

IXIS WINS OVERLAY BUSINESS FROM BRINKER

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IXIS Asset Management Global Associates has scored a deal to conduct overlay management for the unified managed account (UMA) platform of Brinker Capital, a turnkey asset management provider (TAMP).

The pact marks the first time IXIS has forged a pure overlay management partnership with a TAMP and stands as its third overall pure overlay management mandate.

For Brinker, the partnership will allow it to update a year-old UMA platform with enhanced tax management, trade coordination and account customization capabilities.

Curt Overway, president of IXIS' overlay management arm, Managed Portfolio Advisors, sees the third-party investment management channel as a natural space for his firm to grow. In particular, Overway sees emerging opportunities in assisting sponsors that have the client base for overlay management but who are reluctant to build such complicated systems internally.

"We view TAMPs as a good opportunity for us. We are pleased to be working with Brinker," Overway says. "They considered doing it in-house but when we talked to them about our overlay management process, there was real agreement that it was the best way to go."

UMAs give investors the ability to harness separately managed accounts (SMAs), mutual funds and exchange-traded funds (ETFs) under one convenient account registration. The products evolved from multiple-discipline accounts (MDAs), which are essentially several SMAs grouped together in a single account.

Both UMAs and MDAs frequently involve overlay management, the process of providing tax management, trade coordination and other customized service in an account.

Managed Portfolio Advisors' two other "pure" overlay management partnerships are with Credit Suisse and UBS. IXIS provides "comprehensive" overlay management, a service that involves manager selection and product packaging, to seven clients. Managed Portfolio Advisors serves more than \$12.4 billion in separate account assets, as well as \$8.2 billion in MDA strategies.

Cerulli Associates research shows that Brinker Capital ranked as one of the top 25 SMA sponsors, with \$4.4 billion in assets under management at the fourth quarter's end.

The TAMP has experienced year-over-year growth of roughly 10%. Boston-based Cerulli pegs Brinker's unified managed account assets at roughly \$156 million, with a fourth quarter growth rate of 30%.

Representatives of Brinker Capital were not available for immediate comment.

In a statement, Noreen Beaman, executive v.p. at Wayne, Pa.-based Brinker, explained that IXIS's history of working with managers in MDA programs made the firm a logical partner. Brinker announced the UMA's launch in February 2006. At the time of the roll out, the platform had 12 managers, 14 mutual funds and exchange-

traded funds.

“We see their ability to adapt to the needs of the underlying investment managers as a key factor in attracting top firms to the program,” Beaman says. “Coming from a multi-manager investment firm like IXIS, the Managed Portfolio Advisors team has an established track record and is uniquely experienced in the dynamics of managing multi-discipline portfolios.”

Daniel Seivert, managing partner of investment bank and consultancy 3C Financial Partners in Manhattan Beach, Calif., believes firms like IXIS are on the right track.

“We are in the early innings and there is a lot more room for this to grow,” Seivert says. “As the technology makes it possible, and the market evolves into having more packaged products and open architecture, there will be a lot more opportunities for overlay management.”

As Seivert sees it, overlay management is a natural evolution of the investment management process. In this migration, advisors are moving away from the technical minutia of securities selection and are focusing more on the financial planning and career expansion elements of their jobs.

“Most advisors continue to move upstream and further away from actual stock selection. In the process they have outsourced more and more of the parts of what they used to do. It is a great deal for the advisor, allowing them more time for marketing and fewer headaches with product issues. It is also a great job for the overlay manager. While things are always changing, we are just beginning the new leg of evolution,” Seivert says.

IXIS Asset Management Global Associates is the international distribution arm of IXIS Asset Management Group.

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