# EFFAS SUMMER SCHOOL 2023. Lisbon.
# 6th & 7th of July.

## ''Asset Management: The Ever Changing Industry ''

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*This information has been prepared as a basis of discussion for the panels in the EFFAS Summer School 2023 in Lisbon, in a key note address by Jorge Teixeira. The views, analysis, opinions expressed by the author in this presentation were prepared by himself and do not express the views of BPI Gestão de Ativos or any entities of the CaixaBank Group, nor of the entitie or organizations referred in the presentation.*

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# ASSET MANAGEMENT

## A Frog In Boiling Water?

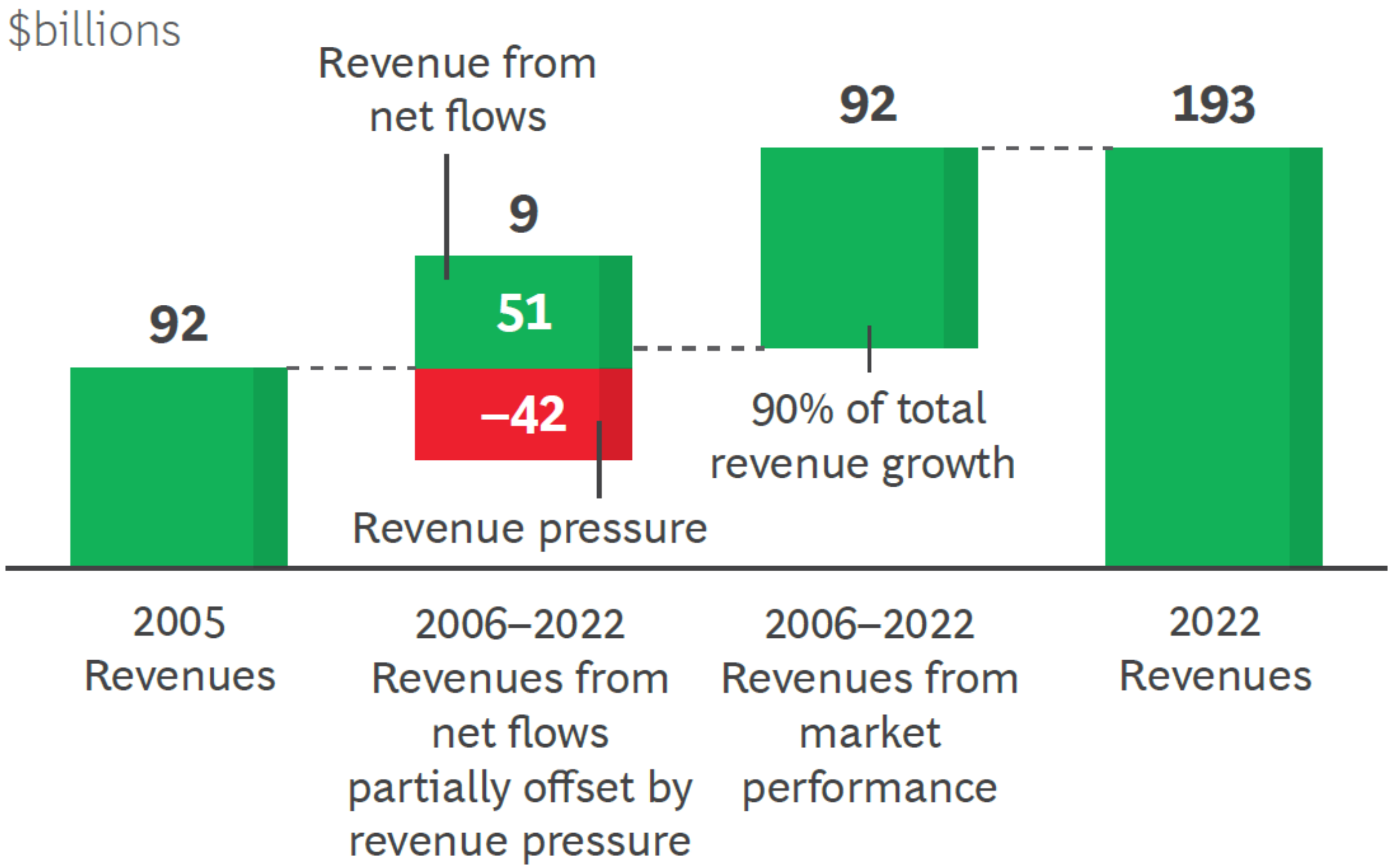
- Fee Compression: management fees, retrocessions, costs
- Changing investor/client preferences: rising rates, ESG, digital assets
- The Rise of Passives: ETFs, index funds, smart beta
- Data Curation/Management: ESG, Risk, Asset Classes/Allocation,
- Digital Transformation: Robot Advisors, AI, ML, trading platforms

