

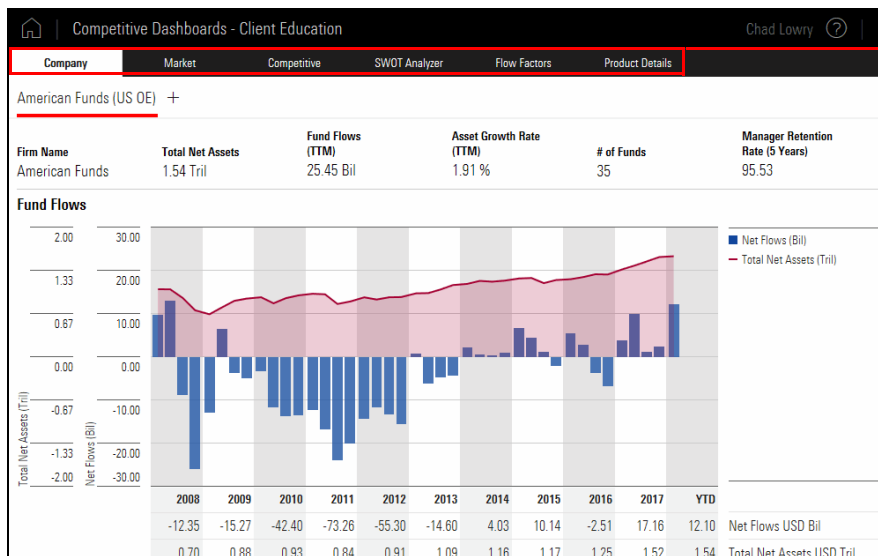
# Using Investor Pulse<sup>SM</sup> to Understand Asset Flows, Competitive Positioning, and More

Investor Pulse<sup>SM</sup> offers you insight into asset flows and factors influencing asset flows, to help inform decisions you make related to staffing and marketing. In addition to evaluating funds from your own firm, you can also conduct competitor analysis and consider new trends in the marketplace.

## Overview

This exercise guide shows you how to do the following:

- ▶ [Understanding the Content Available in Investor Pulse \(page 2\)](#)
- ▶ [Identifying the Top Funds at Your Firm \(page 10\)](#)
- ▶ [Selecting a Subadvisor or Affiliate Firm \(page 11\)](#)
- ▶ [Evaluating a Firm for Acquisition \(page 13\)](#)
- ▶ [Targeting Ideas for New Products \(page 17\)](#)



The Investor Pulse application offers a variety of ways to view data about funds at your firm, and competitors

## Understanding the Content Available in Investor Pulse

Before moving onto workflow exercises where you will practice putting the data from the application into practice, a quick primer on the content available in the application should prove useful. This section explains how data for funds is organized, and describes the data available on each worksheet in the application.

### Overview

Data for funds in Investor Pulse is organized in a hierarchy. At the top is the “brand” (for example, Diamond Hill), and beneath each brand are “firms” associated with that brand (for example, Diamond Hill Capital Management). You can choose which brands and firms to display data for throughout Investor Pulse.

### How does Investor Pulse organize data for funds?

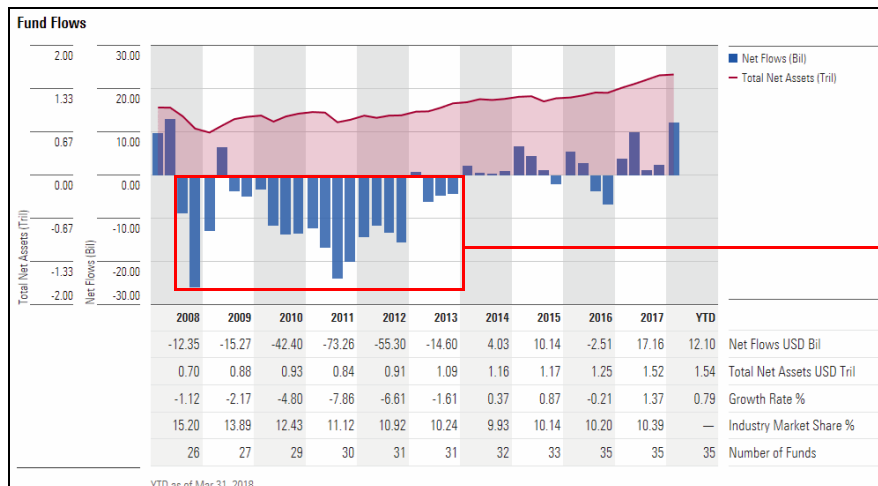
The Company worksheet shows information for only one firm at a time. At the top of the worksheet, you can see a collection of data points related to total net assets, fund flows, asset growth rate, number of funds, and a firm’s manager retention rate.

### What does the Company worksheet show me?

Company	Market	Competitive	SWOT Analyzer	Flow Factors	Product Details
American Funds (US OE) +					
<b>Firm Name</b>	<b>Total Net Assets</b>	<b>Fund Flows (TTM)</b>	<b>Asset Growth Rate (TTM)</b>	<b># of Funds</b>	<b>Manager Retention Rate (5 Years)</b>
American Funds	1.54 Tril	25.45 Bil	1.91 %	35	95.53

