

The Italian Asset Management market key figures

26 November 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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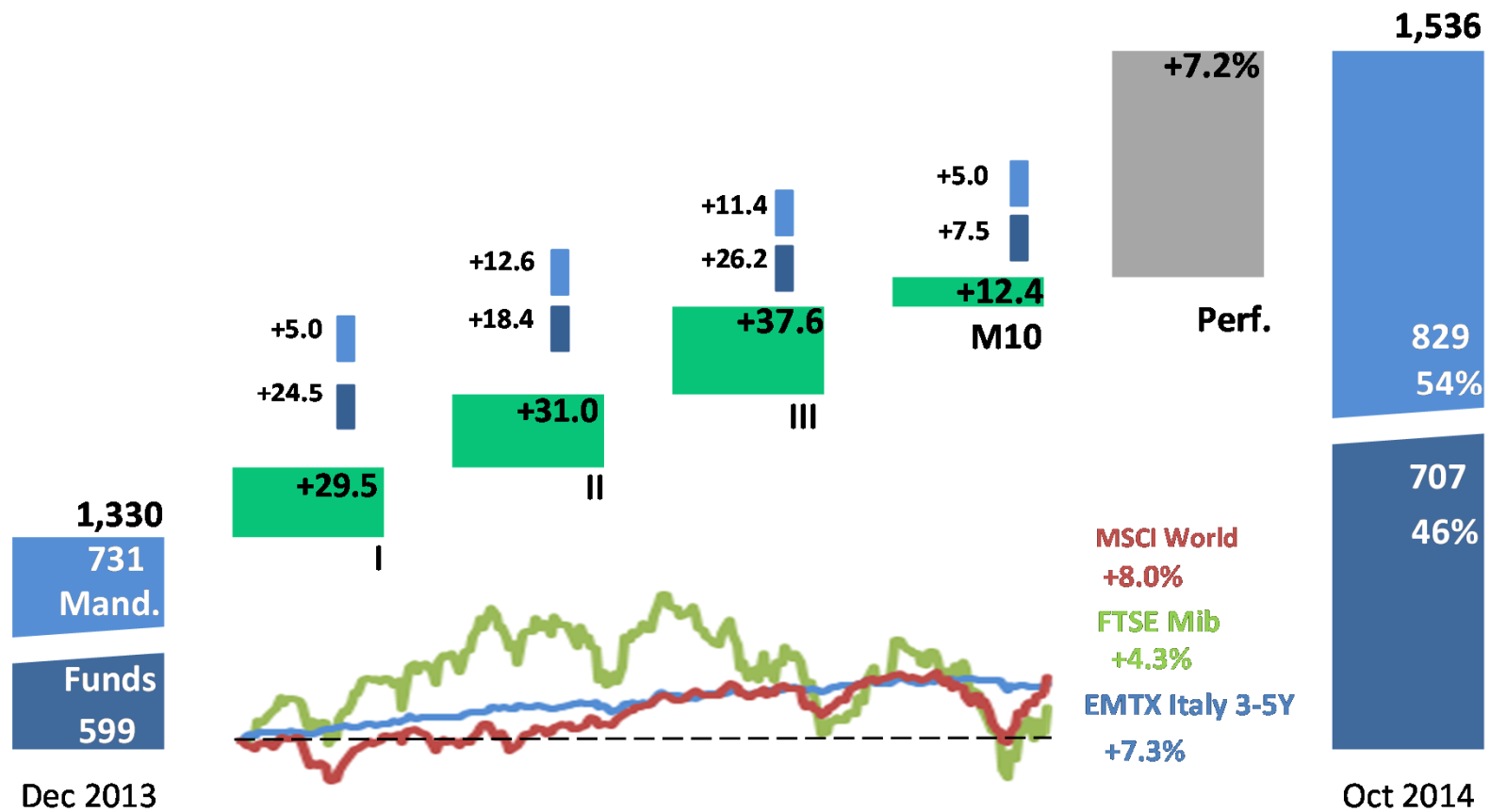
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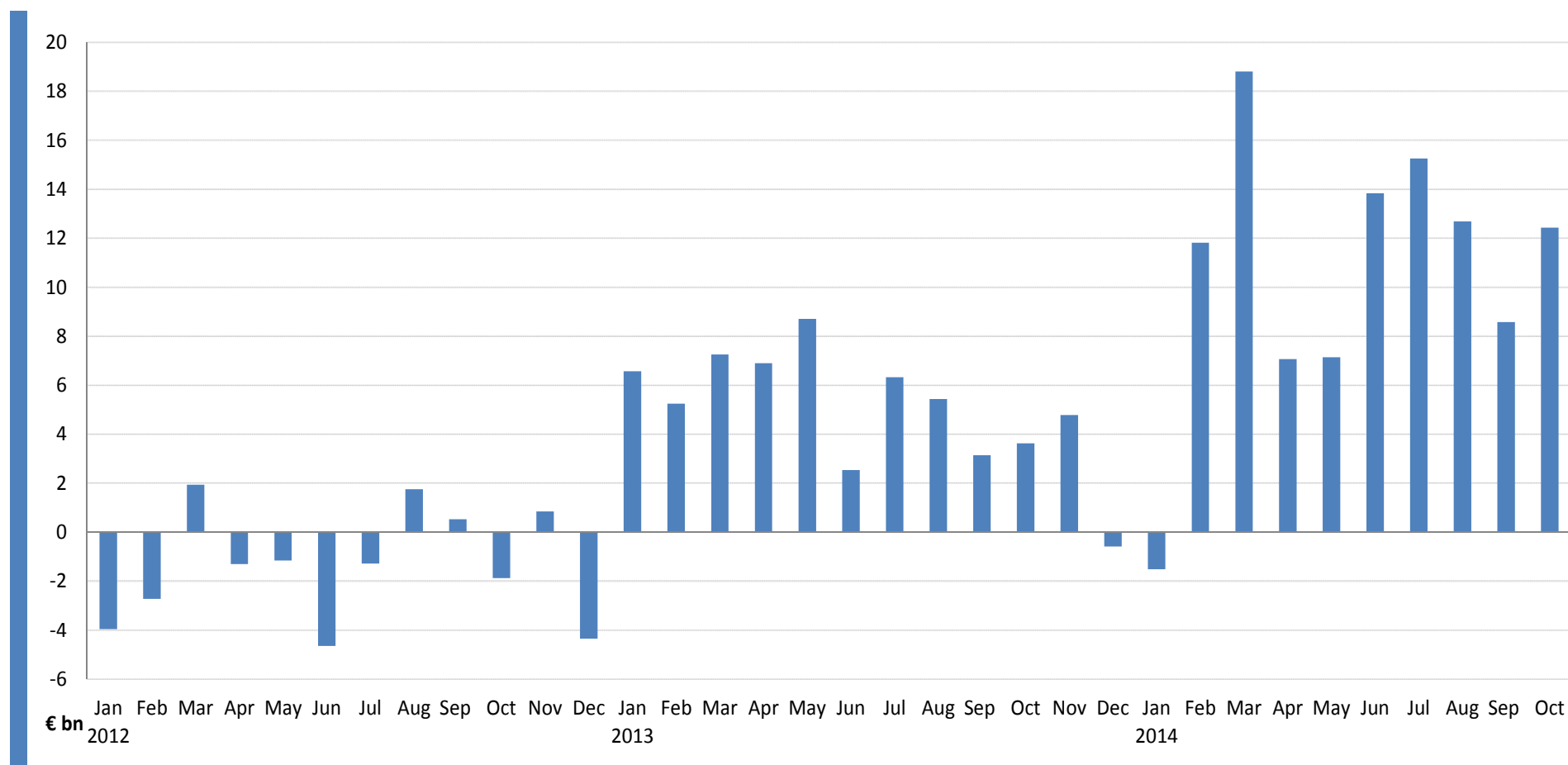


The Italian AM market (Jan 2013:Oct 2014)



