

High Growth Potential, Low Operational Impact

A well-run Turnkey Asset Management Program
simplifies selling through others

WHITE PAPER



Trust Company of America

ONE ON ONE, JUST LIKE YOU.

**TRUST COMPANY OF AMERICA PROVIDES CUSTODY AND TECHNOLOGY
SERVICES TO FEE-BASED REGISTERED INVESTMENT ADVISORS.**

FEW ACHIEVEMENTS IN THE FINANCIAL SERVICES FIELD are as revered as a successful money management record, yet such an accomplishment can breed challenges.

As a new generation surges into retirement in the coming years and realizes responsible money management is crucial for a pleasurable existence through the final 20 to 30 years of their lives, the demand for solid financial advice will blossom. Yet a growing distaste for commission-driven wirehouse representatives is driving many of these prospects to competent independent advisors for unbiased advice.

Most notably, for the advisor who formulates the successful strategy, strong performance could potentially lead to a lucrative role as an in-demand money manager. Yet, the resulting rapid growth in a practice has the potential to quickly dull the investment edge as non-investment duties sap the advisor's time and energy.

Historically, such pressures have dissuaded many successful money managers from exploring relationships with outside sales representatives who specialize in building up books of business. Furthermore, reservations about client management duties tended to diminish the appeal of such potentially lucrative distribution channels such as broker/dealers, banks, or accounting firms.

Yet one solution, when done well, has the potential to boost a money manager's assets under management without imposing oppressive client management responsibilities. Through a strong Turnkey Asset Management Program (TAMP), a money manager may enjoy considerable growth without the client-related overhead.

TAMPs hold considerable promise

Through the years, many money managers have avoided selling through representatives and other distribution channels due to the double-edged sword of growth: an expanded client account base, while potentially more profitable, tends to push the technological limits of trading systems that operate at the account level.

Separately, an additional back-office responsibility emerges: developing and maintaining compensation plans for those who sell the money manager's investment approach.

By design, a TAMP platform should eradicate every barrier to promoting your investment expertise to representatives who excel in client-side management.

ONE ON ONE, JUST LIKE YOU.

So what features would the ideal solution have?

- Streamlined asset allocation and trading functionalities that render cumbersome account-level execution obsolete
- Easily configurable advisor compensation processes
- Automatic tracking functions and fee calculations for each representative
- Convenient broker/dealer payment support when selling through licensed representatives
- Seamless integration of sophisticated back-office services with money management and client service platforms
- Consistent, comprehensive data delivery for all representatives and end clients
- Complete system scalability that doesn't punish advisors for adding large numbers of accounts

In the end, such a platform should provide virtually open-ended growth opportunities for the money manager, as well as a satisfied network of representatives.

A TAMP for all occasions from Trust

While such a thorough TAMP solution is rare, one leading provider in today's marketplace is Trust Company of America. Through its secure custody services, technologically advanced trading platform, and extensive back-office solutions, Trust serves as a hub between money manager advisors, their representatives and, when applicable, licensed representative's broker/dealers.

After determining the action you want to take and the group of account to include, TCAAdvisor builds recommended trades based on your input and real-time positions. In a matter of seconds, the trades are listed in the trade blotter. Here, you can approve the trades (you can also make adjustments to the recommended trades as needed). After you approve the trades, TCAAdvisor sends the trades for execution and when execution information is received, immediately reconciles the actual selling price and shares back to each client account.

The screenshot shows the 'Manage Trade Blotter Request' window in TCAAdvisor II. It includes a 'Status' dropdown set to 'Recommend', 'From' and 'Through' dates set to '04-21-2009', and 'Instructions to include' checked for 'Buy(s)', 'Sell(s)', and 'Exchange(s)'. The 'Security' field is empty with a 'Lookup Security...' button. Below, it shows 'Trades retrieved: 23' and 'Trades selected: 0'. A 'Filter' field is empty, and it says 'Currently viewing: 23 of 23'. The main table lists trade orders with columns for Trade Order #, Created By, Model, Inst., Symbol, Cash, Shares, Accts, Status, Special Instructions, and Routing Method. At the bottom, there are buttons for 'Approve Selected Trades', 'Kill Selected Trades', 'View Detail', 'Edit Special Instruction', 'Blotter Report...', and 'Close'.

