

# iRebal® User Guide

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## 1. iRebal user roles and global settings

### Setting up user access

Your firm security administrator (FSA) can assign permissions for each iRebal user based on their role and responsibilities at your firm. From the Security Center on Schwab Advisor Center, the FSA can assign to a user any or all of the following iRebal levels of access, based on the security group(s) to which they are assigned.

- **Access iRebal.** Users in this group can launch the platform from Schwab Advisor Center®, create and manage portfolio and account settings (for the accounts each user has access to), and schedule, run, and review rebalances.
- **Access iRebal Admin.** Users in this group can edit the iRebal global settings; those edits then apply to all users in the firm's environment. Editable global settings include default rules for cash settings, reinvestment of dividends and capital gains, rebalance bands, minimum order sizes, and trading rules.
- **Access iRebal Trader.** Users in this group can edit, approve, and submit orders for execution from the iRebal Order Blotter.
- **Access Model Security Manager.** Users in this group can create, edit, and delete iRebal models. They can also edit iRebal trading rules and add securities to the iRebal security master.
- **Access iRebal Automation.** If your firm uses automated rebalancing in iRebal, users in this group can enable, edit, and disable automated rebalancing settings for client portfolios. They can also pause trading for all automated rebalances in the iRebal global settings.

**Note:** To enable, edit, and disable global settings related to automated rebalancing, a user must have both Access iRebal Admin and Access iRebal Automation permissions. Once automated rebalancing is enabled, however, a user with either of those permissions can pause trading for all automated rebalances.

**Important:** Intraday user security group changes to access permission functions and/or account changes made prior to 5 p.m. ET will not be reflected in iRebal until the next day. Changes made after 5 p.m. ET will not be reflected until two days after the change



#### Tip

A user has access only to the accounts that they are authorized to manage on Schwab Advisor Center, even though they share the iRebal environment, access to models, and global settings with other users who may have access to other accounts. This means your staff can share one iRebal environment while you still segregate account and client access at the user level.

## iRebal environment sharing


All iRebal users in a firm typically share an environment, though you can establish a separate environment for one or more users at your discretion.

An iRebal environment shares:

- A securities inventory
- A model inventory with target security allocations
- Global system settings that control default behaviors
- An iRebal Order Blotter for trade management and execution

## Global settings

Your firm's iRebal environment shares default rules that are defined in your system's global settings.

To review and modify the default global settings, users with Access iRebal Admin permission can open the **Settings** window by clicking the  icon at the top-right corner anywhere in iRebal.

When you import accounts, securities, and other items into your firm's iRebal environment, they default to the global settings. You can override these settings, however, to customize a wide range of individual items, including:

- Default buy and sell minimums for securities
- Custom asset and portfolio categories
- Firm-level tax sensitivity
- Default rebalance bands and rebalance accuracy ranges
- Cash minimum and cash targets by account type
- Default trade settings, such as share rounding and dividend or capital gains reinvestment
- Allowing the use of separately managed accounts (SMAs)
- Allowing the use of external accounts in rebalancing

## Settings: Securities

In the **Securities** window of global settings, you can add and manage custom asset categories, as well as import missing securities to your firm's iRebal environment.

### ASSET CATEGORY NAME

You can organize securities into custom asset categories based on your preferences. Some common examples are asset class, sector, and industry.

A user with Access iRebal Admin permission can change the name of a custom asset category by editing the description and the abbreviation. The abbreviation that you enter is used in column headers across the environment. You can also control the choices that will be available when assigning an asset category to individual securities.

### ASSET CATEGORY MENU

You can add asset categories by entering an abbreviation and a description and clicking **Add**. Or click **Browse the list provided**, then use the **Add** and **Remove** buttons to add existing categories to the environment. The categories you create or add are available to select from the **Asset Category** dropdown menu.

The asset categories can be used to restrict buying or selling a group of securities from a client's portfolio.

If you would like to use Morningstar's categories for mutual funds and exchange traded funds (ETFs), you can automatically assign them using the **Use Morningstar® mapping** function, which provides three options:

- **To all securities.** This selection overrides any categories that you have already applied for mutual funds and ETFs. Once the categories are mapped, **this process cannot be undone**.



#### Tip

We recommend that you export all securities and their custom categories from the security master before exploring this option.

- **To uncategorized securities only.** This selection labels only mutual funds and ETFs that currently do not have a custom category.
- **To all securities going forward only.** This selection labels new mutual funds and ETFs as they are introduced to the environment without reassigning existing values. Once any Morningstar selection is saved, this will be the default setting going forward; this allows the selection to support Morningstar's automatic monthly updates.

Once Morningstar mapping is enabled, all available Morningstar categories will be added to the environment.

If you override a value provided by Morningstar, that security will not be updated by subsequent monthly updates. Note that the category will be pinned to the top of the **Custom Category** dropdown menu and marked with an asterisk (\*), making it easy to revert to the Morningstar category for that particular security.

### IMPORT

This function scans the securities currently held in your client accounts and adds any securities to the iRebal environment that are not already present. It operates in the background, enabling you to continue using iRebal. A notification displays when the process is complete.

**Note:** Import securities can be run once per day.



## Settings: Accounts

The **Accounts** section of global settings allows you to control default settings for assigned accounts. When an account is assigned to a portfolio or when an order is approved for an account, these settings are used by default.

All the account global settings can be overridden for any individual account or order.

### REINVEST

Accounts that are assigned to portfolios reinvest dividends and capital gains based on the global defaults that you set. You can change these global settings for any individual account. You can also override the reinvestment setting for mutual fund purchases that you approve and are sent to the iRebal Order Blotter. This means you can control reinvestments at the account or position level. This will not override existing reinvest choices for existing mutual fund positions. Reinvest instructions will only be accepted when opening a new mutual fund position.

**Note:** You can elect to have dividends reinvested only if capital gains are also being reinvested.

### CASH SETTINGS

During full rebalancing and cash management analyses, iRebal is designed to verify that an account's available cash level is between the account's minimum and target. If cash is outside this range, iRebal is designed to use your set criteria to calculate orders that could bring the account cash to target.

The global default for the account cash minimum and the cash target range is set as a percentage for taxable and qualified accounts. This can be helpful if you typically hold cash in accounts to cover expenses, for example, or as a trading buffer. In addition, you can choose a default minimum dollar amount that an account should maintain.

If you want to control cash settings using only the allocation to cash in the portfolio's assigned model, check the **Use Model Cash** setting. This is helpful when rebalancing a single account per portfolio against a model that has an allocation to cash. When this setting is checked, the default account cash settings will simply mirror the associated model's settings.

The account cash defaults can be overridden as a custom dollar amount or percentage for any individual account.



#### Tip

The default minimum dollar amount that you enter can be particularly useful for smaller accounts, where the default percentage might leave too little cash to satisfy your—or the client's—requirements. For example, if you entered a cash minimum of 2%, the calculated cash minimum for a \$5,000 account would be \$100. But if you also had a \$250 minimum dollar amount, iRebal would use \$250 as the account's minimum, not the calculated \$100.

**Automatic Cash Hold for Distributions.** The automatic cash hold monitors client accounts for upcoming distributions and uses set-aside cash to reserve funds. Each account's cash hold for distribution is calculated automatically according to the preferences you set. The distribution cash hold is calculated for an account only when both the global setting and the account setting have been enabled.

- You can toggle this feature on or off in your iRebal environment using the **Enable** and **Disable** buttons in the **Automatic Cash Hold for Distributions** section. When this feature is enabled, any new accounts assigned to a portfolio will automatically set aside cash for upcoming distributions. You can opt out by unchecking **Turn on automatic cash hold for all future accounts**.
- The **Turn on for all accounts** button is the easiest way to enable this feature for existing iRebal users because there is no need to edit the setting at the account level. You can also click the **Go to Accounts** link, then change each account's distribution cash hold setting individually on the **Account Inventory** page.
- By default the Cash Hold Window, which defines how far into the future iRebal will look for upcoming distributions, is 7 days, but it can be set to look forward as far as 31 days. All distributions during the designated window are summed and saved for each account. For example, if a user sets the look forward window to 10 days and there is a distribution in 15 days, the distribution will not be used when calculating the amount of cash to set aside. Once the distribution is within the 10-day window, iRebal incorporates the amount for the distribution cash hold.

Settings for individual accounts are on the **Edit Account** page.

**Note:** The automatic cash hold feature works best with **Automated Rebalancing** enabled.

### SHORT CASH

If short equity positions are tying up a portion of the available cash in an account, iRebal can set that cash aside in rebalances to avoid overspending. When set to **No**, iRebal considers all the cash in the account when calculating orders. When set to **Yes**, iRebal reserves the amount of short cash as set-aside cash and subtracts it from the total portfolio value.

### EXTERNAL ACCOUNTS

If your firm has clients who have accounts held outside of Schwab, such as 401(k) and 403(b) accounts, and you would like those accounts included in the portfolio's rebalance, set this to **Yes**. When this setting is on, you can upload externally held account and asset information to the client's portfolio. iRebal will consider the holdings in the rebalance but will not consider or present potential orders for externally held accounts.



## SEPARATELY MANAGED ACCOUNTS

If your firm uses SMAs, select **Yes** to include those accounts in your client portfolios and to have allocations to these externally managed strategies in your models. When this setting is on, you will be able to create SMA securities and flag the accounts that are being externally managed. This allows iRebal to treat an SMA as a single holding in a portfolio, similar to a mutual fund or an ETF. Based on the model targets and rebalance bands, iRebal will calculate possible orders that may add to or reduce the allocation to the SMA, but it will not calculate potential orders for individual positions within the SMA.

## Settings: Portfolios

In the **Portfolios** section of global settings, you can manage gains restrictions and add custom portfolio labels.

In the **Gains Restrictions** section, you can choose the default behavior for restricting capital gains on all current and future portfolios. There are three options:

- **No restrictions.** iRebal will rebalance portfolios according to model and portfolio settings. Generated trades may include capital gains. This is the default setting.
- **Avoid short-term gains.** iRebal will avoid short-term gains when rebalancing portfolios according to model and portfolio settings. As a result, portfolios may be out of tolerance from their model.
- **Avoid all gains.** iRebal will avoid all capital gains when rebalancing portfolios according to model and portfolio settings. As a result, portfolios may be further out of tolerance from their model.

**Gains restrictions** can also be configured for individual portfolios from the portfolio inventory.

The **Custom Labels** settings for portfolios let you organize and group portfolios in a way that is useful to your firm, enabling you to filter portfolios and easily group them for rebalancing or editing.

For example, you can manage your firm's workload by creating a group of client accounts to be rebalanced on each day of the week. You can make a custom label for clients who have special cash flow needs and require frequent cash management rebalancing. You might also establish a group for clients with unique portfolio customizations that require a higher level of review before approving and executing trades.

A user with Access iRebal Admin permission can control how the **Custom Labels** column is displayed by entering a column name and a column description. The **Column Name** option is used for column headers throughout the system. You can also control the available choices when assigning a label to individual portfolios. Use **Add Labels** to create additional labels by providing a label name and label description.

## Settings: Models

### REBALANCE BANDS

Global rebalance bands are used to calculate the default minimum and maximum percentage of the portfolio for each security as it is added to a model. Any user with Access Model Security Manager permission can override these calculated bands to set custom bands for any model target. The **Rebalance Bands** setting helps iRebal determine whether a security is outside the specified range and requires correction during rebalancing. This setting must be between 0% and 100%.

**For example:** If the model target for a security is 10% of the portfolio value and the default minimum rebalance band is set to 20% of the target, the minimum band for the security is calculated as 8%. Below this level, the security is considered out-of-band and requires correction. Similarly, if the default maximum rebalance band is set to 20%, the maximum band for the security is calculated as 12%, and above that level the security requires correction.

When you edit the global **Rebalance Bands** setting, you must select one of the following three methods to apply the new band values throughout the iRebal environment.

- **Apply to current and future model targets that rely on global rebalance bands.** This method recalculates rebalance bands for existing model targets that rely on the global default. Existing model targets that have custom settings will not be changed, but newly added model targets will use the new default bands.
- **Apply going forward only.** With this option, newly added model targets will use the new default bands, but all existing percentages remain unchanged, though they will become custom bands.
- **Apply to all model targets.** This option resets all rebalance bands for all model targets in the environment, including any model targets that were using custom bands. All current and future model targets will follow the new default rebalance bands.

### REBALANCE ACCURACY RANGE

You can use rebalance bands to help determine which securities should be traded in a full rebalance. The **Rebalance Accuracy Range** setting tells iRebal how close to the model target the security allocation must be after it is adjusted due to the rebalance bands or when it is being sold or purchased for cash management. This number must be set between 0 and 100, which indicates the percentage of the final value within the rebalance band.

Once it has been determined that a security should be corrected during rebalancing, iRebal is designed to bring it to its model target first. This often requires trading many—



or all—of the securities in a portfolio to equalize the buys and sells while maintaining the desired cash level. The rebalance accuracy range gives iRebal a way to adjust the corrections within a specified range around the target to try to resolve the rebalance with the minimum number of trades required before adding an additional security.

During a cash rebalance, when securities have been selected to buy or sell to address the cash need, the rebalance accuracy range helps iRebal determine the maximum buy or sell for the security. iRebal attempts to help you meet the cash investment or generation need while keeping the traded securities within your specified accuracy range.

The rebalance accuracy range is set as a percentage of the rebalance band. For example, if a security's minimum percentage, target percentage, and maximum percentage are 8%, 10%, and 12%, respectively, a rebalance accuracy setting of 50% places the accuracy range between 9% and 11% for that security. When the security is below 8% or above 12%, iRebal is designed to bring it back to 10%, but the rebalance could be completed with the security's weight being anywhere between 9% to 11% to avoid additional trades.

The rebalance accuracy range helps you balance two priorities: precision to target and number of trades required to rebalance. The default setting is 50%. If you lower the range, iRebal will potentially generate additional trades to get closer to the target you have chosen. If you raise the range, securities may be bought or sold above or below their targets; this option tends to generate fewer trades because the system is not required to get as close to the target as it would be with a lower setting. The default setting is 50%—or halfway between the target and the rebalance band.

## Settings: Rebalancing

The **Rebalancing** section of global settings has environment-level options that affect the orders iRebal identifies during rebalancing.

### TRADE MINIMUMS

During rebalancing iRebal considers both fund-imposed buy minimums and your firm's selected buy and sell minimums. If a security has both a fund-imposed buy minimum and a minimum set by your firm (in dollars and/or percentages), iRebal is designed to consider the greater of the two and to not calculate buys smaller than that amount.

The **Trade Minimums** settings are applied by default to all securities but can be overridden in the security master or in a security model for any specific security.

Your firm's buy and sell minimums can be set as either \$ or %. When the minimum is set as %, iRebal is designed to calculate the minimum based on the portfolio size. If both minimums are set for a security (the \$ and the %), iRebal is designed to abide by the greater of the two.

### DIRECTED TRADING

When the **Adjust securities** setting is set to **Yes**, iRebal includes equivalent and alternative securities in the target percentage calculations. Equivalent and alternative securities may also be sold or purchased in place of the targeted security to achieve the desired target allocation. Equivalents and alternatives are included in the calculations only if they exist in the client's assigned model. This setting applies only to the **Adjust securities** rebalance type. In other words, if you run a rebalance that adjusts a security whose equivalent security is also in the portfolio, iRebal takes both positions into account when calculating trade amounts. In addition, iRebal applies alternative securities you have designated, such as buy minimum alternatives.

When **Tax loss harvesting** is set to **Yes**, iRebal cancels a sell and will not harvest the loss if the system is unable to purchase the replacement security. When it is set to no, iRebal still harvests the loss but does not purchase the replacement, instead leaving the proceeds in cash.

### TAXES & FEES

In this section, you can tell iRebal to avoid identifying sales that would cause short-term gains or incur redemption penalties.

Use the **Stop sales within** setting to tell iRebal not to identify a sale of a security with a short-term gain that would transition to a long-term gain within a specified number of days. Depending on the **Tax sensitivity** setting, iRebal automatically helps you avoid short-term gains, but this setting can be used to establish a hard restriction in certain circumstances.

For example, let's say the number of days is set to 30 and today is November 1, 2024. If an account is holding a tax lot purchased between November 1 and December 1, 2023, and that is currently at a gain, iRebal is designed to not sell it because it would transition to a long-term gain within 30 days. Instead iRebal considers it for sale in subsequent rebalances only if it has transitioned to a long-term gain.

**Note: Gain Restrictions** in Portfolio settings provides additional options for how capital gains are handled.

When you set the **Stop sales with redemption penalty fees** option to **yes**, iRebal checks the iRebal Order Blotter for any sells of a mutual fund that could incur a redemption penalty within the number of days set by the fund or custodian. You can find the number of days indicated in the security master.



## TAX LOSS HARVESTING

When harvesting tax losses, you can specify a loss detection level that instructs iRebal to harvest losses at the lot level or the position level, as well as a minimum loss percentage and a minimum loss dollar threshold for harvesting securities. When harvesting, iRebal first looks at the percentage loss, at either the lot or position level, compares it with the loss detection level setting, then selects only those lots or positions that exceed the loss percentage threshold.

iRebal then checks the total loss dollar amount from the selected lots of a security (or position) in the account. If the total loss amount is less than the minimum loss dollar threshold, the lots (or position) are not harvested. If the total loss amount is greater than the minimum loss dollar threshold, the harvest proceeds.

## OPTIONS

When **Prevent sale of equity with covered call** is set to **Yes**, shares of the underlying equity are marked “do not sell” if there is a short call written against an underlying equity position and no long call for the same equity is in the account.

