Sentiment among German companies also began to deteriorate in the course of the reporting year. The ifo business climate index fell to just 95.0 points in November 2019 – having previously reached a level of 100.0 points in January 2019. Towards the end of the year, sentiment improved noticeably. In December 2019, the index rose to 96.3 points.

Economic headwind for the employment market

The rather stifled development of the German economy also weakened the positive employment market development in the last financial year. According to data published by Germany's Federal Employment Agency, however, the number of registered unemployed still fell by 73,000 to 2.27 million persons in 2019 compared to the previous year. This corresponds to an unemployment rate of 5.0% (2018: 5.2%).

According to estimates provided by the Institute for Employment Research of the German Federal Employment Agency (IAB), the number of those in gainful employment displayed a year-on-year average increase of 382,000 persons in 2019 to 45.2 million. This rise can primarily be attributed to an increase in employment subject to compulsory social security contributions, although this figure rose more slowly in the reporting year than in previous years.

The prospects for university graduates in the German employment market remain excellent. According to the latest data from Germany's Federal Employment Agency, the unemployment rate among university graduates was at its lowest value since German reunification at 2.2%. This indicates full employment.

Salaries and wages still rising

In 2019, private households in Germany benefited from a labour market situation that remained solid, as well as rising incomes. According to data published by the "Tax Estimates" workgroup, gross wages and salaries increased by 4.1% in the reporting year, while the disposable income of private households increased by 2.7% according to the 2020 Financial Report of the German government. The savings rate in Germany in the last financial year was 10.9% - which is almost exactly the same as the previous year's level (2018: 11.0%).

ECONOMIC REPORT

Industry situation and competitive environment

Old-age provision

In the past year, the market environment in the old-age provision business continued to be characterised by low interest rates and ongoing reservations on the part of consumers to sign up for long-term policies. Various political discussions on reforms to statutory, company and private old-age provision schemes served to stimulate additional uncertainty. In addition to this, consumers generally struggled to understand the anticipated total payouts from statutory and supplementary pension schemes.

Great uncertainty and low saving rates

According to the ERGO Risk Report 2019, more than one in three Germans (37%) are completely in the dark as to how much money they are likely to receive each month when they retire. Almost one in three (29%) also have absolutely no idea of the average level of statutory pension paid in Germany. Fewer than half (40%) of all German citizens believe that they will be able to maintain their standard of living in their old age. According to the survey, some 44% are saving nothing or less than € 50 per month towards their private old age provision.

Product landscape undergoing change

The product landscape in the old-age provision business field has undergone radical change as a result of the low interest rate environment. According to data published by the German Insurance Association (GDV e.V.), more than half (58%) of all newly signed old-age provision products are now policies with alternative guarantee concepts. Based on the most recent figures provided by the German Insurance Association (GDV e.V.), classic life and pension insurance policies with maximum technical interest rates represented just one third (33%) of all new contracts concluded.

State subsidies/allowances in Germany are presented in the so-called 3-tier model:

Improved incentives for basic pension not having any impact

- Basic provision: Statutory pension and basic pension
- Supplementary pension provision: Riester pension and occupational pension provision
- Additional private pension provision: Pension and life insurances, capital market products

