The Italian Asset Management market
key figures

27 April 2017

Research Department

1. The Italian Asset Management market

- ❑ Summary statistics
- ❑ Open-end funds
- ❑ Mandates
- ❑ A snapshot of the insurance market
- ❑ The 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

1. The Italian Asset Management market

- ❑ Summary statistics
- ❑ Open-end funds
- ❑ Mandates
- ❑ A snapshot of the insurance market
- ❑ The recovery, some tentative explanations

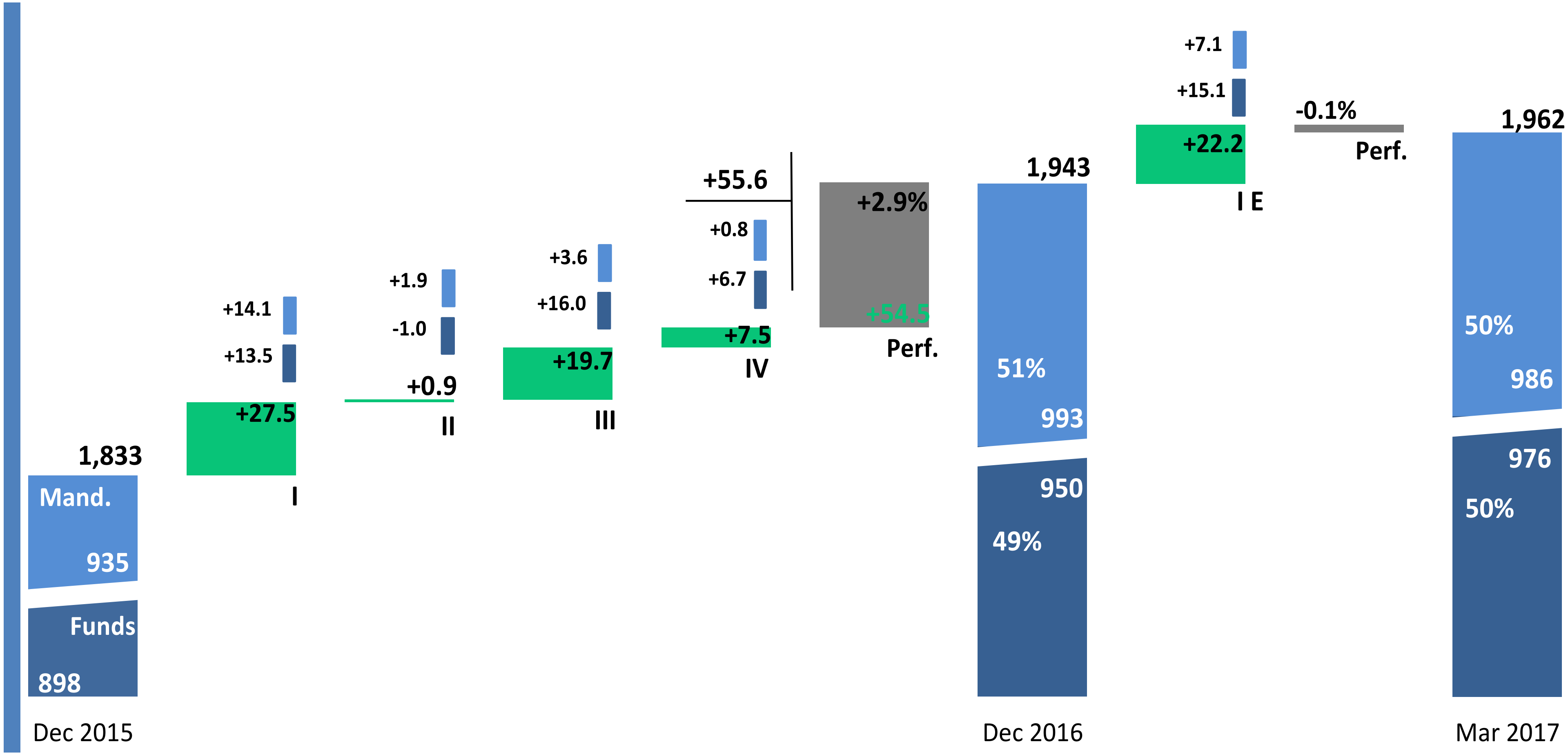
2. The European Investment Fund Industry

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

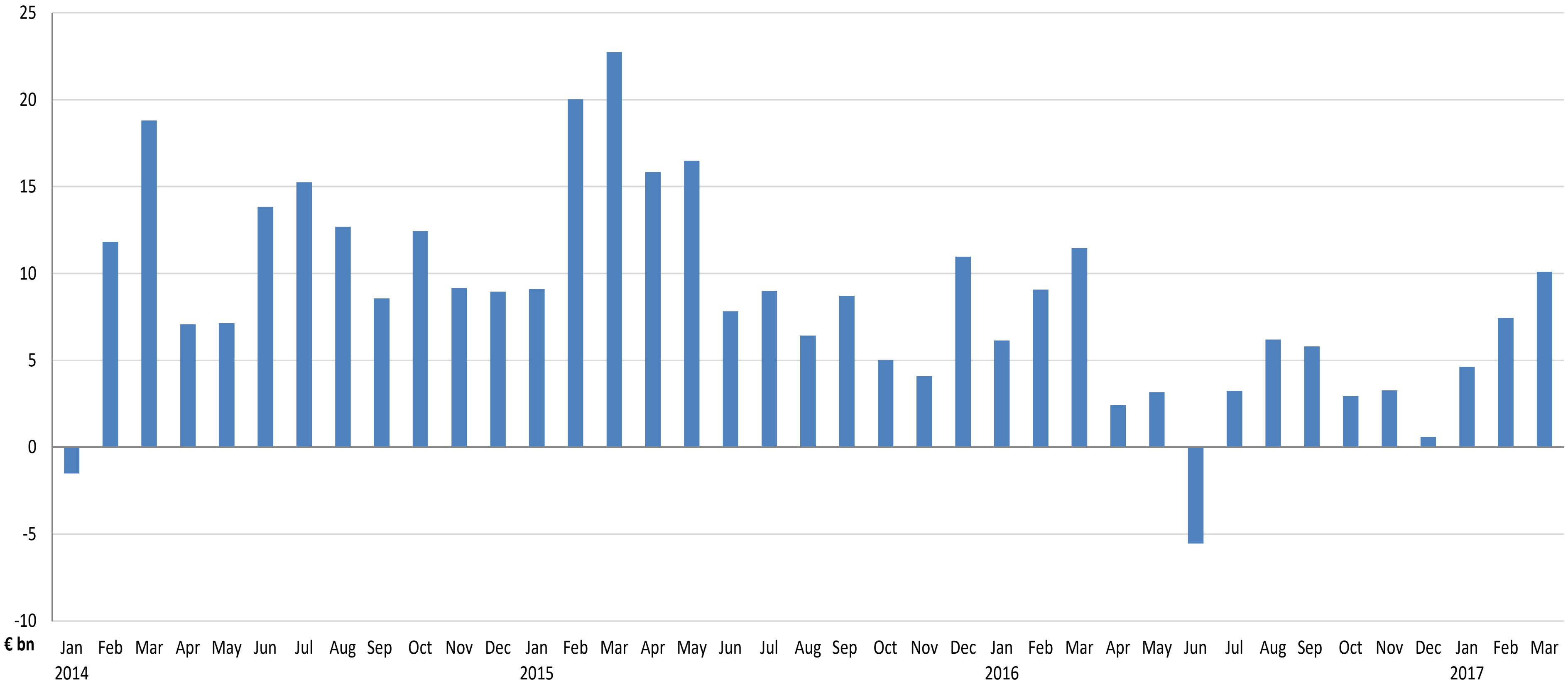
3. Savings & Wealth

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

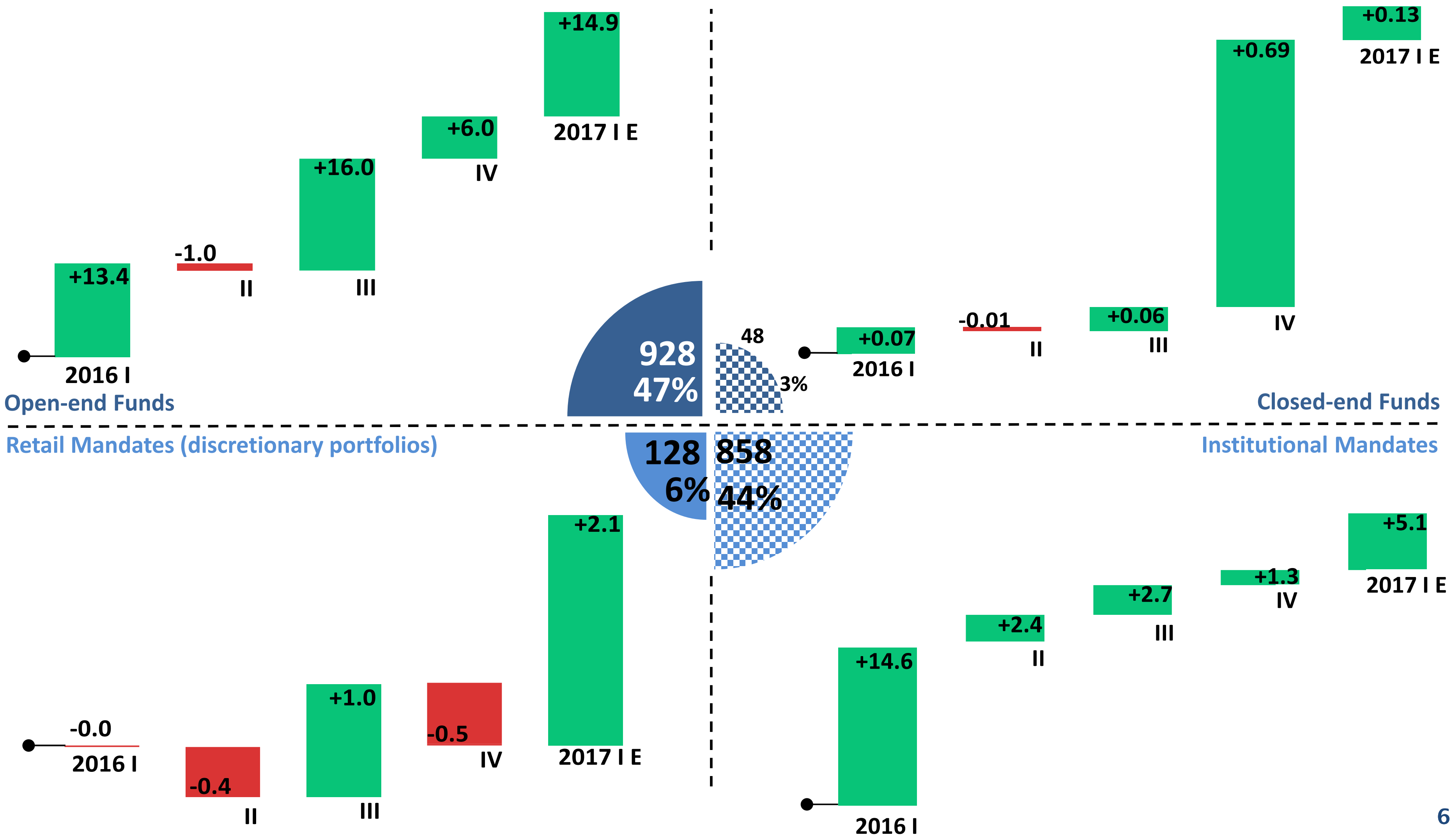
The Italian AM market (Jan 2016: Mar 2017)



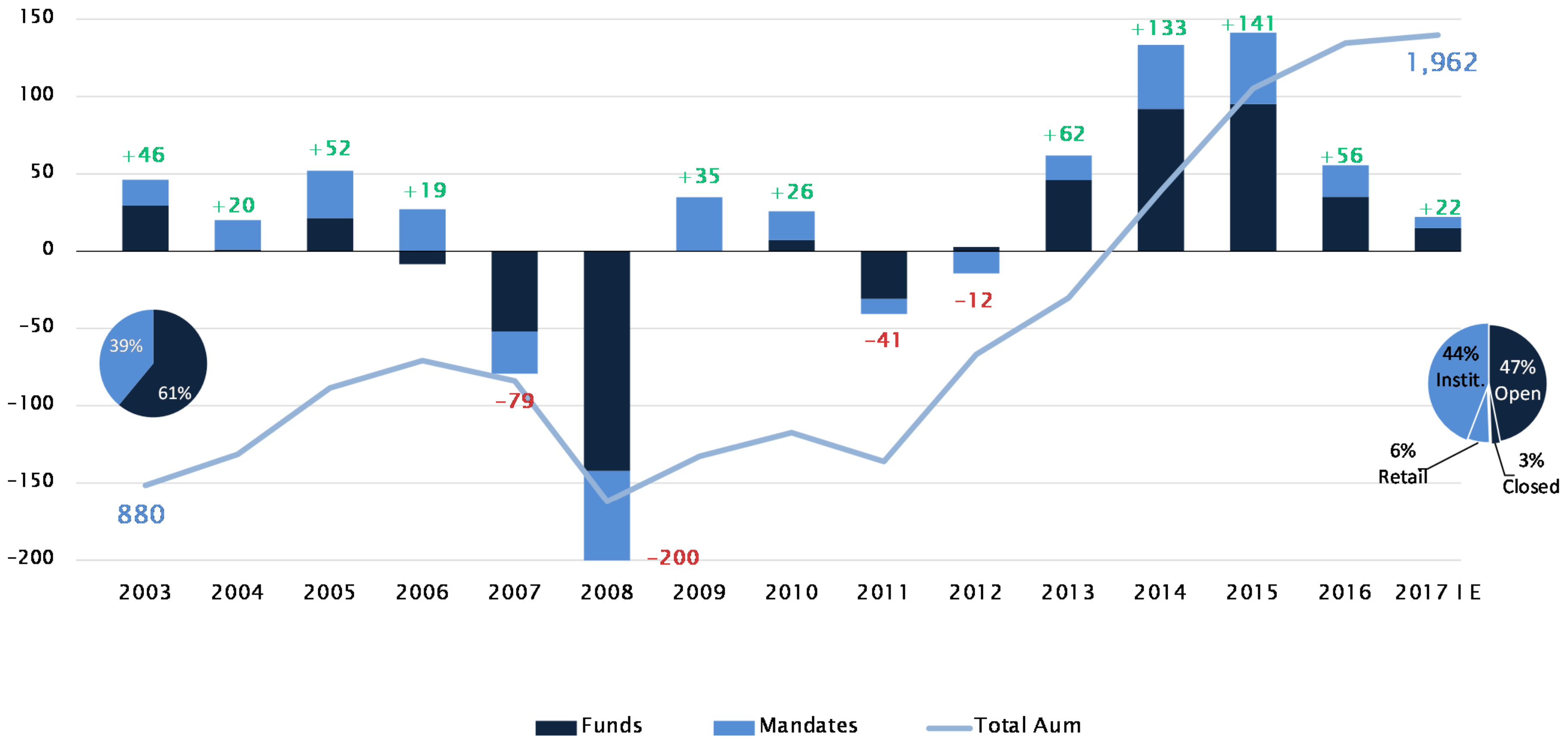
Net flows (monthly data)



