MONEY management executive

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NOVA AWARDS

Industry leaders recognized for innovation and leadership in asset management

By Andrew Shilling and Rebecca Stropoli

The emphasis on disruptive technology in asset management is well-reflected by the winners of this year's NICSA NOVA awards, recognizing standout firms and individuals in the industry.

"Business leaders now understand how important technology deployment is and how impactful it can be in reshaping their firms as the industry and business models evolve," says Jim Fitzpatrick, president of NICSA.

Anna Jamroz, SVP, global fund services, Northern Trust

Jeffrey Paul Beale, former CAO and VP, Eaton Vance

Keith Slattery, managing director, JPMorgan Chase

Five firms were recognized by the organization for products that help transform operations, from streamlining communication between funds and broker-dealers, to modernizing quality control processes and helping asset management companies comply with significant SEC rule changes.

"We're really excited by the capabilities surrounding machine learning," notes Karen Walsh, head of the retail service center at Putnam Investments, which was awarded for its quality control platform, Q-Boost.

The platform uses a series of algorithms to predict likely process errors based on historical data.

Christian Webster, vice president of Capital Group's American Funds, an honoree for its new account management servicing application, ACE, says the firm is looking to launch more tools that incorporate robotics and automa-

For details on all award winners, please turn to page 6

OPERATIONS: CEO pay tips from world's largest wealth fund

By Anders Melin, Brandon Kochkodin and Mikael Holter

A $1 trillion sovereign wealth fund from Norway sent a clear message last year to big U.S. companies: You should rethink how CEOs are paid.

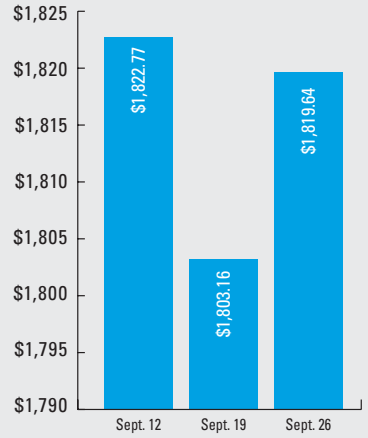
But 18 months after publishing its contrarian views on executive compensation, there's scant evidence the fund that owns 1.4% of the world's publicly traded stock is taking directors of major American firms to task.

In the past year, the investment pool endorsed executive compensation plans at about the same clip as the largest U.S. asset managers and at a far greater rate than several European peers.

While the fund has said

CEO, on page 10

Money market fund assets increased $17.9B for the week ending Sept. 26 (billions)



Source: Investment Company Institute

INDUSTRY HIGHLIGHTS

FRANKLIN TEMPLETON LAUNCHES PRIVATE EQUITY FIRM

Franklin Templeton partnered with Asia Alternatives Management to launch Franklin Templeton Private Equity, which seeks to provide investors with private equity fund-of-fund solutions, according to the firm.

"We see tremendous opportunity for growth in the alternatives and private equity space as investors look to add alpha and increase diversification in their portfolios by accessing a wider range of liquid and illiquid asset classes," Jenny Johnson, COO of Franklin Resources, said in a statement.

The private equity firm will be led by managing partner Arthur Wang, who is joining from San Francisco Employees' Retirement System, Franklin Templeton says.

RELIANCE TRUST EXPANDS RELATIONSHIP WITH NORTHERN TRUST

Reliance Trust has selected Northern Trust to provide global custody as well as fund administrative and accounting services for its collective investment trust funds, according to Northern Trust.

Northern Trust will provide service for 21 funds with approximately $7.7 billion in advised assets.

"Our platform is structured to offer fund managers an end-to-end solution that combines Reliance Trust's expertise and scale as a trustee with Northern Trust's global operations technology, financial strength and decades of experience supporting CITs and other fund structures," Dan Houlihan, head of asset servicing, said in a statement.

RESEARCH

PASSIVE INVESTING ASSETS SURGE, MUTUAL FUNDS ARE STAGNANT

Clean-share mutual funds will likely benefit from the death of the Department of Labor's conflict of interest rule due to fee transparency and lower costs, according to a study.

While passive mutual funds and ETFs experienced asset increases of 2.2% to just under $7.3 trillion in August, total mutual fund assets only grew 0.9%, Cerulli Associates finds.

About 55% of fund managers now place a high priority on modifying their fees, compared to the 41% that set this as a priority last year, the study says.

"Despite the general desire for modification, significant roadblocks have stood in the way of tangible innovation, with managers instead opting to continue reducing expense ratios rather than develop entirely new solutions," according to Cerulli.

PRODUCTS

NORTHERN TRUST LAUNCHES INTEGRATED TRADING SOLUTION

Northern Trust has launched Integrated Trading Solutions, an outsourced trading capability that seeks to improve the trading and performance outcomes for asset owners and asset managers by reducing cost and risk, the firm says.

"Through our newly-launched end-to-end integrated trading capability, we are positioned to deliver an immediate solution

ETF Estimated Net Issuance ($ millions)

	9/26/2018	9/19/2018	9/12/2018	9/5/2018	8/29/2018
Equity	5,795	12,689	3,660	833	7,385
Domestic	5,145	12,981	3,995	1,061	6,507
World	650	-291	-334	-227	878
Hybrid	61	14	21	43	36
Bond	-1,328	2,761	3,695	136	1,240
Taxable	-1,211	2,704	3,726	277	1,152
Municipal	-117	57	-31	-141	88
Commodity	253	-91	-57	-411	-388
Total	4,782	15,374	7,319	601	8,273

Source: Investment Company Institute

MONEY management executive

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to help our clients address these challenges." Guy Gibson, head of institutional brokerage for EMEA & APAC at Northern Trust, said in a statement.

LITMAN GREGORY FUND ADVISORS ADDS HIGH INCOME ALT FUND

Litman Gregory Fund Advisors announced the launch of a high income alternatives fund.

The fund, known as Litman Gregory Masters High Income Alternatives Fund, will be available on most trading platforms in investor (MAHNX) and institutional (MAHIX) share classes.

The fund has investment minimums of $1,000 and $100,000, respectively.

The fund seeks to preserve capital over time by generating current income and capital using diverse and flexible strategies.

BLACKROCK ANNOUNCES INCLUSION AND DIVERSITY FUND WITH THOMSON REUTERS

BlackRock, in collaboration with Thomson Reuters, has launched an ETF that aims to provide a way to invest in companies promoting diversity and inclusion practices, BlackRock says.

The ETF (OPEN), which has an expense ratio of 0.25%, seeks to track a Thomson Reuters index that ranks more than 2,000 global publicly-traded companies based on 24 metrics related to diversity, news and controversies, inclusion and people development.

