

# **SURA Asset Management Corporate Presentation**

Q2-2020

# Disclaimer

The forward-looking statements contained herein are based on Management's current forecasts and outlook.

For better illustration and decision-making, figures for SURA Asset Management and its subsidiaries are administrative rather than accountant, and therefore may differ from those presented to official entities. Thus, SURA Asset Management assumes no obligation to update or correct the information contained in this presentation.

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**OVERVIEW**

# Who we are

## #1 PENSION FUND MANAGER

in Latam, with a growing voluntary Savings and Investment business

**21.9%**

**MARKET SHARE**  
Mandatory Pension

## 35 YEARS OF EXPERIENCE

in the region, with a unique knowledge in the asset management industry.

**9,000**

**EMPLOYEES**

## REGIONAL PLATFORM

with a leading presence in 7 countries

**+482**

**SOLUTIONS AND PRODUCTS FOR OUR CLIENTS**

## RELEVANT CLIENT BASE

in attractive markets

**~20.9 million**

retail clients

And **304**

Institutional clients



ASSETS MANAGED BY OUR BUSSINESS

**USD 131 bn**

OPERATING REVENUE

**USD 324.8 m**

OPERATING EARNINGS

**USD 86.8 m**

**7** COUNTRIES

INVESTMENT GRADE:

**FITCH BBB+**

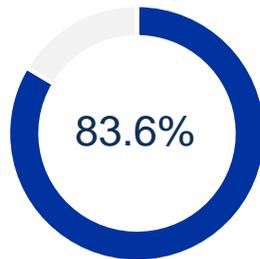
**MOODYS Baa1**

# Backed by reputable shareholders

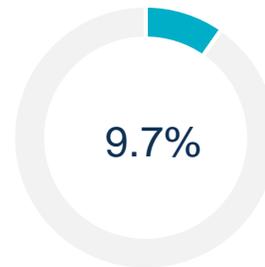
## Support from Strong and Sophisticated Shareholders



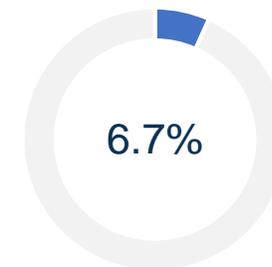
Latin American holding company with a strategic focus on the diverse financial services sector.



Colombian investment group with significant experience in the financial sector



Second largest pension fund in Canada, CDPQ managed assets of \$308.3 billion invested in Canada and elsewhere.





PERSONS



INSTITUTIONS

## SAVINGS FOR RETIREMENT

- » Mandatory pension
- » Severance



**AUM**  
**USD 116.3 bn**

## SAVINGS AND INVESTMENT

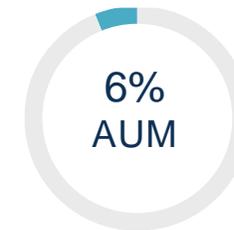
- » Voluntary Pensions
- » Distribution of own Mutual Funds and open architecture
- » Unit linked
- » Insurance distribution
- » Sales and trading



**AUM**  
**USD 10.0 bn**

## INVESTMENT MANAGEMENT

- » Management of investment portfolios and services (Mandates and Funds)
- » Creation of investment products and services including distribution to institutional clients



