ENTER THE FUTURE OF THE INVESTMENT INDUSTRY

SPECIAL EDITION

EUROPEAN INVESTOR SUMMIT

THE FUTURE IS YOU

SOCIETE GENERALE
Securities Services

WELCOME TO THE EUROPEAN INVESTOR SUMMIT

On behalf of Societe Generale Securities Services, it is a great honour for me to introduce the first edition of the European Investor Summit magazine. This magazine is the illustration of and main communication material for our inaugural "European Investor Summit" event, which took place in Paris on November 21, 2019. Through this Summit, SGSS is aiming to create a point of reference for the investment industry in Europe. Our ambition is to set up a leading platform to explore and debate the challenges and opportunities facing our industry, as well as to provide a unique networking opportunity for investment professionals coming from all over Europe.

2019 has been rich in terms of events affecting the investment landscape. Market volatility, recession risks, trade war and monetary policies have put pressure on asset allocation, performance and fees. The months ahead will no doubt bring new challenges: economic slowdown in the EU and US, limited growth of emerging markets, recession risks in Europe, geopolitical and global trade tensions and further uncertainty associated with Brexit. Within the ongoing low-yield environment, our industry will need to continue its shift towards new asset classes and capitalise on a very innovative and disruptive environment. Private equity & debt, real estate, ESG and a new paradigm between active and passive management will be at the heart of asset allocation in 2020.

The European Investor Summit 2019 addressed these asset allocation challenges and opportunities through financial professionals' points of view. I am very proud of the impressive line-up of experts who shared their vision of investment trends within the current environment at this event. I would like to sincerely thank our speakers for their support for and trust in this first edition of the Summit.

In this magazine, we also want to give you insights about the topics that were covered during the day: expert views covering economic trends, as well as ESG, active management, real assets and innovation's challenges. We also included an article presenting CARE - the charity that we actively supported for this forum - and its actions to promote Women's Economic Empowerment.

I would like to sincerely thank all those who attended the European Investor Summit, and trust that you enjoyed the conference. As a reader, I hope you will appreciate and be inspired by the selection of articles in this magazine.

Yours sincerely,

GILDAS LE TREUT
Global Head of Coverage
Societe Generale Securities Services

PARTNERS

CONTENT

06 **14 SMALL ELECTRIC CHAIRS AND THE FUTURE OF MARKETS**
Anne Richards - CEO - Fidelity International

08 **NAVIGATING DISRUPTION – THE WAY FORWARD: COLLABORATION AND INNOVATION**
Matthias Seewald - CIO - Allianz France

12 **ARE WE READY FOR MAJOR CHANGES IN THE INVESTMENT AND ASSET MANAGEMENT INDUSTRY?**
Yvan Mirochnikoff - Head of Digital transformation & Technology - SGSS

14 **VOLATILITY AT THE CUSP OF A RESURGENCE?**
Erik Norland - Executive Director and Senior Economist - CME Group

18 **THE RENAISSANCE OF ACTIVE MANAGEMENT**
Fiona Frick - CEO - Unigestion

20 **REDEFINING ACTIVISM: WHY ESG IS GOOD – BUT NO LONGER ENOUGH**
Matt Christensen - Global Head of Responsible Investment - AXA Investment Managers

22 **REAL ASSETS, A LONG-TERM TREND SUPPORTED BY THE TRANSFORMING WORLD**
Inès de Dinechin - CEO - Aviva Investors France

24 **SGSS SUPPORTS CARE IN ITS FIGHT FOR WOMEN'S ECONOMIC EMPOWERMENT**

DAVID ABITBOL

Head of **Societe Generale Securities Services**

TOMORROW'S DEVELOPMENT MODELS ARE AT THE EUROPEAN INVESTOR SUMMIT!

2018's gloomy final quarter was the first significant decline since the 2008 crisis showing negative returns and outflows ending with job cuts and uncertainties for business prospects. This warning strongly impacted the Investment Industry!

A year later, **2019 should see a return to the positive trend observed over the last decade for investors and asset managers**. Net inflows are likely to reverse the 4%[1] decline in assets under management that cast a shadow over 2018.

Will the trend remain favourable again for 2020? The environment remains particularly challenging, with continuing concerns over negative interest rates in Europe, uncertainty regarding Brexit and the impacts of the trade dispute between the US and China.

SAILING THE WINDS OF CHANGE

Nevertheless, it would be unreasonable to forget the 2018 red flag and assume that the story will continue as before. **The landscape is moving very fast** as a consequence of the megatrend effects that have been extensively described by all financial observers, from new technologies to new business platforms run by newcomers to provide a response to new investor behaviours.

Looking forward, **the Industry's natural response** in order to react to economic uncertainty, increased market volatility and sharper competition **could first be to diversify its product catalogue**.

In this respect, **passive investment** solutions on the one hand **and alternative management** on the other **will obviously continue to gain momentum**, although it is important to note that performances within those categories could be very different from one to the next: private equity and ETFs[2] will continue to be fast-growing products, whereas some hedge-funds facing negative returns consequently suffer significant outflows.

Improving distribution channel efficiency to better monitor sales, marketing, but also the multichannel experience with personalised access to end investors **will, as always, weigh significantly in the equation**.

OLD PIPES DON'T ALWAYS GIVE THE SWEETEST SMOKE

Nevertheless, it would be wrong to think that old recipes should be enough to seize opportunities and catch up with fast-moving Industry trends.

The unprecedented magnitude of transformation is calling investment firms' strategies, capabilities and operating models into question. Merely increasing product sales, improving distribution gains and maintaining lower operating costs will not be enough. We need to collectively rethink how we help our clients – whomever they are –, reimagine our answers to give meaning to customers' investments and the way we deliver our services.

GREEN & CO ARE THE NEW BLACK

To do so, **we have to align asset management propositions with consumers' increasing desire to reflect positive values** such as preserving the planet, respectful development and the energy transition in their investments.

In this respect, it is fair to say that **it continues to be a challenge to demonstrate that sustainable investment is more sensible than looking for pure performance!** Lack of standardised data on ESG[3] criteria is to be blamed, as is a wide spectrum of greenwashing messages and products that contribute to discouraging the most convinced investors.

On the other hand, the belief that **investments incorporating ESG factors outperform investments generally – especially in the long term** – is gaining more and more traction and the regulatory framework is becoming more and more restrictive, pushing managers and large institutional investors to make clear commitments in this domain.

In the execution phase, from intent to action, the difficulty of hiring people with financial or quantitative skills who understand sustainability issues should not be underestimated. But, in that case, **one should also consider the option of dealing with partners – such as SGSS** – to shape one's own strategy and operating model and control and communicate indicators to measure ESG[3] investment efficiency.

THE GREAT TECH-TONIC SHIFT

The second main lever of change to catch up with customers' appetite for real-time transparency and interactivity is technology.

It seems obvious that **companies that don't make step changes in their use of technology will not succeed**.

There is no business model aspect where data and analytics could not be seen as a game changer, whether it is in **lowering costs** thanks to Artificial Intelligence or blockchain applications, **improving risk management** – especially regarding liquidity, which is making the news – or **sharpening decision making** in investment solutions using big data. But the strongest potential probably lies in the **client experience**, where there are huge expectations for better access to information, many opportunities to use artificial intelligence and where firms are most lacking in technological capabilities.

Technology will effectively be crucial in the coming years, which does not mean that players have time to find their way. Nothing is completely obvious in terms of technological usage, but getting it right will require the setting up, in the short term, of a **new strategic agenda and significant investment to further scale-up efficiency and ultimately transform the client relationship**.

WELCOME TO THE EIS!

Everybody appreciates how substantial the challenge is for our financial community, whatever their place in the value chain. **At SGSS, we thus feel that it is paramount to take time to share ideas, convictions and concerns among various players**. I'm delighted that so many of the most eminent institutions have come together at Societe Generale's European Investor Summit to debate all these sensitive issues.

Our world is complex; solutions require spending time understanding all stakeholders and building consistent value chains with them. **This event's high attendance confirms that we share the same views and objectives**.

(1) Source: BCG 2019. **(2)** Exchange Traded Funds. **(3)** Environmental, Social, and Governance.

14 SMALL ELECTRIC CHAIRS AND THE FUTURE OF MARKETS

ANNE RICHARDS
CEO
Fidelity International

Andy Warhol's 14 Small Electric Chairs, a 1980 screen print that stands two metres high, may offer a glimpse into how markets might function in the future. Last year, a share of it was auctioned and converted into digital tokens, offering the buyers of those shares the chance to trade them in a secondary market.

This form of **fractional ownership using blockchain technology** is still in its infancy. But it **has the potential to provide solutions to a market trend that I believe warrants some attention: the growth of private markets**.

Since the 2008 financial crisis, capital markets have gradually moved to favour the private investor over the public one. **In 2018, around $2.4 trillion was raised privately in the US, which was roughly $300 billion more than was raised in public markets**[1].

Meanwhile, the number of US public companies, in which anyone can buy a share, has been steadily shrinking. **In the early-80s the US had around 5,700 stocks with readily-available price data. That number has fallen to about 4,400**[2] **in 2018**, despite US GDP increasing seven-fold[3] over the same period.

Investors are piling in, attracted by illiquidity premia in a world of flat or declining risk-free rates of return. The Fidelity Research Institute surveyed 900 clients around the world and found **between 30 and 40 per cent of the larger institutions intend to increase their allocations to private equity** - a tide so large that it alone could change the dynamics of the market.

While **some savers** will have access to private opportunities via defined-benefit pension schemes, those who are at the beginning of their career in defined-contribution pensions, or who don't have access to a large fund with the right heft and expertise, **are excluded**.