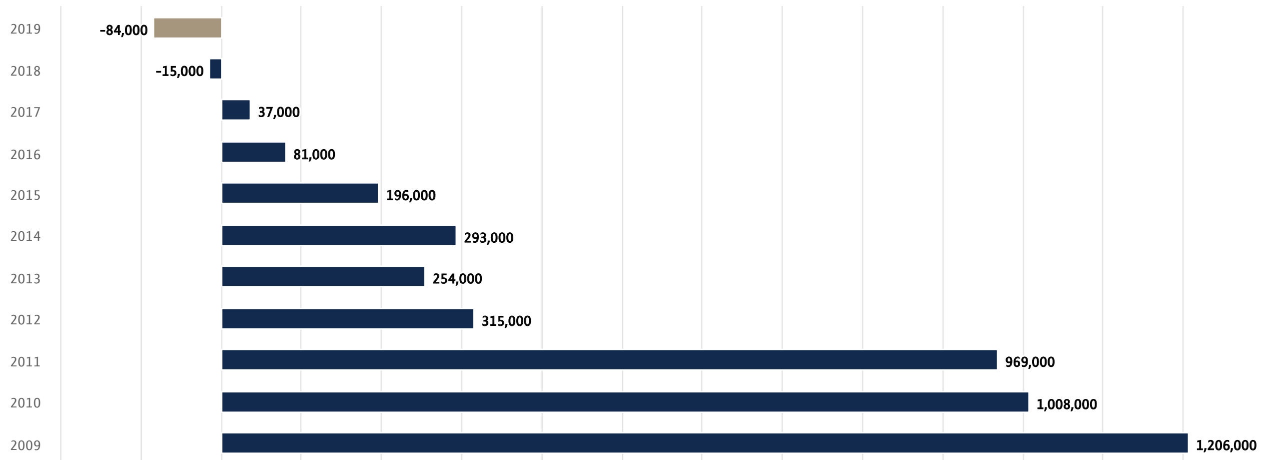
Alongside the statutory pension, basic provision (1st tier) also includes the basic pension, whose premiums can be offset against income tax. Apart from employees, the basic pension is primarily aimed at self-employed persons and freelancers that are not obliged to pay into the statutory pension insurance fund. The maximum tax-deductible amount in 2019 was € 24,305 for single persons (€ 48,610 for married couples). In 2019, taxpayers were able to offset 88% of the capital they paid in as special expenses for basic provision.

Despite this considerable tax incentive, data published by the German Insurance Association (GDV e.V.) indicates that only 82,700 new basic pension contracts were concluded throughout the market up to the reporting date on December 31, 2019 (2018: 76,200). This corresponds to a rise of 7.6%.

Growth only in investment funds and "Wohn-Riester" (home annuity policies)

The supplementary pension provision (2nd tier) essentially comprises the Riester pension and occupational pension provision. Despite improved incentivisation of the Riester pension within the scope of the legislation to strengthen occupational pension provision in Germany (BRSG), which has been in place since 2018, the number of new contracts declined in the reporting year. According to the German Federal Ministry of Labour and Social Affairs, the total number of Riester contracts in place at the end of Q3 2019 was 16.51 million, which represents 84,000 fewer contracts than on December 31, 2018. As had already been the case in previous years, there was a clear focus on investment funds and "Wohn-Riester" home annuity policies among new contract signings. The number of insurance policies, on the other hand, displayed a pronounced downward trend (-55,000).

Development Riester pension contracts (2009 to 2019)



Source: German Federal Ministry of Labour and Social Affairs, Date: September 30, 2019

Occupational pension provision: Greater support by law

The legislation to strengthen occupational pension provision in Germany (BRSG), which has already been in place since January 1, 2018, motivated both employers and policy holders to focus more on occupational pension provision in the reporting year. At the start of 2019, a comprehensive package of measures was launched with the aim of increasing the market penetration of occupational pension provision. Among other things, a compulsory employer's contribution was introduced for new contracts.

Based on the estimates of ratings agency Assekurata, the positive effects associated with the BRSG legislation dominated the market for occupational pension provision, as they provided scope for addressing new target groups.

Market penetration of occupational pension provision still holds potential

Small and medium-sized companies in Germany already made greater use of the provisions of the BRSG legislation in the last financial year to make their own occupational pension provision offers more attractive for employees. This was the conclusion of a study undertaken by Generali Deutschland. Based on the information provided, almost half of all companies are already preparing for the new additional employer's contribution to occupational pension provision. However, the new law is not yet having any discernible impact in terms of market penetration in Germany. At 44.3%, this was only slightly above the previous year.

Employees have finally started to recognise the importance of occupational pension provision. Indeed, a recent survey undertaken by Deloitte indicated that 51% of employees would be willing to sacrifice salary increases in favour of occupational pension provision payments. As the survey also shows, however, there is still a great deal of potential for improvement in terms of both designing and communicating the offers. To date, only 42% of employees surveyed consider themselves to be adequately informed.

