

**Confidential and Proprietary**

**Ziarul Bursa  
Romanian Capital Markets Conference**

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**PRESENTATION BY ANDRE CAPPON  
THE CBM GROUP LLC**

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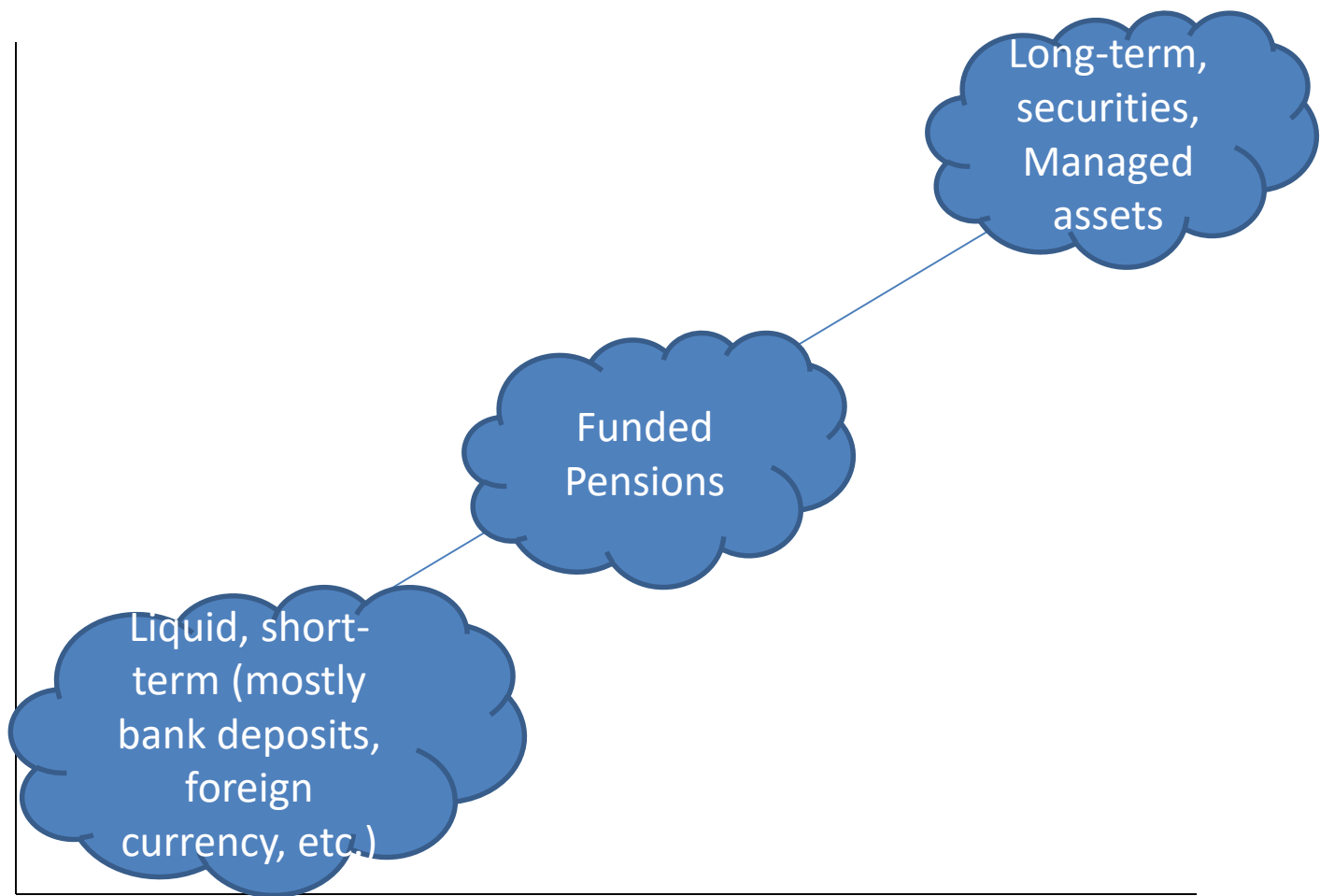
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# AN EVOLUTIONARY VIEW OF FINANCE...

INVESTABLE ASSETS  
(% of GDP OR PER CAPITA)



“Poor countries”  
Inflation, instability  
Real estate, gold are typical  
long term investments