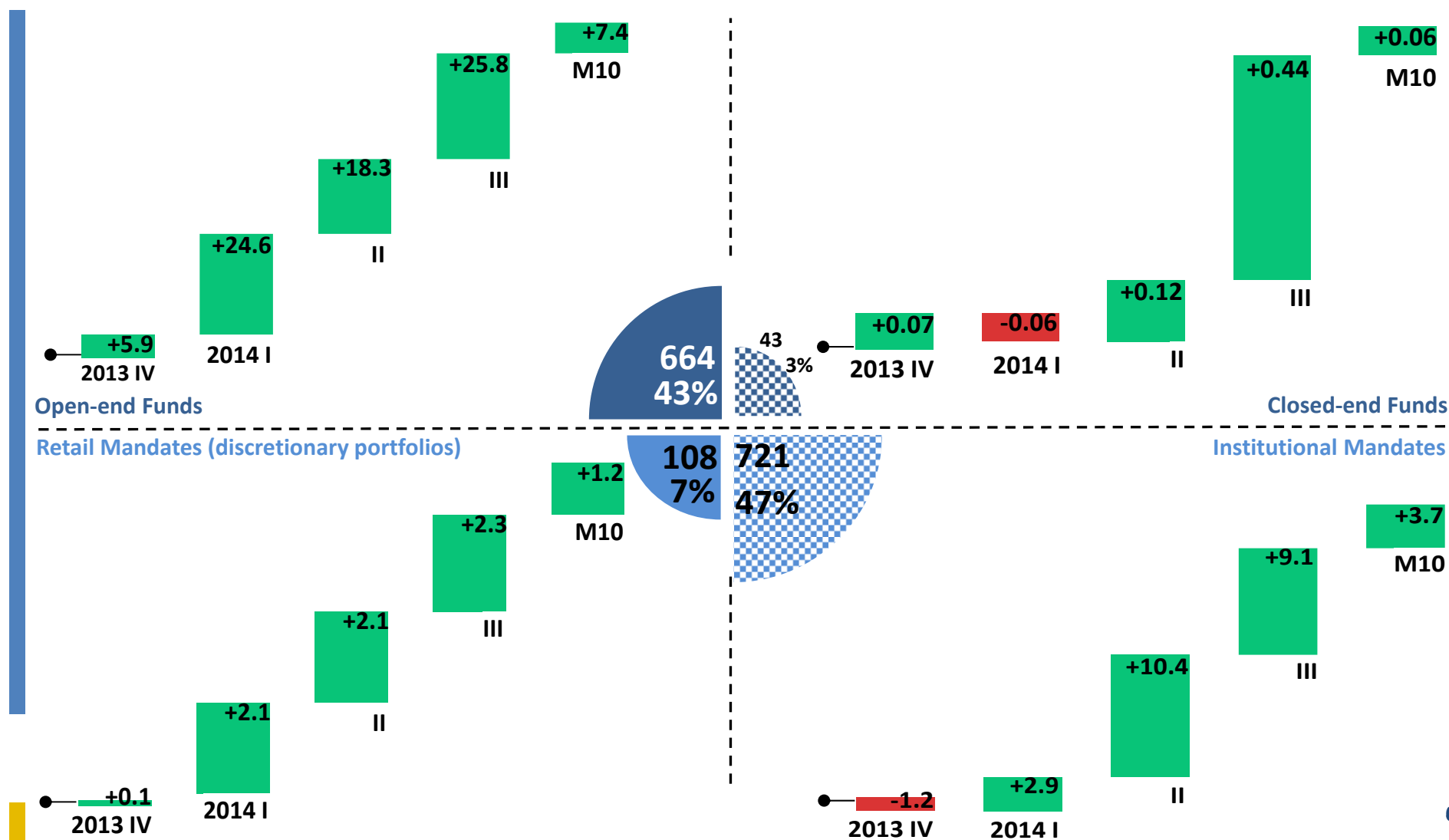


Net flows are rebounding



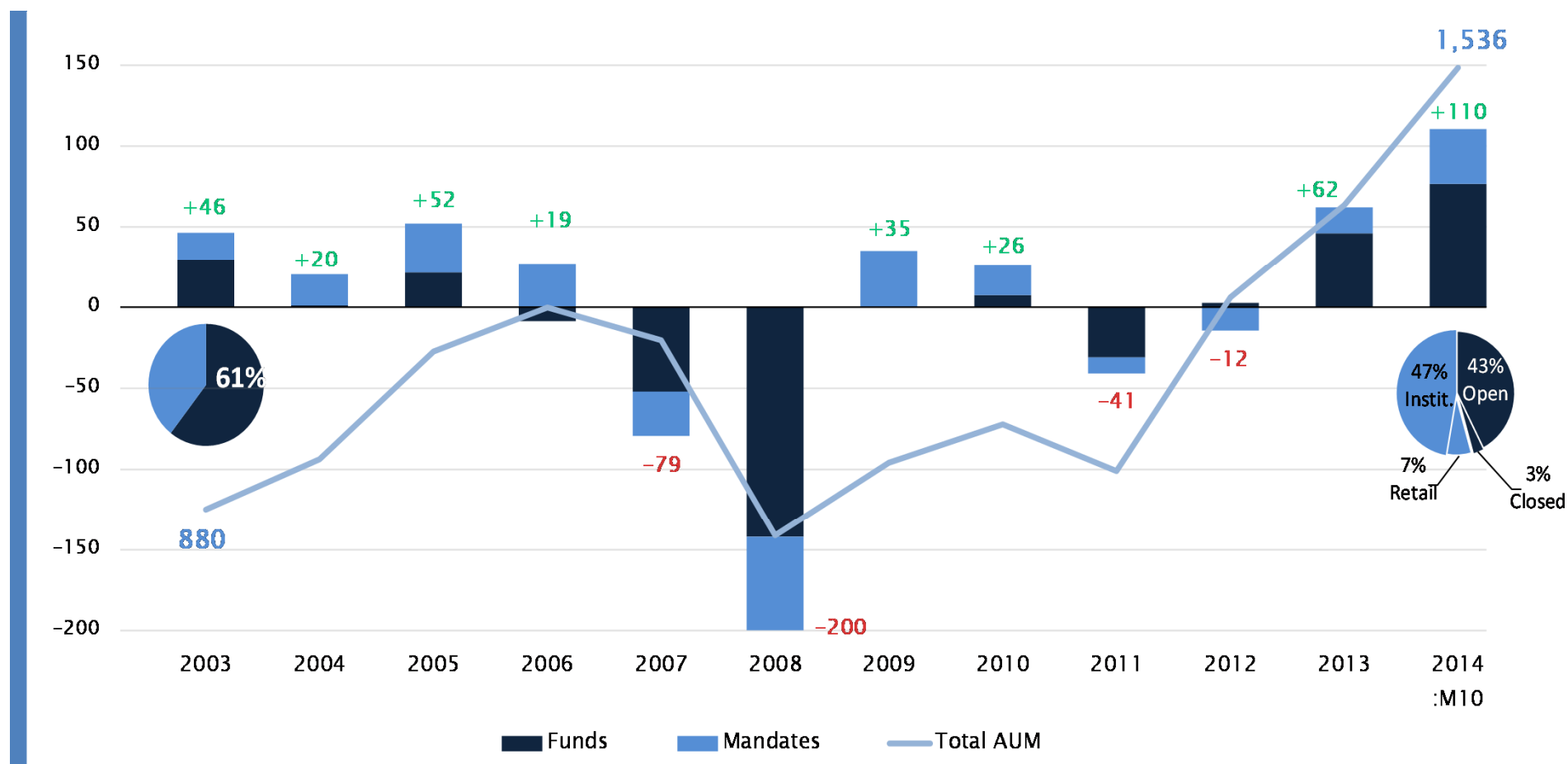


Product breakdown



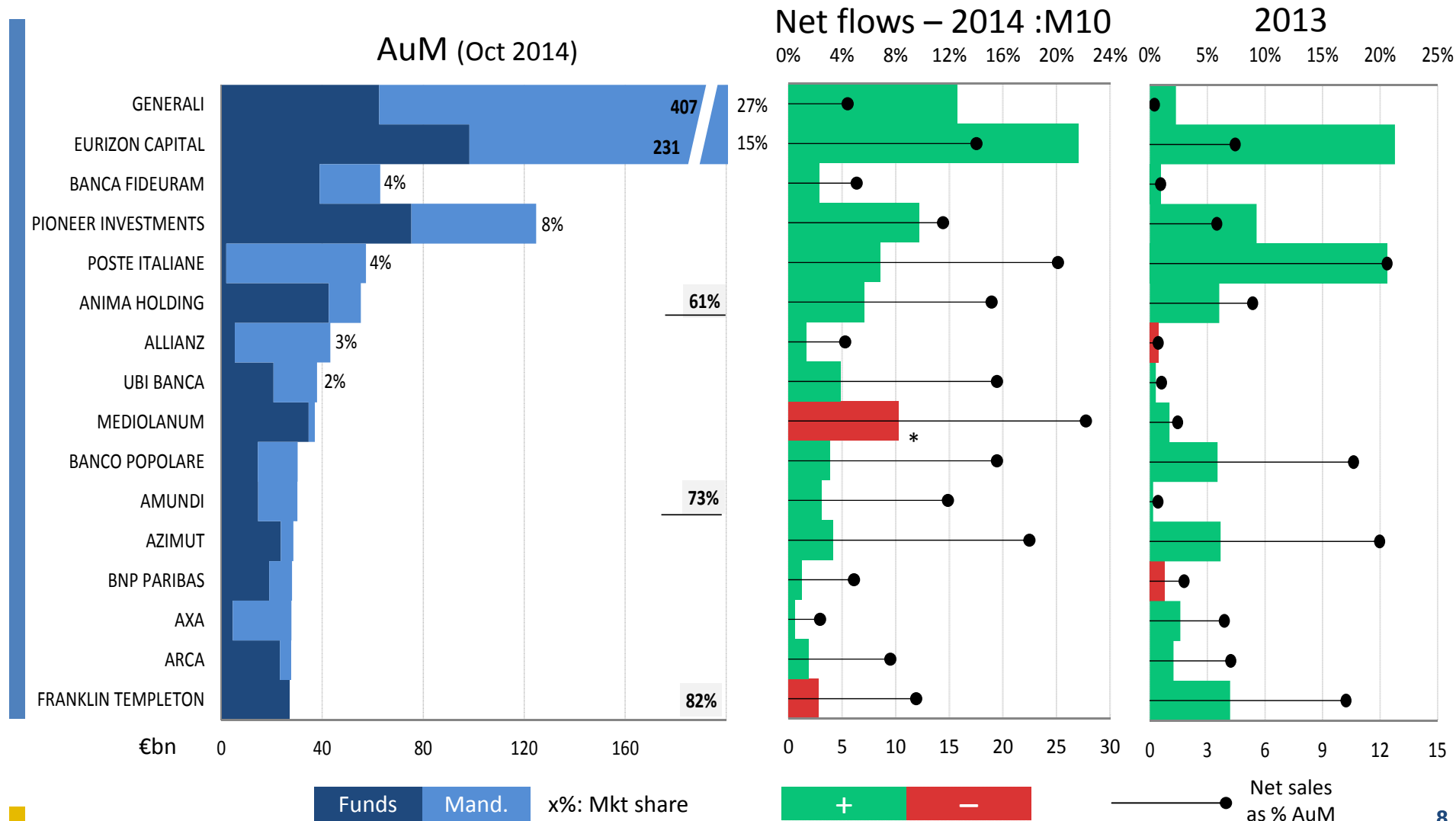


Long term trend



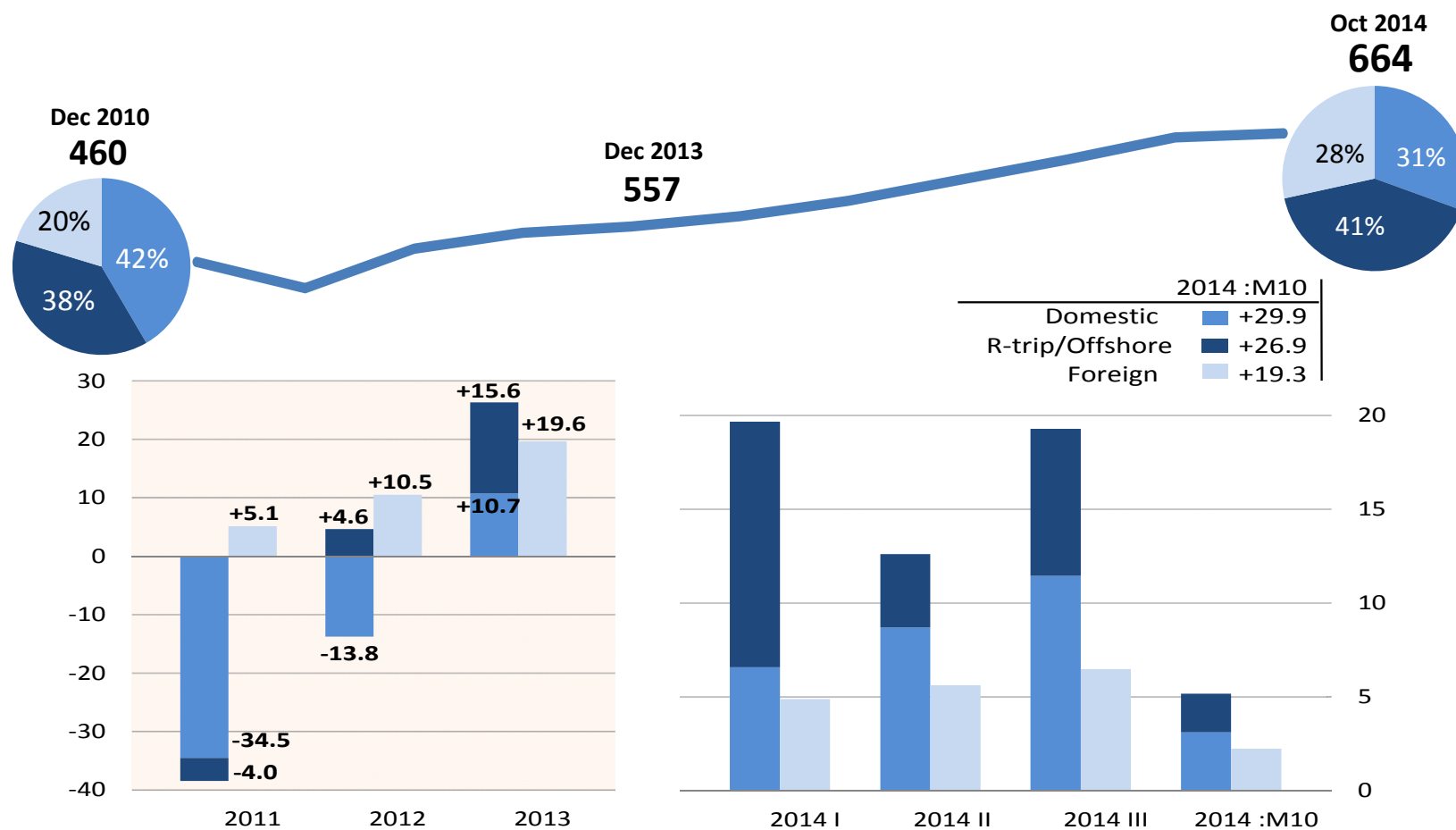


Top 15 Groups



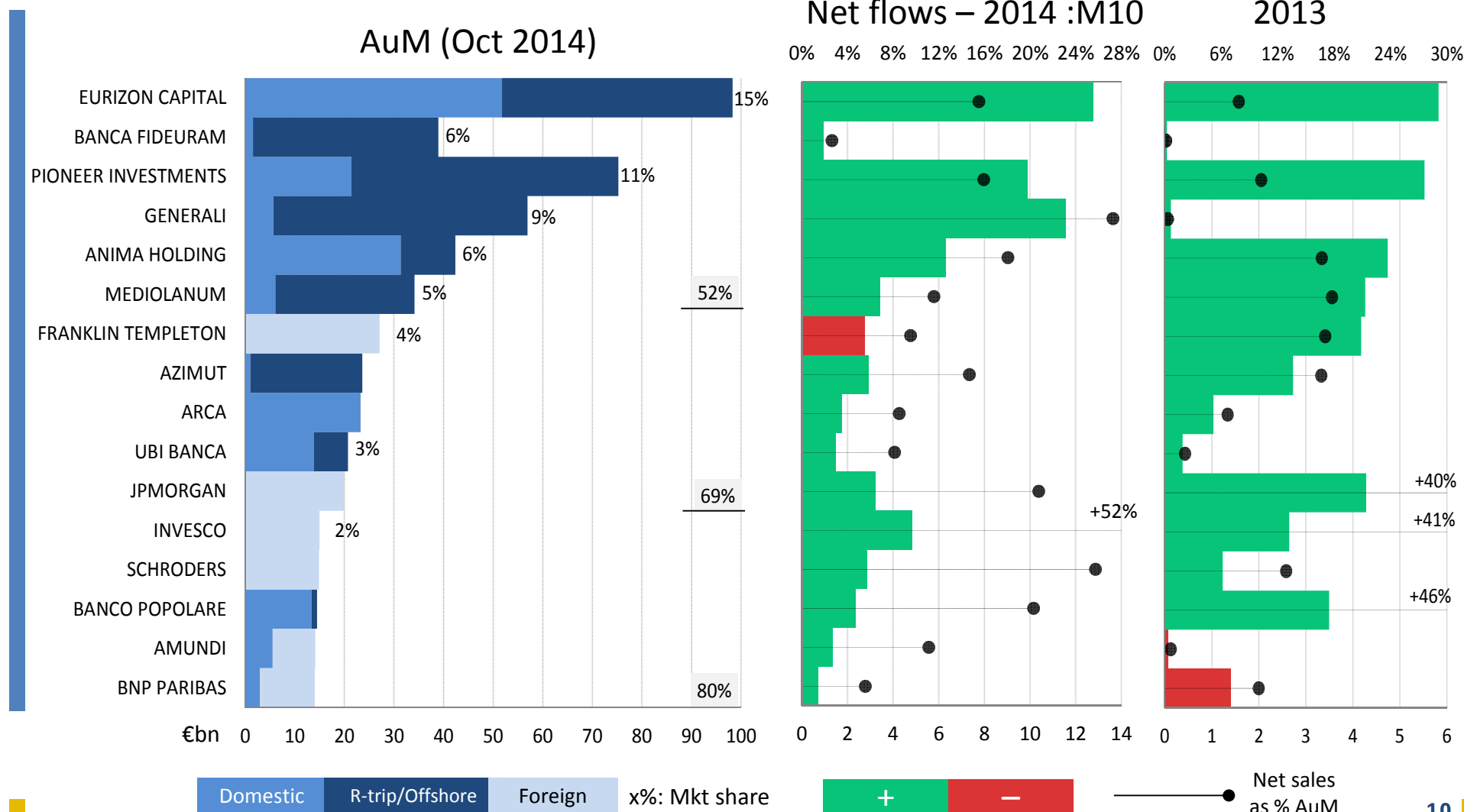


Open-end funds: domicile breakdown



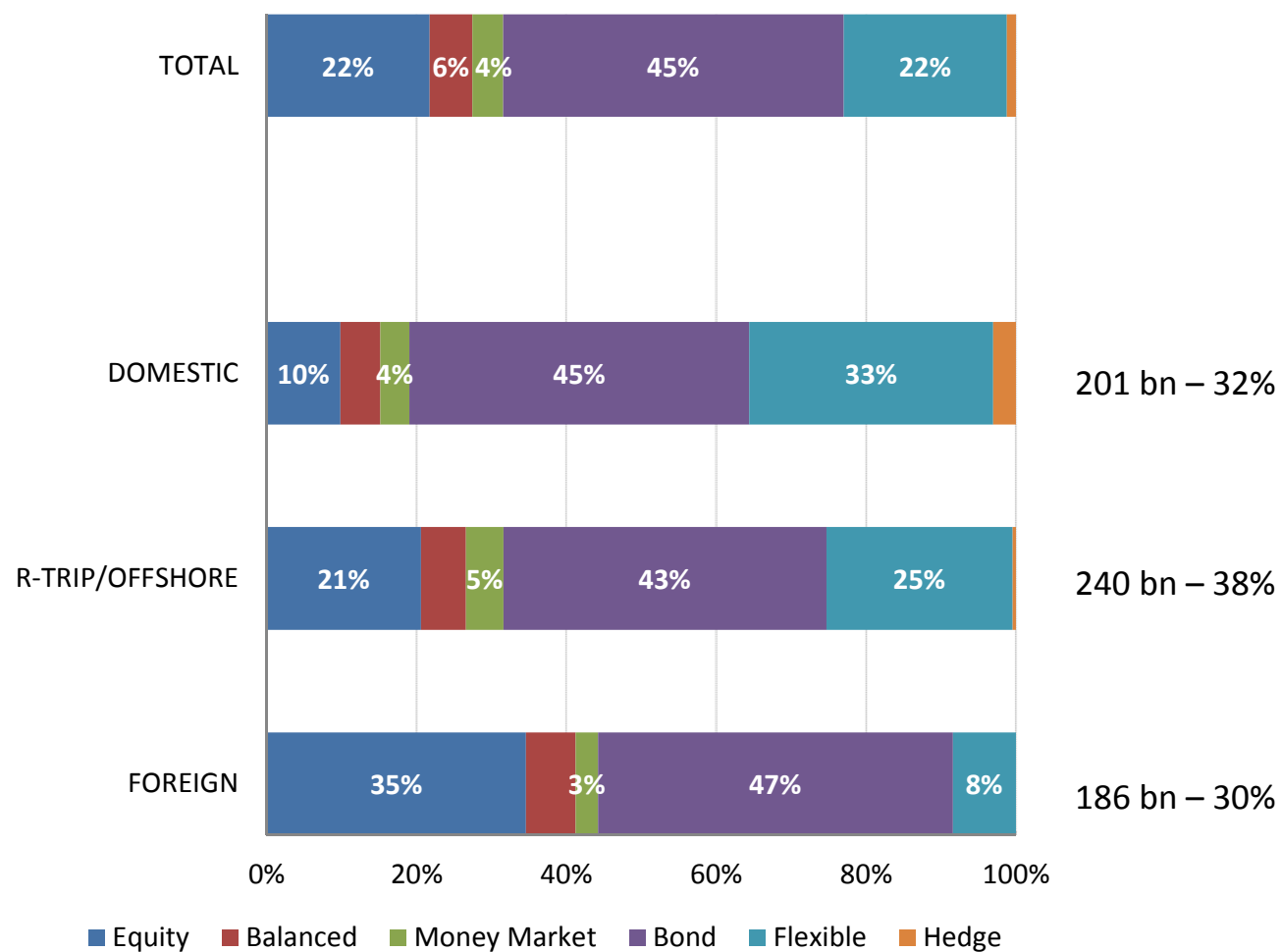


Top 15 Groups (open-end funds only)



