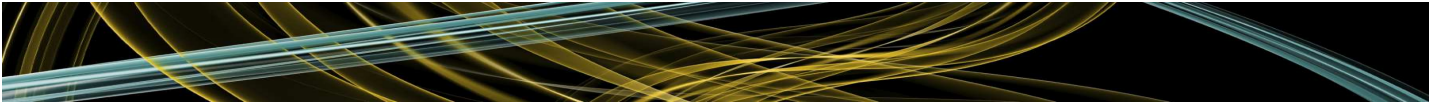


Examining Intermediary Fee Payments 2011



Barrington Partners
RESEARCH

WE KNOW THE DETAILS

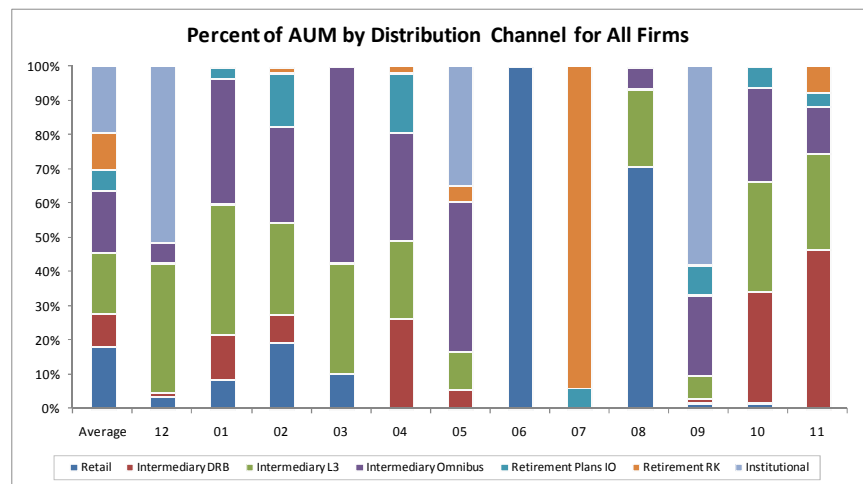


Examining Intermediary Fee Payments 2011

A white paper looking at this complex issue, drawing on insights from our recent Intermediary Fee Survey 2010

Why Are Intermediary Fees Important?:

Seven decades after the Investment Company Act of 1940, the mutual fund industry continues to mature and evolve. In the last several decades the distribution channels have fractionalized and fund companies have learned to compete in multiple channels.



This chart from the Barrington 2010 Transfer Agency Survey illustrates how most fund companies compete in multiple channels.

One of the developments has been Intermediary fees. Simply put, an Intermediary fee is a payment made by a Mutual Fund Sponsor to a company that is involved in the distribution of mutual funds to investors. In this paper we call the firms involved in this distribution effort Intermediaries.



Intermediaries bring value in two main ways: they provide service to mutual fund shareholders and they provide distribution.

What does this research paper cover?

This research paper examines the details of intermediary fees, who pays them, how much is paid and an effort at understanding the many variations. Fee payments can be paid through 12b-1 fees, administration fees, networking/position fees, sub-transfer agency fees, revenue sharing, and one-time sales fees. Moreover, fee programs are variously calculated on a basis-point basis, a dollar basis, or a combination of the two. Furthermore, payments are variously made by the fund company or by the advisor or by some combination.

Intermediary fee plans and arrangements have evolved piecemeal, and as a result there is little standardization across the industry. Additionally, most every fund company receives paper invoices from Intermediaries and at best, their records are kept on spreadsheets.

Barrington Partners first started producing surveys on Intermediary Fees in 2006. Through experience, we found that the complexity surrounding these fees made creating surveys challenging. Yet, the process has provided us with an education for which we are very appreciative. While we have found Intermediary Fees to be frustratingly complex, we have found that understanding these fees is also difficult for many others. Hence the need for this report.

Barrington Partners has crafted this report to present an overview of the entire phenomenon of intermediary fees, their variety and complexity, and how they are affected by the product and distribution strategies of mutual fund companies.



We offer standard definitions, look closely at specifics about distribution channels, examine the various rates of payments and their split between fund and advisor, and review data on a range of important issues that can improve the reader's understanding of intermediary fees.

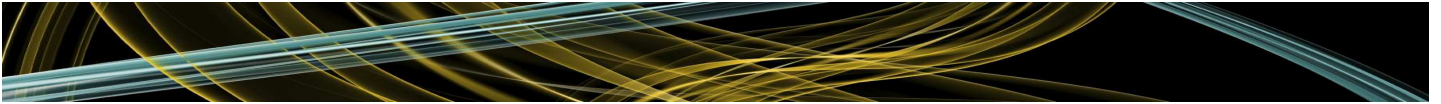
PRICING INFORMATION:

The cost of this research is \$3,000 for a single copy, and \$150 each for additional copies to the same firm.

FOR MORE INFORMATION:

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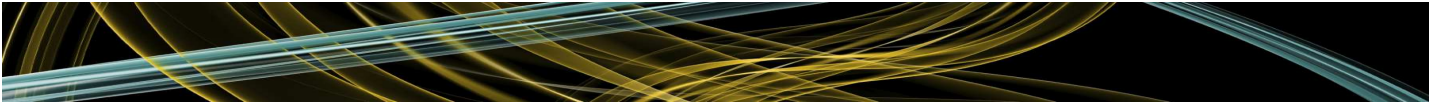
- Intermediary Fee Survey 2010
- Fund Accounting Cost Survey 2009
- Middle Office Outsourcing Service Provider Review 2009
- The PA Report 2009
- 'Next Generation' Transfer Agency Systems Review 2008
- US Fund Accounting Systems Review 2007
- Rule 22c-2 Solutions Review 2007
- Advanced Statementing Report 2005
- Compliance Best Practices Review 2005
- Institutional Accounting Cost Survey
- US and Canadian Transfer Agency Cost Surveys

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