MONEY management executive

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SPECIAL REPORT: MARKETING

COMMENTARY: Ways to boost digital marketing ROI

by Dan Sondhelm

Effective digital marketing can help fill your asset management firm's pipeline and qualify potential leads so your sales team can make the most of their outbound contact efforts.

So where do you begin?

Nearly all of your digital marketing efforts will revolve around your website. Your goal should be a visually compelling site with brief, concise content that immediately tells a visitor who you are, what you do and why you're different.

Navigation should be intuitive. Information on your products should be easy to find. Your home page should mix the "who/what/why" content with links to timely content, such as recent

commentaries, white papers and videos.

Contact information should be easy to find. Calls to action should be clear, and when you get a lead, add the contact to your email list and have a process for wholesaler follow-up. If you regularly produce new content, add a "subscribe" link to

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OPERATIONS: How COVID-19 tested Schwab

By Jessica Mathews

Schwab will start allowing more employees to work from home following criticism that the firm hasn't acted quickly enough.

"All Schwab employees who have the ability to work from home are now able to do so," says a company spokeswoman. Those still working in Schwab offices include "some roles in network operations, cybersecurity, trading, call centers and other areas." The company's developing policies, however, highlight how the virus has tested financial firms' capabilities. Schwab wasn't prepared for a virtual work environment, according to employees and an internal email. Amid an unprecedented public health crisis, the firm has been building and testing virtual capabilities, even as thousands continue to staff offices. Some employees and their families are concerned about their health.

"I don't feel like [my husband] should have to choose between his clients and his personal safety," says Rachael Dahl, an ex-Schwab employee and wife of a CFP in its Colorado office, who has been with the company for over 20 years.

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PRODUCTS: What's causing a junk-muni ETF free-fall?

By Brian Chappatta

No one seems to know quite what to make of the stunning price drop in the largest high-yield municipal-bond ETF.

The VanEck Vectors High Yield Municipal Index (HYD), with $3.6 billion in assets, was the picture of tranquility for much of the past three years. From the start of 2017 through February, its share price traded in a range of less than $7, starting at $59.26 and climbing to as high as $66.14 on Feb. 26.

Then something snapped suddenly. It fell 1% on March 6. Then 5% on March 9. Then 3.4% and 2.3% on March 10 and 11 before plunging a whopping 15.6% on March 12 during the worst stock rout since Black Monday in 1987. Within the

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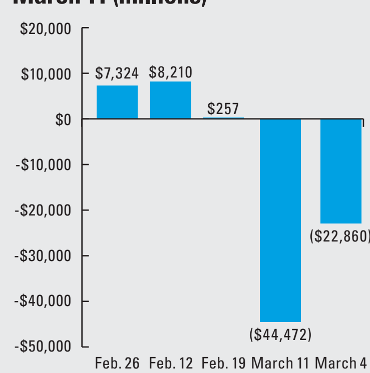
Flows to long-term mutual funds were $27.86B for the week ending March 11 (millions)



Source: Investment Company Institute


AMERICAN BANKER
March 2020 | americanbanker.com
NOT FOR SALE
The second-largest bank in Minnesota is fighting to stay independent — literally. It is locked in a bitter legal battle to block one of the state's biggest charitable givers from selling the shares it has owned for 75 years.

INDUSTRY HIGHLIGHTS

INVESTORS PULL $1.8 B FROM ETFs

The $4.4 trillion ETF industry saw outflows of more than $1.8 billion for the week ending March 13 for only the second time since October — led by fixed-income funds, according to Bloomberg News. This was a sharp reversal from the $16.3 billion inflows the previous week.

Stocks have whipsawed and Treasurys have surged despite dramatic moves from the Fed and other central banks. The $248 billion SPDR S&P 500 ETF Trust (SPY) plunged almost 12% after posting inflows of $9.2 billion.

State Street's Financial Select Sector SPDR fund (XLF) had its worst week of outflows since August, State Street's SPDR Gold Shares ETF (GLD) experienced outflows that were the worst since 2013 and BlackRock's iShares Core U.S. Aggregate Bond ETF (AGG) lost $3.1 billion, the worst since it began trading in 2003, according to Bloomberg News.

BLACKROCK BOND ETF PLUNGE SHOWS HOW TRADERS CAN BE SPOOKED

A BlackRock ETF that invests in short-term bonds suffered an unprecedented plunge on speculation the firm was restricting cash redemptions, Bloomberg News reports.

The $6.2 billion iShares Short Maturity Bond ETF (NEAR), which primarily holds debt maturing in less than three years, fell as much as 8.9% — 34 times its biggest intraday drop in 2019, according to the article. It pared the decline late in the day as BlackRock paid out cash redemptions, closing down 6.2%, according to Bloomberg.

The ETF paid out about $150 million in redemptions, all in cash, according to BlackRock spokesman Ed Sweeney.

He said there were no in-kind redemptions. "Depending on market conditions, we assess all options to meet our clients' needs," he said. "In-kind redemptions are a feature of ETFs that can be used to facilitate redemptions and protect remaining fundholders."

GOLD VOLATILITY SURGES TO MOST SINCE 2008 ON GLOBAL MARKET SPASM

The CBOE Gold ETF Volatility Index, a measure of expectations for price swings tracked through ETF moves, has more than doubled over the past six sessions to the highest since November 2008, according to Bloomberg News.

Prices erased earlier gains following declines in U.S. stocks, as investors sold gold in a rush for cash to cover losses elsewhere, according to the article.

"Volatility remains the dominant scenario on markets, with gold proving no exception," said Carlo Alberto De Casa, chief analyst at ActivTrades, in an emailed note. "We are seeing a positive [direct] correlation between stock markets and gold, which should not be a big surprise, as every time there is a sharp market fall, many traders are using gold as their cash machine in order to keep other positions open that are being hit by margin calls."