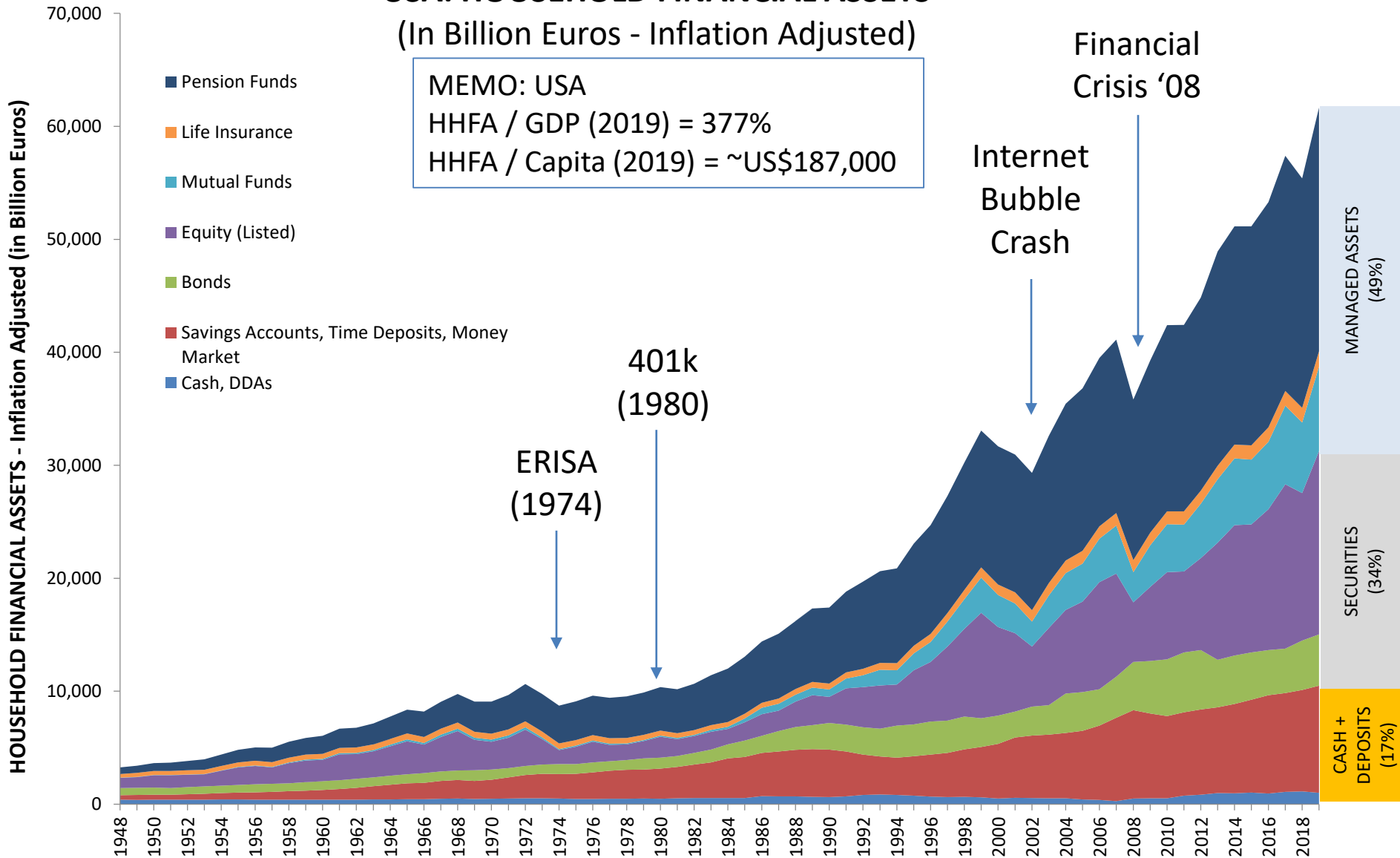
“Rich countries”  
Low inflation, stable

EXAMPLES:

- TURKEY
- ROMANIA
- POLAND
- BRAZIL
- ITALY
- CANADA
- USA

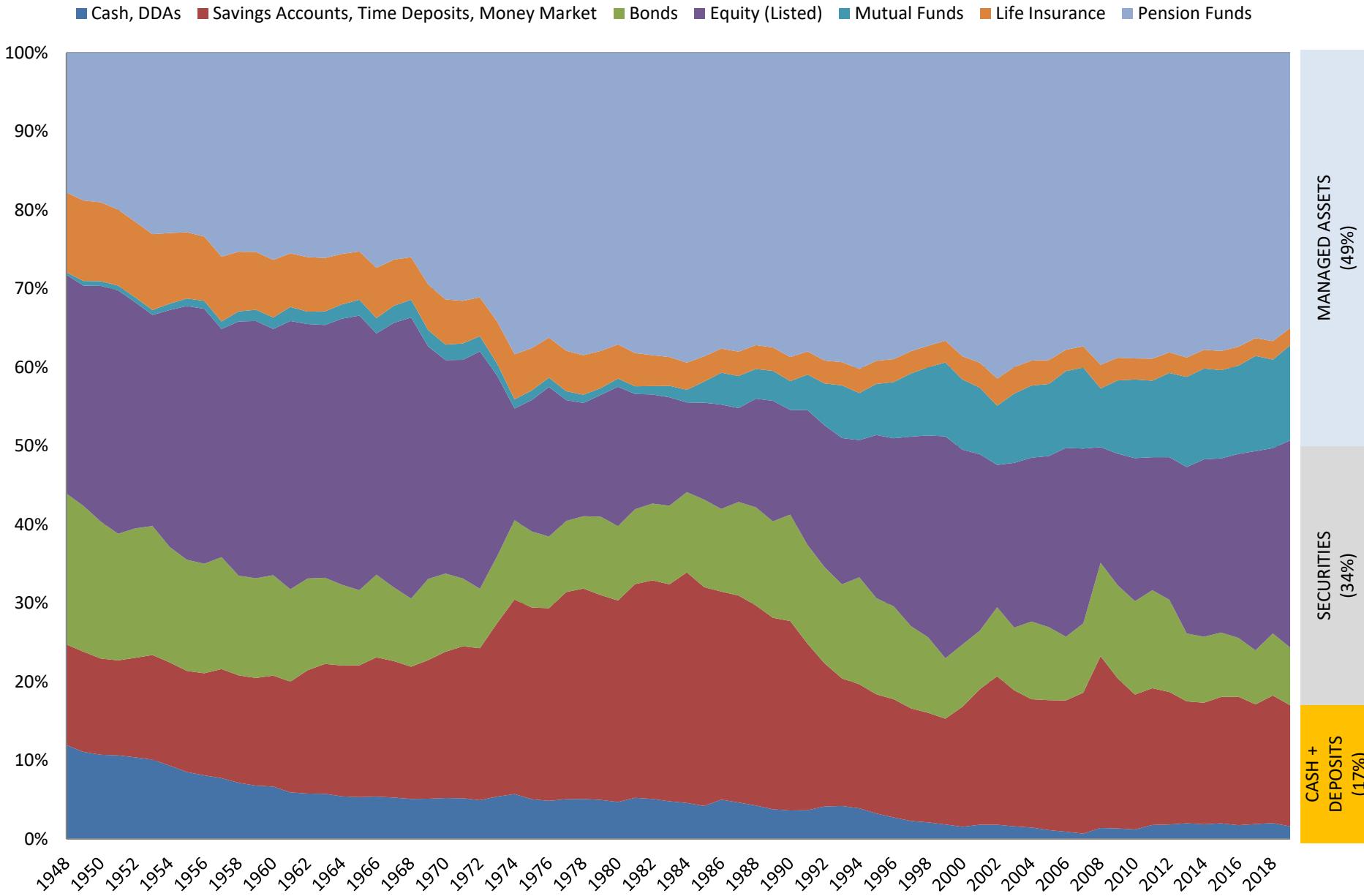
# AN EVOLUTIONARY VIEW OF FINANCE... EXAMPLE: THE "US MODEL"...

