

Asset manager briefing

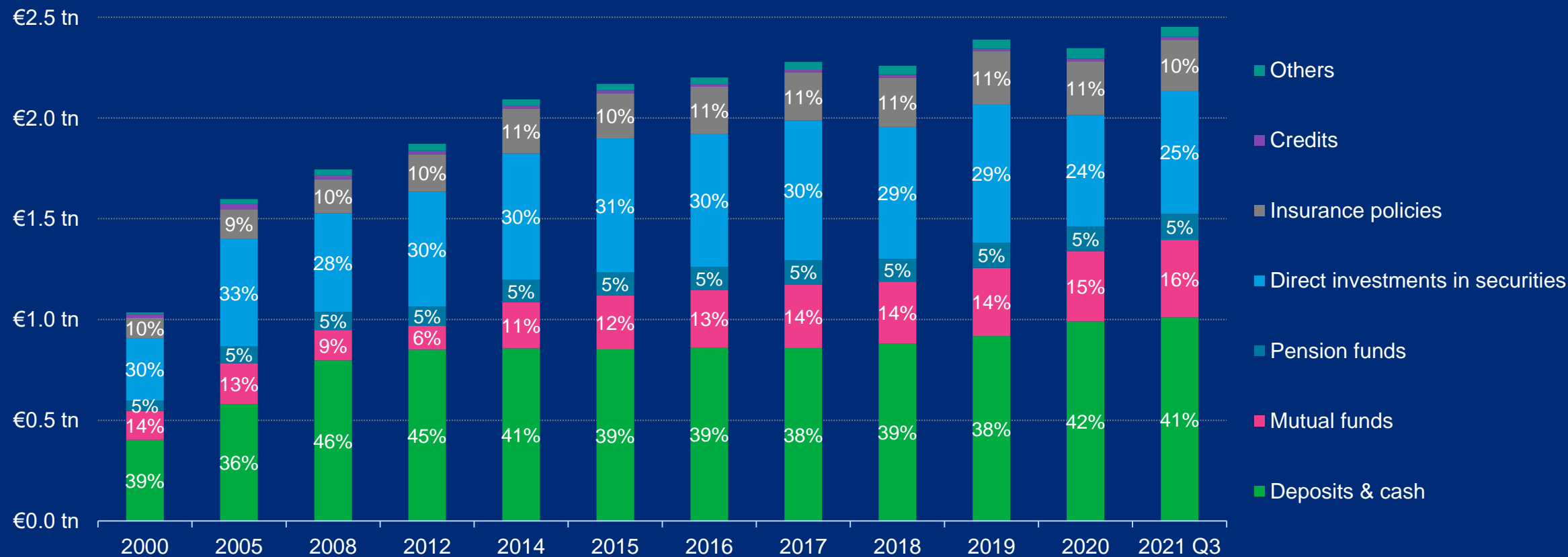
An overview of the Spanish market

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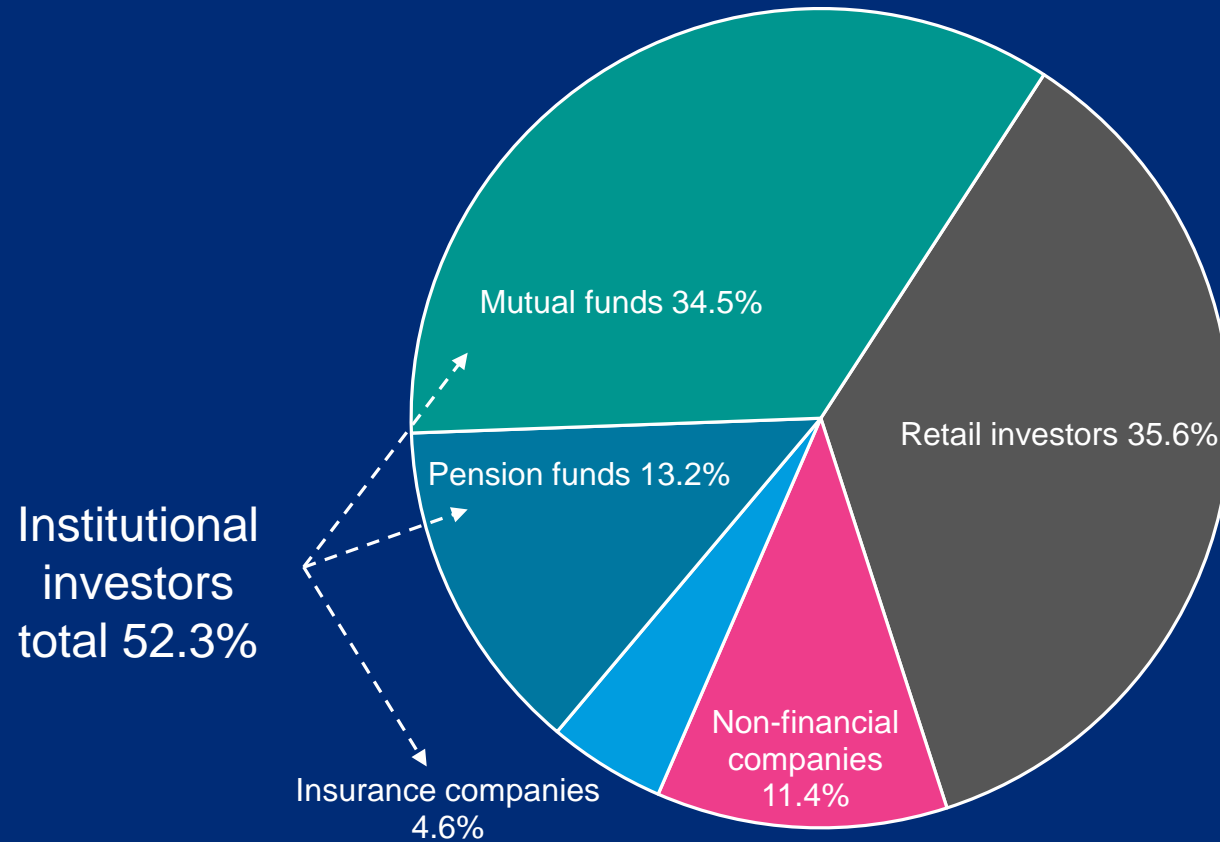