When **Close corresponding covered call position when selling equities** is set to **Yes**, iRebal closes the correct number of covered calls to avoid leaving a naked call position in the account when a sell of an equity is identified. This holds true for all rebalance types, including directed trades, generate cash, and full rebalances. If iRebal cannot purchase to close the calls and keep the positions within the model target accuracy range, the rebalance is unresolved.

This setting can be helpful when your primary objective when closing out option positions is maintaining the correct weighting of asset classes in your client accounts (as opposed to timing the market).

## TAX SENSITIVITY

Tax sensitivity drives the identification of which securities to sell to generate cash in an account during cash management. It is not to be confused with full rebalancing, which is designed to present securities that are above their maximum rebalance band.

This setting tells iRebal how much emphasis to put on tax lots with more beneficial losses (i.e., lots with greater losses and/or smaller gains) versus lots for securities that are overweight. The higher the tax sensitivity, the heavier the emphasis placed on realizing losses and avoiding gains, especially over the short term.

When **Tax sensitivity** is set to **Low**, iRebal is designed to first attempt to identify sales of securities that are the most overweight and out-of-band. After those are selected, the system attempts to target those lots that meet the criteria for tax loss benefit.

When **Tax sensitivity** is set to **Medium**, iRebal places a moderate emphasis on tax considerations when identifying potential securities to sell while generating cash in an account.

First iRebal calculates the sale of those securities that are above the upper band in the model, followed by positions that are within range or below band. iRebal does this because securities that are above band would potentially be sold during a full rebalance anyway. When identifying which security to sell within the above-band or within/below-band groups, iRebal places a moderate emphasis on gains and losses. This means iRebal may target a security that is less overweight to generate a potential sell order with more favorable gain/loss considerations.

When **Tax sensitivity** is set to **High**, iRebal places a heavy emphasis on tax considerations when identifying potential securities to sell while generating cash in an account.

Similar to the **Medium** setting, iRebal calculates the sale of those securities that are above the upper band in the model, followed by positions that are within range or below band. iRebal does this because securities that are above band would potentially be sold during a full rebalance anyway. When identifying which security to sell within the above-band or within/below-band groups, iRebal places a heavy emphasis on gains and losses. This means iRebal often identifies a security that is less overweight to generate a sale with larger losses and/or smaller gains.

When **Tax sensitivity** is set to **Maximum**, iRebal places the most emphasis on gains and losses when identifying securities to sell to generate cash in an account. This is the only setting that causes iRebal to identify a sale of a security that is in-band before one that is above the advisor-set upper band. This means securities are more likely to be left out-of-band and would need to be sold during a full rebalance. For this reason, the **Maximum** setting is typically used to manage cash flows or for other actions besides full rebalancing.

Firms that are highly tax sensitive but regularly perform full rebalances may be better served by a **Tax sensitivity** setting of **High**, which places a similar emphasis on gains and losses. The **High** setting sells above-band securities that would need to be sold in a full rebalance regardless of gain/loss impact, before considering in-band securities with gain/loss implications (unless this feature is restricted using other settings).

## Example: Tax Sensitivity<sup>1</sup>

Portfolio holdings		Model specifications				Tax implications
Symbol	Weight	Target weight	Maximum weight	% over target	Out-of-band?	% gain/loss
JOEM	23.50%	25.00%	27.00%	-1.50%	No	0.00%
JPHW	23.00%	25.00%	27.00%	-2.00%	No	-11.25%
GVRC	27.50%	25.00%	27.00%	2.50%	Yes	30.00%
LSSE	26.00%	25.00%	27.00%	1.00%	No	15.00%

Sell preference order (based on tax setting)			
Low	Medium	High	Max
GVRC	GVRC	GVRC	JPHW
LSSE	LSSE	JPHW	JOEM
JOEM	JPHW	JOEM	LSSE
JPHW	JOEM	LSSE	GVRC

### NOTES

- The unrealized gain/loss of each tax lot is considered independently. For simplicity, this example assumes that each position has only one tax lot.
- For this example, all lots are assumed to be long term. If some were short-term gains, you would see an increased emphasis on avoiding those lots for sale, depending on your settings.
- With the **Low** setting, the securities were chosen based on descending distance to target. None of the holdings' gain/loss implications in this example were high enough to affect this sequence.
- With the **Medium** setting, the securities that were over target are still selected first because their gains are not significant enough to move them down in priority. Gain/loss impact now changes the order of preference for JPHW and JOEM because the holdings have a relatively similar relationship to target, but JPHW has a loss that can be captured.
- With the **High** setting, GVRC is still selected first because it is above its maximum weight and would be sold during a full rebalance anyway. But the rest of the securities that are not out-of-band have a similar enough relation to target that under this setting the gain/loss impact drives the prioritization among them.
- With the **Maximum** setting, GVRC was not selected first because of its significant gain, despite being out-of-band. Instead the gain/loss impact outweighs the relation to target for all securities in this example.

1. Examples shown are hypothetical and for illustrative and educational purposes only. Because client portfolios are designed to be managed in accordance with the financial circumstances, investment objectives, and preferences of individual clients, the actual asset allocation or rebalance settings of a particular account may differ from the settings and strategies above. Examples are in no way shown as an endorsement or recommendation of these strategies or companies, as Schwab does not make recommendations or determine the suitability of any security, strategy, or course of action for you.

## Settings: Trading

The **Trading** section of global settings allows a user with Access iRebal Admin permission to control the rounding that is applied to potential trades, transmitting versus purchase instructions, mutual fund trade rules, order type defaults, and other order attributes.

### ROUNDING

After iRebal calculates precise order amounts for a portfolio, the orders can be rounded based on your settings. Mutual fund orders are rounded to the nearest dollar increment selected, and equity orders are rounded in share increments based on the most recent quote on the Order Blotter.

When rounding mutual fund orders, iRebal is designed to round to the nearest dollar increment, up or down; however,

the system also avoids rounding a buy-up or a sell-down that would result in the cash for an account dipping below the specified cash minimum. If rounding an order would cause this scenario, iRebal instead rounds the buy-down or the sell-up.

When rounding equity orders, the system will always round a buy-down and a sell-up, based on the increments you select. iRebal is designed to round a buy-down to 0 shares if the order amount is less than the price of one share. You can cancel buys of 0 shares on the Order Blotter. If **Share Rounding** is set to **Do not round**, equity orders are still created but only in whole share numbers.

iRebal does not round a **Sell all** order type and does not round a sell-up to a share amount greater than the account holds.



## VERSUS PURCHASE INSTRUCTIONS

When **Versus purchase instructions** is set to **Yes**, iRebal is designed to send specific lot relief instructions with all sells. This overrides the default account depletion method for the account. If this option is set to **No**, iRebal is designed to continue to display its potential trades at the lot level—but instead of the lot-level instructions, the system uses your regular account depletion method. This means the actual lots sold under your default depletion method may differ from iRebal's.

**Note:** Specific lot relief instructions are not sent in the following scenarios:

- Mutual fund sales done in dollars. If you want iRebal to send versus purchase instructions for these, you must edit the order on the Order Blotter so that it is sent in shares.
- Mutual fund sales done in average cost accounts. The tax lot relief method for average cost lots must be first-in, first-out (FIFO) and cannot be changed to any other type.
- Any type of option order.

## MUTUAL FUND RULES

The **Mutual fund transaction fees** setting determines whether mutual fund fees should be added to the gross trade amount or included in the net trade amount. This setting can be overridden for any individual order on the Order Blotter.

The **Mutual fund sell amount type** setting controls the form in which a mutual fund trade is sent for execution. Versus purchase instructions are not sent for mutual fund sales done in dollars. If you want iRebal to send versus purchase instructions for mutual fund sales, the mutual fund sales must be done in shares.

## ORDER TYPE DEFAULTS

In this section, you can set separate order type default settings for new equity and option orders approved to the Order Blotter based on the transaction type.

When the default is set to **Market**, orders default as market orders on the Order Blotter.

When the default is set to **Limit**, a limit price must be specified, and new orders default as limit orders on the Order Blotter. The limit price options are the **Last trade**, **Bid**, **Ask**, or **Midpoint** between the bid and ask values for the security. These limit price options are not static values, and iRebal sets the actual limit price amount to the latest corresponding value at the time of submission.

## ORDER AUTHORIZATIONS

The **Order authorizations** setting determines whether orders are being done in a solicited or discretionary manner. This setting can be overridden for any individual order on the Order Blotter. The designations do not appear on the client's trade confirmation; the notation on the platform is for advisor audit purposes only.

## Settings: Automated Rebalancing

In the **Automated Rebalancing** section of global settings, you can enable automation in your firm's iRebal environment. Once automation is enabled, you must establish certain global settings for automation:

- **Order time (ET).** This is the time when the system begins validating and submitting orders generated by automated rebalances. You can choose among **10 a.m.**, **12 p.m.**, or **2 p.m. ET.**
- **User ID.** This User ID must have access to accounts targeted for automation. It is associated with any automated orders that are placed.
- **Master Account Number.** This is the master account that will be used to submit block trading orders. This account must have trade access/correlation via Firm ID to each subaccount traded in the environment.

Once automation is configured, iRebal automatically runs rebalances for the portfolios you specify on the schedule you define. Any trades resulting from those rebalances are automatically moved to the **Automated** tab of the iRebal Order Blotter and submitted at the order time you select. Any failures or errors are shown in the **Automation Status** widget on the iRebal homepage and available in the automation report.

Automated rebalance orders will be set to **Active** when you enable automated rebalancing. You can pause automated rebalancing by switching to **Paused** status, which will cause iRebal to continue to run scheduled automated rebalances, but the system will not submit the trades.

**Note:** If you want to stop using this feature, just disable automated rebalancing, and all portfolio settings related to automated rebalancing will be removed.

Three new Schwab Advisor Center alerts related to automation, when enabled, are generated when the relevant conditions are met.

- **Rebalancing Error.** One or more portfolios experienced an error, and iRebal was not able to successfully complete the rebalance. Review the automation report in iRebal for details.
- **Trade Submission Error.** One or more trades experienced an error, and iRebal was not able to submit the trade. Review the automation report in iRebal for details.
- **Rebalances are available for review.** One or more portfolios you enabled for automation were rebalanced. Pending trades are available for review on the Automated Order Blotter

Automation settings and schedules are set at the portfolio level; details regarding those features can be found in the **Section 1. Settings: Portfolio** of this guide.



## 2. Models and trading rules

### Securities

The **Securities** page on the **Models** menu is where you can manage the security inventory that is available to your models, as well as the rebalancing rules that govern them. Click **Create New** to open the **Securities** page, which lets you choose securities by entering symbols and/or CUSIP numbers or by defining your own symbol. Use the **Import** button to download the CSV file template, then complete and upload your CSV file to import security and category or equivalents. Select one or multiple securities and use the **Actions** dropdown menu to edit, delete, or export them.

#### CREATE/ADD SECURITIES

Click the **Create New** button on the **Securities** page to add securities that your accounts do not currently hold and which are not available in iRebal. You can add securities with a symbol or CUSIP; add options by selecting them from an option chain. You can also define a custom security to account for non-exchange traded securities.

**Enter symbol or CUSIP.** To add securities, enter symbols or CUSIP numbers in the text box, separating items with a space. iRebal gathers additional information about a security, such as mutual fund minimums, using the Charles Schwab & Co., Inc., security database before adding it to the iRebal security database.

**Option chains.** Use this feature to search for options, click to add them to your list of securities, and then click the **Select** button to add them.

**Define a custom security.** You can create your own symbol to define a custom security, such as a non-exchange traded security (e.g., real estate or a separately managed account) or a group of securities (such as similar bonds). You can also add any securities from external accounts that you use in iRebal but that are not held in your Schwab accounts.

#### EDIT SECURITY

Select **Edit** from the **Actions** dropdown menu to open the **Edit Security** panel, where you can specify the rebalancing rules that apply to each security. The following trading rules are available.

**Asset Category.** This section allows you to assign to securities the categories managed in global settings.

**Trade minimums.** You can set buy and sell minimums as either \$ or %. If you set both, iRebal is designed to abide by the greater of the two. iRebal calculates the % minimum as a percentage of the client portfolio. During rebalancing, iRebal considers both fund-imposed buy minimums and buy and sell minimums set by the advisor. If a security has both fund-imposed buy minimums and advisor-set buy minimums,

iRebal considers the greater of the two and is designed to not present potential buys that are smaller than that amount. For equity securities, iRebal also considers the share price at the time of calculation as a minimum buy and sell amount.

**Example:** If the fund is imposing a \$500 minimum and the advisor has set a \$1,500 buy minimum, iRebal is designed to consider \$1,500 as the buy minimum and would not present an \$800 buy amount for this security.

**Trade minimum alternates.** iRebal also allows you to specify for any security a trade minimum alternate (**Min Alt**), which is a security that you are willing to buy in place of the security in your model when smaller trades are needed. When iRebal presents a potential buy for either a rebalance or a cash investment where that buy does not meet the minimum for the security in your model, iRebal will instead present a potential buy for the alternate security specified. If an account holds the trade minimum alternate, in a rebalance that security will be treated as equivalent to the security in your model.

Similarly, iRebal will not present a potential sell amount below the user-determined sell minimum. Additionally, iRebal is designed to not leave an account holding less than the advisor-set sell minimum as a result of a calculated sell. In this case, iRebal is designed to generate a potential sell order for the entire holding.

You can override fund-imposed buy minimums by checking the **Override Values** checkbox. You might use this option when the fund family has made a concession for your firm. When fund-imposed buy minimums are overridden, iRebal considers only the **Min Buy** and **Min Sell** that you specify for that security.

**Penalties.** This section displays any penalties imposed by mutual fund companies, which may include a dollar or percentage amount based on the number of days the shares have been held. This information cannot be edited, and it displays only for mutual funds.

**Restrictions.** iRebal references the restrictions you set for individual securities during a rebalance. These restrictions include the following.

- **Never Sell.** When this restriction is applied, holdings of the security are counted toward the portfolio's allocation but are never sold in the rebalancing process.

- **Never Buy and Never Buy and Never Sell.** For this restriction, you must specify an alternate action for iRebal to take. You can instruct iRebal to leave the model allocation for that security in cash or to prorate it to the other non-restricted securities in the model, or you can specify an alternate security.
- **Exclude.** With this restriction, holdings of the security are not counted toward the portfolio's allocation and will not be sold. The portfolio valuation and targets for all other securities are based on the portfolio's value excluding this security.
- **No Restriction.** Restrictions can be set at the security master, model, or portfolio level, but you can use this setting to override those set at lower levels. iRebal first searches the security master, then the model, then the portfolio settings. For example, if there is a restriction set within the security master and the model is set to **No Restriction** for that security, iRebal will ignore the restriction for that model. Similarly, if a restriction is set within the model and an individual portfolio is set to **No Restriction** for that security, iRebal will ignore the restriction in the model.

**Equivalents and alternatives.** You can specify securities or asset categories for iRebal to consider equivalent to model target securities. Using equivalents can prevent unnecessary transactions and taxable events because iRebal does not calculate a sale of an equivalent security to purchase the comparable security listed in your model.

**Example:** If you do not want to sell out of a client's existing holding (such as the gold index GOLD1) to buy into a similar model holding (such as the gold index GOLD2), you should list GOLD1 as equivalent to GOLD2. During rebalancing, iRebal will then consider the value of the client's holding of GOLD1 when calculating the allocation to your model position of GOLD2. iRebal is designed to calculate a sale for some of the existing holdings if the amount is greater than your maximum rebalance band for GOLD2. iRebal will still calculate a buy for model security GOLD2—not equivalent security GOLD1—when buys are necessary, such as when the total holding of the two securities is less than the minimum rebalance band for GOLD2, unless you set the equivalent as an alternate if held (**Alt if Held**).

**Any security can have multiple equivalents.** Also, securities that are listed as tax or trade minimum alternates are automatically considered equivalent to the security for which they are being used as an alternate.

It is important to note that equivalencies are calculated only during rebalance types involving cash management, full rebalance, or single-security adjustment. They are not considered when running a tax harvest or a security replacement rebalance.

It is also important to note that restrictions and minimums set for the model security are not used for the equivalent security. For example, if GOLD2 is listed as equivalent to GOLD1 and you set a restriction in the model to never sell GOLD1, iRebal still considers its equivalent, GOLD2, as sellable. To restrict the equivalent security, you must specify a restriction for it directly in the portfolio or in the security master.

**Alt if Held.** You can mark any equivalent as an alternate if held. **Alt if Held** securities are those you would like to buy instead of the model target security when the **Alt if Held** security is already in the account. If you specify multiple alternates, iRebal purchases whichever one is more numerous in the account.

#### CUSTOM CATEGORY EQUIVALENTS

If you use a top-down approach and look to rebalance at the category/class level, you can set all securities with a specific custom category as equivalents to one another. By specifying a custom category as an equivalent, iRebal considers any security that is assigned to the custom category as an equivalent security. Please note that custom category equivalents cannot be marked **Alt if Held**.



#### Tip

You can import equivalency rules for both security equivalents and custom category equivalents to the security master, rather than manually adding equivalents individually. To import equivalents to the security master, download the template and follow the formatting instructions. Navigate to **Models > Securities** and use the **Import** button.

#### TAX ALTERNATE

iRebal allows you to assign a **tax alternate security** to any security in the security master. This tax alternate is purchased instead of the model security if the purchase is located in a non-preferred account type.

When an alternate security is selected, an alternate account type must also be selected. Indicate the type of account in which you will substitute the alternate security for the model security.

**Example:** Let's say you have LSSE in your model and you want it purchased only in qualified accounts. In taxable accounts, you instead want a tax-exempt bond purchased. To do this, set the tax alternate security for LSSE as the bond of your preference and set the account type for the alternate bond as **Taxable**. If a buy of LSSE is ever located into a taxable account, iRebal is designed to switch the trade to a buy of the tax-exempt bond. Whenever a portfolio holds an alternate to a model security, the holding is considered equivalent to the model security.

