

SEVENTH ANNUAL REPORT

Institutional Investors in Italy: membership, resources and managers in 2019

Curated by the Itinerari Previdenziali Study and Research Center



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The Report was drafted by:

Alberto Brambilla, Alessandro Bugli, Michaela Camilleri, Leo Campagna, Francesca Colombo, Edgardo Da Re, Niccolò De Rossi, Pietro De Rossi, Giovanni Gaboardi, Giovanni Gazzoli, Andrea Girardelli, Paolo Novati, Tiziana Tafaro

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It is possible to subscribe to the reserved area of the Itinerari Previdenziali website (www.itinerariprevidenziali.it) to access the database related to the investments of each individual institutional investor by asset class, their number and rankings, products and different types of AUM investments, number of mandates, market shares and amounts of assets under management; here are some examples of the data that can be obtained from this database:

- List of management companies for each individual occupational fund
- List of occupational funds by mandate
- List of management companies for each pre-existing fund
- List of pre-existing funds by mandate
- List of management companies for each Scheme
- List of privatized schemes funds for liberal professionals by mandate
- Comprehensive rankings of mandated management companies
- Comprehensive rankings of companies managing for UCITs, AIFs and ETFs
- Complete rankings of institutional investors by number of members and by assets
- List of service providers (financial advisors, custodian banks, administrative services)
- Asset composition for each individual investor

Moreover, the Itinerari Previdenziali website provides a "**fund comparative tool**", an important, monthly updated instrument designed to look into different types of funds, their yields, volatility (in simple terms, the regular results obtained), risk profiles, costs and useful information by comparing disclosures, regulations and information notes (periodically updated). This is a unique tool in Italy since it allows for comparing the different investment approaches of **open-ended pension funds**, **occupational pension funds** and **individual pension plans** in terms of yields, volatility, costs and other useful information.

Finally, this website features a "**Cambi e Bandi**" section that is freely available on the information blog edited by the Research and Study Center of Itinerari Previdenziali, called ilPunto-Pensioni&Lavoro (www.ilpuntopensionielavoro.it); it focuses on calls, call results, investments, changes and appointments and it provides stakeholders with updated developments and trends on the market of Italian institutional investors.

Introduction

In Italy, institutional investors can be divided as follows: second-pillar complementary *contractual schemes* such as *occupational pension funds*, *pre-existing pension funds*, *pension schemes* and *supplementary health care funds*; *private systems* such as open-ended pension funds, IPPs and insurance schemes; first-pillar *pension schemes for professionals* and banking foundations which operate in the community-based and welfare sector.

This **Report**, now in its seventh edition, aims at providing an overview about the number of players and of the working and retired members of pension funds and schemes, about the amount of assets and their composition and diversification, and about the subjects, the management companies and the product providers mandated to manage these assets¹. It also provides a picture of the real domestic economy investments for each type of investor and a series of data and rankings related to membership, capitalization and assets under management, a simple set of detailed information that is often not available in an aggregate form. The data presented in this Report were taken from the financial statements and disclosures of these organizations. Some detailed data that could not be obtained from the official documents were made available by these subjects at the specific request of the Itinerari Previdenziali Study and Research Centre.

The current edition again explores the sustainability strategies and the ESG criteria integrated in the portfolio of the main Italian institutional investors. The focus provides a general overview of the current choices and the future prospects for occupational and pre-existing pension funds, pension schemes and banking foundations in terms of sustainable and responsible investments.

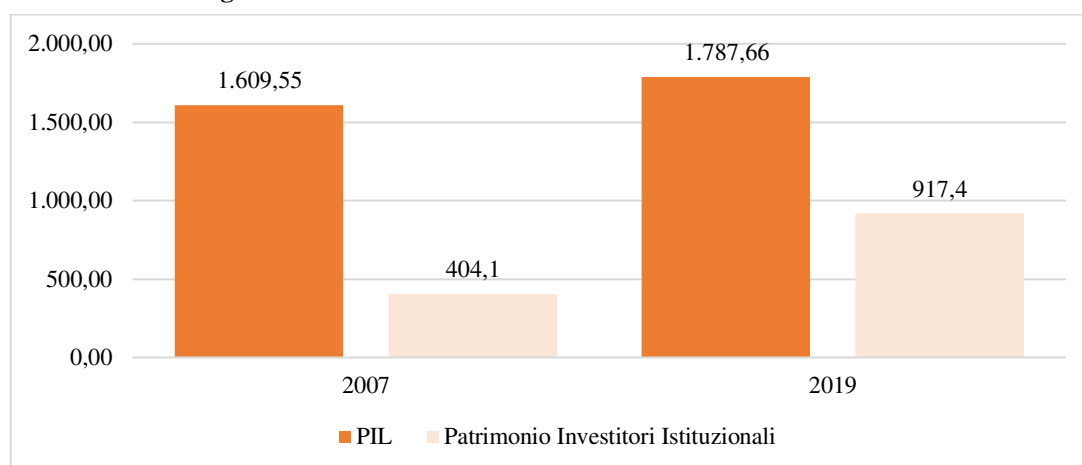
¹ The **rankings of management companies** do not include the resources of open-ended funds and IPPs that are generally managed by the companies that launched these schemes (SGRs, Banks and Insurance companies) and that are mainly invested in their own financial instruments, securities, insurance policies and UCITS; instead, they include the resources entrusted by these subjects to third party management companies, but not the ones of insurance companies.

1. General framework

In the last 13 years, despite the long financial crisis from 2008 to 2019, **the assets of institutional investors** operating in the contractual welfare field (occupational pension funds, pre-existing funds and supplementary health funds), of privatized schemes and banking foundations have surged from 142.85 billion euros in 2007 to **260.68 billion euros** in 2019, with an increase by 82,5%. However, except for health funds that are still in a legislative "limbo" and even without supervision despite their high membership, these investors experienced, on the one hand, a growth in their assets and, on the other, a progressive reduction in their number, especially small ones which merged to become larger and more organized; this is the case of the pre-existing funds of banking groups and of the occupational pension funds in the transport and cooperative sectors; however, lately this has also been true for banking foundations.

As a percentage of GDP², the assets of these institutional investors amount to **14.6%**; this ratio increases to **51.3%** (*figure 1.1*) also considering the assets of private welfare operators (life insurance companies offering class 1- 4 and 6 retirement plans, open-ended funds and IPPs).

Figure 1.1 - Ratio of the assets of institutional investors vs. GDP



GDP - Assets of Institutional Investors

However, according to the latest OECD³ data on the complementary pension sector, Italy **ranks 14th** out of 36 countries in terms of **pension funds' assets**, very close to Israel, just after Germany and before Chile, preceded by the unattainable USA (27,549 billion dollars), the UK (2,809), Canada (2,524), Australia (1,921), the Netherlands (1,536), Japan, Switzerland, Denmark, Sweden and Korea; but in the ranking also including major non-OECD economies, Italy holds the **17th place** (out of 44 countries) after Brazil (449 billion), South Africa (302.97 billion) and China (215.5 billion); we are distant from the GPFG (Government Pension Fund Global) of Norway that alone accounts for over 850 billion euros. However, with more than 176 billion euros' worth of assets, Italian pension funds now are adequately capitalized and are becoming an interesting market, with consistent annual flows equal to about one GDP point. In the ranking including other institutional investors such as privatized schemes, supplementary health funds and banking foundations, Italy goes up one position

² The 2019 GDP was equal to 1,787.7 billion euros.

³ Pension at a glance 2019, €/€ exchange rate on 31/12/2019 equal to 1.1234.

in the OECD and non-OECD rankings in terms of capitalization, behind China which, however, has a market totally dependent on the ruling party.

The number of operators - In 2019, the number of operational *institutional investors* was equal to **374** in the legal form of associations and foundations, with respect to 392 of the previous year (-18 and -74 with respect to 2015) (*table 1.1*). In detail: **86** banking foundations, **20** privatized schemes⁴, **33** occupational pension funds and **235** pre-existing funds (304 in 2015). To these must be added supplementary health care funds and privatized schemes which, according to our latest estimates, have stabilized at **322**, which is far too high for Italy, considering that the first 40 funds account for more than 80% of the system as a whole.

Compared to 2018, pre-existing funds suffered the greatest reduction (-16 funds) due to consolidations and mergers; the number of foundations dropped by 2 while there was no change in that of occupational pension funds.

In addition to insurance companies that manage a high number of products and "separate management schemes", the private sector features 111 open-ended pension funds and IPPs, whose number too has been declining in recent years (113 the previous year and 128 in 2015); moreover, of the 70 IPPs, almost 40% are closed to any placement.

Table 1.1 - Evolution of Italian institutional investors

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2010-2019 | | 2018-2019 | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|--------------|------------|-------------|
| | | | | | | | | | | | | | | var. ass. | var. % | var. ass. | var. % |
| Fondazioni bancarie | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 86 | -2 | -2,3 | -2 | -2,3 |
| Casse Privatizzate (1) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 0 | 0,0 | 0 | 0,0 |
| Fondi Preesistenti | 433 | 411 | 391 | 375 | 363 | 361 | 330 | 323 | 304 | 294 | 259 | 251 | 235 | -140 | -37,3 | -16 | -6,4 |
| Fondi Negoziati | 42 | 41 | 39 | 38 | 38 | 39 | 39 | 38 | 36 | 36 | 35 | 33 | 33 | -5 | -13,2 | 0 | 0,0 |
| Enti di assistenza sanitaria integrativa | - | - | - | 255 | 265 | 276 | 290 | 300 | 305 | 322 | 311 | 320 | 322 | 67 | 26,3 | 2 | 0,6 |
| Fondi Aperti | 81 | 81 | 76 | 69 | 67 | 59 | 58 | 56 | 50 | 43 | 43 | 43 | 41 | -28 | -40,6 | -2 | -4,7 |
| PIP "Nuovi" | 72 | 75 | 75 | 76 | 76 | 76 | 81 | 78 | 78 | 78 | 77 | 70 | 70 | -6 | -7,9 | 0 | 0,0 |
| Totale | 736 | 716 | 689 | 921 | 917 | 919 | 906 | 903 | 881 | 881 | 833 | 825 | 807 | -114 | -12,4 | -18 | -2,2 |
| (1) Le casse privatizzate sono 20 includendo Onaosi che però non è analizzata nel presente Report ma le gestioni, comprese le due gestite da Enpaia e Inpgi 2, sono 23; | | | | | | | | | | | | | | | | | |
| * La tabella non comprende i dati riferiti alle compagnie di assicurazione (polizze vita di classe C - ramo I, IV e V) e ai Pip "vecchi" | | | | | | | | | | | | | | | | | |
| Il numero dei fondi sanitari per il 2019, in mancanza di dati ufficiali, è stimato sulla base degli andamenti degli anni precedenti | | | | | | | | | | | | | | | | | |

Banking Foundations - Privatized Schemes (1) - Pre-existing Funds - Occupational Pension Funds - Supplementary Health-Care Funds - Open-Ended Funds - "New" IPPs – Total. (1)

*The number of privatized schemes is equal to 20 including Onaosi that has not been analyzed in this Report, but the number of pension schemes is equal to 23, including the two managed by Enpaia and Inpgi 2; *The table does not include the data related to Insurance Companies (Class C - I, IV and V life policies) and to "old" IPPs; the number of health funds for 2019 was estimated on the basis of the data related to previous years, since there are no official data available.*

Assets - In 2019, the institutional investors operating in the contractual welfare framework (occupational pension funds, pre-existing funds and healthcare funds), in the sector of liberal professions (privatized schemes) and in the local or territorial welfare system (banking foundations) had **260.68 billion euros** worth of assets, with an annual increase by 17.38 billion euros (+7.14% vs. the previous year), of which about 95 mandated to professional managers (112 in 2018) and about 86 billion euros (52.9 billion the previous year) directly invested in UCITs, AIFs, ETFs and policies

⁴ ONAOSI, the Health-Care Fund for Orphans, is excluded from the present analysis; the number of schemes is actually 23 considering the INPGI 2 separate scheme managed by INPGI and the funds for Agricultural and Agrotechnical Experts, both managed by ENPAIA.

(*table 1.2*). So, the institutional assets under direct or indirect management accounted for about 181 billion euros vs. 164.9 in 2018. The assets under direct or indirect management mandates account for approximately 75% of the total assets analyzed in this Report (241 billion euros' worth of assets of occupational pension funds, pre-existing funds, foundations and privatized schemes), with an upward trend compared to the previous years. This percentage is calculated out of the total assets of occupational pension funds and of privatized schemes and on the basis of our analysis sample, which accounts for 90% of all pre-existing funds and for about 85% of foundations. Therefore, in 2019 there was a reduction in the resources mandated to external professional managers; this reflects the propensity, mainly of pension schemes and banking foundations, to use customized platforms and Sicavs to facilitate monitoring and, in some cases, to contain their operating costs. Privatized schemes generally prefer this form of investment especially for their liquid asset component, while continuing to prefer a direct investment approach for the illiquid and alternative part of their assets.

In addition to these investors, there are also those operating in the so-called private welfare sector, namely *open-ended pension funds*, *individual pension plans (PPIs)* and *life insurance companies* (see Chapter 2); the total of the assets of these subjects amounts to 656.67 billion euros, + 38.27 billion with respect to 618.4 billion in 2018; insurance companies grow by 30 billion euros (+5.35%), IPPs by 4.78 billion euros (+15.57%) and open-ended funds by 3.22 billion euros (+16.4%).

If contractual welfare schemes, privatized schemes and foundations are added to the private welfare system, the total amount of assets reaches **917.36 billion euros**, compared to 861.6 billion euros in 2018, a 6.47% growth equal to 55.76 billion euros (3.12 GDP points) and to 51.3% of the Italian GDP. In 13 years, despite all the crises also on a domestic level, the assets of institutional investors have consistently increased by 127%, over twice as much compared to **404.11 billion euros** in 2007.

Table 1.2 - Evolution of the assets of institutional investors (billions of euros)

| Anno | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Inv. istituzionali | | | | | | | | | | | | | |
| Fondazioni bancarie | 57,55 | 58,48 | 58,66 | 59,50 | 52,81 | 51,00 | 49,25 | 48,60 | 48,56 | 46,35 | 46,10 | 45,70 | 46,99 |
| Casse Privatizzate (1) | 37,60 | 40,60 | 44,10 | 47,70 | 51,50 | 55,90 | 60,80 | 65,50 | 69,94 | 74,21 | 78,74 | 82,99 | 88,55 |
| Fondi Preesistenti | 36,10 | 35,90 | 39,80 | 42,00 | 43,90 | 47,97 | 50,40 | 54,03 | 55,30 | 57,54 | 58,99 | 59,70 | 63,51 |
| Fondi Negoziati | 11,60 | 14,10 | 18,80 | 22,40 | 25,30 | 30,17 | 34,50 | 39,64 | 42,55 | 45,93 | 49,46 | 50,41 | 56,14 |
| Assistenza sanitaria integrativa (*) | n.d. | n.d. | n.d. | 2,42 | 2,61 | 2,87 | 3,17 | 3,24 | 3,45 | 3,59 | 3,96 | 4,50 | 5,50 |
| Totale welfare contrattuale, Casse e Fondazioni | 142,85 | 149,08 | 161,36 | 174,02 | 176,12 | 187,91 | 198,12 | 211,01 | 219,80 | 227,62 | 237,25 | 243,30 | 260,68 |
| Fondi Aperti*** | 4,29 | 4,66 | 6,27 | 7,53 | 8,36 | 10,08 | 11,99 | 13,98 | 15,43 | 17,09 | 19,15 | 19,62 | 22,84 |
| PIP "Nuovi" | 1,02 | 1,95 | 3,39 | 5,22 | 7,19 | 9,81 | 13,01 | 16,36 | 20,06 | 23,71 | 27,64 | 30,70 | 35,48 |
| Pip "Vecchi" | 4,77 | 4,66 | 5,56 | 5,98 | 5,99 | 6,27 | 6,50 | 6,85 | 6,78 | 6,93 | 6,98 | 6,63 | 7,06 |
| Compagnie di assicurazione** | 251,19 | 241,23 | 293,62 | 330,43 | 338,44 | 353,73 | 387,09 | 441,09 | 480,16 | 517,33 | 539,40 | 561,42 | 591,29 |
| Totale welfare privato | 261,27 | 252,50 | 308,84 | 349,16 | 359,98 | 379,90 | 418,59 | 478,28 | 522,43 | 565,06 | 593,17 | 618,37 | 656,67 |
| Totale generale | 404,11 | 401,57 | 470,20 | 523,18 | 536,09 | 567,81 | 616,71 | 689,29 | 742,23 | 792,67 | 830,42 | 861,67 | 917,36 |

FONTI utilizzate: COVIP, Ministero della Salute, Ania, Acri, Ivass. (1) Il totale attivo riferito al 2018 è stato aggiornato sulla base del bilancio ENPAPI 2018 reso disponibile quest'anno (*) Stime Itinerari Previdenziali su dati Ministero della Salute e da rilevazione bilanci; (**) Dati relativi al ramo vita Classe C, rami elementari I, IV, V; (Fonte Ania, IVASS)
 (***) I fondi aperti includono le adesioni individuali e le collettive; Nota Con il termine patrimonio ci si riferisce al totale degli attivi di bilancio per le Fondazioni Bancarie e le Casse Privatizzate dei liberi professionisti; all'ANDP per i fondi pensione.

*Year - Institutional Investors - Banking Foundations - Privatized Schemes (1) - Pre-existing Funds - Occupational Pension Funds - Supplementary Health Funds *- Total Contractual Welfare - Privatized Schemes and Foundations - Open-Ended Funds*** - "New" IPPs - "Old" IPPs - Insurance Companies (**) - Total private welfare – Total. Sources: COVIP, Ministry of Health, ANIA, ACRI, IVASS. (1) The 2018 total assets have been updated on the basis of the 2018 ENPAPI accounts made available this year; (*) Estimates by Itinerari Previdenziali based on the data of the Ministry of Health and from financial accounts; (**) Data related to class C life insurance policies. Source: ANIA, IVASS (***) Open-ended funds include individual and collective membership; Note: the term "equity" refers to the total assets in the accounts of banking foundations and of privatized schemes for liberal professionals; to Net Assets Allocated to Benefits of pension funds.*

After three years of slight reductions, banking foundations too have experienced a growth in their assets, returning above the values of 2016; in fact, despite the market difficulties and their impact on the value of the shares of transferee bank, lending has remained strong notwithstanding the economic and stock market crises, with great benefits for the local communities involved.

Flows - In 2019, the contractual-welfare related income flow from assets, contributions (net of benefits) and dividends for privatized schemes and foundations (*table 1.3*) amounted to 17.39 billion euros, the best result in absolute terms since the beginning of the survey and the third in percentage terms. Occupational pension funds and privatized schemes had a growth by above 5 billion euros, pre-existing funds experienced a good performance with an increase by 3.8 billion euros and banking foundations by 1.29 billion euros.

Table 1.3 - Changes in the assets of institutional investors from 2007 to 2019
(% and absolute figures in billions of euros)

| | Var 2007-2008 | | Var 2008-2009 | | Var 2009-2010 | | Var 2010-2011 | | Var 2011-2012 | | Var 2012-2013 | | Var 2013-2014 | | Var 2014-2015 | | Var 2015-2016 | | Var 2016-2017 | | Var 2017-2018 | | Var 2018-2019 | |
|------------------------------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|--------------|---------------|--------------|
| | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. | Var % | Var ass. |
| Fondazioni bancarie | 1,62% | 0,93 | 0,32% | 0,19 | 1,43% | 0,84 | -11,26% | -6,7 | -3,41% | -1,8 | -3,43% | -1,75 | -1,33% | -0,65 | -0,08% | -0,04 | -4,56% | -2,21 | -0,54% | -0,25 | -0,87% | -0,4 | 2,81% | 1,29 |
| Casse Privatizzate | 7,98% | 3 | 8,62% | 3,5 | 8,16% | 3,6 | 7,97% | 3,8 | 8,54% | 4,4 | 8,77% | 4,9 | 7,73% | 4,7 | 6,78% | 4,44 | 6,11% | 4,27 | 6,10% | 4,53 | 5,40% | 4,25 | 6,70% | 5,56 |
| Fondi Preesistenti | -0,55% | -0,2 | 10,86% | 3,9 | 5,53% | 2,2 | 4,52% | 1,9 | 9,27% | 4,07 | 5,07% | 2,43 | 7,20% | 3,63 | 2,35% | 1,27 | 4,05% | 2,24 | 2,52% | 1,45 | 1,20% | 0,709 | 6,39% | 3,81 |
| Fondi Negoziati | 21,55% | 2,5 | 33,33% | 4,7 | 19,15% | 3,6 | 12,95% | 2,9 | 19,26% | 4,87 | 14,34% | 4,33 | 14,90% | 5,14 | 7,34% | 2,91 | 7,95% | 3,38 | 7,69% | 3,53 | 1,92% | 0,95 | 11,36% | 5,73 |
| Forme di assistenza sanitaria integrativa* | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 8,07% | 0,2 | 9,77% | 0,26 | 10,40% | 0,3 | 2,37% | 0,08 | 6,48% | 0,21 | 4,00% | 0,14 | 10,20% | 0,37 | 13,75% | 0,544 | 22,22% | 1,00 |
| Tot. welfare contrattuale, Casse Priv. e Fondazioni | 4,36% | 6,23 | 8,24% | 12,3 | 7,84% | 12,7 | 1,21% | 2,1 | 6,70% | 11,8 | 5,43% | 10,2 | 6,51% | 12,9 | 4,17% | 8,79 | 3,56% | 7,81 | 4,20% | 9,58 | 2,55% | 6,053 | 7,15% | 17,39 |
| Fondi Aperti*** | 8,62% | 0,37 | 34,55% | 1,61 | 20,10% | 1,26 | 11,02% | 0,8 | 20,50% | 1,72 | 18,90% | 1,91 | 16,60% | 1,99 | 10,30% | 1,45 | 10,70% | 1,66 | 12,05% | 2,06 | 2,48% | 0,474 | 16,41% | 3,22 |
| PIP "Nuovi" | 91,18% | 0,93 | 73,85% | 1,44 | 53,98% | 1,83 | 37,74% | 2 | 36,48% | 2,62 | 32,58% | 3,2 | 25,75% | 3,35 | 22,62% | 3,7 | 18,20% | 3,65 | 16,58% | 3,93 | 11,09% | 3,064 | 15,55% | 4,77 |
| Pip "Vecchi" | -2,31% | -0,1 | 19,31% | 0,9 | 7,55% | 0,42 | 0,17% | 0 | 4,72% | 0,28 | 3,62% | 0,23 | 5,38% | 0,35 | -1,02% | -0,07 | 2,23% | 0,15 | 0,72% | 0,05 | -5,07% | -0,354 | 6,61% | 0,44 |
| Compagnie di assicurazione** | -3,97% | -10 | 21,72% | 52,4 | 12,54% | 36,8 | 2,42% | 8 | 4,52% | 15,3 | 9,43% | 33,4 | 13,95% | 54 | 8,86% | 39,1 | 7,74% | 37,2 | 4,27% | 22,1 | 4,08% | 22,02 | 5,32% | 29,87 |
| Totale welfare privato | -3,36% | -8,8 | 22,31% | 56,3 | 13,06% | 40,3 | 3,10% | 11 | 5,53% | 19,9 | 10,10% | 38,7 | 14,26% | 59,7 | 9,23% | 44,2 | 8,16% | 42,6 | 4,97% | 28,1 | 4,25% | 25,2 | 6,19% | 38,3 |
| Totale generale | -0,63% | -2,5 | 17,09% | 68,6 | 11,27% | 53 | 2,47% | 13 | 5,92% | 31,7 | 8,61% | 48,9 | 11,77% | 72,6 | 7,68% | 52,9 | 6,80% | 50,4 | 4,76% | 37,8 | 3,76% | 31,26 | 6,46% | 55,69 |

Year - Institutional Investors - Banking Foundations - Privatized Schemes - Pre-existing Funds - Occupational Pension Funds - Supplementary Health Funds (*) - Total Contractual Welfare: Privatized Schemes and Foundation -, Open-Ended Funds*** - "New" IPPs, "Old" IPPs - Insurance Companies (**), Total private welfare, Total.

Sources and notes as in the previous tables. Data processed by Itinerari Previdenziali

In addition to these flows, the new resources to be reinvested deriving from the expiring assets of these institutional investors are estimated to be equal to about 20 billion euros. As indicated above, the private welfare sector too had a good performance, with a strong growth by 38.3 billion euros for life insurance companies, IPPs and open-ended funds.

The total growth of this system in 2019 was equal to **55.69 billion euros**, an excellent result for this market and much above that of 2018, equal to 31.25 billion euros; a result also obtained thanks to the good performance of the financial markets, with their positive effect on the overall performance of institutional investors and on their capital growth.

Membership - In order to evaluate future contribution flows, it is important to monitor not only the assets but also the **membership** of the different types of **complementary welfare schemes**: the overall number of members of pension funds is equal to **8,263,593** even if, as COVIP rightly points out, the outstanding positions in these funds amount to more than 9 million (with duplications due to workers participating in different schemes), up with respect to 2018 (7,946,215) and up by 317,378 vs. over 400,000 in 2017. In detail, as will be illustrated in the following chapters, open-ended funds feature 1,515,989 members, with an increase by 6.1%; new and old IPPs 3,618,291, with an increase by about 4%; membership grows to 618,260 (+0.9%) also for pre-existing funds and to 3,095,417 (+5%) for

occupational pension also thanks to the introduction of a contractual membership mechanism by some pension funds. So, compared to the number of active workers (23.4 million at the end of 2019), the membership rate is 34%, even if, as indicated by COVIP, the members who regularly pay their contributions are just over 6 million. In order to obtain a more exhaustive picture, it is necessary to add the **1,676,387** members of privatized schemes to the figures illustrated above.

Health insurance funds experience a consistent growth in their membership, even if the figures in **table 1.4** start from 2017 for lack of official information; the number of members is estimated to exceed 13 million at the end of 2019, also due to new funds and to many collective agreements.

Table 1.4 - Membership for supplementary health funds

| Anno | Lavoratori dipendenti | Lavoratori non dipendenti | Familiari lavoratori dipendenti | Familiari lavorat. non dipendenti | Pensionati | Familiari pensionati | Totale lavoratori | Totale familiari dei lavoratori | Totale pensionati (1) | Totale iscritti |
|------|-----------------------|---------------------------|---------------------------------|-----------------------------------|------------|----------------------|-------------------|---------------------------------|-----------------------|-------------------|
| | <i>a</i> | <i>b</i> | <i>c</i> | <i>d</i> | <i>e</i> | <i>f</i> | <i>g=a+b</i> | <i>h=c+d</i> | <i>i=e+f</i> | <i>j=g+h+i</i> |
| 2010 | 1.647.071 | 414.904 | 983.593 | 266.906 | – | – | 2.061.975 | 1.250.499 | – | 3.312.474 |
| 2011 | 3.209.587 | 461.424 | 1.264.534 | 211.088 | – | – | 3.671.011 | 1.475.622 | – | 5.146.633 |
| 2012 | 3.724.694 | 506.169 | 1.290.336 | 310.744 | – | – | 4.230.863 | 1.601.080 | – | 5.831.943 |
| 2013 | 4.734.798 | 539.914 | 1.373.444 | 266.245 | – | – | 5.274.712 | 1.639.689 | – | 6.914.401 |
| 2014 | 5.141.223 | 565.199 | 1.563.015 | 224.387 | – | – | 5.706.422 | 1.787.402 | – | 7.493.824 |
| 2015 | 6.423.462 | 535.893 | 1.862.206 | 332.931 | – | – | 6.959.355 | 2.195.137 | – | 9.154.492 |
| 2016 | 6.680.504 | 1.074.038 | 1.908.962 | 251.955 | 527.716 | 173.672 | 7.754.542 | 2.160.917 | 743.120 | 10.616.847 |
| 2017 | 8.772.000 | 1.290.000 | 2.322.000 | 258.000 | | | 10.062.000 | 2.580.000 | 903.000 | 12.900.000 |
| 2018 | 9.180.000 | 1.350.000 | 2.430.000 | 270.000 | | | 10.530.000 | 2.700.000 | 945.000 | 13.500.000 |
| 2019 | 9.316.000 | 1.370.000 | 2.466.000 | 274.000 | | | 10.686.000 | 2.740.000 | 959.000 | 13.700.000 |

(1) nmero di pensionati e loro familiari a carico; Fonte: elaborazioni su dati Anagrafe dei fondi sanitari del Ministero della Salute; in verde dati provvisori

Year - Employed workers - Non-employed workers - family members of non-employed workers – Pensioners - Family members of pensioners - Total for workers - Total for workers' family members - Total for pensioners (1) - Total membership (1) - Number of pensioners and their dependent family members.

Source: processed data from The Registry of health funds of the Ministry of Health; Provisional figures in green

Yields - In 2019, all institutional investors had excellent returns, largely recovering from the negative results of the annus horribilis of 2018, beset by the generalized decline in the financial markets. The best results were obtained by the IPPs invested in unit-linked products, +12.2% with respect to - 6.5% of 2018 (**tables 1.5 and 1.5.1**); followed by open-ended funds, + 8.3% vs. - 4.5% of 2018. Please note that 2018 ended with an average five-year GDP equal to **1.34%**, an inflation rate of **1.20%** and termination of employment benefits amounting to **2%**, net of taxes, which further deteriorated the already negative performance; moreover, the 2019 results largely exceed the adjustments required by law, based on the aforementioned parameters. Occupational pension funds grew by 7.2%, followed by banking foundations with an excellent performance of + 6.5% and pre-existing funds with 5.6%. The inflation, termination of employment benefit and five-year average GDP parameters were largely above with their respective increase by 1%, 1.5% and 1.9%.

The year 2020 had started in the same wake as the previous year, at least in terms of financial market performance. But then it has suffered a major setback caused by the COVID-19 pandemic, which has had a negative impact on all asset classes. Apart from the performance obtained by the Nasdaq, with the soaring value of technology companies, the other indices, such as S&P, FTSE, MIB and EuroStoxx 50, have suffered substantial losses: from the all-time high of February 19 to the all-time low of -34.10%, -41.54% and -38.27% respectively in early August; interest rates on bonds are expected to remain close to zero due to the QE of the ECB and the decisions by the FED, and with

unprecedented high prices on the bond market. Equity markets are likely to remain that very volatile due to the risk of a further wave of Coronavirus and also due to trade and geopolitical uncertainties. So, beating "target returns" will not be easy; for these very reasons, the asset allocation is being slowly changed with increasingly specialized and high value-added management approaches often not linked to benchmarks but to yield targets; this strategy envisages a progressive increase in AIF and real-asset investments.

Table 1.5 - Yield Comparison: 2019, 2018, 2017, 2016, 2015, 2014, last 3, 5 and 10 years (%)

| | | | | | | | Rendimento medio annuo composto | | | Rendimento cumulato | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------------------------------------|--------|---------|---------------------|--------|---------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 3 anni | 5 anni | 10 anni | 3 anni | 5 anni | 10 anni |
| Fondazioni Bancarie | 6,5 | 2,7 | 5,3 | 3,4 | 3,4 | 5,5 | 4,8 | 4,3 | 4,1 | 15,2 | 23,1 | 48,9 |
| Fondi negoziali | 7,2 | -2,5 | 2,6 | 2,7 | 2,7 | 7,3 | 2,4 | 2,5 | 3,6 | 7,2 | 13,1 | 42,7 |
| Fondi preesistenti | 5,6 | -0,2 | 3,2 | 3,3 | 2,0 | 5,0 | 2,8 | 2,8 | 3,4 | 8,8 | 14,6 | 39,1 |
| Fondi aperti | 8,3 | -4,5 | 3,3 | 2,2 | 3,0 | 7,5 | 2,4 | 2,5 | 3,8 | 6,8 | 12,5 | 45,0 |
| PIP - Gestioni separate | 1,6 | 1,7 | 1,9 | 2,1 | 2,5 | 2,9 | 1,7 | 2,0 | 2,6 | 5,3 | 10,2 | 28,7 |
| PIP - Unit linked | 12,2 | -6,5 | 2,2 | 3,6 | 3,2 | 6,8 | 2,4 | 2,8 | 3,8 | 7,2 | 14,6 | 45,4 |
| Rivalutazione TFR | 1,5 | 2,0 | 2,0 | 1,5 | 1,2 | 1,3 | 1,7 | 1,6 | 2,0 | 5,2 | 8,0 | 21,6 |
| Inflazione | 1,0 | 1,2 | 1,1 | -0,1 | 0,1 | 0,0 | 1,1 | 0,6 | 1,2 | 3,2 | 3,2 | 12,3 |
| Media quinquennale PIL | 1,9 | 1,3 | 0,6 | 0,6 | 0,6 | -0,3 | 1,4 | 1,1 | 1,0 | 3,9 | 5,2 | 9,6 |
| *Per i fondi pensione si tratta dei rendimenti netti annui composti tratti dalla Relazione Covip per l'anno 2019, ossia al netto dei costi di gestione e dell'imposta sostitutiva (TFR compreso). Per le Fondazioni di Origine Bancaria si tratta del rapporto tra proventi totali, al netto della relativa tassazione, e il patrimonio medio a valori di libro, quindi proventi netti/(patrimonio netto inizio esercizio + patrimonio netto fine esercizio)/2. | | | | | | | | | | | | |
| Con i rendimenti al 2018, la media a 3 anni era 3,79% x FoB; 0,9% x Neg; 2,09% x Prees; 1,7% x TFR; | | | | | | | | | | | | |
| Con i rendimenti al 2018, la media a 5 anni era 4,05% x FoB; 2,51% x Neg; 2,65% x Prees; 1,52% x TFR; | | | | | | | | | | | | |
| Con i rendimenti al 2018, la media a 10 anni era 3,92% x FoB; 3,74% x Neg; 3,35% x Prees; 2,03% x TFR; | | | | | | | | | | | | |

Banking Foundations - Occupational pension funds - Pre-existing funds - Open-ended funds - IPPs - separate schemes - IPPs - Unit-linked, Termination of Employment benefit adjustment, Inflation, GDP five-year average.

**For Pension Funds, these are compounded net annual yields taken from the 2019 COVIP Report, that is net of operating costs and of substitutive taxes (including TFR). For Banking Foundations, this is the ratio of total proceeds, net of taxes, vs the average book value of assets, i.e. net proceeds (net operating income + net final income)/2; With the 2018 yields, the 3-year average was equal to 3.79% x BF.; 0.9% x Occ. P.F.; 2.09% x Pre-ex F.; 1.7% x TFR; With the 2018 yields, the 5-year average was equal to 4.05% x BF.; 2.51% x Occ. P.F.; 2.65% x Pre-ex F.; 1.52% x TFR; With the 2018 yields, the 10-year average was equal to 3.92% x BF.; 3.74% x Occ.P.F.; 3.35% x Pre-ex.F.; 2.03% x TFR.*

Table 1.5.1 - Yields of complementary pension schemes (on 31/12/2019, % values)

| Fondi Pensione Negoziali | 7,2 | Fondi Pensione aperti | 8,3 | PIP "nuovi" | 1,6 | RENDIMENTI OBIETTIVO | |
|-----------------------------|------|-----------------------|------|-----------------|------|-------------------------------|-----|
| Garantito | 2 | Garantito | 3 | Unit Linked | 12,2 | Rivalutazione TFR | 1,5 |
| Obbligazionario Puro | 0,7 | Obbligazionario Puro | 3,7 | Obbligazionario | 2,2 | Inflazione | 1,0 |
| Obbligazionario Misto | 7,6 | Obbligazionario misto | 4,2 | Bilanciato | 9,2 | Media quinquennale del PIL | 1,9 |
| Bilanciato | 8,6 | Bilanciato | 9,2 | Azionario | 18,8 | | |
| Azionario | 12,2 | Azionario | 14,9 | | | | |

*Occupational pension funds - Open-ended funds - "New" IPPs - Target yields - Guaranteed - Unit linked - TFR adjustment - Pure bond - bond - Inflation - Mixed bond - Balanced - GDP five-year average, equity. *The yields refer to unit-linked policies because the returns of separate asset management schemes are not available in the accounts for the year at issue.*

Source: COVIP data processed by Itinerari Previdenziali

The Real Economy - Investments in the "real economy" are still modest, except for banking foundations. As already pointed out back in 1997⁵, it is particularly disquieting to see the very limited investments made by contractual funds, largely fed by termination of employment benefits (TFR) that "supply blood" to companies and are therefore *the first and main form of financing of the real economy*. The Guarantee Fund established by Legislative Decree n. 252/05 to facilitate the financing of enterprises that pay termination of employment benefits to pension funds was abolished by the

⁵ See the book "Capire i Fondi Pensione", by A. Brambilla, published by Il Sole 24 Ore.

Prodi Government in 2007 and since then, neither policy makers nor social partners have tackled this issue. However, from 2007 to the end of 2018, pension funds and the Guarantee Fund managed by INPS received almost 140 billion euros' worth of termination of employment benefits taken from Italian companies which were refunded with just over 3% per year (about 33 billion euros); this is a major problem with far reaching negative repercussions on both employment and productivity, thus contributing to the stagnation of Italy. An issue on which to reflect.

Thanks to their share in the **transferee bank**, in Cassa Depositi e Prestiti and in Fondazione con il Sud, banking foundations confirmed their position as the largest investors in the real domestic economy also in 2019 with **44.36%**; followed by the privatized schemes for liberal professionals accounting for **21.36%** of their total assets, up with respect to 16.31% in 2018 and 14.6% in 2017 (*table 1.6*).

Table 1.6 - Investments in the real economy by institutional investors in 2019

| Investitori istituzionali | Patrimonio (1) | Investim Istituzionali | altre poste e riserve (2) | Immobiliare diretti | Monetari e obblig. | Polizze | Azioni | OICR + ETF | di cui FIA | DI CUI Investimenti in Economia reale (*) in % |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------|---------------------------|---------------------|--------------------|---------|--------|------------|------------|------------------------------------------------|
| Casse Privatizzate | 88,55 | 1,56% | 12,84% | 4,83% | 20,42% | 0,79% | 3,63% | 55,95% | 23,34% | 21,36% |
| Fondazioni Bancarie | 46,99 | 30,38% | 1,66% | 3,38% | 8,11% | 0,80% | 10,85% | 43,29% | 8,68% | 44,36% |
| Fondi pensione preesistenti autonomi | 62,15 | | 2,75% | 2,63% | 24,69% | 44,63% | 9,41% | 15,88% | 2,92% | 4,08% |
| Fondi pensione negoziali | 56,14 | | 2,69% | | 67,17% | | 21,93% | 8,21% | 0,37% | 3,42% |
| (1) dati in miliardi di €. (2) le altre poste di bilancio comprendono ratei, risconti, crediti e altre tipologie di attivo; Per le Casse privatizzate le percentuali riportate in tabella riguardano solo gli investimenti diretti che rappresentano l'79,5% circa del totale, relativo a tutte le Casse con esclusione di Onaosi; gli investimenti indiretti che sono rappresentati dai mandati di gestione non consentono una classificazione delle asset class; a) Gli Investimenti istituzionali comprendono le quote in Banca d'Italia e CdP; Per le Fondazioni bancarie le percentuali riportate in tabella riguardano solo gli investimenti diretti (che rappresentano il 98,47% circa del totale dell'attivo) relativi alle 27 Fondazioni esaminate, che rappresentano l'85,3% circa del patrimonio totale delle fondazioni; a) Gli Investimenti istituzionali comprendono le quote nella banca conferitaria, della CdP e della Fondazione con il Sud; il restante 1,53% è costituito da investimenti indiretti in mandati, per cui la somma delle percentuali non corrisponde al 100% per via della quota affidata in gestione patrimoniale. Per i fondi preesistenti le percentuali riportate riguardano i 45 fondi autonomi analizzati nel presente report, che rappresentano circa il 90% del totale dei fondi autonomi che valgono il 97,85% del totale fondi preesistenti (infatti il patrimonio totale tra autonomi e interni è pari a 63,513 miliardi di euro). Per i fondi negoziali le percentuali si riferiscono al totale dell'ANDP composto dagli investimenti in gestione (mandati) e dai 208 milioni di investimenti diretti in Fia. (*) Per investimenti in economia reale nazionale si intendono: le azioni italiane, le obbligazioni corporate, la stima dei titoli italiani negli OICR, i FIA per la componente investita in Italia. Sono esclusi i titoli di Stato, gli immobili a reddito e quelli strumentali. | | | | | | | | | | |

Institutional investors, privatized schemes, Banking foundations, Autonomous pre-existing funds, Occupational pension funds, Assets (1), Institutional investments, Other items and reserves (2), Direct real-estate, Monetary and bonds, Policies, Equity, UCITS + ETF, of which AFIs as % invested in the real economy (). (1) billions of euros. (2) the other items include accruals and deferrals, credits and other assets; For Privatized Schemes, the figures reported in the Table are only related to direct investments accounting for about 79.5% of the total, for all schemes except for ONAOSI; Indirect investments through management mandates do not allow for a classification of asset classes; a) Institutional investments include those by the Bank of Italy and by Cassa Depositi e Prestiti; For Banking Foundations, the figures reported in the Table are only related to direct investments (accounting for about 98.47% of total assets) of the 27 Foundations analyzed, that account for about 85.3% of their total assets; a) Institutional investments include those by the transferee bank, by Cassa Depositi e Prestiti and by Fondazione con il Sud; the remaining 1.53% is related to indirect mandated investments, therefore the sum does not correspond to 100% due to the assets under management; For Pre-existing Funds, the figures reported are related to the 45 autonomous funds analyzed in this Report, that is about 90% of the total, accounting for 97.85% of all pre-existing funds (in fact, total assets of in-house and autonomous funds amount to 63.513 billion euros); For Occupational Pension Funds, the figures reported are related to the total of net assets allocated to benefits, consisting of mandated investments (to be managed) and of 208 million euros' worth of direct investments in AFIs. (*) Investments in the real economy: Italian stocks, corporate bonds, the estimated Italian securities in UCITs, AFIs for the component invested in Italy. They do not include treasury bills, income-producing real-estate assets and capital investments*

The share invested in Italy by pre-existing pension funds also improved by 4.08% compared to 3.20% in 2018 and the same for occupational pension funds, rising from 3.00% in 2018 to 3.42%, very close to 3.46% obtained in 2017. Considering the difficulties of the bond market due to the close to zero and often negative rates applied by central banks and in particular by the ECB, bond investments are

very high for occupational pension funds (67.17%) and for pre-existing funds, which outperformed with respect to the former also considering policies that generally account for a high percentage of fixed-income investments.

