

# **The Italian Asset Management market key figures**

**18 February 2015**

**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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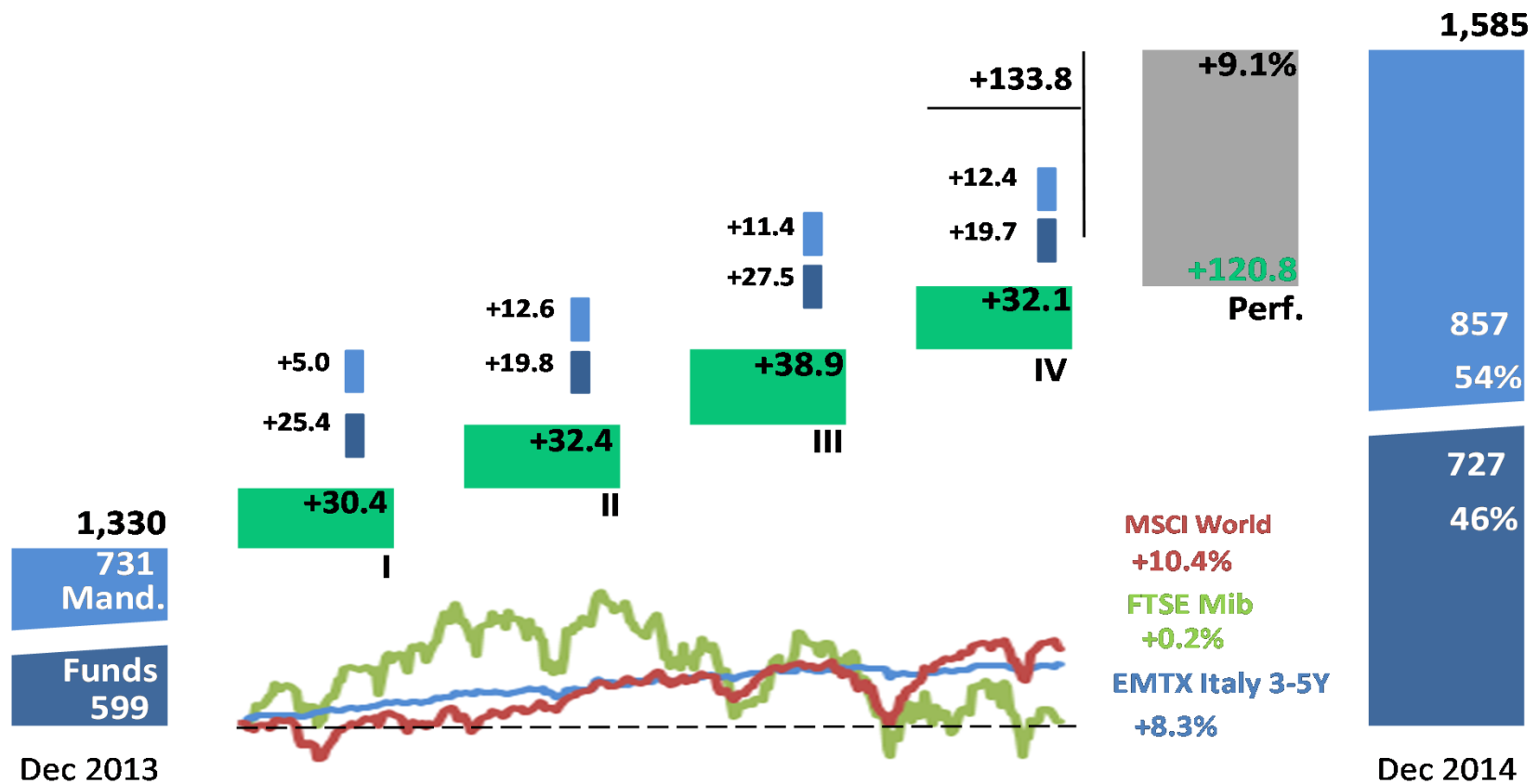
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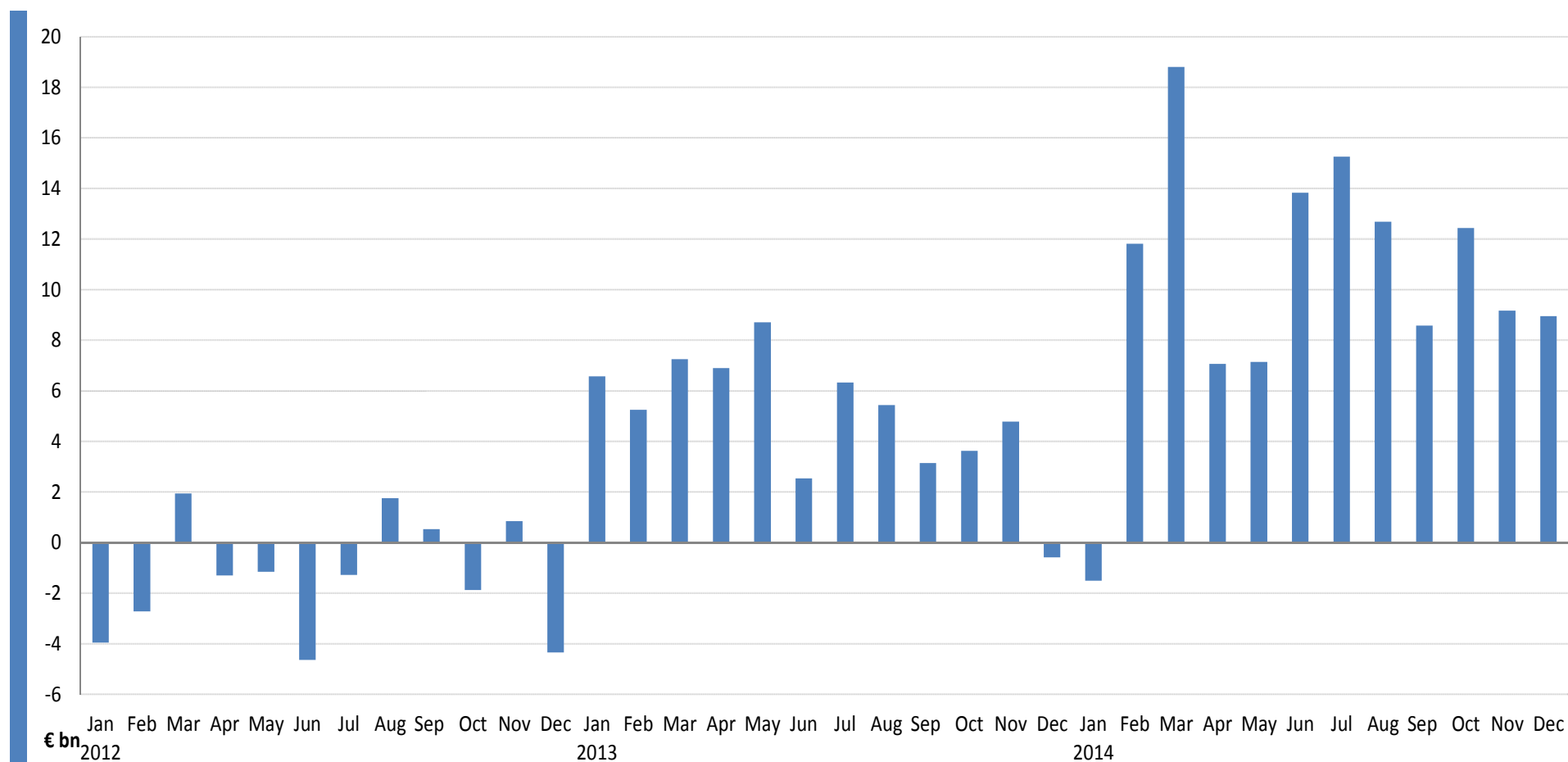


