

ASSET ALLOCATION IN EUROPE:

What challenges and opportunities lie ahead?



1st 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 2nd meeting

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



Participants (other than speakers)

Nadia Ameli, Senior Research Associate, University College London
Mireille Aubry, Prudential Regulation, Standards and Foresight Officer, Covea
Giuseppe Balocchi, Partner, Alpha Governance Partners
Maciej Bitner, Chief Economist, Wise Europa
Claudio Bocci, Partner & Head of Asset Management, Prometeia
Sibe de Bok, Public Affairs Advisor, European Investors' Association
Angelos Delivorias, Policy Analyst, EPRS
Jean-Luc Filippini, Senior Policy Advisor, EIB Brussels Office
Tamar Joulia-Paris, Senior Risk Advisor, TJ Capital
Marco Lamandini, Professor of Commercial Law, Università di Bologna
Karel Lannoo, CEO, CEPS
Mark Minichiello, Executive Director, J.P.Morgan Asset Management
Alfredo Panarella, Senior Economic Advisor, Cabinet of the President of the European Council
Bogdan Pop, Associate, Market Practice and Regulatory Policy, ICMA
David Reed, Partner & Head of The Financial Policy Advisers Network, Kreab
Jeff Rupp, Director of Public Affairs, INREV
Kyoko Sakuma-Keck, Senior Advisor, Metzler Asset Management
Aneta Spendzharova, Assistant Professor, Maastricht University
Ole Stæhr, Executive Advisor, Nordea Wealth Management
Linda Strazdina, Consultant, Afore Consulting
Andrej Stuchlik, Senior Policy Analyst, EPRS
Apostolos Thomadakis, Researcher, ECMI
Thomas Tilley, Senior Economist, EFAMA
Patricia Wruuck, Economist, EIB