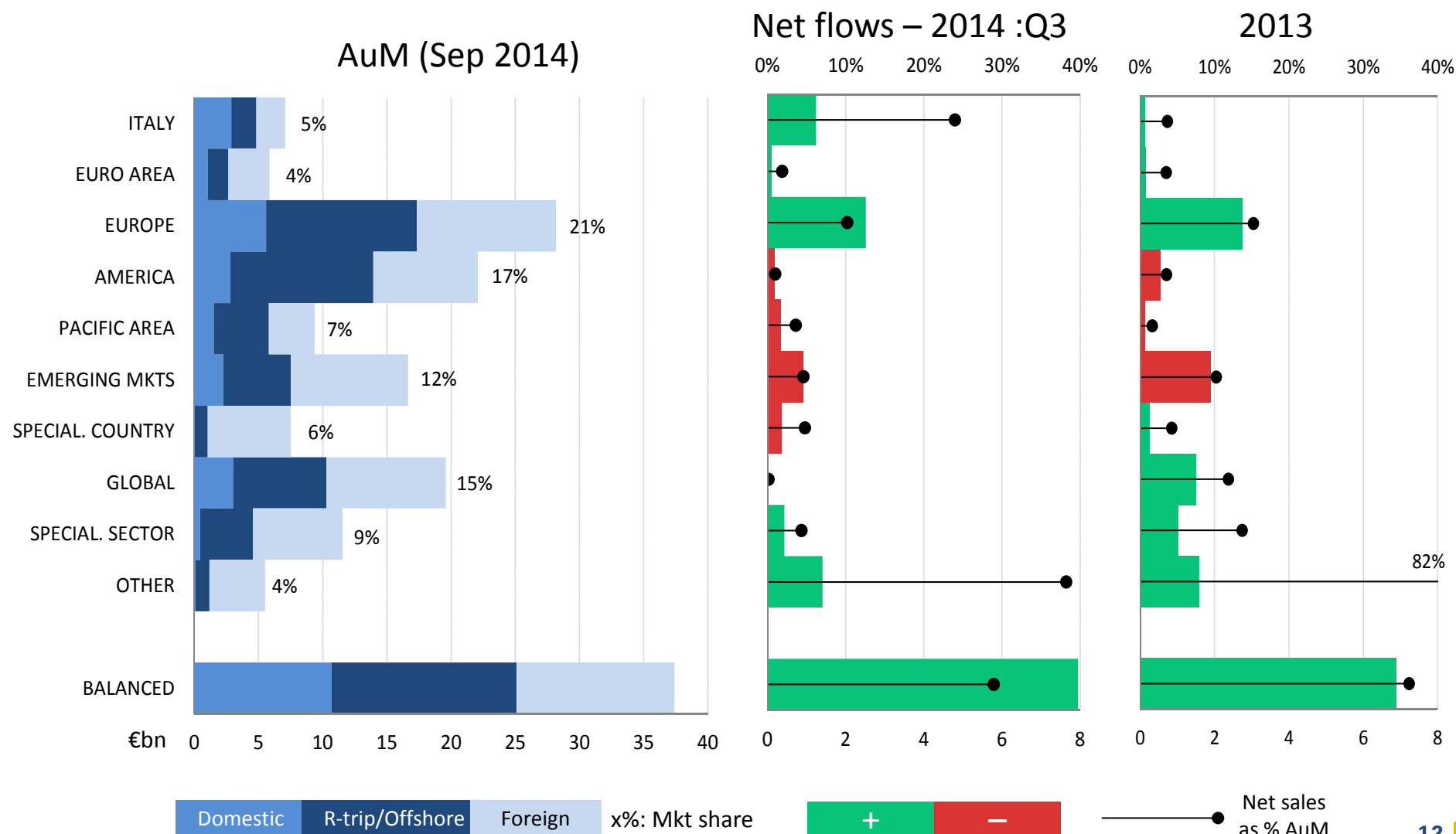


Asset Class breakdown



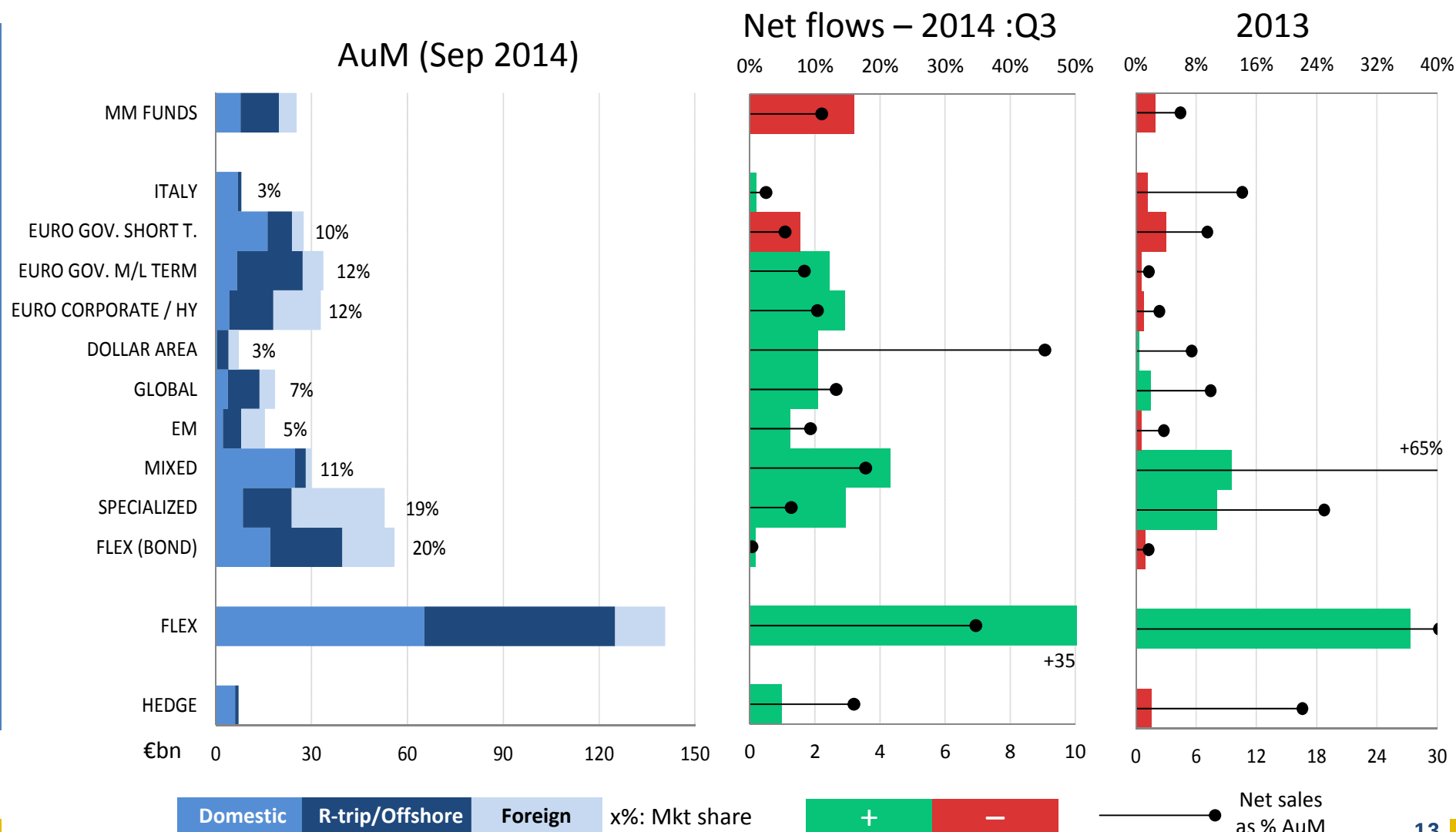


Equity & balanced funds



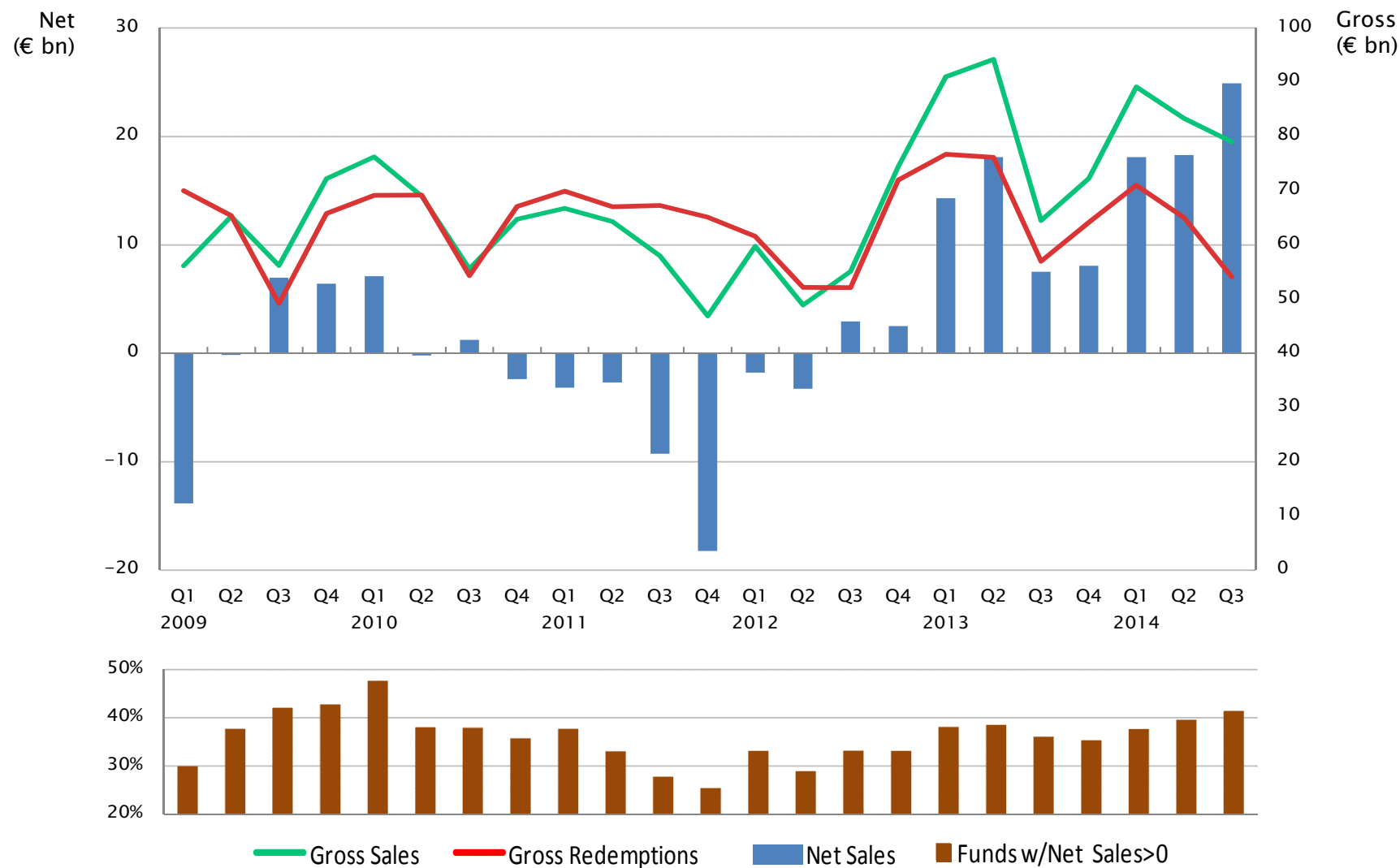


Money mkt, Bond, Flex & Hedge funds



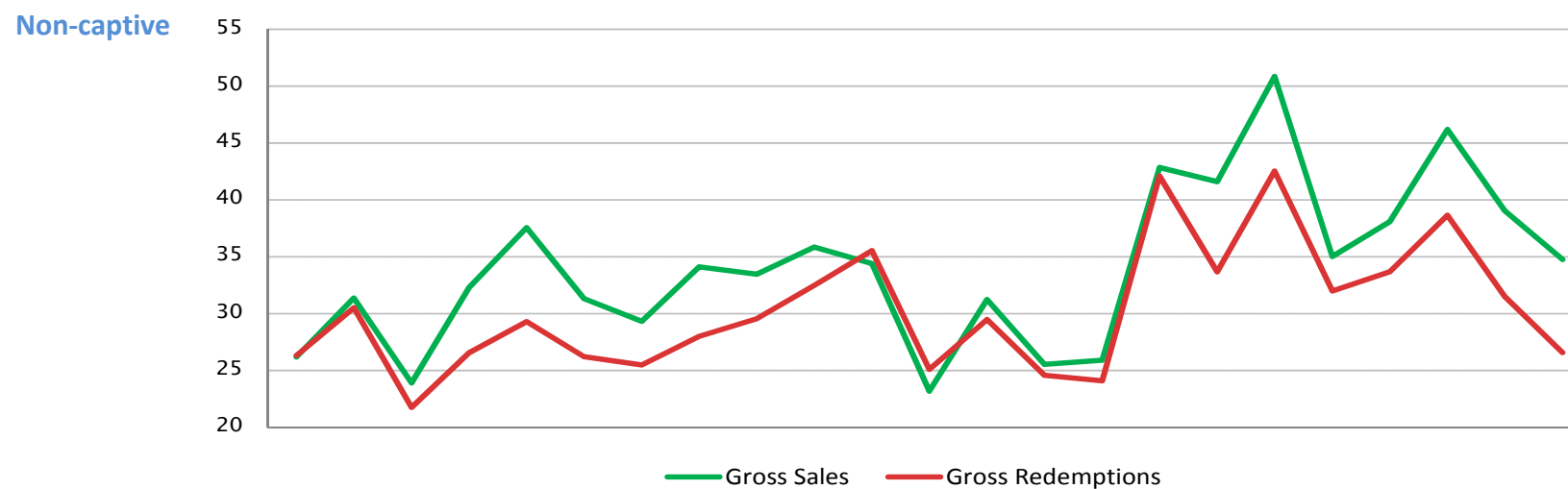
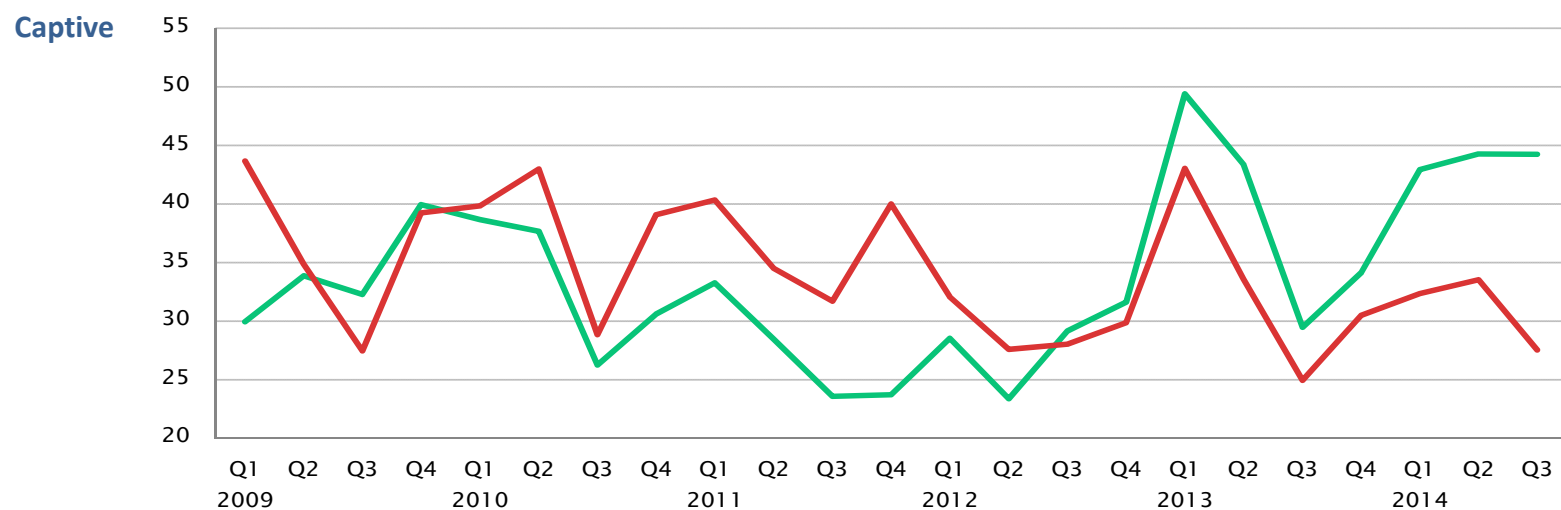