DELTA DATA LAUNCHES PROPRIETARY PRODUCT MANAGER

Delta Data announced a new tool for trust companies, Proprietary Product Manager, which supports the construction, trade execution and administration of proprietary funds for trust companies, record keepers, insurance companies and broker dealers.

The aim of the new tool is to create and manage proprietary products, including collective investment trusts, target-date funds, fund-of-funds, wrapped funds and variable annuities.

The technology attempts to track various versions of products as well as allow users to initiate changes at the lead security level.

VANGUARD CHARITABLE UNVEILS 3 ESG OPTIONS

Vanguard Charitable has released three ESG investment options, using ETFs opened earlier this year, according to the firm.

Donors will be able to invest charitable assets into ESG U.S. Stock (ESGV), ESG International Stock (VSGX) and ESG Global Stock, which is a proprietary 70/30 blend of the U.S. and international ETFs. ESGV has an expense ratio of 0.12% and VSGX has an expense ratio of 0.15%.

"Our donors are increasingly interested in aligning their charitable investment strategy with their personal values," Jane Greenfield, president of Vanguard Charitable, said in a statement.

STATE STREET LAUNCHES NEW ETF, LOWERS FEES ON FOUR OTHERS

State Street Global Advisors is reducing the expense ratio for four of its SPDR ETFs and launching a new ETF.

The SPDR Solactive Hong Kong ETF (ZHOK) seeks to track a market cap index that is designed to measure equity market-performance of large and mid-cap companies in Hong Kong. The product has an expense ratio of 0.14%.

Four single-country ETFs began to track market-capitalization weighted indices, rather than the StrategicFactors smart beta indices they previously followed.

ARRIVALS

GOLDMAN SACHS NAMES INVESTMENT-BANKING CO-CHIEF

Goldman Sachs has promoted Dan Dees, who currently leads the firm's tech, media and telecom group, along with New York-based Pete Lyon, to head its investment banking franchise, according to Bloomberg News.

Dees is replacing John Waldron, who was selected to become the firm's president and COO.

The new co-chief will head the bank's most profitable unit along with Gregg Lemkau and Marc Nachmann.

The new co-chief joined the firm in 1992 and was named partner in 2004, Bloomberg News reports.

ALPHAPOINT ELECTS DAN DRAPER TO BOARD OF DIRECTORS

AlphaPoint, a blockchain technology company, elected Invesco's global head of ETFs, Dan Draper, to its board of directors, the firm said.

"I look forward to joining AlphaPoint's board and bringing my decades of experience in ETFs, financial products, and global business development to help expand its business," Draper said in a statement.

Dan Draper

Since 2013, Draper has been in charge of Ivesco's ETF business growth, driving the issuer to over $220 billion in assets under management, the firm said.

Draper has also served in positions at Credit Suisse, Barclays, UBS, Goldman Sachs and Salomon Brothers.

"Dan has been behind the growth and success of many well-known financial products, including Invesco QQQ, which tracks the Nasdaq 100 Index," said Salil Donde, AlphaPoint CEO.

UNIGESTION HIRES 2 NEW MANAGERS

Unigestion appointed former Bridgewater Associates investment associate Salman Baig and EQ Investors analyst Joshua Seager as investment managers to its cross-asset solutions team, the firm said.

Earlier this year, Baig focused on fundamental macroeconomic research, portfolio construction and risk management at Bridgewater Associates.

Seager previously focused on asset allocation and quantitative analysis while at EQ Investors.

"The appointments of Salman and Joshua further strengthen the team's expertise and skill set, thanks to their breadth of experience in macro investing, quantitative research and risk management," Jerome Teiletche, head of cross asset solutions, said in a statement. MME

News Scan by Jessica Mathews

Northern Trust

would like to congratulate our own

Anna Jamroz

and all the

2018 NICSA NOVA award honorees.

Northern Trust is a proud member of NICSA, and congratulates all the NOVA Award recipients and nominees for their contributions to the asset management industry. The innovation and commitment of the next generation of industry leaders is an essential part of continuously helping our clients and investors to Achieve Greater™.

NORTHERN TRUST

ETF
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tion, both key industry trends to watch.

Innovation should not happen just for innovation's sake, notes Anna Jamroz, senior vice president, Global Fund Services, at Northern Trust, and one of the recipients of this year's emerging leader awards.

"Innovation should lead to more loyal clients and improved financial outcomes," she says. "Otherwise, it's a distraction from our mission."

Robert Conti, managing director at Neuberger Berman, and winner of this year's strategic leadership award, expands on that sentiment, focusing on reducing complexities for clients.

"We need to continue to improve education to the investors, and make information easy to access and understand," he says. "We need to make things simple and user-friendly. That would be innovation with a purpose."

Keith Slattery, managing director and head of funds services operations at JPMorgan Chase, who won a president's award for service to NICSA, says, "The greatest opportunity for innovation in our industry is to solve problems collectively by creating industry-wide capabilities which improve standardization and lower the cost of services to all our clients and investors."

Jamroz, Conti and Slattery are three of eight individuals in asset management who received a 2018 NOVA award for leadership, service and lifetime achievement.

All nominees for a lifetime achievement award must have at least 25 years of experience in asset management. This year's winner in that category is Jeffrey Paul Beale, former CAO and vice president at Eaton Vance.

The awards will be presented at the General Membership Meeting, which takes place in Boston on Oct. 11-12.

Read on for more insights from this year's recipients.

"Business leaders now understand how important technology deployment is, and how impactful it can be in reshaping their firms as the industry and business models evolve."

Jim Fitzpatrick, president, NICSA

Fund Industry Lifetime Achievement Award

Jeffrey Paul Beale, former CAO and vice president, Eaton Vance

Following 25 years with Eaton Vance, Jeffrey Beale, the firm's former chief administrative officer and vice president, can safely say he left the asset management industry on a high note as well as his mark on the surrounding Boston community.

"Over his more than 25 years with the company, Jeff Beale has demonstrated outstanding commitment to our clients, staff members and business partners, and has worked tirelessly to ensure that Eaton Vance maintains an exemplary service record and corporate culture," Thomas E. Faust Jr., chairman and CEO at Eaton Vance said in a statement at the time of Beale's departure.

After joining the firm in 1992, Beale quickly ascended to various executive roles at the firm.

Beale took the position of vice president of Eaton Vance in 1998 and chief adminstrative officer the following year, according to the firm.

In those positions, Beale oversaw Eaton Vance's information technology, operations, mutual fund and dealer services, fund administration, human resources and facilities management services.

