

## ASSET ALLOCATION IN EUROPE:

### What challenges and opportunities lie ahead?



1<sup>st</sup> TASK FORCE MEETING

Brussels, 14 June 2017

#### AGENDA

12:00 – 12:30

Registration & Lunch

12:30 – 13:30

Introductory remarks

Chairman: Jean-Pierre Pinatton, Supervisory Board, Odfo BHF

Rapporteurs: Karel Lannoo, CEO, CEPS  
Cosmina Amariei, Researcher, ECMI

#### Roundtable discussion

13:30 – 15:00

Session 1.

Short vs long termism: what feeds into investment decisions?

In the past 7 years, the investment climate (real economy and financial sector) has been characterised by falling short- and long-term interest rates, with cyclical and structural drivers reinforcing each other. Most financial intermediaries had to re-examine the notion of risk-free assets, make changes to the composition and risk/return profile of their portfolios and question whether their asset allocation techniques were still working. Higher rates and steeper yield curves are envisaged soon in Europe, provided that several critical factors materialise, such as strong economic recovery and growth, inflationary pressures, less accommodative monetary policies, etc

- What topics are likely to dominate the investment space in Europe (reflation, low returns, sources of yield, risk diversification)?
- How to foster the participation of households in capital markets? Does the current supply of products meet their needs?
- Are investors equipped for major markets/regulatory/technological shifts? How will these impact their business models and asset allocation strategies?
- Does the current regulatory framework (at national or EU level) provide the incentives for long-term, sustainable investment, on a cross-border basis?

#### Panel debate

Philipp Hartmann, Deputy Director, DG Research, European Central Bank

Guillaume Prache, Managing Director, Better Finance

Anders Damgaard, Chief Financial Officer, PFA Pension

Jean-Pierre Casey, Managing Director, Head of Investments, Edmond de Rothschild (Europe)

#### Discussion & Wrap-up

15:00 – 15:30

Coffee break

15:30 – 17:00

Session 2.

**Asset management in Europe: which way forward?**

The asset management industry (investment funds and discretionary mandates) is undergoing fundamental changes. The shift to passive funds is well understood. Active managers are facing growing fee pressures, struggling with the low interest environment and in some cases underperforming their market benchmarks. As QE reverses, seizing alpha opportunities will become critical for active managers, e.g. cross-over into illiquid and lower rated alternatives and factor-based investing. End investors will continue to put emphasis on the absolute level of returns after costs. Regulation, fintech, evolving demographics will also change the contours of the asset management industry.

- What factors will affect the asset managers' value proposition for retail and institutional investors, respectively, in the long run?
- What is the outlook for asset allocation (equity, fixed income, alternatives) and investment strategies (active or passive) for the next 5 years?
- Will fintech (robo-advisors, big data, DLT) bring about operational efficiencies in the funds' industry and expand the client base?
- Are asset managers ready to comply with new regulatory framework, in particular MiFID II?

Panel debate

**Bernard Delbecque**, Director of Economics and Research, European Fund and Asset Management Association - EFAMA

**Rhodri Preece**, Head of Capital Markets Policy, Standards & Advocacy, EMEA, CFA Institute

**Amlan Roy**, Global Chief Retirement Strategist, Senior Managing Director, State Street Global Advisors & Guest Finance Professor, London Business School

**Sven Gentner**, Head of Unit – Asset Management, DG FISMA, European Commission

Discussion & Wrap-up

17:00 – 17:30

**Conclusions & Discussion about the 2<sup>nd</sup> meeting**

Venue: CEPS Conference Room  
1 Place du Congrès  
1000 Brussels - BE