

# SCHWAB ADVISOR PORTFOLIO CONNECT™

## FREQUENTLY ASKED QUESTIONS

Schwab Advisor Portfolio Connect™ is now generally available for qualifying firms. Below, you'll find responses for the most commonly asked questions. In addition to the responses below, there are several resources on the SchwabPT.com website to help you learn more about the offer, including a screen-by-screen [interactive guide](#), [product features](#), and a sample [quarterly client report](#).

### What Schwab account types will be supported by Portfolio Connect?

Portfolio Connect supports Schwab brokerage accounts. It is important to note that Portfolio Connect currently displays all accounts within your firm. So, if your firm has established permission restrictions or rules for any reason, it may not be a good fit for your firm at this time.

### How is Portfolio Connect accessed? What permissions are needed?

Let the onboarding team know you're interested in Portfolio Connect by submitting an interest survey, [link here](#). Your responses will be used in our targeted and purposeful onboarding process to determine if Portfolio Connect is a good fit for your firm. When the platform is enabled, it can be accessed through Schwab Advisor Center® by Firm Security Administrators.

### What performance reporting capabilities are included?

Portfolio Connect offers time-weighted rates of return at the total account and asset-class level for all accounts and account groups, both net and gross of fees. It will also let you choose from over 50 of the most commonly used benchmarks for comparison purposes.

While the performance returns of Portfolio Connect adhere to Global Investment Performance Standards (GIPS) calculation guidelines, it does **not** offer composite management or composite reporting used for audit or presentation purposes.

Portfolio Connect does **not** include:

- Performance by security/position level
- Internal rate of return calculation
- Blended benchmarks/targets

### How does Portfolio Connect classify securities for allocation or performance views?

Portfolio Connect offers classification at two distinct levels: the Asset Class (intended for traditionally large categories like equity, fixed income, or cash) and Security Type to describe the investment instrument (such as common stock, ETFs, or corporate bonds). Both classifications are "pre-loaded" with common values for turnkey usage, but Asset Class and Security Type can be completely customized by the firm.

Additionally, users have control over the Asset Class or Security Type assigned a given security. Security descriptions are editable, too, allowing each firm to maintain naming preferences.



## How does Portfolio Connect support period-end client reporting?

Portfolio Connect offers quarterly, period-end client reporting.

Reports include:

- Time-weighted returns at the asset, account, and account group level
- Asset allocation (single level of categorization)
- Portfolio value versus cumulative net investment
- Asset-class returns
- Account/portfolio returns
- Positions
- Transactions
- Market data citations

Users may customize reports as follows:

- Add a firm logo
- Hide content at the page level
- Select the periods each content item will display
- Customize colors for asset-class presentation
- Create a custom billing message on the invoice
- Create a custom terms-and-disclaimers content page
- Create custom footnotes

## How do I manage my portfolio data? Is it an outsourced solution?

The unique benefit this product provides is the automatic population of Schwab account information and custody data within the system. Portfolio Connect receives daily updates for transactions, positions, balances, new accounts, closed accounts, and security data directly from Schwab.

This means that you do not have to download, post, or reconcile data; pay for security information; or pay for outsourced services. Your data matches Schwab data—each time, every time.

## What are the billing capabilities?

Portfolio Connect has flexible, workflow-based billing capabilities to help users scale the management of their period-end billing process.

Portfolio Connect features include:

- Quarterly billing in advance and arrears
- Flat-rate and tiered billing with unlimited tiers
- Proration for mid-period account open or close
- Proration for all cash flows
- Exclusion of cash for account valuation
- Minimum fee
- Fee adjustments
- Account group billing with either fixed or pro-rata account allocation
- Batch submission of fees to the Schwab management fee blotter
- Period-end batch invoicing via client reports

Portfolio Connect does **not** support:

- Controls on which flows impact the fee
- Average daily balance valuation methodology
- Application of unique rates according to asset class

Additional information on Portfolio Connect billing can be found in the [Service Guide on Schwab Advisor Center](#).



## Is there any cost to use Portfolio Connect?

No, this product is offered free of charge for Schwab accounts.

## What size firm is best suited to adopt the Portfolio Connect?

The product is designed to drive operational efficiency for smaller firms that require less customization. Firms with a streamlined approach to investment management and whose client accounts are less complex will be the best fit.

For example, a firm that sends the same statement package to all clients would be a better fit than firms with complex client segmentation and unique reporting needs.

In addition, Portfolio Connect may not be a good fit if your firm:

- Custodies with multiple custodians
- Requires a high degree of view configuration and preservation
- Relies on bulk data-management tools due to large numbers of accounts or securities
- Integrates portfolio management system data with other systems such as CRM or rebalancing systems
- Modifies custodian-provided investment data, such as transactions or prices
- Needs to recreate views or processes in place today

## How did Schwab Performance Technologies® decide what to include in the Portfolio Connect solution?

Portfolio Connect is built on a new platform that would best suit advisors who value operational efficiency over customization. The primary goal is to put as much information at the advisor's fingertips as possible with a minimum of effort. Portfolio Connect also approaches workflows in new ways. For example, it features flexible, interactive dashboards in place of a traditional report catalog.

We started by identifying the key features and data points that clients most commonly used in portfolio management systems. Then, we checked these assumptions with our clients. Direct advisor feedback from our Early Access program has helped us validate our assumptions about the key features firms would need in order to adopt this solution, as well as develop our ongoing roadmap to move the Portfolio Connect solution forward.

## Can I run Portfolio Connect in parallel with another portfolio management system?

Yes. Advisors comparing any two portfolio management systems should be aware that various systems use different approaches to calculations. Therefore, values may not be identical across systems.

Ultimately, each firm should decide whether the Portfolio Connect platform can satisfy some or all of its portfolio management needs.

## How can I see historical account information in Portfolio Connect?

All firms that adopt Portfolio Connect will automatically see account information beginning from January 1, 2017. Advisors will, therefore, have access to more than two years of historical data, which is comparable to the history available in Schwab Advisor Center®.

This historical data will support all Portfolio Connect features, including holdings, transactions, components of change, and all performance views. Cost-basis data will be available to display details for all open tax lots beginning on the date you begin using the platform.

For institutional audiences only.

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