ETF estimated net issuance ($ millions)

	3/11/2020	3/4/2020	2/26/2020	2/19/2020	2/12/2020
Equity	5,927	-6,341	-13,524	2,990	11,114
Domestic	8,322	-3,460	-10,147	1,927	9,283
World	-2,396	-2,881	-3,377	1,063	1,831
Hybrid	-292	35	15	248	297
Bond	162	6,339	1,112	3,917	8,384
Taxable	207	6,426	499	3,631	8,018
Municipal	-46	-87	613	286	366
Commodity	2,344	318	229	841	541
Total	8,140	350	-12,169	7,997	20,336

Source: Investment Company Institute

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WORST MUNI ROUT DEEPENS EVEN WITH TREASURY GAIN

Municipal bond prices fell in the week ending March 18 as investors pulled funds out of the $3.9 trillion market, extending a nearly two-week slide that's put the market on pace for its steepest losses since 1984, according to Bloomberg News.

The municipal debt market has been battered by a liquidity crunch as fearful investors pull out their cash amid historic volatility. Investors continued to pull back from municipal-bond ETFs, with BlackRock's iShares National Muni Bond ETF (MUB) seeing a $132 million outflow, according to Bloomberg.

"Municipal bonds are supposed to be the safe asset," says Patrick Luby, who tracks the market for CreditSights. "You see this volatility, you see these losses, it can be very upsetting for someone looking at their nest egg."

SEC REQUESTS COMMENT ON FUND NAMES RULE

Fund names are often the first piece of information investors see, and they can have a significant impact on an investment decision, which is why the SEC requests public comment on its current requirements that restrict the use of potentially misleading fund names, according to the regulator.

The request seeks feedback on whether the current requirements are effective or if they are viable alternatives the SEC should consider. The request is the latest in the SEC's efforts to review existing rules to better inform investors.

"This request for comment is another important step in our efforts to better inform and protect Main Street investors and improve the investor experience," says SEC Chairman Jay Clayton. "We are looking to investors and market participants for input on how our framework can be improved to help ensure that fund names inform and do not mislead investors."

BLACKROCK AIMS TO HOLD DIRECTORS ACCOUNTABLE

BlackRock intends to step up efforts to hold corporate directors accountable for failure to improve corporate governance and sustainability practices, according to Bloomberg News.

BlackRock, which manages $7.4 trillion, published key indicators against which it will track companies' progress, and detailed the corporate directors it will vote against if no progress is demonstrated, according to the article.

The firm's priorities — board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation and human-capital management — will be "emphasized with greater vigor" this year, according to Michelle Edkins, the firm's global head of investment stewardship.

THREE STEADFAST REITs COMPLETE MERGER

Steadfast Apartment REIT, a public nonlisted REIT, completed mergers with Steadfast Income REIT and Steadfast Apartment REIT III, according to the firm. Following the move, the company now has approximately $3.4 billion in gross real estate asset value.

In exchange for each share of SIR and STAR III common stock, SIR and STAR III stockholders received 0.5934 and 1.43 shares, respectively, of STAR common stock, which is equivalent to $9.40 per SIR share and $22.65 per STAR III share, based on STAR's most recent estimated value per share of $15.84, according to the firm.

"We look forward to pursuing additional value creation opportunities as a robust company with increased cash flow and a strong balance sheet," says Ella Neyland, president of Steadfast Apartment REIT. "We are pleased that stockholders may participate in the potential benefits of a larger, stronger combined company."

PRODUCTS

SCHWAB FUNDS EARN KEY ROLE IN $375M PRIVATE COLLEGE 529 PLAN

Charles Schwab announced its role in the $375 million conversion of Private College 529 Plan, a unique college savings program collectively owned by nearly 300 private colleges and universities nationwide, according to the firm.

Approximately 65% of the plan's portfolio — or $240 million — was invested in low-cost cap-weighted index funds managed by Charles Schwab Investment Management, according to the firm.

In addition, Charles Schwab Trust Bank has been named as custodian for all assets in the plan.

"We are so pleased to be part of a program that supports a key planning need for families in such a unique way," says Omar Aguilar, chief investment officer of passive equity and multi-asset strategies at CSIM. "Our goal is to support Private College 529 in its mission to make private college education more affordable."

BNP PARIBAS, CROWN HOLDINGS CLOSE SUSTAINABILITY CREDIT FACILITIES

BNP Paribas, a premier global bank, announced that it has helped Crown Holdings, which esigns, manufactures and sells packaging products and equipment for consumers, close its $3.3 billion sustainability-linked syndicated credit facilities, according to the firm.

BNP Paribas served as joint sustainability coordinator, working with Crown to integrate a sustainability feature into its credit facilities, according to the firm.

The announcement marks Crown as the first packaging company in the Americas to secure sustainability-linked terms for its syndicated credit facilities, and represents one of the largest sustainability-linked loans raised to date globally.

UBS TO REDEEM TWO LEVERAGED MORTGAGE ETNs

UBS Group is mandatorily redeeming two leveraged ETNs tied to mortgage REITs, the firm said in a March 17 statement from the bank, according to Bloomberg.

The firm will redeem two series of the ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN, tickers MORL and MRRL, after the notes fell below a $5 minimum share value, according to the statement.

The ETNs made leveraged bets on an index of mortgage REITs, and each had lost more than 95% of value last month.

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DUFF & PHELPS TO REDEEM OUTSTANDING SHARES

Duff & Phelps Utility and Infrastructure Fund, a closed-end fund advised by Duff & Phelps Investment Management, announced it will redeem all of its outstanding Floating Rate Mandatory Redeemable Preferred Shares, Series A.

The fund is currently making the redemption as its voluntary option and part of what it says is prudent management of its use of leverage.

EVENTIDE LOWERS FEES ON MULTI-ASSET INCOME FUND

Evetide Asset Management, the advisor to the Eventide Funds suite, announced plans to lower the fees for the Eventide Multi-Asset Income Fund.

Following the move, the firm will reduce management fees to 60 basis points from 0.73%.

"We desire for our mission of promoting 'investing that makes the world rejoice' to be accessible to as many investors as possible," says Eventide CEO Robin John. "Our Multi-Asset Income Fund gives investors a great opportunity to invest alongside their values in a mixture of equities and bonds. Lowering the fees on this fund should make it more accessible to more investors."