Product breakdown

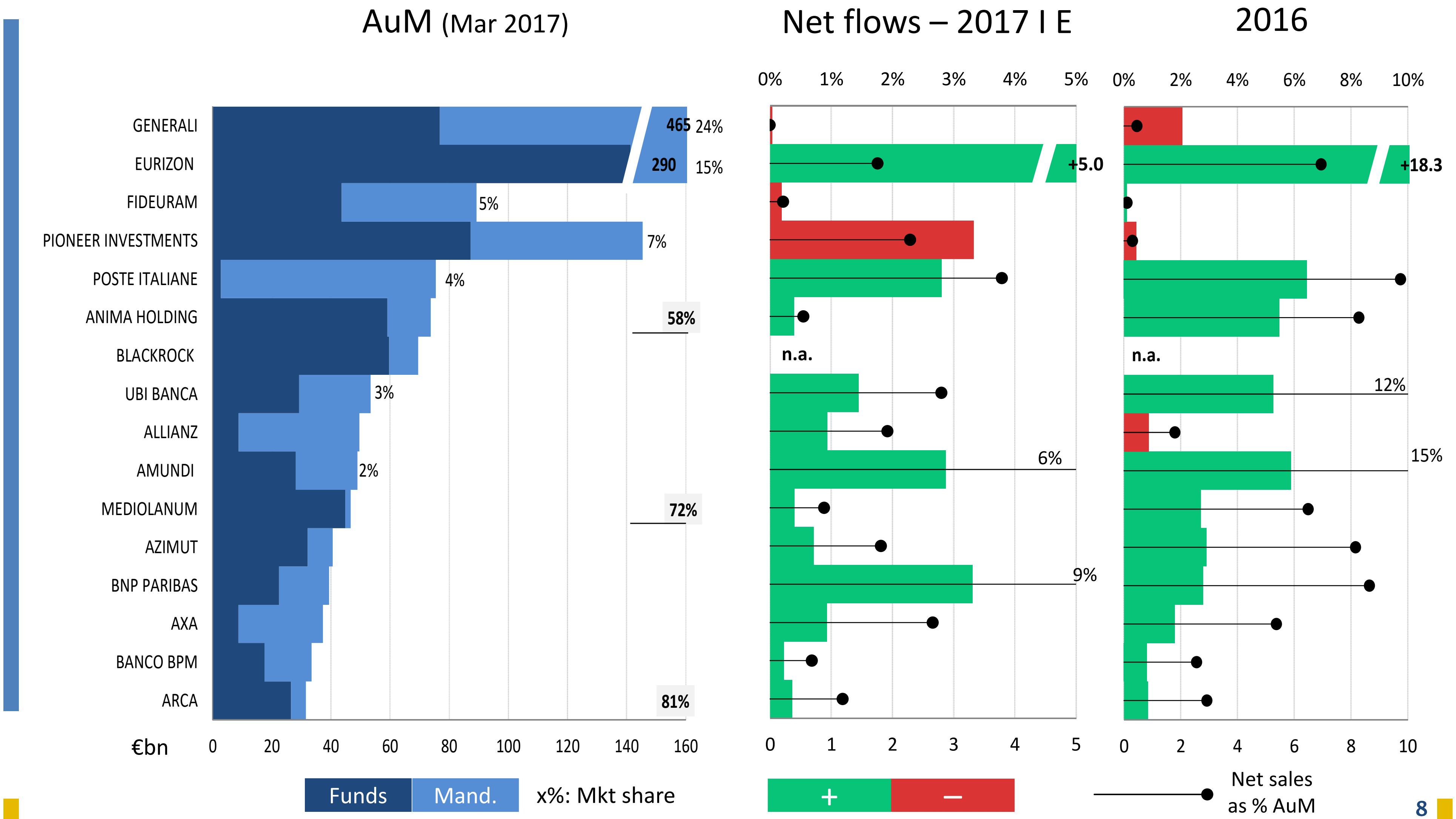


Long term trend

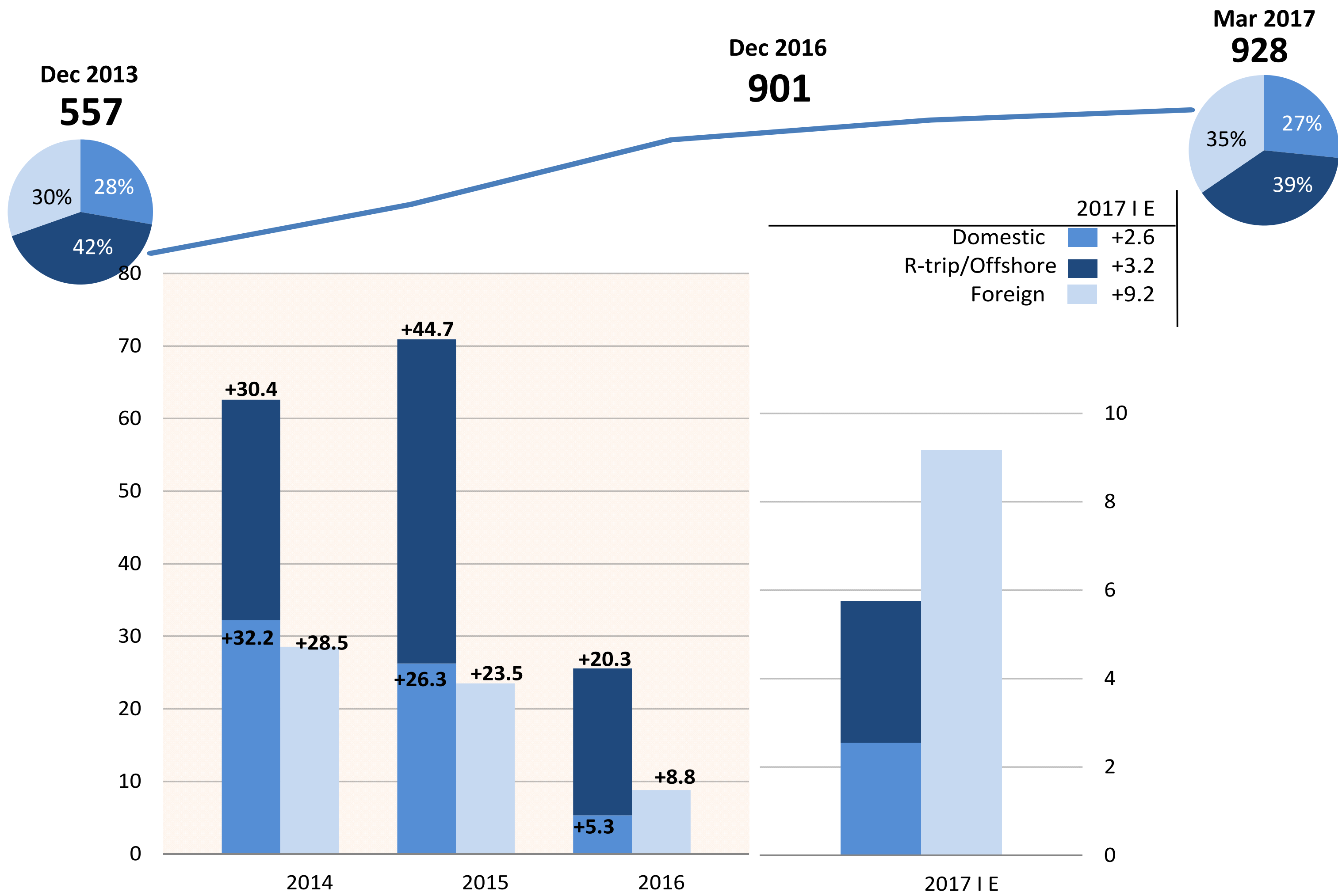


€bn, yearly data. Source: Assogestioni.

Top 15 Groups

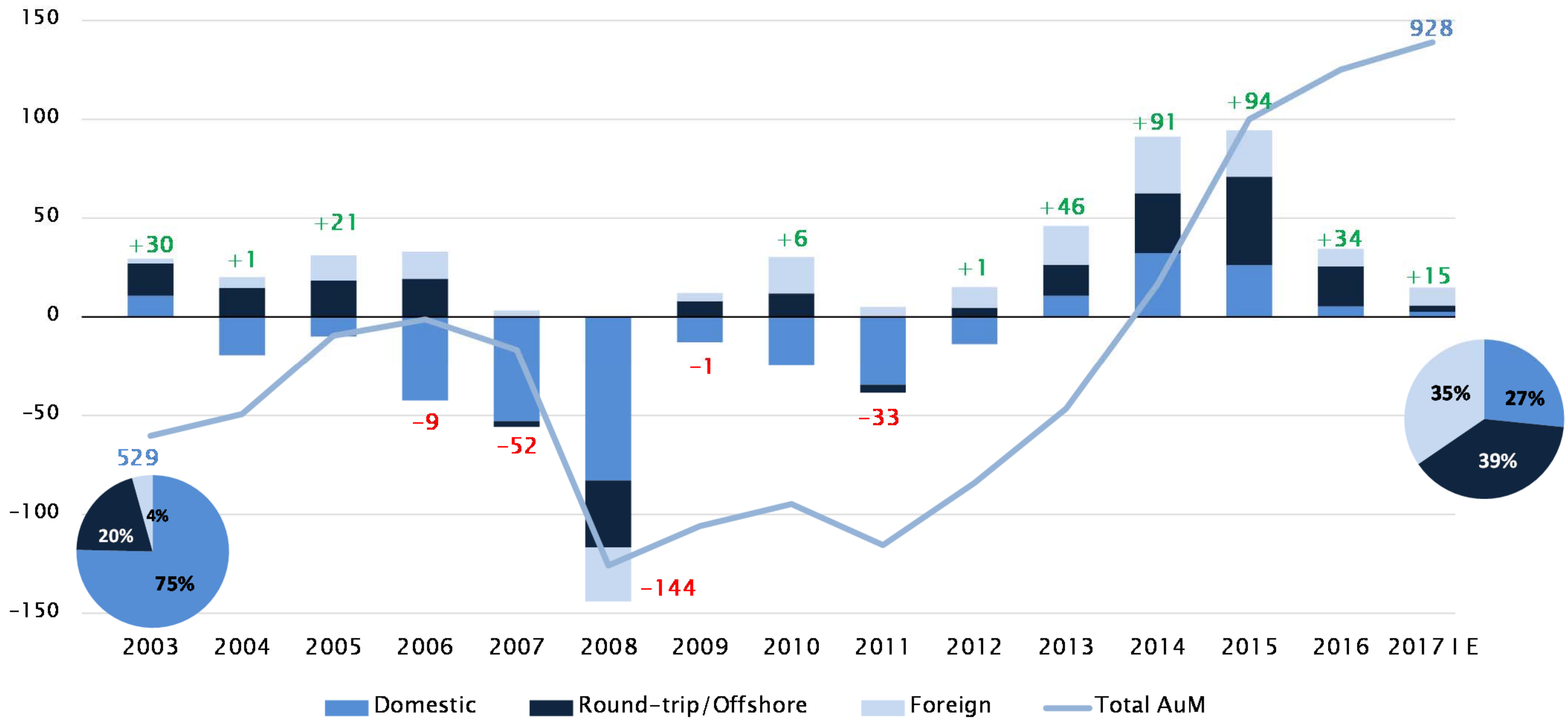


Open-end funds: domicile breakdown



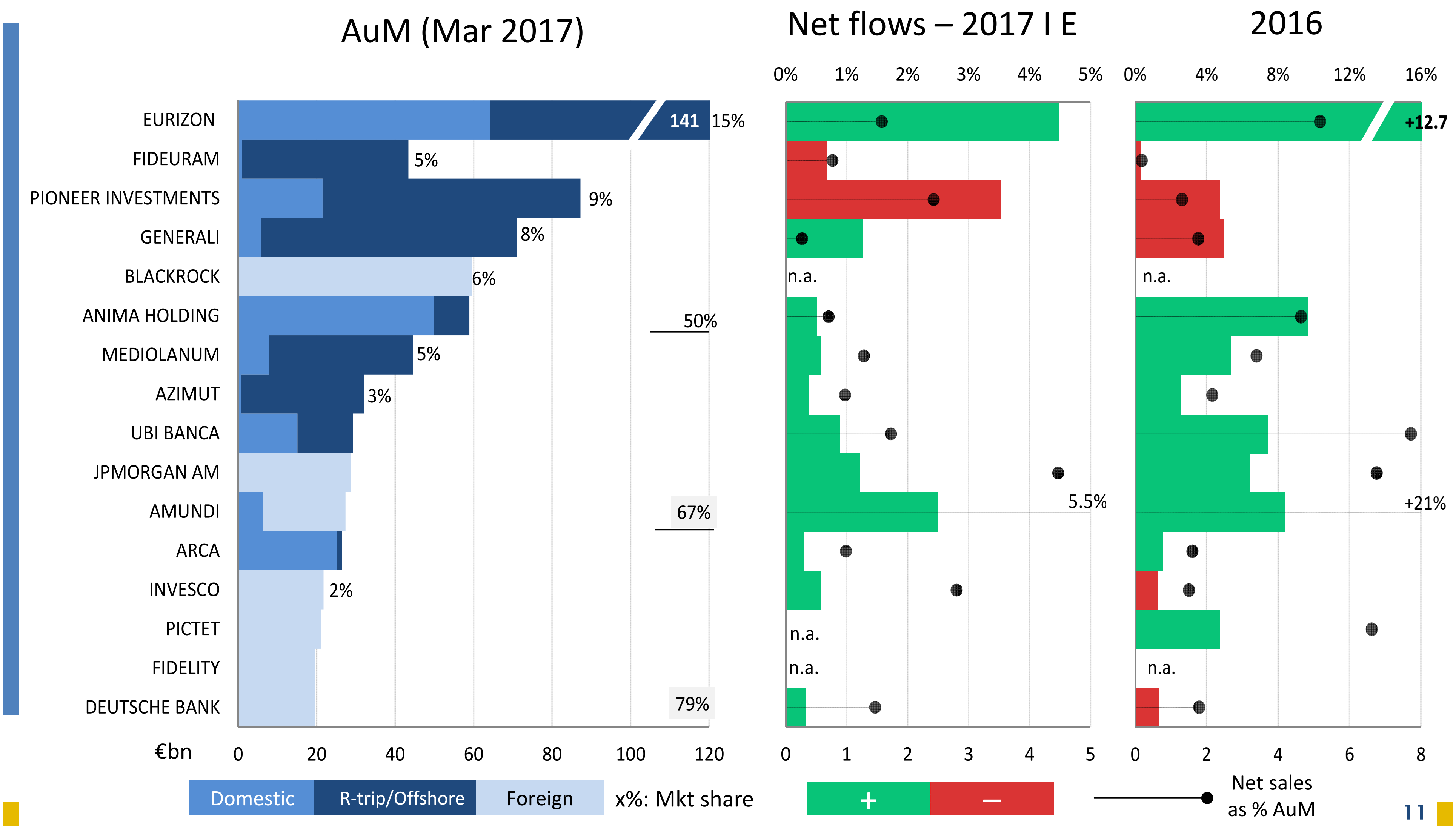
AuM & net flows, €bn.

Long term trend: open-end funds

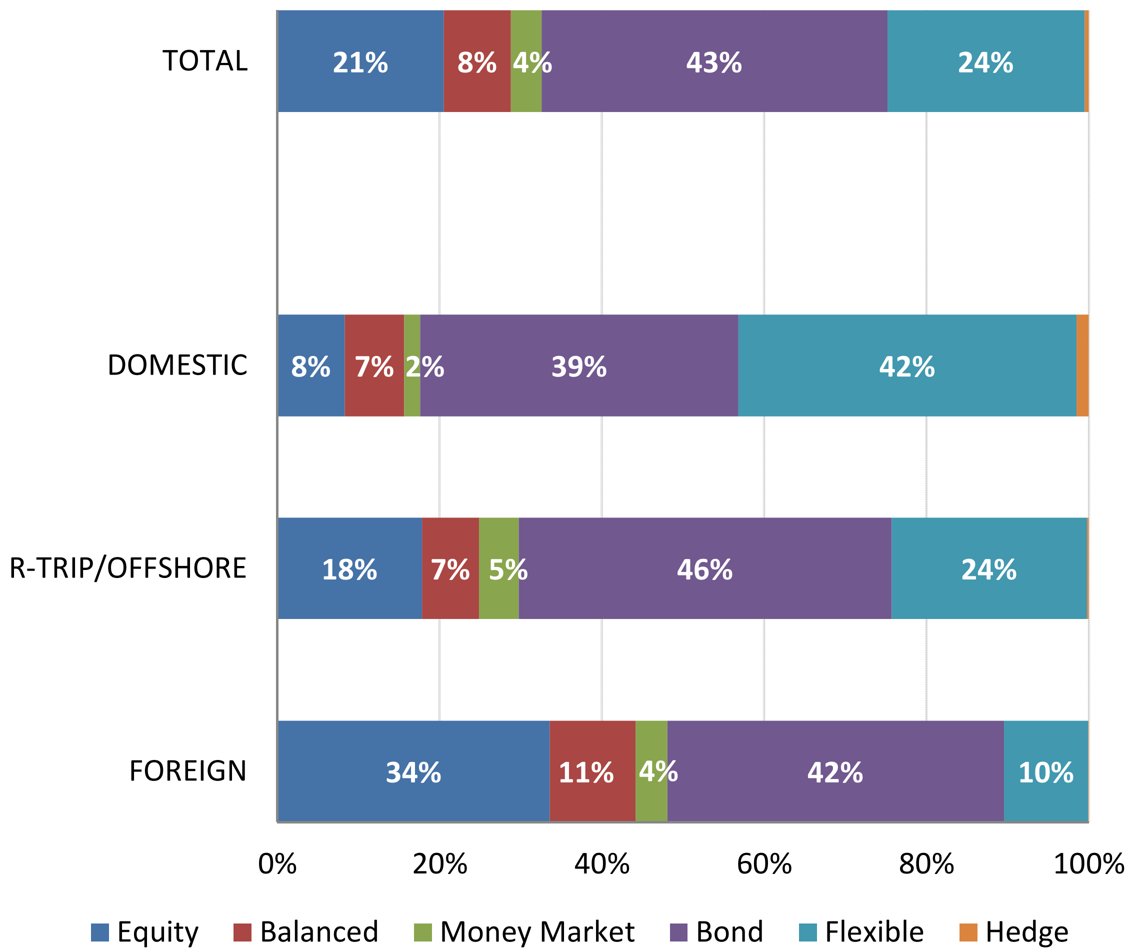


€bn, yearly data. Source: Assogestioni.

Top 15 Groups (open-end funds only)



