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Impact of the Coronavirus Pandemic on Asset Managers

PPCmetrics AG

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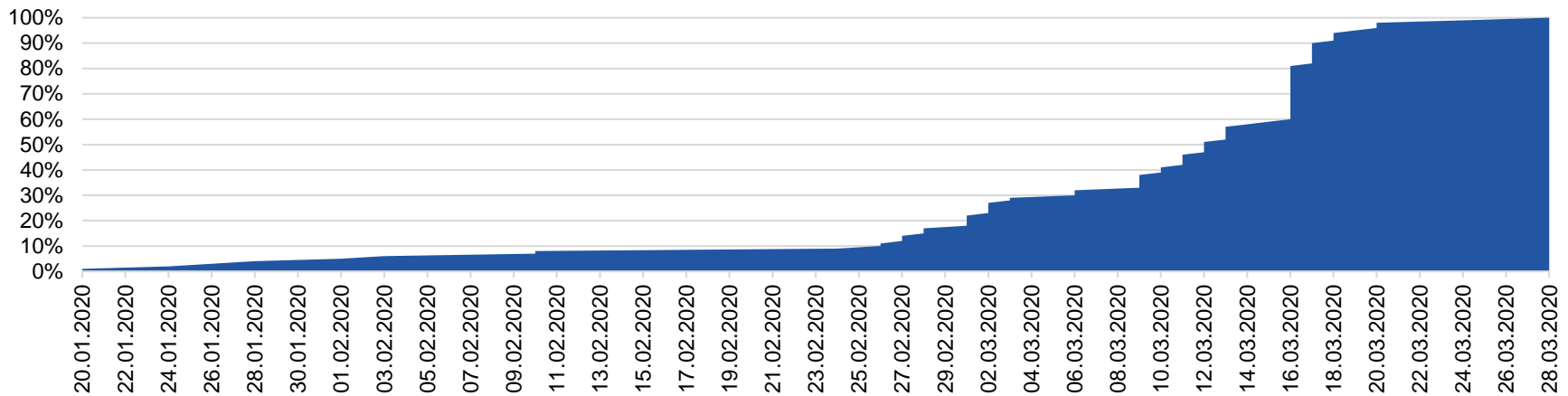
Initial Situation

- The BVG requires the management bodies to **monitor the operation of asset management as** part of their duty of care.
- The coronavirus pandemic has implications both for capital markets and the **work of asset managers**.
- In order to support us in our management role, we have contacted all asset managers who work for our clients and obtained a written statement.
- This document presents some of the **results of our analysis**. The analysis refers to data as of 3 April 2020.
- **Please contact us for detailed analyses and information on individual asset managers.**

Key Findings

- All asset managers have activated an emergency plan by 31 March 2020. The activation was without any larger complications. All providers can continue to supply the most important services for their clients.
- Around 50% of the providers are in a “full teleworking” mode, the rest has implemented split office arrangements, i.e. some of the employees are present alternately in the office. On average, 85% of the employees relevant to the asset management of Swiss pension funds are working from home.
- No asset manager had a counterparty default on currency hedges or other OTC derivatives or in the area of securities lending. Some securities lending programs were discontinued.
- In the phase up to the end of March, there were primarily outflows in liquid assets. In addition, redemption spreads have risen sharply in some cases.
- Most providers are currently underweighting government bonds and stocks in favour of money market investments, real estate and corporate bonds.

Example Analysis: Activation of BCP



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- Over time, the chart shows the proportion of asset managers who have activated the “Business Continuity Plan”.
- **All asset managers have activated an emergency plan by 31.03.2020.**
- Some asset managers already switched over in February, most of them did so in the first two weeks of March. A further increase can be seen from 16 March onwards, as this was the date on which a national emergency was declared in Switzerland.

Contact



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