mkt, Bond, Flex & Hedge funds





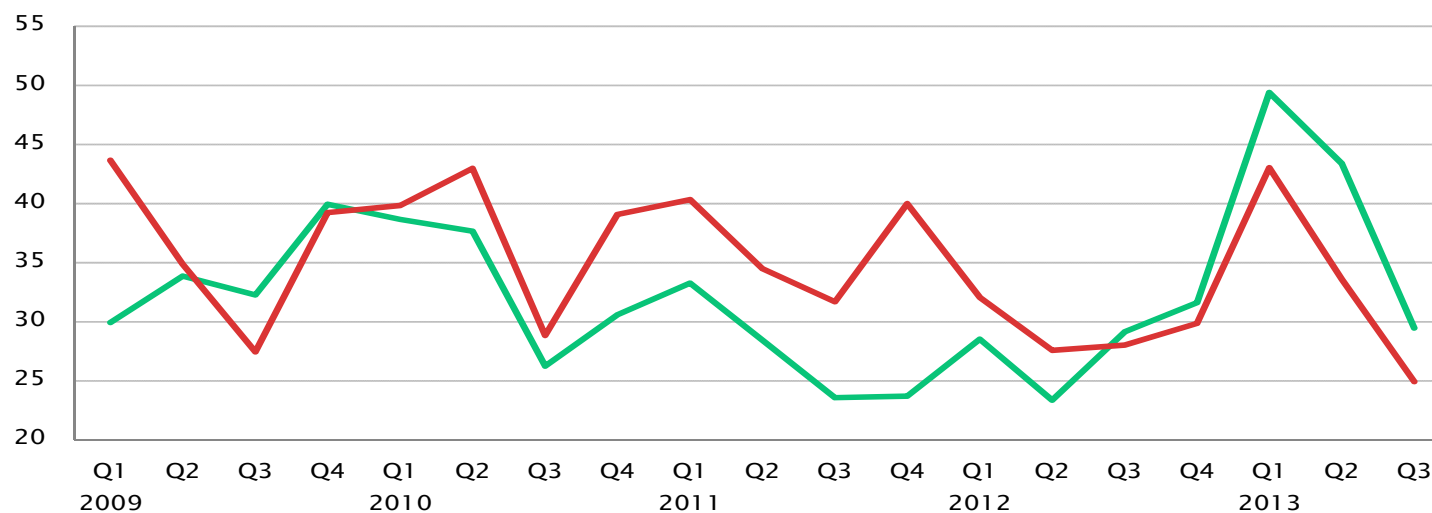
Net & gross flows



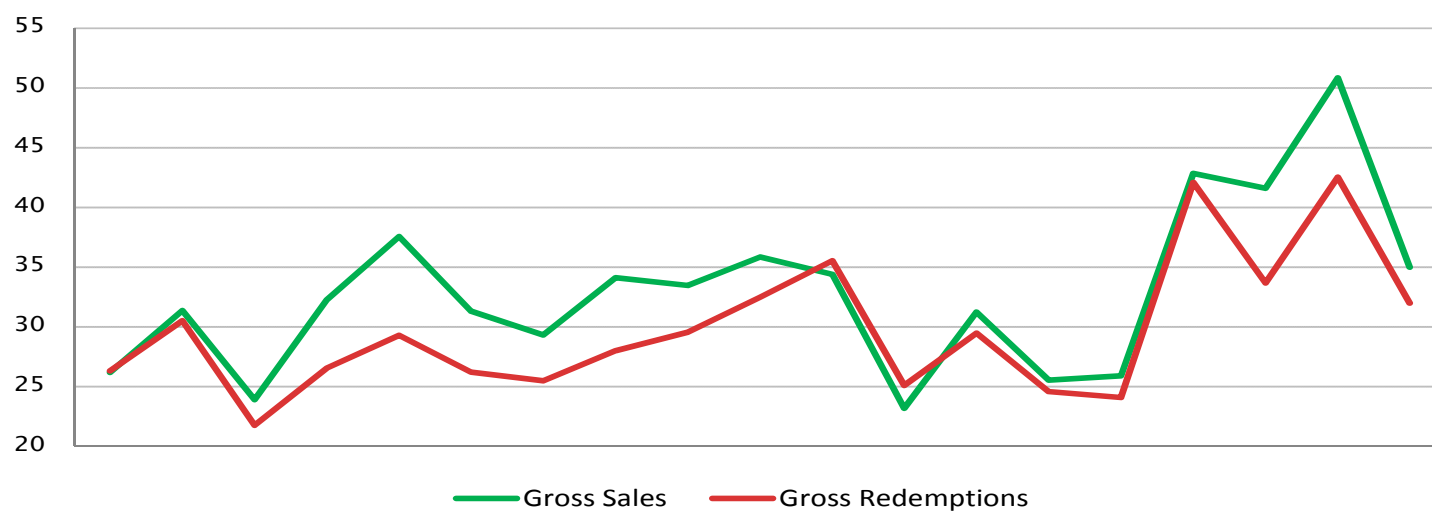


Gross flows: captive vs. non-captive ManCo

Captive



Non-captive

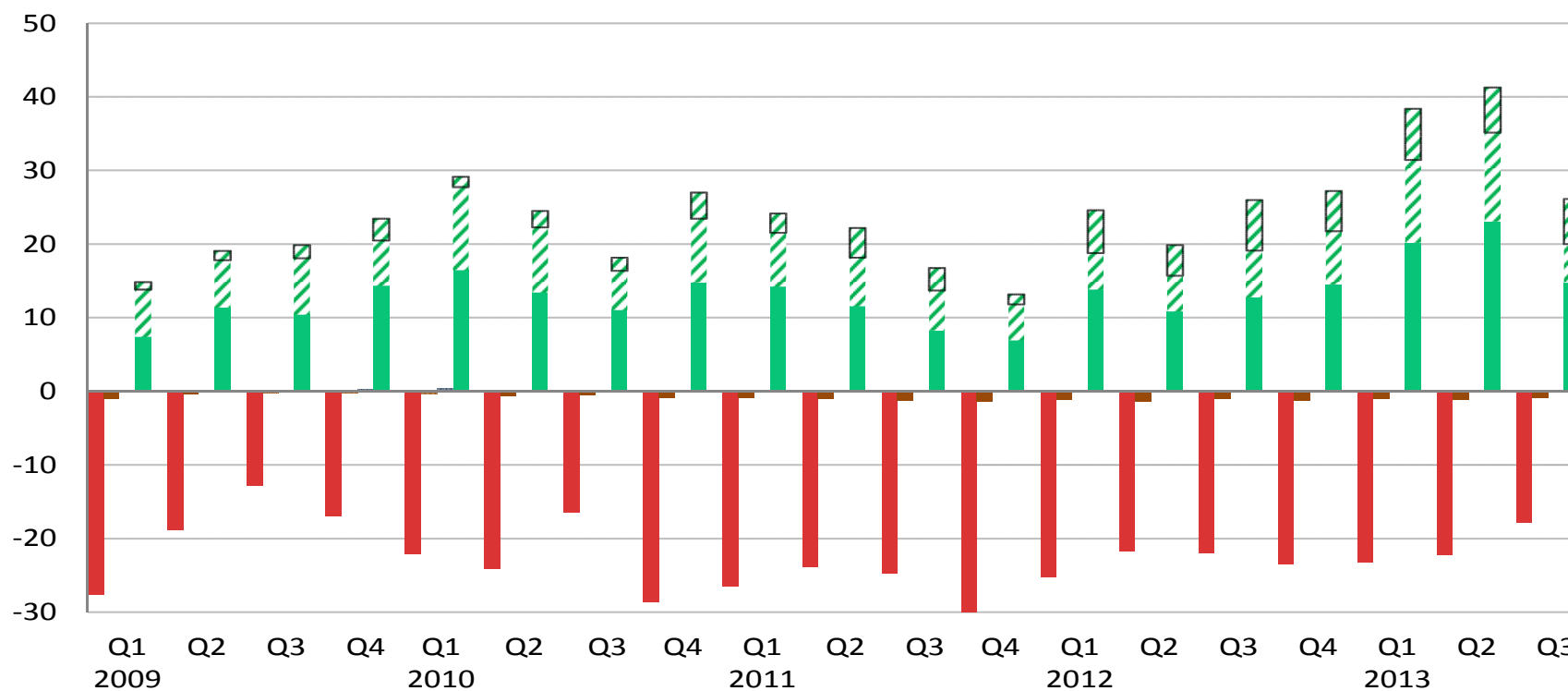


Gross Sales Gross Redemptions



The *blockbuster effect*: top quartile funds take all

	MMF / Short Term		Tot. / Abs. Return						Target / Coupon	
	Tot. / Abs. Return	Target / Coupon	MMF / ST	Target / Coupon		MMF / ST	Target / Coupon		Tot. / Abs. Return	
	Corporate	Tot / Abs Return	Target / Coupon	Corporate	MMF / ST	Corporate	Target / Coupon	MMF / ST	Corporate	MMF / Short Term
										ML Bond

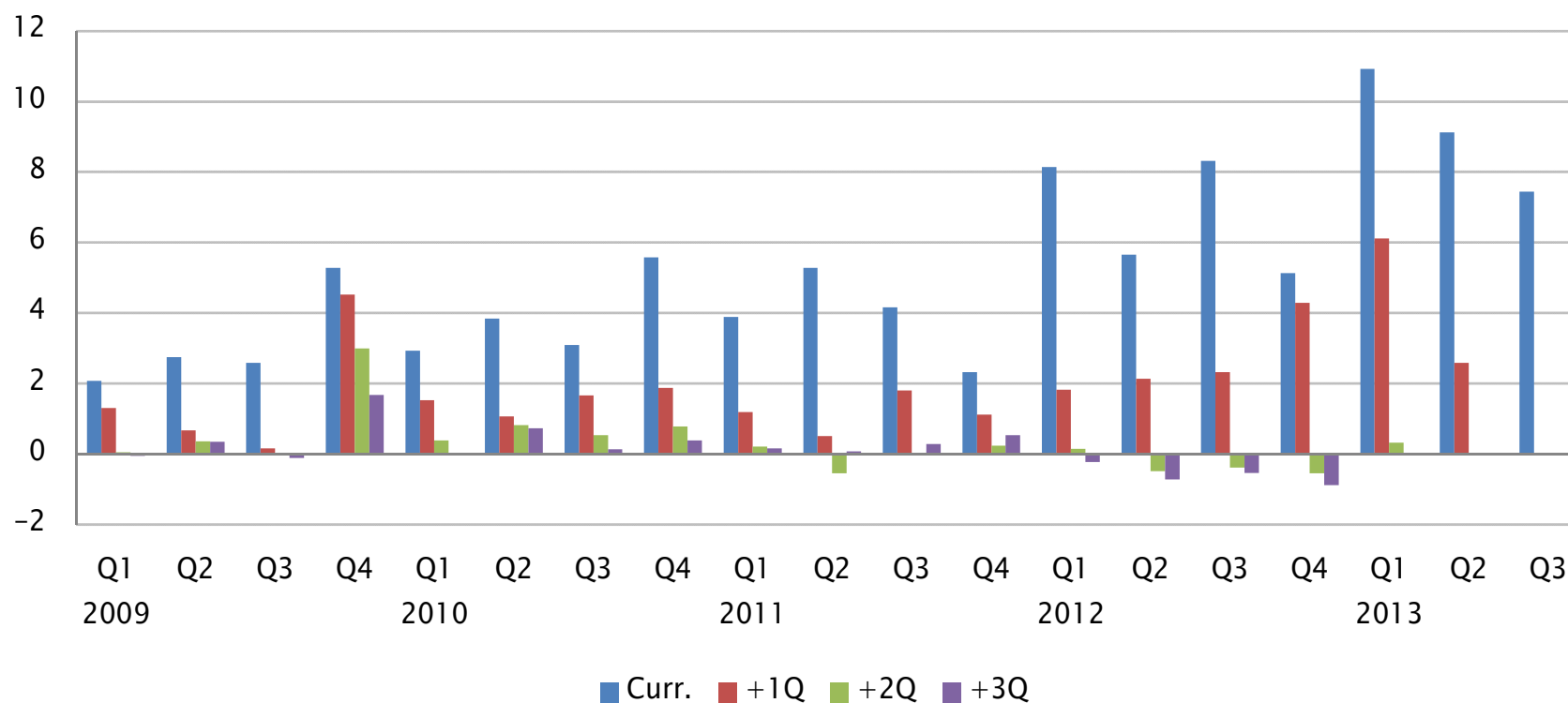


Net flows, €bn.

