



ASOGESTIONI

associazione del risparmio gestito

The Italian Asset Management market key figures

25 March 2014

Research Department



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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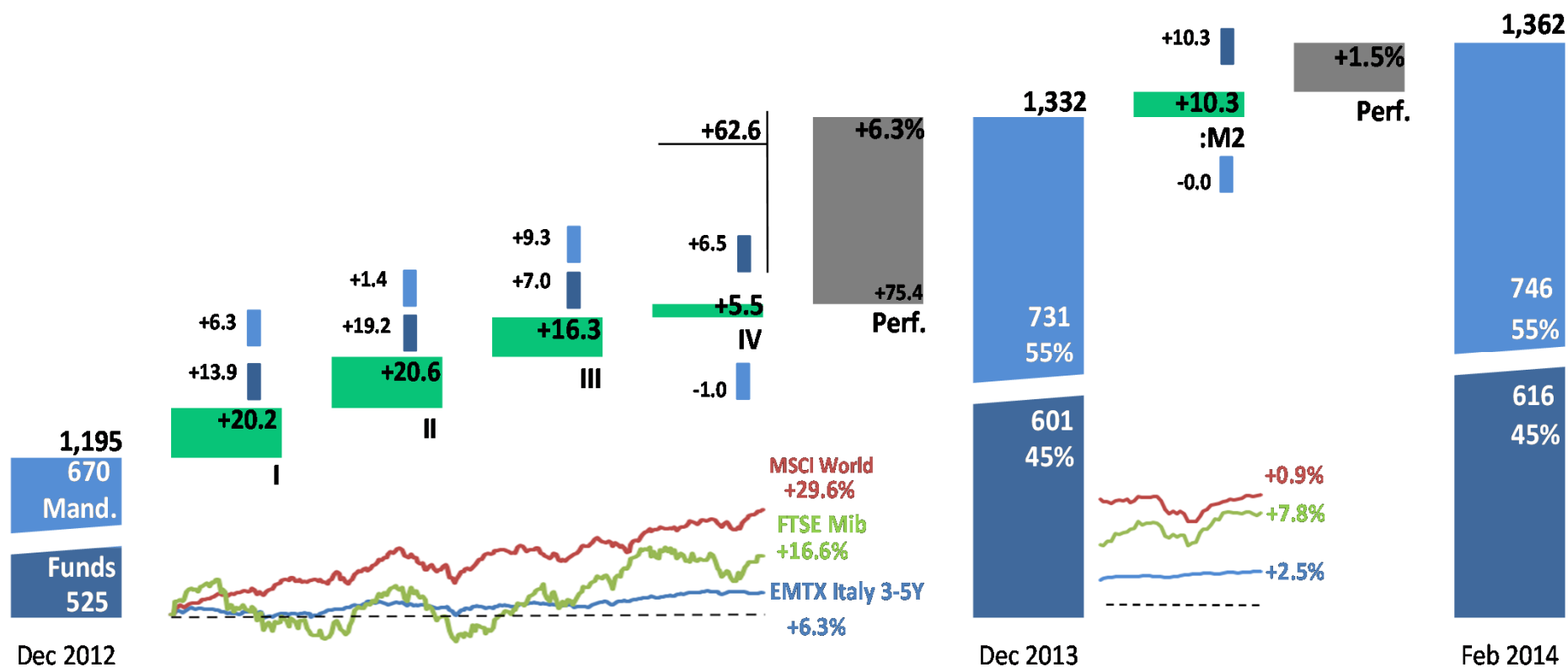
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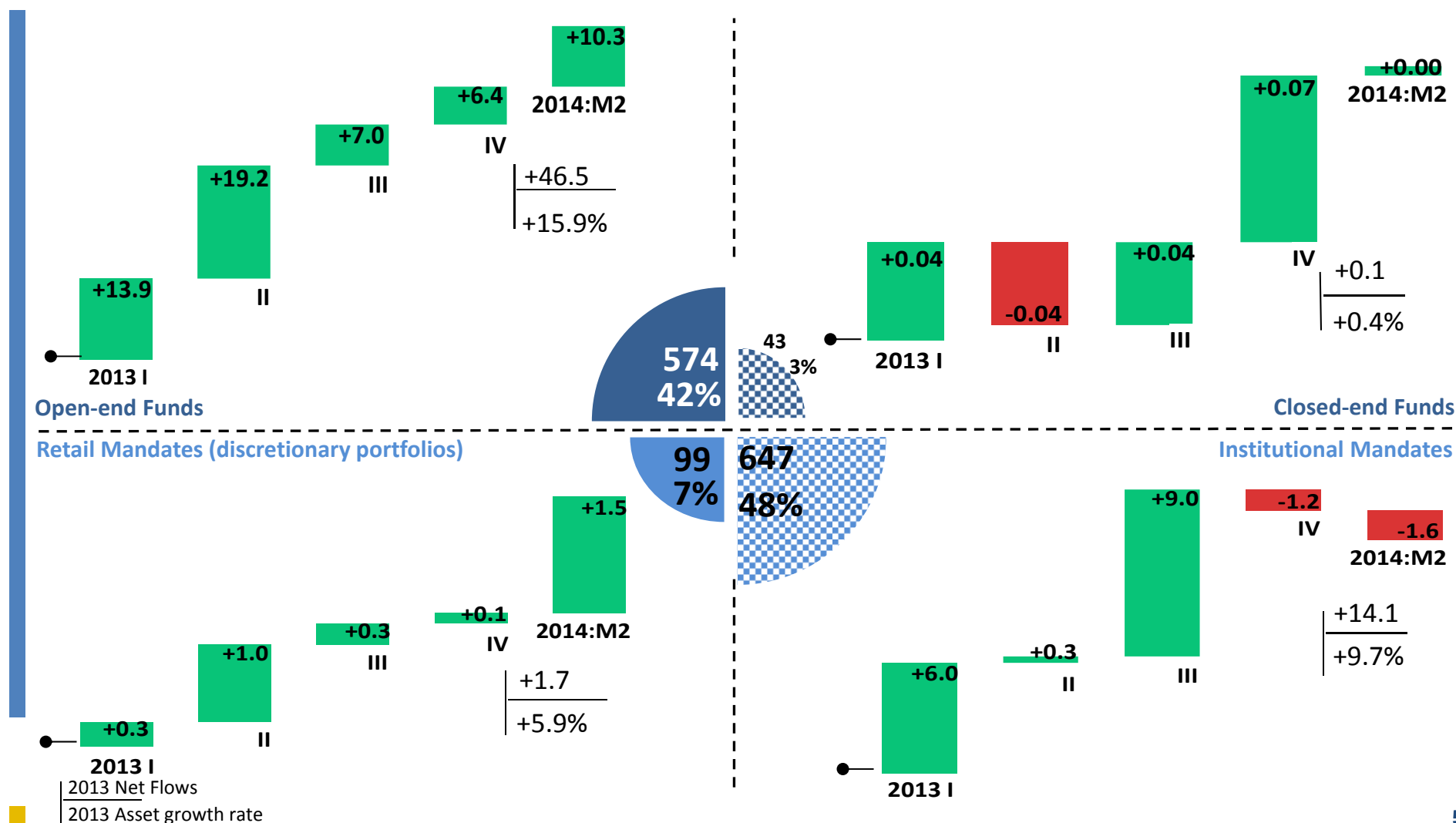


The Italian AM market (Jan 2013:Feb 2014)



