

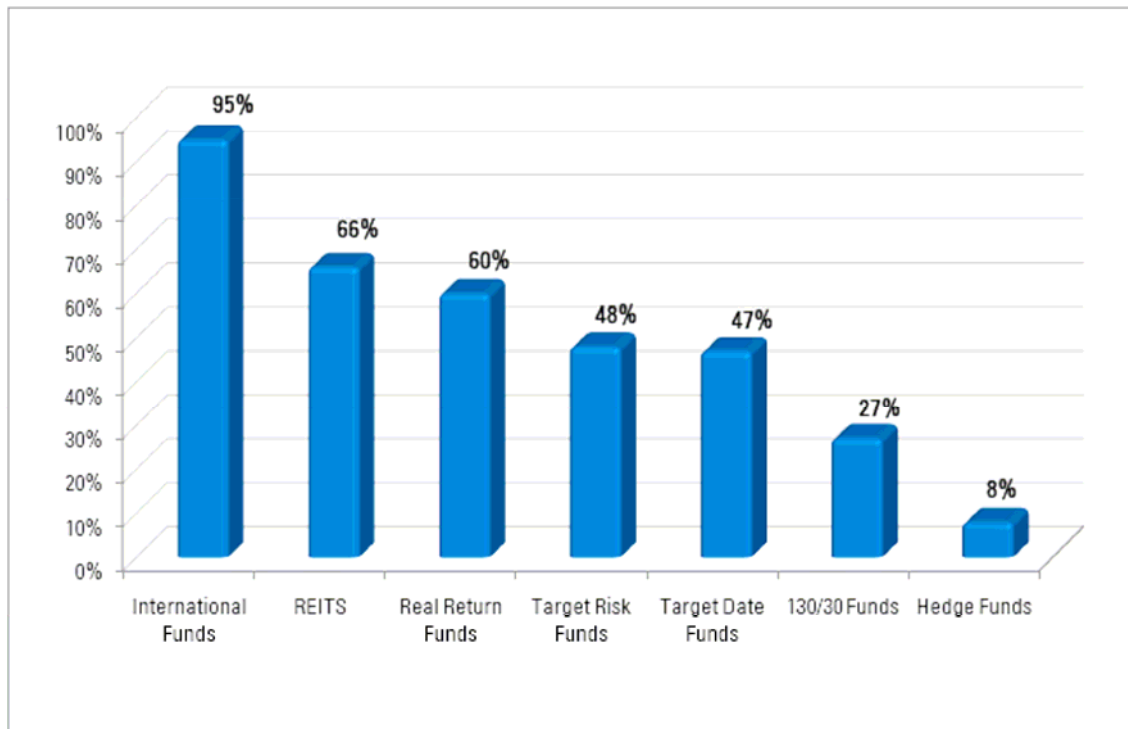


## Niche Products Within the Open-End Mutual Fund Category are Ripe for Growth, According to New Data from Cogent Research

### *Institutional Investment Products Gain Favor Among Advisors*

Cambridge, Mass., (January 10, 2008) –According to the Advisor Product Forecast™, a new study by Cogent Research, several sub product groups within the open-end mutual fund category have the potential to gain market share within the next two years:

### Percentage of Advisors Who Will Sell Each Product by the End of 2009



### International Funds

A striking majority of advisors (95 percent) say they plan to sell international funds by the end of 2009. Advisors report their belief that international funds provide a solid opportunity for growth and diversification, particularly in an increasingly global economy.

“Although it has taken several years, advisors have finally caught on to the diversification and increased returns provided by International Funds,” said Bruce Harrington, managing director,

Cogent Research. “When you consider the recent turmoil in U.S. markets, they become an even more attractive option for advisors.”

### **Real Estate Investment Trusts (REITs)**

66 percent of advisors anticipate selling REITs in the future, pointing to low cost, good value, and at least until recently, high rates of return. Many advisors peg this as a viable option in approximately two years from now, when they predict a real estate market recovery.

“While institutional clients have long seen the value that REITS can bring to a portfolio, the advisor has just recently turned their sites to this emerging category,” said Harrington. “Furthermore, many investment managers will begin to incorporate REITS into the numerous Outcome Oriented funds that are currently in development.”

### **Real Return Funds**

60 percent of advisors foresee selling Real Return Funds by the end of 2009, citing security and the ability to serve as a hedge against inflation as motivating factors. As a group, advisors who plan to sell Real Return Funds are less tenured, are likely to work for a national firm and have a younger client base.

“The roller coaster market conditions of 2007 make a product with stability and consistent growth a key addition to the portfolios of 2009,” said Harrington. “Advisors will use real return funds as an added tool for retirees.”

### **Target Risk Funds**

Nearly half (48 percent) of advisors plan to sell Target Risk Funds by the end of 2009. The advisors who anticipate selling Target Risk Funds are more likely to consider themselves financial planners as opposed to wealth managers, and will offer the product due to client demand or because their practice focuses on retirement planning.

“No longer afraid of these one-stop shop funds, advisors have seen the light with regard to how Target Risk Funds can help serve as a core of a portfolio or a full offering for smaller accounts,” said Harrington. “Target Risk Funds allow advisors to spend less time chasing hot funds and focus on properly planning for and counseling clients.”

## **Target Date Funds**

Similarly, nearly half (47 percent) of advisors expect to sell Target Date Funds by the end of 2009. These advisors tend to have a younger client base, have higher than average assets in fixed annuity products, and receive higher than average compensation from transaction-based fees.

“Without a doubt, Target Date funds are one of the hottest retirement planning products being developed today,” said Harrington. “Advisors are starting to truly realize how these funds can serve as a core holding in a retirement income plan.”

The Advisor Product Forecast is built upon a detailed channel-by-channel survey of advisors, providing data beginning with where advisors are currently directing assets under management and where they expect to be two years from now, along with a product map showing where they intend to allocate new money.

## **About Cogent Research**

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services and life sciences industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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