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Two Firms Launch New Managed Acct Platforms

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New product platforms making separately managed account strategies available to advisors at [TD Ameritrade](#)¹ and a niche bond manager may offer a bit of relief to an SMA market battered by the financial markets collapse of recent months.

The new programs give SMA managers a few new outlets at a time when assets have been plummeting, sliding 11.3% in the third quarter alone from \$682 billion to \$604.8 billion, according to [Money Management Institute](#)² data. Over the past year, assets are down 20%.

[TD Ameritrade Institutional](#)³ is planning to launch a new unified managed account program (UMA) early next year, and also plans a new SMA platform. The UMA will have around 50 SMA strategies. Both platforms will be available to the more than 4,500 independent registered investment advisor (RIA) firms that custody upwards of \$90 billion at the company.

Meanwhile, bond specialist advisors at [GMS Group](#)⁴ of Livingston, N.J., can now tap into the suite of managed account platforms at [FundQuest](#)⁵, which includes a UMA and traditional SMA program. GMS advises on \$3.5 billion in municipal bonds for high-net-worth investors, many with accounts in the \$2 million to \$20 million range.

UMAs merge investment vehicles such as SMAs, mutual funds, and exchange-traded funds (ETFs) into a single client account, and often feature overlay management to ensure the accounts are optimized for tax impact and customer investment preferences. UMA programs have been outpacing SMA-only platforms over the past year, though UMAs have a much smaller asset base.

The moves at least show momentum for managed money platforms, says **John Shields**, a principal for [MainStay Consulting Group](#)⁶ who works out of Portsmouth, N.H. Though they won't singlehandedly revive SMA assets, the new programs do indicate how poor markets can be good for outsourcers like Boston-based FundQuest, which provides turnkey asset management programs to independent brokerages and RIAs, or [Placemark Investments](#)⁷ of Wellesley, Mass., which is overlay manager for TD Ameritrade's UMA. Milwaukee-based [Capital Market Consultants](#)⁸ is also an outsourcer for TD Ameritrade's UMA, offering money manager due diligence research.

"This is the kind of market [outsourcers are] looking for," Shields says.

TD Ameritrade's RIAs are not big SMA users, though it has a dual contract platform they can access, says **Brian Stimpfl**, managing director for the company. Though it is one of the top four custodians for RIAs in the market along with [Charles Schwab & Co.](#)⁹, [Fidelity Investments](#)¹⁰, and the [Bank of New York Mellon](#)¹¹'s [Pershing](#)¹² unit, TD Ameritrade has little SMA business compared to the others.

But TD Ameritrade is now among the first of its peers to launch an in-house UMA that allows RIAs to create their own portfolios for clients, says **Randy Bullard**, executive v.p. at Placemark.

TD Ameritrade had announced it would develop the program last year in an effort driven mostly by a desire to keep pace with industry trends, Stimpfl says. The new program will have a range of fees falling mostly between 65 to 90 basis points, including overlay management, administrative, and money manager fees, Stimpfl says. It will have 107 SMA, mutual fund, and ETF products overall.

The company also is building a traditional SMA platform to launch later next year,

likely with a lineup of managers that goes beyond the UMA. It is using Capital Markets as a manager research consultant for that platform. Many of the details are being worked out now, says **Matt Judge**, director of product management at TD Ameritrade Institutional.

The intent is to offer RIAs a platform equivalent to what wirehouse brokerages have in order to capture business flowing over to the independent market, Stimpfl says. "That will allow advisors who leave the wirehouses or clients who move their assets to an independent RIA to have access to the same kinds of managers they used before," he adds. "We're trying to be as flexible as we can with these programs. We've learned a lot in the last year, especially from clients who helped us build it out."

At GMS, new access to managed accounts platforms complements a municipal bond specialist advisory business where clients have been asking in recent months for access to the equity markets, says **Paul Konsig**, president and CEO of the firm. "We manage money in our bond expertise, but a lot of our clients have indicated interest in finding opportunities in the stock market," he adds. "In a lot of cases, this is their first time in an organized program. But it fills a vacuum for our clients, who have established relationships with our brokers over the years."

Konsig says most of the clients are conservative investors, over 55 years in age, and likely to only assign a portion of their assets to the UMA and SMA platforms through FundQuest. But that could amount to several hundred thousand to a few million dollars for some clients, he adds. Finding a partner that could deliver a program quickly was critical, and the firm signed on with FundQuest in October.

A few GMS clients have already opened new managed accounts, says **Maryanne Morrow**, v.p. of national accounts at FundQuest, which is a division of **BNP Paribas**¹³ of Paris. "This allows GMS to really capture additional assets, to increase wallet share and not leave assets on the table," she adds. The advisors will be able to use preset funds or create their own portfolios using FundQuest's platforms.

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