

# MONEY

THE PREMIER NEWS SOURCE  
FOR ASSET MANAGEMENT LEADERS

## management executive

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## Why asset management's future is digital

ASSET MANAGERS ONCE SCOFFED AT the digital wealth management space. Now, it could be the best hope for the industry's future.

Digital wealth assets totaled \$90 billion last year but will grow to \$400 billion by 2018, much of it controlled by asset management firms, said Alois Pirker, research director for

### TECHNOLOGY

By Suleman Din

Aite Group's Wealth Management practice, during SourceMedia's InVest conference in New York last week.

Pirker said aiding large asset managers in capturing digital assets will be their built-in advantages, including an established brand, multiple service channels, distribution, prod-



Asset managers must keep up with innovation, says MyVest CEO Anton Honikman.

uct diversity and client data.

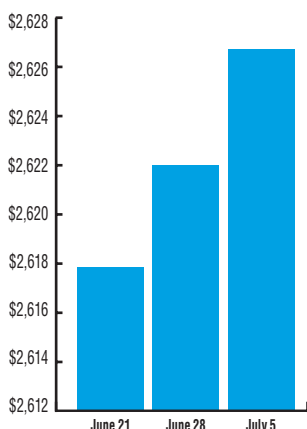
However, Pirker and other industry leaders noted that the opportunity means asset management firms will have to revamp operations, products and invest in digital.

"This industry is ripe for disruption, and the challenge for incumbents is not to get caught with their heads in the sand," said Anton Honikman, CEO of MyVest, a San Francisco-based digital wealth platform owned by asset management giant TIAA.

One challenge for asset managers, Pirker noted, will be to balance implementation of technology for the digital era, especially for the largest firms which have complicated legacy systems supporting their operations.

**DIGITAL**, on page 5

### Money market fund assets grew \$4.75B for the week ending July 5 (billions)



Source: Investment Company Institute

## Macro managers are confounded by markets

FINANCIAL MARKETS NO LONGER MAKE sense to macro managers like Mark Spindel.

After spending three decades focusing on things like economic trends, currency moves, politics and policy, Spindel has been confounded by markets shaped by low volatility, algorithms and more. He finally gave up and closed his nine-year-old hedge fund.

"I felt the intensity of following markets at a time of increasing political and economic confusion very hard," said Spindel, founder of Potomac River Capital in Washington. "My entire career had cen-

**MACRO**, on page 6

### STRATEGY

By Saijel Kishan

## Expansion plans? Here's what firms should read

MANY SUCCESSFUL INSTITUTIONAL ASSET managers would like to convince financial advisers to offer their products to investors. But they often believe they can create effective marketing materials simply by repurposing the highly technical performance data they provide to consultant databases.

I advise them that this approach won't work, since RIAs and brokers use different criteria for evaluating and selecting funds.

To help identify "knowledge gaps" of their target audience that could impede their success, I

**EXPANSION**, on page 8

### OPINION

By Dan Sondhelm

### NEWS SCAN

**FIDELITY DISMISSES HUNDREDS**  
P. 3

### EXPERT VIEW

**ADDRESSING DATA NEEDS**  
P. 10

### SCORECARD

**MUTUAL FUND FLOWS**  
P. 11

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## INDUSTRY HIGHLIGHTS

### Fidelity eliminates hundreds of workers

Months after offering 1,500 of its employees a buyout option to leave the firm, Fidelity Investments has eliminated another 1% of its 45,000-person workforce.

Adam Banker, a spokesman for the Boston-based firm, responded in an e-mailed statement that the company doesn't comment about hiring or reductions.

"From time to time, our individual businesses may be making adjustments to their staffing levels; some may be adding employees while others may be reducing," Banker said in the statement. "We currently have hundreds of open positions that we are recruiting for nationwide."

Last month Fidelity said it offered 1,500 employees a buyout option announced in February, which included salary and health care benefits and was extended to 3,000 employees that had been with the company for more than 10 years and were over 55.

### UBS secures fund license in mainland China

In order to begin managing money of the high-net-worth and institutional clients in Asia's largest economy, UBS Asset Management has secured a private-funds license in mainland China,

according to Bloomberg News.

The firm's local unit is the first so-called qualified domestic limited partner to be granted a license from the Asset Management Association of China, a coveted status.

UBS said the move opens the door for offering onshore fixed income, equity and multi-asset private funds.

"China is a key growth market," Ulrich Koerner, president of UBS Asset Management, said in the statement.

"Our goal is to be a leading asset manager in China for both onshore and offshore investors and a strong partner" for clients there who invest overseas."

## RESEARCH

### Most first half asset sales in nearly a decade

More global transactions were made in the first half of 2017 than in any half year since 2008, analysts say.

The increased volume was driven by small asset manager sales, according to Sandler O'Neill. For the first half of 2017, 62% of transaction involved sellers with less than \$3 billion in AUM. Private wealth management and alternative asset transactions both increased more than 30%.

