Eleventh Annual Report

Institutional Investors in Italy: membership, resources and managers in 2023

Curated by the Itinerari Previdenziali Study and Research Center

year 2024

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The Chapter devoted to Insurance Companies was drafted in collaboration with ANIA

This Report was published in Italian and English thanks to the support of:

Clessidra Private Equity, ICG, Swisscanto Asset Management International S.A., Ver Capital SGR

General Index

Introduction

Institutional investors in Italy are classified as follows: second-pillar complementary ***contractual schemes*** such as ***Occupational Pension Funds (FPN), Pre-existing Pension Funds (FPP), Schemes*** and ***Forms of supplementary healthcare***; private schemes such as ***Open-Ended Pension Funds, PIPs*** and ***Insurance Companies***[1]; ***Privatized Schemes for Professionals*** that belong to the social security first-pillar and ***Banking Foundations*** that operate at the territorial and proximity welfare level.

This **Report** provides a quantitative picture of this industry in terms of number of operators, active and retired members of pension funds and social security schemes, of assets and their composition and diversification as well as of the subjects, managers and companies managing these assets directly or indirectly[2]. It also analyses the investments in the real domestic economy for each type of investor with a series of data and rankings of members, assets and managers according to AUM and of easily accessible detailed information often not available in an aggregate manner. The data presented in this Report have been obtained from the financial accounts and reports of these organizations.

Therefore, this eleventh edition of the Report provides a ***detailed snapshot of the institutional investor italian market*** and ***its trends***: the development over time of a large database that feeds, enriches and, at the same time, completes the contents of the publication, allows for qualitative analyses and comparisons on historical series (up to 2014), for the most in-depth mapping of the universe in which social security and foundations, insurance companies and forms of supplementary health care operate. Available for consultation by subscription[3], the relational database in fact aggregates into files for each investor and into customizable predefined queries all the asset data of each individual institution broken down by asset classes, numbers and rankings related to institutional investors, product factories and the various types of managed investments, number of mandates, market shares and assets under management.

In addition, it is also possible to access the relational database to use the other Itinerari Previdenziali tools aimed at institutional players. In detail, the ilPunto blog section ***"Cambi e Bandi"***[4] features daily news on appointments and governance changes, calls and tenders, investment activities, mergers or other forms of aggregation; the ***"Comparatore dei Fondi"***[5] section provides monthly updates to compare the main investment approaches of Open-Ended Pension Funds (FPA), Occupational Pension Funds (FPN) and Individual Pension Plans (PIP), investigating their returns, volatility, risk profiles and costs.

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[1] Insurance companies are analysed only for the Life sector and in particular for Class C, 1st, 4th and 5th insurance lines; these types of insurance schemes are to all intents and purposes included in the private social security systems, sometimes as a complement to existing public and complementary systems and sometimes even as the only schemes available to certain categories of workers and households. In this particular quality, the Insurance schemes are legitimately included in the list of Institutional Investors.

[2] The rankings of management companies do not include the resources of open-ended funds and PIPs that are normally managed by the same institutions that created them (asset management companies, banks and insurance companies) and that are mainly invested in their financial instruments, securities, policies and UCITS. The entrusted by Insurance Companies to third managers are not included.

[3] Access to the Itinerari Previdenziali relational database is through a special area of the Itinerari Previdenziali website (www.itinerariprevidenziali.it), which only subscribers are allowed to navigate.

[4] https://www.itinerariprevidenziali.it/site/home/ilpunto/cambi-e-bandi.html

[5] https://www.pensionielavoro.it/site/home/il-comparatore-dei-fondi.html

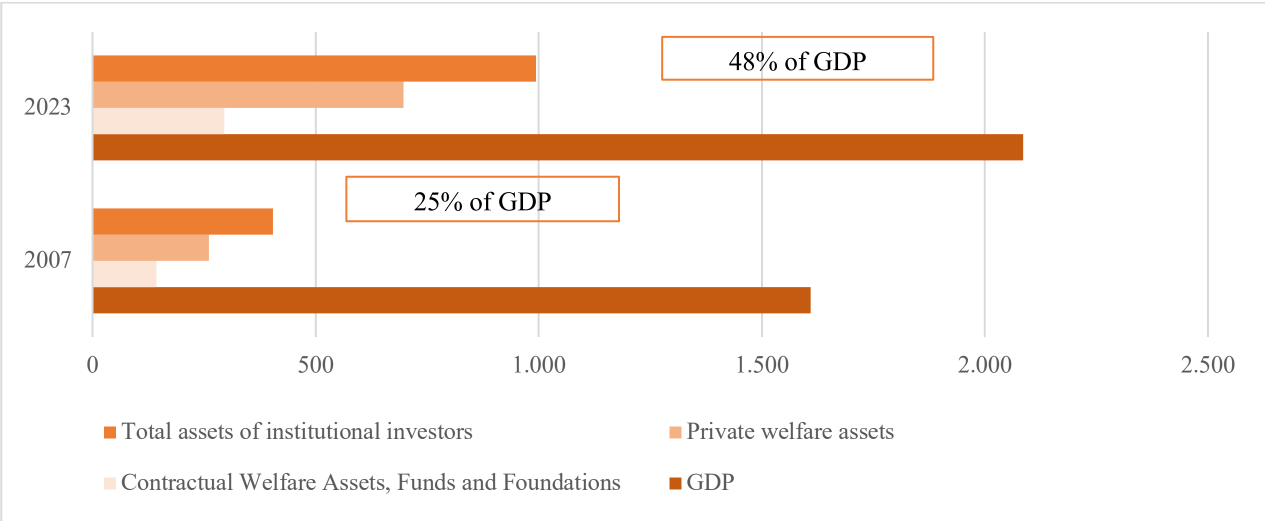
Finally, the Report focuses on the ***sustainable investment policies*** of ***Italian institutional investors*** and, given the growing importance of SRI and ESG investments, as of 2020, this topic is illustrated in an ad-hoc ***Quaderno di Approfondimento***[6]. This Quaderno features the ***sixth edition of the survey*** carried out by **Itinerari Previdenziali** on sustainability strategies and integration of ESG criteria in the portfolios of occupational and pre-existing pension funds, pension schemes, banking foundations and insurance companies; this survey features testimonials, best practices and case histories that gather the direct experience of investors and product manufacturers, with a qualitative as well as quantitative perspective. Moreover, by using the data collected from the annual surveys contained in the previous editions of the Report, it is possible to have a comprehensive overview of the spread of responsible investment principles in the welfare sector.

[6] Il Quaderno di Approfondimento "ESG e SRI, le politiche di investimento sostenibile degli investitori istituzionali italiani" is freely available on the Itinerari Previdenziali website: www.itinerariprevidenziali.it/site/home/biblioteca/pubblicazioni/quaderno-di-approfondimento-2024-politiche-investimento-sostenibile-istituzionali.html

1. General framework

After the 2022 slump triggered by the negative performance of the financial markets, the assets of Italian institutional investors managed to pick up again at the end of 2023. The historical series of the last 17 years show that the 2022 decline was the only exception in a steady upward trend. In fact, despite the economic and financial crises that have occurred in recent years, the assets of the institutional investors operating in contractual welfare system (occupational pension funds, pre-existing and supplementary health funds), of the privatised schemes for the liberal professions and of the banking foundations, increased from 142.85 billion euros in 2007 to **295.97** in 2023, a 107% growth, accounting for **14.2%** of GDP; this ratio increases to **48%** (***figure 1.1***) if we also consider the assets of private welfare organizations (insurance companies, 1, 4 and 5 life branches mainly of a pension nature, open-ended funds and PIPs). This growth was matched by a gradual reduction especially in the number of small investors that merged into larger and more organised entities. A case in point was that of the pre-existing funds belonging to large banking groups and of the occupational pension funds of the transport and cooperative sectors. Health funds were an exception, since they had a slight growth in terms of number, membership and assets despite the lack of a regulatory framework and of an appropriate supervisory system.

Figure 1.1 - Assets of the institutional investors with respect to GDP in 2007 and in 2023



Source: data processed by the *Itinerari Previdenziali Study and Research Centre*

International positioning - The most comparable sector at an international level is that of ***pension funds***. The most complete data can be obtained from the OECD report[1] on the basis of two rankings: that by ***total assets*** and that by the ***ratio of assets to GDP***. In the 2022 ranking of countries by ***pension fund assets***, Italy ranked 14th out of 38 OECD countries (12th in 2021), and 15th including the other 30 non-OECD countries (13th in 2021), preceded by the USA, UK, Australia, Canada, the Netherlands, Japan, Switzerland, etc. (***Table 1.1***). Italy was a long way from Japan's Government Pension Investment or Norway's Government Pension Fund, which reached 1.449 and 1.300 trillion dollars' worth of assets respectively[2]; however, with more than 250 billion of assets, the Italian pension funds are starting to be well capitalised and be an attractive market, also due to the amount of contributions which reached 19.178 billion in 2022, or almost one point of GDP.

[1] Preliminary 2022 Data on Pension Funds - June 2023, Pension Markets in Focus OECD.
[2] https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-pension-funds-2023/

Table 1.1 – The assets of pension funds in the top 20 OECD and non-OECD countries[3] in 2023

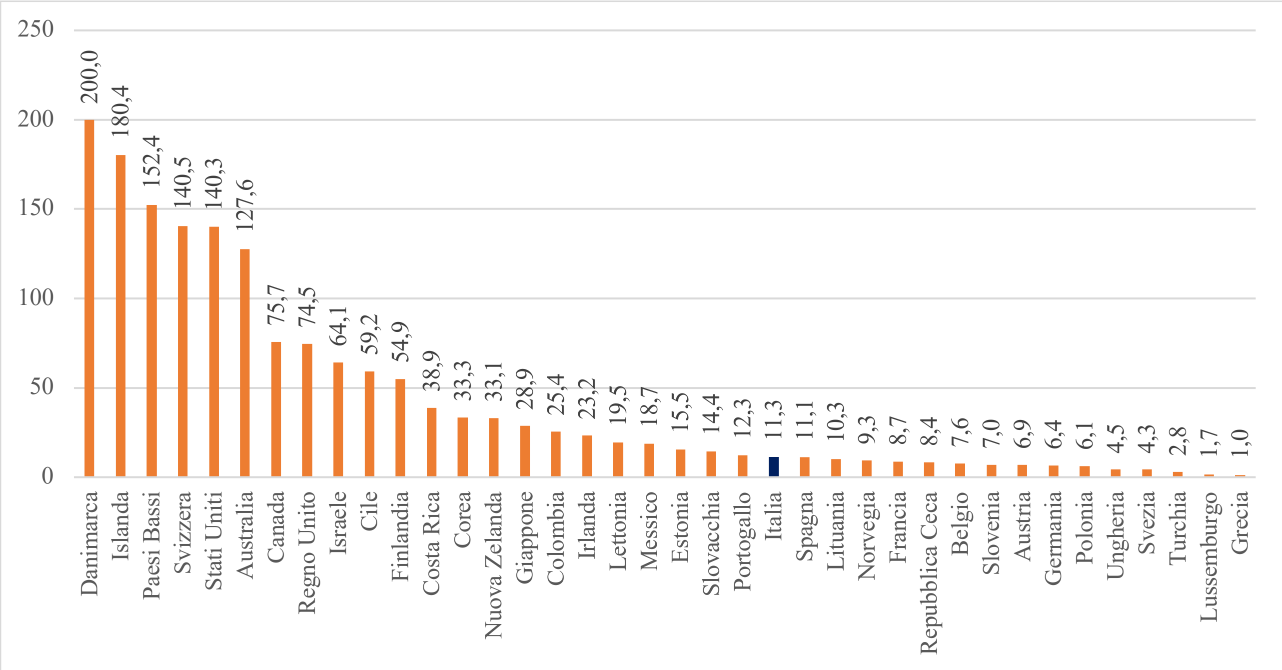
OECD and non-OECD countries	millions of $	as % of GDP
United States	38,380,279	140.3
United Kingdom	2,426,318	74.5
Australia	2,168,862	127.6
The Netherlands	1,741,575	152.4
Canada	1,601,107	75.7
Switzerland	1,329,905	140.5
Japan	1,206,513	28.9
Denmark	825,625	200.0
Korea	577,043	33.3
Mexico	351,375	18.7
Israel	330,231	64.1
Brazil	301,459	13.4
Germany	290,659	6.4
France	269,576	8.7
Italy	260,041	11.3
Chile	191,109	59.2
Hong Kong (China)	183,202	48.5
Spain	179,355	11.1
Finland	168,466	54.9
India	131,365	3.7
Ireland	129,467	23.2

Source: Processed by the *Itinerari Previdenziali Study and Research Centre on the basis of OECD data*

In the ranking by the ratio of assets to GDP, Italy was in the ***23rd place*** with a ratio of ***11.3%***; if the necessary reforms are implemented to relaunch the guarantee fund for micro and small-sized enterprises (eliminated by the Prodi/Damiano government in 2007) and to review the tax system as envisaged in the delegated act, it would be possible to increase this ratio, thus further improving Italy's position, considering that the top 11 countries are already over 50% with respect to their GDP.

[3] Other instruments are also widespread in some countries, such as book reserves in Germany, Austria and Sweden, insurance policies of a pension nature in France, Sweden and Denmark, and other financial instruments explicitly linked to pensions, particularly in the US. If these instruments are taken into account, the total amount of resources in the pension system is much higher in some countries.

Figure 1.2 – The assets of pension funds in relation to GDP in OECD countries in 2023

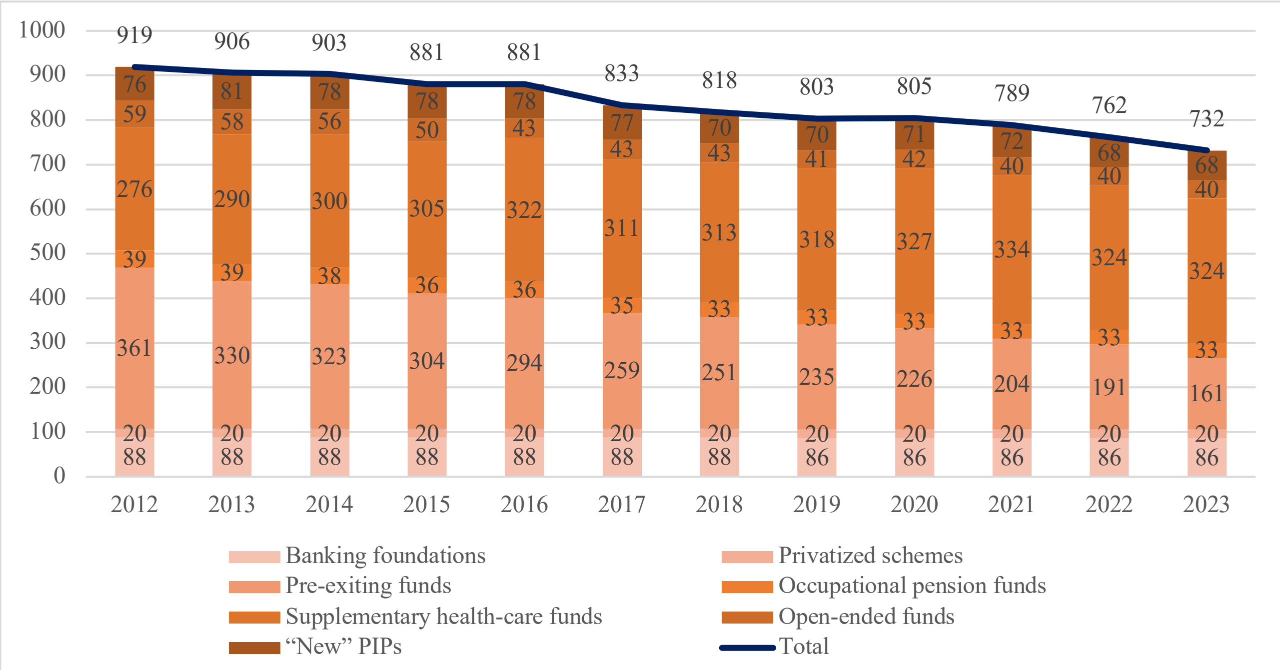


Source: Processed by the *Itinerari Previdenziali Study and Research Centre on the basis of OECD data*

<u>Number of investors</u> - At the end of 2023, there were **300 institutional investors** (- 30 with respect to 2022) operating in the legal form of associations and foundations (***Figure 1.3***); in detail, **86** were banking foundations, **20** privatised schemes for professionals[4]**, 33** occupational pension funds, **161** pre-existing funds (330 in 2013); over the last ten years, the system was rationalised and lost 174 investors, and this was especially true for pre-existing pension funds (-169). Investors also included **324** supplementary health care funds and schemes, according to the latest (2022) official data from the Registry of Funds held at the Ministry of Health; this is an excessively high number for the Italian system, considering that the top 50 funds accounted for more than two-thirds of the entire system. In 2023, only pre-existing funds experienced a reduction in their number (-30 funds) as a result of mergers and consolidation; the number of foundations and occupational pension funds remained unchanged (40 open-ended pension funds and 68 "new" PIPs, for a total of 108 investors).

[4] Including ONAOSI and excluding the two ENPAIA funds for rural surveyors and agr technicians; as of July 2022, the INPGI substitutive fund for AGO was merged into INPS.

Figure 1.3 - The Italian institutional investors in the last 12 years



Source: Data processed by the *Itinerari Previdenziali Study and Research Centre*

<u>**Assets**</u> **-** In 2023, the assets of the institutional investors operating in the contractual welfare system (occupational pension funds, pre-existing funds and healthcare funds), in the sector of liberal professions (privatized schemes) and in the local or community welfare system (banking foundations) amounted to **295.97 billion euros** (***Table 1.2***), an increase by 17.22 billion (+6.18%), after the slump experienced in 2022 with a loss of 4.37 billion, mainly due to the recovery of the equity and bond market. Out of these, **109 billion** were mandated to professional asset managers, up with respect to 104 billion in 2022 (vs. 114 in 2021, 105 in 2020 and 95 in 2019); **110 billion** (vs. 105 in 2022, 96 in 2021, 89 in 2020, 86 in 2019 and 52.9 billion in 2018) were invested directly in UCITS, AIFs, ETFs and policies (including dedicated vehicles); so, the total direct and indirect institutional assets under professional management amounted to **219 billion euros** compared to 209 billion in 2022 (vs. 211 in 2021, 196 in 2020, 181 in 2019 and 164.9 in 2018). The direct or indirect investments mandated to management companies accounted for 78% of the total amount of assets analysed in this Report (280 billion for occupational pension funds, pre-existing funds, foundations and privatized schemes), slightly down with respect to 2022. This percentage was calculated out of all the assets of occupational pension funds and privatized schemes and on the basis of our sample, which shows a percentage equal to 93% of the total for pre-existing funds and to 88% for foundations. The amount of assets outsourced to professional management companies increased due to the higher value of mandates and that of asset management instruments (mutual funds and ***platforms*** that in turn invest in funds or other asset management instruments***, SICAVs*** or ***funds dedicated*** to a ***single investor*** or ***sub-funds*** of ***SICAVs - SIFs)*** open to two or more investors as for banking foundations.

In addition to these investors, there were those operating in so-called private welfare sector, namely ***open-ended pension funds*** (FPA), ***individual pension plans*** (PIP) and ***life insurance companies***; in total, the assets of these entities amounted to **697.40 billion euros**, an increase by about 10 billion compared to 687.16 billion in 2022, largely attributable to the growth of open-ended funds and of "new" PIPs (+4.57 billion and + 4.45 billion respectively).

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

Year / Institutional Investors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Banking Foundations	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	46,15	47,37	47,60	48,55
Privatized Schemes *	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	92,46	97,83	100,71	107,03
Pre-existing Funds	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	66,11	67,60	64,34	67,12
Occupational Pension Funds	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	60,37	65,32	61,10	67,88
Supplementary Health Funds **	*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**	**4,75**	**4,85**	**5,00**	**5,40**
Total Contractual Welfare System, Privatized Schemes and Foundations	**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**	**269,84**	**282,97**	**278,75**	**295,97**
Open-Ended Funds***	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	25,37	28,97	28,05	32,62
"New" PIPS	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	39,06	43,99	45,49	49,94
"Old" PIPS	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	7,01	7,34	6,62	6,84
Insurance Companies ****	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	612,53	624,34	607,00	608,00
Total private welfare	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	683,97	704,64	687,16	697,40
Total	**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**	**953,81**	**987,61**	**965,91**	**993,37**

Sources: COVIP, Ministry of Health, ANIA, ACRI, IVASS; * With respect to previous years, the 2022 assets include Onaosi and exclude the INPGI substitutive fund which was merged into INPS ** Estimates by Itinerari Previdenziali based on the data of the Ministry of Health and from financial accounts; *** Open-ended funds include individual and collective membership. Note: the term "assets" refers to the total assets in the accounts of banking foundations and of privatized schemes and to the net assets allocated to benefits for pension funds; **** Data related to class-C life sector I, IV, V branches; (source: ANIA, IVASS)

Source: Data processed by the *Itinerari Previdenziali Study and Research Centre*

By adding the contractual welfare system to the private welfare system of the privatized schemes and the banking foundations, the total amount of assets reached **993.37 billion**, + 27.46 billion compared to 965.9 billion in 2022 and + 5.76 billion with respect to 987.6 in 2021, (vs. 953,81 in 2020, 917.36 in 2019 and 861.67 in 2018), thus fully offsetting the losses experienced in 2022 (for the second time in the historical series which includes 2008, the year of the Lehman Brothers bankruptcy), with an increase by 2.8% compared to 2022. The total amount of assets accounted for **47.63%** of ***GDP***[5]. Looking at the entire reference period, the assets of institutional investors grew compared to the **404.11 billion euros** in 2007; they indeed more than doubled up to **145.8%**, despite the countless crises. In contrast to 2022 characterised by a reduction in the assets of occupational, pre-existing, open-ended pension funds and insurance companies, in 2023, all investors had positive results, back to figures even higher than in 2021, with the exception of insurance companies and old PIPs (pre-existing funds had a negligible reduction).

Flows - In 2023, the assets of the privatized schemes and of the foundations operating in the field of contractual welfare had a positive result (***Table 1.3***) equal to **17.22 billion**; the most significant growth was experienced by occupational pension funds, with + 6.77 billion euros, followed by the privatised schemes with + 6.32 billion euros, by pre-existing funds with + 2.78 billion and by the banking foundations with a slight growth equal to + 0.95 billion. The private welfare sector too featured a significant upward trend for open-ended pension funds and PIPs and a modest growth for insurance companies.

5 Italy's GDP was equal to 2,085.376 billion in 2023.

Table 1.3 - Changes in the assets of institutional investors from 2014 to 2023
(% change and absolute values in billions of euros)

	Var 2014-2015		Var 2015-2016		Var 2016-2017		Var 2017-2018		Var 2018-2019		Var 2019-2020		Var 2021-2020		Var 2021-2022		Var 2022-2023	
	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.
Banking Foundations	-0,08%	-0	-4,56%	-2,21	-0,54%	-0,25	-0,87%	-0,4	2,81%	1,29	-1,78%	-0,84	2,65%	1,22	0,48%	0,23	1,99%	0,95
Privatized Schemes	6,78%	4,44	6,11%	4,27	6,10%	4,53	5,40%	4,3	6,70%	5,56	4,42%	3,91	5,81%	5,37	2,95%	2,88	6,28%	6,32
Pre-existing Funds	2,35%	1,27	4,05%	2,24	2,52%	1,45	1,20%	0,7	6,39%	3,81	4,09%	2,60	2,25%	1,49	-4,83%	-3,26	4,32%	2,78
Occupational Pension Funds	7,34%	2,91	7,95%	3,38	7,69%	3,53	1,92%	0,9	11,36%	5,73	7,54%	4,23	8,20%	4,95	-6,46%	-4,22	11,09%	6,77
Forme di assistenza sanitaria integrativa	6,48%	0,21	4,00%	0,14	10,20%	0,37	13,75%	0,5	22,22%	1,00	-13,64%	-0,75	2,11%	0,10	3,09%	0,15	8,00%	0,40
Total Contractual Welfare, Schemes and Foundations	**4,17%**	**8,79**	**3,56%**	**7,81**	**4,20%**	**9,58**	**2,55%**	**6,1**	**7,15%**	**17,39**	**3,51%**	**9,15**	**4,87%**	**13,13**	**-1,49%**	**-4,22**	**6,18%**	**17,22**
Open-Ended Funds	10,30%	1,45	10,70%	1,66	12,05%	2,06	2,48%	0,5	16,41%	3,22	11,07%	2,53	14,18%	3,60	-3,19%	-0,92	16,30%	4,57
"New" Pips	22,62%	3,7	18,20%	3,65	16,58%	3,93	11,09%	3,1	15,55%	4,77	10,09%	3,58	12,62%	4,93	3,41%	1,50	9,77%	4,45
"Old" Pips	-1,02%	-0,1	2,23%	0,15	0,72%	0,05	-5,07%	-0,4	6,61%	0,44	-0,78%	-0,05	4,72%	0,33	-9,85%	-0,72	3,43%	0,23
Insurance Companies	8,86%	39,1	7,74%	37,2	4,27%	22,1	4,08%	22	5,32%	29,87	3,59%	21,24	1,93%	11,81	-2,78%	-17,34	0,16%	1,00
Total private welfare	**9,23%**	**44,2**	**8,16%**	**42,6**	**4,97%**	**28,1**	**4,25%**	**25**	**6,19%**	**38,30**	**4,16%**	**27,29**	**3,02%**	**20,67**	**-2,48%**	**-17,48**	**1,49%**	**10,25**
Total	**7,68%**	**52,9**	**6,80%**	**50,4**	**4,76%**	**37,8**	**3,76%**	**31**	**6,46%**	**55,69**	**3,97%**	**36,45**	**3,54%**	**33,81**	**-2,20%**	**-21,70**	**2,84%**	**27,46**

Source: Data processed by the *Itinerari Previdenziali Study and Research Centre*

So, both assets and flows grew in 2023; the flows deriving from contributions, new registrations and members, dividends and capital gains, were affected by the poor results of insurance companies, which, however, turned positive in the first half of 2024. In terms of market potential, i.e. of new resources to be reinvested, in addition to the approximately 12 billion euros' worth of new net inflows for the pension fund system and for the privatized schemes and foundations and to the potential new flows for the class 1, 3 and 4 insurance branches, it is important to include the expiring non-real-estate assets (8-10 year duration) of the investors analysed, estimated to be equal to around 80 billion euros per year on average, thus bringing the annual total to be invested to over 90 billion.

Membership - The solidity of welfare schemes is measured not only in terms of assets and contribution flows but on the basis of the number of their members. At the end of 2023, pension funds featured **9.571 million** members (+ 3.7% compared to 2022) even if, as COVIP appropriately pointed out, the outstanding positions, i.e. the number of open accounts, amounted to more than 10.7 million due to duplications related to workers simultaneously registered with several schemes. In detail, as illustrated in the following chapters, open-ended funds reached 1,901,771 members, an increase by 5.9% over 2022, the most significant growth among complementary pension funds; new PIPs featured 3.602,587 members (+ 2.2%); pre-existing funds too had a membership growth up to 655,647 (+1.7%), while occupational pension funds reached 3,895,639 members, with a 5.4% increase, also thanks to the contractual membership mechanism. Compared to the number of active workers, which was equal to 23.58 million at the end of 2023, the membership rate was 40%; but this rate drops to 29% considering only members paying their contributions. In order to have an exhaustive picture of the number of subjects in the contractual welfare system, it is necessary to add the **1.85 million** members of the privatised schemes. Instead, supplementary health insurance schemes featured **16.27 million** members, including pensioners and dependants, a number that is constantly increasing. It should be noted that most of the members registered with these health insurance funds are already members of pension funds or of privatised schemes.

Yields - In 2023, the financial markets had a better performance thanks to the central banks' (FED and ECB) expectations of lower interest rates. Despite the geopolitical tensions, the bond and equity markets benefited from the cooling of inflation and the possible easing of monetary conditions. These market trends were reflected in the results of institutional investors, that had largely positive returns on average from investments on equity as well as from government bonds and other debt securities, thus offsetting most of the losses experienced in 2022: PIPs - unit linked and open-ended funds featured a performance equal to 8.4% (vs. -11.5% in 2022) and to 7.9% (vs. -10.7% in 2022) respectively, followed by occupational pension funds with 6.7% (vs. - 9.8% in 2022) and by pre-existing funds with 4.4%; separate management schemes remained stable at 1.3% and banking foundations obtained + 4.9% (***Table 1.4***). The returns achieved by pension funds allowed them to have a rebound, after failing to reach the target parameters in 2022 for the first time in many years. If we look at profitability over time horizons more consistent with pension savings, the marked investment diversification allowed for an increase in the 10-year average for cumulative and compound returns with respect to inflation and to the GDP five-year average, at the level of the returns on termination of employment benefits; instead, over a 3 and 5-year horizon, all these investors obtained lower returns with respect to termination of employment benefits, even if, the overall return on the termination of employment benefits invested in complementary pension funds improved.

Table 1.4 - Comparative yield analysis: annual yields from 2014 to 2022, average compound yields at 3, 5 and 10 years and cumulative yields (as %)

											Compound average annual yield			**Cumulative yield**		
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**3 years**	**5 years**	**10 years**	**3 years**	**5 years**	**10 years**
Banking Foundations	4.9	3.5	5.7	3.6	6.5	2.7	5.3	3.4	3.4	5.5	4.7	4.8	4.4	14.8	26.6	54.5
Occupational pension funds	6.7	-9.8	4.9	3.1	7.2	-2.5	2.6	2.7	2.7	7.3	0.3	2.2	2.4	1.0	11.6	26.3
Pre-existing funds	4.4	-4.4	4.1	2.6	5.6	-0.2	3.2	3.3	2.0	5.0	1.3	2.4	2.5	3.9	12.6	28.3
Open-ended funds	7.9	-10.7	6.4	2.9	8.3	-4.5	3.3	2.2	3.0	7.5	0.8	2.7	2.5	2.5	14.3	27.5
PIPs - Separate management schemes	1.3	1.2	1.3	1.4	1.6	1.7	1.9	2.1	2.5	2.9	1.3	1.2	1.3	3.8	7.0	19.4
PIPs - Unit-linked	8.4	-11.5	11	-0.2	12.2	-6.5	2.2	3.6	3.2	6.8	2.1	3.6	2.7	6.5	19.2	30.1
TFR adjustment	1.6	8.3	3.6	1.2	1.5	2.0	2.0	1.5	1.2	1.3	4.5	3.2	2.4	14.0	17.1	26.3
Inflation	5.7	8.1	1.9	-0.2	1.0	1.2	1.1	-0.1	0.1	0.0	5.1	3.1	1.7	16.4	16.8	19.5
GDP five-year average	2.7	1.0	0.1	2.0	1.9	1.3	0.6	0.6	0.6	-0.3	1.5	1.7	1.2	4.5	8.7	12.2

* For pension funds, these are the net annual compound yields taken from the 2023 Covip report, that is net of operating costs and of substitutive taxes /including TFR). For banking foundations, this is the ratio of total receipts, net of taxes, vs the net worth at book value, so net receipts (net worth at the beginning of the fiscal year + net worth at the end of the fiscal year) /2.

Table 1.4.1 shows the returns of pension funds broken down into traditional investment lines: equity sub-funds had the best performance, with returns averaging 10.2% for occupational pension funds, 11.3% for open-ended funds and 11.5% for PIPs; balanced and bond sub-funds also obtained positive average returns: balanced funds produced 6.9% for occupational pension funds, 8.3% for open-ended funds and 7.1% for class III PIPs, while mixed bond funds produced 7.2% for occupational pension funds and 4.4% for open-ended funds.

Table 1.4.1 - Returns of complementary pension schemes (as of 31/12/2023, as %)

Occupational pension funds	6.7	Open-ended funds	7.9	New PIPs		TARGET RETURNS	
Guaranteed	**4.2**	*Guaranteed*	**4.6**	Separate management scheme	**1.3**	TFR adjustment	**1.6**
Pure Bond	**3**	*Pure Bond*	**4.4**	Unit Linked	**8.4**	Inflation	**0.1**
Mixed Bond	**7.2**	*Mixed bond*	**4.4**	*Bond*	**2.9**	GDP five-year average	**1.0**
Balanced	**6.9**	*Balanced*	**8.3**	*Balanced*	**7.1**		
Equity	**10.2**	*Equity*	**11.3**	*Equity*	**11.5**		

Source: processed by Itinerari Previdenziali on the basis of COVIP data

Real Economy - ***Table 1.5*** compares the percentage amounts invested in the Italian real economy. The banking foundations confirmed their position as the largest institutional investors for resources allocated to the Italian real economy, accounting for **43.11%** of assets, of which 28.4% related to the investments in transferee banks, Cassa Depositi e Prestiti and Fondazione Con il Sud; the privatised schemes for the liberal professions ranked second, with investments equal to 17.4% of total assets, followed at a distance by pre-existing and occupational pension funds with ***5.17%*** and 2.9% of their respective assets invested in the real economy.

Table 1.5 - Investments in the real economy by institutional investors in 2023

Institutional investors	Assets (*)	Investments in the real economy (**)	*of which Italian equity*	*of which Italian corporate investments*	*of which mutual funds investing predominantly in Italy*	Investments in Italian government bonds	Investments in the real economy excluding government bonds
Privatised schemes	**107.03**	**27.60%**	***4.96%***	***0.69%***	***11.77%***	**10.19%**	**17.42%**
Banking foundations (***)	**42.84**	**45.57%**	***38.04%***	***1.74%***	***3.33%***	**2.46%**	**43.11%**
Pre-existing autonomous pension funds	**62.42**	**9.30%**	***1.74%***	***0.83%***	***2.60%***	**4.11%**	**5.17%**
Occupational pension funds	**67.88**	**10.90%**	***1.10%***	***1.30%***	***0.50%***	**8.00%**	**2.90%**

(*) Billions of euros referring to the total assets of all the privatised schemes and foundations in the sample and to the net assets allocated to benefits of all the occupational and autonomous pre-existing funds in the sample.

(**) **Investments in the real economy** mean: Italian stocks, Italian corporate bonds, the estimated Italian securities in UCITs, AIFs for the share invested in Italy. They do not include treasury bills, income-producing real-estate assets and capital investments. They include the institutional investments in transferee banks and Fondazione con il Sud (for banking foundations), in CDP and in the Bank of Italy. They do not include government bonds, income-producing real estate and capital goods.

(***) Italian equity investments include holdings in transferee banks, accounting for 23.84% of all the total assets in the sample.

As indicated by these data, the investments in the "***real economy***" still have a great growth potential, except for the banking foundations and in part for the privatised schemes with activities in favour of their members. There are still major concerns, as we pointed out back in 1997[6], about the very limited investments made by contractual funds, largely fed by termination of employment benefits (TFR) that "supply blood" to companies and therefore are ***the first and main form of financing for the real economy***; for this reason, even before Legislative Decree no. 252 of 2005, and before the crisis and the related credit crunch of 2008, Legislative Decree no. 252/2005 had provided for a guarantee fund for small and medium-sized enterprises to finance the transfer of termination of employment benefits to pension funds at favourable rates, with medium- and long-term financing to stabilise their liabilities. Unfortunately, the Prodi government and the Minister of Labour, Damiano, abolished this fund, thus creating unfavourable access conditions to complementary pension funds for the subjects working in companies with up to 49 employees, and diverting their termination of employment benefits into an INPS fund, which uses them for current expenditure and which has subtracted more than 92.4 billion from the real economy over the last 10 years. This is why the first thing to do is to reintroduce the ***guarantee fund,*** established under Legislative Decree no. 252/05, to more easily finance the SMEs that transfer termination of employment benefits to pension funds. This would also foster the participation in complementary pension funds of part of the 7.489 million subjects (about 44% of the total workforce) who work in the 4.21 million companies (95% of the total) with up to 9 employees that have not yet joined these schemes; and also of part of the 3.37 million subjects who work in the 187,674 companies with 10 to 49 employees. With the credit difficulties faced by companies especially of this size, the majority of these workers find it difficult to use their termination of employment benefits and thus to enrol in pension funds. According to COVIP, from 2007 to the end of 2023, the flow of termination of employment benefits to pension funds amounted to 97.3 billion, less than half of which was invested in the domestic real economy, according to the most favourable estimates. This is a critical and worrying situation that has wide and negative repercussions on both employment and productivity, contributing to Italy's low growth. It would be necessary to increase the share of the assets to be invested in the domestic real economy through tax breaks on returns on the basis of individual saving plans (PIR 4.0) (total exemption).

Management companies - ***Table 1.6*** shows the top five management companies by number of mandates; Eurizon Capital was again on top in 2023, both in terms of number of mandates (64) and assets under management (16.46 billion); Amundi remained in the second position (48 mandates with 11 billion euros' worth of assets under management), while BlackRock maintained its third place with 15 mandates and 9.98 billion in assets under management and AXA in the fourth place with 24 mandates and 7.6 billion in assets under management. Generali placed fifth with 22 mandates and 6.8 billion in assets under management. The top five management companies accounted for 47.5% of the all the assets mandated by institutional investors.

Table 1.6 - The top 5 management companies by number of mandates in 2023

Management company	Mandates	AUM in millions of euros	Market share
Eurizon Capital	64	16,462	15.05%
Amundi	48	11,076	10.13%
Blackrock	15	9,976	9.12%
AXA	24	7,604	6.95%
Generali	22	6,842	6.26%

Table 1.7 shows the top five management companies, which together accounted for about 94% of the total invested by Italian institutional investors in policies and separate schemes. There were no significant changes in the ranking with respect to 2022. Generali Italia confirmed its position at the

[6] See the book *Capire i fondi pensione* (Understanding Pension Funds*),* by A. Brambilla, Il Sole 24 Ore.

top with almost 12 billion euros' worth of assets under management, with 41.4% of the market, followed by Allianz with 6.993 billion euros and a market share of 24.2% and Unipol with 6.955 billion and a market share of 24.08%, swapping places in the ranking. Alone, the top three positions accounted for almost 90% of the total. Reale Mutua (710 million) and Intesa Sanpaolo Vita (541 million) closed the ranking, at a considerable distance.

Table 1.7 - Top 5 insurance management companies in 2023

Management company	Resources in millions of euros	Market share
Generali Italia	11,959	41.41%
Allianz	6,993	24.21%
UnipolSai Assicurazioni	6,955	24.08%
Reale Mutua Assicurazioni	710	2.46%
Intesa Sanpaolo Vita	541	1.87%

Tables 1.7a, 1.7b and ***1.7c*** show the rankings of the top 5 companies managing AIFs, UCITS and ETFs, including the instruments within SICAVS or dedicated vehicles and platforms. It should be noted that, in the ranking of AIF management companies, the resources invested in real estate funds by pension funds were very significant (thanks to dedicated real-estate management vehicles): four of the top five companies were in fact real estate asset management companies, with 30% of the total invested in AIFs. On the other hand, in the UCITs ranking, the top two management companies, Fondaco and Quaestio, had a significant market share (accounting together for around 27% of the market) thanks to the resources entrusted to them by some large foundations, as will be discussed in more detail in the dedicated chapter. Instead, the ETF market was highly concentrated in the hands of the top five management companies accounting for about 83% of the total invested, with iShares leading the ranking with 1.599 billion euros' worth of assets under management and a market share of over 40%.

Table 1.7a - The top 5 AIF management companies in 2023

Management company	Resources in millions of euros	Market share
Fabrica real estate	2,938	9.24%
Antirion sgr s.p.a.	2,569	8.08%
Dea Capital Real Estate	2,405	7.56%
Fondaco	1,770	5.57%
Investire sgr	1,450	4.56%

Table 1.7b – The top 5 UCITS management companies in 2023

Management company	Resources in millions of euros	Market share
Fondaco	6,266	13.92%
Quaestio	5,932	13.18%
Eurizon Capital	2,700	6.00%
Amundi	1,534	3.41%
Blackrock	1,518	3.37%

Table 1.7c – The top 5 ETF management companies in 2023

Management company	Resources in millions of euros	Market share
iShares	1.599	40.35%
Vanguard	595	15.01%
UBS	428	10.81%
Lyxor	354	8.93%
Invesco	296	7.48%

<u>The 2024 trend</u> - In the first six months of the year, institutional investors confirmed their positive results on average, particularly in the management schemes with greater equity exposure. In particular, according to the latest COVIP data, as of June 2024 ***pension funds*** had 10.9 million outstanding positions (+2.3% compared to the end of 2023), accounting for 9.79 million ***members***. Occupational pension funds had 400 more positions (+3%), reaching 4.159 million, thanks to contractual memberships mainly for workers in the construction and public sector; 62,100 more positions for the open-ended funds (+3.2% for a total of 2.012 million) and 35,500 more positions for the new PIPs (+ 0.9% for a total of 3.8 million positions). The ***assets of pension funds*** (the resources allocated to benefits) increased by 3.9% up to 233 billion in June 2024 with respect to 224 billion at the end of 2023 (70.9 billion for occupational pension funds , 34.8 billion for open-ended funds, 52.2 billion for “new” PIPs, 68.5 billion for pre-existing funds, 6.8 billion for “old” PIP); this was the result, on the one hand, of the positive performance of the financial markets and, on the other hand, of the increase in ***contribution flows*** net of outflows for all the different pension schemes, amounting to 7.1 billion euros in the first six months of 2024, an 8% growth compared to the same period in 2023.

In the first six months of the year, ***returns*** remained positive: 2.9% for occupational pension funds, 3.6% for open-ended funds and 6.3% for class III PIPs, while class I separate schemes obtained + 0.7%. The breakdown by investment lines shows that the equity sub-funds had an average performance of 6.4% for occupational pension funds, 7.3% for open-ended funds and 9.7% for PIPs; balanced funds too improved, with average returns of 3.1% for occupational pension funds, 3.5% in the open-ended funds and 4.5% fir PIPs, while the returns of the bond and guaranteed sub-funds were more limited, in some cases close to zero. Termination of employment benefits rose by 0.9% in the first half of the year, while inflation showed a clear deceleration only with a 0.5% increase; therefore, 2024 is expected to be the second consecutive year of recovery from the 2022 losses for all institutional investors.

2. Insurance Companies

We start the investment analysis of the Italian institutional investors with Insurance Companies that are among the most relevant ***institutional investors*** in Italy due to their "social insurance" role (even if private) and the nature of their investments. The following analysis focuses in particular on their social security-related assets, the ***so-called C class***[1] ***I, IV*** and ***V life policies*** which are mainly ***individual welfar***e products. The insurance companies' role as social-security institutional investors largely depends on the characteristics of their life products and on their long contractual terms (from a minimum of 3-5 years up to 30 years and beyond); this requires insurance companies to invest their assets with a similar time frame, i.e. mainly on government bonds and other asset classes.

In addition to class C products, this edition of the Report also features a section on investments related to unit/index-linked policies (Branch III), which together constitute the so-called Class D[2].(***Figure 2.5***). It should be noted that these amounts are derived from the financial accounts of insurance companies whose items are valued according to national accounting standards (the so-called Local Gaaps)[3] .

2.1 Inflows: premiums, charges and investment proceeds

Premiums

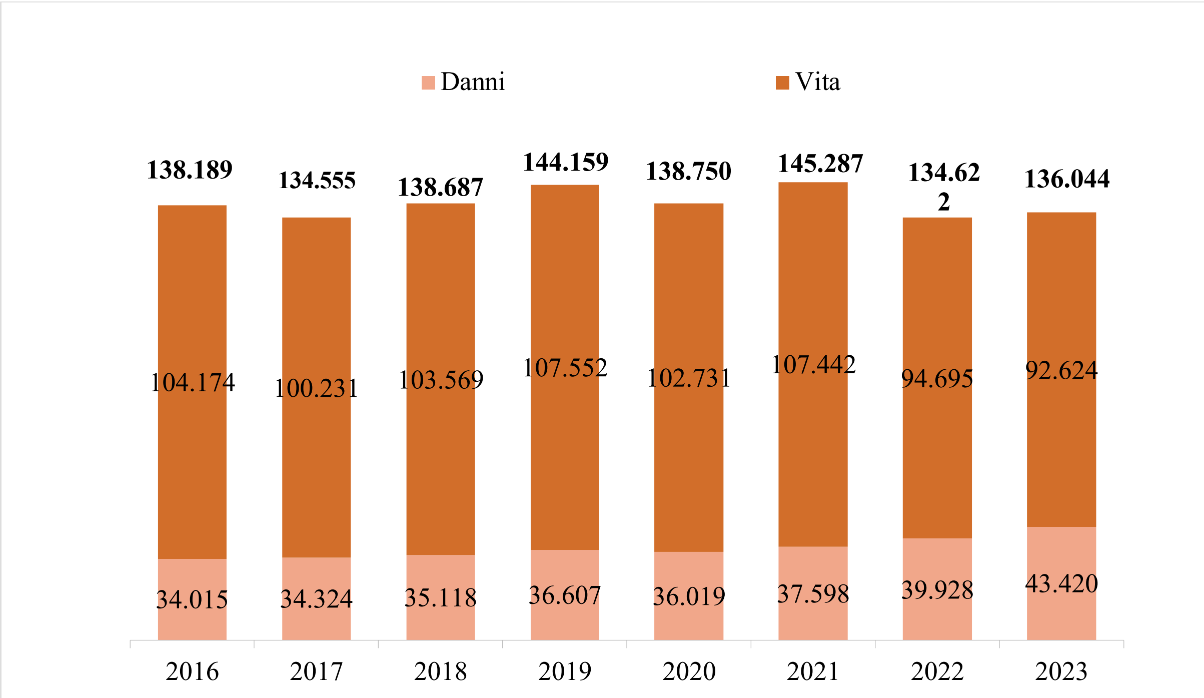
In 2023, the total amount of premiums in the Italian and foreign portfolios of held directly or indirectly by Italy-based companies and by their representative offices based in foreign non-EU companies reached **136.0 billion euros**. In particular, 43.4 billion euros' worth of premiums in non-life business and **92.6 billion** in the ***life business***. Annual life premium income is the main component of new savings flows of individuals and households in Italy. In 2023, total amount of premiums increased by **1.1%** vs. a drop in by 6.1% in 2022. This slight increase in 2023 is exclusively ascribed to non-life insurance products, whose premiums grew by 8.7% (+6.2% in 2022); instead, life-insurance products suffered a further decline by 2.2% (-10.5% in 2022). As a result, the share of non-life premiums reached 31.9% (29.7% in 2022), while the share of life premiums accounted for 68.1%, compared to 70.3% in 2022 (***Figure 2.1***).

