

IPE Survey Managers of Austrian Institutional Assets

Company	Aberdeen AM	Ashmore Group	Joh. Berenberg, Gossler & Co.	BlackRock	BlueBay AM	Candriam Inv. Group	Comgest	Danske Capital	Deutsche AM	Erste AM
Assets under management (€m)										
As at	31/12/15	31/12/15	31/12/15	31/12/15	31/12/15	31/12/15	31/12/15	31/01/16	31/12/15	31/12/15
Institutional clients: Austria	143	300	161	631	508	169.5	115	69	2,527	28,380
Pension fund clients	NA		113	415	508	60.1	0		444	8,219
Insurance company clients	NA		0	0	0	0	56		293	8,263
All other institutional clients	NA	300	48	216	0	109.4	59	69	1,790	11,898
Worldwide	394,213	45,500	40,100	4,398,439	52,430	94,078	20,828	106,186	777,091	55,898
For clients in Europe	295,007	15,700		1,174,949	34,287	92,188	15,621	99,461	517,262	55,898
Institutional clients: Europe	236,443	14,400	16,772	822,284	21,914	55,428	15,621	45,453	274,177	35,899
Institutional clients: non-Europe	74,738	27,000	328	2,003,754	12,403	1,890	5,207	1,890	169,870	
For third party mandated assets	0	300		631	0	169.5	115	0	2,527	1,429
Amount managed through segregated accounts	31		161	422	0	60.1	55	69	2,370	18,927
Amount managed through pooled funds	112		0	209	508	109.4	60	0	157	
Of total in segregated accounts (€m)										
Actively managed	31		161	422	0	60.1	55	69	2,012	
Passively managed	0		0	0	0	0	0	0	358	
Balanced mandates	31		0	0	0	0	0	0	690	
Specialist mandates	0		161	0	60.1	55	69	69	1,680	
Austrian institutional assets invested in (€m)										
Equities										
Pan-Europe			14	215	0	13.8	65	69	83	
US			10	0	0	0.2				
Japan			3	0	0	0				
Emerging markets			5	21	0	0.2	50			
Other				167		23.3			314 ⁽⁶⁾	
Fixed Income										
Public debt										
Pan-Europe			72	0	0	22.6		0		
US			0	0	0	0		0		
Rest of World			15	0	0.066	15.6		0		
Corporate debt										
Pan-Europe			22	0	132	35.8		0	923	
US			0	0	0	0		0		
Rest of World				12	356	18		0	361 ⁽⁶⁾	
Real estate										
Austria				207	0	0		0		
Rest of World				0	0	0		0		
Cash										
Austria			6	0	0	0		0		
Rest of World			0	0	0	26.5		0		
Other asset classes			14	9 ⁽¹⁾	20 ⁽²⁾	13.5 ⁽³⁾			846 ⁽⁴⁾	
Value of new mandates won from inst. clients in Austria 12-month period to 30 September 2015 (€m)										
New clients			25	210	0	96.3	ND	0	91	
Existing clients				-7	34		ND	0	11	

◀ The other 'low interest' problem

Apart from the low interest rate environment there is also a 'low-interest environment' among Austrian employers towards pension funds: only a quarter have a second pillar arrangement. SMEs in particular are reluctant as they feel the contracts are too complex. And even those with a pension fund option similar to the deferred compensation model in their industry's collective bargaining agreements shy away from setting up a contract.

Nevertheless, Thomas Wondrak, an independent consultant in Vienna, sees increasing interest in occupational pension plans and says the inclusion of occupational pension models in collective bargaining agreements is "starting to change people's mindsets" Pointing to the tax advantages, he says: "Many companies are interested, what they need is information on the complexities of the system."

But the various tax incentives for occupational pension schemes are not widely known, Wondrak adds, even though they have been negotiated by the social partners. "But neither the Chamber of Commerce nor the trade unions are promoting these options to their members", he says. "We do not need major changes to the tax system or the second pillar in general, we just need to make sure the current options are being used."

In order to deal with the long-standing problem of the high annuity conversion rate embedded in many old contracts, Michaela Plank, principal at Mercer Austria, suggests promoting the life-cycle model Austrian pension funds are obliged to offer, if clients demand. They have a maximum conversion rate of 4% according to FMA regulations, whereas some old contracts

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ing about their pension. "Most remain in the default portfolio because the easiest option is not to make a choice," she says. Nevertheless, Salomon-Girsch argues against an automatic transfer to different risk portfolios according to age "because everybody has different financial needs at different stages of their life". Only one Pensionskasse has implemented automatic transfers to different risk categories according to age, others allow a free choice.

Employers thinking of offering a pension scheme should act fast because they are unlikely to get better fee conditions than now. Over the last year, prices have been driven down to increase membership and, in particular, to land the Austrian universities as clients. "The downside is that now some Pensionskassen have to waive participation in tenders because the cost expectations are too low," explains Salomon-Girsch. This vicious circle will be hard to break.

"What is missing in Austria is an overall commitment and a comprehensive strategy for a pension reform," says Wondrak. This was also proven by the fact that an announced pension reform proposal scheduled for 29 February turned out to be a minor agreement on a minimum pension for certain individuals - so it might be that Austrians have to wait for another leap year for a new policy.

Looking back at the 2013 coalition agreement between the social democrats and centre-right conservatives, Wondrak notices many unfulfilled promises: "Only the issue of increased transparency for Pensionskassen members has been addressed." The promised evaluation of the second pillar has not yet taken place.

still apply a rate of up to 6% or even higher.

