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INVESTOR SERVICES

“European regulatory initiative has evolved into ‘global passport’ for U.S. fund managers”: Report

Survey reveals how ‘UCITS’ has translated into global business opportunities for fund managers with innovative products and strong performance

London, September 8, 2008 – A report released today indicates that the European regulatory initiative known as ‘UCITS’ has evolved into a global passport, enabling American fund managers to achieve rapid, worldwide growth in a cost-effective manner.

The report, titled, “Global Fund Distribution – Bridging New Frontiers”, shows that fund managers who have taken advantage of UCITS have benefited from rapid product development, larger client bases and operating leverage. The survey of 110 fund companies from 23 countries (representing \$2.3 trillion in assets), was conducted by London-based CREATE-Research and sponsored by RBC Dexia Investor Services.

Fund managers can expect continued growth, the report found. Asset-weighted growth of UCITS registered funds is expected to increase at a compound annual rate of 20% in Europe, 25% in Asia and Latin America, and 12% in Africa.

“UCITS promoters have moved beyond their original goal of distributing and selling robust, well-regulated investment funds to retail investors across the European Union and are now widely distributing in regions such as Asia, Latin America and Africa,” said José Placido, Chief Executive Officer, RBC Dexia. Our research also indicates they hold broad and growing appeal to institutional investors.”

“Despite the tremendous success of the UCITS framework to date, the findings of this survey indicate there are substantial future opportunities for fund managers with a solid product offering and a track record of performance,” said Tony Johnson, Global Head of Sales and Relationship Management at RBC Dexia. “This global passport provides significant opportunities for U.S. fund managers to scale up, create strategic alliances and build their businesses globally at low cost.”

UCITS is a series of European Union financial regulatory initiatives dating to the mid-1980s, created to allow fund managers to operate across borders within the European Union under the same set of rules and regulations. According to the survey, the innovation and product development enabled through UCITS registration has helped fund managers attract, retain, motivate and deploy talent. Most of the innovation has been targeted at customising existing products. 82% of fund managers name ‘rapid product development’ as a key advantage to UCITS registration. As a result, retail investors in Europe have almost four times as much choice of funds as those in the US.

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The result is a net benefit for both fund managers and investors. According to fund managers, the three main benefits for clients have been:

- Greater access to a range of trusted brands (64%).
- Greater transparency in investment strategies (62%).
- More customised solutions for clients (60%).

Despite the obvious benefits of registration, the report found many fund managers outside the EU have not yet registered under the UCITS regime. The most common reasons fund manager cite for not registering include:

- Lack of familiarity with UCITS.
- Deliberate focus on their domestic markets, which are perceived as more profitable.
- Difficulty in finding alliance partners.
- Perception of onerous regulation both inside and outside Europe.
- Difficulty making contacts in diverse linguistic and cultural settings.

The report also pointed to the emergence of third-party administrators as helping to enable specialist and mid-market American fund managers to compete effectively with the larger players for the global investment dollar. “The report highlights the need for fund managers to focus on their core competencies in manufacturing, while outsourcing non-core activities to third-party administrators and distributors, enabling the growth of the business and client service, while removing systemic inefficiencies in the industry,” said Amin Rajan, CEO of CREATE-Research and author of the report.

To download a copy of the ‘Global Fund Distribution – Bridging New Frontiers’ go to: www.rbcdexia-is.com/newsurvey

About RBC Dexia Investor Services

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 5,200 professionals in 16 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management processes. Equally-owned by RBC and Dexia, the company ranks among the world’s top 10 global custodians with USD 2.8 trillion in client assets under administration. rbcdexia.com

About CREATE-Research

CREATE-Research is an independent research centre, specialising in future trends in global investment management. Its research reports are widely used by decision makers on the as well as the sell-side. www.create-research.co.uk

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