The acquisition of small companies to private client aggregators drove private wealth management transactions. The stake sales of private equity managers increased alternative asset transactions, according to Sandler O'Neill.

## Estimated Fund Flows

(\$ millions)

	7/5/2017	6/28/2017	6/21/2017	6/14/2017	6/7/2017
<b>Equity</b>	-6,478	2,143	684	27,159	-7,726
Domestic	-11,551	-4,571	-7,876	19,492	-11,093
World	5,073	6,714	8,560	7,667	3,367
<b>Hybrid</b>	-481	-614	-488	-813	-918
<b>Bond</b>	5,824	5,404	6,313	7,621	13,675
Taxable	6,073	4,460	5,391	7,045	12,359
Municipal	-250	943	922	576	1,316
Commodity	-583	394	90	65	997
<b>Total</b>	-1,719	7,327	6,600	34,033	6,027

Source: Investment Company Institute

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Traditional asset transactions stayed the same. A total of 98 transactions took place in the first part of 2017.

## Managers need tech innovation to survive

Traditional asset managers must adopt advanced data technologies to stay competitive, researchers say.

In the report, Boston Consulting Groups highlighted five ways asset managers can improve their performance — innovate their portfolio management process, adopt more advanced technology, create structural cost management, enter the Chinese market and use strategic M&A to build their business.

“Success in the future will require managers to identify opportunities, move boldly, and transform the very way they work,” said Boston Consulting Partner Brent Beardsley, who co-authored the report.

## Retail adviser channel is a key alternative tool

Nearly half of alternative managers say the retail adviser channel is their most important distribution channel.

They prefer it so much, in fact, that many are expanding this channel by increasing distribution teams, building partnerships with online technology platforms and developing new products to appeal to a wide market of advisers, according to Cerulli Associates.

The use of business development companies is one way managers are aiming to make alternatives accessible for smaller retail investors.

Only 9% of surveyed currently use BCDs. However, more than a third of managers think it is a huge opportunity for raising future alternative assets.

## PRODUCTS

### SimCorp offers private debt module

The investment management solutions company SimCorp launched a new

platform for investing in private debt.

SimCorp Dimension was built to meet the growing demand from institutional investors for risk-adjusted yields, according to the company. The product is compatible with SimCorp’s Investment Book of Record that centralizes intraday positions across all asset classes.

### IndexIQ lowers fees for half its funds

IndexIQ is cutting the total expense ratio for three of its 50% currency hedged international equity ETFs by 16 basis points, according to the company.

The IQ 50 Percent Hedged FTSE International ETF had an expense ratio of 0.36%. It has since been reduced to 0.20%.

The IQ 50 Percent Hedged FTSE Europe ETF and the IQ 50 Percent Hedged FTSE Japan ETF, both of which previously had expense ratios of 0.46%, have now been reduced to 30 basis points.

### Schwab adds ETFs

Schwab announced it has launched 15 new ETFs through its ETF OneSource program.

In Schwab’s existing ETF platform, investors can buy and sell from 245 ETFs in 69 Morningstar categories. With the new funds, Schwab clients can also invest in high-yield bond, energy limited partnerships and emerging markets ETFs.

## ARRIVALS

### Princeton economist joins Toroso Index committee

Legendary Princeton professor and author, Burton Malkiel, joined the Index Committee for the Toroso ETF Industry Index (TETF).

In his books, Malkiel wrote about investment strategies and how to choose from different investment options such as bonds, equity and real estate.

“As the indexing and ETF universe has grown and matured, capturing its

growth in an index of its own is the next logical step and is a very exciting proposition,” Malkiel said. “It is one which I am very much looking forward to focusing on with my fellow Index Committee members.”

### Putnam hires a new director of client relations

Putnam Investments has hired a consultant relations executive to lead its institutional asset management consultants.

Before joining the firm, Anicia Mendez was a senior consultant relations representative for Janus Henderson.



Anicia Mendez

At Janus, Mendez developed relationships at key firms while consulting members of her team.

Mendez previously worked at Sage Advisory Services, an independent investment management firm, and Dwight Asset Management Company, a firm owned Goldman Sachs Asset Management.

Based in Los Angeles, Mendez will report to Jeffrey L. Gould, head of Putnam Global Institutional Management.

### Baird launches a new division, promotes executives

Baird appointed a director of planning to lead its newly created advanced planning division.

In this role, Timothy M. Steffen is responsible for educating Baird’s advisers and clients about wealth management planning strategies for a variety of sectors including estate planning.

Along with Steffen, Scott M. Grenier was promoted to be manager of financial and estate planning, the firm said. Grenier directs Baird financial and estate planners across the U.S. **MME**

*News Scan by Sarah Martinson*

## DIGITAL

from page 1

“Back office innovation has been very slow to implement while front office innovation has to happen very fast,” Pirker said.

For firms developing a plan for a digital era, the focus needs to be on what advisers and clients really need, said Kelli Keough, global head of digital wealth management at JPMorgan Chase.