DEMOCRATISING THE PRIVATE MARKET

Such exclusion is undesirable in the long term. Where the majority of people feel disconnected from the value-adding function of a system such as financial capitalism, there is an increased risk to that system's licence to operate.

Private assets are less liquid and less easily divisible than stocks and bonds, but this is where **technological innovation may provide a solution**.

Distributed ledger technology, the backbone of the blockchain, can be harnessed to record fractional asset ownership. This **opens up the opportunity to trade bits of previously private assets** over a peer-to-peer network, transferring ownership in an instant to a wider range of investors.

Eventually, as the technology becomes more sophisticated, **it could help democratise parts of the market**, bringing ownership of private assets to a broader section of investors, as well as reducing trading costs and increasing liquidity.

But not everyone wants to buy a share in a Warhol. **At Fidelity, we're increasingly interested in exploring how tokenisation can deliver exposure to real estate assets**. The technique has the potential to provide products that address liquidity concerns for investors in traditional property fund structures, as well as lowering the entry bar for an asset class where the standard lot size is often prohibitive for wholesale and even experienced retail clients.

While the technology is developing at pace, establishing a trusted secondary market takes time. The public market for company shares - The Stock Exchange - has had centuries to evolve, cultivating the qualities of legal certainty and speed of execution. To recreate these in a scalable, tokenised environment within a short timeframe presents an obvious challenge.

Meanwhile, we would also have to **consider how the concept of voting rights**, for a long time embedded in public markets, **could be adapted to these new frontiers of ownership**. Innovations that start in the private sphere often migrate to the public one. For example, Bank of England Governor Mark Carney floated the idea in August of creating a global digital currency to reduce the financial system's dependence on the US dollar. **Perhaps one day, institutions will buy and sell bits of companies in the form of tokens** rather than in shares. This opens up interesting questions about whether exchanges, which have been at the heart of our financial architecture since the early 17th century, will be needed in a system of bilateral transactions between ledger-backed wallets or whether other platforms for the trading of secondary tokens will evolve.

LAST YEAR, A SHARE OF IT WAS AUCTIONED AND CONVERTED INTO DIGITAL TOKENS, OFFERING THE BUYERS OF THOSE SHARES THE CHANCE TO TRADE THEM IN A SECONDARY MARKET.

SURVIVAL OF THE MARKET

We are living in an era in which fundamental questions are being asked of the structures that distribute power around the globe. And, **if current market trends hold their course, it won't be long until we'll see similar questions being asked of the systems that distribute financial capital**.

Andy Warhol's piece considers the end of life. Similarly, **if our capital markets are to survive as a system well into the next century, they must reflect the interests of the majority of people or risk their very licence to operate**. While private markets have many benefits, such as encouraging a long-term approach to investment, there is a societal cost to shifting huge swathes of financial value creation to them away from the public markets.

Of the potential answers, distributed ledger technology is one of the most promising. It's time to take stock of the structure of the private market, so more people can have a share in it.

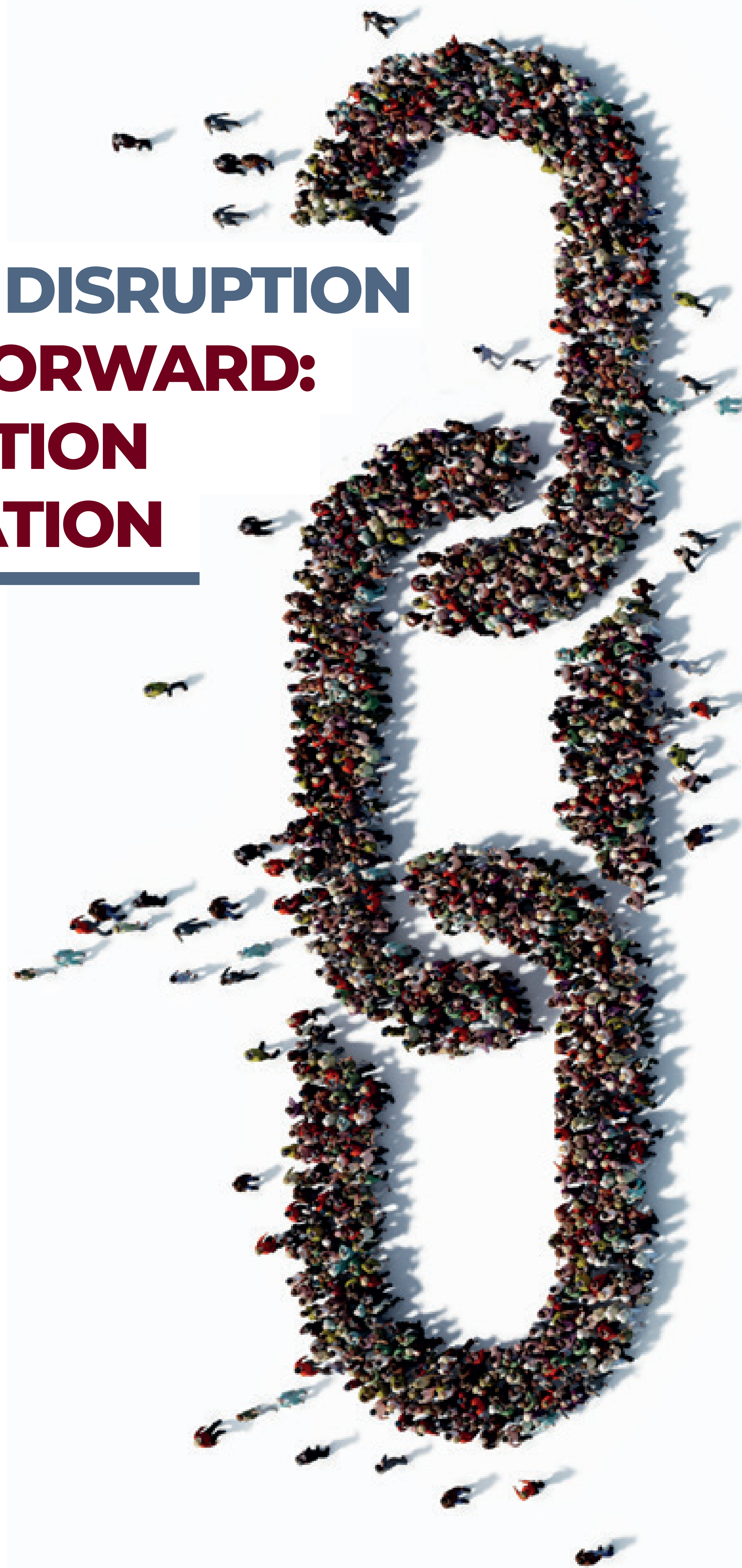
(1) The Fuel Powering Corporate America: $2.4 Trillion in Private Fundraising, Wall Street Journal & Dealogic https://www.wsj.com/articles/stock-and-bond-markets-dethroned-private-fundraising-is-now-dominant-1522683249. **(2)** World Bank https://data.worldbank.org/indicator/CM.MKT.LDOM.NO?locations=US. **(3)** World Bank https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2018&locations=US&start=1980

NAVIGATING DISRUPTION – THE WAY FORWARD: COLLABORATION AND INNOVATION

MATTHIAS SEEWALD

CIO

Allianz France



Pension funds, sovereign wealth funds, endowments, foundations, mutual funds and insurers are responsible for investing more than a quarter of global financial assets. For this reason, those **asset owners bear heavy financial and societal responsibilities**.

As an asset owner, we are the link between financial markets, clients and various stakeholders (e.g. asset managers, companies, intermediaries), with the objective of ensuring consistent financial performance over time. At Allianz France, we invest around EUR 88bn on behalf of more than five million clients. Worldwide, Allianz invests over EUR 670bn, in over 70 countries, on behalf of around 90 million clients. Our responsibility is twofold: **it is of a fiduciary nature towards our clients in the Life business, while we also report directly to our other stakeholders**.

Today we need to adapt to new challenges, trends and requests. Firstly, clients' preferences are shifting. They increasingly inquire about the investment process linked to their insurance. They are also expecting us to act responsibly – not only in underwriting, but in the choice and management of assets as well. Secondly, a negative yield environment puts the realisation of long-term investment guarantees under pressure. Lastly, digitalisation is offering new investment solutions but is also bringing new competitors.

How can asset owners adapt to these new market conditions? What are the main challenges we need to address in the coming years?

FINANCIAL PROFESSIONALS MUST PLAY A ROLE IN RETHINKING TRADITIONAL BUSINESS MODELS

For the last twelve months the European Central Bank deposit rate as well as government bond yields in major economies have remained negative. Meanwhile, the inversion of the US Treasury yield curve is casting additional doubt on future market conditions. As volatility increases, inflation remains below targets and global growth slows, **our investment outlook becomes more and more challenging**.

Persistently low or negative rates pose a considerable threat to investors' long term performance and, depending on the liability profile, have the potential to increase the strain on their stability. **These conditions can limit our clients' investment returns**.

In the short term, asset owners have systems in place to fight eroding performance and reduced reinvestment yields. Some action plans involve purchasing higher-yielding investments, such as corporate bonds, emerging market assets and illiquid assets (i.e. alternatives, real estate). As a consequence, **2018 saw fundraising in private markets reach an all-time high with USD 5,000 billion**[1]. Using Allianz's leverage as a global organisation, we have reinforced global sourcing through shared standards and rigorous implementation methods in order to **strengthen our position in illiquid assets**, which play a key role in the implementation of our principles – innovation and diversification.

Yet, in the long term as responsible asset owners, **we need to reinvent our business models** to consistently continue generating positive returns for our clients.

