

Underprepared for change

Dutch pension schemes are grappling with challenges which may slow down much-needed asset allocation shifts, finds Carlo Svaluto Moreolo

Asset Allocation

The global economic outlook seems to be improving and the financial markets are beginning to offer significant opportunities again. For Dutch pension funds, this should be time to review strategies and build portfolios that are more in tune with the current environment.

But the pension industry is entangled in challenges that constrain investment behaviour. This may prevent pension scheme boards from taking advantage of the opportunities brought about by a stronger economy.

Regulation is the trickiest obstacle keeping Dutch pension schemes from restructuring their asset allocation. Both domestic and international regulators are adding requirements for pension schemes, drawing attention away from long-term investment strategy.

Investment managers and consultants are discussing how to address these challenges. Carl Kool, investment strategist at BlackRock in the Netherlands, says that the European Market Infrastructure Regulation (EMIR) and its implications for liability-driven investment (LDI) strategies are monopolising client conversations.

EMIR foresees central clearing of over-the-counter (OTC) derivatives, such as interest rate

At a glance

- Compliance with domestic and international regulation keeps investors busy.
- Hedging choices are key as interest rates and inflation rise.
- Investors are gradually embracing alternatives.
- The impact of pension fund consolidation will continue to be felt.

and inflation swaps. European pension funds are currently exempt from complying. However, from August 2018, they will have to post daily variation margin (VM) for centrally-cleared OTC derivative transactions. The only accepted form of VM is cash, which means that funds will have to maintain sufficient liquidity on their balance sheet. Kool notes that Dutch pension funds have low cash holdings, as the bulk of the assets are invested in sovereign-issued fixed income as part of LDI strategies.

"Pension funds have a few options to generate sufficient liquidity. They could increase cash holdings, enter the repo market or switch out of the high quality bonds they hold into swaps. All have pros and cons. It is important to start preparing the portfolio now, as the market moves faster than regulation, and counterparties that are not exempt are already moving towards central clearing", says Kool.

Max Verheijen, head of financial markets at Cardano, says that the firm is working to ensure clients are compliant ahead of implementation. Most of the contracts have already been amended, as counterparties have embraced the changes.

For Verheijen, the focus is on implementing LDI strategies. Cardano applies dynamic LDI strategies that take advantage of price differentials in matching bonds and swaps. Optimising the choice of hedging instruments is important at the moment, as the market braces itself for the eventual phasing out of the European Central Bank's quantitative easing (QE) programme.

"In recent months, clients that built hedges with bonds have started to take profits and shortened the duration of their bond portfolios, exchanging the bonds with swaps. In the event of QE tapering, that will reverse again", explains Verheijen. Similarly, well-funded clients are thinking about inflation risk. With inflation rates picking up, pension schemes are considering whether to increase their hedging.

However, it must be noted that hedging decisions are not only influenced by views about the future trajectory of rates and inflation. Leonique Van Houwelingen, head of BNY Mellon's asset servicing business for continental Europe, says that some hedging choices have proved to be wrong. Many pension schemes have lost money as a result, and have become "far more cautious" in their behaviour.

In LDI, the choice between bonds and swaps is not that straightforward, according to Van Houwelingen. "We do not see much activity beyond very straightforward interest rate hedging or currency hedging," she says. "Whereas in the past years, there was potential for investment in some of the more exotic derivatives, we no longer see that.

"Pension funds only do the necessary hedging, and even that is a difficult decision. Even the larger funds are left with few positions in derivatives, and they can be very inactive. But, it is difficult to say something generic, as there is a variety of different situations," Van Houwelingen continues.

Whatever the direction of interest rates and inflation, liability management will continue to grab funds' attention. Verheijen notes that figures from the De Nederlandsche Bank (DNB), the pension fund regulator, state the average hedging level is between 30% and 70%. Verheijen says that Cardano's clients are at the higher end of that range, between 70% and 80%. The DNB's figures suggest that many schemes are under-hedged.

Eventually accepting alternatives

Conversations regarding the asset side of the balance sheet are focusing on the introduction of alternatives, according to BlackRock's Kool. "The challenges posed by the low return and low yield environment remain, despite the more positive market outlook. Investors are responding by opening up the asset allocation to alternatives," he says.