## USA: HOUSEHOLD FINANCIAL ASSETS (In Billion Euros - Inflation Adjusted)



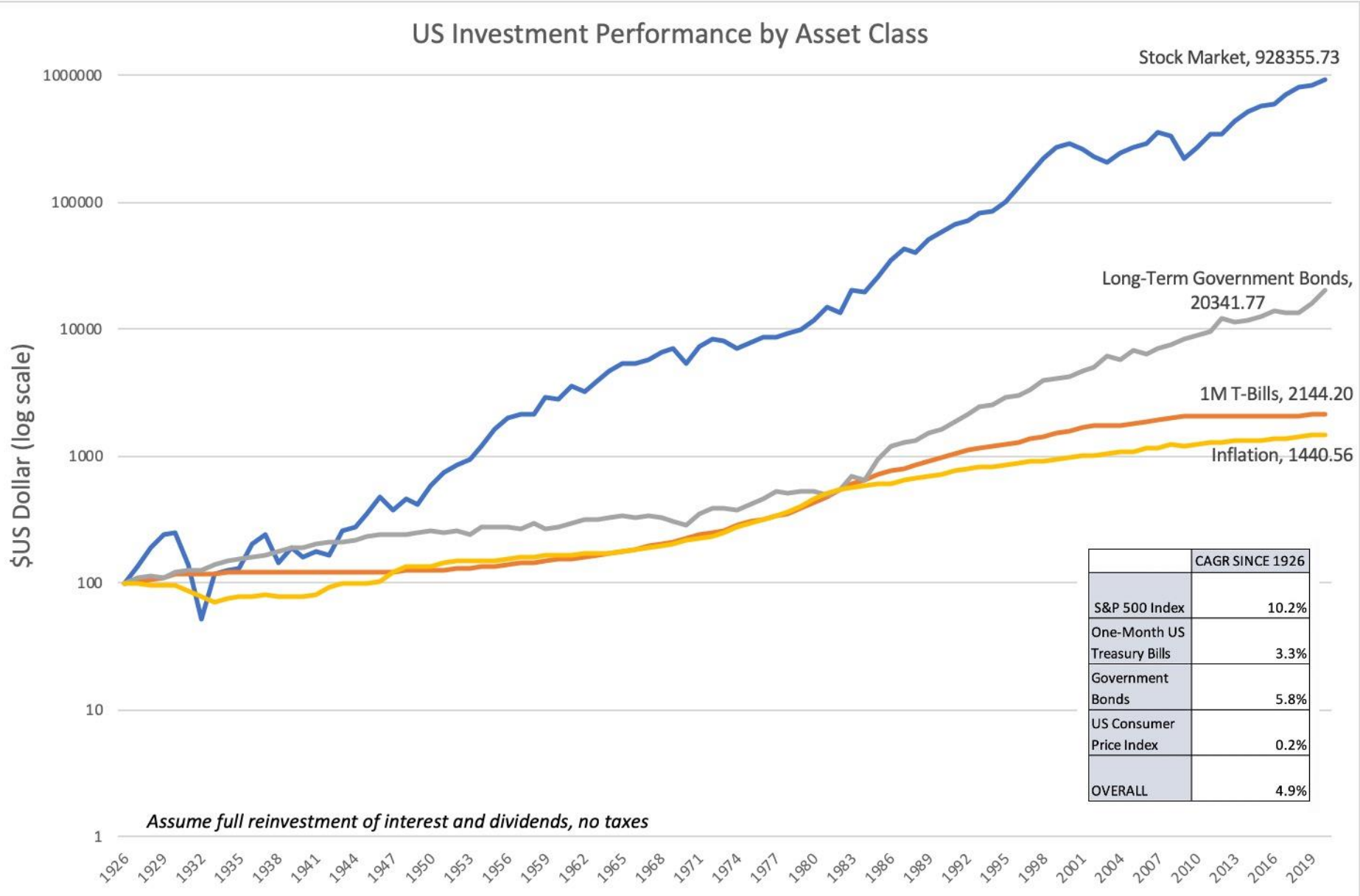
# AN EVOLUTIONARY VIEW OF FINANCE... EXAMPLE: THE "US MODEL"...