Full-service providers in demand

According to a current survey performed by Mercer, two thirds of companies would like to establish a digital information platform for their employees that presents their respective provision status as well as supplementary benefits in a clear and logical structure as a way of reducing the amount of admin associated with occupational pension provision. Around half of the companies surveyed are planning to invest more heavily in digitalisation and automation of occupational pension provision management processes in future. Slightly fewer than half of all companies have already outsourced the management of occupational pension provision either fully or at least in part. According to the Mercer study, 83% of enterprises are of the opinion that cooperation with a full-service provider is easier than working with multiple partners.

Private pension insurance policies: scarcely any products still offering classic guaranteed interest rates

The 3rd tier is displaying varying developments. Although scarcely any classic life or pension insurance policies are now being offered to or requested by clients, largely due to the significant reduction in guaranteed interest rates observed in the last few years, purely unit-linked products and those with so-called new guarantees are still in demand. According to the German Insurance Association (GDV e.V.), their share of brokered new business was 60% and thus above the previous year’s level (57%).

Market slightly up as a whole

Despite the reservations still being displayed among the population when it comes to signing long-term contracts, ratings agency Assekurata sees an increase of 11.1% in posted gross premiums in the reporting year on the basis of preliminary figures from the GDV industry association. This overall increase can primarily be attributed to single premiums (+36.0%), whereas the life insurance market based on regular premiums only displayed stable development (+0.2%).

Wealth management

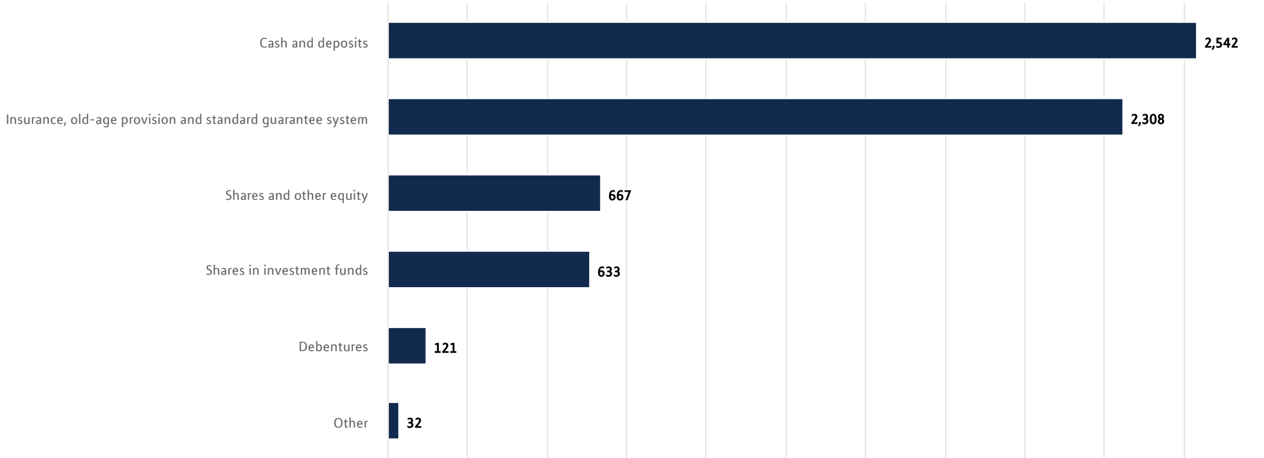
The market environment in wealth management was characterised by the ongoing low interest rate environment, as well as positive yet also volatile developments on the stock markets in the reporting period. In addition, positive geopolitical developments were flanked by a real wave of interest rate cuts by global central banks.

Total assets also rose slightly in Germany and, according to the Global Wealth Report 2019, are currently worth just under US$ 15 trillion. This makes Germany the fourth richest country on the planet after the US, China and Japan.

Private households in Germany are wealthier than ever before. According to data published by the Deutsche Bundesbank, their monetary assets rose to € 6,302 billion in the third quarter of 2019. The preference for liquid forms of investment or those perceived as low-risk remained high here.

