



# Asset Management Strategy for Generali in Europe

Presentation to Financial Analysts

11<sup>th</sup> May 2017

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# A transformational strategy for Generali Asset Management in Europe

## A strategy to create value for clients and shareholders

### STRATEGIC OBJECTIVES

**1** Broaden and deepen investment capabilities and product offering

**2** Accelerate growth and transformation of Generali by pursuing a focused distribution strategy aimed at insurance and individual clients

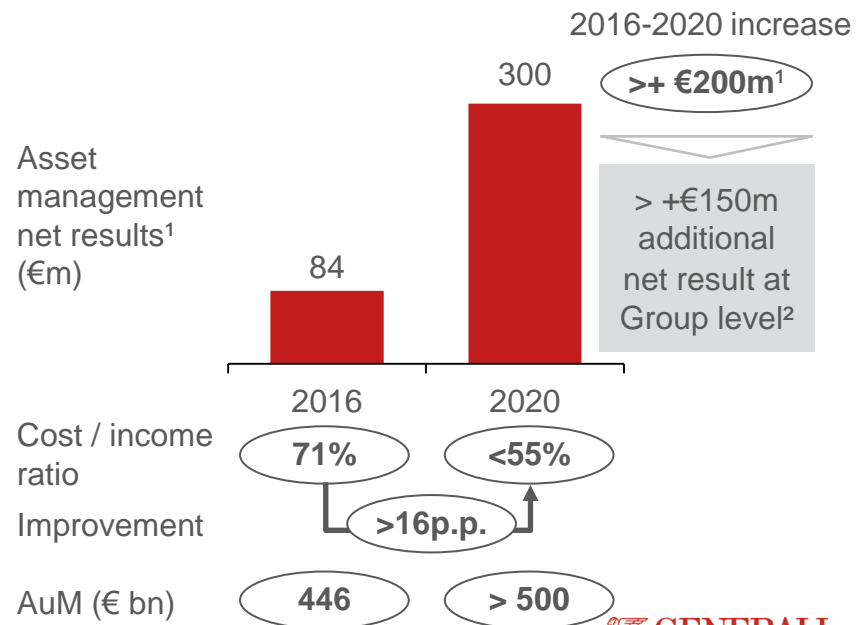
1. Sum of legal entities – no consolidation adjustments. Net of revenues sharing and minority stakes, net of taxes

2. Net of taxes, post consolidation adjustments

Scope: Generali Investments Europe, Generali Investments Luxembourg, Generali Investments CEE, Generali Real Estate sgr, Generali Real Estate spa, Fortuna, Generali Investment Holding

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### FINANCIAL AMBITION



# Our ambitious strategy addresses Generali's key needs....

## KEY OBJECTIVES FOR THE GENERALI GROUP IN A LOW INTEREST RATE ENVIRONMENT

Adapt asset allocation to long term liabilities pursuing higher risk-adjusted yields

Accelerate change of business mix in Life towards capital light products and increase the contribution of fee business

## IMPLICATIONS FOR OUR ASSET MANAGEMENT PLATFORM

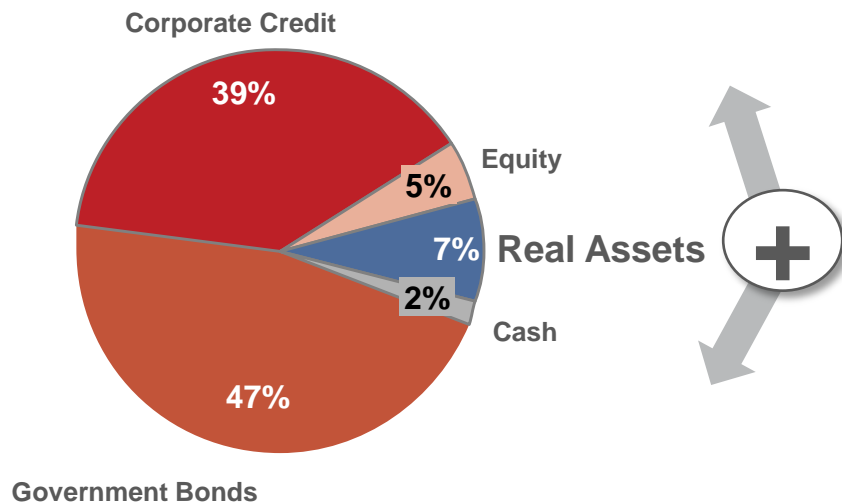
Increase investment  
in Real Assets<sup>1</sup>