## The Italian AM market (Jan 2014:Dec 2014)



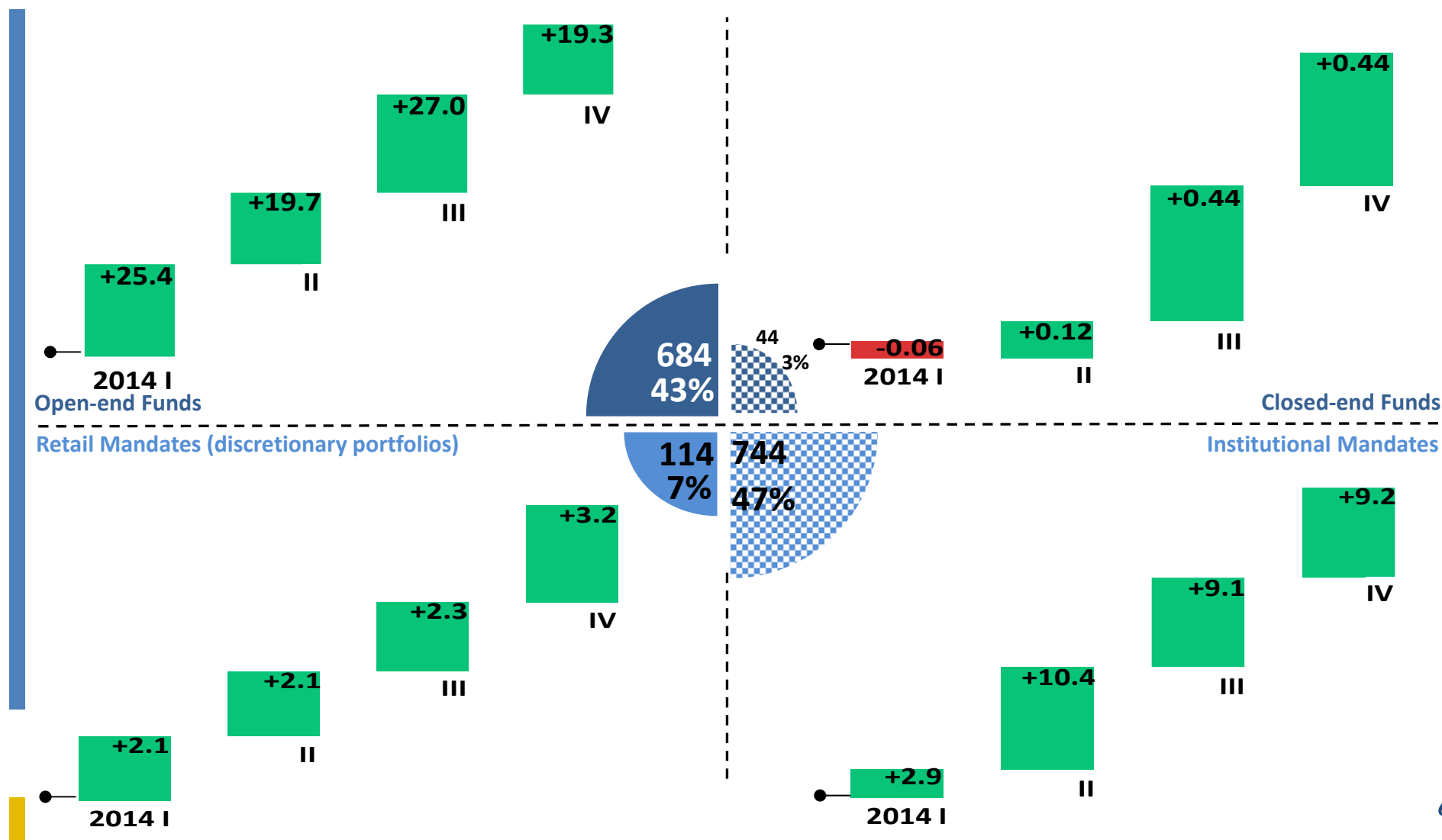


## Net flows (monthly data)



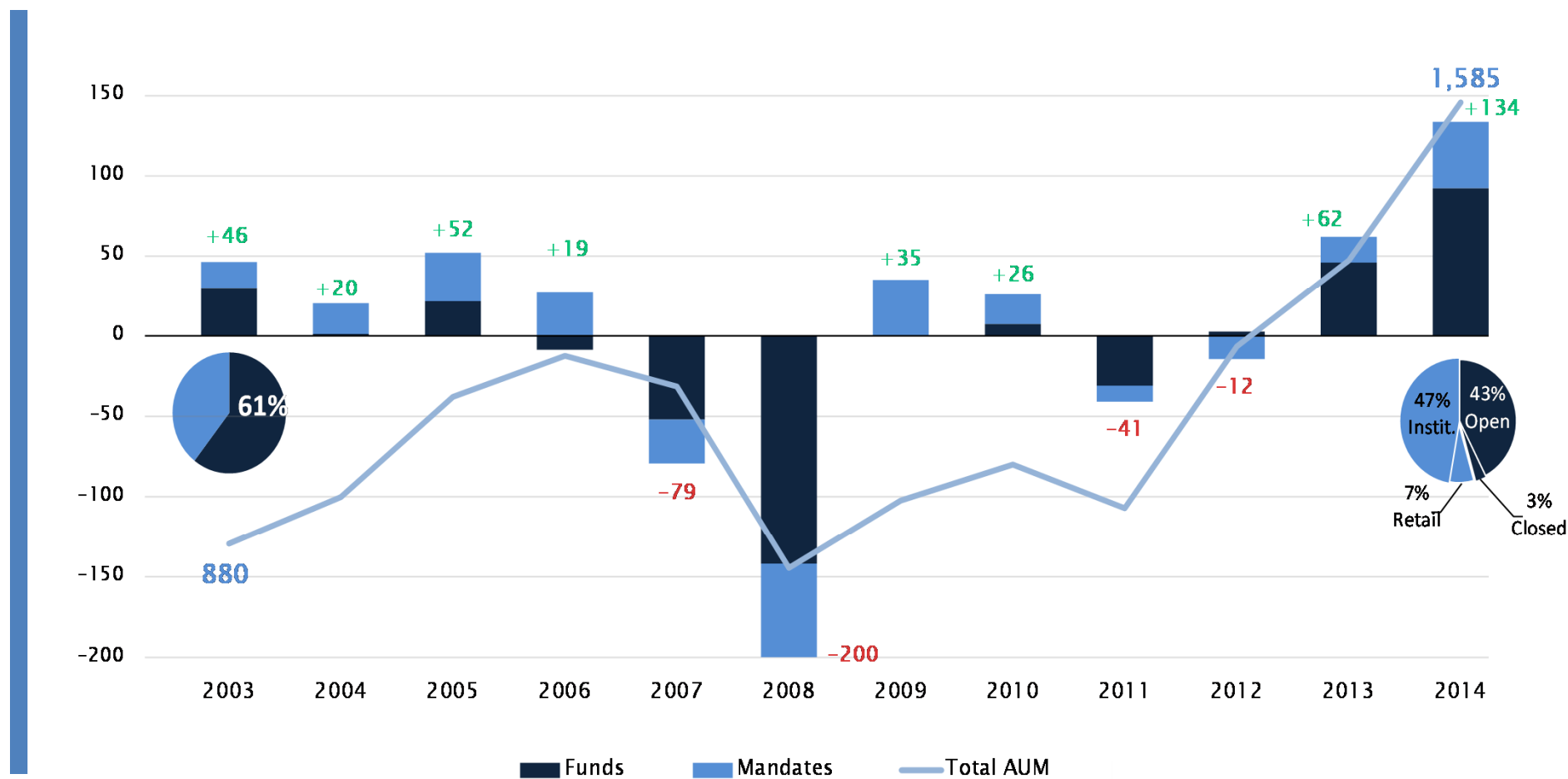


## Product breakdown



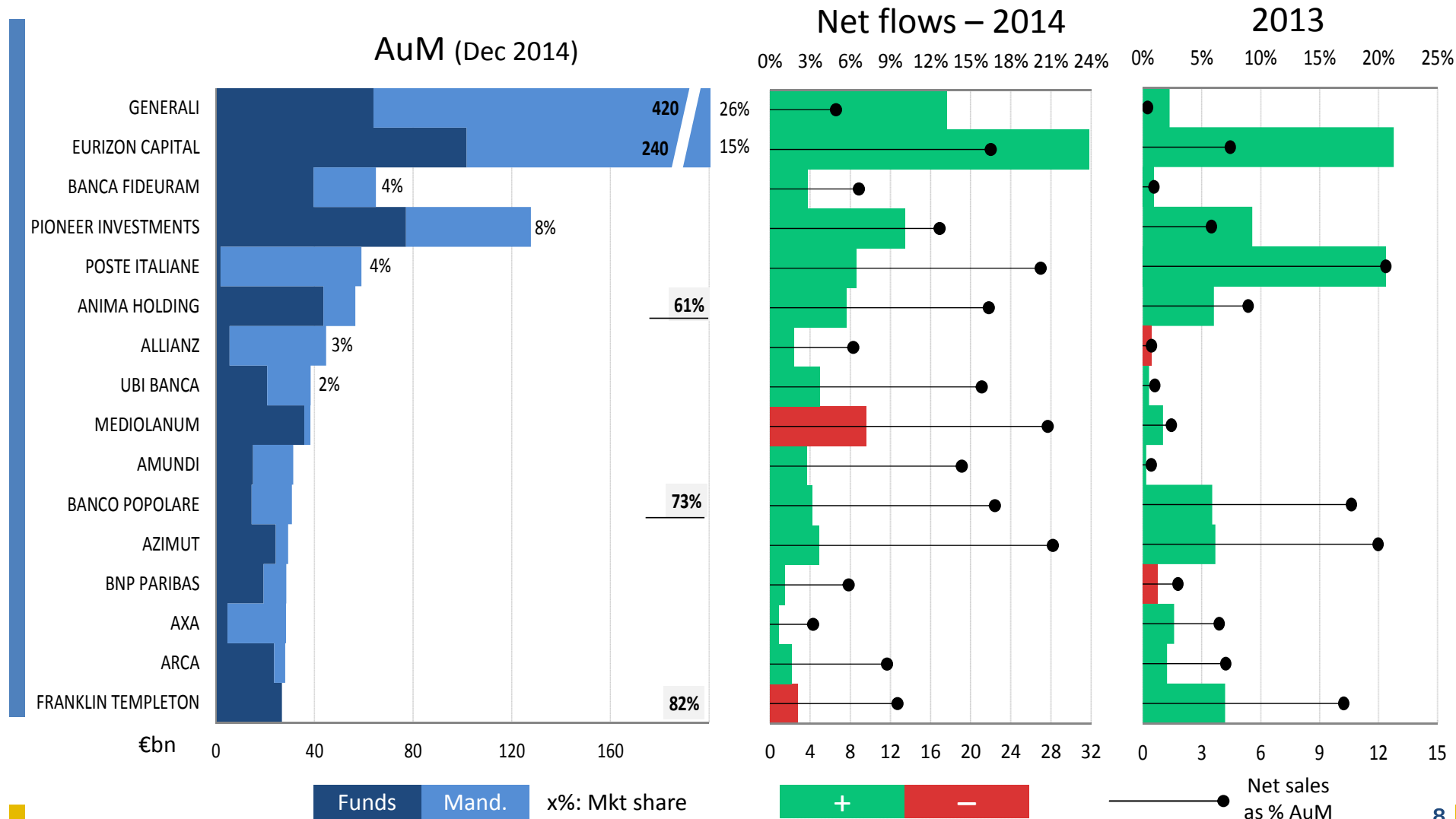


## Long term trend





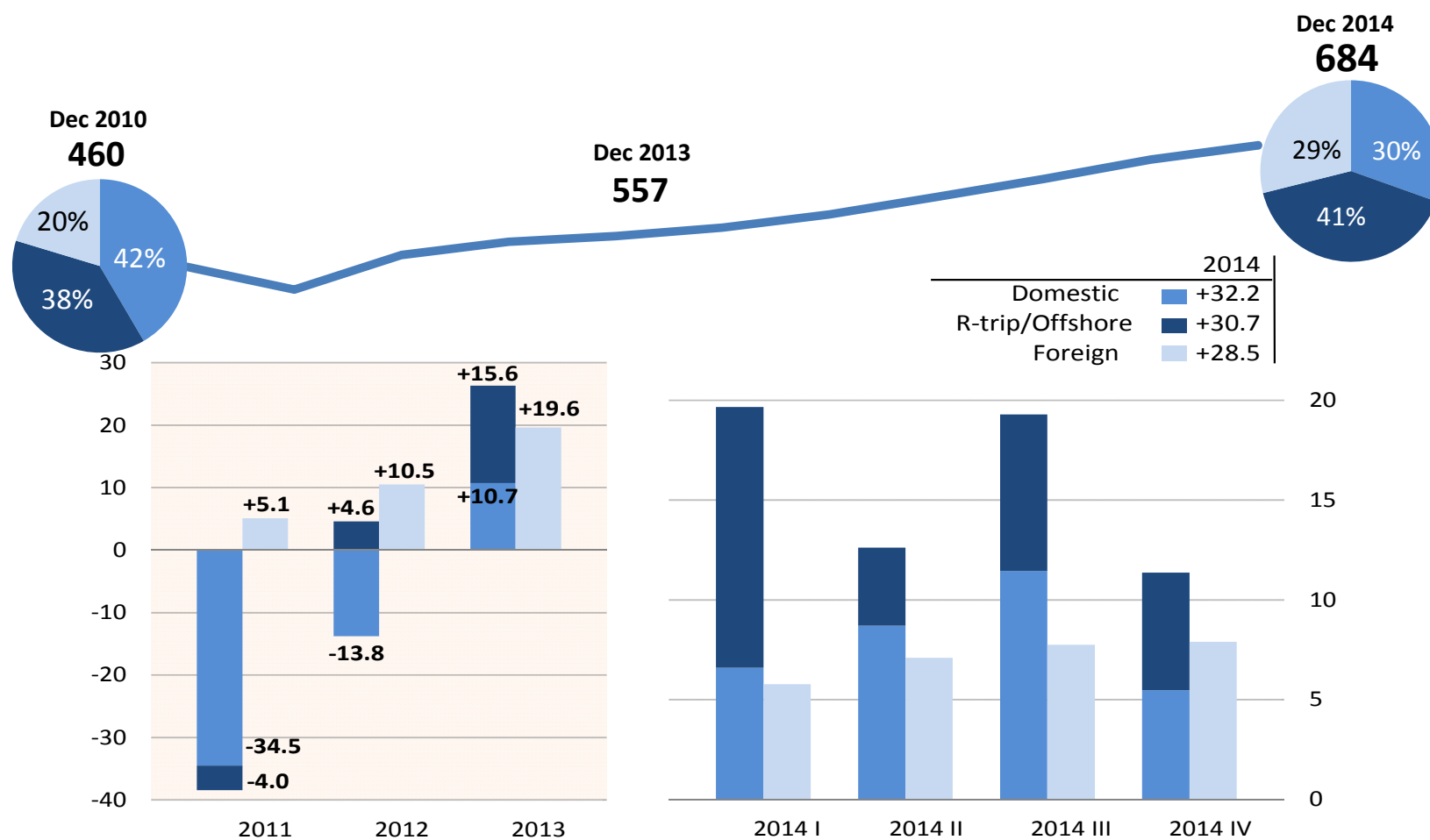
## Top 15 Groups





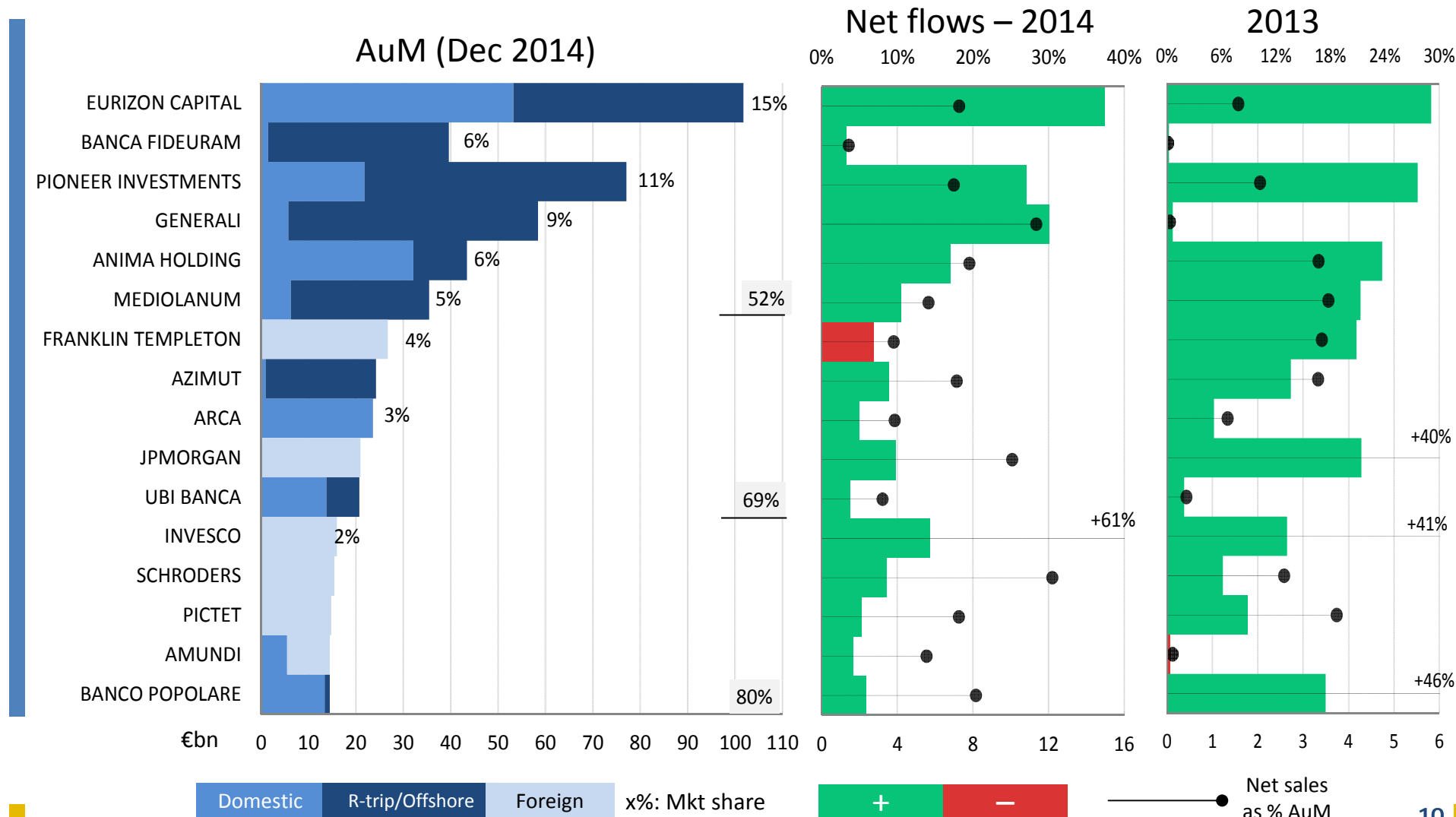


## Open-end funds: domicile breakdown



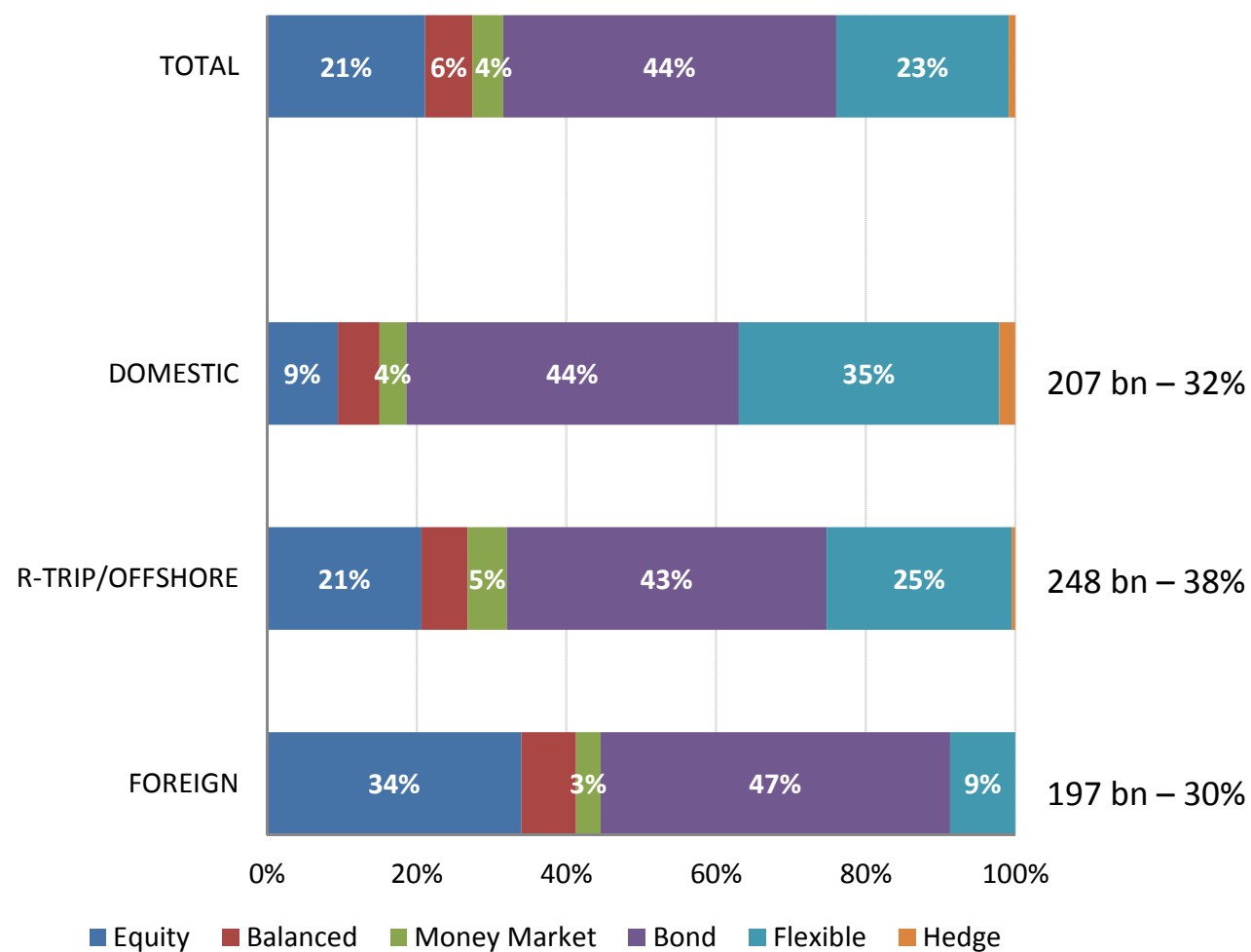


## Top 15 Groups (open-end funds only)



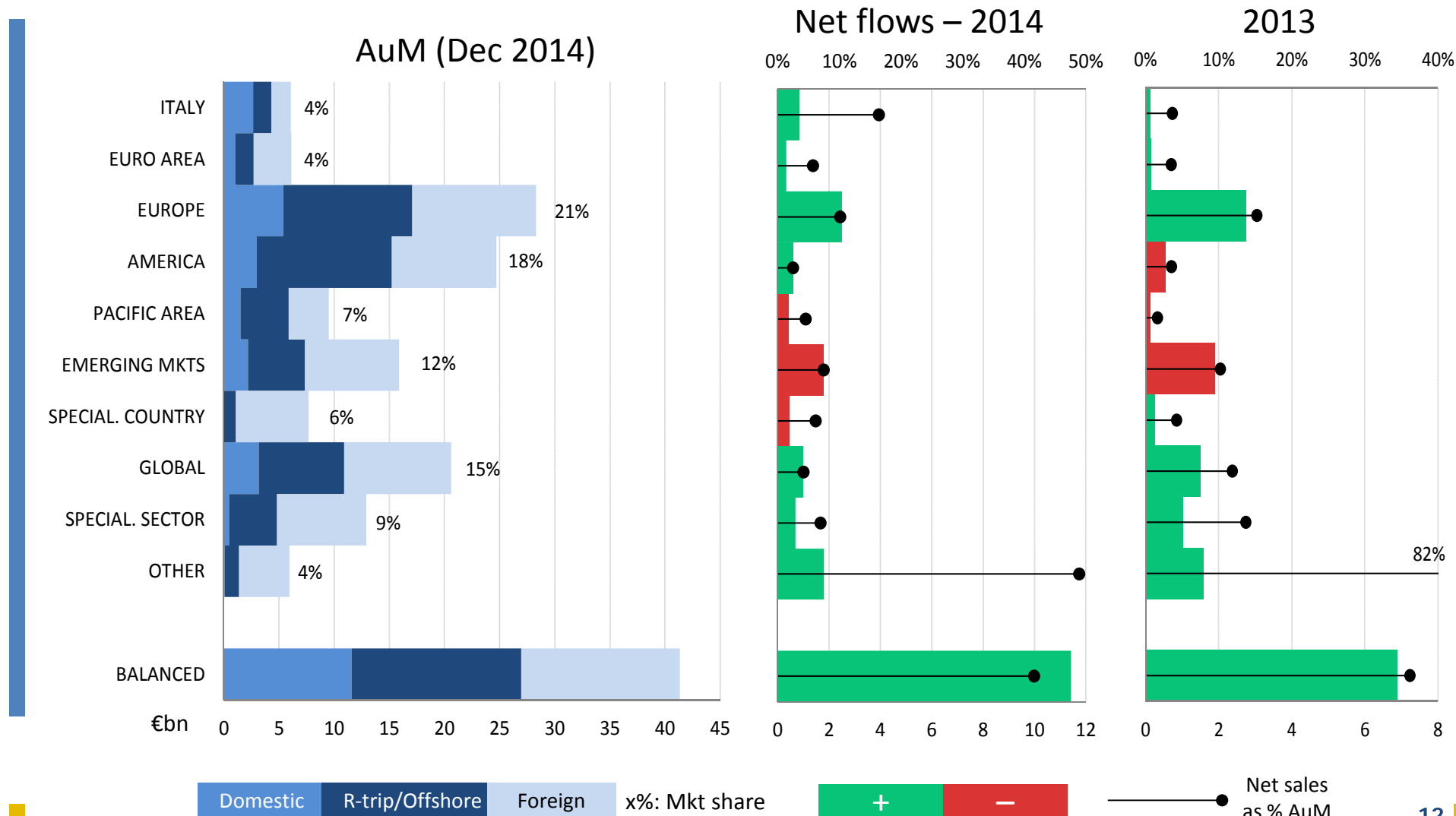