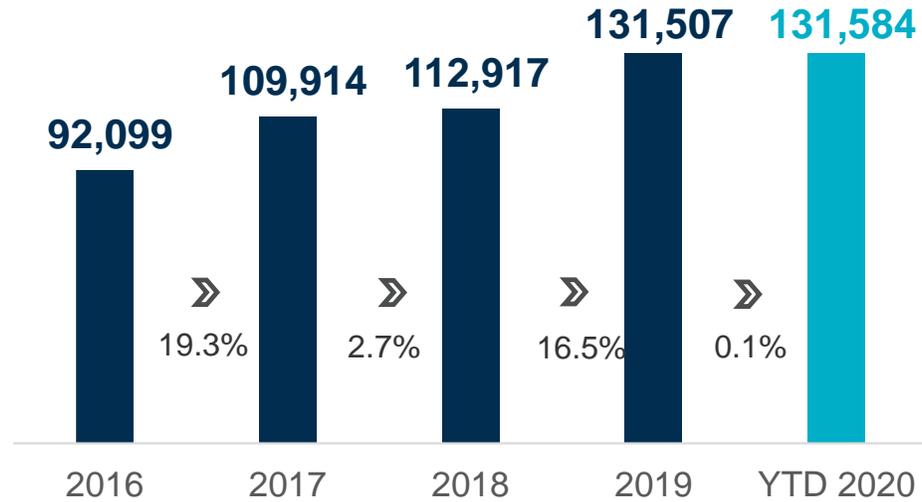
**AUM**  
**USD 9.2 bn**

\* USD 3.5 bn from WM business

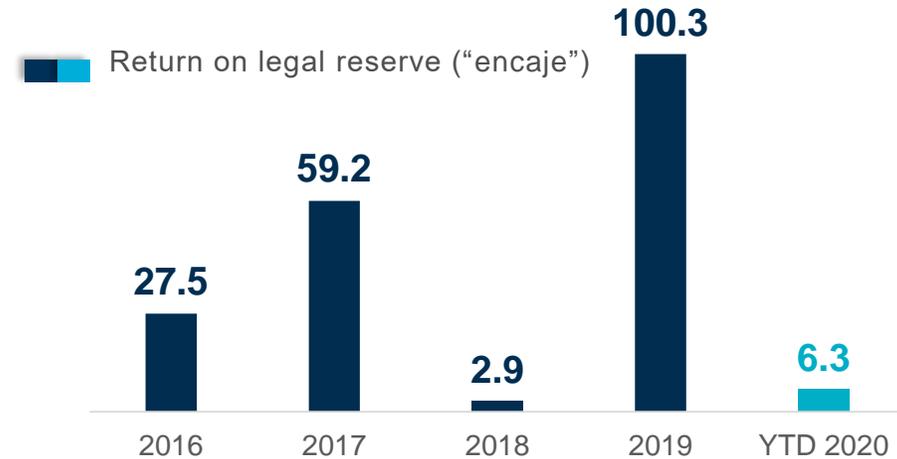
**FINANCIAL  
PERFORMANCE**

# SURA AM's Financials Evolution

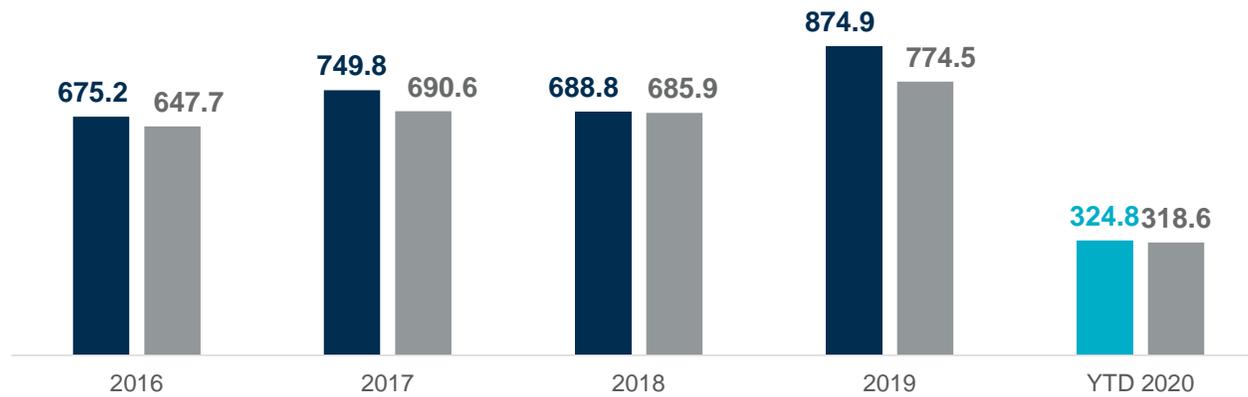
## AUM



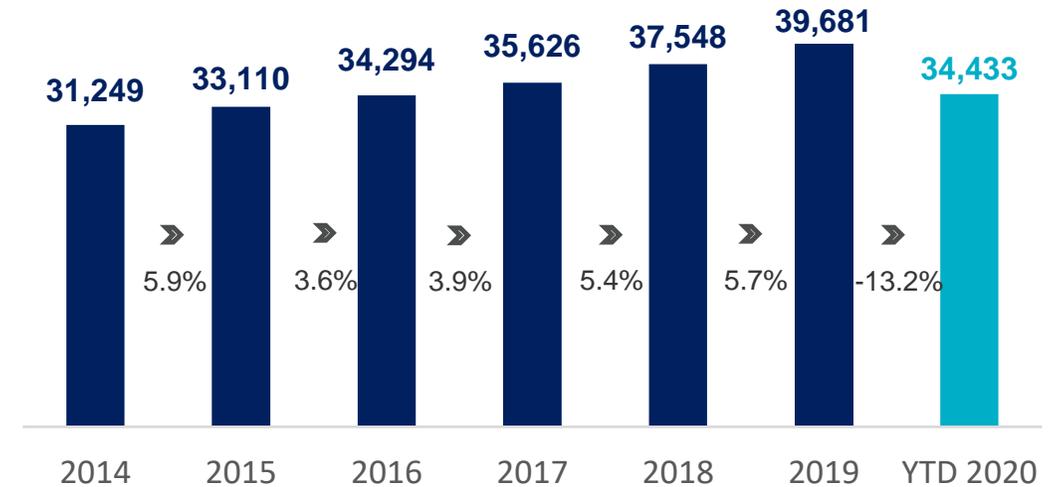
## RETURN ON LEGAL RESERVE



## OPERATING EARNINGS



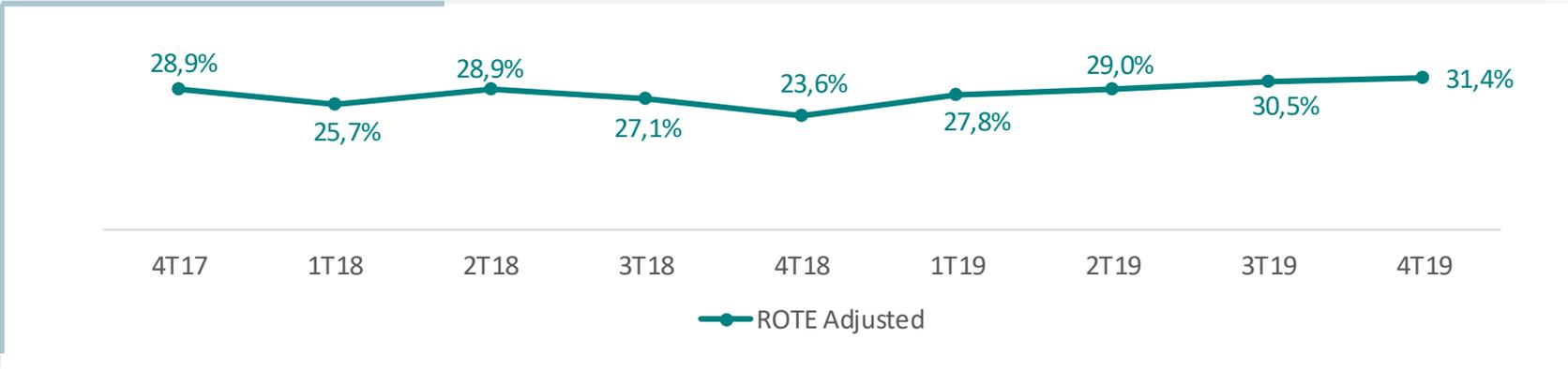
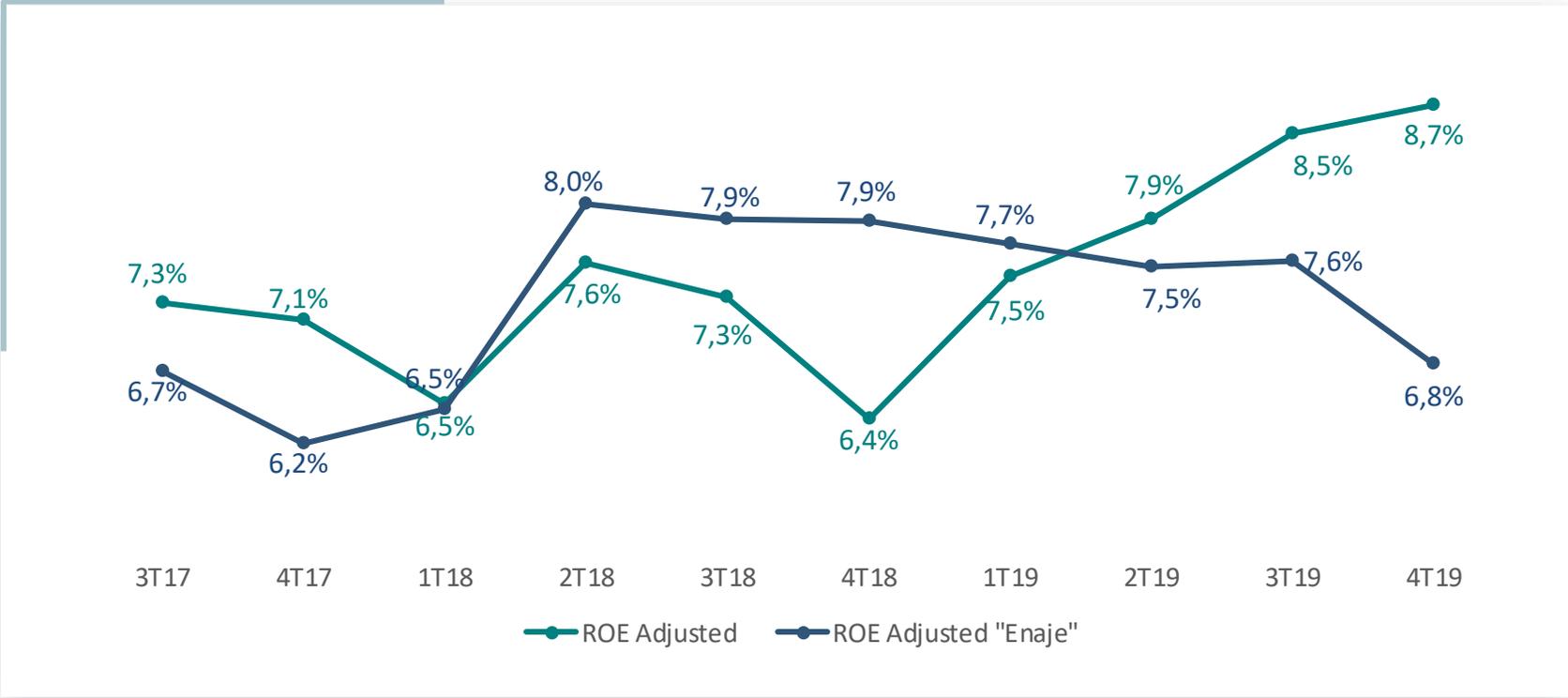
## WITH A STABLE SALARY BASE

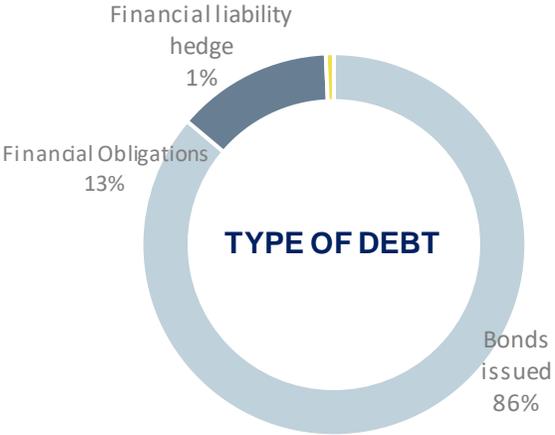
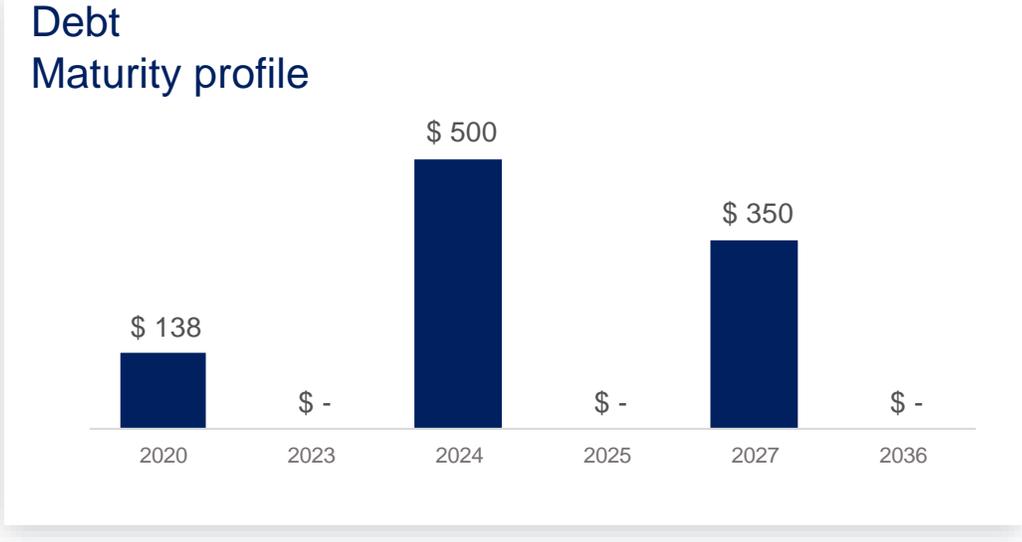


■ Operating earnings  
■ Operating earnings exc. "encaje"

Note: Figures in USD million

# ROE Adjusted by Encaje





DEUDA / EBITDA LTM (BRUTA)	2.9x
COSTO DE LA DEUDA (Total)	6.25%*
EBITDA YTD / INTERESES	3.8x

**CORPORATE  
STRATEGY**

## OUR PURPOSE

Helping our clients to achieve their dreams and goals

## STRATEGIC GUIDELINES

» Our client in the **center of our strategy**

- Persons
- Institutions

» Core guidelines for the **development of our businesses**

- Sustainability of our Savings for Retirement Business
- Transforming our Savings and Investment Business
- Developing our Investment Management Business

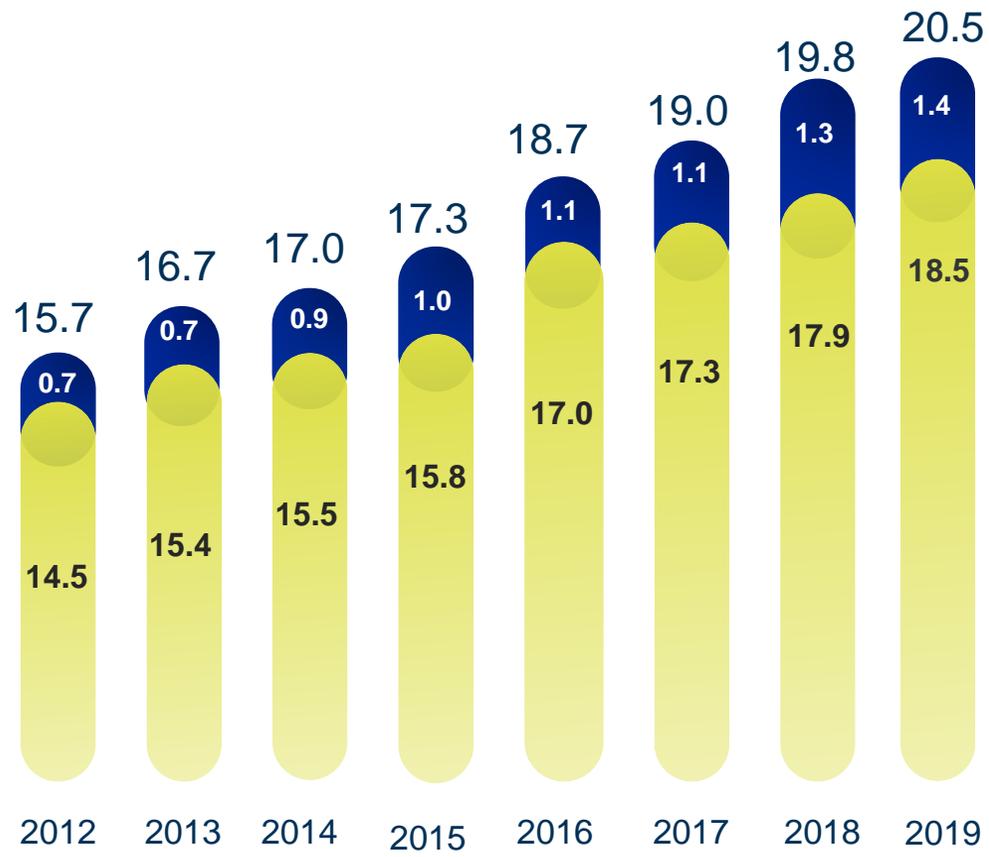
» Capacity development through transversal **enabling strategy guidelines**

- Investment Management
- Channel Management based in our advisory services
- Innovation and digital transformation
- Human Talent and our transforming culture

