



are also emerging as competitors. Other more traditional competitors in this business are regional and national banks as well as other investment management firms.

Scale and brand awareness are currently important and increasingly becoming more important in the marketplace. Of primary importance is the relationship between the client and provider; as a result, investment performance while important, is not always the relationship key. Pricing is also an important factor and can be very competitive. Pricing is typically a fee based on the amount of assets under management. A competitor may underprice services to win a deal and later adjust pricing.

The size of the HNW provider is not directly correlated with the asset size of the client. Those clients with a large amount of assets do not necessarily seek larger HNW providers.

The best understanding of the competitive marketplace comes from clients. Boston Consulting Group has general information on trends in the industry, but does not publish information on specific providers. Other sources include VIP Forum, Phoenix, Ernst & Young, and Merrill Lynch.

There are both competitive advantages and disadvantages to being structured as a bank in the HNW business. A disadvantage is that a client may not like working with a bank as a client may view an investment advisor as more on the cutting edge. An advantage is the breadth of capabilities that a bank can provide.

### (3) *Geographic Considerations*

In this business there is typically a need for geographic closeness as the interaction with clients is face-to-face. There are some firms in this business with an international scope, but those would likely have offices internationally. Mellon focuses on U.S. clients in HNW business.