Portfolio Intelligence: Information at your Fingertips

March 2014

ENVESTNET
Empower your practice

ACR # 116441

Envestnet Intelligence – Better Information, leading to better client outcomes

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

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Performance Analysis- Book of Business level

Holdings analysis

Practice

Alerts and Notifications
- Desktop
- Notifications
- Alerts
- Investment Policy Exceptions

Book of Business Reports
- Asset Summary
- Account Search
- External Accounts
- **Holdings Analysis**
- Transaction Search

Performance and Billing
- Performance Reports
- Quarterly Reports
- Advisor Composites

Service Requests

Proposals

Holdings

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

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Advisor Composite Reporting

Risk Based or Model Based Composites

Practice

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- **Advisor Composites**

Advisor Composites

Composite Name	Composite Portfolios	Composite Assets	Risk Rating	Total Assets
Moderate APM Composite	23	$ 4,390,570	Moderate	$ 4,390,570
Conservative Growth APM Composite	8	497,597	Conservative Growth	497,597
Moderate Growth APM Composite	6	281,520	Moderate Growth	281,520
Growth APM Composite	4	318,421	Growth	318,421
Aggressive Growth APM Composite	2	136,421	Aggressive Growth	136,421
Capital Preservation APM Composite	1	82,016	Capital Preservation	82,046

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Advisor Composite Reporting

Advisor Composite Reporting – Risk Based or Model Based

Practice | Clients | Manage | Research | Platform | Laun

Practice > Advisor Composites > **Moderate Growth APM Composite**

Practice
- **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

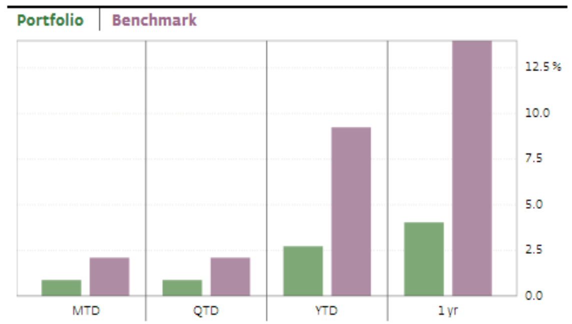
Moderate Growth APM Composite

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[1]



Composite Performance (04/30/13) vs. Benchmark	Gross	Net	Benchmark[1]
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

