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FOR IMMEDIATE RELEASE

DCIO NOW A MAJOR FACTOR IN THE SUCCESS & STABILITY OF ASSET MANAGER SALES EFFORTS

Now Generating More Than One-Fifth of Firm-Wide Sales

October 27, 2009, Newton, NH—At the outset of this decade, the (defined-contribution investment-only (DCIO) business was typically viewed as a minor appendage to a firm-wide sales effort. However, thanks to steady contributions from 401(k) participants and the rapid shift to open-architecture within DC investment menus, DCIO has now become the backbone of many firms’ annual sales efforts. Evidence of this can be found in Sway Research’s latest research report—*The State of DCIO Distribution: 2010 - Strategies for Increasing Productivity and Profitability*.

Within this in-depth study, which is based on recent surveys of 19 DCIO managers and 11 DC platform gatekeepers, Sway reveals that at the average asset management company, the DCIO business generated 19% of firm-wide gross sales in 2008, and 28% of firm-wide net sales. Thus, steady contributions from plan participants greatly lessened market-related net redemptions from DCIO assets relative to other business lines.

“Although the DCIO market has its challenges—namely the rise of proprietary Target-Date funds and increased competition from managers of all sizes—this market is rapidly growing in importance to asset management executives, and for good reason,” said Chris J. Brown, Sway Research’s founder and principal.

“As our latest research shows, DCIO is attracting a growing share of firm-wide sales, despite being supported by a small group of sales people relative to other business lines,”

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added Brown. Sway found that the average manager currently has the equivalent (part and full-time) of 12 full-time employees supporting DCIO sales and marketing efforts.

There is a general feeling of optimism surrounding the DCIO efforts at most managers today; as Sway found that more than half of those surveyed believe their firm's DCIO business will experience a period of accelerated growth over the next 12- to 18-months. This is primarily a result of investors' need to amplify retirement savings rates on the heels of stock market losses. Another 40% of DCIO managers believe growth rates will remain strong and steady. "While the challenges facing DCIO sales executives are substantial, the rewards for building a successful DCIO effort—most notably a steady flow of assets into investment portfolios—are great and well-worth the effort," said Brown.

Based on surveys and interviews of DCIO sales executives and DC platform gatekeepers conducted in August and September of 2009, *The State of DCIO Distribution: 2010 - Strategies for Increasing Productivity and Profitability* features key DCIO business benchmarks, such as sales force productivity, headcounts, and compensation, profitability across investment vehicles and relative to retail mutual funds, and annual DCIO sales and marketing budgets. Designed specifically for DCIO sales executives, the data and analysis contained in this report will lead to enhancements in productivity and profitability.

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