## Asset Class breakdown



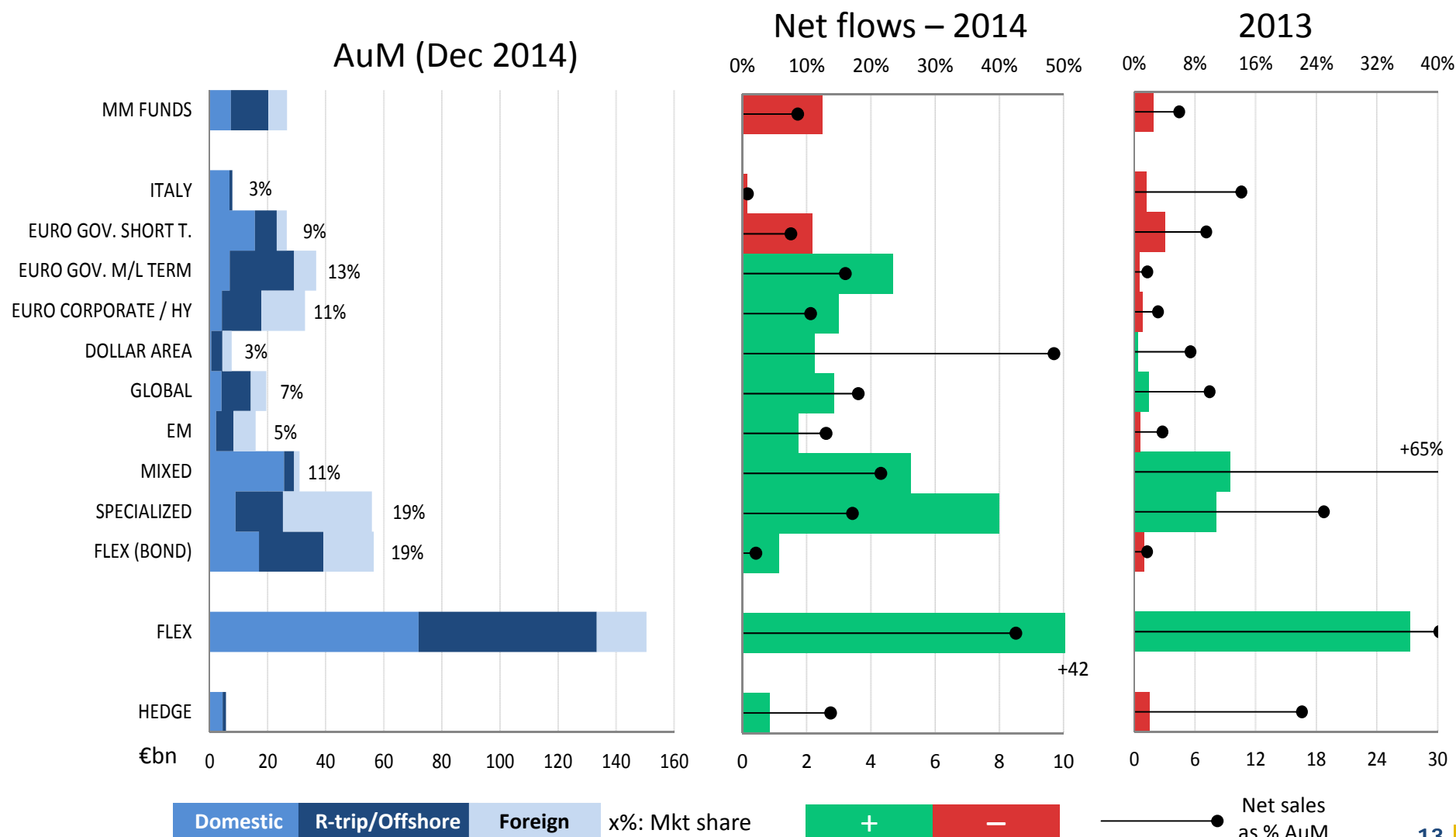


## Equity & balanced funds



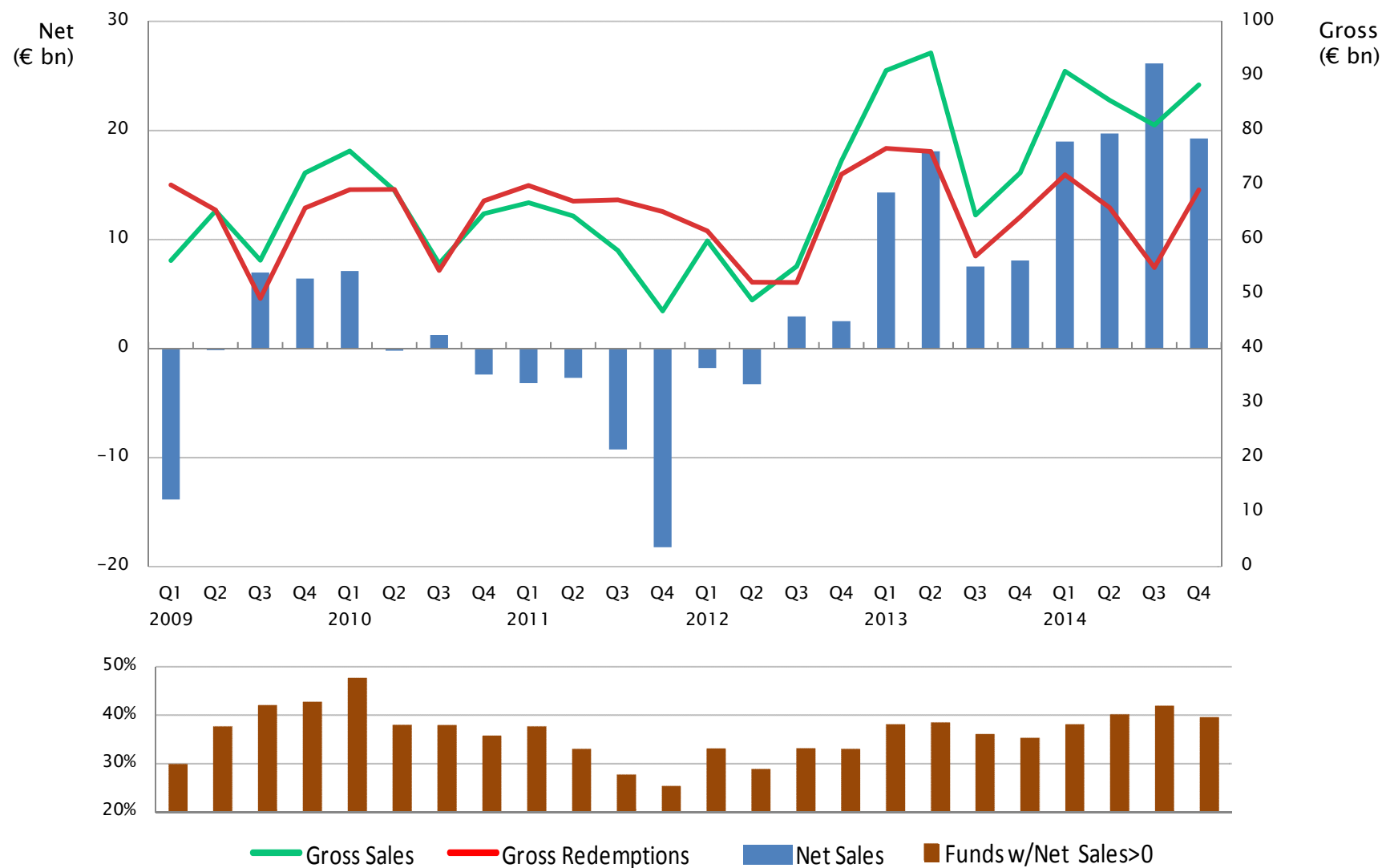


# Money mkt, Bond, Flex & Hedge funds



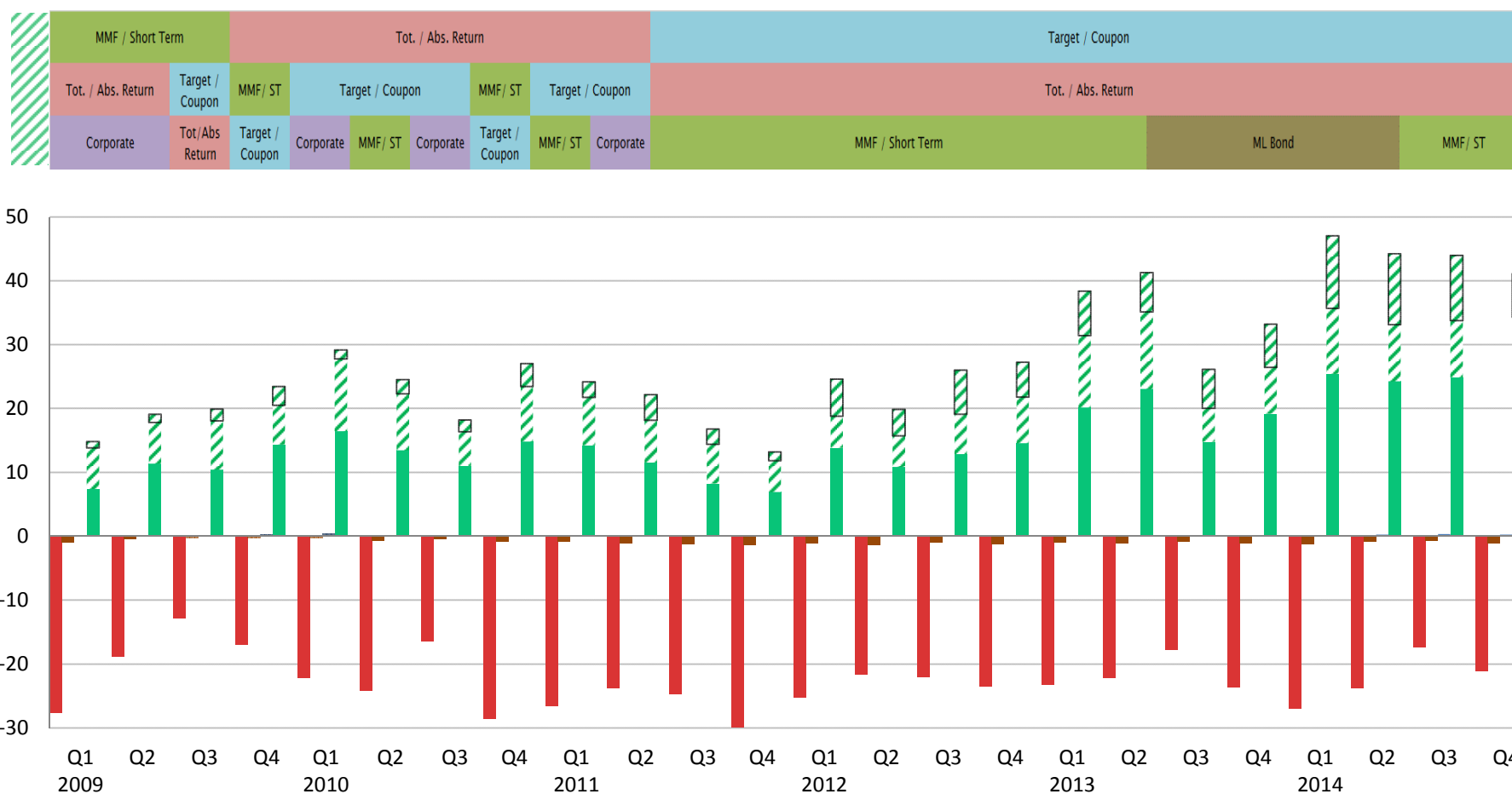


## Net & gross flows



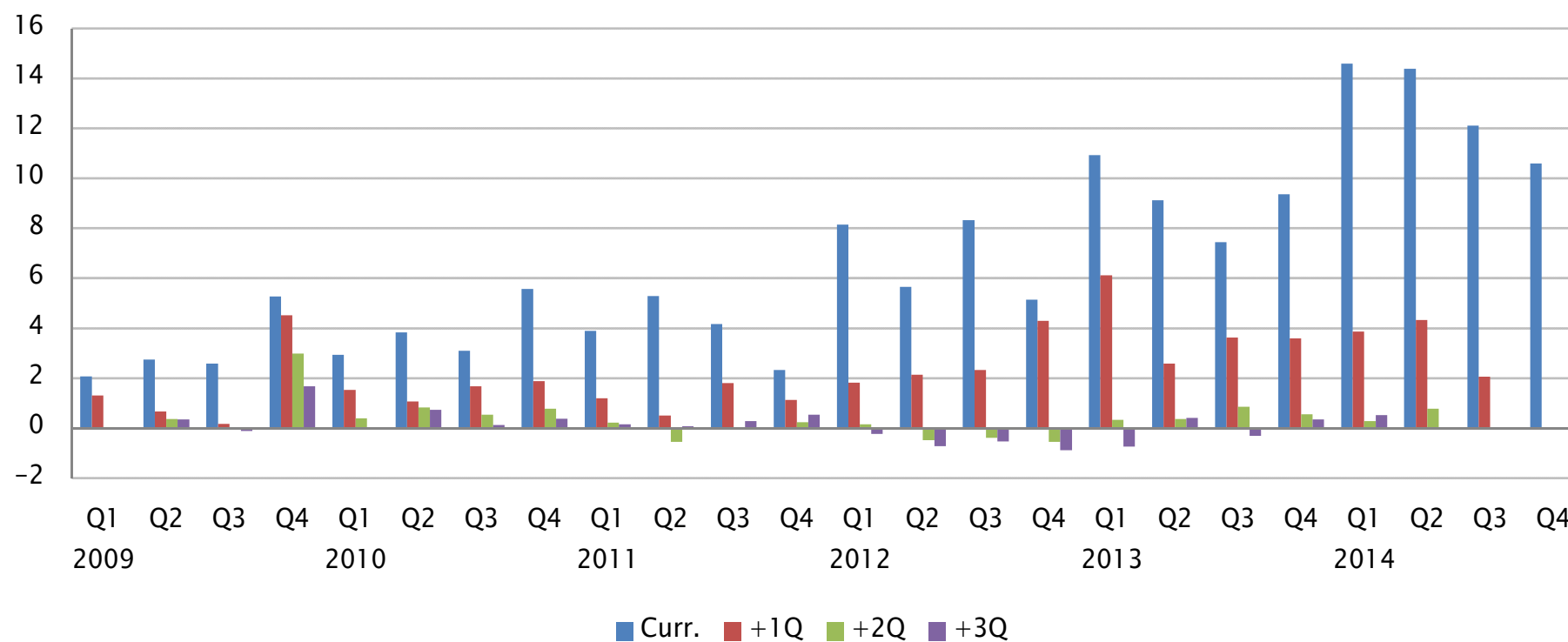


## The *blockbuster effect*: top quartile funds take all





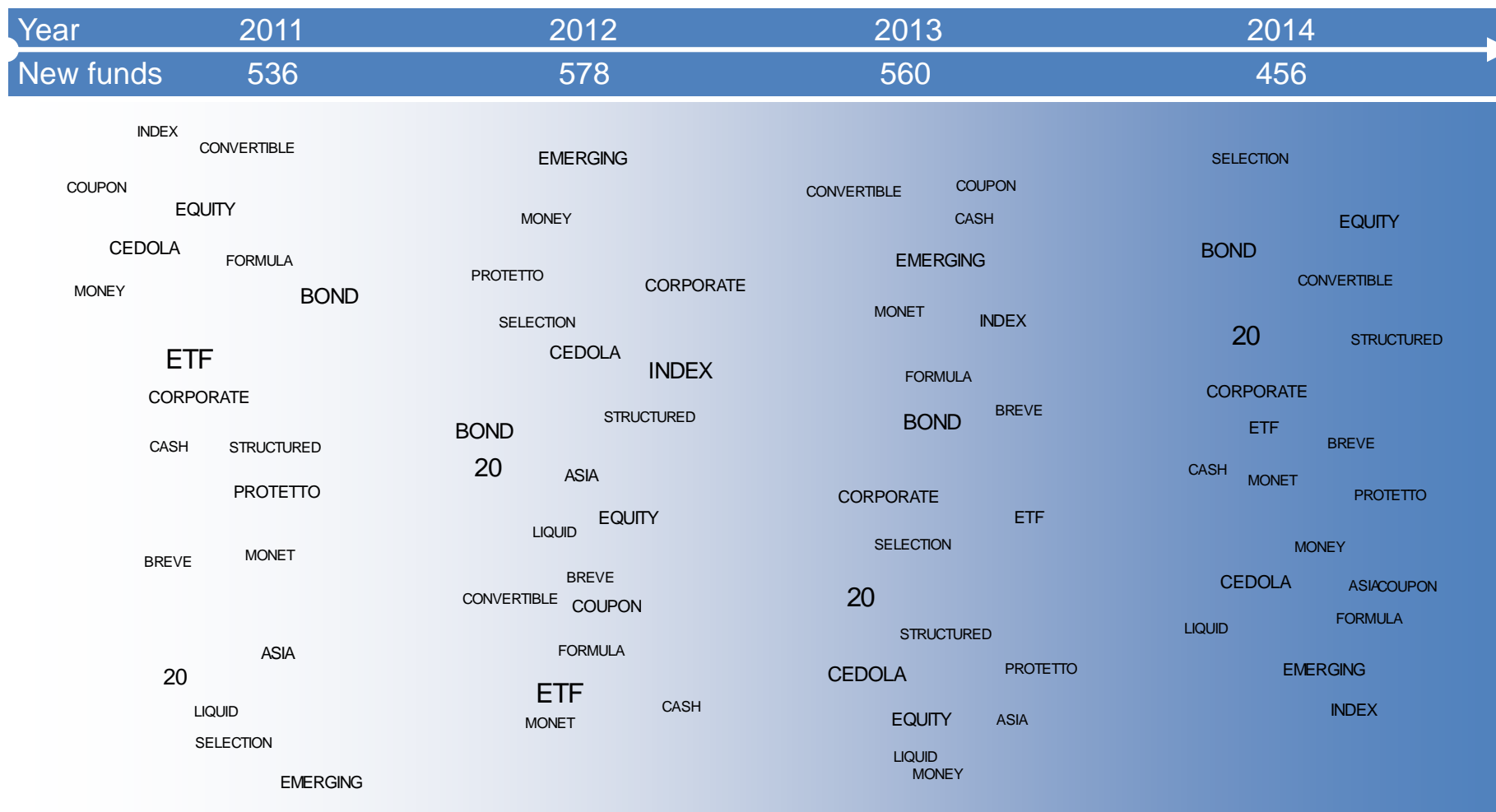
## New stories: they sell well... but how long?