DELTA DATA RELEASES INSTITUTIONAL PROFIT, EXPENSE FORECASTING TOOL

Fintech company Delta Data announced the launch of an institutional profit and expense forecasting tool, IntelliCaster, designed to track multiple economic models to help asset manager distributors forecast everything from sales to fee data, according to the firm.

"We developed IntelliCaster to provide financial models that will aid in more realistic forecasting," according to Delta Data CEO Whitfield Athey.

"No one has a crystal ball," he adds. "However, with the major economic variables covered, any asset manager will be afforded a tighter picture of what profits against expenses should look like."

The platform, launched at the annual NICSA Strategic Leadership Forum in February, provides a way for asset managers to input macro-economic forecasts, which are then used as the basis for multiple scenarios that include adjustments from sales by region, dealer or product .

Once put in the system, IntelliCaster produces a forward-looking analysis of projected distribution fees, expenses and profit.

ARRIVALS

BLACK DIAMOND CAPITAL APPOINTS HEAD OF PRIVATE EQUITY

The former managing director and co-head of The Carlyle Group's Carlyle Equity Opportunity Funds I and II Rodney Cohen has joined Black Diamond Capital as head of private equity, according to the firm.

Cohen will now be responsible for managing Black Diamond's portfolio of private equity funds, consisting of the BDCM Opportunity Funds II, III, IV and V, aggregating approximately $4 billion in capital, according to the firm.

Cohen has previously served as co-chair of the investment committees of both funds and also served on the investment committees of Carlyle Global Partners, Carlyle Power Partners, and Carlyle Energy Mezzanine Fund I and II.

"We are excited at the critical role [Rodney] will play in enabling our firm to continue to successfully identify and capitalize on opportunities in our investment platform," says Stephen Deckoff, Black Diamond's Managing Principal. "Rodney's proven track record, insight, and expertise make him a tremendous addition to our firm."

Cohen previously served as co-managing partner with Pegasus Capital Advisors, an investment firm with roughly $2 billion in AUM, the firm says.

Before that he practiced law with Anderson, Kill, Olick & Oshinsky in New York.

WAVE NAMES PRESIDENT INTERNATIONAL

Former Pioneer Investments CEO Matteo Dante Perruccio has joined digital asset management firm Wave Financial in its newly created role of president international, according to the firm.

Matteo Dante Perruccio

In this role, Perruccio is responsible for the international expansion of the firm and the development of relationships with its investor Fineqia International, a Toronto-listed cryptocurrency and blockchain technology investment company, according to Wave.

Perruccio will report to Wave CEO David Siemer.

"I am very excited about leveraging my financial services experience to help bridge the divide between traditional asset management and the fast-growing digital asset management sector," Perruccio says.

J.P. MORGAN ASSET MANAGEMENT ADDS GLOBAL TACTICAL ASSET ALLOCATION HEAD

The former global head of credit and multisector strategies at Brandywine Global Gary Herbert has joined J.P. Morgan Asset Management as managing director and U.S. head of global tactical asset allocation for its multi-asset solutions business, according to the firm.

Herbet's sector oversees $265 billion in AUM, according to J.P Morgan.

During his 10 years at Brandywine, Herbert helped to build and implement a proprietary research process in order to improve macroeconomic, fundamental and quantitative research and decision-making.

Herbert will report to Jed Laskowitz, J.P. Morgan's global head of asset management solutions.

"Given the complexity of today's late cycle markets and increased client interest in tactical asset allocation, now is the right time to add Gary's deep knowledge and credit expertise to our team, to help clients build stronger portfolios," Laskowitz says. MME

News Scan by Paola Peralta

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every page to encourage prospects to sign up for future communications. And implement responsive design coding to ensure optimal viewability on PCs, tablets and smartphones.

While you're fixing the front end, don't forget about cleaning up the back end. Check the speed of your site to make sure pages don't take too long to load. Audit every page to check for outdated content and dead links, and delete pages no longer in use.

ADD SEO

Say you're a mid-cap value manager and you want your site to appear near the top of results when people enter "mid cap" or "mid-cap value" into Google and other search engines. Many website managers use search engine optimization strategies to manipulate Google into listing their pages higher. These include placing the desired search terms as high as possible on a page, or including these terms in special HTML codes (known as meta tags) that are commonly scanned by search engines.

Your in-house web content managers and programmers can do most of this SEO work for free. But don't overdo it. Some firms try to boost SEO results by overstuffing pages with multiple uses of search phrases. Most search engines detect and ignore these manipulations, and may even "demote" sites that try to game the system.

USE GOOGLE ADS

Enter "mid-cap value fund" in Google right now. Chances are, the No. 1 result will be a text ad for a specific mid-cap value fund or ETF. That ad didn't get there by accident.

The fund company paid for the privilege by using Google Ads to get the top spot.

With Google Ads, you pay Google to bid on certain keywords that will position clickable text ads you create near the top of its search results. To make the best use of Google Ads, your ad should be short and feature a specific offer of value-added content, such as a commentary or white paper. Make follow-through easy by creating a standalone landing page built around the offer that captures the user's contact information.

BRING BACK VISITORS

You want qualified prospects to return to your website to consume your content. But how do you get them to come back without bombarding them with email messages?

Retargeting offers an alternative. You've probably experienced it hundreds of times yourself. A typical example: You look at a product on Amazon, and then you see ads for the same product when you visit other sites.

Here's how retargeting works. When a new visitor comes to your site, the site drops a bit of code, or cookies, in their browser that tracks their online activities. When they go to other sites featuring online ads, your ad is included in the mix.

To take advantage of retargeting, you need to use a retargeting platform that often integrates with your marketing automation platform. And you'll need to design online ads that meet the retargeter's specifications.

> "Enter 'mid-cap value fund' in Google right now. Chances are, the No. 1 result will be a text ad for a specific mid-cap value fund or ETF. That ad didn't get there by accident."

UPGRADE TO AUTOMATION

Email marketing services can tell you which clients and prospects opened a particular message or clicked on a link. But they can't tell you what people they do once they're there. That's where marketing automation platforms comes in.

