



INTRODUCTION

OFFERING CLIENTS A GUIDED TOUR

When defining a strategy for third-party fund distribution it is important to look at the needs of clients first

Offering best advice and investment solutions with a range of excellent products from separate suppliers is state-of-the-art these days. Only a few years ago banks tended to sell products from in-house providers exclusively. Customers looking for independent advice or holistic financial planning went to independent advisers without product or company related restrictions.

However, many banks realised that they had to offer a broader choice of superior products from different suppliers in order to deliver an adequate holistic sales approach. Products – mutual funds in this context – have to be competitive, if they want to succeed with the customer. Therefore, client's needs are key when it comes to defining a strategy for third-party funds offering.

Many aspects were taken into consideration when Deutsche Bank selected its "strategic partners". Aiming for long-term relationships, it used minimum requirements for the selection of potential partners. In order to fulfil market demands it looks for asset managers with an outstanding range of investment products concerning performance and quality towards an excellent management expertise. In addition, a good reputation and strong brand are relevant factors.

Furthermore, it is necessary to receive a strong commitment from each partner being able and willing to strongly support Deutsche's approach on a long-term basis. All relationship aspects, such as sales support and marketing activities, are an integral part of its strategy. Last but not least, size with global presence matters as well.

» STRATEGIC GOALS

Besides these selection criteria, Deutsche Bank aims to provide the best results using the following key goals:

Satisfaction of customer requirements

When choosing a bank or another financial intermediary as their adviser, investors look at trustworthiness, quality of information material, service reliability, qualified

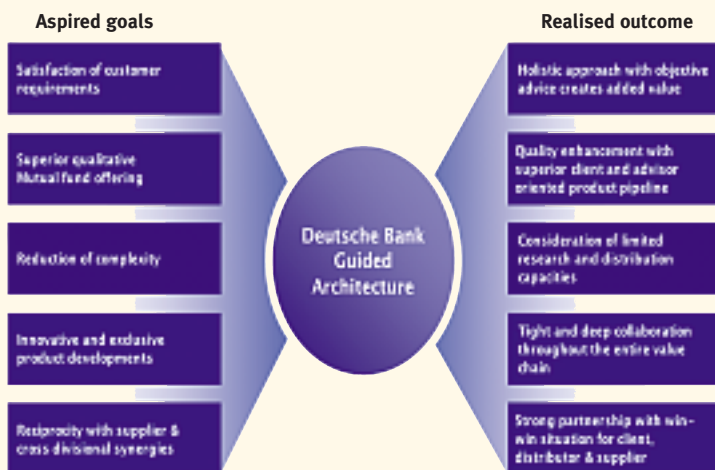


'A fully open architecture will not necessarily provide superior performance compared with guided architecture, therefore the latter is the best way to give clients guidance through the investment maze'

Dominic Blum, Deutsche Bank

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Results of TPF distribution via Deutsche Bank's guided architecture



Source: Deutsche Bank

advice and broad offerings from different fund providers. Studies show that two-thirds of all investors require a holistic approach with independent and objective advice.

There is no major difference in the overall needs of an affluent or retail client concerning objective advice, both want it – and both should get it. Delivering holistic advice through financial planning including TPFs allows possible individual solutions and represents Deutsche's way towards the customer. Through a transparent process, the client gets a higher sense of objectivity and quality.

For a long-term relationship, a **superior qualitative mutual fund offering** is most important. Of course, quality, mainly represented by performance, is key to satisfying customers and it has to be ensured by ongoing performance tracking plus detailed research analysis on the companies and their products.

However, while product performance is the obligation of the asset manager, client performance is the task of the distributor and both should have a record of sustainability. Focusing on only one in-house supplier automatically restricts a bank and limits its capacities to deliver competitive products. As a result, the question is not "if" to open up, but only "how" to open up.

For banks and clients, **reduction of complexity** is needed for a successful investment process. We believe that neither a closed-shop, nor a fully open architecture is an efficient set-up. The latter approach leads to a non-steerable process due to limited distribution capacity

plus limited research abilities. Based on this, a fully open architecture will not necessarily provide superior performance compared with guided architecture. Therefore, a more guided versus fully architecture is the best way to give clients "guidance through the investment maze".

Once the best asset managers in the world are chosen, you should have sufficient outstanding products in your basket in order to deliver a best-of-breed proposition.

Only with a guided architecture strategy, **innovative and exclusive product developments** can be achieved. In order to get there, we invite our partners on a regular basis to meetings where future sales campaigns, themes and trends are discussed and the partners are asked to actively come up with ideas and innovative product offerings. This type of cooperation could not be realised in a fully-open environment.

Reciprocity with supplier and cross divisional synergies is an important aspect as well. Synergies can be established and maintained on both sides. A win-win-situation between distribution and supply side is needed to create lasting business and a successful partnership on an ongoing basis.

» GOING A NEW WAY

Closed shops have a simple sales handling, but clearly a lack of objectivity, no holistic sales approach and customer demands are left unsatisfied. A fully open architecture allows cherry picking, unlimited offering and gives access to the best of breed. But who is able to handle this efficiently and effectively?

Against this idea stands the quantitative over-supply, an information overload, an extensive training required for relationship managers and a lack of steering due to limited distribution and research capacities. Guided architecture offers the best of two worlds for a distributor and for a customer. Fund providers find transparent access and good communication, distributors can develop an intense and deep relationship and get strong sales support. This is in-line with the capacities and the demand of the client.

With this approach we are going a new way. Coming from a history of building a product and then trying to find investors (push), now we are listening to the client, find out their needs and find appropriate solutions for them (pull).

*Dominic Blum, Head of Product Management
Investments Deutsche Bank, Private & Business Clients*

» CORPORATE STATEMENT

With roughly €840bn in assets and approximately 65,400 employees, Deutsche Bank offers unparalleled financial services in 74 countries throughout the world. Deutsche Bank competes to be the leading global provider of financial solutions for demanding clients creating exceptional value for its shareholders and people. Deutsche Bank ranks among the global leaders in corporate banking and securities, transaction banking, asset management, and private wealth management, and has a significant private & business banking franchise in Germany and other selected countries in Continental Europe.

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