## Location preference

You can designate **location preference** settings when rebalancing portfolios that contain a combination of taxable, qualified, and Roth accounts. These settings are not relevant for firms that rebalance at the account level, where each account is managed as a distinct portfolio with its own model. You can select both a location level and a Roth level for each security.

**Asset location level.** Positive numbers indicate a high tax impact and therefore a stronger preference to locate the security in a qualified account; negative numbers indicate a low tax impact and therefore a stronger preference to locate the security in a taxable account. The **asset location level** creates a relative ranking, and securities with the highest absolute value are prioritized for location in the preferred account type.

When a rebalance runs, it places buys of the security with the highest absolute value into the preferred account type first; it proceeds based on this ranking, locating buys of securities with the lowest absolute value last. In this way, the securities marked nearest to negative 100 and positive 100 are placed in the appropriate taxable or qualified accounts.

If the security being purchased is already held in an account type that conflicts with the asset location level specified for the security, the location decision depends on the magnitude of the asset location level.

For securities with asset location levels between negative 49 and positive 49, which is a lower degree of preference, iRebal prioritizes buying the security where the existing position is held—even if that purchase does not agree with the asset location level preference.

If the absolute value of the location level is between positive 50 and positive 100, iRebal prioritizes buying in the preferred account type, even if it means buying the security in an account other than the one where the existing position is held.

**Roth level.** You can designate a **Roth level**, which assigns a number between +100 and 0, indicating the preference for that security to be bought in a Roth account. This is in addition to the taxable versus non-taxable location preference. A +100 represents the greatest preference to locate the security into a Roth account relative to other securities whose number is lower.

Excess cash or security sales in those accounts may affect the ability to place securities into accounts based on the above settings. As a result, buys may also be placed in less preferred accounts where cash is available.

### EXAMPLES OF LOCATION PREFERENCE SETTINGS

If a security's location level is **at or between negative 50 and negative 100**, iRebal works in the following order until the entire buy amount for the security is located.

1. First iRebal searches any taxable account that has an existing holding of the security.
2. Then it searches any other taxable account.

3. iRebal then searches any qualified account that has an existing holding of the security.
4. Finally, iRebal locates the security in any other qualified account.

If a security's location level is **at or between positive 50 and positive 100**, iRebal works in the following order until the entire buy amount for the security is located.

1. First iRebal searches any qualified account that has an existing holding of the security.
2. Then it searches any other qualified account.
3. iRebal then searches any taxable account that has an existing holding of the security.
4. Finally, iRebal locates the security in any other qualified account.

If a security's location level is **at or between 0 and negative 49**, iRebal works in the following order.

1. First iRebal searches any taxable account that has an existing holding of the security.
2. Then it searches any qualified account that has an existing holding of the security.
3. iRebal then searches any other taxable account.
4. Finally, iRebal locates the security in any other qualified account.

If a security's location level is **at or between 0 and positive 49**, iRebal works in the following order.

1. First iRebal searches any qualified account that has an existing holding of the security.
2. Then it searches any taxable account that has an existing holding of the security.
3. iRebal then searches any qualified account.
4. Finally, iRebal locates the security in any other qualified account.

During rebalancing, securities with a defined **Roth level** have the highest priority of placement and are located first based on that value. In the absence of a defined **Roth level**, iRebal locates securities based on location level, without distinguishing between qualified and Roth accounts.

## Models

Security models and blended models can both be created in iRebal. A **security model** contains a list of securities with target allocations. A **blended model** contains a list of security models with target allocations; these are also sometimes referred to as models of models.

Blended models automatically reflect changes you make to the underlying security models; they can help you set custom allocations while managing security targets in only a small number of core models.



## SECURITY MODELS

To create a security model, navigate to the Models page and take the following steps.

1. Click the **Create** button and select **Security Model** from the dropdown menu.
2. In the **Create a Security Model** window, enter a name for your model in the **Name** field. You also have the option to enter a description for the model.
3. Click **Continue**.

In the **Create a Security Model** window, you can add securities by searching symbols or by using the advanced filter to search by attribute. Add targets for the securities by entering a percentage from 0.0% to 100.0%. As you enter targets for securities, the minimum and maximum rebalance bands are calculated based on these default bands. Users with Access iRebal Admin permission can adjust the default rebalance bands as needed. The minimum and maximum bands that are calculated based on your defaults can be overridden for any security directly in the model.

To add an allocation to cash or a sweep money market fund to your model, select the security that represents cash (**\$CASH**) and add it as a model target security. Even if you don't target cash as part of your allocation and you typically maintain a small amount of cash in accounts as a buffer or for ongoing cash flows, you will likely want to enter a corresponding target to cash in your models for consistency.

**Note:** For any ETF or mutual fund added to your model, iRebal automatically pulls its **net expense ratio (NER)** and displays it next to the security's target percentage (if you have the **NER** column selected to display). **NER** represents the estimated fee that investors are charged from fund assets to be invested in the security.

## IMPORTING MODEL TARGET SECURITIES

iRebal allows you to import model target securities via a CSV file to create new models or to change allocations for an existing model.

To download a template from iRebal, take the following steps.

1. Choose Models from the **Models** menu.
2. Click the **Import** button and choose **Security Models** or **Blended Models** from the dropdown menu.
3. In the **Import Models** window, click **Download template**.

## TIPS FOR CREATING A CSV FILE

- You have the option to import rebalance bands for your model targets. If you leave these columns blank, the global settings default for rebalance bands is used.
- You must delete the worksheet header that contains instructions. After reading the instructions in the worksheet: select the **header** > right click > click **Delete** > select **Shift cells up**.

- Do not change the column headers in the template (if you do, the import will fail).
- If you are importing targets for an existing model, the model name should match exactly the model name in iRebal, including spaces.
- If a model name in the file does not match an existing model in iRebal, it will be added as a new model.
- Targets for a model must total 100%. Any model whose targets do not total 100% will not be uploaded.
- The CSV file can contain securities that are not in the iRebal security master.
- If the file contains securities that are not in the security master, iRebal is designed to add them upon your confirmation. You may also assign an asset category to these new securities during this step.
- If your accounts typically have a cash minimum greater than zero, we recommend for consistency that you have a target for cash in your model. Simply include the symbol **\$CASH** in the CSV file.



### Tip

You can easily make changes across multiple models by first exporting multiple security models, making changes on the export, and then importing the CSV file.

## Model targets and bands

You can view and edit model targets, bands, and trading rules from the **Model Detail** panel (navigate to **Models**, then use the model name links to access the model details).

To add targets for securities in your model, click the **Target** field and enter a percentage from 0 to 100. You can enter a percentage with up to one decimal place. iRebal tracks the targets you enter as you build your model, and it will not let you save a model that is already assigned to a portfolio until the targets total 100%.

Each security you add to the model automatically uses the default rebalance bands for minimum and maximum percentage. During rebalancing, iRebal considers any security within a portfolio whose percentage is outside of this range as out-of-band and requiring correction.

To override the minimum and maximum percentage for any security in the model, unclick the **Use Default Settings** checkbox and enter new values. The new minimum band you enter must be less than or equal to the security's target percentage, and the maximum band must be greater than or equal to the security's target percentage.

## Model trading rules

When securities are added to a model, their trading rules default to those that your firm has set for each security in the iRebal security master. These rules include trade minimums, tax efficiency, equivalents, and restrictions.

To override the trading rules for any security in the model, unclick the **Use Sec Master** checkbox. Make your changes in the Edit Security panel, then click the **Save** button or **Close** to return to the **Edit a Security Model** panel.

When you unclick the **Use Sec Master** checkbox, all the trading rules for that security in the model are now managed directly in the model's settings. If you change one of these trading rules in the security master, that change is not used in the model unless you subsequently reselect the **Use Sec Master** checkbox for the security in the model. You should review all the trading rules for the securities in your model to ensure that they reflect the values you want.

### REPLACE SECURITIES ACROSS SECURITY MODELS

iRebal provides a shortcut to quickly replace one security with another across multiple security models.

1. Use the **Contains Security** filter on the **Additional Filters** panel to quickly identify the models holding the security you want to replace.
2. Select the models in which you would like the replacement made, then choose **Replace Security** from the **Actions** dropdown menu.
3. In the **Replace a Security** window, select the security to replace, as well as the replacement security from the dropdown menus, then click **Replace Security**.

iRebal is designed to replace the old security with the new security you selected. The new security inherits the same target and rebalance bands that the replaced security had in each model.

The trading rules for the new security in each model default to the rules in the security master for the new security.

If any model that you select already holds the new security, the existing target and the replacement security target in the model are added together to determine the new, aggregate target for the replacement security. Rebalance bands are also added together to determine the new minimum and maximum percentages.

## Blended models

A blended model contains a list of security models with target allocations. Blended models automatically reflect changes made to the underlying security models, allowing you to create custom allocations while managing security targets in only a small number of core models.

A blended model is sometimes referred to as a model of models.

### CREATE OR EDIT A BLENDED MODEL

To create a blended model:

1. Click the **Create** button (above the grid) and select **Blended Model** from the dropdown menu.
2. Enter a **Model Name** for your model. You can choose to enter an optional description for the model.
3. Click **Continue**.
4. On the **Blended Model Detail** page, search for the security models you would like to add as component models.

## Blended model allocations

### MODEL TARGETS AND SECURITY-WEIGHTED TARGETS

To add targets for the security models in a blended model, click the **Target** field and enter a percentage from 0 to 100. You can specify a percentage to one decimal place.

iRebal tracks the targets you enter as you build your model; it does not let you save a model that is already assigned to a portfolio until the targets total 100%.

As you enter target allocations for security models, iRebal calculates weighted targets for the underlying securities. The target of the security model is multiplied by the target of the securities within the model to determine the security-weighted target. For example, if a security model has a 50% weight in a blended model and a security within that security model has a 30% target, that security will have a 15% weighted target in the blended model.

You can see the weighted target for each security by expanding the security model. Because these weighted targets are based on the current allocations in the underlying security models, if you subsequently change any of the underlying security model targets, the blended model will automatically inherit those changes and update its security-weighted targets.

### REBALANCE BANDS AND TRADING RULES

iRebal calculates the rebalance bands—or minimum and maximum percentages—in blended models using the same process as for security-weighted target calculations: multiplying the advisor-set minimum and maximum percentages from the underlying security model by the target percentage assigned to the security model within the blended model.

iRebal also uses the advisor-set trading rules from the underlying security models for blended model allocations. You can see a list of the individual securities, their minimum and maximum percentages, and the trading rules that apply to them in the **Security Allocations** section for the blended model.

If any security is being used as a target in more than one security model targeted in the blended model, iRebal is designed to total the weighted targets and bands for the security and to use those totals as the targets and bands for the blended model.



If there is a conflict among trading rules for the same security, iRebal defaults to the trading rule listed for the security in the security master.

**Example:** Let's assume that LSSE has a \$500 sell minimum in the security master. At the same time, a blended model includes two security models, one with a \$200 sell minimum and another with a \$1,000 sell minimum for the same security. iRebal is designed to detect this mismatch and use the security master account's \$500 sell minimum for LSSE when rebalancing to this blended model. You will see a warning about this situation within the blended model in the **Security Allocations** section.

## Model Market Center™

Model Market Center (MMC) makes it easy for you to tap into hundreds of models from recognized money managers. Most models are available without a Strategist Fee<sup>1</sup> and all money managers who list models are covered by the Schwab Center for Financial Research. MMC is embedded directly into the iRebal environment, and you can quickly begin taking advantage of it to help streamline investment management while still retaining fiduciary control and responsibility, as well as for rebalancing and trading discretion.

To access MMC, navigate to **Models > Model Market Center**. After you review and agree to the terms and conditions, you will see an inventory of models, along with characteristics provided by the asset managers, to help you shop for strategies that may meet your clients' needs.

You can use column sorting or the quick filters to find the models you might be interested in, based on criteria like a specific risk category, a certain asset class, or whether the model carries a **Strategist Fee**.

To view details about a particular model, click on the model name link. The **Manager Model Detail** page provides an overview of the model, a list of its component securities, and links to manager-provided marketing materials, commentary, and a prospectus. You can also enter notes, which are stored with the model.

**Note:** Before subscribing to the model, you can view only some of this information.

Select up to five models from the grid and click **Subscribe**, or use the **Subscribe** button on a model's detail page. After you subscribe, the model is added to your active model inventory and indicated in MMC by a green checkmark in the **Subscribed** column. In your model inventory, MMC models can be identified by the name in the **Manager** column or by using the MMC Model filter on the **Additional Filters** panel.

Clicking the model name allows you to customize the trading rules for a subscribed model to accommodate specific client needs. Model securities and relative targets cannot be customized. Once subscribed to, MMC models can be assigned directly to client portfolios or used as components of blended models.

When subscribing to a model that charges a Strategist Fee, you are asked to enter your firm's primary management fee account. This account will be debited one month in arrears on the exposure of those strategies. The management fee account—which is not your firm's master account—can be changed in the **Agreements** section of MMC.

When providers make changes to the target allocation or the **Strategist Fee** for any of your subscribed models, activity alerts are displayed on the iRebal **Home** page. In your model inventory, the changed models are displayed with a dark envelope icon. Once you review the changes, the envelope icon changes to a lighter color.

Before unsubscribing to an MMC model, first ensure that no portfolios are assigned to it. To unsubscribe to an MMC model, select the model from your model inventory, click **Edit**, then **Delete**.

## Model history

Each model retains an audit history of changes made to it. To view the audit history:

1. Navigate to the Models page and select **Models**.
2. Click the model name to open the **Edit Model** panel.
3. Expand the **Model History** panel to display all the changes made to the model since its creation, including the date and time a change was made and the user who made it.

## Allocations chart

If you are using the asset category classification in iRebal, you can see the composition of this blended model based on its category. iRebal is designed to assign a color to each category within the model.

## Assigning models to portfolios

A portfolio can be fully rebalanced or analyzed in cash rebalance types only after a model has been assigned to it. You can assign models manually or via an import on the **Portfolios** page. Navigate to **Clients > Portfolios**.

Only complete models can be assigned to portfolios—that is, models whose targets add up to 100%. If targets do not add up to 100%, the model is considered incomplete. The **Additional Filters** panel on the **Models** page displays a reminder about incomplete models.

## 3. Clients: Portfolios

### Creating portfolios

Accounts must be assigned to an iRebal portfolio before they can be included in a rebalance. A portfolio can contain one or more accounts for an individual client or family, which are rebalanced together against a single model. Any user with access to iRebal can create a portfolio using the list of accounts that they currently have access to in Schwab Advisor Center.

There are several methods of creating portfolios at the household or individual account level.

#### CREATING HOUSEHOLD-LEVEL PORTFOLIOS

Follow these steps to manually create an iRebal portfolio containing more than one client account.

**Note:** Accounts that are in the same iRebal portfolio are rebalanced against a model as a single, aggregate entity. Only accounts belonging to the same client or family should be included in a single portfolio.

1. Navigate to **Clients** and select **Portfolios**.
2. Click the **Create** button.
3. Give the portfolio a name. This is typically the name of the individual client or family.
4. Select the accounts you want to include in the portfolio from the list of unassigned accounts. You can filter by account number, name, or master account.

You can also create portfolios by going to the **Unassigned Accounts** list (navigate to **Clients** > **Unassigned Accounts**) and then filtering or searching by account number, name, market value, or master account. Select the accounts you wish to add to a portfolio, then from the **Actions** dropdown menu click **Assign selected accounts to a single household**.

#### CREATING INDIVIDUAL ACCOUNT PORTFOLIOS

Follow the steps below to rebalance a single client account against a model. Using this method, you can create multiple iRebal portfolios simultaneously.

1. Navigate to **Clients** and click **Unassigned Accounts**.
2. Select the accounts you want to assign to iRebal portfolios.
3. From the **Actions** dropdown menu, click **Assign each selected account to its own portfolio**.

In this individual account workflow, iRebal is designed to name each portfolio using the account name and account number.

#### IMPORT ACCOUNT TO PORTFOLIO ASSIGNMENT

If you plan to use household-level portfolios, you can use the Import account to portfolio assignment feature to create several household portfolios simultaneously. Navigate to **Clients** > **Unassigned Accounts** and use the Import button to download a template and formatting instructions.

#### ASSIGNED ACCOUNT HOLDINGS

When assigning an account—or a group of accounts—to portfolios, securities held in the account(s) are automatically added to the security master, though they can be deleted if necessary.

- Securities in the security master can be used as model targets and can have trading minimums, restrictions, and other rules applied to them.
- Securities not in the security master cannot be used as model targets and will potentially be presented for sale during rebalancing.

After you complete this step, you can navigate to the portfolio's detail page to configure its settings.

### Portfolio settings

You can customize each portfolio using a variety of settings that affect how iRebal processes rebalances and presents trades. These include settings for the portfolio's associated model and accounts, security restrictions, and scheduled rebalances. You can use other settings, such as custom category and notes, to organize your portfolios.

#### VIEWING AND EDITING PORTFOLIO SETTINGS

You can edit portfolio settings from the **Edit Portfolio** panel, which opens when you click links in the portfolio grid. You can also edit these settings by navigating to **Clients** > **Portfolios**, where the following columns are available.

- **Name.** This is the name you have given the portfolio.
- **Status.** A portfolio's current status can be incomplete or unauthorized; portfolios considered complete and in good standing do not show a status.
- **Value.** The start-of-day current market value of the account(s) in the portfolio.
- **CustCat.** Select any custom category you have created and assign it to the portfolio.
- **Model.** This column displays the model with which the portfolio is currently associated. You can add or change the model association from here.
- **Automated.** A checkmark on this setting indicates that the portfolio has been set up for automation.
- **Restrictions.** The number displayed here indicates the restrictions set for the portfolio. Click the number to open the **Edit Portfolio** panel, where you can view and manage restrictions.