Asset Class breakdown

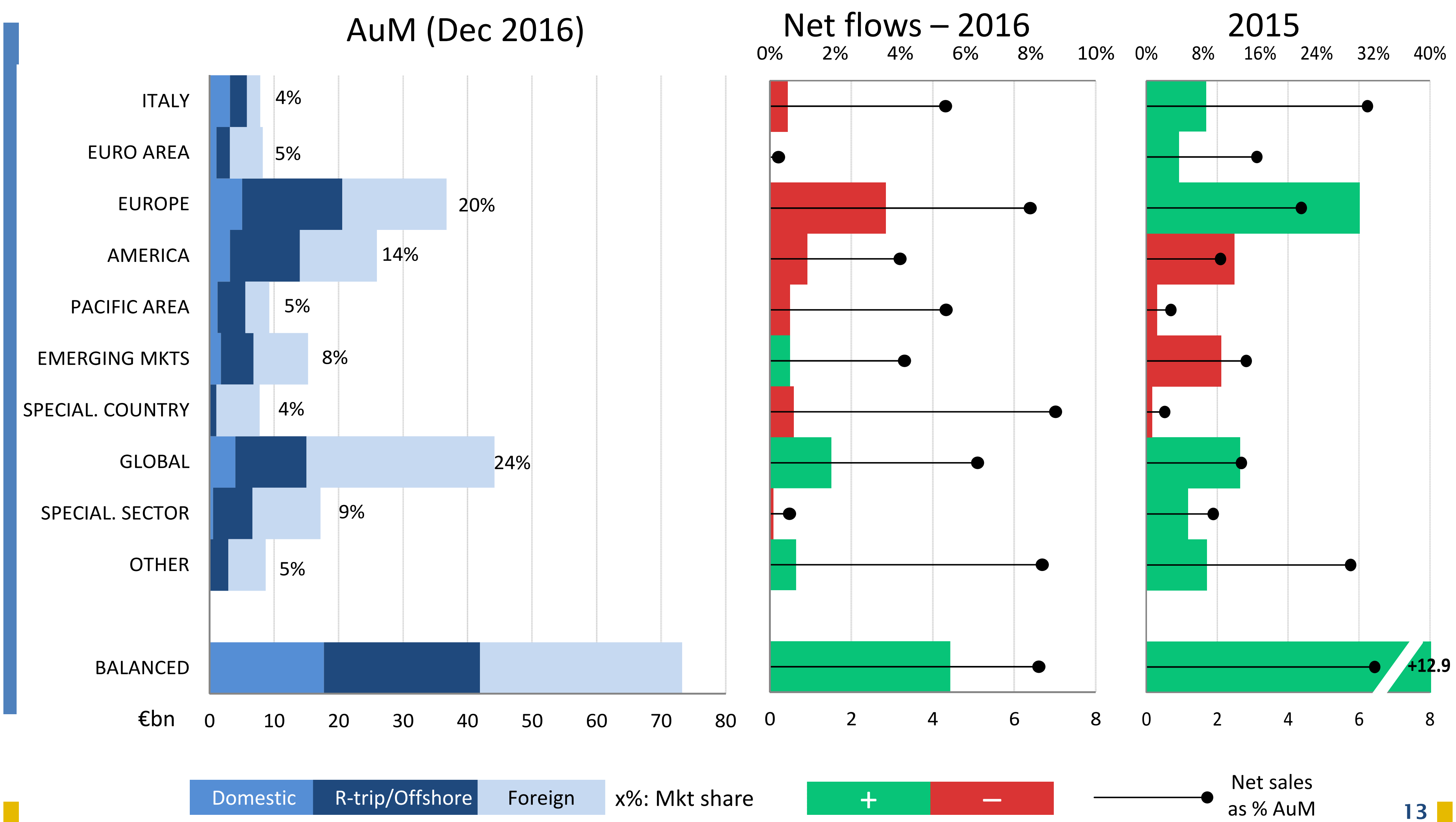


242 bn – 27%

345 bn – 39%

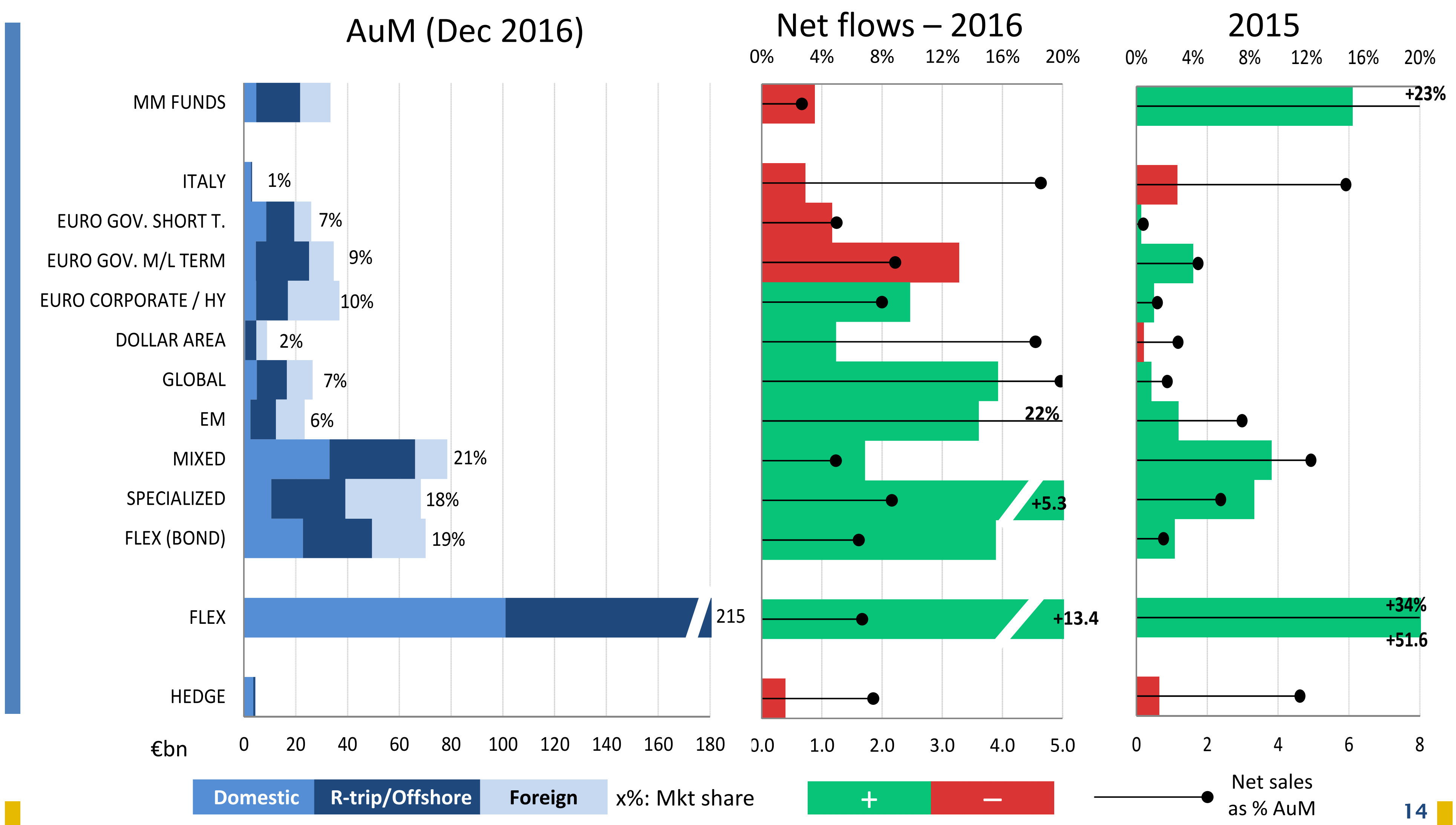
297 bn – 34%

Equity & balanced funds

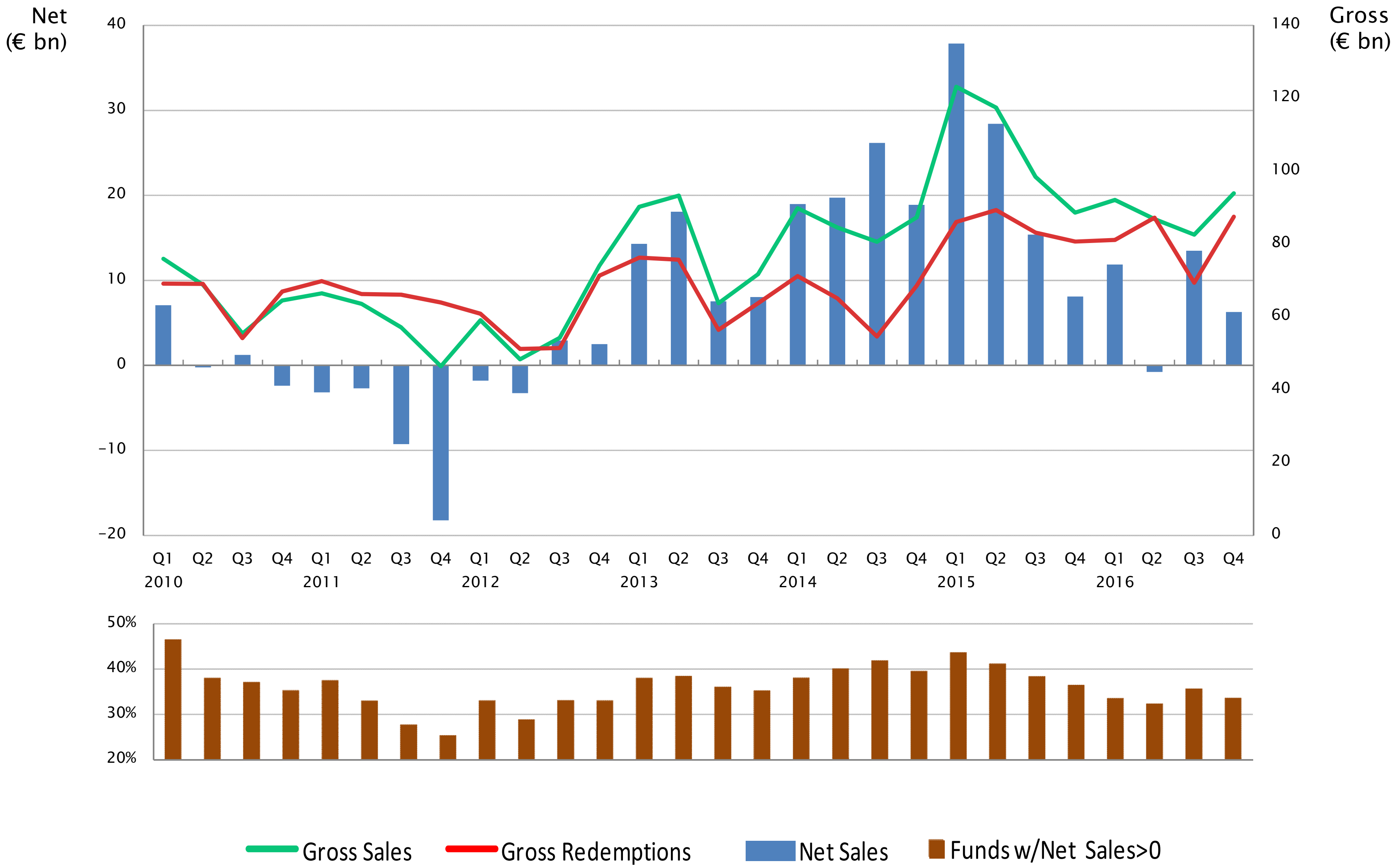


ASSOGESTIONI associazione del risparmio gestito

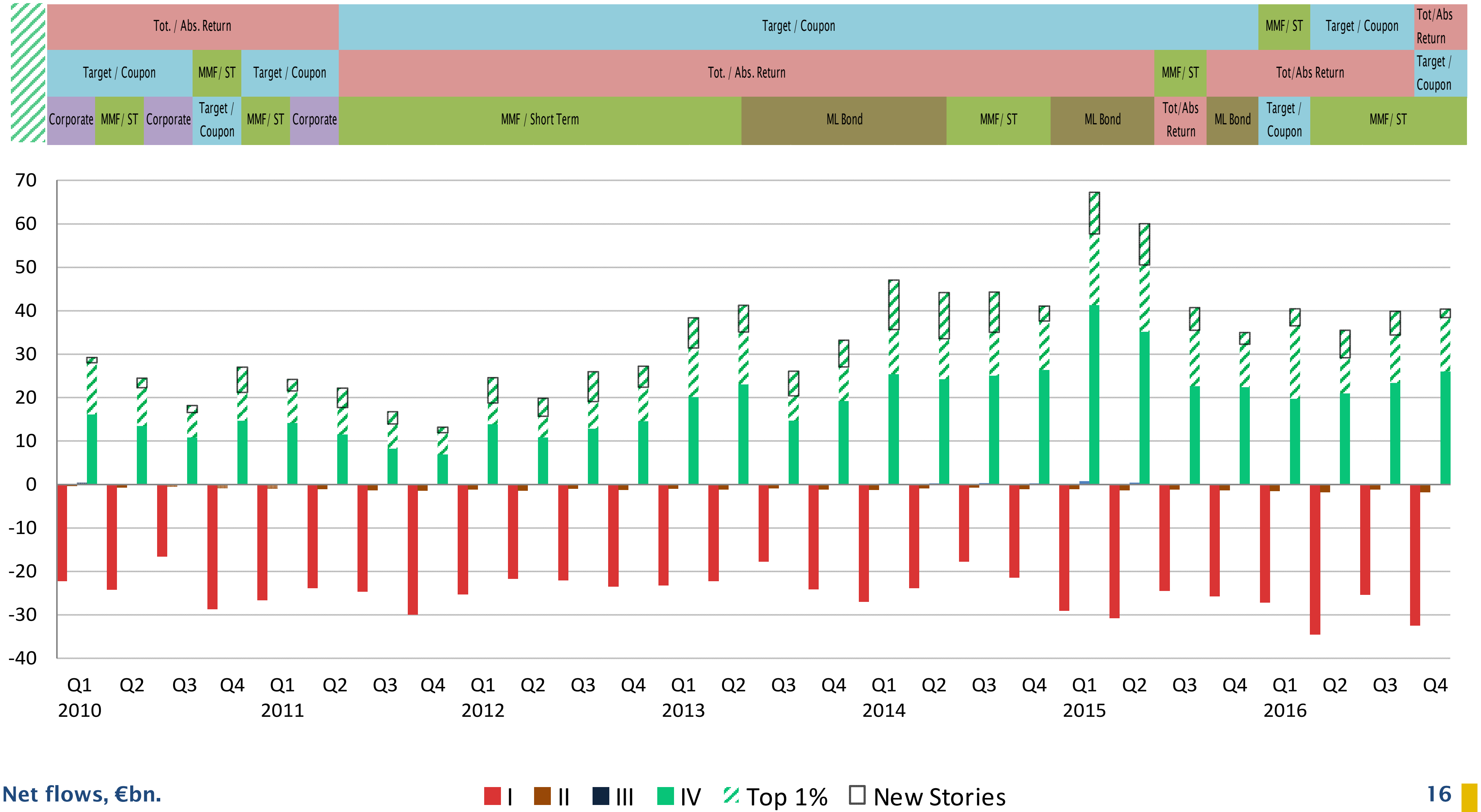
Money mkt, Bond, Flex & Hedge funds



Net & gross flows

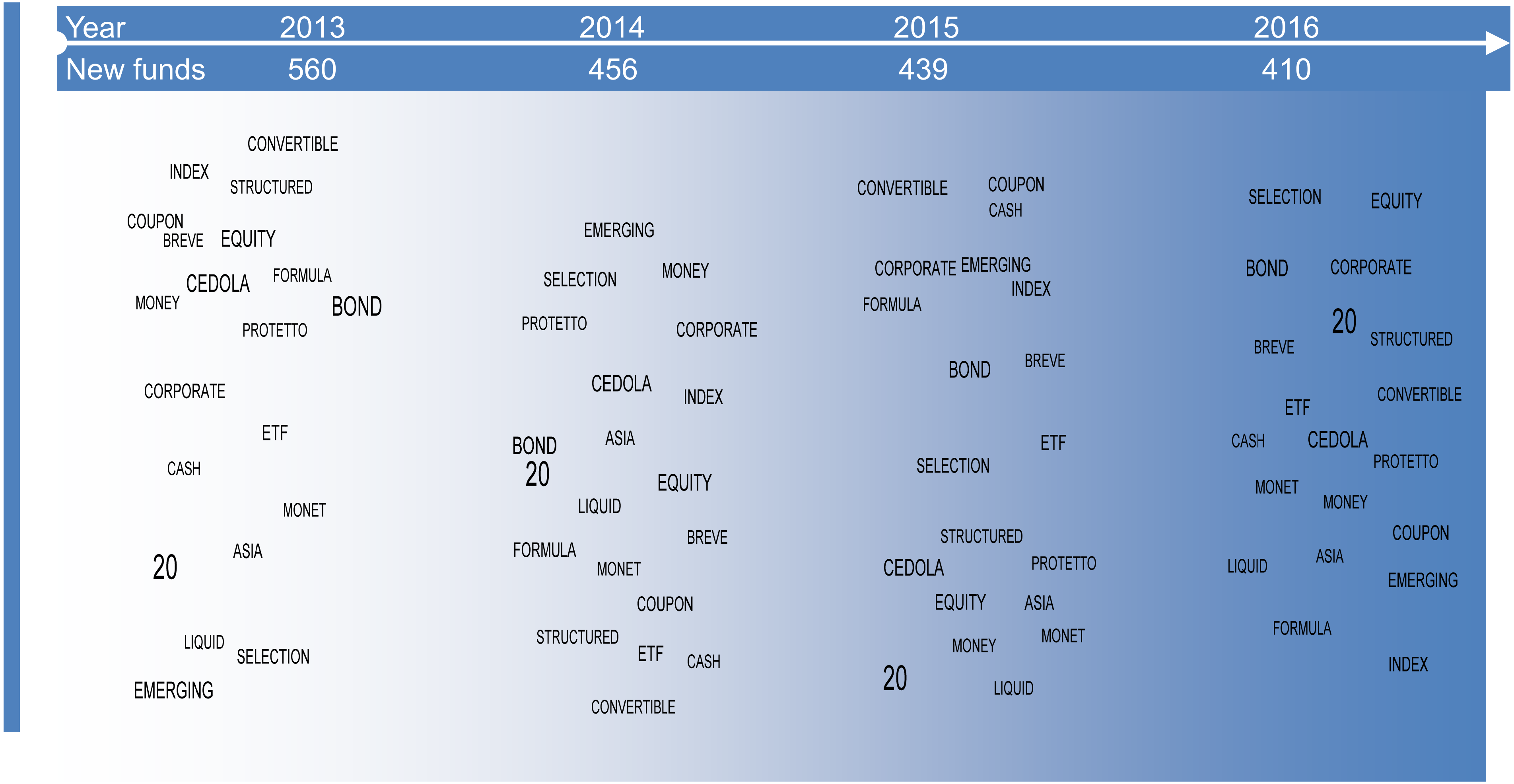


The *blockbuster effect* : top quartile funds take all

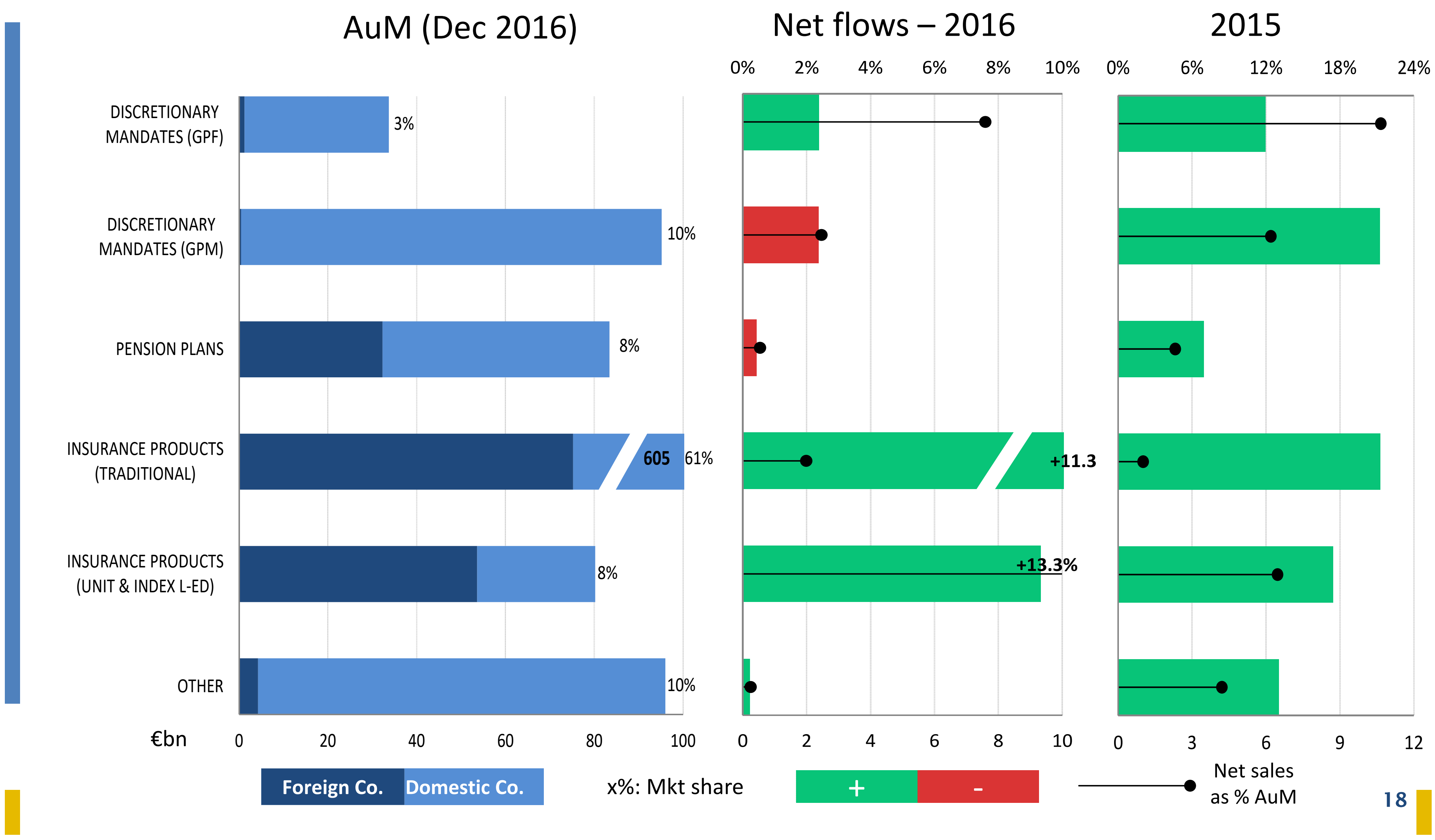


Net flows, €bn.