ASSET OWNERS SHOULD SEIZE THIS OPPORTUNITY TO ENHANCE COLLABORATION AND BUILD STRONGER AND MORE INNOVATIVE ECOSYSTEMS

By building stronger partnerships with asset managers, academics and policy makers, we can develop products suited for our current market environment. Taking an example from the insurance industry, we can observe the development of new unit-linked products in the Life business and complementary services in Property and Casualty (P&C) business. Allianz France has utilised its partners' expertise to launch the recent unit-linked complex fund "Allianz Néo ISR 2019" with Allianz Global Investors. Another example is the unit-linked Private Value Fund that was set up with Idinvest Partners. The latter fund is invested in private equity and private debt. On the P&C side, Allianz France is developing services beyond insurance: in collaboration with the Cartaplac network, Allianz agents can now take care of clients' car registration and related administrative formalities.

The development of innovative offers is enabled by Allianz France's "Ecosytems", where new working methods are being implemented to **bring together talents from different teams** in dedicated squads to better understand clients' future needs. These methods require **new management skills**, such as agile methodologies, and allow for **more efficient product development**.

Artificial intelligence speeds up the time needed to process large quantities of data: by testing machine learning solutions in asset liability management, portfolio construction, asset allocation, finance and controlling, **asset owners can find effective solutions to improve long-term performance**.

Combined with human talent, digitalisation can improve efficiency throughout the value chain. For example, digitalisation can reduce biases in the decision-making process and can also improve governance through rules-driven processes. Meanwhile, smart automation tackles routine tasks through case-by-case optimisation of daily processes.

(1) McKinsey Global Private Markets Review 2019, https://www.mckinsey.com/~/media/McKinsey/Industries/Private%20Equity%20and%20Principal%20Investors/Our%20Insights/Private%20markets%20come%20of%20age/Private-markets-come-of-age-McKinsey-Global-Private-Markets-Review-2019-vF.ashx, last access: 11/10/19.

SUSTAINABLE INVESTMENT NEEDS TO BE DEVELOPED TO ANSWER CLIENTS' CONCERN AND FIND ADDITIONAL SOURCES OF PERFORMANCE

Nearly two thirds of French clients are interested in sustainable investment solutions[2]. At a global level, sustainability is one of the principal topics of concern for millennials[3]. Meanwhile, sustainable investment offers new opportunities for diversification. According to the United Nations, to meet the 17 Sustainable Development Goals, worldwide financing requirements amount to USD 6 trillion[4]. The EU has committed to meet dedicated climate and energy ambitions by 2030, which would require EUR 270 billion of investment[5]. **Sustainable investment allows asset owners to do good as well as to do well**. Doing good: Allianz France has invested EUR 3.5bn in Green assets[6]. Doing well: the increasing focus on sustainability has already started to change the traditional risk-return relationship. Today, **investors are developing more sophisticated assessment methods to integrate considerations related to environment, social and governance (ESG) impacts**. Investing in sustainable companies and projects could become a source of outperformance in the longer term. In fact, the cumulative return of MSCI KLD 400 Social index since 1990 has outperformed the S&P 500[7]. As long-term investors, asset owners will benefit from the mitigation of climate related risks. **The ambition is to reach a critical mass of sustainable investors and raise awareness**. Since Allianz strongly believes in this idea, we supported the launch and became a member of **the Net-Zero Asset Owner Alliance**, backed by the UN, together with eleven asset owners. All members are committed to reaching portfolio carbon neutrality by 2050. But the Asset Owner Alliance is also needed as a common voice to share knowledge and build a clear long-term vision and methodology. **In this context, internal and external collaboration is fundamental**. Investment Management teams need to continue to develop networks inside their company as well as outside of their immediate circles. **Regulation can give momentum to sustainable investment by setting clear frameworks**. Showing our regulators that we can collaborate is essential to help bring about alignment and find common solutions. To tackle climate change we need to continue building stronger networks and pursuing dialogue with all stakeholders. In conclusion, **the challenging macroeconomic environment should be seen as an opportunity for asset owners to reinvent their business models and take leadership on global issues**. By drawing on product and process innovation to better answer clients' needs, asset owners will maintain consumer confidence at its highest level, foster innovative ideas and attract talent.

SUSTAINABLE INVESTMENT ALLOWS ASSET OWNERS TO DO GOOD AS WELL AS TO DO WELL

(2) Vigeo Eiris, http://vigeo-eiris.com/fr/linteret-des-francais-pour-la-finance-responsable-se-confirme-resultats-de-la-10eme-enquete-ifop-pour-vigeo-eiris-et-le-fir/, last access: 11/10/19. (3) Deloitte, https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html, last access: 11/10/19. (4) United Nations Environment Programme Finance Initiative, https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/Rethinking-Impact-to-Finance-the-SDGs.pdf, last access: 11/10/2019. (5) European Commission, https://ec.europa.eu/info/sites/info/files/180308-action-plan-sustainable-growth-factsheet_en.pdf, last access: 11/10/2019. (6) Allianz France – AIM Paris, https://www.allianz.fr/v_1562148255480/qui-est-allianz/allianz-s-engage/media/Allianz_France_-_AIM_Sustainable_Investment_Report_2018.pdf, last access: 11/10/19. (7) Allianz Global Investors, "ESG: Awareness Leads to Assets", last access: 11/10/19.

ARE WE READY FOR MAJOR CHANGES IN THE INVESTMENT AND ASSET MANAGEMENT INDUSTRY?

YVAN MIROCHNIKOFF
Head of Digital transformation and Technology
Societe Generale Securities Services

AFTER A PERIOD OF UNCERTAINTY, LET'S ADDRESS THE FUTURE!

Autumn is always a good time to think about the future of our industry. Back from summer vacation, full of energy, we develop strategic plans and investment schemes for the coming years. We also attend key events in our industry. And, in my opinion, all speakers and leaders of the industry come to the same conclusion: After years of regulatory uncertainty, **we now have a better understanding of potentially winning future business models, we are better at measuring the real impact of newcomers** (Fintechs, Regtechs, GAFAs and BAXT) **and we are highly conscious of the major transformations our industry is going through**.

The key reasons for the ongoing changes are mostly a result of technological progress, i.e. enhanced capabilities provided by a combination of Big Data, Cloud Technology, Artificial Intelligence, Smart automation, Blockchain, powerful smartphones, smart user interfaces, 5G networks and the Internet of Things.

We know that the B2C market was the first to be impacted, with dramatic changes in industries such as entertainment, automotive, travel or libraries. New platforms and players such as Netflix, Apple, Uber, Facebook, Amazon or Alibaba play a major role in our daily lives as individuals today.

Until now, we could say that the financial industry and major banking operators had not suffered as much from these transformations, as investors and asset managers tend to remain cautious about the way they manage their business and operating models. **This is not true anymore!**

THE MAJOR CHANGE IS NOT ONLY TECHNICAL, IT IS ALSO HUMAN & BEHAVIOURAL

Change is happening now: Open Banking, APIs[1], RPA[2], deep learning and other technical features are starting to have a dramatic impact on our value chains. This can be seen in the ways we manage data, cooperate on market infrastructures and interact with our customers, our partners, as well as within our companies. The Millennial generation is entering the market with new expectations and a greater awareness of environmental challenges and scarce resources, and an entirely renewed relationship with the economy in general. **The challenge for our industry is not only the profitability of our respective businesses, it is now more about our brand and the way we strengthen its innovative image on the market**.

Our relationship to time and space is changing dramatically, frontiers between work time and personal space are getting thinner, a growing number of people are getting to enjoy remote work and the ability to handle highly complex projects with teams located all around the world.

AS MANAGERS, BEING INSPIRED AND OPEN-MINDED

So here comes the key question for us, **as market leaders and managers: are we ready for this change?**

What are the key skills of today's leaders? How do we collaborate with our teams, our customers and even our former competitors to create tomorrow's offers and leverage available technologies and agile methods?

When most standard processes have been automated, and part of the human factor has been replaced by learning machines, where will the value to generate and preserve lie? SIBOS chose "Thriving in a hyper-connected world" as a motto for its 2019 edition in London, thus encouraging FinTechs and RegTechs to collaborate with traditional banks.

Our concerns will not be technical at all, they will be related to the human factor, a deep transformation of our mindset and our collective approach to the future. Oliver Rees, keynote speaker at the European Investor Summit, provides us with useful keys to change mindsets and stimulate disruptive strategies[3]. He provides 48 cards to **better understand our environment and establish new ways of thinking**: being open, gaining value from experiences, building multi-disciplinary teams to tackle the challenges of our industry and answer customers' requirements. We strongly recommend that you listen and follow his advice.

TODAY, WHAT WE GOT IS NOT MONEY. WHAT WE GOT IS THE TRUST FROM THE PEOPLE

To illustrate what an inspirational leader might be, take Jack Ma, 55, former manager of Alibaba for 20 years, a self-made man able to attract USD 25 billion during Alibaba's IPO, the biggest in Wall Street's history. He had no experience with computers or coding, but he was captivated by the internet when he used it for the first time and understood how he could create disruptive models. After Alibaba's IPO, he said "Today, what we got is not money. What we got is the trust from the people". And **as bankers or asset managers, our customers' TRUST remains the key value to leverage**.

Remaining "open-minded people" in an industry undergoing a major transformation is the best way to transform our models and stimulate collective energy.

(1) Application Programming Interface. **(2)** Robotic Process Automation. **(3)** Oliver Rees: https://or-innovation.com/consultancy/technology-cards.html

VOLATILITY AT THE CUSP OF A RESURGENCE?