I II III IV Top 1% New Stories



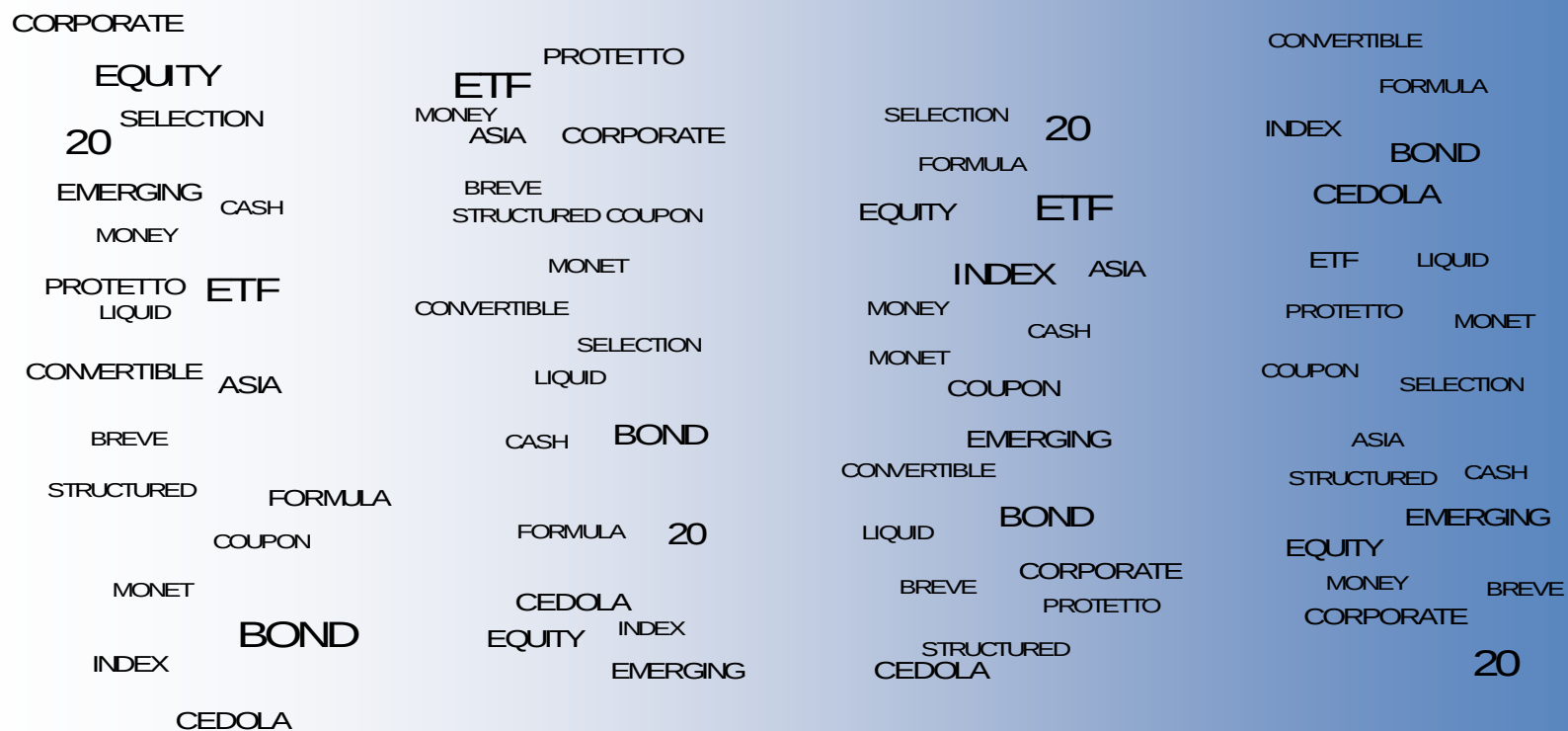
New stories: they sell well... but how long?



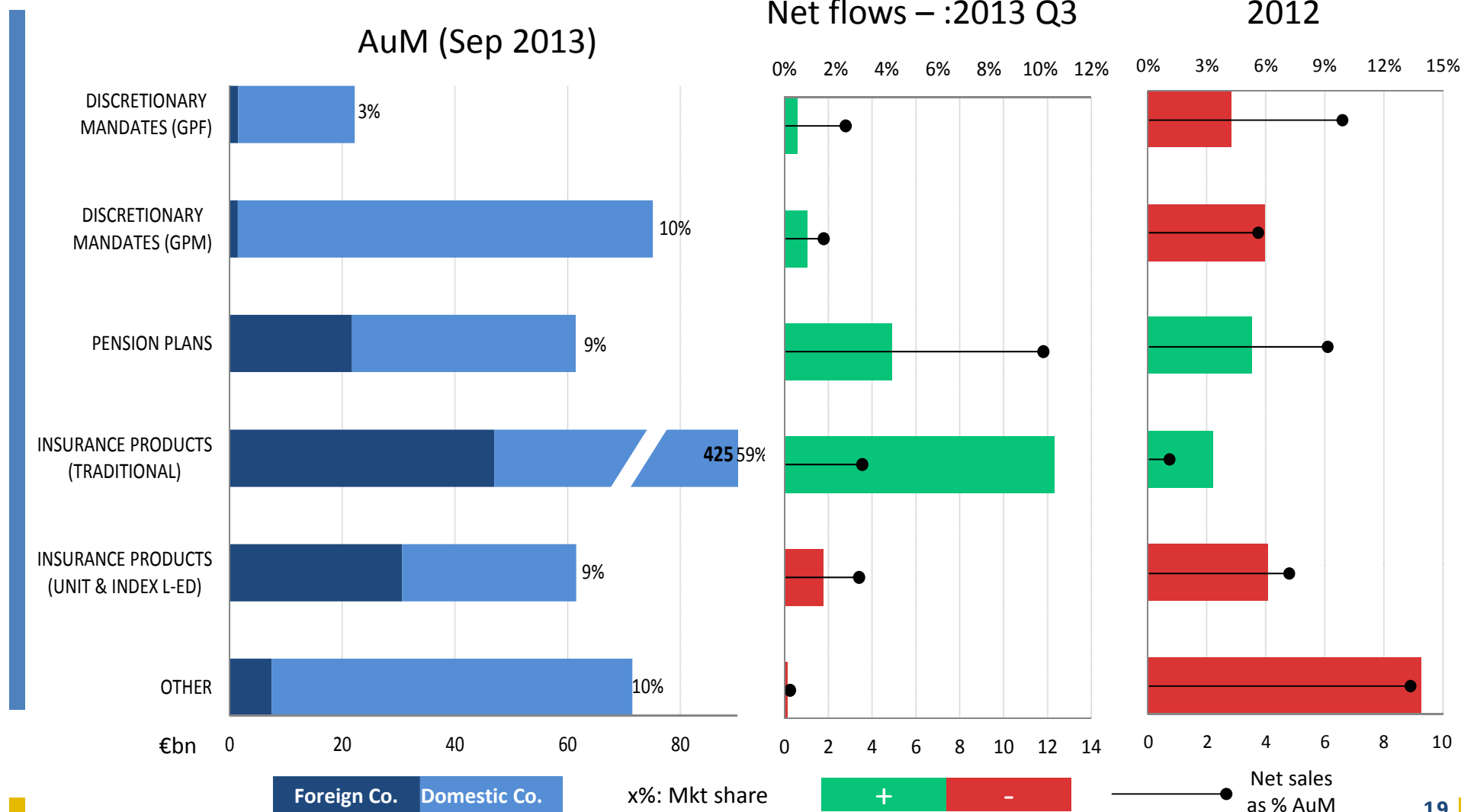


New stories tag cloud

Year	2010	2011	2012	2013
New funds	439	536	578	382

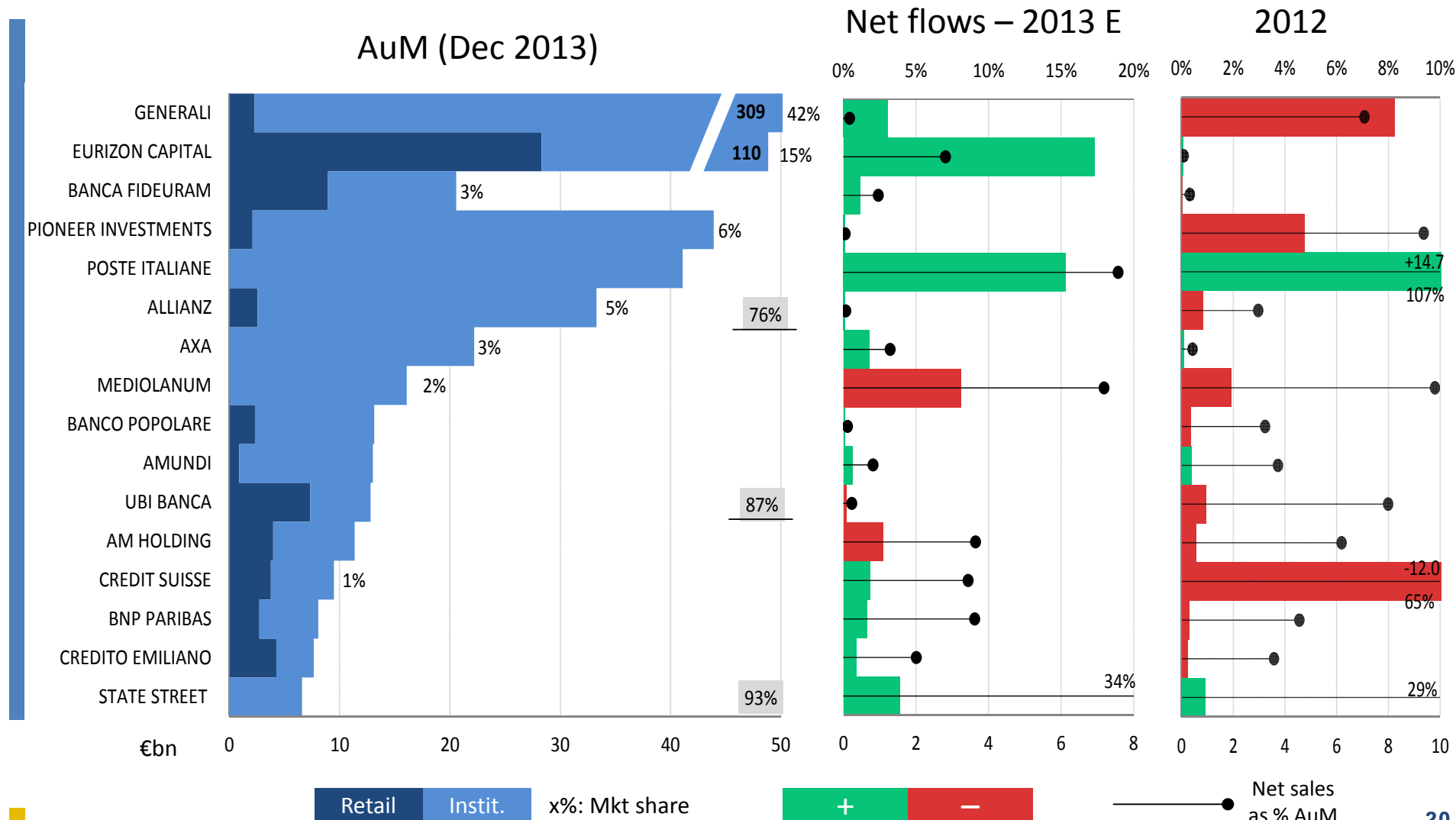


Mandates: AuM & Net Sales trends



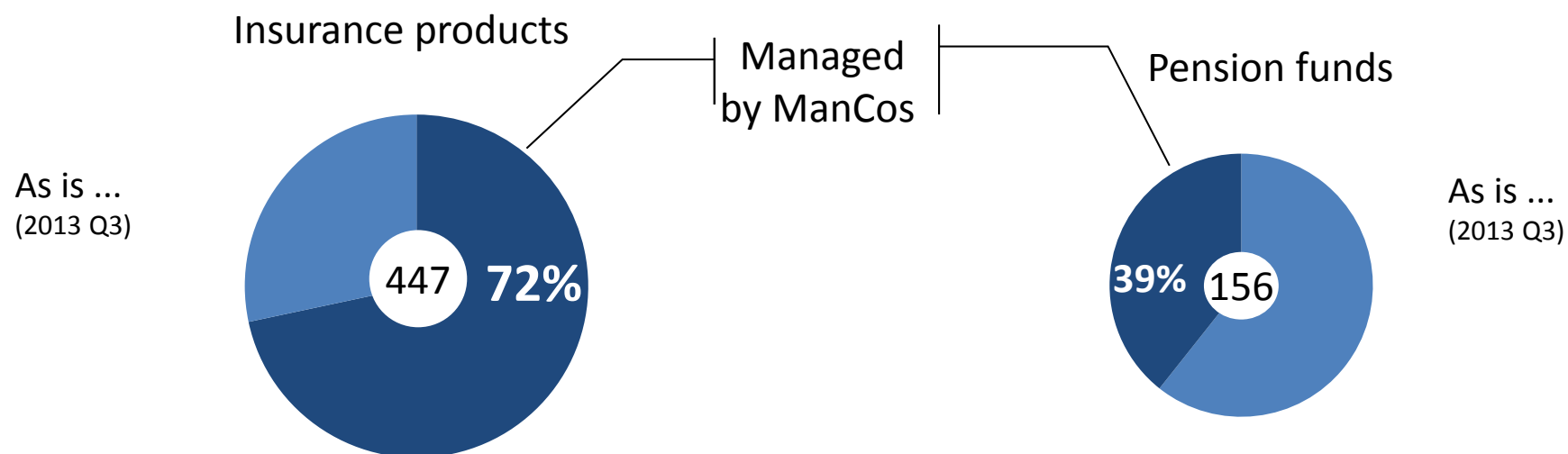


Top 15 Groups (mandates only)





