

VIDEO

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Focus on Funds: Technology Driving Investment Changes

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The August 28, 2015, edition of *Focus on Funds* examines the trend toward offering customized investment solutions based on a combination of technology and human expertise.

Transcript

Stephanie Ortballs-Tibbs, ICI Director, Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Investing solutions is a phrase and a concept that's talked about frequently in the funds industry. But what does it really mean in reality today? I got some insights on that following a panel at ICI's General Membership Meeting.

James Macey, Senior Vice President and Portfolio Manager, Franklin Templeton Solutions: Change is good in this context, and I think that the important thing to note is that the world of solutions and asset management is rapidly evolving and where we were five, six years precrisis is not where we are now. I think the concept of managers being everything to everybody is changed now and that old paradigm where single managers are basically trained to fit a solution to everybody and not customizing it is absolutely changing, and it's changing for the better.

Ortbals-Tibbs: So one of the ways you talked about that changing is through the use of technology and there was quite a discussion around that as well—how much can you customize, how well does that work. You all were discussing that you can pick a movie on Netflix that's been customized to you, but it's a much different thing to try to do that with financial advice.

Macey: I think the industry as a whole has not spent enough in technology, first and foremost. So the entertainment arena is basically leading the forefront and while Netflix does a very good job—and I love Netflix—it does a very good job at getting you 75, 80 percent there and you know, maybe half of the things that it recommends are good. There's no human intervention, there's no human element, and that is extremely important

in the complicated world of solutions and asset management.

Ortbals-Tibbs: So going forward, how do you think the industry might use technology to do some further customization? What's your own view?

Macey: I think the adviser is always going to maintain a critical role, so whatever technology, whether it's a web-based sort of portal, front-end devices that allow an individual to get "what if" scenarios with help from their adviser are some of the things that technology could be helpful with. And again, we're dealing with very complicated algorithms that generate the glide paths that we manage and that we approach asset allocation and so certainly, technology could be a huge role in helping to speed up the actual processing power of these optimizations.

Ortbals-Tibbs: I'm really glad that you tie those two things together because that was one other thing that was clear in your discussions, is that it's the technology and the human element together.

Macey: You combine technology with the expertise of an adviser, with the asset manager, to deliver us a solution ready to the end user that is something they want, robust, and that you can update it as time goes on.

Ortbals-Tibbs: That's this week in funds. See you next week.

Additional Resources

- [GMM Video Highlights](#) (including the Investment Solutions panel video in full)
- *ICI Viewpoints*: "[Industry Leaders Address Evolving Industry Challenges and Opportunities](#)"