ERIK NORLAND

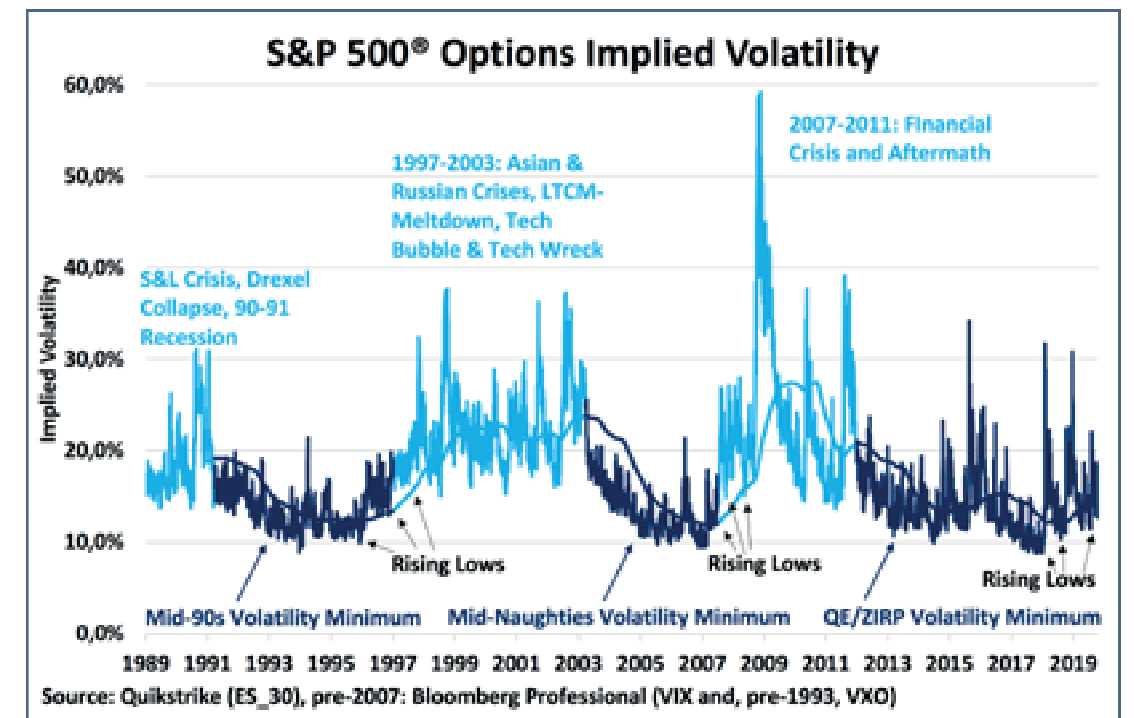
Executive Director and Senior Economist

CME Group

Occasional spikes notwithstanding, volatility has been dormant across most asset classes over the past eight years. Equities, fixed income products, currencies, metals and agricultural goods saw steep declines in implied volatility after 2010, which has generally remained at exceptionally low levels for the past several years. However, **we are beginning to see signs that implied volatility might be in the early stages of a transition that could take it to much higher levels across a range of products**.

Equity index options have been in the vanguard of this transition to higher volatility. S&P 500 volatility hit bottom in early 2018 and have since displayed a pattern of rising lows akin to 1996 and early 2007 as the market prepared to transition from low to high volatility. **That said, implied volatility on S&P 500 options remains low** currently by historical standards (Figure 1).

FIGURE 1: ARE EQUITY OPTIONS IMPLIED VOLATILITY ON A SUSTAINED UPWARD TREND?



In most other markets, volatility hit bottom more recently. That said, in **fixed income, gold, silver and grain markets, volatility appears to be on the rise, although it remains at low levels**.

Periods of high and rising volatility usually have two things in common:

1. A proximate cause: an event or series of events blamed for the rise in volatility.
2. An underlying cause: the real reason why implied volatility shifts from low to high.

The proximate cause varies from period to period. **In the late 1980s**, rising volatility was blamed on **program trading in equities, portfolio insurance, and the savings and loan crisis. In the late 1990s**, it was blamed on **the Asian crisis, Russian debt default, Long Term Capital Management and later the "tech wreck"**. The **sub-prime crisis was blamed for the explosion in volatility in 2008**.

Without a doubt each of these diverse events contributed to rising volatility. **Their common factor: monetary policy**. In the years prior to these events, the Federal Reserve tightened policy and flattened the yield curve, making the economy more susceptible to credit defaults and setting the conditions for a spark to light the volatility fire. Each time the spark was different **but each time a period of tight money eventually provided the tinder necessary to ignite a rise in volatility**.

When the Fed eases monetary conditions, money finds its way into markets. With abundant credit, buyers and sellers can transact easily and large orders can be executed with minimal price impact. Moreover, when low volatility environments persist, short-term volatility strategies prosper and investors become complacent. **Quant models and traders can be beguiled by years of modest-sized market moves into underestimating the amount of risk**.

As the central bank tightens, it drains money out of the system. The problem is that after a period of tight money, there may eventually be fewer market participants who can take the other side of large orders close to the current price. **Prices move, volatility rises. People get closed out of short volatility positions and the cost of options spikes higher**.

The interplay between volatility and monetary policy gives rise to a cycle that has been repeating in equity index options (Figures 2-4) for three decades. The cycle works as follows:

1. **Late Expansion:** Tight money, characterised by a flat yield curve, gives way to a rise in market volatility.
2. **Recession:** High volatility and weak economic growth oblige the central bank to ease policy, steepening the yield curve.
3. **Early Recovery:** Easy monetary policy, characterised by a steep yield curve, generates a recovery. Volatility subsides.
4. **Mid-Expansion:** Volatility falls to low levels and central bank tightens policy, flattening the yield curve.

In the current cycle, equity index volatility has been on a decided upturn since early 2018. Now bonds, gold, silver, copper and grain volatility, which has been following a similar cycle since at least 2007, is turning upward as well.

Will the recent Fed cuts stave off a shift to higher volatility? We doubt it. After raising rates by 300 basis points in 1994, the Fed cut rates by 75 bps in 1995 and 75 more in 1998. Volatility trended higher anyway. Fed rate cuts in late 2007 and 2008 came too late to prevent a rise in volatility then too. As such, **after raising rates nine times from 2015 to 2018 and shrinking its balance sheet, it might require much more than two cuts to quell a surge in volatility**.

FIGURE 2: THE 1990S EQUITY INDEX OPTION VOLATILITY CYCLE

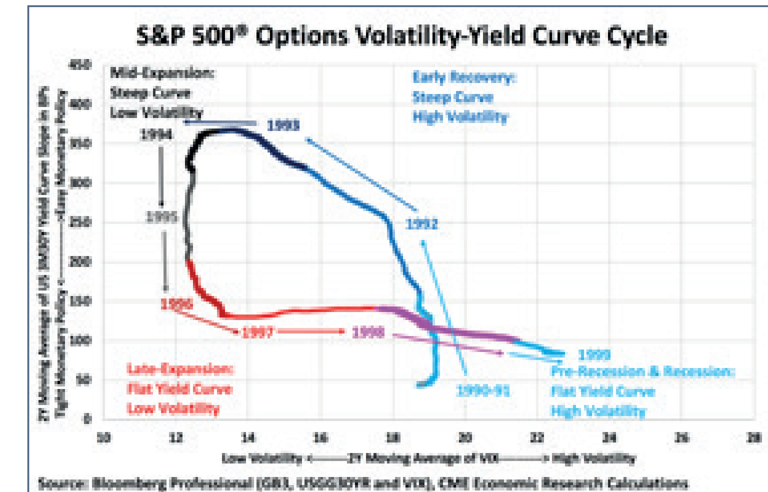


FIGURE 3: THE TECH WRECK TO FINANCIAL CRISIS EQUITY INDEX OPTIONS VOLATILITY CYCLE

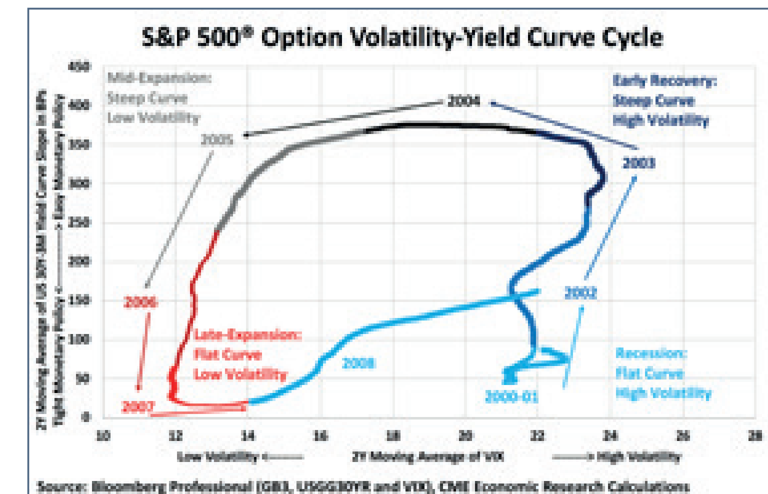
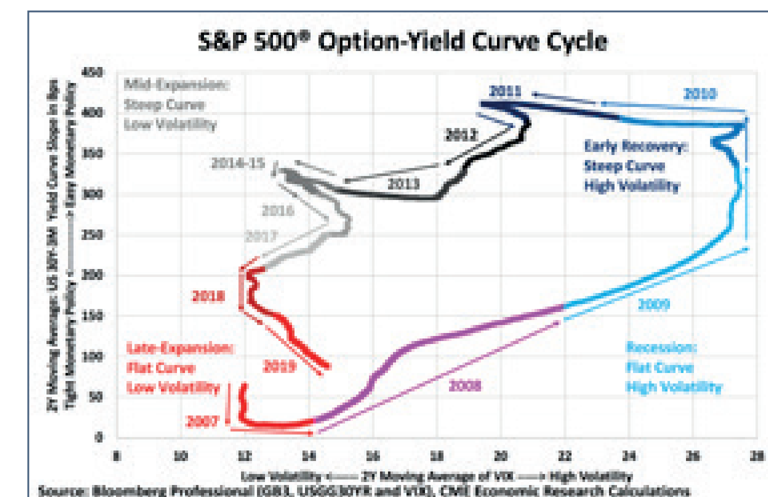


FIGURE 4: THE CURRENT EQUITY INDEX OPTIONS VOLATILITY CYCLE



THE RENAISSANCE OF ACTIVE MANAGEMENT

FIONA FRICK
CEO
Unigestion Group

Passive investment strategies have enjoyed tremendous growth over the past decade, thanks to stellar market performance and increasingly competitive fees, and today account for around 45% of investors' asset allocation in the US[1]. In contrast, only a minority of active managers have outperformed after fees over the past ten years, according to SPIVA. However, trends in performance of active versus passive strategies have historically been cyclical. Active performance was strong compared to passive strategies from 2000 to 2009, for example. We believe **active management is evolving and could be about to experience a renaissance** as we transition into the next phase of the cycle.

