INSIDE INVESTMENT MANAGEMENT

Welcome to *Inside Investment Management™*! This course is part of PSI's *Inside Financial Services®* curriculum.

This course follows guidelines in WCAG 2.0 Level AA Success Criteria. The elearning version of this course is designed to be accessible to people with disabilities. It adheres to standards based on guidelines originally developed by the Web Accessibility Initiative (WAI), known as the Web Content Accessibility Guidelines (WCAG). WCAG is a global set of guidelines followed around the world.

You may be eligible for Continuing Professional Education credit for this course if you are a CPA licensed in the United States. This course offers 1 CPE credit by the National Association of State Board of Accountancy (NASBA). Refer to the associated CPE information pdf for more information on the continuing education credits for this course.

Welcome

Investment management includes a broad range of services that financial institutions provide to help clients manage their investments.

Topics covered in this course include:

- Customers
- Providers
- Products and services
- Executives
- Industry challenges

Course Overview

This 50 minute course is designed for professionals serving the financial services industry, and it provides a fundamental understanding of the investment management segment of the financial services industry.

Upon completing this course, you will be able to:

- Name investment management customers
- List different types of investment management providers
- Recall investment management products and services

- Recognize important executives within investment management
- Identify the challenges facing the investment management industry

This course is part of the *Inside Financial Services®* training curriculum. Other courses in this curriculum include:

- *Introduction to Financial Services*
- *Inside Retail Banking*
- *Inside Corporate Finance*
- *Inside Transaction Banking*
- *Inside Capital Markets*
- *Inside Risk Management*
- *Inside Financial Services Regulation*
- *Making Money in Financial Services*

CUSTOMERS

Financial institutions provide investment management services primarily to:

- Individuals
  - Individual investment management customers are generally referred to as **clients** or **private clients,** although individual customers of some services are referred to as **individual investors**
  - Some investment management services are reserved for clients with minimum levels of investments and/or other assets, and clients meeting these minimums are often referred to as **high net worth individuals (HNWIs)**
  - The wealthiest of HNWI clients (with tens of millions of dollars or more to invest) are sometimes referred to as **ultra-high net worth individuals (UHNWIs)**
- Institutional investors
  - Institutional investors are financial institutions and other organizations with large investment portfolios to manage
  - Institutional investors include public and private pension funds, mutual funds, hedge funds, life insurance companies and sovereign wealth funds
  - Institutional investors often hire other financial institutions for investment management and/or other related services

What Customers Value

Clients need financial institutions to help them identify, execute and adjust investment strategies to:

- Save for long-term financial goals (such as retirement)
- Increase their wealth by growing assets
- Preserve existing wealth

When evaluating investment management firms, clients will look at:

- Performance
    - **Performance** is typically defined by a client's return on invested funds. This is a key factor for clients who rely on a financial institution to make the investment decisions.
- Quality of investment advice
    - The **quality of investment advice** can vary greatly between financial institutions. Some institutions employ large research staffs and invest heavily in technology to analyze market trends. Other financial institutions offer little or no investment advice to their clients.
- Price
    - **Pricing** of investment management services can include:
        - Transaction fees in which clients pay for each transaction conducted (such as trading commissions)
        - Asset management fees in which clients pay a percentage of the assets managed (such as mutual fund management fees)
        - Annual account fees in which clients pay a flat fee for investment management services
- Convenience
    - For some investors the ability to access information on accounts, positions and markets anytime, anywhere is a key to success. The demand for **convenience** requires financial institutions to offer online and mobile access.
- Range of products offered
    - Some investment management customers prefer "one-stop shopping" and consolidated accounts, so they look for financial institutions **offering a broad array** of investment products and services.
- Perception of trust
    - Most investment management clients rely on their financial institution to provide sound investment advice or to make sound investment decisions on their behalf. For many individual clients it is difficult to evaluate the quality of advice or performance, and they rely on brand recognition to identify "**trustworthy**" financial institutions.
- Specialization
    - Some clients, particularly institutional clients, employ a number of financial institutions and choose them based on each institution's **specialty** (such as an asset manager that specializes in fixed income investments, another asset manager that focuses on investments in Asia, etc.).