Plank suggests abandoning the conversion rate for active members, as it is confusing and is only applied upon retirement. "For active members, it only creates expectations that might not be fulfilled," Plank says. From this summer, the maximum rate to be applied to new contracts will be lowered from 3% to 2.5%.

Eva Salomon-Girsch, managing director at Willis Towers Watson in Austria, is worried employees are overwhelmed by choices like life-cycle models as they are not used to think-

Company	Fisch AM	Fisher Investments	Goldman Sachs AM Int.	Heitman	Intermediate Capital Group	Invesco	Kepler-Fonds	Lazard AM (Deutschland)	LGT Capital Partners	Lupus alpha AM	Macquarie AM	Mandarine Gestion	Metzler AM	Morgan Stanley IM	NN Investment Partners	PIMCO	Putnam Investments	Raiffeisen CM	Sycamore AM	TIAA / TH Global Real Estate	Unigestion	Union Investment
Assets under management (€m)																						
As at	31/12/15	31/12/15	12/12/15	31/12/15	31/12/15	31/01/16	29/02/16	31/12/15	31/12/15	31/12/15	31/12/15	31/12/15	31/01/16	31/12/15	31/12/15	31/12/15	31/12/15	31/12/15	29/01/16	31/12/15	31/01/16	31/12/15
Institutional clients: Austria	207	7.74	792	11	138	2,099	9,138	68	729	150	2,787	124	503	150.05	174	797	89.4	12,839	17	103	43	4,278
Pension fund clients	86	7.28	0	0	74	1,025		55	60.6		1,235	61	249	35.9		345			0	94	0	250.5
Insurance company clients	14	0	349	0	0	115			24.7		63	5	18	112.31		357			4	9	4	
All other institutional clients	107	0.46	443	11	64	959		13	643.7	150	1,489	58	236	1.84	174	95	89.4		13	0	39	
Worldwide	8,228	28,472.59	192,109	32,381	21,230	714,070 ⁽⁵⁾	13,843	154,464	49,769.3	8,000	327,008	2,405	34,824	374,179.32	186,874	986,845	135,776	29,265	3,357	786,479	16,705	266,300 ⁽¹⁶⁾
For clients in Europe	8,125	6,537.83	996,650	2,677	11,021	10,495 ⁽⁵⁾		28,403	43,929.1	8,000	58,074	2,403	30,729	76,206.39	164,821	209,934	4,366	28,937	3,357	24,232	15,203	
Institutional clients: Europe	6,669	6,537.83	605,032	2,631	11,021	22,025 ⁽⁶⁾		28,377	31,033	8,000	58,074	1,418	27,662	70,467.64	121,025	194,794	4,139	16,588	2,786	24,098	13,893	
Institutional clients: non-Europe	103	21,934.75	177,700	29,630	7,919	218,494 ⁽⁵⁾		84,551	4,174.2	0	198,004	2	3,764	238,899.01	14,346	673,051	18,189	329	0	640,725	1,419	
For third party mandated assets	207	0	0	11	138	2,099			671.1	150	2,787	124	288	150.05	174	797	89.4		0	0	43	
Amount managed through segregated accounts	100	0	249	0	0	1,597		57	671.1	0	96	0	288	45.11	160	440	89.4		0	0	0	
Amount managed through pooled funds	107	7.74	543	11	138	502		11	57.9	150		124	215	104.94	14	357	0		17	103	43	
Of total in segregated accounts (€m)																						
Actively managed	100	0	249	0	0	1,557		57	671.1	0	96	0	288	45.11	160	440	89.4		0	0	0	
Passively managed	0	0	0	0	0	40		0	0	0	0	0	0	0	0	0	0		0	0	0	
Balanced mandates	0	0	0	0	0	317			69.4	0	0	0	56	0	0	0	0		0	0	0	
Specialist mandates	100	0	249	0	1,280				601.7	0	96	0	232	45.11	160	440	89.4		0	0	0	
Austrian institutional assets invested in (€m)																						
Equities																						
Pan-Europe	0	0	0	0	0	197				150		124	214	0		0	0		5	0	0	
US	0	0	79	0	0	83		2		0	96	0	0	0.07		0	0		0	0	0	
Japan	0	0	0	0	0	60				0		0	0	0		0	0		0	0	1	
Emerging markets	0	7.74	77	0	0					0		0	0	0.03		0	0		0	0	0	
Other			47			284 ⁽⁶⁾			79.6					69.12 ⁽⁶⁾								38 ⁽¹⁴⁾
Fixed Income																						
Public debt																						
Pan-Europe	0	0	0	0	0	78				0		0	143	0		0	0		0	0	0	
US	0	0	0	0	0	0				0		0	0	0		0	0		0	0	0	
Rest of World	0	0	0	0	0			11		0		0	0	0		187			0	0	0	
Corporate debt																						
Pan-Europe	89	0	176	0	138	20				0		0	8	62.27		0	0		12	0	0	
US	64	0	368	0	0	259				0		0	0	0		0	0		0	0	0	
Rest of World	54	0	0	0	0	428 ⁽⁶⁾				0		0	0	0.03		252			0	0	0	
Real estate																						
Austria	0	0	0	0	0					0		0	0	0		0	0		0	0	75	0
Rest of World	0	0																				