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Next Generation Portfolio Unitization Solution Announced by Folio Institutional and unitZXchange

Will Boost Use of ETFs and Mixed Model Portfolios by Qualified Retirement Plans

For Immediate Release

Feb. 14, 2012

MCLEAN, Va. — A next generation portfolio unitization service was announced today by Folio Institutional and unitZXchange LLC. This service allows investment advisors, model managers, and recordkeepers to more efficiently provide customized model portfolios, including mixed model portfolios, to retirement plan sponsors and participants.

The new service is powered by [Folio Institutional's](#) unique and patented trading and custody technology and [UNITZXCHANGE's](#) unit accounting capability.

The companies' [unitization solution](#) is expected to drive adoption of exchange-traded funds and mixed model portfolios by retirement plans, since the product allows any model portfolio — consisting of any mix of securities (funds, ETFs and/or individual stocks) — to be unitized. Recordkeepers, who have typically required or preferred unitized investments and Net Asset Value pricing, are no longer restricted to the trading of mutual funds.

Through the unitization service, unitZXchange creates a single unit value for model portfolios which are custodied on the Folio Institutional platform. As a result, retirement plan participants are easily provided information through existing systems that provide unit value reporting. "Because the model portfolios can now be reported with a unit value, it's very easy for the recordkeeper to trade them through their normal daily valuation process," said Alan Smith, vice president of retirement services, Folio Institutional. "And of course the actual model is still very much customizable. It can be easily rebalanced and updated — which can include the use of fractional shares of ETFs or individual stocks -- by the advisor or investment manager through Folio's model management system."

While Collective Investment Trusts can offer a similar result, a major disadvantage with CITs is that they are generally only cost-effective with considerable size. The Folio / unitZXchange relationship provides a unitization solution, which offers NAV-style investment, that is both cost-efficient and accessible to recordkeepers and retirement plans of all sizes.

"Portfolio models can be offered to multiple plans and through multiple recordkeepers cost effectively because our unitization process does not require National Securities Clearing

Corp. registration or a significant amount of assets under management, as would a collective trust or mutual fund,” said Smith.

Portfolio Unitization Solution Announced by Folio Institutional and unitZXchange

Feb. 14, 2012

Page 2

The unit value and trading data of the portfolios is downloaded daily to the retirement plan’s designated recordkeeper. Online access provides price history, detailed fee accruals, and account statements. The service allows for multiple, automated fee accrual and invoicing arrangements. Fee accrual information is fully disclosed.

“This combination of the Folio and unitZXchange technologies provides plan sponsors with a significant new ability to provide customized investment management solutions to their participants,” said Larry Harris, president of unitZXchange LLC. “We have created a truly efficient way to allow investment managers to provide their services to 401(k) plans on a volume basis.”

Financial advisors or retirement plan sponsors who would like to learn more about the unitization solution may contact Alan Smith at 803-631-5078 or smitha@FolioInstitutional.com; or Larry Harris, at 703-869-2551 or lharris@unitzxchange.com.

About Folio Institutional

[Folio Institutional](#) is a leading custody and portfolio management service, delivering innovative investment solutions to financial professionals and institutions nationwide. Folio Institutional’s proprietary trading platform enables financial advisors to manage stocks, ETFs, and mutual funds as integrated investment portfolios (“Folios”) that deliver better control, greater transparency, and lower cost. Advisors can create their own Folios, much like creating customized ETFs or mutual funds, and make them available to investors. They can also access over 100 Ready-to-Go Folios representing market indices, sectors, geographical regions, target dates, and more.

For advisors who are retirement plan specialists, Folio Institutional offers [Folio\(k\)](#), an effective, transparent and low-cost alternative to traditional 401(k) plans.

Folio Institutional also operates the [Model Manager Exchange](#), which allows advisors on the platform to license their portfolio models or strategies to other professionals.

A unit of FOLIOfn Inc., Folio Institutional is based in the Washington D.C. suburb of McLean, Va. FOLIOfn Inc. also includes a retail online brokerage division, [Folio Investing](#).

About UNITZXCHANGE

[UNITZXCHANGE](#), headquartered in Fredericksburg, Va., provides a service for creating a net asset value (NAV) equivalent for portfolios that consist of various types of

assets. This NAV may be used by recordkeepers and trustees to facilitate reporting and trading of assets that are difficult to manage in retirement plans with the traditional daily recordkeeping systems for 401(k), 403(b), non-qualified and other individual account retirement plans. These portfolios are denominated in units similar to the way mutual fund

Portfolio Unitization Solution Announced by Folio Institutional and unitZXchange

Feb. 14, 2012

Page 3

shares are priced. They usually consist of an asset or group of assets in a portfolio of securities which combines with a cash equivalent to facilitate trading and settling of trades.

The company's principals have more than 75 years of experience in the investment and retirement plan field, and have been unitizing retirement accounts for over 15 years including company stock, managed portfolios, managed separate accounts and group annuity contracts. unitZXchange's staff has unitized assets in excess of \$850 million with individual accounts ranging from \$100,000 to \$100 million.

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