PROVIDERS

Competition in the investment management business is intense, because a wide variety of institutions provide some or all of the services clients seek. The primary providers of investment management services include:

- Banks
- Brokerage firms
- Mutual fund companies
- Investment banks
- Trust companies
- Hedge fund firms
- Private equity firms
- Life insurance companies
- Independent financial advisors

Check Your Understanding - #1 – customers and providers

Which customers are considered institutional investors by investment management providers? Select the best answer.

Life insurance companies

High net worth individuals

Ultra-high net worth individuals

Private clients

PRODUCTS AND SERVICES

Investment management covers a wide range of services that help clients manage their investments and other assets. These services range from:

- Advisory services (such as financial planning)...
- ...to providing access to financial markets (through retail brokerage services)...
- ...to actually managing investments on behalf of clients (through asset management services)

Investment management also includes:

- Trust services
- Private banking services

Some financial institutions refer to this set of services as **investment services** or **wealth management**. However, wealth management is increasingly defined as a broader array of financial services provided to wealthier clients that includes investment management, retail banking and life insurance services.

Financial Planning

Financial planning is a service in which:

- A client's current financial situation is assessed
- A client's future financial goals are identified
- A savings and/or investment strategy is developed to meet these financial goals

Financial plans are developed to meet a number of different objectives, such as:

- Increasing wealth to pay for future expenses
- Providing protection from financial losses that could result from unexpected events
- Minimizing taxes
- Preserving existing wealth, for either the client or the client's heirs

To meet these objectives financial plans lay out specific steps for clients to follow, including:

- Monthly or annual savings needs
- Appropriate use of pension and retirement accounts
- Asset allocation and suggested investments
- Insurance to purchase
- Wills, trusts and other accounts to create and preserve the client's estate for heirs (referred to as **estate planning**)

Retail Brokerage Services

The primary service of retail brokerage is to complete (or "broker") trade orders submitted by individual investors. This is referred to as **trade execution**.

Providers of **full-service brokerage services** offer other related services beyond trade execution, including:

- Financial planning

- Research and analysis
- Margin trading
- Asset management
- Retail banking services

Providers of **discount brokerage services** focus primarily on low-cost trade execution, although the distinctions between full-service and discount brokerage continue to blur.

While retail brokerage is considered part of a financial institution's investment management business, institutional brokerage (trade execution for institutional investors) is usually part of a financial institution's capital markets or sales and trading operations.

Asset Management

Asset management involves products and services in which financial institutions make investment decisions for clients. Asset management products and services include:

- Portfolio management
- Investment funds
- Managed accounts

Asset management can be:

- Passive
  - Passive asset management attempts to match the return of a specific market index by investing in the same securities (and in the same proportions) used for the index
  - Passive asset management provides investors with broad diversification and relatively low management fees and expenses
- Active
  - Active asset management tries to outperform market indices by investing in securities based on research, market forecasts and the experience and expertise of a portfolio manager or management team
  - The measure of a portfolio's performance compared to a market index or benchmark is commonly referred to as **alpha**
  - Active asset managers typically charge higher management fees than passive asset managers

The term **asset manager** is used to describe both financial institutions as well as individuals that provide asset management services. Asset managers are often referred to as the **buy-side**, because they primarily buy securities to implement investment strategies. Many asset managers specialize in specific asset classes or investment strategies.

Asset managers include:

- Investment management firms (such as BlackRock, Vanguard and Fidelity Investments)
- Asset management subsidiaries of other financial institutions (such as UBS Global Asset Management and JP Morgan Asset Management)
- Trust companies
- Private banks
- Independent financial advisors

Asset management clients include both individual investors and institutional investors. Although most large asset managers provide services for both types of investors, many asset managers focus on one or the other.