Growth of the Spanish savings market



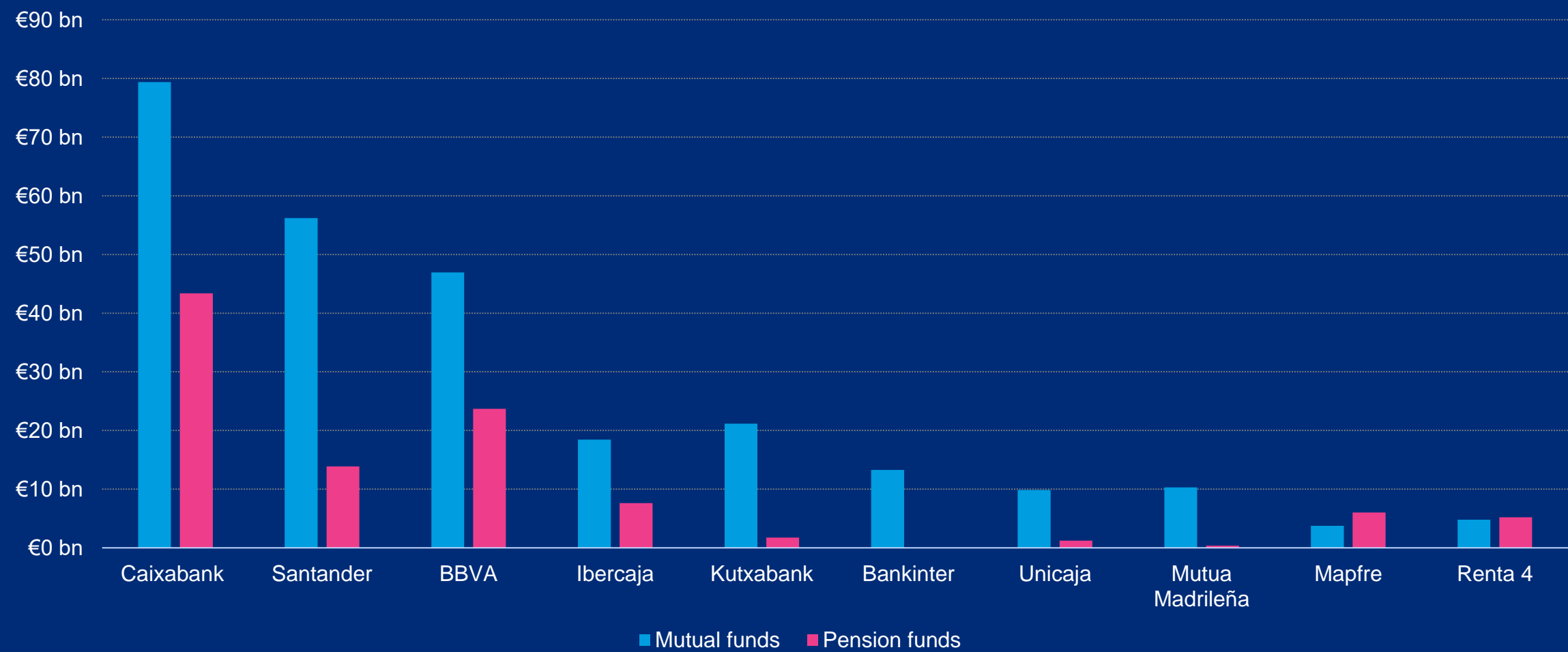
Source: Inverco, Informe Annual IIC 2021