The market for Institutional Mandates



... and as could become:

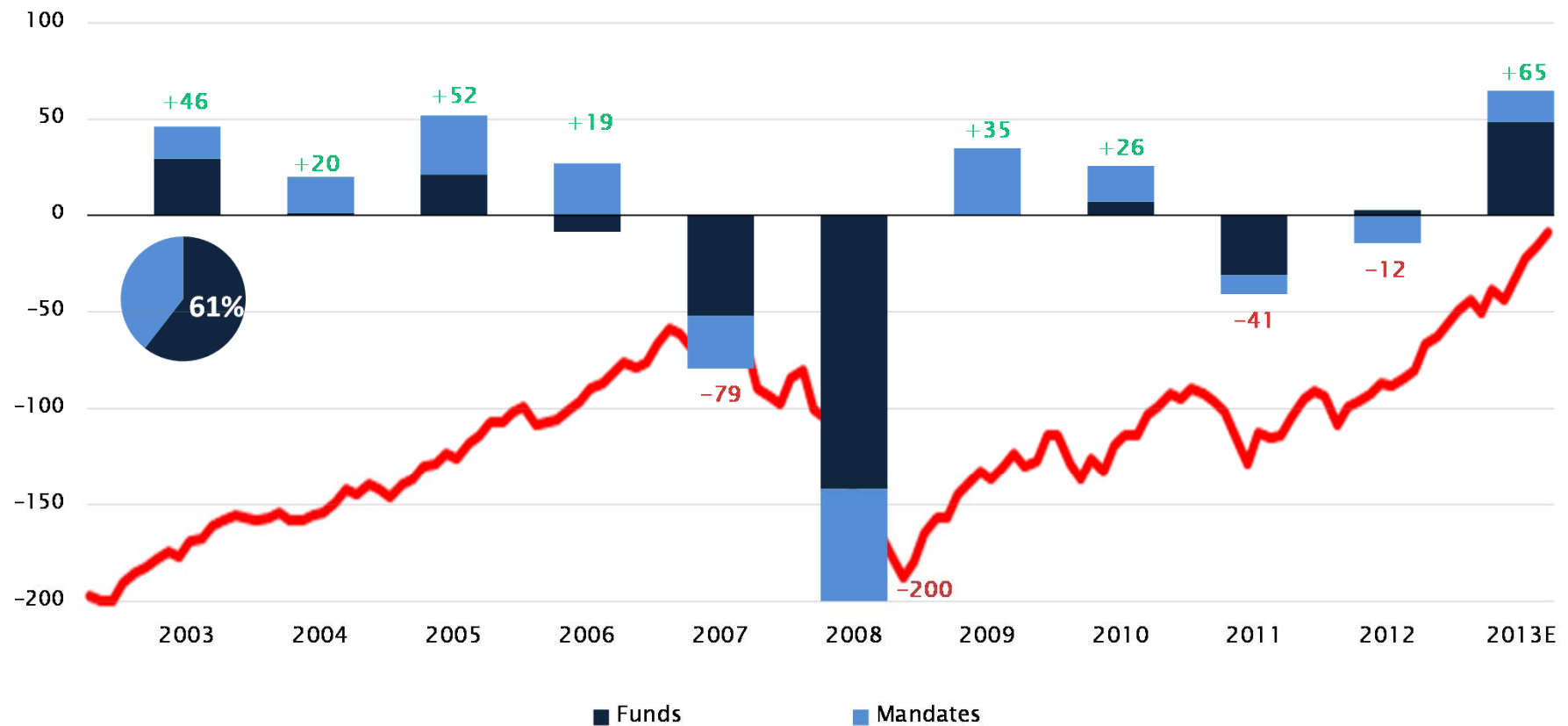
Household portfolio: share of insurance products & pension funds (2013Q2)

IT	FRA	GER	UK	USA
17.8%	34.5%	34.9%	55.4%	32.2%

Despite the economic crisis which is still affecting heavily our country, and despite the fall in the household saving rate, net flows into funds and mandates are rebounding. Why?

- **Some tentative explanations that can be drawn looking at the general features of the market (1), savers (2 & 3), distributors (banks, 4 & 5) and management companies (6).**

1. A pro-cyclical market





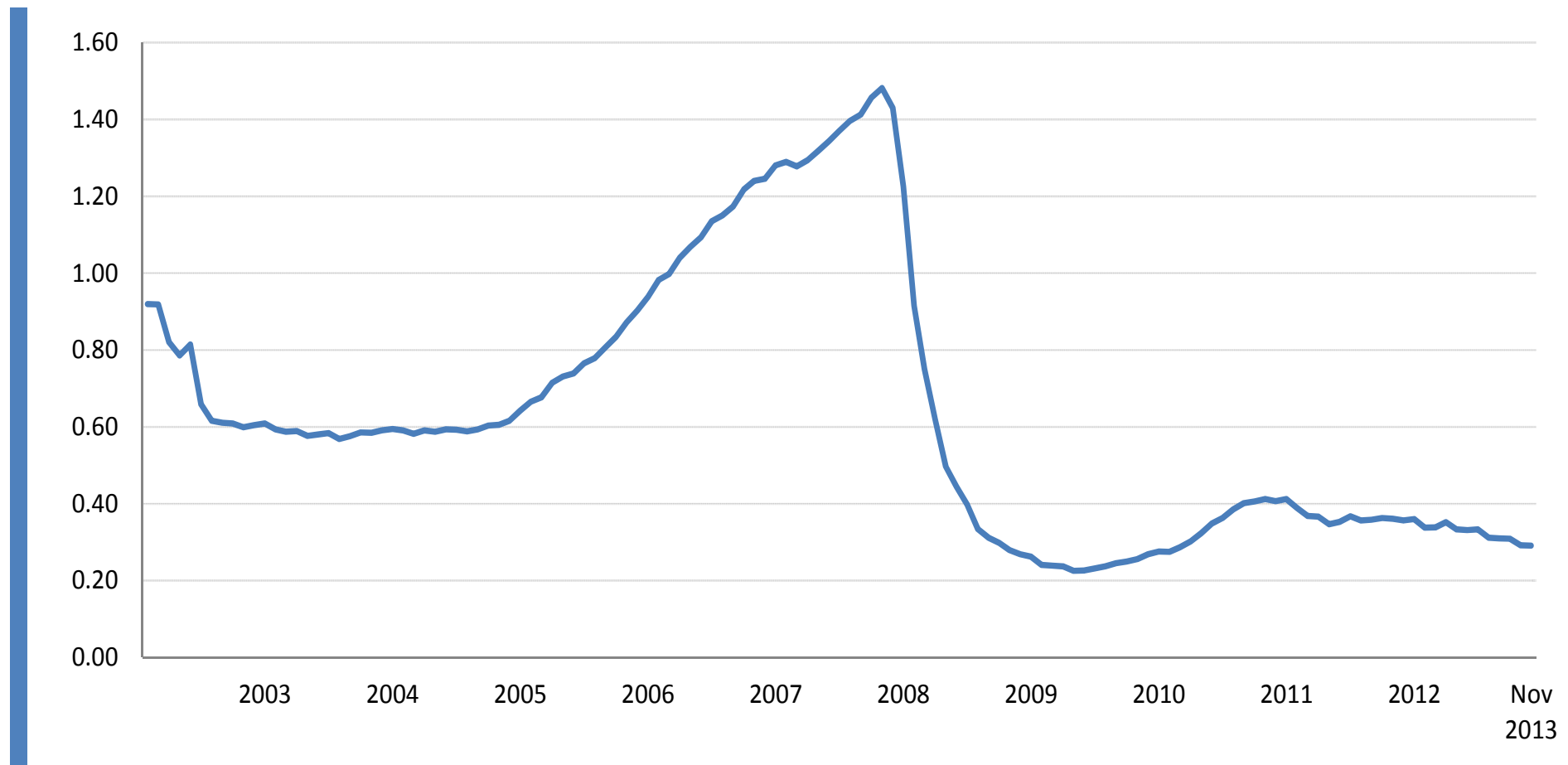
2. Wealth is concentrated

top tier investors hold most of the money pot (*italian funds*)

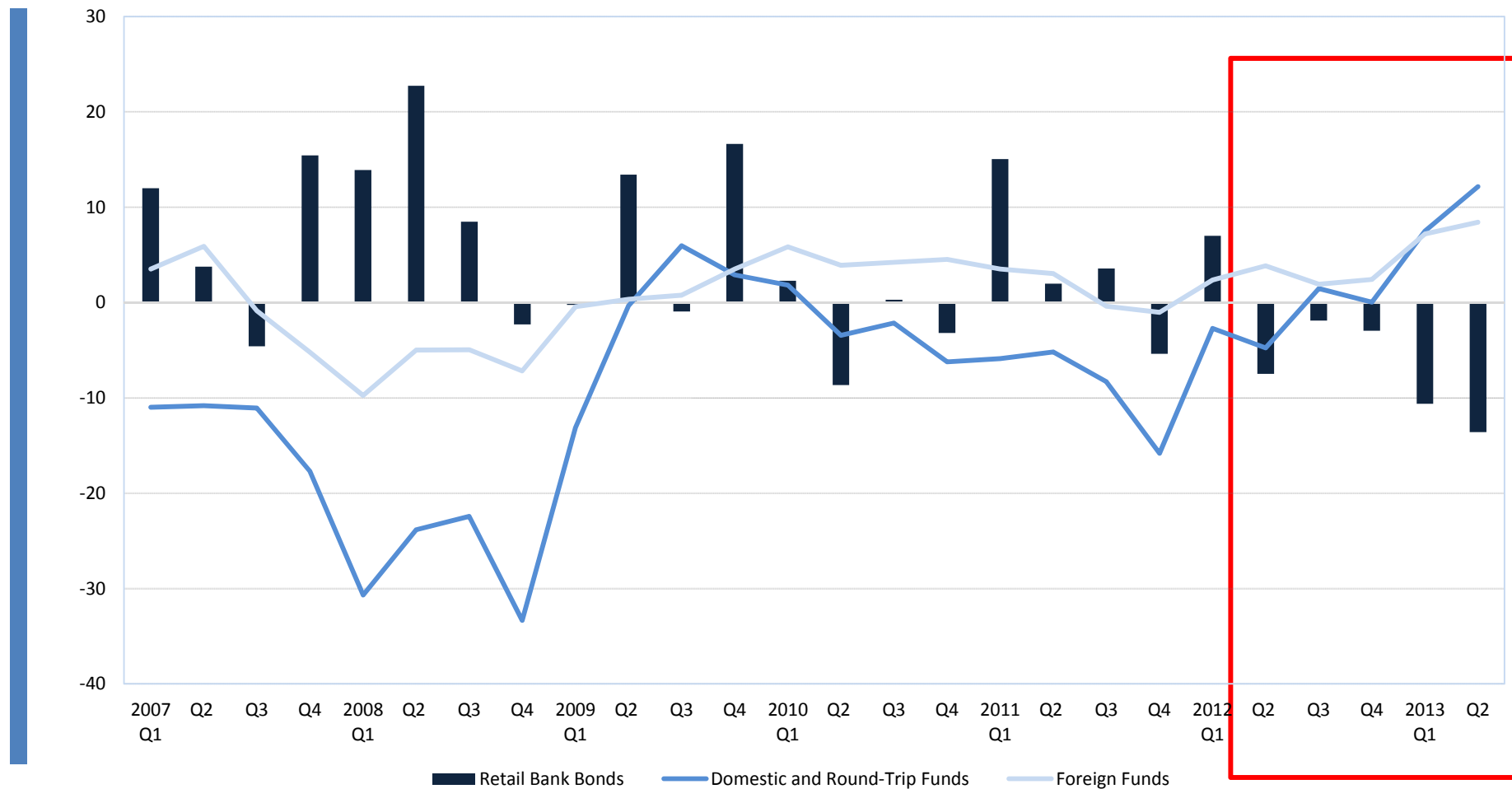
Average investment	23.969	} Average $\approx$ Median $\times 2.5$
Median investment	10.047	

