

VIDEO

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Focus on Funds: Fund Industry Is Swiftly Changing

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The American fund industry is undergoing transformation, as Shundrawn Thomas, executive vice president and head of funds and managed accounts for Northern Trust, explains in the June 16, 2017, edition of *Focus on Funds*.

Transcript

Stephanie Ortballs-Tibbs, ICI director, media relations: Fund distribution is a critical issue within the asset management industry. It's also an aspect of the business that's facing significant change, as I recently learned from a conversation at ICI's General Membership Meeting.

Shundrawn Thomas, Northern Trust executive vice president and head of funds and managed accounts: So, one of the things that's interesting—if you think about distribution in simple terms and getting your product or solution ultimately to that end investor—one of the things that is not talked about a lot is, much of our distribution [is] disintermediated, i.e., there's someone between us and that end investor.

We talk about what that means in terms of the economics and what that costs, but I think that increasingly—and more importantly—what does that mean in terms of the brand, value, that we have to those end investors, our capacity and our ability to build relationships, and most importantly, in investments, to build trust? And so I believe what the marketplace, in some respects, is telling us is that we need to really rethink that. We need to think about how can we more directly engage with those ultimate end investors? How we can work collaboratively with those who are in the distribution channel, to make sure that we are not only aligned but we're bringing forth the true value of our overall value proposition?

Ortballs-Tibbs: So for all of us in the asset management industry, how does this affect how we do our jobs?

Thomas: I like to say it's really focusing on that strategic thinking or being more expansive in our thinking, as opposed to thinking about that which is most proximate to us. So, let's start with the example of distribution that we were just talking about. If I have an adviser

that we're working with in our firm and they have clients, we're thinking of them as our primary client—how do we work with them, how do we partner with them? That's appropriate and that's very reasonable. But going beyond that, to think through who is the actual end investor on the end of that chain? What are their investment preferences? How are they working with their adviser, and how do we make our value proposition compelling all the way throughout that value chain? How do we make our brand resonate throughout the value chain?

Think about on the regulatory side. A lot of times we're sitting in more of a responsive position, where we're waiting for regulation to happen to us. But being proactive, in terms of anticipating what regulation is coming down the line and shifting our business models in advance of that, and/or actually affecting regulation and policy as it's developed—those are the kinds of things that I think we need to do from an expansive standpoint, to not only impart really deep value into our own businesses, but to better serve all of the stakeholders that we serve.

Ortbals-Tibbs: So really in two words it's: game on.

Thomas: It really is game on.

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- [Video: Facing the Future: Fresh Perspectives](#)
- [Highlights from the 2017 ICI General Membership Meeting](#)