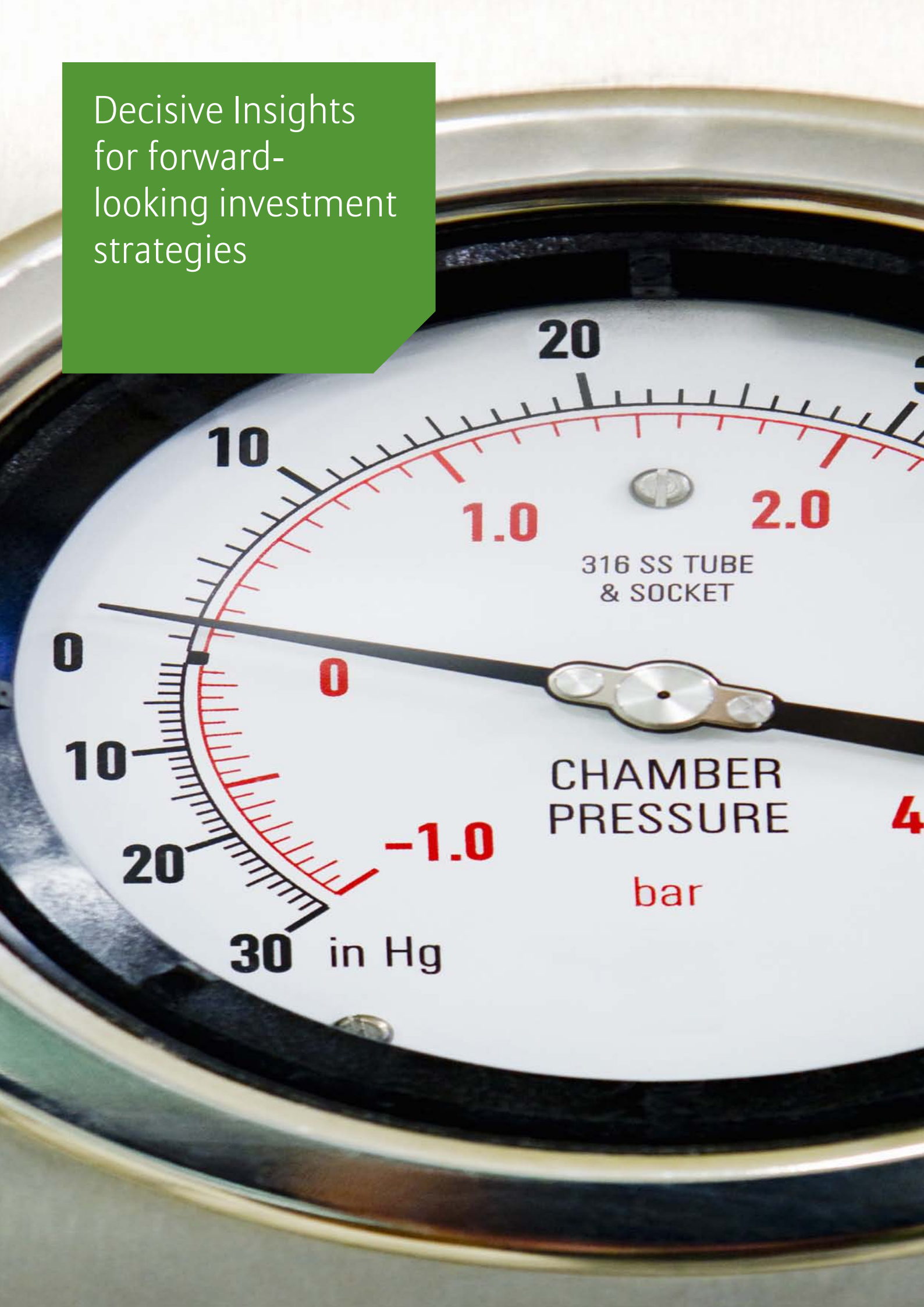
June 2011

RiskMonitor

Risk has many guises

Allianz Global Investors

Decisive Insights for forward-looking investment strategies



Content

Imprint

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RiskMonitor June 2011

Introduction

Risk and Return – the Uneven Siblings

The financial crisis has brought risk, the ugly sister of return, front of mind for many investors in a very drastic manner. The way capital markets have evolved in the last three years has shown in many ways that a balanced approach towards the uneven siblings is necessary.

Human instinct is well equipped to behave intuitively appropriate when facing (potential) hazards. How we approach risk and return opportunities in the capital markets is to some extent connected to these natural reflexes deep inside us all. Unfortunately, they are not sufficient to lead us to the right decisions sometimes. The financial impact can be beneficial to investors, suboptimal (think of hyper loss aversion) and sometimes devastating. Although economic academia and practitioners have put enormous efforts into making appropriate assumptions, detecting reliable patterns and calculating probabilities, risk management remains no more than an attempt to describe, measure and price uncertainty. But is it the price we are willing to pay? Is the potential reward high enough? What if we are biased in our decision-making?

When we initiated this RiskMonitor survey, we wanted to unveil how investors assess and address risk in an environment in which regulators increasingly seek to devise policies to contain financial risks. We wanted to foster public debate on this important topic, which will sit at the heart of prospects for European growth and the delivery to European citizens and institutions the returns necessary to meet their future obligations. The results consolidate the views of 156 institutional investors throughout Europe managing or advising assets that altogether surpass the market capitalization of Apple, Microsoft, IBM and Google combined and give an indication of their concerns. We hope that the insights we gain from these responses will enrich our understanding as asset manager and fiduciary of our clients to anticipate and address more accurately their needs and concerns.

Sincerely,

Elizabeth Corley
Chief Executive Officer
Allianz Global Investors Europe

Decisive Insights

More than 150 European institutional investors with assets in excess of EUR 990bn have participated in the first Allianz Global Investors RiskMonitor survey.

The main findings are that fears of sovereign defaults, sluggish economic growth and market volatility have sent Europe's long-term investors into a state of anxiety.

Almost two-thirds of pension funds, insurers and their advisers see overall market volatility as a considerable risk to reaching their financial targets for the next twelve months.

The single biggest worry regards interest rates. One in every five of the investors polled perceives interest rate changes as a huge risk.

In order to ameliorate their current position, more than one-third of respondents in free answers said they are looking to hedge their investments, especially in fixed income. The single most specified aim is to shorten duration exposure.

Investors are also preparing to increase their risk monitoring, diversify further and engage in more dynamic asset allocation.

The consequences of the Arab Spring and Fukushima nuclear catastrophe are that tail risks, not merely financial but geopolitical, are front of mind for almost half of all respondents. This acknowledgement by asset owners of the existence of tail risks – even if by their very nature they are difficult to comprehend - is a new phenomenon in risk monitoring.

For investors, nationalism is dead. Our respondents have plenty of concerns but do not share them exclusively with peers in the same country. We find little correlation between the country of respondent and their outlook. Even on matters of regulation, there is a kaleidoscope of opinions.

Finally more than 10% of investors expect to see one or more peripheral countries leave monetary union, but only 4% expect the euro itself to disappear.

About the survey

As part of its first RiskMonitor survey, Allianz Global Investors (AllianzGI) together with Investment & Pensions Europe (IPE) magazine surveyed institutional investors in Europe about their perceptions of capital market, regulatory and governance risk. AllianzGI plans to repeat the survey on a regular basis, making it possible to gauge institutional investors' risk perceptions over time. The first survey was open from 14 March to 8 April 2011 both online and by fax. Altogether, the survey gathered responses from 156 institutional investors with a total of EUR 990 billion (bn) of assets under management or assets under advice. The survey targeted institutional investors in Austria, France, Germany, Italy, the Netherlands, Switzerland, United Kingdom as well as in Denmark, Sweden, Finland and Norway (Nordic region).

Allianz Global Investors had agreed to donate EUR 25 for every completed questionnaire to Allianz Direct Help, a charitable trust of Allianz SE, designed to identify and select humanitarian and other help projects. Overall, the responses to AllianzGI's RiskMonitor survey resulted in a donation of EUR 4000 to enable immediate aid such as emergency healthcare and the distribution of relief supplies on the aftermath of the Japan disaster being implemented by the Japanese Red Cross.

IPE has agreed to donate EUR 10 per completed survey to the IPE Scholarship Programme, a fund whose aim is to give grants to individuals pursuing advanced study in the area of pensions.

Allianz Global Investors

IPE INVESTMENT & PENSIONS EUROPE

Financial risks

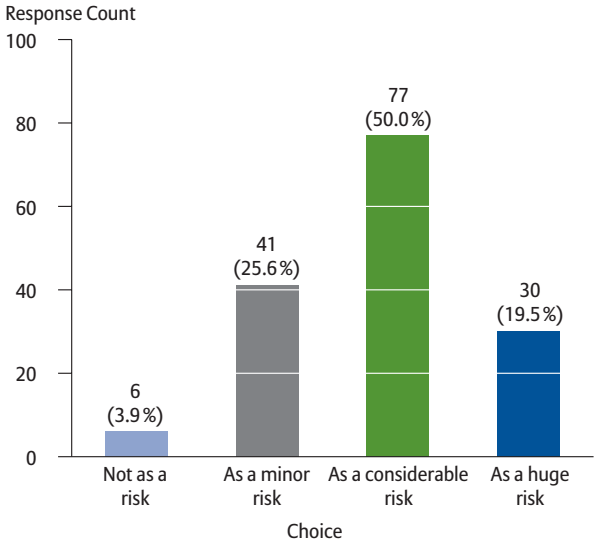
To hedge or not to hedge

To hedge or not to hedge; that is the question today for Europe's fixed income investors. In 1995, Italy's 10-year bond yields were still at 13.75%[1]. As late as 1990, even German 10-year bond yields hit 9.13% (although there were extraordinary circumstances of the reunification). The story for all Western Europe states over two decades to 2009 had been a gradual decline in the costs of central government borrowing, with the occasional pothole en route.

Institutional investors profited from this Great Moderation and its attendant bond bull market, primarily as buyers of sovereign debt.

The sense among Europe's pension funds and insurers in spring 2011 is that the era of Great Moderation is over. Not only did the central bankers fail to remove the punchbowl earlier than 2008, they are struggling three years later with an adequate hangover cure. For EU member states such as Ireland and Greece, implied yields have already shot back into double-digits. Their problems are not confined within the Continent, let alone national borders. So unsurprisingly, half of all AllianzGI RiskMonitor respondents view interest rate changes as a major risk to their own financial aims for the next year; almost 20% more perceive such changes as a huge risk.