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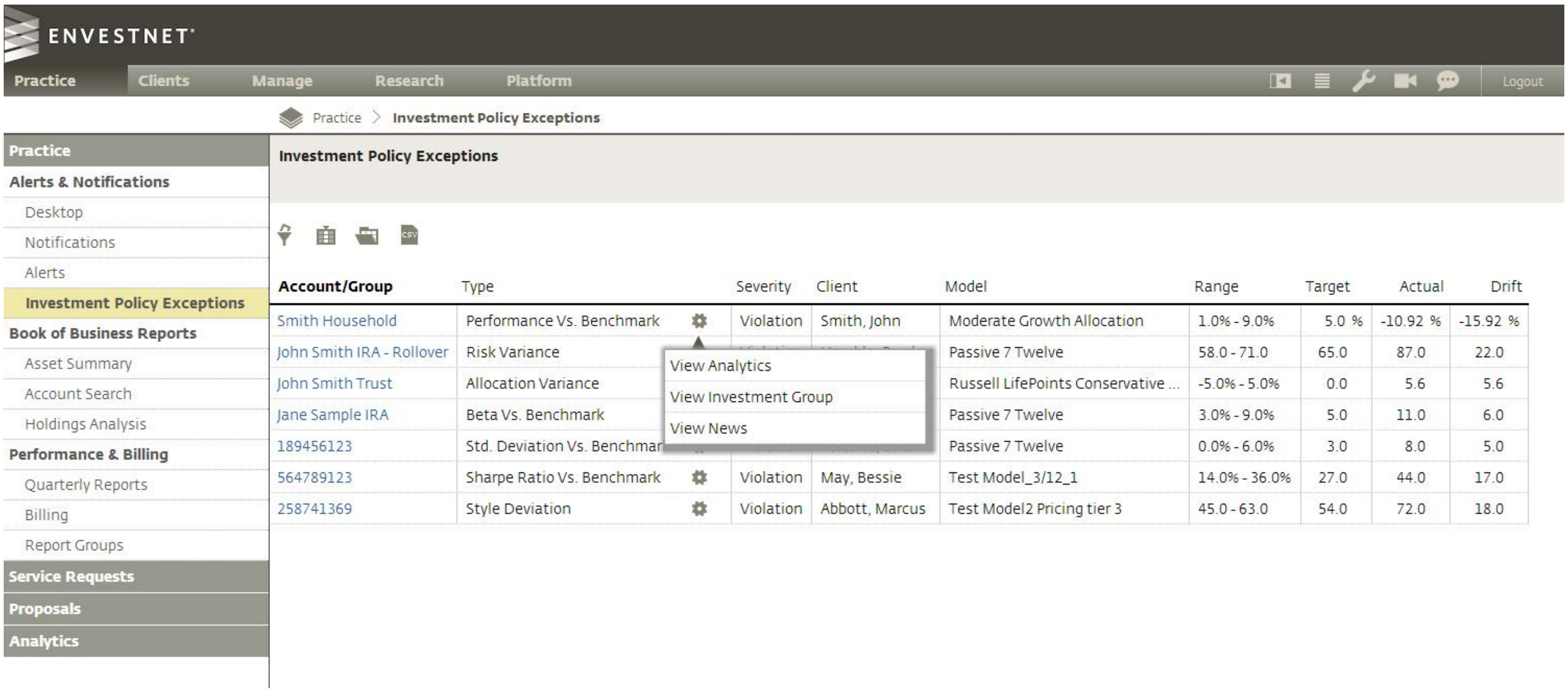
Investment Policy Rules to help oversee performance outliers

Investment Policy Statement enhancements



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. Benchmar			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

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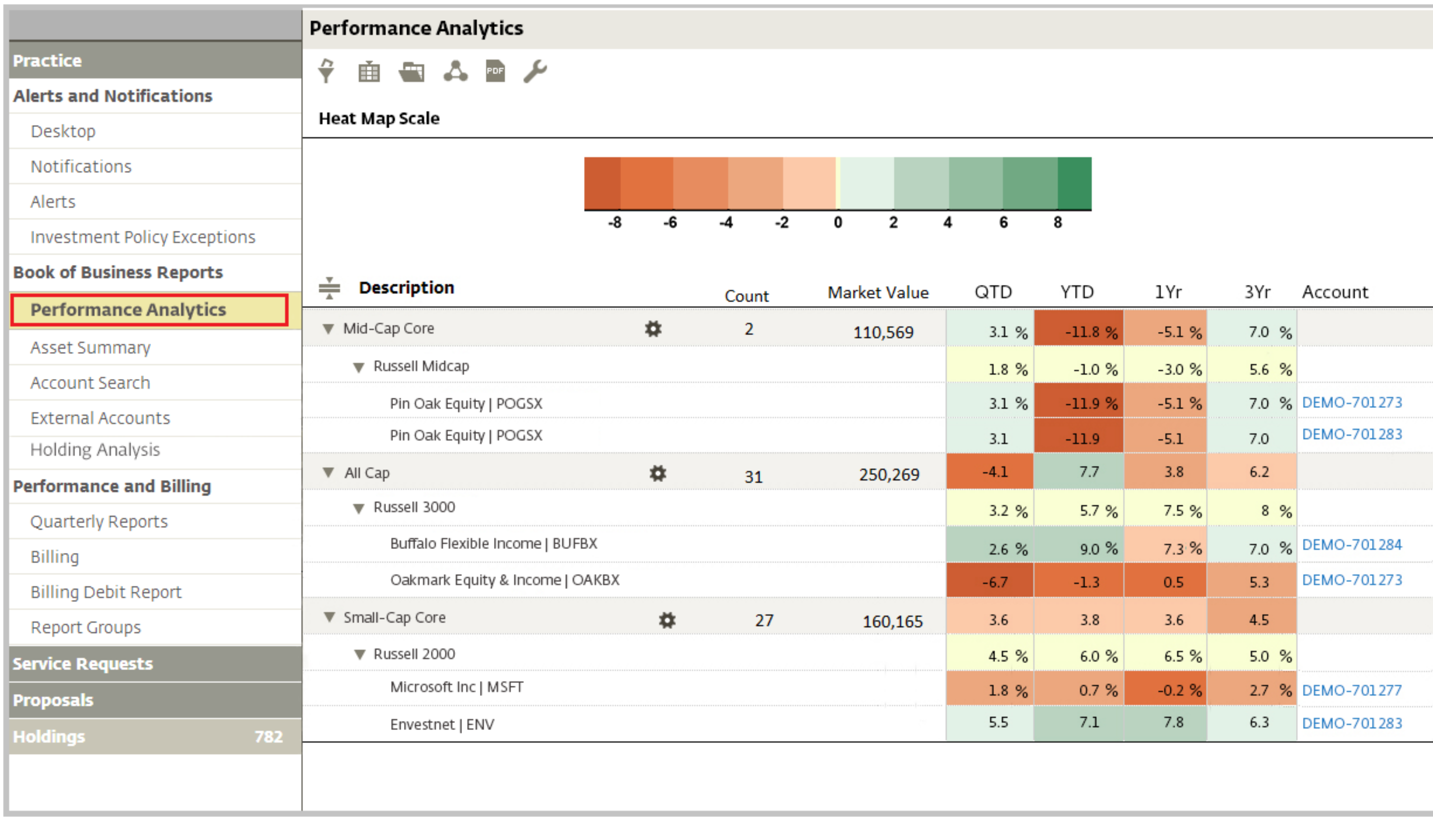
Heat Map screens to help oversee performance

