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From 'product-centered' to 'client-centered' innovation in the asset management industry

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17 october 2008



SOCIÉTÉ GÉNÉRALE
Asset Management



Before the financial crisis: 'product-centered' innovation

- Global environment: very low interest rates and risk premia
 - ▶ Global savings glut
 - ▶ Very accommodative monetary conditions
 - ▶ The borrower is king

- Consequence: innovation driven by the need to enhance the returns of investment products
 - ▶ Leverage: borrowing short and investing long
 - ▶ 'CIO' effect: complexity, illiquidity, opacity

After the financial crisis: 'client-centered' innovation

■ Normalization of the risk-return relationship

- ▶ The long-term saver is king

■ Consequence: innovation driven by the needs of long term investors

- ▶ Customised investment solutions, depending of liabilities, investment horizon, risk aversion, etc...
- ▶ More focus on customer needs and service throughout the life-cycle
- ▶ Dynamic asset allocation over long periods