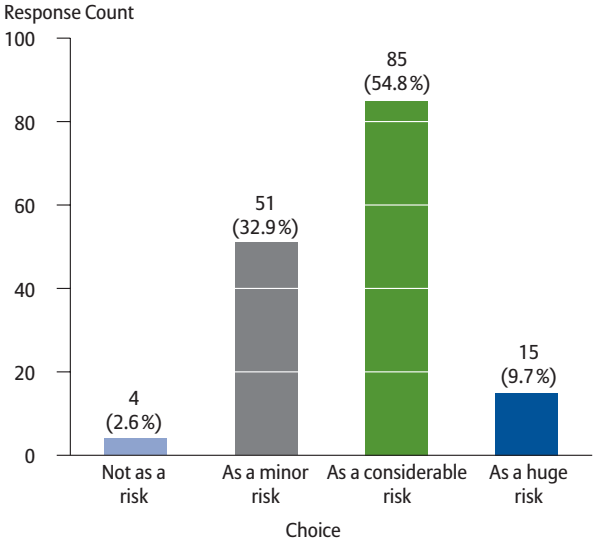
Chart 1: In order to achieve our financial investment targets for the next 12 months, I see *interest rates changes* ...



Among those investors who expressed a direction, three times as many were worried by rate rises rather than declines. We believe the minority worried about further falls are either locked into unfavourable protection strategies or, less elaborately, fearful that rate cuts can only signify a weakening of the economy.

Such a weakening would manifest itself in a number of ways but perhaps the most obvious for long-term investors would be a fall in equity markets. Nearly two-thirds of respondents see a sharp drop in shares as either a considerable or major risk in the year ahead.

Chart 2: In order to achieve our financial investment targets for the next 12 months, I see a *sharp drop in equity markets* ...



Institutional investors are also fearful of taking a haircut from one EU state or other. Almost 15% of respondents believe sovereign debt represents a huge risk to their financial targets for the next twelve months.

"There have been changes in the fixed income universe," reported one industrywide Austrian Pensionskasse. "The former safe havens have disappeared."

[1] Source for all yields: www.tradingeconomics.com

Chart 3: In order to achieve our financial targets for the next 12 months, I see *sovereign debt risk* ...

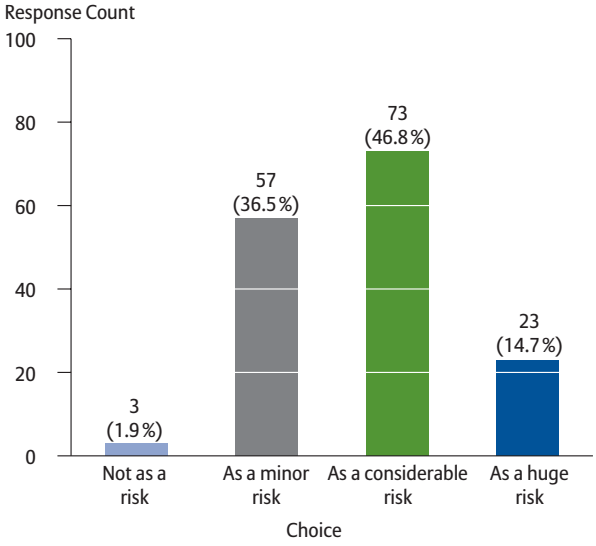
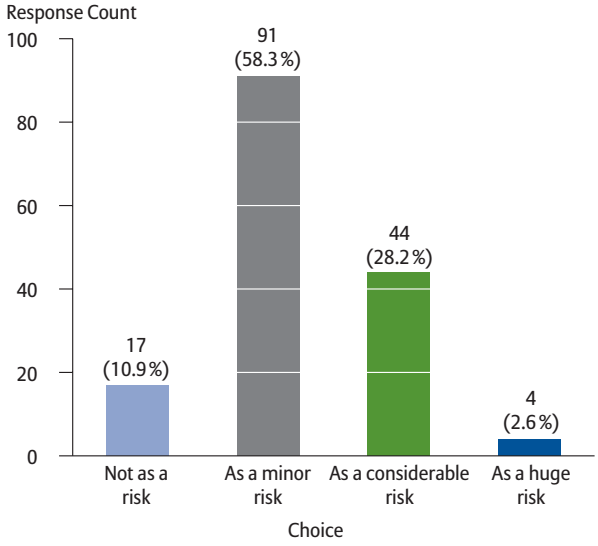


Chart 4: In order to achieve our financial investment targets for the next 12 months, I see *counterparty risk* ...



Fears of a sovereign default are not confined to one region but widespread; respondents from eight separate countries, including those outside the European Union, freely cited them as the biggest risk facing them over the next twelve months. Some were keen to make the further connection with the financial sector, whose plight triggered the liquidity crisis of 2008 and exposed the vulnerability of "safe havens". It is a muted fact that the bail-out of Greece in May 2009 shored up creditor commercial banks as much as the country itself. One UK local authority pensions officer described its biggest financial risk as *"the considerable debt carried out by some countries and the continuing unannounced debts carried by some financial institutions."*

A Finnish industrywide fund expected a haircut on the sovereign debt of peripheral eurozone states *"as soon as French and German banks can handle it."*

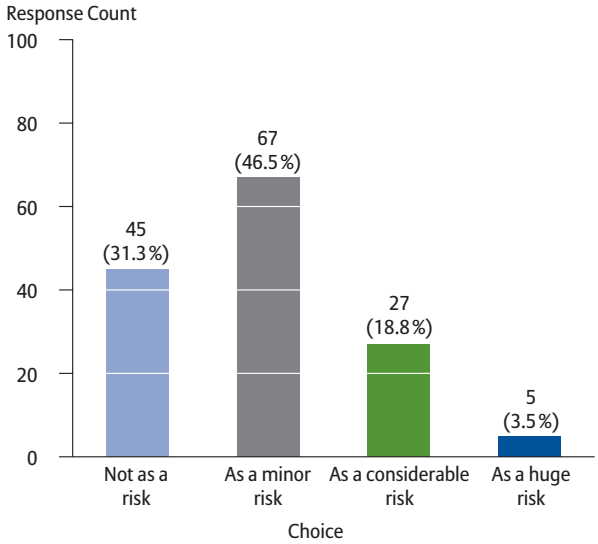
Among the peripherals, Greece was most popular candidate to restructure.

More than one-quarter of respondents rank the risk of a counterparty jeopardising their financial targets as considerable (It should be noted that sovereigns are included as counterparties by some respondents). By country, the Swedes were least concerned by such risk. In the Netherlands and Switzerland, more than one-third of institutions see counterparty risk as a major concern[2].

[2] "Major concern" or "major risk" is here defined as the sum of responses from "considerable" and "huge" risk.

A similar pattern of response emerges with liquidity risk: it is not as pressing a concern as sovereign debt risk.

Chart 5: In order to achieve our financial investment targets for the next 12 months, I see *limited liquidity* ...



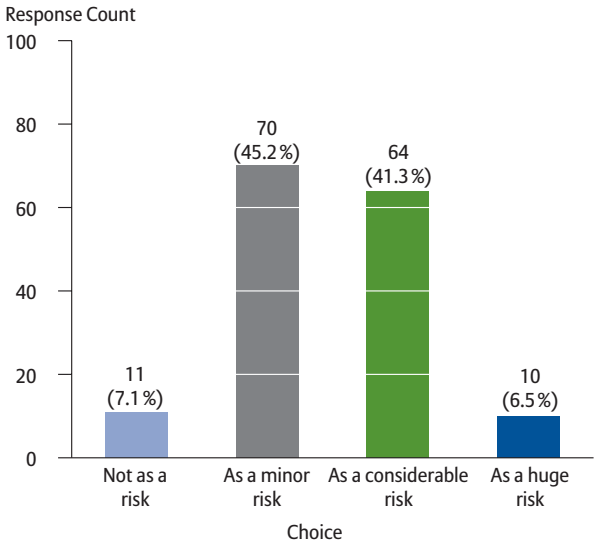
This reflects the belief that the repercussions of sovereign default risk are far more profound than mere bond portfolio adjustments.

The uncomfortable status quo

So would investors be content if interest rates remained the same? What is there to cheer about when rates are at or near historic lows? Although just 6.5% of respondents felt current rates represented a huge risk to their own financial

targets, the impression is that the status quo is the least bad situation rather a desirable place to be.

Chart 6: In order to achieve our financial investment targets for the next 12 months, I see *current interest rate levels* ...



Many institutions are required to hold sovereign debt or join the queue for expensive equivalents. For pension funds in countries such as Switzerland with a fixed-discount rather than a market-based calculation for liabilities, miserable rates force them to seek alternatives. Disgruntlement followed national lines more than in other sets of responses.

Switzerland registered the highest expression of concern about current rates posing a huge risk to financial targets: more than 14% of respondents. In Austria and France, two-thirds of respondents saw the risk posed by current rates to the achievement of their financial targets as considerable. In Norway such fears were negligible.

The blunt truth in summary, however, is that investors are not enthused by any of the likely scenarios for the next twelve months.

The biggest risk

Having offered respondents a suite of choices, we then gave them free choice in voicing their single biggest fear. Far and away the longest shadow is cast by interest rates. However, the broader concern is the inter-relatedness of many of these risks. For example, market volatility is fourth-biggest worry but it connects to equity falls and sovereign debt risk. Likewise, if sovereign debt and financial institution risk are combined, then these would become the second most prominent concern for Europe's institutional investors

Table 1: What is your *biggest risk* in the next 12 months

Universe of responses taken from free answers by respondents. Number of responses: 178. Respondents free to name more than one choice.

Interest rate risk	28.7% – of which one-third specified rising rates
Equity market falls	10.7%
Sovereign debt risk	9.0%
Market volatility	7.9%
Fat tail risk	7.3%
Inflation rate risk	6.7%
Local regulations	5.1%
Exchange rates	3.9%
Financial institution risk	3.9%
Slow economic growth	2.8%
Sponsor balance sheet	2.2%
Decreasing coverage	2.2%
Solvency II	1.7%
Deflation risk	1.1%
Other	6.8%

Significantly, when we drill down into the free responses by country, we find respondents from Germany, the Netherlands and the UK are hardly bothered by sovereign debt risk. Fewer than 3% of German and no Dutch respondents freely cited this as their major worry (and none mentioned financial institution risk). Contrast Austria, France and Italy where sovereign debt risk was the single largest concern; on the minds of one-quarter of Austrian and one-fifth of French respondents. The Germans and Swiss are deeply concerned about interest rates. Nearly 40% of respondents from these countries mentioned this as troubling.

The Dutch are nervous about local regulations and even more so about market volatility.

Fears over equity drops are an issue for the British and Germans but most starkly for the Finns: one-third of respondents here freely cited it as the biggest risk to reaching their financial targets over the next 12 months.

Although the UK shows a diversity of opinions, this is the only market where fears regarding sponsor's balance sheets and decreasing coverage ratios score highly.

Table 2: The *biggest risk* by country

Universe of responses taken from free answers by respondents. Number of responses: 178. Respondents free to name more than one choice.