**CLIENT CENTRIC  
FOCUS**

# Clients at the core of our corporate strategy

## CLIENTS

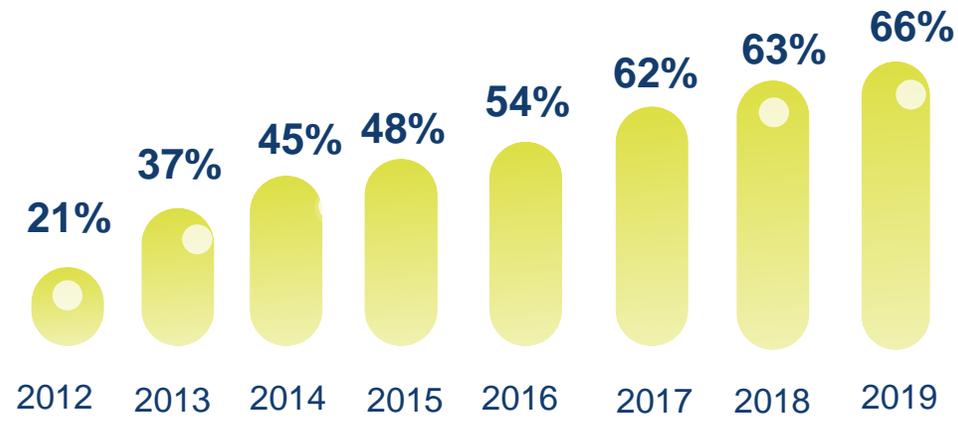


**TOTAL**  
**+4.5%**  
**CAGR 12-19**

● **MANDATORY**  
**+3.9%**  
**CAGR 12-19**

● **VOLUNTARY**  
**+13.0%**  
**CAGR 12-19**

## BRAND AWARENESS



Outstanding  
brand  
recognition



Relevant  
Client base



High client  
recommendation

**SAVINGS FOR  
RETIREMENT  
BUSINESS**

# Savings for Retirement business

## Investments Highlights



Natural Source  
of Revenue  
Stability



Economic and  
Demographics  
Growth



Undisputable  
leadership in  
the Region



Outstanding funds  
performance and  
Efficiency in  
operative model

# Savings for Retirement business

## Investments Highlights



Natural Source  
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Outstanding funds  
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# Highly stable business compared to other financial services

## Pension Funds System Is a Natural Source of Revenue Stability



Stable cash flows as fees are mostly based on monthly contributions

Longstanding client relationship with recurrent, "sticky" contributions

Regulated fund performance is similar among fund managers, leading to lower client churn

Upside potential due to attractive demographic trends

## TRADITIONAL ASSET MANAGERS

Vulnerable cash generation as fees are more volatile, generally based on AuM and performance

Not captive client base, can flee easily

Investor's asset allocation and performance lead to higher client churn

More mature and developed markets

# Savings for Retirement business

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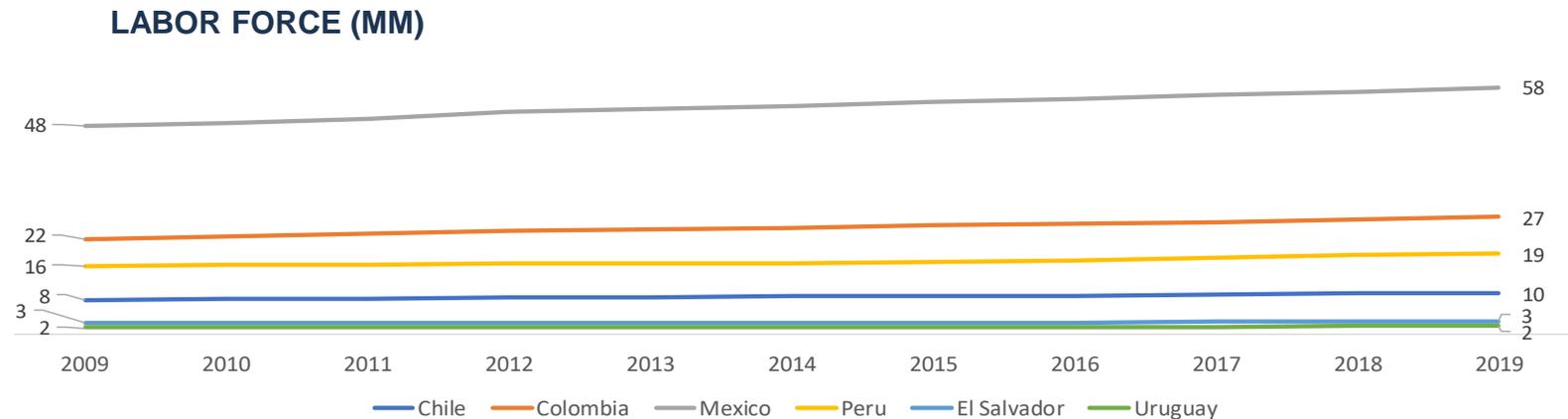
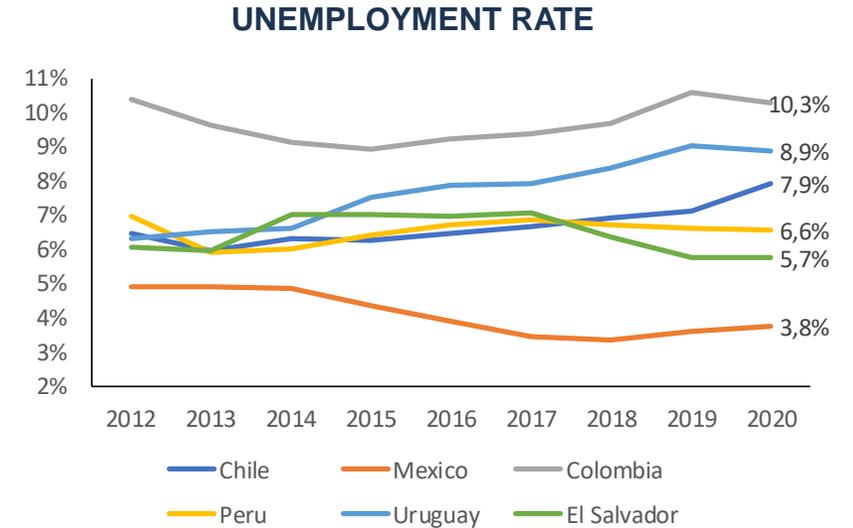
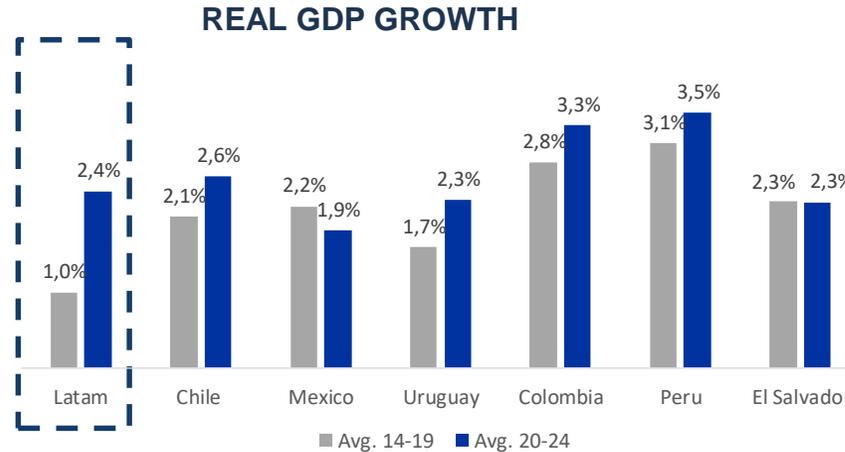


Outstanding funds  
performance and  
Efficiency in  
operative model

# Strong Macro Performance Despite Global Volatility...

SURA-AM's markets continue to present compelling fundamentals supporting long-term growth:

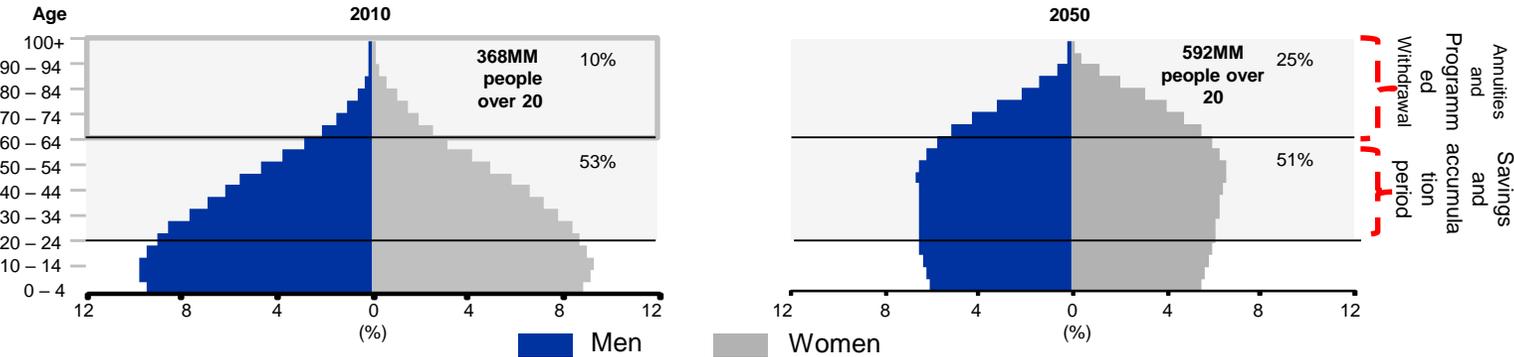
- i** Resilient economic growth and growing labor markets
- ii** Young populations and increasing employment formalization
- iii** Deep under-penetration of pension and wealth management products



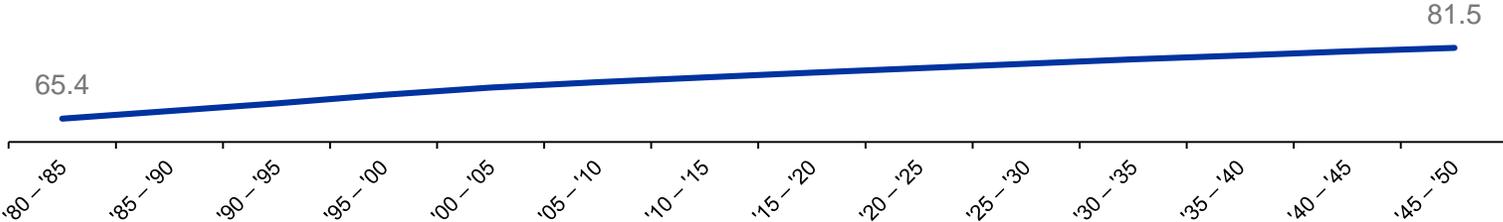
# ...Coupled With Strong Growth Potential Given Favorable Demographics...