# FEES: GROWTH IS NO LONGER GUARRANTEED

## Boston Consulting Group – Asset Management Report 2023

*"Adaptation to an environment of pressure on fees, with increased demand for passive management instruments (ETF's) - need to improve the offer and genuine creation of value for the customer, encouraging the availability to stand higher costs with the expectation of obtaining higher returns"*

*BPI Gestão de Ativos Employee A*



# PREFERENCES: INVESTOR EDUCATION

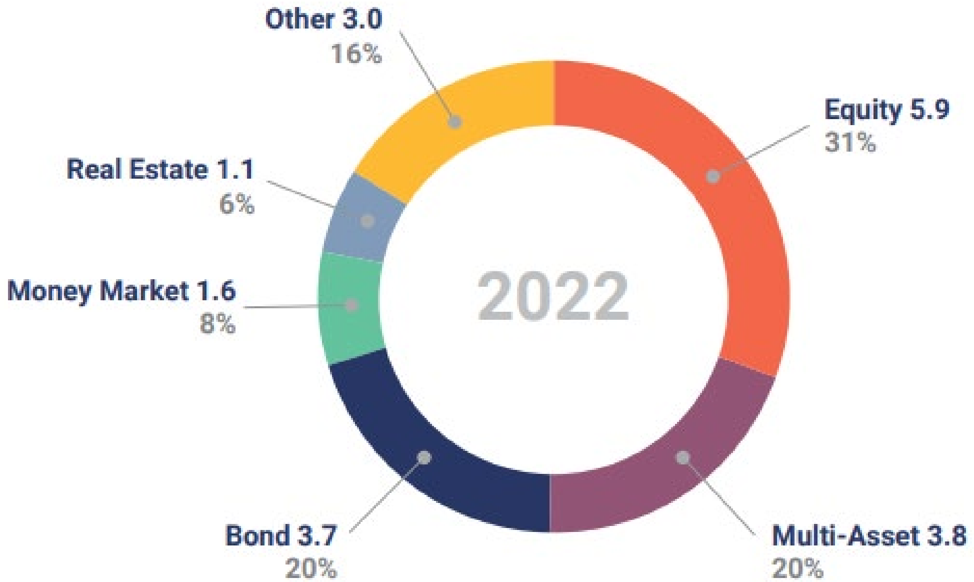
## EFAMA – Annual Review

*The use of increasingly "customizable" robo-advisers will make it possible to be a differentiating factor both in terms of customer segmentation and service (risk, type of products, objectives, etc.) process of allocating investments in different macroeconomic and market contexts through the use of AI and increasingly sophisticated ML algorithms. Alongside AI and the continued adoption of ESG measures, the emergence of new ways of settling financial products using DLT's and digital currencies such as CBDC's also promise to revolutionize our industry!*

*BPI Gestão de Ativos Employees B and C*

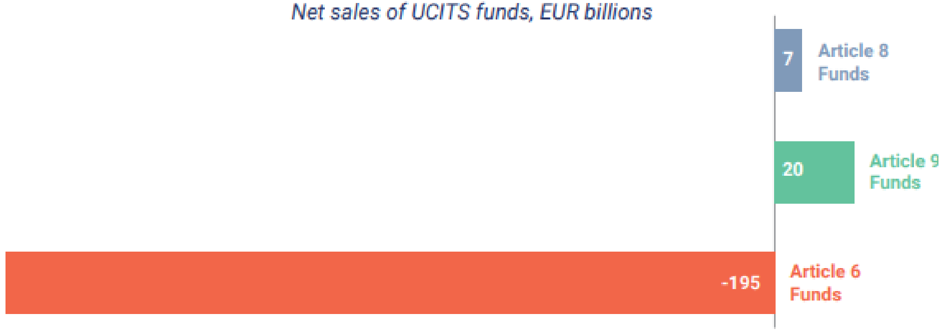
**WHAT ARE THE MAIN TYPES OF EUROPEAN INVESTMENT FUNDS?**

