Voya's new CEO looking to broaden alternatives, customized solutions

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As money managers face growing fee pressure from institutional customers, Voya Investment Management's new CEO, Christine Hurtsellers, is actively shifting her firm's focus to strategies that earn more. “With low rates and equities markets facing secular stagnation, return expectations are lower for clients, so they negotiate harder than ever on fees,” she said.

Ms. Hurtsellers, Voya IM's former chief investment officer of fixed income, is looking to offer more customized solutions through its alternatives offerings, particularly its growing private credit and quantitative equity programs.

She took the role of CEO on Sept. 1 after Jeffrey Becker left to become CEO at Jennison Associates.

In a Sept. 8 phone interview, Ms. Hurtsellers said she is seeing fee pressure from investors driving margin pressure. Voya's response to that pressure is to offer more added value and customized strategies through its alternatives offerings, such as its collateralized loan obligation business and mortgage hedge fund, though that was recently closed to new investors.

In addition, the New York-based manager is also starting to focus more on private credit and middle-market lending and commercial real estate mezzanine debt.

Ms. Hurtsellers sees the firm's insurance asset management arm, credit business and commercial real estate offerings as its best growth opportunities. Bank loans are also in demand in the current low-rate environment. Voya manages $20 billion in bank loans, $17 billion in private credit and $11.7 billion in commercial mortgage loans.

On the equity side, where Voya has $45 billion under management, the money manager is looking to provide more quantitative strategies as well as fundamental offerings to its clients.

“We're moving toward more smart beta and fundamentally based equity strategies — or 'quantimental',” Ms. Hurtsellers said, which are typically less expensive than traditional fundamental equity strategies. “Coming up with some more customized equity strategies is something we're currently focused on,” she added.

A customized quant strategy would generally be cheaper than a traditional fundamental equity strategy.

Ms. Hurtsellers added: “What clients want can change. We have large fixed-income private equity and equity platforms” to accommodate that change in client appetite."

Looking forward, in addition to continuing to provide strong investment results and expanding knowledge of the Voya brand, Ms. Hurtsellers also hopes to maintain and foster the culture at the company to keep it one of *P&I*'s “Best Places to Work in Money Management.”

“I'm very grateful to be leading this franchise,” Ms. Hurtsellers said.

Voya Investment Management had $203 billion in assets under management as of June 30.