Subscribers of “international” funds



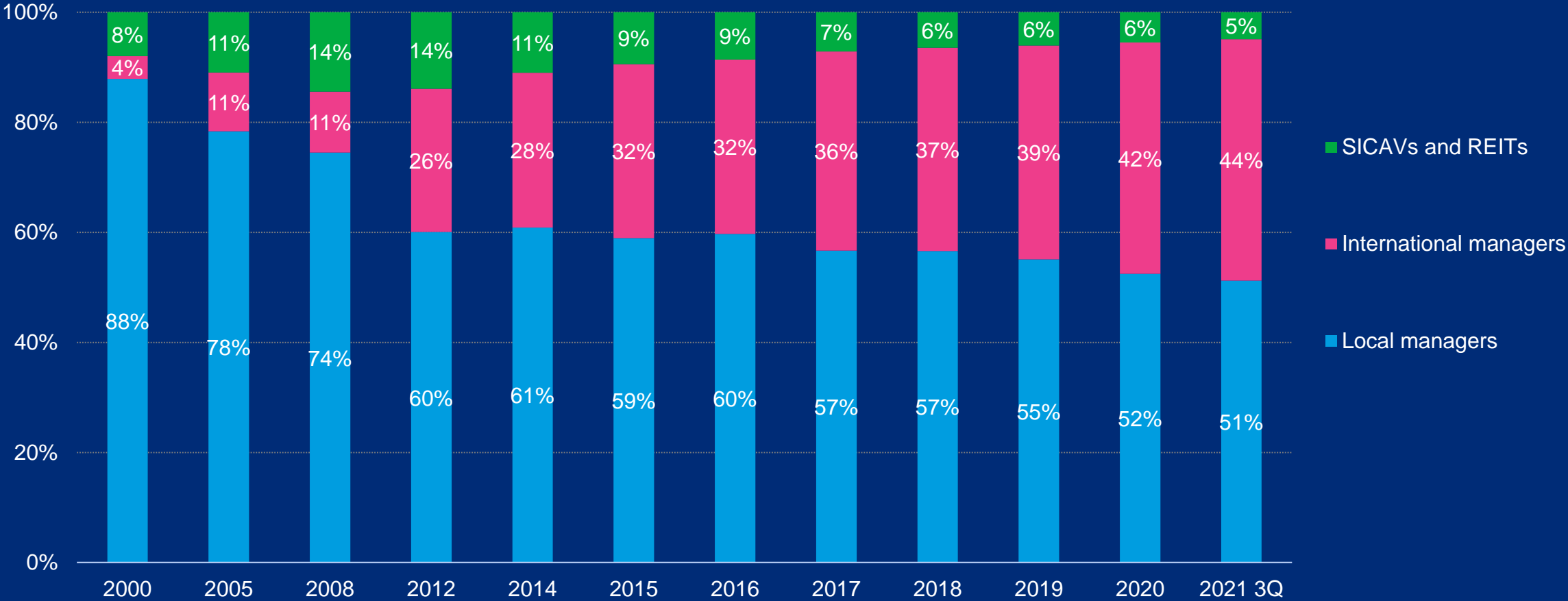
Source: Inverco, Informe Annual IIC 2021

