

***The Future of Advice:
Defining the Winning Products,
Channels, & Tactical Strategies***

*1st Global
Eagles Executive Forum
May 14, 2009*



Outline

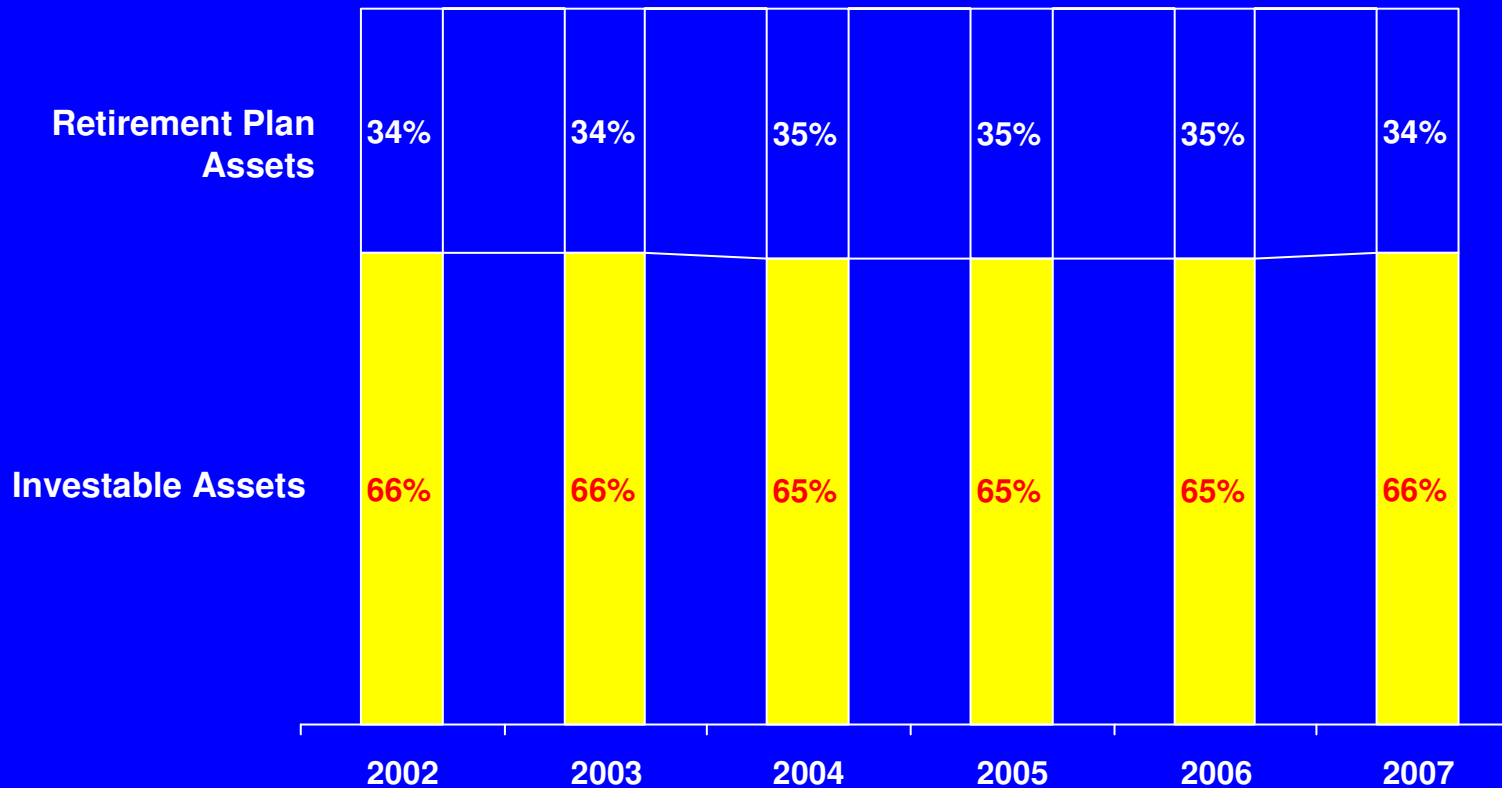
- **Year-End 2007 Recollection: Winning Products & Channels**
- **The 2008-2009 Credit Crisis**
 - The Basics & the Blame Game
 - Ongoing Consumer & Industry Impacts
 - The Subtle Issue
- **2009 & Beyond: New Industry Trends & Directions**
 - Products & Channels
 - Industry Restructuring



#1: The Ratio of Consumer Household Financial Assets Had Been Relatively Stagnant Since 2002, with Investable Assets Accounting for Two-Thirds of All Financial Assets...



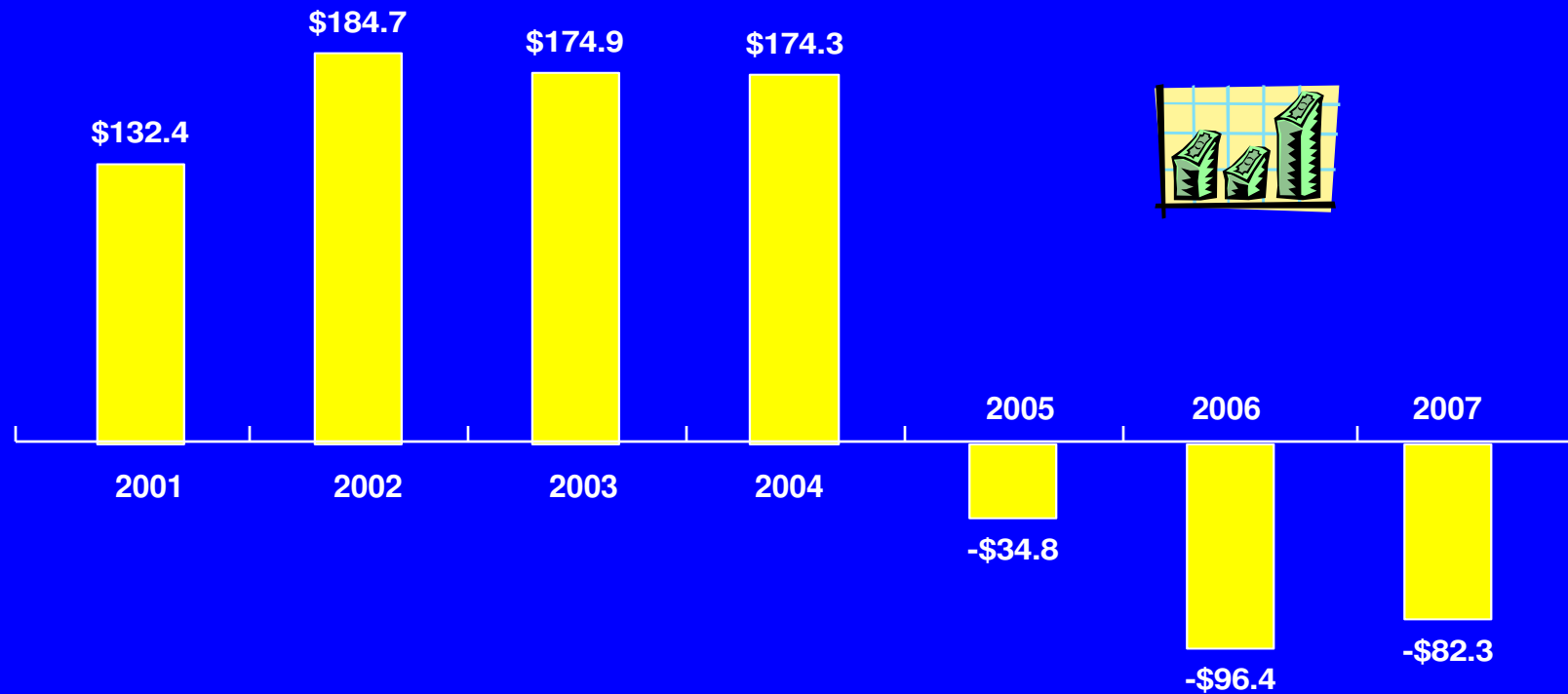
Consumer Household Financial Assets By Asset Type



Source: 12/31/07 Federal Reserve Flow of Funds Report; 3/31/07 Federal Reserve Flow of Funds Report; Tiburon Research & Analysis

#2: Baby Boomers were Still Not Saving the Traditional Way...

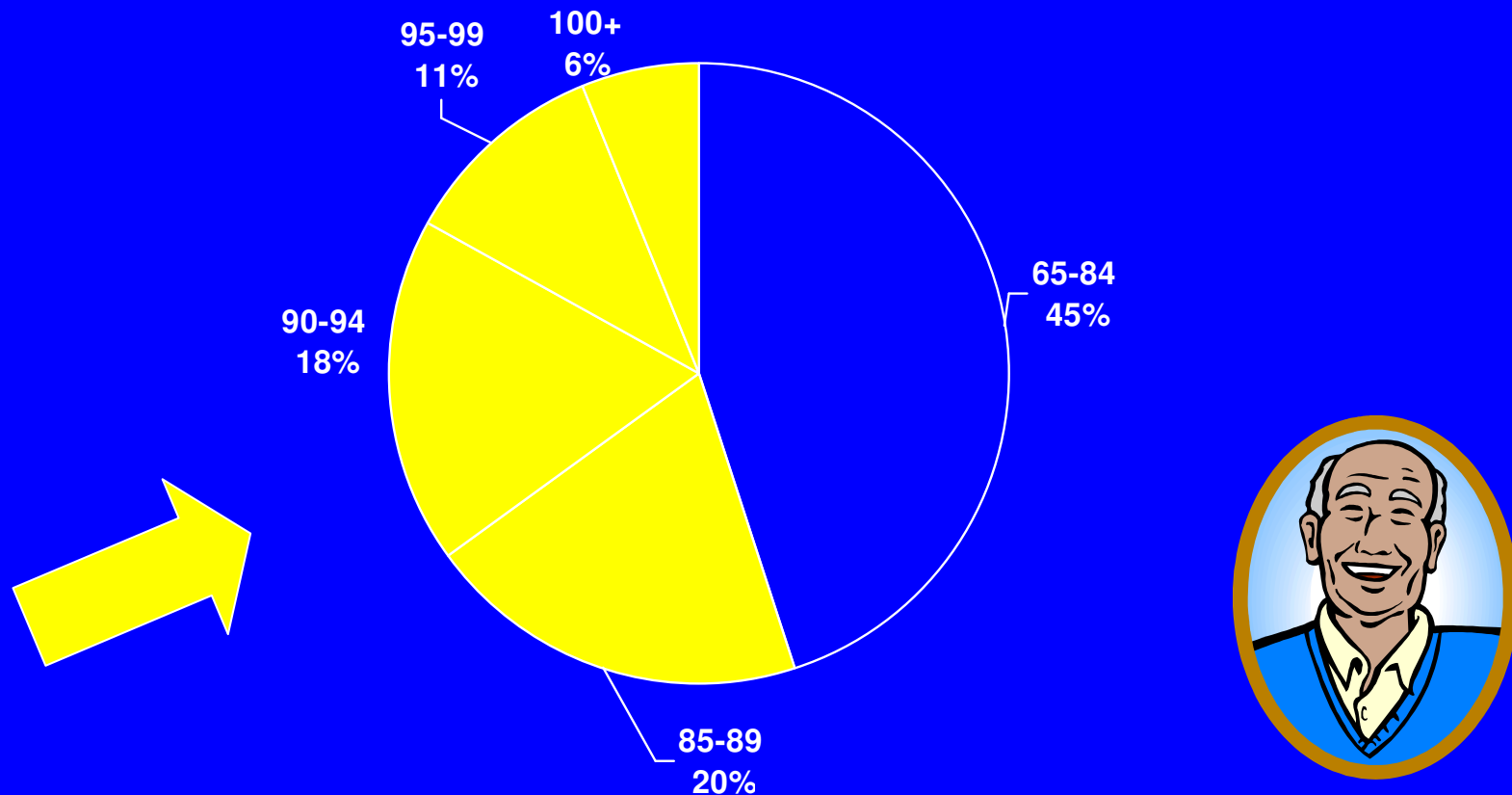
Consumer Household Personal Savings (\$ Billions)



Source: 3/31/07 Federal Reserve Flow of Funds Report; Tiburon Research & Analysis

#3: Longevity was Becoming a Real Problem...

65 Year Old Male Life Expectancy

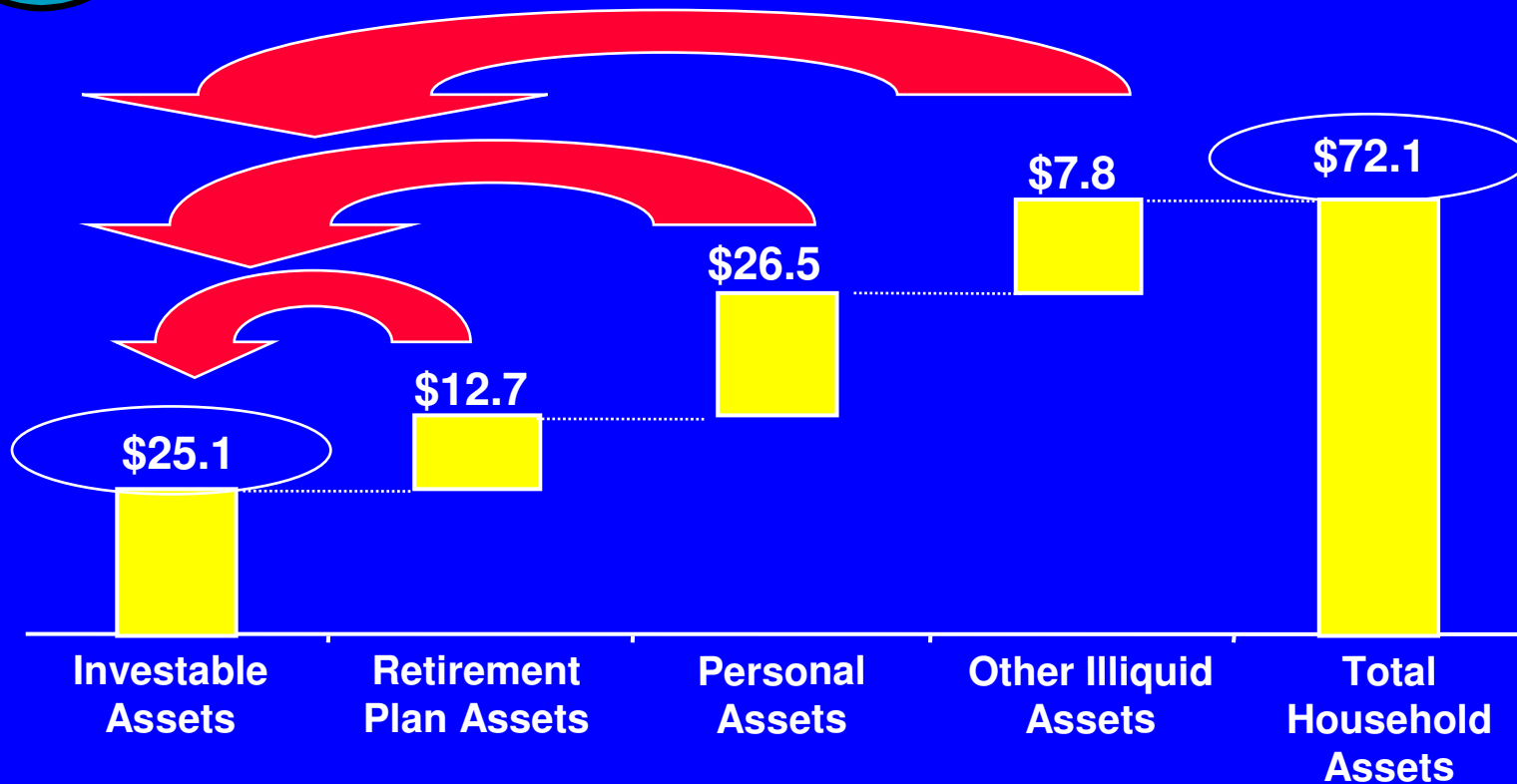


Source: 12/07 Journal of Financial Planning; 12/11/06 Investment News; 8/12/01 US Bancorp Piper Jaffray Web Site; 8/12/01 Allstate Brochure; 12/00 SunAmerica Brochure; 7/22/96 Business Week; Tiburon Research & Analysis

#4: But Consumers, and Especially Baby Boomers, Had Lots of Assets in Retirement Plans and Houses that they Could Liquidate to Retire...



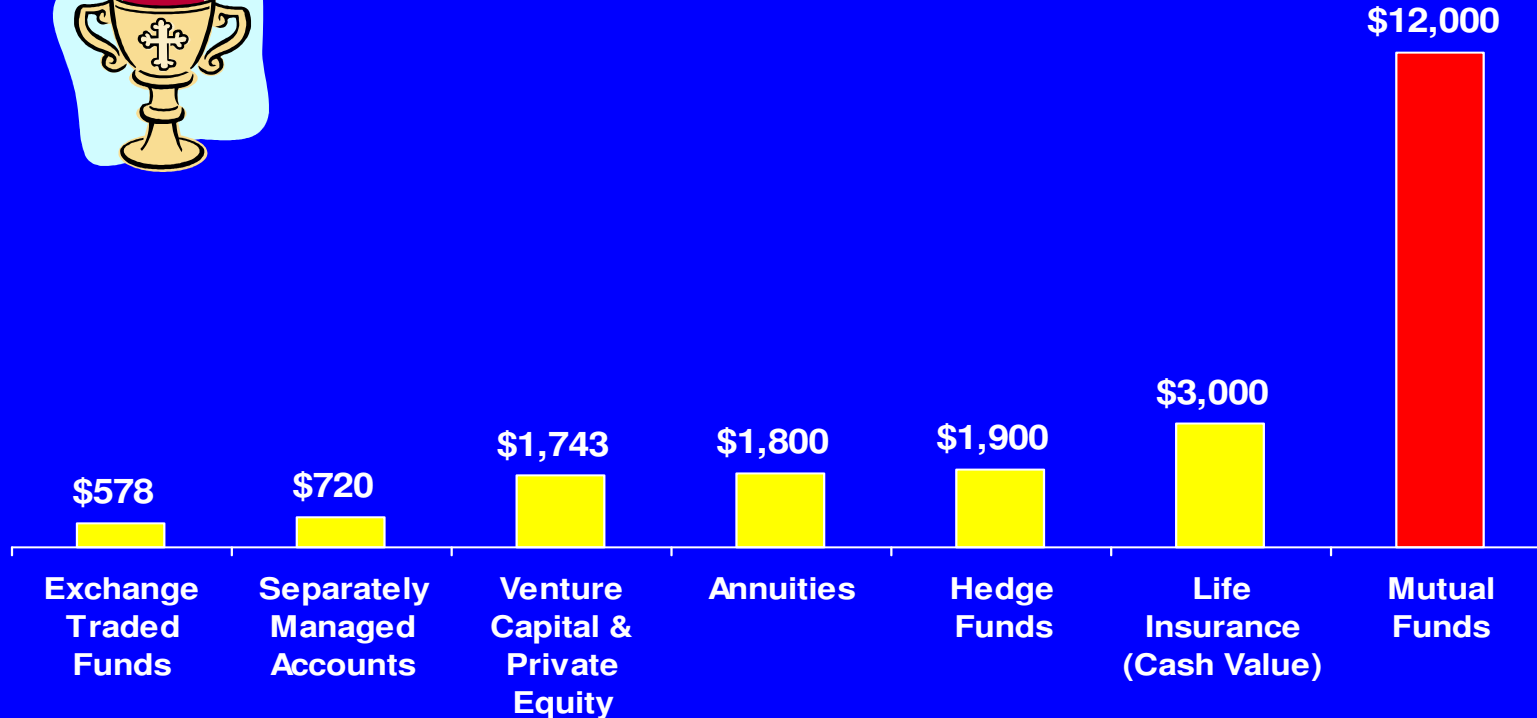
Consumer Households Net Worth (\$ Trillions)



Source: 12/31/07 Federal Reserve Flow of Funds Report; 6/07 Fisher Investments Brochure (Federal Reserve Flow of Funds Report); 3/31/07 Federal Reserve Flow of Funds Report; 1/22/04 McKinsey Quarterly; 5/22/02 Wachovia Presentation (Doe) (Spectrem; McKinsey & Company); 5/9/02 Wachovia Presentation (Blythe); 5/9/02 Spectrem Presentation (Doe); 8/14/01 Wall Street Journal; 7/01 Registered Rep (Cerulli); Tiburon Research & Analysis

#5: Mutual Fund were the Dominant Investment Product...