"Jeff represents the very best of the asset management industry," says Jim Fitzpatrick, president of NICSA. "He has served the industry and Eaton Vance with distinction, and has been a terrific role model."

Since retiring from Eaton Vance on May 1, Beale spends his time giving back to the Boston community, serving on various nonprofit boards.

Beale is a member of the board of trustees for the Boston-based Dana-Farber Cancer Insitute, where he has served since February, according to Bloomberg News.

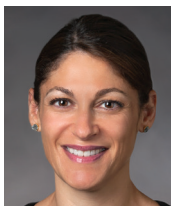
In addition, Beale is the president of the board of directors of the First Literacy Boston, a nonprofit dedicated to improving literacy rates among adults with limited English proficiency. He also sits on the board of directors at A Better City, a Boston-based nonprofit aimed at improving the region's economic health, competitiveness, vibrancy, sustainability and quality of life.

"He has been a longtime advocate for both NICSA and supporting the industry through collaboration and sharing of best practices," Fitzpatrick says. "He is a true leader in our industry."

President's Award for Service to NICSA

Stacy Bernstein, American Century

Stacy Bernstein, head of financial intermediaries at American Century Investments, is responsible for building and managing strategic partnerships for the firm's financial intermediary relationships. When considering what it takes for success, she says the key is building more than the typical business relationship.



It's about "creating an intimate and customized client experience through technology and compliance enablement," Bernstein says.

Prior to American Century, Bernstein was a managing director at Legg Mason for nearly a decade There, she was responsible for developing home office relationships. She also has prior experience as a director at Salomon Brothers Asset Management and as senior vice president at Liberty Funds, according to her LinkedIn account.

So far in her career, Bernstein says she is most proud of "building strong distribution partner relationships that have turned into friendships." After learning of the recognition from NICSA, Bernstein says she is "deeply honored."

She adds, "I strongly believe in the mission of NICSA, and it has been my pleasure and privilege to help our industry better serve clients."

President's Award for Service to NICSA

Keith Slattery, JPMorgan Chase

As managing director and head of fund services operations at JPMorgan Chase, Keith Slattery has a keen focus on the regulatory impact on technology, operations and service delivery.

"Our industry is constantly evolving," he says. "We must respond to waves of regulatory changes, product innovation and technology enhancements. Service providers in our industry will create competitive advantage by providing fast, effective responses to these forces of change."

Throughout his career, Slattery has taken lessons from his various roles. When Touche Ross and Deloitte merged, he joined a team specializing in audit and tax services for investment companies, "which taught me the value of specialization and the importance of developing deep, technical expertise." At State Street, he "helped integrate the U.S. fund administration business acquired from Investors Bank & Trust."

Its been 30 years since Slattery attended his first NICSA meeting; he is now a member of the board. This year he will co-chair the annual meeting. "I am excited about the direction NICSA is taking to strengthen and broaden membership, constantly improving support for the asset management community," he says.

NOVA Strategic Leadership Award

Victoria McGowan, BNY Mellon

As head of global fund administration at BNY Mellon's client service delivery organization, Victoria McGowan has had a hand in innovation for both product development and technology strategies. Although she is in charge of financial reporting, tax services, regulatory administration and compliance services at the firm, McGowan knows she can't do it alone.

"Finding out about this award was enormously gratifying for me," McGowan says. "It's a testament to the amazing talent in my team."

While at the firm, McGowan built a team of industry experts with the mission of bringing new products to market that meet the growing needs of its clients.

Peter Johnston, global head of client service delivery at the firm, says, "Under her leadership, we have transformed the reporting process for clients and built a cutting-edge product that meets new requirements."

Ann Fogarty, head of global fund accounting and administration, adds, "She is a visionary with a strong understanding of the impact that technology has on the fund administration servicing business."

NOVA Strategic Leadership Award

Robert Conti, Neuberger Berman

Reflecting on a career with Neuberger Berman that began in 1980, Robert Conti says the frenzied days following the bankruptcy of parent company Lehman Brothers stand out the most.

"We had to show shareholders stability and plans for the future," he says. "We faced so many issues — intermediary relationships, getting our investors to approve our advisory agreements due to the change of control hurdles, crazy markets and more — and all at once. It was the biggest challenge of my career."

Conti recently announced his retirement, but he remains for now as a managing director at the firm. The recognition from NICSA, he says, "means so much to me, because nominations come up from the people working in the trenches."

One of the key challenges Conti sees for the industry in the years ahead is simplifying the client experience as markets and offerings become increasingly complex.

"This is how NICSA comes in," he says, "helping in these efforts to inform clients."

NOVA Award for Emerging Leaders

Jonathan Rizzo, Deloitte

After more than 14 years as a risk advisory specialist within Deloitte's advisory practice, Jonathan Rizzo says his chief accomplishments have centered on helping his investment management clients tackle complex challenges. These challenges, he adds, include strategic and operational risk issues, third-party and service provider oversight requirements and controls over financial reporting. .

In 2016, Rizzo, received the firm's Dennis Wasniewski Award, an annual recognition of senior managers who demonstrate a strong dedication to teamwork and their colleagues.

Rizzo sees the development of communication and data-sharing methods as a key industry innovation aim. "Data is the fuel organizations require to operate," he says. "Investment management companies will need evolved, effective means of gathering, characterizing, protecting and sharing this valuable asset amongst clients, counterparties and other third parties."

Blockchain and other alternate data and information-sharing networks, he predicts, will gain significant traction in the industry within the next five to seven years.

NOVA Award for Emerging Leaders

Anna Jamroz, Northern Trust

After just one year at Northern Trust, Anna Jamroz was sent to London, where she supported the conversion of Baring Asset Management's financial services group onto the Northern Trust platform. Now, as senior vice president of global services, her focus is on building out Northern Trust's West Coast presence,

"I am especially proud of the size and scope of our West Coast client base, and grateful for the support and commitment of my Chicago partners," she says. "Their willingness to fly cross country and support our efforts is the reason our institutional brand is now so strong on the West Coast."

Ensuring that service and quality go hand in hand with technology shifts is a crucial goal in asset management, she says. Thus, innovation should lead to improved financial outcomes and increased client loyalty.

"Whether we are talking about automation or data optimization, the key is value creation," she says.

Looking ahead, she says, "I'm … excited for the potential of a new generation to tackle the challenges that our industry faces in meeting the needs of investors, and perhaps improving the public perception of finance as a whole."