Investment Policy Statement enhancements



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Envestnet Intelligence - Implementation

What's live and what's to come…

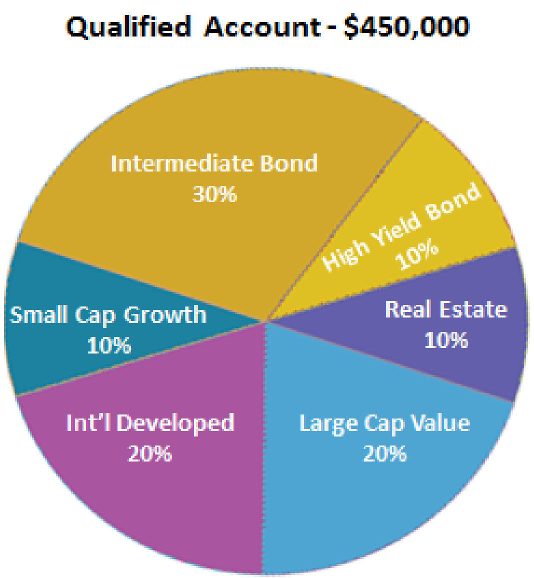
- **ENV2 – ALPS scoring (Asset Location Preference Score) – Live as of Q1)**
- **Multi-Account Management Build-out – 2014**