Top 10 “financial groups” in Spain



Source: Inverco, Informe Annual IIC 2021

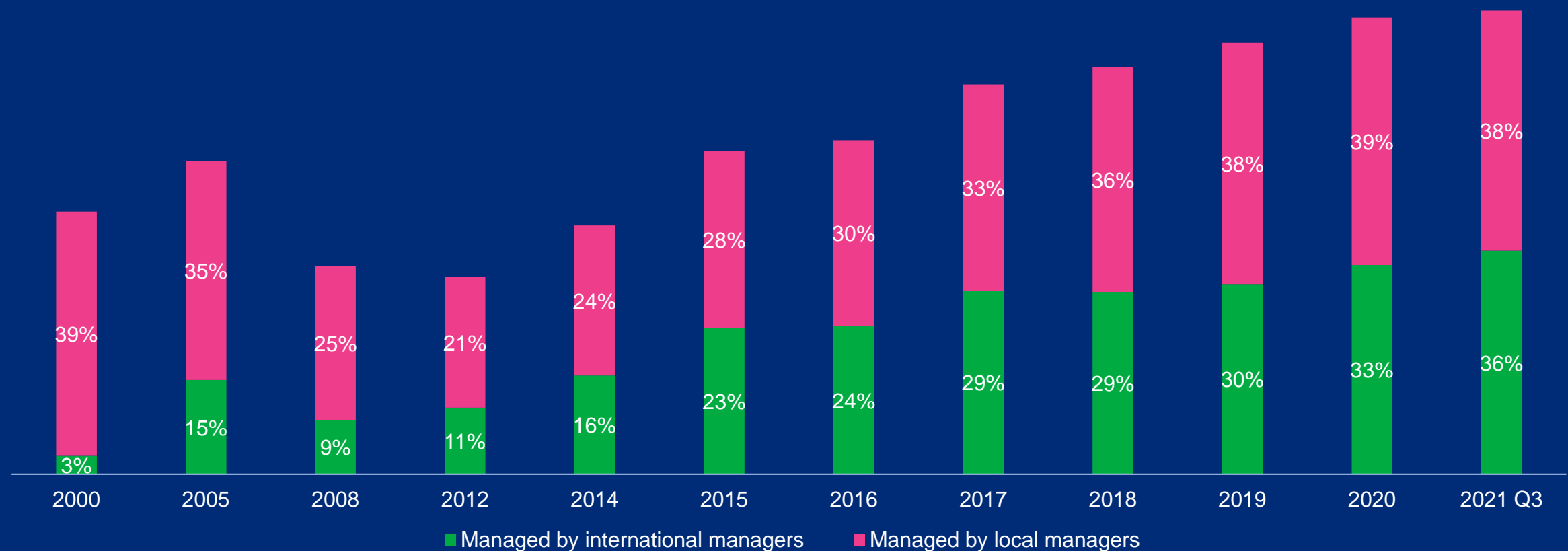
Mutual funds – increasing exposure to international managers