This is welcome, since Dutch pension schemes have been reluctant to invest in alternatives other than real estate and mortgages. This does not take into account the largest pension schemes, which have significant experience in alternative investment markets.

The quest for alternatives has intensified, according to Stefan Cornelissen, head of institutional business at M&G Investments in Benelux, the Nordics & Switzerland. A wider range of pension schemes are considering opportunities in private assets, particularly debt, and real assets, including real estate and infrastructure.

There is a growing interest for other alternative assets such as leveraged loans, asset-backed securities, direct lending, private equity and distressed debt. A growing number of schemes are building exposure to these. However, the shift is gradual, notes Cornelissen.

He explains: "In general, Dutch pension funds are under a lot of scrutiny, from the regulator, the media and the public. Some are suffering or feel threatened by low funding ratios. Consequently, many investors are afraid of doing things that no one else is doing."

Peer pressure is so strong that Dutch funds tend to engage in herding behaviour, he adds. The shift to alternatives is real, and that is where funds will find yield and be rewarded appropriately for taking risks. "But, they are moving in a very controlled manner", concludes Cornelissen.

Frans Verhaar, who oversees business development for international consultancy bFinance, also sees a clear trend of Dutch pension funds accessing private markets for the first time. The firm focuses on medium-sized pension funds, most of which are still new entrants into alternatives.

The trend of investment in domestic mortgages continues unabated, according to Verhaar: "There is a lot of demand for mortgages and large allocations are still being made. Interest in Dutch mortgages is also coming from overseas.

"The interesting thing is there is only a limited number of providers. Spreads have come down due to high demand, but demand has not fallen significantly, which signals that investors still think it is worthwhile to invest."

In parallel with the hunt for alternative sources of yield, many pension funds are pursuing portfolio 'simplicity'. This is a shift observed by Alexander van Aken, head of client services at fiduciary manager SEI, among medium and small pension schemes.

Van Aken suggests that investors are trying to rationalise portfolios by returning to more traditional allocation models, where equities, bonds and real estate form the major building blocks.

"There are several reasons behind that. Some alternative investments, particularly hedge funds, have not performed very well, despite investors paying high fees for them," says van Aken. "More importantly, pension schemes are focusing on costs, and facing demands for transparency from regulators and members. Board members are required to show knowledge of the asset classes they invest in."

BNY Mellon's Van Houwelingen identifies the

same trend: "Larger pension schemes are looking for yield, which drives them towards alternatives, including private equity, real estate and private debt. But, for the majority of smaller schemes there is a tendency to go back to basics and simplify portfolios. Pension schemes need more safety and predictability of expected returns."

These contrasting views form a complicated picture. On one hand, pension funds are being asked to become more sophisticated in their investments, while, calls for transparency and cost reduction drive them towards simpler allocation models.

The fact that many funds are pursuing recovery plans to fill funding gaps – as required by the regulator – means they cannot increase portfolio risk. This requirement does not match well with current environment. Markets are moving into a 'risk-on' phase, but yields from traditional matching assets are low. SEI's van Aken describes it as a typical "catch-22" scenario.

Coming together

Consolidation among pension funds is another structural trend that could have profound implications on investment. Concentration is being explicitly solicited by regulatory authorities, and has been for years. Over the past 10 years, the number of pension funds has fallen from over 800 to just over 300. Some estimates see these falling by another two-thirds or more over the next decade.

Observers agree that fewer, but larger, pension funds invest more efficiently. Larger organisations can afford more staff and resources, which lead, in theory, to more focused and improved strategies. Larger funds can also access

better investment management services.

In turn, a more consolidated pension fund sector could support the economy better by investing more efficiently in assets such as infrastructure and private debt. bFinance's Verhaar says: "There larger you are, the more likely you are to implement an allocation to private markets, because you need skills and people in that market. It's not an investment that can be made from the boardroom."

Of course, there are many who hope that consolidation will slow down. Some contend that forcing this measure beyond what the market naturally desires is wrong. The regulator has even suggested a 'correct' number of pension funds – about 100.

