

Welcoming Address, 61st Annual General Membership Meeting

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May 1, 2019

Marriott Wardman Park Hotel

Washington, DC

As prepared for delivery.

Good afternoon, everyone—and welcome to the Investment Company Institute’s 61st annual General Membership Meeting! Thank you all so much for joining us.

Thanks also to the conference planning committee and the ICI staff, our speakers and panelists, and our sponsors. Their hard work and generosity have been absolutely indispensable in setting us up for a terrific event.

So how about a big round of applause for everyone who played a role in putting it all together for us?

I’m Yie-Hsin Hung, CEO of New York Life Investment Management—and chair of the conference planning committee. Over my many, many years in financial services, I’ve had the privilege of attending more than a few industry events.

Conferences and conventions. Meetings and workshops. Seminars, summits, and symposiums. You name it.

What I love about the GMM, though—what separates it from so many other events in the registered fund space—is that it brings together such a wide range of professionals.

Together, we’re executives and communicators, marketers and distributors. We’re operations experts and technologists. Product managers, compliance professionals, fund directors, and service providers.

Together, we hail from 21 countries on six continents—working at behemoths and boutiques, generalists and specialists, and everything in between.

If you’ve ever wondered why ICI calls this the “General Membership Meeting”—well, that about sums it up.

The 160 fund complexes represented here manage about 26,700 funds—and nearly 28 trillion dollars in assets. That’s more than 175 times the number of funds—and more than 2,000 times the amount in assets—that the entire US mutual fund industry had at the beginning of 1959, the year ICI held its first GMM.

By any standard, this is massive growth—growth powered by innovation, ingenuity, and a tireless commitment to serving our investors.

And it’s a remarkable story. Yet as exceptional as our growth has been, our industry’s biggest stories today are about far more than that.

Instead, they tell of three fundamental shifts that are redefining how we do business, and the questions we face in navigating these

shifts. When we set out to design our GMM program, these three big stories were top of mind.

Our first big story is this: “Surging Industry Competition Delivers for Investors, but Firms Face a New Reality.”

Investors today are savvier and sharper than ever. They’re seeking sophisticated investment strategies and novel asset classes—anything to help them further diversify and better manage risk.

They want simpler information about their investments—and easier access to that information. Of course, they’re far more cost-conscious as well, making the time and effort to comparison shop.

It has forced all of us to up our game, hasn’t it?

In competing ever more intensely, fund complexes have launched a wide range of new products and services to meet investors’ evolving needs—and they’ve delivered those products and services at lower and lower cost.

The competition has done wonders for our investors, yet it has opened up some big questions for us, too.

As more fund complexes develop similar products at lower costs, how do they separate themselves from the pack? How do they make their product the one that people want to buy?

As more intermediaries move from commission-based models to fee-based advice—in anticipation of the SEC’s Regulation Best Interest—they’re trimming their product lines. What can fund complexes do to keep their products on these shrinking shelves?

And as Dalia Blass, the director of the SEC’s Division of Investment Management, touched on recently, what will it mean for investors if “the variety and choice offered by small and mid-sized asset managers become lost in a wave of consolidation and fee compression”?

Big questions indeed.

Our second big GMM story is entitled: “A Sound Technology Strategy Is Critical, but Technology Is Only the Beginning.”

It’s no secret that the extraordinary technological advances we’ve seen in recent years hold tremendous promise for our firms.

We’re living in a world of big data—treasure troves of undiscovered information, produced and processed constantly, and gleaned from countless new sources.

We’re living in a world of machine learning and artificial intelligence—which can sort, process, and analyze enormous datasets; detect complex patterns; and generate market insights, evaluate risks, and dispense investment advice.

We’re also living in a world of robotics—which can automate mundane tasks and free people up to focus on work that adds more value. And in a world of blockchain, which can store information more securely, speed transaction times, and streamline compliance efforts.

It’s all so exciting. But as we work to incorporate new technology into our firms, we must remember that technology alone won’t get us all that far. If we’re going to transform its tremendous power into better outcomes for investors, we must be ready to negotiate the many new complexities along the way.

For instance, we have access to so many new datasets, yet not all of them are as complete, as consistent, or as accurate as they could be. How can we best enhance the quality of the data we collect—to ensure that our data can lead to smart, fact-based decisions?

Fintech firms are popping up everywhere these days. How can we best scour this startup scene—to find the technology that can be the most useful for our firms?