[1] Traditional life policies (so-called Class-C policies) cover all types of policies, including profit-sharing capitalisation and pure risk policies linked to risks related to the life of the policyholder; **Branch I** policies are life insurance policies and include protection from premature death and/or survival at a certain date; **Branch IV** policies are related to health insurance and to insurance against the risk of non-self-sufficiency which are guaranteed by long-term, non-terminable contracts against the risk of serious disability due to illness or accident or longevity; **Branch V** policies are related to capitalisation (financial insurance policies not dependent on human life that envisage the payment of a lump sum when the contract expires).

[2] **Class III (**so-called *linked* or class D**)** policies are life insurance or capitalisation contracts with a financial content with benefits linked to the performance of a share index, a basket of share indices or another reference financial index. These are contracts of an index-linked nature, in that they tend to replicate the performance of an economic quantity, typically a stock market index, by means of particular technical devices.

[3] The 2023 figures in the text, tables and charts take into account a transaction by an Italian company that acquired a European company active in Italy in the sale of linked policies at the end of the year, operating under the freedom to provide services (LPS) regime, and not included in the 2022 figures.

Figure 2.1 - Gross portfolio premiums (millions of euros)



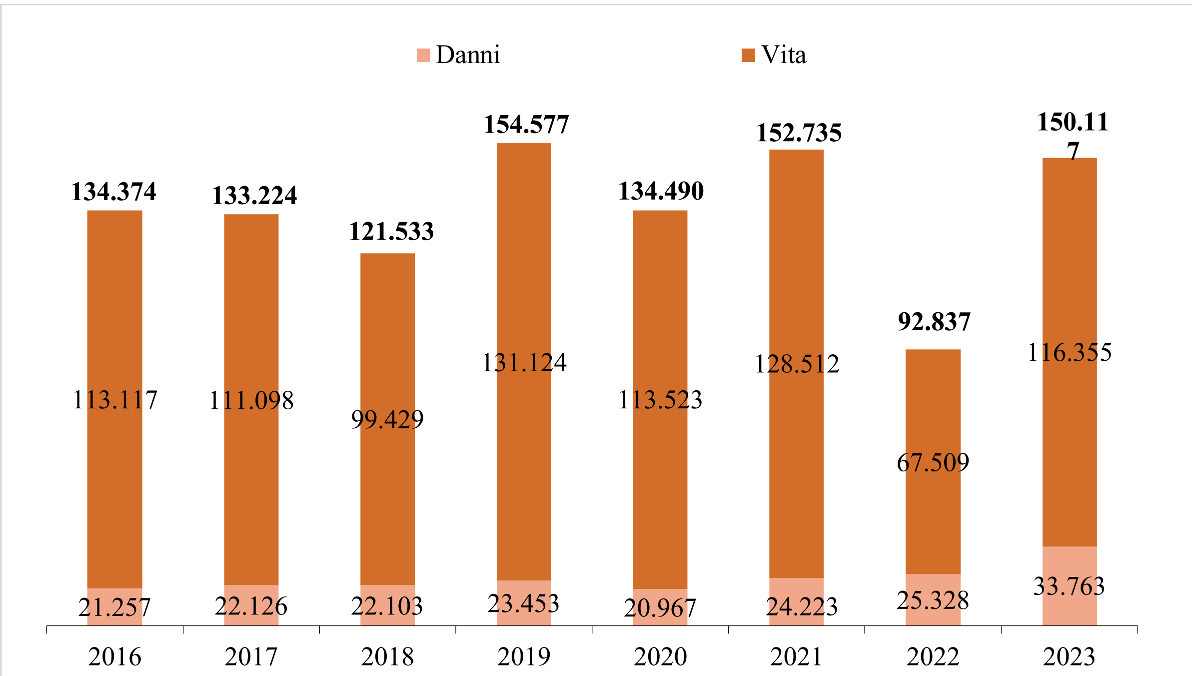
Non-life Life

Benefits

Benefits to policyholders (***Figure 2.2***) and other claimants derive from the sum of the following components gross of reinsurance:

- claim charges and premium reserve changes for the non-life business;
- claim charges s and changes in mathematical and other technical provisions for the life insurance business.

Figure 2.2 – Benefits (millions of euros)

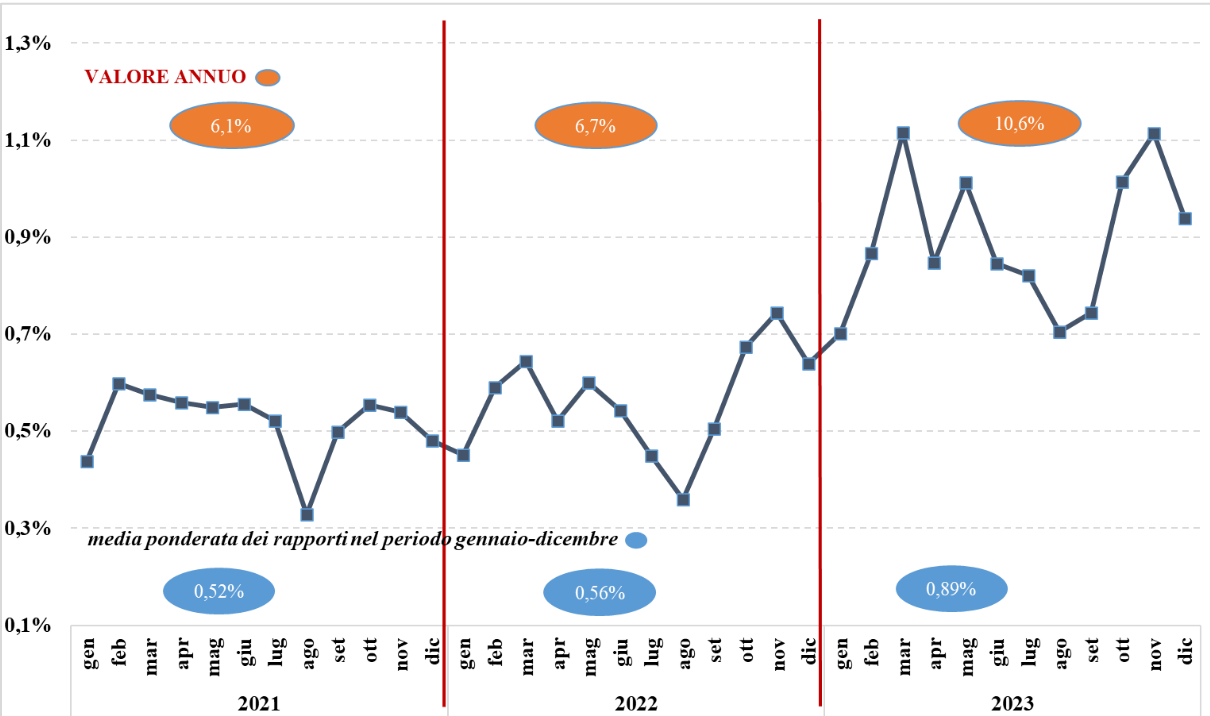


Non-life Life

These benefits totalled **150.1billion euros** (+61.7% compared to 2022): 33.8 billion in the non-life insurance business (+33.3%) and 116.4 billion in the life insurance business (+72.4%).

Figure 2.3 shows an in-depth analysis of life-insurance benefits limited to the Italian direct portfolio; in 2023, they amounted to 113,176 million euros, an increase by 47.5% compared to 2022; this growth was due to the significant increase in policy terminations, mainly Class I but also Class III policies. The upward trend in early life-insurance policy redemptions in Italy starting from the second half of 2022, was essentially caused by policyholders' need for greater liquidity (also due to high inflation), but also by their will to invest in financial products, such as sovereign bonds, thanks to their significantly growing yields. This trend can be better analysed by comparing their monthly amount over the last three years, from 2022 to 2023 (based on data surveyed by ANIA on monthly life flows) to the stock of technical reserves, which had been less volatile over the years than the volume of premiums. This indicator shows a general progressive increase over the three-year period analysed, from an average of 0.52% in 2021 to 0.56% in 2022, and up to 0.89% in 2023. Considering the total volume of policy terminations over the entire year related to the average amount of technical reserves, the redemption rate accounted for 10.6% in 2023, progressively increasing from 6.1% in 2021.

Figure 2.3 - Ratio of redemption amounts vs. reserves - total for the life-insurance business (Italian directly-held portfolios)



Annual value, Weighted average of these ratios in the January-December period

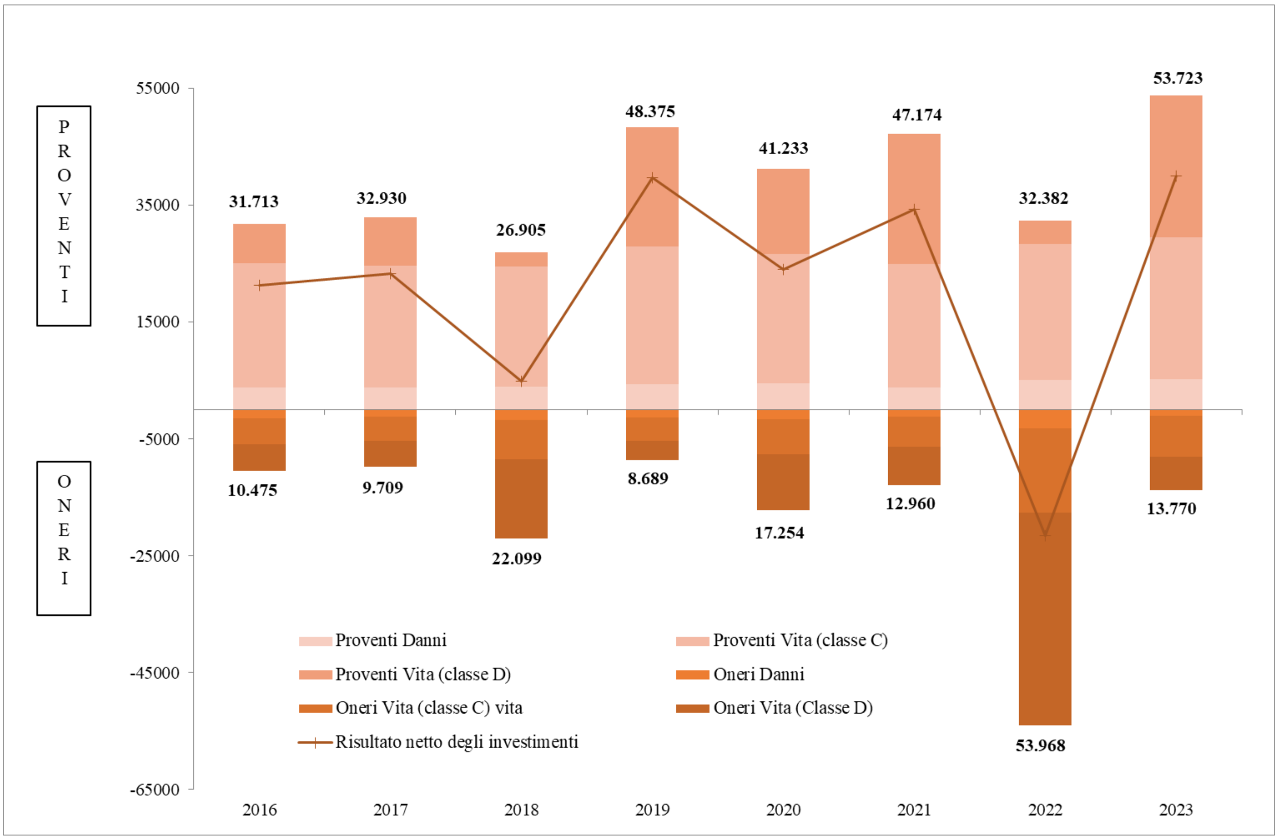
Investment proceeds

In 2023 (***Figure 2.4***), ***gross investment proceeds*** amounted to 53.7 billion euros, an increase by more than 65% compared to 2022, with different trends across sub-funds:

- gross non-life insurance proceeds increased by 0.9% to 5.2 billion;
- gross life insurance proceeds (Class C policies) increased by 4.5%, reaching 24.3 billion;

- gross life-insurance proceeds (Class D)) had a six-fold growth from 4.0 billion in 2022 to 24.3 billion, reaching 24.3 billion.
- In more detail, ordinary life and non-life investment proceeds are broken down as follows:
- Securities, bonds and other investments amounted to 18.3 billion euros (+0.2% compared to 2022), accounting for 34.2% of the total;
- Investment proceeds for policyholders and pension fund management proceeds (Class C) amounted to 24.3 billion, accounting for 45.1% of the total;
- valuation adjustments and proceeds amounted to 6.7 billion (+ 69.5% compared to 2022), accounting for 12.4% of the total;
- Shares and equity investments amounted to 4.3 billion euros (- 28.1% compared to 2022), accounting for 8.0% of the total;
- Land and buildings reached 162 million (+3.0% compared to 2022), accounting for 0.3% of the total.

Figure 2.4 - Investment proceeds and charges (millions of euros)



Proceeds, Charges, Non-life insurance proceeds, Life insurance proceeds (Class D), Life-insurance charges (Class C), Net investment results, Life-insurance proceeds (Class C), Non-life insurance charges, Life-insurance charges (Class D)

The overall increase in proceeds was also accompanied by a marked decline in investment charges from 54.0 billion euros in 2022 13.8 billion in 2023. In particular:

- life insurance charges (traditional policies) reached 6.9 billion, down by more than 50% (17.4 billion in 2022); of this amount, 2.1 billion (as in 2022) related to investment management charges and interest charges, 1.4 billion to lost investment proceeds (3.2 billion in 2022) and

3.5 billion to investment value adjustments (9.1 billion in 2022). In this regard, it should be noted that under IVASS Regulation no. 52 and subsequent amendments and additions on the suspension of capital losses on non-durable securities, the insurance sector was able to reduce the total amount of latent capital losses featuring in the accounts by an estimated amount of approximately 9 billion euros; without these provisions, the estimated life-insurance charges would have been significantly higher. In conclusion, the 6.9 billion euros' worth of life-insurance expenses vs. 24.3 billion euros' worth of proceeds resulted in a still positive net investment result of around 17.4 billion, practically two times as much with respect to 2022;

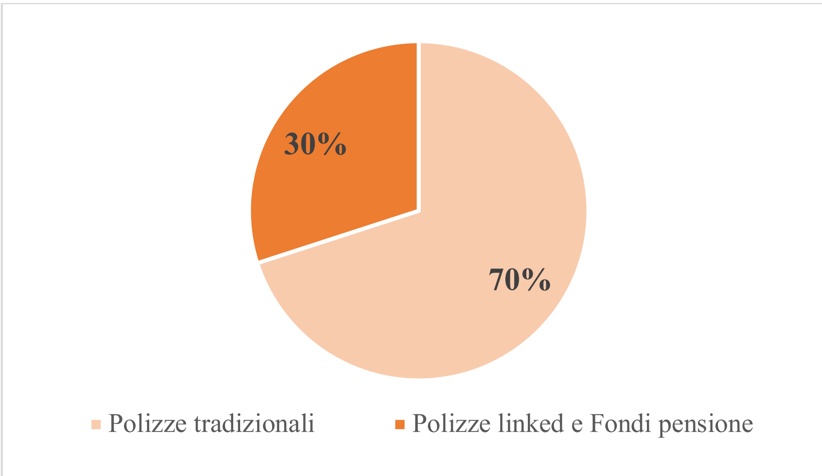
- The life-insurance charges (Class D), equal to 5.8 billion euros, decreased by around 30 billion compared to 2022, with a positive net investment result of 18.5 billion (vs the - 32.4-billion-euro negative result in 2022).

Overall, the net investment result for the entire insurance sector was positive and amounted to 40.0billion (with respect to the -21.6 billion negative result of 2022).

2.2 Life insurance investments

In 2023, the ***total investments*** of life insurance companies amounted to **869 billion euros,** of which 70% (just over **608 billion**) related to traditional policies (class C), while the remaining 30% (about 260 billion) to policies combined with unit-linked products and pension funds, the so-called class D (***Figure 2.5***). The principle of *matching* assets and liabilities allows insurance companies to meet their commitments vis-à-vis their policyholders at all times, which implies that they must have a wide range of assets to match against liabilities in order to allow their portfolios to be sufficiently diversified. In fact, they are significantly capitalized to honour their contracts and commitments, thus making the insurance industry one of the largest institutional investor, not only in Italy but also in the rest of the world.

Figure 2.5 - Investments by line of business in the Life sector in 2023



Traditional policies, Unit Linked policies and Pension funds, Total life investments: 869 billion

Assets managed by Italian Insurance Companies

Table 2.1 shows ***all the assets*** of Italian life insurance companies, which include both Class C and Class D products, which reached **911 billion euros** at the end of 2023 (+ 6.4% compared to the end of 2022). Almost all of the assets held by life insurance companies are ***investments amounting to* 869 billion** (95% of the total assets), of which, as mentioned above, **260.66 billion euros'** worth of ***class D*** investments and the remaining **608 billion** to ***class C*** ones.

Table 2.1 - Assets of insurance companies - life sector (millions of euros)

Type of business	2022	As % in 2022	2023	As % in 2023	% Var. in 23/22
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Receivables from shareholders	-	-	-	-	-
Intangible Assets	2.396	0,3%	2.211	0,2%	-7,7%
Investments:	814.439	95,1%	869.078	95,4%	6,7%
- Land and buildings	423	0,0%	418	0,0%	-1,2%
- Shares and equity investments	31.301	3,7%	32.165	3,5%	2,8%
- Bonds and fixed-income securities*	474.606	55,4%	473.615	52,0%	-0,2%
- Mutual fund shares	95.831	11,2%	97.900	10,7%	2,2%
- Financing and Deposits	5.146	0,6%	4.310	0,5%	-16,2%
- Class D investments (linked policies and pension funds)	207.132	24,2%	260.668	28,6%	25,8%
Technical reserves from reinsurers	2.948	0,3%	2.742	0,3%	-7,0%
Credits	20.942	2,4%	21.229	2,3%	1,4%
Accruals and other assets	15.587	1,8%	15.967	1,8%	2,4%
TOTAL	**856.312**	**100,0%**	**911.227**	**100,0%**	**6,4%**
** of which approximately 336 billion in government bonds*					

Source: ANIA

The insurance sector mainly invested in bonds and fixed-income securities: almost **474 billion** invested mainly (more than 70%) in sovereign bonds, stable compared to 2022; the second largest category of investments was in ***mutual funds*** (amounting to **98 billion**) with a 2.2% growth in the last year. Stocks and equity investments, were just over 32 billion, accounting for 3.5% of the total, while real-estate investments were negligible.

Investments related to traditional life insurance policies (Class C)

In the last decade from 2014 to 2023 (***Table 2.1a***), class C life assets in increased by about 170 billion, from 441 to 608 billion, with an average growth by about **20 billion *per year*** (+3.3% on average per year).

Table 2.1a - Investments from 2014 to 2023 - Life sector, Class C

Type of investment	Absolute values (milions)				Variation (milions)		% distribution				Overall variation as %	
	2014	*2021*	*2022*	*2023*	*2014-2023*	*2022-2023*	*2014*	*2021*	*2022*	*2023*	*2014-2023*	*2022-2023*
Real-estate	441	450	423	418	-23	-5	0,1	0,1	0,1	0,1	-5,2	-1,2
Stocks	29.994	31.229	31.301	32.165	2.171	864	6,8	5,0	5,2	5,3	7,2	2,8
Bonds	368.310	487.670	474.606	473.615	105.305	-991	83,5	78,1	78,1	77,8	28,6	-0,2
of which Government bonds:	271.711	342.763	334.019	*335.842*	*64.130*	*1.823*	*61,6*	*54,9*	*55,0*	*55,2*	*23,6*	*0,5*
Quote F.C./Azioni sicav	30.435	99.259	95.831	*97.900*	67.465	2.069	6,9	15,9	15,8	16,1	221,7	2,2
Other investments	11.909	5.732	5.146	*4.310*	-7.599	-836	2,7	0,9	0,8	0,7	-63,8	-16,2
Total	**441.090**	**624.340**	**607.307**	**608.409**	**167.319**	**1.102**	**100,0**	**100,0**	**100,0**	**100,0**	**37,9**	**0,2**

Source: ANIA

The share invested in bonds accounted for 78% of total investments in 2023, and greatly contributed to this growth with more than 100 billion, as in 2022; investments in mutual fund shares accounted for the second largest share, with a ***growth by 222% in the same period,*** amounting to around 70 billion; in 2023, investment in mutual funds increased by 2.2% with respect to 2022, with a share of **16.1%** (15.8% in 2022). Lastly, direct real-estate investments decreased (from 441million euros in 2014 to 418 million in 2023), but they accounted for a negligible part of total investments.

Table 2.2 provides a detailed picture of the top **20** Italian ***life insurance companies*** in terms of ***total class C assets***. At the end of 2023, these companies held a stock of assets amounting to 592 billion dollars and accounted for **91%** of the entire segment, which was worth a total of **651 billion dollars**; as already pointed out, 608 billion dollars were classified as investments, while just over 42 billion were classifiable as 'other assets' (see column 9 and the note). Poste Vita, Intesa Sanpaolo Vita and Generali Italia had a share of more than 10% of total assets under management and together accounted for almost half of the entire sector.

Bonds and fixed-income securities were the predominant form of investment, accounting for around 73% of the total with a total volume of almost 474 billion euros. The role played by mutual fund investments remained significant, reaching 15% of total assets *in* 2023 with ***98 billion*** invested; this share more than doubled in the last ten years.

A more detailed analysis of investments in shares and equity investments (see ***column 5, Table 2.2*** and ***Table 2.3***) shows that for the top 20 companies, this type of investment accounted for 5.2% of the total (***Table 2.2***). For most of these companies, these were participations in other companies (about 80% of this type of investment).

Table 2.2 - Top 20 Italian insurance companies by Class C assets under management (excluding Linked products and pension funds) - Life sector, 2023 (millions)

Insurance company	Total equity investments	Market share	% COMPOSITION OF ASSETS					
			CLASS C INVESTMENTS					Other assets element*
			Land and buildings	Shares and equity investments	Bonds and fixed-income investments	Investments in Mutual funds	Financing and deposits	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
POSTE VITA	155.204	23,9%	-	0,4	73,3	21,5	-	4,8
INTESA SANPAOLO VITA	89.706	13,8%	0,0	3,4	77,4	12,5	0,0	6,7
GENERALI ITALIA	72.235	11,1%	-	6,8	68,0	17,0	0,4	7,9
ALLEANZA ASSICURAZIONI	38.282	5,9%	-	4,9	49,7	33,1	2,3	10,1
UNIPOLSAI ASSICURAZIONI	29.394	4,5%	0,1	4,9	77,8	9,8	0,0	7,4
GENERTELLIFE	26.939	4,1%	-	2,0	75,5	17,1	0,0	5,4
ALLIANZ	22.025	3,4%	-	3,1	85,3	5,7	1,1	4,8
CNP VITA ASSICURA	21.173	3,3%	-	0,4	83,8	10,3	0,0	5,5
ASSICURAZIONI GENERALI	20.737	3,2%	-	69,9	5,8	4,0	13,6	6,7
BNP PARIBAS CARDIF VITA	18.815	2,9%	-	0,5	80,8	15,1	0,0	3,5
CREDIT AGRICOLE VITA	18.276	2,8%	0,3	4,0	79,3	11,4	0,0	5,0
AXA MPS ASSICURAZIONI VITA	14.610	2,2%	0,1	3,1	78,0	14,1	0,0	4,6
ARCA VITA	12.613	1,9%	0,3	1,0	90,3	5,0	0,0	3,5
UNICREDIT ALLIANZ VITA	9.249	1,4%	-	0,8	83,0	3,1	0,0	13,1
CRONOS VITA ASSICURAZIONI	9.227	1,4%	-	0,2	85,4	7,3	0,1	6,9
FIDEURAM VITA	7.773	1,2%	-	0,9	75,0	8,6	0,0	15,5
ATHORA ITALIA	6.548	1,0%	1,4	18,3	77,0	0,0	0,0	3,2
CNP UNICREDIT VITA	6.464	1,0%	0,4	1,2	76,6	10,1	0,0	11,6
VERA VITA	6.447	1,0%	-	1,0	88,2	6,9	-	3,9
ITALIANA ASSICURAZIONI	6.234	1,0%	-	2,8	87,8	2,1	0,0	7,2
Subtotal	**591.952**	**91,0%**	**253**	**30.778**	**427.307**	**91.712**	**4.264**	**37.637**
As % of the subtotal			**0,0**	**5,2**	**72,2**	**15,5**	**0,7**	**6,4**
TOTAL	**650.558**		**418**	**32.165**	**473.615**	**97.900**	**4.310**	**42.149**
As % of the total			**0,1**	**4,9**	**72,8**	**15,0**	**0,7**	**6,5**

*Source: ANIA *Other assets include: intangible assets, reinsurers' share of technical provisions, account receivables, accrued liabilities and other assets*

The companies that invest the most in shares and participations in other companies were Assicurazioni Generali and Generali Italia, which together allocated about 19.4 billion euros to this segment (about 60% of the total). As to equity investments, most were investments in listed companies (***Table 2.3).***

Table 2.3 –The top 20 Italian insurance companies by class C assets under management (excluding Linked products and Pension Funds) - Life insurance business in 2023. Detailed share and equity investments (millions)

Insurance company	Total share and equity investments	Shares as % of the portfolio				
		Market share	Corporate share and equity investments	Listed shares	Non-listed shares	Interests
(1)	(2)	(3)	(4)	(5)	(6)	(7)
POSTE VITA	626	1,9%	55,1	44,9	-	-
INTESA SANPAOLO VITA	3.084	9,6%	57,7	39,4	1,2	1,8
GENERALI ITALIA	4.904	15,2%	85,4	14,4	0,0	0,2
ALLEANZA ASSICURAZIONI	1.865	5,8%	66,7	33,3	0,0	-
UNIPOLSAI ASSICURAZIONI	1.428	4,4%	59,2	33,8	7,0	-
GENERTELLIFE	533	1,7%	54,0	46,0	0,0	-
ALLIANZ	674	2,1%	90,9	7,7	0,0	1,5
CNP VITA ASSICURA	82	0,3%	-	83,5	16,5	-
ASSICURAZIONI GENERALI	14.492	45,1%	99,9	0,0	0,0	0,0
BNP PARIBAS CARDIF VITA	95	0,3%	-	70,0	30,0	-
CREDIT AGRICOLE VITA	739	2,3%	19,3	75,4	5,3	-
AXA MPS ASSICURAZIONI VITA	456	1,4%	69,4	19,8	10,8	-
ARCA VITA	120	0,4%	99,9	0,1	-	-
UNICREDIT ALLIANZ VITA	70	0,2%	75,8	24,2	-	-
CRONOS VITA ASSICURAZIONI	23	0,1%	-	-	100,0	-
FIDEURAM VITA	70	0,2%	0,4	99,4	0,2	-
ATHORA ITALIA	1.199	3,7%	0,1	-	-	99,9
CNP UNICREDIT VITA	79	0,2%	-	67,0	-	33,0
VERA VITA	63	0,2%	99,2	0,8	-	-
ITALIANA ASSICURAZIONI	175	0,5%	98,8	0,1	1,1	0,0
Subtotal	**30.778**	**95,7%**	**24.649**	**4.531**	**294**	**1.305**
As % of the subtotal			**80,1**	**14,7**	**1,0**	**4,2**
TOTAL	**32.165**	**100,0%**	**25.543**	**5.020**	**298**	**1.305**
As % of the total			**79,4**	**15,6**	**0,9**	**4,1**

Source: ANIA

Table 2.4 shows in detail the bond and fixed-income investments, most of which (98%) were listed securities. Poste Vita, Intesa Sanpaolo Vita and Generali Italia held over 230 billion euros' worth of bonds and other securities with a market share of about 50%.

The analysis carried out so far on investments shows that, with the exception of investments in traditional and alternative investment funds, the rest of the assets was managed directly by these companies. However, despite the upward trend of interest rates, which had been very low and close to zero or negative for short maturities until 2021, UCITS investments (especially alternative ones) are expected to further increase in the coming years, also for the purposes of risk diversification, of greater decorrelation and of a growing interest in sustainable investments and the domestic real economy, thus ensuring adequate returns with respect to liabilities.

Additional information on the types of investment funds used by these companies can be obtained from their Solvency II financial statements. ***Table 2.5*** illustrates the data from Life and non-Life insurance companies[4] with the percentage distribution of mutual fund investments in the Life insurance business by type of fund and limited to the non-Linked sector. These data show that about 28% of the almost 100 billion euros' worth of mutual fund investments was allocated to debt funds. However, this share had a slight but steady reduction compared to 2020, when it stood at 32%. The share of asset allocation fund investments was stable compared to 2022, reaching 22.7% at the end of 2023 (vs. 24.4% in 2020). The share of real estate funds increased from 16.0% in 2020 to 18.0% in 2023.

[4] The approximation is admissible because the life sector accounts for more than 90% of the total in the field of investment funds.

The share of investments in alternative funds (5.0% as in 2022), in infrastructural funds (6.4% compared to 5.9% in 2022) and in private equity funds (4.7%) was less significant, while that of money market funds increased (9.0% compared to 4.6% in 2022).

Table 2.4 – The top 20 Italian insurance companies by Class C assets under management (excluding Unit-Linked products and pension funds) - Life insurance business in 2023. Detailed bond and fixed-income investments (millions of euros)

Insurance company	Total bonds and fixed-income securities	Market share	Bonds and fixed-income investments as % of the portfolio securities			
			Bonds issued by companies	Corporate bonds	Non-listed securities	convertibles
(1)	(2)	(3)	(4)	(5)	(6)	(7)
POSTE VITA	113.797	24,0%	-	100,0	-	-
INTESA SANPAOLO VITA	69.410	14,7%	0,9	98,5	0,6	-
GENERALI ITALIA	49.110	10,4%	1,0	97,4	1,3	0,4
ALLEANZA ASSICURAZIONI	19.010	4,0%	1,4	97,6	0,7	0,2
UNIPOLSAI ASSICURAZIONI	22.870	4,8%	0,3	98,2	1,5	-
GENERTELLIFE	20.340	4,3%	0,8	98,8	0,2	0,2
ALLIANZ	18.798	4,0%	3,8	94,4	1,8	0,0
CNP VITA ASSICURA	17.750	3,7%	-	98,2	1,8	-
ASSICURAZIONI GENERALI	1.196	0,3%	-	95,0	5,0	-
BNP PARIBAS CARDIF VITA	15.210	3,2%	0,2	98,8	1,0	-
CREDIT AGRICOLE VITA	14.486	3,1%	0,2	99,8	-	-
AXA MPS ASSICURAZIONI VITA	11.401	2,4%	-	91,4	8,6	0,0
ARCA VITA	11.389	2,4%	-	99,6	0,4	-
UNICREDIT ALLIANZ VITA	7.674	1,6%	1,3	97,3	1,4	0,0
CRONOS VITA ASSICURAZIONI	7.883	1,7%	-	97,6	2,4	-
FIDEURAM VITA	5.827	1,2%	0,2	99,8	-	-
ATHORA ITALIA	5.043	1,1%	-	95,6	4,4	-
CNP UNICREDIT VITA	4.950	1,0%	-	99,8	0,2	-
VERA VITA	5.689	1,2%	0,3	99,1	0,6	-
ITALIANA ASSICURAZIONI	5.474	1,2%	-	98,9	1,1	-
Subtotal	**427.307**	**90,2%**	**2.463**	**420.462**	**4.117**	**265**
As % of the subtotal			**0,6**	**98,4**	**1,0**	**0,1**
TOTAL	**473.615**	**100,0%**	**2.478**	**465.842**	**5.029**	**265**
As % of the Total			**0,5**	**98,4**	**1,1**	**0,1**

Source: ANIA

Table 2.5 - UCITS investment funds at the end of 2023 (excluding Linked contracts) (millions)

Types of mutual investment funds	2020	2021	2022	2023	Var. % '23/'22	Var. % '23/'20
Equity funds	5,9%	6,3%	4,6%	3,6%	-21,7%	-37,9%
Debt funds	32,0%	31,6%	29,4%	28,1%	-2,3%	-9,8%
Money market funds	9,2%	7,0%	4,6%	9,0%	100,0%	0,1%
Asset allocation funds	24,4%	23,5%	22,6%	22,7%	2,3%	-4,7%
Real-estate funds	16,0%	16,7%	20,1%	18,0%	-8,3%	15,8%
Alternative funds	4,1%	4,3%	5,0%	5,0%	2,9%	25,2%
Private equity funds	2,5%	3,5%	4,6%	4,7%	5,6%	89,5%
Infrastructural funds	3,4%	4,2%	5,9%	6,4%	9,6%	92,3%
Others	2,5%	2,9%	3,2%	2,6%	-17,5%	8,7%
Total	**95.347**	**99.259**	**95.831**	**97.900**	**2,2%**	**2,7%**

The total in this table refers to all UCITS in the Life sector (Local Gaap data); the distribution was estimated on the basis of Solvency II information

Investments related to linked policies (class D)

Table 2.6 shows a breakdown of investments (*Local Gaap data*) related to the Linked segment, again using information from the Solvency II financial statements. Linked investments amounted to **261 billion dollars** at the end of 2023, up by 25.8% compared to 2022 and by 33% compared to four years earlier. For a correct interpretation of this change, it is necessary to take into account a deal finalized by an Italian company, which at the end of the year acquired a European company operating in Italy in the sale of linked policies, operating under the "Freedom to provide services" regime and, therefore, not included in the previous years' figures.

More than **85%** of ***these assets*** were allocated to ***investment funds***; the remainder to sovereign bonds (7%), equity (4%) and bonds (3%).

Table 2.6 - Assets by type of investment - Linked products (millions)

	2020	2021	2022	2022 (%)	2023	2023 (%)	Var. % '23/'22	Var. % '23/'20
Attivi detenuti per polizze linked	**196.486**	**232.914**	**207.132**	**100,0%**	**260.668**	**100,0%**	**25,8%**	**32,7%**
Fondi di investimento	165.748	197.702	174.813	84,4%	222.562	**85,4%**	27,3%	34,3%
Titoli di Stato	13.429	13.748	13.347	6,4%	17.947	**6,9%**	34,5%	33,6%
Contante e depositi	4.025	4.421	3.535	1,7%	2.318	**0,9%**	-34,4%	-42,4%
Equity	7.286	9.227	8.081	3,9%	10.065	**3,9%**	24,6%	38,1%
Obbligazioni	5.764	7.481	6.763	3,3%	7.118	**2,7%**	5,3%	23,5%
Altri investimenti	234	335	593	0,3%	657	**0,3%**	10,8%	181,2%

Assets in Linked policies, Mutual funds, Treasury bills, Cash and deposits, Equity, Bonds, Other investments, % Variation

Source: ANIA estimate on the basis of Solvency data - InfoQRT

Table 2.7 also features the geographical analysis of the issuing country. These data show that there is a strong prevalence of investment funds located in Luxembourg and Ireland, where there are more tax benefits. In Luxembourg and Ireland alone, the sector invested around 170 billion euros in investment funds in 2023 (over 75% of the total); a smaller share was invested in funds located in Italy (18.2 billion), France (10.2 billion) and the U.K. (6.9 billion).

Table 2.7 - Assets by type of investment and by issuing country – *Linked products* (millions)

		LUSSEMBURGO	IRLANDA	ITALIA	FRANCIA	INGHILTERRA	STATI UNITI	ALTRI PAESI
Attivi detenuti per polizze linked	**260.668**	**120.907**	**49.650**	**31.582**	**15.367**	**7.845**	**6.717**	**28.601**
Fondi di investimento	222.562	120.555	49.247	18.226	10.246	6.905	1.278	16.106
Titoli di Stato	17.947	159	189	7.866	2.695	34	683	6.321
Contante e depositi	2.318	-	-	1.914	28	-	-	376
Equity	10.065	30	103	1.530	1.166	472	3.908	2.856
Obbligazioni	7.118	154	100	1.959	1.112	406	781	2.604
Altri investimenti	657	8	10	88	119	26	66	339

Assets in Linked policies, Mutual funds, Treasury bills, Cash and deposits, Equity, Bonds, Other investments; Luxembourg, Ireland, Italy, Franc, U.K. USA Other countries

Finally, ***Table 2.8*** shows the percentage allocation of mutual fund investments of the Life insurance business, limited to the Linked compartment and by fund type. The data show that in 2023, equity and debt funds together accounted for 81.7% of the 222.6 billion euros invested, a slight increase over the previous year /78.3%). The share invested in asset allocation funds fell slightly down to 8.9%.

Table 2.8 - Investment funds by type of fund - Linked policies

Type of Mutual Funds	2020	2021	2022	2023		% Var. '23/'22	% Var. '23/'20
Equity funds	42,4%	46,5%	44,3%	46,8%		34,5%	48,4%
Debt Funds	35,8%	33,7%	34,0%	34,9%		30,8%	30,8%
Money market funds	3,5%	2,1%	3,5%	2,6%		-5,9%	-0,3%
Asset allocation funds	9,7%	10,2%	10,6%	8,9%		7,7%	24,0%
Real estate funds	0,0%	0,0%	0,0%	0,0%		31,1%	-26,3%
Alternative funds	1,4%	1,7%	1,8%	1,1%		-18,2%	7,5%
Private equity funds	0,0%	0,0%	0,0%	0,3%		6842,1%	6203,8%
Infrastructural Funds	0,1%	0,1%	0,2%	0,1%		-22,3%	106,4%
Others	7,1%	5,7%	5,7%	5,2%		17,0%	-1,6%
Total	**165.748**	**197.702**	**174.813**	**222.562**		**27,3%**	**34,3%**

The Total shown in the table refers to all UCITS in the Life sector (Local Gaap data); the estimated distribution is based on the information obtained from Solvency II data

2.3 A European comparative analysis

In order to compare the different investment policies of life insurance companies in the main European countries, all the investments are calculated at ***current values***, unlike in the previous paragraphs, as required by the current Solvency II supervisory regulations. The analysis was conducted by processing the data published by EIOPA related to the QRTs(5) of the fourth quarter of 2023, and by focusing on the total investments of life, mixed and non-life insurance companies the in Italy, France, Germany, Spain, the Netherlands, Belgium, Denmark, Sweden and Ireland. It should be noted that the life investment portfolio accounted for more than 90% of total investments.

For Italy, the ***value of insurance company investments*** measured according to Solvency II accounting standards was equal to **962 billion euros**, with an increase by 8.1% compared to 2022; out of this total, **702 billion** (+3.6% compared to 2022) related to life and non-life insurance contracts excluding linked policies, while the remaining **260 billion** (+22.3% compared to 2022) related to the Linked segment of the life sector (***Figure 2.5***). The portfolio ***directly managed*** by these companies accounted for about **66%** of all investments, comprising direct investments in Italian and foreign government bonds, corporate bonds, strategic holdings and equity. The share of the investments ***managed indirectly*** through mandates refers to all UCITS investments, i.e. traditional and alternative investment funds, which accounted for **33.9%** of the total in 2023 (equal to about 325 billion euros), a share that grew steadily over the four-year period (26.6% in 2020, 29.4% in 2021 and 31.3% in 2022).

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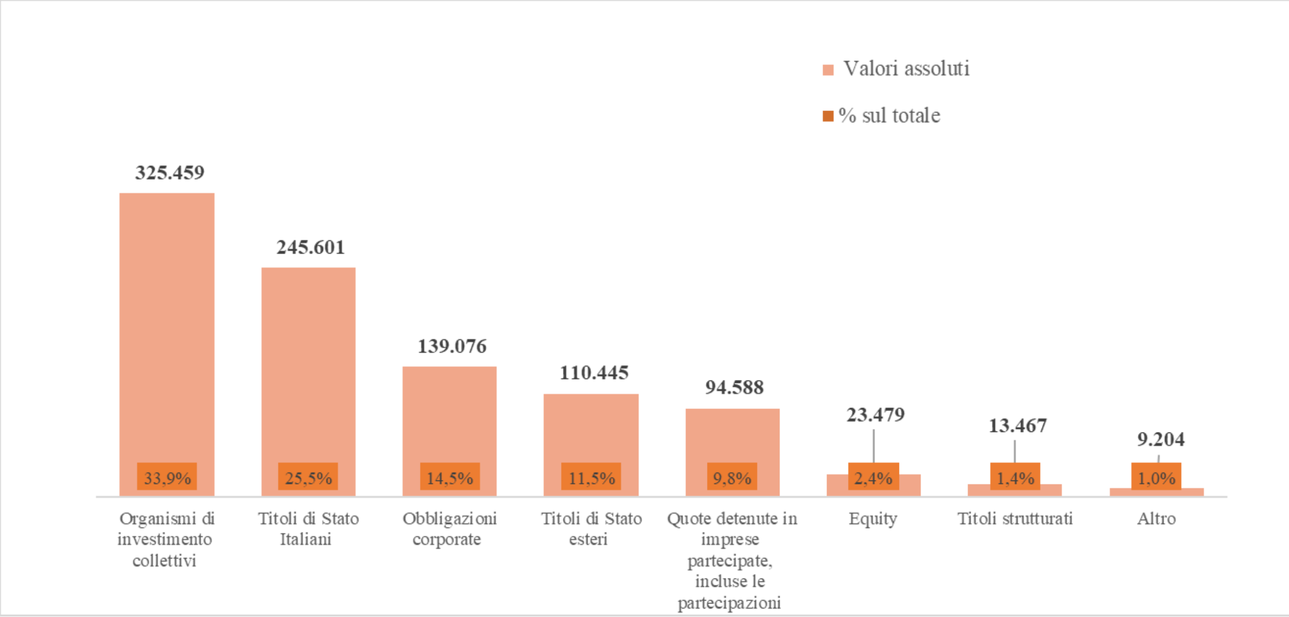
[5] Quantitative Reporting Templates.

