



Retail vs. Institutional

What's the difference anymore?

November 17, 2015

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Moderator

- **Anne Banks**
Principal
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Panelists

- **Lauren Smith** *Head of Channel & Targeted Marketing*
Invesco Distributors, Inc.
- **Sue King** *Head of Sales Strategy & Marketing, Americas*
UBS Asset Management

Retail vs. Institutional

What's the difference anymore?

The blurring of lines is evident in the retail and institutional investment markets. We regularly hear talk of the institutionalization of retail and equally the retailization of institutional. In that context:

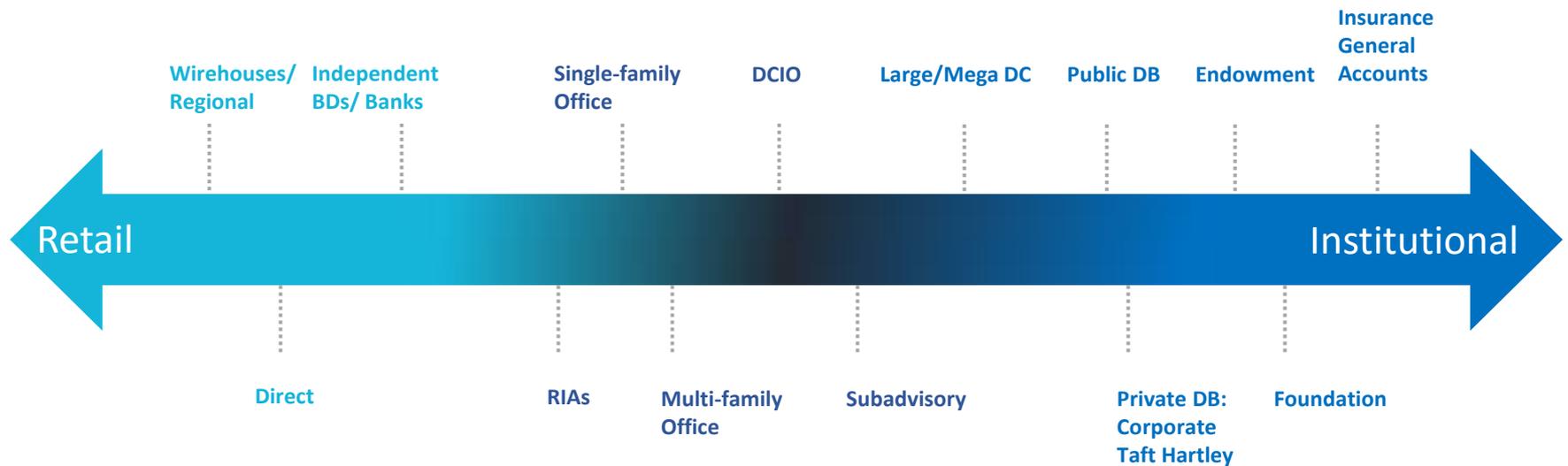
- Does it really make sense any more to draw a clear distinction between the two investor audiences?
- And if not, what implications might that have for how firms structure their marketing and sales teams?

This workshop will allow participants to share market insights and practices they are developing to deal with the blurring of the retail/institutional line (if it still actually exists!)