*EUR trillions, in percent of net assets*




**WHAT HAPPENED IN THE MARKET FOR SUSTAINABLE FUNDS IN 2022?**

*Net sales of UCITS funds, EUR billions*



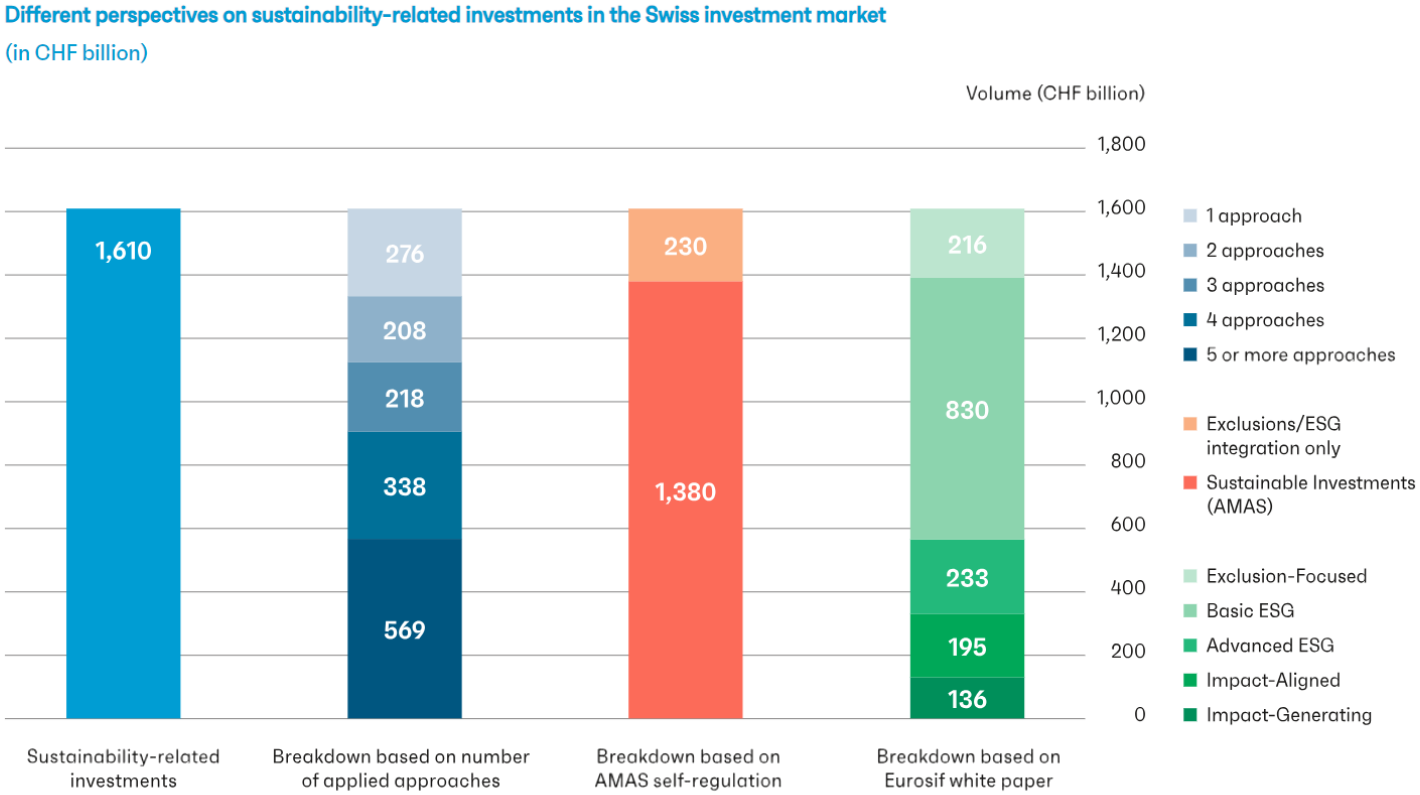

Source: EFAMA's calculation based on Morningstar Direct data

# ESG: FINANCING THE TRANSITION TO A SUSTAINABLE FUTURE

## SSF – Swiss Sustainable Investment Market Study 2023

*"Facing the growing importance of sustainability and the circular economy, with the consequent challenges of incorporating ESG principles not only in investment products. Need to improve ESG measurement and control tools, preventing and identifying greenwashing situations and increasing the scope of the methodology, taking into account the entire production chain, as well as any externalities."*