Net & gross flows



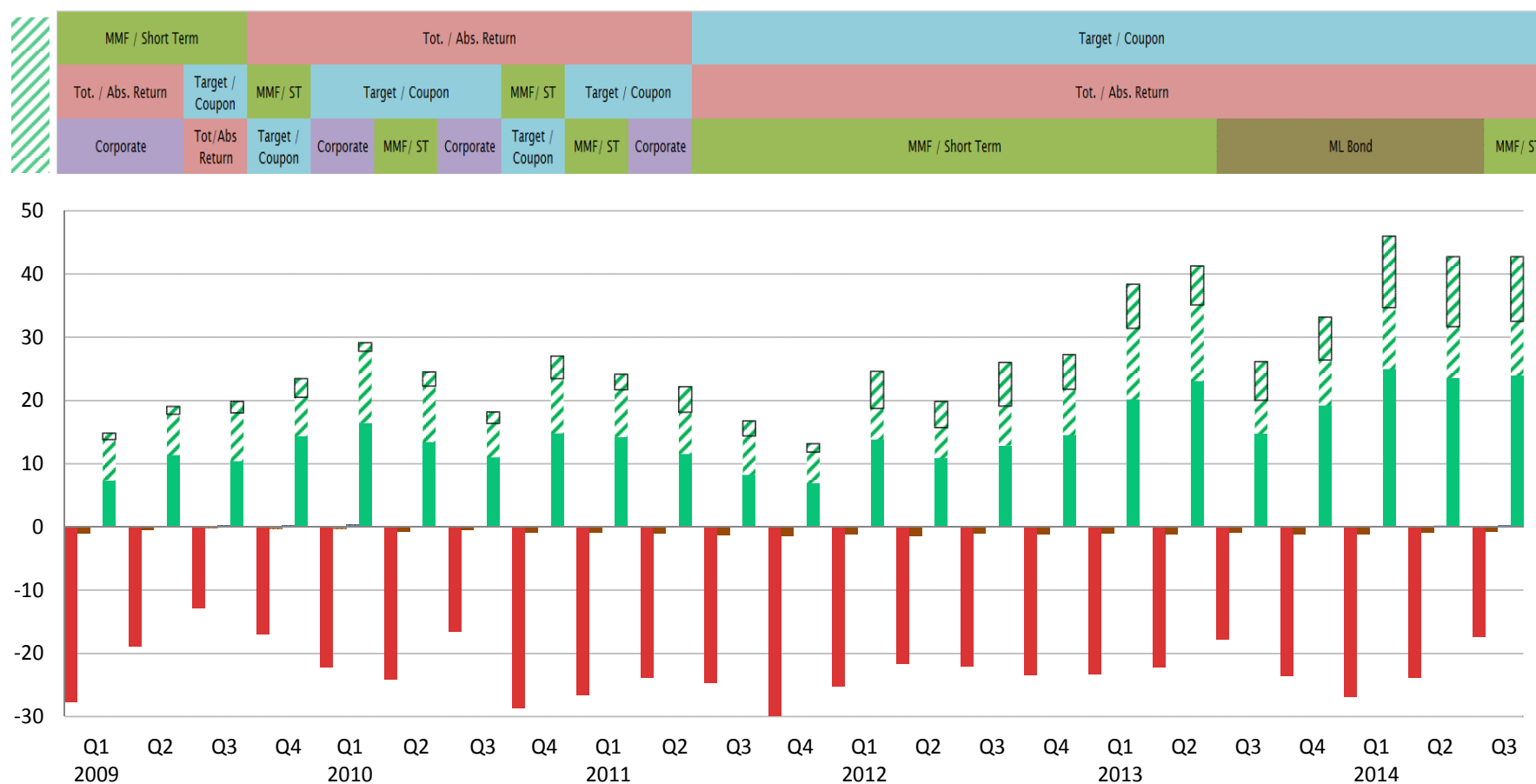


Gross flows: captive vs. non-captive ManCo



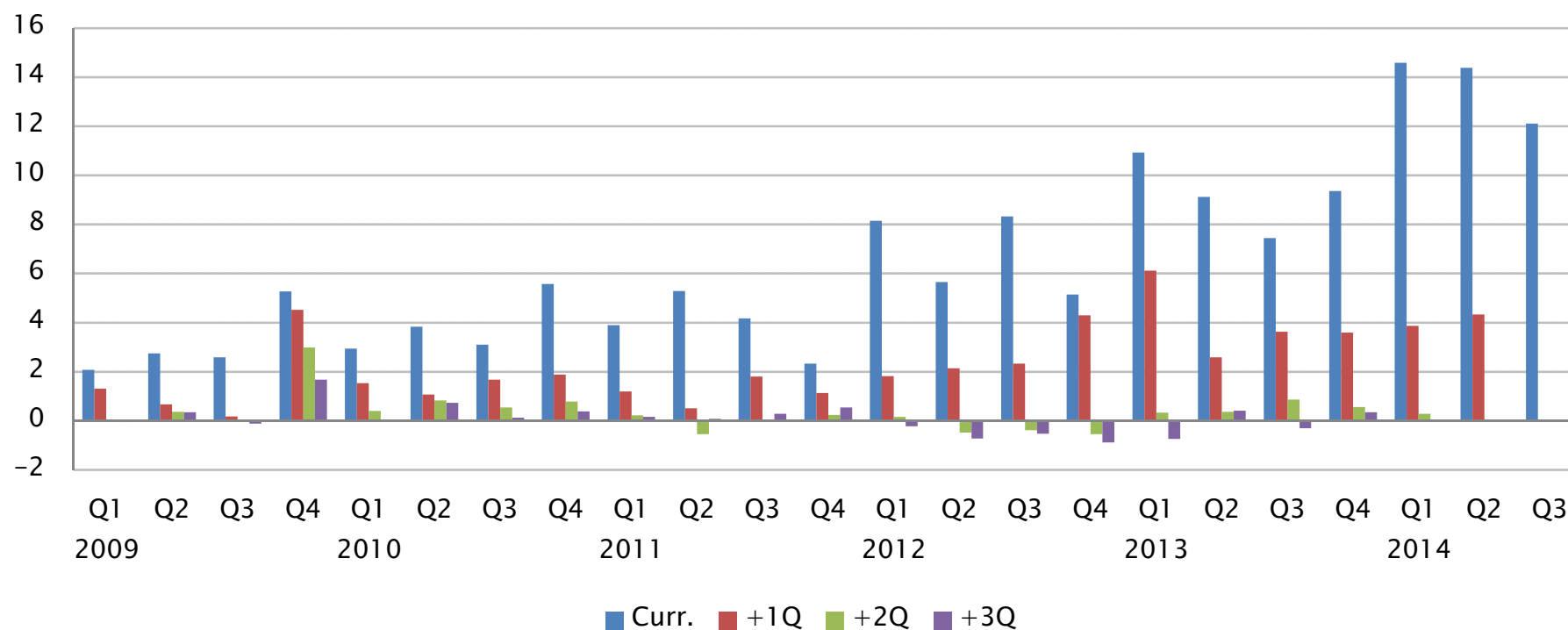


The *blockbuster effect*: top quartile funds take all



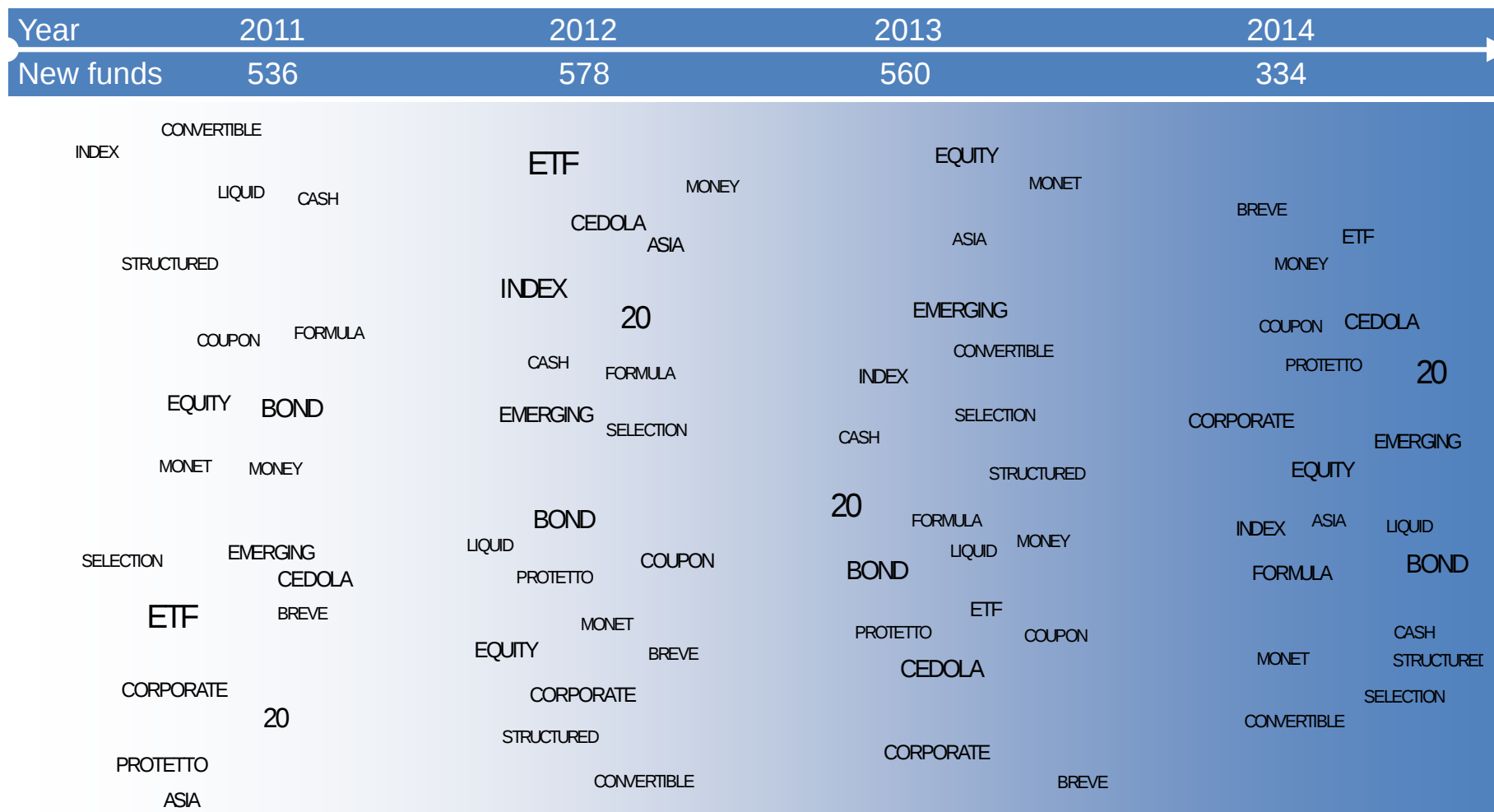


New stories: they sell well... but how long?



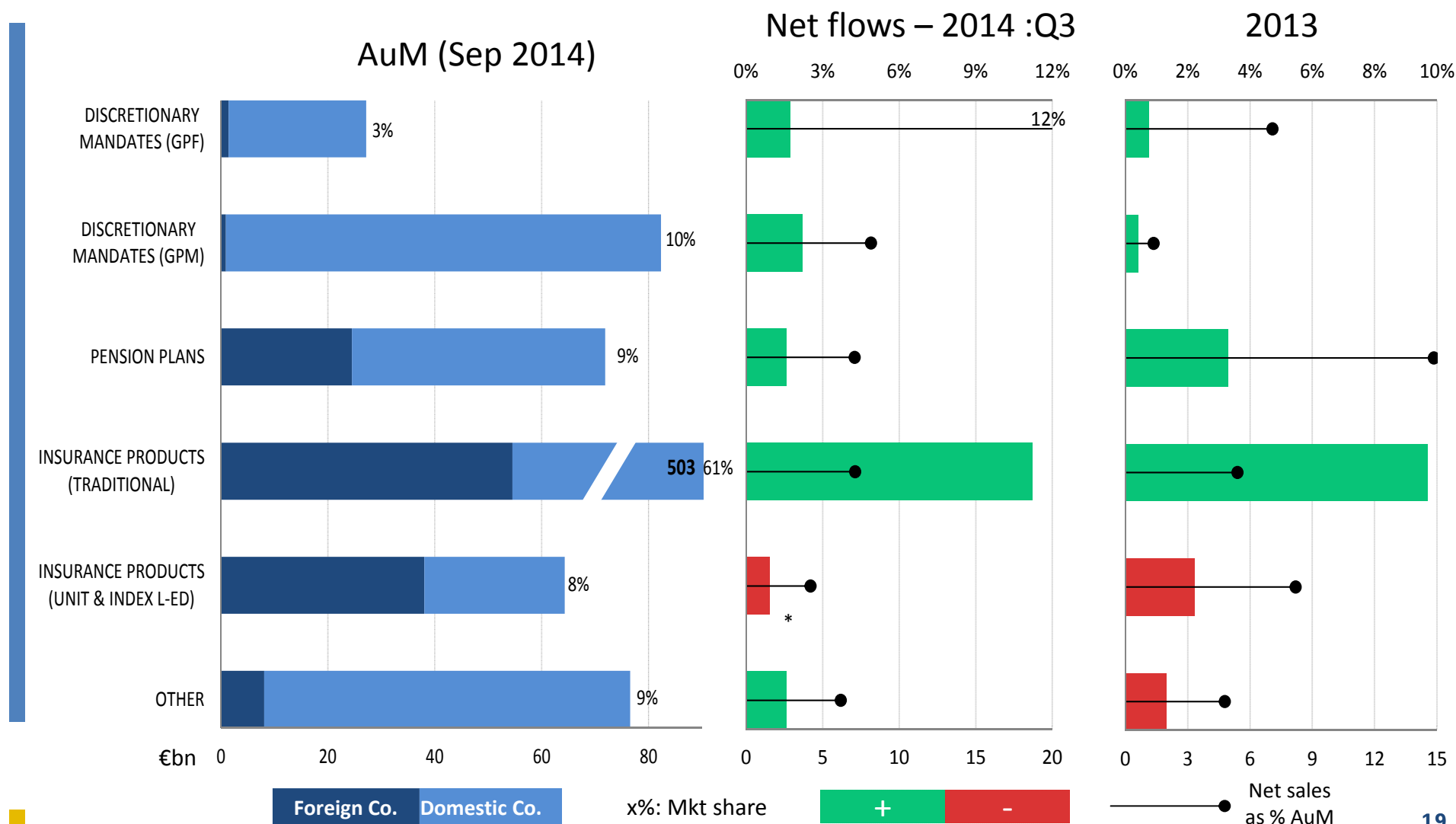


New stories tag cloud



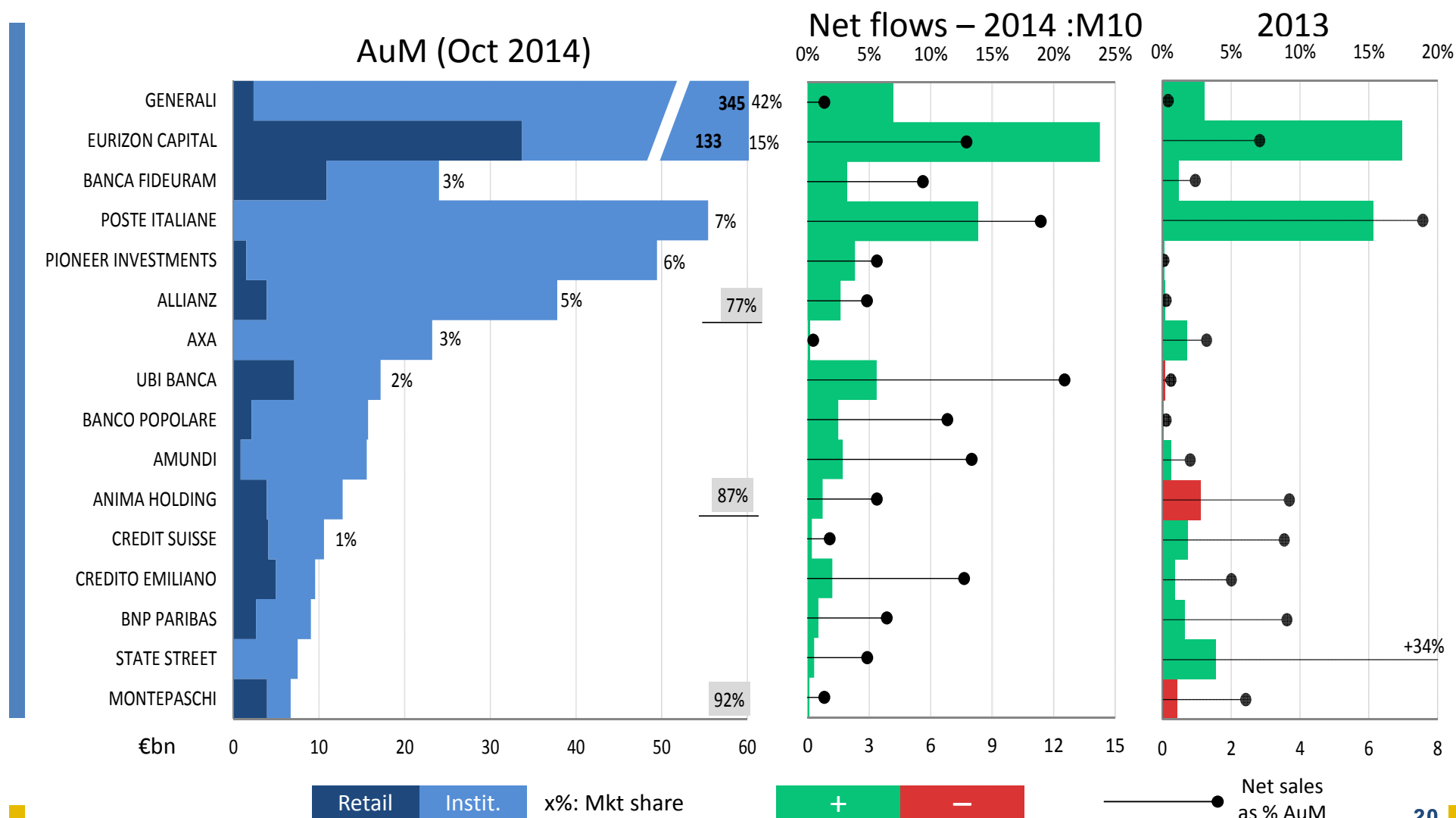


Mandates: AuM & Net Sales trends



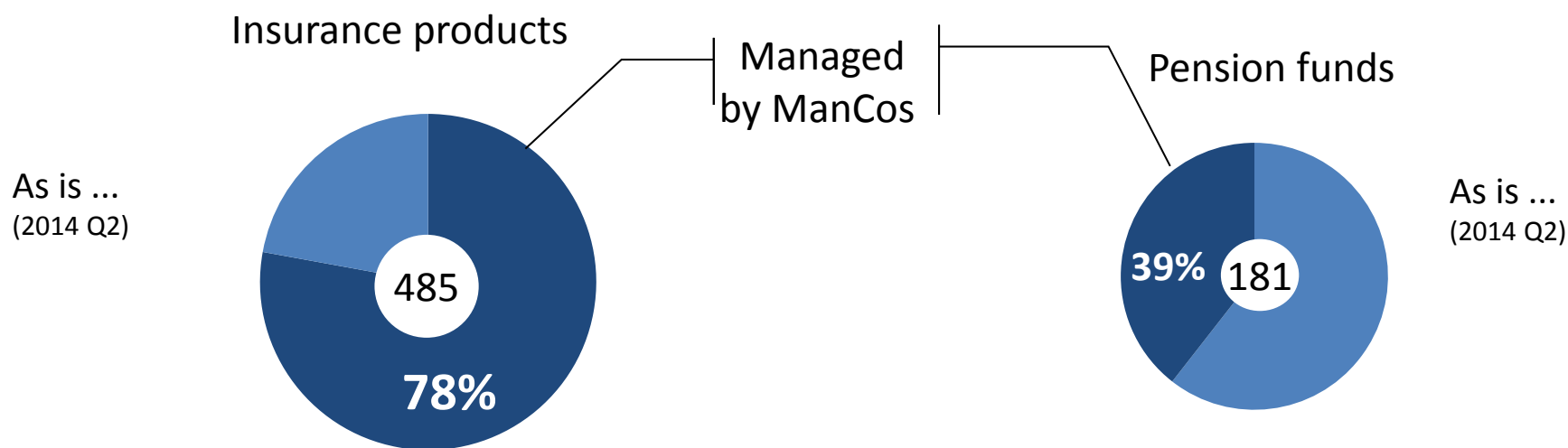


Top 15 Groups (mandates only)





The market for Institutional Mandates



... and as could become:

Household portfolio: share of insurance products & pension funds (2014Q1)

IT	FRA	GER	UK	USA
17.7%	34.2%	35.0%	55.1%	31.3%

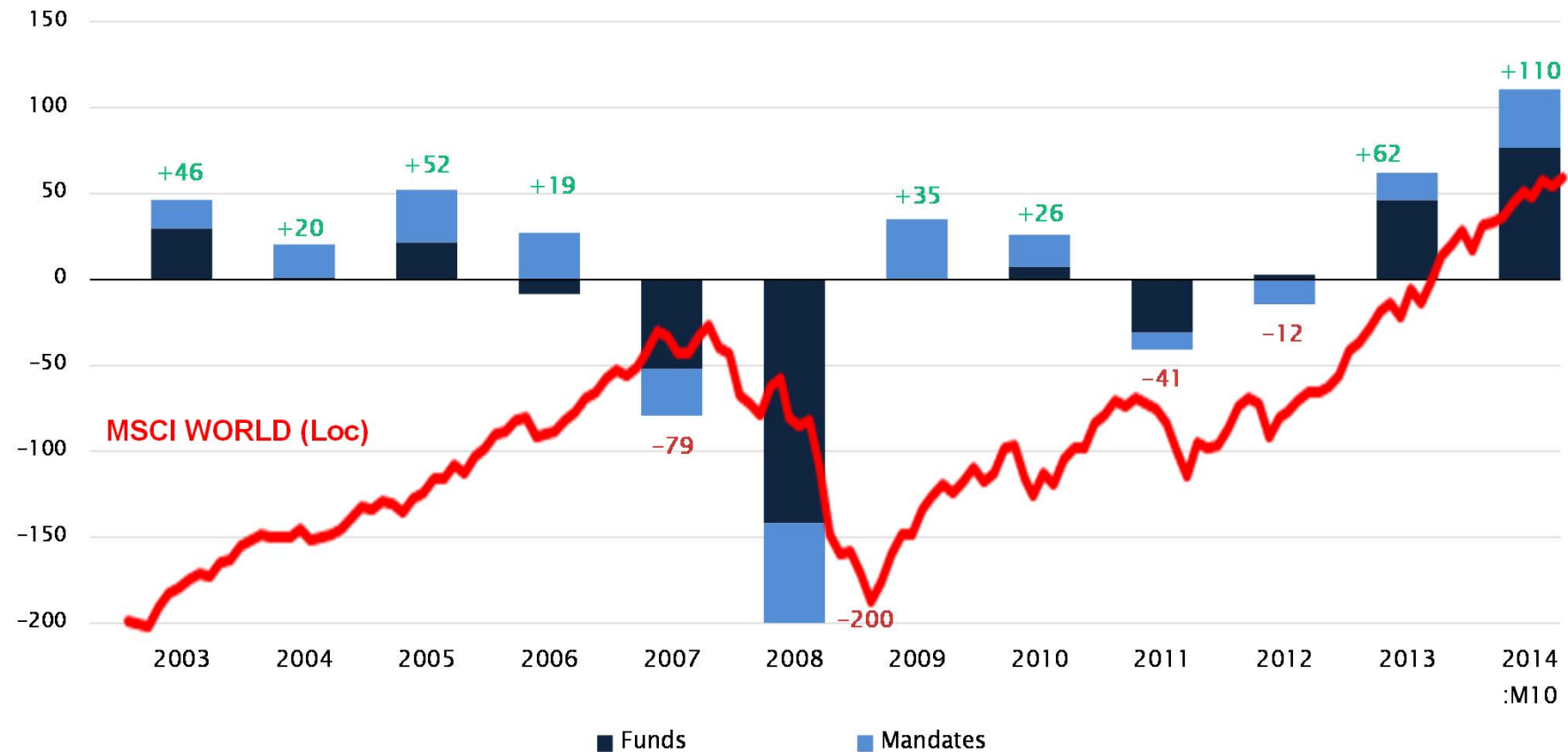


Despite the economic crisis which is still affecting heavily our country, and despite the fall in the household saving rate, net flows into funds and mandates are rebounding. Why?