Austria	Sovereign debt risk
France	Sovereign debt risk
Germany	Interest rate risk/rising interest rates
Italy	Sovereign debt risk
Netherlands	Market volatility
Nordics	Equity market falls/interest rate risk
Switzerland	Interest rate risks
UK	Equity market falls/interest rate risk

When asked how they would tackle these greatest risks, few cited new asset classes or return-seeking strategies. A bold 6% said they would engage in dynamic asset allocation; a practice like currency management that sounds worthwhile in theory but hard to master. Double that number said they would diversify further. Only a handful of respondents mentioned any particular asset class or return-seeking strategy as the answer to their fears.

In the face of uncertainty, more than one-third of respondents are instead looking to hedge their equity or fixed income exposure, with a far greater proportion concentrating on the latter. Shortening duration was the most popular specified exercise, tying in with the greater fear of rising than falling interest rates. As one Swedish respondent summed up: *"Being a pension fund with liabilities with an average maturity of 20 years, it is the interest rate levels that always will be the biggest risk."*

Table 3: How do you *deal with your biggest risk* over the next twelve months[3]

Hedging fixed income exposure, including duration management	23% (8% specified duration)
Risk monitoring	15.5%
Diversification	12%
Hedging (unspecified)	8%
Hedging equity exposure	6%
Tactical or Dynamic Asset Allocation	6%

[3] These answers are among respondents who gave a free answer, not the full universe from guided questions. Some respondents gave more than one answer. Percentages based on universe of responses rather than respondents. Total responses: 167

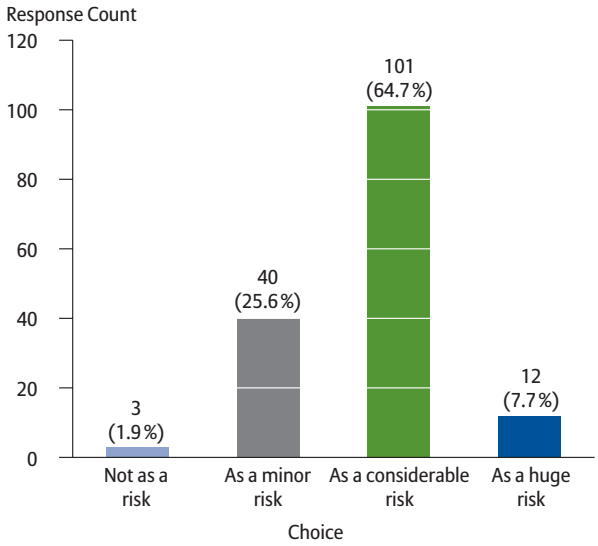
The issue of asset allocation remains crucial for those who are not in the right place already. One German multinational said that if rates do rise and equity markets drop, timing the switch out of equities into longer duration bonds would be crucial. This nervy matter of waiting to execute major market moves brings us to the issue of volatility.

Keep calm and carry on

The fact that among fixed responses overall market volatility was the most commonly cited major risk[4], ahead of a fall in equity markets or even interest rate changes, reflects not only the current lack of visibility by European pension plans but also the contagious nature of investing. Few respondents have bold and confident remedies for the current predicament in which they find themselves. Those like the German multinational quoted above are perhaps bold but not confident. Fidgety anticipation of bad news means that investors are not especially comfortable even with the status quo, as discussed.

This is hardly surprising given the extraordinary events that have occurred since 2008. Nevertheless, the last thing pension funds and insurers need is for a similar nervousness to manifest itself around the world in the actions of other investors..

Chart 7: In order to achieve our financial investment targets for the next twelve months, I see *overall market volatility* ...



[4] "Major risk" is defined as the sum of responses "considerable risk" and "huge risk". Overall market volatility obtained 72.4% of votes in these categories combined, ahead of interest rate changes at 69.5%.

Even in the pursuit of dampening losses, there may be extra costs too. As the pension fund manager of a German manufacturer points out: *"Hedging is difficult because expectations are for rising interest rates. Losses would occur if hedging were done now."*

Perhaps not losses but certainly increased expense, although not for all respondents. Amid the many concerns of institutions in 2011, a significant minority were phlegmatic about the coming year. Their attitude tended to relate to hedging strategies in place.

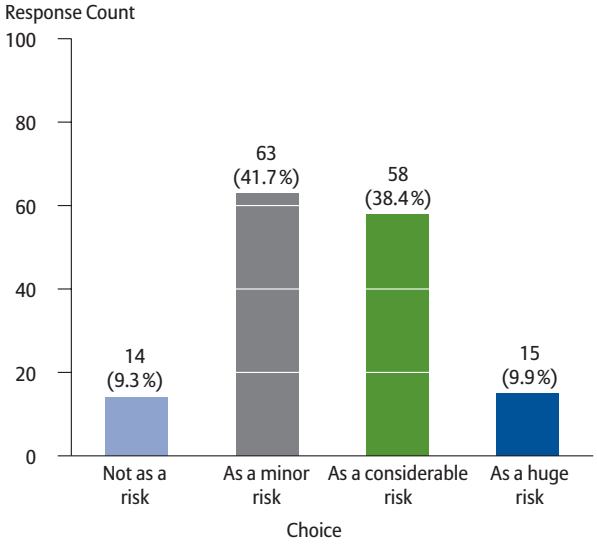
"Whilst many of the risks listed above may be considerable risks in the medium to longer term, we do not see them as considerable over the next 12 months," said the pension fund of a large UK retailer. *"This is partly due to the hedging programmes we have in place to mitigate a number of the risks."*

And then there are the stoics, who repeat to themselves that they are going to be in existence for and ride out many economic cycles to come. Two British local authority pension schemes reminded us that they are long-term investors with long-term perspectives. Perhaps the implicit state guarantee behind local authority pension liabilities in the UK helps there.

The contents of tail risk

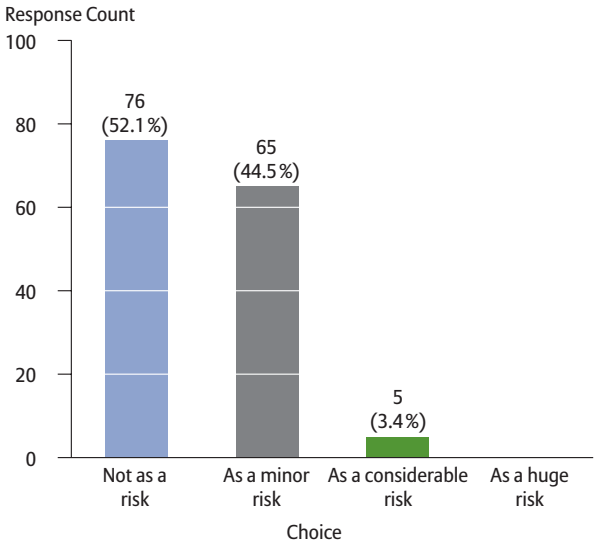
As noted in the introduction, risk has long been the ugly sister to returns in the investment world. Few measures to mitigate loss can compete with such catchy phrases as the "Nifty Fifty", "Dow 36000" or the "Commodities Super-cycle". After two major financial market failures in a decade, however, we are all more familiar with the tools of risk management. Those who monitor the bell-curves of probability, skyline risk and drifts in style are yet to match their colleagues, the return-seekers, in publicising their importance. But increasing usage of the terms "Black Swan" and "Fat-tail Risk" are perhaps signs of the 'ugly sister' asserting herself. We find almost half of respondents in the AllianzGI RiskMonitor fear some sort of unexpected disaster as a major risk. Several cite geopolitical unrest or the nuclear accident in Japan as the biggest risk to attaining their financial targets in the next twelve months.

Chart 8: In order to achieve our financial investment targets for the next 12 months, I *see tail risk* ...



Managing tail risk is not easy. As one Dutch industrywide pension fund writes: *"[We have] an explicit crisis plan [that] sets the scene (decision makers, available tools and their impact, etc) but as we expect any crisis to be unique there are no simple guidelines."* This is sage policy. Nevertheless, the survey throws up one possible discrepancy in the approach of investors to violent surprises. More than half of respondents reckoned Environmental, Social and Governance (ESG) issues were not a risk to achieving their financial targets in the next twelve months. More than 43% reckoned ESG were only a minor risk. It appears that ESG may be just a box-ticking exercise to some investors; or they have not made the link between ESG and fat-tail risks.

Chart 9: In order to achieve our financial investment targets for the next 12 months, I see *ESG-related criteria* ...



The revolutions in the Middle East are social matters. Fukushima is an environmental and social disaster that one respondent linked to depressed returns in the insurance sector.

It would be erroneous to say fat-tail risks and ESG concerns correlate highly. As the quote above reminds us, these kinds of events are surprises by definition so they could come from any direction and will not be obvious. Nevertheless, it appears contradictory to downplay ESG matters while citing the Arab Spring and Fukushima as major risks.

Regulatory and governance risks

At this point it is worth turning from financial to regulatory and governance concerns. Pension funds tend to be highly praised by economists for the risk tolerance their long-term nature allows them to bear. History certainly bears witness to the longevity and endorses that sense of stoicism. The financial crisis of 2008 may have seen off some venerable names in banking (and a few not-so-venerable) but pension plans survive. The overwhelming majority end their lives not in spectacular blow-ups or costly acquisitions but in quiet dissolution when the last pensioner has been paid.

How far recent regulation has aided this longevity is a moot point. It has certainly driven up costs. In 2009 in the Netherlands employers and employees paid in three times as much as ten years earlier, in 1999[5]. The rise is not entirely due to regulation: demography plays a big part. But it is also true that newer regulation looks to the market valuation of liabilities more than traditional long-term smoothing. Pension fund executives and their sponsors are thus obliged to consider solvency by shorter-term measures nowadays.

Some respondents feel, however, that regulators are not very smart when it comes to asset allocation. There is a sense that they rigidly stick to the idea that bonds are safest and government bonds the safest of all. "*The Pensions Regulator is "pushing pension funds into Sovereigns to derisk just when Sovereigns implode,"* said one British investor.

Some Dutch funds are nervous that they will be hit with requirements to link pension payments to inflation just as prices take off.

Nevertheless, in the grand scheme of things, new regulatory burdens of any nature are currently of secondary concern to investors. In free responses, only one respondent in 156, for example, mentioned the EU's Alternative Investment Directive as a concern (for its pejorative limitations on hedge funds). Only a handful mentioned Solvency II as a threat to pension schemes, but even some of these dismissed it as unlikely.

Chart 10: In order to achieve our financial investment targets, I see *stricter regulation* ...

