

- Changes.
- Challenges.
- Opportunities.

DAILY

Friday, February 5, 2010

CONFERENCE HIGHLIGHTS

General Session Keynote Presentation

8:00-8:55 a.m.

Terry Bradshaw – Super Bowl MVP and Fox NFL Sunday Commentator

Morning Keynote Presentation

10:30-11:25 a.m.

Patrick Lencioni – Founder and President, The Table Group

Social Media Breakout

1:45-2:40 p.m.

Moderated by Andrew Gluck – Editor, Advisors4Advisors

Bill Winterberg – CFP®, Principal, FPPad.com

Jessica Maldonado – Vice President, Searcy Financial Services, Inc.

Christopher Winn – Co-founder and Managing Principal, AdvisorAssist

Fixed-Income Breakout

3:15-4:10 p.m.

Moderated by Mike Cornelius – Senior Manager, TD AMERITRADE Institutional

Edward Tishelman – Managing Director, TD Securities

Todd Dilatush – Director, Structured Products, Barclays Capital

Bruce Dzieza, CEO – Willow Creek Financial Services

Jonathan Krasney, President – Krasney Financial

QUICK POLLS

Here are the results of questions asked yesterday:

What is your outlook of the economy for the next 6 months?

- Very pessimistic 13%
- Somewhat pessimistic 20%
- Somewhat optimistic 58%
- Very optimistic 8%

If you could participate in the winter olympics, what sport would you choose?

- Ice dancing 10%
- Curling 18%
- Bobsledding/Luge 41%
- Downhill skiing 31%

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Presidential Address Captivates Advisors

The 42nd and 43rd Presidents share the spotlight and their thoughts



Noting that there have only been 16 U.S. presidents elected to two full terms, TD AMERITRADE Institutional's President Tom Bradley introduced Presidents Bill Clinton and George W. Bush to a room packed to capacity with conference participants. With more than 2,000 attending the presidential address, including 1,200 advisors, the room was filled with a palpable sense of excitement and anticipation.

"President Clinton presided over one of the greatest economic expansions in the history of the country," said Bradley, in his opening remarks. "President Bush guided us through one of our longest periods of job growth and kept us safe in a post-9/11 world."

Before the Presidents took the stage, Bradley noted that conference organizers had asked conference attendees to submit questions for the Presidents during the pre-registration process. He added that after culling through thousands of responses by advisors, the most frequently asked questions would be presented to the Presidents in an informal, roundtable discussion format. As the Presidents entered the room, they received a hearty standing ovation. They were then seated in leather armchairs, evoking the feeling of a fireside chat between these influential leaders, who continue to



Dan Moskowitz

maintain a presence on the world stage. Clinton and Bush seemed very relaxed and comfortable in each other's company, trading compliments and reflecting on each other's experience and accomplishments. The Presidents were by turns funny, serious and engaging as they offered their candid opinions on a wide range of subjects. Discussion topics included the economic crisis and recovery, the rise of China and other economic super powers, the Middle East peace process and health care.

Following the session, advisor Kevin Norris of Girard Partners said, "It was extremely refreshing to see a Democrat and Republican displaying a genuine appreciation and friendship for each other. As I was sitting there, I was thinking that Congress could use an awful lot of that." Dan Moskowitz of Chatham Wealth Management, LLC noted, "It's evident that Clinton and Bush have a genuine desire to help in Haiti and their experiences with previous relief efforts obviously make them very valuable contributors." He added that he was glad to hear both Presidents acknowledge the importance of small businesses in the economic recovery.