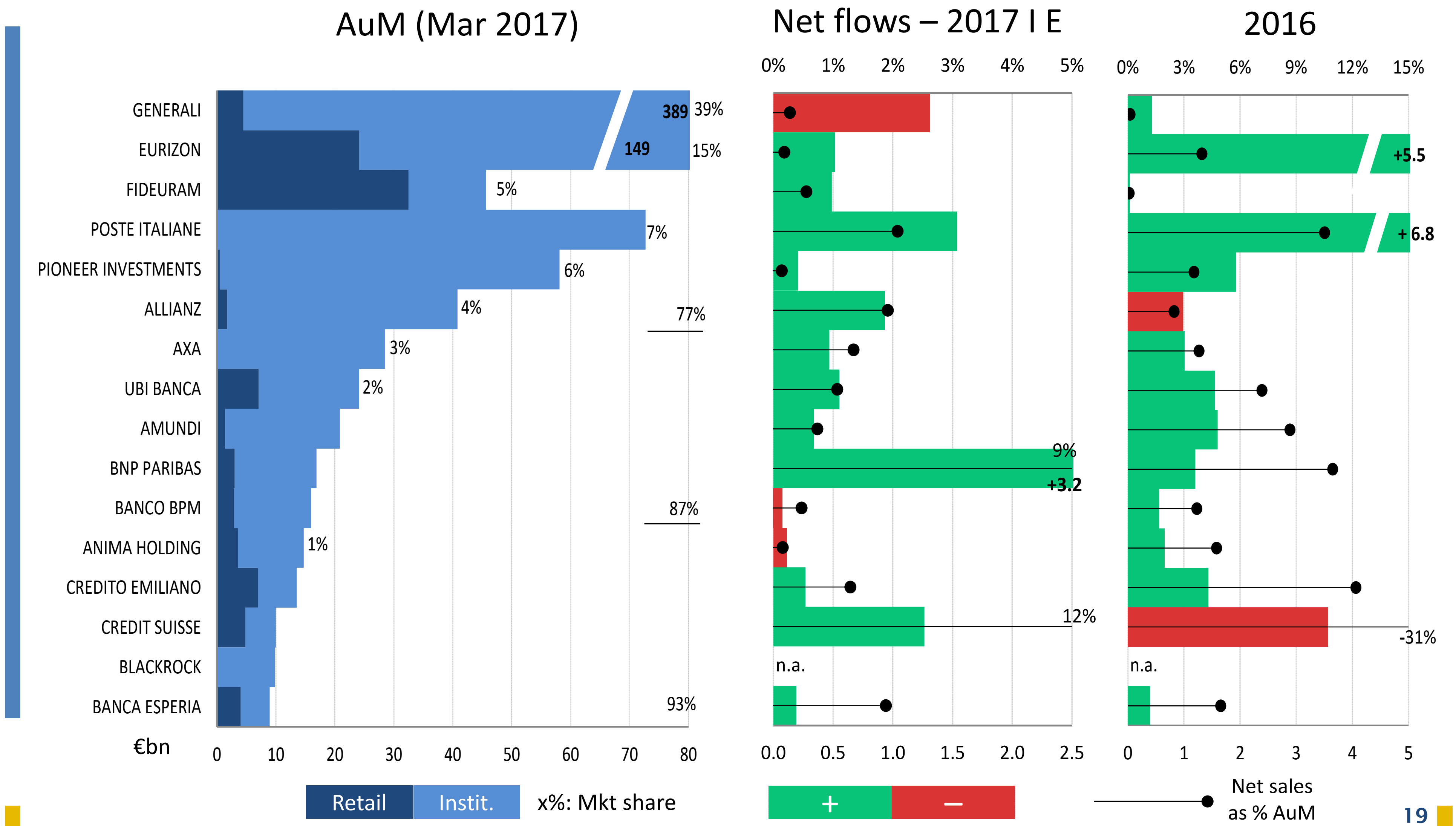
New stories tag cloud



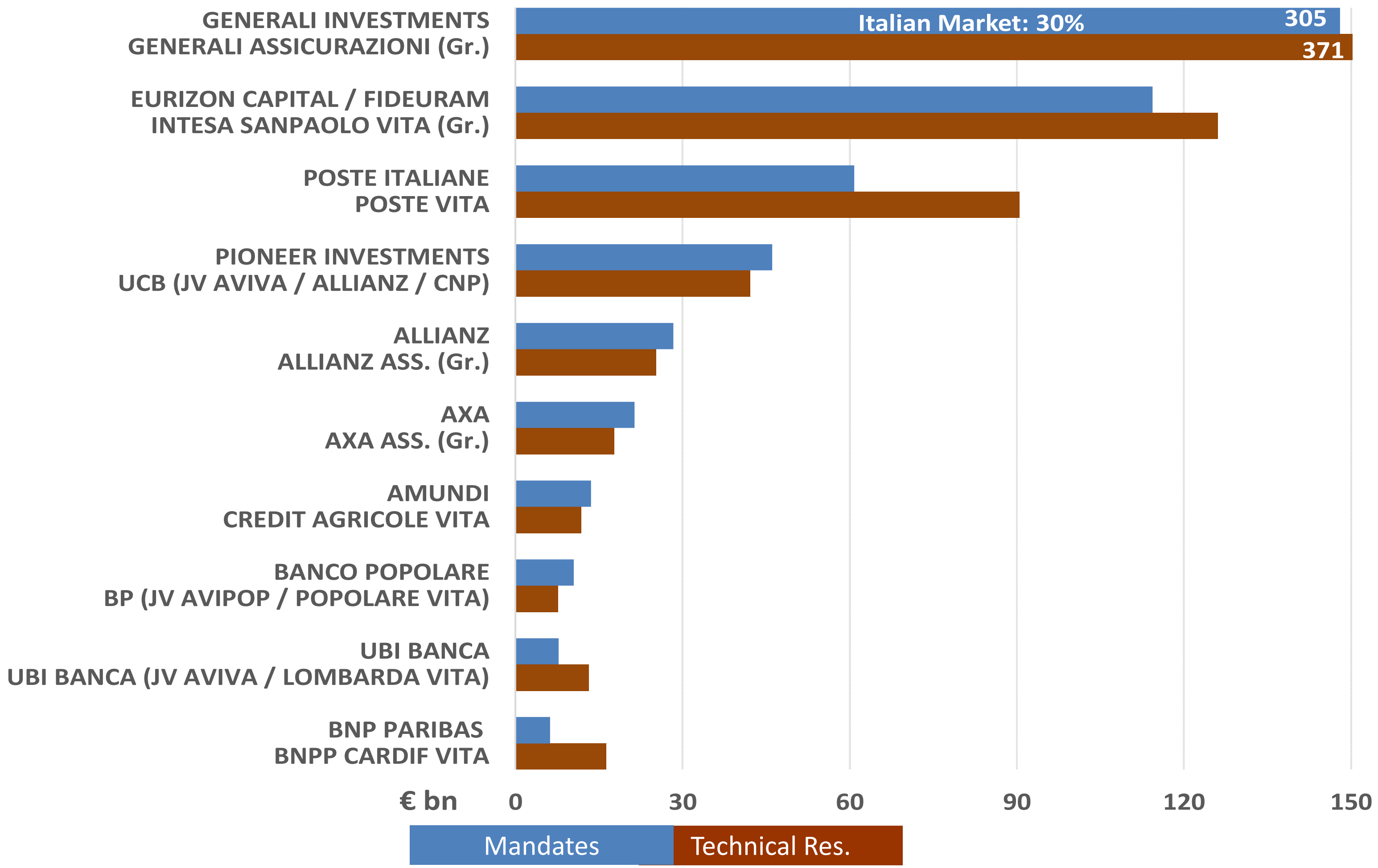
Mandates: AuM & Net Sales trends

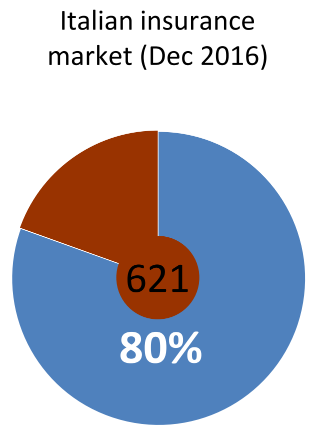


Top 15 Groups (mandates only)



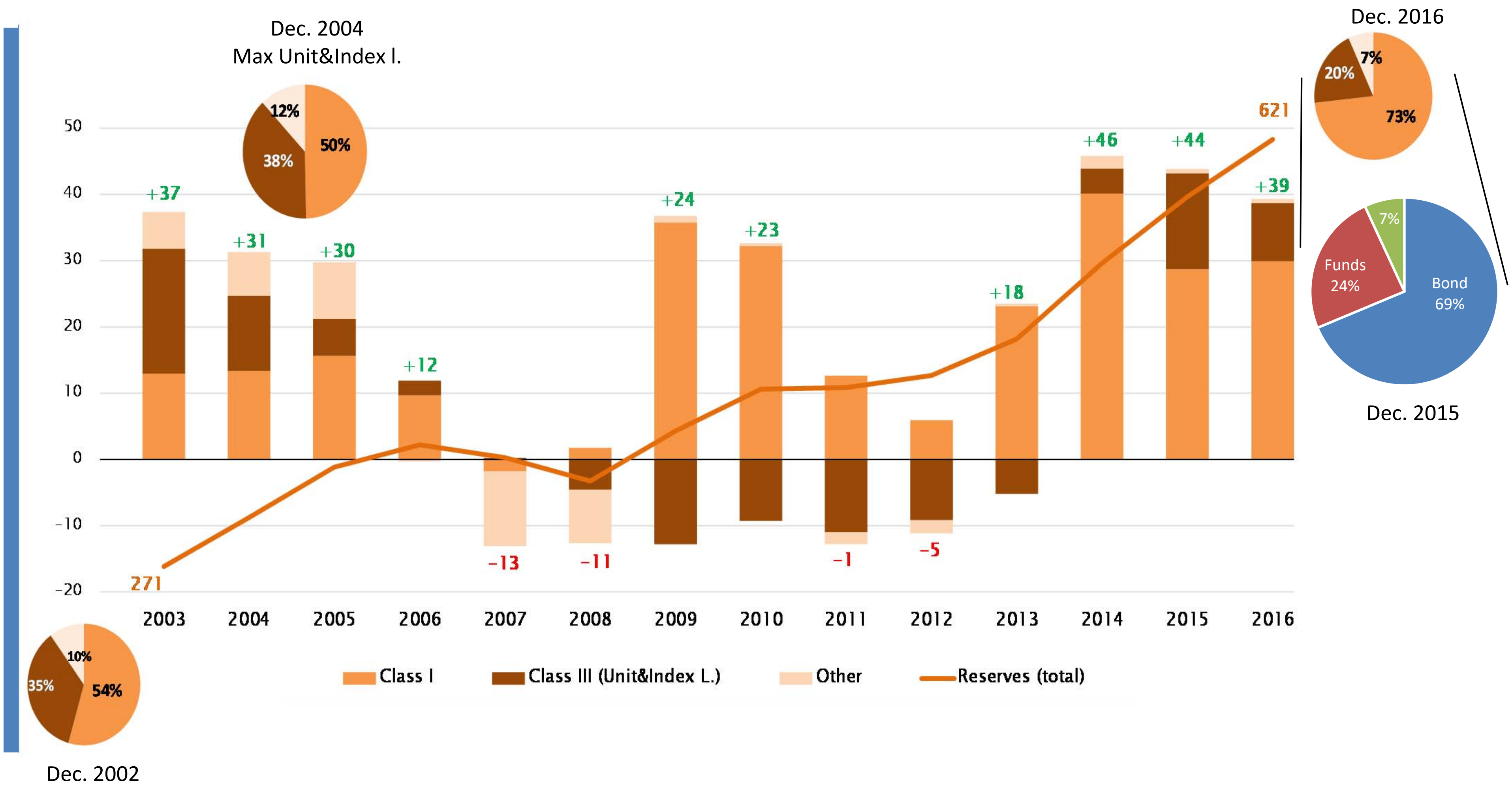
Insurance Mandates & Captive/Affiliated Insurers





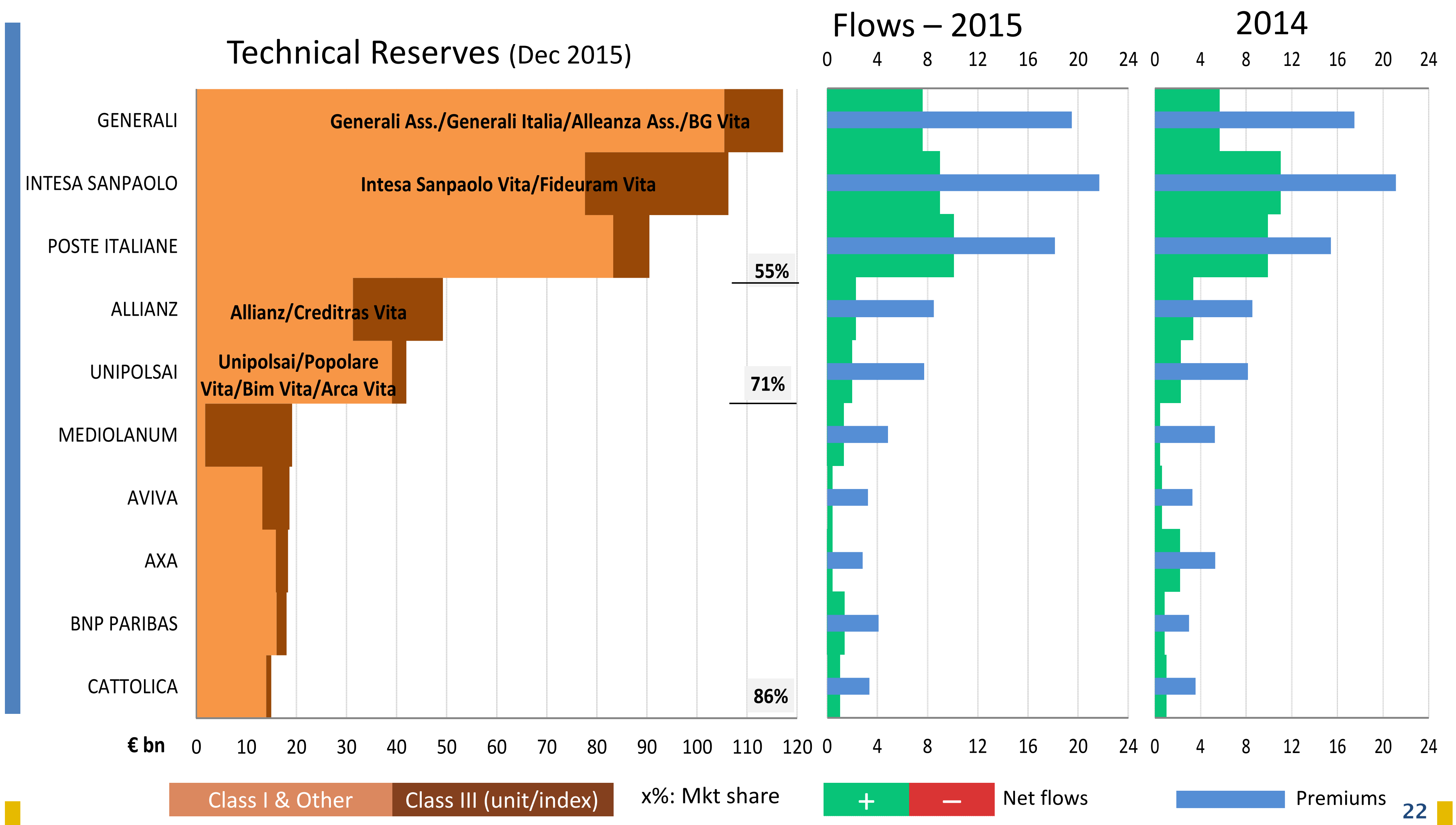
€bn, December 2015. Source: Assogestioni, balance sheets.

Life Insurance Market: long-term trend

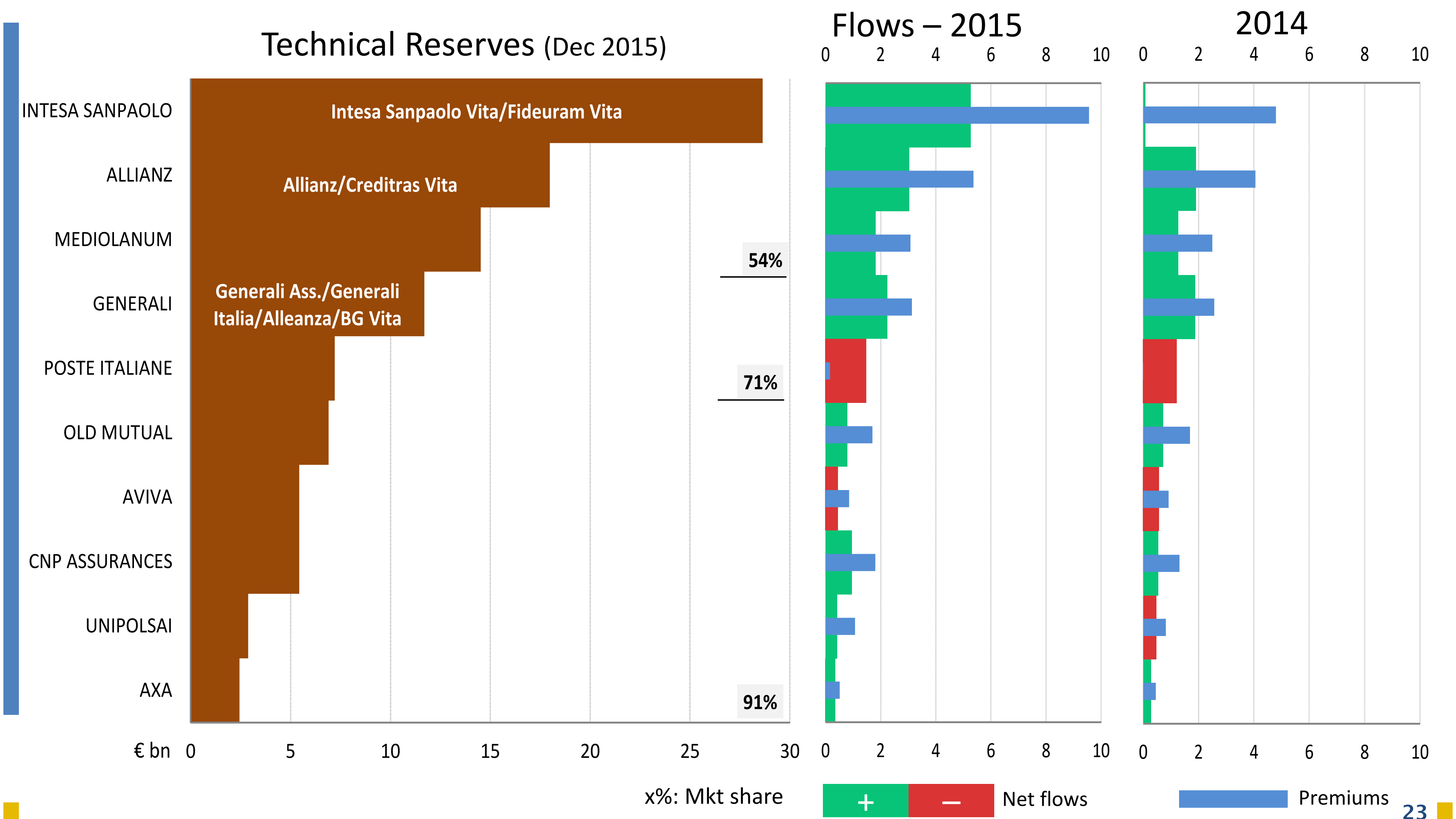


€bn, yearly data. Source: Ania, Ivass.