*BPI Gestão de Ativos Employee D*

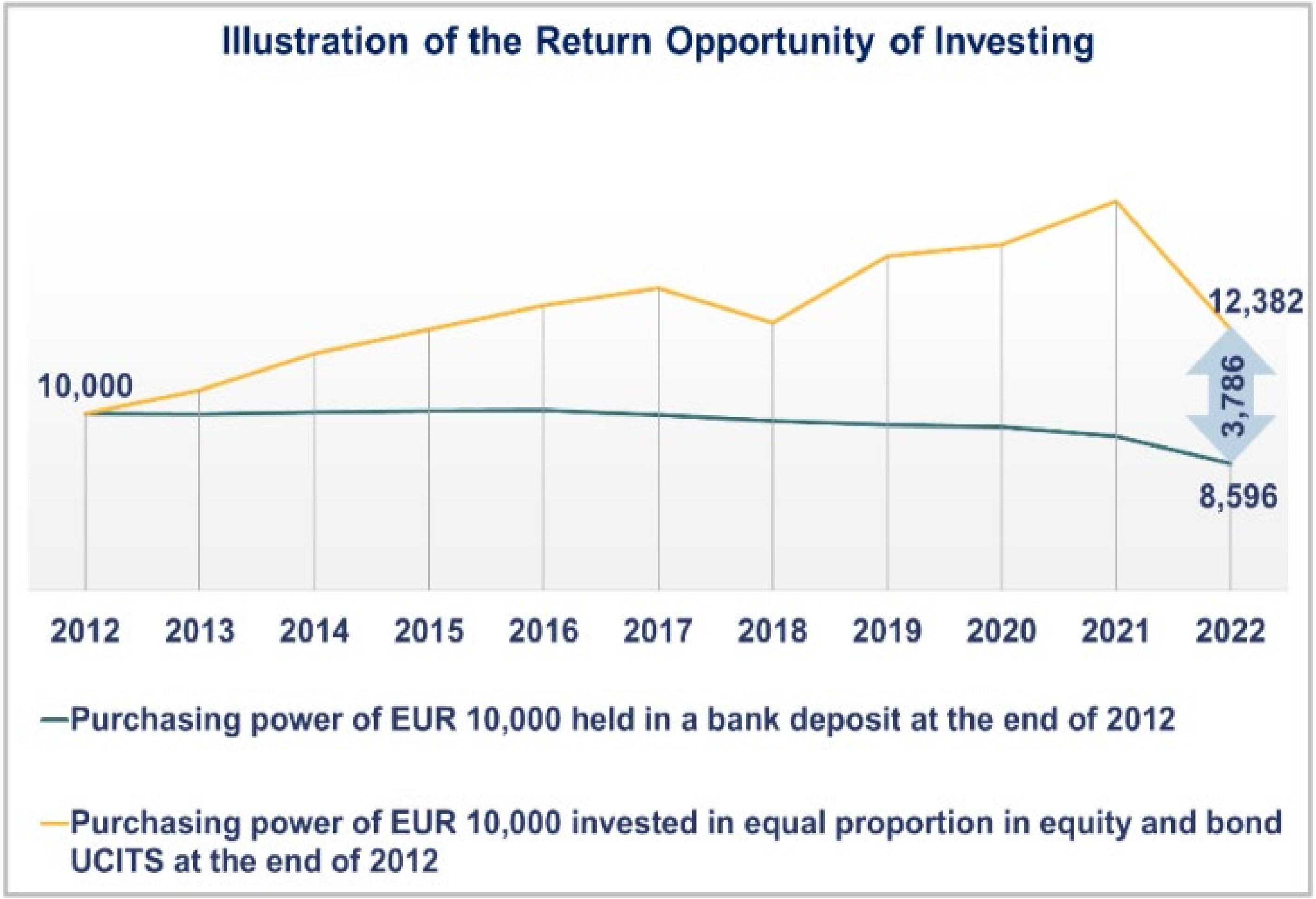


# RISING RATES: ROLE OF ASSET MANAGERS IN SOCIETY AND THE ECONOMY

## EFAMA Asset Management Report 2022

*“Lower management fees have to be reflected across the board for all customers. The advertised management costs are actually in most cases the sum of a management and distribution fees. If retrocessions are banned, and replaced with advisory fees, paid directly by the client, pure investment costs will be lower and fund returns higher – Value for Money”.*