Provide more innovative  
investment solutions

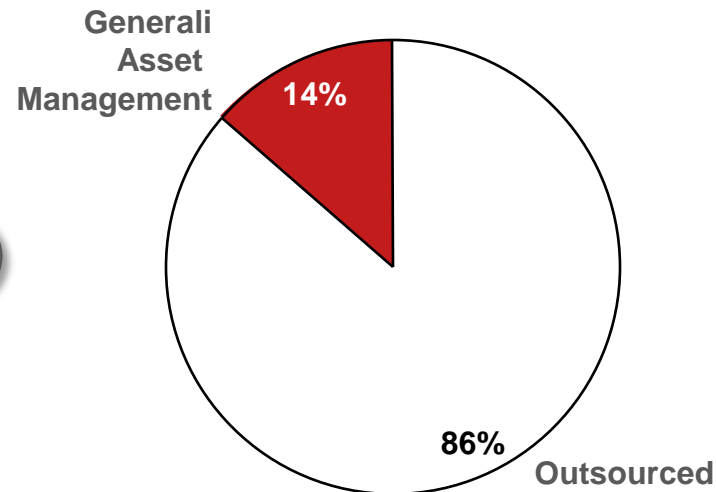
1. I.e., Private Equity, Infrastructure Projects, Direct Lending, SME Lending, Real Estate

...and will unlock significant value for clients and shareholders

**ASSET MIX WITH ROOM FOR HIGHER ALLOCATION  
TO REAL ASSETS**



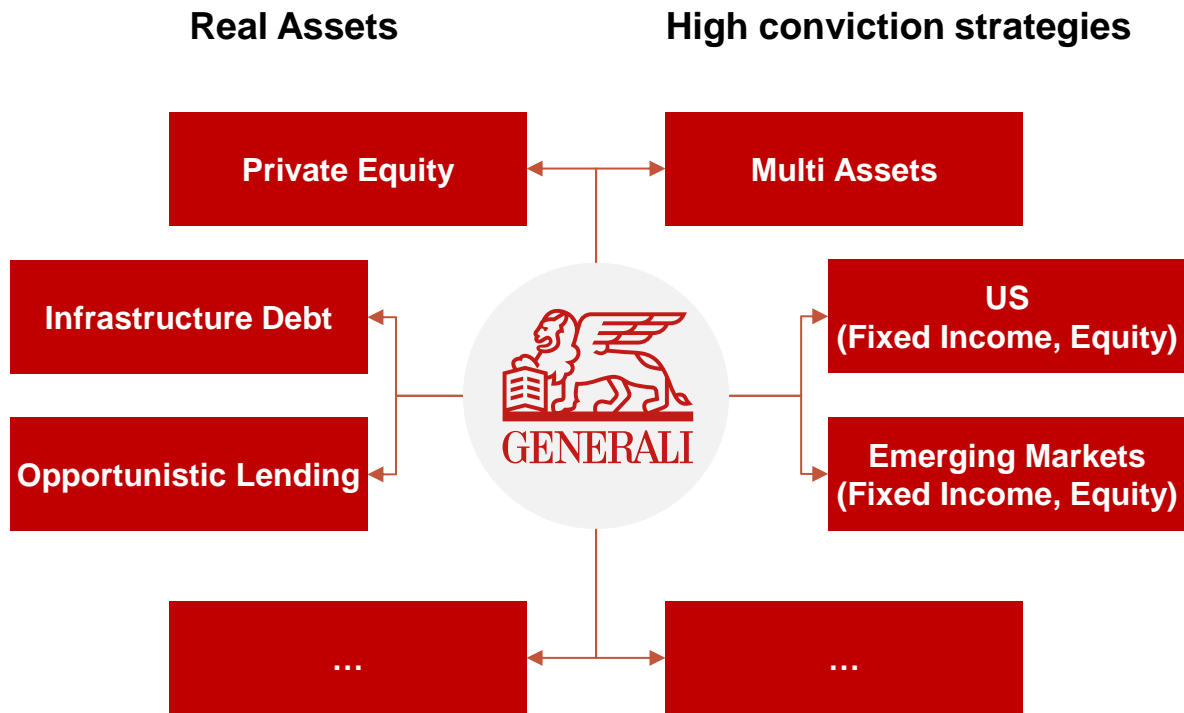
**86% OF € 78 BN<sup>1</sup> GROUP UNIT LINKED AUM  
ARE OUTSOURCED**



