

MONEY

THE PREMIER NEWS SOURCE FOR ASSET MANAGEMENT LEADERS

management executive

October 16, 2017 | Volume 25 • Number 37 | mmexecutive.com | mme@sourcemedia.com

Annuities transform, spurred by fiduciary rule

THE FIDUCIARY RULE HAS HELPED DRIVE a slump in annuity sales, but products emerging in its wake could reverse the downward trend, experts say.

The space has seen big changes. In the third quarter, sales dropped to their lowest level since 2001, according to the LIMRA Secure Retirement Institute. Fixed sales

PRODUCTS

By Tobias Salinger

outpaced those of variable annuities for the sixth straight

quarter — the first streak that long in 25 years, the industry research organization says.

The newly emerging products include structured variable annuities with fixed annuity-like protection of principal, as well



Bloomberg News

Retirees will feed demand for annuities.

as the growth in fee-based and fixed index products, according to experts from LIMRA and the Insured Retirement Institute. The demand for retirement products remains constant, fueled by baby boomers, they say.

“That hasn’t changed,” says Frank O’Connor, IRI’s vice president of research and outreach. “It will be interesting to watch that journey and watch sales evolve as we see things shift around in product types.”

For example, IRI has also tracked a “clear rise” in structured variable annuities, which are linked to indices and carry upside and downside limits, O’Connor says.

At \$1.6 billion for the second quarter, sales of the products expanded to 6.7% of

TRANSFORM, on page 5

Money market fund assets grew \$384M for the week ending Oct. 4 (billions)



Source: Investment Company Institute

How ETF entrepreneur tapped China demand

CHINESE CONSUMERS ARE OPTIMISTIC THIS YEAR.

In fact, consumer confidence in China reached its highest level in more than 20 years in the second quarter. That’s good news for plenty of people.

One of them is Kevin Carter, the founder of 2017’s best-performing emerging-markets ETF. What’s his take on the rise of the consumer in developing markets such as China?

“I believe with strong conviction that it’s the greatest growth story of our lifetimes,” says Carter. “The consumer story is the whole story,” he

CHINA, on page 6

STRATEGY

By Jon Asmundsson

Don’t forget human factor in firm development

BOSTON — TO ENSURE INVESTMENTS IN technology succeed, asset managers are being urged to marry such resources with more robust human capital management. One industry trade association has pledged to support efforts to attract and retain talent, while firm administrators are breathing new life into dated employee evaluation processes with gaming programs for assessments.

Deciding whether to pay market rate for a 20-something quant analyst — which now averages nearly \$250,000 annually — is just one of the

HUMAN, on page 8

OPERATIONS

By Andrew Shilling

NEWS SCAN

BLACKROCK NEARS \$6T AUM
P. 3

EXPERT VIEW

A STRATEGY TO BOOST ACTIVE
P. 9

SCORECARD

MUTUAL FUND FLOWS
P. 11

FREE APP AVAILABLE FOR DOWNLOAD



Staying informed has never been this easy.
Access our content, anywhere you go from your iPad, iPhone or Android.

DOWNLOAD TODAY!

www.financial-planning.com

Available on the
App Store

ANDROID APP ON
Google play

amazon
apps

INDUSTRY HIGHLIGHTS

Boosted by ETF business, BlackRock nears \$6T milestone

BlackRock's bet on ETFs is paying off handsomely, Bloomberg News reports.

The world's largest asset manager pulled in \$52 billion in its iShares ETF business in the third quarter, helping the firm exceed analysts' revenue estimates for the first time in four quarters.

BlackRock's total assets under management surged to almost \$6 trillion.

"We are looking at technology to enable much greater flows," said CEO Laurence Fink. "The greatest component of future technology is to be better connected with clients, to have more technology enabled sales."

BlackRock is also aiming to increase revenue faster than operating expenses, Fink said. In the third quarter, revenue increased 14% from a year earlier while operating expenses increased 13%, according to data compiled by Bloomberg.

State Street shores up wealth management sales team

Coming off its best year since 2008, State Street's asset management business, State Street Global Advisors, is realigning its U.S. SPDR Wealth Management Sales Team to better support the needs of its financial advisor and wealth management professional clients.

"The industry is shifting, and we must customize our client experience and pro-

vide a portfolio of resources focused on the drivers, opportunities and challenges investment professionals face in their practice," stated Nick Good, co-head of the Global SPDR business at SSGA. "This reorganization allows us to deliver a higher level of personalized service and support to the growing universe of financial advisors and wealth managers relying on ETFs to meet their clients' goals."

State Street Global Advisors' U.S. SPDR Wealth Management was created in 2001 to serve a broad range of clients; the group represents \$330 billion in U.S. SPDR AUM.

RESEARCH

Foreign firms flock to China seeking growth

China is proving too hard to ignore for a handful of foreign fund providers eager to tap into growing investor demand, Cerulli Associates reports.

Mutual fund assets under management grew by 12% over the first half of the year, topping \$1.5 trillion, while private funds grew 20% in the same period to reach \$1.4 trillion.

