
Honorable Mention

By Editorial Staff Thu, Mar 3, 2016

Brief or late-breaking items from Vanguard, Morningstar, PIMCO, Allianz Life and Retirement Clearinghouse.

Vanguard introduces two high dividend-focused international funds

Vanguard this week introduced its first two dividend-oriented international equity index funds: the Vanguard International High Dividend Yield Index Fund and Vanguard International Dividend Appreciation Index Fund.

The International High Dividend Yield Index Fund will seek to track the FTSE All-World ex-US High Dividend Yield Index, a benchmark of more than 800 of the highest yielding large- and mid-cap developed and emerging markets securities.

Vanguard International Dividend Appreciation Index Fund seeks to track the Nasdaq International Dividend Achievers Select Index, which comprises more than 200 all-cap developed and emerging markets stocks with a track record of increasing annual dividend payments.

The expense ratio of Investor-class shares (\$3,000 minimum) for the International High Dividend Yield Index Fund is 40 basis points and 35 basis points for the International Dividend Appreciation Index Fund. Expense ratios for Admiral-class shares (\$10,000 minimum) is 30 basis points and 25 basis points, respectively. Expenses for ETFs (no minimum investment) are the same as for Admiral-class shares.

The two new funds complement Vanguard's existing domestic dividend-oriented index funds: The \$16 billion Vanguard High Dividend Yield Index Fund and the \$23 billion Vanguard Dividend Appreciation Index Fund.

Of Vanguard's record \$236 billion in cash flow in 2015, more than 90% was directed to an index product, according to a Vanguard release. Vanguard introduced its first ETF in 2001 and now manages more than \$507 billion in global ETF assets. Investors invested more than \$82 billion to Vanguard ETFs in 2015. The firm's ETFs include the \$54 billion Vanguard Total Stock Market ETF, \$40 billion Vanguard S&P 500 ETF and \$32 billion Vanguard FTSE Emerging Markets ETF.

Morningstar to hold free webcast on range of financial topics

In a free webcast, Morningstar will hold an Individual Investor Conference at the company's individual investor on April 2, 2016 at 9 a.m. Central Time.

The company's analysts and investment specialists will discuss the current economic landscape; retirement security (including the 'bucket approach' to retirement income); fixed-income; and tax-efficient investing.

Conference schedule:

- 9 a.m. "Taking the Market's Temperature." Robert Johnson, CFA, Morningstar's director of economic analysis, Michael Fredericks, managing director, portfolio manager, and head of U.S. retail asset allocation for BlackRock's Portfolio Strategies group, and Northern Trust Chief Economist Carl Tannenbaum will discuss the current economic and market environment.
- 10 a.m. "Securing Your Retirement." Christine Benz, director of personal finance, Morningstar, and Harold Evensky, financial planner and chairman, Evensky & Katz Wealth Management, will discuss the key pillars of retirement security for investors at every life stage—from early-career savers to those already in retirement.
- 11 a.m. "What's Next for My Bonds?" Sarah Bush, Morningstar's director of manager research for fixed-income strategies, Dario Castagna, CFA, associate portfolio manager for Morningstar's Investment Management group, and Mary Ellen Stanek, CFA, managing director and chief investment officer for Baird Advisors and president of Baird Funds, will discuss the effect of rising interest rates on core bonds, the outlook for high-yield and international bonds, and the merits of active and passive fixed-income funds.
- 12 p.m. "What It Takes to Make Our Picks List." In this video, viewers can learn how Morningstar vets stocks and funds before recommending them and how Morningstar's proprietary ratings and research can help investors identify the best of the best.
- 12:30 p.m. "The Picks Panel: Best Ideas from Morningstar Analysts." Morningstar's Elizabeth Collins, director of equity research, North America; Ben Johnson, director of global ETF research and editor of *Morningstar ETFInvestor*; and Russ Kinnel, director of manager research and editor of *Morningstar FundInvestor* will discuss some of Morningstar's best stock and fund ideas for long-term investors.
- 1:30 p.m. "Portfolio Planning: Make a Lean, Mean, Tax-Efficient Machine." Benz will offer guidance on crafting a tax efficient portfolio tax, including how to maximize tax shelters, optimize taxable portfolios, find the best tax-smart investments, and build a tax-savvy retirement-drawdown plan.

Register for the free Morningstar Individual Investor Conference at <http://www.morningstar.com/conference>. Follow the conference conversation on Twitter or with the hashtag #MIIC2016. Speakers will answer questions from participants live during the conference; to submit questions in advance, email miic@morningstar.com. Replays of conference sessions will be available on Morningstar.com in the weeks following the event.

PIMCO Tactical Balanced Index Allocation added to two Allianz Life FIAs

The PIMCO Tactical Balanced Index is now an allocation option on the Allianz 360 and Allianz 222 fixed indexed annuity contracts, Allianz Life Insurance Co. of North America reported this week.

The new index manages volatility by dynamically allocating daily between the S&P 500 Index, a bond component comprised of the PIMCO Synthetic Bond Index with a duration overlay, and cash. It is available with annual point-to-point crediting with either a cap on index gains or a spread (index gains beyond a fixed fee spread).

During volatile markets, the PIMCO Tactical Balanced Index reallocates to less-volatile assets. Generally, when equity volatility is low, the balance will shift to equities; when equity volatility is high, the balance will shift to bonds. If the volatility is high in both of those markets, the balance will shift a portion to cash.

To mitigate interest rate risk, the bond component of the PIMCO Tactical Balanced Index uses a “duration overlay.” It adjusts its interest rate exposure based on underlying trends in the bond markets, potentially benefiting as interest rates rise.

Retirement Clearinghouse owner praises Clinton position on auto-portability

In a press release, Robert L. Johnson, founder and chairman of The RLJ Companies and majority investor in Retirement Clearinghouse, LLC applauded Democratic Presidential candidate Hillary Clinton’s policy statement, *Breaking Barriers for African American Financial Health*.

“In America today, we have a racial wealth gap – really more like a wealth gulf, when it comes to African Americans,” the Clinton document said. To address that gap, she called for

measures including the automatic transfer of small 401(k) accounts to participants' new 401(k) plans, a business that Retirement Clearinghouse has pioneered.

Johnson said in the release:

"Secretary Clinton has shown to the African American community and to working class Americans, in general, that she is committed to closing the income gap and the wealth gap. She understands the fact that most African Americans drastically lack retirement savings.

"Her call for auto-portability cures the twin issues of leakage and loss/missing accounts that plague the small balance segment of the mobile workforce, particularly the younger and lower income workers.

"The Secretary clearly recognizes as outlined in her policy statement that 'Our country's current savings system has too many barriers that disproportionately hold African American families back.'

"By embracing auto portability, as an innovative solution to help minority employees plan for future retirement, the Secretary has put forward a policy proposal that I hope will encourage the U.S. Department of Labor, as President Obama did recently, to evaluate and hopefully implement 401(k) auto portability, as soon as possible."

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