Since the Global Financial Crisis, market conditions have been highly favourable for passive strategies, as central bank easing helped drive a strong and prolonged rally in risky assets, which has seen asset prices decouple from fundamentals. We have been in an environment where returns attract flows and flows drive returns: in other words, **momentum has been the main driver of market performance**. This has been especially beneficial for market cap-weighted passive strategies, which by design maximise exposure to past winners.

In an environment of low interest rates and high valuations for traditional assets, downside risks are mounting. **Passive strategies**, which make no provision for risk allocation, **are more vulnerable to sharp corrections in overvalued and overcrowded trades. Active managers**, with their focus on fundamentals and their ability to dynamically manage risk, **are much better placed to ensure downside resilience and deliver returns in volatile markets**. Indeed, as the risk-on rally began to falter in 2018, the number of active managers beating their benchmarks after fees improved.

THE VALUE PROPOSITION OF ACTIVE MANAGEMENT

The value proposition of passive management is very simple as its outcome is to replicate an index. **Active management has a more complex value proposition**. The first part of this proposition aims at **delivering outperformance versus an index**. However, one cannot narrow the proposition only to that. Active management permits to **have better active risk management versus an index**, in a way that is more closely aligned with investors' risk appetite, goals and constraints. However, achieving those objectives is less predictable, being largely dependent on manager skill and process.

A NEW STYLE OF ACTIVE MANAGEMENT

Active management is evolving, thanks in part to developments in factor investing and ETFs, which have provided investors with access to specific asset classes or market segments via a single security. As a result, there has been a shift in demand from bottom-up to top-down active management, using passive strategies as building blocks to capture the desired exposures. **The era of passive balanced multi-asset management is ending as investors increasingly recognise the value of a dynamic approach that can adapt portfolio allocation to different market conditions**. We are also seeing a gradual redefinition of the role of asset classes, as active managers find alternative ways to replicate the historic risk-return characteristics of traditional assets. With bonds offering much lower yields and hedging potential than in the past, **the need for new sources of return and diversification is driving the development of innovative alternative risk premia strategies. Investors are also increasingly allocating to private equity** over listed equities to gain a broader exposure to the economy, as the public market continues to shrink and companies are remaining private for longer. Finally, there is **growing demand for more concentrated, capacity-constrained active strategies**, which are perceived as being able to deliver more robust idiosyncratic returns.

NEW TECHNOLOGIES BRING NEW OPPORTUNITIES

Asset management is a domain where you benefit not just from being smart…but from being smart in a different way to others. Embracing new technologies will be one way for active managers to outsmart passive ones. **There is huge potential for asset managers to use machine learning and AI to support their investment decision-making and deliver better outcomes to investors**, especially if backed up by human experience. With machine learning comes big data, since for machines to learn, they need to feed on a massive amount of data. Grinold's fundamental law of active management tells us that achieving high risk-adjusted returns is a function of three things: skill, the number of independent investment decisions taken, and the translation of these insights into portfolio implementation. If alpha is generated by skilfully exploiting information, **the enormous rise in the volume of data available presents opportunities for active managers to transform their research into new sources of return**.

ACTIVE MANAGEMENT HAS A SOCIETAL ROLE TO PLAY

Following the secular trend towards a more purposeful capitalism, there is a growing recognition that **asset managers can play a wider role in society through the investments they make**. This is particularly true of active managers, who can allocate capital responsibly to finance growth in a sustainable way. Furthermore, although passive managers have helped lower the cost of investing, active managers, through research and price discovery, are key to determining the fair value of investments.

NECESSITY IS THE MOTHER OF CREATIVITY

Exponential growth in the number of market players, including algorithmic strategies, has degraded the pool of alpha available, meaning that **some consolidation is likely and only those who can demonstrate real added value will thrive**.

Growth in passive investing has created both challenges and opportunities for active managers. Market conditions are likely to become more favourable for the latter as we enter the next phase of the cycle, with a renewed focus on fundamentals and risk management. Nonetheless, **it will remain essential for active managers to embrace change and adapt to investors' evolving needs in order to deliver more sustainable and repeatable outcomes in the future**.

(1) Bank of America Merrill Lynch - https://www.cnbc.com/2019/03/19/passive-investing-now-controls-nearly-half-the-us-stock-market.html

REDEFINING ACTIVISM: WHY ESG IS GOOD – BUT NO LONGER ENOUGH

MATT CHRISTENSEN

Global Head of Responsible Investment

AXA Investment Managers

When I was a kid, I loved to sprint. But later, as a cross-country runner, I learned **the value of pacing and the importance of seeing the big picture when aiming for the finish line**. The further away your goal, the more important a robust methodology becomes.

True to human nature, **when considering whether to take an Environmental, Social and Governance (ESG) approach to investing, business professionals** – and more broadly their respective institutions – **often won't see the benefit of integrating sustainability** unless they have experienced failure when focused on the short-term.

For me, that revelation came when the dot-com bubble burst. After riding a wave of success and rapid expansion, I was suddenly forced to shut down a business and make people redundant, including myself.

My next job provided a deep dive into the still-new field of responsible investment. It soon occurred to me that the previous failure could have been mitigated had we properly considered ESG factors as part of the business model. It forced me **to consider the value of a business beyond pure shareholder-based metrics**.

In the investment world, this shift to long-term thinking is starting to happen on a broader scale. **Over the past decade, we have witnessed a growing number of investors who are incorporating ESG criteria into portfolio management**.

Furthermore, **the market shifting away from the practice of excluding investments that don't meet ESG criteria, to an active integration of investments that do**. While this is a definite sign of progress, **it still isn't enough**.

REDEFINING ACTIVISM

The next frontier must see the investment community redefine activism, and what it means to be an active manager. **We must be proactive to ensure that investments seek to achieve positive impact** while fulfilling our fiduciary duty, which as asset managers must be to maximise returns for our clients.

The term 'activism' can elicit two polar responses. The first might associate the term with the activism of initiatives such as climate or social NGOs. On the other hand, one might equally associate the moniker with the short-term activism of financial services firms often acting not in the long-term interests of the company. In short, 'activism' is a loaded term and currently depends upon who is wielding it.

But there is an opportunity for a new role for activism in financial services that must be encouraged - **activism that drives a constructive dialogue**. It is this form of activism that **will facilitate a less limited and more sustainable, long-term form of capitalism**.

This new wave of activism is growing - driven by investor demand for the asset management industry to consider impact beyond financial returns and the need for managers to demonstrate their active approach. In private markets, we have focused our entire strategy within the equity asset class on an integrated approach which incorporates ESG due diligence with Sustainable Development Goals (SDG) aligned investing. This impact investing mindset is consistent with market rate returns that demonstrate long-term results with a focus on specific health, financial inclusion and climate metrics.

Across fixed income, we see growth in sustainable active management, driven by an **increase in demand for proof that loans have been used for the SDGs they set out to achieve**. This also drives policy and industry-wide commitments. In the summer of 2019, **the International Capital Market Association updated its guidelines to require green bonds to have greater disclosure and transparency and the industry is awaiting the European Commission's publication of its green bond standards**.

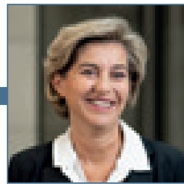
OUR JOURNEY TO IMPACT

In our own journey to active ownership, we have made incremental adjustments to our voting and engagement. Our strategy is not just about retaining an asset that ticks an ESG box but hold it to account if it's not taking the right approaches to issues such as diversity and inclusion, climate change, biodiversity and our ambitions around SDG 13 targets. **We already have ESG standards in a high percentage of our portfolios, and the next step will be to adopt this across all of our investments** – we are committed to achieving 90% ESG integration in our open-ended portfolios by the end 2019. **We believe that our commitment to sustainability must extend beyond our investment approach** and be truly integrated in how we manage our own business - to put our money where our mouth is.

WE ARE COMMITTED TO ACHIEVING 90% ESG INTEGRATION IN OUR OPEN-ENDED PORTFOLIOS BY THE END 2019

How companies are contributing to meeting the SDGs is fast becoming an expectation of the market. **Our core ambition is to incorporate and follow ESG criteria across all aspects of our business, not just our investment teams**. Over the last 10 years we have committed to reducing our own carbon footprint and being more environmentally friendly. We are also developing innovative and pragmatic impact-investment funds and policies. We strive to measure our own activity and hold ourselves accountable, and we're working to create better tools, not just for our business but the market overall.