Trade Order #	Created By	Model	Inst.	Symbol	Cash	Shares	Accts	Status	Special Instructions	Routing Method
3108518	Chad Ropte	1 - MO 3	Buy Shares	RYPMX	\$(14,783.22)	343.5560	2	Recommend		Standard
3108519	Chad Ropte	1 - MO 3	Buy Shares	RYMKX	\$(11,826.61)	815.0660	2	Recommend		Standard
3108520	Chad Ropte	1 - MO 3	Buy Shares	RYTPX	\$(17,739.96)	388.6080	2	Recommend		Standard
3108521	Chad Ropte	1 - MO 3	Buy Shares	RYUIX	\$(8,869.97)	420.3780	2	Recommend		Standard
3108522	Chad Ropte	1 - MO 3	Buy Shares	RYPIX	\$(20,696.59)	1,255.8610	2	Recommend		Standard
3108523	Chad Ropte	1 - MO 3	Buy Shares	RYOCX	\$(29,566.56)	3,348.4220	2	Recommend		Standard
3108524	Chad Ropte	1 - MO 3	Buy Shares	RYRIX	\$(2,956.66)	315.5450	2	Recommend		Standard
3108525	Chad Ropte	1 - MO 3	Buy Shares	RYLIX	\$(8,869.97)	510.3550	2	Recommend		Standard
3108526	Chad Ropte	1 - MO 3	Buy Shares	RYHIX	\$(14,783.22)	1,317.5830	2	Recommend		Standard
3108527	Chad Ropte	1 - MO 3	Buy Shares	RYCIX	\$(5,913.32)	216.9230	2	Recommend		Standard
3108528	Chad Ropte	1 - MO 3	Buy Shares	RYBIX	\$(11,826.65)	409.3680	2	Recommend		Standard
3108529	Chad Ropte	1 - MO 3	Buy Shares	RYKIX	\$(44,349.85)	11,732.7640	2	Recommend		Standard
3108530	Chad Ropte	1 - MO 3	Buy Shares	RYHRX	\$(44,349.86)	2,889.6060	2	Recommend		Standard
3108565	cr32	3 - DOME	Sell Shares	GSHIX	\$ 5,320.00	(1,000.0000)	1	Recommend		Standard
3108566	cr32	3 - DOME	Sell Shares	FYAIX	\$ 4,121.29	(199.0000)	1	Recommend		Standard
3108567	cr32	3 - DOME	Sell Shares	MSFT	\$ 97.95	(5.0000)	1	Recommend		Electronic
3108568	cr32	3 - DOME	Sell Shares	XLK	\$ 549.12	(33.0000)	2	Recommend		Electronic
3108569	cr32	3 - DOME	Sell Shares	IYM	\$ 310.72	(8.0000)	2	Recommend		Electronic
3108560	cr32	3 - DOME	Buy Shares	MSFT	\$(97.05)	5.0000	1	Recommend		TCA Desk
3108561	cr32	3 - DOME	Buy Shares	XLK	\$(2,697.30)	162.0000	1	Recommend		Electronic
3108562	cr32	3 - DOME	Buy Shares	XLE	\$(2,937.00)	66.0000	3	Recommend		Electronic
3108563	cr32	3 - DOME	Buy Shares	XLF	\$(3,072.30)	285.0000	3	Recommend		Electronic
3108564	cr32	3 - DOME	Buy Shares	IYM	\$(2,720.20)	70.0000	1	Recommend		Electronic

ONE ON ONE, JUST LIKE YOU.