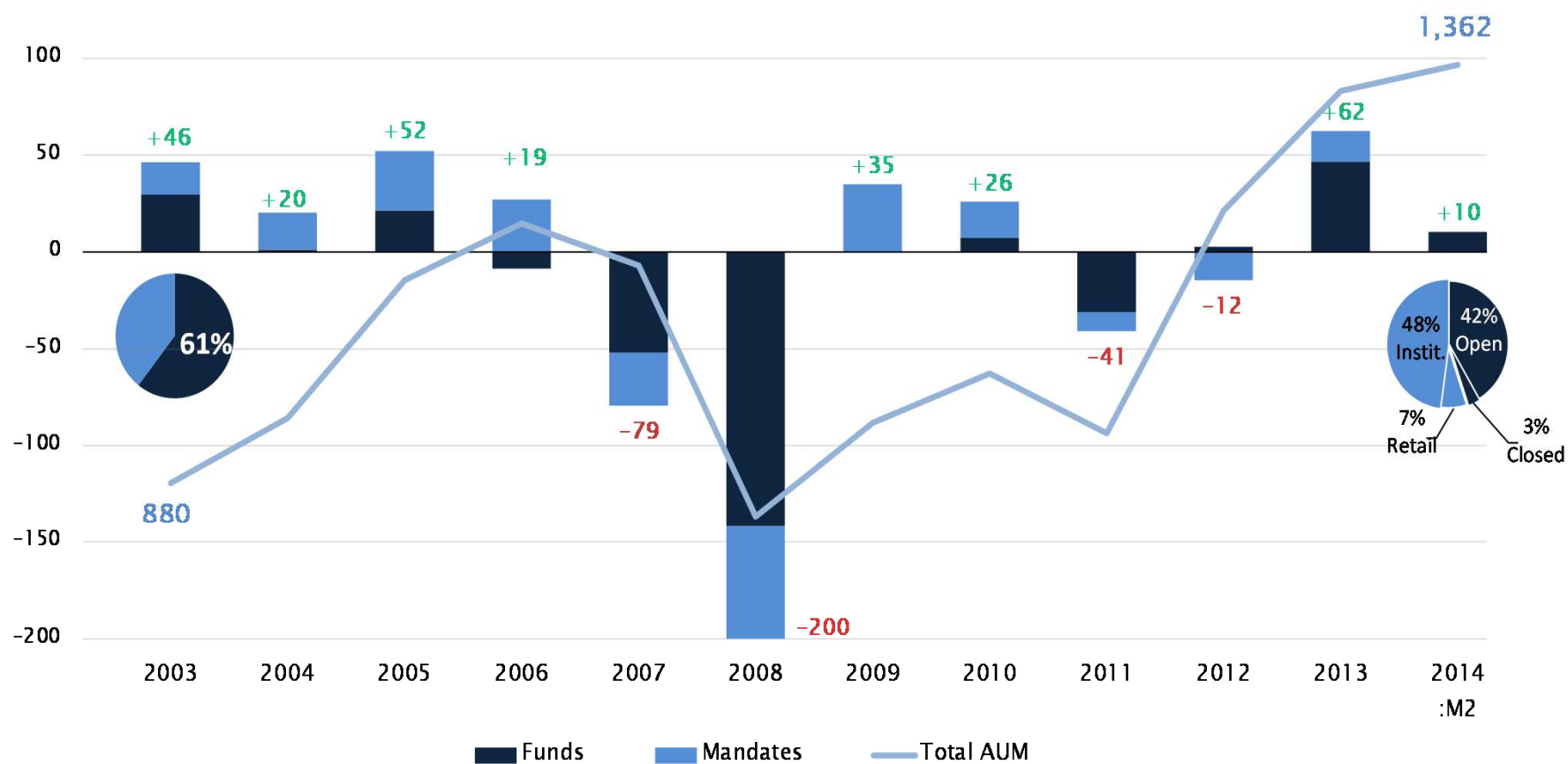


Product breakdown

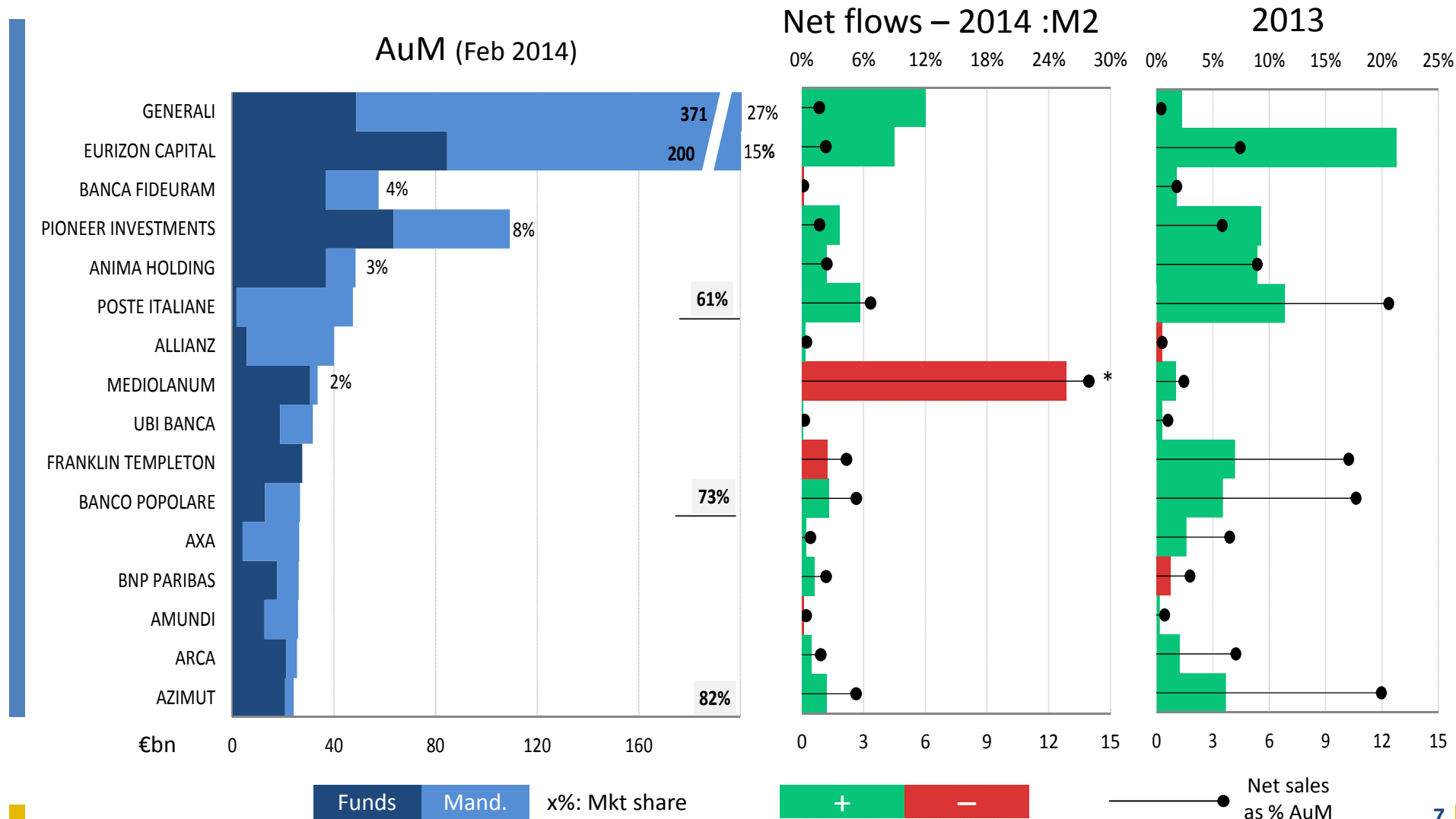




Long term trend

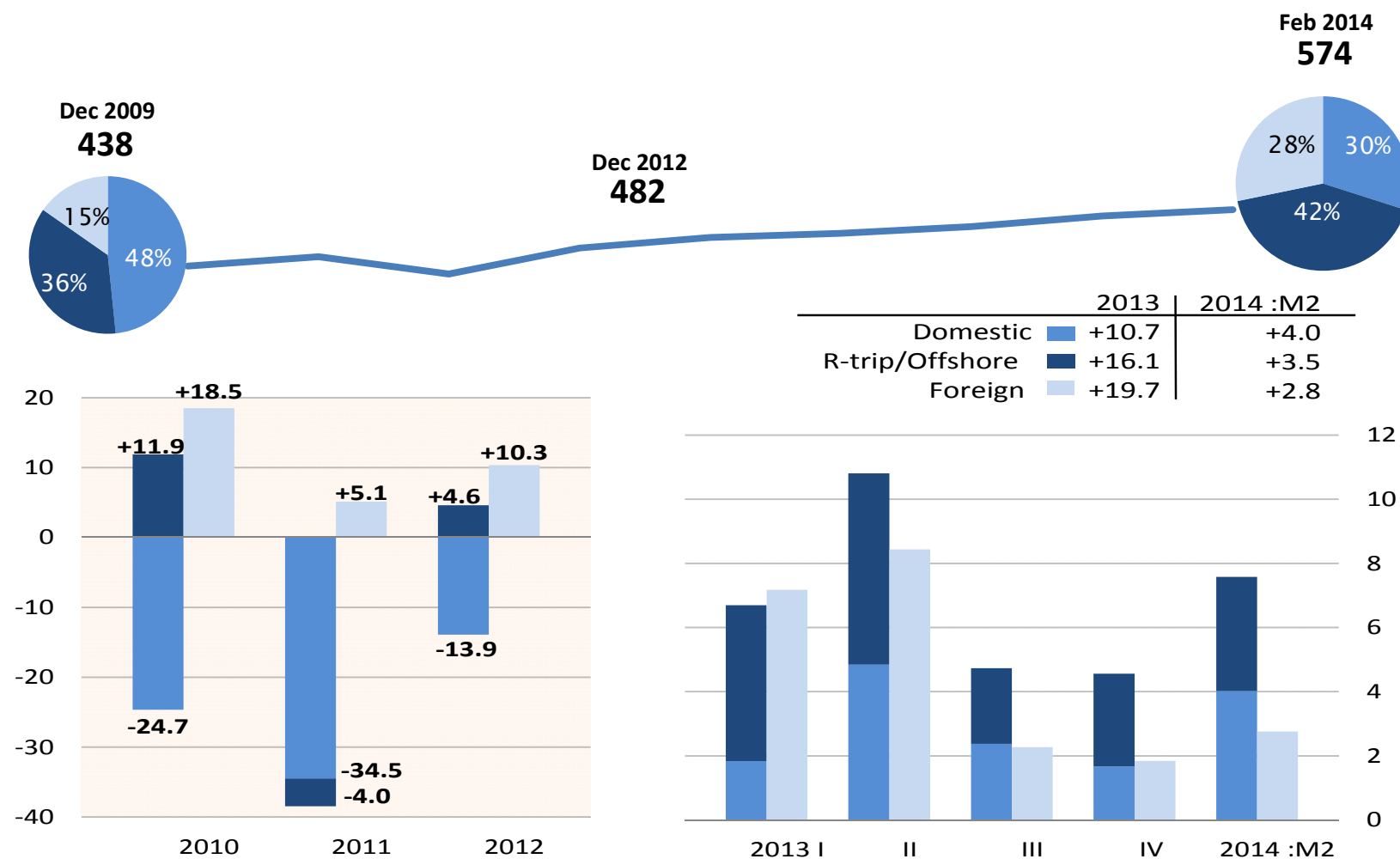


Top 15 Groups



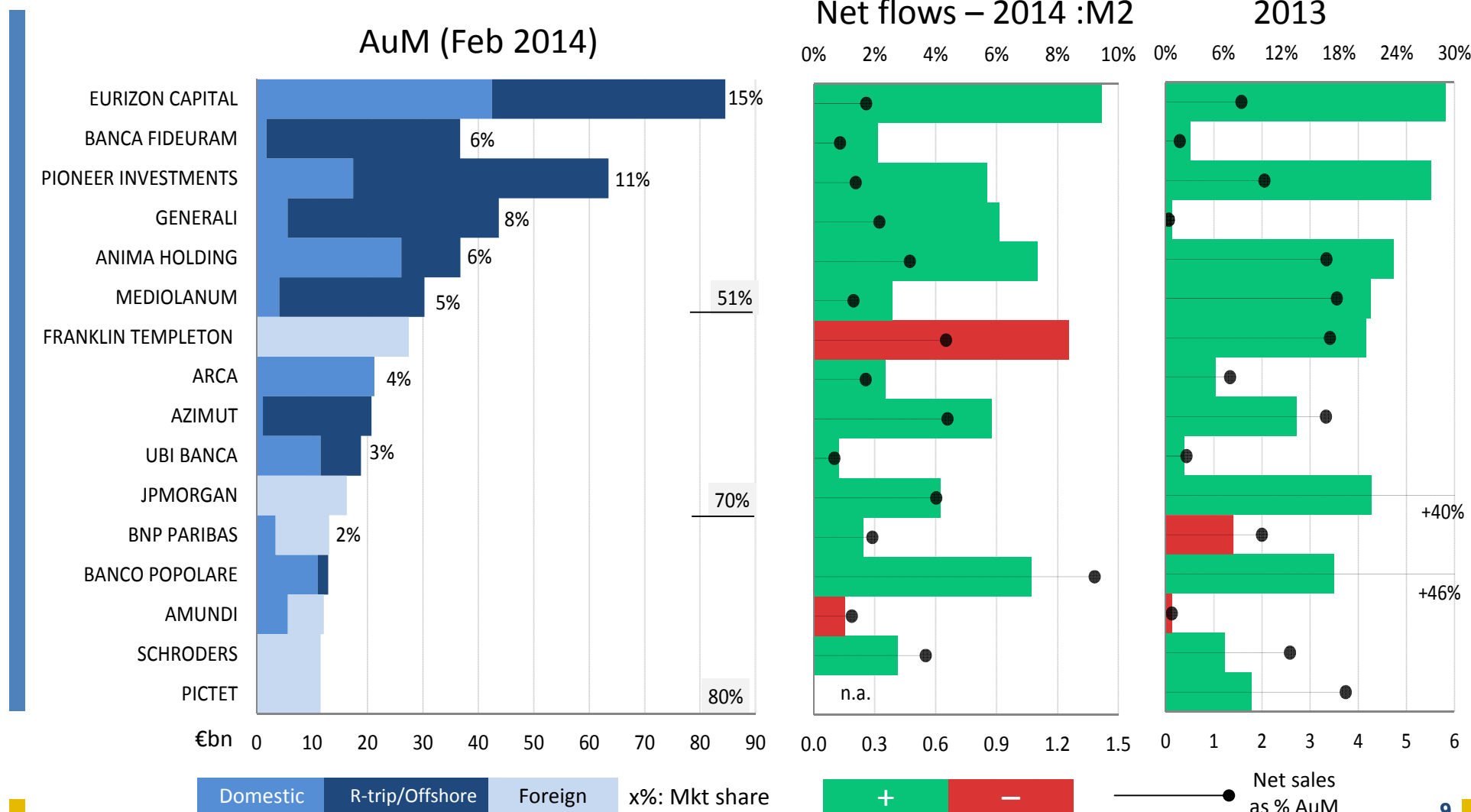


Open-end funds: domicile breakdown



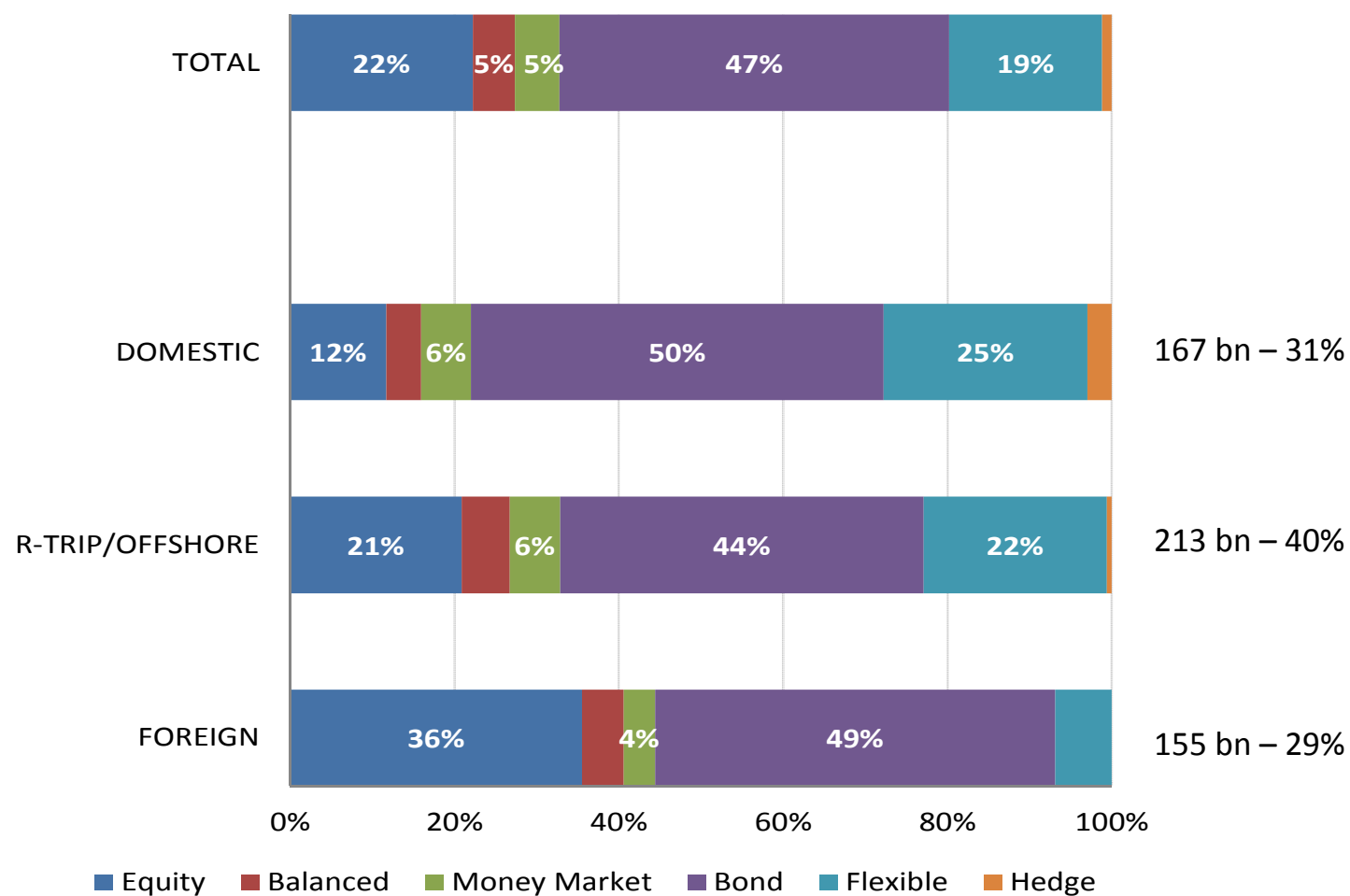


Top 15 Groups (open-end funds only)