- **Accounts.** This is the number of accounts assigned to the portfolio. Click to open the **Edit Portfolio** panel, where you can view and manage the accounts.
- **Gains Restrictions.** This indicates the setting you have currently selected; open the dropdown and select a new one to adjust this setting.
- **ST G/L.** This is the realized year-to-date short-term gain/loss for the portfolio. This is a start-of-day value.
- **LT G/L.** This is the realized year-to-date long-term gain/loss for the portfolio. This is a start-of-day value.
- **YTD G/L.** This is the realized year-to-date total gain/loss for the portfolio. This is a start-of-day value.
- **Next Rebalance.** This section displays the name, type, and date of the next scheduled rebalance. A blank field indicates that no rebalance is scheduled.
- **Notes.** This setting displays the number of active notes for the portfolio. Clicking the number opens the **Edit Portfolio** panel, where you can view and manage notes.
- **Last Result.** This shows the date of and a link to the portfolio's most recent rebalance result.
- **Next Date.** This shows the date that the next scheduled rebalance is set to run.
- **Scheduled QTY.** This shows the number of rebalances scheduled to run. Clicking the number opens the **Edit Portfolio** panel, where you can view and manage scheduled rebalances.
- **Created On.** This is the date and time the portfolio was created.
- **Created By.** This shows the user ID of the user who created the portfolio.
- **Edited On.** This shows the date and time the portfolio was last edited.
- **Edited By.** This shows the user ID of the user who made the last edit.



#### Tip

The **Portfolio Status** column helps you identify portfolios that are in an incomplete or unauthorized status.

**Incomplete status.** Portfolios with this status have either no accounts or no models assigned. You cannot process any cash or full rebalances without a model assigned, though you can run directed trade rebalance types such as tax loss harvesting. A portfolio without assigned accounts cannot process any rebalance types. You can resolve the incomplete status by assigning the missing accounts or models.

**Unauthorized status.** This indicates that your firm's administrator has not given you access to at least one account in the portfolio. This status displays rarely, but when it does you cannot edit settings or rebalance the portfolio until the unauthorized accounts are removed. To remove the account(s), choose to edit that portfolio and remove the account(s) from the assigned accounts section.

#### EXPORT PORTFOLIOS LIST

Portfolio settings can be exported from iRebal from the portfolios list. Select the portfolios you want to export, then choose **Export Portfolios** from the **Actions** dropdown menu. You can export all details or choose individual items, including a portfolio's model and custom category, notes, or a restrictions list for any portfolio that currently has a restriction.

#### Edit Portfolio panel

Clicking on a portfolio's name from the portfolios list opens the **Edit Portfolio** panel, which shows details and enables you to update settings for the selected portfolio.

The top section displays the portfolio's name, the unique portfolio ID, the date the portfolio was created, the user who created it, the date and user associated with the last edit, and the portfolio's market value. You can update the portfolio's name using the edit link next to the current name.

#### PORTFOLIO HISTORY

**Portfolio History** shows a log of portfolio changes, along with the user and date.

#### ACCOUNTS

**Accounts** shows a list of the accounts currently assigned to the portfolio. In the **Accounts** table, you can view account details and settings. Use the **Assign Accounts** button to add accounts; you can remove accounts using the delete icon in the **Accounts** table.

#### ASSIGNMENTS

**Assignments** displays the model the portfolio is currently associated with. To change the model association, make a selection from the **Model** dropdown menu. Select **View this portfolio's model** for a detailed view of the model the portfolio is assigned to. The **CustCat** dropdown menu lets you update the custom category associated with the portfolio.

#### RESTRICTIONS

**Restrictions** sets how gains are handled, as well as restrictions that apply to specific symbols or categories. You can also configure these restrictions in global settings. **Gains Restriction** setting lets you choose from three options for how capital gains for the selected portfolio are restricted.

- **No restrictions.** iRebal rebalances portfolios according to model and portfolio settings. Generated trades may include capital gains. This is the default selection.

- **Avoid short-term gains.** iRebal avoids short-term gains when rebalancing portfolios according to model and portfolio settings. As a result, portfolios may be out of tolerance from their model.
- **Avoid all gains.** iRebal avoids all capital gains when rebalancing portfolios according to model and portfolio settings. As a result, portfolios may be further out of tolerance from their model than would result from other options.

Restrictions can be set at the portfolio level for an individual **Security** or **Category**. You can set five types of restrictions, which are referenced during rebalancing and which override those set in the portfolio's associated model. You can also remove restrictions using the same interface.

- When the **Never Sell** restriction is applied, the holdings of the security are counted toward the portfolio's allocation but are not calculated for sale in the rebalancing process.
- When the **Never Buy** restriction is applied and the security is being used as a model target in the portfolio's model, iRebal is designed to take the alternate action specified by the restriction and therefore avoid calculating a buy for the restricted security. Alternate actions include leaving the model allocation for the restricted security in cash, prorating the % to the non-restricted securities in the model, or buying an alternate security.
- The **Never Buy and Never Sell** restriction applies both of the above rules simultaneously.
- When the **Exclude restriction** is applied, holdings of the security are not counted toward the portfolio's allocation and are not considered for sale. The portfolio valuation and targets for all other securities are based on the portfolio's value excluding this security.
- When **No Restriction** is applied, any restriction listed for the security in the portfolio's model or in the security master account is not applied for this portfolio.

## AUTOMATED REBALANCING

**Automated Rebalancing** sets up a portfolio to automatically run rebalances and place trades. Use the **Enable** toggle to turn automated rebalancing on or off for the selected portfolio. When this setting is enabled, you can select the rebalance type you would like to automate, as well as schedule it to run daily, weekly, monthly, or at an interval you specify. You can set the automation to begin and end on specific dates, to end after a certain number of occurrences, or to never end.

**Automated Rebalance History** displays a list of the automated rebalances that have run for the selected portfolio. Selecting the **Rebalance ID** takes you to the details for that rebalance.

## SCHEDULED REBALANCES

**Scheduled Rebalances** shows the names of the rebalances and the next date when they are scheduled to occur. If a portfolio is individually selected for inclusion, you can remove it from the rebalance by clicking the delete icon in the grid.

If the portfolio was included in a rebalance via auto-filter (indicated by the lightning bolt icon), the matching criteria on the portfolio must be changed—or the criteria within the scheduled rebalance must be changed—to remove the portfolio from the scheduled rebalance. You can click the scheduled rebalance name to view and edit its settings.

You can also add the portfolio to a scheduled rebalance by clicking the **Include in a scheduled rebalance** button, which opens a window and allows you to select from a list of existing scheduled rebalances.

## PORTFOLIO NOTES

**Portfolio Notes** help you keep track of important aspects of a client's portfolio. You can set the priority of notes or archive notes that are no longer relevant. To help ensure that the user approving the trades is aware of high-priority items, any high-priority note displays a warning whenever a user approves orders for the portfolio. Portfolio notes never expire but can be deleted. Use the **Active** and **Archived** radio buttons to filter the list of notes.



### Tips for entering portfolio notes

- Portfolio notes must begin with an alphanumeric character, can include only standard keyboard characters, and have a maximum length of 1,000 characters.
- If you are copying and pasting notes, we recommend plain text format, as rich text can cause conflicts when pasted.

## Editing Multiple Portfolios

### EDITING PORTFOLIO SETTINGS FOR MULTIPLE PORTFOLIOS

When editing multiple portfolios, you can update the model, custom category, and gains restriction setting, as well as toggle automation on and off.

1. Select the portfolios you want to edit.
2. From the **Actions** dropdown menu, select **Edit**.
3. Make your updates on the **Edit Multiple Portfolios** panel.
4. Click **Save**.

## IMPORTING MODEL ASSIGNMENTS AND CATEGORIES

iRebal allows you to import model assignments and categories for your client portfolios using a CSV file. A template can be downloaded from the iRebal site.

1. Click **Client** in the main menu.
2. Select **Portfolios**.
3. From the **Import** dropdown menu, select **Model and Category**.
4. Click **Download template**.

You can also export the model assignments and categories for existing portfolios, add or change the models/categories of the exported portfolios, and import the CSV file.

Here are some things to remember when creating a CSV file:

- Do not change the column headers in the template.
- The portfolio name, model name, and category must be exactly as they appear in iRebal, including spaces. If a portfolio or model name in the file does not match a portfolio or model in the iRebal environment, the record will not be imported. Portfolios can be assigned only to complete models—that is, those whose target allocations add up to 100%. If your file contains a portfolio assignment to an incomplete model, the record will not be imported.

To upload your saved CSV file:

1. Click **Clients** in the main menu.
2. Select **Portfolios**.
3. Click **Import**, then select **Model and Category**.
4. Click **Browse**, locate the file on your hard drive, then click **Continue**.

## IMPORTING PORTFOLIO NAMES

iRebal allows you to import name changes for your client portfolios using a CSV file. You can download a template from the iRebal site:

1. Click **Clients** in the main menu.
2. Select **Portfolios**.
3. Click **Import**, then select **Portfolio Names**.
4. Click **Download template**.

When creating your CSV file, remember:

- Do not change the column headers in the template.
- The current portfolio names must be exactly as they appear in iRebal, including spaces. If a portfolio name contained in the file does not match a portfolio in the iRebal environment, the record will not be imported.

To upload your saved CSV file:

1. Click **Clients**.
2. Select **Portfolios**.
3. Click **Import**, then select **Portfolio Names**.
4. Click **Browse** to locate the file on your hard drive.
5. Click **Continue** to import your file.

## 4. Accounts and account settings

### Accounts

Accounts must be assigned to an iRebal portfolio before they can be included in a rebalance. For information about assigning accounts to portfolios, please review [Section 3. Clients: Portfolios](#).

All accounts that you have access to through Schwab Advisor Center and that are assigned to iRebal portfolios are listed on the **Accounts** page of iRebal. You can view this list by navigating to **Clients** and selecting **Accounts**.

The **Accounts** page provides important information and lets you edit key settings that affect rebalancing.

- **Account.** This column shows the Schwab account number. Clicking on an account opens the **Edit Account** panel.
- **Name.** This is the account name as it appears on Schwab Advisor Center. If you edit the name on Schwab Advisor Center, the name in iRebal updates automatically the next day.
- **Type.** This is the variety of account you are viewing—IRA, individual, or trust.
- **Market value.** This is the start-of-day market value of the account.
- **Taxability.** This column indicates whether the account is a taxable or qualified account. Gain and loss amounts are not calculated during rebalancing for qualified accounts.
- **Master Account.** This indicates the master account linked to the account you are viewing.
- **Portfolio.** This is the name of the portfolio to which the account is assigned.
- **Model.** This shows the model with which the account is currently associated.
- **ST G/L.** This is the start-of-day value for the realized year-to-date short-term gain/loss for the portfolio.
- **LT G/L.** This is the start-of-day value for the realized year-to-date long-term gain/loss for the portfolio.
- **YTD G/L.** This is the start-of-day value for the realized year-to-date total gain/loss for the portfolio.
- **Glbl Cash.** A checkmark here indicates that the account is using the global default cash settings.
- **Cash Min.** This displays the current dollar amount or percentage that has been set for the account's cash minimum. If the account is using the global setting to model cash, this value reads "model."

- **Cash Target.** This displays the current dollar amount or percentage that has been set for the account's cash target. If the account is using the global setting to model cash, this value reads "model."
- **Set Aside Amt.** This is the current amount of set-aside cash that has been defined for the account.
- **Div Reinvest.** A checkmark here indicates that the account is set to reinvest dividends when placing trades.
- **CG Reinvest.** A checkmark here indicates that the account is set to reinvest capital gains when placing trades.
- **Dist Hold.** When this setting is enabled, upcoming distributions are compared with manually entered set-aside cash; whichever amount is greater is removed from the account value for rebalance calculations.
- **Frozen.** A checkmark here indicates that the account is frozen and that iRebal will not propose to buy or sell holdings. The holdings are still included in allocation calculations.
- **External Account.** A checkmark here indicates an external account that you have entered manually. See [Section 1. Settings: Accounts](#) of this guide for details about external accounts.
- **SMA Symbol.** This displays the user-defined symbol for external accounts that you have set to treat as a separately managed account (SMA). For details about SMAs, see [Section 1. Settings: Accounts](#) of this guide.

### Account settings

The following settings are available for accounts. They can be edited by any user who has iRebal access and is authorized to view a particular account. Editing these settings affects rebalancing.

- **Assigned to Portfolio**
- **Mark As Frozen**
- **Dividend and Capital Gains Reinvestment**
- **Maintained Cash**
- **Set-Aside Cash**
- **Automatic Cash Hold for Distributions**
- **Treat as SMA**

To edit account settings, select the account number to open the **Edit Account** panel. When you finish editing, click **Save** to return to the account list. To edit multiple accounts, click the checkbox in the far-left column and select **Edit** from the **Actions** dropdown menu.



## ASSIGNED TO PORTFOLIO

This displays the iRebal portfolio to which an account is assigned. Clicking the portfolio name takes you to the **Edit Portfolio** panel.

## MARK AS FROZEN

iRebal indicates when an account within a portfolio is frozen. When an account is frozen, its holdings still count toward the portfolio's allocation during rebalancing, but iRebal will never propose to buy or sell holdings in the account.

## DIVIDEND AND CAPITAL GAINS REINVESTMENT

When you assign accounts to a portfolio, they inherit the global settings for reinvestment of dividends and capital gains, although you can edit these settings for any account. The reinvestment selections you set in iRebal are applied only when opening new mutual fund positions, submitted from iRebal's order blotter.

## MAINTAINED CASH

When you assign accounts to a portfolio, they inherit the global settings for cash minimum and cash target, although you can edit these cash settings for any account and set a custom cash minimum and target cash percentage or dollar amount. To define custom cash settings, uncheck the **Use global default** box, then enter the cash minimum and cash target.

With **full** and **managing cash** rebalance types, iRebal seeks to ensure that an account maintains a cash amount within the account's minimum and target range. iRebal avoids calculating orders that would leave an account with a cash amount below its specified minimum. An account's cash target may be surpassed in some instances; for example, a portfolio's model might require a minimum cash amount that exceeds the account's cash targets for its underlying accounts.

To maintain a margin balance in an account, set the account's cash minimum and cash target range to a negative dollar amount. For example, if you want the account to maintain a \$10,000 to \$15,000 margin loan, set the cash minimum to -\$15,000 and the cash target to -\$10,000.

Note that in a margin scenario, the model assigned to the account's portfolio cannot contain an allocation to cash (**\$CASH**), or it will not rebalance successfully.

## SET-ASIDE CASH

Any cash you designate as set-aside cash is not invested by iRebal and is excluded from consideration when comparing the portfolio to its model. You can specify set-aside cash as a specific dollar amount or a percentage of the portfolio's market value.

You can also use this feature for dollar-cost averaging: Create a schedule of gradually decreasing set-aside cash amounts with a separate start date for each. Each subsequent set-aside amount will become active on its scheduled date,

replacing the previous amount. To end a set-aside cash schedule, enter a set-aside amount of 0 on the date when you want the account to be fully invested to its target cash range.

## AUTOMATIC CASH HOLD FOR DISTRIBUTION

The distribution cash hold feature helps ensure that upcoming distributions are not missed when trading in a client account. When this feature is enabled, iRebal reviews upcoming transactions to ensure that any affected accounts have sufficient cash to meet the requirements of those transactions. These distributions can be used to ensure that client accounts raise cash if needed so that there is enough cash in the account for the distribution.

Distributions are loaded into iRebal from the prior day's close of business, which means distribution requests entered on the same day are not included in the distribution cash hold amount until the following day.

Once you enable this feature in global settings, you can turn it on or off for individual accounts. You can also review the current amount of cash on hold and the number of days forward iRebal is looking for distributions to include in that amount. Note that if the set-aside cash amount you configure is enough to cover the upcoming distribution, the automatic cash hold for distribution will not be applied.

**Note:** In **full**, **manage cash**, and **generate cash** rebalance types—all of which adjust cash—iRebal will generate the greater of the two requirements (set-aside cash and automatic cash hold for distribution). For example, if you have upcoming distributions totaling \$1,200 and your set-aside cash plus maintained cash is less than \$1,200, iRebal will set the cash floor at \$1,200 to ensure that sufficient cash is available for the distribution.

## TREAT AS SMA

If you enable **Allow use of SMAs** in global settings, you can designate an account as a separately managed account. An SMA is an account that is managed outside of iRebal, typically by a third-party manager. iRebal is designed to roll up a designated SMA's holdings and treat them like a single position in the portfolio, like a mutual fund or an ETF. This allows you to rebalance the allocation to the SMA as part of the overall portfolio while leaving all trading decisions within the SMA to the third-party manager.

An iRebal portfolio with an SMA must have at least two accounts: the SMA and a funding account. The funding account is treated as though it holds the SMA (again, treated as a single security). iRebal is designed to present possible sells in the funding account to make cash available when buys of the SMA "security" are needed. When an SMA is overweight, above band, or otherwise should be reduced, iRebal is designed to present a possible sell of the SMA and assume that the cash will move to the funding account, potentially using that cash to buy other securities in the

funding account. You must ensure that the cash transferred out of an SMA has settled into the funding account before placing the corresponding buys. If you need to wait for an SMA transfer to complete, you can put a hold on the relevant trades in the iRebal Order Blotter.

You must set the SMA symbol and funding account fields for an SMA in iRebal, and the SMA security must be set up in the iRebal security master before the account can be marked as an SMA.