**Build-up of a real assets and active investment platform as an enabler to harvest opportunities**

<sup>1</sup> Data as of FY 2016

# We will create the largest European multi-boutique insurance asset management platform ...



## KEY FEATURES

- Talent recruitment and acquisition of small teams with excellent track records
- Leverage on high quality internal teams
- Strong alignment of interest between clients, investment teams and Generali
- Highest standards of governance and controls (Risk Management, Audit and Compliance)

# ...with unique selling proposition for insurance and individual clients

## INSURANCE COMPANIES

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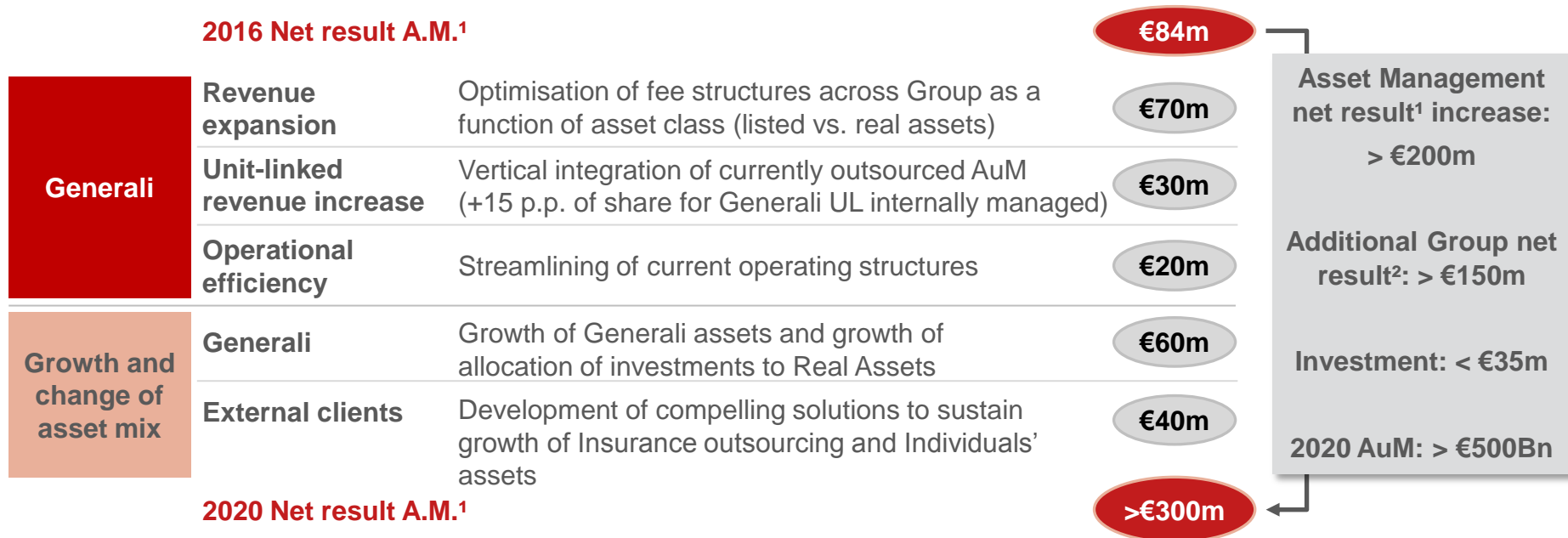
- **Combine strong know-how in building Liability-Driven solutions with Real Assets performance engines**
  - To achieve high investment results adjusted for risk
  - To manage effectively assets within complex regulatory framework, capital and insurance requirements
- **Leverage unique know-how of managing assets on behalf of multiple Generali affiliates in Europe**
  - Almost 200 years of experience
- **Build an insurance solutions team**
  - Leveraging on talents within Generali organization
  - Dedicated insurance sales and marketing team

