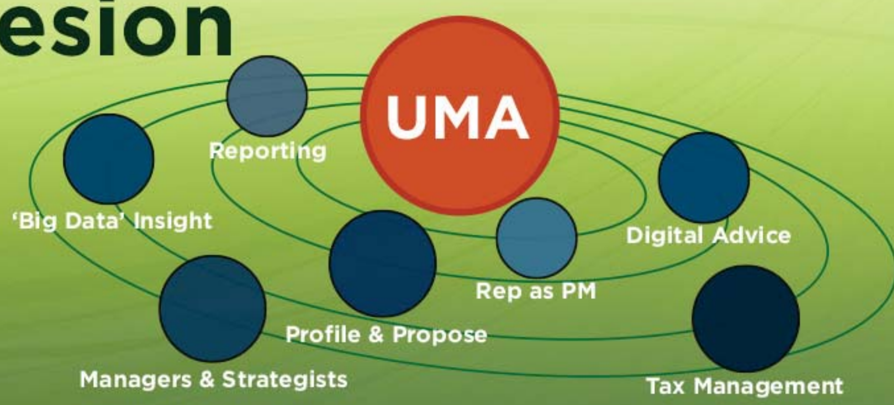
UMAs by Adhesion

The Power of One

UMAs by Adhesion creates one integrated outsourced solution powering Your exceptional experience to clients



UMAs are a Powerful Delivery Vehicle for Advisor-Directed Investing

- **One Account** – Implement a full allocation strategy from manager portfolios, ETFs, and mutual funds
- **Flexibility** – Ease of strategy or manager adjustments; client-specific customizations
- **Tax Management** – Transition legacy holdings; ongoing liability reduction; consolidate 1099s
- **Deposits, Withdrawals, Rebalancing** – All made easier in single account, centrally managed

Full Spectrum of Investment Choices

- **Managers and Strategists –** Select one from an extensive roster or blend together
- **Custom Allocations –** By advisor or home office; optional research support
- **Turnkey Programs –** Leverage leading industry investment researchers and OCIO providers
- **Low Cost ETF Portfolios –** Ideal solution for smaller and/ or price sensitive clients. "Robo-like" pricing

Engage with Clients

- **Risk Profile & Propose –** Fully electronic workflow through client approval capture
- **Solution Options –** Client profiling, proposing and reporting; retirement income planning
- **Graphic-rich Performance Reports –** Projecting your brand and distinct image

Administration made Easy

- **Dashboard and Analytics** – Transforms big data into actionable information
- **Adapts to your Organization's Structure** – Hierarchy and role-based access and workflow
- **Compliance** – Customizable monitoring tools; optional 'review and approve' workflows

Who Is Adhesion Wealth Advisor Solutions?

- A **trusted partner** to RIAs, delivering their essential investment services.
- A personalized, open architecture **UMA platform**
- **100% RIA** focused. We believe in the RIA model.
- A synergy of **specialists & advanced technology**
- $13 Billion AUA. Headquartered in Charlotte, NC

Why Adhesion Works for RIAs

- **Responsive Service** – To you, so that you can deliver well for your clients
- **Flexibility & Customization** – We adapt to your approach with clients, without additional approvals or paperwork
- **Consultative Approach** – We jointly devise solutions, not sell product
- **Stellar Reputation** – For innovative technology and firm integrity

Key Features

Investment Program Options - Choice, Depth and Customization

SUPPORTING A BROAD RANGE OF PORTFOLIO CONSTRUCTION TECHNIQUES

Outsourced CIO Services – Guided support for in-house capabilities

- Manager research & due diligence services from leading investment research specialists
- Turnkey UMA programs combining asset allocation, manager and vehicle selection

Firm as PM – Centralized construction of reusable allocation strategies

- Home office CIO staff creates standardized sets of asset allocation frameworks
- Build use case specific versions (e.g., by client size or taxable / non-taxable)
- Highly efficient – changes automatically cascade down to all assigned accounts

