



Financial Research Corporation  
100 Summer Street, Suite 1500  
Boston, MA 02110  
617-824-1325

[www.frcnet.com](http://www.frcnet.com)

FRC ANNOUNCEMENT

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Contact:

Elizabeth Wetherbee  
617-824-1313  
[Elizabeth.Wetherbee@frcnet.com](mailto:Elizabeth.Wetherbee@frcnet.com)

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## **FRC Advisor Survey Names “Most Reputable International Fund Managers” in “World of Opportunity in International Funds” Study**

***April 10, 2007 Boston, MA – Financial Research Corporation (FRC) fills a research void for international product manufacturers and distribution executives at asset management firms with the rollout of FRC’s *World of Opportunity in International Funds* study that tracks Changes in Advisor Usage of International Products.*** The report delivers a detailed analysis of data drawn from FRC’s advisor survey, FRC IMPACT fund database, and market intelligence to generate key trends and actionable ideas for executives looking to develop or ensure continued success in the international product market.

In addition to naming the most reputable international fund managers, FRC reviewed those managers against the changes in product usage noted by advisors. The largest allocators, those with more than 20% invested in international products, were fee-based and were on average, the highest revenue producers. Aside from American Funds, the most mentioned fund managers that were unique to this group included Thornburg and DFA.

FRC’s Advisor Views on International Investing survey also uncovers the following findings:

- 43% of advisors surveyed believe that correlations are increasing across the globe, yet believe that international investing continues to offer the best opportunities for portfolio diversification.
- 21%-30% of the assets of a typical 40 year-old 401(k) investor should be invested in international products, according to one of many cuts of advisor survey data.
- Manager tenure is the single most important consideration in selecting an international product.
- Advisors divide over international mutual fund usage with equal groups using broader based strategies and more finely segmented asset classes.
- Advisors employed by an independent firm or an RIA tend to screen *all* products on the platform against their own criteria before making a fund selection.

FRC's research details developments in the international fund space and delivers advisor feedback on the types of products they would use more often and the services and support advisors value when assessing international products. "The largest percentage of advisors wish manufacturers would focus on structures that reduce the cost of international investing, such as developing core & satellite products with a passive portfolio at the core," according to Owen Concannon, FRC's senior research analyst and subject matter expert. FRC's research highlights the asset garnering success of new entrants into the international and global ETF marketplace and maps four generations of diversified international funds with increasing demand of asset allocation funds driving the trend. Mr. Concannon acknowledges that "PowerShares, WisdomTree and Vanguard are assisting SSgA in chipping away at Barclays' massive share of the international ETF marketplace."

Finely segmented asset classes that caught FRC's attention include Emerging Markets, including Foreign Large Cap funds' exposure to Emerging Markets, Single Country Funds such as China and India, and International Real Estate. A segment of the study is dedicated to change drivers in the international sub-advisory arena, including the increasing competition from non-U.S. managers.

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