Figure 2.5 - Investments (non-Life and Life) of the Italian insurance industry in 2023 (millions of euros and as %)

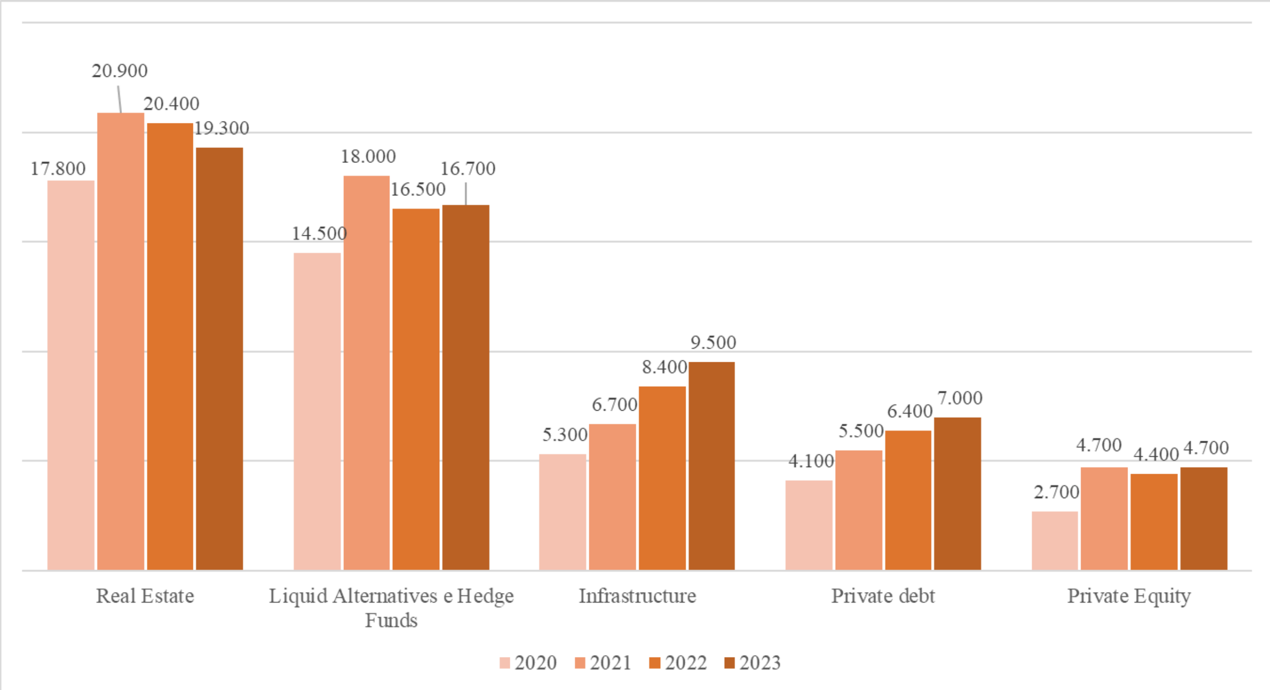


Collective investment schemes, Italian treasury bills, Corporate bonds, Foreign treasury bills, Shares of subsidiaries including equity investments, Equity, Structured securities Others; Absolute values, as % of the total

Traditional funds accommodated 83% of UCITS investments, 46% invested in fixed income funds, with a good diversification in the investment grade, high yield, emerging market asset classes, with an increase in the monetary component in recent years; the rest consisted of equity UCITS. The geographical diversification of the portfolio was characterised by a predominant exposure to non-European countries or to funds with a global focus (almost 73% for bond investments, over 82% for equity investments and almost all for balanced funds). The fund investment strategy was designed to diversify the portfolio into asset classes other than those managed directly. The share of non-traditional or alternative funds within the UCITS category declined over the past year, from 20% (or 56 billion dollars) in 2022 to 18% (or 57.3 billion dollars) in 2023, while it remains almost constant at 6% of the entire portfolio.

Figure 2.6 shows the evolution of alternative investments over time and how insurance companies have already started to position their portfolios in view of the climate transition, as reflected in the increased allocation to infrastructural funds, with a volume of 9.5 billion euros (16.6% of total alternative investment funds), compared to 8.4 billion (15.0%) in 2022. Investments in private debt and private equity funds also increased, while investments in liquid alternative strategies remained virtually unchanged in absolute terms. Furthermore, the share allocated to real estate investments had a slight decrease (19.3 billion in 2023, 20.4 billion in 2022), which nevertheless remained the dominant strategy in the alternative segment.

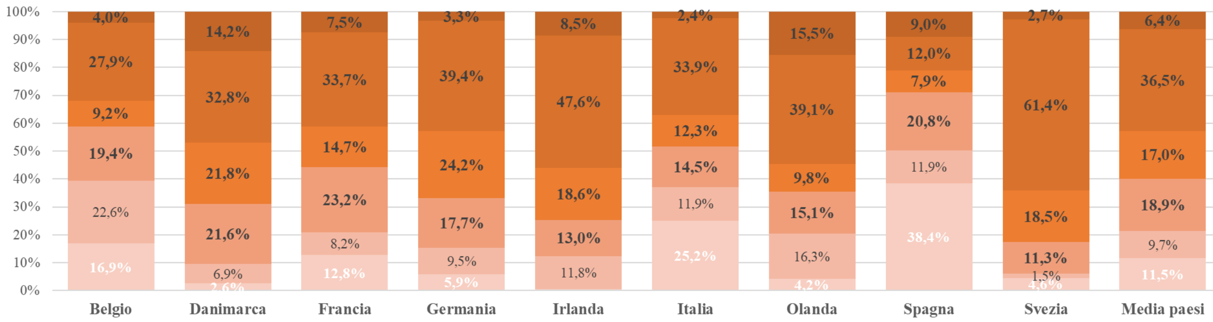
Figure 2.6 - Alternative Funds (millions)



As regards the comparison with the main European countries, fixed-income securities prevail in all markets, albeit with different levels of exposure between corporate and sovereign bonds. At the end of 2023, the average exposure to domestic sovereign bonds in the nine countries under analysis was just under 12%, while in Italy the investment in domestic sovereign bonds, although gradually decreasing in recent years is still higher and equal to 25.2%, preceded only by Spain with 38.4% and followed by Belgium with 16.9%, France with 12.8% and, at about half the average, Germany (5.9%), Sweden (4.6%), the Netherlands (4.2%), Denmark (2.6%) and Ireland (close to zero). The share of foreign sovereign bonds also in 2023 was particularly significant for Belgium (22.6%) and the Netherlands (16.3%), smaller and around 8/12% for Spain, Italy, Ireland, Germany and France, 6.9% for Denmark and 1.5% for Sweden. By contrast, the average exposure of these countries in corporate bonds was around 19%.

French companies invested the most in this *asset class* (23.2%), followed by Danish (21.6%), Spanish (20.8%), Belgian (19.4%) and German (17.7%) companies. By contrast, the concentration of such investments in the balance sheets of Italian and Dutch insurance companies was in the order of 14-15%. Predominant and above the nine-country average was the ***share*** of ***investment funds*** in the portfolios of Swedish (**61.4%**), Irish (47.6%), German (39.4%), Dutch (39.1%), French (33.7%) and Danish (32.8%) companies. In Italy, the share of UCITS, as we have seen, is 33.9%, while in Belgium it is 27.9%. As for equity instruments, averaging 17%, including holdings in affiliated companies, the largest share was held by German insurance companies (24.2%), followed by Danish (21.8%), Irish (18.6%), Swedish (18.5%), French (14.7%), Italian (12.3%) and Belgian and Dutch companies (9/10%) (***Figure 2.7***).

Figure 2.7 – Investments by European companies - IV Quarter 2023 (billions of euros and as %)



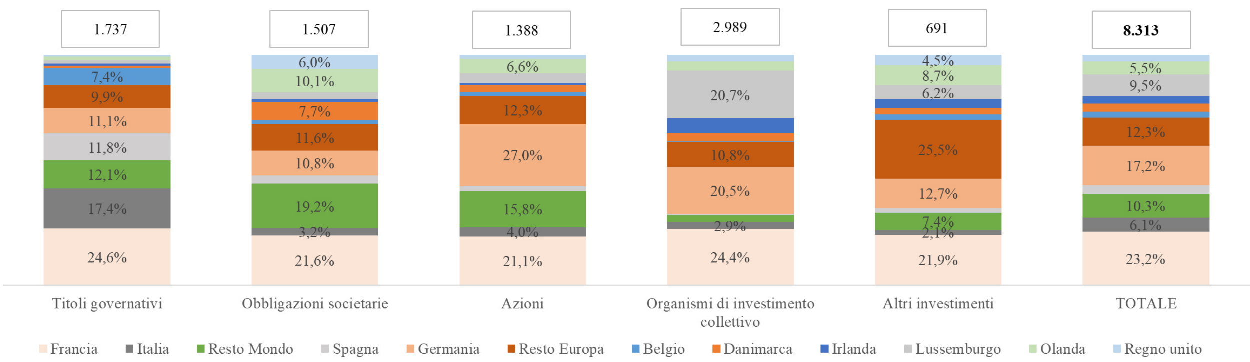
Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden., Average; Domestic government bonds, Foreign government bonds, Corporate bonds, Equity, Collective investment funds, Other investments

Note: Other investments include structured bonds, collateralised securities, derivatives and other minor items. Source: EIOPA data processed by ANIA, Insurance statistics

Figure 2.7b highlights the countries of the world where the EU insurance industry invested. Overall, only 6.1% (or about 508 billion euros) of European investments are made in Italy. The country with the highest share of investments was France with 23.2% (equal to approximately 2,000 billion), followed by Germany with 17.2%; European Union companies invested 10.3% of their assets in non-European countries.

The prevailing form of investments certainly was in collective investment funds, which almost reached **3,000 billion** in 2023. The funds that received the highest share of investments were the French (24.4%), Luxembourg (20.7%) and German ones (20.5%); The European market invested only ***2.9%*** in the Italian funds for an amount equal to 87 billion euros.

Figure 2.7b – Investments by European companies - IV Quarter 2023 (billions of euros, as %)

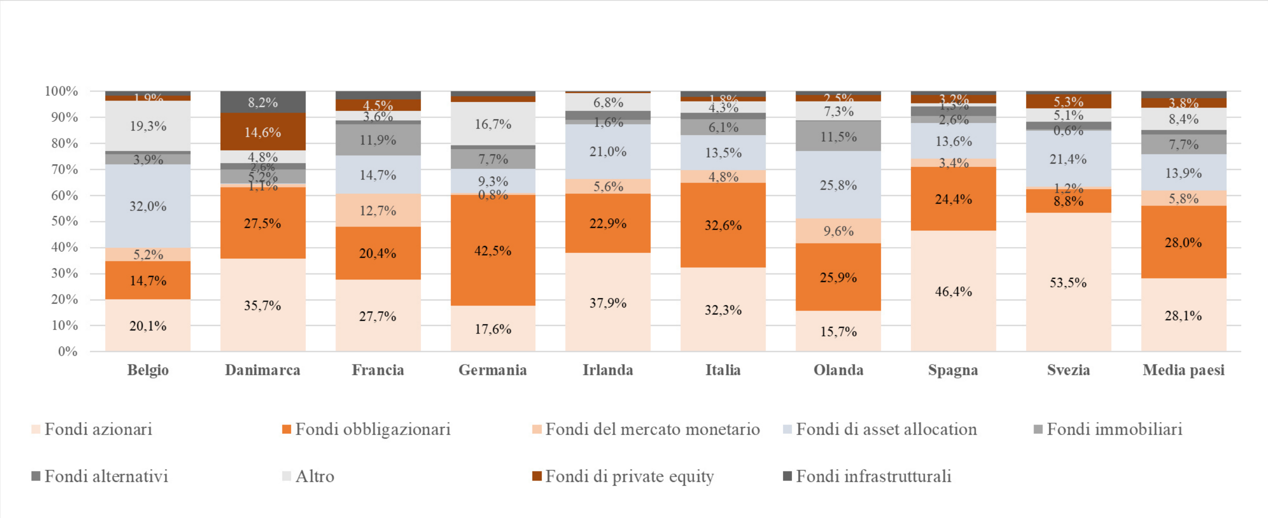


France, Italy, Rest of the world, Spain, Germany, Rest of Europe, Belgium, Denmark, Ireland, Luxembourg the Netherlands, U.K.; Treasury bills, Corporate bonds, Equity, Collective investment funds, Other investments, Total.

Note: Other investments include structured bonds, collateralised securities, derivatives and other minor items. Source: EIOPA data processed by ANIA, Insurance statistics.

As to the types of investment funds, ***Figure 2.8*** shows that, overall, European companies mainly invested p in equity (28.1%) and debt (28.0%) funds. In particular, Germany featured the highest share of debt funds at 42.5%, while Sweden featured a share of equity funds equal to 53.5%. Europe featured a minor share of investments in asset allocation funds (13.9%) and real estate funds (7.7%). It is important to highlight the 12.7% share of money market funds in the French portfolio, the 14.6% share of private equity and 8.2% of infrastructural funds in the Danish portfolio.

Figure 2.8 - Investment funds of European companies IV Quarter 2023



Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Average; Equity funds, Debt funds, Money market funds, Asset allocation funds, Rea-estate funds, Alternative funds, Others, Private equity funds, Infrastructural funds.

Note: Other investments include structured bonds, collateralised securities, derivatives and other minor items. Source: EIOPA data processed by ANIA, Insurance statistics. Source: ANIA elaborations on EIOPA data, Insurance statistics

3. Open-ended Pension Funds (FPA): members, assets and managers

The number of operational **open-ended pension funds** at the end of 2023 was stable at 40 compared to 2022, as was the number of sub-funds (183). By contrast, the number of companies operating in the sector fell by one, down to 30 last year.

Membership - The positive upward trend in the number of members continued in 2023, with an increase by 5.9% over 2022 (+ 6.1%), reaching a total of more than 1.9 million. The membership data and breakdown showed a growth in the number of self-employed (+2.5%) and employed members (+7.5%) at the end of 2023, in both cases, on an individual basis.

Table 3.1 shows the top 10 groups managing and distributing open-ended pension funds ranked by ***number of outstanding positions,*** accounting for **86.6%** of the total.

Table 3.1 – The top 10 groups managing open-ended funds by number of outstanding positions in 2022-2023

OPEN-ENDED PENSION FUND	OUTSTANDING POSITIONS IN 2022	OUTSTANDING POSITIONS IN 2023
Gruppo Intesa Sanpaolo	**583,390**	**604,899**
Il mio domani	437,057	450,094
Fideuram - Fideuram Vita	101,681	112,006
Previdsystem	27,181	26,170
Ubi Previdenza	11,686	10,402
Giustiniano	4,861	5,381
Bap Pensione 2007	924	846
Arca SGR - Arca previdenza	**205,013**	**214,494**
BCC Risparmio e Previdenza SGR	**158,465**	**174,809**
Gruppo Amundi	**134,724**	**151,697**
Seconda Pensione	89,202	95,411
Core Pension	45,522	56,286
Gruppo Allianz	**128,632**	**140,823**
Allianz previdenza	99,491	109,801
Insieme	27,254	29,231
Unicredit - Allianz vita	1,887	1,791
Itas Vita	**107,373**	**118,943**
AXA MPS Previdenza per te	**87,104**	**86,606**

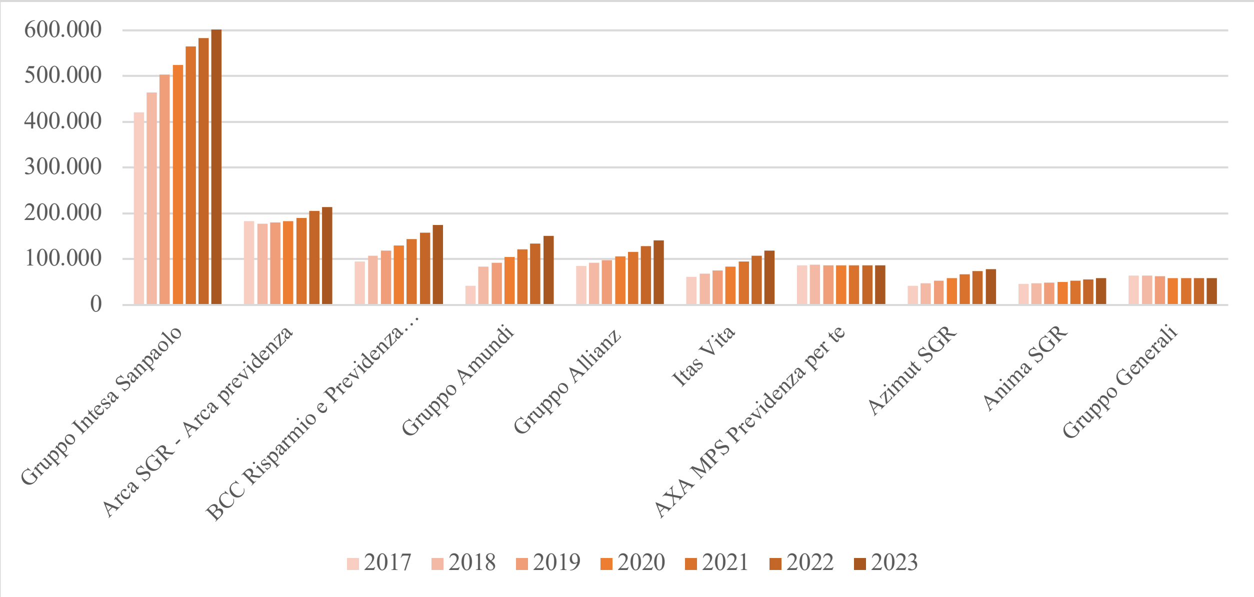
Source: COVIP data processed by Itinerari Previdenziali Study and Research Center

In 2023, the share of outstanding positions not financed by contributions increased further to 736,000, or to 38% of the total, up from 692,000 positions in 2022 and from 664,000 in 2021. This was mainly due to 51% of self-employed workers who did not pay their contributions vs. 31% of employed workers, in line with 2022.

This growth trend shows that, on the one hand, workers are still not aware of how important it is to have a complementary pension scheme, even though almost half of pensioners are fully or partially supported by tax-payers; on the other hand, many operators tend to choose other, perhaps more profitable solutions.

Figure 3.1 shows the evolution of the outstanding positions for each fund from 2017 and 2023, with only one change with respect to 2022: Anima SGR featured almost 3,000 more positions in 2023, thus outnumbering the Generali Group.

Figure 3.1 – The top 10 groups managing open-ended funds by number of outstanding positions from 2017 to 2023



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

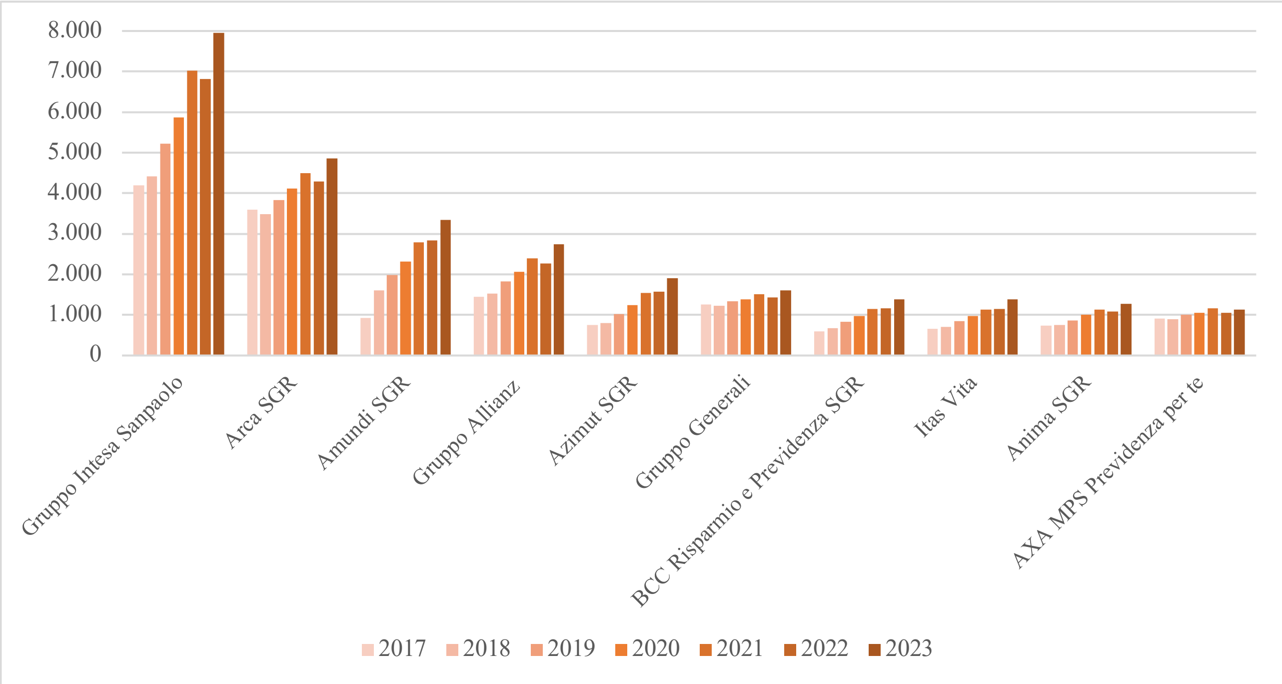
The **net assets allocated to benefits** amounted to **32.6 billion euros**, up by 16.3% from 28 billion in 2022. In 2023, open-ended pension funds collected more than 3 billion euros' worth of contributions, plus 7.4% with respect to 2.8 billion in 2022. More than 2 billion euros flowed into employed workers' positions, of which 909 million (or 44.6%) accounted for termination of employment benefits. The increase in the amount of contributions continued in 2023, bringing the average contributions paid by members to 2,560 euros, up with respect to 2,520 euros in 2022 and to 2,490 euros in 2021. The contributions paid by self-employed workers remained stable at 2,780 euros in 2022 vs 2,720 in 2021. Instead, for employed workers, the contribution amount increased from 2,650 euros in 2022 to 2,720 in 2023 (compared to 2,640 euros in 2021).

There were no particular changes in the way ***open-ended funds managed their resources;*** as in 2022, ***insurance companies*** continued to have a market share of 54.5%, while the rest of the market was in the hands of funds set up by asset management companies (42%) and of the only bank present in the sector (3.5%). It should be noted that the concentration level of funds managed by the top five financial and insurance companies rose to 68%.

The net asset allocation of open-ended pension funds remained largely stable compared to 2022 with 46.3% allocated to balanced sub-funds (46.2% in 2022 and 46.5% in 2021) of the total, 25.7% to equity sub-funds (24.2% in 2022 and 23.9% in 2021), 16.8% to guaranteed funds (down from 18.2% in 2022 and from18.1% in 2021), and 11.2% to bond sub-funds (11.4% in 2022 and 11.5% in 2021).

Figure 3.2 and ***Table 3.2*** show the **assets** of the top 10 groups managing open-ended-ended pension funds, that accounted for 84.5% of the total.

Figure 3.2 – The top 10 groups managing open-ended funds by assets from 2017 to 2023 (millions of euros)



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

The ranking has remained unchanged since 2022: the Intesa Sanpaolo Group was still on top, with an increase in its assets from 6.8 billion in 2022 to 7.9 billion in 2023, followed by Arca SGR and Amundi SGR.

In general, in 2023, the 32.6 billion euros' worth of assets of open-ended pension funds were directly managed by the asset management companies, banks or insurance companies that had set up them up, as in the case of Intesa Sanpaolo and the Group's asset management companies: SGRs, Epsilon SGR, Eurizon Capital SGR and Fideuram; the same for Arca SGR, Amundi and so on. However, the funds or investment vehicles of third-party management companies were becoming increasingly popular, accounting for an estimated average of 30/40% of assets under management.

Table. 3.2 – The top 10 groups managing open-ended funds by assets in 2022-2023 (millions of euros)

OPEN-ENDED PENSION FUND	ASSETS IN 2022	ASSETS IN 2023
Gruppo Intesa Sanpaolo	**6,809,69**	**7,950,91**
Il mio domani	3,503,63	4,093,98
Fideuram	2,326,37	2,843,95
Previdsystem	675,16	694,96
Ubi Previdenza	187,50	184,77
Giustiniano	105,97	122,69
Bap Pensione 2007	11,06	10,57
Arca SGR	**4,287,77**	**4,863,94**
Amundi SGR	**2,835,59**	**3,346,45**
Seconda pensione	2,200,21	2,479,10
Core Pension	635,38	867,35
Gruppo Allianz	**2,264,73**	**2,734,75**
Allianz previdenza	1,596,44	1,935,35
Insieme	631,74	762,41
Unicredit - Allianz vita	36,54	37,00
Azimut SGR	**1,572,03**	**1,899,10**
Azimut Previdenza	1,451,40	1,702,32
Azimut Sustainable Future	120,63	196,78
Gruppo Generali	**1,430,34**	**1,601,61**
Generali global	1,311,69	1,475,76
Almeglio - Alleanza	118,65	125,85
BCC Risparmio e Previdenza SGR	**1,166,75**	**1,389,05**
Itas Vita	**1,144,77**	**1,380,28**
Anima SGR	**1,086,25**	**1,272,39**
AXA MPS Previdenza per te	**1,048,92**	**1,131,52**
TOTALE	**23,646,83**	**27,570,01**

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

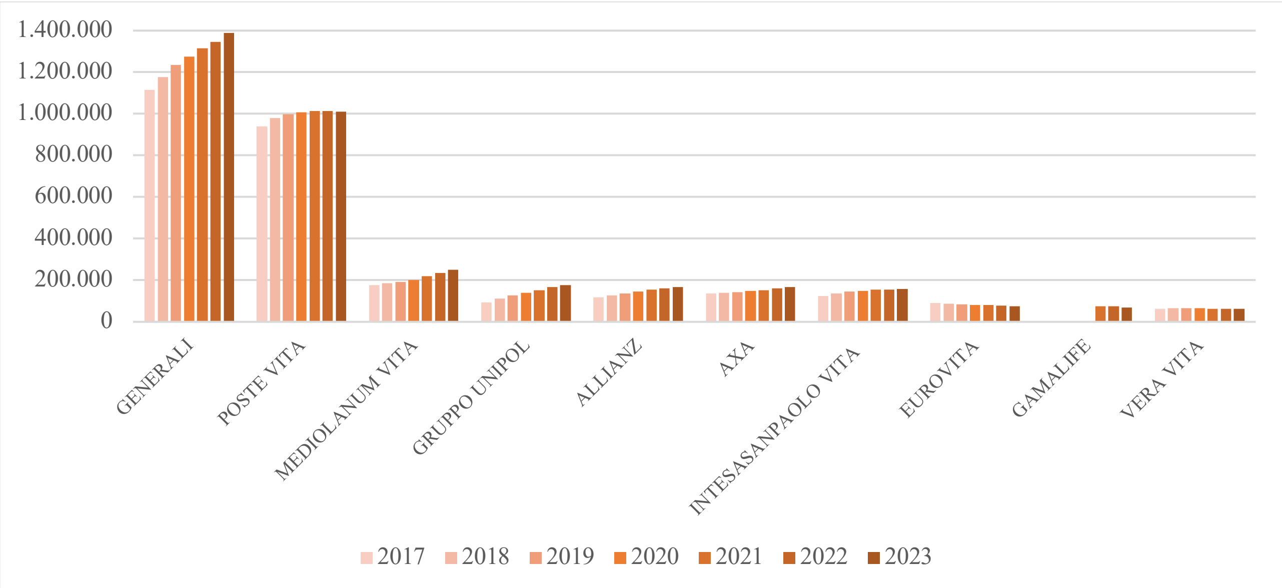
4. Individual Pension Plans (IPPs): members, assets and managers

Members - In 2023, **PIPs featured a total of 4,075,112 outstanding positions**; of these, 3,781,049 related to ***'new' PIPs*** (i.e. set up or adjusted according to Legislative Decree no. 252/2005), accounting for more than 93% of insurance-type PIP members. The actual number of members[1] of new PIPs was 3,602,587, while those in the so-called 'old' PIPs was equal to 294,063, for a total of 3,896,650, that is about 41% of the total number of members in complementary pension schemes. PIPs memberships continued to grow in 2023, +2.2% over 2022 (+2.4% in 2022 over 2021); however, as occurred in open-ended funds, with a large number of members not paying contributions equal to 1.33 million, about 35% of the total, more significant for self-employed workers with 45% with respect to employed workers with 30%, the same as in 2022.

Number of active PIPs - The following figures exclusively refer to 'new' PIPs, also because the old PIPs are no longer allowed to enrol new members and to allocate termination of employment benefits. At the end of 2023, there were **68 'new' PIPs** operating in the sector, 36 of which were closed to new members, the same number as the previous year, despite the fact that two PIPs, managed by the same company, were merged and two were newly established (Athora Futuro Previdenza and Pensione Futura). By contrast, the number of insurance companies active in the sector rose to 32, +1 compared to 2022.

The top 10 groups operating in the 'new' PIP sector, ranked by number of outstanding positions, accounted for more than 93% of the total (***Table 4.1***); ***Figure 4.1*** shows the graphic distribution of outstanding positions.

Figure 4.1 - The top 10 Groups managing 'new' PIPs by number of outstanding positions from 2017 to 2023



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

[1] The difference between the outstanding positions and the number of members is due to the fact that the law allows for the possibility to register with one or more pension schemes; therefore, the outstanding positions refer to the total membership of complementary pension schemes. Membership refers to the number of individuals (per capita) with one or more outstanding positions in complementary pension schemes, net of duplications due to multiple participations, except for 'old' PIPs, for which there is no distinction between positions and members. Pensioners are excluded.

The ranking did not change from the previous year for the first three steps of the podium: Generali remained at the top with 1,388,426 outstanding positions after the 2022 mergers, followed by Poste Vita and by Mediolanum Vita. The only change was for Allianz which replaced AXA in the 5th place.

Table 4.1 - The top 10 Groups managing 'new' PIPs by number of outstanding positions in 2022-2023

"NEW" PIPS	OUTSTANDING POSITIONS 2022	OUTSTANDING POSITIONS 2023	"NEW" PIPS	OUTSTANDING POSITIONS 2022	OUTSTANDING POSITIONS 2023
GENERALI	**1,346,013**	**1,388,426**	**INTESASANPAOLO VITA**	**155,162**	**156,707**
Alleata Previdenza - Alleanza	657,888	690,259	Il mio futuro	135,312	137,957
Generazione Previdente - Generali Italia	608,829	618,836	PIP progetto pensione	10,809	10,371
BG previdenza attiva - Genertellife	32,039	33,048	Vita&previdenza più	4,724	4,560
Pensionline - Genertellife	28,067	27,980	Previnext Platinum	2,718	2,393
Futuro Attivo - Genertellife	19,081	18,198	Ouverture 2007	776	686
Nuova Pensione - Genertellife	109	105	Bap Crescendo Previdente	683	620
POSTE VITA	**1,013,893**	**1,010,591**	Previnext	126	107
MEDIOLANUM VITA	**234,329**	**250,601**	Aviva Vita - Pro Futuro	14	13
GRUPPO UNIPOL	**166,120**	**177,541**	**EUROVITA**	**78,424**	**75,236**
Previdenza futura	90,526	105,093	PP BayerischeT 4036	28,470	27,461
Unipol Futuro Presente	75,594	72,448	PP BayerischeT 4046	22,888	22,080
ALLIANZ	**161,405**	**167,514**	PP BayerischeT 4026	16,956	16,314
Orizzonte previdenza	149,885	154,841	NG nuova generazione	6,038	5,655
Unicredit previdenza	6,378	6,547	Rendita di Previdenza Qualificata	1,694	1,582
Moneyfarm	4,474	5,487	Pensione domani	1,545	1,437
Elios previdenza	668	639	Futuro per te	833	707
AXA	**161,718**	**166,747**	**GAMALIFE**	**75,124**	**68,209**
AXA Mps previdenza attiva	108,743	111,041	Vipensiono	67,145	60,991
Mia pensione	31,292	34,548	Futuro pensione	7,979	7,218
AXA Progetto Pensione	16,027	15,272	**VERA VITA**	**63,001**	**62,252**
AXA Mps previdenza personale	5,656	5,886	Pensione sicura	51,626	51,255
			Vita previdenza	11,375	10,997
TOTAL for the top 10 Groups				**3,455,189**	**3,523,824**

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

In 2023, the **resources allocated to benefits** increased by 9.8%, with respect to +3.4% in 2022, in line with +12.6% in 2021 and +10.1% in 2020 compared to 2019, bringing the total **to 49.938 billion euros**; if approximately 6.844 billion's worth of the 'old' PIPs are added to this figure, their overall value exceeds **56 billion**, i.e. 25.30% of all pension funds' assets, despite having over 40% of the members.

The 'new' individual pension plans (PIPs) featured an increase in contribution flows, reaching around 5.1 billion euros, compared to 4.9 billion in 2022. The positions related to employed workers received 3.4 billion euros' worth of contributions, in line with 2022, 32% of which from termination of employment benefits. In addition, there was an increase in the average contributions paid by members in 2023, which amounted to 2,160 euros compared to 2,140 in 2022 and to 2,130 in 2021. The contributions paid by self-employed workers were much higher, with a slight growth compared to the previous year, reaching 2,690 euros (vs.2,680 in 2022) with respect to the ones paid by employed workers (2,120 euros compared to 2,080 in 2022).

The analysis of the investments shows that C***lass I "segregated funds"*** still accounted for the largest share, that is 71.8% of the total, down from 74.9% in 2022. The remaining 28.2% of resources were allocated to ***Class III°*** products, with 13% allocated to equity investments (up with respect to 11% in 2022 and to 12.7% in 2021), 10.8% to balanced investments (up from 9.5% in 2022 and from 10.2% in 2021), and 4.3% to bonds (stable compared to 2022 and to 4.8% in 2021).

Management of resources - As in the case of the open-ended funds, PIPs' resources are mostly managed by the same insurance companies that set them up, especially if these are Class I segregated schemes or multi-class schemes, or by companies within the same Group; however, products from third-parties such as traditional and alternative assets and ETFs have become more popular for diversification and specialisation purposes; even for PIPs, it can be estimated that around 30% of the 56 billion euros' worth of assets under management is entrusted to third-party management companies; this is especially true for companies that do not have asset management units or have small ones, thus making this "institutional investor" increasingly interesting for "product factories".

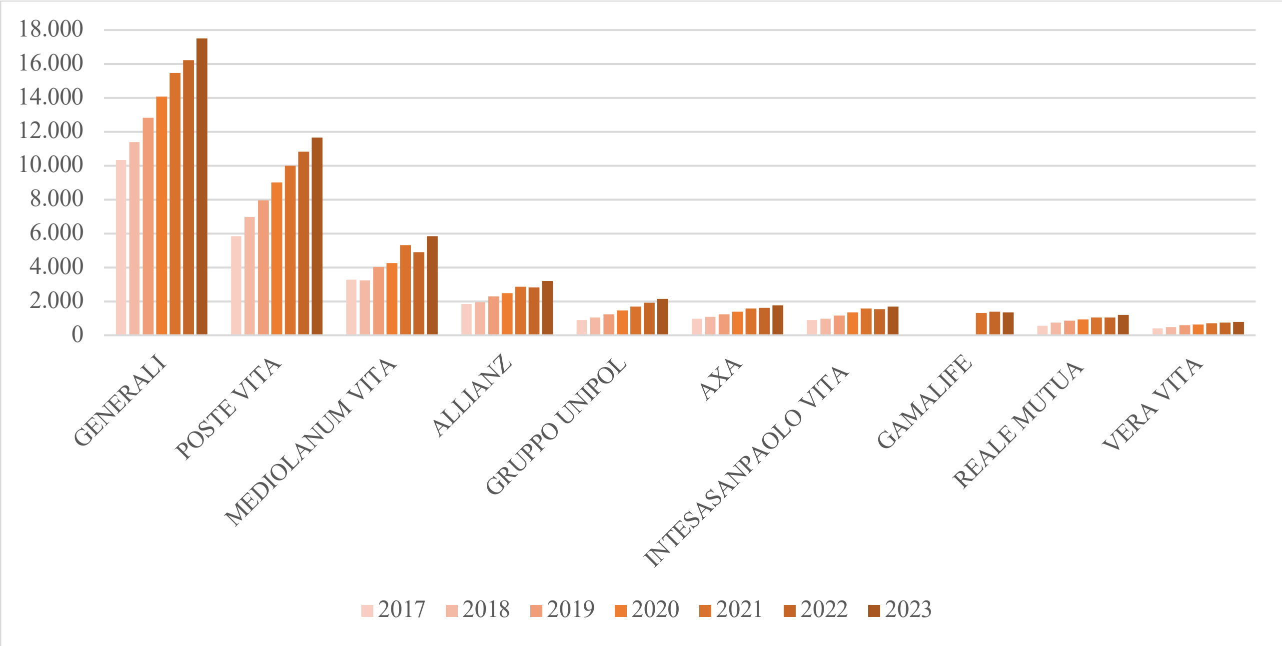
Table 4.2 and ***Figure 4.2*** list the top 10 Groups that manage 'new' PIPs by assets (net assets allocated to benefits), accounting for 94.4% of the total of this sector. The ranking did not change with respect to the previous year, consolidating Generali at the top followed by Poste Vita and Mediolanum Vita.

Table 4.2 - The top 10 Groups managing 'new' PIPs by assets in s 2022-2023 (millions of euros)

"NEW" PIPS	ASSETS IN 2022	ASSETS IN 2023	"NEW" PIPS	ASSETS IN 2022	ASSETS IN 2023
GENERALI	**16,231.0**	**17,516.5**	**INTESASANPAOLO VITA**	**1,554.7**	**1,708.5**
Generazione Previdente - Generali Italia	8,681.1	9,206.5	Il mio futuro	1,038.2	1,173.8
Alleata Previdenza - Alleanza	6,127.7	6,781.5	Pip progetto pensione	325.9	345.5
BG previdenza attiva -Genertellife	842.8	928.2	Vita&previdenza più	110.3	113.5
Pensionline-Genertellife	418.5	448.9	Previnext Platinum	51.6	48.7
Futuro attivo - Genertellife	158.3	148.8	Ouverture 2007	12.5	12.1
Nuova Pensione - Genertellife	2.5	2.6	Bap Crescendo Previdente	12.6	11.9
POSTE VITA	**10,837.3**	**11,644.9**	Previnext	3.5	2.7
MEDIOLANUM VITA	**4,887.1**	**5,835.6**	Aviva Vita - Pro Futuro	0.2	0.2
ALLIANZ	**2,820.2**	**3,197.0**	**GAMALIFE**	**1,371.0**	**1,334.7**
Orizzonte previdenza	2,701.6	3,048.7	Vipensiono	1,171.7	1,142.0
Unicredit previdenza	83.7	95.1	Futuro pensione	199.2	192.7
Moneyfarm	27.2	45.3	REALE MUTUA	1.048.0	1.208.4
Elios previdenza	7.7	7.9	Cento stelle Reale	400.0	470.0
GRUPPO UNIPOL	**1,902.6**	**2,152.0**	Cento stelle tax plan	250.7	278.3
Unipol Futuro Presente	1,219.9	1,246.3	Feelgood Italiana assicurazioni	179.7	225.2
Previdenza futura	682.7	905.7	Planner	104.9	106.5
AXA	**1,617.2**	**1,769.1**	Domani sicuro plus	87.3	128.6
AXA Mps previdenza attiva	823.3	902.8	Domani sicuro	13.5	-
Mia pensione	349.3	405.6	Progetto pensione sicura	11.9	-
AXA progetto pensione	331.8	336.7	**VERA VITA**	**729.9**	**787.2**
AXA Mps previdenza personale	112.8	123.9	Pensione sicura	565.2	618.7
			Vera Vita previdenza	164.6	168.5
TOTAL for the top 10 Groups				**42,998.9**	**47,153.9**

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

Figure 4.2 - The top 10 Groups managing 'new' PIPs by assets from 2017 to 2023 (millions of euros)



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

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

At the end of 2023, there were 33 occupational pension funds still operational, the same figure since 2018, with **4.017 million *members***, about 211,000 more than in 2022 (+5.55%). This increase was still partly due to contractual memberships[1], which were about 1.7 million compared to 1.58 million in the previous year. However, the increase in the number of these memberships was matched by a growing number of members not paying contributions, accounting for about 38% of the total. ***Table 5.1*** shows the evolution of occupational pension funds from 1999 to 2024, both in terms of their ***number*** and of their ***members***. The historical series shows that, as of 2018, the number of these funds had returned to 33 as in 1999, with a peak of 44 in 2002. Except for their significant growth from 33 to 42 funds in 1999/2000, the number of these funds has remained more or less consistent over the years.

Table 5.1 - Number of funds and members from 1999 to 2023

Year	Number of Funds	Members	Year	Number of Funds	Members	Year	Number of Funds	Year
1999	33	701,127	**2008**	41	2,043,509	**2017**	35	2,804,633
2000	42	877,523	**2009**	39	2,040,150	**2018**	33	3,000,500
2001	41	984,567	**2010**	38	2,010,904	**2019**	33	3,160,206
2002	44	1,021,186	**2011**	38	1,994,280	**2020**	33	3,261,244
2003	42	1,042,381	**2012**	39	1,969,771	**2021**	33	3,452,593
2004	41	1,062,907	**2013**	39	1,950,552	**2022**	33	3,806,064
2005	43	1,155,168	**2014**	38	1,944,276	**2023**	33	4,017,250
2006	42	1,219,372	**2015**	36	2,419,103			
2007	42	1,988,639	**2016**	36	2,596,819			

Membership - The number of members had almost doubled in 2006 compared to 1999. In 2007, there was a further significant increase due to the entry into force of Legislative Decree no. 252/2005 in January 2007 and the start of the registration mechanism through the transfer of termination of employment benefits via ***silent consent***. Since then, the number of members has remained more or less the same until early 2015, when the above-mentioned contractual membership mechanism was introduced and gradually extended to many labour contracts.

Table 5.2 shows the 33 funds by membership growth, while ***Figure 5.1*** by absolute number of members. The top *20 occupational pension funds* accounted for **94%** of the total number of members in the system. The number of outstanding positions for which no contributions were paid in 2023 were about 1 million, an increase by almost 90,000 positions compared to 2022, with a steady growth in recent years (325,000 in 2016); as mentioned at the beginning, the increase in the number of

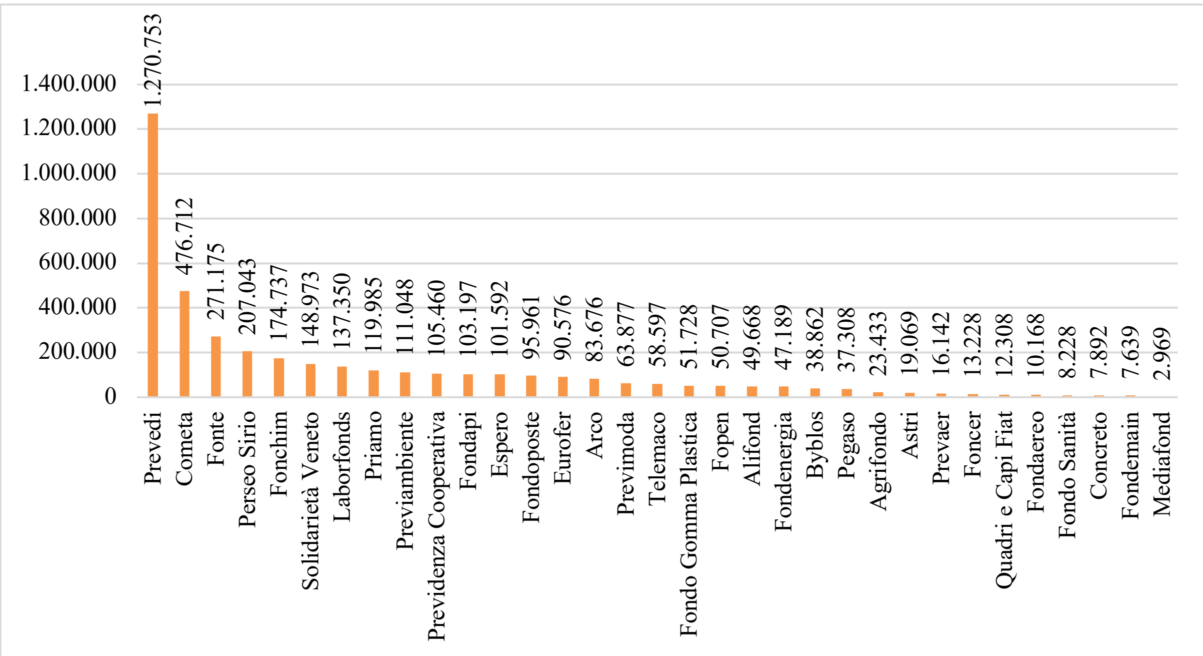
[1] The contractual membership provides for the payment of a contribution by the company for all workers with a specific collective labour agreement, without any obligation on the part of the worker to pay any contribution or transfer their termination of employment benefits. It was introduced in January 2015 by Fondo Prevedi for all the construction workers subject to the collective labour agreement for this sector, under which the companies had to pay a contractual contribution ranging from 10 to 20 euros per month. In 2023, the number of funds with contractual memberships was again 14: Prevedi, Eurofer, Priamo, Previambiente, Perseo Sirio, Previdenza Cooperativa, Fondapi, Byblos, Solidarietà Veneto, Astri, Laborfonds, Concreto, Arco, Agrifondo.

outstanding positions for which no contributions were paid is mainly ascribed to contractual memberships.

