

# ADVISORY SERVICES ACCOUNTS

WINTRUST<sup>®</sup>  
WEALTH MANAGEMENT



*A*dvisory services accounts offer an innovative account structure and help to create a shared vision between a client and their advisor.

## AN OVERVIEW OF ADVISORY SERVICES ACCOUNTS

Today, a new generation of advisory services is available to investors. This innovative account structure contrasts with traditional brokerage accounts in one important way: the client does not pay commissions on individual transactions, but rather pays a fee based on the size of the account.

The fee generally covers all services rendered by the Financial Advisor and his or her firm, including commissions, custodial services, and when applicable, portfolio management. These programs are designed primarily for accounts of \$100,000 or more, but certain programs can accommodate portfolios of \$25,000.

While the differences between an advisory services account and a per-trade commission account may appear trivial, the advisory services structure provides a number of substantial benefits to the client. Under the commission system, a Financial Advisor is compensated on the basis of the number and size of transactions executed. However, with an advisory services account, a Financial Advisor's compensation is determined by the value of the account. Because advisory services accounts are size-driven, not commission-driven, the fee-based Financial Advisor has a greater personal stake in the overall performance of each client's account.

When an advisory services account is established, the Financial Advisor first develops a comprehensive investment profile for the client. The profile will define the client's risk tolerance, income needs, and overall investment objectives. This profile is usually completed before any investments are made and serves as the blueprint when designing a portfolio customized for each individual client.

The client receives a performance review quarterly and is always aware of the account's returns, both on an absolute basis and relative to various indices, such as the S&P500<sup>1</sup> or a bond index.

One of the keys to successful investing is the ability to independently evaluate each investment opportunity. When a commission is charged on a trade, it can provide an additional challenge for the investor. This concern is eliminated with advisory services accounts because no commissions are charged on individual transactions.

Three types of advisory accounts are generally available. The primary difference is who is responsible for managing the portfolio.

- 1. Client-Directed.** The client makes all the investment decisions. This type of arrangement provides the client with added flexibility. For example, if the stock market becomes too volatile, the client may want to shift from stocks to bonds. Later, the client can move back into stocks, all without incurring individual commissions.
- 2. Outside Money Manager.** An outside money manager is employed to make all investment decisions. The brokerage firm and the money manager may share the fee, sometimes called a "wrap fee" because all expenses are wrapped into one fee.

3. **Financial Advisor.** An account for clients who want to be somewhat involved in managing their account yet want to turn the day-to-day responsibility over to the financial advisor. Most such accounts are closely monitored by the sponsoring firm, and at some firms only experienced financial advisors trained in managing portfolios are eligible to participate. With both these accounts and accounts managed outside the firm, the client gives the manager discretion to make investment decisions based on the client's stated investment objectives and risk tolerance.

Advisory services accounts represent a more objective way for a client to have their assets managed. The Financial Advisor and the client can both concentrate on what is best for the portfolio, and not be worried about commissions.

For more information, talk to your Wayne Hummer Financial Advisor.

## AVAILABLE ADVISORY SERVICES ACCOUNTS

### Mutual Fund Advisory Accounts

- **FundSource:** Invests in funds pre-screened by Wells Fargo Advisors. Managed by your Financial Advisor, it can be tailored to your specific objectives and risk tolerance.
- **CustomChoice:** Invests in no-load, and load-waived mutual funds and is managed by your Financial Advisor. Can be customized for broad diversification and time horizon.
- **Pathways:** Invests in Russell Investments mutual funds managed by Russell's investment managers. Can be tailored to meet a variety of investment objectives.

### Separately Managed Account Programs

- **Compass Advisory Program:** Invests in individual stocks, bonds and Exchange Traded Funds. Managed by Wells Fargo Advisors according to your investment objective.
- **Asset Advisor:** Invests in a wide range of instruments including individual securities, mutual funds, and options. Managed by you with assistance from your Financial Advisor.
- **Masters Program:** Invests in one of a variety of strategies and styles. Manager is selected by your Financial Advisor from a list of candidates qualified by Wells Fargo Advisors.
- **Private Advisor Network:** Invests in one of a variety of strategies and styles. Manager is selected by your Financial Advisor from an extensive list of candidates.
- **Diversified Managed Allocations (DMA):** Invests in numerous strategies and styles simultaneously. Manager of each strategy is a "best of breed" determined by Wells Fargo.
- **Private Investment Manager (PIM):** Invests in individual securities in a broad range of asset classes. Managed by your Financial Advisor according to your investment objective.
- **Great Lakes Optimum Balanced Strategy:** Invests in individual securities in a broad range of asset classes. Managed by Great Lakes Advisors according to your investment objective.
- **Great Lakes U.S. Equity Strategies:** Invests in either small or large cap stocks. Managed by Great Lakes Advisors, it can be adjusted for tax and liquidity requirements.
- **Great Lakes Fixed Income Strategies:** Invests in corporate, government or municipal bonds. Managed by Great Lakes Advisors, it can be adjusted for tax and liquidity requirements.

<sup>1</sup> The S&P 500 is an unmanaged, market-weighted index of 500 stocks providing a broad indicator of price movement, and is calculated on a total return basis with dividends reinvested. Investors cannot directly purchase any index.

Wayne Hummer Investments is an SEC Registered Investment Advisor. Information on fees and program specifics can be found in the firms ADV Part II Advisory Services Brochure.

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