Private households wealthier than ever before

Private monetary assets of German citizens (all figures in € billion)



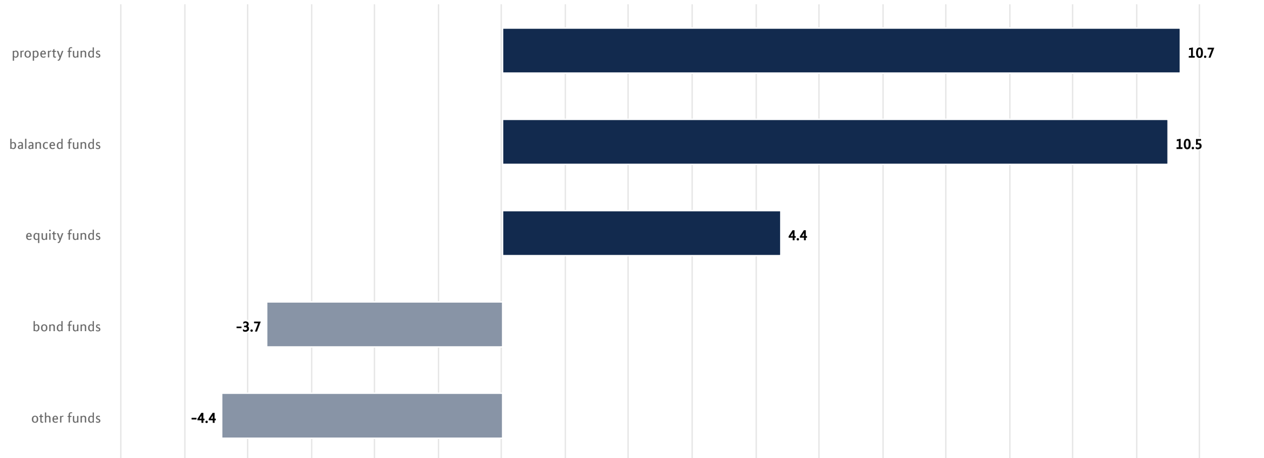
Source: Deutsche Bundesbank, Date: September 30, 2019

Based on information provided by the German Association of Investment and Asset Management (BVI e.V.), the assets managed by the German fund industry rose by 15% from the start of 2019 to € 3,398 billion as at December 31, 2019. The positive climate observed on the stock exchanges played a particularly important role. In terms of assets under management, open special funds at € 1,875 billion are ahead of open mutual funds at € 1,116 billion. Over the last ten years, the total assets of the industry have almost doubled (€ 1,706 billion at the end of 2009).

Real estate funds particularly popular

The fund companies recorded new business of € 119 billion in the reporting year 2019, whereby open mutual funds received € 17.5 billion. The strongest growth drivers were the real estate funds, collecting € 10.7 billion in new money on their own, which represents an increase of 67% in the same period of the previous year (2018, € 6.4 billion). At € 10.5 billion, balanced funds took second place in the sales ranking.

Cash inflows and outflows of various types of mutual funds in Germany from January until December 2019 (in € billion)



Source: German Association of Investment and Asset Management e. V. (BVI), Date: December 31, 2019

The prolonged low interest rate environment had a more pronounced impact on Germans citizens in the reporting year than in previous years. According to the Wealth Barometer 2019 of Deutscher Sparkassen- und Giroverband (DSVG), the interest rate situation played a (very) important part in the investment decisions of 44% of Germans. Indeed, 40% of respondents indicated that they had already adapted their savings behaviour to the low interest rate environment. This often applies disproportionately to those with a higher income or greater assets and can also be felt in the type of investment products chosen. According to the Wealth Barometer, shares are increasingly being considered a good investment option in the low interest rate phase. Investment and real estate funds then came in second place, followed by real estate in third.

Low interest rates increasingly influencing investment decisions

The market for providing consulting and asset management services to high net-worth individuals, which we process via FERI, has become more complex and fiercely contested since the financial and economic crisis. The competitive environment is characterised by ongoing consolidation in wealth management and in private banking in particular. At the same time, the continuing low interest rate environment is also leading to keener price awareness among clients.

Ongoing consolidation in private banking and wealth management

As a result of the ongoing low interest rate environment and the rising risks on the stock markets, institutional investors are showing increasing interest in alternative investments. According to the BAI Alternative Investor Survey 2019, which is performed by the German Association of Alternative Investments (BAI) among institutional investors, 82% of all respondents increased their commitments in this asset class. The participants stated portfolio diversification, as well as stable cash flows and the risk/return ratio as the most important reasons for this. In terms of alternative investments, institutional investors focused primarily on real estate, private equity and infrastructure according to the German Association of Alternative Investments (BAI).