Source: Inverco, Informe Annual IIC 2021

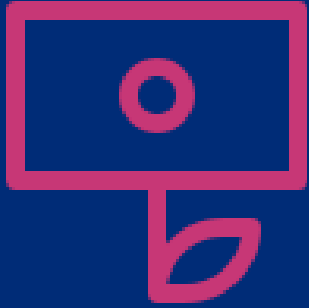
Global exposure impact on international managers' AUM growth

Exposure to global assets in domestic mutual funds



Source: Inverco, Informe Annual IIC 2021

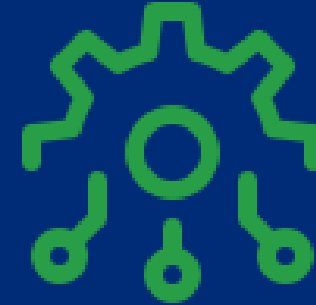
What to expect?



Growth of Spanish GDP
and its savings rate



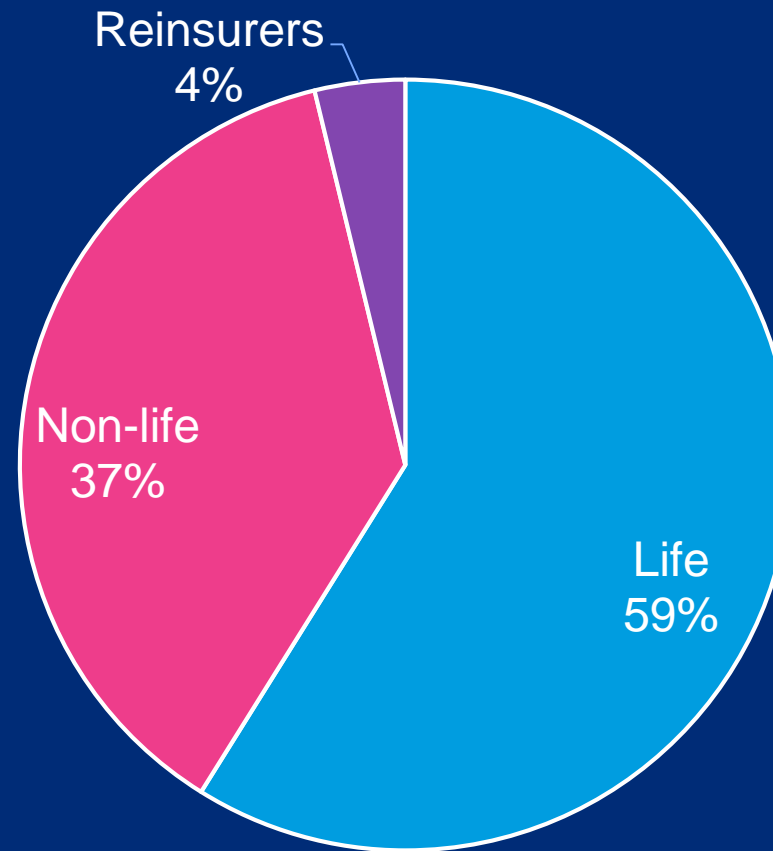
Transfers of AUM from
deposits to mutual funds