## USA: HOUSEHOLD FINANCIAL ASSETS PORTFOLIO MIX

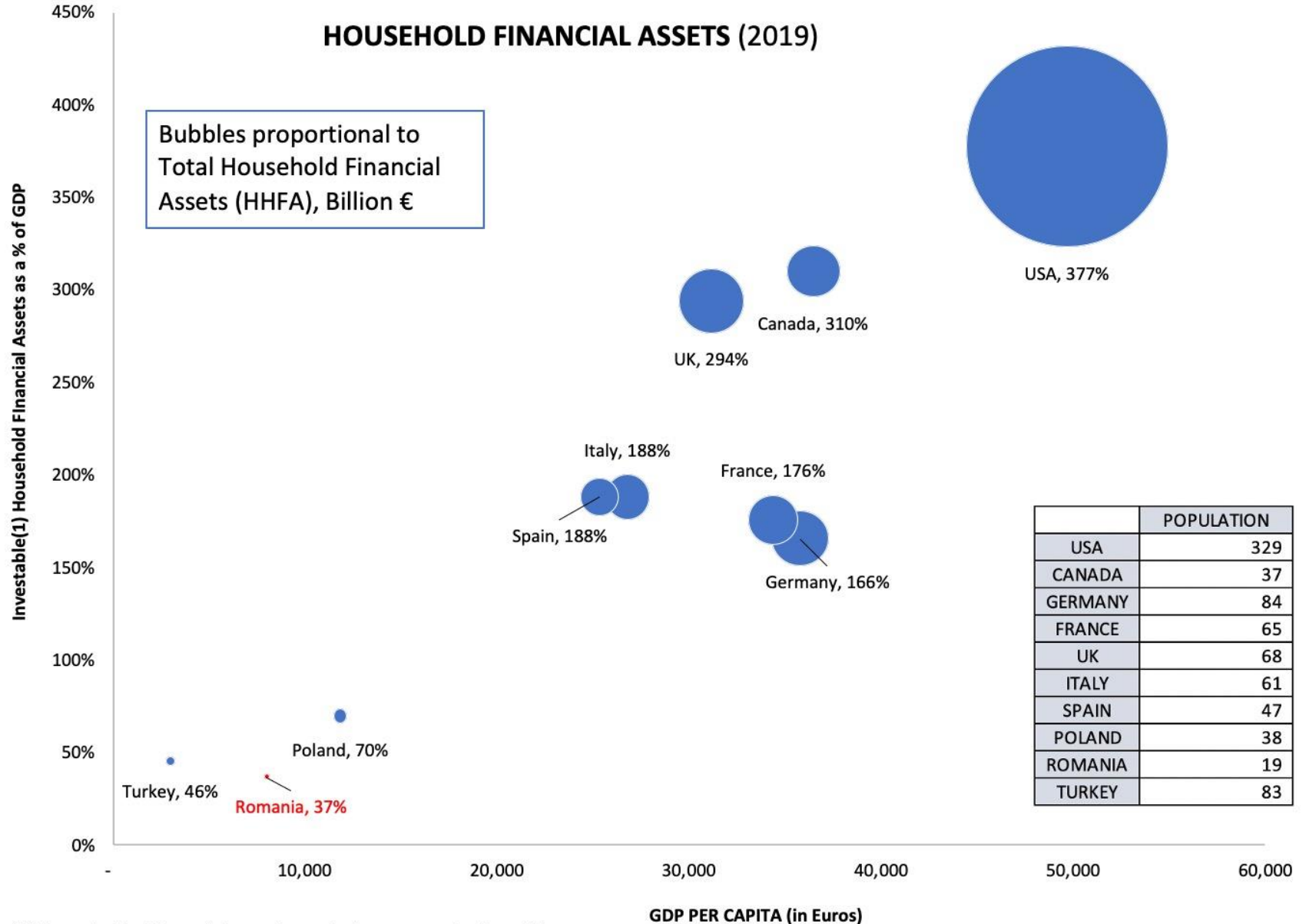


Source: Federal Reserve

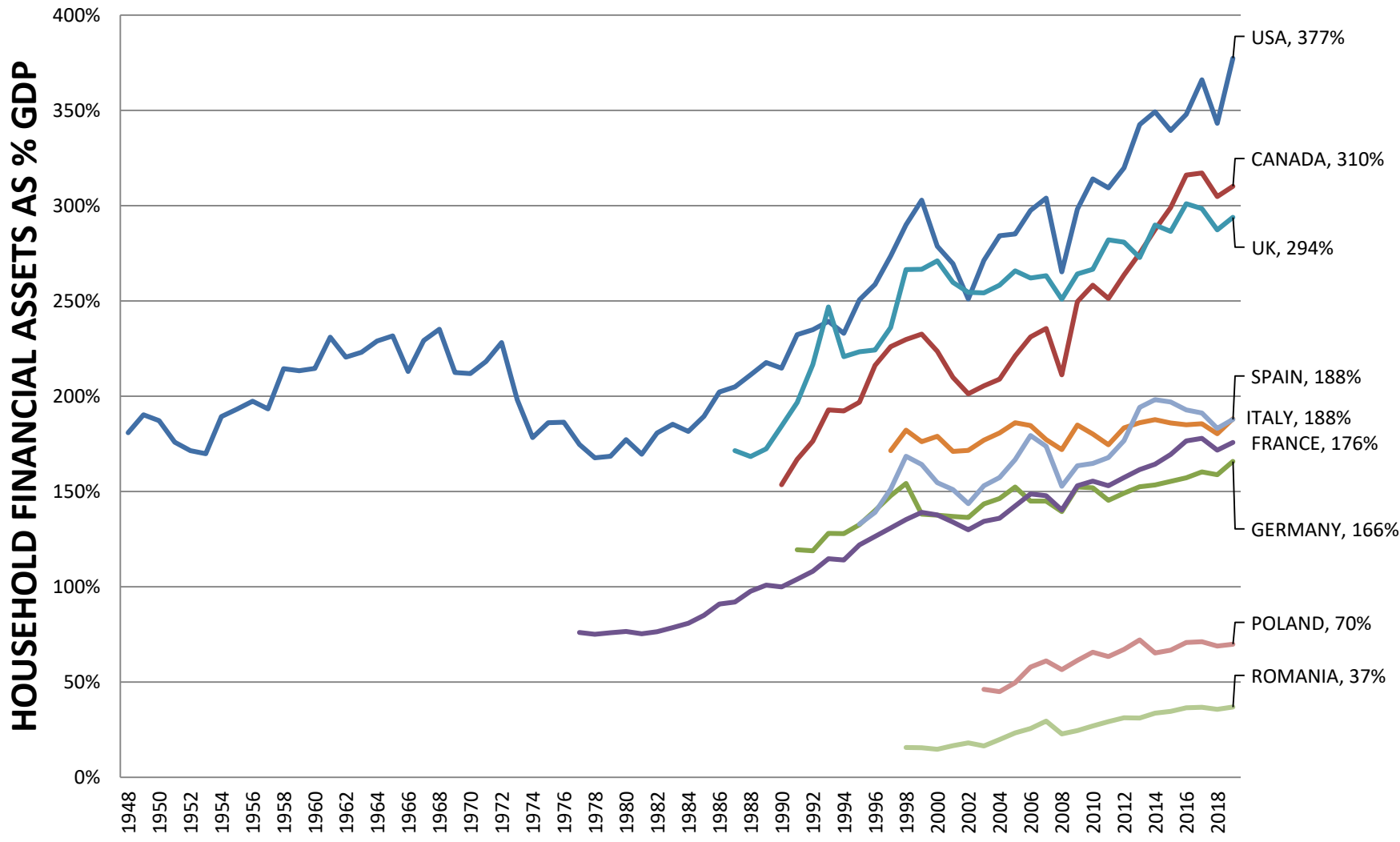