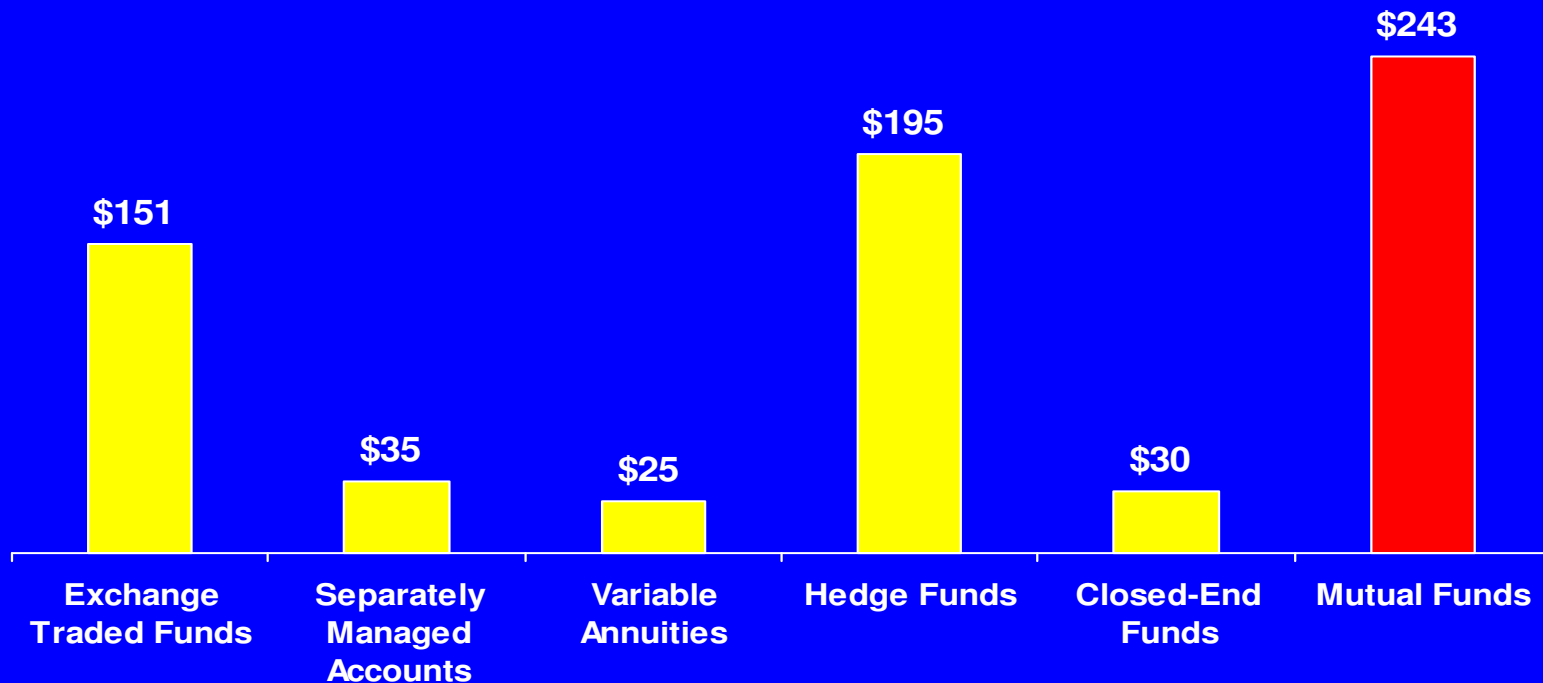
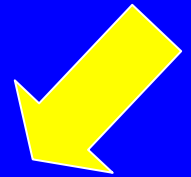
Leading Investment Products Assets Under Management (\$ Billions)



Source: 10/14/08 Morningstar Presentation (Mansueto); 3/05 ICI Web Site; 7/19/04 Barron's; 4/04 Research (MMI); 12/15/03 Investment News (Cerulli); 7/03 Ticker; 5/27/02 Merrill Lynch Presentation (Cerulli) (Doe); 10/01 Investment Consulting News; 7/13/01 Cerulli Presentation (Strategic Insight) (Cerulli); 7/11/01 RunMoney Conversation (Jorgensen); 7/2/01 RunMoney Quarterly Report; 7/01 Financial Advisor; Tiburon Research & Analysis

... And Mutual Fund Net Flows Still Led those of Other Investment Products

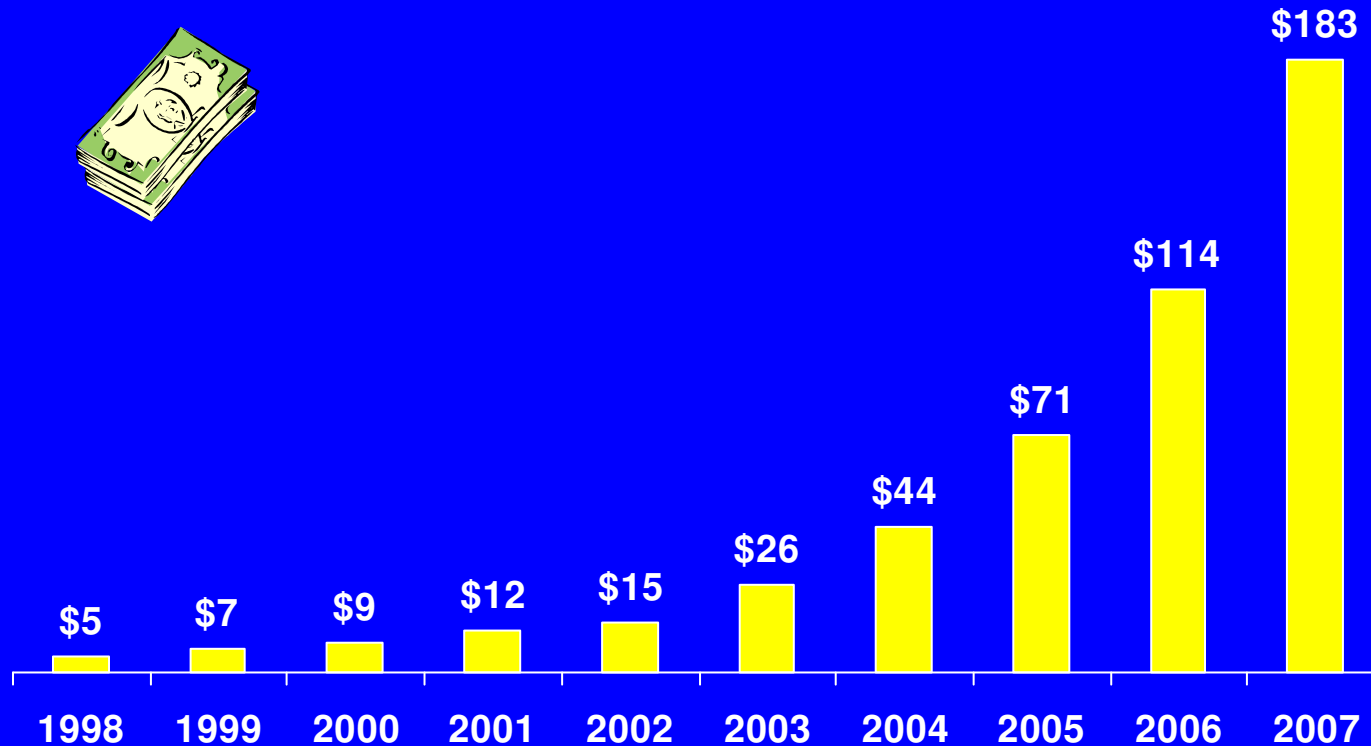
Leading Investment Products 2007 Net Flows (\$ Billions)



Source: 10/15/08 Powershares Presentation (Bond); 10/14/08 Morningstar Presentation (Mansueto); Tiburon Research & Analysis

#6: Target Date Mutual Funds had Become the Industry Darling and were Gathering Assets Quickly

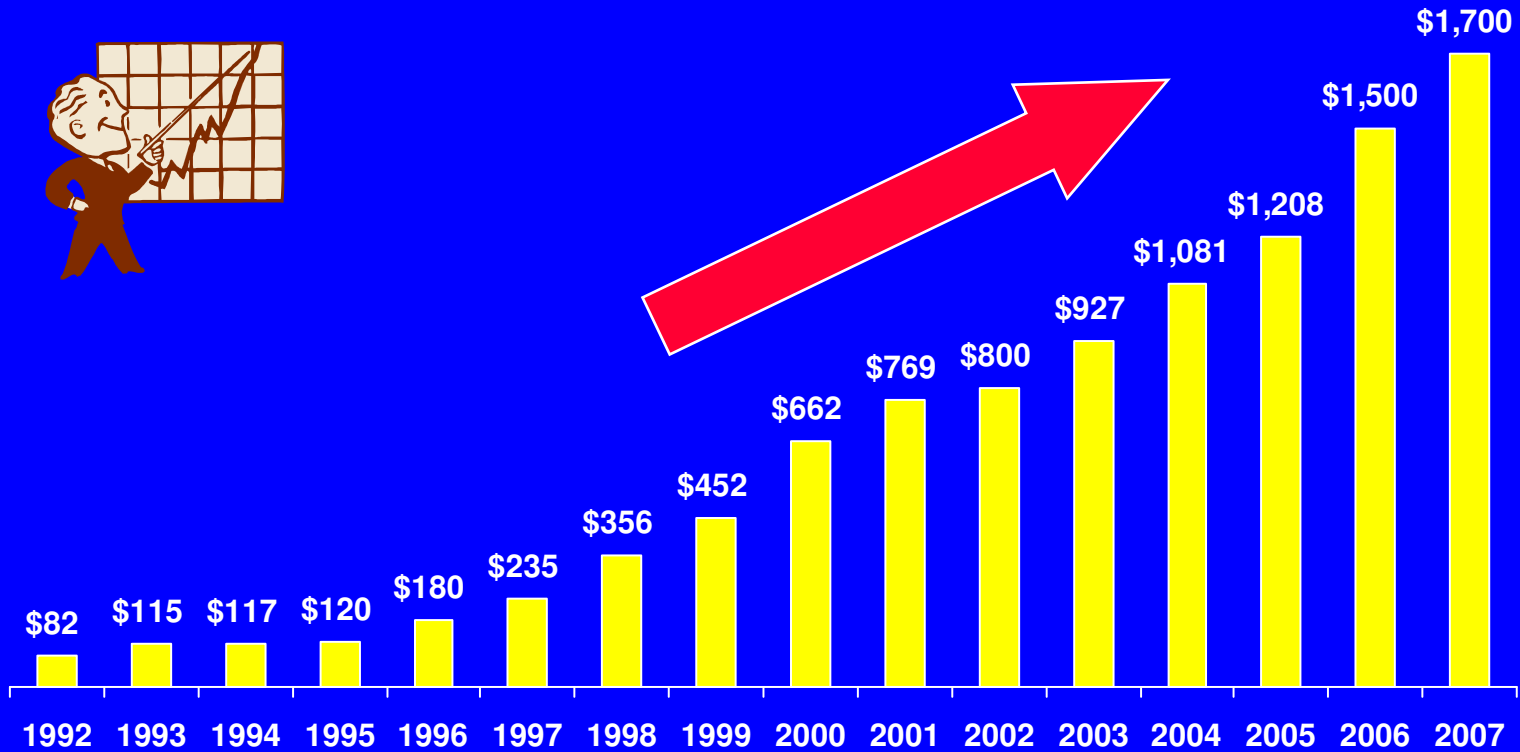
Target Date Mutual Funds Assets Under Management (\$ Billions)



Source: 12/08 Cerulli Research Report (Department of Labor); Tiburon Research & Analysis

#7: Packaged Fee-Account Program Assets (Primarily at the Wirehouses) Had Grown Substantially to \$1.7 Trillion...

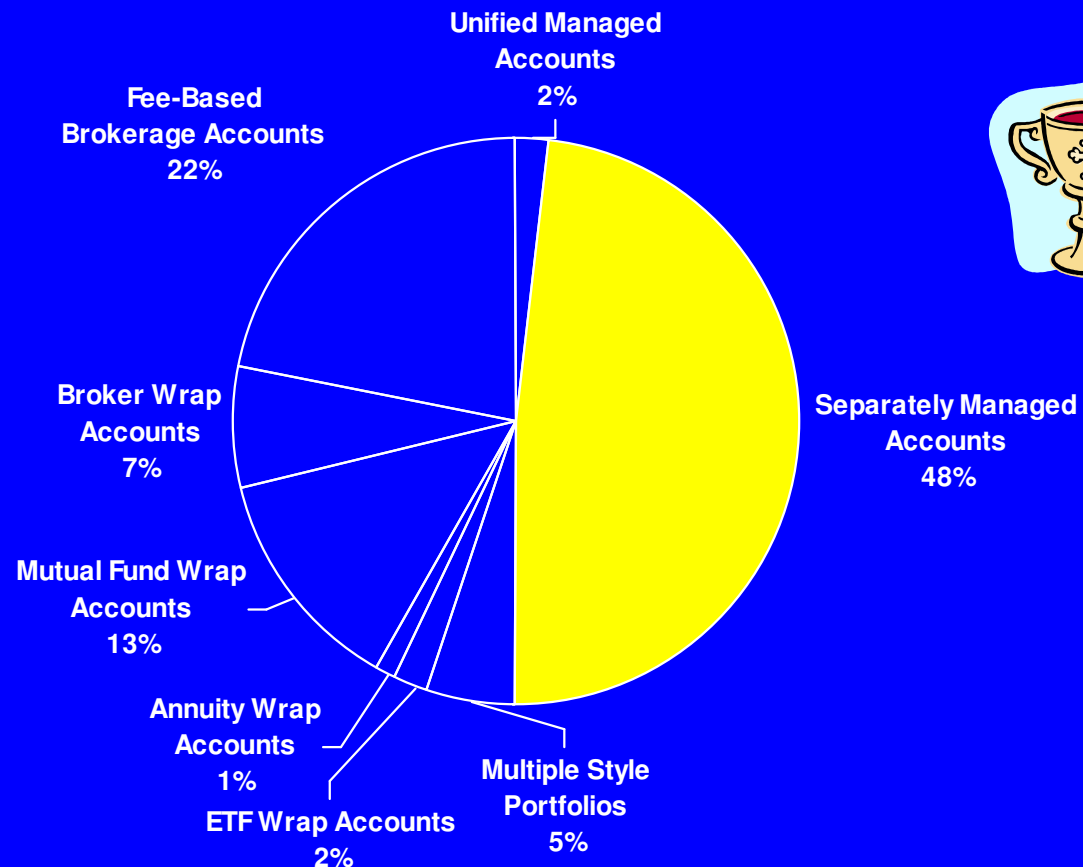
Packaged Fee-Account Program Assets (\$ Billions)



Source: 8/23/08 Fund Fire; 8/23/05 Fund Fire; 8/12/05 Mutual Fund Daily; 5/25/04 Money Management Executive (FRC); 4/04 Research (MMI); 2/10/04 MMI Press Release; 12/15/03 Investment News (Cerulli); 12/15/03 FRA Conference Brochure; 3/27/03 Wealth Management Letter; 3/10/03 American Banker; 9/30/02 IIR Conference Brochure (Cerulli); 9/23/02 Investment News; Tiburon Research & Analysis

#8: Separately Managed Accounts (SMAs) Had Become the Most Talked About (Promoted?) (Sold?) Product...

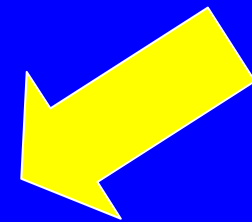
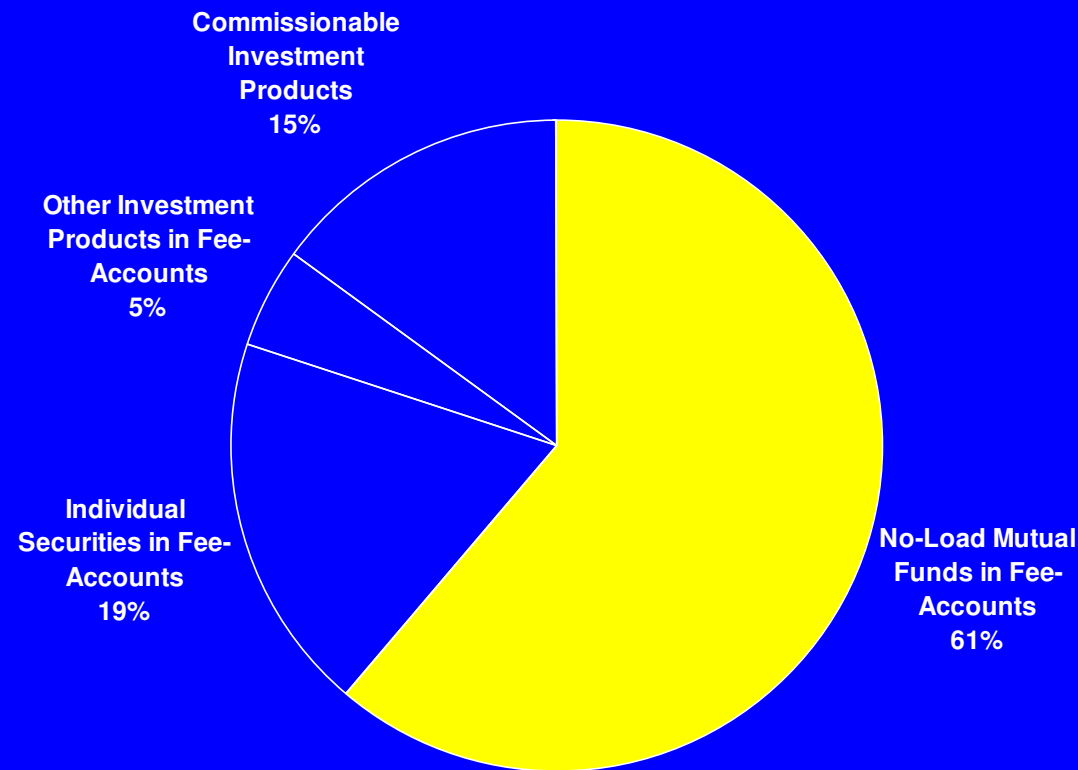
Packaged Fee-Account Assets by Account Type



Source: 9/05 Registered Rep (MMI); 8/23/05 Fund Fire (Cerulli); 7/05 Accounting; 6/7/05 Wachovia Conversation (McElhaney); 5/31/05 Morgan Stanley Email (Altman); 5/23/05 UBS Web Site; 5/9/05 Business Week (Cerulli); 5/9/05 AG Edwards Web Site; 4/05 Registered Rep (MMI); 7/19/04 Barron's; 5/25/04 Money Management Executive (FRC); 4/04 Research; 2/10/04 MMI Press Release; 12/15/03 Investment News (Cerulli); Tiburon Research & Analysis

#9: The Real Point Though was Open Architecture...

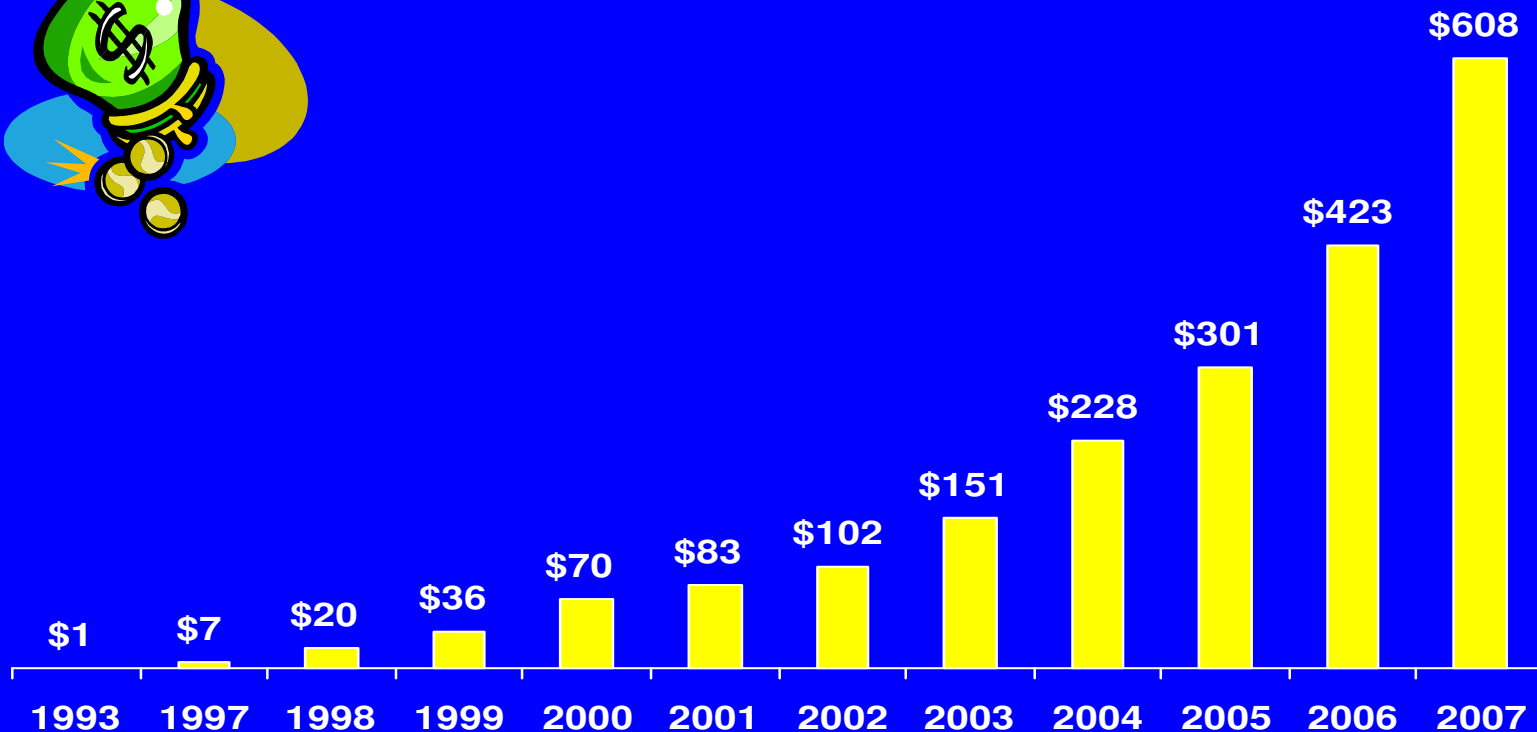
Fee-Based Financial Advisor Assets Under Management By Investment Product Utilization



Source: 5/03 Fee-Only Financial Advisor Best Practices Survey; Tiburon Research & Analysis