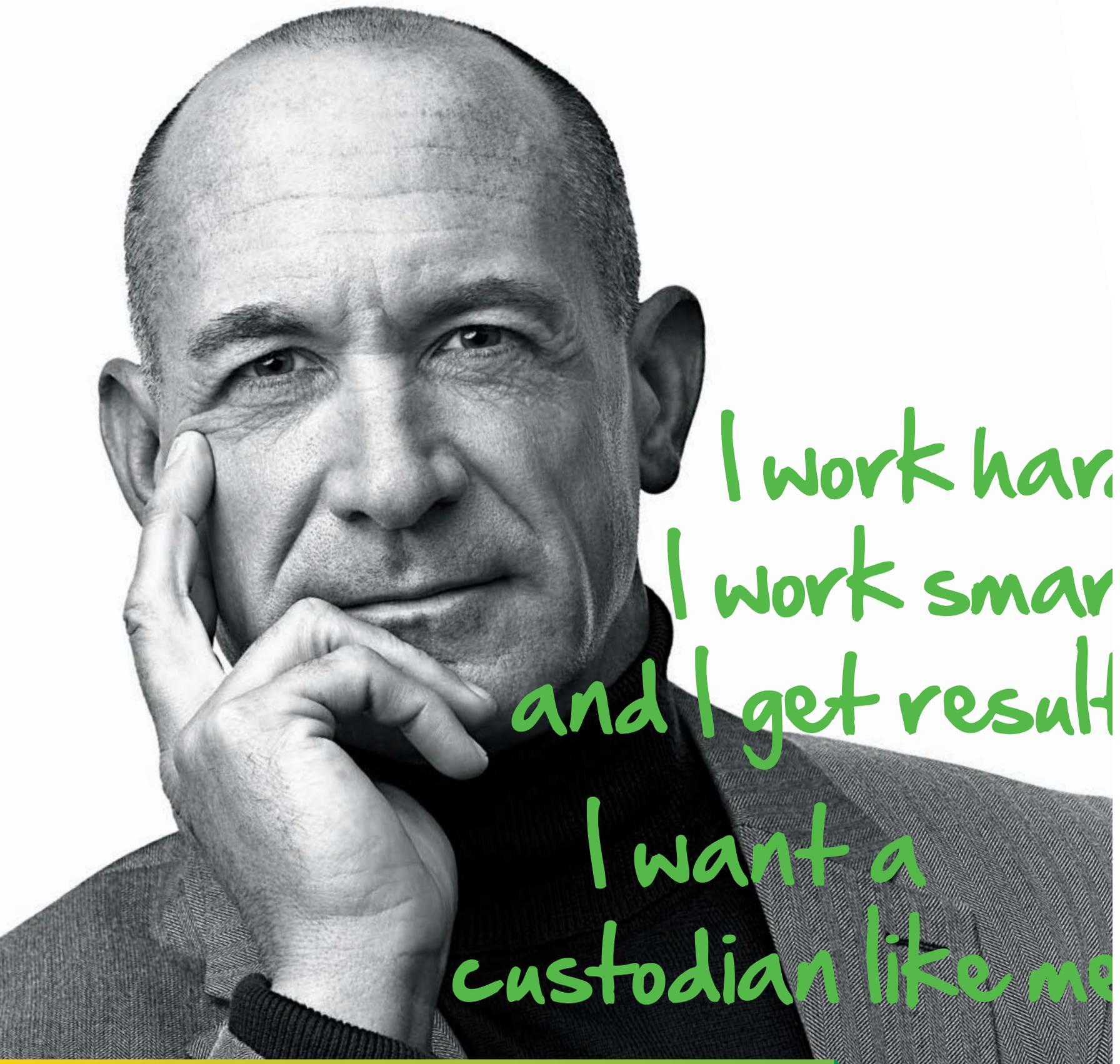


Kevin Norris

Advisor Scott Leonard of Trovena noted, "What stood out to me was how alike the two past Presidents were in much of their thinking. In politics, people probably agree on about 80% of issues. And yet we spend so much time bickering on that other 20%. If we would spend more time focusing on where we agree, we could accomplish a lot more." Leonard added that his favorite line of the evening occurred when Bradley asked Bush about making the decision to run for president. Bush quipped, "Had I known that I was going to run for president, I would have behaved better in college." ■



Scott Leonard



Drive. Ambition. Passion. It pays off for your clients and your business, and as you take your business to the next level you need a custodian who operates on the same principles. Every TD AMERITRADE Institutional solution revolves around your needs. Dedicated solutions consultants collaborate to help you achieve your business goals. Trading, clearing and platform solutions are scalable and accessible to help you stay efficient. And our investor referral program gives you the edge you need for growth. Trust your business to the custodian like you. The one who's committed to your success.

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Advocacy Is Central to TD AMERITRADE Institutional

Advisors need help to navigate today's regulatory environment



Brian Stimpfl

Given the federal government's drive to enact regulatory changes in the financial services industry due to recent scandals, advisors today are particularly interested in not only understanding the political landscape, but in having strong custodians that advocate on their behalf.

"There's been no time in recent memory where issues of advocacy have been more important than they are right now," says Brian Stimpfl, Managing Director of TD AMERITRADE Institutional's Advisor Advocacy and Industry Affairs. "Advisors have had more on their plates, especially in the past year, and need someone looking out for their best interests."

Numbers from TD AMERITRADE Institutional's quarterly RIA survey in December back this sentiment. The poll revealed that regulatory changes are the top concern for 47% of advisors over the next 12 months, up from just 34% six months ago.*

Stimpfl and his team understand how critical these issues are to advisors who custody with TD AMERITRADE Institutional. Over the past year, they've hit this area hard, staying abreast of key legislation on Capitol Hill, as well as actively bringing light to some of the changes needed in these critical regulatory areas.

For example, new changes to Rule 206(4)-2

(the "Custody Rule") approved by the Securities and Exchange Commission (SEC) at the end of 2009 don't include the amended surprise audit requirement for most independent advisors who custody their assets at third-party custodians like TD AMERITRADE Institutional. The SEC had considered mandating these audits—a move which would not have been favorable to advisors.

"This outcome is what advisors were hoping for," says Stimpfl. "And based on our activities, we believe we were able to help bring about that positive change on how the SEC defined custody."

Stimpfl's team now has its radar honed in on the regulatory reforms coming from the U.S. House of Representatives and the U.S. Senate, both of which are looking at issues from executive compensation to how the industry defines a fiduciary.

"There's been no time in recent memory where issues of advocacy have been more important than they are right now."

The bill from the House, known as The Wall Street Reform and Consumer Protection Act (passed in December), places more emphasis on disclosure and customer consent when giving personalized investment advice. The bill also removed the proposal of the Financial Industry Regulatory

Authority's (FINRA) rulemaking authority over investment advisory firms. The Senate is set to pass its own version this winter. The two are then expected to meet and create a combined bill.

To help keep the conversation going, TD AMERITRADE Institutional recently issued a white paper challenging our industry to put the proper measures in place to ensure greater investor protection and help clarify the standard of care investors deserve from individuals managing their investment portfolios.

"The Standard of Care for Investment Advice: Drawing a Clear Line of Distinction between Fiduciary and Suitability" white paper serves to influence reform and help educate the industry and investors on the issues surrounding the standard of care due to investors.

With this increased attention from Capitol Hill, TD AMERITRADE Institutional understands that advisors want to be prepared for any changes, while best representing the fiduciary interests of their clients now.

