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Oggetto : Generali to enhance global asset
management business with the strategic
acquisition of Conning

Testo del comunicato

Vedi allegato.

Generali to enhance global asset management business with the strategic acquisition of Conning and its affiliates, and create long-term partnership with Cathay Life

- Conning and its affiliates' expertise in asset management for insurance and institutional clients to enhance Generali's diversified investment capabilities and third-party business in USA and Asia, in line with the Group's 'Lifetime Partner 24: Driving Growth' strategy
- Generali and Cathay Life to establish a long-term partnership. Cathay Life to become a minority shareholder in Generali Investments Holding S.p.A., an entity comprising the majority of Generali asset management activities, and to enter into an asset management agreement for a minimum duration of 10 years with Generali's expanded asset management business
- The acquisition of Conning and its affiliates increases Generali's total Assets Under Management (AUM) to \$ 845 billion (€ 775 billion)

Milan – Generali announces the acquisition of Conning Holdings Limited (CHL¹), a leading global asset manager for insurance and institutional clients, from Cathay Life, a subsidiary of Cathay Financial Holdings, one of the largest Asia-based financial institutions. As a result of the contribution of CHL into Generali Investments Holding S.p.A (GIH), Cathay Life will become a minority shareholder of GIH, and will enter into a wider partnership with Generali, supporting the strategic growth ambitions of Generali Asset Management globally.

Conning and its affiliates are leading global asset management firms serving the needs of insurance companies and other institutional clients with approximately \$ 157 billion (€ 144 billion)² in AUM. The business includes Conning (insurance and institutional fixed-income), Octagon Credit Investors (bank loans, CLOs and specialty credit), Global Evolution (emerging markets debt), and Pearlmark (debt and equity real estate).

As part of Generali Asset Management's ecosystem of affiliates, Conning and its affiliates will continue to be led by the current management teams, including the leadership of the Chief Executive Officer and Chair of the Conning Holdings Limited Board, Woody Bradford. This will ensure stability and continuity of teams, client service levels and investment strategy. Woody Bradford will also oversee the initiatives to facilitate close

¹ Conning, Inc., Octagon Credit Investors, LLC, Global Evolution Holding ApS and its group of companies, and Pearlmark Real Estate, L.L.C., Goodwin Capital Advisers, Inc., Conning Investment Products, Inc., a FINRA-registered broker-dealer, Conning Asset Management Limited, and Conning Asia Pacific Limited are all direct or indirect subsidiaries of Conning Holdings Limited which is one of the family of companies owned by Cathay Financial Holding Co., Ltd., a Taiwan-based company.

² Represents combined AUM for Conning Holdings Limited as of 31 March 2023. EUR: USD conversion based on exchange rate of 1.0902 as of 31 March 2023.



collaboration in areas such as distribution among the Generali ecosystem, alongside its senior leadership. Conning and its affiliates will also benefit from shared best practices with Generali Asset Management as well as its operational and risk framework.

Generali Asset Management will benefit from the addition of Conning and its affiliates' long-standing insurance and institutional client base in the U.S. and Asia, and will be better positioned to scale its third-party business in key markets globally by leveraging the firms' combined investment capabilities and distribution strengths.

The acquisition, which is fully aligned with Generali's "Lifetime Partner 24: Driving Growth" strategic plan, will reinforce Generali Asset Management's strategy to become a leading global provider of investment solutions, creating a combined platform with \$ 709 billion (€ 650 billion)³ in AUM and adding high-quality, diversified capabilities in Fixed Income, Structured and Corporate Credit, Emerging Market Debt and Private Real Estate. The total Assets Under Management of Generali Group, following the acquisition of Conning and affiliates, will rise to \$ 845 billion (€ 775 billion)⁴.

As consideration for the contribution by Cathay Life of 100% of the shares of CHL in GIH, Cathay Life is expected to own 16.75% of the share capital of GIH at closing, subject to customary closing adjustments. GIH is the sub-holding entity that – at closing – will comprise the majority of Generali Group's global asset management activities, with the exception of selected operations, namely those in China. GIH will generate the entirety of the AM result of Generali excluding the contribution of these Chinese AM⁵.

Generali and Cathay Life have established a long-term partnership, with Cathay Life entering into an asset management agreement for a minimum duration of 10 years in relation to specific insurance AUM that will continue to be managed on its behalf by the Generali Asset Management businesses including Conning and its affiliates. In addition, Generali and Cathay Life have also agreed to certain earn-out provisions which may become payable in cash starting from three years post-closing, conditional on the achievement of certain pre-agreed terms.