#10: Exchange Traded Funds had Become the Most Significant Product Development Since Mutual Funds in the 1940s

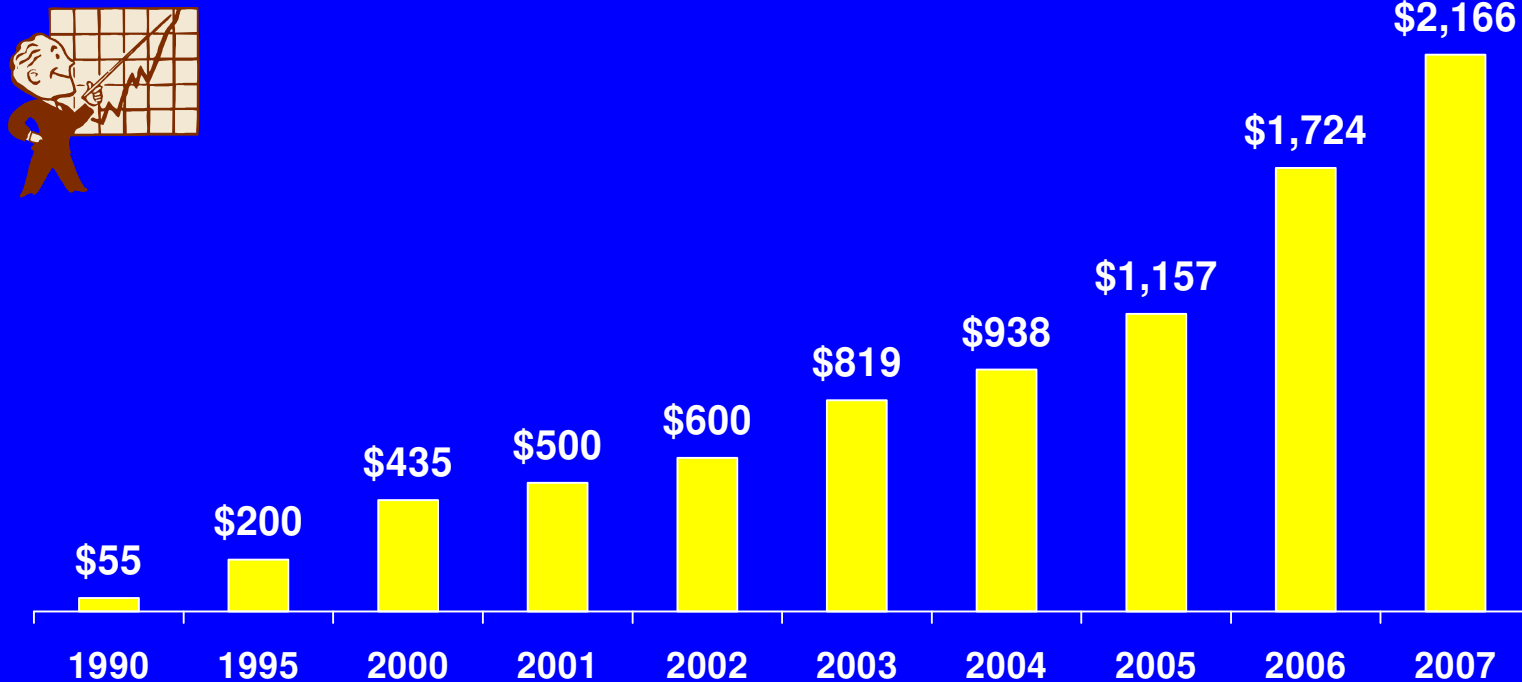
Exchange Traded Fund Assets (\$ Billions)



Source: 10/14/08 Morningstar Presentation (Mansueto) (ICI); 1/8/07 Investment News (SSGA); 1/23/06 Ignites Email (ICI); 1/18/06 Dow Jones Email (Ryan); 12/19/05 Rydex Investments Brochure (ICI); 11/30/05 ICI Web Site; 11/9/05 Morgan Stanley Analyst Report; 10/24/05 Investment News; 10/05 Research; 9/12/05 New Millennium Advisors Presentation (Carty) (ICI); 8/29/05 Investment News (ICI); Tiburon Research & Analysis

#11: Hedge Funds had Gathered Over \$2.0 Trillion Assets, More than SMAs & ETFs Combined

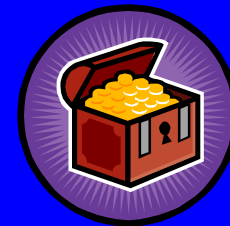
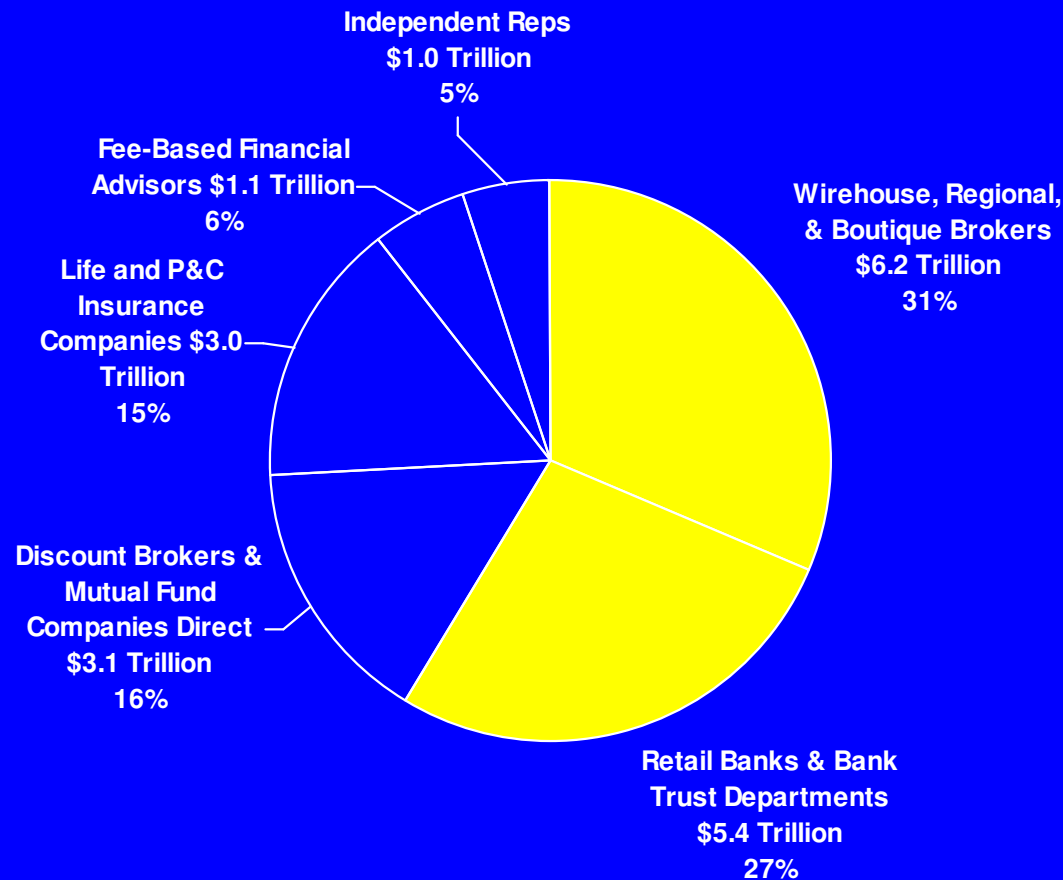
US Hedge Funds Assets Under Management (\$ Billions)



Source: 10/14/08 Morningstar Presentation (Mansueto); 1/18/08 Hedge Fund Review (Hedge Fund Research); 7/31/07 Bloomberg Web Site (Bhaktavatsalam); 3/21/07 American Banker Online (Hedge Fund Net) ; 3/19/07 Investment News; 3/6/06 Business Week (Hedge Fund Research); 12/5/05 Money Management Executive (Hedge Fund Research); 10/15/05 Financial Times; 6/8/05 Wall Street Journal; Tiburon Research & Analysis

#12: The Wirehouses and Retail Banks Controlled Almost Two-Thirds of All Consumer Investable Assets

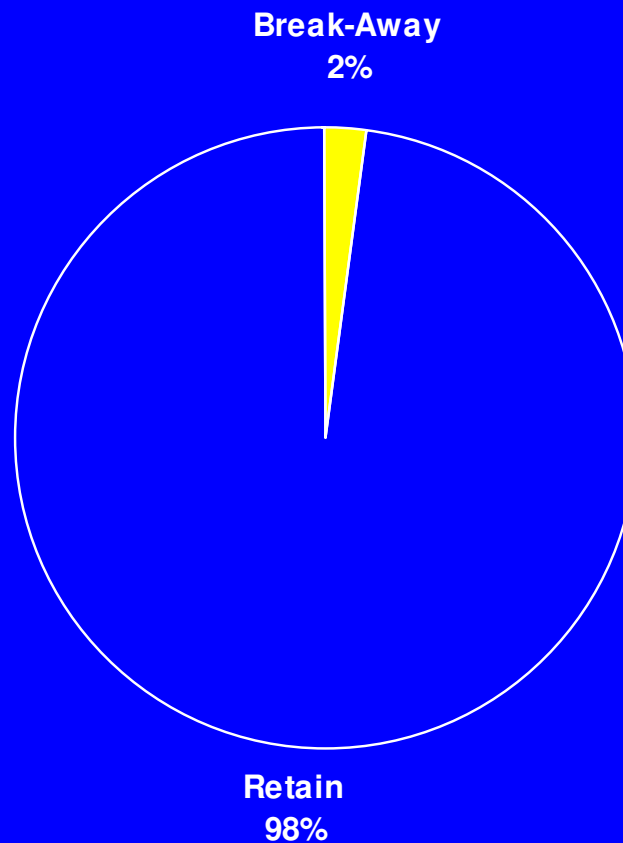
Consumer Households Investable Assets by Market



Source: 12/07 Journal of Financial Planning; 3/02 Open Finance (Tower Group); 8/13/01 On Wall Street Web Site; 7/13/01 Cerulli Presentation (SIA); 11/6/00 Investment News (Cerulli Associates); 12/97 Securities Industry Yearbook; 12/97 S&P's Securities Dealers of North America; 7/22/97 American Banker; 6/97 Financial Planning; 6/97 Dow Jones Investment Advisor; 5/12/97 Pensions & Investments; 4/12/97 American Banker; Tiburon Research & Analysis

#13: And there was a Lot of Buzz But Not a Lot of Action Pertaining to Brokers Going Independent...

Financial Advisors By Propensity to Break Away



Source: 5/07 Financial Planning; Tiburon Research & Analysis

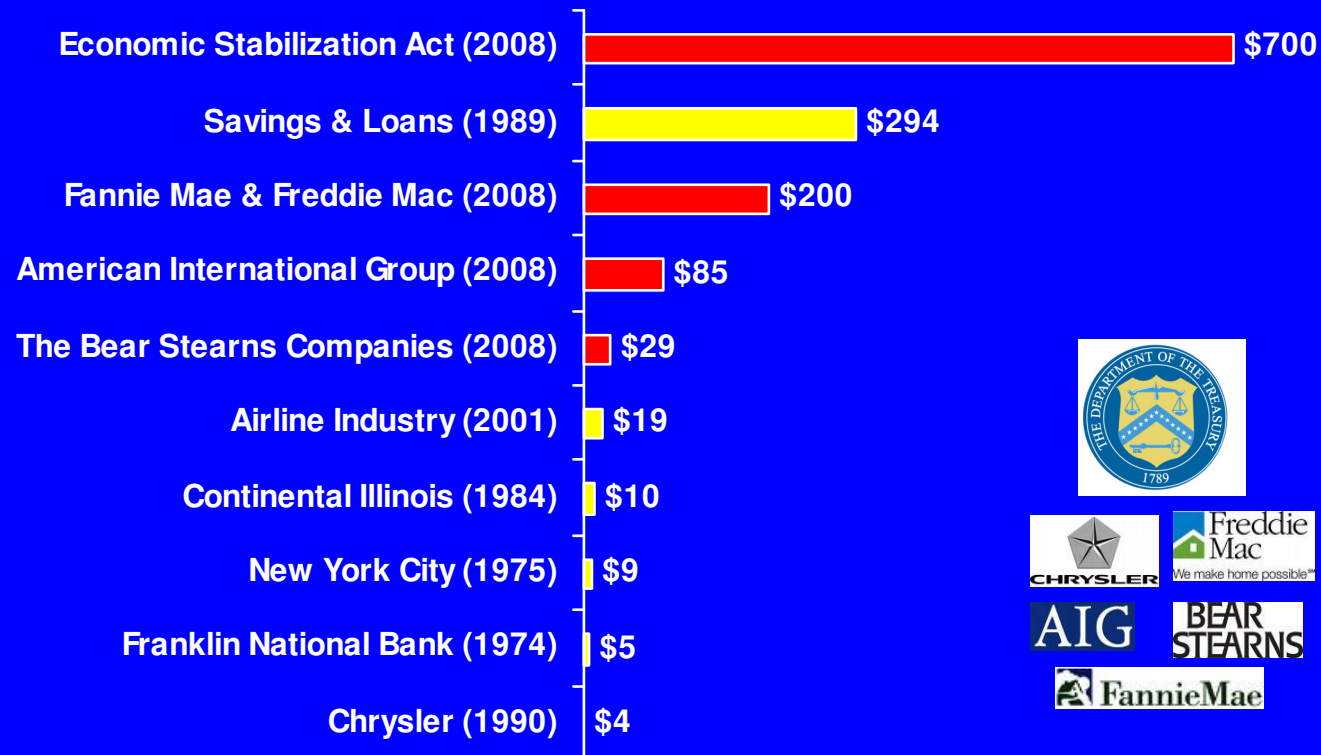
Outline

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And then Came the Credit Crisis... All Five of Largest US Government Bailouts Have Been of Financial Services Companies, with Four Happening in 2008


**US Government Private Sector Company Bailouts
(\$ Billions)**



Source: 9/20/08 New York Times; Tiburon Research & Analysis

There were Lots of Parties to Share the Blame... (Page 1)

Credit Crisis Culprits

Consumers	Commercial Banks	Mortgage Brokers	Investment Banks
<ul style="list-style-type: none">• Took out loans unable to handle• Often misstated income• Excess speculation	<ul style="list-style-type: none">• Created sub-prime & no-documentation process• Made loans knowing consumers could not afford• Excessive lending to the subprime market	<ul style="list-style-type: none">• Paid huge agent incentives to close any transaction	<ul style="list-style-type: none">• Created & sponsored complex CDO products (mortgage backed derivatives)• Invested in some of own products 

Source: 4/15/09 Zebra Capital Management Presentation (Ibbotson); 4/2/09 Foliofn Email (Wallman); 4/2/09 TCW Email (Baldiswieler); 4/2/09 Oppenheimer Funds Email (Murphy); 3/31/09 T. Rowe Price Email (Cammack); 3/17/09 Investment Company Institute Memorandum (Brennan); 9/23/08 WR Hambrecht Newsletter; Tiburon Research & Analysis

Credit Crisis Culprits

Mortgage Insurers	Ratings Agencies	Institutional Investors	US Government
<ul style="list-style-type: none">Failed to understand CDO risks 	<ul style="list-style-type: none">Failed to understand CDO risksGave out optimistic ratingsDisingenuous business models & complicit activities	<ul style="list-style-type: none">Abundance of capital from abroadTook on too much leverage, including much off balance sheetDid not demand transparency	<ul style="list-style-type: none">Encouraged excess mortgage lendingEncouraged Freddie Mac & Fannie Mae to securitize excess mortgagesAllowed lax regulation & oversightDid not utilize tools to fix problem

Source: 4/15/09 Zebra Capital Management Presentation (Ibbotson); 4/2/09 Foliofn Email (Wallman); 4/2/09 TCW Email (Baldiswieler); 4/2/09 Oppenheimer Funds Email (Murphy); 3/31/09 T. Rowe Price Email (Cammack); 3/17/09 Investment Company Institute Memorandum (Brennan); 9/23/08 WR Hambrecht Newsletter; Tiburon Research & Analysis

And Some at the World Economic Forum Joked About the Subtle Differences Between Socialism & Capitalism...

Socialism Versus Capitalism Comment



“In socialism, you nationalize and then you destroy. In capitalism, you destroy then you nationalize”

Source: 1/25/09 Wall Street Journal; Tiburon Research & Analysis

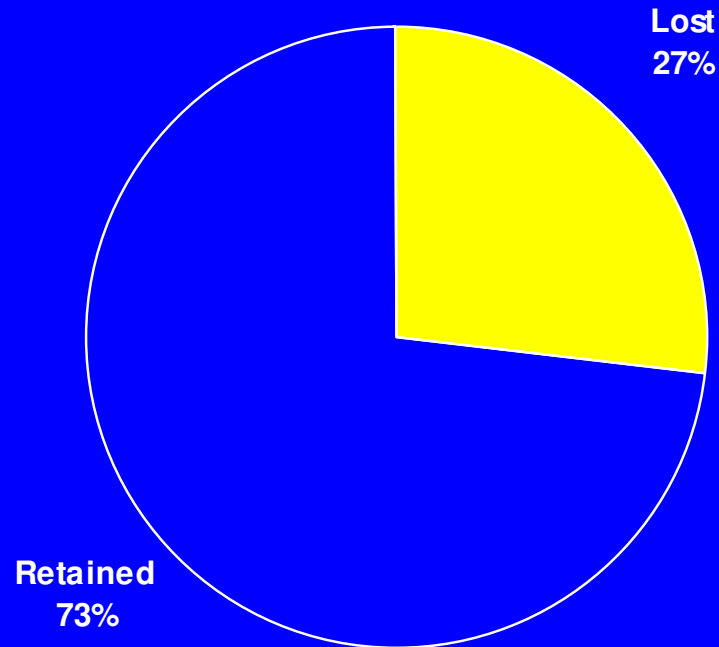
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On a More Serious Note... the Average American Worker Lost One-Quarter of His or Her 401k Retirement Plan Savings in 2008

**American Workers
Average 2008 401k Account Return**

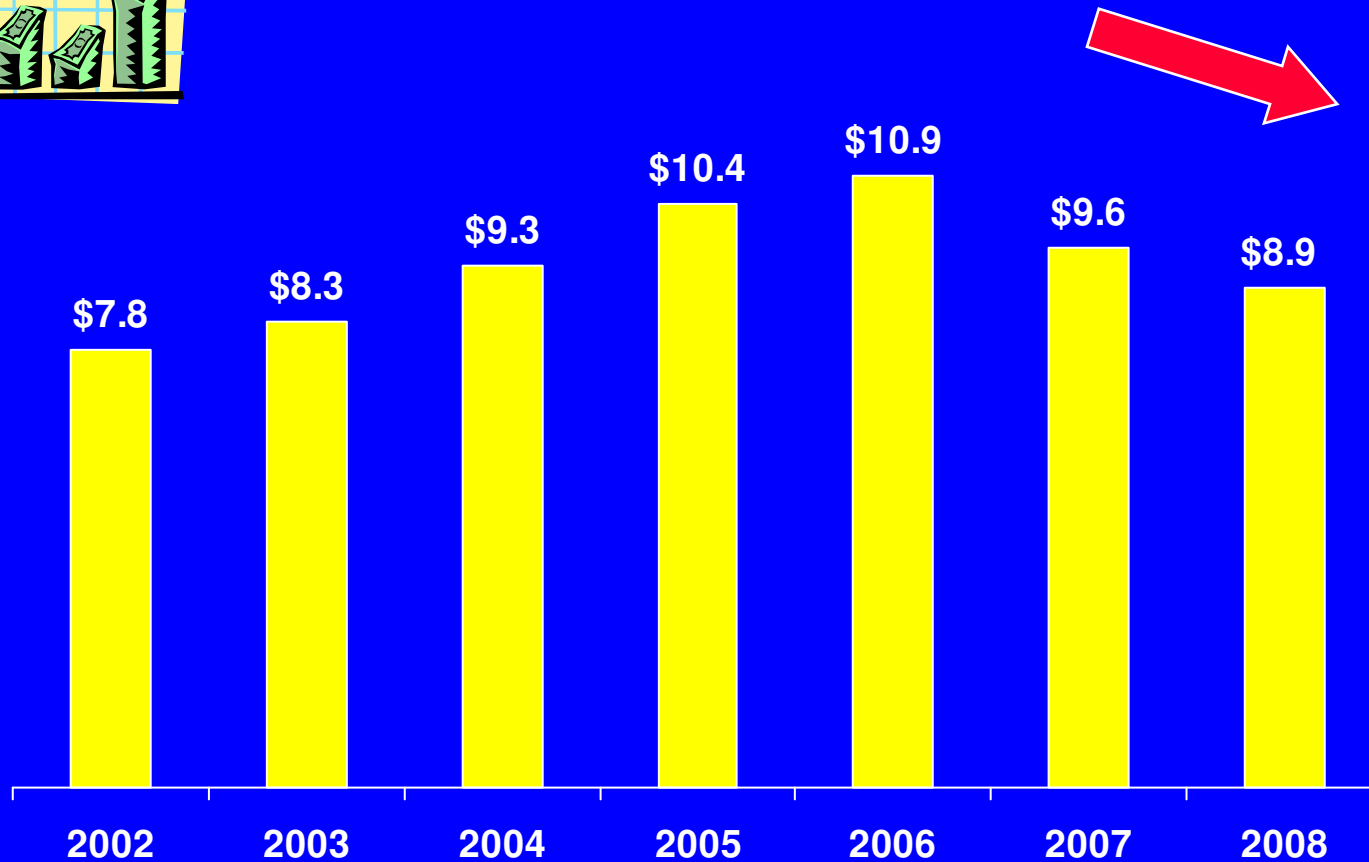


Source: 2/1/09 Washington Post; Tiburon Research & Analysis

Consumer Households Also Lost \$2.0 Trillion in Real Estate Equity Since 2006 to \$8.9 Trillion...