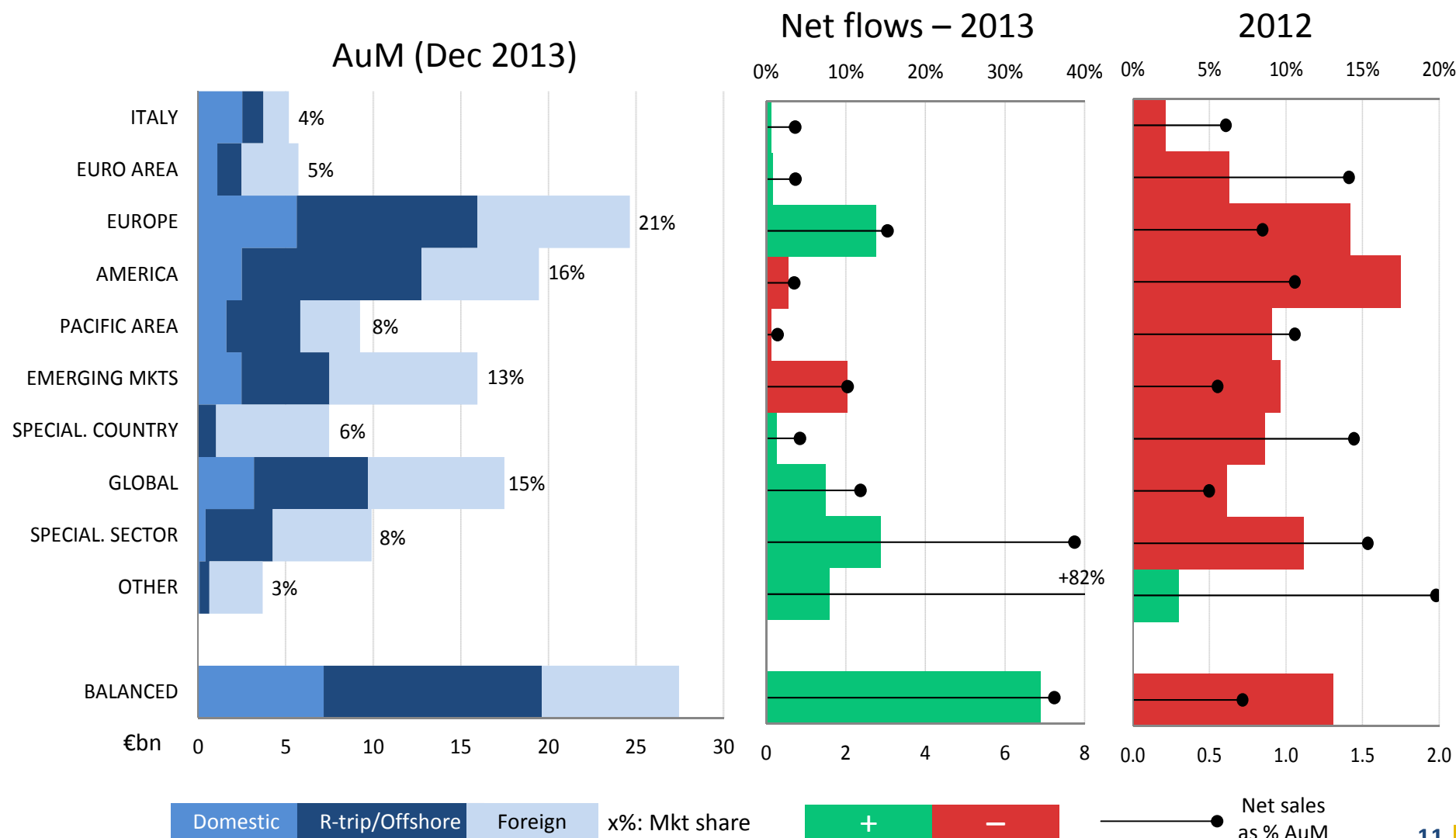


Asset Class breakdown



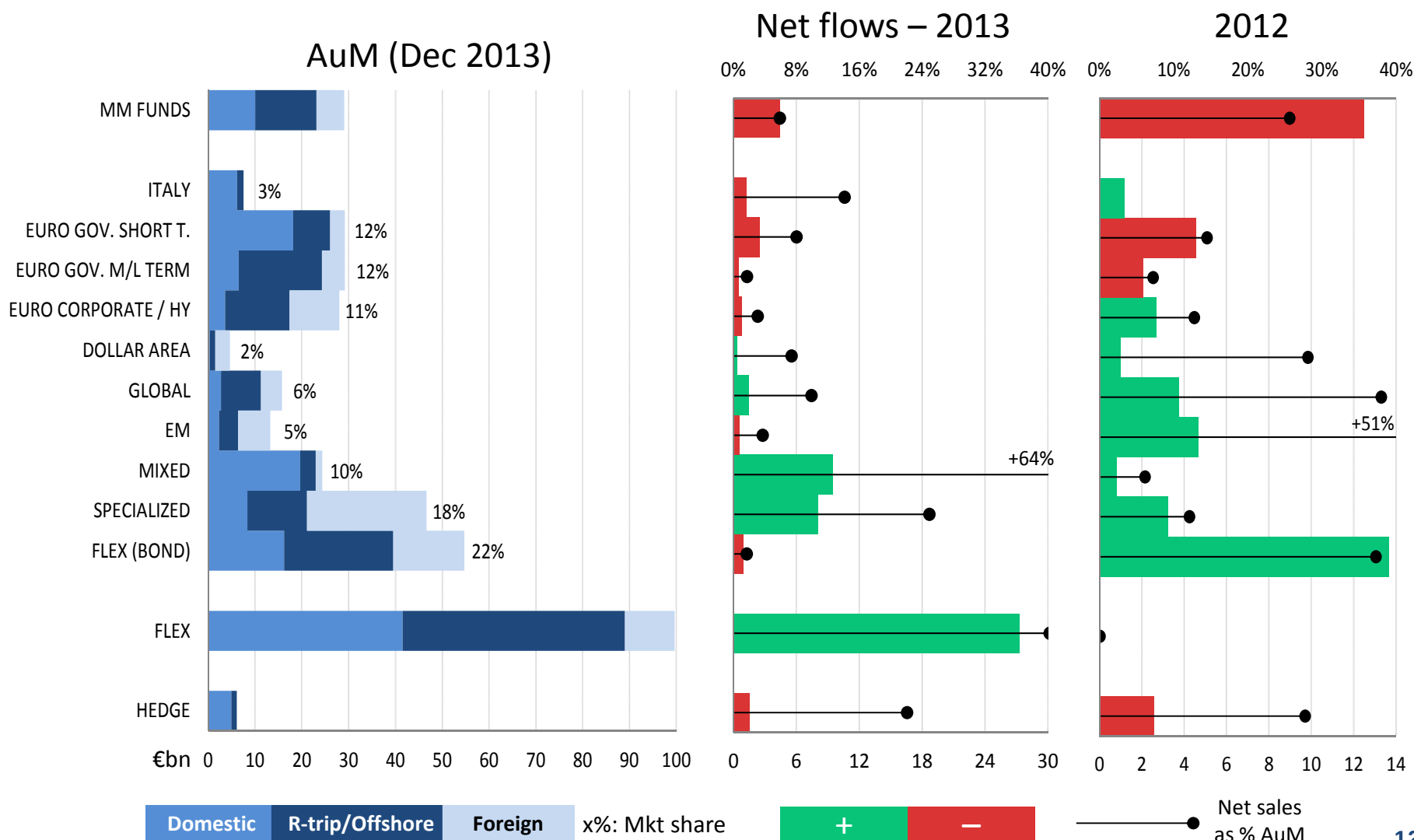


Equity & balanced funds



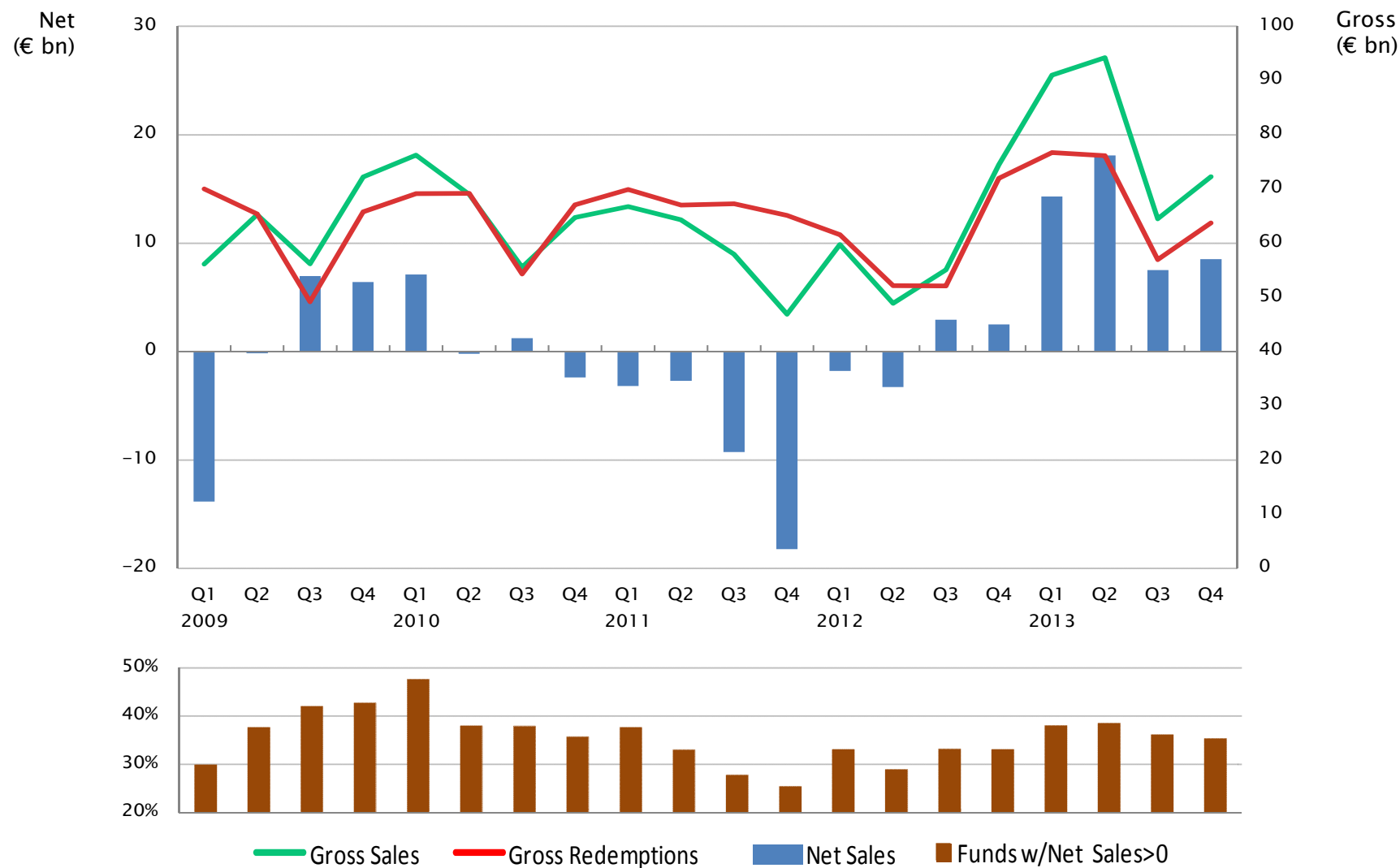


Money mkt, Bond, Flex & Hedge funds





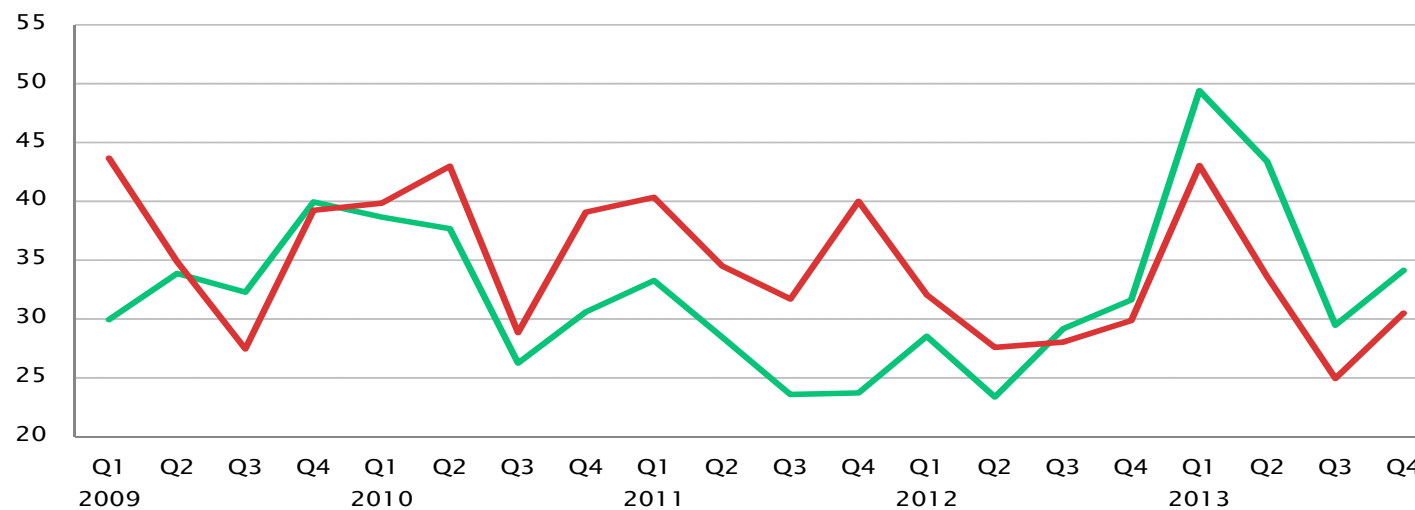
Net & gross flows



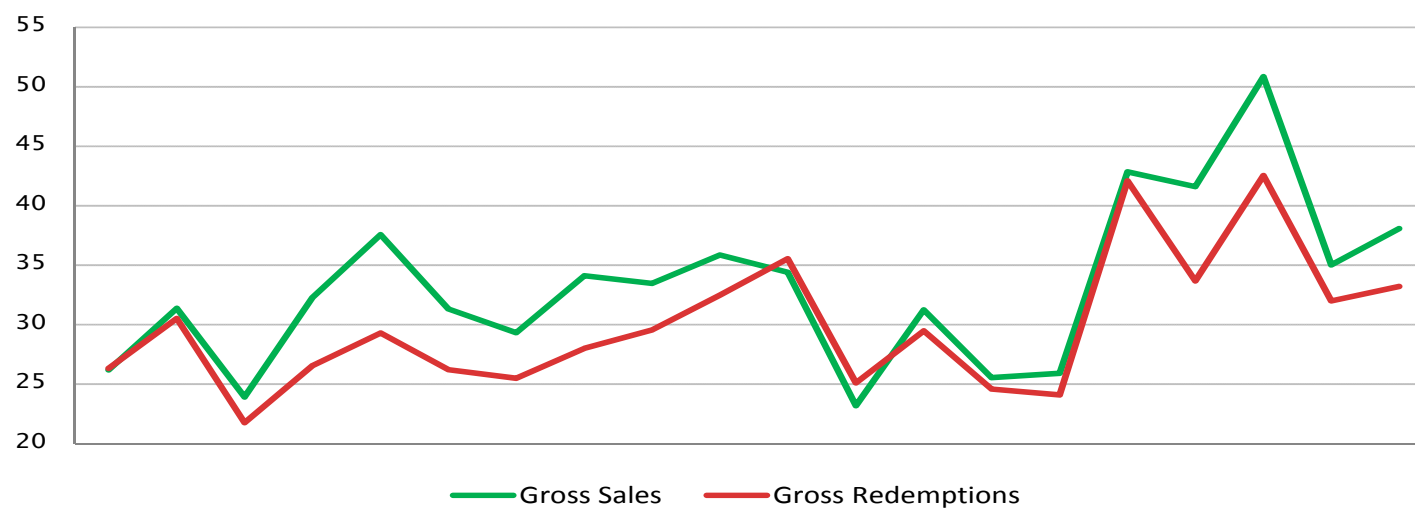


Gross flows: captive vs. non-captive ManCo

Captive

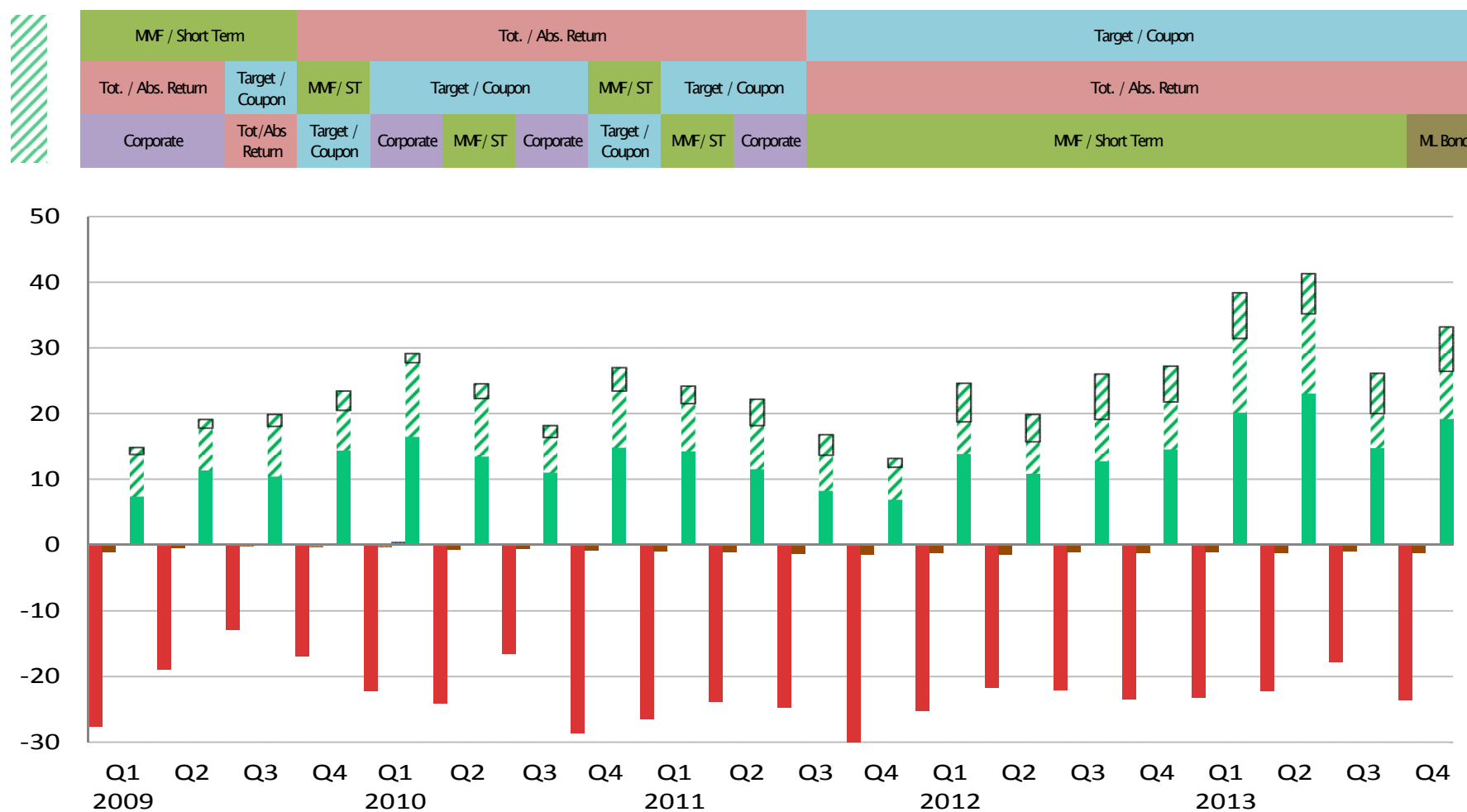


Non-captive



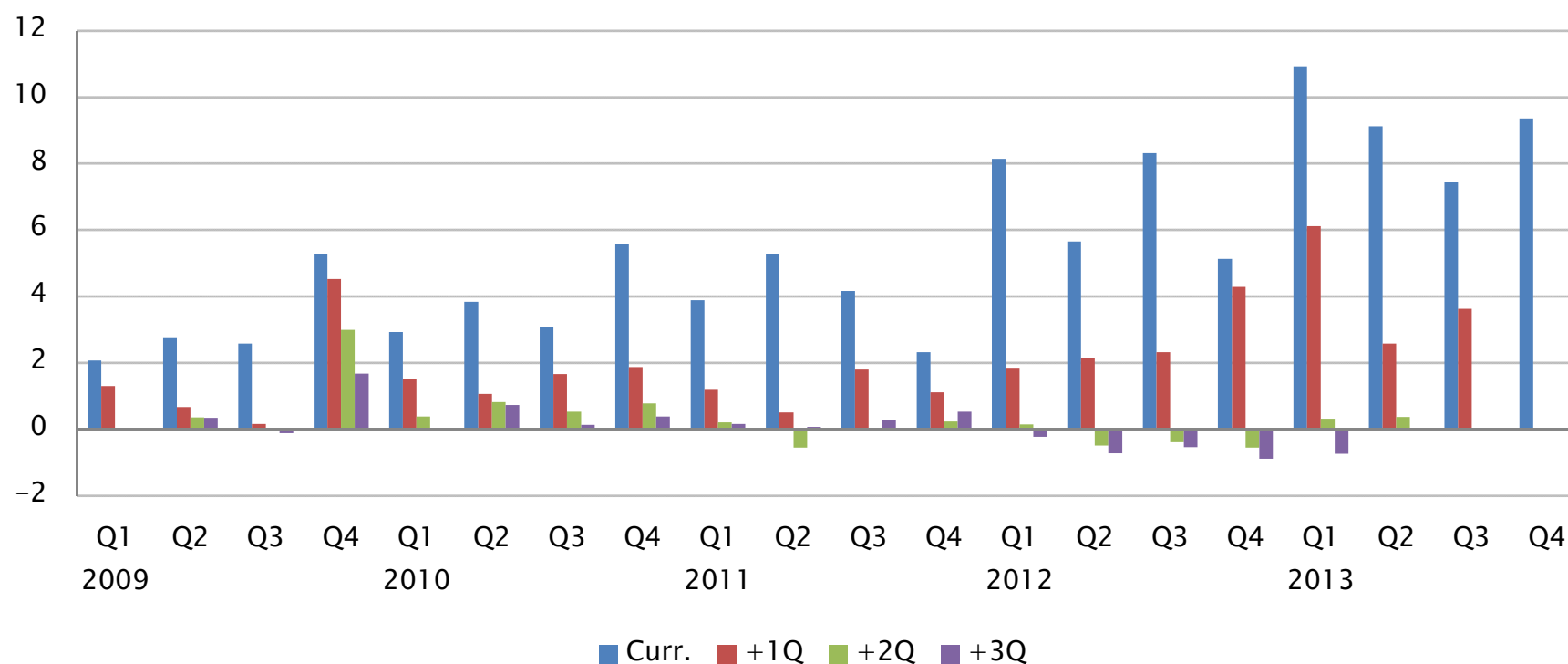


The *blockbuster effect*: top quartile funds take all



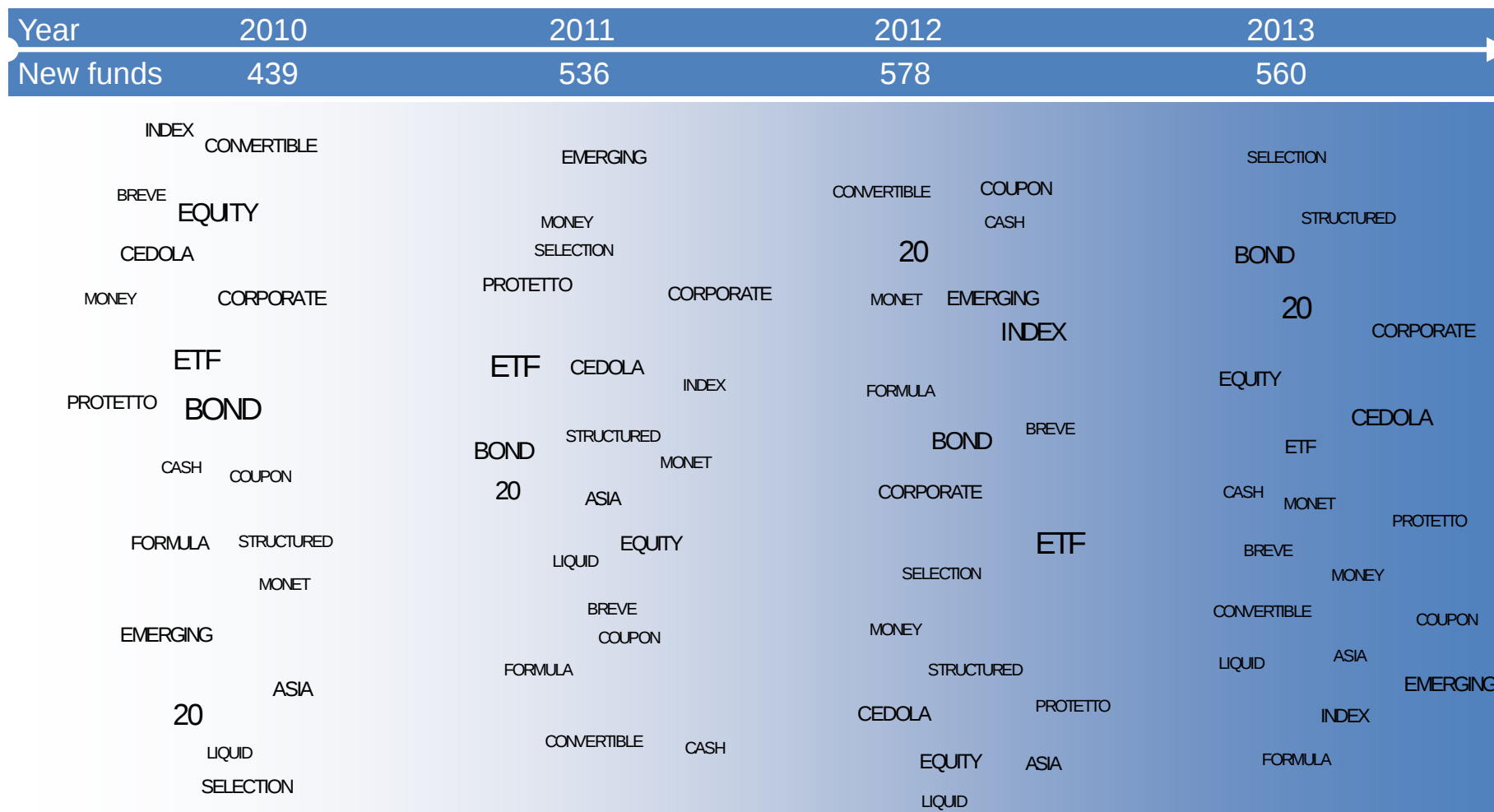


New stories: they sell well... but how long?



