THE MONEY MANAGEMENT INSTITUTE

FOR IMMEDIATE RELEASE
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ASSETS IN MANAGED ACCOUNTS TOP HALF TRILLION DOLLAR MARK FOR FIRST TIME, ENDING 2003 AT $506.63 BILLION: QUARTERLY DATA FROM THE MONEY MANAGEMENT INSTITUTE

Washington, D.C., February 10, 2004 -- Assets held in separately managed accounts industry-wide totaled $506.63 billion at the end of 2003 -- topping the half trillion dollar mark for the first time -- according to quarterly figures released today by The Money Management Institute (MMI).

The year-end total was up approximately 11 percent from the $456.29 billion recorded at the end of 2003's third quarter, and up approximately 29 percent from the $391.86 billion recorded at the end of 2002. "Achievement of this asset total is a genuine milestone for the separately managed account industry. Even more notable is the fact that the SMA industry has continued to expand and attract investors over a multi-year period that included one of the worst overall market environments in memory," said Bruce Aronow, executive vice president, chief operating and financial officer, Rorer Asset Management, LLC. Mr. Aronow chairs MMI's oversight committee on industry data and analysis.

"Our industry's steady progress to this point shows that the SMA is not a short-term phenomenon, but rather is the symbol of a long-term sea change in investor attitudes -- driven by increasing recognition of the critical role and real value of financial advisors and professionally managed investment strategies," he said.

The asset figures are based on a survey of managed account sponsor firms conducted by MMI, whose membership comprises the industry's leading program sponsors as well as their selected professional portfolio management firms.

Separately managed accounts are individual accounts offered by financial consultants utilizing a broad range of advisory services and are usually managed by professional, independent money managers using an asset-based fee structure.

The MMI's quarterly assets under management (AUM) figure is based on program totals reported by the leading distribution firms, including Smith Barney, Merrill Lynch, Morgan Stanley, UBS, Prudential, A.G. Edwards, Bank of New York, Wells Fargo, SEI, Lincoln Financial, Brinker Capital and others, which collectively hold approximately 80 percent of the overall market – in addition to totals reported to MMI by a selection of smaller firms that represent the remainder of the SMA industry.

MMI's quarterly survey of industry AUM tracks growth in assets specifically in SMA programs under the direction of financial advisors associated with the industry-leading program sponsors as well as those with other firms industry-wide.

In addition to assembling the quarterly AUM data, MMI works with Financial Research Corp. (FRC), the nation's leading full service research and consulting firm serving the financial services industry, on other data initiatives including quarterly analysis and reporting of market-wide asset growth and distribution trends.

Consistent Asset Allocations

Show Advisory Guidance

For the quarter ended Sept. 30, 2003, the distribution of managed account assets across investment disciplines was generally consistent with the previous quarter, according to the latest FRC analysis. At the end of the third quarter, domestic equity represented 56 percent of assets, with international/global equity taking 19 percent, fixed income 17 percent, and balanced 8 percent.

"This relative consistency in asset allocations clearly shows the SMA approach at work," said Jack Sharry, president, Private Client Group, Phoenix Investment Partners. "In contrast to the abrupt asset shifts that characterize accounts that are merely 'chasing' performance, separately managed accounts by design will maintain more stable asset allocations that make sense for the long-term. This reflects the guiding hand of the advisors who work with investors to define and maintain the allocations that are most appropriate given the investor's underlying, most critical objectives."

Account Sizes Continue to Grow

Industrywide, the size of the average SMA continued to climb. At the end of 2003's third quarter, the average account size, including all disciplines, was $238,220, up 1.1 percent from $235,672 at the end of June 2003, and up 13.4 percent from $209,990 at the end of September 2002.

Wirehouses continue to dominate the managed account market, holding more than 80 percent of industry assets at the end of 2003's third quarter. The bank channel, although still holding less than 6 percent market share, showed nearly 20 percent growth from quarter to quarter. "Banks could prove to be one of the fastest growing channels in the SMA industry over the next few years," said Michael Evans, FRC vice president. "However, wirehouses, which are more established in the industry and ahead of the curve on sales training and product development, should maintain a dominant position for the foreseeable future."

New Entrants Illustrate Market's Opportunity

New entrants continue to take market share from established players, particularly among the asset managers. As in previous quarters, market share of assets and accounts reflects a slow but steady transition from the largest asset managers to mid-tier groups.

"This ongoing entry of new players offers additional evidence of just how fundamental and significant a transition the SMA represents for the financial services industry," said Mark Pennington, partner and director of private advisory services, Lord Abbett & Co. "Firms see the SMA approach as a long-term opportunity to heighten their delivery of highly personalized advisory services that generate tangible client value -- the best foundation for client relationships that endure over time."

Tier I managers – those with more than $5 billion in assets -- accounted for 66 percent of both accounts and assets at the end of September 2003, a nine-month decrease of 2.3 percent and 1.0 percent, respectively.

However, Tier II firms – those with $1 billion to $5 billion in assets -- climbed in market share to more than 30 percent of both accounts and assets, a year-to-date increase of 3.2 percent and 1.6 percent, respectively.

Firms Re-Examining Distribution Relationships

Companies of all sizes clearly rely on a handful of distribution relationships for the bulk of their business. Tier I firms have on average 27 program relationships, but nearly 76 percent of AUM for the average Tier I firm (nearly $2 billion) resides with its top three relationships. Separate account assets at Tier II as well as Tier III firms – those with less than $1 billion in assets -- are even more concentrated within their top platform relationships, at 78.9 percent and 79.8 percent, respectively.

The costs associated with managing new relationships, both sales and operations, in many ways make it prohibitive for firms to continue to add new platform relationships unless there is substantial opportunity for incremental assets. As a result, recent FRC research indicates, firms across the industry are evaluating and becoming more selective about their individual platform relationships, with many firms reducing the number of distribution partners.

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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