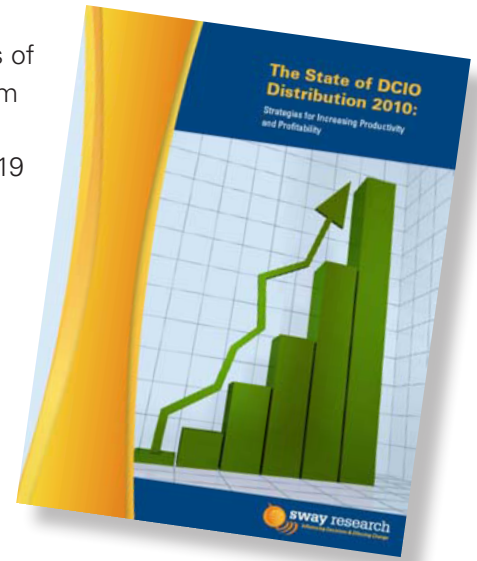


The State of DCIO Distribution 2010:

Strategies for Increasing Productivity and Profitability

Overview

In just a few short years, the steady contributions of 401(k) participants has enabled DCIO to grow from minor appendage status to the backbone of firm-wide sales efforts. Based on in-depth surveys of 19 DCIO managers and 11 DC gatekeepers, Sway's third in-depth examination of DCIO distribution is an essential guide for asset managers—from start-ups to industry-leaders. We have no doubt that using our data and analysis will lead to enhancements in productivity and profitability.



This Report Will Help You

- Boost sales force productivity
- Expand DCIO sales and support staff
- Increase sales and marketing budgets
- Focus marketing spend on key areas

Key Findings

- DCIO now accounts for an average of one-fifth of firm wide sales
- Managers earn higher margins on DCIO business than they earn on retail mutual funds
- Tier 1 (large) managers employ 50% more DCIO staff than Tier 2 (mid-size) managers, but also manage more than three times as much in DCIO assets
- DCIO sales and marketing budgets increased in 2009, despite market turbulence
- While DCIO sales are growing faster for sub-advisory and CIT vehicles, the bulk of DCIO business continues to be done in mutual fund shares

Key Benchmarks/Analysis

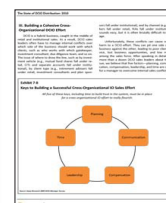
- Profitability by investment vehicle
- Annual sales and marketing budgets
- Sales force productivity per head
- Sales force headcounts and compensation
- Allocation of sales force time
- Allocation of DCIO marketing budgets
- Outlook for Target-Dates and passive management
- 10 Principles for DCIO sales success

Study Chapters:

1. Industry and Firm Level Market-Sizing
2. Trends in DCIO Sales, Assets, and Profitability
3. Product Threats and Opportunities
4. Budget and Expenditure Analysis
5. Sales Force Headcounts and Compensation
6. Addressing the DCIO Sales Tracking Dilemma
7. Enhancing Sales Force Productivity
8. DCIO Outlook: Meeting Goals and Overcoming Challenges

Price: \$8,000

Table of Contents, List of Exhibits, Methodology, and Order Form attached.



Sample pages.

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Influencing Decisions & Effecting Change

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Methodology

The core of the findings in this report are the result of surveys and interviews of DCIO sales leaders and DC platform gatekeepers (i.e., investment decision-makers at DC providers). In addition, findings from previous Sway Research studies, and other publicly available data, such as that from industry trade groups are also included in the analysis. Below are details on the two groups that form the core of this research:

DCIO Managers - Leaders of DCIO sales efforts at 19 asset management firms completed an in-depth survey (see Appendix A) and interviews on the following topics:

- Profitability and asset retention
- Sales force benchmarks, such as headcounts, compensation, and budgeting
- Resource allocations and sales force time management
- Production levels
- Organizational and sales tracking tactics and strategies

The respondent firms manage about \$200 billion of DCIO assets. In order to enhance the analysis, Sway segmented the DCIO managers into the following tiers based on DCIO assets under Management:

Segment	DCIO AUM Range	Avg. DCIO AUM (Bils)	No. of Firms
Tier 1	Greater than \$10B	\$16.4	6
Tier 2	\$3.5B to \$10B	\$4.3	7
Tier 3	Less than \$3.5B	\$2.2	6
Overall		\$7.9	19

This year, we changed the asset ranges for tier’s 2 and 3, which in previous studies ran from \$5B to \$10B and less than \$5B, respectively. We did this for a couple of reasons. The primary reason is that the market crash of 2008, and further drop in the first quarter of 2009, caused asset drops at several Tier 2 firms, which left them with less than \$5B of DCIO AUM on June 2009, even though they are well on the way to recovering those assets. Another reason is that there were a couple of firms with just under \$4B of DCIO AUM, that had achieved phenomenal asset growth over the past year and have staffed up to the point that they resemble and operate more like a Tier 2 firm, than a Tier 3 firm. Therefore, we dropped the bottom range on Tier 2 to \$3.5B to accommodate these managers.

DC Platform Gatekeepers - Sway administered a survey to gatekeepers from 11 DC platforms, many of whom were also interviewed. The gatekeepers represent firms that, combined, have roughly \$400 billion in assets under administration. The diverse mix of platforms surveyed includes five insurers, three TPAs, two banks, and a payroll provider. The 2009 gatekeeper survey and interviews primarily covered the following topics:

- Asset and sales trends across investment vehicles and categories
- Staffing levels and support needs
- Best practices for DCIO managers
- DCIO sales reporting

All of the manager and gatekeeper surveys and interviews were fielded between August 1 and September 30, 2009.

Sway Research Order Form

Complete and fax to the attention of Chris Brown at 603-382-5358.

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