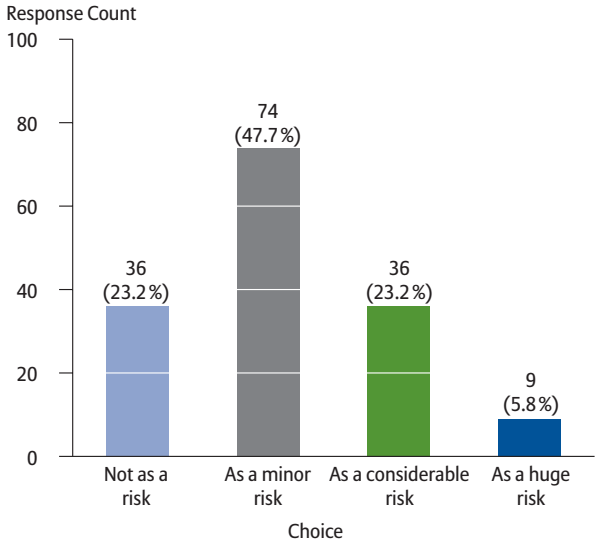
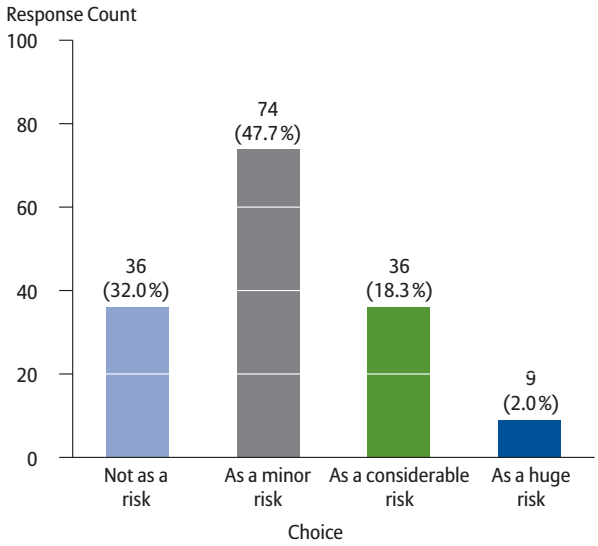


Chart 11: In order to achieve our financial investment targets for the next 12 months, I see *rising reporting requirements* ...



In total, almost 80% of respondents regarded rising reporting requirements as a minor risk or less. More than 70% of respondents dismissed stricter regulation as a minor risk or less.

[5] Source: Dutch Central Bank

Furthermore, most of the respondents in Europe see the limitation of their own risk management capabilities and the organisational complexity only as a minor risk. The case of Italy seems to be an exception as more than one-third of the responses reveal that the two types of risk are viewed as a considerable risk and rank higher than the regulatory and governance risks.

Chart 12: In order to achieve our financial investment targets over the next 12 months, I see *limited own risk management capabilities* ...

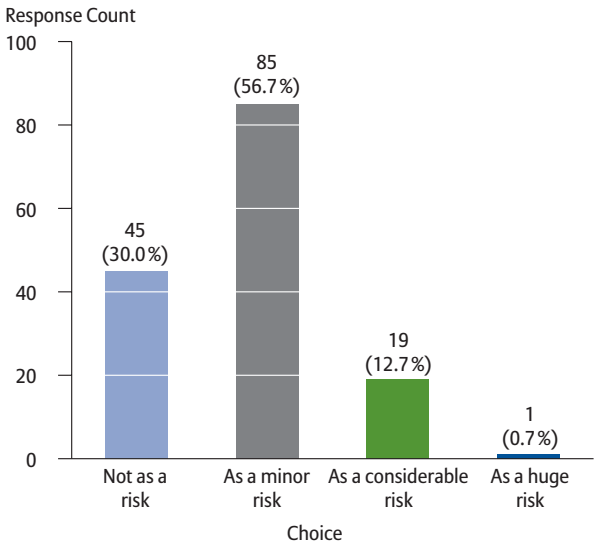
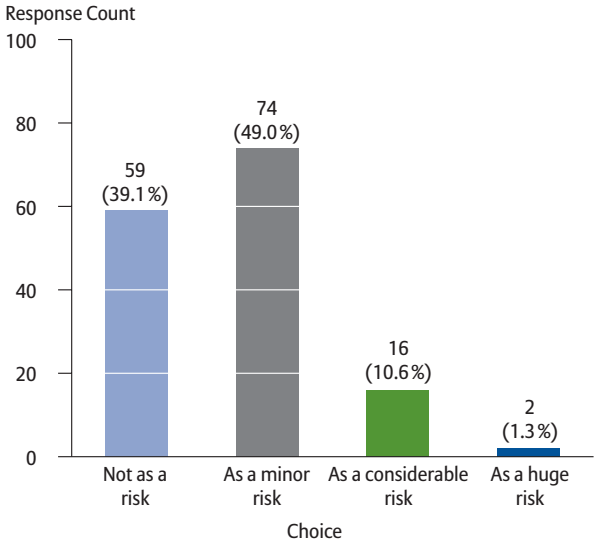


Chart 13: In order to achieve our financial investment targets for the next 12 months, I see *organisational complexity* ...



Other issues which can dominate the fortunes of an institutional investor, such as pressure from sponsors, trustees or the heterogeneity of cross-border arrangements, also prove unperturbing to the majority of respondents in the current AllianzGI RiskMonitor.

Chart 14: In order to achieve our financial investment targets for the next 12 months, I see *pressure from the sponsor*[6] ...

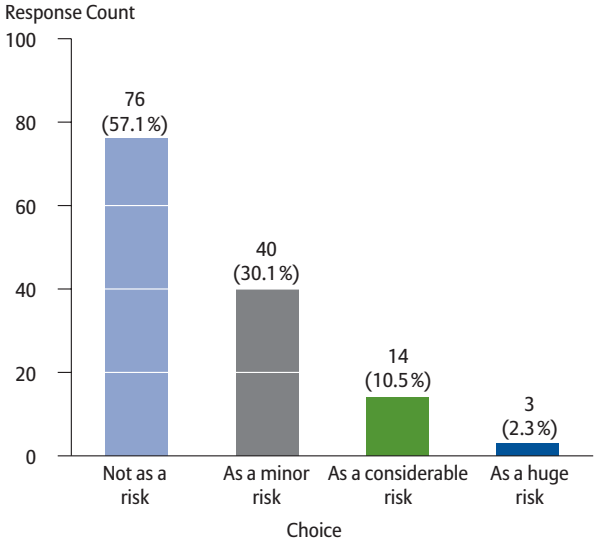
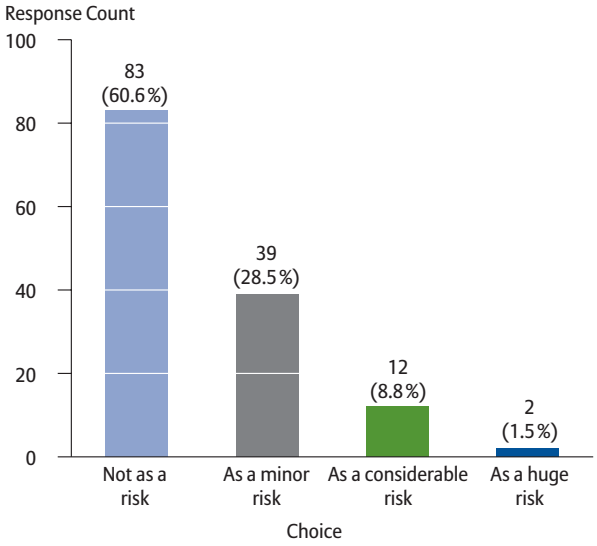


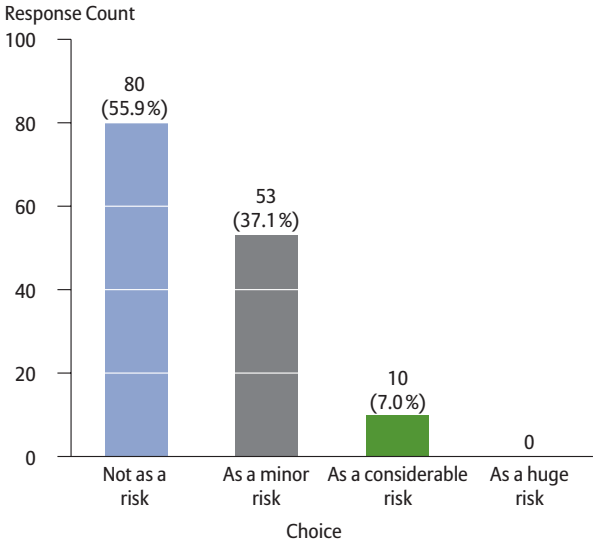
Chart 15: In order to achieve our financial investment targets for the next 12 months, I *see pressure from the trustees*[6] ...



In the UK 20% of respondents mentioned pressure from sponsors as a considerable risk, more than in any other country. This ties in with the free responses, where 75% of concerns about sponsor balance-sheet risk emanated from the UK. Only Switzerland registered similar concerns: there 18.2% of respondents described the risk of pressure from sponsors as huge. In France on the other hand, 25% see pressure from the other direction - trustees - as considerable risk (versus 14.3% pressure from sponsors). Likewise, Austria, Italy and the Netherlands all ranked trustees pressure as a top-three risk to reaching this year's financial targets.

[6] where applicale

Chart 16: In order to achieve our financial investment targets for the next 12 months, I see *heterogeneity of investment set ups cross-border* ...



The euro – strong currency or risk of its own?

Would the break-up of the eurozone be a Black Swan event? One major Dutch insurer cited the demise of the euro as one of its tail risks. There is no doubt that bail-out packages for peripheral member states have exacerbated respondents in the AllianzGI RiskMonitor. These events lie behind fears of all the other major risks discussed so far. But respondents are divided on what exactly, including a potential cataclysm, lies ahead for the single currency.

Many expect short-term economic weakness and the deterioration of ratings followed by greater strength. A far smaller group see weakness leading to a two-speed eurozone or break-up. From the former category, a German savings bank said: *"The euro does not have a problem, some countries have a problem. We will be stronger in case of breach of contracts."*

As a group, German respondents were most willing to countenance a transfer union as an extension of existing connectedness of member states. Italian respondents were most likely to cite greater fiscal discipline as the solution. Respondents from France emphasised the need for greater political cohesion.

Of all the regions expecting much further woe for indebted peripheral states, the Scandinavians were most expressive, with Danish investors especially candid. More than 80% of Danish respondents mentioned deep budget cuts or possible exit for Portugal, Ireland, Greece and Spain.

"[They] will have to accept huge welfare losses," said one Danish insurer.

"Some will have to get out [of the euro] or be thrown out," said another.

A number of UK respondents marked Germany's pivotal role in dictating the economic future of the eurozone.

What does not kill you makes you stronger

In free responses, as shown by the table below, exactly half of those who expressed an opinion believe that greater cohesion of member states is likely as a result of the current situation. However, only one respondent, from Switzerland, hoped for a market-led solution.

A smaller proportion, 13%, expressed the opinion that one or more peripheral countries will have to leave the union.

On the big question, in conclusion, there is much anxiety but no major revolt: only 4% of respondents believe the euro will not survive under the current circumstances. A similar low percentage talks of a two-speed euro. Even within this minority, several investors do not believe any break-up will actually happen for a decade.