*BPI Gestão de Ativos Employee C*



# ASSET ALLOCATION: THANK YOU AND RIP HARRY MARKOWITZ

## Allianz Global Investors - Long-Term Capital Market Assumptions Q2 2023

**Chart 1: 10-Year Risk and Return plot as of Q2 2023 (in EUR)**

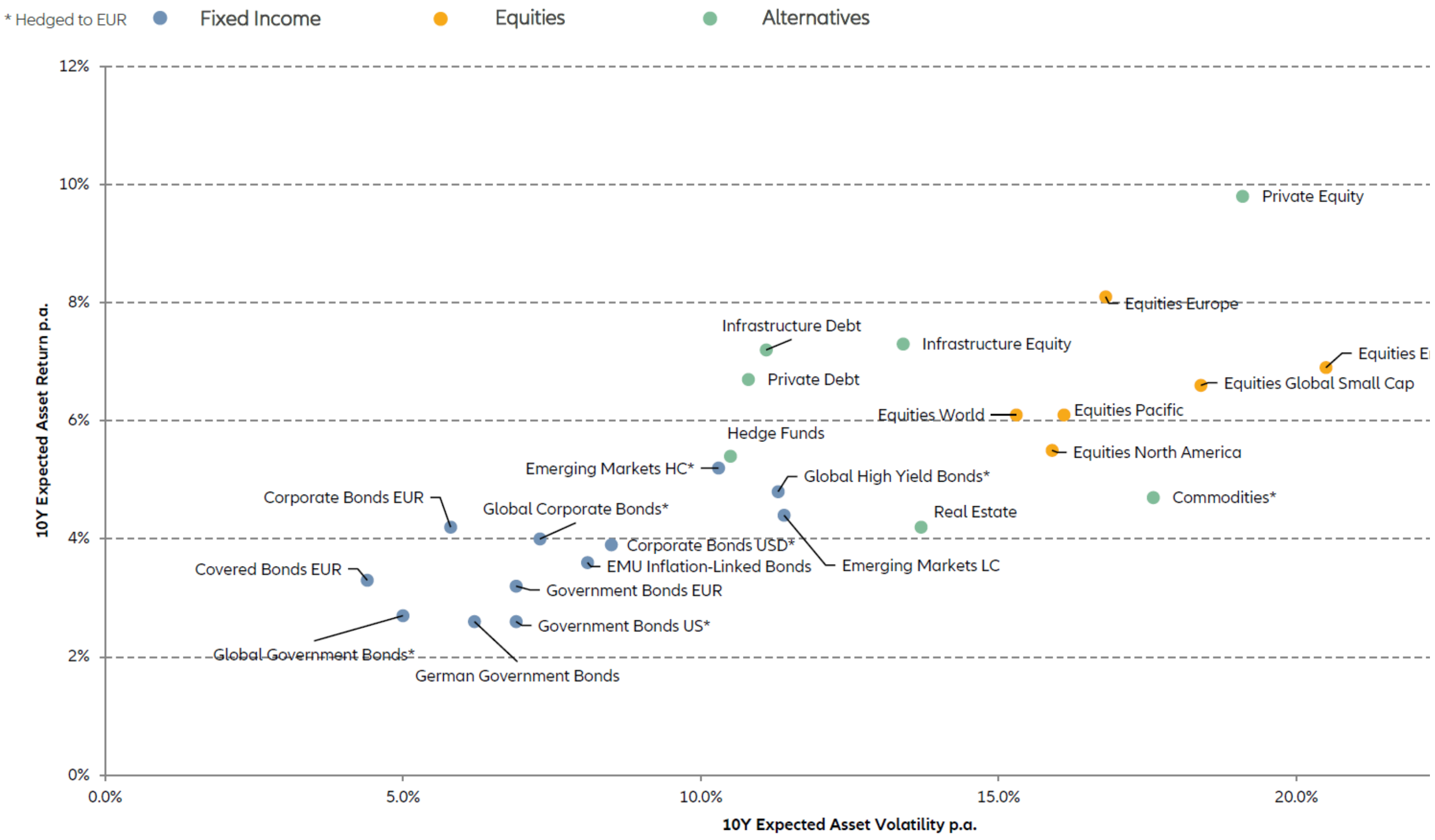



**Table 2: Asset Class Correlations as of Q2 2023 (in EUR)**

* Hedged to EUR

| # | Asset Class | Correlations of Returns | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | German Government Bonds | 1 | German Government Bonds | | | | | | | |
| 2 | Government Bonds EUR | 0.87 | 2 | Government Bonds EUR | | | | | | |
| 3 | Government Bonds US* | 0.64 | 0.54 | 3 | Government Bonds US* | | | | | |
| 4 | Global Government Bonds* | 0.81 | 0.78 | 0.92 | 4 | Global Government Bonds* | | | | |
| 5 | EMU Inflation-Linked Bonds | 0.61 | 0.83 | 0.27 | 0.55 | 5 | EMU Inflation-Linked Bonds | | | |
| 6 | Covered Bonds EUR | 0.86 | 0.96 | 0.62 | 0.82 | 0.70 | 6 | Covered Bonds EUR | | |
| 7 | Corporate Bonds EUR | 0.52 | 0.60 | 0.32 | 0.47 | 0.51 | 0.59 | 7 | Corporate Bond | |
| 8 | Corporate Bonds USD* | 0.42 | 0.43 | 0.71 | 0.68 | 0.33 | 0.45 | 0.72 | 8 | Corpora |
| 9 | Global Corporate Bonds* | 0.46 | 0.49 | 0.66 | 0.68 | 0.38 | 0.50 | 0.82 | 0.99 | 9 |
| 10 | Global High Yield Bonds* | 0.12 | 0.19 | 0.23 | 0.25 | 0.20 | 0.19 | 0.52 | 0.57 | 0.58 |