The share of bond investments by privatized schemes is more limited and even more so that by foundations. **Table 1.6.1** shows the reclassified investments in the real economy in 2018.

Table 1.6.1 - Investments in the real economy by institutional investors in 2018

| Investitori istituzionali | Patrimonio (1) | Investim Istituzion | altre poste e riserve (2) | Immobiliare diretti | Monetari e obblig. | Polizze | Azioni | OICR + ETF | di cui FIA | DI CUI Investimenti in Economia reale (*) in % |
|--------------------------------------|----------------|---------------------|---------------------------|---------------------|--------------------|---------|--------|------------|------------|------------------------------------------------|
| Casse Privatizzate | 82,92 | 1,92% | 13,15% | 5,37% | 22,11% | 0,75% | 2,98% | 53,72% | 23,47% | 16,31% |
| Fondazioni Bancarie | 45,70 | 31,46% | 1,87% | 3,48% | 6,40% | 1,09% | 11,64% | 41,64% | 33,63% | 48,60% |
| Fondi pensione preesistenti autonomi | 58,30 | | 3,25% | 2,87% | 26,53% | 44,97% | 8,69% | 13,71% | 3,06% | 3,20% |
| Fondi pensione negoziali | 50,41 | | 5,46% | | 67,96% | | 18,83% | 7,73% | 0,24% | 3,00% |

(1) dati in miliardi di €. (2) le altre poste di bilancio comprendono ratei, riscotti, crediti e altre tipologie di attivo;
Per le Casse privatizzate le percentuali riportate in tabella riguardano solo gli investimenti diretti che rappresentano l'80,5% circa del totale, relativo a tutte le Casse con esclusione di Onaosi; gli investimenti indiretti che sono rappresentati dai mandati di gestione non consentono una classificazione delle asset class; a) Gli Investimenti istituzionali comprendono le quote in Banca d'Italia e CdP;
Per le Fondazioni bancarie le percentuali riportate in tabella riguardano solo gli investimenti diretti (che rappresentano il 97,26% circa del totale dell'attivo) relativi alle 23 Fondazioni esaminate, che rappresentano l'83% circa del patrimonio totale delle fondazioni; a) Gli Investimenti istituzionali comprendono le quote nella banca conferitaria, della CdP e della Fondazione con il Sud; il restante 2,74% è costituito da investimenti indiretti in mandati, per cui la somma delle percentuali non corrisponde al 100% per via della quota (pari a circa il 2,7% del patrimonio) affidata in gestione patrimoniale.
Per i fondi preesistenti le percentuali riportate riguardano i 43 fondi autonomi analizzati nel presente report, che rappresentano l'86% del totale dei fondi autonomi che valgono il 97,3% del totale fondi preesistenti. (infatti il patrimonio totale tra autonomi e interni è pari a 58,996 miliardi di euro)
Per i fondi negoziali le percentuali si riferiscono al totale dell'ANDP composto dagli investimenti in gestione (mandati) e dai 117 milioni di investimenti diretti in Fia.
(*) Per investimenti in economia reale nazionale si intendono: le azioni italiane, le obbligazioni corporate, la stima dei titoli italiani negli OICR, i FIA per la componente investita in Italia. Sono esclusi i titoli di Stato, gli immobili a reddito e quelli strumentali.

Institutional investors, privatized schemes, Banking foundations, Autonomous pre-existing funds, Occupational pension funds; Assets (1), Institutional investments, Other items and reserves (2), Direct real-estate, Monetary and bonds, policies, Equity, UCITS + ETF, of which AFIs as % invested in the real economy (); (1) billions of euros. (2) the other items include accruals and deferrals, credits and other assets; For Privatized Schemes, the figures reported in the Table are only related to direct investments accounting for about 80.5% of the total, for all schemes except for ONAOSI; Indirect investments through management mandates do not allow for a classification of asset classes; a) Institutional investments include those by the Bank of Italy and by Cassa Depositi e Prestiti; For Banking Foundations, the figures reported in the Table are only related to direct investments (accounting for about 97.26% of total assets) of the 23 foundations analyzed, that account for about 83% of their total assets; a) Institutional investments include those by the transferee bank, by Cassa Depositi e Prestiti and by Fondazione con il Sud; the remaining 2.7% is related to indirect mandated investments, therefore the sum does not correspond to 100% due to the assets under management; For Pre-existing Funds, the figures reported are related to the 43 autonomous funds analyzed in this Report, that is 86% of the total, accounting for 97.3% of all pre-existing funds (in fact, total assets of in-house and autonomous funds amount to 58.996 billion euros); For Occupational Pension Funds, the figures reported are related to the total of net assets allocated to benefits, consisting of mandated investments (to be managed) and of 117 million euros' worth of direct investments in AFIs. (*) Investments in the real economy: Italian stocks, corporate bonds, the estimated Italian securities in UCITs, AFIs for the component invested in Italy. They do not include treasury bills, income-producing real-estate assets and capital investments.*

Management companies - **Table 1.7** shows the best 5 mandated managers; Eurizon leads the ranking and, even though it has a much lower number of mandates compared to the second in the ranking, Amundi (64 mandates and 8.9 billion), it manages 8.995 billion euros with 55 mandates, followed by Blackrock, State Street and Credit Suisse. The top five management companies account for 38.5% of the total mandated by institutional investors. It should also be noted that the ranking has changed significantly compared to previous years due to the shift of policies from management mandates to direct investments.

Table 1.7 - The top 5 management companies in 2019

| Management companies | Mandates | AUM in billions of euros | Market share |
|----------------------|----------|--------------------------|--------------|
| Eurizon Capital | 55 | 8.995 | 9.47% |
| Amundi | 64 | 8.902 | 9.37% |
| Blackrock | 13 | 7.125 | 7.50% |
| State Street GA | 19 | 6.043 | 6.36% |
| Credit Suisse AM | 19 | 5.520 | 5.81% |

Table 1.8 shows the top 5 insurance management companies, which together account for 92.5% of the total policies and separate management schemes of Italian institutional investors. The ranking is led by Generali with 10.979 billion euros under management and a market share of 41%, UnipolSai with 6.3 billion and 23.5% and Allianz with 6.2 billion and 23.34%. These top three companies account for 88% of the total managed by the market. They are followed at a distance by Reale Mutua (675 million) and Fideuram (515).

Table 1.8 - The top 5 insurance management companies in 2019

| Management company | Resources in billions of euros | Market share |
|---------------------------|--------------------------------|--------------|
| Generali Italia | 10.979 | 41.17% |
| UnipolSai Assicurazioni | 6.277 | 23.54% |
| Allianz | 6.224 | 23.34% |
| Reale Mutua Assicurazioni | 675 | 2.53% |
| Fideuram Vita S.P.A. | 515 | 1.93% |

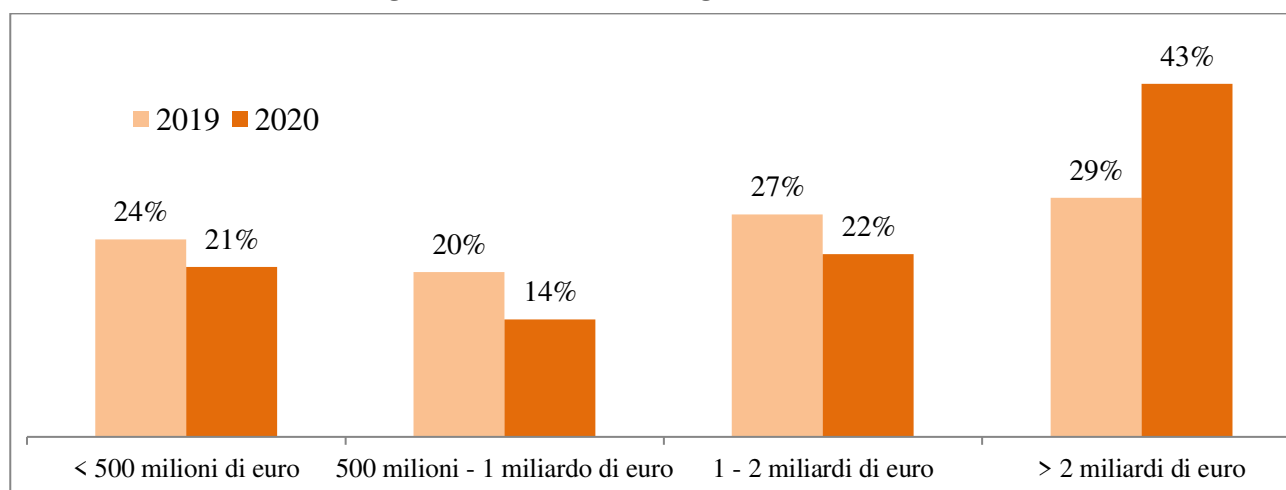
1.1 Focus on sustainable investments by Italian institutional investors - II edition

The second edition of the survey on the impact of ESG investment criteria adopted by Italian institutional investors features a larger number of participants with respect to the 2019 edition, from 55 to **63**, for a total amount of **over 180 billion euros'** worth of assets. It has involved in particular 15 occupational pension funds, 20 pre-existing pension funds, 15 pension schemes and 13 banking foundations.

Methodology - The methodology adopted for this survey is the same as last year's, i.e. an online questionnaire with 46 questions on the institutions' general characteristics and some specific questions related their "ESG approaches". It has been designed with five interpretation keys: definition of the CSR investment policy, investment strategy, implementation modality, evaluation and transparency, and finally, future prospects. This second edition also features a special focus on the relationship between asset classes and CSR strategies, as illustrated below.

Results - Of the 63 respondents, 41 (10 more than last year) have **assets** in excess of 1 billion euros (**figure 1.2**); 43% of respondents have assets in excess of 2 billion euros.

Figure 1.2 - Assets (accounting data on 31/12/2019)



1 billion euros 1-2 billion euros > 2 billion euros

The key question of the survey is: “***Do you adopt a sustainable CSR investment policy?***” with only 29 (46%) affirmative answers vs. 28 (51%) out of 55 respondents last year. In particular, by analyzing the types of institutions, it is possible to see that these policies are adopted by 8 out of 15 occupational pension funds, by 10 out of 20 pre-existing funds, by 6 out of 13 banking foundations and by 5 out of 15 pension schemes.

In order to implement these policies, 62% of these institutions rely on an ESG advisor; more specifically, all pension schemes, followed by 88% of occupational pension funds, 67% of banking foundations and 60% of pre-existing funds.

Most of the institutional investors that make ESG investments leave their managers a great deal of freedom in the selection of these investments: in detail, 12% leave their managers a complete freedom of choice, 65% a lot of freedom, “albeit within guidelines dictated by their Board of Directors”; 15% do not allow for a lot freedom and 8% grant a very limited freedom.

Many institutional investors (54%) report that they have not assigned any specific management mandates with sustainability objectives. The number of investors who have adopted specific sustainability benchmarks to assess investment performance matches the number of those who have not.

The next question with multiple-choice answers is: “which are the sustainable investment reference guidelines?”. A high number (60%) of the entities that have adopted these policies take their inspiration from UNPRI, which has implemented the six general principles underlying sustainable investments since 2005; 48% look to the International Conventions on human rights, human capital and environmental protection signed under the aegis of the UN, the OECD, etc.; 40% refer to the UN Global Compact program.

Only 24% refer to the Paris COP 21 agreement, given its international political issues, 8% to the United Nations Framework Convention on Climate Change and 4% to the old Kyoto Protocol.

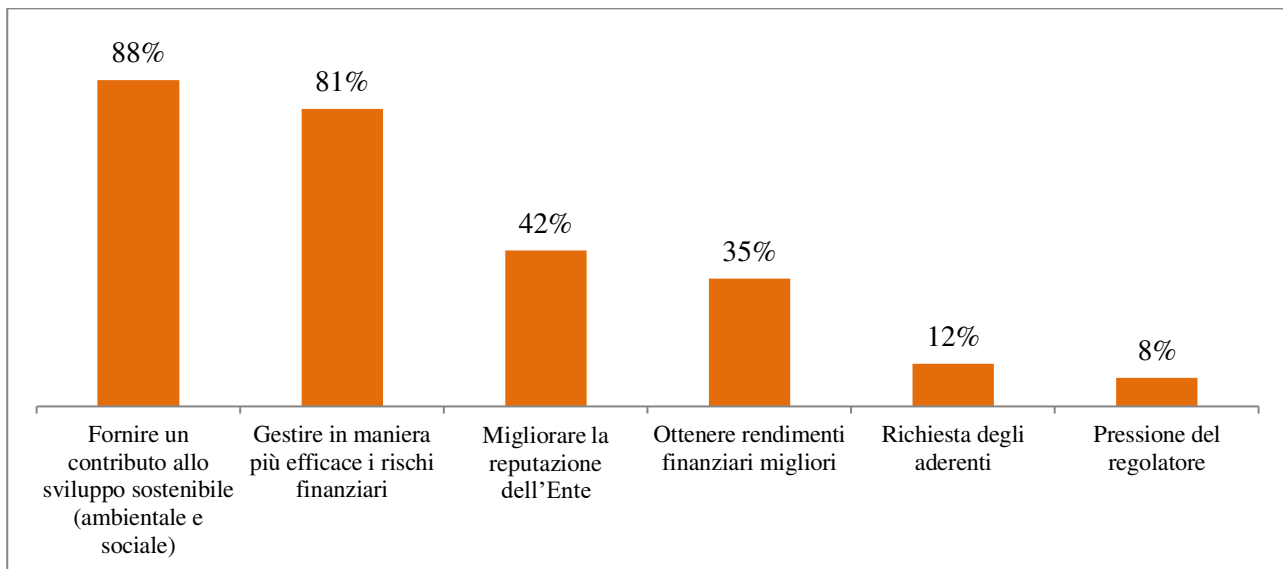
What are the reasons (**figure 1.3.a - note: multiple choice answers**) behind this choice? The vast majority of institutional investors (88%) adopted this approach to “***provide a contribution to sustainable development (environmental and social)***”: while this figure is in line with that of last

year, it is surprising to see that 81% responded they did so in order "*to more effectively manage financial risks*", compared to around 50% in 2019.

Fewer institutions cited reasons such as "*improving their reputation*" (42%), twice as many in one year, and "*obtaining better financial returns*" (35%), plus 17 percentage points. Finally, 12% referred to a "*request from their members*" and 8% "*pressure from regulatory authorities*" in line with 2019.

In sum, on the one hand there is apparently greater sensitivity to the issue of sustainable development, which has been in the “limelight” this year with youth demonstrations, the Green New Deal of the European Commission and the COVID-19 pandemic; on the other hand, there is a stronger belief in the positive effects of these policies for these organizations in terms of reputation and financial results.

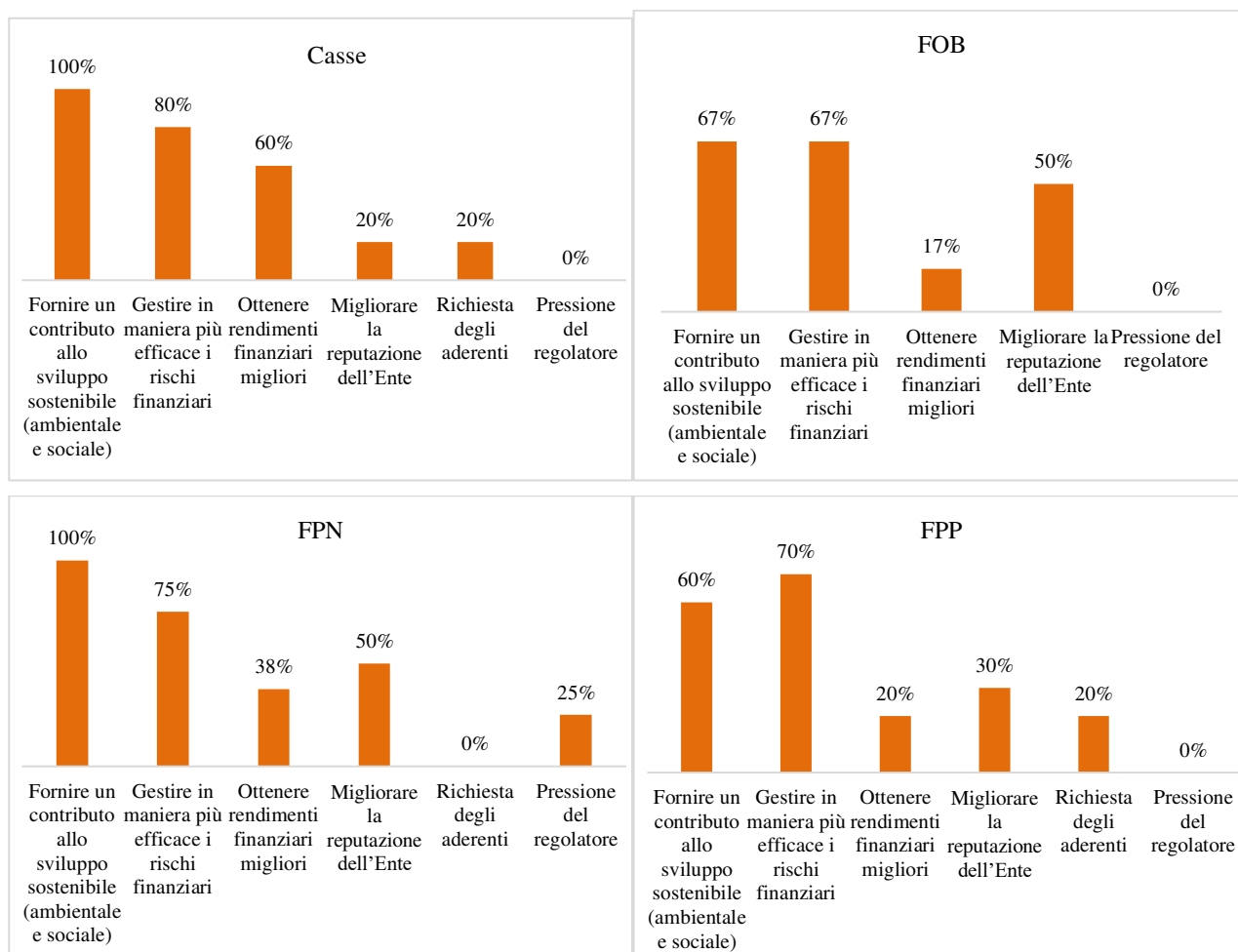
Figure 1.3.a - What are the objectives and/or the motivations prompting the Institutional Investor to introduce sustainable investment policies?



Provide a contribution to sustainable development (environmental and social) - More effectively manage financial risks – Improve their reputation - Obtain better financial returns - Request from their members – Pressure from regulatory authorities

Figure 1.3.b on the types of entities shows some curious findings. Occupational funds are the only ones that take into consideration the pressure from regulatory authorities, even if they account for only 25% of the total; this depends on the new regulations to be transposed, the IORP II and Shareholder Rights Directives, which push in this direction. Compared to last year, banking foundations have greater motivations, in particular in terms of reputation. Occupational pension funds do not report any request from their members, while this type of request is low for pre-existing funds and pension schemes. Finally, pension schemes are the most inclined to use these policies to manage financial risks; in fact, all of them (as well as occupational pension funds) are sensitive to providing a contribution to sustainable development.

Figure 1.3.b - What are the objectives and/or the motivations prompting the Institutions to introduce sustainable investment policies?

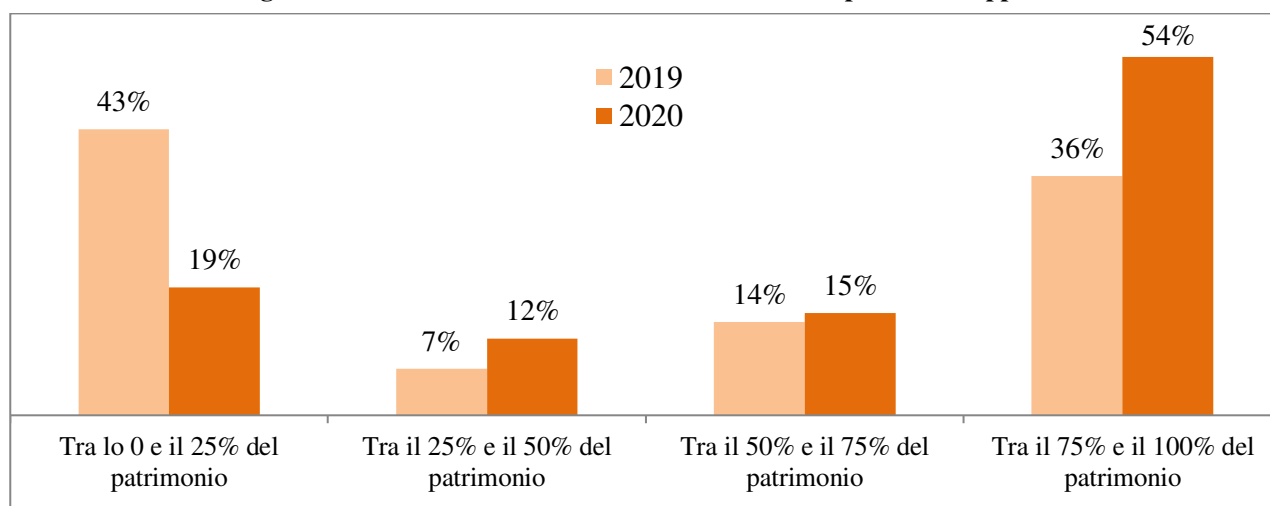


**Pension schemes; Banking foundations - Provide a contribution to sustainable development (environmental and social) - More effectively manage financial risks – Improve their reputation - Obtain better financial returns - Request from their members – Pressure from regulatory authorities*

Turning to the reasons given for the negative answer, 76% (as illustrated later) state that they are not currently making any ESG investments, but that they have addressed the issue and want to implement these policies in the future; instead, 12% have addressed this issue but have decided not to adopt this approach; finally, another 12% never discussed this issue in the Board of Directors. None of them has motivated their lack of CSR policies with "prohibitive costs" or believe that these policies should not be adopted since they are not expected to offer higher returns.

As regards **the assets with a CSR approach (figure 1.4)**, the polarization of 2019 has disappeared with a drop by over 50% in the number of entities applying it to less than 25% of their assets and with more than half of respondents applying it to more than 75% of their assets. 50% of these institutions apply ESG factors to all of their assets. Instead, the individual asset classes show that the highest impact of these policies is found in equities (54%) and bonds (42%), followed by private equity (15%) and by private debt and real estate asset classes (12%).

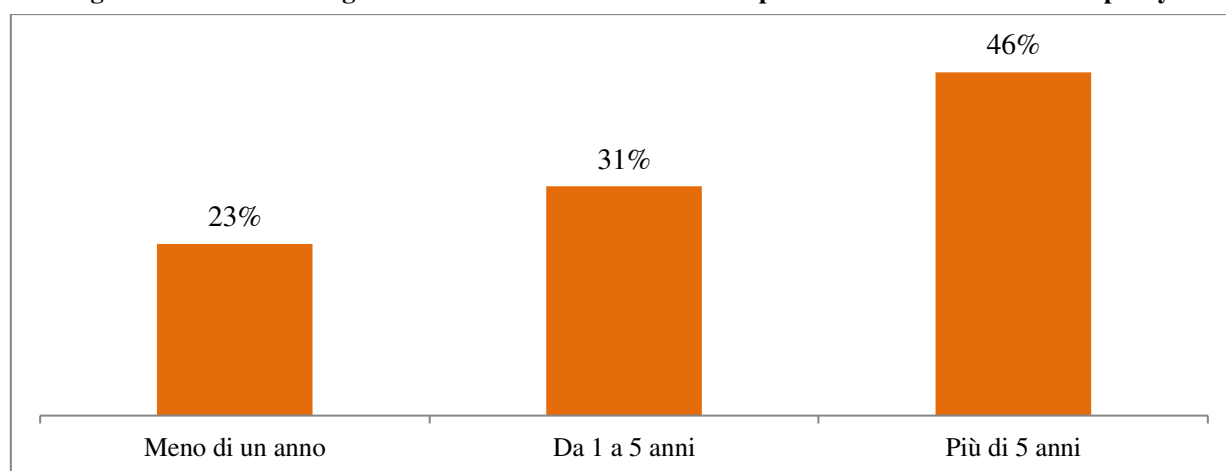
Figure 1.4 - What is the share of assets to which CSR policies are applied?



Between 0 and 25% of assets - Between 25% and 50% of assets - Between 50% and 75% of assets - Between 75% and 100% of assets

46% of the organizations that have adopted ESG investment policies have been doing so for more than 5 years (**figure 1.5**); no occupational pension fund adopted this approach last year, but 3 of them have decided to do so in 2020, compared to 1 for each of the other three types of investors.

Figure 1.5 - For how long have the institutional investors adopted a sustainable investment policy?

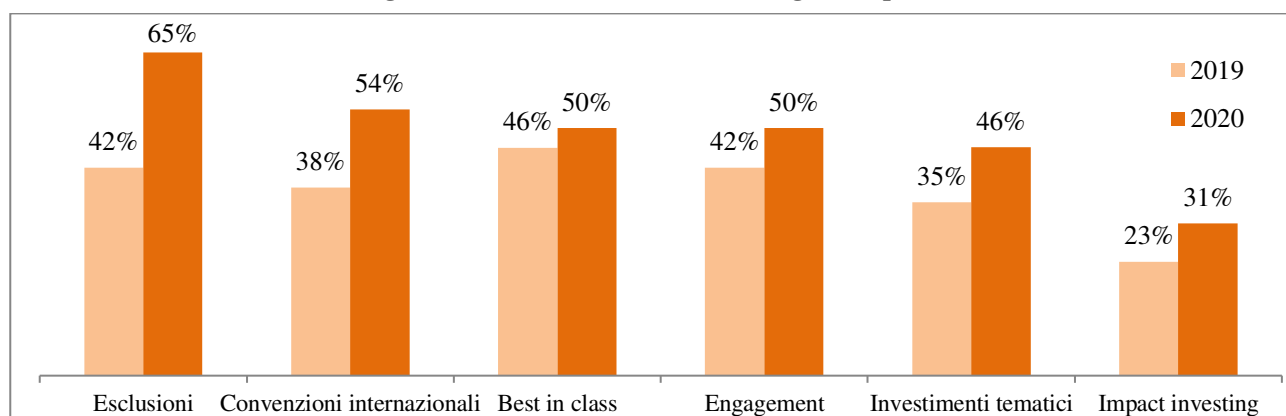


for less than 1 year - from 1 to 5 years - for over 5 years

As regards the **CSR strategies** adopted, the survey shows an increase in all types of strategies. **International conventions** remain an option for many of these investors, but the highest ranking is the **exclusion** strategy, shared by 65% of respondents (**figure 1.6**).

Each institution has a "preferred" type of strategy: in fact, most pension schemes adopt the **engagement strategy**; **exclusions and impact investing** are the strategies most adopted by foundations; occupational pension funds tend towards exclusions and finally pre-existing funds converge on the conventions.

Figure 1.6 - Which are the CSR strategies adopted?



Exclusions - International conventions - Best in class – Engagement - Thematic investments - Impact investing

The detailed analysis of the different strategies suggests the following conclusions:

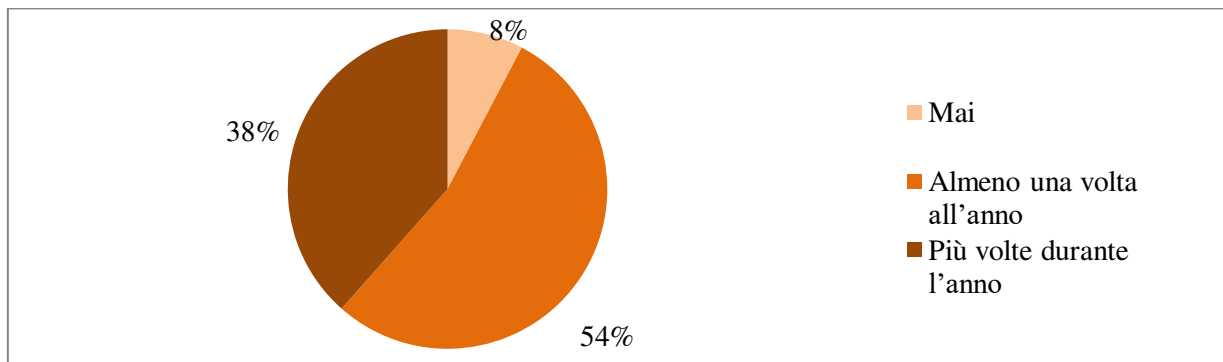
- **the exclusion strategy** is adopted by 79% of the institutional investors against the arms sector; at a lower level in the ranking (58%), there are violations of human, civil and political rights, such as freedom of expression or religion, and pornography and child labour (both at 53%);
- as to the application of **international standards and conventions**, UNPRI is a reference model together with the Global Compact, as well as the International Labour Organization conventions, albeit to a lesser extent;
- if the **best in class** strategy is adopted, the positive and inclusion criteria are energy efficiency (86%), reduction of carbon dioxide emissions and respect for human rights (both at 64%), the quality of the working environment (43%), independent directors in the board and the remuneration of the top management (7%);
- **energy efficiency** is also the first thematic investment area (75%), followed by climate change and sustainable real estate (63%), sustainable mobility and nursing homes (44%) and by health, water and waste management (38%, 25% and 13% respectively). The percentage of organizations investing in the silver economy is still very low (6%), even though, the Itinerari Previdenziali Research and Study Center Observatory has shown that the "Silver economy, a new great economy" deserves great attention;
- with regard to the **engagement** strategy, almost all institutional investors (92%) have adopted a "soft" approach (periodic meetings, reporting, teleconferences, etc.);
- finally, **impact investing** is mainly restricted to the fields of microfinance and social housing (67%).

A closer look at the strategies used for the different asset classes reveals the following findings: exclusions and international conventions are applied to government bonds (53%); exclusions are also applied to equities (53%) but also engagement (46%); in addition to exclusions and conventions, the best in class strategy is extensively applied to corporate bonds (48%), especially by traditional investment funds (55%); finally, thematic investments are preferred in the category of alternative investments (44%).

Another key aspect of the survey is the **evaluation of the results** (figure 1.7) obtained with the adoption of CSR strategies. In general, 54% of institutional investors state that their Board of

Directors assesses the impact of these strategies on assets at least once a year, while over one third do so several times during the year.

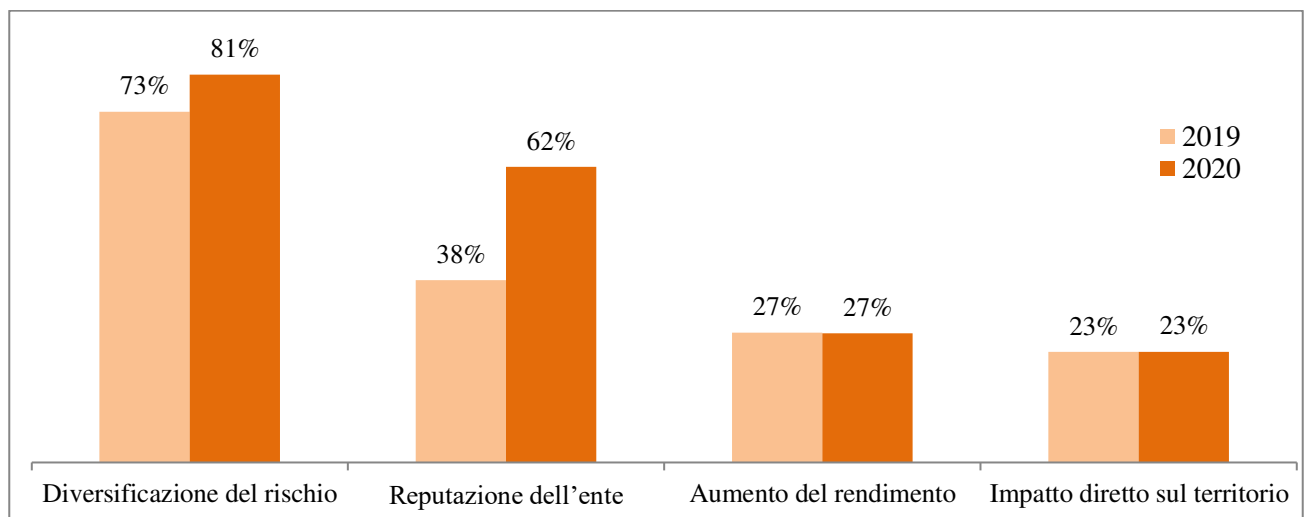
Figure 1.7 - How often does the Board of Directors evaluate the impact of the CSR strategies on assets?



Never - At least once a year - Several times during the year

This process makes it possible to assess to what extent these strategies result in **improvements** (**figure 1.8**): 81% in terms of risk diversification, 62% of reputation (plus 24 % in a year), around 25% in terms of higher yields and impact on the community (same figures as in 2019).

Figure 1.8 - CSR investment policies has led to an improvement in terms of...



Risk diversification – Reputation - Higher yields - Direct impact on the community

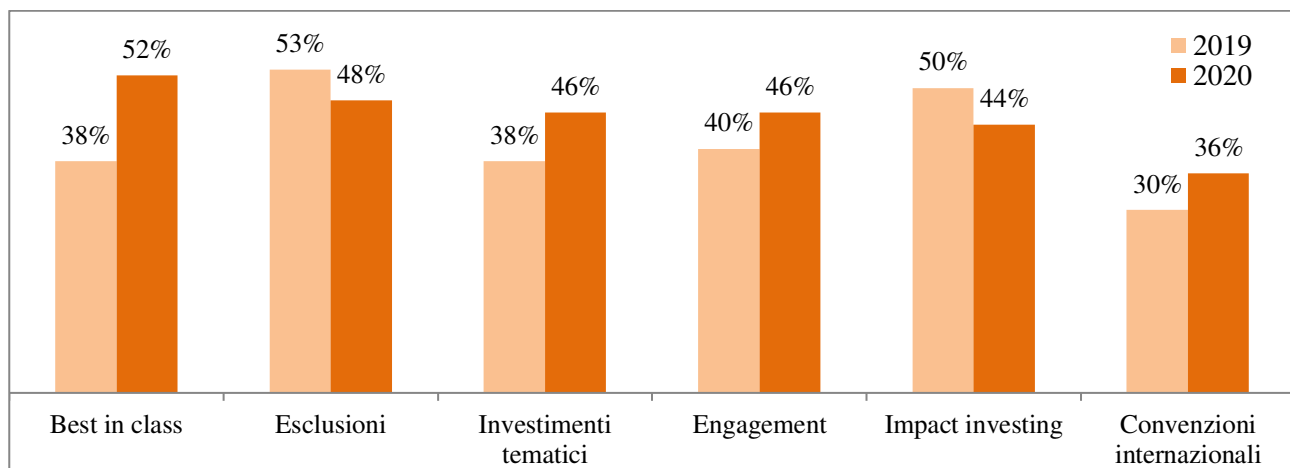
As to the question related to **transparency**, only 46% of the respondents plan to draft a report on their CSR policy and 54% actually publish it.

Another important theme is **skills** and therefore **training**, a new feature with respect to the 2019 survey. The majority of these investors (54%) rate the knowledge of their internal units about sustainable finance legislation as "good", while only 8% as "excellent", and the same percentage rate it as "poor". Given the complexity and the rapid evolution of this theme, another question has been added to the questionnaire in order to understand whether these investors are willing to enhance their regulatory knowledge through internal training courses; only 4% of them have answered "no", but the remaining 94% have clearly said "yes" (27%) or "yes, but no measures have been taken yet" (69%).

Finally, what future has in store: after the overview of the current situation, it is useful to have an idea of the trends that lie ahead. In fact, it is important to remember that many respondents have answered the initial question saying that they have not adopted CSR policies: 76% have addressed this issue and plan to implement it in the future. It is also useful to understand if those who are already on this path decide to continue, change or stop. Well, 88% (almost 80% last year) of all respondents (whatever their CSR policy adoption rate is) intend to include or increase sustainable strategies in their investment approach. The percentages significantly vary among these organizations: an affirmative answer is given by 65% of pre-existing funds, 93% of occupational pension funds, 87% of pension schemes and 85% of foundations.

The strategies that individual entities want to adopt for the future are very different from those they are currently implementing (*figure 1.9*); in particular, the comparison with Figure 5 shows that exclusions and international conventions are going down in the ranking especially with respect to the best in class and impact investing approaches.

Figure 1.9 - Which strategies will be used to implement sustainable investment policies?



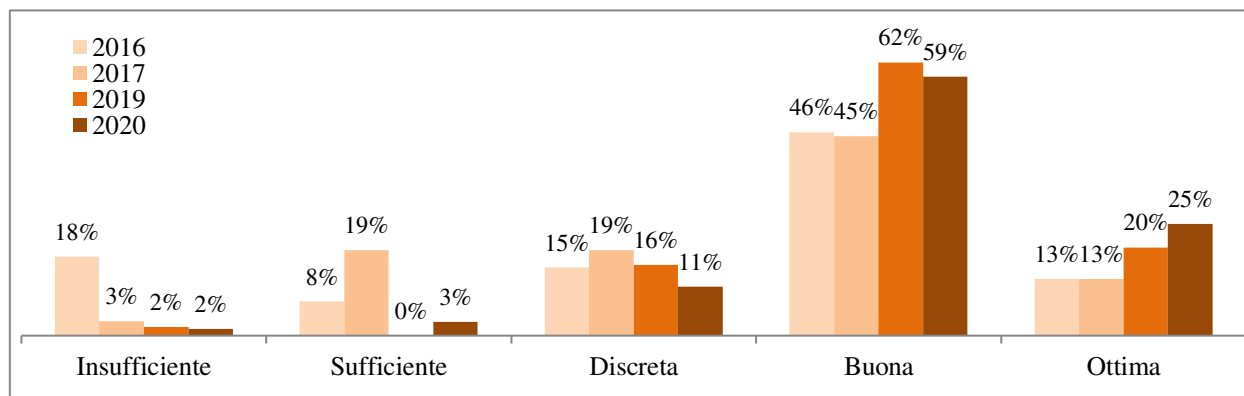
Best in class – Exclusions - Thematic investments – Engagement - Impact investing - International conventions

Then as to the percentage of assets bound to strengthen (or adopt) CSR policies in their investment strategies, 31% of institutional investors will commit between 0 and 25% of their assets and 31% more than 75%. This is especially true for occupational pension funds, 57% of which will apply ESG policies to more than 75% of their assets. Moreover, 40% will do so through direct management approaches and 60% through indirect management approaches.

In addition to the ESG theme, the questionnaire focuses on the **more general characteristics of these institutions**, thus providing a picture of some of their "structural" characteristics and functions, as well as of their market sentiment and interrelationships.

Investment diversification (*figure 1.10*) plays a crucial role in terms of returns, but even more so in terms of risk control. Therefore, these subjects attach great attention to this issue and their ratings have improved significantly over the years: a quarter of respondents consider the diversification of their funds as "excellent" (25% vs. 20% in 2019 and 12.9% in 2017), with increasingly better "good" and "excellent" ratings (from 58.1% in 2017 to 84%).

Figure 1.10 - How do you rate the diversification of your asset portfolio?

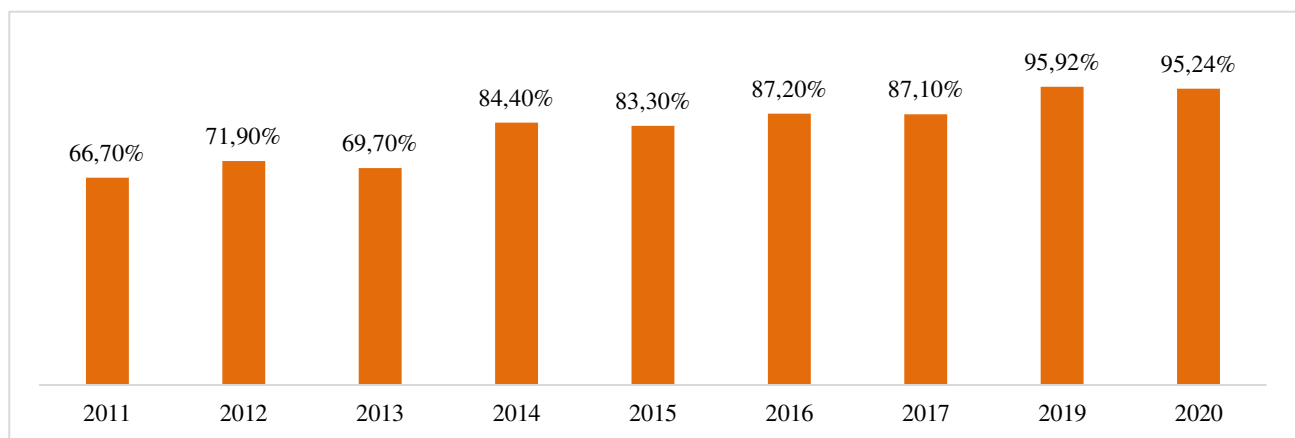


Poor - Sufficient – Fair - Good - Excellent

Although the market is going through a phase of volatility and instability, there is still a high percentage of institutions and funds that intend to **review their asset allocation in the near future**: after three years of decline, from 90.5% in 2015, to 84.6% in 2016 and to 80.6% in 2017, last year this figure resumed its growth, albeit slightly, to reach 82%, while this year it has dropped to 46%.

The restraint in changing course in the asset allocation strategies is driven by **satisfactory financial performance levels (figure 1.11)**; the percentage of positive responses remains at very high levels although slightly down with respect to 2019, thus confirming the upward trend that started in 2011.

Figure 1.11 - Are you satisfied with the financial performance you have achieved? Affirmative answer

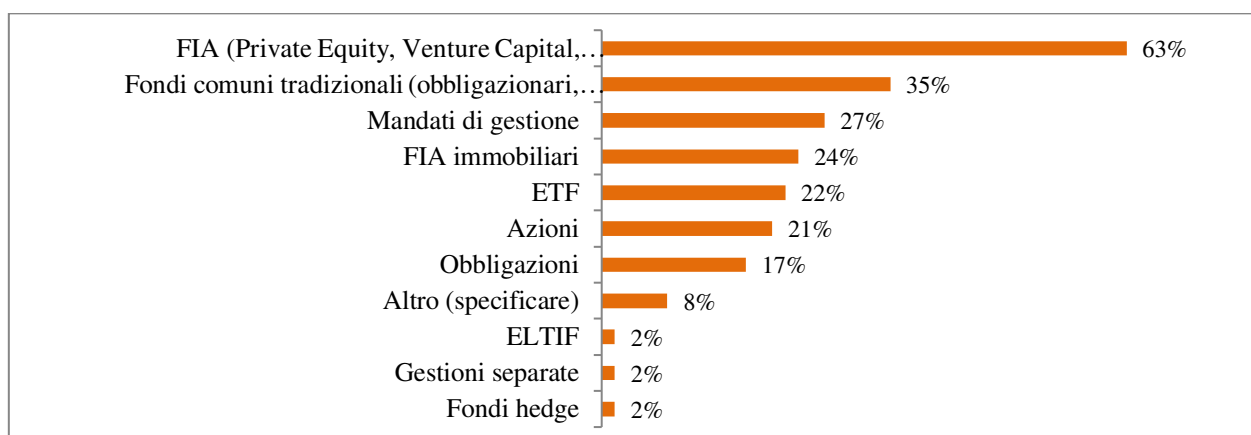


With regard to the **instruments that these organizations have chosen or intend to choose for their investment** (or increase their exposure to) in the near future (**figure 1.12**), there are three factors to be considered, which were already identified in the last edition of the survey.