Universities all over the world are churning out new waves of tech prodigies every year, but most of these young professionals envision a future in a burgeoning tech company. How can we best attract them to the asset management industry?

Cyber threats are growing more numerous and sophisticated by the day—by the hour, even. How can we best build a cybersecurity program that’s robust enough to foil today’s threats, yet nimble enough to guard against tomorrow’s?

How our firms should negotiate these new complexities is ripe for debate. What might work for some won’t work for others. But no matter the approach, a healthy dose of patience and perseverance—along with an open mind—will go a long way.

This brings me to our third and final big GMM story: “Global Thinking Was Once an Option, but Now Is a Necessity.”

In an earlier age, very few people invested outside their home country—and it’s not hard to see why. Most investors prioritized the security that comes with sticking with familiar companies. Many countries lacked robust capital markets—or any markets at all. And domestic companies seemed to provide all the growth necessary for a high-performing portfolio. Only the real risk-takers were daring enough to move beyond this thinking.

But nowadays, the greatest risk in foreign markets is to ignore them. Because all over the world, governments that have shied away from market economies are opening up—and recognizing what they can bring to their capital projects, businesses, and people.

It’s a huge opportunity, but not one without obstacles to overcome.

Indeed, as countries tailor their rules to their own disparate needs—and advocate for their own interests at the regional level—we remain some distance away from a regulatory landscape that enables fund complexes to use their resources as efficiently as they can, without regard to political borders. We also still have to contend with an impractical supervisory approach to fund regulation in some parts of the world.

As we work to capitalize on this global opportunity, how will we traverse this fragmented landscape? How will we adapt to the many Byzantine bureaucratic hierarchies and unfamiliar governance structures we’re bound to encounter? And how will we manage the potential for friction in distribution arrangements?

It’s a lot to figure out, I know, but doing so will be well worth the effort.

So, what we have is an increasingly competitive business, an increasingly complex world of technology, and an increasingly uncertain global environment. How well we stay ahead of these long-term shifts will determine how well we can serve our investors in the years ahead.

This is why, when you look at our GMM program, you’ll see that business, technology, and global issues form the foundation. And it’s why we’ve enlisted some of the industry’s top minds to help us make sense of it all.

Over the next few days, senior industry leaders will examine the future of asset management, distribution, and marketing. Top tech experts will share what they see over the fintech horizon. And strategists, policymakers, and executives will survey the evolving global business and regulatory environment.

To build off this foundation, we’ll have SEC Chairman Jay Clayton joining us tomorrow morning, sitting down for an enlightening conversation on the Commission’s priorities.

We’ll have renowned author and public intellectual, Professor Steven Pinker, giving a luncheon keynote speech—making his case for reason, science, and humanism in confronting the world’s problems and continuing its progress.

We’ll have a legal forum, a dinner reception at the Smithsonian National Air and Space Museum, and a wide range of interactive breakfast sessions.

These will include a discussion of diversity and inclusion in our industry—the first event tied to the ICI Education Foundation’s new partnership with the Toigo Foundation. If you don’t know Toigo, it’s a wonderful organization with a great mission—and a leader in preparing young people from underrepresented groups for careers in finance.

Of course, right alongside the GMM, we’re holding three specialty events—for operations and technology experts, for compliance professionals, and for the fund director community.

All to say, we could have any number of reasons for attending this conference, but there’s one reason we all share. And it’s the most important.

We come here to expand and deepen our knowledge on the many issues we face together, so that we can return to our firms equipped with new ideas—perhaps even solutions—that can help us better serve our investors.

Our industry’s extraordinary ability to do this—to turn knowledge into ideas into solutions time and time again—is among the biggest reasons that so many people trust us to help them toward their most important savings goals.

So, in our short time here, let’s make a point to build on this record.

Let’s make a point to share our views, to pursue constructive discussions, and to soak up as much information as we can. Let’s

make new connections and refresh old ones, and apply what we learn here to our work back home.

After all, every great idea begins with new knowledge or a new way of thinking. Your next idea might just grow into a long-term solution for millions of investors around the world.

Ladies and gentlemen, it's been my great honor to speak to you this afternoon. Thank you so much for joining us—let's commit to having a great conference.

Now, please join me in welcoming the chairman of the Investment Company Institute—and the CEO of global funds management for J.P. Morgan—George Gatch!

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