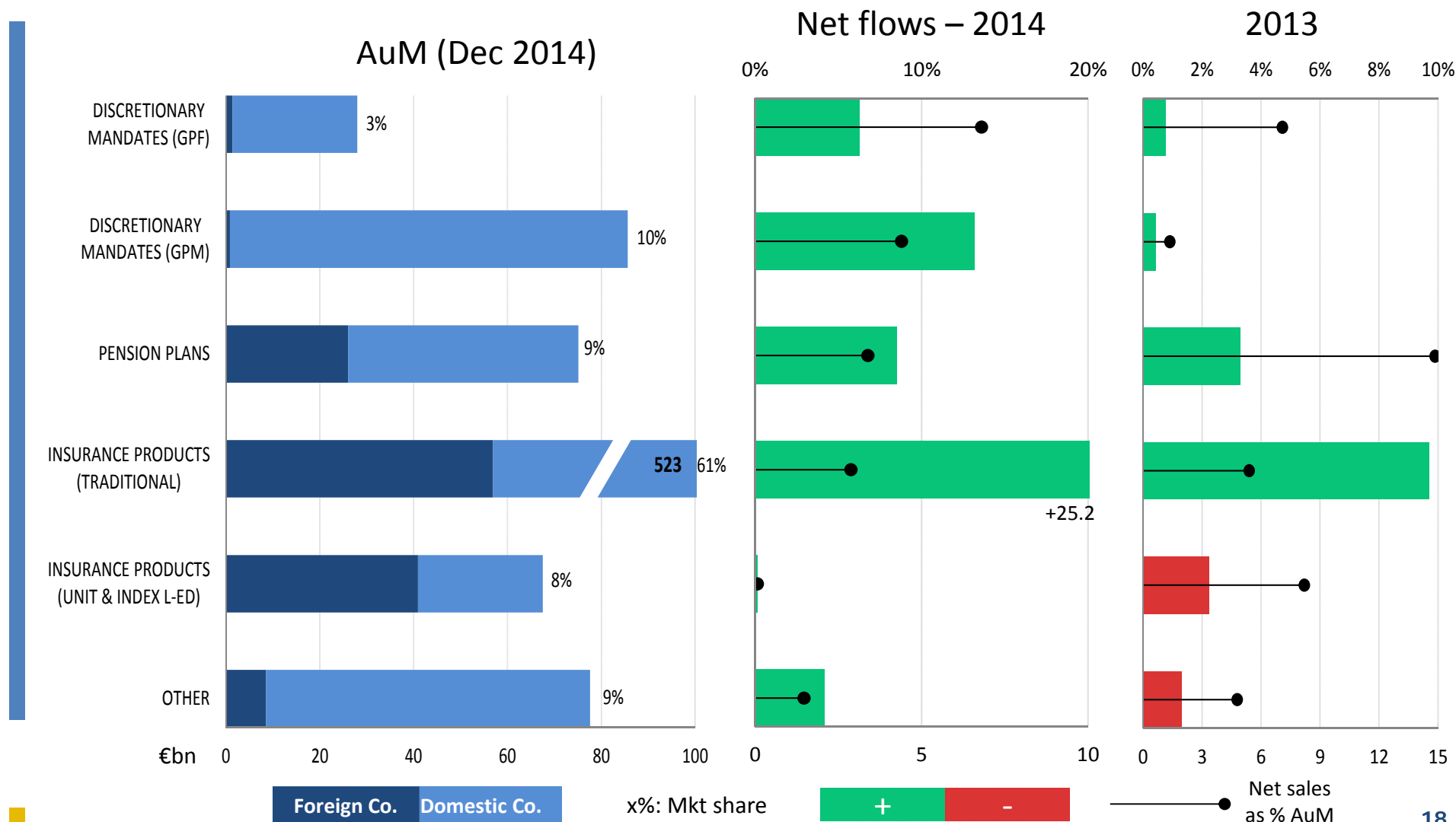


## New stories tag cloud



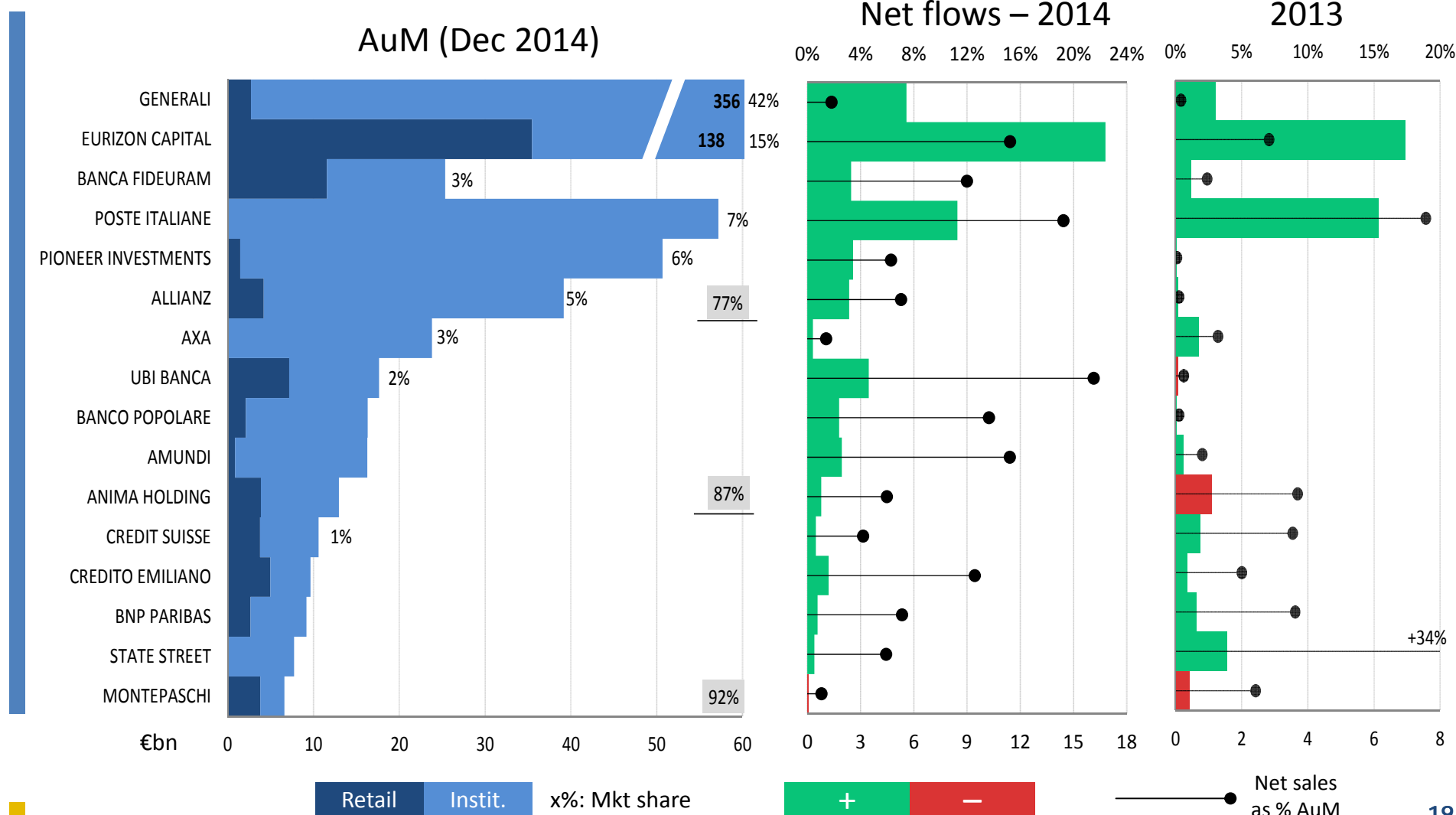


## Mandates: AuM & Net Sales trends



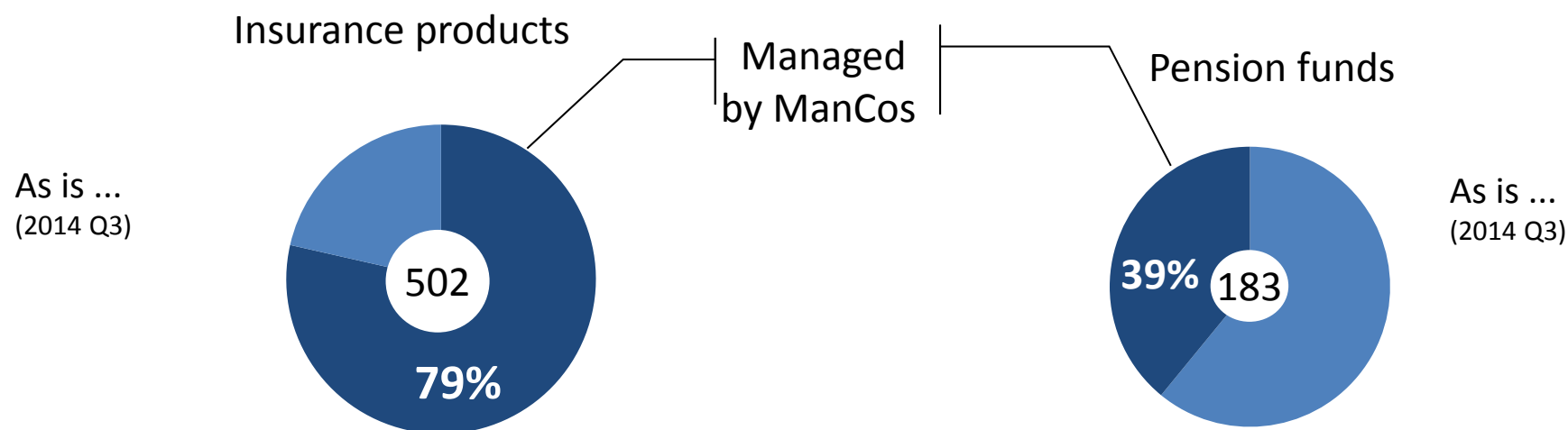


## Top 15 Groups (mandates only)





## The market for Institutional Mandates



... and as could become:

Household portfolio: share of insurance products & pension funds (2014Q3)

IT	FRA	GER	UK	USA
18.5%	33.5%	30.9%	57.4%	33.4%

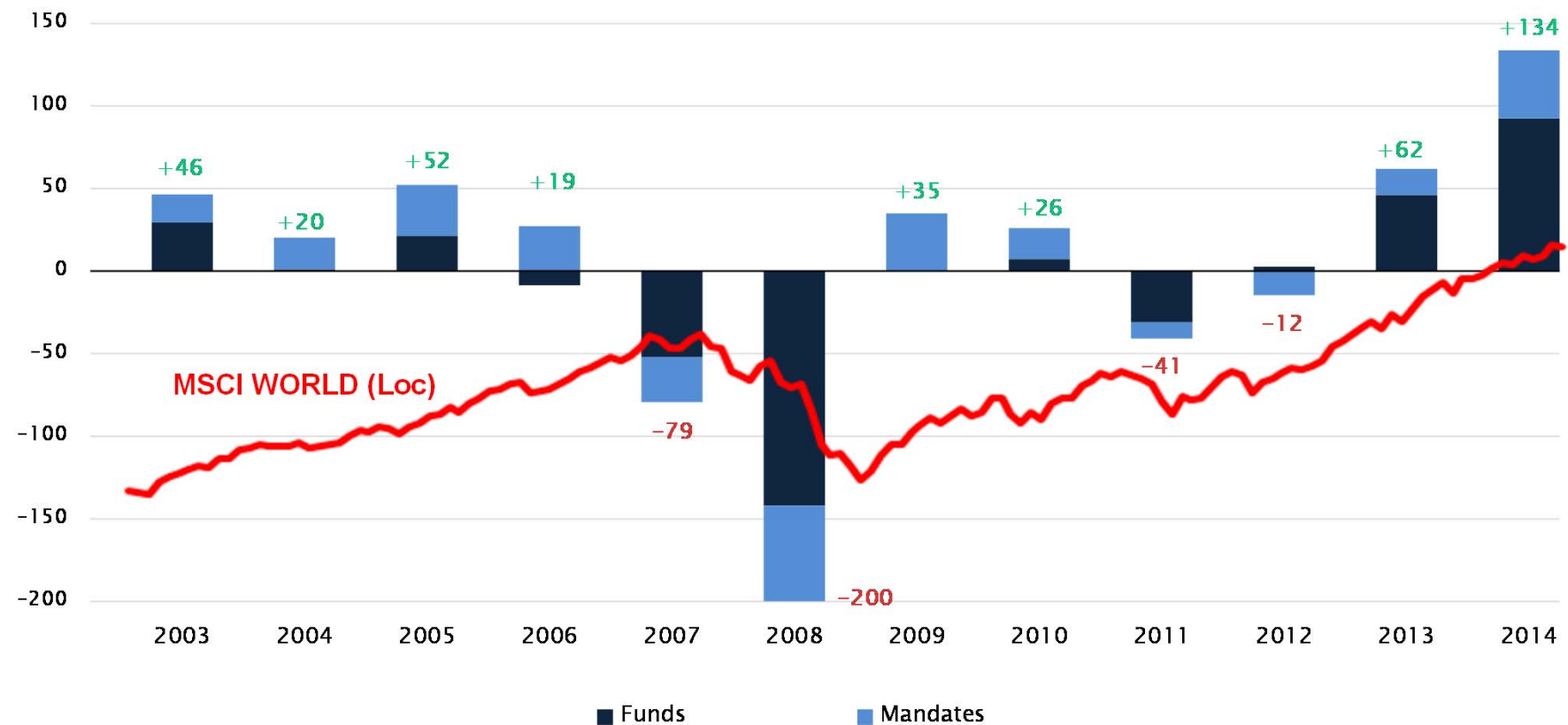


Despite the economic crisis which is still affecting heavily our country, and despite the fall in the household saving rate, net flows into funds and mandates are rebounding. Why?