But the idea that the regulator should dictate this does not appeal to many. Again, there are contrasting forces at play. The regulator would like to oversee fewer pension funds, the investment management industry is not happy about a reduction in potential clients.

Verhaar points out that there is another aspect to the debate, which has to do with overall market efficiency. He says: "I guess there are pension funds that are simply too small to operate, so they outsource heavily. This has driven the growth of fiduciary management. Larger pension funds have a bigger budget to hire staff, and can become more sophisticated as a result."

"But at the same time, being very large is not always an advantage. If you become too large, you essentially become the market. Can you really exploit the opportunities that the market offers, if you are that large? Hopefully, we will be able to create a middle ground of pension funds that are well-equipped for the future."

IPE Survey Managers of Dutch Institutional Assets

In summary

Survey overview

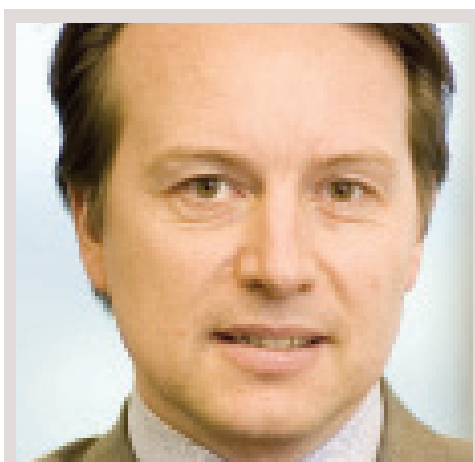
Total number of managers in survey	73	Total managed through pooled funds (€m)*	736,486
Total assets managed for Dutch institutional clients (€m)	1,814,714	Total actively managed (€m)*	629,544
Total managed for Dutch pension fund clients (€m)*	1,344,607	Total passively managed (€m)*	150,893
Total managed for Dutch insurance company clients (€m)*	288,972	Total in balanced mandates (€m)*	162,850
Total managed for all other Dutch institutional clients (€m)*	169,943	Total in specialist mandates (€m)*	442,866
Total managed through segregated accounts (€m)*	939,276		

*Where disclosed

Top 40 managers of Dutch pension assets

Company	€m	As at	Company	€m	As at
1 APG	440,769	30/09/16	21 Legal & General Investment Management	7,368	30/06/16
2 PGGM	180,669	30/09/15	22 Man	7,297	30/09/16
3 BlackRock	150,816	30/09/16	23 Vanguard Asset Management	7,218	30/09/16
4 MN	122,522	31/12/16	24 Stone Harbor Investment Partners	6,802	30/11/16
5 Achmea Investment Management	68,184	01/12/16	25 Insight Investment (Global)	6,785	30/09/16
6 Robeco	59,181	30/09/16	26 Aberdeen Asset Management	6,087	30/09/16
7 TKP Investments	22,380	30/09/16	27 Delta Lloyd Asset Management	6,000	30/06/15
8 State Street Global Advisors	20,587	30/09/16	28 Lombard Odier Investment Managers	5,462	31/12/16
9 SPF Beheer	19,931	30/09/16	29 Goldman Sachs Asset Management Int.	5,358	30/09/16
10 Blue Sky Group	19,874	30/11/16	30 Investec Asset Management	5,237	30/11/16
11 BMO Global Asset Mngt. - Nederland	18,410	30/09/16	31 Morgan Stanley Investment Management	5,062	30/09/16
12 Aegon Asset Management	17,255	30/09/16	32 Deutsche Asset Management	4,032	30/09/16
13 BNP Paribas Investment Partners	16,416	30/09/16	33 ACTIAM	3,793	30/06/16
14 Kempen Capital Management	14,770	30/09/16	34 Barings	3,458	30/09/16
15 NN Investment Partners	11,106	30/09/16	35 TIAA Global Real Estate/TH Real Estate	3,418	30/09/16
16 PGIM Fixed Income	9,553	30/09/16	36 Principal Global Investors	3,059	30/09/16
17 Northern Trust Asset Management	9,284	30/09/16	37 Baillie Gifford & Co.	3,051	30/09/16
18 Bouwinvest Real Estate Investment Mngt.	8,447	31/12/16	38 M&G Investments	2,825	30/11/16
19 J.P. Morgan Asset Management	8,183	31/10/16	39 IPM Informed Portfolio Management	2,563	31/12/16
20 CBRE Global Investors	7,400	30/09/16	40 SEI	2,442	30/09/16