It's all part of TD AMERITRADE Institutional's commitment to keep abreast of significant regulatory changes, understand the possible impact of these changes and advocate on behalf of advisors and their clients as appropriate. ■

*Telephone survey conducted by Maritz, Inc. between December 2 and 17, 2009. A random sample of 507 RIAs who custody with TD AMERITRADE Institutional as well as other independent RIAs from across the country participated. Maritz, Inc. and TD AMERITRADE Institutional are separate, unaffiliated companies and are not responsible for each other's products and services.

Q&A with Industry Influencers

Thought leaders share their insights

Spenser Segal, CEO of ActiFi, answers the question: *Where do you turn for industry news?*



Spenser Segal

I'm a news junkie, so I use a wide variety of sources, including everything from Google alerts to Bob Veres media reviews. I also read mainstream publications including *InvestmentNews*, *Financial Advisor*, *Investment Advisor*, *Wealth Manager*, *Registered Rep* and *Research*. On my iGoogle, I've created a tailored Google News framework that I find very helpful. My minimum daily requirements are Google alerts and the media reviews that I subscribe to. News is something I'm personally passionate about. I enjoy it and consider it leisurely reading.

One of the key tips I give advisors is to use Google alerts. Google will go out and scan for information for you. With Google alerts you can set up alerts based on the keywords you're looking for. You can use things like quotation marks to set very specific search parameters. For example, if I was Googling my own name I would type in "Spenser Segal." You can specify the frequency with which you would like to receive it, including immediate alerts, once a day or weekly.

Andy Gluck, CEO of Advisor Products, answers the question: *How can advisors differentiate themselves in 2010?*



Andrew Gluck

As an independent advisor you can differentiate yourself by communicating how you're different from Wall Street, conducting Webinars on educational topics and integrating client communications with applications you use to manage your practice. Web-based systems enable you to do things only dreamed of just a few years ago. You can now integrate your CRM, financial planning and performance reporting system with your Web site. When you rebalance a client's account and mark that task as completed in your CRM, your client sees that you did that for him when he logs on to your

Web site.

I also recommend proactively communicating with clients the way they want to hear from you. Some clients want you to use email, others want meetings in person and still others want phone calls. You may also want to consider writing a blog. Make the blog candid, personal and helpful to readers—about what you did that day for a client, about your frustrations, how you view the economy and what you are doing to improve your client service. When prospects check out your firm's Web site, that content can truly differentiate you. Finally, specialize in a niche market. Whether it's doctors, athletes or small business owners, find a specialty or two and focus on those niches. Serving people with niche-market needs makes you an expert in an area few people know about and makes your advice more valuable.

TD AMERITRADE
Institutional

DAILY

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SourceMedia

Nick Thakore named Fund Manager of the Year

The Boston Globe

Based on 2009 results and awarded by
journalist Steven Syre, whose *Boston Capital*
column covers the investment industry.

“Thakore’s fund earned blockbuster returns, ran circles around the competition, and did it all without making huge bets on a few stocks or industry sectors.”

The Boston Globe
12/29/09

This is Putnam today.

Putnam Voyager Fund

PVOYX

Veteran portfolio manager **Nick Thakore** continues to deliver results, outperforming 98% of the fund’s large-cap growth fund peers in 2009. Backed by a team of highly skilled global equity analysts, Nick employs fundamental stock picking and a disciplined approach to risk.

Get Nick’s perspective on today’s market opportunities.

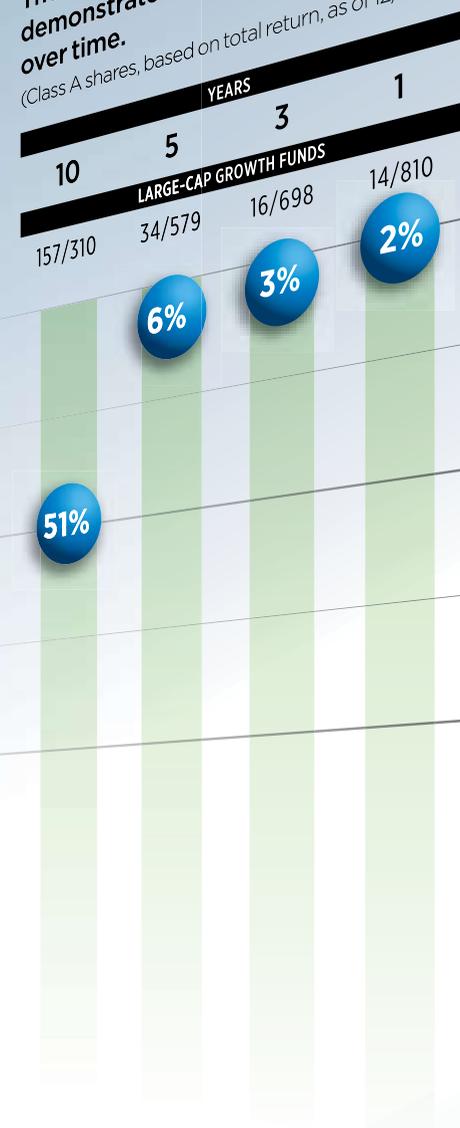
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The fund’s Lipper rankings have demonstrated strong performance over time.
(Class A shares, based on total return, as of 12/31/09)



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Consider these risks before investing: Investments in small or midsize companies, or in stocks with above-average earnings, can be more volatile, especially if earnings do not continue to grow.

Request a prospectus, or a summary prospectus if available, by calling 1-888-788-6262. The prospectus includes investment objectives, risks, expenses, fees, and other information that your client should read and consider carefully before investing.