“We see increased fee and regulatory pressures. That squeezes our margins,” she said. “So we need to be more efficient. Our advisers are dying under mountains of paperwork and inefficiencies.”

There will have to be an acknowledgment too that the way the retirement market has sought to capture clients will have to change too, several speakers noted.

Tim Heier, chief technology officer at Schwab, presented a dramatic statistic to make that point: clients spent twice as much time shopping for a car than they did shopping for a 401(k).

“You have to evolve the systems that you built for clients in the ecommerce days,” Heier said.

A wise strategy for any asset manager is to select and build on one speciality, rather than try to serve every emerging category in digital wealth, said Kendra Thompson, head of Accenture’s global wealth management practice.

### MAKE INVESTMENTS

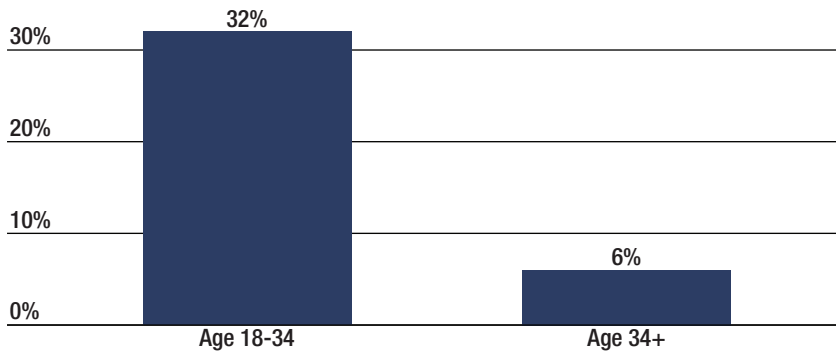
Boosting retirement assets will come down to a firm’s digital capability — and ability to court millennials.

“Older consumers have more money, but millennials have a larger share of the available market, and are more willing to move,” said Bob Hedges, partner at A.T. Kearney the management consulting firm. “And they respond to an adviser’s digital capabilities.”

According to A.T. Kearney’s newly released 2017 Future of Advice study, millennials age 18 to 34 have \$1.5 trillion in total retirement assets — only a fraction of the \$22.5 trillion in retirement assets held by consumers 35 and older. But while only 6% of older consumers are willing to move their retirement accounts to a differ-

## Millennial money on the move

Younger consumers are more open to switching retirement accounts.



Source: A.T.Kearney 2017 Future of Advice Study

ent adviser, 32% of millennials are open to switching. That translates into an available market of approximately \$500 billion.

“If you’re in the business of getting new business, this is a market you can’t ignore,” Hedges said. “The best digital experience

### ‘WILLING TO SWITCH’

Low cost and transparent fees were also important to younger consumers, the study found.

Younger consumers age 18 to 34 were highly price sensitive and “overwhelm-



Dan Neiken

**“Back office innovation has been very slow to implement while front office innovation has to happen very fast.”**

*Alois Pirker, research director, Aite Group*

will increasingly drive who gets share in the retirement space.”

### RETIREMENT PRIORITY

Perhaps surprisingly, the A.T. Kearney study found that millennials said saving for retirement was their main financial priority, placing it above managing day-to-day expenses, getting out of debt and saving for an event such as a wedding.

Critically for advisers, millennials are willing to move their retirement savings, and “their business is available,” said Monica Gabel, an A.T. Kearney partner. “Advisers need to leverage their technology to reach them.”

Specifically, the report urged advisers to have a mobile account opening capability and mobile 401(k) rollover.

ingly willing to switch providers for lower fees,” according to the report. They were also more open than older consumers to receiving investment advice from digital firms like Betterment or Wealthfront and were “willing to use robo advisory services to manage their household assets,” the report said.

And while older consumers rely more heavily on dedicated advisers and preferred to receive advice from traditional investment firms, the study found that millennials were more independent when making financial decisions and more open to nontraditional investment advice providers.

The study also found that millennials would rather do business with traditional banks than with investment firms. **MME**

## MACRO from page 1

tered on an understanding of monetary politics and I had trouble getting my head around it all. It was exhausting.”

These are troubled — and troubling — times for macro managers, those figurative heirs of famed investor George Soros who were once dubbed the masters of the universe. They’ve barely made money this year and once again, their returns pale next to those of cheaper index funds. Many investors are looking elsewhere.

Andrew Law at Caxton Associates reported record losses. Alan Howard had the worst first-half in his hedge fund’s history. Even the old hands in the business such as Louis Bacon haven’t been spared from losing money. And Soros’s son, Robert, conceded last month that his family firm has made fewer macro bets amid “lackluster” opportunities.

It’s enough to make a macro man wonder: in an age of untested central bank measures and algorithms, can this classic hedge fund style pay off like it used to?

## OPAQUE MARKETS

The old guard made their fortunes when markets were more opaque, less efficient and when they had access to market information privy only to a few. Price trends were easier to latch onto, leverage heavily used and competitors fewer.

