Folio Institutional®

Overview of Platform Enhancements

Updated Performance Reporting

- The Performance Reporting Center pages have been significantly enhanced, including an interactive performance graph. This new performance reporting capability includes the ability to compare performance against multiple benchmarks, display returns with or without fees, and download daily returns and market values. Additionally, as a reminder any benchmark you select on the model settings page will be the displayed benchmark for the subscribed folio.

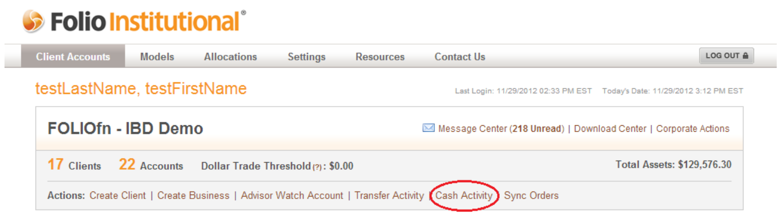
- A Portfolio Summary sidebar has been added, which provides beginning and ending values, summary cash and security movements, and both time-and money-weighted returns.

- This enhancement is also available to your clients through the client website.

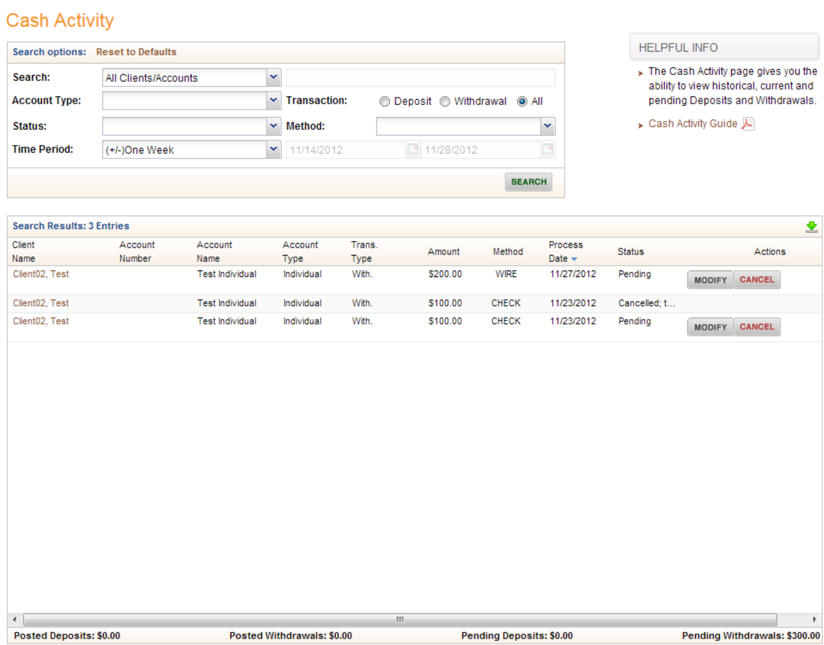
- This set of enhancements is the first phase of a multi-phase roll out that promises to offer state of the art performance reporting to those using our platform. At this time, and as part of the roll-out, all features are included for no additional charge. As the full set of advanced features is completed and made available, certain advanced features/modules (or similar) will be made available for additional charges.

New Cash Activity Page

- The new Cash Activity page, available on your Client Accounts page, provides you with the ability to view past and pending cash deposits and withdrawals for all of your clients in a single location, making it easier to effectively manage upcoming activities as well as view past cash flows:



- You are also able to filter client data based on specific criteria and export the underlying results to a .CSV file:



Tax Lot Enhancements

We have a significant number of enhancements to our tax lot and tax management capabilities that, together, we believe place us at the forefront of platform capability and innovation for those managing other people's money, or their own. Here are several of the most recent enhancements.

- **Updated Tax Information –** The updated tax lots that were previously available only in the Download Center, are now available anywhere you will see tax lot information. As a reminder when you are reviewing tax information it includes wash sales that have occurred within the same account since January 1, 2011, reclassifications reported on your 2011 1099, and information delivered from transferring brokerages after January 1,

2012. Users with appropriate access can edit the cost basis of non-covered tax lots – including lots that have already been sold - but not the cost basis of covered tax lots, as required by current regulations.

- **Account Level Tax Lot Management –** Tax lot management, also as required by current regulations, is reported by us at the account level. As a result, when selecting which lots to sell we will consider all tax lots in the account, regardless of which folio such lots had originally been bought into or transferred to. The result of this actually allows you to maximize tax lot inventory relief strategies within an account with multiple folios – as the most advantageous lots can be selected regardless of which folio they are in. However, the positions are still bought, sold and held within the appropriate folio similar to what we do today.