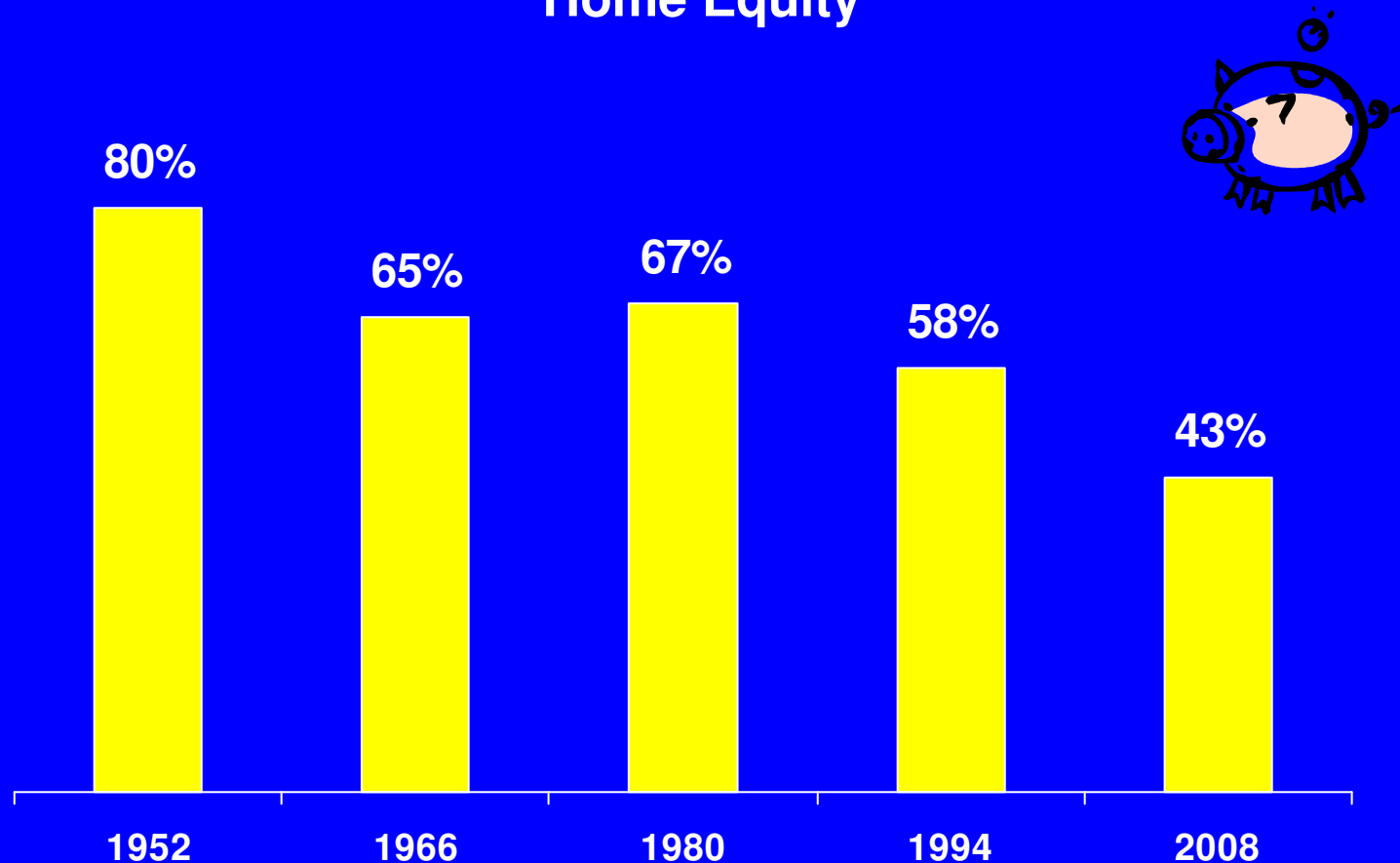
Consumer Households Real Estate Equity (\$ Trillions)



Source: 3/09 Journal of Financial Planning; 12/31/07 Federal Reserve Flow of Funds Report; 3/31/07 Federal Reserve Flow of Funds Report; Tiburon Research & Analysis

... as Consumer Households' Equity in their Homes Fell to 43% in 2008, the Lowest Level Since Records Have Been Kept

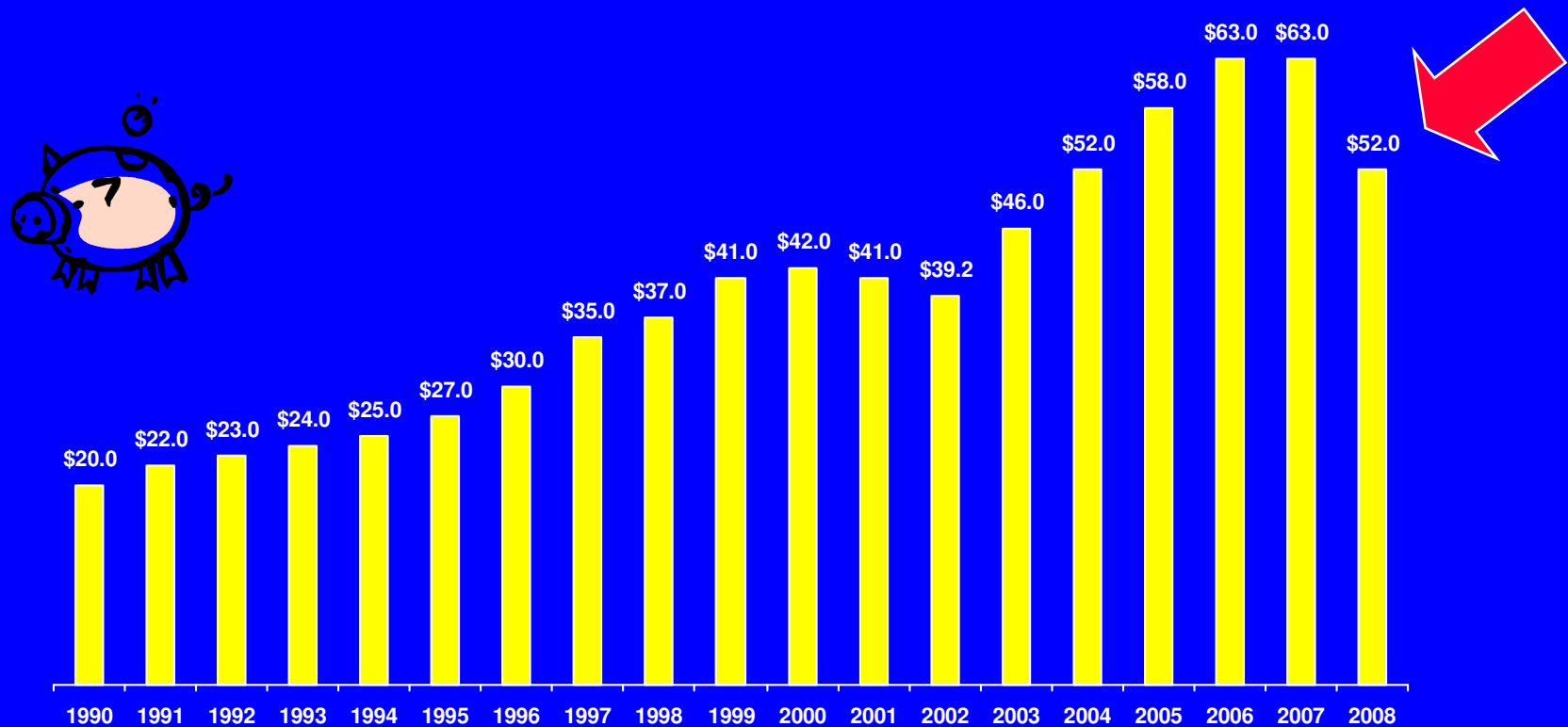
Consumer Household Home Equity



Source: 3/16/09 Wall Street Journal Web Site (Federal Reserve); 3/13/09 Wall Street Journal (Federal Reserve); Tiburon Research & Analysis

In Aggregate, Consumer Household Net Worth Fell \$11.0 Trillion in 2008 to \$52.0 Trillion...

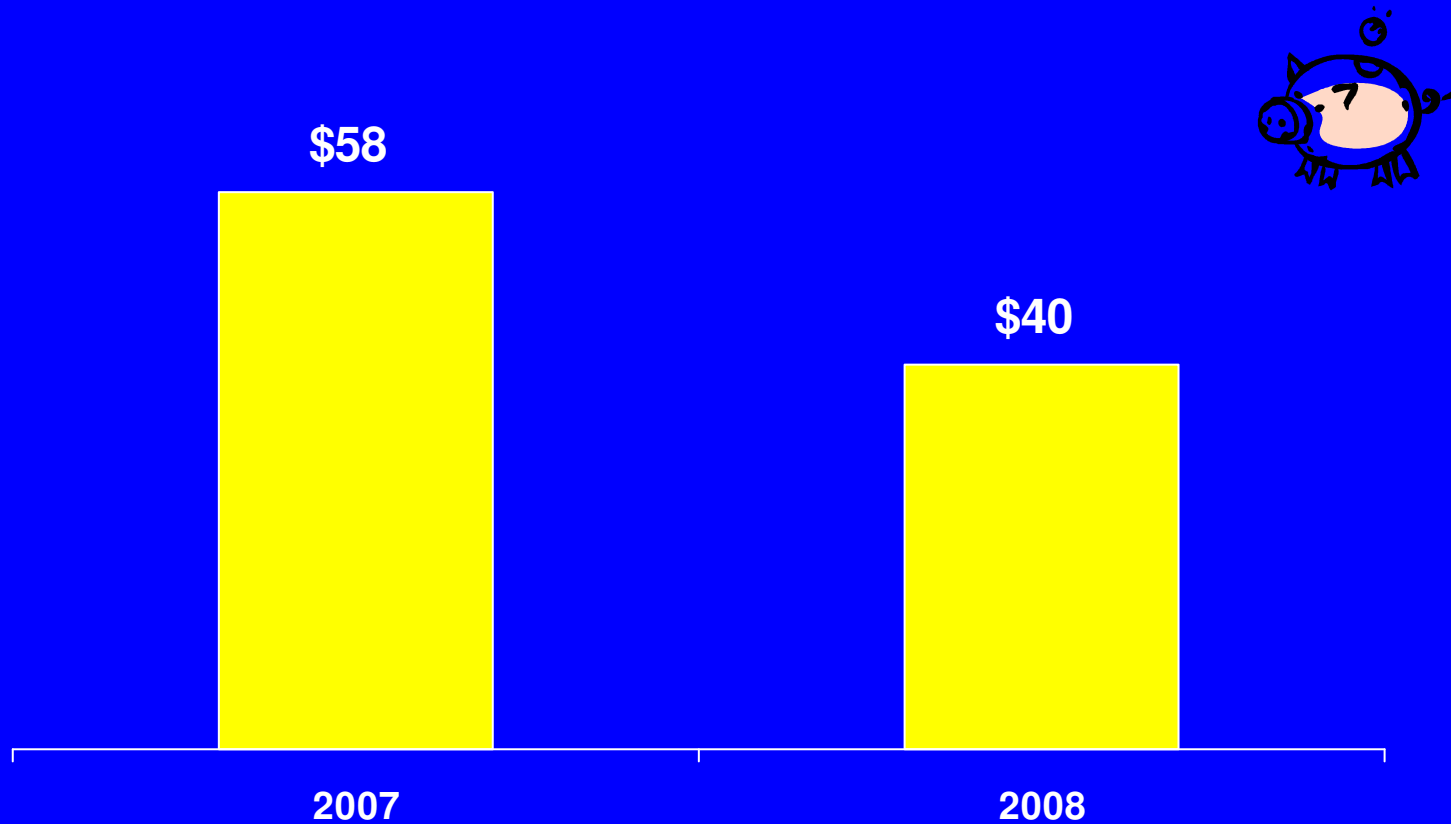
Consumer Households Net Worth (\$ Trillions)



Source: 3/16/09 Wall Street Journal Web Site (Federal Reserve); 3/13/09 San Francisco Chronicle (Federal Reserve); 3/13/09 Wall Street Journal (Federal Reserve); 2/4/09 TD Bank Financial Group Presentation (Drummond) (Federal Reserve); 2/09 Investment Advisor; 12/11/08 Bloomberg; 10/13/08 Fortune; Tiburon Research & Analysis

Bill Gates' Net Worth is \$40 Billion, Down 30% Since 2007

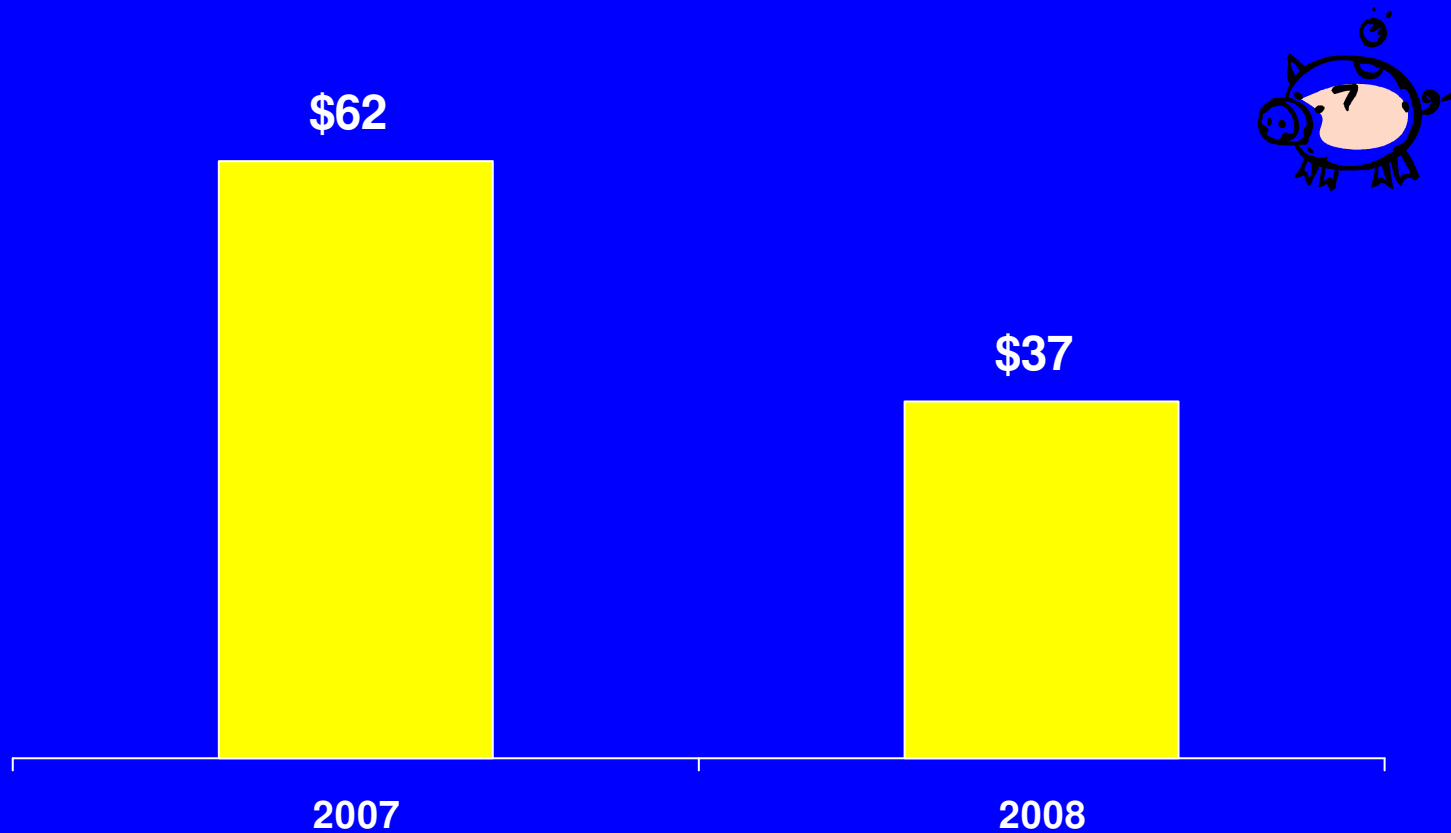
Bill Gates Net Worth (\$ Billions)



Source: 3/13/09 San Francisco Chronicle; Tiburon Research & Analysis

Warren Buffett's Net Worth is \$37 Billion, Down 40% Since 2007

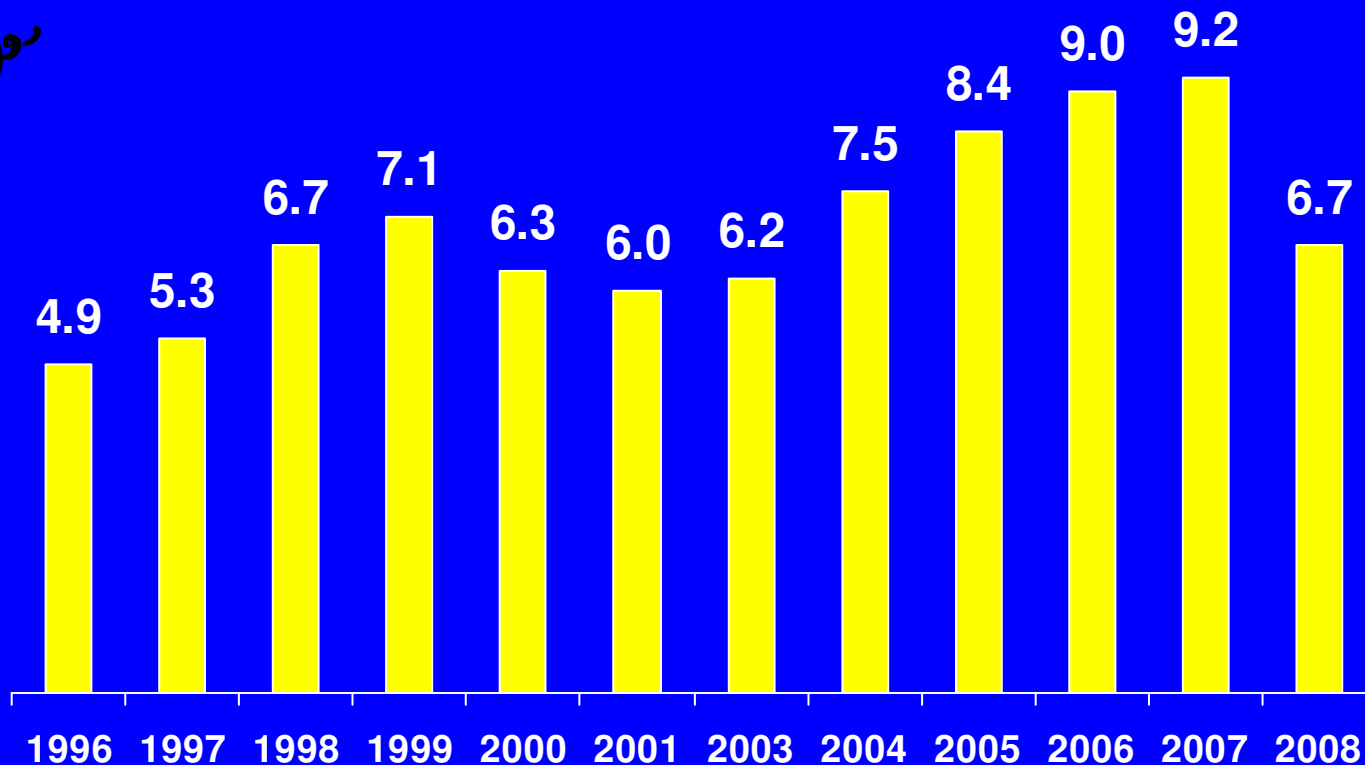
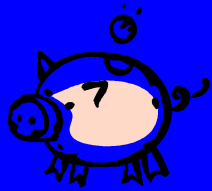
Warren Buffett Net Worth (\$ Billions)



Source: 3/13/09 San Francisco Chronicle; Tiburon Research & Analysis

Maybe More Relevant... The Number of Consumer Households with Over \$1.0 Million Net Worth Declined Almost 30% in 2008 to 6.7 Million...