Portfolio Management

Portfolio management is the professional management of an investment portfolio.

Portfolio management is conducted based on investment guidelines agreed to by both the portfolio manager and the manager's client(s). These guidelines include:

- Investment objectives
- Acceptable levels of risk
- Targets for diversifying the portfolio across multiple investment categories (referred to as **asset allocation**)
- Time period of investments
- Investment performance metrics to be measured

Portfolio management is a service by itself. Portfolio management is also an important component of other investment management services, such as investment funds and private banking.

Investment Funds

Investment funds are investment portfolios managed on behalf of many investors. Investment funds (referred to as **managed funds** in some countries) include:

- Mutual funds
- Exchange-traded funds
- Hedge funds
- Private equity funds

Mutual Funds

A mutual fund is an investment company that invests in a portfolio of securities. Investors in the fund are shareholders (or owners), and their investments provide the money used by the fund to buy securities.

Mutual funds (referred to as **open-end funds** or **unit trusts** in some countries) continuously offer their shares to the investing public, and investors can redeem their shares (sell their shares back to the fund) at any time.

Mutual fund investors include both individual investors and institutional investors. Mutual funds provide these investors with a number of advantages, including:

- Professional portfolio management
- Diversification
- Liquidity
- Other shareholder services, such as:
  - Online and mobile access to account information and transaction processing
  - Consolidated account information
  - Tax information
  - Automatic reinvestments
  - Investor education and planning

Mutual funds include:

- Index funds
  - Index (or tracker) funds are passively-managed funds that attempt to match the return of a specific market index
- Actively-managed funds
  - Actively-managed funds try to outperform market indices by investing in securities based on research, market forecasts and manager experience
  - Actively-managed funds typically charge higher management fees than index funds

Exchange-Traded Funds

Exchange-traded funds (ETFs) are investment vehicles representing baskets of securities. ETFs are usually (but not always) designed to track specific market indices.

ETFs are similar to mutual funds, but there are some important differences:

- ETFs trade on stock exchanges
  - As a result, ETF prices change throughout the day (unlike mutual funds which are only priced once a day)
  - Trading costs are often lower for ETFs, since they are traded more like equities than mutual funds
- ETFs can also be bought on margin and sold short (unlike mutual funds)

ETFs are created when a financial institution deposits a specific block of securities into the fund. In return, the financial institution receives a fixed number of ETF shares. These shares are then listed and sold on stock exchanges, where they can be bought and sold by other investors.

Hedge Funds

Hedge funds are investment funds designed for high net worth individuals and institutional investors and are not regulated as tightly as other forms of investment funds (such as mutual funds). Investors in hedge funds must meet minimum investment requirements.

Hedge funds are allowed to employ riskier investment strategies that other investment funds are not allowed to use, including:

- Borrowing money to leverage returns
- Using derivatives
- Selling short
- Trading in currencies

Private Equity Funds

Private equity funds are funds created to make private equity investments.

Private equity is equity invested in private companies (companies that do not publicly issue stock). These companies use this equity to:

- Fund the development of new technologies
- Bring new products to market
- Acquire competitors
- Strengthen their balance sheets

Private equity is also used by investors to take over publicly-traded companies and "take them private".

Private equity investors generally take an active role in the management of their investments. The goal of private equity investors is to increase the market value of the companies they hold, allowing them to ultimately earn a profit by taking companies public or selling them to other companies or investors.

Venture capital (a type of private equity) involves investments in "early stage" small companies that are not yet generating revenue, but have potential for fast growth.

Managed Accounts

Managed accounts (also known as **privately managed accounts** and **separately managed accounts**) are individual portfolios of investments owned by individual investors. Each account is managed by one or more professional portfolio managers based on the account owner's investment objectives.