- **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, 2013*)

Average investment	26.156	} Average ≈ Median x 2.5
Median investment	10.867	

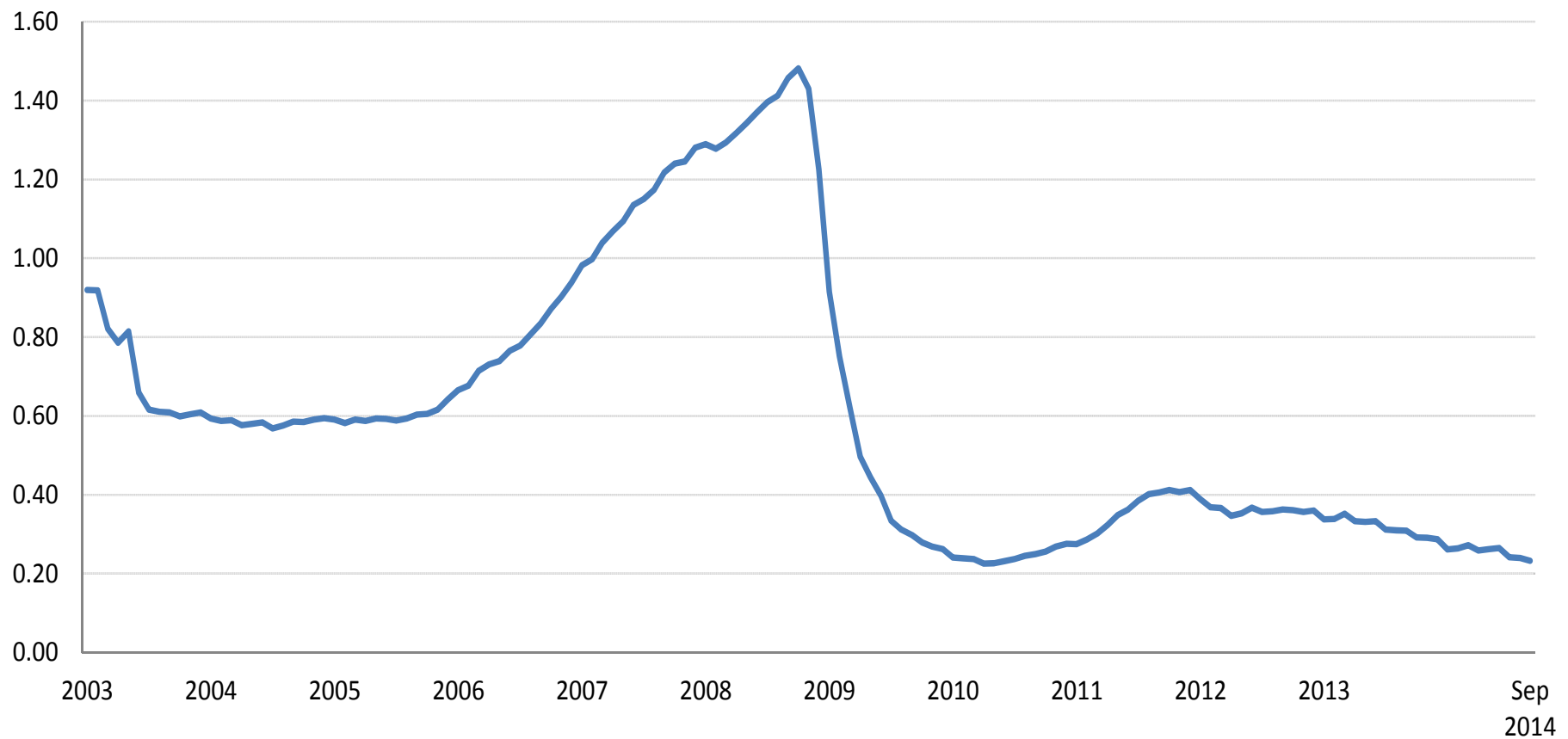
Quartile	% of assets	Limit (€)
I	1,4	3.868
II	6,9	10.867
III	17,3	27.932
IV	74,4	

25% of
shareholders
control
75% of
assets

75% of
shareholders
invest
less than 27k€

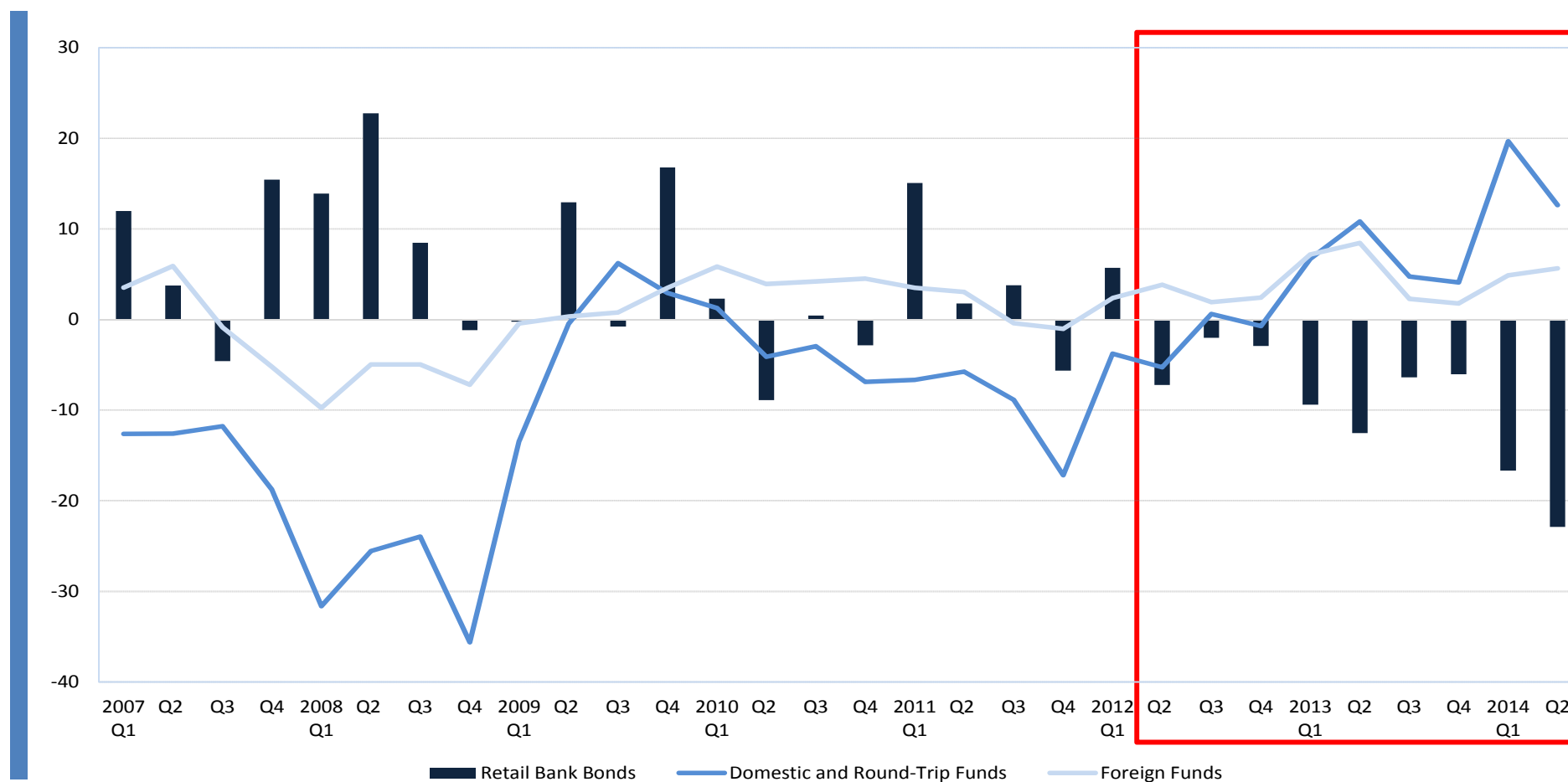


3. Bank deposits pay low interests





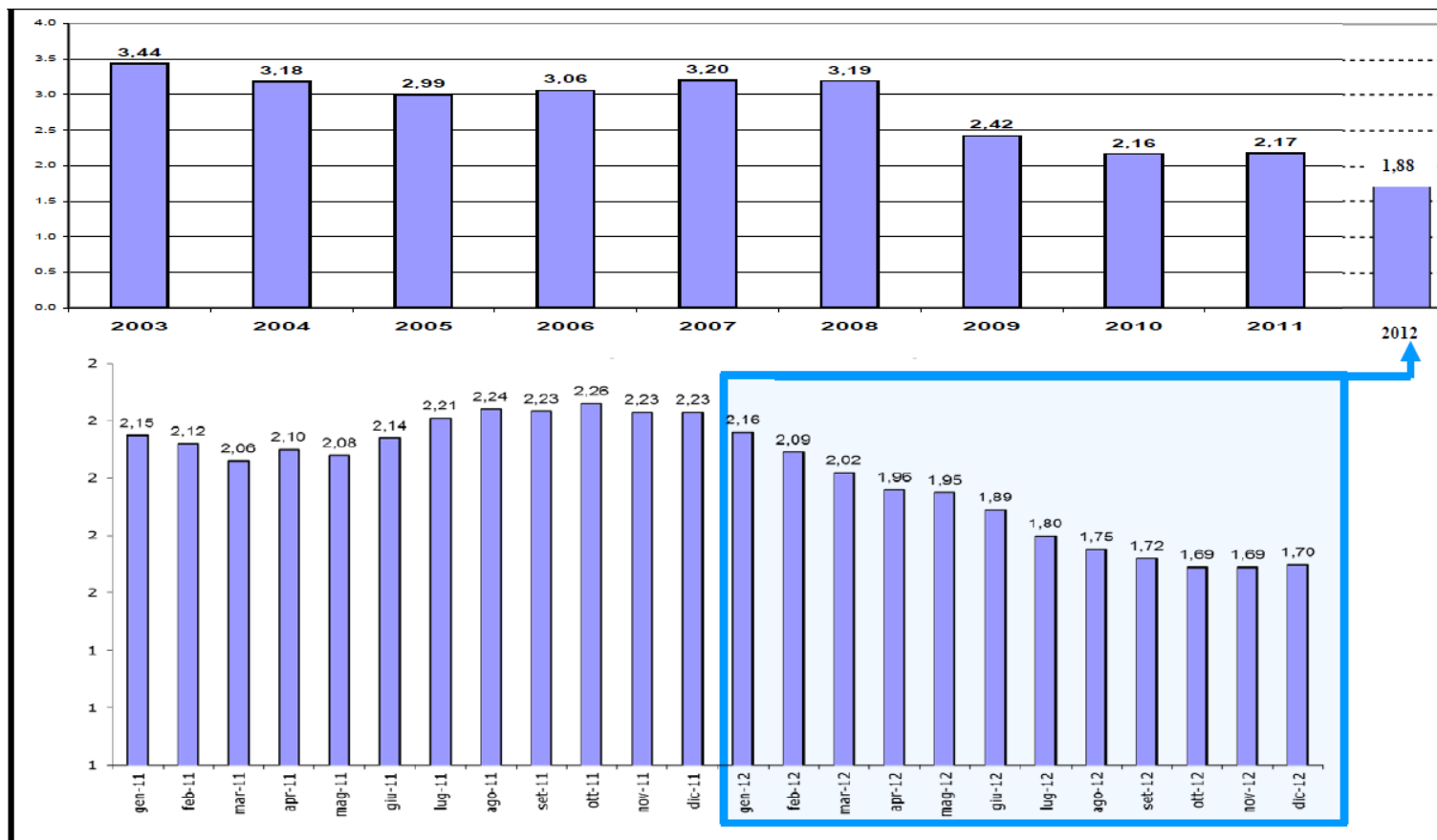
4. Banks are becoming less dependent on funding from retail





5. Narrowing interest margins...

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





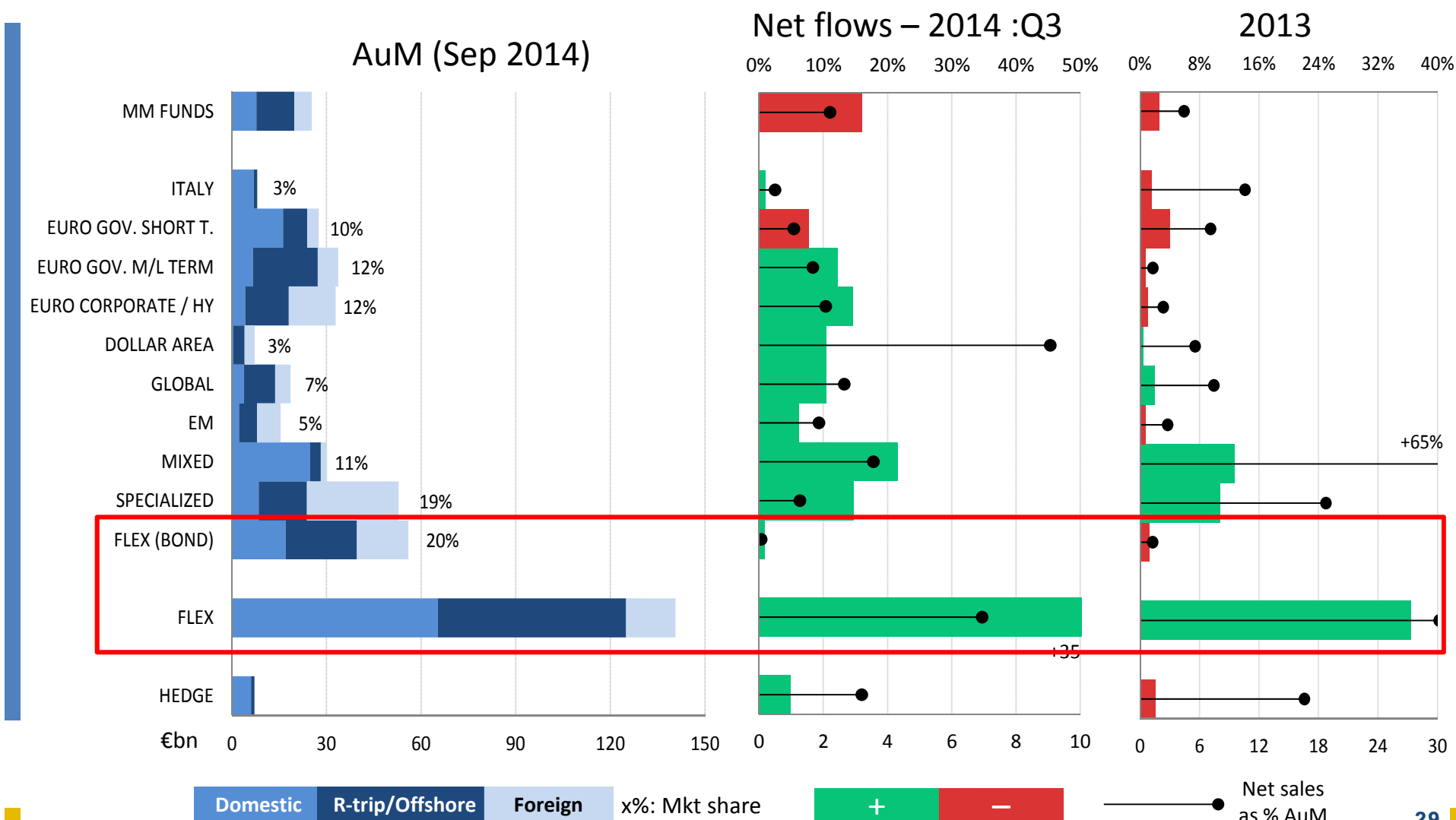
... are pushing banks to increase commission-based margins

