



# Portfolio Intelligence: Information at your Fingertips

March 2014

# Envestnet Intelligence – Better Information, leading to better client outcomes

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**Holdings Performance Analysis - Live**

**Advisor Composite Reporting - Live**

**Investment Policy Statement enhancements**

- Existing Investment Policy Rules - Live
- Performance vs. benchmark – Live, in pilot
- Risk Metrics – Alpha/Beta/R-Squared, etc. – future release

# Envestnet Intelligence – Better Information

## Performance Analysis- Book of Business level





### Holdings analysis

Practice	Holdings						
<b>Alerts and Notifications</b>							
Desktop							
Notifications							
Alerts							
Investment Policy Exceptions							
<b>Book of Business Reports</b>							
Asset Summary							
Account Search							
External Accounts							
<b>Holdings Analysis</b>							
Transaction Search							
<b>Performance and Billing</b>							
Performance Reports							
Quarterly Reports							
Advisor Composites							
<b>Service Requests</b>							
<b>Proposals</b>							
	Description ▲	Count	Market Value	QTD	YTD	1 Yr	3 Yr
	▶ Small-Cap Value	3	\$ 23,779	-9.4 %	-9.4 %	5.1 %	-0.1 %
	▶ Small-Cap Growth	3	10,096	4.4	4.4	16.4	7.2
	▶ Small-Cap Core	5	51,923	-7.8	-7.8	20.5	8.1
	▶ Short Bond	37	129,483	0.1	0.1	-2.6	-1.0
	▶ Mid-Cap Value	3	28,389	1.3	1.3	4.6	1.0
	▶ Mid-Cap Growth	8	115,018	0.7	0.7	19.3	16.0
	▶ Mid-Cap Core	10	144,583	-2.1	-2.1	13.9	9.8
	▶ Large-Cap Value	20	213,031	-3.4	-3.4	11.2	6.7
	▶ Large-Cap Growth	25	396,756	-4.0	-4.0	24.3	14.8
	▶ Large-Cap Core	26	272,314	-4.5	-4.5	18.4	9.3
	▶ International Bond	3	23,041	-2.4	-2.4	-6.7	-0.5
	▶ Intermediate Bond	13	134,201	0.8	0.8	-3.1	2.7
	▶ Int'l Emerging Mkts	4	14,378	-6.9	-6.9	-13.1	-5.7

# Envestnet Intelligence – Better Information

## Advisor Composite Reporting

### Risk Based or Model Based Composites

Practice	Advisor Composites				
<b>Alerts and Notifications</b>					
Desktop	   				
Notifications					
Alerts					
<b>Book of Business Reports</b>	<b>Composite Name</b>	<b>Composite Portfolios</b>	<b>Composite Assets</b>	<b>Risk Rating</b>	<b>Total Assets</b>
Asset Summary	Moderate APM Composite	23	\$ 4,390,570	Moderate	\$ 4,390,570
Account Search	Conservative Growth APM Composite	8	497,597	Conservative Growth	497,597
External Accounts	Moderate Growth APM Composite	6	281,520	Moderate Growth	281,520
Holdings Analysis	Growth APM Composite	4	318,421	Growth	318,421
Transaction Search	Aggressive Growth APM Composite	2	136,421	Aggressive Growth	136,421
	Capital Preservation APM Composite	1	82,016	Capital Preservation	82,046
<b>Performance and Billing</b>					
Performance Reports					
Quarterly Reports					
<b>Advisor Composites</b>					

# Envestnet Intelligence – Better Information

## Advisor Composite Reporting

### Advisor Composite Reporting – Risk Based or Model Based

Practice Clients Manage Research Platform

Practice > Advisor Composites > Moderate Growth APM Composite

**Practice**

**Moderate Growth APM Composite**

Alerts and Notifications

- Desktop
- Notifications
- Alerts
- Trade Hold Management
- Investment Policy Exceptions

**Book of Business Reports**

- Asset Summary
- Account Search
- External Accounts
- Holdings Analysis
- Transaction Search

**Performance and Billing**

- Quarterly Reports
- Billing
- Billing Debit Report
- Report Groups

**Advisor Composites**

**Service Requests**

**Proposals**

**Overview** Performance Analysis

Composite Overview (As Of Oct 31, 2013)

Total Portfolios	3
Assets	\$817,279
Contributions	\$2,802,077
Withdrawals	\$2,102,415

Performance vs Benchmark<sup>1</sup>

Portfolio | Benchmark

Period	Portfolio	Benchmark
MTD	~0.88%	~2.10%
QTD	0.88%	2.10%
YTD	2.72%	9.24%
1yr	4.03%	13.99%

Composite Performance (04/30/13) vs. Benchmark

	Gross	Net	Benchmark <sup>1</sup>
Month-to-Date	0.88 %	0.88 %	2.10 %
Quarter-to-Date	0.88	0.88	2.10
Year-to-Date	2.72	2.72	9.24
Trailing 1 year	4.03	4.03	13.99