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Max Verheijen

IPE Survey Managers of Dutch Institutional Assets

Company	Aberdeen Asset Management	Achmea Investment Management	ACTIAM	Aegon Asset Management	APG	Arrowstreet Capital	ASR Vermogensbeheer	Baillie Gifford	Barings	BlackRock	BlueBay Asset Management	Blue Sky Group	BMO Global AM - Nederland	BNP Paribas IP	Bouwinvest Real Estate IM	Bridgewater Associates	Candriam	CBRE Global Investors	Comgest	
Assets under management (€m)																				
As at	30/09/16	01/12/16	30/06/16	30/09/16	30/09/16	30/09/16	23/12/16	30/09/16	30/09/16	30/09/16	30/09/16	30/11/16	30/09/16	30/09/16	31/12/16	30/11/16	30/11/16	30/09/16	30/09/16	
Institutional clients: The Netherlands	7,912	110,107	55,100	70,505.1	444,028	5,398	51,300	3,050.78	3,955	164,230	1,572	19,975	24,125	30,960	8,447	3,200	1,343	13,700	1,936	
Pension fund clients	6,087	68,184	3,793	17,255.1	440,769	200	100	3,050.78	3,458	150,816	1,548	19,874	18,410	16,416	8,447		807	7,400	932	
Insurance company clients	0	36,023	44,853	32,386.7	3,259	0	39,600		323	1,312	18	0	3,008	5,745	0		167	5,100	0	
All other institutional clients	1,825	5,900	6,454	20,863.3		5,198	11,600		174	12,102	6	101	2,707	8,799	0		369	1,200	1,004	
Worldwide	360,719	110,107	55,884	336,284.5	444,028	60,735	51,300	170,522.98	252,984	4,747,279	49,419	20,206	212,400	556,331	8,457	155,000	100,055	78,200	22,313	
For clients in Europe	218,068	110,107		199,538.6	444,028	11,039	51,300	66,892.82	32,453	1,281,738	30,013	20,206	93,811 (7)	447,773	8,457	20,000	97,916	40,900	16,321	
Institutional clients: Europe	218,068	110,107		183,630.6	444,028	11,039	51,300	52,549.62	27,894	902,587	20,121	20,206	78,530	314,940	8,457	20,000	69,202	40,600	14,689	
Institutional clients: non-Europe	142,650			131,606.6	0	49,696	0	103,630.16	214,594	2,150,202	14,507	0	1,385	56,691	0	131,800	2,139	37,200	5,992	
For third party mandated assets	0	0		39,248.9	0	0	11,700	0	3,955	164,230	0	0	24,125	30,960			1,343		1,936	
Amount managed through segregated accounts	6,532	99,154		30,763.1	32,234	5,254	44,700	3,009.73	2,694	140,245	1,387	18,124	12,545	19,855	2,629		1,025	6,000	785	
Amount managed through pooled funds	1,380	10,953		39,742	411,794	144		41.05	1,261	23,985	185	1,851	11,580	11,105	5,818		318	7,700	1,151	
Amount managed on a fiduciary management basis		68,184			444,028	0	0	0	0	164,230	0	19,810	16,863 (8)	12,857			975		0	