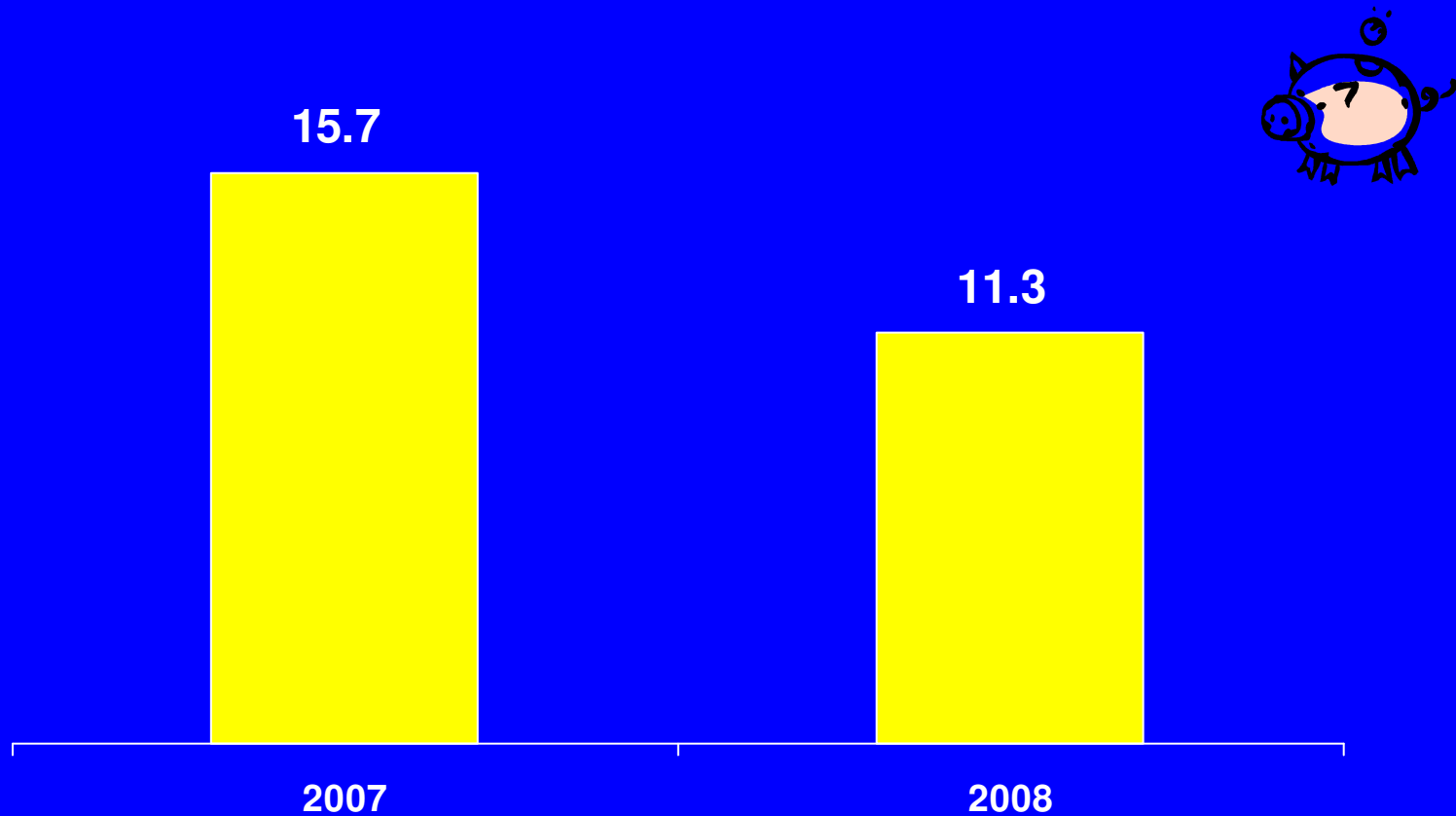
Consumer Households With Net Worth of Greater than \$1.0 Million (Millions)



Source: 3/16/09 Money Management Executive (Spectrem); 3/13/09 American Banker (Spectrem); 3/13/09 Financial Advisor (Spectrem); 3/12/08 Investment News (Spectrem); 2/18/02 Investment News (Spectrem); Tiburon Research & Analysis

...And the Number of Consumer Households with Over \$500,000 Net Worth Also Declined 28% in 2008 to 11.3 Million

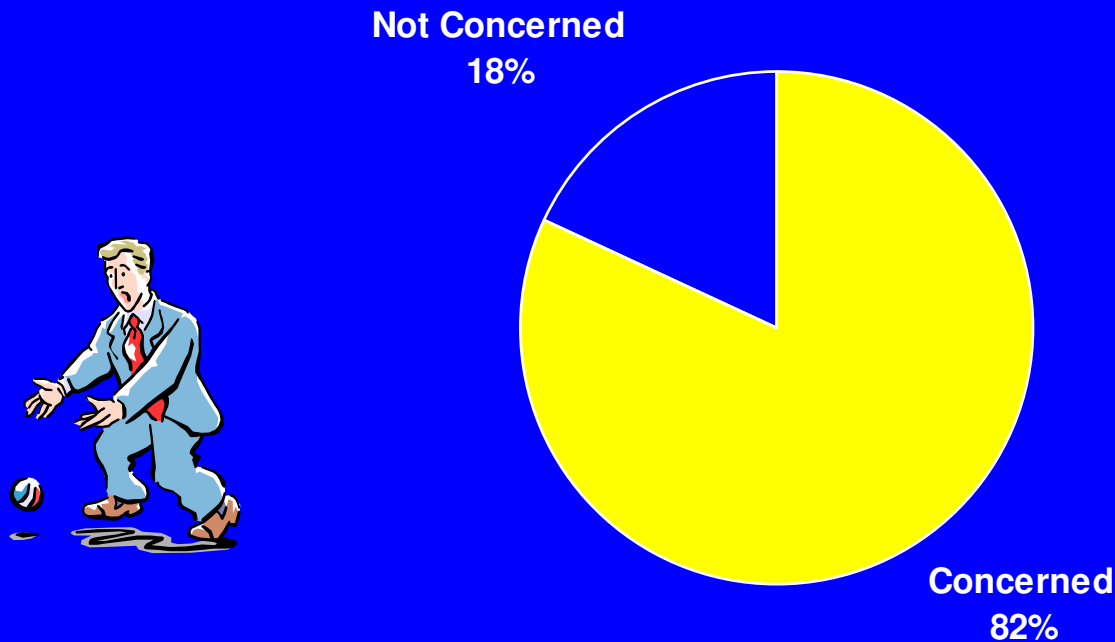
**Consumer Households
With Net Worth of Greater than \$500,000
(Millions)**



Source: 3/16/09 Money Management Executive (Spectrem); 3/13/09 American Banker (Spectrem); 3/13/09 Financial Advisor (Spectrem); Tiburon Research & Analysis

Over Three-Quarters of Baby Boomers are Concerned About their Financial Situations

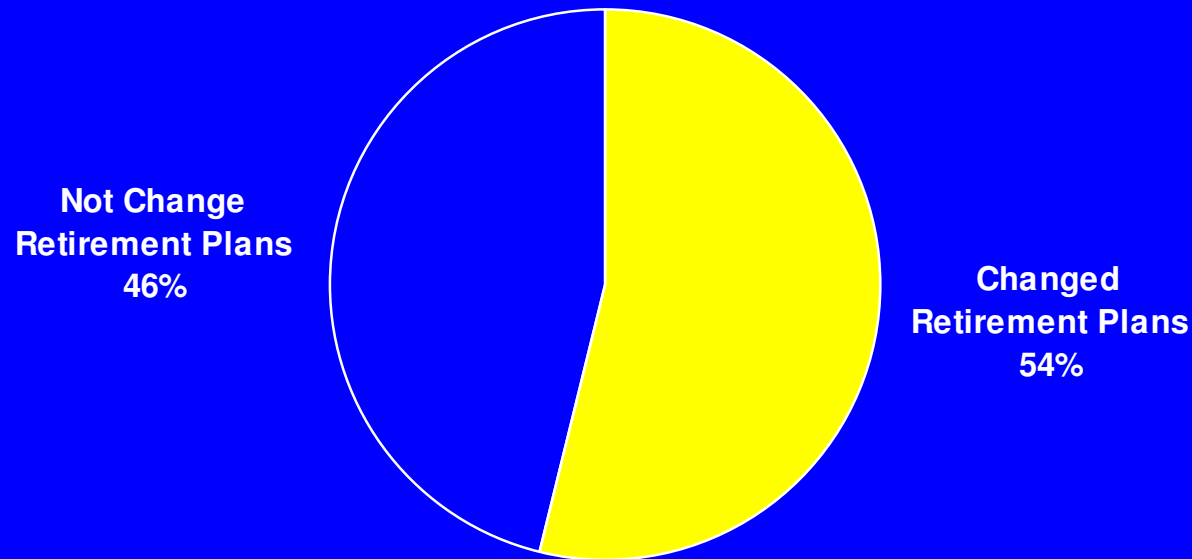
Consumers By Opinions of their Financial Situation



Source: 3/09 Boomer; 9/08 Hennessy Funds Newsletter; 10/04 Entrepreneur; Tiburon Research & Analysis

Over Half of Consumers Have Changed their Retirement Plans Due to the Recent Economy

Consumers By Propensity to Have Changed Retirement Plans Due to Economy



Source: 10/7/08 Wall Street Journal; 1/04 Journal of Financial Planning; 3/10/03 USA Today; 9/02 Financial Advisor; Tiburon Research & Analysis

The Second Outcome of Recent Current Events Has Been Some Rather Dramatic Financial Service Industry Impacts

Financial Services Industry Profitability Challenges

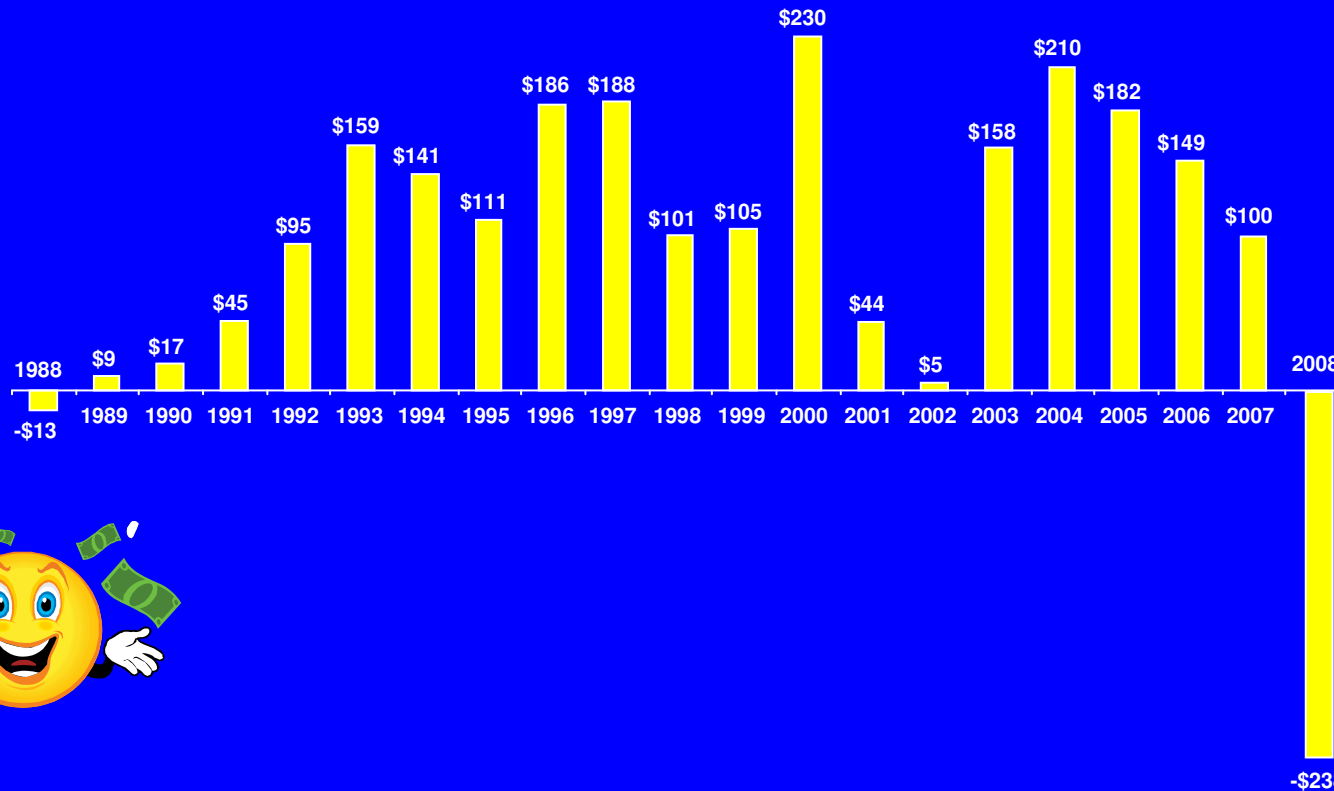


- Huge AUM drops
- 325,000 jobs lost worldwide since 2007
- \$680 billion of losses and write-offs in US firms alone
- Investment manager margins fell from ~40% to ~25%

Source: 4/2/09 Oppenheimer Funds Email (Murphy); 3/2/09 Money Management Executive (International Labor Organization); 2/4/09 TD Bank Financial Group Presentation (Drummond) (Bloomberg); 2/19/09 Grail Partners Presentation (Putnam); 2/2/09 Investment News (Bloomberg); Tiburon Research & Analysis

Actively Managed Equity Mutual Funds Had Net Outflows of \$238 Billion in 2008 After Years of Positive Net Flows

Actively Managed Equity Mutual Funds Net Flows (\$ Billions)

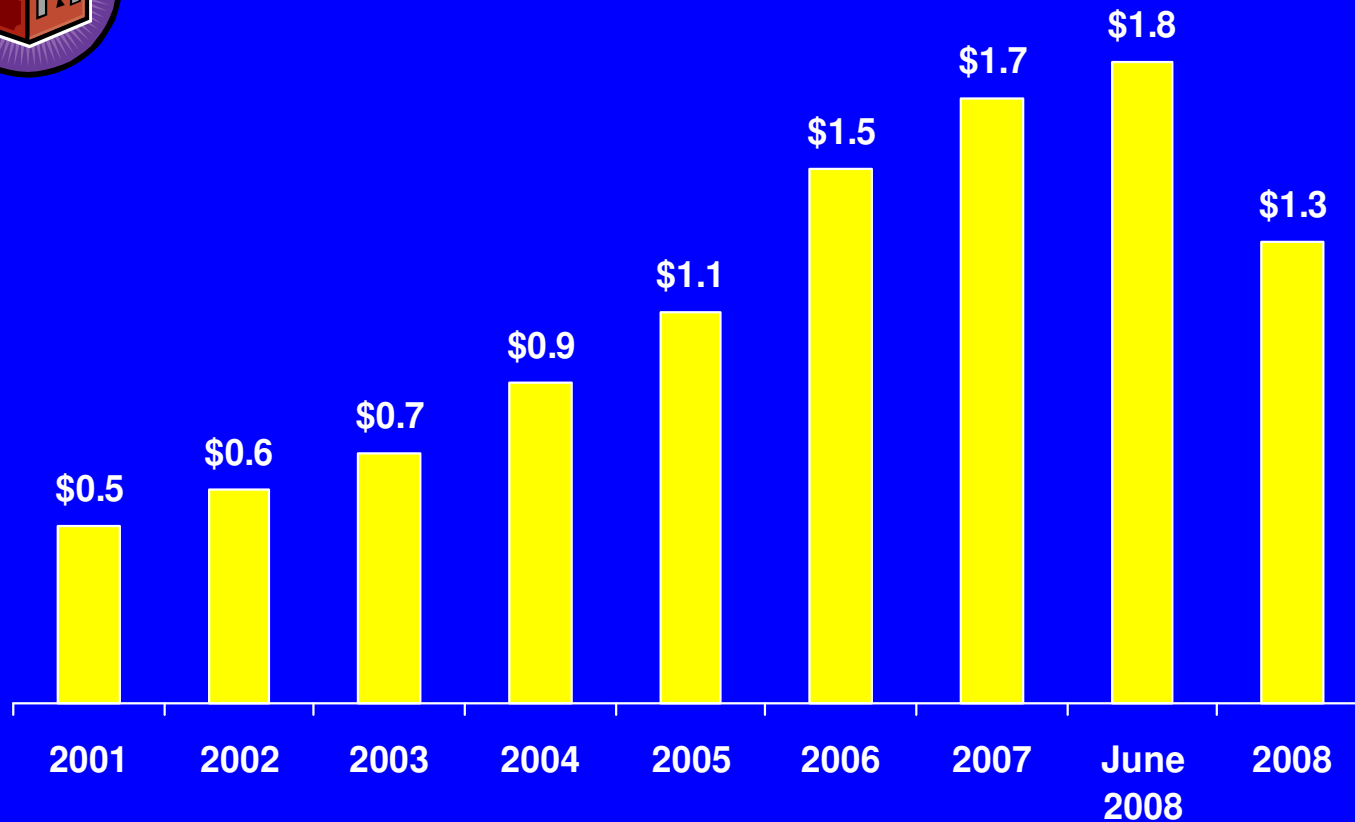


Source: 2/19/09 Grail Partners Presentation (Putnam) (Strategic Insight); Tiburon Research & Analysis

Hedge Fund Assets Ended 2008 at \$1.3 Trillion, Having Peaked at \$1.8 Trillion Mid-Year



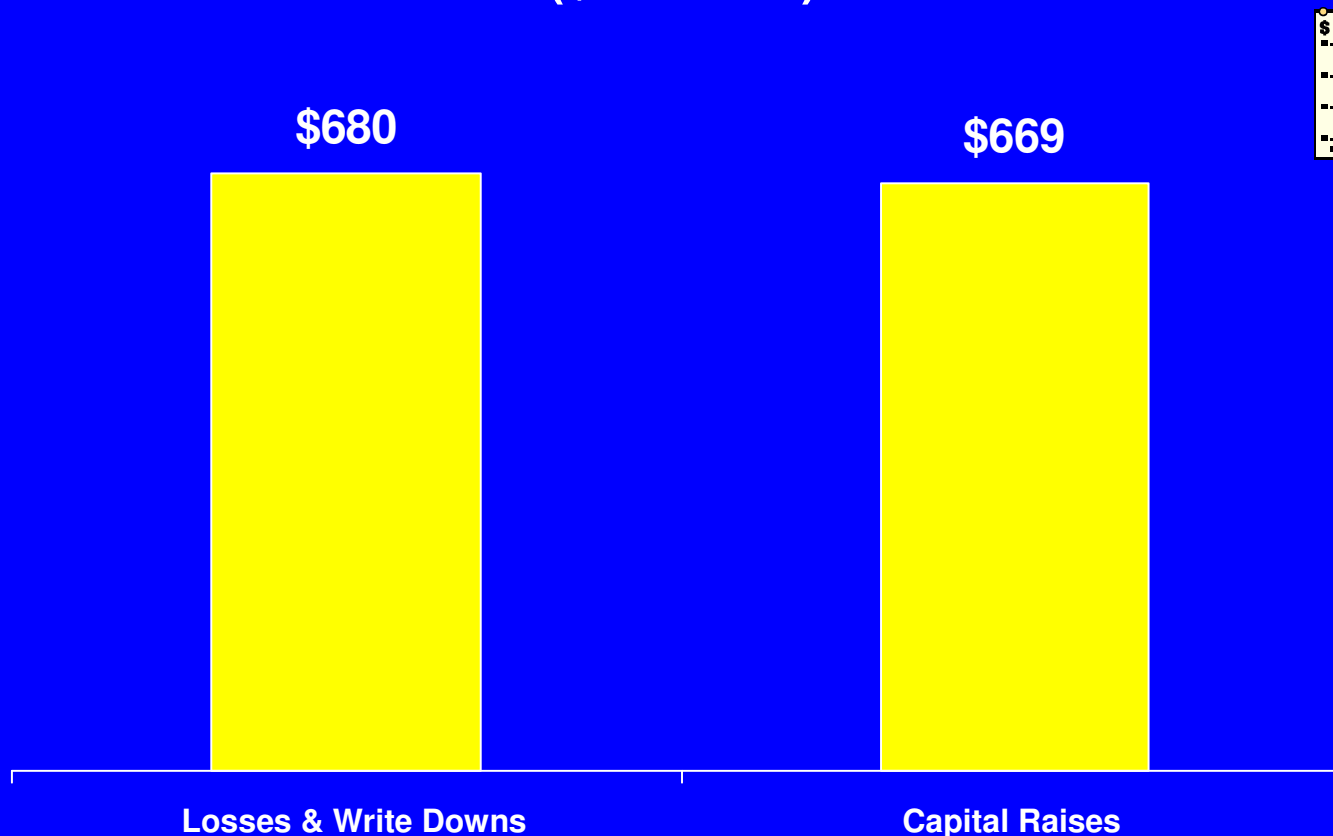
Hedge Fund Assets (\$ Trillions)



Source: 4/15/09 Zebra Capital Management Presentation (Ibbotson) (HFR; Van Hedge Fund Advisors; Morningstar); 10/14/08 Morningstar Presentation (Mansueto); 1/18/08 Hedge Fund Review (Hedge Fund Research); 7/31/07 Bloomberg Web Site (Bhaktavatsalam); 3/21/07 American Banker Online (Hedge Fund Net); 3/19/07 Investment News; 3/6/06 Business Week (Hedge Fund Research); Tiburon Research & Analysis

Financial Institutions' Capital Raises Have Just Offset their Losses & Write Downs

