

A Guide to Separately Managed Accounts (SMAs) versus Mutual Funds

	SMA	MUTUAL FUND
Compare the Options		
Definition	Portfolio of individual securities managed by a professional investment firm with a specific investment objective or style	Professionally managed vehicle that pools money from investors to invest in securities with a specific investment objective or style
Ownership	Investors directly own the securities in their portfolio	Investors own shares of the fund; the fund itself owns the individual securities
Typical Investment Minimum	\$50,000 - \$300,000	\$1,000 (sometimes less)
Customization	Ability to customize specific exclusions	None
Tax Efficiency	Investors have the opportunity to control and sometimes minimize their taxable gains ("tax-loss harvesting")	Limited. Subject to capital gains taxes each year regardless of when you bought/sold shares of the fund
Key Characteristics		
Strengths	<ul style="list-style-type: none"> • Customization • Control • Potential tax efficiency • Direct ownership of shares 	<ul style="list-style-type: none"> • Daily liquidity at NAV • Potentially better access to higher priced stocks • Lower minimums
Weaknesses	<ul style="list-style-type: none"> • Higher account minimums • Fewer options available • May require more work; no prospectus 	<ul style="list-style-type: none"> • Limited tax efficiency • Generally higher administrative fees

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