-Internally managed		25,910			322,297	0	0	0	0	164,230	0	3,839	7,430	12,857			975		0	
-Externally managed		42,274			121,731	0	0	0	0	0	0	15,971	9,433	0			0		0	
Of total in segregated accounts (€m)																				
Actively managed	6,532	88,247		32,234	5,254	40,600	3,009.73	2,694		72,651	1,387	9,970	7,935	19,396	2,629				785	
Passively managed	0	10,907		0	0	4,100	0	0		67,595	0	8,154	4,610	459	0				0	
Balanced mandates	0	73,116		0	0	1,000	0	0		0	0	0	11,806	0	0		196		0	
Specialist mandates	6,532	26,038		0	0	43,700	3,009.73	2,694			1,387	18,124	739		2,629		829		785	
Institutional assets for clients based in the Netherlands invested in (€m) - Equities																				
Pan-Europe	0	2,541		28,301	0	4,500	0	0		6,405		2,324	1,495	3,069			337.4 (10)	0	436	
US	1	1,087		64,447	0	0	0	0		17,455		2,085	1,223	1,194				0	0	
Japan	1,302	225		9,649	0	0	0	41.05	0	545		682	0	160				0	0	
Emerging markets	3,002	4,732		37,779	1,726	0	0	3,009.73	525	8,330		1,883	1,521	164				0	1,500	
Other	2,082	19,054		4,893	3,672	0	0	0	0	46,655 (9)		377	174	410					0	
Fixed Income -																				
Public debt																				
Pan-Europe	18	20,730		87,029	0	18,000	0	0		0		3,588	8,109	2,337			268 (10)	0	0	
US	0	204		20,511	0	0	0	0		0		1,162	9	380				0	0	
Rest of World	457	2,508		14,658	0	0	0	0		0		1,388	1,708	1,670				0	0	
Corporate debt																				
Pan-Europe	60	14,513		29,412	0	17,900	552	0		15,967	1,548	1,070	1,189	617			179.2 (10)	0	0	
US	86	5,825		33,117	0	0	2,208	0		827		1,826	613	12				0	0	
Rest of World	0	3,922		1,565	0	0	0	0		5,468		1,079	848	282				0	0	
Real estate																				
The Netherlands	0	6,949		2,541	0	3,000	0	0		0		498	0	0	5,708		0	4,300	0	
Rest of World	530	22		37,295	0	0	670	0		0		1,901	1,417	324	2,607		0	9,400	0	
Cash																				
The Netherlands	0	1,385		3,381	0	0	0	0		0		-128	0	3,421	104		0.4 (10)	0	0	
Rest of World	0	0		0	0	0	0	0		6,215		0	288	23				0	0	
Other asset classes	374 (1)	26,410		69,450		7,900 (2)				56,363 (3)	24	240 (4)	5,531 (5)	16,897 (6)	28		558 (11)		0	
Value of new mandates won from institutional clients in the Netherlands - 12 months to 30 September 2016 (€m)																				
New clients	0.11	0		0	0	200	0	0		0.03	0	0	NA	483	352		4		ND	
Of which, Fiduciary		0		0	0	0	0	0		0	0	0	NA	0	0		0		0	
Existing clients	475	5,750		NA	1,000	0	0	0		489	0	0	NA	49	484		35		0	
Of which, Fiduciary		150		0	0	0	0	0		0	0	0	NA	0	0		-24		0	

