THE SEVEN SECRETS OF DISTRIBUTION

- What and who is selling?
- Pre-crisis and post-crisis business models: changing success criteria
- What are distributors looking for?
- Blacklisted firms versus top-selling blockbuster funds

This 75 page report features:

- **Who Are Distributors Selecting and Why?** Which firms did well during and post-crisis, with case studies, data and analysis.
- **Key Challenges and Themes:** Key themes from over 1,000 in-depth conference calls with professional fund buyers and institutions.
- **Changing Business Models for Success:** Thematic and company-specific case studies on pre-crisis versus post-crisis business models, highlighting changing success criteria.
- **Dedicated Website:** Access to ongoing commentary and data updates to the study.

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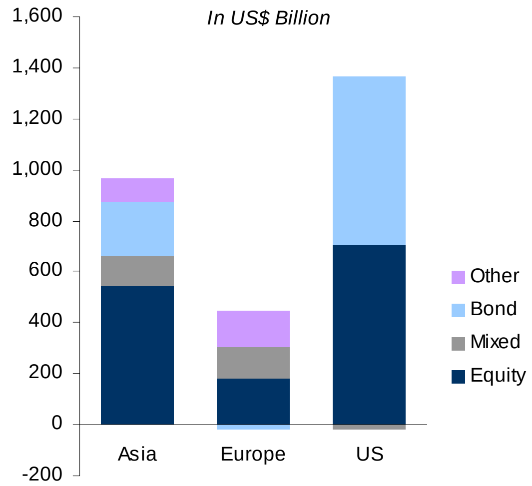
The Seven Secrets of Distribution, Strategic Insight Global's latest in-depth study on global fund distribution features survey results from more than one thousand interviews with professional fund buyers worldwide over the course of two years, and assesses the structural changes in fund and manager selection methodologies following the global financial crisis.

Global Mutual Fund 5-Year Net Flows



Note: 2005-2009; Money Market Funds excluded
Source: Strategic Insight Simfund GL, MF

Top Selling Long-Term Crossborder Managers

In US$ Billion

Manager	Net Flows Ytd-8/10	Net Flows 2009	AUM 8/10	AUM 12/09
Franklin Templeton	**29.2**	13.3	98.5	69.4
PIMCO	**19.4**	11.4	57.3	36.2
Carmignac	**17.4**	23.1	58.6	44.7
Blackrock	**14.3**	36.0	224.4	227.1
Pictet	**11.1**	7.8	58.7	49.8
Total above	***91.4***	***91.6***	***497.5***	***427.2***

Source: Strategic Insight Simfund GL

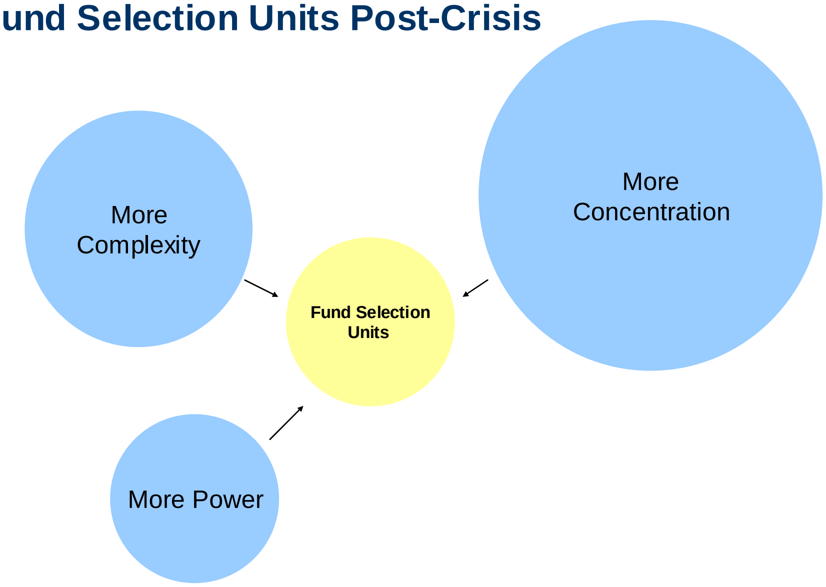
Professional fund buyers post-crisis: diverging trends

Over the last few years, we have seen a trend towards both centralization of fund selection on the one hand, and increasing local decision-making responsibilities on the other hand, with additional layers of decision-making by platforms and advisory teams.

To complicate matters further, the increasing interplay between platforms, advisory teams and local sales units necessitates multiple relationships across different geographies, each with a specific set of challenges.

As shown below, the crisis added more business complexities, more concentration of flows, and – by and large – more power to the FSUs. In certain cases, we have seen local advisors taking the decision-making back to the home office away from centralized select lists, but those examples are the exception.

Fund Selection Units Post-Crisis



Post-Crisis: Distributors reduce their number of partners, and multiple relationship touch points become increasingly important. FSUs thus experience an increase in importance/ power, with increasing demands and complexity to their tasks**. As a result, they look for and rely on tailored information delivery and support.**

The increasing demands on FSUs to run quantitative and more in-depth qualitative screens on external funds and managers have added enormous complexity to their tasks, without necessarily adding additional resources. Thus, fund selectors have started by reducing the number of managers and funds they are selecting and recommending. Moreover, they increasingly look for and rely on tailored information delivery, local language support, microsites, videos and overall streamlined communication to make their lives easier.

Table of Contents

Table of Presentations

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For almost a decade, Daniel has led the development of Strategic Insight's Global fund research and consulting effort, and is widely sought after for presentations, discussions, and his perspective on the global asset management industry by associations, academia, regulators, the media and management boards of the firm's over 250 clients worldwide. He has written extensively on the fund industry, including various books on Asia, the Middle East and Global Fund Distribution. He regularly conducts product and distribution master classes for CEOs and heads of asset management worldwide.

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