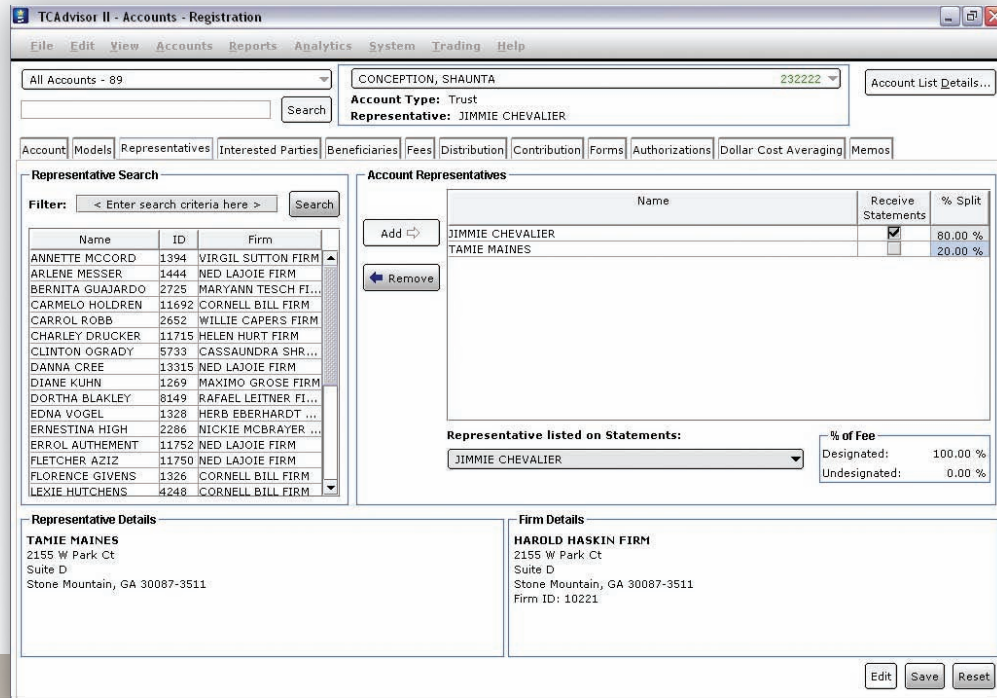
From an operational standpoint, Trust's TAMP platform features:

Efficient and precision trading – Trust's simplified and flexible trading platform automatically builds recommended trades based on real-time positions and the money manager's desired results. After approval, the system executes the trades and immediately reconciles the actual selling price back to each client account. Through this robust platform, money managers may seamlessly adjust investments across a group of accounts with just a few keystrokes — dramatically reducing the trading burden ingrained in other TAMP solutions.

Seamless advisor fee handling – Well-versed in calculating, assessing, invoicing, collecting, and delivering advisor management fees, Trust excels at facilitating the financial side of TAMPs, even when the fee structure is a complex combination of different rates, tiered or stepped breakpoints, and other variables. Furthermore, fees can easily be paid by a related account or be deducted proportionally based on the average daily balance of multiple modeled portfolios. For wrap programs, custody fees can be charged to a house account so clients only see a single management fee.

Seamless representative tracking, reporting, and support – Tracking representative activity, calculating fee splits, and generating breakdown reports are just a few of the standard features included in Trust's comprehensive TAMP solution. Trust's extensive Sales Analytics tool allows advisors to easily identify — and reward — representatives with exceptional sales accomplishments, as well as highlight ones with weak results. Additionally to easing the burden of sales support, representatives gain immediate access to critical client information such as statements, tax forms, and real-time positions and transaction reporting.

TCAdvisor keeps track of your representatives and allows you to assign representatives to client accounts. At the end of each period, TCAdvisor can calculate your payment due to each representative based on your representative fee structure. When multiple representatives are assigned to an account, you assign how the fee should be split between them. Then when the payments are calculated, the split percentage is automatically applied.



Broker/dealer compatible services – To simplify relationships with licensed representatives, Trust supplements the representative fee tracking and reporting framework with streamlined payment services: Trust mails a payment check and a breakdown report directly to the broker/dealer to compensation their representatives. Furthermore, Trust’s online account access includes a firm-level option, which allows broker/ dealers to fulfill their oversight requirements via a single login.

End-client satisfaction, not confusion – Regardless of the behind-the-scenes connections, all statements and websites reflect whatever branding and contact information is relevant to the end client, who may be investing through a representative, broker/dealer, or some other professional. In addition, advisors never need fear competition from Trust, which does not offer – or advertise – investment products to end clients. The advisor-representative-client relationship is always at the forefront.

Exceptional service to the advisor community – All TAMP services are available at no extra charge to any Trust client. Moreover, Trust’s dedicated conversion and relationship managers are experienced at helping advisors implement TAMP services and functionalities, especially excelling at tailoring solutions to an advisor’s unique needs.