- **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 $\approx$ Median $\times 2.5$
Median investment	10.867	

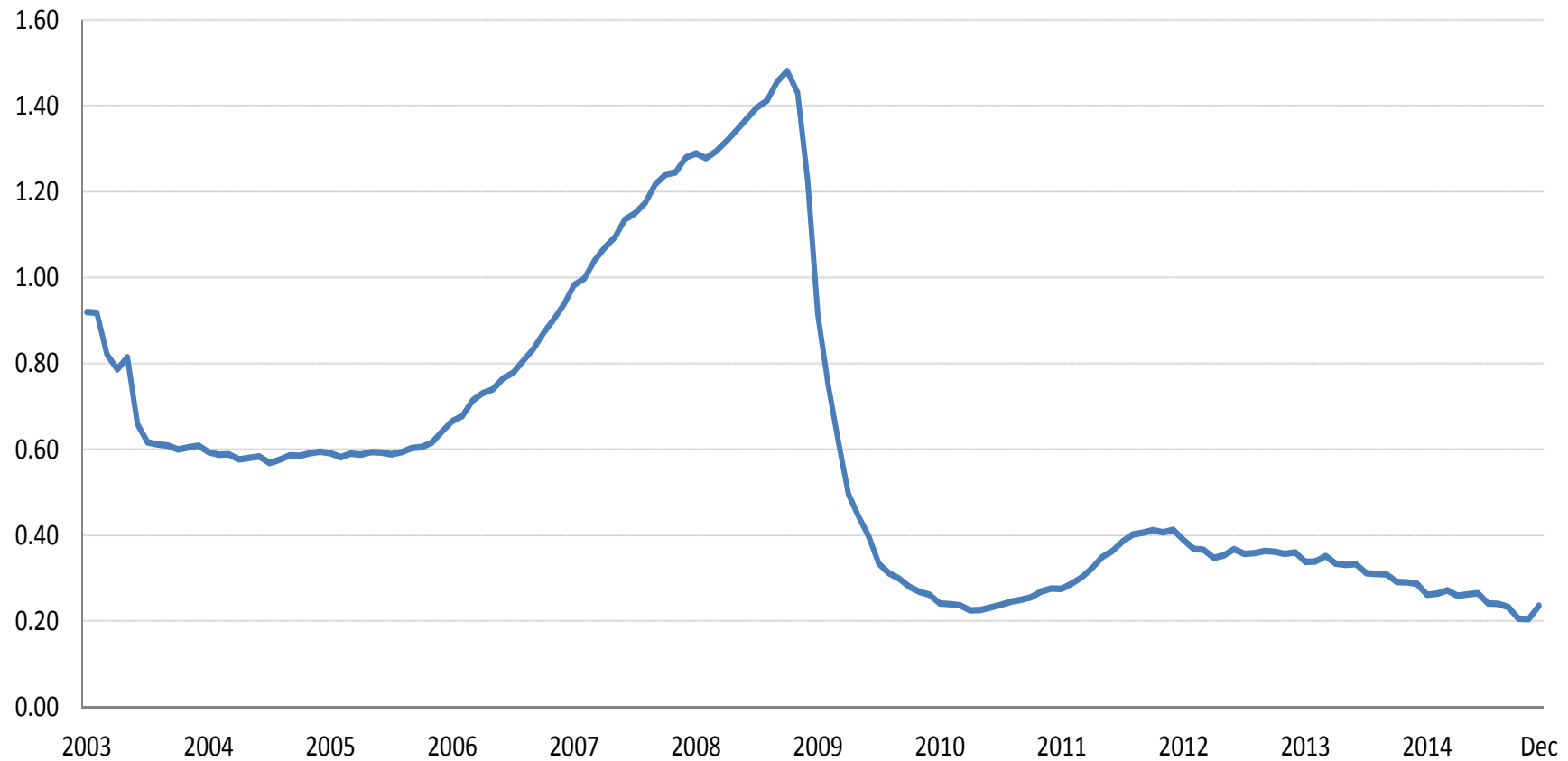
Quartile	% of assets	Limit (€)
I	1,4	3.868
II	6,9	10.867
III	17,3	27.932
IV	74,4	

