

Understanding the New Realities of Unified Managed Accounts

The Money Management Institute

Dover Financial Research

June 20, 2005

Background

- The term UMA is used indiscriminately within the financial services industry to describe various types of delivery platforms, account structures and value-added services
- But most agree that UMAs represents a concept of platform integration that:
 - Provides the ability to aggregate and manage in a comprehensive fashion different investment solutions
- UMAs represent an important industry milestone
 - The MMI has worked to crystallize the UMA vision and measure progress

Value to the Financial Advisor

- Streamlined systems and processes for managing an investor's portfolio
- Simplified administration reflected in single proposal, account set-up, and reporting systems
- Aggregated delivery of multiple investment products
- Systematized rebalancing capabilities
- Comprehensive delivery to the investor

Platform Integration has Evolved From UMA to UMH

- *Unified Managed Account*

- Single account/single registration
- Houses multiple products
- Coordinated investment management across products

- *Unified Managed Household*

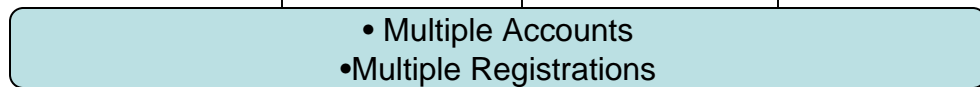
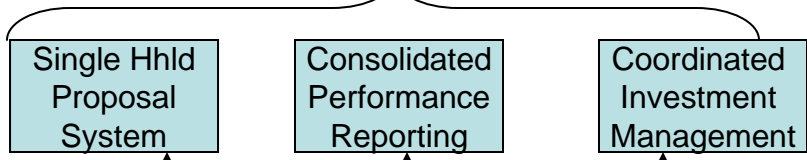
- Aggregation of multiple accounts and multiple registrations
- Houses multiple products
- Coordinated investment management within and across accounts

From UMA to UMH

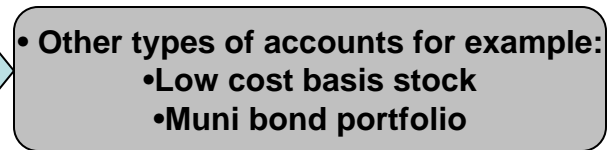
UMH = aggregation of multiple accounts and value added services

Value Added Services

Household Account



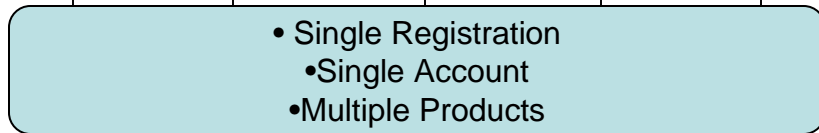
UMA



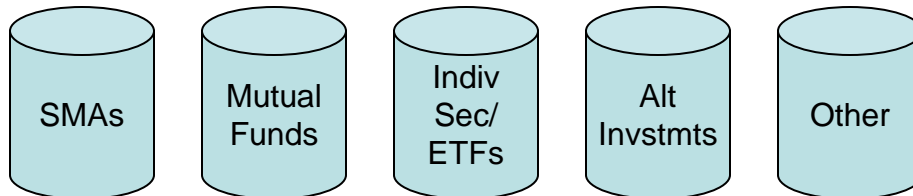
Value Added Services



Account Structure



Product Investment Sleeves



Source: The Money Management Institute and Dover Financial Research

Account Level Definition

Unified Managed Account

- A UMA is a single account which leverages a delivery platform that:
 - Supports the aggregated delivery of multiple products
 - Provides the ability to manage an investor's portfolio in a comprehensive fashion
- A unified account structure typically includes the following value-added services
 - Rebalancing and portfolio customization
 - Tax loss management
 - Product neutral fee
 - Ability to house multiple products
 - Single proposal and performance reporting capabilities

Household Level Definition

Unified Managed Household

- A UMH is a placeholder which aggregates multiple accounts and leverages a delivery platform that:
 - Supports the delivery of multiple products
 - Provides the ability to manage the investors portfolio in a comprehensive fashion within a multiaccount and multiproduct environment
- A unified managed household typically includes the following value-added services
 - Coordinated investment management
 - Product neutral fee
 - Ability to house multiple products
 - Single household proposal and performance reporting capabilities
- The UMH currently represents the highest level of managed account integration