First, the stability in the management mandates that are not supposed to grow: today these investors choose this modality in 71% of cases, while their intention drops to 27% for the future.

The second factor is the tendency to prefer AIFs (Private Equity, Venture Capital, Commodities, Private Debt...) over traditional investment funds; with respect to last year, 63% of respondents prefer these instruments both now and for the future. Finally, 46% of them currently have an exposure to real estate funds; in the future, their number is expected to drop (24%).

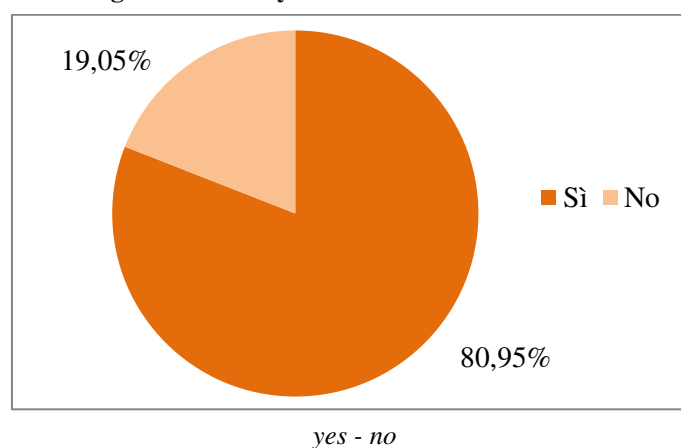
Figure 1.12 - Which are the instruments on which you would like to invest (or increase your exposure to) in the near future?



AIFs - Traditional investment funds (bonds...) - Management mandates - Real Estate AIFs – ETFs – Stocks – Bonds - Other (to be specified) ELTIF - Separate pension schemes - Hedge funds

Finally, 81% of respondents use one or more advisors to make these investments (**figure 1.13**).

Figure 1.13 - Do you use one or more advisors?



2. Insurance companies

The current edition of this Report again features a survey on insurance companies that are major institutional investors due to the nature of their investments, as will be discussed extensively below. The survey focuses in particular on the pension assets of the so-called C⁶ life class I, IV and V policies which are mainly *individual welfare products*. The role of life insurance companies as institutional investors mainly derives from their underlying business model and from their long-term life product contractual terms (from a minimum of 3-5 years up to 30 years and beyond). This is the reason why they need to invest their assets with a similar time frame, i.e. mainly on government bonds.

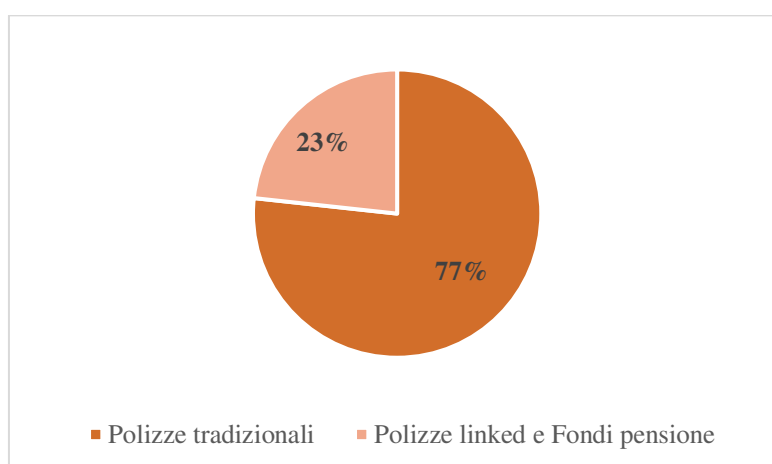
In 2019, the total amount of investments by life insurance companies was equal to 771 billion euros: 77% (just over 590 billion euros) on traditional policies (defined above as class C) and the remaining 23% (almost 180 billion euros, up with respect to the previous year) on unit/index linked products and pension funds (so-called class D policies, see *figure 2.1*)⁷. It should be noted that the investment amounts are derived from the financial statements of these companies which comply with the national accounting standards (the so-called Local Gaaps). This Report does not consider class III products, such as linked policies which are mainly financial investment products and class VI products which are used mainly by pension funds and hence are included in their assets as will be illustrated in the following chapters.

The principle of matching assets and liabilities allows insurance companies to meet their commitments to their policyholders at all times. This means that they must have access to a wide range of assets to match their liabilities in order to allow their portfolios to be sufficiently diversified. And it is precisely the significant capitalization needed to support contracts and commitments vis-à-vis policyholders that makes the insurance industry the largest institutional investor, not only in Italy but also in the rest of the world.

⁶ Traditional life policies (so-called Class C policies) cover all types of policies, including profit-sharing policies, capitalization policies, pure risk policies linked to risks related to the life of the policyholder; **class I** policies are life insurance policies and include protection from premature death and/or survival at a certain date; **class IV** policies are related to health insurance and to insurance against the long-term-care risk which are guaranteed by long-term, non-terminable contracts against the risk of serious disability due to illness or accident or longevity; **class V** policies are related to capitalization operations (financial insurance policies independent of human life) that envisage a lump-sum payment when the contract expires).

⁷ **Class III** policies (so-called Linked or Class D policies) are financial life insurance or capitalization contracts with benefits linked to the performance of a stock index, a basket of stock indices or another financial reference index. They are indexed contracts, since they tend to replicate the performance of an economic indicator, typically a stock exchange index, through special technical measures.

Figure 2.1 - Breakdown of investments by life business line in 2019
Total life business investments: 771 billion euros



Traditional policies - Linked policies and Pension Funds

The assets managed by Italian Insurance Companies

Table 2.1 shows the total assets of Italian life insurance companies, including both class C and class D products, which, at the end of 2019, amounted to **811 billion euros** (plus 7.5% compared to the end of 2018). Almost all of the assets held by life insurance companies (which exceeded 770 billion euros and accounted for 95% of the total) are invested especially on class D and class C products, of which almost 180 billion euros on class D products and the remaining 590 billion euros on class C products. The insurance sector is mainly invested in bonds and fixed-income securities with over 465 billion euros' worth of in government securities (around 70%), up by 4.3% compared to 2018; the second predominant category of investment is mutual funds amounting to 87 billion euros, characterised by the most significant growth in recent years, over 16% compared to 2018. Stocks and equities account for just over 31 billion, that is for 3.9% of the total, while real-estate investments are almost negligible (0.1%).

Table 2.1 - Asset composition of Insurance Companies - Life sector (millions of euros)

| Tipologia di attività | 2018 | Distrib. % 2018 | 2019 | Distrib. % 2019 | Var. % 19/18 |
|--------------------------------------------------------------|----------------|-----------------|----------------|-----------------|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Credito verso soci | - | - | - | - | - |
| Attivi immateriali | 3.536 | 0,5% | 3.299 | 0,4% | -6,7% |
| Investimenti: | 713.676 | 94,6% | 770.702 | 95,0% | 8,0% |
| - Terreni e fabbricati | 435 | 0,1% | 410 | 0,1% | -5,8% |
| - Azioni e quote | 30.593 | 4,1% | 31.426 | 3,9% | 2,7% |
| - Obbligazioni e titoli a reddito fisso* | 446.125 | 59,1% | 465.258 | 57,4% | 4,3% |
| - Quote di fondi comuni di investimento | 75.153 | 10,0% | 87.465 | 10,8% | 16,4% |
| - Finanziamenti e depositi | 9.118 | 1,2% | 6.729 | 0,8% | -26,2% |
| - Investimenti di classe D (polizze Linked e Fondi pensione) | 152.252 | 20,2% | 179.414 | 22,1% | 17,8% |
| Riserve tecniche a carico dei riassicuratori | 6.298 | 0,8% | 5.870 | 0,7% | -6,8% |
| Crediti | 17.512 | 2,3% | 18.599 | 2,3% | 6,2% |
| Ratei e risconti e altri attivi | 13.229 | 1,8% | 12.691 | 1,6% | -4,1% |
| TOTALE | 754.250 | 100,0% | 811.161 | 100,0% | 7,5% |

* di cui circa 330 miliardi in Titoli di Stato

Type of asset Credits to members, Intangible assets, Investments: Real-estate, Stocks and equities, Fixed-income bonds and securities, Mutual fund investments, Financing and deposits, Class D investments (Linked policies and Pension Funds), Technical Reserves of Reinsurers, Credits, Accrued and deferred assets, *of which approximately €330 billion in government securities.*
Source: ANIA

The IVASS data (*table 2.1.1*) of the last decade (2010-2019) show that Class C Life assets increased by almost more than 260 billion, from 330 to 591 billion, with an average growth of about 30 billion per year. This development was particularly due to bond investments which in 2019 accounted for 78.7% of total investments, followed by investments in mutual funds, which grew in the same period by 440%, more than 70 billion euros, while direct real-estate investments decreased sharply. The growth in fund investments also continued between 2018 and 2019, with an increase by 16.3% (+13.4% between 2017 and 2018); at the end of 2019, these investments accounted for 14.8% of the total.

Table 2.1.1 - Investments from 2010 to 2019 - LIFE sector, class C

| Tipologia di investimento | Valori assoluti (milioni) | | | | Variazione in milioni | | Distribuzione % | | | | Variazione % | |
|---------------------------|------------------------------|----------------|----------------|----------------|-----------------------|---------------|--------------------|------------|------------|------------|-----------------|------------|
| | 2010 | 2017 | 2018 | 2019 | 2010-2019 | 2018-2019 | 2010 | 2017 | 2018 | 2019 | 2010-2019 | 2018-2019 |
| Immobili | 991 | 539 | 561 | 591 | -400 | 30 | 0,3 | 0,1 | 0,1 | 0,1 | -40,4 | 5,3 |
| Azioni | 29.078 | 29.665 | 30.317 | 31.338 | 2.261 | 1021 | 8,8 | 5,5 | 5,4 | 5,3 | 7,8 | 3,4 |
| Obbligazioni: | 269.630 | 433.652 | 446.332 | 465.344 | 195.714 | 19.012 | 81,6 | 80,4 | 79,5 | 78,7 | 72,6 | 4,3 |
| di cui titoli di Stato | 183.058 | 303.125 | 315.520 | 329.347 | 146.290 | 13.827 | 55,4 | 56,2 | 56,2 | 55,7 | 79,9 | 4,4 |
| Quote F.C./Azioni sicav | 16.191 | 66.342 | 75.231 | 87.511 | 71.320 | 12.280 | 4,9 | 12,3 | 13,4 | 14,8 | 440,5 | 16,3 |
| Altri investimenti | 14.539 | 9.169 | 8.983 | 6.504 | -8.035 | -2478,62 | 4,4 | 1,7 | 1,6 | 1,1 | -55,3 | -27,6 |
| Totale | 330.429 | 539.368 | 561.424 | 591.288 | 260.859 | 29.864 | 100 | 100 | 100 | 100 | 78,9 | 5,3 |

Type of investment, Absolute Figures (millions), Variations (millions), Distribution, Variation, Real-estate, Shares, Bonds of which Government Bonds, Fund/Sicav investments, Other investments, Total.

Source: IVASS data processed by ANIA

As already mentioned, the figures above only refer to investments on traditional life policies (class C) and do not include investments on unit-linked policies and pension funds (class D).

Table 2.2 provides details of the top *twenty Italian life insurance companies* in terms of assets. At the end of 2019, these companies held a stock of assets amounting to 552 billion euros and accounted 87.4% of the entire sector, which is worth a total of 632 billion euros: as already seen, investments account for over 590 billion euros, while "other assets" for approximately 40 billion euros (see column 9 and its e note).

Poste Vita, Intesa Sanpaolo Vita and Generali Italia held more than 10% of total assets under management and together they accounted for more than 43% of the entire sector. With reference to the total, the predominant investment is represented by bonds and fixed-income securities, accounting for about 74% of the total, for a total volume of over 465 billion euros. The role played by mutual funds remained significant, with 87 billion euros' worth of investments, reaching 13.8% of total assets in 2019; this share practically doubled in recent years and increased by 12 billion with respect to 2018. The top twenty insurance companies hold around 81 billion euros invested in mutual funds.

**Table 2.2 - The top 20 Italian insurance companies for class C managed assets
(excluding Linked and Pension Funds) - LIFE sector - 2019 (millions)**

| COMPAGNIA DI ASSICURAZIONE | Totale ATTIVO | Market share | INVESTIMENTI DI CLASSE C | | | | | ALTRI ELEMENTI DELL'ATTIVO * |
|----------------------------|----------------|--------------|--------------------------|----------------|---------------------------------------|---------------------------------------|--------------------------|------------------------------|
| | | | Terreni e fabbricati | Azioni e quote | Obbligazioni e titoli a reddito fisso | Quote di fondi comuni di investimento | Finanziamenti e depositi | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| POSTE VITA | 129.751 | 20,5% | - | 0,2 | 71,7 | 24,5 | - | 3,7 |
| INTESA SANPAOLO VITA | 74.693 | 11,8% | - | 1,7 | 79,8 | 14,1 | 0,0 | 4,3 |
| GENERALI ITALIA | 66.043 | 10,5% | 0,0 | 11,1 | 69,0 | 12,4 | 0,2 | 7,3 |
| ALLEANZA ASSICURAZIONI | 38.486 | 6,1% | - | 4,7 | 52,7 | 24,9 | 2,6 | 15,1 |
| GENERTELLIFE | 29.188 | 4,6% | - | 4,5 | 78,0 | 11,5 | 0,0 | 6,0 |
| UNIPOLSAI ASSICURAZIONI | 28.623 | 4,5% | 0,1 | 4,8 | 84,3 | 5,5 | 0,3 | 4,9 |
| ALLIANZ | 22.729 | 3,6% | - | 2,8 | 87,1 | 4,7 | 0,8 | 4,5 |
| ASSICURAZIONI GENERALI | 22.691 | 3,6% | - | 55,2 | 3,9 | 9,4 | 21,8 | 9,7 |
| BNP PARIBAS CARDIF VITA | 21.214 | 3,4% | - | 0,8 | 77,9 | 17,5 | 0,0 | 3,8 |
| CREDIT AGRICOLE VITA | 16.402 | 2,6% | - | 4,1 | 75,7 | 15,5 | - | 4,7 |
| AXA MPS ASSICURAZIONI VITA | 15.923 | 2,5% | 0,1 | 4,0 | 79,7 | 11,8 | 0,1 | 4,3 |
| AVIVA VITA | 13.452 | 2,1% | - | 0,6 | 89,4 | 5,1 | 0,0 | 4,9 |
| ZURICH INVESTMENTS LIFE | 11.638 | 1,8% | - | 4,6 | 82,1 | 7,9 | 0,1 | 5,2 |
| EUROVITA | 11.402 | 1,8% | - | 0,5 | 73,4 | 11,3 | 1,5 | 13,3 |
| AVIVA | 10.562 | 1,7% | - | 1,6 | 86,9 | 5,6 | 0,2 | 5,7 |
| CREDITRAS VITA | 9.714 | 1,5% | - | 0,3 | 82,9 | 1,9 | 0,0 | 14,9 |
| ARCA VITA | 8.890 | 1,4% | 0,4 | 1,4 | 92,7 | 1,6 | 0,0 | 3,9 |
| FIDEURAM VITA | 7.263 | 1,1% | - | 0,5 | 74,6 | 7,6 | 0,0 | 17,3 |
| LOMBARDA VITA | 6.988 | 1,1% | - | 0,1 | 92,8 | 2,8 | - | 4,3 |
| VERA VITA | 6.794 | 1,1% | - | 0,9 | 92,4 | 1,3 | - | 5,3 |
| Subtotale | 552.445 | 87,4% | 81 | 29.086 | 401.305 | 81.038 | 6.580 | 34.355 |
| Comp. % subtotale | | | 0,0 | 5,3 | 72,6 | 14,7 | 1,2 | 6,2 |
| TOTALE MERCATO | 631.747 | | 410 | 31.426 | 465.258 | 87.465 | 6.729 | 40.459 |
| Comp. % Totale | | | 0,1 | 5,0 | 73,6 | 13,8 | 1,1 | 6,4 |

Insurance Company, Total assets, Market share, Real-estate, Shares and equities, Bonds and Fixed-income securities, Mutual fund investments, Financing and deposits, Other asset items Subtotal, Comp. Subtotal % Market Total, Comp. market %.

* Other assets include: intangible assets, technical reserves borne by reinsurers, receivables, accrued and deferred assets and other assets.

A more detailed analysis of the investments on shares and interests in companies (see column 5 in **table 2.2** and **table 2.3**) shows that, for the top 20 companies, this type of investment accounts for 5.3% of the total (**table 2.2**). For the majority of these companies, these are equity investments in other companies (in about 75% of cases). The ones that invest the most on shares and participations are Assicurazioni Generali and Generali Italia, which together allocate almost 20 billion euros to this sector (or 66% of the total sector). Most equity investments are listed shares (**table 2.3**).

Table 2.3 - The top 20 Italian Insurance Companies for class C managed assets (excluding Linked and Pension Funds) - LIFE sector, in 2019
Details of equity investments and interests (millions)

| COMPAGNIA DI ASSICURAZIONE | Totale Azioni e quote | Market share | Azioni e quote di imprese | Azioni quotate | Azioni non quotate | Quote |
|----------------------------|-----------------------|---------------|---------------------------|----------------|--------------------|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| POSTE VITA | 214 | 0,7% | 95,9 | 4,1 | - | - |
| INTESA SANPAOLO VITA | 1.281 | 4,1% | 16,5 | 81,9 | - | 1,6 |
| GENERALI ITALIA | 7.315 | 23,3% | 72,2 | 27,4 | 0,3 | 0,2 |
| ALLEANZA ASSICURAZIONI | 1.826 | 5,8% | 35,0 | 65,0 | 0,0 | - |
| GENERTELLIFE | 1.326 | 4,2% | 41,4 | 58,3 | 0,2 | - |
| UNIPOLSAI ASSICURAZIONI | 1.388 | 4,4% | 71,5 | 21,2 | 7,2 | - |
| ALLIANZ | 647 | 2,1% | 92,2 | 6,3 | - | 1,5 |
| ASSICURAZIONI GENERALI | 12.518 | 39,8% | 99,9 | 0,1 | 0,0 | 0,1 |
| BNP PARIBAS CARDIF VITA | 164 | 0,5% | 13,3 | 69,3 | 17,4 | - |
| CREDIT AGRICOLE VITA | 665 | 2,1% | 0,0 | 98,3 | 1,7 | - |
| AXA MPS ASSICURAZIONI VITA | 643 | 2,0% | 50,2 | 44,7 | 5,1 | - |
| AVIVA VITA | 77 | 0,2% | 0,0 | 88,4 | 11,6 | - |
| ZURICH INVESTMENTS LIFE | 541 | 1,7% | - | 100,0 | - | - |
| EUROVITA | 52 | 0,2% | 55,5 | - | 44,5 | - |
| AVIVA | 173 | 0,6% | 0,0 | 93,1 | 6,9 | - |
| CREDITRAS VITA | 32 | 0,1% | 55,9 | 44,1 | - | - |
| ARCA VITA | 121 | 0,4% | 100,0 | - | - | - |
| FIDEURAM VITA | 36 | 0,1% | 0,7 | 99,3 | - | - |
| LOMBARDA VITA | 5 | 0,0% | 0,0 | 100,0 | - | - |
| VERA VITA | 64 | 0,2% | 97,7 | 2,3 | - | - |
| Subtotale | 29.086 | 92,6% | 21.549 | 7.245 | 242 | 49 |
| Comp. % subtotale | | | 74,1 | 24,9 | 0,8 | 0,2 |
| TOTALE MERCATO | 31.426 | 100,0% | 22.462 | 7.529 | 293 | 1.141 |
| Comp. % Totale | | | 71,5 | 24,0 | 0,9 | 3,6 |

Total Shares and Interests, Market share, Corporate shares and interests, Listed shares, Non-listed shares, Equities Subtotal, Comp. Subtotal % Market Total, Comp. market total %

Table 2.4 provides details of the investment on bonds and fixed-income securities, 98% of which are listed securities. Poste Vita, Intesa Sanpaolo Vita and Generali Italia hold more than 200 billion euros' worth of bonds and other securities with a market share of over 43%. Intesa Sanpaolo Vita holds around 3% of its fixed-income investments in corporate bonds, compared with a market average of around 0.7%.

With the exception of investments on traditional and alternative mutual funds, the remaining assets are directly managed by these Companies; given the interest rates of bonds, UCITS investments, especially alternative products, are expected to grow in the coming years in order to ensure returns more in line with liabilities. In order to obtain additional information on UCITS, it is possible to use the data from the Solvency II financial statements which show (**table 2.5**) that the prevalent type of investment is debt funds, with an upward trend with respect to 2018 (36.8% in 2019 vs. 32.3% in 2018) followed by asset allocation funds (slightly downed compared to 21.6%, in 2018).

**Table 2.4 - The top 20 Italian Insurance Companies for class C managed assets
(excluding Linked and Pension Funds), LIFE sector - Details of bond and fixed-income security investments
(millions)**

| COMPAGNI DI ASSICURAZIONE | Obbligazioni e titoli a reddito fisso | Market share | Obbligazioni emesse da imprese | Titoli quotati | Titoli non quotati | Convertibili |
|----------------------------|---------------------------------------|---------------|--------------------------------|----------------|--------------------|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| POSTE VITA | 93.011 | 20,0% | - | 99,9 | 0,1 | - |
| INTESA SANPAOLO VITA | 59.604 | 12,8% | 3,2 | 96,5 | 0,3 | - |
| GENERALI ITALIA | 45.588 | 9,8% | 0,5 | 96,1 | 2,9 | 0,6 |
| ALLEANZA ASSICURAZIONI | 20.263 | 4,4% | 0,2 | 96,7 | 2,6 | 0,4 |
| GENERTELLIFE | 22.762 | 4,9% | 0,1 | 99,1 | 0,4 | 0,3 |
| UNIPOLSAI ASSICURAZIONI | 24.135 | 5,2% | 0,0 | 98,4 | 1,6 | 0,0 |
| ALLIANZ | 19.806 | 4,3% | 0,7 | 97,4 | 1,6 | 0,3 |
| ASSICURAZIONI GENERALI | 888 | 0,2% | - | 94,9 | 5,1 | - |
| BNP PARIBAS CARDIF VITA | 16.527 | 3,6% | 0,4 | 99,0 | 0,6 | - |
| CREDIT AGRICOLE VITA | 12.416 | 2,7% | 2,1 | 97,9 | - | - |
| AXA MPS ASSICURAZIONI VITA | 12.692 | 2,7% | - | 94,5 | 5,5 | 0,0 |
| AVIVA VITA | 12.026 | 2,6% | - | 97,9 | 2,1 | - |
| ZURICH INVESTMENTS LIFE | 9.560 | 2,1% | - | 99,7 | 0,3 | - |
| EUROVITA | 8.369 | 1,8% | - | 92,8 | 7,2 | - |
| AVIVA | 9.179 | 2,0% | - | 97,5 | 2,5 | - |
| CREDITRAS VITA | 8.057 | 1,7% | - | 99,4 | 0,4 | 0,2 |
| ARCA VITA | 8.239 | 1,8% | 0,1 | 99,4 | 0,5 | - |
| FIDEURAM VITA | 5.419 | 1,2% | - | 99,4 | 0,6 | - |
| LOMBARDA VITA | 6.488 | 1,4% | - | 100,0 | 0,0 | - |
| VERA VITA | 6.276 | 1,3% | - | 99,5 | 0,5 | - |
| Subtotale | 401.305 | 86,3% | 2.689 | 393.149 | 4.988 | 480 |
| Comp. % subtotale | | | 0,7 | 98,0 | 1,2 | 0,1 |
| TOTALE MERCATO | 465.258 | 100,0% | 2.732 | 456.328 | 5.719 | 480 |
| Comp. % Totale | | | 0,6 | 98,1 | 1,2 | 0,1 |

Insurance companies, Bonds and Fixed-income securities, Market share, Corporate bonds, Listed securities, Non-listed securities, Convertibles; Subtotal, Comp. Subtotal % - Market Total - Comp. market total %

Table 2.5 - Distribution of UCITS investments at the end of 2019 (excluding linked contracts)

| Type of Mutual Funds | % Distribution in 2018 | % Distribution in 2019 |
|------------------------|------------------------|------------------------|
| Equity funds | 6.20% | 7.10% |
| Debt funds | 32.30% | 36.80% |
| Money Market Funds | 4.00% | 8.80% |
| Asset Allocation Funds | 21.60% | 18.10% |
| Real-estate funds | 16.70% | 10.50% |
| Alternative funds | 5.30% | 3.90% |
| Private equity funds | 2.10% | 2.80% |
| Infrastructural funds | 1.90% | 3.10% |
| Others | 9.90% | 9.00% |
| Total | 100.00 % | 100.00 % |

Source: ANIA estimates on the data from the Solvency II financial statements

3. Open-Ended Pension Funds: members, assets and managers

At the end of 2019, there were **41** operating **open-ended pension funds**, down by 2 compared to 2018, with no change in the number of companies managing these funds (34). Despite the consistent growth in their membership, 1,515,898 at the end of 2019 (+ 6.1% vs. 2018), almost 600,000 members did not pay their contributions during 2019. As in the previous year, it was mainly self-employed workers (47%) who did not pay their contributions in the year under review; there was a slight decrease in the number of non-paying employed workers, but still a significant amount (27% vs. 29% at the end of 2018). **Table 3.1** shows the top 10 Groups managing and operating open-ended pension funds classified by *number of outstanding positions* accounting for **over 85%** of the market.

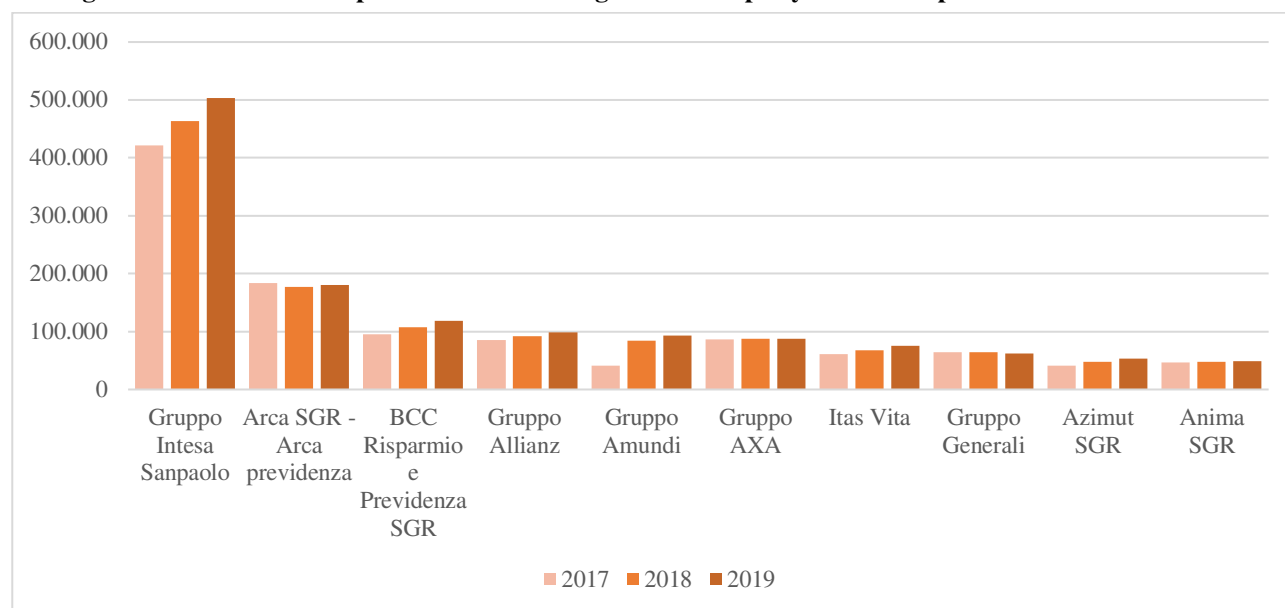
Table 3.1 - The top 10 Open-Ended Fund Management Groups by number of positions in 2019 and 2018

| OPEND-ENDED FUND | OUTSTANDING POSITIONS IN 2019 | OUTSTANDING POSITIONS IN 2018 |
|---------------------------------------|-------------------------------|-------------------------------|
| Gruppo Intesa Sanpaolo | 502,921 | 464,023 |
| Il mio domani | 395,636 | 363,785 |
| Fideuram - Fideuram Vita | 73,311 | 65,178 |
| Previdsystem | 30,323 | 31,771 |
| Giustiniano | 3,651 | 3,289 |
| Arca SGR - Arca previdenza | 180,456 | 177,595 |
| BCC Risparmio e Previdenza SGR | 118,744 | 107,866 |
| Gruppo Allianz | 98,276 | 92,062 |
| Allianz previdenza | 73,274 | 67,653 |
| Insieme | 22,799 | 22,104 |
| Unicredit - Creditras vita | 2,203 | 2,305 |
| Amundi SGR | 92,592 | 84,257 |
| Seconda Pensione | 78,710 | 77,242 |
| Core Pension | 13,882 | 7,015 |
| Gruppo AXA | 87,391 | 87,551 |
| Axa-mps previdenza per te | 71,512 | 71,184 |
| Axa-mps previdenza aziende | 14,175 | 14,653 |
| Axa-ass | 1,704 | 1,714 |
| Itas Vita | 75,975 | 68,151 |
| Gruppo Generali | 62,270 | 63,932 |
| Generali global | 51,077 | 52,233 |
| Almeglio – Alleanza | 11,193 | 11,699 |
| Azimut SGR | 53,153 | 47,275 |
| Anima SGR | 48,750 | 47,618 |
| TOTAL | 1,320,528 | 1,240,330 |

Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

Figure 3.1 shows the existing positions for each Company up to 2019 and their evolution compared to 2017.

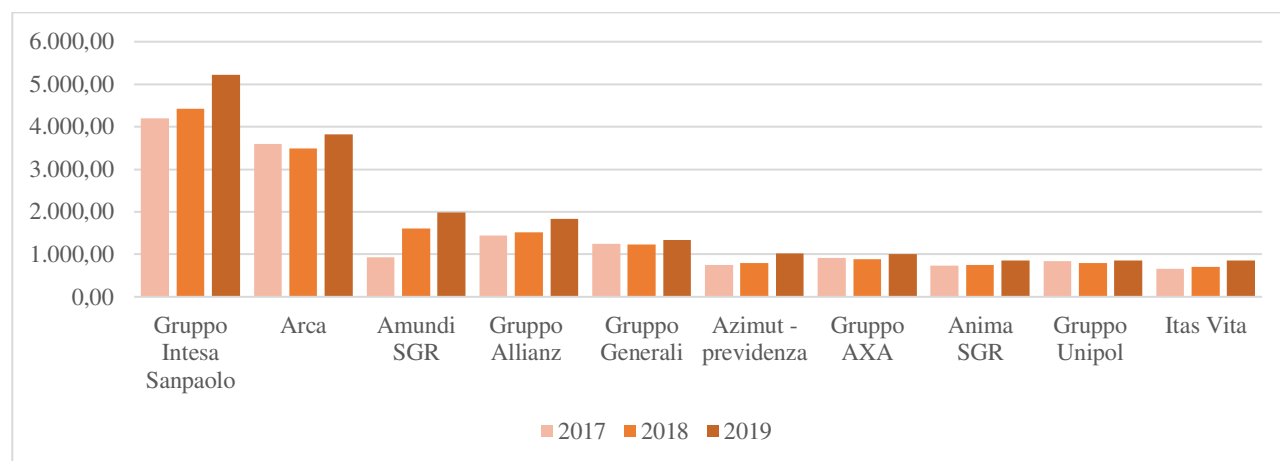
Figure 3.1 - The first 10 Open-End Fund Management Groups by number of positions in 2017-2018-2019



Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

At the end of 2019, the **net assets allocated to benefits** amounted to **22.8 billion euros**, with a sharp increase compared to the previous year (+16.4%). An analysis of open-ended fund membership and their respective contributions carried out at the end of 2019 confirmed that the positions related to employed workers increased by more than 7% vs. the previous year, mainly on an individual basis compared to 2% for the self-employed. In 2019, the contributions paid to open-ended pension funds amounted to 2.2 billion euros, with as much as 1.4 billion euros paid by employed workers, 43% of which is accounted for by termination of employment benefits. As in 2018, there was a slight increase in the average annual contributions paid by members, equal to **2,340 euros** (vs. 2,290 in 2018), a little bit higher for the self-employed (2,540 euros) with respect to employed workers (2,480 euros). **Figure 3.2** and **table 3.2** show the **assets** of the top 10 Groups that operate open-ended pension funds and that account for about 82% of the market.

Figure 3.2 - The top 10 Open-Ended Fund Management Groups by assets (millions of euros) in 2017-2018-2019



Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

With regard to the management of the **open-end fund resources**, there were no particular changes compared to the previous year; in fact, **insurance companies** still have a market share of almost **57%**. The rest are funds created by asset management companies (39.9%) and, to a lesser extent, by the banking sector. Despite a significant difference in the performance of financial markets between 2018 and 2019, the net asset allocation of open-ended funds remained practically unchanged: balanced investments accounted for about 45.7% followed by equity funds (21.3%), guaranteed funds (20.2%) and bond funds (13%). It is important to stress that these assets are often managed by the asset management companies that set them up, as in the case of the Arca funds managed by Arca, the AXA Group funds managed by AXA IM or the Intesa Sanpaolo Group funds managed by Epsilon SGR, Eurizon Capital SGR and Fideuram.

Table 3.2 - The top 10 Open-Ended Fund Management Groups by assets in 2018-2019 (millions of euros)

| OPEN-ENDED PENSION FUND | ASSETS (net assets allocated to benefits - mln of €) in 2019 | ASSETS (net assets allocated to benefits - mln of €) in 2018 |
|--------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| Gruppo Intesa Sanpaolo | 5,226.7 | 4,419.41 |
| Il mio domani | 2,672.9 | 2,241.66 |
| Fideuram | 1,708.4 | 1,370.37 |
| Previdsystem | 757.0 | 731.73 |
| Giustiniano | 88.4 | 75.64 |
| Arca SGR | 3,825.3 | 3,487.70 |
| Amundi SGR | 1,982.8 | 1,607.92 |
| Seconda pensione | 1,794.9 | 1,544.00 |
| Core Pension | 187.9 | 63.92 |
| Gruppo Allianz | 1,829.3 | 1,519.62 |
| Allianz previdenza | 1,295.7 | 1,076.74 |
| Insieme | 489.7 | 402.19 |
| Unicredit - Creditas vita | 43.9 | 40.69 |
| Gruppo Generali | 1,339.5 | 1,228.45 |
| Generali global | 1,209.7 | 1,107.87 |
| Almeglio - Alleanza | 129.8 | 120.58 |
| Azimut - previdenza | 1,021.4 | 795.11 |
| Gruppo AXA | 1,012.4 | 889.74 |
| Axa-mps previdenza per te | 802.5 | 700.81 |
| Axa-mps previdenza aziende | 183.2 | 164.87 |
| Axa-ass | 26.7 | 24.06 |
| Anima SGR | 861.7 | 753.55 |
| Gruppo Unipol | 853.5 | 797.52 |
| Itas Vita | 852.6 | 705.47 |
| TOTAL | 18,805.2 | 16,204.49 |

Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

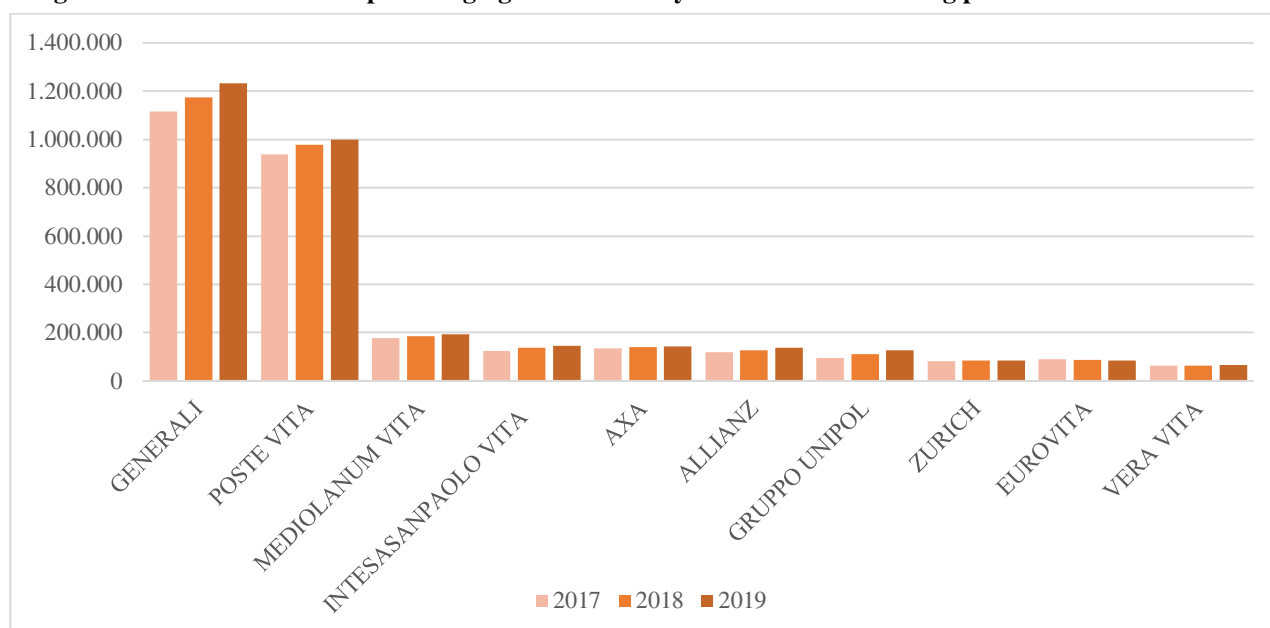
4. Individual Pension Plans: members, assets and managers

Members - At the end of 2019, Individual pension plans (IPPs) had a total of 3,618,291 members, of whom 3,264,183 were members of "new" IPPs (i.e. those established or adjusted to Legislative Decree 252/2005), accounting for 90.2% of all members of individual insurance pension plans. The growth in the membership of "new" IPPs was again sluggish in 2019 (+4.3%), similarly to 2018 (+5.4%) and to 2017 (+7.6%), with a 6.6% increase in the number of IPP members with a simultaneous position in another pension scheme. Moreover, there was still an upward trend in the number of members not paying contributions (34% of the total, + 8% vs. 2018).

The number of active IPPs - The following data only refer to "new" IPPs (also because "old" IPPs are no longer allowed to enrol new members and to allocate termination of employment benefits). At the end of 2019, the number of "new" IPPs operating in the sector was equal to 70, the same as in 2018; out of these, 30 were closed to placement, 2 ceased their business during 2019, with no change in the number of insurance companies operating in this sector (33).

Table 4.1 shows the **top 10 Groups** operating in the "new" IPP sector; they are classified by number of outstanding positions and account for about 94% of the total; **figure 4.1** graphically shows the distribution of these positions. It should be noted that Intesa San Paolo Vita changed its position in the ranking, overtaking AXA in the 4th place.

Figure 4.1 - The first 10 Groups managing "new" IPPs by number of outstanding positions in 2017-2018-2019



Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

Table 4.1 - The first 10 Groups managing "new" IPPs by number of outstanding positions in 2018-2019

| PIP "NUOVI" | POSIZIONI IN ESSERE 2019 | POSIZIONI IN ESSERE 2018 | PIP "NUOVI" | POSIZIONI IN ESSERE 2019 | POSIZIONI IN ESSERE 2018 |
|-------------------------------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| GENERALI | 1.233.879 | 1.175.393 | GRUPPO UNIPOL | 126.702 | 111.453 |
| Alleata Previdenza - Alleanza | 575.953 | 533.887 | Unipol Futuro Presente | 85.847 | 88.550 |
| Generafuturo | 230.691 | 194.381 | Previdenza futura | 40.855 | 22.903 |
| Valore Pensione - Generali Italia | 174.324 | 182.093 | Fondiarria più pensione | - | - |
| Ina Assistalia Primo | 160.066 | 172.033 | Integrazione pensione | - | - |
| BG previdenza attiva - Genertellife | 29.062 | 27.443 | Più pensione | - | - |
| Pensioneline - Genertellife | 26.879 | 26.333 | Unipolsai | - | - |
| Futuro Attivo - Genertellife | 22.891 | 24.543 | ZURICH | 85.451 | 83.771 |
| Vivipensione - Generali Italia | 13.880 | 14.539 | Vivipensione | 67.141 | 65.550 |
| Nuova Pensione - Genertellife | 133 | 141 | Programma pensione | 9.511 | 9.349 |
| POSTE VITA | 998.827 | 978.575 | Futuro pensione | 8.799 | 8.872 |
| MEDIOLANUM VITA | 193.145 | 184.478 | EUROVITA | 84.732 | 86.838 |
| INTESASANPAOLO VITA | 144.910 | 136.514 | PP BayerischeT 4036 | 31.072 | 31.877 |
| Il mio futuro | 127.014 | 117.836 | PP BayerischeT 4046 | 24.929 | 25.460 |
| Pip progetto pensione | 12.643 | 13.183 | PP BayerischeT 4026 | 18.551 | 18.988 |
| Vita&previdenza più | 5.253 | 5.495 | NG nuova generazione | 7.226 | 7.567 |
| AXA | 143.789 | 139.955 | Pensione domani | 1.824 | 1.752 |
| Axa Mps previdenza attiva | 98.525 | 97.431 | Futuro per te | 1.130 | 1.194 |
| Mia pensione | 21.786 | 19.112 | VERA VITA | 65.279 | 64.171 |
| Axa Progetto Pensione | 18.337 | 18.309 | Pensione sicura | 52.525 | 51.030 |
| Axa Mps previdenza personale | 5.141 | 5.103 | Vita previdenza | 12.754 | 13.141 |
| ALLIANZ | 137.236 | 128.004 | | | |
| Orizzonte previdenza | 130.806 | 122.214 | | | |
| Unicredit Creditras | 5.621 | 4.892 | | | |
| Elios previdenza | 809 | 898 | | | |
| TOTALE primi 10 Gruppi | | | | 3.213.950 | 3.089.152 |

"New" IPPs, Outstanding Positions In 2019, Outstanding Positions In 2018, Total of the first 10 Groups.

Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

The resources allocated to benefits increased sharply vs. 2018 (+15.5%) to reach **35.5 billion euros**, which, added to the 7.1 billion euros' worth of 'old' IPPs, amounted to a total of **42.6 billion**. In 2019, the new IPPs received contributions almost equal to 4.5 billion euros (+5% compared to the previous year), of which 65% were contributions paid by employed workers and 27% were termination of employment benefits.

As reported in 2018, in 2019 too, members tended to opt for **class I "separate schemes"** accounting for about **74.7%** of the resources, while the remaining 25.3% was allocated to **class III** lines, of which: 12% to equity investments (vs. 10.4% in 2018), 9.2% to balanced investments and the remaining 4.2% to bond investments (vs. 4.4% in 2018). The average annual contributions paid by members increased to 2,030 euros in 2019 compared to 1,990 in 2018. Similarly to open-ended pension funds and to the figures of last year, IPPs received higher contributions on average paid by self-employed workers with respect to employed workers: 2,550 euros in 2019 (2,500 in 2018) and 1,970 euros (vs. 1,930 in 2018) respectively.

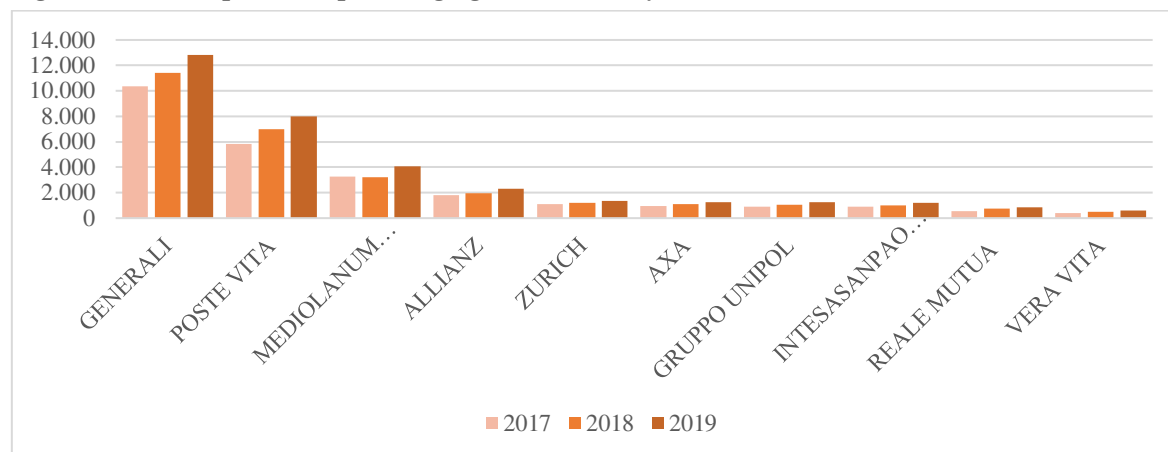
Management of Resources – As in the case of open-ended pension funds, the resources of IPPs are generally managed by the same insurance companies that created them or by the companies within the same Group, thus showing a marked concentration in the sector: about 80% of the IPP assets belong to 5 insurance groups. **Table 4.2** and **figure 4.2** list the top 10 Groups managing "new" IPPs, by assets (net assets allocated to benefits), which account for **94.74%** of the **total**.

Table 4.2 - The top 10 Groups managing "new" IPPs by assets
(net assets allocated to benefits in millions of euros) in 2018-2019

| PIP "NUOVI" | PATRIMONIO 2019 | PATRIMONIO 2018 | PIP "NUOVI" | PATRIMONIO 2019 | PATRIMONIO 2018 |
|---------------------------------------|--------------------|--------------------|---------------------------------|--------------------|--------------------|
| GENERALI | 12.818,6 | 11.410,0 | GRUPPO UNIPOL | 1.248,0 | 1.053,3 |
| Alleata Previdenza - Alleanza | 4.511,4 | 3.878,4 | Unipol Futuro Presente | 1.058,2 | 977,7 |
| Valore Pensione - Generali Italia | 2.829,1 | 2.703,3 | Previdenza futura | 189,8 | 75,6 |
| Ina Assitalia Primo - Generali Italia | 2.253,9 | 2.229,6 | Fondiaria più pensione | - | - |
| Generafuturo - Generali Italia | 1.859,3 | 1.371,9 | Integrazione pensione | - | - |
| BG previdenza attiva - Genertellife | 656,1 | 559,1 | Più pensione | - | - |
| Pensionline- Genertellife | 322,1 | 278,3 | Unipolsai | - | - |
| Vivi pensione - Generali Italia | 194,5 | 184,4 | INTESASANPAOLO VITA | 1.179,3 | 977,7 |
| Futuro attivo - Genertellife | 189,5 | 202,2 | Il mio futuro | 739,2 | 577,5 |
| Nuova Pensione - Genertellife | 2,7 | 2,7 | Pip progetto pensione | 336,5 | 301,9 |
| POSTE VITA | 7.970,6 | 6.966,2 | Vita&previdenza più | 103,6 | 98,3 |
| MEDIOLANUM VITA | 4.048,3 | 3.237,8 | REALE MUTUA | 870,1 | 732,1 |
| ALLIANZ | 2.301,1 | 1.951,2 | Cento stelle Reale | 367,4 | 309,5 |
| Orizzonte previdenza | 2.236,6 | 1.899,6 | Cento stelle tax plan | 175,1 | 147,3 |
| Unicredit Creditras | 54,4 | 40,2 | Feelgood Italiana assicurazioni | 127,5 | 96,5 |
| Elios previdenza | 10,1 | 11,4 | Planner | 97,8 | 83,2 |
| ZURICH | 1.341,6 | 1.189,6 | Domani sicuro plus | 67,2 | 60,4 |
| Vivipensione | 976,0 | 874,2 | Progetto pensione sicura | 20,1 | 20,5 |
| Programma pensione | 192,2 | 157,4 | Domani sicuro | 15,0 | 14,8 |
| Futuro pensione | 173,4 | 158,0 | VERA VITA | 582,3 | 495,1 |
| AXA | 1.251,2 | 1.079,1 | Pensione sicura | 429,0 | 351,8 |
| Axa Mps previdenza attiva | 642,7 | 551,2 | Vera Vita previdenza | 153,3 | 143,3 |
| Axa progetto pensione | 319,1 | 300,1 | | | |
| Mia pensione | 194,8 | 146,8 | | | |
| Axa Mps previdenza personale | 94,6 | 81,0 | | | |
| TOTALE primi 10 Gruppi | | | | 33.611,1 | 29.091,9 |

New IPPs, Assets in 2019, Assets in 2018, Total of the first 10 Groups.
Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

Figure 4.2 - The top 10 Groups managing "new" IPPs by assets (in millions of euros) in 2017-2018-2019



Source: COVIP data processed by the Itinerari Previdenziali Research and Study Center

5. Occupational Pension Funds: activities, members, assets and management companies

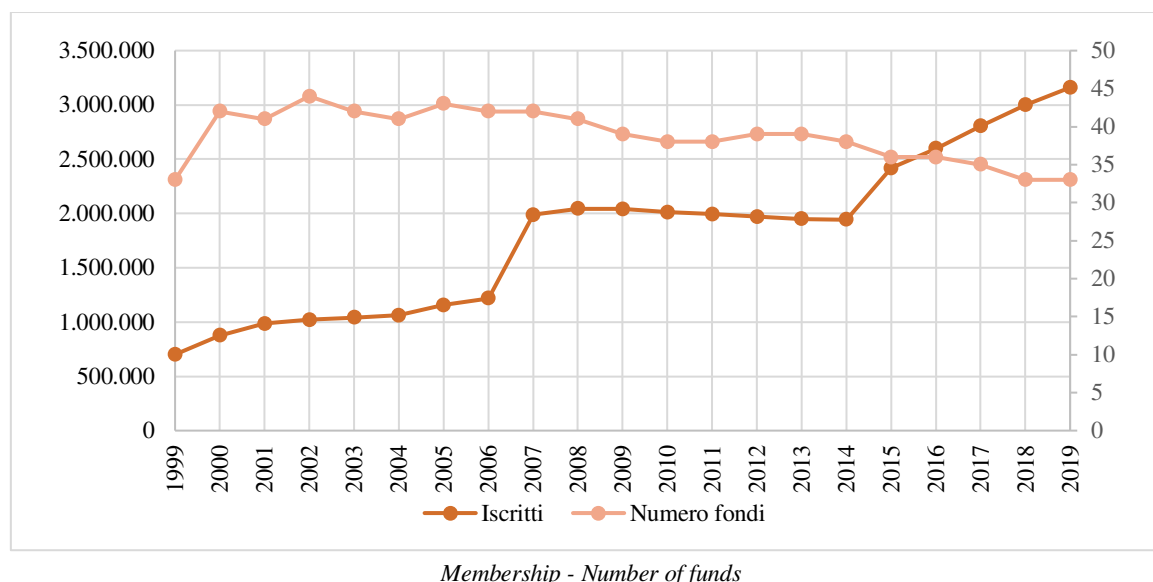
At the end of 2019, the **33 occupational pension funds** operating in the country had **3,163,048⁸ members**, again with an upward trend equal to **+ 5.4%** with respect to 2018. As in previous years, this growth is largely due to new contractual membership arrangements especially in the Prevedi, Eurofer, Priamo, Previambiente, Perseo Sirio, Preseo Sirio, Previdenza Cooperativa, Fondapi, Byblos, Solidarietà Veneto and Astri funds, plus Laborfonds added in 2019.

Table 5.1 and **figure 5.1** show the evolution of **occupational pension funds** from 1999 to 2019 both in terms of number of funds and of membership. Compared to 2018, their number remained stable at 33. The historical series shows a realignment in the number of these funds to 33 compared to 1999, with an all-time high in 2002 with 44 funds. Except for the significant growth of these funds from 33 to 42 in 1999/2000, their number has remained more or less consistent over the years.

Table 5.1 - The evolution of occupational pension funds by number and by membership

| Year | N. funds | Members | Year | N. funds | Members | Year | N. Funds | Members |
|------|----------|-----------|------|----------|-----------|------|----------|-----------|
| 1999 | 33 | 701,127 | 2006 | 42 | 1,219,372 | 2013 | 39 | 1,950,552 |
| 2000 | 42 | 877,523 | 2007 | 42 | 1,988,639 | 2014 | 38 | 1,944,276 |
| 2001 | 41 | 984,567 | 2008 | 41 | 2,043,509 | 2015 | 36 | 2,419,103 |
| 2002 | 44 | 1,021,186 | 2009 | 39 | 2,040,150 | 2016 | 36 | 2,596,819 |
| 2003 | 42 | 1,042,381 | 2010 | 38 | 2,010,904 | 2017 | 35 | 2,804,633 |
| 2004 | 41 | 1,062,907 | 2011 | 38 | 1,994,280 | 2018 | 33 | 3,000,500 |
| 2005 | 43 | 1,155,168 | 2012 | 39 | 1,969,771 | 2019 | 33 | 3,160,206 |

Figure 5.1 - The evolution of occupational pension funds by number of funds and by membership



⁷ This finding differs by 2,842 members from the total reported by COVIP for 2019, equal to 3,160,206 "outstanding positions". This difference is mainly due to the fact that the data illustrated in this Chapter were taken directly from the official financial accounts published on the institutional websites of occupational pension funds.

Membership - The number of members of these funds had almost doubled already in 2006 compared to 1999. In 2007, the number of members continued to grow due to the entry into force of Legislative Decree n. 252/2005 in January 2007 and of the registration mechanism to transfer termination of employment benefits through **positive silence**. Since then, their number remained more or less the same until early 2015, when this trend was reversed after the introduction of contractual membership arrangements.

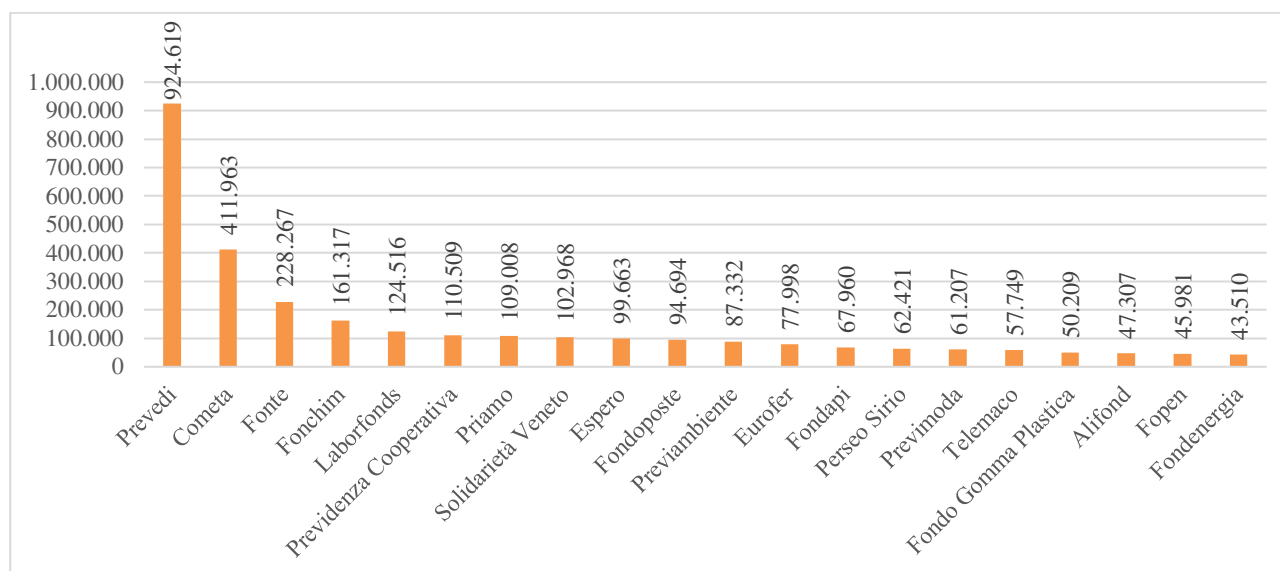
Table 5.2 shows the 33 occupational pension funds in terms of membership growth while **figure 5.2** illustrates the **top 20 occupational pension funds by number of members**, that account for **about 94%** of the total.

Table 5.2 - Ranking of occupational pension funds in terms of membership growth rate

| Nome del Fondo | Iscritti 2019 | Iscritti 2018 | Var. % | Nome del Fondo | Iscritti 2019 | Iscritti 2018 | Var. % |
|--------------------|---------------|---------------|--------|-------------------------|------------------|------------------|--------------|
| Perseo Sirio | 62.421 | 46.044 | 35,57% | Pegaso | 32.513 | 32.086 | 1,33% |
| Solidarietà Veneto | 102.968 | 87.920 | 17,12% | Mediafond | 2.781 | 2.747 | 1,24% |
| Fondaereo | 7.298 | 6.501 | 12,26% | Fondo Gomma Plastica | 50.209 | 49.768 | 0,89% |
| Fondo Sanità | 7.253 | 6.475 | 12,02% | Cometa | 411.963 | 408.830 | 0,77% |
| Fondapi | 67.960 | 60.745 | 11,88% | Fondemain (ex Fopadiva) | 7.187 | 7.143 | 0,62% |
| Previambiente | 87.332 | 79.133 | 10,36% | Alifond | 47.307 | 47.036 | 0,58% |
| Prevedi | 924.619 | 838.134 | 10,32% | Agrifondo | 8.644 | 8.618 | 0,30% |
| Prevaer | 14.241 | 12.959 | 9,89% | Fopen | 45.981 | 45.908 | 0,16% |
| Astri | 17.817 | 16.619 | 7,21% | Telemaco | 57.749 | 57.880 | -0,23% |
| Eurofer | 77.998 | 74.360 | 4,89% | Previdenza Cooperativa | 110.509 | 111.027 | -0,47% |
| Fonte | 228.267 | 219.677 | 3,91% | Espero | 99.663 | 100.335 | -0,67% |
| Fondenergia | 43.510 | 42.083 | 3,39% | Quadri e Capi Fiat | 11.921 | 12.006 | -0,71% |
| Priamo | 109.008 | 105.828 | 3,00% | Fondoposte | 94.694 | 96.409 | -1,78% |
| Laborfonds | 124.516 | 121.255 | 2,69% | Arco | 27.711 | 28.264 | -1,96% |
| Previmoda | 61.207 | 59.893 | 2,19% | Foncer | 13.704 | 13.994 | -2,07% |
| Byblos | 37.134 | 36.353 | 2,15% | Concreto | 5.646 | 5.840 | -3,32% |
| Fonchim | 161.317 | 158.420 | 1,83% | Totale | 3.163.048 | 3.000.290 | 5,42% |

Name of the fund - Membership in 2019 - Membership in 2018 - % variation

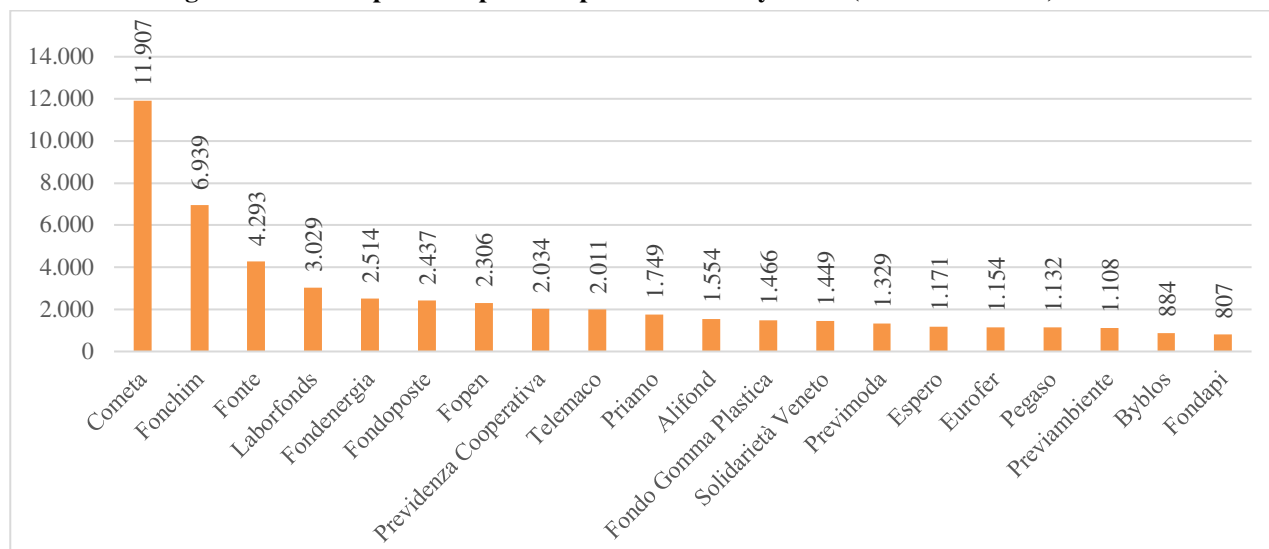
Figure 5.2 - The top 20 occupational pension funds by number of members in 2019



Assets - The assets of these funds totaled **56.136 billion euros**, with an increase by 11.36% or by more than 5.726 million euros; a very significant result with respect to the previous year (1.9%) thanks to the good performance of almost all asset classes.

The ranking in terms of assets is completely different with respect to the one in terms of membership; the top 20 occupational funds account for **91.34%** of the total, as illustrated in *figure 5.3*.

Figure 5.3 - The top 20 occupational pension funds by assets (millions of euros) in 2019



The historical series in *table 5.3* illustrates the trend of the assets of these funds from 1999 to the present day. Their resources allocated to benefits show a steady growth due to their good performance, except for 2018, and to new members. This happened despite the negative impact of the 2008 crisis on employment, which picked up again only in 2019 with an all-time high of 59% and with 50% for women.

Table 5.3 - Trend of the assets of occupational pension funds from 1999 to 2019 (millions of euros)

| Year | Assets | Anno | Assets | Year | Assets |
|------|--------|------|--------|------|--------|
| 1999 | 544 | 2006 | 9,257 | 2013 | 34,504 |
| 2000 | 1,190 | 2007 | 11,599 | 2014 | 39,644 |
| 2001 | 2,256 | 2008 | 14,092 | 2015 | 42,546 |
| 2002 | 3,264 | 2009 | 18,757 | 2016 | 45,931 |
| 2003 | 4,543 | 2010 | 22,384 | 2017 | 49,456 |
| 2004 | 5,881 | 2011 | 25,272 | 2018 | 50,410 |
| 2005 | 7,615 | 2012 | 30,174 | 2019 | 56,136 |

Flows - In 2019, the assets of these funds grew by 11.36%, much more than in the previous years (+1.9% in 2018/2017 +7.76% in 2017-2016, +7.96% in 2016-2015 and +7.32% in 2015-2014). Unlike in 2018, all occupational pension funds had a positive trend in their available resources due to the particularly positive performance of the financial markets. The funds with the highest growth (in absolute terms between 300 million and 1 billion euros) were: **Cometa** with **+950 million euros**, from 10.96 to 11.9 billion (+8,67%), **Fonchim** with about **+710 million euros** (+11.4%), **Fon,Te** with **+474 million** (+12.4%), **Laborfonds** with **+376 million** (+14.18%) and **Fondenergia** with **+333 million** (+15.28%), *table 5.4* shows the ranking in terms of asset growth.

Table 5.4 - Trends in the assets of occupational pension funds

| Nome del Fondo | Patrimonio 2019 | Patrimonio 2018 | Var. % | Nome del Fondo | Patrimonio 2019 | Patrimonio 2018 | Var. % |
|----------------------|-----------------|-----------------|--------|-------------------------|-----------------------|-----------------------|---------------|
| Perseo Sirio | 172.812.978 | 114.307.615 | 51,18% | Fonchim | 6.938.929.514 | 6.228.561.856 | 11,41% |
| Prevaer | 548.597.972 | 468.199.084 | 17,17% | Quadri e Capi Fiat | 665.839.010 | 598.640.518 | 11,23% |
| Prevedi | 763.720.742 | 656.211.056 | 16,38% | Fondaereo | 422.122.919 | 379.727.984 | 11,16% |
| Fondenergia | 2.514.131.812 | 2.180.878.623 | 15,28% | Fondapi | 807.316.111 | 727.442.712 | 10,98% |
| Fondo Sanità | 206.255.413 | 178.968.129 | 15,25% | Alifond | 1.554.334.356 | 1.400.766.224 | 10,96% |
| Solidarietà Veneto | 1.449.126.150 | 1.260.636.156 | 14,95% | Fondoposte | 2.436.806.788 | 2.200.114.155 | 10,76% |
| Laborfonds | 3.029.390.015 | 2.653.238.506 | 14,18% | Previambiente | 1.108.346.949 | 1.002.046.926 | 10,61% |
| Astri | 341.336.193 | 300.907.500 | 13,44% | Telemaco | 2.010.863.730 | 1.820.514.554 | 10,46% |
| Mediafond | 122.215.354 | 107.741.435 | 13,43% | Byblos | 883.898.993 | 802.426.339 | 10,15% |
| Fondo Gomma Plastica | 1.466.364.510 | 1.296.470.472 | 13,10% | Foncer | 500.292.095 | 454.270.018 | 10,13% |
| Espero | 1.171.202.435 | 1.039.061.864 | 12,72% | Arco | 663.746.304 | 602.744.407 | 10,12% |
| Previmoda | 1.329.405.598 | 1.181.323.825 | 12,54% | Fondemain (ex Fopadiva) | 152.210.771 | 138.500.899 | 9,90% |
| Fonte | 4.292.922.291 | 3.819.215.006 | 12,40% | Cometa | 11.907.448.282 | 10.957.406.981 | 8,67% |
| Fopen | 2.305.643.616 | 2.051.777.692 | 12,37% | Agrifondo | 96.575.188 | 89.119.616 | 8,37% |
| Pegaso | 1.131.787.574 | 1.009.929.656 | 12,07% | Previdenza Cooperativa | 2.033.783.630 | 1.894.819.910 | 7,33% |
| Priamo | 1.748.607.561 | 1.566.538.130 | 11,62% | Concreto | 206.425.784 | 193.020.463 | 6,95% |
| Eurofer | 1.153.779.296 | 1.034.869.626 | 11,49% | Totale | 56.136.239.934 | 50.410.397.937 | 11,36% |

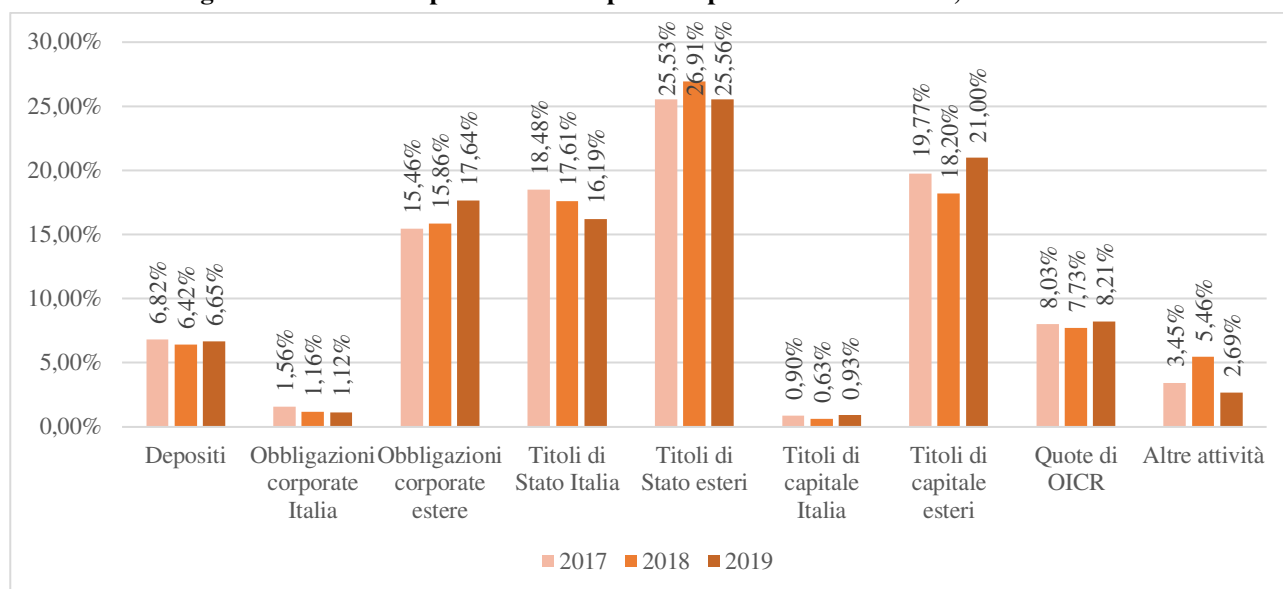
Name of the Fund - Assets in 2019 - Assets in 2018 - % Variation

The survey system implemented by COVIP highlighted that no payments were made in 2019 for 615,000 outstanding positions, a steady increase compared to 536,000 in 2018, 447,000 in 2017 and to 325,000 in 2016; failed contributions can be mainly *ascribed to contractual membership arrangements*, that reached slightly above 1 million at the end of 2019, but 35% of which had no contributions.

Given an average duration of 5/7 years between maturities and new flows of contributions, net of benefit payments, the average annual investments/reinvestments can be estimated to be around 10 billion euros.

Asset composition and management - *Figure 5.4* illustrates the asset composition of occupational pension funds in 2017, 2018 and 2019; the comparison shows that **debt securities** account for the largest share of these assets, approximately 60.5%, with a downward trend with respect to 62% vs. 2018 and in line with 61% in 2017; if deposits (6.7%) are included, liquidity and bonds account for about 70%. In detail, **government bonds** account for 42% of the assets under management with respect to 44.53% in 2018, of which 25.56% issued by other countries and 16.19% by Italy (both down with respect to the previous year); **corporate bonds** amount to 18.76%, growing compared to 2018, of which 17.64% issued by foreign companies. Both equity and UCITS investments go up to **22%** and **8.2%** respectively.

Figure 5.4 - Asset composition of occupational pension funds in 2017, 2018 and 2019



Deposits - Italian corporate bonds - Foreign corporate bonds - Italian treasury bills - Foreign treasury bills - Italian equity investments - Foreign equity investments – UCITS - Other assets

The **management of occupational pension funds** is almost entirely outsourced to professional management companies, such as banks, securities investment companies, asset management companies and insurance companies, in line with the provisions of Legislative Decree 252/2005 and of Ministerial Decree 166/2014. However, a growing number of funds now use a so-called "**direct management**" approach for part of their assets; compared to 2018, six funds capitalized on the provisions of Article 6, paragraph 1, letters d) and e) of the above-mentioned decree, underwriting or directly purchasing interests or shares in real-estate companies, or shares of mutual funds or of closed real-estate funds.

On the whole, the **direct investments** of occupational pension funds amount to approximately 280 million euros and the share of their net assets allocated to benefits account for less than 4%. In detail, Eurofer has held shares in a closed real-estate fund since 2012 and also in an infrastructural fund since 2017. Laborfonds and Solidarietà Veneto continue to invest part of their resources in closed funds with the aim to support growth and development projects for SMEs at the local level. Byblos and Priamo continue to invest in private debt funds and Prevaer in private debt and infrastructural funds.

In the summer of 2018, the **Iride Project** was launched; it is a **joint initiative promoted by the Foncer, Fondenergia, Fondo Gomma Plastica, Pegaso and Previmoda Pension Funds** to invest **in the real economy** and, in particular, in the private equity sector through mandates to an AFI management company. In 2019, with the support of Prometeia Advisor SIM, Neuberger Berman was selected to manage five funds for 216 million euros' worth of investments, mainly in Europe, with a significant share of alternative investments in companies operating in Italy.

In addition, in late 2019, **Assofondipensione** and **Cassa Depositi e Prestiti** presented a shared project with a number of occupational pension funds (**Arco, Prevedi, Previambiente and Concreto**); the aim is to support the growth and competitiveness of Italian companies through a platform made up of funds of funds and managed by an Italian investment fund (FII SGR), by investing in private equity and private debt funds and possibly in other asset classes. The target is to raise at least 500 million

euros, plus the resources that Cassa Depositi e Prestiti will be able to invest, alongside the pension funds, on the platform managed by FII SGR, in line with its institutional mission.

The domestic real economy - By including among indirect investments the **1.12%** of Italian corporate bonds, the **0.93%** of Italian equity investments, the estimated **1.2%** of UCITS corporate securities or equity investments and the **0.17%** of direct investments in domestic AFI, it is possible to estimate that occupational pension funds invest about **3.42%** of their assets in the domestic real economy, up with respect to 2.5% in 2016 and slightly down vs. 3.46% in 2018. Domestic debt securities do not include 9 billion euros' worth of government securities equal to almost 16% of all assets.

Moreover, even though the occupational pension funds' inflow of termination of employment benefits alone was equal to 6.322 billion euros in 2019, their investments in the real economy amounted only to 1.92 billion euros during the same year. So, it is possible to calculate the amount of these benefits subtracted from the real economy in the 2015-2019 period (the last 5 years), on the basis of an estimated average of 50% of these benefits transferred to complementary occupational pension schemes and their re-investment in the real economy equal to 8.5 billion euros. In this case, the amount of resources taken away from the real economy exceeds 21 billion euros, also considering the outflows to the INPS treasury fund; a similar amount of benefits is subtracted from the real economy by other complementary pension funds, pre-existing and open-ended funds; a daunting result for the Italian economy that is hard pressed in terms of competitiveness and productivity.

Portfolio and geographical composition - The COVIP data reported in *table 5.5* illustrate the composition of the debt and equity portfolios held by occupational pension funds both directly and through UCITS, with the "look through" principle.

Table 5.5 - The assets of occupational pension funds by type and geographical location (% values)

| | 2018 | 2019 | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Total | Guaranteed | Pure bonds | Mixed bonds | Balanced | Equity | Total |
| Debt securities | 75.0 | 97.6 | 100.0 | 68.8 | 68.0 | 38.3 | 72.1 |
| Italy | 22.3 | 65.2 | 34.0 | 12.1 | 11.5 | 9.2 | 20.1 |
| Other euro-zone countries | 29.0 | 25.3 | 39.5 | 31.3 | 23.0 | 16.0 | 25.9 |
| Other EU countries | 5.3 | 2.5 | 7.2 | 6.5 | 4.4 | 3.6 | 4.8 |
| United States | 12.4 | 3.2 | 12.4 | 14.0 | 19.5 | 7.8 | 14.8 |
| Japan | 1.6 | 0.3 | 0.9 | 0.8 | 2.8 | 0.3 | 1.7 |
| OECD countries | 2.3 | 1.0 | 3.2 | 1.9 | 2.9 | 0.7 | 2.2 |
| Non-OECD countries | 2.2 | 0.1 | 2.7 | 2.1 | 3.8 | 0.8 | 2.6 |
| Equity | 25.0 | 2.4 | - | 31.2 | 32.0 | 61.7 | 27.9 |
| Italy | 0.8 | 0.1 | - | 1.4 | 1.2 | 1.6 | 1.1 |
| Other euro-zone countries | 7.5 | 0.7 | - | 9.1 | 8.2 | 16.0 | 7.5 |
| Other EU countries | 1.9 | 0.2 | - | 2.1 | 2.5 | 4.1 | 2.0 |
| United States | 10.3 | 1.0 | - | 13.8 | 13.8 | 28.7 | 12.0 |
| Japan | 1.4 | 0.2 | - | 2.1 | 2.1 | 3.0 | 1.7 |
| Other OECD countries | 2.1 | 0.3 | - | 2.8 | 2.8 | 4.0 | 2.3 |
| Non-OECD countries | 1.1 | - | - | 1.4 | 1.4 | 4.4 | 1.3 |
| Total portfolio | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: The 2019 Report by COVIP, the data include Fondinps.

The table includes both directly held securities and those held through UCITS (the so-called "look through principle")

Figure 5.6 - Portfolios by geographical area



Italy - Other euro-zone countries - Other EU countries - United States – Japan - Other OECD countries - Non-OECD countries

As to debt securities, the prevalent investments on securities issued by euro-zone countries continue to drop from 51.3% to 46%. As already mentioned, this reduction is mainly due to the lower share of Italian bond investments (-2.2% as compared to the previous year). There is also a reduction (-0.5%) in the investments on securities issued by non-euro-zone European countries, but an increase in the ones on securities issued by countries in other geographical areas (+2.4% United States, +0.1% Japan, +0.4% for OECD and non-OECD countries respectively), net of those by other OECD countries that remain practically unchanged (-0.1%).

Equity investments show a greater geographical diversification. Compared to 2018, there was an increase in all of these investments except for those on shares issued by companies based in other euro-zone countries that remained stable. In particular, there was a growth from 10.3% to 12% in the investments in companies based in the United States (1.7%).

Performance - The **average yield** obtained by occupational pension funds in 2019 (**table 5.6**), was equal to **7.2%**, a sharp increase with respect to the previous year thanks to the positive performance of financial markets. In particular, the equity, balanced and mixed bond classes had the best performance. The pure and guaranteed bond classes managed to obtain 0.7% and 2% respectively, very good results considering the trend of their rates.

By extending the period of observation, it is possible to see that the average net compounded annual yield of these funds outperformed all the target parameters already after 3 years, i.e. 2.4% compared to 1.7% of the adjustment of termination of employment benefits, 1.1% of the inflation rate and 1.4% of the GDP five-year average; after ten years, this yield is equal to 3.6%, slightly below the adjustment of termination of employment benefits (2%).

This trend is confirmed by analyzing their cumulative returns equal to 13.1% at 5 years against 8% of termination of employment benefits and to 42.7% at ten years against 21.6%. Over the ten-year horizon, in particular, yields are positive for all compartments and the equity, balanced and mixed bond investments have higher yields with respect to the guaranteed and pure bond ones (**table 5.7**).

Table 5.6 - Net yields of occupational pension funds as %

| Compartment | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|-------------|------------|----------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|
| Guaranteed | 3.1 | 4.6 | 0.2 | -0.5 | 7.7 | 3.1 | 4.6 | 1.9 | 0.8 | 0.8 | -1.1 | 2.0 |
| Pure bonds | 1.6 | 2.9 | 0.4 | 1.7 | 3 | 1.2 | 1.2 | 0.5 | 0.2 | -0.2 | -0.6 | 0.7 |
| Mixed bonds | -3.9 | 8.1 | 3.6 | 1.1 | 8.1 | 5 | 8.1 | 2.7 | 3.2 | 2.6 | -2.4 | 7.6 |
| Balanced | -9.4 | 10.4 | 3.6 | -0.6 | 9.2 | 6.6 | 8.5 | 3.2 | 3.2 | 3.1 | -2.8 | 8.6 |
| Equity | -24.5 | 16.1 | 6.2 | -3 | 11.4 | 12.8 | 9.8 | 5 | 4.4 | 5.9 | -5.3 | 12.2 |
| General yield | -6.3 | 8.5 | 3 | 0.1 | 8.2 | 5.4 | 7.3 | 2.7 | 2.7 | 2.6 | -2.5 | 7.2 |
| TFR adjustment | 2.7 | 2 | 2.6 | 3.5 | 2.9 | 1.7 | 1.3 | 1.2 | 1.5 | 1.7 | 1.9 | 1.5 |

Source: COVIP data processed

Table 5.7 - Compounded and cumulative annual average yields of occupational pension funds as %

| | Compounded average annual yield | | | Cumulative yield | | |
|----------------------------|---------------------------------|---------|----------|------------------|---------|----------|
| | 3 years | 5 years | 10 years | 3 years | 5 years | 10 years |
| Occupational pension funds | 2.4 | 2.5 | 3.6 | 7.2 | 13.1 | 42.7 |
| TFR adjustment | 1.7 | 1.6 | 2.0 | 5.2 | 8.0 | 21.6 |
| Inflation | 1.1 | 0.6 | 1.2 | 3.2 | 3.2 | 12.3 |
| GDP five-year average | 1.4 | 1.1 | 1.0 | 3.9 | 5.2 | 9.6 |

Source: COVIP data processed

Management companies - Table 5.8 shows the top 10 management companies of occupational pension funds in terms of number of mandates, classified by amount of *assets under management*: Eurizon remains in the leading position, while Amundi drops to the third position with -200 million; Blackrock climbs to the second place, Candriam to the fourth, followed by Credit Suisse and UnipolSai.

The first 6 management companies account for almost 50% of the market of occupational pension funds. **Amundi**, **Eurizon**, **Candriam** and **UnipolSai** lead the ranking also in terms of number of mandates (34, 23 and 20 mandates respectively, mainly bond and balanced bond mandates for Amundi and Unipol and balanced and balanced bond mandates for Eurizon and Candriam), followed by **Anima** with 18 mandates and **Groupama** with 15, mostly balanced and balanced bond mandates.

As to the *number of mandates*, Amundi (which acquired Pioneer) remains on the top of the ranking as in the previous year, followed by Eurizon still in the second position (with 23 mandates vs. 25 in 2018), while Candriam goes up by 1 position, reaching Unipol Sai with 20 mandates (-1 with respect to 2018).

Table 5.8 illustrates the *average amounts of mandates* that vary significantly with peaks of over 498 million for Blackrock, 351 for Allianz GI and of over 300 million for Generali, State Street and Credit Suisse. The average amount per mandate is around 200 million. Considering all the management companies of these funds, the leaders of the ranking in terms of average mandate is occupied by are Intesa Sanpaolo Vita (outsourcing the management to Eurizon Capital) and Ostrum AM (formerly Natixis), with a single mandate each and 722 and 533 million euros respectively.

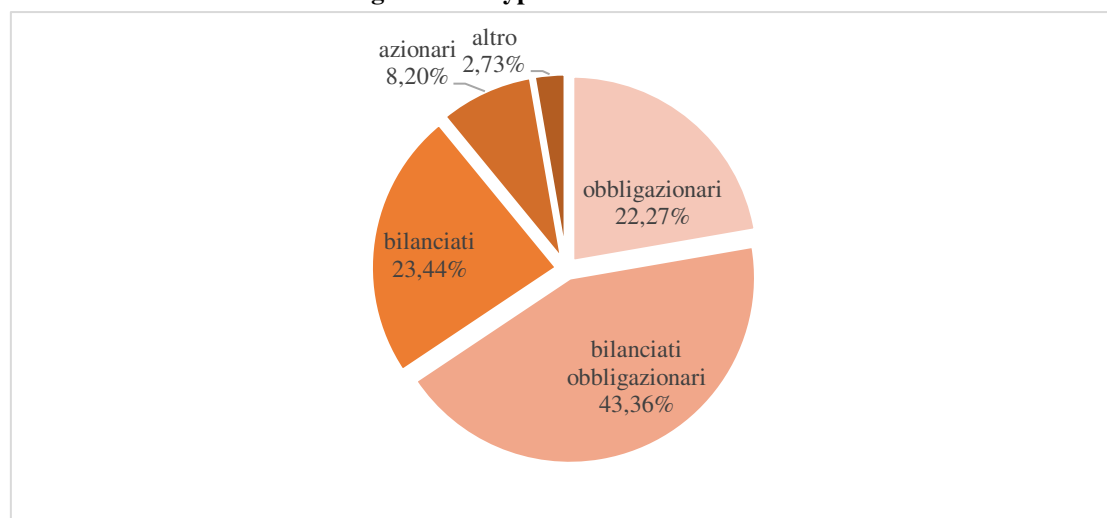
Table 5.8 - The top 10 management companies of occupational pension funds in 2019

| Management company | N. of mandates | AUM (mln of euros) | Average mandate (mln of euros) | Market share |
|--------------------|----------------|--------------------|--------------------------------|--------------|
| Eurizon Capital | 23 | 5.107 | 222.03 | 9.32% |
| Blackrock | 10 | 4.984 | 498.37 | 9.09% |
| Amundi | 34 | 4.926 | 144.87 | 8.99% |
| Candriam AM | 20 | 4.012 | 200.60 | 7.32% |
| Credit Suisse AM | 13 | 3.982 | 306.31 | 7.27% |
| Unipolsai | 20 | 3.978 | 198.88 | 7.26% |
| Allianz GI | 10 | 3.518 | 351.79 | 6.42% |
| Generali IE | 10 | 3.392 | 339.20 | 6.19% |
| State Street Ga | 10 | 3.259 | 325.87 | 5.95% |
| Groupama AM | 15 | 2.747 | 183.13 | 5.01% |

Management fees - Management fees had a slight growth with respect to the previous year (0.12% in 2019 vs. 0.11% in 2018); **guaranteed** mandates stabilized at 0.35% also due to all the difficulties to find management companies in 2019; the fees for **pure bond** and **mixed mandates** ranged between **10 and 15 bps**, **balanced mandates** between **10 and 20 bps** and finally, **equity mandates** between **12 and 20 bps**.

