Unified Managed Account Exchange
UMAX - Envestnet

How-To Guide for Registered Investment Advisors
2018
# TABLE OF CONTENTS

## I. INTRODUCTION
- What Is UMAX - Envestnet? .......................................................... 1
- How Can UMAX - Envestnet Help My Firm? .................................. 1

## II. WORKING WITH UMAX - ENVESTNET
- How Does an RIA Gain Access? ..................................................... 2
- What Is Required of the End Client? ............................................. 3
- What Does UMAX - Envestnet Cost? ............................................ 3
  - TD Ameritrade Institutional’s Fees: Tiers .................................. 4
  - Envestnet’s Fees ...................................................................... 4
  - Strategy Fees .......................................................................... 4
  - Advisor’s Fee .......................................................................... 4
- How Is Billing Handled? ............................................................... 5
  - TD Ameritrade Institutional ..................................................... 5
  - Envestnet ................................................................................ 5
- Single Sign-On (SSO) .................................................................. 5
- The UMAX - Envestnet Desktop .................................................. 5
- Helpful Hints and Reminders ....................................................... 6
  - Dependencies .......................................................................... 7
  - Assumptions ........................................................................... 7

## III. CONTACTS
- TD Ameritrade Institutional .......................................................... 7
- Product Management .................................................................. 7
- Business Development .............................................................. 7
- Managed Account Solutions Service Team ................................. 7
- Envestnet .................................................................................. 7
- New Enrollments ....................................................................... 7
- New Accounts ........................................................................... 7
- Service & Support ..................................................................... 7
- Business Development .............................................................. 8
- Disclosures ................................................................................ 9
I. INTRODUCTION

This document is an operational guide for Registered Investment Advisors (RIAs) participating in the Envestnet Asset Management, Inc. sleeve of TD Ameritrade Institutional’s Unified Managed Account Exchange (UMAX) program.

Terms in this document are defined as follows:

- **RIA** (or "you") refers to the firm or individual that “owns” the client relationship(s) and has hired Envestnet Asset Management, Inc. (Envestnet) as the Overlay Portfolio Manager (OPM) to manage client account(s) on a discretionary basis. The OPM retains discretionary control, coordinating all trading activity to customize client accounts, harvest tax gains or losses, and streamline portfolio rebalancing.

- **UMAX** refers only to the Envestnet offering. Contact the Managed Account Solutions team for information about other providers.

What Is UMAX - Envestnet?

UMAX - Envestnet is a platform that offers you the flexibility to accommodate your unique business model while your clients enjoy the ease and practicality of having all of their holdings in a single account. You can choose from among thousands of investment offerings including Unified Managed Account (UMA) model-based portfolios, traditional Separately Managed Accounts (SMAs), mutual funds (MFs), Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), enhanced portfolio strategies, and fixed income solutions.

How Can UMAX - Envestnet Help My Firm?

Operational and administrative tasks will be handled by Envestnet, leaving you free to focus on business development, relationship management, and client servicing.

Benefits include:

- Streamlined enrollment process
- Performance reporting
- PMC research
- Proposal generation
- Account billing
- Deployment and conversion teams—including project managers—to work with your firm
- Advisor training and support
- Discounted fee schedule through TD Ameritrade Institutional
How Can UMAX - Envestnet Benefit My Clients?

**Convenience and Simplicity:** UMAX enables you to combine multiple investment products into one client account with one registration, one set of account-opening paperwork, one statement, one performance report, and one Form 1099.

**Flexibility:** Solutions that meet your clients’ investment objectives and unique needs with the option to choose from SMAs, MFs, ETFs/ETNs, and other investment vehicles with the aid of institutional-caliber investment managers, portfolio management services, and automatic rebalancing.

**Control:** End clients have the benefit of enhanced tax management capabilities, including the capability to tailor investments with individual security/sector restrictions in mind, and the ability to consolidate accounts to facilitate review and management.

II. WORKING WITH UMAX - ENVESTNET

How Does an RIA Gain Access?

Your firm must be a client of TD Ameritrade Institutional to access UMAX - Envestnet.

The RIA must complete the UMAX - Envestnet Addendum to the Advisor Services Agreement (TDAI 2858) and return it to the TD Ameritrade Institutional Managed Accounts team at instserv-map@tdameritrade.com.