Foreign firms are now lining up to offer funds in China. Cerulli reports that since the first investment management wholly foreign-owned enterprise license was granted in 2015 to Aberdeen Asset Management, the number of investment or asset management enterprise license holders has expanded to 22 as of September.

Fidelity Investment Management was

ETF Estimated Net Issuance

(\$ millions)

	10/4/2017	9/27/2017	9/20/2017	9/13/2017	9/6/2017
Equity	7,212	335	4,891	7,515	2,506
Domestic	3,861	-2,261	2,396	5,297	1,343
World	3,351	2,596	2,495	2,218	1,164
Hybrid	60	46	29	17	24
Bond	3,795	1,736	3,033	3,780	1,957
Taxable	3,652	1,636	2,999	3,607	2,038
Municipal	143	100	34	172	-81
Commodity	-357	861	-134	125	980
Total	10,710	2,978	7,819	11,437	5,468

Source: Investment Company Institute

MONEY
management executive

1 State Street Plaza, 27th Floor
New York, NY 10004
(212) 803-8200
mmexecutive.com

Suleman Din - Managing Editor

Andrew Shilling - Associate Editor

Yueqi Yang - Reporter

Scott Wenger - Group Editorial Director

John McCormick - Group Editorial Director

Paul Vogel - VP, Content Operations and Creative Services

Michael Chu - Director of Creative Operations

Dana Jackson - VP, Research

Louis Fugazy, Associate Publisher
louis.fugazy@sourcemediacom
(212) 803-8773

Petra Hailu - Marketing Manager

Theresa Hambel - Director of Content Operations

Customer Service
(212) 803-8500
help@sourcemediacom



- Douglas J. Manoni Chief Executive Officer
- Michael P. Caruso Chief Financial Officer
- Marianne Collins Chief Revenue Officer
- David Longobardi EVP & Chief Content Officer
- Minna Rhee Chief Product & Audience Officer
- Matthew Yorke Chief Marketing Officer
- John DelMauro SVP, Conferences & Events
- Ying Wong SVP, Human Resources

Subscriptions: Domestic rates: Annual \$1,750; 2-year \$3,500. Foreign rates: Annual \$1,790; 2-year \$3,575. Multiple subscription rates available.
POSTMASTER: Please send all address changes to *Money Management Executive*/One State Street Plaza, New York, NY 10004. For subscriptions, renewals, address changes and delivery service issues contact our Customer Service department at (212) 803-8500 or email: help@sourcemediacom.

Copyright Notice: © 2017 *Money Management Executive* (ISSN 1549-9111) and SourceMedia, Inc. All rights reserved. Copying, photocopying, or duplicating this publication without prior permission from the publisher is prohibited and may constitute copyright infringement subject to liability up to \$100,000 per infringement. For more information about reprints and licensing content from *Money Management Executive*, please visit SourceMediaReprints.com or contact PARS International at (212) 221-9595.

the first WFOE in China to register with the Asset Management Association of China as a private securities fund manager this January, and was followed by UBS Asset Management, Man Group, and Fullerton Fund Management in September.

"We believe the registration process will be smoother for managers now given the four successful cases," says Miao Hui, senior analyst with Cerulli, who leads the China research initiative.

PRODUCTS

Charles Schwab launches low-cost index ETF

Charles Schwab's asset management arm launched the Schwab 1000 Index ETF, which aims to provide exposure to the potential growth of the largest 1,000 stocks in the U.S.

A mix of U.S. large and mid-cap stocks, the ETF began trading on Oct. 11 under the ticker SCHK. It carries annual expenses of five basis points, half the cost of the cheapest rival fund, the SPDR Russell 1000 ETF (ONEK).

"Index investing is a fantastic way to build the core holdings of an investment portfolio," states Schwab founder and Chairman Charles Schwab.

Nuveen unveils aggregate bond ETF

Nuveen is expanding its suite of ESG ETFs with the launch of NuShares ESG U.S. Aggregate bond ETF.

The new ETF is designed to offer exposure to the U.S. investment grade, taxable fixed-income market, while sticking with specific environmental, social and governance principles. The ETF began trading on the NYSE on Oct. 2, under the ticker NUBD, and has total expenses of 0.20%.

"We are pleased to offer investors the opportunity to build a full asset allocation portfolio that incorporates RI principles and helps to align their full portfolio with their values in a transparent, tax-efficient and low-cost solution," stated Martin Kremenstein, senior managing director and

head of ETFs at Nuveen.

VanEck joins Ned Davis in new ETF offering

VanEck launched a new fund with a guided allocation approach designed to help manage risk in the U.S. equity market.

The VanEck Vectors NDR CMG Long/Flat Allocation ETF (LFEQ) looks to track the Ned Davis Research CMG Large Cap Long/Flat Index, a rules-based index that follows a proprietary model developed by NDR and CMG Capital Management Group. The fund has 0.59% in expenses.

"Our guided allocation solutions are designed to help fill an important need in investors' portfolios by responding to market downturns," Ed Lopez, head of ETF product management at VanEck, stated. "We are excited to again partner with the team at Ned Davis Research and bring this strategy to market."