The agreements entered into between the parties grant certain corporate governance rights to Cathay Life in relation to GIH and provide a lock-up period on Cathay Life's shares in GIH. They also provide both parties with certain exit mechanisms, in line with customary market practice for transactions of this type and duration.

There is no upfront cash consideration payable by Generali or GIH to Cathay Life, and the impact on the Group's Solvency II ratio is expected to be negligible.

Generali Group CEO, Philippe Donnet, said: *"Through the acquisition of Conning and the long-term partnership with Cathay Life, we will enhance our asset management capabilities, strengthen our footprint in the key US and Asian markets, and create a platform to deliver on our broader asset management strategic ambitions in order to maximize value for all stakeholders, including Generali's insurance business. This compelling opportunity is fully consistent with the strategic and financial objectives of our 'Lifetime Partner 24: Driving Growth' strategic plan, with the continued development of our asset management franchise."*

³ Represents combined AUM for CHL and Generali AM as of 31 March 2023. EUR: USD conversion based on exchange rate of 1.0902.

⁴ Represents combined AUM for CHL and Generali Group as of 31 March 2023. EUR: USD conversion based on exchange rate of 1.0902 as of 31 March 2023.

⁵ On a FY22 basis: Chinese AM operations contributed AUM of € 43 billion and an operating result of € 93 million to Generali Asset Management.



Hong-Tu Tsai, Chairman of Cathay Financial Holdings, commented: “As a client and shareholder since 2011, Cathay has enjoyed a long and successful partnership with Conning. We are now very excited about continuing to remain involved as a shareholder in Generali Investments Holding and to work together with Generali to support the continued growth of Conning. We also look forward to seeking new opportunities for further collaboration, including in the Asia Pacific.”

Carlo Trabattoni, Generali’s CEO Asset & Wealth Management, said: “This deal drives sustainable value creation for both companies and third-party clients based on the strong complementarity between Generali Asset Management and Conning. It reinforces our ambitions and positioning as a leading global provider of diversified investments solutions, with further skills for insurers and institutional clients. The benefits of this partnership are significant for our asset management business adding high-quality, differentiated investment capabilities.”

Woody Bradford, Chief Executive Officer and Chair of the Conning Holdings Limited Board, added: “This is a highly complementary business combination that presents exceptional long-term opportunities for Conning and its affiliates – maintaining our firm’s ability to provide performance and service to our clients while extending our global investment capabilities. We believe this transaction provides stability for our clients and employees, maintains continuity of leadership and strategy, and will generate new collaboration opportunities with Generali and its affiliates to strengthen both firms.”

Subject to customary regulatory, anti-trust and other relevant approvals, the transaction is expected to be completed in 1H2024.

Ardea Partners and BofA Securities acted as financial advisors and Linklaters acted as legal advisors to Generali in relation to the transaction.

THE GENERALI GROUP

Generali is one of the largest global insurance and asset management providers. Established in 1831, it is present in over 50 countries in the world, with a total premium income of € 81.5 billion in 2022. With 82,000 employees serving 68 million customers, the Group has a leading position in Europe and a growing presence in Asia and Latin America. At the heart of Generali’s strategy is its Lifetime Partner commitment to customers, achieved through innovative and personalised solutions, best-in-class customer experience and its digitalised global distribution capabilities. The Group has fully embedded sustainability into all strategic choices, with the aim to create value for all stakeholders while building a fairer and more resilient society.

CATHAY FINANCIAL HOLDING CO., LTD.

Cathay Financial Holding Co., Ltd. is one of the largest financial holding companies in Taiwan with total assets of US\$392.8 billion at the end of 2022. The company’s major subsidiaries include Cathay Life Insurance, Cathay United Bank, Cathay Century Insurance, Cathay Securities, Cathay Securities Investment Trust and Cathay Venture, serving collectively over 15.1 million customers through 691 business locations across Taiwan. The company has also expanded its operations in the Asia-Pacific, including in China and Vietnam. Cathay Life Insurance is the largest life insurance company in Taiwan.

CONNING HOLDINGS LIMITED

Conning (www.conning.com) and its Affiliates are a leading investment management firm with over \$157 billion in global assets under management as of March 31, 2023.⁶ With a long history of serving the insurance industry, the firm supports institutional investors, including insurers and pension plans, with investment solutions, risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

⁶ As of March 31, 2023, represents the combined global assets under management for the affiliated firms under Conning Holdings Limited (“CHL”). Note that the firm’s reported AUM since 2015 has included the assets of Cathay Securities Investment Trust Co., Ltd. (“SITE”). The CHL and SITE combined AUM is approximately \$201 billion as of March 31, 2023.

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