Company	Conning	DDJ Capital Management	Degroef Petercam Asset Management	Delta Lloyd Asset Mngt.	Deutsche Asset Management (10)	Dimensional Fund Advisors	Eagle Asset Management	Fisher Inv. Europe	Franklin Templeton Inv.	Goldman Sachs AM Int.	Heitman	Henderson GI	Insight Inv. (Global)	Intermediate Capital Group	Investec Asset Management	IPM Informed Portfolio Mngt	JP Morgan Asset Management	Kempfen Capital Management	
Assets under management (€m)																			
As at	31/12/16	30/09/16	31/10/16	30/06/15	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/11/16	31/12/16	31/10/16	30/09/16	
Institutional clients: The Netherlands	1,613	1,201.6	71	56,000	4,982	1,550.02	92.4	753.25	2,061	9,007	707	1,236	9,748	359	5,428	2,574	12,817	24,370.9	
Pension fund clients	1,373	821.96	6	6,000	4,032	1,286.52	92.4	753.25	2,061	5,358	516	1,126	6,785	91	5,237	2,563	8,183	14,770	
Insurance company clients	240	0	0	6,000	950	0	0	0	0	0	114	0	2,841	26	0	0	768	5,467	
All other institutional clients	0	379.64	65	44,000	0	263.5	0	0	0	0	77	110	122	242	191	0	3,866	4,133	
Worldwide	102,788	6,675.75	35,300	60,000	714,669	395,582.84	30,700 (10)	30,851.74	652,553.13	1,028,153	32,111	116,645	625,865	22,010	106,546	6,178	1,419,304	47,370.9	
For clients in Europe	7,204	2,088.81	35,300	60,000	479,700	12,188.27	1,805.9	7,947.09	73,804.38	195,998	2,808	86,214	38,099	33,242	33,242		274,099	47,040	
Institutional clients: Europe	7,204	2,088.81	35,300	56,000	244,190	12,188.27	1,805.9	7,160.87	19,399.35	159,957	2,763	29,224	32,469	13,494	20,649		171,791	33,434.8	
Institutional clients: non-Europe	90,077	4,586.94	0	0	161,548	383,394.57	20,527.8	23,690.87	139,065.98	724,204	29,254	17,450	587,766	8,516	53,008		807,506	330.9	
For third party mandated assets	1,613	1,201.6	71	6,000	4,982	0	92.4	0	2,061	5,882	707	0	359	359	5,428		12,817	24,336	
Amount managed through segregated accounts	1,613	1,201.6	0	0	1,103	937.55	92.4	711.56	2,011	3,345	32	925	3,747	91	6,357		4,160	22,386	
Amount managed through pooled funds	0	0	71	0	3,879	612.47	0	41.69	50	5,662	675	311	6,001	268	1,268		6,460	22,386	
Amount managed on a fiduciary management basis		0	0	0	4,982	0	0	0	0	0	0	0	0	0	0		0	22,318	
-Internally managed		0	0	0	4,982	0	0	0	0	0	0	0	0	0	0		0	3,322.9	
-Externally managed		0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	18,995.1	
Of total in segregated accounts (€m)																			
Actively managed	1,613	1,201.6	71	0	898	937.55	92.4	711.56	2,011	2,976	32	925	3,747	91	4,160		6,357	5,596	
Passively managed	0	0	0	0	205	0	0	0	0	0	0	0	0	0	0		0	16,790	
Balanced mandates	0	0	0	0	0														