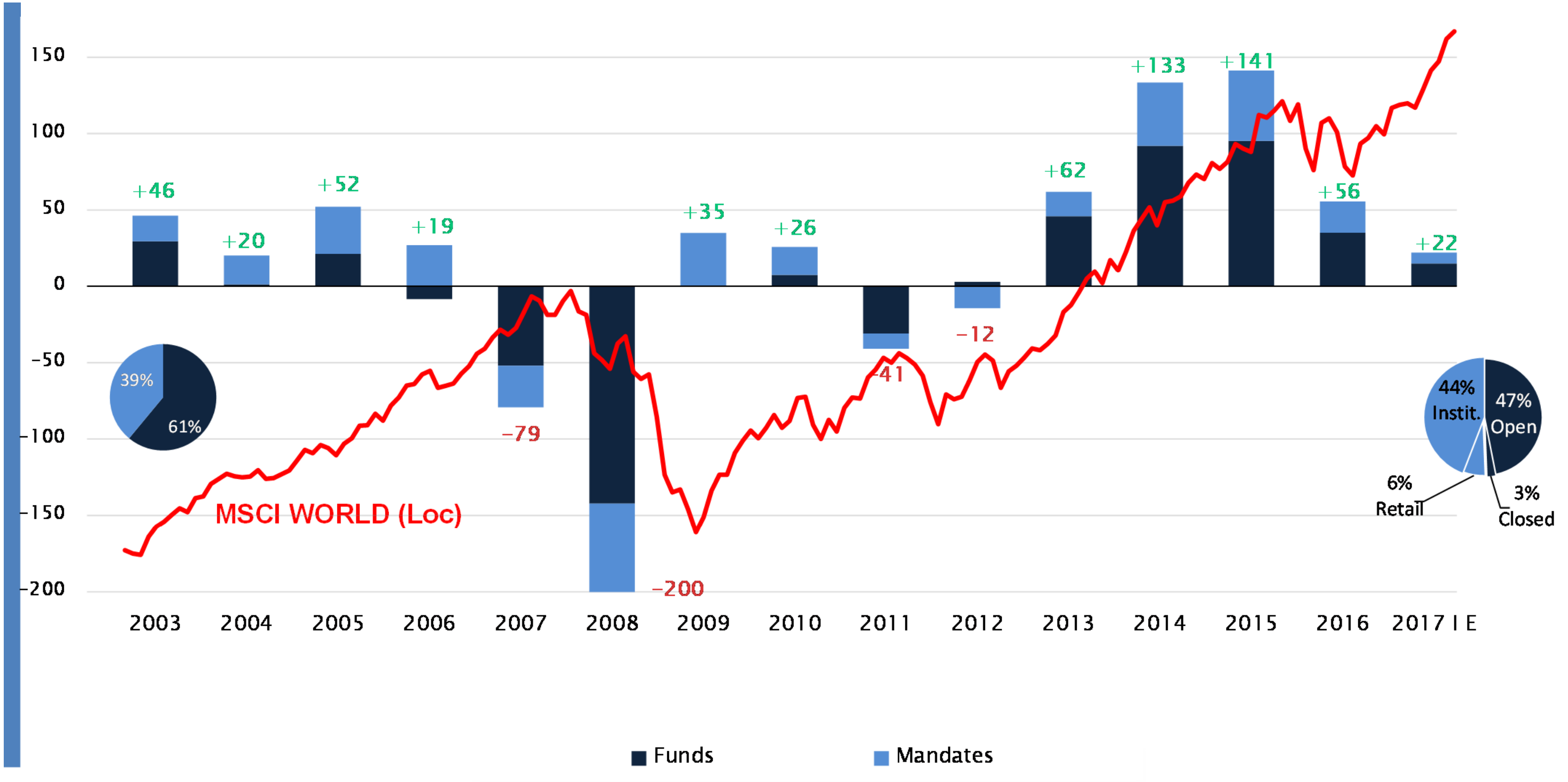
Top 10 Life Insurance Groups



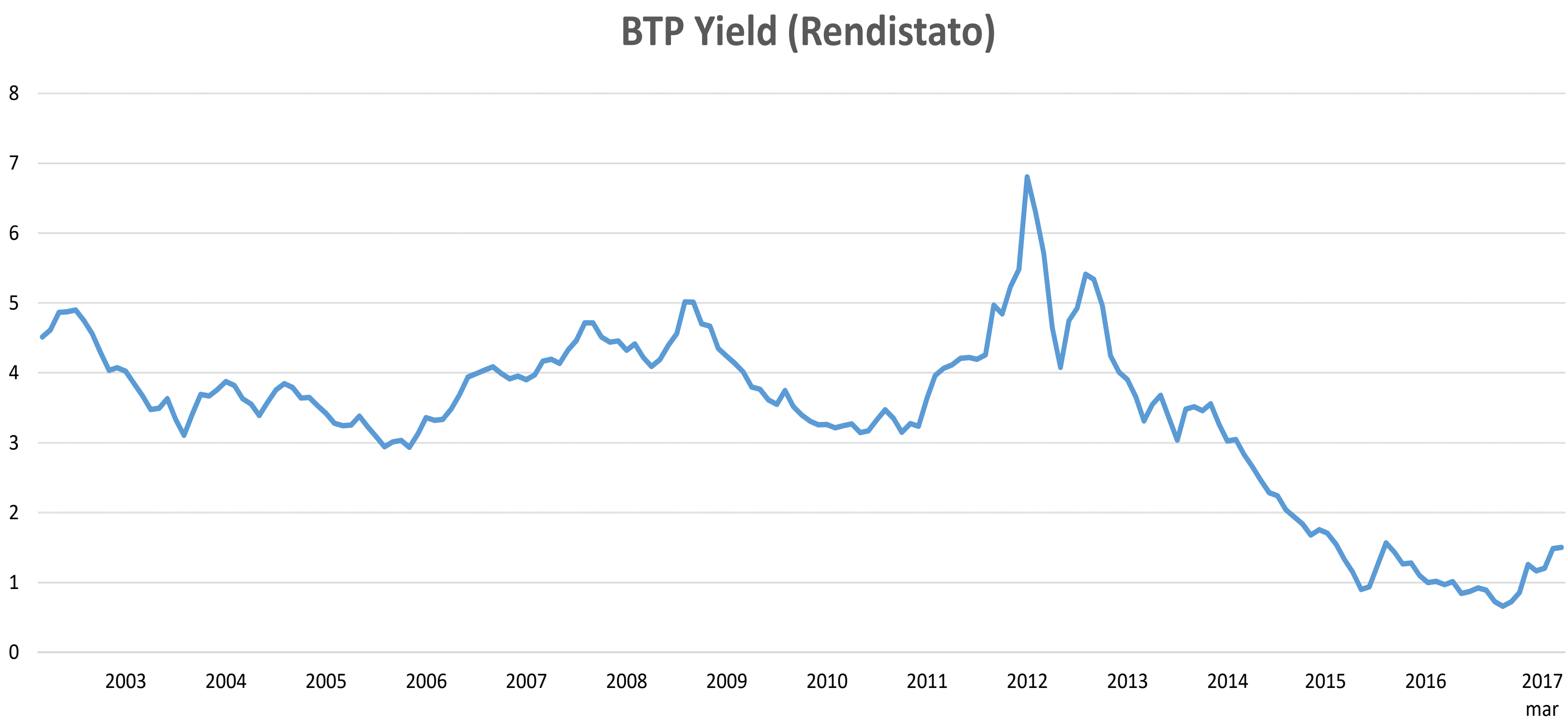
Top 10 Unit&Index Linked Groups



A pro-cyclical market

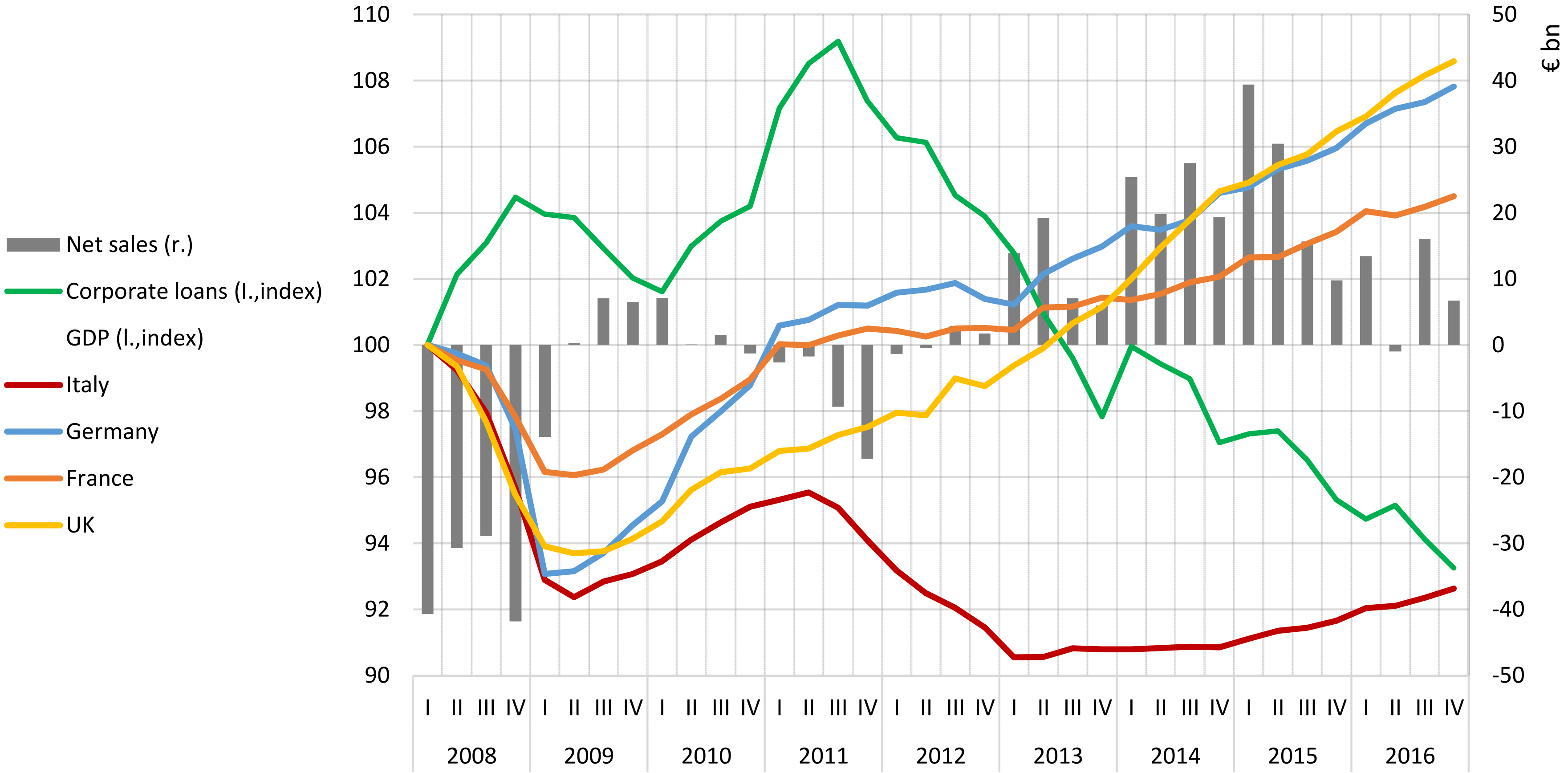


… in search for yield



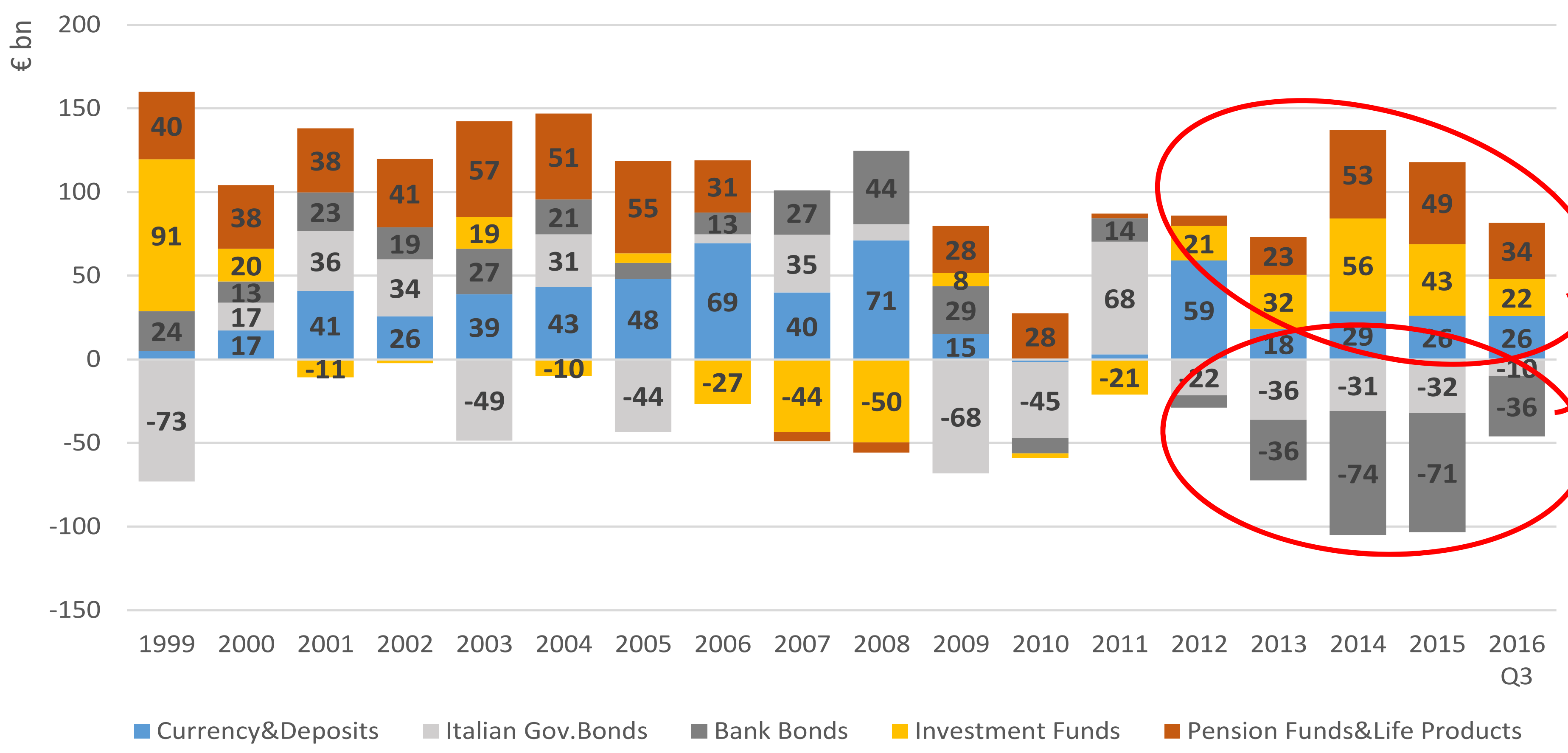
% Yield. Source: Bank of Italy.