| 11 | Emerging Markets HC* | 0.28 | 0.31 | 0.53 | 0.51 | 0.26 | 0.32 | 0.52 | 0.74 | 0.72 |
| 12 | Emerging Markets LC | 0.09 | 0.06 | 0.09 | 0.10 | 0.04 | 0.08 | 0.17 | 0.17 | 0.18 |
| 13 | Equities World | 0.00 | 0.04 | -0.01 | 0.01 | 0.05 | 0.03 | 0.26 | 0.20 | 0.22 |
| 14 | Equities Europe | 0.00 | 0.07 | -0.01 | 0.01 | 0.09 | 0.05 | 0.30 | 0.22 | 0.25 |
| 15 | Equities North America | 0.00 | 0.03 | -0.01 | 0.00 | 0.03 | 0.02 | 0.23 | 0.19 | 0.20 |
| 16 | Equities Pacific | 0.01 | 0.05 | -0.01 | 0.01 | 0.06 | 0.04 | 0.26 | 0.21 | 0.23 |
| 17 | Equities Emerging Markets | 0.00 | 0.05 | -0.02 | 0.01 | 0.07 | 0.04 | 0.27 | 0.22 | 0.24 |
| 18 | Equities Global Small Cap | -0.01 | 0.04 | -0.02 | 0.00 | 0.06 | 0.03 | 0.28 | 0.23 | 0.25 |
| 19 | Private Debt | -0.12 | -0.02 | -0.11 | -0.06 | 0.14 | -0.04 | 0.42 | 0.36 | 0.39 |
| 20 | Private Equity | 0.00 | -0.01 | -0.01 | -0.01 | 0.00 | -0.01 | 0.17 | 0.17 | 0.18 |
| 21 | Infrastructure Debt | 0.14 | 0.27 | 0.05 | 0.15 | 0.32 | 0.23 | 0.72 | 0.57 | 0.63 |
| 22 | Infrastructure Equity | 0.03 | -0.06 | 0.03 | 0.00 | -0.09 | -0.04 | 0.00 | 0.06 | 0.05 |
| 23 | Real Estate | 0.02 | 0.06 | 0.00 | 0.02 | 0.06 | 0.05 | 0.24 | 0.19 | 0.21 |
| 24 | Hedge Funds | 0.09 | 0.04 | 0.05 | 0.05 | 0.00 | 0.06 | 0.18 | 0.16 | 0.17 |
| 25 | Commodities* | -0.02 | 0.04 | -0.02 | 0.00 | 0.07 | 0.02 | 0.20 | 0.19 | 0.20 |