Table 5.2 - Ranking of occupational pension funds by membership growth rate in 2023

Name of the Fund	Members in 2023	Members in 2022	% Var.	Name of the Fund	Members in 2023	Members in 2022	% Var
Perseo Sirio	207,043	169,491	22.16%	Fondemain	7,639	7,414	3.03%
Agrifondo	23,433	20,505	14.28%	Espero	101,592	98,600	3.03%
Fondaereo	10,168	9,377	8.44%	Concreto	7,892	7,680	2.76%
Previambiente	111,048	102,514	8.32%	Fondenergia	47,189	45,978	2.63%
Solidarietà Veneto	148,973	137,810	8.10%	Fonchim	174,737	170,396	2.55%
Prevedi	1,270,753	1,183,091	7.41%	Fondoposte	95,961	93,590	2.53%
Eurofer	90,576	84,465	7.23%	Cometa	476,712	465,298	2.45%
Prevaer	16,142	15,118	6.77%	Quadri e Capi Fiat	12,308	12,015	2.44%
Fondapi	103,197	96,979	6.41%	Alifond	49,668	48,571	2.26%
Fonte	271,175	255,489	6.14%	Laborfonds	137,350	134,330	2.25%
Mediafond	2,969	2,821	5.25%	Fondo Gomma Plastica	51,728	50,836	1.75%
Fondo Sanità	8,228	7,868	4.58%	Arco	83,676	83,175	0.60%
Pegaso	37,308	35,684	4.55%	Telemaco	58,597	58,460	0.23%
Astri	19,069	18,351	3.91%	Foncer	13,228	13,334	-0.79%
Fopen	50,707	48,848	3.81%	Previdenza Cooperativa	105,460	109,073	-3.31%
Priamo	119,985	115,803	3.61%	Byblos	38,862	41,412	-6.16%
Previmoda	63,877	61,681	3.56%	**Totale**	**4,017,250**	**3,806,057**	**5.55%**

Figure 5.1 - Occupational pension funds by number of members in 2023



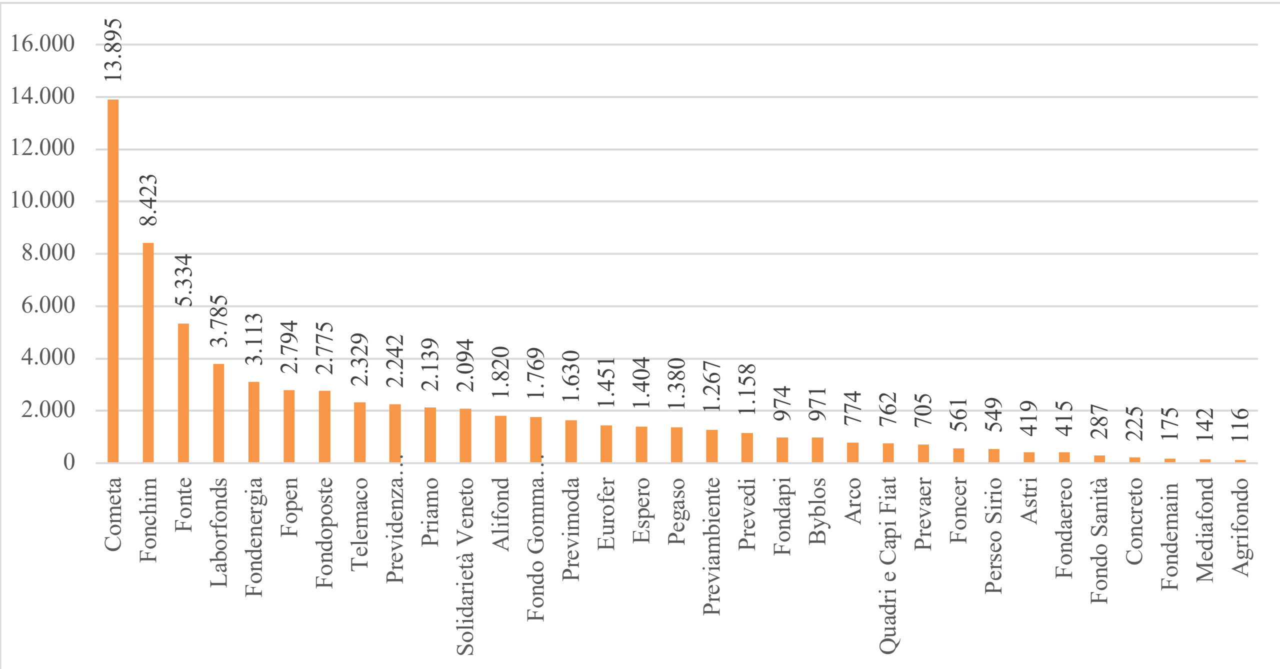
Assets - The overall assets of these funds amounted to **67.875 billion euros**, with an increase by 6.77 billion compared to 61.100 billion in 2022 (+11% over the previous year, compared to -6.46% in 2022 vs. 2021), primarily due to the recovery of financial markets. As shown in the historical series reported in ***Table 5.3,*** after the 2022 drop due to the very negative performance of financial markets, which also affected the 5- and 10-year returns (the only time since 1999), the assets of these funds bounced back thanks to the positive rally of the markets.

Table 5.3 – Assets of occupational pension funds from 1999 to 2023 (millions of euros)

Year	Assets	Year	Assets	Year	Assets
1999	544	**2008**	14,092	**2017**	49,456
2000	1,190	**2009**	18,757	**2018**	50,410
2001	2,256	**2010**	22,384	**2019**	56,136
2002	3,264	**2011**	25,272	**2020**	60,368
2003	4,543	**2012**	30,174	**2021**	65,322
2004	5,881	**2013**	34,504	**2022**	61,101
2005	7,615	**2014**	39,644	**2023**	67,875
2006	9,257	**2015**	42,546		
2007	11,599	**2016**	45,931		

Figure 5.2 shows the ranking of the occupational pension funds by net assets allocated to benefits. The top 20 funds accounted for over 91% of the total, the same as for their membership.

Figure 5.2 - Occupational pension funds by assets in in 2023 (millions of euros)



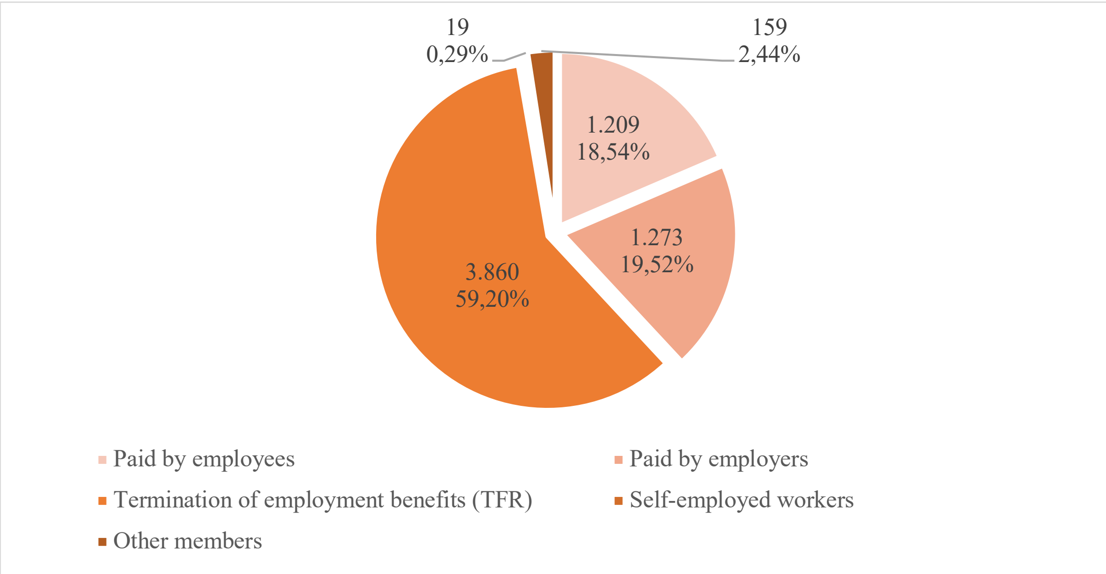
<u>Contribution flows and asset trends</u>– Unlike in 2022, in 2023 all occupational pension funds featured a positive asset trend, largely attributable to incoming contribution flows. The significant increase (over 40%) related to Perseo Sirio was due to the growth of silent-consent memberships for the second consecutive year, which, unlike what is provided for private workers, involve all contribution flows (termination of employment benefits, employers' and employees' contributions) and not just termination of employment benefits (***Table 5.4***). The contribution flow in 2023 amounted to **6.519 billion euros**, up from 6.051 in 2022 (+7.7%), from 5.788 in 2021, and from 5.448 in 2020. Considering that almost all occupational pension funds' members are employed workers, the first three flow items are related to the transfer of termination of employment benefits, accounting for about 60% of the total inflow, with the employers' and the employees' contributions accounting for 19.5% and for 18.5% of the total respectively; the contributions paid by self-employed workers and by other members, such as dependents, remained negligible.

The average contributions paid by complying members, including contractual members, were equal to, 2,200 euros vs. 3,330 euros (3,230 in 2021) excluding contractual memberships.

Table 5.4 - Asset trend of occupational pension funds in 2023

Name of the fund	Assets in 2023	Assets in 2022	% Var.	Name of the fund	Assets in 2023	Assets in 2022	% Var.
Perseo Sirio	548,682,723	382,174,023	43.57%	Espero	1,403,964,090	1,274,111,134	10.19%
Prevedi	1,157,711,774	966,935,898	19.73%	Fondo Gomma Plastica	1,768,559,905	1,605,529,005	10.15%
Solidarietà Veneto	2,093,539,829	1,811,555,726	15.57%	Fondenergia	3,113,313,879	2,832,786,228	9.90%
Eurofer	1,451,236,291	1,262,077,774	14.99%	Fondoposte	2,774,958,129	2,529,034,010	9.72%
Prevaer	704,575,822	619,757,519	13.69%	Fondo Sanità	286,831,324	261,755,306	9.58%
Astri	418,525,132	369,126,460	13.38%	Fondemain	175,330,989	160,049,299	9.55%
Fonte	5,334,173,475	4,746,415,520	12.38%	Previmoda	1,630,129,209	1,489,280,019	9.46%
Fopen	2,793,977,527	2,487,978,525	12.30%	Previambiente	1,267,318,018	1,158,251,893	9.42%
Agrifondo	115,786,550	103,533,792	11.83%	Quadri e Capi Fiat	762,254,188	698,473,512	9.13%
Priamo	2,138,925,222	1,918,233,131	11.50%	Telemaco	2,328,749,957	2,141,854,263	8.73%
Fondapi	974,341,426	874,737,710	11.39%	Mediafond	141,652,877	130,473,574	8.57%
Laborfonds	3,784,928,025	3,403,214,837	11.22%	Concreto	224,812,141	207,703,926	8.24%
Pegaso	1,380,170,155	1,244,805,740	10.87%	Foncer	561,069,851	519,594,616	7.98%
Fonchim	8,422,632,173	7,602,353,451	10.79%	Fondaereo	415,145,505	385,994,093	7.55%
Cometa	13,894,503,410	12,563,399,825	10.60%	Byblos	970,683,192	903,189,831	7.47%
Arco	774,426,187	702,378,431	10.26%	Previdenza Cooperativa	2,241,685,677	2,092,312,980	7.14%
Alifond	1,820,280,975	1,651,858,886	10.20%	**Totale**	**67,874,877,650**	**61,100,932,959**	**11.09%**

Figure 5.3 - Breakdown of contribution flows in 2023 (millions of euros)

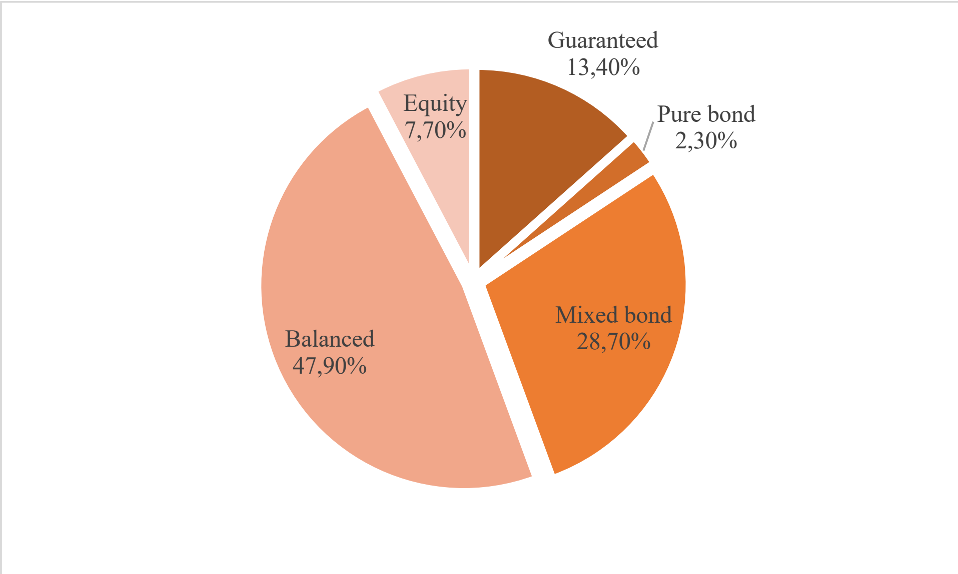


<u>Breakdown of assets by sub-funds</u> – The annual analysis of the financial statements of occupational pension funds[2] shows that the 33 funds featured a total of 99 sub-funds (+1 compared to 2022), of which 32 were guaranteed, 28 balanced, 16 mixed bond, 19 equity, and 4 pure bond; in terms of net

[2] Every year, the Itinerari Previdenziali Study and Research Centre analyses the financial statements of all institutional investors, thus including occupational pension funds, and feeds a relational database with all the data related to the securities featured in the portfolio of each individual fund; the following analyses are derived from e processing these data.

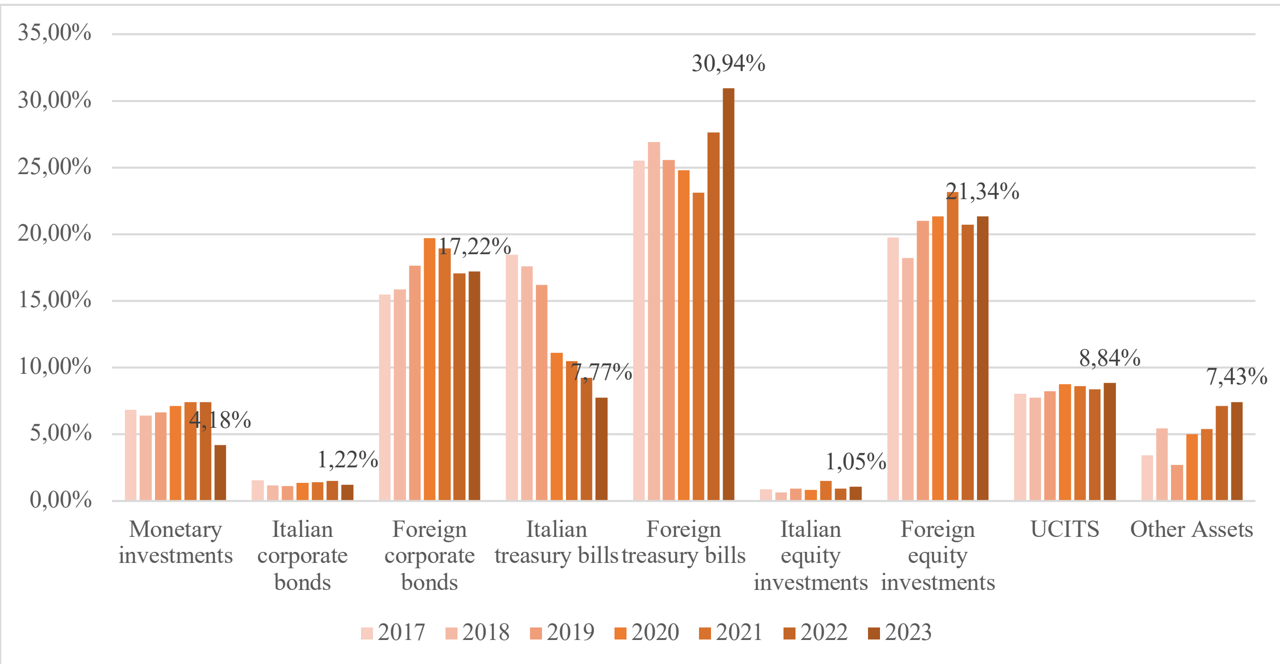
assets allocated to benefits (***Figure 5.4***), with still a predominant share of balanced and bond sub-funds, respectively 47.9% and 31% (about 53.6 billion out of 67.87 billion); instead, that of guaranteed sub-funds remained at 13.4% (about 9 billion) and that of equity sub-funds grew from 6.8% in 2022 to 7.7% in 2023 (5 billion euros).

Figure 5.4 – Net assets allocated to benefits by sub-fund in 2023



Assets Under Management - ***Figure 5.5*** highlights the composition of the assets under management of occupational pension funds over the last 7 years.

Figure 5.5 - Assets under management of occupational pension funds from 2017 to 2023



The analysis of the assets under management shows that the most significant share continued to be ***debt securities***, equal to 57%, up from 55% in 2022 and from 54% in 2021, mainly due to the growth of the share of foreign government bonds, back to the 2020 levels (57%), which almost accounted for

60.5% in 2019 and for 62% in 2018; specifically, ***government bonds*** accounted for 38.7% of the assets under management (36.6% in 2022, 33.6% in 2021, 36% in 2020, 42% in 2019, and 44.53% in 2018), of which 31% issued by foreign states and the remaining 7.8% by Italy (steadily declining in the recent years of observation, for a value of about 5.6 billion euros); instead, ***corporate bonds*** accounted for 18.4%, stable compared to last year, of which 17.2% issued by foreign companies. The share of equity investments increased, while the share of UCITS remained substantially stable at **22.4%** and at **8.8%** respectively. Monetary investments decreased from 7.4% to 4.18%.

<u>Types of securities and geographical breakdown</u> – On the basis of our database and COVIP data (***Table 5.5***), it is possible to identify the composition of the portfolio (debt and equity securities) of held by occupational pension funds both directly and through UCITS, by applying the "look-through" principle based on the geographical area. The share invested in debt securities issued by organizations in the Eurozone countries remained predominant, substantially unchanged compared to 2022, accounting for 43.3% of the securities portfolio, of which 10.8% issued by Italian companies.

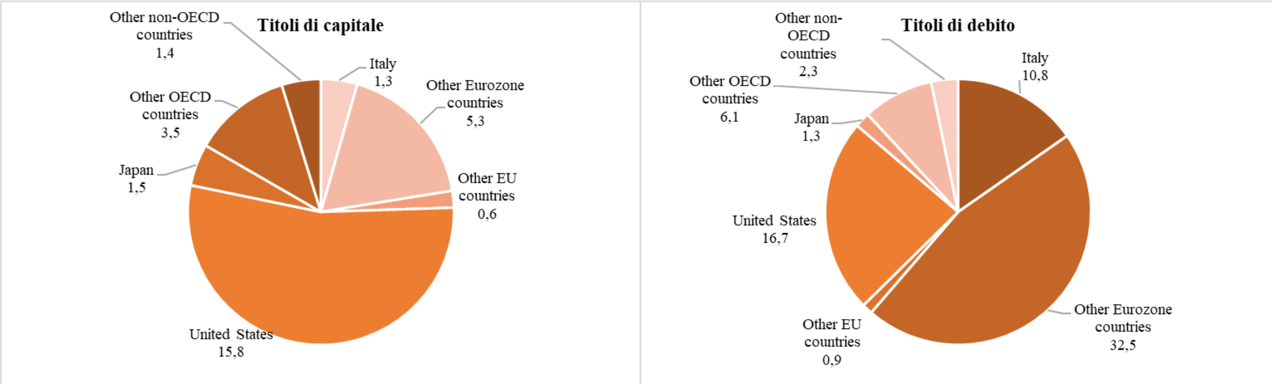
Table 5.5 - Assets of occupational pension funds by type and by geographical area (as %)

	2022	2023					
	Total	Guaranteed	Pure bond	Mixed bond	Balanced	Equity	Total
Debt securities	**71.0**	**96.0**	**100.0**	**69.4**	**68.2**	**39.0**	**70.6**
Italy	12.8	25.6	21.4	9.0	8.4	5.4	10.8
Other Eurozone countries	30.5	59.9	46.7	34.1	26.0	16.4	32.5
Other EU countries	0.9	1.4	1.7	0.7	0.9	0.4	0.9
United States	16.5	4.7	18.0	15.8	21.4	11.1	16.7
Japan	1.5	0.7	0.9	0.6	2.0	0.5	1.3
Other OECD countries	6.4	3.4	9.2	7.3	6.3	4.0	6.1
Non-OECD countries	2.5	0.4	2.1	2.0	3.3	1.2	2.3
Stocks	**29.0**	**4.0**	**-**	**30.6**	**31.8**	**61.0**	**29.4**
Italy	1.2	0.2	-	1.2	1.5	2.7	1.3
Other Eurozone countries	5.8	1.0	-	6.3	5.1	11.3	5.3
Other EU countries	0.6	0.1	-	0.5	0.7	1.0	0.6
United States	14.6	2.0	-	15.8	17.5	33.5	15.8
Japan	1.5	0.2	-	1.4	1.8	2.9	1.5
Other OECD countries	3.8	0.6	-	3.7	3.9	6.9	3.5
Non-OECD countries	1.6	1.0	-	1.7	1.5	2.6	1.4
Total in the portfolio	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: 2023 Report, COVIP. The table includes both securities held directly and those held through UCITs (so-called 'look through principle')

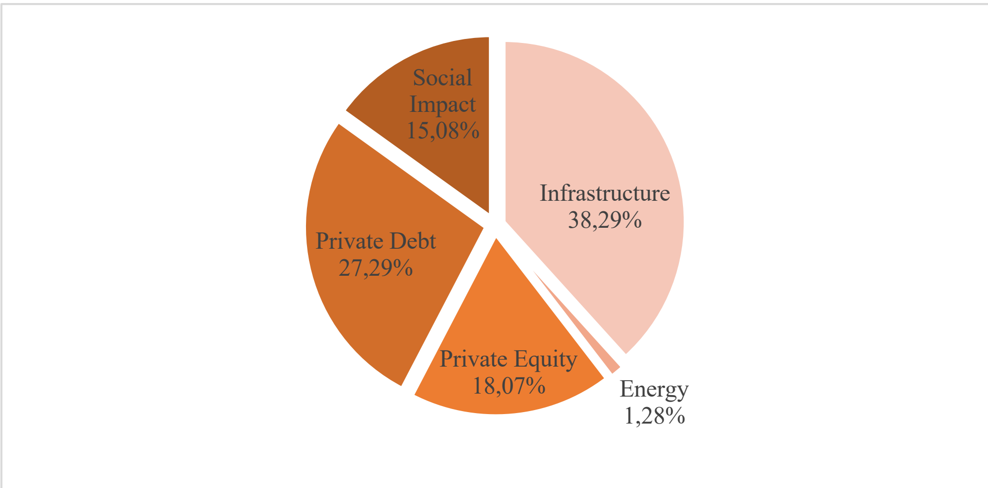
In 2023, the greater exposure to debt securities in the other Eurozone countries (+2%) was again offset by the decline in Italian debt securities (-2%). Net of the investments in debt securities issued by US organizations, (+0.2%), the investments in debt securities issued by other OECD and non-OECD countries dropped as well as those in debt securities issued by Japanese companies.

As to the more geographically diversified equity investments, those issued by the U.S. accounted for 15.8% (up from 14.6% in 2022), followed by the Eurozone with 6.6% (decreasing again by 0.4% in 2023). Regarding the latter, there was a slight increase in the investments in the shares issued by Italian-based companies (+ 0.1%), while those in the shares issued by other Eurozone countries decreased (-0.5%). The investments in the shares issued by other OECD and non-OECD country-based organizations suffered a slight reduction (-0.2% and -0.3% respectively).



<u>Direct and indirect investments of occupational pension funds</u> – In line with the provisions under Legislative Decree no. 252/2005 and Ministerial Decree no. 166/2014, the assets of these funds are almost entirely managed by outsourced professional entities, such as banks, securities investment companies (SIM), asset management companies (SGR) and insurance companies. However, the so-called '***direct management***' of part of these assets expanded again in 2023, leveraging the provisions under Article 6, paragraph 1, letters d) and e) of the aforementioned decree, by underwriting or directly purchasing interests or shares of real-estate companies, or shares of mutual funds or closed real-estate funds. In 2023, ***direct investments*** amounted to approximately 550 million euros (380 million in 2022 and 300 million in 2021), accounting for 0.8%[3] of all net assets allocated to benefits. These were mainly direct investments in alternative investment funds (AIFs) illustrated in ***Figure 5.6***.

Figure 5.6 - Types of AIFs directly purchased by occupational pension funds in 2023



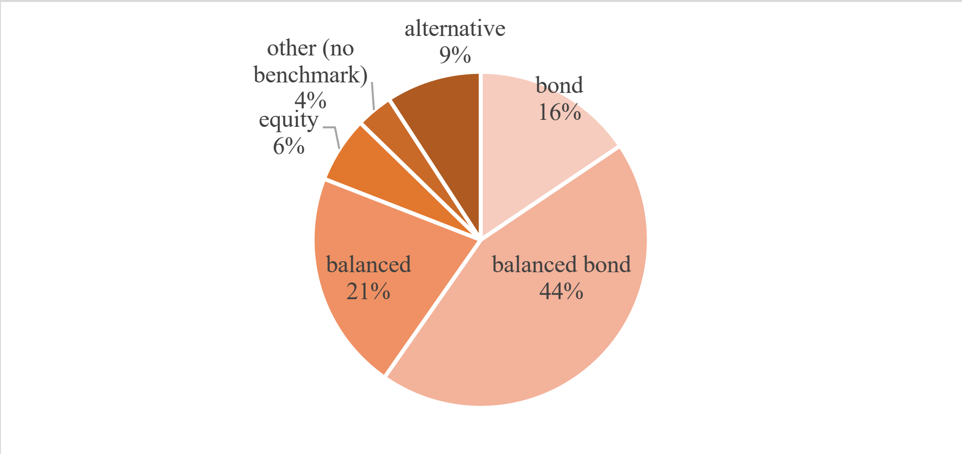
Infrastructural funds accounted for **38%** of the total investments, followed by ***private debt*** funds (approximately **27%**), ***private equity*** funds (**18%**), and the rest by ***social impact*** funds, which in this specific case included ***social housing*** funds (approximately **15%**, with a significant growth compared

[3] In detail, the occupational pension funds that make direct investments: Arco, Byblos, Concreto, Eurofer, Fonchim, Fondenergia, Fon.Te, Fopen, Laborfonds, Pegaso, Perseo Sirio, Prevaer, Prevedi, Previambiente, Previdenza Cooperativa, Previmoda, Priamo, Solidarietà Veneto. For further details, please look into the database.

to 6% in 2022). Of the 550 million euros' worth of direct investments, about 100 million refer to funds of funds in private debt, private equity, and infrastructural funds managed by Fondo Italiano d'Investimento SGR and by CDP Real Asset SGR as part of the ***Real Economy Project***, an initiative promoted by Assofondipensione and Cassa Depositi e Prestiti.

Instead, with regard to ***mandated investments***, the main way in which these funds manage their assets, ***Figure 5.7*** confirms the high number of ***bond mandates***, with 'pure' bond and balanced bond mandates accounting for **60%** of the total (slightly down from 61.8% in 2022 and from 62.3% in 2021). These two types of mandates accounted for almost **75%** of the total.

Figure 5.7 - Types and number of mandates in 2023



These were followed by balanced (21%), equity (6%) and alternative mandates in private markets (increasing from 6% to 9%), and mandates classified as "other" (4%), i.e. without benchmarks (e.g. total return, absolute return and multi-asset*)*. Balanced mandates accounted for approximately 18% of the assets under management, equity for just under 5%, others for 1.7%, and alternatives for 1.2%.

At the end of 2023, there were 26 ***private mandated asset management agreements*** with alternative investment funds signed by 11 occupational pension funds (17 in 2022), (Alifond, Byblos, Foncer, Fondenergia, Fondo Gomma Plastica, Fondoposte, Fopen, Pegaso, Previmoda, Quadri e Capi Fiat, and Telemaco) for about 900 million euros. Of these 26 alternative mandates, 17 were related to common initiatives; of the 9 mandates related to the private equity asset class, 6 were signed as part of the ***Iride Project***[4]; of the 7 private debt mandates, 5 were part of the ***Zefiro Project***[5]; the 6 infrastructural mandates were all related to the ***Vesta Project***[6], while the remaining 4 were multi-asset mandates in the private equity and private debt sector coming from individual funds.

[4]In 2020, the mandate entrusted to Neuberger Berman by five pension funds became operational; this was implemented through the **Iride Project**, a joint initiative promoted by **Foncer, Fondenergia, Fondo Gomma Plastica, Pegaso** and **Previmoda** aimed at investing in the real economy and, in particular~~,~~ in *the private equity* sector for a total of **216 million**, mainly in Europe, with a significant share in AIFs investing in companies operating in Italy,

[5] In June 2021, the **Gomma Plastica, Fopen, Pegaso** and **Previmoda** funds launched the **Zefiro Project**, designed to jointly invest approximately **215 million euros** in the private debt sector*,* through a management mandate to StepStone Group Europe AIL. The main strategy chosen was senior secured or unitranche corporate direct lending and the investments were mainly targeted to Europe, with a specific focus on the domestic market, but may also include diversification towards the North American market.

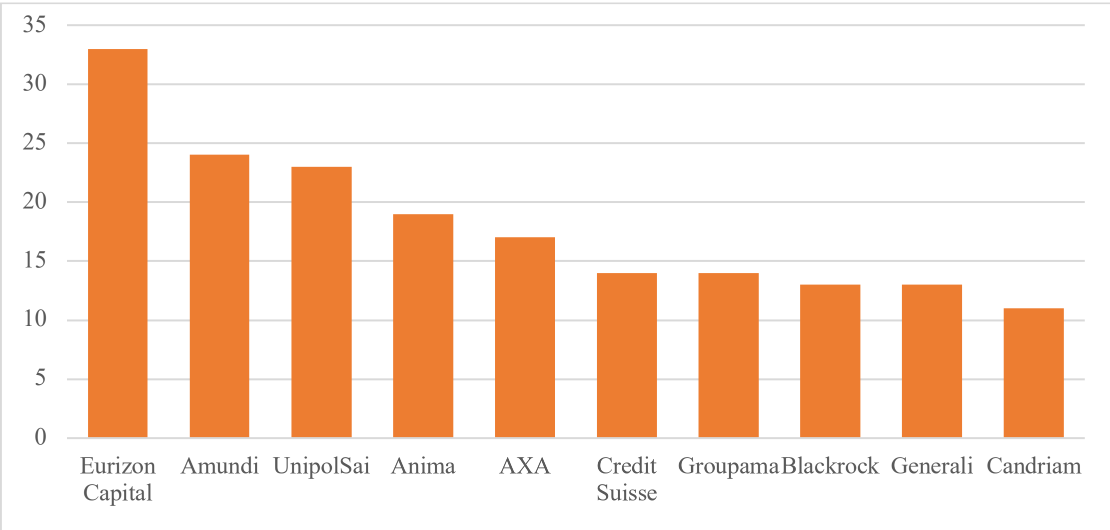
[6] March 6 2023 marked the entry into force of the mandate assigned to Eurizon Capital Real Asset Sgr within the scope of the **Vesta Project**, promoted by **Foncer, Fondo Gomma Plastica, Fopen, Pegaso and Previmoda**. The total amount committed was **168 million euros** and the investments, targeted to the European Union and a significant share

The management mandates were entrusted to 42 specialized companies, of which 27 from abroad and 15 from Italy with 151 mandates, accounting for 53.7% of the assets under management, to SGRs (36.5%), insurance companies (9.4%), banks (5.3%), and SIMs (2.6%), for a total of about 36 billion euros; foreign companies were entrusted with 129 mandates, accounting for 46.3% of the total and for a value of 31 billion euros; the share managed by Italy-based companies belonging to foreign groups was equal to about 62.6%.

Domestic real economy – Overall, occupational pension funds invested a modest share in the Italian economy: mandated indirect featured **1.3%** of Italian corporate bonds with respect to the total of net assets allocated to benefits and about **1.1%** of Italian stocks. By adding **0.5%** of direct investments in domestic AIFs (0.3% in 2022 and 0.2% in 2021), it is possible to estimate that the occupational pension funds invested 3% of their ***assets*** in the domestic real economy (2.8% in 2022), ***rising to*** **11%** also considering the 8% invested in government bonds. The inflow of termination of employment benefits alone into these funds was equal to 3.86 billion euros, while investments in the real economy in the same year amounted to about 2 billion, thus resulting in a negative difference of about 1.86 billion; by adding this figure to that of 2022, it is possible to see a diversion of resources from Italian companies to foreign ones.

Management companies – Figures 5.8 and 5.9 show the ranking of the top 10 management companies by number of mandates and by assets under management (AUM).

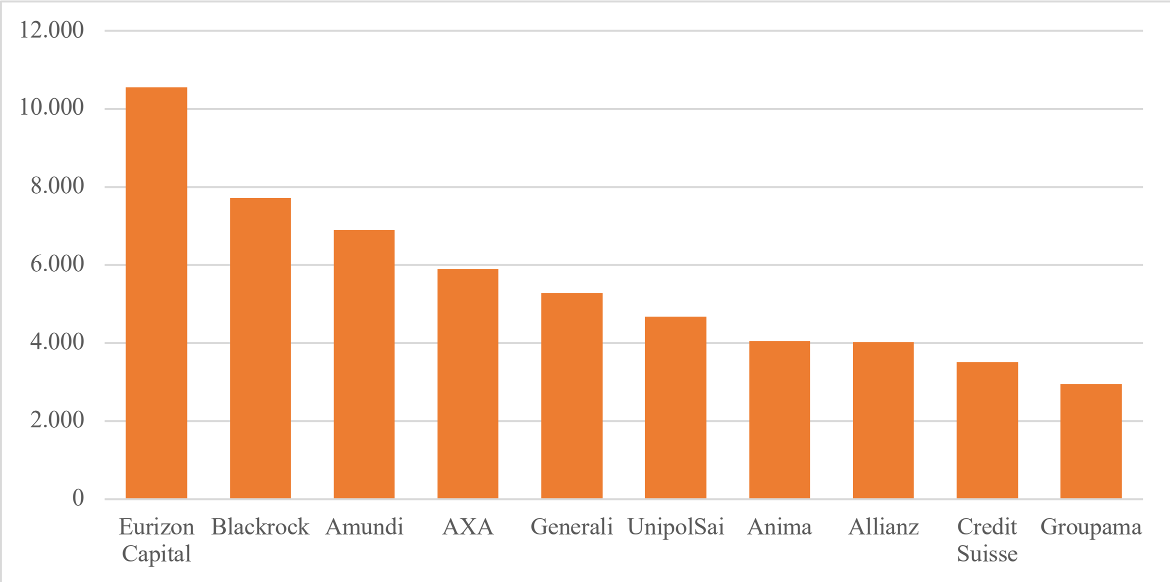
Figure 5.8 - The top 10 management companies of occupational pension funds by number of mandates in 2023



Note: On July 1, 2024, the legal merger of Credit Suisse with UBS was finalized.

to Italy, will be concentrated mainly in core and core plus strategies, providing for sector diversification in terms of an economic and social infrastructures. The investment policy aims at promoting environmental and/or social initiatives in line with Article 8 of EU Regulation 2019/2088 (the so-called 'SFDR').

Figure 5.9 - The top 10 management companies of occupational pension funds by assets under management in 2023 (millions of euros)



Note: On July 1, 2024, the legal merger of Credit Suisse with UBS was finalized

Table 5.6 shows the ranking of the top 10 management companies by ***assets under management*** managing about 80% of the all assets. Compared to 2022, Eurizon Capital remained in the leading position in terms of assets under management and gained a position in terms of number of mandates (excluding the 9 alternative mandates managed by Eurizon Capital Real Asset SGR); instead, Amundi fell to the third place in terms of assets under management and ranked second in terms of number of mandates. Blackrock rose to the second position in terms of assets under management, followed by AXA and Generali, which remained in the third and fourth positions respectively. These top 5 management companies held over 50% of the market share of occupational pension funds. The ranking by ***number of mandates*** featured Eurizon and Amundi in the first and second position (with 33 and 24 mandates respectively), while UnipolSai climbed to the third position with 23 mandates followed by Anima with 19 and AXA with 17. As shown in ***Table 5.6***, the ***average mandate amount*** varied significantly around 244 million, with peaks of almost 600 million euros for Blackrock, 447 million for Allianz, and 407 million for Generali.

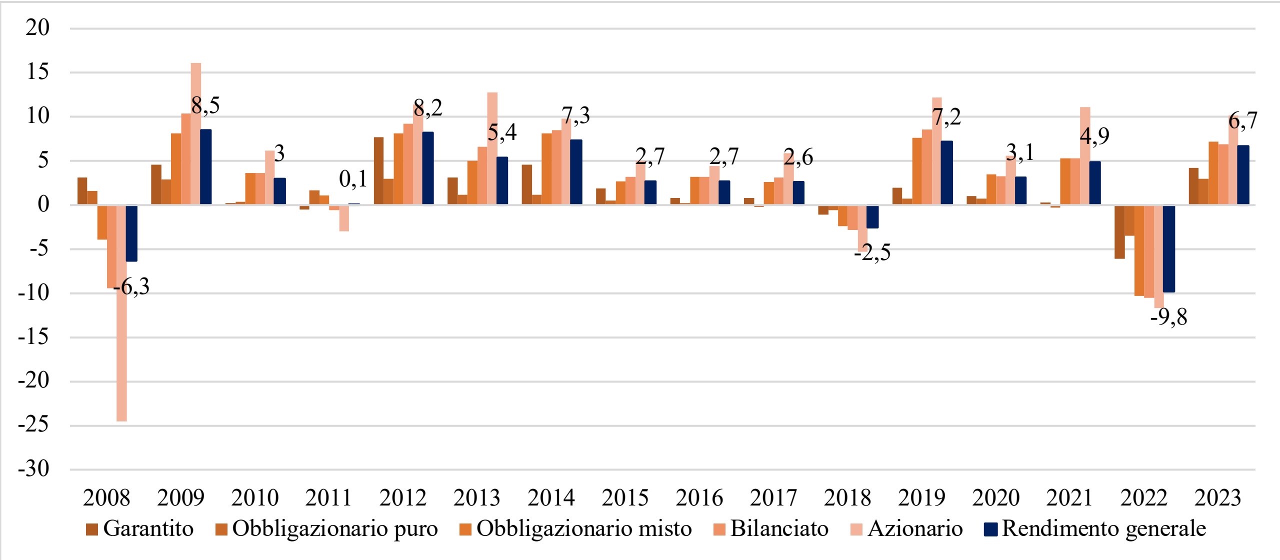
Table 5.6 - The top 10 management companies of occupational pension funds in 2023

Management company	Mandates	AUM (mln of euros)	Average Mandate	Market share
Eurizon Capital	33	10,548	320	15.27%
Blackrock	13	7,713	593	11.17%
Amundi	24	6,896	287	9.99%
AXA	17	5,888	346	8.53%
Generali	13	5,290	407	7.66%
UnipolSai	23	4,678	203	6.77%
Anima	19	4,052	213	5.87%
Allianz	9	4,026	447	5.83%
Credit Suisse	14	3,510	251	5.08%
Groupama	14	2,953	211	4.28%

<u>Asset management fees</u> – The asset management fees amounted to approximately 120 million euros (110 million euros' worth of management fees and 10 million euros' worth of custodian banks' fees), up from 102 million in 2022. This increase is mainly attributable to the rise in management fees and guaranteed results. The management fees related to mandates have risen over the past few years; in 2023, they reached 0.16% of all the assets under management, slightly up from 0.15% in 2022; the most expensive mandates were still guaranteed ones, with management of 0.54% with respect to 0.49% in 2022, to 0.45% in 2021, to 0.41% in 2020, and to 0.35% in 2019, also due to their more limited availability; for the other types, the average fee ranged from 0.07% and 0.10%.

<u>Performance</u> - The ***average return*** achieved by occupational pension funds in 2023 (***Figure 5.10***) was 6**.7%**, significantly higher compared to the -9.8% in 2022. All sub-funds had positive results: on average, equity and mixed bond sub-funds performed better, accounting for 0.2% and 7.2%, followed by balanced (6.9%) and pure bonds (3%); instead guaranteed sub-funds obtained + 4.2%.

Figure 5.10 - Average annual net returns of occupational pension funds by type of sub-fund (as %)



Guaranteed, Pure bond, Mixed bond, Balanced, Equity, General yield

Source: COVIP data processed by Itinerari Previdenziali

If the observation period (***Table 5.7***) is extended, it is possible to see that, over a 10-year horizon, the average annual compounded net yield of occupational pension funds returns to match the revaluation of termination of employment benefits and exceeds other inflation target parameters and the five-year GDP average, with a value of 2.4%; the strongly negative result of 2022 still weighs on the average annual compounded return over 3 and 5 years. This trend is confirmed by analysing cumulative returns: 26.3%, equal to that of termination of employment benefits against 19.5% of inflation and 12.2 of the five-year GDP average.

Table 5.7 – Average annual and cumulative compounded returns of occupational pension funds (as %)

	Average annual compounded yield				**Cumulative yield**		
	1 year	**3 years**	**5 years**	**10 years**	**3 years**	**5 years**	**10 years**
Occupational pension funds	6.7	0.3	2.2	2.4	1.0	11.6	26.3
TFR adjustment	1.6	4.5	3.2	2.4	14.0	17.1	26.3
Inflation	0.6	5.1	3.1	1.7	16.4	16.8	19.5
Five-year GDP average	2.66	1.5	1.7	1.2	4.5	8.7	12.2

Source: COVIP data processed by Itinerari Previdenziali

Custodian bank - all pension funds are required to have a ***custodian bank*** under the law. The market is concentrated on four players: the top two: BFF Bank (18 funds) and BNP Paribas Securities Services (9 funds) collectively have a market share of over 80% in terms of net assets allocated to benefits, followed by Société Generale Securities Services with 10% and State Street Bank with 7%.

Administrative service – Under the sector regulations, these funds are allowed to use an ***administrative service***, a solution adopted by all funds. ***Previnet*** accounts for almost 77% of the administrative service market in terms of clients, with 22 funds managed, followed at a distance by Accenture Managed Services with 16%.

Advisors - The financial advisors with the largest market shares are Prometeia Advisor SIM with a 37% of all the assets allocated to benefits and Mangusta with 16%, followed by Bruni, Marino & Co with 7% and by European Investment Consulting (acquired by LCG Advisory SCF) with 6%.

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

6. Pre-existing Pension Funds (PPPs): activities, members, assets and management companies

In 2023, the number of pre-existing pension funds continued to drop due to mergers and consolidation resulting from the reorganisation and concentration of the financial sector, the rationalization of the banking and insurance sectors and the reorganisation of the pension schemes within these new banking/insurance groups; this was also caused by a further drive towards consolidation induced by the newly transposed IORP II Directive[1] and its requirements related to the organisational structure of pension schemes with few members.

The number of active pre-existing funds - In 2023, the number of pre-existing funds dropped by 30 funds (13 in 2021/2022, 22 in 2020/2021, 9 in 2019/2020, 16 in 2018/19, 8 in 2017/18 and 35 in 2016/17), down to **161***,* of which **116** ***autonomous funds*** with a legal status (9 less than in 2022), and **45** created ***internally*** by banks (29 funds), insurance companies (6) and non-financial companies (10). Over the last decade, the number of pre-existing funds went down by 162 with respect to the 180 in 2013. Despite the loss of 457 pre-existing funds since 1999 (618 funds), their number remained high: it will suffice to say that 77 pre-existing Funds (47.8% of the total) had less than 25 million euros' worth of assets, 30 had less than 100 members and 31 had between 100 and 1000 members.

Their membership (+1.7%) and contributions (+3.8%) continued to grow and their assets under management produced a positive result (+4.4%). This result, lower than that of occupational and open-ended funds (+6.7%, +7.9% on average), was due to 43% of the assets of pre-existing funds were represented by mathematical reserves set up with insurance companies which had a poorer performance than other market instruments due to the conditions of the financial markets, especially of the bond markets.

Membership - At the end of 2023, these funds had **686,092** existing positions, + 11,288 compared to 2022, thanks to 32,954 new registrations (4,316 related to transfers from other funds), which offset the 10,560 redemptions and transfers to other funds. These positions were related to 655,647 members (vs. 647,564 in 2022). The percentage of ***members not paying their contributions*** was still ***much lower*** than in the rest of the system**,** that is 19.2% compared to a total of 27.6%. Often, the non-paying subjects are the so-called "***deferred"*** members, i.e. those who have joined banks' solidarity funds with pending pension requirements under the compulsory system, those who retain all or part of their position in guaranteed sub-funds as a form of capitalization and part in guaranteed return investments, and dependent family members, often minor children with occasional payments. The in-house funds, mainly catering for pensioners and operating under a defined benefit scheme (41 funds out of the remaining 45), suffered a further reduction in their membership after the various rationalisation efforts, down to 3,408, accounting for about 0.5% of the total; instead, the autonomous funds numbered 682,684, (about 99.50%). ***Table 6.1*** shows the historical evolution of the number of pre-existing pension funds and their existing positions from 1999 to 2023; it illustrates how, over that period, their number fell by more than 73%, while their membership returned to the 2008 level thanks

[1] In several cases, the directive has led pension schemes to decide on liquidation processes or to merge into larger pension schemes. Obviously, these mergers allow for economies of scale and for a reduction in operating costs as well as for a better quality of management and services offered to members and for higher organisational standards, as provided for under Ministerial Decree no. 108/2020 which transposed the above directive.

to deferred and dependent subjects, and to the capitalization and partly guaranteed return investments by entitled members who had not yet taken their benefits.