How Trust’s TAMP platform works

Leveraging technologically advanced solutions for the advisor community, Trust Company of America’s TAMP solution is designed to smooth interactions between money managers and representatives; money managers and broker/dealers; and money managers and end clients.

As an independent custodian, we understand the important of your relationship with your client. To this end, we only display our company logo to your client as the custodian of their account. When your clients receive their statements or go online to view their accounts, they will see your logo first – not ours. And since we do not offer investment advice or our own products, we will not advertise to them in any fashion.

The screenshot displays the 'Main Street INVESTMENTS, INC.' dashboard. The top navigation bar includes 'Accounts', 'Admin', 'Forms', 'Help', and 'Logout'. A search bar and 'All Accounts' button are visible. A table lists 362 accounts, with the first few rows showing account numbers, names, statuses, types, and values. Below the table, there are options to export data in CSV, Excel, or XML formats.

The detailed view for '226719 - ALLEN, MARK - IRA - Individual Retirement Account' shows the following information:

- Dashboard:** 226719 - ALLEN, MARK - IRA - Individual Retirement Account
- Date Type:** Post
- As Of Date:** 04-21-2009
- Select Model:** All
- View Account Data By:** Asset Class (selected), Asset Subclass, Security, Models
- Post Date:** 04-21-2009 By: Security Model: All
- Assets:** \$ 4,285.45
- Cash:** \$ 30,651.07
- Total Value:** \$ 34,936.52
- Pending Dividends:** \$ 0.00
- Total Value plus Dividends:** \$ 34,936.52
- Pending Cash:** \$ 0.00
- Unrealized Gains & Losses: **** \$ (620.42)
- Cost Basis:*** \$ 4,905.87

A pie chart on the right side of the detailed view shows asset distribution with two segments highlighted: 2.52% and 2.34%.

ONE ON ONE, JUST LIKE YOU.

At the core of Trust's solution is a set of simple, yet sophisticated, trading capabilities built into Trust's model portfolio functionality, which is a standard feature on the TCAdvisor platform.

Here's an overview of how Trust's TAMP might work for you:

Once a money manager signs on with Trust, he or she is assigned a conversion manager. This expert guides the money manager through the first six to nine months of the relationship, or for however long it takes to:

- Closely analyze the structure of the money manager's investment strategies and business operations
- Explain all of Trust's available platforms, tools, service, and support options
- Plan the conversion to the Trust platform while leveraging the conversion manager's considerable expertise
- Assist the money manager in building the necessary investment framework, utilizing TCAdvisor and other Trust services to include features such as private-label statements and account access for representatives and end clients.
- Utilize Trust's automated bulk transfer tools to facilitate the paperwork and setup required to transfer existing client accounts
- Provide training and help with day-to-day transactions until the money manager is comfortable with the Trust platform and processes



ONE ON ONE, JUST LIKE YOU.

As soon as the conversion process is underway, the money manager may create new investment models in TCAdvisor that represents his or her unique investment strategy — a thoughtfully designed approach that has been thoroughly back tested. To achieve this, the money manager:

- Assigns the appropriate blend of mutual funds, ETFs, stocks, bonds, and other securities to the models
- Sets desired asset allocations and the allowable drift percentage within the models
- Allocates the models to existing client accounts as appropriate
- Effortlessly invests clients' funds in the models using TCAdvisor's rebalancing engine

To allow marketing representatives who specialize in selling investment offerings to start marketing the unique investment strategy, the money manager:

- Agrees on the terms of the relationship with the representative, including compensation and client management roles
- Enters the representative's information into TCAdvisor and authorizes online access to relevant client account information for the representative

As the representative successfully generates new business, the money manager's business operations remain streamlined and manageable due to Trust's scalable platform and services, which allow the money manager to:

- Swiftly set up new accounts, complete with allocations to one or more investment models and allocation instructions for future contributions and distributions
- Easily assign a representative to the account — and when there is more than one, assign the correct fee split
- Quickly respond to email alerts of new cash by acknowledging the representative's success at bringing in new business

On a daily basis, the money manager:

- Run model processing — about five minutes from start to finish — to invest new money and allocate funds to new investment options across all accounts to ensure every client remains fully invested
- Repeat model processing again in the afternoon or after a large influx of deposits — again, since it requires a minimal amount of time
- Be informed when fielding calls from representatives seeking investment information as Trust's Sales Analytics application allows for immediate access to an up-to-date, comprehensive sales history and features a full list of accounts for each representative — with a double-click on the account name, access the actual client account

ONE ON ONE, JUST LIKE YOU.

