

VIDEO

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Focus on Funds: Industry Insights from the ICI General Membership Meeting

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Fintech, distribution challenges, and changes in the investment landscape were among the key industry topics on the agenda at ICI's General Membership Meeting. The June 10, 2016, edition of *Focus on Funds* offers some key takeaways.

Transcript

Stephanie Ortbals-Tibbs, ICI Director, Media Relations: What's the smartest and most current thinking in the mutual fund and ETF industry? At ICI's General Membership Meeting, the best and brightest gave us their thinking. Here are some highlights.

Shundrawn Thomas, Northern Trust Asset Management: The reality is, many of the assets that are invested today are invested by way of some intermediary adviser. And even if we think of end investors themselves, it's so hard to get the time or the mindshare of the end investor or the adviser. We're finding if the typical touchpoints were 12 to 15 annually before, they may only be three to four today. So what that means is, we have to be much better with our use of technology and our use of analytics, such that we're more informed about our investors and our advisers that we serve so that when we have those valuable touchpoints, we can deliver the most value. So I think the industry has to really evolve many of our practices as it pertains to distribution and ultimately investor education and engagement.

Akbar Sheriff, State Street Bank and Trust Company: It's an overused word and I actually dislike calling things "fintech," but it's simple for me. I think today technology has progressed and the question really is how are we using that technology to enable, in our industry, the goods and services that we're delivering to our clients? So we talk about robo advice and at the panel it was very clear that, yes, it's going to change the industry, but it gives you access to clients around the globe which you may not [otherwise] have. The second thing we talked about is artificial intelligence and some of the models around it. It's driving all this data through you and driving insight, which enables you to deliver better. Again, how do you deliver alpha? And finally we talk about what I call the "pipeline," and it's the block chain, which will, in the end, enable us to deliver quicker, better, faster, to our

clients. So I think I get excited when I look at it from an industry perspective.

Ortbals-Tibbs: So you don't need a PHD in this.

Sheriff: Absolutely. As a provider it is in our best interest to be partnering with our clients to figure out where the model is moving. So, we're more than happy to sit with our clients and talk about these things.

Ortbals-Tibbs: One other question, hanging out there right now is the outcome of the U.S. presidential election and how some of that uncertainty might affect the markets.

Tyler Mathisen, CNBC: Well, we just don't know. There are two things, obviously we don't know what the outcome of the election is going to be and while the candidates have sketched out their programs and plans, there's a lot of dots that need to be connected and blanks that need to be filled in on both sides. And then of course we're all smart enough to know that what politicians say to get elected is sometimes not what they do once elected, and not merely because they may just be saying stuff to get elected and don't have any intention of doing it, but because we've got three branches of government here and Congress is going to have a big say. Courts are going to get involved. So it's very early to know what you should do with your portfolio or how companies can prepare for either a Clinton presidency or a Trump presidency, if that is what we end up with.

Ortbals-Tibbs: So watch this space, prepare to be kind of cautious...

Mathisen: Yes.

Ortbals-Tibbs: But at the same time you really have to be thinking about how you're going to go after return for investors and that's going to look a little different...

Mathisen: One of the other dimensions here that maybe we haven't thought about as much in recent years: remember we've come from a period where interest rates were high and falling to a prolonged period where interest rates are low and may be about to rise gradually. That's going to change some of the calculus there. We've also come 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. The dollar has strengthened. It yo-yoed back and weakened a little bit over the last year, but look for the dollar to get stronger again. That is going to act as a bit of a pull-back 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.

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