

## Distributor Influenced Funds Open Industry Meeting

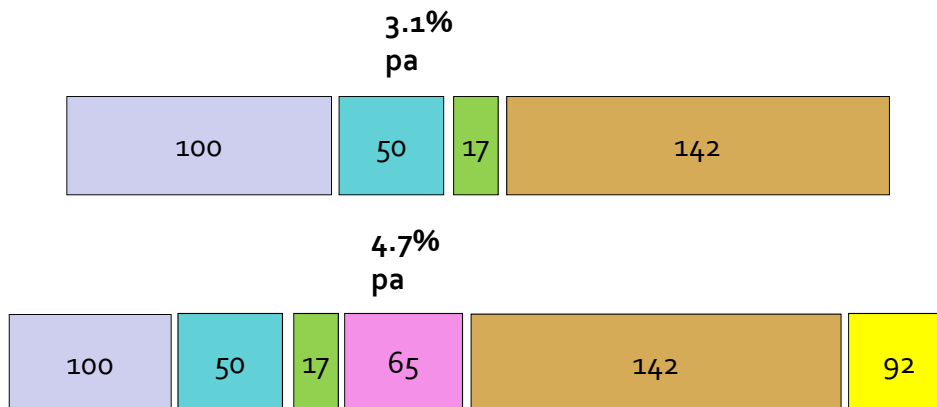
### Adviser Mutual Funds – A huge opportunity



"Retail fund managers have fed themselves well, but investors (and advisers) have been left with the scraps."

20th June, 2009

### Costs and the hidden premium for equity risk



"Why doesn't my fund grow?"

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### 1 for the price of 2? Where are the benefits of scale?

Fund Size	<\$75m	\$75-\$400m	\$400-\$1bn	>\$1bn
France	2.34	1.97	1.61	1.58
Germany	1.73	1.61	1.43	1.37
US	1.5	1.38	1.27	1.24
UK	1.77	1.66	1.65	1.67

Median TERs %pa. Retail funds. Morningstar 2010

### An opportunity to do it right for the customer

- Adviser Mutual Funds should use their innovation **exclusively** for the customers benefit:
  - Benefits of scale
  - Benefits of asset allocation and passive
  - Change the pricing methodology – fixed fees
  - Align interests - reducing costs
  - Align interest - capital values (RDR)
  - Long term value - partnership
  - Better than best transparency (RDR)
- A demonstrably better proposition than the current product set (CPMA)



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### New model army – agents of the customer

Admin < Inv Mgt < Brand < Distributor < Customer

#### Costs

-ve	-3.5	Inv Mgt	-0.5	<b>Volatility</b> <b>Positive</b>
-ve	-1.0	Advice	-1.0	

#### Value

+ve	<b>+ve</b>		0	<b>-ve</b>
+ve	+ve		<b>+ve</b>	<b>+ve</b>