Putnam Retail Management

TD AMERITRADE Institutional's Roadmap™ Delivers Results

Signature program helps advisors grow their business

Advisors using Roadmap™—TD AMERITRADE Institutional's signature practice management program—report significant practice progress toward their most important business objectives. Of these advisors, 60% have already experienced measurable growth in assets under management by attracting new assets from existing clients, or opening new client relationships.*

In addition to fostering account growth, the Roadmap program can be also tailored toward helping advisors achieve any number of goals, including team development, improving operational efficiencies and managing technology.

"Roadmap is a tool that helps advisors focus on what's important to them," says George Tamer, Director of Strategic Relationships for TD AMERITRADE Institutional. "Once advisors define an objective, they can use Roadmap to hone in on specific strategies and tactics designed to help them achieve that goal," he adds. Participating advisors then receive a concrete plan for pursuing each objective. Each plan (called a "roadmap") includes a timeline, assigned responsibilities for completing individual tasks and a framework for measuring progress.

What's more, advisors can work toward several goals at the same time, with each goal broken out into smaller, actionable steps. "Breaking down each goal into smaller steps makes the process more manageable and helps advisors and their teams stay focused on the tasks at hand," Tamer notes.

Roadmap provides advisors with one-on-one support from highly trained consultants with deep industry experience. "Our Solutions Consultants have, on average, more than 11 years of experience working in the financial services industry," says Tamer. "Once we have the initial roadmap set up, advisors can meet with their consultant on a monthly or quarterly basis to measure progress." Tamer believes that combining Web-based support with an experienced consultant offers advisors the ability to leverage robust technology tools backed by the real-world experience of consultants who understand the needs of today's advisory firms.

Tamer notes that TD AMERITRADE Institutional is in the process of launching a new benchmarking component to the Roadmap program. "Advisors will be able to see how they are progressing according to their plan on specific financials that drive their firm, such as assets under management, revenue, revenue per employee, expenses, expenses per employee and other key metrics," he says.

"You'll also be able to measure progress relative to your personal goals, as well as against a benchmark of other advisors, including advisors using the TD AMERITRADE Institutional platform," he continues. "Benchmarking really helps us take the Roadmap program to the next level, providing



George Tamer

advisors with even more tools and insights for reaching their goals," Tamer concludes.

He notes that there are currently more than 700 advisors taking advantage of Roadmap, and these advisors are collectively working toward 2,600 individual goals. "At TD AMERITRADE Institutional, we want to understand what's important to the advisors we serve," says Tamer. "Roadmap helps us better understand those needs and deliver innovative solutions customized to the needs of each individual advisor." ■

*Based on Net New Assets (NNA) and new account activity evaluated for advisors with Roadmaps delivered prior to the end of February 2009. New account and NNA performance measured as the six-month period prior to and through the month of delivery, and the six months following the month of delivery. Outliers with residual asset balances (<\$1MM) during the analysis period and/or very large changes in asset balances during the time period were removed from the analysis.

Roadmap: Access to the Roadmap program is provided by TD AMERITRADE Institutional as a service to financial advisors using the brokerage, execution and custody services of TD AMERITRADE Institutional. TD AMERITRADE and participating third-party companies are separate and unaffiliated and are not responsible for one another's policies and services. TD AMERITRADE does not guarantee nor are they responsible for the completeness or accuracy of the data provided or for the quality of any product or service. TD AMERITRADE makes no warranty or representation with respect to the service as to suitability or fitness for a particular purpose. In no instance should the listing of a third party be construed as a recommendation or endorsement by TD AMERITRADE.

Self-Directed Brokerage Accounts in Retirement Plans

With Veo®, advisors can manage clients' retirement accounts

Self-directed brokerage account (SDBA) options in retirement plans have become popular with participants looking for more investment choice and flexibility. Now SDBAs also provide a powerful benefit to advisors working through TD AMERITRADE Institutional's Veo® platform: the ability to offer clients discretionary management of their retirement plan assets. Managing an individual client's retirement plan assets through an SDBA allows advisors to more fully integrate those assets into a comprehensive financial plan and provide clients with a more holistic approach to wealth management.

Highly compensated individuals often have many investment accounts and their 401(k) plan is just one component of their retirement savings or their personal wealth, notes Gary Major, Director of Client Integration at TD AMERITRADE. "Very often, high-net-worth investors will have a registered investment advisor (RIA) managing most of their accounts, but not their 401(k) account," he says.

For clients with an SDBA option in their retirement plans, RIAs using Veo can now control the total financial picture for clients who choose to give their advisor discretionary management over their accounts. By managing all of a client's accounts, advisors are able to do much more



Gary Major

comprehensive reviews of client assets to help ensure that current strategies match client objectives. "The SDBA managed by the advisor allows a client's qualified retirement plan assets to become part of the overall financial plan," notes Major.

While other firms may offer an SDBA option, TD AMERITRADE's offering is unique in that it provides investors with a dedicated Web site and service team created especially for SDBA investors. "Because money invested in an SDBA

represents qualified retirement plan assets—which require special tax treatment—our dedicated SDBA Web site helps investors and advisors manage those assets accordingly," says Major.

For example, while TD AMERITRADE's SDBA Web site offers all of the tools and research available on the firm's retail brokerage site, participants cannot write checks on their account or use wires to move money in and out of the account. This helps investors avoid co-mingling qualified and nonqualified assets.

The ability to manage client SDBA assets through Veo is a recent addition to TD AMERITRADE Institutional's offering to advisors, notes Major. "Advisors participating in our beta program are very enthusiastic about this new capability," he says. While individual investors use a dedicated

SDBA Web site to access their account, advisors can view, manage and trade on a client's SDBA using Veo. "The same controls that exist for participants also exist for the advisor, so they can't accidentally write checks from the wrong account," says Major. He adds that TD AMERITRADE Institutional wants to help advisors do their normal management activities, while also avoiding anything they shouldn't be doing in a qualified plan.