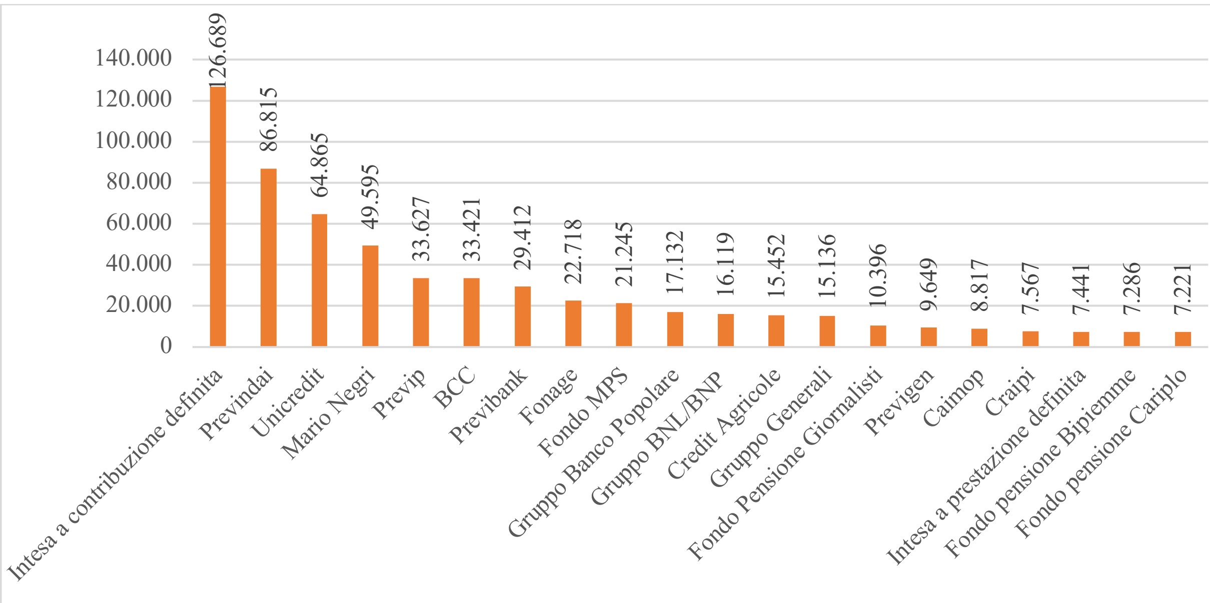
Table 6.1 - The number of funds and their existing positions from 1999 to 2023

Year	Number of Funds	Existing positions	Year	Number of Funds	Membership	Year	Number of Funds	Existing positions
1999	618	573,256	2008	411	676,994	2017	259	643,341
2000	578	591,555	2009	391	673,039	2018	251	646,873
2001	575	687,482	2010	375	668,625	2019	235	650,566
2002	554	679,603	2011	363	664,731	2020	226	647,574
2003	510	671,474	2012	361	662,162	2021	204	648,370
2004	494	666,841	2013	330	654,537	2022	191	674,804
2005	455	657,117	2014	323	645,371	2023	161	686,092
2006	448	643,986	2015	304	645,612			
2007	433	680,746	2016	294	653,971			

The membership growth of pre-existing funds (+1.7%) was lower than that of occupational pension funds, which had a steady increase (+5.5%) mainly due to collective contractual memberships.

In 2023, the ***average per capita contributions*** for members of the pre-existing funds amounted to **8,050 euros**, indeed higher than those paid to other pension schemes; it was equal to **2,190 euros** for members of the occupational pension funds (***3,330*** excluding the contractual members largely registered with Prevedi, the construction industry pension fund). Since the resources of the in-house funds are part of the assets of their sponsoring entities, without an independent management structure, and since their net assets allocated to benefits are really negligible (1.35%), only autonomous funds are considered in this Report. Therefore, this survey is related to 37 autonomous pre-existing pension funds, ***accounting for* 93.01%** of total assets and for **97.32% *of the members*** registered with these funds. ***Figure 6.1*** shows the ***top* 20 *funds*** by number of members in the analysed sample and ***Table 6.2*** the growth rate in 2022-2023.

Figure 6.1 – The top 20 pre-existing funds by number of members in 2023



Note: The Caimop figures refer to 2022 as the 2023 accounts were not available when this Report was drafted

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

Name of the fund	Members 2023	Members 2022	% Var.	N	Name of the fund	Members 2023	Members 2022	% Var.
Credit Agricole Pension Fund 1	15,452	11,660	32.52%	**11**	Fopdire Pension Fund	1,555	1,523	2.10%
Fondenel Pension Fund	1,944	1,782	9.09%	**12**	Intesa Sanpaolo Group defined benefit pension fund	7,441	7,315	1.72%
Fipdaf Pension Fund	2,973	2,750	8.11%	**13**	Craipi Pension Fund	7,567	7,442	1.68%
MPS Pension Fund	21,245	20,074	5.83%	**14**	Previp Pension Fund	33,627	33,080	1.65%
FNM Pension Fund	6,213	5,915	5.04%	**15**	Previbank Pension Fund	29,412	29,107	1.05%
Intesa Sanpaolo Group Defined Contribution Pension Fund	126,689	121,344	4.40%	**16**	Telecom Pension Fund	1,168	1,157	0.95%
Mario Negri Pension Fund	49,595	47,503	4.40%	**17**	Additional Pension Fund for the staff of Banco di Sardegna	3,565	3,545	0.56%
Unipol Group Pension Fund	6,404	6,180	3.62%	**18**	Generali Group Pension Fund	15,136	15,076	0.40%
CISL Pension Fund	4,220	4,096	3.03%	**19**	Previndai Pension Fund	86,815	86,535	0.32%
BCC Pension Fund	33,421	32,568	2.62%	**20**	Credem Pension Fund	6,821	6,805	0.24%
					Total	**461,263**	**445,457**	**3.55%**

Note: The Credit Agricole pension fund was integrated into the Credito Valtellinese pension fund

<u>Assets</u> - In 2023, the net assets allocated to benefits of ***in-house funds*** increased by 2.8 billion euros with respect to 2022, up to ***67.1 billion (Table 6.3)***.

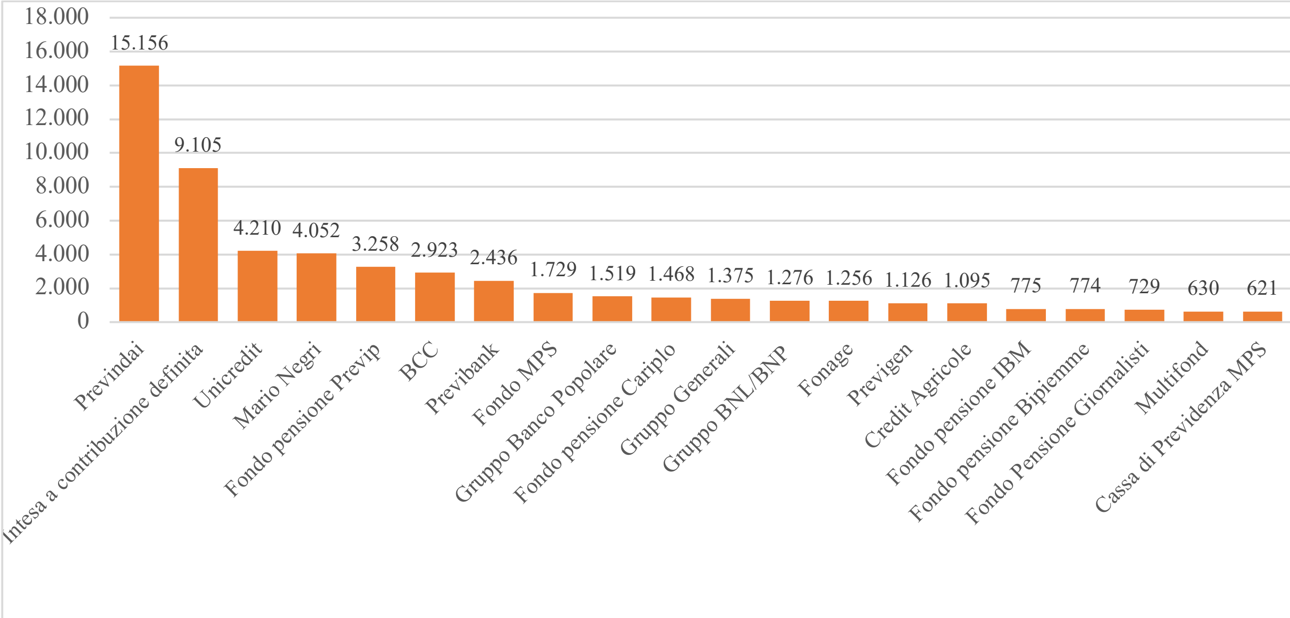
Table 6.3 – The net assets allocated to benefits of pre-existing funds from 1999 to 2023

Year	Assets	Year	Assets	Year	Assets
	in millions		*in millions*		*in millions*
1999	19,859	**2008**	35,906	**2017**	58,996
2000	21,269	**2009**	39,813	**2018**	59,790
2001	29,578	**2010**	42,007	**2019**	63,513
2002	29,531	**2011**	43,818	**2020**	66,111
2003	30,057	**2012**	47,972	**2021**	67,636
2004	30,617	**2013**	50,398	**2022**	64,338
2005	33,400	**2014**	54,033	**2023**	67,115
2006	34,246	**2015**	55,299		
2007	36,054	**2016**	57,538		

Over the 1999 – 2023 period, the total amount of assets of these funds (net assets allocated to benefits) had an average annual growth of **5.2%** and by 4.32% in 2023, thus recovering the loss suffered in 2022 ***(-4.88%).*** Out of the total of 67.115 billion euros' worth of assets managed by the pre-existing funds (all net assets allocated to benefits)), the ***in-house funds*** accounted for only 904 million (down from 1.054 billion in 2022, 1.339 in 2021, 1.445 in 2020 and 1.581 in 2019, thus confirming the trend of previous years) and ***autonomous funds*** for 98.65% of the total with 66.211

billion (up by 4.63% with respect to 2022, and back to the level of 2021 with 66.297 billion). ***Table 6.4*** ranks the funds by their asset growth rate, while ***Figure 6.2*** shows the top 20 pre-existing funds by assets, totalling 55.5 billion, or **82.71%** of the overall 67.1 billion euros of these funds (in-house plus autonomous funds). The sample of 37 funds surveyed in the Report, with a total of 62.4 billion euros' worth of assets, accounted for **93.01%**. In 2023, about 76% of the funds experienced a growth in their assets while remaining 24% suffered a reduction. The increase in the assets under management was attributable to the strong rebound of the equity and bond markets.

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



Note: the Caimop figures refer to 2022 as the 2023 accounts were not available when this Report was drafted

Table 6.4 – The top 20 pre-existing funds by asset growth rate

N	Name of the fund	Assets 2023	Assets 2022	% Var.	N	Name of the fund	Assets 2023	Assets 2022	%Var
1	Previndai Pension Fund 1	15,155,550,678	707,507,459	54.72%	11	Generali Group Pension Fund	1,375,152,080	137,697,962	7.33%
2	Intesa Sanpaolo Group defined contribution pension fund	9,104,968,384	1,484,258,947	16.51%	12	BNL/BNP Group Pension Fund	1,276,485,063	681,652,072	6.88%
3	Unicredit Group Pension Fund	4,210,065,763	412,661,915	12.80%	13	Fonage Pension Fund	1,256,112,712	1,429,475,483	6.23%
4	Mario Negri Pension Fund	4,051,995,193	3,649,289,327	11.04%	14	Previgen Pension Fund	1,125,837,291	14,290,697,579	6.05%
5	Previp Pension Fund	3,258,281,056	451,490,672	9.93%	15	Pension Fund for ournalists	728,545,388	462,482,086	4.29%
6	BCC Pension Fund	2,923,452,139	518,526,214	9.41%	16	Multifond	629,923,004	1,318,813,852	4.27%
7	Previbank Pension Fund	2,436,464,359	712,226,450	8.72%	17	MPS Pension Fund	620,781,176	1,213,980,301	3.47%
8	MPS Pension Fund	1,729,350,030	311,454,563	7.58%	18	Fipdaf Pension Fund	618,959,689	506,377,195	3.33%
9	Banco Popolare Group Pension Fund	1,518,582,746	2,718,262,985	7.55%	19	Intesa Sanpaolo Group defined benefit pension fund	577,518,156	3,157,338,599	3.20%
10	Cariplo Pension Fund	1,467,541,319	229,960,949	7.49%	20	Fopdire Pension Fund	567,294,390	278,240,368	2.87%
						Total	**43,650,624,538**	**40,578,586,589**	**7.57%**

Note (1): The Credit Agricole pension fund was integrated into the Credito Valtellinese pension fund

Benefits - The number of advance benefits rose again from 27,527 to 43,630 (16,103 more than in 2022), for a value of 853 million (vs. 768 million in 2022). This was largely due to the increase in advance benefits for "further requirements", accounting for 84% of all the advance benefits granted; advance benefits to buy or restructure primary homes accounted for 14%, while the number of ***redemptions*** fell from 11,026 in 2022 to 10,560, about 60% of which for "different causes", designed to allow members to obtain benefits when losing their fund membership requirements, even if with higher taxes. The "Advanced Temporary Supplementary Benefits" (the so-called RITA) featured again a robust growth, with 28,700 beneficiaries (vs. 23,500 in 2022 and 18,500 in 2021); in 75% cent of cases, members managed to get their entire accrued amount, for a total of 1.7 billion (vs.1.5 billion in 2022 and 1.1 billion in 2021). This clearly shows that they preferred benefits in the form of capital albeit in instalments up to 67 years of age, thanks to highly favourable tax rates and to avoid annuities.

Yields - In 2023, the annual yield was equal to **4.4%,** offsetting the - 4.4% of 2022 caused by the particularly negative performance of the financial markets (***Table 6.5)***.

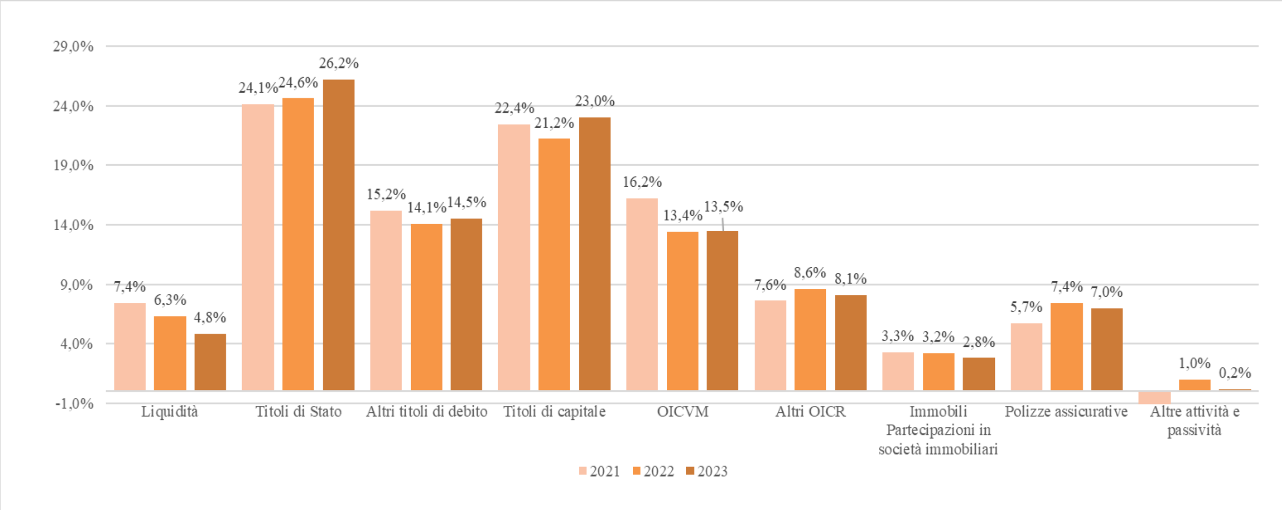
Over the last 10 years, the average annual compound return on assets was equal to **2.52%**, compared to an annual adjustment for termination of employment benefits of 2.42%.

Table 6.5 - Yields of pre-existing funds as %

Year	Yield	TFR adjustment
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%
2020	2.60%	1.85%
2021	4.10%	3.60%
2022	-4.40%	8.30%
2023	4.40%	1.60%

Management companies and approaches - The resources of the autonomous pre-existing funds as a whole were divided as follows: **43.37%** (vs. 45.07% in 2022) of ***mathematical reserves*** with ***insurance companies*** for an amount of 28.72 billion; **41.17%** (40.16% in 2022) entrusted to asset management companies, while the remaining **15.36%** (vs. 14.78% in 2022***) managed directly***. Compared to 2022, there was a slight decrease in the share of reserves held by insurance companies and an increase in the share of resources under management or directly managed. Moreover, more than half of the assets under direct management (55.2%) was invested in UCITS, hence with a "semi-direct" management approach. Without considering the insurance companies' reserves, the ***portfolio of investments*** (***Figure 6.3***) was divided as follows: 40.7% allocated to debt securities (of which 26.2% to government bonds), 23% to equity, 21.6% to UCITS (of which 4.5% to real estate funds), 2.8% to real estate and equity investments in real estate companies, 7% to financial insurance policies and 4.8% to liquidity. In 2023, only government bonds (+1.6%) and equity investments (+1.8%) featured a stable growth.

Figure 6.3 - Investments of pre-existing funds as% in 2021, 2022 and 2023

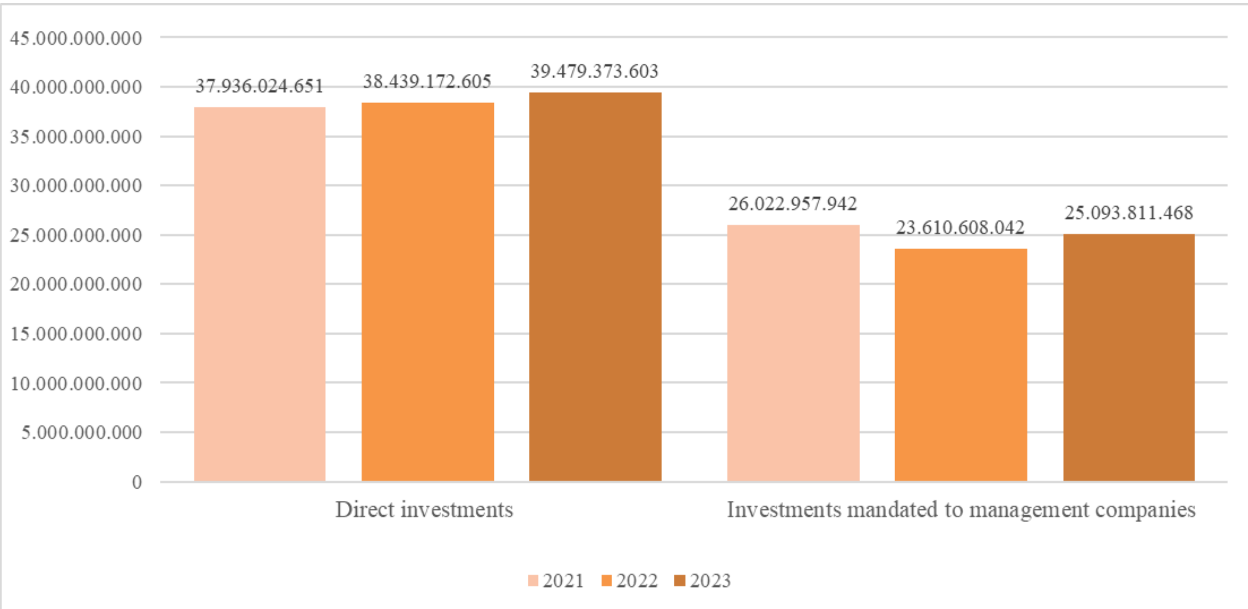


Liquidity – Government bonds – Other debt securities – Equity – UCITS – Other UCITS - Real-estate investments, shares of real-estate companies – Insurance policies – Other assets and liabilities

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

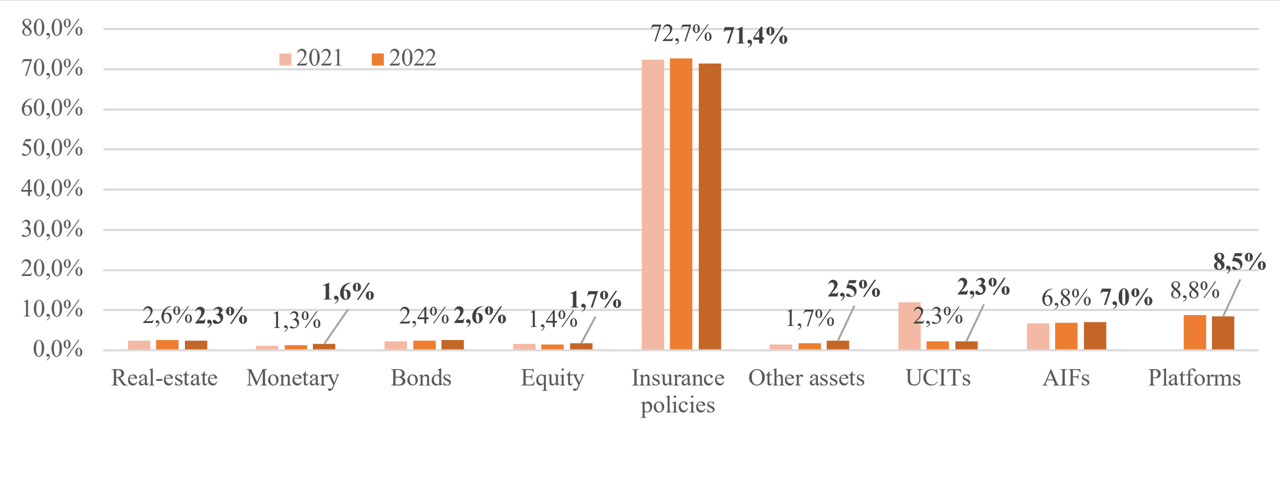
The 37 funds analysed in the Report experienced a growth in their assets by 3.64% on average in 2023 (62.4 billion euros compared to 59.5 billion in 2022 and to 61.9 billion in 2021), slightly less than that of pre-existing funds as a whole (-0.68%). ***Figures 6.4 and 6.5*** show the share of the assets ***managed directly,*** which amounted to **39.479 billion,** of which **28.203 billion euros' worth** of insurance policies, mainly class I or class V (separate management schemes), equal to ***63.2%*** of all the assets allocated to benefits; instead, **25.094 billion** (38.85%) was entrusted to professional management companies through financial mandates with stable types of investments.

Figure 6.4 - Management of investments of pre-existing funds in 2021, 2022 and 2023



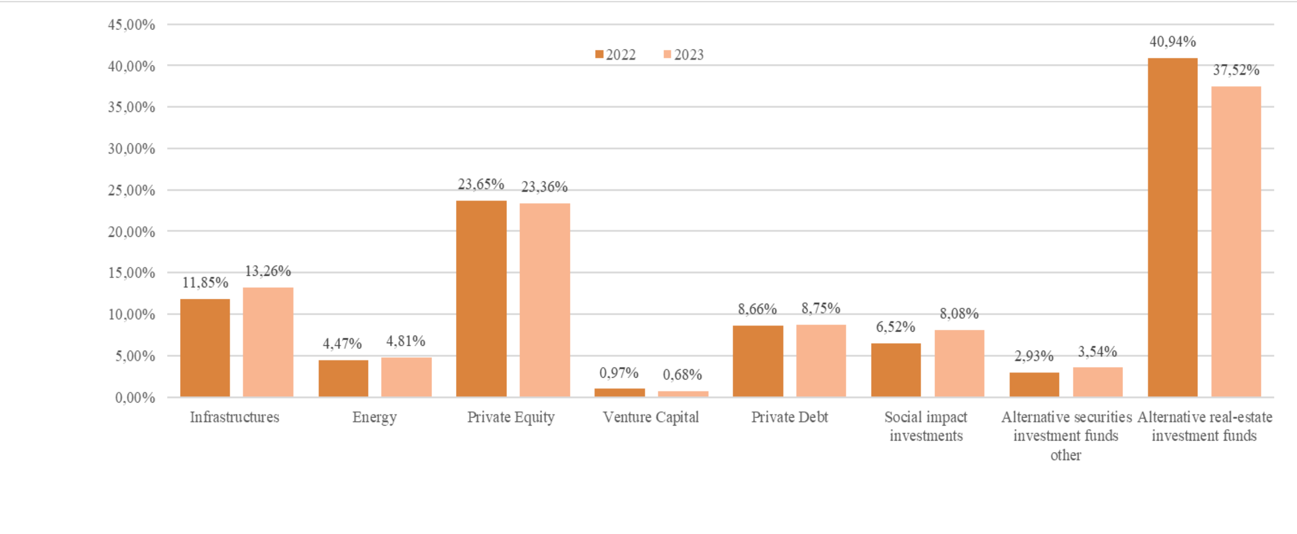
It should be recalled that, in the reclassification adopted since the last edition of the Report, we have provided a separate analysis of the investments made by pre-existing funds through dedicated SICAVs under Luxembourg law, for a total amount of approximately 3.36 billion, previously included among UCITs. And so, this reclassification explains the UCITS decline shown in ***Figure 6.5.***

Figure 6.5 - Direct Investments of pre-existing funds in 2021, 2022 and 2023



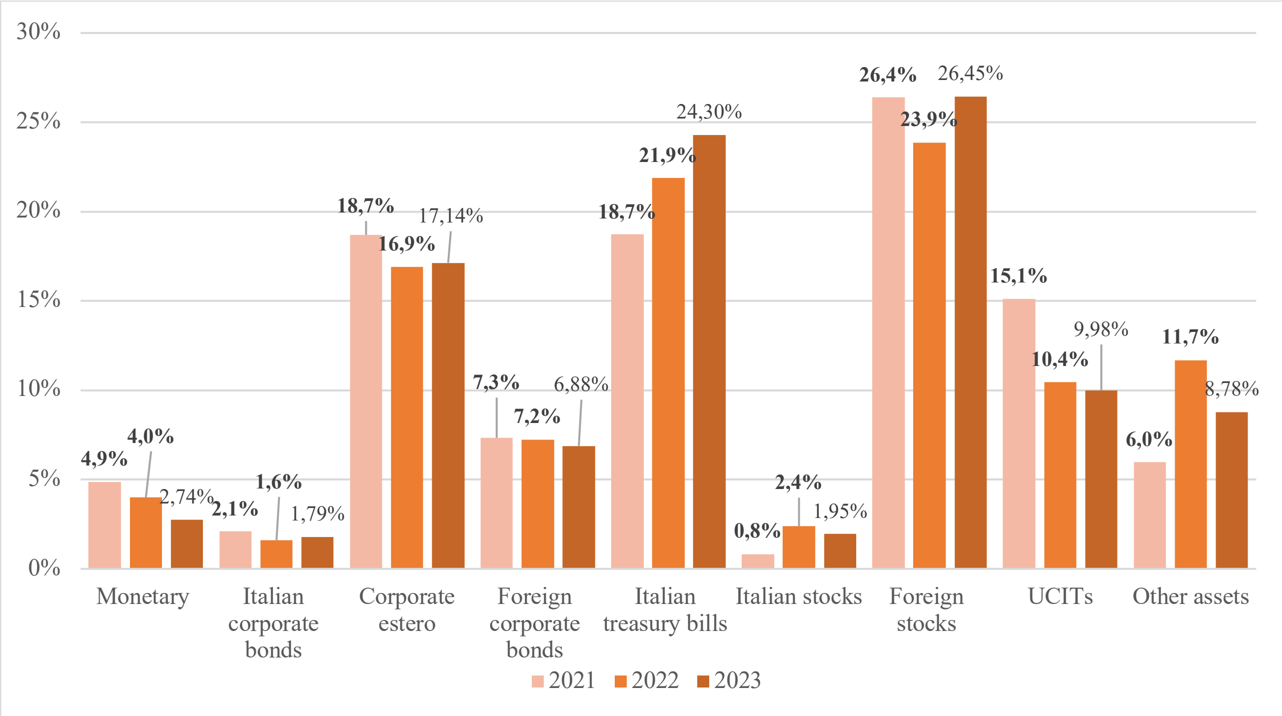
As to AIFs ***(Figure 6.6***), the largest investments were made in real estate funds, even if steadily declining from 56.3% in 2020, 52.10% in 2021 and 40.94% in 2022 down to 37.52%, followed by private equity fund investments, which remained stable at around 23%, by infrastructural investments reaching 13.26% from 11.85% and by social impact investments accounting for 8.08% with respect to 6.52% in previous years; the other ones remained essentially stable.

Figure 6.6 - AIFs acquired by pre-existing funds in 2022 and 2023



As to the resources mandated to management companies (indirect investments), there was a general recovery in the amount of these investments thanks to the rebound the bond and equity markets, in particular of foreign government bonds, which rose from 21.9% in 2022 to 24.3%, and of foreign equity from 23.9% to 26.45% (***Figure 6.7***).

Figure 6.7 - Investments under management of pre-existing funds in 2022 and 2023



Domestic <u>real economy</u> – In 2023**,** investments in the ***domestic real economy*** accounted for **5.17% of assets** (in line with 2022 vs. 4.70% in 2021) for a value of approximately 3.23 billion euros (vs. 3.08 billion in 2022 and 2.97 billion in 2021). Based on the definition adopted in this Report, government bonds, that account for a large part of these funds' assets, and directly-held real estate assets are not considered as investments in the real economy. This rather limited share consisted of 0.83% of corporate bonds for a value of 519 million, of 1.74% of equity investments for a total of 1.08 billion, and of 2.60% of AIFs (Real Estate, Infrastructural and Social Impact investments) for about 1.62 billion. If the investments under management and direct investments are considered separately, their respective percentages are 1.50% and 3.66%. The modest investments in the Italian real economy are closely related to the market benchmarks assigned to management companies, which feature a marginal share of Italian securities; in addition, for private equity and private debt investments, many institutional investors and their advisors prefer managers who are more capitalised and have a better track record, thus hampering the growth of these markets and operators in Italy. The tax incentives introduced to encourage long-term investments in the domestic real economy in particular have not produced appreciable effects due to complex procedures, limited tax rebates and also to the inclusion of EU companies among the "eligible" roster; in fact, looking at the amount rather than at the percentage of assets under management, the share invested in Italy was equal to 939 million against 10.9 billion invested in foreign securities; instead, the share of direct UCITs investments in Italy reached 870 million (see COVIP report) against 2.5 billion abroad. The investments in the ***Italian real economy*** increase up to **9.30%** if government securities are included, accounting for 6.88% of the asset under management and for 2.12% of direct investments; in turn, direct investments featured a significant share of separate insurance asset management schemes, which amounted to 28.20 billion out of a total of 39.48 billion (71.44%) and the details of which are not known. In absolute values, management companies invested 1.7 billion in Italian government securities and 6.1 billion in foreign securities, while the pre-existing pension funds directly invested 836 million in domestic government securities and 68.25 million in foreign securities.

Management companies

Direct* management**: A large share of the assets ***directly managed by pre-existing funds was invested in instruments such as UCITS and AIFs; a residual share was invested in ETFs for an amount equal to about 1.8 million in the hands of a single fund. ***Table 6.6*** shows the ranking of the top five companies managing UCITS in which these funds invested ***directly***.

Table 6.6 – The top 5 UCITS management companies of pre-existing funds by direct investments in 2023

Management company	TOTAL
Fondaco Group	802,300,133
Effepilux Sicav	621,850,819
State Street	471,123,581
Blackrock	286,910,834
Credit Suisse	271,576,407

It should be noted that the Unicredit Group Pension Fund and the BNL/BNP Paribas Group Pension Fund set up some SICAV funds under Luxembourg law, Effepilux SICAV and Effepilux SIF-SICAV FIA and Fondaco Previdenza respectively, organised in sub-funds in which these two funds are the sole investors. At the same time, they created a strategic committee to directly decide on the investments to be made. ***Table 6.7*** shows the ranking of the top five companies managing AIFs (Alternative Investment Funds) acquired ***directly*** by the pre-existing pension funds; it also features the entry of Fondaco, again in relation to the resources managed by Effepilux SIF, and Investire and the amounts invested by BNP Paribas and Generali Real Estate that remained substantially stable.

Table 6.7 – The top 5 AIF management companies of pre-existing funds by direct investments in 2023

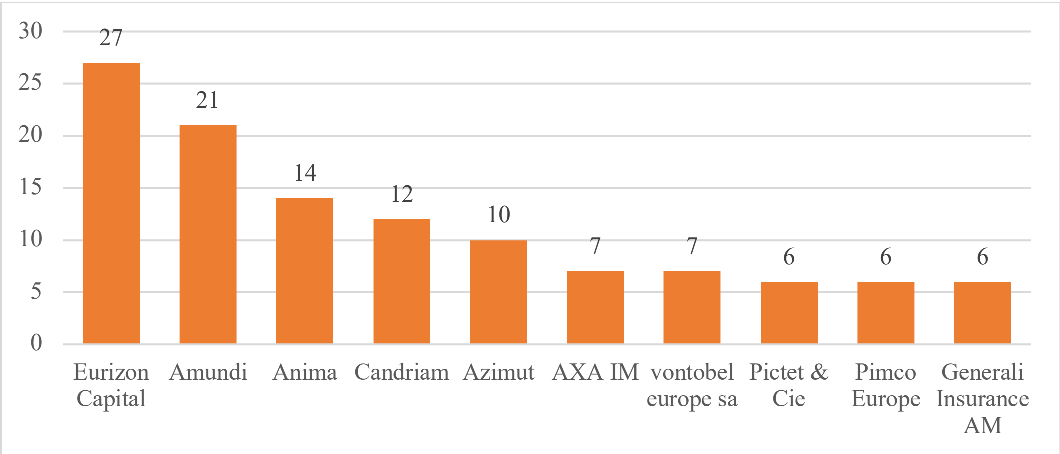
Management company	TOTAL
Effepilux Sif	361,302,469
Fondaco Group	317,911,511
Generali Real Estate Sgr	315,621,809
Bnp Paribas Real Estate	263,452,586
Investire Sgr	157,263,156

Indirect management: As to investments ***mandated to management companies***, these funds maintained a consistent approach by resorting to external qualified organizations specialized in increasingly complex and innovative financial management solutions, encouraged by the new IORP II regulations which came into force in 2020. ***Table 6.8*** and ***Figures 6.8*** and ***6.9*** show the ranking of the top 10 management companies in terms of number of mandates and assets under management. As to the **number of mandates**, compared to 2022, the situation remained fairly stable in the top positions with double-digit results for Eurizon, Amundi, Anima, Candriam and Azimut.

Table 6.8 – The top 10 management companies by assets under management chosen by pre-existing funds in 2023

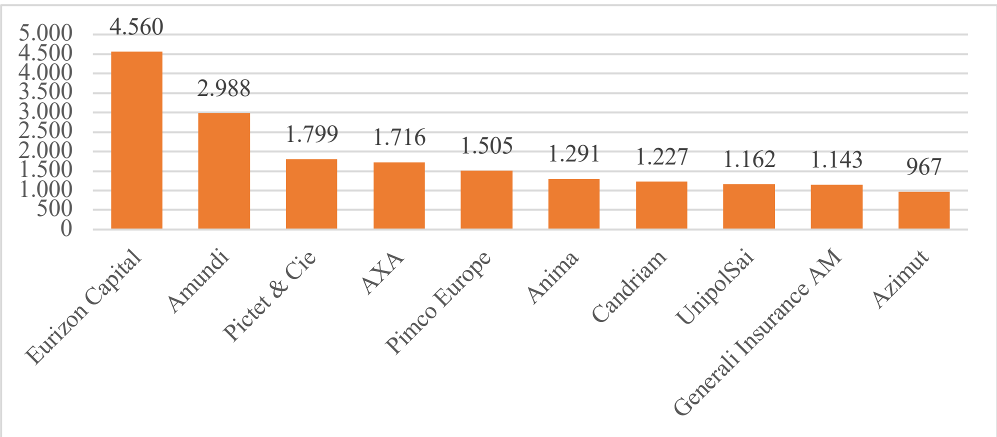
Management company	Mandates	Resources	Average mandate	Market share
Eurizon Capital	27	4,560,331,533	168,901,168	17.86%
Amundi	21	2,988,368,054	142,303,241	11.70%
Pictet & Cie	6	1,798,587,041	299,764,507	7.04%
AXA IM	7	1,715,552,338	245,078,905	6.72%
Pimco Europe	6	1,505,425,172	250,904,195	5.90%
Anima	14	1,291,161,830	92,225,845	5.06%
Candriam	12	1,226,524,716	102,210,393	4.80%
UnipolSai	5	1,162,353,348	232,470,670	4.55%
Generali Insurance AM	6	1,143,231,931	190,538,655	4.48%
Azimut	10	966,565,397	96,656,540	3.79%

Figure 6.8 - The top 10 management companies by number of mandates in 2023



Turning to the assets under management, in 2023, the top 4 positions were held by Eurizon in the first place, followed by Amundi, Pictet and AXA, with an overall market share of 43.33%. Finally, only the top 4 management companies had assets under management above 1.5 billion together with Pimco, also thanks to the rebound of the markets.

Figure 6.9 - The top 10 management companies of pre-existing funds by assets under management in 2023 (millions of euros)



Eurizon led the ranking by ***market share*** in terms of assets under management with 17.86%, followed by ***Amundi*** with 11.70% and Pictet with 7.04%. The ***average mandate*** amounted to around **156 million**, with peaks of 597 million for Allianz and 408 million for Blackstone, both with only one mandate. As to I and V branch ***insurance management companies,*** always massively present in pre-existing funds often since their inception, the market was practically monopolised by the three main companies: Generali, UnipolSai and Allianz; out of a total of 28.2 billion euros under management, as much as 25.6 billion (90.68%) was in the hands of these 3 companies also thanks to the long-term instruments that they use, still envisaging capital guarantees and minimum returns. The insurance management companies are listed in ***Table 6.9***. The analysis so far shows that, also in 2023, the members of these funds remained very keen on low-risk investments, even if with lower yields; we found **40** ***balanced investments*** for 7.7 billion, **71** specialised and balanced ***bond investments*** for 13.1 billion, **37** ***equity investments*** for 4.7 billion, with a slight upward trend.

Table 6.9 - Insurance policy management companies in 2023

Management company	AUM	Market Share
Generali Italia s.p.a.	11,634,227,716	41.27%
Allianz Limited Company	6,973,069,929	24.74%
Unipolsai assicurazioni s.p.a.	6,954,580,447	24.67%
Reale Mutua Assicurazioni	680,671,733	2.41%
Intesa Sanpaolo Vita	540,786,604	1.92%
Fideuram Vita s.p.a.	504,415,715	1.79%
Crédit Agricole Assicurazioni s.p.a.	233,528,138	0.83%
Unicredit Allianz vita s.p.a.	221,156,667	0.78%
Credemassicurazioni s.p.a.	139,000,220	0.49%
Zurich Investments Life s.p.a.	119,919,375	0.43%
BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione s.p.a.	98,749,906	0.35%
Cattolica Previdenza s.p.a.	59,247,346	0.21%
Helvetia italia assicurazioni s.p.a.	12,850,644	0.05%
Vera Vita s.p.a.	9,069,313	0.03%
AXA Assicurazioni s.p.a.	8,963,669	0.03%
Total	**28,190,237,422**	**100.00%**

Custodian banks - Under Legislative Decree no. 252/05, which introduced the obligation to have a custodian bank, anticipating the European IORP II regulation, all the funds considered in this Report have a custodian bank, except for pre-existing funds because of their total insurance management profile, i.e. with securities held by their companies' custodian bank or under receivership or liquidation, hence without any real financial management profile. The number of custodian banks is limited, but the top four players held around 90% of the market: BNP Paribas Securities Services with 48.42%, State Street Bank with 18.77%, Societe Generale Securities Services with 11.96% and BFF Bank with 38.46%.

Administrative service - The few funds analysed in the Report that do not use this type of service are mainly the ones entirely managed by insurance companies or in a winding-up process or featuring, since their establishment, adequate administrative service providers such as Previndai and Mario Negri. The number of operators is extremely small with Previnet alone serving 45.58% of members, followed by Kirey srl (the former-Parametrica Pension Fund) with 6.18% and OneWelf with 4.90%. The remaining players are often companies belonging to the Group to which the fund is related.

Advisors - An increasing number of funds is making use of several advisors for asset allocation, asset liability management, consulting, risk control and sustainable ESG policies; some are specialized on single asset classes such as real estate and alternative investments. The demand for greater specialisation is clearly promoting the growth in the number of advisors present on the market that is still mainly controlled by established operators such as Prometeia Advisor SIM with 36.02%, Bruni, Marino & C. with 19.30%, Mangusta Risk with 49.36%, Link and others including Mercer, Nummus and ECP.

The complete list of custodian banks, 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 assets under management and by number of mandates.

7. Banking foundations: activities investments, assets and management companies

Banking foundations achieved their best result in the last twelve years with 1.047 billion euros' worth of disbursements (almost 90% per year) and around 22,000 initiatives financed for an average of 47 thousand euros, up by 8.9%with respect to 2022. This is shown by the Acri Report that analyses the financial statements of the 86 Italian banking foundations, highlighting their ongoing commitment to fulfilling their institutional mission of promoting both social and economic development through the Digital Republic programs and the fund for combating educational poverty among minors. This reaffirms the role of the banking foundations as major Italian institutional investors, not so much for their capitalisation, heavily affected by their efforts to support the Italian banking system in the midst of the crisis, but also to their welfare policies to support their communities, but as well as the Italian economy[1].

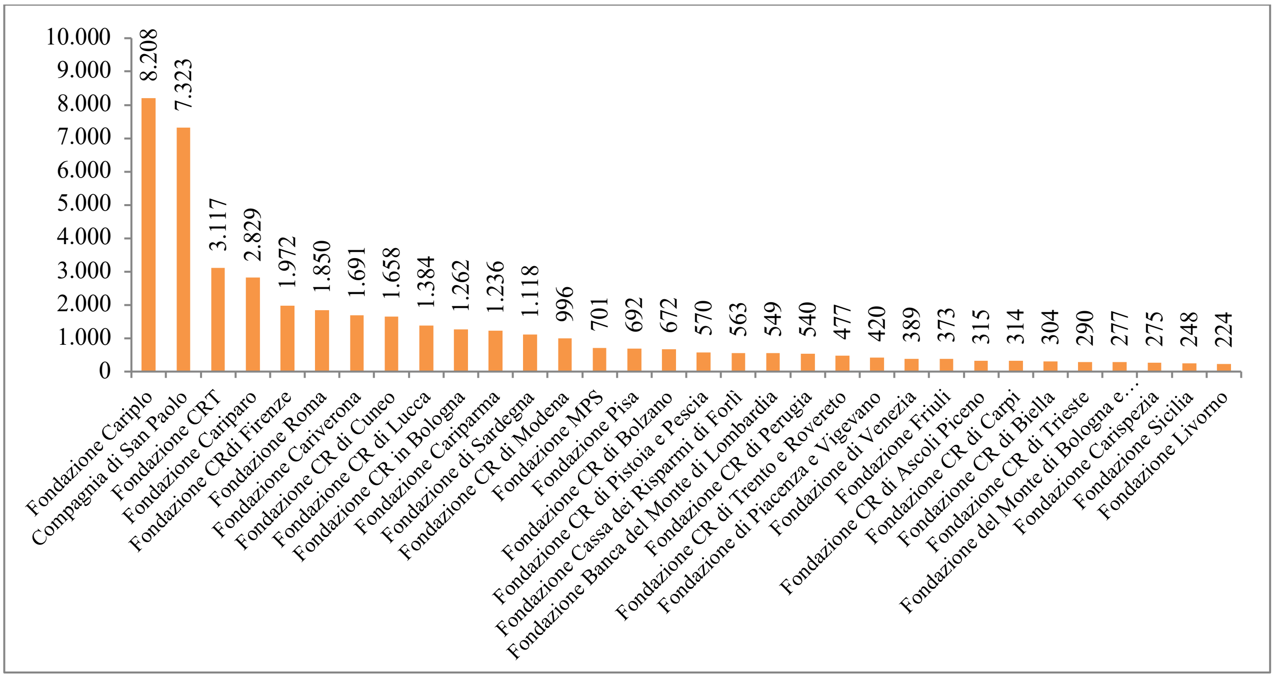
The ***net worth*** of the **86 *banking foundations*** increased from 40.57 billion in 2022 to **41.2 billion** in 2023, a growth by f 1.5% (40.25 billion in 2021). Their ***total amount of assets*** rose from 59.5 billion in 2010 to the current 48.5 billion (+1.9% compared to 2022). However, it is necessary to consider the significant amount of disbursements exceeding **27 billion** between 2000 and 2023 and the aforementioned efforts to support the banking system at a time when the transferee banks experienced a drastic fall in their share value, greater volatility and zero dividends. this figure is estimated to exceed 75 billion by adding the disbursements to the assets and even more considering their support to banks.