Today, funds face an onslaught of technology that’s disseminating information more quickly and widely, while some algorithms are able to spot — and capture — price anomalies almost instantly. And computer models can more cheaply follow market trends.

Macro managers posted their worst first-half since 2013, losing on average of 0.8% after a 1% decline in June, according to Hedge Fund Research data. The managers returned less than 1% annually over the past five years. The broader hedge fund industry returned 3.7% in the first half after barely making any money last month, and returned about 4.9% annualized over the past five years, the research firm said.

After winning a brief reprieve at the end of 2016 in the wake of President Don-

ald Trump’s election win, macro managers’ fortunes reversed this year as the dollar and oil declined, stocks rallied and a political crisis erupted in Brazil. Volatility in equity and currency markets also fell to their lowest in years. In recent weeks, though, the dollar and Treasury yields have risen amid a hawkish tone from developed-nation central banks.

Investors have lost patience with the strategy. They pulled about \$3.8 billion from discretionary macro managers in the first quarter, the fifth straight quarterly outflow, while adding \$4.9 billion into computer-driven macro funds, HFR data show.



**“The elephant in the room is that macro should have done well in the past seven or so years because of all the political and economic events.”**

*Adam Duncan, managing director, Cambridge Associates*

For years, managers have blamed central bank policies for their failure to deliver stand-out profits. Low interest rates globally made it harder to make money from differences among nations, they say. And as computers probabilistically forecast economic and market data, some managers say it’s a challenge to compete with algorithms that can be a driver of short-term price action, and create shorter and sharper investment cycles.

“The elephant in the room is that macro should have done well in the past seven or so years because of all the political and economic events,” said Adam Duncan, a managing director at Cambridge Associates, a Boston-based firm that advises clients on investing. “Yet no one has made any money. The idea that the opportunity set hasn’t been there is just not true. Markets have been moving all over the place.”

For example, in the past two years the pound touched its lowest against the dollar in more than three decades, the Canadian dollar fell to its lowest since 2003 and gold

dropped to a five-year low.

Managers need to increase risk and some should do more tactical trading, which is moving in and out of positions more frequently, Duncan said.

## BREVAN, TUDOR

Howard, whose clients are fleeing his Brevan Howard Asset Management, delegated management of his firm in September to deputies so he can focus on markets, according to people who know him. Brevan has lost 5.2% this year. A spokesman for the firm declined to comment.

Paul Tudor Jones, whose Tudor Investment has also seen clients defect, last year

told investors that he will handle a greater chunk of their money and push his managers to take on more risk. His fund is down 2.5% this year through June. And Caxton, where Law already manages most of the firm’s money, told investors that it was shifting away from a strategy called momentum. The firm has slumped 10.4% through June.

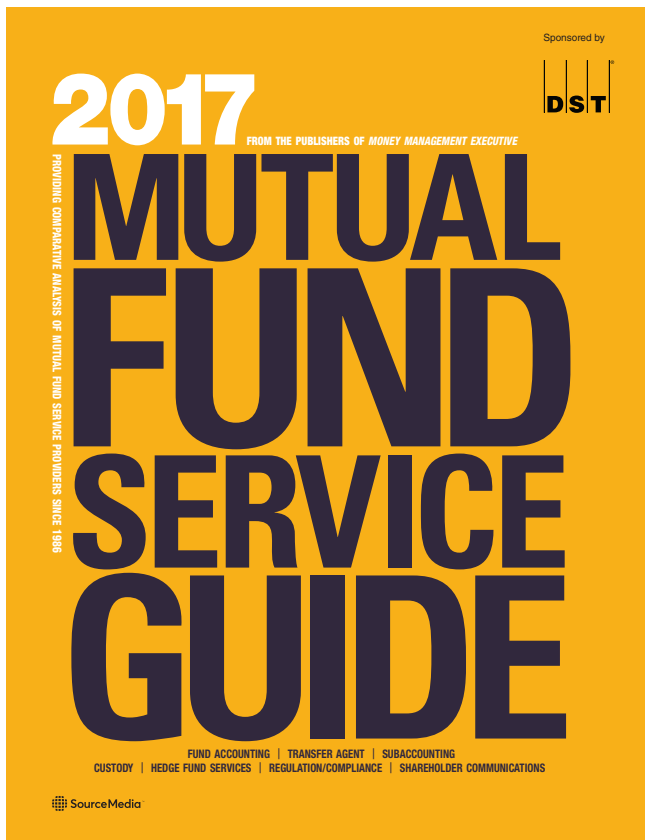
Representatives for the firms declined to comment while a spokeswoman at Caxton didn’t return messages seeking comment.

Back in Washington, Spindel is upbeat. He’s managing his own money while putting the finishing touches to a book he’s co-written about the Federal Reserve that’s due to be published later this year. Spindel regularly rows on Washington’s Potomac River in a single scull rather than his former eight-man boat. One day he may return to managing other people’s money, he said.

