



From Meeting Reporting Requirements to Driving Investment Solutions

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1. Invesco at a glance



Invesco at a glance

Great ideas transcend borders



Focus on Asset Management

More than **5.800** colleagues worldwide

On-the-ground presence in **20** countries

Servicing clients in more than **150** countries

12 Investment teams deliver our best ideas to investors around the world

Asset under management: **787,3 bn USD**

Source: Invesco. Stand: 31. March 2014.

Invesco at glance

Strong presence in Germany



Since 1987 in Germany

More than **140 colleagues** in Germany

2 Investmentteams Invesco Quantitative Strategies (AuM 26 bn USD)
und Invesco Real Estate (AuM 56 bn USD)

Asset under Management for German investors approx. **15 bn USD**

Focus on **Equities, Real Estate** and **Multi-Asset Strategies**

2. How to deal with reporting requests under Solvency II?



German market and it's characteristics:

- **Highly regulated:** banking supervision act and insurance supervision act
- Kind of tendency for “**gold-plating**”
- **Master-KVG's** – platforms for fund administration/accounting
- **Agreed reporting standards – best practice** between market participants
- **Segg. AIF** versus **UCITS and pooled AIF**
- **High service quality** (time and content) **expected** by German investors

UCITS and pooled AIF reporting; delivered as best practice via webpage:

- **Fund reporting**

- WM-Reporting
- VAG-Reporting (Insurance Supervision Act Reporting)
- Cashflow Report
- GroMIKV-BVI-Report
- CRR-Reporting (Capital Requirements Regulations due to CRD IV)
- VaR-Reporting
- Parallel shift of interest curve 200bps (BaFin Rundschreiben 11/2011 (BA))
- Several ratios for tax purposes
- **SCR** (Solvency Capital Ratio due to Solvency II)

Challenge for globally operating asset manager:

- make or buy or
- both

How did we proceed to ensure we can deliver?

Make or buy - at this stage: "buy" for UCITS and pooled AIF

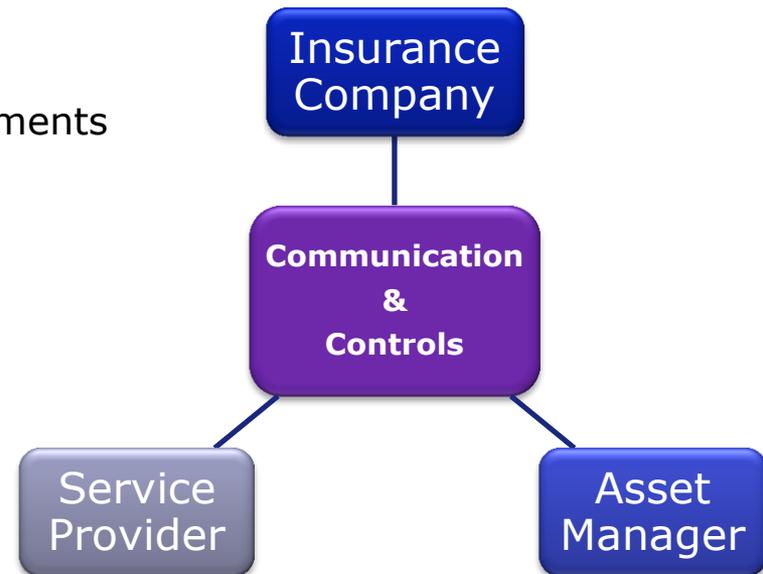
1. Long-list/short-list of possible service partner
2. Due diligence
3. Project & Implementation
4. Communication & Client Services

Due diligence

- Reliability and reputation
- Expertise & knowledge
- Data Management and interfaces
- Communication
- Reports

Communication & client services

- Even if SCR-calculations seem to leave no room for interpretation
- Communication & expertise are important
- To match client needs and reporting requirements
- UCITS versus Segg.Account



How to deliver the right investment solutions?



Client needs are different – how to add-value?



Our experience in Germany:

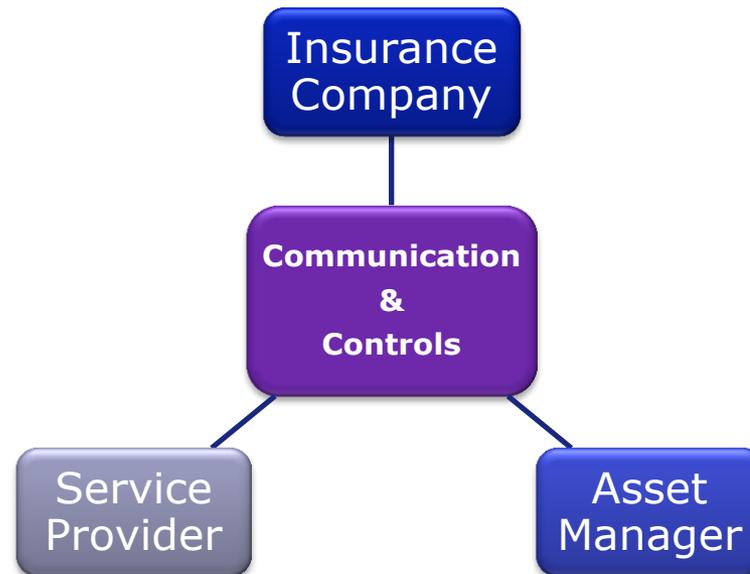
- Investors prefer tailor-made investment solutions due to
 - client specific investment restrictions,
 - ALM and
 - regulatory restrictions
- Investment manager should know and understand
 - the typical “client set-up” to be in the position
 - to deliver added-value for investors
- However reporting for UCITS and pooled AIF are also required and get seen as kind of “standard client service”

Client needs are different – how to add-value?