Table 4: Do you think the euro will survive under the current circumstances?

YES	76%
NO	6%
UNDECIDED/NO COMMENT	18%

Table 5: What is most likely to change with regard to the euro?

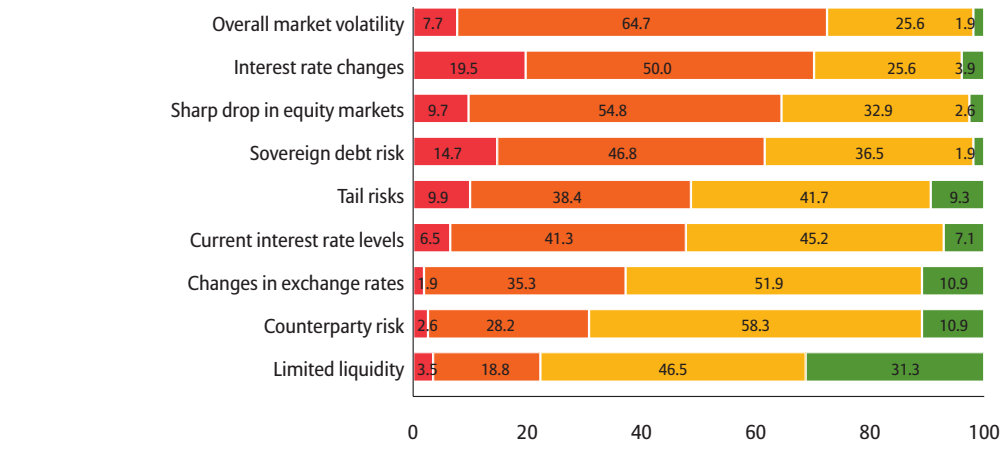
Total responses 52; some respondents gave more than one answer.

More harmonisation including fiscal discipline and transfers	53.8%
Weak countries will be punished or exit	34.6%
Two-speed euro will come into existence	5.7%
Other	5.9%

Results at a glance

Europe

Financial Risks*

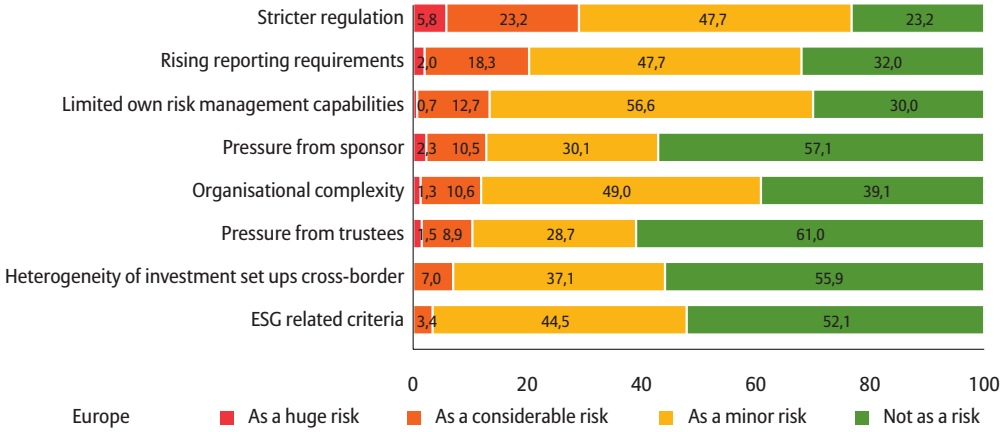


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months?**

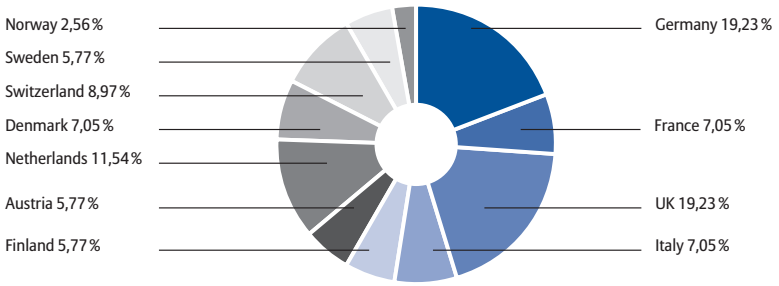
Interest rate risk

Regulatory and Governance Risks*



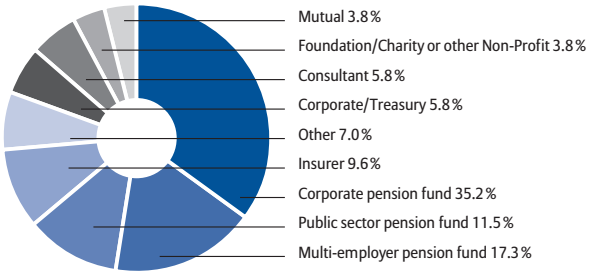
In order to achieve our financial investment targets for the next 12 months, I see…

Participants from:



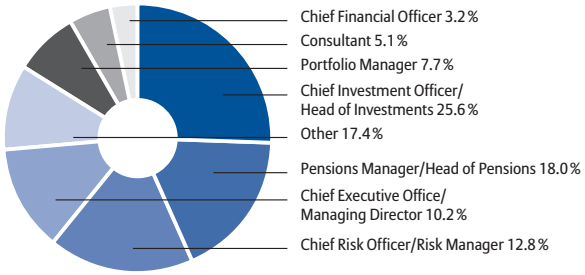
Respondents by Type of Organisation

Total Respondents: 156



Respondents by most popular occupation

AuM/AuA (€ m): 992,449

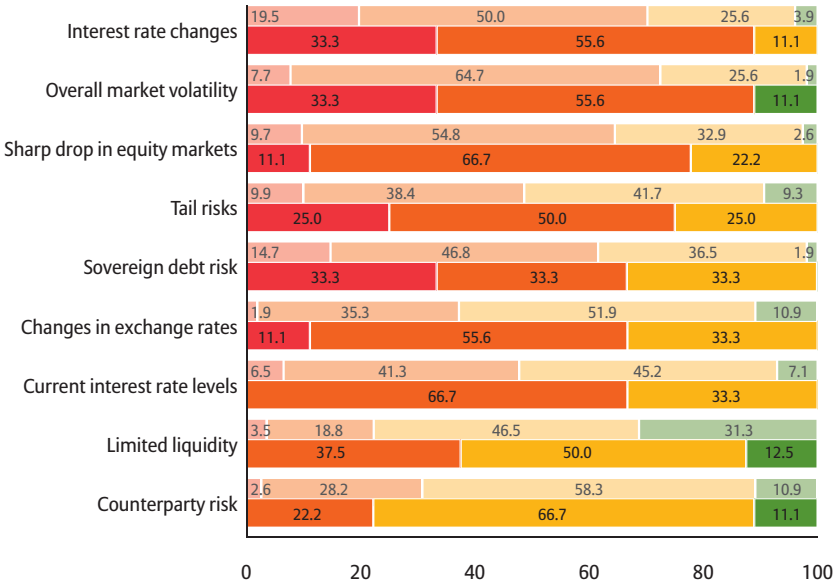


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Austria

Financial Risks*

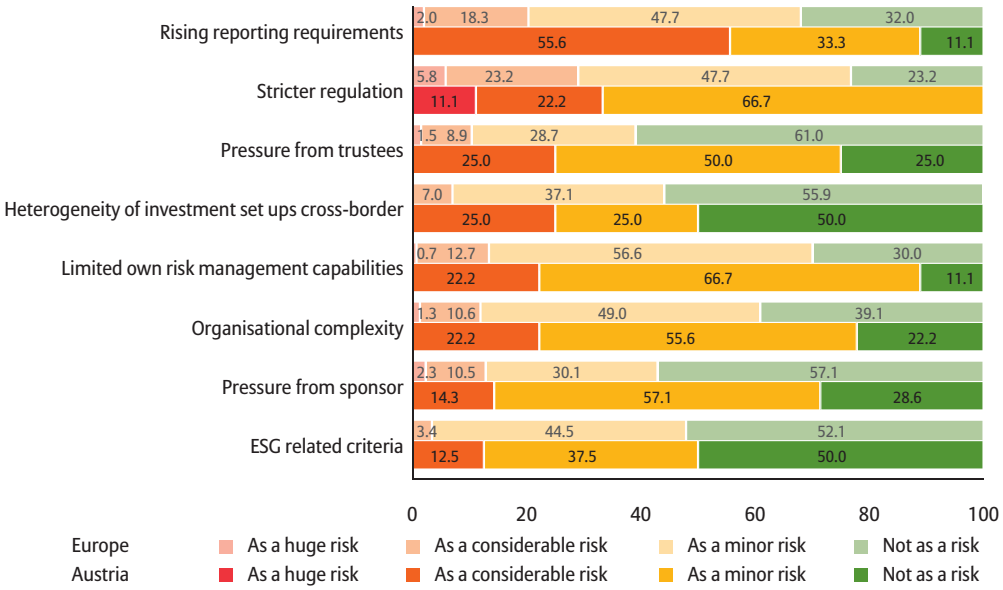


In order to achieve our financial investment targets for the next 12 months, I see...

What is your biggest risk in the next 12 months?**

Sovereign debt risk

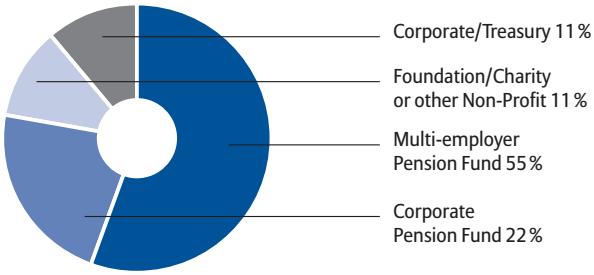
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see...