Lazard Asset Management offers equity franchise fund

Lazard Asset Management launched the Lazard Equity Franchise portfolio, seeking long-term returns by investing in companies that share a combination of a history of stable financial returns, strong earnings forecastability and sustainable competitive advantages.

"We believe investing in a concentrated portfolio of companies with a history of predictable earnings and sustainable competitive advantages offers the potential for strong returns with lower volatility over the long term," stated Matthew Landy, portfolio manager of the Lazard Equity Franchise Portfolio.

ARRIVALS

New York Life names MainStay Funds president

New York Life's global asset management business appointed its chief operating officer, Kirk Lehneis, as president of its MainStay Funds. Lehneis takes on this role in addition to his COO title.

Lehneis' appointment comes as the

firm looks to strengthen its mutual fund product offering.

"Over his career, Kirk has proven to be an able steward for our investing shareholders, and has made significant contributions to the company's success. We look forward to his leadership in developing and expanding MainStay's lineup of mutual funds," NYLIM CEO Yie-Hsin Hung stated.

Guggenheim appoints leveraged loans director

Guggenheim Securities, the investment banking and capital markets division of Guggenheim Partners, appointed former River Birch Capital president Jim Seery as senior managing director focused on leveraged loans and high-yield credit markets.



Jim Seery

"As we continue to build out our credit platform, Jim's strong client relationships and deep industry knowledge will augment the firm's capabilities in the client-facing secondary market, as well as our origination platform. We are excited to welcome him to Guggenheim," Jerry Donini, co-CEO of Guggenheim Securities, stated.

Jensen Investment adds 2 managing directors

Jensen Investment Management expanded its board of directors by appointing two new managing directors, Allen Bond and Gabriel Goddard.

Bond joined Jensen in 2007. In addition to his new role on the board of directors, he serves as vice chairman of the Jensen investment committee.

Goddard joined Jensen in 2012. As chief compliance officer, Goddard heads the firm's compliance program and offers counsel to the firm and its staff. [MME](#)

News Scan by Amanda Schiavo

TRANSFORM
from page 1

variable annuity sales from 4.5% in the second quarter of last year.

O'Connor also cites fixed index annuities' climb as a key trend. Sales of \$14.9 billion represent a 55.8% share of all fixed sales in the second quarter, which displayed the products' escalating dominance over traditional fixed products, he says. Sales of the product first surpassed traditional fixed offerings in 2014.

Voya Financial in February launched a fixed annuity connected with indices from JPMorgan Chase and Citigroup called the Journey Index Annuity.

A structured variable offering called Ascend is slated to hit the market in January, according to Carolyn Johnson, CEO of Voya's Annuities and Individual Life units.

'RULE CAUSED DISRUPTION'

Johnson calls Ascend a "hybrid" product because Voya plans to provide four different levels of buffer protection for principal starting at 5% and going up to 30%. Clients and advisors would be able to choose among four indices to link with their investment under the new products.

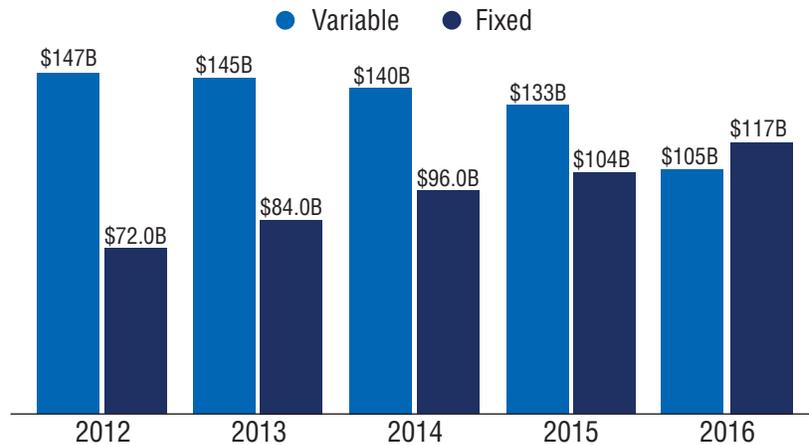
Voya doesn't disclose its overall annuity sales, but first-half revenue for the firm's annuities segment has dropped by 4% year-over-year to \$599.5 million, according to its latest earnings report. Johnson also declined to say how many firms or advisors have agreed to sell the Journey product so far.

The declining sales figures across the industry formed a topic of discussion at IRI's annual meeting last month, says Johnson, a member of its board of directors. The rule caused "disruption" for qualified annuities' distribution, compensation, product mix and suitability documentation, she says.

Still, annuities help fulfill a "tremendous need for retirement income," Johnson says. "These products are definitely going to prevail over time. It's just going to be a bumpy few quarters as people get used to the rules."

Fixed annuities break sales record

Variables have hit their lowest level since 1998.



Source: LIMRA Secure Retirement Institute

SCARED OFF

The rule "scared some people off" from variable products, according to Joe Heider, the founder of Cleveland-based Cirrus Wealth Management. He predicts variable sales to rebound as interest rates increase, particularly in low-cost products with tax deferral and buffers against downside.

Advisors, he adds, should ensure they know the full bottom-line cost of any products to avoid any "unpleasant surprises" for the client down the road.