- Keep an eye on the market while enjoying the peace of mind stemming from the knowledge that Trust's platform allows for immediate action across any number of accounts, without the limitations of traditional trading cycles

On a weekly basis, the money manager:

- Runs model processing to raise money for requested and scheduled distributions as the system automatically tracks upcoming distributions and places cash demands on client accounts five working days in advance
- Tracks the profitability of the sales efforts through Trust's Sales Analytics application, which covers up to 14 different management metrics over seven timeframes, capturing productivity at the advisor, firm, and representative levels on a daily, weekly, monthly, quarterly, yearly, or since-inception basis

On a monthly basis, the money manager:

- Reviews all investments and allocations to determine any needed changes
- Runs model processing to rebalance all accounts to desired allocation goals
- Reviews management fee reports — and related deposits — generated in Trust's streamlined compensation functionality, which calculates management fees, assesses client accounts, invoices clients on quarterly statements, collects fees, and delivers funds to the money manager's house account



ONE ON ONE, JUST LIKE YOU.

- Runs fee breakdown reports to determine payments owed productive representatives
- When working with a broker/dealer, reviews the breakdown report and amount of the check sent using Trust's automatic payment services
- Generates performance and analytic reports for the broker/dealers' and non-advisory firms' marketing efforts and compliance requirements as needed

At every step of the process, Trust simply serves as a conduit for the day-to-day interactions. As an independent custody provider with no investment products of its own, Trust merely seeks to sharpen the efficiency of its clients' operations through stellar back-office services.

The bottom line on Trust's TAMP platform

Just as the success of any given investment is tied to its performance, the appeal of Trust's TAMP solution must be viewed in how it improves the businesses of its clients. To recap:

Money managers enjoy improved trading efficiencies and streamlined relationships within numerous distribution channels, gain elevated exposure — and greater profits — for their successful strategies, and discover newly found time to research new theories.

Representatives attain relationships with creative and successful money managers, complement and enhance existing product offerings, bolster client-relationship efforts with in-demand services, and generate additional income.

Broker/dealers access unique investment strategies, develop additional revenue streams, retain productive representatives and valuable clients, and easily maintain fiduciary responsibility.

Conclusion

In step with the investment advisor community, Trust Company of America regularly develops technology driven solutions to resolve broad — and specialized — industry needs.

Recognizing the demand for an effective Turnkey Asset Management Program existed at all levels of the financial services industry, Trust created a functionality that satisfies the requirements of all interested parties. By considering the operations, procedures, and processes undertaken by money managers, representatives, and, when applicable, broker/dealers, Trust designed a scalable TAMP platform that facilitates collaboration between interested parties while reducing the associated back-office burdens.

Because ultimately, greater ties between successful advisors and other professionals optimizes investment options and helps ensure end-client satisfaction.

Definitions

TAMP

A Turnkey Asset Management Program is a service that allows money manager advisors to dramatically expand access to their investment offerings through sales representatives, broker/dealers, and non-advisory firms.

Model Portfolio, a.k.a. Model

A group of securities that satisfy a defined objective. Each security has a desired allocation and allowable deviation from that allocation. Models allow clients with like objectives to be managed as a group creating efficiencies of scale and providing consistent execution. Along with portfolio management, models minimize the effort to investing new money or free up cash in a group of accounts.

Composite Model, a.k.a. Composite

A model portfolio that consists of allocations to one or more model portfolios. In its simplest form, a composite model is a model containing other models — a model of models.

Model Tactic, a.k.a. Tactic

A variation of a model portfolio where the definition — either the securities or their allocations — of a model is adjusted to meet a specific need. Since investment performance is calculated at the model portfolio level, model tactics allow for definition variations to be considered as a single model portfolio when reporting performance.