## External accounts

If a client holds 401(k), 403(b), or other accounts outside of Schwab and you would like to include those accounts in their portfolio rebalance, use the **External Accounts** setting. Use the corresponding button on the **Accounts** page to create, import, or delete external accounts. When creating an external account, you can enter the account number and name, select a taxability setting, and indicate the portfolio and the master account with which to associate the external account.

You can import multiple external accounts using the **Import** button to upload a CSV file or an Excel file. iRebal does not consider or present potential orders for externally held accounts, but it does consider the holdings in the rebalance.

## Import cash settings

If your account cash requirements are already in another system, you can quickly update them in iRebal by importing a properly formatted CSV file. To download iRebal's template:

1. Navigate to **Clients** and select **Accounts**.
2. Click the **Import** button and select **Cash Settings**.
3. Click **Download template**.

### TIPS FOR CREATING A CSV FILE

- You must delete the worksheet header that contains instructions. After reading the instructions in the worksheet, select the **header** > right click > click **Delete** > select **Shift cells up**.
- Do not change the column headers in the template (if you do, the import will fail).
- Save the file in CSV format, not in XLS format.

- The account number in the file must exactly match an account number from your **Assigned** accounts list in iRebal.
- The cash minimum should be less than or equal to the cash target.
- If a cash minimum is entered in the file, a cash target for the account must also be entered.
- If you do not want to override the cash minimum or cash target for the account, leave these columns blank. If you do this, only the set-aside cash will be updated.
- If you do not want to override the set-aside cash for the account, leave that field blank. If you do this, only the cash minimum and the cash target will be updated.
- If you want to import a set-aside cash schedule, there should be one line item for each scheduled date.
- The **Enable Dist Hold** field is optional: a **Y** enables the cash distribution hold feature; an **N** disables it. You can also leave the field blank. Note that unless the distribution hold feature has been enabled on the **Accounts** tab in global settings, the system ignores any entry in this field.
- If you do not follow all of these rules, the file will not be imported.

## Export cash settings

To export a list of all of your accounts and their cash settings:

1. Select the accounts you wish to export.
2. From the **Actions** dropdown menu, select **Export** > **Account Cash Settings**.

This export is in the same format needed to upload account cash settings, giving you easy-to-edit settings for multiple accounts.

In addition to cash settings, you can export account details and external holdings by selecting accounts and choosing **Export** from the **Actions** dropdown menu. **Account Details** includes all data points provided in the **Accounts** table. **External Holdings** provides details for accounts where you have added external holdings.

## 5. Rebalance portfolios

### Overview

This section explains how iRebal rebalancing works so that you can make the rebalancing and portfolio management process as easy and efficient as possible.

#### AD HOC, SCHEDULED, AND AUTOMATED REBALANCES

There are three options for scheduling rebalances:

- **Ad hoc rebalances.** You can create a rebalance in iRebal as needed.
- **Scheduled rebalances.** You can set the iRebal system to scan portfolios based on pre-determined parameters, such as identifying cash needs, controlling allocation drift, or identifying potential tax harvesting opportunities.
- **Automated rebalances.** You can configure iRebal to run rebalances and submit trades automatically, without the need to schedule each one.

For scheduled and automated rebalances, be sure to subscribe to the **iRebal alert** in the **Trading** section of Schwab Advisor Center's **Alerts** page to receive email notifications when iRebal generates potential orders for you to review.

- The **Rebalance Complete** alert is used for scheduled rebalances.
- The **Rebalances Available for Review** alert is used for automated rebalances.
- There are additional alerts for automated rebalances that notify you when a rebalance has encountered an error or trades cannot be submitted.

**One or multiple portfolios.** You can apply any rebalance type to a single portfolio, a filtered set of portfolios matching specific criteria, or all portfolios in your iRebal environment. The portfolio's model association does not affect this process.

### How to create a rebalance

There are several ways to generate rebalances.

- From the iRebal navigation menu, select **Rebalancing > Create a Rebalance**.
- **Rebalance** buttons appear on various pages and pages, including **Home**, **Accounts**, **Models**, **Portfolios**, **Scheduled Rebalances**, and **Reports**.
- From some pages, such as the **Portfolios** page, you can immediately submit ad hoc rebalances; or go to the **Create a Rebalance** page, which auto-populates with your selections.

### Rebalance types

Rebalancing can be used to perform a full portfolio review or to manage cash, but you can also rebalance tactically—such as to generate across-the-board portfolio adjustments or to harvest tax losses. iRebal even lets you manually create orders with a view into their potential impact on a portfolio.

The available rebalance types are:

- **Full rebalance**
- **Generate and/or invest cash**
- **Generate cash only**
- **Invest cash only**
- **Adjust securities**
- **Replace securities**
- **Harvest tax losses**
- **Manual adjustment**
- **Covered call**

These rebalance types are discussed in the following sections.

#### SELLING DURING REBALANCING

In any rebalance type, iRebal attempts to sell the various lots in the most tax-efficient manner that comports with the settings you have established. In other words, iRebal is designed to select tax lots to minimize gains and maximize losses, placing the strongest emphasis on short-term lots.

#### TRADE EXPLANATION

All rebalance types provide a free-form text field where you can enter notes that will display on the portfolio result for every portfolio in the rebalance. You can also overwrite the trade explanation for any portfolio when reviewing the results of the rebalance, making it easy to review portfolio rebalance history.

### Scheduled rebalances

#### When do scheduled rebalances run?

Although you can control when to run scheduled rebalances for your portfolios, they typically run each morning after a trading day; that is, in a typical week they run on Tuesdays through Saturdays.

If a scheduled rebalance falls on a Sunday, a Monday, or the day following a market holiday, the rebalance will be processed on the preceding processing day, so a Monday rebalance will actually process on the morning of the preceding Saturday and will be ready for your review on Monday (or sooner, if you so choose). The **Rebalances** section of the iRebal **Home** page shows the most recent rebalances.

## How frequently does a scheduled rebalance run?

Scheduled rebalances run according to your preferences. To specify a schedule, go to the **Create a Rebalance** page and choose the **Later** option in the **Schedule** section, which enables you to designate a frequency, start date, and end date.

For a one-time future rebalance, choose a date and a frequency for a single occurrence. If you want a rebalance to recur at a specified frequency, select a pattern of daily, weekly, or monthly intervals and then the start and end dates.

If you enter the number **1** for a daily rebalance, it will process every business day. Entering a larger number causes the rebalance to process at the frequency designated.

You can choose the day of the week that weekly rebalances should run. Entering the number **1** for this option generates a rebalance each week on the designated day; enter a larger number to process less frequently. The rebalance will be ready for your review on the morning of the weekday that you selected.

You can choose the day of the month that monthly rebalances should run, though if you select the 29<sup>th</sup>, 30<sup>th</sup>, or 31<sup>st</sup> of the month, the system will run the rebalance on the last processing date of the month for shorter months that don't include those dates.

For recurring rebalances, you must select a start date. The rebalance always runs on either the date you designate or the preceding processing date. You can also enter an end date or indicate that the rebalance should stop after a certain number of occurrences. To indicate that the rebalance should be ongoing, select **Never** for the end date.



### Tip

Although scheduled rebalances are helpful to ensure consistent portfolio monitoring, note that they generate trades based only on your settings and a portfolio's current status. iRebal is designed to process portfolios through the desired rebalance at your defined intervals and to create a record of that action each time; you can always review and approve before any trades are executed.



### Tip

If you want to schedule a rebalance to run quarterly, select **Monthly** as the frequency and enter **3** as the number of months. Similarly, to schedule a rebalance to run twice a year, select **Monthly** as the frequency and enter **6** as the number of months.

## Included portfolios

You can designate to any rebalance type as many portfolios as you wish, regardless of each affected portfolio's model associations.

To include portfolios in an ad hoc rebalance or a scheduled rebalance, you can do either of the following.

- Select the portfolios from the Portfolio list (go to **Clients > Portfolios**), then click the Rebalance button above the grid.
- Go to **Rebalancing > Create a Rebalance**. Portfolios you selected from the Portfolio list display in the **Included Portfolios** section of the **Create a Rebalance** page.

### CREATE A REBALANCE PAGE

You can add portfolios from the **Create a Rebalance** page in any of the following three ways.

**Use the advanced filter.** This enables you to search by portfolio name or specific portfolio attributes.

**Use the Rebalance All Portfolios checkbox.** Instead of displaying a static list, this option automatically updates the list to capture any new portfolios.

**Use the auto-filter.** The auto-filter displays all portfolios that match your specified criteria. Because iRebal is designed to automatically pick up all portfolios that match the criteria each time the rebalance runs, this option is especially useful when you are scheduling a recurring rebalance.

To use the auto-filter, select your model, custom category, and portfolio activity criteria, then click the **Apply** button.

- For the **model**, you can select all portfolios, those with a specific model association, or those that are not associated with any model.
- The **custom category** lets you select all portfolios, all portfolios in a specific category, or only those that are uncategorized.
- For **portfolio activity**, you may do either of the following.
  - Enter a number in the **Not rebalanced in \_\_ number of days** field, which automatically includes any portfolios that have not had the designated rebalance type run on them within the period you designate. For example, entering **30** for a full rebalance would automatically rebalance all portfolios that have not had this type of rebalance in the past month.
  - Click the checkbox to rebalance only portfolios with assigned models that recently changed.

You can enter one or more of the above criteria; any that you don't designate will not be applied. When you click the **Apply** button, you can then process or schedule the selected rebalance type for the portfolios that meet your criteria.



## Automated rebalancing

You can maintain flexibility and control over rebalances while automating certain steps of the process. These automated rebalances run on schedules you define, and the system automatically submits any generated trades for execution.

To automate rebalances, your firm's security administrator must first grant you access to these features; see [Section 1. Setting up user access](#) of this guide for a detailed explanation.

Once you have access, you can go to the **Portfolios** page of iRebal, select one or more portfolios, then use the **Automated Rebalancing** module to enable and configure the new rebalances. The same schedule parameters described in the [Scheduled rebalances](#) section above are also available for automated rebalances.

You can automate the following rebalance types:

- **Full rebalance**
- **Generate and/or invest cash**
- **Generate cash only**
- **Invest cash only**

You'll find relevant automated rebalancing alerts in the **Trading** section of the **Alerts** page on Schwab Advisor Center. These alerts are triggered when results are available for an automated rebalance, when an automated rebalance has encountered an error, or when there is an error submitting trades for an automated rebalance.

The **Automated Rebalances** module on the iRebal **Home** page also displays the status of automated rebalances and trades. It links to the Automated Rebalance Report, which provides details about automation activities in your accounts, including any errors that have occurred.

The **Automated** tab of the iRebal **Order Blotter** displays the trades resulting from automated rebalances, as well as the order submission time you specified (at the top of the Order Blotter). These orders can be canceled up to that time, and you can stop automated rebalancing altogether using the pause option in global settings. Note that pausing does not reset any portfolio-level configurations.

## Rebalance types

### FULL REBALANCE

The **full rebalance** type performs a complete portfolio review that checks account cash and portfolio positions to ensure that they fall within the ranges defined in the model.

- You can conduct a full rebalance on a portfolio only if a model is assigned to it. The system honors all trading rules you have set in the following order of priority: It first considers the portfolio-level rules, then the model rules, then the security master account rules. These rules include buy and sell minimums, location level, equivalents, alternates, and restrictions. iRebal also follows any global settings, such as whether you have

directed the system to avoid redemption penalties or convert short-term gains to long-term gains.

- A full rebalance looks at portfolio and account cash values after satisfying set-aside and extra cash requirements. It corrects cash that is outside the defined range by proposing buys or sells in accounts and attempting to bring cash to target.
- It creates buys or sells to correct any out-of-band positions to target while also considering equivalents and alternates.
- A full rebalance also supports the generation of extra cash as well as full account liquidation.

### MANAGING CASH

Under **Manage Cash Only**, three rebalance types manage account-level cash against the cash minimum and the cash target for each account in each included portfolio: **generate and/or invest cash**, **generate cash only**, and **invest cash only**.

These three rebalance types create potential orders as needed to bring account cash back into the acceptable range. They identify orders only when account cash is out of range; they do not identify orders for the sole purpose of correcting out-of-band securities. As with any other rebalance type, each portfolio must have a model assigned before rebalancing.

The system honors all trading rules you have set in the following order of priority: It first considers the portfolio-level rules, then the model rules, then the security master account rules. These rules include buy and sell minimums, location level, equivalents, alternates, and restrictions. iRebal also follows any global settings, such as whether you have directed the system to avoid redemption penalties or prefer long-term gains to short-term gains.

### GENERATE AND/OR INVEST CASH

- After satisfying set-aside and extra cash, the **generate and/or invest cash** rebalance type looks at each account's cash value within an included portfolio and compares it with the account's cash minimum and cash target.
- When cash for any account is below its cash minimum, iRebal attempts to identify sells to bring cash to target while also weighting two factors: (1) tax lots for positions that are most overweight compared with the model target and (2) tax lots with more efficient tax consequences. You can control the emphasis on both of these factors using the **Tax sensitivity** options in global settings.
- When cash for any account is above its cash target, iRebal seeks out positions that are underweight to the model target and identifies those as potential buy orders in which to invest the excess cash. iRebal attempts to bring securities equally toward target while minimizing trades when possible.
- When generating or investing cash for an account, iRebal attempts to bring the cash level in line with the account's target. If this change would leave the total cash value of the account outside the minimum and



maximum bands defined for the portfolio's model, iRebal will adjust the cash correction to keep the cash level in line with the model's range.

- iRebal does not calculate orders that would leave account-level cash below the account's cash minimum.
- Buys or sells may be identified solely for the purpose of bringing cash within range.
- The generate and/or invest cash rebalance type also supports the generation of extra cash, set-aside cash, and account liquidation.

#### GENERATE CASH ONLY

- After removing set-aside and extra cash, the **generate cash only** rebalance type looks at each account's cash value within an included portfolio and compares it with each account's cash minimum.
- When cash for any account is below its defined cash minimum, iRebal attempts to identify sells to bring cash to target. iRebal is designed to consider two factors when identifying potential sells: (1) tax lots for positions that are most overweight compared with the model target and (2) tax lots with more efficient tax consequences. You can control the emphasis on both of these factors using the **Tax sensitivity** options in global settings.
- When generating cash for an account, iRebal attempts to bring account cash to the cash target. If this leaves the portfolio's cash value above the maximum band defined for **\$CASH** in the portfolio's model, iRebal is designed to identify potential trades that will adjust the cash generation amount for the account toward the account's cash minimum.
- iRebal does not violate the specified account cash minimum.
- iRebal does not identify buys in this rebalance type.
- The generate cash only rebalance type also supports the generation of extra cash, set-aside cash, and account liquidation.

#### INVEST CASH ONLY

- After removing set-aside and extra cash, the **invest cash only** rebalance type looks at each account's cash value within an included portfolio and compares it with that account's cash target.
- When cash in any account is above its cash target, iRebal identifies buy orders to invest the excess cash. iRebal is designed to look at positions that are underweight compared with the model target and highlight those as potential buys. iRebal attempts to bring securities equally toward their respective targets while minimizing trades when possible.
- When investing cash for an account, iRebal attempts to bring account cash to the cash target. If this leaves the portfolio's cash value below the minimum band defined for **\$CASH** in the portfolio's model, iRebal is designed to

adjust the cash correction in the account to keep the portfolio-level cash in line with the model range.

- iRebal does not identify sells in this rebalance type.

The **full rebalance, generate and/or invest cash**, and **generate cash only** rebalance types support one-time requests for full-account liquidation, for generating a specific amount of extra cash for immediate withdrawal, or for other needs. It is important to remember that these specific advisor-driven settings are used only once for the specific rebalance in question.

iRebal is designed to generate potential sales to accommodate these requests, but if the cash is not removed before any subsequent rebalances, iRebal will treat it as available cash and may use it to identify future purchases. If you wish to set ongoing cash needs that will be maintained for future rebalances, you can do so in the account settings under the **Set-aside cash** heading. For more information about set-aside cash, see **Section 4. Accounts** of this guide.

When liquidation of an account is requested during rebalance setup, iRebal is designed to ignore any stated restrictions or trading rules in the model or the portfolio and to identify sell orders for all holdings in the account. iRebal also identifies potential sell orders for excluded positions.

- To enter an extra cash amount or to mark an account for full liquidation, go to the **Included Portfolios** section of the **Create a Rebalance** page and expand the portfolio row containing the relevant account.
- To enter an extra cash amount, enter the amount in dollars in the **Extra Cash** column.
- To mark an account for liquidation, click the checkbox in the **Liquidate** column.

You can also import extra cash to the rebalance for multiple accounts simultaneously. This option can enable you to more efficiently process your management fees for multiple accounts. You can manage your client accounts to your model and may not have to keep additional cash on the sidelines for the purposes of fee distribution.

If these amounts are available for export from your portfolio management system, you can import extra cash with the following steps.

1. Click the **Import extra cash settings** button, then download the CSV template.
2. Fill in the template, including the columns for account number and extra cash amount.
3. Save to your computer as a CSV file.
4. Browse for the file, then click **Continue**.

iRebal automatically includes in the rebalance the portfolios containing these accounts, along with their extra cash amounts, so you don't have to select them on the **Create a Rebalance** page before importing the CSV file.





## Tip

If you are calculating upcoming withdrawals or other one-time cash needs using a portfolio management or other system, you can export and import those cash amounts using iRebal's **Extra cash** feature. This is a fast way to ensure that all of your accounts have the calculated cash amounts available on the fly.

## DIRECTED TRADING

**Directed trading** rebalance types are designed to help you easily make tactical changes to all of your portfolios at once. These rebalance types do not require that a model be associated with a portfolio.