In 2023, there was a complex scenario characterized by geopolitical tensions (Russian-Ukrainian war and conflicts in Israel, in particular), modest economic growth, but also by inflation that gradually decreased. Despite these issues, the financial markets allowed banking foundations to close the 2023 financial year with positive results: their net income increased ~~by~~ 8.9% with an average return on assets of 4.9% (compared to 3.5% in 2022). This resulted not only in finalizing the already planned disbursements, but also to set aside substantial provisions, for future global uncertainties, so as to meet the welfare needs of their communities.

This eleventh edition of the Report analyses the ***top* 32 *Foundations***, 17 of which are classified by Acri as large, 14 as medium-large and 1 as medium, accounting fo***r* 88.24% *of all assets*** (amounting to 42.8 billion euros) broken down as shown in ***Figure 7.1.***

[1] Banking foundations pursue their institutional purpose through the direct allocation of part of their assets to welfare policies for their territories while also providing support to the real economy through the investment of portions of their assets in financial instruments useful to support development projects for the country's infrastructure, small and medium-sized enterprises or other activities deemed important for their communities. These include the participation in the **Cassa Depositi e Prestiti** and the creation of the **Fondazione Con il Sud**. Seven main sectors benefited from these disbursements: Art and Culture, Volunteering, Philanthropy and Charity, Education, Education and Training, Research and Development, Local Development, and Social Assistance (accounting for 90% of disbursements). The Fund to Combat Educational Poverty of Minors accounts for 6.6% of total disbursements, while the Fund for the Digital Republic accounts for 8%.

Figure 7.1 - The top 32 banking foundations by total assets (millions of euros)



Management approaches and management companies

A significant share of the assets of banking foundations is invested directly in their reference ***transferee banks,*** i.e. the banks to which they belonged before the Ciampi Law of 2000; however, following the 2015 Memorandum[2], this share had steadily decreased for the 86 banking foundations, down to 22.7% of the total in 2023 (22.8% in 2022); in our sample of 32 foundations analysed in this Report, transferee banks accounted for 23.84% (24.46% in 2022).

Investments in ***transferee banks*** and in ***Cassa Depositi e Prestiti*** are the core of the banking foundations' strategic investments and play a significant role in their profit and loss account through the distribution of substantial dividends. These investments respond to their twofold mission: economic development through investments in the banking system to support businesses and private individuals and CDP, in which they hold 15.93% of the capital, the main instrument for Italy's infrastructural development and innovation; and social development through organizations such as Fondazione con il Sud, the Educational Poverty Fund (of 2015), the Digital Republic Fund (of 2021) and through the flow of disbursements to their communities.

In addition to institutional investments, these foundations directly invest a share of their assets in financial instruments (debt securities, equity, investment funds, etc.), real estate, works of art and other forms of investment. The breakdown of investments by macro-areas is shown in ***Figure 7.2*** with 27.7% of their assets allocated to institutional investments (transferee banks, Cassa Depositi e Prestiti and Fondazione con il Sud), that is around 0.61% of assets under management (down from 0.93% in 2022) and 71.7% in direct investments (70.66% in 2022).

[2] Under the Memorandum voluntarily signed by banking foundations and MEF in April 2015, banks had to reduce the assets invested in their own transferee banks to no more than **33%** of their total resources invested directly or indirectly by spring 2018 (or 2020, depending on whether they were listed or not). The rise in share prices over the past two years changed the share of investments in transferee banks with respect to total assets at market prices although the banking foundations' interests in their transferee banks remained the same or decreased. At the end of 2023, there were only 4 foundations that exceeded 50% (calculated at 'fair value') (to which the exceptions for small foundations or foundations in in special statute regions applied).

Figure 7.2 - Breakdown of assets of the 32 foundations surveyed

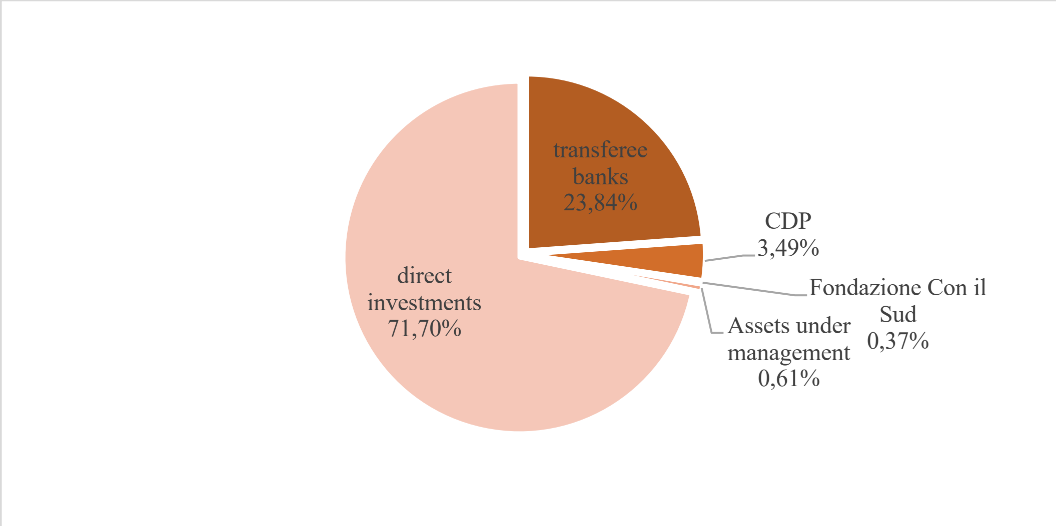


Table 7.1 shows the foundations with the percentage of assets invested in their transferee banks, CDP and Fondazione con il Sud. The share of the allocations to their transferee banks on the total amount of assets decreased from 36% in 2014 as a result of disposals, of the adjustment of the carrying price to market values, and of the decision not to participate in the capital increases of their transferee banks. The investments in Cassa Depositi e Prestiti and Fondazione con il Sud had a slight change, linked to exchanges of shares between these foundations.

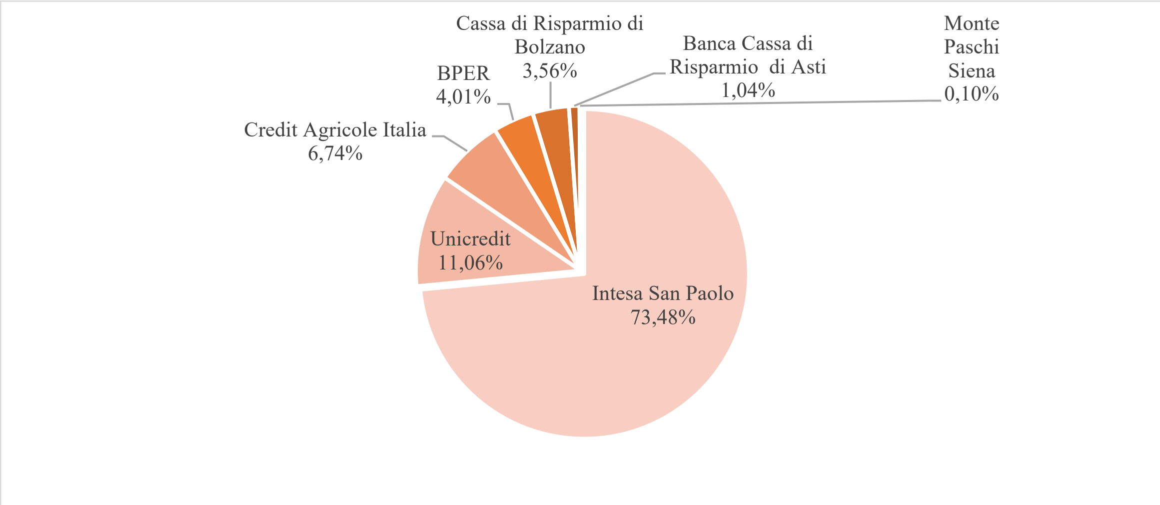
Table 7.1 - Institutional investments

Foundation	Assets	Transferee Bank	Allocations to the transferee bank as % of total assets	CDP	Allocations to CDP as % of total assets	Fondazione Con il Sud	Allocations to Fondazione con il Sud as % of total assets
Fondazione Cariplo	8.207.623.005	2.127.471.531	25,92%	169.570.312	2,07%	34.406.811	0,42%
Compagnia di San Paolo	7.323.495.474	2.700.119.498	36,87%	175.192.000	2,39%	29.395.556	0,40%
Fondazione Cassa di Risparmio di Torino	3.117.085.134	702.067.276	22,52%	156.564.790	5,02%	0	0,00%
Fondazione Cariparo	2.828.628.407	672.015.672	23,76%	62.620.539	2,21%	11.355.290	0,40%
Fondazione Cassa di Risparmio di Firenze	1.972.159.351	576.400.723	29,23%	62.853.778	3,19%	0	0,00%
Fondazione Roma	1.849.946.076	83.916.902	4,54%	0	0,00%	5.523.002	0,30%
Fondazione Cariverona	1.691.428.095	155.994.000	9,22%	0	0,00%	0	0,00%
Fondazione Cassa di Risparmio di Cuneo	1.657.632.744	372.968.950	22,50%	78.237.178	4,72%	6.424.571	0,39%
Fondazione Cassa di Risparmio di Lucca	1.384.096.872	111.383.487	8,05%	87.449.100	6,32%	4.436.682	0,32%
Fondazione Cassa di Risparmio in Bologna	1.262.383.478	324.531.725	25,71%	0	0,00%	6.656.666	0,53%
Fondazione Cariparma	1.236.068.910	669.775.033	54,19%	72.495.474	5,87%	0	0,00%
Fondazione di Sardegna	1.117.528.986	410.056.677	36,69%	161.950.335	14,49%	1.840.409	0,16%
Fondazione Cassa di Risparmio di Modena	995.548.196	15.226.916	1,53%	20.731.529	2,08%	6.117.757	0,61%
Fondazione Monte dei Paschi di Siena	701.214.474	10.112.047	1,44%	12.112.573	1,73%	34.694.721	4,95%
Fondazione Pisa	692.148.591	0	0,00%	0	0,00%	0	0,00%
Fondazione Cassa di Risparmio di Bolzano	671.594.681	364.122.130	54,22%	14.429.732	2,15%	2.125.190	0,32%
Fondazione Cassa di Risparmio di Pistoia e Pescia	570.446.028	10.437.982	1,83%	34.423.879	6,03%	1.705.158	0,30%
Fondazione Cassa dei Risparmi di Forlì	562.955.811	91.527.688	16,26%	46.611.931	8,28%	2.021.650	0,36%
Fondazione Banca del Monte di Lombardia	549.135.966	177.118.574	32,25%	43.649.657	7,95%	0	0,00%
Fondazione Cassa di Risparmio di Perugia	539.684.837	0	0,00%	62.788.855	11,63%	1.018.201	0,19%
Fondazione Caritro	477.385.226	0	0,00%	39.771.820	8,33%	1.112.336	0,23%
Fondazione di Piacenza e Vigevano	420.375.482	79.703.042	18,96%	64.169.589	15,26%	1.688.913	0,40%
Fondazione di Venezia	389.476.213	64.424.036	16,54%	43.568.646	11,19%	1.426.659	0,37%
Fondazione Friuli	372.582.146	103.483.665	27,77%	10.906.989	2,93%	406.879	0,11%
Fondazione Cassa di Risparmio di Ascoli Piceno	315.472.471	0	0,00%	0	0,00%	695.824	0,22%
Fondazione Cassa di Risparmio di Carpi	314.442.476	11.171.107	3,55%	8.721.550	2,77%	0	0,00%
Fondazione Cassa di Risparmio di Biella	304.123.334	106.051.168	34,87%	8.725.313	2,87%	1.178.134	0,39%
Fondazione Cassa di Risparmio di Trieste	289.861.418	160.337.685	55,32%	27.367.229	9,44%	0	0,00%
Fondazione del Monte di Bologna e Ravenna	277.168.009	1.341.367	0,48%	3.498.242	1,26%	2.135.755	0,77%
Fondazione Carispezia	274.943.447	112.657.273	40,97%	12.053.771	4,38%	0	0,00%
Fondazione Sicilia	248.436.496	0	0,00%	7.244.069	2,92%	449.988	0,18%
Fondazione Livorno	223.651.646	0	0,00%	5.620.360	2,51%	561.373	0,25%
Total	**42.838.723.480**	**10.214.416.154**	**23,84%**	**1.493.329.240**	**3,49%**	**157.377.525**	**0,37%**

As to investments in the transferee banks in particular, ***Table 7.1*** and ***Figure 7.3*** show the investment amount and share of the 26 foundations that maintained their investment in their transferee banks (out of the 32 foundations examined).

The share of these investments decreased from 25.50% in 2022 to 23.84%, but still accounted for 93% of all the assets invested by the 86 banking foundations.

Figure 7.3 - Shareholdings of the 32 foundations surveyed in their transferee banks



The management of the direct investments of these foundations, which accounted for **71.7%** of their total amount of assets, that is for a significant share, changed in the years following the 2008 crisis; in fact, unlike other institutional investors, banking foundations have no income and can only rely on their own assets and the proceeds from dividends, interests and performance. Therefore, their investment strategies and policies are aimed, first and foremost, at preserving the value of their assets over time, through an adequate return that can allow them to fulfil their social role (disbursements) and to achieve adequate returns in order to increase their value over time; this has been a complex target to reach in recent years due to the long period of low returns on bond investments caused by market uncertainty and volatility, to the sharp reduction in their dividends in 2020 due to the pandemic, but with a gradual improvement in 2022 and 2023 despite the geopolitical tensions. So, banking foundations, starting with the large ones, began to reduce their overall risks not only through a geographical diversification of their portfolio, but also through the diversification into other sectors, markets currencies and instruments; their goal was to adapt quickly to changes, with less risky but higher-yield portfolios, specialized management companies, risk management, and with an overall view of their portfolio and specific hedging instruments; moreover, they worked to streamline their administrative procedures, reduce their operating costs and optimize their tax profile.

As already highlighted in past editions of the Report, banking foundations continued to use ***dedicated platforms*** and ***sub-funds (Table 7.6)***. These are SICAV UCITS funds or sub-funds, but more often SIFs (Financial Intermediation Companies), qualified as alternative funds under Luxembourg law, independent containers with dedicated investment objectives, even for individual foundations, where to allocate part or all of their non-strategic investments (transferee banks, CDP, Italian equity) or investments in specialized closed funds. Out of **32 *foundations***, **24** used ***dedicated platforms*** or ***funds***, accounting for around **51.7%** of direct investments. ***Figure 7.4*** shows the high degree of diversification of the banking foundations' direct investments, which by 2023 amounted to 31 billion euros, of which 1.2 billion allocated to real-estate investments and 29.7 billion to financial investments (i.e. not mandated to asset management companies). Of these investments, 20.3 billion were allocated to collective management products (UCITS, ETFs and AIFs, including dedicated funds and vehicles).

Government bonds accounted for 2.80% of total assets, up from 2022 due to the substantial increase in the share of Italian government bonds, which doubled from 1.23% in 2022 to 2.46% in 2023 (1.05 billion); instead, foreign government bonds accounted for only 0.34% (144 million).

Figure 7.4 - Investments as percentage of total assets in 2023

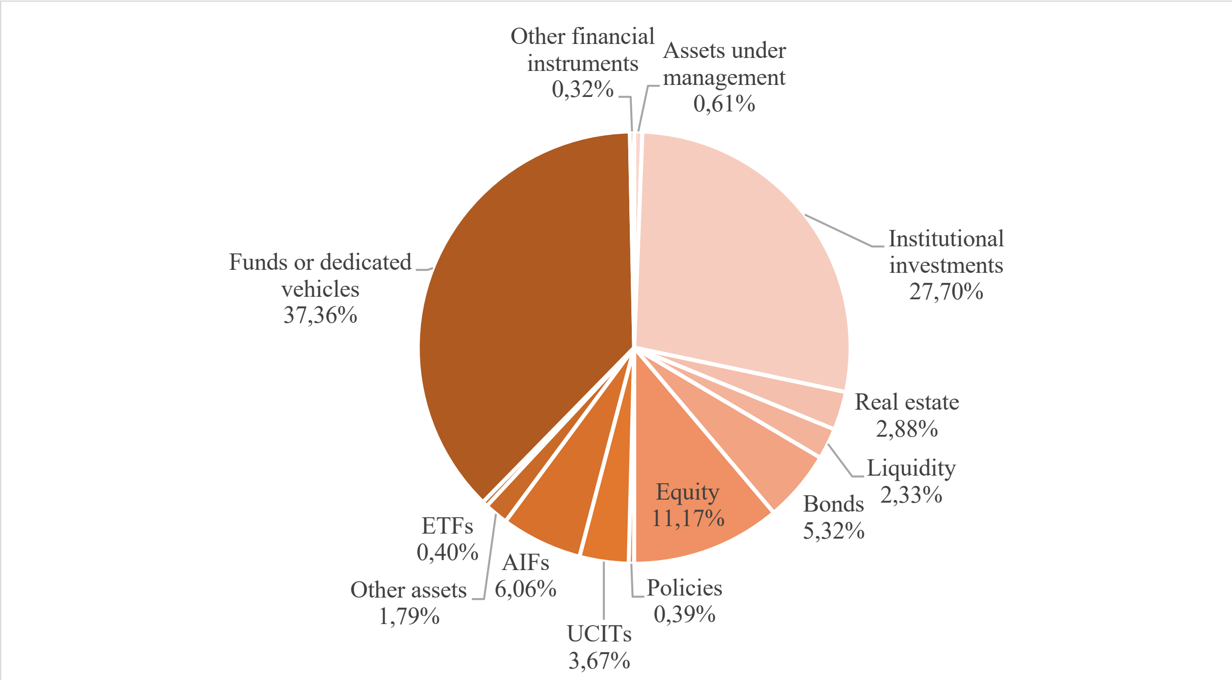
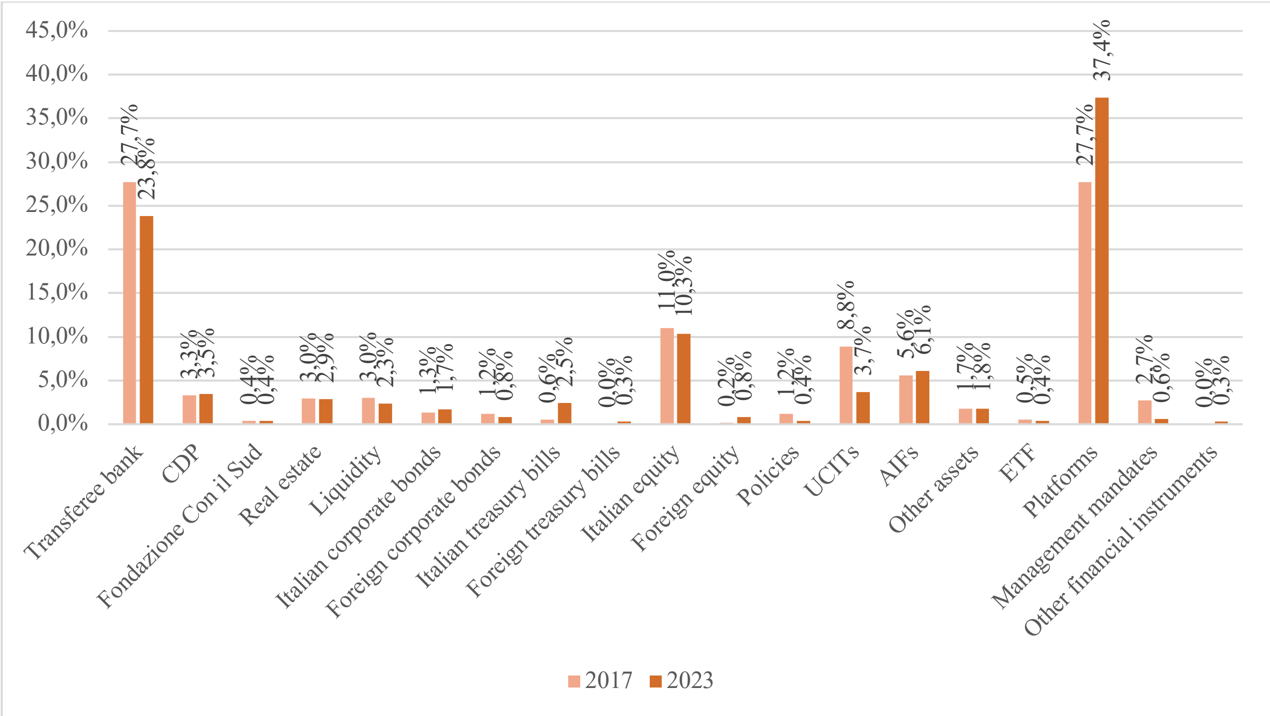


Figure 7.5 provides a useful indication to understand the evolution over time of direct investments, accounting for over 70% of the banking foundations' total assets, and the changes in their management choices. In order to make a homogeneous comparison, the starting year (2017) was recalculated with the same classification criteria used in 2023. In 2017, the sample included 23 foundations, that is 82.4% of all the assets of the then 88 foundations; instead, in 2023, it featured 32 of the 86 foundations, accounting for 88.2% of their total amount of assets.

Figure 7.5 - Assets of the banking foundations: a comparative analysis of 2017 vs. 2023



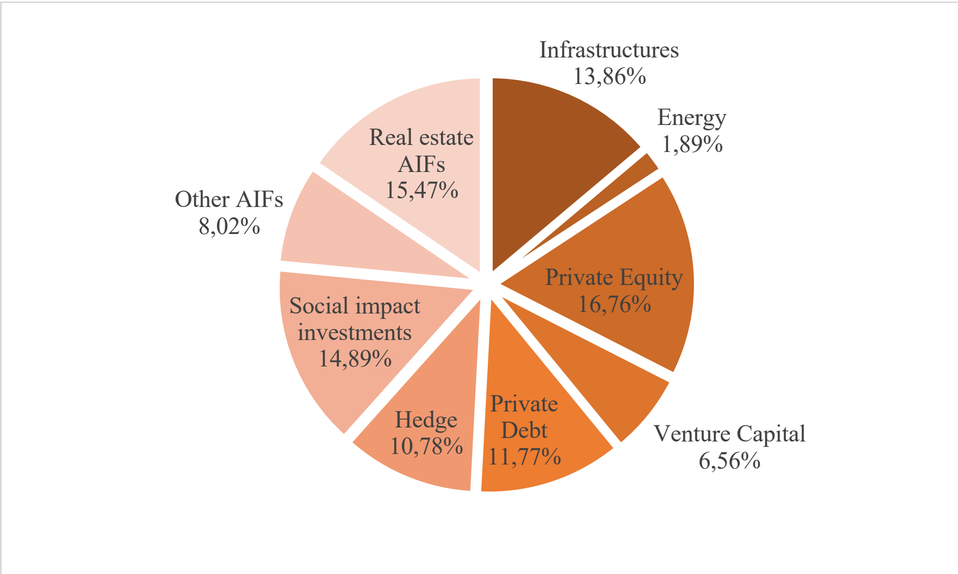
The most interesting changes are related to the share of investments in the ***transferee banks*, ** partly due to disposals but mainly due to carrying price adjustments. The increase in ***bond*** investments resulted from the twofold growth in Italian government bond investments in 2023. ***UCITs*** suffered a more significant drop caused by the already to dedicated platforms or funds, that had already been occurring for large foundations and since then has spread to the small and medium ones. On the other hand, ***AIFs*** became more popular as an investment choice in various Private Market sectors. The growth of ***Dedicated Platforms/Funds,*** from 27.70% of total assets in 2017 to 37.36% in 2023 can be accounted for by the corresponding drop in UCITS (-5.18%) and in portfolio management solutions (-2.14%).

The level of direct investment diversification of the 32 Foundations was very high; in fact, the number of ***management companies*** selected to provide financial instruments reached 177 (178 in 2022 and 159 in 2021), broken down as follows: 55 management companies for UCITS, 17 for ETFs, 132 for AIFs (several companies managing several instruments). It is important to mention not only the amount of alternative investments (compared to other institutional investors), but also the significant number of dedicated management companies (132): mainly private equity management companies (54), followed by private debt (30) and Venture Capital ones (24); 8 specialized in in Infrastructures, 7 in Renewable Energies and 10 in Social Impact Funds. ***Alternative instruments*** remained unchanged at 2.53 billion euros (net of investments in dedicated funds or vehicles, mostly **SIF** platforms**).** The share of social impact investments was again significant (health, housing, social housing, regeneration programs, etc.) accounting for 14.89% of total AIF investments (***Table 7.2*** and ***Figure 7.5***) together with real estate funds (15.47%).

Table 7.2 – AIF investments of banking foundations in 2022 and 2023

Type	2023	%	2022	%
Infrastructure	359,987,549	13.86%	332,095,351	13.12%
Energy	49,034,428	1.89%	87,319,873	3.45%
Private Equity	435,248,340	16.76%	376,919,557	14.89%
Venture Capital	170,351,556	6.56%	147,360,457	5.82%
Private Debt	305,669,444	11.77%	274,758,538	10.85%
Hedge	280,050,000	10.78%	305,696,875	12.08%
Social Impact Investments	386,668,663	14.89%	377,320,521	14.90%
Other AIFs	208,293,982	8.02%	238,467,865	9.42%
Real estate AIFs	401,748,153	15.47%	391,657,504	15.47%
Total	**2,597,052,115**	**100.00%**	**2,531,596,541**	**100.00%**

Figure 7.5 – Breakdown of AIF investments by banking foundations as percentage in 2023



UCITs direct investments, net of the investments in funds and dedicated vehicles, remained substantially unchanged (from 1.54 billion to 1.57 billion), accounting for 3.67% of total assets. ***Table 7.3*** shows the types of UCITs investments. Over the past few years, there has been a gradual reduction in the share of balanced, bond and pure equity funds in favour of more flexible and broader spectrum instruments, such as multi-asset funds (included in the 'other' category). All UCITs investments were managed by 55 different companies with considerable differentiation and specialisation.

Table 7.3 - Types and amounts of UCITs investments of banking foundations in 2022 and 2023

UCITS	2023	%	2022	%
Bond	526,623,148	33.52%	545,139,068	35.32%
Balanced	50,102,573	3.19%	58,366,984	3.78%
Equity	752,540,945	47.90%	691,555,445	44.80%
Other	241,828,996	15.39%	248,462,754	16.10%
Total	**1,571,095,662**	**100.00%**	**1,543,524,251**	**100.00%**

Table 7.4 shows the top five management companies by assets under management (UCITS, ETFs and AIFs, including platforms), which together accounted for 73% of the total. The ranking remained unchanged with respect to 2022, with the first three positions held by the companies managing the main platforms: Fondaco, Quaestio Capital Management and Eurizon, followed, with a major jump forward, by Amundi in the fourth place and Azimut in the fifth.

Table 7.4 - The top 5 management companies by assets under management

Management company	Total	as % of the total
Fondaco Sgr	6,283,674,706	30.88%
Quaestio Capital Management Sgr	5,928,723,820	29.14%
Eurizon Capital	1,546,193,755	7.60%
Amundi	734,805,553	3.61%
Azimut	411,866,771	2.02%
TOTAL for the top 5 management companies	**14,905,264,605**	**73.26%**

In 2023, the assets under management of 28 foundations amounted to 694.9 million, accounting for 1.43% of all the assets of the 86 foundations. With reference to the sample analysed, ***Table 7.5*** shows the figures under the item: "financial instruments mandated to individual asset management companies" as provided for by the industry regulations; the share of the asset under management continued to drop with respect to the total, from 0.93% r in 2022 to 0.61% of the total amount of the assets of the 32 foundations analysed in 2023; 9 foundations entrusted their assets (three of which for yield enhancement on a single security) to **18** asset management companies with 26 mandates, for a total of 248 million; below is the list of the top five management companies by amount of assets under their management.

Table 7.5 - The top 5 management companies by number of mandates

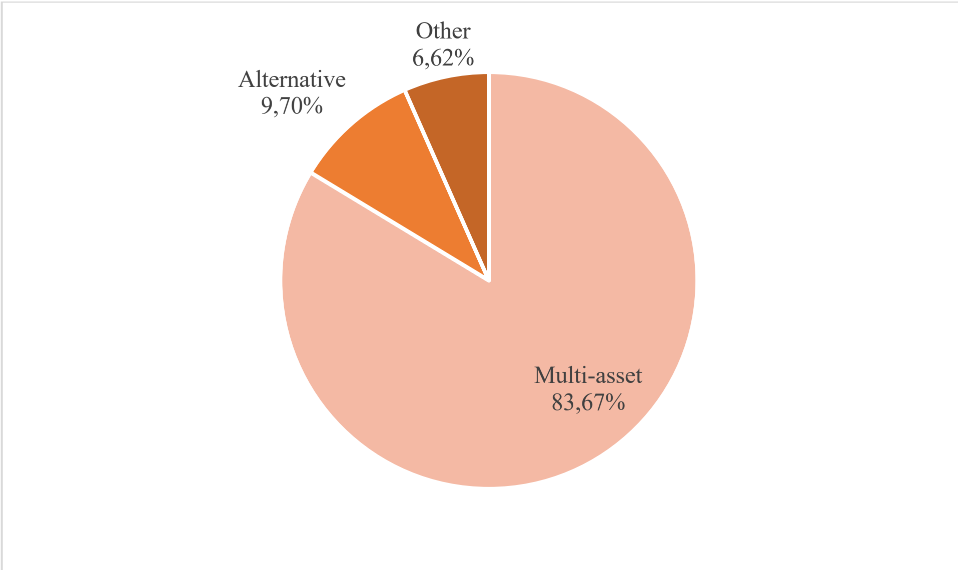
Management company	Assets under management	as %	no. of mandates
Fideuram AM	49,054,876	19.77%	2
Fondaco sgr	46,214,948	18.62%	2
Banca Generali	26,001,050	10.48%	2
BPER Bank	18,774,761	7.56%	3
MPS	18,691,755	7.53%	2
Total for the top 5 management companies	**158,737,390**	**63.96%**	**11**

Platforms - In recent years, platforms have been chosen by banking foundations to manage their resources, first by large foundations and then smaller ones; platforms allow for economies of scale and for accounting and operating advantages. The total number of platforms used by the 24 Foundations (out of the 32 examined) account for about 44% of all assets, with 5 foundations for over 50% (***Table 7.6***). More than 80% of the platforms are multi-assets, 9.7% deal with alternative investments and the remaining 6% with residual types (from bond to balanced allocations, other) (***Figure 7.6***). The advent of platforms led to a less extensive use of asset management with individual management mandates at least for large and medium-sized foundations and certainly resulted in a very blurred boundary between ***indirect*** investments with a specific ***management mandate*** and its guidelines, benchmarks, targets and risk budget, and ***direct*** investments through dedicated funds/platforms. As a reminder, the first dedicated platforms (or dedicated funds) began operating in the early 2000s (first with the GEO fund, later to become Polaris, then with Quaestio and with Fondaco), thus allowing for a ***unified view of the portfolio***, with centralized and simplified administrative and tax solutions, greater flexibility (also thanks to foreign legal frameworks with a wide range of instruments), rapid change of strategies, overlay policies, cost reduction, risk control, etc.). They also allow them to customize their sub funds for ***limited investments*** with ***their own name,*** thus making it possible to create sub-fund ***advisory committees***, with the participation of their advisors; furthermore, through SIFs, these foundations were able to ***allocate their illiquid investments*** and their AIFs and to invest in a broader universe of instruments (commodities, hedge, currencies).

Table 7.6 - Investment platforms of banking foundations in 2023

Foundation	Platforms	Total Assets	Share	Management Company
Fondazione Roma	1,546,592,642	1,849,946,076	83.60%	Fondaco
Fondazione Cariverona	1,067,206,405	1,691,428,096	63.09%	Various
Fondazione CR di Perugia	336,421,957	539,684,837	62.34%	Fondaco
Fondazione Cariplo	5,025,119,465	8,207,623,005	61.23%	Quaestio
Fondazione Monte dei Paschi di Siena	409,547,094	701,214,474	58.41%	Quaestio
Fondazione CR di Bologna	623,563,516	1,262,383,478	49.40%	Eurizon
Fondazione CR di Modena	487,320,000	995,548,196	48.95%	Eurizon/Vari
Compagnia di San Paolo	3,435,334,000	7,323,495,474	46.91%	Fondaco
Fondazione Cassa dei Risparmi di Forlì	251,263,774	562,955,811	44.63%	Quaestio/Fondaco
Fondazione Friuli n	158,180,114	372,582,146	42.46%	Quaestio
Fondazione Pisa	237,000,000	692,148,591	34.24%	Various
Fondazione Cassa di Risparmio di Firenze	731,826,755	1,972,159,351	37.11%	Eurizon
Fondazione CR di Trento e Rovereto	176,912,570	477,385,226	37.06%	Fondaco/Quaestio
Fondazione Livorno	75,060,000	223,651,646	33.56%	Platform Foundations
Fondazione di Venezia	130,133,105	389,476,213	33.41%	Valeur/Direct
Fondazione del Monte di Bologna e Ravenna	90,000,000	277,168,009	32.47%	Degroof Petercam/Rothschild
Fondazione CR di Ascoli Piceno	94,136,028	315,472,471	29.84%	Natam/Eurizon/Credit Suisse
Fondazione di Piacenza e Vigevano	120,565,929	420,375,482	28.68%	Quaestio/Eurizon
Fondazione Carispezia	61,989,042	274,943,447	22.55%	Platform Foundations
CR Foundation of Lucca	281,509,987	1,384,096,872	20.34%	Fondaco
Foundazione Sardinia	221,406,687	1,117,528,986	19.81%	Valeur/Platform Foundations
Fondazione CR di Cuneo	241,077,254	1,657,632,744	14.54%	Fondaco
Fonazione CR di Torino	180,260,954	3,117,085,134	5.78%	Fondaco
Fondazione CR di Pistoia e Pescia	23,219,871	570,446,028	4.07%	Platform Foundations
TOTAL	**16,005,647,149**	**36,396,431,793**	**43.98%**	

Figure 7.6 - Types of platforms in 2023



Banking Foundations and the Real Economy

Banking foundations have always attached great attention to the "***real economy***" given their origin and the strong link with their communities. In this Report, 'real economy' refers to investments in Italy or in Italian companies, excluding government securities, capital and non-capital real estate investments, liquidity and other assets (credits, accruals etc.). Even if the use of dedicated vehicles, platforms and funds makes it increasingly difficult to identify investments in the Italian real economy, interesting figures still emerge from the analysis. Overall, out of a total of 42.8 billion euros' worth of assets, the 32 Foundations examined allocated **18.5 billion** or **43.11%** of ***all assets*** to the Italian real economy ***(Table 7.7)***; it should be noted that, out of the 18.5 billion euros, as much as 10.2 billion was invested in their transferee banks. Government bond investments doubled in 2023 compared to 2022 (1,054 million compared to 507 million in 2022), thus bring their share of total assets from 1.23% to 2.5%. If Italian government bonds were also taken into account, the share of investments in Italy would rise to 45.6%.

Table 7.7 - Investments in the Italian real economy

Investments	2023	% of total assets of the 32 foundations
Transferee bank	10,214,416,154	23.84%
CDP	1,493,329,240	3.49%
Fondazione con il Sud	157,377,525	0.37%
Italian corporate bonds	743,924,084	1.74%
Italia equity	4,429,163,914	10.34%
Italian AIFs	1,427,450,110	3.33%
Italian real economy	**18,465,661,027**	**43.11%**
Direct investments in Italian government bonds	**1,053,868,678**	**2.46%**

The figure shown in the table related to the real economy is underestimated as it does not take into account the share of investments in the real Italian economy within the UCITS and AIF lines included in dedicated platforms and funds (and not easily identifiable from financial accounts).

But above all, this figure does not fully account for the contribution made by foundations to the Italian real economy represented by the annual flow of disbursements, the other major instrument available to banking foundations another contribution comes from their annual flow of disbursements, another major instrument available to banking foundations. This flow amounted 1 billion a year, on average, from 2011 to 2023; it was devoted not only to artistic and cultural heritage preservation, but also to research and development, local development, support for voluntary services, social and health-care interventions, with a more extensive cooperation with other public and private institutions and with systemic. The longstanding experience in public/private partnerships allows these foundations to support their local communities in the implementation of the National Recovery and Resilience Plan (PNRR) at the local level through a special agreement signed between Acri and the Prime Minister's Office in 2022; with their own facilities and organisational and planning skills gained over the years, these foundations assist their local communities in “deploying” the investments funded by the PNRR.

8. The Privatised schemes for the liberal professions: activities, members, pensioners, assets and management companies

In 2023, the number of privatised schemes for the liberal professions established under Legislative Decrees no. 509/1994 and no. 103/1996 was equal to **20** (see ***Table 8.1)*** and operated through **22** dedicated ***pension schemes***, -1 with respect to 2022 because the INPGI substitutive fund was integrated into INPS for sustainability reasons.

Number of members and pensioners - The number of members of the privatised schemes was equal to 1,847,335[1] at the end of 2023, a slight reduction (-0.18%) compared to 1,850,586 in 2022, that is about 7.2% of Italy's total workforce. ***Figure 8.1*** illustrates the membership trend of the privatised schemes from 2017 to 2023, which features an overall growth by 1.74% and an average annual growth rate of 0.29%. The total number of members started to show a slight reduction as of 2021.

Figure 8.1 - The privatized schemes for the liberal professions by number of members from 2017 to 2023

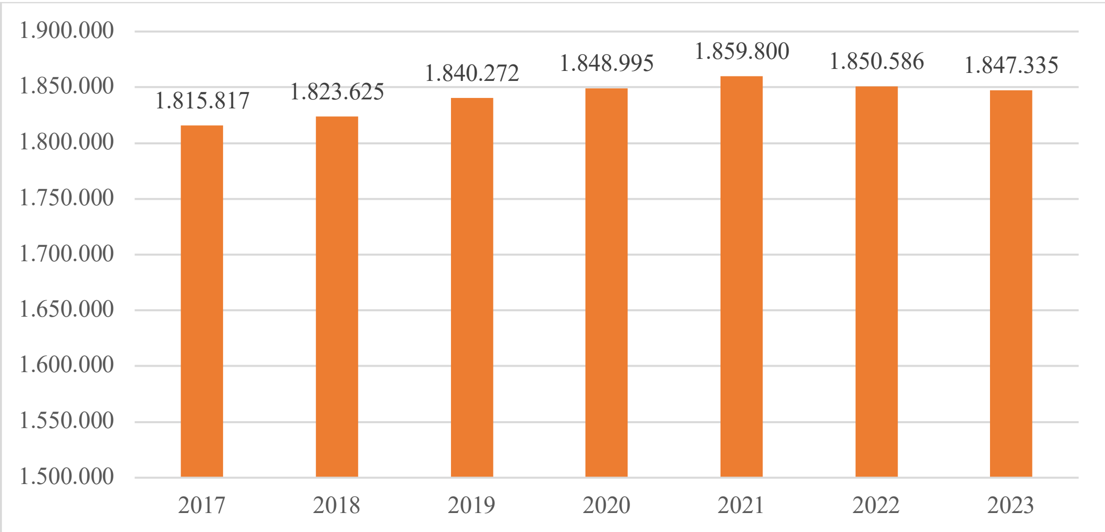


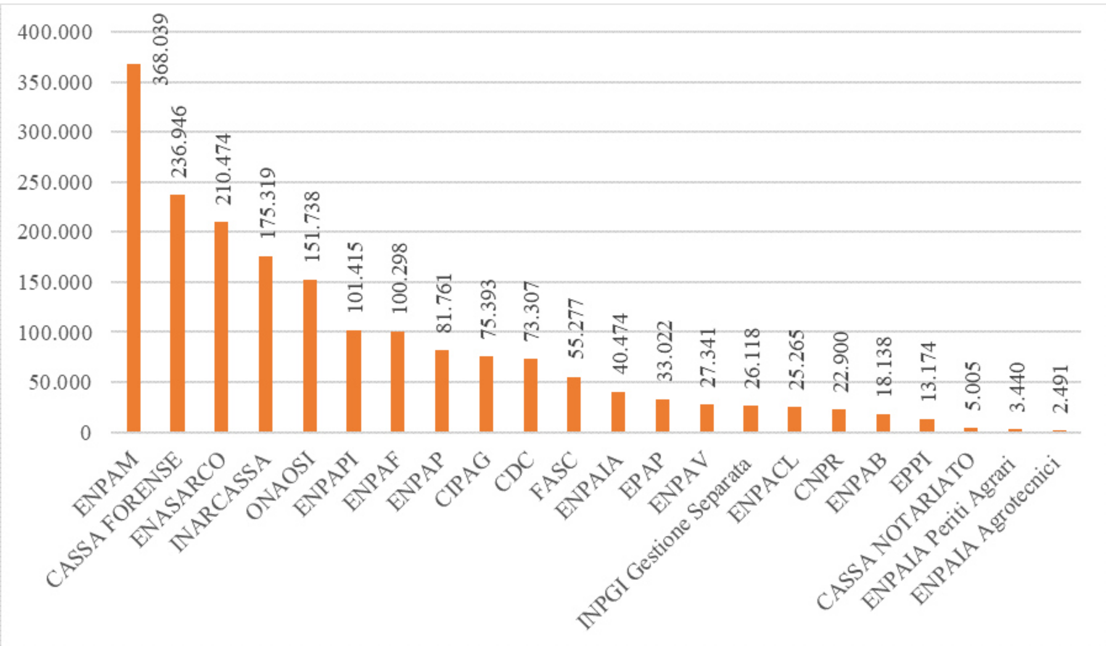
Table 8.1 and ***Figure 8.2*** show the breakdown of these schemes by their number of members at the end of 2023; 10 schemes feature san increase in their membership vs. a decrease for 11 of them. The privatised schemes that experienced a growth in their membership were those for psychologists (ENPAP) with +5.98%, agro-technicians (ENPAIA) with +5.60%, professional nurses (ENPAPI) with +4.97% and FASC with + 3.88%. The privatized schemes that suffered a percentage reduction in their number of members were the INPGI separate scheme (-3.37%), that for accountants (CNPR) which continued its downward trend with -2.50% as well as ENPAV with -2.42%. Considering the reduction in absolute terms, ENPAM and Cassa Forense lost about 3,000 members (with a more significant share for Cassa Forense, given the smaller pool of registered professionals), while Enasarco lost about 4,000 members out of a total of 210,000.

[1] In July 2022, INPGI merged into INPS only as the substitutive fund of AGO (general compulsory insurance); instead, until 2021, the number of members included those registered with INPGI; this number also includes non-professionals and orphans registered with and managed by ONAOSI.

Table 8.1 – The privatized schemes for liberal professionals by number of members in 2023

	Scheme	no. of members	% Var.		Scheme	no. of members	% Var.
1	ENPAM	368,039	-0.81%	13	EPAP	33,022	1.66%
2	CASSA FORENSE	236,946	-1.28%	14	ENPAV	27,341	-2.42%
3	ENASARCO	210,474	-1.84%	15	INPGI Separate scheme	26,118	-3.37%
4	INARCASSA	175,319	-0.18%	16	ENPACL	25,265	-0.25%
5	ONAOSI	151,738	-2.17%	17	CNPR	22,900	-2.50%
6	ENPAPI	101,415	4.97%	18	ENPAB	18,138	1.89%
7	ENPAF	100,298	0.58%	19	EPPI	13,174	-0.73%
8	ENPAP	81,761	5.98%	20	CASSA DEL NOTARIATO	5,005	-2.17%
9	CIPAG	75,393	-1.98%	21	ENPAIA Surveyors	3,440	1.96%
10	CNPADC	73,307	0.67%	22	ENPAIA Agrotechnicians	2,491	5.60%
11	FASC	55,277	3.88%		Total	1,847,335	-0.18%
12	ENPAIA	40,474	1.99%				

Figure 8.2 - The privatized schemes for liberal professionals by number of members in 2023



The ***gender ratio and gender pay gap of professionals. Women*** professionals accounted for 41% of the total number of registered members, reaching 54% among those under 40 evenly across all regions of the country, while in the central-northern regions, professional women outnumbered professional men (2022 data). On the other hand, the gender pay gap remained significant, with an overall income difference of 45%; if broken down, the average difference was apparently smaller among the under-30s and was significantly higher for older cohorts.