## INDIVIDUAL CLIENTS

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- **Offer exclusive access to high conviction portfolio managers**
- **Make available expertise in building investment solutions to address the low interest rate environment and concerns about the future**
- **Benefit from Generali's size and available infrastructure to satisfy fiduciary duties**
- **Create a centralized retail distribution team and marketing for bank channels, IFAs, Wealth Management platforms in Europe**

# And we have 5 strong levers to create shareholder value



1. Sum of legal entities – no consolidation adjustments. Net of revenues sharing and minority stakes, net of taxes

2. Net of taxes, post consolidation adjustments

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# Leverage on Generali's expertise to capture opportunities and drive growth

**Increasing demand for new innovative products by European insurance companies and individuals**

**New Generali Asset Management Strategy to provide solutions and increase market share**

**Develop innovative multi-boutique investment platform benefiting from economies of scale**

**Create substantial value: growth of net result<sup>1</sup> for asset management by more than €200m by 2020 (from €84m to more than €300m)**

1. Sum of legal entities – no consolidation adjustments. Net of revenues sharing and minority stakes, net of taxes



# Appendix

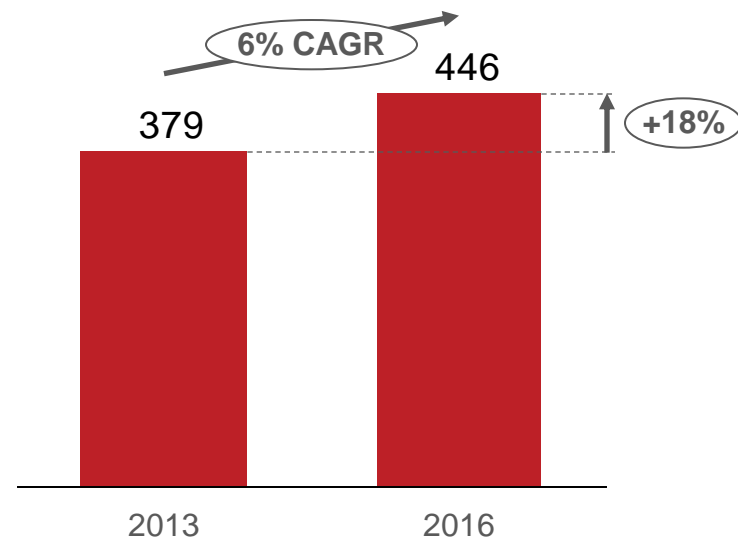


# Generali Asset Management in Europe (I)

2016 data<sup>1</sup>

	EUROPE
<b>AuM (% of Group A.M. companies)</b>	€446bn (96%)
<b>Income</b>	€433m
<b>Expenses</b>	€307m
<b>Operating result (abs., % Group)</b>	€125m (3%)
<b>Net result (abs., % Group)</b>	€84m (4%)
<b>Cost / Income ratio</b>	71%