Retail vs. Institutional

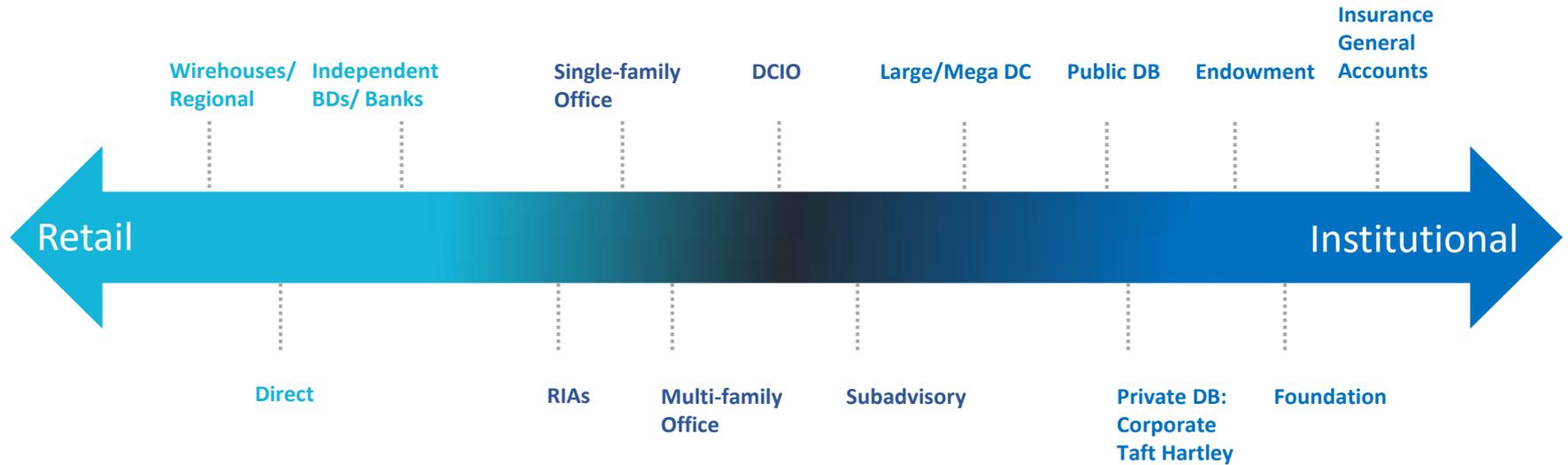
The blending of two worlds

The Retail-Institutional Investor Continuum



The Blending of Two Worlds

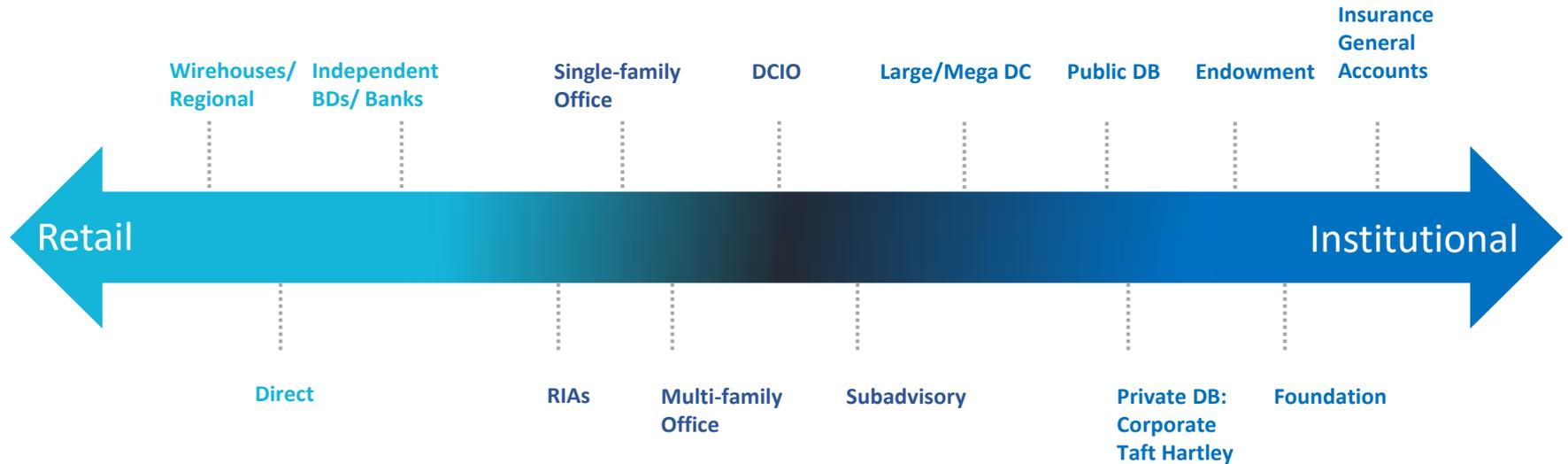
Catalysts for change (1)



- Advisor market moving from transactional to advisor model; sales cycle becoming more institutional-like
- Proposed DOL rule requiring retirement advisors abide by “fiduciary” standards would push advisors further towards the institutional model
- HNW Advisors typically operating in a structure that is more institutional than retail

The Blending of Two Worlds

Catalysts for change (2)



- Realization that not all institutional investors are equally sophisticated. Some are closer to retail than institutional
- The evolution of more data-driven marketing across all channels
- Investors, across the board, want easy and quick access to information about their investments—and to be able to consume it in the way that works best for them

The Blending of Two Worlds

And yet more catalysts!

- The migration of assets from DB to DC is now being followed by a migration from DC to IRA

Inflows into IRAs now exceed those into DC plans

- Expanding digital options acting as a catalyst to further blur the lines between the channels

What it Means for Asset Managers

How to market to investors

- The lines are blurring—investors no longer fit into neat, distinct boxes
 - ✓ *Pre-packaged messages and products unlikely to work*
- Need to understand the behavioral biases/differences among investor types
 - ✓ *Retail investors chase performance*
 - ✓ *Institutional investors generally “ahead of the curve” in their movement in/out of asset classes*

Success will depend on targeting
the **right investors**...with the **right asset classes**...at the **right time**

What it Means for Asset Managers

Biggest challenges

Externally

- Breaking through the clutter in investment markets
 - ✓ *Market is very crowded; challenging to stand out*

Internally

- Where resources are shared by the retail and institutional channels
 - ✓ *Institutional business needs strong leadership to continuously advocate for what they need*
- Breaking through the clutter/noise
 - ✓ *Even internally, this can be a challenge*
- How to decide what to build and what to buy—and how to find the right vendors, within budget

Questions on YOUR mind

One thing I am interested in is the view—if any—that the respective sales teams (intermediary and institutional) at firms have on this topic.

For example, are institutional sales teams at firms seeing this change or do they view their market place more different and complex. If the panelists have any thoughts on this, I would appreciate it.

Questions on YOUR mind

We are finding at my firm that the line between Retail and Institutional is considerably blurring—and the bridge between the two is the National Accounts Team. We're all learning how to co-exist.

- *Is this happening in other large firms?*
- *How are they dealing with it?*
- *How do we present a united front externally?*



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