**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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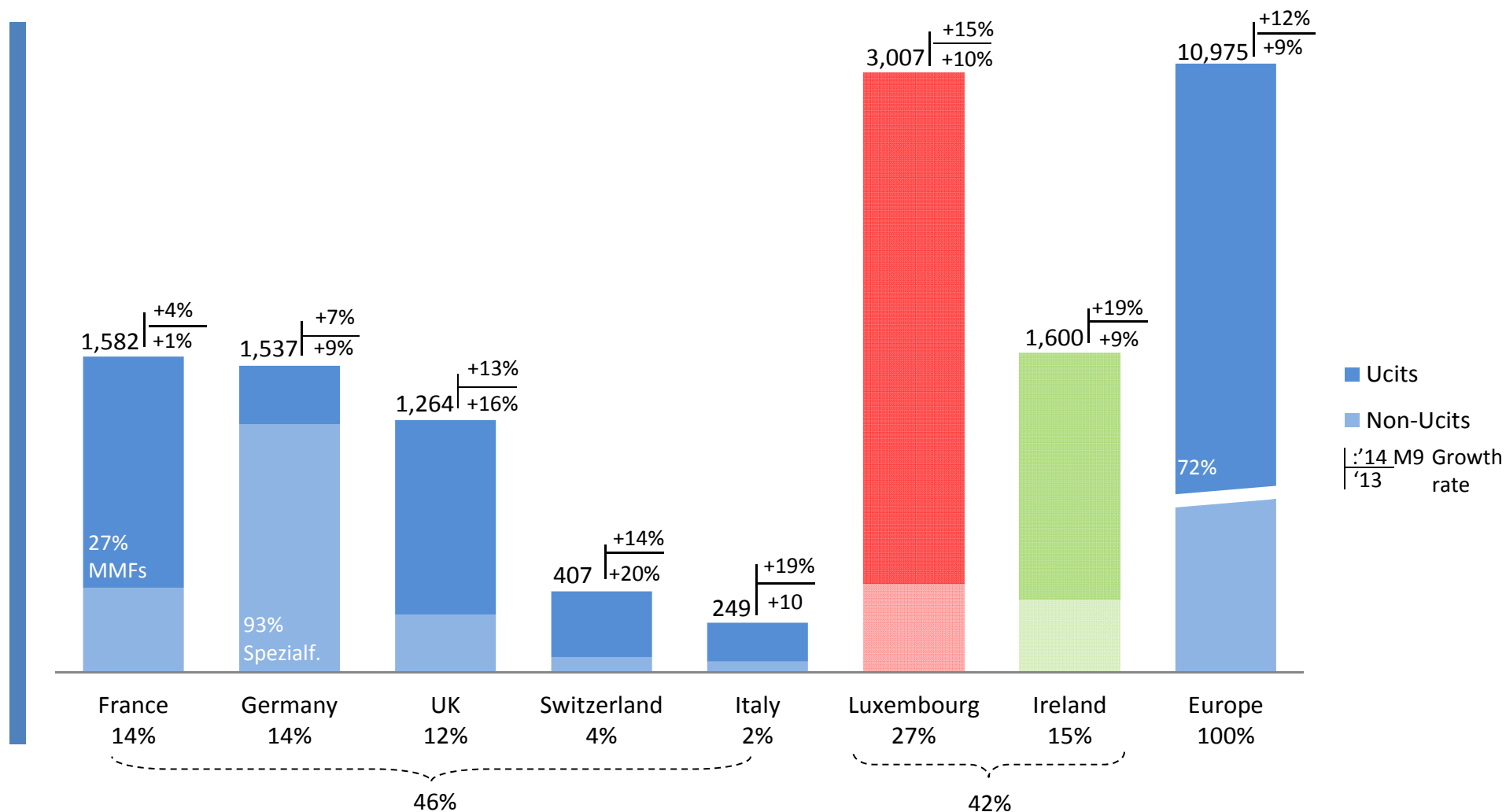
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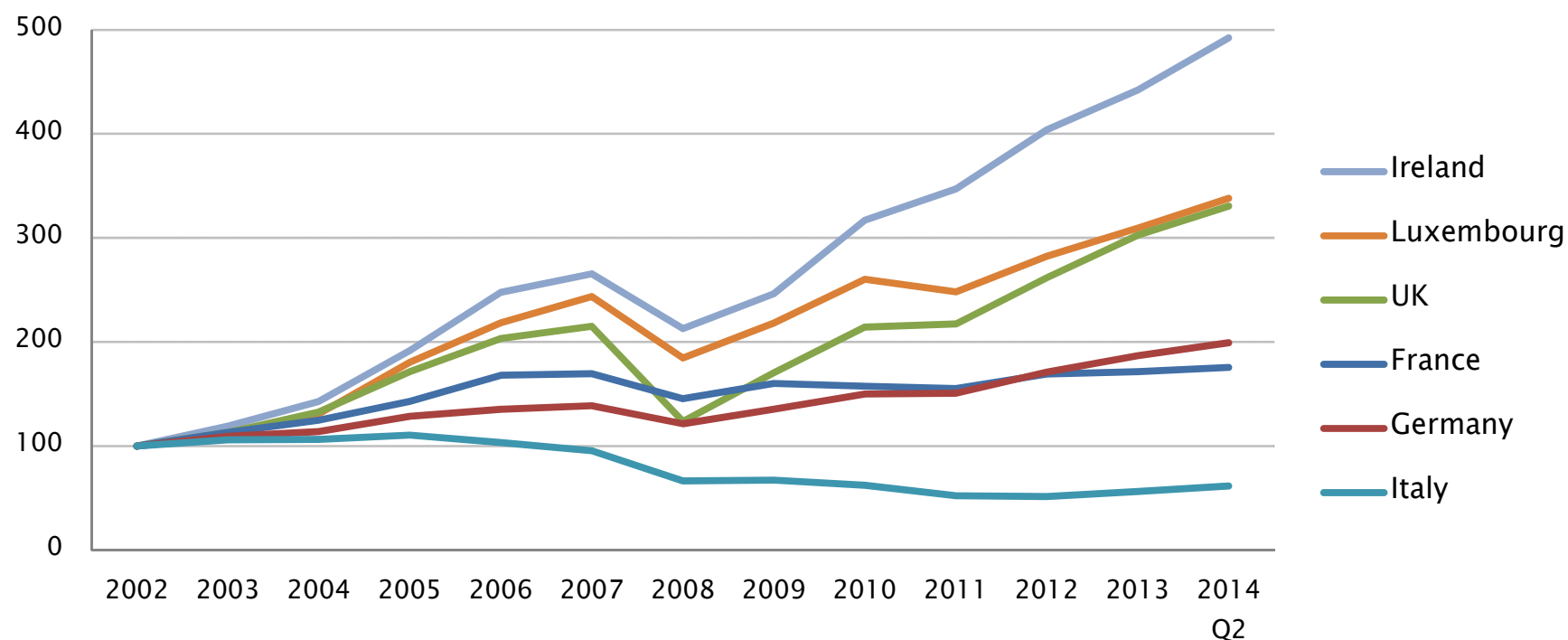