IPE Survey Managers of Dutch Institutional Assets

Company	Legal & General Investment Mngt.	LGT Capital Partners	Lombard Odier IM	Lupus alpha Asset Mngt.	M&G Investments	MacKay Shields	Man	MFS Investment Management	MN	Morgan Stanley Investment Mngt.	Neuberger Berman	NN Investment Partners	Nordea Asset Management	Northern Trust Asset Mngt.	PanAgora Asset Management	Patrizia Immobilien	PGGM	PGIM Fixed Income
Assets under management (€m)																		
As at	30/06/16	30/06/16	31/12/16	30/11/16	30/11/16	30/09/16	30/09/16	30/09/16	31/12/16	30/09/16	30/09/16	30/09/16	31/12/16	30/09/16	30/11/16	30/09/16	30/09/15	30/09/16
Institutional clients: The Netherlands	8,625	1,174	5,548.66	100	4,854	2,046	7,940	1,446	123,602	6,308	5,923 ⁽³¹⁾	103,645	1,534	15,845	2,051	100	180,669	9,553
Pension fund clients	7,368	723	5,461.94 ⁽²²⁾	100	2,825	2,046	7,297	1,162	122,522	5,061.5		11,106	1,064	9,284	2,051	100	180,669	9,553
Insurance company clients	934	0			1,367	0	0		1,080	205.9		87,343	0	665	0	0	0	0
All other institutional clients	323	451	86.72		663	0	643	284		1,040.6		5,196	470	5,896	0	0	0	0
Worldwide	1,012,604	49,665	43,136.57	8,000	307,328 ⁽²³⁾	86,385	71,755	391,930	123,625	371,177.2	226,968 ⁽²²⁾	199,212	218,277	841,476	40,027	17,700	180,669	606,190
For clients in Europe	935,285	43,070	41,632.17	8,000	NA	15,134	30,651	24,397	123,625	79,656.4	33,723	173,148	216,589	66,108	5,168	16,950	180,669	33,639
Institutional clients: Europe	911,607	31,084	30,909.54	8,000	8,833 ⁽²³⁾	15,134	21,362	24,397	123,602	71,521.6	26,773	129,060	81,037	66,108	5,168	16,950	180,669	28,702
Institutional clients: non-Europe	77,318	5,130	1,504.4	0	NA	36,098	35,352	154,508	0	230,641.3	121,325	750	17,446	1,688	559,884	34,859	750	473,336
For third party mandated assets	7,681			100	4,853	2,046	7,940	1,446	123,602	6,308		22,418		0		100	180,669	9,553
Amount managed through segregated accounts	7,643		5,327.28	100	2,715	2,046	7,831	1,332	119,220	2,230.3	4,673	89,701	1,534	6,463	2,051	100	84,884	9,492
Amount managed through pooled funds	982		221.38	0	2,139	0	109	114	4,382	4,077.7	1,250	13,944	0	9,382	0	0	95,785	61
Amount managed on a fiduciary management basis	0		4,547.89	0	NA				123,602	6,308		24,931		0		0	180,669	9,553
-Internally managed	0		3,216.53	0	NA				60,884	6,308		7,035		0		0	57,633	
-Externally managed	0		1,331.36	0	NA				62,718	0		17,896		0		0	123,036	
Of total in segregated accounts (€m)																		
Actively managed	925		5,281.05	100	2,715	2,046	7,831	0	NA	2,230.3	4,673	89,701		0	2,051	100	84,884	9,492
Passively managed	6,718		46.22	0	0	0	0	1,332	NA	0	0	0	6,463	0	0	0	0	0
Balanced mandates	0		104.3	0	0	0	0	0	0	0	0	0	342	0	0	0	0	0
Specialist mandates	7,643		5,222.98	100	2,715	0	7,831	1,332	119,220	2,230.3	4,673		6,121	2,051	100		84,884	9,492
Institutional assets for clients based in the Netherlands invested in (€m) - Equities																		
Pan-Europe	1,304			100			274	841 ⁽⁴⁰⁾	11,091	435 ⁽³⁰⁾			0	2,355	0			0
US	973			0			0	0	18,221	231.4			0	956	0			0
Japan	4			0			136	0	5,812 ⁽²⁷⁾	0			0	0	0			0
Emerging markets	404			0			637	0	7,459	2,077.7			0	1,190	0			0
Other	17 ⁽²⁰⁾						4,658			257.9 ⁽¹⁴⁾				6,629 ⁽²⁴⁾	2,051 ⁽¹⁴⁾			
Fixed Income - Public debt																		
Pan-Europe	3,368			0			0		27,345	4.8			1,317 ⁽²³⁾	1,936	0			0
US	0			0			0		0	0			217 ⁽²³⁾	0	0			0
Rest of World	1,034			0			0	491 ⁽²⁶⁾	9,464	1.7			0	0	0			0
Corporate debt																		
Pan-Europe	1,521			0			0		15,173	376.9			0	0	0			2,860
US	0			0			2,046 ⁽²⁵⁾		8,074	0			0	0	0			4,215
Rest of World	0			0			0		0	660.9			0	53	0			2,478
Real estate																		
The Netherlands	0			0			0		2,854	0			0	0	0			0
Rest of World	0			0			0		1,375	1,214.5			0	2,514 ⁽²⁵⁾	0	100		0
Cash																		
The Netherlands	0			0			0		1,770	0			0	0	0			0
Rest of World	0			0			0		0	559.5			0	212	0			0
Other asset classes		1,174 ⁽²¹⁾			4,853 ⁽²⁴⁾		2,235		14,964 ⁽²⁸⁾	487.7 ⁽²⁹⁾								
Value of new mandates won from institutional clients in the Netherlands - 12 months to 30 September 2016 (€m)																		
New clients				0	420	0	0	33		575.9		1,274		1,863	0	0		177
Of which, Fiduciary				0	0	0	0	0		575.9				0	0	0		
Existing clients			10.94	0	387	0	882	202		ND				4,666	0	0		294
Of which, Fiduciary				0	0	0	0	0		ND				0	0	0		