Applications such as Pardot, Hubspot and SharpSpring can track and report the online activities of anyone in your subscriber database. They can tell you who engages with your website, email messages and social media posts the most over time.

Most marketing automation programs can assign "lead scores" that reflect users' levels of online engagement with digital communications, sorting those who are the most engaged to the top.

Many also integrate with CRM systems, which can make it easy for your wholesalers to figure out which clients and prospects should be at the top of their contact lists — and what they should be offering when they reach out to them.

GET MORE FROM LINKEDIN

Social media, and LinkedIn in particular, offers an inexpensive way to promote your brand. Creating a robust corporate page on LinkedIn and using it to promote news and thought leadership content gives you an additional cost-free way to bring your investment story and subject matter expertise to potentially thousands of qualified prospects.

Ask everyone in your firm to like or comment on your corporate posts so they'll appear in their own LinkedIn feeds that will be viewable by members of their own professional networks. In addition, your executives should post long-form content in the articles section to showcase thought leadership, and pay attention to relevant groups related to financial advisors, for example, where your firm can play a role.

Your digital marketing priorities should be based on your existing digital program, goals and budget. If your website isn't up to par, start there. If you're still blasting emails, consider an upgrade. Always be thinking, what is the potential return on investment for this spend?

And always remember that your efforts to attract investors to your website will only be as effective as the quality of the experience they get when they arrive there. MME

Dan Sondhelm is CEO at Sondhelm Partners, a provider of integrated distribution, marketing and public relations for the asset management industry.

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span of about two weeks, it had dropped from an all-time high to an all-time low. It was such a violent sell-off that it triggered the SEC's "alternative uptick rule," which restricts short selling from further driving down the price of a stock that has dropped more than 10% from the previous day's close. The moves started days before the rest of the market cracked.

Because the ETF reacted so fast, its price fell much further than what the bonds it owns would indicate.

So, what's going on here?

I have a hunch that it centers on a combination of risks unique to the coronavirus pandemic, unique to high-yield municipal bonds and unique to the ETF structure.

First, about the ETF structure. The unprecedented volatility in everything from risky corporate bonds to U.S. Treasurys has caused market-makers to step back in an effort to avoid getting caught in a bad position.

Fear over the coronavirus' economic fallout has unleashed historical volatility in fixed income, making it harder to unload the underlying bonds.

As a result, the ETFs are trading at persistent discounts as thin liquidity sidelines market makers."

IDIOSYNCRATIC NATURE

Without question, that dynamic explains part of HYD's huge discount. But it's also crucial to understand the idiosyncratic nature of the high-yield muni market.

With some notable exceptions like tobacco bonds, speculative-grade munis just don't trade very often in the sort of size that would interest institutional buyers.

That's because no two issuers are quite the same. For example, the part of the Bloomberg Barclays index of high-yield munis with the most securities is the hospital sector.

Within the double-B rated hospital segment, some of the bigger borrowers include Loma Linda University Medical Center in California, OU Medicine in Oklahoma and Albert Einstein Healthcare Network in Pennsylvania.

It would be dangerous to simply assume the underlying credit fundamentals of each of those are interchangeable. And those are some of the market's top issuers

So what of the coronavirus-specific risks? Yes, junk-rated munis tied to airlines plunged But there were some even more drastic moves in senior-living facilities.

Just for good measure, I'll bring up two deals facilitated by the infamous Capital Trust Agency in Florida.

Unrated debt issued for Tapestry Senior Living traded as low as 38.5 cents on the dollar on March 6, down from 100 cents as recently as Dec. 5.

"Fear over the coronavirus's economic fallout has unleashed historical volatility in fixed income, making it harder to unload the underlying bonds. As a result, the ETFs are trading at persistent discounts as thin liquidity sidelines market makers."

The homepage for each of its locations included a banner titled "COVID-19 UPDATE" that details its no-visitation policy because of the outbreak.

"Thank you for assisting us in keeping everyone safe and healthy and thank you in advance for your understanding of our need to operate with an abundance of caution," the website read.

Similarly, unrated securities issued for Tuscan Gardens of Palm Coast plunged on March 6 to 57.5 cents on the dollar from 98 cents on Jan. 7.

FIRE-SALE PRICES

These are fire-sale prices.

Based on publicly available holdings data compiled by Bloomberg, HYD owns each of these bonds. And in the case of the Trousdale Foundation, Tapestry Senior Living and Tuscan Gardens debt, the ETF's position declined by exactly the same amount as the deeply discounted March 6 trades.

Here's the narrative that forms when you put all this together: In the first week of March, with HYD at the widest discount since December 2016, at least one middleman stepped in to buy shares and exchange them for the underlying bonds.

That is, after all, what they do. But that market-maker couldn't find anyone to buy the debt at a reasonable price because of the idiosyncratic nature of high-yield munis. Who's to say which of the Florida assisted-living facilities will best address the coronavirus outbreak?

So the securities were offloaded at steep cuts from where they had been previously valued. That sort of painful experience could have scared away all authorized participants, allowing HYD to free-fall without anyone to catch it.

CATCHING A FALLING KNIFE?

Perhaps the most ominous part of all is that HYD could be a harbinger of what's to come for high-yield muni mutual funds, which experienced a record $1.7 billion of withdrawals in the span of a week.

"The price of a fixed-income ETF is likely a more reliable indicator of the value of its underlying bonds than the net asset value, in our view, with the latter often stale and based on estimates," Bloomberg Intelligence's Athanasios Psarofagis and Eric Balchunas wrote in a report Friday.

Indeed, it took a bit longer, but the price of the $21.9 billion Nuveen High Yield Municipal Bond Fund has also tumbled along with its benchmark.

It's scary enough to attempt to catch a falling knife the first time. Now imagine doing so after already suffering a deep cut.

That, in a nutshell, is the state of the high-yield muni market. — *Bloomberg News* MME

SHORTCOMINGS
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Dahl's husband declined to be interviewed, but her concern is shared by others at the company. "We aren't equipped to fully work from home as a company," says an employee, who asked not to be identified.