Note the data points here

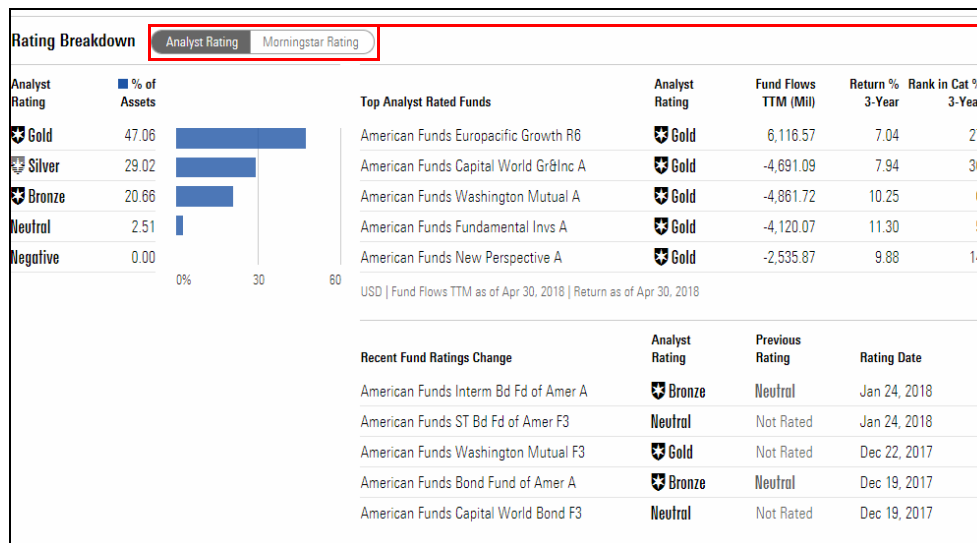
Below this data is a Fund Flows area with a chart showing a firm’s total net assets (the red shaded area) and quarterly net flows (blue bars) for the trailing 10 years. Below that chart is a table showing the annual values for each of those years for net flows, total net assets, growth rate, industry market share, and number of funds.



This firm’s net assets did not return to a positive flow for several years after the bear market of 2007-2009

Finally, at the bottom of the Company worksheet you can see a breakdown of the Morningstar Ratings earned by funds at a firm, as explained in the following table:

This option...	Has the following areas...	Which shows you...
Analyst Rating	Analyst Rating	The percent of assets at a firm represented by a certain Morningstar Analyst Rating. Note that the total does not equal 100%, because not all funds at a firm receive a Morningstar Analyst Rating. Also, this data reflects information for the qualitative Morningstar Analyst Rating; funds receiving a quantitative Morningstar Analyst Rating are not shown here.
	Top Analyst Rated Funds	The top five funds at a firm with a Morningstar Analyst Rating, as ranked by Net Assets.
	Recent Fund Ratings Changes	The five most recently updated Morningstar Analyst Ratings for funds at a firm. Compare the current Analyst Rating with the Previous Rating.
Morningstar Rating	Morningstar Rating	The percent of assets at a firm represented by each Morningstar Rating.
	Highest Rated Funds	The five largest highest-rated funds at a firm, using the Morningstar Rating Overall.
	Lowest Rated Funds	The five largest lowest-rated funds at a firm, using the Morningstar Rating Overall.



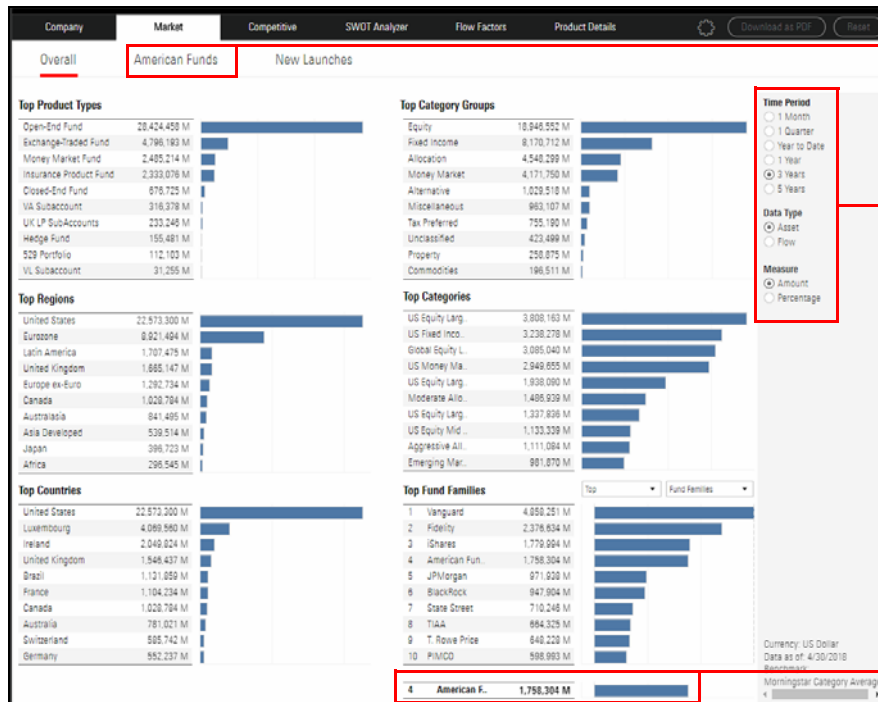
Note the use of the toggle here to switch between different sets of data

The Market worksheet shows information for fund assets, by amount, for the following sets of data:

- ▶ the overall market
- ▶ your brand, and
- ▶ new fund launches.

**What does the Market worksheet show me?**

By default, this page shows data for the trailing three years, but you can change this setting (and others) by using the controls on the right side of the page. Additionally, click any bar (for example, Open-End Fund) to filter information on the page by that variable. (Click the bar again to see all data again.) When looking at Overall market data, you can see information for just your brand at the bottom-right corner.