## Strong Share of Population in Savings and Accumulations Age Poised to Bolster AUM

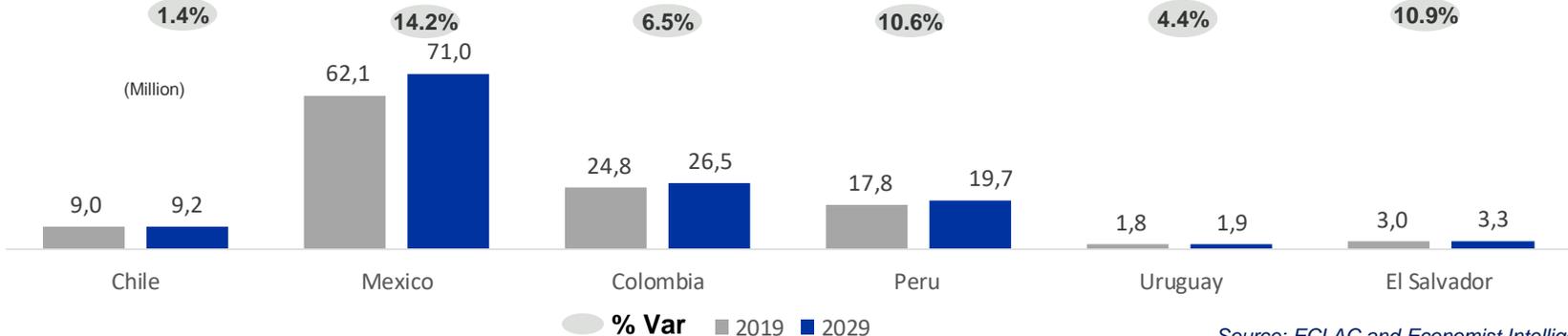
Attractive Demographics in a Fast Growing Market<sup>(1)</sup>



Growing Life Expectancy in LatAm<sup>(1)</sup>



Growing Economically Active Population

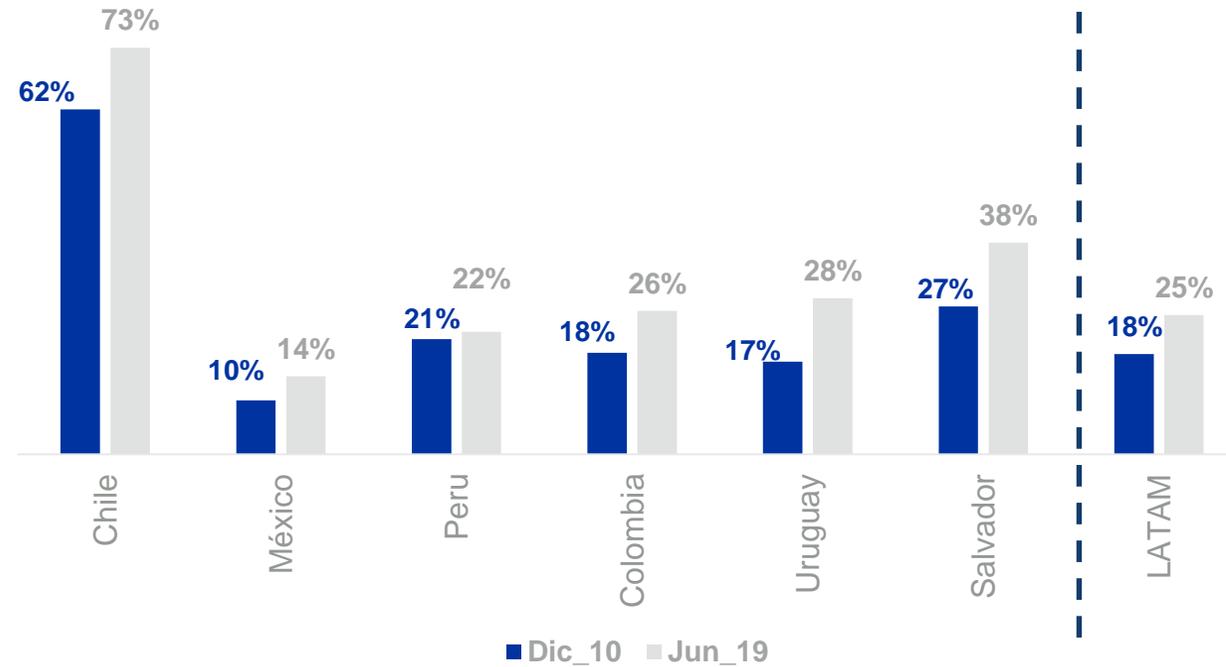


Source: ECLAC and Economist Intelligence Unit.  
 (1) Population distribution for Latin America as reported by ECLAC.

# ... In Underpenetrated Pension Industry

Low Penetration of Financial Services in LatAm Result in a Growing Opportunity in the Mandatory Pension

## June 2019 % GDP – PENSIONS



Source: LatinoAFP \*2019  
Market penetration = AUM / GDP.

# Savings for Retirement business

## Investments Highlights



Natural Source  
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Stability



Economic and  
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Growth



Undisputable  
leadership in  
the Region

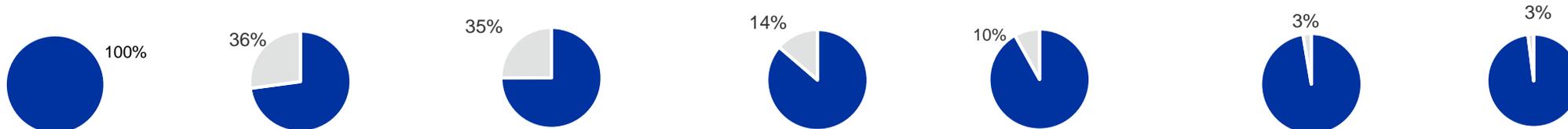


Outstanding funds  
performance and  
Efficiency in  
operative model

# Undisputed leadership in Pension Business

	 CHILE	 MÉXICO	 COLOMBIA	 PERÚ	 URUGUAY	 EL SALVADOR
	<b>21.9%</b> Ranking 1 <sup>st</sup>	<b>19.3%</b> Ranking 3 <sup>th</sup>	<b>14.7%</b> Ranking 3 <sup>rd</sup>	<b>35.8%</b> Ranking 2 <sup>nd</sup>	<b>37.4%</b> Ranking 1 <sup>st</sup>	<b>47.6%</b> Ranking 2 <sup>nd</sup>
Habitat (ILC + Prudential)	11.6%	28.1%			7.3%	
Metlife	9.6%	24.6%				
Principal	9.2%	17.8%	6.4%			
Banorte	7.6%		22.0%			
Grupo AVAL	5.9%			44.3%		
Citibank	6.2%		17.7%			52.4%
Scotiabank	3.8%			13.6%	24.9%	
Grupo BAL	5.3%		15.3%			
<b>Total AUM (USDBN)</b>	<b>547.3</b>	<b>214.0</b>	<b>190.5</b>	<b>73.6</b>	<b>43.0</b>	<b>14.5</b>
<b>Number of players</b>		<b>6</b>	<b>12</b>	<b>5</b>	<b>4</b>	<b>4</b>

**\$547 Bn AUM industry by country**



# Savings for Retirement business

## Investments Highlights



Natural Source  
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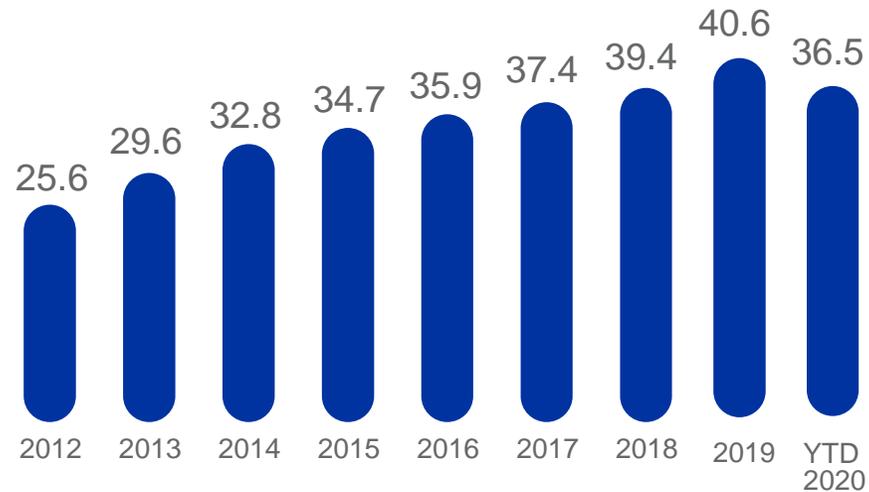
Undisputable  
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Outstanding funds  
performance and  
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operative model

# Savings for Retirement business

## SALARY BASE



## CLIENTS



*Figures as of December 2019 in USD million  
\*12 months % AUM Alpha Positive as of December 2019*

**54%\***  
**%AUM ALPHA  
POSITIVE**



Natural Source  
of Revenue  
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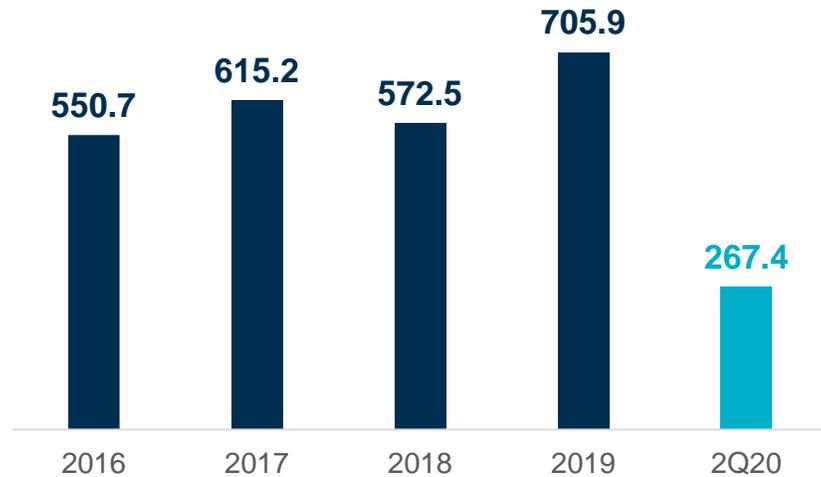
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Outstanding funds  
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# Savings for retirement business