Even as it permits more employees to work remotely, CEO Walt Bettinger acknowledged in an open letter to staff March 19 that some functions can't be performed outside the office. In the internal email sent to employees, Schwab said its business continuity plan didn't include the majority of its employees having to work from home. "We are in the process of building out that capability now, as quickly as possible," Nigel Murtagh, head of corporate risk at Schwab, wrote March 17.

Firms have taken divergent approaches to safeguarding employees and clients in the face of COVID-19. Merrill Lynch sent San Francisco-area employees home, while Ameriprise now has most employees working from home, according to a spokeswoman.

Firms still must manage clients' emotions and investments. Firms still must manage clients' emotions and investments. About 83% of consumers are now somewhat or very concerned that the virus will harm their finances, up from 68% two weeks ago, according to a J.D. Power survey.

"This is a difficult situation," says a Schwab spokeswoman. "But a lot of people are working around the clock to ensure we are living up to both of our responsibilities: caring for our people and serving clients, both of whom are trying to navigate this pandemic."

It's receiving "near-record levels of client interactions right now, as you can imagine," a spokeswoman says. Bettinger, in his March 19 open letter, thanked employees for their "tireless work" and said that every employee below the officer level would receive a $1,000 bonus. Contract workers are excluded.

Meanwhile, individuals have taken to social media to air grievances. "With the Austin mayor prohibiting gatherings of 10 or more people, when can we expect to be able to work from home? Our office has hundreds of people and this isn't safe," someone tweeted.

Dahl got a text from her husband telling her that his colleague, who had been working at a nearby desk the day before, was now running a 102-degree fever. While Schwab has now canceled all travel, Dahl's husband had been slated to fly to San Francisco for a Schwab branch event on March 11. The event hadn't been canceled, even though he opted out after he came down with a cold, she says.

While in San Francisco, "he was supposed to meet with one of his clients, who was 92 years old," Dahl says, noting she had encouraged him to cancel the trip so he wouldn't put any clients at risk. Dahl says that, while she and her husband love the Schwab, she disagreed with leaving it to managers to decide whether their teams would work from home. .

> **"We have gotten very little information from corporate, except a video sent to us this weekend of our CEO working from home."**
>
> **Rachael Dahl, ex-Schwab employee and wife of a current CFP at the firm**

'VERY LITTLE INFORMATION'

An employee, who asked remain anonymous, said, "We have gotten very little information from corporate, except a video sent to us this weekend of our CEO working from home."

"This is a complex and rapidly evolving situation for our clients and our employees and we have been communicating, sometimes multiple times a day, to get them information," the spokeswoman said. "This includes guidance on what we are doing to keep employees safe and precautions to stay home if they are ill or at high risk."

Schwab has been striving to step up efforts to enable more staff members to work remotely. On March 17, about 7,000 employees were working from home. A day later that number had climbed to 9,000, according to the company. Approximately 11,000 employees were still coming into the office before Bettinger's March 19 announcement.

The firm has had a "Pandemic Steering Committee" in place since January, according to Murtagh's email. "This crisis has brought forth some unpredictable issues that we are working to address now," the email reads.

A group of executives is meeting multiple times a day to ensure the company is allowing for maximum employee flexibility while it services "historic demand." Schwab's infrastructure wasn't set up to handle this volume of remote work, according to the internal email, as well as two current employees.

One says some colleagues don't have laptops or ways to remotely access the company server. Another says Schwab lacks the ability to make a call from a laptop. "Really none of the programs we use in the risk world are integrated," the employee said.

Schwab, which didn't respond to a request for comment with regard to concerns about its remote capabilities, has been testing its virtual office systems, and had approximately 11,000 participants log on simultaneously after hours March 16. An employee in Colorado said the test "worked well enough," adding, "They totally haven't prepared for this."

In Bettinger's March 19 open letter, he urged remote workers to "use common sense to limit nonessential traffic over our network," including unnecessary video usage. And according to an internal email, Schwab is testing and deploying "two additional technologies" to allow client-facing staff to take calls and chat remotely, which should be "more widely available soon."

For employees who will continue to work in the office, Schwab says it will enhance cleaning, practice social distancing, and alternate scheduling and work rotations, according to the internal email. "As we get reports of possible exposures that affect our employees, we will act swiftly to help those affected, and follow CDC guidelines for cleaning, notifications and self-quarantines," the email reads. MME

3 ways active managers can survive the remainder of 2020

As we head into the second quarter of 2020, we have seen an increase in market volatility, primarily fueled by the emergence of the coronavirus, leaving the investing world uncertain about the markets and global economy.

Markets have seen their biggest drops since 2008, and managers have lost a significant amount of money. This has especially affected boutique managers.

By Emilie Totten

Because market volatility and uncertainty may continue for some time, active managers with a proper strategy will be well-positioned to retain clients and have a better opportunity to capture more assets when the market recovers.

Also, with fewer people investing in active strategies and more options to choose from, competition is extremely fierce.

Due to a generally strong market over the years, AUM, profits and bonuses have grown. Though many firms have seen record-breaking revenue, these signs are a false positive.

"Strong revenues do not guarantee a strong business. Firms need to grow their client base to thrive in 2020," says Dan Sondhelm of Sondhelm Partners, a marketing consultancy. "Firms need strategies that help them truly differentiate if they want to survive."

Here are three ideas asset managers can use to be more competitive going forward.

CHOOSE YOUR NICHE AND FOCUS

Don't fluctuate.

You can't be everything to everybody. You have to choose a niche and focus. Donna DiMaria, founder and CEO of the third-party marketing agency Tessera Capital Partners says the trick is figuring out what you're doing that's a bit different than everybody else.

"Everyone does research and everyone talks about their process. But what's different about yours? For instance, if you're a dividend manager and you're tracking dividends by hand, there you have a differentiating quality," she says.

To determine your niche, step back and interview your senior managers, every PM and every team member.

This will give you a sense of who your organization is and what drives your entity. It will also help unify your firm around brand messaging. It's also important to identify your weaknesses.

"If you have an investment strategy you're not good at, maybe scale down or sell it," Sondhelm says. "If you're a great money manager that doesn't have a strong marketing and sales program, you might partner with a firm through a sale or fund adoption."

