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**Growth of Fee-Based Mutual Fund Sales Driving Down Use of Loads  
Among Traditional “A” Shares, New Strategic Insight Study Finds  
Overall, “A” Share Sales Continue to Lose Ground to No-Load Shares**

NEW YORK, NY – May 10, 2010 – Point-of-sale commissions continue to fade from the mutual fund sales process as advisors increasingly sell funds in fee-for-advice arrangements, according to a new study by Strategic Insight, a business intelligence provider to the worldwide fund industry. Among long-term mutual funds, sales via class “A” shares – traditionally the primary share class pricing structure through which brokers and financial advisors sell funds – continue to accelerate toward sales done at NAV (without any type of front-end sales load), according to Strategic Insight’s study of fund sales trends.

During 2009, 68% of “A” share sales among fund managers primarily selling through financial advisors were made at NAV, which means they carry no front-end “load” or commission. That proportion is up from 66% of “A” share sales in 2008 and 58% in 2007.

At the same time, “A” shares sold at 4% or higher commissions declined to just 13% of total “A” share sales in 2009, down from 14% of total “A” share sales in 2008 and 16% in 2007. Even this low proportion was influenced by a handful of fund managers still relying more significantly on high-commission “A” shares, as evidenced by the median firm in our survey garnering just 8% of total “A” share sales at these high commission levels in 2009.

These findings come from SI’s new report, *“The Strategic Insight 2009 Fund Sales Survey: Perspectives on Intermediary Sales by Distribution Channel and Share Class.”* The study was based on SI’s proprietary survey of 32 fund firms that distribute primarily through financial advisors; survey participants managed in aggregate \$3.3 trillion in U.S. open-end stock and bond fund assets as of the end of 2009, representing roughly half of industrywide long-term fund assets.

“These sales trends in ‘A’ shares are being driven by the evolving way that financial advisors sell mutual funds to their clients,” said Strategic Insight senior analyst Dennis Bowden, the report’s lead author. “Mutual fund sales are moving away from high-commission model models as more funds are sold in a structure where advisors receive fees for advice. As this trend continues, fund sales through share classes without a front-end sales load will also continue to expand.”

Related key trends in share class use that our study found in total fund sales:

- While sales at NAV continued to make up an increasingly dominant portion of total “A” share sales, overall fund sales through “A” shares (both with a front-end load and without) continued to decline during 2009 – accounting for 40% of total mutual fund sales among our survey participants, down from 43% in 2008 and 46% in 2007. In total,

“A” shares continued to be the single largest-selling class of fund shares among our survey participants.

- On a dollar-for-dollar basis, “A” sales at NAV fell 11% in 2009 from 2008 levels, while commissionable “A” shares (sold with any type of front-end load) contracted by 21% year-over-year. This decline in “A” share sales was driven particularly by a decrease in sales of “A” shares at NAV within fee-based advisory programs (including mutual fund wrap platforms).

Related trends in share class use in fee-based advisory programs (including fund wrap platforms):

- “A” shares at NAV accounted for 46% of total fee-based advisory sales among fund managers primarily selling through financial advisors during 2009, down from 56% of such sales during 2008.
- Meanwhile, “No Load” shares accounted for 54% of total fee-based advisory sales during 2009, up from 44% in 2008.

“While ‘A’ sales made at NAV are clearly the dominant way in which ‘A’ shares are sold today, there is increasing demand for lower-priced, no load share classes within certain fee-based advisory programs,” Mr. Bowden noted. “The pricing flexibility of ‘A’ shares’ continues to meet the needs of a wide range of investors and financial advisors, but the share class does face challenges in maintaining its traditional dominance over fund sales given the overarching movement toward the fee-for-advice model.”

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*Strategic Insight is a leading research firm for the mutual fund and wealth management industry, providing clients with in-depth studies, consultation, and electronic decision support systems. Strategic Insight assists over 250 firms worldwide, including the largest U.S. mutual fund companies. Visit us at [www.SIonline.com](http://www.SIonline.com). SI's parent, [Asset International](http://www.AssetInternational.com), is an information provider to financial-services institutions, including asset managers, global pensions, and others. Find out more at [www.AssetInternational.com](http://www.AssetInternational.com).*