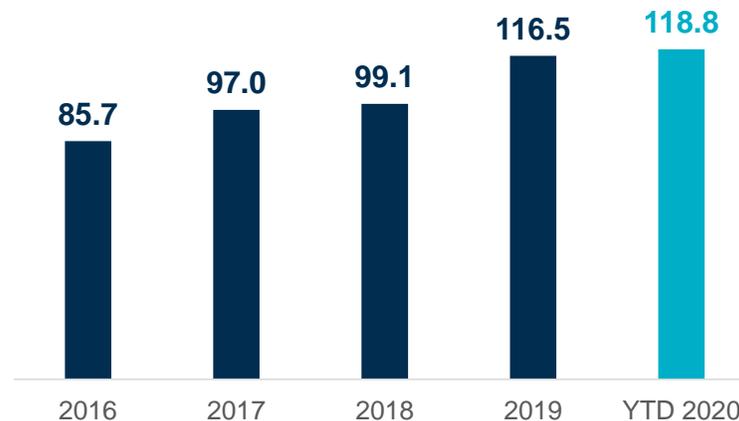
## OPERATING REVENUE



## OPERATING EARNINGS



## AUM



Figures as of June 2020 in millions of USD.  
AUM in billion of USD



Natural Source  
of Revenue  
Stability



Economic and  
Demographics  
Growth



Undisputable  
leadership in the  
Region



Outstanding funds  
performance and  
Efficiency in  
operative model

**SAVINGS AND  
INVESTMENT  
BUSINESS**

# Savings and Investment business

## Investments Highlights



Underpenetrated  
Industry with a  
relevant potential  
market



Building an  
advisory  
ecosystem



Growth Stage,  
with need of a  
larger scale and  
greater  
investment



Attraction and  
penetration of  
clients

# Savings and Investment business

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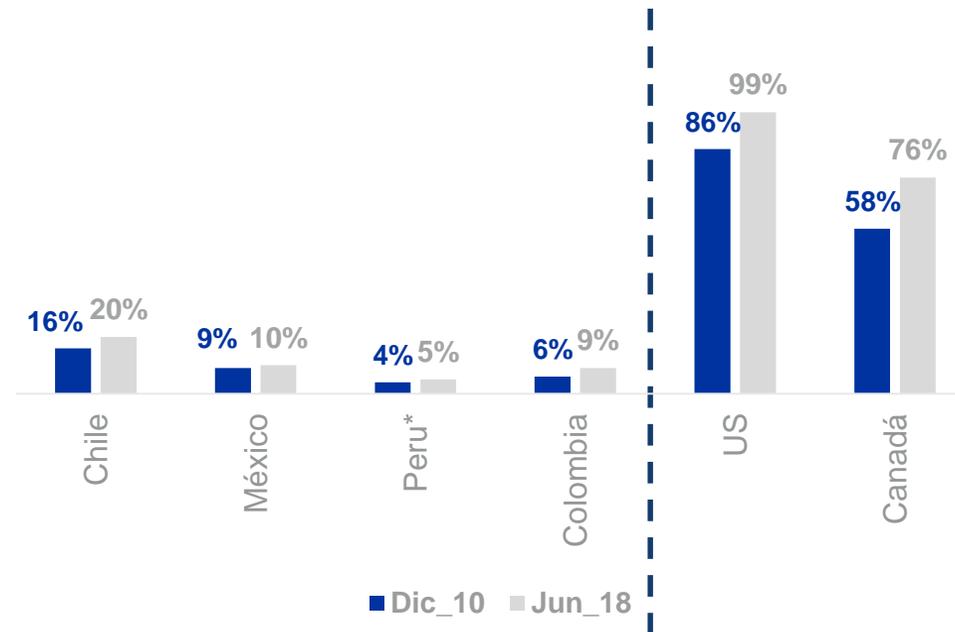


Attraction and  
penetration of  
clients

# ... In Underpenetrated Savings Industry

Low Penetration of Financial Services in LatAm Result in a Growing Opportunity in the Savings Industries

## Jun 2018 % GDP – MUTUAL FUNDS



# Savings and Investment business

## Investments Highlights



Underpenetrated  
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Attraction and  
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clients

# Transforming our Savings and Investment business

WE ARE TRANSFORMING OUR ADVISORY ECOSYSTEM

## BRAND AND CUSTOMER EXPERIENCE

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CUSTOMER KNOWLEDGE



SOLUTIONS AND  
STRATEGIES



CHANNELS

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TECHNOLOGICAL ARCHITECTURE

# Savings and Investment business

## Investments Highlights



Underpenetrated  
Industry with a  
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Building an  
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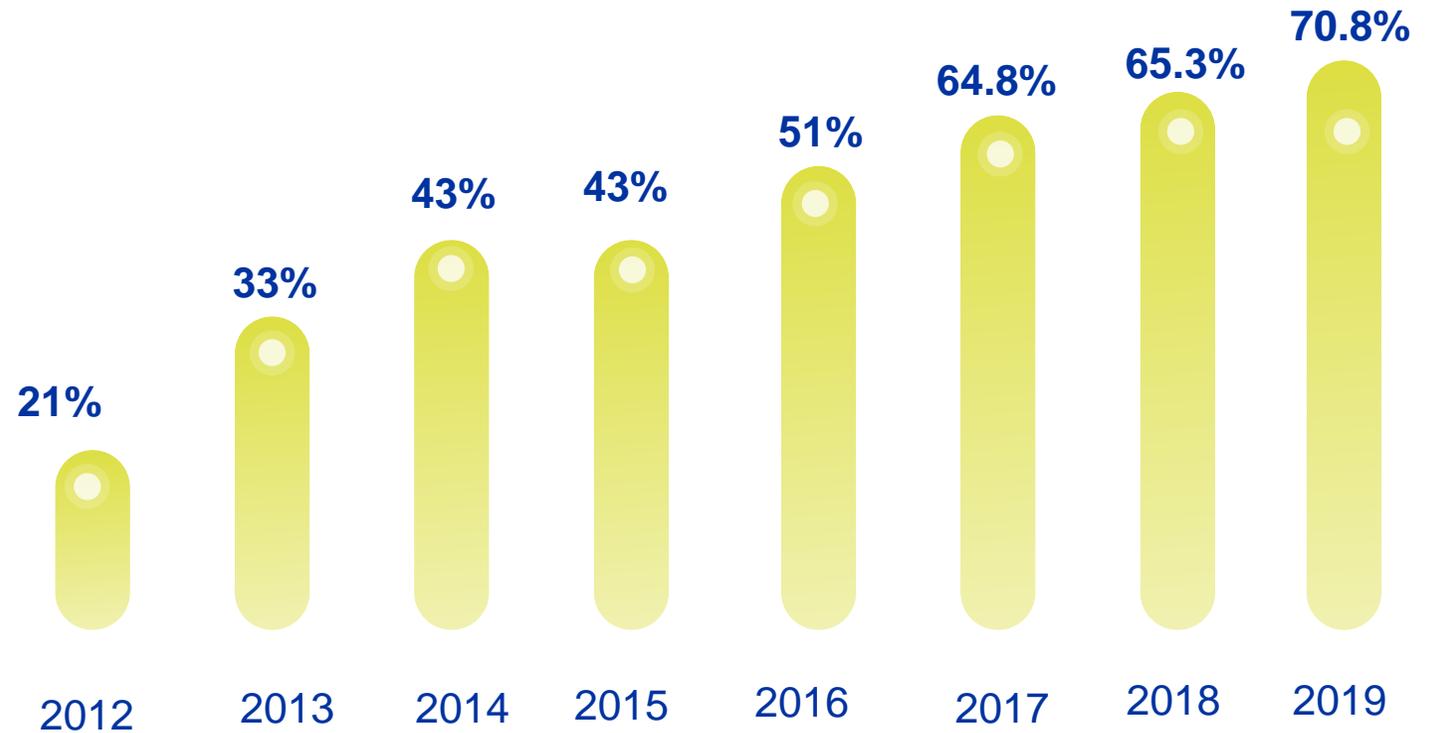
Growth Stage,  
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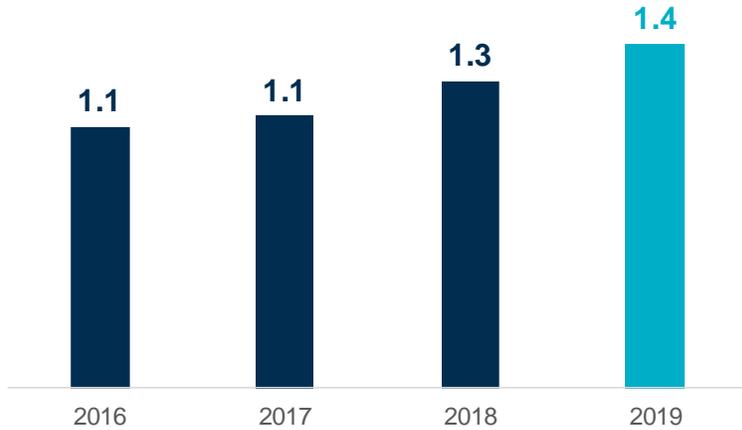
# Sura Inversiones Brand Awareness

Position a brand that leverages the business strategy and transmits confidence

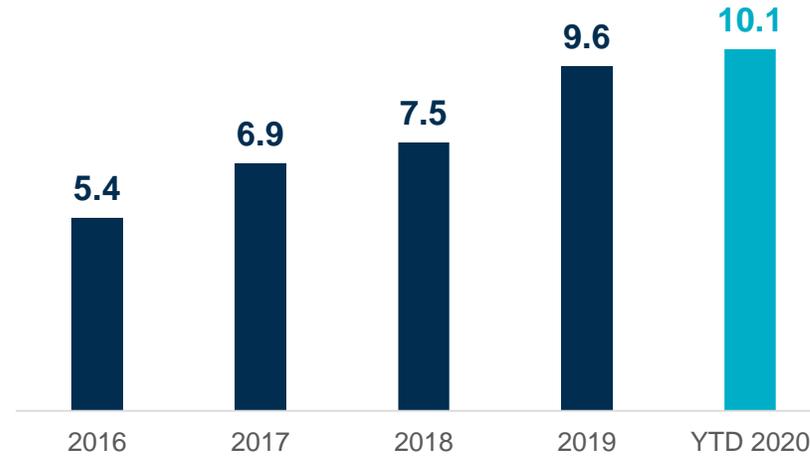


# Savings and Investment business

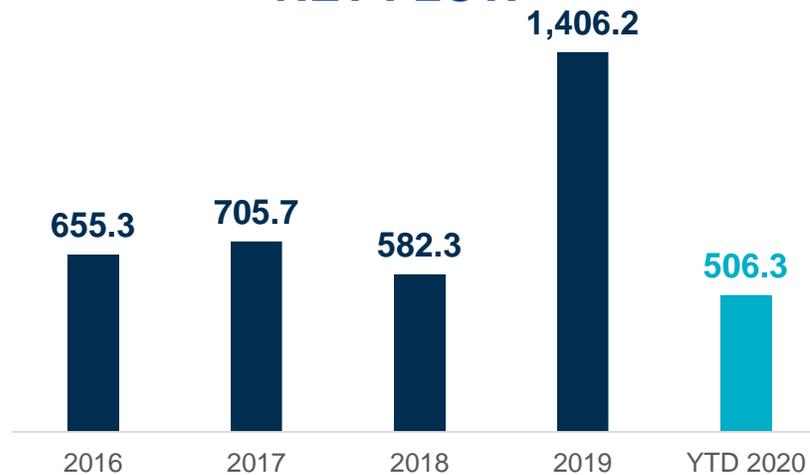
## CLIENTS (VOLUNTARY BUSINESS)



