



PANEL  
On  
**Mutual Fund  
Boards of Directors**

*Presented by:*  
Margo Loebel (Moderator)

*January 29, 2018*

# Webinar Panelists

**Nancy Wolcott**



*Retired Financial Services Executive,  
Current Mutual Fund Board Director*

**Susan Ferris Wyderko**



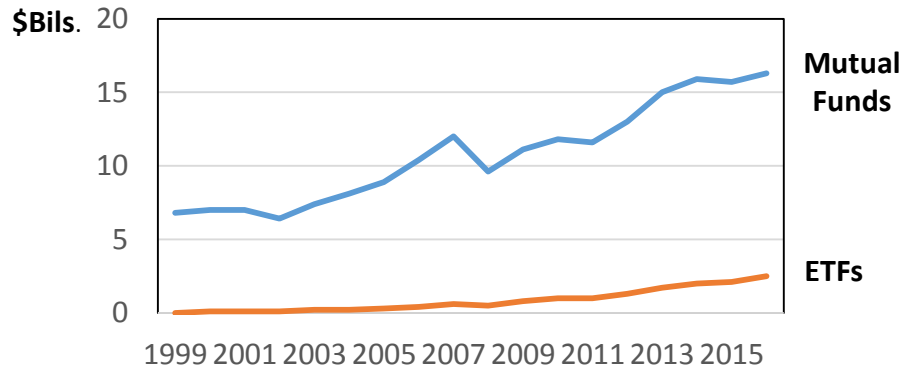
*President, CEO at  
Mutual Fund Directors  
Forum*

# Mutual Fund Webinar – Outline

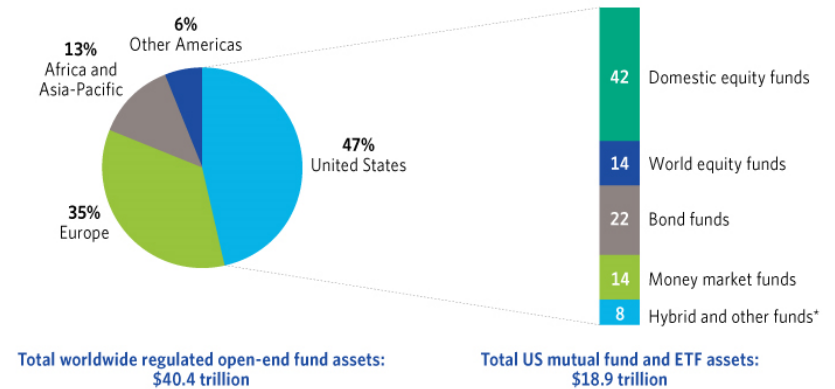
- Industry Data
- Mutual Fund Structure
- Required Skillset
- Board Functions
- Hot Topics

# Mutual Fund Industry Data

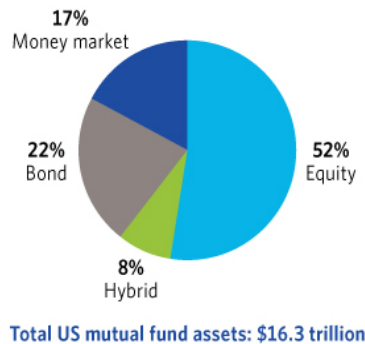
## Investment Company Net Assets



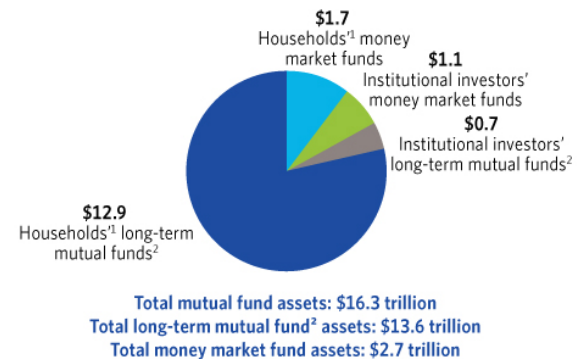
## The U.S. Has The World's Largest Regulated Open-End Fund Market