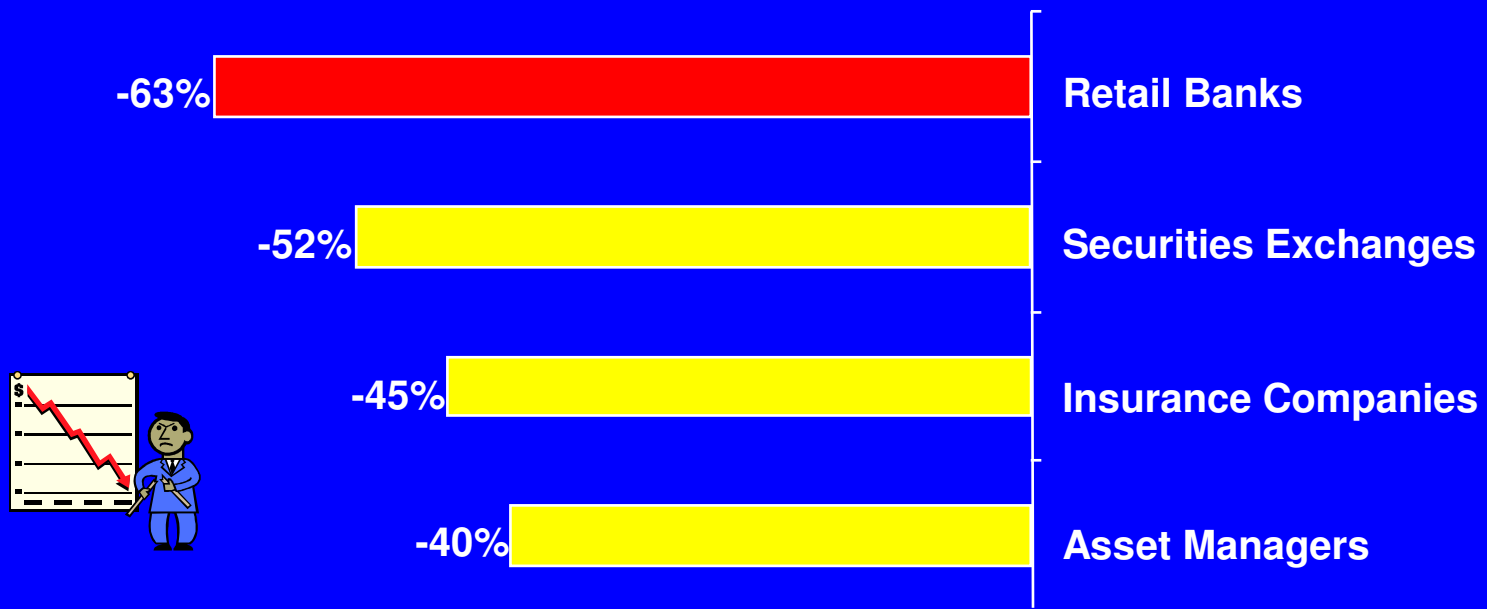
Financial Institutions Losses & Write Downs Versus Capital Raises (\$ Billions)



Source: 4/2/09 Oppenheimer Funds Email (Murphy); 2/4/09 TD Bank Financial Group Presentation (Drummond) (Bloomberg); 2/2/09 Investment News (Bloomberg); Tiburon Research & Analysis

Retail Banks Have Had the Highest Market Capitalization Loss by Percentage in the Financial Services Industry at -63%

Financial Services Industry Market Capitalization Declines from Peaks

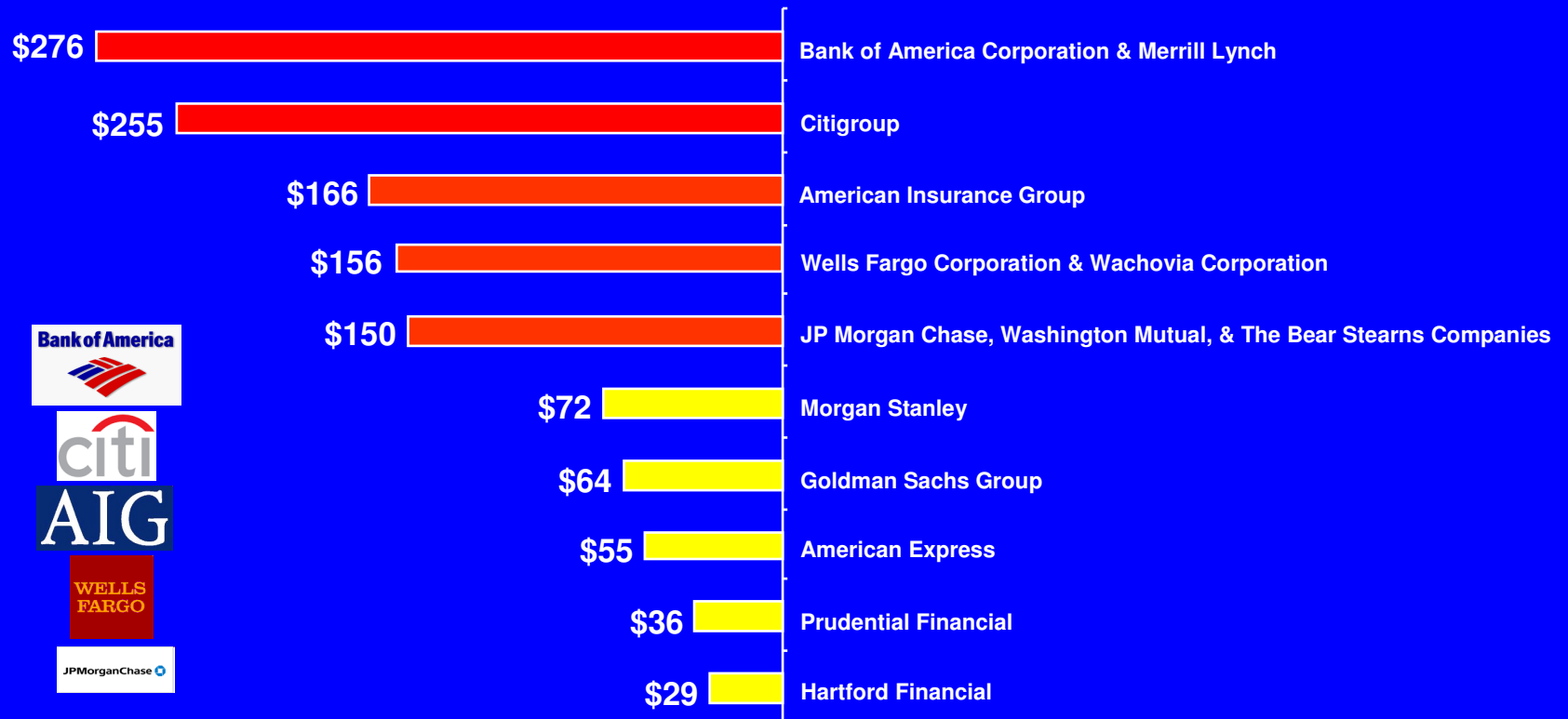


Note: In the chart above: retail bank valuation was calculated from 1990-2007; Securities exchange valuation from 2003-2007; insurance company valuation from 1995-2007; asset manager valuation from 1992-2007; REIT valuation from 1994-2007

Source: 2/19/09 Grail Partners Presentation (Putnam) (Goldman Sachs Group); Tiburon Research & Analysis

Bank of America & Merrill Lynch, Citigroup, AIG, Wells Fargo & Wachovia, and JP Morgan Chase, Washington Mutual, & The Bear Stearns Companies All Lost Over \$100 Billion of Market Capitalization Since October 2007

Financial Institutions Market Capitalization Declines (\$ Billions)



Source: 1/19/09 Barron's; 1/19/09 Bloomberg; Tiburon Research & Analysis

The Firms that Have Been Damaged or Destroyed by the Credit Crisis Could Have Been the Leaders Board Recently

Credit Crisis Casualties



Source: 4/16/09 Envestnet Presentation (Bergman); 1/1/09 – Fiserv White Paper; 10/7/08 New York Times; Tiburon Research & Analysis

And the Firms that Survived Might Consider Some Changes to their Logos

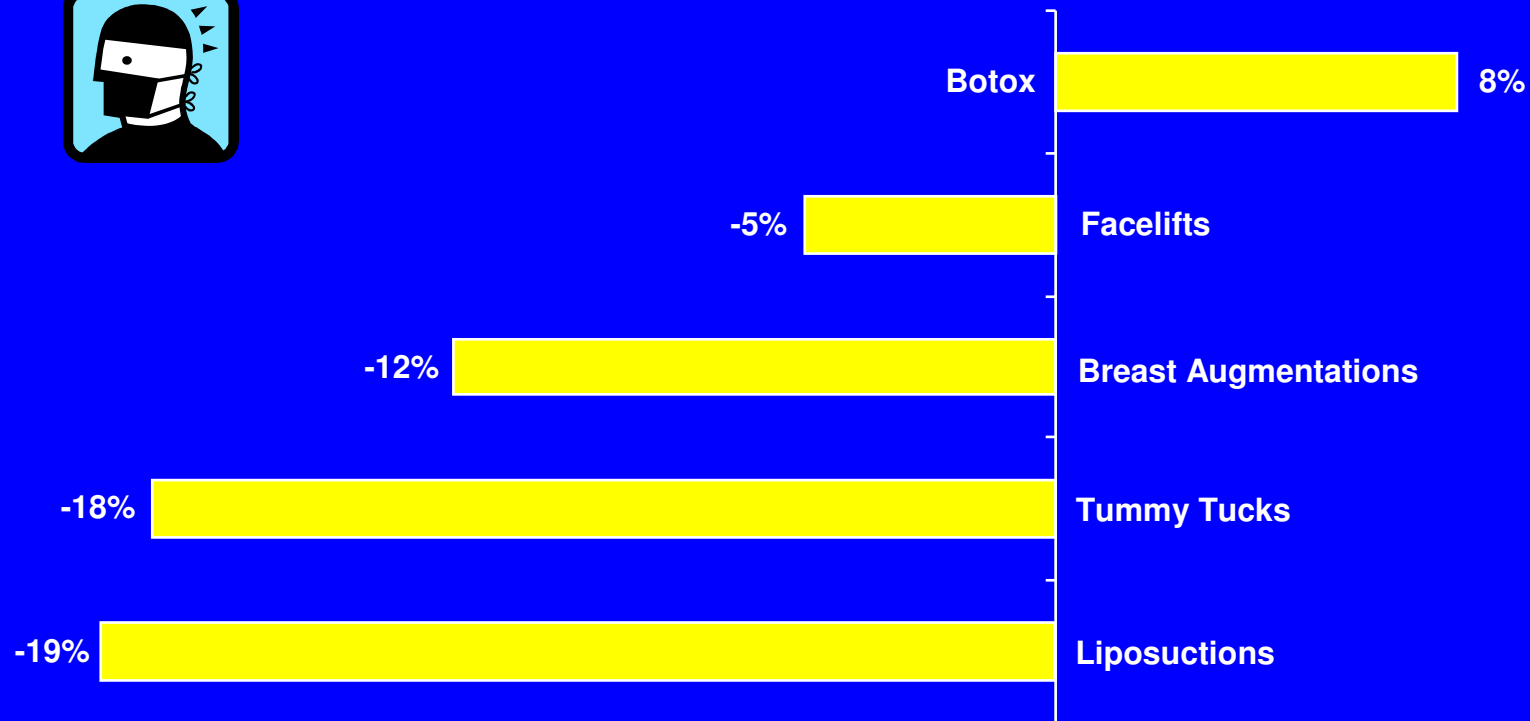
Credit Crisis Suggested Logo Changes



Source: 12/16/08 World of Timepass Web Site; Tiburon Research & Analysis

And Oh yeah... Most Major Cosmetic Surgeries Like Liposuctions Fell in Demand in 2008, while Less Intensive Procedures Like Botox Gained

**Cosmetic Surgery Procedures
2008 Growth Rates**



Source: 3/29/09 San Francisco Chronicle (American Society of Plastic Surgeons); Tiburon Research & Analysis

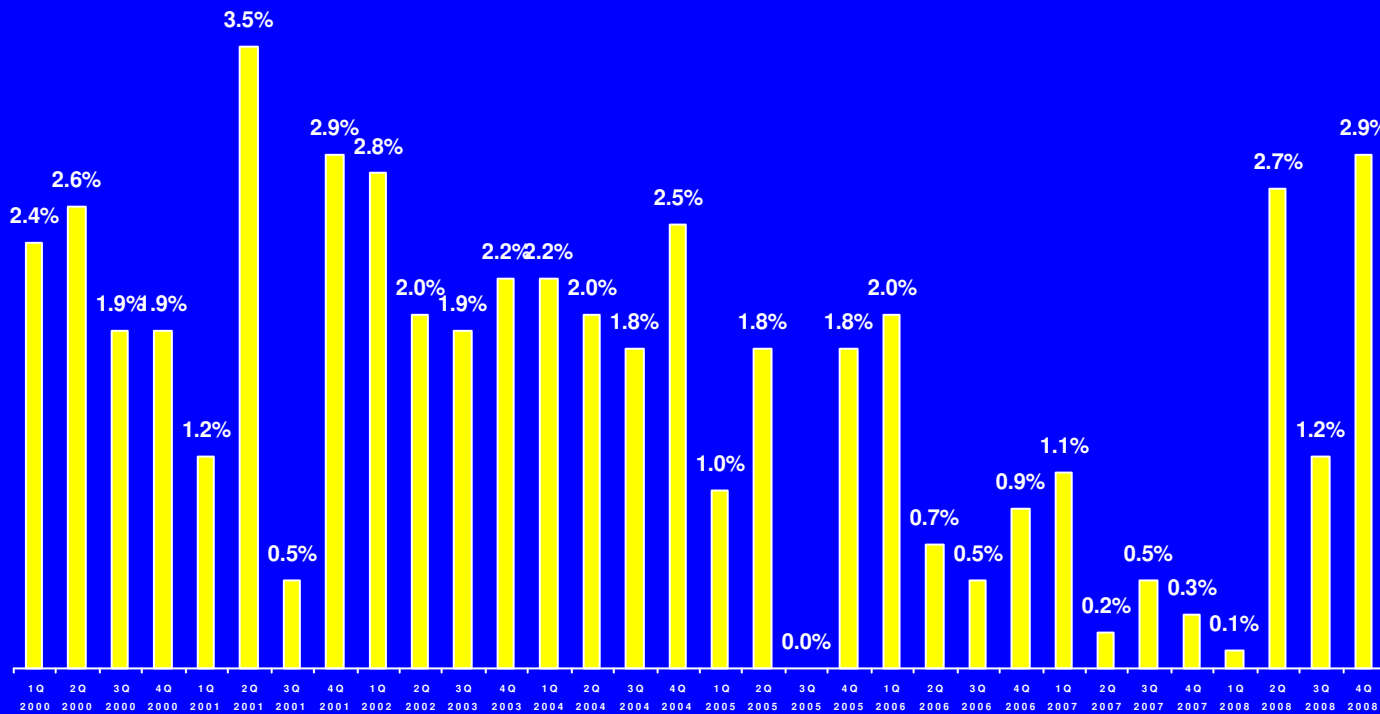
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The Glimmer of Good News... The US Personal Savings Rate is on the Rise!

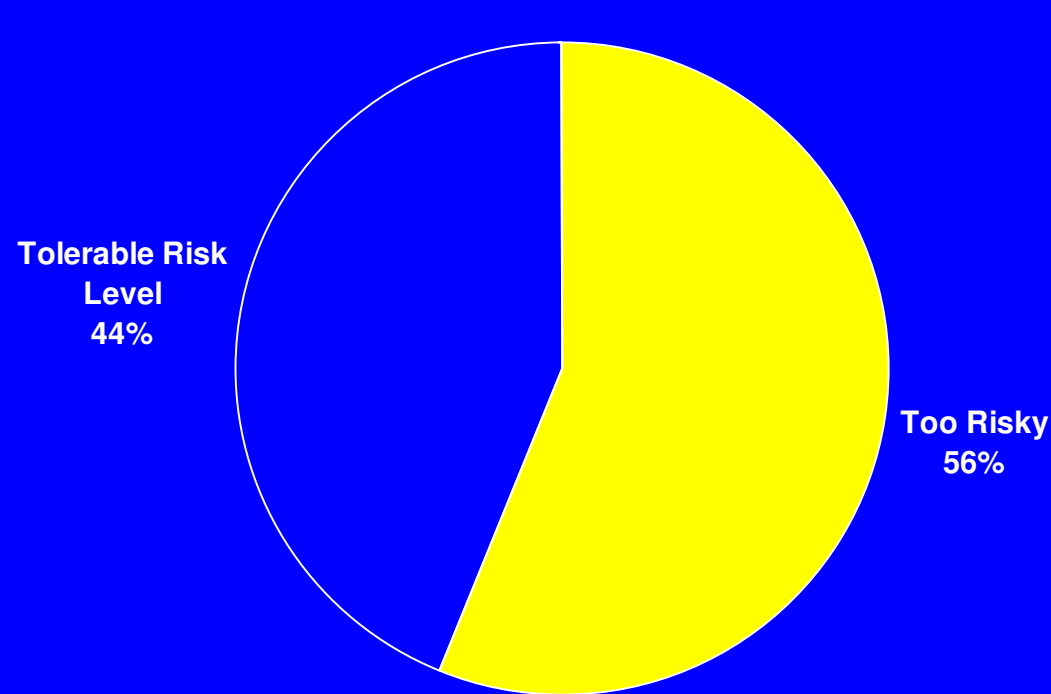
US Personal Savings Rate



Source: 2/10/09 Wall Street Journal (US Bureau of Economic Analysis); Tiburon Research & Analysis

But Over Half of Baby Boomers Believe that the Stock Market is too Risky for People their Age...

**Baby Boomers
By Propensity to Believe Stock Market is too Risky**



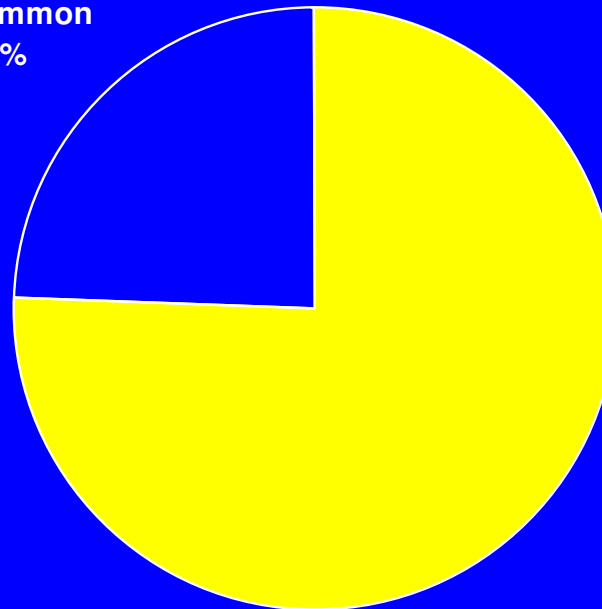
Source: 2/13/09 San Francisco Business Times; Tiburon Research & Analysis

And as a Result of Recent Events, Consumers are Skeptical of the Financial Services Industry; Three-Quarters Believe that Bernie Madoff Type Behavior is Common

Consumers By Propensity to Believe that Bernie Madoff Type Behavior is Common Amongst Financial Advisors & Financial Institutions



Not Common
24%

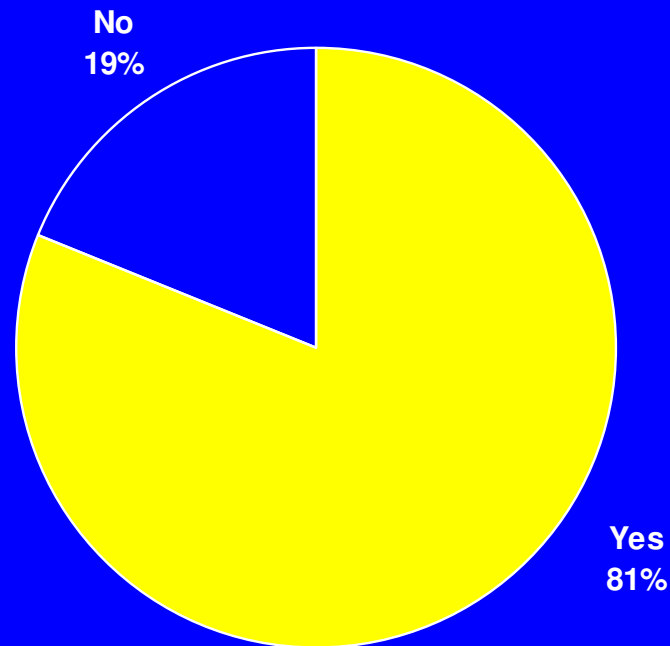


Common
76%

Source: 3/09 Journal of Financial Planning; Tiburon Research & Analysis

Over Three-Quarters of High Net Worth Consumers Intend to Take Assets Away from their Financial Advisors ...