AM Market, GDP & Bank credit



ASSOGESTIONI associazione del risparmio gestito

Households: less bonds, more funds (flow view)

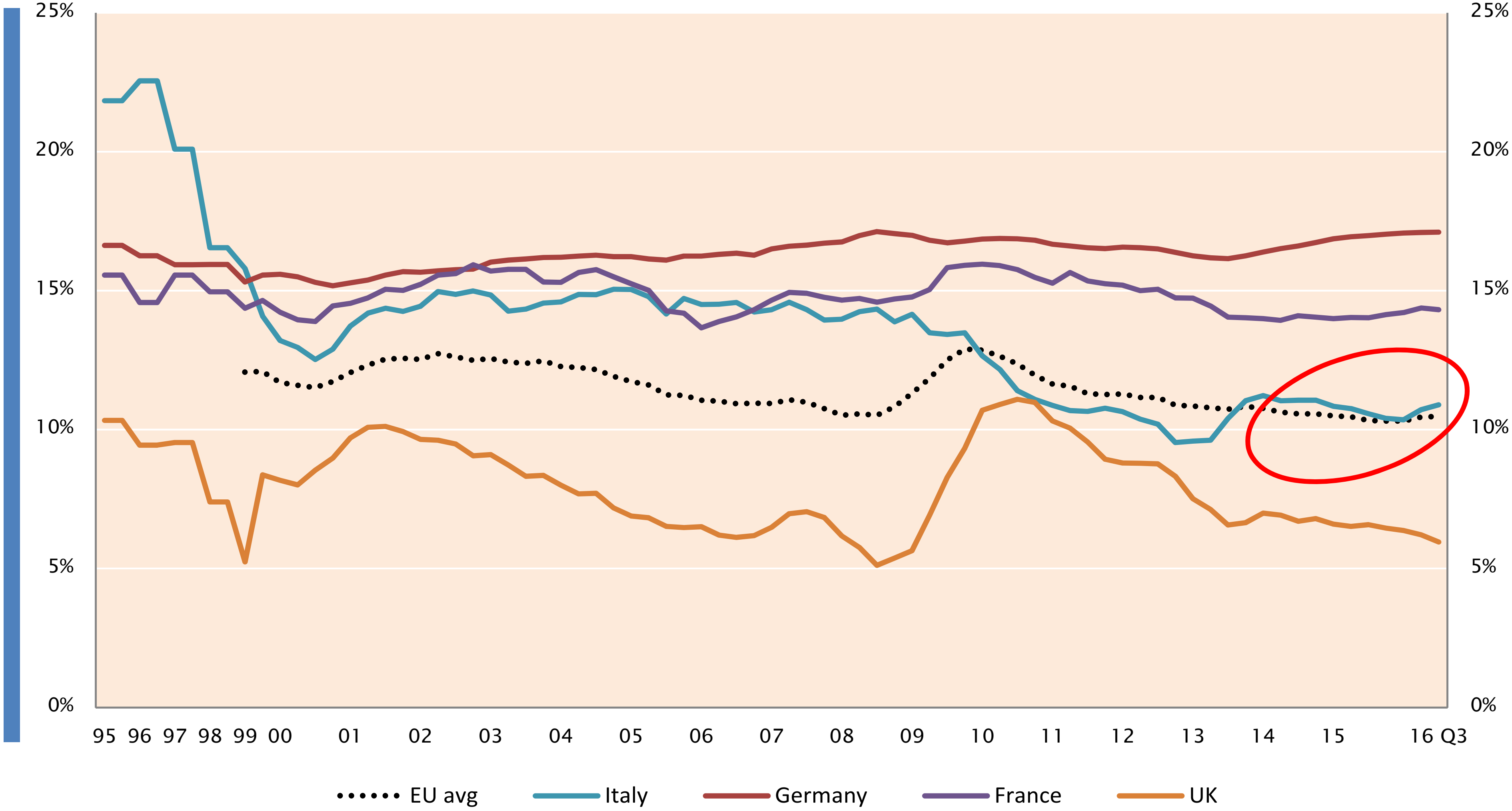


Households: less bonds, more funds (stock view)

	Total Asset	Currency & deposits	Bonds		Stocks		Investment funds	Pension funds & life pr
			Total	*Issued by banks*	Total	*Listed*		
Italy	€ bn	%	%	%	%	%	%	%
1995	1,798	38.2%	22.6%	1.9%	19.3%	2.8%	5.8%	8.7%
2000	3,041	22.9%	16.6%	6.4%	29.5%	5.4%	17.0%	10.0%
2005	3,865	23.6%	19.0%	7.1%	28.2%	2.4%	11.0%	14.2%
2010	3,663	30.6%	19.8%	10.1%	19.9%	2.0%	7.8%	17.4%
2012	3,770	31.4%	19.4%	9.8%	19.6%	1.6%	7.7%	17.6%
2015	4,120	30.9%	10.7%	4.6%	23.3%	1.6%	11.1%	20.0%
2016 Q3	4,012	32.4%	10.0%	3.8%	20.3%	1.3%	11.9%	21.5%
2016 Q3								
France	4,951	28.6%	1.3%	n.a.	20.7%	4.1%	6.3%	34.7%
Germany	5,648	39.1%	2.9%	n.a.	10.2%	5.0%	10.1%	31.1%
UK	7,791	23.2%	1.7%	n.a.	7.9%	2.5%	2.0%	61.5%
USA	65,533	13.9%	5.1%	n.a.	35.4%	n.a.	10.7%	32.9%

%. Source: Eurostat, OECD, BCE, Deutsche Bundesbank.

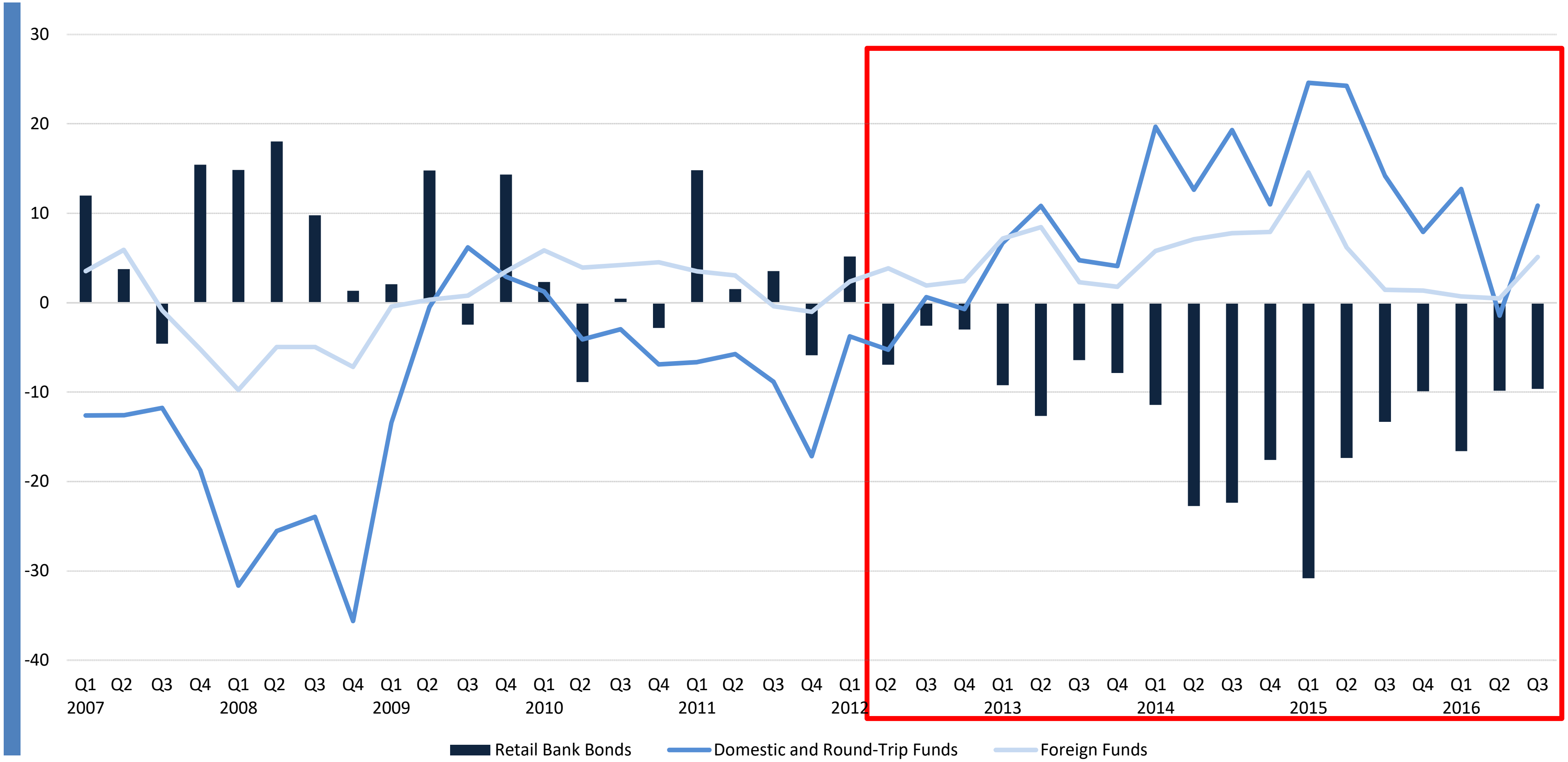
The uptick of the saving rate is good news for the industry



Gross household saving rates. Source: Eurostat.

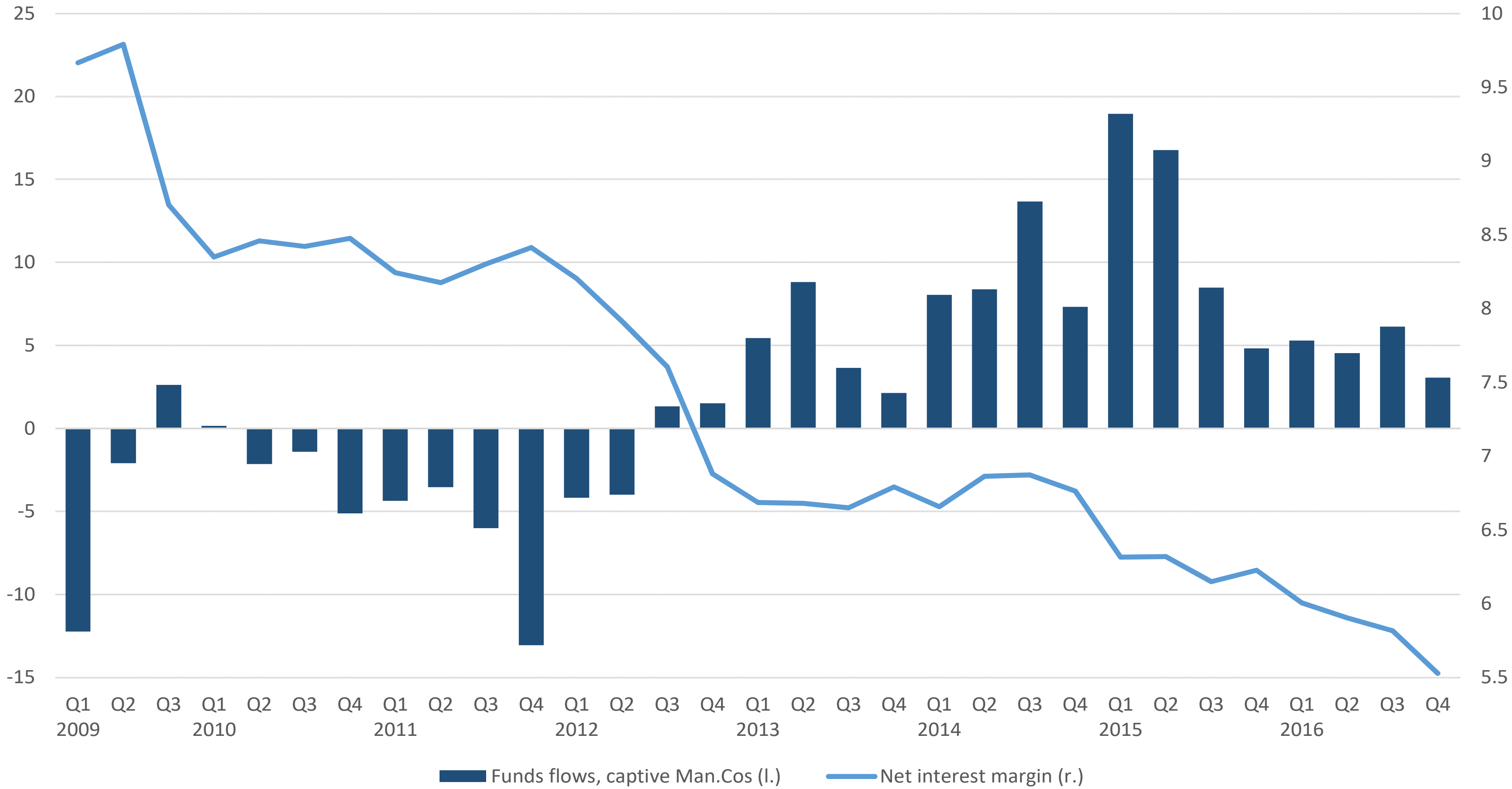
ASSOGESTIONI associazione del risparmio gestito

Banks: no more dependent on funding from retail investors…



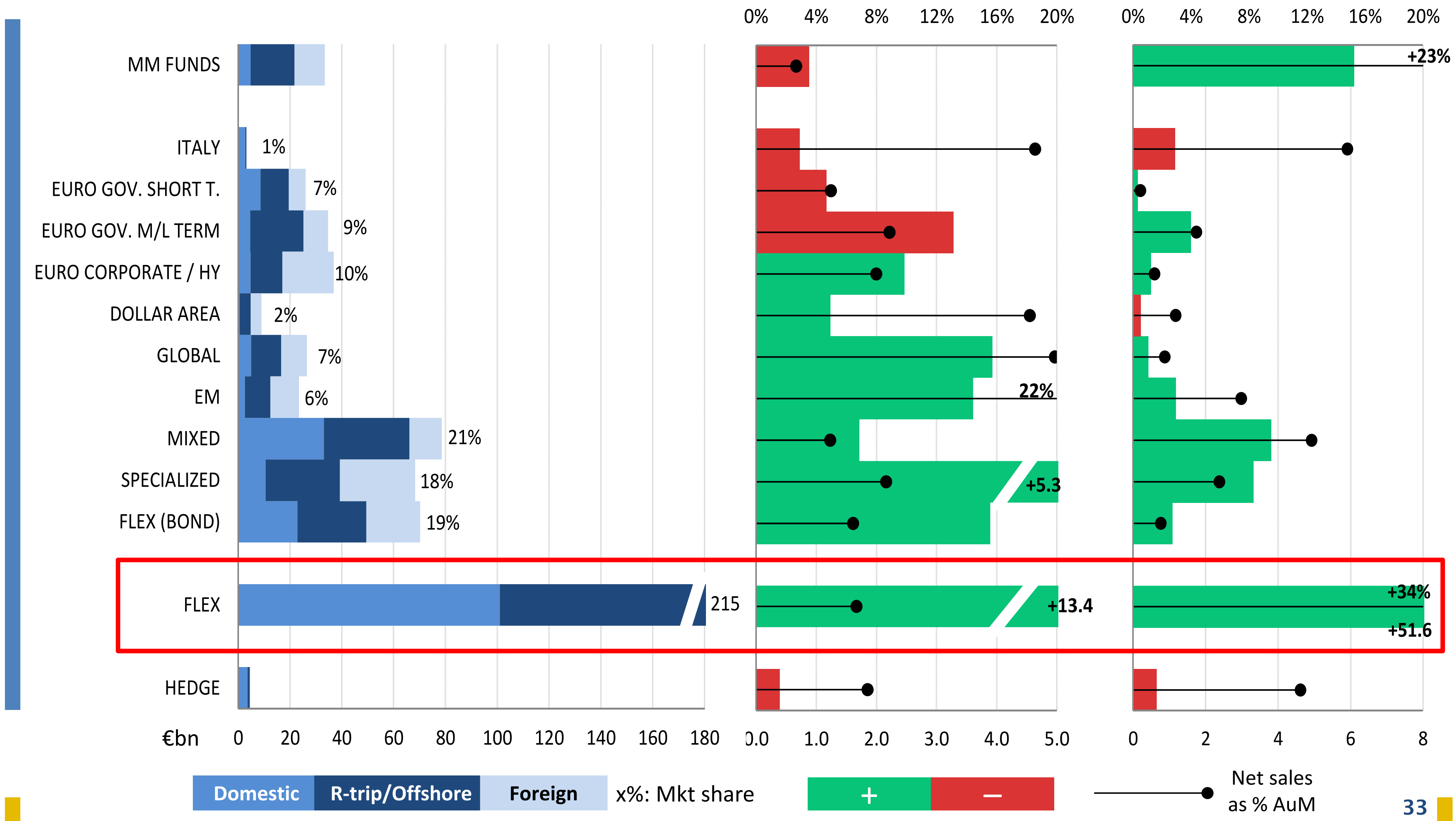
Quarterly flows, €bn. Source: Assogestioni, Bank of Italy.

… and urged to sustain profitability through non interest-based sources of revenues



€bn. Source: Assogestioni, bank balance sheets (Top 5 groups).

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



1. The Italian Asset Management market

- Summary statistics
- Open-end funds
- Mandates
- A snapshot of the insurance market
- The recovery, some tentative explanations

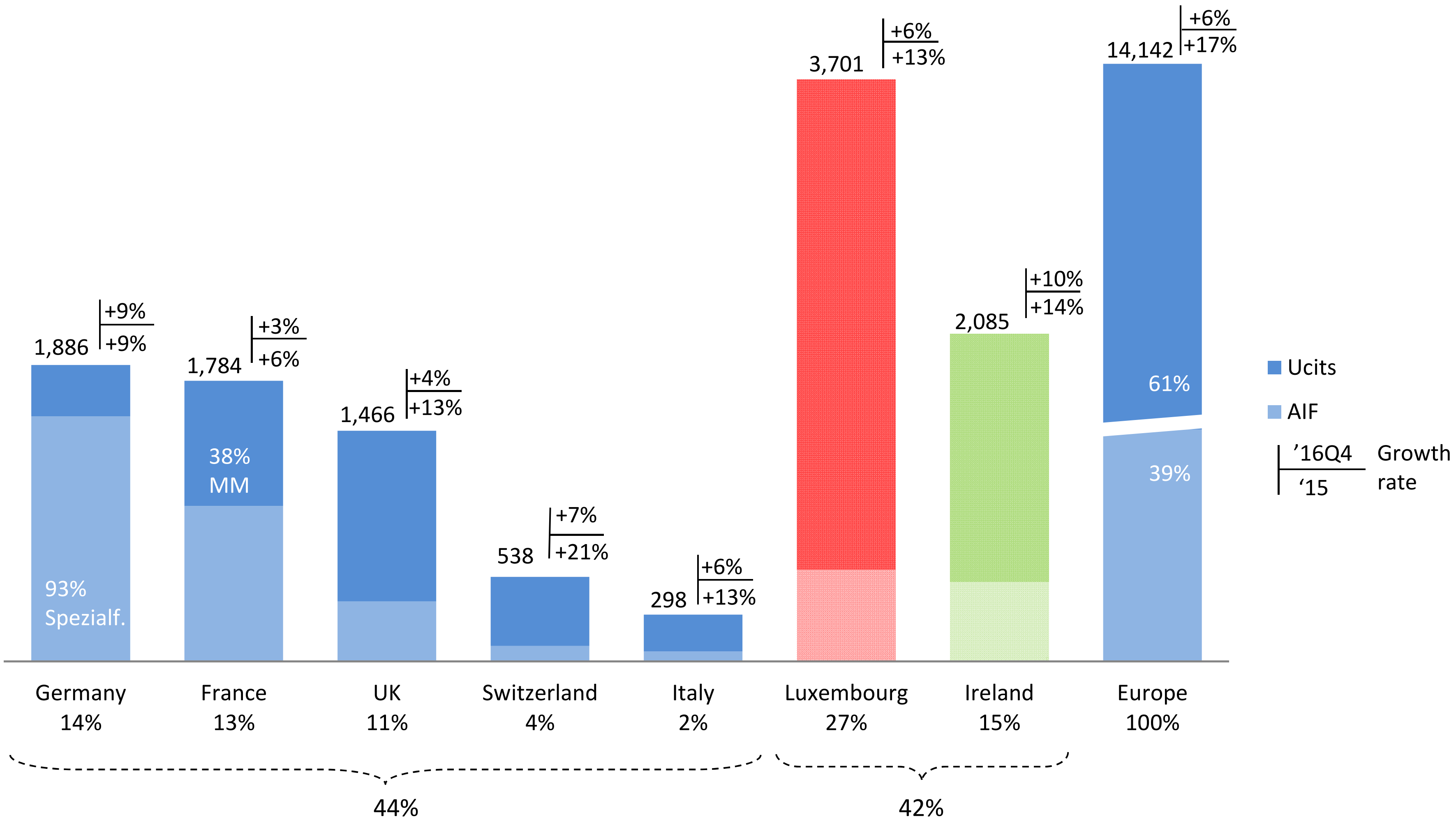
2. The European Investment Fund Industry