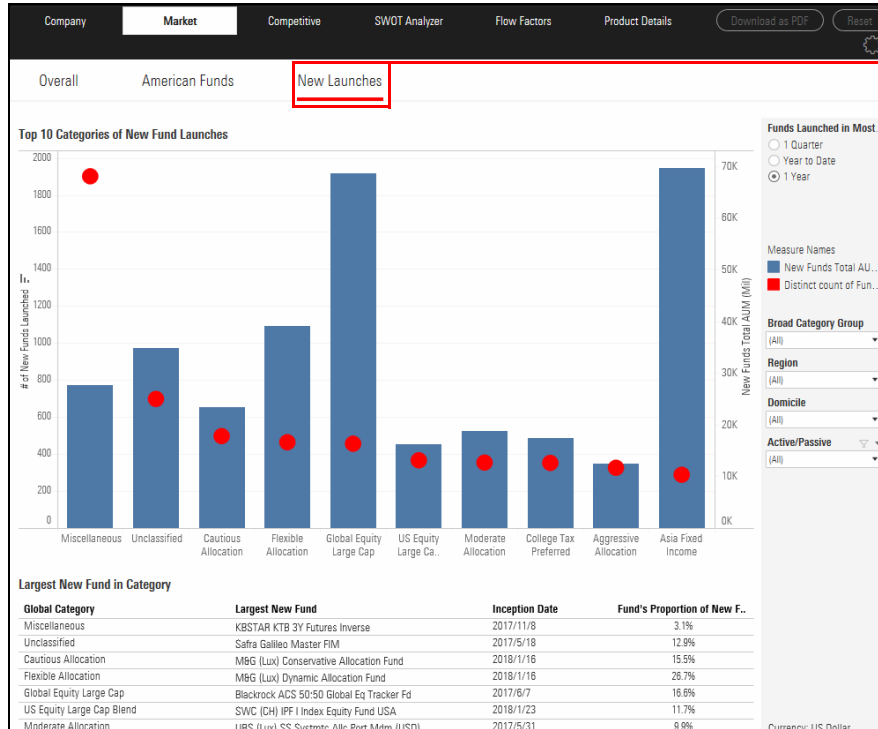


Select the option here to see information for just your firm

Use these controls to change the data displayed on the page

Your standing is shown here

The New Launches option on the Market worksheet shows both the number of new funds launched for the top 10 global categories with the most number of product launches, and the assets those funds have attracted. The table below the chart shows the top fund in each global category and the proportion of the new AUM within that global category that the most successful fund was able to attract.



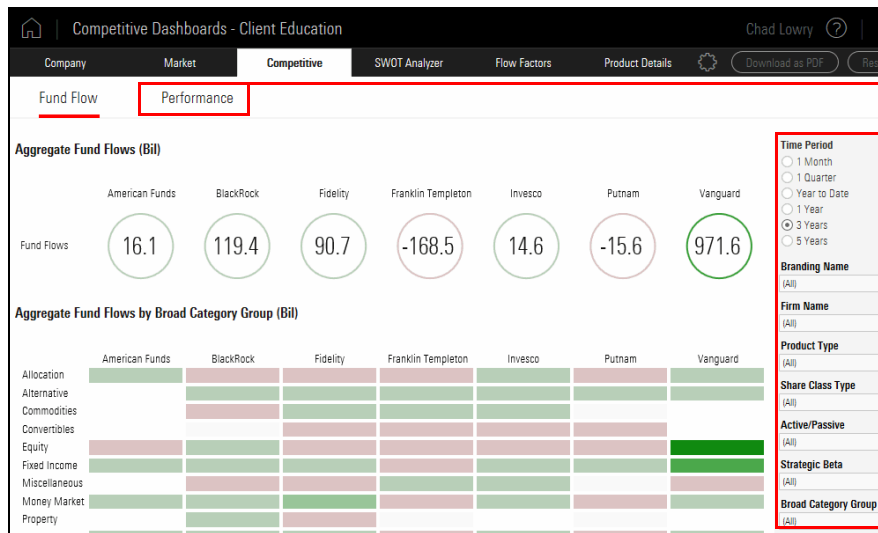
This option reflects information from all brands

The Competitive worksheet allows you to analyze both fund flows and performance of funds at your firm, compared to up to nine competitors. Both fund flow and performance data is provided at the following levels:

- ▶ brand
- ▶ broad category group, and
- ▶ Morningstar Category.

Use the controls at the right to not only change the time period being reflected in the data but also to filter by firm, brand, product type, share class, and more.

**What does the Competitive worksheet show me?**



Toggle to see performance data

Use these controls to change the data displayed on the page

The SWOT chart here plots funds from your brand and up to nine competitors. A fund's position on the chart is determined by both its flow data relative to category peers (the X axis), and another data point. The default data point for the Y axis is the SWOT Score, which is a combination of the following data points:

- ▶ Excess Return
- ▶ Expense Ratio Equivalent
- ▶ Morningstar Rating
- ▶ Fund Age, and
- ▶ AUM.

**What does the SWOT Analyzer worksheet show me?**

You can also select a time period the data should reflect, and filter out funds by various criteria via a series of drop-down fields on the right side of the worksheet.