Net Assets by fund domicile



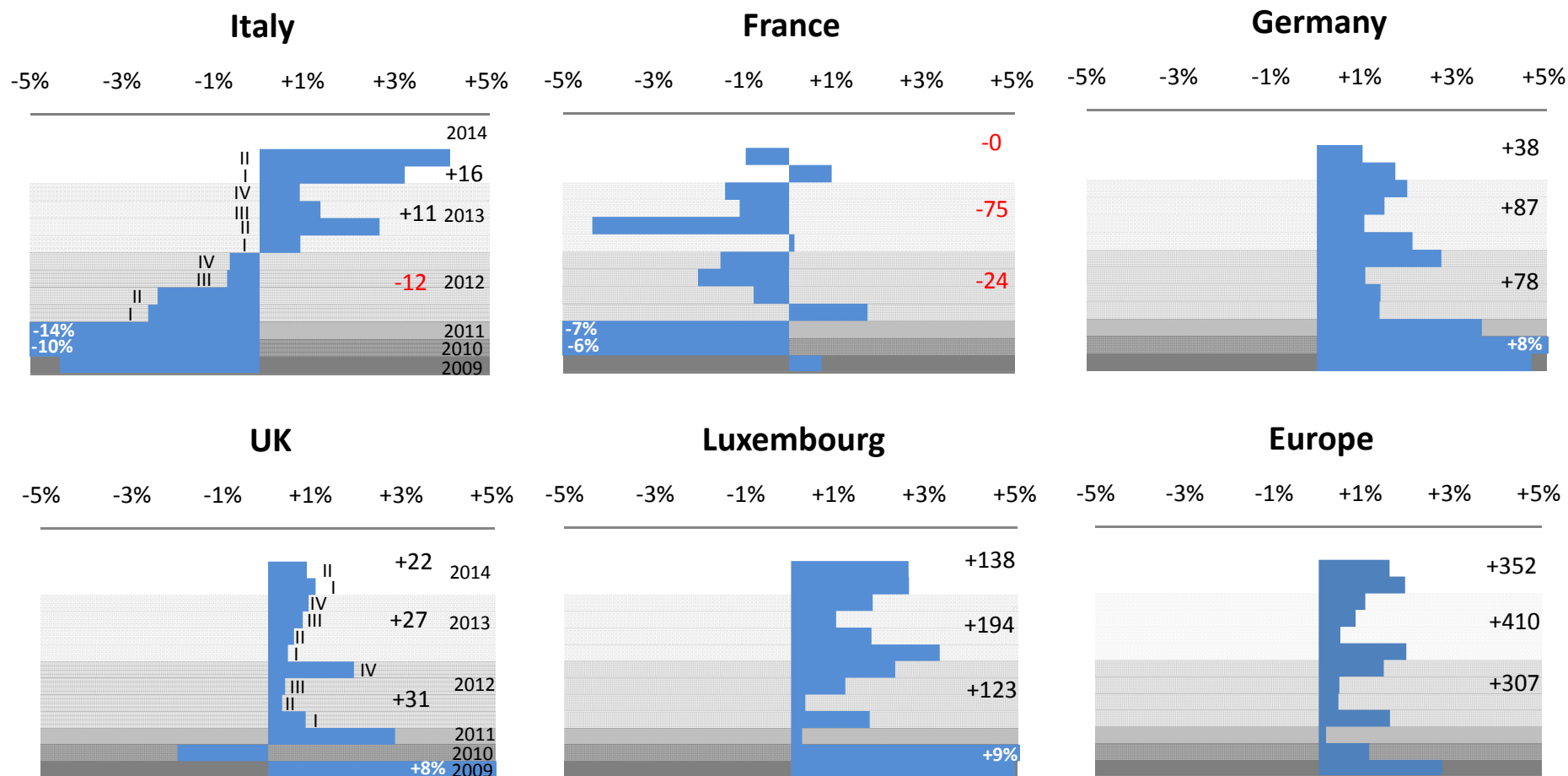


Net Assets by fund domicile – Long-term growth



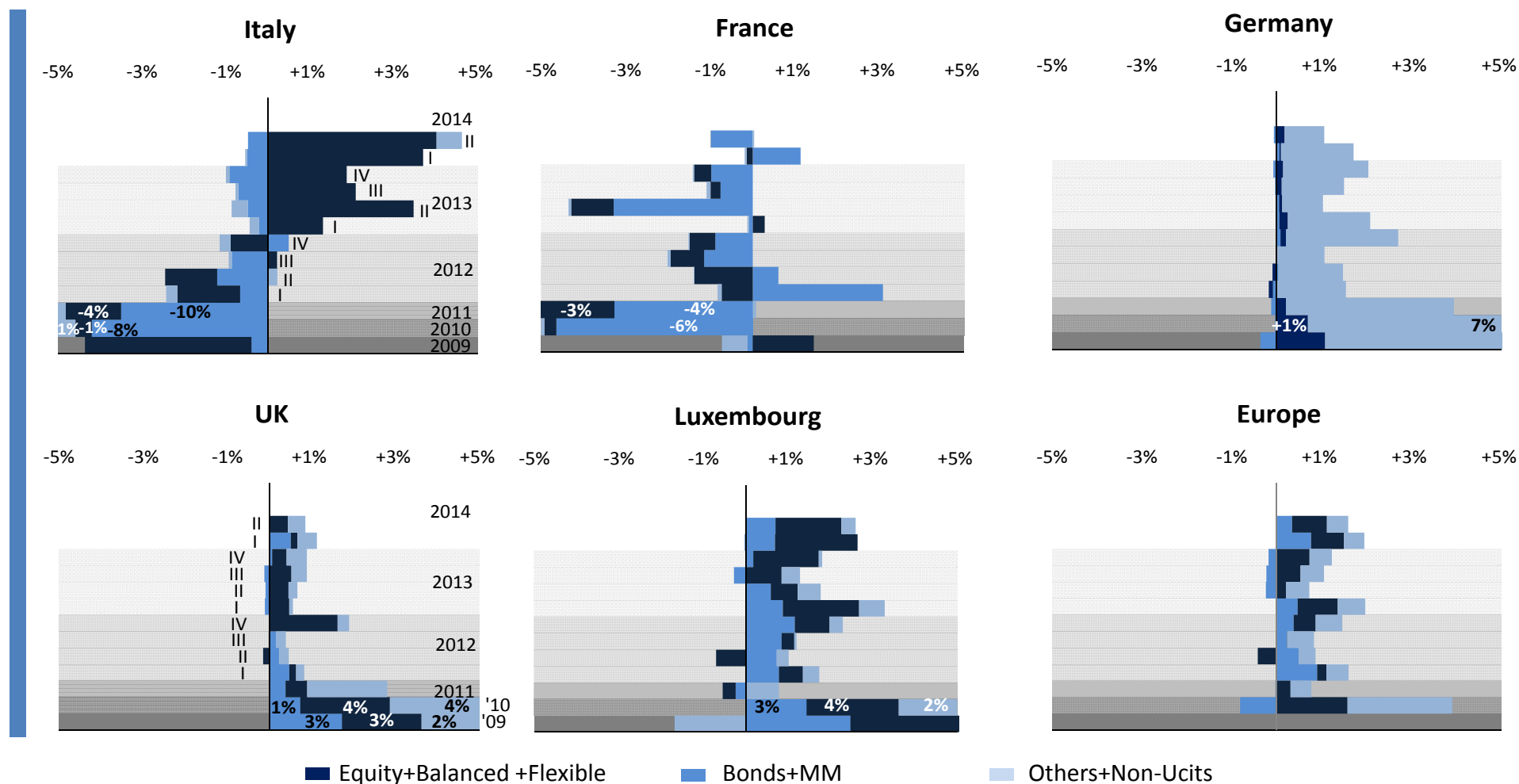


Net sales by fund domicile



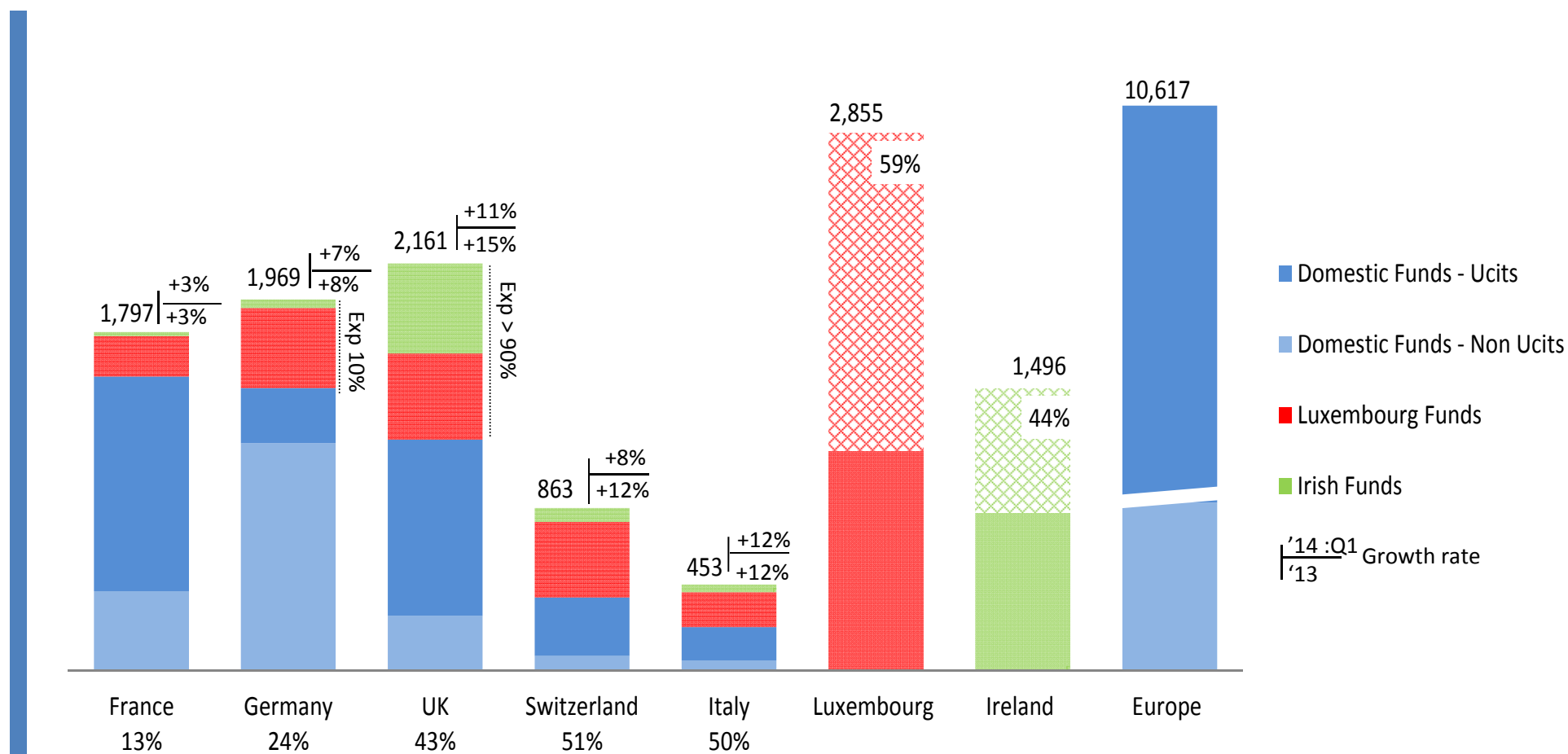


Net sales by fund domicile & asset class



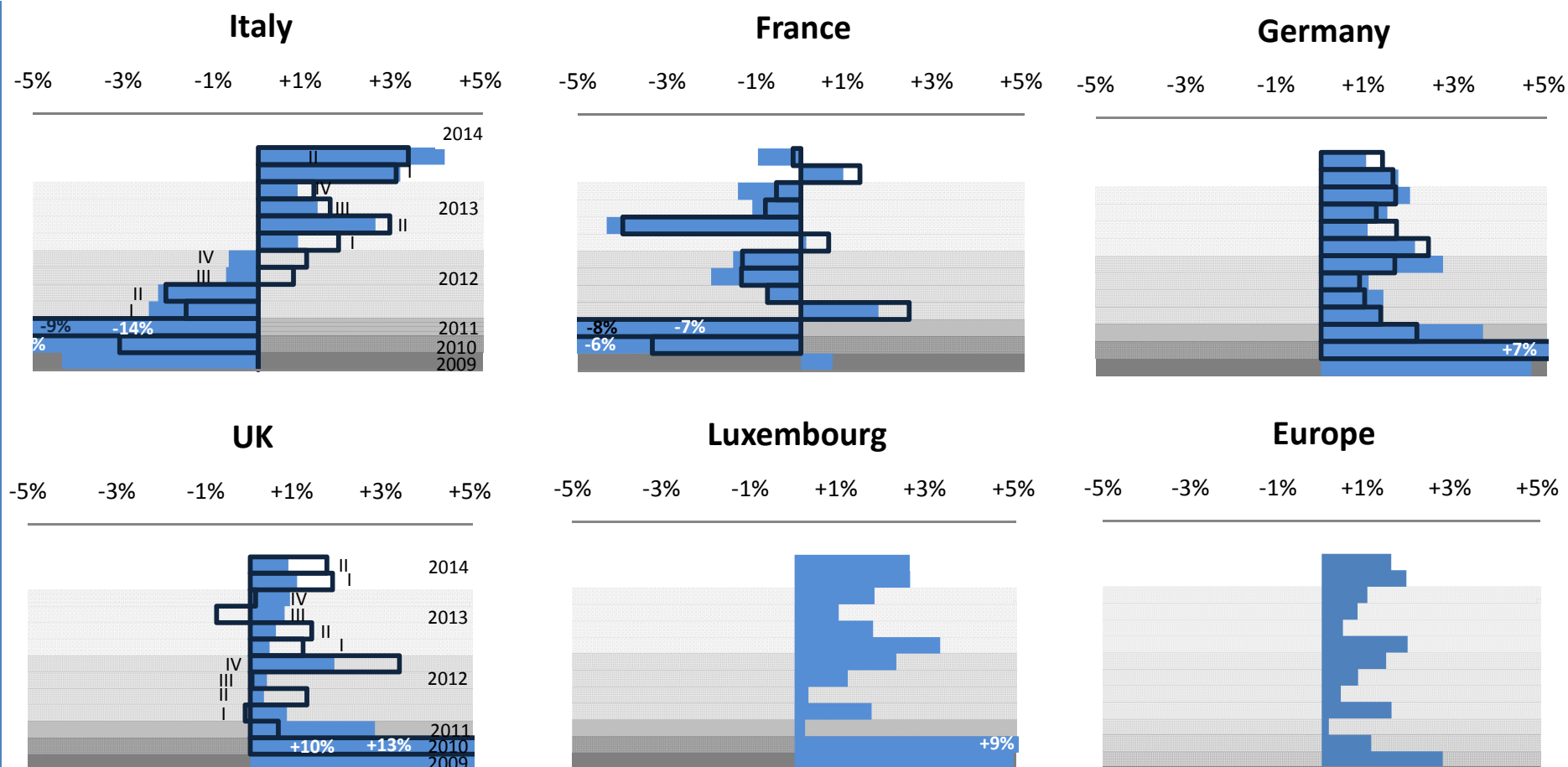


Net Assets by fund group domicile





Net sales: fund domicile vs. fund group domicile





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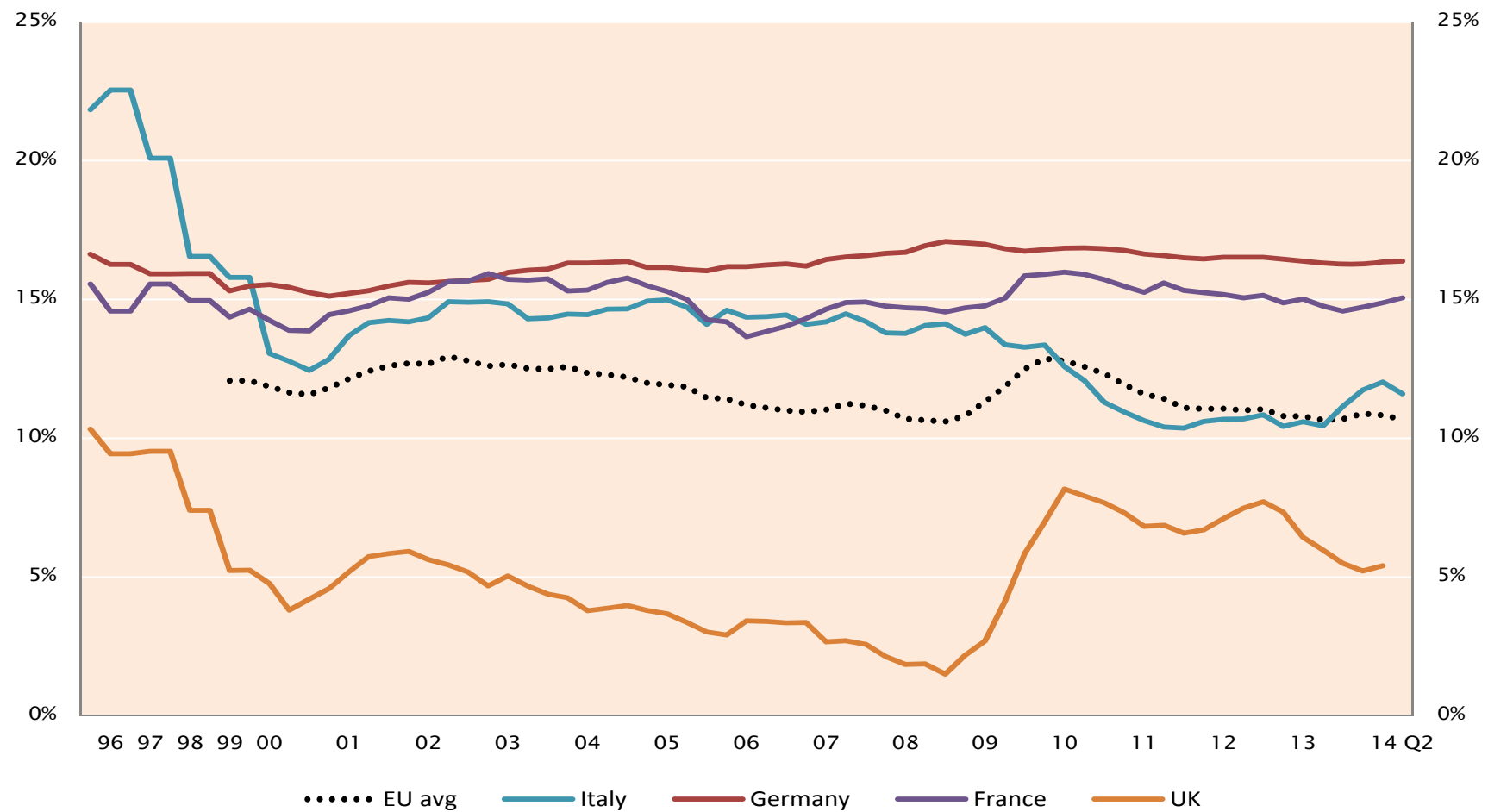
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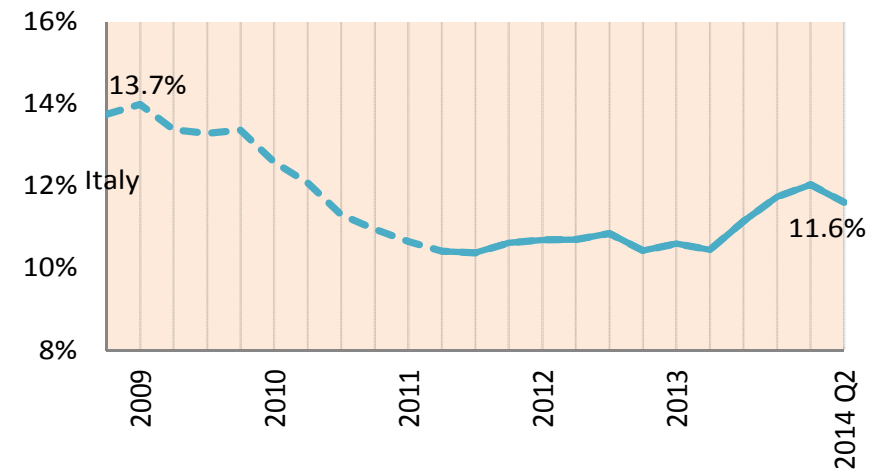
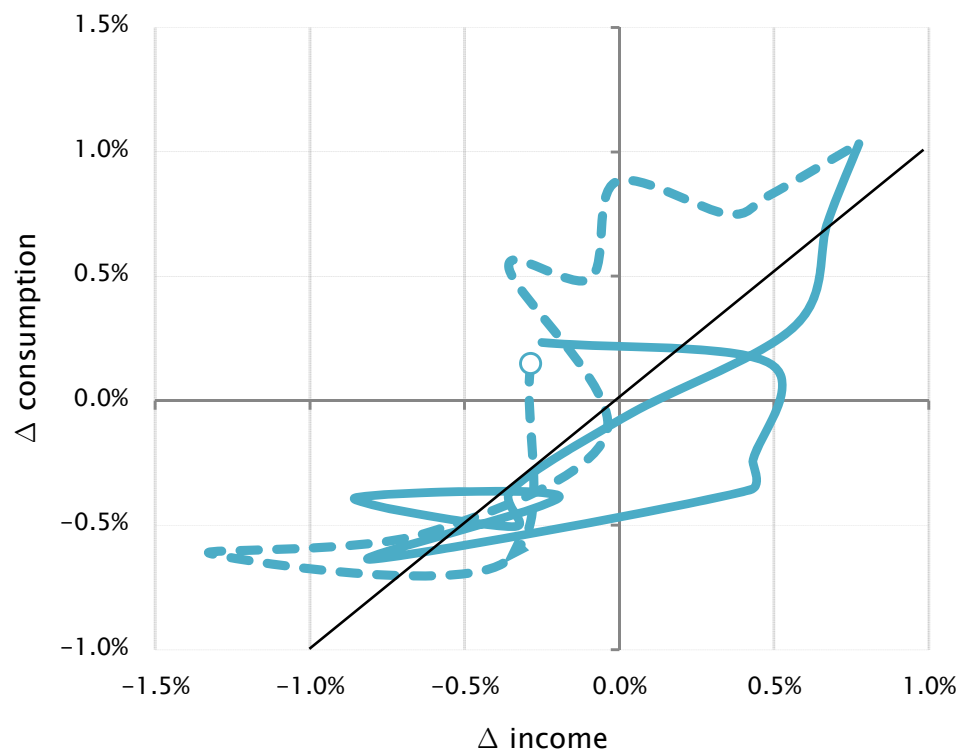


Household saving rates in Europe



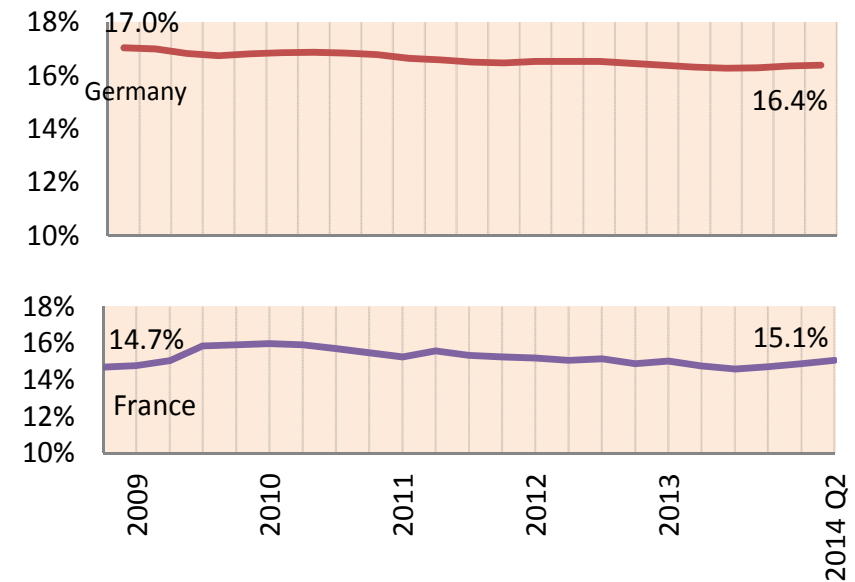
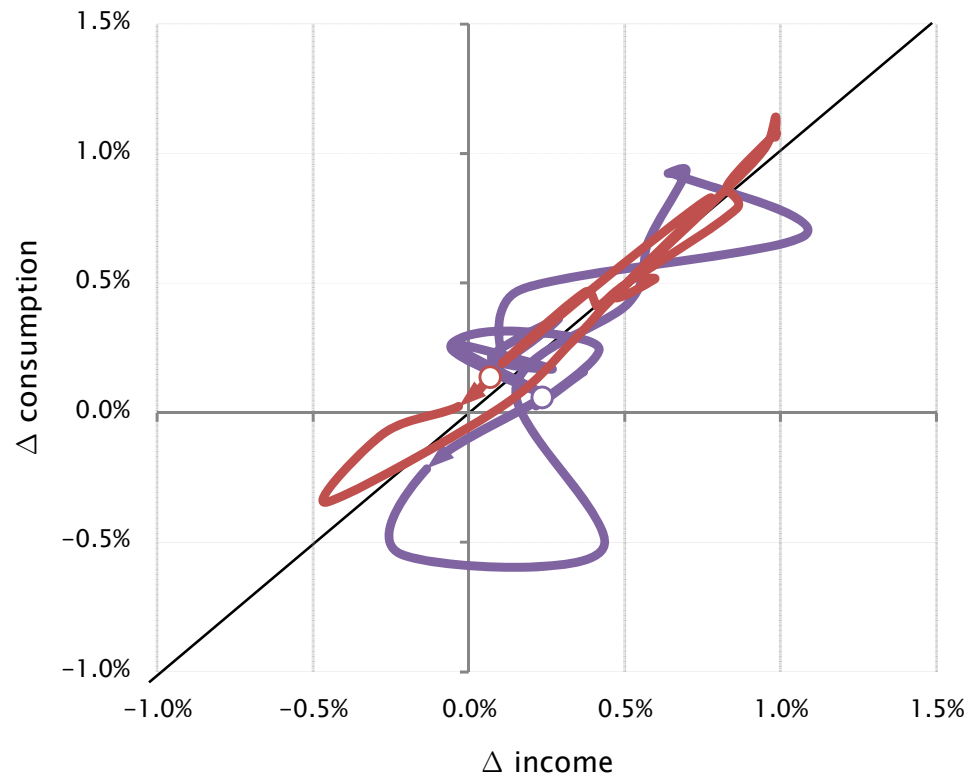


