

Dean Witter Capital

The formation of Dean Witter Capital in January 1989 united the firm's product management, municipal securities and investment banking operations. This functional orientation enables Dean Witter to better service the financing and advisory needs of institutional and corporate clients as well as the investment needs of all clients via the Account Executive.



Products Anticipate Client Needs

Last year, as clients sought greater investment diversification, Dean Witter offered its broadest array of professionally-managed products.

The firm's InterCapital asset management division introduced eight new mutual funds during the year, bringing to \$38.9 billion total assets under management.

Dean Witter Government Income Trust, a closed-end fund, experienced the strongest demand, pooling some \$700 million in investor assets. The Dean Witter Utilities Fund, an open-end equity fund, gained popularity because of its conservative, total return strategy, doubling in size as the year progressed.

Similarly, Dean Witter doubled the number of Sears Unit Trusts offered in 1988. The most notable expansion was in trusts that provided tax-advantaged income or higher returns from international securities. For example, clients can now choose from 30 single-state Tax-Exempt Trusts, including new trusts beneficial to residents of Arizona, Hawaii, Idaho, Oregon and Washington.

Clients also turned to life insurance products last year, particularly annuities, for safety and income.

Total premium sales exceeded \$1 billion, nearly double the level just two years ago.

The firm's relationship with Allstate accounted for 92 percent of total insurance sales. The Admiral series of fixed annuities and Harbor Universal Life were new proprietary products. This year, significant client demand is anticipated for new universal life programs designed for specific purposes such as retirement and education.

Dean Witter solidified its industry leadership position in managed futures with the 1988 launch of its first Principal Guaranteed Fund. This success and the popularity of the Cornerstone Funds have established Dean Witter as the largest general partner of public futures funds among securities firms.

Sales of real-estate-related partnerships last year brought total equity in such investments to more than \$1 billion, with total assets under Dean Witter Realty management of more than \$3 billion.

New partnership investments introduced in 1988 included Aircraft Income Partners and the Boston Financial Qualified Housing Tax-Credit program.

Municipal Securities on the Rise

The municipal group strengthened its finance team by hiring 27 seasoned professionals in late 1987.

This action was taken because the firm expects growing demand for municipals by individual investors and because rebuilding of an aging infrastructure in the United States should provide many opportunities. The revitalized municipal securities division demonstrated its ability to deliver tax-exempt issues to investors last year, doubling the volume of underwritings over the prior year.

Dean Witter lead- or co-managed municipal offerings valued at \$16.8 billion, raising its overall standing among competitors from 18th to 7th by mid-year 1989, as measured by industry sources, with full credit to each manager.

The municipal division's ability to manage larger, complex underwritings was evident when it brought a \$558 million Oklahoma Turnpike Authority bond issuance to market in February 1989. Dean Witter structured the complex deal, which allowed the Authority to retire existing bond obligations and finance new toll facilities without resorting to higher tolls or compromising its 'A' rating.

Through the efforts of its municipal banking team, Dean Witter gained more than 120 new business assignments last year and a potential \$20 billion in municipal issues. Dean Witter is well prepared for sustained growth on the strength of its 10 regional committing desks and proven distribution system.

Investment Banking Sharpens Its Focus

Dean Witter affirmed an ongoing commitment to a strong presence in investment banking by hiring more than 90 professionals, including 34 officers, over the past 18 months. Plans call for continued expansion over the next two years to better serve the firm's individual and corporate clients.

Dean Witter is pursuing a targeted approach to investment banking, focusing on industry and product specialties where it can be a leading participant. Dean Witter's specialized bankers develop innovative, value-added financings and advice for companies in the technology and communications, healthcare, energy, and consumer products industries as well as for financial institutions.

Product specialties include mergers and acquisitions, including restructurings and reorganizations, high-yield and asset-backed securities and merchant banking. The firm's merchant banking unit commits Dean Witter's capital in selected mergers and acquisitions. The commitment of capital, as a principal, can ensure timely and successful transactions for the firm's banking clients and allow the firm to earn attractive returns.

In addition, the firm's product capability was expanded by the formation within investment

banking of the Retail Products Group to originate, process and monitor a variety of traded and non-traded partnerships, real estate investment trusts and internal and external closed-end mutual funds offerings. This group provides clients with timely high-quality products which are important in meeting the firm's goal to become the leading client-focused securities firm.