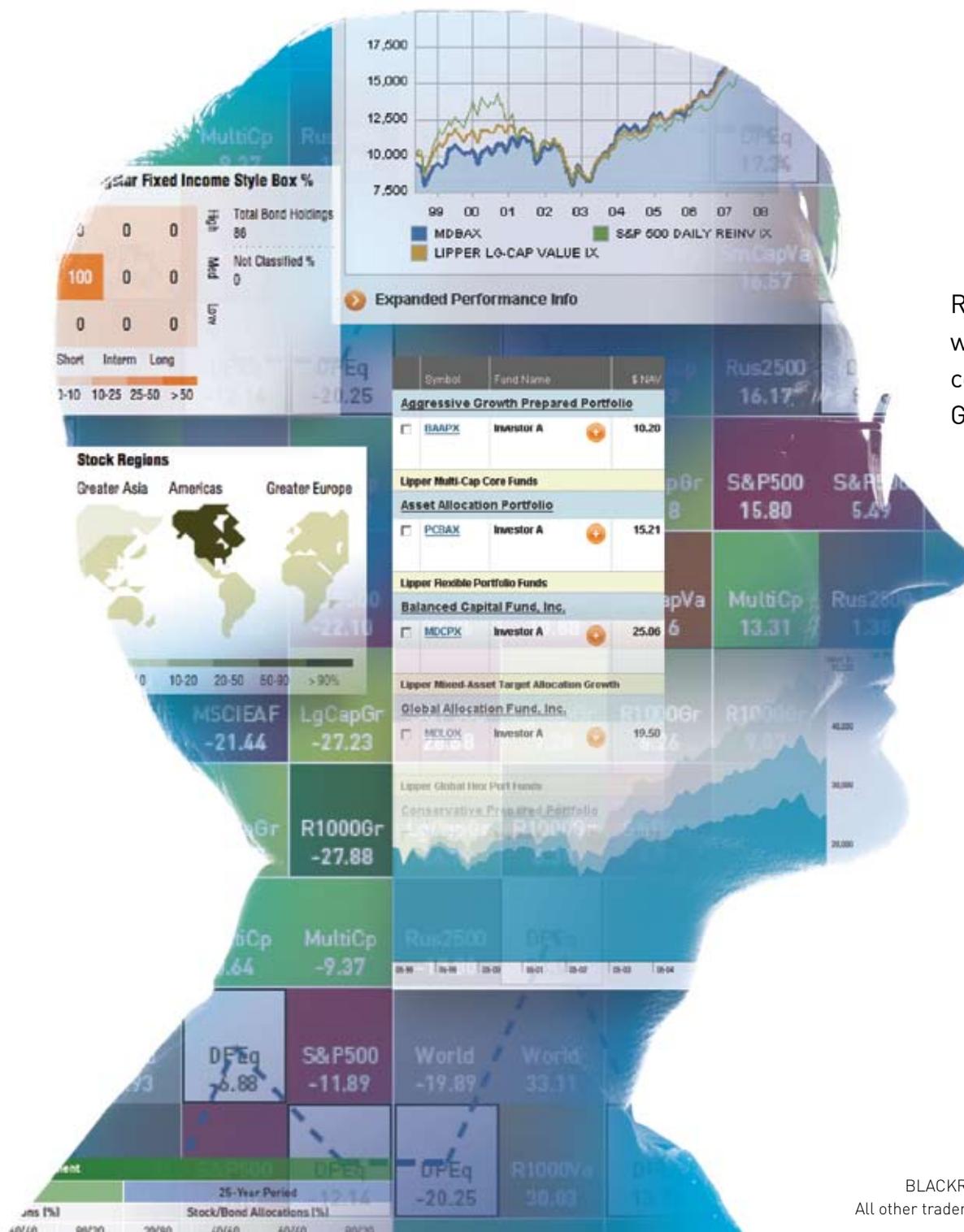
"The SDBA managed by the advisor allows a client's qualified retirement plan assets to become part of the overall financial plan."

"Discretionary management of an SDBA is often a natural fit for the highly compensated individuals, but also for a wider range of investors looking for more investment choice and flexibility." Major suggests that asking clients about their retirement plan assets can be a great way to reengage your most valued relationships. "Starting the conversation about SDBAs can help you provide clients with a more comprehensive approach to wealth management," he concludes. ■

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Join us to hear Mike Trudel, Managing Director and Senior Portfolio Specialist, speak on "Global Asset Allocation Strategies for 2010 and Beyond," Friday, February 5 at 11:30 a.m.



Register by visiting www.blackrock.com/fp or contact the BlackRock RIA Group at 888-426-6727.

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Taking Roth Conversion Analysis to the Next Level

Veo® helps advisors consider conversions from multiple angles

With new rules in place governing Roth conversions, many advisors are taking a fresh look at how Roth IRA assets can be used in their clients' overall retirement income plan. Key considerations include the long-term tax efficiency of clients' retirement assets, clients' estate plans and the complexities associated with implementing partial Roth conversions. The Roth IRA Conversion Analyzer tool on VEO® is designed to help advisors look at the conversion question from many different angles so they can help clients make more informed decisions.



Keith Garcia

With a new regulatory landscape, partial conversion may be an attractive option. "It's no longer just a question of Roth versus traditional IRAs," says Keith Garcia, Senior Manager of Retirement and Goal Planning for TD AMERITRADE. "Rather, many advisors today are asking how much of a client's retirement savings should be allocated to each type of account."

