Breaking News

By Editorial Staff *Thu, Oct 21, 2021*

Investcorp hires 'insurance solutions' expert away from Blackstone; US ranked 19th among world's retirement systems; Pacific Life VAs to include Invesco 'Defined Outcome' funds; Fund and ETF flows abate in September: Morningstar; Allianz Life to offer a VA for fee-based advisers.

Investcorp hires 'insurance solutions' expert away from Blackstone

Investcorp, a global provider and manager of alternative investment products, has launched the Investcorp Insurance Solutions platform, the firm's newly formed business that will provide investment management services to meet the investment needs of insurers.

Investcorp has hired Todd Fonner as Chief Investment Officer, who has over 28 years of experience in the insurance and asset management industries, having held a variety of roles across functions including investments, treasury, enterprise risk, underwriting and strategy.

Most recently, he served as Senior Managing Director, CIO North America, Blackstone Insurance Solutions until 2020. There, he contributed significantly to the build out and enhancement of the Blackstone Insurance Solutions platform formed in late 2017. He also has held CIO, Treasurer and Chief Risk Officer roles at RenaissanceRe Holdings, where he spent nearly 15 years of his career.

Investcorp is a global investment manager, specializing in alternative investments across private equity, real estate, credit, absolute return strategies, GP stakes and infrastructure. Since our inception in 1982, we have focused on generating attractive returns for our clients while creating long-term value in our investee companies and for our shareholders as a prudent and responsible investor.

Investcorp has today presence in 12 countries across the US, Europe, GCC and Asia, including India, China and Singapore. As of June 30, 2021, Investcorp Group had US $37.6 billion in total AUM, including assets managed by third party managers, and employed approximately 430 people from 45 nationalities globally across its offices.

US ranked 19th among world's retirement systems

Iceland's retirement income system has been named the world's best in its debut in the 13th annual Mercer CFA Institute Global Pension Index (MCGPI). The Netherlands and Denmark have taken second and third places respectively in the rankings, after a decade of competing for the top spot.

The study also reveals that there is much that pension systems can do to reduce the gender pension gap—an issue inherent in every system.

The US index value increased from 60.3 in 2020 to 61.4 in 2021, primarily due to an increase in individual’s net replacement rates, higher household savings, and an increase in the value of the assets held in private pension arrangements.

While COVID-19-related legislation passed by Congress provided some relief to individuals and employers in 2020 and 2021, the resulting increases in government debt and retirement asset leakage caused by providing individuals access to funds before retirement were negative side effects.

These results, coupled with the projected depletion of social security by 2034, will have a significant impact on the ability for the US pension system to adequately provide for its retirees in the future.

The MCGPI is a comprehensive study of global pension systems, accounting for two-thirds (65%) of the world’s population. It benchmarks retirement income systems around the world highlighting some shortcomings in each system and suggests possible areas of reform that would provide more adequate and sustainable retirement benefits. The top three systems, all receiving an A-grade, were sustainable and well-governed systems, providing strong benefits to individuals.

Gender differences in pension outcomes

Women are still facing retirement with substantially less saved in their pensions than men and the MCGPI’s analysis highlighted that there was no single cause of the gender pension gap worldwide, despite all regions having significant differences in the level of retirement income across genders.

Pay equity is a major contributing factor to the gender pension gap. Women also tend to have less time in the workforce compared to men, largely due to family leave policies, or lack thereof, and greater expectation for women to manage caregiving and family commitments, which ultimately means less time for accumulation of savings for retirement.

As a result, they tend to become self-employed or hold more part-time positions, which aren’t always eligible for retirement program participation, or leave the workforce all together. Women also have longer life expectancies and are more likely to experience poverty in their old age than men; therefore requiring more capital to get them through their retirement years.

Pacific Life VAs to include Invesco 'Defined Outcome' funds

Pacific Life has launched the Invesco V.I. Defined Outcome Funds, available with certain Pacific Life variable annuities. These funds are designed to give investors the benefits of a registered index-linked annuity (RILA) but with more flexibility, control, and transparency.