“I would love to be back in an eight again.” — *Bloomberg News* **MME**

# MUTUAL FUND SERVICE GUIDE

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The Mutual Fund Service Guide is the annual reference guide for operations and marketing executives in the mutual funds industry to review and select vendors and obtain insight into the changing directions of the industry.

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## EXPANSION

from page 1

gauge their understanding of these criteria by asking two questions:

**1. Do you understand their different business models?** RIAs and brokers have different client service models, compensation considerations, and regulatory requirements. Gatekeepers within these firms have different entry requirements which can be costly.

**2. Do you know what drives their fund-selection processes?** In addition to performance, RIAs look for funds with strong peer group rankings and research ratings, lower costs, proven risk management characteristics and a credible investment story. Brokers are motivated by these factors as well as by commission considerations.

Institutional firms that take the time to understand these differences are better prepared to develop marketing and sales strategies for funds that are most likely to be accepted on advisory platforms.

## BREAKING INTO THE U.S. MARKET

I've also been speaking with a number of European, Asian, Canadian and UK-based asset managers that are trying to generate inflows in the U.S. Many of these firms have well established strategies and funds with recognizable brand names in their current markets. But they often face cultural barriers that I help them identify with two questions:

**Are your products positioned effectively?** The factors that make your funds successful in your home country may or may not be relevant here. For example, in other countries funds are often sold as standalone investments. In the U.S., most investors choose funds that play specific roles, such as generating capital growth or dividend income or managing risk, within an asset allocation strategy serving a specific financial goal such as retirement, tax efficiency or wealth preservation.

**Do your marketing and sales teams "speak American?"** In addition to a lack of brand awareness, non U.S. asset managers must also overcome an America-first attitude among many investors and advisers.

Building a sales team of experienced U.S. wholesalers with solid industry connections and hiring U.S. marketing experts to "Americanize" your marketing materials may go a long way toward tearing down potential cultural barriers.

When foreign asset managers ask me how long it may take to overcome these cultural barriers, I remind them that it took decades of advertising campaigns, good product reviews, and word of mouth to convince American consumers to buy European and Japanese cars. That's why I recommend that they focus their sales and marketing efforts on advisers, since investors are more likely to invest in a non-U.S.

reputational risk.

**Do you have the right resources to manage communications before, during and after the transition?** Investors, advisers, 401(k) plan sponsors, broker/dealers, the financial media and your competitors will want to know what is happening from the moment the merger or acquisition agreement is announced to the day the transition is completed.

Specifically, your best competitor may drop everything and pick up the phone calling your partner's clients day one. Do the marketing, client service, PR, risk management, compliance and sales teams in either firm have the experience and



**"It's important to assess whether your mutual corporate cultures and values, information technologies, operations and client service processes are compatible enough that the merger process won't generate discord."**

*Dan Sondhelm, CEO, Sondhelm Partners*

fund recommended by a professional they trust.

## EXECUTING M&A

In the past few years I've been approached by a number of asset managers asking for advice on marketing and public relations issues they need to consider when they're evaluating merger or acquisition opportunities. I always recommend that they take a step back and answer two fundamental questions before they sign any M&A agreement:

**How do you determine whether an M&A candidate is a good fit?** While the products, portfolio managers, senior executives, investment philosophy and audience segments of the two asset managers may be complementary, it's important to assess whether your mutual corporate cultures and values, information technologies, operations and client service processes are compatible enough that the merger process won't generate discord, disruption, attrition, and regulatory and

skills required to be effective change managers? The answer may very well determine who will keep their jobs in the combined entity and which roles they will play.

## OVERCOMING ENTRY BARRIERS

A lack of familiarity with the needs and challenges of a new market — or the potential challenges posed by an M&A opportunity — don't need to be more than temporary obstacles. If your firm has quality products, strong performance, a corporate culture that understands and embraces change, highly skilled communicators and a story that resonates with investors and advisers — then creating and implementing effective, targeted sales and marketing programs and public relations campaigns will go a long way toward fulfilling your firm's expansion plans. **MMF**

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

## Top 20 funds ranked by their price-to-book ratios

After double-digit gains in equities over the past year – and a 7% increase in just the past six months — price-to-book value ratios have soared.

With a stock price acting as the numerator of the ratio, similar to p/e, there's always a fear the pendulum has swung too far into the territory of overvalued. Indeed, the high point of the S&P 500's price-to-book ratio, since 2000, was 5.06 reached that March (the same month tech stocks crashed.) The S&P 500's p/b now stands at 3.18.