Garcia notes that the Roth IRA Conversion Analyzer on VEO can help advisors understand the relationships

among key variables in the retirement income equation, and allocate assets to different account types accordingly. "Our Roth conversion tool helps advisors take a more holistic view of a client's IRA assets," he says. For example, some clients may benefit from a 50/50 split between a Roth and traditional IRA, while others may need a different split. "Our tool can help advisors figure out how much of their clients' IRA savings should be allocated to a Roth, if at all," he concludes.

Considering Multiple Variables

Some of the variables that the Roth IRA Conversion Analyzer helps advisors consider include future tax rate assumptions, the source of payment of the conversion taxes and projected income needs in retirement. "Based on inputs the advisor chooses, our Roth conversion tool will show the future projected retirement income stream," says Garcia. "There are quite a few levers that advisors can use to create customized solutions for each individual client."

In addition to working with the tools in VEO, Garcia suggests that advisors also include the clients' tax advisors or professionals in the decision-making process, as the tax considerations—especially those associated with partial Roth conversions—can be

complex. In particular, advisors need to be familiar with IRS Form 8606, where clients declare which IRA contributions were deductible and nondeductible.

Whether or not clients choose to take advantage of the new Roth IRA conversion rules, discussing conversion options with them is a great opportunity to increase communication and build stronger client relationships. "The recent change in regulations is the perfect reason to reach out to clients and let them know you remain focused on meeting their needs," adds Garcia.

"Our Roth conversion tool helps advisors take a more holistic view of a client's IRA assets. It can help advisors figure out how much of their clients' IRA savings should be allocated to a Roth."

The Roth IRA Conversion Analyzer, including FAQs and articles, is on VEO under the Resource Center tab. Click on PlanningTools in the Education and Training section. ■

Maximum contribution limits cannot be exceeded. Contribution limits provided are based on federal law as stated in the Internal Revenue Code. Applicable state law may be different. TD AMERITRADE does not provide legal or tax advice. Clients should consult legal or tax advisors before contributing to their IRAs.

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Benefits of Conversion

As of January 1, 2010, anyone can convert a traditional IRA to a Roth account, including highly compensated individuals (those making more than \$100,000 a year). Converting a traditional IRA to a Roth account does offer potential benefits. Because taxes are paid upon conversion, qualified future withdrawals are tax free. (Investors making conversions in 2010 will have the option to stretch tax payments out over a two-year period.) Tax-free withdrawals are an attractive feature for people who expect tax rates to go up in the future and/or people who plan to leave their IRA assets to an heir.

In addition, Roth accounts aren't subject to minimum required distributions, so people who want to use these accounts for estate planning purposes can let their assets grow longer.

The Question of Allocation

Note that converting to a Roth account doesn't have to be an all-or-nothing proposition. Investors can convert just part of their IRA balance to a Roth account if it makes sense for their particular situation.

Veo® Gets More Streamlined

The popular technology platform offers additional resources to busy advisors

Advisors met VEO's technology platform launch with great enthusiasm at last year's conference. VEO's team at TD AMERITRADE Institutional has spent the past 12 months migrating all users onto the new VEO, as well as streamlining the platform even further, adding a stable of new functionalities and tools to offer advisors a more robust experience.

"We didn't want to rest on our laurels," says Jon Patullo, Director of TD AMERITRADE Institutional's Technology Platform Management. "We've continued to add new tools to enhance the platform and an advisor's business, as well as bring everyone together on one platform."

Several of these highlights come right from advisors' requests. One addition is a dividend reinvestment setting, which allows advisors to view



Jon Patullo

the election for equity and mutual fund positions. Another feature advisors wanted was more control of VEO. Under VEO's User Manager, they now have the ability to manage their firm's IDs by creating new users without having to contact TD AMERITRADE Institutional each time. For those Mac-friendly advisors VEO now supports Safari and Firefox, in addition to Internet Explorer.

"We're excited to give advisors more tools to run their business through VEO" says Patullo, who adds that developing to one platform allowed TD AMERITRADE Institutional to launch a larger number of enhancements this year.

Another enhancement to VEO is a security feature that asks challenge questions to create an extra layer of identity verification for advisors. Also, the cost basis coming in by the ACATS transfer process

is now tracked for advisors. Plus, advisors have the ability to trade complex options—in addition to single orders—right on the VEO platform.

Additional communication tools are now available. You can sign up to receive email alerts on important information from TD AMERITRADE and learn more about products and services in the new "Did You Know" section.

"We listened to advisors when we initially launched," says Patullo. "And we'll continue to add new enhancements based on their feedback." ■

Options involve risks and are not suitable for all investors. TD AMERITRADE and the third-party companies listed are separate and unaffiliated companies, and are not responsible for each other's policies or services.

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Booth #611

Meet the Manager

Artio US Smallcap Fund

Meet Samuel Dedio, Portfolio Manager, Artio US Smallcap Fund



Learn why he feels US smallcap equity is particularly relevant now including:

- ▲ Has historically led markets out of recession
- ▲ Greater growth potential
- ▲ Can adapt quickly to changing market conditions and trends
- ▲ May benefit from market inefficiencies and mispricings

Artio US Smallcap Fund

Class A: JSCAX • Class I: JSCIX

Booth #611

February 4

2:45-3:10 PM & 5:15-6:45 PM

February 5

7:00-8:00 AM & 10:00-10:25 AM



Artio Global Investors

888 80 ARTIO • advisory.services@artioglobal.com

The Fund's investment objectives, risks, charges, expenses, and other information are described in the prospectus, which must be read and considered carefully before investing and may be obtained by calling 800 387 6977 or visiting www.artiofunds.com.