SLOW AND STEADY

Such fee-based variable annuities, including new indexed offerings, will grow even though they don't make up a

These products are definitely going to prevail over time. It's just going to be a bumpy few quarters as people get used to the rules.

Carolyn Johnson, CEO, Annuities and Individual Life, Voya Financial

With all-in fees running as high as 300 basis points, the newer variable advisory products favored by Heider cost around 125 with low or nonexistent loads and no commission, he says. The structured products give clients and advisors "sleeves" of indices aimed at growth or income protection, he says.

"You can move between them without any cost or tax implications and they're totally flexible," Heider says. "Those tend to be attractive to high-net-worth individuals who want some tax deferral and a low tax basis."

big part of the total variable market, according to Todd Giesing, the director of annuity research at the LIMRA Secure Retirement Institute.

Sales of fee-based variable annuities surged to \$570 million in the second quarter from \$460 million in the first quarter and \$375 million in the fourth quarter of last year, Giesing notes. However, they constitute only 2% of total variable annuity sales, he says.

"We are seeing slow and steady growth, and that's what we anticipate moving forward," Giesing says. **MME**

CHINA from page 1

says. Start with the observation that 80% of the world's people are in emerging markets, then add that 90% of the planet's young people — age 30 and under — are in those countries. “Smartphones are getting cheaper, and more people are getting the internet,” Carter says. So, of course, those consumers are increasingly shopping online.

The \$311 million Emerging Markets Internet & Ecommerce ETF, whose ticker is EMQQ, gained 63% this year through Oct. 5, making it the No. 1 emerging-markets ETF, excluding leveraged funds, according to data compiled by Bloomberg.

STAGGERNG GROWTH

How did EMQQ rack up those returns? In a nutshell, the ETF invests in every publicly traded company in the world whose main business is internet- or e-commerce-related in emerging markets, Carter says.

A couple of other constraints: Market cap must be more than \$300 million, and stocks need to trade more than \$1 million of volume a day. “That’s how the companies are selected. There’s no judgment — no ‘We like this one, we don’t like that one,’” he says. “It’s a rules-based index, and every company that fits the criteria should get included.” As of September the index comprised 43 companies.

What are they? The ETF’s biggest position was a 9.3% holding in Alibaba Group, China’s largest e-commerce company. Carter says Alibaba’s first-quarter earnings report in August was a big deal. “They reported 56% revenue growth,” he says. “That’s staggering for any company — let alone one of the biggest in the world.”

Also among the ETF’s top holdings was Alibaba rival JD.com.

“If you wanted to find a business in China that looks the most like Amazon, it’s actually JD,” he says. The Beijing-based online retailer is the leading developer of drone-based delivery, according to Carter. “They will almost certainly become the largest commercial user of drones,” he says.

‘BE HAPPY’

Eric Balchunas, an ETF analyst at Bloomberg Intelligence, notes that EMQQ gives an investor a lot of exposure to tech—and only about a 15% overlap with an ETF that tracks a broad emerging-markets index. “You’re definitely getting original exposure, but is there anything else you’re exposed to?” he asks, pointing out that 65% of the country allocation is to China. “You’d better be happy with China if you want to buy this.”

Balchunas has a theory about thematic ETFs. “The new active equity manager, in many ways, is a thematic ETF,” he says. “People seem to be willing to bet on high-

Carter says.

In 2005, Natixis Global Asset Management acquired AIA, and when Carter’s contract expired, he left the company. So in early 2007, Carter says, he was freed up to try something new: “Burton was pounding the table on China. He said, ‘We have to do China, we have to do China.’”

In fact, Malkiel says he’d been interested in China for a long time. “China’s a very fast-growing economy,” he says. “And yet you have a section of the economy that’s inefficient state-owned enterprises, which may have minority public ownership and therefore get into the indices.”



Burton [Malkiel] was pounding the table on China. He said, ‘We have to do China, we have to do China.’

Kevin Carter, EMQQ Index Committee chairman

er-risk/reward themed ETFs that they can believe the story in. They’re essentially making an active bet.” The back story of EMQQ weaves together active and passive in a couple of ways. For one thing, it includes a legendary proponent of indexing: Burton Malkiel.

MALKIEL’S TOUCH

In 2002, Carter and Malkiel started Active Index Advisors. The San Francisco-based company’s flagship Active S&P 500 strategy was designed to provide bespoke exposure to an index. AIA also did tax-loss harvesting.

