



Financial Research Corporation
One Faneuil Hall, 3rd Floor
Boston, MA 02109
617-963-8967
www.frcnet.com

FRC ANNOUNCEMENT

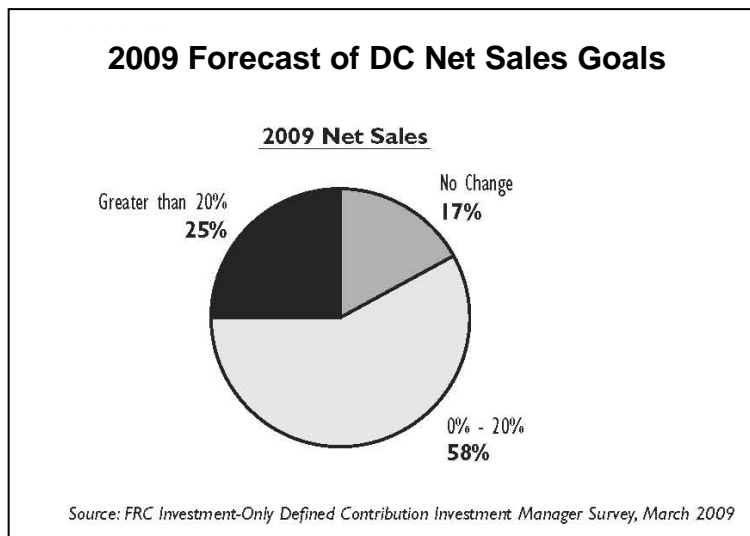
June 1, 2009

Press Inquiries:

Trisha Langlois
617-399-5631
trisha.langlois@frcnet.com

Market Downturn Has Not Dampened Net Sales Expectations for IODC Managers, According to FRC's Latest IODC Study

June 1, 2009, Boston, MA—The equity and credit market downturns have highlighted the inherent advantages for asset managers participating in the DC market. To provide a clearer picture, FRC recently surveyed 15 IODC asset managers representing approximately 30 % of IODC assets—\$470 billion—as part of its



latest study *Maintaining an Edge in the IODC Market*. FRC found that IODC managers fared significantly better than retail managers with only an average 16% decline in AUM for 2008. Participant inertia and systematic payroll deductions combined to offset investor redemption activity and contribution declines that plagued the retail market.

“Asset managers are keenly aware that the prominence of the DC market is steadily climbing,” states Luis Fleites, vice president, director of retirement markets at FRC. “Therefore, establishing a strong presence in this market is critical for future success in the increasingly competitive asset management industry.”

Sample Survey Findings:

- **A key differentiator and success factor for IODC asset managers is having a “retirement-fluent” and experienced team.** FRC found that dedicated IODC teams remained relatively unscathed amid the numerous waves of layoffs that asset managers were forced to implement to cope with plunging assets under management. “The already lean staffing levels for IODC teams and the importance of the DC market as an asset-gathering opportunity actually had some managers seeking to buck the trend and increase their IODC sales forces,” says Fleites. “Other managers lacking dedicated IODC teams were feverishly preparing or implementing fresh business plans to partake in the fast-growing investment-only opportunity.”
- **The greatest threat or opportunity, depending on the manager, lies with re-enrollment.** FRC highlights that the premise behind re-enrollment is that participants are not allocating their portfolios appropriately and that “re-enrollment” into a plan’s default investment option will benefit the plan participants. “Investment managers selected to provide the default option for re-enrollment are in an envious position since their assets under management in a plan can skyrocket overnight,” states Fleites. “The opportunity is an obvious one, but there has been limited activity on the re-enrollment front to date and the near future looks the same. However, even limited re-enrollment adoption can boost a manager’s IO presence significantly, and should be examined and considered as a targeted opportunity for the future.”

###

For more information on this study or to set up a call with the study author, please contact Trisha Langlois at FRC at 617-399-5631 or via e-mail at Trisha.Langlois@frcnet.com.

About Financial Research Corporation

Financial Research Corporation (FRC) provides the knowledge to build stronger relationships through product development and management, distribution solutions, and marketing strategies. For more than 20 years, our insightful research and consulting services have been assisting marketing, product development, and strategic planning

professionals in the creation of innovative products and services. Based in Boston, FRC is at the forefront of assisting its clients to comprehend and respond to the rapid changes occurring in the manufacture and distribution of investment products. Our more than 200 clients include the world's leading asset managers and distributors. For more information, visit the FRC Web site at www.frcnet.com.
