

# Changes, and Challenges, In Fund Distribution

A DOZEN EXECUTIVES OF ASSET MANAGEMENT FIRMS CAME TOGETHER TO DISCUSS HOW ADVISORS ARE INCREASINGLY LOOKING FOR INVESTMENT SOLUTIONS, NOT JUST PRODUCTS. **BY DAVID ARMSTRONG**



Neil T. Bathon, founder of Fuse Research, moderated the discussion



(From left) George Riedel, head of U.S. intermediaries, T. Rowe Price; Ric Pearson, Senior Advisor, CUNA Mutual



(From left) Roland Meerdter, Propinquity Advisors; Kevin M. Keefe, CEO and President, First Allied Securities; Mickey Janvier, Head of Business Development, Aberdeen; Scott Howes, Managing Director, BlackRock

Photos: Jerec Haag

Over a dozen executives from national asset management firms, including BlackRock, Legg Mason, Eaton Vance, T. Rowe Price and State Street gathered on the afternoon of Sept. 29 in Manhattan to discuss the changes and challenges in third-party intermediary distribution of investment funds.

Over the course of the hour-long conversation, participants discussed how advisors are increasingly relying on others to make

investment selections and asset allocation decisions, including home-office managers, creators of third-party model portfolios and due-diligence groups embedded in larger advisor teams.

Advisors are also increasingly turning to ETF strategists, turnkey asset management portfolios and so-called “robo” platforms, or algorithmically driven asset allocation portfolios.

That means traditional asset management

firms are being squeezed; demands from distributors for revenue sharing is going to increase, though it will take different forms, for instance via access fees, data charges, educational programs, or infrastructure support.

Meanwhile, asset managers’ overall revenues are falling as investors more broadly turn toward lower-cost index offerings.

As profit margins decrease, and the distribution models evolve, these

executives agreed one place that they’ll look for savings will be the sales and marketing groups and their use of wholesalers.

Wholesaling, in fact, is undergoing a transformation, shifting away from pushing products to helping advisors devise solutions for clients. As such, asset management firms are putting more emphasis on their national account teams supplemented by teams of investment specialists. ■



(From left) Heather Dzielak, Head of Marketing, US Investment Services, T Rowe Price; Kevin M. Keefe, CEO and President, First Allied Securities



Jill Mavro, Head of Strategic Relations, State Street Global Advisors



(From left) Amy Greeley, SVP, Marketing, Fidelity Investments; Neil Bathon, founder, Fuse Research; Christopher C. Thompson, Head of Americas Client Group, AB Global



(From left) Francis Cashman, managing director and head of sales, Legg Mason; John Carroll, Head of US Retail, Allianz Global Investors



(From left) Tom Sholes, Managing Director, Pershing; Trish Rothschild, Global Head of Advisor and Wealth Management Solutions, Morningstar