## AUM GROWTH (€ BN)



1. Management view data 2. Sum of parts – no consolidation adjustments. Net of revenues sharing and minority stakes, net of taxes

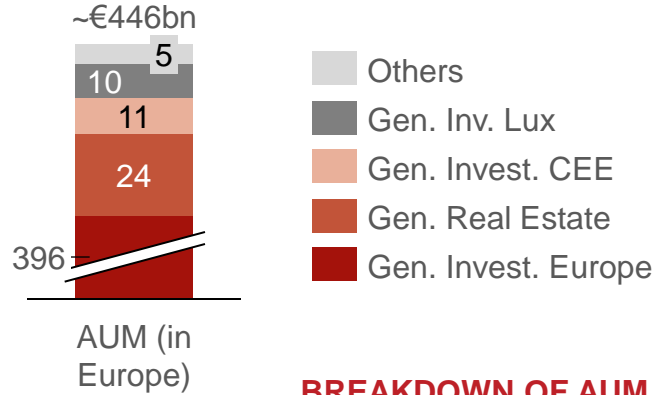
Source: Generali internal data

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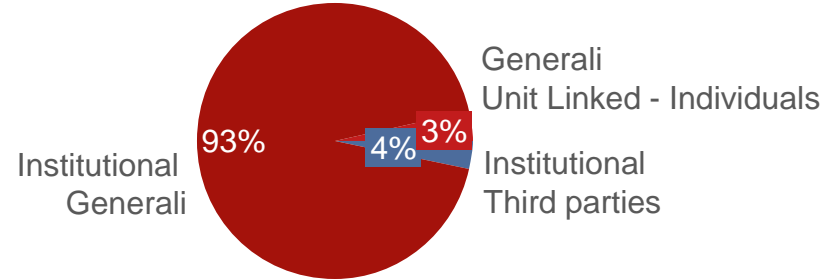
# Generali Asset Management in Europe (II)

YE 2016 data

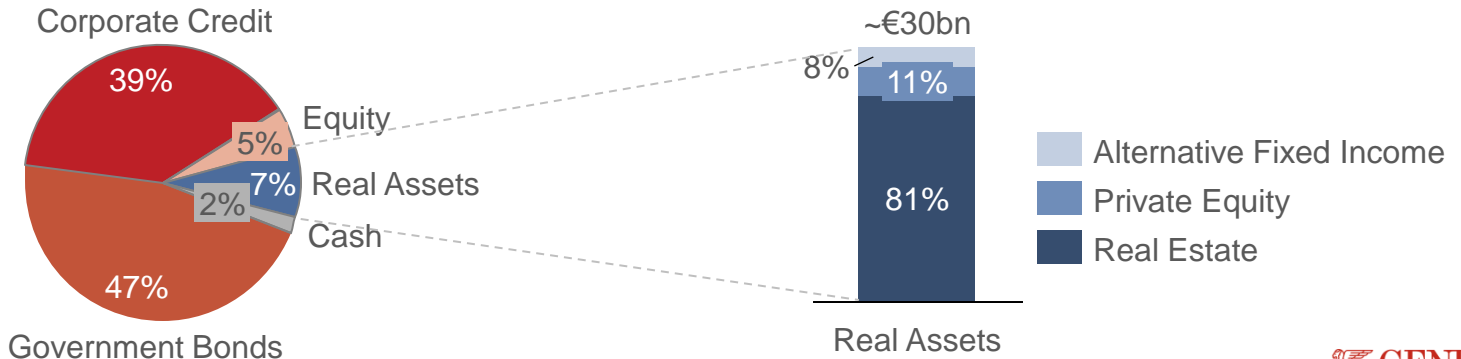
## AUM BY GROUP A.M. COMPANY (€BN)