Figuring out your positioning and messaging is also dependent on the competitive landscape. Ask yourself: How do you differ on structure, messaging or storytelling?

DiMaria offers some suggestions for doing competitive research, including reading the press and investing in industry databases.

She also recommends keeping your investment strategy consistent with the brand positioning you're putting out into the market.

"If you're known for being a concentrated manager and all of a sudden you're adding stocks, people are going to start to question your track record, " she says.

"Or if you've always been overweight in a certain sector and then all of a sudden you become underweight, they're going to question that," she adds.

"Gatekeepers are looking at this carefully. How much style drift are you having? How true to your process are you, and how complementary are you with the other managers?

"This is especially important if you're dealing with a manager-manager program or a multi-manager allocation; these style bends become so important," she notes.

Key takeaways

- Know what you're good at and focus there. Interview your team to get a sense of who your organization is and what drives your entity.
- Know what you're not good at and minimize or remove those weaknesses.
- Figure out how to position the firm based on the competitive landscape. Once you've identified your niche, be consistent.

> **"Because market volatility and uncertainty may continue for some time, active managers with a proper strategy will be well-positioned to retain clients and have a better opportunity to capture more assets when the market recovers."**

RETHINK YOUR CONTENT STRATEGY

Stand out by saying less. To get discovered and stand out from the competition, you must have compelling content. The problem is, there is too much content out there, and readers are tired. In order to capture your readers' attention, you need to say something different and say it quickly.

Sandra Powers, founder and CEO at marketing consultancy Ark Global, says asset managers must rethink how they're

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communicating.

"There seems to be a disconnect between what investment managers are putting out and what the market wants," she says. "Investment managers have a deep sense of investment acumen, so they want to put out a 20-page white paper, but that's not what the market wants. You have seconds to capture someone's attention.

"One thing you can do is to take that 20-page white paper and break it up into several pieces for video, social media, blog posts and emails.

"You can say a lot in a few words, just make sure your content is in line with your channel strategy in terms of who you're focusing on," Powers says.

Asset managers are already creating a ton of content that can be reused and repurposed.

Long-form content such as presentations, white papers, database responses and commentaries can be broken up into bite-sized pieces.

For example, RFP responses can be turned into short blog posts. Longer-form content can also be formatted to give people the option to skim or go into a deeper read.

For example, write shorter paragraphs, stay away from industry jargon and use bullet points to sum up the highlights.

Other ways to create strong content are to take notes during sales meetings or have a monthly meeting with the PMs where they talk about what they're seeing in the market and in their portfolio.

To bring in more of the voice of the team, marketers can interview subject matter experts on a given topic and then let those experts review and edit a draft. This is much more effective than asking them to create content from scratch.

Once you've created your content, make sure you're consistently getting it out there in the right places. Using a visual content calendar can help you effectively plan your distribution strategy.

Key takeaways

- Strong content wins, so say something different and say it quickly.
- Bring in more voices, like subject matter experts, from the team by collaborating cross-departmentally.
- Break up longer-form content into bite-size pieces
- Use a visual content calendar to plan your distribution strategy.

FOCUS ON CULTURE

Integrity and diversity are differentiators. In today's environment, it's important for firms to recognize success goes beyond performance or hiring top talent.

"There seems to be a disconnect between what investment managers are putting out and what the market wants."
Sandra Powers, founder and CEO, Ark Global

It's about creating a culture of integrity and diversity.

Also, it's about building trust with investors and employees, and doing everything you can to protect that trust.

Late last year, we saw evidence of this when individual investors pulled $20 million from Fisher Investments following sexist comments from the billionaire founder, Ken Fisher. Institutional investors pulled several billion dollars.

DiMaria says, "Integrity has always been important, but the Fisher incident goes to show that it's paramount today. It also showed us that there is a lot of resilience left in the marketplace, and it's not all about performance. It's about integrity and it's about infrastructure, process, repeatability and managers that people can count on."

That said, success is heavily dependent on the people you have on your team.

Not only do you want to hire good people, but you want to hire people from diverse cultural and generational backgrounds to take advantage of different skill sets.

Powers emphasizes this by noting, "Organizations have to understand cultural and generational differences and take advantage of them instead of pushing them away. You can't run things from a tyrannical perspective.

"There is a big difference in how the new generation does their job, but there needs to be a meeting of the minds. Some of the more compelling people make up the junior staff. Pick their brains and get their ideas," she says.

Many firms claim they are focused on diversity after checking the box with one diversity hire. That is something investment managers need to change going into 2020.

Other firms are becoming more diverse, but fail to showcase their advances. So, to the public eye, they fail to portray diversity.

Powers recommends starting by making some simple changes on your firm's website.

"Instead of displaying an organizational hierarchy, showcase your entire team to highlight the diversity and talent beyond senior management," she says.

Key takeaways

- Develop a culture of integrity and trust with investors and employees.
- Embrace different talents and strengths from both younger and older generations.
- Highlight your diverse team, not just senior management. MME

Emilie Totten is head of marketing at asset management marketing and sales company Synthesis Technology.

Worst bond funds of 2020 underscore differences in portfolios

By Andrew Shilling

Fixed-income funds have taken hits on multiple fronts this year, and mounting coronavirus fears and an evolving oil price war are only adding to the pressure.

The 20 bond funds with the biggest year-to-date losses still managed to outpace the broader bond market over the long-term, Morningstar Direct data show.

With an average YTD loss of nearly 12%, the funds bested the Bloomberg Barclays US Aggregate Bond Index's 3.57% gain — measured by iShares Core US Aggregate Bond ETF (AGG) — over the last 10 years, data show.

Perhaps no surprise, bond funds that took the biggest hits were invested more heavily in preferred stocks and emerging market debt strategies than their peers, notes Karin Anderson, director of fixed-income manager research at Morningstar.

Compared with funds concentrated on U.S. Treasurys, high-yield has had an especially tough time.

"Were now in a very risk averse environment, so it's no surprise these are taking a big hit on the credit side," says Karin Anderson, Morningstar's director of fixed-income manager research. "High-yield strategies were already going to suffer, but add in the effects of the Saudi and Russian oil war going on [and] that really amplifies their losses year-to-date."