Company	Principal Global Inv.	Putnam Investments	Quoniam Asset Management	Record Currency Management	Robeco	SEI	Sentinel Real Estate Corp.	Sparinvest	SPF Beheer	Standard Life Investments	State Street Global Advisors	Stone Harbor Inv. Partners	Theodoor Gilissen Bankiers	TIAA Global Real Estate/TH Real Estate	TKP Investments	Union Bancaire Privée	Vanguard Asset Management ⁽⁴⁰⁾	Wells Capital Management
Assets under management (€m)																		
As at	30/09/16	30/09/16	31/10/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16	30/11/16	31/12/15	30/09/16	30/09/16	30/09/16	30/09/16	30/09/16
Institutional clients: The Netherlands	3,624.64	1,012	847	174	68,264	2,517	357	29,970	109	20,434	2,896	29,970	7,109	3,938	3,782	23,429	1,121	14,304
Pension fund clients	3,059.25		636	11	59,181	2,442	357	19,931		19,931	295	20,587	6,802	3,418	22,380	831	7,218	463.4
Insurance company clients	0	616	0	163	5,714	0	0	1,486	0	93	106	1,486	0	106	840	70	88	0
All other institutional clients	565.39		211		3,369	75	0	1,09	0	410	2,601	7,897	307	258	209	220	6,998	16.5
Worldwide	371,927.64	137,026	26,446	48,956	276,076 ⁽²⁶⁾	250,376	5,010	10,540	20,434	323,654 ⁽²³⁾	2,176,589	34,119	13,000	814,453	23,535	105,854	3,408,054	317,499.5
For clients in Europe	16,126.67	5,258	24,092	44,883	117,419	1,211	10,478	20,434	20,434	276,208 ⁽²³⁾	285,771	14,270	5,841	5,841	23,535	60,231	97,032	9,345.5
Institutional clients: Europe	15,090.09	5,258	24,092	44,881	84,790	9,200	1,166	20,434	20,434	191,920 ⁽²³⁾	285,771	14,270	5,841	5,841	23,535	14,791	54,630	9,345.5
Institutional clients: non-Europe	282,945.51	47,473	2,354	4,073	14,222	63,325	2,467	792	0	14,832 ⁽²³⁾	1,244,057	19,850		768,623	0	9,586	1,479,680	307,953.9
For third party mandated assets	3,624.64		847	174	68,264	0	0	20,434	0	2,896	0	0		1,543	0	1,121	0	0
Amount managed through segregated accounts	3,253.07	1,012	429	174	59,190	276	0	20,434	0	1,177	17,043	5,586		708	5,638	901	463.4	0
Amount managed through pooled funds	371.57	0	418	0	9,074	2,241	357	0	0	1,719	12,927	1,523		3,074	17,791	220	16.5	0
Amount managed on a fiduciary management basis	0		0		28,552	2,486		20,434		0	NA			0	23,076	0	0	0
-Internally managed	0		0		1,624	126 ⁽⁴⁰⁾		13,800		0	NA			0	5,719	0	0	0
-Externally managed	0		0		26,928	2,391 ⁽⁴⁰⁾		6,634		0	NA			0	17,357	0	0	0
Of total in segregated accounts (€m)																		
Actively managed	3,253.07	1,012	429	0	59,190	126	0	18,780	0	1,177	858	5,586		708	287	901	463.4	0
Passively managed	0	0	0	174	0	150	0	1,654	0	0	16,185	0		0	5,351	0	0	0
Balanced mandates	0	0	0	0	30,262	0	0	20,260	0	0	0	0		0	5,368	0	0	0
Specialist mandates	3,253.07	1,012	429	174	28,928	276	0	174	0	1,177	17,043	5,586		708	0	901	463.4	0
Institutional assets for clients based in the Netherlands invested in (€m) - Equities																		
Pan-Europe	0	0		0	20	298	0	0.46	1,600	8		0			2,278	0	2,450	0
US	0	0		0	286	259	0	0.34	2,214	0		0		0	3,088	0	1,703	463.4
Japan	0	0		0	64	0	0	0.22	123	0		0		0	625	833	693	0
Emerging markets	911.18	0	419	0	9,961	178	0	0	1,912	0		0		1,049	0	2,020	16.5	0
Other			218 ⁽¹⁴⁾		9,902	303		0.05	246						170		2,689	
Fixed Income - Public debt																		
Pan-Europe	0	0		0	3,309	578	0	0.02	4,718	0		1,869			4,319	0	3,196	0
US	0	0		0	4													