The individual investor assets in managed accounts are not commingled with the assets of other investors (as investment funds are), and this provides investors with several advantages, including:

- Greater flexibility to customize asset allocation and the holdings of individual securities

- Tax benefits that come with individual ownership of securities
- Closer monitoring of a portfolio's performance

Individual portfolio managers typically oversee multiple managed accounts designed to meet the same objective.

Trust Services

Trusts are legal entities that manage assets, earn income, pay taxes and distribute income to beneficiaries. Each trust is an independent legal entity, just like a corporation. Trusts are created when an owner of assets (called the **grantor**) transfers ownership of the assets to the trust. The individual or organization responsible for administering a trust is known as the **trustee**, and trustees include banks and independent trust companies.

Trustees administer trusts by:

- Making investment decisions related to the assets in the trust
- Paying taxes related to the trust
- Filing legal reports
- Providing income to the trust's beneficiaries

…all according to the terms of the trust agreement.

Private Banking

Private banking is the term used to describe financial services offered to high net-worth individuals, and these services include:

- Tax, insurance, legal and estate planning
- Trust services
- Portfolio management
- Loans exceeding an institution’s normal limits and at preferred rates

…all highly customized and provided with personalized service through private bankers. Depending on the provider, clients usually need $1 million or more in investable assets to become a private banking client.

Financial institutions that provide private banking services generally fall onto one of two ends of a spectrum:

- Small private banks that focus primarily on private banking
- The private banking operations of large global banks

Private banking is a relationship management business, and private bankers serve as their client's primary liaison with product specialists and other service providers in the bank. Some of the services used by private banking clients may be provided directly by the Private Banking group, such as trust services. However, many of the products and services used by private banking clients are provided by other areas of the bank.

Check Your Understanding - #2 – Investment Funds

Which type of fund can employ riskier investment strategies such as trading derivatives and currency and selling short? Select the correct answer.

- Mutual funds
- Exchanged-traded funds
- **Hedge funds**
- Private equity funds

Check Your Understanding - #3 – Services

Match each description to the investment management service by choosing the appropriate service from the drop down menu. Then click Submit to see if you are correct.

Investment funds	Managing investment portfolios on behalf of many investors.
Private banking	Providing financial services to high net-worth individuals.
Asset management	Making investment decisions for clients.
Retail brokerage services	Completing trade orders submitted by individual investors.

EXECUTIVES

While every financial institution has a different organizational structure, important executives in investment management typically include:

- President, Investment Management
- EVP, Asset Management
- Chief Investment Officer
- EVP, Retail Brokerage
- EVP, Private Banking

President, Investment Management

The President of Investment Management is the highest executive in the Investment Management line of business and is responsible for the overall profitability and growth of the institution's investment management business. Other titles for this executive include the Senior Managing Director and/or Executive Vice President (EVP) of Investment Management.

The President of Investment Management is a powerful executive and typically has responsibility for all of the services and most of the activities related to investment management, including:

- Business strategy and development
- Sales and distribution
- Marketing
- Customer service
- Operations
- Human resources
- Regulatory compliance

The President of Investment Management reports directly to the financial institution's CEO. In independent investment management firms, this executive serves as the CEO and reports directly to the Board of Directors.

This executive's direct reports typically include:

- EVP, Asset Management
- EVP, Retail Brokerage
- EVP, Private Banking

EVP, Asset Management

The EVP (or Senior Managing Director) of Asset Management is responsible for the overall profitability, growth and investment performance of the financial institution's asset management business.

The EVP of Asset Management typically has responsibility for many of the services and most of the activities related to the asset management business, including:

- Ensuring profitability and revenue growth
- Developing and implementing strategy
- Overseeing marketing, distribution, new business development, operations and product development efforts
- Ensuring portfolio managers and other staff members have the operational and technology support needed to perform their functions
- Monitoring compliance with regulations

The EVP of Asset Management reports directly to the President of Investment Management. This executive's direct reports typically include:

- Chief Investment Officer
- Portfolio Managers responsible for managing specific asset portfolios
- SVP, Research and Analysis responsible for managing internal research analysts
- SVP, Distribution responsible for attracting new clients
- SVP, Operations responsible for providing back-office support to the Asset Management group

Chief Investment Officer

The Chief Investment Officer in the Asset Management group is responsible for evaluating market and economic conditions and setting high level investment policies and guidelines for Portfolio Managers.

