# Inverco Annual Meeting
# Closing speech

Rodrigo Buenaventura. The CNMV Chairman
Madrid, 18 June 2021

Good afternoon.

Thank you very much, Ángel, for your introduction and kind words.

It is a pleasure for me to speak for the first time at Inverco's Annual Meeting, given the role that your members play in our financial industry and that you are to continue playing in the coming years. And also given the constructive dialogue that Inverco and the CNMV have traditionally maintained and that I have been able to verify in recent months.

Some of you may have heard me, in my last few public speeches, express my satisfaction with the way in which the collective management industry weathered these five quarters of pandemic and financial crisis. Firstly, by handling and then overcoming totally novel events of a global nature, which, concentrated in a short space of time, affected the foundations of the financial industry and the economy of all countries.

This reflection does not only stem from the recovery and growth of investment fund assets. It also arises from the satisfaction derived from seeing an asset management sector such as the Spanish one, which, in abnormal and unexpected market circumstances, has focused on the control and management of an adequate liquidity of the funds, as well as on maintaining the principle of equity among investors.

But while my words should be understood as satisfaction for a joint effort and work well done throughout these months, they should not be understood as a nod to complacency, which would be a bad travelling companion, given the many and varied challenges that collective investment must face in the next few years.

It is also likely that you have heard me point out in those same public speeches, the importance and the role that the stock markets must have in the context of the search for economic recovery and sustainable growth, as well as greater involvement of the retail investor in the financial markets. This is where some of the management industry's challenges lie.

Collective investment has developed well in recent years with continuous improvement, not only in terms of management, but also in its levels of professionalism, efficiency and care in the service offered to the unitholder. All these aspects have undoubtedly provided a clear benefit to investors, to the broadening of the investor base and to the growth of assets. In fact, we ended the last quarter with 13.2 million unitholders and 308 billion euros of assets in Spanish financial collective investment schemes. However, these figures, attractive in themselves, coexist with a reality that has been with us for some time. Over the last few years, the market share of foreign investment funds marketed in Spain - in terms of assets - has grown steadily. At the end of the 2020 financial year, their market share reached 39%. By way of comparison, let us remember that in 2008, before the financial crisis and the entry into force of MiFID II, this market share stood at 8.3%.

The variety and diversity of product is always a point in favour of the investor. It facilitates the choice of preferred strategy or risk profile, stimulates efficiency through competition and offers a wider range in which to incorporate preferences in terms of risk, expected return and impact. In this regard, the CNMV has always been keen to increase diversity and to ensure that investors resident in Spain have access to the best product, whether domestic or EU-based.

However, it is not irrelevant that the Spanish collective investment industry maintains a considerable critical mass and a significant market share. Firstly, for its contribution to the Spanish economy in terms of wealth, activity, GDP and employment. In addition, a leading and efficient national industry will continue to pay attention to Spanish securities and markets that allow for a feedback loop of the savings-investment cycle. The relocation of funds or other investment vehicles for management reasons or even due to fiscal asymmetries, and thus the transfer of assets or vehicles to other countries, can have a significant impact on our own securities market, relegating our issuers, among other matters, to a secondary position in the selection processes of investment strategies and portfolios. It is not the same, in terms of asset selection, whether a fund or a SICAV (open-ended collective investment scheme) is managed from Frankfurt, Luxembourg or Bilbao, for example.

Due to the increased competition and breadth of supply, always welcome in any economic sector, all players must work together to further enhance the professionalism, stability, compliance and strength of the collective investment industry. Clearly, the existence of an equivalent and flexible regulatory framework is a necessary prerequisite for the achievement of this objective, and it is therefore necessary to continue with regulatory alignment endeavours which have been ongoing for years.

The second challenge facing the management industry in the coming years is that of sustainability. This is still a recent transformation, which from a normative and regulatory point of view is in its infancy, but which is undoubtedly shaping up to be an irrevocable transformation. The implementation since last March of the Sustainable Finance Disclosure Regulation (SFRD) and the Taxonomy Regulation, has represented an initial and solid step, or even stride, to prepare the contribution of the financial sector to the transformation of the European economic model.

Collective investment must play a fundamental role in this process of transformation towards a sustainable ecosystem, in at least two areas.

On the one hand, in the clear identification of the contribution of investment funds to a sustainable economy - either those that fall under the light green nomenclature, which promote environmental or social characteristics, or under dark green, which aim at sustainable investment in accordance with the regulation. This is in addition to other obligations to provide detailed information to clients on sustainability risks and how these are integrated into their remuneration policies, as well as the main adverse impacts that their investment decisions may have on ESG factors.

The self-assessment of the 1400 funds that have undergone the prospectus update process, derived from the implementation of the SFDR regulation, presents a dual picture. Fewer than 10% of Spanish funds have been classified as green (in any of its meanings). On the one hand, this encourages us to think that the risk of greenwashing is limited and that there has not been an avalanche of positioning based on eco-posturing. And on the other hand, the figure may be reduced if we take into account the perceptible demand for sustainable investments that we can all observe. It is very possible that this percentage will increase and in this sense, it will be important for the Spanish industry to adapt its offer as the demand for sustainable funds from clients becomes consolidated, so that this portion of the market can be channelled again through both national and imported products.

The other aspect in which the collective investment sector will play an important role is its function as a tool for channelling retail investors' savings, which, together with public funds, will enable the acceleration and financing of the economic transformation process, which the European Commission itself estimated at 260 billion euros per year in necessary investment.

And it is this second role that allows me to return to the point I made at the beginning of my speech. Empowering and strengthening stock markets will be necessary if the goals of economic transformation are to be achieved. The markets are the platform that gives our issuers the necessary visibility to the whole investment community, allowing them to grow and provide stable financing for companies, far removed from more traditional bank debt schemes. And it is on this platform where collective investment, efficient, professionalised, with a stable tax environment similar to that of comparable neighbouring countries and with a high degree of knowledge of corporate finance, must act as a gateway, a link of union and trust between savers and retail investors and the market itself.

In short, today I have not told you about the debate on the financial stability dimension of collective investment, changes in market structure, digitalisation, crypto-assets, cybersecurity and the forthcoming stewardship code, which are also crucial topics for the evolution of the industry. This indicates that there is enough to keep us engaged and excited about as the market and its players, among which collective investment schemes play a central role, are transforming.

Thank you very much.