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Brokerage Firms Continue to Emerge from the Middle Ages of Client Reporting

DALBAR releases report on Brokerage Statements

(Boston, MA. January 13, 2011) DALBAR, Inc. announced today the release of its 13th annual Trends and Best Practices in Investor Statements report for Brokerage firms. This report evaluates the client statements ability to address the needs of both the investor and the financial professional.

Just as the medieval era created the foundation for the creative explosion of the Renaissance, so we see industry leading statements, once treated as accounting ledgers, being transformed into meaningful communication that informs clients about their investments in ways that can be understood and acted on.

The firms leading this Renaissance include:

- Morgan Stanley Smith Barney: The best at clearly summarizing the value of the account, allocation of holdings, and cash flow in the first two pages, allowing the reader to have a clear financial picture.
- Merrill Lynch: The best in the industry at answering the question “what am I paying for?” Two pages are dedicated to explaining and calculating fees and expenses.
- Pershing: A stand out in understanding the importance of the financial professional in helping guide the investor. The statement includes all relevant contact information throughout and allows the financial professional to insert customized messages as well as customize the statement itself.
- Edward Jones: Industry leading in displaying an investor’s progress toward their goals. Clients can see the allocation of their account compared with a recommended allocation based on their objective, thus giving the investor the time and information necessary to take action if/when the allocation of assets deviate.

“Industry leading client statements have emerged from the arcane listing of transactions and holdings to a meaningful communication that illuminates its clients’ understanding of the status of their investments,” said Kathleen Whalen, Managing Director at DALBAR.

DALBAR takes a systematic approach to evaluating statements using a method that has been developed and refined over the past two decades. Statements earned credit for including features that strongly impact an investor’s ability to act prudently and make financial decisions. Features include the ability to understand the significance of the information, answer pertinent questions and utilize design elements that enhanced their overall effectiveness.

DALBAR, Inc. is the financial community’s leading independent expert for evaluating, auditing and rating business practices, customer performance, product quality and service. Launched in 1976, DALBAR has earned the recognition for consistent and unbiased evaluations of

investment companies, registered investment advisers, insurance companies, broker/dealers, retirement plan providers and financial professionals. DALBAR awards are recognized as marks of excellence in the financial community.

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