Before Google went public in 2004, the company held an investment-planning event for its employees that featured two speakers: William Sharpe, of Sharpe ratio fame, and Malkiel. Carter says some engineers who were early employees of Google heard about what AIA was doing. After Malkiel gave another talk at Google on investing in China, some of those engineers wanted exposure to the market,

BOOMING CONSUMER STORY

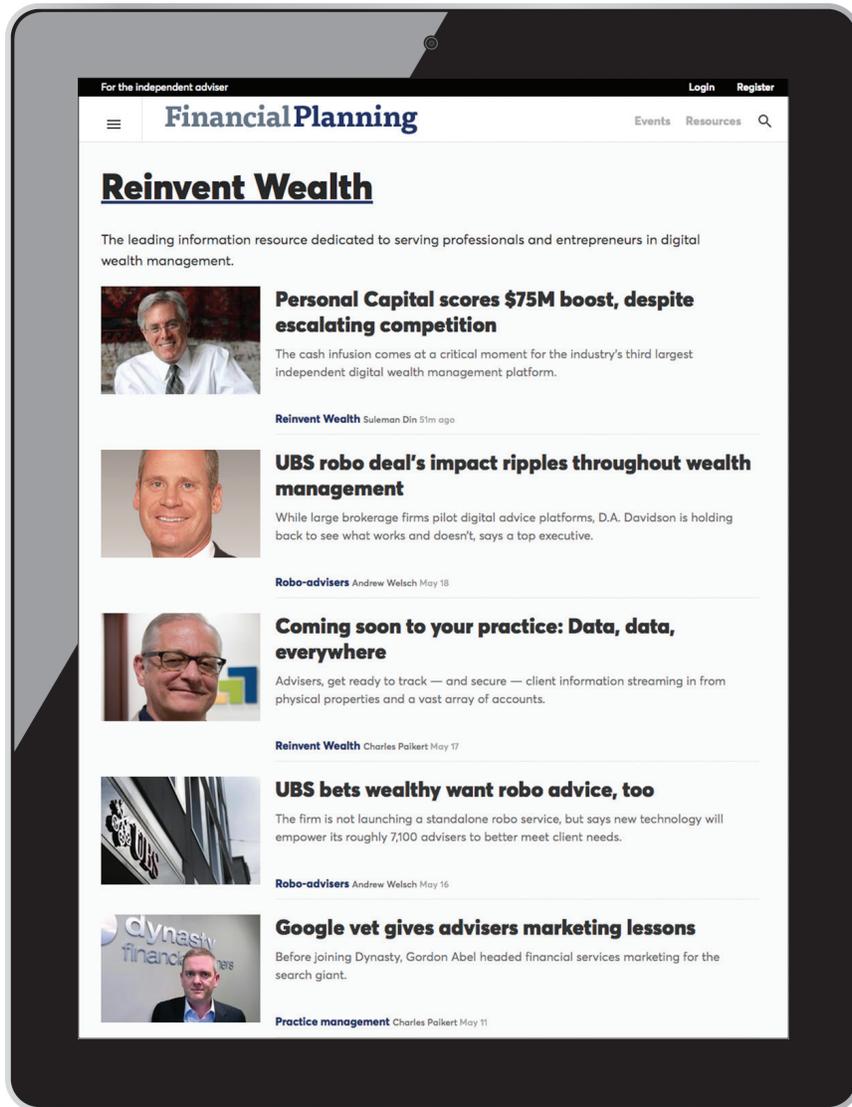
Founding another company in 2007, called AlphaShares, Carter put together a series of China and emerging markets ETFs. Then, working more broadly on emerging markets, Carter came across MercadoLibre. “I opened up the income statement, and I got goose bumps,” he says. “This is an internet company, and it was growing at 40 or 50%.”

Based in Buenos Aires, the Latin American online market had a number of similarities to Baidu: It was listed on Nasdaq, and it wasn’t included in the index. Same thing with Yandex NV: The Moscow-based search engine is also listed on Nasdaq. “This consumer story is booming, and the companies who deliver the future of consumption aren’t in the index.”

In early 2014, a friend asked what would be the best emerging-markets ETF to buy. He recalls thinking: “I’ve got to make the emerging-market internet ETF.” EMQQ started trading in November 2014. — *Bloomberg News* [MMI](#)

RE:INVENT|WEALTH

The leading information resource dedicated to serving professionals and entrepreneurs in the digital wealth management community.



For the best coverage of digital innovation in advice, investment and saving, visit or sign-up for the weekly newsletter.

Financial-Planning.com/Reinvent-Wealth

Brought to you by: **FinancialPlanning**

AMERICAN BANKER.



HUMAN

from page 1

many challenges, said Yabu Sesay, executive director of global HR at JP Morgan Asset and Wealth Management.

“We want the greatest minds delivering for our business,” Sesay said on a panel of HR executives from Vanguard and Northern Trust at NICSA’s 2017 General Membership Meeting in Boston. “That is out of the scope for the typical junior role [at our firm]. But the market said this position is worth X. Do we want to pay that? What makes sense from that standpoint?”

At JPMorgan, Sesay said emphasis has been placed on developing tools to evaluate both new and existing employees. She mentioned the development of a tool, still in the testing phase, known as “gaming,” which is designed to better understand their employees’ strengths and weaknesses through a series of decision-making tests.

“[Employees] set up profiles, then leverage that tool ... with games they play on how they resolve [various issues],” she said. “I’m excited about it. A couple others are using it in the industry ... and that’s a change for us. Whether we do that for more of the senior roles, I don’t know.”

AGE GAP MEASURES

Hiring talent has become a numbers game — and not just in juggling the dollars it takes to hire a senior-level manager or new recruit, but also in how to appeal to the age gap that exists across the financial services industry.

“When you think about the boomers, there’s a retiree every 90 seconds, and we have a knowledge gap for the people that have been tenured,” said panelist Sonia Davis, a senior vice president and corporate HR executive at Northern Trust.