# ...THE "US MODEL"...LONG-TERM INVESTMENT PERFORMANCE



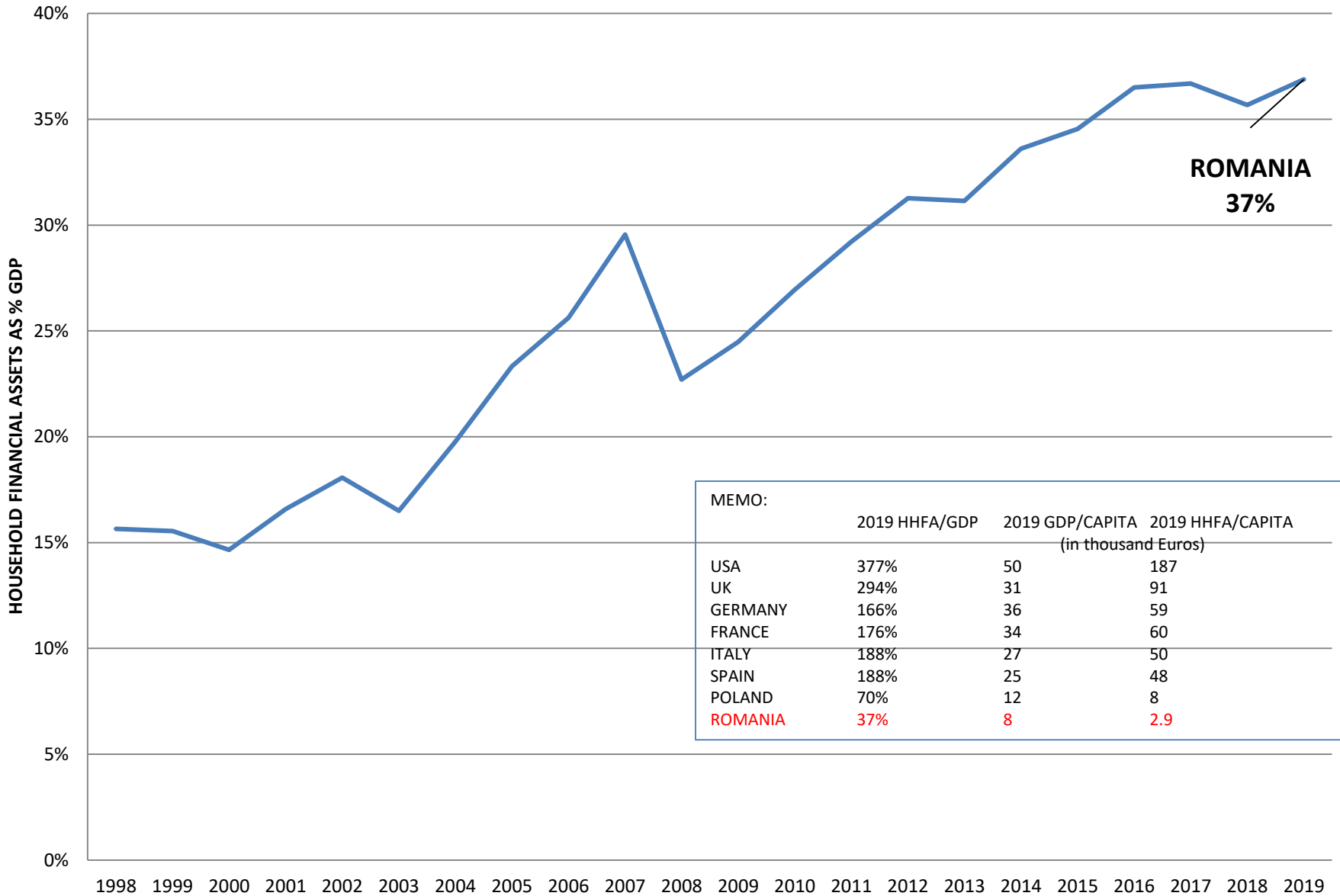
# AN EVOLUTIONARY VIEW OF FINANCE...



