Head of ING Fund Sales Unit Exiting

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Robert Boulware is leaving the top position at ING Funds Distributor after serving 10 years at the firm and its predecessors.

Boulware, who currently serves as president and chief executive officer of ING Funds Distributor, will leave the firm by the end of the year, says Tracey Gordon, a spokeswoman with ING.

The executive joined what was to become ING some 10 years ago when the firm had approximately $1 billion in assets. It now has nearly $20 billion.

Multiple sources say Boulware had disagreements with corporate ING management over the structuring of wholesalers. The sources were unaware, however, of the details of the disagreements and whether the issue was enough to prompt Boulware's departure.

Boulware did not return calls seeking comment on the departure as of deadline.

Boulware prefers to work with start-up efforts, says Gordon, and now that ING mutual funds have gathered nearly $20 billion in assets he has decided to try something else. "He wants to move on and take on another challenge like he did when he joined here," she says.

The executive has yet to find a new employer, and ING is currently searching for a replacement for him, Gordon says. The position reports directly to Shaun Mathews, executive VP and head of ING Funds. The distribution arm consists of approximately 175 employees.

Boulware is leaving after a few years of steady outflows for the fund family. ING Funds held $18.7 billion in long-term assets in July, according to data from Financial Research Corp. For the first seven months of this year, the funds have had $127 million in estimated net outflows.

Last year, the funds had $1.191 billion in outflows, according to FRC estimates. That helped pull down assets from $18.1 billion at the end of 2004 to $17.9 billion at the end of last year. In 2004, the funds had $572 million in outflows.

With market appreciation, however, the funds grew from $16.8 billion in assets at the end of 2003 to $18.1 billion by the end of 2004, according to FRC data.

The ING fund family is a result of a variety of mergers and acquisitions, points out **Dan Seivert,** a managing partner with Manhattan Beach, Calif.-based **3C Financial Partners**. The firm does investment banking within the asset management industry.

Over the years, ING has acquired what was previously called the Pilgrim Funds and ReliaStar, which was a holding company with subsidiaries that distributed insurance and investment products. ING has also acquired

funds that were part of Aetna Financial Services.
Seivert says snatching up distribution companies such as ReliaStar, for example, can help firms distribute their products. Yet, firms must maintain some discretion when using their own broker-dealers for selling funds. Brokers don't want to be accused of selling funds simply because the products are from an affiliated asset management firm.

"In our modern-day framework, firms understand the hazards of pushing proprietary products," he says.

Seivert says that, as is often the case with acquisitions, some of ING's have been successful and others have presented challenges for the firm. While acquisitions can help firms such as ING grow, they can also create issues among executives, he adds.

"It can create turmoil," he says. "Executives can rub elbows and go their separate ways."

Either way, the ING Fund family is reasonably attractive, adds Michael Anderson, VP with financial planning firm Evensky & Katz in Coral Gables, Fla. "Their investments haven't piqued our interest enough to select them," he says. "But I can't say there is anything wrong with them."

At one time, the firm considered using ING's Foreign Fund, but decided not to because the portfolio charges a 1.68% fee. He maintains that other international funds have expense ratios that are some 20 to 30 basis points lower. At the same time, he says, ING has worked to reel in its fund fees. fund offering, he says.

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