Quartile	% of assets	Limit (€)	
I	1,2	3.166	} 25% of shareholders control 75% of assets
II	6,4	10.047	
III	16,4	24.562	
IV	76,0		
			} 75% of shareholders invest less than 25k€

3. Bank deposits pay low interests

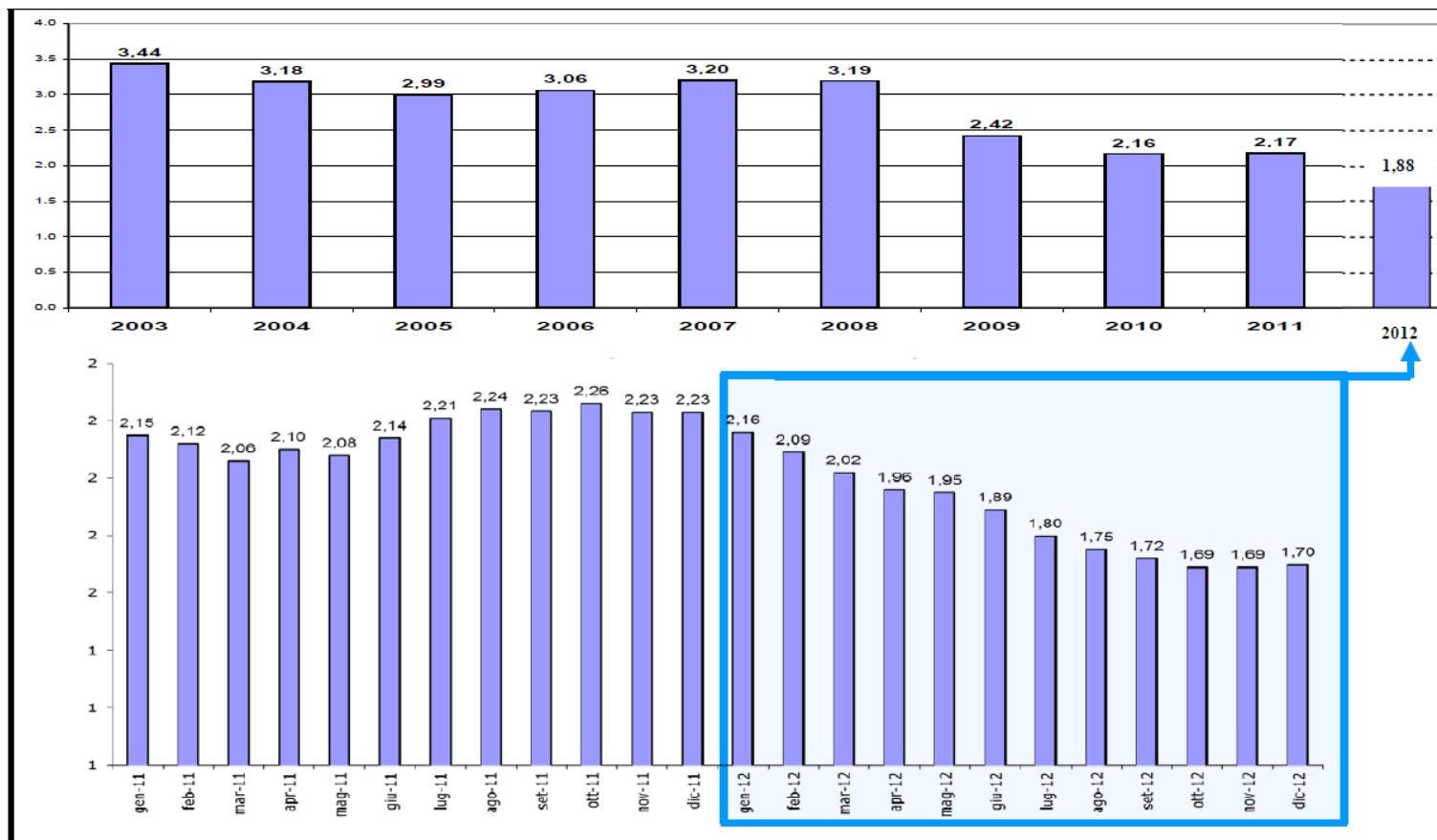


4. Banks are becoming less dependent on funding from retail



5. Narrowing interest margins...

Commercial bank gross margins
(Difference between interest paid out on deposits and paid in on bank loans)





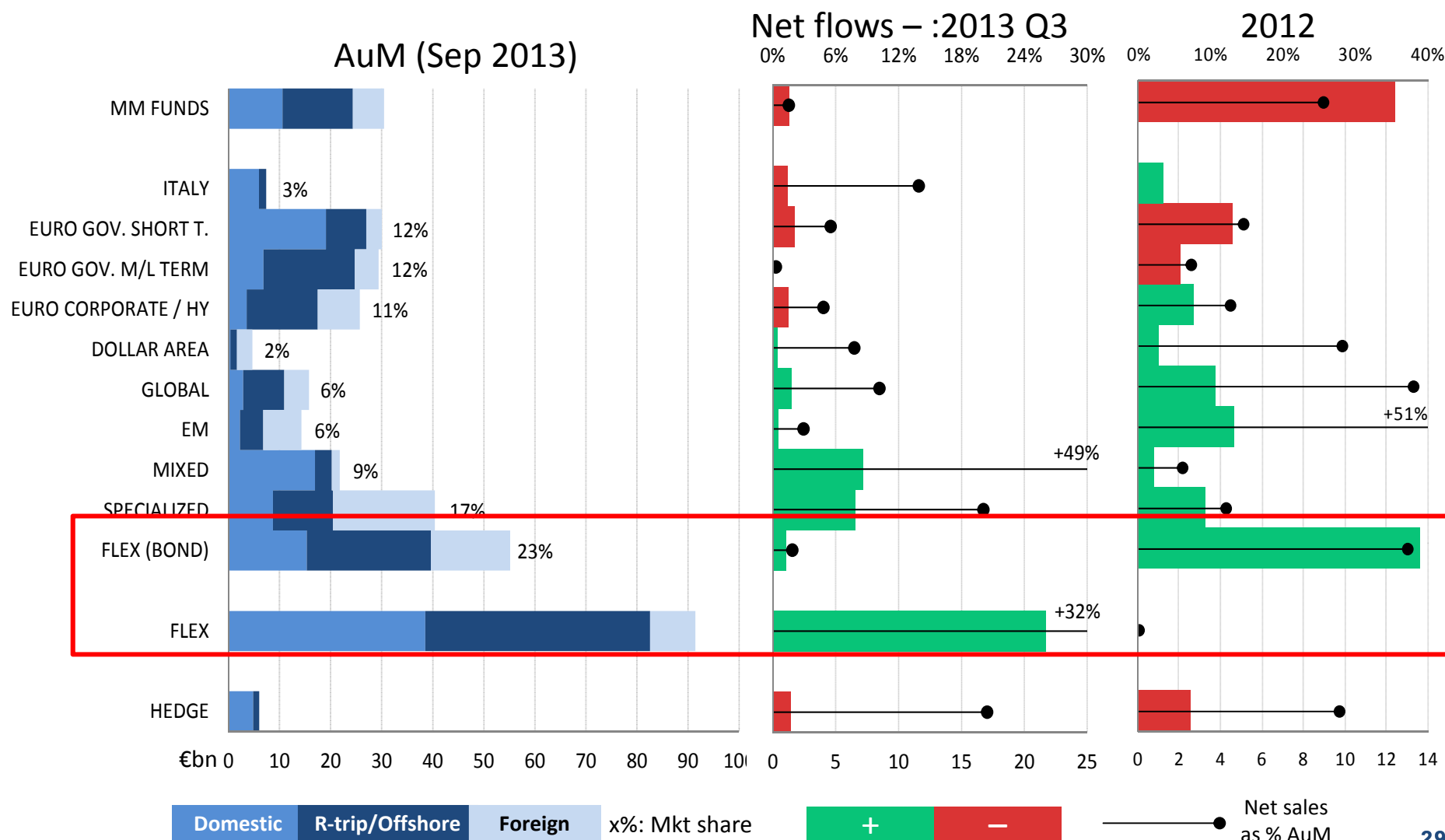
... are pushing banks to increase commission-based margins

Main balance sheet indicators
(YoY% change)

	2012 (1)	2013 (2)
Assets & Liabilities		
Loans	-1,2	1,3
Deposits	3,0	2,4
Profitability		
Revenues	3,3	-4,3
<i>of which: interest margin</i>	-4,7	-1,9
<i>net commissions</i>	-1,3	7,3
Costs	-3,3	0,2



