

Separately Managed Accounts (SMAs)

SUMMARY: SMAs hold at least 75% stocks and/or bonds, and are asset class-specific.

A Separately Managed Account (SMA) will invest primarily in individual stocks or bonds. **At least 75% of either the assets or number of underlying investment vehicle types will be invested directly in stocks or bonds. These products primarily will represent a portfolio manager's representation of a single investment style, rather than reflect a diversified portfolio across multiple asset classes.** The drivers of portfolio performance for SMA portfolios are individual stock and/or bond selections. Investment styles are defined by categories, such as U.S. Equity Large Cap Value, International Developed Market Equities, or Short Duration Municipal Bonds. Styles also may include Balanced SMAs that invest in individual stocks and bonds. SMAs can be traded in two ways: either by Envestnet, via the Manager Console (in which the SMA portfolio manager updates model changes in specific equity securities), or by the money managers themselves, who currently trade their accounts through an APL interface with Envestnet. Portfolios traded through an APL interface must be configured as SMAs due to operational constraints. SMAs do NOT represent a series of models across the efficient frontier.

ALL SMA managers must first complete the Business Partners Acceptance Committee (BPAC) process before being onboarded to the Envestnet platform. They also must meet required business, fee, operational, compliance, and legal requirements. SMAs implemented through a model are contracted via a licensing agreement, and those traded directly by a manager are contracted through a sub-management agreement. Each year, the SMA manager must pass an annual compliance check to continue to be offered on the ENV platform. SMA Sleeves can be used in our UMA programs, but not in the Rep as Advisor programs.

Fund Strategist Portfolios (FSPs)

SUMMARY: FSPs hold at least 75% mutual funds and/or ETFs, and are allocated among multiple asset classes.

A Fund Strategist Portfolio (FSP) will create managed portfolios by primarily using either the U.S. 1940 Act Open-End Mutual Funds (MFs), or the U.S. 1940 Act Exchange-Traded Funds (ETFs). ETFs may consist of Exchange-Traded Notes (ETNs). **At least 75% of the assets or underlying investment vehicle types will be invested directly in MFs or ETFs. These products primarily will represent a portfolio manager's view on asset allocation for a total portfolio solution.** These total asset allocation solutions include Strategic, Dynamic, and Tactical styles. These asset allocation portfolios, sometimes known as risk buckets or efficient frontier portfolios, may be categorized further as Capital Preservation, Moderate Growth, or Aggressive Growth. These portfolios also may include Tactical Strategies that invest primarily in individual ETFs to enhance allocations to general equity, fixed income or cash asset classes. FSPs can be traded only by Envestnet via the Manager Console, in which the FSP portfolio manager updates model holdings.

ALL FSP managers must first complete the BPAC process before being onboarded to the Envestnet platform, and must meet required business, fee, operational, compliance, and legal requirements. FSP Managers are contracted via a licensing agreement. Each year, the FSP manager must pass an annual compliance check to continue to be offered on the ENV platform. FSP Sleeves can be used in both our UMA and the Rep as Advisor programs.

Disclosure

The information, analysis, guidance and opinions expressed herein are for general and educational purposes only and are not intended to constitute legal, tax, securities, or investment advice or a recommended course of action in any given situation. Envestnet makes no representation regarding the accuracy or completeness of the information provided. Information obtained from third party resources is believed to be reliable but not guaranteed. All opinions and views constitute our judgments as of the date of writing, and are subject to change at any time without notice. Past performance is not indicative of future results.

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