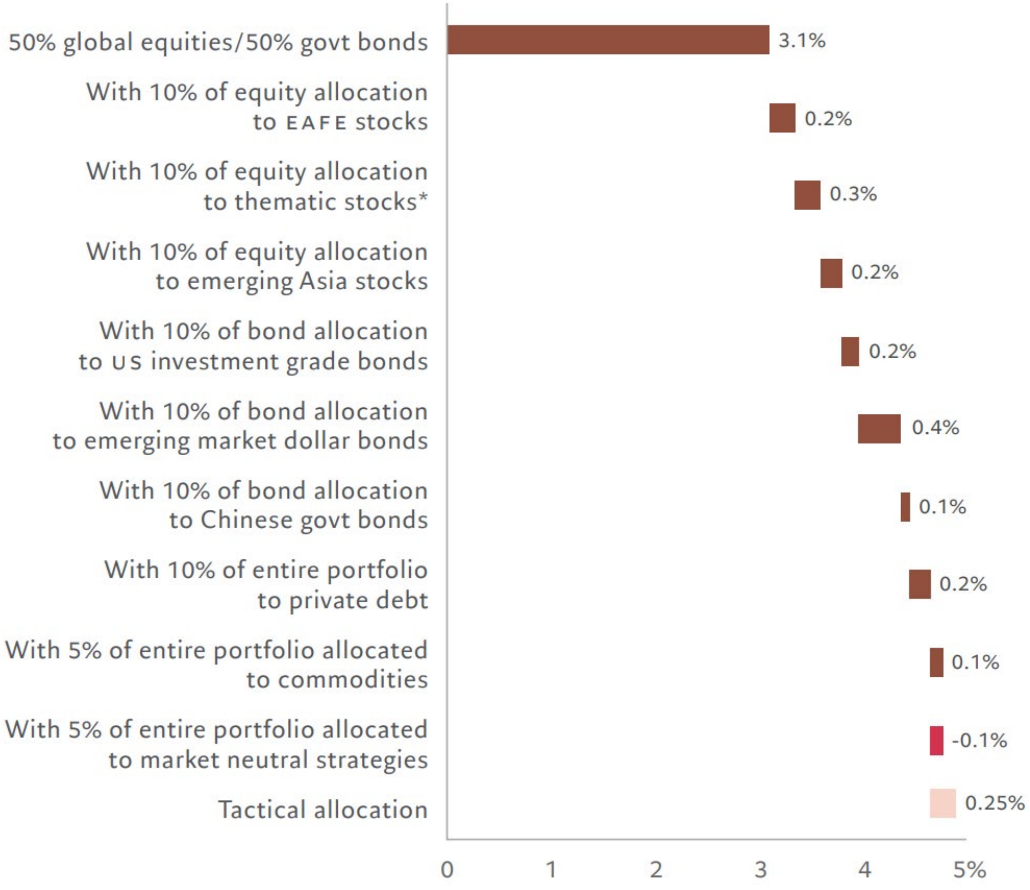
# AA: DIVERSIFIED PORTFOLIOS PREVAIL

## Pictet Asset Management – Secular Outlook

*"How will the industry cope with large diversity of existing data and prepare itself to analyze large amounts of data quickly and accurately in favor of investors? These valuable resources allow (asset managers) to make better decisions in risk assessment and asset allocation components"*