<u>Number of pensioners</u> - In 2023, the number of pensioners reached **507,606,** with an increase by 20,675 **(+4.25%)** over 2022 (+1.95% in 2022 vs. 2021 and +2.89% in 2021 vs. 2020)[2] . Therefore, the ***ratio of the number of members to the number of pensioners*** was 3.65 ***active members per pensioner***, (3.82 in 2022 and 3.59 in 2021 over 2020). The schemes with the highest growth in the number of pensioners were: ENPAIA Agro-technicians (+32.2%), ENPAP (+9.74%), ENPAB (+9.64%), EPAP (+9.56%), CDC (+8.32%), ENPAIA Rural surveyors (+7.16%) and ENPAM (+6.60%). More in general, 5 privatised schemes out of the top 10 in terms of number of members exceeded the 5% threshold (one was ONAOSI, which has no pensioners, as it does not provide social security benefits). The ratio of members to pensioners matches the total number of members (including active pensioners, i.e. those who continue to work in their profession even when retired) with the total number of pension benefit recipients.

<u>Contributions and benefits</u> - In 2023, the total contribution revenues amounted to **13.17 billion** (vs. 12.35 billion in 2022 and 11.53 billion in 2021), while pension and welfare benefit expenditure amounted to **8.48 billion** (vs. 7.69 billion in 2022 and 7.70 billion in 2021). As a result, the ***ratio of contributions to pension benefits*** remained at 1.55, slightly lower than the 1.60 of 2022 and in line with previous years, except for 2021, when the ratio was 1.49. Again, as in 2022 and unlike the previous years, no schemes featured a deficit between contributions and benefits, because the INPGI separate scheme performed well over the years.

<u>Assets</u> - In 2023, the privatised schemes featured **107.037 billion euros'** worth of ***assets***, an increase by 6.3 billion over 2022 (+6.28%), due to recovery of financial markets. By expanding the observation period (***Figure 8.3)***, the total book value of assets rose from 37.6 billion in 2007 to 107.03 billion in 2023, with an average annual growth rate of 6.8% (an overall increase by 185%).

Figure 8.3 – Trend of the assets of privatized schemes from 2007 to 2023 (billions of euros)

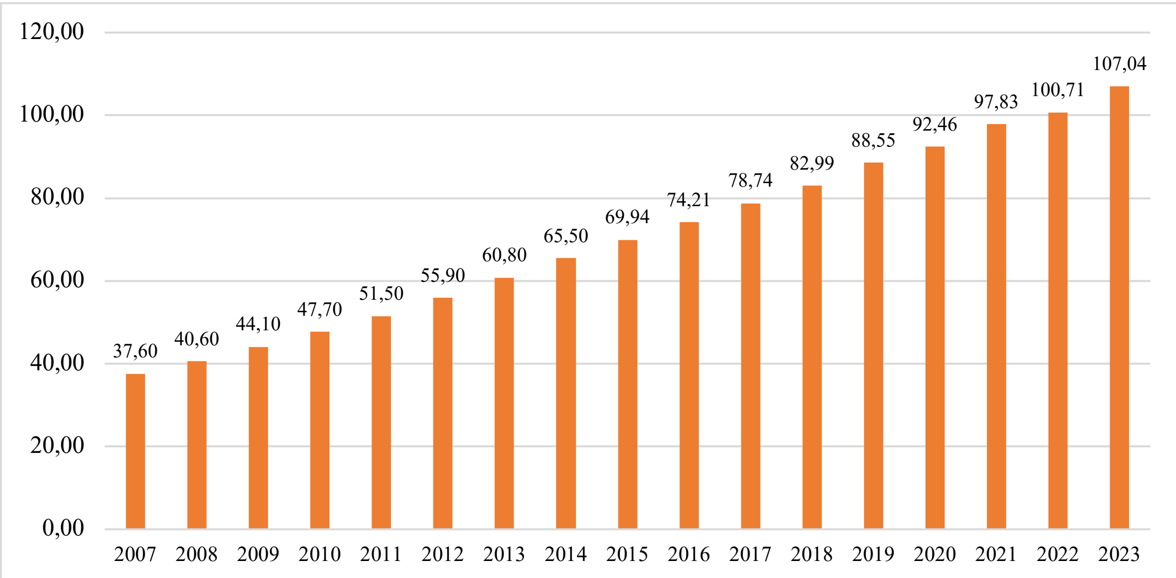


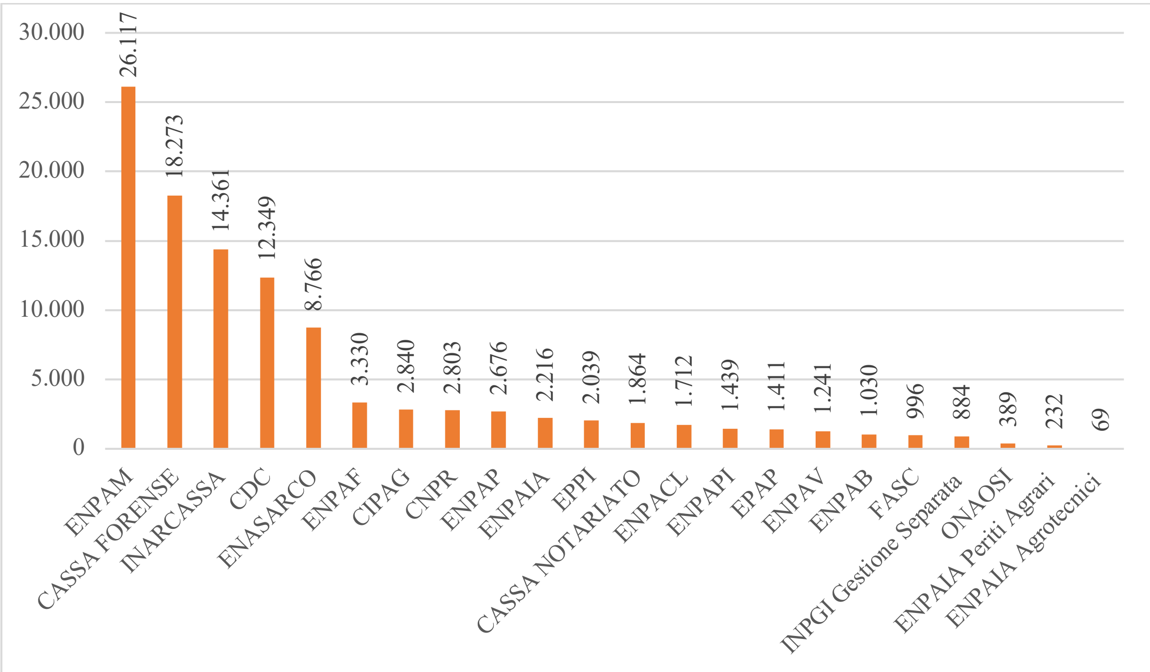
Table 8.2 and ***figure 8.4*** show the ranking of the privatised schemes by assets and by percentage growth over 2022. The privatised schemes with the greatest growth in their assets (over 10%) were ENPAIA Agrotechnicians (+15.59%), followed by ENPAV (+11.22%), ENPAB (+10.95%), ENPAPI (+10.78%), ENPAP (+10.75%) and EPPI (10.26%). Unlike in 2022, no scheme had a negative result (in 2022 FASC had a -6.28% performance).

[2] This figure takes into account the fact that FASC and ONAOSI have pensioners, since FASC (The fund for forwarding agents and couriers) only provides lump-sum benefits and ONAOSI does not provide pension benefits.

Table 8.2 – Schemes for the liberal professions by total assets in 2023 (millions of euros)

	Scheme	Assets	% Var.		Scheme	Assets	%Var.		Scheme	Assets	% Var.
1	ENPAM	26,117	2.05%	**9**	ENPAP	2,676	10.75%	**17**	ENPAB	1,030	10.95%
2	CASSA FORENSE	18,273	9.64%	**10**	ENPAIA	2,216	2.44%	**18**	FASC	996	6.15%
3	INARCASSA	14,361	8.70%	**11**	EPPI	2,039	10.26%	**19**	INPGI Separate scheme	884	3.27%
4	CNPADC	12,349	8.06%	**12**	CASSA DEL NOTARIATO	1,864	2.84%	**20**	ONAOSI	389	0.84%
5	ENASARCO	8,766	5.07%	**13**	ENPACL	1,712	6.49%	**21**	ENPAIA Rural Surveyors	232	7.26%
6	ENPAF	3,330	7.30%	**14**	ENPAPI	1,439	10.78%	**22**	ENPAIA Agrotechnicians	69	15.59%
7	CIPAG	2,840	7.11%	**15**	EPAP	1,411	9.01%				
8	CNPR	2,803	1.03%	**16**	ENPAV	1,241	11.22%		**Total**	**107,036**	**6.28%**

Figure 8.4 – Schemes for the liberal professions by total assets in 2023 (millions of euros)



The ***net worth*** of these funds amounted to **92.71 billion euros,** compared **87.55 billion** in 2022 **(**vs. 85.32 in 2021), an increase by 5.92%, similar to the +6.11 in 2021, vs. the 2.61% increase in 2022.

Table 8.3 shows the six funds with a growth of more than 8% compared to 2022 (ENPAB, ENPAV, EPPI, INARCASSA, Cassa Forense, CDC).

Table 8.3 - Assets of the schemes for the liberal professions in 2023 vs. 2022

Schemes with a net worth growth by more than 8%			
Scheme	**Net worth in 2022**	**Net worth in 2023**	**% Var.**
ENPAB	120,148,218	143,102,634	**19.11%**
ENPAV	894,778,838	985,573,873	**10.15%**
EPPI	1,492,443,104	1,635,889,087	**9.61%**
INARCASSA	13,046,493,779	14,201,012,820	**8.85%**
CASSA FORENSE	16,222,673,423	17,629,361,900	**8.67%**
CDC	10,530,168,903	11,424,433,098	**8.49%**

Total invested - In 2023, in line with previous years, the preferred management approach adopted by these schemes was that of ***direct investment,*** amounting to **92.52 billion euros,** i.e. **86.44%** of the **107.037** billion euros' worth of assets (up from 83% in 2022). ***Indirect investments***, through management mandates, amounted to, **14.513 billion**, a figure that is steadily decreasing compared to previous years (17.203 billion in in 2022 and 17.399 billion in 2021). Slightly more than half of direct investments (**49.126 billion**, 53.1%) was allocated to UCITS or AIFs (of which around 8.1 billion in dedicated funds and vehicles), a decreasing share compared to previous years (55.14% in 2022 and 57.6% in 2021). Bond and equity investments respectively increased up to 14.36% and to 5.89% of direct investments.

Direct investments - The **92.52 billion** euros' worth of direct investments (***Figure 8.5***) were allocated to the following asset classes: **(a)** real estate, accounting for 2.27%; **(b)** monetary for 7.08%; **(c)** bonds for 14.37%; **(d)** equity for 5.9%; **(e)** policies for 0.56%; **(f)** UCITs for 23.94%; **(g)** AIFs for 20.37%, a stable asset class in the portfolio of these funds; **(h)** ETFs for 4.09%; **(i)** other assets not included in the above for 12.42%; **(i)** dedicated funds and vehicles for 8.78%.

Figure 8.5 - Direct investments of the schemes for the liberal professions in 2023

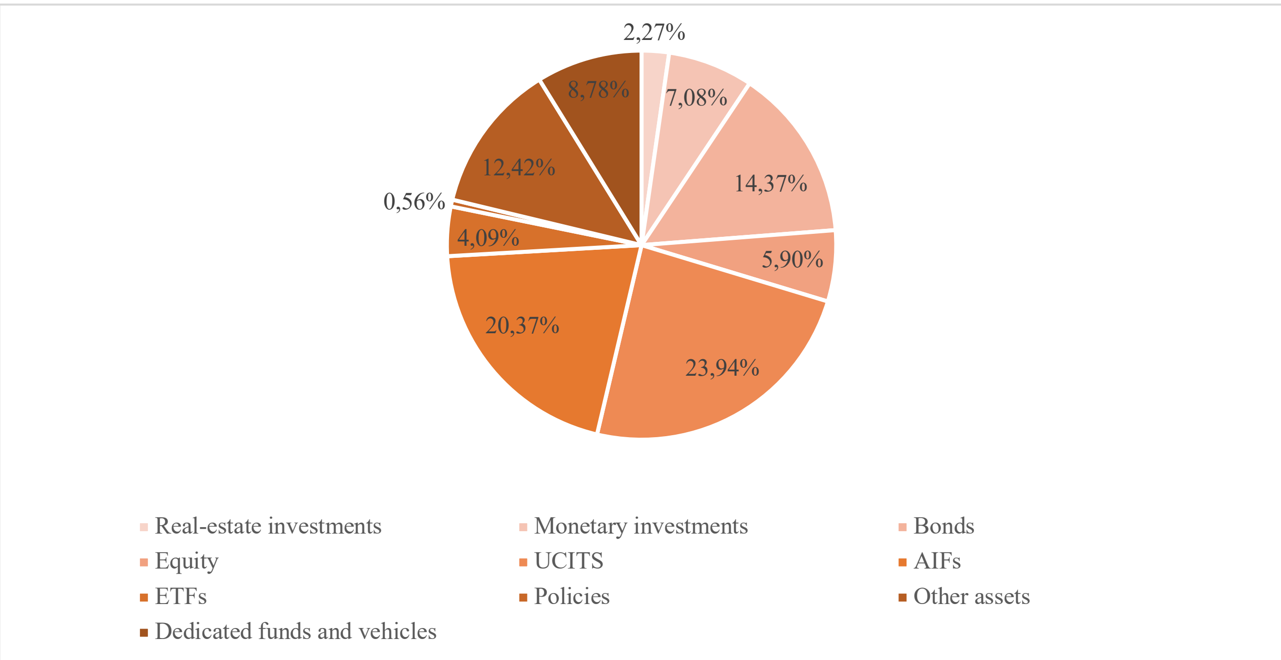
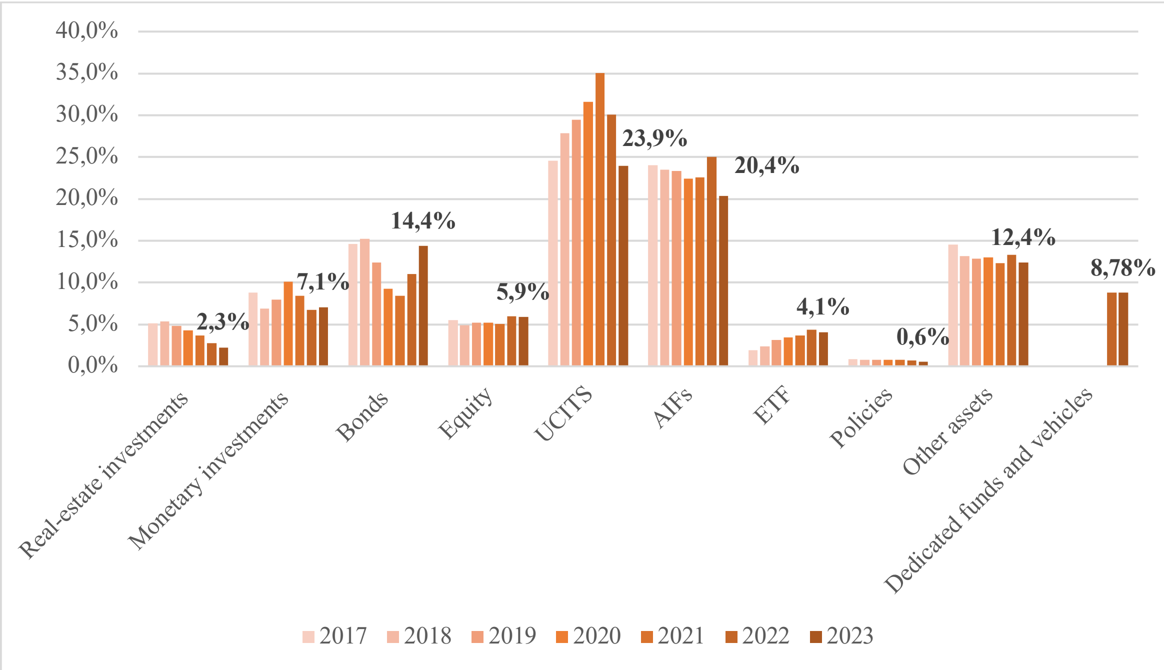


Figure 8.6 shows direct investments from 2017 to 2023 in detail**.** The analysis of the breakdown of direct investments by asset class reveals that almost 50% was invested in managed instruments, such as mutual funds, AIFs and ETFs. Since 2022, we have also separately surveyed the so-called

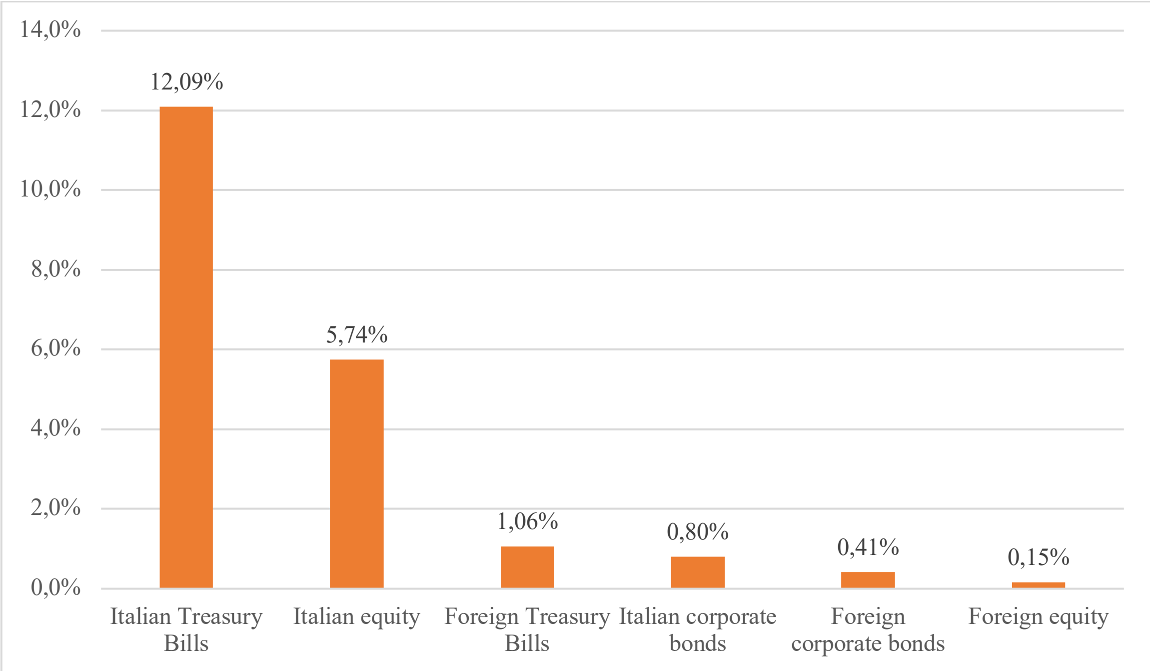
platforms, i.e. dedicated funds and vehicles (sub-funds of SICAVs under Luxembourg law), mainly used to manage real estate assets and the liquid part of the portfolio, which led to an apparent reduction in the share of UCITS and AIFs in the last two years. If Platforms are also included, the share of asset management instruments almost reached **60%** in 2023. At the same time, the comparative analysis with previous years also shows a gradual decline in direct real-estate investments, which were gradually channelled into dedicated investment funds, and in bond investments, especially government bonds; this did not occur in the last two years due to a significant increase in the share of these investments (11.1% in 2022 and 14.4% in 2023), particularly of domestic investments, thanks to the return of attractive yields for this asset class linked to the rise in interest rates by central banks.

Figure 8.6 - Direct investments in detail from 2017 to 2023



<u>**Equity and bond investments**</u> **-** Investment in traditional financial instruments (equity and bonds) remained important asset classes in these funds' portfolios, accounting for 20% of total direct investments, a figure that continued to grow (vs. 17% in 2022 and 13.5% in 2021). In detail, ***Figure 8.7*** shows the equity and bond investments in detail. The Italian ***government bonds*** remained the leading investment instruments with 11.2 billion, followed by Italian equity with 5.3 billion. Italy was still the preferred country for equity and bond investments. Italian equity accounted for 97% of all equity investments, in line with 2022, also including the shares invested in the Bank of Italy; instead, the Italian corporate bonds accounted for 5.5% of the total bond portfolio (corporate and government). If we add the Italian government bonds (equal to 84.2%), the share of bond investments in Italy reached 89.7%, bringing the total portfolio Italian equity and bond allocation to around 92% of the total for these asset classes. Direct Italian corporate ***equity*** and ***bond*** investments accounted for 6.5% (6.05 billion euros) of the **total amount** of direct investments.

Figure 8.7 - Equity and bond investments as % of total direct investments in 2023



<u>Investments in the Bank of Italy and Cassa Depositi e Prestiti</u>: The Bank of Italy's shares held by these schemes amounted to **1.90 billion**, that is to **34.86%** of their ***equity portfolio*** and to 35.7% of all ***Italian equity investments***. Each scheme featured a different equity profile (***Table 8.4)***. Cassa Forense was again the only scheme to invest 140 million euros in **Cassa Depositi e Prestiti.**

Table 8.4 – Equity investments of the privatized schemes for the liberal professions in the Bank of Italy

Pension scheme	Investments in the Bank of Italy	Pension scheme	Investments in the Bank of Italy
INARCASSA	€ 370,018,000	CNPR	€ 53,000,000
CASSA FORENSE	€ 370,000,000	ENPAB	€ 15,000,000
CDC	€ 275,000,000	ENPAPI	€ 40,000,000
ENPAM	€ 370,000,000	ENPAP	€ 10,000,000
ENPAIA	€ 188,500,000	EPPI	€ 100,000,000
ENPACL	€ 90,000,000	ENPAIA AGROTECHNICIANS	€ 3,500,000
ENPAIA RURAL SURVEYORS	€ 15,000,000		
		Total	**€ 1.900.018.000**

<u>Direct UCITs investments</u> **-** Investments in traditional UCITs (bond, balanced bond, balanced, equity and other types) amounted to **25.536 billion euros** (vs. 25.125 in 2022), of which 3.382 billion allocated to dedicated funds or vehicles, an increase by 1.6% with respect to 2022 (- 10.9% in 2022 vs. 2021). The financial statements published by these funds provided the detailed allocation of the 25 billion euros to UCITS (aggregate breakdown by asset class); however, the same financial statements did not analytically report the details of individual funds and their management companies for an amount of 5 billion euros. Overall, the most popular forms of investments (***Figure 8.8***) were bonds, almost 13.6 billion (53.21%), followed at a distance by equity investments equal to 7.08 billion (27.73%), by other types and mixed (other) forms of investments for about 2.9 billion (11.5%), by balanced bonds for 0.4 billion (1.55%) and balanced funds for 1.5 billion (6%).

Figure 8.8.1 shows the privatized schemes' total investments in different types of UCITs, and their

preference for equity and bond UCITs in 2023, and their dwindling interest in other forms of investments (other and balanced).

Figure 8.8 - Traditional UCITS by their underlying investment

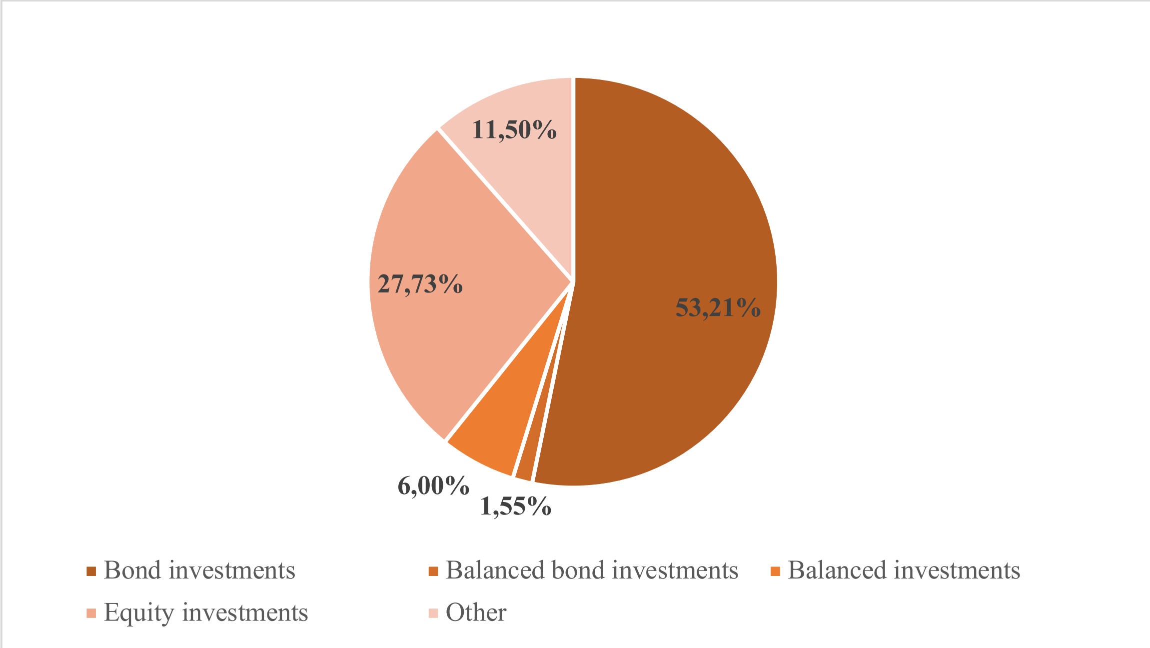


Figure 8.8.1 - Traditional UCITS by their underlying investment in 2022 vs. 2023

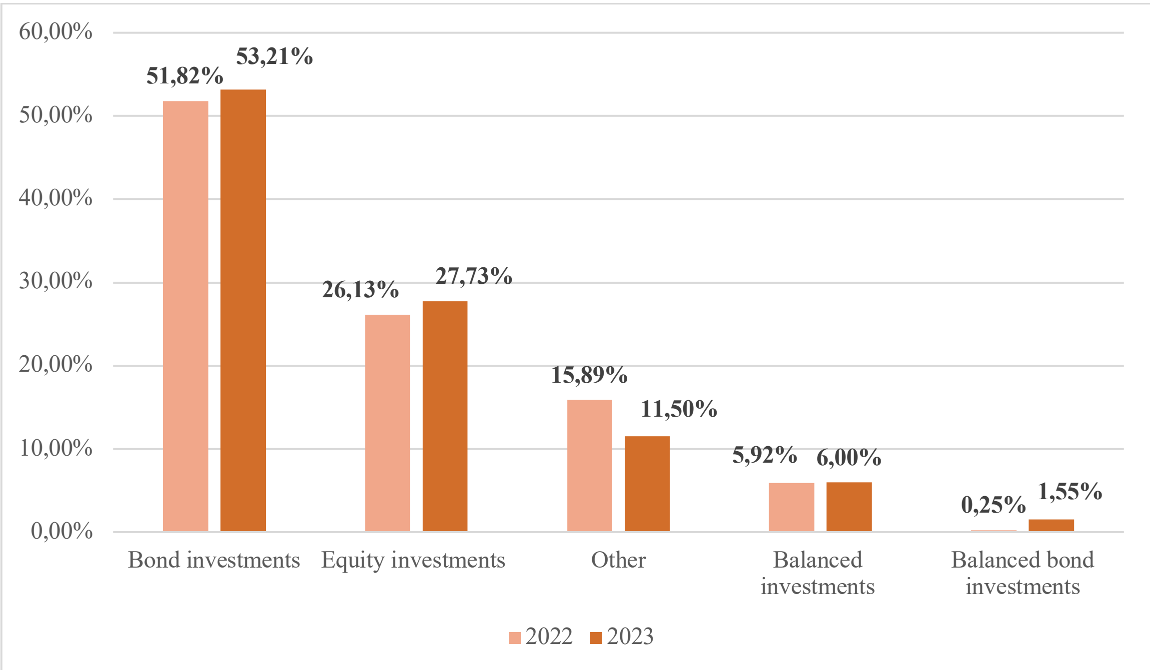


Table 8.5 shows the top five management companies of ***traditional UCITS*** by assets under management and by type of UCITS. Due to the lack of detailed data on around 5 billion euros' worth of "traditional" mutual fund investments by INARCASSA and ENPAIA, it is not possible to precisely ascribe these investments to the management companies surveyed, thus possibly underestimating the market share of each of these companies. UBS Global AM was confirmed in its leading position in the ranking, while Eurizon regained the second place against BlackRock, which slipped to the third place. Vontobel and Pictet&Cie were stable in the fourth and fifth place respectively.

Table 8.5 - Ranking of the top 5 management companies of traditional direct UCITS investments by the privatized schemes in 2023

Management company	Bond investments	Balanced investments	Equity investments	Other	TOTAL
UBS Global AM	69,144,799	1,122,121,096	50,878,643	0	1,242,144,538
Eurizon	221,631,739	0	0	846,598,609	1,068,230,348
BlackRock	774,929,133	0	158,499,359	115,435,097	1,048,863,589
Vontobel	405,355,443	0	565,865,610	16,633,656	987,854,709
Pictet&Cie	499,960,945	7,300,916	100,911,782	157,679,121	765,852,764

Direct investments in Alternative Investment Funds - AIFs – In 2023, the investments in AIFs by these pension schemes amounted to **23.59 billion euros**, up from 20.907 billion in 2022 and accounted for 25.5% of direct investments (25% in 2022) and for 22% of all assets. As already specified for traditional UCITS, there are no details about the individual products and management companies for an amount of approximately 2.79 billion euros' worth of AIFs investments; however, the breakdown by asset class of the entire amount invested in AIFs is available. ***Figure 8.9*** shows the different types of alternative real estate and securities investments. AIFs investments remained real estate-oriented again in 2023 for an amount of 14.4 billion, or 61.2% of all AIFs, including dedicated real estate management funds, which have been steadily decreasing since 2017 (vs. 71.5% in 2021, 75.65% in 2020 and 78.63% in 2019), followed by private equity funds with 3.2 billion (13.55%) mainly invested in SMEs and large companies *(*conventional private equity), with a steady upward trend since 2020. Infrastructural investments too went up to 1.85 billion euros (7.86%); the "Securities AIFs - Other" category (which includes all the alternative investments that do not fall into the categories indicated) had a value of 1.51 billion (6.4%). Finally**,** private debt investments amounted to 1.62 billion (6.88%), while the share of other investments ("Social Impact" and "Venture Capital") remained small.

Figure 8.9 - Types of AIFs purchased by the schemes for the liberal professions

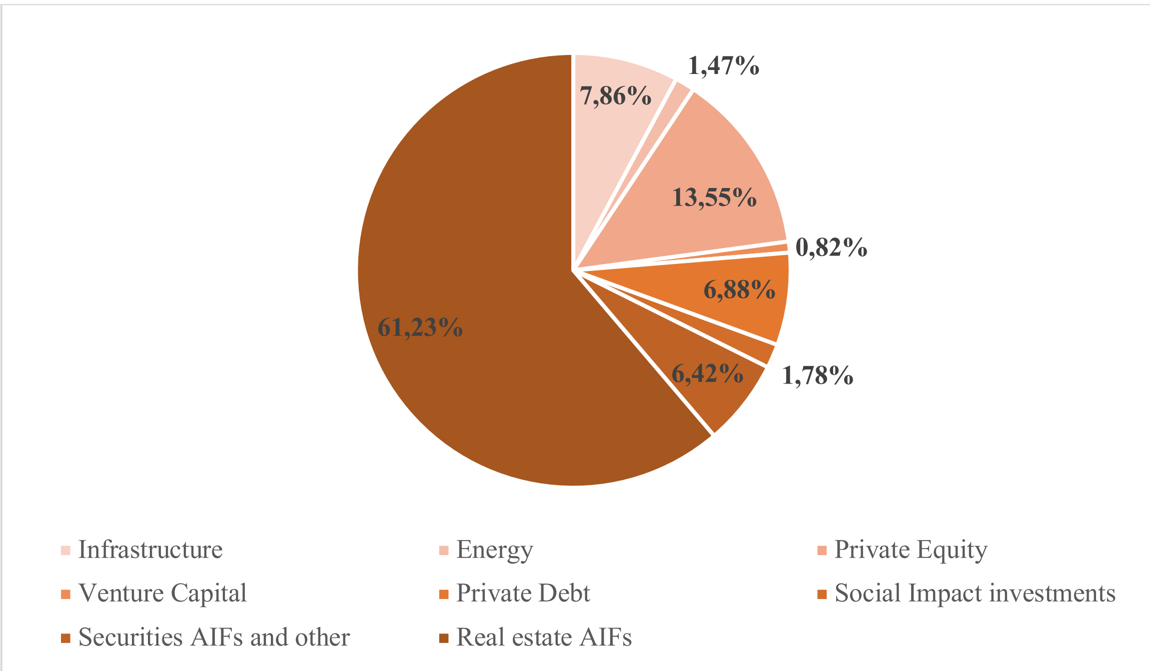


Figure 8.9.1 shows AIFs investments from 2017 to 2023. Real estate remained by far the leading form of AIFs investments, but with a slight drop from 86.1% in 2017 to 61.2% in 2023. Instead, all other types had an upward trend, especially infrastructural investments, which rose from 1.83% in 2017 to 7.9% in 2023. The same was true for private equity, which increased from 6.4% in 2017 to 13.55% in 2023, and for private debt, which grew from 1.3% in 2017 to 6.9% in 2023.

Figure 8.9.1 - Types of AIFs purchased by the schemes for the liberal professions from 2017 to 2023

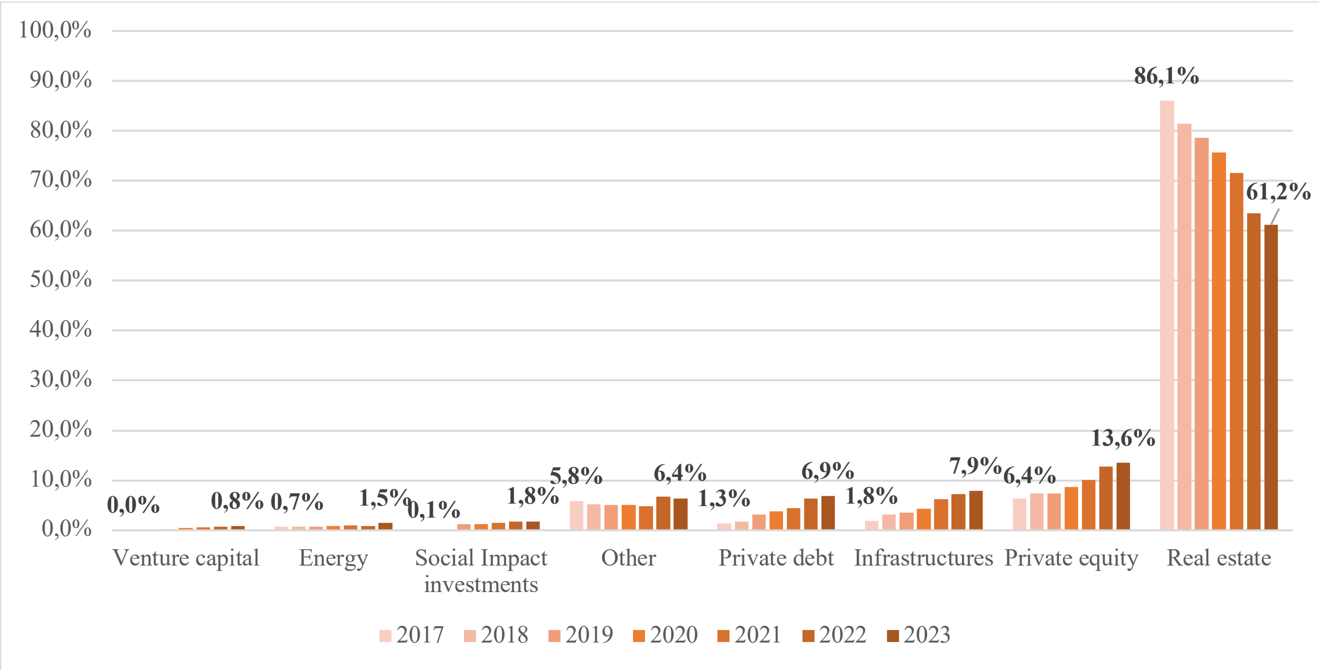


Table 8.6 lists the top 5 alternative investment management companies by assets under management in which the privatised schemes invested. The ranking was substantially the same as in previous years, with a clear predominance of real estate management companies: Fabrica Immobiliare Sgr, Antirion Sgr and Dea Capital RE Sgr again on the first three steps of the podium, while Investire Sgr replaced Prelios in the fourth position.

Table 8.6 - The top 5 AIF management companies by assets under management

Management company	Social Impact investments	Real estate AIFs	TOTAL
Fabrica Immobiliare Sgr	9,855,668	2,928,239,941	2,938,095,609
Antirion Sgr*	0	2,569,180,199	2,569,180,199
Dea Capital Real Estate Sgr	0	2,288,043,434	2,288,043,434
Investire Sgr	93,305,285	1,074,204,198	1,167,509,483
Prelios	0	0	1,129,171,565

**which acquired Colliers Global Investor Italy in 2022*

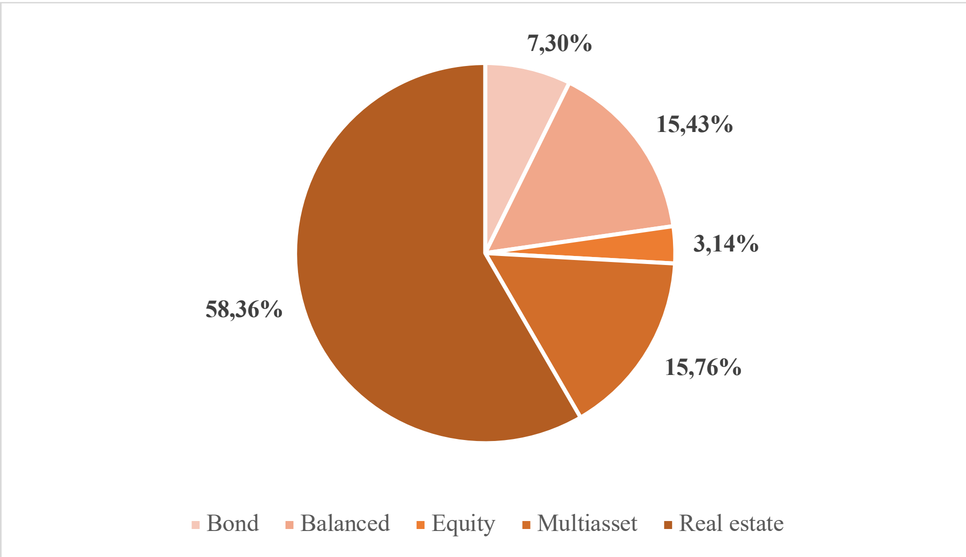
<u>**Exchange Traded Funds - ETFs**</u>: ETF investments amounted to 3.79 billion euros, accounting for 4.09% of total direct investments, slightly down with respect to 2022 (4.38%). ***Table 8.7*** shows the top 5 ETF management companies holding the same positions in the ranking as the previous year, with ISHARE firmly on top followed by Vangard.

Table 8.7 - The top 5 ETF management companies

Management company	Bonds	Equity	Other	Total
ISHARES	1,113,089,668,33	427,175,601,39	9,914,417,50	1,550,179,687,22
VANGUARD	123,683,932	470,602,793,49	0	594,2867,25,49
UBS GLOBAL	102,119,878	171,400,863,88	151,013,093	424,533,834,88
LYXOR	137,586,130,95	211,545,595	2,641,478	351,773,203,95
INVESCO	9,743,874	0	273,873,014	283,616,888

Dedicated funds and vehicles - Nine privatized schemes featured dedicated funds or vehicles in their portfolios, for a total amount of approximately 8.12 billion euros (vs. 8.01 billion in 2022), accounting for 8.78% of direct investments. ***Figure 8.10*** shows the breakdown of dedicated funds by category: more than **58%** of the total was invested (4.74 billion) in ***real estate funds*** or ***vehicles*****,** followed by ***multi-asset*** (1.28 billion, 15.7%), ***balanced*** (1.25 billion, 15.4%), ***bond*** (0.59 billion, 7.3%) and ***equity*** (0.25 billion, 3.14%) ***funds***. Apart from ad hoc real estate funds, these schemes used reserved vehicle instruments, generally Luxembourg-based SICAVs or SICAV sub-funds to manage the liquid part of their portfolio.

Figure 8.10 - Dedicated funds and vehicles by category in 2023



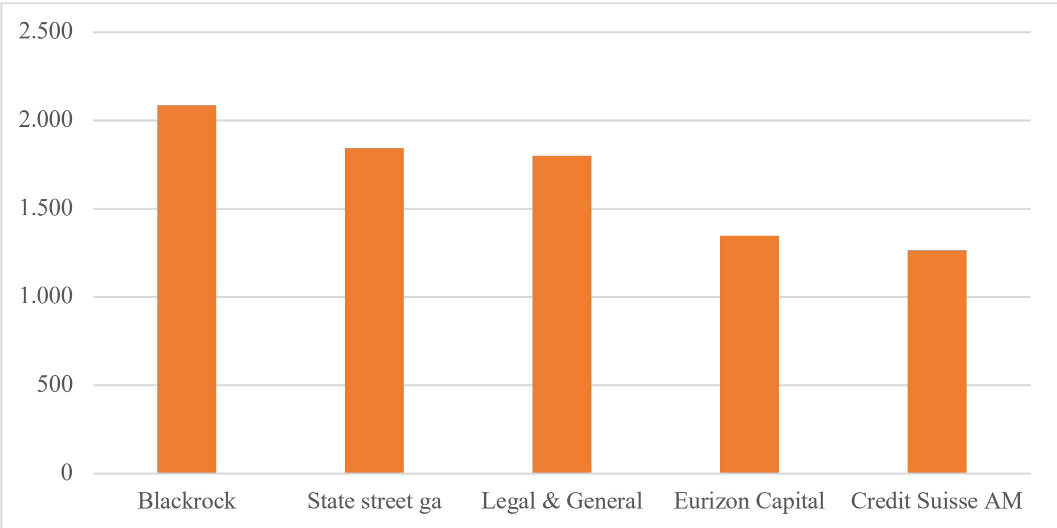
Indirect investments - Management mandates – In 2023**,** the resources mandated to management companies amounted to **14.51 billion euros,** down with respect to 17.2 billion in 2022 and to17.39 billion in 2021. Only four funds used management mandates (CNPR, ENPAB, ENPAM and FASC), for a total of 25 mandates to 19 different management companies. ***Table 8.8*** shows the top 5 management companies, which accounted for about 57% of all the resources mandated by these schemes in terms of number of mandates, assets under management, market share and average value of the mandate.

Table 8.8 - The top 5 management companies of the schemes for the liberal professions by assets under management in 2023

Management company	No. of mandates	AUM	% Resources	Average mandate
Blackrock	1	2,086,629,845	14.38%	2,086,629,845
State Street	1	1,842,497,647	13%	1,842,497,647
Legal &general	1	1,802,274,246	10.26%	1,802,274,246
Eurizon Capital	3	1,348,749,824	9.29%	449,583,275
Credit Suisse AM	2	1,266,156,559	8.72%	633,078,280

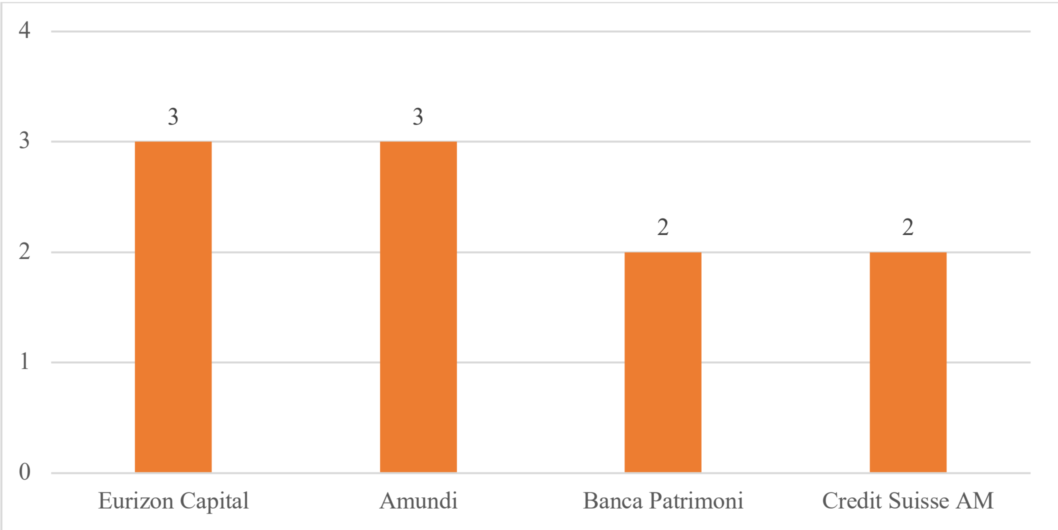
The ***2023 ranking by AUM (Figure 8.11)*** featured Blackrock in the first place (it ranked second in 2022), followed by State Street (in the third position in 2022) and Legal&General (which dropped from the first place in 2022 to the third place), while Eurizon retained its fourth place and Credit Suisse climbed to the fifth position, replacing Amundi (fifth place in 2022).