The Invesco V.I. Defined Outcome Funds offer growth potential linked to a market index, up to a cap, and downside protection through a buffer that protects against the first 10% of loss over a one-year outcome period. These features are available to clients without the need for an optional benefit for an additional cost.

By offering the funds through a variable annuity, clients can combine this strategy with other investment options to create a custom portfolio. Clients can also move in and out of the Invesco V.I. Defined Outcome Funds.

A tool on the Invesco website allows financial professionals and their clients the ability to view the cap, buffer, and time remaining in the outcome period for each fund.

"We've seen industry growth in RILAs, low-cost mutual funds, and outcome-focused exchange-traded funds (ETFs)," said Kevin Kennedy, senior vice president of sales and chief marketing officer for Pacific Life's Retirement Solutions Division. "By placing these Invesco funds inside our variable annuities, we are one of the first to give investors an additional vehicle to get the growth and protection they need without sacrificing flexibility."

Fund and ETF flows abate in September: Morningstar

Long-term mutual funds and exchange-traded ETFs had $58 billion of inflows in September, their lowest intake since October 2020 when they gathered $15 billion, according to the latest monthly fund and ETFs flow **report** from Morningstar, Inc.

Consistent with the broader shift in favor of index-tracking US equity strategies, passive US equity funds had $12.5 billion of inflows in September, while active funds had outflows of $20.0 billion. US equity funds' overall $7.4 billion outflow was the most among U.S. category groups.

International-equity funds had inflows of $9.8 billion, compared to the category group's average monthly intake of $24 billion over the first eight months of 2021.

Funds with sustainability mandates incorporated into their prospectuses, as measured by Morningstar, had inflows of $3.8 billion in September. Sustainable US equity funds gathered $1.6 billion, bringing their year-to-date intake to $25.7 billion, equal to more than half the inflows into US equity funds without an explicit focus on sustainability. As of September, sustainable funds within the international-equity and sector-equity category groups posted trailing 12-month organic growth rates of 57% and 122%, respectively.

Taxable bond funds' $40 billion intake led all US category groups for the sixth consecutive month, with 70% of all long-term net flows in September. Their year-to-date intake of $464 billion more than doubled the next-closest, international-equity funds' $203 billion. Short-term bond funds led all taxable-bond funds by gathering $7.1 billion in September. Bank loan funds added $3.2 billion, their 10th consecutive month of inflows, and inflation-protected bond funds extended their streak of positive flows to 17 months after collecting $5.6 billion in September.

Vanguard collected $19.8 billion in September, which marked its lowest monthly inflow of the year but still led all fund families for the 10th consecutive month. The firm's lineup of index funds represented the majority of September's intake and has now claimed over 90% of the firm's inflows year to date. Fidelity and iShares saw the second- and third-most inflows, respectively, with over $9 billion apiece in September.

Allianz Life to offer a VA for fee-based advisers

To help registered investment advisers (RIAs) manage transition and longevity risks in client portfolios, Allianz Life Insurance Company of North America (Allianz Life) announced has launched an advisory version of its Allianz Index Advantage Income Variable Annuity.

The Allianz Index Advantage Income ADVSM Variable Annuity offers an advisor-centric product design with seamless integration, low fees, greater control and enhanced fee billing.

In a recent Allianz Life study, 88% of financial advisors said it is more important to effectively manage risk in client portfolios than generate the highest gains. The product can help address retirement risks associated with the rising cost of living over a longer retirements by offering indexed return potential with a level of protection through multiple crediting methods (also called index strategies), tax deferral, a variety of lifetime payout options, and a choice of death benefit options within the accumulation phase.

In addition to the robust product benefits, advisors can leverage their preferred financial planning and portfolio management tools to help demonstrate the value of integrating insurance solutions to clients.