Increased exposure to assets
outside of Europe, and to
alternatives

The insurance segment

Breakdown by type of insurance company

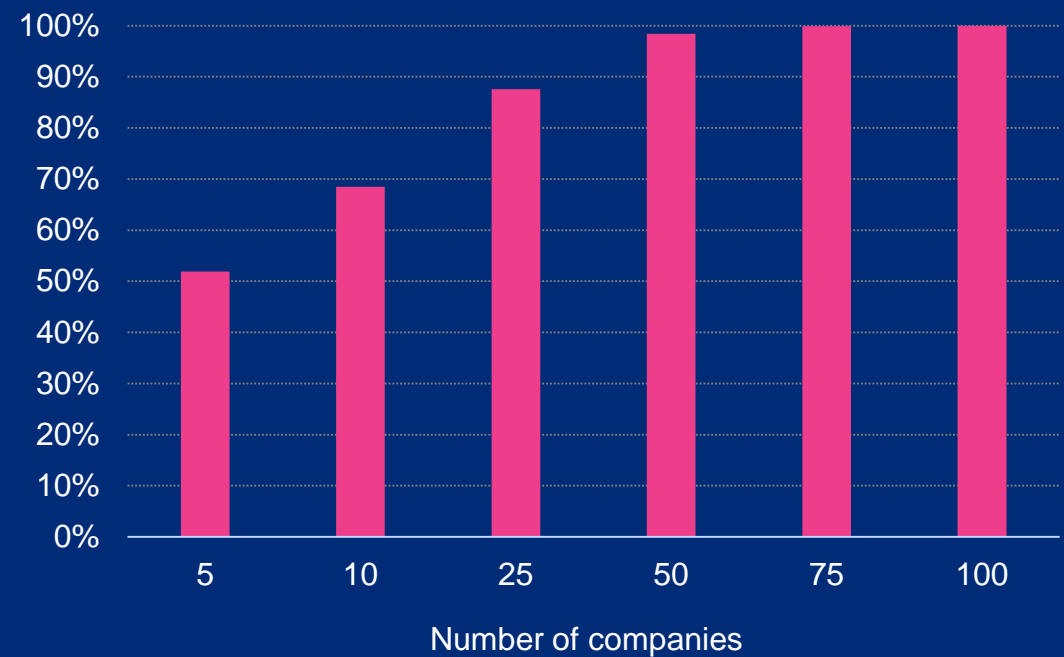


Source: Ministry of Economic Affairs (2020)

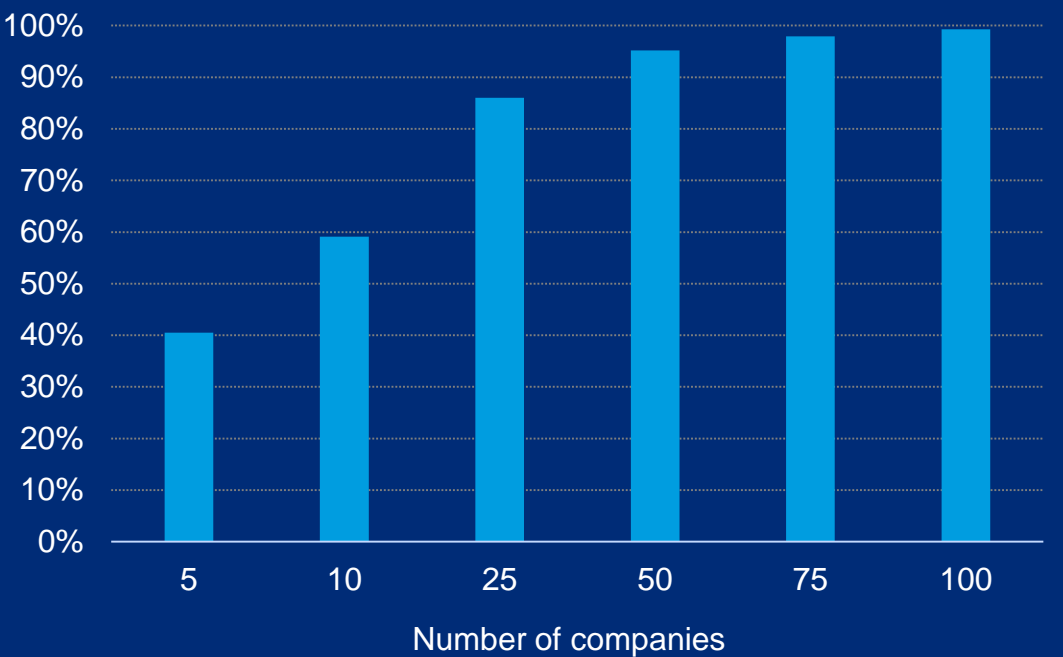
The insurance segment

A concentrated market

Concentration of the life segment



Concentration of the non-life segment



Source: Ministry of Economic Affairs (2020)