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TD AMERITRADE AdvisorLinkSM Facilitates Connections

Referral service connects advisory firms with potential buyers, sellers and representatives

Eighteen months ago, TD AMERITRADE AdvisorLinkSM was just an idea on the drawing board, conceived as a way for buyers and sellers of successful independent registered investment advisor firms to find each other. Today, through a combination of education, innovative valuation tools and a third-party investment banking firm that helps seek out and facilitate possible mergers, TD AMERITRADE AdvisorLink provides a vital bridge between RIAs who wish to grow their practices through acquisition, and those who built a successful business, but are ready to move on.

While the original purpose was to help facilitate mergers and acquisitions, a secondary market soon arose. As market conditions remained tenuous, many brokers began to question their place in the financial industry. As those reps began seeking alternatives, RIAs found that they could grow their practices by bringing on experienced reps with established books of business—generally, the financials worked on both sides of the equation. Thus, the recruiting element became both a viable and important component of the program. The program has grown to include six third-party recruiters helping to facilitate introductions.

Part of the TD AMERITRADE AdvisorLink program includes a method to help screen buyers/sellers. The review process for buyers includes looking at several variables, such as: their assets under management, total revenues, pre-tax net income,



Mike Watson

client base and number of employees, to determine if they may be the right candidates. Registered representatives considering joining an established RIA are similarly screened. This process can make quite a difference when both parties come to the table, and can help avoid unsuitable matches.

The program continues to improve, and now includes educational guidebooks on buying a practice, continuity planning and succession planning. And the consultative, in-depth support is what really sets this program apart from the competition.

“There are general valuation methods that are often used when trying to determine the worth of a firm,” says Mike Watson, Director of Product Management for TD AMERITRADE Institutional, “but practice valuation is much more complicated—it varies by location, practice, clientele, niche and more. We provide access to comprehensive consultative support, and our in-depth program helps to provide valuation estimates—which is vital for both buyers and sellers.”

The program will soon be enhanced with the addition of the TD AMERITRADE Institutional Valuation AnalyzerTM tool which will help RIA firms conduct a comprehensive valuation estimate of their business—covering 75 distinct areas in practice valuation. By taking into account all of these variables, an overall estimate can be reached, allowing both the buyer and seller to go into the

transaction potentially better prepared. Watson points out that most transactions, either merger/acquisition or recruiting-based, can take several months to reach fruition. All parties need to have a feeling of comfort with the numbers, and with the culture of the firm.

TD AMERITRADE AdvisorLink now has a six-month history of pairing buyers with sellers, and helping place advisors within established RIA firms. Participation in TD AMERITRADE AdvisorLink is a benefit for advisors who work with TD AMERITRADE Institutional; the pool of buyers and sellers, however, is open to the financial community at large, and our strategic relationship with the independent investment bank helps to facilitate those introductions. Likewise, the third-party recruiting arm of the tool draws from the financial community at large.

To learn more about the TD AMERITRADE AdvisorLink program or its components, contact Mike Watson at michael.watson@tdameritrade.com. ■

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Diversification is Key in 2010

Putnam leadership team emphasizes need for new ways to manage risk

Following a recession, stock markets have historically rebounded before the economy does. When taking a long-term view of market cycles, the current financial recovery seems to be following a somewhat familiar script, notes Jeffrey Knight, Head of Global Asset Allocation for Putnam Investments. “The stock market bottomed around March 2009, while the economy probably bottomed in July or August,” says Knight. “As many experienced investors might expect, riskier assets provided exceptional returns during this period of recovery, with high-yield bonds up by more than 50% last year and emerging markets generating nearly 70% returns.”

With markets now entering a more mature phase of the recovery, Knight expects that the trajectory of riskier assets could moderate as the leadership pattern shifts to companies with strong earnings momentum and a high level of free cash flow. Market volatility has lowered considerably, but conditions still persist that could lead to a relapse in market instability, notes Knight. As a result, he believes that advisors and investors shouldn't become overly complacent with their asset allocation strategies.

“Among traditional asset classes, we've seen an unprecedented increase in correlations,” says Knight. “When markets are rising, people often lose

sight of the importance of diversification, but the connections among asset classes are still just as strong as they were during the worst parts of the crisis,” he adds.

For Knight, the question for advisors now becomes, “How do you diversify a portfolio when all of the assets you own are responding to the same macroeconomic drivers?” He believes it's getting harder for advisors to diversify portfolios by simply adding new asset classes into the mix. For example, there were times in the recent market crisis when stocks, bonds and commodities were all moving in the same direction—down—he notes.

“To create greater diversification, I think it's important for advisors to consider investment strategies that are philosophically different from their core holdings,” says Knight. For example, if the bulk of a client's investments are designed to generate relative returns, Knight suggests that advisors may want to consider looking for ways to include absolute return strategies and other hedging vehicles in a client's portfolio.