We've gathered the funds with over \$500 million in assets and listed those with the highest p/b ratios. The average on this list is 6.57. **MME**

	Ticker	3-Yr. Return (%)	Price to book ratio, TTM	Expense Ratio (%)	Fund Assets (millions)
Transamerica Capital Growth	IALAX	11.68	9.40	1.22	\$753
Fidelity Select Retailing	FSRPX	14.01	8.45	0.78	\$1,900
Touchstone Sands Capital Select Growth	PTSGX	4.81	7.13	1.04	\$2,400
Nuveen Short Duration Hi Yld Muni Bd	NVHIX	3.89	6.897	0.54	\$3,500
Nuveen CA High Yield Municipal Bond	NCHRX	6.22	6.897	0.64	\$861
AB Growth	AGBBX	10.48	6.77	2.08	\$749
Nuveen High Yield Municipal Bond	NHMRX	6.48	6.69	0.52	\$14,700
Columbia Select Large Cap Growth	UMLGX	8.43	6.51	0.83	\$4,200
AB Large Cap Growth	APGAX	12.14	6.43	1.16	\$4,800
Marsico Focus	MFOCX	5.58	6.42	1.29	\$534
GAMCO Growth AAA	GABGX	8.37	6.17	1.33	\$552
Fidelity Select Leisure	FDLSX	9.19	6.11	0.79	\$563
Fidelity Select IT Services	FBSOX	12.65	6.09	0.79	\$1,700
Franklin DynaTech A	FKDNX	11.51	6.08	0.90	\$3,700
Jensen Quality Growth	JENSX	11.18	5.99	0.87	\$6,100
Nuveen Winslow Large-Cap Growth	NVLIX	9.14	5.91	0.73	\$641
Multi-Manager Growth Strategies	CSLGX	8.73	5.90	1.13	\$2,500
T. Rowe Price Global Technology	PRGTX	19.80	5.891	0.90	\$4,900
Franklin Biotechnology Discovery	FBDIX	5.97	5.891	0.98	\$1,300
Artisan Small Cap Investor	ARTSX	7.64	5.85	1.25	\$1,300

Data as of July 7. Source: Morningstar

## Meeting the ever-increasing volume of data needs

SEC Modernization has pushed the fast-forward button on the data management strategy for organizations of all sizes.



### EXPERT VIEW

By Domenic Ionadi

The data transparency requirements, especially for Form N-PORT, which include an increased volume of data and frequency of reporting on that data, have organizations looking

at more than just the volume of data they hold on behalf of their clients. While there is great value to that data, it is critical that firms take seriously the need to implement strategies to harness its power.

This entails not only identifying the appropriate sources from which that data will come, but also the very tools and strategy they will use for data collection, all while synthesizing it into meaningful information and then implementing. This must be done while simultaneously preparing for the monthly reporting that has been thrust upon the industry as part of Form N-PORT.

It begs the question: How do organizations prepare and integrate a global data strategy while at the same time answer regulation that is coming fast and furious? Operational challenges and strategic initiatives are certainly at a crossroads.

### THE CHIEF DATA OFFICER

In many firms we are seeing the creation of the chief data officer role. In cases where the role has already been filled, there has been a shift in how they are intertwined in the company ecosystem.

Deloitte spoke about CDOs as part of its 2016 paper titled: “The evolving role of the chief data officer in financial services: From marshal and steward to business strategist.” Among the critical objectives of the CDO that the paper discusses are:

- Enhancing operational efficiency and reducing associated costs
- Enhancing risk management

- Improving regulatory compliance

Improving regulatory compliance is a key focus area as organizations, most notably in the TPA sector, need to continue to support and provide the flexibility to meet the needs of new and changing regulations. This position allows firms to best use that large volume of data across the enterprise and to reuse it across required regulations.

### IDENTIFY DATA SOURCES AND GAPS

Identifying their data sources and gaps in data is critical. From that identification, they must put together a strategy to collect available data, but also to account for the gaps — whether that is a lack of data or limited capabilities to consume that data.

For example, many firms continue to rely on third-party data providers, or are in some cases just now turning to source data like liquidity and risk — with new SEC data reporting rules bringing this to the forefront. Unstructured data, in many cases, fall outside of the initial scope for an enterprise data management solution.

Many of these solutions are designed, built and integrated to consolidate the numerous internal systems and data sources into one central location. That consolidation can allow for one enterprise level of source data for use across the spectrum of services within a TPA or within the various departments of an asset manager.

### USER PORTALS

Many third-party administrators utilize a portal to increase common user experience for their clients. The CDO or head of technology must consider how to incorporate the data management strategy, not only for purposes of access from the portal, but also to integrate the overall regulatory and compliance process within the organization.

Considerations, such as level of client interaction, level of internal departmental interaction depending on regulation, revision process procedures or interaction with existing or new third-party technology

in use must all be evaluated when implementing a strategy.

### INTERNAL OR THIRD-PARTY SOLUTIONS

The aforementioned concepts need to be considered in conjunction for regulations that are requiring compliance within compressed time frames.

In many instances, IT divisions within these organizations may feel it is in their best interest to incorporate the scope of meeting the regulatory requirements within an existing data management strategy and project. This can lead to over-extending resources or increasing scope exponentially. It also increases the potential for IT to take on regulatory demands and compliance beyond their realm of expertise.