All directed trading rebalance types consider set-aside cash as well as the trading rules listed for the securities in the portfolio's model or the portfolio settings. If the portfolio does not have an associated model, the rebalance will consider the trading rules listed in the iRebal security master account, including the buy and sell minimums and the location level. They also include your settings for avoiding redemption penalties, short-term gains, and ETF commissions, as well as any security-specific restrictions listed in the model or portfolio.

Equivalent and alternates are not considered during directed trading, with the exception of the **adjust securities** rebalance type.

All directed trading rebalance types, with the exception of **manual adjustment**, can be run ad hoc or scheduled.

## ADJUST SECURITIES

The **adjust securities** rebalance type enables you to quickly react to shifts in the market by making across-the-board changes to a specific holding in any number of portfolios.

In this rebalance type, you can buy or sell specific securities to either a specified target or to each portfolio's model target for the security. You can also add or trim existing holdings by a specific absolute percentage.

**Note:** You can enable iRebal to include equivalent and alternate securities in the target percentage calculations by going to the **Settings** menu, selecting the **Rebalancing** tab in the **Directed Trading** section, and setting **Include Equivalent and Alt Securities** to **Yes**.

To process this rebalance type:

1. Choose **Adjust securities** from the dropdown menu on the **Create a Rebalance** page.
2. Add the securities you wish to adjust by searching for their symbols or using the advanced filter to search by attribute.
3. To control the order types that iRebal may identify, select from the following options.

- **Either buys or sells** to meet the target, which generates potential buys or sells as needed based on each portfolio's holding relative to the target.
- **Buys only** to meet the target, which presents only possible buy orders for the security in portfolios where it is below the specified target.
- **Sells only** to meet the target, which presents only potential sell orders for the security in portfolios where it is above the specified target.

4. Enter security targets by selecting one of the following options and entering a **% of portfolio** (not required if **Model %** is selected).
  - **Model %** uses each portfolio's model target percentage. If you choose to use the portfolio's model target, included portfolios must have a model assigned.
  - **Specify %** uses a specified target percentage from 0.0% to 100.0%. iRebal calculates the buy or sell of the total portfolio's value, less set-aside cash and any excluded holdings.
  - **Add %** adds an absolute percentage to existing positions of the security.

**Note:** iRebal attempts only to add to existing positions and does not identify new buys in portfolios that already hold the security.
  - **Trim %** trims an absolute percentage of existing positions of the security.
5. You can choose to allow iRebal to create orders in taxable accounts, qualified accounts, or both.
6. You can determine whether iRebal should buy using only cash that exceeds the account's cash target or cash that exceeds the cash minimum.

## TAX LOSS HARVESTING

The **harvest tax losses** rebalance type is designed to help you identify qualifying losses in a client's portfolio based on your settings and to buy replacement securities for each security harvested.

You can harvest all qualifying losses or enter a specific target loss amount per client portfolio. When harvesting tax losses, iRebal identifies only sales in taxable accounts.

To process this rebalance type:

1. Choose **Harvest tax losses** from the dropdown menu on the **Create a Rebalance** page.

**Optional:** You can select one of your five most recent tax harvests, and iRebal will copy its list of securities and settings into the new tax harvest, so you don't have to enter these settings again. You can edit these settings after copying them.
2. Enter securities that should be harvested by searching symbols or using the advanced filter to search by attribute. iRebal identifies potential sells for listed securities only.



3. Select the loss detection level. **Position level** will sell only if an entire position in an account meets your loss thresholds, whereas **Lot level** will sell partial holdings if only certain lots meet your loss thresholds.
4. Enter the loss thresholds per security or select the same percentage and/or dollar amount for each security to be harvested by filling in the **Harvest security** settings and clicking **Apply**.

You can further edit the thresholds for any individual security in the table. If you do not enter thresholds, iRebal will consider as eligible for sale any security or tax lot with a loss of any amount.

When you use **Lot level** loss detection, any tax lot with a percentage loss meeting or exceeding your specified percentage threshold will be considered for sale. Once all qualifying lots of a holding in an account have been identified, those lots will be eligible for sale only if the total loss for the order—the sum of all qualifying lots—also meets your dollar amount loss threshold for the security.

When using **Position level** loss detection, any entire holding in an account with a total percentage and dollar loss exceeding your thresholds will be eligible for sale.

5. Enter a replacement security for each security to be harvested or enter **None (leave in cash)**. If the harvest security is sold and a replacement security is listed, that replacement security will be purchased for the same amount of the sale. To mitigate wash sale concerns, the value of the security that is purchased as a replacement will be considered equivalent to the harvested security for the next 30 days.

When both the **Harvest Symbol** and the **Replacement Symbol** are mutual funds, you can instruct iRebal to generate the orders as a single swap or exchange when possible by clicking the **Swap/Exch** checkbox. iRebal automatically checks the fund family and share classes to determine the appropriate type. If both the fund family and the share class are the same, iRebal will attempt to generate the sell and replacement buy as a single exchange order. If either the fund family or the share class does not match, iRebal will attempt to generate the sell and replacement buy as a single swap order. The sell and buy amounts must be equal for the order to generate as either a swap or an exchange.

**Note:** Same-day exchanges for Schwab Funds can be submitted at any time. Exchanges for non-Schwab Funds can be same-day but only if submitted during a certain day/time frame (Interclass Exchange days) and for verified pairs only; often these will be the same fund but different share classes. Outside of Interclass Exchange days, non-Schwab Funds are two-day swaps regardless of their fund or share class.

The **Clients** module on the iRebal **Home** page displays an alert 30 days after the harvest action, informing you that the

wash sale period has passed and that you might consider rebalancing to sell the replacement security and buy back into the security that was harvested.

You can also enter a target loss amount per portfolio in the **Included Portfolios** section, which could help offset a specific gain for a client. If you do not enter a target loss amount, iRebal will simply identify all losses that meet your defined loss thresholds.

When you are harvesting at the position level, iRebal stops selling after it has sold the last holding needed to satisfy the target loss amount that you specified for the portfolio in question. When you are harvesting at the tax lot level, iRebal stops selling when the estimated portfolio loss amount reaches the exact target you indicated.

When using a target loss amount, you can choose among four loss detection levels, helping you determine not only the amount but also the type of losses you are seeking. These choices include:

- **Use all losses to minimize trades**, prioritizing from the largest dollar loss first. For this option, iRebal first identifies the tax lot or position with the largest loss; it then proceeds by identifying smaller losses until the target is met, therefore minimizing the total number of trades. If the target cannot be met, all tax lots or positions with losses that meet your thresholds will be sold.
- **Use short-term losses only** to meet the target. In this case, iRebal identifies only tax lots or positions containing short-term losses and counts only these losses toward the target. If the target cannot be met, all tax lots or positions with short-term losses that meet your thresholds will be presented for potential sale.
- **Use long-term losses only** to meet the target. Here iRebal identifies only tax lots or positions containing long-term losses and counts only these losses toward the target. If the target cannot be met, all tax lots or positions with long-term losses that meet your thresholds will be presented for potential sale.
- **Use short-term, then long-term losses** to meet the target. To meet the target, iRebal first identifies tax lots or positions containing short-term losses, then tax lots or positions containing long-term losses. If the target cannot be met, all tax lots or positions with losses that meet your thresholds will be presented for potential sale.



#### Tip

By scheduling a **harvest tax losses** rebalance type to run periodically, you can have iRebal scan throughout the year for losses that meet your thresholds and alert you when qualifying opportunities arise.

## REPLACE SECURITIES

The **replace securities** rebalance type enables you to quickly react to changes in the market or apply your own fund preferences by making across-the-board changes to any number of portfolios.

This rebalance type allows you to replace all or part of a client's holdings in one or more securities with one or more replacement securities while also controlling for things like maximum realized gains.

In this rebalance type, you can:

- Determine whether iRebal should generate potential sell orders in taxable accounts, qualified accounts, or both.
- Search by symbol or attribute to identify a security to be replaced and the percentage of that security to be sold. If you enter **100%**, the entire holding of the security in the designated account type will be identified for sale. The amount to be sold is based on the amount held within the account type that you selected.
- Identify a maximum short-term or total gain to be realized in taxable accounts. You can quickly enter the same short-term or total maximum gain for all securities being replaced by filling in the **Max gain** settings and clicking **Apply**—or you can individually enter maximum gains for each security in the table. If you do not enter a maximum gain threshold, iRebal is designed to calculate a sell for the selected security regardless of the gains realized. If you do enter a threshold, iRebal will stop calculating sales when either your specified percentage of the security is sold or when the maximum gain is reached.
- Enter a security or multiple securities to replace the security being sold. For multiple securities, select **Multiple replacements** from the dropdown menu and enter each, along with the percentage of the sold security's proceeds that should be used for each buy. The total percentage for replacement securities must equal 100%.
- Specify a percentage target or use the model allocation target to cap the replacement buy. By specifying a value in the **Cap Buy %** field, you can control the purchase amount of the replacement.
- When both the **Replace Symbol** and the **Replace with Symbol** are mutual funds, you can instruct iRebal to generate the orders as a single swap or exchange when possible by selecting the **Swap/Exch** checkbox. iRebal automatically checks the fund family and share classes to determine the appropriate type. If both the fund family and the share class are the same, iRebal will attempt to generate the sell and replacement buy as a single exchange order. If either the fund family or the share class does not match, iRebal will attempt to generate the sell and replacement buy as a single swap order. The sell and buy amounts must be equal for the order to generate as either a swap or an exchange.

**Note:** Same-day exchanges for Schwab Funds can be submitted at any time. Exchanges for non-Schwab Funds can be same-day but only if submitted during a certain day/time frame (Interclass Exchange days) and for verified pairs only; often these will be the same fund but different share classes. Outside of Interclass Exchange days, non-Schwab Funds are two-day swaps regardless of their fund or share class.

## MANUAL ADJUSTMENT

The **manual adjustment** rebalance type provides a complete picture of a portfolio's details and lets you enter buys and sells manually. When entering orders, you see the impact on the portfolio allocation, cash balances, gains and losses, and more—all immediately reflected on the page as you edit. iRebal does not create any orders in this workflow.

If an order you enter violates trading rules listed for the security in the portfolio's model or in the security master account, iRebal sends you a warning. These rules include your buy and sell minimums, redemption penalties, and ETF commissions, as well as any security-specific restrictions listed in the model or portfolio you have chosen.

The available cash calculated for the accounts is the total cash in the account less any set-aside cash.

## COVERED CALL

To learn more about this rebalance type, please review our [dedicated guide](#).

## 6. Review and approve

### Overview

You can review results for your ad hoc and scheduled rebalances and edit the orders that iRebal presents. The system will react to your edits, displaying the impact each will have on the portfolio.

After reviewing or editing orders, you can approve them and send them to the Order Blotter, or you can refuse the orders. You can do this for individual portfolios or for all portfolios in the rebalance simultaneously.

From the Order Blotter, you can view all the individual account orders approved by users in your firm, create block trades and allocations, and enter limit prices or other special instructions on your orders before sending them for execution.

### Rebalance results

All rebalance results for ad hoc, scheduled, or automated rebalances are listed on the **Rebalance Results** page located under the Rebalancing menu. This page provides a history of all rebalances that have been run in the past 90 days or earlier rebalances that contained at least one approved portfolio result. Those that do not meet these criteria are deleted automatically. You can filter to find the rebalance you're looking for using the following criteria.

- **Completed On.** Specify a date range for when rebalances were completed.
- **ID#.** This is a unique identifier assigned to each rebalance.
- **Type.** This is the rebalance type, such as full, generate and/or invest cash, or invest cash only.
- **Schedule Type.** This indicates whether a rebalance was ad hoc, scheduled, or automated.
- **Owner.** This is the user ID of the person who submitted or scheduled the rebalance.
- **Name.** This is whatever you decided to call the rebalance; if you did not choose a name, iRebal automatically assigns one.
- **Approved.** This shows filters for rebalances with orders and indicates the number of those orders that are approved.

The **Portfolios** and **Orders** columns display the number of each item included in the rebalance; these can be sorted, but they cannot be filtered.

Click on the name of the rebalance to view the results for its included portfolios.

You can save rebalance results as a CSV file—just click the **Export** button.

### Approval status: What does it mean?

The Approval status for each portfolio's rebalance is visible on the **Rebalance Result Summary** page or at the top of the individual **Portfolio Result Detail** page.

To go to the Rebalance Result Summary page:

1. Navigate to **Rebalancing** and select **Rebalance Results**.
2. Use any attribute to filter for the rebalance you're looking for, then click its name to display the results.

A **pending** status indicates that iRebal has presented potential trades in the rebalance and that they are ready for your review. Automated rebalances that generate trades show **approved** status; you can review those trades on the automated trade blotter.

If you run a new rebalance for a portfolio with a **pending** result, the first result will be changed to **ignored**, which prevents duplicate or conflicting results. If you re-enabled an ignored result, the newer pending result will change to **ignored**. Results can be re-enabled, in which case the system will then ignore the newer, pending result.

You may refuse iRebal's identified orders, or refuse and resubmit the rebalance for a portfolio or group of portfolios. The **refuse and resubmit** option lets you run a fresh analysis of the portfolio because a change has occurred, such as a cash deposit or distribution in an account, market volatility, or changes to the iRebal portfolio, model, or security settings. The resubmitted rebalance uses your initial rebalance request, the latest settings you've established, the most up-to-date account positions and cash balances as shown in Schwab Advisor Center, and the most up-to-date market prices for securities. The refusal options are shown on the **Rebalance Results Summary** page under **Approval status**, as well as on the **Portfolio Result Detail** page—click the **Refuse** button. When a user has approved orders, the portfolio's status displays as **approved**. This means orders within this result have been sent to the iRebal Order Blotter, where they can be executed.

When the rebalance result is **NA**, iRebal has not presented any trades in the portfolio, and so there is no need to approve or refuse. You can still view the portfolio's holdings and enter orders on the rebalance result manually. If you enter orders, the portfolio result's status will become **pending**.

### Reviewing and approving results for multiple portfolios

From the **Rebalance Result Summary** page, you can perform a high-level review of iRebal's presented orders and approve, refuse, or refuse and resubmit the rebalance for multiple portfolios. You can also click on each portfolio to review its individual results before approving.



When you click the rebalance name in the page header, it displays the settings that were used. Reviewing these parameters is particularly useful when you have run a directed trade, such as a single-security adjust or tax harvest.

The information shown on the **Rebalance Result Summary** page includes:

- Rebalance name and ID
- Total number of portfolios analyzed in the rebalance
- Total number of portfolios with orders
- Total number of orders presented
- Total number of securities with orders
- Number of portfolio results per Approval status

For each portfolio, the information shown includes:

- Portfolio name
- Original iRebal outcome
- Whether a user made edits to the original identified trades
- Approval status
- Date and time when the rebalance was completed
- Number of orders
- Whether account cash is within range
- Estimated short-term, long-term, and total gain or loss amounts for orders in taxable accounts in the portfolio
- Portfolio category
- Estimated redemption fees or penalties
- Warning for potential wash sales
- Portfolio market value
- High-priority notes that are active for the portfolio

To view aggregated rebalance results across all portfolios, click the **View Aggregate Orders** button on the **Rebalance Result Summary** page. From this view, you can quickly understand results and highlight outliers. You can sort and filter all securities with pending or approved orders in the rebalance, which are displayed on the top half of the page.

When you click any row in the table, you can see all accounts that contain the order; they display on the bottom half of the page. From here click a portfolio name to view the **Portfolio Result Detail** page, where you can edit that particular order. To return to the aggregate orders page, click the **Close** button. The table updates dynamically as your edits are saved.

For each security traded, the aggregate information shown includes:

- Security symbol and description
- Security type and custom category
- Number of portfolios and accounts included
- Transaction type
- Total order amount and shares across all portfolios in the rebalance

For each portfolio containing an order, the information shown includes:

- Account number, portfolio name, and custom category
- Whether the account is taxable or qualified
- Transaction type
- Order amount
- Estimated order shares
- Estimated short-term, long-term, and total gain or loss amounts for orders in taxable accounts in the portfolio
- Estimated cash allocation percentage before and after adjustment
- Estimated position market value and number of shares after adjustment
- Estimated position allocation percentage before and after adjustment

You can save the portfolio-level details or the orders as a CSV file—just click the **Export** dropdown menu and select **Export portfolio details for selected orders** or **Export selected orders**.

After reviewing the high-level information on the **Rebalance Result Summary** page, you can select any individual portfolio result and approve, refuse, or refuse and resubmit the selections by clicking the appropriate action at the bottom of the page.

When you approve the portfolio results, the orders are sent to the Order Blotter, where you must go to submit them for execution.

## Editing orders or approving results for individual portfolios

You can review and edit the trades presented for a completed rebalance on the Portfolio Result Detail page, which provides a complete picture of the portfolio before and after the presented trades, including account cash values, individual account positions with gain/loss information, and overall portfolio allocation relative to target. Any edits that you make on this page dynamically update all other aspects of the account and the portfolio, so you can quickly understand the impact of your edit. If an edit causes potential trading rule violations, the system will display a warning.

To access the Portfolio Result Detail page:

1. Navigate to **Rebalancing > Rebalance Results**.
2. Click the name of the rebalance that you want to review.
3. On the **Rebalance Result Summary** page, click the portfolio name.



## Portfolio result detail: Page header

Click the portfolio name in the result summary to load the **Portfolio Result Detail** page. Click the **Next** or **Previous** buttons at the top of the page to move through the results. The page header shows the following information about this rebalance:

- **Rebalance name.** Click this to see the settings that were used for the rebalance. This is particularly useful when you run a directed trade, like a single security adjustment, because it allows you to review the parameters that you instructed iRebal to use.
- **Rebalance type.** This shows the type of rebalance that was run.
- **Rebalance ID.** This is a unique number assigned to each rebalance.
- **Portfolio name.** This shows the portfolio for which this result was created.
- **Outcome.** This indicates whether iRebal presented potential trades for this portfolio.

