

UMA

Frequently Asked Questions

Q: What is a UMA?

A Unified Managed Account or UMA is a single asset-allocated portfolio of stocks, ETFs and mutual funds that utilize a combination of overlay management and the expertise of multiple investment managers. With a UMA, there is only one registration – eliminating the need for multiple sets of paperwork – and the simplicity of just a single 1099 form. Clients can access the solution for as little as \$150,000.

Q: What new functionality has been added to create this new enhanced UMA?

With the enhanced UMA, advisors have the added benefit of building their own asset allocation models using any of the 27 asset classes supported by the Envestnet platform. UMA models created by the advisor can be saved and applied to multiple accounts, making it easy to implement portfolio adjustments to all accounts associated with a model.

Advisors can also access tools that will make recommendations to help them determine the appropriate asset allocation model for their client(s). All trades and rebalancing will be conducted by Envestnet, who acts as the Overlay Manager.

The models created by an advisor will appear on the advisor’s Research tab.

Q: What investment products are available and are there any restrictions?

Available investment products include separate account models, mutual funds and ETFs. Several of these products have been Approved by PMC, meaning they have passed a rigorous due diligence process and are regularly monitored by PMC.

Q: Are there recommended asset allocation models for me to choose from?

Yes. The UMA provides access to the same recommended asset allocation models that are currently available through our SMA offering.

Q: Can I create my own models and save them for use in future UMA proposal?

Yes. UMA models created by the advisor can be saved for future use and will appear on the advisor’s Research tab. These models can be used to manage several accounts simultaneously making it easy and efficient to make portfolio adjustments across multiple accounts.

Q: What level of customization is available with the enhanced UMA?

With home office authorization, advisors can build and implement their own asset allocation models using any of the 27 asset classes supported on the Envestnet platform as well as choose from a broad selection of investment products in each asset class. Firms that want greater oversight can choose to limit asset allocation to overlay models managed by PMC. As in the original UMA, advisors can select the investments to use in the PMC overlay models.

Q: How do I build my own UMA asset allocation model?

Advisors can build a UMA asset allocation model by going to the “Models” tab and clicking on “UMA Models”. From there, advisors can determine whether to manually build a custom model from the ground up or to build a new model from a preset recommended model or a targeted allocation along the efficient frontier.

Once the target allocations are set, the model can be saved and used to create a UMA investment proposal using the online proposal generator.

Q: Does Envestnet monitor the accounts and prevent wash sales violations?

Yes. As the Overlay Manager, Envestnet monitors all sales within manager models and will not allow a repurchase of sold securities for 31 days.

Q: What are the rebalancing parameters?

The UMA includes ongoing “frictionless” rebalancing without advisor instruction for all UMA accounts. Cash flow events and portfolio changes submitted by the separate account managers enable Envestnet to continuously make adjustments that retain the target allocations of each model.

Q: Who executes the trades for the new enhanced UMA proposals?

All trades for UMA accounts are conducted by Envestnet.

Q: Is there an investment minimum?

UMA portfolios can be accessed for as little as \$150,000. However, the minimum for each model is automatically calculated based on the investment products used, their required minimum, and the allocation to the product. For example, if a model has a 10% allocation to a product that has a \$50,000 investment minimum, the model minimum would need to be at least \$500,000 to fund the 10% allocation. The asset class allocation with the highest required minimum would set the minimum for the overall model.

Q: Are there any additional fees associated with implementing an enhanced UMA portfolio?

The fees for the new UMA are the same as the original UMA. The fee components are the custody fee charged by the custodian, Envestnet’s platform fee and the manager fees for any separate account model used in the UMA models.

Q: How are UMA accounts serviced?

UMA accounts are serviced through the use of Service Requests and Model changes. Service Requests are used to raise or invest cash, set up or discontinue systematic withdrawals, and harvest gains or losses. Model changes are used to adjust the asset allocation or change managers and/or funds used in a model. As long as the model changes do not result in a change to the model’s risk rating, it is not necessary to do a Change SIS Service Request. When a model is changed, Envestnet’s Portfolio Administration Services team receives notification and then implements the submitted changes across all accounts that are managed by the model that was changed.

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