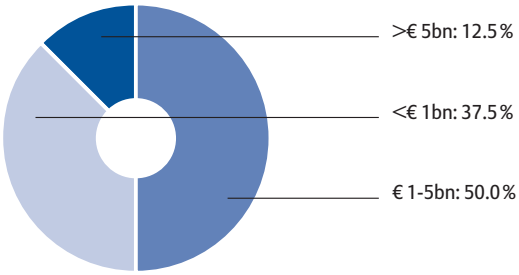
Respondents by Type of Organisation

Total Respondents: 9



Respondents by AuM/AuA

AuM/AuA (€ m): 20,900

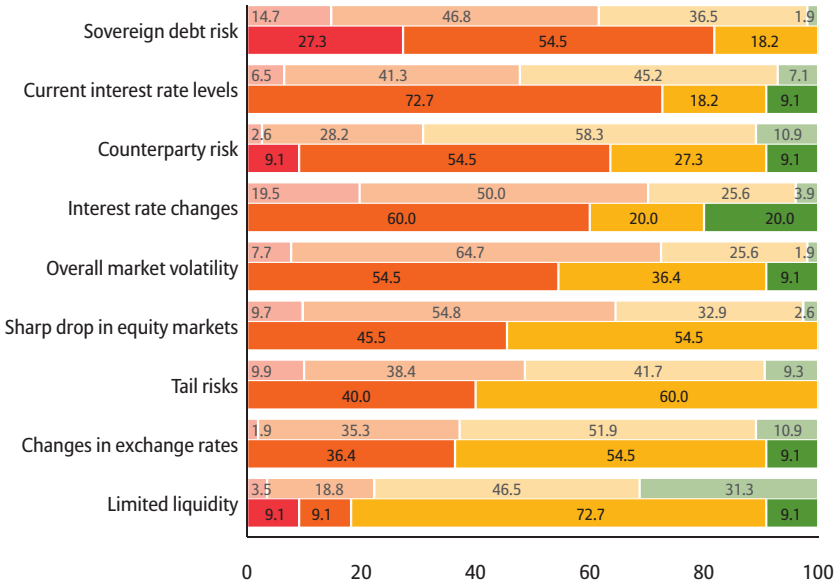


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

France

Financial Risks*

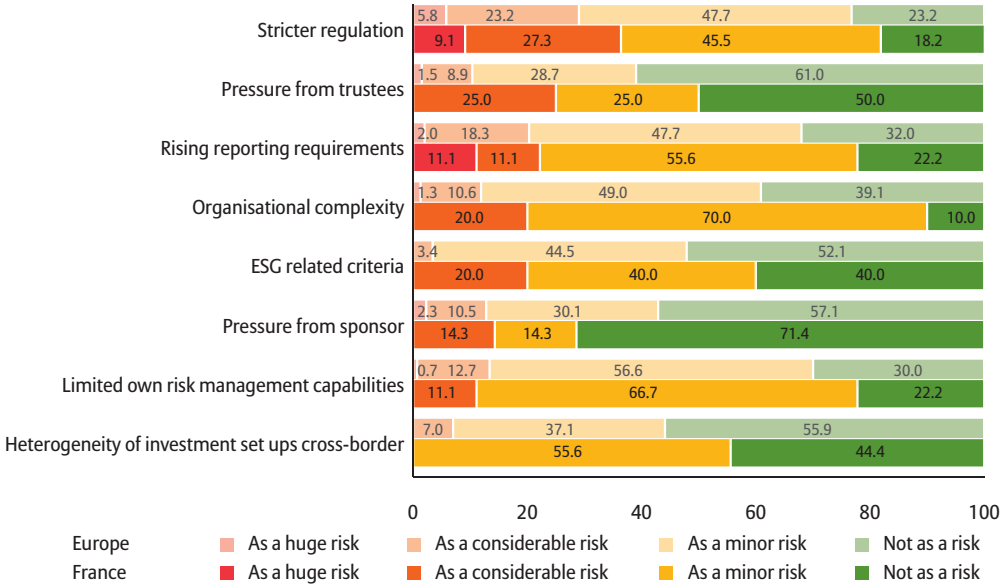


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months? **

Sovereign debt risk

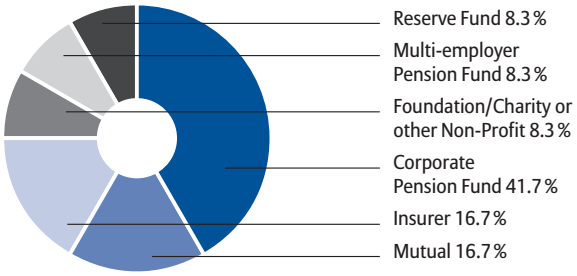
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see…

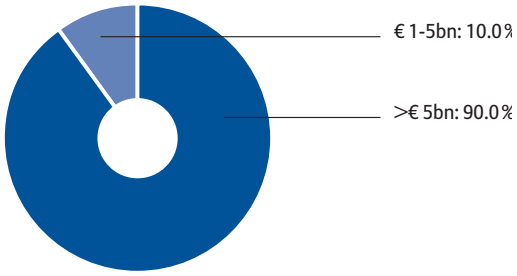
Respondents by Type of Organisation

Total Respondents: 11



Respondents by AuM/AuA

AuM/AuA (€ m): 83,500

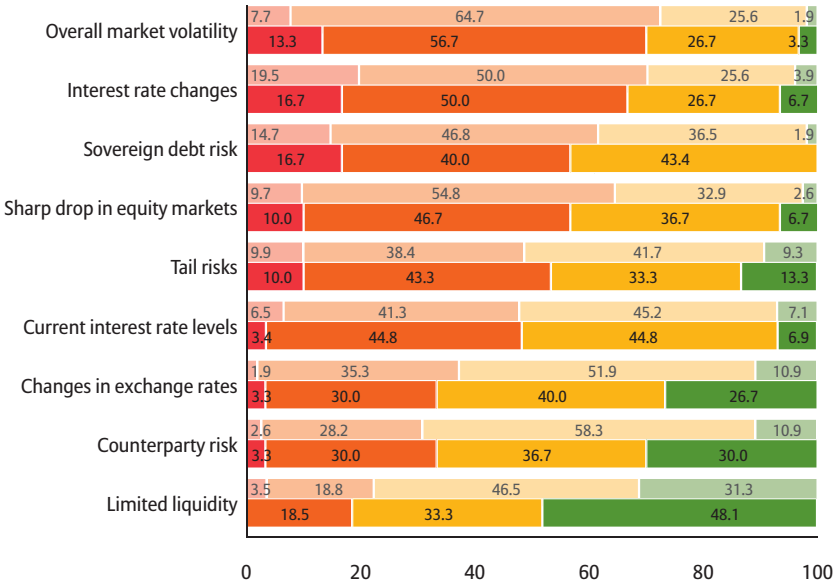


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Germany

Financial Risks*

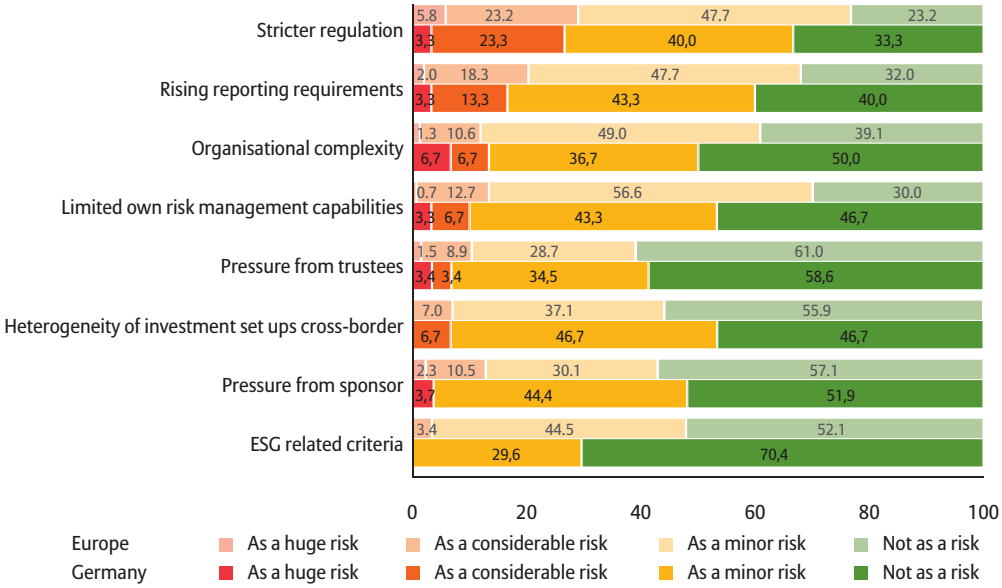


In order to achieve our financial investment targets for the next 12 months, I see...

What is your biggest risk in the next 12 months?**

Interest rate risk/ Rising interest rates

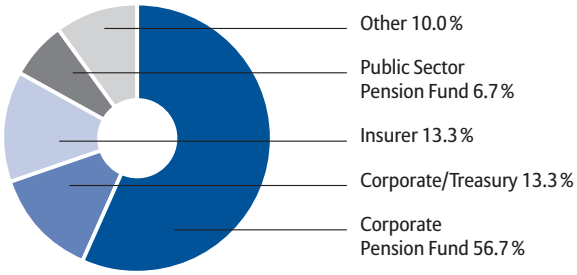
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see...

