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## **The Bucket**

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By Editorial Staff    *Fri, Oct 24, 2014*

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*Brief or late-breaking items from Sutherland, Asbill & Brennan LLP, Prudential, Fidelity, Envestnet, U.S. Bancorp and Athene.*

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### **Kent moves to Sutherland law firm from AXA**

Dodie C. Kent has left her position as associate general counsel at AXA Equitable to join the insurance and financial services practice of Sutherland Asbill & Brennan LLP as partner in New York. At AXA, Kent served as the company's principal legal securities advisor regarding its variable and fixed life and annuity product lines.

Sutherland's addition of Ms. Kent is the latest step in the firm's expansion of its insurance and financial services practice in New York. Sutherland has more than 125 attorneys serving insurance and financial services sector clients.

### **Prudential launches new diversified income fund**

Prudential Investments has launched the Prudential Income Builder Fund (NASDAQ:PCGAX), a fund that invests primarily in income-focused equity, fixed income and non-traditional investments, the unit of Prudential Financial, Inc., reported.

The fund is a repositioning of the Target Conservative Allocation Fund. The fund managers can invest in stocks, bonds, and non-traditional sources including master limited partnerships, global real estate and infrastructure.

The fund manager will tactically adjust the fund's assets between the equity and fixed income market segments, as well as among other sub-classes. The asset allocation team includes Ted Lockwood, managing director and portfolio manager; Ed Campbell, principal and portfolio manager; and Rory Cummings, portfolio manager.

Managing the underlying asset classes will be fund subadvisers Jennison Associates, Prudential Fixed Income and Prudential Real Estate Investors. The subadvisers are sector specialists and have the experience and flexibility to seek investment opportunities within their respective asset classes.

The fund is available in the following share classes: A: PCGAX, C: PCCFX, R: PCLR, and Z: PDCZX.

## **Fidelity/Envestnet managed accounts reach \$100 billion in AUM**

Fidelity Institutional and Envestnet, Inc. have reached Managed account Assets in Envestnet Inc.'s managed account program on Fidelity Institutional's web platform have reached the \$100 billion milestone the companies said in a release.

Fidelity Institutional built its managed accounts platform to help advisors automate their investment management services. Powered by Envestnet's web-based technology, the platform offers access to institutional money managers and hundreds of managed account options, and handles monitoring and rebalancing investments for advisors as the markets change.

Recently-added features for broker-dealers include the addition of Envestnet's advisory proposal to Fidelity's account set-up, business process management, and eSignature capabilities.

According to Cerulli data, the managed account market will climb to \$6.7 trillion in assets under management by 2017, an 18% compound annual growth rate between 2013 and 2017.

Fidelity Institutional is the division of Fidelity Investments that provides clearing, custody and investment management products to registered investment advisors, broker-dealers, family offices and banks. Envestnet is a provider of unified wealth management technology and services to investment advisors and wealth managers.

## **New planning tool at U.S. Bancorp**

U.S. Bank and U.S. Bancorp Investments have launched RealSteps>Retirement, a web-based tool that simplifies the retirement planning process into three steps: Real Understanding, Real Answers and Real Progress.

- *Real understanding*, provides educational tools and resources, including articles on Social Security, Medicare and IRAs.
- *Real answers* provides checklists to help people think through retirement planning milestones and concepts.
- *Real progress* helps clients stay on track with their plans.

U.S. Bank Wealth Management offers three service models: Ascent Private Capital

Management (clients with \$50 million+), Private Client Reserve (\$3 million+), and Private Client Group (>\$100,000).

The financial advisers of U.S. Bancorp Investments, an affiliate of U.S. Bank, serve clients with more than \$100,000 in investable assets at more than 3,000 U.S. Bank branches in 25 states.

U.S. Bancorp (NYSE: USB), with \$389 billion in assets as of June 30, 2014, is the parent company of U.S. Bank National Association, the fifth-largest commercial bank in the United States. The Company operates 3,174 banking offices in 25 states and 5,005 ATMs.

## **Athene ratings goes to positive from stable**

The financial strength rating (FSR) of B++ (Good) and the issuer credit ratings (ICR) of “bbb+” of the members of Athene USA Group (AUSAG) have been revised to positive from stable and affirmed by A.M. Best, the ratings agency reported.

AUSAG is the consolidating rating unit for the U.S. operating companies, which focus on operating in the fixed indexed annuity segment.

A.M. Best assigned the same ratings and outlook to Athene Life Re, and an ICR of “bb+” to Athene Holding Ltd. Both companies are domiciled in Bermuda. ALRe operates as a reinsurer to AUSAG and other third parties. AHL operates as the consolidated holding company for the U.S. and Bermuda operations.

The outlook revision for AUSAG was based on:

- A strong management team with proven ability to grow capital organically and from new capital generation in the private placement market.
- The ability to integrate Aviva, a much larger entity.

“AHL has more capital to draw down as part of their private placement pre-IPO offering executed on earlier in the year. This is expected to improve the capital profile further in the near term,” A.M. Best said in a release.

Negative factors included:

- Pressures associated with managing assets in a low interest rate environment.
- Material weaknesses in internal controls over financial reporting for certain actuarial balances and the preparation and accuracy of tax balances; these issues were expected to be corrected soon.

“Positive rating actions on all the rated entities could be considered after the material weakness issues have been resolved and the financial impact from that matter concluded, in addition to a full-year financial reporting cycle review by A.M. Best on a post-Aviva acquisition basis, demonstrating consistent profitable operations with no significant increase in risk metrics,” the release said.

“Downward rating actions could result if AUSAG experiences operating losses, poor investment performance or holds lower levels of risk-based capitalization at the group level or at any one of the operating companies within the group.”

The FSR of B++ (Good) and the ICRs of “bbb+” have been affirmed and the outlook revised to positive from stable for the following members of Athene USA Group:

- Athene Annuity & Life Assurance Company
- Athene Annuity & Life Assurance Company of New York
- Athene Annuity and Life Company
- Athene Life Insurance Company of NY

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