Each quadrant on the SWOT chart is further subdivided into four sections. Funds appearing in the extreme sub-quadrant of each section are given a particular label, as described in the following table:



Section	Label	Flow Factor Attribute (Y Axis)	Realized Flows Relative to Category Peers (X Axis)
A	Gifted	Top quartile	Bottom quartile
B	Best in Class	Top quartile	Top quartile
C	Laggards	Bottom quartile	Bottom quartile
D	Vulnerable	Bottom quartile	Top quartile
E	Contenders	Above median	Below median

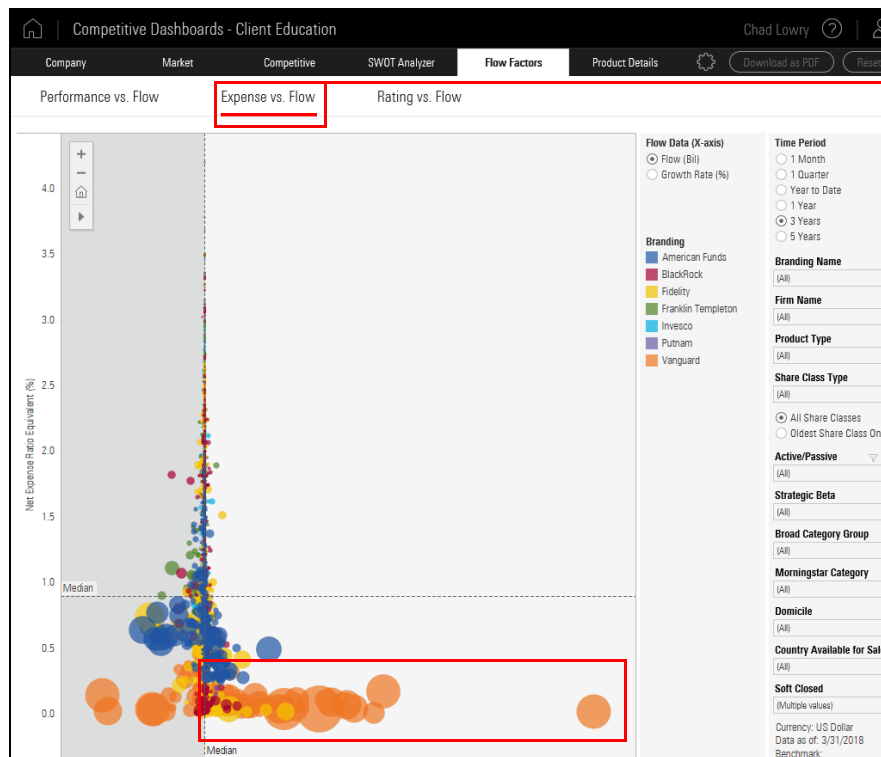
Section	Label	Flow Factor Attribute (Y Axis)	Realized Flows Relative to Category Peers (X Axis)
F	Stars	Above median	Above median
G	Underperformers	Below median	Below median
H	Anomalies	Below median	Above median

The Flow Factors worksheet plots funds from multiple firms onto an X-Y chart that considers two factors. The first is either net flows or growth rate (which always appears on the X-axis), while the second (Y-axis) can be one of the following options:

- ▶ Excess return
- ▶ Net expense ratio (equivalent), or
- ▶ Morningstar Rating.

The size of the bubble on the chart indicates the relative size of the fund; the bigger the bubble the larger the fund. The color identifies the firm. As with other worksheets, you can use the controls to the right to change the data being displayed on the worksheet.

**What does the Flow Factors worksheet show me?**



Note how much stronger fund flows are toward cheaper funds



The table on the Product Details worksheet shows basic information for each fund at all brands and firms. You cannot change the columns of data shown here, but you can use the controls to the right to filter the data shown in the table.

**What does the Product Details worksheet show me?**

Branding Name	Share Class Name	Manager Name	Broad Category Gro.	Morningstar Category	Morningstar Rating Overall	Net Asset..	Excess Return..	Net Flo..	Growth Rate (..
American Funds	American Funds Europ...	Mark E. Denning...	Equity	US Fund Foreign Large Gr...	★★★★	9.5	0.7	7,448.3	640.9
American Funds	American Funds Europ...	Mark E. Denning...	Equity	US Fund Foreign Large Gr...	★★★★	68.8	0.7	6,757.9	13.2
American Funds	American Funds Tax Ex...	Neil L. Langberg...	Tax Preferred Allocation	US Fund Muni National In...	★★★★	5.1	1.4	5,034.4	5,444.2
American Funds	American Funds Ameri...	John H. Smet;Hil...	Equity	US Fund Allocation-50% ..	★★★★	19.1	2.1	4,937.1	38.8
American Funds	American Funds Funda...	Dina N. Perry;Mic...	Equity	US Fund Large Blend	★★★★	5.8	2.5	4,676.2	959.0
American Funds	American Funds Growt...	Donald D. O'Neal...	Equity	US Fund Large Growth	★★★★	27.4	0.1	4,343.9	23.0
American Funds	American Funds 2025 ...	Alan N. Berro;Ja...	Allocation	US Fund Target-Date 2025	★★★★	6.7	0.8	3,150.8	98.0
American Funds	American Funds 2030 ...	Alan N. Berro;Ja...	Allocation	US Fund Target-Date 2030	★★★★	7.6	1.9	3,099.8	79.1
American Funds	American Funds Growt...	Donald D. O'Neal...	Equity	US Fund Large Growth	★★★★	3.9	0.1	3,014.1	711.4
American Funds	American Funds Washi...	Alan N. Berro;Jeff...	Equity	US Fund Large Value	★★★★	16.0	4.8	2,998.6	26.3
American Funds	American Funds Invmt...	Donald D. O'Neal...	Equity	US Fund Large Blend	★★★★	12.0	-0.9	2,870.2	35.7
American Funds	American Funds Intern...	Mark A. Brett;Dav...	Fixed Income	US Fund Short-Term Bond	★★★	7.0	-0.8	2,723.3	63.3
American Funds	American Funds 2035 ...	Alan N. Berro;Ja...	Allocation	US Fund Target-Date 2035	★★★★	5.9	2.5	2,686.3	98.1
American Funds	American Funds Capita...	James B. Lovelac...	Allocation	US Fund World Allocation	★★★	3.5	-2.2	2,627.4	320.8
American Funds	American Funds New ...	Robert W. Lovela...	Equity	US Fund World Large Sto...	★★★★	3.4	5.5	2,618.1	508.9
American Funds	American Funds Bond ...	John H. Smet;Dav...	Fixed Income	US Fund Intermediate-Ter...	★★★	6.6	-0.3	2,567.5	63.9
American Funds	American Funds Ameri...	John H. Smet;Hil...	Allocation	US Fund Allocation-50% ..	★★★★	2.8	2.1	2,548.7	2,430.1
American Funds	American Funds AMCA...	Claudia P. Hunting...	Equity	US Fund Large Growth	★★★★	3.1	-1.0	2,440.2	821.6
American Funds	American Funds Invmt...	Donald D. O'Neal...	Equity	US Fund Large Blend	★★★	2.9	-0.9	2,372.3	791.2
American Funds	American Funds US Go...	Fergus N. MacDo...	Fixed Income	US Fund Intermediate Go...	★★★★	7.2	-0.2	2,370.3	48.8
American Funds	American Funds Bond ...	John H. Smet;Dav...	Fixed Income	US Fund Intermediate-Ter...	★★★	2.3	-0.3	2,272.0	3,192.1