# Envestnet Intelligence – Better Information

## Investment Policy Rules to help oversee performance outliers

### Investment Policy Statement enhancements

ENVESTNET

Practice Clients Manage Research Platform Logout

Practice > Investment Policy Exceptions

**Investment Policy Exceptions**

Account/Group	Type	Severity	Client	Model	Range	Target	Actual	Drift
Smith Household	Performance Vs. Benchmark	Violation	Smith, John	Moderate Growth Allocation	1.0% - 9.0%	5.0 %	-10.92 %	-15.92 %
John Smith IRA - Rollover	Risk Variance			Passive 7 Twelve	58.0 - 71.0	65.0	87.0	22.0
John Smith Trust	Allocation Variance			Russell LifePoints Conservative ...	-5.0% - 5.0%	0.0	5.6	5.6
Jane Sample IRA	Beta Vs. Benchmark			Passive 7 Twelve	3.0% - 9.0%	5.0	11.0	6.0
189456123	Std. Deviation Vs. Benchmark			Passive 7 Twelve	0.0% - 6.0%	3.0	8.0	5.0
564789123	Sharpe Ratio Vs. Benchmark	Violation	May, Bessie	Test Model_3/12_1	14.0% - 36.0%	27.0	44.0	17.0
258741369	Style Deviation	Violation	Abbott, Marcus	Test Model2 Pricing tier 3	45.0 - 63.0	54.0	72.0	18.0

# Investnet Intelligence – Better Information

## Heat Map screens to help oversee performance

### Investment Policy Statement enhancements

<b>Practice</b> <b>Alerts and Notifications</b> Desktop Notifications Alerts Investment Policy Exceptions <b>Book of Business Reports</b> <b>Performance Analytics</b> Asset Summary Account Search External Accounts Holding Analysis <b>Performance and Billing</b> Quarterly Reports Billing Billing Debit Report Report Groups <b>Service Requests</b> <b>Proposals</b> <b>Holdings</b> 782	Performance Analytics							
	Description	Count	Market Value	QTD	YTD	1Yr	3Yr	Account
	▼ Mid-Cap Core	2	110,569	3.1 %	-11.8 %	-5.1 %	7.0 %	
	▼ Russell Midcap			1.8 %	-1.0 %	-3.0 %	5.6 %	
	Pin Oak Equity   POGSX			3.1 %	-11.9 %	-5.1 %	7.0 %	DEMO-701273
	Pin Oak Equity   POGSX			3.1	-11.9	-5.1	7.0	DEMO-701283
	▼ All Cap	31	250,269	-4.1	7.7	3.8	6.2	
	▼ Russell 3000			3.2 %	5.7 %	7.5 %	8 %	
	Buffalo Flexible Income   BUF BX			2.6 %	9.0 %	7.3 %	7.0 %	DEMO-701284
Oakmark Equity & Income   OAK BX			-6.7	-1.3	0.5	5.3	DEMO-701273	
▼ Small-Cap Core	27	160,165	3.6	3.8	3.6	4.5		
▼ Russell 2000			4.5 %	6.0 %	6.5 %	5.0 %		
Microsoft Inc   MSFT			1.8 %	0.7 %	-0.2 %	2.7 %	DEMO-701277	
Investnet   ENV			5.5	7.1	7.8	6.3	DEMO-701283	

# Envestnet Intelligence - Implementation

What's live and what's to come...

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- **ENV2 – ALPS scoring (Asset Location Preference Score) – Live as of Q1)**
- **Multi-Account Management Build-out – 2014**



# Implement

- Multi-Account Management allows multiple accounts to be managed using a single model.
- New trading and rebalancing logic has been introduced that places model securities in the appropriate account type (qualified or non-qualified).
- The most tax-inefficient model securities are placed in qualified accounts, to the extent possible, in order to minimize taxes and number of trades.

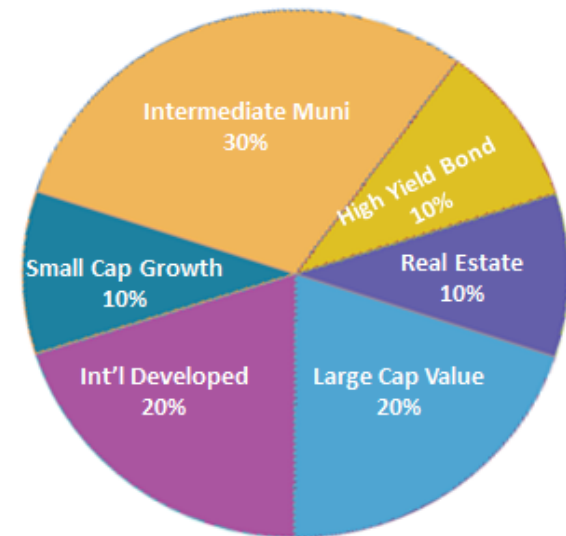
# Implement

- Client has \$1 million in retirement assets in two accounts:
  - Qualified account of \$450,000
  - Non-qualified account of \$550,000
  - Risk profile is Conservative Growth
- Traditional Approach: Two account, two models, 12 total positions

