The pan-European retirement market
Introduction

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Amundi Asset Management

Assets under management: €1.5 trillion

Investment Centres
6 Global
10 Local

Presence in 37 Countries

Source: Amundi Asset Management as of 31st March 2019. Individual figures may not add due to rounding.

Both the global (dark blue) and local (light blue) investment centres have been highlighted on the map.

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Crédit Agricole Group
Amundi, a major European Player Servicing International Groups

Key Figures

- N°1 in employee savings and retirement \(^1\)
- 4M Employee accounts
- +100k Client companies
- 500k Employee clients outside France
- +56Bn€ Assets under management
- 50 years of experience

(1) In France, AFG, as of Dec 2018

Recognized for Its Innovation and Expertise

With a Wide Scope

120 countries
Pan European Retirement market
Recent trends

**Defined Benefits DB** moving to **Defined Contribution DC**

**DC schemes can provide resilient occupational retirement income solutions to face current challenges:**

- lower pension benefit compared to the wage received when working due to aging of the population
- Low fixed income interest rates that weaken guaranteed returns

**Cross-border approach:** IORP

- IORP* Directive favors a cross-border approach
- Launch of the PEPP (Pan-European Personal Pension) product beginning of 2021

**Longer longevity:**

- Needs to offer solutions after retirement (decumulation)

(*) European Directive 2003, revised for Jan 2019
Perspectives
A real need for a multi employer cross border pension fund

Through a REGULATED PAN EUROPEAN PENSION FUND serviced by a REGULATED PENSION ADMINISTRATOR

To secure a flexible and customizable solution with the appropriate governance

- Each sponsor entity has its own retirement needs and expectations on services provided
- Each sponsor plan has its own plan governance depending on the culture of the group and the history of the scheme
Life cycle investment
A solid default option

Taking into account financial & human capital over the entire saving cycle
Simple choices that avoid behavioral biases for the employee

**AGE and RETIREMENT DATE**
- Selection of the time horizon

**PROFILE**
- Assessing risk tolerance
- Setting and maintaining appropriate level for a given objective (Defensive / Balanced / Dynamic)

**OBJECTIVE**
- Helping the employee to define its personal goals
- Targeting the appropriate investments

Taking into account local constraints
Life cycle investment
Flexible payout options at retirement date

LUMP SUMP WITHDRAWAL
Primary focus on capital preservation

FIXED ANNUITIES
Primary focus is matching annuity sensitivity

INCOME DRAWDOWN
Primary focus is matching appropriate income generation level

Possibility to mix the options to meet different needs
Life cycle investment
Strong capital preservation and higher expected return

Bocconi Study (*) – Key elements

50% of the savers can expect to accumulate a level of pension assets at least 1.96 times greater than their contributions

95% of the savers can expect to end up with a level of pension wealth at least 1.4 times greater than their contributions

99.86% of the savers will end up with a pension accumulated wealth higher than their contributions

Key assumptions:
- Accumulation phase of 20 years (i.e. starting from age 45)
- 55% initial asset allocation to equity, gradually decreasing to 35% at retirement age (65)
- An annual management fee of 1% on accumulated assets
- 5,000 scenarios of the random evolution of market returns, generated by a “Monte Carlo Bootstrap” simulation approach on the basis of asset returns observed in January 1998 to November 2017

* “Consumer protection and the design of the default option of a pan-European pension product” published by the Bocconi University and dated Feb 1, 2018
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