25% of shareholders control 75% of assets

75% of shareholders invest less than 27k€



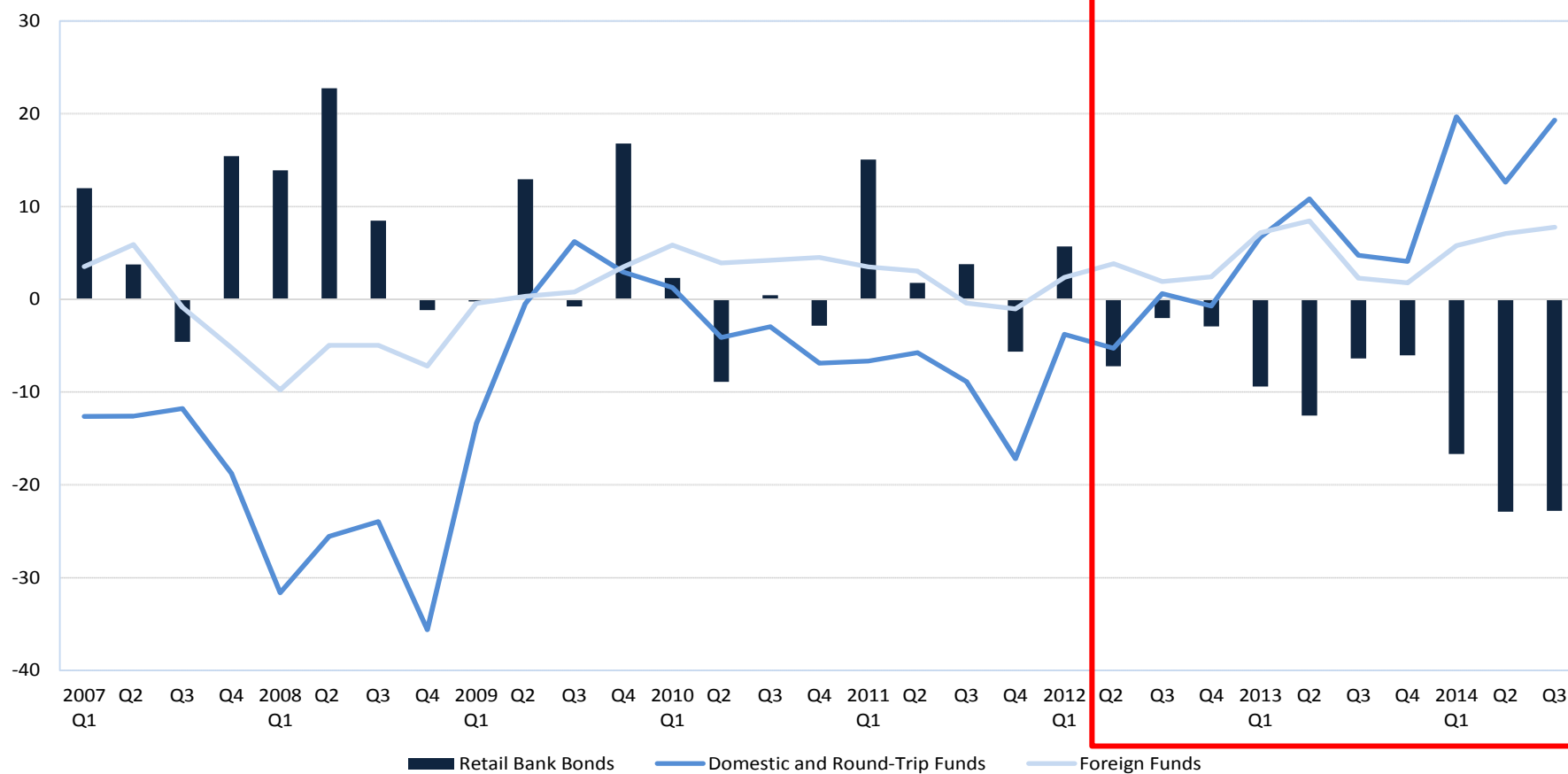
### 3. Bank deposits pay low interests





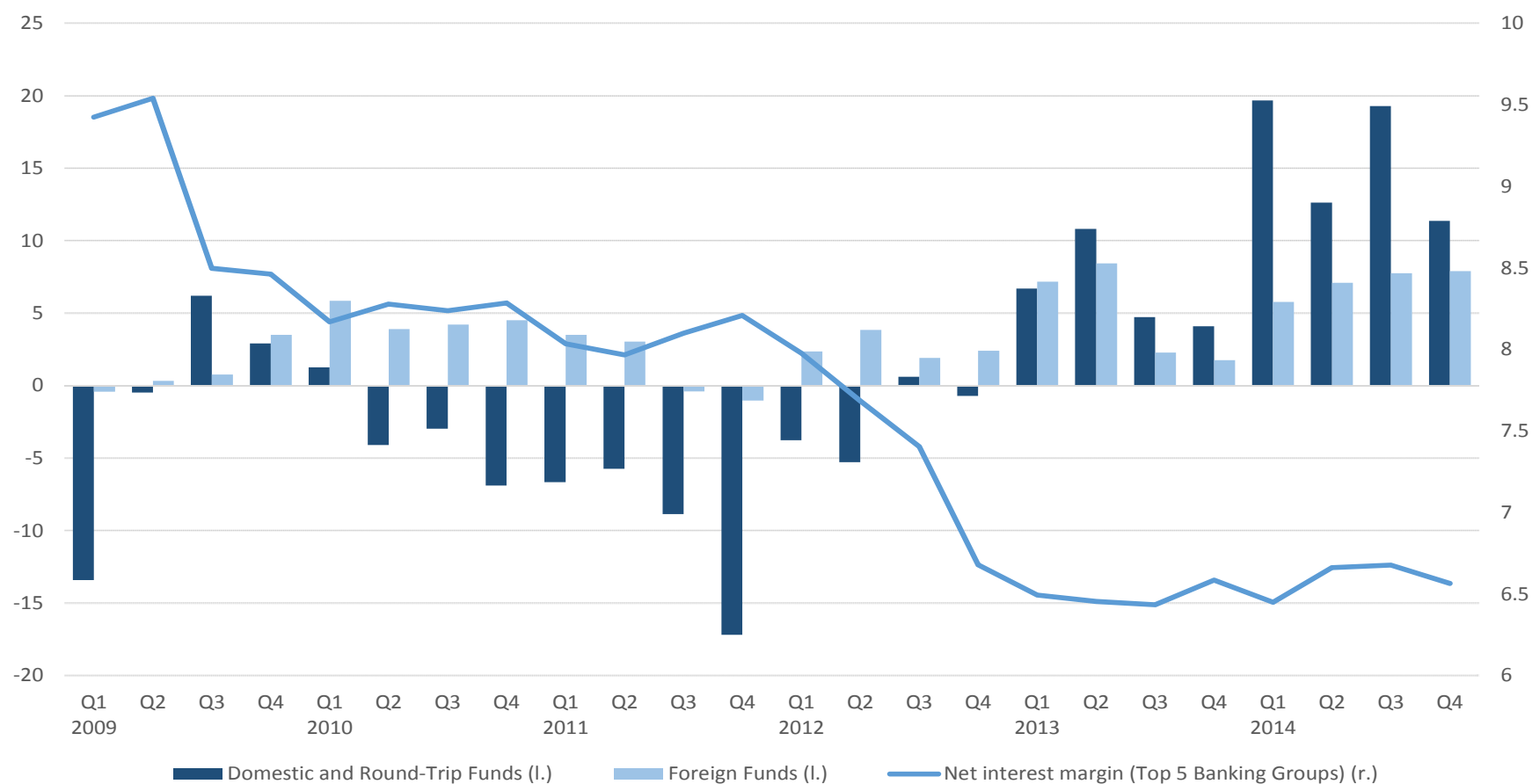


## 4. Banks are becoming less dependent on funding from retail



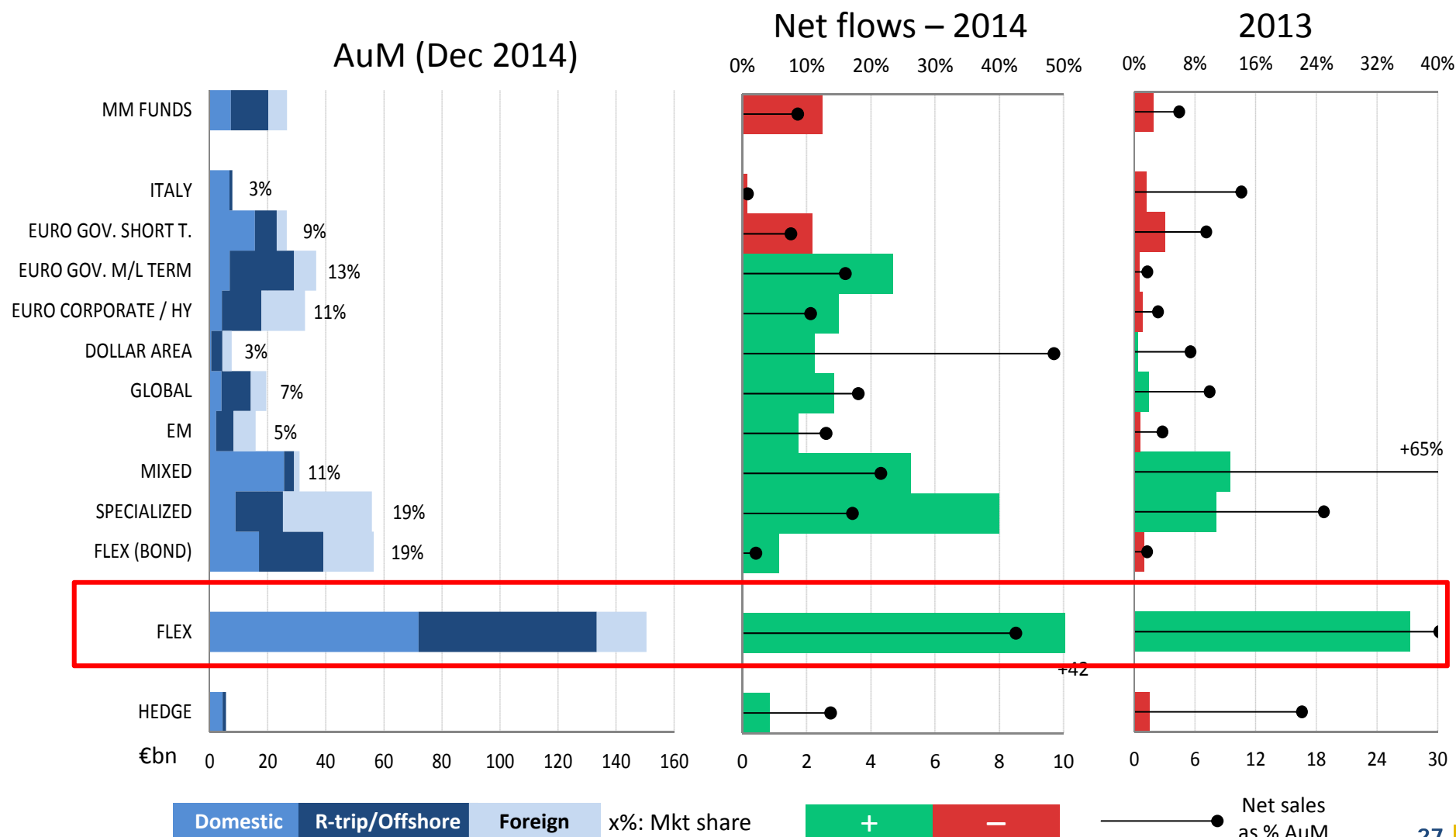


## 5. Decrease in net interest margin





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





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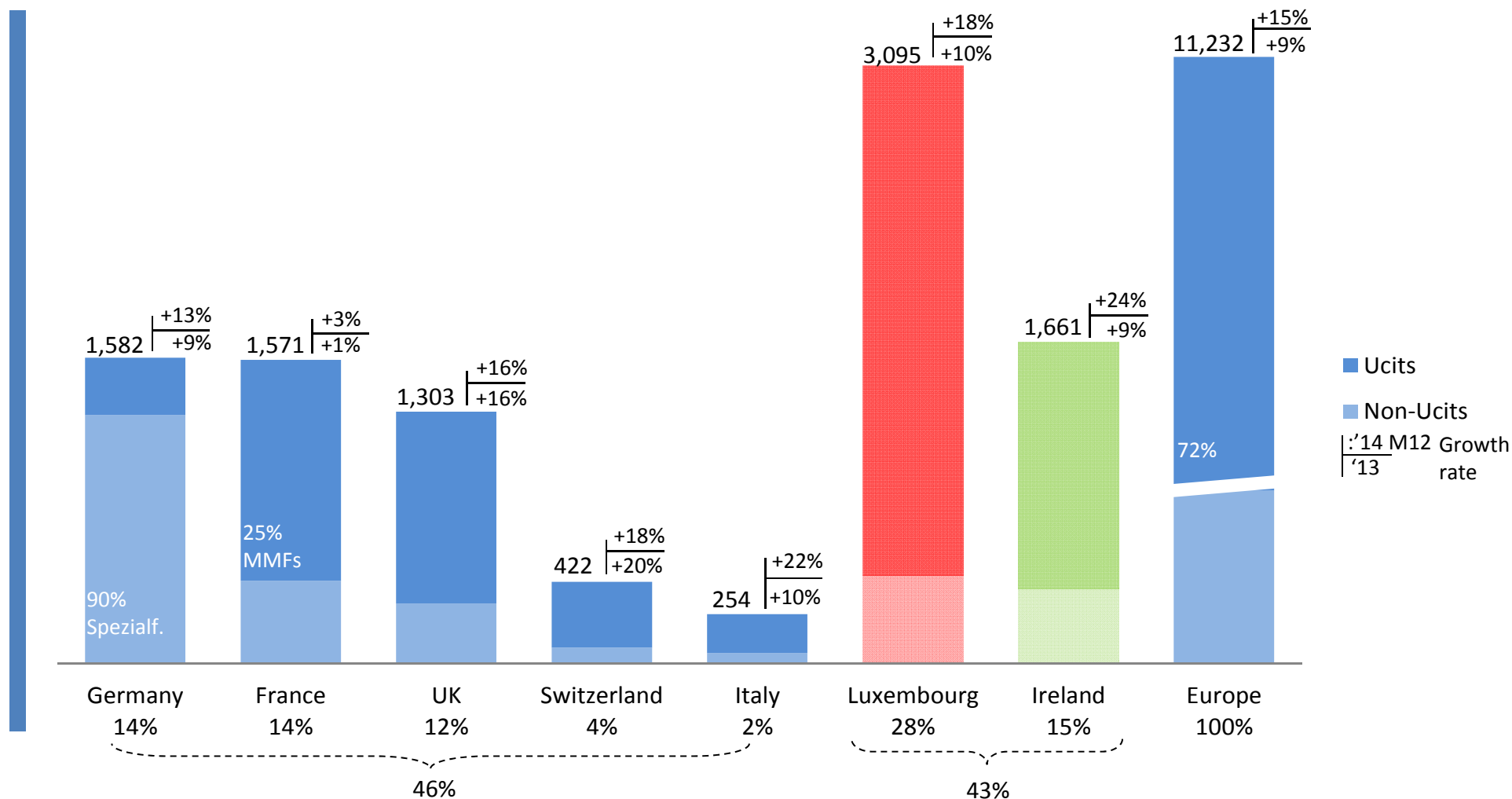
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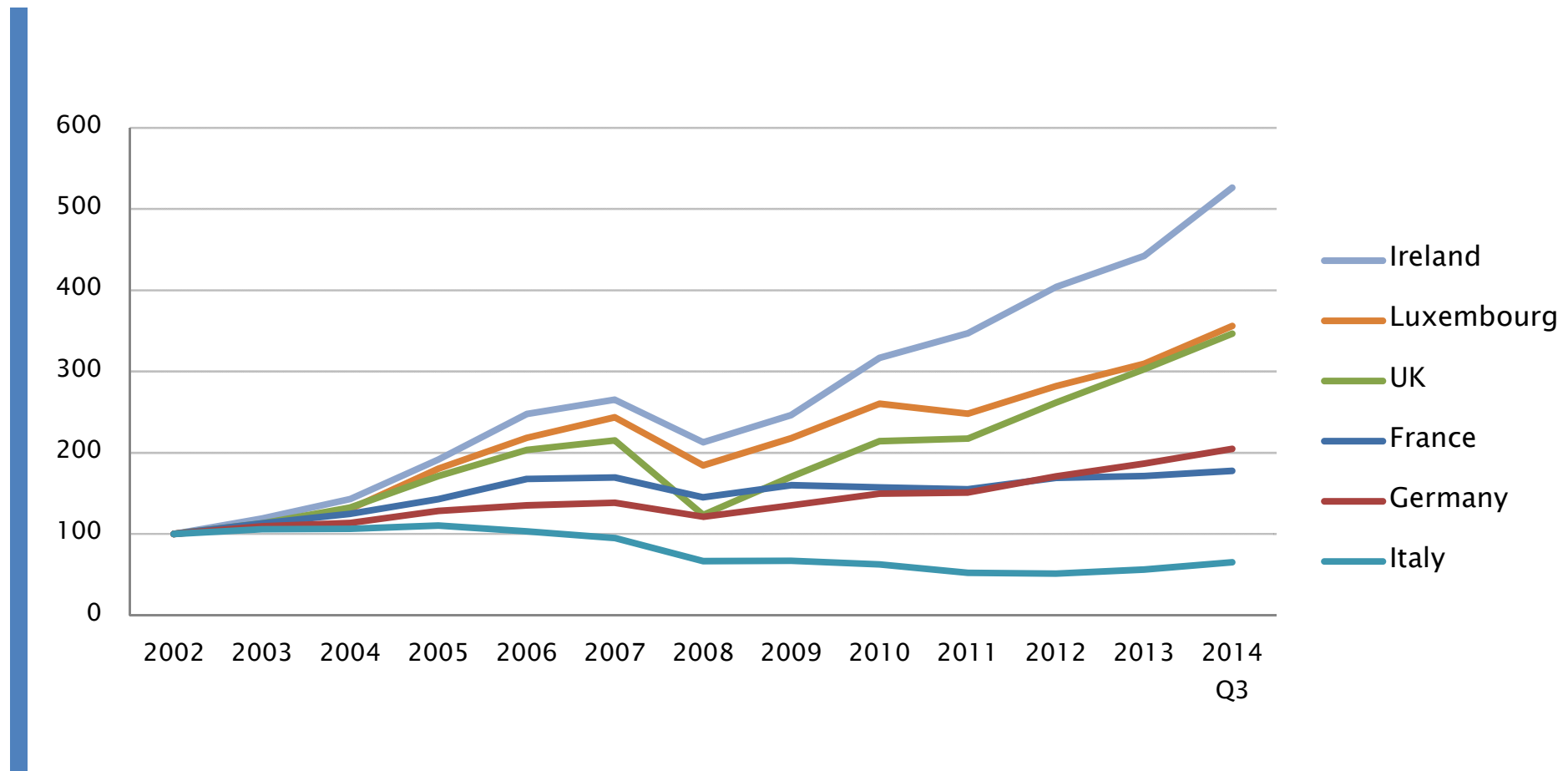


## Net Assets by fund domicile





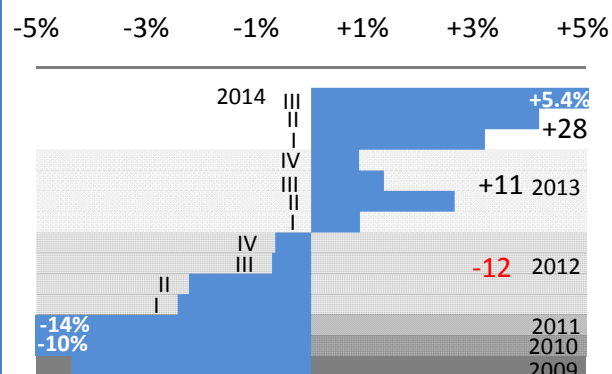
## Net Assets by fund domicile – Long-term growth



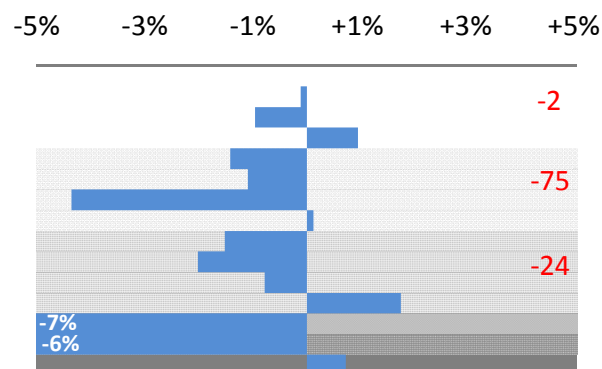


## Net sales by fund domicile

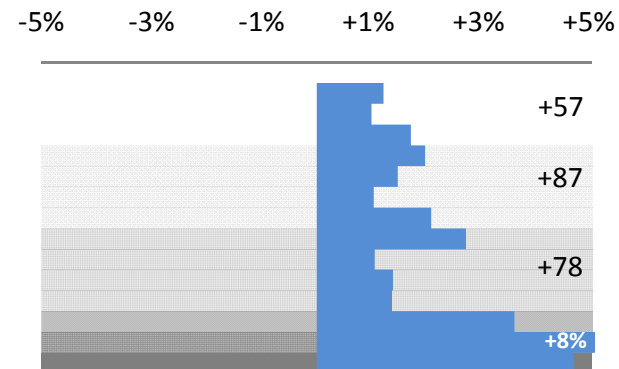
### Italy



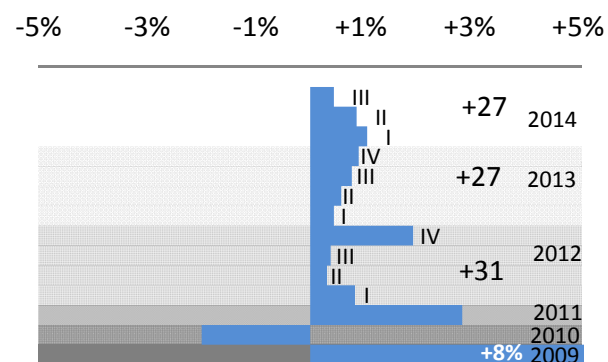
### France



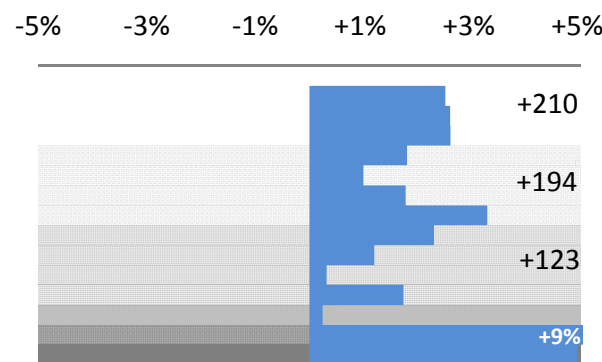
### Germany



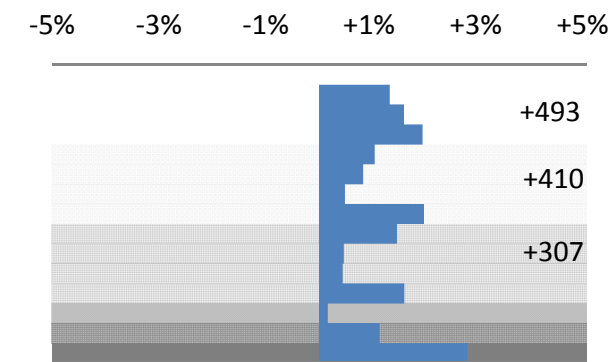
### UK



### Luxembourg

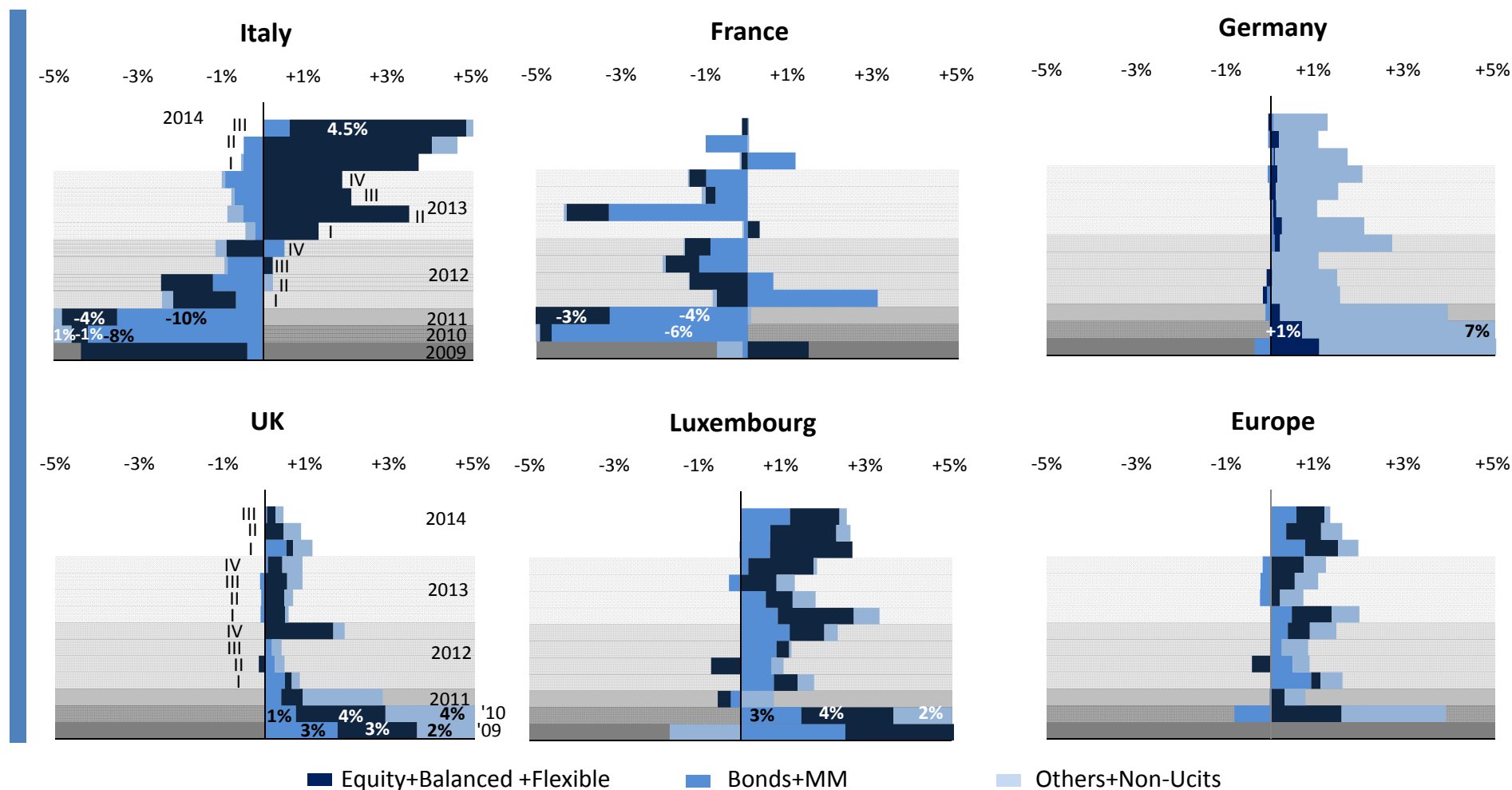


### Europe





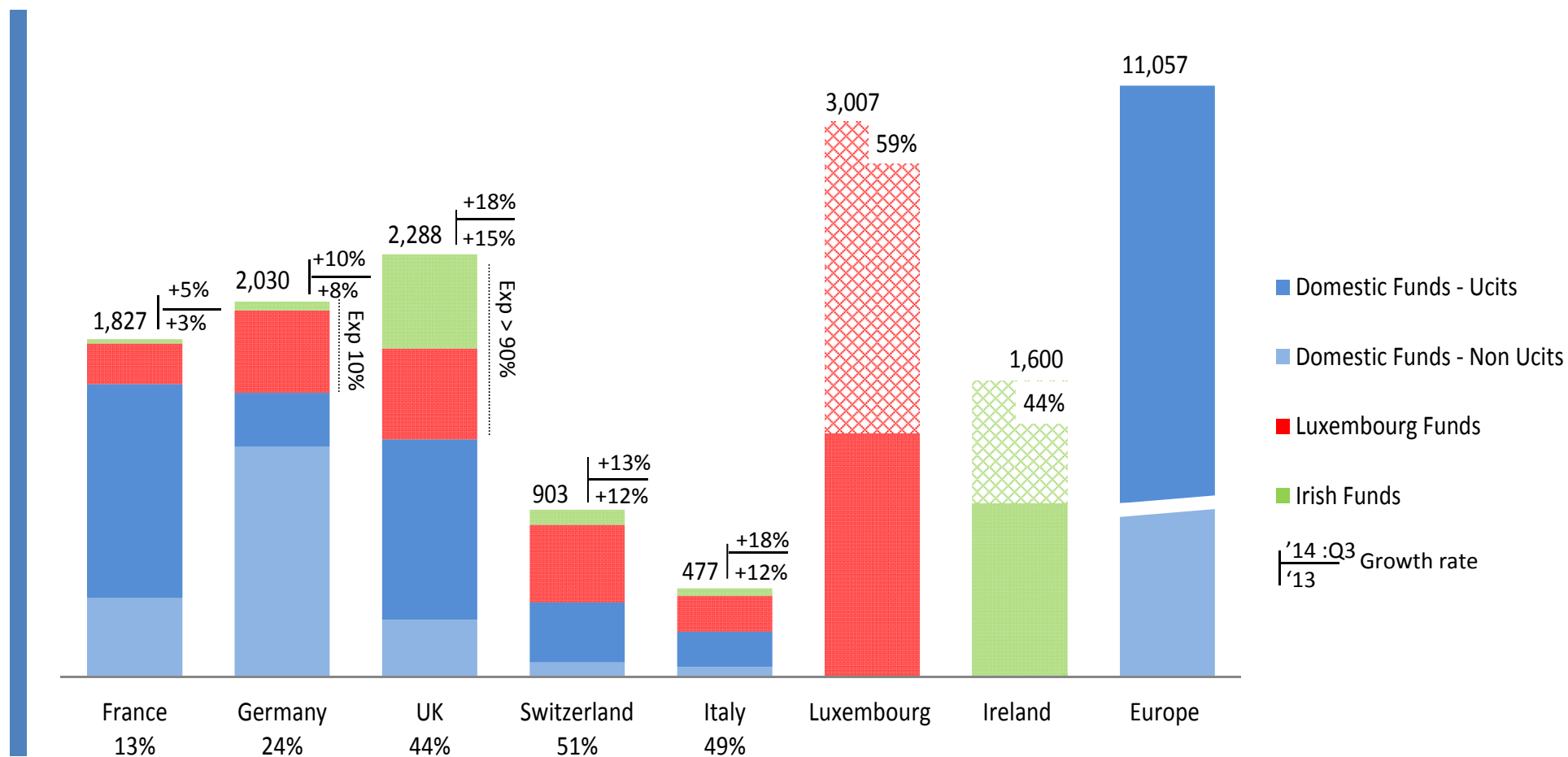
## Net sales by fund domicile & asset class