Insurance companies' asset allocation

Non-life segment

Asset allocation

	2018	2019	2020
Public debt	32.3%	29.5%	28.6%
Corporate debt	23.7%	24.0%	23.5%
Equity	11.5%	11.4%	11.1%
Mutual funds	12.6%	15.9%	16.0%
Structured products	1.6%	1.6%	3.2%
Securitisation	0.3%	0.3%	0.3%
Cash and deposits	7.1%	6.3%	7.1%
Mortgages and other credits	1.8%	2.0%	1.6%
Real estate	9.1%	9.0%	8.7%
Others	0.0%	0.0%	0.0%

A look through of mutual funds

	2018	2019	2020
Equity	20.5%	17.1%	21.2%
Fixed income	49.8%	52.2%	41.8%
Money markets	1.2%	0.7%	1.4%
Balanced funds	20.0%	18.8%	21.9%
Real estate	1.6%	1.9%	2.6%
Alternatives	2.8%	5.8%	4.8%
Private equity	2.3%	2.0%	1.8%
Infrastructure	0.1%	0.1%	0.7%
Others	1.6%	1.3%	3.7%

Source: Ministry of Economic Affairs (2020)

Insurance companies' asset allocation

Life segment

Unit-linked asset allocation

	2018	2019	2020
Public debt	11.3%	11.8%	14.1%
Corporate debt	6.0%	5.3%	5.2%
Equity	8.7%	11.6%	10.5%
Mutual funds	52.5%	55.9%	58.0%
Structured products	6.7%	5.3%	5.0%
Securitisation	0.2%	0.3%	0.2%
Cash and deposits	11.8%	8.7%	6.9%
Mortgages and other credits	1.0%	0.0%	0.0%
Real estate	0.0%	0.0%	0.0%
Others	1.7%	0.0%	0.0%

A look through of mutual funds

	2018	2019	2020
Equity	50.8%	53.9%	57.3%
Fixed income	22.1%	19.8%	18.7%
Money markets	1.4%	1.5%	2.4%
Balanced funds	20.4%	19.9%	17.0%
Real estate	0.1%	0.0%	0.0%
Private equity	1.0%	1.2%	1.1%
Infrastructure	0.0%	0.0%	0.0%
Others	4.1%	3.6%	3.0%

Source: Ministry of Economic Affairs (2020)

Spanish pensions at a glance

1987



The first law that
creates pension funds

€0bn AUM

2002



A new law requiring
pension funds to be
taken out of balance
sheet to external
managers

€48bn AUM

2022



A new law creating
public corporate
pension funds
managed by private
managers

€127bn AUM
3% CAGR since
2007

Source: Inverco, Quarterly pension fund statistics, 31 December 2021

Spanish pensions at a glance

€38bn in corporate pension funds
(90% of which are DC)
€89bn in retail pension funds

15% of GDP
vs
99% OECD average

No public pension reserve fund
vs
14% of GDP OECD average

Pension replacement rates of
public pensions:
74% of final salary on average
vs
52% OECD average