Type of management mandates - **Figure 5.5** shows a high concentration on **bond mandates**, especially "pure" and balanced bond ones, accounting for 65.5% of the total, followed by balanced mandates with 23.44%, equity mandates with 8.2% and "other" mandates with 2.73%, that is mandates without benchmarks such as total return and multi-asset ones.

Figure 5.5 - Types of mandates in 2019



Equity – Balanced - Balanced bond - Bond - Other

Figures 5.6 and 5.7 show the ranking of the top 10 management companies by number of mandates and by assets under management.

Figure 5.6 - The top 10 management companies of occupational pension funds by number of mandates in 2019

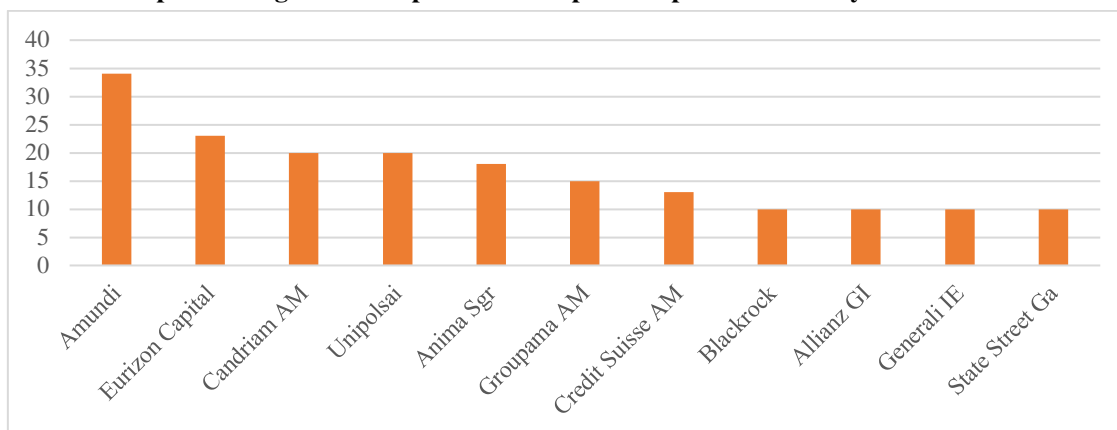
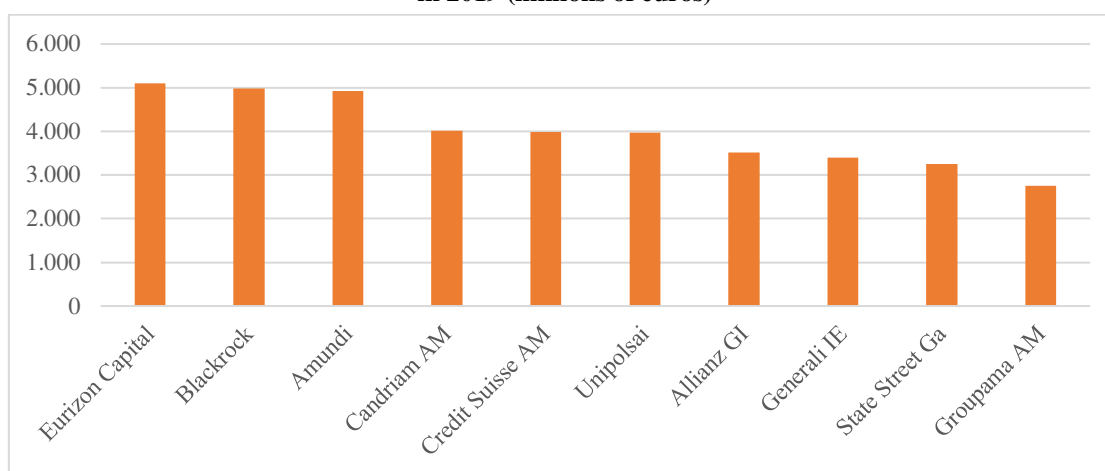


Figure 5.7 - The top 10 management companies of occupational pension funds by assets under management in 2019 (millions of euros)



Custodian bank - Act n. 252/05 requires all pension funds to have a **custodian bank**. Out of the four custodian banks, the first two selected by occupational pension funds, DEPObank and BNP Paribas Securities Services, continue to have a market share above 70% in terms of net assets allocated to benefits.

Administrative service - Under the law, funds are allowed to have an **administrative manager (service)**, a solution adopted by all funds. Among administrative service providers, **Prevynet** accounts for 74% of the market in terms of membership, followed by Accenture Managed Services with 20%.

Advisors - Not all funds provide references about advisors, whose list only reflects what is actually reported in their disclosures. For the sake of transparency, members should be informed about the subject that oversees investment choices and controls the risk budget. The advisors with the largest market shares are Prometeia Advisor SIM, Bruni, Marino & Co., European Investment Consulting and Link Institutional Advisory.

The complete lists of custodian banks, administrative services and financial advisors for each occupational pension fund are available in the reserved area of the Itinerari Previdenziali website, as well as the rankings of all managers by AUM and by number of mandates.

6. Pre-Existing Pension Funds: activities, membership, assets and management companies

6.1 General characteristics

Number of active pre-existing funds - In 2019, the consolidation of pre-existing funds continued with a reduction in their number (-16; -8 between 2018/17 and -35 in 2017/16). So, at the end of 2019, the total number of pre-existing funds was equal to **235**, of which **161 *autonomous funds*** operating as legal entities and **74 *internal funds*** operating within banks, (57 funds), insurance companies (6) and non-financial companies (11). The loss of 69 funds with respect to 304 in 2015 was mainly due to mergers and acquisitions in the banking and insurance industry which was the first to promote social security initiatives vis-à-vis its employees. In general, merging into larger financial groups leads to grouping existing schemes into one or two group funds, separated according to their defined contribution or defined benefit profile; the define-benefit funds deal with all the pension benefits paid before the reforms of the 1990s and Legislative Decree 252/2005. The concentration of these funds is particularly positive in terms of economies of scale, cost reduction and, in particular, for a better quality of management and services offered to members. Moreover, it is worth mentioning the transition to higher internal organizational standards in line with the EU Directive 2016/2341 (the so-called IORP II), which is still in a transposition phase. Despite this consolidation process, the number of these funds is still high; it will suffice to remind that 125 pre-existing funds (53.2% of the total) have less than 25 million euros' worth of assets, 95 (40%) less than 100 members and 66 between 100 and 1000. Finally, it is important to stress that most of these small funds are "internal" funds: 48 have a maximum of 100 members and 23 between 100 and 1000, that is 71 funds out of a total of 74.

Membership - At the end of 2019, the number of members amounted **650,666** (of whom about 5,373 within internal funds), + 3,793 with respect to 2018. This increase was largely due to over 25,500 new members, to 1,500 transfers from other entities offsetting the loss of 1,600 retired members, to more than 8,300 benefits provided in the form of capital and to 13,900, redemptions and transfers to other funds. The reduction in the number of pensioners was due in particular to people already retired who, as part of the reorganization of the pension schemes to which they belonged, were allowed to capitalize their pension, often through a monetary contribution from the parent company.

The membership rate is over 98.6% against a pool of about 660,000 potential members estimated by COVIP, with an increasing number of funds accepting dependent family members, the only remaining approach to stimulate membership growth. The percentage of ***members not paying contributions*** is still ***much lower*** than that of the system as a whole, that is 14.63% vs. 26.37%. The non-paying subjects are the so-called ***deferred members***, i.e. those registered in bank "solidarity funds" with pending pension requirements under the mandatory pension system, those who retain all or part of their position in guaranteed compartments as a form of "capitalization and partly guaranteed return" investment and dependent family members, often minors, with occasional payments.

Following a series of rationalization efforts, internal funds experienced a further reduction in their membership down to 5,373, slightly less than 1% of the total; instead the number of members of autonomous funds was equal to 645,2943, accounting for slightly more than 99% of all members.

Moreover, internal funds operate mainly under a defined benefit scheme (68 funds out of 74) and their members are almost exclusively pensioners.

Table 6.1 shows the historical evolution, from 1999 to 2019, in the number of pre-existing pension funds and in their membership; it shows that the number of funds decreased by almost 62% during this period, while the number of members systematically decreased as of 2001, except for a few years (2007, 2015, 2016, 2018 and 2019) for the reasons mentioned above.

Table 6.1 - Evolution in the number of funds and their membership from 1999 to 2019

| Year | Number of funds | Membership | Year | Number of funds | Membership | Year | Number of funds | Membership |
|------|-----------------|------------|------|-----------------|------------|------|-----------------|------------|
| 1999 | 618 | 573,256 | 2006 | 448 | 643,986 | 2013 | 330 | 654,537 |
| 2000 | 578 | 591,555 | 2007 | 433 | 680,746 | 2014 | 323 | 645,371 |
| 2001 | 575 | 687,482 | 2008 | 411 | 676,994 | 2015 | 304 | 645,612 |
| 2002 | 554 | 679,603 | 2009 | 391 | 673,039 | 2016 | 294 | 653,971 |
| 2003 | 510 | 671,474 | 2010 | 375 | 668,625 | 2017 | 259 | 643,341 |
| 2004 | 494 | 666,841 | 2011 | 363 | 664,731 | 2018 | 251 | 646,873 |
| 2005 | 455 | 657,117 | 2012 | 361 | 662,162 | 2019 | 235 | 650,666 |

Since the resources of internal funds are part of the assets of the companies to which they belong, their management structure is not independent and their net assets allocated to benefits are really negligible (2.1%), this Report only focuses on autonomous funds, more precisely on 45 funds⁹, accounting for **90.14%** of total assets and **99.22% of membership** of pre-existing pension funds.

The top 20 funds in terms of membership of the sample analyzed are shown in **table 6.2** that classifies them according to their membership growth and in **figure 6.1** which classifies them according to their number of members, accounting for **84.3%** of the total.

⁹ The data of the BCC, Bipiemme, Credem, Craipi, Prev.int, CRT, Credit Agricole and Fipdaf pension funds are derived from the 2018 financial statements as the 2019 accounts were not available when this report was being drafted.

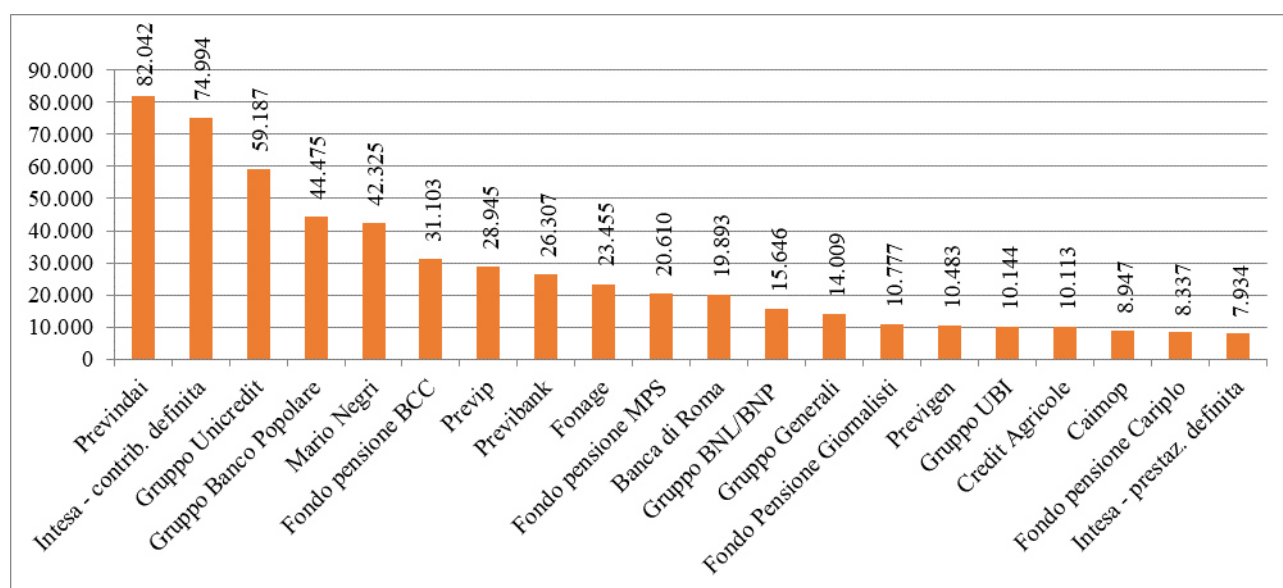
Table 6.2 - The top 20 pre-existing funds by membership growth

| N | Nome Fondo | Iscritti 2019 | Iscritti 2018 | Var. % | N | Nome Fondo | Iscritti 2019 | Iscritti 2018 | Var. % |
|---------------|--------------------------------------------------------------------|---------------|---------------|---------|----|--------------------------------------------------------------------|----------------|----------------|---------------|
| 1 | Fondo pensioni del Gruppo Banco Popolare 1 | 44.475 | 18.356 | 142,29% | 11 | Fondo Pensione dipendenti BREBANCA | 2.521 | 2.485 | 1,45% |
| 2 | Fondo pensione a prestazione definita del Gruppo Intesa Sanpaolo 3 | 7.934 | 5.555 | 42,83% | 12 | Fondo pensione Previdapi | 4.076 | 4.021 | 1,37% |
| 3 | Fondo pensione IBM 3 | 7.203 | 5.969 | 20,67% | 13 | Fondo pensione del Gruppo Unipol | 5.876 | 5.803 | 1,26% |
| 4 | Fondo pensione del gruppo Unicredit 4 | 59.187 | 51.001 | 16,05% | 14 | Fondo pensione a contribuzione definita del Gruppo Intesa Sanpaolo | 74.994 | 74.429 | 0,76% |
| 5 | Fondo pensione del gruppo UBI | 10.144 | 9.744 | 4,11% | 15 | Fondo pensione Previp | 28.945 | 28.730 | 0,75% |
| 6 | Fondo pensione Fonsea | 5.182 | 4.978 | 4,10% | 16 | Fondo pensione Caimop | 8.947 | 8.894 | 0,60% |
| 7 | Fondo pensione Mario Negri | 42.325 | 41.059 | 3,08% | 17 | Fondo pensione Previbank | 26.307 | 26.184 | 0,47% |
| 8 | FONDO AGGIUNTIVO PENSIONI PER IL PERSONALE DEL BANCO DI SARDEGNA | 3.435 | 3.333 | 3,06% | 18 | Fondo pensione Deutsche Bank 5 | 4.272 | 4.261 | 0,26% |
| 9 | Fondo pensione Previdai | 82.042 | 80.272 | 2,21% | 19 | Fondo pensione BCC 5 | 31.103 | 31.103 | 0,00% |
| 10 | Fondo pensione Fopdire | 1.555 | 1.530 | 1,63% | 20 | Fondo pensione Bipiemme | 7.658 | 7.658 | 0,00% |
| Totale | | | | | | | 415.856 | 374.306 | 11,10% |

NOTE: 1, 2 e 4= incorporazioni di gruppo; 3= fusione con fondo dirigenti IBM; 5= bilanci non disponibili al momento della redazione del Report

Name of the fund - Membership in 2019 - Membership in 2018 - % change; Banco Popolare Group pension fund (1), Gruppo Intesa Sanpaolo defined-benefit pension fund (3), IBM pension fund (3), Unicredit pension fund (4), UBI group pension fund, Fonsea pension fund, Banco di Sardegna additional pension fund, Previdai pension fund, Fopdire pension fund Brepanca pension fund, Previdai pension fund, Unipol group pension fund, Sanpaolo Intesa group defined-contribution fund, Previp pension fund, Caimop pension fund, Previbank pension fund, Deutsche pension fund, BCC pension fund (5), Bipiemme pension fund (5), Comit pension fund, Total. Note: 1, 2 and 4: group acquisitions, 3: merger with IBM executive fund, 5: accounts not available when the Report was being drafted

Figure 6.1 - The top 20 pre-existing funds by number of members in 2019



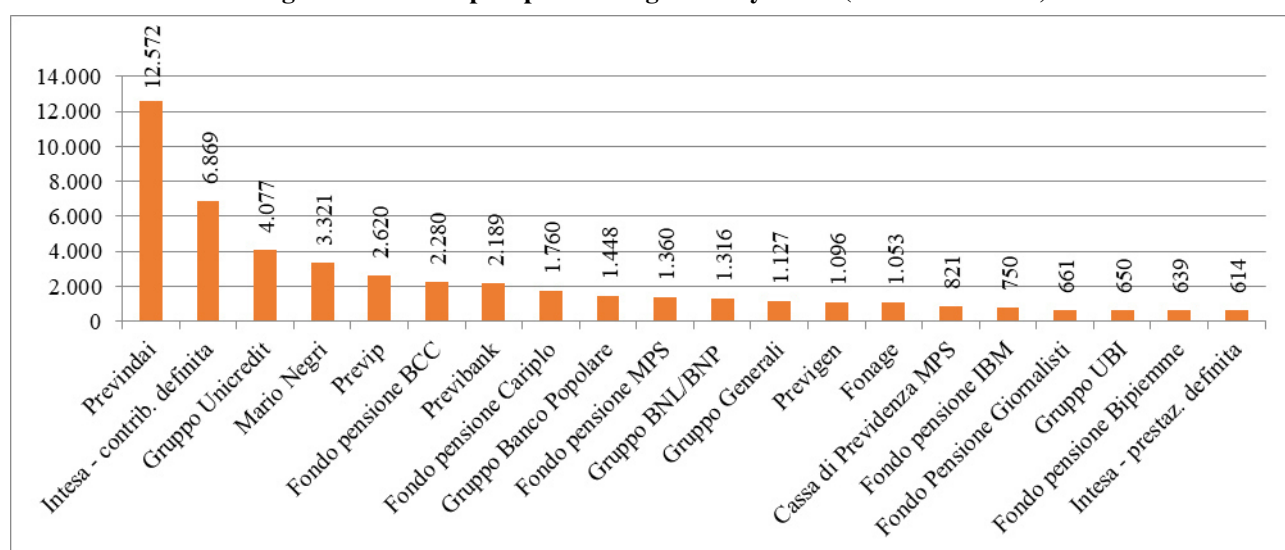
Assets - The net assets allocated to benefits of *internal funds* only total 1.364 billion euros (slightly down with respect to 1.399 billion in 2018 and also in previous years following the closure of several funds, 7 also in 2019), while the resources of *autonomous funds* amount to 62,149 million euros (+ 6.4% vs. 58.391 million the previous year) equal to 97.8% of the total for pre-existing funds. **Table 6.3** classifies the top 20 funds by their asset growth while **Figure 6.2** classifies them in terms of assets, with a total of about 47 billion euros, accounting for **74.02%** of all the assets of pre-existing funds (autonomous + internal funds) equal to 63.5 billion euros; instead, the 45 funds surveyed in the Report have 56 billion euros' worth of assets, that is 90% of the total.

Table 6.3 - The top 20 pre-existing funds by asset growth

| N | Nome Fondo | Patrimonio 2019 | Patrimonio 2018 | Var. % | N | Nome Fondo | Patrimonio 2019 | Patrimonio 2018 | Var. % |
|---------------------------------------------------------------------|--------------------------------------------------------------------|-----------------|-----------------|--------|-----------------------|--------------------------------------------------------------------------|-----------------|-----------------|--------|
| 1 | Fondo pensione IBM 2 | 749.688.210 | 432.501.522 | 73,34% | 11 | Fondo pensione a contribuzione definita del Gruppo Intesa Sanpaolo | 6.869.338.212 | 6.354.379.682 | 8,10% |
| 2 | Fondo pensione a prestazione definita del Gruppo Intesa Sanpaolo 1 | 613.808.433 | 452.792.674 | 35,56% | 12 | Fondo pensione del Gruppo Unipol | 397.726.451 | 368.202.234 | 8,02% |
| 3 | Fondo pensione Fondenel | 366.246.293 | 320.877.769 | 14,14% | 13 | Fondo Pensione per i dipendenti del Gruppo bancario Credito Valtellinese | 309.788.853 | 287.464.321 | 7,77% |
| 4 | Fondo Pensione Giornalisti | 660.526.800 | 584.389.517 | 13,03% | 14 | Fondo pensione Deutsche Bank | 481.437.943 | 447.497.040 | 7,58% |
| 5 | Fondo pensione Fopdire | 456.524.532 | 406.674.047 | 12,26% | 15 | Fondo pensione Previp | 2.620.060.377 | 2.442.809.233 | 7,26% |
| 6 | Fondo pensione Ubi | 351.555.715 | 319.982.651 | 9,87% | 16 | Fondo Pensione dipendenti BREBANCA | 137.422.009 | 128.388.385 | 7,04% |
| 7 | Fondo pensione Fonsea | 238.082.731 | 218.282.111 | 9,07% | 17 | FONDO PENSIONI BANCA DELLE MARCHE | 207.901.963 | 194.626.532 | 6,82% |
| 8 | Fondo pensione Fonage | 1.053.205.656 | 967.568.524 | 8,85% | 18 | Fondo pensione del gruppo Unicredit 1 | 4.077.342.577 | 3.817.723.297 | 6,80% |
| 9 | Fondo Pensione per il Personale della Banca Popolare di Ancona | 267.672.629 | 247.041.371 | 8,35% | 19 | Fondo pensione del gruppo Generali | 1.126.542.450 | 1.059.191.519 | 6,36% |
| 10 | Fondo pensione Previdai | 12.571.632.171 | 11.621.123.302 | 8,18% | 20 | Fondo pensioni del Gruppo Banco Popolare 1 | 1.447.609.604 | 1.364.706.758 | 6,07% |
| Note: 1 incorporazione di gruppo; 2 fusione con Fondo dirigenti IBM | | | | | Totale | | | | |
| | | | | | 35.004.113.609 | | | | |
| | | | | | 32.036.222.489 | | | | |
| | | | | | 9,26% | | | | |

The asset growth of these funds is linked to the high contributions paid by their members and to the good performance of financial markets. The funds with the highest growth are those with the highest risk compartments and with the largest number of members. In 2019, the significant share of separate schemes resulted in a lower growth rate of assets due to their poor rate of return.

Figure 6.2 - The top 20 pre-existing funds by assets (millions of euros)



In 2019, the assets allocated to benefits of pre-existing pension funds increased by about 3.723 billion euros compared to 2018, reaching 63.5 billion euros (see **table 6.4**), 7.4 billion more with respect to occupational pension funds; this growth occurred despite their more limited membership, which remained substantially stable at around 650,000 vs. about 3.16 million for occupational pension funds, whose membership growth was promoted by collective agreements. This persistent but narrowing gap (by around 9.5 billion in 2018) can be ascribed both to the longevity of these funds (already operational in the immediate post-war period and often derived from the transformation of "substitutive" funds into "complementary" funds) and to their membership (mostly employed with banks, insurance companies and multinationals) with longer periods of contribution and higher wages especially in the management and executive ranks. It is interesting to look at the comparison between the average per capita contribution: 7,640 euros for members of pre-existing funds and 2,150 euros for those of occupational pension funds. The historical trend of the total net assets allocated to benefits of pre-existing pension funds shows that their amount tripled from 20 billion euros to 63.5 billion euros from 1999 to 2019.

Table 6.4 - Net assets allocated to benefits of pre-existing funds from 1999 to 2019

| Year | Assets | Year | Assets | Year | Assets |
|-------------|--------------------------|-------------|--------------------------|-------------|--------------------------|
| | <i>Millions of euros</i> | | <i>Millions of euros</i> | | <i>Millions of euros</i> |
| 1999 | 19,859 | 2006 | 34,246 | 2013 | 50,398 |
| 2000 | 21,269 | 2007 | 36,054 | 2014 | 54,033 |
| 2001 | 29,578 | 2008 | 35,906 | 2015 | 55,299 |
| 2002 | 29,531 | 2009 | 39,813 | 2016 | 57,538 |
| 2003 | 30,057 | 2010 | 42,007 | 2017 | 58,996 |
| 2004 | 30,617 | 2011 | 43,818 | 2018 | 59,790 |
| 2005 | 33,400 | 2012 | 47,972 | 2019 | 63,513 |

In the 1999 – 2019 period, the net assets allocated to benefits of pre-existing pension funds increased by **4.09%** on average, while in the last year they grew by **6.3%**. This 5-fold increase, equal to 3.7 billion euros with respect to the previous year, is the result of approximately 3.9 billion euros' worth of contributions and of 3.4 billion euros' worth of net transfers. The positive balance of 3.2 billion euros is due to a good financial management performance with an average annual rate of return of 5.6% compared to - 0.2% in 2018¹⁰. This rate of return is related to all resources, including the reserves allocated to benefits by insurance companies, with an average yield of 1.6%, close to that of termination of employment benefits (1.5%).

As to **benefits**, there was a downward trend in the advance payments from 45,000 in 2017 (761 million euros) to 40,000 in 2018 (760 million euros) to 35,000 in 2019 (770 million), thus going back to the 2018 level (35,200). This drop was largely caused by the reduction in the advance payments for "additional needs" which, however, still account for 80% of the total. The number of **redemptions** too went down from about 18,800 in 2017 and 17,600 in 2018 to 13,860. Of these redemptions, 60%

¹⁰ Since most of pre-existing funds do not use the quota accounting system, the average annual return was determined on the basis of the change in their assets compared to the previous year, net of revenues (contributions, transfers) and expenditure (benefits, redemptions, advances, transfers). See the 2019 COVIP Report.

were due to "different causes" mainly designed to obtain these benefits in case of loss of membership in the funds but with higher taxes.

Finally, it is important to point out that over 7,000 subjects resorted to the "Advanced Temporary Supplementary Pension Benefits" (the so-called R.I.T.A.) vs. 2,000 in 2018; in 75% of cases, they requested the entire amount accumulated equal to over 433 million euros vs. about 75 million in 2018. In fact, by promptly seizing the opportunity to forfeit their entire capital, these subjects managed to pay a much lower tax rate and avoid any annuities.

Yields - Over the last six years, the average compounded annual return on assets was equal to **3.13%**, compared with an average annual adjustment rate of 1.5% for termination of employment benefits (*table 6.5*).

Table 6.5 - Yields of pre-existing pension funds as %

| Anno | Rendimento FPP | Rivalutazione TFR |
|------|----------------|-------------------|
| 2013 | 3,90% | 1,70% |
| 2014 | 5,00% | 1,30% |
| 2015 | 2,00% | 1,20% |
| 2016 | 3,30% | 1,50% |
| 2017 | 3,20% | 1,70% |
| 2018 | -0,20% | 1,90% |
| 2019 | 5,60% | 1,50% |

Year, Yield of pre-existing pension funds, Adjustment of termination of employment benefits

In 2019, the annual yield became again positive, almost 4 times the adjusted level of termination of employment benefits. However, it was lower with respect to the 7.2% return obtained by occupational pension funds due to the high number of "insurance separate scheme" investments with their positive and stable yield of 1.6%.

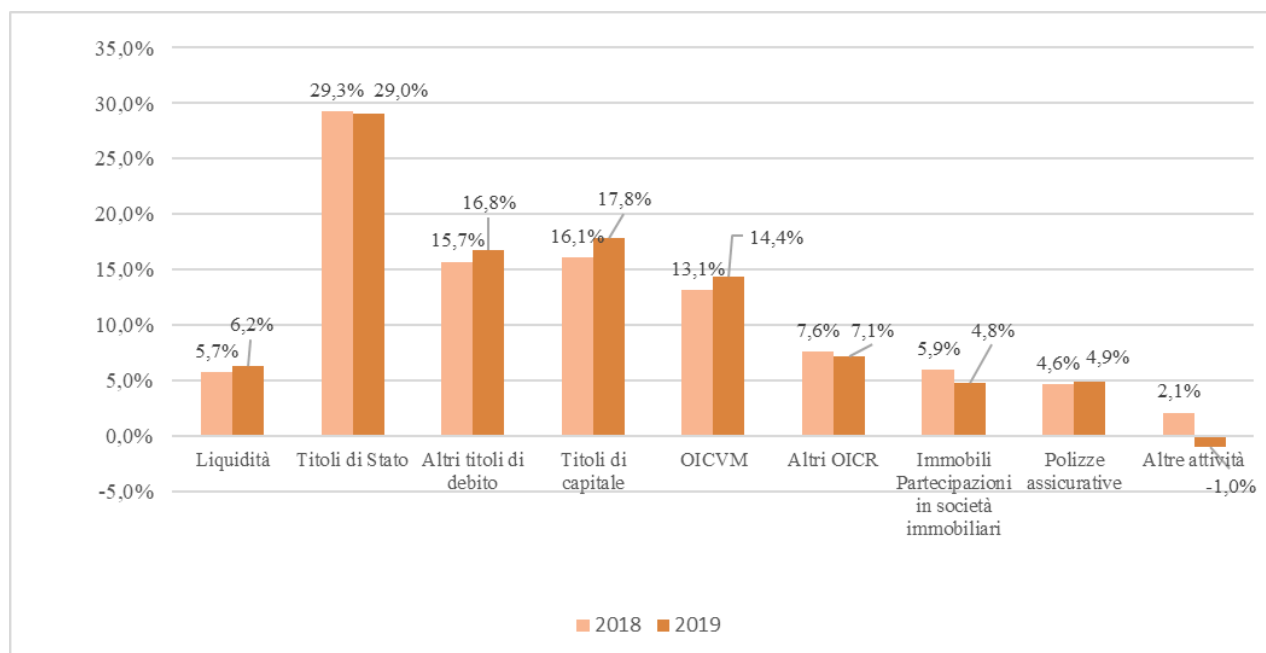
6.2 Management of resources

Management approaches and management companies - The resources of autonomous pre-existing funds are divided as follows: **43.60%** (46.14% in 2018) of *reserves with insurance companies* equal to 27.10 billion euros; **40.72%** (36.20% in 2018) managed by *professional asset management companies* and the remaining **15.68%** (17.67% in 2018) is *managed directly*. Compared to 2018, there was a slight decrease in the reserves with insurance companies (probably due to their lower rate of return in 2019 with respect to that obtained by professional asset management companies). Instead, the assets directly managed by these funds continued to diminish, with a higher propensity to resort to financial management companies; this was often caused by the merger of these funds into those of their parent banking group, with the redemption of "dedicated" SICAVs which were then transferred to professional management companies.

Excluding the reserves with insurance companies, the *total investment portfolio* (*Figure 6.3*) is divided as follows: 45.8% of bonds (of which 29% of government bonds), 17.8% of equity, 21.5% of UCITS (of which 4.1% of real estate funds), 4.8% of real estate assets and interests in real estate companies, 4.9% of financial insurance policies and 6.2% of liquidity. Compared to last year, there was a significant growth in equity investments (+1.7%) and a slight increase in bond investments (in particular corporate bonds, + 1.1% while government bonds remained stable). Real estate investments

went down by 2% (- 1.9%), with a slight growth in liquidity, insurance policies and UCITS. This situation reflects the recovery of financial markets in 2019.

Figure 6.3 - Investments of pre-existing funds as% in 2018 and 2019



Source: COVIP data processed by Itinerari Previdenziali and data from the proprietary database

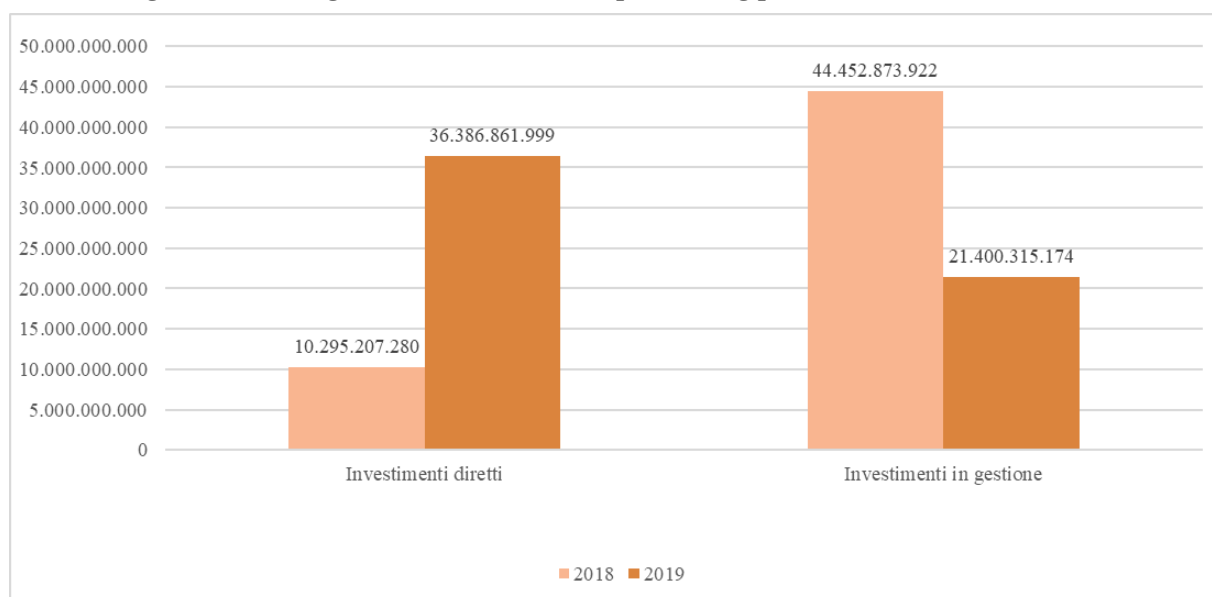
As to the 45 funds examined in this Report, the average increase in their assets was 5.3%, (56 billion euros compared with 53.2 billion in 2018), that is -1.1% with respect to that of all pre-existing funds; this result is due to the fact that for 8 funds, the figures date back to last year because their 2019 financial statements were not available, hence with zero increase in their assets.

Figure 6.4 shows that the assets *managed directly* by these funds amount to **36.430 billion euros**, of which **25.833** are mainly **Class I or Class IV insurance policies (separate schemes)**, equal to **63%** of the total allocated to benefits, while **21.400 billion** (37%) are mandated to professional management companies.

That said, in 2019 there were no particular changes in the different types of investment with the exception of UCITS, which grew by approximately 1.2 billion or by 36% (**figure 6.5**). The growing interest in this form of investment is probably linked to the good performance of the financial markets, that led to a more limited propensity to invest on higher-risk instruments to obtain better yields.

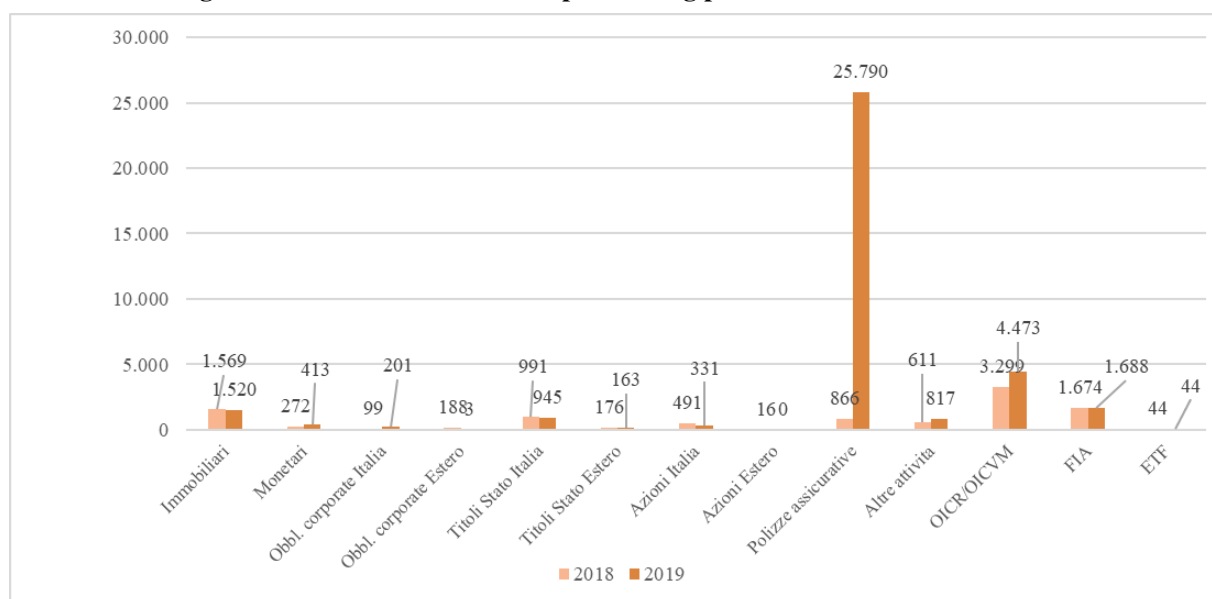
The significant difference in the amount of insurance policies compared to last year is due to the 2019 classification of all the reserves with insurance companies as direct investments. **Figures 6.4 and 6.5** graphically show the changes that occurred due to the adoption of the new classification of policies as direct investments since separate schemes are known to be independently managed by these companies for all of their members.

Figure 6.4 - Management of investments of pre-existing pension funds in 2018 and 2019



Direct investments - Investments mandated to management companies

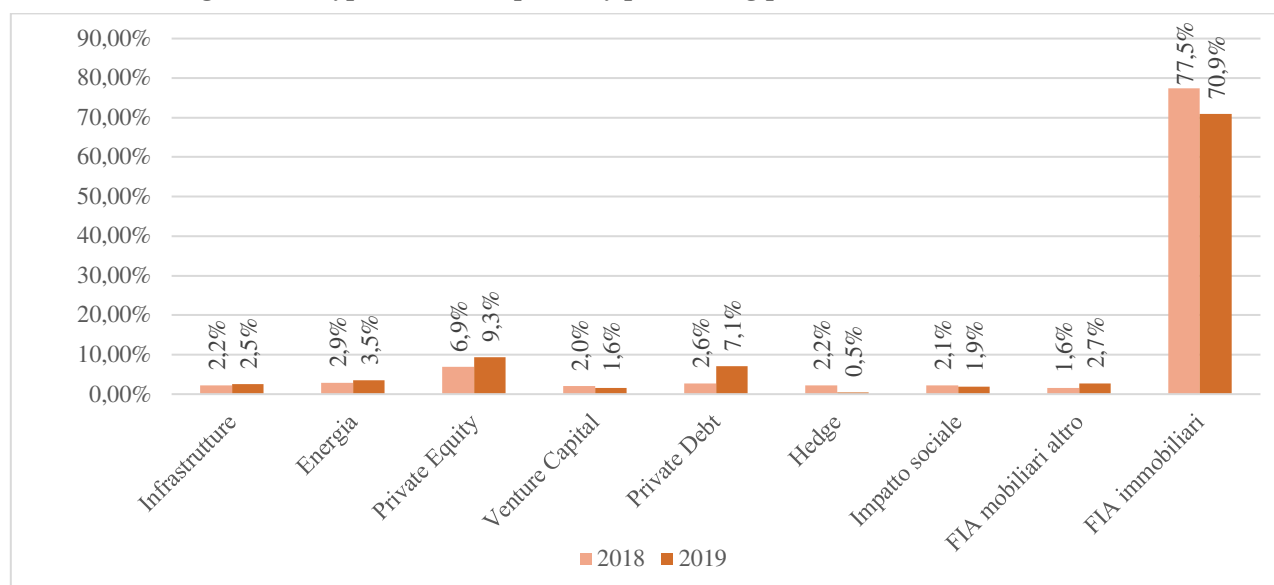
Figure 6.5 - Direct investments of pre-existing pension funds in 2018 and 2019



Real-estate – Monetary – Italian corporate bonds – Foreign corporate bonds – Italian treasury bills – Foreign treasury bills – Italian stocks – Foreign stocks – Insurance policies – Other assets – UCITS – AIFs – ETFs

The different types of AFI (figure 6.6) show that the largest investments are still found in real estate funds (even if less, from 77.46% in 2018 to 70.85% in 2019) followed by private equity (9.33%) and by private debt (from 2.6% in 2018 to 7.12% of 2019).

Figure 6.6 - Types of FIAs acquired by pre-existing pension funds in 2018 and 2019

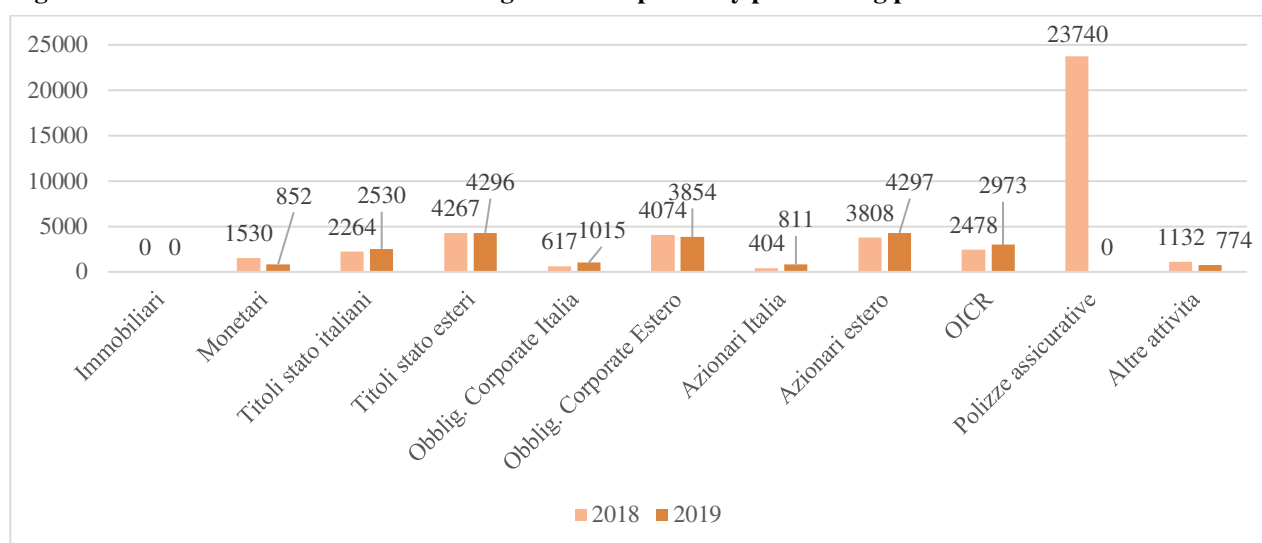


Infrastructure – Energy - Private Equity - Venture Capital - Private Debt - Hedge Funds – Social impact investments - Alternative securities investment funds other - Alternative real-estate investment funds

The other types are substantially stable with the exception of hedge funds, which fell to 0.50% from 2.16% of last year.