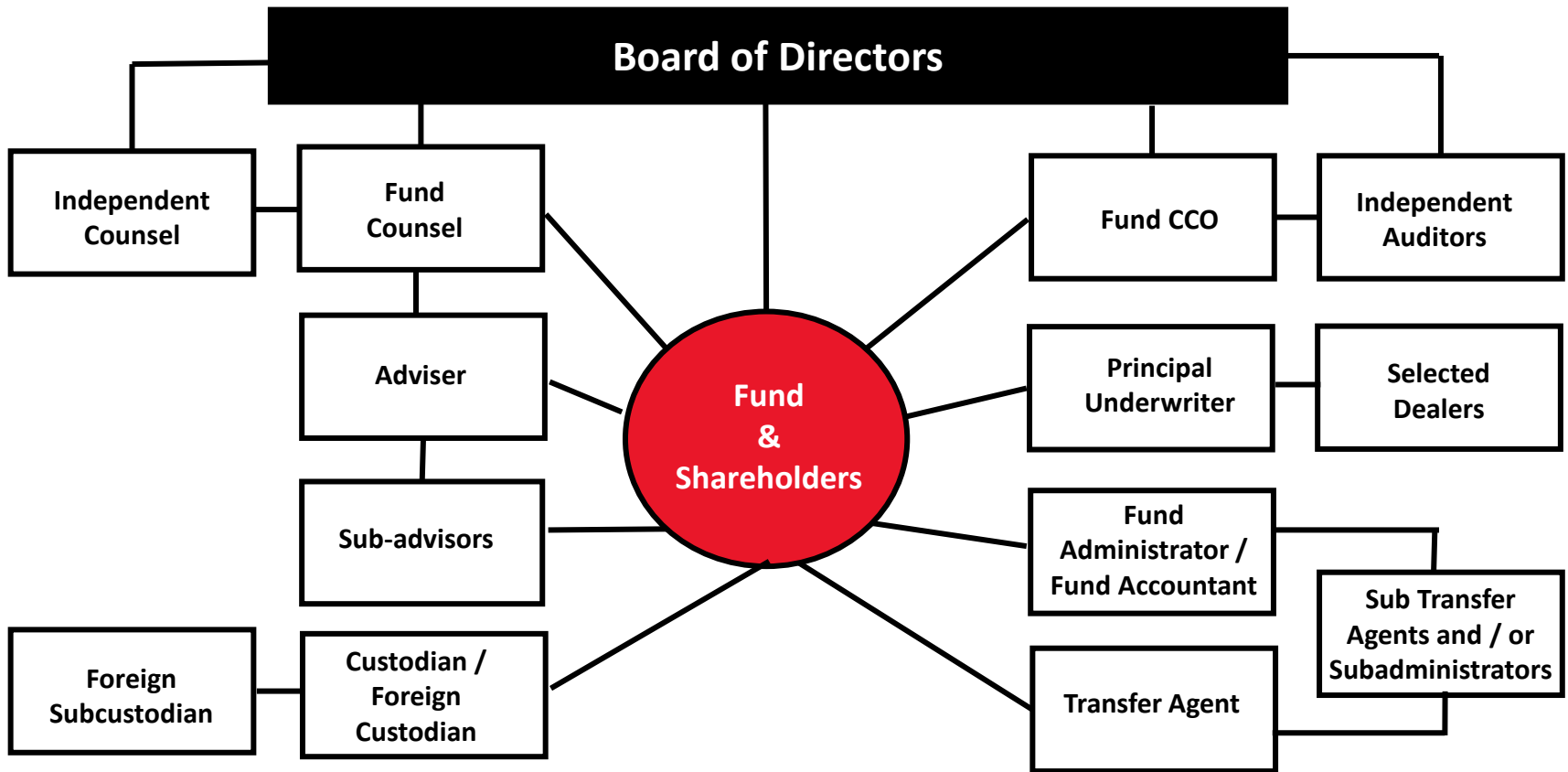
## Equity Mutual Funds Held About Half of Total Mutual Fund Assets



## Households Held 89% of Mutual Fund Assets



# Mutual Fund Structure



*In Contrast to Most Corporations, Mutual Funds Do Not Have Employees And Are Managed & Serviced By Third Parties Under Contract*

# Mutual Fund Board Director Required Skillset

- Directors are elected by the board and, in most instances, by the shareholders
- Boards are commonly comprised of directors with diverse backgrounds including accounting, law, investment management, academia and general business
- Illustrative skills:
  - Deep understanding of investments
  - Experience managing effectively in a complex regulatory environment
  - Global exposure
  - Experience managing third-party vendors
  - “Financial Experts” required

***Consistent With Corporate Boards, the Mutual Fund Director Role Carries the Duties of Care and Loyalty, Making Directors Liable for Misconduct or Breaches of Fiduciary Duties***

# Board Functions

## Board Structure/Practices

- Independence (40-75%)
- Independent board chair (2/3)
- Independent lead director
- Independent legal counsel
- Committees
- Self-assessments
- Executive sessions
- Number of meetings