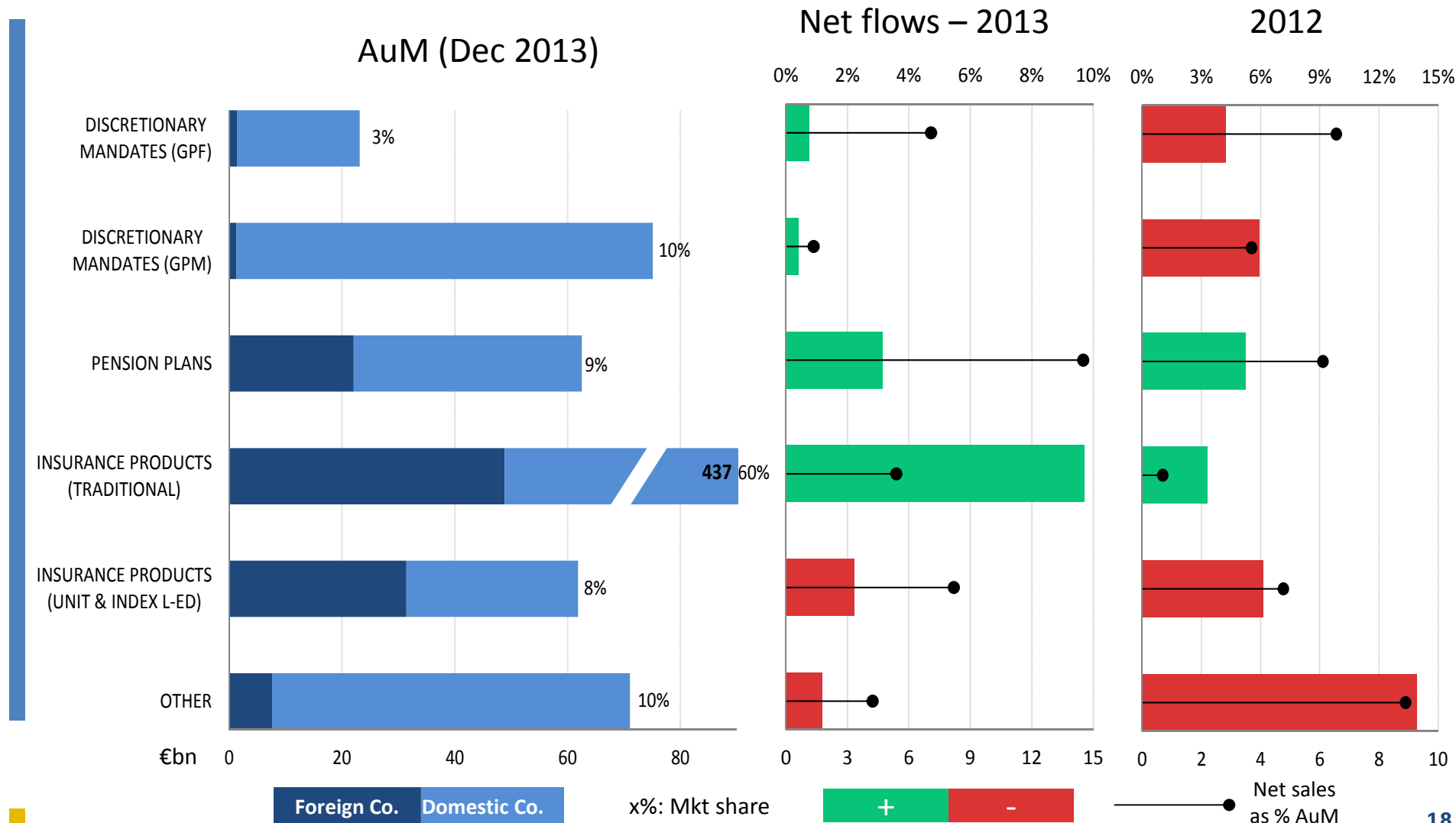


New stories tag cloud



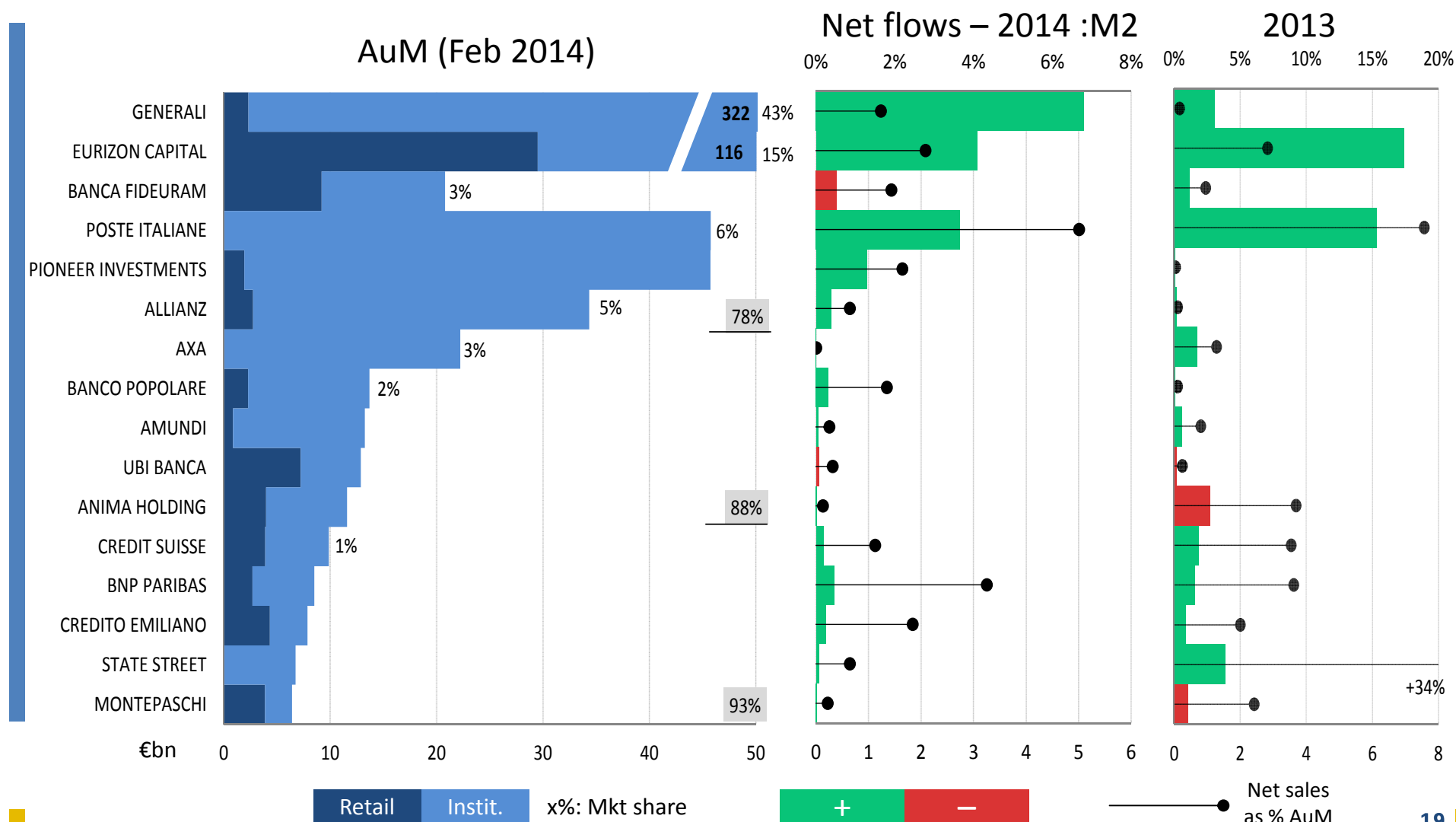


Mandates: AuM & Net Sales trends



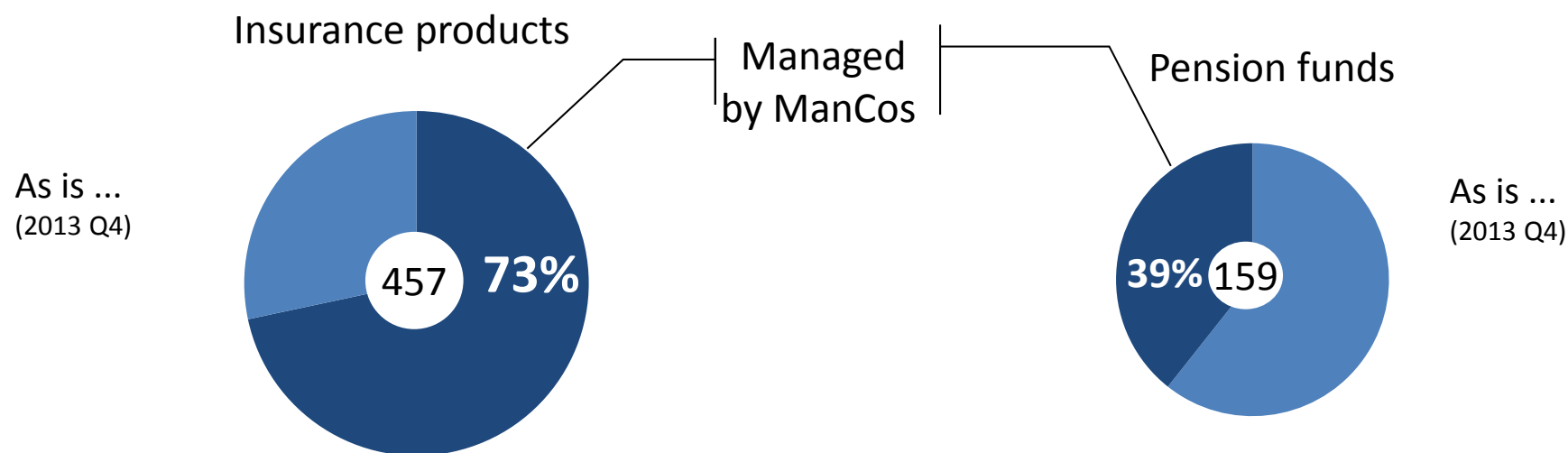


Top 15 Groups (mandates only)





The market for Institutional Mandates



... and as could become:

Household portfolio: share of insurance products & pension funds (2013Q3)

IT	FRA	GER	UK	USA
18.0%	34.4%	34.9%	55.1%	31.8%

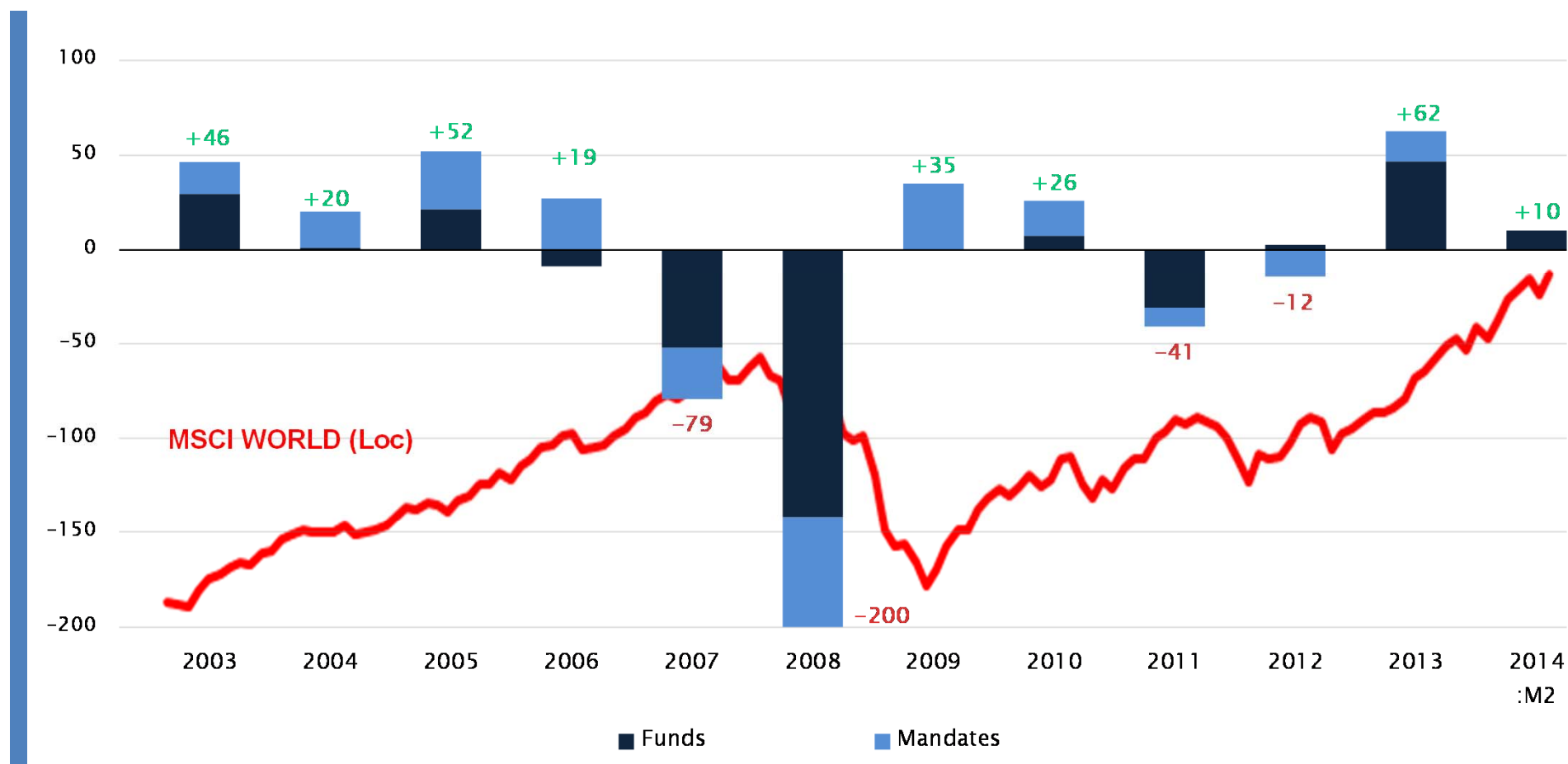


Despite the economic crisis which is still affecting heavily our country, and despite the fall in the household saving rate, net flows into funds and mandates are rebounding. Why?

