

*Personal Trust*  
**OVERLAY MANAGEMENT SYSTEM**

**What is OMS?**

- Overlay Management System (“OMS”) is the management of an account by an Overlay Manager who filters recommended security transactions between money manager recommendations and client portfolios by adding critical inputs and constraints.
- OMS is designed to recommend trades that will deliver the optimal balance between the management of overall portfolio risk, tax expense, constraints and trading expenses.
- Typical “overlay inputs” include tax management and simultaneous management of multiple investment risk types. OMS allows for social or personal constraints (e.g., tobacco and alcohol stocks or legacy concentrations) to be considered as well.
- OMS analyzes each client’s investment portfolio daily to identify trade recommendations that could improve the portfolio from a risk, tax, and constraint perspective. A trade is only recommended when the benefit, from a risk and return perspective, is greater than the associated cost of implementing the trade (trading costs plus tax expense).
- OMS is often contrasted with Separately Managed Accounts, wherein multiple accounts are established and several managers are engaged for a single investor without any coordination.
- OMS enables efficient rebalancing for all portfolios permitting outside manager recommendations and internal model adjustments to be implemented in a orderly fashion.
- OMS consolidates reporting. Clients receive one statement with clear, concise information.

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