

# THE MONEY MANAGEMENT INSTITUTE

**For Immediate Release**

**For: The Money Management Institute**

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**THE MONEY MANAGEMENT INSTITUTE ISSUES  
2<sup>ND</sup> QUARTER ASSETS UNDER MANAGEMENT DATA  
--Assets Increase 19.4 Percent Compared With Previous Year--**

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**Washington, D.C., August 10, 2004--**Assets in Separately Managed Accounts increased by 19.4 percent from the same period in 2003 and 6.3 percent in the first six months of 2004, according to a report just released by The Money Management Institute (MMI). Total assets in SMAs reached \$528.7 billion, up from \$497.3 billion at year's end and \$442.9 billion at the end of the second quarter in 2003.

MMI's quarterly assets under management (AUM) figure is based on program totals reported by the top sponsor firms including the industry's five market leading firms. In addition to these results, MMI uses a selection of other firms that represent a proxy for the remainder of the managed account industry. Financial Research Corporation compiles and analyzes the data for MMI.

"Asset growth through investment experience, new accounts, and new channels like private banks adopting SMAs continues to fuel the industry," explained Judy Rice, President of Prudential Investments whose Managed Accounts Consulting Group provides SMA platform services to a number of the industry's leading sponsor firms. "For a number of demographic reasons, such as the earnings power and retirement preparation of baby boomers, we are seeing growing numbers of high net worth investors. As this investor segment grows, so do the number of people looking for professional advice."

### **Net Sales Growth**

MMI's forecast for 2004 is for SMA net sales to total \$59 billion, a 90% increase over the \$31 billion level experienced in 2003. In 2005, MMI foresees SMA net sales hitting the \$80 billion mark.

Based on data collected by through MMI, FRC reports that it expects the IRA rollover market to be a prime driver of SMA growth. About 25% of the \$31 billion in net flows to SMAs in 2003 came from IRA rollovers. Because of the expected high growth in the IRA rollover market and the favorable features, such as discretionary management, that SMAs offer investors, FRC projects that the percentage of SMA net flows associated with IRA rollovers will approach 40% by 2008, topping \$50 billion annually.

"The disciplined approach of discretionary management, through separately managed accounts, continues to attract new investors and encourage others to add assets to their managed accounts," explained Mike Havey, vice president at A.G. Edwards & Sons, Inc. "This approach, combined with all the other managed account benefits such as customization and transparency, continues to drive the industry."

**Notes:** **The Money Management Institute (MMI)** is the national organization for the separately managed account industry, representing portfolio manager firms and sponsors of investment consulting programs. MMI was organized in 1997 to serve as a forum for the separately managed account industry's leaders to address common concerns, discuss industry issues and work together to better serve investors. The Institute is the leading advocate for the industry on regulatory and legislative issues. MMI's membership comprises firms that offer comprehensive financial consulting services to individual investors, foundations, retirement plans and trusts; related professional portfolio management firms, and firms that provide long term services to both sponsor and manager firms such as computer/technology firms. [www.moneyinstitute.com](http://www.moneyinstitute.com)