- **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	

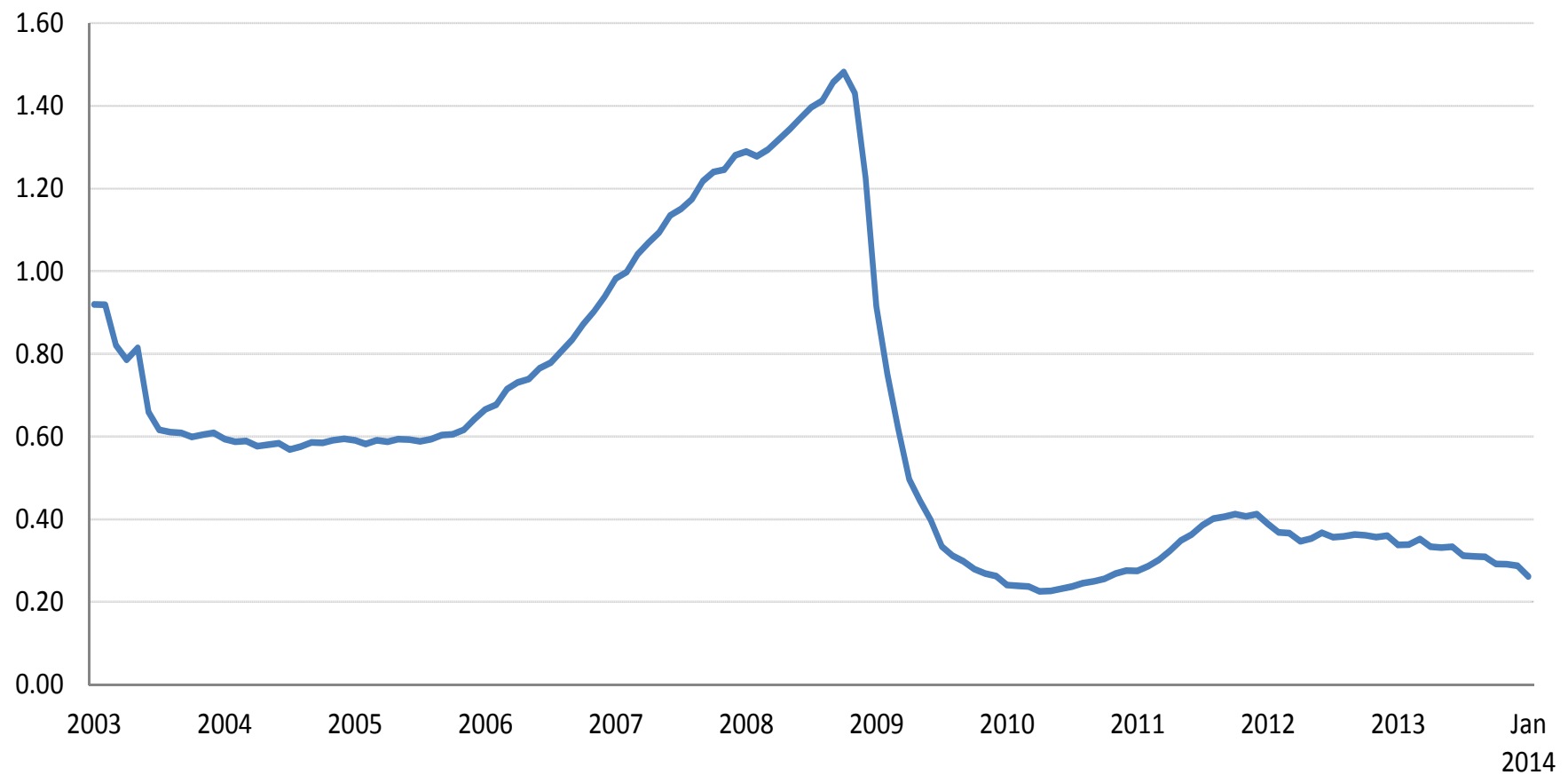
Quartile	% of assets	Limit (€)
I	1,2	3.166
II	6,4	10.047
III	16,4	24.562
IV	76,0	

25% of shareholders control 75% of assets

75% of shareholders invest less than 25k€

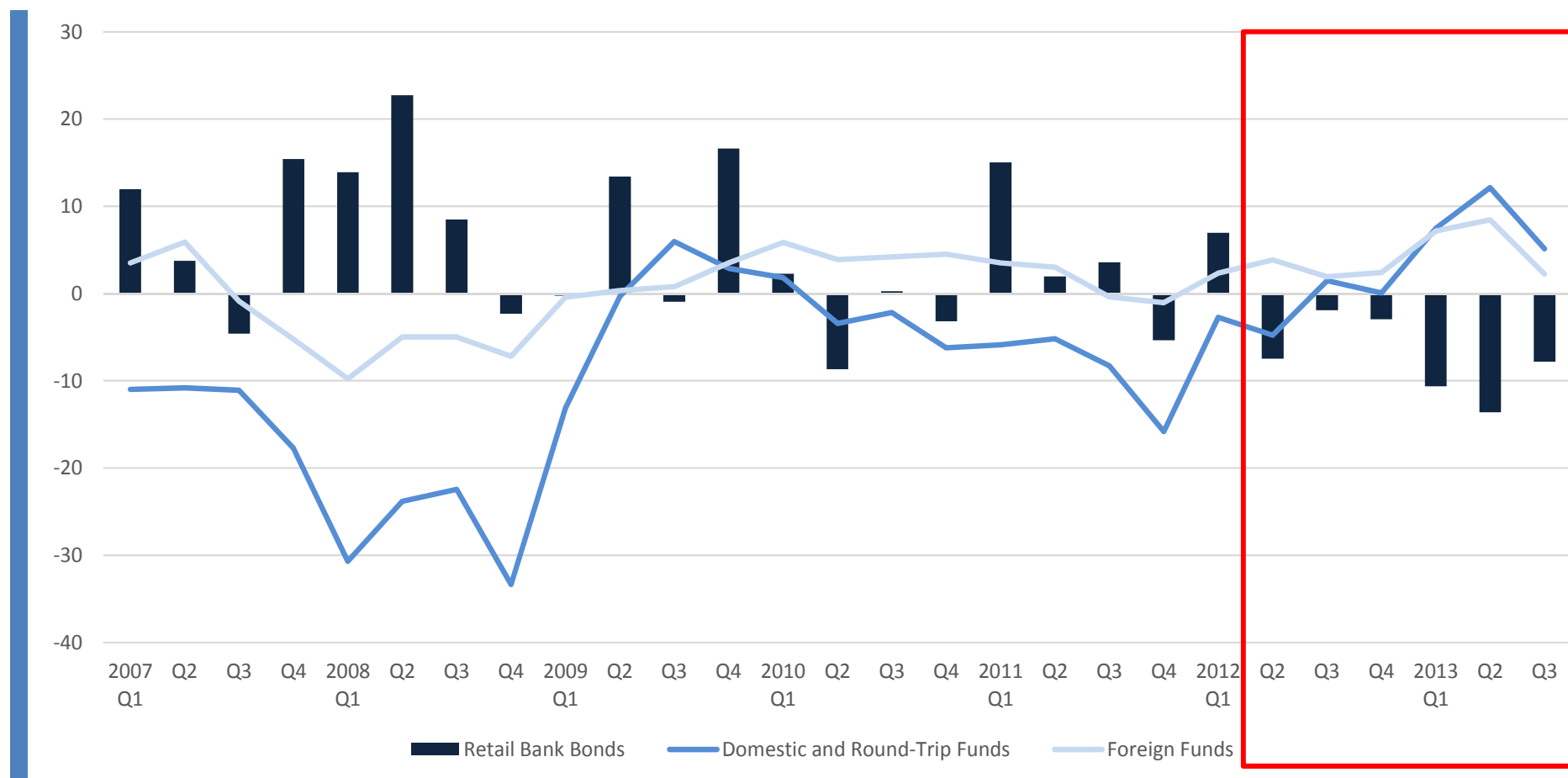


3. Bank deposits pay low interests





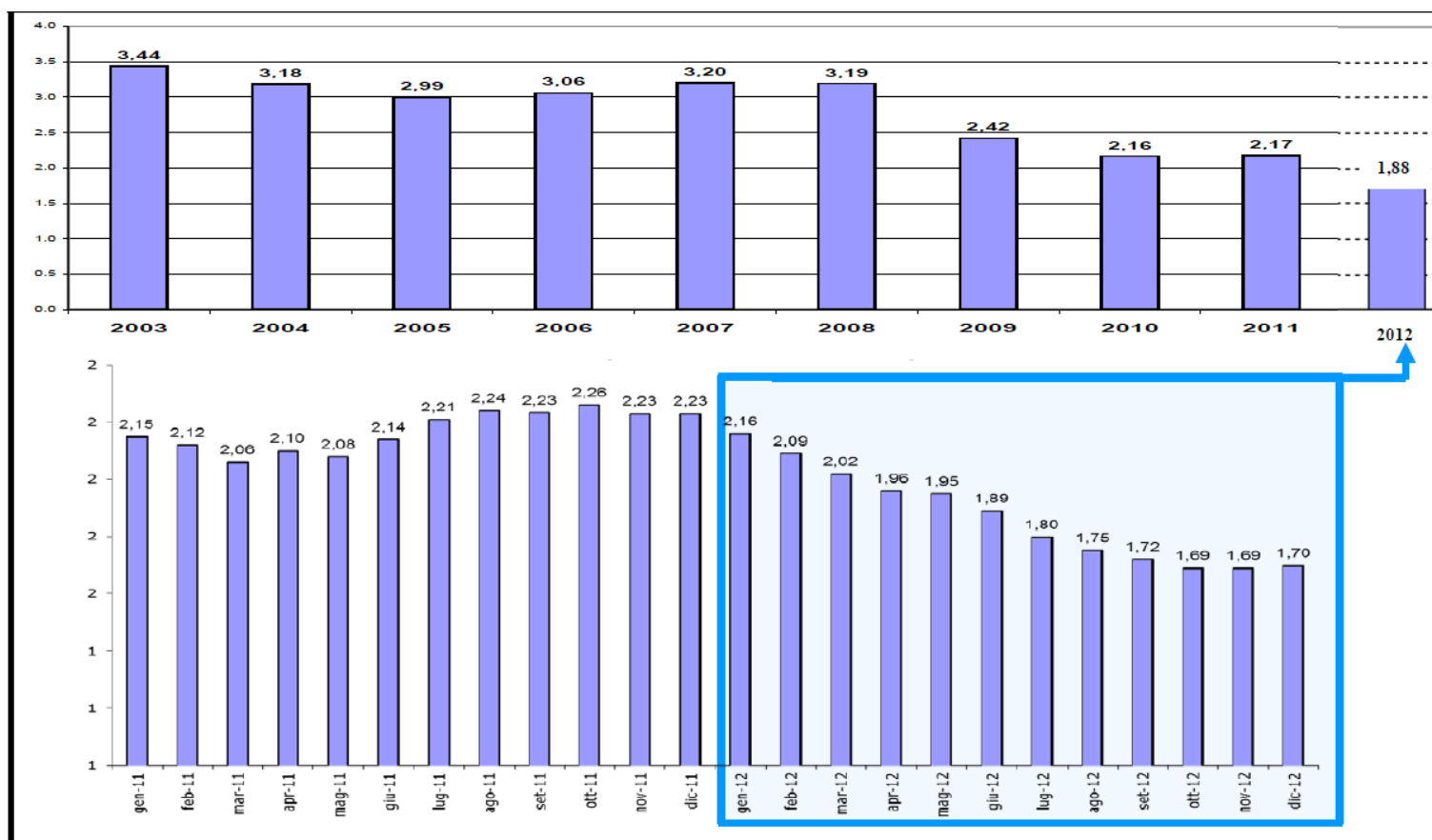
4. Banks are becoming less dependent on funding from retail





5. Narrowing interest margins...

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





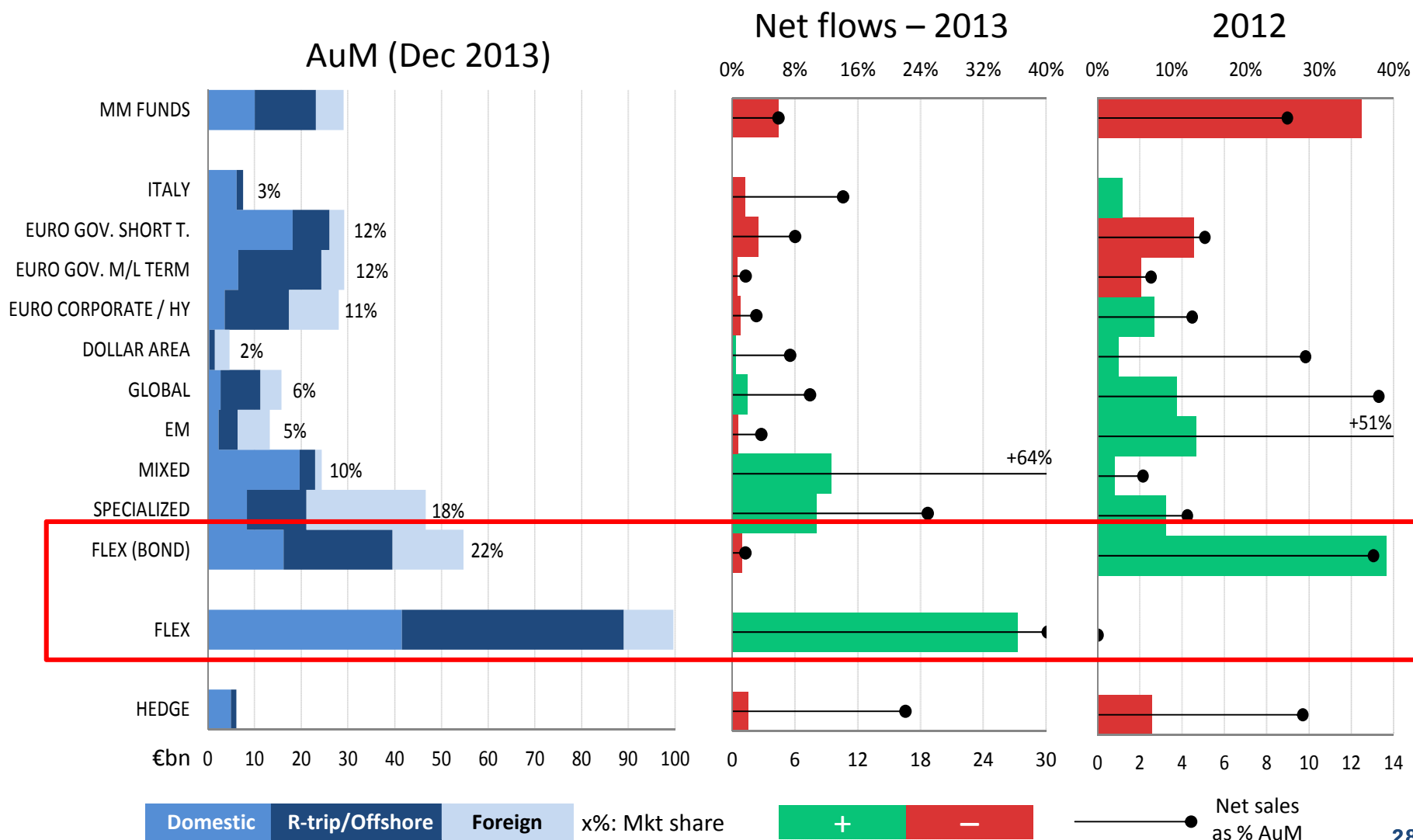
... are pushing banks to increase commission-based margins