NOVA Award for Emerging Leaders

Kelly Cornwell, Vanguard

In her more than 15 years with Vanguard, Kelly Cornwell has held roles in brokerage operations, client services and mutual fund operations. Her current focus as financial advisor services manager is on developing and maintaining industry relationships, and managing the DTCC engagement within Vanguard's financial advisor services business.

Cornwell has had significant experience with the transfer process from both the broker-dealer and fund company side. She serves as vice president of the SIFMA Customer Account Transfers Board, and leads the SIFMA/ICI joint task force on mutual fund transfer. The task force, she says, "has implemented changes that, from 2013 to 2017, reduced the industry reject rate specific to mutual fund transfers from 16.3% to 8.8%."

As settlements occur at an ever faster rate, Cornwell says, client expectations are rising. The ultimate goal should be real-time processing, she adds, to meet these expectations and reduce risk.

About the award, she says, "I am excited to have the opportunity to represent Vanguard while working to improve the experience for both Vanguard investors and shareholders across the industry."

NOVA Industry Innovation Award

Envision Financial, FundKeeper

A key focus for asset management technology is simplifying processes through automation and providing multiple services from a single platform.

Envision Financial Systems, a Costa-Mesa, California-based technology firm that services the asset management industry, partnered with U.S.Bank Global Fund Services to create a mutual fund platform that does just that. Fundkeeper, according to the firm, "consolidates existing direct-at-fund accounts onto a single platform, which is branded for the broker-dealer."

This means intermediaries no longer have to hold accounts directly with mutual fund families, or go the conventional brokerage route with accounts not suited for that form of complexity.

"We insert ourselves between the distributor and the fund, and add value for the distributor, because it makes it easier to do this type of business. That adds value to the asset manager, because it's easier for their customers [the broker-dealers] to sell their funds, and they get sold in a way that's more efficient for the fund to run," says Kelly Lynch, SVP of Envision Financial Systems.

NOVA Industry Innovation Award

Putnam Investments, QC-Boost

Machine learning is increasingly transforming all aspects of the asset management industry.

QC-Boost, the Putnam Investments platform recognized by NICSA for innovation, uses machine learning to help manage quality control processes for the firm.

The initiative "really brings contemporary capabilities to what is a traditional operations process of quality control," says Karen Walsh, head of the retail service center at Boston-based Putnam.

The platform draws from a massive data set going back almost a decade, composed of clerical updates and financial transactions Putnam has processed for shareholder accounts. A series of algorithms learns which items out of this data set are most error prone, then uses this historical information to predict likely errors in the present.

"The platform itself is iterative … so it's continually retraining and learning with each day's work," says Walsh.

Earlier this year, the firm implemented a robotics process automation platform. "There's really a lot of untapped potential yet to come around all these capabilities," Walsh adds.

NOVA Industry Innovation Award

Citi Fund Services, Form N-PORT Services

Sweeping new SEC regulations are changing the way fund groups will report their portfolio-wide and position-level holdings.

Asset managers will now have to comply with rules that require a whole new reporting infrastructure, as well as additional market data and analytics. Citi Fund services, in partnership with MSCI and Confluence, earlier this year launched Form N-PORT Services to help asset managers implement these new management practices ahead of the SEC filing deadlines.

"Developing this N-PORT offering to support our underlying asset management clients has been a multi-faceted and multi-year project that required partnership across our organization and with our external clients and partners to bring to fruition," says Jon Gezotis, director of product management for Citi Fund Services.

"Citi leveraged the extensive knowledge of our clients' business," he adds, "which we combined with our larger data strategy, and bringing them together we were able to demonstrate the potential and capabilities for delivering these types of services today and into the future."

NOVA Industry Innovation Award

American Funds, ACE

Aging technology can add risk to daily operations in asset management. American Funds' account management servicing application, ACE, was developed to replace a system that was over 20 years old.

ACE works to restructure data that passes to and from the client-account recordkeeping center, and provides a complete look at client relationships, rather than the single fund/registration position view of typical transfer agency systems, according to the firm.

The application also simplifies various transactions, which increases both quality and productivity.

"Given how complex both the investor and advisor relationships can be with multiple accounts and funds, one key aspect of ACE is that it simplifies all the client information and puts it in a simplified wrapper," says Christian Webster, vice president, the Capital Group/American Funds.

Looking ahead, the firm aims to continue to introduce new tools that incorporate robotics and automation, key trends to watch in asset management.

NOVA Industry Innovation Award

Delta Data, FundBlast

Fund change communications between asset managers and distributors have long been bogged down in inefficient processes.

In February, Columbus, Georgia-based Delta Data — a back-end software firm for the mutual funds industry — introduced FundBlast, a platform that supports real-time, streamlined communication between the parties. Often, in the case of mutual fund changes — including liquidation, mergers and purchase eligibility — notices are sent out by email blasts. This requires a time-consuming manual process that can also carry considerable risk.

The average broker-dealer, according to Delta Data, might sift through approximately 21,000 emails a year from fund partners; these can include multiple related clarifying emails.

FundBlast brings these communications to one portal, allowing for more efficiency. For one, notes the firm, "Due to the way that FundBlast organizes and structures data, it virtually eliminates the need for [the] clarifying emails."

Industry leaders including BNY Mellon adopted the platform shortly after it launched. MME

CEO
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it wants to sell its ideas through discussion rather than ballots, some corporate directors and governance advisers question the chances of gaining much traction.

"The paper presupposes we live in a perfect world where all interests are aligned," Les Brun, Merck's lead independent director, said of the document on executive pay the Norway fund published in April 2017. "Different companies require different drivers to create value — and compensation programs should reflect that."

Trond Grande, deputy chief executive officer of Norges Bank Investment Management, which oversees the sovereign fund, said at an Aug. 21 news conference there's been "increased dialogue" with some companies that's been "mainly positive and constructive."

"We have to some extent increasingly voted against pay packages that haven't been in line with our principal views," Grande said. Representatives for the fund declined to comment further.

CLOSELY ALIGNS

In the past year, the fund opposed executive compensation plans at 8% of the 380 or so S&P 500 companies it holds.

That mirrors votes by major U.S. asset managers BlackRock, Vanguard and State Street, which rejected 3% to 7% of pay plans for firms in the index, according to data compiled by Bloomberg and Proxy Insight.

Some European investors took a more radical approach.

The asset management businesses of Paris-based BNP Paribas and Deutsche Bank opposed or abstained from voting on pay plans for two-thirds and one-fifth of companies in the index, respectively.

The similarity between the Norwegian fund's voting record and those of U.S. asset managers is striking given their different views on compensation.

Following a string of corporate scandals in the century's first decade and the 2008 financial crisis, several large institutional investors — including BlackRock, Vanguard and State Street — began pressuring companies to link compensation more closely with firm performance.