The price of investing in the year's worst performers was higher than the broader fund industry. At more than 0.75%, the funds were well above the 0.48% investors paid on average, according to Morningstar's most recent annual fee survey, which reviewed the asset-weighted average expense ratios of all U.S. open-end mutual funds and ETFs. MME

	Ticker	YTD % Returns	1-Yr. % Annualized Returns	3-Yr. % Annualized Returns	5-Yr. % Annualized Returns	10-Yr. % Annualized Returns	Expense Ratio	Net Assets (millions)
Fidelity Advisor High Income Advantage I	FAHCX	-13.60	-7.21	1.38	3.01	6.23	0.76%	$1,662.98
Fidelity Capital & Income	FAGIX	-13.57	-6.04	1.44	2.86	5.95	0.69%	$12,022.42
VanEck Vectors Preferred Securities ex Financials ETF	PFXF	-13.51	-5.21	1.48	2.43	N/A	0.41%	$679.06
Invesco Oppenheimer International Bond Y	OIBYX	-13.49	-8.75	-0.90	0.48	1.54	0.76%	$3,026.78
TCW Emerging Markets Income I	TGEIX	-13.19	-5.41	0.60	3.47	4.78	0.85%	$6,059.02
Invesco Oppenheimer Global Strategy Income A	OPSIX	-12.32	-7.48	-0.96	0.01	2.96	1.00%	$2,809.74
American Beacon SiM High Yield Opportunities Y	SHOYX	-12.30	-6.47	1.02	2.72	N/A	0.91%	$1,124.48
Invesco Emerging Markets Sovereign Debt Portfolio ETF	PCY	-11.94	-2.17	1.33	3.38	4.99	0.50%	$2,895.04
T. Rowe Price Emerging Markets Local Currency Bond	PRELX	-11.74	-3.69	0.77	1.51	N/A	0.92%	$574.56
Invesco High Yield A	AMHYX	-11.70	-6.45	0.34	1.52	4.59	1.17%	$968.07
SEI Emerging Markets Debt F (SIT)	SITEX	-11.66	-3.98	0.49	1.55	2.39	1.62%	$1,449.40
Pioneer High Yield A	TAHYX	-11.59	-4.41	0.96	2.08	5.03	1.14%	$637.99
iShares Preferred & Income Securities ETF	PFF	-11.55	-4.85	0.81	1.86	4.45	0.46%	$14,874.53
SEI Emerging Markets Debt A (SIIT)	SEDAX	-11.39	-3.03	1.42	2.53	3.30	0.42%	$1,988.22
AB High Income Advisor	AGDYX	-11.13	-4.01	0.31	2.58	5.69	0.62%	$4,546.42
Western Asset SMASh Series C	LMLCX	-11.04	-1.95	1.78	2.55	4.48	0.00%	$1,142.49
Lord Abbett High Yield F	LHYFX	-11.00	-3.87	1.24	3.18	6.12	0.80%	$5,815.17
Northern High Yield Fixed Income	NHFIX	-10.49	-2.77	2.09	2.65	5.32	0.78%	$3,508.92
Thrivent High Yield A	LBHYX	-10.40	-4.04	1.50	2.36	5.25	0.80%	$726.83
VanEck Vectors JP Morgan Emerging Markets Local Currency Bond ETF	EMLC	-10.34	-4.66	-0.02	0.68	N/A	0.30%	$3,731.68

Note: Funds with less than $500 million in AUM, institutional and leveraged funds are excluded. Data shows each fund's primary share class. Data as of 3/13/2020.
Source: Morningstar Direct

SCORECARD

Mutual fund flows

($ millions)

		Equity									
			Domestic						World		
Date	Total long-term	Total equity	Total domestic	Large-cap	Mid-cap	Small-cap	Multi-cap	Other	Total world	Developed markets	Emerging markets
Estimated weekly net new cash flow											
3/11/2020	-27,860	10,087	9,295	12,651	-897	-106	-212	-2,140	792	1,662	-871
3/4/2020	-44,472	-13,873	-13,794	633	-3,067	-2,810	-5,046	-3,504	-79	550	-630
2/26/2020	257	-392	-3,389	3,986	-1,329	-1,322	-4,271	-452	2,997	2,908	89
2/19/2020	8,210	-2,714	-5,183	-2,611	-623	-633	-1,377	60	2,469	2,268	201
2/12/2020	7,324	-3,517	-4,926	-1,429	-973	-676	-1,530	-318	1,409	858	551
2/5/2020	6,575	-1,617	-6,037	-1,665	-786	-1,060	-1,821	-705	4,420	2,951	1,469
Monthly net new cash flow											
1/31/2020	16,925	-39,230	-45,186	-20,919	-2,972	-5,185	-14,890	-1,219	5,956	2,390	3,566
12/31/2019	-28,476	-60,135	-51,263	-17,678	-5,050	-4,858	-19,860	-3,817	-8,871	-9,063	192
11/30/2019	-4,945	-37,554	-33,996	-14,853	-2,696	-3,329	-10,887	-2,232	-3,558	-4,416	858
10/31/2019	-17,624	-43,294	-31,181	-12,675	-4,884	-3,604	-7,704	-2,313	-12,113	-10,323	-1,790
9/30/2019	-23,029	-41,931	-34,404	-18,057	-3,276	-2,968	-8,050	-2,053	-7,526	-6,901	-625
8/31/2019	-20,942	-22,271	-23,348	-3,614	-2,397	-3,535	-9,568	-4,235	1,078	1,696	-618
7/31/2019	-7,543	-41,214	-34,710	-14,212	-2,776	-2,648	-12,056	-3,019	-6,503	-5,733	-770
6/30/2019	-27,043	-36,633	-27,572	-10,782	-3,378	-2,379	-7,817	-3,217	-9,061	-7,801	-1,260
5/31/2019	1,602	-8,777	-12,279	443	-3,177	-1,522	-5,243	-2,779	3,501	3,087	414
4/30/2019	-12,777	-42,400	-26,785	-14,016	-2,734	-2,424	-4,628	-2,983	-15,615	-16,651	1,036
3/31/2019	-1,797	-24,629	-19,424	-6,907	-3,065	-3,305	-5,093	-1,053	-5,205	-5,894	688
2/28/2019	20,704	-12,577	-10,832	-4,790	-1,382	-520	-3,883	-258	-1,745	-2,617	871
1/31/2019	22,920	9,475	3,646	3,363	-450	950	-1	-215	5,829	3,218	2,611
12/31/2018	-183,212	-89,350	-43,885	-1,216	-9,459	-8,793	-15,057	-9,360	-45,464	-39,180	-6,285
11/30/2018	-64,300	-25,770	-17,982	-3,433	-2,959	-3,194	-4,991	-3,405	-7,787	-7,976	189
10/31/2018	-57,474	-15,146	-12,738	453	-3,683	-3,064	-3,863	-2,581	-2,408	-2,313	-95
9/30/2018	-22,681	-27,927	-25,447	-12,282	-1,816	-995	-8,218	-2,136	-2,480	-2,619	139
8/31/2018	-17,806	-24,453	-23,101	-12,831	-2,013	1,179	-8,147	-1,288	-1,352	-1,476	124
7/31/2018	-9,787	-20,871	-18,866	-9,740	-2,169	1,572	-6,639	-1,890	-2,005	-2,238	233
6/30/2018	-16,234	-19,894	-24,287	-15,433	-2,707	1,453	-6,302	-1,298	4,392	4,805	-413
5/31/2018	-5,533	-8,734	-15,718	-5,557	-4,417	544	-5,219	-1,068	6,984	5,790	1,194
4/30/2018	-6,666	-9,290	-12,662	-641	-1,123	-104	-4,022	-6,771	3,372	1,616	1,756
3/31/2018	9,844	266	-12,007	447	-2,819	-1,600	-6,676	-1,358	12,273	11,226	1,047
2/28/2018	-11,931	-8,367	-19,556	-1,574	-2,853	-2,634	-9,492	-3,003	11,189	9,450	1,739
01/31/2018	40,024	-7,072	-24,523	-6,847	-5,281	-2,117	-9,993	-286	17,451	13,251	4,201