**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



6. The success of funds with high margins (target-date funds)





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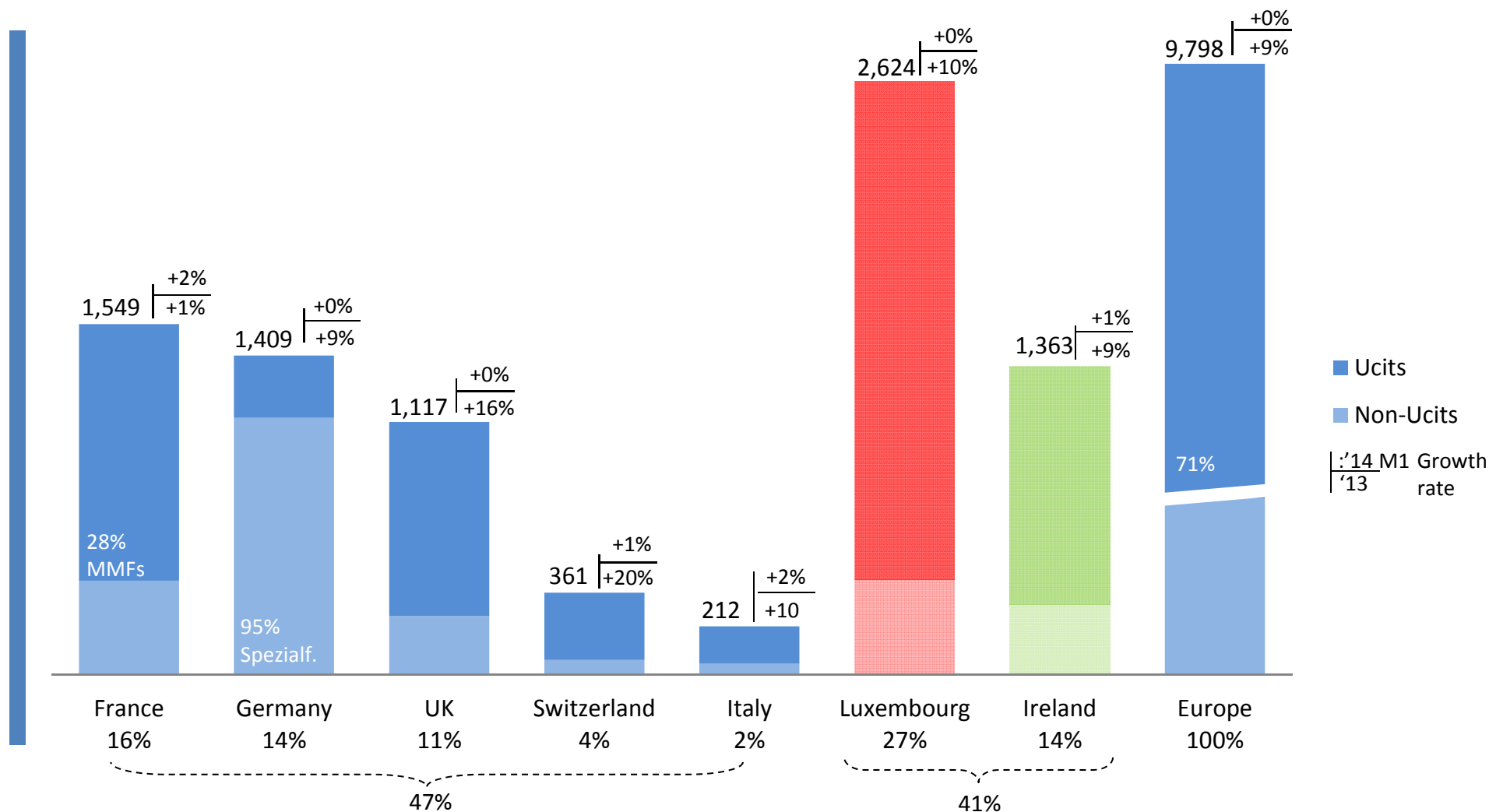
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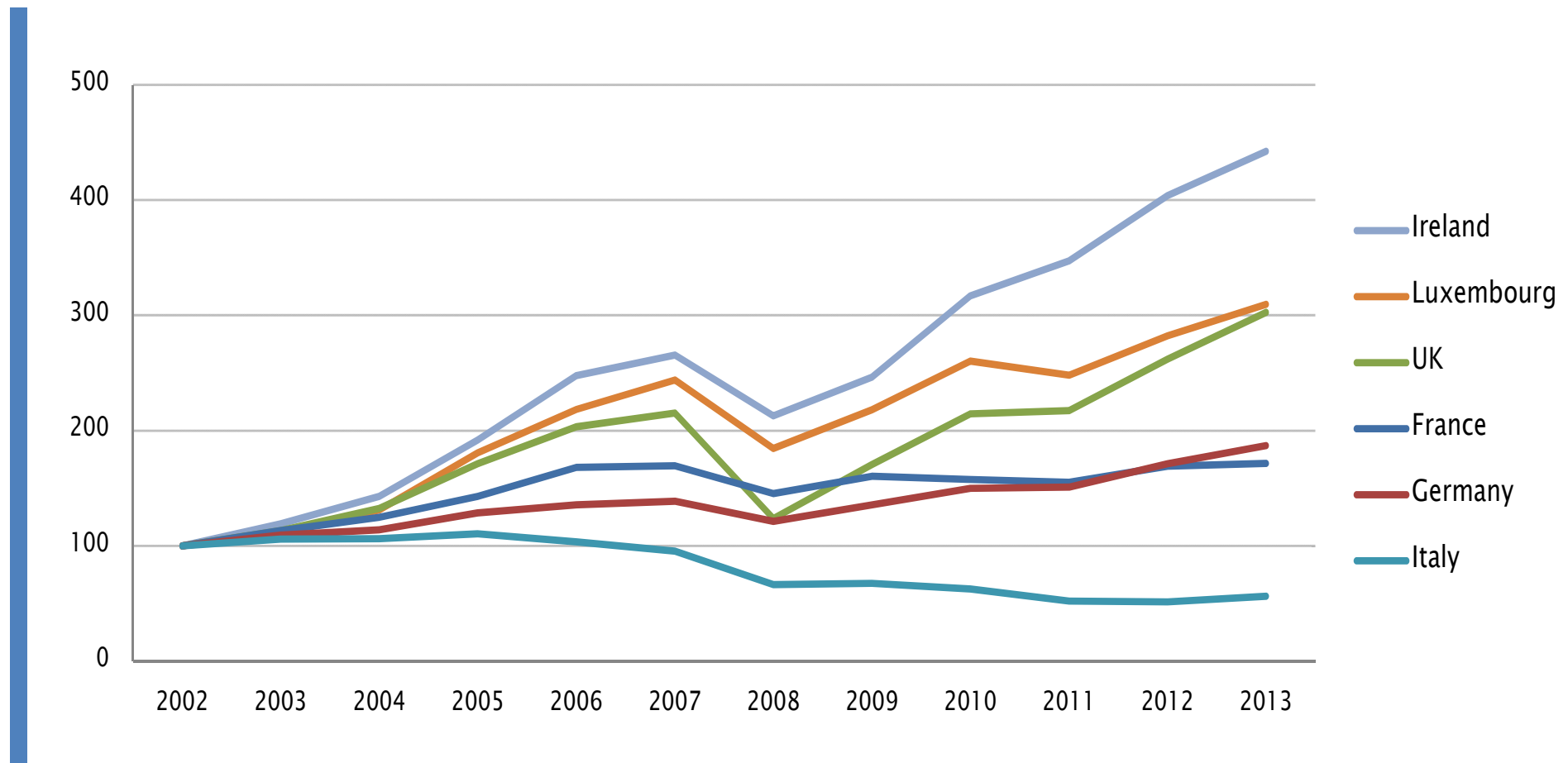


