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Optimal Household Mix Boosts Investment Advisor Revenue*Many Advisors Rely Too Heavily On Small Households*

Toronto, Ontario, September 1, 2010—A new study by PriceMetrix, the leader in market data and analytic and action tools that help Investment Advisors achieve measurable productivity improvement, demonstrates that a diversified investment advisor client base of large, medium and small households significantly improves advisor productivity and revenue. While the optimal household mix will vary by firm and economic profile of regional investors, the study reports that small household accounts, which make up a majority of the average financial advisor's client base, increase the cost of serving clients and inhibit revenue potential.

PriceMetrix analyzed over 1.3 million households, represented by 8,000 advisors in the study, and found that small households account for 52% of the average book while generating just 9.3% of total revenue. Individually, the average fee or commission paid by a small account is \$350 a year, hardly enough to cover basic account costs or an hour of consulting time a year.

"Advisors need to realize that a high concentration of small accounts in portfolios drags down their production and overall profitability," said Doug Trott, President, and CEO of PriceMetrix.

Advisors often claim that small households will become large accounts, under their stewardship. However, according to the study, between 2005 and 2010, of households that were considered small in 2005, less than 10% grew to medium size, defined as less than \$1 million in assets, and less than 1% became large ones with over \$1 million. In fact, small households were 108 times more likely to leave an advisor than become a large account.

"Small accounts are an inevitable part of building a practice but the PriceMetrix analysis indicates that a more proactive diversification strategy, with proper expectations of what small households will and will not become, minimizes the cost of holding a disproportionately high share of small household accounts," said Mr. Trott.

Advisors who reduced small households by at least 5% generated about \$43,000 more in production and increased assets, while reducing the overall number of households in their book. On the other hand, advisors who increased their small household composition by 5% or more generated just \$11,335 in new production, lost assets and experienced an increase in client load.

"Advisors should not wait for their book to evolve from small households to large ones," said Mr. Trott. "They need to take more aggressive action."

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Small clients are an important part of the business but million dollar producers have 34% of their book in small accounts compared to 50% for all other books. Only 2% of advisors with more than a 70% concentration in small households have reached the million-dollar mark; 60% of advisors with at least a 30% concentration in large households have reached the million-dollar milestone. Overall, approximately 11% of all advisors are million dollar producers.

“Attracting and serving small households is a cost of doing business in the retail wealth management industry,” said Mr. Trott. “However, truly savvy advisors should proactively build their business and navigate away from small household concentrations by avoiding them where possible, growing them through cross-sell or share of wallet improvement or by transitioning them out of their portfolios.”

PriceMetrix' study on small households can be accessed at www.pricemetrix.com.

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About PriceMetrix:

PriceMetrix is dedicated to delivering solutions that enhance the overall business results of retail wealth management firms by helping financial advisors, mid-level managers, and senior management become better 'CEOs' of their business. With 10 years of experience, we are the leader in delivering productivity enhancing practice management solutions to retail wealth management firms and their financial advisors.

Our comprehensive understanding and experience in the retail wealth management industry inspired the development of the award-winning, patented ValueOne™, our patent pending CommissionCheck™ and our U.S. Market-Based Equity Commission Schedule. FeeCheck™ is the newest practice management innovation from PriceMetrix. It is designed to help retail wealth management firms and their financial advisors make more informed market-based pricing decisions for their fee and managed business.

Founded in 2000, PriceMetrix has its principal place of business in Toronto, Ontario, and services a notable range of clients within Canada and the United States. For more information, visit our web site at www.pricemetrix.com.