## Δ IIM



## NET FLOW



Figures as of June 2020 in millions of USD, from financial reporting, Protección 100%  
AUMs in billions of USD



Underpenetrated Industry with a relevant potential market



Growth Stage, with need of a larger scale and greater investment



Building an advisory ecosystem



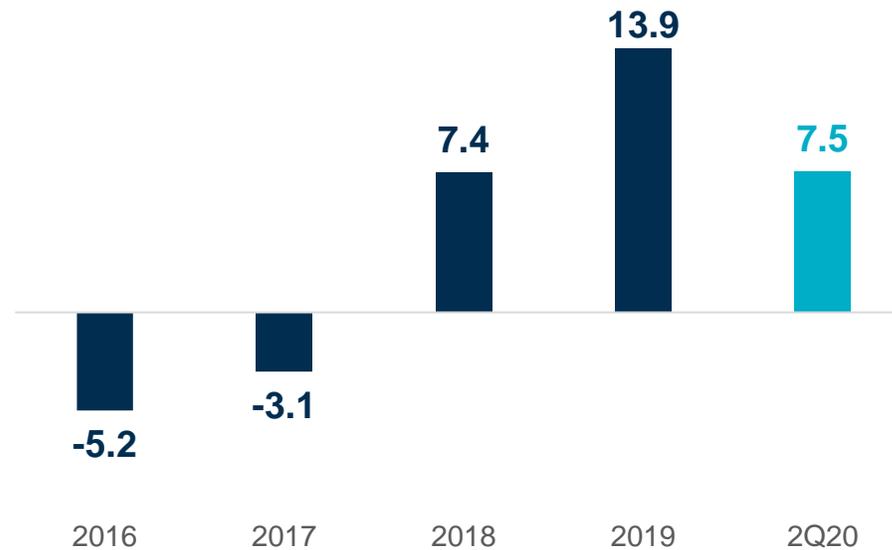
Attraction and penetration of clients

# Savings and Investment business

## OPERATING REVENUE



## OPERATING EARNINGS



Underpenetrated Industry with a relevant potential market



Growth Stage, with need of a larger scale and greater investment



Building an advisory ecosystem



Attraction and penetration of clients

**INVESTMENT  
MANAGEMENT  
BUSINESS**

# Investment Management business

## Investments Highlights



Regional platform  
connecting Latam  
to the world



Pure LATAM  
player with  
“local reach”



Strength of  
being a  
regional multi-  
asset actor



Outstanding  
track record

# Investment Management business

## Investments Highlights



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Pure LATAM  
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Outstanding  
track record

# Position ourselves as the most relevant non-banking Investment Manager in Latin America.

## IM Platform

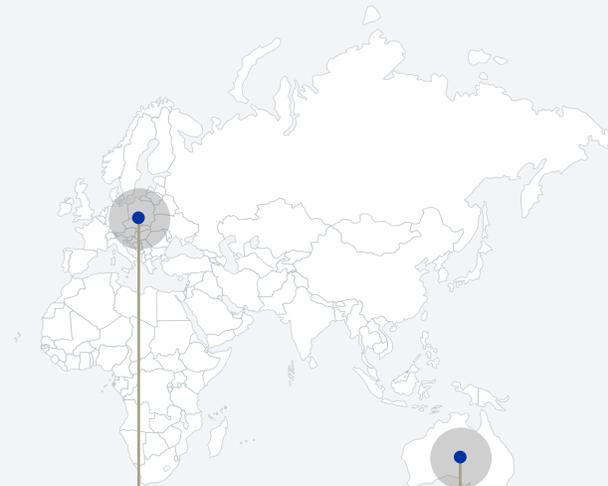
SURA Investment Management (SURA IM) is the investment management arm of SURA Asset Management

Experts in

# LATAM



## Off shore



**LUXEMBOURG**



**AUSTRALIA**

AUM  
25 M



# Investment Management business

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# Regional platform connecting Latam to the world



## FUNDS AND MANDATES

### TRADITIONAL ASSETS

Fix Income  
73%

Equity  
2.6%

Multi-asset  
13.1%

### ALTERNATIVE ASSETS

Real Estate  
5.5%

Infraestructure  
5.1%

Private Debt  
0,3%

FOF

## CLIENTS

Wealth Manager SURA and others Wealth Managers

### Institutionals

- Insurance Companies
- Pension funds plans

- Sovereign funds
- Family Offices

- Corporates

# Investment Management business

## Investments Highlights



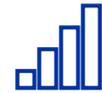
Regional platform  
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Outstanding  
track record

# Awards and recognitions

The rigorous investment process has allowed SURA Investment Management to outperform the market in the countries where it is located.



- Best Global Manager
- Best Equity Manager
- Best Fixed Income Manager
- Best International Equity Fund



- Best Asset Management Company in Mexico



## Turnaround stars: the three most improved PMs in LatAm equity

By Atholl Simpson / 16 Nov, 2017



- Funds: [Sura Acciones FMIV/Sura Mercados Integrados FMIV](#)
- Places gained: +56
- 1-year ranking (Oct. 17): 4/69
- 1-year returns: 18.65%

Coming top of our most improved ranking in Latin America is José Block of Sura Asset Management in Peru. He runs two Peru-domiciled funds, the largest of which, Sura Acciones, invests in the Peruvian equity market.

His other fund, Mercados Emergentes, invests in the Peruvian, Chilean and Colombian market. Little information on their portfolios' composition was available but Block has been running both funds since September 2015.

## ¡Adelante! The three best Mexican equity managers revealed

By Atholl Simpson / 01 Sep, 2017



- Funds: SURA Patrimonial SA de CV SIRV A/SURA Indizado SA de CV SIRV BOE2
- 1-year return: 17.86%

At the top of our ranking is Sura Asset Management's Arturo Hernandez who has been running both his funds since August 2014.

His Patrimonial fund was initially launched at the end of 2013 while the Indizado fund was launched in 2010. Both funds have very similar portfolios, with only 1 or 2 percentage point differences in the amount they allocate to each of their top sector, namely consumer defensive, industrials, financials and cyclical consumer.

The largest of the two is Sura Patrimonial with 2.7 billion pesos (\$151 million) in assets. In it Hernandez allocated over a quarter (27.6%) toward consumer defensive stocks, with industrials coming next with 23%.

## PERÚ GOLDEN AWARDS 2018

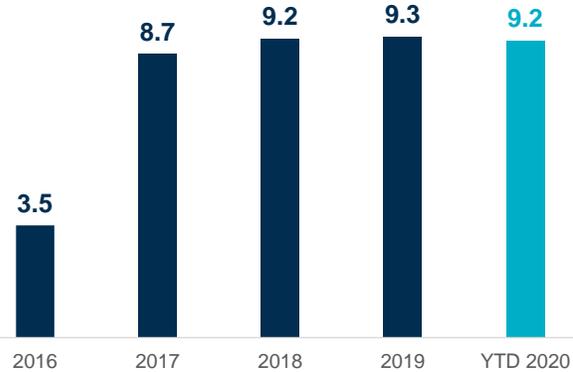
- Best mutual fund in Peruvian Soles
- Best equity mutual fund denominated in Peruvian soles.



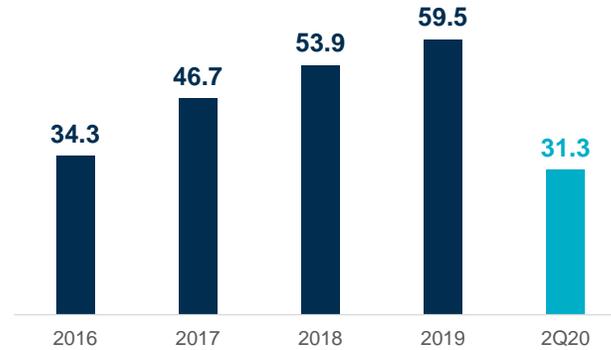
- Best Debt Fund with maturity of less than 90 days
- Best Debt Fund with maturity of more than 365 days
- Second Equity Fund
- Second Debt Fund category with maturities of less than 365 days

# Investment Management business

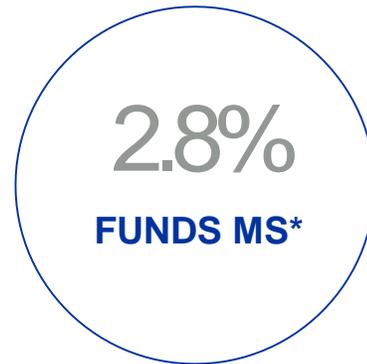
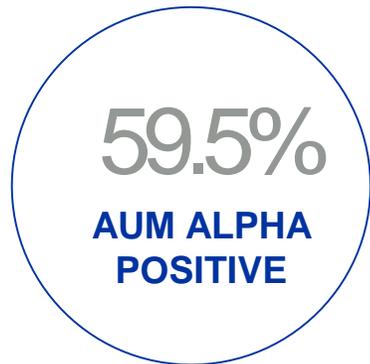
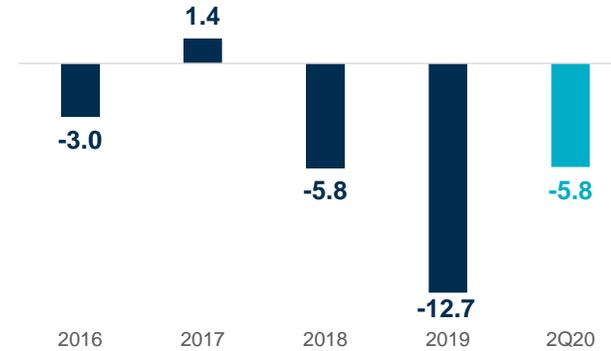
## AUM