## Responsibilities

- *Evaluate and approve advisor contract (including fees)*
- Approve certain distribution plans (12b-1)
- Determine fair value of securities
- Vote proxies
- Compliance function
- Fund disclosure
- Monitor investment performance
- Risk management
- Custody of assets
- Shareholder services

*In Contrast to Hiring A Corporate CEO, A Key Role For Mutual Fund Directors Is Hiring the Fund Advisor. Unless There Are Extreme Circumstances Such As Fraud, Firing the Advisor is Not Common*

# Hot Topics

## Macro Trends

- Standards for Board performance / Director qualifications intensifying
- Continued movement to passive asset management
- Increased number of Exchange Traded Funds
- Practices across mutual funds remain diverse
  - Size of board, number of committees, director compensation, retirement policies, term limits, etc.

## Current Items

- SEC's expectations for mutual fund boards
- Other regulatory (liquidity rule, SEC fiduciary rule, etc.)
- Role of Chief Compliance Officer
- Board processes and procedures
- 15c process (Board hires the advisor annually)



Q&A

## Background Information / Resume Database

- Websites With Reference Materials
  - Investment Company Institute  
[www.ici.org](http://www.ici.org)
  - Mutual Fund Directors Forum  
[www.mfdf.org/](http://www.mfdf.org/)
- Resume Database – Mutual Fund Directors Forum  
[www.mfdf.org/director-search/database-faq](http://www.mfdf.org/director-search/database-faq)

# Speaker Biographies

**Margaret Loebel** is a financial executive with over 30 years of experience in public companies and a board ready director candidate for a Corporate or mutual fund board, serving as a “financial expert.” She has a deep understanding of non-U.S. cultures and business environments from living and working 10 years outside the U.S. With six years of public company CFO experience in complex, global environments, she has worked closely with their Boards on acquisitions/divestitures and liquidity, strategic financial decisions, the controls infrastructure and risk management — these companies included Agrofresh Solutions, Quaker Chemical and TechTeam. Earlier, she held officer positions in finance with Archer Daniels Midland, Nike and General Motors. At ADM and GM, she drove transformational growth efforts in China and was also a thought leader on risk exposure in business relationships with China. Margaret served on the Board of Directors of Hickory Point Bank, an ADM subsidiary and, recently joined the Marquette University College of Business Administration Leadership Council. She was included on the “The Female FTSE Report 2012, 100 Women to Watch” as candidates for Board of Directors positions issued by the UK’s Cranfield University School of Management. She earned an MBA from the University of Chicago Graduate School of Business and a BA from Wellesley College.

**Nancy Wolcott** is a recently retired financial services executive with global experience in complex regulatory environments, P&L management, M&A, and asset servicing for asset managers, broker dealers, banks and corporations. Nancy retired from BNY Mellon, which acquired PNC Global Investment Servicing, Inc., where Nancy had served as President and Chief Operating Officer. Prior to managing this mutual fund servicing business, Nancy managed trust and investment advisory services for PNC’s wealth management business. Nancy joined PNC from Harris Bank (now BMO Harris) in Chicago, where she held a variety of positions, the last of which was head of the Corporate and Institutional Trust Department. Nancy has served and continues to serve in a variety of board roles, both corporate and not-for-profit. She sits on the boards of Lincoln Variable Insurance Products Trust and FundVantage Trust. She believes passionately in the importance of being intentional about how each day is spent, ensuring that time is devoted to family, community and intellectual curiosity. She earned an MBA from the University of Chicago Graduate School of Business and a BA from Wellesley College.

**Susan Wyderko** is the President/CEO of the Mutual Fund Directors Forum, an independent membership organization serving the independent directors of US mutual funds. The Forum enhances the governance of mutual funds by educating independent directors and providing them with a voice in the key policy issues affecting mutual funds and their shareholders. Prior to joining the Forum as Executive Director in 2006, she held various senior positions at the U.S. Securities and Exchange Commission including the Director of the Office of Investor Education and Assistance, as well as the Acting Director of the Division of Investment Management. Susan is a member of the Investor Advisory Committee of the Securities and Exchange Commission, which was formed to advise the Commission in its mission to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation. She is also a past chair of the National Adjudicatory Council, a FINRA committee that reviews initial decisions rendered in FINRA disciplinary and membership proceedings. Susan earned a JD from Cornell Law School, where she was an editor of the Cornell Law Review, and a BA from Wellesley College