How income & consumption $\Delta\%$ affect saving rates



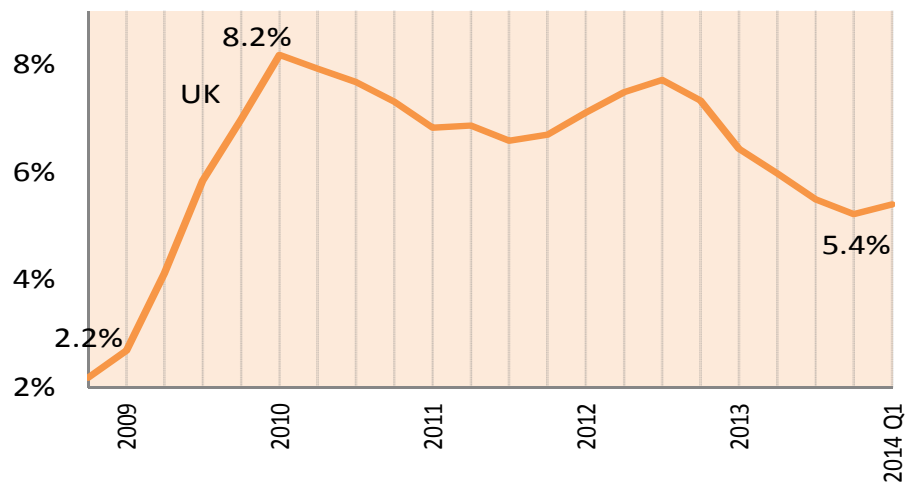
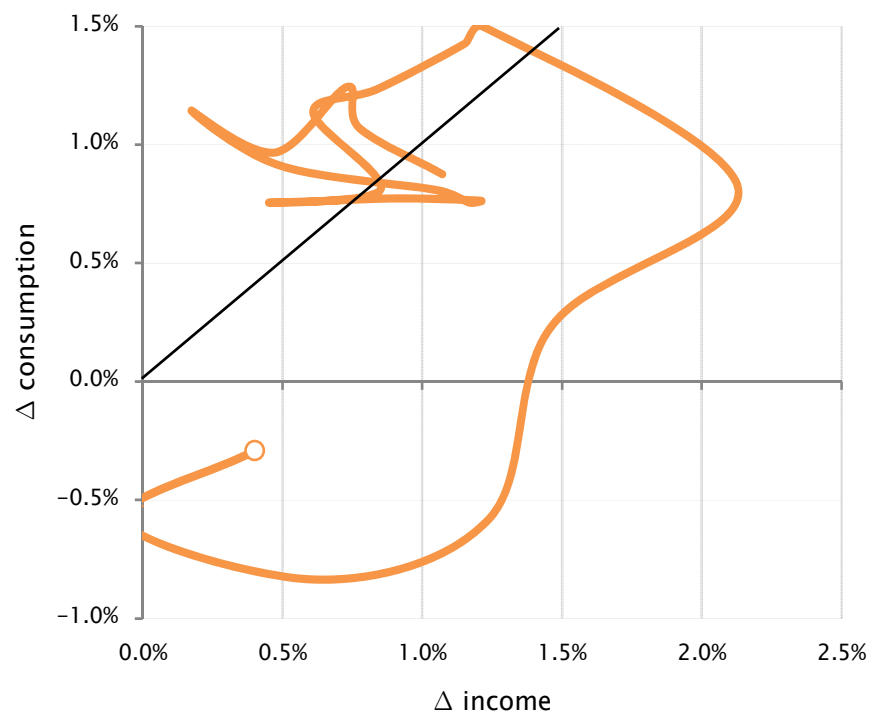


How income & consumption $\Delta\%$ affect saving rates





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	1,797	38.3	22.7	1.9	19.3	2.8	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	3,744	29.8	19.3	9.9	22.4	1.9	7.1	17.1
2012	3,817	30.9	18.6	9.8	22.1	1.5	7.1	17.2
2013	3,897	30.9	16.0	8.4	23.5	1.6	7.9	17.7
2014 Q1	3,967	30.5	16.3	7.5	23.6	1.7	8.2	17.7
France	4,560	28.8	1.9	n.a.	17.9	3.9	6.6	34.2
Germany	5,207	40.2	4.1	n.a.	9.7	n.a.	8.8	35.0
UK	5,940	27.8	0.7	n.a.	9.7	4.2	2.5	55.1
USA	48,752	12.9	7.6	n.a.	33.3	n.a.	12.1	31.3

High level of direct investment (~ 40%)

Significant amounts of bank issued bonds (10%)

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

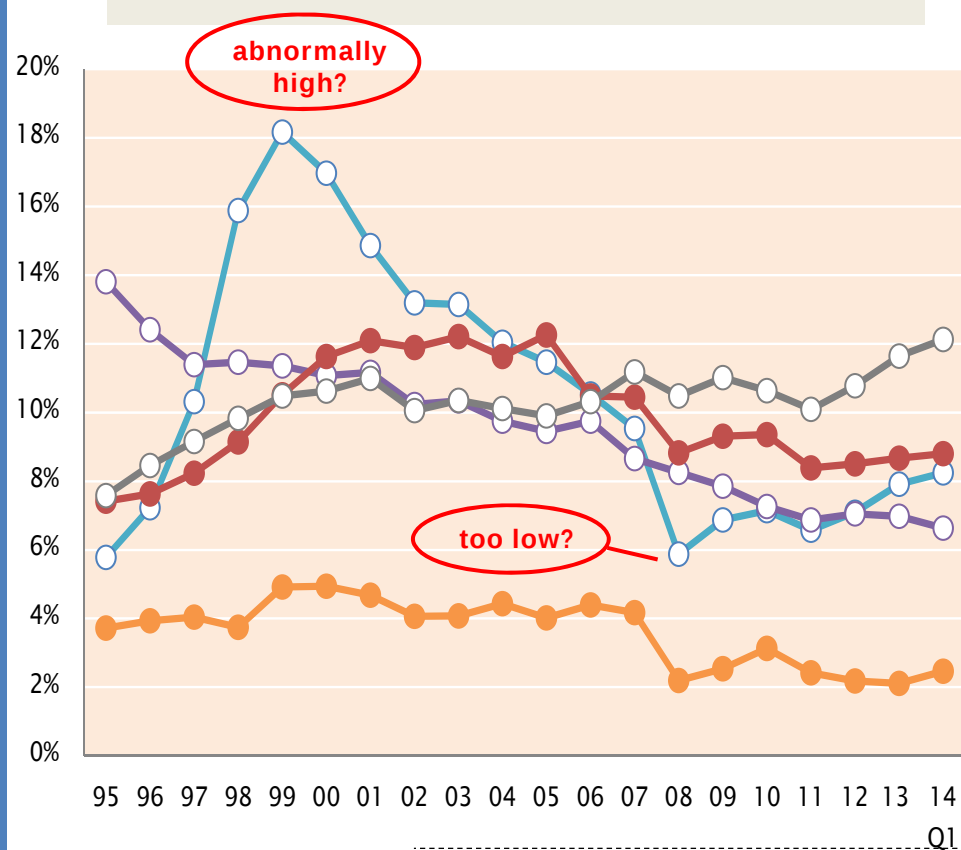
Funds: rise until 1999 (18%) then fall (**hump shaped**)

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

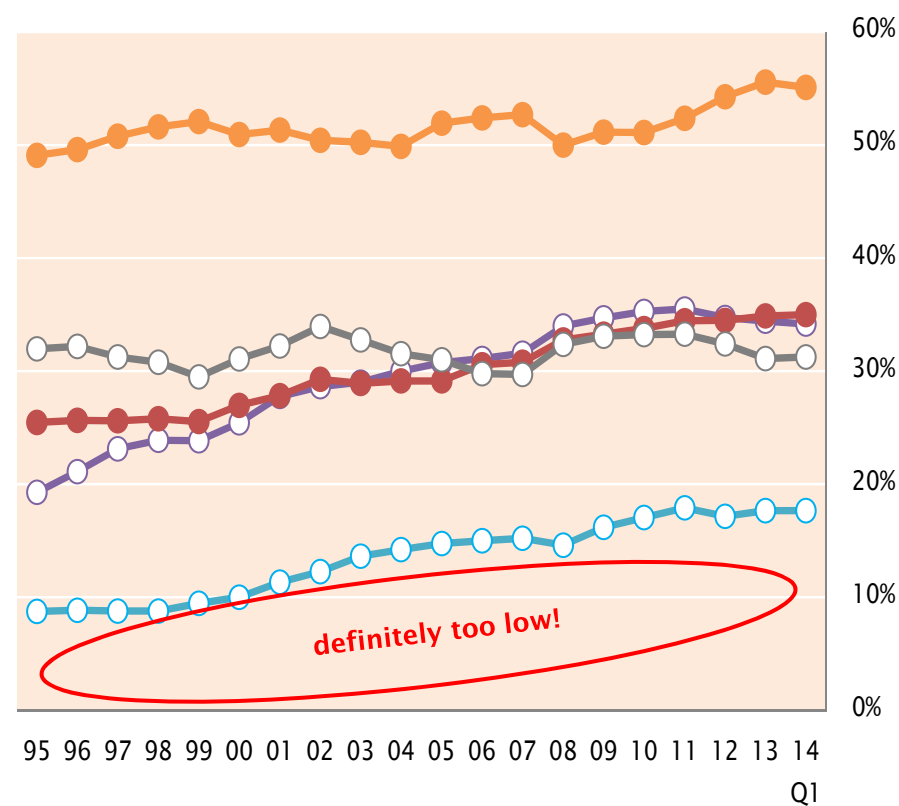


Managed products in household portfolios

Investment funds



Pension funds & life products

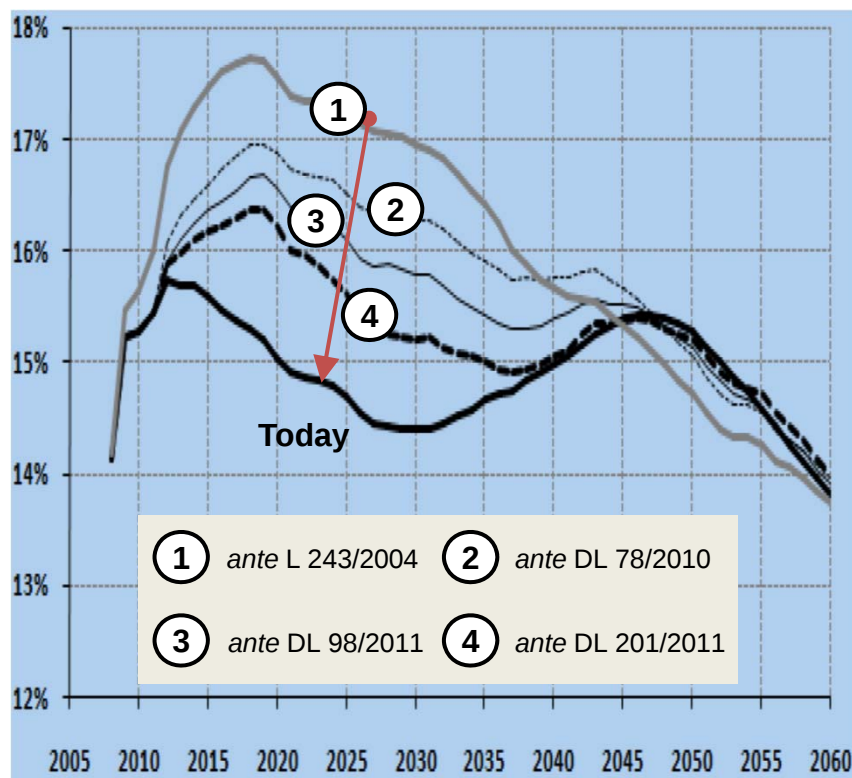


—○— Italy —○— France —●— Germany —○— United Kingdom —○— USA

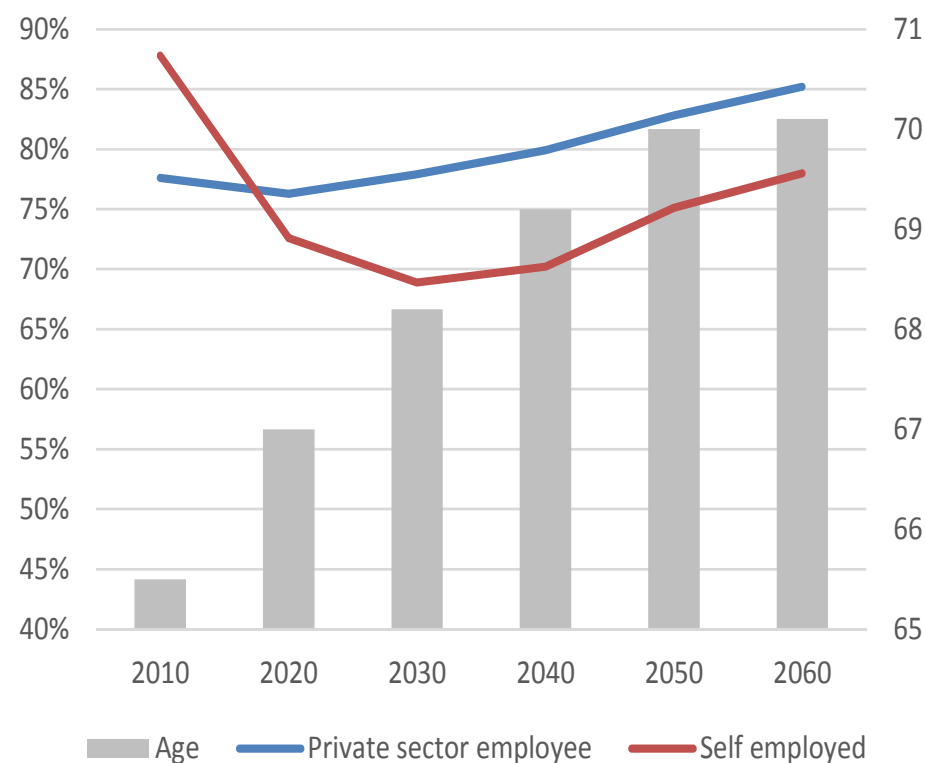


Public Pensions (1st pillar)

Cost (% GDP)

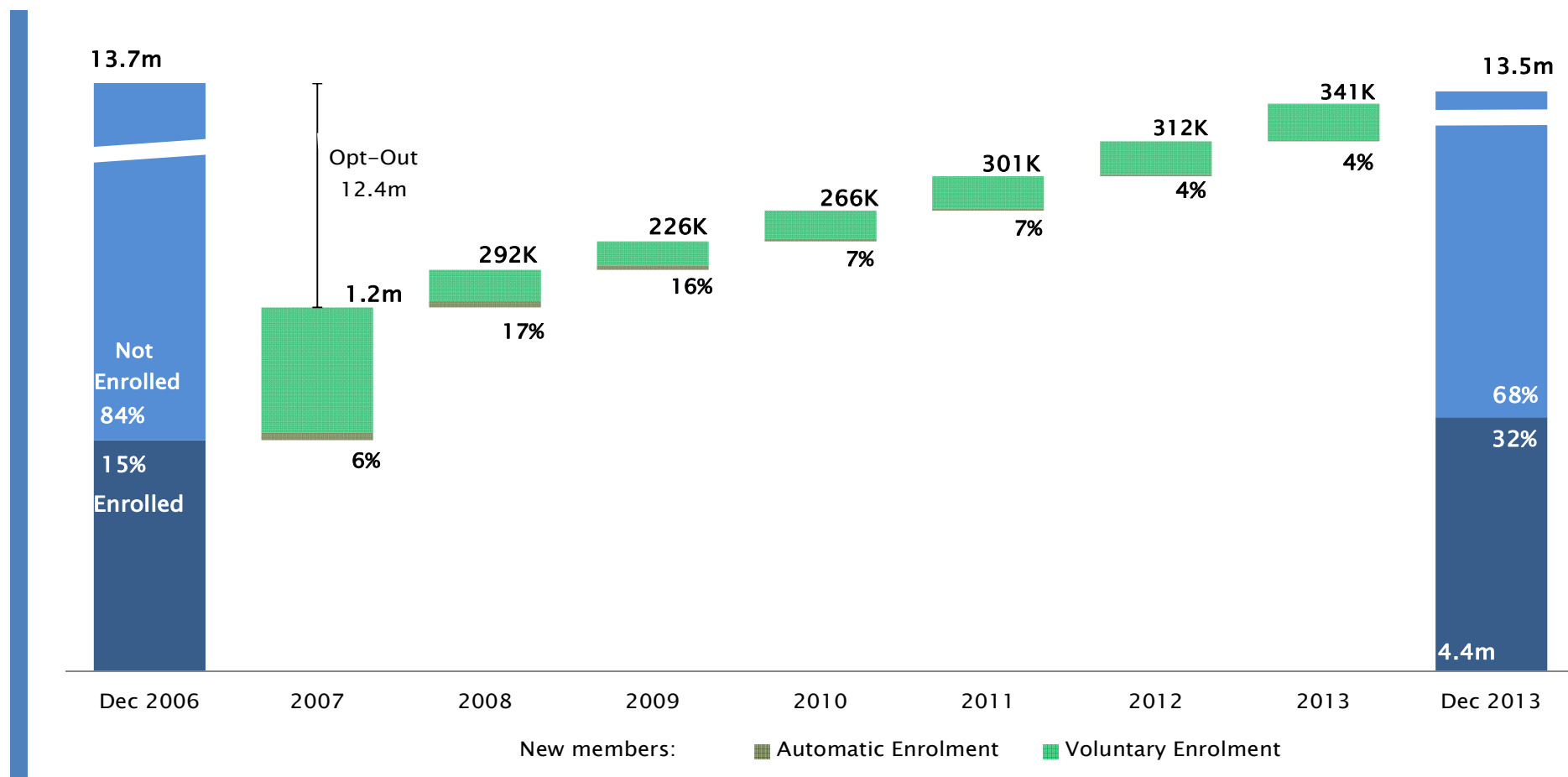


Future substitution rates
Old-age pensions





Private sector employees: failure of automatic enrolment





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

	2013			2008		
	Working pop. (,000)	Membership (est.)	Membership rate	Membership rate		
Member breakdown	6,204	22,420	28%	21%		
Private sector employees	4,356	13,543	32%	26%		
Public sector employees	160	3,335	5%	4%		
Self-employed	1,688	5,542	30%	19%		
	2013 Members				Assets	
	(,000)	%	'13 Δ %	5y Δ %	(€ m)	% GDP
Vehicle breakdown	6,204	100%	+6%	+28%	116,443	7.5%
Contractual p.f.	1,951	31%	-1%	-5%	34,504	
Open p.f.	985	16%	+8%	+24%	11,990	
Ind. Insurance Plans (PIP)	2,639	42%	+14%	+92%	19,513	
Ante 1993 p.f. ('pre-existing')	655	11%	-1%	-3%	50,376	

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