## OPERATING REVENUE



## OPERATING EARNINGS



Regional platform  
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Strength of  
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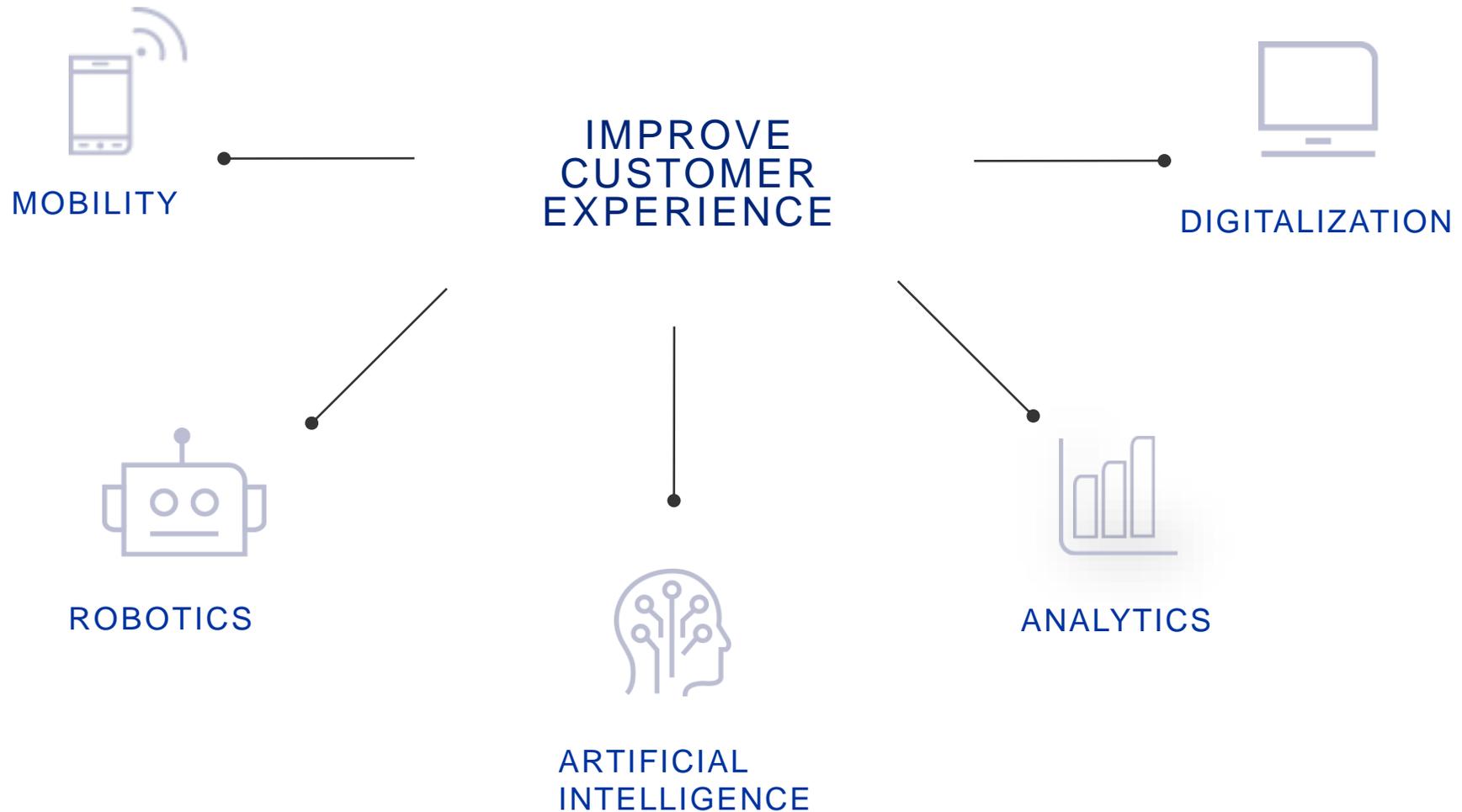
Outstanding  
track record

*Figures as of June 2020, from financial reporting in millions of USD.  
AUM in Bn USD  
AUM Alpha Positive and Funds MS as of December 2019*

**TRANSVERSAL  
ENABLING STRATEGY  
GUIDELINES**

# INNOVATION AND DIGITAL TRANSFORMATION

## EXPONENTIAL TECHNOLOGIES



# INVESTMENT MANAGEMENT



Investment  
platform/  
Aladdin



Portfolio  
decarbonization



Investment  
Excellence  
Center



# Q2-2020 RESULTS

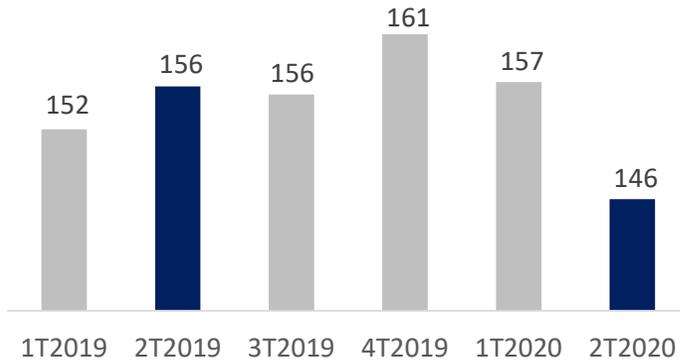
# RESILIENCY IN COMMISSION INCOME THANKS TO AUM GROWTH

Return on legal reserve recovers from Q1-2020 loss, but is still lower than 1H 2019

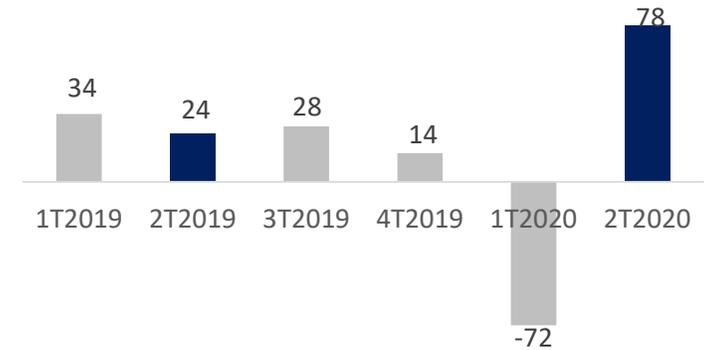


	jun-20	jun-19	%Var Ex - Fx
Fee and commission income	302	350	-2.0%
"Encaje" return	6	67	-89.3%
Income (Expense) of Equity Method	0	37	-98.9%
Other	5	13	-56.8%
<b>Operative revenues</b>	<b>314</b>	<b>468</b>	<b>-23.5%</b>
Insurance Margin	11	16	-16.7%
<b>Total operating expenses</b>	<b>-238</b>	<b>-261</b>	<b>4.5%</b>
Operating income	87	223	-55.6%
Income (expense) financial	-10	-28	-62.8%
Net earnings before income tax	76	195	-55.4%
Income tax	-41	-62	-25.7%
Profit for from discontinued operations	-3	-28	-85.5%
Net earnings	33	105	-65.2%

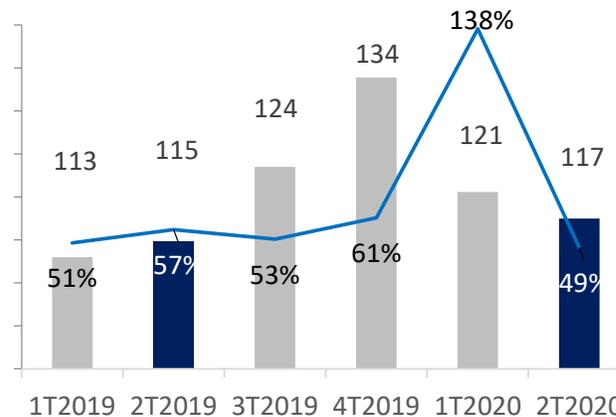
FEE AND COMMISSION INCOME



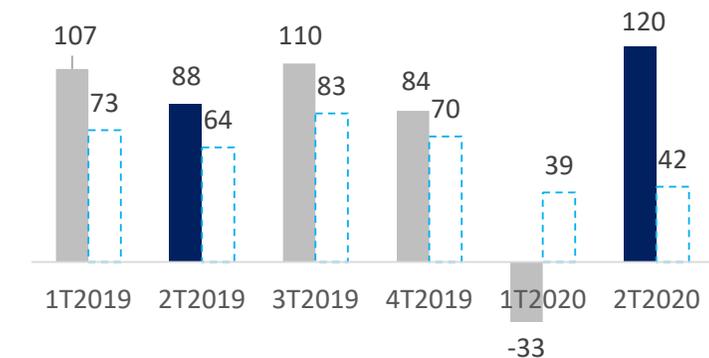
"ENCAJE" RETURN



TOTAL OPERATING EXPENSES  
% OPERATIVE REVENUES\*



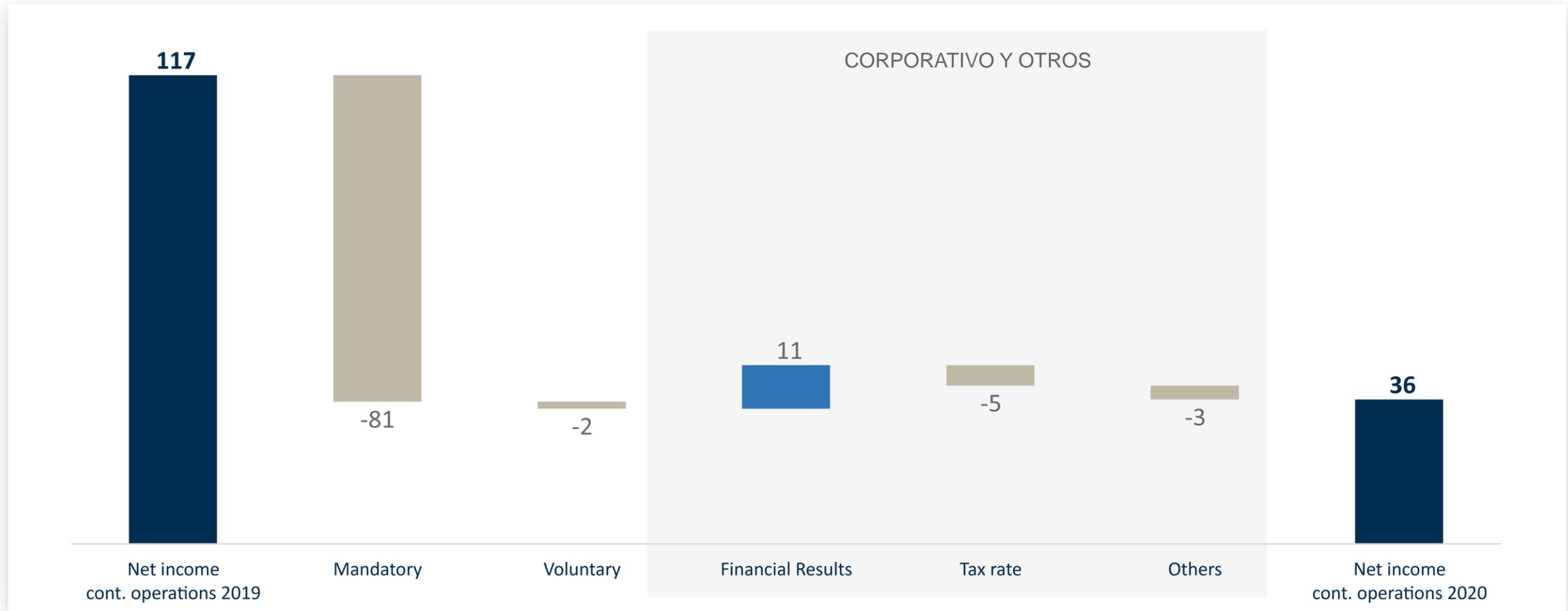
OPERATING INCOME  
OPERATING INCOME WITHOUT RETURN