### HOUSEHOLD FINANCIAL ASSETS AS % OF GDP (2019)



## HOUSEHOLD FINANCIAL ASSETS AS % OF GDP (2019)

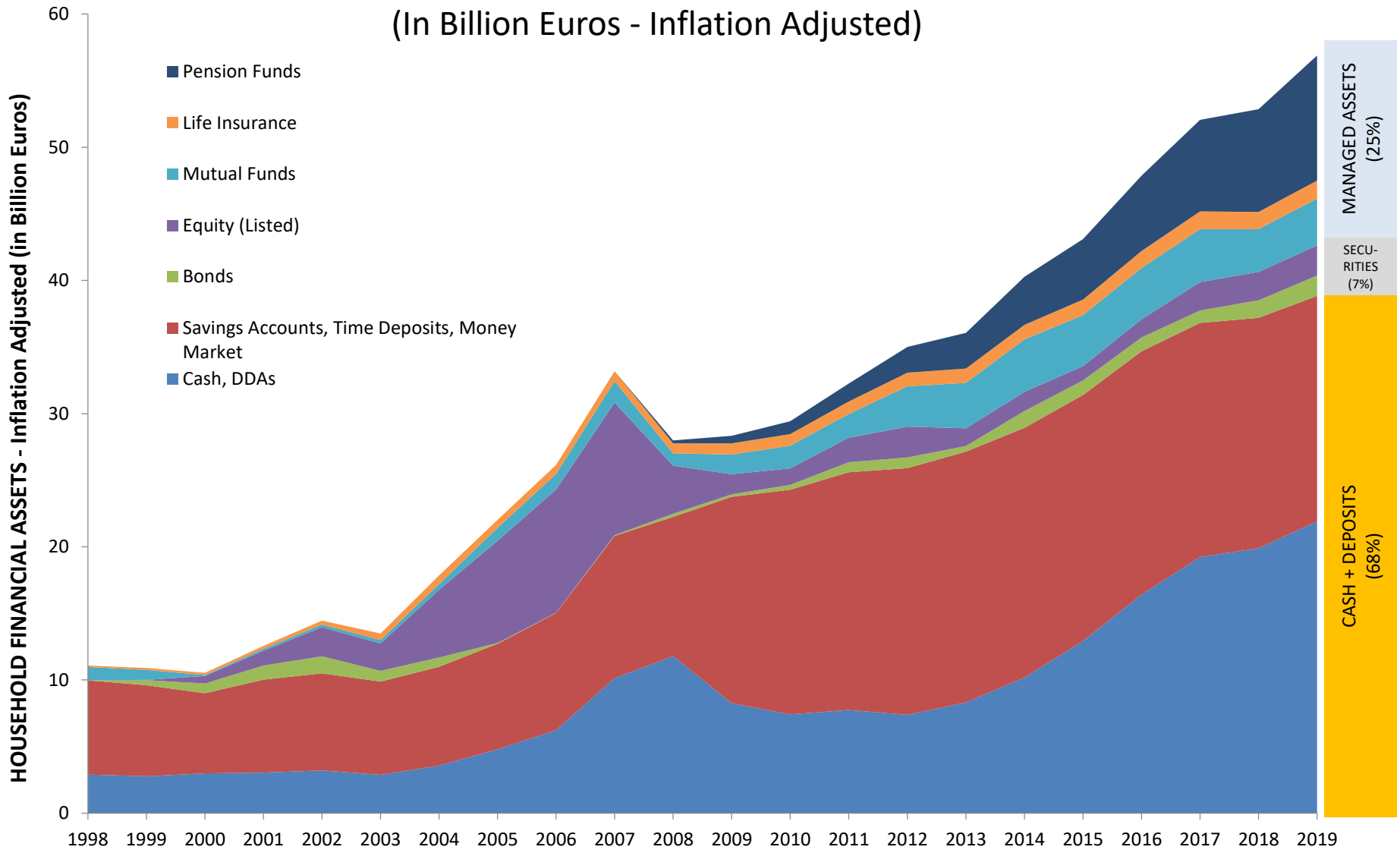


| MEMO:          | 2019 HHFA/GDP | 2019 GDP/CAPITA     | 2019 HHFA/CAPITA |
|----------------|---------------|---------------------|------------------|
|                |               | (in thousand Euros) |                  |
| USA            | 377%          | 50                  | 187              |
| UK             | 294%          | 31                  | 91               |
| GERMANY        | 166%          | 36                  | 59               |
| FRANCE         | 176%          | 34                  | 60               |
| ITALY          | 188%          | 27                  | 50               |
| SPAIN          | 188%          | 25                  | 48               |
| POLAND         | 70%           | 12                  | 8                |
| <b>ROMANIA</b> | <b>37%</b>    | <b>8</b>            | <b>2.9</b>       |