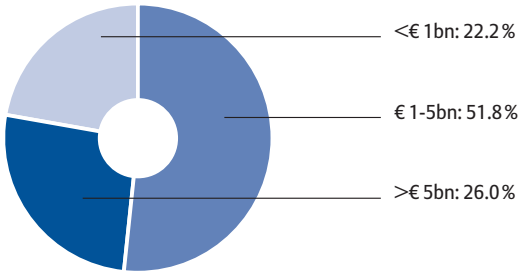
Respondents by Type of Organisation

Total Respondents: 30



Respondents by AuM/AuA

AuM/AuA (€ m): 116,969

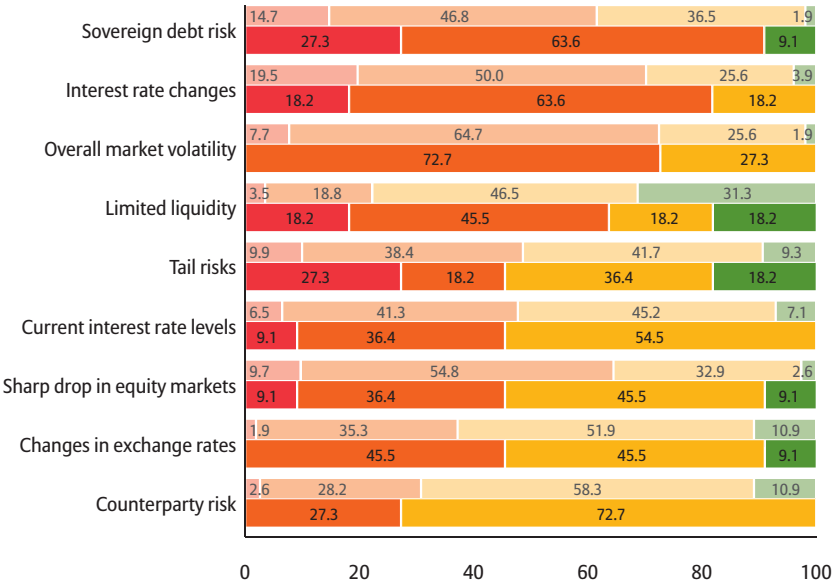


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Italy

Financial Risks*

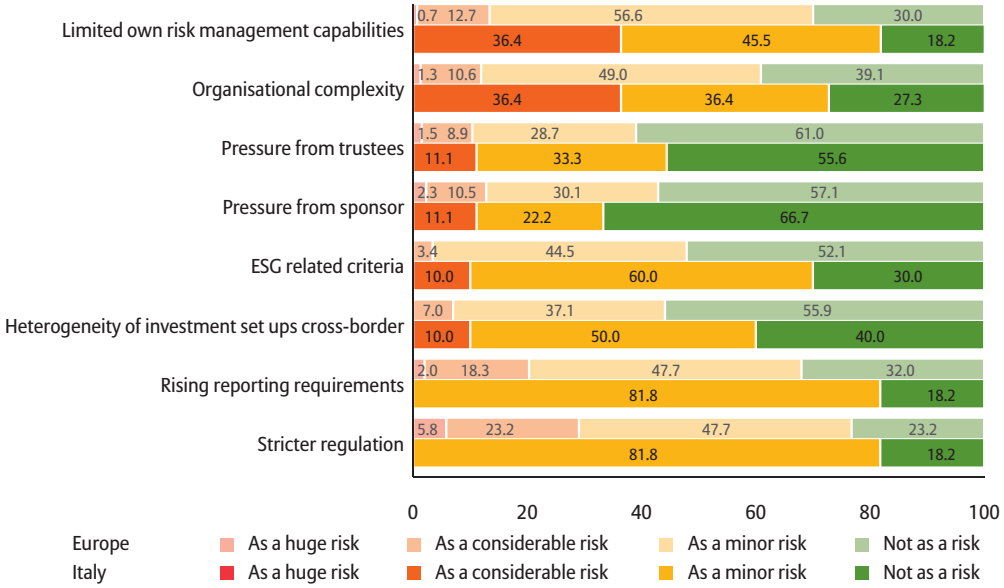


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months?**

Sovereign debt risk

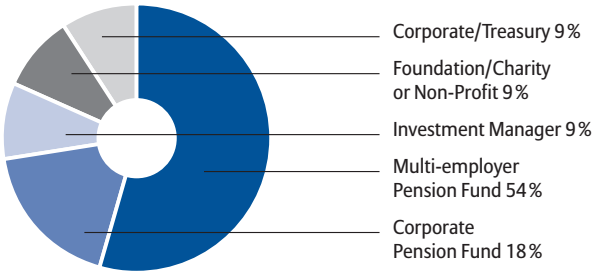
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see…

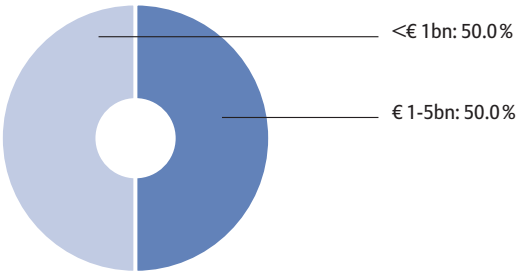
Respondents by Type of Organisation

Total Respondents: 11



Respondents by AuM/AuA

AuM/AuA (€ m): 10,279

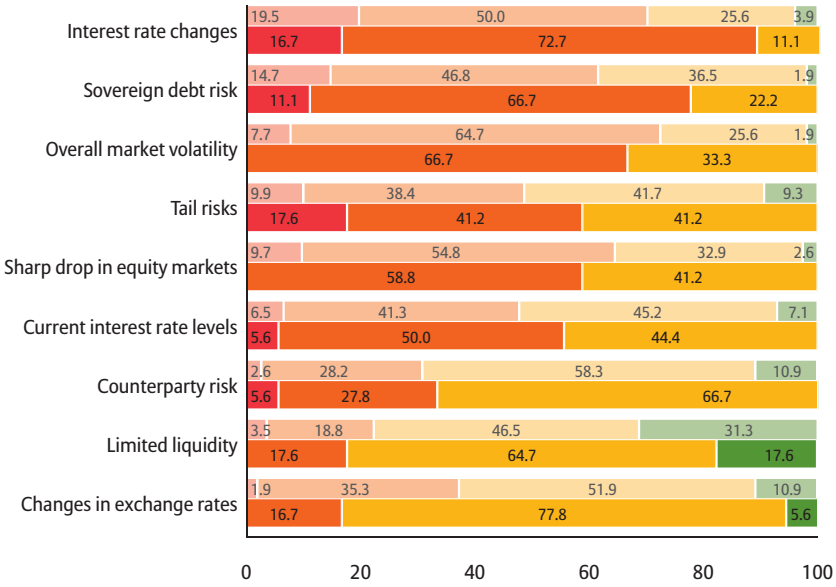


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Netherlands

Financial Risks*

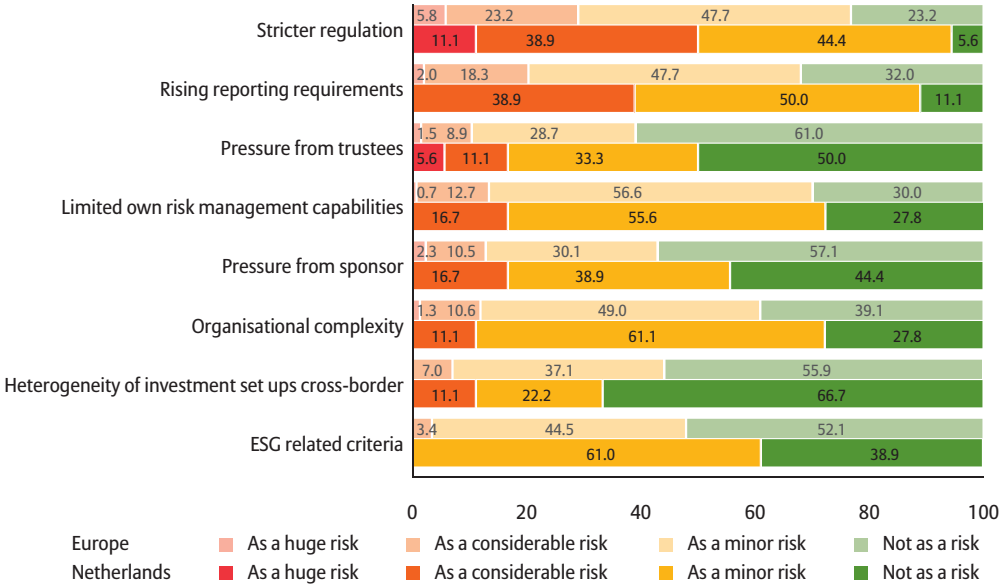


In order to achieve our financial investment targets for the next 12 months, I see...

What is your biggest risk in the next 12 months?**

Market volatility

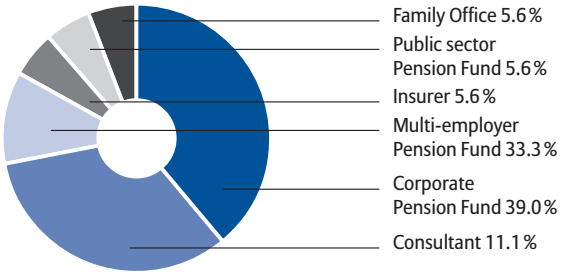
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see...

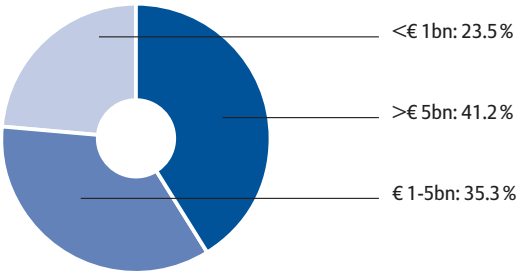
Respondents by Type of Organisation

Total Respondents: 18



Respondents by AuM/AuA

AuM/AuA (€ m): 224,650

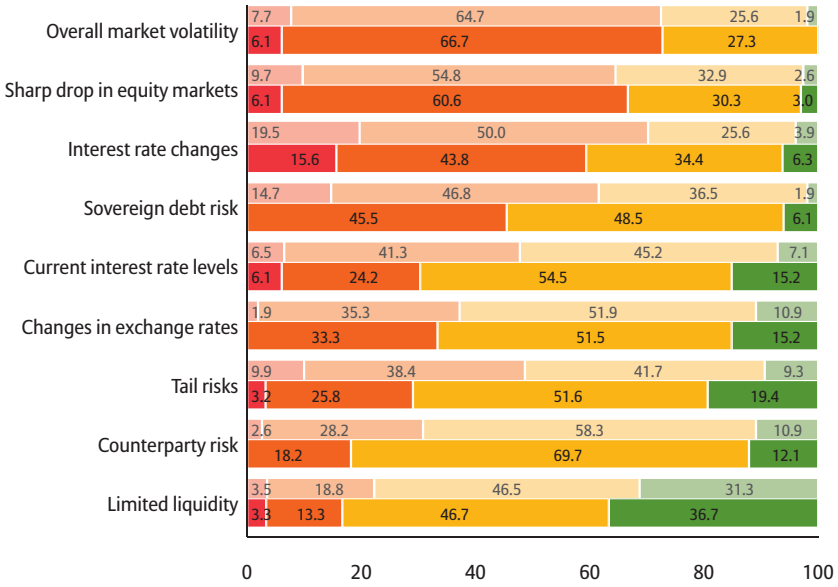


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Nordics

Financial Risks*

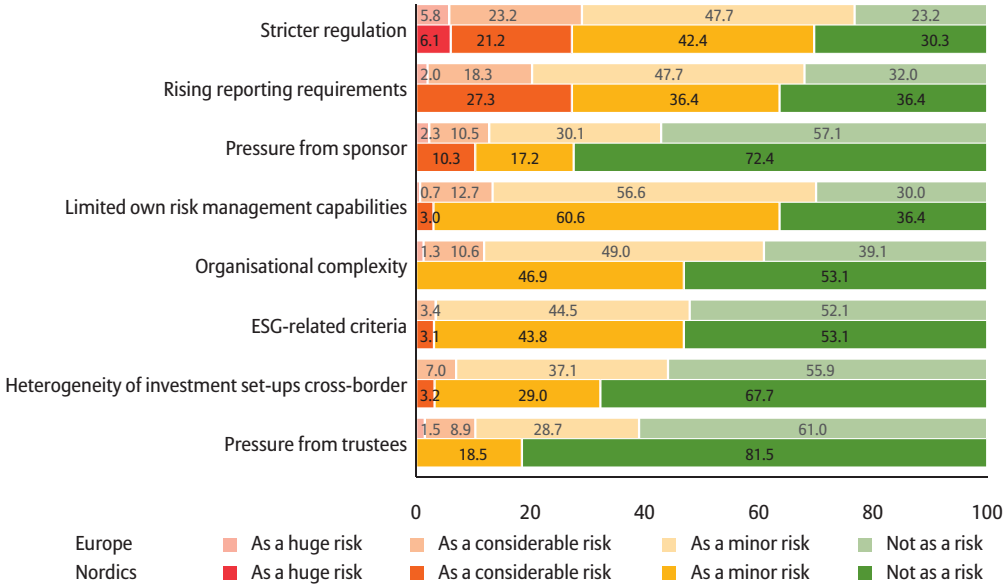


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months? **

Equity market falls/Interest rate risk

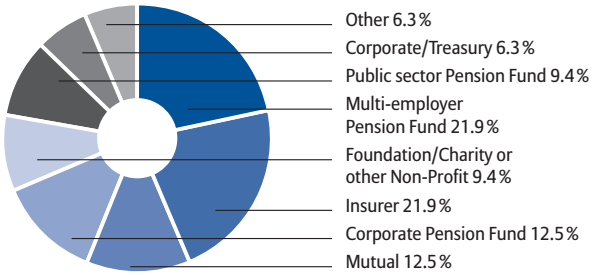
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see…