- Net assets & sales by fund / fund group domicile

3. Savings & Wealth

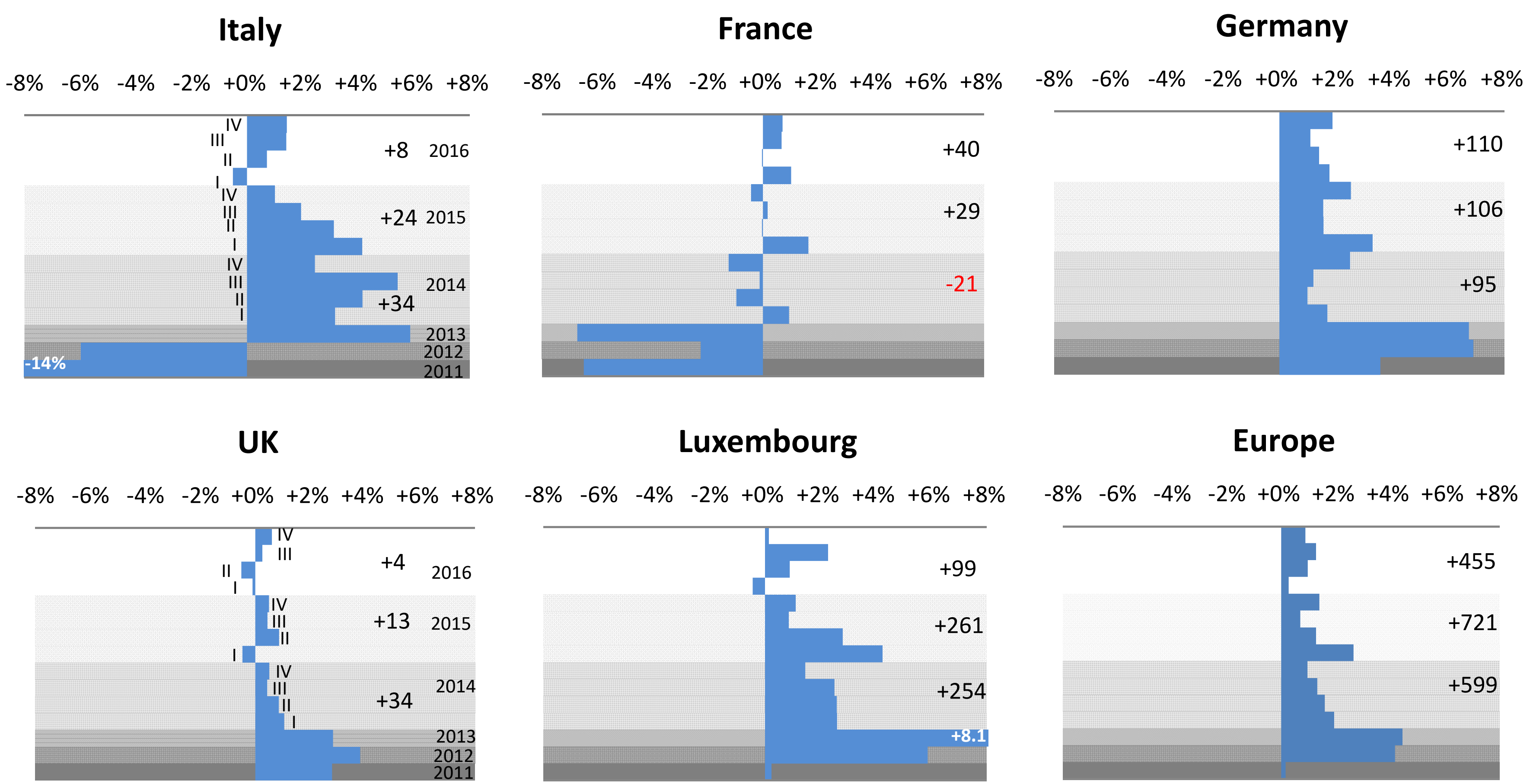
- Household saving rate: trend & int'l comparison
- Household financial portfolio & private pension plans

Net Assets by fund domicile



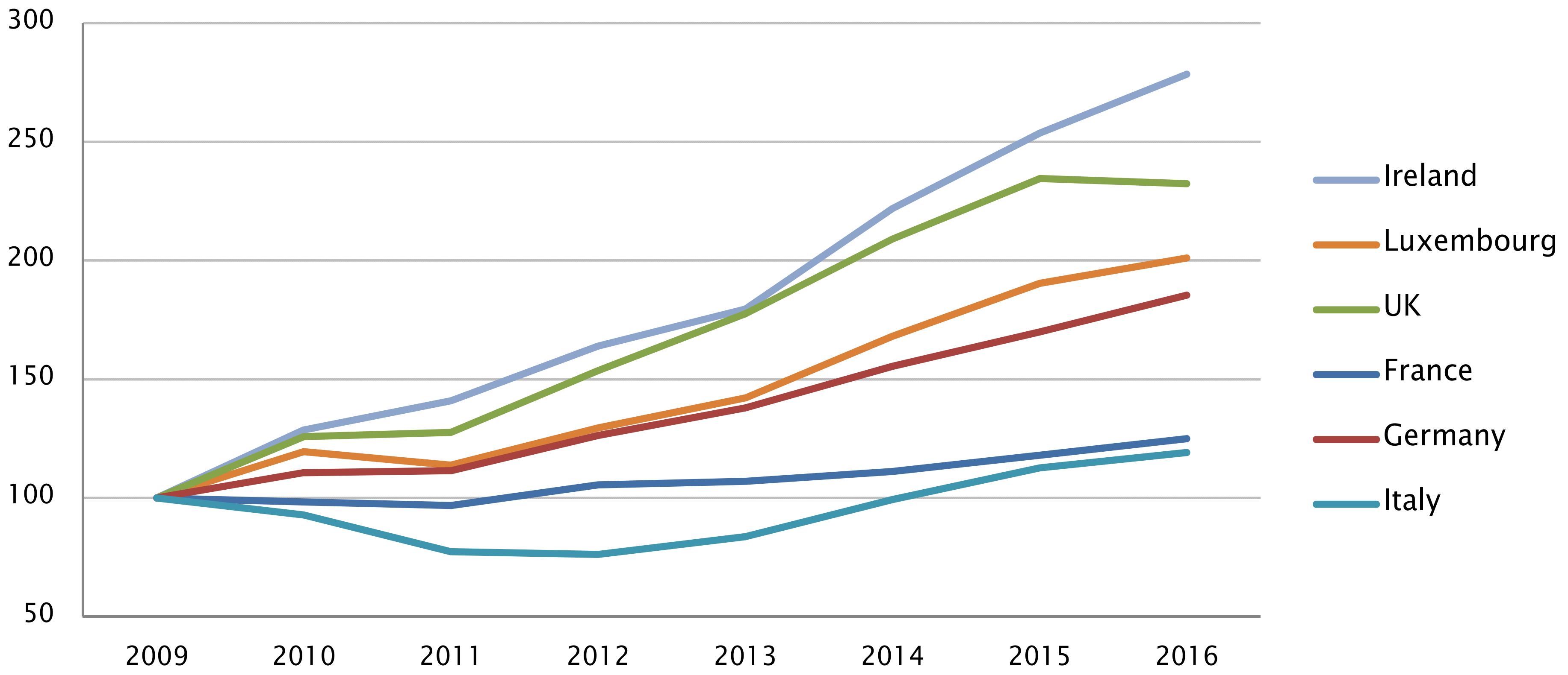
2016Q4 €bn. Source: Efama, AFG, BVI.

Net sales by fund domicile



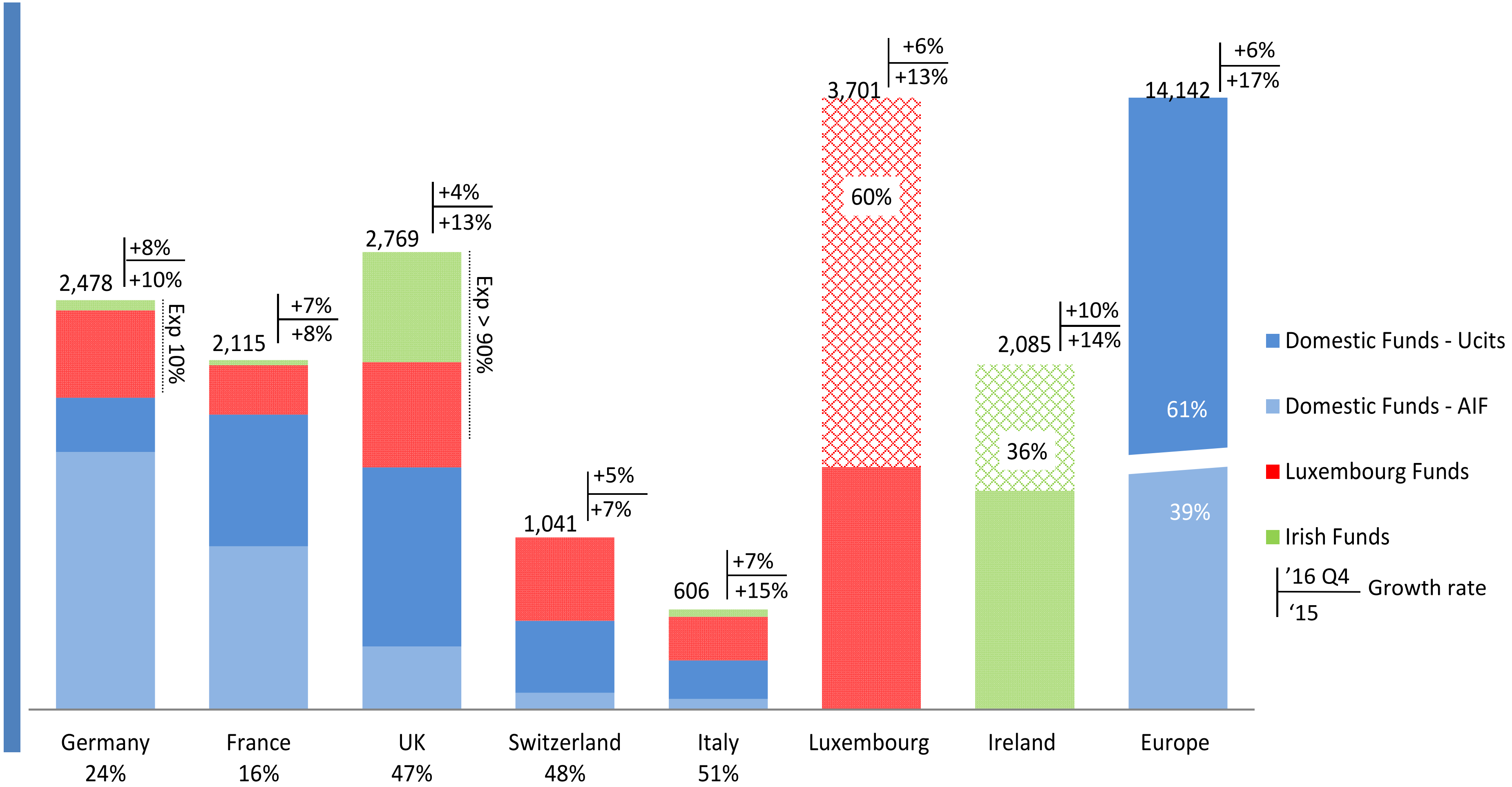
Net sales as a % of AuM. Yearly data in €bn. Source: Efama, BVI.

Net Assets by fund domicile – Long-term growth

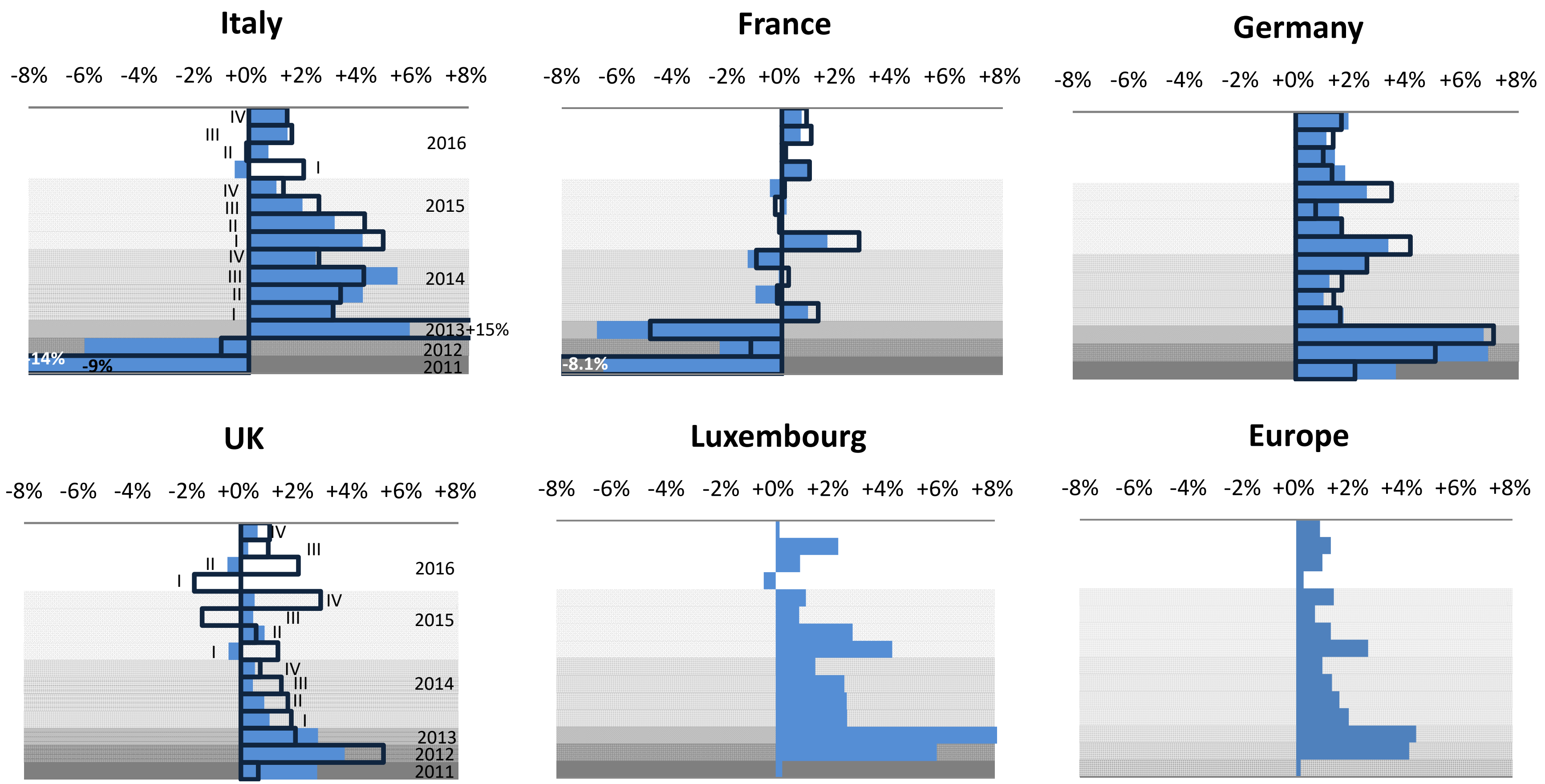


Index values. Source: Efama.

Net Assets by fund group domicile



Net sales: <u>fund</u> domicile vs. <u>fund group</u> domicile



Net sales as a % of AuM. Fund domicile (blue), fund group domicile (black). Est. on Efama, Assogestioni, ALFI, IFIA & BVI data.

1. The Italian Asset Management market

- ❑ Summary statistics
- ❑ Open-end funds
- ❑ Mandates
- ❑ A snapshot of the insurance market
- ❑ The recovery, some tentative explanations

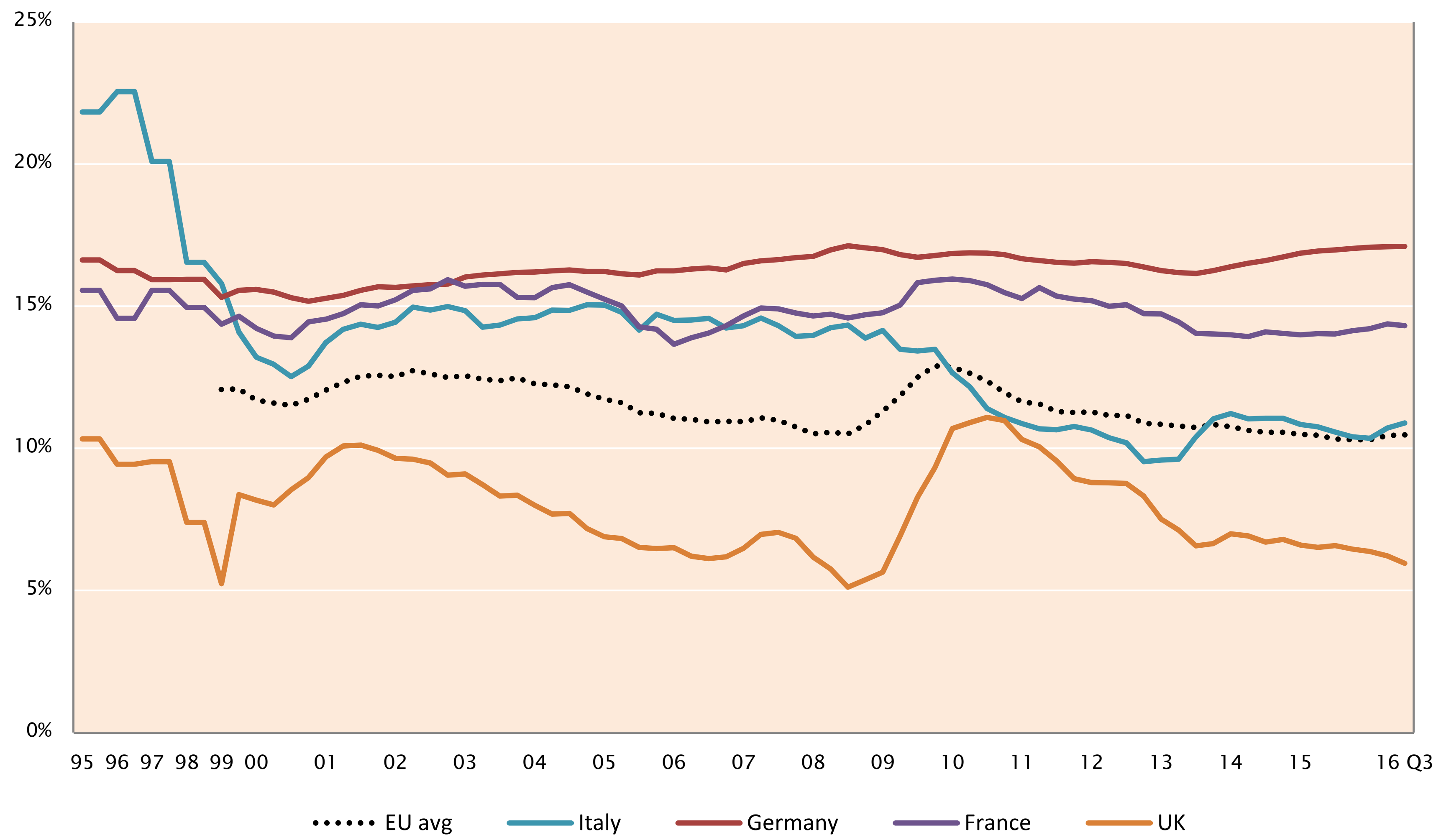
2. The European Investment Fund Industry