Money mkt, Bond, Flex & Hedge funds





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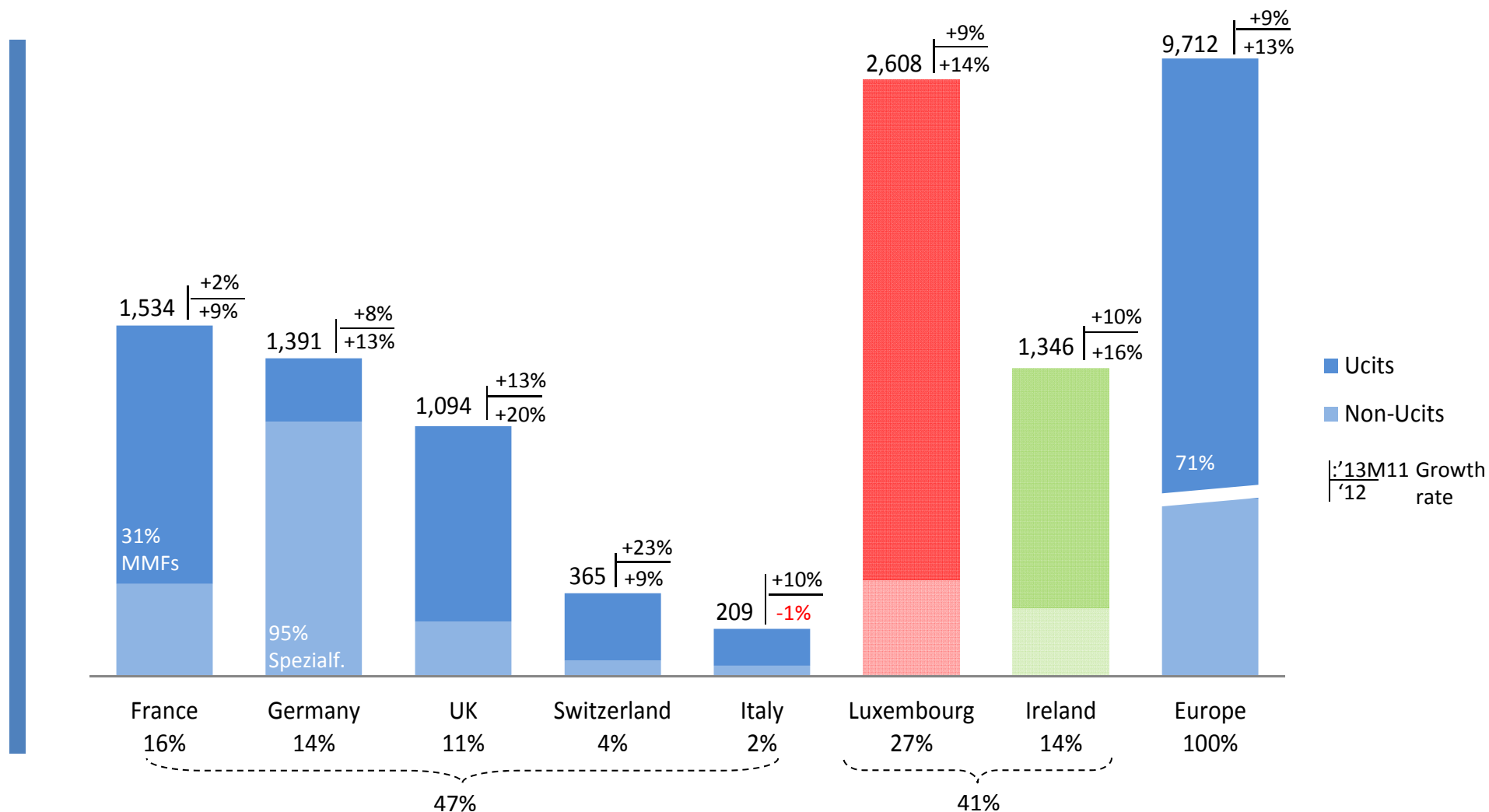
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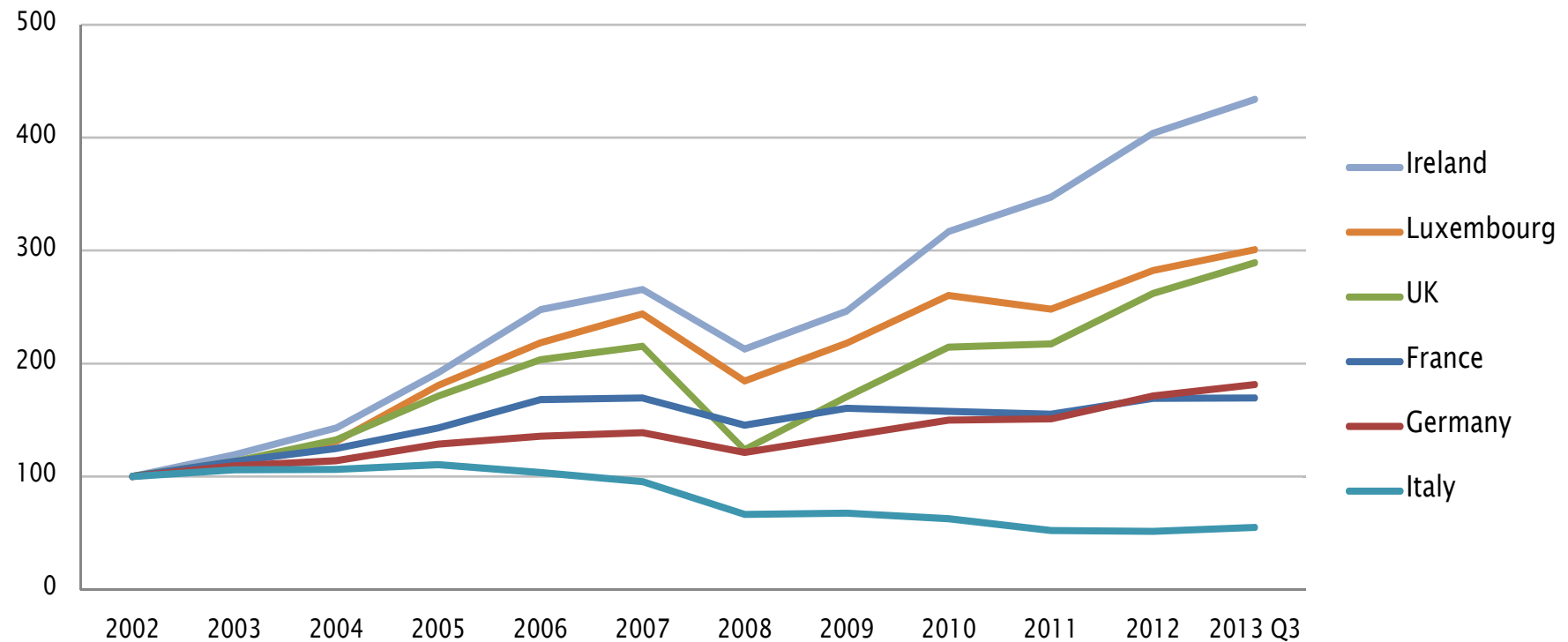


Net Assets by fund domicile

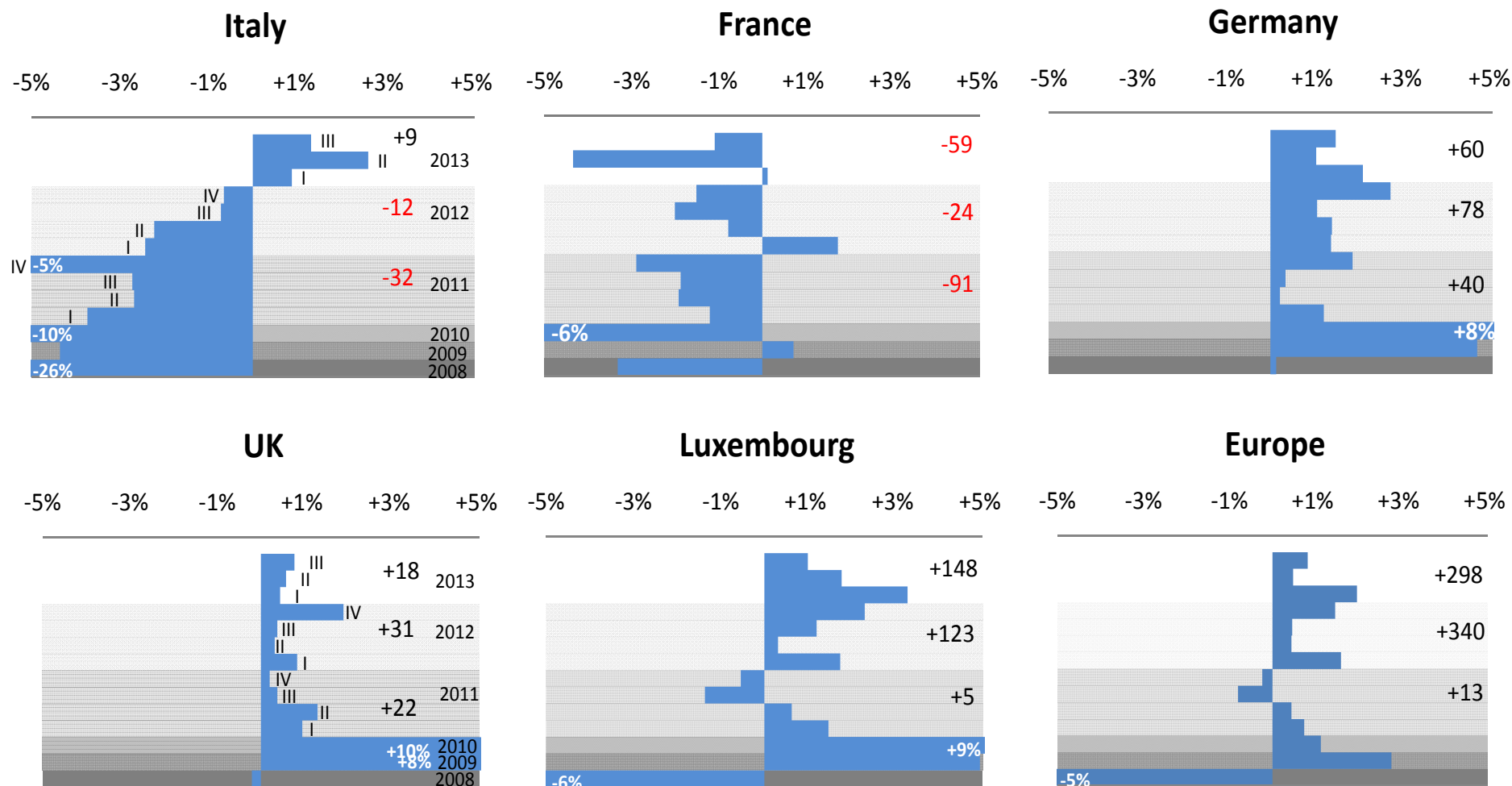




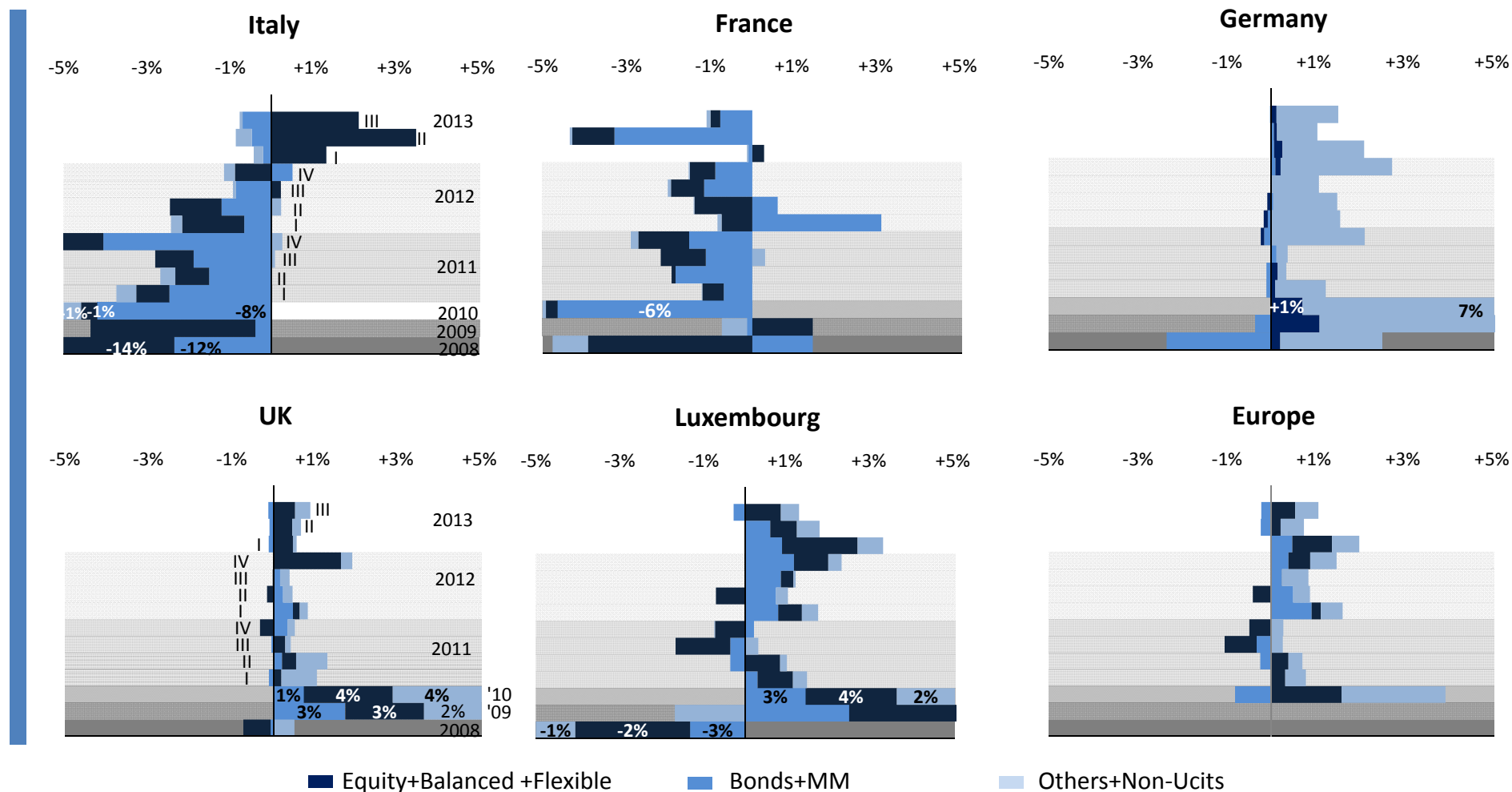
Net Assets by fund domicile – Long-term growth