Institutional investors strengthen their commitment to alternative investments

Non-life insurance

The non-life insurance business has become more important for independent brokers in the last few years. According to a recent survey undertaken by AssCompact, more than 75% of brokers surveyed anticipated the non-life insurance business to become more important in the reporting year. In 2014, this figure was just 60%. From a brokerage perspective, the non-life insurance business makes a key overall contribution to securing and expanding the portfolio base.

Brokers see commercial insurance policies in particular as an attractive way to improve their product portfolios. A survey performed by mailo Versicherung AG shows that 85% of brokers are already at least partially active in this area. In addition to this, 70% of those that are not yet brokering this business could envisage extending their portfolio to include commercial insurance policies.

Commercial insurance policies becoming more important for brokers

Cyber insurance policies are becoming increasingly important among SMEs. According to a survey performed by Gothaer, 43% of respondents consider cyber attacks to pose the most dangerous threat to small and medium-sized enterprises. Two years ago, this figure was just 32%. The survey also shows that these fears are not unfounded, as almost one in five companies has already fallen victim to cyber attacks. Yet despite this, only 13% of companies currently have cyber insurance policies in place. However, virtually all companies (88%) have a business liability insurance policy in place, followed by commercial building insurance (56%) and electronics insurance (29%).

Companies increasingly worried about cyber attacks

Natural hazards such as storms, hail, flooding and heavy rain caused damage with a total value of € 3.1 billion in the non-life and vehicle insurance business fields in 2018 and are thus on the level of the previous year. According to the "Natural Hazards Report 2019", a significant amount of all storm damage was not covered by insurance in 2018. While almost all residential buildings throughout Germany have insurance coverage for storms and hail, around ten million homeowners still do not have any protection in place to cover natural hazards such as heavy rain or floods. Without an extended natural hazard or elemental damage insurance policy in place, those affected will be forced to pay for the damage themselves in future, as the premiers of the German federal states have stated that they will no longer be providing financial assistance here.

Many households with inadequate natural hazard coverage

Based on provisional figures of the German Insurance Association (GDV), growth in the property and casualty insurance business remained stable in the reporting year. For 2019, the GDV is anticipating an increase in premium income of 3%.

Non-life insurance business continues to grow

Health insurance

After several difficult years, private health insurance stabilised in the financial year 2019. According to data published by the Association of Private Health Insurers (PKV), the number of persons holding comprehensive health insurance policies was roughly on the previous year's level. Based on provisional data, the figure was 8.7 million persons as at December 31, 2019 (-0.1%). Additionally, more policy holders once again made the switch from statutory to private health insurance than vice versa. The positive balance in the private health insurance sector was around 12,000 persons in 2019, which is still well below the value recorded in previous years.

Number of comprehensive health insurance policy holders in Germany at last year's level

According to the "MLP Health Report 2019", 87% of the private insurance policy holders surveyed feel as though they have good coverage. By contrast, only 64% of statutory insurance policy holders feel the same. In addition, more than half of German citizens (51%) are of the opinion that private health insurance offers better overall coverage. Only 28% believe that statutory health insurance is the better option in terms of coverage.

The legally stipulated general premium rate for statutory health insurance was 14.6% of assessable income in 2019. The healthcare funds also levied an average additional premium of 0.9%, which has been split equally between employee and employer since January 2019. Added to this is the fact that the minimum income on which premium calculation in the statutory health insurance system is based was also halved for self-employed persons in 2019. People starting up their own business with typically low initial incomes in particular will benefit from this.

More and more citizens are continuing to conclude private supplementary insurance policies as a way of topping up the scope of services covered by the statutory health insurance system. According to provisional figures provided by the Association of Private Health Insurers, the number of policies rose to € 26.5 million in 2019. This corresponds to a growth rate of 2.1% compared to 2018. With just under 16.01 million policies in place at the end of 2018, dental plans are by far the most popular supplementary insurance policies brokered.

Supplementary insurance policies remain highly in demand

Supplementary long-term care insurance was another growth driver in the sector. The number of subsidised policies rose by 44,000 (5.3%) to around 878,000 contracts in 2018. The number of unsubsidised supplementary long-term care insurance policies rose by 49,800 (1.8%) to 2.78 million. However, both areas recorded lower growth compared to the previous year.

