

# Intermediary Fee Survey 2012



For further information about participating in the **2012 Intermediary Fee Survey**, contact:

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## 2012 Intermediary Fee Survey

Comparing amounts of fees paid based on type of account, channel and payment approach

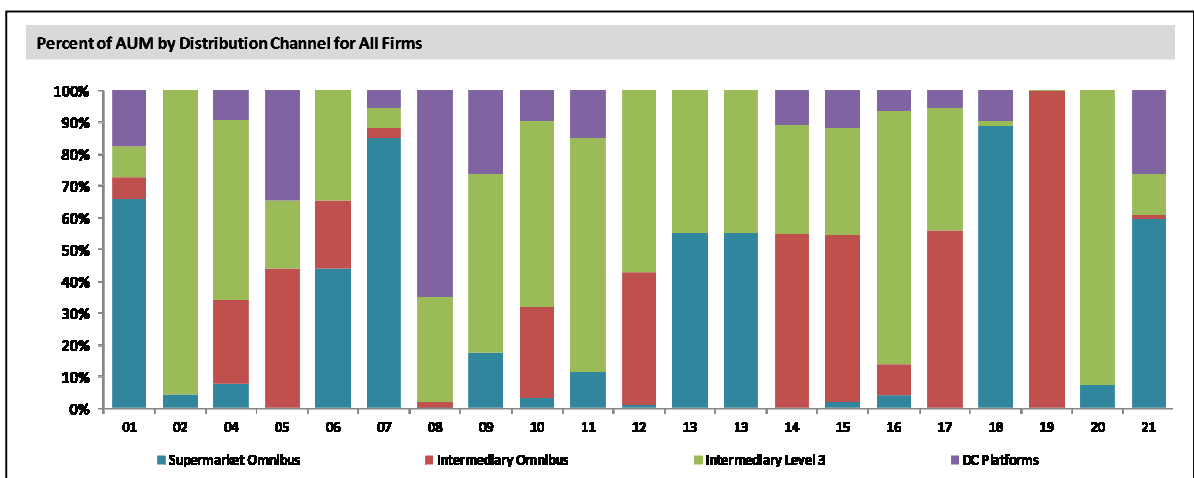
### Is Anything Standard in Intermediary Fees?

When distribution or intermediary companies move their client mutual fund accounts to NSCC Level 3 or Omnibus accounts, they take over the servicing of those accounts. Mutual fund companies then make 'Intermediary Fee' payments as compensation for the servicing of these accounts.

Intermediary fee plans and arrangements have evolved without any consistency in the market. As a result there is little standardization across the industry.

Distribution relationships are changing. Increasingly, Distributors, or Intermediaries, are managing client relationships and are clearing with mutual fund companies through NSCC Level 3 ("L3") or Omnibus accounts.

This survey considers these payments and the amounts paid through different channels and classes.



(This is one of several presentation approaches from the Survey Report)



## How is the Survey Structured?

The 2012 Intermediary Fee Survey for US mutual funds is designed to analyze the various payment structures that mutual fund companies use to compensate firms that distribute product or that record-keep the investor accounts on behalf of the funds.

### PART 1: INTERMEDIARY FEES

The **Distribution Categories** in this survey include the following:

- **Supermarket** (retail direct as well as fee only RIA's that clear through supermarkets)
- **Intermediary** (commission and fee-based brokers in Omnibus and Level 3 relationships)
- **DC Plans** (includes record-keepers and TPA's)

The **Payment Structure** of programs includes:

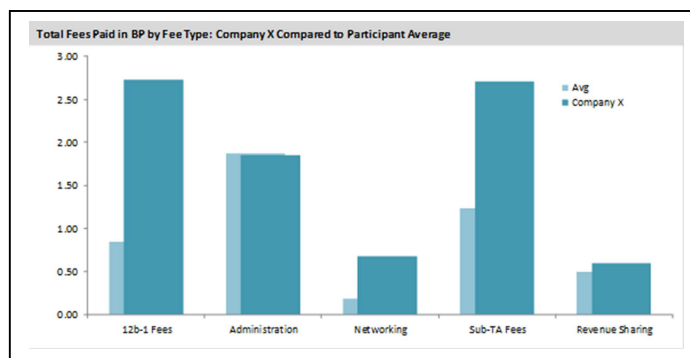
- **Basis Points**
- **Payment per Account**
- **Combination of BP and Cost per Account**