The category referred to as "other" experienced a slight growth with respect to 2018; it includes some dedicated SICAV management funds with a non-detailed share of "alternative" products. As to the resources entrusted to management companies (indirect mandated investments), there were no particular changes with respect to 2018 in the *types of investments outsourced to management companies*, except for the growth of Italian government bonds, corporate bonds, UCITS, Italian and foreign equity. The share of Italian stocks practically doubled because bank funds acquired some interests in the Bank of Italy.

Figure 6.7 - Investments entrusted to management companies by pre-existing pension funds in 2018 and in 2019



Real-estate – Monetary - Italian treasury bills - Foreign treasury bills - Italian corporate bonds - Foreign corporate bonds - Italian stocks - Foreign stocks - UCITS - Insurance policies - Other assets

The real economy- The investments in the *domestic real economy* account for **4.08%** of the assets, equal to about 2.4 billion euros, without considering government bonds and real estate investments (on the basis of the definition adopted in the Report, government bonds that account for large part of the funds' assets and directly-held real estate assets are not included in these types of investments). This limited percentage managed to increase compared to the previous year with the following composition: 2.10% of corporate bonds (1.2 billion) and 1.98% of shares (1.1 billion including the above-mentioned stakes in the Bank of Italy). The investments under management and direct investments were equal to 8.53% and to 1.46% respectively. The limited investments in the Italian real economy are closely linked to the internationally diversified market benchmarks (where Italy's share is marginal) assigned to management companies; moreover, the private capital markets are small and it is difficult to enhance the value of non-listed instruments and to sell them. Finally, the tax incentives introduced to encourage long-term investments have had no appreciable effects and the inclusion of EU companies among the “qualified” ones has not had a positive outcome either, especially for international management companies. This is very clear in looking at amounts instead of percentage figures: assets under management amount to 1.8 billion in Italy vs. 8.2 billion abroad while these funds directly invest 531 million in Italy and 3 million abroad.

The percentages double up to a total of 10.27% by including government bonds in the category of domestic investments, 20.35% of which are assets under management and just 4.34% are direct investments due to the very significant role played by insurance separate schemes which amount to 25.833 billion euro out of a total equal to 36.430 billion euro (71%), the details of which are missing. In absolute terms, the assets under management are invested as follows: 2.5 billion euros on Italian government securities and 3.9 billion euros on foreign securities; while direct investments consist of 995 million euros' worth of Italian government bonds and 163 million euros' worth of foreign bonds.

Management companies

Direct management - A large share of the assets *directly managed* by pre-existing funds is invested on instruments such as UCITS, and FIAs and on ETFs but to a much lesser extent (only 42 million held by a single fund). **Table 6.6** shows the ranking of the top 5 companies managing UCITS in which pre-existing pension funds invested *directly*.

Table 6.6 - The top 5 UCITS Management Companies with direct investments from pre-existing funds in 2019

| Management company | TOTAL |
|-----------------------------------------------------------------|---------------|
| Effepilux SICAV - Fondo Pensione Unicredit | 3,049,568,791 |
| Fondaco Previdenza Ucits SICAV - Fondo Pensioni BNL/BNP Paribas | 770,009,000 |
| Axa IM | 44,852,711 |
| JP Morgan AM | 43,520,000 |
| Amundi | 42,134,021 |

The UniCredit Group pension fund is the single owner of Effepilux, the Luxembourg-based SICAV with its 6 sub-funds investing on regulated market products ¹¹, and of a SICAV-AFI company investing on alternative products with its 3 sub-funds¹². Part of the financial resources managed by this fund through its two companies are entrusted to the professional management companies listed in *table 6.1.1*.

In January 2019, the BNL/BNP Paribas Group Pension Fund also set up an exclusive UCITS Company under Luxembourg law, "Fondaco Previdenza", a multi-compartment structure with 4 sub-funds¹³. In this case, unfortunately it was not possible to find either the name of the professional companies involved managing part of the resources or the amount of these assets under management.

Both pension funds have a strategic committee through which they decide the direct investments to be made through the SICAV companies

Table 6.6.1 - The management companies of Effepilux SICAV

| Management company | AUM on 30/06/2020 (mln of euros) |
|--------------------|-------------------------------------|
| Amundi | 321 |
| Credit Suisse | 422 |
| Fondaco Sgr | 159 |
| Blackrock | 246 |
| Vontobel | 100 |
| State Street | 255 |
| Partners Group | 105 |

Table 6.7 shows the ranking of the top 5 companies that manage FIAs *directly* acquired by pre-existing pension funds, which remained practically stable with respect to 2018 also in terms of the amount of assets under management.

Table 6.7 - The top 5 FIA management companies for direct investments of pre-existing funds in 2019

| Gestore | TOTALE |
|-----------------------------|-------------|
| Effepilux | 351.097.797 |
| DeA Capital Real Estate Sgr | 220.711.247 |
| BNP Paribas Real Estate | 208.378.328 |
| Investire Sgr | 87.432.904 |
| Prelios | 72.489.385 |

Management company - Total

Indirect management - These funds have maintained a consistent approach to their investments *mandated to management companies*, by resorting to external qualified subjects specialized in increasingly complex and innovative financial management solutions, also encouraged by the new IORP II provisions. *Table 6.8* and *figures 6.8* and *6.9* show the ranking of the top 10 management companies by number of mandates and by amount of assets under management. As to the **number of mandates**, the ranking remained rather stable with respect to 2018, with double-digit performance

¹¹ Short-term investments; Government bonds and Inflation; Global corporate bonds GI; Corporate HY and Emerging Markets Bonds; Equity; Liquid Alternatives.

¹² Real Estate, Alternative and Private Debt.

¹³ Government bonds, Corporate bonds, Equity and Alternative/Absolute Return.

leaders such as: Amundi, Eurizon, Anima and Azimut which went from 4 to 10 mandates. Instead, Banca Aletti disappeared due to the pending consolidation of the funds in Banco Popolare.

In 2019, **assets under management** too remained substantially stable with respect to 2018, with minor changes in the ranking, just with an exchange between Anima and AXA; the leading positions are still held by asset management companies such as Amundi, Eurizon, Monte dei Paschi di Siena, PIMCO, Pictet and Anima with assets above 1 billion euros and AXA with about 964 million.

Figure 6.8 - The top 10 management companies by assets under management and by number of mandates from pre-existing funds in 2019

| Management company | Number of mandates | AUM | Average mandate | Market share |
|-------------------------------------|--------------------|---------------|-----------------|--------------|
| Eurizon Capital | 23 | 2,939,484,497 | 127,803,674 | 13.61% |
| Amundi | 25 | 2,751,729,946 | 110,069,198 | 12.74% |
| Monte Dei Paschi Di Siena | 9 | 2,132,704,479 | 236,967,164 | 9.87% |
| Pimco Europe | 4 | 1,296,908,906 | 324,227,227 | 6.00% |
| Pictet & Cie | 6 | 1,258,574,825 | 209,762,471 | 5.83% |
| Anima Sgr | 14 | 1,232,244,411 | 88,017,458 | 5.70% |
| Axa Im | 4 | 964,357,704 | 241,089,426 | 4.46% |
| Candriam Am | 5 | 694,264,077 | 138,852,815 | 3.21% |
| Azimut | 10 | 690,412,082 | 69,041,208 | 3.20% |
| Bnp Paribas Investment Partners Sgr | 4 | 579,864,753 | 144,966,188 | 2.68% |

Figure 6.8 - The top 10 management companies of pre-existing funds by number of mandates in 2019

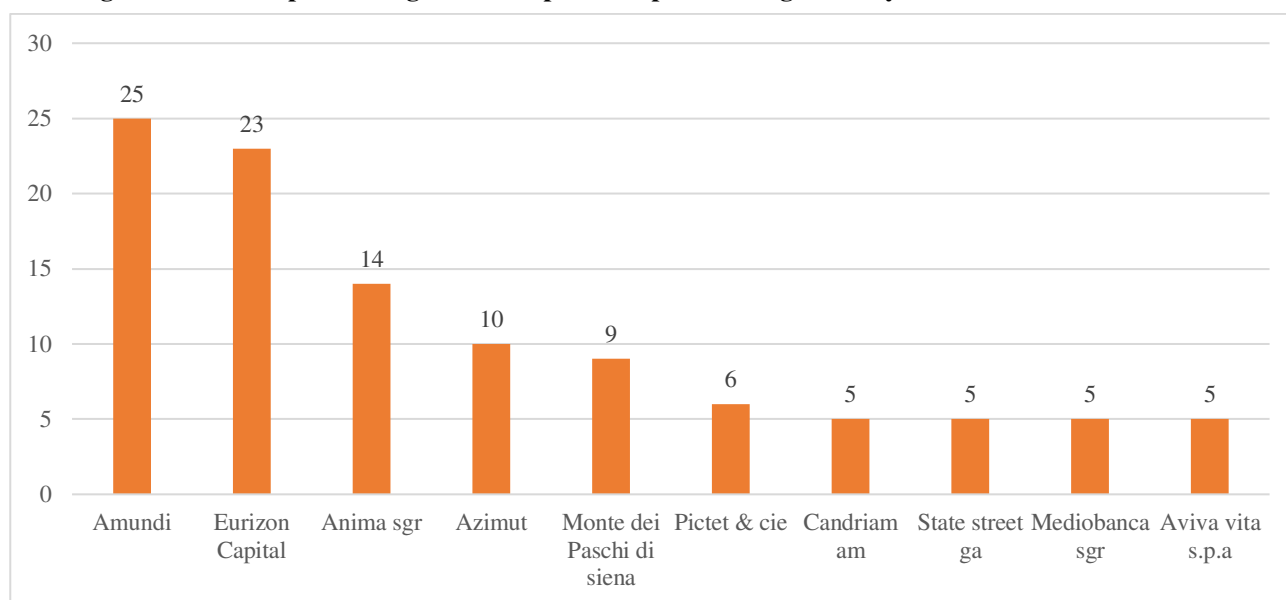
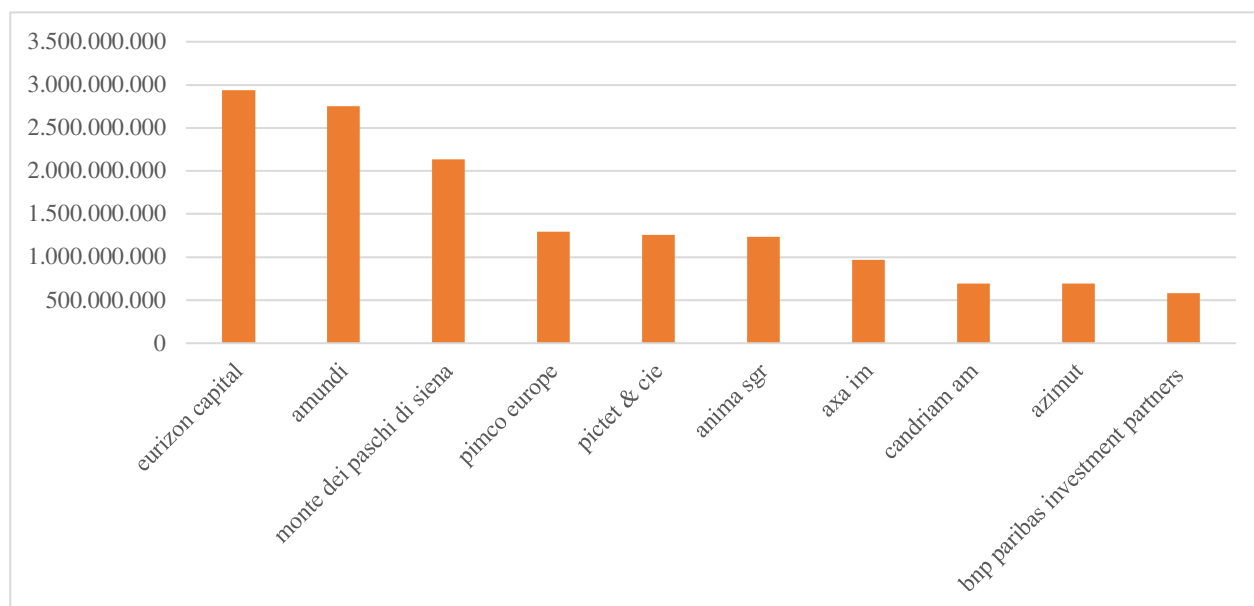


Figure 6.9 - The top 10 management companies of pre-existing funds by assets under management in 2019



The **market share** leader in the ranking in terms of assets under management is **Eurizon** with 13.61% followed by **Amundi** with 12.74% and by **Monte Paschi** with 9.87%. The **average mandate** has a value of approximately **121 million** euros (not comparable with that of 2018 which also included insurance policies), with peaks of 367 million for Deutsche Bank. 324 for Pimco and 253 million for Ellipsis; please note that these companies have very few mandates (Deutsche and Ellipsis 1 and Pimco 4).

Then there are Class I and Class V **insurance management companies** that have always been present in pre-existing funds, often since their inception. This market is practically monopolized by three major companies: Generali, UnipolSai and Allianz; out of a total of 25.8 billion euros' worth of managed funds, 23 (89.5%) are in their hands due to long-term relationships and to guaranteed capital and yield formulas that are still applicable for the resources accrued up to a few years ago. **Table 6.9** lists all insurance management companies.

In conclusion, the increasingly difficult search for yields, but with conservative risk profiles, has led these funds to prefer more flexible mandates. However, their members remain very keen on low-risk investments, even if with low returns. In 2019, there were **33 guaranteed mandates** (largely through separate insurance management schemes) amounting to 20.3 billion euros, **55 balanced mandates** amounting to 7.4 billion euros, **73 bond mandates**, both specialized and balanced, amounting to 5.6 billion euros, **36 equity mandates** amounting to 3.1 billion euro (growing) and **20 flexible mandates** (up by 2.8 billion euros). The general reduction in the number of mandates is mainly attributable to the above- mentioned different classification of insurance policies.

Table 6.9 - Insurance policy managers in 2019

| Assicurazione | AUM | Quota di mercato |
|-----------------------------------------------------------------------------|----------------|------------------|
| Generali italia S.p.A. | 10.336.240.813 | 42,87% |
| Allianz S.p.A. | 5.879.488.043 | 24,38% |
| Unipolsai Assicurazioni S.p.A. | 5.335.193.898 | 22,13% |
| Reale Mutua Assicurazioni | 620.978.311 | 2,58% |
| Fideuram Vita S.p.A. | 499.605.917 | 2,07% |
| Aviva Vita S.p.A. | 364.683.550 | 1,51% |
| BCC Vita S.p.A. Compagnia di Assicurazione Vita | 256.875.911 | 1,07% |
| Creditas Vita S.p.A. | 210.311.802 | 0,87% |
| Crédit Agricole Vita S.p.A. | 132.970.831 | 0,55% |
| Assimoco Vita S.p.A. Compagnia di Assicurazione sulla Vita | 124.294.796 | 0,52% |
| Credemvita S.p.A. | 119.684.631 | 0,50% |
| BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione S.p.A. | 56.739.000 | 0,24% |
| Aviva Assicurazioni S.p.A. | 55.338.980 | 0,23% |
| Società Cattolica di Assicurazione - Società Cooperativa | 42.254.703 | 0,18% |
| Itas Vita S.p.A. | 34.052.669 | 0,14% |
| Zurich Investments Life S.p.A. | 26.077.741 | 0,11% |
| Popolare Vita S.p.A. | 12.000.017 | 0,05% |
| AXA Mps Assicurazioni vita S.p.A. | 6.190.440 | 0,03% |
| AXA Assicurazioni S.p.A. | 48.380 | 0,00% |
| Totale | 24.113.030.434 | 100,00% |

Insurance company - AUM - Market share

Custodian bank - Practically all the funds considered in the Report have a custodian bank also in line with the IORP II provisions. Obviously, this does not apply to those funds that are fully managed by insurance companies, i.e. with securities held within the company's custodian bank, under receivership or in liquidation, so without a real financial governance.

Administrative service - There are very few funds analyzed in the Report that do not use this service, mainly the ones entirely managed by insurance companies, in a winding-up process or supported, since their establishment, by adequate administrative service providers such as Previndai and Mario Negri. The number of these administrative service providers is extremely small and the top 3 (Previnet, Accenture Managed Service and Parametrica Pension Fund) cater for more than 50% of fund members. The rest is often represented by the companies of the Group where the fund is based.

Advisors - There is an increasing number of funds that use more than one advisor, each one of them specialized in particular types of investment: real estate, ESG products, risk analysis etc. As a result, this demand for greater specialization has been matched by a growing number of advisors on the market. In this connection, it is important to analyze the impact of the IORP II Directive on these types of services, since it provides for a number of specific financial management functions.

The complete list of custodian banks, of administrative services and financial advisors for each pre-existing fund is available in the reserved area of the Itinerari Previdenziali website, together with the rankings of all management companies by AUM and by number of mandates.

7. Banking Foundations: activities, investments, assets and managers

Banking Foundations are major institutional investors. Even though they do not have members or associated subjects, they play a central role in the welfare and development policies in their communities as well as in the Italian economy; they have been and still are instrumental in the sustainability of the Italian banking system. As will be illustrated, this is another reason why they have paid a significant price in terms of capitalization. Finally, these Foundations have been a reference point for most social policies¹⁴, given the crucial and fundamental issue of "*educational poverty*" in Italy.

The number of Banking Foundations operating in Italy dropped from **88** to **86** following a merger in 2019; this seventh edition of the Report provides a survey of the *first 27 foundations* in terms of all their assets, 18 of which are classified by ACRI (Association of Banking Foundations) as large and 9 as medium-large; they account for *more than 85% of the total assets* managed by these entities in terms of *net accounting worth*. *Table 7.1* shows the ranking of these foundations by *total assets*.

According to their accounting data and to those provided by ACRI (the Association of Banking Foundations), in **2019** the *net accounting worth* of the **86 foundations** rose from **39.7 billion euros** (unchanged with respect to 2016) to **40.3 billion euros**. The **total of their assets** amounted to **47 billion** (45.7 billion in 2018, 46.1 in 2017, 46.35 in 2016 and 48.55 in 2015) and dropped over time (from 52.8 in 2011, to 51 in 2012 to 49.2 in 2013 and to 48.6 in 2014). However, it is important to take into consideration their significant allocations equal to **24.1 billion euros** between the year 2000 and 2019, that is 70 billion euros if added to their assets. Moreover, these resources were provided during a period of time characterized by a long crisis, in which transferee banks experienced plummeting value prices, greater volatility and zero dividends, which only recently they started distributing again. At the same time, these foundations made great efforts to capitalize their transferee banks, thus supporting and strengthening the Italian banking system. 2019 was very positive for the markets, in particular in the last part of the year, which resulted in a growth in their net worth and future contingency reserves. The *average return* on equity was **6.5%** an unprecedented result since the pre-crisis period (more than double with respect to 2.7% in 2018 and +5.3% with respect to 2017).

¹⁴ Banking Foundations pursue their institutional mission by directly allocating part of their assets to welfare policies for their communities and also to the real economy by investing part of their assets in financial instruments related to infrastructural development projects, small and medium-sized enterprises or for other activities considered important for the community. These investments include their participation in **Cassa Depositi e Prestiti** and the creation of **Fondazione con il Sud**. Leaving aside the unconvincing criticism against these organizations, banking foundations are the few and most important institutional investors in Italy that deserve to be acknowledged for their many achievements, including their contribution to the stability of the Italian banking system. Seven main sectors have benefited from their support: Art and Culture, Volunteers' organizations, Philanthropy and Charity, Social Assistance, Research and Development, Educational Poverty Fund, Local Development, Education, Education and Training (accounting for 93% of the allocations).

Table 7.1 - The first 27 banking foundations by total assets

| | Fondazione | Totale Attivo 2019 | Totale Attivo 2018 |
|---------------------------------------------|-----------------------------------------------|---------------------------|---------------------------|
| 1 | Fondazione Cariplo | 7.927.201.220 | 7.516.624.731 |
| 2 | Compagnia di San Paolo | 6.992.475.690 | 6.820.867.194 |
| 3 | Fondazione C.R. Torino | 2.781.806.018 | 2.743.621.504 |
| 4 | Fondazione C.R. Padova e Rovigo | 2.632.982.296 | 2.407.868.339 |
| 5 | Fondazione C.R. Verona Vicenza Belluno Ancona | 2.199.521.731 | 2.226.169.031 |
| 6 | Fondazione C.R. Firenze | 1.918.312.602 | 1.886.877.612 |
| 7 | Fondazione Roma | 1.866.419.995 | 1.790.761.598 |
| 8 | Fondazione C.R. Cuneo | 1.562.039.146 | 1.502.605.333 |
| 9 | Fondazione C.R. Lucca | 1.301.086.238 | 1.286.212.981 |
| 10 | Fondazione C.R. Bologna | 1.197.805.443 | 1.165.079.971 |
| 11 | Fondazione Cariparma | 1.194.650.155 | 1.170.762.889 |
| 12 | Fondazione Sardegna | 1.053.453.185 | 1.019.817.657 |
| 13 | Fondazione C.R. Modena | 961.191.336 | 978.648.939 |
| 14 | Fondazione C.R. Bolzano | 658.826.729 | 704.709.018 |
| 15 | Fondazione Pisa (*) | 647.457.706 | 647.457.706 |
| 16 | Fondazione C.R. Perugia | 578.705.951 | 572.929.063 |
| 17 | Fondazione C.R. Pistoia e Pescia | 559.183.881 | 523.322.978 |
| 18 | Fondazione Banca Monte Lombardia | 532.523.862 | 536.557.580 |
| 19 | Fondazione C.R. Forlì | 526.266.280 | 505.899.588 |
| 20 | Fondazione Monte Paschi i Siena | 518.009.944 | 500.401.525 |
| 21 | Fondazione C.R. Trento e Rovereto | 459.847.213 | 441.139.012 |
| 22 | Fondazione di Piacenza e Vigevano | 415.824.874 | 406.361.655 |
| 23 | Fondazione Venezia | 384.449.607 | 382.761.939 |
| 24 | Fondazione Friuli | 352.393.856 | 344.186.100 |
| 25 | Fondazione CR Ascoli Piceno | 310.164.228 | 300.136.525 |
| 26 | Fondazione C.R. Carpi (*) | 295.130.983 | 295.130.983 |
| 27 | Fondazione Cassamarca | 254.100.740 | 276.696.563 |
| Totale attivo | | 40.081.830.909 | 38.953.608.014 |
| Totale attivo 86 fondazioni ACRI | | 46.985.110.739 | 45.674.956.968 |
| % campione 27 Fond su 86 | | 85,31% | 85,28% |
| Patrimonio netto delle 86 Fondazioni | | 40.771.587.905 | 39.649.616.513 |

Foundation, Total assets in 2019, Total assets in 2018, Total assets, Total assets of the 86 ACRI foundations, % sample with 27 foundations out of 86, Net worth of the 86 foundations. () The accounts were not available when the Report was drafted; the data date back to 2018*

Management approaches and management companies

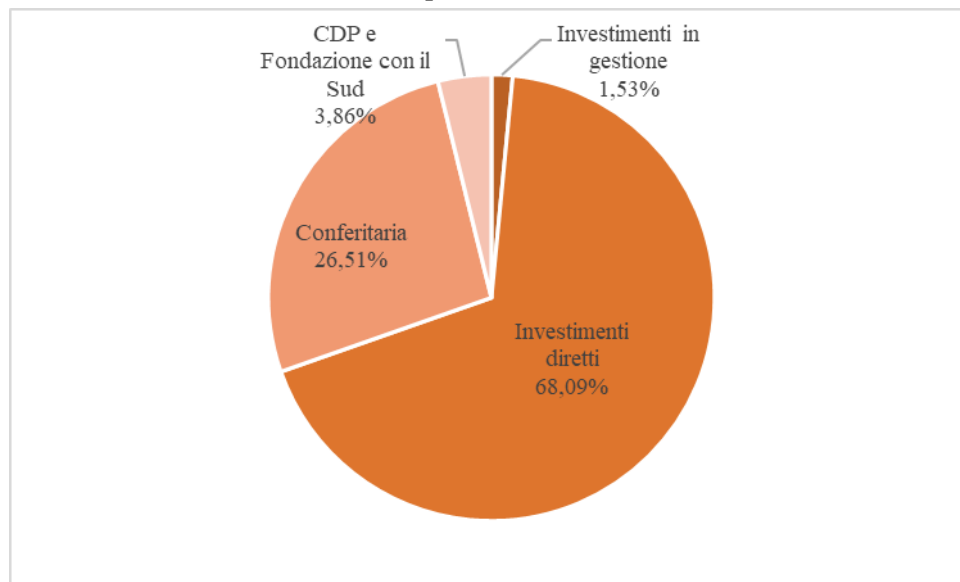
The analysis of the accounts shows that a significant portion of the banking foundations' assets is directly invested in their **transferee banks**, i.e. the banks to which they belonged before the Ciampi Law of 2000.

The Protocol signed between the banking foundations and the Ministry of Economy and Finance in April 2015 envisaged that, by the spring of 2018 (or 2020 depending on whether the bank is listed or not), these subjects would be entitled to reduce the assets invested in their transferee banks by no more than **33%** of the total resources invested directly or indirectly (both calculated at market value). This led to a faster release of their assets up to 33%, a process that had slowed down in the last two years prior to maturity, and to a sharp reduction in the number of these organizations running a surplus.

In addition to institutional investments, these foundations directly invest part of their assets in real estate property, works of art, financial instruments (shares, bonds, UCITS) and other forms of investment. The investment macro areas illustrated in the table below and in **figure 7.1** show that institutional investments account for **30.38%** of assets (compared to 34% in 2016) and direct and indirect investments for 70%.

| Investments by major foundations (27 foundations) | | |
|---------------------------------------------------|----------------|---------------------------|
| 30.38% | 12,175,156,466 | Institutional investments |
| 68.09% | 27,291,665,217 | Direct investments |
| 1.53% | 615,009,226 | Managed investments |
| 100.00% | 40,081,830,909 | Total investments |

Figure 7.1 - Asset breakdown of the 27 foundations examined out of a total of 86 (2019) 40 billion euros – 85% of the total equal to 47 billion euros



Managed investments - Direct investments – Transferee bank - CDP and Fondazione con il Sud

Table 7.2 shows the list of foundations and the percentage of assets invested in their transferee bank, in Cassa Depositi e Prestiti and in Fondazione con il Sud (so-called institutional investments).

In 2018, the share of assets allocated to transferee banks with respect to the total decreased in five years from 36% in 2014 to 26.5% in 2019, as a result of disposals and of the adjustment of their carrying value to market values. Investments in Cassa Depositi e Prestiti and in Fondazione con il Sud had a slight change, linked to equity exchanges.

Investments in the transferee bank and the Cassa Depositi e Prestiti are the core strategic investments for these foundations.

With regard to direct investments which account for two thirds of all the assets of banking foundations, it is necessary to highlight how the management of this decisive part of assets has changed in the years following the crisis of 2008, which has left so many deep and lasting marks in the accounts of these institutions. It is important to remind that the foundations' mission is to "exclusively pursue socially-oriented objectives and to promotion economic development".

Table 7.2 - Investments in the transferee banks and institutional investments

| Fondazione | Totale attivo 2019 | Conferitaria | Conferitaria su Totale Attivo in % | eccedenza sul 33% (teorico) Protocollo ACRI MEF | Investimento istituzionale in CDP | % su totale attivo | Investimento istituzionale in Fondazione con il Sud | % su totale attivo | Totale investimenti istituzionali | Investimenti istituzionali su totale attivo in % |
|--------------------------------------|-----------------------|-----------------------|------------------------------------|-------------------------------------------------|-----------------------------------|--------------------|-----------------------------------------------------|--------------------|-----------------------------------|--------------------------------------------------|
| Fondazione CARIPLO | 7.927.201.220 | 1.777.973.841 | 22,43% | | 169.570.312 | 2,14% | 34.406.811 | 0,43% | 1.981.950.964 | 25,00% |
| Compagnia di San Paolo | 6.992.475.690 | 2.746.152.978 | 39,27% | 6,27% | 176.797.249 | 2,53% | 29.596.000 | 0,42% | 2.952.546.227 | 42,22% |
| Fondazione C.R. Torino | 2.781.806.018 | 650.606.847 | 23,39% | | 156.564.790 | 5,63% | 0 | 0,00% | 807.171.637 | 29,02% |
| Fondazione C.R. Padova e Rovigo | 2.632.982.296 | 672.015.672 | 25,52% | | 62.620.539 | 2,38% | 11.355.290 | 0,43% | 745.991.501 | 28,33% |
| Fond. CR Verona Vicenza Belluno Anco | 2.199.521.731 | 977.315.791 | 44,43% | 11,43% | 0 | 0,00% | 0 | 0,00% | 977.315.791 | 44,43% |
| Fondazione C.R. Firenze | 1.918.312.602 | 570.142.708 | 29,72% | | 62.853.778 | 3,28% | 0 | 0,00% | 632.996.486 | 33,00% |
| Fondazione Roma | 1.866.419.995 | 83.916.902 | 4,50% | | 0 | 0,00% | 5.523.002 | 0,30% | 89.439.904 | 4,79% |
| Fondazione C.R. Cuneo | 1.562.039.146 | 253.950.318 | 16,26% | | 78.237.178 | 5,01% | 6.424.571 | 0,41% | 338.612.067 | 21,68% |
| Fondazione C.R. Lucca | 1.301.086.238 | 111.383.487 | 8,56% | | 87.449.100 | 6,72% | 4.436.682 | 0,34% | 203.269.269 | 15,62% |
| Fondazione C.R. Bologna | 1.197.805.443 | 324.531.725 | 27,09% | | 0 | 0,00% | 6.656.666 | 0,56% | 331.188.391 | 27,65% |
| Fondazione Cariparma | 1.194.650.155 | 738.178.629 | 61,79% | 28,79% | 72.495.474 | 6,07% | 0 | 0,00% | 810.674.103 | 67,86% |
| Fondazione di Sardegna | 1.053.453.185 | 471.332.211 | 44,74% | 11,74% | 161.950.335 | 15,37% | 1.840.409 | 0,17% | 635.122.955 | 60,29% |
| Fondazione C.R. Modena | 961.191.336 | 147.633.819 | 15,36% | | 20.731.529 | 2,16% | 6.117.757 | 0,64% | 174.483.105 | 18,15% |
| Fondazione C.R. Bolzano | 658.826.729 | 394.297.777 | 59,85% | 26,85% | 13.017.993 | 1,98% | 2.125.190 | 0,32% | 409.440.960 | 62,15% |
| Fondazione Pisa | 647.457.706 | 0 | 0,00% | | 0 | 0,00% | 0 | 0,00% | 0 | 0,00% |
| Fondazione C.R. Perugia | 578.705.951 | 111.270.900 | 19,23% | | 62.788.855 | 10,85% | 1.018.201 | 0,18% | 175.077.956 | 30,25% |
| Fondazione C.R. i Pistoia e Pescia | 559.183.881 | 31.335.562 | 5,60% | | 34.423.879 | 6,16% | 1.705.158 | 0,30% | 67.464.599 | 12,06% |
| Fond. Banca Monte di Lombardia | 532.523.862 | 180.396.803 | 33,88% | 0,88% | 43.649.657 | 8,20% | 0 | 0,00% | 224.046.460 | 42,07% |
| Fondazione C.R. Forlì | 526.266.280 | 86.550.062 | 16,45% | | 46.611.931 | 8,86% | 2.021.650 | 0,38% | 135.183.643 | 25,69% |
| Fondazione Monte Paschi Siena | 518.009.944 | 74.243 | 0,01% | | 4.096.473 | 0,79% | 34.694.721 | 6,70% | 38.865.437 | 7,50% |
| Fondazione C.R. Trento e Rovereto | 459.847.213 | 0 | 0,00% | | 41.422.760 | 9,01% | 1.112.336 | 0,24% | 42.535.096 | 9,25% |
| Fond. Piacenza e Vigevano | 415.824.874 | 72.382.316 | 17,41% | | 34.169.589 | 8,22% | 1.688.913 | 0,41% | 108.240.818 | 26,03% |
| Fondazione di Venezia | 384.449.607 | 64.424.036 | 16,76% | | 43.568.646 | 11,33% | 1.426.659 | 0,37% | 109.419.341 | 28,46% |
| Fondazione Friuli | 352.393.856 | 102.299.708 | 29,03% | | 12.731.868 | 3,61% | 406.879 | 0,12% | 115.438.455 | 32,76% |
| Fondazione C.R. Ascoli Piceno | 310.164.228 | 0 | 0,00% | | 0 | 0,00% | 695.824 | 0,22% | 695.824 | 0,22% |
| Fondazione C.R. Carpi | 295.130.983 | 11.171.107 | 3,79% | | 8.721.550 | 2,96% | 0 | 0,00% | 19.892.657 | 6,74% |
| Fondazione Cassamarca | 254.100.740 | 48.092.820 | 18,93% | | 0 | 0,00% | 0 | 0,00% | 48.092.820 | 18,93% |
| Totale prime 27 Fondazioni | 40.081.830.909 | 10.627.430.262 | 26,51% | 3,34% | 1.394.473.485 | 3,48% | 153.252.719 | 0,38% | 12.175.156.466 | 30,38% |

Foundation - Total assets in 2019 – Transferee - Transferee as % of total assets – Surplus over 33% (theoretical) ACRI/MEF protocol - Institutional investments in CDP - % of total assets – Institutional investments in Fondazione per il Sud - Total institutional investments - Institutional investments as % of total assets - Total of the leading 27 foundations

Unlike other institutional investors, banking foundations do not have new funding or membership; they can only rely on their own assets, which have remained unchanged for years, whose preservation and growth depends on the income generated by assets under management and which, alone, can enable their foundations to fulfil their purpose: supporting the wellbeing of the community and promote the economic and social development of the community.

Therefore, their primary objective remains the preservation of the real value of their portfolio by optimizing profitability and risks to achieve real and lasting returns (flows) to finance their activities. Since the period of dividends from bank holdings and interests on bond portfolios with consistent and lasting cash flows is over, these organizations have started reviewing their portfolio management activities.

The complexity of the business over this long period of low bond investment returns has been exacerbated, accelerated and amplified by the uncertainties and volatility of the markets, which intensified in 2019 and even more so in 2020.

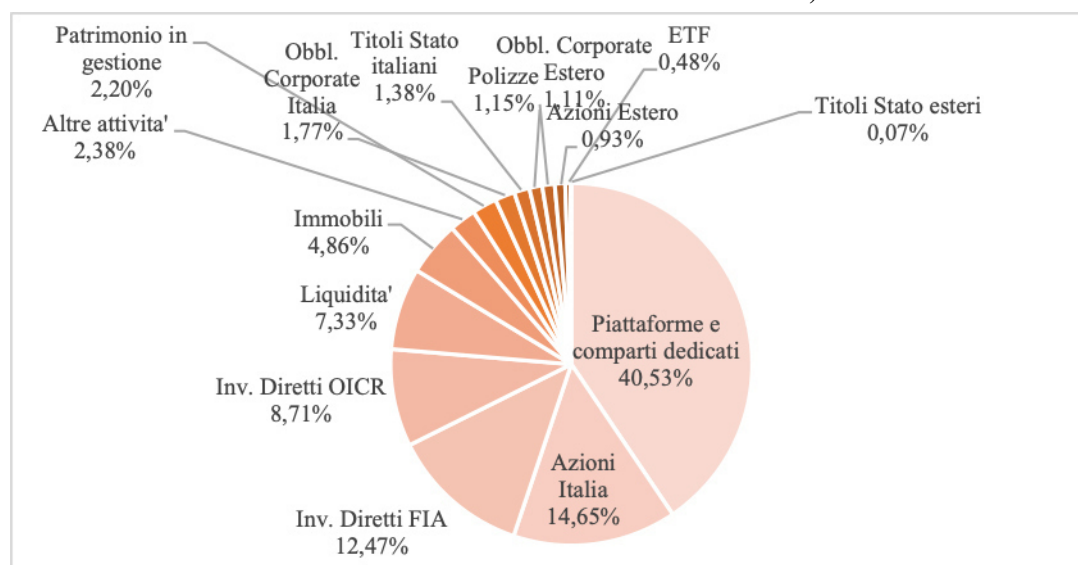
First larger foundations but then gradually also medium-sized foundations have begun searching for solutions to meet their new portfolio management requirements: reduction of overall risks through geographical diversification but also diversification in terms of sectors, markets and instruments; flexible and dynamic management approaches to quickly adapt to changes; specialized management companies, risk management supervision, overall vision of the portfolio for ad-hoc risk hedging; administrative simplification, reduction of management costs and tax optimization.

In response to the needs of these foundations and of other organizations, various solutions have appeared on the market. Over the years, with an ongoing acceleration that started in 2018 and 2019, an increasing number of foundations has been using dedicated platforms and compartments, such as UCITS funds or SICAV sub-funds, but more often specialized investment funds, qualified as alternative funds under Luxembourg law, independent containers with dedicated investment targets to which each foundation can allocate part or all of their financial portfolio not used for strategic investments (transferee bank, CDP, Italian equities) or for specialized closed-end fund investments.

In our survey, **16 foundations out of 27 use dedicated vehicles** that now account for **41%** of direct investments, as shown in **figure 7.2**.

In order to better highlight this ongoing process, the data from the review of their 2019 financial statements are presented by distinguishing alternative investments in the strict sense, i.e. mainly (closed-ended) specialized funds, private equity, venture capital, private debt, infrastructure and real estate funds, renewable energy funds, hedge funds, social-impact investments, from dedicated platforms and compartments that use alternative instruments and strategies in a much broader sense and where alternative investments have a limited role.

Figure 7.2 - Diversification of the foundations' direct investments (excluding 31.5% of investments in the transferee banks and institutional investments)



Foreign Treasury Bills - Foreign corporate bonds - ETF - Italian Treasury Bills - Foreign equity - Policies - Italian corporate bonds - Foreign corporate bonds -. Assets under management - Other assets - Liquidity - Real-estate - Direct Investments in AIFs - Italian equity - Direct investments in UCITS - Dedicated platforms and instruments

As to the **direct investments** made by these foundations in managed products and services (**figure 7.2** and **table 7.3**), there is the high degree of diversification, in particular for the investments in the **real economy**.

The banking foundations' direct investments (excluding those in their transferee banks, in CDP and in Fondazione con il Sud) amount to **27.9 billion euros**, of which 1.355 billion in real estate assets and 26 billion in financial investments (therefore not mandated to asset managers). Of these investments, 17.35 billion euros were allocated to collective management products (UCITS, ETFs and Alternative UCITS). On the whole, **real estate investments** account for 3.4% of total assets.

Government bonds account for 1.01% of total investments, of which Italian government bonds account for 0.96% and foreign government bonds for 0.05%.