SCALED BACK

Since then, boards have scaled back on cash bonuses and stock options — which some say put undue focus on boosting share prices — and instead pay executives mainly with restricted shares that vest only if specific performance goals, such as revenue or stock returns, are met.

Each have said they want pay plans that contain incentives tied to performance in order to help set up companies for long-term success.

The Norwegian fund, by comparison, questioned the very idea of using incentives for "complex undertakings such as managing a listed company."

"Designing a robust set of CEO targets is notoriously difficult on a multiyear horizon," the fund said in its position paper, adding that "engineered incentives crowd out the intrinsic motivation of the CEO."

It also pointed to research that suggests there's currently no definitive correlation between overall levels of executive pay and firm performance.

PERFORMANCE CONDITIONS

Top employees should instead get most of their compensation in restricted shares, free from performance conditions, that can't be sold for "at least five and preferably 10 years," the fund said. Pay plans should focus on "the impact that the holding of shares has on aligning incentives, rather than the award of shares."

The fund's aversion to performance conditions also is at odds with the two biggest proxy-advisory firms.

Both Institutional Shareholder Services and Glass Lewis, which offer recommendations on how investors should vote at annual meetings, tend to criticize pay plans that lack links to specific goals.

Locking up executive awards for a decade or more goes well beyond the customary three- or four-year vesting periods at U.S. firms.

While it may nudge executives to think longer-term, forcing them to keep "all their eggs in one basket" could make them exceedingly risk-averse, said David Larcker, a professor of accounting at Stanford Graduate School of Business.

To be sure, the Norway fund has said it realizes that regional differences in compensation levels and practices will remain, despite its entreaties.

"We have to some extent increasingly voted against pay packages that haven't been in line with our principal views."

Trond Grande, deputy chief executive officer, Norges Bank Investment Management

A majority of the roughly 9,000 public companies it holds stakes in are based outside the U.S.

SUPPLY, DEMAND

Still, a large number of the world's best-paid executives work for U.S. companies, and some peers at big firms overseas look to them to gauge what their services could be worth.

Another key point from the fund's paper was setting a cap on total CEO compensation to avoid "unacceptable outcomes." No major U.S. firm has such a policy in place.

And with executive pay by some measures having grown about 1,000% in the past four decades, hopes for overall payout limits seem unlikely.

The market for skilled executives, "like any other market, is driven by supply and demand," Merck's Brun said. "How do you cap the value of that which is in demand?"

— *Bloomberg News* MME

Are your investment, sales and marketing teams aligned for growth?

By Dan Sondhelm

It is universally understood in business that the alignment of product, sales and marketing is vital to meeting and exceeding revenue goals.

Organizational alignment around shared goals is what drives efficiency and enables businesses to optimize each stage of the buying cycle. Yet many asset management firms struggle with misalignment, often experiencing unhealthy tension between their investment, marketing and sales functions.

It is not uncommon for asset managers to view these three functions as separate and distinct teams with entirely different missions and goals when, in reality, they are not as separate and distinct as they might appear.

SILO CULTURE INHIBITS GROWTH

As further evidence that a silo culture rarely leads to growth and success in the competitive world of asset management, you will often hear the three teams disparaging each other or questioning their value to the organization. Salespeople complain that they can't be productive due to the poor investment performance or presentation skills of the managers.

You might hear from the portfolio managers that salespeople are overrated – largely unnecessary because good investment performance sells itself, or ineffective in the face of disappointing investment returns.

In many firms, marketing views salespeople as overly coddled and egotistical, with no appreciation for their efforts and skills.

While there may only be slivers of truth to these statements, a firm's leadership has a real problem if such attitudes are left to fester throughout the organization. It's not enough for each team to perform their respective functions; if senior managers expect to grow and prosper, they need to place a high priority on tearing down the silos and building a collegial environment, which is the hallmark of top-tier firms.

GROWTH STRATEGY IS NOT OPTIONAL

Asset managers are facing a number of challenges in achieving growth or even sustainability. Thanks to record gains in the stock market, AUM for many firms is up, but their outstanding shares are down. Firms' margins have been thinned by continued fee pressure from a strong passive tide. Smaller or less established asset managers are being cut from the major platforms.

To overcome these challenges, firms must have in place a true growth strategy. Under these conditions, growth is not easy and the pressure on investment, sales and marketing teams is substantial. Asset managers must understand and forge their interdependence if they expect to maximize their contributions to the revenue goals of the organization.

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Sondhelm Partners CEO Dan Sondhelm

THE KEY TO BUSINESS ALIGNMENT

Asset managers who effectively utilize data analytics can create an alignment and interdependence that fosters the free flow of input, discussion and debate, and gives each team an equal seat at the strategy table. Business intelligence is the intersection where investments, sales and marketing meet to set priorities based on what the data tells them. Instead of individual teams driving decisions on their own, they use the data to inform decision-making across the organization in pursuit of shared goals.

For example, if the goal is to shorten the sales cycle and increase closing rates, the teams can use data analytics to determine the highest-value sales opportunities and the most efficient way to pursue them. They can focus their digital outreach to pull the lead information in.

By scoring leads based on their level of engagement, they can be assigned to buckets to be followed up by sales when they reach a certain threshold. Leads with lower scores can be nurtured further until they reach the sales-ready threshold.

The same intersection of data can be used to inform investment strategies that more closely conform to client objectives and preferences. The investment team needs to communicate what it is able to manage effectively based on its expertise. The sales team needs to gather feedback on what prospective clients are looking for to meet their objectives. And the marketing team provides competition and pricing analytics as well as an assessment of market demand. The result is an investment product developed with sales and marketing participation and an alignment of goals and resources to ensure its success.

INTEGRATING SALES AND MARKETING TECH

The challenge for firms is how to leverage their technology to effectively connect the many data points, including CRM, email platforms and websites. Marketing automation software combined with a top-tier CRM system, such as SalesForce, can collect 80% of the data points to create the analytics a firm needs to inform strategy for sales and marketing, and to measure ROI.

Firms that invest in integrating sales and marketing technology have the most success in measuring the effectiveness of their strategies, which goes to the heart of aligning teams. When shared goals, technologies and processes are aligned, firms are better positioned to meet and exceed revenue goals.

Dan Sondhelm is CEO of Sondhelm Partners, a financial marketing and distribution firm for asset managers, mutual funds, ETFs, wealth managers and fintech companies.