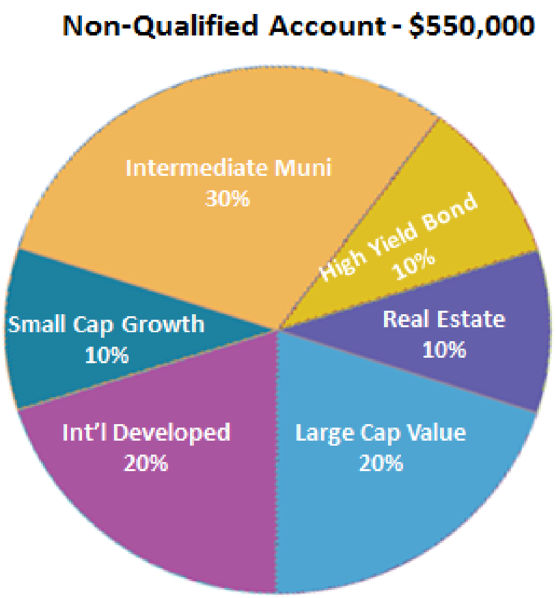
Implement

- 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

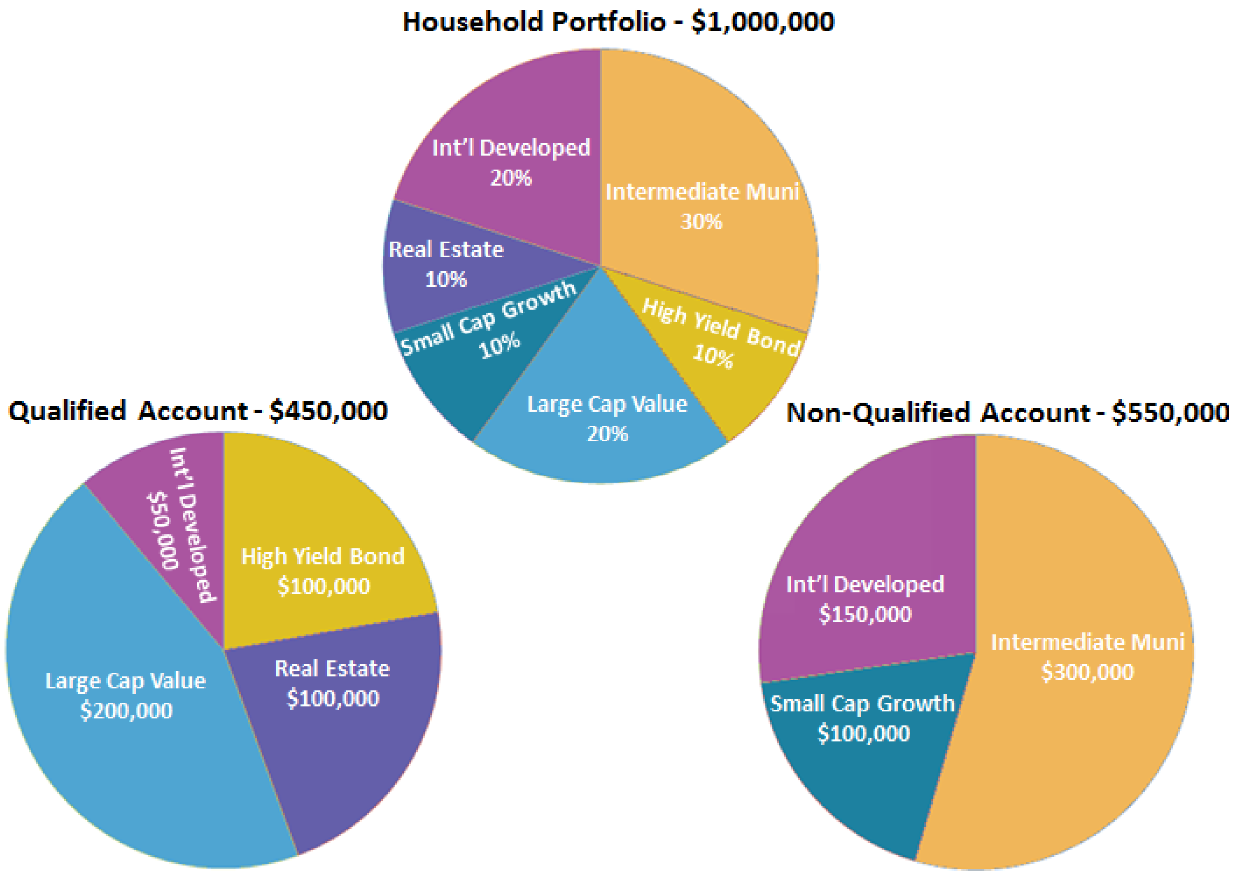
- Client has $1 million in retirement assets in two accounts:
  - Qualified account of $450,000
  - Non-qualified account of $550,000
  - Risk profile is Conservative Growth
- Traditional Approach: Two account, two models, 12 total positions