Table 7.3 - Types of direct and indirect investments (through management mandates)

| Fondazione | Immobili | Liquidità | Obbligazioni | Azioni | Polizze | Inv. Diretti OICR | Inv. Diretti FIA | Altre attività | ETF | Patrimonio in gestione |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-----------------------|----------------------|--------------------|--------------------|------------------------|
| Fond azione CARIPLO | 35.968.720 | 3.563.018 | 8.391.140 | 381.521.611 | 0 | 5.212.232.432 | 285.028.211 | 18.545.124 | 0 | 0 |
| Compagnia di San Paolo | 35.714.463 | 125.237.805 | 0 | 298.783.987 | 0 | 2.381.905.603 | 1.103.691.000 | 94.596.605 | 0 | 0 |
| Fondazione CR Torino | 1.339.557 | 110.344.760 | 302.028.515 | 1.259.669.875 | 0 | 80.344.206 | 191.609.694 | 15.425.143 | 13.872.631 | 0 |
| Fondazione CR Padova e Rovigo | 0 | 136.281.959 | 0 | 84.728.013 | 0 | 1.018.800.000 | 624.300.000 | 22.880.823 | 0 | 0 |
| Fond. CR Verona, Vi, BL e AN | 416.221.702 | 51.869.907 | 6.000.764 | 53.247.004 | 0 | 649.895.363 | 7.238.613 | 37.732.587 | 0 | 0 |
| Fondazione CRi Firenze | 127.774.037 | 180.472.147 | 34.432.951 | 9.189.366 | 5.000.000 | 707.097.435 | 52.594.209 | 61.455.078 | 4.097.080 | 103.203.813 |
| Fondazione Roma | 138.071.822 | 130.841.533 | 0 | 6.685.291 | 0 | 1.436.592.642 | 22.481.213 | 42.307.590 | 0 | 0 |
| Fondazione CRi Cuneo | 21.163.423 | 158.536.163 | 141.128.574 | 384.004.422 | 100.532.175 | 187.380.643 | 185.630.466 | 43.832.142 | 1.219.071 | 0 |
| Fondazione CR Lucca | 82.589.447 | 103.087.134 | 70.321.386 | 169.807.147 | 24.304.309 | 278.874.372 | 295.068.155 | 15.630.249 | 1.109.807 | 57.024.963 |
| Fondazione CR Bologna | 22.926.571 | 85.919.537 | 0 | 224.736.284 | 0 | 446.563.516 | 44.940.396 | 41.530.748 | 0 | 0 |
| Fondazione Cariparma | 22.404.627 | 20.620.106 | 66.684.874 | 27.138.157 | 45.526.083 | 83.000.000 | 35.430.774 | 39.027.424 | 11.004.007 | 0 |
| Fondazione di Sardegna | 18.815.962 | 64.306.948 | 20.925.838 | 15.006.797 | 0 | 44.567.826 | 237.789.929 | 13.920.423 | 2.996.507 | 0 |
| Fondazione CRi Modena | 35.956.512 | 119.737.408 | 4.240.606 | 253.731.905 | 0 | 300.000.000 | 39.672.347 | 10.824.827 | 9.999.879 | 12.544.747 |
| Fondazione CR Bolzano | 81.603.772 | 10.238.569 | 49.500.000 | 11.770.112 | 41.669.903 | 33.404.707 | 17.385.056 | 3.813.650 | 0 | 0 |
| Fondazione Pisa | 25.655.891 | 14.513.485 | 207.396.493 | 79.757.403 | 0 | 75.806.108 | 190.774.588 | 53.553.738 | 0 | 0 |
| Fondazione CR Perugia | 27.012.712 | 25.050.177 | 46.246 | 19.032.666 | 3.828.485 | 0 | 7.119.921 | 20.748.905 | 8.783.500 | 292.005.383 |
| Fondazione CRi Pistoia e Pescia | 29.558.538 | 94.238.419 | 148.619.743 | 89.053.909 | 16.492.263 | 20.155.622 | 22.617.525 | 12.667.450 | 58.529.541 | -213.728 |
| Fond. Banca Monte Lombardia | 25.775.883 | 6.339.098 | 10.000.000 | 192.739.459 | 0 | 41.322.223 | 2.046.263 | 12.357.031 | 0 | 17.897.445 |
| Fondazione CR Forlì | 15.898.108 | 6.320.692 | 4.937.511 | 86.305.451 | 5.000.000 | 229.804.513 | 30.870.977 | 6.804.437 | 5.140.948 | 0 |
| Fondazione Monte Paschi Siena | 27.229.921 | 205.978.077 | 4.301.930 | 77.391.013 | 0 | 135.410.418 | 19.439.768 | 9.393.380 | 0 | 0 |
| Fondazione CR Trento e Rovereto | 0 | 203.065.892 | 17.206.943 | 107.013.841 | 19.500.000 | 2.500.000 | 24.525.597 | 28.251.643 | 15.248.201 | 0 |
| Fond. Piacenza e Vigevano | 19.931.892 | 96.635.687 | 31.975.000 | 20.627.232 | 28.351.946 | 90.565.929 | 3.698.270 | 13.752.050 | 0 | 2.046.050 |
| Fondazione di Venezia | 21.925.934 | 5.760.545 | 0 | 102.181.697 | 0 | 130.000.000 | 2.500.000 | 12.662.090 | 0 | 0 |
| Fondazione Friuli | 4.581.495 | 40.316.496 | 15.319.019 | 22.035.883 | 13.874.383 | 123.860.403 | 11.343.035 | 5.624.687 | 0 | 0 |
| Fondazione CRi Ascoli Piceno | 24.368.757 | 2.275.722 | 0 | 170.972.562 | 0 | 0 | 10.473.848 | 4.029.421 | 0 | 97.348.094 |
| Fondazione CR Carpi | 20.180.571 | 38.619.276 | 53.985.737 | 87.294.045 | 10.683.683 | 21.054.604 | 8.216.446 | 2.051.505 | 0 | 33.152.459 |
| Fondazione Cassamarca | 73.005.892 | 4.474.594 | 9.381.400 | 80.486.366 | 7.212.279 | 7.891.858 | 2.150.000 | 20.173.617 | 1.231.914 | 0 |
| Totale | 1.355.676.209 | 2.044.645.154 | 1.206.824.670 | 4.348.051.498 | 321.975.509 | 13.739.030.423 | 3.478.636.301 | 663.592.367 | 133.233.086 | 615.009.226 |
| in % su Totale attivo | 3,38% | 5,10% | 3,01% | 10,85% | 0,80% | 34,28% | 8,68% | 1,66% | 0,33% | 1,53% |

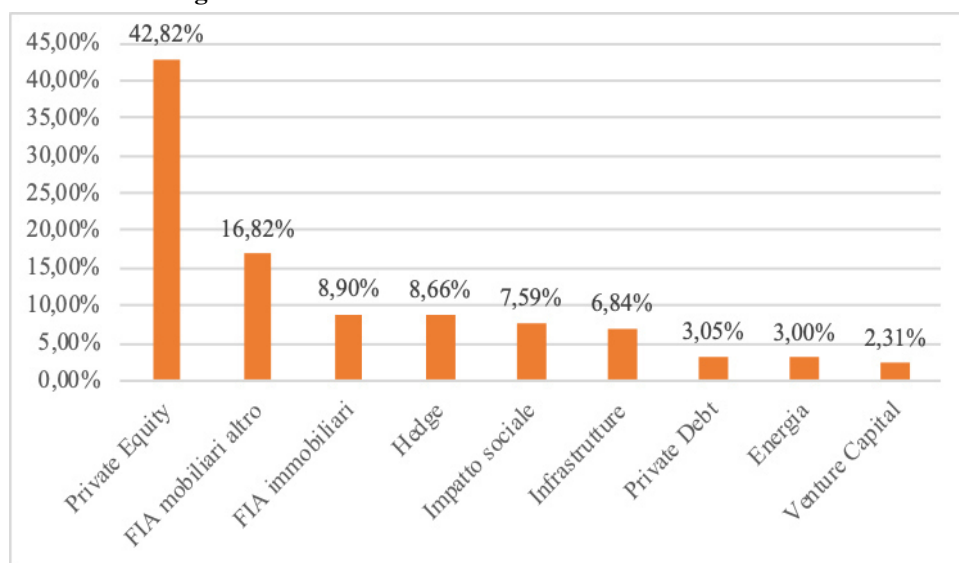
Foundation - Real-estate – Liquidity -Bonds – Equity – Policies - Direct investments in UCITS – Direct investments in AIFs - Other assets - ETFs – Assets under management - Total assets 27 Foundations - as % of total assets

The survey of these 27 foundations has identified over 120 investment companies which provide financial instruments to banking foundations for their direct investments. It is impressive to see not only the amount of alternative investments (compared to other institutional investors), but also the significant number of management companies: real estate funds, that account for 0.8% of total assets, are managed by 18 companies, some of which also manage other types of alternative investments. Different types of policies account for 0.80% of assets and are managed by 19 companies, while there are more than 120 companies for alternative UCITS.

The share of alternative instruments (as such) considerably increased, reaching **3.5 billion euros** vs. 2.2 in 2018, according to the same criteria and excluding investments on platforms, as already pointed out (**figure 7.3**). The considerable growth of alternative investments was largely due to the so-called "other alternatives" (Multiasset. Multistrategy. Absolute return. etc.).

The interest in this type of investment comes from the search for higher returns, for a return premium for their illiquidity and from risk diversification for long-term maturities. Private equity funds experienced the highest growth (1.5 billion euros), due to a series of initiatives on a global, but also regional, European and U.S. level. Other growing areas were social impact investing (residential homes, social housing, regeneration programs, etc.) with +35% compared to the previous year and venture capital investments (+22%). Other types of investments remained stable.

Figure 7.3 - Breakdown of the foundations' AIFs in 2019



Private equity - AIFs (securities) - Real-estate AIFs - Hedge funds - Social impact investments – Infrastructure - Private debt – Energy - Venture capital

Platforms - This is a new and increasingly popular way of managing the foundations' resources; platforms allow for economies of scale with accounting and operational advantages. **Table 7.4** shows the main platforms used by these foundations, even though the information derived from their official accounts is not exhaustive.

After focusing on the investments through dedicated platforms and compartments, it is interesting to look at the different types of direct UCITS investments; **table 7.5** illustrates three similarly-weighted investment classes: bond UCITS (31.4%), other UCITS (27.6%) and equity UCITS (25.6%), which in any case are different with respect to the same compartments in the past; in fact, these bond investments are much more specialized (emerging countries, high yield, credit) and the same holds true for the equity ones (emerging countries, European regions, USA, excluding Italy). UCITS defined as "other" include the universe of flexible, absolute return and multi-asset products.

All these investments are worth **3 billion euros** and are managed by **80 highly differentiated and specialized management companies**.

Table 7.5 - Types and amounts of foundations' UCITS investments

| UCITS direct investments | | in % |
|--------------------------|----------------------|----------------|
| Bonds | 973.458.258 | 31.41% |
| Balanced bonds | 242.000.000 | 7.81% |
| Balanced | 234.193.594 | 7.56% |
| Equity | 793.519.364 | 25.61% |
| Other | 855.733.330 | 27.61% |
| TOTAL | 3.098.904.546 | 100.00% |

Table 7.4 - Banking foundations' investment platforms

| Gestori/fondi | Management | Fondazioni |
|----------------------------------------------------|----------------------|--------------------------|
| Quaestio Alternative Funds SICAv FIS | | |
| QAF Fund One | Quaestio Capital SGR | Fond Cariplo |
| QAF Fund Four | Quaestio Capital SGR | Fond Piacenza e Vigevano |
| QAF Fund Six | Quaestio Capital SGR | Fond Friuli |
| Quaestio Solution Funds - UCITS | | |
| Global Dibversified I | Quaestio Capital SGR | Fond MPS |
| Global Dibversified III | Quaestio Capital SGR | Fond Piacenza&Vigevano |
| Global Dibversified VIII | Quaestio Capital SGR | Fond Forlì |
| Global Diversified V | Quaestio Capital SGR | Fond Friuli |
| Global Enhanced Cash | Quaestio Capital SGR | Fond Forlì |
| Diversified Bond yield | Quaestio Capital SGR | Fond Forlì |
| Fondaco SGR | | |
| Multi Asset Income | Fondaco SGR | Compagnia SanPaolo |
| Growth | Fondaco SGR | Compagnia San Paolo |
| Active Investment | Fondaco SGR | |
| Fondazione Roma SIF | Fondaco SGR | Fondazione Roma |
| EuroCash | Fondaco SGR | Compagnia San Paolo |
| Eurizon Capital | | |
| Alternative SICAV SIF Asset Allocation Fund | | |
| Global Diversified | Eurizon SA (Lux) | Fond CR Bologna |
| Global Diversified 2 | Eurizon SA (Lux) | Fond CR Firenze |
| Montecuccoli Diversified Multiasset | Eurizon SA (Lux) | Fond CR Modena |
| GAM | | |
| Multilabel Sicav | GAM Lux | Fond di Venezia |
| Dogal Multimanager Diversified | GAM Lux | Fond di Venezia |
| Piattaforma Fondazioni SICAV SIF | | |
| Piattaforma Fondazioni Sardegna | Alter Domus | Fond di Sardegna |
| Indaco SCA SIF | | |
| Atlantide | Valeur Capital Ltd | Fond di Sardegna |

Fund managers - Management Companies - Foundations

Table 7.6 shows the top 5 management companies in terms of assets under management (out of the 157 managers of traditional and alternative UCITS) which together account for 75% of the total.

The first three positions are held by the managers of the main platforms: Quaestio Capital Management, Fondaco and Eurizon, followed at a greater distance by Azimut in the fourth place and by Amundi in the fifth.

Table 7.6 - The top 5 management companies by assets under management (UCITS and AIFs)

| Management Company | TOTAL | as % of the total |
|----------------------------------------------|----------------|--------------------------|
| Quaestio Capital Management Sgr s.p.a | 5.758.826.088 | 33.4% |
| Fondaco sgr | 5.381.762.138 | 31.3% |
| Eurizon Capital | 1.508.390.271 | 8.8% |
| Azimut | 272.485.790 | 1.6% |
| Amundi | 240.675.211 | 1.4% |
| | 13.162.139.498 | 76.4% |

Table 7.7 shows the figures that appear under the item "*financial instruments entrusted to individual asset management companies*" as provided for by the sector regulations. Asset management contracts continued to lose ground in 2019 (-29% with respect to 2018): **8** foundations entrusted their assets (**1.5%** of the total out of the 27 foundations examined) to **21** management companies with **39** mandates; the top 5 are illustrated in this table in terms of their assets under management.

Table 7.7 - List of management mandates contracted to specialized management companies

| Management company | Resources | % Resources | n. of mandates |
|-------------------------|-------------|-------------|----------------|
| Nextam Partners sgr spa | 212,451,018 | 34.90% | 2 |
| Eurizon Capital | 83,758,359 | 13.76% | 4 |
| Credit Suisse A.M. | 79,860,486 | 13.12% | 2 |
| Goldman Sachs | 51,453,180 | 8.45% | 2 |
| Fideuram A.M. | 28,364,563 | 4.66% | 2 |

Banking Foundations and the real economy

Given their origin and their parent banks' strong link with the community, these foundations have always attached great attention to the "**real economy**". In this Report, "real economy" means investments in Italy or in Italian companies; government securities, capital and non-capital real estate investment, liquidity and other assets (credits, accruals. etc.) are excluded. Even though the use of segregated vehicles and platforms makes it increasingly difficult to identify the investments in the Italian real economy, the survey has revealed some interesting figures. The 27 Foundations examined allocated a total of **8 billion euros**, or 44.4% of their assets, to the Italian real economy out of a total of 40 billion euros' worth of assets (**table 7.8**); their investments on government bonds excluded from our calculation are not significant, that is 384 million euros which only account for 0.77% of all of their assets. In detail, out of approximately 18 billion euros, as much as **10.7 billion euros** (60.7%) was invested by these foundations in their transferee banks; in addition to the shares directly held by these subjects, the calculation also includes the shares that transferee banks hold in asset management companies.

Table 7.8 - Investments in the Italian real economy

| Investments | 2019 | % of the total assets of the 27 Foundations |
|----------------------------------|-----------------------|---------------------------------------------|
| Transferee bank | 10,627,430,262 | 26.51% |
| CDP | 1,394,473,485 | 3.48% |
| Fondazione con il Sud | 153,252,719 | 0.38% |
| Italian corporate bonds | 493,779,244 | 1.23% |
| Italian equity | 4,216,974,506 | 10.20% |
| Direct UCITS investments | 3,591,583 | 0.01% |
| Direct AFI investments | | |
| <i>Infrastructures</i> | 235,748,537 | 0.59% |
| <i>Renewable energies</i> | 65,079,129 | 0.16% |
| <i>Private Equity</i> | 170,515,725 | 0.43% |
| <i>Venture Capital</i> | 53,673,354 | 0.13% |
| <i>Private Debt</i> | 12,741,035 | 0.03% |
| <i>Social impact investments</i> | 194,900,253 | 0.49% |
| <i>Real-estate AFIs</i> | 285,197,597 | 0.71% |
| TOTAL | 17,779,030,905 | 44.36% |

8. Privatized Schemes for Liberal Professions: activities, membership, assets and managers

On December 31, 2019, the number of privatized schemes of liberal professions established under Legislative Decrees n. 509/1994 and n. 103/199 was stable at 20. ONAOSI¹⁵ is excluded from this survey. The 19 privatized funds analyzed in this Report manage **22** different pension schemes, as INPGI is also required to fulfill its institutional task for INPGI, a separate scheme (so-called INPGI 2) and for ENPAIA, which separately manages the pensions of agricultural and agro-technical experts.

Number of members and pensioners - At the end of 2019, the total number of members in these schemes was **1,676,387**, equal to about 7% of the total workforce in Italy, with a slight increase by **0.75%** vs. the previous year (*table 8.1 and figure 8.1*).

The *gender ratio* (AdEPP data, the IX Report of 2019 vs. 2018) shows that the number of working *women* reached **39.8%** out of the total number of members. A detailed analysis of the data illustrates that the percentage for younger generations (under 40) rises to **54%** and is homogeneous in all regions of the country.

The privatized schemes for liberal professionals with the highest membership growth were: ENPAIA, the Fund for Agrotechnicians (+ 6.93% vs. 6.97% in 2018 with respect to 2017), the Fund for Notaries which is picking up (+ 5.47%; compared to -1.52% in 2018 over the previous year); ENPAP, the Fund for Psychologists (+ 5.40% and 5.70% in 2018 vs. 2017); ENPAB, the Fund for Biologists (+ 5.12%) and ENPAPI¹⁶ (+ 8.73%). In 2019, ENPAPI made available the 2019 and the 2018 accounting data following the appointment of a new Board of Directors and a Steering Committee after a period of receivership.

However, there is also a higher number of Schemes with a reduction in the number of members, in particular, 9 funds operated by 8 different schemes: CIPAG (- 3.42%), Enasarco (-2.69%), EPPI (-1.63%) and CNPR (-1.28%); the drop for the others was equal to less than 1%.

The number of ***pensioners***, except for FASC that only provides capital benefits, was equal to **441,291** with an increase by **3.79%** with respect to 2018 (the same growth as in the previous year). The comparison between the number of members and the number of pensioners produces a ratio of **3.80 active workers for every pensioner** (3.90 in 2018), still very positive but still decreasing compared to previous years.

¹⁵ The *Organization that takes care of the orphans of health-care professionals*, who are members of ENPAM (doctors), ENPAPI (nurses) and veterinary doctors. It does not operate any pension fund but it finances the education of these orphans until they reach 18 years of age.

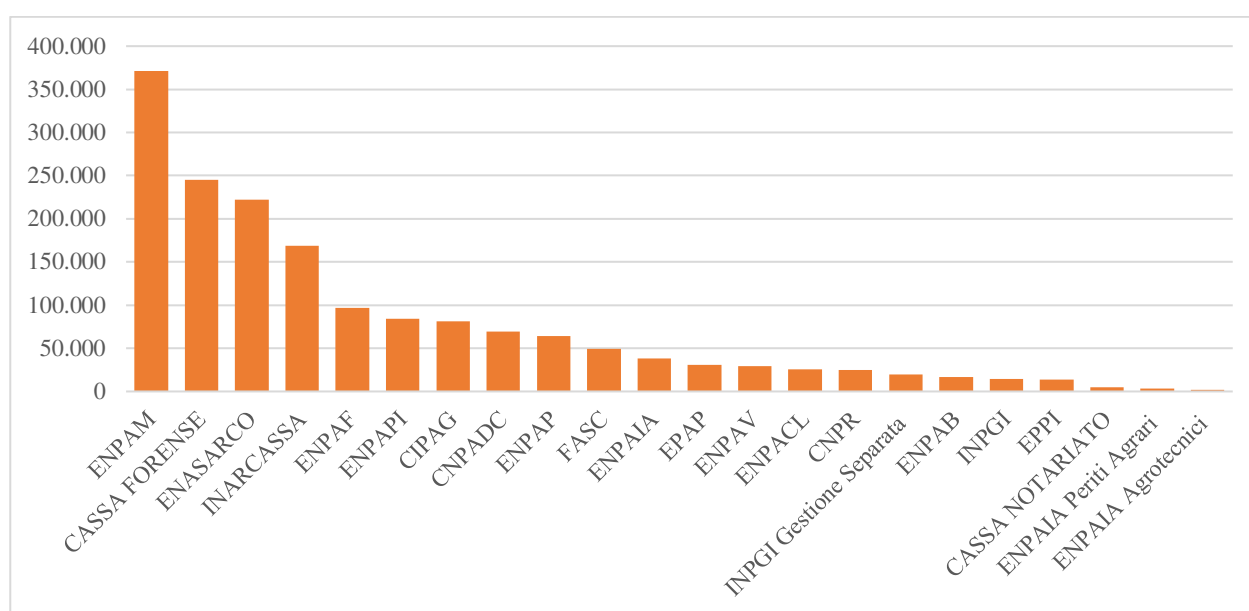
¹⁶ The 2018 data related to ENPAPI, the Fund for nurses, were modified and updated in the database, following the provision of the 2018 accounts; Last year's Report used the 2017 data since this scheme did not disclose any data being under receivership.

Table 8.1 - The Schemes for Liberal Professions by number of members in 2019

| | Cassa | n. iscritti | Var. % | | Cassa | n. iscritti | Var. % | | Cassa | n. iscritti | Var. % |
|---|---------------|-------------|--------|----|----------------------|-------------|--------|----|--------------------|-------------|--------|
| 1 | ENPAM | 371.465 | 1,47% | 9 | ENPAP | 64.366 | 5,40% | 17 | ENPAB | 16.482 | 5,13% |
| 2 | CASSA FORENSE | 244.952 | 0,71% | 10 | FASC | 49.318 | 2,19% | 18 | INPGI | 14.727 | -0,03% |
| 3 | ENASARCO | 221.975 | -2,69% | 11 | ENPAIA | 38.324 | 0,71% | 19 | EPPI | 13.479 | -1,63% |
| 4 | INARCASSA | 168.501 | -0,21% | 12 | EPAP | 30.910 | 2,77% | 20 | CASSA NOTARIATO | 5.148 | 5,47% |
| 5 | ENPAF | 96.829 | 1,23% | 13 | ENPAV | 29.044 | -0,71% | 21 | ENPAIA Periti | 3.283 | 0,27% |
| 6 | ENPAPI | 84.415 | 8,73% | 14 | ENPACL | 25.372 | -0,38% | 22 | ENPAIA Agrotecnici | 2.067 | 6,93% |
| 7 | CIPAG | 81.322 | -3,42% | 15 | CNPR | 24.914 | -1,28% | | | | |
| 8 | CNPADC | 69.719 | 1,70% | 16 | INPGI Gest. Separata | 19.775 | -0,97% | | Totale | 1.676.387 | 0,75% |

Scheme, Number of members, % Variation

Figure 8.1 - The Schemes for Liberal Professions by number of members in 2019



Contributions and benefits - In 2019, the contributions paid to the pension schemes for liberal professionals amounted to **10.88 billion euros**, while pension and welfare benefit expenditure was equal to **6.72 billion euros**, with a *ratio of contributions* (**10.53 billion euros**) to *pension benefits equal to* 1.62. The growth in contributions was in line with that of 2018, **+ 3.3%** (+3.33% 2018/2017). This suggests that there was a slight and generalized average growth in the remuneration of professionals paying welfare and pension contributions, even though not all the schemes provided the data on the average income of their members. The ratio of contributions to benefits was positive for all of these schemes, with the exception of **INPGI**, which had *a negative delta equal to 133 million euros* as in 2018 (the 2019 contributions amounted to 403 million euros and pension benefit expenditure to 536 million euros). The deadline for INPGI to find a technical solution to its difficult situation and avoid receivership was extended to December 31, 2020 by Decreto Rilancio (Relaunch Decree) n. 34/2020 (art. 169 of the Decree postpones the deadline originally provided for under Law Decree n. 34/2019 transposed into Act n. 58/2019).

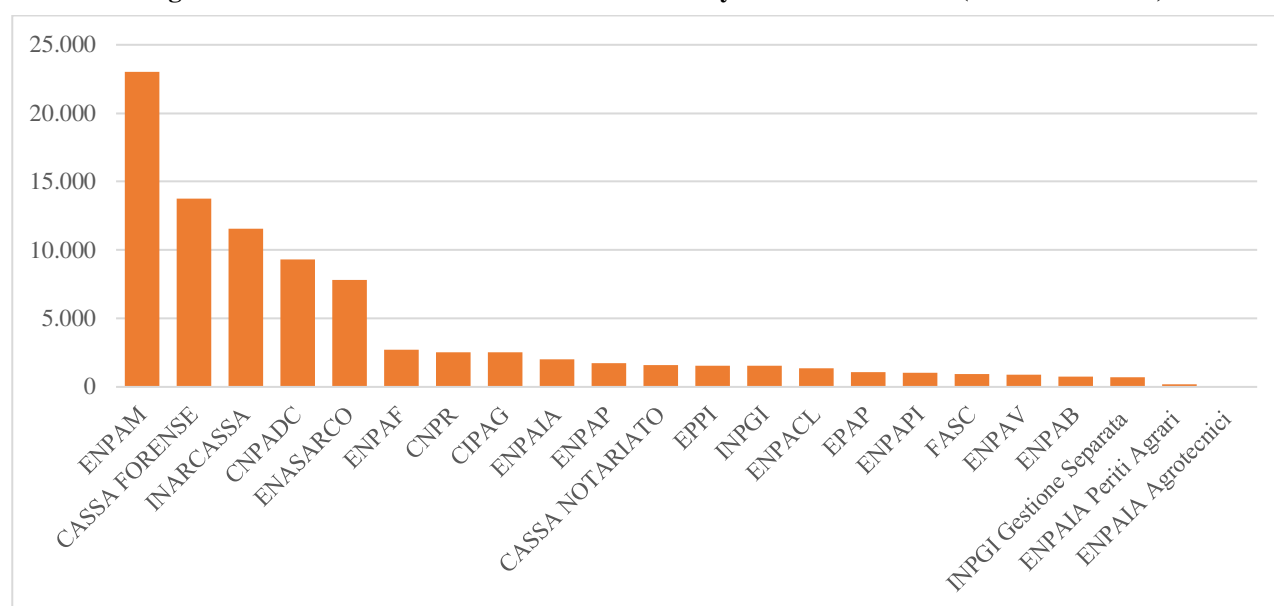
Assets and Net Worth - The 19 privatized schemes had **88,549,554,400 euros' worth of assets**. So, the resources available to these institutional investors continued to grow in a consistent and significant way, + **6.70%**, better with respect to 2018 (+5.3%). **Table 8.2** and **figure 8.2** rank these schemes by their net worth and by their percentage growth compared to the previous year. The only scheme that suffered a reduction in terms of total assets was **INPGI**, similarly to 2018, with -10.39%, and dropping from the 10th to the 13th position in the ranking; compared to 2018, CNPR fared better than CIPAG, ENPAP and Cassa Notariato better than INPGI while ENPAPI had a 9.69% growth.

Table 8.2 - The Schemes for Liberal Professions by total assets in 2019 (millions of euros)

| | Cassa | Attivo | Var. % | | Cassa | Attivo | Var. % | | Cassa | Attivo | Var. % |
|---|---------------|--------|--------|----|-----------------|--------|---------|----|----------------------|--------|--------|
| 1 | ENPAM | 23.011 | 8,05% | 9 | ENPAIA | 2.002 | 1,81% | 17 | FASC | 938 | 4,50% |
| 2 | CASSA FORENSE | 13.745 | 8,81% | 10 | ENPAP | 1.715 | 11,48% | 18 | ENPAV | 870 | 10,32% |
| 3 | INARCASSA | 11.538 | 7,32% | 11 | CASSA NOTARIATO | 1.604 | 4,46% | 19 | ENPAB | 734 | 8,34% |
| 4 | CNPADC | 9.311 | 6,95% | 12 | EPPI | 1.542 | 7,86% | 20 | INPGI G. Separata | 721 | 12,01% |
| 5 | ENASARCO | 7.840 | 4,31% | 13 | INPGI | 1.527 | -10,42% | 21 | ENPAIA Periti Agrari | 184 | 5,47% |
| 6 | ENPAF | 2.696 | 7,75% | 14 | ENPACL | 1.355 | 6,38% | 22 | ENPAIA Agrotecnici | 41 | 10,50% |
| 7 | CNPR | 2.536 | 2,03% | 15 | EPAP | 1.074 | 9,15% | | | | |
| 8 | CIPAG | 2.525 | 1,09% | 16 | ENPAPI | 1.040 | 9,69% | | Totale | 88.550 | 6,70% |

Scheme, Assets, % var

Figure 8.2 - The Schemes for Liberal Professions by total assets in 2019 (millions of euros)



In 2019, privatized schemes had 76,865,099,871 euros of **net worth**, i.e. the above-mentioned assets minus the balance sheet liabilities, + **7.18%** with respect to 2018 (7.14% in 2018 vs. 2017). **Table 8.3** lists the pension schemes with an increase in their net worth by more than **9%**; the number of these funds exceeding this percentage was higher compared to 2018, in line with the 2017 trend. There are 6 schemes that exceeded the 9% threshold; ENPAB, +13.04% compared to the negative figure of 2018 vs. -11.46% in 2017; ENPAIA (+12.21%), INPGI Separate scheme (+12.15%), followed by the Fund for Certified Accountants, ENPAIA, the Fund for Agro-technicians and ENPAV with a growth ranging between 9 and 11%.

Table 8.3 - Changes in the assets of the Schemes for Liberal Professions in 2019 vs. 2018

| Cassa | Patrimonio 2019 | Patrimonio 2018 | Var. % |
|-------------------------|-----------------|-----------------|---------------|
| ENPAB | 109.768.733 | 97.110.230 | 13,04% |
| ENPAIA | 137.036.186 | 122.126.830 | 12,21% |
| INPGI Gestione Separata | 709.791.335 | 632.911.296 | 12,15% |
| CNPADC | 8.838.573.650 | 7.978.750.740 | 10,78% |
| ENPAIA Agrotecnici | 4.148.573 | 3.777.714 | 9,82% |
| ENPAV | 713.915.871 | 653.302.019 | 9,28% |

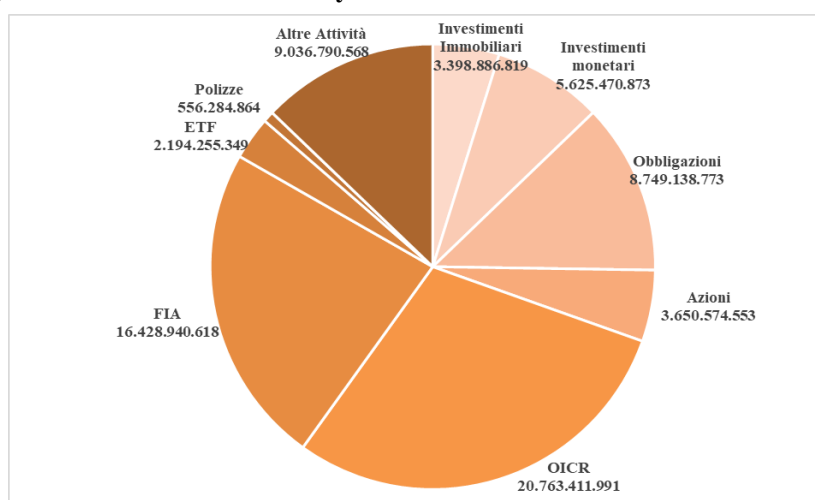
Schemes with a net asset growth by over 9%, Scheme, Assets in 2019, Assets in 2018, % var.

Investments - The data related to the assets invested by the 19 privatized schemes show, in line with previous years, their preference for **direct investments** that account for **79.5%** out of the 88.54 billion euros' worth of assets; the value of **direct investments** was equal to **70,403,754,407 euros** while **indirect mandated investments** to **18,145,800,264 euros**. It should be noted, however, that a large part, **almost 60%** of direct investments are finalized through policies, UCITS or mutual funds, which are assets under management even if chosen by the schemes.

Direct investments - The 70.40 billion euros' worth of direct investments illustrated in **Figure 8.4**, are concentrated on the following asset classes: **a)** real estate investments (4.83%); **b)** monetary investments (7.99%); **c)** bonds (12.43%); **d)** equity (5.19%); **e)** policies (0.79%); **f)** UCITS (29.49%); **g)** AFIs (23.34%); **h)** ETFs (3.12%); **i)** other assets (12.84%).

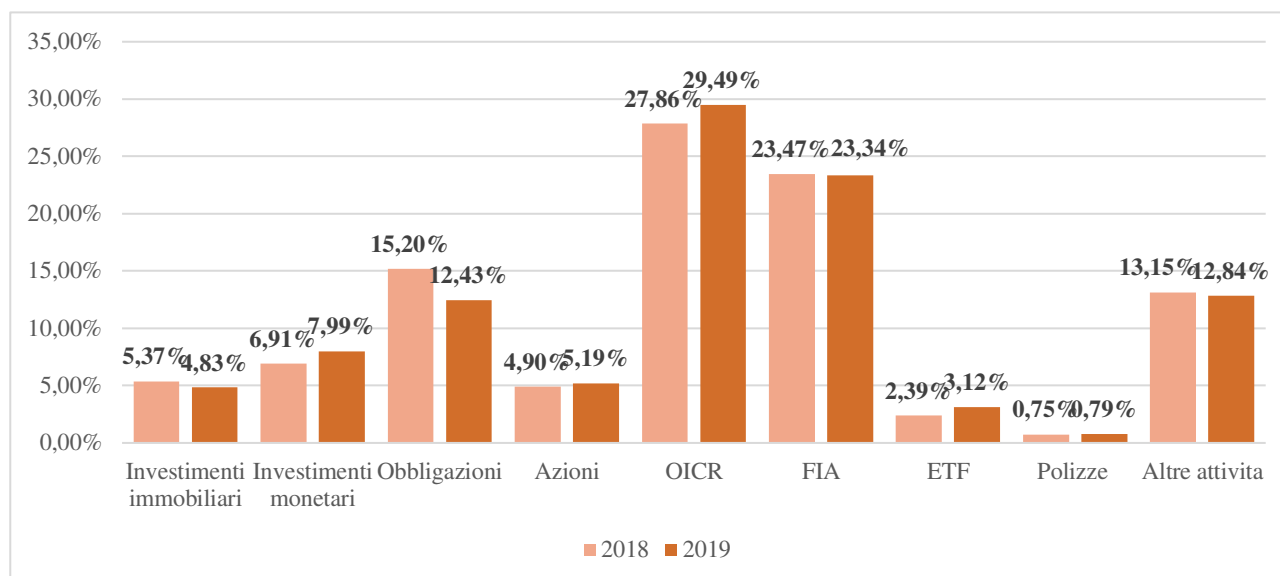
The analysis shows that UCITS remain the instruments preferred by these schemes, followed by alternative financial instruments (AFIs) (substantially unchanged compared to 2018). The two instruments alone account for over 50% of their direct investments. Compared to 2018 (**figure 8.4.1**), UCITS had a growth by 1.63% with respect to all direct investments and ETF investments rose to 3.12% (compared to 2.39% in 2018), continuing the positive trend of last year. In contrast to 2018, monetary investments grew up to 7.99% of the total (better with respect to 6.91% in 2018).

Figure 8.4 - Direct investments by the Schemes for Liberal Professions in 2019



Real-estate investments - Monetary investments - Bonds – Equity - UCITS - AFIs - ETFs - Policies - Other assets

Figure 8.4.1 - Comparative analysis of direct investments in 2018 vs. 2019

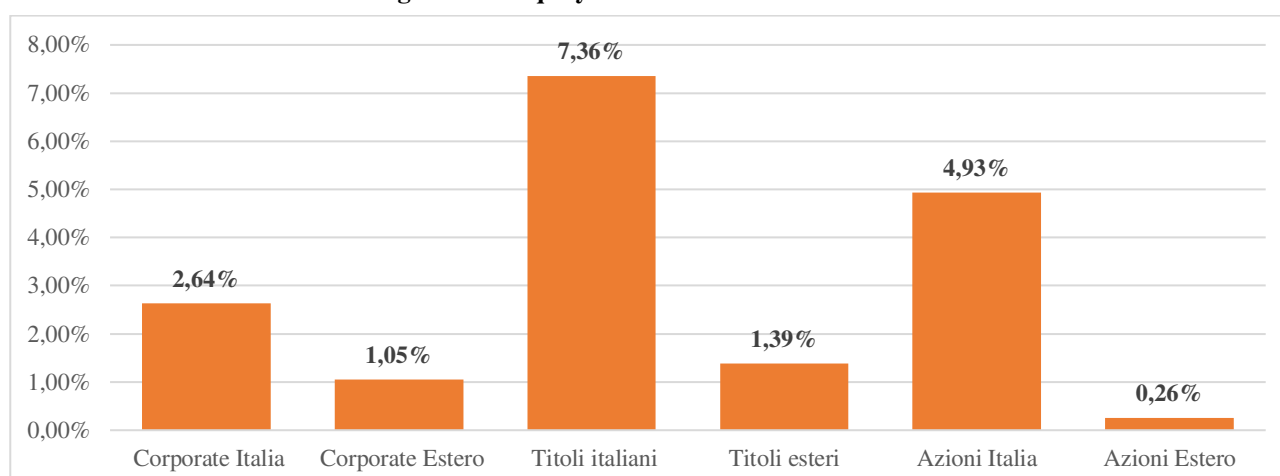


Real-estate investments - Monetary investments - Bonds – Equity - UCITS - AFI – ETFs - Policies - Other assets

Equity and bond investments - Traditional financial instruments (stocks and bonds) still account for about **17.62%**, a significant share of total direct investments. Entering into greater details, **Figure 8.6** shows the breakdown of share and bond investment allocations. **Italian government bonds** remain the preferred form of investment, accounting for over **41.79% of the total**.

The amount of direct investments on Italian corporate shares and bonds is also very interesting, equal to **7.57% of the total (5.3 billion euros)**. Italian stocks account for 95% of the equity portfolio, including the equity investments in the Bank of Italy, while Italian corporate bonds for 21.2% of the bond portfolio. The latter percentage, added to Italian government bonds, brings the total of Italian bonds to 80.4% of the portfolio. **In fact, direct foreign equity and bond investments are particularly low.**

Figure 8.6 - Equity and bond investments in 2019



Italian corporate bonds - Foreign corporate bonds - Italian Treasury Bills - Foreign Treasury Bills - Italian equity - Foreign equity

Investments in the Bank of Italy and in Cassa Depositi e Prestiti - For the purposes of this Report, the Bank of Italy "shares" held by these pension schemes are classified as equity, even though they are not exactly so. The comparison of the amount of these "shares" with the total number of equity investments by these schemes shows that the overall value of the *Bank of Italy shares is equal to 33.39% of the equity portfolio of these funds and to 35% of the total investments on Italian shares* (also including the "shares" of the Bank of Italy). Of course, each scheme has a different shareholding (*table 8.4*). Three schemes invested in **Cassa Depositi e Prestiti** (Cassa Forense, Fondazione ENPAIA and ENPAF) for a total of 164 million euros (with a predominant share for Cassa Forense, equal alone to 140 million euros).

Table 8.4 - Bank of Italy and CDP shares held by privatized schemes

| Cassa di Previdenza | Partecipazione in Banca d'Italia |
|----------------------------|-----------------------------------------|
| CASSA FORENSE | € 225.000.000 |
| CNPADC | € 225.000.000 |
| CNPR | € 37.500.000 |
| ENPACL | € 70.000.000 |
| ENPAM | € 225.000.000 |
| ENPAP | € 10.000.000 |
| FASC | € 40.000.000 |
| ENPAIA | € 150.000.000 |
| ENPAIA AGROTECNICI | € 1.500.000 |
| ENPAIA PERITI | € 10.000.000 |
| INARCASSA | € 225.018.000 |
| Totale | € 1.219.018.000 |

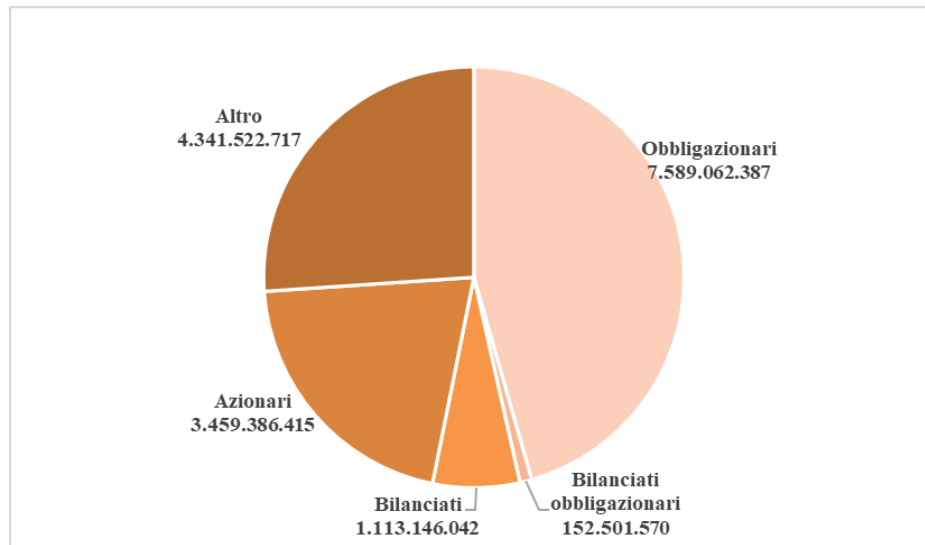
| Cassa di Previdenza | Investimenti in CDP |
|----------------------------|----------------------------|
| CASSA FORENSE | € 140.000.000 |
| ENPAIA | € 15.000.000 |
| Totale | € 155.000.000 |

Scheme, Investments in the Bank of Italy, Investments in CDP, Total

UCITS direct investments - Investments on traditional UCITS (bond, equity, balanced and others/mixed) amount to **20.76 billion euros** (vs.18.61 in 2018), but the details of these investments for each scheme are available only for 16.85 billion euros, that is almost 20% of all UCITS investments made by all these funds; moreover, there are no details about more than 4.1 billion euros¹⁷ worth of individual investments in the accounts of one of the largest schemes. The preferred UCITS acquired are bonds, accounting for 45%, followed at a considerable distance by those classified as others/mixed, equal to 24.57% (total/absolute return or in any case without benchmark) and by the ones classified as "equity" equal to 21% (**Figure 8.7**). The comparison with 2018 in **Figure 8.8** shows a switch of about 5% from bond to balanced UCITS due to the low yields of this asset class, which do not meet the pension and welfare benefit needs of these schemes.

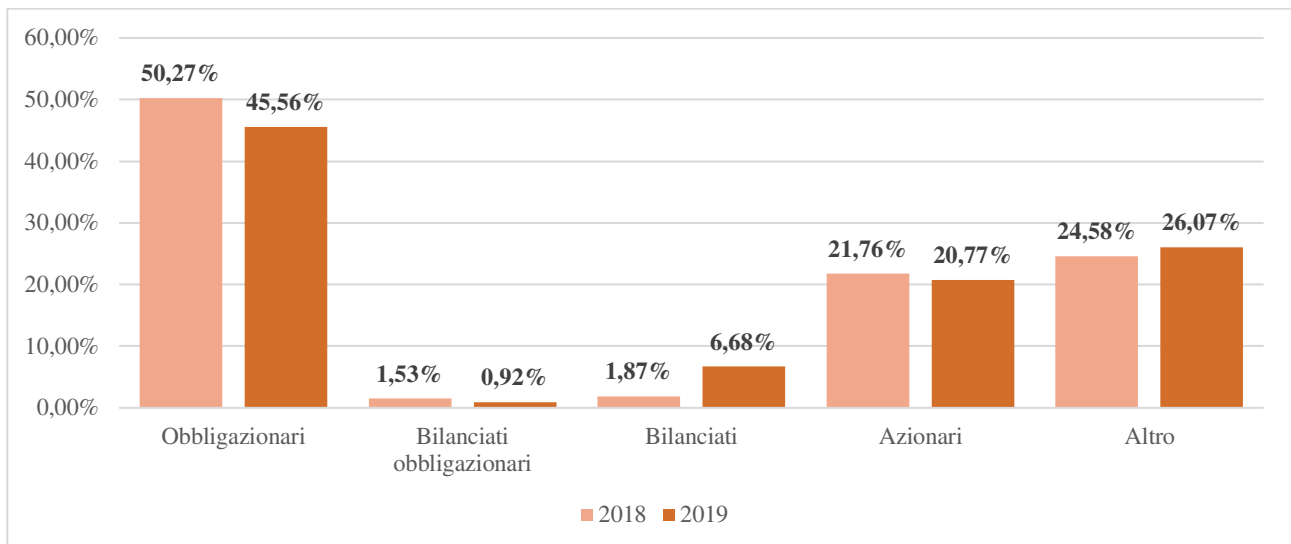
¹⁷ As a result, the analysis of the financial statements has not allowed for reconstructing the details of some investments and of a significant part of the UCITS investments of one of the main schemes. Of course, these schemes should hopefully overcome this criticality to be more transparent towards their members.