- The account level **Holdings** page has been updated to show both unrealized short and long-term gains and losses for each holding within the account. The folio level **Holdings** page will not show these items because tax lots are only processed at the account level.

- **Two New Innovative Inventory Relief Methods –** Two new innovative inventory relief methods have been added that allow you to optimize tax lot selections based on your clients' short-term and long-term Capital Gains Tax Rates. They are: **Maximize Losses/Minimize Gains, Tax Weighted and Maximize Gains/Minimize Losses, Tax Weighted.** We believe these are substantial innovations and well worth further consideration for you and your clients' use. Additional information about these Inventory Relief Methods can be found in the Resource Center of the website under Tax FAQs, or on the **Tax Lot Selection** page on your client's Setting page.

- **Tax Lot Cost Basis Support for Inherited/Gifted Securities –** Updated cost basis information is now available to the recipient of a gift or inheritance.

IRA Withdrawal Requests

- Check and wire withdrawal requests can now be made online for the most frequently used types of IRA distributions such as, Normal Distributions, Premature Distributions and Substantially Equal Periodic Payments (SEPP) (instead of having to use the IRA Distribution and Recharacterization Form, or having to call or email your withdrawal request to us). This new feature allows advisors or clients with a permission level of Money Mover or higher to specify the type of IRA Distribution, whether it is a recurring (including the desired schedule) or one time request, as well as the amounts of Federal and state tax withholding. There are different distribution and withholding choices based on the account owner's age and state of residence.

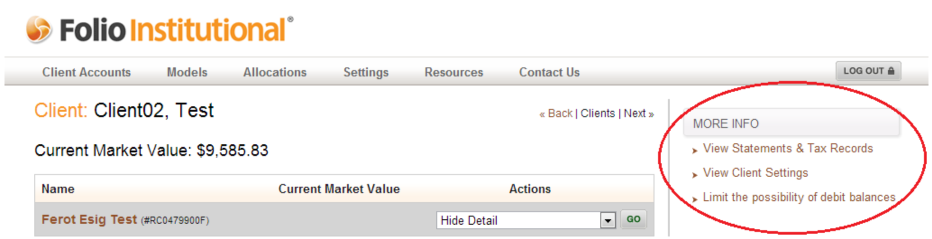
- This is in addition to the online check and wire withdrawal requests already available for taxable accounts and the online EFT requests that you can make for both taxable and eligible non-taxable accounts.

Updated Navigation for Client Website

- The FolioClient website top navigation has been updated. Now there is a tab to go directly to the new **Statements & Tax Records** page. In addition, the My Profile tab and page has been renamed to **Settings** and the Message Center has also been moved to the right column, as shown below:

New Statements & Tax Records Center

- The online **Filing Cabinet** has been renamed and redesigned to make it easier for you and your clients to access Statements, Confirmations, tax information, and Billing notices. The name Filing Cabinet has been changed to **Statements & Tax Records.** In the Tax Center you and your clients will be able to view all tax documents under the current tax year in one place. You can find the new **Statements & Tax Records** page on your client's account page, as well as in the relocated Client Settings page, shown below:



Updated Reporting for Large Trades

- The SEC has implemented new Large Trader regulations as of November 30, 2012. The SEC Large Trader thresholds are currently set at transactions greater than 2 million shares or $20 million per day, or 20 million share or $200 million per calendar month (this includes all trades across all accounts you manage with all brokerages you manage your accounts on). We will be monitoring, identifying, and reporting to the SEC, upon request, any advisor or firm that exceeds these thresholds on our platform. Please note per the SEC regulations, it is your responsibility to self-identify with the SEC as a Large Trader. Customers who have identified with the SEC as a Large Trader should provide us with your SEC-assigned Large Trader Identification Number. You can learn more about this rule on the SEC website: http://www.sec.gov/rules/final/2011/34-64976.pdf.

New Market Maker Certification

- We have added a new Market Maker to our platform to expand the number of firms we have available and improve flexibility when executing trades.

Internal Operations Enhancements

- In addition to all of the above, we have made a large number of enhancements to streamline our internal processes and improve system performance setting the foundation for many new features and functions to come. We're very proud of what we have built and how we continue to lead in solutions for Advisors, Money Managers and Introducing Broker-Dealers. We look forward to accelerating these deliveries in 2013, and offering even more innovations that will serve you and your clients well.

Please feel free to contact our Customer Service Team at **1-888-485-3456** if you have any questions.