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

3. Savings & Wealth

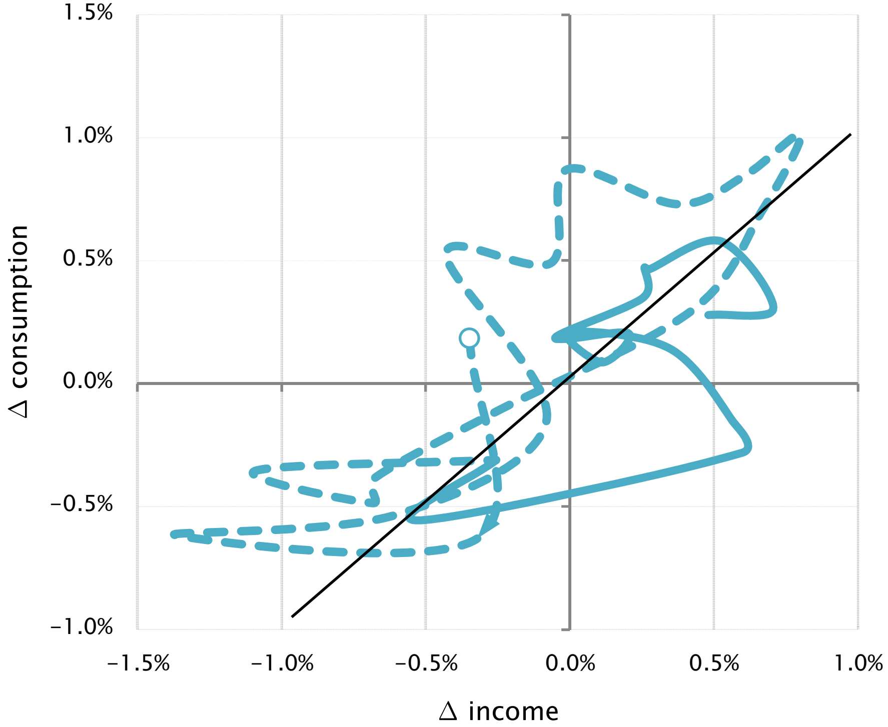
- ❑ Household saving rate: trend & int’l comparison
- ❑ Household financial portfolio & private pension plans

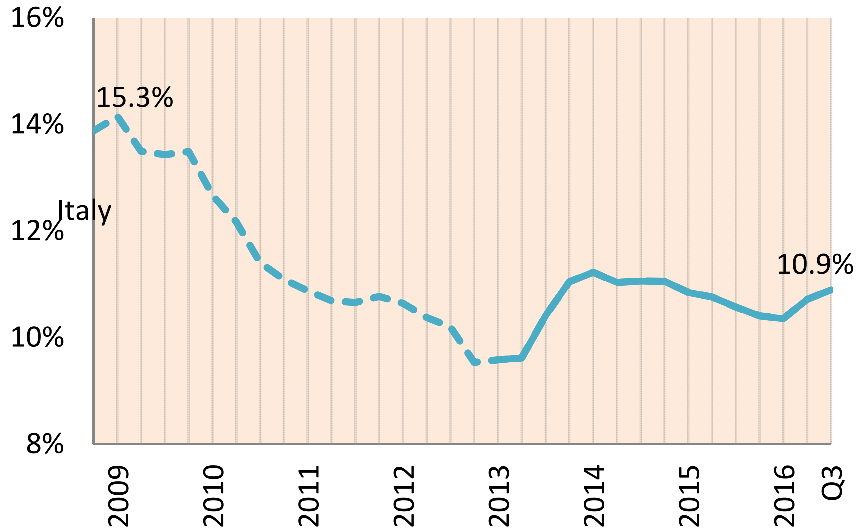
Household saving rates in Europe



Gross household saving rates. Source: Eurostat.

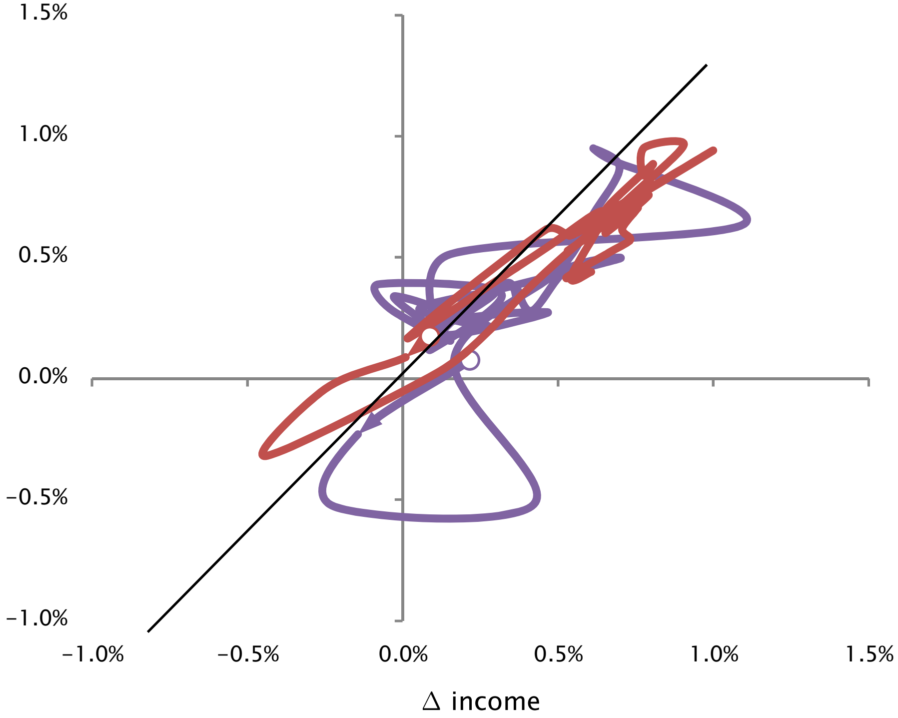
How income & consumption Δ% affect saving rates

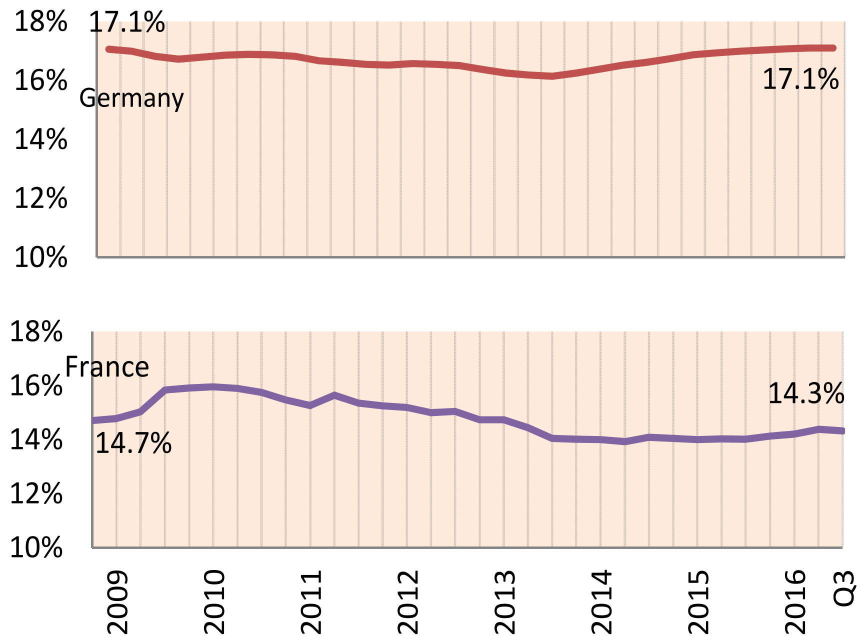




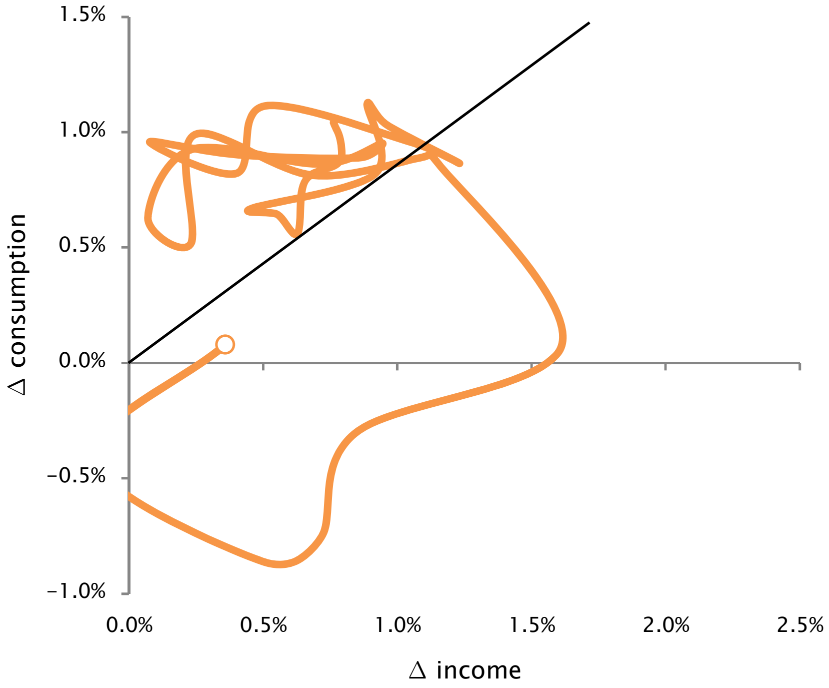
2008Q4:2016Q3. Source: Eurostat.

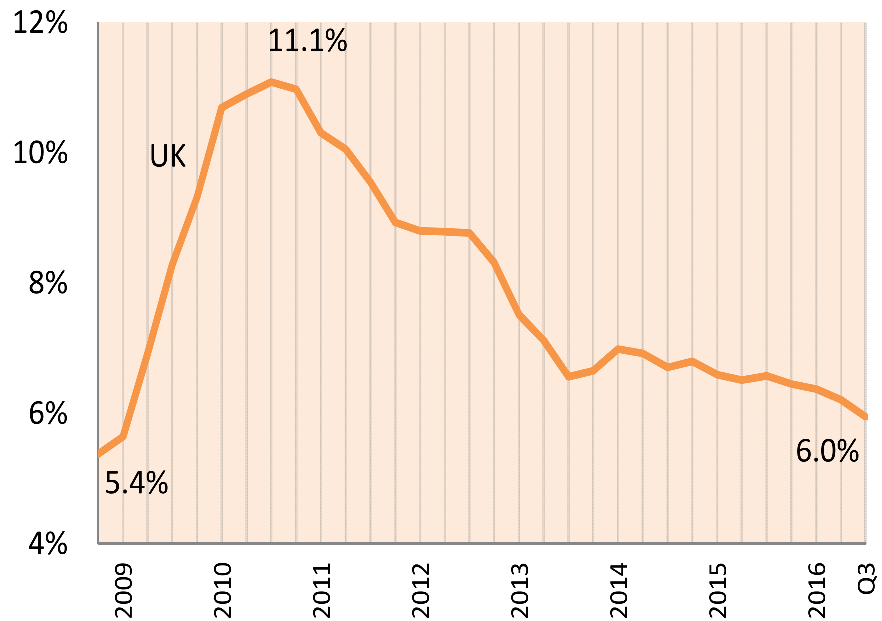
How income & consumption Δ% affect saving rates





How income & consumption Δ% affect saving rates





2008Q4:2016Q3 Source: Eurostat.

Household financial portfolio breakdown

	Total Asset	Currency & deposits	Bonds		Stocks		Investment funds	Pension funds & life pr
			Total	*Issued by banks*	Total	*Listed*		
Italy	€ bn	%	%	%	%	%	%	%
1995	1,798	38.2%	22.6%	1.9%	19.3%	2.8%	5.8%	8.7%
2000	3,041	22.9%	16.6%	6.4%	29.5%	5.4%	17.0%	10.0%
2005	3,865	23.6%	19.0%	7.1%	28.2%	2.4%	11.0%	14.2%
2010	3,663	30.6%	19.8%	10.1%	19.9%	2.0%	7.8%	17.4%
2012	3,770	31.4%	19.4%	9.8%	19.6%	1.6%	7.7%	17.6%
2015	4,120	30.9%	10.7%	4.6%	23.3%	1.6%	11.1%	20.0%
2016 Q3	4,012	32.4%	10.0%	3.8%	20.3%	1.3%	11.9%	21.5%
2016 Q3								
France	4,951	28.6%	1.3%	n.a.	20.7%	4.1%	6.3%	34.7%
Germany	5,648	39.1%	2.9%	n.a.	10.2%	5.0%	10.1%	31.1%
UK	7,791	23.2%	1.7%	n.a.	7.9%	2.5%	2.0%	61.5%
USA	65,533	13.9%	5.1%	n.a.	35.4%	n.a.	10.7%	32.9%

High level of *direct investment* (~ 35%)

Decreasing amounts of *bank issued bonds* (5.0%)

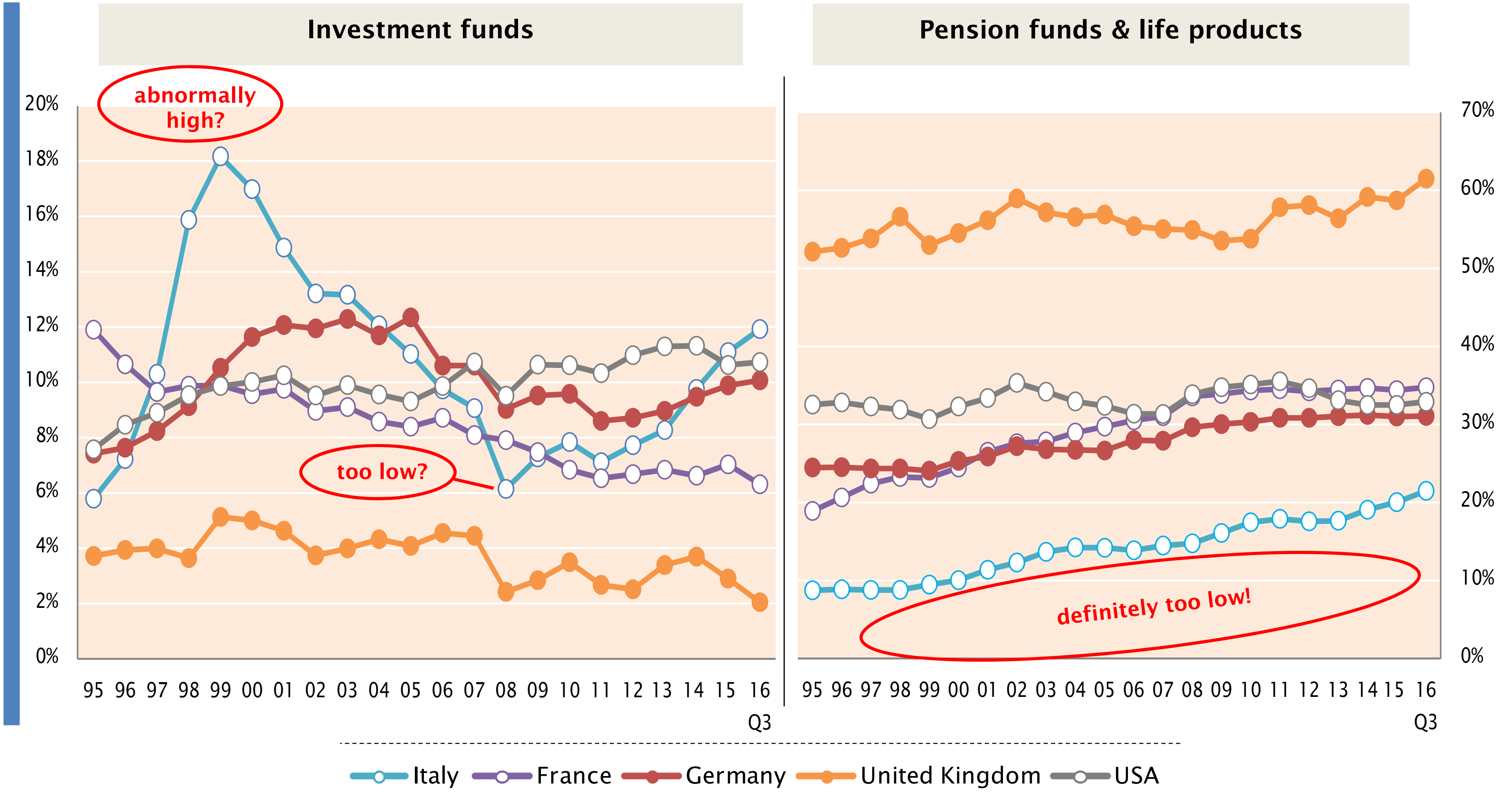
Negligible level of *listed shares.* High level of *unlisted* ones.

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

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

%. Source: Eurostat, OECD, BCE, Deutsche Bundesbank.

Managed products in household portfolios



Source: Eurostat, OECD, BCE, Deutsche Bundesbank.

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

	2015			2008
	(,000)	Working pop. (est.)	Membership rate	Membership rate
Member breakdown	**7,227**	**22,559**	**32.0%**	**21.0%**
Private sector employees	5,174	13,903	37.2%	26.0%
Public sector employees	174	3,253	5.4%	4.0%
Self-employed	1,879	5,403	34.8%	19.0%

	2015 Members				Assets	
	(,000)	%	'15 Δ %	7y Δ %	(€ m)	*% GDP*
Vehicle breakdown	**7,227**	**100%**	**+11%**	**+49%**	**140,180**	8.6%
Contractual p.f.	2,419	33%	+24%	+18%	42,546	
Open p.f.	1,150	16%	+9%	+45%	15,430	
Ind. Insurance Plans (PIP)	3,028	42%	+4%	+120%	26,835	
Ante 1993 p.f. ('pre-existing')	645	9%	-0%	-5%	55,299	

Source: Covip, Istat, RGS.

The Italian Asset Management market
key figures

27 April 2017

Research Department