REAL ASSETS, A LONG-TERM TREND SUPPORTED BY THE TRANSFORMING WORLD



INÈS de DINECHIN
CEO
Aviva Investors France

REAL ASSETS VS. "LISTED" ASSETS

What can explain the growing appeal of 'real' assets, like property and infrastructure, compared to publicly-traded listed assets such as bonds and equities?

In part, it is because **real assets offer investors a closer connection with their capital** – giving them a sense that their money is helping to finance activity that is good for economies and societies. They have, for want of a better term, a 'feel-good' factor. This is not to deny listed assets have their advantages; they are more liquid, while the growth of electronic trading and other technologies have led to easier market access and high levels of transparency. At the same time, there are understandable concerns among many investors about the gap that often exists between a company's market value and their true value; a trend highlighted by the rise of technology stocks in recent years, which trade at multiples not reflected by their profitability. Meanwhile, in bonds, a decade of easy monetary policy has created a situation where over a quarter of the market now carry negative yields – or, to put it another way, investors are effectively paying companies and governments to lend them money. So, **beyond the emotional appeal of real assets, their growing appeal to investors is rational financially**. In short, real assets are an exciting area of opportunity for investors who appreciate their characteristics.

But what does the real asset class encompass and why is it so popular?

MEETING THE NEEDS OF FUTURE GENERATIONS

By 2030, the world population is projected to reach eight billion, 60% of whom will be city dwellers. **Meeting the needs of our generation and those of our children will require significant investment in new buildings, transport, data networks and energy supplies to support urban growth**. High-density housing and careful use of resources will only become more pressing in the future. The definition of a real asset investment is also evolving and expanding as innovation continues: 5G infrastructure, data centres and charging points for electric vehicles offer new investment routes. Transport infrastructure also continues to be fertile territory, with electric vehicles in the vanguard. This economic context has naturally attracted large numbers of investors: **while sovereign wealth funds led the way in real asset investment at the beginning of the decade, pension funds and insurance company holdings have risen in recent years. Retail investors are also showing a growing appetite for this asset class**, even though regulation in Europe can make market access complicated. In an attempt to protect their savings, regulators have paid particular attention to the liquidity of funds investing in real assets, especially those offering daily liquidity. This has created challenges for UCITS or Life Insurance Unit Linked contracts, which drive most of retail savings in Europe. At the same time, authorities do not want to choke off retail access to real assets, knowing their importance to the real economy and benefits to investor portfolios. **In France, for example, we are witnessing a major movement to reconcile individual savings and the real economy** (LTIF, PACTE laws). We anticipate this will lead the market back towards fundamental and promising investment rules: think long-term and accept less liquidity to maximise returns. **These trends are all positive for real assets, but the sector is not without its challenges**.

DIVERSIFICATION OPPORTUNITIES TO TAKE WITH CARE

The diversification and cashflow-matching characteristics such assets can offer against publicly traded securities are well known to investors. The growing correlation between all traditional assets has been another important diversification factor that have led investors towards allocations to real assets. This is why, after searching for diversification in traditional asset classes such as government bonds, high yield and emerging market bonds, real assets have become a way to continue on this path with added value elements such as stable valuations and yields. They then decided to invest in real estate and infrastructure, both at an equity and debt level, as well as in private corporate loans. The potential liquidity premium is another strong argument for investors: with bond yields likely to remain compressed, it is understandable why **investors will increasingly look to real assets for positive returns**. Indeed, the non-listed securities tend to offer an attractive premium for a quasi-equivalent risk: for example, we can now find some private corporate credits with the same implicit rating as listed companies but offering a better credit spread, and thus a good yield opportunity for investors. Yet while **we expect 2020 to be another strong year for real assets**, investors will still need to carefully consider all the opportunities and risks when determining their investment strategies. With new entrants coming to the party and existing investors increasing their allocations, **there is a risk of 'overcrowding' in parts of the market**, potentially decreasing the good relative value offered by these assets.

ESG, NECESSITY AND WORK IN PROGRESS IN REAL ASSETS

One clear trend in the investment sector is the growing influence of environmental, social and governance factors (ESG). Beyond cities, the United Nations' Sustainable Development Goals (SDGs) will not be delivered without a fundamental rethink of our investments.

This naturally affects Real Assets.

If incorporating ESG considerations within traditional liquid portfolios is not an easy task, it could be perceived to be more complex with real assets; requiring a different approach to that used in public markets where information is more readily available. There is an opposing argument, though, that incorporating ESG criteria in portfolios is more straightforward in the real asset world. As ultimate asset owners, **investors are not far removed from other key stakeholders, and should therefore be able to exert more influence over decision making**. Whatever their opinion is about the influence of ESG on real assets, investors will need to take it into account but via a balanced case-by-case approach. In conclusion, **the appetite for real assets is undoubtedly a long-term trend that will expand with new client groups and sectors in our transforming world**. We should also gradually see **the emergence of a more active secondary market**, as is the case in more mature countries such as the US, **offering more depth and liquidity to real assets investments and bringing them closer to a fully-fledged asset class**.

THIS ECONOMIC CONTEXT HAS NATURALLY ATTRACTED LARGE NUMBERS OF INVESTORS

SGSS SUPPORTS CARE IN ITS FIGHT FOR WOMEN'S ECONOMIC EMPOWERMENT

Founded in 1945, CARE is one of the world's leading non-partisan and non-sectarian humanitarian organisations.

In its emergency response and long-term development programmes, CARE seeks to fight underlying causes of poverty.

Women still have fewer economic rights, less access to economic opportunities and less control over economic resources than men due to a range of social, legal and political inequalities.

CARE places special focus on working alongside poor girls and women because, equipped with the proper resources, they have the power to lift whole families and entire communities out of poverty.

Women's economic empowerment is first and foremost a human rights issue but is also vital for achieving the Sustainable Development Goals, boosts economic growth and is good for everyone due to the unique multiplier effect of women's spending choices.

CARE defines women's economic empowerment as the process by which women increase their right to economic resources and the power to make decisions that benefit themselves, their families and their communities.

CARE, in its Women Economic Empowerment strategy, focuses on **4 inter-related pathways to achieve women's economic empowerment:**

1. **Financial inclusion;**
2. **Dignified work;**
3. **Women in value chains;**
4. **Entrepreneurship.**

FINANCIAL INCLUSION

CARE takes a savings-led approach to financial inclusion and is recognised leader and an innovator in this space.

Village Savings and Loan Associations (VSLAs) are a key way to provide access to financial services for people living in areas that financial institutions typically ignore and where the cycle of poverty prevails. They do exactly what their name suggests: provide a way for a group of individuals in any community to save their money and to access loans. But the benefits don't stop there: later on, **VSLAs also serve as an onramp to formal financial services**.

With more than 27 years of experience in setting up and supporting VSLAs, CARE knows that **access to savings is one of the most proven and effective interventions in empowering women** and enable women living in poverty to save and invest, increase their financial literacy, gain control over their resources and link to formal financial services.

Women typically make better household financial managers, thinking longer-term and making more strategic consumption adjustment and allocation choices that consider the needs of all family members, particularly during times of shock or stress.

By extension, increased women's economic empowerment within the household will have an important impact on the overall resiliency of that household.

VSLAs can also provide spaces for engagement between women, men and the wider community on issues of gender equality. When women come together in safe spaces, they can use their collective power and voice to bring about change for a more equitable world. CARE's and other development actors' experience have shown that **women-led savings groups are an ideal platform for promoting women's economic empowerment, women's voices and gender equality**.

CARE works with the private sector to extend a broad range of quality and affordable financial products and services to low-income individuals and VSLAs.

We also work with governments to create an **enabling environment for financial inclusion and continue to innovate and scale our financial inclusion solutions**, for example, through scaling technologies.

DIGNIFIED WORK

The well-established notion of **Decent Work focuses on the workplace and social protection for workers**.

CARE's concept of Dignified Work goes beyond this to include access to work, because **women face many issues beyond employer discrimination before they can have the same access to work as men do**.

Many women are also exposed to threats of sexual harassment and gender-based violence in the workplace.

For example, in Asia, CARE is partnering with garment worker trade unions and homeworker associations to advocate for the rights of women working in the garment industry. CARE has supported more than 50 trade unions to organise women workers, promote women leaders, increase knowledge of gender issues and gender-based violence, as well as support women to access their rights at work.

This past two years, CARE has been heavily involved in advocating the new International Labour Organisation (ILO) Convention on ending violence and harassment in the world of work, voted on in June 2019.

WOMEN IN VALUE CHAINS

With a strong agricultural background, CARE works extensively with companies and smallholders in agricultural value chains, for instance cocoa, coffee and dairy products. Much of this work has involved identifying the role of women in the value chains, **ensuring that their key contributions to the quality and sustainability of crops is valued and rewarded**, and that they receive the support they need to be effective.

ENTREPRENEURSHIP

Entrepreneurship is also a key concept for women's economic empowerment, for instance in how members of VSLAs invest loans to access new livelihood options, or how women farmers can acquire the skills and finance, networks to identify opportunities that allow them to be more productive. Successful entrepreneurship also relies on an enabling environment where policies and systems are supportive of women as economic actors. We have therefore developed a stream of work and learning to **focus on removing barriers to female entrepreneurship, supporting and training female entrepreneurs**. CARE is working with female micro-entrepreneurs in different sectors, e.g. agriculture, livestock, food production, the garment industry and handicrafts.

CARE benefits from the valuable support of the Societe Generale Corporate Foundation to help around 1,280 women create their own micro-business in Morocco, through VSLAs. Thanks to training and assistance groups, they form a group savings fund to start up a long-term profitable business, such as handicraft, bakery, farming, etc.

