

\$13B Placemark Helps Clients Whittle Product Universe

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Placemark Investments has teamed up with a quantitative research and analytics provider to help home offices and advisors parse the more than 2,000 strategies available through its UMA Marketplace.



Richard Dion

The open-architecture platform, which offers strategies from more than 500 separately managed account (SMA) managers, has added research and screening programs from AdvisoryWorld in response to requests from advisors for help whittling through strategies available on the platform, says Richard Dion, president of Placemark.

The UMA Marketplace platform has about \$1.9 billion of the firm's \$12.8 billion in total assets, according to Dion. In addition to the managed strategies menu, Placemark offers access to more than 10,000 other investment products, including mutual funds and exchange-traded funds (ETFs).

"With the ability to commingle any combination of products in a single portfolio, we needed to make sure that advisors had access to the research that would allow them to winnow those long lists down to their preferred products," says Dion.

Although fast-growing, UMAs still represent only a 7.3% sliver, or \$223.2 billion, of the \$3 trillion managed accounts market, according to data from the Money Management Institute.

One reason assets in the UMA market may be subdued is, in part, a lack of advisor flexibility granted by home offices in early versions of these programs, according to Curt Overway, president of Managed Portfolio Advisors, the overlay management group at Natixis Global Asset Management. "I think advisors want to have the flexibility to customize for clients," Overway says.

More recently, firms have been evaluating how to give advisors greater leeway in customizing models within UMAs and broadening access to products, while still nudging them to use models developed by third-party money managers for the bulk of their portfolios, says Rob Klapprodt, president of Vestmark, which provides portfolio accounting and back office systems reporting within the industry.

"We do see firms taking a step back and trying to figure out how they can improve those programs and better incorporate the advisor in the overall investment process," Klapprodt says.

PNC Asset Management for example, last year added strategies to allow advisors more freedom in picking which managers to use within home office-set allocations within its UMA platform. Adhesion likewise broadened its UMA menu and added tools to help advisors manage portfolios, as reported.

As these programs have evolved, their growth has accelerated. Between mid-2012 and mid-2013, assets in such programs shot up 27.2%, according to MMI data. But with more investment options comes increased demand for help in cutting through products and strategies.

By integrating the AdvisoryWorld suite, **Placemark** aims to give home offices tools to customize the lineup of products they will make available to advisors and arm them with ways to analyze strategies and present proposals to clients. Clients who choose to use the service pay an extra fee, charged at either an individual or enterprise rate. Dion declined to disclose the rates specifically but said that **Placemark** takes a portion and passes the rest to AdvisoryWorld.

The integration provides tools for risk profiling and analysis, portfolio optimization, style analysis of managers, Monte Carlo simulations and projections of how various strategies and products will work together in a UMA portfolio.



Lee Chertavian

“It gives them a lot more power and capabilities in deciding how to best invest client assets,” says Lee Chertavian, chairman and CEO of **Placemark**.

Placemark is constantly adding strategies and managers to its platform with the goal of being one of the most comprehensive turnkey platforms, according to Chertavian. The new technology is designed to help advisors select investment options and strategies and present them to clients when building a portfolio. Next year, **Placemark** plans to add similar tools that advisors can use to examine existing client portfolios.

“Tremendous” proliferation of products and strategies means advisors don’t necessarily have time to figure out what investment products to use on their own, says Kathleen Shkuda, president of Zigzag Consulting. While they may appreciate choice, they also must cut through clutter in order to have a story to tell clients and prospects, she says.

“Firms that take advantage of the expanding technology and the evolving investment tools that are out there [to] build objective-driven portfolios for clients are going to be the most successful,” Shkuda says.