The main part of the survey then **compares intermediary fees** on the following:

- **Average fees paid**
- **Highest payment programs**
- **No-12b-1 fund programs**

The **type of fees paid** are broken down in the following classifications:

- **12b-1 payments** (fund paid)
- **Administration fees** (fund or advisory paid)
- **Networking** (fund or advisor paid)
- **Sub-TA Fees** (fund paid)
- **Revenue Sharing** (advisory paid)





## PART 2: CLASS USAGE

Using the same categories, the survey collects data on the types of classes and basis points paid in different distribution categories, as well as AUM and net flow data for those share classes.

## PART 3: OTHER GENERAL QUESTIONS

This part of the survey covers a range of topics that interest the participants on developments within the industry.

## SURVEY REPORT

Each participant receives a tailored copy of the report, with their firm initials next to each of their data-points.

The survey report is divided into 3 components:

- **Board Report:** Board presentations need to incorporate high level results in a concise format, and is designed to fit within the typical 20 minute board presentation format.
- **Management Summary - Key Findings:** This section can be viewed as an Executive Summary of the survey results. The Management Summary explains the survey methodology and provides results in greater detail than the Board Report.
- **Survey Results - Analytical View:** This section is designed to accompany the Management Summary, and will be valuable for personnel seeking significant detailed survey data.

Total Fees Paid in BP by Fee Type: Company X Compared to Participant Averages					
	Company X	Avg	Rank	All Firms	Variance
12b-1 Fees	2.73	0.83	18/18		
Administration	1.85	1.87	15/19		
Networking	0.67	0.18	16/17		
Sub-TA Fees	2.72	1.23	17/19		
Revenue Sharing	0.59	0.49	12/18		

(This is one of several presentation approaches from the Survey Report)



## BARRINGTON'S WORK ON INTERMEDIARY FEES

Barrington Partners has worked on numerous intermediary fees projects.

- Barrington has previously produced the Intermediary Fee Survey in 2006, 2008 and 2010.
- Auditing intermediary fee payments and the calculation of the reimbursement of fees to the transfer agency.
- 'Best Practices' Class rationalization projects considering the types of classes and fee utilized within different distribution programs.
- Research on the structure of contracts between fund companies and intermediaries

### *Schedule for IF Cost Survey 2012*

<i>December 15</i>	<i>Kick-off Conference Call</i>
<i>January 25<sup>th</sup></i>	<i>Final Questionnaire will be provided to all participants</i>
<i>February 8<sup>th</sup></i>	<i>Conference Call to Clarify Questions</i>
<i>March 14<sup>th</sup></i>	<i>Conference Call to Clarify Questions</i>
<i>April 6<sup>th</sup></i>	<i>Due date for completed questionnaires</i>
<i>May 4<sup>th</sup></i>	<i>Key Tables Released to Participants (final check on data-points)</i>
<i>May 18<sup>th</sup></i>	<i>Participants return Key Metrics Validation to Barrington</i>
<i>June 29<sup>th</sup></i>	<i>Report Release (depends on prompt submission of questionnaires)</i>
<i>September</i>	<i>Post-Release Conference Call</i>

## PRICING INFORMATION:

The cost to participate in this survey is \$7,500. Only participants will receive a copy of the survey results. Participants will receive a tailored results document in PowerPoint, where each data point is labeled with your companies initials. All other data points are numbered in the order that they fall in order to protect confidentiality.



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## FOR MORE INFORMATION:

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## BARRINGTON PARTNERS RESEARCH

- Intermediary Fee Survey
  - Transfer Agency Cost Survey
  - Fund Accounting Cost Survey
  - Middle Office Outsourcing Service Provider Review
  - The PA Report
  - Dublin and Luxembourg Based Cost Survey
  - 2011 Foreign Exchange Report
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## BARRINGTON PARTNERS CONSULTING

- Product formulation and distribution
  - Systems gap and functionality analysis
  - Product, service and operations
  - System and service provider selection
  - Front, middle and back office assessment
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## BARRINGTON PARTNERS STRATEGIC

- Buy/sell-side search and evaluation
  - Fairness valuations
  - Due diligence
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