In response to the need for new ways to diversify, Putnam Investments launched a family of absolute return funds at the beginning of



Jeffrey Knight

2009. In a little over a year, the funds have attracted more than \$1 billion in assets from advisors and their clients. Robert Reynolds, President and CEO of Putnam Investments, believes that absolute return funds can be a smart way to generate attractive returns with lower volatility. “Institutions and high-net-worth individuals have long used absolute return strategies to help protect and diversify portfolios,” notes Reynolds. “Having successfully managed this strategy in the institutional space for years, we're pleased to now offer it in a mutual fund vehicle, making it available to a broader range of investors.” ■

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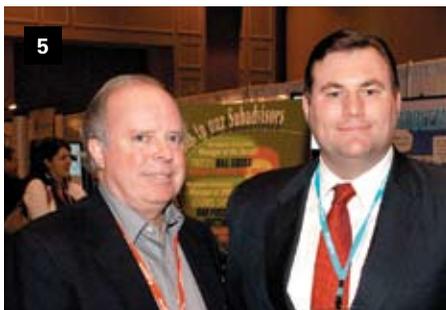


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Photo Highlights



- 1** Kay Quinn and John Stauffer of Kay Quinn Financial surround Bill Van Hoof, Paul Alwine and Bryan Barrett of the ProFunds Group
- 2** Vivian Tsai of BlackRock/iShares, Steven Parsch of Wellspring Capital and Nicole Nicdao and Mike Cafiero from BlackRock/iShares
- 3** Kristina Millenbine and Tom Martin from Larson Financial Group
- 4** Todd Patterson of Todd-Veredus Asset Management, Mike Beran of Buffalo Funds and Bryan Berry of Trendline Capital Management
- 5** Russ Stewart from Nottinghill Investment Advisors and Tom Bylaitis at Managers Investment Group
- 6** William Jones and Dianne Webb of Stonebridge Financial Planning Group
- 7** Jessica Maldonado of Searcy Financial Services; David Smith, Stephen Degnan and Rose Miele from BlackRock; and Mike Russo with Chicago Investment Advisory Group
- 8** Susan Kelly of Gunn & Co., Brett Richardson of Disciplined Equity Management and Michelle Kuehner and Gary Silverman from Personal Money Planning
- 9** Terri Munro and Laura Sithens of PFM Capital Management with Wade Pitts and Michael Jones of TD AMERITRADE
- 10** Nicole Gross, Eric Douglas and Ann Raible of Jefferson National

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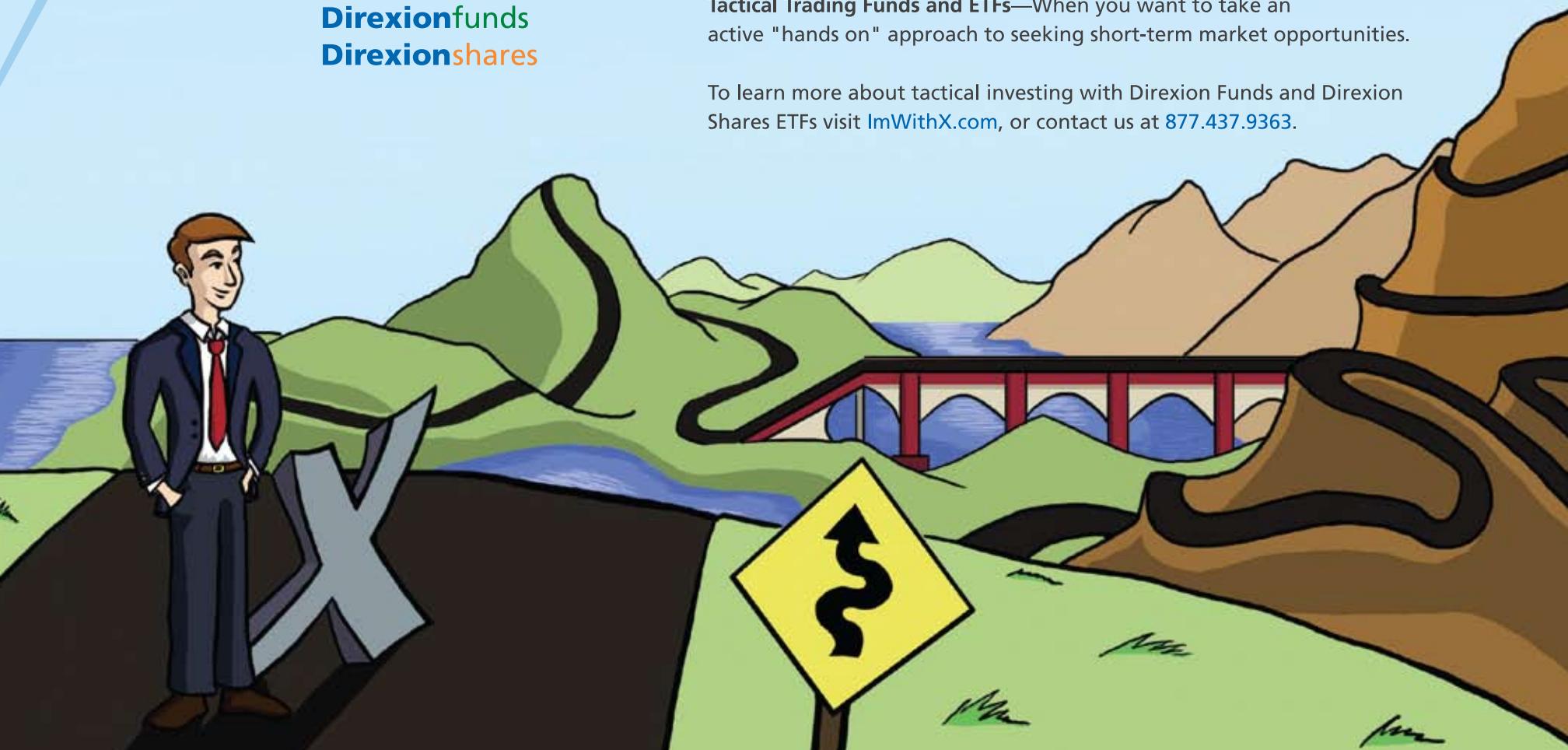
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