What's New on the Back Office Front?

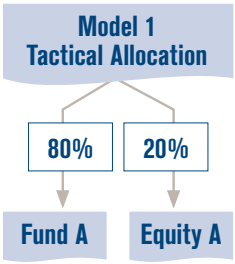
A recent study by Investment Advisor Magazine stated that the advisor firms practicing best practices in the industry spent 61% of their time on client-facing activities, including 32% on client services, 17% on client meetings and acquisition, and 12% on training employees which also directly effects their clients' experiences. In order to reach these percentages, advisory firms need to develop stronger back office efficiencies.

Function	Average Practice	Best Practice
Client Service	16%	32%
Client Meetings / Acquisition	10%	17%
Training Employees	4%	12%
Marketing	6%	8%
Business Strategy	3%	8%
Portfolio Management	12%	7%
Research	12%	5%
Office Administration	10%	4%
Business Administration	15%	2%
Back Office Operations	8%	1%

2008 Investment Advisor Magazine

Introducing Model Tactics

To help advisory firms gain needed efficiencies, Trust Company of America recently unveiled a new, powerful technique for managing investment models called Model Tactics. Model Tactics provide advisors with the power to quickly and efficiently create and manage tactical variations of an investment strategy to better manage client needs or respond to market conditions — freeing some of the past limitations typically experienced with modeled portfolios.



Modeled Portfolio Basics

In general, a modeled portfolio is a group of securities that satisfy a defined objective. Clients are assigned to one or more modeled portfolios to meet their objectives. Modeled portfolios allow clients with like objectives to be managed as a group creating efficiencies of scale, providing consistent execution, and minimizing effort to investing new money or free up cash in accounts.

Yet, a modeled portfolio alone assumes all clients in the group are the same or requires timely edits to make strategy adjustments…

How Model Tactics Work

1. Create a modeled portfolio to represent a group of assets to meet a tactical objective
2. Create different tactics (modeled portfolio definitions) to represent each variation
3. Apply a tactic to all accounts or select accounts in the modeled portfolio

Benefits of Model Tactics

- Provides flexibility to handle small variances based on client needs, allowing you to keep similar people in the same investment strategy
- Easily switch between pre-defined strategies made up of different goal percent, different security mix, or both
- Can apply different tactics to different accounts within the same model
- Accounts can be easily segmented for trading purposes since rebalancing occurs at the tactic level
- The model level performance includes accounts in all tactics within the model

"The efficiency of scale we can gain from using Model Tactics to help process only applicable accounts is significant."

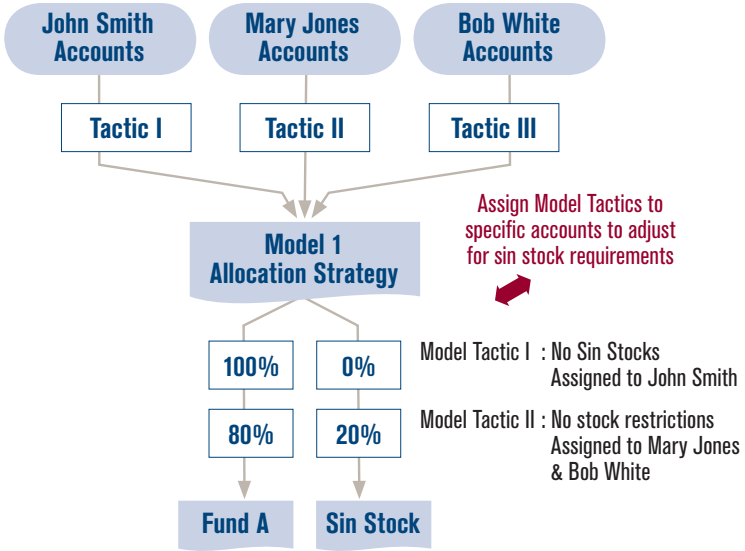
Stephen Ludeman,
PRESIDENT, LUDEMAN CAPITAL MANAGEMENT

Model Tactics in Action

- Each tactic can define a different allocation of securities and a different security to satisfy the same model objective
- New money can be directed towards lower risk securities, awaiting rebalancing into the overall strategy
- Different tactics can be defined for different market or account conditions
- Prepare multiple strategies, and then quickly implement one based on a market event

EXAMPLE 1: ACCOUNT VARIANCE MANAGEMENT

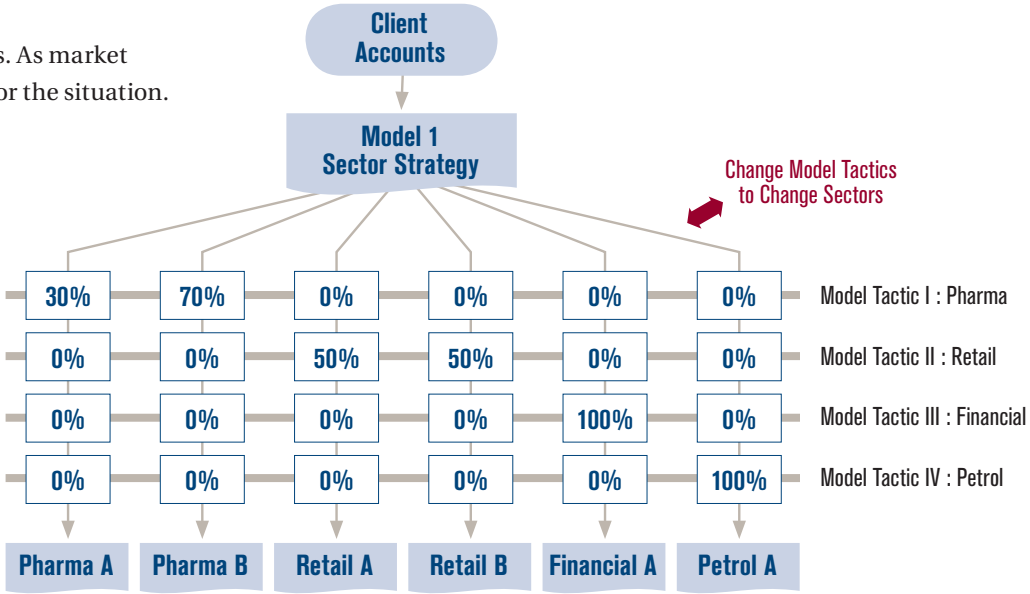
Use Model Tactics to easily manage different requirements in different accounts. Assign the tactic that best fits the client's objective to each account.



> "The possibilities for Model Tactics are extensive. We plan on using them to help us manage client accounts subject to short-term redemption fees."
>
> Jerry Wagner,
> PRESIDENT AND CEO,
> FLEXIBLE PLAN INVESTMENTS

EXAMPLE 2: SECTOR ROTATION

Use model tactics to easily change sectors. As market conditions change, apply the best tactic for the situation.



ASK US HOW YOU COULD BENEFIT FROM MODEL TACTICS TODAY.

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