

## VIDEO

July 1, 2016

# Focus on Funds: Key Investment Trends in the Fund Industry

Focus on Funds

## Key Investment Trends in the Fund Industry

At ICI's 2016 General Membership Meeting, several leading portfolio managers detailed the economic trends that they expect will drive investment decisions. The July 1, 2016, edition of *Focus on Funds* offers a recap by panel moderator and CNBC anchor Tyler Mathisen.

### Transcript

**Stephanie Ortballs-Tibbs, ICI Director, Media Relations:** What are some of the key influencers on where money is going to go in the mutual fund and ETF industry this year? At ICI's General Membership Meeting, CNBC anchor Tyler Mathisen got some insights from some of the industry's leading portfolio managers. And here are some insights he shared with me afterwards.

**Tyler Mathisen, CNBC Anchor:** I think that both of the panelists—Krishna Memani of Oppenheimer, and Liz Ann Sonders of Schwab—are basically of the view that the next decade or so is going to be an era of relatively muted total returns in stock and bond portfolios. One of the reasons being, that the great tailwind of falling interest rates that has really been at play over the past 30-some years is, or is coming to, an end in the United States.

Economic growth is slow. Some of the revolutionary change ushered in by the computer and the Internet—we're not in the ninth inning of that, we're certainly nowhere near that, but we're not in the first inning anymore. So, look for mid-single-digit returns in stocks, and maybe a little lower in bonds.

I think one of the other takeaways—not only from the panel I just did, but from the prior one—is look for more product innovation and maybe more complexity in products, because the buzzword is multi-asset products. Those products may succeed, they may not—there will be a lot of trial and error, I'm sure—but what is definitely going to happen is that it's going to be incumbent upon investment advisers, companies, to be able to explain those products succinctly. What do they do? What role do they play? How do they work? What can you expect from them? And that's sort of takeaway number two.

**Ortbals-Tibbs:** It's also very clear that the search for yield is on.

**Mathisen:** It's going to remain difficult to get yield. And you're going to have to look for income in places that aren't the traditional places. Krishna kept talking about, "Where can I get a good bond?" Well, they're hard to find.

We're also coming from a period where the dollar in international currency markets was quite weak. That was good for U.S. multinational companies that were selling overseas. [Now,] the dollar has strengthened. It yo-yoed back and weakened a little over the last year, but look for the dollar to get stronger again. And that is going to act as a bit of a pullback on American economic output and our ability to sell goods overseas at competitive prices. So, that's a restraint. Low interest rates are certainly going to help, but those interest rates are going to go up a little bit. That could be a restraint as well.

## **Additional Resources**

[2016 ICI General Membership Meeting Highlights](#)

[Video: Investment Strategies and Insights Panel](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.