“Those joining earlier are not as tentative, as they change jobs up until the age of 40. We have to capitalize on what are the key drivers that will get people to stay.”

Regardless of the number of years employees have accrued in experience, the key is to appropriately compensate those adding value to the company, Davis said. “You have to identify what people can



Vanguard’s Katherine Martini Miles, Northern Trust’s Sonia Davis and JP Morgan’s Yabu Sesay (l. to r.) discuss the challenges of human capital management in asset management at NICSA’s 2017 general membership meeting in Boston.

bring to the table and what skills they have,” she said.

EDUCATION FOCUS

In a discussion on strategies relating to educating employees in areas including automation and other changes in the industry, panelists said new technology should include a renewed focus on education.

“The days of walking into a classroom with colleagues with the dreaded role-play and breakout session are over,” said Katherine Martini Miles, an HR business partner for financial advisor services at Vanguard.

Setting aside dated performance ratings is one method Sesay hopes will take hold with the proliferation of new technology. “As we think about technology with newer generations coming in, their expectations are much higher compared to ours,” Sesay said. “It’s about both [generations], not just one or the other.”

NICSA COMMITTEE

NICSA, a nonprofit industry trade association, has taken its own steps to increase the attention to human capital management.

While it is still in the development phase, NICSA President Jim Fitzpatrick said he is hopeful a committee will one day provide members with additional resources and expand its own reach across the industry as well.

“The goals of the committee are to provide a forum for industry human capital management professionals to collaborate on industry best practices, develop a network to facilitate communication broadly within their firms regarding NICSA member benefits and to serve as the drivers of education, training and certification requirements,” Fitzpatrick said following the meeting.

“That’s something the board and I are looking at strategically and will be mapping out over the next six to 12 months.”

Once launched, representatives from 15 to 20 of its 25 member firms will regularly meet to discuss the benefits of sharing new ideas and best practices as they relate to HR personnel, training professionals and corporate communications specialists.

Actionable steps intended by the committee will include educational training surrounding new technology and strategies, collaboration with member firms and a forum to discuss new ideas.

Aside from the educational value its members will take home from participating, the focus will ultimately result in new recruits and expansion of membership, said Fitzpatrick.

“We tend to historically work with line managers and leaders, but they don’t naturally have the responsibility or ability to spread the word of NICSA membership to their entire organization,” Fitzpatrick said. **MMME**

Get active in your marketing to beat passive

Active managers: it's time to pack up and go home, right? Industry forces of fee compression have driven monumental



EXPERT VIEW

By Joe Anthony

amounts of fund flows to passive investing strategies. Coming out of the dot-com bust, an investor evaluating a fund checked its Morningstar rating first. Today, it's all about the

expense ratio, a move from performance chasing to a race to the bottom in fees. Ouch.

For investment management firms pushing active management strategies — whether you are managing SMAs, mutual funds, ETFs, institutional portfolios or private accounts of individual investors — the need to separate yourself from the pack has never been more desperate. If you are going to charge a fee above a few basis points, you have to demonstrate your ability to deliver a unique market exposure, alpha above what your peers can muster and specific utility for investor needs.

Don't give up yet. Articulating and differentiating your value with an active marketing strategy could save your business. Here's how.

FOCUS ON INVESTOR OUTCOMES

When marketing your investment strategy, investors are no longer zeroed in on whether your fund or SMA fits into a particular style box as much as they are trying to solve for something in their portfolio.

This change in thinking is why we will see more mutual funds and ETFs marketed based on ideas like “low volatility” and “enhanced income” instead of terms like mid-cap value.

Investment managers and the financial advisors that deploy their strategies have the same need: deliver investments

that speak to the needs and concerns of the end-user investor.

Because of this, it is incumbent upon investment firms to use their media relations programs and their content marketing to show the connection between the investment strategy and the needs those strategies aim to address.

GET PERSONAL

Don't believe the robo hype, humans still want to deal with humans.

Yes, investors want low costs and high

by sticking to one avenue; he did it by simultaneously juggling media interviews, TV appearances, blog posts compositions, and industry conference speeches, all while maintaining the loudest voice on the top of social media mountain.

Successfully reaching your target demographic requires an omnipresent approach. Don't ignore any channel, no matter how small it may seem.

HUSTLE 24/7, 365

You can't sit back and take the sum-

When marketing your investment strategy, investors are no longer zeroed in on whether your fund or SMA fits into a particular style box as much as they are trying to solve for something in their portfolio.

returns, but all else being equal, they want to know you. The one skill robots will never replicate is our ability to apply judgement and experience in the many gray areas that arise throughout the life-cycle of a portfolio. Hold onto this advantage with a white-knuckle grip by leveraging the countless channels available to attach a face to your name, demonstrate your personality, and showcase your investment acumen.

DON'T FAIL TO COMMUNICATE

The media landscape is far more fragmented today than when passive investing first started rising in popularity. Investors are bombarded with information from a litany of sources and are connecting with influencers on an ever-expanding list of social media platforms.