## BREAKDOWN BY CLIENT TYPE



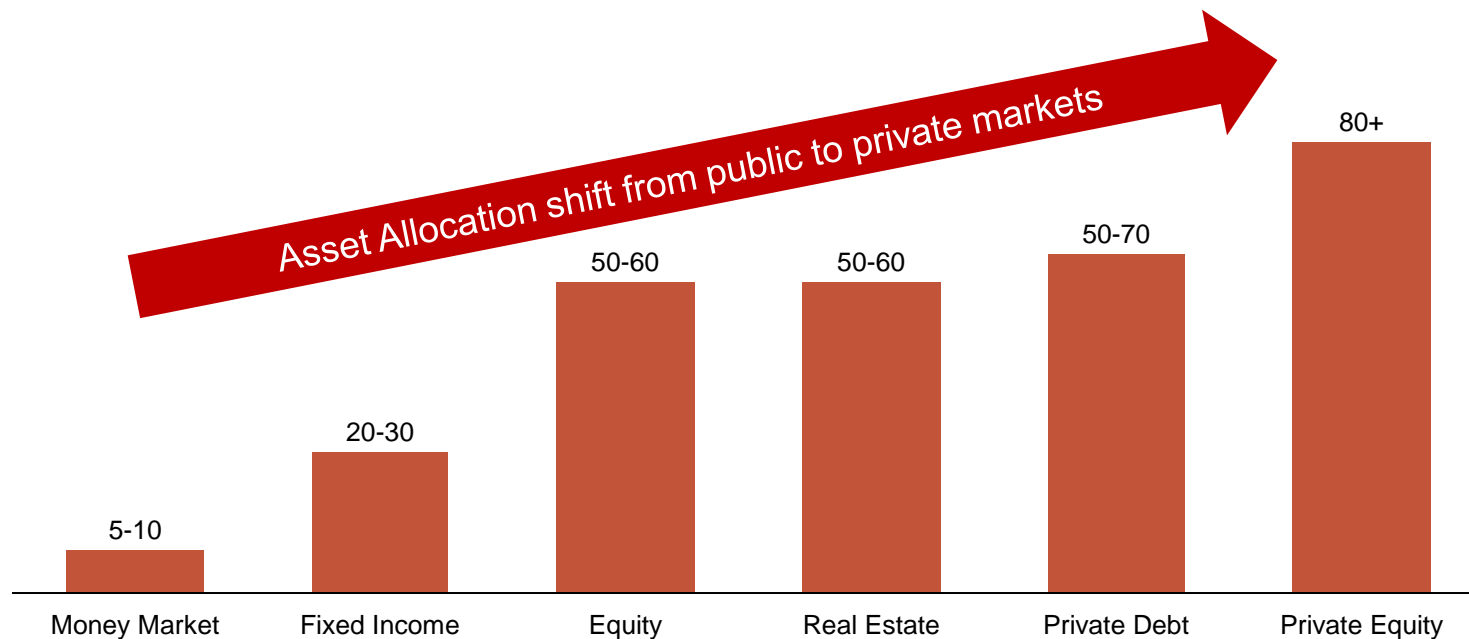
## BREAKDOWN OF AUM BY ASSET CLASS<sup>1</sup>



1. Excluding participations  
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# Potential to shift towards higher margins asset classes

## NET REVENUE MARGINS<sup>1</sup> FOR SELECTED ASSET CLASSES (BPS, MARKET AVERAGES)



1. Management fees net of distribution costs

Source: internal data, Prequin, BCG Global Asset Management 2016

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# The way forward on investment strategy for Generali Group

	ASSET CLASS	DIRECTION 12-24M	COMMENTS
Public markets	Government bonds	—	Low yields in Eurozone expected to remain
	Corporate bonds	—	Fundamentals still good but spreads are tight
	Listed Equities	=	Attractive valuation and yield compared to public fixed income, but capital intense and volatile
Private markets	Infrastructure and corporate loans	+	Attractive liquidity premium and risk-adjusted returns, low historical credit losses
	Private Equity	+	Attractive return and capital appreciation potential
	Real Estate	+	Strong diversification benefit and attractive yield. Focus on prime assets in core markets, both on equity and debt

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These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

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