Converting a Private Fund to a Mutual Fund

The requirements and benefits of converting an unregistered fund to mutual fund

By Jessica Chase

If you manage a private fund or commingled pool and find yourself wondering where to go from here, you may want to consider converting your fund to an open-end mutual fund. Converting from an unregistered fund to a mutual fund provides immediate scale and positions your fund to take advantage of the broad distribution opportunities available to registered funds. Furthermore, the converted mutual fund may be structured as a tax-free reorganization, which enhances your fund's appeal to existing investors. Conversion to a mutual fund also offers an advantage that a newly launched fund cannot match: under certain circumstances, the performance of the private fund may be carried over, or ported, to the new mutual fund, thus giving your fund a historical track record that a newly launched fund will not have.

SUITABLE FOR A MUTUAL FUND

Before getting started, determine if your current private product is suitable for a mutual fund. Registered mutual funds must comply with IRS and SEC requirements governing the fund's investments, income, distributions, liquidity and leverage. You will need to consider the following: Is your current strategy suitable for a mutual fund? Are you comfortable with the level of required transparency and oversight? And — not to be overlooked — do the economics work? Mutual funds typically have higher operational expenses than private funds and existing investors will not want to pay more for the product, nor will the mutual fund's board want you to charge more, so plan on a lower profit margin until you garner new assets.

Once you have decided that a mutual fund is right for you and your strategy, the product launch begins. The process to convert a private fund into a mutual fund is similar to starting a fund that will be seeded with cash — but with some key additional steps.

In legal terms, the conversion is a reorganization of the private fund (the "acquired fund") into a mutual fund shell (the "acquiring fund"). The assets are transferred to the acquiring fund from the acquired fund, which will cease to exist after the reorganization.

Jessica Chase

An Agreement and Plan of Transfer or Reorganization (the "Plan") defines the terms of the transaction and provides, among other things, that the investors in the acquired fund approve the transaction, that they have an opportunity to exit the acquired fund prior to the transfer, and that the boards of directors of the acquired fund and the acquiring fund believe the transaction is in the best interests of the shareholders. The Plan details the assets to be transferred, the liabilities to be assumed and the method for valuing the investors' interests that transfer to the acquiring fund. Legal counsel will provide guidance regarding the legality, conditions and requirements of the boards of directors being asked to approve the Plan.

The acquired fund's investments typically transfer to the mutual fund in-kind, thus avoiding trading costs and adverse tax consequences for the acquired fund's investors who will be making the transition to the acquiring fund. Legal counsel may be asked to provide a tax opinion letter regarding the tax-free nature of the transaction. It is important to note that an investor's holding period in the private fund will not carry over to the mutual fund; if the investor sells shares in the mutual fund within a year of the conversion, a portion of the gain/loss may be considered short term.

Conversion is just one step to a successful launch of a mutual fund — a process that typically takes about four months, and begins with a due diligence review before the initial filing with the SEC.

As for the opportunity to retain, or port, the performance record of the private fund as the mutual fund's own performance, the SEC considers each request on a case by case basis. Certain factors must be met — for example, the private fund cannot have been created in order to establish a performance record and the investment strategy and management of the mutual fund must be consistent with that of the private fund. The private fund's performance may be cited in the fund's prospectus, shareholder reports, and marketing materials — followed by disclosure that the private fund was not registered and therefore not subject to certain mutual fund requirements and that the private fund's performance may have been adversely affected if it had been registered.

It's important to understand at the outset that although the fund's marketing materials may refer to prior performance, Morningstar will use the launch date of the mutual fund (not the private fund) when rating the fund.

KEY TO A SUCCESSFUL CONVERSION

The key to a successful conversion is choosing the right service providers. A fund administrator with practical experience can help you analyze the product to make sure critical considerations and requirements are addressed before moving forward. Not only will an experienced administrator manage the conversion and fund launch, but will also provide valuable legal and regulatory support such as drafting the Plan and addressing conversion related requirements prior to engaging outside counsel. This can help you save money and ensure a smooth conversion.

Jessica Chase is the Director of Business Development at Atlantic Fund Services. For over thirty years Atlantic has provided fund start-up and ongoing services to mutual funds and other pooled investments.

Top-performing funds that bypass the alternative minimum tax

All of the industry's AMT-free funds saw positive returns over the past five years, however changes under the new tax law are expected to put a damper on those figures.

With the enactment of the Tax Cuts and Jobs Act, the income threshold for AMT eligibility is expected to reach a smaller pool of clients, ultimately driving down the products' demand over the long-run, according to Morningstar manager research analyst Alaina Bompiedi.

The IRS estimates AMT filings will decrease to one million households from 10 million in 2015 as a result of the law; with even fewer clients owing AMT liability, according to Tax Foundation analysis of IRS data.

"While AMT bonds are relatively less attractive now, their spreads have actually narrowed since the passage of the TCJA because they no longer have to offer higher yields to entice buyers," Bompiedi explains.

AMT-free funds have posted significantly poorer performance numbers in the last year, Morningstar data show. These funds, which hold a combined $12.9 billion in client assets, brought in an average 5-year return of 4.40% and just 0.30% year-over-year.

"Funds that have held AMT should have theoretically outperformed their AMT-free rivals since the beginning of the year, because of this change from the TCJA," Bompiedi says. MME

	Ticker	1-Yr. % Returns	5-Yr. % Annualized Returns	Expense Ratio	Net Assets (millions)
Oppenheimer Rochester AMT-Free Munis A	OPTAX	5.43	7.59	1.03%	$1,927.67
Oppenheimer Rochester AMT-Free NY MuniA	OPNYX	2.34	5.87	1.02%	$887.37
VanEck Vectors AMT-Free Long Muni ETF	MLN	0.03	5.46	0.24%	$155.34
Invesco National AMT-Free Muni Bd ETF	PZA	0.08	5.32	0.28%	$1,639.90
Invesco California AMT-Free Muni Bd ETF	PWZ	0.34	5.32	0.28%	$234.76
Invesco New York AMT-Free Muni Bd ETF	PZT	-0.23	5.13	0.28%	$63.16
Pioneer AMT-Free Municipal A	PBMFX	-0.18	4.86	0.80%	$1,154.33
Dreyfus CA AMT-Free Municipal Bond Z	DRCAX	0.00	4.25	0.72%	$899.07
Dreyfus AMT-Free Municipal Bond Z	DRMBX	0.19	4.07	0.47%	$975.55
VanEck Vectors AMT-Free Interm Muni ETF	ITM	-1.10	3.53	0.24%	$1,649.79
Dreyfus NY AMT-Free Municipal Bond A	PSNYX	-0.98	3.31	0.93%	$342.37
Putnam AMT-Free Municipal B	PTFIX	-0.49	3.16	1.41%	$328.67
Wells Fargo Intermediate Tax/AMT-Fr A	WFTAX	-0.49	2.73	0.70%	$2,420.53
VanEck Vectors AMT-Free Short Muni ETF	SMB	-0.68	1.04	0.20%	$199.24