Increase in private long-term care insurance policies

Assekurata believes that implementation of the Second Act to Strengthen Long-term Care (PSG II) is one of the key causes for the slowdown in growth observed in the supplementary long-term care insurance market. As the switchover from three care levels to five degrees of care has also provided extended coverage since 2017 for certain citizens requiring nursing care, broad sections of the population now seemingly feel adequately insured in the event that they require long-term care. However, private supplementary long-term care insurance remains relevant, as statutory long-term care insurance continues to be marketed as only partial coverage.

Real estate

The real estate market in Germany continued to enjoy positive development, primarily due to the ongoing period of low interest rates observed in the last few years. Real estate became increasingly important both as an investment and for owner-use. According to the 2019 Sparda Survey "Living in Germany", 63% of German citizens believe that home ownership is generally something worth striving for. The survey also shows that the most common reasons for purchasing a home are retirement security (73%), as well as protection from rent increases (69%), followed by a desire among Germans to own their own four walls (67%).

Dynamics slowing in terms of price rises

Price increases in the German housing market are starting to slow down. According to data published by the Association of German Pfandbrief Banks (vdp), prices rose by a total of 5.8% in the third quarter of 2019 over the previous year (Q3 2018 compared to the previous year: 7.4%). This slowdown can clearly be seen in the market for apartment buildings, which recorded the lowest increase in three years at 5.6%. According to the vdp, this can primarily be attributed to the planned or already implemented legislative proposal to limit rent increases.

Construction work remains at a high level in Germany

Although there was a slight reduction in construction work in Germany in the reporting year, it remains at a high level in the long-term comparison. According to data published by the German Federal Statistical Office, around 226,010 new-build apartments were approved throughout Germany in the first nine months of 2019. This represented 3.0% or 7,095 apartments less than in the same period of the previous year. The number of building licences issued is an important early indicator for assessing construction activity. According to Destatis, however, the number of construction projects that have not yet started or not yet been completed has been on the rise for several years.

New special depreciation for construction of new rental housing units

A resolution on a new special depreciation for construction of new rental housing units was passed in June 2019. Alongside the regular linear depreciation of 2%, real estate owners will in future also be able to make use of a special depreciation ruling for new apartments. This is to be set at a level of up to 5% in the year of purchase/construction and then up to 5% per year in the subsequent three years. The maximum assessment basis is € 2,000 per square metre of living area, and various conditions also have to be met. For example, the apartment must be rented out for residential purposes in the year of purchase/construction, as well as the subsequent nine years.

Increasing demand for nursing care places

According to the "Nursing Home Rating Report 2020" of the German Institute for Economic Research in Leibniz (RWI), German nursing homes are still in a relatively good economic situation. The trends towards outpatient treatment and privatisation continued in the reporting year. As the population is ageing, there are likely to be 5 million citizens requiring nursing care in Germany by 2040, which would represent an increase of 42% over the 2017 figure. According to the RWI, some 378,000 additional inpatient nursing care places will be required by 2040 to cover this.

Loans and mortgages

Although the interest rates for construction financing had recovered slightly from their historical low by November 2019, they remained at a low level. The best interest rate for ten-year mortgages remained at a low of 0.46% towards the end of 2019.

The European Central Bank (ECB) continued to keep the prime rate at 0% in the reporting year. It has already been at this historic low level since March 2016. The so-called deposit rate was –0.5% in November 2019. Banks therefore had to pay penalty interest for parking surplus cash at the ECB. There are currently no signs of a change in monetary policy. You can read more on this in the → "Loans and mortgages" forecast.