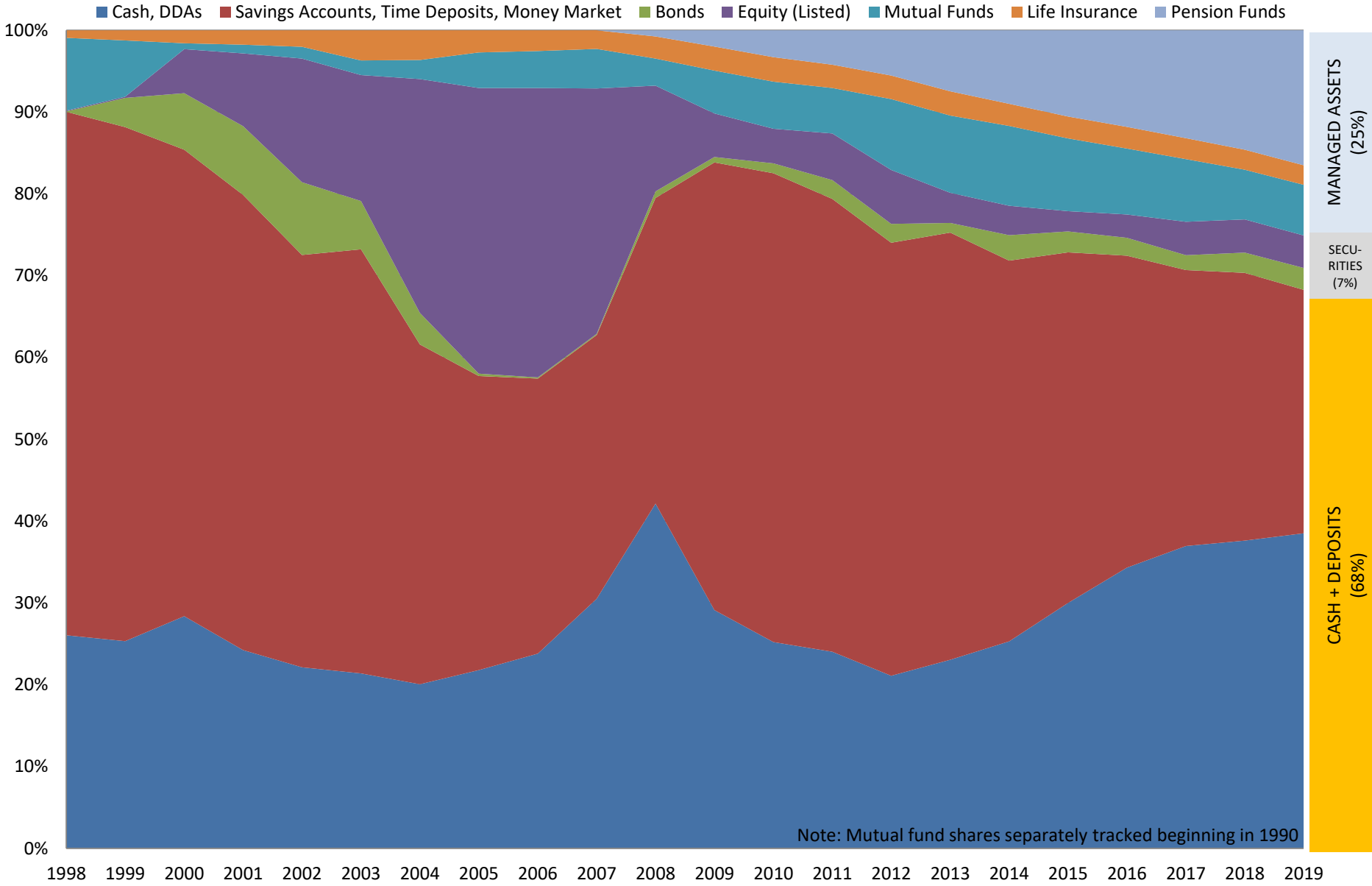
# ROMANIA IS IN THE EARLY STAGES OF EVOLUTION IN CAPITAL MARKETS ...