Figure 8.7 - Traditional UCITS by type of underlying investment



Other - Bond - Balanced Bond – Balanced - Equity

Figure 8.8 - Traditional UCITS by type of underlying investment in 2018 vs. 2019



Bonds - Balanced bonds – Balanced – Equity - Other

Table 8.5 shows the top 5 traditional UCITS management companies by AUM, according to the type of UCITS. The lack of detailed data in some financial statements, **about 4.1 billion euros' worth of investments**, does not allow for allocating these assets to any manager, otherwise the ranking may significantly change. The leader is Eurizon Capital, while Quaestio Capital ranks third and Amundi fourth; BNP Paribas investment holds the fifth position.

Table 8.5 - Ranking of the top 5 management companies of traditional UCITS direct investments by privatized schemes in 2019

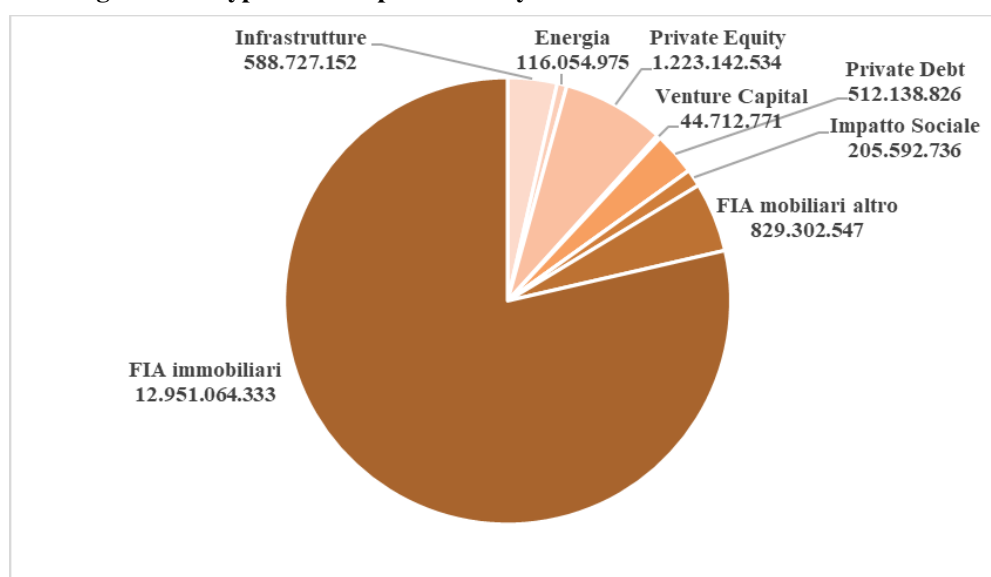
| Gestore | Obbligazionari | Bilanciati obblig. | Bilanciati | Azionari | Altro | TOTALE |
|---------------------------------------|----------------|--------------------|-------------|-------------|-------------|---------------|
| Eurizon Capital | 137.953.237 | 0 | 866.008.107 | 0 | 714.768.749 | 1.718.730.093 |
| Ubs global am | 38.901.549 | 0 | 0 | 8.901.549 | 739.921.096 | 787.724.194 |
| Quaestio Capital Management sgr s.p.a | 5.191.912 | 0 | 0 | 0 | 749.577.041 | 754.768.953 |
| Amundi | 225.068.477 | 0 | 0 | 224.078.702 | 83.495.746 | 532.642.926 |
| BNP Paribas investment partners sgr | 476.004.733,74 | 0 | 0 | 8.500.000 | 0 | 484.504.734 |

Management company, Bonds, Balanced bonds, Balanced, Equity, Other, TOTAL

Direct investments in Alternative Investment Funds - AIFs - The alternative financial investments by privatized schemes amount to **16.42 billion euros**, more than one fifth or **23.34%** of all direct investments. The data show that, unlike other institutional investors, these funds greatly prefer this type of investment classified as "alternative". As already highlighted in previous editions, these "alternative" investments are widely used by these schemes: more than one euro of assets out of 5 is allocated to these types of instruments; only traditional UCITS do slightly better. **Figure 8.9** shows the breakdown of investments into alternative real estate and security investments and the breakdown of security investments by type of alternative investment as a percentage of the total. and, for the latter, the breakdown by type of alternative investment as percentage of the total.

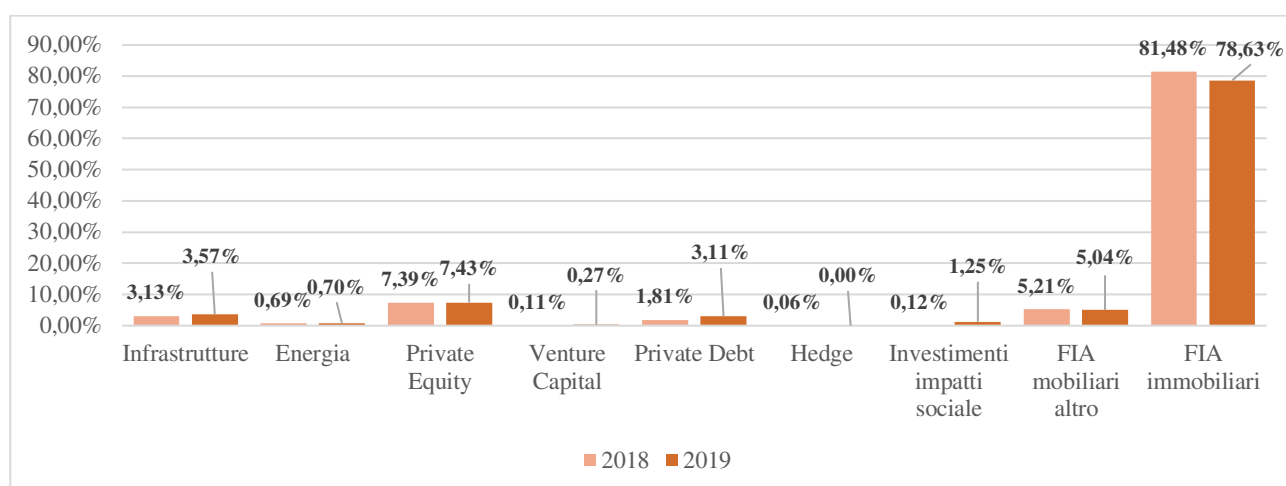
Alternative financial investments are largely concentrated in the real-estate sector (**78.63%**) but with a downward trend since 2017 (81.48% in 2018 and 86.06% in 2017), followed by private equity funds (**7.43%** in line with 2018) mainly invested in SMEs and large companies (traditional private equity), infrastructures (**3.57%**), energy (**0.70%**), private debt (**3.11%**). The rest is not relevant. The category "AFI security investments - Other" includes all alternative investments that do not fall into the above categories and that account for **5.04%**. The Scheme that invests the most on AFI is ENPAM for a total of **4,472,564,744** euros. **figure 8.10** illustrates the comparison with the previous year and shows that, in 2019, these funds preferred alternative private equity investments (3.11%, vs. 1.81% in 2018) and, very interestingly, social impact investing (1.25% vs. 0.12% in 2018).

Figure 8.9 - Types of AFI's purchased by the Schemes for Liberal Professions



Infrastructure, Energy, Private Equity, Venture Capital, Private debt, Social Impact, Alternative securities – Other, Real estate AFI's

Figure 8.10 - Types of AFI's purchased by the Schemes for Liberal Professions in 2018 vs. 2019



Infrastructure - Energy - Private equity - Venture capital - Private debt - Hedge - Social impact investments - Other alternative securities - Real-estate AFI's

Table 8.6 lists the top 5 alternative investment management companies by assets under management in which the privatized schemes have invested. The ranking is not substantially different compared to 2018, except for a few changes in the ranks. Fabbrica and Dea Capital Real Estate exchanged the first two positions, Antirion sgr and InvestiRe SGR the third and fourth position.

Table 8.6 - Top 5 AFI management companies by AUM

| Gestore | Infrastrutture | Investimenti impatti sociale | FIA mobiliari altro | FIA immobiliari | TOTALE |
|--------------------------------|----------------|------------------------------|---------------------|-----------------|---------------|
| Fabbrica Immobiliare sgr s.p.a | 0 | 0 | 0 | 2.709.696.184 | 2.709.696.184 |
| Dea Capital real estate sgr | 0 | 0 | 0 | 2.617.197.096 | 2.617.197.096 |
| Antirion sgr s.p.a. | 0 | 0 | 0 | 2.085.166.299 | 2.085.166.299 |
| Investire sgr | 0 | 86.769.284 | 0 | 1.823.511.617 | 1.910.280.901 |
| Prelios | 2.000.000 | 0 | 0 | 1.645.570.704 | 1.647.570.704 |

Management company, Infrastructures, Social impact investing, Alternative securities Other, Real-estate AFI's Total

Exchange Traded Funds - ETFs – Like in 2018, this Report provides some details on ETFs that account for **3.12%** of all direct investments, with an upward trend compared to 2.3% in 2018. **Table 8.7** below lists the top 5 ETF management companies by total amount invested. The difference with respect to 2018 is the exchange in the second and third position between Lyxor and Vanguard and State Street GA that replaces Invesco in the ranking.

Table 8.7 - The top 5 ETF management companies

| Gestore | Totale |
|-----------------|----------------|
| Ishares | 953.701.912,57 |
| Vanguard | 345.460.978,00 |
| Lyxor | 204.033.146,07 |
| UBS Global AM | 186.440.561,40 |
| State Street GA | 167.957.381,33 |

Management company - Total

Indirect investments - Management mandates - The assets mandated to management companies amounted to **18,145,800,2640 billion euros**, up compared to 16.10 billion euros in 2018. **Table 8.8** shows the main management companies with their number of mandates, their assets under management and the share of these assets for each individual manager vs. all the assets under management and the average value of mandates.

Table 8.8 - The top 5 managers of the Schemes for Liberal Professions by AUM in 2019

| Gestore | N° Mandati | AUM | % Risorse | Mandato medio |
|------------------|------------|---------------|-----------|---------------|
| Legal & General | 1 | 3.125.688.595 | 17,24% | 3.125.688.595 |
| State Street GA | 4 | 2.391.978.568 | 13,20% | 597.994.642 |
| Blackrock | 1 | 1.787.279.084 | 9,86% | 1.787.279.084 |
| Credit Suisse AM | 2 | 1.290.939.429 | 7,12% | 645.469.715 |
| Amundi | 5 | 1.224.322.150 | 6,75% | 244.864.430 |

Management company - N. of mandates – AUM - % resources - Average mandate

The 2019 **AUM ranking** is similar to that of the previous year with some exchanges in positions. Legal&General holds the leading position in terms of resources invested, outperforming State Street GA that slides into second position with 4 mandates. Instead Blackrock moves from the second place (2018) to the third place. Finally, Credit Suisse AM (with -5 mandates) and Amundi confirm their fourth and fifth positions as in 2018.

As to the **number of mandates**, Amundi is the leader of the ranking with 5 mandates (- 2 vs. 2018), together with Eurizon Capital. The average mandate is equal to **336 million euros**. The following graphs (**figures 8.11** and **8.12**) show the ranking of the top 5 management companies by assets under management and by number of mandates.

Figure 8.11 - The top 5 management companies of the Schemes for Liberal Professions by AUM in 2019

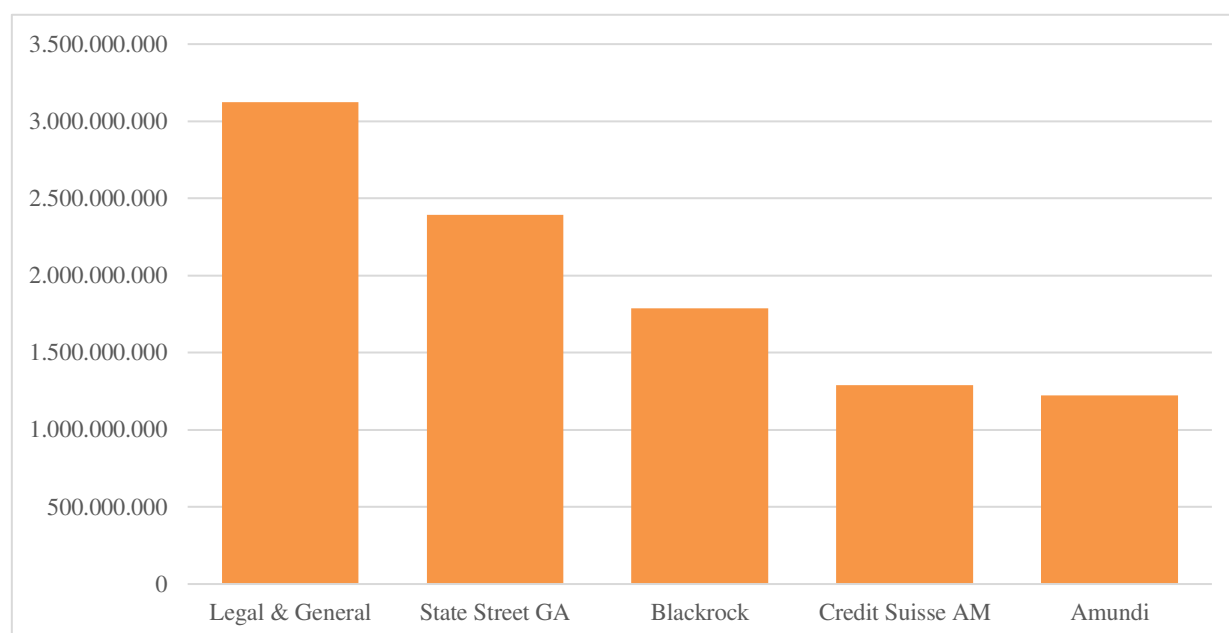


Figure 8.12 - The top 5 management companies of the Schemes for Liberal Professions by number of mandates in 2019

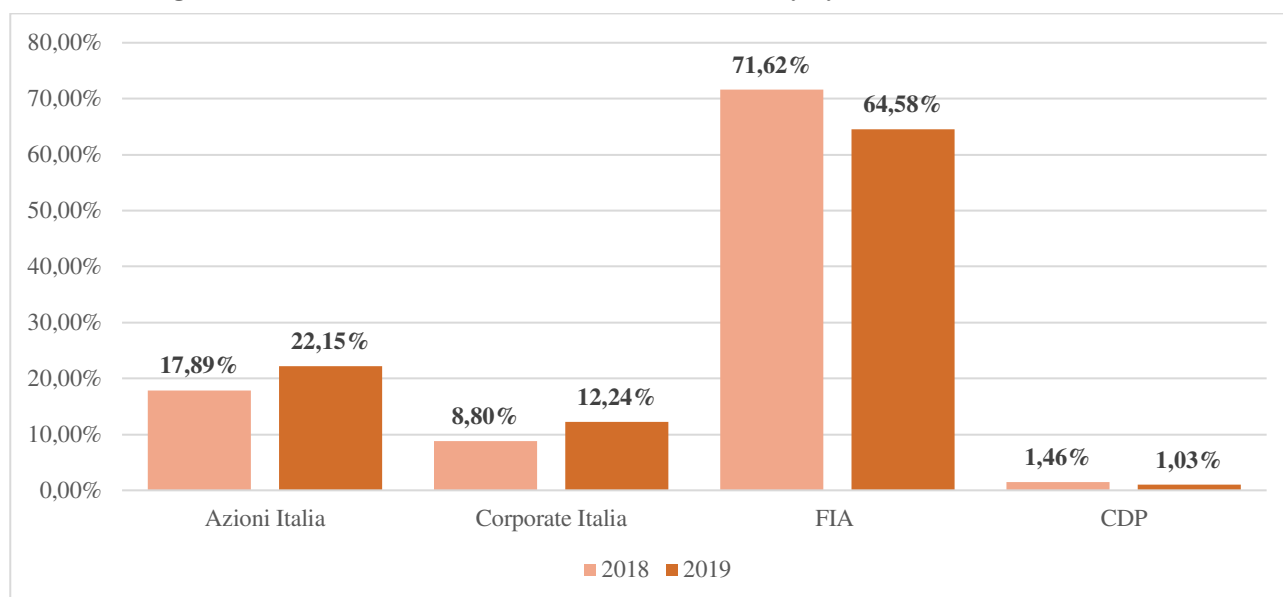


Indirect investments in the real domestic economy -The data related to the investments in the "*real domestic economy*" allow us to understand how much of pension and welfare savings has been reinvested to support and boost the Italian economy, according to a circular approach from savings to investments to promote, wellbeing, employment and income, also for professionals. As in previous years, the investments made by the schemes for liberal professions in the real economy are geared to have a direct impact on the Italian economy and labour market: in particular, AFIs, institutional investments in Cassa Depositi e Prestiti, shares of listed and unlisted Italian companies, including the Bank of Italy "shares", Italian corporate bonds (excluding government bonds). The total of these investments amounted to **15.04 billion euros, + 4.1 billion euros** compared to 2018, equal to **+ 27.3%** and to 21.36% of all direct investments made by privatized schemes.

The investments in the "real" economy are mainly investments on Italian AFIs (64.58%) followed by Italian shares and bonds. However, these figures may be underestimated due to the above-mentioned poor transparency in the accounts. Real-estate AFIs account for a large share of the investments made by ENPAM and Cassa Forense through the CICERONE fund (1,289,946,857.97 euros) exclusively used by Cassa Forense and managed by Fabbrica Immobiliare with 40 residential and office real-estate assets acquired by this Scheme in 2014/2015 in the north and south of Italy. Instead, EMPAM is mainly invested in the Ippocrate fund (the real-estate fund of DeA Capital Real Estate), with real estate assets especially in the commercial and office building sector.

Figure 8.13 illustrates the percentage breakdown of these investments out of all the investments made by privatized schemes in the Italian real economy compared to 2018: AFIs, Italian corporate shares (22.15%) Italian corporate bonds (12.24%), excluding government bond investments (which indeed finance the domestic economy) and capital real estate investments, but including the investments in the Bank of Italy (not present in 2018) and in Cassa Depositi e Prestiti, because of its institutional role.

Figure 8.13 - Investments in the "real" domestic economy by instrument in 2018 vs. 2019



Italian equity – Italian corporate bonds – AFIs - CDP

Below is a brief description (for further details, please refer to the reserved area on the website) of the subjects who concur to manage the assets of these schemes, i.e. custodian banks and advisors; unlike pension funds, the administrative service activities targeted to members and supervisors are managed directly and internally by these funds. **Custodian Bank** - Fifteen privatized schemes use a Custodian Bank even without any regulatory requirement. The main custodian banks are BNP Paribas Securities Services and Societe Generale Securities Services. **Advisor** - Almost all these funds have an advisor mainly for investment consulting and asset allocation requirements. There is growing demand for support for asset liability management (ALM). In some cases, there are two advisors, the second usually and exclusively dedicated to risk budgeting.

The complete list of custodian banks and financial advisors for each scheme is available in the reserved area of the Itinerari Previdenziali website, as well as the rankings of all the management companies by AUM and by number of mandates.

9. Supplementary Health-Care Funds and Schemes

Even though there is still no regulatory or supervisory framework for these institutional investors, 2019 too showed an *increase* in terms of *number of funds*, *membership* and *assets*. In fact, more collective labour agreements provide for the establishment or the strengthening of supplementary health care solutions for workers, pensioners and their families in different sectors. These funds are indeed very important as institutional investors even if many contradictions do not allow them to operate at their best; the positive role of social partners is often undermined by some trade union representatives who have mixed feelings about these supplementary funds, that is whether to keep them alive or keep everything public; parliamentary activities often go in this direction. An anachronistic position when compared with the major OECD countries. In fact, unlike all the other institutional investors, despite their high number of members which has reached almost 14 million (more than complementary pension funds), these funds have no reference legislation or supervisory authority; it is even difficult to get some basic information; for example, apart from the data obtained directly from our annual survey, those for 2017, 2018 and 2019 are just estimated.

Even today, these funds are not required to publish their accounts and their statistical data and, except for some best practices, there is still a lack of transparency towards their members. As a result, it was not possible to carry out a comprehensive analysis of their members, beneficiaries, contribution revenues and benefit expenditure, nor of their assets, reserves, provisions and investments. The following data were obtained directly from these funds and schemes and, until 2016, from the Registry of Healthcare Funds managed by the Directorate for Healthcare Planning of the Ministry of Health (*table 9.1*).

Number of certified funds - The latest data provided by the Registry of the Ministry of Health¹⁸, show that, in 2017, the number of *certified funds* was equal to **311** (they are defined as “certified” not because they were subjected to controls, but because their “existence” was certified on the basis of a series of documents), - 24 with respect to 2016, of which **302** Schemes pursuant to art. 51 of the Framework Law on Income Taxes and Mutual Aid Companies, and created under Art. 9 of Legislative Decree n. 502/1992 (the ones that many would like to take as a model and that instead proved not very successful). Since some new funds were launched between 2016 and 2019, their number was estimated to be **322** in 2019 (*table 9.1*).

Number of members - In 2016, the latest available data provided by the Ministry of Health, the number of members (workers and pensioners) amounted to about **8.3 million**, while the number of dependent family members was about **2.3 million**, for a total of over **10.6 million**. In 2017, due to the lack of data from the Ministry of Health and to the new initiatives launched, the total number of members was estimated to be equal to 12.9 million, going up to 13.5 million in 2018 and to **13.7 million in 2019**. In detail: over 9.3 million employed workers, 1.3 self-employed workers, 2.7 dependent family members, and, in 2016, the number of pensioners was equal to 743,120 (173,672 of whom were family members); this calculation was not made for the following years. These figures do require supervision and standards.

¹⁸ In general, the Ministry of Health processes the aggregated data with a delay of about two years.

Table 9.1 - Registry of healthcare funds of the Ministry of Health: number of funds, membership and amount of general and targeted benefits provided

| Anno ** | Fondi attestati | Tipo A | Tipo B | Totale iscritti | di cui dipendenti | di cui familiari | Ammontare generale | Ammontare parziale (20%) * | Ammontare parziale/ ammontare generale |
|---------|-----------------|--------|--------|-----------------|-------------------|------------------|--------------------|----------------------------|----------------------------------------|
| 2010 | 255 | 47 | 208 | 3.312.474 | 1.647.071 | 1.250.499 | 1.614.346.536 | 491.930.591 | 30,47% |
| 2011 | 265 | 43 | 222 | 5.146.633 | 3.209.587 | 1.475.622 | 1.740.979.656 | 536.486.403 | 30,82% |
| 2012 | 276 | 3 | 273 | 5.831.943 | 3.724.694 | 1.601.080 | 1.913.519.375 | 603.220.611 | 31,52% |
| 2013 | 290 | 4 | 286 | 6.914.401 | 4.734.798 | 1.639.689 | 2.111.781.242 | 690.892.884 | 32,72% |
| 2014 | 300 | 7 | 293 | 7.493.824 | 5.141.223 | 1.787.402 | 2.159.885.997 | 682.448.936 | 31,60% |
| 2015 | 305 | 8 | 297 | 9.154.492 | 6.423.462 | 2.195.137 | 2.243.458.570 | 694.099.200 | 30,94% |
| 2016 | 322 | 9 | 313 | 10.616.847 | 6.680.504 | 2.160.917 | 2.329.791.397 | 753.775.116 | 32,35% |
| 2017 | 311 | 9 | 302 | 12.900.000 | 8.772.000 | 2.322.000 | 2.400.000.000 | 780.000.000 | 32,50% |
| 2018 | 320 | 9 | 311 | 13.500.000 | 9.180.000 | 2.430.000 | 2.520.000.000 | 819.000.000 | 32,50% |
| 2019 | 322 | 9 | 313 | 13.700.000 | 9.316.000 | 2.466.000 | 2.646.000.000 | 926.100.000 | 32,50% |

Fonte: Dal 2017 i dati sono stimati sulla base di quelli del 2016, ultimo anno di rilevazione dei dati Anagrafe dei fondi sanitari a cura del del Ministero della Salute e in relazione alla partenza di un numero consistente di fondi contrattuali.

* Ammontare delle prestazioni extra LEA che devono essere per legge almeno pari al 20% delle prestazioni totali; ** L'anno indicato in tabella è quello fiscale di effettiva riconducibilità dei dati, che di norma vengono rilevati l'anno successivo a seguito delle dichiarazioni dei fondi (così, ad esempio, il dato "anno" 2016 è quello rilevato dal Ministero entro la fine dell'anno 2017). In verde i dati provvisori in attesa di conferma da parte del Ministero della Salute.

Year**, Certified funds, Type A-B, total n. of members, n. of dependents, n. of family members, total amount, partial amount (20%)*, Partial amount/Total amount; Source: Since 2017, the data have been estimated on the basis of those of 2016, the last year when the data of the Registry of Health Funds were processed by the Ministry of Health and when many contractual funds were launched; * Amount of benefits outside of the essential care levels that must be at least equal to 20% of total benefits under the law; ** It means the reference fiscal year for the data to be analyzed, that are generally entered the following year when the funds' accounts are issued (for example, the data for "the year" 2016 are the ones entered by the Ministry of Health by the end of 2017). The figures in green are provisional data to be confirmed by the Ministry of Health.

Table 9.1.1 - Registry of Healthcare Funds of the Ministry of Health: membership in detail

| Anno | Lavoratori dipendenti | Lavoratori non dipendenti | Familiari lavoratori dipendenti | Familiari lavorat. non dipendenti | Pensionati | Familiari pensionati | Totale lavoratori | Totale familiari dei lavoratori | Totale pensionati (1) | Totale iscritti |
|------|-----------------------|---------------------------|---------------------------------|-----------------------------------|------------|----------------------|-------------------|---------------------------------|-----------------------|-----------------|
| | a | b | c | d | e | f | g=a+b | h=c+d | i=e+f | j=g+h+i |
| 2010 | 1.647.071 | 414.904 | 983.593 | 266.906 | - | - | 2.061.975 | 1.250.499 | - | 3.312.474 |
| 2011 | 3.209.587 | 461.424 | 1.264.534 | 211.088 | - | - | 3.671.011 | 1.475.622 | - | 5.146.633 |
| 2012 | 3.724.694 | 506.169 | 1.290.336 | 310.744 | - | - | 4.230.863 | 1.601.080 | - | 5.831.943 |
| 2013 | 4.734.798 | 539.914 | 1.373.444 | 266.245 | - | - | 5.274.712 | 1.639.689 | - | 6.914.401 |
| 2014 | 5.141.223 | 565.199 | 1.563.015 | 224.387 | - | - | 5.706.422 | 1.787.402 | - | 7.493.824 |
| 2015 | 6.423.462 | 535.893 | 1.862.206 | 332.931 | - | - | 6.959.355 | 2.195.137 | - | 9.154.492 |
| 2016 | 6.680.504 | 1.074.038 | 1.908.962 | 251.955 | 527.716 | 173.672 | 7.754.542 | 2.160.917 | 743.120 | 10.616.847 |
| 2017 | 8.772.000 | 1.290.000 | 2.322.000 | 258.000 | | | 10.062.000 | 2.580.000 | 903.000 | 12.900.000 |
| 2018 | 9.180.000 | 1.350.000 | 2.430.000 | 270.000 | | | 10.530.000 | 2.700.000 | 945.000 | 13.500.000 |
| 2019 | 9.316.000 | 1.370.000 | 2.466.000 | 274.000 | | | 10.686.000 | 2.740.000 | 959.000 | 13.700.000 |

(1) nmero di pensionati e loro familiari a carico; Fonte: elaborazioni su dati Anagrafe dei fondi sanitari del Ministero della Salute; in verde dati provvisori

Year, Employed workers, Non employed workers, Family members of employed workers, Family members of non-employed workers, Pensioners, Family members of pensioners, Total n. of workers, - Total n. of workers' family members, Total n. of pensioners (1) Total m. of members; (1) number of pensioners and their dependent family members.

Source: data obtained from the Registry of Healthcare Funds of the Ministry of Health, provisional data in green

Contributions and benefits - The Registry of the Ministry of Health does not provide information on contribution revenues, but it does provide some data on **pension benefit** expenditure. In 2016, the Registry reported that pension benefit expenditure amounted to **2.3 billion euros**, an increase by 3.9% compared to 2015. This level expenditure is expected to reach about **2.6 billion euros** in 2019 due to fully operational large health funds such as Fondo Est, Metasalute, Sanimoda and others and to new initiatives. On the basis of the same criteria and of the partial data available, it is possible to make an assumption about the contributions paid to the funds, which are estimated to be about 2.9 billion in 2019.

Similarly, neither the Registry nor the funds provide any information on the amount of assets and reserves or on the criteria for their use. **Table 9.2** shows a list of the main **47 organizations** such as health-care schemes operating for individual companies or groups, for category of workers or in newly-contracted sectors and mutual aid societies, which are estimated to account for at least **80% of all the assets** of the 322 supplementary health care schemes and funds.

Table 9.2 - Main health funds and mutual aid societies in Italy

| | |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| ANIA – Employed workers of the Insurance Sector – LTC | FASDAC – Executives of Commercial Companies |
| ASDEP - Employed workers of Public entities (INPS, INAIL, ex INPDAP, ACI) | FASDAPI - Executives and Middle Managers of Industrial SMEs |
| ASEM - Executives of the Energy and Multiservice Sector | FASI - Executives of Product and Service Companies |
| ASIM – Cleaning, integrated service/multiservice workers | FASIE - Employed workers of the Energy and Oil sectors |
| ASSIDA - Executives of the Telecom Group | FASIF - Employed workers of the FCA and CNH Industrial Groups |
| ASSIDAI - Executives and Middle Managers of Industrial Companies | FISDE - Employed workers of the ENEL Group |
| ASSILT - Employed workers of the Telecom Group | Fondo Altea - Employed workers in the Stone, Wood, Bricks, Concrete and Handles Sectors |
| CADGI - Employed workers of the IBM Group | Banco Popolare Group health fund |
| CADIPROF - Employed workers of Professional Enterprises | UBI Banca Group health fund |
| CAMPA – Mutual-Aid Society for Professionals, Artists and Self-employed workers | ExxonMobil Executives supplementary health fund |
| CASAGIT – Journalists | Poste Vita supplementary health fund |
| CASDIC - Employed workers of the Credit Sector – LTC | Fondo Est - Employed workers in the Retail, Tourism and Services Sectors |
| CASPIE - Employed workers of Banking, Financial, Industrial, Retail and Public organizations | Fondo FIA - Employed workers in the Agricultural Sector |
| Cassa Galeno – Doctors and Dentists | Intesa Sanpaolo supplementary health fund |
| Cassa Mutua Nazionale - Employed workers of Banche di Credito Cooperativo | Insieme Salute – Mutual-Aid Society |
| Cassa Sanitaria BNL - Employed workers of the BNL e BNP Paribas Groups | mètaSalute - Employed workers in the Metalworking Sector |
| Cassa Solidarietà Aziendale Luxottica employed workers | QuAS - Middle Managers |
| Coopersalute - Employed workers of Distribution Cooperative Enterprises | San.Arti. – Artisans |
| EBM Salute - SME Metalworks | Sanimoda – Fashion industry workers |
| EMAPI – Mutual-Aid Society for Italian Professionals | Sanimpresa - Employed and self-employed workers and/or Small Entrepreneurs in the Lazio Region |
| ENEA SALUTE – SME Supplementary health fund | Società Nazionale di Mutuo Soccorso Cesare Pozz |
| Ente Mutuo Regionale – Entrepreneurs, Professionals registered with Confcommercio in Lombardy | UNI.C.A. - UniCredit health care fund |
| FASCHIM – Workers in the Chemical, Lubricant, LPG, Mining and Insulating Material Sectors | WILA - Employed workers of Artisan Companies based in Lombardy |
| FASDA – Environmental service workers | |

Total assets - It is quite difficult to make an estimate of the assets of supplementary health funds and schemes because the Ministry of Health does not provide these data and, in many cases, they cannot be derived by their official accounts; considering the average contribution revenues, the number of members and benefit expenditure, the total assets of these funds reached approximately 4 billion euros in 2017, over 4.5 billion in 2018 and **5.5 billion euros in 2019**. The difference between contributions and benefits alone was equal to 183 million euros in 2017 for the 23 funds surveyed and it exceeded 260 million in 2018. In 2019, the difference between contributions and benefits went down to 134.3 million for the 26 funds analyzed (*table 9.3*).

Table 9.3 lists the Funds that comply with operational transparency requirements and therefore publish their accounts on their websites or at least disclose their characteristic statistical data¹⁹. So, we were able to analyze the available financial statements of some important healthcare funds and mutual aid societies that account for more than **50%** of all the funds in terms of **membership** and for more than **45%** in terms of **benefits**.

Table 9.3 - Healthcare Funds and Schemes: membership, contributions and benefits in 2019

| Fondo sanitario | Tipologia di gestione | Tipologia dei Fondi | Iscritti | Contributi (mln di €) | Prestazioni (mln di €) |
|----------------------|-----------------------|---------------------|------------------|-----------------------|------------------------|
| Ania | 2 | D | 62.500 | 7,91 | 2,21 |
| ASIM | 2 | B | 223.776 | 0,00 | 0,00 |
| Assilt | 1 | A | 0 | 54,40 | 52,34 |
| Cadiprof | 2 | B | 209.200 | 38,20 | 34,45 |
| CAMPA | 1 | C | 45.000 | 16,75 | 14,26 |
| CASSPOP -dati 2018 | 1 | A | 30.531 | 19,07 | 18,85 |
| Emapi | 2 | B | 937.663 | 30,12 | 29,92 |
| ENFEA | 2 | B | 0 | 4,35 | 1,03 |
| Ente Mutuo Regionale | 1 | C | 19.401 | 16,39 | 13,28 |
| FACI | 2 | B | 522 | 0,16 | 0,12 |
| FASCHIM DAL SITO | 1 | B | 220.877 | 0,00 | 0,00 |
| FASDAC | 1 | B | 97.981 | 125,12 | 103,03 |
| FASI | 1 | B | 294.495 | 380,79 | 336,74 |
| FASIE | 1 | B | 61.953 | 21,62 | 18,65 |
| FISDE ENEL | 1 | A | 94.941 | 37,98 | 32,33 |
| Fondo est | 2 | B | 1.655.277 | 0,00 | 0,00 |
| Insieme salute | 1 | C | 0 | 3,33 | 2,46 |
| Intesa | 2 | A | 215.105 | 157,12 | 158,63 |
| Luxottica | 2 | A | 4.638 | 0,33 | 0,20 |
| Metasalute | 2 | B | 1.871.033 | 201,00 | 179,69 |
| Poste vita | 2 | C | 140.589 | 22,66 | 22,42 |
| QUAS | 1 | B | 90.960 | 0,00 | 0,00 |
| Sanarti | 2 | B | 550.000 | 76,58 | 69,09 |
| Sanimoda | 2 | B | 171.912 | 23,91 | 21,00 |
| Ubibanca | 1 | A | 10.201 | 7,73 | 7,84 |
| Unicredit (Uni ca) | 2 | A | 123.778 | 74,75 | 68,08 |
| Totale | | | 7.132.333 | 1.320,27 | 1.186,62 |

Fund, Management approach, Type of fund, membership, Contributions (millions of euros), Benefits (millions of euros); Type of Fund: A = Corporate; B = Contractual and Category; C = Open-ended funds and mutual aid societies, D = LTC funds; Management approach: 1 = Direct management; 2 = Insured: (1) = in insured funds, benefits match premiums; (1) The amount of benefits paid out is not only missing for all funds, but it is also misleading, since it does not correspond to their benefit expenditure. (2) For funds exclusively targeted to LTC, the significant difference between contribution and benefits is linked to the characteristics of the insurance, which requires annual provisions for the members' entire life in view of future benefits.

¹⁹ Due to the lockdown restrictions, it was not possible to find some accounts that are normally available.

The benefit/contribution ratio - The analysis of the available data has produced an interesting average indicator: the benefit/contribution ratio, which was equal to 90% in 2019 and which suggests that registered members are successfully utilizing these funds. Moreover, by looking at the accounting data and the membership (including family members) of the surveyed funds, it is possible to statistically calculate the average contribution and identify at least 3 contribution classes; of course, the average benefits of the aforementioned funds are in line with the contributions paid by their members.

- Average contribution: < 200 euros per year: 8 funds;
- average contribution from 300 euros to 800 euro per year: 7 funds;
- average contribution: higher than 800 euros: 3 funds.

The assets of the *26 funds* considered in *table 9.3* amount to **1.85 billion euros** and account for **33.6% of the total**, as indicated in Chapter 1. Assets have been broken down into investment categories whenever possible (*figure 9.1*).

Management approach - In general, excluding large historical funds such as Fasi, Fasdac and Casagit and some other large contractual funds such as Fondo Est, Sanarti and Faschim, these subjects prefer *indirect management* solutions by outsourcing this function to professional management companies, but, in many cases, they *directly* acquire UCITs, SICAVs and ETFs.

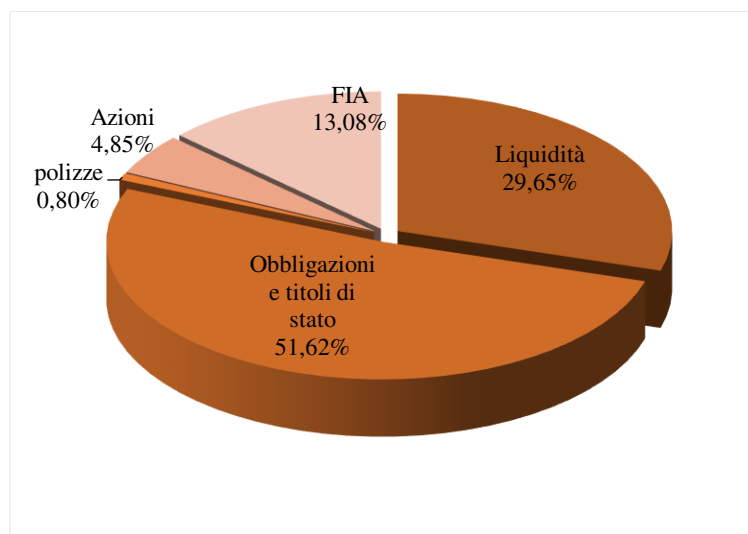
Figure 9.1 shows their investment mix: liquidity (bank accounts, short-term investments, postal bills) is higher with respect to 2018 and accounts for **29.65%** (vs 21.7% last year); bond funds, bonds and treasury bills lose ground and account for **51.6%** vs. 72.5%; the total liquidity, monetary and bond investments account for over 75%. Insurance policies are less popular, going down from 1.2% of last year to **0.8%**. Interestingly, these funds can now be considered as institutional investors in particular for their equity investments, also through UCITS, that account for **4.85%** compared to 4.6% in 2018. Equally important are alternative fund investments that were not present last year and which account for **13%**²⁰.

In conclusion, these investments are consistent with the specific activities of health funds, which have commitments to their members during the year and therefore need to use or promptly sell at least their main reserves. This requirement applies to medium and large funds, but it is even more relevant funds with lower assets.

Medium-sized funds, such as the Intesa Group or the executive ones, have a more diversified management style, also with medium/long term investments, equity reserves and alternative funds related to health-care related sectors such as residential homes for the elderly.

²⁰ As has been repeatedly pointed out, the analysis of financial statements is complex for several reasons: some accounts only feature the percentages of the various investments but without indicating the assets; the same holds true for the large new-generation contractual funds. In other cases, the investments are described as bond or alternative investments but their names greatly vary from fund to fund and is not homogeneous. As to alternatives, all of which are direct investments, there are no specifications whether these are securities or real estate investments.

Figure 9.1 - % distribution of assets by management style



Policies - Equity – Liquidity - Bonds and Government bonds

Despite the enormous development of health funds in terms of membership, their 2019 accounts show their limited capitalization; therefore, they should allocate at least 1 or more years of benefits to reserves to cope with unforeseen health-related events such as the recent COVID-19 epidemic.

Furthermore, it would be appropriate to analyze the effect of the ageing of the population on health funds, especially if, new pensioners are hopefully allowed to join.

Methodological Note

The sample - The Report analyzes all occupational pension funds (33 in 2019), all the privatized schemes for liberal professions (excluding ONAOSI), the main pre-existing pension funds (45 autonomous funds out of a total of 235, accounting for 99% of all members and for 90% of all assets) and the major banking foundations (the first 27 out of 86, accounting for 85% of total assets).

Data - The main data fed into the institutional investors' database used to draft this Report come from the financial accounts and disclosures published on their websites, if available. Some detailed data that cannot be obtained from official documents are provided directly by these organizations at the specific request of the Itinerari Previdenziali Study and Research Centre. However, the data related to UCITS, SICAVs and AFI and other directly purchased investment instruments may be not complete since not all these subjects provide these details.

Classification of investments - This Report classifies the investments made by Italian institutional investors in the sample analyzed according to their direct or indirect management approaches. The methodology applied consists in separating the main asset items, as shown in the accounts, between direct investments and mandated investments to professional managers. The reclassification principle used to distinguish an indirect mandated investment from a direct investment is the different legal approach adopted to manage individual or collective resources: an investment is defined as **indirect** if the management approach has an "individual" character targeted to the client; in this case, the relationship between the institutional investor and the asset management company is based on an ad-hoc **management mandate** with investment guidelines and, if necessary, benchmarks, targets and a risk budget; an investment is defined as **direct**, if the management approach has a "collective" nature, in the sense that the investment decisions by the management company do not directly depend on the indications provided by a single organization; this is the case, for example, of UCITS and FIA investments and so on. However, there may be **"hybrid" cases of ad hoc collective investment instruments** (mutual funds or SICAVs) **set up for one or more institutional investors** which, from a legal point of view, can be undoubtedly classified as direct investments but which, from a substantial point of view, may be considered as indirect investments due to the individual nature of their financial proposal.

In this Report, these are qualified as **indirect investments**, because there is no real management mandate and also because of the different accounting principles applied to these investments; in fact, in these cases, the only data reported are the initial (acquisition) and final data of the UCITS investments; instead in the case of a mandate, the accounting principles require the entity or the institutional investor to illustrate all the transactions finalized by the management company (acquisitions, sales, coupons, dividends, etc.) in the management report.

If the management companies of these "platforms" delegate (in whole or in part) the management of resources to other professional managers, the procedure is as follows: the assets under management are attributed to the company that has set up the "platform"; however, if any subcontracted management mandate details are available, this will be specifically indicated in the text and, in particular, in the notes to the rankings of "direct" management companies.

For these reasons, this classification (direct investment) is also applied to separate management schemes that are not always classified in the same way in the accounts of these institutional investors; in some cases, they are included in the mandated investments and in other cases in direct investments.