Solution evaluations should include taking advantage of third-party technology offerings and key personnel in the overall enterprise data management program. Third parties can provide regulatory- or compliance-specific software to meet the needs of a regulation which can be incorporated into a TPA portal or an internal asset manager ecosystem. They also allow clients to leverage the proactive monitoring and regulatory/compliance expertise that a technology partner can provide — thus lessening the burden on internal staff.

### TIME IS NOT ON YOUR SIDE

There are numerous other factors that will go into the research, design, build and integration of an enterprise data management strategy. However, without the right leader and direction at the top, appropriate vetting and inclusion of applicable scope, and leveraging existing or new technology partners, many are left with more questions. With the need for transparency increasing and the timeframes to provide that information decreasing, financial services firms don't have the luxury of time. Regulators, clients and investors need the data now!

*Domenic Ionadi is a strategic account manager at Confluence.*

# Mutual Fund Flows

(\$ millions)

Date	Equity										
	Domestic								World		
	Total long term	Total equity	Total domestic	Large cap	Mid cap	Small cap	Municipal multi cap	Other	Total world	Developed markets	Emerging market
<b>Estimated Weekly Net New Cash Flow</b>											
7/5/2017	<b>-2,297</b>	<b>-6,422</b>	<b>-8,321</b>	<b>-1,823</b>	<b>-1,625</b>	<b>-799</b>	<b>-3,713</b>	<b>-361</b>	1,899	1,999	<b>-100</b>
6/28/2017	3,089	344	<b>-1,770</b>	<b>-1,202</b>	<b>-555</b>	<b>-155</b>	59	83	2,115	1,880	234
6/21/2017	4,100	<b>-152</b>	<b>-3,505</b>	<b>-1,101</b>	<b>-603</b>	<b>-384</b>	<b>-824</b>	<b>-593</b>	3,353	2,888	464
6/14/2017	3,748	253	<b>-2,537</b>	<b>-7,270</b>	<b>-509</b>	<b>-353</b>	5,847	<b>-252</b>	2,790	2,161	629
6/7/2017	<b>-678</b>	<b>-7,912</b>	<b>-7,658</b>	<b>-3,630</b>	<b>-792</b>	<b>-899</b>	<b>-2,015</b>	<b>-322</b>	<b>-254</b>	<b>-210</b>	<b>-44</b>
<b>Monthly Net New Cash Flow</b>											
5/31/2017	24,199	948	<b>-9,573</b>	2,766	<b>-2,367</b>	<b>-2,183</b>	<b>-5,562</b>	<b>-2,227</b>	10,521	6,948	3,572
4/30/2017	<b>-757</b>	<b>-13,493</b>	<b>-19,772</b>	<b>-5,056</b>	<b>-4,129</b>	<b>-2,029</b>	<b>-7,182</b>	<b>-1,375</b>	6,279	4,412	1,867
3/31/2017	10,773	<b>-15,782</b>	<b>-14,132</b>	<b>-1,715</b>	<b>-1,040</b>	<b>-1,089</b>	<b>-7,873</b>	<b>-2,415</b>	<b>-1,650</b>	<b>-1,532</b>	<b>-117</b>
2/28/2017	25,911	2,944	<b>-3,023</b>	<b>-1,235</b>	491	697	<b>-2,350</b>	<b>-626</b>	5,967	5,062	905
1/31/2017	10,202	<b>-8,700</b>	<b>-11,167</b>	778	<b>-886</b>	826	<b>-10,571</b>	<b>-1,314</b>	2,468	1,408	1,060
12/31/2016	<b>-56,061</b>	<b>-33,606</b>	<b>-26,962</b>	<b>-10,891</b>	<b>-975</b>	<b>-816</b>	<b>-12,196</b>	<b>-2,085</b>	<b>-6,643</b>	<b>-5,819</b>	<b>-824</b>
11/30/2016	<b>-52,595</b>	<b>-28,475</b>	<b>-26,087</b>	<b>-8,244</b>	<b>-1,853</b>	<b>-291</b>	<b>-11,078</b>	<b>-4,621</b>	<b>-2,388</b>	<b>-1,241</b>	<b>-1,147</b>
10/31/2016	<b>-32,973</b>	<b>-38,068</b>	<b>-31,450</b>	<b>-8,576</b>	<b>-5,330</b>	<b>-2,538</b>	<b>-12,213</b>	<b>-2,793</b>	<b>-6,619</b>	<b>-6,400</b>	<b>-219</b>