*BPI Gestão de Ativos Employee E*

Diversified portfolios: estimated real return, %, annualised, over 5 years




Source: Pictet Asset Management

*Thematic stocks are companies we believe offer a potential excess return of 3% per year over the MSCI World A/C Index. These companies operate in industries we expect to expand at a faster rate than the world economy (such as clean energy, robotics and digital technology)

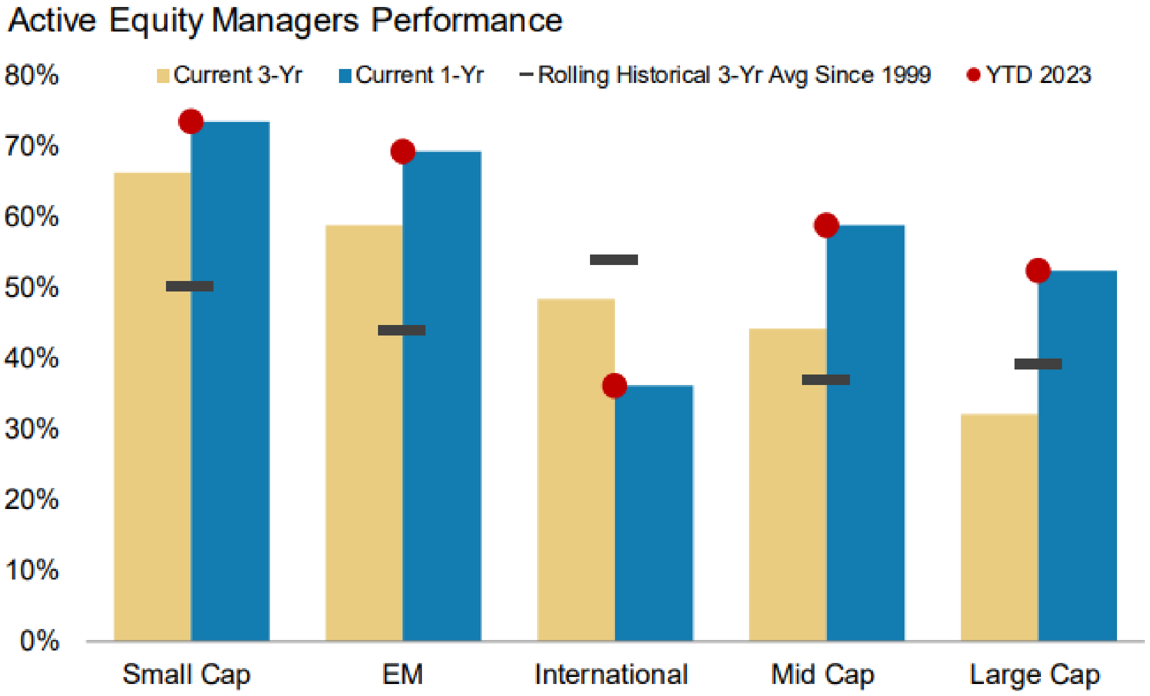
# PASSIVES: RE-CHARTING THE COURSE

## Morgan Stanley Research – Asset Managers, May 2nd 2023

*"Over the last 15 years, we have seen a massive shift to passive. With cost, tax and liquidity advantages, added to substantial advancements in trading technologies and zero cost. However, a new wave of active strategies may be here to stay. Several ETF launches have active strategies. A combination between efficient structures and the benefits of active management is emerging."*

*BPI Gestão de Ativos Employee F*

**US active equity manager performance improving YTD through March, with 56% of funds above their benchmarks on 1Y, vs 49% at Dec-22 and 46% over last 3 years**



# LONG LIVE ASSET MANAGEMENT!

## The Ever Changing Industry

- Revenue Expansion: market performance, product mix, innovations, new markets
- New investor/client preferences and needs: solutions, robot, AI/ML
- New frontiers explored by traditional managers: Actively Managed ETFs, alternatives and solutions
- Data Management as a source of revenue: FaaS - Funds as a Service
- Digital Transformation expands and leverages all of the above

# THANK YOU.
# WELCOME TO LISBOA
# AND ENJOY YOUR STAY