Notes: Leveraged funds, institutional funds and funds with investment minimums over $100,000 were excluded. Data as of 9/17/18.
Source: Morningstar Direct

Mutual fund flows

($ millions)

		Equity									
		Domestic							World		
Date	Total long-term	Total equity	Total domestic	Large-cap	Mid-cap	Small-cap	Multi-cap	Other	Total world	Developed markets	Emerging markets
Estimated weekly net new cash flow											
9/26/2018	-5,793	-6,966	-4,203	-1,874	-450	201	-1,850	-229	-2,762	-2,899	136
9/19/2018	-2,229	-2,495	-2,436	-1,439	-313	143	-331	-496	-59	-132	73
9/12/2018	-5,231	-7,031	-7,825	-3,766	-356	-238	-2,974	-491	793	858	-65
9/5/2018	-4,806	-6,384	-8,072	-4,171	-1,214	-155	-1,970	-562	1,688	1,677	11
Monthly net new cash flow											
8/31/2018	-18,015	-24,454	-23,111	-12,975	-2,018	1,176	-8,006	-1,288	-1,343	-1,467	124
7/31/2018	-9,911	-20,874	-18,879	-9,658	-2,177	1,570	-6,724	-1,890	-1,995	-2,229	233
6/30/2018	-16,485	-19,894	-24,290	-15,214	-2,714	1,453	-6,519	-1,296	4,396	4,809	-413
5/31/2018	-5,788	-8,733	-15,721	-5,623	-4,423	544	-5,152	-1,067	6,988	5,794	1,194
4/30/2018	-6,968	-9,293	-12,667	-701	-1,128	-104	-3,966	-6,769	3,374	1,618	1,756
3/31/2018	9,565	264	-12,010	368	-2,823	-1,600	-6,599	-1,356	12,274	11,227	1,047
2/28/2018	-12,106	-8,369	-19,560	-1,655	-2,858	-2,634	-9,413	-3,000	11,191	9,452	1,739
1/31/2018	39,011	-7,078	-24,538	-6,892	-5,288	-2,117	-9,955	-285	17,461	13,260	4,201
12/31/2017	-28,893	-38,329	-43,096	-18,763	-4,770	-3,202	-12,383	-3,978	4,767	4,304	463
11/30/2017	-4,894	-16,441	-24,067	-5,949	-3,756	-3,439	-7,045	-3,878	7,627	6,303	1,324
10/31/2017	11,021	-15,971	-22,101	-7,360	-2,411	-2,109	-8,375	-1,846	6,130	4,962	1,169
9/30/2017	438	-21,998	-22,617	-7,548	-2,720	-2,046	-9,336	-967	618	1,372	-754
8/31/2017	-517	-16,493	-24,569	-7,242	-3,511	-2,555	-8,205	-3,056	8,075	6,650	1,425
7/31/2017	3,778	-13,782	-25,545	-10,330	-4,487	-2,242	-7,298	-1,188	11,763	11,038	726
6/30/2017	7,558	-9,412	-18,492	-13,228	-3,146	-2,291	1,918	-1,746	9,081	7,504	1,576
5/31/2017	27,289	3,144	-9,243	2,766	-2,379	-2,169	-5,234	-2,227	12,387	8,827	3,561
4/30/2017	306	-12,498	-19,556	-5,057	-4,061	-2,006	-7,056	-1,375	7,058	5,197	1,861
3/31/2017	12,553	-14,101	-13,409	-1,715	-833	-827	-7,620	-2,415	-692	-571	-121
2/28/2017	27,047	3,995	-2,694	-1,235	524	712	-2,069	-626	6,690	5,784	906
1/31/2017	11,157	-7,754	-10,936	778	-792	998	-10,606	-1,314	3,182	2,124	1,058
12/31/2016	-56,070	-33,615	-26,974	-10,891	-977	-816	-12,204	-2,085	-6,642	-5,817	-825
11/30/2016	-52,080	-27,965	-25,929	-8,244	-1,709	-293	-11,058	-4,626	-2,035	-888	-1,147
10/31/2016	-32,791	-37,928	-31,452	-8,576	-5,287	-2,541	-12,213	-2,834	-6,477	-6,258	-219
9/30/2016	-9,028	-22,398	-15,377	-152	-1,750	-1,086	-10,123	-2,265	-7,021	-6,113	-908
8/31/2016	-9,807	-32,287	-24,782	-5,504	-3,355	-1,711	-12,753	-1,459	-7,505	-7,276	-229
7/31/2016	-15,129	-37,685	-31,253	-11,922	-5,015	-3,382	-9,045	-1,889	-6,432	-6,239	-192
6/30/2016	-14,369	-18,895	-14,871	1,099	-4,486	-1,576	-7,812	-2,095	-4,024	-4,027	2
5/31/2016	-5,588	-17,369	-17,342	-4,178	-3,363	-1,188	-7,098	-1,516	-27	-1,217	1,190
4/30/2016	-4,520	-23,767	-19,455	-5,800	-3,381	-2,405	-7,327	-542	-4,312	-3,413	-899
3/31/2016	14,661	-9,971	-9,814	-5,473	-1,428	87	-2,661	-338	-157	1,307	-1,464
2/29/2016	8,492	8,779	-2,332	2,072	-2,871	-351	-525	-657	11,111	10,509	602
01/31/2016	-20,729	-4,927	-15,549	5,587	-5,958	-2,887	-7,339	-4,952	10,622	10,862	-239

Note: Weekly cash flows are estimates are based on reporting covering 98% of industry assets.