**Qualified Account - \$450,000**



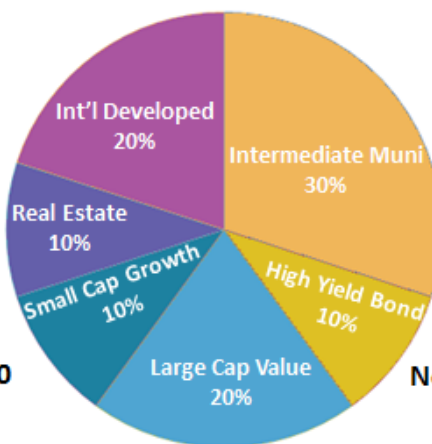
**Non-Qualified Account - \$550,000**



# Implement

- ENV2 approach: One model, two accounts, 7 positions
  - Fewer trades
  - Lower taxes

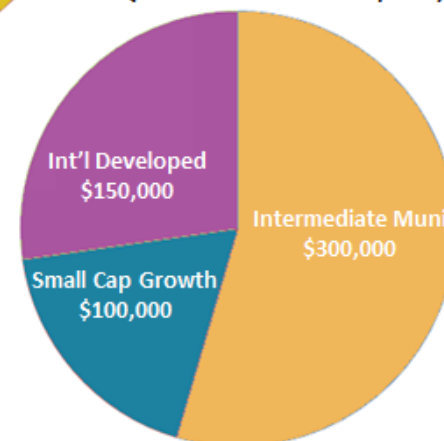
**Household Portfolio - \$1,000,000**



**Qualified Account - \$450,000**



**Non-Qualified Account - \$550,000**



# Communicate

- Manager Communication
- First to Advisor
- Second direct to client
- Advisor eventually gets the same tool
- Ability to aggregate external content and new integrated 3<sup>rd</sup> party IP

**ENVESTNET**  
Dashboard Administration Models > Flex Balanced Overlay

**Flex Balanced Overlay**

Properties Positions Alternates Comm. History

**Investment**

Positions <sup>1</sup>	Target %	Allow. Drift	Style
BIV -- Vanguard Intermediate-Term Bond ETF P <sup>MC</sup>	30.00	3.00 %	Intermediate Bond
BSV -- Vanguard Short-Term Bond ETF P <sup>MC</sup>	25.00	3.00	Short Bond
FAIRX -- Fairholme	8.00	3.00	Large-Cap Value
JETAX -- Aberdeen Select International Eq II A P <sup>MF</sup>	2.00	3.00	Int'l Developed Mkts
PRRIX -- PIMCO Real Return Instl P <sup>MC</sup>	18.00	3.00	Inflation-Protected Bond
TCBAX -- Templeton Global Bond Adv P <sup>MF</sup> , P <sup>MC</sup>	15.00	3.00	International Bond
Cash	2.00		

98.00 %

ntf: Mutual Fund is a "No Transaction Fee" fund when traded at some of the custodians. Please review the exact status by clicking on the "Research" link.  
p<sup>mc</sup>: denotes a fund which has been designated as "Approved" by the PMC Investment Committee. As such, the PMC Group conducts due diligence on the fund.

**Previous Asset Allocation**

Category	Value
Equity	6.00 %
Large-Cap Value	6.00
International	4.00
Int'l Developed Mkts	4.00
Fixed Income	79.00
International Bond	14.00
Inflation-Protected Bond	15.00
Short Bond	22.00
Intermediate Bond	28.00
Cash	11.00
Cash	11.00

**Proposed Asset Allocation**

Category	Value	Change
Equity	8.00 %	2.00 % ▲
Large-Cap Value	8.00	2.00 ▲
International	2.00	-2.00 ▼
Int'l Developed Mkts	2.00	-2.00 ▼
Fixed Income	68.00	9.00 ▲
International Bond	15.00	1.00 ▲
Inflation-Protected Bond	18.00	3.00 ▲
Short Bond	25.00	3.00 ▲
Intermediate Bond	30.00	2.00 ▲
Cash	2.00	-9.00 ▼
Cash	2.00	-9.00 ▼

**Assessed Risk**

Assessed Risk Score<sup>2</sup> (4) Target Risk Range (1 - 14)

Conservative Aggressive

**Notes**

- Ticker
- Style
- Region & Country
- Sector

Add Note  
Create Note

**Country Exposure (US Investments Excluded)**

Country	Proposed	Current
Argentina	0.0	0.0
Australia	2.5	2.5
Canada	18.0	18.0
China	7.5	7.5
France	11.0	11.0
Germany	7.5	7.5
India	2.5	2.5
Israel	0.0	0.0
Japan	15.0	15.0
Russia	2.5	2.5
Spain	2.5	2.5
Sweden	0.0	0.0
Switzerland	15.0	15.0
United Kingdom	15.0	15.0
Other Countries	2.5	2.5

**Sector Weights<sup>1</sup>**

Sector	Proposed	Current
Energy	5.0	5.0
Financial Services	15.0	15.0
Industrials	15.0	15.0
Technology	25.0	25.0
Consumer Cyclical	15.0	15.0
Basic Materials	5.0	5.0
Communication Services	5.0	5.0
Healthcare	15.0	15.0
Real Estate	5.0	5.0
Consumer Defensive	10.0	10.0
Utilities	0.0	0.0

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