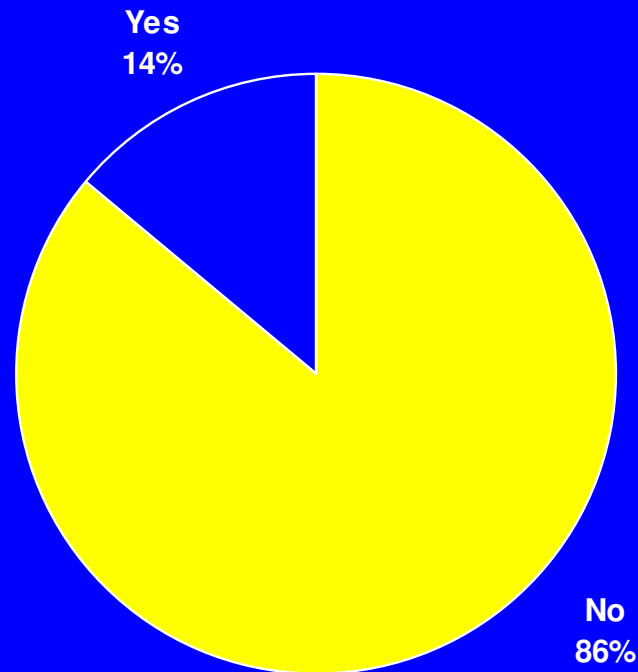
High Net Worth Consumers By Intention to Take Assets Away from Financial Advisors



Note: On this graph, high net worth was defined as \$1.0 million or more of investable assets
Source: 4/16/09 Envestnet Presentation (Bergman); Tiburon Research & Analysis

... And Well Over Three-Quarters of High Net Worth Consumers do Not Intend to Recommend their Existing Financial Advisors

**High Net Worth Consumers
By Intention to Recommend Financial Advisors**



*Note: On this graph, high net worth was defined as \$1.0 million or more of investable assets
Source: 4/16/09 Envestnet Presentation (Bergman); Tiburon Research & Analysis*

Outline

- **Year-End 2007 Recollection: Winning Products & Channels**
- **The 2008-2009 Credit Crisis**
 - The Basics & the Blame Game
 - Ongoing Consumer & Industry Impacts
 - The Subtle Issue
- **2009 & Beyond: New Industry Trends & Directions**
 - Products & Channels
 - Industry Restructuring



Investment Products will Likely Move from Complex, Risky, & High Fees to More Simple, Risk Averse, & Sustainable Products

Investment & Wealth Management Product Trends

Fading Products

- Closed-end funds
- Mortgage related products
- Securitized products
- Hedge funds-of-funds
- Venture capital
- Private equity (aside from financial services industry opportunities)



Unclear Futures

Temporary Opportunities

- Credit funds
- Distressed debt funds
- Tax-aware products
- Real estate funds
- Infrastructure funds
- Alternative energy funds

Mixed Reviews

- Mutual funds
- Separately managed accounts
- Annuities
- Fine wines
- Health care insurance

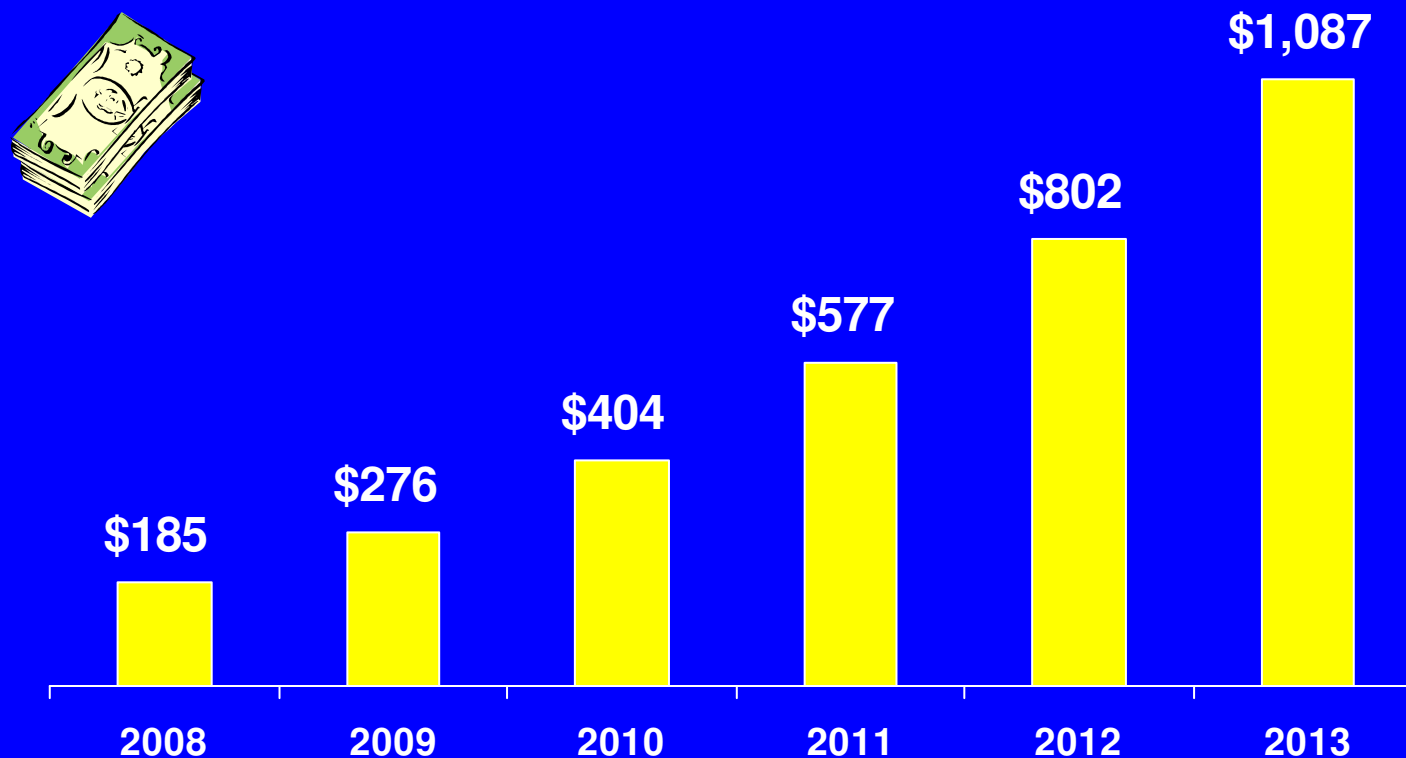
Emerging Products

- Individual equities & bonds
- CDs
- 40 act structures (liquidity)
- Target date mutual funds
- Fee-accounts & open architecture
- Indexing & enhanced indexing
- Exchange traded funds & active ETFs
- Absolute return & non-correlated return products
- Balanced strategies
- Managed volatility products & guarantees
- Aggregation
- Estate planning & charitable giving

Source: 4/16/09 Envestnet Presentation (Bergman) (Prince & Associates); 4/2/09 Mass Mutual Email (Deschenes); 3/31/09 T. Rowe Price Group Email (Cammack); 2/19/09 Grail Partners Presentation (Putnam) (Casey Quirk, Watson Wyatt, Fund Fire, Goldman Sachs Group); Tiburon Research & Analysis

#1: For Example, Target Date Mutual Funds will Likely Come Roaring Back...

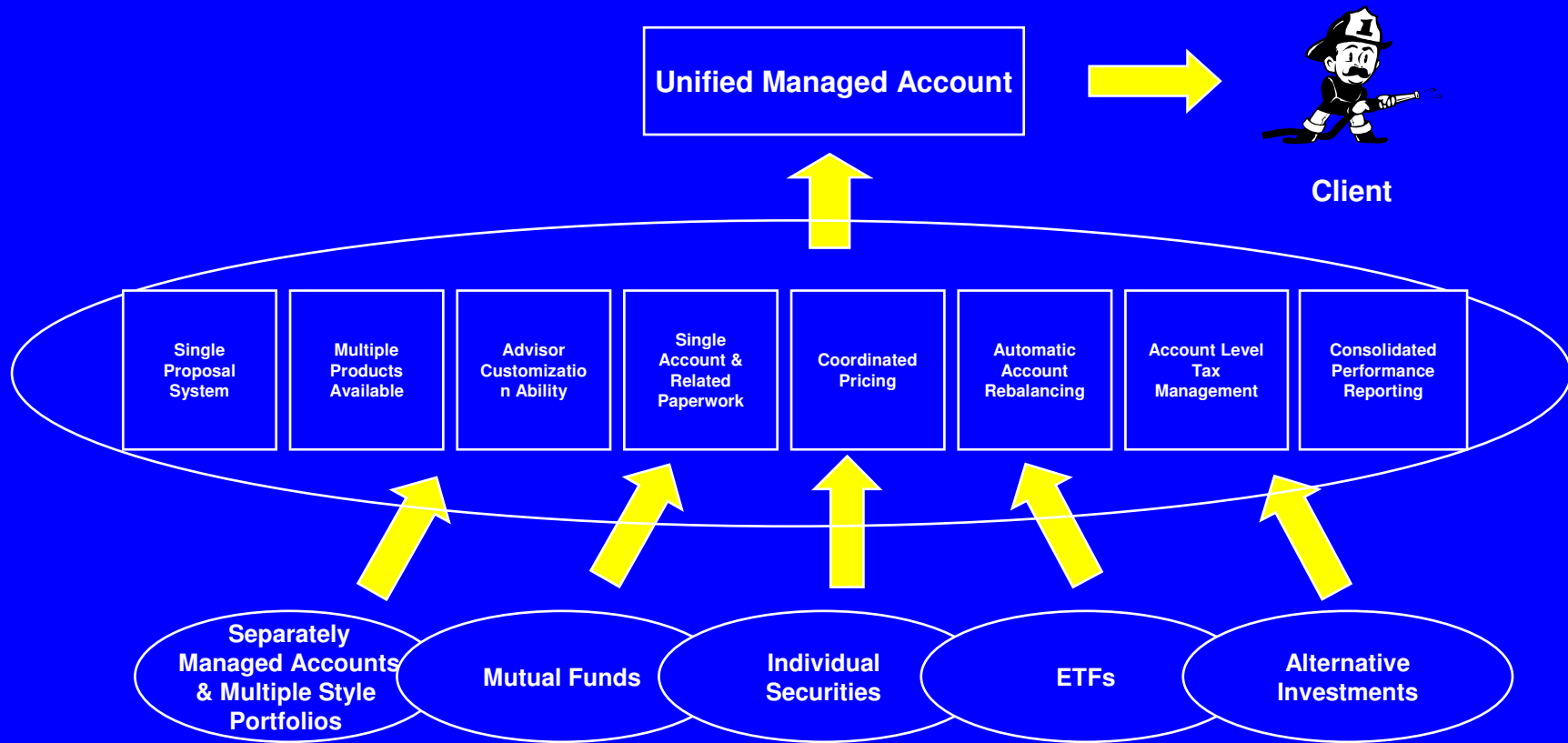
Target Date Mutual Funds Assets Under Management (\$ Billions)



Source: 12/08 Cerulli Research Report (Department of Labor); 10/6/09 Investment News; 1/23/07 Wall Street Journal (Investment Company Institute); 1/07 Financial Advisor (FRC); 1/07 AAll Journal; 11/13/06 Money Management Executive (FRC); Tiburon Research & Analysis

#2: Unified Managed Accounts (UMAs) will Become the Obvious Brokerage 2.0 Account...

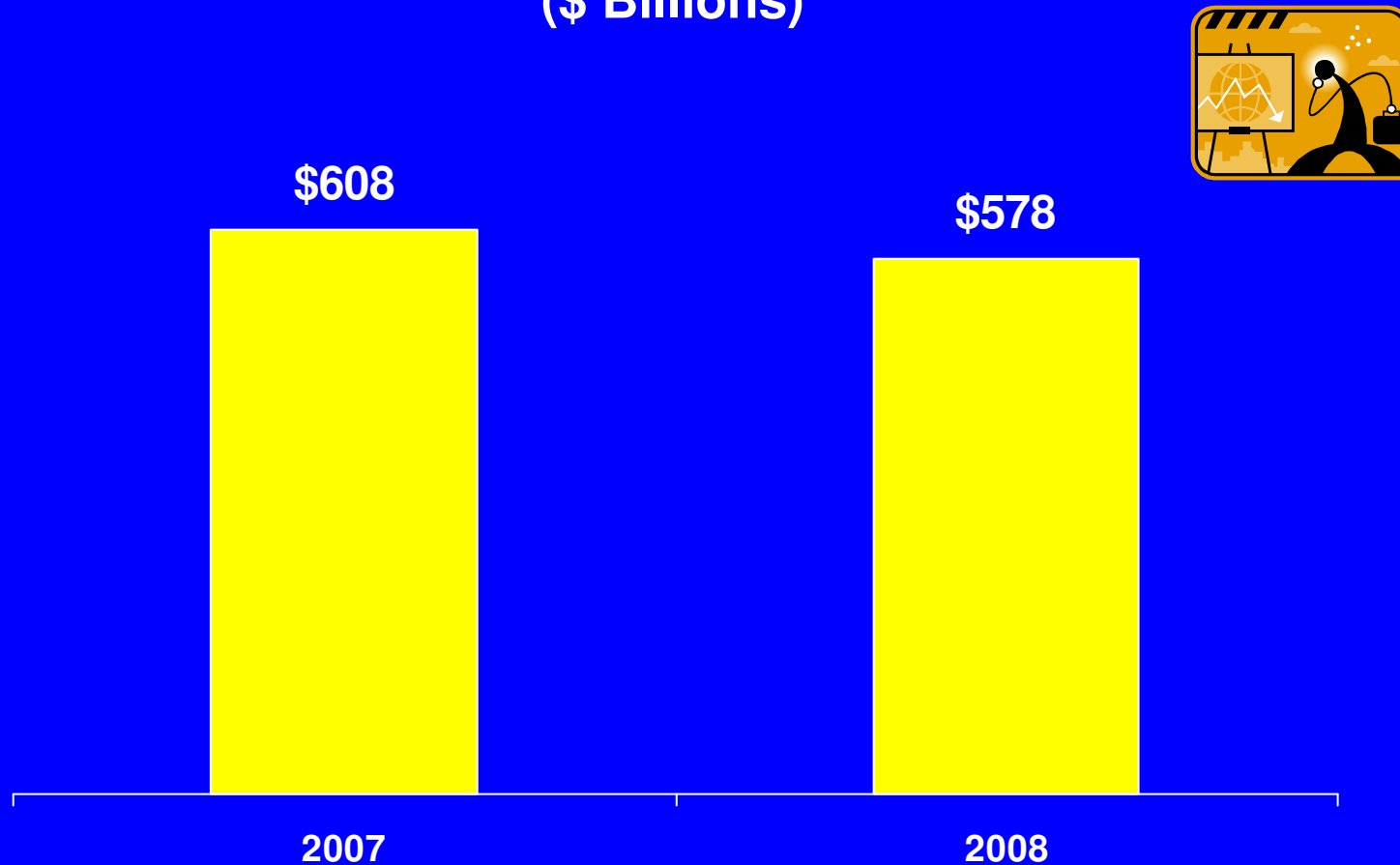
Unified Managed Accounts Workflow



Source: 9/26/06 Money Management Institute Presentation (Doe); 6/27/05 Money Management Executive; Tiburon Research & Analysis

#3: And Exchange Traded Funds will Soar; Note that while their Assets Declined from \$608 Billion to \$578 Billion in 2008...

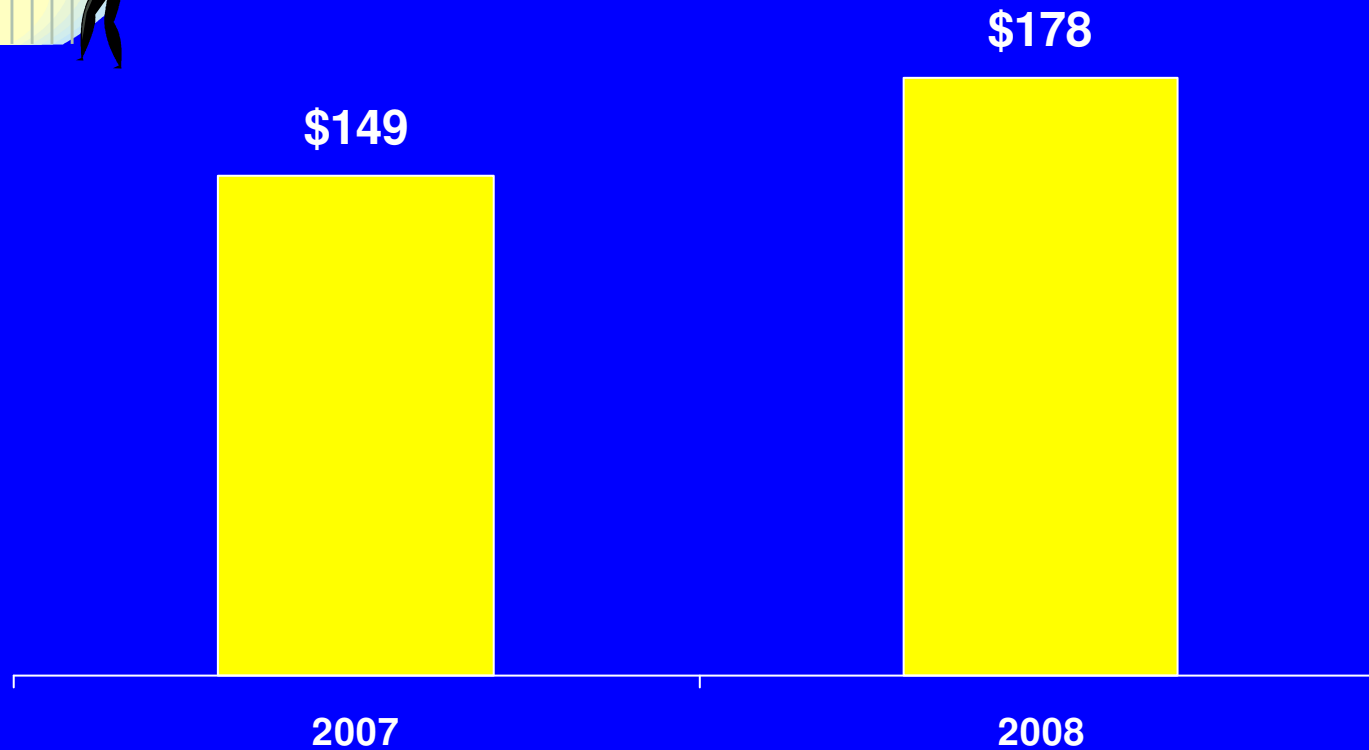
**Exchange Traded Fund Assets
(\$ Billions)**



Source: 3/1/09 Research (National Stock Exchange); Tiburon Research & Analysis

... Net Flows into Exchange Traded Funds Increased in 2008 to \$178 Billion, Up 20% Since 2007

Exchange Traded Fund Net Flows (\$ Billions)



Source: 3/1/09 Research (National Stock Exchange); Tiburon Research & Analysis

The Most Highly Ethical and Value-Added Markets & Distribution Channel are Likely to Gather the Greatest Assets

Investment & Wealth Management Channel Trends

Fading Channels

- **Full-service brokers (wirehouses)**
- **Investment bankers**
- **Investment consultants**

Unclear Futures

- Temporary Issues**
 - **Defined contribution plans**
 - **Non-US markets**
- Mixed Reviews**
 - **Retail banks**
 - **Discount brokers**
 - **Life insurance agents**
 - **Family offices**
 - **Defined benefit plans**
 - **Endowments & foundations**
 - **Sovereign wealth funds**

Emerging Channels

- **Online financial services**
- **Independent reps**
- **Fee-based financial advisors**



Source: 4/16/09 Envestnet Presentation (Bergman) (Prince & Associates); 4/2/09 Mass Mutual Email (Deschenes); 3/31/09 T. Rowe Price Group Email (Cammack); 2/19/09 Grail Partners Presentation (Putnam) (Casey Quirk, Watson Wyatt, Fund Fire, Goldman Sachs Group); Tiburon Research & Analysis

#1: The Major Investments Banks Have Gone Bankrupt, Been Acquired, or Converted to Banks



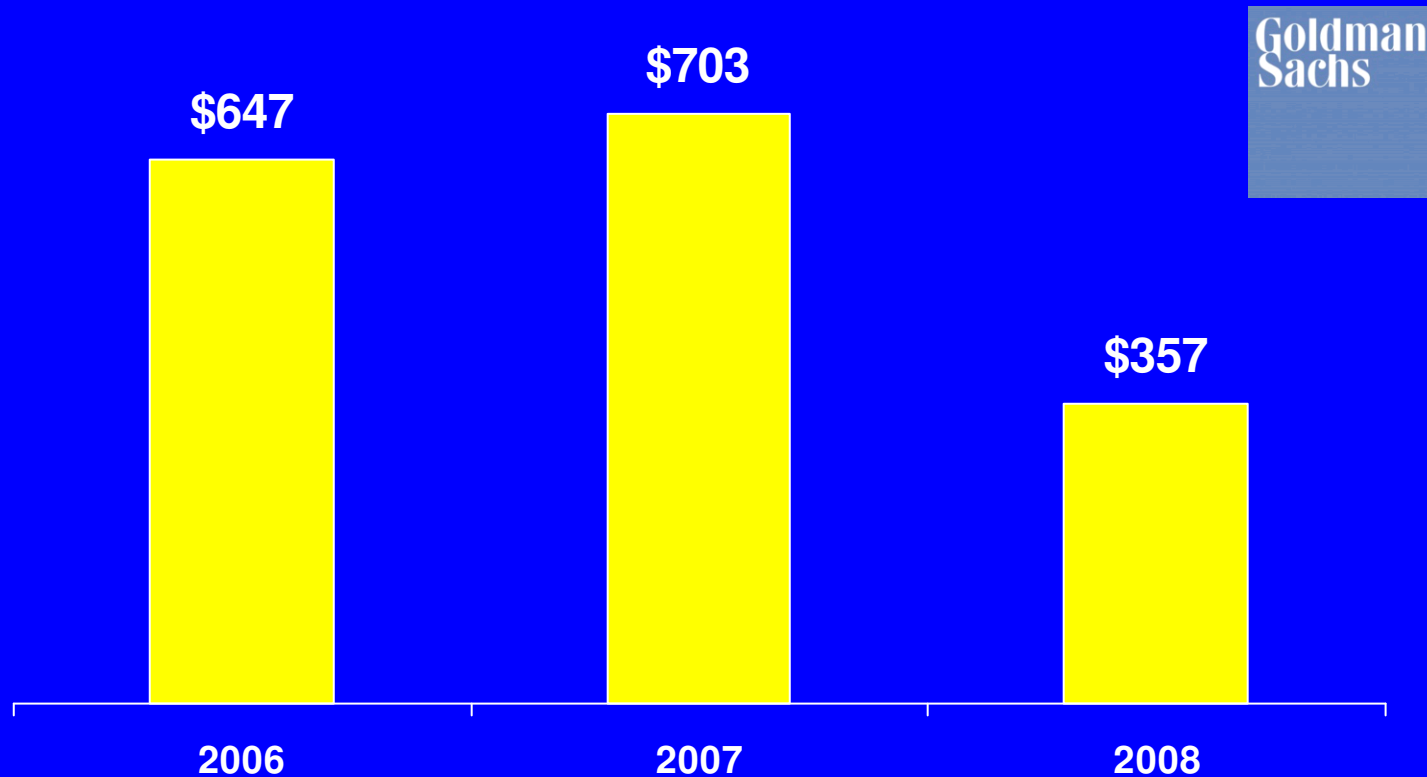
Investment Bank Status Changes

	Status Change
Goldman Sachs Group	Now a bank
Merrill Lynch	Acquired by Bank of America Corporation
Morgan Stanley	Now a bank
Lehman Brothers	Bankrupt
The Bear Stearns Companies	Acquired by JP Morgan Chase

Source: 2/19/09 Grail Partners Presentation (Putnam); Tiburon Research & Analysis

Goldman Sachs Group's Employees Have Seen their Earnings Plummet, with an Average of \$357,000 in 2008, Down 50% Since 2007

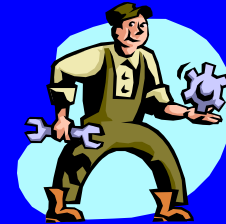
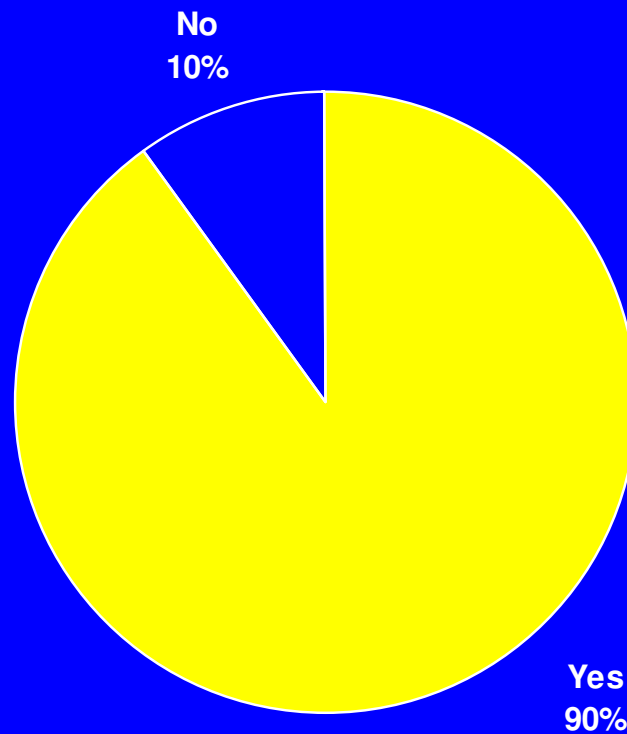
**Goldman Sachs Group
Average Compensation Per Employee
(\$ Thousands)**



Source: 2/16/09 Investment News; Tiburon Research & Analysis

#2: Almost All Full-Service Brokerage Firm Clients Say that they Intend to Take Money Away from their Brokers ...