At any given moment, you can find Josh Brown on CNBC, popping up on the blogosphere, or even retweeting memes to his 800,000 Twitter followers. He didn't become the most visible man in finance

mer off. That's when your target investors actually have the most time to rethink their investment decisions and asset allocations. Investment management firms must utilize these lulls as an opportunity to trumpet their messages and increase their visibility to sway those on the fence into taking action.

However, don't think a cheap, superficial holiday-themed marketing ploy will be enough to convince savvy investors to trust you with their precious capital.

BANG THAT DRUM

Active managers tend to go into hibernation when their investment thesis falls out of favor. But if you really believe in the long-term efficacy of your strategy, you must continue to bang that drum, through thick and thin, no matter what. Take the opportunities to make your case and keep the public awareness of your strategy alive. [MAME](#)

Joe Anthony is president of Financial Services at PR firm Gregory FCA.

Mutual funds with the highest cash holdings

High cash positions in a portfolio can be a drag on performance during an up market, especially when compared to a benchmark. To be sure, funds need to keep some cash on hand to meet day-to-day redemptions —that level is typically 1% to 5% — but most funds try to remain as fully invested as possible. With many broad-based indexes hitting new highs and many pundits feeling the market is a little frothy, some portfolio managers may struggle to put new money to work, says Tom Roseen, head of research services at Lipper. Most funds indicate in their prospectuses that under normal circumstances they will invest a certain substantial percentage of their assets in their main investment objective. But, Roseen notes, the key term is under normal circumstances. For the list, we looked at all funds over \$500 million in assets and ranked them by their cash holdings. Of the funds on the list, the average cash position was 40%; the median was a bit lower at 36%. Why are these funds sitting on a cash pile? One factor is that some alternative funds are required to hold some collateral cash positions, or cash equivalents. **MME**

	Ticker	AUM in cash (%)	3 Yr Return (%)	10 Yr Return (%)	Expense ratio (%)
JHancock Absolute Return Currency	JCUNX	90.09	-0.69		0.95
FMI International	FMIJX	59.41	10.14		0.94
Rydex High Yield Strategy	RYHGX	53.90	5.35	6.33	1.54
JPMorgan Strategic Income Opports	JSORX	50.35	3.43		0.57
PIMCO Global Bond, hedged	PAIIX	47.37	3.58	5.64	0.90
PIMCO Fixed Income SHares	FXICX	41.94	2.66	9.70	0.00
GMO US Treasury	GUSTX	41.16	0.34		0.08
Tweedy, Browne Global Value	TBGVX	38.76	6.01	4.20	1.38
Merger Investor	MERFX	37.40	1.68	2.02	1.49
Strategic Advisers Short Duration	FAUDX	36.39	1.15		0.50
GMO SGM Major Markets III	GSMFX	35.69	3.89		1.01
PACE Alternative Strategies	PASPX	34.54	1.68	0.64	1.60
Diamond Hill Long-Short	DIAMX	34.48	5.55	4.03	1.40
Gabelli ABC AAA	GABCX	33.66	2.71	2.79	0.60
Multi-Manager Alternative Strategies	CPASX	32.39	-1.27		1.48
Templeton Global Bond	TPINX	31.07	1.30	5.99	0.93
Fidelity Asset Manager	FASIX	30.37	3.70	3.90	0.53
Nationwide Inv Dest Cnsv Svc	NDCSX	29.74	3.26	3.22	0.87
Loneleaf Partners International	LLINX	28.94	7.35	1.05	1.33
Great-West Conservative Profile Inv	MXCPX	27.96	4.28	4.62	0.80

Source: All data from Morningstar Direct

Mutual fund flows

(\$ millions)