Net sales by fund domicile

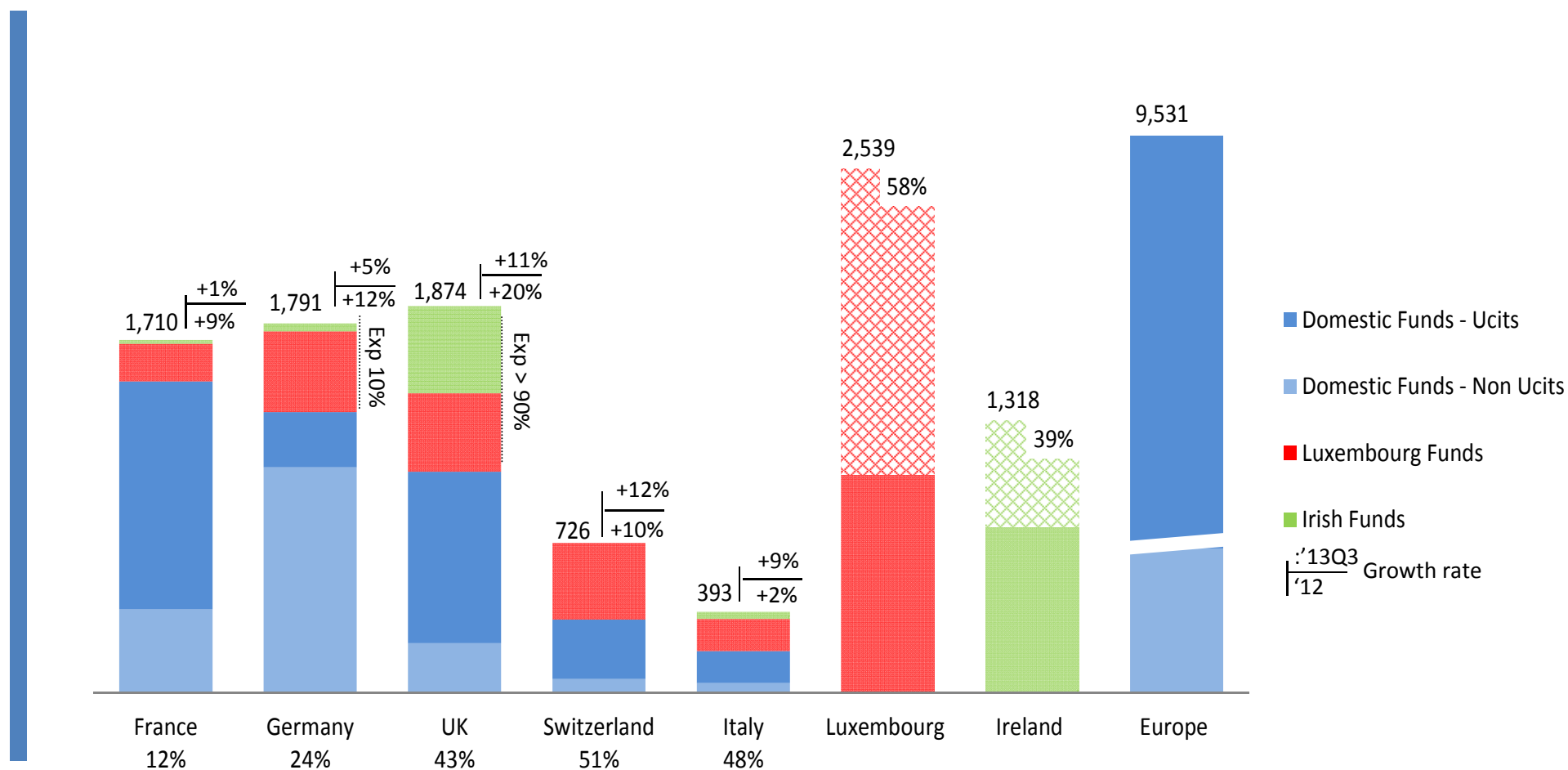


Net sales by fund domicile & asset class

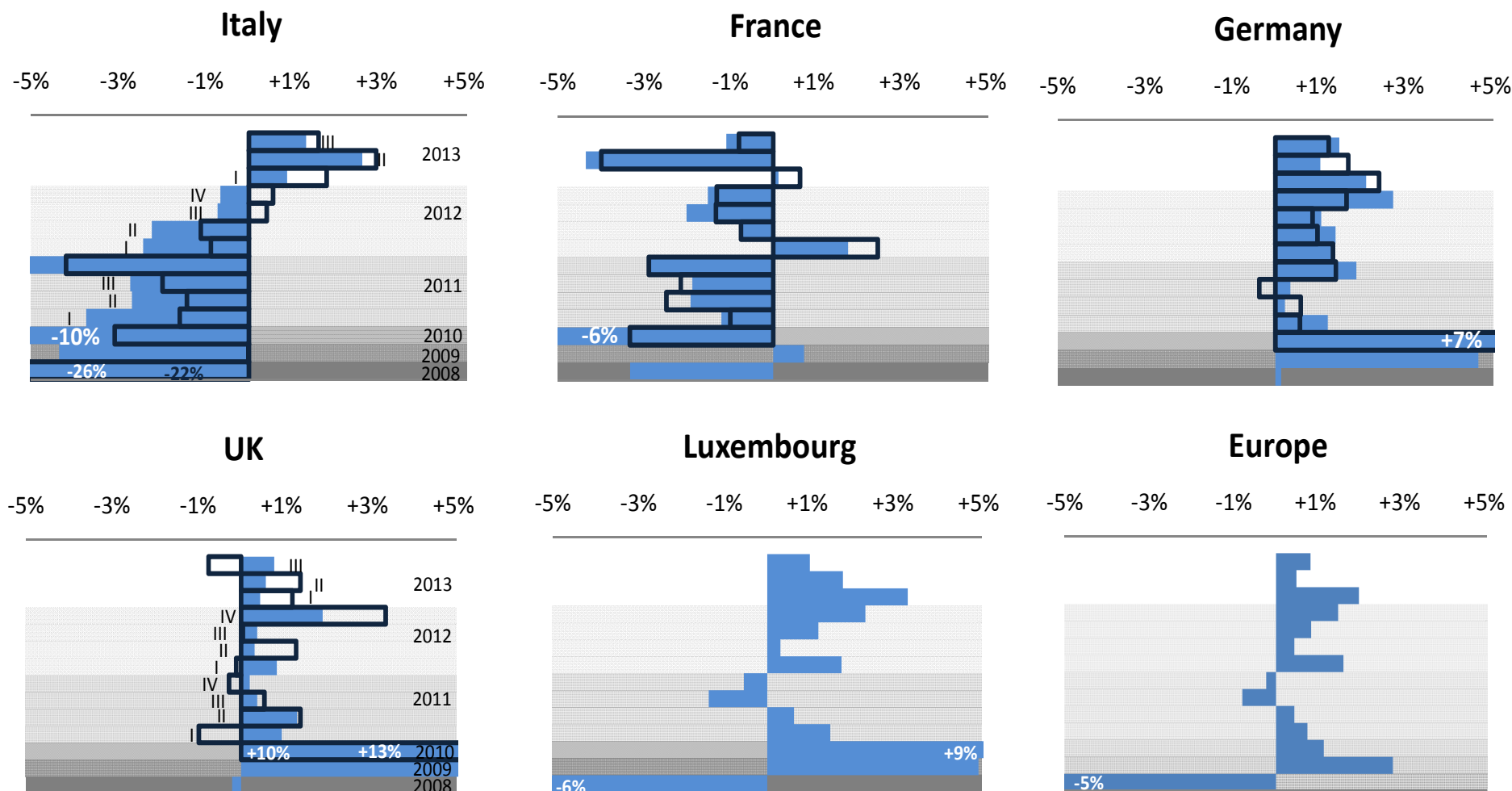




Net Assets by fund group domicile



Net sales: fund domicile vs. fund group domicile





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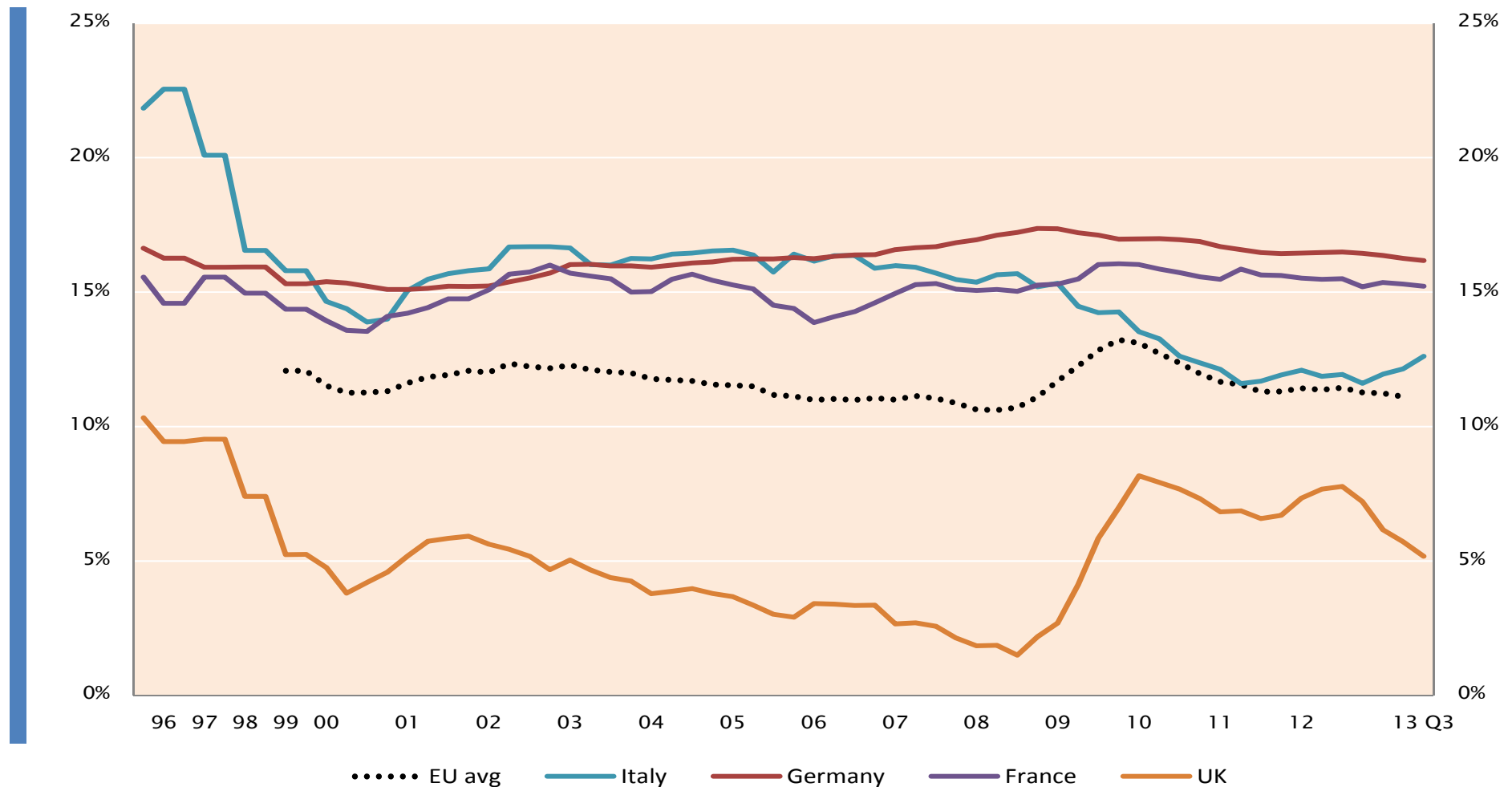
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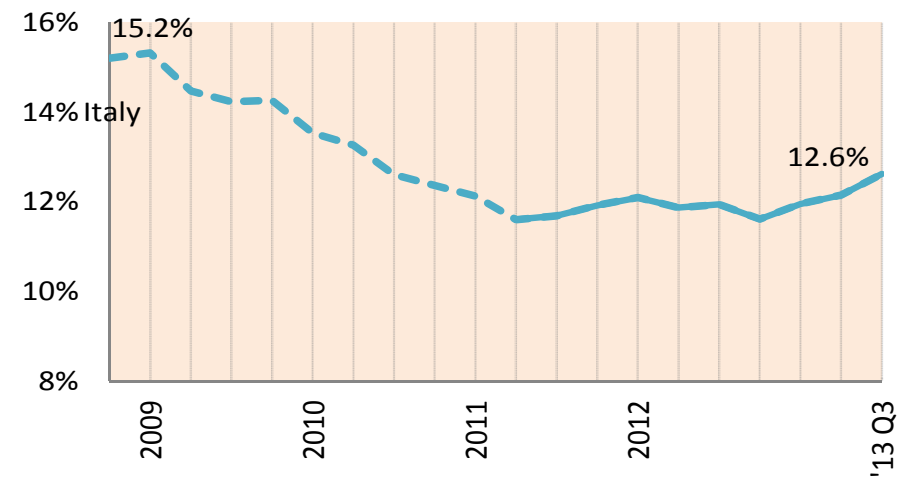
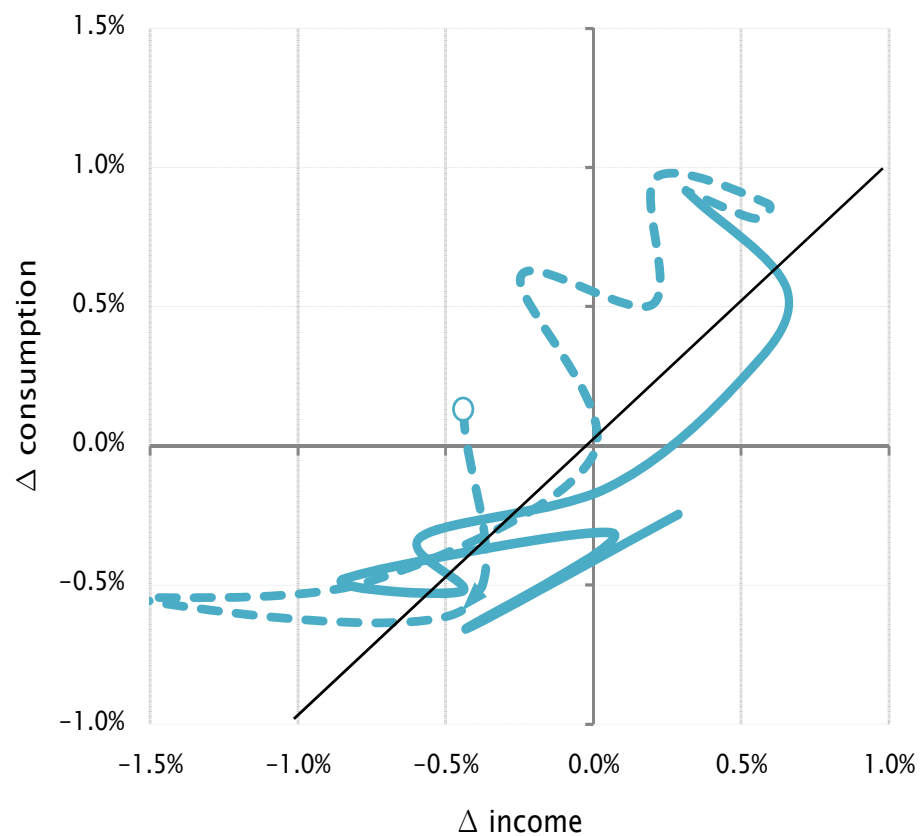
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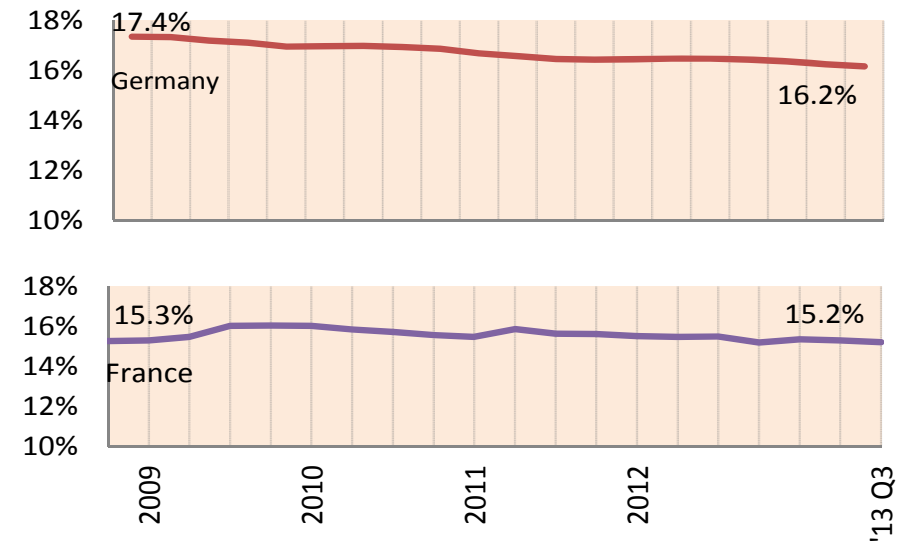
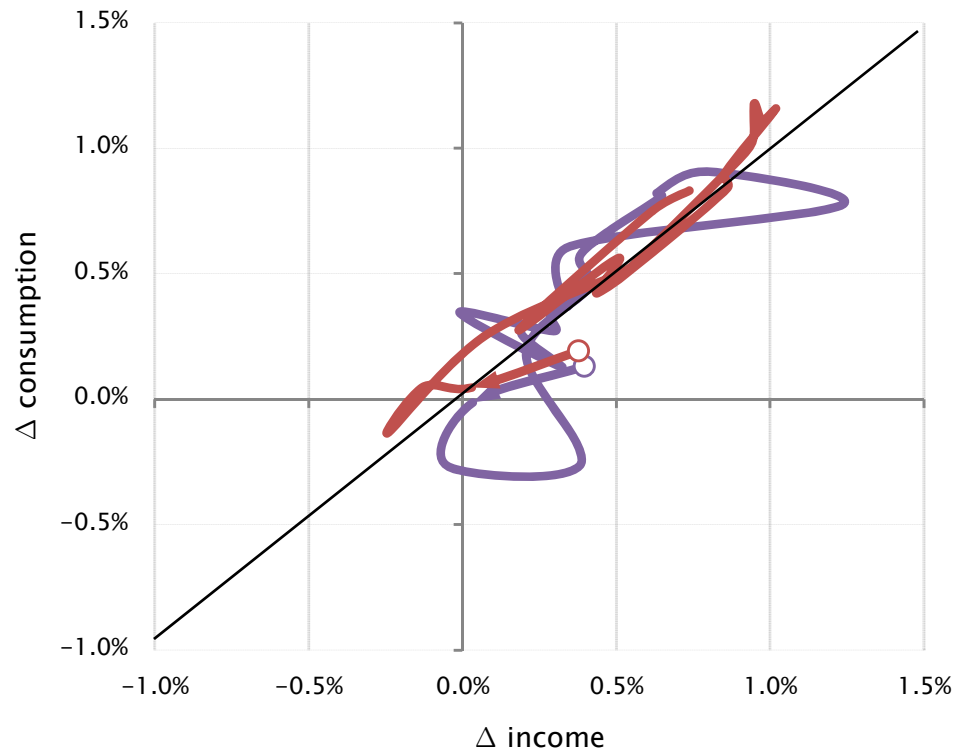
Household saving rates in Europe



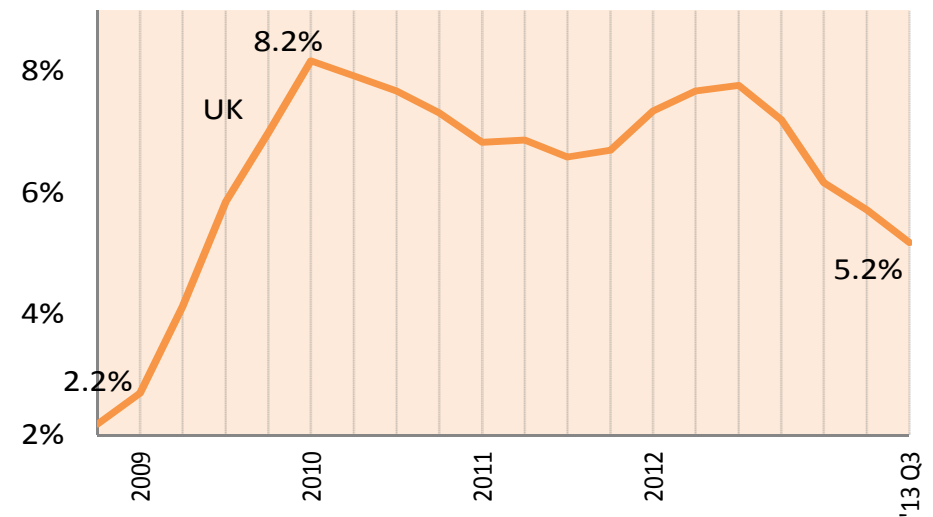
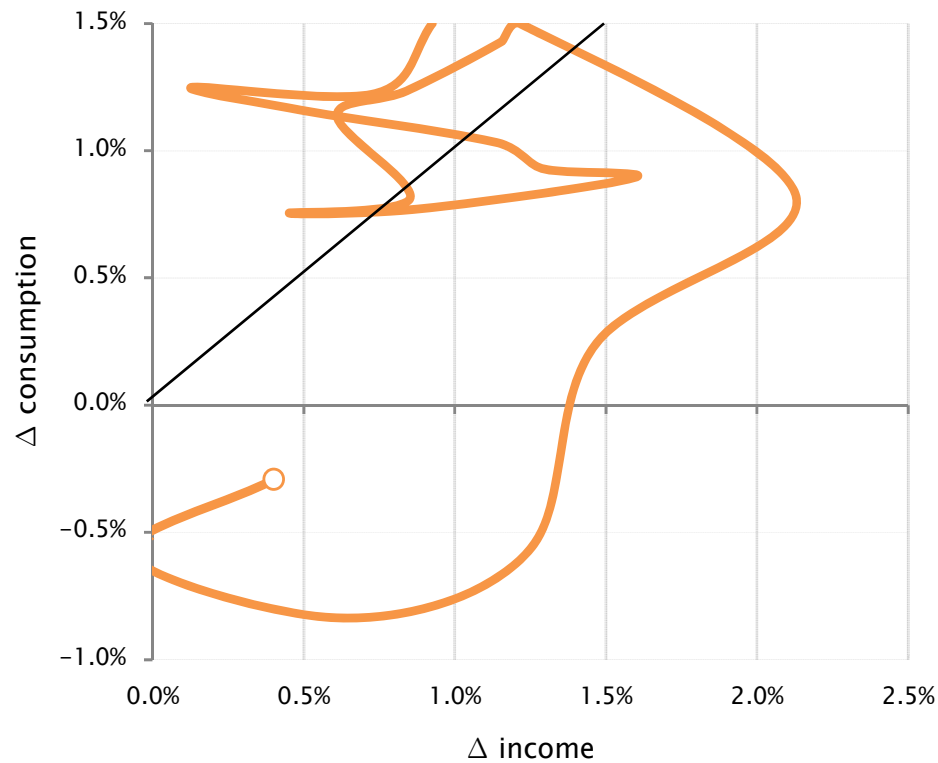
How income & consumption $\Delta\%$ affect saving rates



How income & consumption $\Delta\%$ affect saving rates



