

## ASSET ALLOCATION IN EUROPE:

### What challenges and opportunities lie ahead?



2<sup>nd</sup> TASK FORCE MEETING

Brussels, 24 October 2017

#### AGENDA

12:00 – 12:30

Registration & lunch

12:30 – 13:00

Introductory remarks

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

13:00 – 13:30

Opening address

Nathalie Berger, Head of Insurance and Pensions Unit, DG FISMA, European Commission

13:30 – 15:00

Session 1. Insurance companies

The insurance sector is the largest institutional investor in Europe and remains highly concentrated in a small number of countries. Despite a shift towards products featuring lower guarantees and a more flexible return structure, non-unit-linked still constitute the bulk of the policies on the balance sheets of life insurers. On the assets side, the process of de-risking has come to a halt and has started to reverse in recent years. Some insurers have been gradually increasing their exposure to higher-yielding debt instruments but also to infrastructure, private equity and direct lending. On average, non-life insurers operate at higher shares of equity than life insurers.

- What are most relevant constraints/opportunities on the balance sheets of insurers?
- Are the concerns about the increasing duration mismatch and re-investment risk warranted? What types of risk management strategies are currently being employed?
- What are the main drivers behind externalising portfolio management and other types of services (reporting, data analytics, etc.)?
- Should prudential regulation be used as tool to (dis) incentivise investment in certain asset classes? Is the current regulatory framework (Solvency 2) conducive to long-term investment?

#### Panel debate

Dimitris Zafeiris, Head of Risk & Financial Stability Department, EIOPA  
 Christian Jochum, Head of Strategy Development, Managing Director, Zurich Insurance  
 Mireille Aubry, Prudential Regulation, Standards and Foresight Officer, Covea  
 Claudio Bocci, Partner & Head of Asset Management, Prometeia

#### Discussion & wrap-up

15:00 – 15:30

Coffee break

15:30 – 17:00

Session 2. Pension funds

Europe's pension savings gap is projected at around €2 trillion a year, and there is no one 'silver bullet' for solving this increasingly complex problem. Over the last ten years, European pension funds (defined benefit or defined contribution, occupational or personal, mandatory or voluntary plans) have experienced an increase in their investments. At present, there is significant heterogeneity in the asset allocation among member states, with respect to direct or indirect holdings of equity in particular. When it comes to future challenges, the pension product mix (and underlying investment strategy) will have to accommodate the longevity 'risk' and deliver satisfactory and stable returns over time.

- What is the outlook for asset allocation (traditional vs alternatives) and investment strategies (active vs passive, cash flow vs liability driven) in the medium and long run?
- Do the main risks for pension funds appear to be on the return portfolio, or rather on the matching portfolio? Does the business model play a significant role?
- Are pension funds reconsidering their in(out)-sourcing of asset management or co-investment/partnerships with other institutional investors?
- What does PEPP need to induce adequate savings for future retirement income? Is it going to be sufficiently attractive for both savers and providers?

Panel debate

Dimitris Zafeiris, Head of Risk & Financial Stability Department, EIOPA

Matti Leppälä, Secretary General, PensionsEurope

Hans van Meerten, Professor of International Pension Law, Utrecht University

Martin Parkes, Director of Government Affairs and Public Policy, BlackRock

Discussion & wrap-up

17:00 – 17:30

Conclusions & discussion about the 3rd meeting

Rapporteur: Cosmina Amariei, Researcher, ECMI

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

### Participants (other than speakers)

Pierre Allegret, Policy Officer, DG FISMA, European Commission

Johan Barnard, Head of Public Policy, APG

Sylvie Focquet, Senior Recovery and Resolution Expert, SRB

Anders Damgaard, Chief Financial Officer, PFA Pension

Bernard Delbecque, Director of Economics and Research, EFAMA

Philipp Hartmann, Deputy Director, DG Research, ECB

Tamar Joulia-Paris, Senior Risk Advisor, TJ Capital

Patrik Karlsson, Director, ICMA

Irene Kragt, Consultant, Afore Consulting

Aleksandra Maczynska, Executive Director, Better Finance

Barbara Matthews, Managing Director, BCM International Regulatory Analytics

Mark Minichiello, Executive Director, J.P. Morgan Asset Management

Rhodri Preece, Head of Capital Markets Policy EMEA, CFA Institute

Sandrell Sultana, Director, Kreab

Amlan Roy, Global Chief Retirement Strategist, State Street Global Advisors

Jeff Rupp, Director of Public Affairs, INREV

Aneta Spendzharova, Assistant Professor, Maastricht University

Ole Stæhr, Executive Advisor, Nordea Wealth Management

Philipp Ständer, Research Fellow, Jacques Delors Institut - Berlin

Linda Strazdina, Consultant, Afore Consulting

Andrej Stuchlik, Policy Officer, EIB

Thomas Tilley, Senior Economist, EFAMA

Lizeth Tijssen, Senior Consultant, Zurich Insurance

Apostolos Thomadakis, Researcher, ECMI

Patricia Wruuck, Economist, EIB