Note: Weekly cash flows are estimates are based on reporting covering 98% of industry assets.

Source: Investment Company Institute

ETF flows

($ millions)

Date	Total equity	Domestic equity	World equity	Hybrid	Total bond	Taxable bond	Municipal bond	Commodity	Total LT MF and ETF flows
Estimated weekly net new cash flow									
03/11/2020	16,014	17,618	-1,604	-5,777	-32,300	-29,228	-3,072	2,344	-19,720
03/04/2020	-20,214	-17,254	-2,960	-6,464	-17,762	-17,244	-518	318	-44,122
02/26/2020	-13,916	-13,536	-380	-1,421	3,198	204	2,993	229	-11,912
02/19/2020	276	-3,256	3,532	201	14,888	12,245	2,643	841	16,207
02/12/2020	7,597	4,357	3,240	409	19,113	15,859	3,253	541	27,659
02/05/2020	12,902	5,875	7,028	406	13,672	10,683	2,989	832	27,813
Monthly net new cash flow									
01/31/2020	-7,925	-24,527	16,602	161	73,864	59,994	13,870	2,577	68,677
12/31/2019	-21,656	-27,502	5,846	-4,777	50,733	40,606	10,127	-545	23,755
11/30/2019	-801	-11,679	10,879	-1,907	44,480	34,403	10,077	-1,032	40,739
10/31/2019	-30,601	-24,646	-5,955	-1,905	43,187	34,801	8,386	304	10,985
09/30/2019	-10,885	-4,650	-6,235	-5,044	38,482	33,080	5,402	3,332	25,884
08/31/2019	-41,828	-29,909	-11,919	-6,937	22,304	13,258	9,046	3,747	-22,714
07/31/2019	-14,872	-7,889	-6,983	-2,034	44,811	34,660	10,150	2,247	30,152
06/30/2019	-20,709	-11,997	-8,712	-4,296	39,771	32,774	6,996	2,984	17,749
05/31/2019	-25,913	-24,652	-1,261	-3,844	21,332	12,778	8,554	-1,166	-9,591
04/30/2019	-15,606	-5,307	-10,298	-4,064	40,565	33,277	7,288	-1,829	19,066
03/31/2019	-7,586	-3,654	-3,931	-5,733	38,412	29,301	9,112	-353	24,740
02/28/2019	2,232	3,632	-1,400	-2,436	45,146	34,191	10,955	-1,493	43,448
01/31/2019	-11,223	-21,195	9,972	-873	29,308	21,722	7,585	2,169	19,381
12/31/2018	-57,435	-28,946	-28,489	-28,220	-49,388	-49,500	111	1,173	-133,870
11/30/2018	6,966	2,770	4,196	-12,390	-11,233	-7,443	-3,790	117	-16,540
10/31/2018	-6,658	-9,656	2,998	-11,280	-31,939	-27,692	-4,247	336	-49,541
09/30/2018	-1,051	891	-1,942	-6,111	18,090	18,521	-431	-36	10,892
08/31/2018	-3,953	-6,653	2,700	-6,210	19,556	17,218	2,338	-2,322	7,071
07/31/2018	-302	1,017	-1,319	-5,996	25,923	22,494	3,429	-599	19,025
06/30/2018	-26,523	-20,999	-5,525	-7,110	19,608	16,995	2,612	-2,450	-16,476
05/31/2018	13,743	10,072	3,671	-3,642	13,042	11,749	1,294	-133	23,011
04/30/2018	-24	-7,395	7,371	-3,800	22,416	24,175	-1,759	2,310	20,902
03/31/2018	-6,740	-22,146	15,407	-1,735	15,898	14,146	1,752	554	7,976
02/28/2018	-19,500	-41,438	21,938	-3,469	1,704	2,705	-1,001	1,026	-20,239
01/31/2018	54,206	10,793	43,413	382	56,756	46,287	10,469	1,724	113,068

Note: Weekly cash flows are estimates are based on reporting covering 98% of industry assets.

Source: Investment Company Institute