RIAs should expect approval and set-up to take approximately one month from the time Envestnet receives TDAI 2858. Breakdown is as follows and all timespans are estimated, not guaranteed:

- Envestnet approves the RIA, creates a page for the firm on the Envestnet web site, and contacts TD Ameritrade Institutional Managed Accounts to notify us of approval. This can take up to three weeks

- TD Ameritrade Institutional Managed Accounts requests creation of a shared rep code; new code is reported back to Managed Accounts within one to two business days

- TD Ameritrade Institutional Managed Accounts Operations Team contacts the RIA to convey the shared rep code info and confirm who will need access to the UMAX Envestnet site, for which a Veo® User ID is required. This will take at least one business day

- RIA’s Veo® privileges are usually updated within one business day in preparation for UMAX Envestnet Single Sign-On (SSO)

- TD Ameritrade Institutional Managed Accounts Operations Team emails Envestnet with the SSO creation request within one business day

- Once SSO access is complete, the RIA’s authorized parties can begin accessing the UMAX Envestnet desktop to produce client proposals and paperwork
When the UMAX code is established and the RIA’s web portal is ready, TD Ameritrade Institutional’s Managed Accounts Service Team will reach out to the RIA with a “welcome” call or email.

Users will then be able to access UMAX by clicking **Accounts** → **Account Services** → **UMAX-Envestnet**. A new window will open, displaying the UMAX desktop.

You will use the Web-based proposal system to perform client suitability and portfolio configuration, working with your clients to complete all of the documents required to open an account.

You will export client profiles and account opening documents from the Web-based desktop. All related paperwork will be forwarded to Envestnet.

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**Note**: always use fresh downloads of UMAX documentation from Veo or the Envestnet UMAX desktop. Using copies you have saved locally can contribute to delayed processing and date-related NIGOs if your copy is not current.

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**What Is Required of the End Client?**

Your client must complete the **Third-Party Investment Management Program Application** (TDAI 4954) which can be found on Veo® or the Envestnet desktop.

The following items are also required on an “as applicable” basis:

- Trust Documents
- ERISA Documents
- Tax Management Form
- Restriction Management
- Statement of Investment Selection
- **Prime Brokerage Services Agreement Amendment** (TDAI 4088): there are multiple Fixed Income managers on the roster that trade via Prime Brokerage. Be sure to review with Envestnet and TD Ameritrade. Please be aware that both you and your client need to execute and send us TDAI 4087 (end-client version of form) and TDAI 4088 to be able to use Prime Brokerage Services. They both can be found on Veo.

These documents are intended to collect a number of details including, but not limited to: the client’s asset allocation; security restrictions and other constraints; the client’s tax rates and related tax management information; supplemental information such as proxy voting, etc.; and the custodial account information. All materials should be returned to Envestnet at ASTBlue@envestnet.com.

**What Does UMAX - Envestnet Cost?**

Client fees are asset-based and consist of the following components:
TD Ameritrade Institutional’s Fees: Tiers

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Asset Amount</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0 to $250,000</td>
<td>22 bps</td>
</tr>
<tr>
<td>2</td>
<td>Next $250,000</td>
<td>12 bps</td>
</tr>
<tr>
<td>3</td>
<td>Next $1.5 MM</td>
<td>8 bps</td>
</tr>
<tr>
<td>4</td>
<td>Over $2 MM</td>
<td>6 bps</td>
</tr>
</tbody>
</table>

Annual minimum custody fee: $200

Minimum initial investment: $25,000 ($10,000 for Advisor as Portfolio Manager)

Custodial fees will not be assessed on any portfolio assets allocated to non-transaction fee mutual funds (NTFs), money market funds, or commission-free exchange traded funds. Please note that the asset-based fee does not cover every fee and expense associated with an account; see TDAI 2858 for more information.

If portfolio assets are allocated 100% to NTFs, the minimum annual custodial fee of $200 will be waived.

Envestnet’s Fees

Envestnet calculates fees based on the actual amount in a given strategy at the end of each quarter.

<table>
<thead>
<tr>
<th>Account Assets</th>
<th>Equity/Balanced SMA</th>
<th>Fixed Income SMA</th>
<th>Unified Managed Accounts</th>
<th>Advisor as Portfolio Manager</th>
<th>Fund Strategist Portfolios</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $3 MM</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Over $3 MM</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Minimum Annual Account Fee</td>
<td>$150</td>
<td>$150</td>
<td>$150</td>
<td>$100</td>
<td>$100</td>
</tr>
</tbody>
</table>

Additional fees may apply, depending on use of optional services such as reporting (account aggregation), impact overlay, and tax overlay.

Strategy Fees

These can range from 2 to 75 BPS, and will be incorporated into Envestnet’s fee.

Advisor’s Fee
You may indicate the fee schedule you wish to apply to clients during the proposal process on the Envestnet UMAX dashboard, and have Envestnet calculate and deduct it. You may also elect to "zero out" that fee and charge your clients separately.

NOTE: when completing the client application and contract make sure that fee schedules and annual minimums are explicitly stated.

How Is Billing Handled?

**TD Ameritrade Institutional**

TD Ameritrade fees are charged quarterly in arrears and are debited from the client account.