\* Net operating revenues = Commission income + Total insurance margin  
 \*\* Also excludes income from legal reserve of Proteccion, adjusted for SURA AM's stake.  
 Figures in COP billion  
 \*\*\* Excludes FX effects

# NET INCOME IMPACTED BY PENSION BUSINESS

## Due to lower return on legal reserves



\* Net income excluding "encaje" (legal reserves) return from consolidated pension funds managers, net of related deferred taxes, and from Proteccion which is accounted via equity method

\*\*Financial result = Financial Income + Financial Expenses + Exchange Difference + Gains (losses) at fair value from hedging derivatives

\*\*\*Other includes the variation in net income from Annuities segment + other operating revenues and expenses from the corporate segment.

### NET INCOME IMPACTED BY MANDATORY PENSION BUSINESS

Due to lower return on legal reserves

Figures in USD million

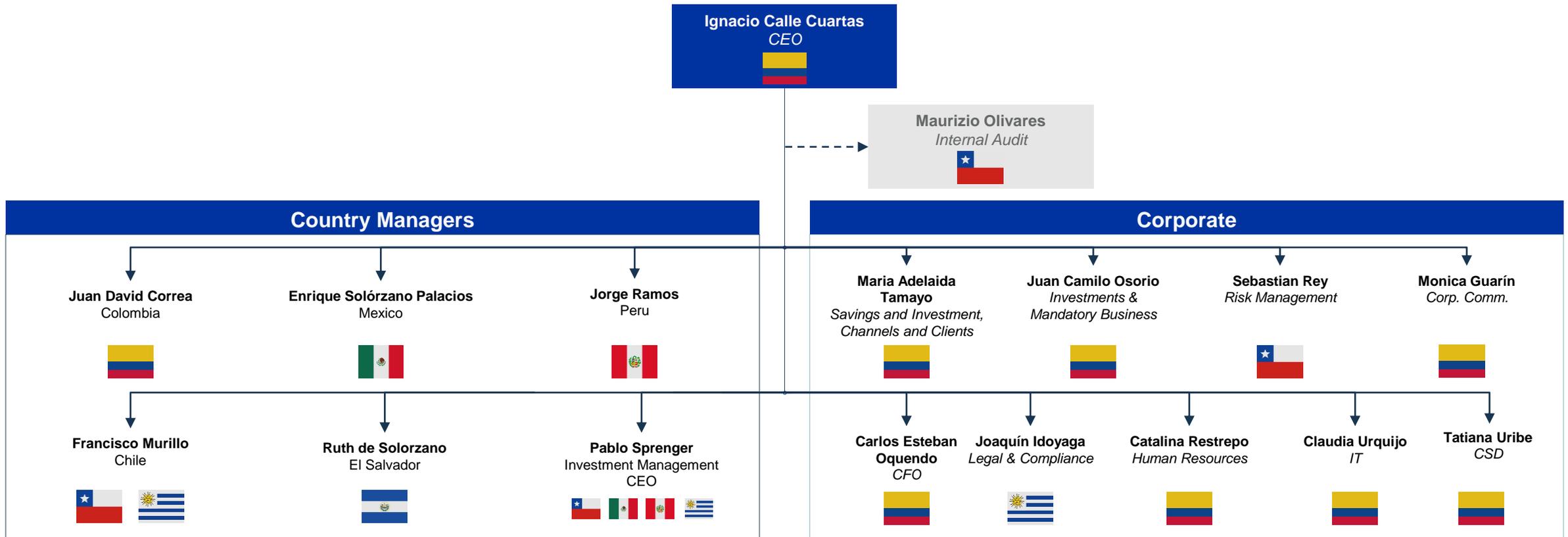
\*\*\*\* Excludes FX effects

**MANAGEMENT TEAM  
AND CORPORATE  
GOVERNANCE  
STANDARDS**

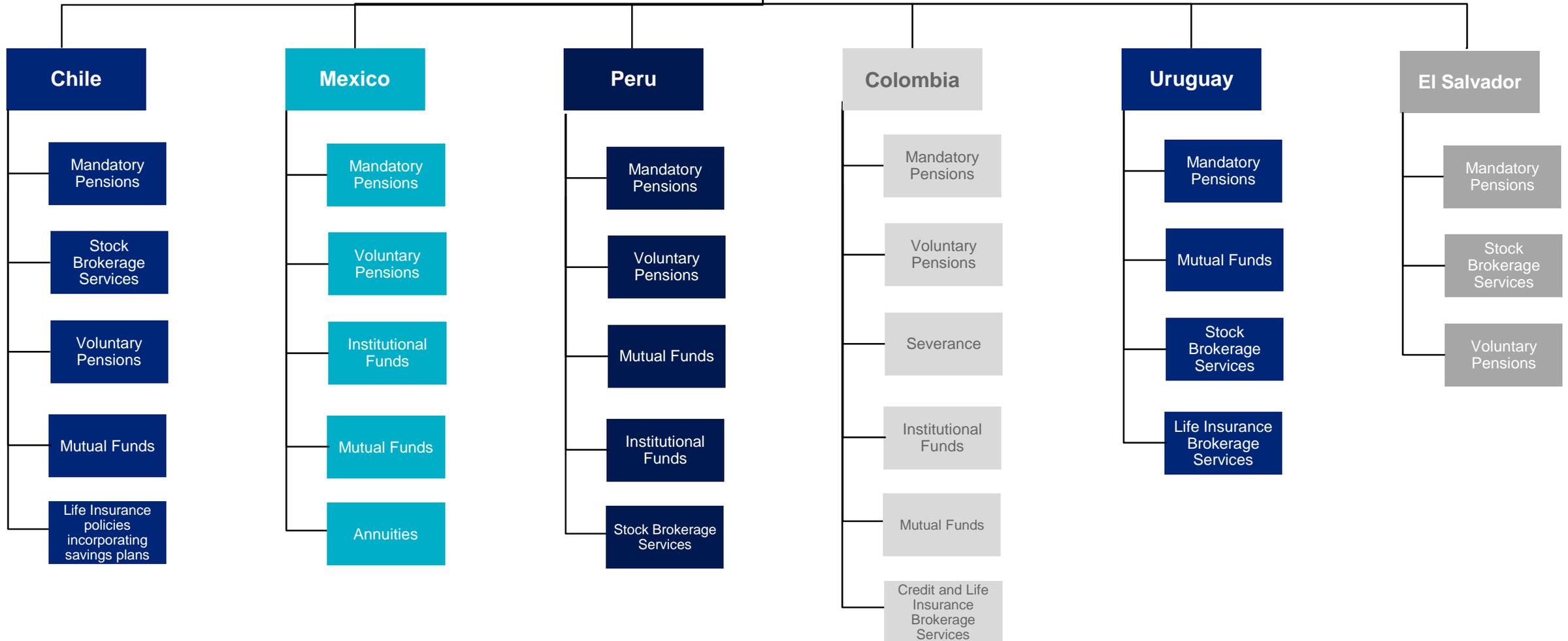
# Experienced management team

## Diverse, Experienced and Highly Coordinated Management Team

- » Senior Management has held their positions for an average of 20 years
- » Unique strategy, with management working towards one corporate vision instead of different countries' perspectives
- » Local industry expertise



## SURA Asset Management



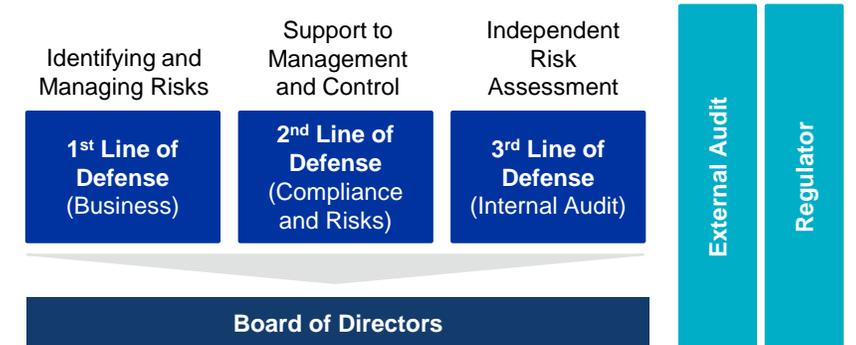
# Strong financial performance enhanced by prudent risk management (cont'd)

## Prudent and World Class Risk Management Framework

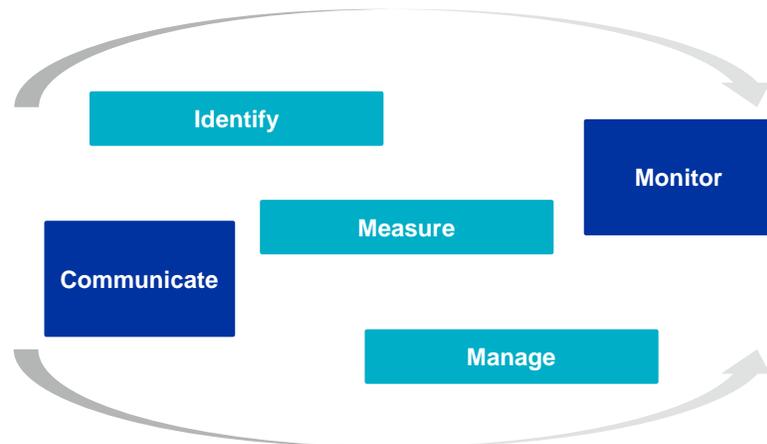
### SUAM's Risk Classification



### The Risk Management Framework is Based on Three Lines of Defense:



### Risk Management Process Based on a Continued Management of Risks



### SUAM Corporate Governance Structure



1. Developing risk category