How income & consumption $\Delta\%$ affect saving rates





Household financial portfolio breakdown

	Total Asset € bn	Currency & deposits	Bonds		Stocks		Investment funds	Pension funds & life pr
			Total	<i>Issued by banks</i>	Total	<i>Listed</i>		
Italy								
1995	1,796	38.3	22.8	2.1	19.3	1.6	5.8	8.8
2000	3,041	22.9	16.5	6.4	29.5	5.4	17.0	10.0
2005	3,713	24.6	19.8	7.4	25.3	2.5	11.5	14.7
2010	3,723	30.0	19.0	10.0	22.5	1.9	7.2	17.2
2011	3,557	31.5	20.1	10.6	19.4	1.7	6.6	18.0
2012	3,718	31.7	18.7	10.1	20.5	1.6	7.2	17.6
2013 Q2	3,722	31.9	17.4	9.3	20.9	1.5	8.0	17.8
France	4,348	29.9	1.5	<i>n.a.</i>	16.7	3.5	7.0	34.5
Germany	5,027	40.6	4.4	<i>n.a.</i>	9.3	<i>n.a.</i>	8.6	34.9
UK	5,674	27.6	0.6	<i>n.a.</i>	9.6	4.1	2.8	55.4
USA	47,525	13.0	8.7	<i>n.a.</i>	32.1	<i>n.a.</i>	11.1	32.2

High level of direct investment (~ 40%)

