

Vestmark Model Trading Service – FAQ

Question: Is this a TAMP?

Answer: VMM + MTS is not a full turnkey asset management platform or “TAMP.” We offer elements of a TAMP by making managers and models available through the Vestmark Manager Marketplace (VMM), and by implementing those models inside client accounts, but we do not offer fully outsourced investment selection, due diligence and portfolio management. When using MTS, you are still responsible for manager due diligence, selection and portfolio construction. VAS takes your direction to implement, trade, and rebalance the models at the account level, working with you to determine optimal parameters for drift tolerance, rebalance frequency, etc.

Question: Does the MTS service trade only models distributed through VMM?

Answer: No, this service trades models from any approved source including home office/ internal product teams, 3rd party managers and strategists, individual financial advisors or branches – in addition to any of the 500 models from over 120 managers on VMM.

Question: Does an advisor/firm need to be on VestmarkONE to utilize MTS?

Answer: An advisor or firm would NOT have to use VestmarkONE in-house to outsource the trading of models via MTS. For a firm that wants to outsource account opening, administration, trading and rebalancing, we connect to your custodian, you would provide the investment instructions and then leave the rest to Vestmark.

Question: Does VAS take sole discretion on the accounts traded via MTS?

Answer: No, VAS takes shared discretion for the purpose of executing trades only. MTS trades accounts and sleeves in line with model positions and drift tolerances. The advisor on the account maintains the overall discretion for manager selection, and can maintain model changes, setting drift tolerances and trade parameters, etc.

Question: What type of models can you support?

Answer: MTS supports all discretionary advisory programs including mutual fund and ETF wraps, UMAs, SMAs, Advisor as PM (model-driven only), etc. The MTS trading supports a wide range of security types including equities (including ADRs), mutual funds, and ETFs.

Question: Does MTS support fixed income trading?

Answer: VAS does not trade fixed income accounts directly but can support trading via third party managers for which we have a robust list in VMM.

Question: Does MTS honor manager intent?

Answer: Yes, MTS strives to honor manager intent, including instructions regarding limit orders, specific security selection, etc., unless such instructions conflict with a client imposed restriction.

Question: What kind of account rebalancing and trading services does MTS provide?

Answer: MTS can rebalance accounts to their respective asset allocation targets, implement model changes, net offsetting trades within an account, perform tax-loss harvesting, etc.

Question: How does MTS support taxable accounts?

Answer: MTS can minimize the tax impact of trades by applying tax-aware rules to select the specific tax lot(s) to be sold. We can also perform tax-loss harvesting upon request. This includes wash-sale avoidance, and the ability to either re-invest in a proxy-ETF or leave proceeds in cash.

Question: Can I outsource trading of my advisor-driven accounts?

Answer: MTS can only trade accounts assigned to a model. If you are managing your advisor-driven accounts via models, then this could be outsourced to MTS. We do not accept ad-hoc trade orders.

Question: If you don't accept ad-hoc trades, what happens if my client calls and asks me to sell out of a position or replace a position?

Answer: Such requests are supported through account-level changes.

Question: In addition to supporting model changes, what kinds of administrative trading does the MTS support?

Answer: This is another area where we can deliver significant efficiencies. MTS supports new account implementations, cash deposits and withdrawals, recurring and/or scheduled withdrawals, account terminations, etc. MTS also monitors and updates accounts for corporate actions.

Question: Which custodian do you use to clear trades?

Answer: Vestmark has connectivity to all major custody and clearing platforms.

Question: Do you seek best execution? Or do you have best execution responsibility?

Answer: Please contact Vestmark Advisory Solution for more information.

Question: Do you support principal or agency trades?

Answer: MTS supports agency trading only.

Question: Does VAS receive soft dollars?

Answer: No, we do not receive soft dollars.

Question: How does the pricing work?

Answer: VAS applies a basis point fee on top of any applicable fee charged by the third-party manager for the model. VAS's fee may vary depending on factors such as the complexity of the model being traded.

Question: Can I pass this charge directly along to my clients?

Answer: VAS bills you directly for the MTS service (on top of what you are paying to access the Vestmark Model Marketplace if you are sourcing your models from VMM); you may have the ability to pass this along to your clients via your own billing system or you can outsource the billing on your accounts to Vestmark's Business Process Outsourcing (BPO) team.



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