

Translated from Italian into English

Funds People – February 7<sup>th</sup>, 2023

By Filippo Luini



## Philippe Setbon

"Our team has a deep understanding of the specific needs of pension funds and insurance companies"

With innovative means, the ability to support clients along the entire value chain, expertise in fixed income and a strong ESG ambition, Ostrum AM, a subsidiary of Natixis IM, has established itself as one of the leading institutional asset managers in Europe. Future goals are ambitious, reveals Philippe Setbon: the company aims to become one of the top three insurance managers on the continent and to expand in Asia. And in this global growth path, Italy plays a decisive role.

Respond to customer commitments through targeted management, thus helping to guarantee the life, health and retirement plans of European citizens. This is the corporate mission of Ostrum Asset Management, an affiliate of Natixis Investment Managers. *"We are a leader in European institutional investment management, specialising in liability-based investments, and at the end of December 2022 we managed EUR 377 billion, of which EUR 279 billion was in insurance-related assets,"* says Chief Executive Officer, Philippe Setbon, a leading figure in the industry who also serves as president of AFG, the French Asset Management Association. Another strength of the company is its fixed income expertise, in which it has more than 35 years of experience. *"Ostrum AM is a unique player in the market. We have important development goals internationally, focusing on Europe and Asia",* Setbon continues. *"We are currently one of the leading institutional asset managers in Europe and aim to become one of the top three insurance managers on the continent; this would correspond to EUR 600 billion in assets under management,"* says the CEO.

#### INNOVATIVE OFFERING

Ostrum AM provides clients with support along the entire investment value chain, as well as innovative tools, including a proprietary services platform and a digital reporting tool for investors. *"Furthermore, to offer our clients new sources of diversification and portfolio construction aimed at optimal risk management, we have recently strengthened our proposition by integrating specialists in structured investment management and experts in active quantitative management,"* Setbon continues. *"Ostrum AM has a deep understanding of the asset and liability management (ALM) dynamics of clients with engagement constraints. We are therefore able to serve both pension funds and insurance companies, offering them a wide range of solutions, with also the integration of a strong sustainability dimension,"* the CEO explains. The key expertise that makes the company a



reference point for investors are: the active approach to fixed income; the tailor-made solutions to protect the portfolio from the risk of devaluation; the great expertise in managing multi-asset portfolios with volatility targets; and the quantitative equity management that puts risk assessment at the heart of portfolio construction.

#### INSTITUTIONAL CLIENTS

THE COMPANY HAS INTEGRATED SPECIALISTS IN STRUCTURED INVESTMENT MANAGEMENT AND EXPERTS IN QUANTITATIVE EQUITIES

This range of solutions is complemented by additional expertise for pension funds and insurance clients: to the former Ostrum AM dedicates the ability to customise investment solutions, to the latter it offers a service model designed as specialists in advisory, management and tailor-made solutions for long-term investors. *"Our team has a deep understanding of the specific needs of pension funds, as well as the regulatory, accounting, ESG and financial environment,"* says Setbon. *"Our ability to monitor the market and investment opportunities and our diversified expertise allow us to implement solutions in different regulatory environments,"* he continues. *"Hedging solutions to manage*

*balance sheet risks, starting with interest rate risk, are particularly a major element in managing mandates for pension funds," he says.*

On the other hand, as far as insurance company clients are concerned, Ostrum AM presents itself as a 'one-stop shop'. The aim is to build close partnerships and offer tailor-made management tailored to specific regulatory, financial, and non-financial objectives. *"Our approach is at once fundamental, dynamic and of high conviction, thanks to almost 50 specialists: portfolio managers and insurance experts, proprietary fundamental research groups, quantitative management, ESG, macro and market strategies,"* he explains. *"Our proposition includes strategic and tactical advice on ESG allocation, financial engineering and fund selection. The management offering can be multi-asset with an allocation spread over several asset classes or a single asset class,"* says the CEO.

## ESG

Another special feature of Ostrum AM is its expertise in ESG. The aim is to help clients realise their responsible investment goals. *"Asset managers can accelerate the energy transition through two levers: engagement with investors, both on the equity and fixed income side,"* says the CEO. *"As one of the leading green bond managers, with over EUR 25 billion invested in this market, we are convinced of the leading role that finance must play in the green transition,"* he continues. *"Last September, we also launched the first international impact bond strategy dedicated to 'Fair Transition',"* he adds.

## ITALY

Italy, a market in which Ostrum AM has been active for more than 15 years, plays a major role in the asset manager's business development. Ambitions for the Boot are high and, according to Setbon's plans, will contribute significantly to the company's overall growth. *"We have opened an office in*

*Milan, which allows us to strengthen our relationship with our clients, while benefiting from the support of Natixis IM's commercial structure already present in the country,"* concludes the CEO, giving an idea of the centrality of the Italian market in the manager's global growth strategy.