Net Assets by fund domicile



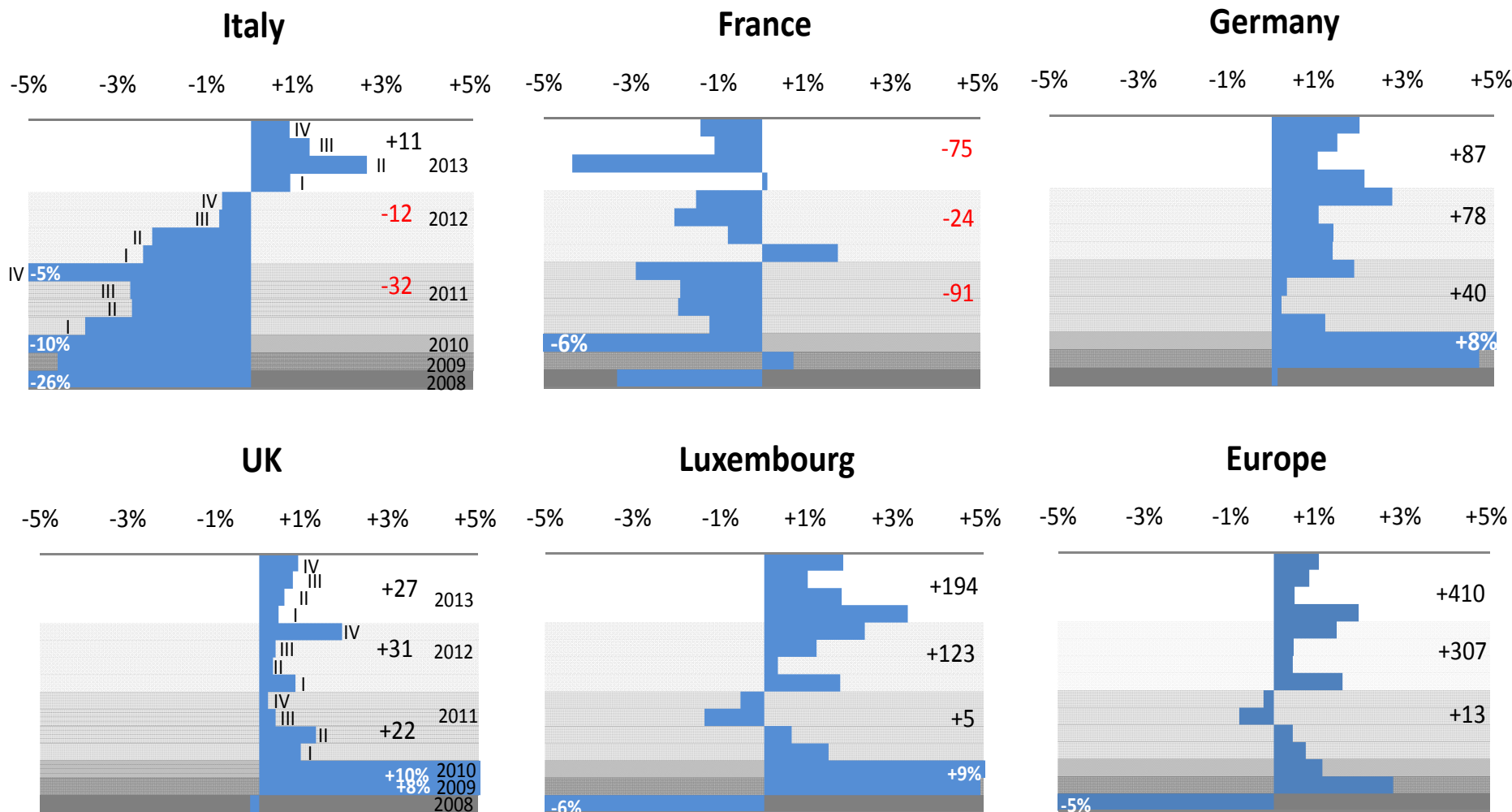


Net Assets by fund domicile – Long-term growth



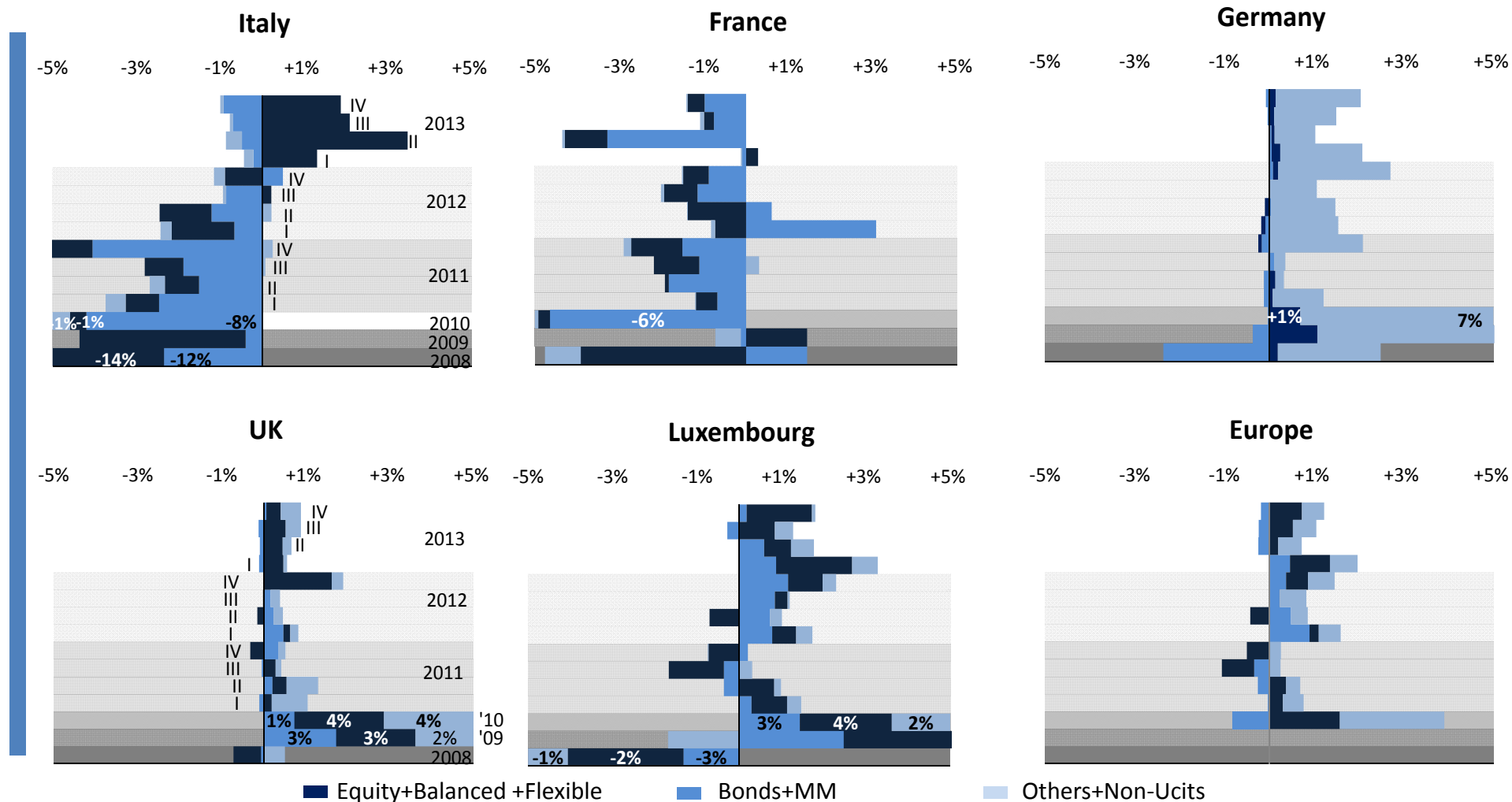


Net sales by fund domicile



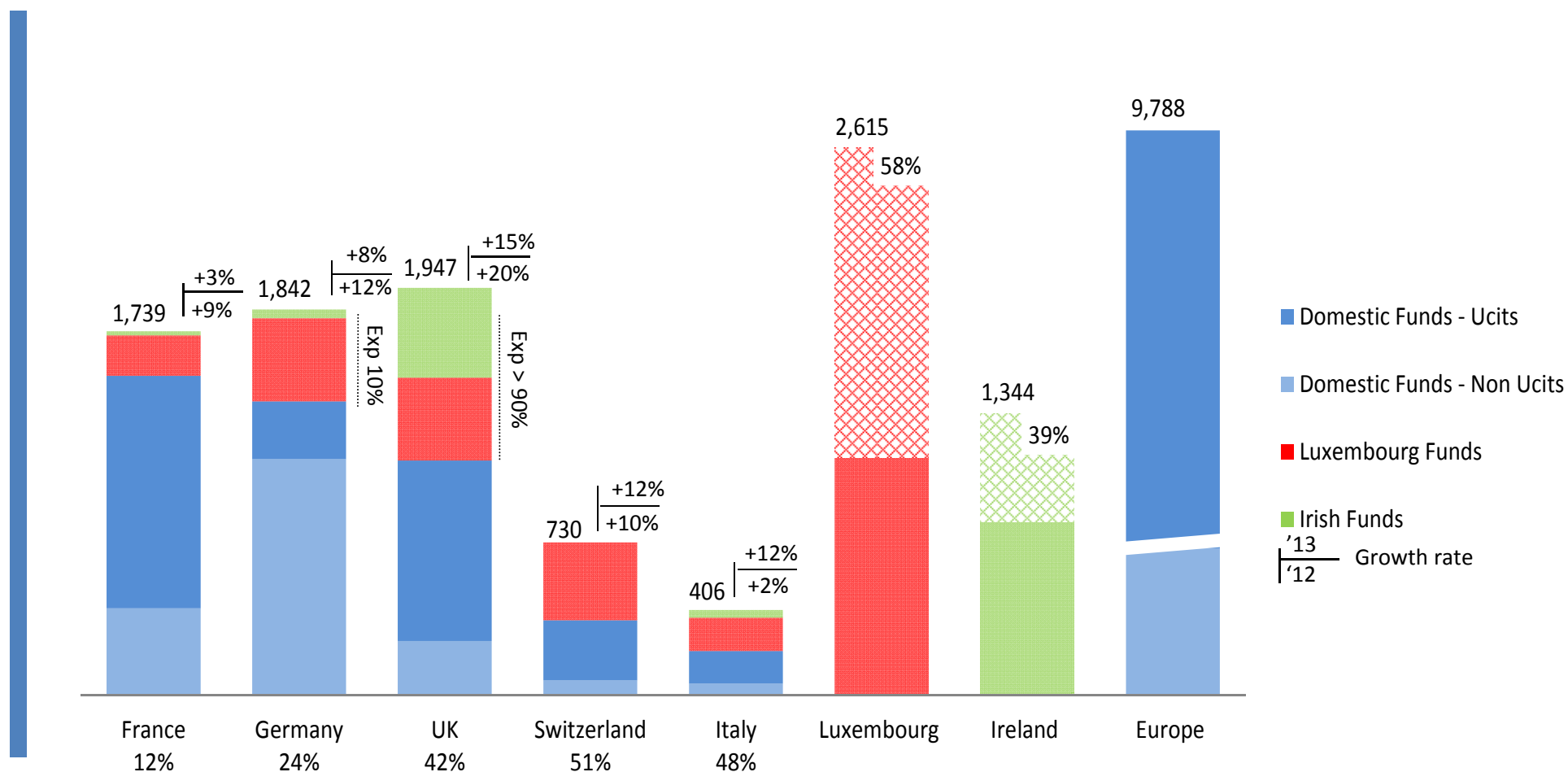


Net sales by fund domicile & asset class



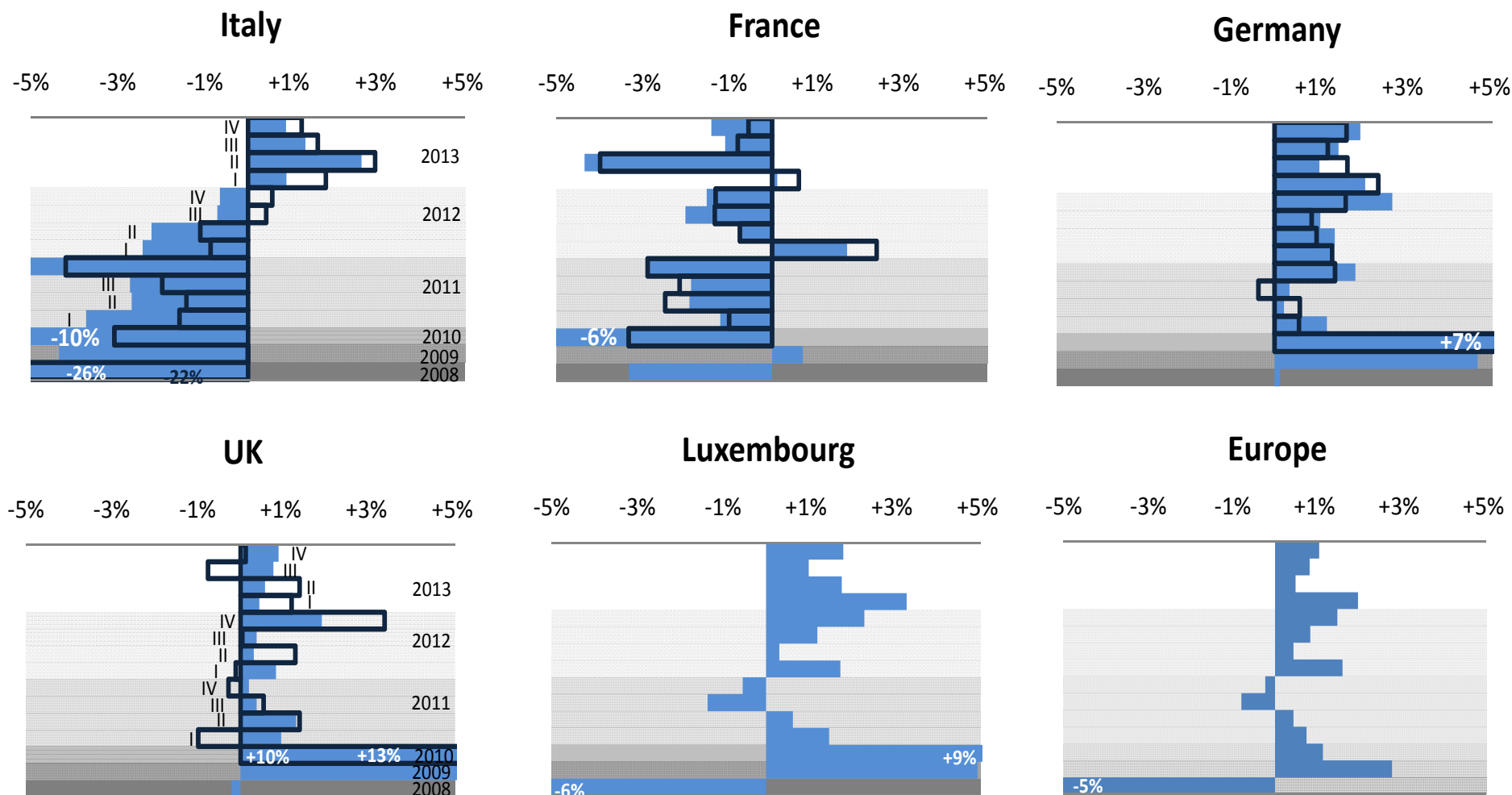


Net Assets by fund group domicile





Net sales: fund domicile vs. fund group domicile





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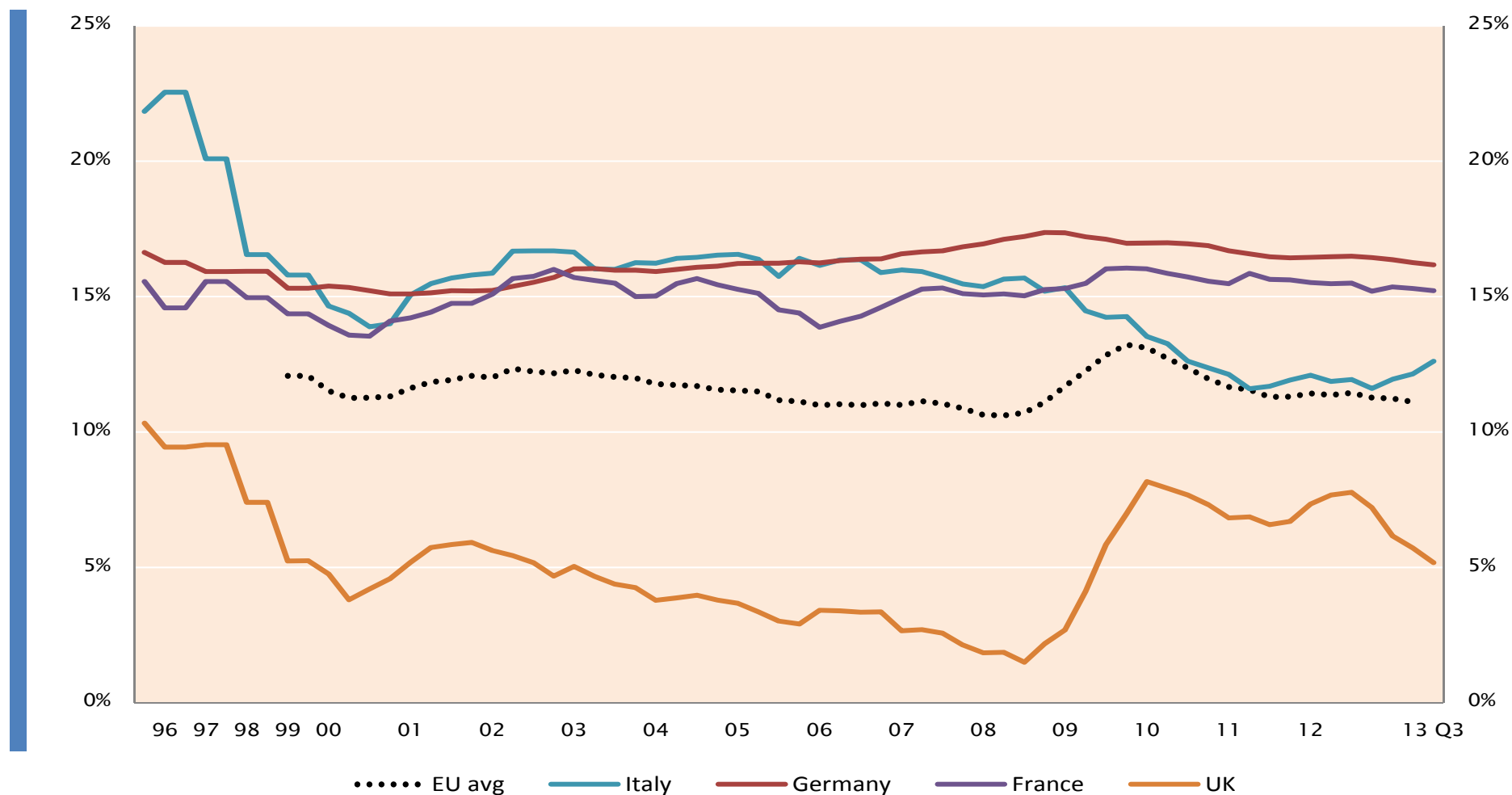
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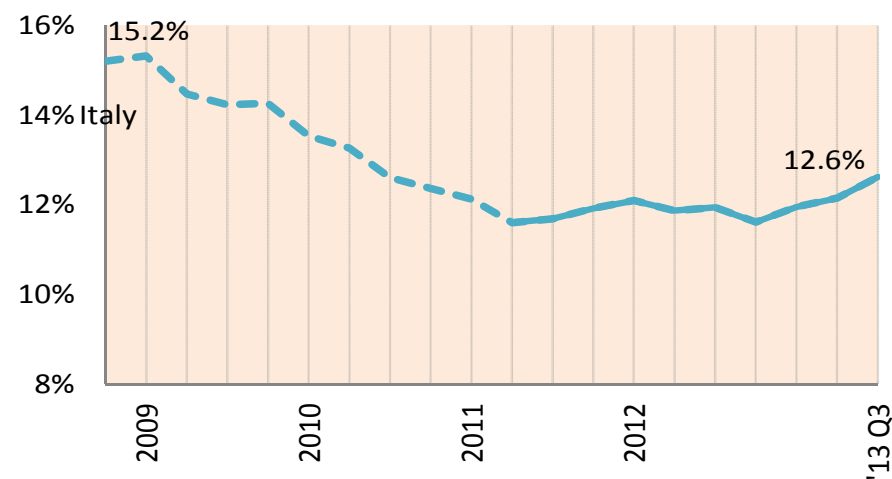
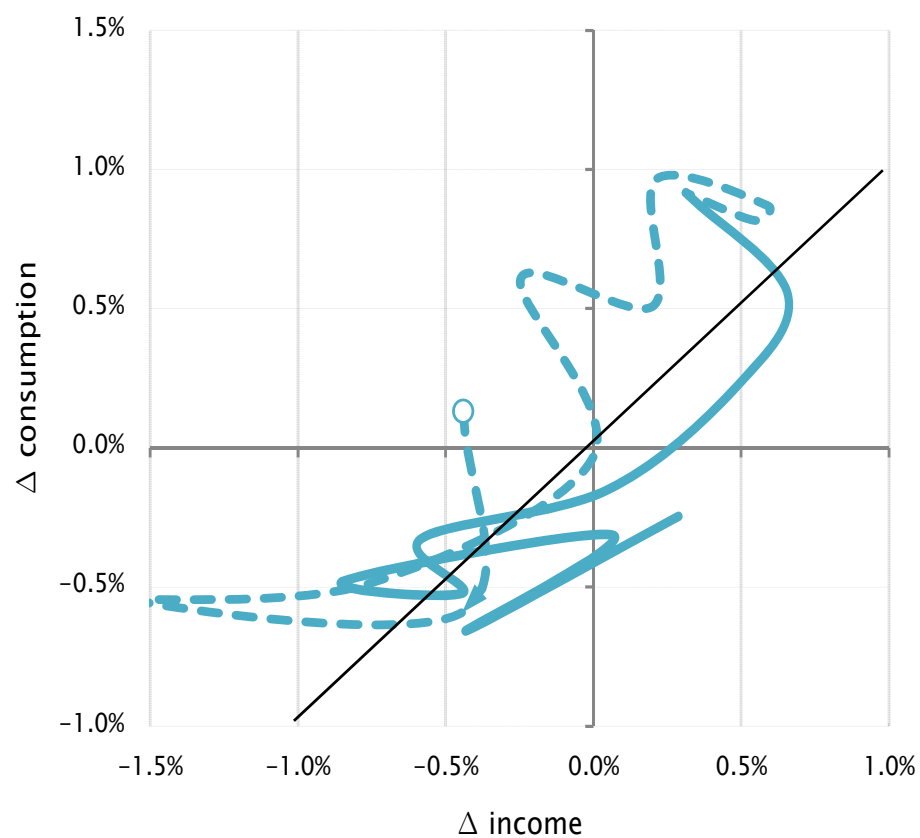


Household saving rates in Europe



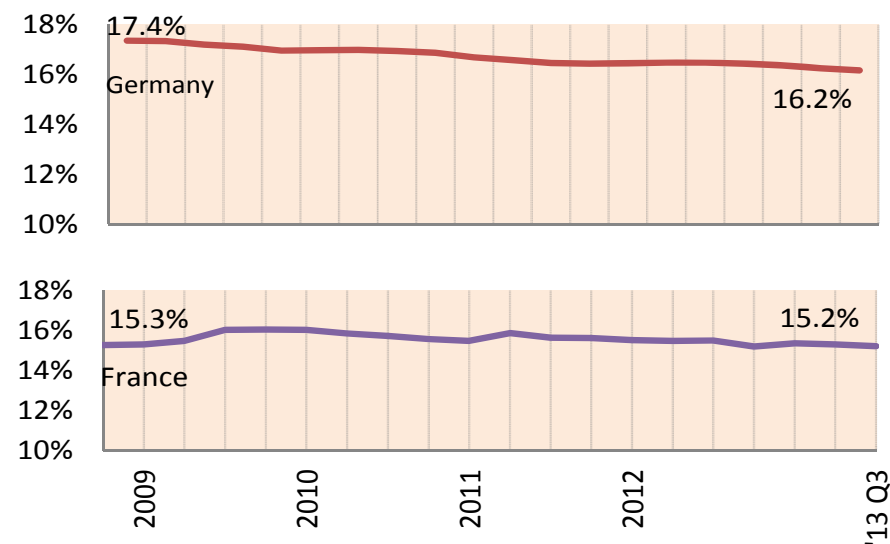
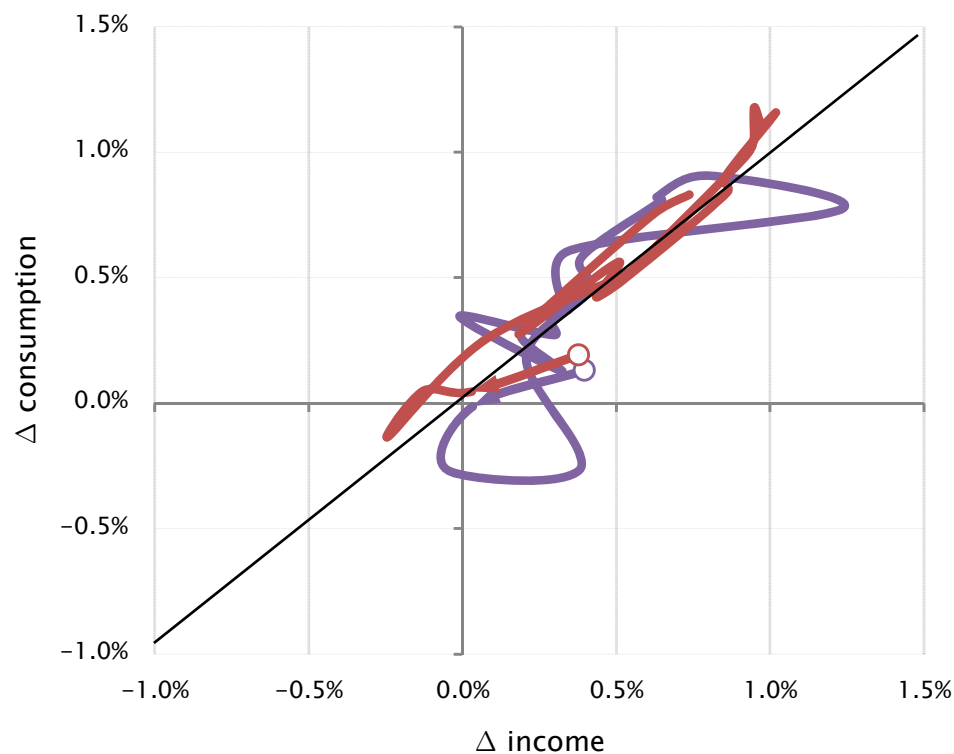