Credit growth slows down

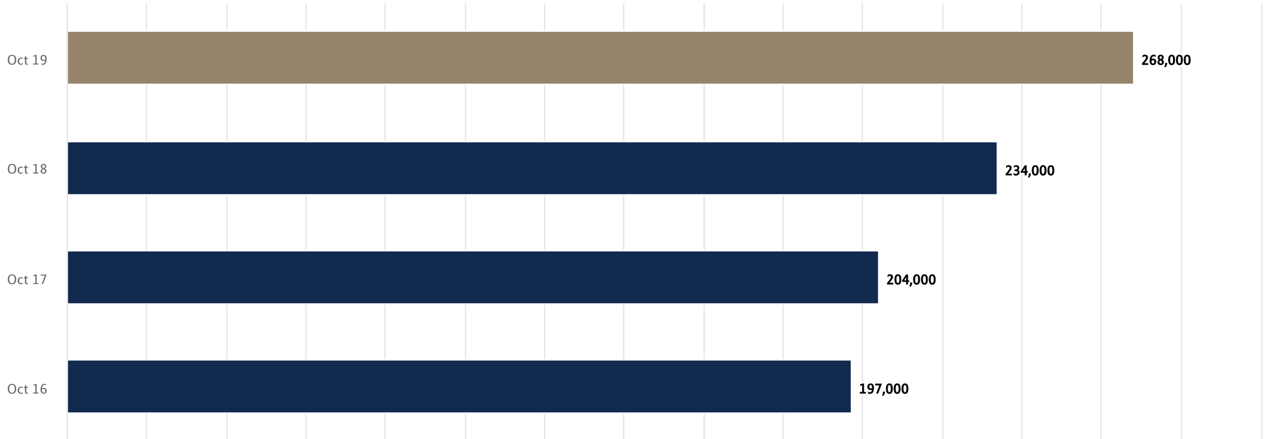
In the third quarter of 2019, the loans issued to companies and self-employed persons in Germany received a damper due to the weak economy. According to data provided by the experts at Deutsche Bank Research, the lending business increased only by € 7.3 billion or 0.5% between July and September 2019. On a 12-month horizon, the increase declined to 4.8% and was thus below the 5% mark for the first time in one and a half years.

Loan amounts for property financing continue to rise

As a result of the low interest rates and increased property prices in Germany, the average amount borrowed by property purchasers to finance their own home or their investment continued to rise sharply in the past financial year. According to data provided within the scope of the Dr. Klein Trend Indicator for Mortgage Lending (DTB), the average mortgage in December 2019 was € 268,000 – and thereby € 34,000 or 14.5% higher than in the previous year. It has actually increased by € 93,000 or 53.1% overall in the last four years (see chart).

Mortgage amounts at record level

Average mortgage amount in €



Source: Dr. Klein Trend Indicator for Mortgage Lending (DTB)

"Baukindergeld" family housing grant scheme drives home purchases to record level

According to interim figures provided by the German Federal Ministry of the Interior and the German Development Bank (KfW), the "Baukindergeld" family housing grant scheme, which was introduced in September 2018, has proven a resounding success after its first year. Indeed, around 135,000 families in Germany had submitted funding applications by September 2019. Applicants have so far been issued total grants worth around € 2.8 billion.

According to a survey performed by the GEWOS Institute, the "Baukindergeld" family housing grant scheme has, among other things, raised the number of home purchases to record levels. Based on information from the most recent real estate market analysis undertaken by the Institute, there were already around 248,500 transactions on detached and semi-detached houses in 2018 – a new all-time high.

You can find more detailed information on the family housing grant ("Baukindergeld") in the → "Loans and mortgages" forecast.

Competition and regulation

The competitive situation in the German market for financial services did not change significantly for the MLP Group in 2019 compared to the previous year. The sector remains very heterogeneous and is characterised by consolidation trends. The providers include numerous financial service providers, single agents, banks, insurance companies and free finance brokers. However, the quality of the consulting provided by these companies can vary quite markedly. In addition to this, there is competitive pressure in the entire sector as a result of direct sales and fintechs.

Over the last few years, the legislator has exerted major influence on the market for financial consulting and therefore also on MLP's market by imposing regulations such as the Markets in Financial Instruments Directive II (MiFID II), the Insurance Distribution Directive (IDD), as well as the Investor Protection Act, the Financial Investment Broker Act and the Life Insurance Reform Act (LVRG). The legislator's goal in taking these steps is to protect consumer interests. Among other things, it sets out comprehensive further training, documentation, qualification and transparency obligations for brokers of financial products. These measures mean that the provision of consulting services takes longer, which in turn puts pressure on product margins.

