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SURVEY REVEALS THIRD PARTY MARKETER FEE STRUCTURES

A survey of third party marketer organisations within the asset management industry by Kinetic Partners and the Third Party Marketers Association (3PM) has confirmed that the majority of third party marketers charge between 11 and 20% for management and performance fees.

A typical fee structure is complicated and involves a combination of fees. Almost two thirds of respondents charge both a percentage of management and performance fees.

Contract terms are typically long-term – more than one fifth of those surveyed had contract terms with clients of longer than five years, with a further quarter having terms of between three and five years. In addition, the survey results show that the third party marketing industry is client focused with 80% of providers having less than six clients.

Stephen Rabel, a Member of Kinetic Partners, says, “The survey results highlight that third party marketers continue to obtain most of their business from a small pool of clients and tend to have long term contracts of between one and two years so that they can focus on their client’s needs and their specific objectives. Third party marketers will continue to be flexible in terms of fee structures and contractual arrangements due to the recent adverse economic climate, the response to the climate by governmental bodies, and consolidation.”

Donna DiMaria, President of Tessera Capital Partners and President of 3PM commented: “While the future for the asset management industry remains uncertain, there are methods that third party marketers can adopt to ensure that the services we deliver to clients provide maximum value. The Third Party Marketers Association will unveil a new code of member ethics at its conference this month in Chicago, which is intended to reinforce the role of the third party marketer and support the industry’s goal of achieving the highest standards in areas such as regulation, business conduct, expertise and compliance.”

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Kinetic Partners is a global professional services firm providing audit and assurance, tax, regulatory risk and compliance, corporate recovery, forensic and corporate finance services to the asset management industry. Launched in 2005 as a viable alternative to the ‘Big Four’, Kinetic has grown rapidly, and now has approximately 100 professional staff in London, Dublin, Cayman, New York and Geneva. Kinetic Partners services over 800 clients, and has attained its reputation as the leading provider of consultancy services to hedge funds.

www.kinetic-partners.com

The Third Party Marketers Association

The Third Party Marketers Association (3PM) was formed to maintain a standard of excellence in the industry and share information and ideas among principals of independent sales and marketing firms. 3PM also serves to guide investment managers in understanding the role of third party marketers as partners in raising assets under management and in identifying companies to work with.

www.3pm.org