Financial institutions with large asset management operations typically have multiple Chief Investment Officers (usually organized by asset class).

The Chief Investment Officer typically reports to the EVP of Asset Management.

In some asset management organizations, Portfolio Managers report to the Chief Investment Officer.

EVP, Retail Brokerage

The EVP (or Senior Managing Director) of Retail Brokerage is responsible for the overall profitability and growth of the financial institution's retail brokerage business.

The EVP of Retail Brokerage typically has responsibility for many of the services and most of the activities related to the retail brokerage business, including:

- Ensuring profitability and revenue growth
- Developing and implementing strategy
- Overseeing marketing, new business development and product development efforts

The EVP of Retail Brokerage reports directly to the President of Investment Management. In an independent retail brokerage firm, this executive also serves as the CEO of the entire firm.

This executive's direct reports typically include:

- SVP, Private Clients responsible for sales and customer service related to retail brokerage clients
- SVPs, Product Management responsible for managing specific retail brokerage product lines
- SVP, Retail Brokerage Operations responsible for providing back-office support to the Retail Brokerage group

EVP, Private Banking

The EVP (or Senior Managing Director) of Private Banking is responsible for the overall profitability and growth of the financial institution's private banking business.

The EVP of Private Banking is primarily a client segment executive, focusing on the institution's overall relationship with high net worth and ultra-high net worth private clients. Specific responsibilities of the EVP of Private Banking include:

- Managing the institution's private bankers, which includes ongoing evaluation of the quality of client service provided, revenue growth generated and regulatory compliance
- Developing and implementing strategy for the private banking business
- Overseeing sales, marketing and new business development efforts in private banking
- Ensuring private bankers and support personnel have the operational and technology support needed to perform their functions

Many of the products and services used by private banking clients are managed by other areas of the financial institution, so the EVP of Private Banking must work closely with other executives to ensure the needs of private banking clients are met.

Check Your Understanding - #4 – executives

Match each description to the correct executive by choosing the appropriate executive from the drop down menu. Then click Submit to see if you are correct.

EVP, Asset Management	Responsible for ensuring portfolio managers and other staff members have the appropriate operational support.

EVP, Retail Brokerage	Responsible for revenue, market share and average account balances related to brokerage services.
EVP, Private Banking	Responsible for managing an institution's private bankers and related support personnel.
Chief Investment Officer	Responsible for setting high level investment policies and guidelines for Portfolio Managers.

INDUSTRY CHALLENGES

The primary challenges facing the investment management industry today include:

- Changing clients
- Digital disruption
- Competition
- Shift to passive investing
- Regulatory burden

Changing Clients

Investment management clients and their expectations are changing.

Many clients have become unhappy with traditional investment management providers:

- Large investment losses and misconduct by financial institutions related to the global financial crisis of 2007-2008 still weigh on the minds of many long-term investors
- Clients are pushing back on higher fees charged by active asset managers, many of whom fail to outperform their market indices
- Clients want more control of their investments, greater transparency related to provider fees and better client service

As a result, many existing clients are:

- Shifting assets to:
    - Lower-cost passive investments (covered later in this course)

    - Alternative investments (such as hedge funds and private equity) to generate higher returns
- Turning to alternative providers (covered later in this course)

In addition, the client base of investment management firms is changing. Younger clients are bringing new behaviors that include:

- An affinity for technology and digital access
- Higher distrust of established financial institutions
- A greater reliance on social opinions to support buying and investing decisions
- Elevated expectations for control, transparency and service

The importance of these new clients will accelerate in the coming decades. In the US, the "great wealth transfer" is beginning as an estimated $80 trillion of assets is expected to transfer from aging baby boomers to their heirs over the next 20 years.