Use these controls to determine which rows appear in the table

## Identifying the Top Funds at Your Firm

As the Chief Marketing Officer at your firm, which funds should you decide to promote in the coming year? The SWOT Score factor takes into account multiple factors predictive of a fund’s success, including a fund’s age, its AUM, performance, and more. Looking at this variable in conjunction with flow data allows you to understand which funds at your firm are the top performers, and which are laggards or underperforming.

For this scenario, the “top funds” at your firm will be determined by those that not only have above-median net flows, but also an above median SWOT Score. These funds should continue to attract new investors and assets.

### Overview

The work for this exercise will be done from the SWOT Analyzer worksheet. The main focus is to isolate the chart to show only funds from your firm, and ensure the correct time period is being reflected in the chart.

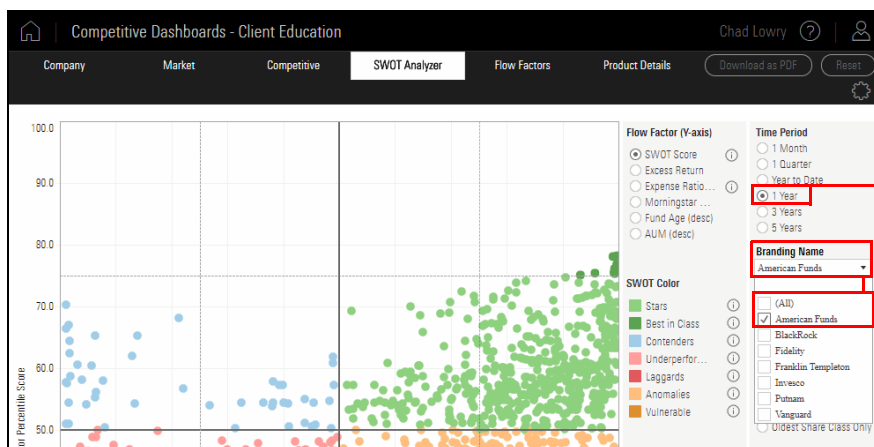
### Exercise 1: Finding top funds at your firm

You can isolate funds from your firm on a worksheet one of two ways: either use the Settings icon in the top-right corner to remove all brands except your own, or use the filter fields on the right side of the worksheet to do the same. In this exercise, you will use the filter fields.

Note: Changes made either via the Settings icon or the filter fields applies the changes to not just the current worksheet, but all worksheets in Investor Pulse.

Do the following:

1. Select the **SWOT Analyzer** worksheet.
2. From the Flow Factor (Y Axis) area, be sure **SWOT Score** is selected.
3. Select an option for the **Time Period**.
4. From the **Branding Name** field, **uncheck (All)**, then select the **name** of just your firm. The SWOT chart updates to show information for only your firm.



In this example, the 1 year trailing time period is selected

Note that (All) is unchecked, and only one firm is selected

5. Move your mouse over each symbol to identify which funds are the top performers for your brand, and which are vulnerable to losing assets.

## Selecting a Subadvisor or Affiliate Firm

The stakes are high when looking for a subadvisor or affiliate firm for a fund at your firm. Analyzing up to nine fund families as peer brands can help you make the best choice. This exercise involves using the Competitive worksheet to identify funds with top-performance in the category for which you are considering using a subadvisor.

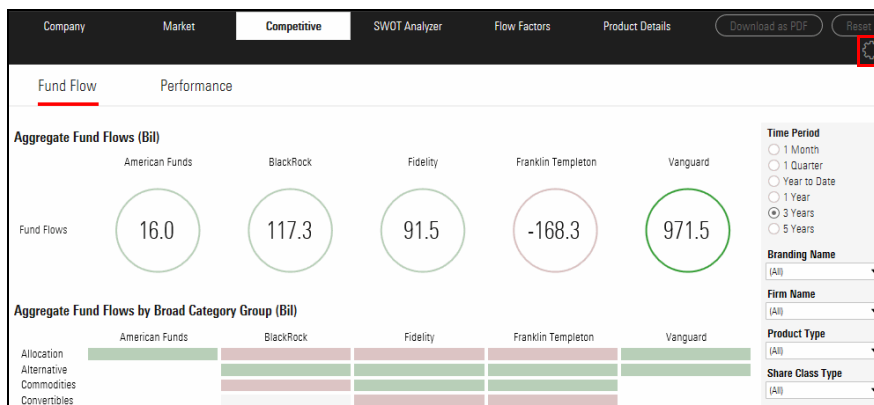
### Overview

Your firm is considering using a subadvisor for a new Alternatives fund. The Competitive worksheet allows you to identify top performance by broad category groups, to help you discover which brands have done well in this space. First, however, you need to ensure the brands you are considering are selected via the Settings icon. The brands you select here will appear on all worksheets in Investor Pulse.