9/30/2016	<b>-9,013</b>	<b>-22,382</b>	<b>-15,275</b>	<b>-152</b>	<b>-1,653</b>	<b>-1,086</b>	<b>-10,118</b>	<b>-2,264</b>	<b>-7,108</b>	<b>-6,201</b>	<b>-907</b>
8/31/2016	<b>-9,939</b>	<b>-32,418</b>	<b>-24,807</b>	<b>-5,504</b>	<b>-3,373</b>	<b>-1,726</b>	<b>-12,747</b>	<b>-1,458</b>	<b>-7,611</b>	<b>-7,383</b>	<b>-228</b>
7/31/2016	<b>-15,322</b>	<b>-37,875</b>	<b>-31,402</b>	<b>-11,922</b>	<b>-5,177</b>	<b>-3,381</b>	<b>-9,035</b>	<b>-1,887</b>	<b>-6,473</b>	<b>-6,281</b>	<b>-192</b>
6/30/2016	<b>-14,516</b>	<b>-18,967</b>	<b>-14,678</b>	1,099	<b>-4,404</b>	<b>-1,576</b>	<b>-7,777</b>	<b>-2,020</b>	<b>-4,289</b>	<b>-4,292</b>	3
5/31/2016	<b>-5,863</b>	<b>-17,643</b>	<b>-17,550</b>	<b>-4,178</b>	<b>-3,538</b>	<b>-1,188</b>	<b>-7,131</b>	<b>-1,516</b>	<b>-93</b>	<b>-1,284</b>	1,191
4/30/2016	<b>-4,673</b>	<b>-23,921</b>	<b>-19,388</b>	<b>-5,800</b>	<b>-3,334</b>	<b>-2,405</b>	<b>-7,307</b>	<b>-542</b>	<b>-4,533</b>	<b>-3,633</b>	<b>-899</b>
3/31/2016	14,663	<b>-9,851</b>	<b>-9,701</b>	<b>-5,468</b>	<b>-1,321</b>	93	<b>-2,667</b>	<b>-338</b>	<b>-149</b>	1,274	<b>-1,423</b>
2/29/2016	8,129	8,417	<b>-2,374</b>	2,072	<b>-2,878</b>	<b>-367</b>	<b>-544</b>	<b>-657</b>	10,791	10,189	602
1/31/2016	<b>-20,767</b>	<b>-4,966</b>	<b>-15,479</b>	5,587	<b>-5,919</b>	<b>-2,888</b>	<b>-7,306</b>	<b>-4,952</b>	10,514	10,753	<b>-239</b>
12/31/2015	<b>-76,124</b>	<b>-36,806</b>	<b>-25,416</b>	<b>-5,347</b>	<b>-5,169</b>	<b>-4,121</b>	<b>-8,240</b>	<b>-2,539</b>	<b>-11,390</b>	<b>-7,233</b>	<b>-4,157</b>
11/30/2015	<b>-30,057</b>	<b>-20,575</b>	<b>-19,537</b>	<b>-6,164</b>	<b>-3,542</b>	<b>-3,591</b>	<b>-5,978</b>	<b>-262</b>	<b>-1,038</b>	813	<b>-1,850</b>
10/31/2015	<b>-7,669</b>	<b>-9,877</b>	<b>-11,881</b>	<b>-7,227</b>	<b>-725</b>	<b>-1,977</b>	<b>-2,958</b>	1,006	2,003	3,132	<b>-1,129</b>
9/30/2015	<b>-34,455</b>	<b>-9,401</b>	<b>-14,898</b>	<b>-5,318</b>	<b>-1,007</b>	<b>-1,976</b>	<b>-3,541</b>	<b>-3,055</b>	5,497	7,749	<b>-2,251</b>
8/31/2015	<b>-39,250</b>	<b>-9,347</b>	<b>-17,562</b>	<b>-3,927</b>	<b>-2,773</b>	<b>-1,425</b>	<b>-6,122</b>	<b>-3,315</b>	8,215	11,440	<b>-3,225</b>
7/31/2015	<b>-19,131</b>	<b>-9,547</b>	<b>-27,907</b>	<b>-14,811</b>	<b>-2,613</b>	<b>-986</b>	<b>-9,431</b>	<b>-66</b>	18,361	18,857	<b>-497</b>
6/30/2015	5,290	<b>-2,984</b>	<b>-16,597</b>	<b>-8,620</b>	<b>-1,026</b>	<b>-771</b>	<b>-5,858</b>	<b>-322</b>	13,613	13,218	395
5/31/2015	3,012	<b>-3,815</b>	<b>-16,725</b>	<b>-5,933</b>	<b>-416</b>	<b>-1,912</b>	<b>-8,096</b>	<b>-368</b>	12,911	12,565	345
4/30/2015	5,589	<b>-1,436</b>	<b>-19,649</b>	<b>-9,967</b>	<b>-2,082</b>	<b>-735</b>	<b>-6,992</b>	128	18,212	15,497	2,715
3/31/2015	14,764	5,077	<b>-8,599</b>	<b>-1,372</b>	<b>-501</b>	<b>-1,013</b>	<b>-6,753</b>	1,041	13,676	10,264	3,412
2/28/2015	29,530	8,951	1,759	2,356	586	<b>-997</b>	<b>-3,123</b>	2,937	7,192	5,902	1,290
01/31/2015	25,706	13,060	6,647	9,751	<b>-1,390</b>	<b>-1,794</b>	<b>-4,227</b>	4,306	6,412	5,425	987

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

Source: Investment Company Institute

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