

THE MONEY MANAGEMENT INSTITUTE

For Immediate Release

For: The Money Management Institute

Contact: Chris Cosentino

Communications Director

(212) 309-6489

**THE MONEY MANAGEMENT INSTITUTE ISSUES
1ST QUARTER ASSETS UNDER MANAGEMENT
--Assets Increase 39.2 Percent Compared With Previous Year--**

Washington, D.C., May 11, 2004--Assets in Separately Managed Accounts increased by 39.2 percent from the same period in 2003 and 5.8 percent in the first three months of 2004, according to a report just released by The Money Management Institute (MMI). Total assets in SMAs reached \$536 billion, up from \$507 billion at year's end and \$385 billion at the end of the first quarter in 2003.

MMI's quarterly assets under management (AUM) figure is based on program totals reported by more than 20 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 Corporations compiles and analyzes the data for MMI.

“We see continued progress in all areas of the industry,” explained Paul Hatch, Director of Managed Accounts Smith Barney. “As volatility, in both the markets and world events, continue, more and more people look to professional money managers to guide their financial futures.”

Channel Growth

In addition to the strong growth trends, the MMI report also found that growth among smaller and regional firms is outpacing that of the market as a whole. The top five sponsors grew assets by 5 percent in the past quarter while on-average, banks, regional firms and others grew assets by more than 8 percent.

According to MMI data, another factor differentiating various channels is average account size.

Channel	Average Account size
Wall Street Firms	\$247,150
Third-Party ¹	\$340,616
Bank	\$346,482
Independent B/D ²	\$262,330

¹ **Third-party firms** do not have a captive sales force and distribute their product through multiple channels but primarily with independent financial advisors and RIAs.

² **Independent B/D's** affiliated with a Firm to provide technology, billing and other support, but the independent B/D pays for his own overhead and because of this he receives a much higher payout percentage .

Asset Allocation

In terms of asset allocation, the industry saw money flowing back into equities last year, partly due to positive performance. Large Value and Large Growth disciplines combined for 35 percent of industry account growth. While both Small- and Mid-Cap outperformed the large cap during the year, advisors appeared to be comfortable with the allocation. This MMI data suggests that advisors consistently manage portfolios against both risk and reward without chasing performance.

Stephen Bodurtha Head of Investment Products & Capabilities at Merrill Lynch added, "Professional management and regular reporting for one asset-based fee appeals to people. These are some of the key reasons we hear from both our investment advisors, as well as customers, for the growing popularity of managed accounts."

Top Sponsors

The top five sponsors by assets under management collectively hold more than 2/3 of the overall market. As reported to MMI the top 8 sponsors by AUM are:

THE TOP EIGHT SPONSOR FIRMS BY ASSETS UNDER MANAGEMENT

<u>Sponsor Firm</u>	<u>AUM in Billions of Dollars</u>
Smith Barney	125.10
Merrill Lynch	120.20
Morgan Stanley	48.50
UBS	41.70
Prudential/Wachovia Securities	30.77
Charles Schwab	13.91
Lockwood/Pershing	11.50
AG Edwards	11.00

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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