Implement

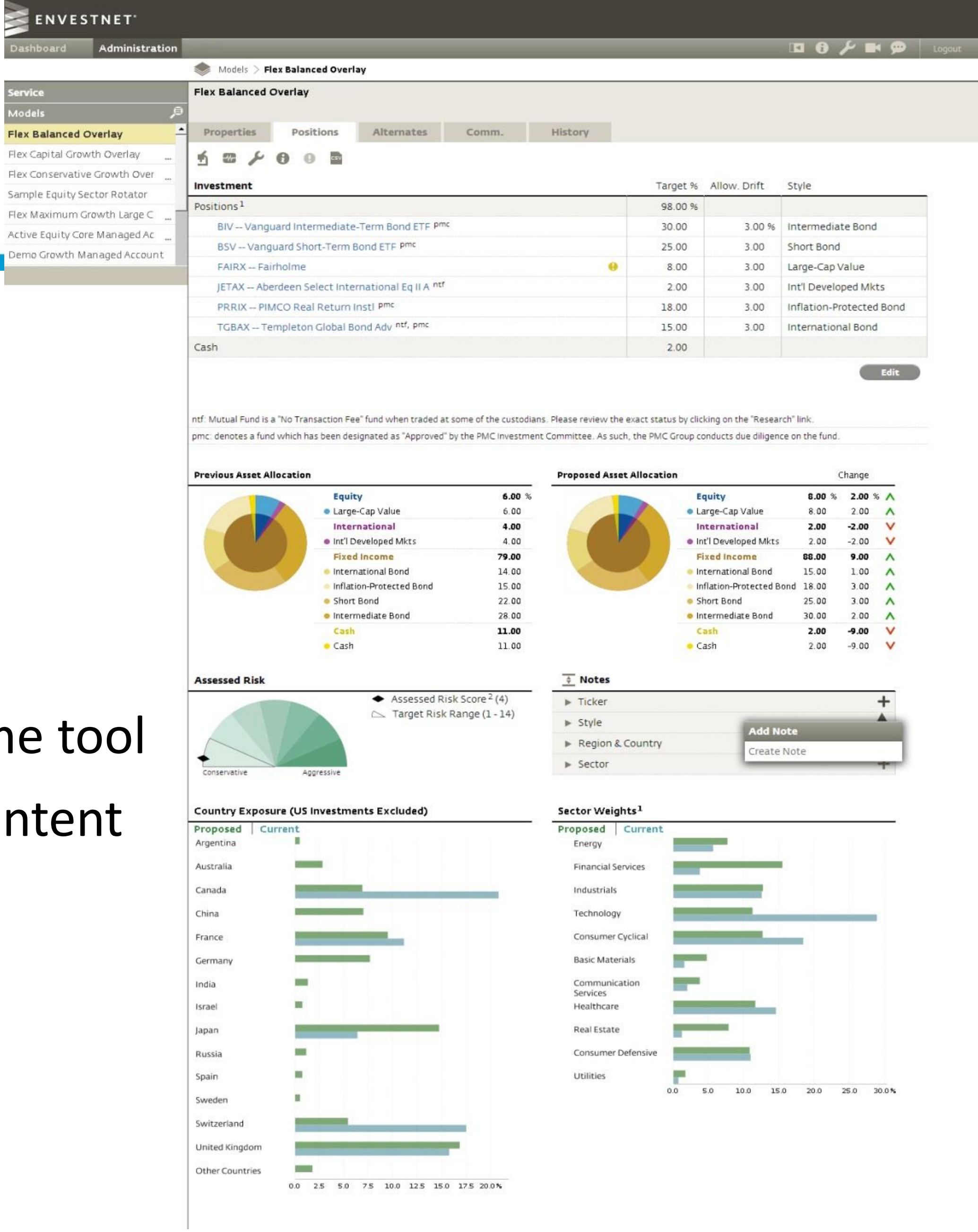
- ENV2 approach: One model, two accounts, 7 positions
  - Fewer trades
  - Lower taxes



Communicate

- Manager Communication
  - First to Advisor
  - Second direct to client

- Advisor eventually gets the same tool
- Ability to aggregate external content and new integrated 3rd party IP



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