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Ameriprise to Sell Funds Outside of Its Adviser Network.

Nicole Garrison-Sprenger November 16, 2006

Ameriprise Financial soon will begin selling its RiverSource mutual funds outside of its own broker network.

Officials at the Minneapolis financial advisory firm spoke about the move at a three-hour presentation to the financial community on Wednesday afternoon. The names of the banks and broker-dealer firms which have agreed to sell the funds have not yet been disclosed.

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There are more than 70 mutual funds in the RiverSource family, which had assets of \$57.6 billion as of the third quarter.

Throughout its history, Ameriprise has sold its mutual funds through its own network of advisers. Earlier this year the company expanded distribution of the funds to an affiliated broker/dealer, Securities America.

"There is a limit to

what we can (get) out of our adviser network," said Ted Truscott, chief investment officer at Ameriprise. "That third-party distribution ... becomes a very necessary thing."

While RiverSource funds have had to compete with the more than 200 other fund families available to Ameriprise clients, selling the funds outside the Ameriprise network won't be easy, one local investment expert said.

"If they are going to move outside of the proprietary market and into the entire mutual fund universe they'll be up against some of the best mutual fund managers in the world," said Ryan Shannon, an investment adviser with Webb Financial Group in Bloomington.

RiverSource funds have struggled with performance in the past. At the end of 2001, only about 30 percent of the RiverSource equity funds were above the median of their respective peer groups, according to Lipper, which tracks mutual fund performance. But performance has improved significantly after some funds were merged and others were put under new management. As of Sept. 30, 73 percent of the RiverSource

equity funds were above the median of their respective peer groups for the trailing 12 months.

And in the third quarter, mutual fund net outflows at the company narrowed to \$800 million from \$2.7 billion in the prior-year period.

"People are calling us to manage money for them," Truscott said during the presentation. "If you knew us five years ago, you'd understand why that's cause to do cartwheels down the hallway."

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And expanding distribution of the funds might actually help fund performance by attracting the best managers in the business, Shannon said. "The guys I've talked to don't want to be limited to selling out of one brokerage platform."

Separately, Ameriprise officials said they have more than \$1 billion in capital they intend to use to repurchase stock and make acquisitions.