CARE also helps these women acquire the 'soft skills' they need to navigate their private and public lives, including leadership or negotiating skills.

So far, "the project assessment measured a 65% increase in female beneficiaries making decisions in their homes, and 62% of them control the resources generated by their business", says Enora Beubry, Programme Manager at CARE.

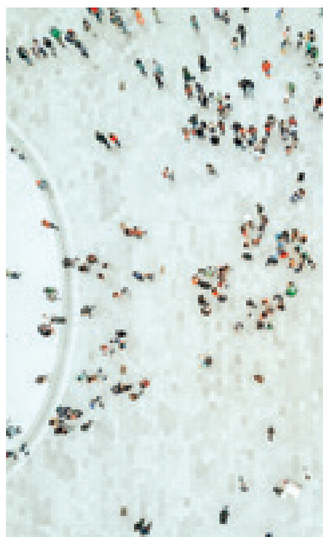
If you'd like to support CARE's projects, please visit the following webpage to make a donation: https://donner.carefrance.org

AUTHORS' BIOGRAPHIES

DAVID ABITBOL

Head of **Societe Generale Securities Services**

David Abitbol is appointed Head of SGSS in January 2019. David has more than 20 years of experience in global markets. He has been Chief Operating Officer for Societe Generale Asia Pacific and Chief Executive of Societe Generale Hong Kong Branch, since March 2014. He joined the bank in 1992 within the Group Finance division as an actuary then took up the role as Head of Financial studies and Funding Operations within the Asset and Liability Management Department. In 1997, he moved to Operations in Societe Generale Corporate & Investment Banking (SG CIB) as Project Director for Interest Rate Derivatives and the Futures and Money Market activities. In 2000, David joined the Capital Market Fixed Income Business Line as Programme Director. Among others, he was the bank's representative for the SwapClear project which established the world's first OTC clearing service with London Clearing House. In 2004, David moved back to Operations where he held various management positions and was eventually Global Head of Operations in SG CIB, in early 2010. David has a Masters Degree in Mathematics and Finance from Paris-Dauphine University and the Strastourg University Degree of Actuary.

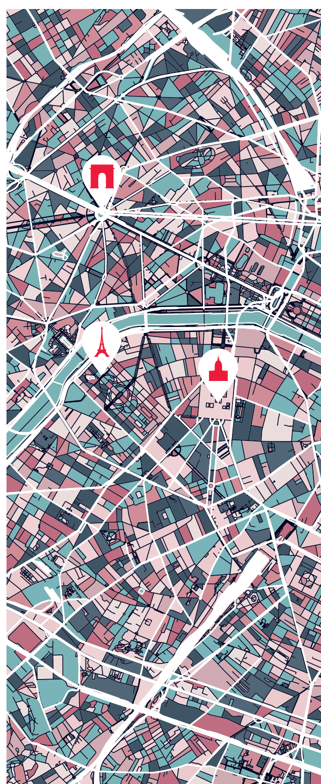


GILDAS LE TREUT

Global Head of Coverage

Societe Generale Securities Services

Head of Sales and Relationship Management for SGSS in September 2018. He joined the Group in May 2018 after 11 years at ABN Amro Clearing. Since 2007, he has been successively Managing Director of the branch in France (Fortis Bank Nederland), Global Head of Product & Network Management and Global Director of Prime Services. He has developed ABN AMRO Clearing franchise for institutional investors, banks, asset managers and hedge funds. He started his carrier in 1996 at BNP Paribas Securities Services in the equity clearing team where he occupied various positions before being promoted as Global Sales & Relationship Manager for Continental Europe. Gildas Le Treut has a Master degree in Bank & Finance from Sorbonne University.

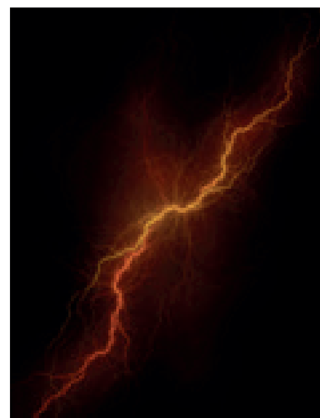


ANNE RICHARDS

CEO

Fidelity International

Anne joined Fidelity International as CEO in December 2018 from M&G Investments where she was CEO and a director of its parent company Prudential plc. She has worked in the asset management industry since 1992. Anne has almost three decades of experience as an analyst, portfolio manager and CIO and is a strong proponent of ESG investing. Her career path spans many blue chip global names in the financial sector including Alliance Capital, JP Morgan, Merrill Lynch Investment Managers and Aberdeen Asset Management. Anne is a Chartered Engineer and began her career as a research fellow at CERN, the European Organisation for Nuclear Research. She is a former chair of the UK Financial Conduct Authority's Practitioner Panel and is also a member of the US-based Board of Leaders of 2020 Women on Boards, which works to increase the proportion of women on corporate boards. Anne was publicly recognised in the UK for her services to the voluntary sector and to the Financial Services industry by being appointed a Commander of the Royal Victorian Order (CVO) in 2014 and a Commander of the Order of the British Empire (CBE) in 2015. Anne holds an MBA from INSEAD and a BSc (Hons) from the University of Edinburgh as well as an honorary degree from Heriot-Watt University.

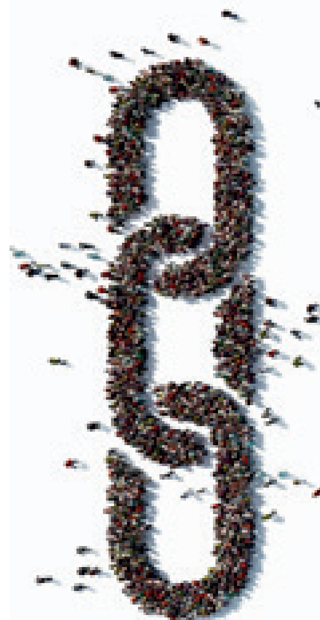


MATTHIAS SEEWALD

CIO

Allianz France

Matthias Seewald is Chief Investment Officer and member of the Executive Committee of Allianz France, and also member of the Investment Management Board of AIM SE since April 2013. He is also responsible for the investment activities of the Paris Hub, which includes AZ Partners and Allianz Benelux. He manages the investment strategy, including all aspects of ESG-compliant investing, for both the Life/Health as well as the Property/Casualty segments of Allianz France. Matthias also oversees the Asset-Liabilities-Management and the Cash Management functions; thus AIM builds the bridge between the insurance and the investment world. As of Q2 2019, Allianz France's portfolio including unit linked assets represents about €110 billion. Matthias Seewald has more than 25 years of experience in the areas of finance and investment management, including accounting, financial reporting and controlling, and worked in several different locations for AZ Group such as Stuttgart, Munich, Singapore and Paris.



YVAN MIROCHNIKOFF

Head of Digital transformation and Technology

Societe Generale Securities Services

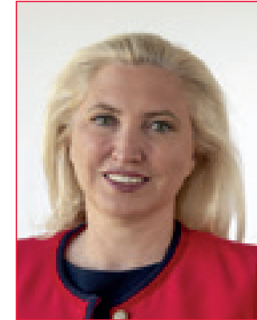
After the development of a start-up and European research programs related to e-Learning, Yvan Mirochnikoff joined Societe Generale as a senior consultant, then coordinated the internet development and supervised SwiftNet and other projects for international retail banks. He holds many positions (senior auditor, COO, IT head of Architecture, Infrastructures & Security) for the retail banking and financial services worldwide. Yvan currently supervises digital transformation of Securities Services (reshaping customer experience and transforming operating models, through various innovative initiatives). Yvan Mirochnikoff, is Aeronautics engineer, holds a Masters in Business Administration from the University Paris I – Sorbonne (IAE), and a Masters in Multimedia and Telecommunications. Since 2000, he is associated Professor in Paris-East University, where he manages the Master in Digital Economy, after having created E-Commerce filiere.

ERIK NORLAND

Executive Director and Senior Economist

CME Group

Erik Norland is Executive Director and Senior Economist of CME Group. He is responsible for generating economic analysis on global financial markets by identifying emerging trends, evaluating economic factors and forecasting their impact on CME Group and the company's business strategy, and upon those who trade in its various markets. He is also one of CME Group's spokespeople on global economic, financial and geopolitical conditions. Prior to joining CME Group, Norland gained more than 15 years of experience in the financial services industry working for investment banks and hedge funds both in the United States and in France. He most recently served in sales and research at BEAM Bayesian Efficient Asset Management LLC, and previously as Director of Research at EQA Partners, both global macro hedge funds. He also worked for IXIS Corporate & Investment Bank in Paris (now called Natixis), covering central banks and supranationals for the fixed income sales business, and also worked as a market economist and strategist. He began his career at Bankers Trust, Global Investment Management in New York working with the tactical asset allocation group. Norland holds a bachelor's degree in economics and political science from St. Mary's College of Maryland and an M.A.in statistics from Columbia University. He is also a CFA Charterholder.

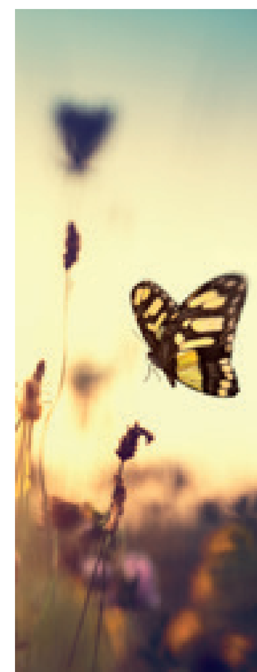


FIONA FRICK

CEO

Unigestion Group

Fiona Frick has been the Group CEO of Unigestion since 2011. She started her career at the company in 1990 as a fundamental analyst, covering traditional asset classes, before becoming an investment manager for bond funds. In 1995, she led the creation of the Unigestion's equity activities and developed an investment process based on the Minimum Variance anomaly. Fiona holds a MBA from the Institut Supérieur de Gestion in Paris and a degree in Literature and Philosophy from the University of Dijon. She is a regular speaker at conferences and serves on the Board of Sustainable Finance Geneva. On several occasions, Fiona has been included on Financial News' annual list of 100 most influential Women in the European financial services industry.



