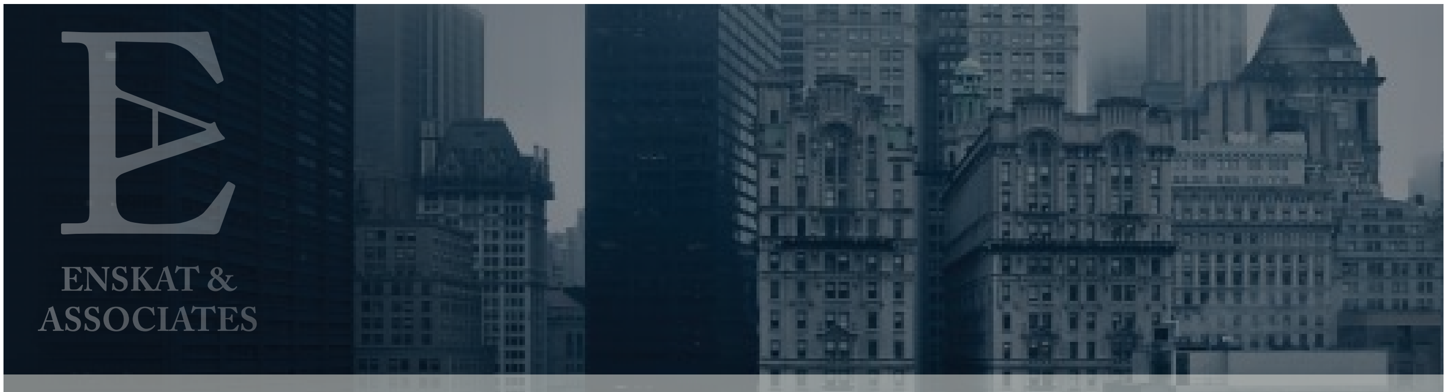
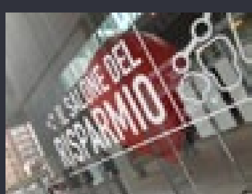


Keynote speech and CEO panel on "Trends in Global Asset Management" – Il Salone del Risparmio 2012

19 April 2012 - After a short overnight flight from New York to Milan, I met up with Strategic Insight's Europe MD Andreas Pfunder for lunch near Bocconi to go over two days of meetings in Milan and Stockholm.



The Salone del Risparmio, hosted by Assogestioni, is now in its third year and growing fast. Held at Bocconi University's Grafton Building, the three-day investor event draws some 10,000 people and features stands and educational initiatives from all major domestic and international asset managers active in the Italian asset management business.

The Corriere della Sierra dedicates a special section of its paper entirely to the event and the combination of Bocconi's academic clout, Assogestioni's role in the industry for Italy and Europe, and all top firms represented for three full days in the heart of Milan makes the Salone one of the premier events in Europe.

Additional sponsors and participants include a number of local, national and international radio and television stations and government entities, e.g. Google, CNBC, RAI, Borsa Italiana, and many more. The Salone also features a financial art exhibition.

As mentioned in a blog last week, I was honored to be invited to give the keynote speech on global asset management trends, followed by a CEO panel moderated by Fabio Galli (Director General of Assogestioni) with distinguished Italian leaders Sergio Albarelli (Franklin Templeton), Sandro Pierri (Pioneer) and Vittorio Gaudio (Mediolanum). To our surprise the lecture hall was filled to capacity prior to the official start and ended up with standing room only in the back and the audience sitting on the stairs on the side.

We had a great interactive discussion with the audience and the 75 minutes were decidedly too short.

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Among the main topics covered:

- Flow compression for the fund industry in 2011, Comeback in 2012? Net cash flows to long-term funds worldwide reached $200 billion, down 80% from 2010 and 2009. Inflows in the US, Asia, and Latin America contrasted with outflows from Europe. However, January and February 2012 combined already saw $200 billion in new cash, with $60 billion to equities.

- Blockbuster phenomenon – $1 trillion to the 1%: The top 1% of products gathered $1 trillion in flows, including small and large firms, different global regions and a variety of themes. Common denominator was a mix of performance, service, brand and organizational stability.

- An equity centric global fund industry refocuses in 2012: While fixed income has dominated flow statistics in recent years, the fund industry from an asset perspective evolves around equities. Globally, 51% of all global fund assets are in equity/mixed funds.

- Towards investment solutions and 'bridges': Themes and simplicity still dominate the product landscape, but institutions and distributors are shifting towards 'bridge' products. Investment solutions and wrappers are approaching $4 trillion in assets, with $110 billion in 2011 cash flows.

- Alternatives (again) on the rise: After a move back-to-basics post 2008, alternative. absolute return products have accelerated exponentially. Alternative funds in 2011 combined gathered $100 billion in net new money and approach 7.5% of global fund assets.

- Multi-convergence in the asset management industry: Blurring lines of demarcation between traditional & alternative products; West & East and East & West trends; retail vs. institutional demands; local vs. global regulation. These metatrends represent an inflection point for the industry from an era of self-directed performance driven investing seen as fun, to an era of advisory- based investing around managing complexity and volatility.

- Guidance, advice and protection for 2012: Our proprietary surveys show investors more than ever seek guidance, advice and protection, with leading concerns in 2012 around portfolio diversification, volatility, income and inflation. For 2012, we see a recovery of long-term flows ($200 billion already in Jan/Feb); a gradual pick up of equity demand ($60 billion ytd), a comeback of retail investors; continued opportunities for independent asset managers; and sustained flows to alternatives and investment solution; all of which concentrated to the 1%.

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