Draft bill presented for commission capping in the life insurance sector

Changes with relevance to MLP already came into force in 2015 with the introduction of the Life Insurance Reform Act (LVRG). The effects of these changes were also felt in 2019 and will continue to have an impact in the coming years. MLP actually welcomes the requirement to disclose effective costs, as well as the fact that no flat-rate cap has yet been introduced for acquisition commissions. The draft bill for capping commission that was presented by the German Ministry of Finance in the last financial year now states January 1, 2021 as a potential start date. The plan is still to incorporate three components. These are basic compensation, a component for high-quality consulting and compensation for services that is in line with the market, in case a broker such as MLP performs specific services for an insurer. Many politicians are even more critical of this regulation than ever before. Overall, MLP benefits from high quality consulting in the target group which, among other things, leads to lower cancellation rates. However, the margin pressure resulting from the regulation that has already been implemented is also being felt at MLP – albeit to a lesser extent than at other market members thanks to the provision of high-quality consulting services.

Occupational pension provision strengthened

In June 2017, the German Bundestag passed the legislation on strengthening occupational pension provision in Germany (BRSG), which could provide positive stimulus for this market. The BRSG legislation has also made occupational pension provision more attractive for small and medium-sized employers, as well as their employees. The key points of the legislation generally focus on a compulsory employer's contribution to new deferred compensation, which has been in place since January 1, 2019, as well as an increase in the tax subsidy framework from 4% to 8% of the income threshold and a direct state subsidy for low earners.

Insurance Distribution Directive (IDD) still requires process-based adjustments

In July 2017, the German Bundesrat formally approved transposition of the "Insurance Distribution Directive" (IDD) into German law. The law itself came into force in February 2018. It provides new rules for greater transparency and improved consumer protection in insurance sales. Implementation of the IDD also requires insurance brokers to attend 15 hours of further training each year. This will not have any major impacts on MLP's business model, as continuous further training of consultants has always been a key aspect of operations at MLP. Due to internal requirements in place at MLP, MLP consultants not only comply with but also surpass the IDD target by completing at least 30 hours of further training per year, which is recorded in a points account. Yet despite this, MLP – just like all other market members – had to implement comprehensive, process-based adjustments to comply with the IDD provisions.

The Markets in Financial Instruments Directive II (MiFID II) was introduced in January 2018. Alongside the direct application of numerous new European provisions, this also harmonised existing national provisions with European law. The amendments of the MiFID II regulations have fundamental effects on the business model of securities service enterprises. Existing processes had therefore to be reviewed and adapted to the new requirements, in some cases at great effort and cost. This was particularly true of consultancy and product structures. In some cases, products had to be formally redeveloped and IT processes implemented to comply with the new provisions. This has led to significant implementation costs for MLP, too. However, implementation of the key requirements in terms of financial investments is secured by MLP's current structure.

MiFID implementation completed

The legislator has taken action with binding stipulation of an effective cost ratio both in Germany through the Old-Age Provision Product Contact Point (PiA) for tax-privileged old-age provision products (basic and Riester pensions) and at European level (stipulated both in euros and as a "reduction in yield") with the Key Information Documents (KIDs) for Packaged Retail and Insurance-Based Investment Products (PRIIPS) that have been prescribed since January 2018, as well as the new PRIIP KIDs for UCITS funds which have been in force since January 2019. However, even these most recent regulatory steps have not even come close to securing sufficient comparability of the products in the market or their associated costs. The methods of calculation should be adapted, so that calculations are performed on the basis of the same prerequisites and the same cost factors.

Cost transparency further improved

As of May 2018, the regulations for processing personal data have been harmonised throughout the EU and the data protection requirements for both private companies and public sector institutions significantly extended with introduction of the General Data Protection Regulation (GDPR). This has also led to a wide range of new requirements for MLP with regard to reporting processes, statements of accounts, protective measures, information disclosure requirements, process documentation, as well as a significantly extended sanctions regime in the event of infringements. The implementation costs, in particular those relating to IT, continued in 2019.

Data protection intensified

The regulatory developments certainly represent a challenge overall. After all, the aforementioned combination of generally declining commission income per unit and increasing unit and administration costs – together with increased price sensitivity among clients – can also negatively impact the profitability of MLP's business model. Irrespective of this, MLP is very well-positioned in relative comparison with other market actors.

Challenging regulatory environment