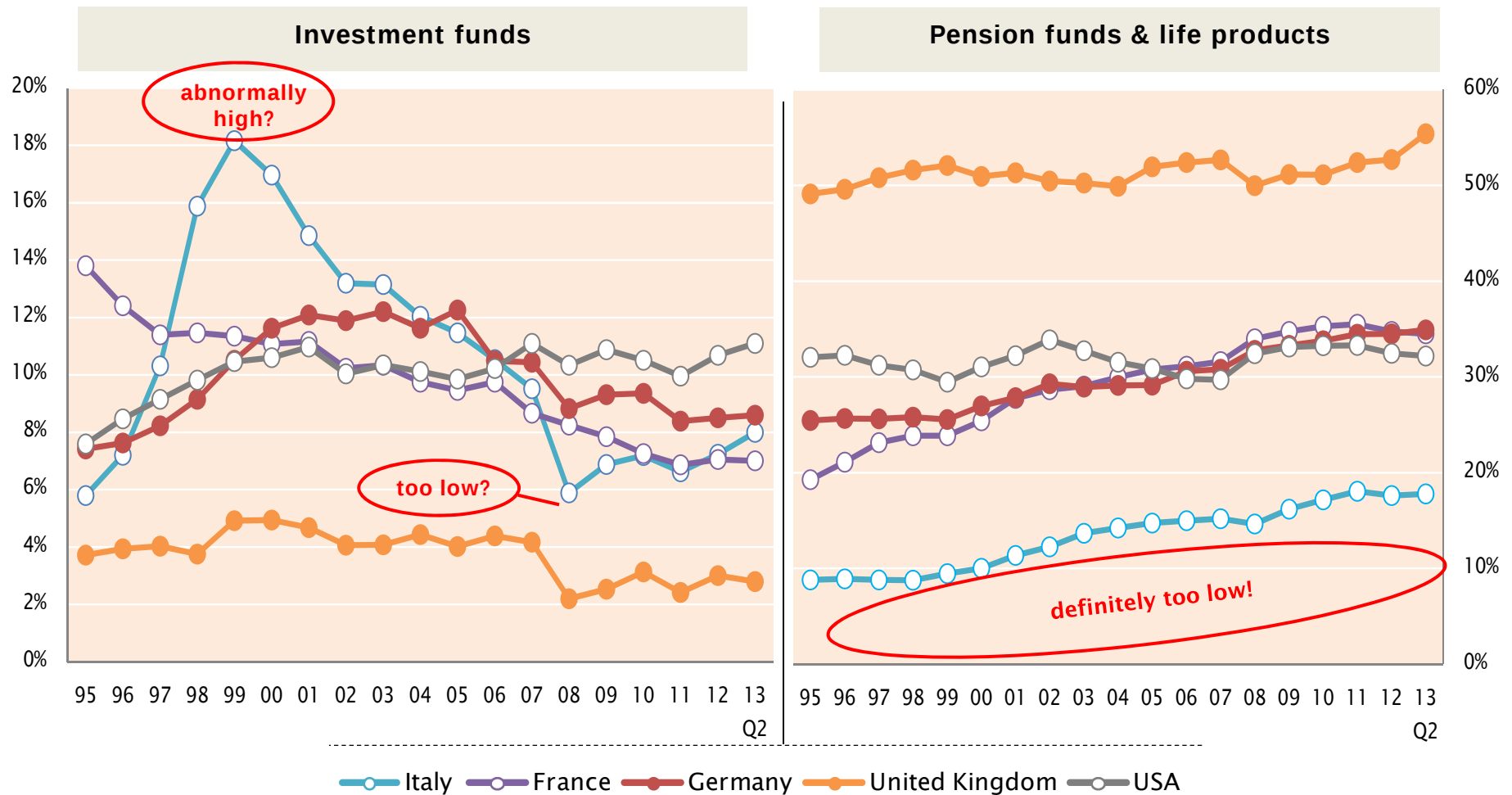
Significant amounts of bank issued bonds (10%)

Negligible level of listed shares. High level of *unlisted* ones.

Funds: rise until 1999 (18%) then fall (**hump shaped**)

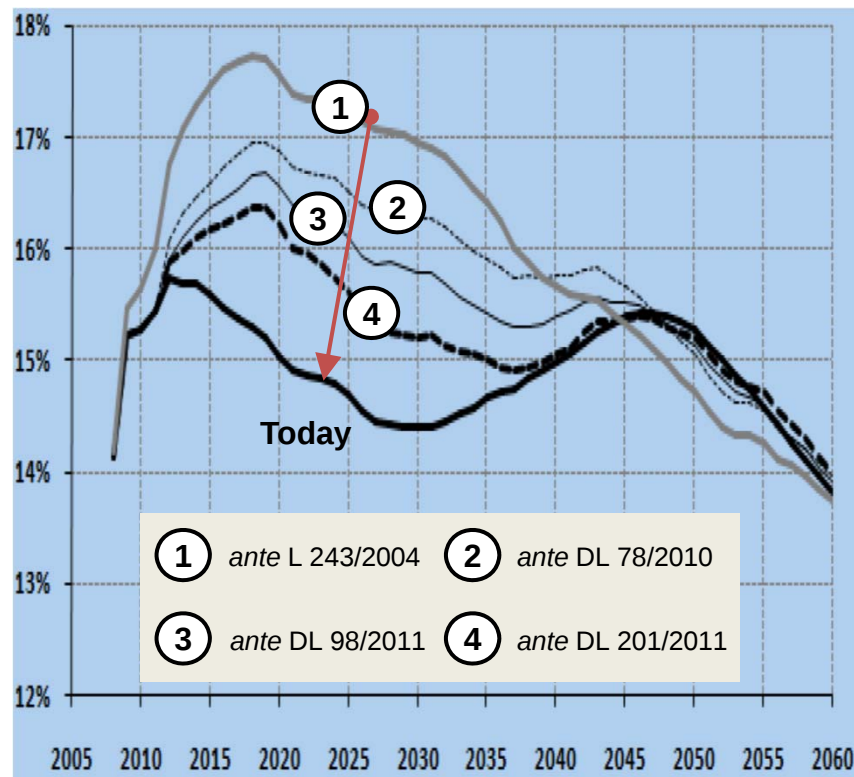
Pensions/life product: up but still **too modest.**

Managed products in household portfolios



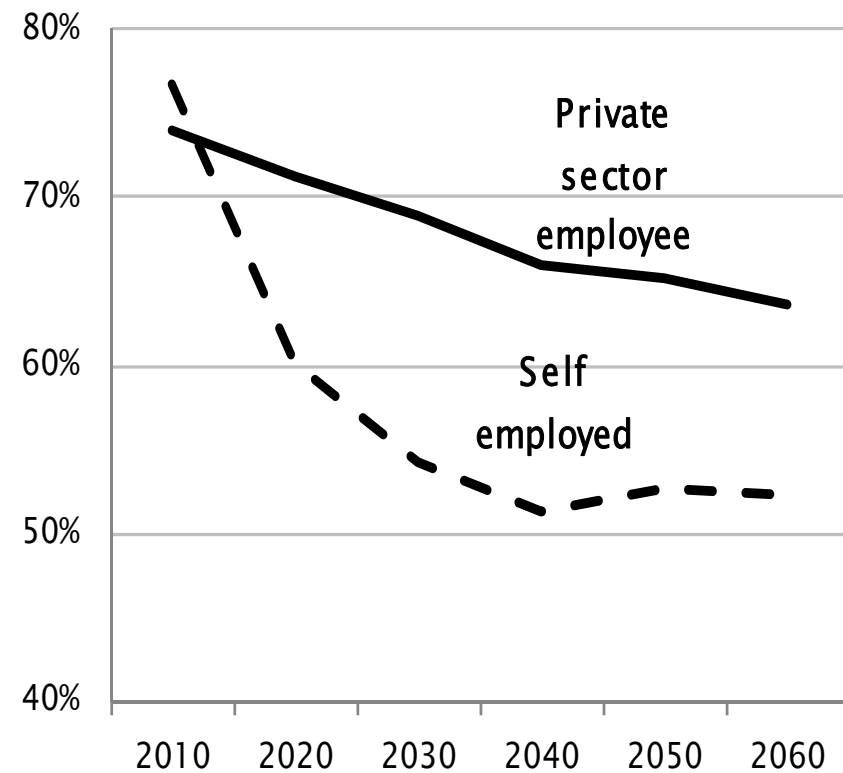
Public Pensions (1st pillar)

Cost (% GDP)



Future substitution rates

Age: 68 (70) + 38 (40)y of contrib.

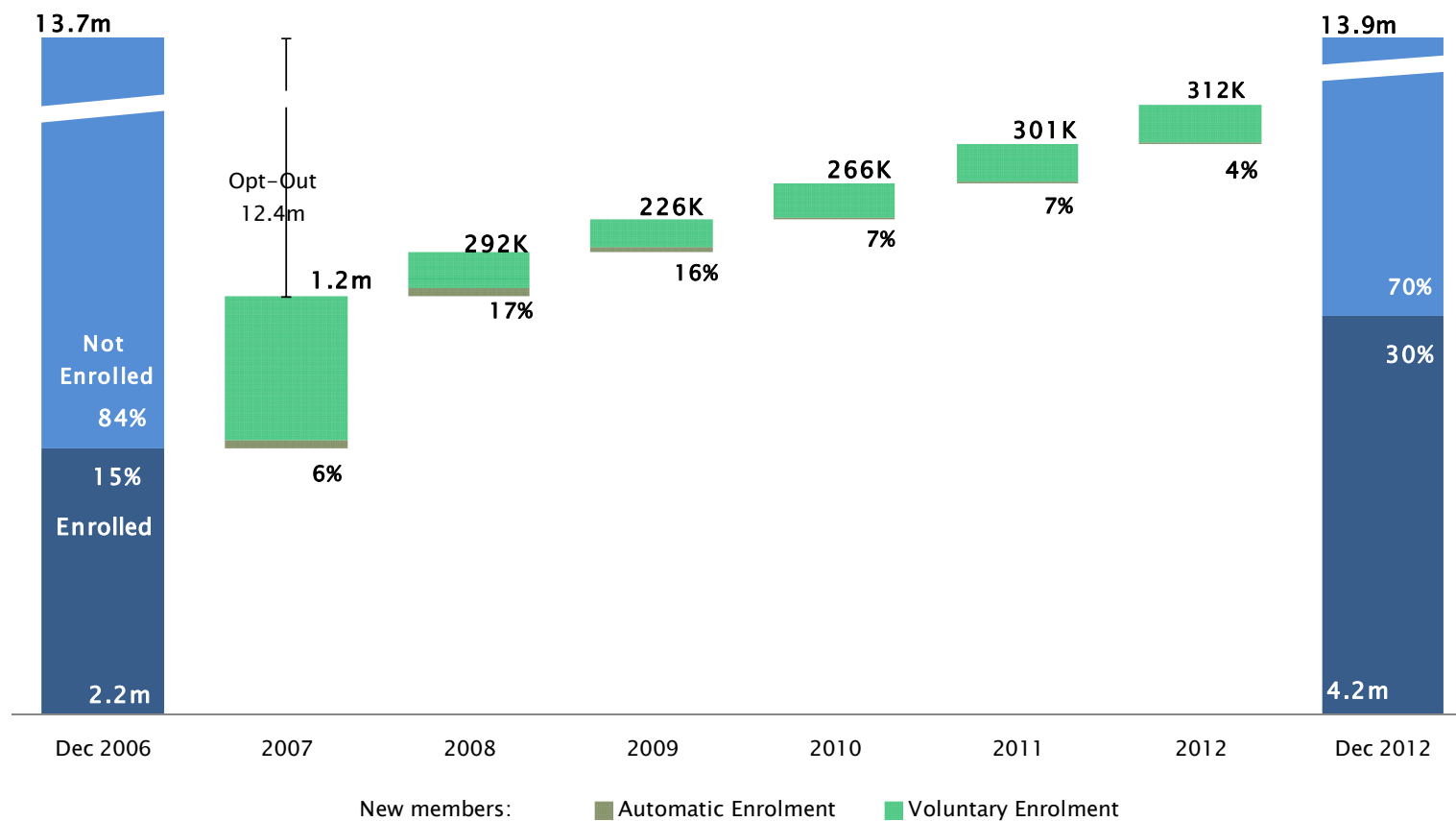


Private pension plans at a glance (2nd & 3rd pillar)

	2012		2008	
	Working pop. (,000)	Membership (est.) rate	Membership rate	
Member breakdown	5,829	22,899	25%	21%
Private sector employees	4,161	13,931	30%	26%
Public sector employees	155	3,283	5%	4%
Self-employed	1,513	5,685	27%	19%

	2012 Members				Assets	
	(,000)	% '12	Δ %	4y Δ %	(€ m)	% GDP
Vehicle breakdown	5,829	100%	+5%	+15%	104,401	6.7%
Contractual p.f.	1,970	34%	-1%	-3%	30,174	
Open p.f.	914	16%	+4%	+11%	10,078	
Ind. Insurance Plans (PIP)	2,312	39%	+14%	+49%	16,086	
Ante 1993 p.f. ('pre-existing')	660	11%	-1%	-2%	48,010	

Private sector employees: failure of automatic enrolment





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