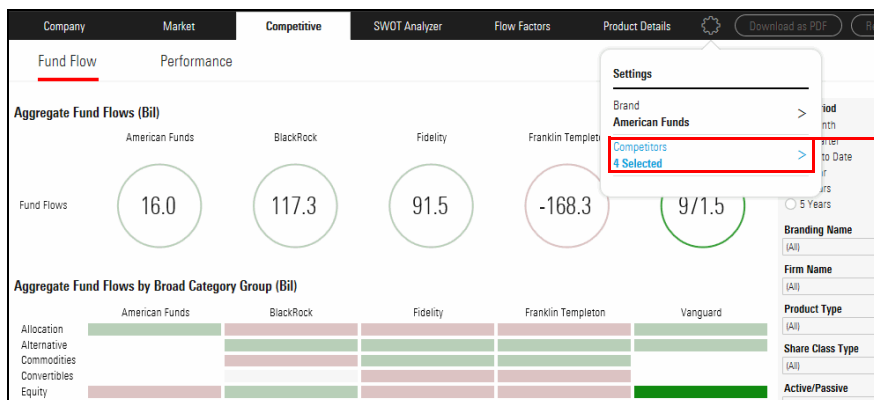
### Exercise 2: Identifying a top firm in the Alternatives broad category group

Do the following:

1. Select the **Competitive** worksheet.
2. Click the **Settings** icon.

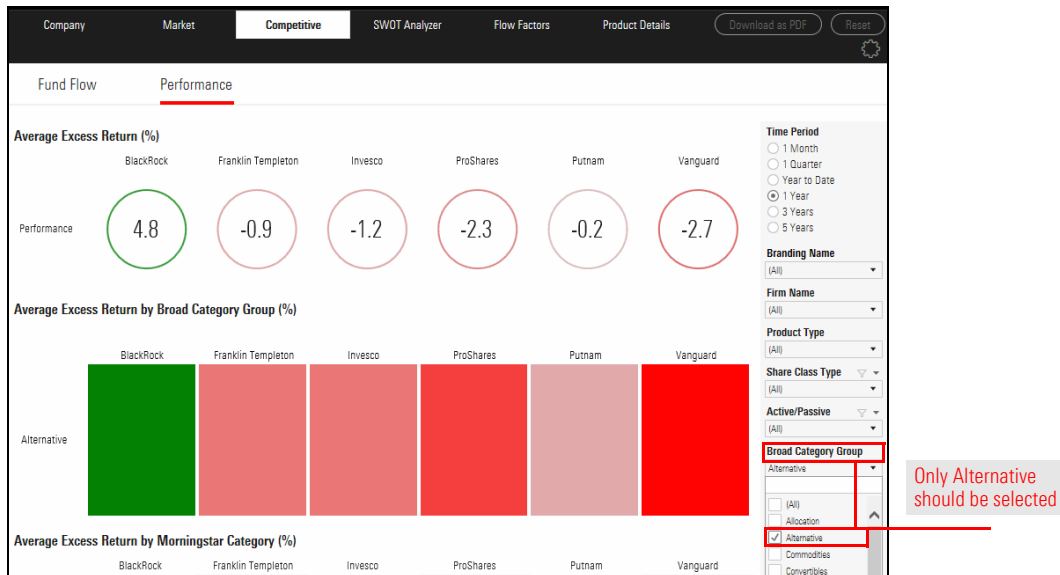


3. Select **Competitors**.

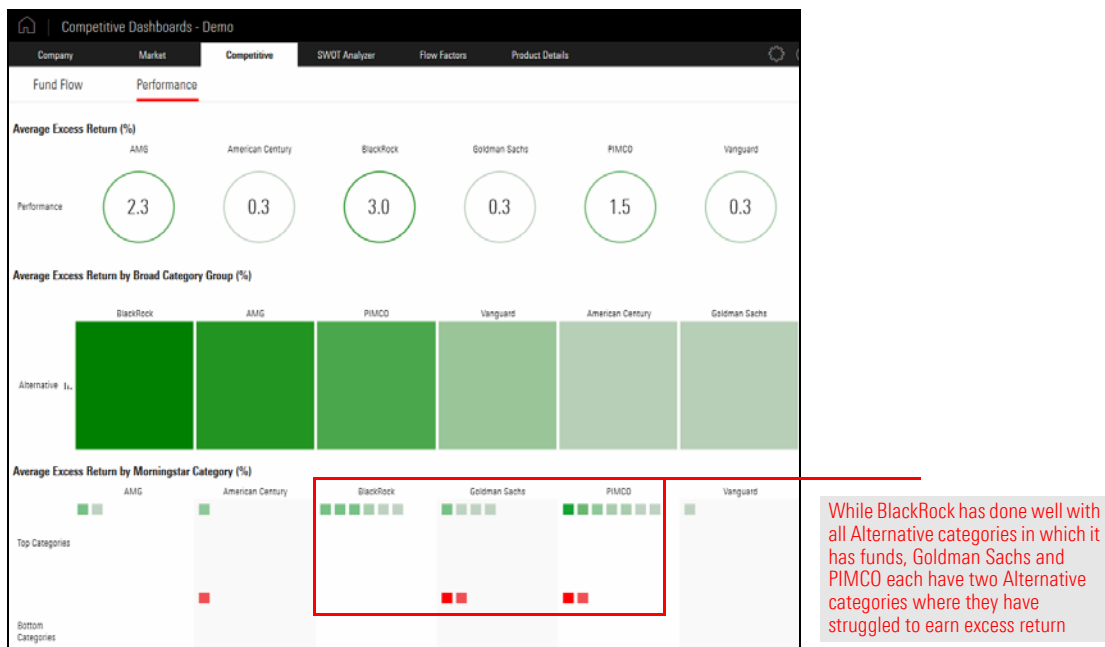


4. Enter the **name** of a competitor to add, then click its **name** to add it.
5. Repeat step 4 to add up to a total of nine competitors, then click **Done**.

6. Select the **Performance** tab.
7. Select an option for the **Time Period**.
8. From the **Broad Category Group** drop-down field, **uncheck (All)**, then check only **Alternative**. The data updates to show information for only that broad category group. Which firms have provided the most excess return for the time period you selected?



9. Evaluate the information in the Average Excess Return by Morningstar Category (%) area. Which specific alternative categories are the competitors best at? In which alternative categories do they struggle?



While BlackRock has done well with all Alternative categories in which it has funds, Goldman Sachs and PIMCO each have two Alternative categories where they have struggled to earn excess return

## Evaluating a Firm for Acquisition

Imagine your firm is considering purchasing another. One question to ask is how many Stars or Best in Class funds they have. Another question to consider is whether those funds complement the funds from your firm, or do they merely duplicate the products you already have?

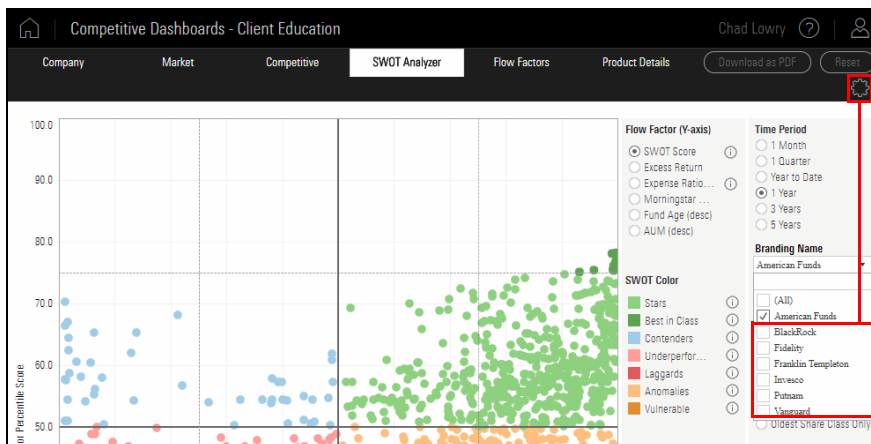
### Overview

In this exercise, you will use the SWOT Analyzer worksheet to isolate just your firm and that of the firm you're considering acquiring. Do the following:

### Exercise 3: Evaluate a firm for acquisition

1. Select the **SWOT Analyzer** worksheet.
2. From the Flow Factor (Y Axis) area, ensure **SWOT Score** is selected.
3. Select an option for the **Time Period**.
4. From the **Branding Name** field, **uncheck (All)**, then select the **name** of just your brand, and the brand you are considering acquiring. The SWOT chart updates to show information for only the brands you have selected. How are the Best in Class and Stars funds from that brand positioned on the chart relative to your own?

Note: If the firm you are considering acquiring does not appear under the Branding Name field, click the **Settings** icon, then select the **Competitors** option. Type the **name** of the brand you want to acquire, then click its **name** to select it. Click **Done**. Once the brand is added, you can repeat step 4 to ensure only your brand and the brand you are considering acquiring are displayed on the SWOT chart.



If the firm you are looking to acquire does not appear here, use the Settings icon to add it

In addition to seeing whether any of a brand's funds appear in the Best in Class and Stars area, it can also be useful to evaluate all funds at the brand you are considering acquiring, to see how it changes your market position for AUM, asset flow, and more. This process requires the following steps:

1. Combine another brand with your own via the Settings icon.
2. Use the Market worksheet to evaluate the statistics for the new, combined brands.
3. Use the Company worksheet to evaluate the data for each firm from the combined brands.

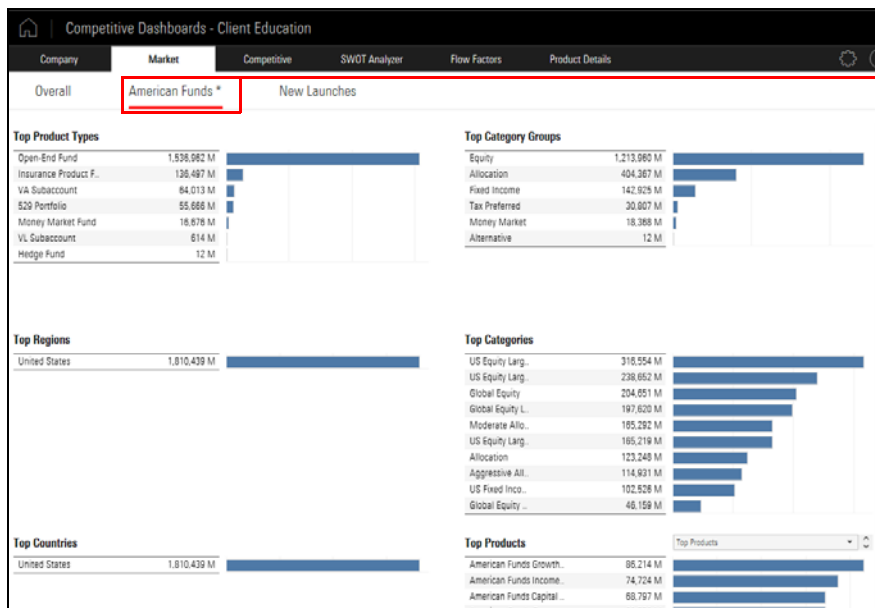
Do the following:

1. From any worksheet where you can see the Settings icon, click the **Settings** icon.
2. Select **Brand**.

The screenshot shows the 'Competitive Dashboards - Client Education' interface. The 'Market' tab is active, displaying various charts and data for 'American Funds'. A red box highlights the 'Settings' icon (a gear) in the top right corner. A red arrow points from the 'Settings' icon to a dropdown menu that is open, showing the following options: 'Brand', 'American Funds', and 'Competitors 6 Selected'. A red callout box with the text 'Use the Settings icon to select this option' points to the 'Brand' option in the dropdown menu.

3. In the **Search** field, type the **name** of a brand you want to combine with your own. When its name appears, click it.
4. To add more brands, repeat step 3.
5. Click **Done**. The Settings menu closes, and an asterisk appears to the right of your brand's name to indicate the change.

6. Select the **Market** worksheet.
7. Click the name of your updated **brand**, and evaluate the impact of the new brand in each of the sections.



Note the asterisk to the right of the brand name, indicating that it has been modified from its default setting

8. Select the **Company** worksheet. Here, only one firm is shown at a time.

9. To see one of the additional firm(s) added to your brand, click the **Add Firm** icon. The Add Firm Page menu opens.

Use this icon to add another firm to this worksheet

Year	Total Net Assets (Tril)	Net Flows (Bil)
2008	-0.67	-12.35
2009	-1.33	-15.27
2010	-2.00	-42.40

10. From the **Choose Firm** field, select the **name** of a firm you want to add to the page.
11. If desired, change the selection from the Choose Region and Choose Product Type fields.
12. Click **Add**. The new firm is added and selected by default.

Note: You can repeat this procedure to add even more firms, as some brands will have multiple firms associated with them. However, not all firms will have data available to display on the Company worksheet.



## Targeting Ideas for New Products

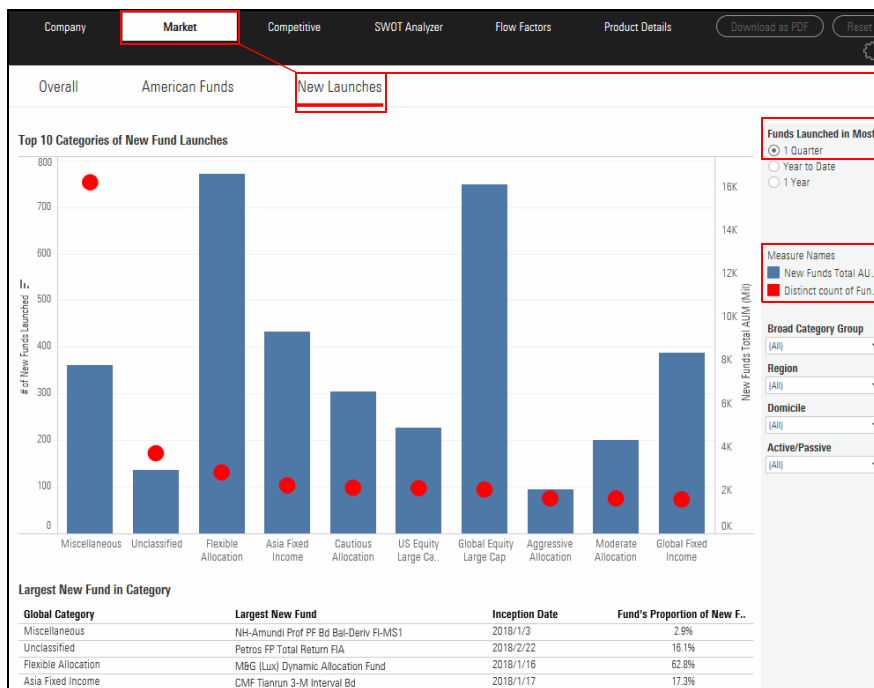
Which global categories have seen the most new product launches? For which global category have investors recently shown the greatest interest? Which fund has attracted the most assets in that global category, and what percentage of total AUM for that global category does the most successful fund represent? These questions can be answered from the New Launches area of the Market worksheet.

### Overview

In this exercise, you will identify assets allocated to new funds launched in the most recent quarter. Do the following:

### Exercise 5: Find information on new product launches

1. Select the **Market** worksheet.
2. Click the **New Product** option.
3. From the Funds Launched in Most Recent area (to the right), select **1 Quarter**. The page updates automatically.



Be sure the correct worksheet and option are selected

Be sure to select the correct option here

Take note of the legend to help understand the data on the chart

4. Answer the following questions:
  - ▶ Which global category has seen the most number of new funds launched?
  - ▶ The new funds from which global category has gained the most assets?
  - ▶ For the global category that has gained the most assets, what is the name of the brand with the fund with the largest proportion of AUM?