SMAs *vs* Mutual Funds

As the investor, you own each of the securities in your SMA, versus investing in a mutual fund, where you own units or shares without owning the securities outright. And while a single portfolio manager oversees a group of SMA accounts as if they were one, they are, in fact separate accounts.

SMAs VS Mutual Funds

SMAs

- **Dedicated investment account containing stocks, bonds, cash and other securities**
- **Investor owns the individual securities, allowing for greater degree of customization**
- **Investor may have continuous interaction with portfolio manager**
- **Highly tax efficient**
- **All fees or account costs disclosed and transparent**
- **Designed for the higher net worth demanding investor**
- **Account positons transparent and online 24/7**
- **No inherited capital gains as with mutual funds, SMAs establish a cost basis unique to each investor**

Mutual Funds

- **Professionally managed investment that pools money from many investors to purchase securities**
- **Investor owns a share in a pool that owns the securities, but does not own them directly**
- **Current fund portfolio positions not clearly disclosed up front, and are only reported in arrears, which may cause overlap in client account positions within other investments.**
- **Investor does not interact with fund manager**
- **Tax efficiency determined by portfolio turnover**
- **Not all fund related fees disclosed up front, investor must request each fund's "Statement of Additional Information" for full disclosure annually**
- **Expensive to establish and costly to operate due to regulatory requirements, high commissions and administrative resources to meet the needs of smaller ($50, $100, $250 or $1000 accounts, who also need to allow additional at-will contributions of $100 or less**