Figure 8.11 - The top 5 management companies of the schemes for the liberal professions by assets under management in 2023 (millions of euros)



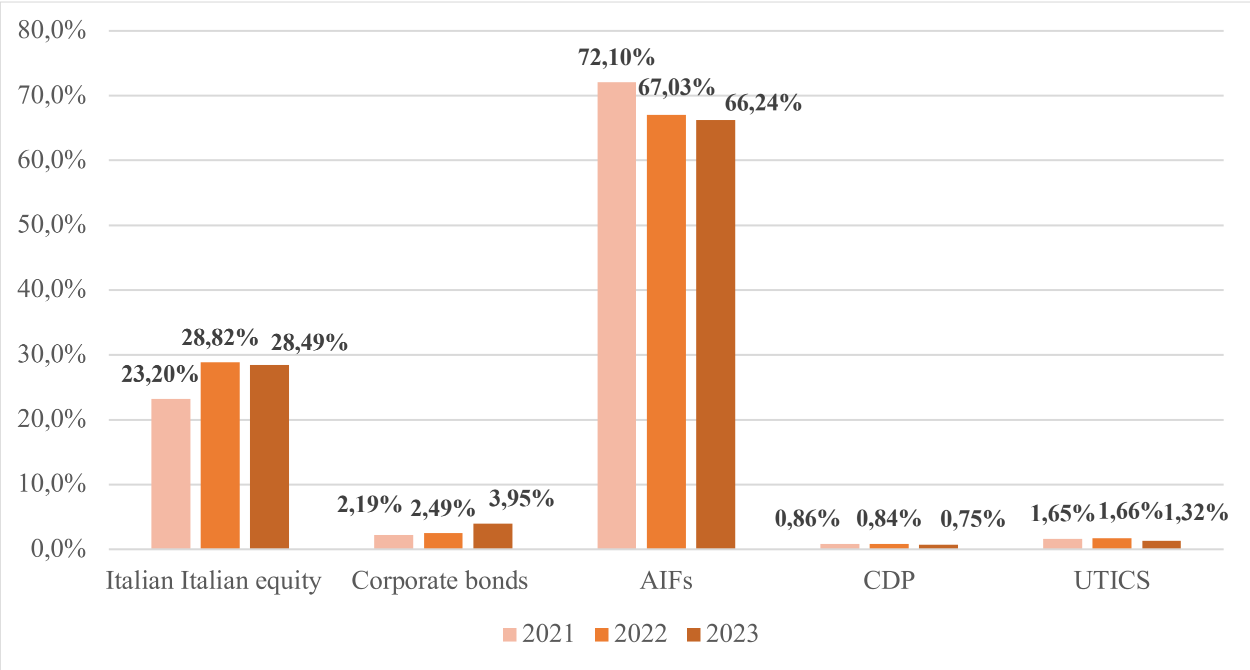
In terms of the ***number*** of ***mandates (Figure 8.12),*** Eurizon Capital and Amundi led the ranking with 3 mandates (Amundi had 4 mandates in 2022) followed by Banca Patrimoni and Credit Suisse AM with 2 mandates. By dividing the total number of mandates by the total amount of assets under management, it is possible to calculate the average mandate that was equal to **580 million** (vs. 614 million in 2022 and 669 million in 2021).

Figure 8.12 - The top 4 management companies of the schemes for the liberal professions by number of mandates in 2023



<u>**Direct investments in the domestic real economy:**</u> the data on the investments in the ***domestic real economy*** allow us to understand to what extent pension and welfare savings are reinvested to support and develop the Italian economy, the welfare system, employment and income levels for the members of the privatized schemes. Investments in the real economy are defined as alternative funds with a domestic component, institutional investments in Cassa Depositi e Prestiti, shares in listed and unlisted Italian companies, including those of the Bank of Italy, and Italian corporate bonds ***excluding investments in government securities***. In 2023, these investments totalled **18.6 billion,** that is **20.15%** ***of all direct investments*** of these funds and **17.42%** of ***all assets***. If the investments in government bonds are added to this total (since they also finance the national economy with about 11 billion), the total investments in the real economy would reach 29.5 billion euros, or 31.94% of direct investments and 27.61% of total assets. ***Figure 8.13*** illustrates the percentage breakdown of the individual investments in the domestic real economy made by these schemes from 2021to 2023. AIFs remained the predominant asset class, although they continued their downward trend of the last few years, reaching 66.24%. All other types of investment dropped compared to 2022, with the exception of corporate bonds, which rose from 2.49% to 3.95%.

Figure 8.13 – Breakdown of the investments in the domestic real economy from 2021 to 2023



To conclude the analysis of the privatised pension schemes, a brief mention of the subjects involved in the management of the assets of these funds, i.e. custodian banks and advisors (for more details please visit the reserved area on the website).

As far as the **administrative service** is concerned, unlike pension funds, privatized schemes carry out their day-to-day business on behalf of their members internally, directly through their departments.

Custodian Bank - There are a dozen or so schemes that use a custodian bank even in the absence of a regulatory obligation. The main ones are BNP Paribas Securities Services, Societe Generale Securities Service, BFF Bank (which is the most popular) and Caceis.

Advisors - Most privatized schemes have an advisor mainly for investment and asset allocation consulting. The main ones are: LCG Advisory SFC, Prometeia Advisor, Mangusta Risk and Nummus for the ESG component of the portfolio. There is a growing demand for asset liability management (ALM). In some cases, these schemes have two advisors, the second usually devoted exclusively to risk budgeting.

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

9. Supplementary Health-Care Funds and Schemes

In 2022 (the latest available data), the supplementary healthcare system continued to expand in terms of membership, as shown by the most recent data released by the Registry of Health Funds managed by the Ministry of Health; however, as conceded by the Ministry itself, these data are only indicative of a framework without monitoring and supervision. In fact, health funds are the only schemes of the Italian complementary welfare sector that are not required to publish their accounts or that provide the Registry with only very partial information, and their collateral assets are not even known. Moreover, they continue with the archaic practice of the annual registration with the Registry, which is discretionary; instead, it would be necessary to set up an ad-hoc registry similar to that of the complementary pension funds managed by COVIP, as for all other welfare operators.

Moreover, although health-care funds are growing in terms of number and membership, the supplementary healthcare provided through different types of "health-care intermediaries" (funds, schemes and mutual aid societies) still accounts for too little, that is, 12% of the entire private health expenditure, estimated to be at around 48 billion; instead, the largest part of health expenditure is OOP (out of pocket), that is, out of citizens' own pockets, also because of tax anomalies (it is possible to ***deduct*** up to 3.615.20 euros per year, largely unused for contractual funds and 19% of 1,300 euro per year for other categories of non-contractual or self-employed workers). On the regulatory side[1], the latest significant steps for this sector were two ministerial decrees issued by the Draghi government: the first designed to establish and organise the *Permanent National Observatory of Supplementary Health Funds* (Ofsi), within the Directorate-General for Health Planning of the Ministry of Health (Ministerial Decree of September 15, 2022); the second to set up and work out the operating procedures of the *Health Fund Benefits Dashboard*, within the platform of the *New Health Information System* (Nsis) for monitoring purposes, and will interface with the current *Health Fund Registry Information System* (Siaf) (Ministerial Decree of September 30, 2022). However, the Dashboard will be implemented on an experimental basis until 2024, and only as of 2025, if this

[1] These are the following main rules governing health funds: Law Decree no. 502 of December 30, 1992, (Amato reform); Act no. 244 of December 24, 2007, which modified Art. 10 and Art. 15 of the Framework Income Tax Law (Presidential Decree no. 917/1986) and under which it is possible to deduct from taxes up to 3.615,20 euros' worth of contributions to the ***NHS supplementary health funds*** set up and adjusted in line with Art. 9 of Act no. 502 of December 30, 1992, as amended, which provide benefits in the areas of intervention established by decree by the Minister of Health: the 2008 ministerial decrees (Livia Turco, Minister of Health decree) which identified the "*health and social and health benefits related to the prevention, treatment and rehabilitation and dental care services not included in the essential levels of care with at least 20% of the total amount of resources allocated to cover all the benefits envisaged for their members"*; Article 2 which established the *Registry of the NHS supplementary health funds as well as bodies, funds and mutual-aid societies that annually communicate the following documents to the health fund registry: a) deed of incorporation; b) regulation; c) list of guaranteed services; d) budget and final accounts; e) membership forms of individual members and, if applicable, of their family"*; The Ministerial Decree of October 27, 2009 (the so-called Sacconi Decree, Minister of Labour and Health for a few months) specifies the areas of application of the 20% of minimum resources: *dental care,* ***social and health care*** *for non-self-sufficient persons, and services designed to help of subjects temporarily incapacitated by illness or accident* to *recover their health*". It establishes the methods for calculating the "***threshold of the resources to be allocated***", how the Registry of funds should function, it reaffirms the annual registration and specifies the necessary documents and reaffirms their social-health function, effectively overcoming the dichotomy between DOC and non-DOC funds; this without intervening with a framework regulation, a supervisory authority, and without providing the register with staff and budget; Act no. 208 of 2015 (Art.1, par. 190) which increased the tax benefits for companies that provide corporate welfare services and benefits through the so-called "performance bonuses" to their employees (nurseries, meal vouchers, supplementary health care, etc.), and Act no. 232 of 2016 that increased the resources or the benefits that are not taken into consideration when determining their employed workers' employee income for health and social assistance and care services for elderly or non-self-sufficient family members; finally, Law Decree no. 117 of 2017 that reformed the third sector, as well as some regional laws of F.V. Giulia, Veneto, Trentino-Alto Adige, Lombardy, Emilia-Romagna, Liguria, Piedmont, Abruzzo, Tuscany, Lazio, Sardinia.

package is confirmed, will it be mandatory for the health funds and schemes to provide the required data, if they are not able to be accredited in the Health Fund Registry and benefit from the tax advantages. Although the step taken by the previous executive goes in the right direction, namely to ensure greater transparency and availability of data and information on the sector, there is still a long way to go.

Therefore, the latest Registry data show a growth in these funds' number of members and amounts of benefits provided; the overall expansion of these new category of institutional investors also results from the new contracts signed by trade unions and employers to launch health-care schemes that not only supplement, but also replace the NHS.

Number of accredited funds - According to the latest data released by the Registry of the Ministry of Health, the number of ***accredited funds*** was equal to 324 for the **2022 *fiscal year*** (processed in 2023), 10 fewer than those reported in 2021; so, considering the growth in the number of funds of a contractual nature, an unknown number of funds does not manage to be accredited..Of the 324 accredited funds, , **311**, or **96 per cent**, were "Schemes under former art. 51 of the Income Tax Framework Law (TUIR)" and "Mutual aid societies " (the so-called Type B Funds); instead, the other **13**, accounting for 4%, were "National Health System Supplementary Funds established pursuant to Article 9 of Legislative Decree no. 502/92" (Type A Funds)[2] . In light of the current situation, as Sabino Cassese stated in his opinion, it can be affirmed that these two types of funds are now on an equal footing, despite some differences that still remain, both for tax purposes and for accredited and affiliated facilities (***Table 9.1***). According to these figures, workers and companies clearly prefer type B funds, since they envisage a great deal of integration with the NHS, contradicting the unfortunately still present champions of supplementary healthcare only for what is too costly for the public system or of high and no longer sustainable charges on these funds; so, the legislator should draw the consequences of this situation in terms of regulations and tax reliefs.

With regard to the legal status of health funds, about **79.7%** of these are classified as ***non-recognised associations*** without legal personality under Article 36 of the Civil Code; **16.5%** are ***mutual aid societies***, non-profit organizations that pursue general interest purposes on the basis of the constitutional principle of subsidiarity through the exclusive provision of social and medical services to their members and their cohabiting family members (Act no. 3818 of April 15 1886) "they can obtain the legal status of Third Sector Entities as associations or as associations for social promotion, thus obtaining the general incentives while retaining the benefits of mutual aid societies; **2.2%** are ***associations recognised*** under Article 12 et seq. of the Civil Code while only **1.6%** have taken the form of ***Foundations*** (Article 14 et seq. of the Civil Code) and can become Third Sector Entities.

Amount of benefits - The overall amount of healthcare benefits provided in 2022 reached **3.24 billion euros** (+ 5% compared to 2021), of which 1.069 million (32.97%) exclusively allocated to the provision of non-essential health-care service level benefits (***Table 9.1***). Except for a slight slump in 2020 due to the pandemic, benefits continued to increase from 1.614 billion in 2011 to 3.24 billion in

[2] Type B health funds, the so-called 'non DOC' funds, include all the social-health forms including the so-called contractual funds to which workers and family members of each category can adhere (this is why they are also called 'closed funds' and they provide benefits, activities and services ***that*** are ***substitutive, supplementary and complementary to the SSN*** and represent 96% of the forms registered in the register and the overwhelming majority of members over 96%); the so-called 'DOC' supplementary health funds, introduced by decree 229/99, only provide supplementary services to the SSN (mostly dental services) and reimburse services already included in the LEAs but only for the share borne by the assisted person. They are 'open' to all citizens, who must, however, use accredited facilities to provide the services. The law on the '***third sector***' classifies the Funds and Mutual Aid Societies among non-profit organisations and, given their typically mutualistic nature, they can now be defined as 'sociomedical' by virtue of the services related to the threshold of tied resources.

2023. The highest peak growth was reached between 2017 and 2018, both in terms of the amount of benefits in general, which grew by more than 14.5%, and of the share allocated to extra essential-health-care service level benefits (+16%); instead, in 2019 these two figures, albeit smaller than in the previous two-year period, increased from 2.72 billion to 2.83 billion (+4%) and from 877 million to 928 million (+5.7%) respectively.

Contributions, benefits and assets - The Registry of the Ministry of Health does not report any information on the overall and individual ***contribution revenues, benefit expenditure***, operating costs and technical reserves of supplementary health care funds, nor on the total amount of assets of individual funds. It provides information only about the total amount of benefits and only for the "accredited" schemes that have sent their data to the Ministry; so, these figures are likely to be significantly underestimated. These data are crucially important to probe the health of the system, hoping that they will become available thanks to the introduction of the New Health Information System.

Number of members - In 2022 the total number of members reached 16,272,852, up by 6.56% compared to 2021 and by even more in 2020 (an anomalous and out-of-scale figure); the Registry no longer breaks members down by employed, self-employed workers, dependents and pensioners with their family members.[3] This is a very large number considering that in 30 years or so complementary pension schemes have had over 9 million members, and only 6.7 million who actually paid their contributions[4] (***table 9.1***).

Table 9.1 - Healthcare funds registered at the Ministry of Health: number of funds, members and amount of general and dedicated benefits

Year of accreditation	Fiscal Year	Accredited funds	Type A	Type B	Total no. of members	General amount	Partial amount (20%) *	Partial amount/ general amount
2011	2010	255	47	208	3,312,474	1,614,346,536	491,930,591	30.47%
2012	2011	265	43	222	5,146,633	1,740,979,656	536,486,403	30.82%
2013	2012	276	3	273	5,831,943	1,913,519,375	603,220,611	31.52%
2014	2013	290	4	286	6,914,401	2,111,781,242	690,943,897	32.72%
2015	2014	300	7	293	7,493,824	2,159,885,997	682,525,987	31.60%
2016	2015	305	8	297	9,154,492	2,243,458,570	695,336,328	30.99%
2017	2016	322	9	313	10,616,405	2,329,791,397	755,068,420	32.41%
2018	2017	311	9	302	12,572,906	2,372,099,622	755,357,621	31.84%
2019	2018	313	9	304	14,099,180	2,719,486,779	877,427,824	32.26%
2020	2019	318	12	306	14,715,200	2,828,696,190	927,820,736	32.80%
2021	2020	327	11	316	16,012,199	2,783,464,997	929,880,609	33.41%
2022	2021	334	13	321	15,270,648	3,086,053,227	1,017,864,548	32.98%
2023	2022	324	13	311	16,272,852	3,243,378,706	1,069,353,184	32.97%

Source: Registry of Health Funds, Ministry of Health. * Amount of extra-LEA benefits, which must be at least 20% of total benefits under the law.

[3] The last breakdown of members by type dates back to 2016 when, according to the Anagrafe, the overall total was indicated as 10,616,847, distributed as follows: 6,680,504 employees (62.9%) 1,074,038 self-employed workers (10.11%), 2,160,917 dependents of which 251,955 related to the self-employed; then 527,716 pensioners and 173,672 family members of pensioners.

[4] The number of members is 27.4% of the total population, below that recorded by France (97.5%), Germany (44%) and the United Kingdom (41%), with a level of intermediation of private health expenditure of 42.8% against just 12% in Italy (source OECD); the French percentage is the result of the 2015 law providing for compulsory enrolment in a supplementary form of assistance for all workers and the option for municipalities to extend territorial supplementary mutuality in favour of senior citizens, as is the case in most countries with mixed protection systems (Sweden and Germany) that provide compulsory forms (Germany) for non-self-sufficiency through tax breaks.

9.1 The management and financial results of the sample analysed

In the absence of official public data on the contributions that flow into health funds each year, on the contribution/benefit ratio, on the assets and how they are invested, and on the necessary technical reserves, we have created a ***sample*** of the main social and health schemes, which was fairly stable over the years of the analysis.

The **main social and healthcare schemes**: ***Table 9.2*** lists the main **48** funds for each company or group of companies, category of workers or sector covered by contractual agreements, and the main mutual aid societies that make up the survey sample; and, according to our estimates, in terms of services provided, they account for **76.05%** ***of the entire supplementary*** health care ***system*** featuring **324** supplementary social and healthcare schemes with about **70%** of members.

Table 9.2 - Main social welfare funds and mutual aid societies in Italy

ANIA – Insurance sector employed workers – LTC	**FASDA** – Environmental service sector, employed workers
ASDEP – Public sector employed workers (INPS, INAIL, ex INPDAP, ACI)	**FASDAC** – Commercial executives
ASIM – Cleaning services, integrated/multiservice companies	**FASI** – Managers of companies producing goods and services
	FASDAPI – SME managers and executives
ASSIDA – Telecom Group, executives	**FASIE** - Energy and oil sector, employed workers
ASSIDAI – Industrial sector, managers and executives	**FASIF** - FCA e CNH Industrial Groups, employed workers
ASSILT – Telecom Group, employed workers	**FISDE** - ENEL Group, employed workers
CADGI – IBM Group, employed workers	**Fondo Altea** – Stones, wood, tiles, bricks, finished products, cement, handles, employed workers
CADIPROF – Professional firms, employed workers	**FASCHIM** – Chemicals, Lubricants, LPG, Mining and insulation products, employed workers
CAMPA – Mutual aid societies, professionals, artists and self-employed workers	**Fondo Est** – Retail, Tourism and service sector, employed workers
CASAGIT – Journalists	**Fondo FIA** – Farming sector, employed workers
CASDIC – Credit – LTC sectors, employed workers	**Intesa Sanpaolo supplementary health fund,** employed workers
CASPIE – Banking and financial institutions, Industry, Retail and public sectors, employed workers	**Insieme Salute** – Mutual-aid society
Caspop e **CMA** - Banco Popolare e Banca Popolare di Milano health funds	**Luxottica Cassa Solidarietà**
Cassa Galeno – Doctors and Dentists; personnel of Banche di Credito Cooperativo	**MBA Mutua**
Cassa Mutua Nazionale - Banche di Credito Cooperativo, employed workers	**MètaSalute** – Metalworking industry, employed workers
Cassa Sanitaria BNL - BNL and BNP Paribas Groups, employed workers	**Poste Vita Fondo**
Coopersalute – Cooperative distribution companies, employed workers	**QuAS** – Middle managers
COOPERAZIONE SALUTE SMS ETS	**SANEDIL** – workers of construction companies and similar enterprises
EBM Salute – Metalworking SMEs, employed workers	**Sanimoda – Fashion industry,** employed workers
EMAPI –Mutual-aid society, Italian professionals	**San.Arti.** – Artisans, employed workers
ENFEA – Unimatica textile and chemicalproducts, employed workers	**Sanimpresa** – Lazio Region employed workers
Ente Mutuo Regionale – Lombardy Confcommercio entrepreneurs and professionals	**Sanifon Trentino**
FAS - Banco Popolare health fund	**UNI.C.A.** UniCredit, employed workers

In order to obtain some more indications, a mini-questionnaire was sent to the organisations listed in ***Table 9.2*** to acquire macro data about: members, contributions, benefits, assets invested and investment mix; the analysis was then completed with the data derived from the institutional websites, on the category contracts that regulate them and from our databases. These data were then used to create ***Table 9.2.1***, which shows the2020-2023 ***number of members, contribution revenues and***

benefit outflows expenditure of the **48** main funds, schemes and mutual aid societies and SMS that make up the sample.

Most of the data presented below result from processing information reported in the collective agreements establishing these social welfare schemes, the funds' responses to the mini-questionnaire, and the accounts examined, which nevertheless account for about one third of the subjects analysed; there are some changes for some organizations with respect to the data communicated in previous years[5] **.**

In 2023, the **48 *operators*** for which we have been able to obtain the data or develop some possible estimates, featured a total ***number of members*** equal to ***11,371,251*** compared to 10,864,553 in 2022 and 9,821,920 in 2021, with a growth of 4.66% with respect to 2022 of (+10.6% in 2022 vs. 2021), accounting for about **70%** of the overall membership of health funds, as indicated by the Registry of Health Funds at the Ministry of Health.

In our sample, the total ***revenues*** from the ***contributions*** paid by members, dependents and employers was equal to 2.924 billion euros in 2023 (vs. 2.698 billion in 2022 and 2.466 billion in 2021), an increase by 226 million over 2022 (+8.37%).

In 2023, the ***total* amount of benefits** amounted to 2.531 billion, up by 10.31% over 2022 (+236.6 million). The volume of benefits in the sample in relation to the overall contribution revenues was equal to **86.6%** (***Table 9.2.1***).

Table 9.2.1 - Healthcare funds and schemes: membership, contributions and benefits in in 2021-2022-2023

Trend of the sample analysed (48 Supplementary Health-Care Funds)								
Members	Contributions	Benefits	Members	Contributions	Benefits	Members	Contributions	Benefits
2021			**2022**			**Increase % 2021-2022**		
9.821.920	2.466,65	2.079,00	10.864.553	2.698,52	2.295,00	**10,62%**	**9,40%**	**10,39%**
						Increase % 2022-2023		
Members	Contributions	Benefits	Members	Contributions	Benefits			
2022			**2023**			**Increase % 2022-2023**		
10.864.553	2.698,52	2.295,00	11.371.251	2.924,14	2.531,59	**4,66%**	**8,36%**	**10,31%**

Source: Sample data processed by Itinerari Previdenziali

Again, on the basis of the data from our model (the top 48 market operators), we have produced three rankings by number of members, by contributions paid and by benefits provided. At the top of the ranking in terms of ***number of members*** there was by number of members, by contributions paid and by benefits provided.

1) At the top of the ranking in terms of ***number of members*** there was ***Fondo Est***, the scheme for all commercial and service companies that are members of Confcommercio, accounting for 19.12% of our sample and for 13% of the total number of members in the Register, followed by ***MetaSalute***, the health insurance scheme for metalworkers, and by ***Emapi***, for members of the privatised schemes for the liberal professions; the fourth and fifth place featured ***Sanedil***, for construction workers, and ***Sanarti*** (for artisans); MBA, the largest mutual aid society obtained the 6th position. These top 6 organizations accounted for 59.03% of the sample with 6.712 million members and for **41.25%** of the total membership in the Registry.

2) The ranking in terms of ***contributions*** was different: the top position was held by FASI (the fund that for industrial executives) with 456.6 million, followed by Fondo Est (344.46 million), while the

[5] Most funds do not publish their financial statements; in many cases, moreover, these financial statements are incomplete; often not even their websites are available for consultation except for members in relation to operations. Most do not disclose the amount of benefits; almost none publish assets and technical reserves. Even the responses to our survey, when received, were often incomplete.

third place was held by MetaSalute with 229.8 million, followed in fourth and fifth place by the health fund of the IntesaSanpaolo Group and by Fasdac, the fund for executives of commercial and service companies. These top five operators accounted for about 47.75% of the sample.

3) The ranking by ***benefits*** provided was identical to that by contributions, the only difference was the third place of the fund of the Intesa group and the fourth place of Metasalute. These top five operators accounted for about 50% of the sample, equivalent to 1.234 billion or **38.06%** of the total in the Registry.

Table 9.3 - The top 10 funds and schemes by members, contributions and benefits

Type of fund or scheme	Name of the fund, scheme and mutual aid society	Number of members in 2023	As % of the sample total	Name of the fund, scheme and mutual aid society	Contributions in 2023 (millions of euros),	As % of the sample total	Name of the fund, scheme and mutual aid society	Performance (€ million) 2023	As % of the sample total
2 B	Fondo Est (c) *	2.174.590	19,12%	FASI	€ 456,60	15,61%	FASI	€ 371,61	14,68%
2 B	Metasalute	1.419.067	12,48%	Fondo Est (c) *	€ 344,46	11,78%	Fondo Est (c) *	€ 292,79	11,57%
2 B	Emapi	1.327.398	11,67%	Metasalute	€ 229,80	7,86%	Intesa Fondo Sanitario	€ 222,12	8,77%
1/2B	SANEDIL	736.126	6,47%	Intesa Fondo Sanitario	€ 213,04	7,29%	Metasalute	€ 216,49	8,55%
2 B	Sanarti (h)	645.000	5,67%	FASDAC	€ 152,48	5,21%	FASDAC	€ 131,42	5,19%
1C	MBA Mutua (b)	410.000	3,61%	ASIM servizi pulizia e integrati (b-c) *	€ 93,97	3,21%	ASIM servizi pulizia e integrati (b-c) *	€ 80,00	3,16%
1C	COOPERAZIONE SALUTE SMS ETS	351.414	3,09%	Sanarti (h)	€ 84,60	2,89%	Casdic sanità + LTC bancari (a) (c) *	€ 77,54	3,06%
2 B	ASIM servizi pulizia e integrati (b-c) *	339.000	2,98%	Casagit	€ 81,51	2,79%	Sanarti (h)	€ 76,19	3,01%
1 B	FASI	303.605	2,67%	MBA Mutua (b)	€ 79,41	2,72%	Casagit	€ 73,70	2,91%
1 B	Sanimpresa (a b c) *	300.000	2,64%	Casdic sanità + LTC bancari (a) (c) *	€ 78,30	2,68%	Unicredit (Unica)	€ 73,22	2,89%

NOTE 1) the amount of the benefits provided is not available for all the funds, and often it does not correspond to their benefit expenditure; (2) For the funds exclusively targeted to LTC, the significant difference between contributions and benefits is linked to the characteristics of the insurance, which presupposes annual provisions for the entire life of the member in view of future benefits;

Type of Funds: A = Corporate; B = Sectoral, contractual; C = Open-ended funds and Mutual-aid societies; D = LTC funds;

Management approach: 1 = Self-management; 2 = Insured: (1) = in the insured funds, benefits correspond to the premiums paid;

(a) estimated membership out of 75% of employed workers; (b) data obtained from the websites of Mutual-aid societies; (c) estimated average contributions per year equal to 158 euros and average benefit per year to 194 euros; (d) including part of the premium paid with the balance;

* In the absence of updated data, we have replicated the data received or estimated in 2022.For the funds that did not communicate their data, we estimated the contributions by multiplying the number of members by the ordinary annual contributions envisaged in the contract plus an additional amount and the benefits as accounting for 85% of contributions.

Source: sample data processed by Itinerari Previdenziali

<u>The ratio of benefits vs. contributions</u> **-** The ***average contributions estimated*** for 2023 amounted to 257.15 per year (paid by workers, dependants and employers), slightly higher than in 2022 (248.38) and 2021 (251.14); obviously, the older health funds and those targeted to executives, managers and professionals had average per capita contributions equal to even more than 1.000/1,500 euros per year and correlated the contributions to the age of their members; however, in many contractual funds, this is still undifferentiated and depends on the type of benefits envisaged and actually provided or on how members are registered as workers, dependent family members, pensioners, or on the form of voluntary or collective membership.

The ***average per capita benefits*** for the 48 operators in the sample amounted to 222.63 per year, slightly higher with respect to 2022 and to 2021 (211.24 and 211.67) with major differences among the funds depending on the types of benefits envisaged and actually provided.

In our sample, the average contributions were higher for self-insured funds (515.21) than for insured funds[6] (183.81) that envisage different kinds of benefits and are more likely to have contractual collective members. The average benefits for the sample of self-insured funds amounted to 433.02 euros and to 162.91 euros for insured funds. Although partially significant, the ***benefits provided in our sample accounted for* 86.58% *of contribution revenues***; this shows that these schemes are highly attractive, even if this is not yet completely true for all the funds, especially for the recently established ones.

The ***balance between contributions and benefits*** of the 48 funds in the sample was equal to 392 million, in line with 2022, which was partly used to offset the operating and insurance costs and partly for capitalisation purposes.

Invested assets **-** As for the other institutional investors analysed in this Report, we focus now only on the ***assets invested*** (and more specifically, on the financial fixed and non-fixed assets, cash and cash equivalents, and shareholdings in other companies or real estate enterprises). They are actually different from the "***total assets***" that include accruals, deferrals, credits, etc. As already mentioned, the is no information about the assets and the investment methods in the Registry or in the disclosures provided by the funds; so, making an estimate of the ***assets invested*** by the supplementary health care funds and schemes is quite complex.

We obtained the first data from our sample of 39 funds (out of the 48 under review, 9 did not disclose their assets); in this sample, the amount of assets was equal to ***3.204*** billion euro, which may reach with about 3.9 billion by adding the 9 funds mentioned above. On this basis and taking into account the average contributions, the number of members and the benefit expenditure, the ***total assets invested*** by the **324 *organizations*** in the Registry can be estimated to be about **5.4 billion** compared to **5 *billion*** in 2022, 4,85 of 2021 and **4.75 billion** in 2020, of which about 90%, i.e. **4.8 billion** invested in financial and real-estate instruments and about 540,000 euros in tangible and intangible fixed assets (IT programs, premises, equipment, devices, accruals and other). So, our sample would account for **72%** of all the assets invested.

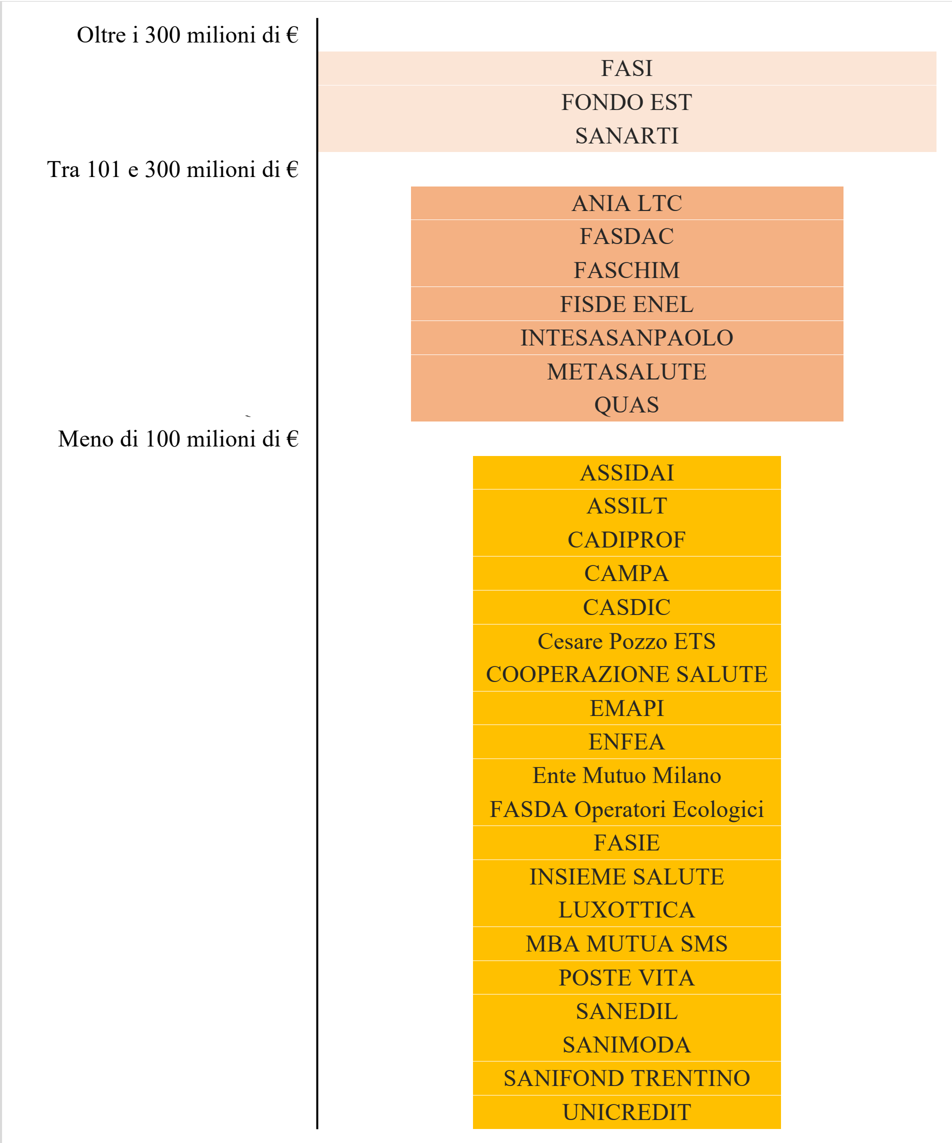
Figure 9.1, made on the basis of available or retrievable data, shows the health schemes with the largest amount of assets, subdivided into three classes: over 300 million, between 100 and 300 and up to 100 million.

Asset management - Many funds adopt a ***direct management approach*** for their assets with bond, equity, ETFs or UCITS, SICAV and insurance policy investments; some funds with greater capitalisation, prefer an ***indirect management*** approach by outsourcing this function to third parties; even heal-care and social funds are beginning to invest in alternative funds (AIFs), mainly real estate, private equity and private debt funds. ***Figure 9.2*** shows the investment mix of the social and health funds in ***our sample*** for 2023: **17.65%** was invested ***not directly*** but through mandates to asset management companies; instead, the remaining **82.35%** was ***managed directly***. In 2023 too, one third of the directly managed assets were ***liquid*** assets (bank accounts, short-term investments, postal securities and short-term investments in monetary or liquidity funds); 13.86% was invested in government bonds, while the share invested in assets under management (mutual funds) accounted for 13.25%,

[6] Insured funds cover the health risk of their members in full or to a large extent through insurance conventions, while self-insured funds cover risks through their own means (e.g. SMS).

followed by class 1 and class 5 policies, with around 10%. Direct equity and corporate bond investments were also significant (2.5% and 3.2% respectively) as against a modest share of AIFs investments (0.87%).

Figure 9.1 - Breakdown of the assets invested by health funds



over 300 million euros, between 101 and 300 million euros, under 100 million euros

Figure 9.2 – Breakdown of the assets invested by asset class in 2023

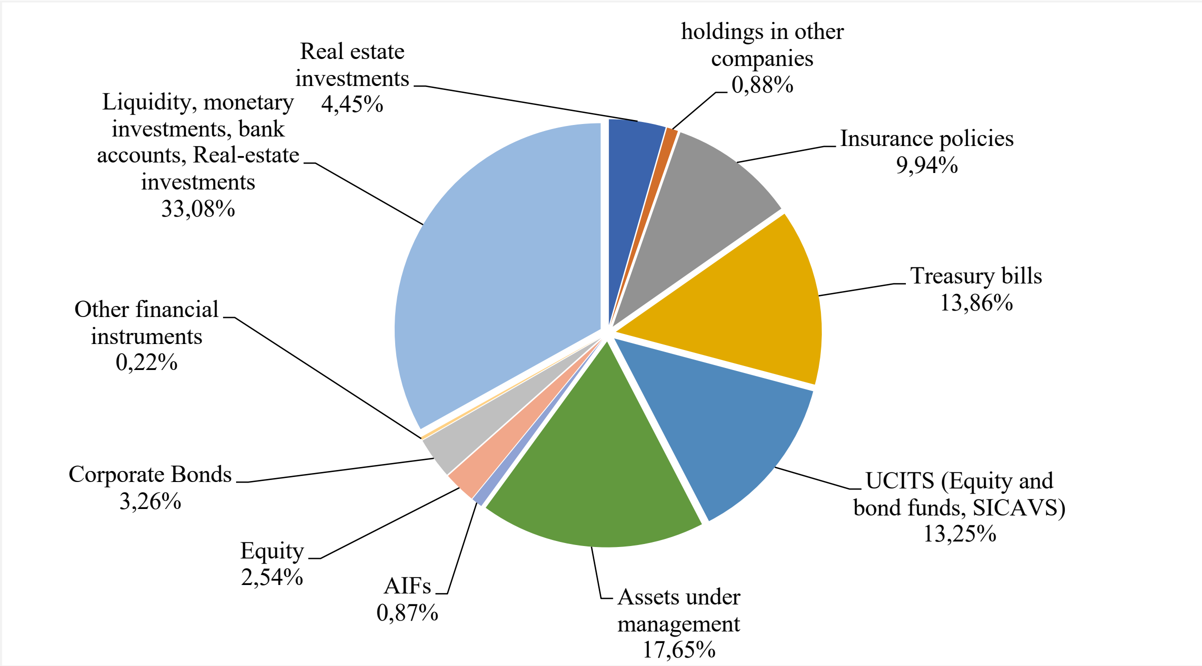
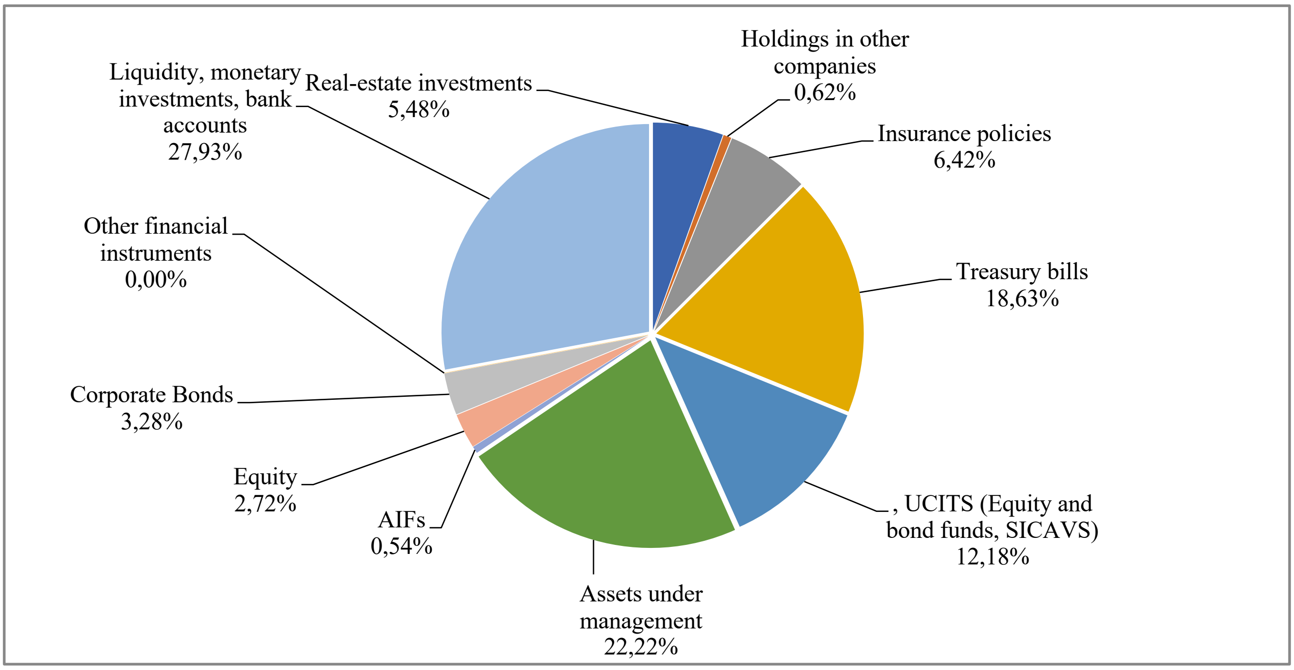


Figure 9.2.1 illustrates the invested assets broken down by asset class in 2022

Figure 9.2.1 – Breakdown of the assets management approach in 2022



These investments are consistent with the specific activities of health funds that have commitments to their members in the year and little more, for which at least the main reserves must be available and liquidate within a very short timeframe, especially for the many funds with small assets, while the medium-sized funds have a more diversified management with medium- to long-term investments of reserves not only in shares but also in alternative funds.

Conclusions: The first provisional conclusions to be drawn from the examination of the data collected can be summarised as follows: **a)** despite the fact that the number of members has exceeded 16.5 million, i.e. much higher than that of pension funds and of underwriters of investment funds and insurance policies, the sector ***remains opaque***, without minimum disclosure requirements and without supervision; and this is a major ethical and social problem; **b)** ***benefits*** have, as expected, grown a great deal in recent years, bringing the ***ratio of contributions to benefits*** very close to parity; on the contrary, in some cases, benefits are even higher than contributions and hence the need to accurately monitor the situation; **c)** operating ***assets*** and reserves are non-existent for many funds, especially for insured funds; instead, they should be better protected with reserve assets equal to ***1.5-2 annuities***, as required for the main market operators (Solvency for insurance companies, funding ratio for funds and Basel for Banks) also to effectively respond to unforeseen health situations such as the recent COVID-19 epidemic; **d)** in view of the ageing of the population, and considering that it is not mandatory to register with health funds, it would be more than appropriate to include compulsory ***whole-lifecycle*** LTC coverage for all members; this would provide an additional security against non-self-sufficiency for workers and their dependents at a limited cost (perhaps less than 100 euros a year to be paid by workers and employers, which would be more than tenfold higher for individual LTC schemes), moreover fully tax deductible; a requirement that will become even stronger as the population ages and that could double or even triple the amount of private and public pensions at the onset of non-self-sufficiency; these resources could be managed by the same category of pension funds; finally, this may lead to an increase in investment in the silver economy with residential and operational facilities for elderly people, call centres, telemedicine, and the provision of ad-hoc devices.

Methodological note

Sample - The Report analyses all occupational pension funds (33 in 2023) and all privatized schemes for professionals, the main pre-existing pension funds (37 funds accounting for 93% of all assets and 97% of the total number of members) and the major banking foundations (the first 32 out of 86, accounting for 88% of all assets).

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

Classification of investments - This Report reclassifies the investments made by the sampled Italian institutional investors on the basis of their different (***direct*** or ***indirect***) management approaches. The methodology applied consists in breaking down the main asset items, as shown in the accounts, into direct investments and ***managed investments***. mandated to professional management companies.

The reclassification principle used to distinguish an indirect investment under management from a direct investment is the different legal approach to the management of individual or collective resources: an investment is defined as ***indirect*** if the management approach has an "individual" character, targeted to the client; therefore, the relationship between the fund or the scheme and the asset management company is based on a specific ***management mandate*** that defines the investment guidelines and, if necessary, the benchmark, the target and the risk budget; on the contrary, an investment is defined as ***direct*** if the management approach has a "collective" nature, in the sense that the management company does not operate directly on the basis of the indications provided by a single organization in making its own investment choices (this is the case, for example, of direct investments in UCITs and AIFs 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 entities;*** from a legal point of view, these can be undoubtedly classified as direct investments but, from a substantial point of view, they may be considered as indirect investments due to the individual nature of their financial proposal. In this Report, they are qualified as ***indirect investments,*** because there is no real management mandate and also because of the different application of the accounting principles related to these investments; in fact, in this case, only the acquisition and final data of the dedicated UCITs investments are reported; instead in case of a mandate, under the accounting principles, the organizations or the institutional investors are required to draft a management report with all their transactions fi (acquisitions, sales, coupons, dividends, etc.).

For the above reasons, the same classification of direct investment is also applied to the ***separate management schemes*** offered by insurance companies which are not always unequivocally classified in the financial statements of these investors; in some cases, they are included among managed investments and in other cases among direct investments.

Platforms - In recent years, investment platforms have been created for one or more institutional investors. These entities often choose management companies on the basis of their specialization. If the management companies of these "platforms" delegate (in whole or in part) the management of assets to other professional managers, the procedure is as follows: the assets under management are attributed to the company that set up the "platform"; if details of sub-managers are available, they are indicated in the text and, in particular, in the notes to the rankings of "direct" managers.

Real economy - In the Report the term "***real domestic economy***" refers to all debt or equity investments made directly (purchased directly or through collective investment organizations as specified above) or indirectly via management mandates or platforms created for a single entity or several entities. It does not include the investments in Italian government bonds and real estate used by the individual organization (for example, for its headquarters), but it includes direct and indirect real estate investments (through real estate funds) made in Italy.