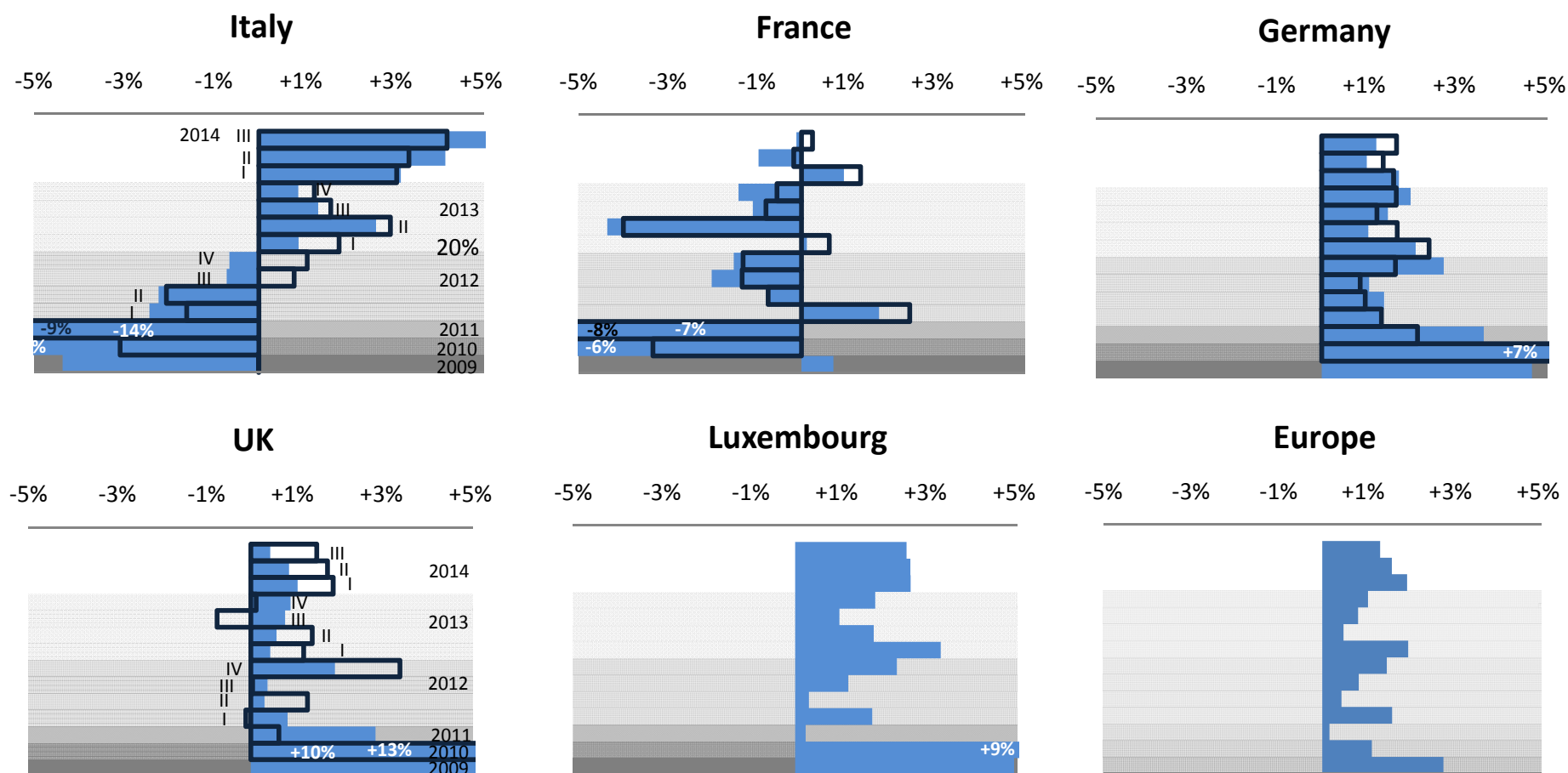


## Net Assets by fund group domicile





## Net sales: fund domicile vs. fund group domicile





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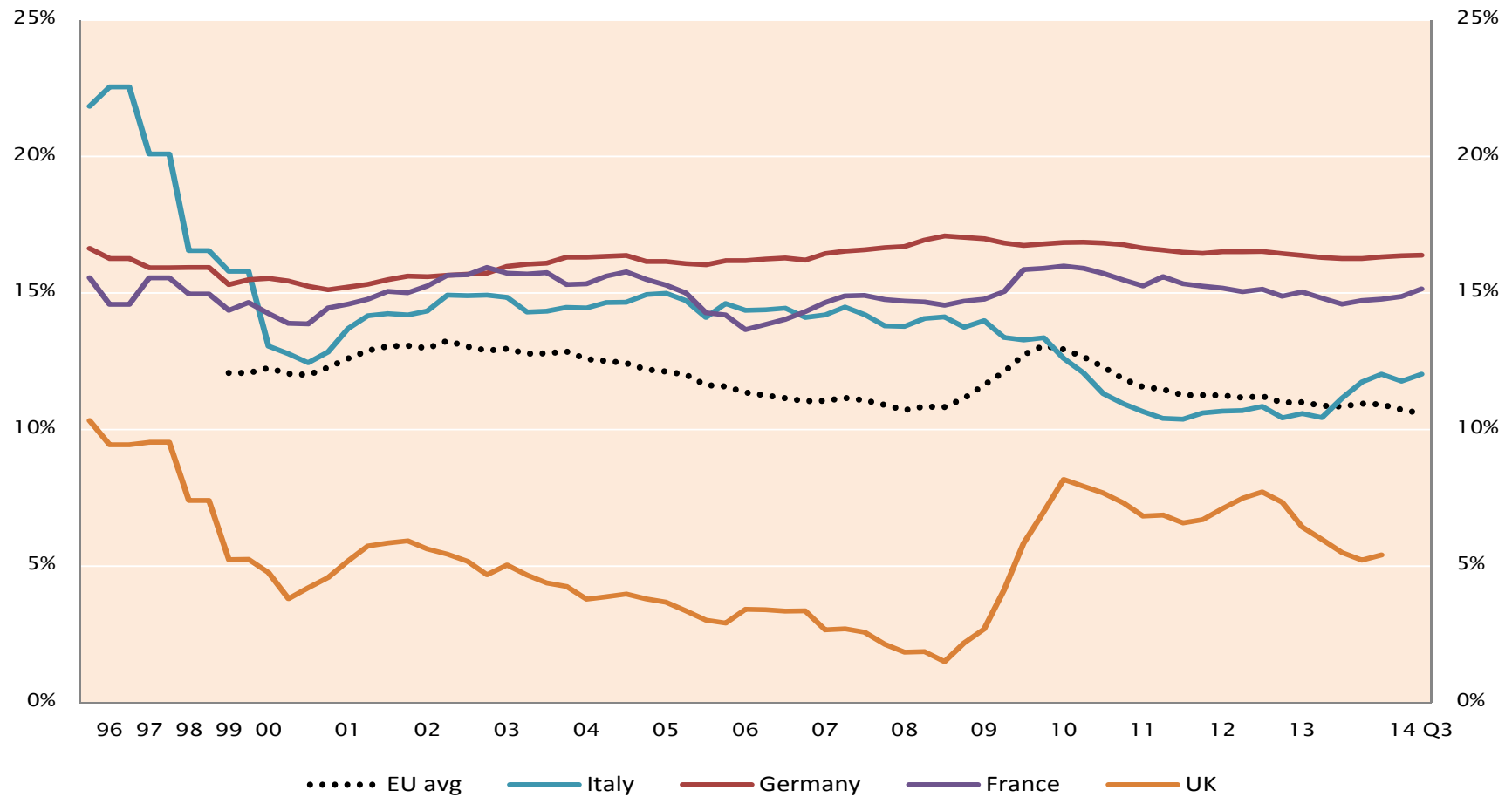
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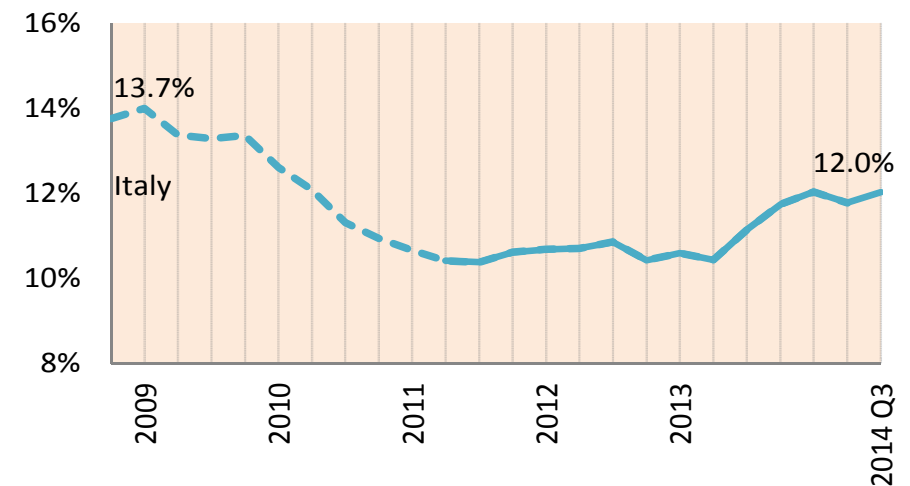
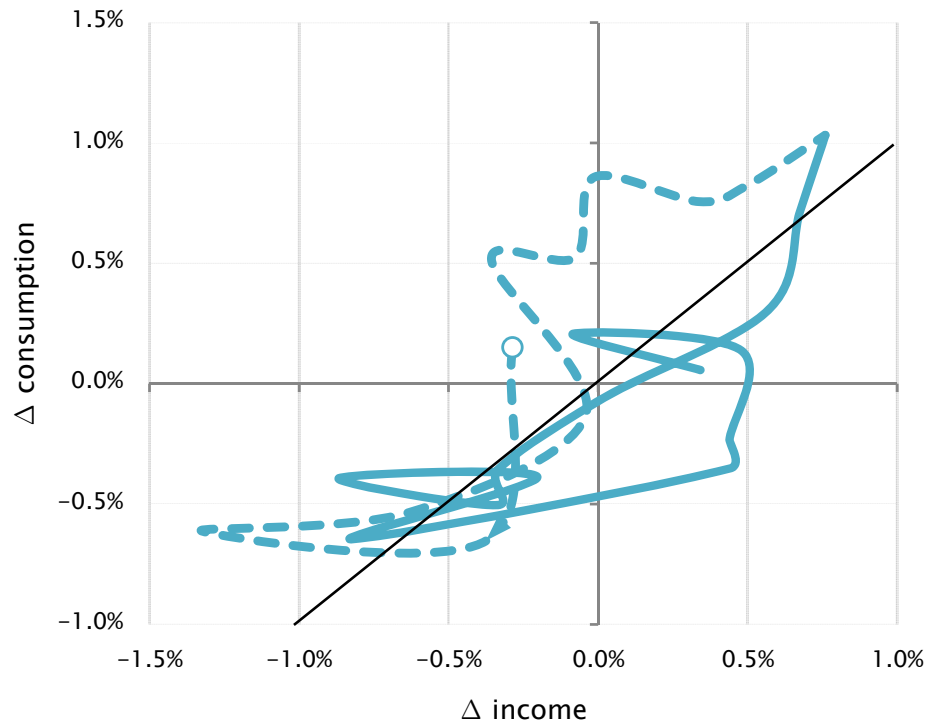


## Household saving rates in Europe



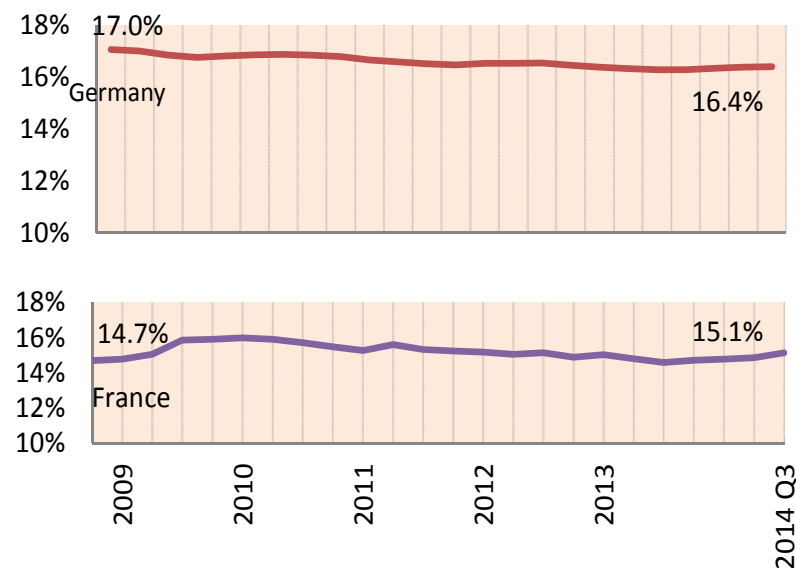
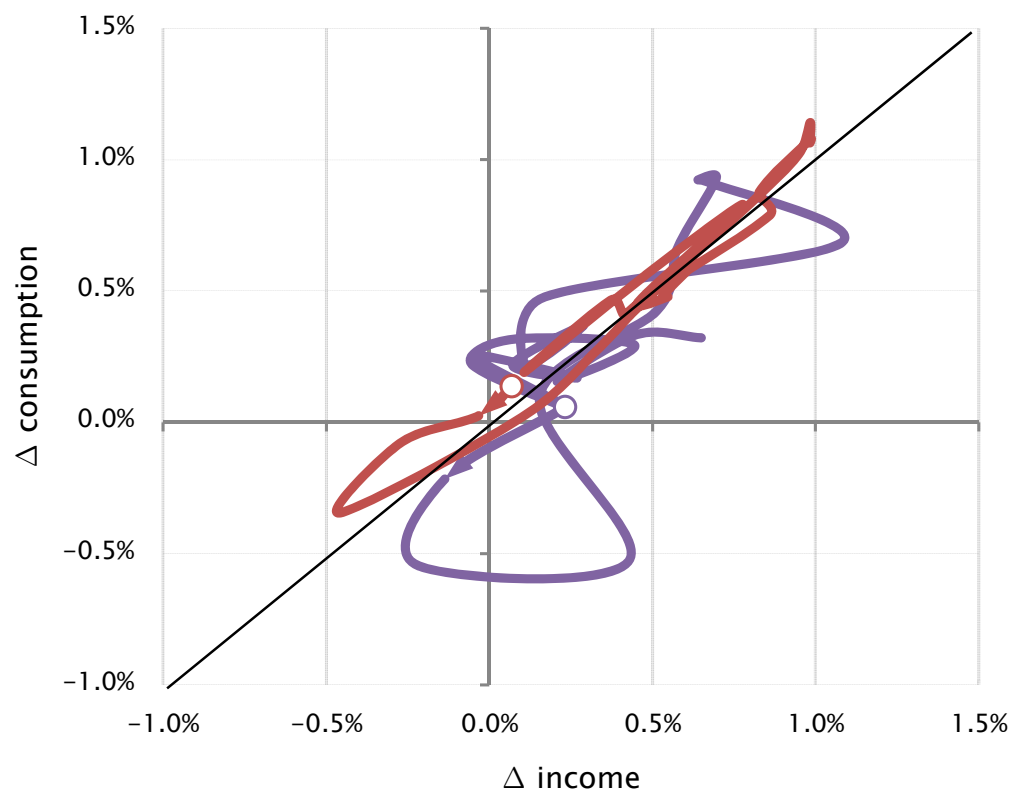


