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Contact: Kathleen Whalen
617.723.6400
KWhalen@DALBAR.com

DALBAR releases reports on Investor Statements

Client Statements Still Fall Short Across All Industries In Answering the Question "What am I Paying?"

(Boston, MA. February 5, 2013) DALBAR, Inc. announced the release of its 15th annual *Trends and Best Practices in Investor Statements* reports for Brokerage, Mutual Funds, Annuities and Retirement Plans. These reports evaluate the statement's ability to address the needs of both the investor and the financial professional.

The public fears of financial services that were ignited by the enormous losses of 2008 continue to grow. In turn, these fears have eroded the trust in financial markets far more than volatility or weak performance. The financial services industry has the weapon to fight this crisis in confidence: the client statement. By far the most visible communication to clients, the statement could be the Trojan Horse to enter every home with a reassuring message of accountability.

The following firms have taken a leadership role in attempting to regain client trust by providing a clear answer to the question of how much clients are paying for their mutual fund investments:

- **BlackRock** takes the mystery out of operating expenses by providing a paragraph that explains the funds' operating expenses. This paragraph is prominent as it is large and in the first page margin of the statement. They also put a dollar value on the estimated operating expenses paid. Saying "you paid \$335.83" in fees means far more to an investor than saying "you paid 120 basis points."
- **Merrill Lynch** provides the most information about mutual fund fees in the brokerage industry. The statement not only outlines the expenses associated with the funds in the account but further clarifies the effects of the fees with a hypothetical example of how the return on assets is impacted by said fees.
- **Principal** is the only firm within the Retirement Plan statements evaluated that addresses investment related expenses as a dollar amount. The fees are indicated for each fund and include a note identifying what the fee was for in terms that are easily understood.

"Rebuilding trust with regards to fees is remarkably simple and very low risk," said Kathleen Whalen, Managing Director at DALBAR. She added, "Stating what total fees

were or what the fees are likely to be, highlighted on the medium of the client statement, produces the desired effect of openness.”

DALBAR takes a systematic approach to evaluating statements using a method that has been developed and refined over the past two decades. Statements earned credit for including features that strongly impact an investor's ability to act prudently and make financial decisions. Features include the ability to understand the significance of the information, answer pertinent questions and utilize design elements that enhanced their overall effectiveness.

The table below includes the firms that rated “excellent” in each industry sector:

Firms Awarded DALBAR’s ‘Excellent’ statement designation in 2012

BROKERAGE	MUTUAL FUND	DEFINED CONTRIBUTION	DEFINED BENEFIT
Baird	BlackRock	American Funds	MassMutual
Edward Jones	Lord Abbett	Mass Mutual	Prudential Financial
Merrill Lynch	Transamerica	Merrill Lynch	
Morgan Stanley		Principal Financial Group	
National Financial		Prudential Financial	
Pershing		Securian	
Raymond James		T. Rowe Price	
UBS Financial Services			
Wells Fargo			

For more information on the 15th Annual Trends & Best Practices in Investor Statements reports or on DALBAR’s Statement Evaluation services, please visit the web site at www.dalbar.com or contact Brooke Halloran at 617-624-7273 or bhalloran@dalbar.com.

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auditing and rating business practices, customer performance, product quality and service. Launched in 1976, DALBAR has earned the recognition for consistent and unbiased evaluations of investment companies, registered investment advisers, insurance companies, broker/dealers, retirement plan providers and financial professionals. DALBAR awards are recognized as marks of excellence in the financial community.

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