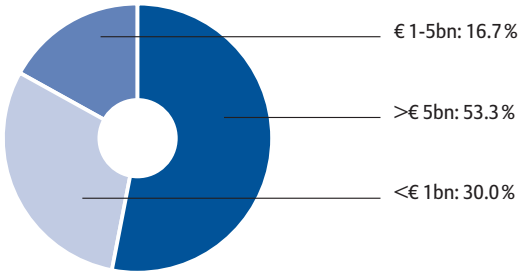
Respondents by Type of Organisation

Total Respondents: 33 (Denmark: 11, Finland: 9, Sweden: 9, Norway: 4)



Respondents by AuM/AuA

AuM/AuA (€ m): 299,741

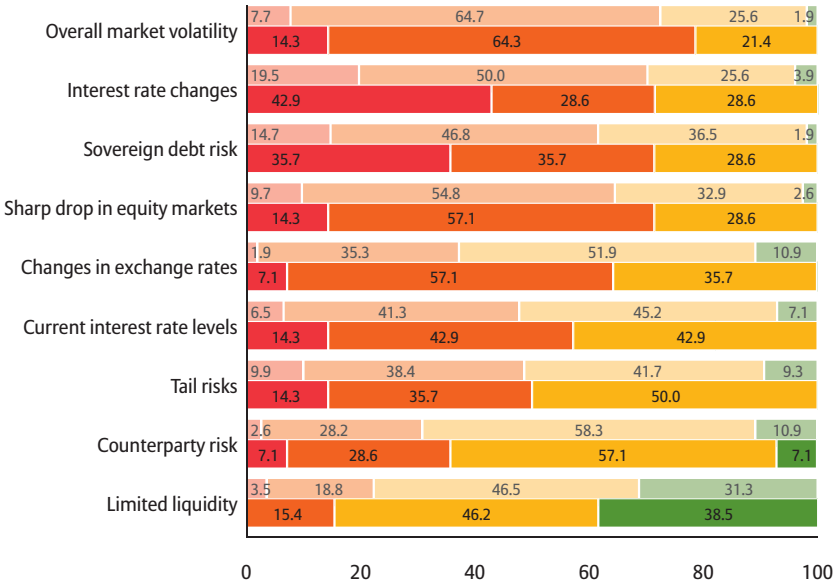


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

Switzerland

Financial Risks*

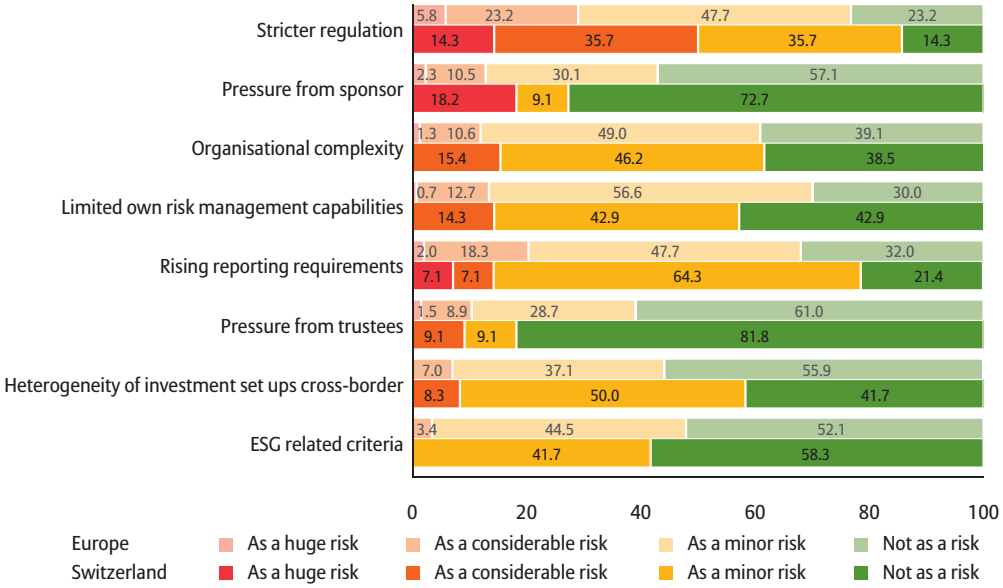


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months?**

Interest rate risks

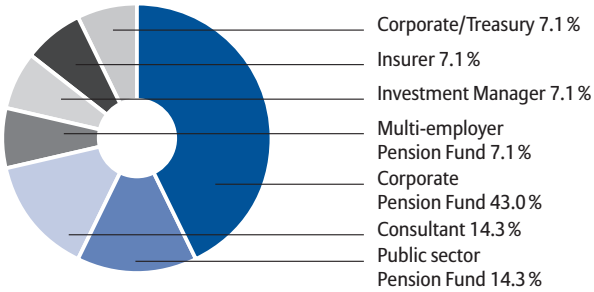
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see…

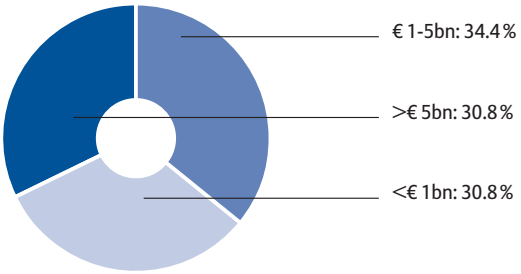
Respondents by Type of Organisation

Total Respondents: 33



Respondents by AuM/AuA

AuM/AuA (€ m): 55,511

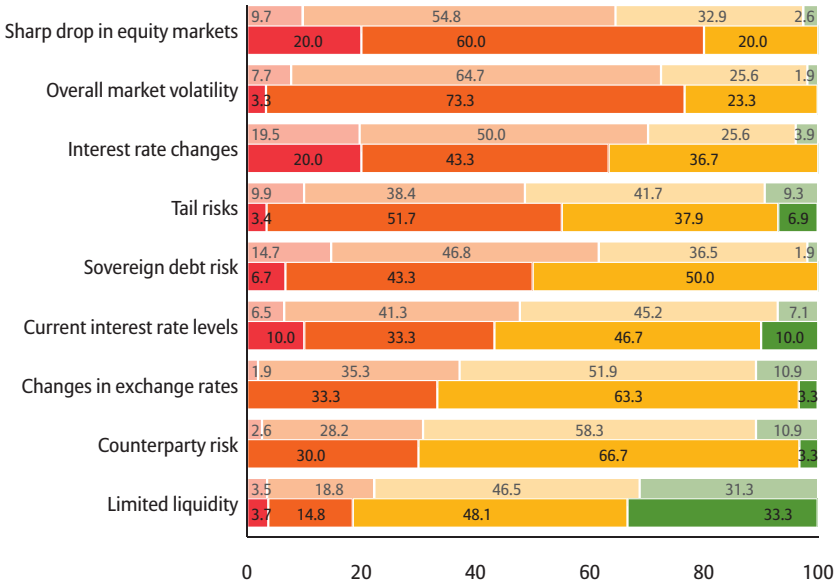


* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

Results at a glance

United Kingdom

Financial Risks*

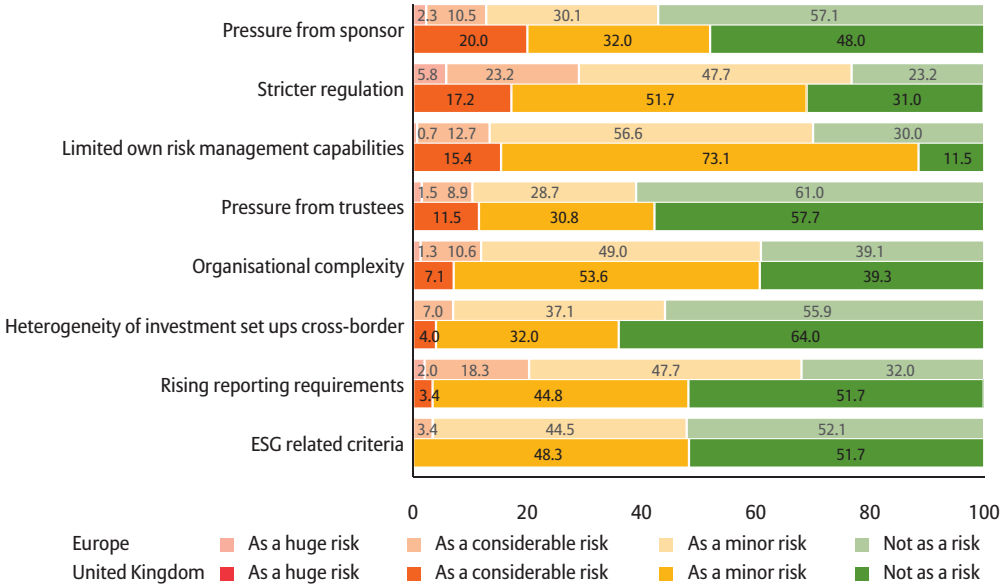


In order to achieve our financial investment targets for the next 12 months, I see…

What is your biggest risk in the next 12 months?**

Equity market falls/Interest rate risk

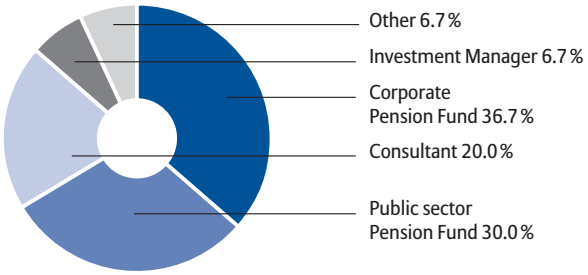
Regulatory and Governance Risks*



In order to achieve our financial investment targets for the next 12 months, I see…

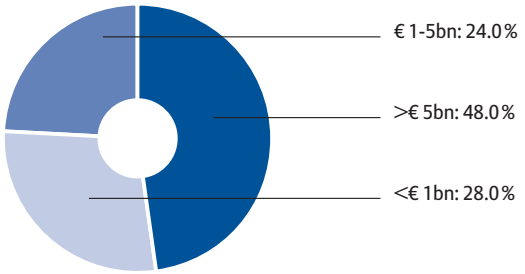
Respondents by Type of Organisation

Total Respondents: 30



Respondents by AuM/AuA

AuM/AuA (€ m): 180,899



* in % of responses, ranked by share of "huge" and "considerable" risk combined; ** Free text response

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