

SPEECH

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Unchanging Commitment in a Changed World, 2013 GMM Welcoming Remarks

“Unchanging Commitment in a Changed World”

55th Annual General Membership Meeting

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As prepared for delivery.

Welcome to ICI’s 55th Annual General Membership Meeting! My name is Ted Truscott. I am CEO of Global Asset Management at Columbia Management and Threadneedle Investments. For the past eight months, it’s been my honor and pleasure to lead a team of talented volunteers and staff as Chair of the GMM Planning Committee.

Though we’ll formally recognize the committee at lunch tomorrow, please join me now in a quick round of applause to thank the Committee for all of its efforts in organizing this conference. I think all of you in attendance will be pleased with the results.

I’d also like to recognize and thank eight firms that represent different areas of the investment management industry that are official sponsors of the 55th Annual General Membership Meeting:

- PricewaterhouseCoopers;
- Boston Financial Data Services;
- DST Systems;
- State Street;
- J.P. Morgan;
- Columbia Management;

- Lipper;
- and SunGard.

The generous support of these firms is greatly appreciated. They help ensure that ICI can continue to offer the very high-quality program that the GMM is known for worldwide.

As we have the past several years, this year we are providing attendees with an opportunity to combine the GMM's broad industry and policy perspectives with specialized programming from three other conferences:

- the Mutual Fund Compliance Programs Conference,
- the Operations and Technology Conference, and
- the Fund Directors Workshop.

This "four-for-one" deal means you can assemble your own program and maximize your opportunities to interact and network with a diverse group of industry colleagues, including senior executives and fund directors.

Each year, we work hard to articulate an overarching theme - one that captures something important about both the environment the fund industry faces today and our vision for the future.

This year, our theme is "Unchanging Commitment in a Changed World."

Yes, it is commonplace to observe that change is the one constant in life. But our industry, in particular, seems driven by many great engines of change all at once, including:

- constantly changing global markets,
- changing competitive pressures,
- changing products and investing strategies,
- changing market and investor sentiment,
- and, of course, changing laws and regulations.

It seems the one thing we can't change is the inevitability of change itself.

At this GMM, we will hear much about China, so allow me to quote Confucius, who observed: "They must often change, those who would be constant in happiness or wisdom."

We, too, who must often change must be constant in wisdom—that is, we must be anchored to unchanging, fundamental principles.

Among other things, as managers and advisers to funds that serve America's investors, that means we must remain committed to supporting—in a considered, pragmatic fashion—policies and other measures that are in the best interests of our shareholders, regardless of the evolving market environment we face here in the U.S. and around the world.

The basic value proposition that funds offer to their shareholders does not change. Our commitment is to provide our shareholders with the core benefits of fund investing, including:

- diversification of risk,
- professional management,
- and beneficial innovation in products and services.

This is accomplished within a strong framework of regulation and governance, one that rests most fundamentally on the high standards applicable to us all as fiduciaries.

In times of daunting changes, these are the constants that inspire our shareholders to have confidence in us.

We can never take that confidence for granted.

Happily, ICI research has shown that even in the worst of times, such as the market downturn during the Great Recession, investors have not lost their commitment to using funds as an important tool to help meet their financial goals.

In good times and in bad, we must work hard to earn and keep that kind of commitment.

As you've probably noticed, this year's meeting has a global focus. The robust program and set of speakers are well-suited to address the issues faced by the fund industry worldwide.

We have several experts—including Eurasia Group founder and president Ian Bremmer, and noted China expert and author Carl Walter—who will lead us through some of the international issues that could affect the fund industry and its investors.

Consider China, for example, where the amount of change over the past 40 years has been unprecedented, and nothing short of breathtaking. When President Nixon arrived at the Beijing airport in 1972, it consisted of a single, small terminal that could accommodate only a handful of planes at once.

Now, with three additional terminals—including one that is the largest man-made structure in the world in terms of area covered—it's the busiest airport in Asia, and the Chinese are planning to build another nearby to handle the need for additional capacity. This is just one indication of the things that have changed as the country has transformed itself into an economic powerhouse.

We want China to grow because, increasingly, as China goes, so goes the rest of the world. Growth in China—and indeed, growth in emerging markets around the world, including India and Brazil—is a good thing. But we also need to understand the risks and opportunities that accompany such growth—not only as a powerhouse like China relates to Europe and the U.S., but as it relates to the other regions of Asia and the rest of the world.