## How income & consumption $\Delta\%$ affect saving rates



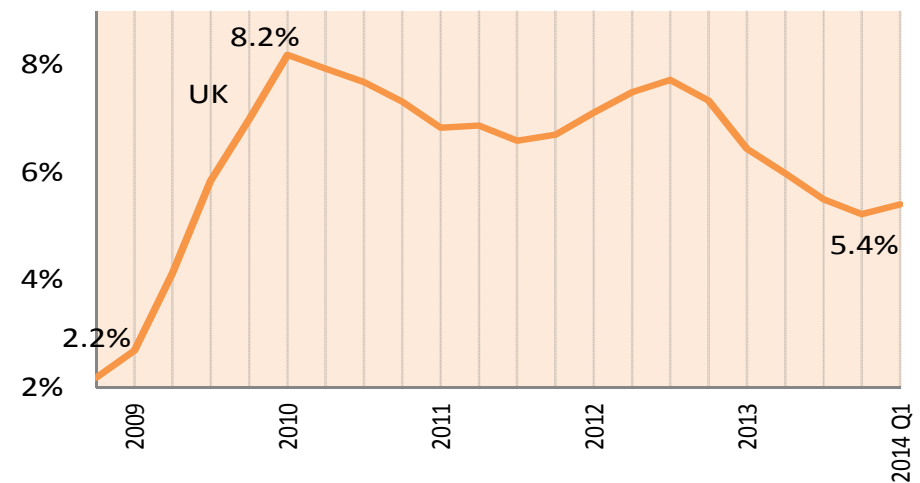
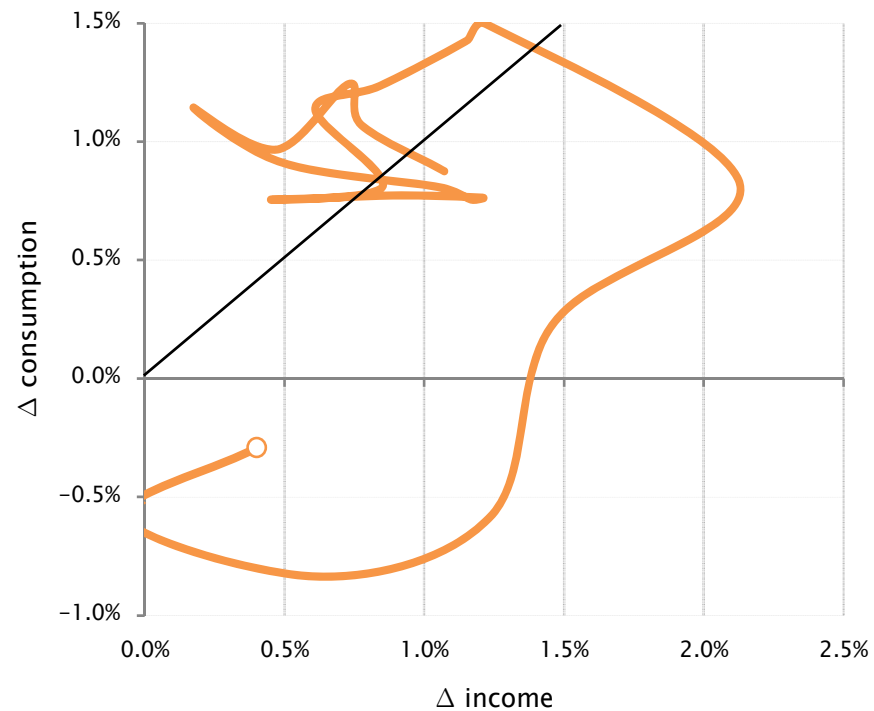


## How income & consumption $\Delta\%$ affect saving rates





## 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	<i>Issued by banks</i>	Total	<i>Listed</i>		
Italy								
1995	1,797	38.3	22.7	1.9	19.3	2.8	5.8	8.8
2000	3,042	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	3,732	29.9	19.1	10.0	22.4	1.9	7.2	17.1
2012	3,775	31.2	18.7	9.9	21.2	1.5	7.2	17.6
2013	3,873	31.1	16.1	8.4	23.1	1.6	7.8	18.0
2014 Q3	4,016	30.4	14.8	6.3	23.3	1.7	9.2	18.5
France	4,713	28.2	1.7	<i>n.a</i>	21.5	3.9	6.5	33.5
Germany	5,175	39.1	4.0	<i>n.a</i>	9.8	4.6	9.4	30.9
UK	7,328	24.5	0.7	<i>n.a</i>	9.1	7.1	4.0	57.4
USA	53,053	13.5	4.8	<i>n.a</i>	33.1	<i>n.a</i>	13.1	33.4

High level of *direct investment* (~ 40%)

Significant amounts of *bank issued bonds* (7.5%)

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

*Funds*: rise until 1999 (18%) then down, then again up.

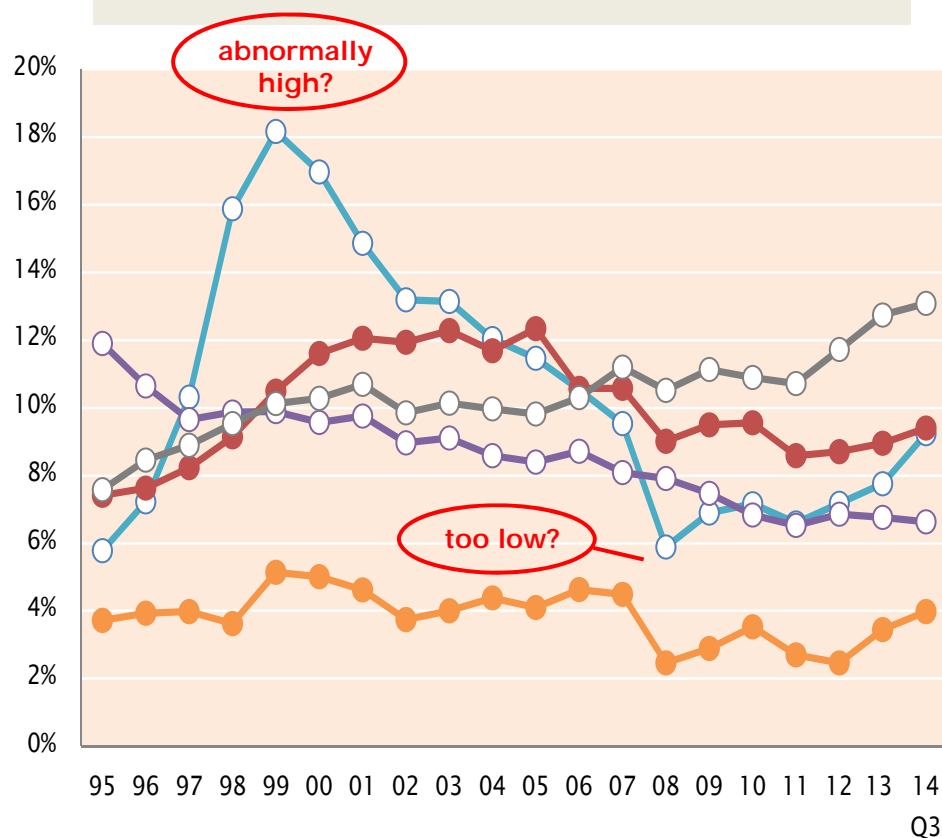
*Pensions/life product*: up but still too modest.



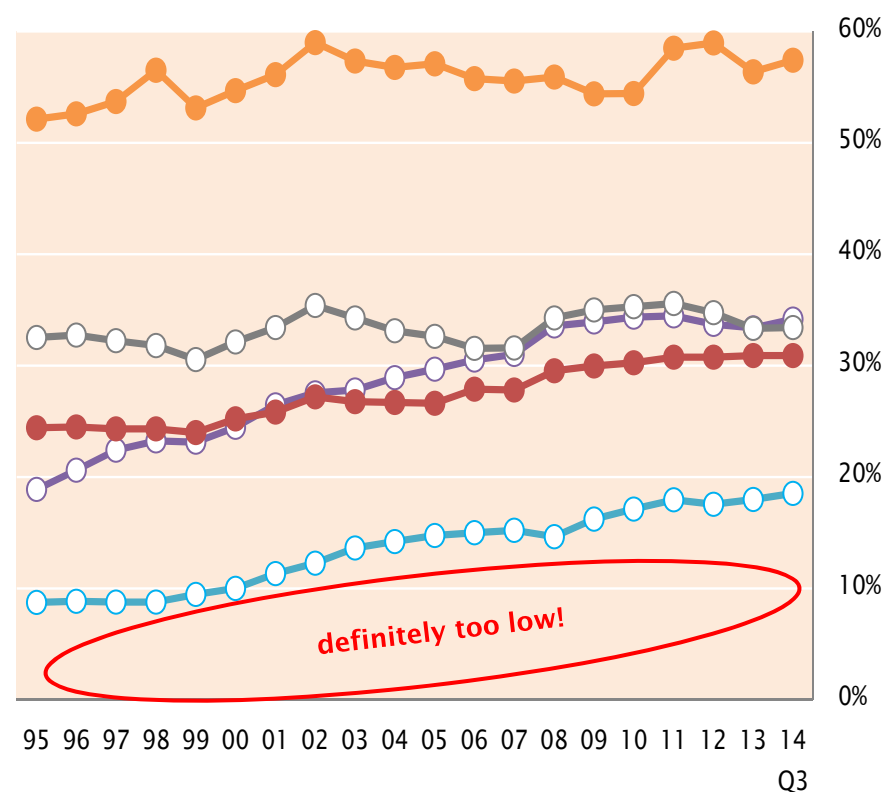


## Managed products in household portfolios

Investment funds



Pension funds &amp; life products

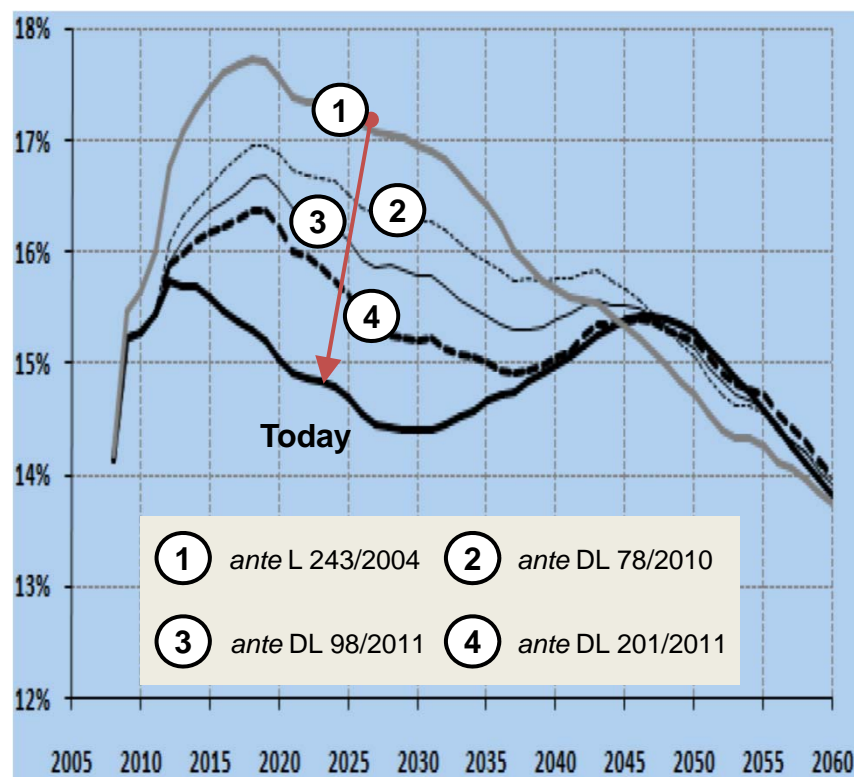


Italy France Germany United Kingdom USA

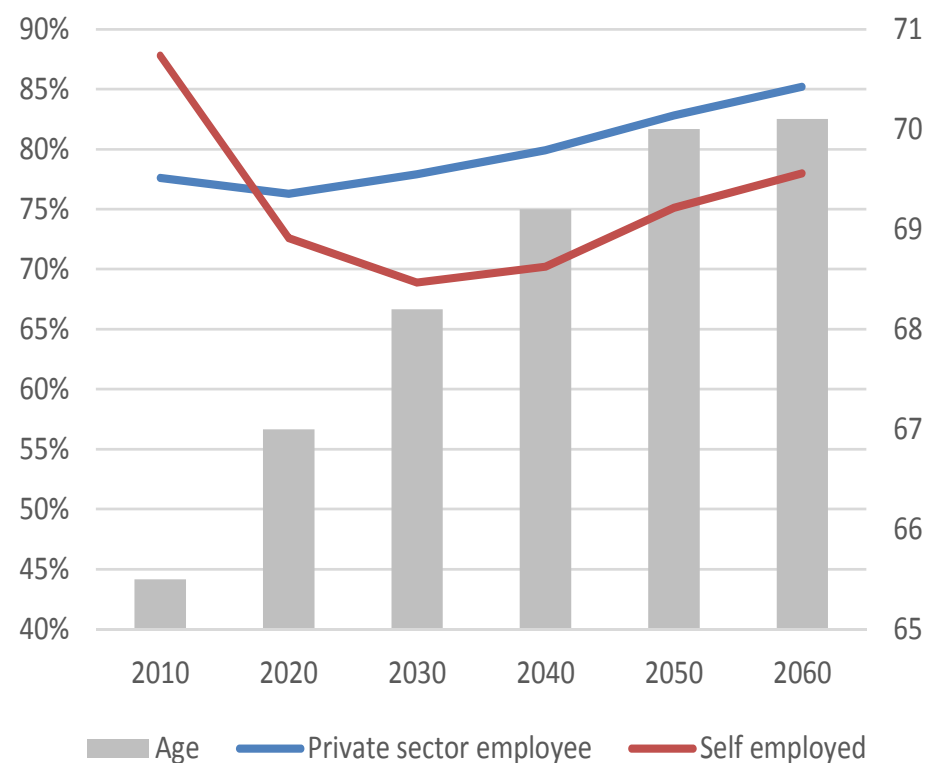


## Public Pensions (1st pillar)

Cost (% GDP)

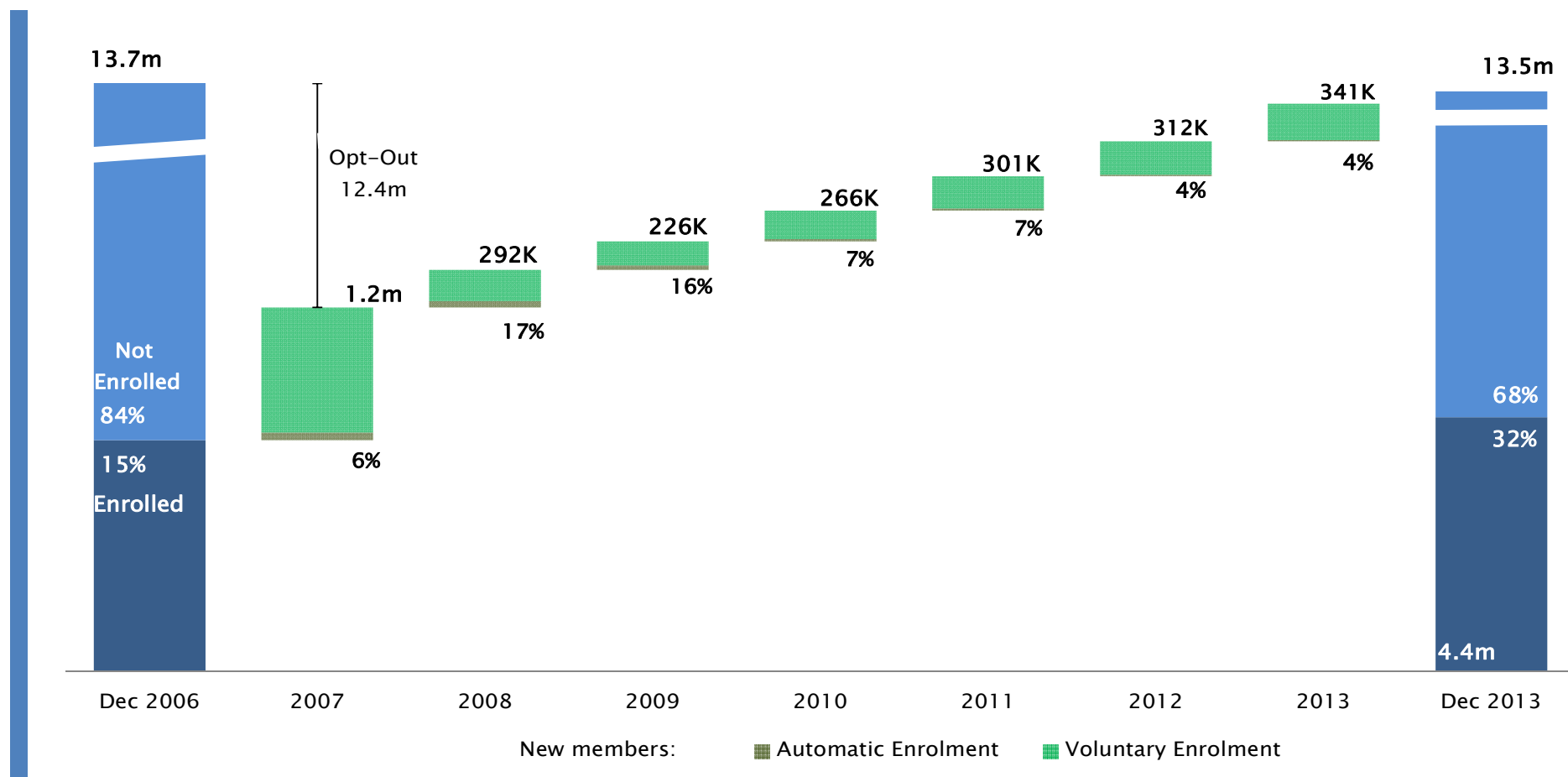


Future substitution rates  
Old-age pensions





## Private sector employees: failure of automatic enrolment





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

	2013			2008	
	Working pop. (,000)	Membership (est.)	rate	Membership rate	
<b>Member breakdown</b>	<b>6,204</b>	<b>22,420</b>	<b>28%</b>	<b>21%</b>	
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
<b>Vehicle breakdown</b>	<b>6,204</b>	<b>100%</b>	<b>+6%</b>	<b>+28%</b>	<b>116,443</b> 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



**ASSOGESTIONI**

associazione del risparmio gestito

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