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Ground-Breaking Report on Fee-Based Advisory Business Shows Many Advisors are Leaving up to \$20,000 on the Table Each Year Even as Business Segment Grows**Advisors Need to Price Appropriately At Outset of Client Relationship**

Toronto, Ontario, March 29, 2011—In a new report, PriceMetrix, the software firm that helps retail wealth management firms and their advisors optimize selling efforts, manage clients, identify growth opportunities, and enhance practice management, reveals that many financial advisors are foregoing an average of \$20,000 in fees because they are under pricing their fee-based business when compared to other advisors in the industry. Many advisors are offering significant discounts at the outset of their client relationships and then find it almost impossible to raise their fees afterwards. The report can be found at www.pricemetrix.com/public/news/insights.asp.

"Clients will pay for value, the data clearly show that," said Doug Trott, President and CEO of PriceMetrix. "Firms need to provide advisors with a credible reference for setting their prices and advisors need to understand what is achievable and confidently communicate their value and prices to clients."

The new PriceMetrix report is part of its *Insights* series, which addresses topical issues on a regular basis, including an analysis of the impact of small households on an advisor's business, and the progress advisors have made in better balancing their businesses to deemphasize smaller accounts. The studies are based on the vast PriceMetrix database that now includes 380 million transactions, 15,000 advisor books, 2.3 million investors, one million fee-based accounts and over \$850 billion in investment assets.

The fee and managed account business has become a key source of recurring revenue for retail wealth management advisors and the segment continues to grow. Assets in fee-based accounts now make up almost 25% of total assets under administration and 37% of total revenue. Over the last four years, from 2007 to 2010, the average advisor's assets in fee-based accounts have increased by 24%, while transactional assets have declined by one percent. Further, advisors are opening a growing number of fee-based accounts each year. The average advisor opened 11.5 new fee-based accounts in 2008, 13.5 in 2009 and 14.5 in 2010. Clearly, advisors are turning to fee-based accounts to help build their businesses.

At the same time, however, advisors are earning less in terms of return on assets in their fee-based accounts. The average return on assets declined from 1.47% in 2007 to 1.32% in 2010. Why? Most firms publish fee-based price schedules that range from simple flat fees to tiered pricing based on asset type or account size. Actual fees charged by individual advisors, however, are usually discounted with most ranging from 72 to 79 percent of scheduled prices.

"One might expect advisors to charge less for big accounts, taking advantage of economies of scale," said Mr. Trott, "but we found advisors are even giving a full 20% discount to the smallest households."

PriceMetrix found significant differences exist between individual advisors. The top 25 percent of advisors charge an average fee of 2.01%; the bottom 25 percent charge an average of 0.81%.

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“When sharing this information with advisors, we get challenged with the assertion that the higher priced advisors must be losing business to lower priced advisors,” said Mr. Trott. “We have found little evidence of this, however, and instead find that clients are willing to pay for a strong value proposition.”

Advisors need to control their pricing from the very beginning of their client relationships because they will find it almost impossible to raise prices once they are set. PriceMetrix found that only five percent of advisors were able to raise their prices by more than ten basis points on existing accounts over a three-year period. On the other hand, many advisors are now charging more for new accounts and are thus able to raise their overall return on assets. Interestingly, advisors who charged more initially were able to open 25% more accounts than advisors who lowered their fees.

“Some advisors are giving themselves a raise by focusing on improved pricing for new accounts,” noted Mr. Trott. “With roughly 15 new accounts being opened per year on average, this can have a material impact on overall production levels.”

The PriceMetrix *Insights* Volume 3 - Fee and Managed Asset Pricing can be accessed online at www.pricemetrix.com/public/news/insights.asp.

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About PriceMetrix:

PriceMetrix is a software firm that helps retail wealth management firms and their advisors optimize selling efforts, manage clients, identify growth opportunities, and enhance practice management.

Through its exclusive relationships with North American retail wealth management providers, PriceMetrix directly measures aggregated data representing 2.3 million investors, 380 million transactions, 1 million fee-based accounts, 4 million transactional accounts and over \$850 billion in investment assets. PriceMetrix combines its patented process for collecting and classifying data with proprietary measures of revenue, assets, and households to create the most insightful and granular retail wealth management database available today. PriceMetrix was recognized in the top 250 ICT Companies Listing in the 2010 Branham300.

PriceMetrix' comprehensive data on the business practices of retail investment advisors and their clients inspired the development of the award-winning, patented ValueOne™ that now includes ClientCheck™, its patent-pending CommissionCheck™, its U.S. Market-Based Equity Commission Schedule, and its patent-pending FeeCheck™, a recent practice management innovation from PriceMetrix.

Founded in 2000, PriceMetrix has its principal place of business in Toronto, Ontario, and services a notable range of clients within the United States and Canada. For more information about PriceMetrix web-based practice management solutions, please contact 416-955-0514 or 1-866-955-0514, e-mail info@pricemetrix.com, or visit www.pricemetrix.com.