Consider Europe, where challenges abound. This once-shining example of economic integration has been hammered by unemployment in the euro zone, which has hit record highs, fueled by the debt crises in many Mediterranean countries—notably Greece and, most recently, Cyprus. Meanwhile Italy—the third-largest economy in the Euro zone—struggles to form a government.

Europe is not the only place where there are challenges that affect the fund industry and its investors. Other areas include:

- the political transition in Venezuela,
- territorial disagreements in the South China Sea,
- revolutions and ongoing tensions in the Middle East,
- and an increasingly belligerent North Korea, to name just a few.

Despite all these challenges, there continue to be significant opportunities, as we will hear

from experts like Ian and Carl, and from Lloyd Blankfein, Chairman and CEO of The Goldman Sachs Group. Blankfein—who has led Goldman through a few changes and challenges himself—will speak to us at lunch tomorrow about a range of issues in the financial services industry, at home and abroad.

Another globally focused session at our meeting will feature a cross section of industry leaders from the United States and Europe—including the leaders of Allianz, Charles Schwab, Forward Funds, Putnam and State Street. Tomorrow morning, these experienced leaders will share their perspectives on “Fund Leadership in a Changed World,” reflect on our core values, and identify opportunities for both the fund industry and our investors, helping us in our quest to bring them the best that the world offers.

Of course, challenges and opportunities exist on the domestic front as well. At this meeting, we will have the privilege to receive far-reaching, timely insight about fiscal, regulatory, and legislative issues from top policymakers, including the speaker at this afternoon’s Policy Forum—Mary Miller, Undersecretary for Domestic Finance at the U.S. Department of the Treasury, and a former executive at T. Rowe Price.

We’re also looking forward to hearing from the SEC’s new leader, Mary Jo White, on Friday morning about the latest developments at the Commission, and about the changes she sees on the horizon.

One area where I don’t expect change is ICI’s long-standing record of working collaboratively with regulators like the SEC. Though there are, of course, areas of disagreement and spirited dialogue, we’re proud that our shared pursuit of balanced solutions has benefitted investors in so many sensible ways.

And given the ongoing debate about fiscal responsibility and the need to get our nation’s finances in order, I’m pleased that we will wrap up our three-day gathering by hosting a lively discussion—moderated by ICI Chairman Greg Johnson—that features former U.S. Senators Judd Gregg and Kent Conrad, who will discuss tax reform, spending, and the various fiscal cliffs we have faced ... and have yet to face.

Other sessions at this year’s meeting include a discussion on worldwide savings patterns that features Princeton University’s Sheldon Garon, as well as leaders from Vanguard, Fidelity, and JP Morgan, and a panel focusing on our commitment to investors, moderated by Bill Glavin from Oppenheimer Funds, and featuring leaders from Ameriprise Financial, Bank of America/Merrill Lynch, and Edward Jones.

There will also be interactive-discussion sessions tomorrow at breakfast about a variety of subjects, and plenty of time throughout our three days together to network with colleagues. I think you’ll agree with me when I say, another thing that does not change is ICI’s ability to organize and conduct a world-class meeting!

So let me once again welcome you to the nation’s capital and ICI’s General Membership Meeting.

Yes, we are living during a time of relentless change. This is especially true for us in the financial services sector, where we need to keep one thing in mind—those who have the toughest time succeeding over the long term are those who are most resistant to change.

In order to succeed, we need to embrace change while remaining guided by our core values. In a changing world, we must continue to provide our investors with the best

investment strategies, the best opportunities, and the best understanding of the world.

Whether markets are up or down, there are challenges we need to confront—and opportunities to grasp. As always, our commitment to shareholders remains unchanged. And, as always, our goal is to enable you to leave this meeting better prepared to serve our investors.

Now, it gives me great pleasure to hand over the podium to ICI Chairman Greg Johnson, President and CEO of Franklin Resources. Greg is also President of Templeton Worldwide ... President and CEO of Templeton International ... and serves as a director for a number of subsidiaries of Franklin Resources. As chairman, he has helped lead ICI since October 2011, and is no stranger to helping shareholders find opportunities during changing and challenging times.

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