Advisor as PM – Decentralized, custom allocations for clients

- Blend ETFs, mutual funds, and 3rd party managers & strategists
- For a single account, or reusable across client base
- Home-office approved weight ranges can impose 'guard rails'

SMA Mode - Access a single manager or strategist portfolio

- Access to hundreds of leading and boutique managers and strategists
- More convenient and cost effective than dual-contract platforms

ETF Select – Diversified, low-cost ETF portfolios from leading

- Total solution cost as low as 10 bps
- Ideal for smaller or price sensitive clients
- "Robo-like" pricing

BlackRock · Fortunatus · Morningstar · CLS · Horizon Investments · Vanguard

Active Tax Management - Adding value for clients through focus on improving 'after tax' returns

Transition Service – A Client Acquisition Tool

- A customized service that looks to reduce the overall taxable impact from shifting out of a legacy strategy with low basis holdings
- A methodical plan to limit tax liability over 2-3 years, staying within a specified gain budget

Tax Transition Plan

Full Tax Overlay Service

- Protecting low basis positions – flag as 'do not sell'
- Intelligent gain deferrals
- Wash sale monitoring and deferrals
- Tax lot aware rebalancing, coordinating across managers
- Continual and on-demand loss harvesting, seek to neutralize gains

Tax Burden Reduction Report

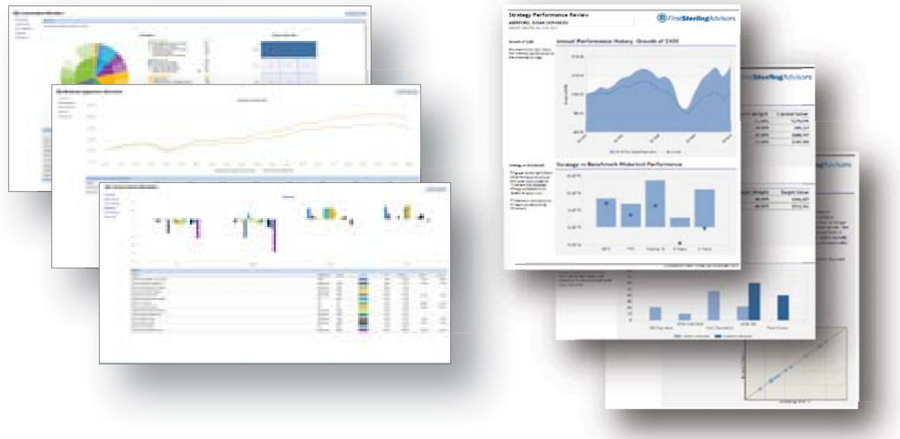
Loss Harvesting Service

- Scheduled, proactive loss harvesting. On-demand advisor requests
- Harvested proceeds placed in a class-aligned proxy for 31 days

Technology Options for Client Engagement

Profiling and Proposing

- Risk Scored Proposal Wizard for Strategy Selection
- Proposal Package Generation
- Electronic Workflow for Client Approval and Enrollment



Client Reporting

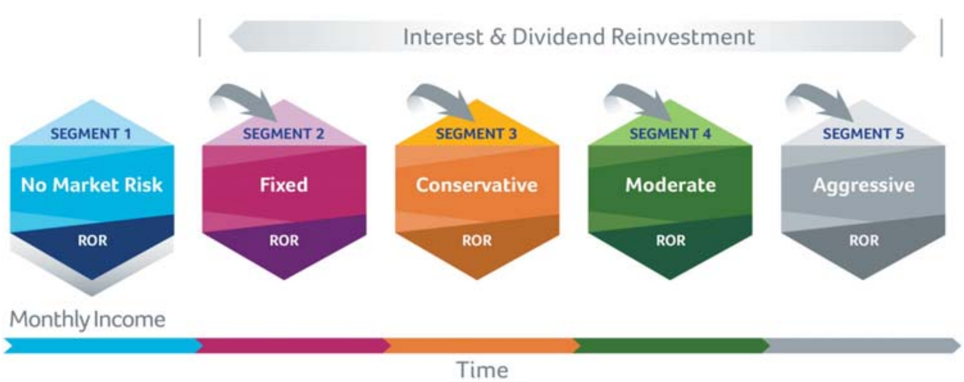
- Projecting your unique value and brand
- Clearly communicating the performance of your investment program
- Electronic delivery via branded online client portal