However, changing clients, demographics and other related trends also create opportunities for investment management providers:

- Aging populations in many markets (including Japan, Western Europe and China) are creating additional demand for investment management services
- The rapid growth of entrepreneurial wealth in Asia is increasing demand for investment management services
- A shift from defined benefit plans to defined contribution plans (as governments and employers look to reduce their pension burdens) is creating more individual investors

To improve investor experience, investment management firms are:

- Investing in digital technology, including online and mobile self-service tools
- Enhancing communication with clients
- Implementing analytics and artificial intelligence to better understand client needs and personalize interactions
- Improving transparency in pricing

Digital Disruption

Changing clients, advances in technology, new competitors and new business models are transforming the financial services industry. The convergence of these transformative drivers is often referred to as **digital disruption**.

The most important, disruptive advances in technology for the investment management industry include:

- Analytics, machine learning and big data
- Mobile technology
- Cloud computing
- Blockchain
- Robotic process automation
- Chatbots and virtual assistants

Digital disruption is fueling the growth of financial technology or **fintech**. While the term fintech is used in many different ways, the most common use defines fintech as newer, technology-driven services and solutions within the financial services industry. In investment management, fintech is sometimes referred to as **wealth tech**, and examples of wealth tech include:

- Robo-advisory services, which provide investors with low-cost, automated investment management services
    - Robo-advisory services (also referred to as automated investment advisory services) use computer algorithms to recommend portfolios of mutual funds and ETFs for investors based on each investor's:
        - Appetite for risk
        - Time horizon
        - Investment objectives
    - Some robo-advisory services will automatically buy/sell investments for investors to rebalance their portfolios as conditions change
    - Robo-advisory providers typically charge a small annual fee for the service
- Self-service investment management software and platforms
- Personal financial management apps that help customers create budgets, pay bills, track spending and monitor investments

This digital disruption is creating challenges for existing investment management providers as they struggle to meet client expectations and respond to new competitors. However, digital disruption also creates significant opportunities for existing providers to transform their own businesses by leveraging these advances in technology. For example, investment management firms are:

- Offering robo-advisory services to expand their services to existing investors and profitably target small investors
- Leveraging alternative data and big data management tools to support investment decisions
    - Alternative data is information (primarily unstructured big data) that goes beyond the traditional sources used by investors (such as economic data releases and company earnings reports) to make investment decisions
    - Alternative data includes:
        - News releases
        - Social media "chatter" and online searches
        - Geolocation data sold by mobile app providers
        - Spending patterns provided by credit card companies
        - Satellite imagery
    - Much of this data is provided by third-party alternative data vendors

- Investing in high-performance computing resources, advanced mathematics, machine learning and complex trading algorithms to execute trading strategies (referred to as **quantitative trading**)
- Utilizing robotic process automation and artificial intelligence to automate business processes across trade execution, reconciliation, and trade settlement
- Leveraging technology to offer services to other investment management firms, including risk analytics, portfolio management, trading and operations

Competition

Today investment management firms not only battle with traditional rivals, but face increased competition from new entrants, including:

- Other financial institutions, who are attracted to investment management because it:
    - Is a source of consistent, stable revenue (unlike businesses such as investment banking)
    - Is a natural extension to services such as retail banking
    - Requires less regulatory capital than businesses such as commercial lending
- Fintech firms, including:
    - Robo-advisors
        - Robo-advisors (also referred to as robos or automated investment advisors) are fintech firms who provide robo-advisory services
        - Robo-advisors compete directly with investment management firms and/or offer their services to existing investment management firms
        - In recent years, several robo-advisors have been acquired by financial institutions
    - Online digital brokerage firms
        - Online digital brokerage firms offer free stock trading
        - Like other technology startups, these companies attract new users with free services and then seek to convince some of these users to pay for premium services
    - Cloud-based investment app providers