## ROMANIA: HOUSEHOLD FINANCIAL ASSETS (In Billion Euros - Inflation Adjusted)



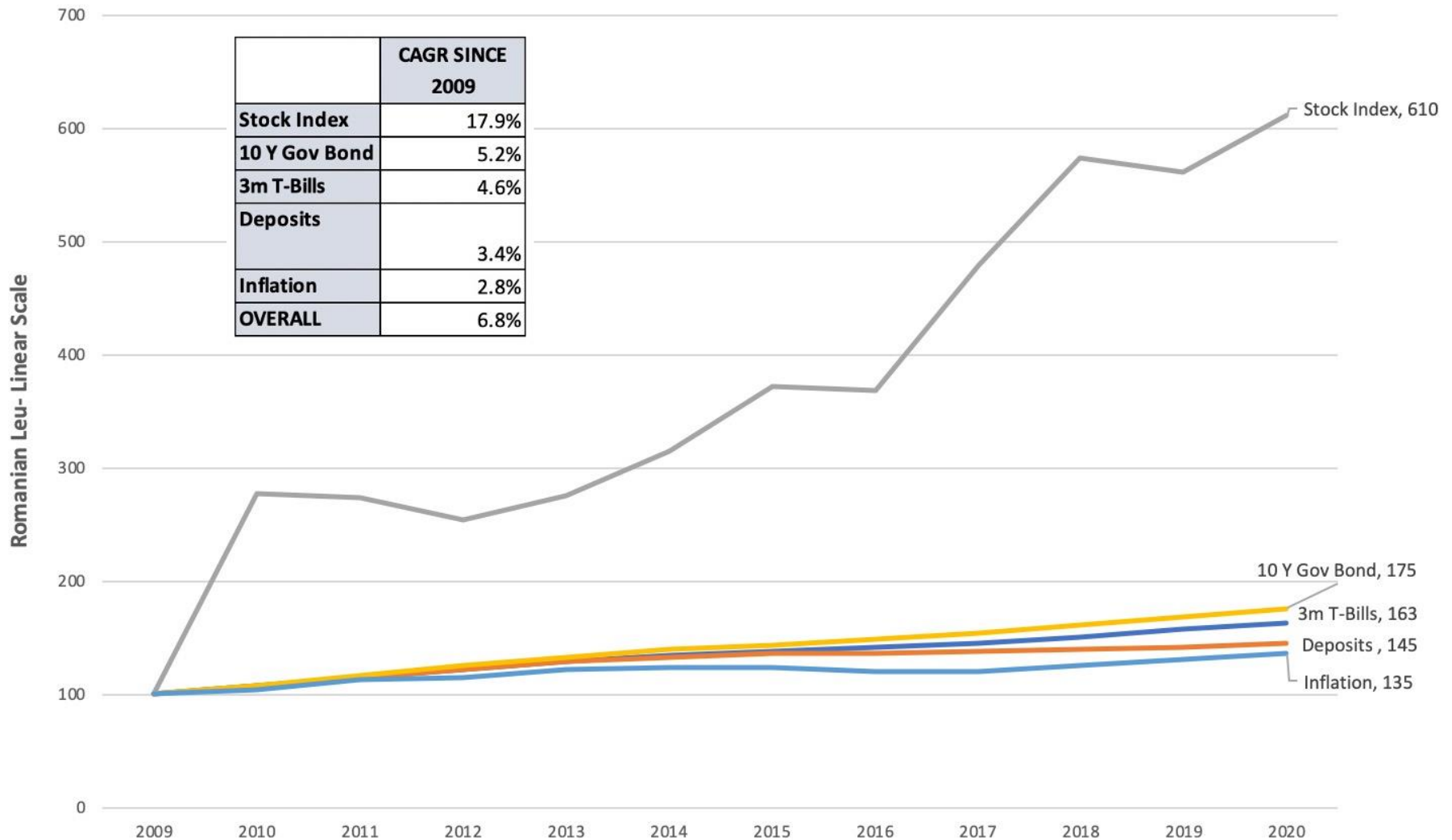
# ROMANIA IS IN THE EARLY STAGES OF EVOLUTION OF CAPITAL MARKETS

## Romania: HOUSEHOLD FINANCIAL ASSETS PORTFOLIO MIX



# Romania: Investment Performance by Asset Class 2009-2020

Romania Investment Performance by Asset Class (Since 2009)



# CONCLUSIONS AND RECOMMENDATIONS FOR ROMANIA...

- Demographic pressure: emigration/aging of population; need for retirement savings!
- Capital Markets harness the power of compound interest to deliver superior investment performance
- Romania is still « bank-centric » rather than « market-centric »; still in the early stages of capital markets development
- Must accelerate capital markets development!!
- Need more investors, of all types and in particular retail.
  - Offer on-going investor information and education to stimulate retail and attract funds from bank deposits
  - Encourage the development of a Romanian wealth management industry (asset managers, financial advisors)
  - Create attractive Pillar III products
  - Attract Romanian diaspora in Europe and America (tax incentives?)– offer attractive products for expats
- Need more products:
  - More equities: privatizations, IPOs
  - More bonds, e.g. infrastructure and municipal bonds
  - More mutual funds – equity and fixed income/ open-end and closed-end funds
  - REITs
  - Low-cost index fund
  - ETF if feasible

## *ABOUT THE CBM GROUP...*

- Management consulting firm specialized in financial services, based in New York
- Since its founding in 1992, CBM Group has advised 60+ leading financial institutions in North America, Europe, Latin America and Asia
- Key clients include: Barclays, JP Morgan Chase, Canadian Imperial Bank of Commerce, UBS, Santander, Citibank, Bank of America, AXA, Banco do Brasil, Mediolanum, BM&F BOVESPA (Brazil exchange), TMX (Canadian exchange), London Stock Exchange (LSE), NASDAQ OM and Philippine Stock Exchange, Santiago Stock Exchange (Chile)
- Practice focus:
  - Capital markets infrastructure: exchanges, clearinghouses, depositories, interdealer brokers, market data providers, rating agencies
  - Wealth management: asset managers, distributors of investment and insurance products
  - Risk management: credit risk models, market risk models
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