Date	Equity										
	Domestic								World		
	Total long term	Total equity	Total domestic	Large-cap	Mid-cap	Small-cap	Municipal multi-cap	Other	Total world	Developed markets	Emerging markets
Estimated weekly net new cash flow											
10/4/2017	-3,483	-10,730	-9,792	-4,200	-645	-1,593	-2,747	-607	-938	-597	-341
9/27/2017	-3,295	-7,126	-7,092	-2,372	-740	-790	-3,049	-140	-35	337	-372
9/20/2017	5,038	-3,885	-4,533	-690	-889	-329	-2,586	-39	648	909	-261
9/13/2017	2,326	-2,512	-3,201	-649	-611	-130	-1,589	-222	689	354	334
9/6/2017	538	-2,737	-4,280	-1,749	-438	-596	-1,058	-439	1,543	1,637	-95
Monthly net new cash flow											
8/31/2017	-533	-16,506	-24,582	-7,242	-3,514	-2,566	-8,205	-3,056	8,075	6,650	1,425
7/31/2017	3,777	-13,782	-25,545	-10,330	-4,491	-2,239	-7,299	-1,188	11,763	11,038	726
6/30/2017	7,558	-9,411	-18,492	-13,228	-3,146	-2,291	1,917	-1,746	9,081	7,504	1,576
5/31/2017	27,289	3,145	-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	-5,056	-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	3,996	-2,694	-1,235	524	712	-2,068	-626	6,690	5,784	906
1/31/2017	11,156	-7,754	-10,936	778	-792	998	-10,606	-1,314	3,182	2,124	1,058
12/31/2016	-56,071	-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	-32,792	-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	-9,810	-32,290	-24,782	-5,504	-3,355	-1,711	-12,753	-1,459	-7,508	-7,279	-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	-5,589	-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
1/31/2016	-20,729	-4,927	-15,549	5,587	-5,958	-2,887	-7,339	-4,952	10,622	10,862	-239
12/31/2015	-75,978	-36,660	-25,328	-5,347	-5,156	-4,053	-8,234	-2,539	-11,332	-7,175	-4,157
11/30/2015	-29,964	-20,482	-19,523	-6,164	-3,538	-3,587	-5,973	-262	-959	892	-1,850
10/31/2015	-7,515	-9,724	-11,782	-7,227	-684	-1,965	-2,912	1,006	2,058	3,187	-1,129
9/30/2015	-34,288	-9,233	-14,947	-5,318	-1,056	-1,976	-3,541	-3,055	5,713	7,964	-2,251
8/31/2015	-39,361	-9,458	-17,723	-3,927	-2,703	-1,433	-6,345	-3,315	8,264	11,489	-3,225
7/31/2015	-18,875	-9,291	-27,802	-14,811	-2,607	-992	-9,325	-66	18,511	19,008	-497
6/30/2015	5,417	-2,857	-16,488	-8,620	-926	-754	-5,866	-322	13,631	13,236	395
5/31/2015	3,040	-3,787	-16,703	-5,933	-390	-1,912	-8,099	-368	12,916	12,570	345
4/30/2015	5,810	-1,216	-19,429	-9,967	-2,082	-515	-6,992	128	18,212	15,497	2,715
3/31/2015	14,764	5,077	-8,599	-1,372	-501	-1,013	-6,753	1,041	13,676	10,264	3,412
2/28/2015	29,530	8,951	1,759	2,356	586	-997	-3,123	2,937	7,192	5,902	1,290
01/31/2015	25,706	13,060	6,647	9,751	-1,390	-1,794	-4,227	4,306	6,412	5,425	987

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

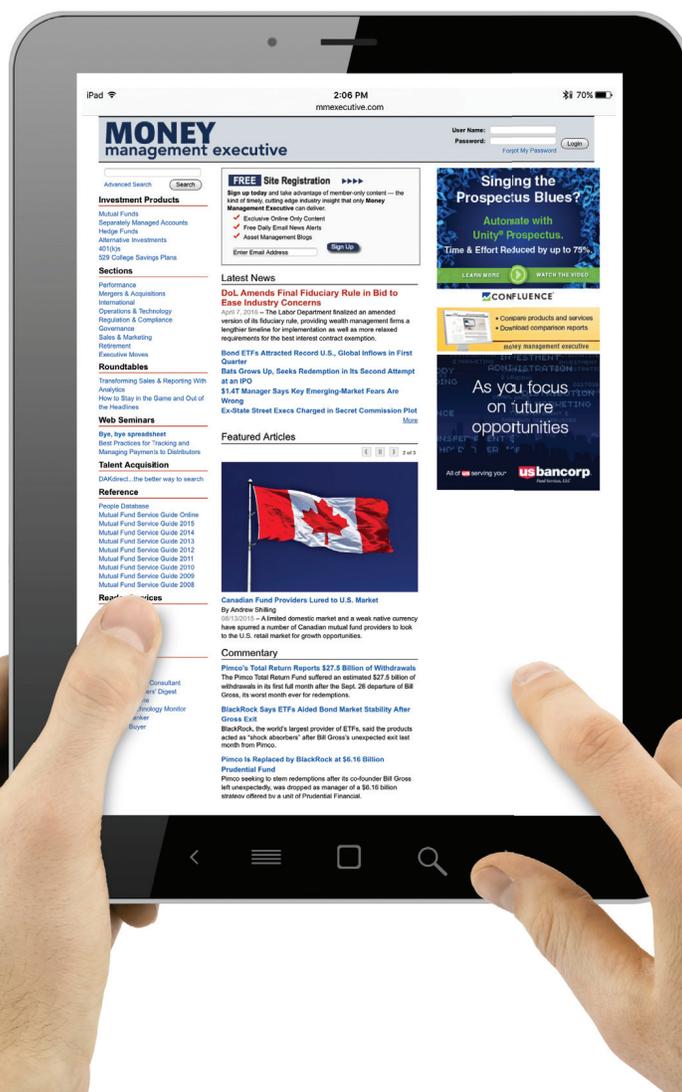
Source: Investment Company Institute

SUBSCRIBE TODAY

www.MMExecutive.com/Subscribe

REGISTER TODAY TO ENJOY THESE BENEFITS

- Full online access to **MMExecutive.com**, including breaking retail investment product news updated throughout the day.
- Access to the **Mutual Fund Service Guide**, including guides from the last 7 years.
- Information on executive moves in the industry.
- Receive the **MME daily e-newsletter** with the latest news, job opportunities and insights on the latest happening in the mutual fund and money management communities.



For more information or to inquire about an enterprise Site License for your company, please contact:
Anthony Noe 212-803-6099 | Anthony.No@sourcemedia.com