MATT CHRISTENSEN

Global Head of Responsible Investment

AXA Investment Managers

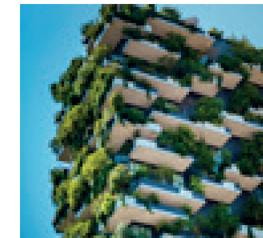
Matt joined AXA IM in 2011 and as Global Head of Responsible Investment is responsible for directing, implementing and overseeing the development of an impact investment programme and the integration of ESG criteria across asset classes and multi-asset solutions. Matt has been a leading voice in the field of responsible investment and was a member of the European commission's coordination committee to explore the future of sustainability policy and legislation in the EU, a position he held until joining AXA IM. Matt was a Founding Director at Eurosif and has held Board positions with impact funds in the alternatives arena.

INÈS de DINECHIN

CEO

Aviva Investors France

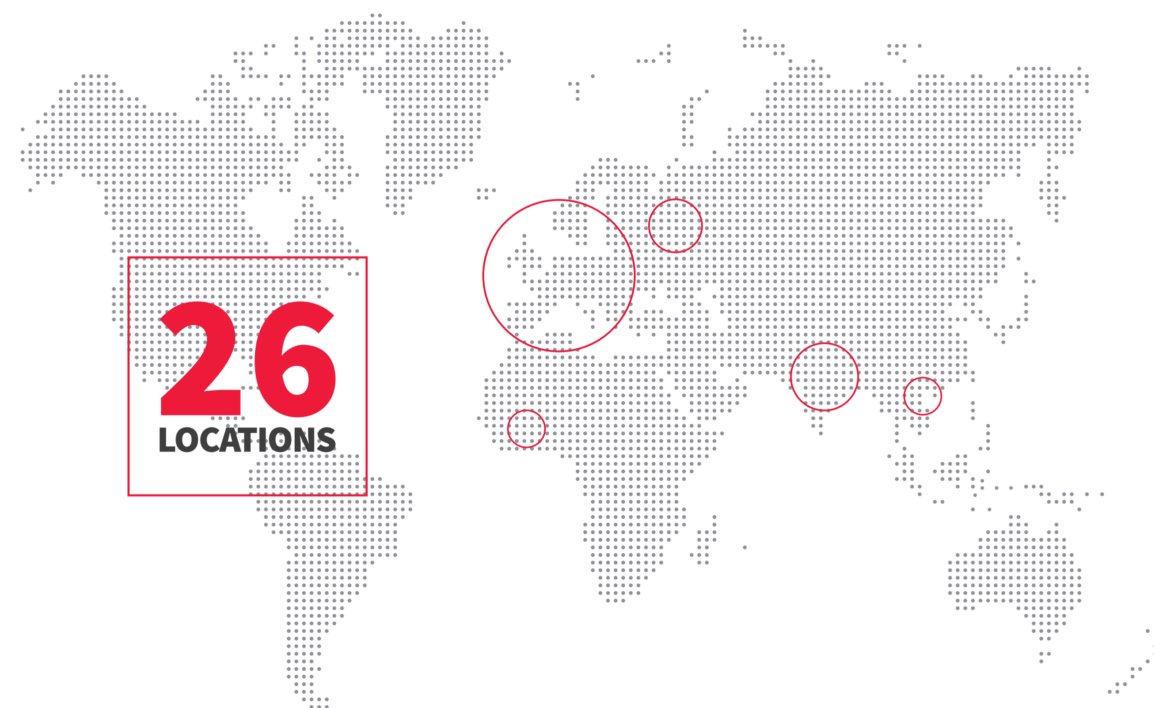
Inès de Dinechin is President of the management board of Aviva Investors France since 2016 (106 billion euros of Assets under Management in December 2018). Prior to joining Aviva Investors, Inès held the role of President of the management board for Lyxor Asset Management and was member of the Executive Committee for Société Générale Corporate & Investment Banking. For 23 years, she held various positions within the Société Générale Group's Investment Banking division, which she joined in 1991. Until 2009, Inès held various responsibilities in financial markets. She was Global Head of Sales for Derivatives and Solutions as well as Head of the Structured Products business line. After 18 years in the markets, Inès took over as Head of Human Resources at Societe Generale Corporate & Investment Banking. She was then appointed Chief Executive Officer of Lyxor Asset Management in March 2012 and President of the Executive Board in June 2013. Inès is also an Independent Administrator. Inès holds a Master's degree in Finance from the Institut d'Etudes Politiques of Paris and a Master's degree in Management from the University of Paris Dauphine as well as a Administrator's certificate from the IPE Paris (Sciences Po). She is based in Paris.



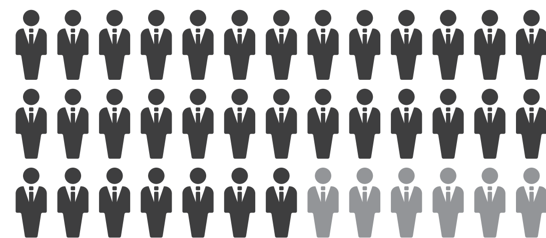
SOCIETE GENERALE SECURITIES SERVICES

Societe Generale's diversified bank model is based on complementary businesses around the world. The Group's expertise in securities services offers clients with core banking services and the security of a global custodian.

SGSS provides a toolbox of solutions and innovative, value-added securities services that allow clients to meet the burden of regulatory change and concentrate on their core mission. The SGSS client portal provides a variety of online tools to manage, control and pilot their operations.



4,000 EMPLOYEES



SGSS internal report. Data as of 30.09.2019

4,248 BN EUR **ASSETS UNDER CUSTODY**

631 BN EUR **ASSETS UNDER ADMINISTRATION**

SGSS internal report. Data as of 30.09.2019

Our ambition is to be the reference partner in our main markets, recognised for our service quality and competitiveness, agile solutions and international network coverage.

We build long-lasting, collaborative relationships with our clients to help them go further in their development. In today's constantly evolving and complex world, we strive to provide our clients with increasingly efficient and reliable securities services on a daily basis to ensure they get ahead.

CERTIFICATIONS

- SGSS holds the **annually renewed ISAE 3402 type I and II certifications** for the following services (since 2005):
  - Custody in France, Luxembourg and Italy
  - Depositary in France, Luxembourg and Italy
  - Trustee in France, Ireland and Italy
  - Fund Administration services in France, Luxembourg, Ireland and Germany
  - Transfer Agency services in Luxembourg and Ireland
  - Transaction/Fund processing in Germany and Italy
  - Clearing and settlement in Italy
  - Fund valuation in Italy
  - Securities data management in Italy
- SGSS holds the annually renewed **ISAE 3402 and SSAE16** certification for its agency securities lending services (since 2014).

AWARDS

- ★ **Leaders in Custody 2018 MENA Awards**
  Global Custodian
- ★ **Transfer Agent of the year**
  Clearing broker of the year
  Global Investor Awards 2018
- ★ **Best local custodian in Ivory Coast, Romania, Russia, Morocco and Tunisia**
  World's Best Sub-Custodian Banks 2018
- ★ **Custodian of the year in Italy**
  Custody Risk Global Awards 2018
- ★ **Transfert Agent of the Year 2017**
  Custody Risk Global Awards 2017
- ★ **European Transfert Agent of the Year 2017**
  Funds Europe Awards 2017
- ★ **SGSS Russia delivers the best value for the customers according**
  to Global Custodian 2017 survey
- ★ **Client clearing Broker of the year**
  Global Investor Awards 2017
- ★ **Winner in France, Luxembourg, Romania, Russia, Morocco and Tunisia**
  The World's Best Securities Services Providers 2017 – Global Finance

As of 31.12.2018

CONTACT US

sgss.com@socgen.com / securities-services.societegenerale.com

SGSS Magazine offers a non-exhaustive overview of subjects related to the banking and financial industry, it does not replace, in any circumstances, neither the reference texts, nor the doctrine and recommendations of French and European regulators. The comments and interviews of people reproduced in this publication are the sole responsibility of their authors and do not in any way reflect an official Société Générale position.This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Société Générale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail customers. All of the products and/or services described may not be available in all jurisdictions.

YOU CAN TAKE CONTROL OF YOUR FUND PERFORMANCE

At Societe Generale, experts in Markets + Securities Services gather around your table to support your investment performance.

THE FUTURE IS YOU

SOCIETE GENERALE

Advisory – Investment Banking – Financing – Markets – Transaction Banking
Asset Management – Securities Services – Equipment Finance – Fleet Management

THIS COMMUNICATION IS INTENDED FOR ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY AND IS NOT DIRECTED AT RETAIL CLIENTS.
Societe Generale is a French credit institution (bank) that is authorised and supervised by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) (the French Prudential Control and Resolution Authority) and regulated by the Autorité des Marchés Financiers (the French financial markets regulator) (AMF). This document is issued in the U.K. by the London Branch of Societe Generale. Societe Generale London Branch is authorised by the ECB, the ACPR and the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority (FCA) and the PRA. Details about the extent of our authorisation, supervision and regulation by the above mentioned authorities are available from us on request. © Getty Images – October 2019.