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Product Management: Past versus Planned Actions

Liquidations/Mergers, Pricing Issues, and Staffing Dominate Actions in Last 12 months

September 27, 2009, Boston, MA – In the last 12 months, product management staffs have been focused on broad issues, including product rationalization and pricing changes, but over the next 18 months product development will take center stage.

In a survey of product management leaders at asset management firms, 79% indicated they had merged or liquidated funds in the last 12 months. In addition, seven firms plan to merge or liquidate funds in the next six months. All respondents indicated they had either already liquidated/merged funds or plan to do so in the next six months.

“Clearly, the drop in assets under management has impacted the profitability of a significant number of mutual funds. In response, firms have gone through a critical assessment of their product lines and eliminated funds that are either losing money or are not viable over the long term,” noted Michael Evans, President of FUSE Research Network.

Staffing and pricing were other issues that product managers focused on in the last 12 months. Seventy-nine percent of survey respondents indicated that their firms had incurred layoffs, while an equal percentage had enacted pricing changes during the preceding 12 months.

Looking outward, product development will be top-of-mind for product groups. Seventy-one percent of firms’ surveyed plan to launch new funds in

the next 18 month, and nearly half will have new products to market within the next six months.

“Product development is constantly on the minds of product staffs, as there is often pressure to deliver the next top seller and avoid missing sales opportunities. However, it appears that firms have become more deliberate in their product launches, as the cost in terms of dollars, resources, and institutional integrity has become prohibitive,” said Evans.

These are just a few insights from a new research report from FUSE Research that is focused on the product function at asset management firms. The report is the first in the BenchMark series of reports from FUSE that are intended to help firms maximize the resources dedicated to their product, marketing and sales functions.

For more information please contact Jason Heinhorst at 720.221.5223 or via email at jheinhorst@fuse-research.com.

About FUSE Research BenchMark Series

BenchMarks are support programs that combine market intelligence with a pre-defined methodology for self-assessment to produce a structured approach to decision making. FUSE provides ongoing evaluations of the implementation process to help insure that business objectives are realized. Some of the information we plan to collect includes:

- ✓ Productivity Measures
- ✓ Time Allocation
- ✓ Staffing Ratios
- ✓ Compensation Trends
- ✓ Cost Analysis
- ✓ Organizational Structure

The initial series of reports will focus on three core business functions of asset managers: (1) Cost of Distribution, (2) Product Management, and (3) Marketing Communications.

The BenchMark Series is not a typical, point-in-time research study. It is a dynamic service that includes an ongoing refinement of information and support throughout the year. We will constantly be collecting information which will allow us to improve the quality of the metrics and to refine the deliverables to our clients.

About FUSE Research Network LLC

FUSE Research Network was launched with the view that research and consulting support for asset managers has failed to evolve with the changing needs of the client. The competitive environment of the future will demand that clients make important business decisions within shorter and shorter timeframes.

In order to support clients in this setting, FUSE will provide a dynamic research platform that covers our clients' current and future decision areas (strategic and tactical). Our goal to become an invaluable business partner through the delivery of highly informed and forward-looking recommendations that are among the critical inputs our clients need to optimize results.

The foundation upon which FUSE is built is as follows:

- Ardent Client Advocacy
- Absolute Candor & Objectivity
- Decision Support Research
- Incisive & Actionable Guidance