Our proceeding for our business in Germany:

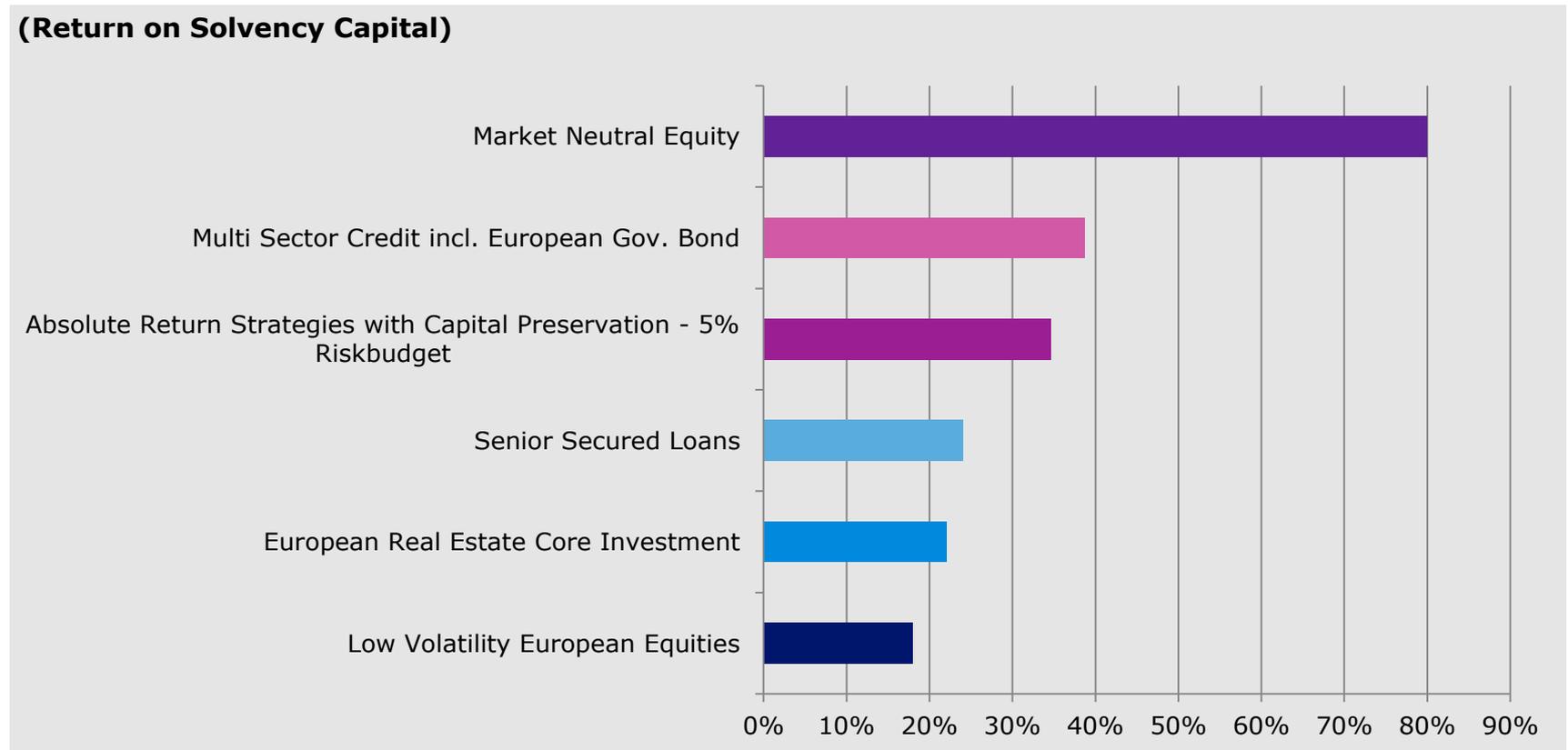
1. Identified strategies which fit typically investor demand
2. Assess the potential for optimization
3. Adjust the investment solutions
4. Client communication



Client needs are different – how to add-value?



Examples for illustrative purposes only:



Source: Invesco, IDS

Likely impact on product demand



Likely impact on product demand



What do you think?

- Products with lower SCR's and higher RoSC?
- Products which leave room to optimize the RoSC?
- Minimize SCR, maximize returns or match other criteria?
- Pooled funds or tailor-made investment solutions?
- Specific Asset Classes?
- Major shift in the asset allocation?

Thank you



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