How income & consumption $\Delta\%$ affect saving rates



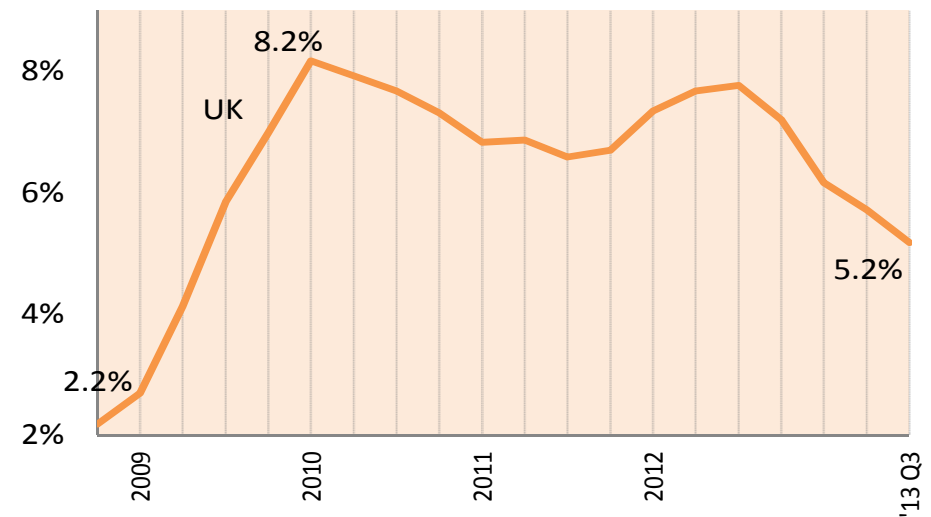
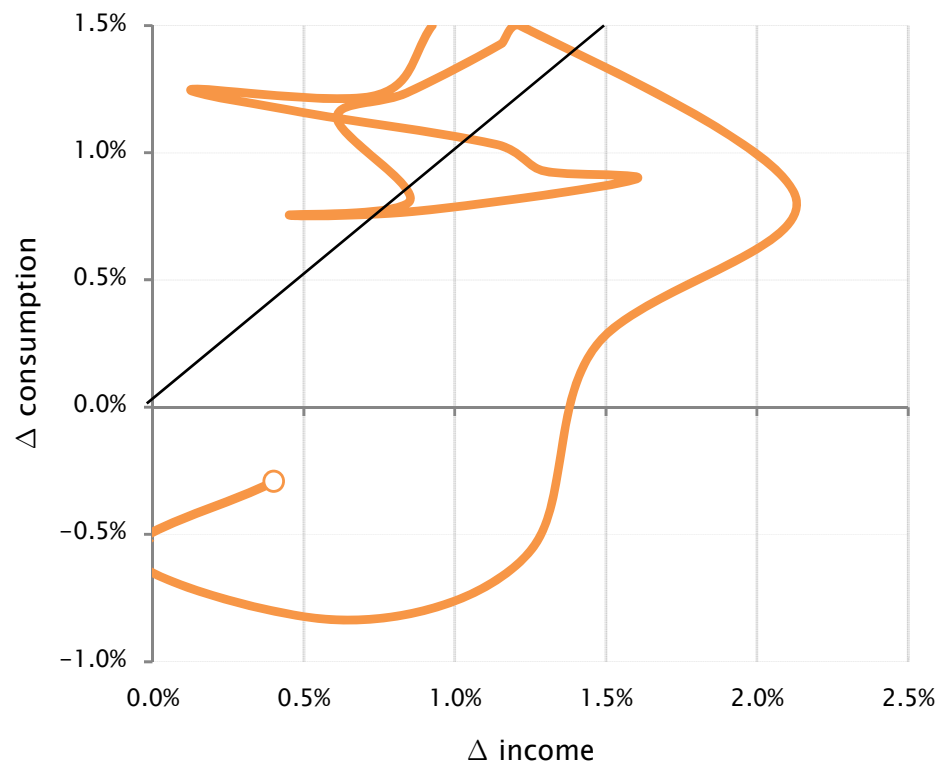


How income & consumption $\Delta\%$ affect saving rates





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	Issued by banks	Total	Listed		
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 Q3	3,713	32.1	16.9	9.1	20.7	1.5	8.2	18.0
France	4,427	29.5	1.4	n.a.	17.6	3.8	7.0	34.4
Germany	5,070	40.5	4.3	n.a.	9.4	n.a.	8.7	34.9
UK	5,738	28.2	0.7	n.a.	9.6	4.1	2.2	55.1
USA	47,312	12.8	8.4	n.a.	32.8	n.a.	11.4	31.8

High level of direct investment (~ 40%)

Significant amounts of bank issued bonds (10%)

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

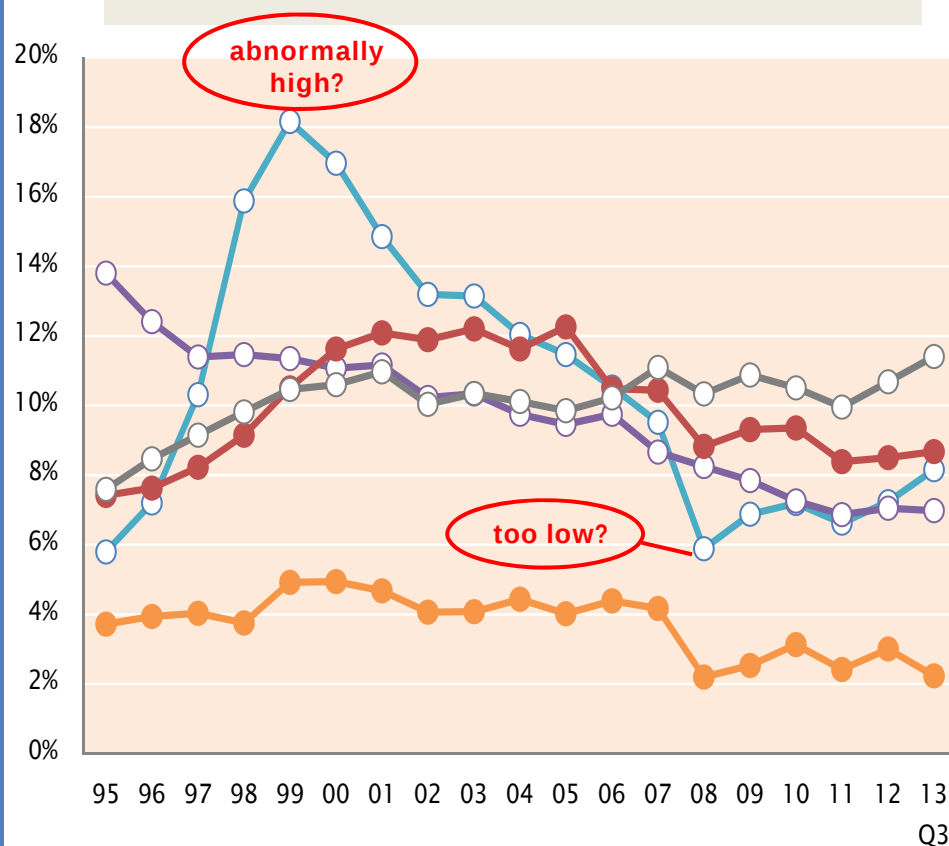
Funds: rise until 1999 (18%) then fall (hump shaped)

Pensions/life product: up but still too modest.

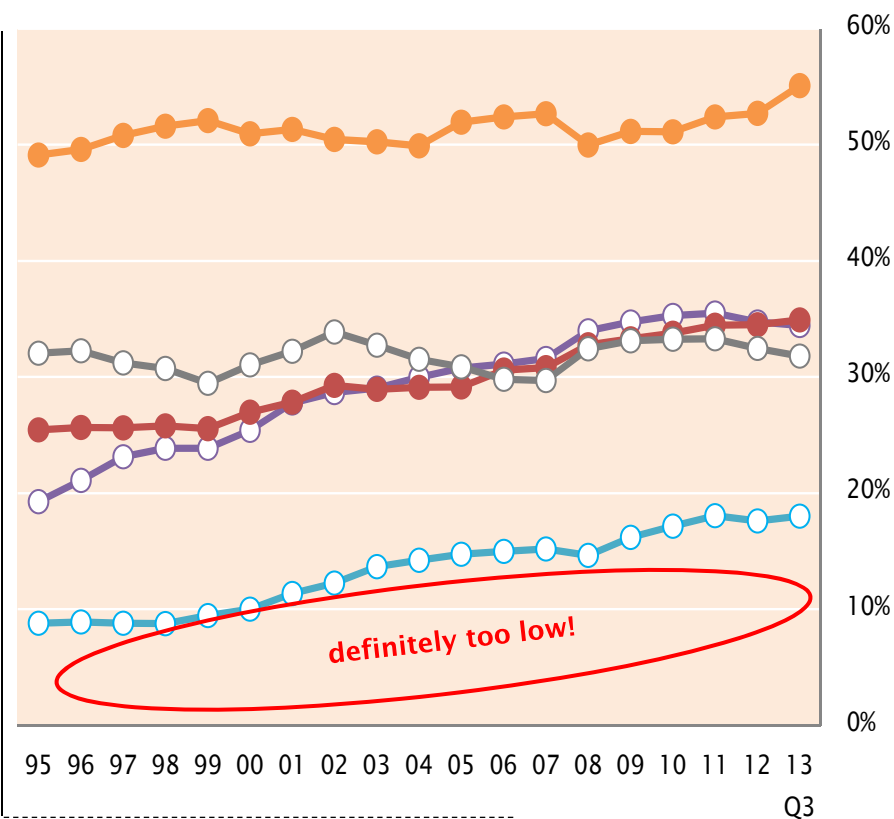


Managed products in household portfolios

Investment funds



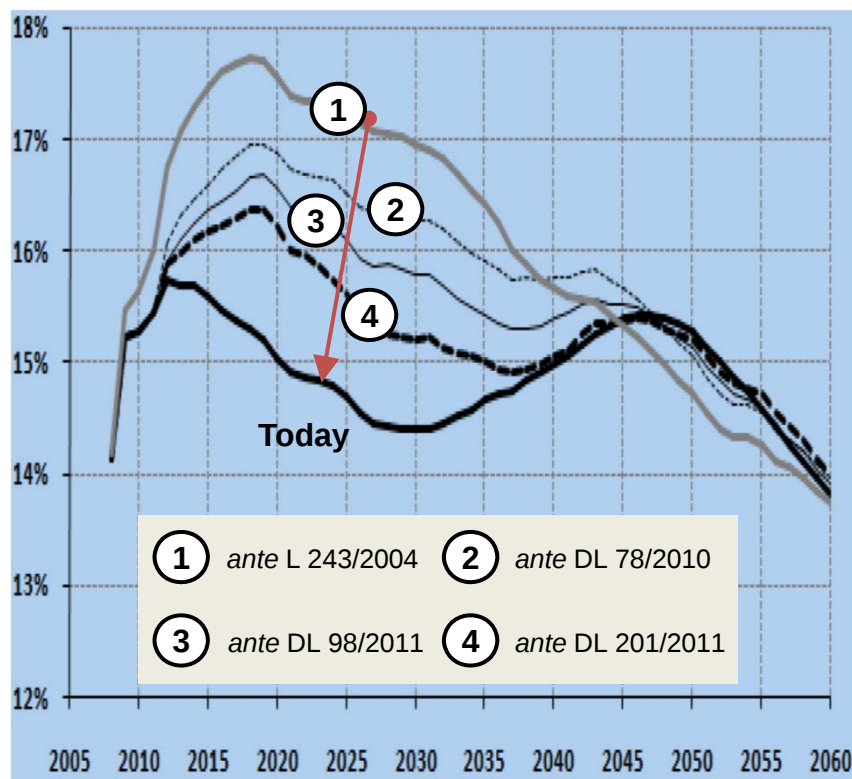
Pension funds & life products



Italy France Germany United Kingdom USA

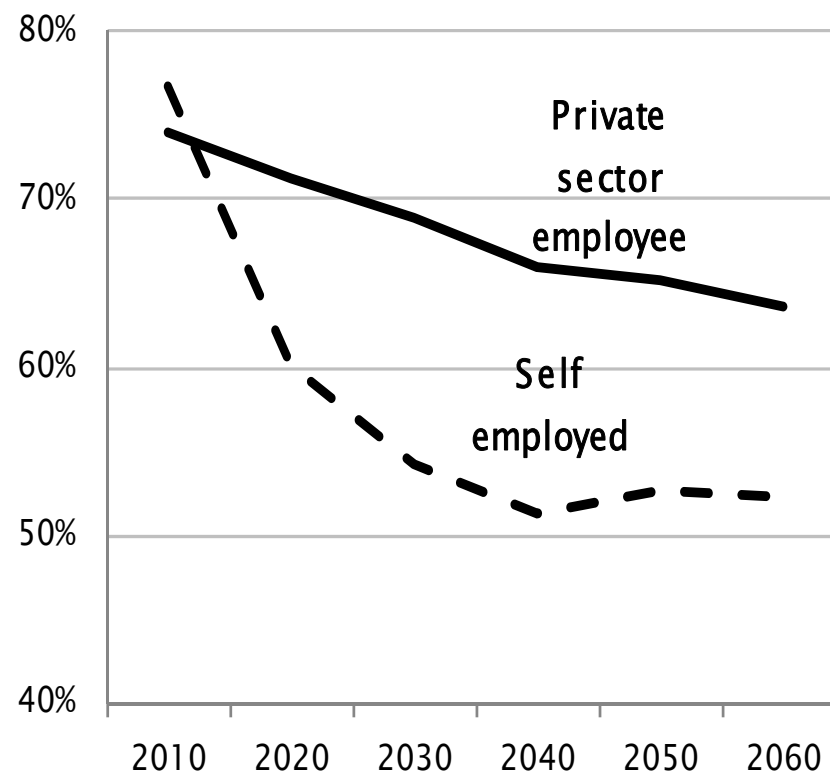
Public Pensions (1st pillar)

Cost (% GDP)



Future substitution rates

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





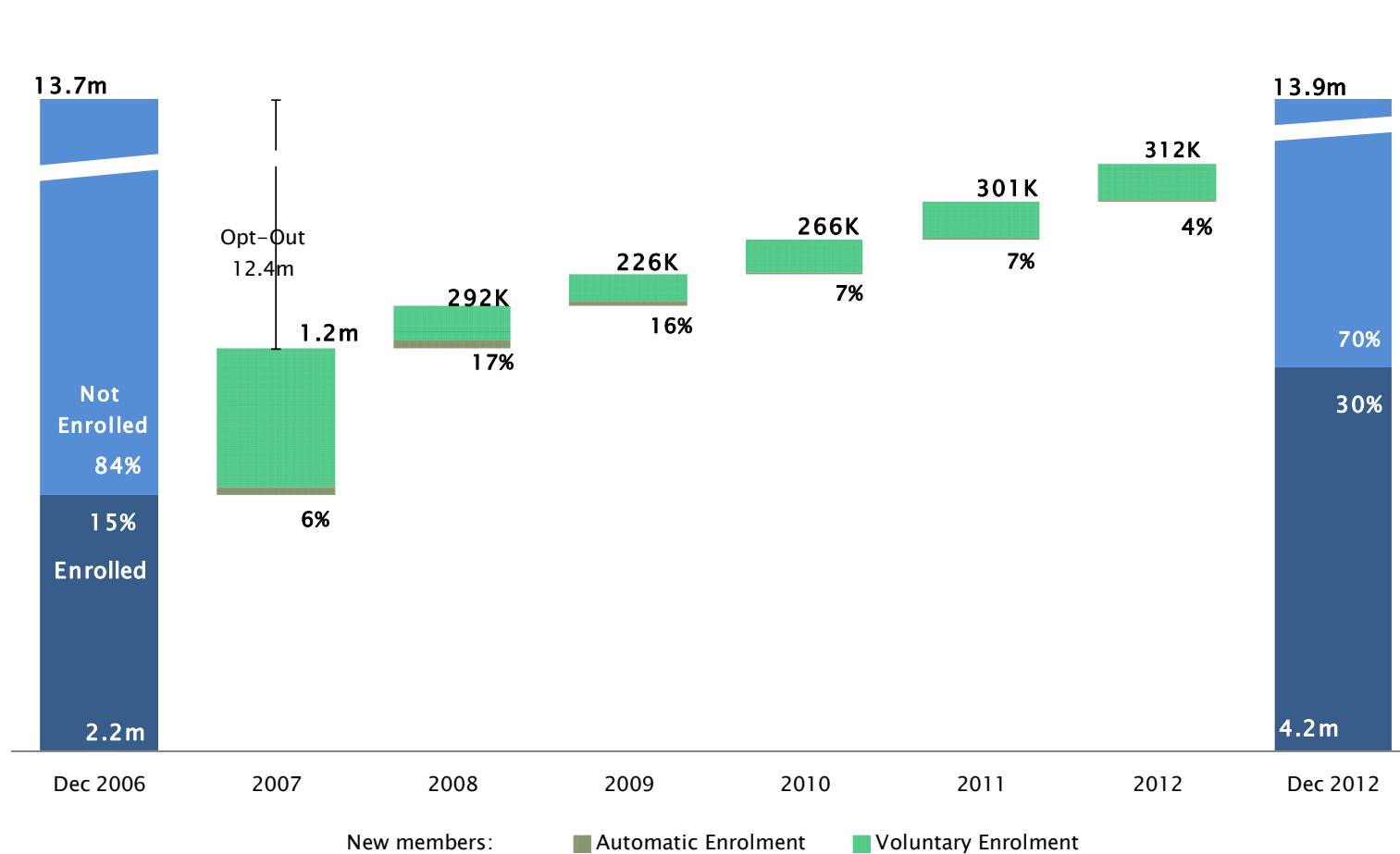
Private pension plans at a glance (2nd & 3rd pillar)

	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	



2007 2nd pillar reform: failure of automatic enrolment





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