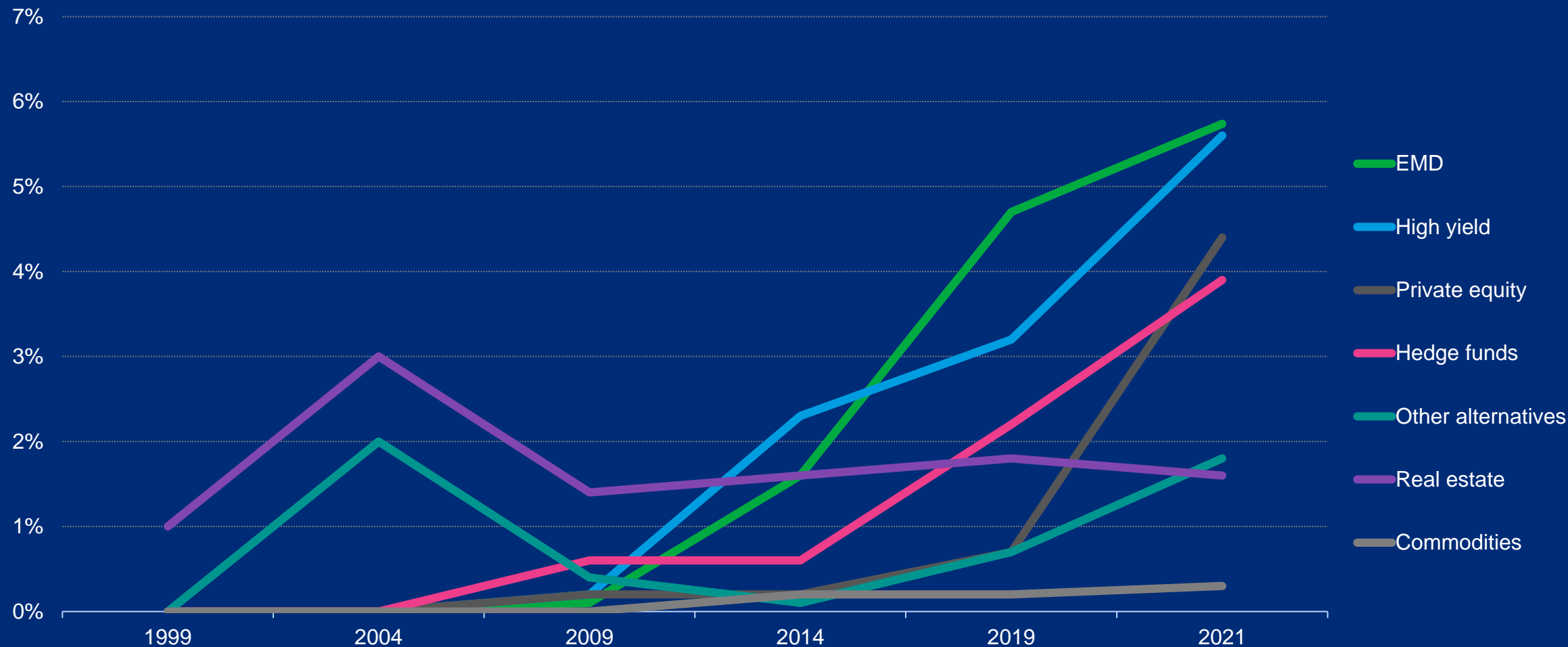
Source: OECD, Pensions at a Glance 2021: OECD and G20 indicators

Historical asset allocation for Spanish pension funds

	1999	2009	2021
Euro fixed income	71.0%	72.3%	35.5%
Non-euro fixed income	1.0%	0.3%	9.9%
Total fixed income	72.0%	72.6%	45.4%
Euro equity	22.0%	14.0%	10.9%
Non-euro equity	5.0%	10.3%	20.4%
Total equity	27.0%	24.3%	31.3%
Total alternatives	1.0%	2.9%	23.3%

Source: Mercer PIPS (Pension Investment Performance Service)

The rise of alternatives for Spanish pension funds



Source: Mercer PIPS (Pension Investment Performance Service)

An outlook for the future of pensions in Spain



Stagnation in
retail pensions



Huge increase in assets expected
(to public corporate pension funds)



Local financial groups
will benefit in AUM



International asset managers
will benefit in AUM too



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