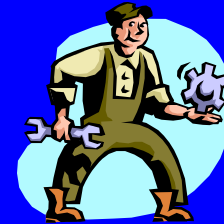
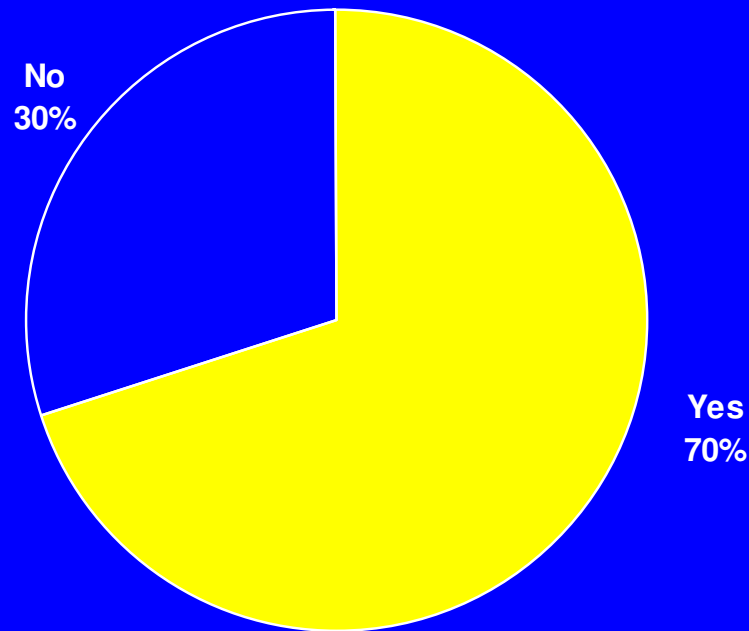
High Net Worth Wirehouse Clients By Intention to Take Assets Away from Wirehouse



Note: On this graph, high net worth was defined as \$1.0 million or more in investable assets
Source: 4/16/09 Envestnet Presentation (Bergman); Tiburon Research & Analysis

... And Almost Three-Quarters of Full-Service Brokerage Firm Clients Say that they Intend to Leave their Brokers Altogether

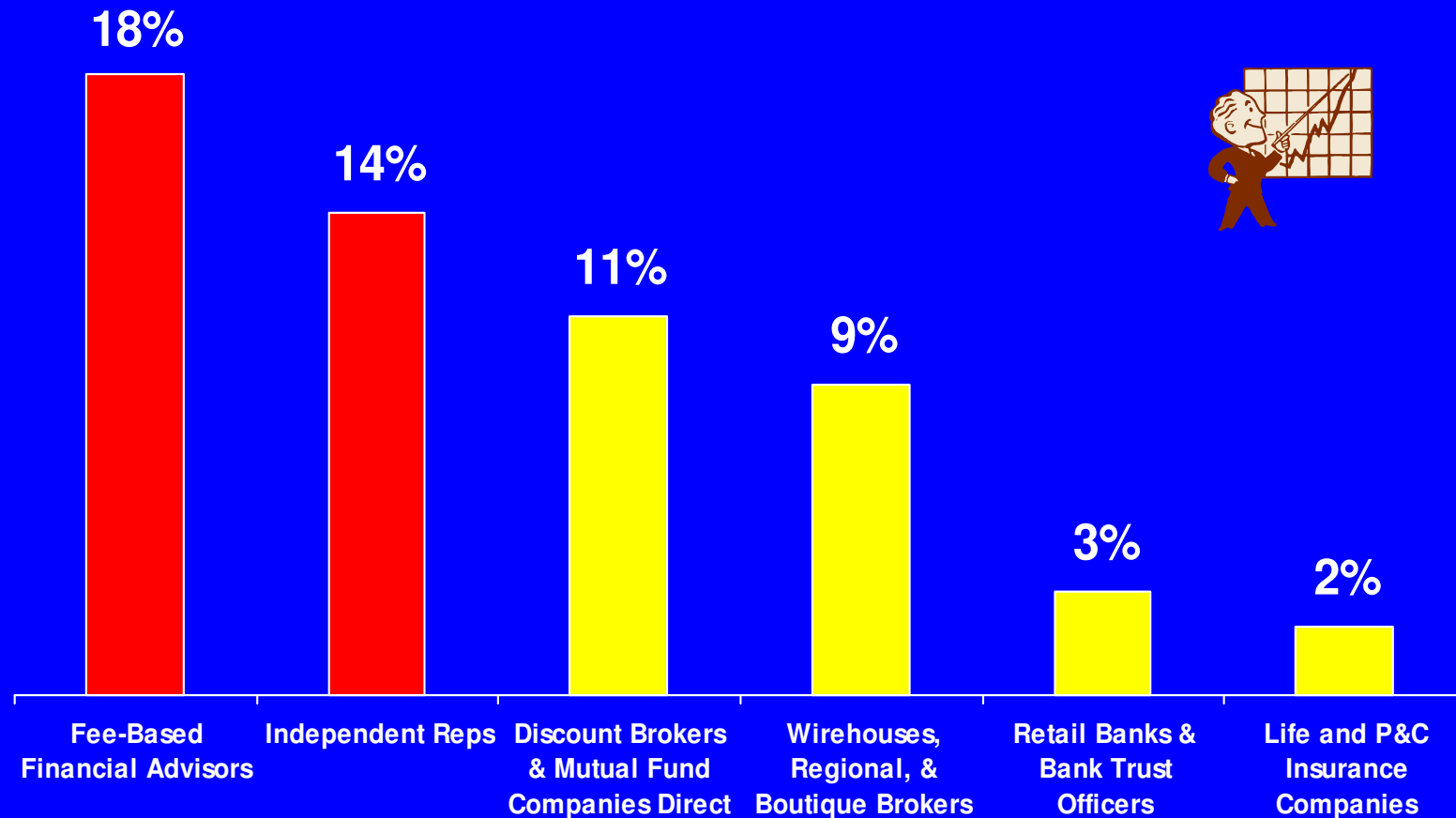
**High Net Worth Consumers
By Intention to Leave Brokerage Altogether**



*Note: On this graph, high net worth was defined as \$1.0 Million or more in investable assets
Source: 4/16/09 Envestnet Presentation (Bergman); Tiburon Research & Analysis*

#3: Independent Advisors Had Been Outgrowing the Competition...

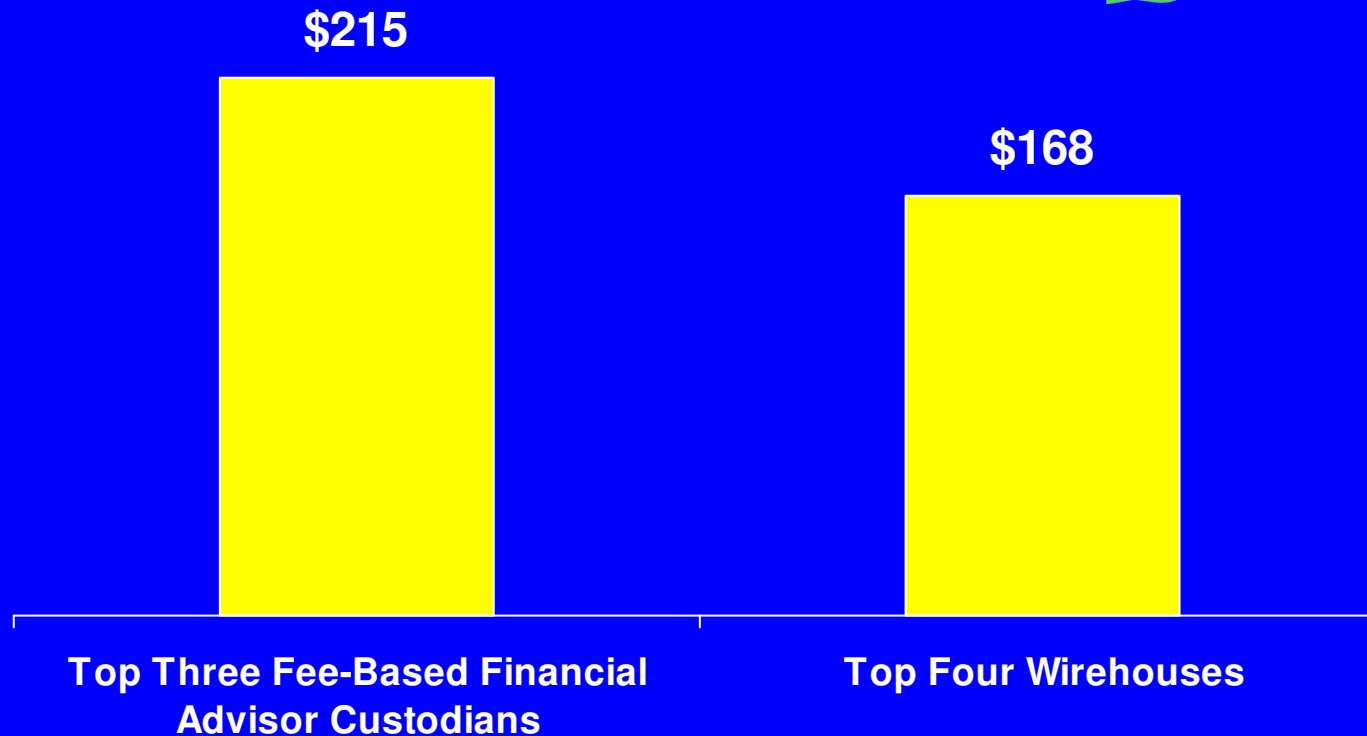
Client Assets Annual Growth Rate by Market (1995 - 2007)



Source: 7/19/04 Federal Reserve Bulletin; 12/97 Securities Industry Yearbook; 7/22/97 American Banker; 5/12/97 Pensions & Investments; 3/97 Federal Reserve Bulletin; 12/96 ACLI Life Insurance Factbook; 11/95 Best's Review; Tiburon Research & Analysis

#4: Fee-Based Financial Advisors' Big Three Custodians Have Brought in More Net New Assets Since the Beginning of 2007 than the Big Four Wirehouses...

**2007-2008 Net New Assets
By Financial Advisor Type
(\$ Billions)**



Source: 10/7/08 Citigroup Analyst Report; Tiburon Research & Analysis

#5: And Convergent Wealth Advisors Lifted Out of Two Smith Barney Teams in 2008 Set a New Standard

Comments

- **Based in Rockville, MD & Rochester, NY**
- **18 employees**
 - 11 investment professionals
- **\$7.0 billion assets under management (\$2.3 billion of which is in alternative investments)**
- **Managing directors: George Dunn, Peter Dunne, David Mattia, & Lori Van Dusen**



Source: 9/12/08 Investment News; 9/2/08 Investment News; 7/29/08 City National Corporation Conversation (Goldsmith); 7/27/08 Convergent Wealth Advisors Email (Lockshin); Tiburon Research & Analysis

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The Credit Crisis has Led to a Decline in Financial Service Valuations Across All Industry Segments

Financial Institutions Market Valuation Declines

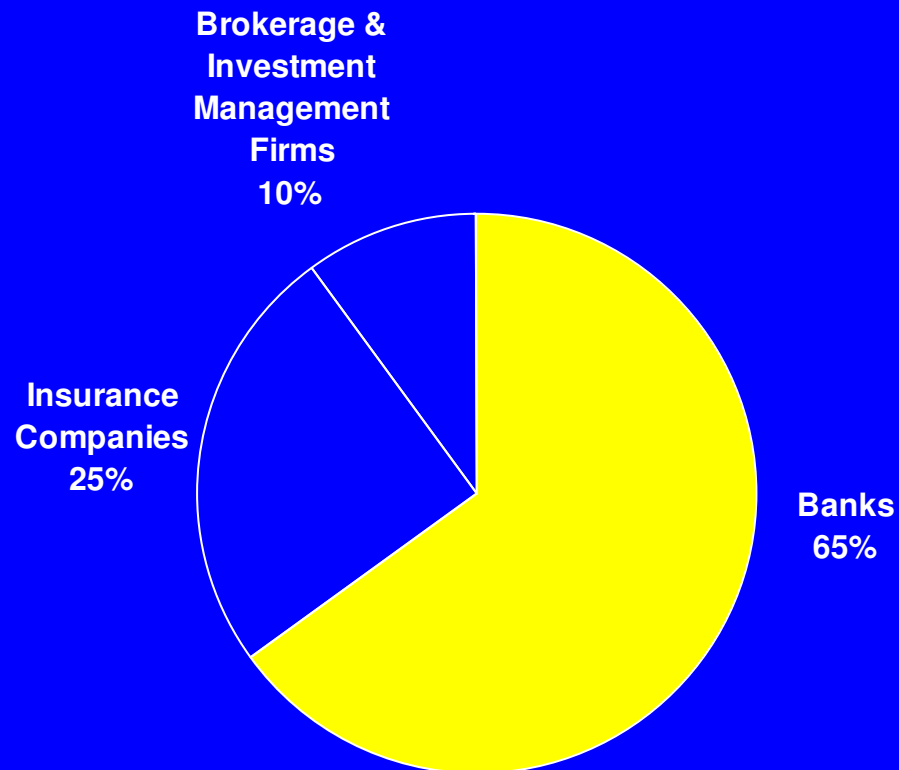


	Metric	Long-Term Average	Current
Banks	P/TB	2.7x	1.0x
Exchanges	P/E	27.0x	13.0x
Insurance	P/B	1.7x	0.9x
REITs	P/FFO	11.8x	10.5x
Asset Managers	EV/RR EBITA	10.2x	6.1x

Source: 2/19/09 Grail Partners Presentation (Putnam) (Goldman Sachs Group); Tiburon Research & Analysis

Retail Banks Will be the Most Aggressive Acquirers Because they are the Largest Institutions...

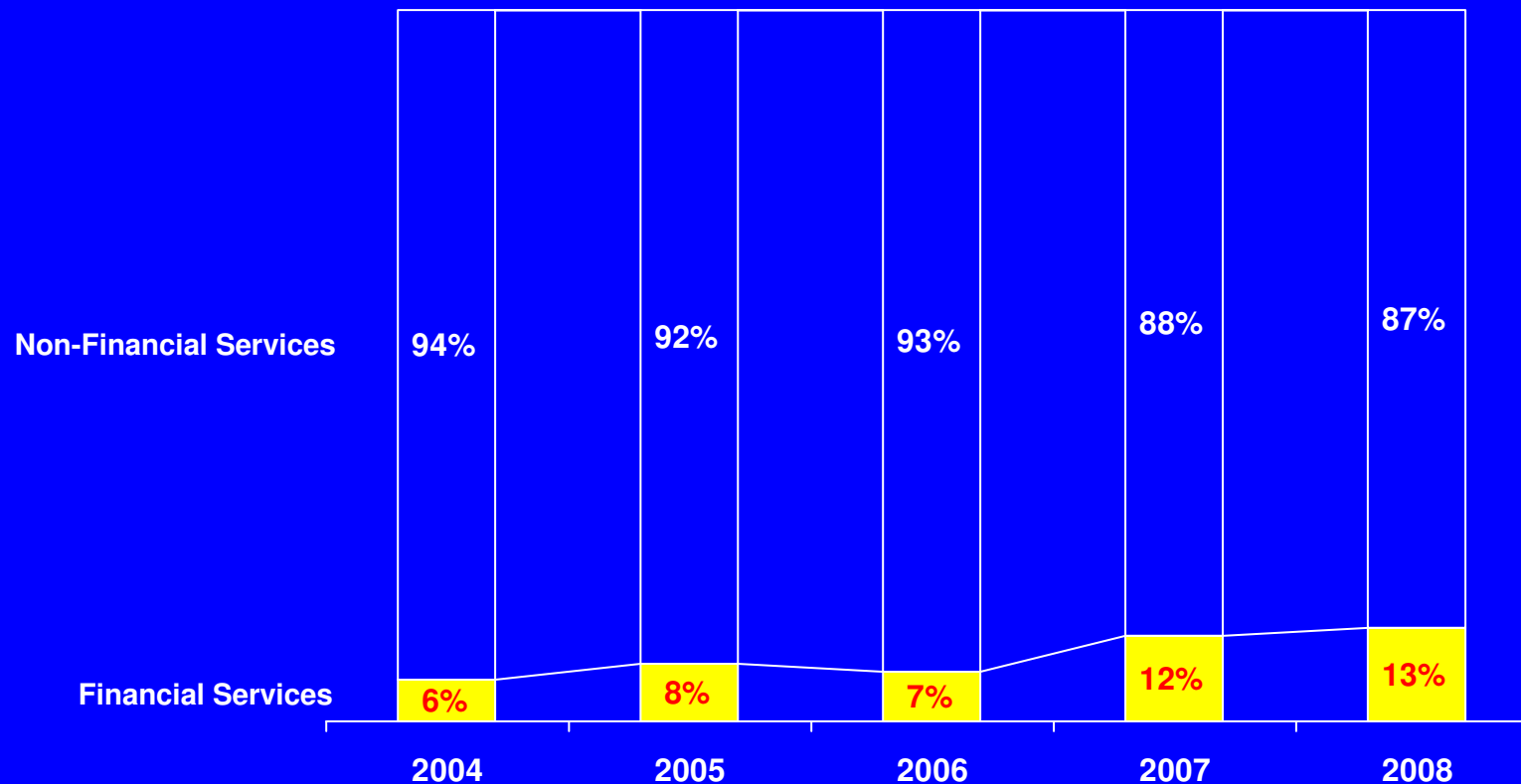
Financial Institutions Market Capitalization By Sector



Source: 5/08 Merrill Lynch Presentation (Doe); 2/19/07 Barron's; 5/02 Merrill Lynch Presentation (Doe); 11/22/99 John Hancock Presentation (Schmidt); 1/99 Bank Securities Journal; Tiburon Research & Analysis

... and Financial Institutions Buyouts are Likely to Grow Significantly from Just 13% of All Buyouts

Buyouts By Business Sector



Source: 9/29/08 Wall Street Journal; Tiburon Research & Analysis

Conclusions => Next Year's Report Card Categories...

Financial Advisor Key Simplification Tactics



Key Tactics	Grade	Best Practices
Increased Client Communications & Focus on Retention	?	--
Consider Outsourcing Opportunities	?	--
Win the War for Talent	?	--
Develop Target Market Strategies	?	--
Capitalize on Acquisition Opportunities	?	--

Source: Tiburon Research & Analysis



Comments

- **Focus on corporate-level strategy**
 - **Serve senior executives only at financial services companies**
 - **Key services: market seminars, market research, & strategy consulting**
 - **Served over 300 corporate clients and completed over 1,200 projects since 1998**
 - **Host semi-annual CEO Summits, offer free weekly research releases, and offer free business benchmarking tools for all types of advisors**
- **Chip Roame background**
 - **McKinsey & Company**
 - **Charles Schwab & Company**
 - **Tiburon since 1998**