Wealth conductor

Next Generation of Retirement Income Planning

Segmented Plan Methodology

- Portfolio assets spread over timeframe-based segments (e.g., 0-5 years, 5-10 years,...)
- Each segment's investment strategy guided by a target rate of return



In partnership with 3D Asset Management, provides fee-based advisors everything they need to build and scale a retirement income business, including training, sales & marketing tools, practice management and case support, and a revolutionary planning tool **-- IncomeConductor™**

3D ASSET MANAGEMENT

Sample Success Stories

CPA Firm Affiliated Wealth Manager
($1.2 Billion AUM)

Keywords: 'TAMP', 'Research', 'Manager Access', 'Transitioning Taxable Accounts', 'UMAs'

PAIN POINTS

- Current UMA platform not broadly embraced due to **high cost** and low perceived value.
- Need to create **differentiated services for HNW client base.**
- Clients' **sensitivity to incurring out sized taxable gains** impeded change and on-boarding of new business.

WHY ADHESION WON THIS BUSINESS

- **Transition Service for taxable accounts** unshackled existing and new client assets. Transition plans define time frames, gain budgets, portfolio risk, and cost.
- **Fully integrated practice solution** provides scale to business and competitive differentiation for advisor teams.
- **UMA enabled portfolio construction**, replacing expensive mutual funds with separate account manager models.

IBD with Fee-based Business
($400 Million AUM)

Keywords: 'TAMP', 'Flexibility', 'Manager Access', 'Client Segmentation', 'Legacy Client Assets'

PAIN POINTS

- **Acquisition of current TAMP.** Unhappy with responsiveness and service model of new provider.
- **Growth by acquisition** of new advisor teams swamping internal operations staff.
- **Client billing** consumes internal staff for weeks.

WHY ADHESION WON THIS BUSINESS

- **True scalability** for firm's business as they continue to add teams, with the flexibility to accommodate requirements of new advisors.
- Adhesion's client service **team streamlined client billing.** Fees received in few days instead of weeks.

Multi-Family Office ($3 Billion AUM)

Keywords: 'Client Reporting', 'Scalability', 'Manager Access', 'Transitioning Taxable Accounts', 'UMAs'

PAIN POINTS

- **Need operational scalability** for planned expansion downstream from Ultra-HNW to very HNW clients.
- **Client assets locked up** in proprietary pooled vehicles and client-direct SMAs. Extremely difficult to effect allocation and manager changes.
- Maintenance of a **home grown system** for client reporting.

WHY ADHESION WON THIS BUSINESS

- Adhesion's UMA a **superior delivery vehicle for manager access** to their proprietary pooled vehicles.
- **Transition Service for taxable accounts** unshackled existing and new client assets by minimizing the tax liability incurred from migrating to new managers.
- **Paperless proposal generation and approval workflow** facilitates acquiring client approvals.
- **Integrated client performance reporting** is allowing firm to retire their home-grown system.

Wealth Manager ($70 Million AUM)

Keywords: 'TAMP', 'Flexibility', 'Manager Access', 'Client Segmentation', 'Legacy Client Assets'

PAIN POINTS

- Current TAMP's technology seen as antiquated, along with their paper-based operations. Unaccommodating with legacy assets held by clients.

WHY ADHESION WON THIS BUSINESS

- Adhesion's UMA platform provided all the **benefits of outsourced investment management** without the constraints of a traditional TAMP.
- Customizable service delivery allowed firm to achieve a long desired strategy for **client segmentation,** matching resources to relationship value. Freed up internal staff to focus on target segments.

adhesion
Wealth Advisor Solutions

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