Source: Investment Company Institute

ETF flows

($ millions)

Date	Total equity	Domestic equity	World equity	Hybrid	Total bond	Taxable bond	Municipal bond	Commodity	Total LT MF and ETF flows
Estimated weekly net new cash flow									
09/26/2018	-1,170	942	-2,112	-1,767	1,673	2,058	-385	253	-1,011
09/19/2018	10,194	10,545	-351	-1,297	4,339	4,223	116	-91	13,145
09/12/2018	-3,371	-3,830	459	-1,691	7,206	7,177	30	-57	2,088
09/05/2018	-5,551	-7,011	1,461	-1,762	3,519	3,515	4	-411	-4,204
Monthly net new cash flow									
08/31/2018	-4,079	-6,739	2,660	-6,457	19,533	17,202	2,330	-2,322	6,674
07/31/2018	-305	982	-1,287	-6,157	25,956	22,535	3,421	-599	18,896
06/30/2018	-26,524	-20,979	-5,545	-7,415	19,650	17,049	2,601	-2,450	-16,740
05/31/2018	13,744	10,062	3,682	-3,897	13,026	11,749	1,277	-133	22,740
04/30/2018	-27	-7,410	7,382	-4,099	22,405	24,176	-1,771	2,310	20,589
03/31/2018	-6,742	-22,164	15,422	-2,012	15,880	14,148	1,732	554	7,679
02/28/2018	-19,502	-41,440	21,938	-3,644	1,694	2,706	-1,012	1,026	-20,425
01/31/2018	54,200	10,785	43,415	-625	56,744	46,287	10,457	1,724	112,044
12/31/2017	8,940	-9,057	17,997	-3,698	19,158	19,491	-333	-528	23,872
11/30/2017	13,723	-4,429	18,152	-3,365	21,628	19,819	1,809	-444	31,543
10/31/2017	23,928	3,152	20,776	-2,458	38,759	36,163	2,595	-747	59,482
09/30/2017	653	-9,782	10,435	-2,589	36,463	33,476	2,987	1,733	36,261
08/31/2017	-6,149	-22,775	16,626	-4,162	29,578	25,124	4,454	2,393	21,659
07/31/2017	7,402	-12,528	19,930	-2,575	31,728	29,164	2,564	-3,532	33,023
06/30/2017	21,927	-7,958	29,886	-2,754	32,681	29,420	3,260	1,528	53,382
05/31/2017	23,363	-10,760	34,123	-2,040	36,430	33,128	3,302	-449	57,304
04/30/2017	12,335	-8,278	20,613	-2,078	25,236	22,116	3,120	948	36,441
03/31/2017	24,562	9,409	15,153	-2,424	37,867	36,632	1,235	-531	59,474
02/28/2017	34,769	17,600	17,170	-552	36,025	34,026	1,999	1,867	72,110
01/31/2017	20,678	5,081	15,597	-2,484	35,543	31,061	4,482	-637	53,100
12/31/2016	23,720	18,848	4,872	-12,210	-4,142	12,190	-16,331	-3,600	3,768
11/30/2016	21,953	23,151	-1,197	-7,538	-13,284	-2,142	-11,142	-3,572	-2,441
10/31/2016	-24,010	-23,111	-899	-4,885	13,896	12,297	1,599	-87	-15,086
09/30/2016	-13,030	-5,816	-7,214	-4,110	24,670	20,671	3,999	496	8,025
08/31/2016	-12,238	-9,930	-2,308	-461	30,859	23,565	7,295	-568	17,591
07/31/2016	-2,166	441	-2,607	-1,736	33,578	26,825	6,753	2,069	31,745
06/30/2016	-14,803	-15,722	919	-3,886	16,698	9,639	7,059	4,327	2,336
05/31/2016	-19,695	-14,044	-5,651	-1,516	16,925	8,955	7,970	3,466	-820
04/30/2016	-17,054	-12,677	-4,378	428	22,114	16,291	5,824	-674	4,814
03/31/2016	11,642	7,599	4,043	3,173	29,422	23,591	5,832	2,148	46,385
02/29/2016	-4,472	-9,066	4,594	-1,435	11,915	6,616	5,299	5,664	11,672
01/31/2016	-20,171	-27,292	7,121	-10,561	7,686	2,676	5,011	2,010	-21,035

Note: Weekly cash flows are estimates are based on reporting covering 98% of industry assets.

Source: Investment Company Institute

SEC Modernization: If You're Not Ready, It's Time to Get Caught Up

By: Mike Scalzi, Executive Director at MUFG Investor Services

The SEC's updates to three major reporting rules just went into effect in June 2018, but it's been nearly two years since the changes were mandated as part of the SEC's sweeping effort to make reporting from registered investment companies more modern and transparent.

In October 2016, the commission announced these new amendments now known as "SEC Reporting Modernization," giving fund sponsors and service providers a two-year timeline to prepare for the changes. In that time, investment firms have been calling on data providers to build systems that gather, compile and process relevant data, build cross-functional implementation teams, and in cases where the required data is inaccessible, find ways to uncover it. Only now are these firms' efforts being put to the test, and those that have delayed their updates now face increased pressure to comply with the new rules within a short time span.

To understand the importance of the first monthly and annual filing deadlines, and how they put these data collection plans to the test, one must first understand what these new filings and amendments are calling for:

- Form N-PORT, which has replaced the far less comprehensive Form N-Q, will have to be filed monthly instead of the previous form's quarterly basis. New portfolio level disclosures are required to provide transparency into certain risk metrics, securities lending, fund performance, shareholder flows, and liquidity of fund positions. Form N-PORT also requires comprehensive security level disclosures that go above and beyond those required by Form N-Q.
- Form N-CEN is a new annual form that will replace Form N-SAR, on which funds will report census-type information. The SEC expanded its reporting requirements to reflect new products, market developments, investment practices, and risks.

While going through the planning process and assessing the data requirements for these new rules and the amended regulation, firms needed to ask themselves whether they "knew their data." If the answer was "no," then the firm found itself falling behind from day one, struggling to cope with gathering all the necessary data and determining how to aggregate, transform, and validate that information to comply with the reforms.

Companies who lacked a solid data strategy prior to the reform most likely had data siloed in disparate systems with different formats and sometimes located with different entities. If these companies did not take the opportunity to create and implement an overarching data strategy, they missed out on a prime opportunity. However, even though the forms N-PORT and N-CEN began rolling out at the end of July 2018 with the data from June, funds that that were not ready have not technically missed any filing deadlines.

Amendments made to the reforms in 2017 pushed back the filing requirement for larger entities to April 1, 2019 – as long as they maintain sufficiently detailed records in the interim so as to be able to accurately file Form N-PORT. Smaller fund groups will be afforded the same kind of leniency, with their first N-PORT filing required to be submitted by April 30, 2020. So, while funds were required to have this data available by June 2018 and for each subsequent month thereafter, they are not required to submit the new filings until well into next year.

While operations teams for most firms have been inventorying data for the new rules for the past two years, those that have lagged behind could face burdens when preparing the filings. Those firms are also missing out on the opportunity to implement a comprehensive data strategy that can be leveraged moving forward.

Mike joined MUFG Investor Services in 2016, his current role is in Product Development where he is the global lead for the firms Mutual Funds offering; responsible for driving MUFG's service model, strategic roadmap and supporting business development.

For more information on MUFG Investor Services visit www.mufg-investorservices.com