Click the **View Explanations** button for information about the iRebal logic encountered during the portfolio's analysis. This report helps you understand why some orders, based on your settings, were presented—or not presented—during this rebalance.

## Portfolio result detail: Approval status

The **Approval** status bar, located above the Summary section, shows the current state of the portfolio result. When the portfolio result is in a pending state and the status bar displays **Action required**, you can:

- Edit iRebal's presented orders or enter new orders (you must click **Save** or **Approve** to save your edits)
- Approve orders and send them to the iRebal Order Blotter
- Refuse orders
- Refuse and resubmit this portfolio for analysis (iRebal will use the same rebalance parameters and up-to-date positions, cash balances, and market data)

When the portfolio result is **Refused** or **Ignored**, you can re-enable the result, which changes the status of any pending rebalance result for this portfolio to **Ignored**.

When the portfolio result is **Approved**, you can:

- Click the **View orders on blotter** button to navigate to the Order Blotter.
- Click the **Recall orders from blotter** button if the orders are in an active state on the Order Blotter. Recalling orders changes the portfolio result from **Approved** to **Pending** (or **Action required**).

You can view any edits to the rebalance results, as well as the user who made them, by clicking the View audit trail link on the **Approval** status bar.

When approving orders for a portfolio, you may see the following warnings.

- **Rebalance was processed prior to market close on the previous business day.** This indicates that the rebalance used stale market values and that new, updated values are available. Refuse and resubmit the result to use the updated values.
- **An account has negative cash.** This indicates that executing the suggested orders at their current amounts would lead to a negative cash balance in the account. You can bypass this warning and proceed with the orders if, for example, one of the accounts is a margin account.
- **Approved orders already exist on the iRebal blotter for this portfolio.** Review the active orders for this portfolio on the Order Blotter before approving to prevent duplicate orders for an account.
- **There are high-priority notes for the portfolio.** If there are active, high-priority notes for this portfolio, you will have an opportunity to review them before approving this result.

## Portfolio result detail: Summary

The **Summary** section shows high-level information about both iRebal-presented orders as well as user-edited orders. The information shown here includes the following.

- **Portfolio.** This identifies the portfolio name for this result. Click the portfolio to view or edit its current settings.
- **Market Value.** This is the current value of the accounts in the portfolio.
- **Current model.** This is the model to which the portfolio is currently assigned. Click to view or edit the portfolio's current model settings.
- **Completed.** This displays the date and time when the rebalance was completed.
- **Last Rebalance Result.** This displays the result for the prior rebalance run for this portfolio.
- **Next rebalance.** This indicates the next scheduled rebalance for this portfolio; if no rebalances are scheduled, it will be blank.
- **High-priority notes.** This link allows you to view the details of the high-priority notes on this portfolio.
- **Restrictions.** Use this to view any restrictions placed on this portfolio.
- **Trade explanation.** This displays the notes you entered when you submitted or scheduled this rebalance for this portfolio. You can edit these notes.
- **Order totals.** This area displays the aggregate number and value of orders, as well as estimated gain/loss and penalty implications. It shows the aggregate number and absolute value of the potential buys and sells that iRebal presented compared with the values after your edits. When there are no edits, this section is blank.



## Portfolio result detail: Cash values

The **Cash Values** section shows each account assigned to the portfolio at the time the rebalance was submitted, excluding any separately managed accounts. iRebal views separately managed accounts as holdings within the funding account as opposed to accounts within the portfolio.

The first part of the **Cash Values** section shows the market value of the account that was used for this rebalance, as well as the cash in the account before iRebal presented potential orders.

The information shown includes the following.

- **Acct #.** Hovering over an account number displays additional details about the account, such as the account name and type, account cash minimum, and target values. It also displays any set-aside cash, extra cash, and distribution hold used for the account.
- **Market Value.** This column displays the account's current market value.
- **Total.** This column displays the account's cash value before any set-aside or extra cash for the account was removed.
- **Available.** This column displays the total cash in the account less any set-aside and extra cash.
- **Unavailable.** This column displays the sum of set-aside cash and extra cash.
- **Accounts with cash in range (left).** This column displays the number of accounts in the portfolio whose available cash is at or between the cash minimum and target prior to any trades iRebal has presented. If at least one of the accounts in the portfolio has cash outside its specified range, that account will display in red.
- **Red arrow indicators.** Each account will show a red arrow. An up-arrow indicates that the rebalance has brought the account's available cash above its target; a down-arrow indicates that it has brought the account's available cash below target. A green checkmark indicates that the account's available cash is within range.
- **Portfolio total.** This row shows the portfolio's total market value used in the rebalance, as well as the total cash, total available cash, and total unavailable cash.
- **Adjustments.** This column shows the change in cash in the account that results from iRebal's potential trades. When you enter or edit orders in an account, the cash adjustment for the account updates dynamically to reflect your changes.
- **Total, available, and unavailable.** These columns show the cash values for each account should the presented trades be executed at their current amounts.
  - The **total cash** value is the cash value including presented trades before any set-aside or extra cash specified for the account is removed.
  - The **available cash** is the total cash in the account including presented orders less any set-aside and extra cash.

- The **unavailable cash** is the sum of set-aside cash and extra cash in the account. This value does not change as a result of a rebalance.

- **Accounts with cash in range (right).** This shows the number of accounts in the portfolio that will have available cash at or between the cash minimum and the target if presented orders are executed at their current amounts. This section is colored red if at least one of the accounts in the portfolio would be left with cash outside its specified range.
- **Green check marks.** Based on the rebalance, each account will display a red up-arrow, indicating that available cash is now above target; a red down-arrow, indicating that available cash is now below minimum levels; or a green checkmark, indicating that available cash is within range.

## Portfolio result detail: Orders

By default, the **Orders** section displays only positions with potential buys and sells for each account in a portfolio. Click **Show** to display all portfolio holdings. You can dig into total holdings by clicking to expand each position, displaying the underlying tax lots. Excluded positions display an asterisk (\*).

All potential **Buy** and partial **Sell** orders are presented as both a dollar order amount and an estimated number of order shares. The dollar order amounts are displayed in bold and translated to actual shares after approval, so the share quantity most accurately represents the security's current market price. The estimated order shares are based on the order amount and the price of the security at the time of the rebalance but do not factor in share rounding parameters from global settings.

Any **Sell All** or **Option** orders, as well as user-edited share trades, display in bold. The share quantities for these orders remain static after approval, so the shares do not change or recalculate based on share price fluctuations.

The first part of the **Orders** section shows:

- Account number and whether the account is taxable or qualified
- Security symbol
- Market value of the position or tax lot before orders
- Share quantity of the position or tax lot before orders
- Total cost of the position or tax lot
- Unrealized gain or loss—displayed as both a dollar amount and a percentage of the position and tax lot if the position is held in a taxable account

The middle of the **Orders** section shows the transaction type that is presented for a security in this account. The transaction type can be **Buy**, **Sell**, **Sell All**, **Buy to Open**, **Sell to Open**, **Buy to Close**, **Sell to Close**, or **None**.

You also see the order amount in both dollars and estimated shares. Sells are shown as negative values, and buys are



shown as positive values. You can edit the order amount or shares by selecting a transaction type for the security in the account or by typing a new value into the **Order amount** or **Estimated order shares** column.

When the **Order amount** is shown in bold, iRebal continues pulling quotes and rounding the order quantity based on security price and rounding parameters until you submit the order. When the **Estimated order shares** is shown in bold, the quantity is locked in after approval and does not change based on the price of the security.

To edit an order with a transaction type of **Sell All**, you must first change the transaction type.

You can propose an order with no orders presented by clicking **Show positions with no orders**, selecting the transaction type, and entering an order amount.

Click the **Buy an Unheld Security** button to purchase a new security that is not already in the account. Then choose the security, enter the amount to purchase, and select the account in the portfolio in which the buy should be processed.

If an order you enter or edit will violate any trading rules or restrictions, iRebal issues a warning. The following scenarios trigger a warning.

- You have entered a buy or sell amount that is less than your buy or sell minimum for this security. You can override this warning.
- You have entered a buy amount that's less than the mutual fund company's minimum. You cannot override this warning.
- You have entered a sell for a security that has a **Never sell** restriction. You can override this warning.
- The order you have entered or edited will result in negative cash in the account. You can override this warning.
- The sell amount you have entered is more than the account currently holds. You can choose to sell all of the security instead.

When editing a sell at the position level, iRebal typically selects the tax lots of the security to sell in the following order:

1. Largest short-term loss
2. Largest long-term loss
3. Smallest long-term gain
4. Smallest short-term gain

iRebal considers the amount of the gain or loss resulting from the sale of any tax lot. You can override iRebal's selection.

You can also determine which lots to sell by entering the sell amount at the lot level.

It is important to note that if your **versus purchase instructions** in global settings are set to use iRebal's tax lot selections, iRebal's selections will override the default depletion method set for the account.

As you edit orders, the following information updates automatically:

- Remaining holding amount and estimated gain or loss
- Account cash amount
- Portfolio's overall allocations

This helps you quickly understand the impact of your proposed edit.

Orders that you edit are highlighted in pink. If you wish to clear all user edits and approve iRebal's initially identified orders, click the **Undo User Edits** button at the top of the Orders section. To clear all orders—both yours and those proposed by iRebal—click the **Clear All Orders** button at the top of the Orders section.

The last part of the Orders section shows:

- Estimated market value of the position if the presented trade is executed
- Estimated shares of the position if the presented trade is executed
- Estimated gain or loss of the position if the presented trade is executed and the position is held in a taxable account
- Total short-term redemption penalty that would be incurred if this order is executed
- An indication of whether buying this position might result in a wash sale due to an executed sale done at a loss on the iRebal Order Blotter for the same security within the past 30 days

## Portfolio result detail: Allocations

The **Allocations** section shows the allocation to each position in the portfolio versus its model target. You can use the **Show by** menu to view positions individually, grouped by security type or custom category. Excluded positions feature an asterisk (\*). The **Show excluded** checkbox enables you to show or hide excluded positions. Note that all options and short positions are excluded by default.

Information in this section includes the following.

- **Allocation.** This column identifies the symbol, security type, or custom category, depending on your view. Hover over this column to see a full description of the security.
- **Model target percent.** This column identifies the model target for each security in the portfolio's associated model at the time of the rebalance. Click the links to display the dollar amount (**\$**), relative percentage (**Rel %**), or absolute percentage (**Abs %**) of target.
- **Value \$.** This column displays the market value before presented potential orders for each security in the portfolio and in the model. The market value shown is the sum of the holding across all accounts.
- **Actual %.** This column displays the security's actual percentage of the entire portfolio before potential orders.
- **Variance.** This column displays the security's variance from the model target. Use the links to display the



variance as a relative percentage (**Rel %**) or absolute percentage (**Abs %**). Click the **\$** link to display the variance as a dollar amount.

- **Arrow indicators.** An up-arrow indicates that the rebalance has brought the security's weight above the maximum band specified in the model; a down-arrow indicates that it has brought the security's weight below the maximum band. A green checkmark indicates that the security's weight is within range.
- **Adjustments.** This indicates the change in the holding amount for the security that would result if the orders presented were executed. A net buy in the portfolio shows as a positive number, and a net sell shows as a negative number. These numbers update automatically as you enter or edit orders in an account.

The columns and features to the right of the Adjustments column include:

- **Value \$, Actual %, and Variance \$.** This shows the portfolio value, percentage, and variance (or drift) for each security if the identified potential orders were executed at their current amounts.
- **Arrow indicators.** An up-arrow indicates that the rebalance has brought the security's weight above the maximum band specified in the model; a down-arrow indicates that it has brought the security's weight below the maximum band. A green checkmark indicates that the security's weight is within range.
- **Show model used in rebalance.** Click this button at the top of the Allocations section to view the model target weights and rebalance bands at the time of the rebalance.
- **Allocations in range.** This shows the number of securities in the portfolio that will be within the minimum and maximum bands specified in the model after potential orders are presented. Red indicates that at least one of the securities in the portfolio would be out-of-band.

## Portfolio result detail: Allocation chart

At the bottom of the Portfolio Result Detail page is a chart of the overall allocation of the portfolio both before and after identified potential orders. The chart is organized by security type by default; but if you are using the iRebal asset category to classify your securities, the chart will display by category.

## iRebal Explanation report

The **Explanation report** helps you better understand how iRebal applies your settings to identify orders during a rebalance. The information displayed on the Portfolio Result Detail page should typically provide the information you need to review and approve orders, but you may occasionally want to open this report to see special settings, restrictions, or conflicts that iRebal may encounter during a rebalance. To see the report, click the **View Explanations** button at the top of the **Portfolio Result Detail** page.

The report consists of two sections: (1) General Rebalance Actions and (2) Security and Trade Action Notes. Each section can contain various explanations about scenarios encountered during the rebalance.

The **General Rebalance Actions** section reviews settings and statuses at the portfolio- or account-level statuses that impacted the rebalance. For example, you'll find information about:

- Accounts that were fully liquidated, frozen, or blocked from trading
- A portfolio with no holdings or associated model for which a rebalance was requested
- A rebalance that could not be completed because iRebal could not get buys equal to sells (this can happen due to restrictions, security trade minimums, or a substantial conflict between the account cash minimums and the rebalancing bands for cash in the model)

The **Security and Trade Action Notes** section indicates specific security, holding, or trade settings that may have affected the rebalance.

- The report shows securities that were restricted from selling or were excluded in the security master, model, or portfolio or that could not be sold because of mutual fund redemption penalties, ETF commissions, or short-term gain transitions.
- You can see whether securities that were counted as equivalents to model target securities were in-band but were rebalanced to offset out-of-band securities or were not purchased due to potential wash sale violations.
- The report lets you know whether securities were purchased as a minimum or tax alternate in place of model target securities or when securities could not be purchased or sold due to the applicable buy or sell minimum.
- You also see notes about the adjustment of cash to invest or generate amounts in accounts.

When a rebalance does not encounter any scenarios that require explanation, this report is not generated.



### Tip

The Portfolio Result Detail page shows a complete picture of a client's portfolio before and after rebalance. When you click **Export PDF**, you specify which sections you wish to download as a PDF. You can export the results for one portfolio at a time from the Portfolio Result Detail page, or export results for multiple portfolios in a pending status from the Rebalance Result Summary page.

# 7. Order Blotter

## Overview

To have your approved orders executed, you must submit them from the **iRebal Order Blotter**.

Each iRebal environment shares an Order Blotter. To view this page, you must have Access iRebal Trader permission assigned to your account by your firm's security administrator. With this permission, you can see only orders for accounts you have access to in Schwab Advisor Center.

As you or other users approve portfolio results, the trading orders route to this central blotter, where they can be blocked, executed straight through to the market, or managed outside the system.

The **Order Blotter** offers features that include:

- Straight-through equity and mutual fund order processing
- Creating, executing, and automatically allocating block orders
- Validating orders
- Adding limit and stop prices as well as expiration instructions to orders
- Equity-order share rounding based on the most recent market price
- 10-day average volume and percentage of average volume for a ticker
- Routing orders to the Schwab Trading Block Desk for execution
- Researching order history using a full record of iRebal processed orders

It is important that any orders you want to execute be sent through the iRebal Order Blotter, not only because it provides a streamlined workflow that can potentially save you time but also because the system checks the orders on the blotter against the criteria that you have previously configured—for example, what to do in case of wash sales.

Any order submitted through iRebal for execution can also be viewed on Schwab Advisor Center.

Any user with the Access iRebal Trader permission can navigate to the Order Blotter from the iRebal main navigation bar. Click the link on the **Blotter Summary** tile or click **View orders on blotter** after approving a rebalance from the **Portfolio Result Detail** page.

## Active, Automated, and Closed tabs

All orders on the Order Blotter appear on one of these three tabs. When an order is approved manually, it shows on the **Active** tab. When an order is approved using automated rebalancing, it appears on the **Automated** tab. When an order is executed, canceled, or expired, it moves to the **Closed** tab.

### ACTIVE TAB

The **Active** tab lists all manually approved orders that are not yet executed, canceled, or expired. Click the **Refresh** button to reset the Order Blotter and view order status updates. All status changes are captured in the order's history.

Choose from the following types of orders on the **Active** tab.

- **Approved.** These are orders from approved portfolio results that have not been submitted for execution. You can only cancel them or mark them as executed.
- **Pending validation.** You can request validation of any orders that can be sent electronically, which will then notify you of warnings or errors that would be triggered when the orders are submitted for execution.
- **Validated.** These are orders that did not encounter warnings or errors during the validation check.
- **Warning.** If a warning is displayed on an order you attempted to submit or validate, click the text in the **Trade message** column to review the warning. You can use the predefined filter to view all orders with warnings.
- **Submitted.** This indicates that the order has been submitted for execution.
- **Manually submitted.** This option lets you mark orders that will be submitted outside of iRebal—such as by phone—to help you keep track of various submission methods. When a manually submitted order is closed, you can change its status to **Marked as executed**.
- **Overridden.** Use this option to override a warning, allowing you to submit that order for execution without addressing the warning.
- **Cancel requested.** You can request to cancel an order that has already been submitted for execution. That order will display as **Cancel requested**. If the cancel request is successful, the order moves to the **Closed** tab.
- **On hold.** This option lets you control when orders are submitted. For example, if you plan to sell some bonds or move money out of a separately managed account (SMA) to pay for a purchase, you may want to use the **On hold** option to place that buy on hold until the other activity is complete and the cash is available.
- **Error.** This indicates that an order you submitted was rejected due to a failed validation check. Click the text in the **Trade message** column to see the reason for the error. Trades in **Error** status can be recalled and edited via the **Portfolio Result Detail** page. This will recall all orders for the portfolio and is only possible if none of the orders have been submitted.