Shift to Passive Investing

In recent years, investors have been shifting investments from actively managed funds to index funds and ETFs. This shift is driven by:

- Investor disappointment in active asset managers, most of whom have failed to outperform their market indices
- Lower management fees associated with index funds and ETFs
- The proliferation of market indices

- Economies of scale created by the largest passive investment providers
    - As the largest providers continue to attract new assets and build scale in passive investments, they are able to continually lower their management fees (increasing their competitive advantage)
    - Today the market for ETFs is dominated by three large providers (BlackRock, Vanguard and State Street Global Advisors)

In response to this shift, asset managers are:

- Lowering fees on actively managed funds
- Offering smart beta funds that use algorithmic trading and artificial intelligence to replicate traditional active asset management strategies (such as buying investments considered undervalued) at lower costs
- Acquiring or merging with other active asset managers to increase their economies of scale, broaden their product lines and expand their geographic reach
- Simplifying IT and outsourcing back-office operations to reduce costs

Regulatory Burden

Since the global financial crisis, regulation of the financial services industry has increased significantly. In the investment management industry, new regulations have focused on:

- Investor protection, including new regulations related to:
    - Product information disclosures
    - Sales commissions
    - Professional standards for advisers
- Disclosures related to external research costs
- Bank secrecy and tax evasion

Check Your Understanding - #5 – digital disruption

What factor is fueling the growth of fintech? Select the best answer.

Digital disruption

Increased regulations

Increased competition from other financial institutions

A shift from defined benefit plans to defined contribution plans

Check Your Understanding - #6 – Changing Clients

What opportunity has been created because of changing client demographics? Select the best answer.

Increased demand for investment management services

The possibility of charging higher fees

Increased demand for actively-managed asset management services

The possibility of lower regulations

FINAL TEST

To successfully complete this course, you must score at least 70% on the test. There are 10 questions in total. When you have answered all the questions in the test, submit it to info@goto-psi.com and it will be graded. Good luck!

Question #1

How are changing expectations impacting the behavior of investment management clients? Select the correct answer.

Clients demand for investment management services is falling

Clients are moving to alternative investments to increase returns

Clients are shifting assets to active asset management

Clients are shifting to defined benefit plans

Question #2

Which executive is typically responsible for the institution's relationship with high net worth and ultra-high net worth clients? Select the best answer.

EVP, Private Banking

EVP, Asset Management

EVP, Retail Brokerage

President, Investment Management

Question #3

Which type of fund is often designed to track a specific market index? Select the correct answer.

Unit investment trust

Private equity fund

Exchanged-traded fund

Hedge fund

Question #4

Which are providers of investment management products and services? Select all that apply.

Trust companies

Private equity firms

Life insurance companies

Custodians

Question #5

Which financial services are offered exclusively to high net-worth individuals? Select the best answer.

Discount brokerage services

Alternative investing

Private banking

Hedge services

Question #6

What term is often used to describe individual clients that meet minimum levels of investments and/or assets? Select the best answer.

High net worth individuals

Individual private clients

Institutional investors

Corporate clients

Question #7

Which executive is typically responsible for evaluating market and economic conditions? Select the best answer.

Chief Investment Officer

EVP, Asset Management

EVP, Retail Brokerage

President, Investment Management

Question #8

What strategy are asset managers using in response to clients moving to more passive investing? Select the correct answer.

Lowering fees on actively managed funds

Limiting smart beta funds offerings

Investing in high-performance computing resources

Tightening professional standards for advisers

Question #9

Which are considered private clients of investment management providers? Select all that apply.

High net worth individuals

Ultra-high net worth individuals

Individuals

Small businesses

Question #10

Which driver is creating new opportunities for investment management providers? Select the best answer.

The introduction of 5G technology

Aging populations in many markets is creating additional demand

Rapid growth of entrepreneurial wealth in the EU

A shift from defined contribution plans to defined benefits plans