**Envestnet**

Envestnet’s fee and any applicable platform fees will be withdrawn from the account by Envestnet on a quarterly basis, in advance, starting when the account application is accepted.

Single Sign-On (SSO)

UMAX desktop access will be linked to Veo® user names. Default access includes all available SMAs, MFs, ETFs, ETNs, CEFs, and third-party strategies, but can be customized to allow your Investment Advisor Representatives access only to the products and firms you choose. Contact Envestnet at ASTBlue@envestnet.com for details.

To enable SSO, contact TD Ameritrade Managed Accounts Service Team at 1-888-833-5544 or instserv-map@tdameritrade.com.

The UMAX - Envestnet Desktop

The Desktop is a Web-based proposal system you can use to research client suitability, configure portfolios, and generate both the TD Ameritrade and Envestnet-specific paperwork you will need to open a client account.

Please do not send duplicate paperwork to TD Ameritrade Institutional and Envestnet; doing so may result in errors. The default flow will prompt all necessary forwarding.

You may submit Raise Cash requests through the UMAX desktop. Envestnet will follow up after 30 days if no further action is taken.

Raise Cash requests require two steps:

1. Submit Service Request to raise cash through the UMAX desktop
2. Have paperwork in place at TD Ameritrade Institutional authorizing disbursement i.e., Move Money, IRA Distribution request, etc.

Allocation Changes must be entered on the desktop; manual allocation changes are not permitted.
Termination Requests should be submitted to Envestnet as Service Requests to Terminate through the UMAX Desktop.

Asset Removal: do not remove assets from the accounts until you have submitted the Service Request.

Instructional content around how to raise cash and submit allocation and termination requests can be found in the Resources section of the Desktop.

Any technical questions about the desktop should be directed to Envestnet Desktop Support at ASTBlue@envestnet.com or 1-855-393-8028.

Requests for additional shared rep codes should be submitted to the TD Ameritrade Institutional Managed Accounts Service Team.

Helpful Hints and Reminders

- It is strongly recommended that you contact the Managed Accounts Service Team at 1-888-833-5544 before submitting your first UMAX application and proposals so the team can review your paperwork with you, ensuring it is completed correctly. This will help identify any common issues and facilitate timely processing.

- Keep track of your rep codes. They identify your relationship with Envestnet, and their proper use is key.

- Once Envestnet is granted trading authority for an account, the RIA must cease exercising its own trading authority for the duration of the relationship.

- RIA is responsible for providing Envestnet with advance notice of client intent to terminate, withdraw, or transfer any funds from these accounts.

- Always ensure that the initial funding listed on the new account client paperwork matches as closely as possible to the actual planned funding in the client’s account. Inaccurate funding will delay the initial investment.

- Do not deposit assets into a UMAX account if they are not intended for UMAX. A non-UMAX or funding account should be used for this purpose. Please contact your Envestnet service team to discuss the establishment and proper handling of a UMAX funding account.

- Unscheduled deposits will trade automatically if the amount of the deposit causes the account to be high in cash or outside the model’s allowable drift parameters; any security deposits that are not in model positions will be automatically liquidated.

- Envestnet cannot set up RMD (Required Minimum Distribution) withdrawals on their end since, unlike other recurring withdrawals, RMDs are not for a set amount each year.
Envestnet does not validate withdrawals in excess of $25,000.

**Dependencies**

- There is a $25,000 minimum initial investment required to open UMAX accounts ($10,000 for Advisor as Portfolio Manager)

**Assumptions**

- Check writing is not available in UMAX
- “Reporting only” services (account aggregation) are available within UMAX and an amendment to the UMAX Advisor Addendum is no longer required to activate these additional services. Please contact Envestnet to initiate the process of activating reporting only services within UMAX.

### III. CONTACTS

**TD Ameritrade Institutional**

*Product Management*

ManagedAccountSolutions@tdameritrade.com

*Business Development*

East: Ken Courtney, 201-368-8583, Kenneth.Courtney@tdameritrade.com

West: Julia Penn, 858-458-8050, Julia.Penn@tdameritrade.com

*Managed Account Solutions Service Team*

888-833-5544, instserv-map@tdameritrade.com

**Envestnet**

*New Enrollments*

RIASales@envestnet.com

*New Accounts*

RIA-newaccounts@trv.envestnet.com

*Service & Support*

Advisor Services & Platform Consulting Group, 855-393-8028, ASTBlue@envestnet.com
Business Development

Business Development Consultants, 855-769-0806

Bryan Watson, VP, 303-824-8151, bryan.watson@envestnet.com

Jordan Schneider, AVP, 484-328-5518, jordan.schneider@envestnet.com
Disclosures

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