## AUTOMATED TAB

This tab displays only if you have enabled automated rebalancing in global settings. The **Automated** tab contains all the orders that have been approved automatically. To refresh the Order Blotter and view order status updates, click the **Refresh blotter** button. These trades can only be canceled or marked as executed, and you must take these actions before the trading time you selected, which is displayed in the banner at the top of the blotter. All status changes are captured in the order's history.

Orders in the following states are listed on the **Automated** tab:

- **Approved.** These are orders from approved portfolio results that have not been submitted for execution. You can submit them for execution, cancel them, or change their attributes—such as the order instructions for equities or reinvestment options for mutual funds.
- **Validated.** These are orders that did not encounter warnings or errors during the validation check.
- **Submitted.** This indicates that the order has been submitted for execution.
- **Cancel requested.** You can request to cancel an order that has already been submitted for execution. That order will display as **Cancel requested**. If the cancel request is successful, the order moves to the **Closed** tab.

## CLOSED TAB

The **Closed** tab lists all orders that have been executed, canceled, or expired. It also contains a complete history of all iRebal orders.

Orders in the following states are listed on the **Closed** tab:

- **Filled.** This indicates an order that was executed electronically. Click the **View** link in the **Order History** column to review the execution details.
- **Canceled.** Orders that you cancel can revert to **Approved** status. For ticket type **E** and **M** orders, select the order and click **Revert to approved** at the bottom right of the **Closed** tab. Approved automated orders (ticket type **A**) that failed during validation or submission are marked as canceled and cannot be reverted to **Approved** status. Active orders that have expired are also shown as **Canceled**.
- **Canceled with partial fill.** You can cancel partially filled orders, but they cannot be reverted to **Approved** status the way canceled orders can be. Click the **View history** link to review the execution details.
- **Marked as executed.** If you handled the order execution outside the system—such as by phone—you should change the order's status to **Marked as executed**. This moves the order to the **Closed** tab and documents the time it was marked as executed and who executed it. **Marked as executed** orders can also be reverted to **Approved** status.

## Viewing order information

The Order Blotter displays the following information on orders for all security types .

- **Account.** This is the number of the Schwab account in which the order will be placed.
- **Account Name.** This is the account description or nickname used for the client account in Schwab Advisor Center.
- **Symbol.** This is the security symbol (CUSIP) of the security that will be traded. Hover over the symbol to see the security's description.
- **Order Status.** This indicates whether the order was submitted for execution or changed to another status. Click the double arrows to change the status for an individual order. You can also select multiple orders and change their status simultaneously using the **Actions** dropdown menu.
- **Trade Message.** Hover over this message to review the full details of any warning or error for the order.
- **Order ID.** This is the unique ID that was assigned to an order. It is helpful for research and tracking.
- **Trans Type.** This is the transaction type or market side of the order. It can be **Buy**, **Sell**, **Sell all**, **Swap**, **Swap all**, **Exch**, **Exch all**, **Buy to open**, **Buy to close**, **Sell to open**, or **Sell to close**. For mutual funds, a **Sell all** liquidates the entire position. For equities a **Sell all** sells the number of shares shown, which is the amount held in Schwab Advisor Center at the time the order was approved.
- **Amt type.** The amount type controls the form in which the trade is sent for execution.
  - For mutual fund buys, **Amt type** is set to dollars.
  - For mutual fund sales, **Amt type** defaults to dollars, but it can be changed to shares.

**Note:** If you want to send specific lot relief instructions for mutual funds, you must change **Amt type** to shares because iRebal will not send them in dollars. Sells that exceed 95% of the holding value are automatically set to sell in shares.
  - Equity trades are always represented and sent as shares.
  - Trades in security types other than equities and mutual funds are always represented in dollars.
- **Shr Qty.** This is the number of shares that will be sent for execution. For equity orders, the number of shares is rounded according to the parameters you established in global settings. The number of shares will continue to update based on the most recent market price until the order is submitted or closed. If an order was edited on the **Portfolio Result Detail** page in shares, the share quantity will not be rounded on the Order Blotter.



- **Order Amt.** The order amount is the dollar amount that was approved for the order.
- **Order Type.** For equity orders, users can select from the following order types on the trade details page: **Market**, **Limit**, **Stop**, and **Stop Limit**.
- **Price.** This displays the price to be submitted for this order. For orders with **Approved**, **Validated**, or **Overridden** status, the last trade, bid, ask, and midpoint limit prices update dynamically each time the blotter is refreshed. Orders are submitted with the most up-to-date value at the time of submission.
- **Expiration Type.** You can select from the following expiration types for your order on the trade details page: **Day**, **Day ExtcExt AM**, **Ext PM**, **GT6m**, **GTD**, and **GTD Ext**.
- **Expiration Date.** This is the date you submitted to indicate when this order will expire.
- **Not Held.** This is a **Market** or **Limit** order that gives the broker or floor trader both time and price discretion to attempt to get the best possible price. You can route **Not Held** orders to the Schwab Trading Block Desk for execution by opening the trade instructions and clicking the appropriate checkbox.
- **Quote.** This is the market price as of the most recent Order Blotter refresh. Where you see a double asterisk (\*\*), iRebal is using a share price for external holdings specified in the iRebal security master account.
- **10 Day Avg Vol.** This average is calculated as of the prior business day and is displayed for all equity orders.
- **% of Avg Vol.** This is the order amount as a percentage of the 10-day average trading volume and is displayed on all block orders. This percentage is calculated at the time the block order is created and does not recalculate based on price fluctuations.
- **Security type.** This indicates whether the security is an equity, a mutual fund, a bond, an option, an SMA, external, group, or other type.
- **Tkt type.** An **E** in this column indicates that the security can be traded electronically directly from the blotter. Manual-only orders display an **M**. Only equities and mutual funds can be traded electronically via iRebal. Any trades that were generated by automated rebalancing display an **A**.
- **Rvst Divs.** If this checkbox is selected, reinvested dividends will be submitted with mutual fund orders. If this order is an addition to an existing mutual fund position, however, the new instructions will be ignored, and the instructions that apply to the existing position will apply to the new order. You can choose the default behavior for sending instructions in the **Accounts** section of global settings.
- **Rvst CGs.** If this checkbox is selected, reinvested capital gains will be submitted with mutual fund orders. If this order is an addition to an existing mutual fund position, however, the new instructions will be ignored, and the instructions that apply to the existing position will apply to the new order. You can choose the default behavior for sending instructions in the **Accounts** section of global settings.
- **Fees.** For mutual fund orders, the fee can be included in the net amount or added to the net amount. To change the default setting, go to **global settings** > **Trading** tab > **Mutual Fund Rules**.
- **Sol.** This indicates that the trade was solicited. You can edit this field on the trade details page. To change the default setting, go to **global settings** > **Trading** tab > **Order Authorization**.
- **Disc.** This indicates a discretionary trade. To change the default setting, go to **global settings** > **Trading** tab > **Order Authorization**.
- **Order History.** Click this link to view when the order was approved, by whom, and other details.
- **Approval Date.** This displays the date the trade was approved to the Order Blotter.
- **Rebal ID.** This displays the rebalance ID from which the trade was approved. To view the rebalance, click the link to go to the **Portfolio Result Detail** page.
- **Portfolio.** This displays the portfolio the trade is for. Click the link to open the **Edit Portfolio** panel.

## Block trades: Creating, viewing, and allocating

### CREATING BLOCK TRADES

If a block account number is assigned to your Schwab Advisor Center user ID, you can create block trades for equity and options in one of two ways:

- Have iRebal find matching orders on the Order Blotter and create all possible block trades from those orders at once. Matching orders are all orders on the same side with the same symbol and order instructions.
- You can also select only the individual orders that you want to include in a block.

To create blocks using all matching orders on the Order Blotter, click the **Create blocks** button at the top of the blotter and select the master account for the block order.

If you click the **Create blocks** button when you have not selected any orders, all equity and option orders on the Order Blotter—even those that are not shown in the filtered view you may be looking at—will be considered eligible for blocking. iRebal will find any matching equity orders on the same side of the market—and for the same security—that have **Validated** or **Overridden** status. If iRebal finds two or more matching orders, it will compile the individual orders into a block trade and store the underlying account allocation within that trade.



To create a block trade for only a specific security, begin by filtering for that security, then select the orders you want to include in the trade and click the **Create blocks** button. In this case, iRebal combines matching orders only among the orders you selected.



#### Tip

You can include an additional account order in an already existing block trade by clicking the **Create blocks** button at the top of the Order Blotter.

### VIEWING AND EXECUTING BLOCK TRADES

Once you create a block trade, you can execute it electronically using the same method as for any other iRebal order.

You can find your block trades by sorting or filtering for the block account number. Click the account number to open the allocations window and review the underlying account allocations within the block, including the list of accounts and their share quantities.

To view or work with the allocation outside of iRebal, you can export the accounts and share quantities. Select the block account(s) checkbox(es), then from the **Actions** dropdown menu select **Export** > **Block Allocations**.

You can also search for underlying accounts in a block order using the allocations file.



#### Tip

You can use the **block orders** filter on the **Additional Filters** panel to view only these orders; use the **block orders** filter and no other filter criteria, then click **Apply**.

### ALLOCATING BLOCK TRADES

When a block order is submitted electronically and fully executed on the same day, iRebal sends the allocation for processing, and the order is allocated into the underlying accounts with no manual intervention.

When a block order is only partially executed by 4:15 p.m. ET, iRebal continues executing on subsequent days, but the system does not submit the block allocation. Instead you must allocate the order manually: Export the allocations file from iRebal, then upload those allocations in Schwab Advisor Center.

When partial execution occurs and the block trade is further executed on any subsequent days after submission, you must go to the **Block Allocations** page on Schwab Advisor Center and allocate the executed shares.



#### Tip

The **Unallocated Trade** alert in Schwab Advisor Center is designed to notify you when an allocation is pending after market close. We strongly recommend that you subscribe to this alert. All block trades must be allocated before 7:55 p.m. ET on the same day of the trade.

### Trade instructions

You can enter or change the trade instructions for any equity order in **Approved** status—just open the trade details page by clicking the links in any of the **Trade Instructions** columns (**Order Type**, **Price**, and **Expiration**).

#### ORDER TYPE

Order types available in iRebal include the following.

- **Market.** This is an order that seeks execution at the current market price once it is received by the market.
- **Limit.** This is an order to buy a stock at or below a specified price or to sell a stock at or above a specified price. When specifying a limit price on a **Limit** order, you can either enter a specific price or select one of the dynamic price options, which include **Last trade**, **Bid**, **Ask**, and **Midpoint**. When one of these options is specified, the limit price continues to refresh dynamically on the Order Blotter until iRebal automatically sets the actual limit price on the order to the latest corresponding value at the time of submission.
- **Stop.** This is an order to buy or sell at the market price once the security has traded at or through the specified stop price. An equity sell **Stop** order is typically placed with a stop price below the current market price. An equity buy **Stop** order is typically placed with a stop price above the current market price. There is no guarantee that the execution price will be equal to or near the stop price.
- **Stop Limit.** This is a combination of a **Stop** order and a **Limit** order. Once the stop price (or better) is reached, the **Stop Limit** order becomes a **Limit** order to buy (or sell) at the limit price or better. With a **Stop Limit** order, you risk missing the market altogether because in a fast-moving market it might be impossible to execute an order at the stop limit price or better, so you might not have the protection you sought.
- **Not Held.** The **Not Held** order type is routed to a specified market maker for execution through an algorithm strategy. Trades can also be routed directly to the Schwab Trading Block Desk to take advantage of the services it offers. Click any link in the trade instructions section of the iRebal Order Blotter to launch the **Trade Instructions** window. Clicking the **Not Held** checkbox enables **Block Desk** and algorithm destinations and accompanying parameters, along with any other trade instructions you have



established. Note that only Schwab Advisor Center users with the required permissions can enter algorithm orders.

## EXPIRATION

Expiration options tell Schwab how long to keep an order active or when to execute it.

For **Market** orders, **Market on close (MoC)** indicates that you want the order to execute as near to the market closing price as possible. These orders must be placed by 3:45 p.m. ET and cannot be canceled after 3:50 p.m. ET.

To request to cancel an **MoC** order after 3:45 p.m. ET, contact a Schwab trading representative, who will attempt to cancel the order.

For **Limit** and **Stop** orders, you can choose among the following.

- **Day.** This indicates an order that will expire if not executed by the end of the current trading day.
- **GTD (Good 'til date).** You can specify an expiration date for this order.
- **GT6m (Good for 6 months).** This indicates an order that will remain open for up to six months from the day it was entered or until it is executed or canceled.
- **GTD Ext (Good 'til date extended).** This is the same as a **Good 'til date** order, but it includes extended-hours trading sessions each day.
- **Ext (Extended) AM.** The order will be placed for the pre-market extended-hours trading session.
- **Ext (Extended) PM.** The order will be placed for the extended-hours trading session.
- **Day Ext (Extended).** The order will be placed for the pre-market and extended-hours trading sessions as well as the standard market session.

Consult the [Service Guide](#) on Schwab Advisor Center for details about extended-hours trading.

## Reinvestments, fees, and trade authorizations

On the Order Blotter, you can indicate whether to have dividends and capital gains distributions reinvested or paid in cash when you purchase mutual funds. Orders that are approved and placed on the blotter inherit the account setting you established in iRebal for reinvestments. You can override this setting, however, on any new individual mutual fund order before it is submitted. Note that if there is an existing position, it will retain the existing dividend and capital gains settings indicated in Schwab Advisor Center.

You can add transaction fees to the net trade amount or include them as part of the net amount. Note that this does not apply to no-transaction-fee mutual funds. Approved orders placed on the blotter inherit the fee setting you established in global settings. Reinvestment and fee options are not available for equity trades.

For all orders, you can select whether the order was **Solicited** or is **Discretionary**. Approved orders placed on the blotter inherit the default setting for trade authorization in global settings. You can override the settings for any order on the blotter.

## Validating and submitting orders

You can validate any equity or mutual fund order before you submit it for execution; this lets you review any warnings or errors that may be encountered when the order is submitted.

To validate a single order, select **Validate** from the **Order Status** menu. For multiple orders, select multiple **Approved order** checkboxes and click **Validate** at the bottom of the page. You can also use the **Actions** dropdown menu and choose **Validate**.

After an order is validated, it displays one of the following statuses.

- **Validated.** This indicates that there were no warnings or errors for this order.
- **Warning.** This indicates that there is some condition in the account that requires your attention. To view the warning details, hover over the text in the **Trade message** column. You can override warnings for one or more orders at a time.
- **Error.** This indicates that the trade cannot be submitted. To view the error details, hover over the text in the **Trade message** column. Once the issue causing the error has been addressed, you can revalidate the order by selecting **Revert to approved** from the **Order Status** menu.

If you submit an unvalidated order, you will see the same warnings or errors you would have seen had you validated it.

To submit a single order for execution, select **Submit** from the Order Status menu. To submit multiple orders, select the orders and click **Submit** at the bottom of the page. You can also choose **Submit** from the **Actions** dropdown menu. Only orders with **Approved**, **Overridden**, or **Validated** status are submitted.

The Order Blotter indicates the number of orders with Warning or Error status at the top of the Additional Filters panel. Click these numbers to filter for orders in either state.

Remember that to see status updates for the order, you must refresh the Order Blotter.

## Replacing, closing, and canceling orders

You can replace submitted or partially filled orders directly on the Order Blotter. Click the order's status, then select **Replace** when the order ticket appears to enter the new trade instructions. If the replace request is accepted, the old order moves to the **Closed** tab and a new order appears on the **Active** tab with a new order ID. The order history of the latest order reflects the execution data of all shares since the original order's submission.

Once an order is resolved or closed, it moves to the **Closed** tab. This occurs when a full execution for an order is received electronically and the status becomes **Filled**. It also occurs when you mark an order as **Executed** or when an order is canceled or has expired.

Some orders cannot be submitted electronically; these have a ticket type of **M** and display on the **Active** tab until they are manually resolved. To do this, you can change the order's status to **Marked as executed**, which indicates that the order was executed using another method.

You can cancel or manually execute multiple orders simultaneously by selecting those orders and choosing **Cancel** or **Mark as executed**, respectively, from the **Actions** dropdown menu. To do this for a single order, select the option from the **Order Status** menu.

Once the status changes to **Canceled**, **Filled**, or **Marked as executed**, the order moves from the **Active** tab to the **Closed** tab.

By default the **Closed** tab shows orders that were approved on the current day. You can filter for a particular history by using the **Date range** filter. Note that the time required to display the results depends on how far in the past the **Date range** filter is set and how many orders meet your filter criteria.



### Tip

You can request to cancel an order that has already been submitted, or you can cancel an order that has not yet been submitted. When an order was submitted but not yet executed and Schwab cannot process the cancellation request, the status shows as **Cancel rejected**. If the cancellation request is processed, the status shows as **Canceled**.

It is important to note that there is no guarantee that Schwab can successfully process a cancellation based on the status of an order. You should confirm the response to the cancel request by refreshing the Order Blotter to review the status update for the trade.

## Order history

The Order Blotter contains a full history of orders, as well as information about the user who submitted them and any relevant trade warnings. You can see the history for an order on the **Active** tab or the **Closed** tab.

The **History** section of the Order Blotter indicates the date and time an order was approved and sent to the blotter, as well as the rebalance ID. Click the rebalance ID to view the portfolio's rebalance result detail, which shows information about each order.

The **Order History** column of the Order Blotter contains links to view:

- The order ID provided for an electronic order
- The time, quantity, and price of an executed order
- The user who validated, submitted, or canceled the order and the time the status was updated
- Any trade warnings or errors for the order; click the text in the **Trade message** column to read the entire warning

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