



Harness The Power™

The UAT System

The externally managed and sub-advised industry's patented real-time transparency, supervision and brokerage cost savings system.

www.uatinc.com



The UAT Cause

Save our industry \$1 Billion Dollars per Year

Achieve a Higher Standard of Real-Time
Fiduciary Oversight

Challenges Facing the Externally Managed and Sub-Advised Industry



For decades, public and private defined benefit plans, defined contribution plans, mutual funds, not-for-profit funds, variable insurance products, bank trust groups, endowments and foundations have hired external money managers to manage some or all of their investment portfolios. The expertise and talent of top-performing external money managers has, in no small part, contributed to the industry's growth to more than \$3.5 Trillion dollars in assets.

But the technology has never existed for these Plans, Trusts and Funds to exercise effective control over their external money managers. This long-standing shortcoming has resulted in *three significant issues* weighing on the marketplace:

> **Inadequate Transparency**

The technology has never existed to provide real-time reporting on critical events, issues and needs.

> **Inadequate Supervision**

The technology has never existed to provide real-time supervision over the trading activity of external money managers.

> **Unnecessarily High Brokerage Costs**

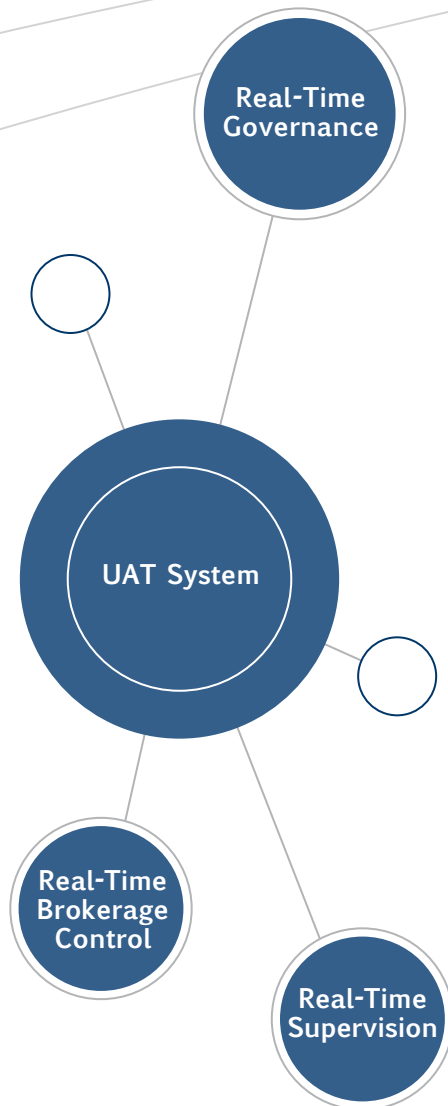
The technology has never existed to properly control trading costs incurred by external money managers.

What are Externally Managed and Sub-Advised Platforms?



Externally managed and sub-advised platforms represent the utilization by an organization of outside or external asset management firms. As of year-end 2009, externally managed and sub-advised assets totaled \$3.5 Trillion in the United States, with an estimated \$0.6 Trillion abroad. Source: FRC, P&I, Cerulli and Industry Research

The UAT Solution



The multi-patented UAT System* provides the externally managed and sub-advised industry — for the first time — a real-time solution to its biggest challenges. An integrated system that shifts control over sub-advised assets from the external money managers to the Plan, Trust or Fund, the UAT System provides:

- > **Real-Time Transparency**
that improves governance and fiduciary oversight.
- > **Real-Time Supervision**
that identifies and prevents violations by external money managers.
- > **Real-Time Control Over Brokerage**
that saves 5 to 8 basis points annually to improve investment performance, create new operating revenue and generate expense offsets.

As an ASP (Application Service Provider), the UAT System implementation is rapid, simplified, and inexpensive.

Simply put, the UAT System represents the *next step forward* for externally managed and sub-advised asset management platforms

* U.S. Patent Numbers 7,685,057 and 7,809,632

What are the UAT System's Potential Brokerage Cost Savings?



To illustrate an organization's potential annual savings in brokerage costs, UAT provides an easy-to-use Brokerage Savings Calculator at www.uatinc.com.

Powerful Technology



The patented UAT System incorporates award-winning, reliable technology to create a truly outstanding, ground breaking product. The system features:

> **HiLo Engine (HLE)**

UAT's patented HiLo Engine (HLE) collects, in real-time, all orders entered by external money managers. These orders are routed for review by the Plan, Trust or Fund's real-time, rules-based compliance system. Orders triggering a potential rules violation are stopped for further review. Compliance-approved orders are routed back to the money manager to "work" or to a low-cost brokerage network for 5 to 8 basis point annual savings in brokerage costs.

> **Compliance**

Multi-user, rules-based, real-time, pre and post trade compliance solution that places all external money managers on a single, centralized compliance system.

> **Trading**

Multi-asset, multi currency trade order management system providing real-time order tracking, routing and execution.

> **Reporting**

Web-based solution providing a robust, real-time reporting package for users across an entire organization.

> **Broker Connectivity**

Comprehensive network providing connectivity and services for trading electronically in today's global marketplace.

What are Average Brokerage Costs?



The industry average brokerage cost is approximately 3.0 cents per share. This average brokerage cost, however, is far in excess of the actual brokerage cost available through low-cost electronic brokers, which can be at or below 0.5 cent per share.

Source: Plexus

The UAT System provides significant benefits to multiple stakeholders:

> Chief Executive Officers

- Superior compliance supervision and surveillance.
- Real-time governance reporting.
- Enhanced risk management.
- Increased operating revenue and expense offsets.
- Improved investment performance.

> Chief Financial, Risk, and Administrative Officers

- Increased operating revenue and expense offsets.
- Improved investment performance.
- Lower costs through enhanced operational efficiencies.
- Enhanced risk management.

> Chief Compliance Officers

- Superior compliance supervision and oversight.
- Identify and prevent violations by external money managers.
- Real-time governance reporting.

> Fund Trustees

- Superior compliance supervision and oversight.
- Identify and prevent violations by external money managers.
- Real-time governance reporting.
- Improved investment performance.

What SEC Rules are Applicable to Advisers with Sub-Advised Platforms?



SEC Rule 38a-1 Funds must have written policies and procedures to prevent violations of securities laws and appoint a Chief Compliance Officer (CCO) to certify in writing the Fund did not violate the securities laws.

SEC Rule 206 (4) (7) The Adviser must identify factors creating risk exposure, and adopt policies and procedures to prevent violations.

SEC Rule 203 (e) (6) The Adviser may suffer censure, suspension, or revocation due to a failure to reasonably supervise or prevent violations, unless established procedures and systems are in place to prevent such violations.



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